



COMPANY PRESENTATION

ANDRITZ GROUP

SEPTEMBER 2018

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 ANDRITZ GROUP OVERVIEW

02 RESULTS Q2/H1 2018 AND MARKET UPDATE

03 OUTLOOK



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.

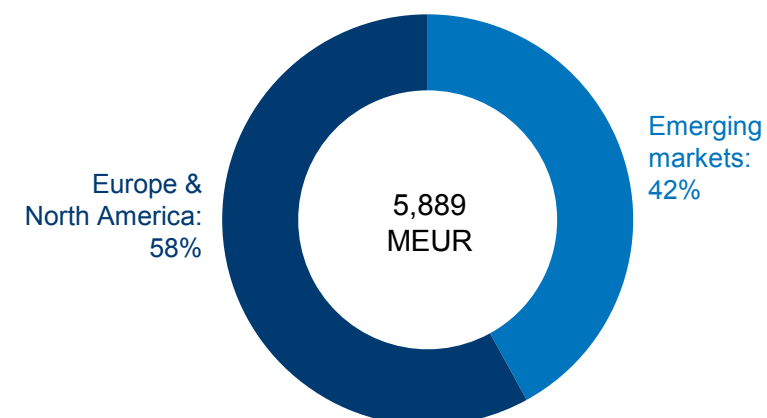
Global presence

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

KEY FINANCIAL FIGURES:

	UNIT	H1 2018	2017
Order intake	MEUR	3,269.3	5,579.5
Order backlog (as of end of period)	MEUR	6,841.1	6,383.0
Sales	MEUR	2,763.1	5,889.1
Net income (including non-controlling interests)	MEUR	99.9	265.6
Employees (as of end of period; without apprentices)	-	26,023	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

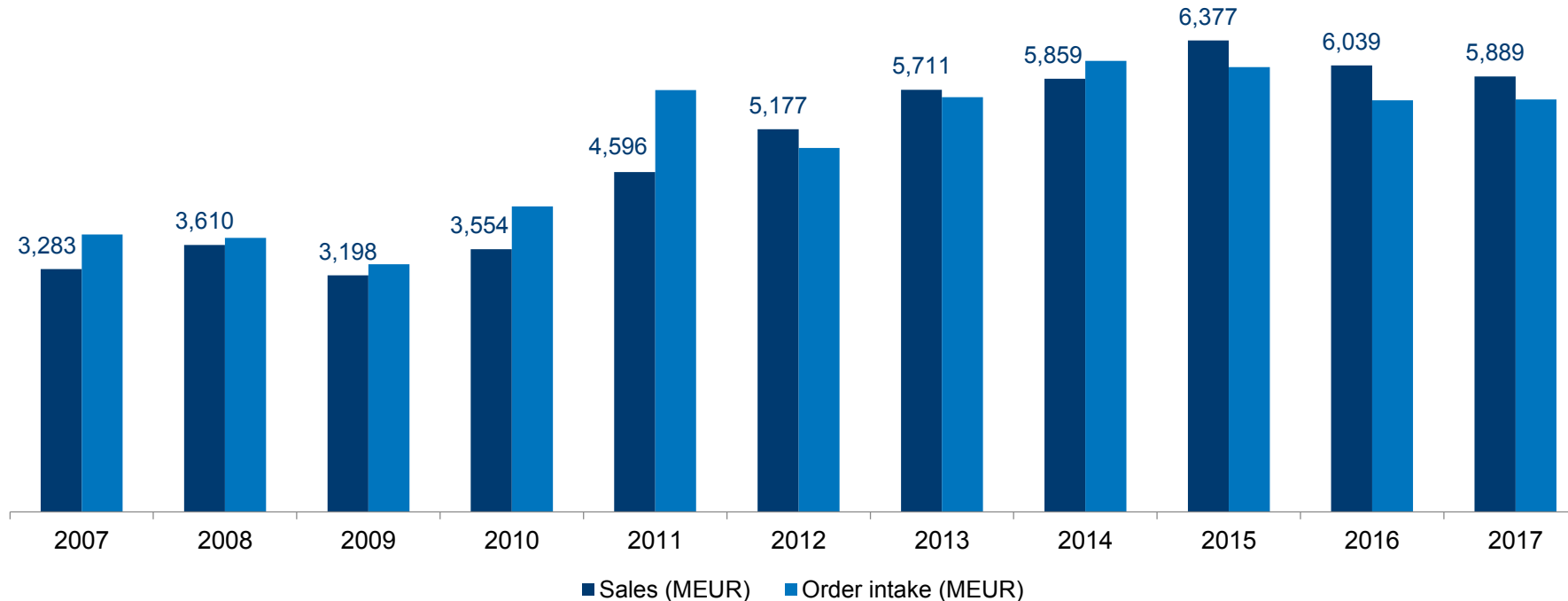
Equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets.

* 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 2000

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						
		2007	Sindus						
		2008	Kufferath						
		2009	Rollteck						

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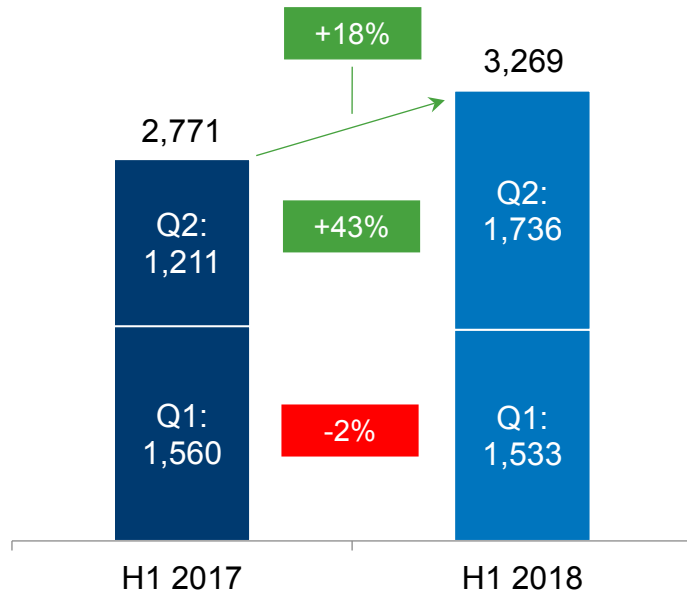
03 OUTLOOK



STRONG ORDER INTAKE IN Q2 2018 WITH INCREASES IN ALL BUSINESS AREAS

Very high order intake for plants that produce energy from biomass / sewage sludge.

ORDER INTAKE (MEUR)



RISING ORDER INTAKE SINCE Q2 2017 (MEUR)



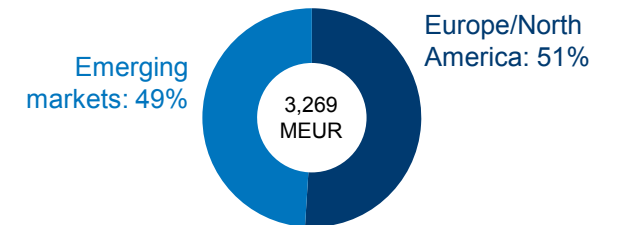
ORDER INTAKE BY BUSINESS AREA (MEUR)

	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-
Hydro	753	514	+47%	318	205	+56%
Pulp & Paper	1,181	1,125	+5%	723	472	+53%
Metals	947	814	+16%	479	372	+29%
Separation	389	318	+22%	216	164	+32%

ORDER INTAKE BY REGION (%)

	H1 2018	H1 2017
Europe	36%	42%
China	21%	15%
Asia (without China)	15%	10%
North America	15%	23%
South America	5%	6%
Africa, Australia	8%	4%

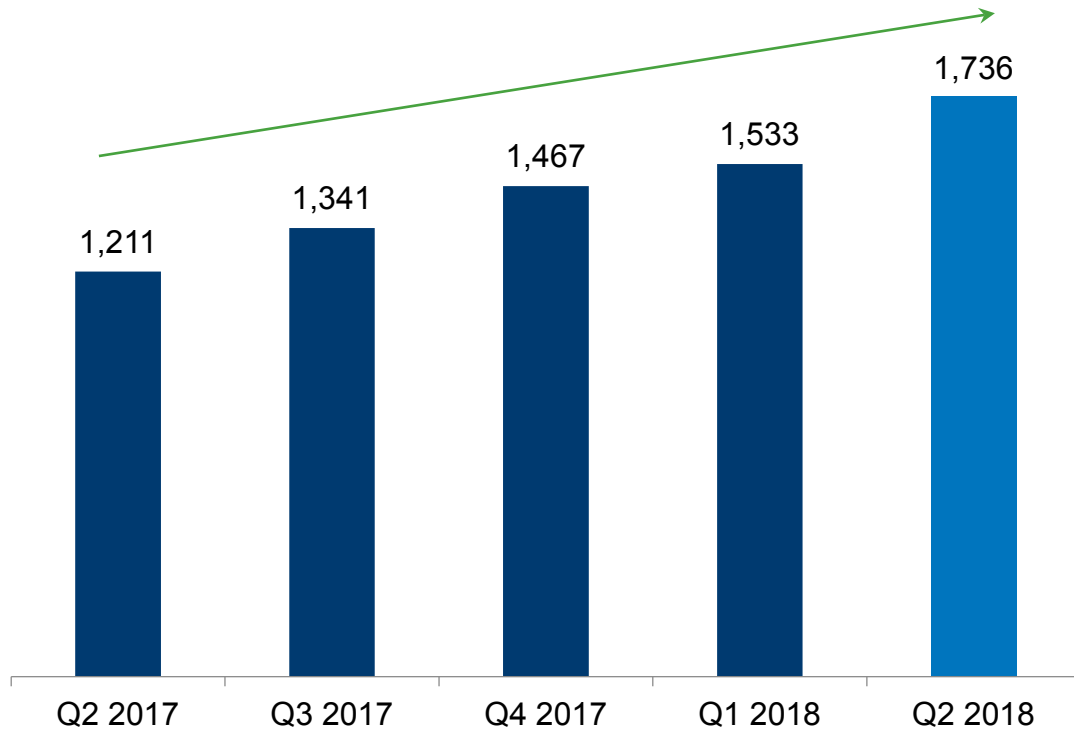
WELL-BALANCED GEOGRAPHICAL EXPOSURE (H1 2018)



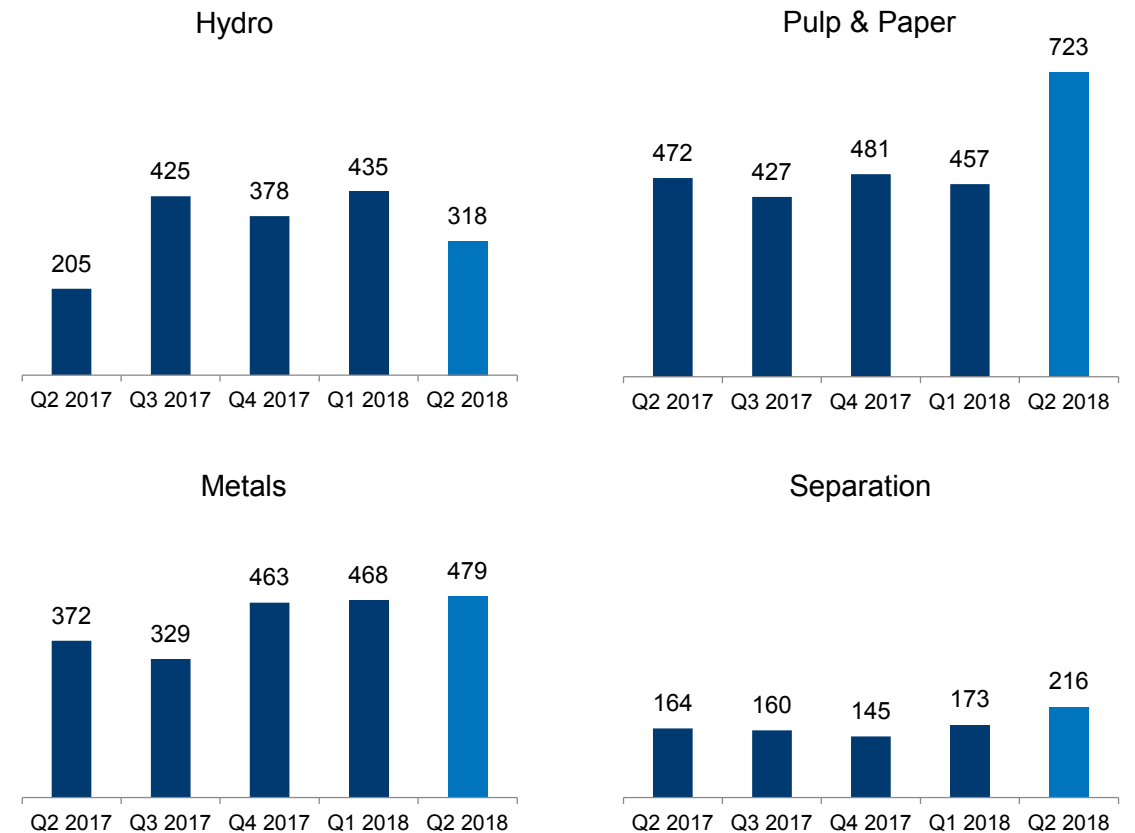
RISING ORDER INTAKE SINCE Q2 2017



ORDER INTAKE (MEUR)



ORDER INTAKE BY BUSINESS AREA (MEUR)

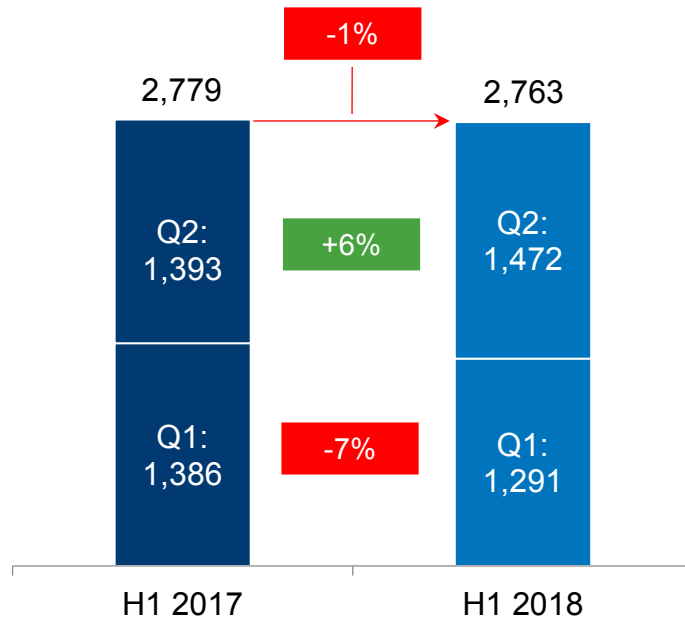




SALES INCREASE IN Q2 PRACTICALLY FULLY OFFSETS Q1 SALES DECLINE

Solid development of Pulp & Paper and Separation.

SALES (MEUR)



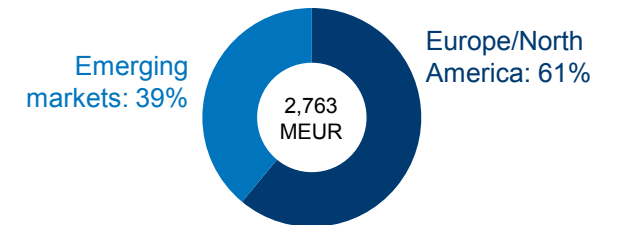
SALES BY BUSINESS AREA (MEUR)

	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-
Hydro	724	725	-0%	375	369	+2%
Pulp & Paper	1,010	991	+2%	551	482	+14%
Metals	742	792	-6%	395	395	0%
Separation	287	271	+6%	152	147	+3%

SALES BY REGION (%)

	H1 2018	H1 2017
Europe	41%	38%
North America	20%	21%
China	14%	15%
Asia (without China)	12%	12%
South America	9%	10%
Africa, Australia	4%	4%

GEOGRAPHICAL EXPOSURE (H1 2018)

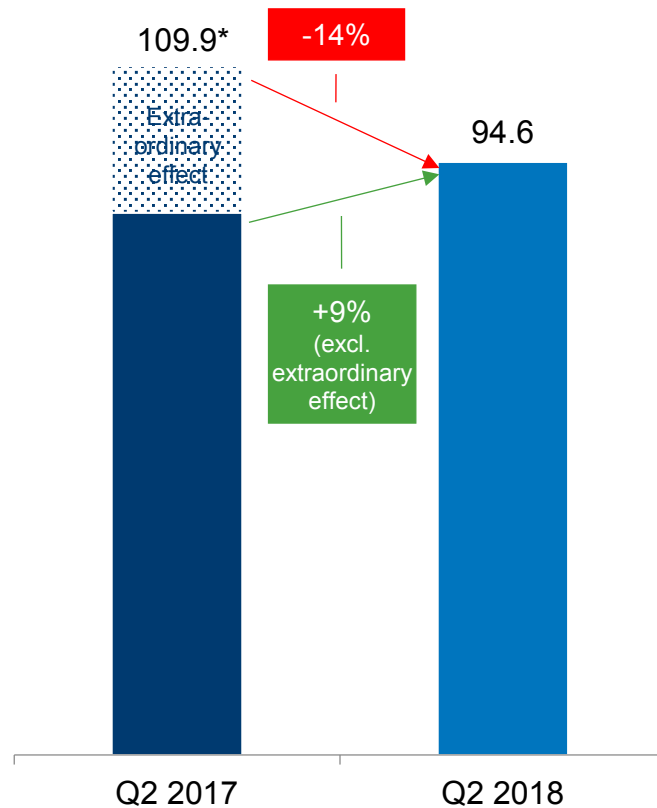




SOLID EARNINGS DEVELOPMENT IN Q2 2018, HOWEVER ...

Favorable development of Pulp & Paper, Metals unsatisfactory.

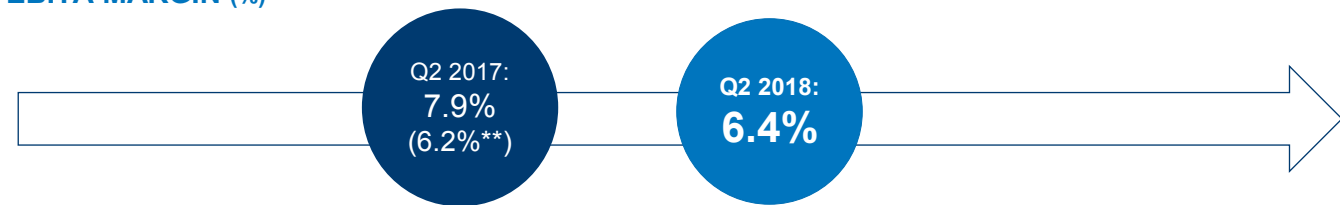
EBITA (MEUR)



Q2 2018:

- EBITA, **at 94.6 MEUR**, up **by over 9%** compared to the adjusted (positive one-off effect of ~25 MEUR) Q2 2017 EBITA (86.5 MEUR) due to higher sales and good performance of Pulp & Paper.
- Including one-off effect, EBITA was significantly down by 14%.
- Metals still impacted by market-related price pressure and cost overruns on some projects.

EBITA MARGIN (%)



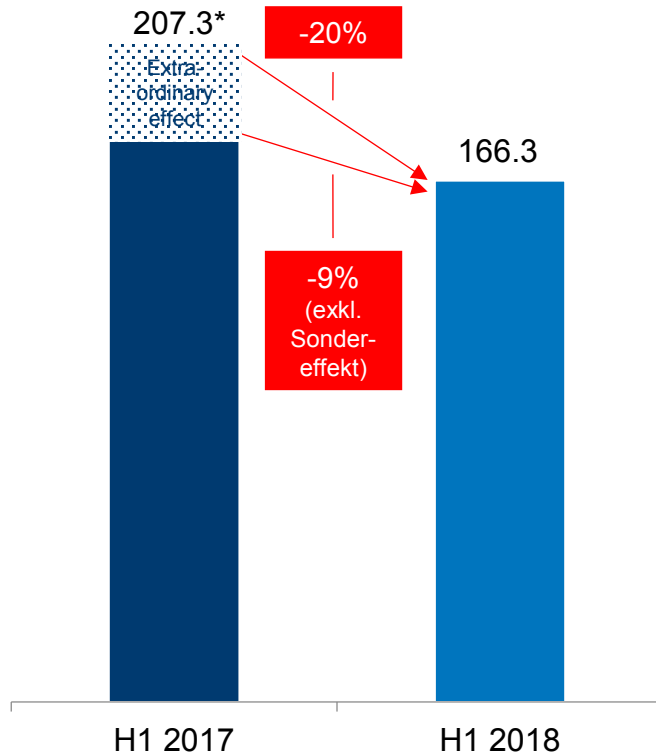
** Excluding extraordinary effect (mainly due to the sale of the Schuler Technical Center in Tianjin).

* Extraordinary effect of approx. 25 MEUR.



... H1 2018 DOWN COMPARED TO LAST YEAR'S REFERENCE PERIOD DUE TO WEAK Q1 2018

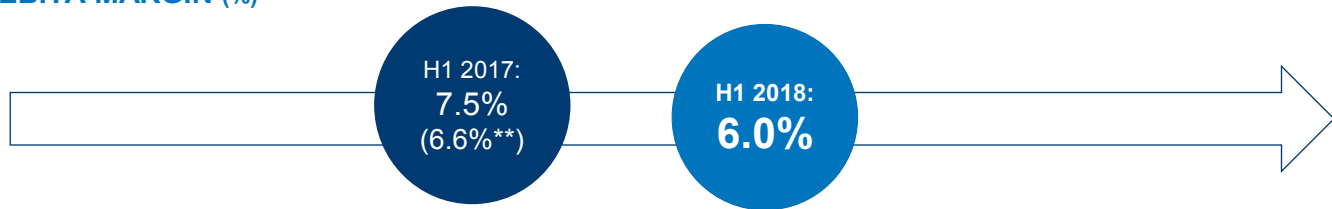
EBITA (MEUR)



H1 2018:

- EBITA, at **166.3 MEUR**, **9% below** the adjusted EBITA (182.3 MEUR) due to weak Q1 2018 which was impacted by lower sales and cost overruns in Metals.
- Including one-off effect, EBITA was down by 20%.

EBITA MARGIN (%)



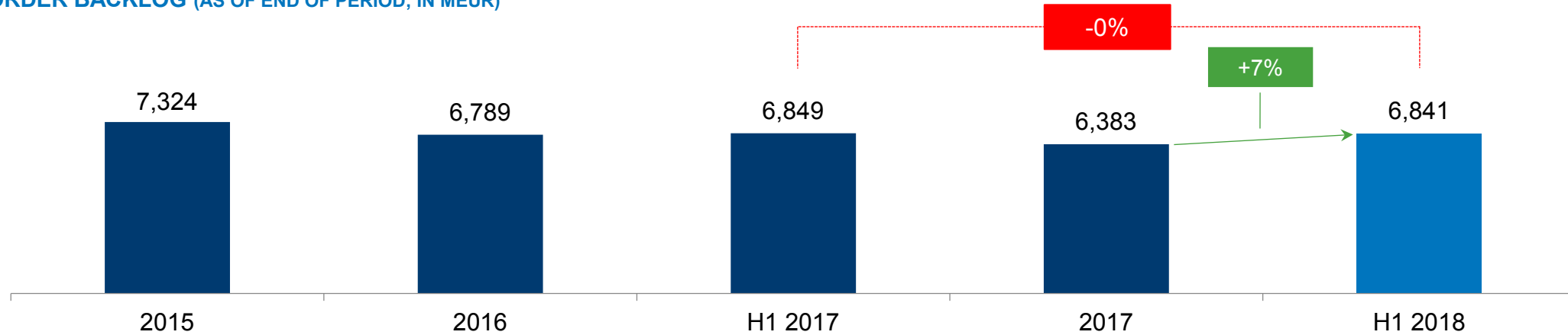
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* Extraordinary effect of approx. 25 MEUR.

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



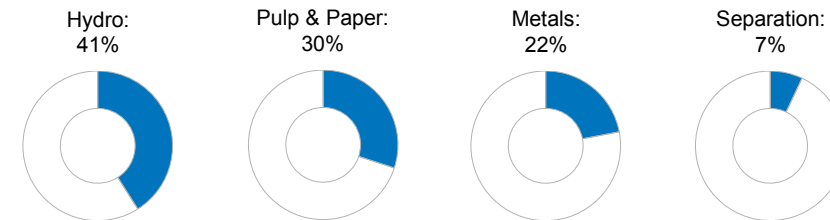
ORDER BACKLOG (AS OF END OF PERIOD; IN MEUR)



ORDER BACKLOG BY BUSINESS AREA (AS OF END OF PERIOD; IN MEUR)

	H1 2018	H1 2017	+/-
Hydro	2,789	3,090	-10%
Pulp & Paper	2,099	1,972	+7%
Metals	1,494	1,389	+8%
Separation	459	399	+15%

HYDRO AND PULP & PAPER ACCOUNT FOR 71% OF TOTAL BACKLOG



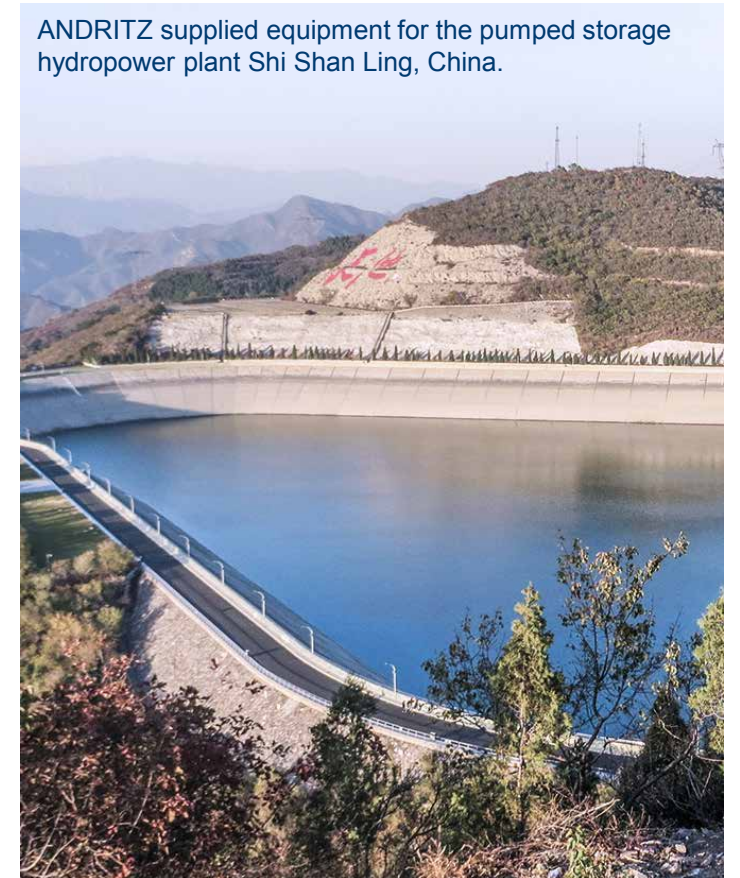
HYDRO (1): UNCHANGED CHALLENGING MARKET ENVIRONMENT



Selective award of individual projects.

- **New hydropower plants**
Some new projects in emerging markets, particularly in Asia, Africa and South America, 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, difficult market conditions caused by low electricity prices, particularly in Europe.
- **Competition**
Stable competition at challenging level.

ANDRITZ supplied equipment for the pumped storage hydropower plant Shi Shan Ling, China.



HYDRO (2): ORDER INTAKE UP FROM VERY LOW LEVEL OF LAST YEAR



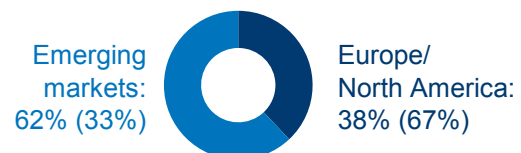
Solid development of earnings and profitability.

Order intake significantly up from very low level of last year's reference period.

Sales, earnings and profitability practically unchanged.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	753.1	514.0	+46.5%	318.3	204.5	+55.6%	1,317.2
Order backlog (as of end of period)	MEUR	2,789.1	3,089.5	-9.7%	2,789.1	3,089.5	-9.7%	2,921.8
Sales	MEUR	724.3	724.6	-0.0%	374.6	368.7	+1.6%	1,583.1
EBITDA	MEUR	57.1	57.2	-0.2%	29.3	28.1	+4.3%	154.1
EBITDA margin	%	7.9	7.9	-	7.8	7.6	-	9.7
EBITA	MEUR	43.4	43.2	+0.5%	22.2	21.1	+5.2%	123.0
EBITA margin	%	6.0	6.0	-	5.9	5.7	-	7.8
Employees (as of end of period; without apprentices)	-	7,233	7,215	+0.2%	7,233	7,215	+0.2%	7,237

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



PULP & PAPER (1): CONTINUATION OF SOLID MARKET ENVIRONMENT



- **Pulp**
Good project 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.
- **Energy production from biomass and sewage sludge**
Very active market, especially in Asia (China, Japan).
- **Competition**
Stable competitive environment.



PULP & PAPER (2): VERY FAVORABLE BUSINESS DEVELOPMENT



Strong increase in order intake, earnings, and profitability in Q2 2018.

Order intake significantly up, mainly due to several orders for plants that produce energy from biomass/sewage sludge.

High increase in service sales in Q2 2018.

Earnings and profitability significantly up in Q2 2018, mainly due to increase in service business.

Project-related increase in employees, especially in Europe.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	1,180.9	1,124.9	+5.0%	723.4	471.6	+53.4%	2,033.4
Order backlog (as of end of period)	MEUR	2,098.9	1,971.5	+6.5%	2,098.9	1,971.5	+6.5%	1,787.0
Sales	MEUR	1,009.5	990.9	+1.9%	550.5	482.2	+14.2%	2,059.7
EBITDA	MEUR	106.1	97.4	+8.9%	65.2	44.8	+45.5%	221.5
EBITDA margin	%	10.5	9.8	-	11.8	9.3	-	10.8
EBITA	MEUR	92.9	84.7	+9.7%	58.4	38.4	+52.1%	194.9
EBITA margin	%	9.2	8.5	-	10.6	8.0	-	9.5
Employees (as of end of period; without apprentices)	-	8,242	7,926	+4.0%	8,242	7,926	+4.0%	8,002

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



METALS (1): SATISFACTORY PROJECT AND INVESTMENT ACTIVITY



Solid market environment in both Metal Forming and Metals Processing.

- **Metal Forming**
Satisfactory project and investment activity; some important orders were awarded by international and Chinese car manufacturers and their suppliers; 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 competition with price pressure, especially in Metals Processing.



METALS (2): EARNINGS AND PROFITABILITY SIGNIFICANTLY LOWER



Unsatisfactory business development due lower sales and cost overruns on some projects.

Significant increase in order intake both in Metal Forming (Schuler) and Metals processing.

Decrease in sales, especially in the Metal Forming sector (Schuler).

Earnings and profitability negatively impacted by cost overruns on some projects → significantly down compared to last year, which included a positive one-off effect of ~25 MEUR in Q2 2017.

Project-related increase in employees, especially in Europe and North America.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	946.7	814.2	+16.3%	478.9	371.5	+28.9%	1,606.5
Order backlog (as of end of period)	MEUR	1,493.9	1,389.3	+7.5%	1,493.9	1,389.3	+7.5%	1,309.7
Sales	MEUR	742.4	792.3	-6.3%	394.9	394.8	+0.0%	1,643.5
EBITDA	MEUR	32.1	82.4	-61.0%	15.3	51.4	-70.2%	129.7
EBITDA margin	%	4.3	10.4	-	3.9	13.0	-	7.9
EBITA (excl. extraordinary effects)	MEUR	17.7	42.3	-58.2%	7.9	19.1	-58.6%	75.0
EBITA	MEUR	17.7	67.3	-73.7%	7.9	44.1	-82.1%	98.6
EBITA margin (excl. extraordinary effects)	%	2.4	5.3	-	2.0	4.8	-	4.6
EBITA margin	%	2.4	8.5	-	2.0	11.2	-	6.0
Employees (as of end of period; without apprentices)	-	7,690	7,454	+3.2%	7,690	7,454	+3.2%	7,573

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



SEPARATION (1): GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED



Mainly for solid/liquid separation equipment.

- **Municipal**
Investment activity at good levels (sewage sludge drying).
- **Industrial**
Good project activity in mining and minerals (especially the lithium market) as well as in chemicals (petrochemicals, polymers, fertilizers, and agrochemicals); slightly improved investment activity in food.
- **Feed and biomass pelleting**
Solid project activity.
- **Competition**
Unchanged market environment with some global and many regional competitors.



ANDRITZ belt press SMX-Q – low-profile dewatering belt press for the environmental industry.

SEPARATION (2): FAVORABLE DEVELOPMENT OF ORDER INTAKE



Earnings and profitability practically at unchanged levels.

Significant increase in order intake in Q2 2018, primarily due to a large order in China (Bailonggang/Shanghai).

Increase in sales as a result of rising order intake.

Earnings and profitability unchanged.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	388.6	318.2	+22.1%	215.9	163.7	+31.9%	622.4
Order backlog (as of end of period)	MEUR	459.2	398.8	+15.1%	459.2	398.8	+15.1%	364.5
Sales	MEUR	286.9	271.2	+5.8%	152.1	147.1	+3.4%	602.8
EBITDA	MEUR	16.4	16.5	-0.6%	8.1	8.5	-4.7%	36.4
EBITDA margin	%	5.7	6.1	-	5.3	5.8	-	6.0
EBITA	MEUR	12.3	12.1	+1.7%	6.1	6.3	-3.2%	27.5
EBITA margin	%	4.3	4.5	-	4.0	4.3	-	4.6
Employees (as of end of period; without apprentices)	-	2,858	2,795	+2.3%	2,858	2,795	+2.3%	2,754

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



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OUTLOOK FOR REMAINDER OF 2018 UNCHANGED



Good project activity on markets served by ANDRITZ.

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 for energy production plants.
- Some new greenfield pulp mill projects are likely to be awarded in the next few months.
- 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.
- In Metal Forming, the need to make further capacity adjustments to adapt the cost basis is currently under review.
- Investment activity in Metals Processing to remain at moderate 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 continued solid profitability (excluding extraordinary effect recorded last business year).

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