



RESULTS FOR Q2 / H1 2018

ANDRITZ GROUP

AUGUST 2, 2018

ANDRITZ

ENGINEERED SUCCESS

Q2 2018 AT A GLANCE



Solid business development

- Favorable development of **Group order intake**, reaching more than **EUR 1.7 billion**; increases in all four business areas.
- **High order intake in Pulp & Paper** driven by strong order intake for plants for energy production from biomass and sewage sludge.
- **Sales increased to almost EUR 1.5 billion**, thus almost making good shortfall of Q1 2018.
- **EBITA in Q2 increased** compared to Q2 2017 adjusted by the positive one-off effect of 25 MEUR; however it was not able to entirely make up Q1 EBITA shortfall.
- **Very favorable margin development of Pulp & Paper**; weak performance of Metals; Hydro and Separation stable.
- **Increase of order backlog** due to rising order intake trend of the previous quarters.

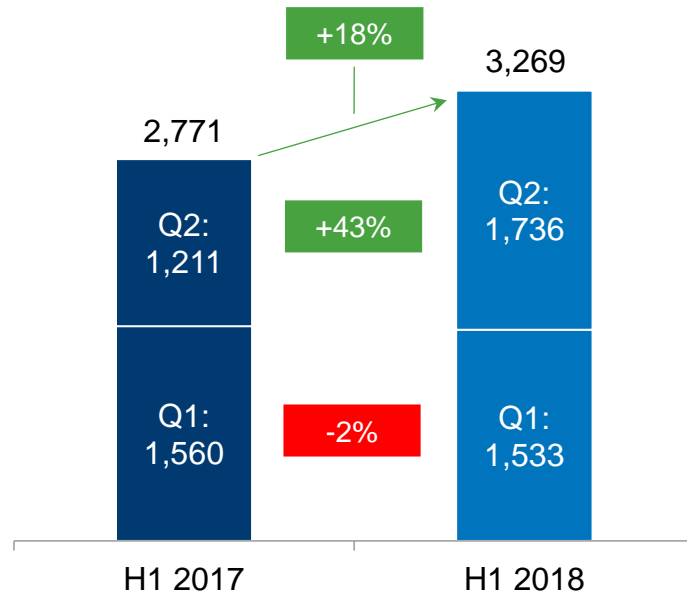




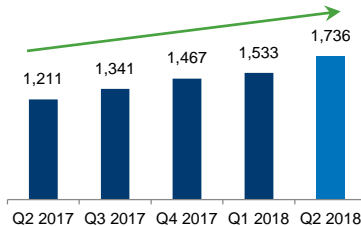
STRONG ORDER INTAKE IN Q2 2018 WITH INCREASES IN ALL BUSINESS AREAS

Very high order intake for plants that produce energy from biomass / sewage sludge.

ORDER INTAKE (MEUR)



RISING ORDER INTAKE SINCE Q2 2017 (MEUR)



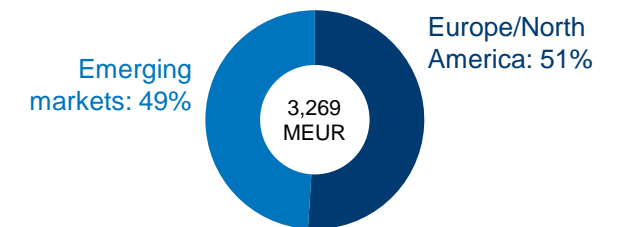
ORDER INTAKE BY BUSINESS AREA (MEUR)

	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-
Hydro	753	514	+47%	318	205	+56%
Pulp & Paper	1,181	1,125	+5%	723	472	+53%
Metals	947	814	+16%	479	372	+29%
Separation	389	318	+22%	216	164	+32%

ORDER INTAKE BY REGION (%)

	H1 2018	H1 2017
Europe	36%	42%
China	21%	15%
Asia (without China)	15%	10%
North America	15%	23%
South America	5%	6%
Africa, Australia	8%	4%

WELL-BALANCED GEOGRAPHICAL EXPOSURE (H1 2018)

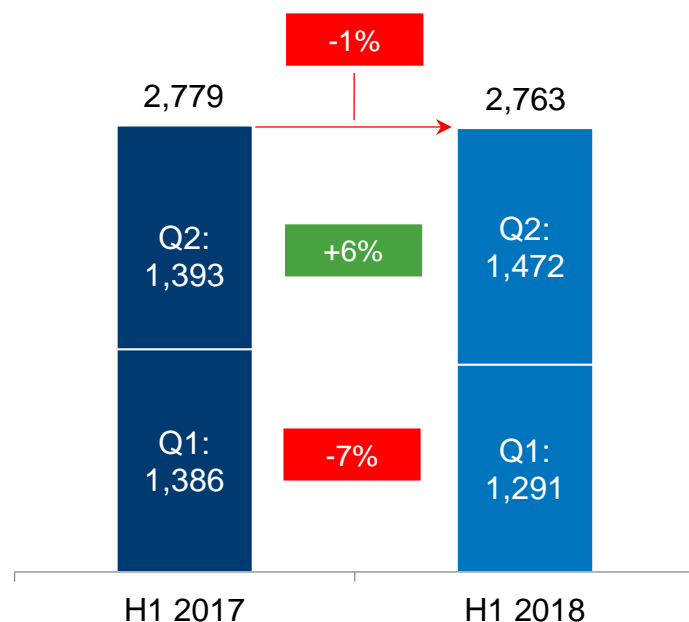


SALES INCREASE IN Q2 PRACTICALLY FULLY OFFSETS Q1 SALES DECLINE



Solid development of Pulp & Paper and Separation.

SALES (MEUR)



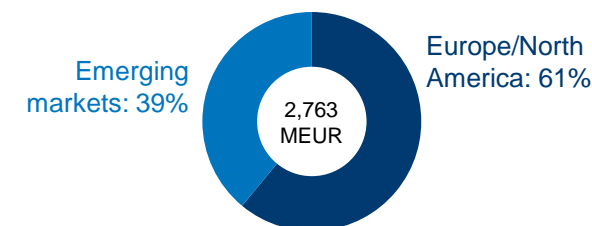
SALES BY BUSINESS AREA (MEUR)

	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-
Hydro	724	725	-0%	375	369	+2%
Pulp & Paper	1,010	991	+2%	551	482	+14%
Metals	742	792	-6%	395	395	0%
Separation	287	271	+6%	152	147	+3%

SALES BY REGION (%)

	H1 2018	H1 2017
Europe	41%	38%
North America	20%	21%
China	14%	15%
Asia (without China)	12%	12%
South America	9%	10%
Africa, Australia	4%	4%

GEOGRAPHICAL EXPOSURE (H1 2018)

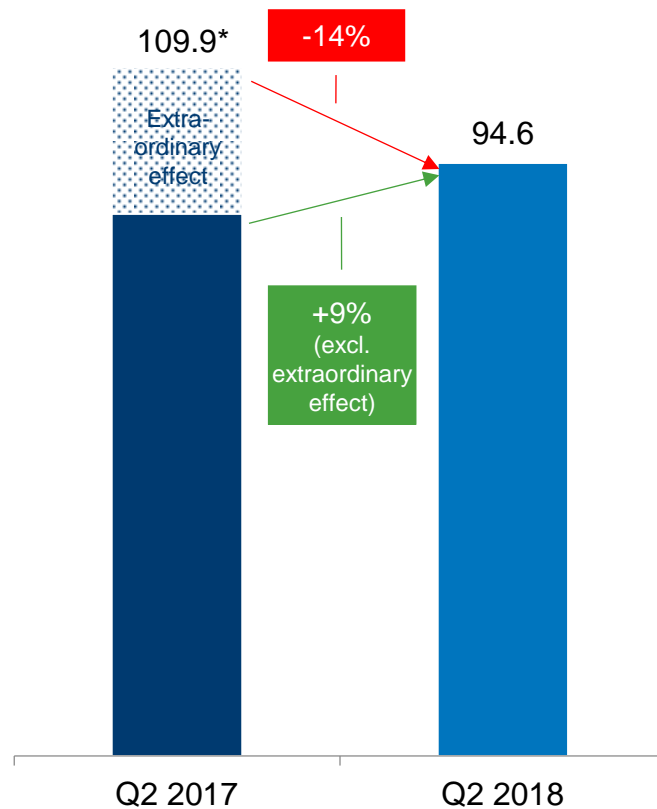




SOLID EARNINGS DEVELOPMENT IN Q2 2018, HOWEVER ...

Favorable development of Pulp & Paper, Metals unsatisfactory.

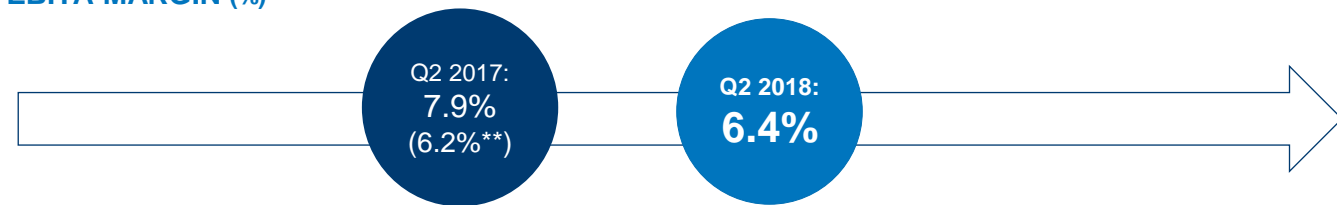
EBITA (MEUR)



Q2 2018:

- EBITA, **at 94.6 MEUR**, up **by over 9%** compared to the adjusted (positive one-off effect of ~25 MEUR) Q2 2017 EBITA (86.5 MEUR) due to higher sales and good performance of Pulp & Paper.
- Including one-off effect, EBITA was significantly down by 14%.
- Metals still impacted by market-related price pressure and cost overruns on some projects.

EBITA MARGIN (%)



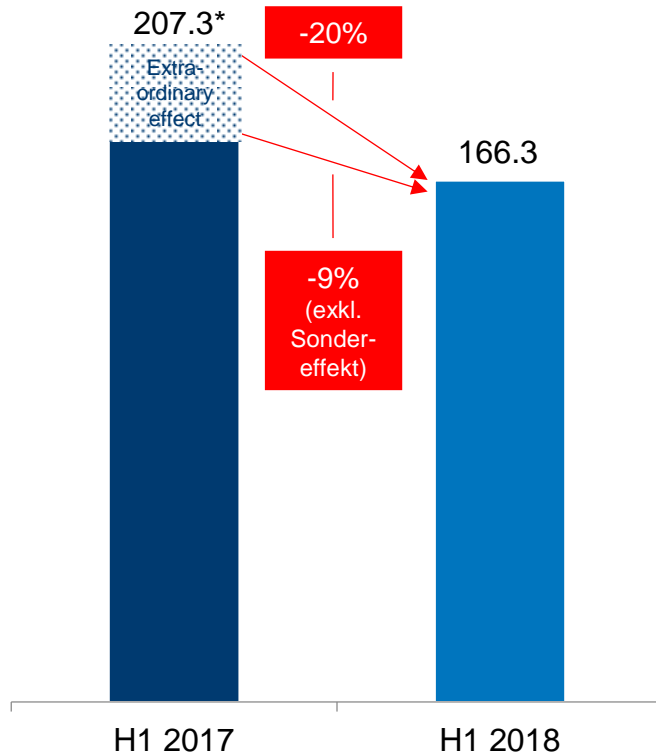
** Excluding extraordinary effect (mainly due to the sale of the Schuler Technical Center in Tianjin).

* Extraordinary effect of approx. 25 MEUR.



... H1 2018 DOWN COMPARED TO LAST YEAR'S REFERENCE PERIOD DUE TO WEAK Q1 2018

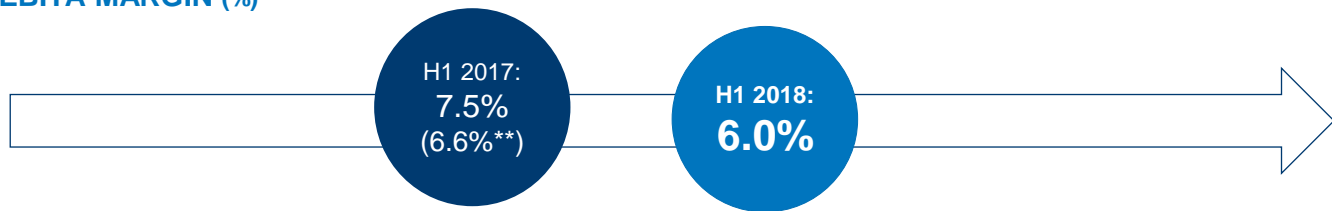
EBITA (MEUR)



H1 2018:

- EBITA, at **166.3 MEUR**, **9% below** the adjusted EBITA (182.3 MEUR) due to weak Q1 2018 which was impacted by lower sales and cost overruns in Metals.
- Including one-off effect, EBITA was down by 20%.

EBITA MARGIN (%)



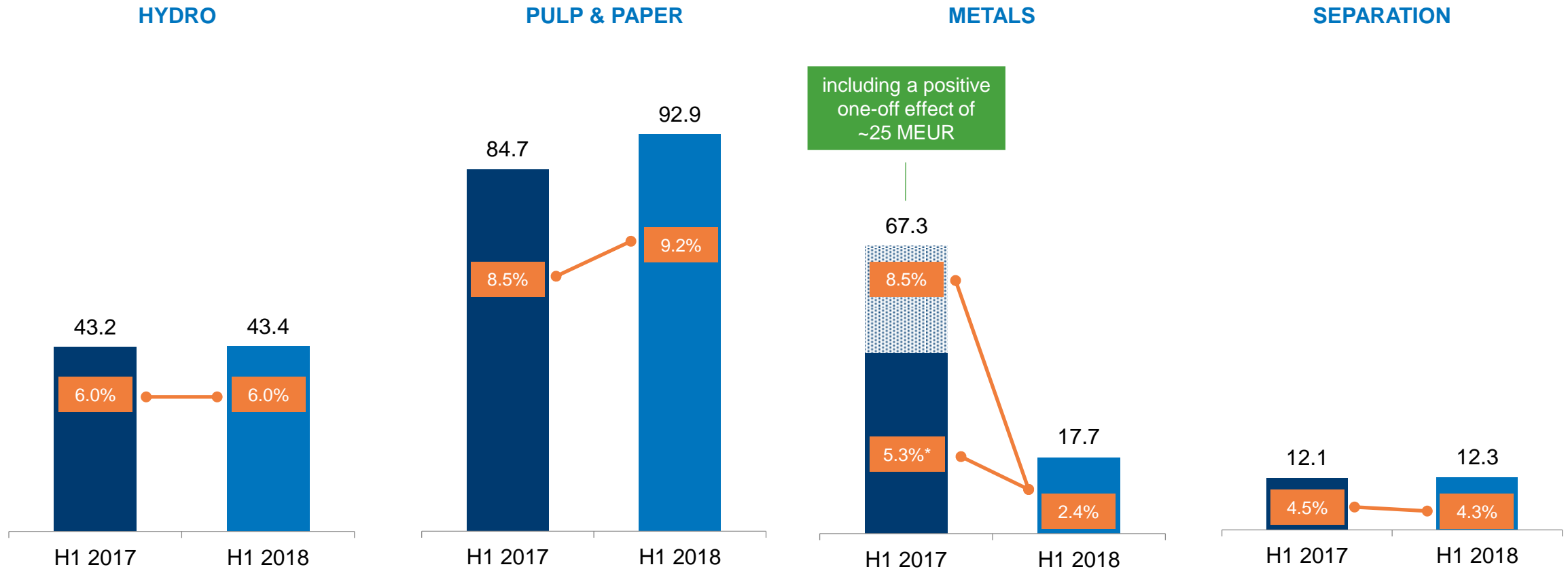
** Excluding extraordinary effect (mainly due to the sale of the Schuler Technical Center in Tianjin).

* Extraordinary effect of approx. 25 MEUR.

EARNINGS AND PROFITABILITY BY BUSINESS AREA



EBITA (MEUR) and EBITA margin (%).

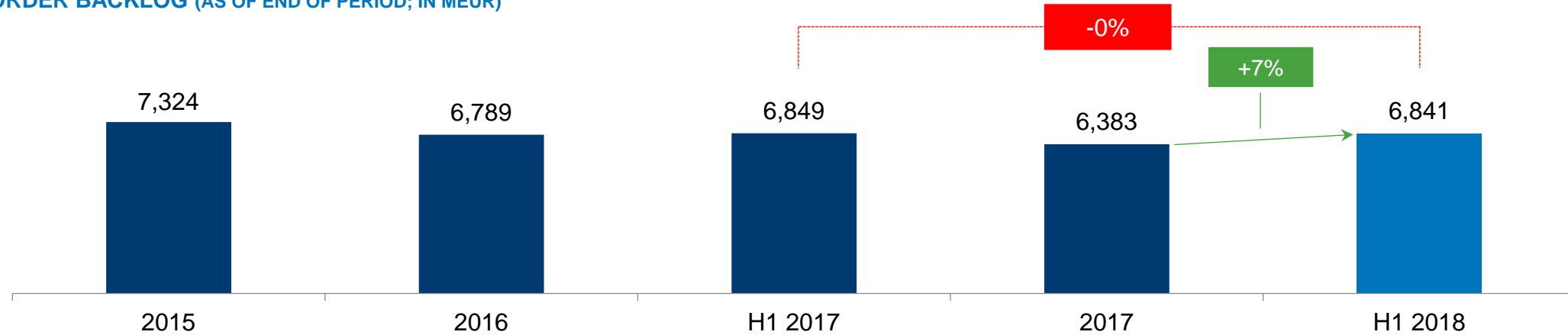


* EBITA margin excluding one-off effect.



GROUP ORDER BACKLOG UP COMPARED TO END OF 2017 DUE TO RISING ORDER INTAKE TREND

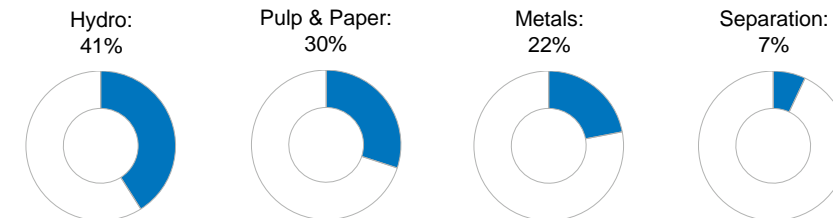
ORDER BACKLOG (AS OF END OF PERIOD; IN MEUR)



ORDER BACKLOG BY BUSINESS AREA (AS OF END OF PERIOD; IN MEUR)

	H1 2018	H1 2017	+/-
Hydro	2,789	3,090	-10%
Pulp & Paper	2,099	1,972	+7%
Metals	1,494	1,389	+8%
Separation	459	399	+15%

HYDRO AND PULP & PAPER ACCOUNT FOR 71% OF TOTAL BACKLOG



KEY FIGURES Q2 2018 / H1 2018 AT A GLANCE



Decrease mainly due to lower interest result:

- lower average net liquidity,
- substantially lower interest rates in Brazil as well as
- interest expense for the SSD issued in June 2017.

Other financial result decreased due to impairment of the stake in an associated company.

Decrease mainly due to lower earnings as well as change in net working capital.

Decrease mainly due to lower customer advances as well as cash outflow related to cost overruns on some projects.

Increase in net working capital due to increase in inventories (service business) as well as increase in project related receivables and decrease of project related payables.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	3,269.3	2,771.3	+18.0%	1,736.5	1,211.3	+43.4%	5,579.5
Order backlog (as of end of period)	MEUR	6,841.1	6,849.1	-0.1%	6,841.1	6,849.1	-0.1%	6,383.0
Sales	MEUR	2,763.1	2,779.0	-0.6%	1,472.1	1,392.8	+5.7%	5,889.1
EBITDA	MEUR	211.7	253.5	-16.5%	117.9	132.8	-11.2%	541.7
EBITA	MEUR	166.3	207.3	-19.8%	94.6	109.9	-13.9%	444.0
EBIT	MEUR	152.9	185.4	-17.5%	88.5	98.5	-10.2%	399.3
EBT	MEUR	142.9	188.9	-24.4%	79.9	98.6	-19.0%	400.6
Financial result	MEUR	-10.0	3.5	-385.7%	-8.6	0.1	n/a	1.3
Net income (including non-controlling interests)	MEUR	99.9	131.8	-24.2%	55.9	68.7	-18.6%	265.6
Cash flow from operating activities	MEUR	-101.2	81.5	-224.2%	-77.8	-66.2	-17.5%	246.5
Capital expenditure	MEUR	47.2	55.9	-15.6%	24.7	26.9	-8.2%	116.8
Equity ratio	%	20.5	20.2	-	20.5	20.2	-	21.2
Liquid funds	MEUR	1,450.5	1,758.6	-17.5%	1,450.5	1,758.6	-17.5%	1,772.3
Net liquidity	MEUR	568.7	817.6	-30.4%	568.7	817.6	-30.4%	908.0
Net working capital	MEUR	90.3	-121.4	+174.4%	90.3	-121.4	+174.4%	-121.0
EBITDA margin	%	7.7	9.1	-	8.0	9.5	-	9.2
EBITA margin	%	6.0	7.5	-	6.4	7.9	-	7.5
EBIT margin	%	5.5	6.7	-	6.0	7.1	-	6.8
Employees (as of end of period; without apprentices)	-	26,023	25,390	+2.5%	26,023	25,390	+2.5%	25,566

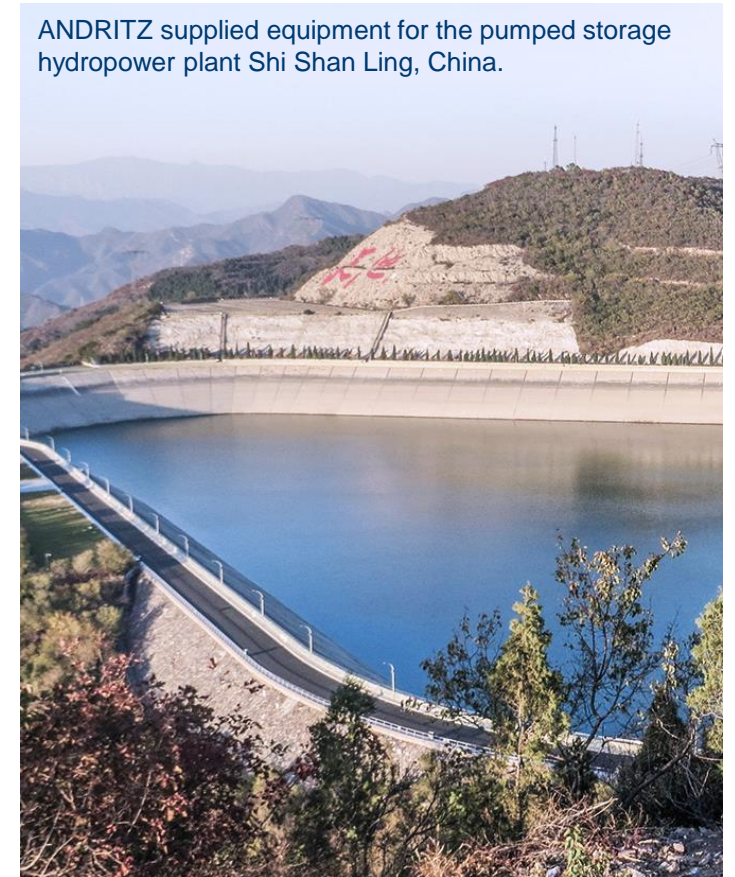
HYDRO (1): UNCHANGED CHALLENGING MARKET ENVIRONMENT



Selective award of individual projects.

- **New hydropower plants**
Some new projects in emerging markets, particularly in Asia, Africa and South America, are currently in the planning phase; award of these projects is expected over a longer period of time.
- **Pumps**
Good project activity.
- **Modernizations/rehabilitations**
Unchanged, difficult market conditions caused by low electricity prices, particularly in Europe.
- **Competition**
Stable competition at challenging level.

ANDRITZ supplied equipment for the pumped storage hydropower plant Shi Shan Ling, China.



HYDRO (2): ORDER INTAKE UP FROM VERY LOW LEVEL OF LAST YEAR



Solid development of earnings and profitability.

Order intake significantly up from very low level of last year's reference period.

Sales, earnings and profitability practically unchanged.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	753.1	514.0	+46.5%	318.3	204.5	+55.6%	1,317.2
Order backlog (as of end of period)	MEUR	2,789.1	3,089.5	-9.7%	2,789.1	3,089.5	-9.7%	2,921.8
Sales	MEUR	724.3	724.6	-0.0%	374.6	368.7	+1.6%	1,583.1
EBITDA	MEUR	57.1	57.2	-0.2%	29.3	28.1	+4.3%	154.1
EBITDA margin	%	7.9	7.9	-	7.8	7.6	-	9.7
EBITA	MEUR	43.4	43.2	+0.5%	22.2	21.1	+5.2%	123.0
EBITA margin	%	6.0	6.0	-	5.9	5.7	-	7.8
Employees (as of end of period; without apprentices)	-	7,233	7,215	+0.2%	7,233	7,215	+0.2%	7,237

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



PULP & PAPER (1): CONTINUATION OF SOLID MARKET ENVIRONMENT



- **Pulp**
Good project activity, particularly for modernization of existing pulp mills.
No contracts were awarded for greenfield pulp mills.
- **Paper**
Satisfactory market development for tissue and packaging equipment continued.
- **Energy production from biomass and sewage sludge**
Very active market, especially in Asia (China, Japan).
- **Competition**
Stable competitive environment.



PULP & PAPER (2): VERY FAVORABLE BUSINESS DEVELOPMENT



Strong increase in order intake, earnings, and profitability in Q2 2018.

Order intake significantly up, mainly due to several orders for plants that produce energy from biomass/sewage sludge.

High increase in service sales in Q2 2018.

Earnings and profitability significantly up in Q2 2018, mainly due to increase in service business.

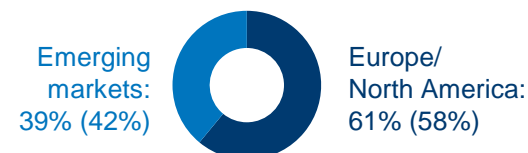
Project-related increase in employees, especially in Europe.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	1,180.9	1,124.9	+5.0%	723.4	471.6	+53.4%	2,033.4
Order backlog (as of end of period)	MEUR	2,098.9	1,971.5	+6.5%	2,098.9	1,971.5	+6.5%	1,787.0
Sales	MEUR	1,009.5	990.9	+1.9%	550.5	482.2	+14.2%	2,059.7
EBITDA	MEUR	106.1	97.4	+8.9%	65.2	44.8	+45.5%	221.5
EBITDA margin	%	10.5	9.8	-	11.8	9.3	-	10.8
EBITA	MEUR	92.9	84.7	+9.7%	58.4	38.4	+52.1%	194.9
EBITA margin	%	9.2	8.5	-	10.6	8.0	-	9.5
Employees (as of end of period; without apprentices)	-	8,242	7,926	+4.0%	8,242	7,926	+4.0%	8,002

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



METALS (1): SATISFACTORY PROJECT AND INVESTMENT ACTIVITY



Solid market environment in both Metal Forming and Metals Processing.

- **Metal Forming**

Satisfactory project and investment activity; some important orders were awarded by international and Chinese car manufacturers and their suppliers; favorable development of Yadon, China, continued.

- **Metals Processing**

Further slight increase in project and investment activity, mainly driven by rising steel and commodity prices.

- **Competition**

Unchanged challenging competition with price pressure, especially in Metals Processing.



METALS (2): EARNINGS AND PROFITABILITY SIGNIFICANTLY LOWER



Unsatisfactory business development due lower sales and cost overruns on some projects.

Significant increase in order intake both in Metal Forming (Schuler) and Metals processing.

Decrease in sales, especially in the Metal Forming sector (Schuler).

Earnings and profitability negatively impacted by cost overruns on some projects → significantly down compared to last year, which included a positive one-off effect of ~25°MEUR in Q2 2017.

Project-related increase in employees, especially in Europe and North America.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	946.7	814.2	+16.3%	478.9	371.5	+28.9%	1,606.5
Order backlog (as of end of period)	MEUR	1,493.9	1,389.3	+7.5%	1,493.9	1,389.3	+7.5%	1,309.7
Sales	MEUR	742.4	792.3	-6.3%	394.9	394.8	+0.0%	1,643.5
EBITDA	MEUR	32.1	82.4	-61.0%	15.3	51.4	-70.2%	129.7
EBITDA margin	%	4.3	10.4	-	3.9	13.0	-	7.9
EBITA (excl. extraordinary effects)	MEUR	17.7	42.3	-58.2%	7.9	19.1	-58.6%	75.0
EBITA	MEUR	17.7	67.3	-73.7%	7.9	44.1	-82.1%	98.6
EBITA margin (excl. extraordinary effects)	%	2.4	5.3	-	2.0	4.8	-	4.6
EBITA margin	%	2.4	8.5	-	2.0	11.2	-	6.0
Employees (as of end of period; without apprentices)	-	7,690	7,454	+3.2%	7,690	7,454	+3.2%	7,573

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)



SEPARATION (1): GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED



Mainly for solid/liquid separation equipment.

- **Municipal**
Investment activity at good levels (sewage sludge drying).
- **Industrial**
Good project activity in mining and minerals (especially the lithium market) as well as in chemicals (petrochemicals, polymers, fertilizers, and agrochemicals); slightly improved investment activity in food.
- **Feed and biomass pelleting**
Solid project activity.
- **Competition**
Unchanged market environment with some global and many regional competitors.



ANDRITZ belt press SMX-Q – low-profile dewatering belt press for the environmental industry.

SEPARATION (2): FAVORABLE DEVELOPMENT OF ORDER INTAKE



Earnings and profitability practically at unchanged levels.

Significant increase in order intake in Q2 2018, primarily due to a large order in China (Bailonggang/Shanghai).

Increase in sales as a result of rising order intake.

Earnings and profitability unchanged.

	UNIT	H1 2018	H1 2017	+/-	Q2 2018	Q2 2017	+/-	2017
Order intake	MEUR	388.6	318.2	+22.1%	215.9	163.7	+31.9%	622.4
Order backlog (as of end of period)	MEUR	459.2	398.8	+15.1%	459.2	398.8	+15.1%	364.5
Sales	MEUR	286.9	271.2	+5.8%	152.1	147.1	+3.4%	602.8
EBITDA	MEUR	16.4	16.5	-0.6%	8.1	8.5	-4.7%	36.4
EBITDA margin	%	5.7	6.1	-	5.3	5.8	-	6.0
EBITA	MEUR	12.3	12.1	+1.7%	6.1	6.3	-3.2%	27.5
EBITA margin	%	4.3	4.5	-	4.0	4.3	-	4.6
Employees (as of end of period; without apprentices)	-	2,858	2,795	+2.3%	2,858	2,795	+2.3%	2,754

ORDER INTAKE BY REGION H1 2018 VS. H1 2017 (%)



SALES BY REGION H1 2018 VS. H1 2017 (%)

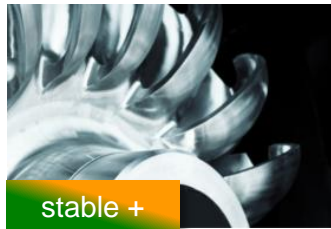


OUTLOOK FOR REMAINDER OF 2018 UNCHANGED



Good project activity on markets served by ANDRITZ.

Hydro



- Project activity for modernizations and new hydropower stations to remain at subdued level.
- Some larger, new hydropower projects are currently in the planning phase, especially in Southeast Asia and Africa; selective award of individual large-scale projects is likely.
- Satisfactory market activity for pumps to continue.

Pulp & Paper



- Project and investment activity to continue at a good level in 2018, especially for modernization of existing plants and for energy production plants.
- Some new greenfield pulp mill projects are likely to be awarded in the next few months.
- Continued satisfactory investment activity for tissue and packaging, especially in the emerging markets.

Metals



- Project activity in Metal Forming to remain stable/improve slightly compared to 2017.
- In Metal Forming, the need to make further capacity adjustments to adapt the cost basis is currently under review.
- Investment activity in Metals Processing to remain at moderate level.

Separation



- Reasonable market activity in environment, mining, and chemicals.
- Low investment activity in food to continue.

For 2018, ANDRITZ expects stable sales compared to 2017 and continued solid profitability (excluding extraordinary effect recorded last business year).

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