



**“Andritz provides excellent training for a successful career.”**

**Ralph-Anton Gerngroß and Philipp Engelbrecht,**  
apprentices at Andritz Graz



**“I’m proud to work for a company like Andritz.”**  
为安德里茨这样的公司工作我很自豪。

**Lai Yongbin,** Andritz Technologies, Foshan

赖永斌  
佛山安德里茨技术有限公司



**Glenn E. Evans,** Andritz Inc., Muncy, PA, USA

**“A GREAT PLACE TO WORK.”**

# HUMAN RESOURCES

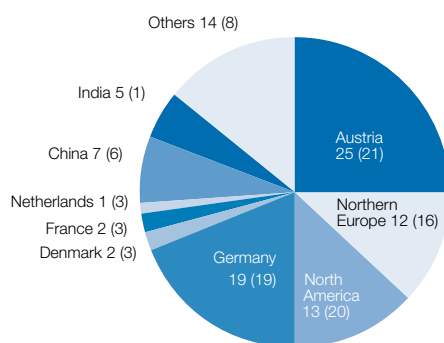
## Focus on training and career development

Being aware of the importance of committed and qualified staff, Andritz strives to continuously motivate and support its employees by a series of targeted measures including attractive training programs, interesting career opportunities, and incentive plans. These measures were continued in 2006.

### Continued staff increase

As a result of company acquisitions and organic growth, the number of employees increased strongly in 2006. As of December 31, 2006, the Andritz Group had a total of 10,215 employees, an increase of 71.9% compared to 2005 (5,943). This increase is mainly due to the acquisition of VA TECH HYDRO (+3,108 employees) and Küsters (+416 employees).

### Employees by region 2006 (2005) in %



### Activities in 2006

The numerous vacancies within the Andritz Group in 2006 were filled with qualified candidates. To recruit highly talented junior staff, Andritz intensified its participation in job fairs held at universities and vocational schools.

The training programs offered on a Group-wide and local level were further enhanced and new modules added. The proven Andritz Management Challenge training program which is attended mainly by future executives, but also by specialized staff, was successfully continued and extended by new training modules. This Group-wide training program is organized in cooperation with St. Gallen Management Center, Switzerland. It was found that these trainings which unite Andritz staff from all over the world have an important added value in helping to create internal networks and considerably strengthen intercultural competencies.

A lack of skilled workers is becoming increasingly apparent on the job market. Andritz counters this trend with its own training programs for apprentices which have proven their worth over many years. In 2006, Andritz AG trained an average of 50 apprentices at its workshop in Graz. An additional 20 young people were trained as commercial apprentices at the Graz offices.

In a number of Andritz Divisions, management audits were carried out together with external consultants to improve existing organizational structures and processes. Another project focused on enhancing the attractiveness of a technical career within the Andritz Group to encourage more people to aspire to technical versus managerial positions.

### Internal career opportunities

One of the main strategies of Andritz's human resources management is to fill vacant managerial positions with successful and experienced people from the existing Andritz staff. A prominent example in 2006 was the appointment of two Andritz managers, who had successfully worked for Andritz for many years, to positions on the Managing Board of Andritz. The managerial functions which became vacant as a result of these appointments were also filled with internal staff. In addition, several new highly qualified candidates were recruited to maintain and enlarge the management resources available.

### Incentive strategy

In addition to a comprehensive catalog of training programs, measures to improve personal health, and an attractive working environment, Andritz uses an incentive compensation system to reward employees and attract potential candidates. On top of a basic compensation, an annual incentive is given which is based on the fulfillment of clear targets set for each business year. Targets are linked to the success of the Divisions (e.g. Order Intake and/or other financial performance figures) as well as personal achievements. In addition, most affiliated companies run local incentive programs. Based on income tax benefits, employees in Austria were again offered Andritz shares instead of cash incentives in 2006. A significant number of employees opted for the shares, thus showing a very high commitment towards Andritz. Thirty-five percent of all Austrian Andritz employees hold Andritz shares now.

Approximately 60 managers and executives of the Andritz Group (including the members of the Managing Board) take part in a stock option program launched in 2006. As a prerequisite, Managers had to invest up to EUR 40,000 of their own money in Andritz shares. Exercise of the options is linked to the performance of the Andritz share price and the development of Earnings per share. A similar stock option program based on comparable conditions and prerequisites was implemented in 2004. Managers participating in this program (approximately 50 people) were able to exercise their options in 2006 after all conditions had been fulfilled. ■