



COMPANY PRESENTATION

ANDRITZ GROUP

NOVEMBER 2018

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 ANDRITZ GROUP OVERVIEW

02 RESULTS Q3/Q1-Q3 2018 AND MARKET UPDATE

03 OUTLOOK

THE ANDRITZ GROUP



ANDRITZ is a globally leading supplier of plants, equipment, systems and services for hydropower stations, the pulp and paper industry, the metalworking and steel industries, and solid/liquid separation in the municipal and industrial sectors as well as for animal feed and biomass pelleting.

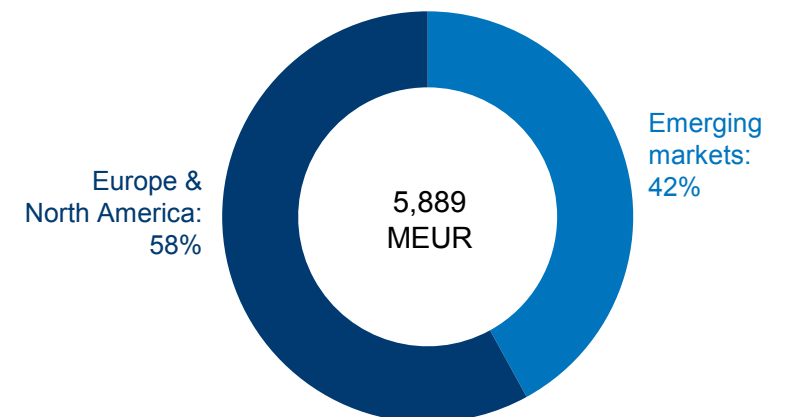
Global presence

Headquarters in Graz, Austria; over 280 production sites and service/sales companies worldwide

KEY FINANCIAL FIGURES:

	UNIT	Q1-Q3 2018	2017
Order intake	MEUR	4,738.0	5,579.5
Order backlog (as of end of period)	MEUR	6,882.8	6,383.0
Sales	MEUR	4,200.8	5,889.1
Net income (including non-controlling interests)	MEUR	156.2	265.6
Employees (as of end of period; without apprentices)	-	26,397	25,566

SALES BY REGION 2017 (%)



A WORLD MARKET LEADER WITH FOUR BUSINESS AREAS



ANDRITZ

HYDRO



24

% order intake*

PRODUCT OFFERINGS

Electromechanical equipment for hydropower plants (turbines, generators); pumps; turbo generators.

PULP & PAPER



36

% order intake*

PRODUCT OFFERINGS

Equipment for production of all types of pulp, paper, tissue, and board; energy boilers.

METALS



29

% order intake*

PRODUCT OFFERINGS

Presses/press lines for metal forming (Schuler); systems for production of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants.

SEPARATION



11

% order intake*

PRODUCT OFFERINGS

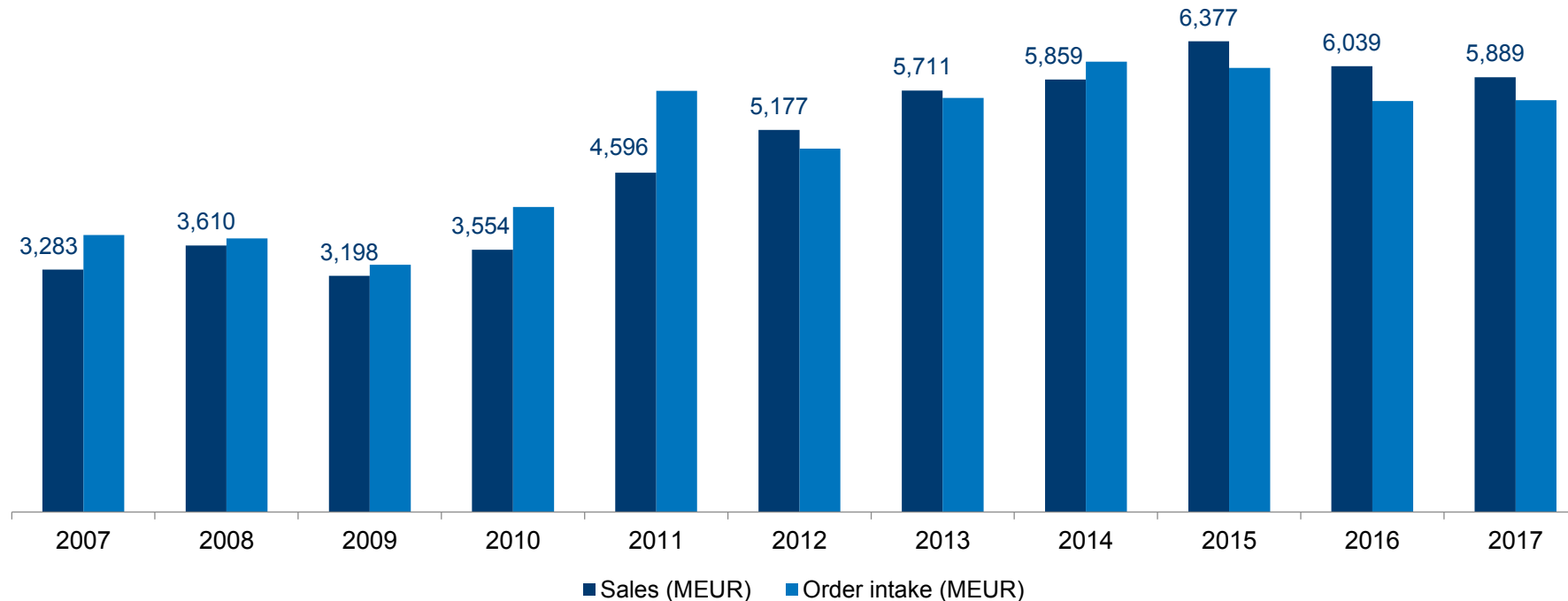
Equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets.

* Share of total Group order intake 2017.

LONG-TERM GROWTH BASED ON ACQUISITIONS AND ORGANIC EXPANSION



Compound Annual Growth Rate (CAGR) of Group sales 2007-2017:
+6% p.a. (thereof approximately half from organic growth)



2018 HAS BEEN AN ACTIVE YEAR WITH REGARD TO ACQUISITIONS



Companies acquired in 2018 will add roughly 500 MEUR annual sales

HYDRO		PULP & PAPER		METALS		SEPARATION			
2006	VA TECH HYDRO	2000	Ahlstrom Machinery	2010	Rieter Perfojet	2000	Kohler	2000	UMT
2007	Tigép	2000	Lamb Baling Line	2010	DMT/Biax	2002	SELAS SAS Furnace Div.	2002	3SYS
2008	GE Hydro business	2000	Voith Andritz Tissue	2011	AE&E Austria	2004	Kaiser	2004	Bird Machine
2010	GEHI (JV)	2002	ABB Drying	2011	Iggesund Tools	2005	Lynson	2004	NETZSCH Filtration
2010	Precision Machine	2003	IDEAS Simulation	2011	Tristar Industries	2008	Maerz	2004	Fluid Bed Systems
2010	Hammerfest Strøm	2003	Acutest Oy	2011	Asselin-Thibeau	2012	Bricmont	2005	Lenser Filtration
2010	Ritz	2003	Fiedler	2012	AES	2012	Soutec	2006	CONTEC Decanter
2011	Hemicycle Controls	2004	EMS (JV)	2013	MeWa	2013	Schuler (> 95%)	2009	Delkor Capital Equipment
		2005	Cybermetrics	2015	Euroslot	2013	FBB Engineering	2009	Frautech
		2005	Universal Dynamics Group	2016	SHW Casting Technologies	2014	Herr-Voss Stamco	2010	KMPT
		2006	Küstern	2017	Paperchine	2016	Yadon (52,9%)	2012	Gouda
		2006	Carbona	2018	Novimpianti	2016	AWEBA	2013	Shende Machinery
		2006	Pilão	2018	Diatec (70%)	2017	Powerlase (51%)	2016	ANBO
		2007	Bachofen + Meier	2018	Xerium	2018	Farina Presse		
		2007	Sindus			2018	ASKO		
		2008	Kufferath						
		2009	Rollteck						

CHAPTER OVERVIEW



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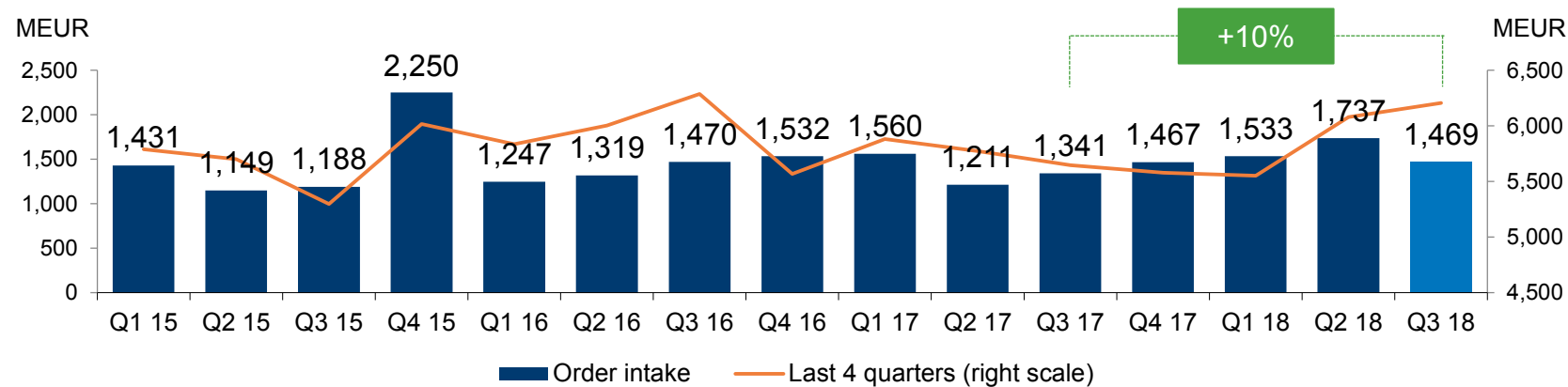
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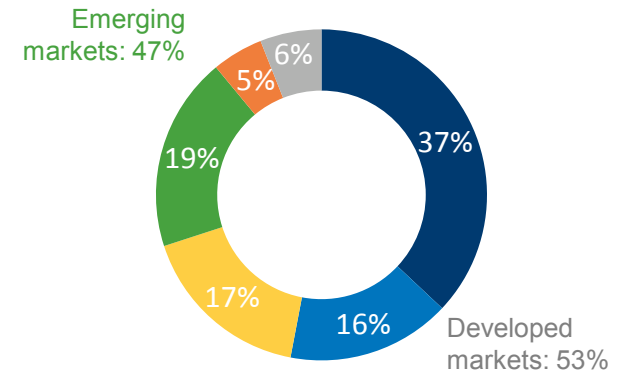
SATISFACTORY ORDER INTAKE IN Q3 2018



Aggregated order intake of the last four quarters amounts to ~6.2 bn. EUR.



ORDER INTAKE Q1-Q3 2018 BY REGION (IN %)

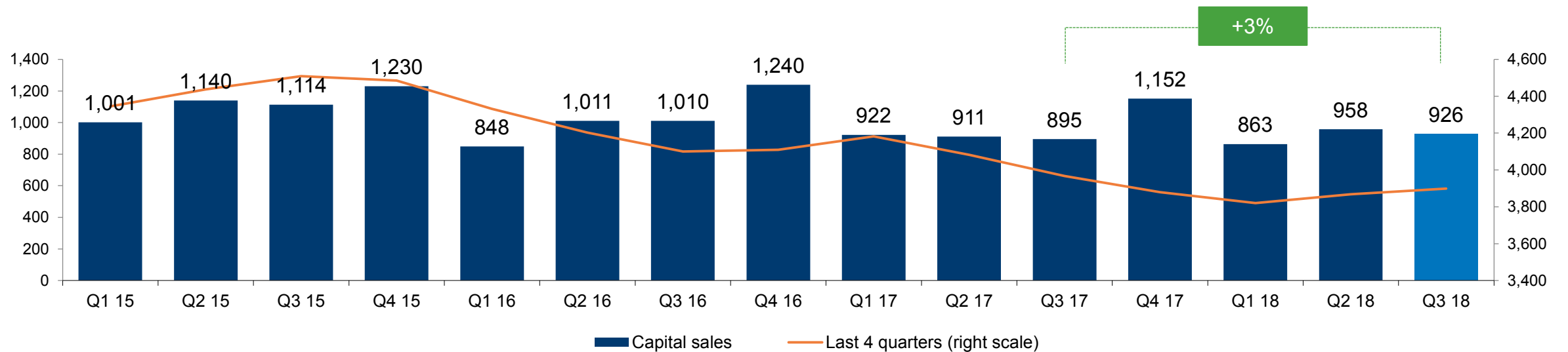


- Favorable development in Pulp & Paper and Metals, weak in Hydro.
- Well balanced geographical exposure
 - Europe and North America: 53%
 - Emerging markets: 47%

CAPITAL SALES



Quarterly development of capital sales (in MEUR).

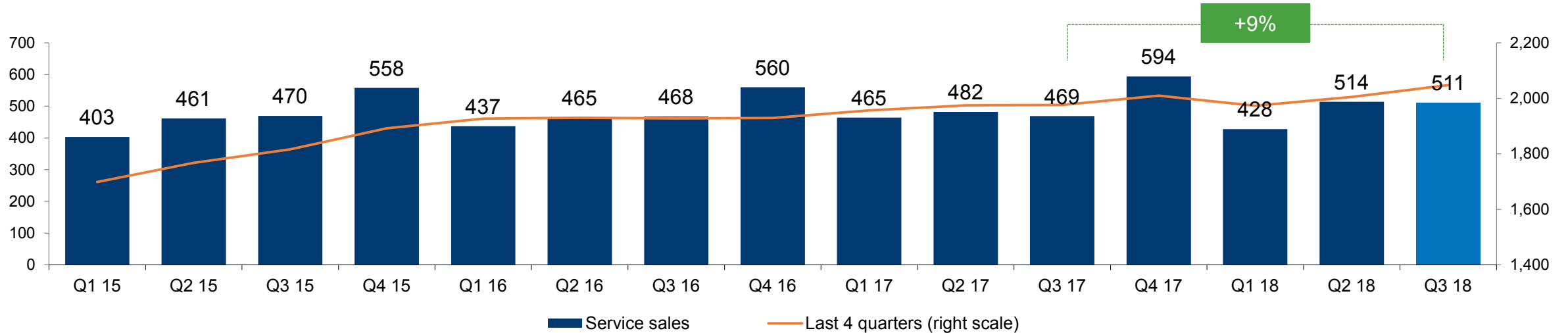


- Aggregated capital sales of the last 4 quarters amounted to 3.9 bn EUR.

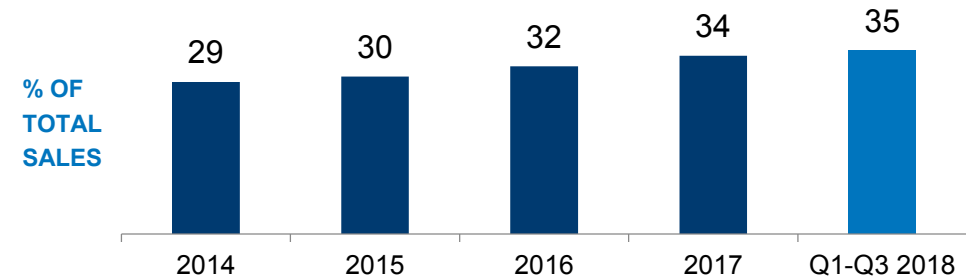
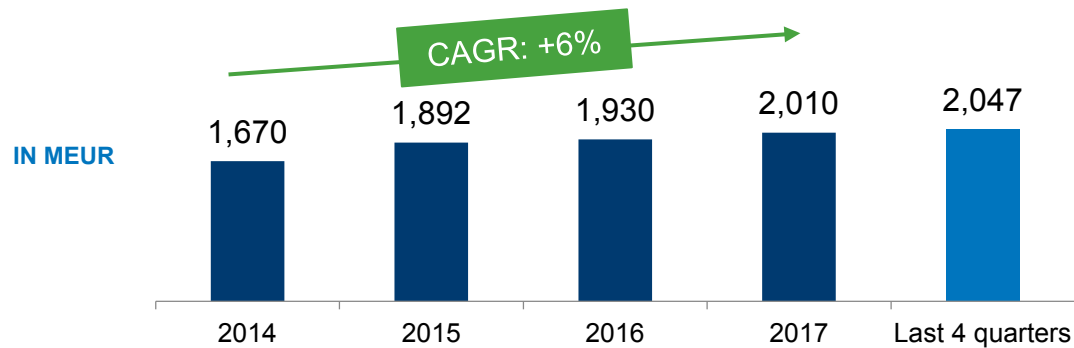
INCREASE OF SERVICE BUSINESS



Quarterly development of service sales (in MEUR).



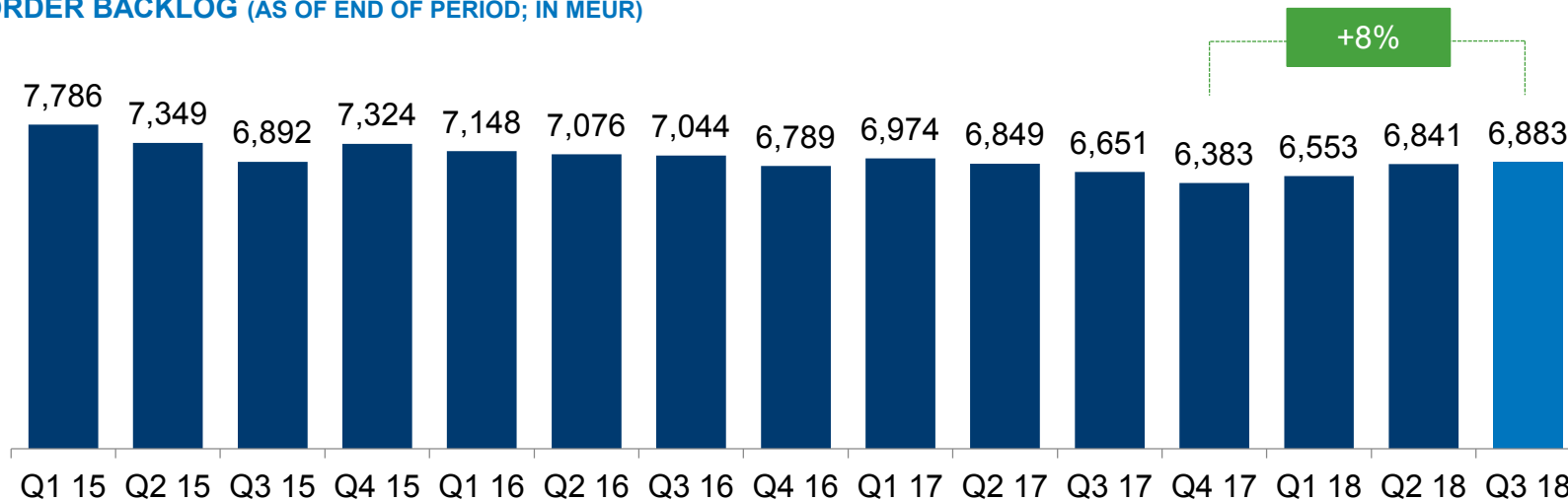
Service business increased in absolute and relative terms:



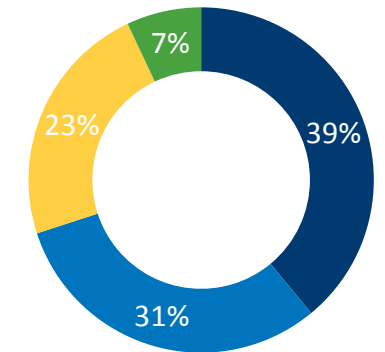
GROUP ORDER BACKLOG UP COMPARED TO END OF 2017 DUE TO RISING ORDER INTAKE TREND



ORDER BACKLOG (AS OF END OF PERIOD; IN MEUR)



ORDER BACKLOG Q1-Q3 2018 BY BUSINESS AREA (IN %)



■ Hydro ■ Pulp & Paper ■ Metals ■ Separation

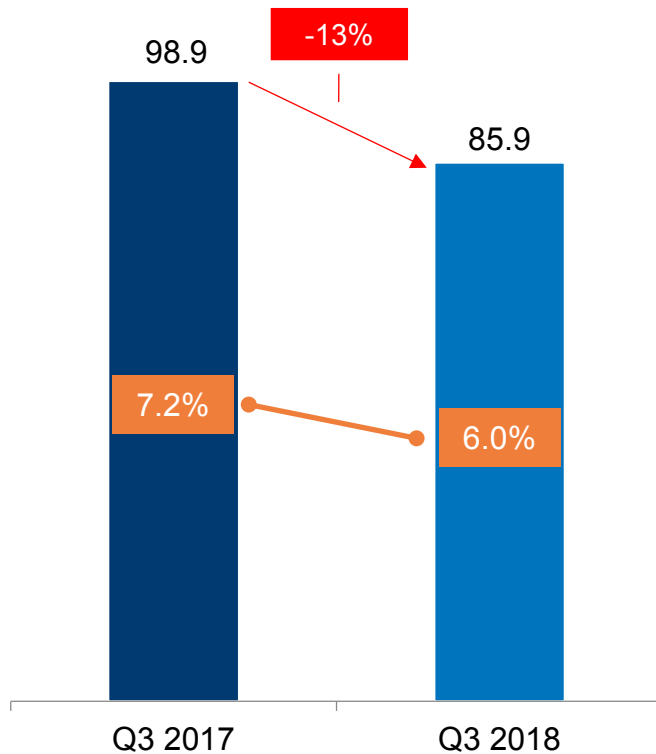
- Order backlog at the end of Q3 2018 was approx. 500 MEUR higher than at the end of Q4 2017.
- Hydro and Pulp & Paper account for 70% of total order backlog.



EARNINGS IN Q3 2018 DOWN COMPARED TO REFERENCE FIGURE OF PREVIOUS YEAR

Satisfactory development of Pulp & Paper, Metals still unsatisfactory.

EBITA AND EBITA MARGIN Q3 2018 (IN MEUR)



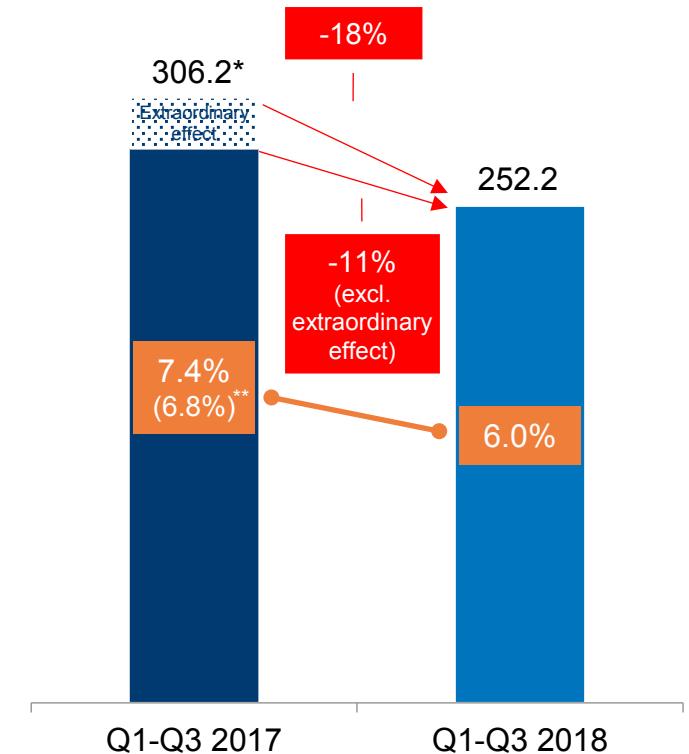
Q3 2018:

- EBITA, **at 85.9 MEUR, down by 13%** compared to the reference figure of the previous year (Q3 2017: 98.9 MEUR).
- Metals impacted by cost overruns on some projects and execution of some lower-margin orders.
- Hydro down compared to high level of last year's reference period.

Q1-Q3 2018:

- EBITA, **at 252.2 MEUR, 18% below** last year's reference period mainly due to Metals.
- Excluding one-off effect, EBITA was down by 11%.

EBITA AND EBITA MARGIN Q1-Q3 2018 (IN MEUR)



* Including extraordinary positive effect of approx. 25 MEUR, mainly due to the sale of the Schuler Technical Center in Tianjin.

**Excluding extraordinary effect.

EARNINGS AND PROFITABILITY BY BUSINESS AREA



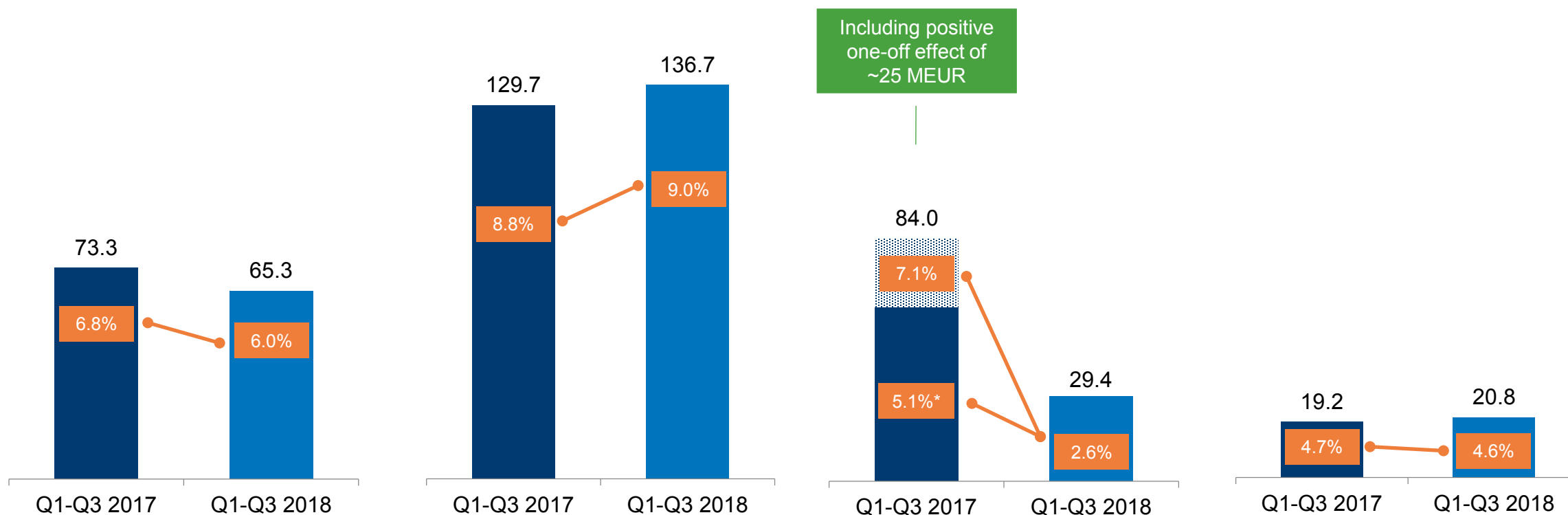
EBITA (MEUR) and EBITA margin (%).

HYDRO

PULP & PAPER

METALS

SEPARATION



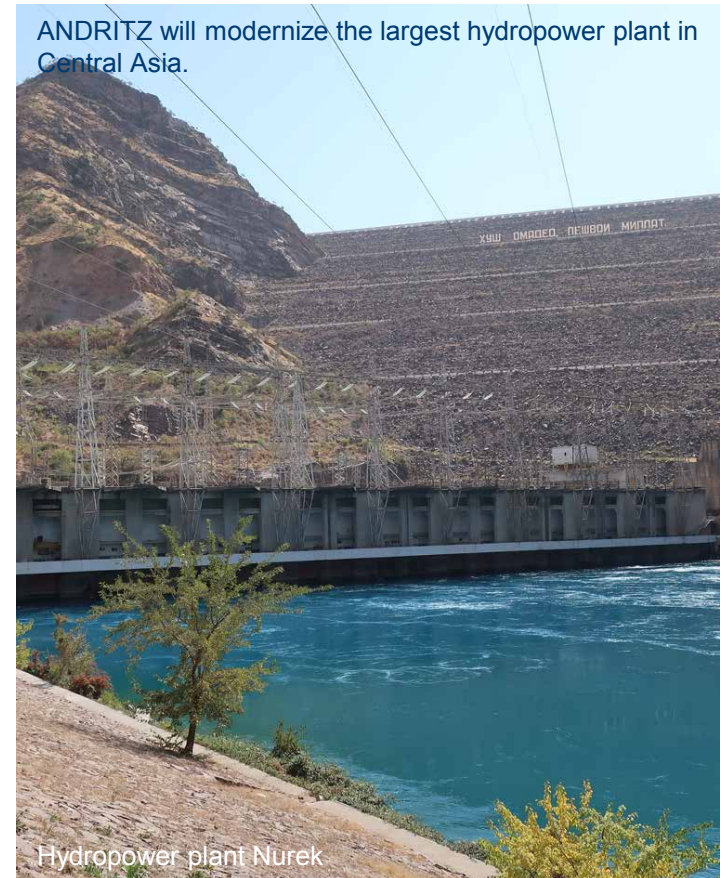
* EBITA margin excluding one-off effect.



HYDRO (1): UNCHANGED MODERATE MARKET ENVIRONMENT

Selective award of individual projects, particularly in Asia.

- **New hydropower plants**
Some new projects in emerging markets, especially in Southeast Asia and Africa, are currently in the planning phase; award of these projects is expected over a longer period of time.
- **Pumps**
Good project activity.
- **Modernizations/rehabilitations**
Unchanged moderate project and investment activity, particularly in Europe.
- **Competition**
Stable competition at challenging level.



HYDRO (2): SUBDUED BUSINESS DEVELOPMENT



Despite increase in sales, earnings and profitability down.

Order intake significantly lower than in Q3 2017, which included some medium-sized orders.

Slight sales increase in Q3.

Earnings and margin significantly down compared to high level of last year (impacted by high share of service and finalization of some projects).

	UNIT	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,056.2	939.0	+12.5%	303.1	425.0	-28.7%	1,317.2
Order backlog (as of end of period)	MEUR	2,718.2	3,038.7	-10.5%	2,718.2	3,038.7	-10.5%	2,921.8
Sales	MEUR	1,085.8	1,071.5	+1.3%	361.5	346.9	+4.2%	1,583.1
EBITDA	MEUR	85.8	94.0	-8.7%	28.7	36.8	-22.0%	154.1
EBITDA margin	%	7.9	8.8	-	7.9	10.6	-	9.7
EBITA	MEUR	65.3	73.3	-10.9%	21.9	30.1	-27.2%	123.0
EBITA margin	%	6.0	6.8	-	6.1	8.7	-	7.8
Employees (as of end of period; without apprentices)	-	7,343	7,365	-0.3%	7,343	7,365	-0.3%	7,237

ORDER INTAKE BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



SALES BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



PULP & PAPER (1): GOOD MARKET ENVIRONMENT



- **Pulp**
Good project activity, particularly for modernization of existing pulp mills.
ANDRITZ received major order from **Arauco** for their **MAPA project** in early October (booked in Q4 2018).
- **Paper**
Satisfactory market development for tissue and packaging equipment continued.
- **Power generating boilers**
Very active market, especially in Asia (China, Japan).
- **Competition**
Stable competitive environment.



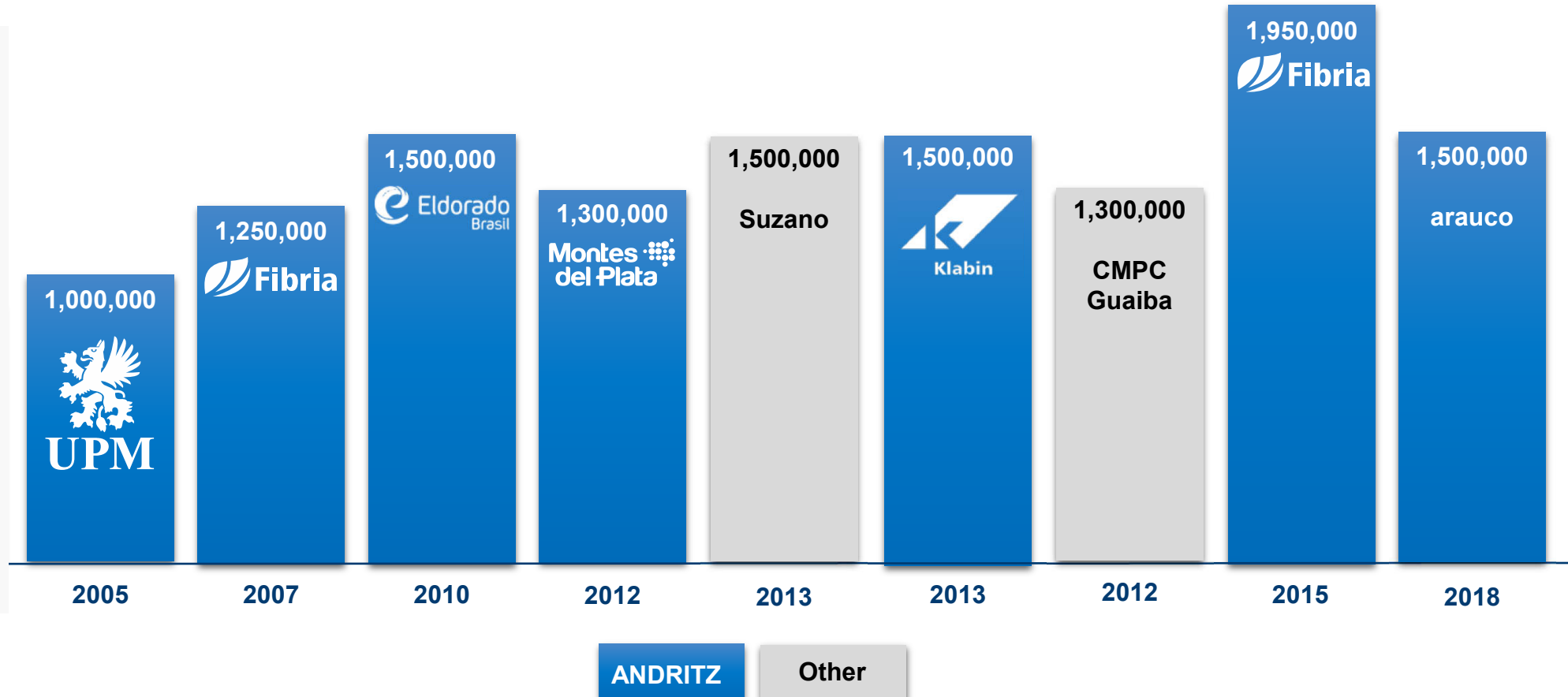
ANDRITZ fiberline delivered to Fibria, for the pulp mill Horizonte 2 in Três Lagoas, Brazil.

ANDRITZ'S STRONG POSITION IN LARGE FIBERLINES IN SOUTH AMERICA



Continued technological improvement

ANDRITZ has delivered 7 out of 9 fiberlines in South-America since Fray Bentos



NEW PULP MILLS AND LINES IN PLANNING ≥0.5MT



USA:

Owner – project	Capacity/a*	Planned start-up
SUN BIO Arkansas	1.0	2023

FINLAND:

Owner – project	Capacity/a*	Planned start-up
Finnpulp – Kuopio	1.2	2021
Kemijärvi	0.5	2021

ESTONIA:

Owner – project	Capacity/a*	Planned start-up
Est-For Oü	0.7	2022

RUSSIA:

Owner – project	Capacity/a*	Planned start-up
OOO Monolog	0.5	2020
Krasleinvest	0.8	2022
China Chentong	0.8	2022
Siberwood	0.9	2023
China Metallurg. Group	0.5	2024-
JSC Arkhangelsk	0.5	2024-
Segezha/CAMCE	0.5	2024-
Boguchanskiy	0.8	2024-

BRAZIL:

Owner – project	Capacity/a*	Planned start-up
Klabin	1.0	2020
Eldorado – Três Lagoas	2.3	2022
Lwarcel	1.3	2022
Fibria – Três Lagoas	1.9	2024-
Fibria – Aracruz	1.7	2024-
Veracel – Eunápolis	1.8	2024-
Braxel – Peixes	2.0	2024-
CRPE Holding S.A – Ribas do Rio Pardo	2.2	2024-
Suzano – Imperatriz	1.3	2024-
CMPC Brazil – Pelotas	1.8	2024-

MOZAMBIQUE:

Owner	Capacity/a*	Planned start-up
Portucel	1.5	2024-

URUGUAY:

Owner	Capacity/a*	Planned start-up
UPM	2.1	2022

ARGENTINA:

Owner – project	Capacity/a*	Planned start-up
Agroforestal Oberá	0.6	2021

OTHER:

Owner – project	Capacity/a*	Planned start-up
Acacia Cellulose Malaysia	0.9	2022
Double A Thailand	0.6	2024-

*Annual capacity in million tons (September change over time); source: Pöyry. Capacity/year refers to added gross capacity (i.e. relevant as accessible market) without taking into account possible shut-downs of existing capacities

PULP & PAPER (2): FAVORABLE DEVELOPMENT OF ORDER INTAKE



Earnings and profitability at satisfactory level.

Order intake favorably up, both for the capital and service business.

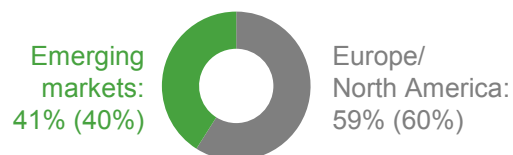
High increase in service **sales** in Q3 2018.

Earnings and **profitability** in Q3 2018 slightly lower than last year's reference period as a result of project mix.

Project-related increase in **employees**; first-time consolidation of Diatec (~70 employees) and Novimpianti (~40).

	UNIT	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,726.4	1,552.0	+11.2%	545.5	427.1	+27.7%	2,033.4
Order backlog (as of end of period)	MEUR	2,148.5	1,899.1	+13.1%	2,148.5	1,899.1	+13.1%	1,787.0
Sales	MEUR	1,523.2	1,474.3	+3.3%	513.7	483.4	+6.3%	2,059.7
EBITDA	MEUR	157.0	148.8	+5.5%	50.9	51.4	-1.0%	221.5
EBITDA margin	%	10.3	10.1	-	9.9	10.6	-	10.8
EBITA	MEUR	136.7	129.7	+5.4%	43.8	45.0	-2.7%	194.9
EBITA margin	%	9.0	8.8	-	8.5	9.3	-	9.5
Employees (as of end of period; without apprentices)	-	8,518	7,982	+6.7%	8,518	7,982	+6.7%	8,002

ORDER INTAKE BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



SALES BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



METALS (1): SATISFACTORY PROJECT AND INVESTMENT ACTIVITY



Good market environment in Metals Processing; solid market environment in Metal Forming.

- **Metal Forming**

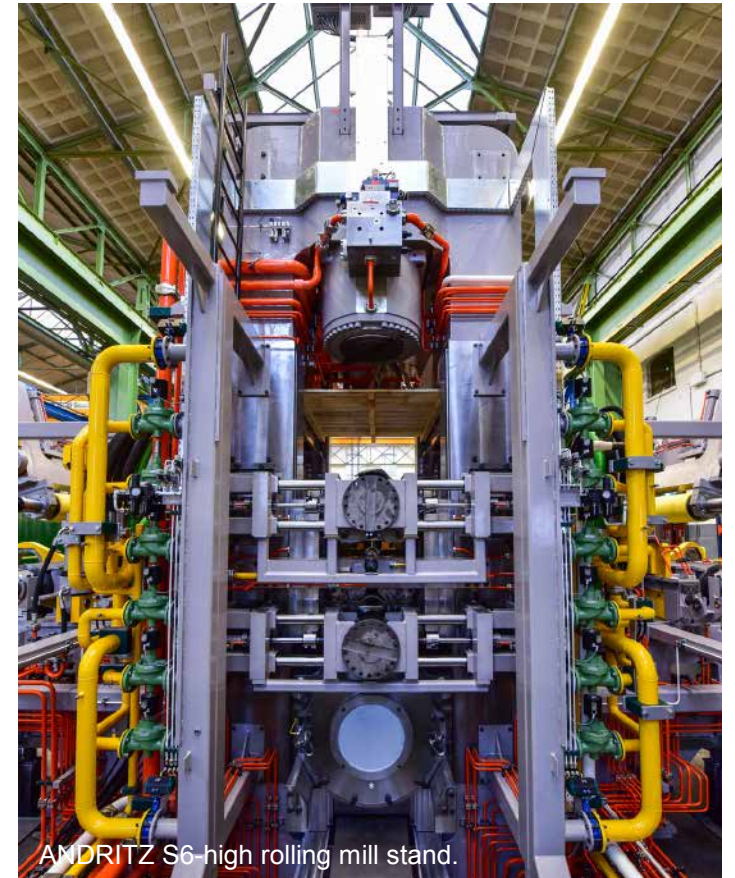
Satisfactory project and investment activity; some individual orders were awarded selectively by international car manufacturers and their suppliers; favorable development of Yadon, China, continued.

- **Metals Processing**

Overall good economic environment and the related high capacity utilization at international steel producing companies led to numerous new and modernization projects, particularly in Asia, Europe, and North America.

- **Competition**

Unchanged challenging competition.



ANDRITZ S6-high rolling mill stand.

METALS (2): UNSATISFACTORY BUSINESS DEVELOPMENT



Cost overruns on some projects and execution of some lower-margin orders.

Significant increase in **order intake** mainly due to Metals processing; stable development in Metal Forming.

Earnings and profitability negatively impacted by cost overruns on some projects and execution of some lower-margin orders.

	UNIT	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,403.3	1,143.6	+22.7%	456.6	329.4	+38.6%	1,606.5
Order backlog (as of end of period)	MEUR	1,556.0	1,302.8	+19.4%	1,556.0	1,302.8	+19.4%	1,309.7
Sales	MEUR	1,142.7	1,185.0	-3.6%	400.3	392.7	+1.9%	1,643.5
EBITDA	MEUR	51.2	106.6	-52.0%	19.1	24.2	-21.1%	129.7
EBITDA margin	%	4.5	9.0	-	4.8	6.2	-	7.9
EBITA (excl. extraordinary effects)	MEUR	29.4	60.4	-51.3%	11.7	16.7	-29.9%	75.0
EBITA	MEUR	29.4	84.0	-65.0%	11.7	16.7	-29.9%	98.6
EBITA margin (excl. extraordinary effects)	%	2.6	5.1	-	2.9	4.3	-	4.6
EBITA margin	%	2.6	7.1	-	2.9	4.3	-	6.0
Employees (as of end of period; without apprentices)	-	7,687	7,567	+1.6%	7,687	7,567	+1.6%	7,573

ORDER INTAKE BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



SALES BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



SEPARATION (1): GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED



Mainly for solid/liquid separation equipment.

- **Municipal**
Investment activity at unchanged good levels (sewage sludge dewatering and drying).
- **Industrial**
Good project activity in chemicals; satisfactory project activity in mining and minerals; slightly improved investment activity in food from low levels of preceding quarters.
- **Feed and biomass pelleting**
Satisfactory project activity.
- **Competition**
Unchanged market environment with some global and many regional competitors.

ANDRITZ ArtBREW, plug-and-play craft beer clarification solution for breweries.



SEPARATION (2): INCREASE IN ORDER INTAKE AND SALES



High order intake in Q1-Q3 2018.

	UNIT	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake in Q1-Q3 2018 strongly up.	MEUR	552.1	477.9	+15.5%	163.5	159.7	+2.4%	622.4
	MEUR	460.1	410.2	+12.2%	460.1	410.2	+12.2%	364.5
	MEUR	449.1	412.8	+8.8%	162.2	141.6	+14.5%	602.8
Increase in sales as a result of rising order intake in previous quarters.	MEUR	27.2	25.8	+5.4%	10.8	9.3	+16.1%	36.4
	%	6.1	6.3	-	6.7	6.6	-	6.0
	MEUR	20.8	19.2	+8.3%	8.5	7.1	+19.7%	27.5
Earnings and profitability slightly up as a result of higher sales .	%	4.6	4.7	-	5.2	5.0	-	4.6
	-	2,849	2,772	+2.8%	2,849	2,772	+2.8%	2,754

ORDER INTAKE BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



SALES BY REGION Q1-Q3 2018 VS. Q1-Q3 2017 (%)



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OUTLOOK FOR REMAINDER OF 2018 UNCHANGED



Unchanged guidance for 2018: flat sales, solid profitability (excluding one-offs)

- For 2018, ANDRITZ expects **stable sales** compared to 2017.
- **Earnings and profitability** will be **significantly lower** due to provisions of well above EUR 20 million, made for capacity restructuring adjustments in Metal Forming (Schuler) and in the Hydro business area.
- **Profitability (EBITA margin) excluding** this extraordinary effect should reach almost the **level of 2017 excluding extraordinary effects** (7.1% vs. 7.5% reported).

Hydro	Pulp & Paper	Metals	Separation
STABLE+	STABLE+	STABLE+	STABLE+
			

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