



# COMPANY PRESENTATION

ANDRITZ GROUP

MARCH 2019

**ANDRITZ**

ENGINEERED SUCCESS

# CHAPTER OVERVIEW



**01** ANDRITZ GROUP OVERVIEW

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**02** RESULTS 2018

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**03** OUTLOOK

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# 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.

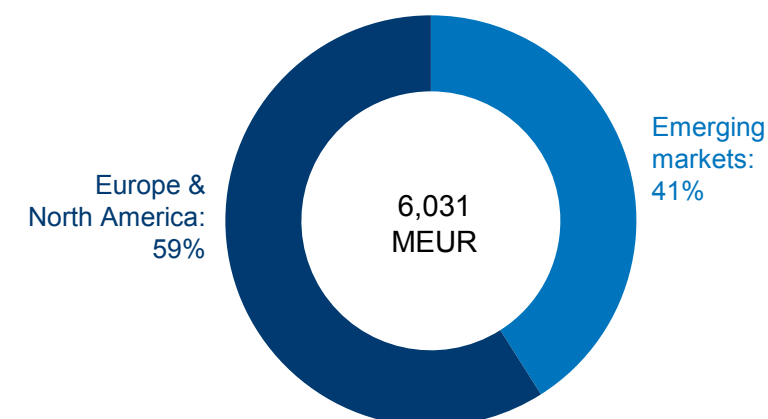
## Global presence

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

### KEY FINANCIAL FIGURES:

	UNIT	2018	2017
Order intake	MEUR	6,646.2	5,579.5
Order backlog (as of end of period)	MEUR	7,084.3	6,383.0
Sales	MEUR	6,031.5	5,889.1
Net income (including non-controlling interests)	MEUR	219.7	265.6
Employees (as of end of period; without apprentices)	-	29,096	25,566

SALES BY REGION 2018 (%)



# A WORLD MARKET LEADER WITH FOUR BUSINESS AREAS



## ANDRITZ

### HYDRO



22

% order intake\*

#### PRODUCT OFFERINGS

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

### PULP & PAPER



39

% 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



10

% order intake\*

#### PRODUCT OFFERINGS

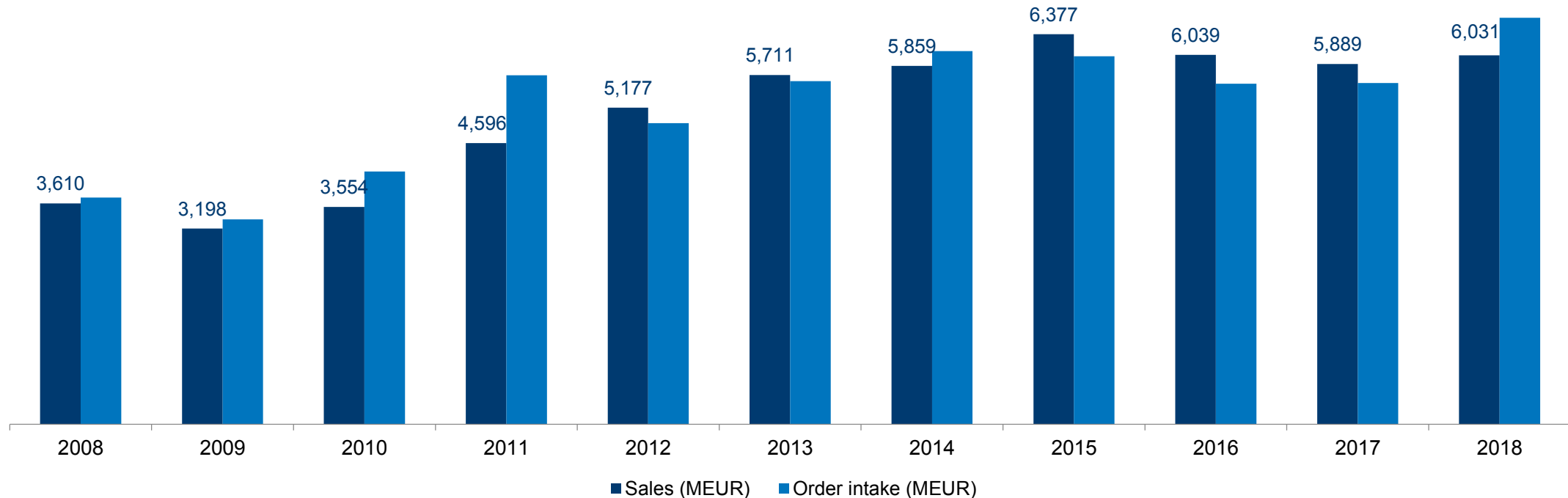
Equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets.

\* Share of total Group order intake 2018

# LONG-TERM GROWTH BASED ON ACQUISITIONS AND ORGANIC EXPANSION



Compound Annual Growth Rate (CAGR) of Group sales 2008-2018:  
+5% 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
2018	HMI	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 (80%)	2016	ANBO
		2007	Bachofen + Meier	2018	Xerium	2018	Farina Presse		
		2007	Sindus			2018	ASKO		
		2008	Kufferath						
		2009	Rollteck						

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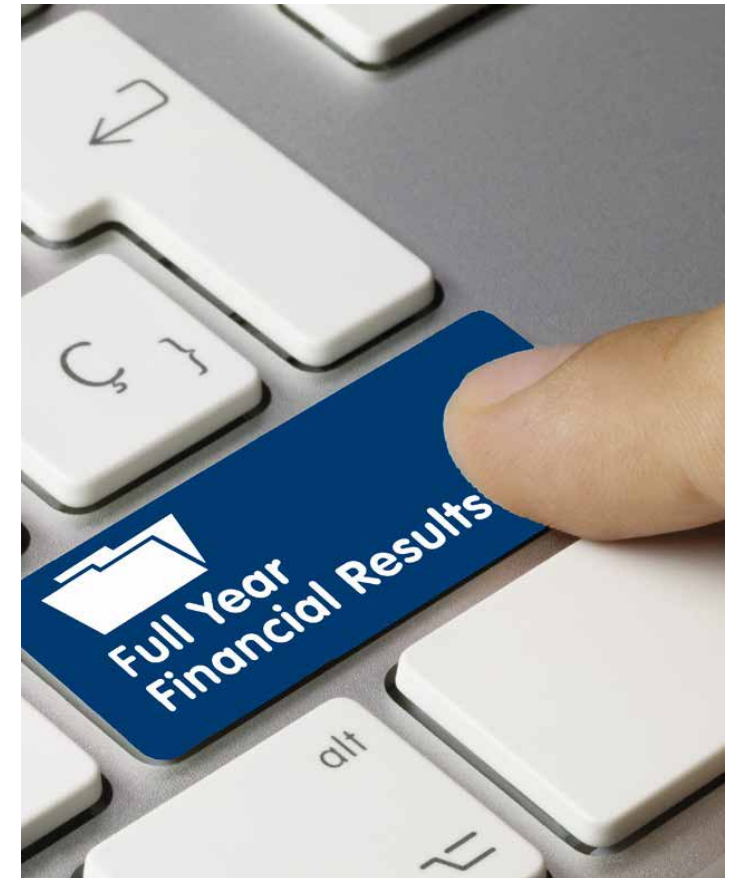
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# FY 2018 AT A GLANCE



Mixed business development.

- **Favorable** development of **Group order intake**, reaching a record level of **6.6 billion euros**.
- **Sales slightly up to 6.0 billion euros**.
- **EBITA decreased to 394 million euros (margin: 6.5%)** due to provisions for restructuring and lack of extraordinary income booked last year.
- Adjusted by extraordinary items, **practically stable earnings and profitability**.
- Dividend proposal: **unchanged dividend of 1.55 EUR/share → 70.5% payout ratio**.



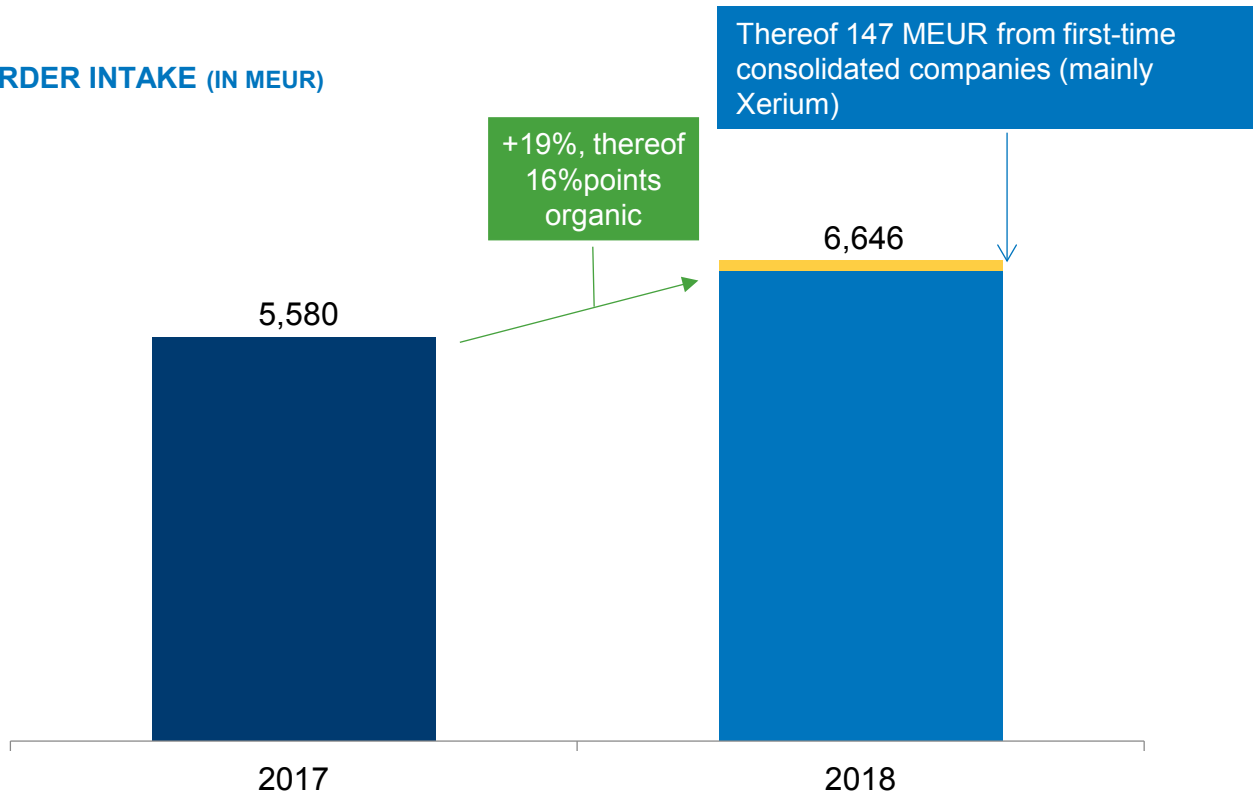


# RECORD ORDER INTAKE



Increase in all business areas.

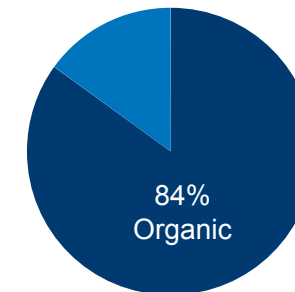
ORDER INTAKE (IN MEUR)



ORDER INTAKE BY BUSINESS AREA (IN MEUR)

	2018	2017	+/-
Hydro	1,446	1,317	+10%
Pulp & Paper	2,572	2,033	+26%
Metals	1,932	1,607	+20%
Separation	697	622	+12%

SPLIT OF ORDER INTAKE GROWTH

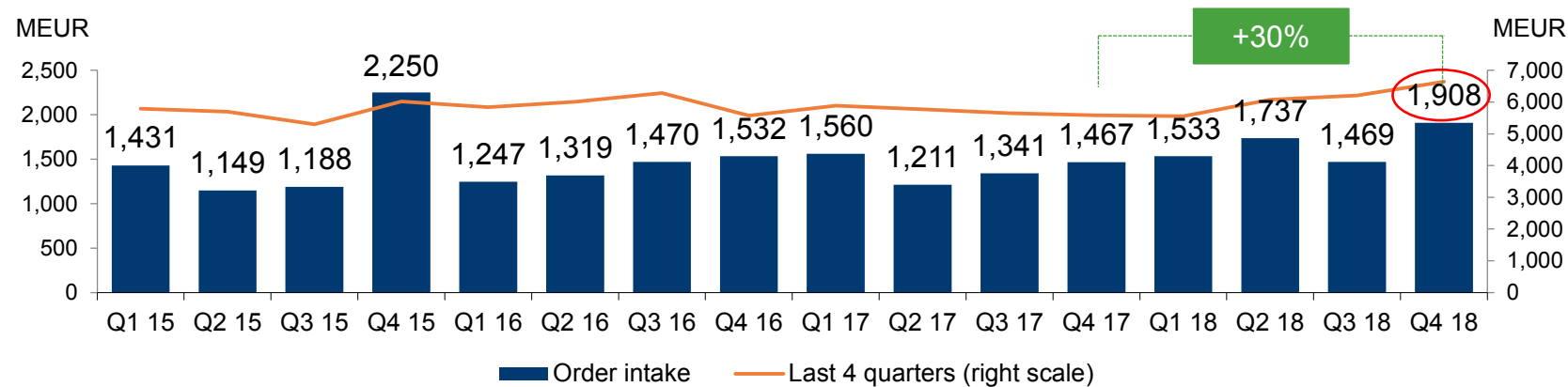


■ Order intake of first-time consolidated companies

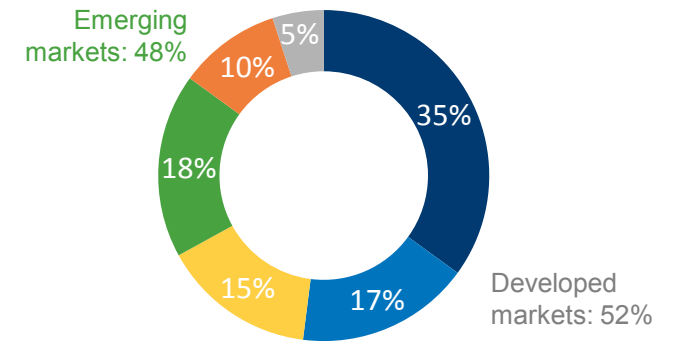
# STRONG ORDER INTAKE IN Q4 2018



Very high Group order intake in Q4 2019 due to Pulp & Paper and Metals



ORDER INTAKE BY REGION (IN %)



## Strong Q4 2019:

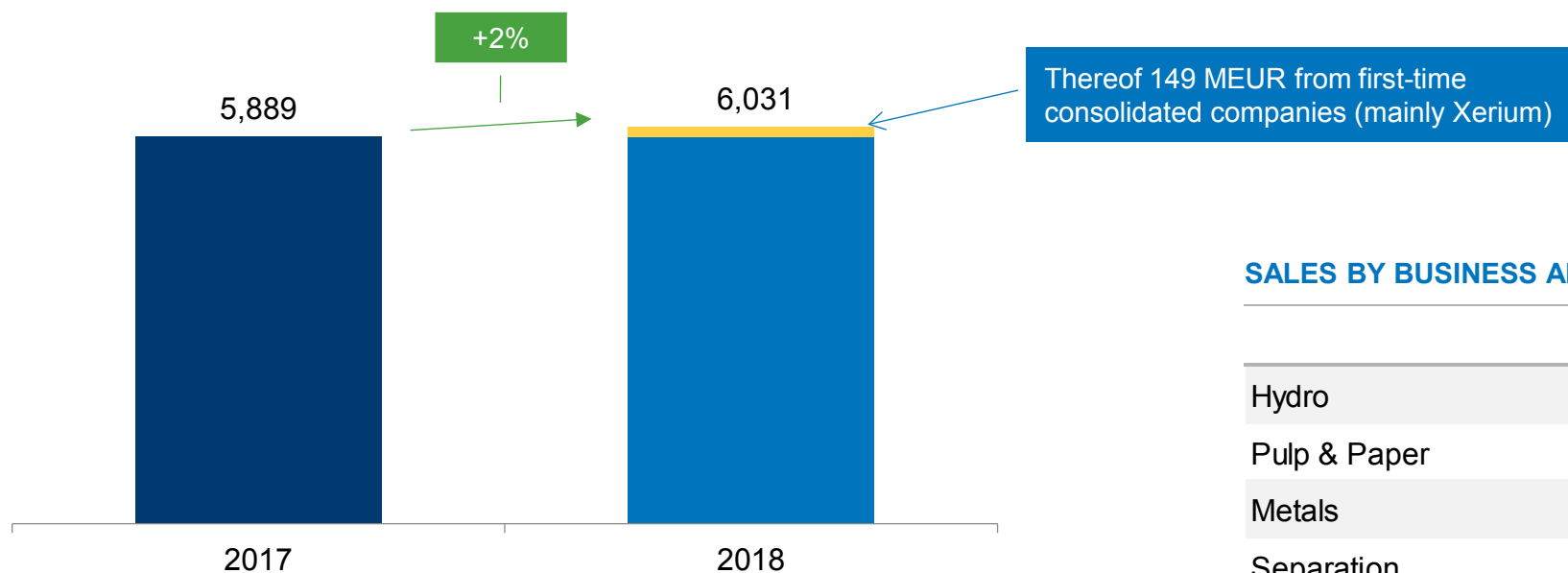
- Large order to supply technologies and key process equipment for Arauco’s MAPA project in Chile.
- First-time consolidation of Xerium Technologies, Inc. in October 2018, which contributed ~100 MEUR.

# SLIGHT RISE OF SALES



Flat sales excluding acquisitions.

SALES (IN MEUR)



SALES BY BUSINESS AREA (IN MEUR)

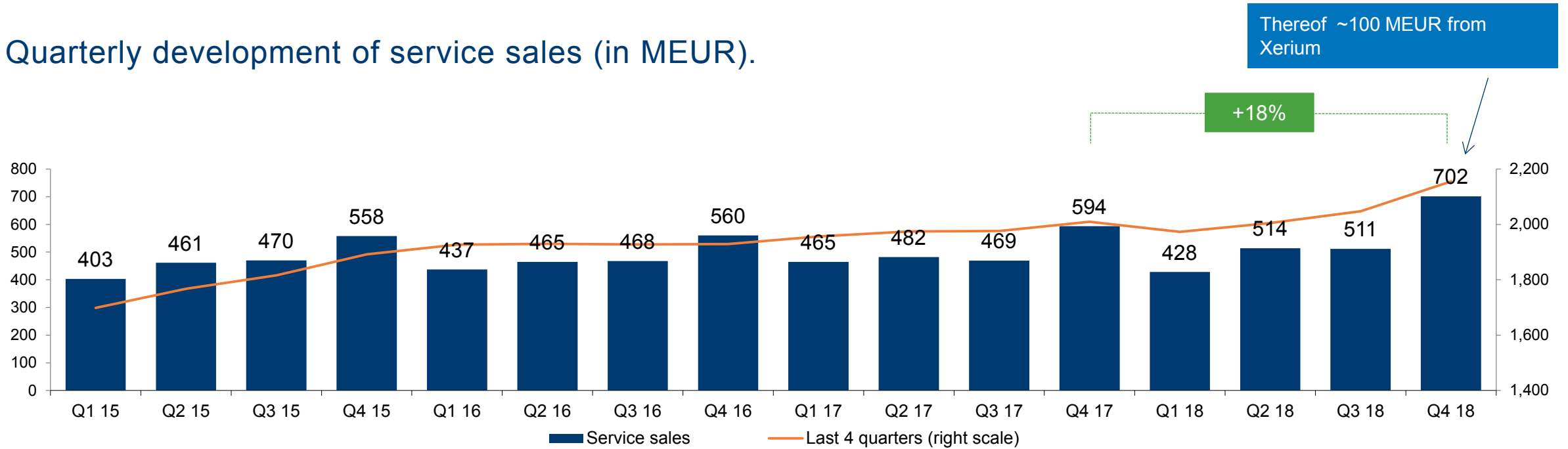
	2018	2017	+/-
Hydro	1,518	1,583	-4%
Pulp & Paper	2,233	2,060	+8%
Metals	1,635	1,644	-1%
Separation	646	603	+7%

■ Sales of first-time consolidated companies

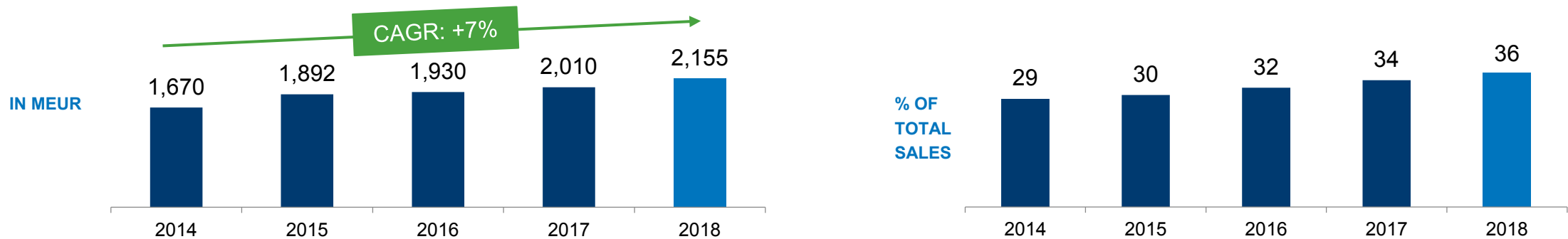
# FURTHER INCREASE OF SERVICE BUSINESS



Quarterly development of service sales (in MEUR).



Service business increased in absolute and relative terms:

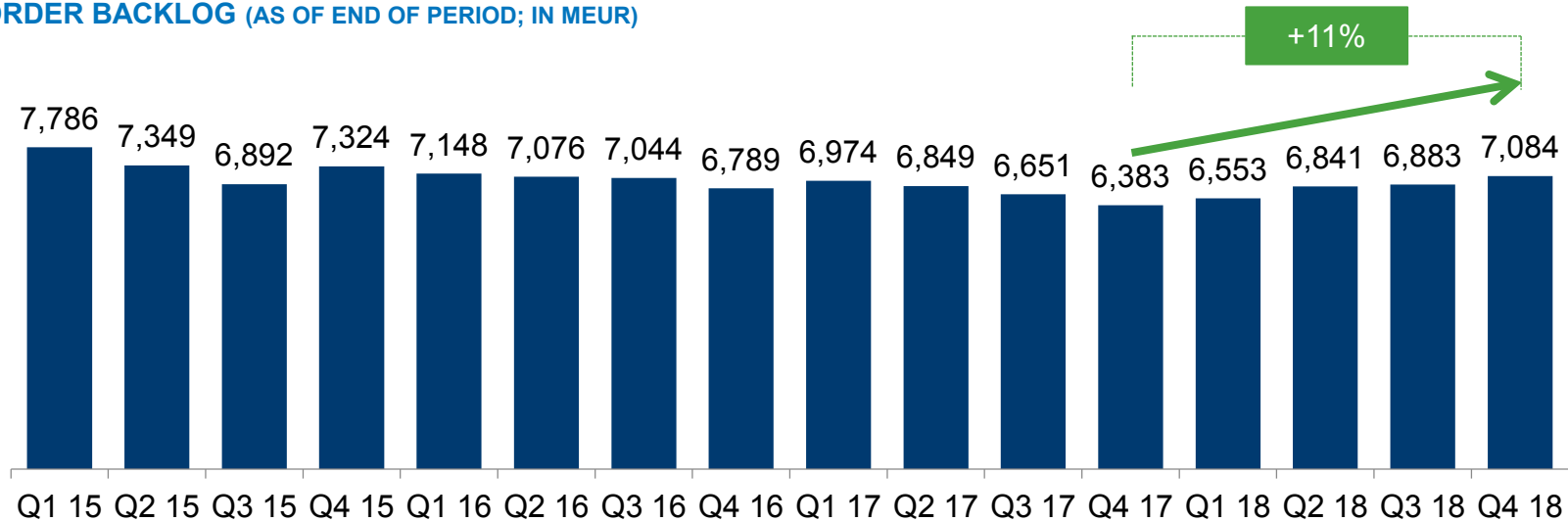


# RISING ORDER BACKLOG SINCE END OF 2017

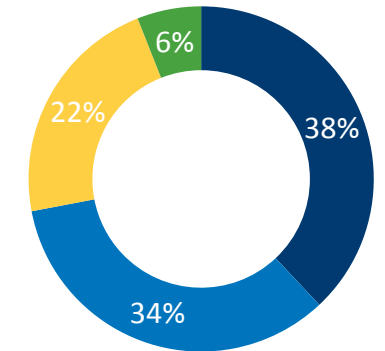


Order backlog of almost 7.1 billion EUR provides good basis for business development in 2019

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



ORDER BACKLOG 2018 BY BUSINESS AREA (IN %)



■ Hydro ■ Pulp & Paper ■ Metals ■ Separation

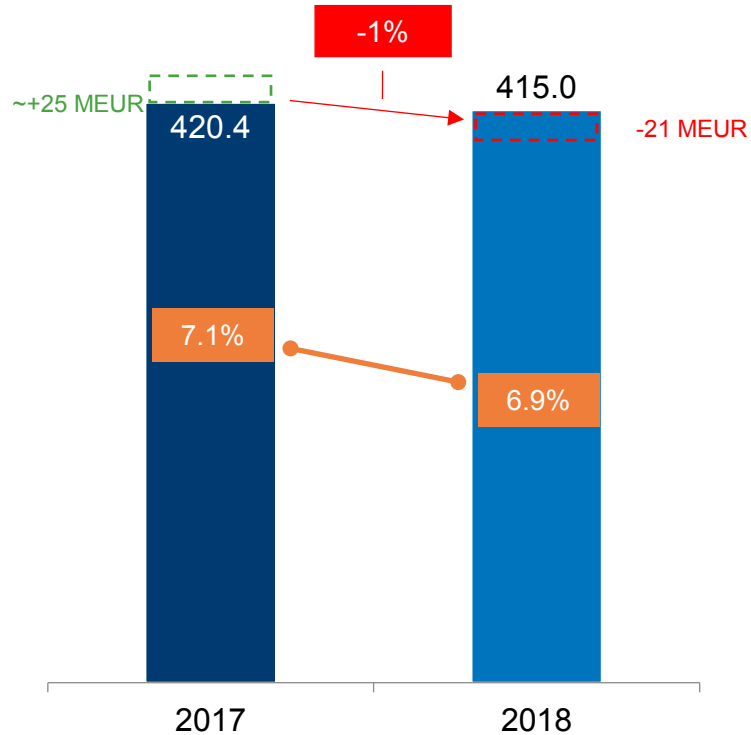
- Order backlog at the end of 2018 was approx. 700 MEUR higher than at the end of 2017.
- Hydro and Pulp & Paper **account for 72% of total order backlog.**

# PRACTICALLY STABLE EARNINGS EXCLUDING EXTRAORDINARY EFFECTS



Margins excluding extraordinary items practically unchanged

EBITA AND EBITA MARGIN **ADJUSTED BY EXTRAORDINARY ITEMS** (IN MEUR)



Practically stable profitability excluding extraordinaries:

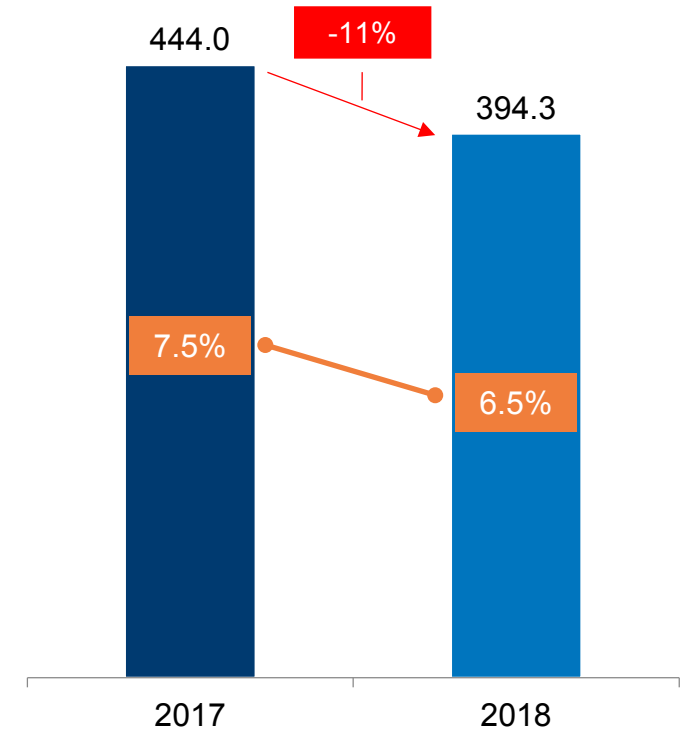
**2017: ~+25 MEUR**

(sale of Technical Center in China)

**2018: - 21 MEUR**

(provisions for restructuring measures)

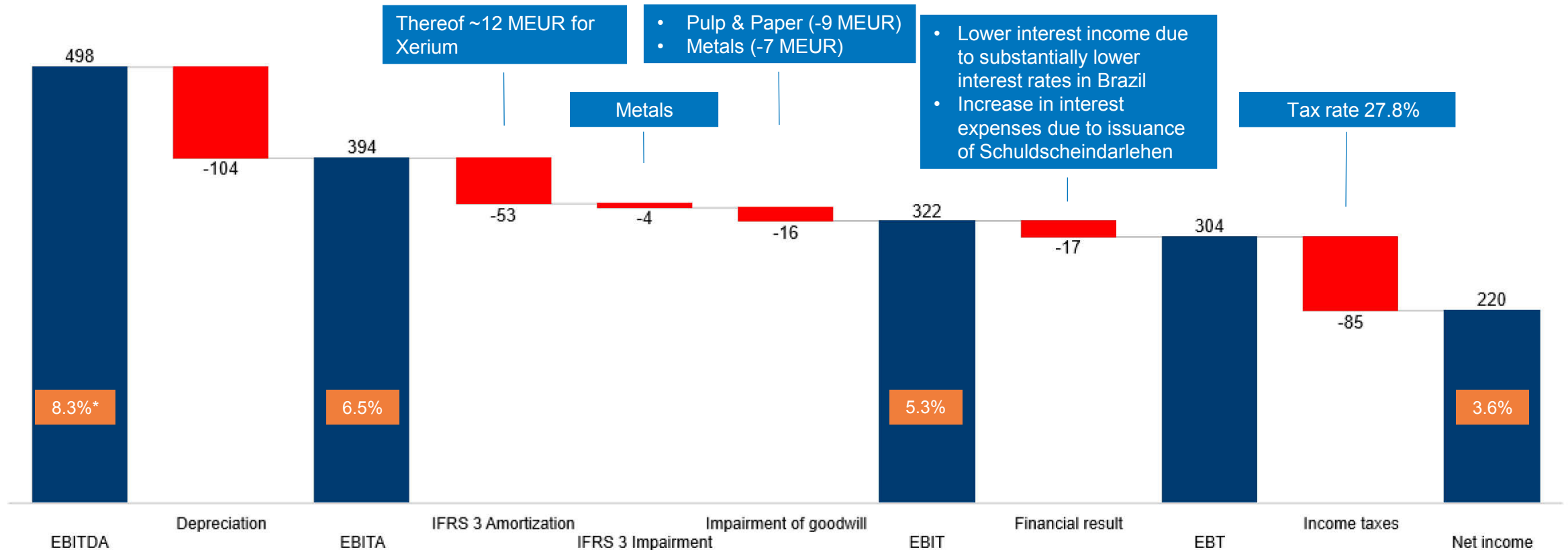
EBITA AND EBITA MARGIN **REPORTED** (IN MEUR)



# EBITDA – NET INCOME BRIDGE



Impairment of goodwill in the amount of 16 MEUR.

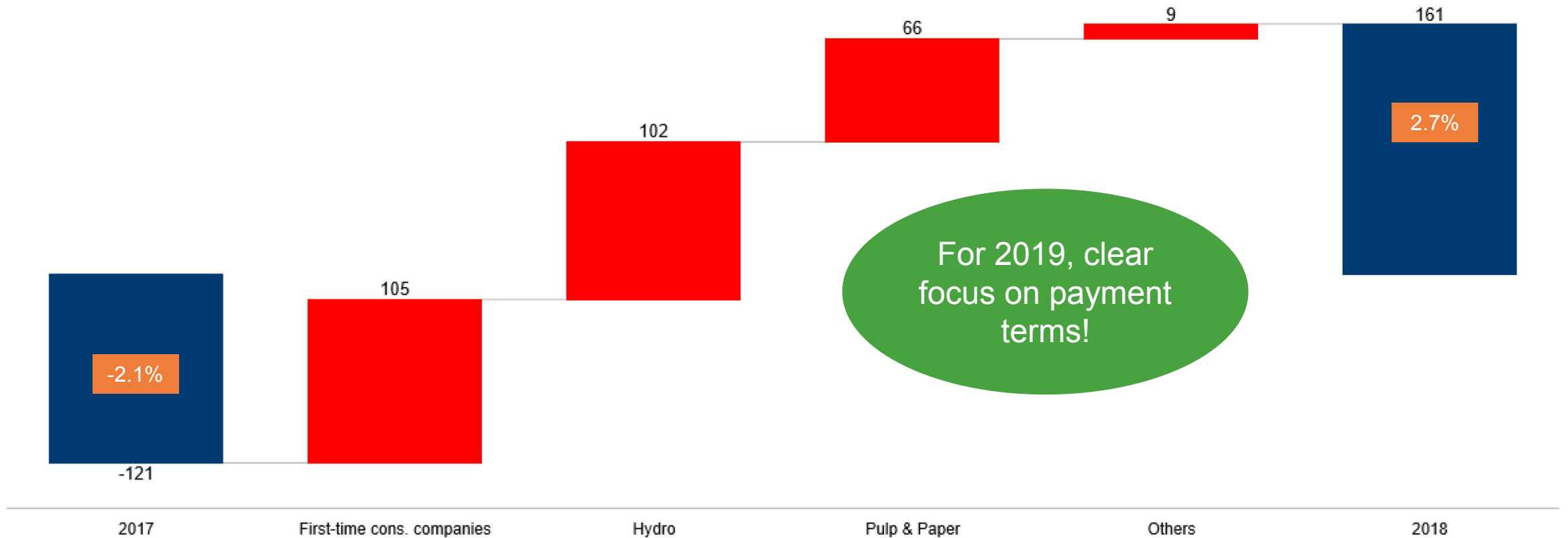


IN MEUR; \*: % OF TOTAL SALES

# NET WORKING CAPITAL BRIDGE



in MEUR and in % of sales

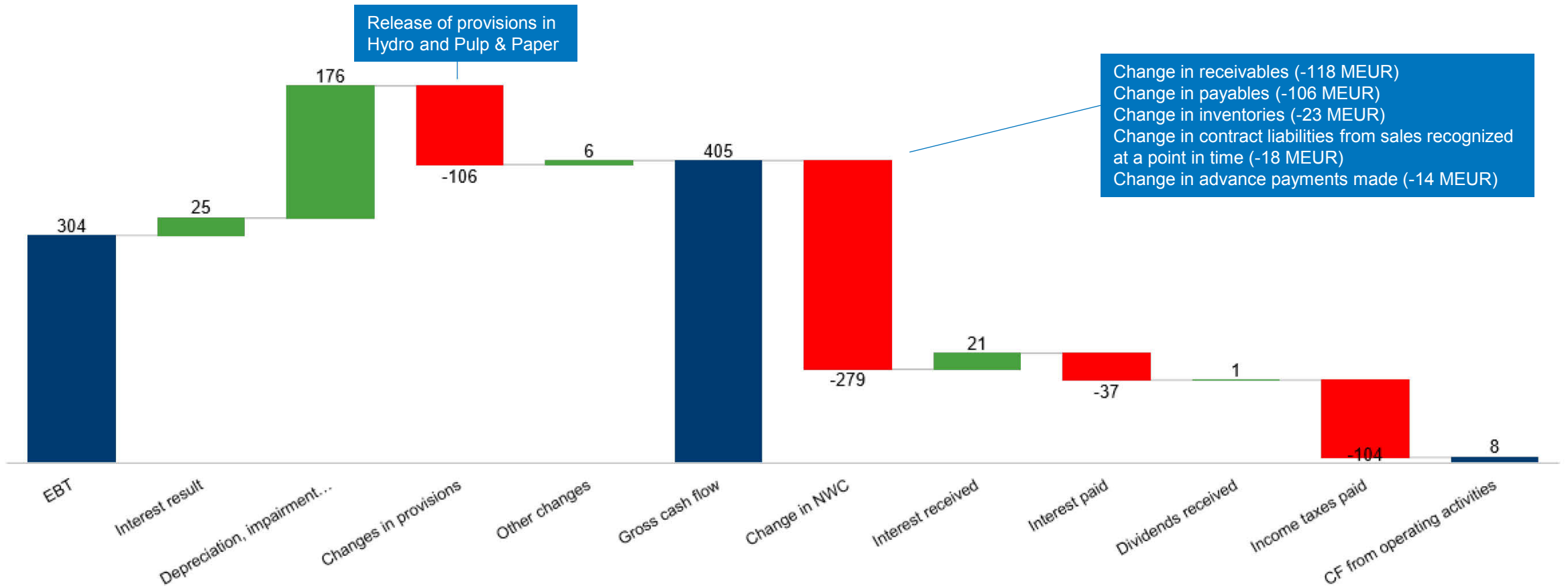




# CASH FLOW FROM OPERATING ACTIVITIES



Project related changes in receivables/payables negatively impact cash flow



Change in receivables (-118 MEUR)  
 Change in payables (-106 MEUR)  
 Change in inventories (-23 MEUR)  
 Change in contract liabilities from sales recognized at a point in time (-18 MEUR)  
 Change in advance payments made (-14 MEUR)

IN MEUR

# KEY FIGURES FY 2018 AT A GLANCE



	UNIT	2018	2017	+/-
Order intake	MEUR	6,646.2	5,579.5	+19.1%
Order backlog (as of end of period)	MEUR	7,084.3	6,383.0	+11.0%
Sales	MEUR	6,031.5	5,889.1	+2.4%
EBITA (adj. by extraordinary items)	MEUR	415.0	420.4	-1.3%
EBITA	MEUR	394.3	444.0	-11.2%
Net income (including non-controlling interests)	MEUR	219.7	265.6	-17.3%
Capital expenditure	MEUR	137.0	116.8	+17.3%
Liquid funds	MEUR	1,279.7	1,772.3	-27.8%
Net liquidity	MEUR	-129.5	908.0	-114.3%
Net working capital	MEUR	160.5	-121.0	+232.6%

Increase mainly attributable to the acquisition of a production site in Brazil.

Acquisitions: approx. 770 MEUR, thereof ca. 700 MEUR for Xerium, including early redemption of bond.

Increase due to inventories (Xerium: ca +100 MEUR) and project-related changes in receivables/payables.

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# TARGETS FOR 2019



- Processing of **high order backlog** according to schedule.
- Focus on securing long-term **profitability** by further optimization of capacity and organizational structures.
- **Integration of newly acquired companies.**
- **Improve** net working capital.










# OUTLOOK FOR 2019



Largely unchanged prospects and expectations for markets served by ANDRITZ.

- For **2019**, ANDRITZ expects a **significant increase in sales** compared to 2018 due to
  - **high order backlog** as of end of 2018 and
  - **sales contributions** by the **companies acquired in 2018**.
- **Net income and profitability (EBITA margin)** should also **increase** compared to the previous year.

Market outlook			
Hydro	Pulp & Paper	Metals	Separation
Satisfactory  	Very Good  	Good  	Very good  

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