



RESULTS FOR Q2 / H1 2020

ANDRITZ GROUP

JULY 31, 2020

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 Q2 2020 AT A GLANCE

02 PERFORMANCE Q2 2020

03 UPDATE OF BUSINESS AREAS

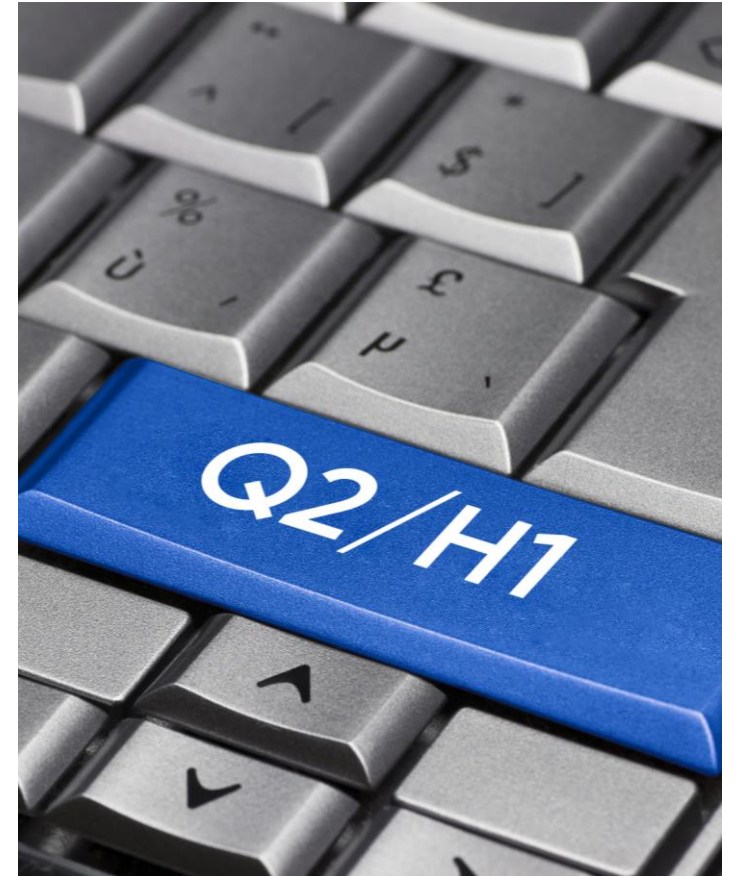
04 OUTLOOK

Q2 2020 AT A GLANCE



Order intake heavily impacted by Corona crisis, successful short-term cost containment

- **Group order intake**, at **1.2 billion euros**, significantly down as a result of the global economic downturn triggered by the Covid-19 pandemic
 - Satisfactory development of Pulp & Paper → **boom in Nonwoven**
 - Increase in Separation
 - Hydro at low level of previous quarter due to continued structural market weakness
 - Metals strongly hit by global economic crisis and structural market weakness (Schuler)
- **Sales slightly increased to 1.7 billion euros**
 - Strong increase in Pulp & Paper due to processing of large orders more than compensates declines in Metals, Hydro, and Separation
- **EBITA and margin also up**
 - Favorable development in Pulp & Paper and Separation
 - Continued unsatisfactory development in Metals (especially Metals Forming), however improved compared to Q1 2020
 - Hydro earnings and margins down due to under-absorption and processing of low-margin orders



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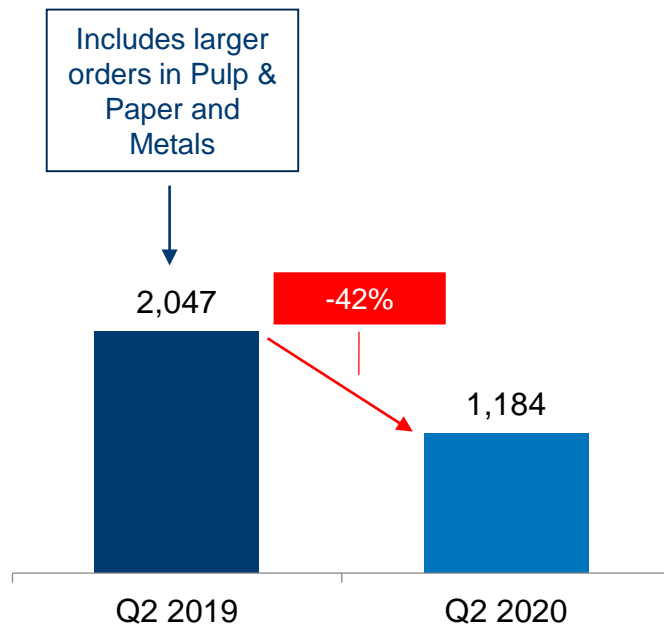
04 OUTLOOK



SIGNIFICANT DECREASE OF ORDER INTAKE IN Q2 2020

Pulp & Paper, Metals and Hydro substantially down; Separation slightly up y/y

ORDER INTAKE Q2 2020 (IN MEUR)

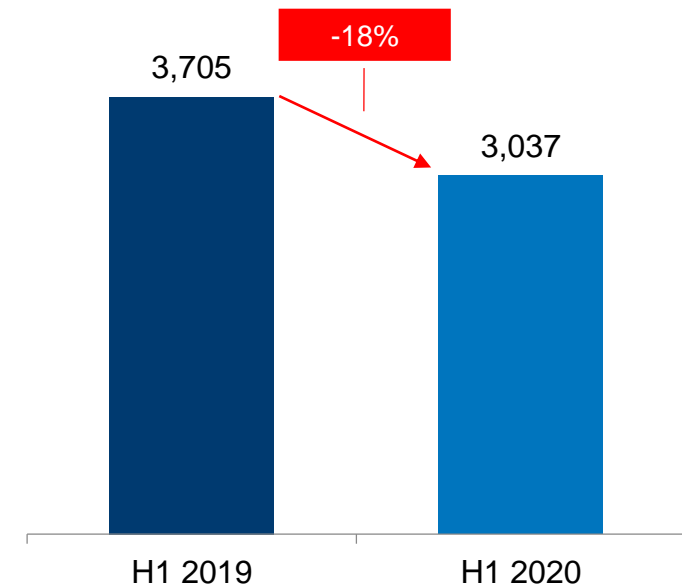


ORDER INTAKE BY BUSINESS AREA (IN MEUR)

	Q2 2020	Q2 2019	+/-
Pulp & Paper	622	1,119	-44%
Metals	127	462	-73%
Hydro	247	288	-14%
Separation	189	179	+6%

	H1 2020	H1 2019	+/-
Pulp & Paper	1,700	1,926	-12%
Metals	488	810	-40%
Hydro	492	602	-18%
Separation	356	368	-3%

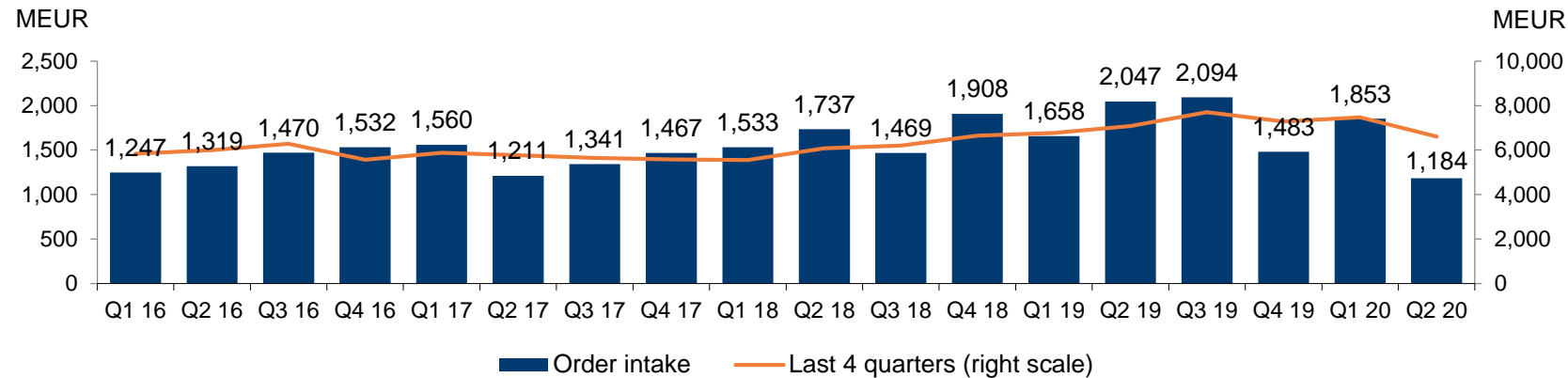
ORDER INTAKE H1 2020 (IN MEUR)



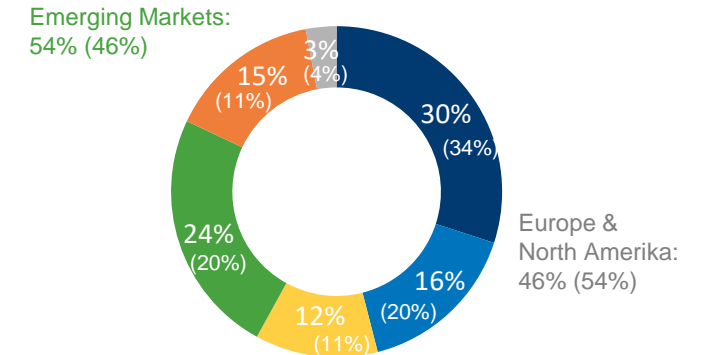
QUARTERLY DEVELOPMENT OF ORDER INTAKE



Order intake of last 4 quarters amounted to ~6.6 bn euros



ORDER INTAKE BY REGION
H1 2020 (H1 2019) IN %



Well balanced geographical exposure

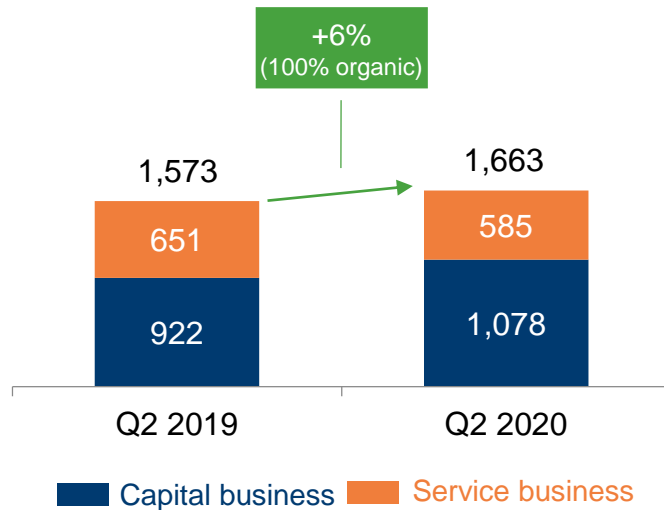
- Europe and North America: 46%
- Emerging Markets: 54%



GROUP SALES SLIGHTLY UP, MAINLY DRIVEN BY CAPITAL BUSINESS

Very favorable development in Pulp & Paper; Hydro, Metals, and Separation down q/q

SALES Q2 2020 (IN MEUR)

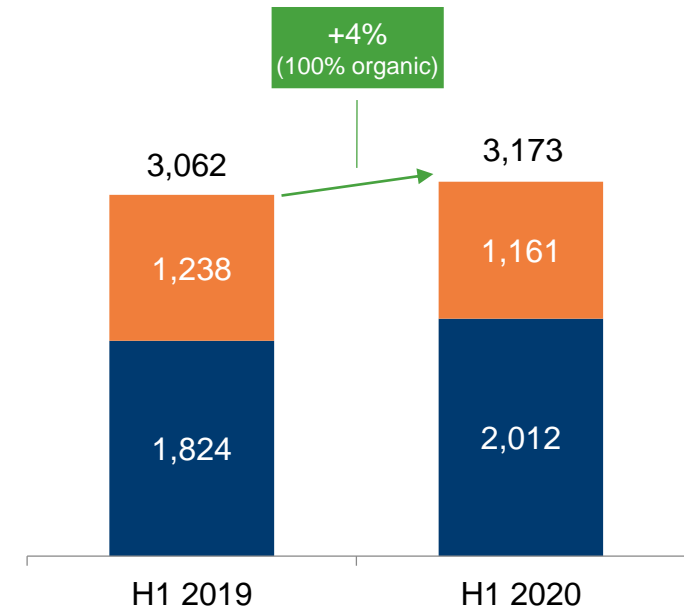


SALES BY BUSINESS AREA (IN MEUR)

	Q2 2020	Q2 2019	+/-
Pulp & Paper	882	708	+25%
Metals	343	371	-8%
Hydro	289	337	-14%
Separation	148	158	-6%

	H1 2020	H1 2019	+/-
Pulp & Paper	1,596	1,310	+22%
Metals	698	759	-8%
Hydro	588	676	-13%
Separation	292	318	-8%

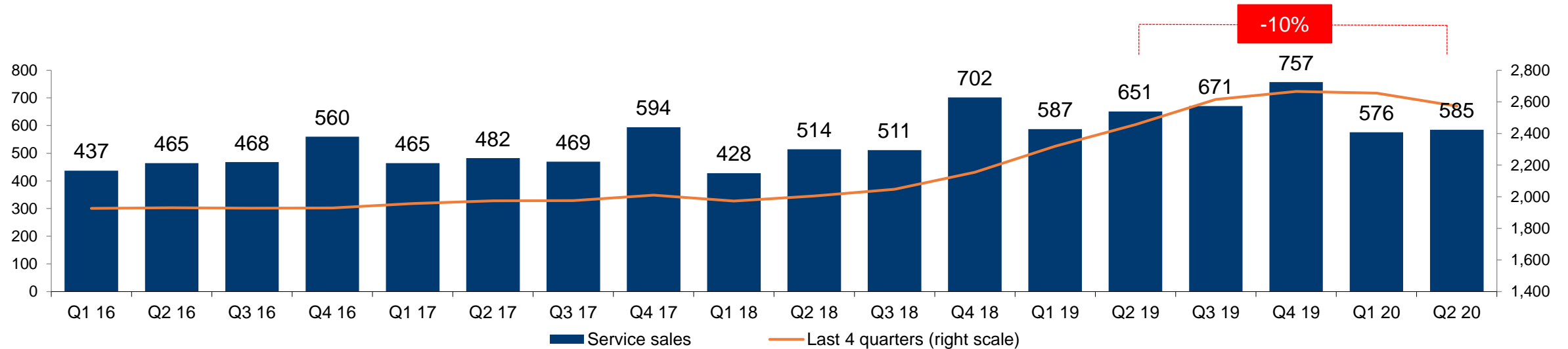
SALES H1 2020 (IN MEUR)



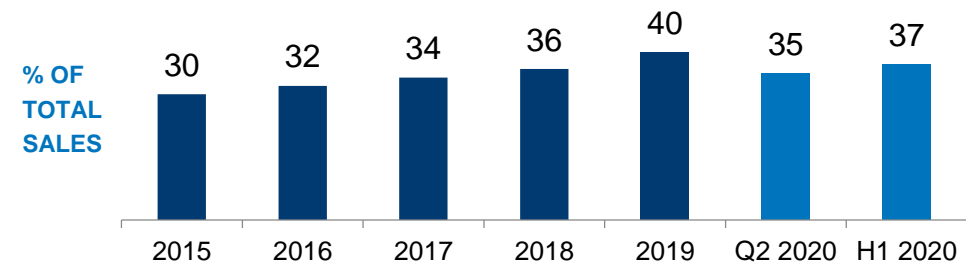
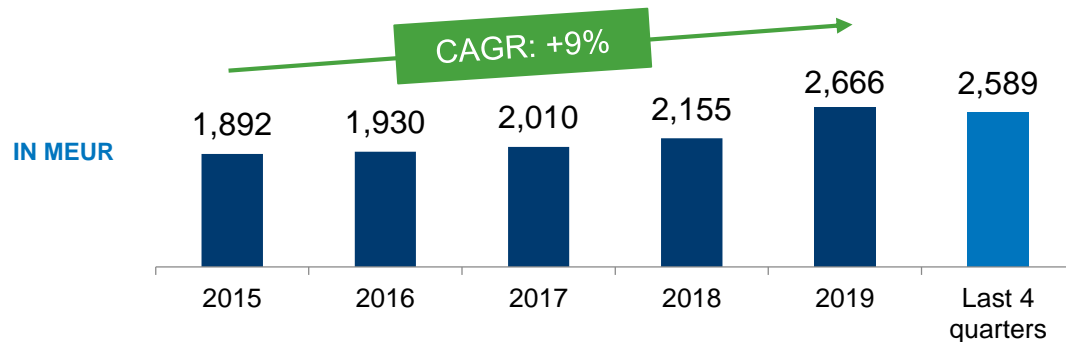
SERVICE BUSINESS ONLY PARTIALLY IMPACTED BY COVID-19



Quarterly development of service sales (in MEUR)



Service business in absolute and relative terms:

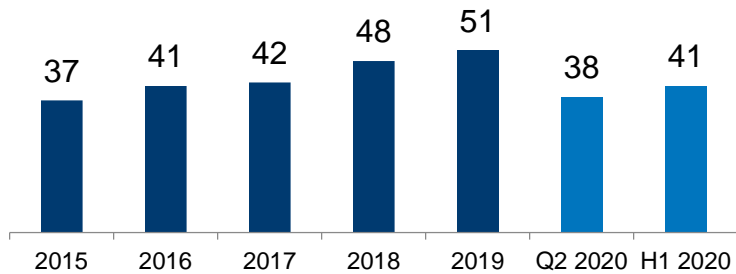


SERVICE BUSINESS BY BUSINESS AREA

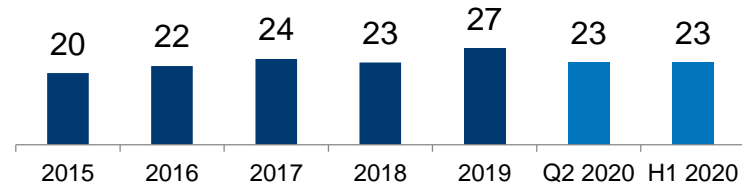


% of total business area sales

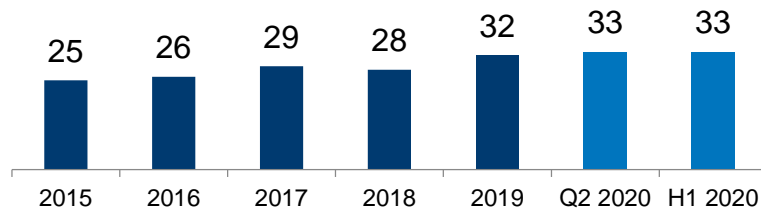
PULP & PAPER



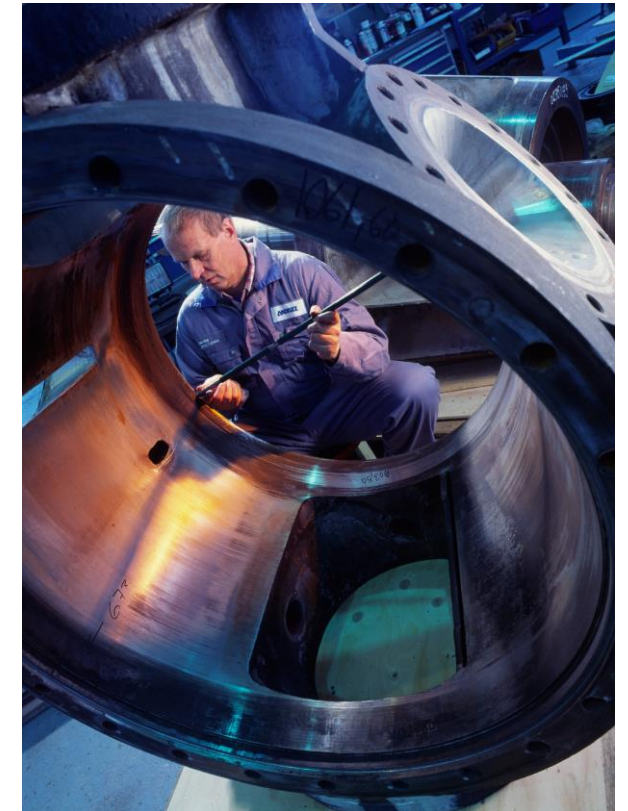
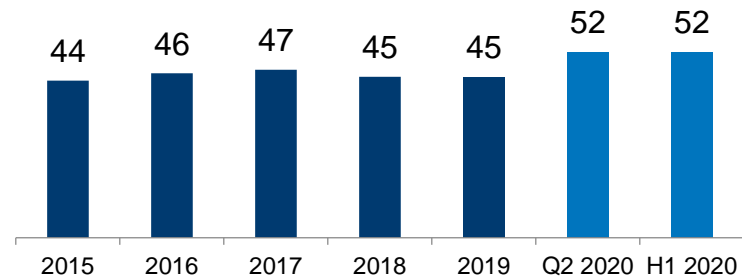
METALS



HYDRO



SEPARATION

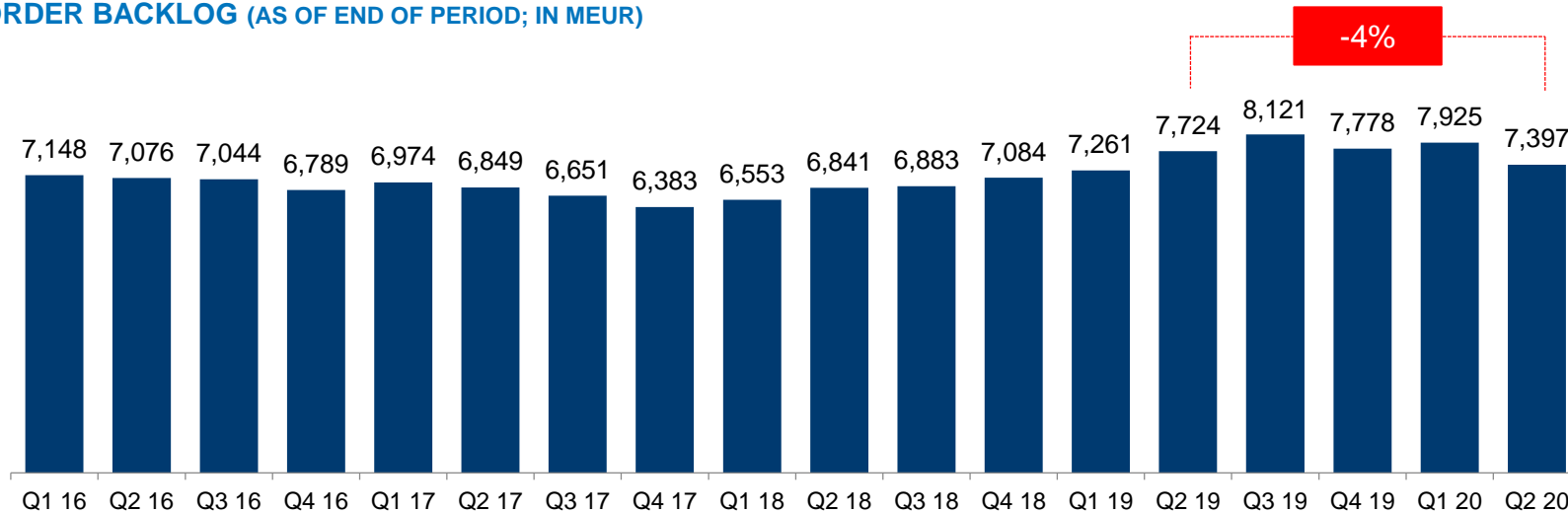




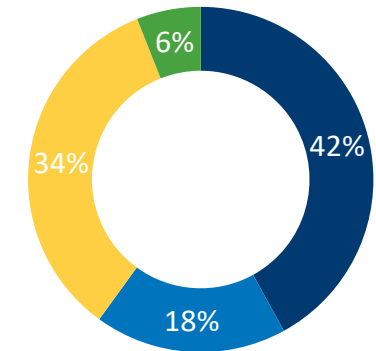
SOLID ORDER BACKLOG – ESPECIALLY IN PULP & PAPER

Order backlog at 7.4 billion as of end of Q2 2020

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



ORDER BACKLOG AS OF END OF
Q2 2020 BY BUSINESS AREA
(IN %)



■ Pulp & Paper ■ Metals ■ Hydro ■ Separation

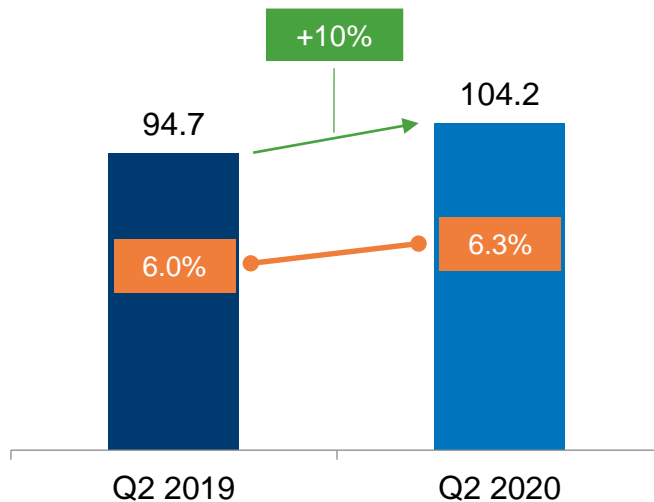
- Pulp & Paper and Hydro **account for 76% of total order backlog**

EARNINGS AND PROFITABILITY UP DUE TO PULP & PAPER AND SEPARATION



Successful short-term cost containment measures

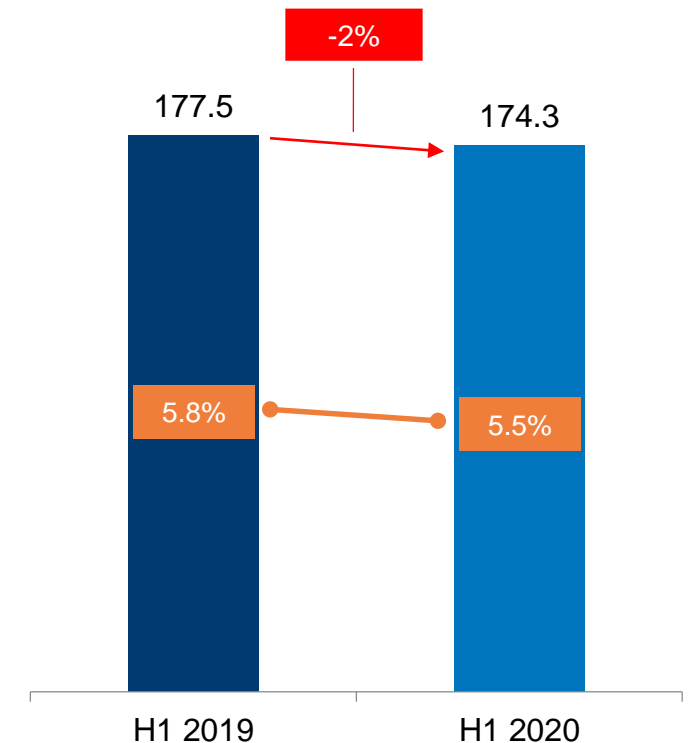
EBITA (IN MEUR) AND EBITA MARGIN Q2 2020 (IN %)



Q2 2020:

- Unchanged solid earnings and profitability of **Pulp & Paper** with **favorable development in Capital and Service**
- **Metals** continued to be unsatisfactory, mainly related to Metals Forming (Schuler) due to processing of low-margin orders as well as under-absorption of capacities, however improved compared to Q1 2020
- **Hydro profitability dropped**, mainly due to under-absorption and processing of low margin orders
- **Separation** continues positive earnings trend

EBITA (IN MEUR) AND EBITA MARGIN H1 2020 (IN %)

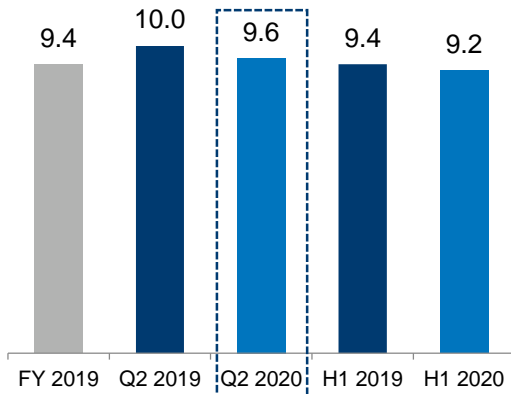


PROFITABILITY BY BUSINESS AREA

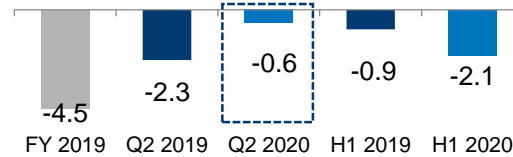


EBITA margin (%)

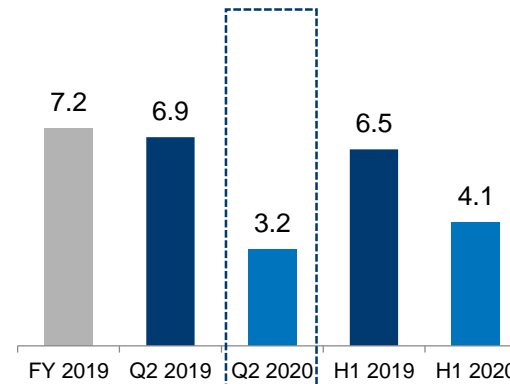
PULP & PAPER



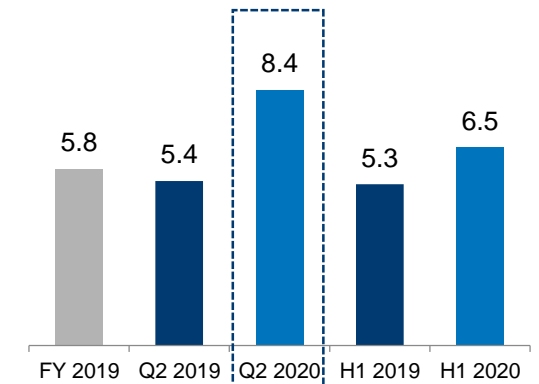
METALS



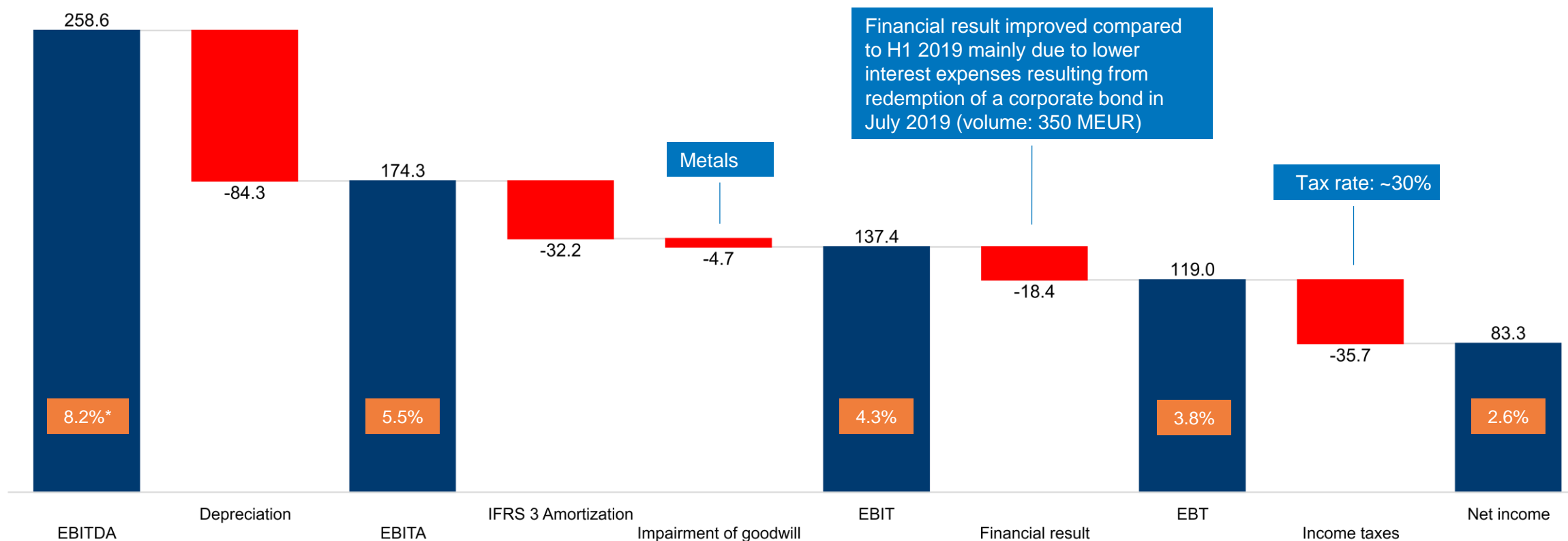
HYDRO



SEPARATION



EBITDA – NET INCOME BRIDGE

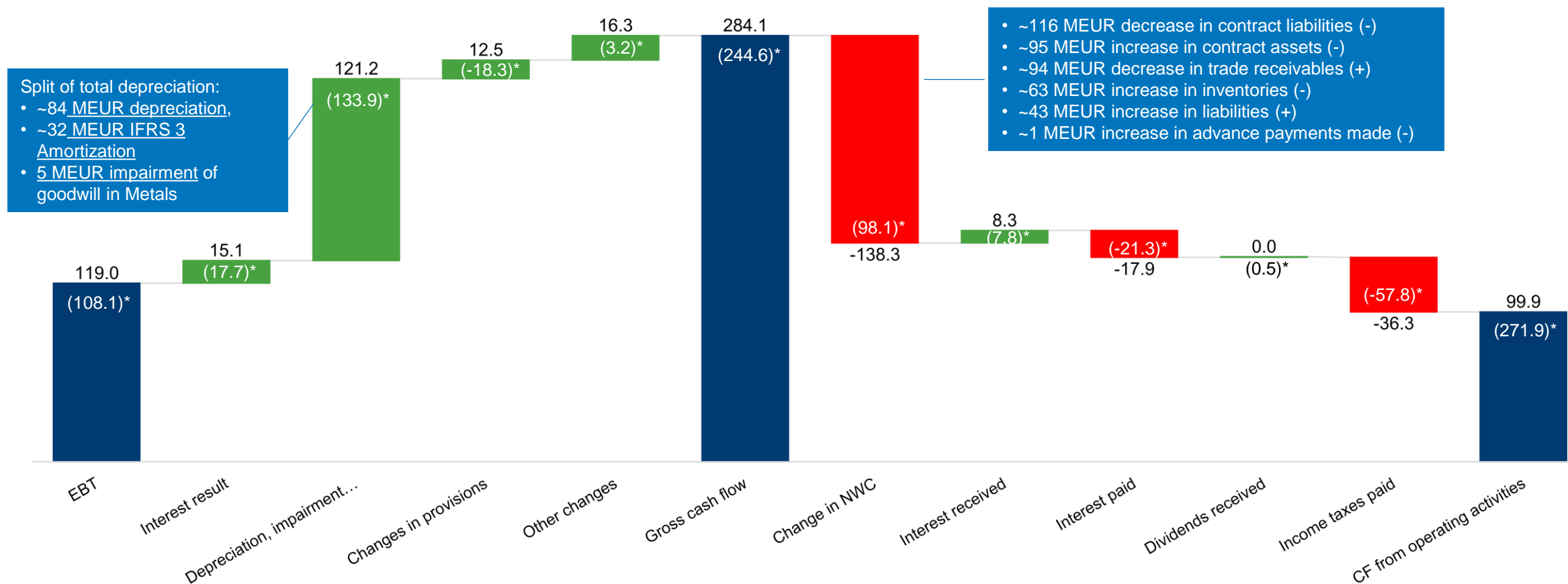


IN MEUR; *: % OF TOTAL SALES

DEVELOPMENT OF CASH FLOW FROM OPERATING ACTIVITIES



Decrease in net working capital

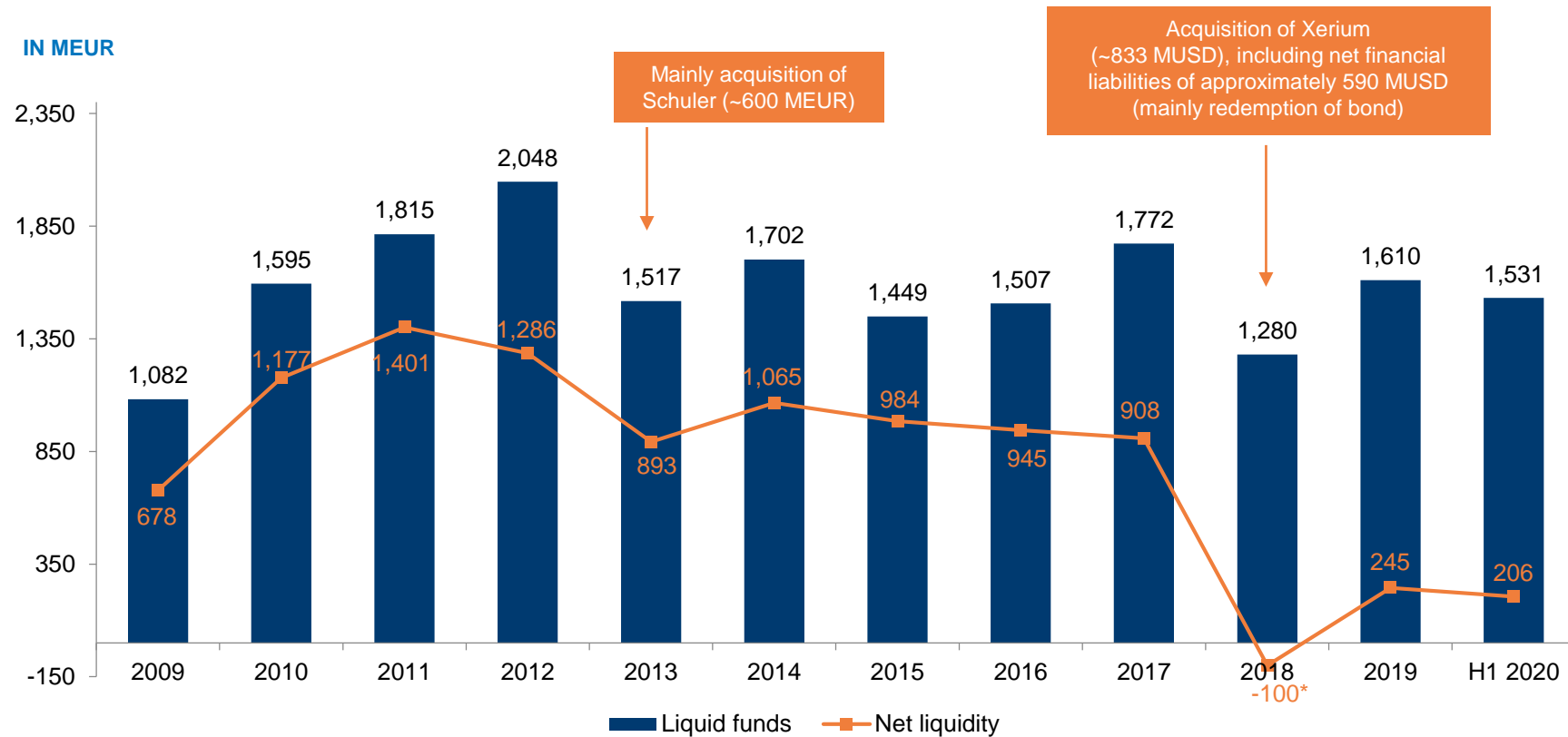


* H1 2019

SOLID FINANCIAL POSITION



Liquid funds of 1.5 billion euros



- In addition to the high amount of disposable cash, ANDRITZ has surety lines of 5.9 bn EUR and credit lines of 0.4 bn EUR
- Financial liabilities mainly relate to SSDs and some loans with preferential interest rates
- Next redemption tranche for SSDs not before 2023

*Since January 1, 2019, lease liabilities are excluded from the calculation of net liquidity

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PULP & PAPER: STRONG INCREASE IN SALES AND CONTINUED FAVORABLE PROFITABILITY



Solid development in Capital and Service

Order intake in Q2 2020 down compared to Q2 2019 which included some larger orders for supply of equipment for greenfield pulp mills and some biomass boilers

Strong increase in **sales** due to processing of large orders

Earnings and profitability at favorable levels in both Capital and Service

	UNIT	Q2 2020	Q2 2019	+/-	H1 2020	H1 2019	+/-	2019
Order intake	MEUR	621.6	1,118.8	-44.4%	1,699.8	1,925.7	-11.7%	3,632.5
Order backlog (as of end of period)	MEUR	3,118.4	3,054.0	+2.1%	3,118.4	3,054.0	+2.1%	3,164.3
Sales	MEUR	882.3	707.6	+24.7%	1,595.6	1,310.3	+21.8%	2,869.5
EBITDA	MEUR	103.6	91.1	+13.7%	184.8	163.0	+13.4%	351.4
EBITDA margin	%	11.7	12.9	-	11.6	12.4	-	12.2
EBITA	MEUR	84.5	71.1	+18.8%	146.3	123.6	+18.4%	271.0
EBITA margin	%	9.6	10.0	-	9.2	9.4	-	9.4
Employees (as of end of period; without apprentices)	-	11,204	11,772	-4.8%	11,204	11,772	-4.8%	11,984

ORDER INTAKE BY REGION H1 2020 VS. H1 2019 (%)



SALES BY REGION H1 2020 VS. H1 2019 (%)



METALS: UNSATISFACTORY BUSINESS DEVELOPMENT



Significant decline in order intake as a result of the global economic downturn and structural market weakness (Schuler)

Order intake in Q2 2020 significantly down y/y in both Metals segments

Decrease in sales in Q2 2020, mainly due to Metals Forming

Earnings and profitability impacted by

- execution of lower-margin orders and
- under-absorption in Metals Forming (Schuler)

	UNIT	Q2 2020	Q2 2019	+/-	H1 2020	H1 2019	+/-	2019
Order intake	MEUR	126.6	461.7	-72.6%	488.1	809.8	-39.7%	1,582.2
Order backlog (as of end of period)	MEUR	1,302.1	1,654.2	-21.3%	1,302.1	1,654.2	-21.3%	1,532.7
Sales	MEUR	343.0	370.9	-7.5%	698.2	758.7	-8.0%	1,636.9
EBITDA	MEUR	8.2	3.0	+173.3%	5.8	15.8	-63.3%	-1.5
EBITDA margin	%	2.4	0.8	-	0.8	2.1	-	-0.1
EBITA	MEUR	-2.0	-8.4	+76.2%	-15.0	-6.9	-117.4%	-73.8
EBITA margin	%	-0.6	-2.3	-	-2.1	-0.9	-	-4.5
Employees (as of end of period; without apprentices)	-	6,903	7,680	-10.1%	6,903	7,680	-10.1%	7,485

ORDER INTAKE BY REGION H1 2020 VS. H1 2019 (%)



SALES BY REGION H1 2020 VS. H1 2019 (%)



HYDRO: CONTINUED WEAK GLOBAL HYDROPOWER MARKET



Low order intake, profitability down due to processing of low-margin orders and under-absorption

Order intake at low level due to unchanged low investment activity worldwide

Decrease in **sales** as a result of lower order intake during last years

Earnings and margin down due to processing of low-margin orders and under-absorption

	UNIT	Q2 2020	Q2 2019	+/-	H1 2020	H1 2019	+/-	2019
Order intake	MEUR	246.9	287.9	-14.2%	492.4	601.8	-18.2%	1,350.2
Order backlog (as of end of period)	MEUR	2,505.9	2,563.3	-2.2%	2,505.9	2,563.3	-2.2%	2,661.0
Sales	MEUR	289.4	337.2	-14.2%	587.6	675.6	-13.0%	1,470.7
EBITDA	MEUR	18.3	30.0	-39.0%	42.1	60.2	-30.1%	134.1
EBITDA margin	%	6.3	8.9	-	7.2	8.9	-	9.1
EBITA	MEUR	9.2	23.4	-60.7%	24.0	44.0	-45.5%	105.9
EBITA margin	%	3.2	6.9	-	4.1	6.5	-	7.2
Employees (as of end of period; without apprentices)	-	6,987	7,332	-4.7%	6,987	7,332	-4.7%	7,202

ORDER INTAKE BY REGION H1 2020 VS. H1 2019 (%)



SALES BY REGION H1 2020 VS. H1 2019 (%)



SEPARATION: FURTHER IMPROVEMENT IN PROFITABILITY



Good development of order intake for solid-liquid separation equipment

Order intake slightly higher than in Q2 2019, driven by solid-liquid separation

Sales declined slightly compared to last year

Favorable development of **earnings** and **profitability**

	UNIT	Q2 2020	Q2 2019	+/-	H1 2020	H1 2019	+/-	2019
Order intake	MEUR	188.7	178.7	+5.6%	356.4	367.9	-3.1%	717.1
Order backlog (as of end of period)	MEUR	470.2	452.7	+3.9%	470.2	452.7	+3.9%	419.6
Sales	MEUR	148.1	157.6	-6.0%	291.6	317.8	-8.2%	696.8
EBITDA	MEUR	15.9	12.0	+32.5%	25.9	23.7	+9.3%	53.6
EBITDA margin	%	10.7	7.6	-	8.9	7.5	-	7.7
EBITA	MEUR	12.5	8.5	+47.1%	19.0	16.8	+13.1%	40.1
EBITA margin	%	8.4	5.4	-	6.5	5.3	-	5.8
Employees (as of end of period; without apprentices)	-	2,734	2,832	-3.5%	2,734	2,832	-3.5%	2,842

ORDER INTAKE BY REGION H1 2020 VS. H1 2019 (%)



SALES BY REGION H1 2020 VS. H1 2019 (%)



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MARKET UPDATE AND OUTLOOK BY BUSINESS AREA (I)



Satisfactory market environment for Pulp and Paper, very weak in Metals

PULP & PAPER



- Strong decline of **pulp prices, now bottoming out at low levels; increase in global inventories** due to demand going back to „normal“ (after high demand during initial phase of Covid-19) and increased production
- However, satisfactory project activity in pulp and tissue/cartonboard and for biomass power boilers (Japan, China)
- Continued **high investment activity in Nonwoven** (plants for production of masks and nonwoven fabrics)
- Service business somewhat impacted due to partially limited access to project sites

METALS



Metals Forming:

- Very weak global automotive markets put pressure on OEMs and suppliers
- Very low project activity for metal forming equipment

Metals Processing:

- Challenging financial situation at most steel producers globally
- Very low project activity and high price pressure

MARKET UPDATE AND OUTLOOK BY BUSINESS AREA (II)



Unchanged challenging market environment for hydropower equipment, Separation good

HYDRO



- Unchanged challenging market environment globally
- Sharp decline of electricity spot prices in Europe during first half 2020
- Weak demand for small hydropower (Compact Hydro)
- Some order awards for large projects expected in Q3/Q4 2020

SEPARATION



- Overall reasonable project activity
- Solid demand from municipalities and from the food processing industry
- Satisfactory investment activity for feed technologies

OUTLOOK: FINANCIAL GUIDANCE FOR 2020



ANDRITZ topics for the remainder of 2020:

- **Implementation of restructuring measures in Metals Forming and Hydro** to cope with structural market weaknesses (intensified by global economic downturn):
 - Adjust cost base in both areas to expected lower mid-term business volume
 - For these measures, **provisions in the mid-/upper-double-digit million euro range** will be built in Q3 2020
- Continued cost containment measures in all areas
- Continuation/acceleration of developing new products

GUIDANCE FOR 2020: slight decline in sales, stable profitability

- **Group sales** expected to be **slightly lower** compared to 2019 (6.674 MEUR)
- EBITA margin 2020 (after extraordinary provisions) expected to be **roughly stable** compared to 2019 (EBITA margin: **~5%**)

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