



COMPANY PRESENTATION

ANDRITZ GROUP

AUGUST 2019

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 ANDRITZ GROUP OVERVIEW

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03 UPDATE OF BUSINESS AREAS

04 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

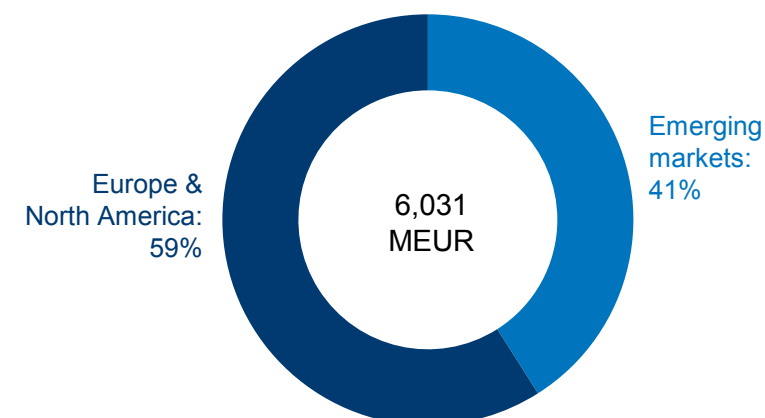
Global presence

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

KEY FINANCIAL FIGURES:

	UNIT	H1 2019	2018
Order intake	MEUR	3,705.2	6,646.2
Order backlog (as of end of period)	MEUR	7,724.2	7,084.3
Sales	MEUR	3,062.4	6,031.5
Net income (including non-controlling interests)	MEUR	75.8	219.7
Employees (as of end of period; without apprentices)	-	29,616	29,096

SALES BY REGION 2018 (%)



A WORLD MARKET LEADER WITH FOUR BUSINESS AREAS



PULP & PAPER



39

% order intake*

PRODUCT OFFERING

Equipment for production of all types of pulp, paper, tissue, and board; energy boilers

METALS



29

% order intake*

PRODUCT OFFERING

Presses/press lines for metal forming (Schuler); systems for production of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants

HYDRO



22

% order intake*

PRODUCT OFFERING

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

SEPARATION



10

% order intake*

PRODUCT OFFERING

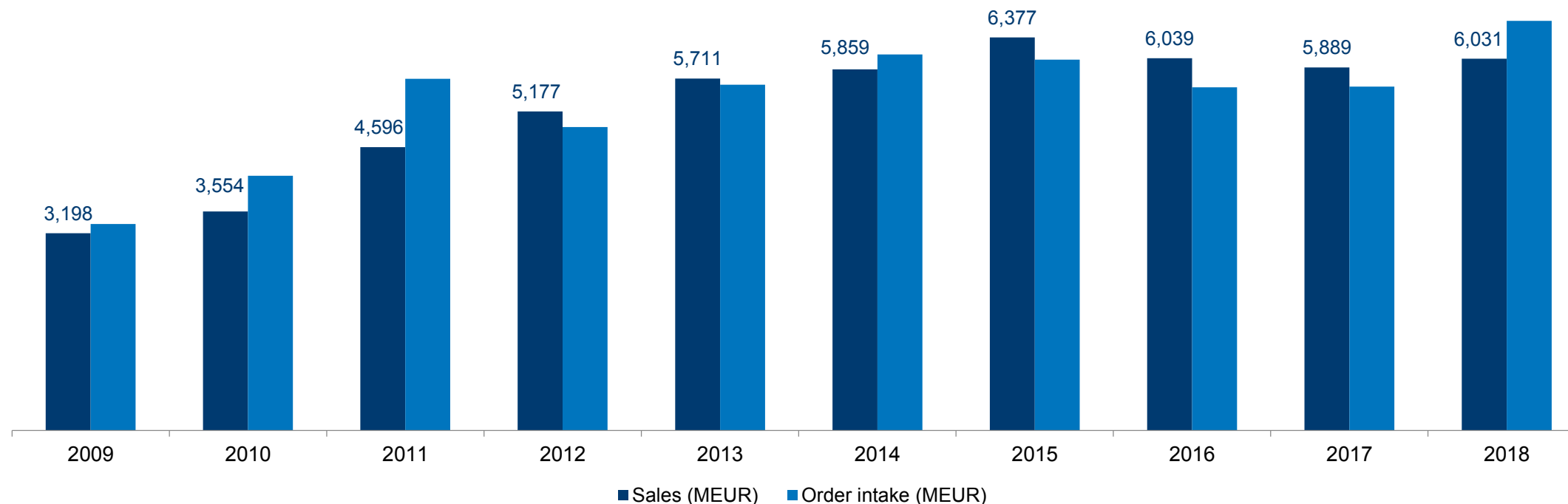
Equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets

* Share of total Group order intake 2018

LONG-TERM GROWTH BASED ON ACQUISITIONS AND ORGANIC EXPANSION



Compound Annual Growth Rate (CAGR) of Group sales 2009-2018:
+7% 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	2019	Kempulp	2018	ASKO		
		2008	Kufferath						
		2009	Rollteck						

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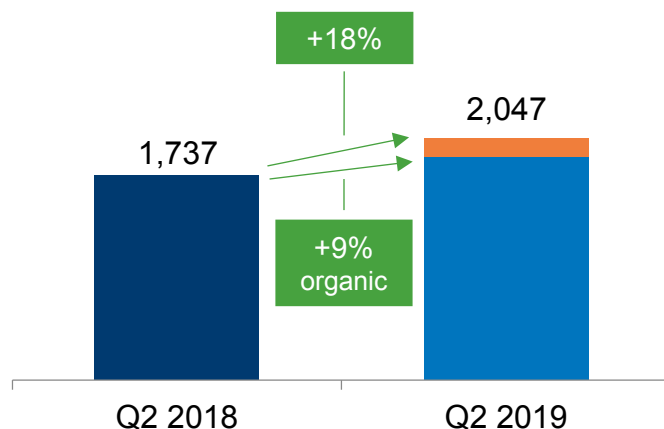
04 OUTLOOK

SIGNIFICANT INCREASE OF ORDER INTAKE IN Q2 2019



Mainly driven by strong increase in Pulp & Paper; Hydro, Metals, Separation down y/y

ORDER INTAKE Q2 2019 (IN MEUR)



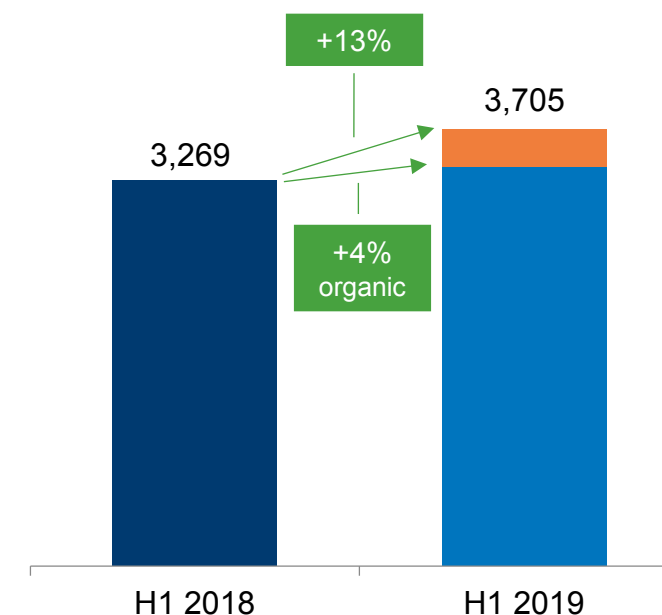
■ Newly acquired companies: ~161 MEUR, thereof ~111 MEUR Xerium

ORDER INTAKE BY BUSINESS AREA (IN MEUR)

	Q2 2019	Q2 2018	+/-
Hydro	288	318	-10%
Pulp & Paper	1,119	724	+55%
Metals	462	479	-4%
Separation	179	216	-17%

	H1 2019	H1 2018	+/-
Hydro	602	753	-20%
Pulp & Paper	1,926	1,181	+63%
Metals	810	947	-14%
Separation	368	389	-5%

ORDER INTAKE H1 2019 (IN MEUR)

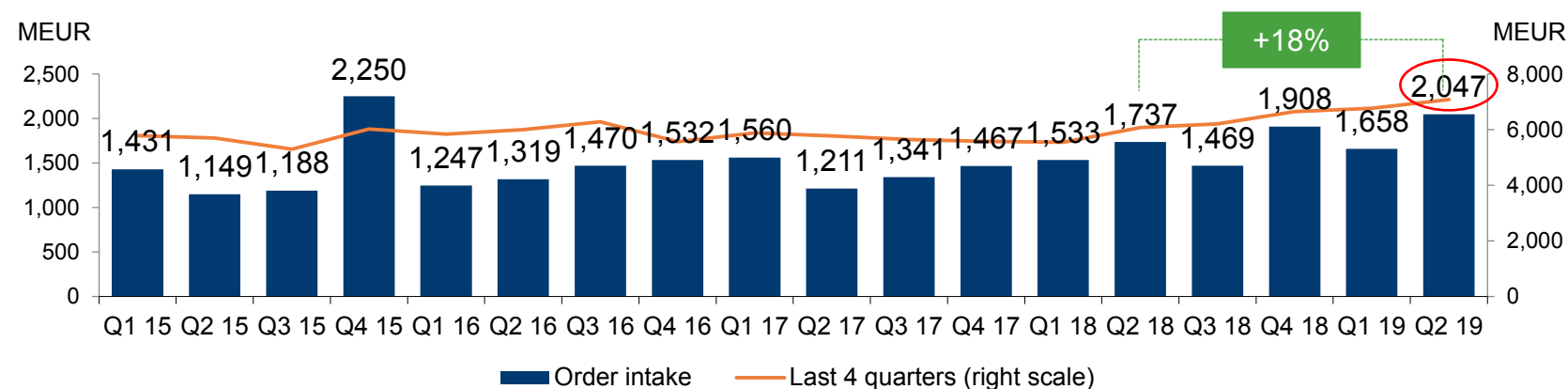


■ Newly acquired companies: ~318 MEUR, thereof ~236 MEUR Xerium

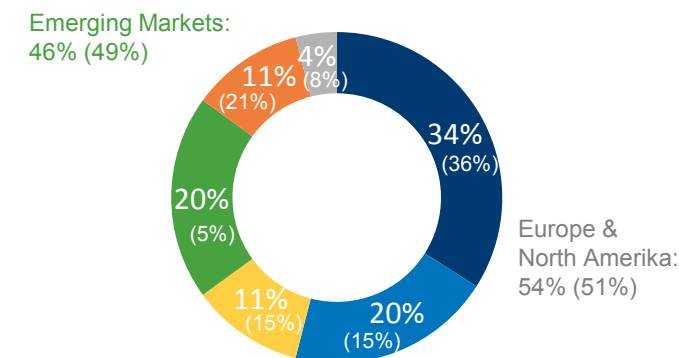
QUARTERLY DEVELOPMENT OF ORDER INTAKE



Aggregated order intake of the last four quarters amounts to ~7.1 bn. EUR



ORDER INTAKE BY REGION
H1 2019 (H1 2018) IN %



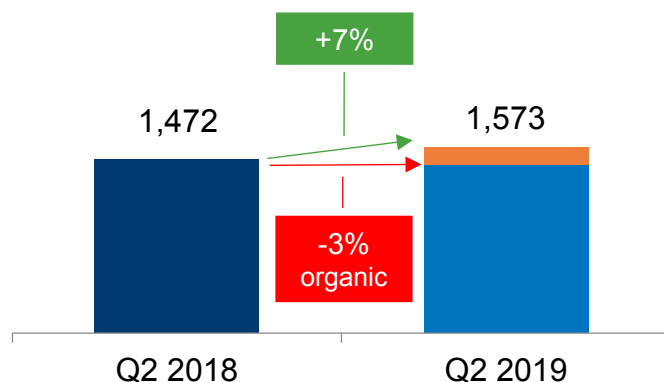
- Xerium Technologies, Inc. contributed ~111 MEUR in Q2 2019
- Well balanced geographical exposure
 - Europe and North America: 54%
 - Emerging Markets: 46%

INCREASE OF GROUP SALES DRIVEN BY PULP & PAPER



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

SALES Q2 2019 (IN MEUR)



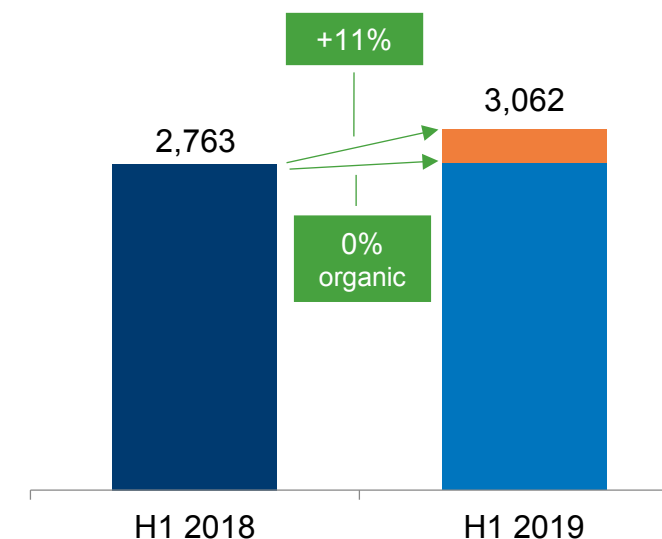
■ Newly acquired companies: ~147 MEUR, thereof ~113 MEUR Xerium

SALES BY BUSINESS AREA (IN MEUR)

	Q2 2019	Q2 2018	+/-
Hydro	337	375	-10%
Pulp & Paper	708	551	+29%
Metals	371	395	-6%
Separation	158	152	+4%

	H1 2019	H1 2018	+/-
Hydro	676	724	-7%
Pulp & Paper	1,310	1,010	+30%
Metals	759	742	+2%
Separation	318	287	+11%

SALES H1 2019 (IN MEUR)

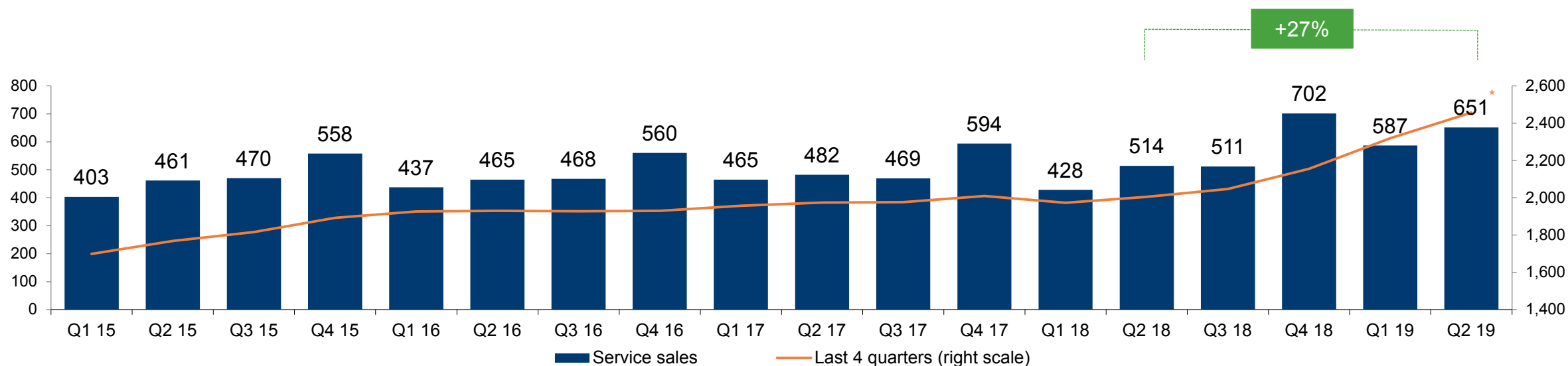


■ Newly acquired companies: ~287 MEUR, thereof ~222 MEUR Xerium

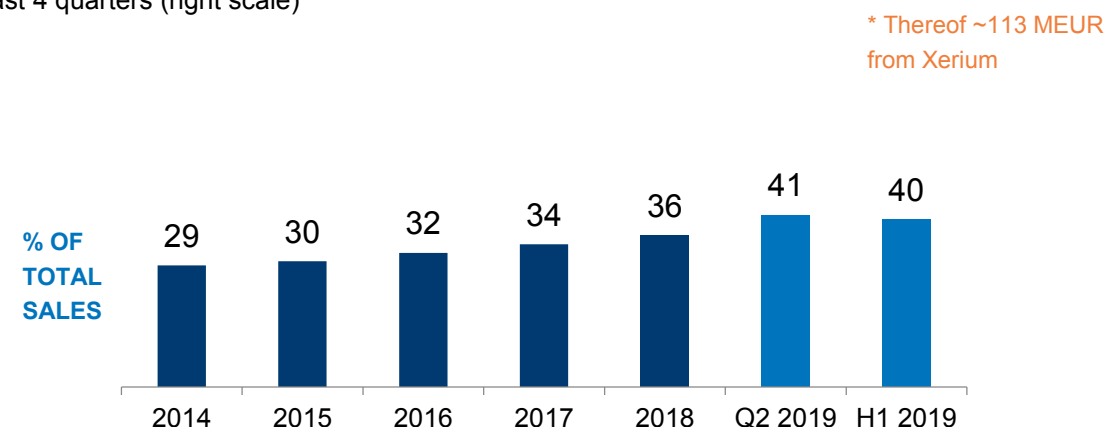
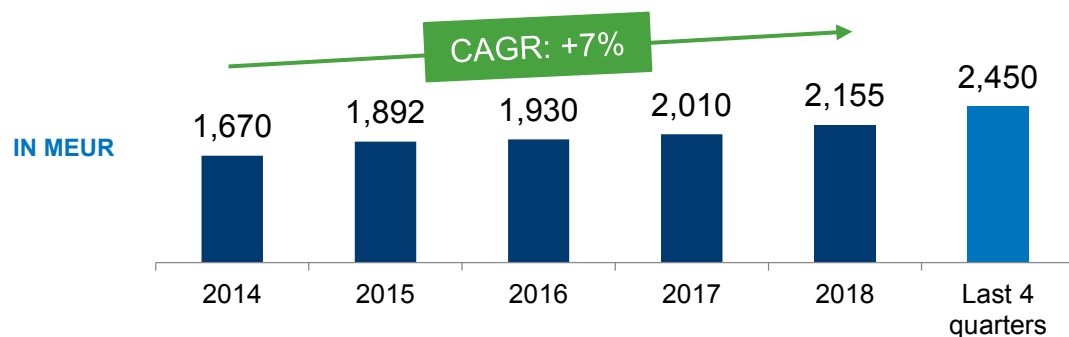
FURTHER INCREASE OF SERVICE BUSINESS



Quarterly development of service sales (in MEUR)



Service business increased in absolute and relative terms:



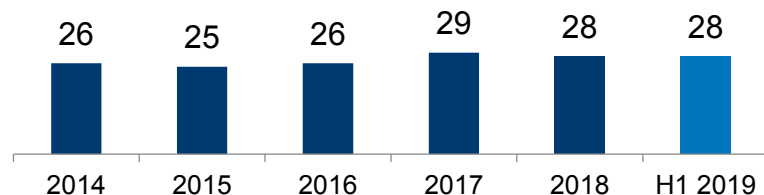
* Thereof ~113 MEUR from Xerium

SERVICE BUSINESS BY BUSINESS AREA

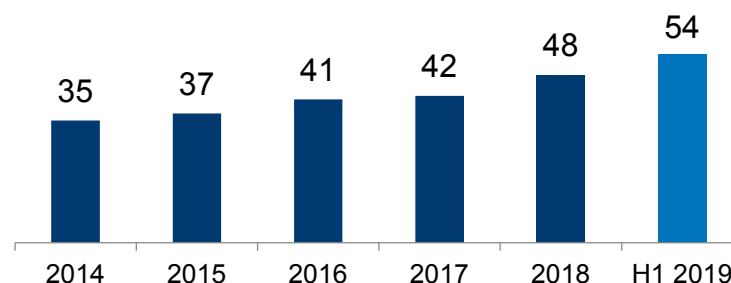


% of total business area sales

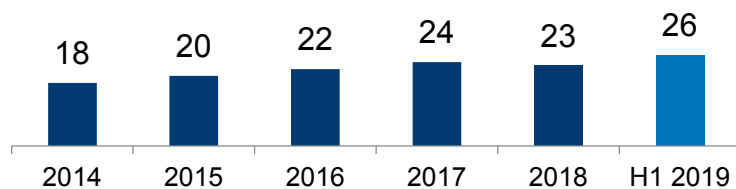
HYDRO



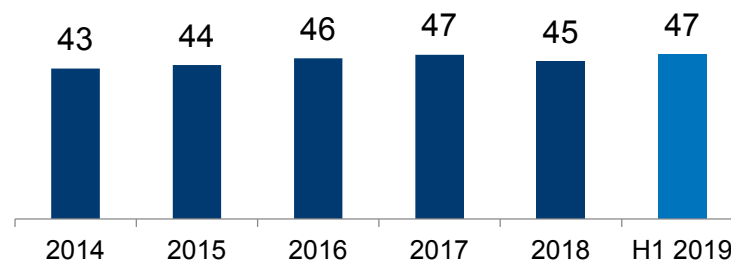
PULP & PAPER



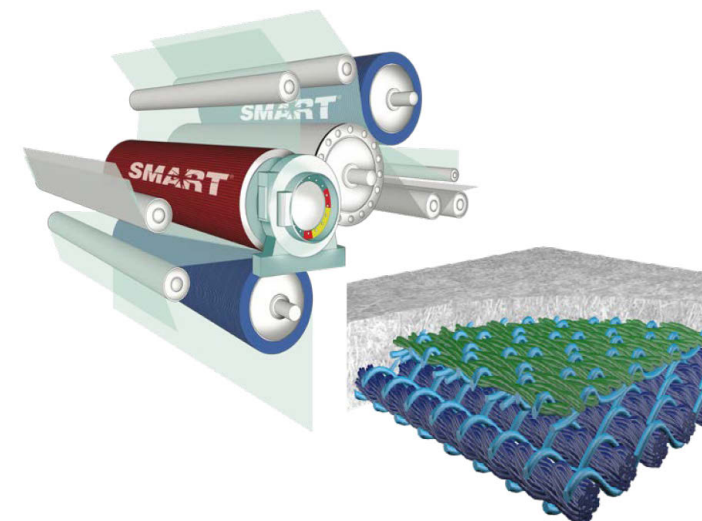
METALS



SEPARATION



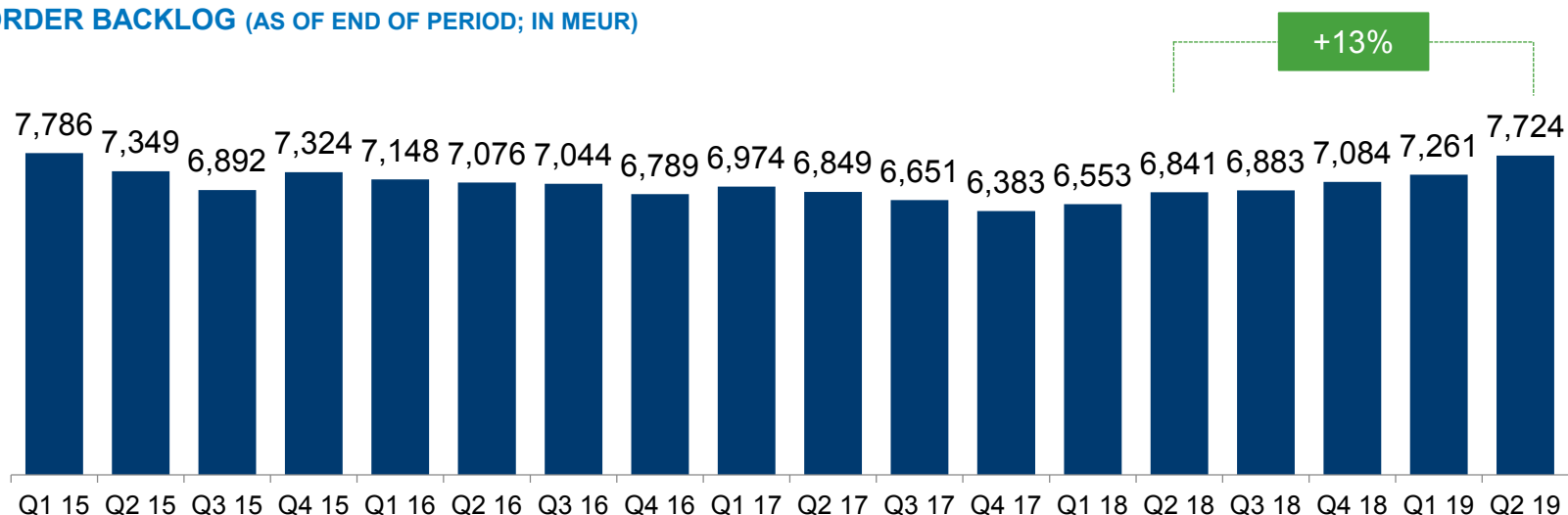
ANDRITZ Fabrics and Rolls provides machine clothings and roll covers for paper, tissue, and board machines.



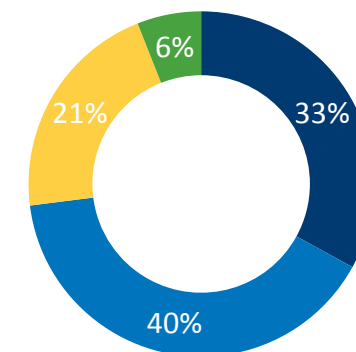
GROUP ORDER BACKLOG SIGNIFICANTLY UP COMPARED TO END OF 2018



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



ORDER BACKLOG Q2 2019
BY BUSINESS AREA
(IN %)



■ Hydro ■ Pulp & Paper ■ Metals ■ Separation

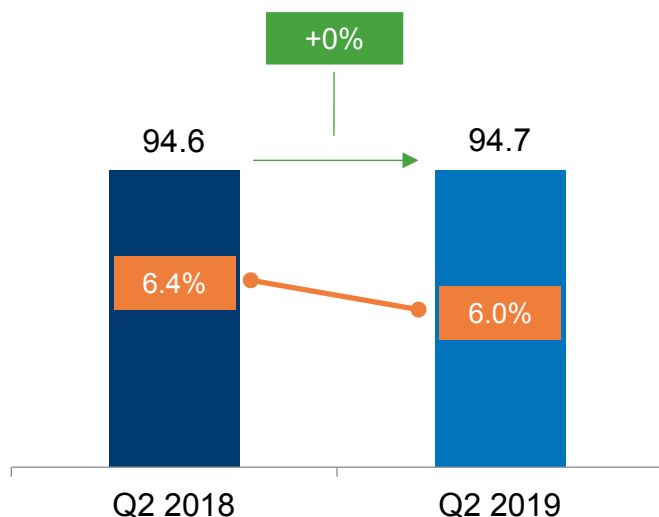
- Order backlog at the end Q2 2019 was approx. 640 MEUR higher than at the end of 2018, mainly driven by Pulp & Paper
- Hydro and Pulp & Paper **account for 73% of total order backlog**

EARNINGS AND PROFITABILITY PRACTICALLY UNCHANGED DESPITE SALES INCREASE



Unsatisfactory performance of Metals

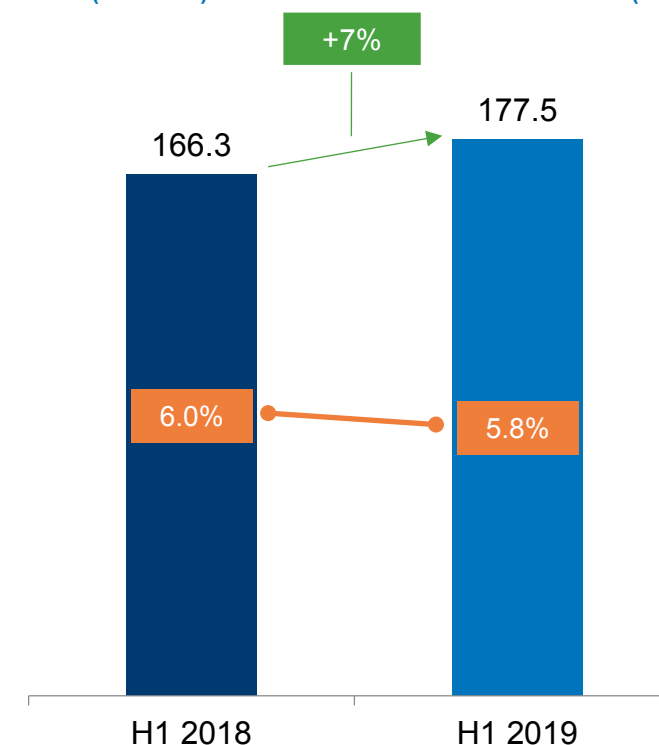
EBITA (IN MEUR) AND EBITA MARGIN Q2 2019 (IN %)



Q2 2019:

- Despite increase in sales, EBITA remained practically unchanged at 94.7 MEUR (Q2 2018: 94.6 MEUR). Profitability amounted to 6.0% (Q2 2018: 6.4%)
- Unchanged favorable profitability of the Pulp & Paper business area
- Metals still impacted by execution of lower-margin orders, underutilization in Metals Forming (Schuler) as well as cost overruns on some projects in Metals Processing
- Improved profitability in Hydro and Separation

EBITA (IN MEUR) AND EBITA MARGIN H1 2019 (IN %)

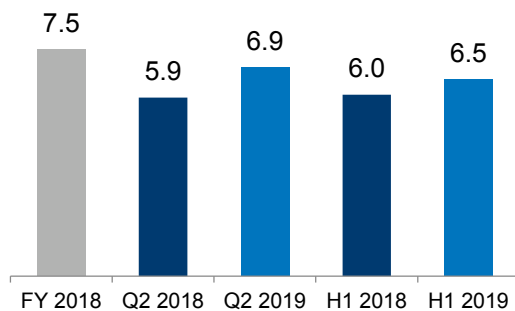


PROFITABILITY BY BUSINESS AREA

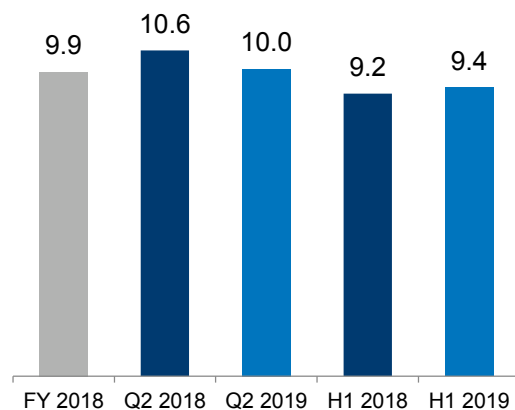


EBITA margin (%)

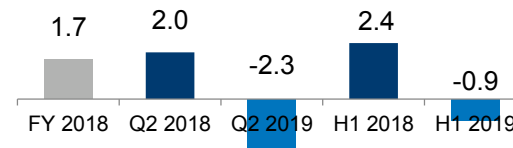
HYDRO



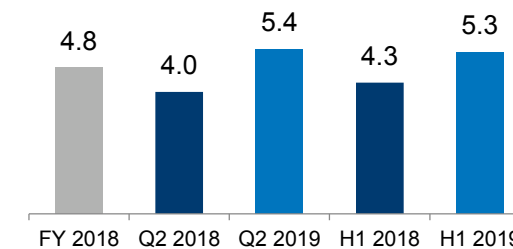
PULP & PAPER



METALS



SEPARATION

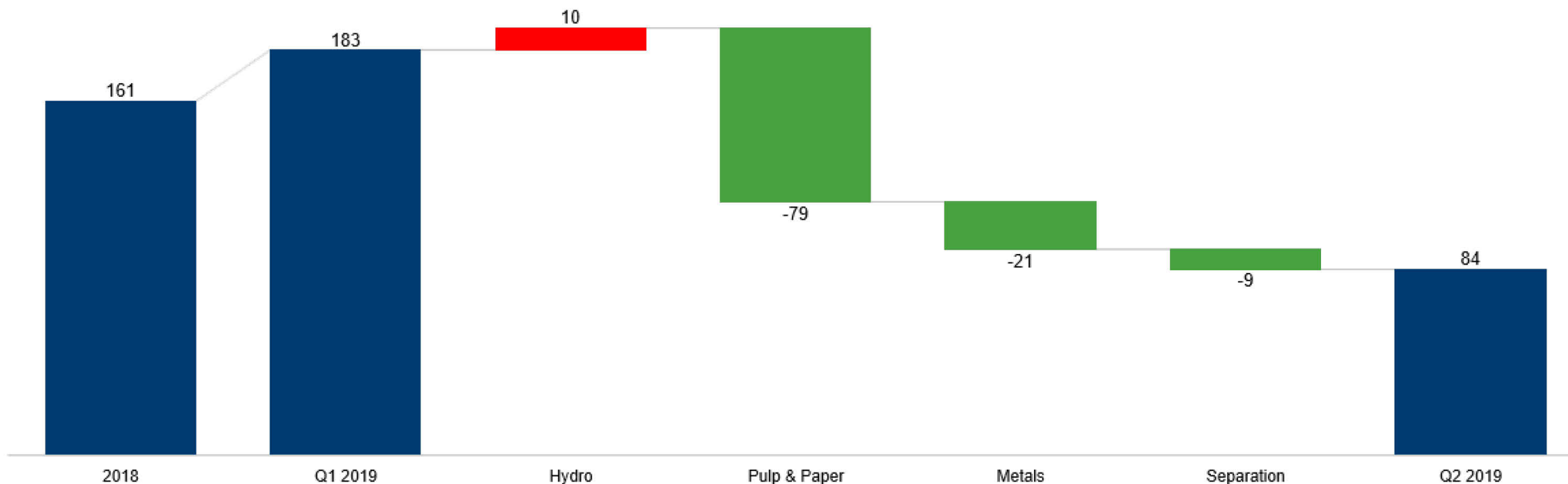


IMPROVEMENT OF NET WORKING CAPITAL IN Q2 2019



Mainly driven by Pulp & Paper

- Increase of contract liabilities due to increase of advance/progress payments for projects
- Reduction of trade accounts receivable



SIGNIFICANT INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES

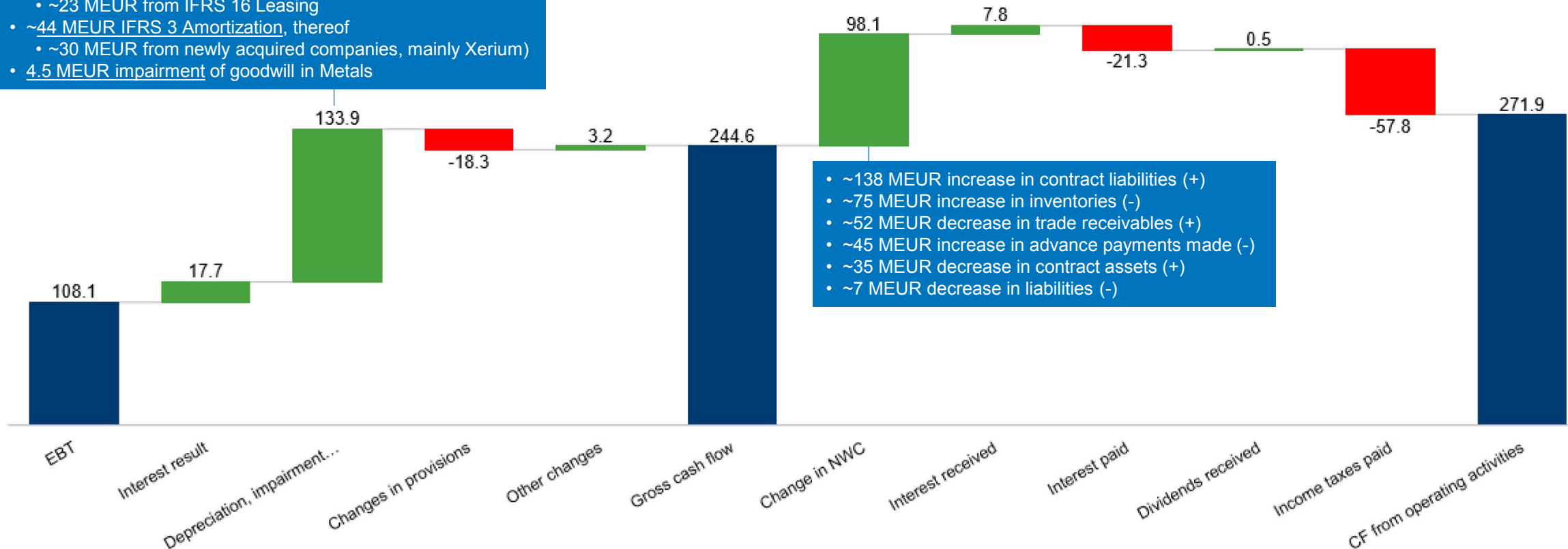


From -101 MEUR in H1 2018 to +272 MEUR in H1 2019

IN MEUR

Split of total depreciation:

- ~85 MEUR depreciation, thereof
 - ~12 MEUR from newly acquired companies and
 - ~23 MEUR from IFRS 16 Leasing
- ~44 MEUR IFRS 3 Amortization, thereof
 - ~30 MEUR from newly acquired companies, mainly Xerium)
- 4.5 MEUR impairment of goodwill in Metals



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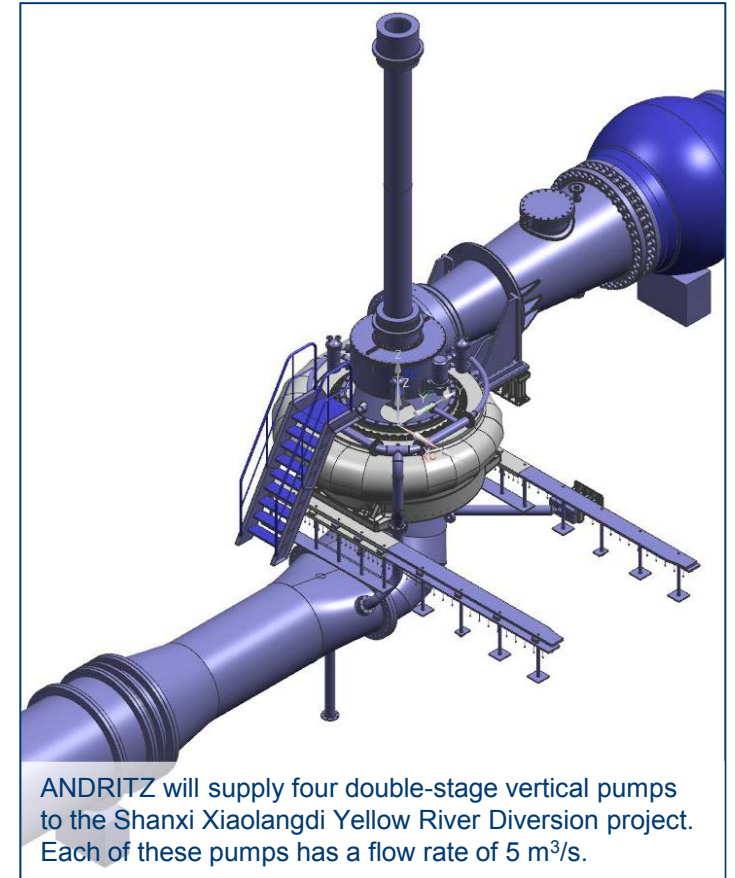
04 OUTLOOK

HYDRO (1): UNCHANGED MODERATE MARKET ENVIRONMENT



Selective award of individual projects, particularly in the growing Asian market

- **New hydropower plants**
Some new, larger projects are currently in the planning phase, especially in Southeast Asia and Africa; selective award of individual projects is likely
- **Pumps**
Good project activity
- **Modernizations/rehabilitations**
As a result of the continuing low investment activity by utilities driven by low electricity prices, many modernization projects are still postponed, particularly in Europe
- **Competition**
Stable competition at challenging level



HYDRO (2): DESPITE DECLINE IN SALES, IMPROVED EARNINGS AND MARGIN DEVELOPMENT



Order intake at unchanged low level

Order intake below the low level of last year

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

Project-related improvement of earnings and margin

	UNIT	H1 2019	H1 2018	+/-	Q2 2019	Q2 2018	+/-	2018
Order intake	MEUR	601.8	753.1	-20.1%	287.9	318.2	-9.5%	1,445.8
Order backlog (as of end of period)	MEUR	2,563.3	2,789.1	-8.1%	2,563.3	2,789.1	-8.1%	2,667.9
Sales	MEUR	675.6	724.3	-6.7%	337.2	374.5	-10.0%	1,517.5
EBITDA	MEUR	60.2	57.1	+5.4%	30.0	29.3	+2.4%	142.4
EBITDA margin	%	8.9	7.9	-	8.9	7.8	-	9.4
EBITA	MEUR	44.0	43.4	+1.4%	23.4	22.2	+5.4%	113.8
EBITA margin	%	6.5	6.0	-	6.9	5.9	-	7.5
Employees (as of end of period; without apprentices)	-	7,332	7,233	+1.4%	7,332	7,233	+1.4%	7,002

ORDER INTAKE BY REGION H1 2019 VS. H1 2018 (%)



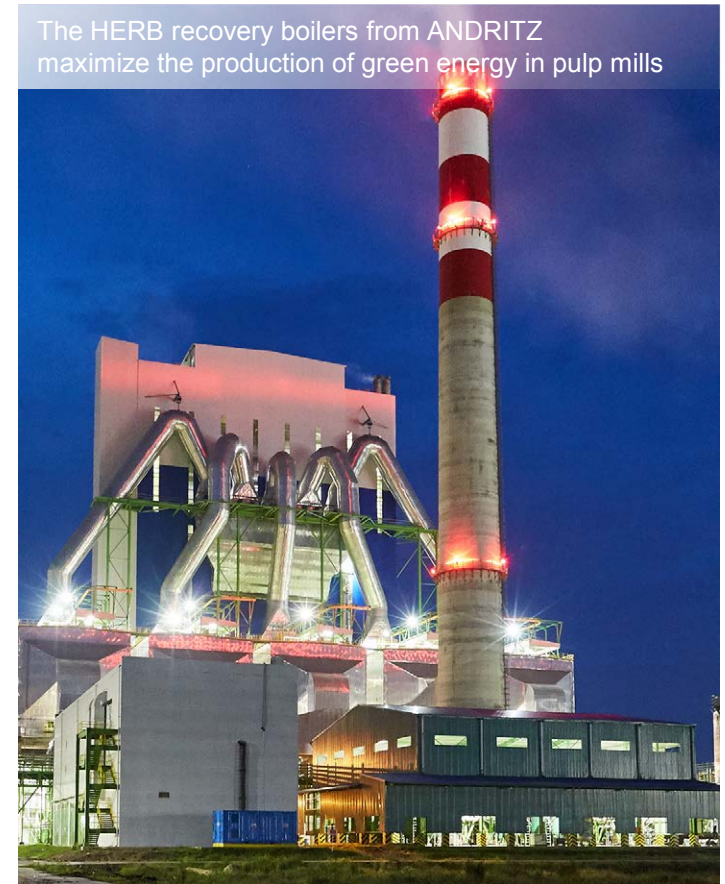
SALES BY REGION H1 2019 VS. H1 2018 (%)



PULP & PAPER (1): VERY GOOD MARKET ENVIRONMENT



- **Pulp**
Very good project activity for both modernization of existing pulp mills and greenfield pulp mills (particularly in South America)
- **Paper**
Satisfactory market development for tissue and packaging equipment continued
- **Power generating boilers**
Very good project and investment activity, especially in Asia (Japan)
- **Competition**
Stable competitive environment



MAJOR PULP ORDERS RECEIVED



- Long-term maintenance and service contract for Arauco's MAPA project in Chile. The service agreement for the entire mill will start in September 2019 and run for more than nine years through to February 2029. It is the largest maintenance and service contract ANDRITZ has ever been awarded
→ order intake will be booked annually.
- Supply of major pulp production technologies and key process equipment (on EPC basis) for Klabin's pulp mill in Brazil
→ order booked in Q2 2019.
- Significant pulp mill order (on EPC basis) from an international pulp and paper producer to supply energy-efficient and environmentally friendly pulp production technologies and key process equipment
→ order expected to be booked in Q3 2019.

The white liquor plant delivered by ANDRITZ in 2016 for Klabin's pulp mill in Ortigueira, Paraná, Brazil, has one of the world's largest recausticizing plants, with 16,000 m³ white liquor production daily.



PULP & PAPER (2): VERY FAVORABLE BUSINESS DEVELOPMENT



Strong increase in order intake; earnings and profitability at favorable levels

Order intake significantly up, both for the capital and service business

Strong increase in **sales**; mainly driven by the service business with Xerium adding ~113 MEUR to sales in Q2 2019

Earnings and profitability at unchanged favorable levels

Increase of employees vs. H1 2018 mainly due to acquisition of Xerium, Diatec and Novimpianti

	UNIT	H1 2019	H1 2018	+/-	Q2 2019	Q2 2018	+/-	2018
Order intake	MEUR	1,925.7	1,180.9	+63.1%	1,118.8	723.5	+54.6%	2,571.9
Order backlog (as of end of period)	MEUR	3,054.0	2,098.9	+45.5%	3,054.0	2,098.9	+45.5%	2,421.1
Sales	MEUR	1,310.3	1,009.5	+29.8%	707.6	550.6	+28.5%	2,233.2
EBITDA	MEUR	163.0	106.1	+53.6%	91.1	65.2	+39.7%	258.4
EBITDA margin	%	12.4	10.5	-	12.9	11.8	-	11.6
EBITA	MEUR	123.6	92.9	+33.0%	71.1	58.4	+21.7%	222.1
EBITA margin	%	9.4	9.2	-	10.0	10.6	-	9.9
Employees (as of end of period; without apprentices)	-	11,772	8,242	+42.8%	11,772	8,242	+42.8%	11,435

ORDER INTAKE BY REGION H1 2019 VS. H1 2018 (%)



SALES BY REGION H1 2019 VS. H1 2018 (%)



METALS (1): CONTINUED LOW PROJECT AND INVESTMENT ACTIVITY IN METALS FORMING



- Metals Forming

Unchanged moderate project and investment activity due to the continuing weak international automotive market as well as due to the economic slow down in China

- Metals Processing

Reduced project activity. Orders placed focused mainly on technologies and plants for the production of advanced high-strength steel grades as well as for the production of aluminum for the automotive industry

- Competition

Unchanged challenging competition



RESTRUCTURING OF SCHULER



Necessary cost and capacity cuts to reduce underabsorption

- Worldwide very low investment activity by automobile producers and their suppliers
- Cost base of Schuler in Germany not competitive
- Restructuring necessary to ensure long-term profitability and competitiveness of Schuler:
 - Reduction of manufacturing capacities in Germany
→ partial shift to China and Brazil
 - Reduce number of **personnel by 500 people**, mainly in manufacturing
 - Total **one-off provisions of around 85 MEUR + impairment of goodwill of 25 MEUR**
 - First savings from restructuring expected by H2/2020
 - Together with the restructuring program 2018, total **cost savings of 60 MEUR expected as from 2022**

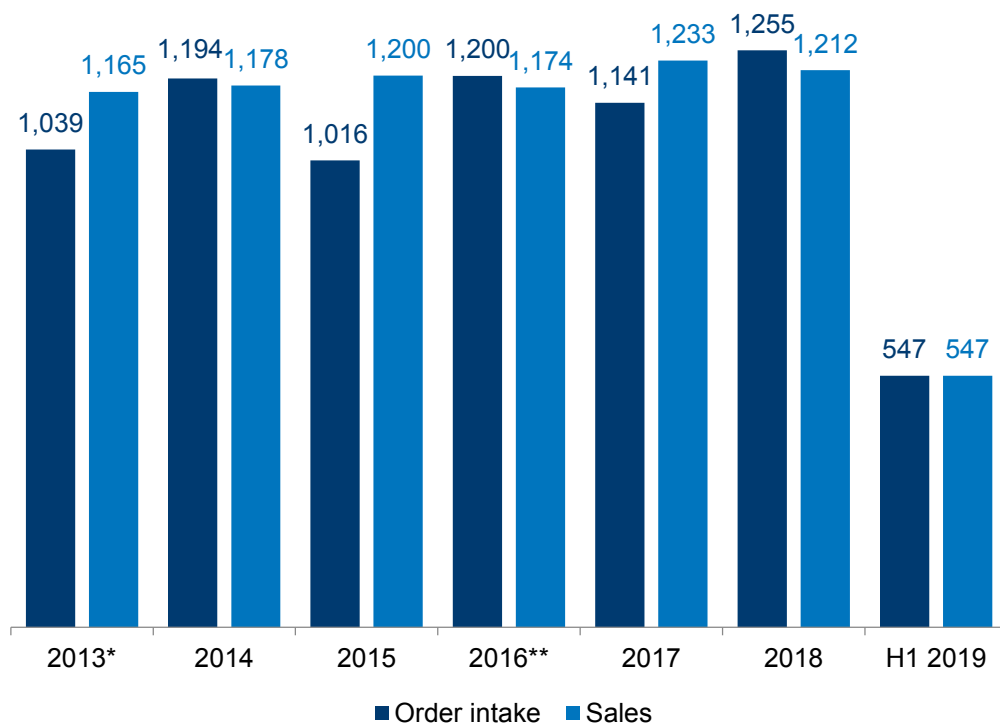


SCHULER: ORDER INTAKE AND SALES 2013-H1 2019



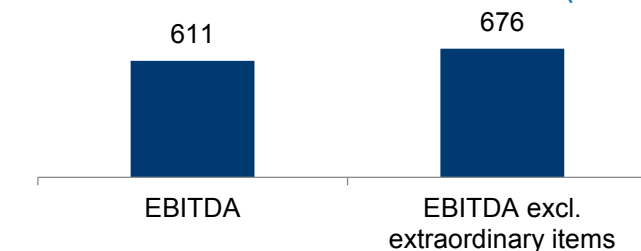
Despite acquisitions order intake practically flat over the last five years

ORDER INTAKE AND SALES (IN MEUR)

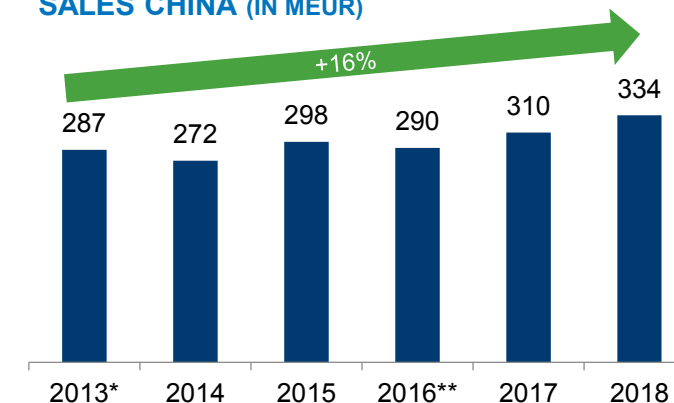


- Purchased in 2013 (purchase price: ~600 MEUR) → business plan assumed lower sales going forward
- Acquisition multiple: 4.1 EV/EBITDA
Actual six year average: 5 / 4.6 (excl. extraordinary items)
- Two restructuring programs in 2013 and 2015 with a total of 60 MEUR implemented
- Acquisition of Yadon in 2016 to expand business in the Chinese growth market
- Some shift of production capacities to China
- Weakness of the global automotive market in 2018 leads to under-absorption especially in Germany

AGGREGATED EBITDA 2013- H1 2019 (IN MEUR)



SALES CHINA (IN MEUR)



* First-time consolidation of the Schuler Group as of March 2013; pro forma

** First-time consolidation of Yadon and Aweba as of July 2016

METALS (2): UNSATISFACTORY BUSINESS DEVELOPMENT



Earnings and profitability down in Metals Processing and Metals Forming

Order intake in Q2 2019 only slightly down y/y

Decrease in sales in Q2 2019, mainly due to Metals Forming

Earnings and profitability significantly down due to

- execution of lower-margin orders and
- under-utilization in Metals Forming (Schuler).
- Cost overruns in Metals Processing

	UNIT	H1 2019	H1 2018	+/-	Q2 2019	Q2 2018	+/-	2018
Order intake	MEUR	809.8	946.7	-14.5%	461.7	478.9	-3.6%	1,931.8
Order backlog (as of end of period)	MEUR	1,654.2	1,493.9	+10.7%	1,654.2	1,493.9	+10.7%	1,591.6
Sales	MEUR	758.7	742.4	+2.2%	370.9	394.9	-6.1%	1,635.1
EBITDA	MEUR	15.8	32.1	-50.8%	3.0	15.3	-80.4%	57.8
EBITDA margin	%	2.1	4.3	-	0.8	3.9	-	3.5
EBITA	MEUR	-6.9	17.7	-139.0%	-8.4	7.9	-206.3%	27.3
EBITA margin	%	-0.9	2.4	-	-2.3	2.0	-	1.7
Employees (as of end of period; without apprentices)	-	7,680	7,690	-0.1%	7,680	7,690	-0.1%	7,818

ORDER INTAKE BY REGION H1 2019 VS. H1 2018 (%)



SALES BY REGION H1 2019 VS. H1 2018 (%)



SEPARATION (1): GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED



Particularly for solid/liquid separation equipment

- **Municipal**
Investment activity at unchanged good levels (sewage sludge dewatering and drying)
- **Industrial**
Good project activity in chemicals, mining, and minerals;
investment activity in food improved from low levels
- **Feed and biomass pelleting**
Solid project activity
- **Competition**
Unchanged market environment with some global and many regional competitors



ANDRITZ Aqua-Screen T

SEPARATION (2): IMPROVED BUSINESS DEVELOPMENT



Order intake below the very high level of last year, which included a larger order

Order intake in Q2 2019 below the high level of last year, which included a larger order in China

Increase in **sales** due to the positive development of order intake in solid/liquid separation in the past few quarters

Earnings and profitability up as a result of higher sales

	UNIT	H1 2019	H1 2018	+/-	Q2 2019	Q2 2018	+/-	2018
Order intake	MEUR	367.9	388.6	-5.3%	178.7	215.9	-17.2%	696.7
Order backlog (as of end of period)	MEUR	452.7	459.2	-1.4%	452.7	459.2	-1.4%	403.7
Sales	MEUR	317.8	286.9	+10.8%	157.6	152.1	+3.6%	645.7
EBITDA	MEUR	23.7	16.4	+44.5%	12.0	8.1	+48.1%	39.4
EBITDA margin	%	7.5	5.7	-	7.6	5.3	-	6.1
EBITA	MEUR	16.8	12.3	+36.6%	8.5	6.1	+39.3%	31.1
EBITA margin	%	5.3	4.3	-	5.4	4.0	-	4.8
Employees (as of end of period; without apprentices)	-	2,832	2,858	-0.9%	2,832	2,858	-0.9%	2,841

ORDER INTAKE BY REGION H1 2019 VS. H1 2018 (%)



SALES BY REGION H1 2019 VS. H1 2018 (%)



CHAPTER OVERVIEW



01 ANDRITZ GROUP OVERVIEW

02 RESULTS H1/Q2 2019

03 UPDATE OF BUSINESS AREAS

04 OUTLOOK

OUTLOOK: GUIDANCE FOR 2019 CONFIRMED



Largely unchanged prospects for markets served

- For **2019**, ANDRITZ continues to expect a **significant increase in sales** compared to 2018 due to **high order backlog** and **sales contributions** by the **companies acquired in 2018**
- **Profitability (EBITA margin)** expected to reach the **level of 2018 excluding extraordinary effects** (EBITA margin: 6.9%)

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

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