



ANDRITZ GROUP

Company presentation August 2017

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The ANDRITZ GROUP

Overview

ANDRITZ is a globally leading supplier of plants, equipment, and services for hydropower stations, the pulp and paper industry, the metal-working and steel industries, and solid/liquid separation in the municipal and industrial sectors.

Headquarters: Graz, Austria

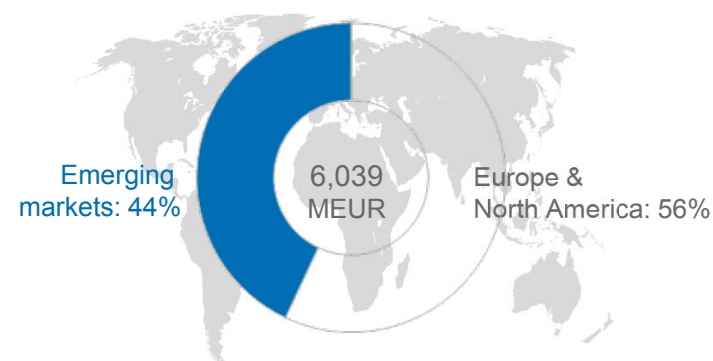
Global presence: over 250 production sites and service/sales companies worldwide

KEY FINANCIAL FIGURES H1 2017 AND 2016

	Unit*	H1 2017	2016
Order intake	MEUR	2,771.3	5,568.8
Order backlog (as of end of period)	MEUR	6,849.1	6,789.2
Sales	MEUR	2,779.0	6,039.0
EBITA	MEUR	207.3	442.1
Net income (including non-controlling interests)	MEUR	131.8	274.8
Employees (as of end of period; without apprentices)	-	25,390	25,162

* MEUR = million euros

Sales by region 2016 (%)



	H1 2017	2016	2015
Europe	38	35	38
North America	21	21	19
China	15	12	12
Asia (without China)	12	12	13
South America	10	15	14
Africa, Australia	4	5	4

Company profile (I)

A global market leader with four business areas

ANDRITZ

ANDRITZ
Hydro



Product offerings:
electromechanical equipment for hydropower plants (turbines, generators); pumps; turbo generators

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Pulp & Paper



Product offerings:
equipment for production of all types of pulp, paper, tissue, and board; energy boilers

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Metals



Product offerings:
presses for metal forming (Schuler); systems for production of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants

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Separation



Product offerings:
equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets

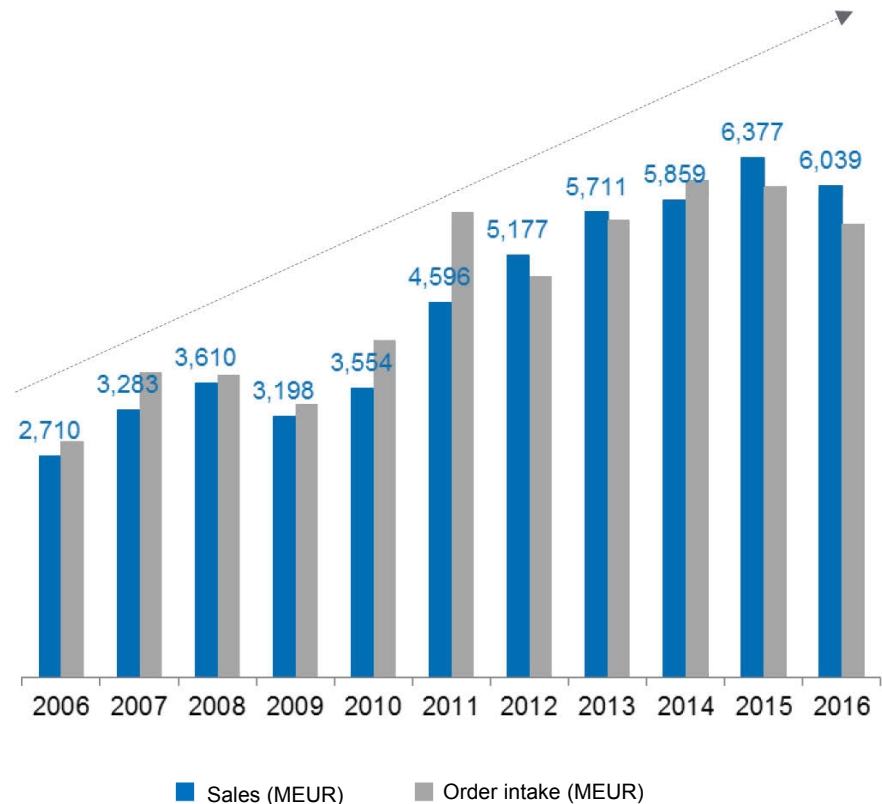
Strengthening of market position

Growth through organic expansion and acquisitions

Acquisitions by business area since 1990

HYDRO	
2006	VA TECH HYDRO
2007	Tigép
2008	GE Hydro business
2008	GEHI (JV)
2010	Precision Machine
2010	Hammerfest Strøm (59%)
2010	Ritz
2011	Hemicycle Controls
2012 AES	
2013 MeWa	
2015 Euroslot	
2016 SHW Casting Technologies	
2017 Paperchine	
METALS	
1997	Sundwig
1998	Thermtec
2000	Kohler
2002	SELAS SAS Furnace Div.
2004	Kaiser
2005	Lynson
2008	Maerz
2012	Bricmont
2012	Soutec
2013	Schuler (> 95%)
2013	FBB Engineering
2014	Herr-Voss Stamco
2016	Yadon
2016	AWEBA
2017	Powerlase (51%)
PULP & PAPER	
1990	Sprout-Bauer
1992	Durametal
1994	Kone Wood
1998	Kvaerner Hymac
1999	Winberg
2000	Ahlstrom Machinery
2000	Lamb Baling Line
2000	Voith Andritz Tissue LLC (JV)
2002	ABB Drying
2003	IDEAS Simulation
2003	Acutest Oy
2003	Fiedler
2004	EMS (JV)
2005	Cybermetrics
2005	Universal Dynamics Group
2006	Küstners
2006	Carbona
2006	Pilão
2007	Bachofen + Meier
2007	Sindus
2008	Kufferath
2009	Rollteck
2010	Rieter Perfojet
2010	DMT/Biax
2011	AE&E Austria
2011	Iggesund Tools
2011	Tristar Industries
2011	Asselin-Thibeau
SEPARATION	
1992	TCW Engineering
1995	Jesma-Matador
1996	Guinard
2000	UMT
2002	3SYS
2004	Bird Machine
2004	NETZSCH Filtration
2004	Fluid Bed Systems
2005	Lenser Filtration
2006	CONTEC Decanter
2009	Delkor Capital Equipment
2009	Frautech
2010	KMPT
2012	Gouda
2013	Shende Machinery
2016	ANBO

Compound Annual Growth Rate (CAGR) of Group sales 2006-2016: +8% p. a. (thereof approximately half organic growth)



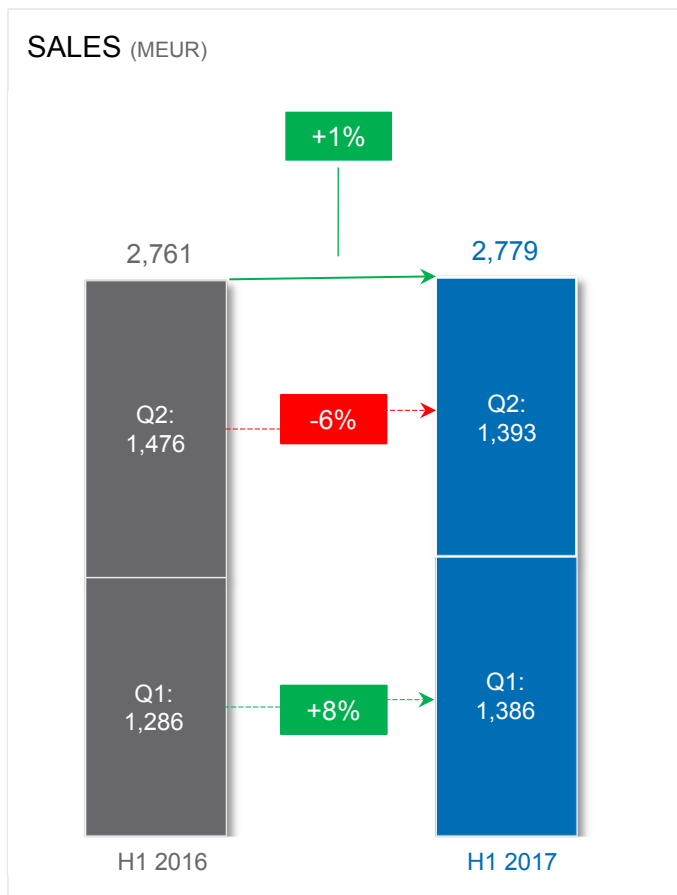
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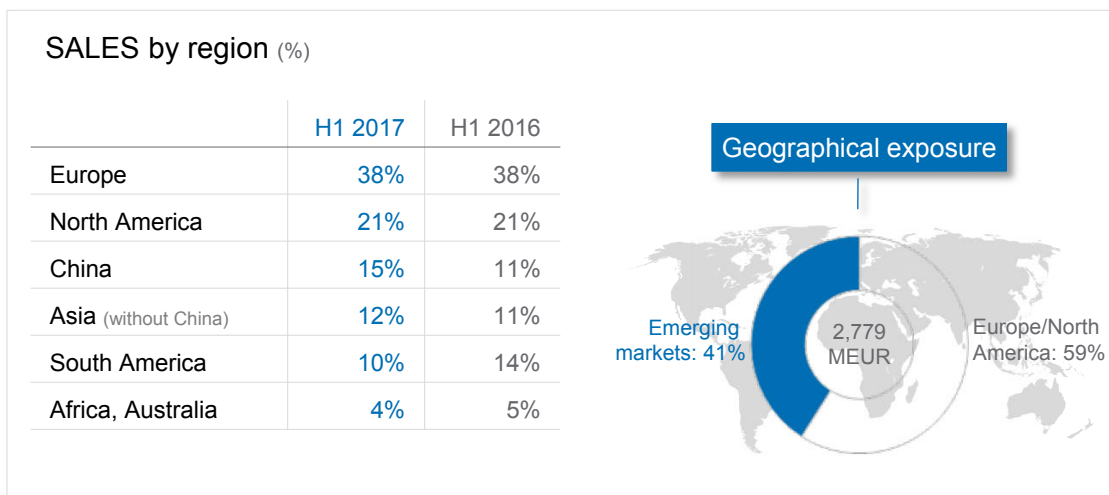
3 Outlook, Group strategy, and long-term goals

Stable Group sales in H1 2017, however decrease in Q2 due to HYDRO and PULP & PAPER



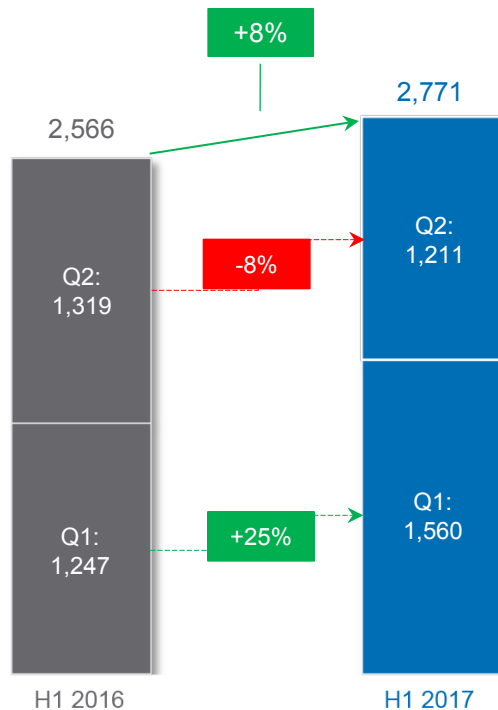
SALES by business area (MEUR)

	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-
HYDRO	725	807	-10%	369	439	-16%
PULP & PAPER	991	980	+1%	482	523	-8%
METALS	792	704	+13%	395	371	+7%
SEPARATION	271	270	0%	147	143	+3%



Group order intake in H1 2017 up due to good Q1, however decline in Q2 due to HYDRO and METALS

ORDER INTAKE (MEUR)

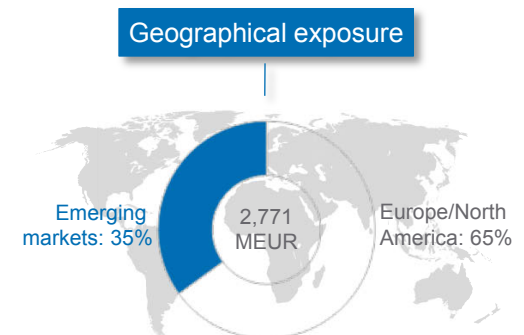


ORDER INTAKE by business area (MEUR)

	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-
HYDRO	514	591	-13%	205	339	-40%
PULP & PAPER	1,125	916	+23%	472	370	+27%
METALS	814	769	+6%	372	469	-21%
SEPARATION	318	290	+10%	164	140	+17%

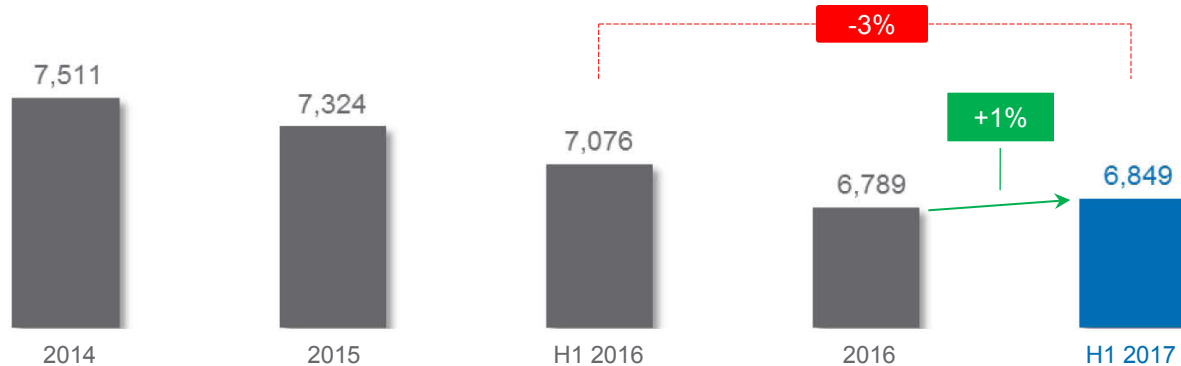
ORDER INTAKE by region (%)

	H1 2017	H1 2016
Europe	42%	42%
North America	23%	19%
China	15%	19%
Asia (without China)	10%	10%
South America	6%	7%
Africa, Australia	4%	3%



Group order backlog remains at solid level

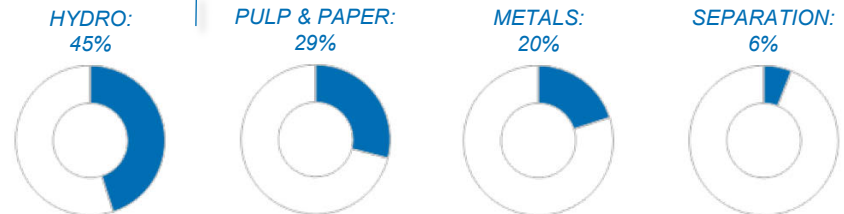
ORDER BACKLOG (as of end of period in MEUR)



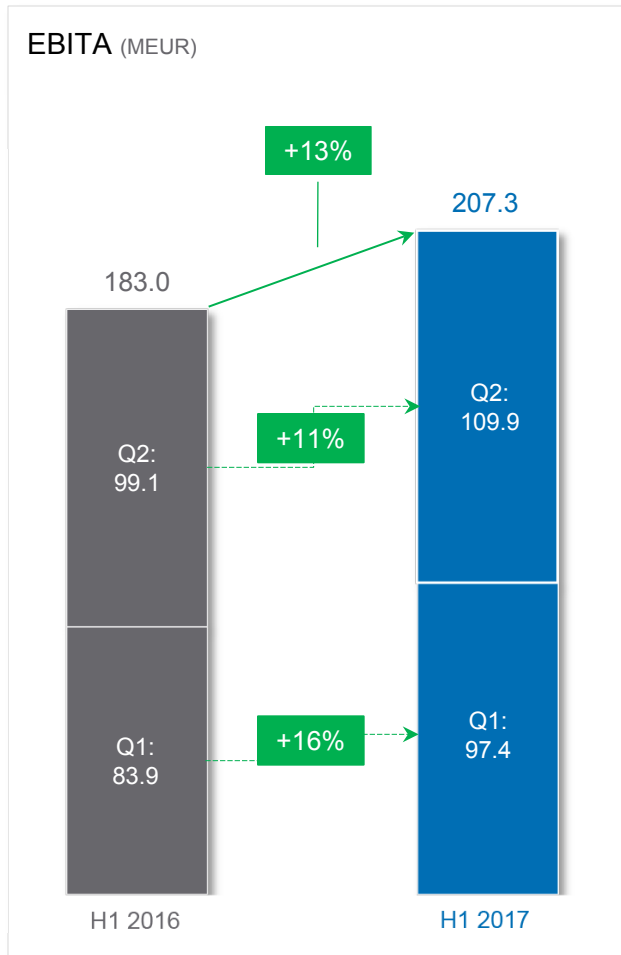
ORDER BACKLOG by business area (as of end of period in MEUR)

	H1 2017	H1 2016	+/-
HYDRO	3,090	3,325	-7%
PULP & PAPER	1,972	1,898	+4%
METALS	1,389	1,488	-7%
SEPARATION	399	366	+9%

HYDRO and PULP & PAPER account for 74% of total backlog



Earnings and profitability impacted positively by one-off effect in METALS



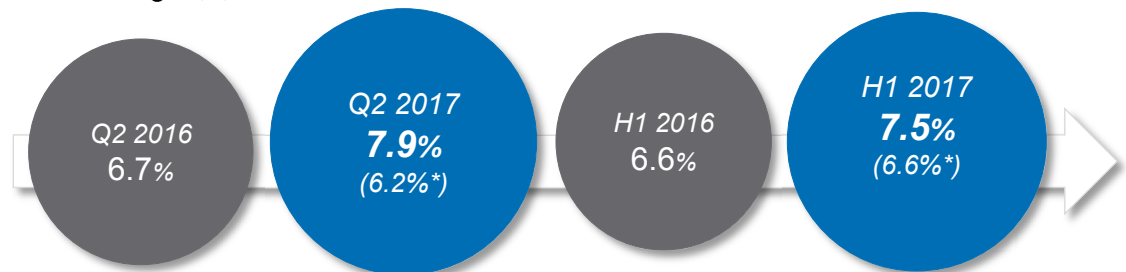
Q2 2017:

- Positive one-off effect of around 25 MEUR, mainly due to sale of the Schuler Technical Center in Tianjin, China.
- Thus, EBITA in Q2 2017 increased to 109.9 MEUR (Q2 2016: 99.1 MEUR), profitability (EBITA margin) went up to 7.9% (Q2 2016: 6.7%). Excluding this extraordinary effect, the EBITA would have been 86.5 MEUR and the EBITA margin 6.2%.

H1 2017:

- EBITA amounted to 207.3 MEUR and was thus well above the figure for the previous year's reference period (H1 2016: 183.0 MEUR). EBITA margin increased to 7.5% (H1 2016: 6.6%). Excluding this extraordinary effect, EBITA would have been 182.3 MEUR and the EBITA margin 6.6%.

EBITA margin (%)



* Excluding extraordinary effect (mainly due to sale of the Schuler Technical Center in Tianjin)

Key figures Q2/H1 2017 at a glance

	Unit	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-	2016
Order intake	MEUR	2,771.3	2,566.4	+8.0%	1,211.3	1,319.0	-8.2%	5,568.8
Order backlog (as of end of period)	MEUR	6,849.1	7,076.3	-3.2%	6,849.1	7,076.3	-3.2%	6,789.2
Sales	MEUR	2,779.0	2,761.2	+0.6%	1,392.8	1,475.6	-5.6%	6,039.0
EBITDA	MEUR	253.5	229.6	+10.4%	132.8	122.9	+8.1%	542.4
EBITA	MEUR	207.3	183.0	+13.3%	109.9	99.1	+10.9%	442.1
EBIT	MEUR	185.4	163.0	+13.7%	98.5	88.8	+10.9%	385.8
EBT	MEUR	188.9	171.8	+10.0%	98.6	96.9	+1.8%	398.4
Financial result	MEUR	3.5	8.8	-60.2%	0.1	8.1	-98.8%	12.6
Net income (including non-controlling interests)	MEUR	131.8	120.3	+9.6%	68.7	67.7	+1.5%	274.8
Cash flow from operating activities	MEUR	81.5	200.6	-59.4%	-66.2	33.1	-300.0%	366.6
Capital expenditure	MEUR	55.9	44.8	+24.8%	26.9	28.3	-4.9%	119.5
Equity ratio	%	20.2	19.8	-	20.2	19.8	-	21.7
Liquid funds	MEUR	1,758.6	1,358.2	+29.5%	1,758.6	1,358.2	+29.5%	1,507.1
Net liquidity	MEUR	817.6	863.0	-5.3%	817.6	863.0	-5.3%	945.3
Net working capital	MEUR	-121.4	-232.2	+47.7%	-121.4	-232.2	+47.7%	-215.8
EBITDA margin	%	9.1	8.3	-	9.5	8.3	-	9.0
EBITA margin	%	7.5	6.6	-	7.9	6.7	-	7.3
EBIT margin	%	6.7	5.9	-	7.1	6.0	-	6.4
Employees (as of end of period; without apprentices)	-	25,390	25,737	-1.3%	25,390	25,737	-1.3%	25,162

Limited long-term capex requirements

Solid financial basis with high net cash position

Negative net working capital, however fluctuating with large orders

HYDRO (1): continued weak project and investment activity

No large orders awarded

Modernizations/rehabilitations

Unchanged, difficult market conditions impacted by low electricity and energy prices, mostly in Europe

New hydropower plants

Some new projects in emerging markets, particularly in Asia, Africa and South America, are currently in the planning phase



Competition

Stable competition at challenging level

Pumps

Satisfactory project activity

▲ Commercial operation of the new pumped storage power plant Reisseck II in Austria started in October 2016. ANDRITZ HYDRO also installed two identical generator units in the cavern.

HYDRO (2)

Subdued business development

	ANDRITZ Hydro	Unit	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-	2016
Order intake significantly down due to unchanged weak market conditions	Order intake	MEUR	514.0	591.4	-13.1%	204.5	339.4	-39.7%	1,500.3
	Order backlog (as of end of period)	MEUR	3,089.5	3,324.8	-7.1%	3,089.5	3,324.8	-7.1%	3,269.6
Significant decrease in sales	Sales	MEUR	724.6	807.3	-10.2%	368.7	439.4	-16.1%	1,752.4
	EBITDA	MEUR	57.2	71.8	-20.3%	28.1	40.3	-30.3%	167.2
	EBITDA margin	%	7.9	8.9	-	7.6	9.2	-	9.5
Decline in profitability, mainly due to lower sales	EBITA	MEUR	43.2	56.0	-22.9%	21.1	32.3	-34.7%	127.6
	EBITA margin	%	6.0	6.9	-	5.7	7.4	-	7.3
	Employees (as of end of period; without apprentices)	-	7,215	7,683	-6.1%	7,215	7,683	-6.1%	7,260

ORDER INTAKE by region H1 2017 vs. H1 2016 (%)



SALES by region H1 2017 vs. H1 2016 (%)



PULP & PAPER (1)

Unchanged solid market environment

Pulp

Satisfactory project and investment activity, particularly for modernization of existing pulp mills. No order awards for new pulp mills in Q2 2017.

Paper

Satisfactory market development for tissue and packaging equipment continued.

Competition

Stable competitive environment



▲ *ANDRITZ supplied the latest technology for the digester and chip feeding system at Celbi, Portugal.*

PULP & PAPER (2)

Favorable business development



Favorable development of order intake, with growth in both the capital and the service business

Project related decline of sales in Q2 2017

Despite decrease in sales, profitability up due to improvement in the capital business

	Unit	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-	2016
Order intake	MEUR	1,124.9	916.0	+22.8%	471.6	370.4	+27.3%	1,919.5
Order backlog (as of end of period)	MEUR	1,971.5	1,898.4	+3.9%	1,971.5	1,898.4	+3.9%	1,803.3
Sales	MEUR	990.9	980.4	+1.1%	482.2	522.8	-7.8%	2,094.4
EBITDA	MEUR	97.4	90.4	+7.7%	44.8	44.0	+1.8%	207.7
EBITDA margin	%	9.8	9.2	-	9.3	8.4	-	9.9
EBITA	MEUR	84.7	78.2	+8.3%	38.4	38.0	+1.1%	182.2
EBITA margin	%	8.5	8.0	-	8.0	7.3	-	8.7
Employees (as of end of period; without apprentices)	-	7,926	7,638	+3.8%	7,926	7,638	+3.8%	7,522

ORDER INTAKE by region H1 2017 vs. H1 2016 (%)



SALES by region H1 2017 vs. H1 2016 (%)



METALS (1): Satisfactory metal forming market, however very low investment activity in the automotive industry

Metal forming

Reasonable project activity, however very low investment activity by global car manufacturers; positive development of Yadon continued.

Successful launch of servo press line supplied to Tesla for production of parts for its new Model 3.



Competition

Stable competition at challenging level

Carbon steel / Stainless steel

Further uptick of investment activity in Q2 2017, mainly driven by increasing steel and commodity prices

▲ *With the newly-developed MSE 2000, a much higher number of parts can be produced in the same amount of time compared to conventional forging presses.*

METALS (2): Positive one-off effect impacts earnings and profitability

Order intake in Q2 2017 below the very high level in Q2 2016, which included larger orders in the metalforming; increase in METALS processing;

Order intake H1 2017 excluding Yadon and AWEBA: -3.6% vs. H1 2016

Sale of Schuler Technical Center in Tianjin leads to strong rise of earnings and profitability

	ANDRITZ Metals	Unit	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-	2016
Order intake		MEUR	814.2	768.7	+5.9%	371.5	469.4	-20.9%	1,551.5
Order backlog (as of end of period)		MEUR	1,389.3	1,487.5	-6.6%	1,389.3	1,487.5	-6.6%	1,369.0
Sales		MEUR	792.3	703.6	+12.6%	394.8	370.6	+6.5%	1,598.4
EBITDA		MEUR	82.4	53.1	+55.2%	51.4	29.2	+76.0%	141.7
EBITDA margin		%	10.4	7.5	-	13.0	7.9	-	8.9
EBITA		MEUR	67.3	38.8	+73.5%	44.1	21.5	+105.1%	115.2
EBITA margin		%	8.5	5.5	-	11.2	5.8	-	7.2
Employees (as of end of period; without apprentices)		-	7,454	7,647	-2.5%	7,454	7,647	-2.5%	7,608

ORDER INTAKE by region H1 2017 vs. H1 2016 (%)



SALES by region H1 2017 vs. H1 2016 (%)



SEPARATION (1): Improved project and investment activity for solid/liquid separation equipment

Municipal

Investment activity at satisfactory levels, mainly in developed markets

Feed and biomass pelleting

Satisfactory project activity

Industrial

Satisfactory demand in chemicals and mining; continued low project activity in food

Competition

Unchanged market environment with some global and many regional competitors

▲ *ANDRITZ tilting pan filter*

SEPARATION (2): Increase in order intake

Profitability stabilized



	Unit	H1 2017	H1 2016	+/-	Q2 2017	Q2 2016	+/-	2016
Order intake	MEUR	318.2	290.3	+9.6%	163.7	139.8	+17.1%	597.5
Order backlog (as of end of period)	MEUR	398.8	365.6	+9.1%	398.8	365.6	+9.1%	347.3
Sales	MEUR	271.2	269.9	+0.5%	147.1	142.8	+3.0%	593.8
EBITDA	MEUR	16.5	14.3	+15.4%	8.5	9.4	-9.6%	25.8
EBITDA margin	%	6.1	5.3	-	5.8	6.6	-	4.3
EBITA	MEUR	12.1	10.0	+21.0%	6.3	7.3	-13.7%	17.1
EBITA margin	%	4.5	3.7	-	4.3	5.1	-	2.9
Employees (as of end of period; without apprentices)	-	2,795	2,769	+0.9%	2,795	2,769	+0.9%	2,772

Increased order intake in solid/liquid separation; feed & biofuel stable

Earnings still at low levels, however profitability stabilized

ORDER INTAKE by region H1 2017 vs. H1 2016 (%)



SALES by region H1 2017 vs. H1 2016 (%)



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Outlook for the full year 2017

Slight decrease in sales, but at least same profitability as in 2016



Group strategy and long-term goals

Growth

- Focus on growth markets with higher growth opportunities
- Expansion of product portfolio through R&D and acquisitions
- Achieve long-term growth of 5–8 % p.a. depending on market growth and acquisitions

Profitability

- Service: increase share of service sales to 35-40%
- EBITA margin: improve to 8% with top-line sales growth
- Dividend: payout ratio at least ~50% and mid-term increase to ~60%

Technological Leadership

- Achieving the status of preferred supplier by virtue of its technology, quality and references
- Offer best ROI for customer
- Sustainability in development of innovative technologies
- Focus R&D: IIoT, environmental protection, enhancing energy efficiency, clean power generation

Global Footprint

- Balanced global presence
- Emerging markets expansion
- Further shift of manufacturing capacities to emerging markets

