RESULTS FOR 2019

ANDRITZ GROUP

MARCH 4, 2020

ANDRITZ

ENGINEERED SUCCESS
CHAPTER OVERVIEW

01 FY 2019 AT A GLANCE

02 PERFORMANCE FY 2019 AND MARKET UPDATE

03 UPDATE OF BUSINESS AREAS

04 OUTLOOK
Record order intake and sales, decline of earnings due to restructuring measures

- **Group order intake, at 7.3 billion euros**, reaches new record high → driven by Pulp & Paper which booked some large greenfield pulp mill orders as well as orders for recovery and power boilers

- **Order Backlog, at 7.8 billion euros**, provides solid workload for 2020

- **Sales** increased to over **6.6 billion euros**, reaching new high, mainly driven by Pulp & Paper

- **EBITA impacted by restructuring measures** for capacity adjustments in the amount of **113 MEUR**, mainly for Schuler

- **Profitability (EBITA margin) adjusted** by extraordinary items amounts to **6.8%**, thus practically at same level of last year (2018: 6.9% adjusted)
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03 UPDATE OF BUSINESS AREAS

04 OUTLOOK
Strong development of Pulp & Paper more than compensates decline in Metals and Hydro

<table>
<thead>
<tr>
<th>BUSINESS AREA</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; Paper</td>
<td>3,633</td>
<td>2,572</td>
<td>+41%</td>
</tr>
<tr>
<td>Metals</td>
<td>1,582</td>
<td>1,932</td>
<td>-18%</td>
</tr>
<tr>
<td>Hydro</td>
<td>1,350</td>
<td>1,446</td>
<td>-7%</td>
</tr>
<tr>
<td>Separation</td>
<td>717</td>
<td>697</td>
<td>+3%</td>
</tr>
</tbody>
</table>
HIGH ORDER INTAKE IN Q2/19 AND Q3/19 DUE TO LARGE ORDERS IN PULP & PAPER

Emerging markets account for 46% of total order intake

- Major orders received in 2019:
  - **Pulp & Paper**: greenfield pulp mill orders from Bracell and Klabin, strong order intake for power and recovery boilers
  - **Hydro**: pumped storage power order from Dubai
GROUP SALES REACH NEW RECORD HIGH

Strong increase in Pulp & Paper due to high order intake and sales contribution from Xerium

### Sales (in MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>+11%</th>
<th>thereof 3% points organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; Paper</td>
<td>2,233</td>
<td>2,869</td>
<td>+28%</td>
<td></td>
</tr>
<tr>
<td>Metals</td>
<td>1,635</td>
<td>1,637</td>
<td>+0%</td>
<td></td>
</tr>
<tr>
<td>Hydro</td>
<td>1,518</td>
<td>1,471</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>Separation</td>
<td>646</td>
<td>697</td>
<td>+8%</td>
<td></td>
</tr>
</tbody>
</table>

### Sales by Business Area (in MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; Paper</td>
<td>2,869</td>
<td>2,233</td>
<td>+28%</td>
</tr>
<tr>
<td>Metals</td>
<td>1,637</td>
<td>1,635</td>
<td>+0%</td>
</tr>
<tr>
<td>Hydro</td>
<td>1,471</td>
<td>1,518</td>
<td>-3%</td>
</tr>
<tr>
<td>Separation</td>
<td>697</td>
<td>646</td>
<td>+8%</td>
</tr>
</tbody>
</table>
SERVICE BUSINESS CONTINUES TO GROW – SOLID DEVELOPMENT OF XERIUM

Quarterly development of service sales (in MEUR)

Service business increased in absolute and relative terms:

CAGR: +10%
SERVICE BUSINESS BY BUSINESS AREA

% of total business area sales

PULP & PAPER

- 2014: 35%
- 2015: 37%
- 2016: 41%
- 2017: 42%
- 2018: 48%
- 2019: 51%

METALS

- 2014: 18%
- 2015: 20%
- 2016: 22%
- 2017: 24%
- 2018: 23%
- 2019: 27%

HYDRO

- 2014: 26%
- 2015: 25%
- 2016: 26%
- 2017: 29%
- 2018: 28%
- 2019: 32%

SEPARATION

- 2014: 43%
- 2015: 44%
- 2016: 46%
- 2017: 47%
- 2018: 45%
- 2019: 45%

ANDRITZ Fabrics and Rolls provides machine clothings and roll covers for paper, tissue, and board machines.
Order backlog at 7.8 billion as of end of 2019

- Order backlog at the end of 2019 was approx. 700 MEUR higher than at the end of 2018, mainly driven by Pulp & Paper
- Hydro and Pulp & Paper account for 75% of total order backlog

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>7,786</td>
<td>7,349</td>
<td>7,148</td>
<td>7,076</td>
<td>7,044</td>
</tr>
<tr>
<td>Q2</td>
<td>7,324</td>
<td>6,974</td>
<td>6,789</td>
<td>6,849</td>
<td>7,076</td>
</tr>
<tr>
<td>Q3</td>
<td>7,044</td>
<td>6,553</td>
<td>6,383</td>
<td>6,841</td>
<td>7,261</td>
</tr>
<tr>
<td>Q4</td>
<td>7,044</td>
<td>6,883</td>
<td>7,084</td>
<td>7,148</td>
<td>7,724</td>
</tr>
</tbody>
</table>

### ORDER BACKLOG 2019 BY BUSINESS AREA (IN %)

- Pulp & Paper: 41%
- Metals: 34%
- Hydro: 20%
- Separation: 5%
Excluding extraordinary items practically unchanged profitability compared to 2018

Split of restructuring measures:
Total: **113 MEUR in 2019**, thereof
- Metals: ~ -82 MEUR
- Hydro: ~ -14 MEUR
- Pulp & Paper: ~ -11 MEUR
- Separation: ~ -6 MEUR

* EBITA and EBITA margin reported
** EBITA and EBITA margin adjusted by extraordinary items
PROFITABILITY BY BUSINESS AREA

EBITA margin (in %)

**EBITA margin adjusted by extraordinary items**

* EBITA margin reported
EBITDA – NET INCOME BRIDGE

- Increase in interest expenses due to
  - issuance of Schuldscheindarlehen and ECA loan
  - Refinancing of financial liabilities of Xerium (FX-hedging)
  - Leasing IFRS 16

- Thereof ~49 MEUR for newly acquired companies (mainly Xerium)

- Leasing IFRS 16 (~46 MEUR)
- Newly acquired companies (~35 MEUR)
- Impairment losses on property, plant, and equipment in Metals and Hydro (~19 MEUR)

IN MEUR; *: % OF TOTAL SALES
SIGNIFICANT INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES

From +8 MEUR in 2018 to +822 MEUR in 2019

Split of total depreciation:
- ~194 MEUR depreciation, thereof
- ~35 MEUR from newly acquired companies and
- ~46 MEUR from IFRS 16 Leasing
- ~76 MEUR IFRS 3 Amortization, thereof
- ~49 MEUR from newly acquired companies, mainly Xerium
- 29 MEUR impairment of goodwill in Metals

*2018
## KEY FIGURES FY 2019 AT A GLANCE

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>MEUR</td>
<td>7,282.0</td>
<td>6,646.2</td>
</tr>
<tr>
<td>Order backlog (as of end of period)</td>
<td>MEUR</td>
<td>7,777.6</td>
<td>7,084.3</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>6,673.9</td>
<td>6,031.5</td>
</tr>
<tr>
<td>EBITA</td>
<td>MEUR</td>
<td>343.2</td>
<td>394.3</td>
</tr>
<tr>
<td>EBITA (adj. by extraordinary items)</td>
<td>MEUR</td>
<td>456.0</td>
<td>415.0</td>
</tr>
<tr>
<td>Net income (including non-controlling interests)</td>
<td>MEUR</td>
<td>122.8</td>
<td>219.7</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>MEUR</td>
<td>821.6</td>
<td>7.8</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>MEUR</td>
<td>157.1</td>
<td>137.0</td>
</tr>
<tr>
<td>Liquid funds</td>
<td>MEUR</td>
<td>1,609.8</td>
<td>1,279.7</td>
</tr>
<tr>
<td>Net liquidity</td>
<td>MEUR</td>
<td>244.9</td>
<td>-99.6</td>
</tr>
<tr>
<td>Net working capital</td>
<td>MEUR</td>
<td>-134.0</td>
<td>160.5</td>
</tr>
</tbody>
</table>

**Strong increase mainly due to**
- significant improved Gross cash flow
- change in net working capital

**Strong decrease mainly due to**
- Pulp & Paper and Separation: increase in contract liabilities, decrease in trade accounts receivable and contract assets, Optimization of payment terms (supply chain financing, etc.)
PROPOSED DIVIDEND OF 0.70 EUR/SHARE

2019 payout ratio: 55% - in line with dividend policy to payout between 50 and 60% of Earnings per share

DIVIDEND PER SHARE (EUR)

PAYOUT RATIO (%)
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PULP & PAPER (1): VERY HIGH PROJECT ACTIVITY

Strong market position in pulp confirmed by receipt of several greenfield orders

- **Pulp**
  - *Very high project activity* for both modernization of existing pulp mills and greenfield pulp mills, also for viscose pulp

- **Paper**
  - *Stable market development* for tissue and packaging equipment

- **Power generating boilers**
  - *Very good project and investment activity* of previous quarters continued, especially in Asia (Japan)

- **Competition**
  - *Stable competitive environment*
PULP & PAPER (2): STRONG INCREASE IN ORDER INTAKE AND SALES

Profitability remains at very favorable level

Order intake reached new record:
• award of some large-scale orders for new pulp mills in South America
• very favorable development of service business → Xerium: 465 MEUR

Significant increase in sales due to favorable development of order intake in the past few quarters (Xerium: 446 MEUR)

Earnings and margin at unchanged very favorable level. Booking of minor capacity adjustment measures (~11 MEUR)

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>MEUR</td>
<td>3,632.5</td>
<td>2,571.9</td>
</tr>
<tr>
<td>Order backlog (as of end of period)</td>
<td>MEUR</td>
<td>3,164.3</td>
<td>2,421.1</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>2,869.5</td>
<td>2,233.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>MEUR</td>
<td>351.4</td>
<td>258.4</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>12.2</td>
<td>11.6</td>
</tr>
<tr>
<td>EBITA (adj. by extraordinary items)</td>
<td>MEUR</td>
<td>281.5</td>
<td>222.1</td>
</tr>
<tr>
<td>EBITA margin (adj. by extraordinary items)</td>
<td>%</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>EBITA</td>
<td>MEUR</td>
<td>271.0</td>
<td>222.1</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>%</td>
<td>9.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Employees (as of end of period; without apprentices)</td>
<td>-</td>
<td>11,984</td>
<td>11,435</td>
</tr>
</tbody>
</table>

Emerging markets: 53% (46%)
Europe/ North America: 47% (54%)

Emerging markets: 46% (38%)
Europe/ North America: 54% (62%)
METALS (1): UNCHANGED LOW PROJECT AND INVESTMENT ACTIVITY

Weak market environment in both Metals Forming and Processing

- Metals Forming
  Unchanged low project and investment activity due to the continuing weak international automotive market. Only selective investments made in the Electric Vehicle market.

- Metals Processing
  Continuing low demand in all core markets. Only selective orders for production equipment to produce advanced high-strength steel grades and for aluminum products

- Competition
  Unchanged fierce competition in both segments
METALS (2): EARNINGS AND PROFITABILITY SIGNIFICANTLY DOWN

Restructuring measures and cost overruns in Metals Processing strongly impact earnings.

Significant decline in order intake in Metals Forming as well as in Metals Processing due to weak market conditions in both segments.

Earnings and profitability impacted by:
- provisions for capacity adjustment measures (~82 MEUR)
- processing of lower-margin orders as a result of unchanged strong competition
- cost overruns on individual projects in Metals Processing

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>MEUR</td>
<td>1,582.2</td>
<td>1,931.8</td>
</tr>
<tr>
<td>Order backlog (as of end of period)</td>
<td>MEUR</td>
<td>1,532.7</td>
<td>1,591.6</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>1,636.9</td>
<td>1,635.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>MEUR</td>
<td>-1.5</td>
<td>57.8</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>-0.1</td>
<td>3.5</td>
</tr>
<tr>
<td>EBITA (adj. by extraordinary items)</td>
<td>MEUR</td>
<td>8.6</td>
<td>41.3</td>
</tr>
<tr>
<td>EBITA margin (adj. by extraordinary items)</td>
<td>%</td>
<td>0.5</td>
<td>2.5</td>
</tr>
<tr>
<td>EBITA</td>
<td>MEUR</td>
<td>-73.8</td>
<td>27.3</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>%</td>
<td>-4.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Employees (as of end of period; without apprentices)</td>
<td>-</td>
<td>7,485</td>
<td>7,818</td>
</tr>
</tbody>
</table>

ORDER INTAKE BY REGION 2019 VS. 2018 (%)
- Emerging markets: 29% (41%)
- Europe/North America: 71% (59%)

SALES BY REGION 2019 VS. 2018 (%)
- Emerging markets: 36% (34%)
- Europe/North America: 64% (66%)
HYDRO (1): UNCHANGED MODERATE MARKET ENVIRONMENT

Only selective award of individual projects

- Hydropower
  - Continuing low investment activity by electric and energy utilities with many modernization and rehabilitation projects still postponed, particularly in Europe
  - Some new, larger projects are currently in the planning/award phase, especially in Southeast Asia

- Pumps
  Unchanged good project activity

- Competition
  Stable competition at challenging level

The Mur hydropower station in Graz supplies clean electrical energy for about 20,000 households, saving about 60,000 tons of CO₂ every year.
HYDRO (2): DECLINE OF ORDER INTAKE AND SALES

Satisfactory development of earnings and profitability (excl. extraordinary effects)

<table>
<thead>
<tr>
<th>Order intake</th>
<th>Down y/y due to moderate global hydropower market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in sales</td>
<td>Due to the decline in order intake in the past few years</td>
</tr>
<tr>
<td>Earnings and profitability</td>
<td>Largely stable at solid level despite decline in sales and booking of measures for minor capacity adjustments (~14 MEUR)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>MEUR</td>
<td>1,350.2</td>
<td>1,445.8</td>
</tr>
<tr>
<td>Order backlog (as of end of period)</td>
<td>MEUR</td>
<td>2,661.0</td>
<td>2,667.9</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>1,470.7</td>
<td>1,517.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>MEUR</td>
<td>134.1</td>
<td>142.4</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>9.1</td>
<td>9.4</td>
</tr>
<tr>
<td>EBITA (adj. by extraordinary items)</td>
<td>MEUR</td>
<td>119.8</td>
<td>120.5</td>
</tr>
<tr>
<td>EBITA margin (adj. by extraordinary items)</td>
<td>%</td>
<td>8.1</td>
<td>7.9</td>
</tr>
<tr>
<td>EBITA</td>
<td>MEUR</td>
<td>105.9</td>
<td>113.8</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>%</td>
<td>7.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Employees (as of end of period; without apprentices)</td>
<td>-</td>
<td>7,202</td>
<td>7,002</td>
</tr>
</tbody>
</table>

ORDER INTAKE BY REGION 2019 VS. 2018 (%)
- Emerging markets: 50% (53%)
- Europe/North America: 50% (37%)

SALES BY REGION 2019 VS. 2018 (%)
- Emerging markets: 49% (53%)
- Europe/North America: 51% (47%)
SEPARATION (1): SATISFACTORY PROJECT AND INVESTMENT ACTIVITY

Particularly for solid/liquid separation equipment

• Municipal
  Investment activity at solid levels (sewage sludge dewatering and drying)

• Industrial
  Solid project activity in chemicals, mining, and minerals; investment activity in food slightly improved from low levels

• Feed and biomass pelleting
  Stable project activity

• Competition
  Unchanged market environment with some global and many regional competitors
SEPARATION (2): FURTHER EARNINGS IMPROVEMENT

Increase of order intake compared 2018 which included a large order

| Order intake slightly above the high level of the previous year which included a large-scale order from China |
| Increase in sales due to the favorable development of order intake in the previous year |
| Increase in earnings and profitability. Booking of capacity adjustment measures of ~6 MEUR |

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2019</th>
<th>2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>MEUR</td>
<td>717.1</td>
<td>696.7</td>
</tr>
<tr>
<td>Order backlog (as of end of period)</td>
<td>MEUR</td>
<td>419.6</td>
<td>403.7</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>696.8</td>
<td>645.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>MEUR</td>
<td>53.6</td>
<td>39.4</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>7.7</td>
<td>6.1</td>
</tr>
<tr>
<td>EBITA (adj. by extraordinary items)</td>
<td>MEUR</td>
<td>46.1</td>
<td>31.1</td>
</tr>
<tr>
<td>EBITA margin (adj. by extraordinary items)</td>
<td>%</td>
<td>6.6</td>
<td>4.8</td>
</tr>
<tr>
<td>EBITA</td>
<td>MEUR</td>
<td>40.1</td>
<td>31.1</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>%</td>
<td>5.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Employees (as of end of period; without apprentices)</td>
<td>-</td>
<td>2,842</td>
<td>2,841</td>
</tr>
</tbody>
</table>

ORDER INTAKE BY REGION 2019 VS. 2018 (%)
- Emerging markets: 42% (42%)
- Europe/ North America: 58% (58%)

SALES BY REGION 2019 VS. 2018 (%)
- Emerging markets: 42% (41%)
- Europe/ North America: 58% (59%)
GOALS, OUTLOOK AND GUIDANCE FOR 2020

Increase in sales, stable earnings

Status of general business environment and outlook for business areas:

• Weak global economic environment, impact of Covid-19 virus on global economy difficult to assess
• Project activity in Pulp & Paper expected at solid level, however below exceptional level of 2019
• Steel and automotive industries still in decline, no signs for recovery
• Some larger hydro projects in emerging markets, especially Asia

ANDRITZ topics and goals for 2020:

• Processing of high order backlog, especially in Pulp & Paper
• Implementation of restructuring measures in Metals Forming
• Continuing minor capacity adjustments in other business areas

GUIDANCE FOR 2020:

• Slight increase of Group sales
• Group EBITA to reach adjusted EBITA of 2019

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