



COMPANY PRESENTATION

ANDRITZ GROUP

JUNE 2018

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 ANDRITZ GROUP OVERVIEW

02 PERFORMANCE Q1 2018 AND MARKET UPDATE

03 OUTLOOK, GROUP STRATEGY, AND FINANCIAL TARGETS



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.

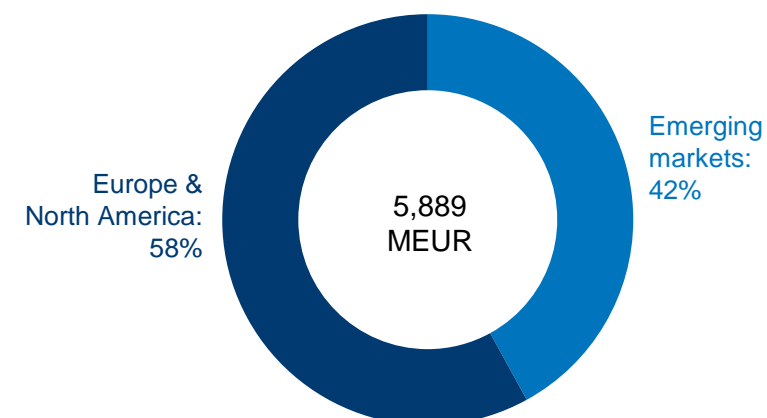
Global presence

Headquarters in Graz, Austria; over 250 production sites and service/sales companies worldwide

KEY FINANCIAL FIGURES:

	UNIT	Q1 2018	2017
Order intake	MEUR	1,532.8	5,579.5
Order backlog (as of end of period)	MEUR	6,553.2	6,383.0
Sales	MEUR	1,291.0	5,889.1
Net income (including non-controlling interests)	MEUR	44.0	265.6
Employees (as of end of period; without apprentices)	-	25,822	25,566

SALES BY REGION 2017 (%)

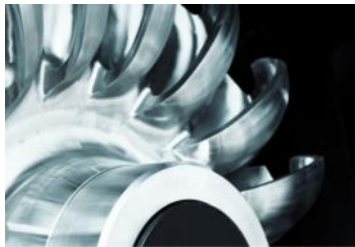


A WORLD MARKET LEADER WITH FOUR BUSINESS AREAS



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

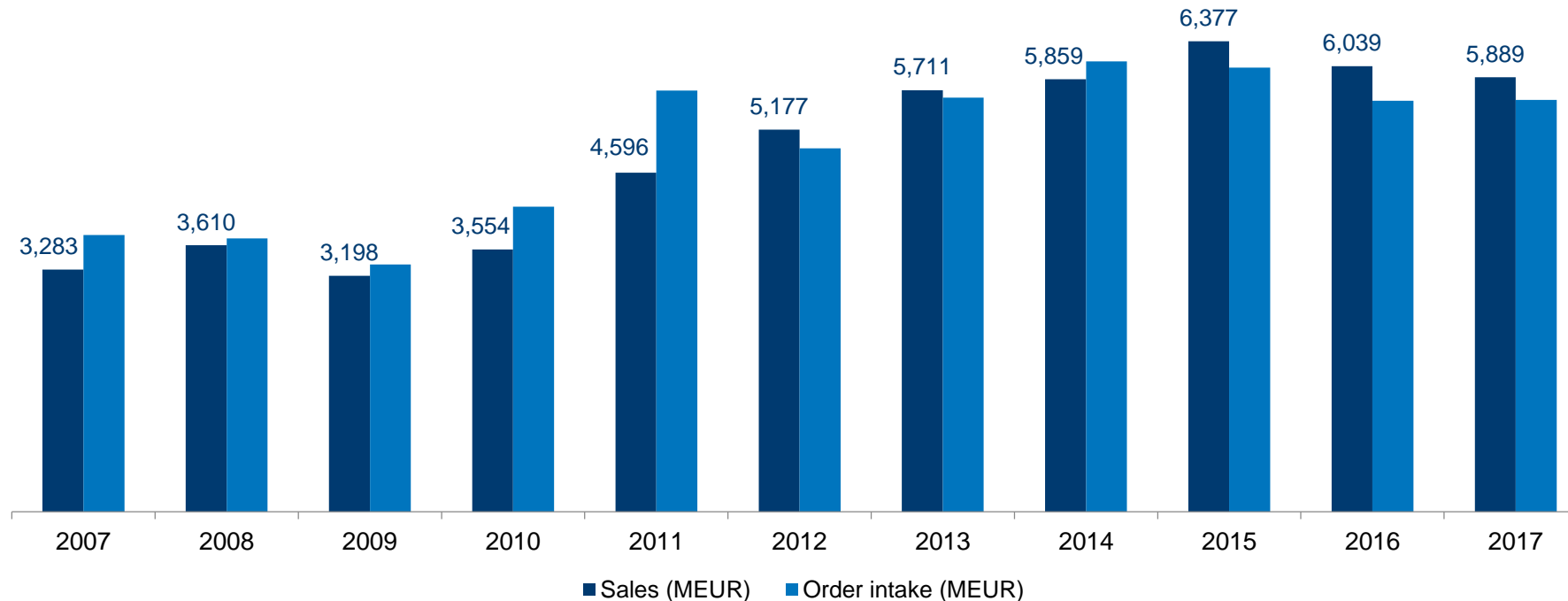
Equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets.

* 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)



STRENGTHENING OF MARKET POSITION BY ACQUISITIONS



Acquisitions by business area since 1990

HYDRO		PULP & PAPER		METALS		SEPARATION			
2006	VA TECH HYDRO	1990	Sprout-Bauer	2006	Pilão	1997	Sundwig	1992	TCW Engineering
2007	Tigép	1992	Durametal	2007	Bachofen + Meier	1998	Thermtec	1995	Jesma-Matador
2008	GE Hydro business	1994	Kone Wood	2007	Sindus	2000	Kohler	1996	Guinard
2010	GEHI (JV)	1998	Kvaerner Hymac	2008	Kufferath	2002	SELAS SAS Furnace Div.	2000	UMT
2010	Precision Machine	1999	Winberg	2009	Rollteck	2004	Kaiser	2002	3SYS
2010	Hammerfest Strøm	2000	Ahlstrom Machinery	2010	Rieter Perfojet	2005	Lynson	2004	Bird Machine
2010	Ritz	2000	Lamb Baling Line	2010	DMT/Biax	2008	Maerz	2004	NETZSCH Filtration
2011	Hemicycle Controls	2000	Voith Andritz Tissue	2011	AE&E Austria	2012	Bricmont	2004	Fluid Bed Systems
		2002	ABB Drying	2011	Iggesund Tools	2012	Soutec	2005	Lenser Filtration
		2003	IDEAS Simulation	2011	Tristar Industries	2013	Schuler (> 95%)	2006	CONTEC Decanter
		2003	Acutest Oy	2011	Asselin-Thibeau	2013	FBB Engineering	2009	Delkor Capital Equipment
		2003	Fiedler	2012	AES	2014	Herr-Voss Stamco	2009	Frautech
		2004	EMS (JV)	2013	MeWa	2016	Yadon (52.9%)	2010	KMPT
		2005	Cybermetrics	2015	Euroslot	2016	AWEBA	2012	Gouda
		2005	Universal Dynamics Group	2016	SHW Casting Technologies	2017	Powerlase (51%)	2013	Shende Machinery
		2006	Küstners	2017	Paperchine			2016	ANBO
		2006	Carbona						

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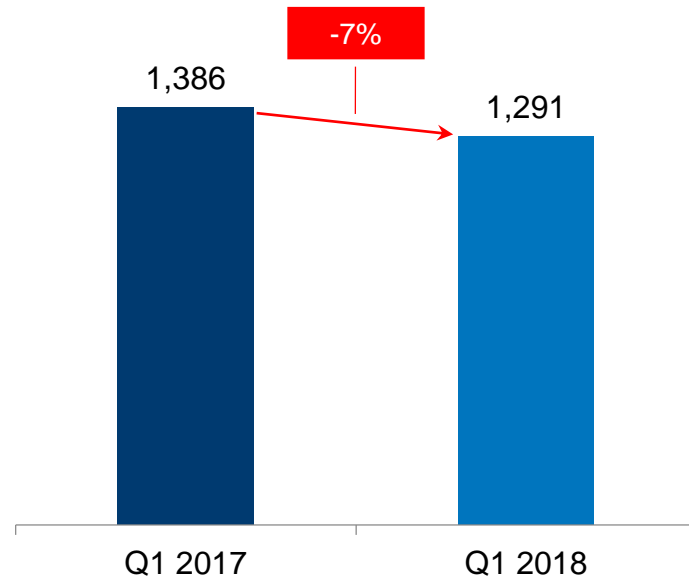
03 OUTLOOK, GROUP STRATEGY, AND
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SLOW START INTO 2018 ...

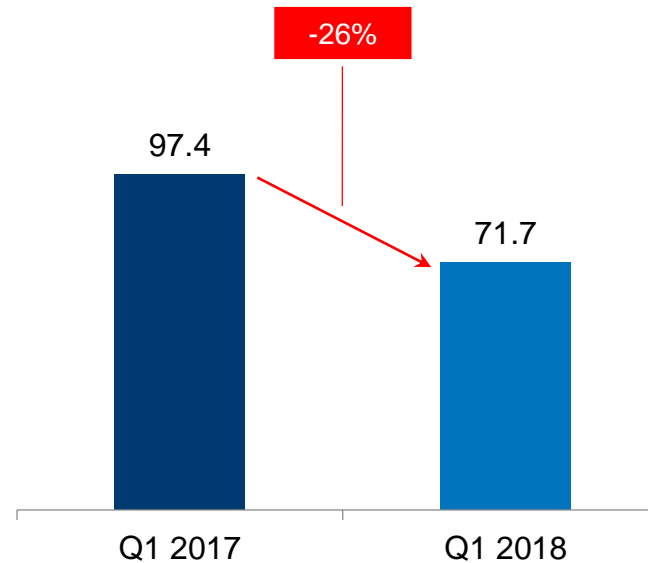


Decline of sales and EBITA.

SALES (MEUR)



EBITA (MEUR)



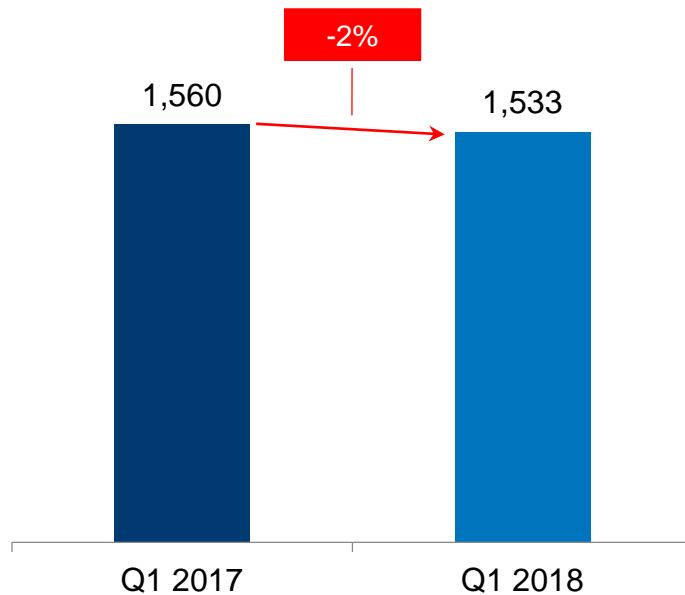
- Lower sales in Q1 2018 as a result of declining backlog.
- Decline of EBITA due to lower sales as well as cost overruns on individual projects in Metals.
- EBITA margin decreased to 5.6% (Q1 2017: 7.0%).

... HOWEVER GOOD ORDER INTAKE



High order intake in Hydro, Metals, and Separation; Pulp & Paper significantly below very high reference figure of Q1 2017.

ORDER INTAKE (MEUR)



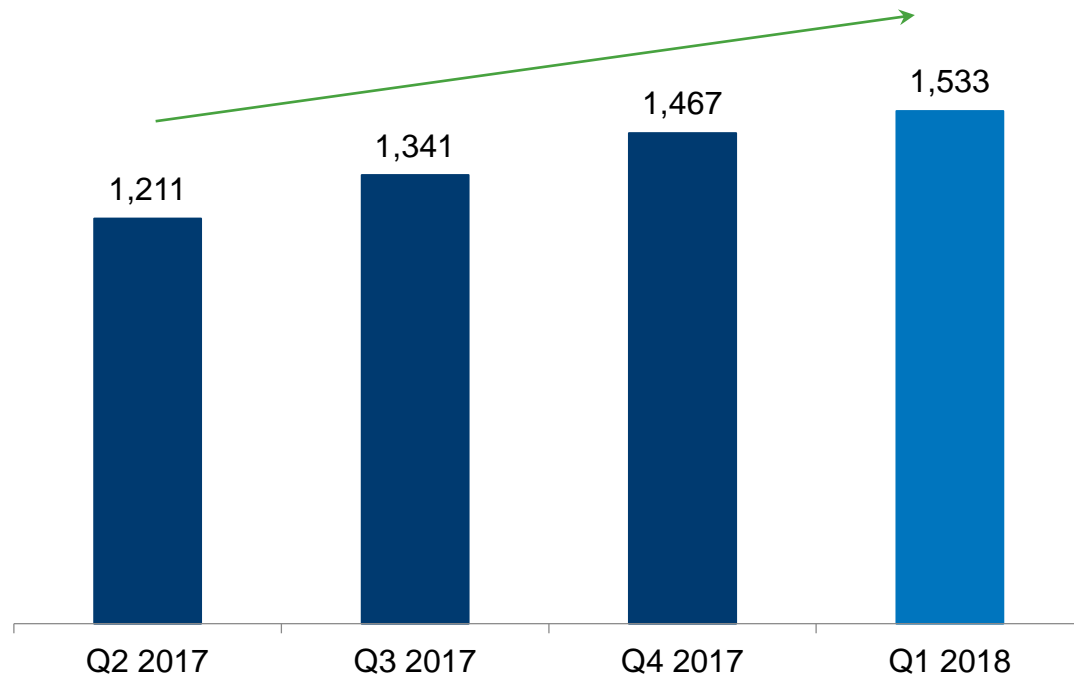
IMPORTANT ORDERS

CUSTOMER / PROJECT	COUNTRY	SCOPE OF SUPPLY
l'Office Nationale de l'Électricité et de l'Eau potable (ONEE), (Abdelmoumen pumped storage power station)	Morocco	As part of a consortium: design, manufacturing, delivery, installation, supervision, and commissioning of two 175 MW reversible pump turbines, motor generators, and electrical power systems.
VINFAST, Vietnam (first car manufacturer with own press shop in Vietnam)	Vietnam	Servo press line with tryout press and cutting line.
NIO, China (electric vehicle start-up)	China	Servo press line and servo tryout press.
Ruichi Smart Mobility	China	Servo press line and servo tryout press.

RISING GROUP ORDER INTAKE SINCE Q2 2017



GROUP ORDER INTAKE (MEUR)



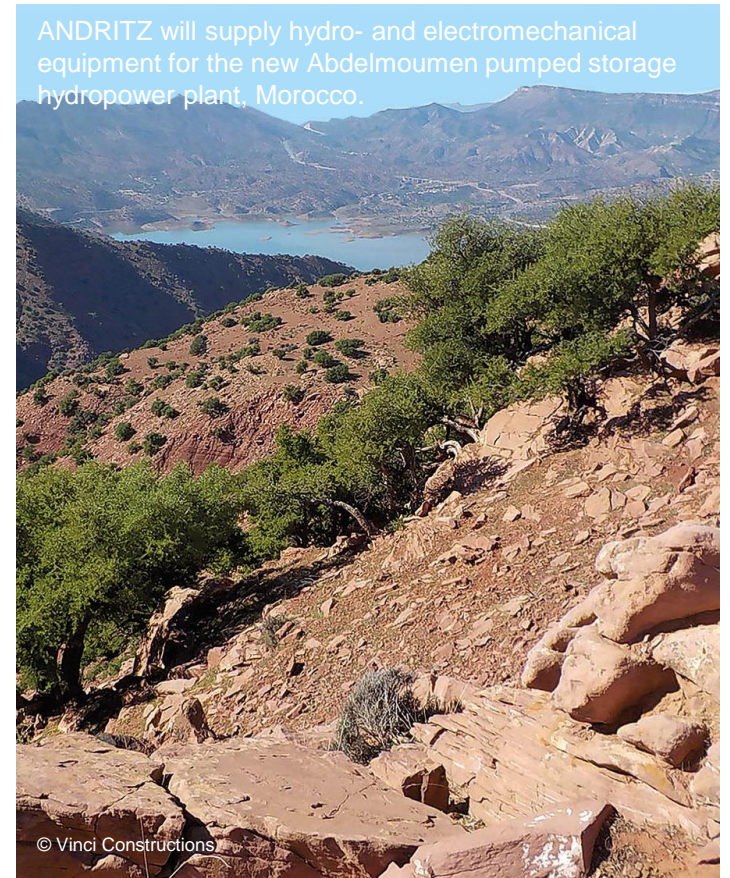
- Rising order intake since Q2 2017 should result in increasing sales starting from Q2 2018, thus making up for the low sales figure in Q1 2018.
- Good quarterly order intake trend expected to continue in Q2 2018.

HYDRO: UNCHANGED CHALLENGING MARKET ENVIRONMENT



Selective award of individual projects in Africa, Asia, and South America.

- **New hydropower plants**
Some new projects in emerging markets, particularly in Asia, Africa, and South America, are currently in the planning phase.
- **Pumps**
Good project activity.
- **Modernizations/rehabilitations**
Unchanged, difficult market conditions impacted by low electricity and energy prices, especially in Europe.
- **Competition**
Stable competition at challenging level.

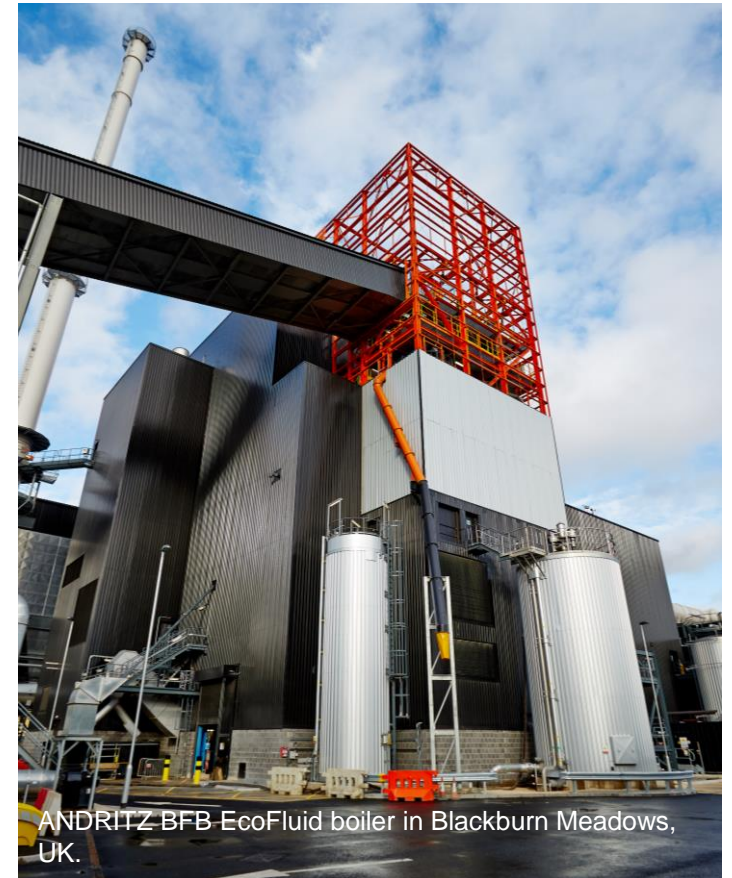


ANDRITZ will supply hydro- and electromechanical equipment for the new Abdelmoumen pumped storage hydropower plant, Morocco.

PULP & PAPER: CONTINUED SOLID MARKET ENVIRONMENT



- **Pulp**
Satisfactory project and investment activity, particularly for modernization of existing pulp mills. No contracts were awarded for greenfield pulp mills.
- **Paper**
Satisfactory market development for tissue and packaging equipment continued.
- **Biomass boilers**
Very active market, especially in Japan.
- **Competition**
Stable competitive environment.



NEW PULP MILLS AND LINES ≥0.5MT IN PLANNING



USA:

Owner – project	Capacity/a*	Planned start-up
SUN BIO Arkansas	0.5	2023

OTHER:

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

CHILE:

Owner – project	Capacity/a*	Planned start-up
Arauco – MAPA	1.6	2021

ARGENTINA:

Owner – project	Capacity/a*	Planned start-up
Agroforestal Oberá	0.5	2021

FINLAND:

Owner – project	Capacity/a*	Planned start-up
Finnpulp – Kuopio	1.2	2020
Kemijärvi	0.5	2021

ESTONIA:

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

MOZAMBIQUE:

Owner	Capacity/a*	Planned start-up
Portucel	1.5	2023

URUGUAY:

Owner	Capacity/a*	Planned start-up
UPM	2.0	2023

RUSSIA:

Owner – project	Capacity/a*	Planned start-up
OOO Monolog	0.5	2020
Krasinvest	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-

BRAZIL:

Owner – project	Capacity/a*	Planned start-up
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

*Annual capacity in million tons (may 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

METALS: SATISFACTORY PROJECT AND INVESTMENT ACTIVITY IN METAL FORMING



Project activity in Metals processing market continued to increase slightly.

- **Metal Forming**
Satisfactory project and investment activity; first orders for press lines in “automotive new markets”, however at lower than average margins; favorable development of Yadon, China, continued.
- **Metals Processing**
Further slight increase in project and investment activity, mainly driven by rising steel and commodity prices.
- **Competition**
Unchanged challenging conditions, price pressure in Metals Processing.



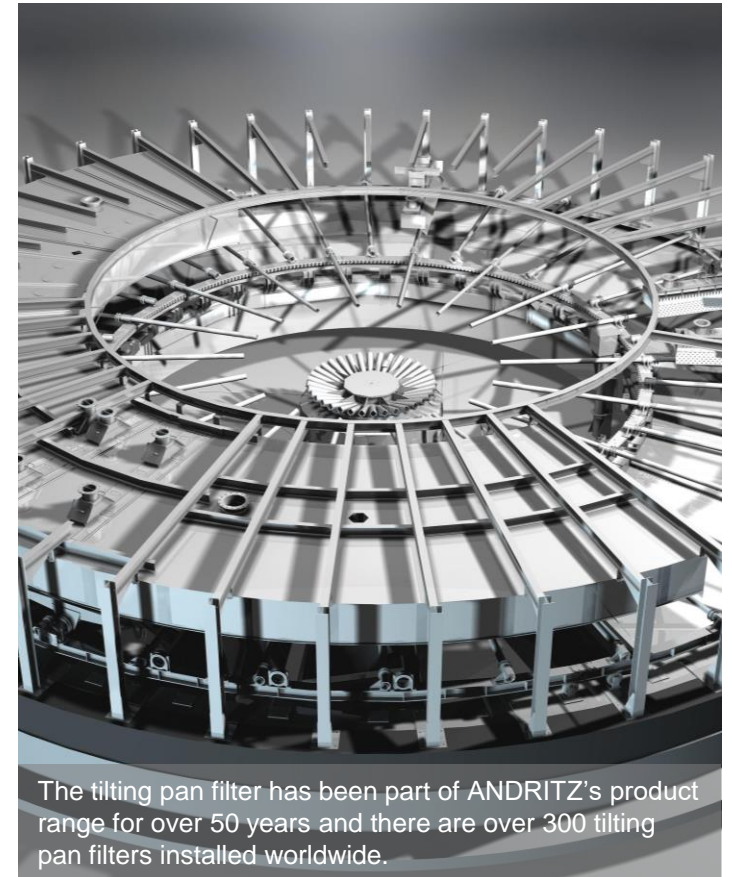
At the heart of Schuler's mechanical press lines is the servo drive.

SEPARATION: GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED



Mainly for solid/liquid separation equipment.

- **Municipal**
Investment activity at good levels (sewage sludge drying), mainly in developed markets.
- **Industrial**
Good project activity in mining and minerals (especially the lithium market); satisfactory demand in chemicals (petrochemicals, polymers, and agrochemicals); continued low investment activity in food.
- **Feed and biomass pelleting**
Solid project activity.
- **Competition**
Unchanged market environment with some global and many regional competitors.



The tilting pan filter has been part of ANDRITZ's product range for over 50 years and there are over 300 tilting pan filters installed worldwide.

EQUIPMENT FOR THE WORLD'S LARGEST SLUDGE INCINERATION PLANT AT BAILONGGANG/SHANGHAI



Drying and incineration equipment for the Bailonggang wastewater treatment plant.

- ANDRITZ will supply sludge handling equipment incl. **nine fluidized bed dryers** as well as **six EcoFluid bubbling fluidized bed boilers** to one of the world's largest effluent treatment plants.
- Order value of almost 120 million euros (60% PP, 40% SE); startup by end of 2019.
- **Strong references for sludge drying and incineration plants** in Asia:
 - Supply of four EcoFluid boilers to produce energy from sludge for **Hong Kong**.
 - Supply of five drum drying lines for water evaporation for **Singapore**.

Four EcoFluid boilers produce energy from sludge in a unique application at the sewage sludge treatment plant in Hong Kong.



3D illustration of the planned expansion of the Bailonggang wastewater treatment plant.

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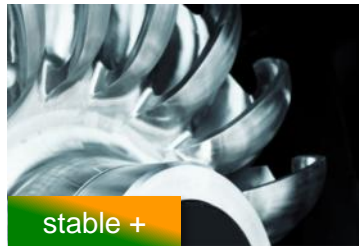
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OUTLOOK FOR REMAINDER OF 2018



Good project activity on markets served by ANDRITZ; unchanged expectations for 2018.

Hydro



- Project activity for modernizations and new hydropower stations to remain at subdued level.
- Some larger, new hydropower projects are currently in the planning phase, especially in Southeast Asia and Africa; selective award of individual large-scale projects is likely.
- Satisfactory market activity for pumps to continue.

Pulp & Paper



- Project and investment activity to continue at a good level in 2018, especially for modernization of existing plants and biomass boilers.
- Continued satisfactory investment activity for tissue and packaging, especially in the emerging markets.

Metals



- Project activity in Metal Forming to remain stable/improve slightly compared to 2017.
- Investment activity in Metals Processing to remain at solid level.

Separation



- Reasonable market activity in environment, mining, and chemicals.
- Low investment activity in food to continue.

For 2018, ANDRITZ expects stable sales compared to 2017 and solid profitability.

GROUP STRATEGY AND LONG-TERM GOALS



LONG-TERM PROFITABLE GROWTH

- Focus on markets with high growth rates
- Expansion of product portfolio through organic growth (R&D) and acquisitions
- Achieve annual sales growth averaging 5-8% depending on market growth and acquisitions

EXTEND MARKET POSITIONS

- Serving markets with long-term and sustained growth potential
- Extending existing position in Europe and North America
- Making use of the growth and sales opportunities in the emerging markets of South America and Asia

GLOBAL MARKET LEADER

TECHNOLOGICAL AND COST LEADERSHIP

- Become preferred supplier by virtue of technology, quality and references
- Development of innovative and sustainable technologies through intensive R&D
- Focus on digitalization to support customers in reaching their goals with regard to productivity, operating costs, energy efficiency and environmental protection
- Offer best ROI for customers

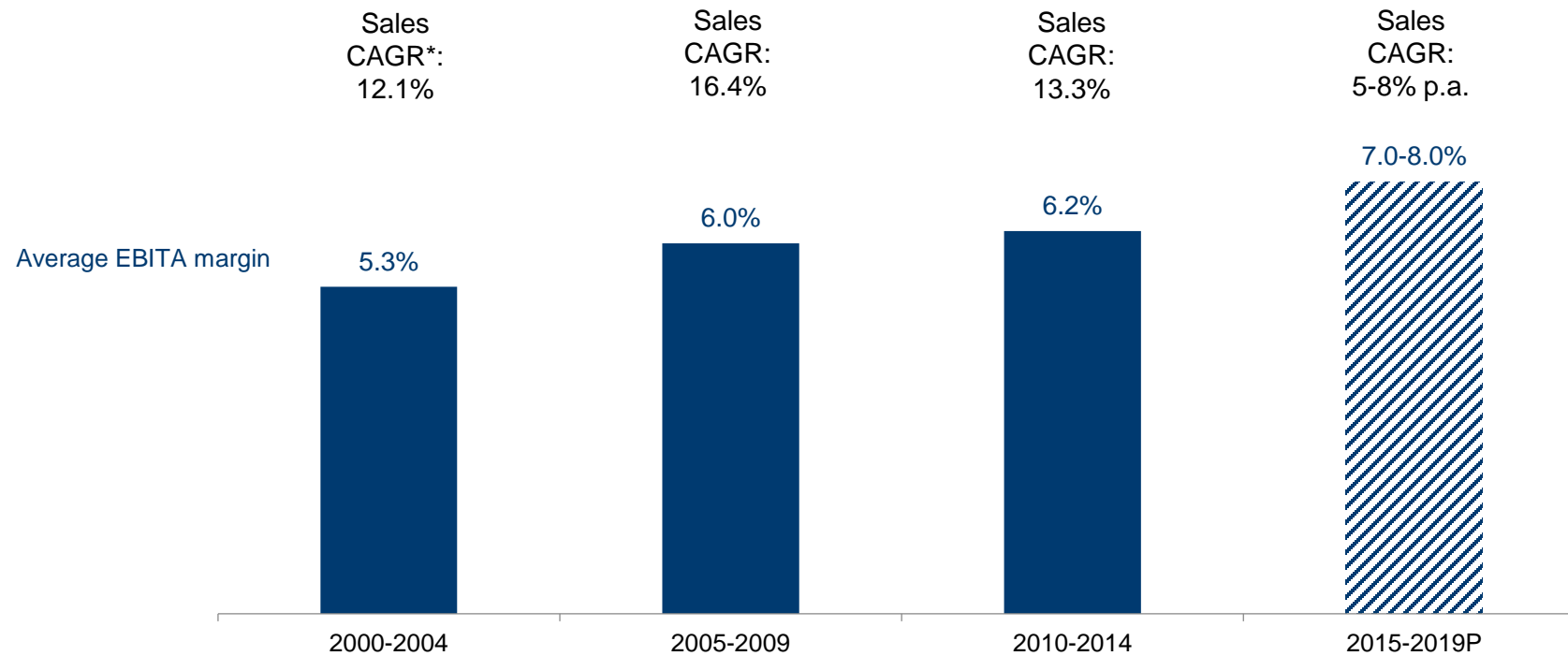
GLOBAL AND LOCAL PRESENCE

- Continue expanding worldwide presence
- Offer best possible service close to the customer
- Further relocate manufacturing capacities to emerging markets

TARGET TO CONTINUE LONG-TERM PROFITABLE GROWTH



Goal: further improve profitability with top-line sales growth.



How to achieve long-term profitable growth:

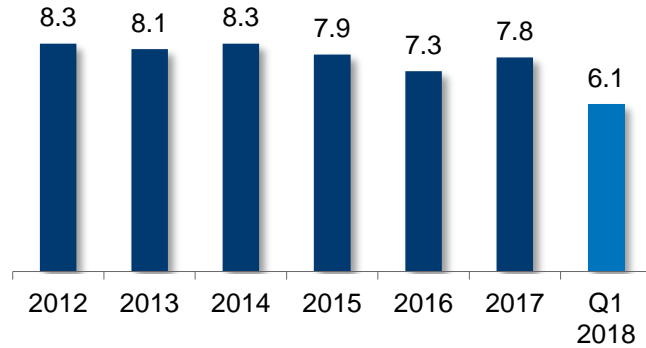
- Price discipline
- Launch of new service and digital products
- Continued cost optimization
- Reduction of negative project cost deviations
- Focus on further acquisitions

* Growth rates include organic growth and acquisitions

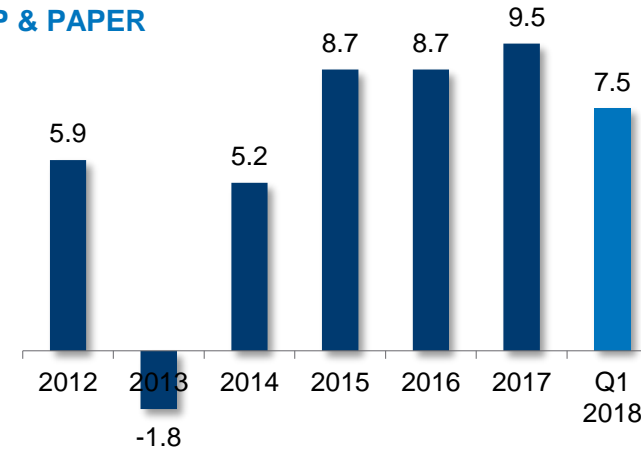
LONG-TERM EBITA MARGIN GOALS PER BUSINESS AREA



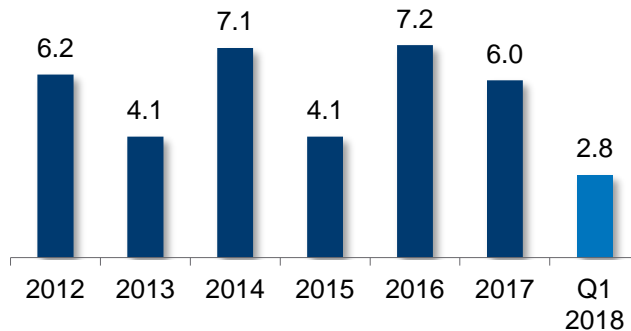
HYDRO



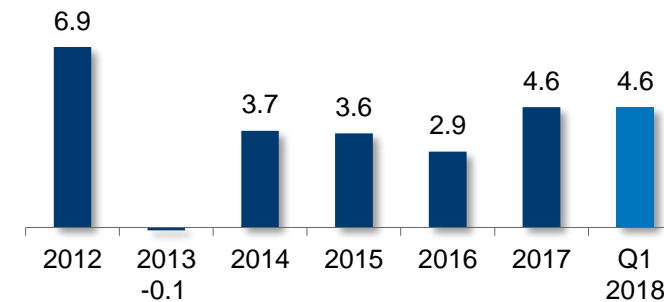
PULP & PAPER



METALS



SEPARATION



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