



## **ANDRITZ GROUP: results for 2014**

March 5, 2015

# Financial highlights 2014

Order intake, sales, and order backlog reach record highs

Order intake

6.1 bn. EUR

Sales

5.9 bn. EUR

Order backlog

7.5 bn. EUR

Earnings and margins substantially improved compared to very low levels of 2013

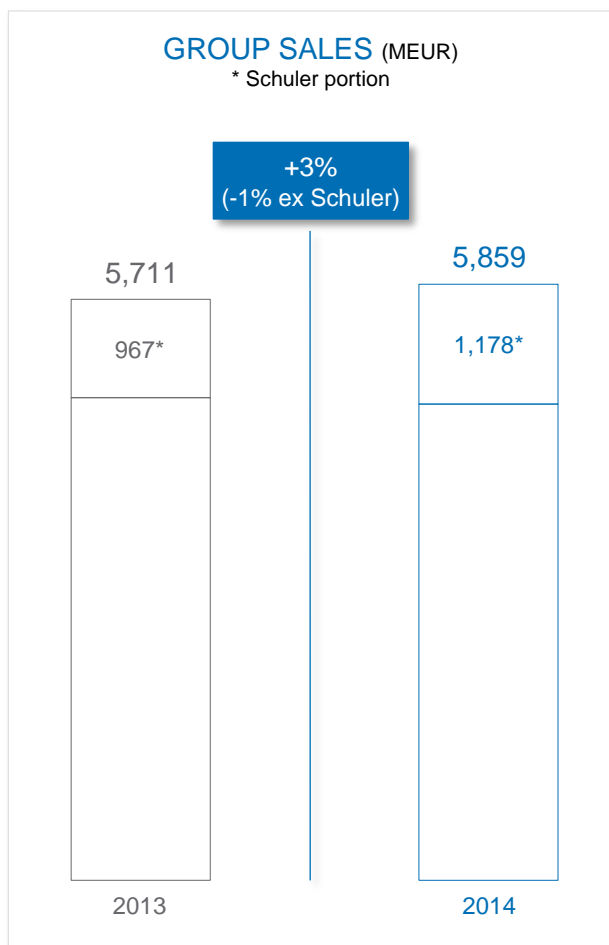
Strong development of cash flow and net cash position

Solid level of net working capital

Dividend proposal of 1.00 EUR/share

# Group sales

## Slight increase due to Schuler



**SALES by business area 2014 vs. 2013 (MEUR)**

	2014	2013	+/-
HYDRO	1,752	1,805	-3%
PULP & PAPER	1,969	2,005	-2%
METALS	1,551	1,311	+18%
SEPARATION	587	590	+/-0%

Project-related lower sales generation in HYDRO and PULP & PAPER

+8% ex Schuler

**SALES by region 2014 vs. 2013 (%)**

	2014	2013
Europe	41	43
North America	16	16
South America	15	13
China	13	13
Asia (ex China)	11	11
Others*	4	4

Well-balanced geographical exposure in sales ...

Emerging markets: 43%  
5,859 MEUR  
Europe & North America: 57%

\* Africa and Australia

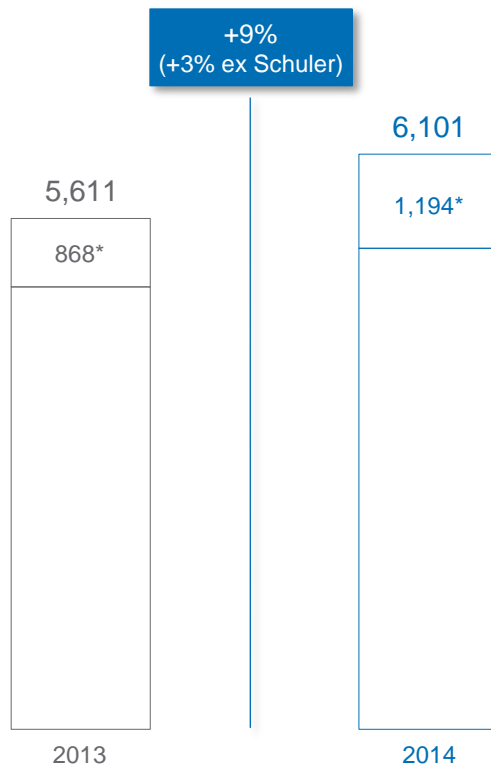
The Schuler Group was consolidated into the consolidated financial statements of ANDRITZ as of March 1, 2013

# Group order intake significantly increased

## PULP & PAPER and METALS favorably up

### GROUP ORDER INTAKE (MEUR)

\* Schuler portion



### ORDER INTAKE by business area 2014 vs. 2013 (MEUR)

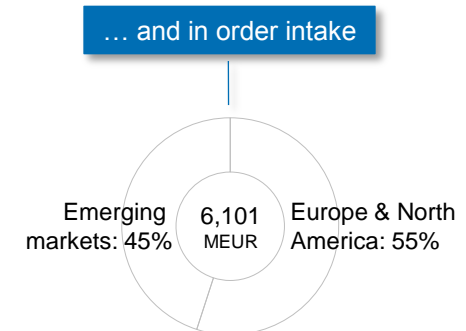
	2014	2013	+/-
HYDRO	1,817	1,865	-3%
PULP & PAPER	1,996	1,908	+5%
METALS	1,693	1,234	+37%
SEPARATION	596	604	-1%

Also +37% ex Schuler

### ORDER INTAKE by region 2014 vs. 2013 (%)

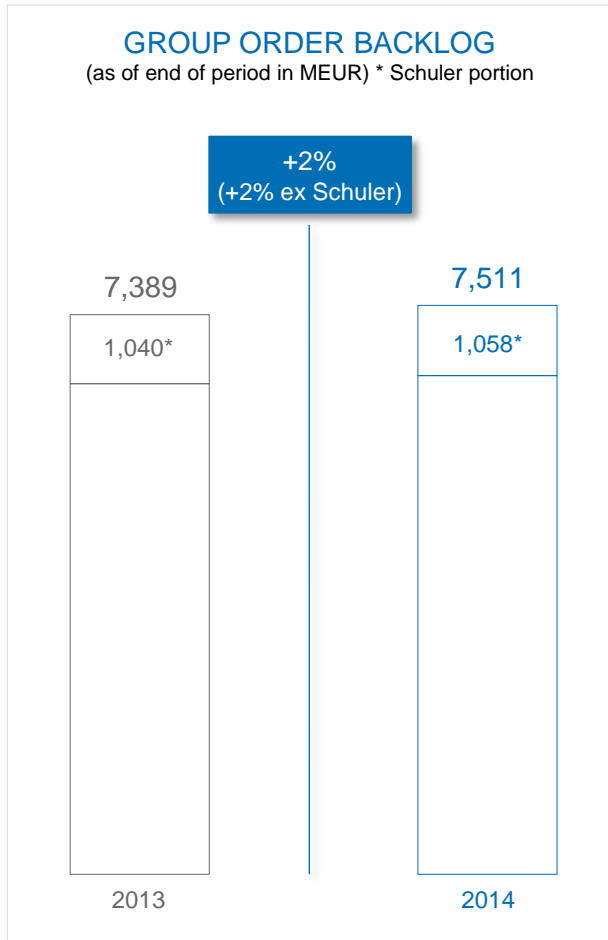
	2014	2013
Europe	37	41
North America	18	18
South America	14	12
China	12	11
Asia (ex China)	12	14
Others*	7	4

\* Africa and Australia



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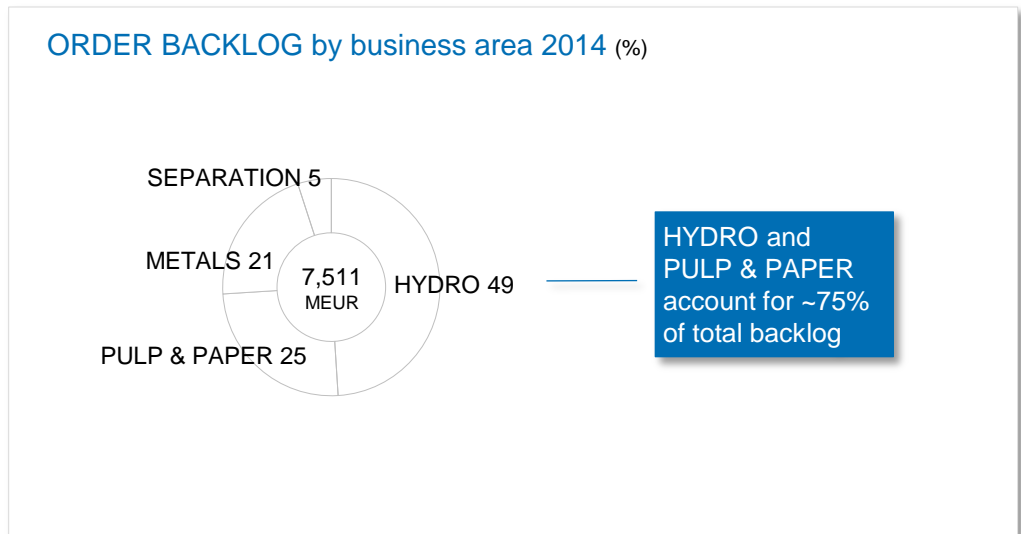
# Order backlog at record high, mainly driven by METALS



**ORDER BACKLOG by business area 2014 vs. 2013** (as of end of period; MEUR)

	2014	2013	+/-
HYDRO	3,709	3,722	+/-0%
PULP & PAPER	1,875	1,886	-1%
METALS	1,566	1,428	+10%
SEPARATION	361	353	+2%

+31% ex Schuler

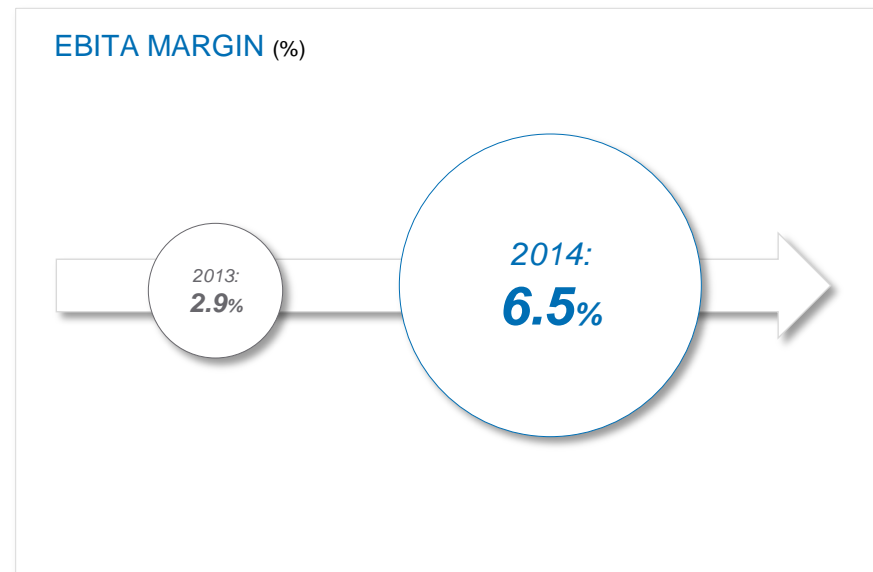
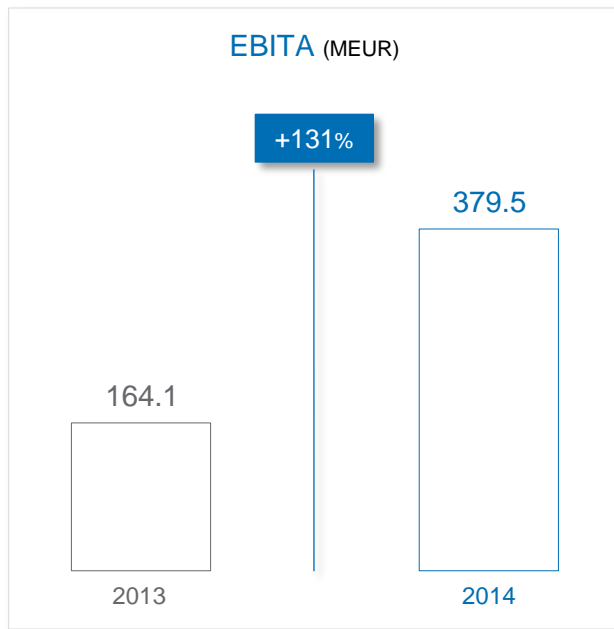


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# Strong increase in earnings and profitability

compared to very low levels of 2013

Increase of EBITA and EBITA margin driven by strong earnings improvements of PULP & PAPER, SEPARATION, and METALS; unchanged good profitability of HYDRO



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# Key figures 2014 at a glance

	Unit	2014	2013	+/-
Order intake	MEUR	6,101.0	5,611.0	+8.7%
Order backlog (as of end of period)	MEUR	7,510.6	7,388.5	+1.7%
Sales	MEUR	5,859.3	5,710.8	+2.6%
EBITDA	MEUR	472.0	255.2	+85.0%
EBITA	MEUR	379.5	164.1	+131.3%
EBIT	MEUR	295.7	89.8	+229.3%
EBT	MEUR	299.4	80.3	+272.9%
Financial result	MEUR	3.7	-9.5	+138.9%
Net income (including non-controlling interests)	MEUR	210.0	53.2	+294.7%
Cash flow from operating activities	MEUR	342.1	93.7	+265.1%
Capital expenditure	MEUR	106.5	111.4	-4.4%
Equity ratio	%	17.0	16.7	-
Liquidity	MEUR	1,701.6	1,517.0	+12.2%
Net liquidity (after deduction of all financial liabilities)	MEUR	1,065.1	893.1	+19.3%
Net working capital	MEUR	-570.9	-539.4	-5.8%
EBITDA margin	%	8.1	4.5	-
EBITA margin	%	6.5	2.9	-
EBIT margin	%	5.0	1.6	-
Employees (as of end of period; without apprentices)	-	24,853	23,713	+4.8%

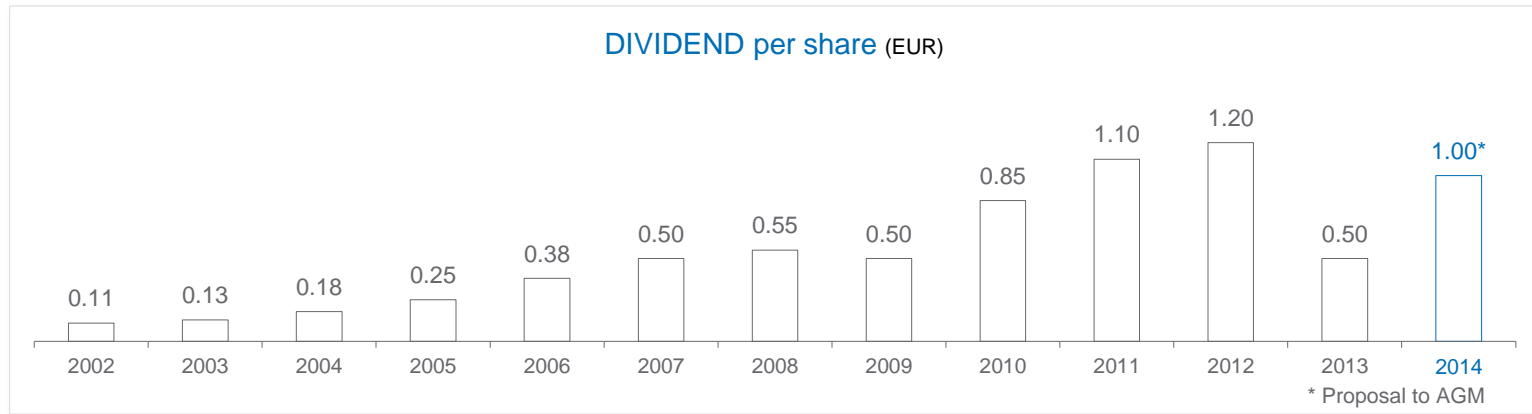
Increase in net liquidity driven by strong cash flow generation and project-related customer advances

Unchanged solid level of net working capital

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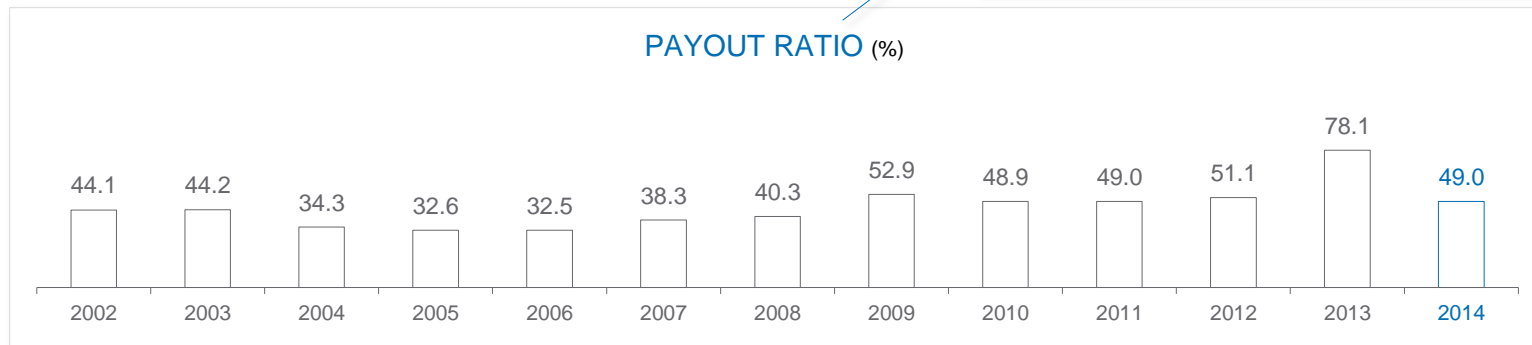
# Proposed dividend of 1.00 euro/share

## Payout ratio at 49%



Confirmation of dividend goals:

- Maintain payout ratio at a minimum of ~50%
- Mid-term increase to ~60%





# HYDRO (1)

Reasonable project activity, but far below peak level of 2011



The consortium GE/ANDRITZ HYDRO is appointed preferred bidder for the supply of the electromechanical equipment for the world's first tidal lagoon hydropower project in Swansea Bay, Wales. The hydropower plant will have a total capacity of 320 megawatts.

## MODERNIZATIONS/REHABILITATIONS

Solid project activity in Europe and North America, although below peak years

## NEW HYDROPOWER PLANTS

Some projects in emerging markets in implementation or planning phase (particularly in South America and Africa)

## PUMPS

Solid project activity

## COMPETITION

Stable competition at challenging level

# HYDRO (2)

## Satisfactory business development

	Unit	2014	2013	+/-
Order intake in line with expectations				
Order intake	MEUR	1,816.7	1,865.4	-2.6%
Order backlog (as of end of period)	MEUR	3,708.6	3,722.4	-0.4%
Slight project-related decline in sales				
Sales	MEUR	1,752.3	1,804.8	-2.9%
EBITDA	MEUR	177.2	176.8	+0.2%
EBITDA margin	%	10.1	9.8	-
Earnings and margin at unchanged satisfactory levels				
EBITA	MEUR	144.8	146.9	-1.4%
EBITA margin	%	8.3	8.1	-
Increase of employees related to projects in South America and Turkey				
Employees (as of end of period; without apprentices)	-	8,339	7,445	+12.0%

# PULP & PAPER (1)

## Good investment and project activity



ANDRITZ has signed a letter of intent with Metsä Fibre to deliver key production technologies for a new bio-product pulp mill in Finland.

### MODERNIZATIONS/GREENFIELD

Good project and investment activity for modernizations/refurbishments and for new greenfield pulp mills

### BIOMASS/RECOVERY BOILERS

Good investment activity

### TISSUE

Solid demand, especially in China

### COMPETITION

Unchanged challenging price competition

# PULP & PAPER (2)

## Strong improvement in earnings and profitability

Favorable order intake of almost 2 billion euros

Slight project-related decline in sales

Earnings and margin recovered compared to low level in 2013; good profitability development in service, capital still impacted by execution of some lower margin orders

	Unit	2014	2013	+/-
Order intake	MEUR	1,995.7	1,907.7	+4.6%
Order backlog (as of end of period)	MEUR	1,875.4	1,885.6	-0.5%
Sales	MEUR	1,969.3	2,005.3	-1.8%
EBITDA	MEUR	127.6	-11.5	+1,209.6%
EBITDA margin	%	6.5	-0.6	-
EBITA	MEUR	102.9	-35.7	+388.2%
EBITA margin	%	5.2	-1.8	-
Employees (as of end of period; without apprentices)	-	7,236	7,136	+1.4%

# METALS (1): good investment activity

## in metal forming and for aluminum equipment



One of the largest orders in Schuler's 175-year history was received from FAW Volkswagen Automotive, China. The order comprises three press lines with ServoDirect technology. The servo-press lines are used mainly to produce car body parts, such as hoods or doors.

### METALFORMING

Good project activity, especially in China; satisfactory level in Europe

### STAINLESS STEEL

Unchanged low project activity, however some selective investments in emerging markets

### ALUMINUM

Very good project activity

### COMPETITION

Stable competition at challenging level

# METALS (2)

## Favorable business development

Order intake favorably up due to the metal-forming (Schuler) and aluminum equipment

Sales increase mainly due to Schuler (ex Schuler: +8.0%)

Satisfactory earnings and margin development compared to 2013, which was impacted by restructuring provisions by Schuler; EBITA 2014 positively influenced by release of provision overhang 2014

	Unit	2014	2013	+/-
Order intake	MEUR	1,692.8	1,233.8	+37.2%
Order backlog (as of end of period)	MEUR	1,566.1	1,427.6	+9.7%
Sales	MEUR	1,550.4	1,311.0	+18.3%
EBITDA	MEUR	134.0	76.6	+74.9%
EBITDA margin	%	8.6	5.8	-
EBITA	MEUR	110.2	53.5	+106.0%
EBITA margin	%	7.1	4.1	-
Employees (as of end of period; without apprentices)	-	6,432	6,300	+2.1%

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# SEPARATION (1)



For the waste water treatment plant, industrial effluent treatment plant, and food application segments, ANDRITZ launched a new sludge dewatering machine: the ANDRITZ C-Press is a screw press providing high performance and combining compact design with low operating costs.

## ENVIRONMENT AND FOOD

Solid investment activity

## MINING AND MINERALS

Unchanged low project activity

## CHEMICALS

Solid project activity

## FEED AND BIOMASS PELLETTING

Good project activity

# SEPARATION (2)

## Order intake and sales stabilized, earnings improved

Order intake and sales practically unchanged compared to 2013

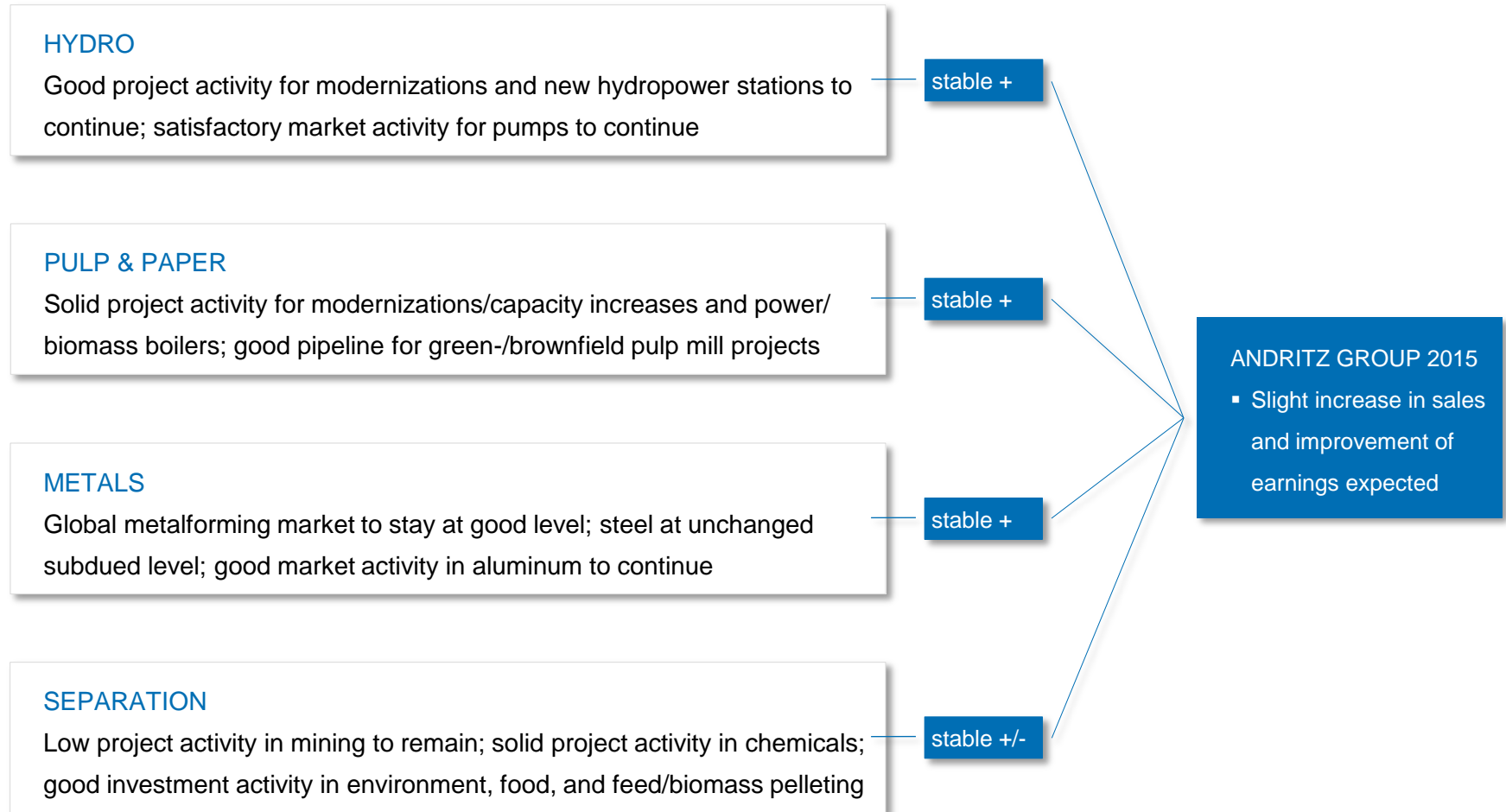
Earnings and margin back on track compared to low level in 2013 (additional costs related to launch of new products in China)

	Unit	2014	2013	+/-
Order intake	MEUR	595.8	604.1	-1.4%
Order backlog (as of end of period)	MEUR	360.5	352.9	+2.2%
Sales	MEUR	587.3	589.7	-0.4%
EBITDA	MEUR	33.2	13.3	+149.6%
EBITDA margin	%	5.7	2.3	-
EBITA	MEUR	21.6	-0.6	+3,700.0%
EBITA margin	%	3.7	-0.1	-
Employees (as of end of period; without apprentices)	-	2,846	2,832	+0.5%



# Outlook for 2015

## Investment activity to remain at current satisfactory levels



# 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.