



ANDRITZ GROUP

Company presentation June 2017

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The ANDRITZ GROUP

Overview

ANDRITZ is a globally leading supplier of plants, equipment, and services for hydropower stations, the pulp and paper industry, the metal-working and steel industries, and solid/liquid separation in the municipal and industrial sectors.

Headquarters: Graz, Austria

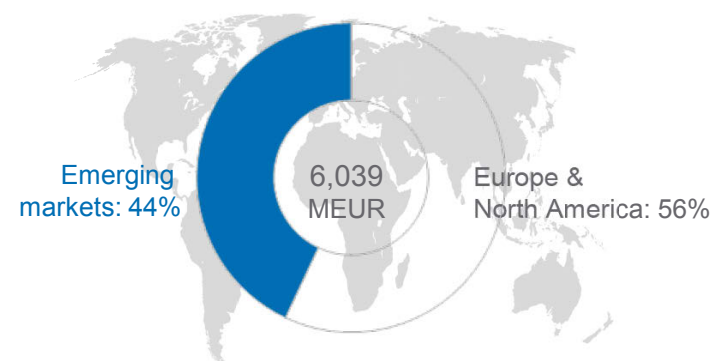
Global presence: over 250 production sites and service/sales companies worldwide

KEY FINANCIAL FIGURES Q1 2017 AND 2016

	Unit*	Q1 2017	2016
Order intake	MEUR	1,560.0	5,568.8
Order backlog (as of end of period)	MEUR	6,974.2	6,789.2
Sales	MEUR	1,386.2	6,039.0
EBITA	MEUR	97.4	442.1
Net income (including non-controlling interests)	MEUR	63.1	274.8
Employees (as of end of period; without apprentices)	-	25,247	25,162

* MEUR = million euros

Sales by region 2016 (%)



	Q1 2017	2016	2015
Europe	37	35	38
North America	21	21	19
China	14	12	12
Aisa (without China)	12	12	13
South America	12	15	14
Africa, Australia	4	5	4

Company profile (I)

Worldwide leading position in four business areas

ANDRITZ

ANDRITZ
Hydro



Product offerings:
electromechanical equipment for hydropower plants (turbines, generators); pumps; turbo generators

ANDRITZ
Pulp & Paper



Product offerings:
equipment for production of all types of pulp, paper, tissue, and board; energy boilers

ANDRITZ
Metals



Product offerings:
presses for metal forming (Schuler); systems for production of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants

ANDRITZ
Separation



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

Company profile (II)

Key financial figures per business area

ANDRITZ Hydro

	Unit	2016
Order intake	MEUR	1,500.3
Sales	MEUR	1,752.4
EBITA	MEUR	127.6
EBITA margin	%	7.3
Employees ¹⁾	-	7,260

ANDRITZ Metals

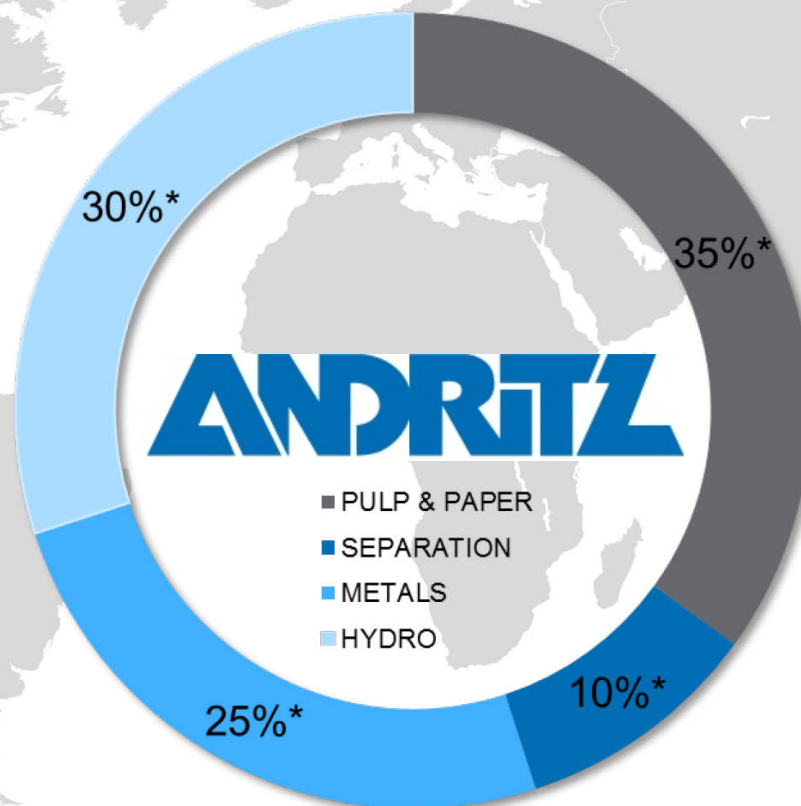
	Unit	2016
Order intake	MEUR	1,551.5
Sales	MEUR	1,598.4
EBITA	MEUR	115.2
EBITA margin	%	7.2
Employees ¹⁾	-	7,608

ANDRITZ Pulp & Paper

	Unit	2016
Order intake	MEUR	1,919.5
Sales	MEUR	2,094.4
EBITA	MEUR	182.2
EBITA margin	%	8.7
Employees ¹⁾	-	7,522

ANDRITZ Separation

	Unit	2016
Order intake	MEUR	597.5
Sales	MEUR	593.8
EBITA	MEUR	17.1
EBITA margin	%	2.9
Employees ¹⁾	-	2,772



¹⁾ As of end of period; without apprentices

* Average share of ANDRITZ GROUP's total order intake

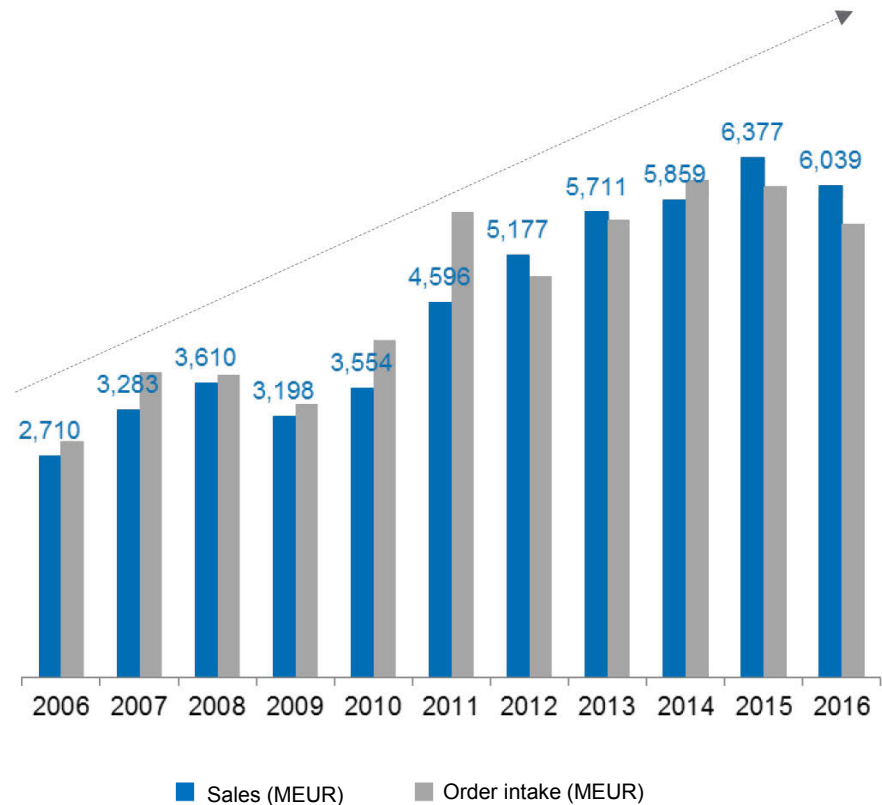
Strengthening of market position

Growth through organic expansion and acquisitions

Acquisitions by business area since 1990

HYDRO		
2006	VA TECH HYDRO	2012 AES
2007	Tigép	2013 MeWa
2008	GE Hydro business	2015 Euroslot
2008	GEHI (JV)	2016 SHW Casting Technologies
2010	Precision Machine	
2010	Hammerfest Strøm (59%)	
2010	Ritz	
2011	Hemicycle Controls	
METALS		
1997	Sundwig	
1998	Thermtec	
2000	Kohler	
2002	SELAS SAS Furnace Div.	
2004	Kaiser	
2005	Lynson	
2008	Maerz	
2012	Bricmont	
2012	Soutec	
2013	Schuler (> 95%)	
2013	FBB Engineering	
2014	Herr-Voss Stamco	
2016	Yadon (51%)	
2016	AWEBA	
PULP & PAPER		
1990	Sprout-Bauer	
1992	Durametal	
1994	Kone Wood	
1998	Kvaerner Hymac	
1999	Winberg	
2000	Ahlstrom Machinery	
2000	Lamb Baling Line	
2000	Voith Andritz Tissue LLC (JV)	
2002	ABB Drying	
2003	IDEAS Simulation	
2003	Acutest Oy	
2003	Fiedler	
2004	EMS (JV)	
2005	Cybermetrics	
2005	Universal Dynamics Group	
2006	Küstners	
2006	Carbona	
2006	Pilão	
2007	Bachofen + Meier	
2007	Sindus	
2008	Kufferath	
2009	Rollteck	
2010	Rieter Perfojet	
2010	DMT/Biax	
2011	AE&E Austria	
2011	Iggesund Tools	
2011	Tristar Industries	
2011	Asselin-Thibeau	
SEPARATION		
1992	TCW Engineering	
1995	Jesma-Matador	
1996	Guinard	
2000	UMT	
2002	3SYS	
2004	Bird Machine	
2004	NETZSCH Filtration	
2004	Fluid Bed Systems	
2005	Lenser Filtration	
2006	CONTEC Decanter	
2009	Delkor Capital Equipment	
2009	Frautech	
2010	KMPT	
2012	Gouda	
2013	Shende Machinery	
2016	ANBO	

Compound Annual Growth Rate (CAGR) of Group sales 2006-2016: +8% p. a. (thereof approximately half organic growth)



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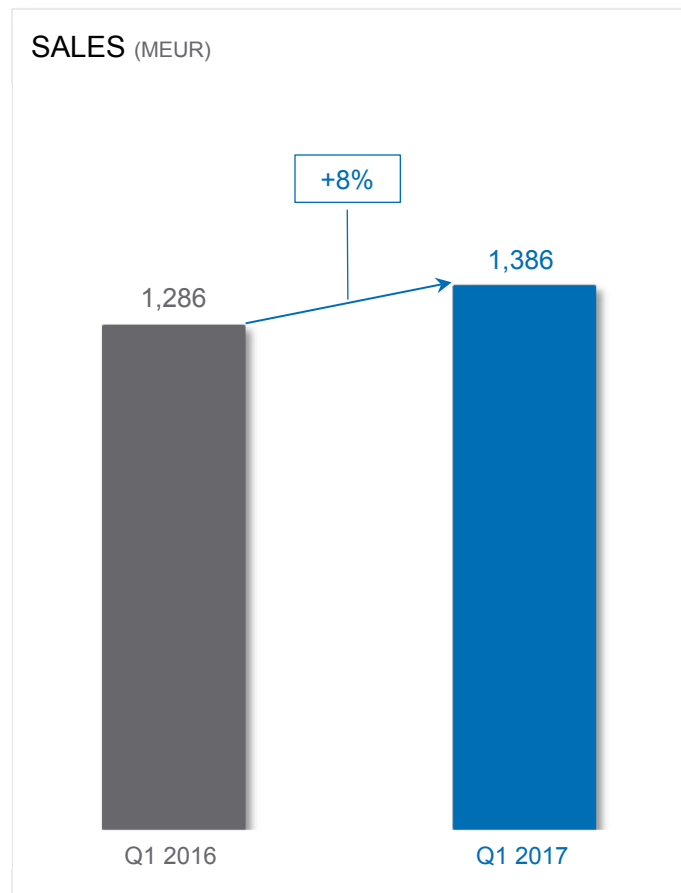
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Group sales

Increase mainly due to PULP & PAPER and METALS



SALES by business area (MEUR)

	Q1 2017	Q1 2016	+/-
HYDRO	356	368	-3%
PULP & PAPER	509	458	+11%
METALS	398	333	+19%
SEPARATION	124	127	-2%

+7% excl. Yadon and AWEBA

SALES by region (%)

	Q1 2017	Q1 2016
Europe	37	37
North America	21	22
China	14	10
Asia (without China)	12	12
South America	12	14
Africa, Australia	4	5

Well-balanced geographical exposure

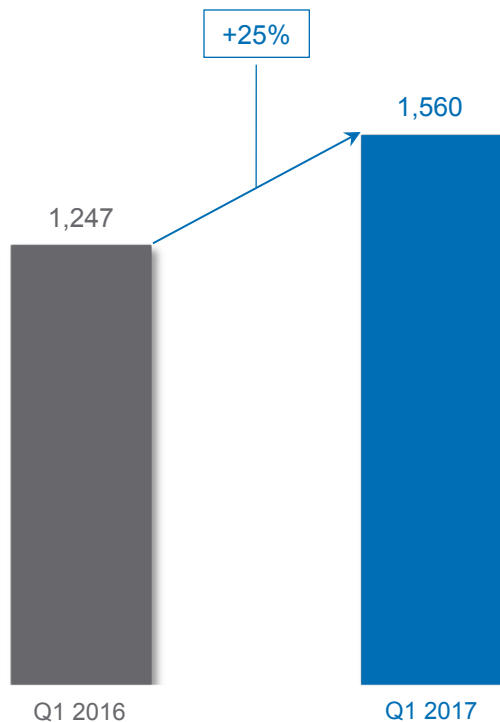
Emerging markets: 42%

Europe/North America: 58%

1,386 MEUR

Group order intake: favorable development, especially in PULP & PAPER and METALS

ORDER INTAKE (MEUR)



ORDER INTAKE by business area (MEUR)

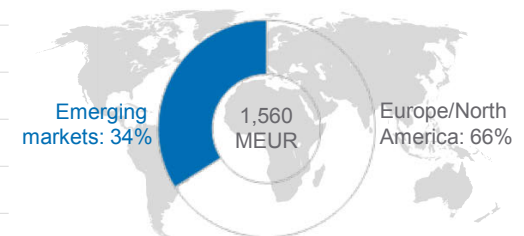
	Q1 2017	Q1 2016	+/-
HYDRO	310	252	+23%
PULP & PAPER	653	546	+20%
METALS	443	299	+48%
SEPARATION	154	151	+3%

+30% excl. Yadon and AWEBA

ORDER INTAKE by region (%)

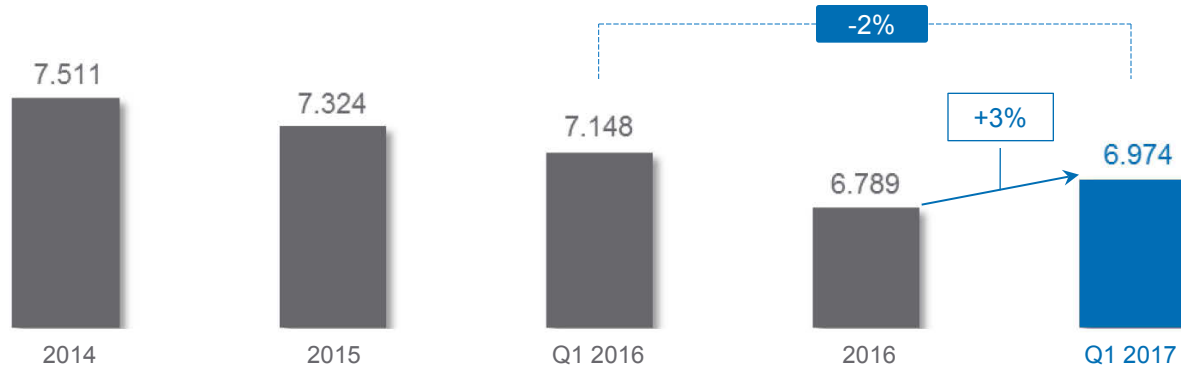
	Q1 2017	Q1 2016
Europe	42	39
North America	24	21
China	14	21
Asia (without China)	10	9
South America	5	7
Africa, Australia	5	3

Geographical exposure



Group order backlog remains at solid level

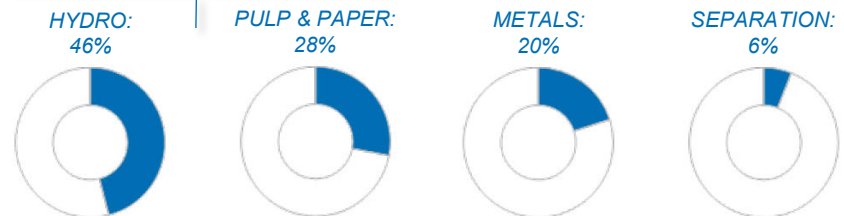
Order backlog (as of end of period in MEUR)



Order backlog by business area (as of end of period in MEUR)

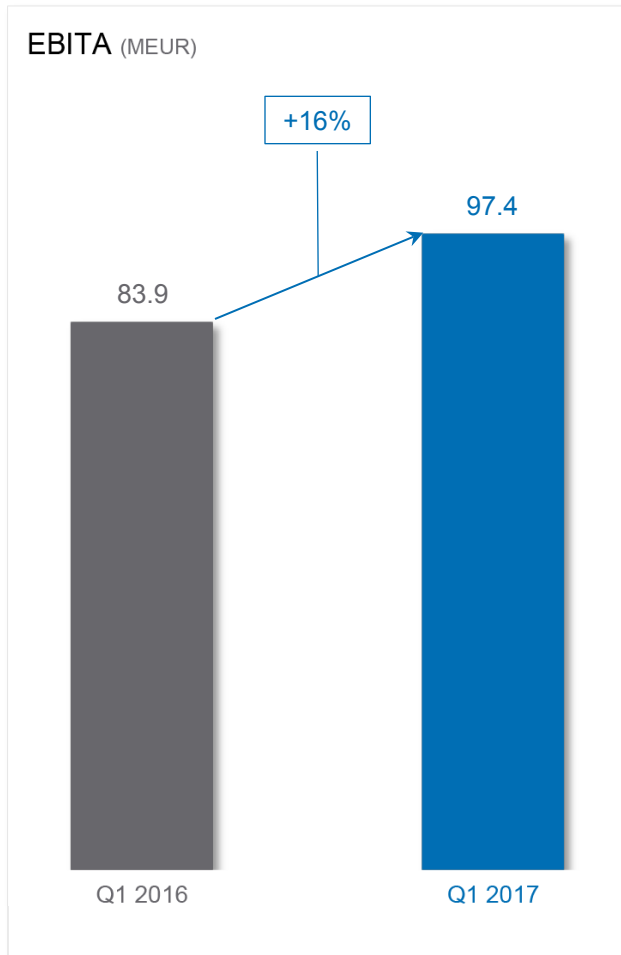
	Q1 2017	Q1 2016	+/-
HYDRO	3,184	3,441	-7%
PULP & PAPER	1,979	2,045	-3%
METALS	1,424	1,291	+10%
SEPARATION	387	371	+4%

HYDRO and PULP & PAPER account for 74% of total backlog

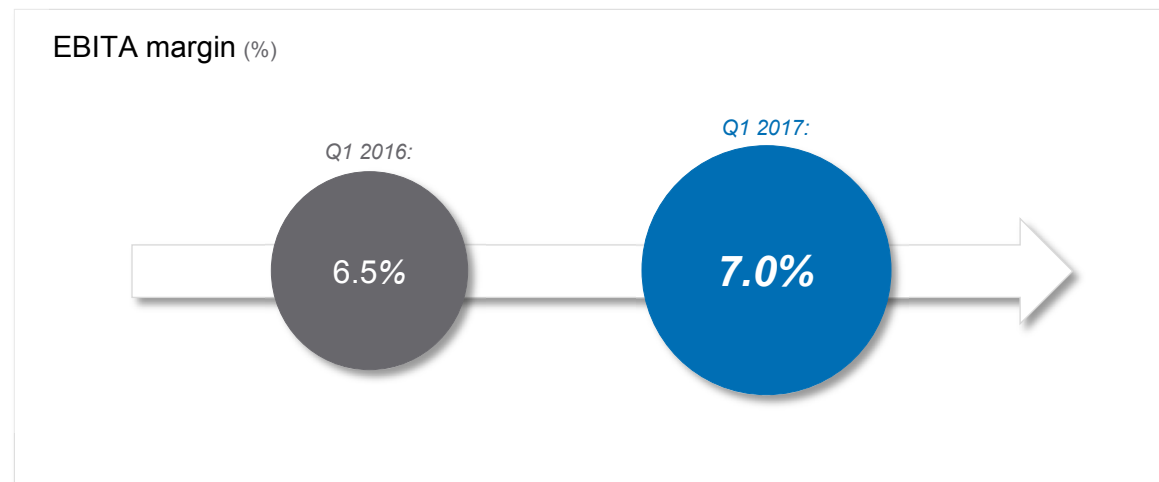


Earnings and profitability: favorable development

due to PULP & PAPER, METALS, and SEPARATION



- EBITA, at 97.4 MEUR, increased by 16.1% versus Q1 2016 (83.9 MEUR), thus growing stronger than sales.
- As a consequence, GROUP profitability increased to 7.0% (Q1 2016: 6.5%).
- While profitability increased in PULP & PAPER, METALS and SEPARATION, it decreased slightly in HYDRO, mainly due to lower sales.



Key figures Q1 2017 at a glance

	Unit	Q1 2017	Q1 2016	+/-	2016
Order intake	MEUR	1,560.0	1,247.4	+25.1%	5,568.8
Order backlog (as of end of period)	MEUR	6,974.2	7,147.6	-2.4%	6,789.2
Sales	MEUR	1,386.2	1,285.6	+7.8%	6,039.0
EBITDA	MEUR	120.7	106.7	+13.1%	542.4
EBITA	MEUR	97.4	83.9	+16.1%	442.1
EBIT	MEUR	86.9	74.2	+17.1%	385.8
EBT	MEUR	90.3	74.9	+20.6%	398.4
Financial result	MEUR	3.4	0.7	+385.7%	12.6
Net income (including non-controlling interests)	MEUR	63.1	52.6	+20.0%	274.8
Cash flow from operating activities	MEUR	147.7	167.5	-11.8%	366.6
Capital expenditure	MEUR	29.0	16.5	+75.8%	119.5
Equity ratio	%	20.1	19.2	-	21.7
Liquid funds	MEUR	1,613.0	1,574.7	+2.4%	1,507.1
Net liquidity	MEUR	1,061.0	1,107.0	-4.2%	945.3
Net working capital	MEUR	-254.1	-401.2	+36.7%	-215.8
EBITDA margin	%	8.7	8.3	-	9.0
EBITA margin	%	7.0	6.5	-	7.3
EBIT margin	%	6.3	5.8	-	6.4
Employees (as of end of period; without apprentices)	-	25,247	24,195	+4.3%	25,162

Increase mainly relates to investments at ANDRITZ headquarters in Graz and new office building at Schuler in Göppingen

Increase due to Yadon (1,017) and AWEBA (595)

HYDRO (1)

Investment and project activity remained at a subdued level

Modernizations/rehabilitations

Unchanged, difficult market conditions impacted by low electricity and energy prices, mostly in Europe

New hydropower plants

Some new projects in emerging markets, particularly in Asia, Africa and South America are currently in the planning phase

Competition

No change of competitive behaviour and market conditions

Pumps

Satisfactory project activity



▲ *Simulation of a Francis turbine.*

HYDRO (2)

Order intake up from very low level, earnings and EBITA slightly down

In a continuing difficult market environment, order intake increased compared to the very low figure of Q1 2016



	Unit	Q1 2017	Q1 2016	+/-	2016
Order intake	MEUR	309.5	252.0	+22.8%	1,500.3
Order backlog (as of end of period)	MEUR	3,184.3	3,440.6	-7.4%	3,269.6
Sales	MEUR	355.9	367.9	-3.3%	1,752.4
EBITDA	MEUR	29.1	31.5	-7.6%	167.2
EBITDA margin	%	8.2	8.6	-	9.5
EBITA	MEUR	22.1	23.7	-6.8%	127.6
EBITA margin	%	6.2	6.4	-	7.3
Employees (as of end of period; without apprentices)	-	7,270	7,786	-6.6%	7,260

Decline in profitability, mainly due to lower sales

ORDER INTAKE by region Q1 2017 vs. Q1 2016 (%)



SALES by region Q1 2017 vs. Q1 2016 (%)



PULP & PAPER (1)

Unchanged solid market conditions

Pulp

Solid project and investment activity, particularly for modernization of existing pulp mills. No order awards for new pulp mills in Q1 2017.

Paper

Satisfactory market development for tissue and packaging continued.

Competition

Stable competitive environment



▲ Fibria's Horizonte 1 mill in Três Lagoas, Brazil, at night. For Fibria's Horizonte 2 pulp mill, ANDRITZ is to supply the complete fiberline as well as the recovery island, including all relevant process steps.

PULP & PAPER (2)

Favorable business development



	Unit	Q1 2017	Q1 2016	+/-	2016
Order intake	MEUR	653.3	545.6	+19.7%	1,919.5
Order backlog (as of end of period)	MEUR	1,979.4	2,044.8	-3.2%	1,803.3
Sales	MEUR	508.7	457.6	+11.2%	2,094.4
EBITDA	MEUR	52.6	46.4	+13.4%	207.7
EBITDA margin	%	10.3	10.1	-	9.9
EBITA	MEUR	46.3	40.2	+15.2%	182.2
EBITA margin	%	9.1	8.8	-	8.7
Employees (as of end of period; without apprentices)	-	7,672	7,516	+2.1%	7,522

Satisfactory development of order intake of capital and service business

Sales significantly up

Increase in profitability due to improvement in capital business

ORDER INTAKE by region Q1 2017 vs. Q1 2016 (%)



SALES by region Q1 2017 vs. Q1 2016 (%)



METALS (1): Satisfactory metal forming market

Slight recovery of metal processing market from very low level

Metal forming

Some orders placed by international automotive suppliers; solid project activity in the market (automotive suppliers) served by Yadon

Competition

Stable competition at challenging level

Carbon steel / Stainless steel

Project activity recovered somewhat from the very low levels of the past years



▲ Daimler has commissioned two laser blanking lines from Schuler at its pressing plant in Kuppenheim, Germany.

METALS (2)

Solid business development

Order intake up in both the metal forming sector (Schuler) and the metal processing sector. Excluding Yadon and AWEBA, order intake increased by 30%

Strong increase in sales

Earnings and profitability above the level of Q1 2016, mainly due to improvement in the metal processing sector

	ANDRITZ Metals	Unit	Q1 2017	Q1 2016	+/-	2016
Order intake		MEUR	442.7	299.3	+47.9%	1,551.5
Order backlog (as of end of period)		MEUR	1,423.6	1,291.3	+10.2%	1,369.0
Sales		MEUR	397.5	333.0	+19.4%	1,598.4
EBITDA		MEUR	31.0	23.9	+29.7%	141.7
EBITDA margin		%	7.8	7.2	-	8.9
EBITA		MEUR	23.2	17.3	+34.1%	115.2
EBITA margin		%	5.8	5.2	-	7.2
Employees (as of end of period; without apprentices)		-	7,517	6,158	+22.1%	7,608

ORDER INTAKE by region Q1 2017 vs. Q1 2016 (%)



SALES by region Q1 2017 vs. Q1 2016 (%)



SEPARATION (1)

Investment and project activity remained unchanged

Municipal

Investment activity at satisfactory levels, mainly in developed markets

Feed and biomass pelleting

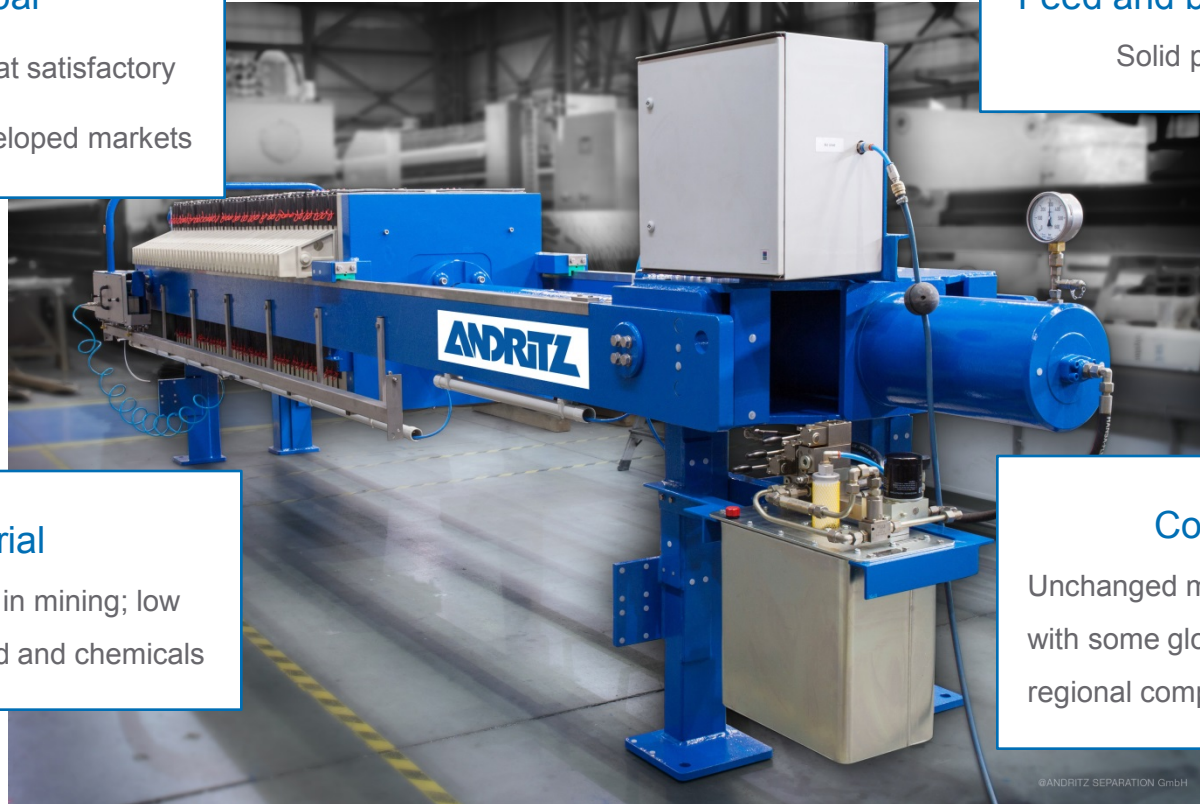
Solid project activity

Industrial

Satisfactory demand in mining; low project activity in food and chemicals

Competition

Unchanged market environment with some global and many regional competitors



▲ ANDRITZ has developed a new, innovative, product series of filter presses. The SP series is a so-called “air-over-oil” filter press driven exclusively by compressed air.

SEPARATION (2)

Earnings and margin improved from very low levels



	Unit	Q1 2017	Q1 2016	+/-	2016
Order intake	MEUR	154.5	150.5	+2.7%	597.5
Order backlog (as of end of period)	MEUR	386.9	370.9	+4.3%	347.3
Sales	MEUR	124.1	127.1	-2.4%	593.8
EBITDA	MEUR	8.0	4.9	+63.3%	25.8
EBITDA margin	%	6.4	3.9	-	4.3
EBITA	MEUR	5.8	2.7	+114.8%	17.1
EBITA margin	%	4.7	2.1	-	2.9
Employees (as of end of period; without apprentices)	-	2,788	2,735	+1.9%	2,772

Order intake practically unchanged compared to last year's reference period

Increase of earnings and profitability from very low levels in Q1 2016

ORDER INTAKE by region Q1 2017 vs. Q1 2016 (%)



SALES by region Q1 2017 vs. Q1 2016 (%)



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Outlook for remainder of 2017

Unchanged sales and earnings guidance compared to end of 2016



Group strategy and long-term goals

Growth

- Focus on growth markets with higher growth opportunities
- Expansion of product portfolio through R&D and acquisitions
- Achieve long-term growth of 5–8 % p.a. depending on market growth and acquisitions

Profitability

- Service: increase share of service sales to 35-40%
- EBITA margin: regain 7% and improve to 8% with top-line sales growth
- Dividend: payout ratio at least ~50% and mid-term increase to ~60%

Technological Leadership

- Achieving the status of preferred supplier by virtue of its technology, quality and references
- Offer best ROI for customer
- Sustainability in development of innovative technologies
- Focus R&D: **IIoT**, environmental protection, enhancing energy efficiency, clean power generation

Global Footprint

- Balanced global presence
- Emerging markets expansion
- Further shift of manufacturing capacities to emerging markets



Disclaimer

Certain statements contained in this presentation constitute “forward-looking statements.” These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect management’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially.

As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

All figures according to IFRS.

Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

MEUR = million euros.