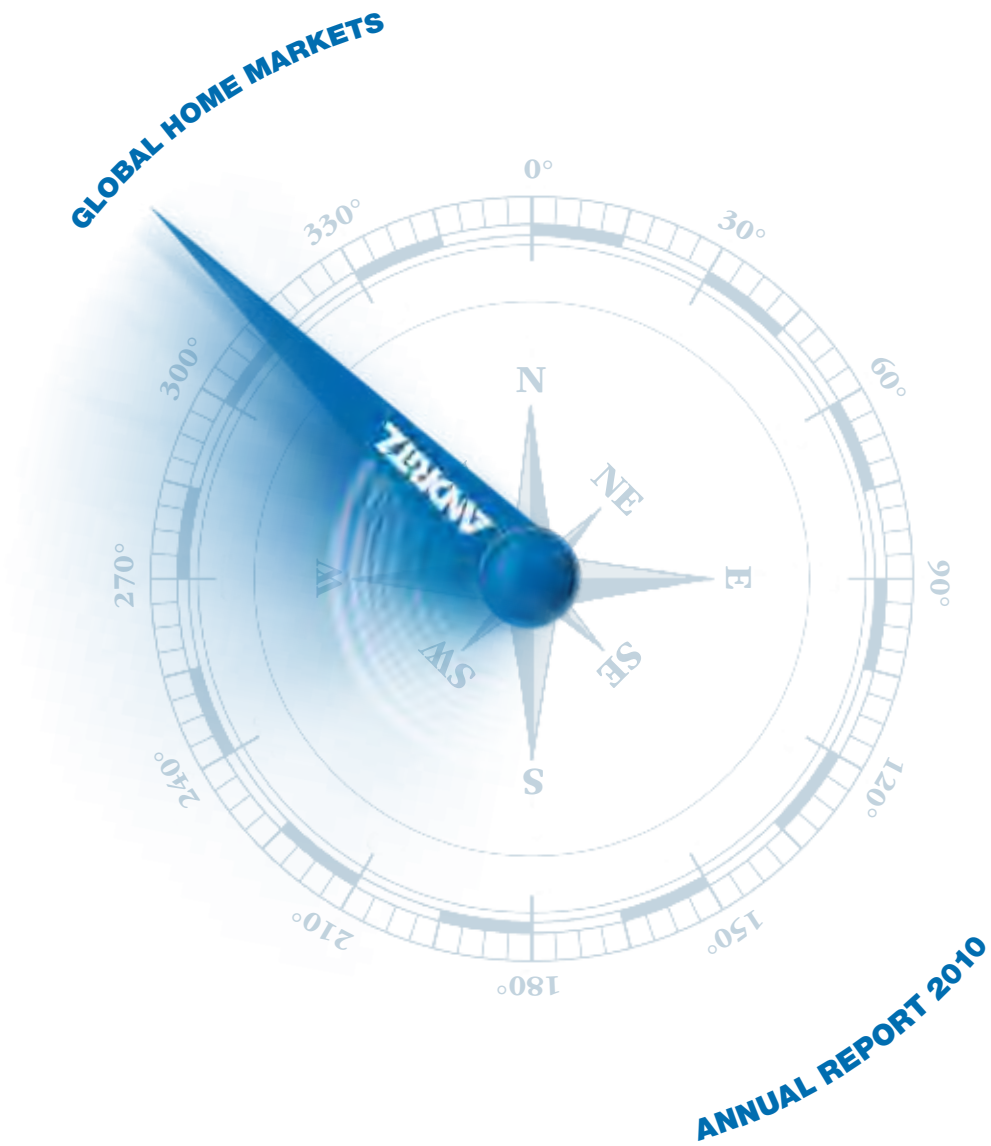


ANDRITZ ATLAS



Key figures of the ANDRITZ GROUP

(According to IFRS)	Unit	2010	2009	2008	2007	2006
Order intake	MEUR	4,131.9	3,349.3	3,705.3	3,749.5	2,891.0
HYDRO	MEUR	1,870.1	1,693.9	1,543.4	1,216.1	585.4
PULP & PAPER	MEUR	1,388.4	923.0	1,033.8	1,406.4	1,432.4
METALS	MEUR	302.7	296.2	611.5	636.4	401.9
ENVIRONMENT & PROCESS	MEUR	424.3	305.4	361.2	346.9	344.2
FEED & BIOFUEL	MEUR	146.4	130.8	155.4	143.7	127.1
Order backlog as of December 31	MEUR	5,290.9	4,434.5	4,277.4	3,843.3	3,397.1
Sales	MEUR	3,553.8	3,197.5	3,609.8	3,282.5	2,709.7
HYDRO	MEUR	1,579.2	1,378.0	1,205.9	910.0	467.9
PULP & PAPER	MEUR	1,105.3	903.3	1,326.6	1,462.2	1,304.2
METALS	MEUR	340.2	473.4	566.2	408.0	450.5
ENVIRONMENT & PROCESS	MEUR	375.4	322.6	366.6	364.4	366.5
FEED & BIOFUEL	MEUR	153.7	120.2	144.5	137.8	120.6
EBITDA ¹⁾	MEUR	307.3	218.2	278.2	250.7	197.7
EBITA ²⁾	MEUR	257.6	164.1	233.2	209.7	166.2
HYDRO	MEUR	118.0	100.5	87.9	52.2	27.6
PULP & PAPER	MEUR	80.7	17.5	66.3	87.8	75.9
METALS	MEUR	18.4	20.5	40.1	30.6	31.1
ENVIRONMENT & PROCESS	MEUR	29.5	24.6	27.3	25.7	20.9
FEED & BIOFUEL	MEUR	11.0	1.0	11.6	13.4	10.6
Earnings Before Interest and Taxes (EBIT)	MEUR	245.5	147.1	218.5	200.9	163.3
Earnings Before Taxes (EBT)	MEUR	247.9	149.6	210.5	200.8	165.3
Net income (incl. non-controlling interests)	MEUR	177.0	102.9	147.0	137.8	121.1
Cash flow from operating activities	MEUR	704.5	345.7	255.0	33.1	143.1
Capital expenditure ³⁾	MEUR	68.8	70.5	69.7	57.0	45.7
Employees as of December 31 (excl. apprentices)	-	14,655	13,049	13,707	12,016	10,215
Fixed assets	MEUR	858.9	731.4	732.1	632.3	608.6
Current assets	MEUR	3,176.9	2,577.9	2,354.2	1,877.1	1,777.5
Total shareholders' equity ⁴⁾	MEUR	794.4	663.5	577.4	481.6	414.5
Provisions	MEUR	582.8	529.9	477.3	402.4	386.1
Other liabilities	MEUR	2,658.6	2,115.9	2,031.6	1,625.4	1,585.5
Total assets	MEUR	4,035.8	3,309.3	3,086.3	2,509.4	2,386.1
Equity ratio ⁵⁾	%	19.7	20.0	18.7	19.2	17.4
Net liquidity ⁶⁾	MEUR	1,177.0	677.9	408.9	246.5	365.7
Net debt ⁷⁾	MEUR	-992.0	-505.3	-242.9	-94.8	-216.9
Net working capital ⁸⁾	MEUR	-556.1	-104.3	22.7	99.1	-93.6
Capital employed ⁹⁾	MEUR	-86.0	285.9	406.8	405.6	194.5
Gearing ¹⁰⁾	%	-124.9	-76.2	-42.1	-19.7	-52.3
EBITDA margin	%	8.6	6.8	7.7	7.6	7.3
EBITA margin	%	7.2	5.1	6.5	6.4	6.1
HYDRO	%	7.5	7.3	7.3	5.7	5.9
PULP & PAPER	%	7.3	1.9	5.0	6.0	5.8
METALS	%	5.4	4.3	7.1	7.5	6.9
ENVIRONMENT & PROCESS	%	7.9	7.6	7.4	7.1	5.7
FEED & BIOFUEL	%	7.2	0.8	8.0	9.7	8.8
EBIT margin	%	6.9	4.6	6.1	6.1	6.0
Net income/sales	%	5.0	3.2	4.1	4.2	4.5
ROE ¹¹⁾	%	22.3	15.5	25.5	28.6	29.2
EV ¹²⁾ /EBITDA	-	7.8	6.5	1.9	7.6	9.1
Depreciation and amortization/sales	%	1.7	2.0	1.5	1.4	1.3
Impairment (amortization) of goodwill/sales	%	0.0	0.2	0.2	0.1	0.0

1) Earnings Before Interest, Taxes, Depreciation, and Amortization 2) Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 12,158 TEUR (2009: 9,109 TEUR) and impairment of goodwill at the amount of 0 TEUR (2009: 7,922 TEUR) 3) Additions to intangible assets and property, plant, and equipment 4) Total shareholders' equity incl. non-controlling interests 5) Total shareholders' equity/total assets 6) Cash and cash equivalents plus marketable securities plus fair value of interest rate swaps minus financial liabilities 7) Interest bearing liabilities incl. provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents and marketable securities 8) Non-current receivables plus current assets (excl. cash and cash equivalents as well as marketable securities) minus other non-current liabilities and current liabilities (excl. financial liabilities and provisions) 9) Net working capital plus intangible assets and property, plant, and equipment 10) Net debt/total shareholders' equity 11) ROE (Return On Equity): Net income/total shareholders' equity 12) EV (Enterprise Value): market capitalization based on year-end closing price minus net liquidity

FURTHER DATA, FACTS, AND FIGURES

relating to the financial year 2010 can be found in the annual financial report (how to order a copy, see page 89) or online at reports.andritz.com/2010/

Interview with ANDRITZ President and CEO, Wolfgang Leitner

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Company profile, vision & strategy

Financial year 2010

Acquisitions

Share

Investor Relations

Executive Board

Supervisory Board

HYDRO

PULP &
PAPER

METALS

Global home markets

The ANDRITZ GROUP serves globally operating companies all over the world. In order to meet customers' requirements optimally and quickly, ANDRITZ is present globally. This annual report answers among others the following questions: Where are the ANDRITZ growth markets? Why is it so important for the company to have local presence worldwide? And where are the top projects in the 2010 business year located?

ENVIRONMENT & PROCESS
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HYDRO

PULP & PAPER

METALS

ENVIRONMENT & PROCESS

FEED & BIOFUEL

ANDRITZ PRESIDENT AND CEO WOLFGANG LEITNER:

‘We must take the opportunities available in the growth markets’

The year 2010 was marked by the slow recovery of the global economy following the major financial and economic crisis. While the economic environment in the USA and Europe became more stable, the emerging markets showed substantial economic growth. How did ANDRITZ succeed in holding its ground in this environment? ANDRITZ President and CEO Wolfgang Leitner answers this and other questions of current interest.

What do you consider were the main successes and the most important developments for the company in 2010?

We can be very satisfied overall with the development of the ANDRITZ GROUP in 2010. With an order intake of over four billion Euros, we have reached a historic peak, and we achieved a significant rise in sales and profitability. We were able to benefit from the strong growth in the emerging markets, but also achieved growth in the traditional economic regions, particularly in Europe. All in all, this confirms that we coped with the crisis quickly and in the right way, without compromising the future development of the Group. The best proof of this is the favorable development of the PULP & PAPER business area: In 2009, the business area saw major restructuring – in 2010, order intake rose sharply and profitability returned to a favorable level. The growth in order intake in the HYDRO, ENVIRONMENT & PROCESS, and FEED & BIOFUEL business areas is also very positive. As expected, only the METALS business area developed moderately as a result of the continuing modest level of global market activity.

Additionally, we were able to further strengthen our competitive position in many sectors by acquiring companies with complementary products and technologies. In particular, we have extended our product portfolio for solid/liquid separation substantially in the ENVIRONMENT & PROCESS business area with the acquisition of the German centrifuge specialist KMPT and the South African filtration company Delkor. In the HYDRO business area we have also entered the market for energy generation from underwater tidal currents – a market which is highly promising in the long term – with our stake in the Norwegian company Hammerfest, as well as further extending our product range for pumps following acquisition of the German pump manufacturer Ritz. And finally, we have strengthened and extended our product portfolio in the PULP & PAPER business area by acquiring AE&E Austria, a company that specializes particularly in fluidized bed technology.

We succeeded in securing very important orders for tissue and board machines, thus enhancing our market position in this product sector substantially. Also in the renewable energies sector, which is constantly gaining importance for ANDRITZ and already accounts for more than half of the overall sales for the ANDRITZ GROUP, we secured important orders for biomass and recovery boilers that are used by pulp mills and independent suppliers to generate ‘green’ electricity from forest residues, as well as contracts to build the world’s largest wood pelleting plants.

‘We will further increase our value added in the rapidly growing economies in Asia and South America.’

In connection with the succession planning for Franz Hofmann, who retires at the end of March 2011, there have been some

changes in the responsibilities of the ANDRITZ Executive Board members. Friedrich Papst, who is responsible for the FEED & BIOFUEL business area, will take over the METALS business area and also hold responsibility primarily for the Pumps division within the HYDRO business area. Wolfgang Semper, who has headed the Large Hydro division successfully since 2000, will be responsible as new Executive Board member for the HYDRO business area together with Friedrich Papst. In addition to his current responsibility for PULP & PAPER/Service & Units, Humbert Köfler will take over the ENVIRONMENT & PROCESS business area because these two segments have many similarities with regard to order size – there are numerous smaller orders in this sector – and the large number of local operating companies. With this move, I am confident that we have laid a strong foundation for the future development of our business areas.

A look into the future: How do you expect the ANDRITZ markets to develop in 2011? And where do you see the main areas of business focus?

From today’s perspective, we do expect the global economy to continue its recovery in 2011. North America and, in particular, Europe will very probably continue to show only moderate economic growth, while the strong economic growth in the emerging markets should continue.

**ANDRITZ
PRESIDENT AND CEO,
WOLFGANG LEITNER:**

‘We were able to benefit from the strong growth in the emerging markets, but also achieved growth in the traditional economic regions, particularly in Europe.’



Thus, we expect a favorable market environment overall for our business areas in 2011. The positive market situation should continue for the HYDRO and PULP & PAPER business areas, where some major projects are expected to be awarded. I also anticipate good or further improving project activity for the two smaller business areas, ENVIRONMENT & PROCESS and FEED & BIOFUEL. Only the METALS business area will continue to face a more subdued economic environment.

In view of the development expected for the global economy, the rapidly growing economies in Asia and South America will be among the main focuses of ANDRITZ's activities in 2011. We must take the opportunities available in these growth markets and further increase our value added there. This should enable us to participate in the strong growth in these regions and to strengthen our market position. In the coming year, we will also continue to focus on successful processing of the high order backlog, integrating the newly acquired companies, promoting external growth by acquiring complementary product segments, and continuing cost discipline.

On behalf of the Executive Board, I would like to take this opportunity to thank all of our employees for their commitment, which enabled ANDRITZ to achieve very favorable development in 2010. I also wish to thank our customers, business partners, and shareholders for placing their trust in ANDRITZ. We shall make every effort in the future to secure our company's continuing success.

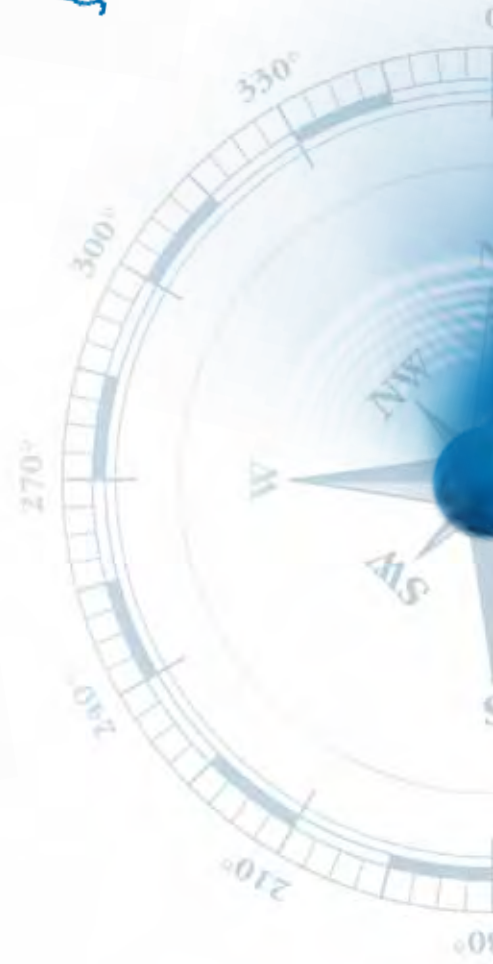


▲ CONTINUOUS GROWTH. ANDRITZ has set itself the goal of increasing Group sales by an average of 10% per annum in the future. For 2014, Group sales of 4.5 billion Euros are targeted. More information on the ANDRITZ GROUP's strategic goals is provided on the following pages.

World market leader in
in all business areas

Take opportunities
in growth markets

Extend global
customer proximity





4.5 billion Euros sales



7% EBITA margin

50% of sales from
renewable energies

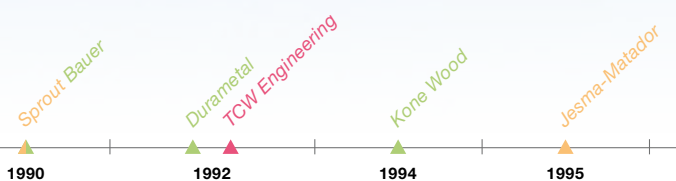
*World market leadership
and profitable growth:*

ANDRITZ in 360°

International technology Group ANDRITZ ranks among the global market leaders in all five of its business areas. One of the Group's overall strategic goals is to consolidate and extend this position. At the same time, the company targets to secure profitable growth in the long-term.

IMPORTANT ACQUISITIONS SINCE 1990 AT A GLANCE

▲ HYDRO ▲ PULP & PAPER ▲ METALS
▲ ENVIRONMENT & PROCESS ▲ FEED & BIOFUEL



*World market leader in
in all business areas*

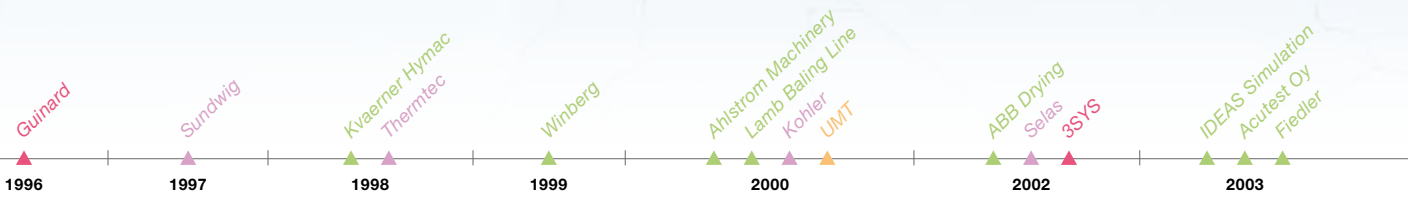
The ANDRITZ GROUP is a globally leading supplier of plants and services for the hydropower, pulp and paper, metals, and other specialized industries (solid/liquid separation, feed and biofuel) and has the goal to become the world market leader in all of the markets it serves.

*Take opportunities
in growth markets*

All five ANDRITZ business areas serve markets with long-term and sustained growth potentials. Within these markets, the Group focuses on rapidly growing segments, for example renewable energy sources (hydropower and biomass), stainless steel, or special paper grades (tissue). In terms of global regions, this means consolidating and extending the company's current strong position in Europe and North America, as well as taking the opportunities available in the emerging growth markets – particularly in South America and Asia.

*Extend global
customer proximity*

ANDRITZ serves globally acting companies all over the world. In order to meet customers' needs as best and as quickly as possible, ANDRITZ has a global presence with over 120 locations (including production facilities, service and sales companies). The Group's goal is to further strengthen local service presence close to customers, particularly in order to help them achieve their objectives in terms of productivity, profitability, and sustainability.



4.5 billion Euros sales

ANDRITZ has the goal of increasing Group sales in the future by an annual average of 10%. A Group sales figure of 4.5 billion Euros is targeted for 2014. This growth is based on:

1. Organic expansion, mainly through research and development: ANDRITZ is among the technological leaders in all five of its business areas and invests heavily in research and development. On average, approximately 3% of sales are invested in research and development every year, and over 300 employees work in the Group's research centers. Research and development activities focus on making ANDRITZ the technologically preferred supplier. Thus, the main priority is to develop customized technologies that enhance the productivity of customer's plants, minimize operating costs, and maximize energy efficiency and environmental protection.

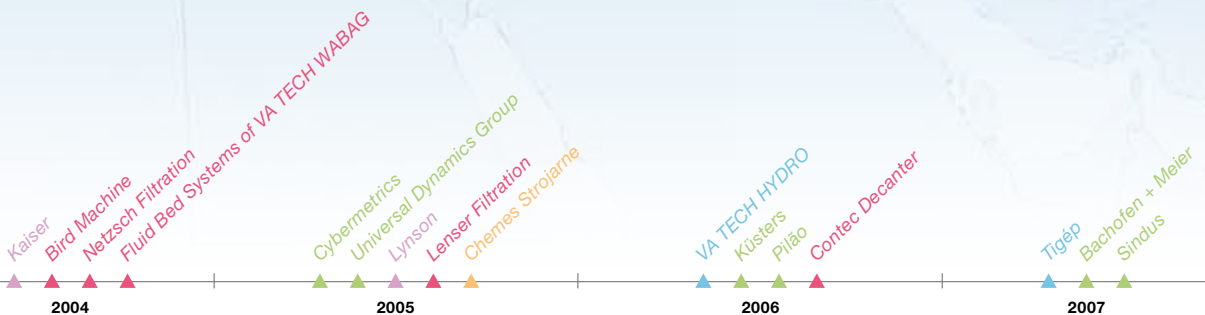
2. Acquisitions: ANDRITZ is always on the lookout for opportunities to acquire businesses that complement its existing range of products, process technologies, and services. The goal is to be a single-source supplier with full-line capabilities in all business areas.

7% EBITA margin

ANDRITZ has the goal of achieving profitability (EBITA margin) of 7% on average over the cycle. In the past ten years, the average EBITA margin has seen a steady increase. The average EBITA margin for the period from 2001 to 2005 was 5.6%; however, this figure was increased to 6.3% for the period from 2006 to 2010.

50% of sales from renewable energies

ANDRITZ's long-term goal is to generate more than 50% of its sales from products related to renewable energies.





GLOBAL CUSTOMER PROXIMITY: THE ANDRITZ LOCATIONS



EUROPE

Austria: Graz (Headquarters ANDRITZ GROUP), Linz, Raaba, Salzburg, Vienna, Weiz
 Czech Republic: Ceske Budejovice, Praha Denmark: Esbjerg Finland: Helsinki, Hollola,
 Kotka, Savonlinna, Tampere, Varkaus France: Asnières-sur-Seine, Châteauroux, Châtelleraut,
 Grenoble, Haguenau, Le Bourget du Lac, Montbonnot Saint Martin, Saint Martin Le Beau, Vélizy-
 Villacoublay Germany: Bretten-Gölshausen, Cologne, Düren, Düsseldorf, Hemer, Holzmaden,
 Krefeld, Mettmann, Ravensburg, Regensburg, Roding, Schwäbisch Gmünd, Selb, Senden, Vierkirchen
 Great Britain: Belper, Hull, Newcastle-under-Lyme Hungary: Tiszakécske Italy: Milan,
 Schio (Vicenza) The Netherlands: Den Helder, Geldrop, Rotterdam Norway: Jevnaker
 Romania: Sibiu Russia: Moscow, St. Petersburg Slovakia: Humenné, Levice,
 Spišská Nová Ves Spain: Barcelona, Madrid Sweden: Karlstad, Nälden, Örnsköldsvik,
 Stockholm, Västerås, Växjö Switzerland: Bülach, Jonschwil, Kriens, Vevey, Wohlen, Zurich
 Turkey: Ankara Ukraine: Kiev



NORTH AMERICA

Canada: Brantford, Edmonton, Lachine, Nanaimo, Peterborough, Pointe Claire, Prince George,
 Richmond, Saskatoon, Terrace Mexico: Morelia, Veracruz USA: Arlington, Bellingham,
 Canonsburg, Charlotte, Decatur, Florence, Glens Falls, Janesville, Lakeland, Lewinston, Montoursville,
 Muncy, Pell City, Pittsburg, Roswell, San Leandro, Scott Depot, Spartanburg, Spokane, Springfield,
 Tualatin, Walpole



SOUTH AMERICA

Brazil: Araraquara, Barueri, Campinas, Curitiba, Pomerode, Porto Alegre, São Paulo, Serra
 Chile: Santiago de Chile, Talcahuano Colombia: Bogotá Peru: Lima Uruguay: Fray
 Bentos, Río Negro Venezuela: Caracas, València



ASIA

China: Beijing, Foshan, Hangzhou, Shanghai India: Bangalore, Chennai, Haryana, Mandideep,
 New Delhi, Salt Lake Calcutta Indonesia: Jakarta Iran: Tehran Japan: Tokyo Malaysia:
 Kudang Philippines: Makati City, Manila Singapore: Singapore South Korea: Seoul
 Taiwan: Taipei Thailand: Bangkok Vietnam: Hanoi, Ho Chi Minh City

OTHER REGIONS

Australia: Victoria, New South Wales South Africa: Gauteng, Mpumalanga

The ANDRITZ GROUP locations, with all contact data, are listed on pages 80-83 and in the internet at www.andritz.com/locations

GE Hydro
GEH1 (Joint Venture)
Kufterath
Maerz

Rollteck
Rlieter Perfojet
Deikor Capital Equipment
Frautech

Precision Machine & Supply
Hammerfest Ström (83.3%)
Ritz Pumpenfabrik
DMIT/Biax
AE&E Austria
KMPT

2008

2009

2010

FINANCIAL YEAR 2010:

Solid business development

ANDRITZ showed a solid business development in 2010. With more than four billion Euros, order intake reached a new record figure. The order backlog at the end of 2010 amounted to more than five billion Euros, thus substantially rising compared to the reference figure for the previous year. Sales and earnings also increased compared to last year.

ORDER INTAKE

at record high

In 2010, the order intake for the Group rose by 23% compared to the previous year, reaching 4,131.9 MEUR (2009: 3,349.3 MEUR) – this is the highest level ever achieved in the company's history. All business areas – particularly PULP & PAPER and ENVIRONMENT & PROCESS – were able to show an increase in order intake compared to the previous year.

- HYDRO: 1,870.1 MEUR (+10% vs. 2009)
- PULP & PAPER: 1,388.4 MEUR (+50% vs. 2009)
- METALS: 302.7 MEUR (+2% vs. 2009)
- ENVIRONMENT & PROCESS: 424.3 MEUR (+39% vs. 2009)
- FEED & BIOFUEL: 146.4 MEUR (+12% vs. 2009)

The order backlog of the Group as of December 31, 2010 amounted to 5,290.9 MEUR, an increase of 19% compared to the previous year's high level (December 31, 2009: 4,434.5 MEUR). In the HYDRO, PULP & PAPER, and ENVIRONMENT & PROCESS business areas, the order backlog rose substantially compared to the previous year.

SALES

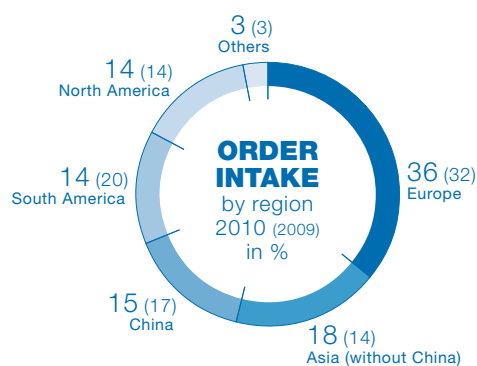
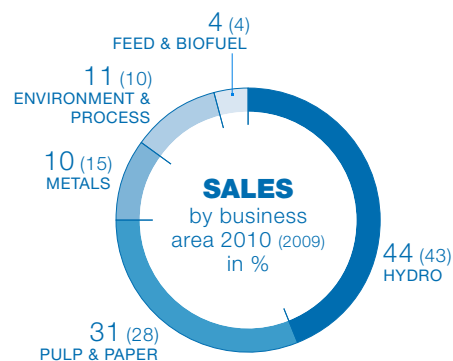
considerably increased

Sales of the ANDRITZ GROUP amounted to 3,553.8 MEUR during the reporting period, which is 11% higher than the reference figure for the previous year (2009: 3,197.5 MEUR). With the exception of METALS, where sales declined considerably compared to 2009 due to the continuing difficult market environment in the international steel industry, all business areas were able to achieve a significant increase in sales compared to 2009.

EARNINGS AND PROFITABILITY

significantly improved

The Group's EBITA saw very favorable development and increased substantially more than sales. At 257.6 MEUR, it was 57% higher than the reference figure for the last year (2009: 164.1 MEUR), which was impacted by expenses for capacity adjustments and operational restructuring that were necessary due to the overall economic situation. Thus, the profitability (EBITA margin) increased to 7.2% (2009: 5.1%).





The net income of the Group, excluding non-controlling interests, amounted to 179.6 MEUR (2009: 96.8 MEUR) during the reporting period.

LIQUIDITY

rose substantially

The liquid funds (cash and cash equivalents plus marketable securities) as of December 31, 2010 amounted to 1,594.7 MEUR (December 31, 2009: 1,082.1 MEUR).

The net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) increased to 1,177.0 MEUR and was thus sig-

nificantly higher than at the end of last year (December 31, 2009: 677.9 MEUR). This increase is mainly due to advance payments for some major projects.

CAPEX AND CASH FLOW

The investments in tangible and intangible assets amounted to 68.8 MEUR in 2010 (2009: 70.5 MEUR) and focused mainly on workshop modernizations.

The cash flow from operating activities amounted to 704.5 MEUR and was thus considerably higher than in the previous year (2009: 345.7 MEUR).

Financial key figures

(MEUR)	2010	2009	+/-
Sales	3,553.8	3,197.5	+11.1%
EBITA ¹⁾	257.6	164.1	+57.0%
Earnings Before Interest and Taxes (EBIT)	245.5	147.1	+66.9%
Earnings Before Taxes (EBT)	247.9	149.6	+65.7%
Net income (incl. non-controlling interests)	177.0	102.9	+72.0%

Key balance sheet ratios

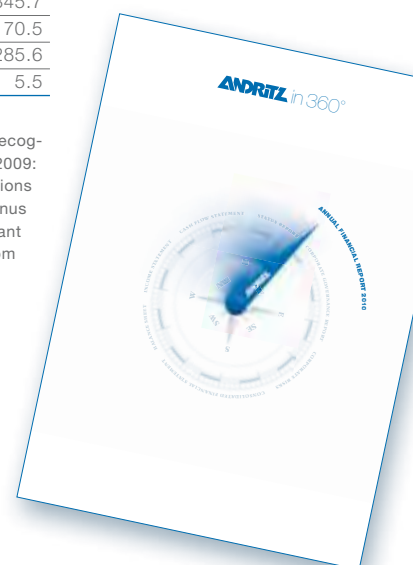
	Unit	2010	2009
Equity ratio	%	19.7	20.0
Net liquidity ²⁾	MEUR	1,177.0	677.9
Net debt ³⁾	MEUR	-992.0	-505.3
Net working capital ⁴⁾	MEUR	-556.1	-104.3
Capital employed ⁵⁾	MEUR	-86.0	285.9
Gearing ⁶⁾	%	-124.9	-76.2

Key cash flow ratios

	Unit	2010	2009
Cash flow from operating activities	MEUR	704.5	345.7
Capital expenditure ⁷⁾	MEUR	68.8	70.5
Free cash flow ⁸⁾	MEUR	644.9	285.6
Free cash flow per share ⁹⁾	EUR	12.4	5.5

1) EBITA: Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 12,158 TEUR (2009: 9,109 TEUR) and impairment of goodwill at 0 TEUR (2009: 7,922 TEUR) 2) Cash and cash equivalents minus interest-bearing liabilities 3) Interest-bearing liabilities minus provisions for severance payments, pensions and jubilee provisions, minus cash and cash equivalents 4) Current receivables minus current liabilities 5) Net working capital plus fixed assets 6) Net debt/shareholders' equity 7) Additions to property, plant and equipment, and intangible assets 8) Cash flow from operating activities minus capital expenditure plus payments from the sale of tangible and intangible assets 9) Free cash flow/total number of ANDRITZ shares

FURTHER DATA, FACTS, AND FIGURES relating to the financial year 2010 can be found in the annual financial report (how to order a copy, see page 89) or online at reports.andritz.com/2010/ ▼

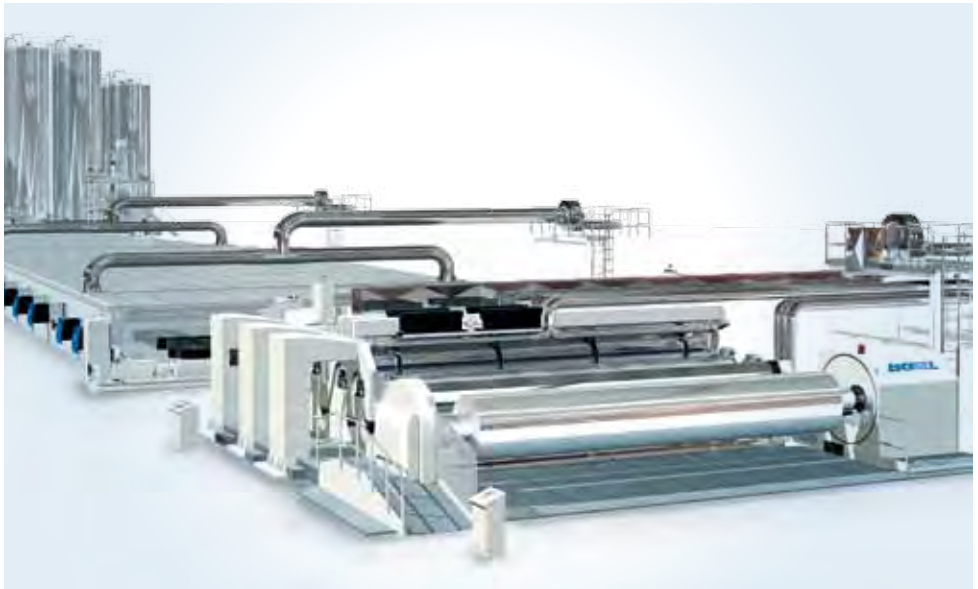


PRODUCT AND SERVICE PORTFOLIO COMPLETED AND EXPANDEDStrengthening of market position
and growth through acquisitions

In the past decade, sales of the ANDRITZ GROUP have grown by approximately 12% p.a. on average. Half of this growth results from the acquisition of companies whose products and services complement or extend the ANDRITZ portfolio. In 2010, ANDRITZ continued its acquisition strategy by purchasing a number of companies.

**STRONG
MARKET GROWTH.**

ANDRITZ Biax plant
for the production of
plastic films. ▶

**ANDRITZ BIAX:**

Entering the rapidly expanding market
for the production of plastic films

By acquiring certain assets of DMT Technology, headquartered in Austria, ANDRITZ PULP & PAPER has entered the plastic films market. ANDRITZ Biax supplies equipment for the production of plastic films used in various industries (for example, the food and electronics industries). ◀

ANDRITZ KMPT

boosts product offerings
for solid/liquid separation



The ENVIRONMENT & PROCESS business area's portfolio has been strengthened by the acquisition of KMPT, Germany, and its affiliates in England, France, Italy, China, and the USA. KMPT ranks among the leading global suppliers

of pusher and peeler centrifuges, used mainly in the chemical and pharmaceutical industries. In addition, the company's product portfolio includes dryers for the chemical and food industries, as well as filters for the mineral processing and plastics industries. ◀

RITZ PUMPS

expand the ANDRITZ pump product range



By acquiring Ritz Pumpenfabrik, Germany, ANDRITZ HYDRO strengthens and complements its product range in the pumps sector. The pumps manufactured by ANDRITZ Ritz are used mainly in the water supply and mining sectors, as well as in offshore and sub-sea applications. The special motors required to drive submersible pumps are also developed and manufactured by ANDRITZ Ritz. ◀



PRECISION MACHINE

extends service and manufacturing capacities for the hydropower market in North America



By acquiring a majority interest in Precision Machine & Supply, USA, ANDRITZ HYDRO has extended its service and manufacturing capacities in North America. North America is an important hydropower market, particularly for modernization of existing equipment. ◀

HAMMERFEST STRØM:

Innovative power generation from tidal streams
ANDRITZ has expanded its product portfolio in the HYDRO business area by acquiring a 33.3% stake in the Norwegian company Hammerfest Strøm AS, including its subsidiary Hammerfest Strøm UK Ltd., Scotland. Hammerfest Strøm is one of the world's leading companies in power generation from tidal currents occurring in

coastal waters. Hammerfest Strøm is currently collaborating with Scottish Power Renewables (part of Iberdrola Renewables, the largest producer of renewable energy in the world) on the manufacture of a 1 MW tidal current turbine to be deployed at the European Marine Energy Centre (EMEC) in Orkney, Scotland, in 2011. This plant provides the core technology for the installation of a first commercial underwater energy array as of 2012. ◀

ANDRITZ ENERGY & ENVIRONMENT:

Specialist for fluidized bed technology



By acquiring AE&E Austria GmbH & Co KG, ANDRITZ is strengthening and extending its product portfolio in the PULP & PAPER business area. ANDRITZ Energy & Environment also specializes in fluidized bed technology for boiler plants and in flue gas cleaning systems. ◀



◀ **INNOVATIVE
POWER GENERATION.**
Hammerfest Strøm's
tidal current turbine.

ANDRITZ SHARE:**Again outperformance**

Substantial outperformance of the share price, inclusion in the ATX five index: The ANDRITZ share developed very satisfactorily in 2010. The share price once again outperformed the ATX, the leading share index of the Vienna Stock Exchange. On the December expiration day of the Vienna Stock Exchange, ANDRITZ was included in the ATX five, which contains the five shares with the highest weighting in the ATX.

SHARE PRICE DEVELOPMENT:**Significant rise in the ANDRITZ share price**

The price of the ANDRITZ share rose by approximately 68% during the reporting period. Thus, it once again outperformed the ATX, which rose by around 14% over the same period. Since the Initial Public Offering in June 2001, the ANDRITZ share price has increased more than 12-fold, thus clearly outperforming the ATX.

The highest closing price of the ANDRITZ share in 2010 was 68.92 Euro (December 29, 2010), while the lowest was 39.49 Euro (February 12, 2010).

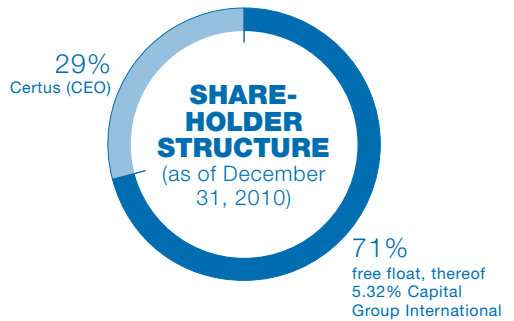
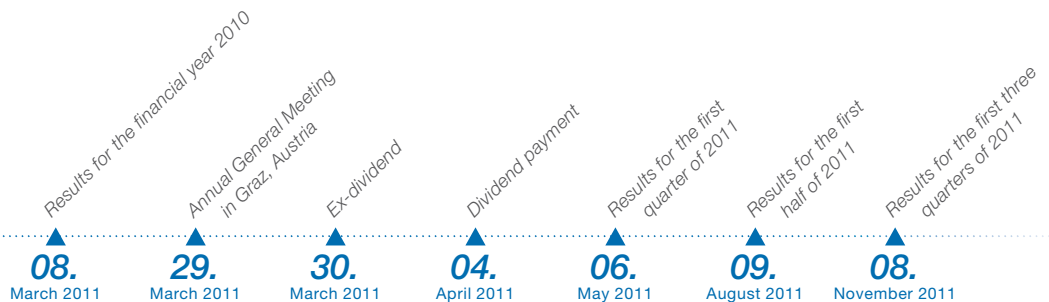
As a result of the price performance of the ANDRITZ share and the resulting rising market capitalization, the ANDRITZ share was included in the ATX five index, containing the five shares with the highest weighting in the ATX.

TRADING VOLUME:**Satisfactory trading level**

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) was 230,773 shares in the period under review (2009: 307,029 shares). The highest daily trading volume was noted on May 6, 2010 (1,000,296 shares), the lowest trading volume on July 28, 2010 (50,216 shares).

SHAREHOLDERS:**Stable and well-balanced shareholder structure**

ANDRITZ has a very stable and well-balanced shareholder structure. Approximately 29% of the shares are owned by Certus Beteiligungs-GmbH, whose Managing Director is Wolfgang Leitner, President and CEO of ANDRITZ AG. With over 70% free float, ANDRITZ has a widely diversified shareholder structure consisting of institutional investors and retail shareholders. The majority of institutional investors come from the Anglo-Saxon countries (particularly UK and USA), but also from Austria and Germany. Retail investors are mainly based in Austria and Germany.

**FINANCIAL CALENDAR 2011**

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ website: www.andritz.com/share



Key figures of the ANDRITZ share

	Unit	2010	2009	2008	2007	2006
Earnings per share	EUR	3.48	1.89	2.73	2.61	2.30
Dividend per share	EUR	1.70 ¹⁾	1.00	1.10	1.00	0.75
Payout ratio	%	48.9	52.9	40.3	38.3	32.6
Equity attributable to shareholders per share	EUR	14.68	12.28	10.59	9.07	7.86
Highest closing price	EUR	68.92	41.94	43.53	54.00	41.08
Lowest closing price	EUR	39.49	17.50	15.96	35.80	23.13
Closing price at year-end	EUR	68.79	40.52	18.16	41.45	41.08
Market capitalization at year-end	MEUR	3,577.1	2,107.0	944.3	2,155.6	2,135.9
Performance	%	+67.8	+111.0	-54.4	+2.6	+74.9
ATX weighting at year-end	%	7.3211	4.3701	2.9209	2.3950	2.4080
Average daily number of shares traded	Share unit	230,773	307,029	488,638	452,909	355,580

1) Proposal to the Annual General Meeting.

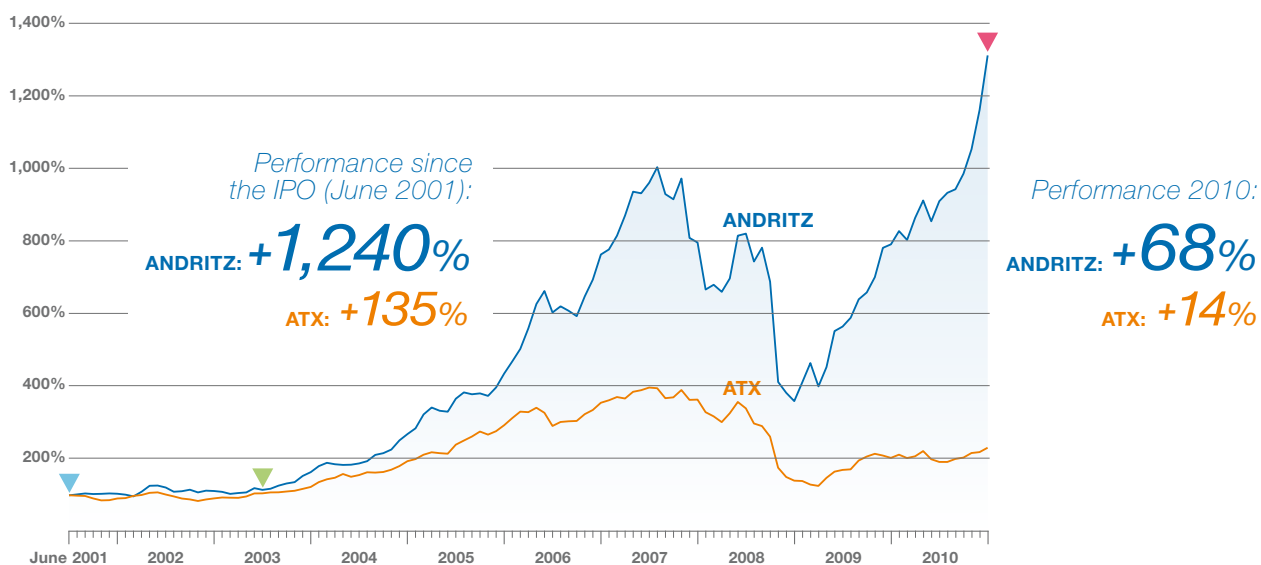
On May 3, 2007, the ANDRITZ share was split in a ratio of 1:4. Historical share price data were adjusted accordingly.

Source: Vienna Stock Exchange

Basic data of the ANDRITZ share

ISIN code	AT0000730007
First listing day	June 25, 2001
Types of shares	No-par value shares, bearer shares
Total number of shares	52 million
Authorized capital	None
Free float	Approximately 71%
Stock Exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock Exchange indices	ATX, ATX five, ATXPrime, WBI

Development of the ANDRITZ share since the IPO



▼ June 2001: IPO at 5.25 Euros/share

▼ June 2003: Secondary Public Offering at 5.69 Euros/share

▼ Closing price at year-end 2010: 68.79 Euros/share

SEVERAL INTERNATIONAL AWARDS FOR ANDRITZ INVESTOR RELATIONS

High level of interest by investors worldwide

Interest in ANDRITZ by investors remained very high in 2010. ANDRITZ again received many international awards for its transparent, active, and prompt information policy.

▼ In 2010, around 370 one-on-one meetings with institutional investors and financial analysts were held during international investor conferences and meetings with various investor groups worldwide, among others in Amsterdam, Boston, Brussels, Chicago, Denver, Dublin, Edinburgh, Frankfurt, Kitzbühel, London, Milan, New York, Paris, Philadelphia, Salt Lake City, Stockholm, Tokyo, Toronto, Wilmington (USA), and Zurich.

Current developments and expectations for the ANDRITZ business areas, as well as the medium-to long-term goals for the Group were the focus of the ANDRITZ Capital Market Day 2010 at the ANDRITZ AG headquarters in Graz, Austria, which was attended by more than 20 international and Austrian financial analysts and investment fund managers.

ANDRITZ also gave presentations, especially for private investors, at the international 'Gewinn trade show' in Vienna as well as at the 'Börse-Express roadshow' in Graz. In addition, guided workshop visits were arranged for some investment clubs.

SEVERAL AWARDS for Investor Relations

At the ARC Awards in New York – the world's premier and largest annual report competition with a total of 1,800 entries from 25 countries every year – ANDRITZ received a Grand Award, as well as one Gold and one Silver Award. The jury based its decision on the outstanding conceptual design and communication of the main message – the challenges facing the Group in 2009, the year of the crisis, and how they were successfully managed.

CORPORATE GOVERNANCE.

ANDRITZ complies with the rules of the Austrian Corporate Governance Code. The Corporate Governance report and all other information on the subject are contained in the annual financial report 2010 and can also be found at www.andritz.com/en/corporate-governance

North America

SALT LAKE CITY

DENVER

WORLDWIDE 370 ONE-ON-ONE MEETINGS WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

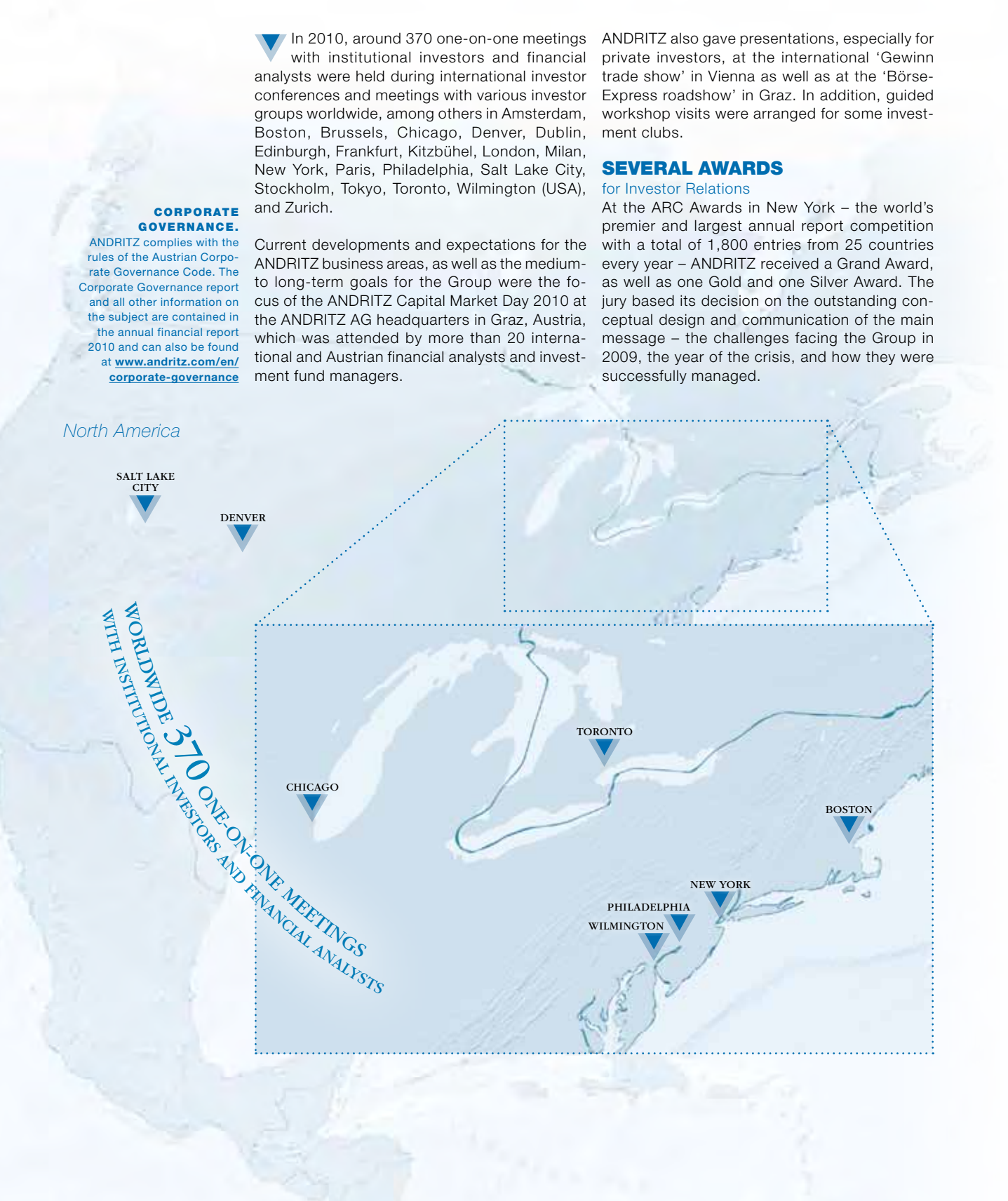
CHICAGO

TORONTO

BOSTON

NEW YORK

PHILADELPHIA
WILMINGTON





At the Galaxy Awards in New York – an international marketing prize with 500 entries from 16 countries – the ANDRITZ annual report was awarded the prize for best annual report worldwide in the industry category.

As part of an analysis of over 500 companies from 12 countries by the leading specialists for online annual reports in Western Europe, the ANDRITZ 2009 online annual report was one of the few to be classified as 'very well implemented'. Among those aspects that were considered particularly positive were the useful features such as online glossary, the file collection tool, and the facility to generate an individual report.

As part of the Vienna Stock Exchange Award 2010, ANDRITZ once again received an award for its extensive Investor Relations activities: ANDRITZ took first place in the main category, the ATX Prize, which is awarded to companies in the leading index of the Vienna Stock Exchange for the quality of their work in terms of transpar-

ency and communication policy in the Austrian capital market. The assessment criteria for the ATX Prize include the quality of financial reporting (for example, information content and clarity), Investor Relations (good reachability, availability for roadshows, information provided in the internet), strategy and business management (clarity and level of detail of the corporate strategy, accuracy of forecasts, risk indication, management credibility), and market-related factors.

BROAD COVERAGE

by international financial analysts

Hauck & Aufhäuser started coverage of ANDRITZ during the reporting period. Thus, the following national and international banks and investment houses were publishing analysis reports on ANDRITZ at regular intervals as of the end of 2010 (in alphabetical order): Berenberg Bank, Crédit Agricole Cheuvreux, Deutsche Bank, Erste Bank, Goldman Sachs, Hauck & Aufhäuser, HSBC, JPMorgan, Raiffeisen Centrobank, UBS, and UniCredit.

For further information,
please contact:
**ANDRITZ
INVESTOR
RELATIONS**
Petra Wolf
Phone: +43 (316) 6902 2722
investors@andritz.com

The ANDRITZ Executive Board

FRANZ HOFMANN

METALS, ENVIRONMENT & PROCESS

Joined ANDRITZ in 1999 as member of the Executive Board. He is responsible for the METALS and the ENVIRONMENT & PROCESS business areas, as well as Group-wide for Automation.

Professional career:

Divisional Director at SMS Schloemann-Siemag AG, management consultant at A.T. Kearney, researcher at Vereinigte Deutsche Metallwerke.



FRIEDRICH PAPST

HYDRO, FEED & BIOFUEL

Joined ANDRITZ in 1979. He has been a member of the Executive Board since 1998 and is responsible for the HYDRO and the FEED & BIOFUEL business areas, as well as Group-wide for Manufacturing.

Professional career:

Vice President of ANDRITZ Sprout-Bauer Inc., Director of Manufacturing at ANDRITZ AG, Director of Production Planning at ANDRITZ AG.



NEW EXECUTIVE BOARD RESPONSIBILITIES AS OF APRIL 2011

Relating to the successor arrangement for Franz Hofmann, who will retire on March 31, 2011, the Supervisory Board of ANDRITZ AG took the following resolutions regarding Executive Board responsibilities, effective as of April 1, 2011: As new member of the Executive Board,

WOLFGANG SEMPER

will be appointed, and he will be responsible for the HYDRO business area together with Friedrich Papst and for Automation on a Group-wide level. Wolfgang Semper has been successfully heading the Large Hydro division of the ANDRITZ HYDRO business area since 2000. In addition to their other duties, Friedrich Papst will assume responsibility for the METALS business area, and Humbert Köfler for the ENVIRONMENT & PROCESS business area. The areas of responsibility assigned to Wolfgang Leitner, President and CEO, and to Karl Hornhofer, member of the Executive Board, will remain unchanged.





WOLFGANG LEITNER

President and CEO

Joined ANDRITZ in 1987 as CFO and has served as President and CEO since 1994. His responsibilities encompass central Group functions such as Human Resources Management, Controlling and Finance, Treasury, Corporate Communications, Investor Relations, Internal Auditing, Information Technology, as well as Organization and Business Process Development.

Professional career:

Member of the Managing Board of AGIV AG, founder and President of GENERICON Pharma GmbH, management consultant at McKinsey & Company, research chemist at Vianova/HOECHST.



KARL HORNHOFER

PULP & PAPER (Capital Systems)

Joined ANDRITZ in 1996 and held managerial positions in the PULP & PAPER business area. He was appointed as member of the Executive Board in 2007 and is responsible for the Capital Systems segment of the PULP & PAPER business area and Group-wide for Quality Management.

Professional career:

Head of the Pulp and Paper Machines division at ANDRITZ AG, Head of the Pulp Drying Systems division at ANDRITZ AG, design engineer at Austrian Energy.



HUMBERT KÖFLER

PULP & PAPER (Service & Units)

Joined ANDRITZ in 1987 and held managerial positions in the PULP & PAPER business area. He was appointed as member of the Executive Board in 2007 and is responsible for the Service & Units segment of the PULP & PAPER business area and Group-wide for Procurement.

Professional career:

Head of the Paper Mill Services division at ANDRITZ AG, Head of the Mechanical Pulping Systems division at ANDRITZ AG, regional sales manager at ANDRITZ Sprout-Bauer GmbH, export marketing manager at Biochemie GmbH.



The ANDRITZ Supervisory Board



◀ **Hellwig Torggler**
(Chairman of the Supervisory Board)

Attorney-at-law; member of the Supervisory Board of ANDRITZ AG since 2000, Deputy Chairman of the Supervisory Board of ANDRITZ AG since 2004, Chairman of the Supervisory Board of ANDRITZ AG since 2010, and elected until the Annual General Meeting of ANDRITZ AG in 2014. Other Supervisory Board functions: Member of the Supervisory Boards of Mondi AG, Mondi Services AG, A.S.A Abfall Service AG, FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes, and Deputy Chairman of the Supervisory Board of Theater in der Josefstadt Betriebsges.m.b.H.



▲ **Kurt Stiassny**
(Deputy Chairman of the Supervisory Board)

CEO of Buy-Out Central Europe II Beteiligungs-Invest AG; member and Chairman of the Supervisory Board of ANDRITZ AG since 1999, Deputy Chairman since 2010, and elected until the Annual General Meeting of ANDRITZ AG in 2015. Other Supervisory Board functions: Chairman of the Supervisory Board of Dukus S.A. (Tiroler Rohrsysteme, Hall, and Rohrsysteme Wetzlar), Chairman of the Supervisory Board of Atterbury S.A. (Chemson Polymer-Additive Group, Arnoldstein), and Chairman of the Supervisory Board of Austria Email AG, Knittelfeld

▶ **Peter Mitterbauer**

Chairman of the Managing Board of MIBA AG; member of the Supervisory Board of ANDRITZ AG since 2003 and elected until the Annual General Meeting of ANDRITZ AG in 2014. Other Supervisory Board functions: Chairman of the Supervisory Boards of ÖIAG (Österreichische Industrieholding AG) and FFG (Österreichische Forschungsförderungsgesellschaft m.b.H.); member of the Supervisory Boards of Oberbank AG and Rheinmetall AG



◀ **Christian Nowotny**

Full-time professor at the University of Economics in Vienna; member of the Supervisory Board of ANDRITZ AG since 1999 and elected until the Annual General Meeting of ANDRITZ AG in 2013. Other Supervisory Board functions: Member of the Supervisory Boards of Allianz KAG and Generali Drei Banken Holding AG



▲ **Klaus Ritter**

President and CEO of AVI Alpenländische Veredelungs-Industrie Ges.m.b.H, EVG Entwicklungs- und Verwertungsgesellschaft m.b.H., and Stahl- und Walzwerk Marienhütte Ges.m.b.H.; member of the Supervisory Board of ANDRITZ AG since 2004 and elected until the Annual General Meeting of ANDRITZ AG in 2012. Other supervisory board functions: none



▲ **Fritz Oberlerchner**

Deputy Chairman of the Managing Board of STRABAG SE; member of the Supervisory Board of ANDRITZ AG since 2006 and elected until the Annual General Meeting of ANDRITZ AG in 2015. Other Supervisory Board functions: Member of the Supervisory Boards of Atterbury S.A. (Chemson Polymer-Additive Group, Arnoldstein), STRABAG AG Austria, STRABAG AG Germany, and STRABAG Zrt.; Chairman of the Supervisory Boards of STRABAG A.S. and STRABAG Sp.z.o.o.



▶ **Andreas Martiner**
Member of the Supervisory Board of ANDRITZ AG since 2001



▲ **Brigitta Wasserbauer**

Member of the Supervisory Board of ANDRITZ AG since 2000



◀ **Martha Unger**

Member of the Supervisory Board of ANDRITZ AG since 2007

Appointed members ■

Delegated members ■



STATEMENTS
The managers of the
ANDRITZ business areas
on the 2010 business year

HYDRO

‘2010 was a good year. Order intake, sales, and earnings reached record levels. And we were able to further strengthen our market position.’

PULP & PAPER

‘After a difficult year 2009, we reached a favorable level again very quickly in 2010. Order intake, in particular, increased substantially.’

METALS

‘Project activity remained subdued in 2010 as expected. The financial results of our business area show, however, that we are able to cope with this situation quite well.’

ENVIRONMENT & PROCESS

‘2010 was a positive year. We achieved strong organic growth and have extended our market position by acquiring additional companies.’

FEED & BIOFUEL

‘We continued our profitable growth in 2010. With important major orders, especially in the biomass sector, we succeeded in strengthening our clear market leadership.’

*Managers
of the HYDRO
business area*
(left to right)

Harald Heber

Turbo Generator, Finance, Supply Chain

Wolfgang Semper

Large Hydro

Manfred Wörgötter

Pumps

Michael Komböck

Compact Hydro, Service & Rehab



82% HYDROPOWER



85% HYDROPOWER

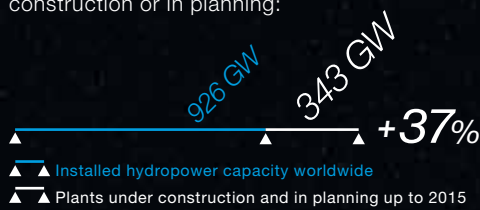
THE WORLD OF ANDRITZ HYDRO

Approximately one-fifth of the world's electricity production is generated by renewable energies. With a share of around 85%, hydropower is by far the most important renewable energy source:

Hydropower	85%
Biomass, waste	7%
Wind energy	5%
Geothermal energy	2%
Solar energy and other sources	1%

Hydropower as growth market

According to market estimates, the world is currently only using one-third of the hydropower potential. Many new hydropower plants are under construction or in planning:



Plant modernization

Approximately half of the equipment used in hydropower plants is more than 30 years old.

In North America, 43% of all existing plants are actually older than 40 years, in Europe 37%. The market for modernizations, rehabilitation, and capacity increases of installed hydropower equipment is thus concentrated mainly in Europe and North America.

Average age of installed equipment:

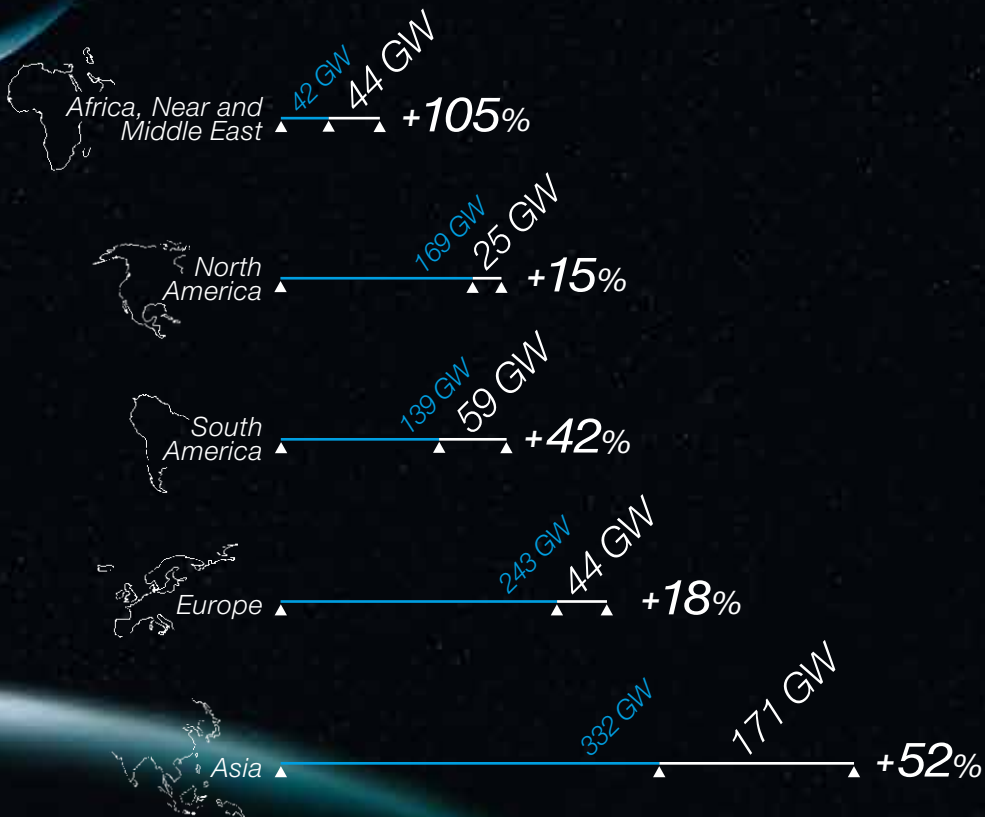
North America	54 years
Europe	41 years
South America	34 years
Asia	31 years

New hydropower plants

South America and Asia are the key markets for new large hydropower plants due to their rapid economic growth and sharply rising energy demand. Small-scale hydropower plants are being built mainly in Europe, North America, and South America. Europe, in particular, shows increasing investment in pumped storage power stations for electric grid stability caused by the expansion of wind and solar energy.

▲▲ Installed hydropower capacity

▲▲ Plants under construction and in planning up to 2015



ANDRITZ HYDRO is one of the

leading global suppliers

of electromechanical equipment – particularly turbines and hydropower generators – and of services for construction of new hydropower stations and modernization of existing hydropower plants. ANDRITZ has been operating in this sector and as pumps supplier (e.g. for water transport, in the energy sector, in the pulp and paper industries) for more than 160 years.

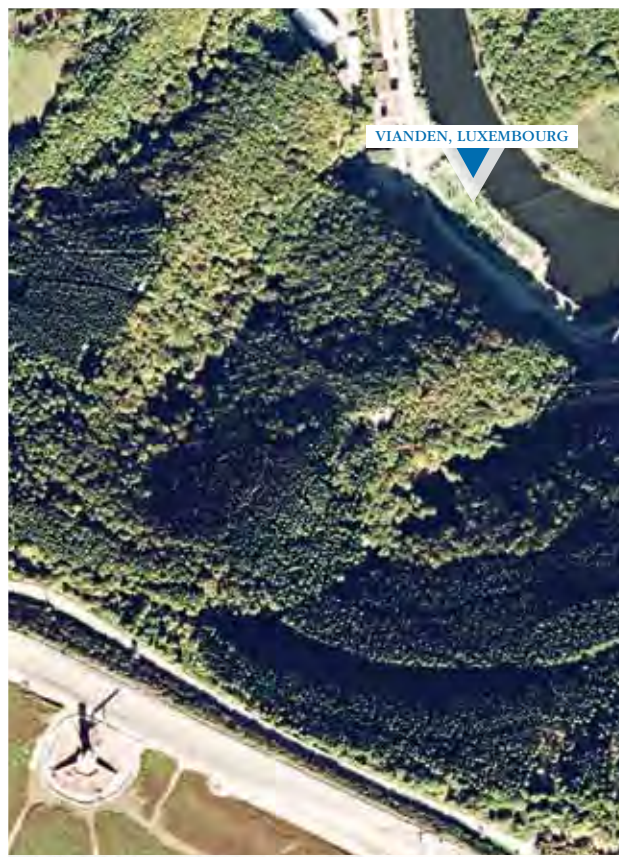
Market development 2010

► During the reporting period, project activity for hydropower equipment remained high worldwide. Investment activity in Europe and North America continued to focus mainly on modernization and rehabilitation of existing capacities, and on pumped storage power stations in or-

der to stabilize the electric grid. The market for small-scale hydropower plants also developed very favorably. ► In the emerging markets, particularly in South America and India, there are many new hydropower projects currently being implemented or are in the project phase. The key drivers are the strong economic growth in these

regions, as well as efforts to become less dependent on fossil fuels. ► Project activity for irrigation, transport of drinking water, and the power plant sector continued to be strong during the reporting period. Especially in Asia (above all in India), investment activity was high.





VIANDEN, LUXEMBOURG

PUMPED STORAGE POWER STATIONS ENSURE SECURITY OF SUPPLY AND STABILITY OF THE ELECTRIC GRID

Due to substantial fluctuations caused by electricity generation from wind and solar energy and to the rising importance of regulating energy in enlarged power grids, the use of pumped storage power stations is becoming more and more important.

ANDRITZ HYDRO, as one of the global market leaders, has pump turbines with a total output of more than 1,700 MW in its order backlog and in the order execution phase at the end of 2010.

In the reporting period, SEO Luxembourg awarded the business area an order to extend the Vianden pumped storage power station (see satellite view) by an eleventh reversible pump turbine (output 200 MW) housed in a separate cavern.

A further important market for pumped storage power stations is also Austria: VERBUND Hydro Power AG ordered two 240 MVA generators, including excitation system, for Reisseck II pumped storage power station. This customer also took over the pumped storage unit 1 of the Kaprun upper stage power station during the reporting period following successful refurbishing of pump, turbine, and spherical valve. In addition, this order includes rebuild and renewal of the hydraulic and electrical turbine governors, including all installation work. Also the full regulated pump operation of VERBUND Hydro Power AG's Malta power station, situated in Austria, was started successfully. The supply includes the control equipment for both machine sets. ◀

Europe

**IMPORTANT MODERNIZATION ORDERS
RECEIVED FROM ALL OVER EUROPE**



STATE ENVIRONMENTAL AWARD FOR HYDROMATRIX® TECHNOLOGY

1 The business area was able to further strengthen its world market leader position with Hydromatrix® plants during the reporting period. Hydromatrix® is an innovative, environmentally friendly hydropower technology which can also be used in existing hydropower stations. The turbine generator units can be arranged flexibly, and the investment costs are lower than for conventional hydropower plants. In 2010, ANDRITZ HYDRO received the Austrian

State Award for Environmental and Energy Technology for the Hydromatrix® plant in Chievo, Italy. The plant allows to exploit the unused hydraulic energy from the ship lock without compromising its flood protection capabilities.

Based on the successes in Europe – including the supply of electromechanical equipment for the Hydromatrix® plants Ashta I & II, Albania – ANDRITZ HYDRO has increasingly promoted the Hydromatrix® technology in new markets: In this context, an agreement was signed with the ministry in charge in Jakarta, Indonesia, for a sustained development of this technology. ◀

Important events

3 At the Portile de Fier II hydropower plant, Romania, rehabilitation of the electromechanical equipment for the fifth bulb turbine was successfully completed. ANDRITZ HYDRO is refurbishing a total of eight generating sets for this customer.

▶ All 116 pumps (stock and water pumps, centrifugal pumps, as well as medium-consistency and double-suction fan pumps) supplied to a paper mill in Germany were started up successfully.

4 ANDRITZ HYDRO and the Russian company JSC RusHydro signed a memorandum for the

refurbishment of the electromechanical equipment in existing hydropower plants. In order to expand its customer service in Russia, one of the largest hydropower markets in the world, ANDRITZ HYDRO has opened a branch office in Moscow.

MOSCOW,
RUSSIA

4

BOYABAT,
TURKEY

2

100 SMALL-SCALE HYDROPOWER PLANTS FOR TURKEY

ILISU,
TURKEY

2



TURKEY INCREASINGLY RELIES ON CLEAN HYDROPOWER

2 As a result of its strong economic growth and the rapidly growing demand for electricity, Turkey is focusing on further extending its hydropower capacity. ANDRITZ HYDRO has been supplying electromechanical equipment successfully for Turkish hydropower projects for more than 80 years. In 2010, the business area received a total of 20 orders to supply and start up small-scale hydropower plants. All in all, orders have been booked for more than 100 small-scale hydropower plants in Turkey so far. Small-scale power plants feature low investment costs and

attractive payback times for the customer, as well as low environmental impact.

A group of private operators under the consortium leadership of Doguş İnşaat Ve Ticaret A.Ş., awarded ANDRITZ HYDRO to supply and put into operation the entire electromechanical equipment, including three Francis turbines (176 MW each), as well as the 380 kV switchyard, for Boyabat power plant.

As part of a consortium, the business area will supply the electromechanical equipment, comprising six Francis turbines each with an output of 200 MW and six generators, as well as additional equipment and engineering, for the Ilisu hydropower plant. ◀

▲ COMPACT HYDRO.

Turbine unit for a small-scale hydropower plant (runner diameter: 1.95 m; output: 1,995 kW).

Important orders

5 The business area received two large orders from France: Two machine sets, each generating 12 MW, at the Chancy Pougny hydropower plant will be supplied to Société des Forces Motrices, increasing the turbine output by 20%. Two Fran-

cis turbines at the Sisteron hydropower plant will be refurbished for Electricité de France – this contract is the largest rehabilitation project in France for many years. **6** ANDRITZ HYDRO was awarded an order to supply the entire electromechanical equipment for Somplago power station

by the Italian utility company Edipower. **7** For the Navizence hydropower plant, Switzerland, the business area was awarded by Forces Motrices de la Gougria SA to supply three 24 MW machine sets (turbine and generator) to replace the existing seven machine sets, each generating 7 MW.



▲ **BULB TURBINE**
from ANDRITZ HYDRO.

BRAZIL AS GROWTH MARKET INVESTS IN SMALL- AND LARGE-SCALE HYDROPOWER STATIONS

1 As a result of the strong economic growth and rising energy demand, Brazil is increasingly investing in generating electric energy from both small and large hydropower plants. In the small-scale hydropower plant sector, ANDRITZ HYDRO has successfully completed delivery and start-up of the Porto Franco hydropower plant; the output of the three turbines was increased to 10 MW in each case, although the tailwater level, head, and flow have remained the same. Deliveries for the Retiro Baixo hydropower plant were also concluded successfully; the two 40 MW Kaplan turbines will provide electricity for a town with a population of 200,000. From

Centrais Elétricas S.A., the business area received the order to refurbish the three 25.7 MW Kaplan turbines in the Passo São João hydropower plant. And for Orteng, ANDRITZ HYDRO will supply the electromechanical equipment for the new Paracambi hydropower plant; the scope of supply includes two 12.8 MW Kaplan turbines, and generators.

In the Large Hydro sector, ANDRITZ HYDRO was contracted during the reporting period to supply and start up the control system for the 44 machine sets and other equipment for the Santo Antonio power station. The business area will also supply 75 MW bulb turbines and generators for this power station. ◀

THREE PROPELLER TURBINE SETS FOR LOWER MATTAGAMI

2 For Kiewit-Alarie A Partnership, the business area will equip the Lower Mattagami hydropower project in Canada with three new 80 MW propeller turbine sets and additional equipment. The new machine sets will extend the Little Long, Harmon, and Kipling power stations. The three hydropower stations each have a net head of approximately 30 m. Although this would normally be the range for using Kaplan turbines, in this case propeller turbines deliver the most favorable solution for the customer in terms of efficiency and durability due to the increased water flow rate of almost 3 m³/s and the highly robust equipment. ◀

FIRST PRIVATELY FINANCED HYDROPOWER PLANTS IN CANADA IN OPERATION

3 In British Columbia, the first privately financed hydropower plants in Canada have gone into operation successfully: ANDRITZ HYDRO supplied two machine sets each to the East Toba (73 MW each) and Montrose Creek (44 MW each) power stations, including turbine governors and excitation systems. These plants were designed in full compliance with the particularly extensive local regulations to protect flora and fauna. ◀

CLEAN ENERGY FOR 1.7 MILLION HOUSEHOLDS

4 The Colombian energy supplier ISAGEN awarded the business area with the order for supply and start up of the three 296 MW Francis turbines for the new Sogamoso hydropower station. The power generated will be sufficient to supply around 1.7 million households with electricity. Hydropower has always been an important part of the Colombian electricity supply due to the favorable topographic and climatic conditions. ◀



North & South America



NORTH AMERICA

Important orders

5 ANDRITZ HYDRO was awarded to refurbish and modernize several hydropower stations in the USA during the reporting period. The projects include refurbishment of the generator winding at Spring Creek power station operated by the US Bureau of Reclamation, refurbishment of the converter at the Snake River power station belonging to the US Army Corps of Engineers, as well as rehabilitation of two 18 MVA generators for the

Hills Creek hydropower station, also by order of the US Army Corps of Engineers; in addition, the business area will deliver two new 16 MW Francis runners for this hydropower station.

SOUTH AMERICA

Important events

6 The largest air-cooled turbo generator ever built by the business area was delivered during the reporting period. This generator for Pilar thermal power station in Argentina has a total weight

of 250 t. The scope of supply includes design engineering, manufacturing, works testing, excitation, and automation systems.

Important orders

7 ICE awarded the business area with the delivery of two 17.7 MW Pelton turbines, two 20 MVA generators, and the complete power plant control system for Rio Macho hydropower station, Costa Rica.

Asia

MODERNIZATION OF EXISTING HYDROPOWER PLANTS AND EQUIPMENT FOR NEW PLANTS IN THE GROWTH MARKET OF ASIA

AMU ZANG, UZBEKISTAN

8

NEW BONG ESCAPE, PAKISTAN

5

KASHANG, INDIA

7

PUBUGOU, CHINA

4

PUMPS FOR IRRIGATION OF AGRICULTURAL LAND

BHEEMA, INDIA

1

NAM THEUN, LAOS

3

NGOI PHAT, VIETNAM

6

AMBUKLAO, PHILIPPINES

2

PANTABANGAN, PHILIPPINES

2

Important orders

6 For an order from NED & I JSC-2, Vietnam, the business area will supply a small-scale hydropower plant (3x24 MW) to Ngoi Phat power station. 7 For Kashang hydropower plant,

India, ANDRITZ HYDRO will supply three 66 MW Pelton turbines, generators, as well as electrical and mechanical additional equipment.

8 In Uzbekistan, the business area will carry out rebuilds of two vertical volute pumps for a

pumping station. The order comprises model testing, delivery, supervision of erection work, and start-up. The pumps are part of a pumping station to irrigate agricultural land.



PUMPS TO COPE WITH DROUGHT

1 In the Indian state of Andhra Pradesh, which is affected continuously by widespread drought, a project has begun for complete irrigation of agricultural land. In order to distribute water over long distances, very large volumes of water are conveyed by large vertical volute pumps. The business area supplied three vertical volute pumps each for two pumping stations in the Bheema sub-project. The first pumping station conveys a total of 63 m³/s water to a 38 m higher based level, where part of the water volume is distributed through channels. Then a second pumping station pumps approximately 32.3 m³/s water into a 22 m higher based canal system. ◀

OVER 50-YEAR OLD HYDRO-POWER STATION REFRUBISHED IN THE PHILIPPINES

2 Following a several year shutdown, ANDRITZ HYDRO successfully started up the two machine sets of the 75 MW Ambuklao plant in the Philippines during the reporting period. The order awarded by SN Aboitiz Power Group comprised complete refurbishment of the power station commissioned in 1956, including design work, engineering, manufacturing, transport, installation, and start-up of the electrical and mechanical equipment, as well as the structural steel work.

In the Pantabangan hydropower plant, Philippines, the first of two 50 MW machine sets was started up successfully. Pantabangan was the first hydropower plant to be privatized in the Philippines and now belongs to First Gen Hydro Power Corporation. ANDRITZ HYDRO is to modernize the entire hydropower plant equipment. ◀

LAOS EXPORTS HYDRO-ELECTRIC POWER TO THAILAND

3 Following its successful start-up, Nam Theun II project in Laos has commenced commercial power generation operations. The most important electromechanical equipment for the project was developed, manufactured, delivered, installed, and started up in a consortium led by ANDRITZ HYDRO. The power station has four 247 MW Francis turbines, as well as two 43 MW Pelton turbines. The greater part of the 1,070 MW total output is intended for export to Thailand. ◀

THREE 600 MW FRANCIS TURBINES FOR CHINA

4 Trial operation of the first 600 MW Francis units for the Pubugou project in China was successfully completed. The business area received the order to supply and start up three 600 MW turbines, as well as the distributor ring. ◀



NEW LOW-PRESSURE POWER STATION IN PAKISTAN

5 In a consortium with Laraib Energy Ltd., the business area will supply the entire electromechanical equipment for the new run-of-river hydropower plant at New Bong Escape, Pakistan. The order comprises supply and installation of four 21 MW bulb turbine sets, the entire electromechanical auxiliary equipment, and the hydraulic steel structures. ◀

▲ **IRRIGATION.**
Pump impellers as used in India for irrigation of agricultural land to combat drought conditions.



*Managers of the
PULP & PAPER
business area*
(left to right)

Karl Hornhofer
Capital Systems

Humbert Köfler
Service & Units

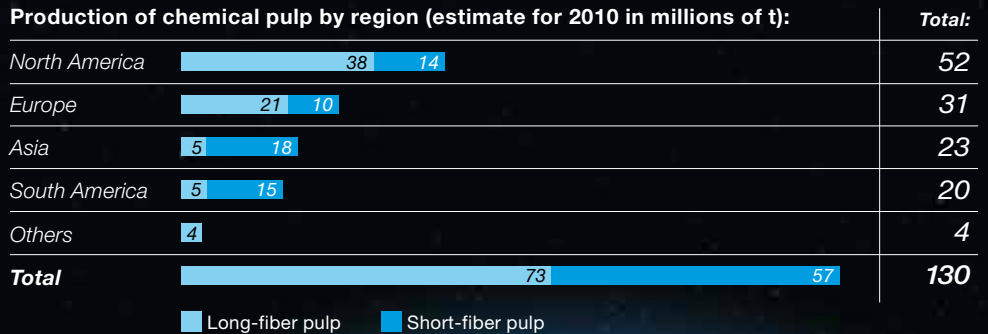


170 MILLION TONS OF CHEMICAL PULP

THE WORLD OF ANDRITZ PULP & PAPER

According to market data, the total amount of paper, board, and tissue products is expected to grow 1.5% annually to 500 million t by the year 2025. To feed this demand, 170 mil-

lion t of chemical pulp will be required as a raw material. In 2010, production of chemical pulp is estimated to amount to 130 million t.



Approximately 45% of today's chemical pulp is produced from short fibers (hardwoods such as eucalyptus). Short fiber comes mainly from the southern hemisphere, where the climate permits the trees (mostly cultivated in plantations) to grow to pulpwood maturity in about seven years – compared to decades in the northern hemisphere.

It is for this reason, and the fact that short-fiber pulp can be used as a raw material for virtually every kind of paper, board, and tissue product, that the market is growing particularly in the southern hemisphere.

According to estimates, the net increase in production of short-fiber pulp will be 16 million t by the year 2025. Due to expected capacity closures, production will decline in North America and Europe and increase significantly in the emerging markets:

- +11 million t in South America
- +10 million t in Asia (without Japan)
- +1 million t in Eastern Europe
- +1 million t in other regions
- 7 million t in North America, Western Europe, and Japan

Currently, 1.6 billion m³ of industrial roundwood are needed for pulp production worldwide. In the mild climates of South America, and using the latest silviculture methods which result in fast-growing plantations, an area of just 68 million ha would be enough to meet the global demand for roundwood.

BY COMPARISON: The land area currently used in South America for plantations is about 26 million ha.

ANDRITZ PULP & PAPER is one of the **leading global suppliers**

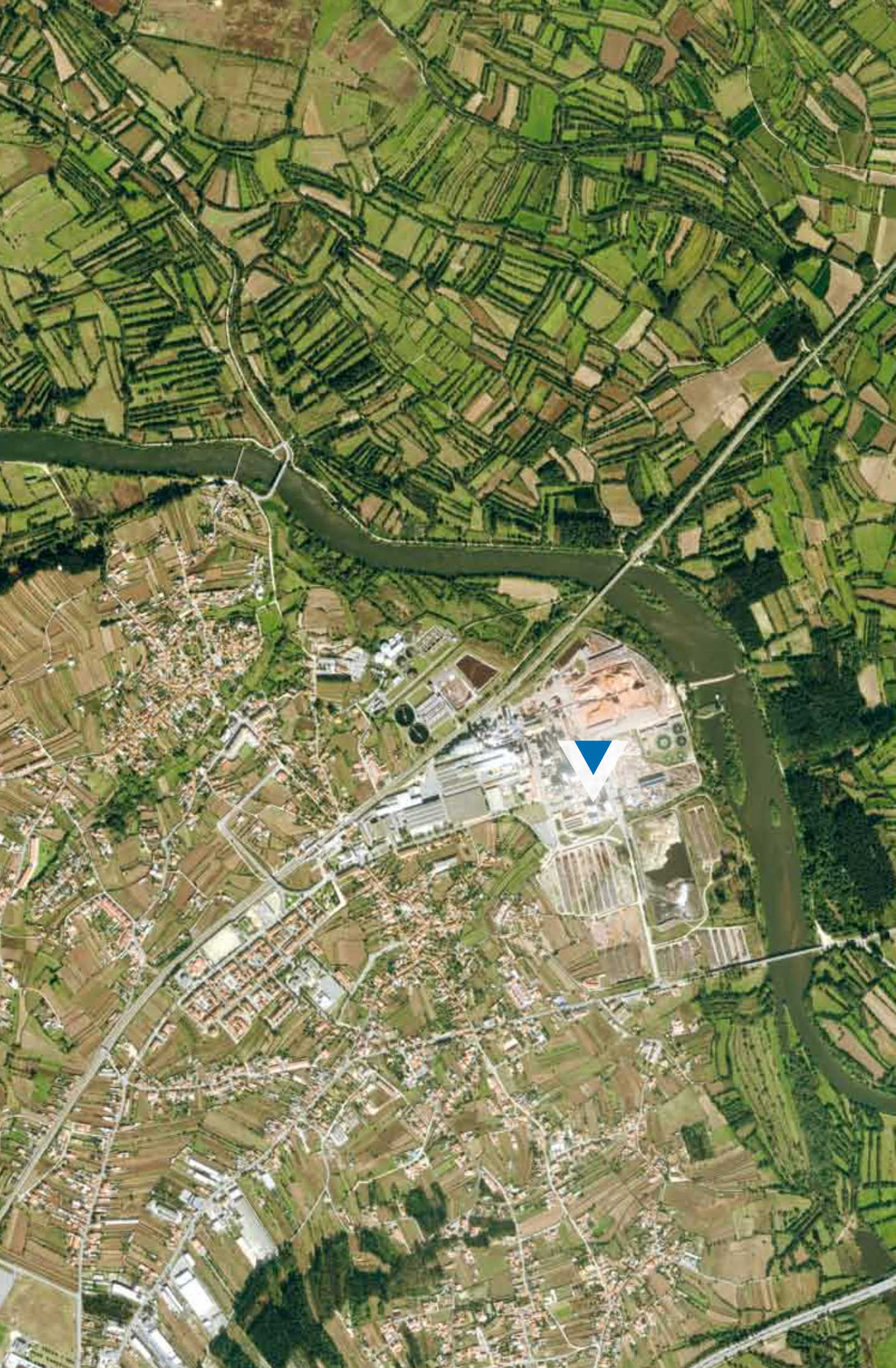
of turnkey systems and services for the production of all types of pulp, paper, tissue paper, board, fiberboard (MDF), nonwovens, as well as of biomass boilers and gasifiers for energy production and of systems for the production of plastic films.

Market development 2010

► The international pulp market saw very solid development in 2010. Driven by the strong pulp demand from Asia and Europe, as well as low inventory levels (both from producers and customers), the price for Northern Bleached Softwood Kraft (NBSK) pulp increased from approximately

800 US dollars per ton in January 2010 to around 950 US dollars per ton at the end of December 2010. ► The price for hardwood pulp (birch and eucalyptus) developed similarly to the NBSK price, rising from around 700 US dollars per ton at the beginning of 2010 to approximately 870 US dollars at the end of December 2010. ► Project activity for

pulping equipment developed temporally differentiated. Following the rather moderate first quarter of 2010, activity picked up significantly in the course of the following quarters, with several major orders placed for modernization projects and capacity increases. In South America, planning for new pulp mills was resumed in the fourth quarter of 2010.





GREEN ELECTRICITY FROM FORESTRY RESOURCES

The Portucel Soporcel Group, Portugal, started up two ANDRITZ biomass boilers (one in Cacia – see satellite view – and the other in Setúbal) in 2010. All of the electricity generated by these boilers is sold directly to the national grid.

'Forestry resources are our lifeblood. There is a potential threat if we let others simply burn the resource before we can add value to it,'

says José Manuel Nordeste, Manager of the Cacia mill. Pulp Mill Manager Óscar Monteiro Arantes describes the Setúbal project: 'ANDRITZ met all contract milestones on time or even ahead of schedule. The boiler started up smoothly, which shows the good cooperation between ANDRITZ and our own project team. The design of the boiler is good. There is good flexibility to burn different biomasses with different moistures.' ◀

Europe

**Important events**

▼**3** The modernized TMP lines at Norske Skog's Skogn mill, Norway, were successfully started up in 2010. Due to the modernization, electrical energy consumption has been reduced and pulp quality further enhanced. ▼**4** Kama Pulp & Paper, Russia, started up a new RotaBarker™ debarking line with a horizontally fed HHQ-Chipper™. This is the first debarking line of this type in Russia. ▼**5** Cartiere Modesto Cardella S.p.A., Italy, started up the first

PrimeForm TW gap former for packaging grades. ▼**6** LEIPA Georg Leinfelder GmbH, Germany, started up a new PrimeCal Soft calendering system, which was installed during a three-day shut-down.

Important orders

▼**7** The business area is supplying the front-end wood processing and drying systems for Vyborgskaja Cellulosa's new wood pelleting plant

in Russia, the world's largest pelleting plant. The order includes a two-line debarking and chipping plant, chip screens, chip silo, and four compact multi-bed dryer systems. The FEED & BIOFUEL business area will supply the hammer and pellet mills. ▼**8** Two orders were received from SCA, Sweden. The first order is to supply a new lime kiln with fuel handling and white liquor filtration equipment to the Östrand mill. For SCA Packaging's mill in Obbola, the business area will supply green



LARGEST PULP MILL MODERNIZATION IN RUSSIA SINCE 1975

1 The Mondi Group completed its rebuild of the Syktyvkar mill – the largest pulp mill modernization in Russia in the past 35 years. ANDRITZ performed a major portion of the work: a new woodyard, rebuilds of the existing fiberlines, and a new evaporation plant and chemical recovery boiler.

‘The main targets of the project were to upgrade existing technologies, enhance environmental protection measures, and increase the quality and competitiveness of our products,’ says Gerhard Kornfeld, Mondi Syktyvkar’s CEO.

In addition to the world’s largest woodyard, another highlight is the ANDRITZ recovery boiler which not only ensures cost-effective steam and power generation for the mill, but also helps to protect the environment due to its low emissions. Kornfeld is very satisfied with the smooth procedure. ‘The modernization project is a further proof of the professional, congenial, and solid business relationship between Mondi and ANDRITZ.’ ◀

DRUMMING UP QUALITY, DRIVING DOWN COSTS

2 When the paper quality tests showed no change after the installation of a new FibreFlow® drum at Alier S.A., Spain, was the mill disappointed? ‘No, not at all,’ says Alier’s CEO Florentino Nespereira. ‘It was a big success.’ Alier, which makes its products from recycled papers, was able to use lower cost wastepapers after the drum was installed and still could keep its paper quality at a high level. ‘We’ve been able to improve our margins, reduce our maintenance requirements, and significantly reduce our energy costs with the drum,’ Nespereira says. ◀



◀ WASTEPAPER AS RAW MATERIAL.

Thanks to ANDRITZ equipment, the Spanish paper manufacturer Alier can now produce even lower cost paper and board from wastepaper.



▲ UPGRADE OF EXISTING TECHNOLOGIES.

The debarking line at Mondi’s Syktyvkar mill, following the largest pulp mill modernization in Russia in the past 35 years.

liquor and dregs handling equipment. 9 Iggesund Paperboard, Sweden, selected the business area to supply a 2,400 t/d High Energy Recovery Boiler (HERB). In terms of its power-to-heat ratio, the new boiler will be the most efficient recovery boiler in the world. ▶ E.ON selected the business area to supply a 70 MW biomass boiler for one of Sweden’s largest biofuel-fired cogeneration plants. 10 The business area will rebuild the drying section and deliver a new PrimeCoat film press and a

Prime Feeder for PM 2 at Smurfit Kappa’s Hoya mill, Germany. 11 Estonian Cell AS, Estonia, ordered a low-consistency refining system to increase the capacity of mechanical pulp production and reduce energy costs. 12 The start-up of a combined heat and power plant using biomass in Pärnu is a milestone for the energy supply in Estonia. ANDRITZ delivered the biomass power boiler island as well as the biofuel boiler. 13 For Dalkia Poznań ZEC S.A., Poland, ANDRITZ will convert

a coal-fired boiler to a bubbling fluidized bed biomass boiler. 14 For their client, JSC Vitebskdrev, Belarus, IMAL S.r.l., Italy, ordered a RotaBarker™ debarking system and a pressurized refining system that produces mechanical pulp used for the fabrication of MDF. ▶ Dieffenbacher, Germany, awarded the business area a contract to supply a pressurized refining system for the insulating board plant of Holzwerke Gebr. Schneider.



▲ CD AND DVD PACKAGING.

A portion of a machinery from ANDRITZ Biax for the manufacture of biaxially oriented plastic films.

FIRST MAJOR ORDER FOR ANDRITZ BIAx

1 ANDRITZ acquired certain assets of DMT Technology in 2010 and, based on this, formed the new company, ANDRITZ Biax, to deliver plants and services for the production of biaxially oriented plastic films. ANDRITZ Biax received an order from Videolar of Brazil (producer of CDs, DVDs, tapes, and cassettes) for the supply of two complete lines for the production of biaxially oriented polypropylene film, each 8.3 m wide, and a line for biaxially oriented polyethylene terephthalate film which optionally can be converted into a line for biaxially oriented polypropylene film. ◀

LESS WASTE, MORE ELECTRICITY

2 MeadWestvaco (MWV) partnered with ANDRITZ to install the first ash leaching system in North America. The system reduces chlorides and potassium – chemicals that can foul and corrode a recovery boiler – by approximately 50%. The installation delivered a payback of less than two years by reducing waste, reducing washing of the boiler, and increasing electricity production. MWV was awarded the American Forest & Paper Association's 2010 Environmental & Energy Achievement Award.

MWV also installed ANDRITZ LimeFlash™ – a next-generation technology to improve the drying and feeding of 'mud' to a lime kiln (the biggest consumer of fossil fuel in a pulp mill) – on an older kiln. LimeFlash™ gave the kiln enough extra capacity so the mill could shut down another of its old kilns, thus saving huge energy costs. AV Nackawic, primarily owned by Aditya Birla Group of India, ordered LimeFlash™ as part of a major kiln modernization project to be performed by ANDRITZ in Canada. ◀

IMPORTANT ORDERS FROM ARAUCO IN BRAZIL AND CHILE

3 Celulosa Arauco y Constitución S.A., Chile, selected the business area to perform a major modernization of the woodyard at its Arauco mill, including a new RotaBarker™ debarking unit. At the Nueva Aldea mill, ANDRITZ will deliver a complete debarking and chipping line for eucalyptus.

Arauco do Brasil S.A. commissioned ANDRITZ to supply a chip washing system and a pressurized refining plant for the new MDF production line at its existing location in Jaguariavá. Including this delivery, ANDRITZ has now supplied over ten fiber processing plants for the MDF industry in Brazil. ◀

MORE CAPACITY FOR CMPC CHILE

4 CMPC Celulosa awarded ANDRITZ an order to increase the capacity of Line 2 at the Santa Fe mill, Chile – a line which ANDRITZ delivered in 2006. The original design was 780,000 t/a and the new target is 1,126,000 t/a. ANDRITZ's scope includes a debarking/chipping line, modifications to the fiberline, a pulp drying line, and a white liquor plant. CMPC earlier selected ANDRITZ to upgrade the recovery boiler to support this capacity increase. ANDRITZ is also supplying a High Energy Recovery Boiler and evaporation plant to CMPC's Laja pulp mill, also in Chile, to make it energy self-sufficient. ◀



▲ **MORE OUTPUT.**
Increase of production capacity for pulp line 2 at CMPC's Santa Fe mill, Chile.



North & South America



**SOUTH AMERICAN PULP PRODUCERS
CONTINUE TO FOCUS ON GROWTH**

NORTH AMERICA

Important events

5 The recovery boiler rebuild project for Domtar, Canada, was successfully completed.

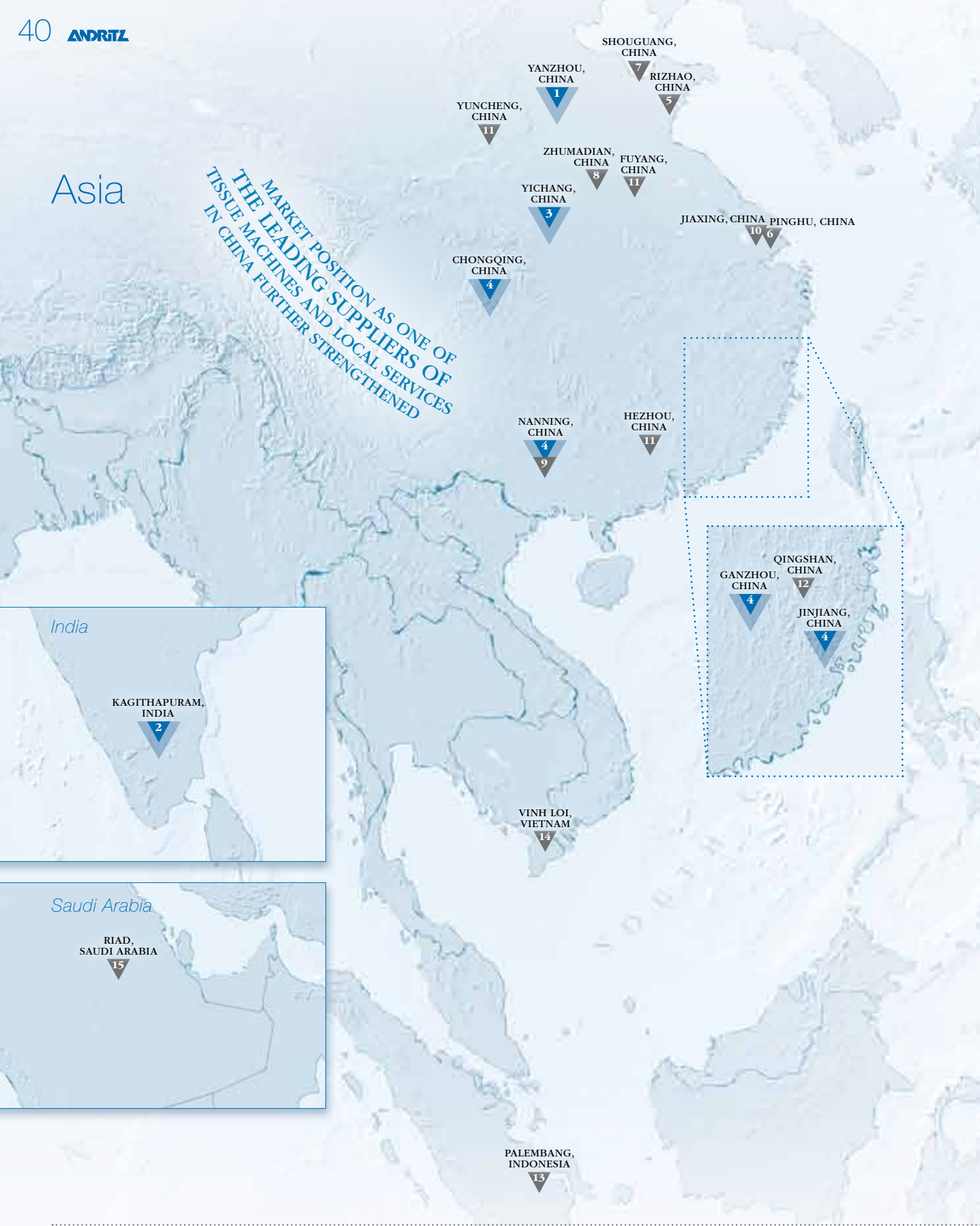
Important orders

6 The business area has been selected to rebuild a refiner for newsprint production at Augusta Newsprint, USA. 7 For Packaging Cor-

poration of America, USA, the business area will rebuild two recovery boilers.

Asia

MARKET POSITION AS ONE OF THE LEADING SUPPLIERS OF TISSUE MACHINES AND LOCAL SERVICES IN CHINA FURTHER STRENGTHENED



Important events

5 Asia Pacific SSYMB (Shandong) Pulp and Paper Co. Ltd., China, started up a large capacity white liquor plant (18,000 m³ white liquor/d).

6 For Zhejiang Jingxing Paper, China, a complete deinking line, stock preparation plant, and paper machine approach system were started up.

► Five pressurized refining systems for the production of panelboard were started up in China in 2010: for XinJiang Jin Yang Mei Jia Wood Industry Co., Ltd., Yingang (Chengde) Wood Based

Panel Co. Ltd., Fujian Yongan Forestry (Group) Joint Stock Co., Ltd., Plantation Timber Products (Leshan) Ltd., and Baoshan Corporation (Group).

Important orders

7 For Chenming Group (Shouguang Meilun Paper Co., Ltd.), China, the business area will deliver the world's largest stock preparation plant for the production of packaging grades and board with a capacity of 2,450 t/d. **8** Zhumadianshi Baiyun Paper Co. Ltd. ordered a new fiberline to

increase capacity of its wheat straw production line in China. The business area will deliver a complete washing, screening, and bleaching line (capacity: 200 t/d). For this delivery, seven new wash filters will be manufactured by ANDRITZ in China.

9 For Nanhua Sugar Group Co. Ltd., China, ANDRITZ PULP & PAPER will deliver equipment for washing, screening, and bleaching in a greenfield mill for the production of bagasse pulp. **10** From Zhejiang Ji'an Paper Packet Co. Ltd., China, the business area has received two orders. The first



CAPACITY EXCEEDED BY 20%

1 Sun Paper is one of the largest privately owned paper business in China. After successful start-ups of ANDRITZ mechanical fiber lines in 2006 and 2008 (quality and capacity targets required by the customer were fulfilled within a week), a third line was ordered by Sun Paper to extend the mechanical pulping capacity of the Yanzhou mill in 2010.

Sun Paper also ordered an ANDRITZ chemical pulp line. Ying Guangdong, Deputy General Manager and Chief Engineer of Sun Paper, comments on the successful start-up: 'There were not many difficulties, thanks to the good preparation work. Operation has been smooth, and the output has increased 20% over design capacity.'

MODERN DEINKING PLANT FOR INDIAN PAPER PRODUCER TNPL

2 ANDRITZ has received an order from Tamil Nadu Newsprint & Papers Limited (TNPL) to supply a three-loop deinking plant for the TNPL mill in Kagithapuram, India. This will be the first plant of this kind to be commissioned in India. Why three loops? The extra loop produces a cleaner, brighter pulp – the essential condition for turning recycled office papers and old magazines into first-class printing papers. The ANDRITZ system will also help TNPL supplement paper production from 245,000 to 400,000 t/a.

STRENGTHENING OF MARKET LEADERSHIP FOR PRESSURIZED REFINING SYSTEMS IN CHINA

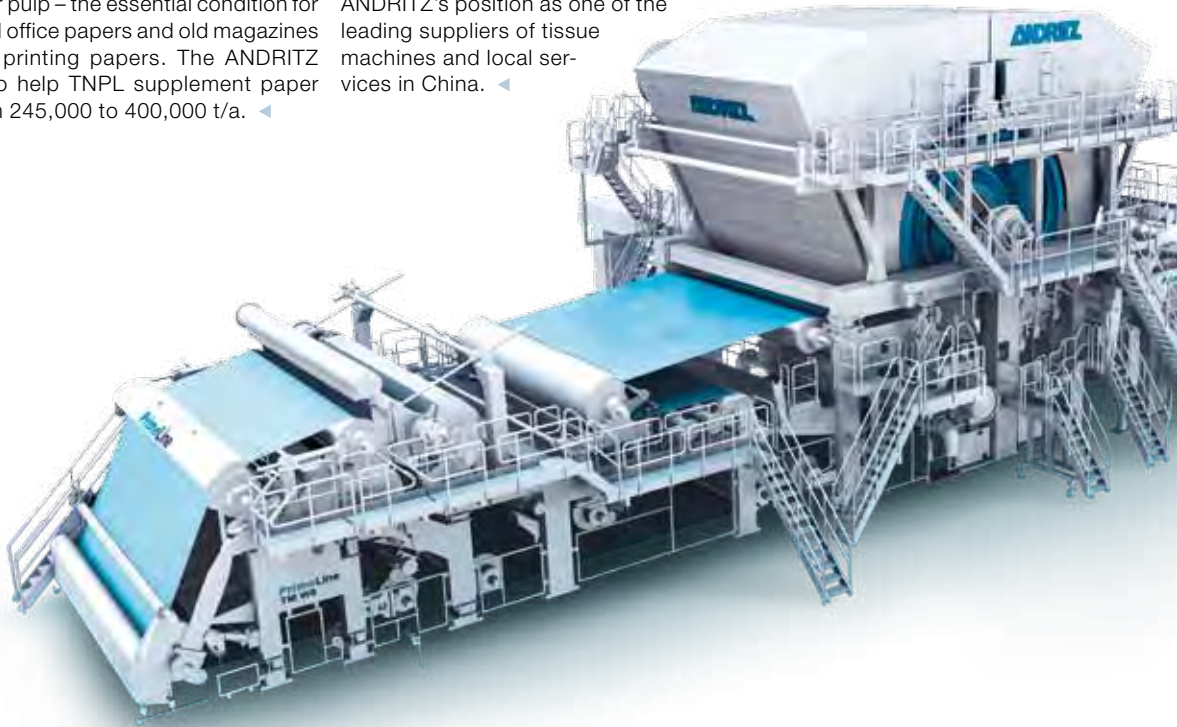
3 Counting the order from Yichang Jintaiyuan Wood Industry Co. Ltd. for the supply of a 54-inch pressurized refining system in 2010, the total number of pressurized refining systems sold to Chinese customers by ANDRITZ has increased to 109. Pressurized refining is the heart of the front-end fiber preparation process for the production of Medium Density Fiberboard (MDF). ANDRITZ is market leader in China in this segment.

SEVERAL MAJOR ORDERS FOR TISSUE MACHINES

4 The new energy-saving features of the ANDRITZ PrimeLine tissue machines are bringing great success. In 2010, ANDRITZ received orders for eight tissue machines from Chinese customers; among them, Nanning Phoenix Pulp & Paper Co. Ltd., Hengan Group, and Ganzhou Hwagain Paper. Three of the new machines will be delivered with PrimeDry Steel Yankee cylinders and two with shoe presses. This brings the number of high-speed tissue machines delivered to China to 18 and strengthens ANDRITZ's position as one of the leading suppliers of tissue machines and local services in China.

AN ENERGY-SAVING SUCCESS.

Also thanks to the new energy-saving features of ANDRITZ tissue machines, eight orders to supply tissue machines were secured in 2010 from Chinese customers.



order is for the supply of key components for a new corrugating medium machine: a new headbox, hybrid-former elements, rolls, a shoe press module, and a PrimeFeeder. The second order includes the supply of a complete system for processing and deinking mixed office waste to provide furnish for the world's largest white kraft linerboard machine being built for Zhejiang Ji'an Paper Packet.

11 In the panelboard industry, ANDRITZ received nine orders for the supply of pressurized refining systems to China during the reporting period.

Among them, from Yuncheng Xinyuan Junda Wood Industry Co., Ltd. (already the second ANDRITZ pressurized refining system for this customer), Hezhou Xin Rong Xing Forest Co. Ltd., and Taihe Dongdun Timber Industry Co., Ltd.

12 From Fujian Qingshan Paper Industry Co. Ltd., China's largest producer of sack paper, ANDRITZ received an order to supply a high-consistency refiner system. The new system will improve the quality of the sack paper substantially. This order confirms the leading position of ANDRITZ in this sector.

13 For PT-Tanjungenim Lestari Pulp and Paper, Indonesia, the business area will deliver upgraded wood handling systems and modernize the fiberline.

14 The business area will deliver key components for a new machine for An Hoa Paper Joint Stock Company in Vietnam for the production of high quality coated papers.

15 In the plastic film sector, ANDRITZ Biax received an order from Rowad, Saudi Arabia for the completion of Line 1, which produces biaxially oriented polypropylene film.

*Manager
of the METALS
business area*

Heinz Hödl



2 MILLION TONS
OF STAINLESS
STEEL

28



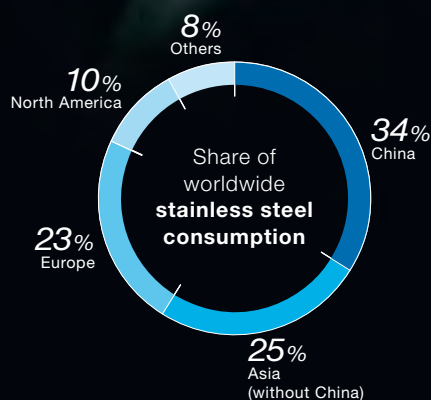
28 MILLION TONS OF STAINLESS STEEL

THE WORLD OF ANDRITZ METALS

With the constantly increasing world population and the rising living and quality standards, the demand for stainless steel – for example for cars, household appliances, in the building industry, or for the construction of power stations – is also growing. The worldwide demand for stainless steel has grown by around 5% p.a. on average since 2001 – and overproportionally in the growth markets of China and India in particular.

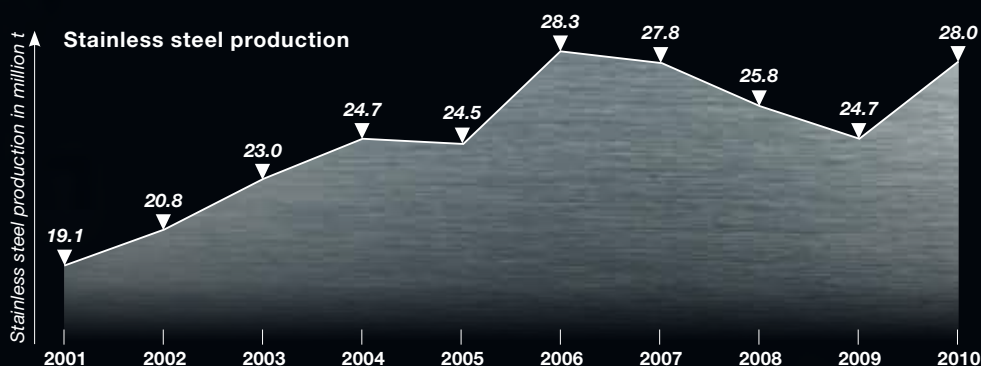
The worldwide per capita consumption of stainless steel averages 3.5 kg:

Europe	6.8 kg
China	6.1 kg
North America	5.1 kg
Asia (without China)	2.2 kg



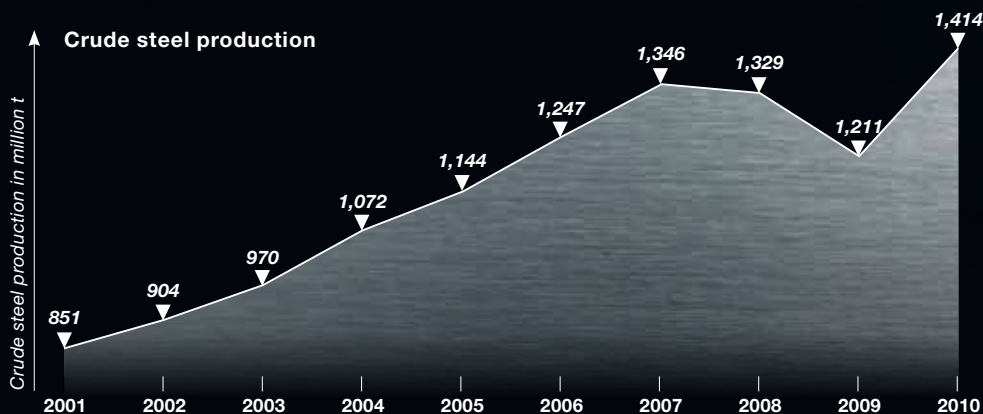
Stainless steel production back to high level

In 2010, around 28 million t of stainless steel were produced worldwide. Thus, the high level attained in the years before the worldwide economic crisis, which had a negative impact on the steel market, was regained.



Crude steel production reaches record high

In 2010, more steel was produced than ever before. Production of crude steel rose by 15% compared to 2009, reaching 1.4 billion t. Almost two-thirds of this steel was produced in Asia, thereof more than half in China. Significant growth rates were also recorded in North America (2010: +35% vs. 2009) and Europe (2010: +25% vs. 2009).



ANDRITZ METALS supplies complete lines for the production and further processing of cold-rolled strip from carbon steel, stainless steel, and non-ferrous metals, as well as industrial furnaces. In plants for production of stainless steel strip, acid regeneration, electrolytic galvanizing, and pushpickling lines, ANDRITZ METALS

leads the world market.

While delivery of new plants is concentrated in the growing markets of Asia and South America, many existing plants are being modernized in North America and Europe.

Market development 2010

► The market for plants and equipment to produce and process stainless steel, carbon steel, and non-ferrous metal strip developed very subdued during the reporting period, although different developments were noted in the main

regions. Whereas project activity was relatively solid in the emerging markets, particularly in China, India, and Brazil, and some orders were awarded – particularly in the stainless steel sector – activity was very weak in Europe and North America. ► Many steel producers postponed

their planned investments for the time being due to the (in some cases strongly) fluctuating quarterly capacity utilization rates, and in view of the continuing uncertainty regarding further macro-economic development in the coming quarters.



BOHUMÍN, CZECH REPUBLIC

HARDENING AND TEMPERING PLANTS FOR RAILWAY WHEELS: MARKET LEADERSHIP EXTENDED

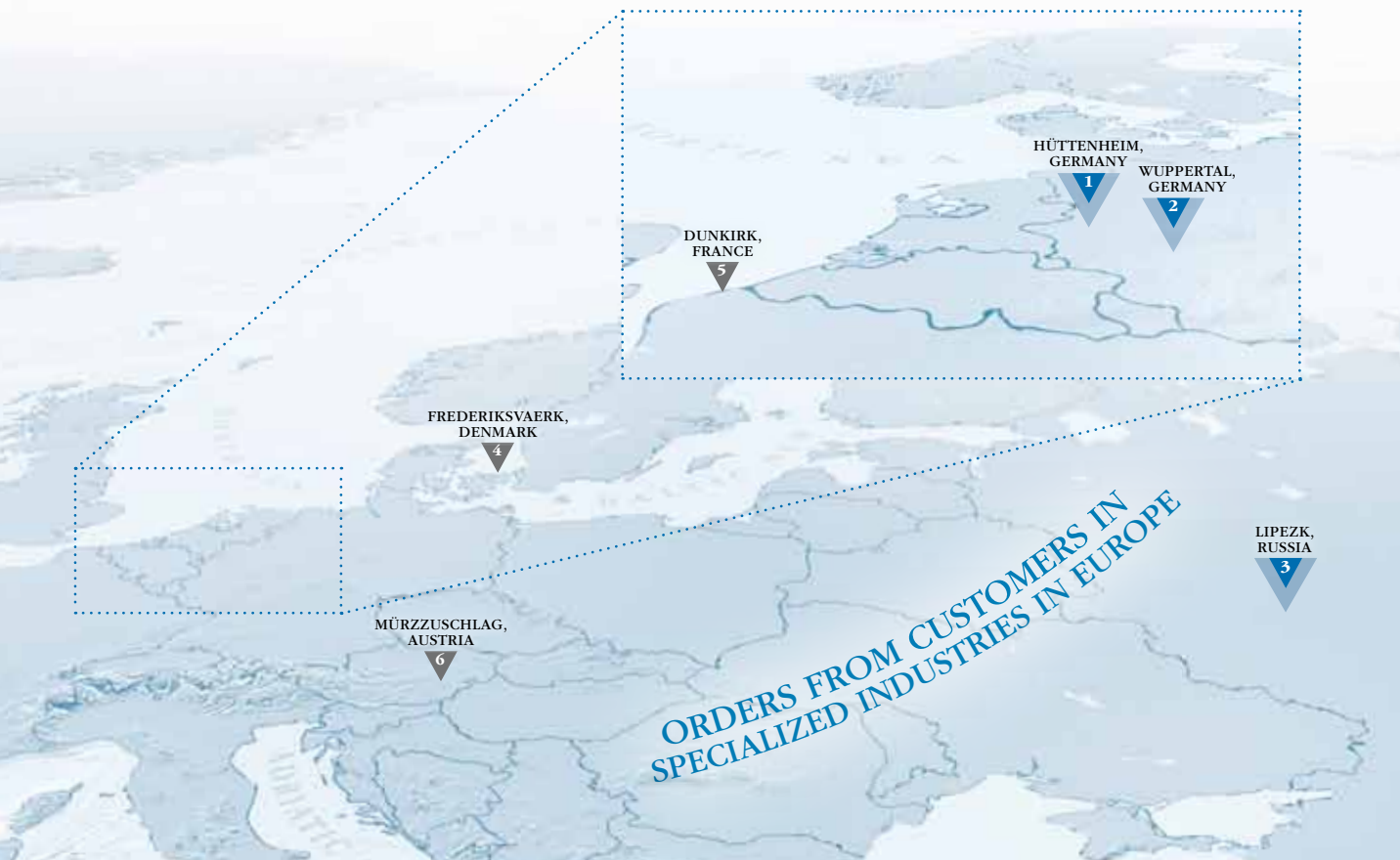
ANDRITZ METALS was able to extend its market leadership in complex heat treatment plants for railway wheels during the reporting period. Bonatrans, Czech Republic, commissioned the business area to supply a plant for heat treatment and tempering of all kinds of wheels for rail transport (heavy-duty railway wheels, subway train and street-car wheels, as well as wheels for rail freight traffic). The plant, situated in Bohumín (see satellite view), can produce 66 wheels/h.

The high energy efficiency and annealing quality of the ANDRITZ plants were decisive for the award of this order.

The scope of supply includes furnaces for various temperature applications, hardening and cooling equipment, as well as the complete transport system for the wheels. Each wheel undergoes heat treatment and hardening, with traceability for each individual wheel at identical heating, holding, and cooling times. The computer-controlled hardening of the wheel surfaces and the hardening values are shown for each individual wheel – this transparent production chain meets the stringent requirements of the railway industry and is necessary for certification of railway wheels. The second expansion stage of the heat-treatment plant for railway wheels delivered to Nizhniy Tagil Iron & Steel Works (NTMK), Russia, a member of the EVRAZ Group, was handed over successfully during the reporting period. The plant supplied by ANDRITZ is used for heat treatment of high-quality railway wheels (mainly for Russian railways) and now achieves a production capacity of 100 wheels/h. ◀



Europe



THYSSENKRUPP STEEL RELIES ON TECHNOLOGIES OF ANDRITZ METALS

1 The leveler supplied by ANDRITZ METALS to ThyssenKrupp Steel AG's Hüttenheim plant in Germany is fully meeting the customer's stringent demands. The operating range of the precision leveling machine is for plate thicknesses of 3-60 mm, at a maximum width of 3,800 mm and material yield strengths of up to 1,800 N/mm². In view of the high strengths and wide range of thicknesses, temperatures of up to 500° C are required during leveling of the sheets, which are used, for example, in the construction industry. The fully automatic cassette module system patented by ANDRITZ provides cassette changing times of less than 25 minutes, which is an innovation for this type of hot leveling machine. ◀

800 TONS OF PRESSING FORCE FOR CAR BODY SHEETS

2 Ferdinand von Hagen Söhne & Koch GmbH & Co. KG, a supplier company to the car industry in Germany, awarded the business area a contract to supply punching and metal-forming equipment with a pressing force of 800 t. The plant is fitted with the innovative ANDRITZ servo-drive technology. The business area also supplied punching equipment with a pressing force of 1,000 t to this customer in 2007. In addition to this follow-up order, well-known suppliers to the car industry placed further orders during the reporting period for punching and metal forming equipment using servo technology in the 200-800 t segments. ◀

Important events

4 A double walking beam furnace with an overall length of approximately 40 m for heat treatment of high-grade metal sheets (maximum capacity 30 t/h) was handed over to DanSteel A/S, Denmark. DanSteel is a supplier for the international shipbuilding and the wind turbine industries.

Important orders

5 GTS Industries, France, has awarded ANDRITZ METALS an order to modernize a rolling hearth furnace. The modernization project includes complete renewal of the furnace heating system, replacement of the furnace housing, and supply of new furnace rollers. 6 From Böhler Bleche GmbH, Austria, the business area

received the order to supply a hearth-type pusher furnace. The planned furnace is used to heat various slab formats to rolling temperature. Since the charge is heated and positioned on higher annealing supports, the equipment can also be used in the low-temperature range.



HOT-GALVANIZING FOR 0.2 MILLIMETER THIN STEEL STRIP

3 The hot-galvanizing line supplied to Novolipetsk Steel (NLMK) for its Lipezk plant in Russia was started up successfully. The plant,

which galvanizes particularly thin strip with a minimum strip thickness of 0.21 mm, has a skin pass mill and achieves an annual capacity of 300,000 t. This steel strip is applied in the construction industry and for household appliances. ◀

GALVANIZING.
Looper of a hot dip galvanizing line. ▼



MARKET LEADERSHIP FOR CUT-TO-LENGTH LINES STRENGTHENED

1 With the order from Shougang Jingtang United Iron & Steel Co. Ltd., China, to supply a cut-to-length line for high-tensile strip, ANDRITZ METALS has strengthened its market leadership for cut-to-length lines in the thickness range beyond 16 mm for higher tensile materials. The reference plants TISCO Taiyuan and Baosteel Shanghai, which are already operating successfully, were decisive for the order award. These precision levelers are also based on the cassette module system patented by ANDRITZ. ◀

ANOTHER MAJOR ORDER FROM CHINA'S LARGEST STAINLESS STEEL PRODUCER

2 Tianjin TISCO & TPCO Stainless Steel Co. Ltd., China, a member of the TISCO Group, which is the largest stainless steel producer in China, commissioned the business area to supply an annealing and pickling line for cold-

rolled stainless steel strip. In addition, the line contains a skin pass mill and is designed for an annual capacity of 400,000 t. ANDRITZ METALS also supplied the no. 3 annealing and pickling line to the TISCO Group. ◀

ANNEALING AND PICKLING LINE FOR NEW STAINLESS STEEL WORKS

3 Fuxin Special Steel Corp., China, is to build a new plant for the production of stainless steel strip in Zhangzhou. ANDRITZ METALS will supply an annealing and pickling line for hot-rolled strip to this plant (annual capacity 940,000 t) including a mill stand that can reduce the thickness of the stainless steel strip by up to 30%. The waste pickle produced will be processed in a regeneration plant based on the Pyromars process: ANDRITZ Pyromars is the only process worldwide that guarantees recovery of free and bound acids – in addition to reducing environmental pollution, the customer can achieve significant savings in the costs for purchase and disposal of pickling acids. ◀

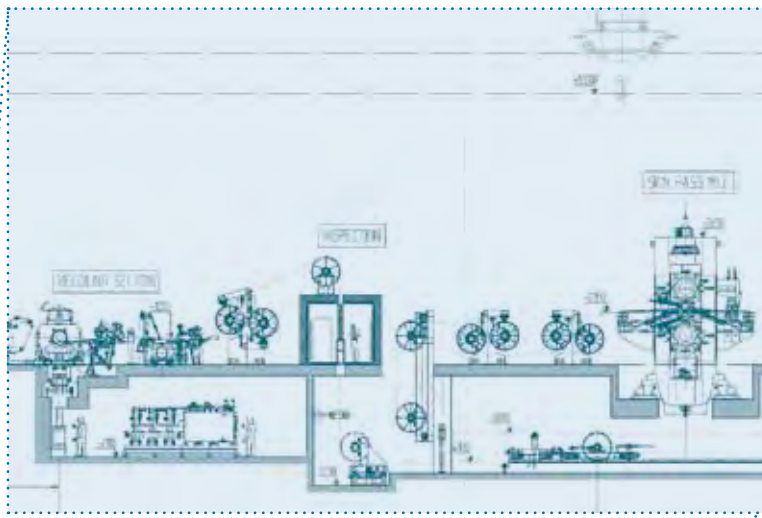
COLD ROLLING.

In the rolling mill of Walsin Lihwa in Taichung, Taiwan, 150,000 t of stainless steel strip can be processed annually with thickness reductions of up to 70%. The image details shows the skin pass mill inside the annealing and pickling line. ▼

MAJOR ORDER FROM TAIWAN

4 From Walsin Lihwa Corporation, Taiwan, the business area received an order to supply a cold-rolling mill, comprising an annealing and pickling line for hot-rolled and cold-rolled stainless steel strip with a capacity of 350,000 t/a. The supply includes a skin pass mill, a reversing rolling mill in the patented S6-high design, a coil preparation line, and several roll grinding machines. 150,000 t/a of strip can be processed in the rolling mill with thickness reductions of up to 70%.

Walsin Lihwa is an established producer of stainless steel, copper, and aluminum long products. Hot-rolled stainless steel strip has been produced at the Yanshui plant since 2003; with the new plant in Taichung, Walsin Lihwa starts the cold-roll strip production. ◀



ASIA

Important events

5 A hydrochloric acid regeneration plant was handed over successfully to Taiyuan Iron & Steel Co., Ltd. (TISCO), China, during the reporting period. The plant with a capacity of 3,500 l/h comprises a tank farm and a silicon pre-separation plant. With the additionally supplied WAPUR technology (WAPUR: Waste Acid Purification), chemical contaminants will be removed from the waste pickle solution so that high-quality iron

oxide can be produced in the regeneration plant.

6 A WAPUR plant was handed over successfully to Tianjin Ansteel Tiantie Cold Rolled Sheet Co., Ltd., China. This plant complements the hydrochloric acid regeneration plant already supplied by ANDRITZ METALS and produces high-grade iron oxide for the ferrite market.

7 The business area handed over an annealing and pickling line for cold-rolled steel strip with an annual capacity of 370,000 t, as well as a reversing skin-pass mill, to Baosteel Stainless Steel

Branch, China. In addition, a Pyromars mixed acid regeneration plant was handed over to this customer. 8 The pickling section of an annealing and pickling line was handed over to Electrical Steel Department POSCO, South Korea. This line produces 352,000 t of silicon steel annually and is fitted with a device for silicon removal and flushing with caustic soda. 9 Pickling and annealing line no. 4 supplied by ANDRITZ METALS to Yieh United Steel Corporation in Kaohsiung, Taiwan, was handed over successfully. With an



Asia



annual capacity of 220,000 t, this line specially designed for ferritic cold-rolled strip, with an integrated skin-pass mill, meets the highest demands on product quality.

Important orders

▼¹⁰ The business area received an order to supply a push pickling line for cold-rolled stainless steel to Lianzong Stainless Steel Corporation, China. The scope of supply includes a regeneration plant for mixed acid. ▼¹¹ Zhangjiagang

Pohang Stainless Steel Co., China, has commissioned the business area to install an annealing and pickling line, including skin pass mill and the complete electrical equipment. ► ANDRITZ METALS will supply a tension-leveling line and an offline skin pass mill for cold-rolled stainless steel strip to Jiuquan Iron & Steel Group Co. Ltd., China (annual capacity 200,000 t). ▼¹² ANDRITZ METALS is to install a hydrochloric acid regeneration plant with a capacity of 10,000 l/h for Liuzhou Iron and Steel, China.

OTHER REGIONS: NORTH AMERICA

Important event

► An annealing and pickling line for hot-rolled strip with an annual capacity of 1,140,000 t was handed over to North American Stainless, an affiliate of Acerinox.

*Managers of the
ENVIRONMENT & PROCESS
business area*
(left to right)

Ludger Konkol
Separation Technologies

Werner Hölbling
Thermal Processes



100%



100%

ENVIRONMENTAL PROTECTION

THE WORLD OF ANDRITZ ENVIRONMENT & PROCESS

Generally increasing environmental awareness, tightening of legislation to protect the environment, and the rising demand for energy (which will be satisfied in the future more and more by alternative fuels) are the main drivers in the market for municipal and industrial solid/liquid separation – in addition to the rapidly expanding mining activities for mineral ores and coal and further development of the petrochemicals sector.

As there is more and more wastewater and drinking water to be treated, more sludge is now produced that also has to be dealt with. In solid/liquid separation, the sludge is dewatered and then dried so that it can be incinerated as biomass afterwards in a CO₂-neutral process (with the same calorific value as lignite), for example, or used in agriculture as fertilizer in the form of hygienized granulate. In addition to municipal and industrial sludge treatment, solid/liquid separation plays a major role in a wide range of applications.

ANDRITZ has supplied around 1,500 plants worldwide for municipal and industrial solid/liquid separation. In the sewage treatment plants of both Paris and Athens, for example – both are equipped with ANDRITZ technologies – some 600,000 t of sewage sludge are treated every year. In the drying sector alone, ANDRITZ equipment treats nine million t of sewage sludge and more than two million t of biomass annually for further processing (for example, wood pelleting).

ANDRITZ serves the following markets (in % of order intake 2010):

Municipal sludge treatment	40
Chemical industry	20
Mineral preparation	20
Mining	10
Food industry	10





ANDRITZ ENVIRONMENT &
PROCESS is one of the

**leading
suppliers
worldwide**

*for equipment, products,
and services in municipal
and industrial solid/liquid
separation as well as in
thermal drying.*

Market development 2010

► Project activity for municipal sludge dewatering plants developed satisfactorily worldwide during the reporting period. Strong demand was noted particularly in Europe and China. ► In the industrial process applications sector, investment activity was also solid worldwide – mainly in the

petrochemical industry, as well as in the mining industry in China, India, Russia, and the Middle East. ► Development of the market for municipal sludge drying plants was rather more subdued. Towards the end of the reporting period, however, investment activity for municipal sludge drying plants rose slightly in North America, China,

and Korea due to economic stimulus programs launched by the governments of these countries.

► The demand for drying plants in the industrial sector was satisfactory, with the biomass drying (sawdust, wood chips) and brown coal drying sectors showing solid project activity.



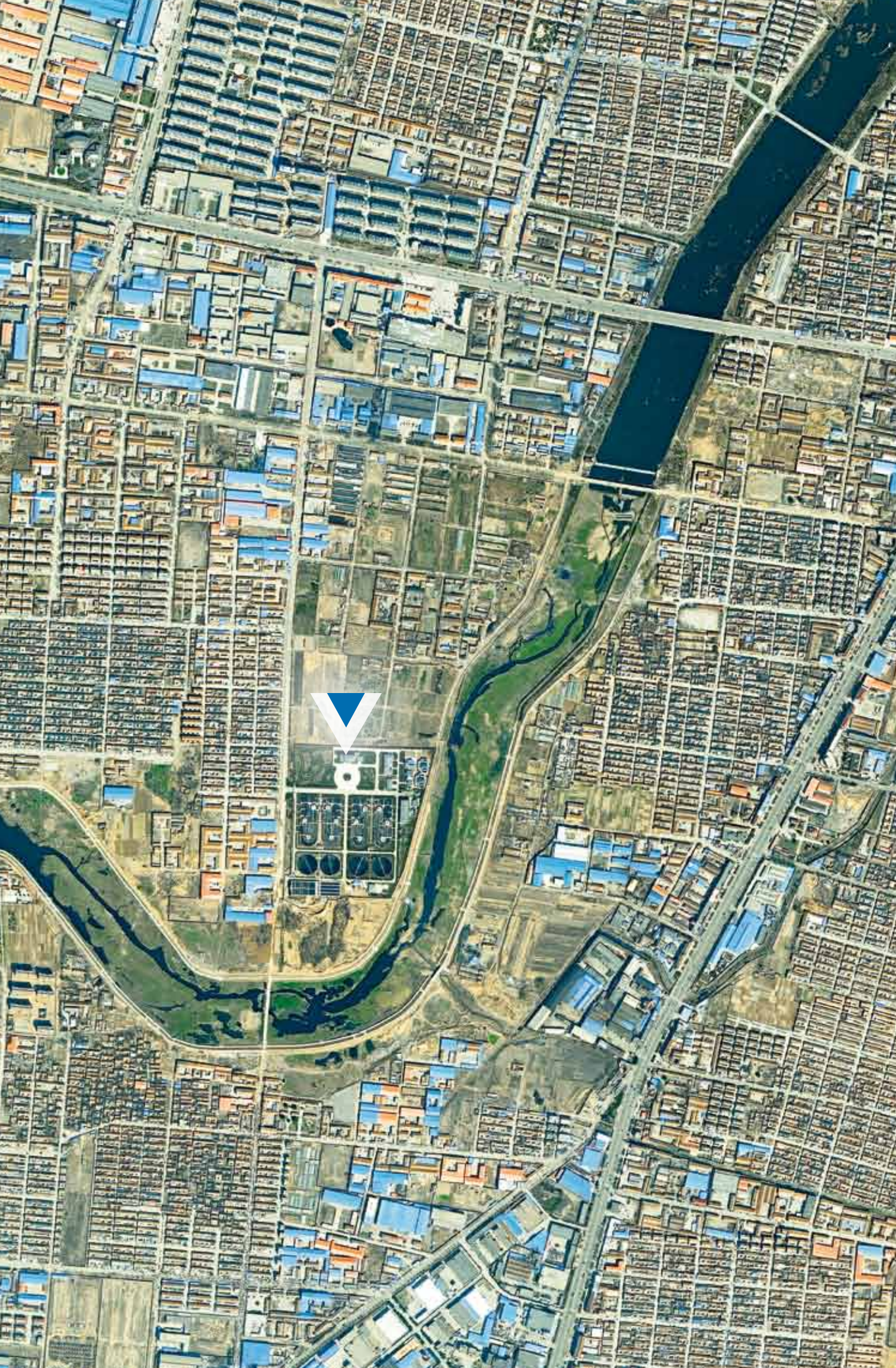
ANDRITZ TO EQUIP MORE THAN 70 SEWAGE TREATMENT PLANTS IN SOUTHERN CHINA

Guangdong Guangye Environmental Protection Industrial Group Co. Ltd. commissioned the business area to supply a total of 76 belt filter systems. The Guangdong-Guangye Group will build and modernize almost all of the sewage treatment plants in Guangdong Province – over 70 in total – by the year 2015.

In view of its competitive edge in technology, ANDRITZ was able to win the bidding process against numerous local Chinese suppliers.

This is the largest order that ANDRITZ ENVIRONMENT & PROCESS has ever been awarded in the municipal sludge dewatering sector in China.

ANDRITZ has been active in this sector in China for ten years, supplying equipment for more than 400 sewage treatment plants so far. These include the sewage treatment plant in Jimo, Shandong Province (see satellite view), which went into operation successfully in 2010. ◀



Europe

DRYING LINES FOR THE PRODUCTION OF FERTILIZER IN RUSSIA FOR EXPORT TO BRAZIL, INDIA, CHINA, AND MALAYSIA



TEN MILLION TONS OF POTASH FERTILIZER

1 The business area will supply six drying lines for production of potash fertilizer to two plants belonging to Uralkali, Russia. Existing ANDRITZ plants that have been operating successfully for 30 years will be expanded and refurbished, increasing the annual capacity to ten million t.

Uralkali is the largest producer of mineral fertilizer in Russia and produces more than 10% of the global demand for potash fertilizer. The main sales markets for the fertilizer, which is used primarily in agriculture, are Brazil, India, China, and Malaysia. ◀

◀ FERTILIZER FOR AGRICULTURE.

Fluidized bed unit for the production of potash fertilizer in Russia.

EUROPE

Important orders

4 Novacarb, France, ordered a fluidized bed dryer for drying of sodium bicarbonate. **5** For

Eurochem, Russia, the business area will supply two fluidized bed dryers for potash production.

6 In the drying sector, the business area received during the reporting period, among oth-

ers, an order to refurbish a drying drum for the plant in Granollers, Spain, as well as a contract to modernize the Radom belt drying plant in Poland in order to be able to comply with the new, more



North America



MAJOR ORDER FOR IGCC POWER GENERATION FACILITY

2 ANDRITZ ENVIRONMENT & PROCESS received a contract from Mississippi Power, a Southern Company affiliate, to supply six fluidized bed drying lines with integrated heat exchangers for its Kemper County IGCC (Integrated Gasification Combined Cycle) power generation facility in the USA. The drying lines will be used in the fuel preparation section to dry locally mined lignite prior to gasification. The Kemper County facility has an output of 582 MW. ◀



▲ DRYING OF LIGNITE.
Fluidized bed dryer for the IGCC power generation facility in Kemper County, USA.

VALUABLE GRANULATE FROM SEWAGE SLUDGE

3 The business area will supply the complete drying system for the sewage sludge treatment plant in Tallahassee, state capital of Florida, USA. The drum drying system is part of an eco-friendly process – using renewable energies (biogas produced in the plant’s digester tanks) – to produce high-grade granulate that can be sold as fertilizer and soil conditioner to commercial nurseries and agricultural markets. This contract follows similar ANDRITZ deliveries in Florida for Jacksonville, Pinellas County, Hillsborough County, Bonita Springs, Manatee County, and Cape Coral. ◀

▲ ECO-FRIENDLY.
Drum dryer for the eco-friendly production of high-grade granulate from sewage sludge.

stringent EU safety standards in the plant. For expanding and modernizing the central wastewater treatment plant in Torun, Poland, Instal Bialystok S.A. has ordered a belt drier for sewage sludge.

NORTH AMERICA Important orders

▶ A company operating in the petrochemical industry in the USA commissioned ANDRITZ to supply

three screen centrifuges. ▶ Following completion of the research and development work on a new conical screen bowl centrifuge, the first orders for these centrifuges were booked in the USA.



RAW MATERIAL FOR PET BOTTLES. ►

Multi-cell pressure drum filters from ANDRITZ KMPT that supply the raw material for production of PET bottles and clothing made of synthetic fibers.

ANDRITZ KMPT FILTERS PROVIDE RAW MATERIAL FOR PET BOTTLES AND SYNTHETIC FIBER CLOTHING

1 ANDRITZ KMPT, acquired in 2010, will supply several Krauss-Maffei multi-cell pressure drum filters for production of PTA (Purified Terephthalic Acid) to OPSC, China. PTA is the raw material used in the production of PET bottles and clothing made of synthetic fibers. The filters are operated at 5 bar pressure and a temperature of 150° C to remove the PTA from an aqueous solution. When conventional dewatering methods cannot provide adequate results, filtration under pressure provides effective and reliable moisture removal. This makes it possible to obtain low residual moisture, higher specific filtration performance, and better product quality. The plant supplied to OPSC will have an annual capacity of 520,000 t. ◀

SEPARATION PLANTS FOR THE LARGEST COAL PRODUCER IN CHINA

2 Shenhua Group Corporation Limited, a member of the Shenhua Group, ordered HBF systems (HBF: Hyperbaric Filter) and filter presses for the Shanxi and Xinjiang works during the reporting period. The business area has thus already supplied a total of 40 HBF systems and filter presses to the Shenhua Group, China's largest coal producer. ◀

MAJOR ORDER FOR ANDRITZ DELKOR

3 The supply of the three HVBF systems (HVBF: Horizontal Vacuum Belt Filter) for dewatering of fine coal to the Medupi plant in Grootegeluk, South Africa, was completed suc-

cessfully during the reporting period. ANDRITZ Delkor, acquired in 2009, has thus strengthened its position as market leader for solid/liquid separation in South Africa, where separation technologies are needed particularly in mining. ◀





Asia



**IMPORTANT ORDERS
FROM CUSTOMERS IN THE MUNICIPAL
AND INDUSTRIAL SEGMENTS**

ASIA

Important orders

▼ **4** ANDRITZ ENVIRONMENT & PROCESS will supply eight centrifuges for the Guangzhou sewerage treatment plant, China.

▼ **5** Chang Chon Plastics, China, awarded the business area a contract to supply four centrifuges for the production of Bisphenol A, a precursor in the production of polycarbonate.

► Customers in China ordered a total of six fluidized bed dryers for treatment and processing of dense soda ash, sea salt, and PVC during the reporting period.



A photograph of a balcony with a glass railing and a wooden chair, overlooking a blurred cityscape. The balcony railing is made of dark metal and glass. A wooden chair is visible in the bottom left corner. The background shows a cityscape with buildings and trees, all out of focus.

*Manager of the
FEED & BIOFUEL
business area*

Jari Älgars

720 MILLION TONS OF ANIMAL FEED

THE WORLD OF ANDRITZ FEED & BIOFUEL

The increasing world population, the growth of wealth, and the resulting rise in consumption of meat and fish are the main drivers in the production of animal feed. The market for conventional animal feed (for example, for poultry, pigs, or cattle) has grown by an average of 2% p.a. over the past ten years. In 2010, around 720 million t of animal feed were produced. Half of this volume came from Europe and North America. Market experts have identified the biggest potential for the coming years in Asia, South America, and Eastern

Europe, with annual growth rates of at least 5%. The demand for aquatic feed has risen by an average of 8% over the past ten years. The growing consumption of fish and the legal limits on allowable catches of fish and seafood are the main driving forces in the production of aquatic feed. In 2010, around 28 million t of aquatic feed were industrially produced worldwide – two-thirds of this in Asia alone. In Asia, and particularly in China, market experts forecast a growth potential of up to 20% p.a. for this sector over the next few years.

The most important regions for animal feed production in 2010 (around 720 million t):

Asia	210 t	= 30%
North America	200 t	= 28%
Europe	180 t	= 25%
South America	100 t	= 14%
Others	30 t	= 3%

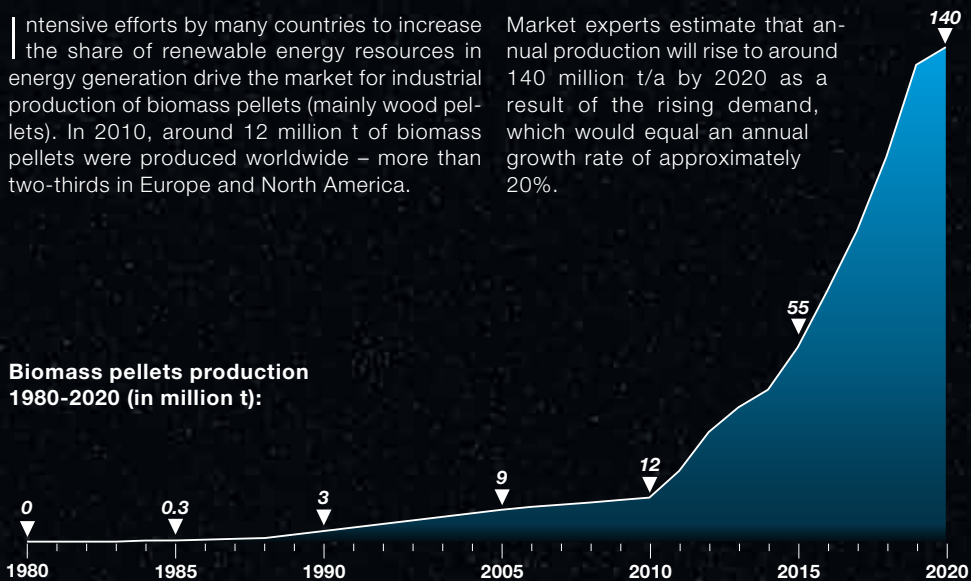
ANDRITZ is one of the **global market leaders** in the supply of plants, equipment, and services for the industrial production of all kinds of animal feed (pet food, fish and shrimp feed).

140 MILLION TONS OF BIOMASS PELLETS

Intensive efforts by many countries to increase the share of renewable energy resources in energy generation drive the market for industrial production of biomass pellets (mainly wood pellets). In 2010, around 12 million t of biomass pellets were produced worldwide – more than two-thirds in Europe and North America.

Market experts estimate that annual production will rise to around 140 million t/a by 2020 as a result of the rising demand, which would equal an annual growth rate of approximately 20%.

Biomass pellets production 1980-2020 (in million t):



ANDRITZ is the **world market leader** in the supply of systems, equipment, and services to the biomass pellets industry. More than half of the biomass pellets produced worldwide is made by ANDRITZ technology.

Market development 2010

► Project activity in the animal feed sector saw solid development during the reporting period, particularly in South America, Asia, and Eastern Europe. Many of the projects that were put on

hold as a result of the global economic crisis in 2009 have been released by customers for further development or decision-making. In the aquatic feed industries, project activity also developed favorably, concentrating especially on Asia and

South America. ► The market for biomass/wood pelleting equipment continued to show good project activity, mainly in Europe, North America, and to an increasing extent in the emerging markets of South America and Asia.



GRUNDARTANGI, ICELAND

SUCCESSFUL START FOR THE LARGEST ANIMAL FEED PLANT IN ICELAND

A complete process line for the production of animal feed was started up successfully for Lifland, Iceland, in 2010. The greenfield plant in Grundartangi has an annual production capacity of 50,000 t.

In Grundartangi, Lifland will contribute nearly two-thirds of the total animal feed production in Iceland. ◀



ANDRITZ EXTENDS WORLD MARKET LEADERSHIP FOR BIOMASS PELLETING PLANTS

1 During the reporting period, ANDRITZ received an order from the pulp and paper producer Vyborgskaja Cellulosa to supply all process equipment for a complete wood pelleting plant in Vyborg, Russia. With a production capacity of approximately 900,000 t/a (which is equal to 125 t/h), this will be the largest wood pelleting plant in the world. Together with the PULP & PAPER business area, ANDRITZ FEED & BIOFUEL will supply debarking lines, a chip handling system, belt dryers, as well as hammer and pellet mills. With this investment, Vyborgskaja Cellulosa is entering the growing wood pelleting market, thus further diversifying its business activities.

A contract to supply the largest wood pelleting plant in North America, in Waycross, Georgia, was successfully completed. The business area delivered a complete wood pelleting plant, including the woodyard (capacity 750,000 t/a) to RWE Innogy, the company for renewable energy of German RWE Group. This investment is part

North America



of RWE's growth strategy, which is based largely on reducing CO₂ emissions by extending the use of renewable energies in Europe. And the largest wood pelleting plant in Europe successfully started up in 2010: ANDRITZ FEED & BIOFUEL delivered the main equipment for the Biowood plant, Norway with an annual capacity of 450,000 t. ◀



UNIFORM AND FINE.

Hammer mills produce uniform, fine wood particles for further processing in the pelleting plant (photo: plant at Vyborgskaja Cellulosa, Russia). ▶

EUROPE & NORTH AMERICA

Important events

▶ During the reporting period, major animal feed pelleting lines were commissioned in Turkey (lines with a capacity of 45 t/h) and Russia (capacity: 60 t/h). ▶ New greenfield wood pelleting plants were successfully commissioned for ANDRITZ customers in Sweden and Great Britain.

Major orders

▶ The business area secured several orders for the supply of extrusion and drying lines from customers in the pet food and aquatic feed industries in Europe in 2010. These include an extrusion and drying line for the production of salmon feed supplied to a customer in Scotland. 2 In the pelleting plant sector for biomass, several orders were booked primarily for

customers in North America, including a new wood pelleting plant for Pinnacle Pellet in Burns Lake, Canada.

SOUTH AMERICA

Major orders

▶ ANDRITZ FEED & BIOFUEL is to supply a complete pelleting plant for the production of animal feed with a capacity of 600,000 t/a to



WORLD RECORD.
36 pelleting presses make the wood pelleting line at Vyborgskaya Cellulosa, Russia, the largest plant of its kind worldwide. The plant produces 900,000 t of wood pellets annually. ▼



a customer in South America. The business area's scope of supply includes all process stages for dosing, mixing, pelleting, and cooling, as well as the delivery of hammer mills, conveying equipment, and plant automation systems. Another customer from South America ordered a process line for the production of poultry feed (output 2x30 t/h) to be installed in a greenfield plant.


ASIA Important events

► For a Chinese aquatic feed company, a highly energy-efficient Combizone dryer was successfully started up. This dryer was the first to be manufactured at ANDRITZ's site in Foshan, China. Subsequently, additional orders for aquatic feed extrusion and drying lines were received from various customers in China.

► In the wood pelleting sector – a considerable potential growth market in Asia – a new pelleting line was handed over successfully to a customer in Korea.

Important orders

► In the animal feed sector, several orders were awarded to the business area for high-capacity pelleting lines in India.

A photograph of a red electric vehicle charging station mounted on a tree trunk in a forest. The charging station is a white metal box with a red handle and a black corrugated cable. The tree trunk is in the foreground, and the forest floor is covered in green ferns. The background shows a dense forest of tall, thin trees.

*SUSTAINABLE:
Focusing on renewable
energy sources is one
of the research and
development core
themes at ANDRITZ.*



CONTINUING TO EXTEND TECHNOLOGICAL LEADERSHIP:

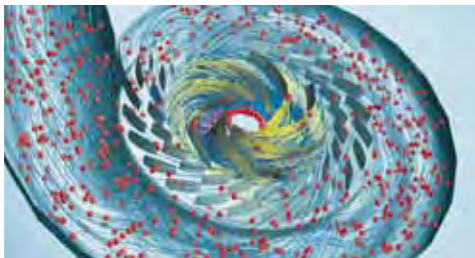
Research for more productivity and environmental protection

In 2010, the ANDRITZ GROUP invested 52.5 MEUR in research and development activities (2009: 49.2 MEUR). Total expenditure for research and further development of new processes and products, including contract-related developments, in order to further extend the technological leadership of ANDRITZ amounted to approximately 3% of sales.

More than 300 employees work in the Group's research centers in Austria, Finland, France, Switzerland, and the USA, developing new processes and products to extend ANDRITZ's technological leadership. The main goal in all business areas is to develop customized technologies that enhance the productivity of customers' plants, minimize operating costs, and maximize energy efficiency and environmental protection.

HYDRO:

Improved flow pattern in pump turbines



Pumped storage power stations make a substantial contribution towards the stability of the electric grid and act as a back-up for the increasing number of intermittent energy supply sources (for example, wind and solar energy). These requirements lead to frequent changes between pumping and turbine operation, exposing the machinery to extreme stresses and strains in places. When this happens the flow pattern is very much non-stationary. The ANDRITZ HYDRO research and development teams have been able to improve the flow patterns of pump turbines by means of non-stationary flow calculations (see picture above).

PULP & PAPER:

Optimization of power generation from renewable energy sources

In terms of power-to-heat ratio, the new ANDRITZ HERB recovery boiler (HERB: High Energy Recovery Boiler) ordered by Iggesund Paperboard, Sweden, will be the most efficient recovery boiler in the world. With the HERB recovery boiler, pulp mills can maximize electricity generation from black liquor, usually producing enough power to cover the electricity demand of the mill and sell surplus energy to the public grid.



WASTE-TO-POWER (WTP) is a newly created unit within ANDRITZ PULP & PAPER, specializing in technologies to produce energy from paper mill waste residuals, mainly sludge and rejects from wastepaper recycling processes.

FURTHER MAIN R&D TOPICS

HYDRO

► A breakthrough was achieved in simulation of complex flow patterns in turbine housings during further development work on Pelton turbines. Controlling of two-phase currents (air and water mix) in Pelton housings is of vital significance, particularly in the rehabilitation of older Pelton turbines. ► In order to make better use of the hydropower potential of existing irrigation dams, work on optimization of Hydro-

matrix® turbines was continued successfully. ► Modeling and simulation of the hydraulic design were further improved in order to determine the optimum coating for turbine blades as protection against abrasion.

PULP & PAPER

► Following successful development work, the latest generation LimeFlash™ technology is now being installed in customers' plants. LimeFlash™ improves sludge drying and feed

to a lime kiln, the largest consumer of fossil fuels in a pulp mill. With the new technology, the kiln capacity can be increased by up to 20% and energy efficiency substantially improved. ► The Advanced TMP mechanical pulping technology from ANDRITZ is a milestone in the development of processes to reduce electricity consumption, cut greenhouse gas emissions, and produce high-grade pulp from lower quality wood. For a fiberline with an annual capacity of 200,000 t, the energy savings can be up to >

INTERVIEW WITH BERND WILHELM, SPOKESMAN OF THE EXECUTIVE BOARD OF WOLFSBURG AG

VW relies on technology by ANDRITZ METALS

In car manufacturing, more and more galvanized sheet metal is being used in order to improve corrosion protection. Large quantities of new galvanized scrap are produced in the manufacturing process. Although this scrap is high-grade material, the zinc coating on the surface means that it can only be further processed at the expense of the quality, thus resulting in markdowns in price.

In a pilot plant developed by ANDRITZ METALS, scrap from production at Volkswagen AG (VW) was dezincified in 2010 for the first time. In this process, the scrap is brought into contact with a liquid from zinc production. The zinc content in the liquid thus increases, and the enriched liquid is delivered back to the zinc manufacturer. After cleaning and drying, the dezincified scrap can be used for more demanding applications, for example in the foundry industry.

‘Quality and productivity with the best possible environmental compatibility is our motto.’

Professor Wilhelm, why is your company involved in scrap metal dezincification?

Wolfsburg AG, a subsidiary of Volkswagen AG, and the city of Wolfsburg have set themselves the strategic goal of securing sustainable business development for this region here in Germany. Conservation of resources is also a central element of Volkswagen’s environmental policy. So it goes without saying that we must address this topic. Our idea is as follows: If we succeed in making the recycling process for car body scrap significantly more eco-friendly – by eliminating the need for a smelting process in the foundry, for example – we can make an important contribution towards a more environmentally friendly value-added chain on the whole in car



**BERND WILHELM,
SPOKESMAN OF THE
EXECUTIVE BOARD
OF WOLFSBURG AG:**

‘Important contribution towards making the entire process chain for car manufacturing more environmentally friendly.’

manufacturing. We are not confining ourselves to reducing CO₂ emissions from cars, but are also systematically optimizing the preceding and subsequent processes. In addition, we expect to reap some economic benefit if we sell processed car body scrap, which nowadays contains higher grades of steel, instead of contaminated scrap.

Since mid-2010, a pilot plant that dezincifies scrap produced at VW has been operating at the Institute of Environmental Science Clausthal in Germany. Are you satisfied with the results so far?

We are very satisfied! On the one hand we have a highly creative research team working on this challenging topic. And on the other hand we have ANDRITZ, a highly competent plant and machinery manufacturer, as equal partner to assist us, providing exactly the modularity needed in the pilot plant to enable the researchers to investigate the individual process parameters and their interactions. With this basis, we expect results that will allow us to develop the most powerful and economical solution

possible and, of course, to install this solution in practice. Our expectations are high. Quality and productivity with the best possible environmental compatibility is our motto – no more and no less.

60,000 MWh/a. ► In order to meet the tougher limits for the effluent discharged from bleached mechanical pulp mills, there is a need for improvement of evaporation and incineration of the solids contained in these effluents. ANDRITZ has developed a technology to close the water loop entirely by recovering, cleaning, and returning the significant amount of water (used in the pulping process) back to the process. Thus, overall water consumption is significantly reduced. ► By replacing cast iron with steel, ANDRITZ has not only found a way to improve

the energy efficiency of a Yankee dryer in a tissue machine, but also to increase its operating reliability. Steel Yankees have an evaporation rate 15-20% higher than that of cast iron. Tissue producers can thus either increase production at the same energy input, or reduce energy consumption while maintaining the same capacity.

► Work to produce ethanol from cellulosic non-food biomass and in biomass torrefaction was continued successfully. New insights regarding enzyme treatment of biomass will reduce the capital investment and operating costs for

a cellulosic ethanol mill dramatically. By using torrefaction, the quantity of biomass used in, for example, coal-fired power plants can be increased substantially. In addition, a system was developed in which the biomass can be crushed to a uniform grain size, thus substantially increasing the energy value of the biomass as a result of the even material flow.

METALS

► A new roller seal is being developed for the stainless steel annealing furnace sector that



‘Conservation of resources is a central element of Volkswagen’s environmental policy.’



With ANDRITZ as our partner, we are on the right track together, and we want to stay there in the long-term.

What is planned for the project in the future?

Of course, we would prefer to install the first pilot plant today rather than tomorrow at the press shop in Wolfsburg, where we produce up to 1,000 tons of car body scrap every day – but we still have to complete the research and development work. At the moment we are working on optimization of the parameters, particularly on finding an economically acceptable cleanliness level, and on an optimized plant concept for serial production based on these parameters. According to our estimates, we will need the coming year to achieve this. The first plant is then to be installed in 2012. ◀

ENVIRONMENT & PROCESS:

Significant improvements in solid/liquid separation

The research and development work in the ENVIRONMENT & PROCESS business area focused on many different applications for solid/liquid separation during the reorting period. For example, a decanter with 20% more throughput was developed for the dewatering of tar and sand sludge. The new design for screen bowl centrifuges, allowing 30% more throughput, was patented.

In the sludge drying sector, a belt drying concept was developed that provides an economical method of sludge disposal using waste heat, particularly for smaller, decentralized systems. ◀

FEED & BIOFUEL:

Larger plants and new raw materials for the industrial production of biomass pellets

Design of the complete equipment for higher production capacities in pelleting plants using biomass raw materials (especially wood or straw) was one of the main focuses of research and development work by the FEED & BIOFUEL business area in 2010. Although annual production capacities of 100,000 t were usual until only recently, nowadays capacities of up to 1,000,000 t are required by customers. Thus, test series were concluded successfully for the delivery of the two largest wood pelleting plants in the world, supplied by ANDRITZ to RWE Innogy, Georgia, USA, and Vyborskaja Cellulosa, Russia, with annual production capacities of 750,000 t and 900,000 t respectively.

In addition to tests with the pelleting raw materials wood and straw, the research and development team also investigated other biomass materials that can be used in pellet production and require different process applications. ◀

allows very economical process management, particularly with the increasing demand for longer length furnaces. ▶ The process for regeneration of used mixed acid from stainless steel pickles was optimized. The target is a totally effluent-free pickling system and regeneration process by using an evaporator for the rinsing water. ▶ ANDRITZ is developing a new shaft furnace for generator shafts. This is a vertical annealing furnace for heat treatment of long items. Thanks to its special charging method, there is no longer any need for the high-ceiling

machine shops usually required, nor is it necessary to install the shaft furnace below ground level. Generator shafts are used for wind turbines and in shipbuilding.

ENVIRONMENT & PROCESS

▶ For filter presses used in ore mining, the plate opening times have been shortened, thus leading to reduced operating cycles for the customer. ▶ A drum filter was developed for applications in the synthetics industry that ensures easy maintenance, even at higher throughputs.

FEED & BIOFUEL

▶ In order to make biomass pellets more competitive compared with other renewable energy sources, pellet quality was improved in order to increase the energy output during firing. On the torrefaction side, the research and development team has been heavily involved in developing pelleting solutions to produce densified fuels based on torrefied biomass. ▶ Capacity increases are the goal in further development of extrusion lines for the animal feed industry, where the main focus lies on mills for pet food and aquatic feed.

COMMITTED AND ENTREPRENEURIAL: 14,655 'ANDRITZers'

Highly qualified personnel providing committed and entrepreneurial performance in a challenging and rewarding environment – this is the ANDRITZ employee profile. The Group is committed to maintaining a strong employee base in Europe and achieving high growth in the emerging markets.

**STRONG EMPLOYEE BASE
IN EUROPE AND NORTH AMERICA –
HIGH GROWTH
IN EMERGING MARKETS**

10-year comparison
Employees
North America
as of Dec. 31:

2001	1,056
2010	1,784

10-year comparison
Employees
South America
as of Dec. 31:

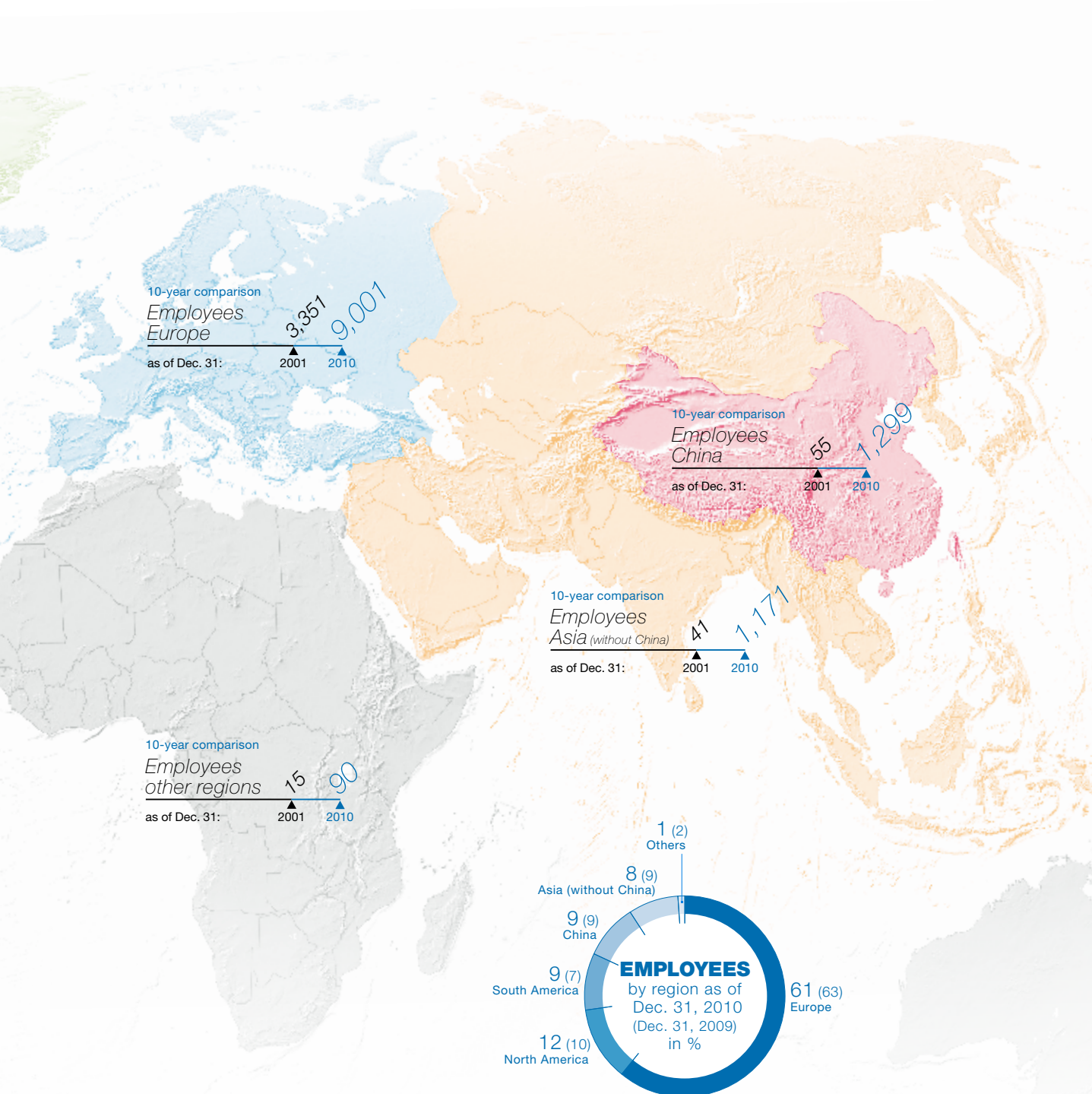
2001	21
2010	1,310

As a result of the strong organic and external growth of ANDRITZ in the past few years, the number of employees has also risen constantly. While the Group had 4,545 employees ten years ago, this number rose to 14,655 by the end of the reporting period. Compared with the figure on last year's reference date (December 31, 2009: 13,049 employees), the number of employees increased by about 12%.

Proximity to ANDRITZ customers around the globe is also reflected in the regional distribution of the Group's employees: More than 70%

are located in Europe and North America, and already more than a quarter comes from the emerging markets, particularly China, India, and Brazil.

The main task of global Human Resources Management, which is responsible for the coordination of personnel related tasks, is to provide sufficient management resources for existing and new business opportunities. This includes planning succession for global key positions, as well as promoting young, potential executives. New 'global potentials' were identified once again in



2010, with systematic mapping of potential successors for all global top positions.

Staff training and personnel development are essential aspects of ANDRITZ Human Resources. They form an important basis to ensure employee satisfaction at work and enable maximum professional achievement. During the reporting period, ANDRITZ once again offered its staff a broad spectrum of on-the-job and vocational training opportunities. The main focus here lies on further development and broadening of specialist knowledge, personal development,

language skills, computer literacy, and project management. In addition, there are special workshops focused on occupational health and safety topics.

A fundamental part of the management training courses provided during the reporting period dealt with global project work in international teams. This resulted in an exchange of local knowledge for use in global tasks, as well as establishing important personal ties on a global basis within the ANDRITZ world.

58 LOCATIONS WORLDWIDE CLOSE TO CUSTOMERS**Balance in manufacturing and service**

With 58 manufacturing and service locations, the ANDRITZ GROUP is close to its customers around the world. In the manufacturing facilities, key components, as well as spare and wear parts for ANDRITZ equipment and systems are produced and assembled.

GOOD BALANCE

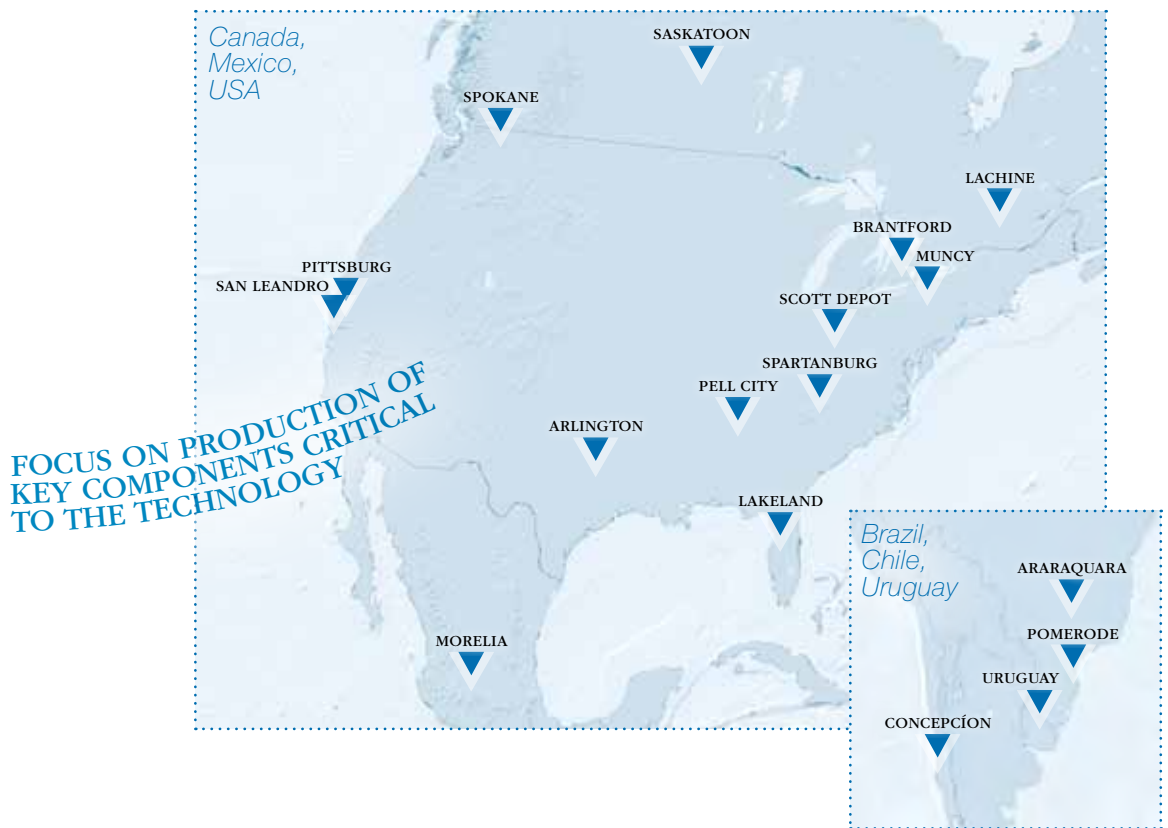
between Europe/North America and emerging markets

Approximately 5,100 of the employees in the ANDRITZ GROUP work in manufacturing, of which two-thirds are based in Europe and North America, and one-third in the emerging countries of Eastern Europe and Asia.

Capital expenditure in manufacturing facilities in 2010 mostly concentrated on building up and extending manufacturing capacities in the

emerging markets, and on modernizing existing locations in Europe and North America. These investments follow the three main goals of the ANDRITZ manufacturing strategy:

- Optimization of regional locations in terms of number and size in order to minimize overheads and avoid under-utilization of capacities.
- Focus on production of key components critical to the technology.
- Further development of all manufacturing and service locations in order to fulfill the business areas' claim to world market leadership.

**FURTHER MAIN TOPICS****HYDRO**

► Expansion of the locations in Prithla, India, and Chengdu, China, for manufacture of Large Hydro components. ► Integration of the newly acquired manufacturing locations of ANDRITZ Ritz in Schwäbisch Gmünd and Roding, Germany.

PULP & PAPER

► Further development of the locations at

ANDRITZ Kufferath in Düren, Germany, and in Levice, Slovakia. ► Successful extension of the ANDRITZ Technologies China manufacturing facilities for the production of key components (including components for manufacture of head-boxes).

ENVIRONMENT & PROCESS

► Integration of the newly acquired manufacturing locations of ANDRITZ KMPT in Vierkirchen,

Germany, and of ANDRITZ Frautech in Schio, Italy. ► Modernization of the location in Pittsburg, USA, and expansion to include service activities.

FEED & BIOFUEL

► Expansion of the location in Humenne, Slovakia, as manufacturing and supply chain center for the entire business area.



PROMPT AND FLEXIBLE:

The ABCs of manufacturing

As a company that is active in project business, ANDRITZ has to adjust its manufacturing capacities constantly in order to deal with changes in workload at any given time. By applying its well-proven make-or-buy strategy, ANDRITZ is able to adapt the balance between in-house manufacturing and subcontracting promptly and flexibly according to workload. Flexible working hour models, a high proportion of skilled temporary workers, and regular supplier checks regarding quality and on-time delivery support this strategy. In applying the make-or-buy strategy, all key components and spare parts are divided into three categories:

Category A:

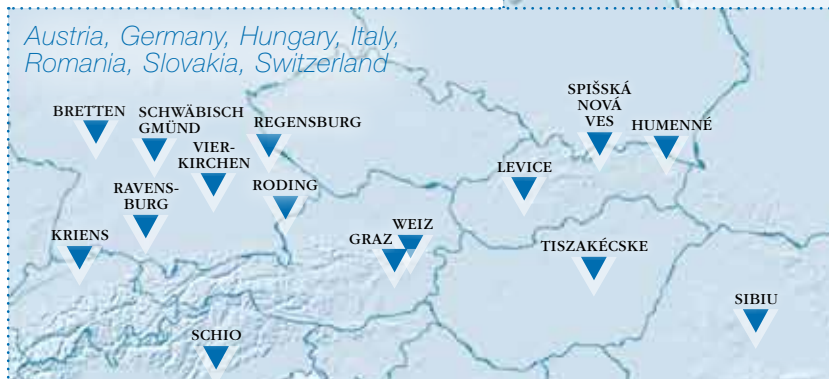
High-quality key components and spare parts critical to the technology – these are always manufactured in-house, regardless of whether workload is high or low.

Category B:

Semi-critical key components and spare parts – these are sourced from qualified suppliers if workload is high and manufactured in-house if it is low.

Category C:

Non-critical key components and spare parts – these are always sourced from qualified suppliers, regardless of whether workload is high or low.



ANDRITZ AUTOMATION OFFERS TAILORED SOLUTIONS FOR ALL BUSINESS AREAS

Global experience for local customers

800 specialists at 65 locations in 24 countries are responsible for ensuring that the plants and products supplied by ANDRITZ meet customers' requirements as best as possible and maximize customer benefits by using tailored automation solutions.

The solutions from ANDRITZ Automation enhance the product quality, capacity, availability, and safety of the plants and machines supplied. At the same time, the costs are reduced, for example by shortening start-up times thanks to full plant simulation.

Therefore, proximity to customers around the world plays an important role. ANDRITZ Automation makes use of global experience, concentrated in 'centers of excellence', and adapts it to the given customer requirements. This allows local automation staff to provide custom-tailored solutions and services locally.

HYDRO:

Centrally controlled hydropower plants

ANDRITZ HYDRO has extended the application range of the 250 Scala control center sys-

tem. Thus, it is following the trend where the equipment installed in the central control room of hydropower plants will play an increasingly important role in the future because the power stations can be controlled from a single, central point. Also, important automation orders were booked for hydropower plants, including Escom, South Africa, and Hydro Tasmania, Australia, as well as for the hydropower plant projects Boyabat and Ilisu, Turkey, as well as Kashang and Pathri, India.

PULP & PAPER:

Less cost and higher quality for pulp and paper mills

Automation solutions from ANDRITZ help operators of pulp and paper mills to minimize operating costs and increase product quality. As a result, ANDRITZ booked several important





orders, including the following: ANDRITZ will supply the complete automation, electrical equipment and instrumentation for the recovery boiler at Iggesund Paperboard, Sweden; the decisive factor for the order award was the quality of the process control and simulation, the safety system, and the control system. ANDRITZ was commissioned to perform upgrades and modernization of existing plant automation systems for UPM Steyrermühl, Austria, and Cartaseta Friedrich & Co, Switzerland. The ANDRITZ 'on-the-fly' concept here guarantees the shortest possible service interruptions.

METALS:

Automation for one of the largest annealing and pickling lines worldwide

In the METALS business area, ANDRITZ Automation supplied the electrical and automation equipment for one of the largest annealing and pickling lines worldwide, with 249 individual drives and an inline rolling mill stand for Zhangjiagang, China. The 'Manufacturing Execution System' was improved substantially in the model development, simulation, and controller optimization sectors. The system assists customers in

fulfilling the constantly rising demand in terms of quality, productivity, and cost efficiency as best as possible.

ENVIRONMENT & PROCESS:

Optimization of centrifuges

In the dewatering equipment sector, a module for the optimized operation of centrifuges was developed in Austria and the USA during the reporting period. This module guarantees close tolerances in the finished product and reduces operating costs – in spite of quality fluctuations in the original product.

FEED & BIOFUEL:

New control system for wood pelleting

A new control system was developed for wood pelleting plants, including wood processing and chip drying, featuring a standard user interface for all processing stages and providing the customer with a tool for efficient management of wear parts. This system has already been used successfully in the wood pelleting plants supplied by ANDRITZ for Biowood, Norway, and Vyborgskaja Cellulosa, Russia.

CENTRAL CONTROL.

The 'Central Automation Control Center' at Horizonte pulp mill, Brazil. ▼



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Glossary

A

Annealing

Process in which metal is heated, retained at a suitable temperature, then cooled rapidly or slowly to reduce internal stress. As a result, the metal becomes softer and more workable, particularly in cold processes.

Annual General Meeting

Body of a stock company which usually meets once a year and takes resolutions on important company matters according to company law.

Approach equipment/flow system

Feeding system that provides stable feeding conditions for the paper/board machine.

ATX

Austrian Traded Index

Price index calculated by the Vienna Stock Exchange, containing the most actively traded shares on the Vienna Stock Exchange. The ATX comprises approximately 20 shares, weighted in the index according to market capitalization and free float.

ATXPrime

Price index calculated by the Vienna Stock Exchange and containing all the shares of the ATXPrime market segment (see 'Prime market').

B

Biomass power boiler

Power boiler in which biomass is used as fuel. High-pressure tubes, in which water circulates, are part of these furnaces. By burning the biomass, the water is heated to steam phase – the steam drives turbine-generators to produce electricity or is used for heating purposes.

Black liquor

Mixture of spent cooking chemicals and dissolved wood material remaining after sulphate cooking. Black liquor is recovered during pulp washing, concentrated by evaporation, and burned in the recovery boiler to regenerate

the cooking chemicals and also to produce energy for the mill.

Bulb turbine

Special form of a Kaplan turbine; generator and turbine are mounted in a housing placed directly in the water flow.

C

Calender

In paper, nonwovens, and textile production, machine with one or several rolls, which creates certain profile and surface properties in web materials (gloss, strength, roughness).

Cold-rolled strip

Cold-rolled stainless steel that has been subjected to several processes after hot-rolling, including annealing, pickling, reduction rolling (cold-rolling), and further thermal and surface treatment steps. These process steps serve to adjust the technological characteristics (corrosion resistance, temperature resistance, cold-forming capability, etc.).

Corporate Governance Code

Set of rules for companies that provides a regulatory framework for responsible company management and control. It is a yardstick for good corporate governance.

D

Deinking

A process in which most of the ink, filler, and other extraneous material is removed from printed and/or unprinted recovered paper. The result is a pulp which can be used in the manufacture of new paper, including tissue, printing, writing, and office papers.

Dividend

That part of a company's profits paid out to the shareholders. The amount of the dividend is proposed by the Executive Board of a company and approved in a resolution by the Shareholders' Meeting.

E

EBITA

Earnings before Interest, Taxes, and Amortization of goodwill

This earnings measure is of particular interest in cases where companies have high goodwill. EBITA is a good yardstick for comparing companies in the same industry.

EBITA margin

Financial figure that calculates the EBITA in relation to sales and states the profitability over a specific period.

Equity ratio

The equity ratio indicates the proportion of equity capital in a company's total assets (balance sheet total).

Evaporation plant

System for removing water from black liquor so that it can be efficiently burned in a recovery boiler. At the same time, the evaporated water is segregated and cleaned for reuse in the pulp mill processes.

Ex-dividend

The price of the share is lowered by the amount of the dividend a few days before the dividend is paid out.

Extrusion

A continuous process in which animal feed components are cooked under pressure in a combination of frictional and steam heat in order to expand the resulting product and convert it into feed granulate. This process is very common in the production of pet food, fish feed, and cereals.

F

Fiberline

The machines and process systems involved in converting wood chips into pulp. Process steps can include cooking, washing, screening, knot separation, refining, and bleaching.

Fluidized bed drying

Thermal process causing free-flowing products such as plastics, chemicals, etc., or sludges

to float due to gas or air infeed and to dry by intensive material and heat transfer between the fluidizing gas and the product.

Francis turbine

This reaction turbine is the most widely used and most universal type of water turbine; used primarily in run-of-river and storage power stations with medium flow rate and medium head.

Free float

The proportion of a company's shares that is traded on the stock market and is not held by investors with a very long-term interest in the company.

H

HERB

High Energy Recovery Boiler

This boiler increases electricity generation from black liquor compared to conventional recovery by increasing the steam temperature and pressure, and by preheating the combustion air and feed water.

Hot-rolled strip

Hot-rolled stainless steel strip is material resulting from the rolling of slabs or other input materials at high strip temperatures (approximately 700-1,000° C).

Hydromatrix®

The Hydromatrix® concept is a solution for existing low-head hydro sites (locks, irrigation plants) utilizing a grid (matrix) of small standardized turbine-generator units.

I

IFRS

International Financial Reporting Standards

International accounting standards drawn up by the International Accounting Standards Board (IASB). Complying with IFRS should enable investors and other relevant stakeholders to better compare annual accounts presented by companies from different countries.



Investor Relations

Interface between the company and the financial community. An Investor Relations department should regularly provide transparent, comprehensive, and up-to-date information on developments within the company to shareholders, financial analysts, and investors.

ISIN

International Securities Identification Number
Individual identification number of a security, enabling computerized international registration of a security.

K

Kaplan turbine

Water turbine with axial inward flow and adjustable runner, used in river power stations with high flow rate and low head.

L

Lime kiln

A long, slowly rotating kiln used to reburn lime mud (calcium carbonate) to form calcium oxide, which is used again in recausticizing.

LimeFlash™

LimeFlash™ technology improves sludge drying and feed to a lime kiln, the largest consumer of fossil fuels in a pulp mill. With this technology, the kiln capacity can be increased by up to 20% and energy efficiency substantially improved.

M

MDF

Medium Density Fiberboard
Board made of mechanical pulp from the refiner process.

Mechanical pulp

A generic term describing pulp produced by a mechanical (as opposed to a chemical) process. Also known as 'high-yield pulp' as the processes utilize a higher proportion of the raw material (wood) than the chemical processes. Mechanical pulp is produced using either grinders or refiners. It is principally used in the production of newsprint,

magazine papers, printing papers, specialty papers, tissue, towelling, paperboard, and wallboard.

N

NBSK

Northern Bleached Softwood Kraft Pulp that is mainly produced in Canada and the Nordic countries, but also in the Northwestern USA and Russia to some extent. Benchmark grade of pulp for pricing and inventory data.

Net liquidity

Liquid funds plus fair value of interest rate swaps minus financial liabilities.

P

Pelton turbine

Impulse turbine used in storage power stations with low flow rate and large head in lower and in high mountain ranges.

Pickling

Process for chemical treatment of oxidized steel, applied to obtain a clean metallic surface. Here, the steel is dipped into a hot bath of diluted sulphuric or hydrochloric acid.

Prime market

Market segment of the Vienna Stock Exchange which contains stocks that are admitted to listing on the official market or semi-official market and meet special additional listing criteria.

Pump turbine

Pump turbines are used in pumped storage power stations. Depending on the water flow direction, the runner operates in turbine mode (supplying energy for electricity production) or in pump mode (consuming energy from the grid).

Pyromars

When stainless steel is pickled, a waste acid solution is produced containing hydrofluoric and nitric acid. This mixed acid is recovered in the Pyromars plant. The waste solution is thermally decomposed. The acid gases resulting from the process are absorbed in water

and reused in the pickling plant. Mixed oxide (iron/chromium/nickel) is a by-product that can be reused in the stainless steel melt.

R

Recovery boiler

The recovery boiler is a steam boiler where the black liquor from the cooking process is burned after it has been concentrated in the evaporation plant. The residual biomass (lignin) is burned and the inorganic chemicals are recovered and returned to the pulp mill chemical cycle. Simultaneously, combustion of the biomass generates steam to produce electricity and heat for the pulp mill.

Refiner

Machine used to grind pulp between two discs. Refiners can operate at low consistency or at higher consistencies. At low consistencies, the material is fed to the refiner using a pump. At higher consistency levels, conveying devices are used. Other refiner types are used for breaking down wood chips into fibers.

Regeneration system

The hydrochloric waste acid solution from carbon steel pickling is recovered in the regeneration system. The waste solution is thermally decomposed. The acid gas resulting from the process is absorbed in water and reused in the pickling plant. Iron oxide is a by-product that is reused in various applications such as ferrite production.

Rejects

Substances in the production of pulp and paper that cause upsets in the final products. Rejects can be bark, coarse fragments of wood, plastic, sand, ink, or ash. These substances are mainly removed by screening, cleaning, washing, and flotation.

T

TMP

Thermo-Mechanical Pulp
Pulp produced by refining chips in a refiner at high temperature and pressure. The

process relies mainly on mechanical energy and heat. TMP is most commonly used in newsprint and magazine papers.

Torrefaction

Torrefaction is a thermo-chemical treatment process for biomass. Within this process, the biomass partly decomposes, giving off various types of volatiles. The remaining torrefied biomass has a higher energy content per unit of mass than non-torrefied biomass.

Treasury

Company department that deals with allotment and investment of existing or incoming funds and with the monitoring and hedging of financial risks.

W

WAPUR

Waste Acid Purification
Process for separating chemical contaminants from the waste solution in carbon steel pickling plants. This cleaning process ensures that high-grade iron oxide can be produced in the regeneration system.

WBI

Wiener Börse Index – Vienna Stock Exchange Index
The WBI contains all shares listed on the official market and the semi-official market. The WBI, as the overall index, reflects the development of the Austrian stock market as a whole.

White liquor

A strongly alkaline solution used in the cooking (digesting) process.

Y

Yankee dryer

The Yankee dryer carries the paper web and, being heated with steam, is the principal drying element of a tissue machine. In combination with the high-temperature hood, the paper web is dried from an ingoing dryness of approximately 42% to a final dryness of about 95-97%.

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► **March 08** Results for the financial year 2010 ► **March 29** Annual General Meeting in Graz, Austria ► **March 30** Ex-dividend ► **April 04** Dividend payment

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