



RESULTS FOR Q1 2019

ANDRITZ GROUP

MAY 2, 2019

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 Q1 2019 AT A GLANCE

02 PERFORMANCE Q1 2019
AND MARKET UPDATE

03 UPDATE OF BUSINESS AREAS

04 OUTLOOK

Q1 2019 AT A GLANCE



Solid business development.

- **Solid** development of **Group order intake**, reaching over **1.6 billion euros**
- **High order intake in Pulp & Paper**, mainly driven by orders for power generating boilers; Hydro and Metals down y/y.
- **Sales increased to almost 1.5 billion euros**
 - Strong increase in Pulp & Paper, Metals, and Separation, Hydro slightly down
- **EBITA increased in step with sales and reached 83 million euros, thus EBITA margin unchanged at 5.6%**. Solid margin development in Pulp & Paper; weak performance of Metals; Separation improved; Hydro stable
- **Cashflow from operating activities** improved.



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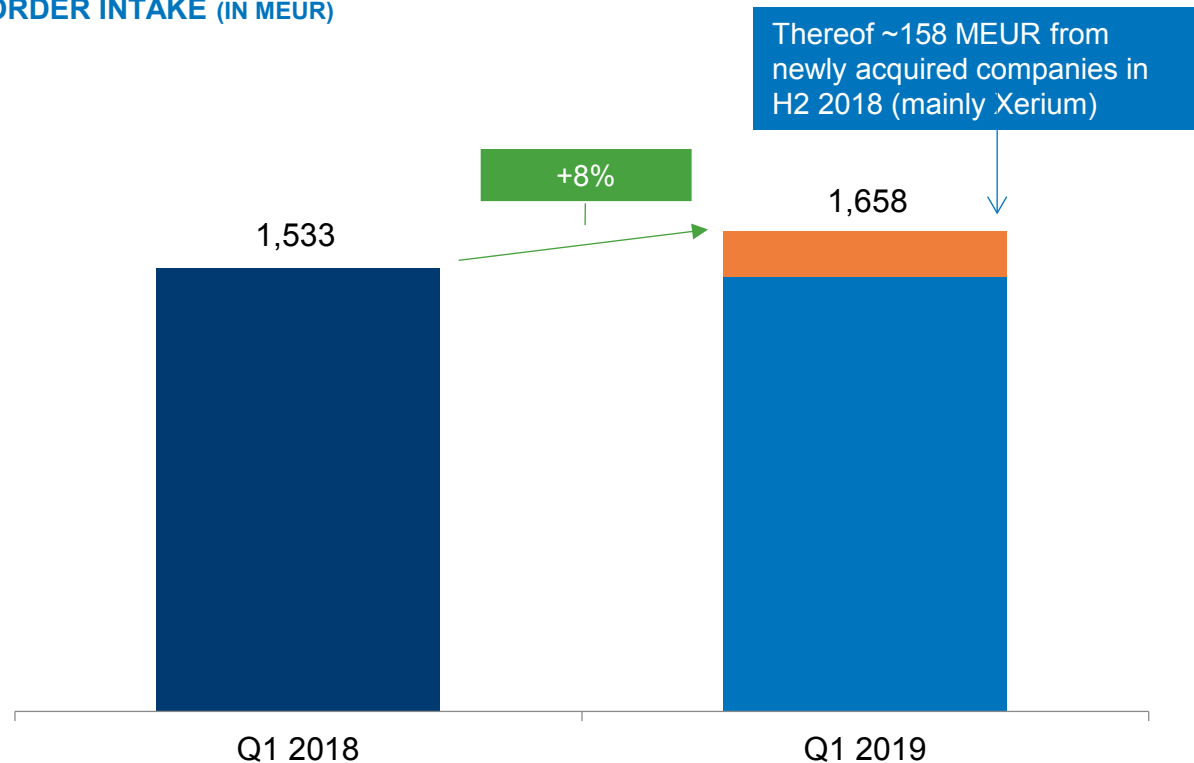
04 OUTLOOK

SOLID DEVELOPMENT OF ORDER INTAKE



Strong development in Pulp & Paper, weak in Hydro and Metals.

ORDER INTAKE (IN MEUR)



ORDER INTAKE BY BUSINESS AREA (IN MEUR)

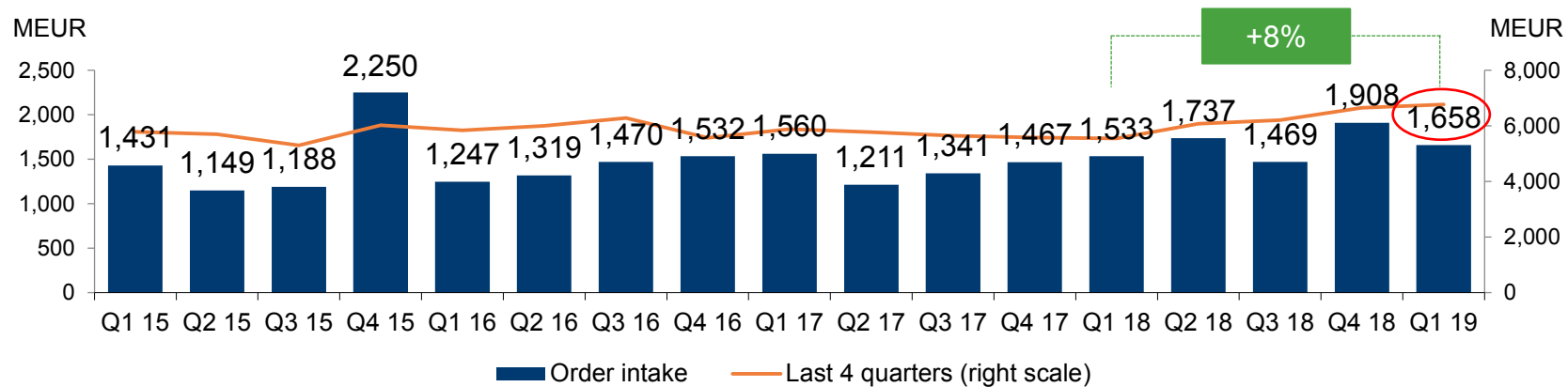
	Q1 2019	Q1 2018	+/-
Hydro	314	435	-28%
Pulp & Paper	807	457	+76%
Metals	348	468	-26%
Separation	189	173	+9%

■ Order intake of newly acquired companies in H2 2018

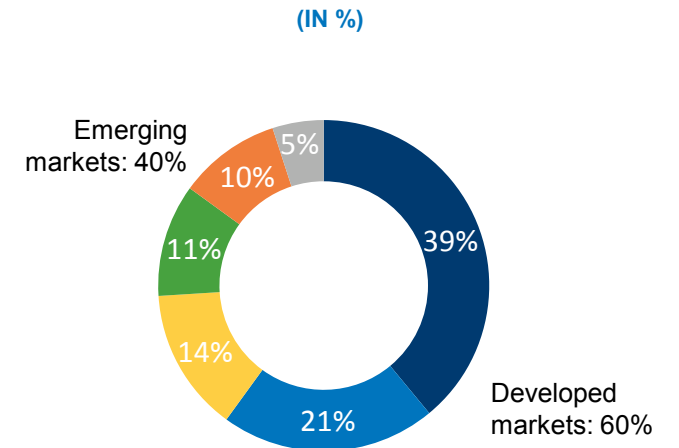
QUARTERLY DEVELOPMENT OF ORDER INTAKE



Aggregated order intake of the last four quarters amounts to ~6.8 bn. EUR.



ORDER INTAKE BY REGION (IN %)



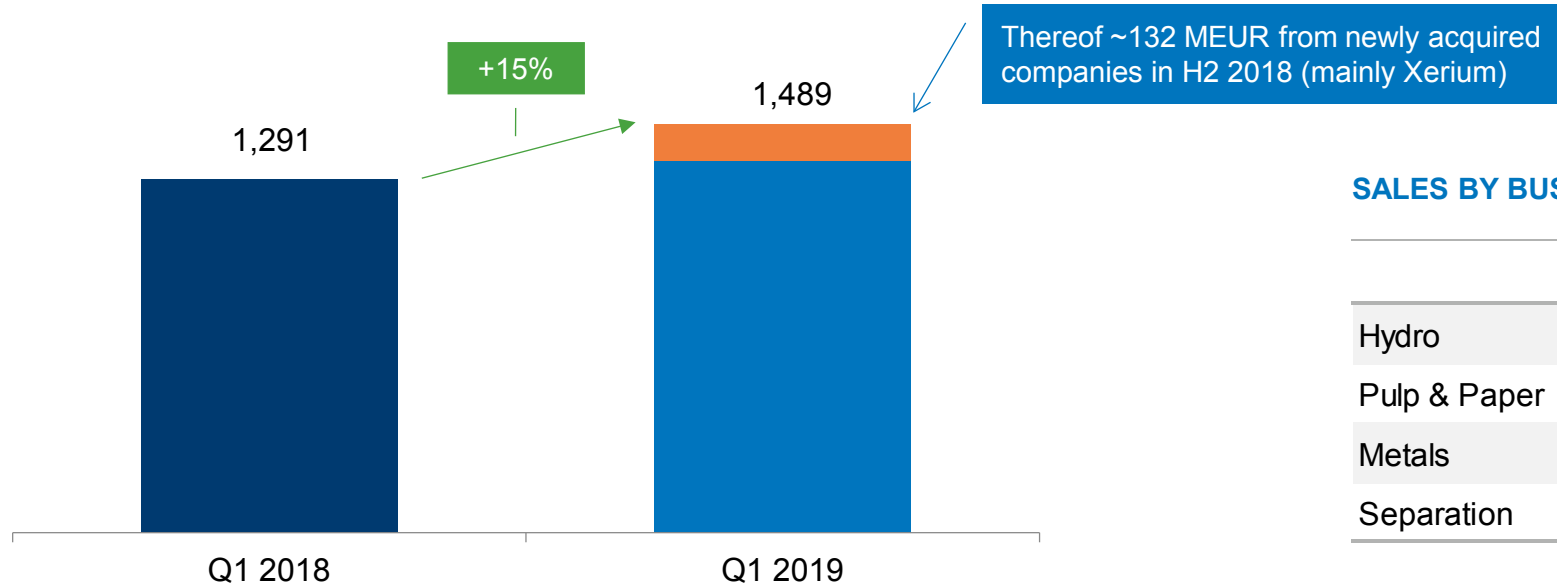
- Xerium Technologies, Inc. contributed ~125 MEUR.
- Well balanced geographical exposure
 - Europe and North America: 60%
 - Emerging Markets: 40%

STRONG SALES INCREASE IN Q1 2019



Very favorable development in Pulp & Paper, Metals, and Separation.

SALES (IN MEUR)



SALES BY BUSINESS AREA (IN MEUR)

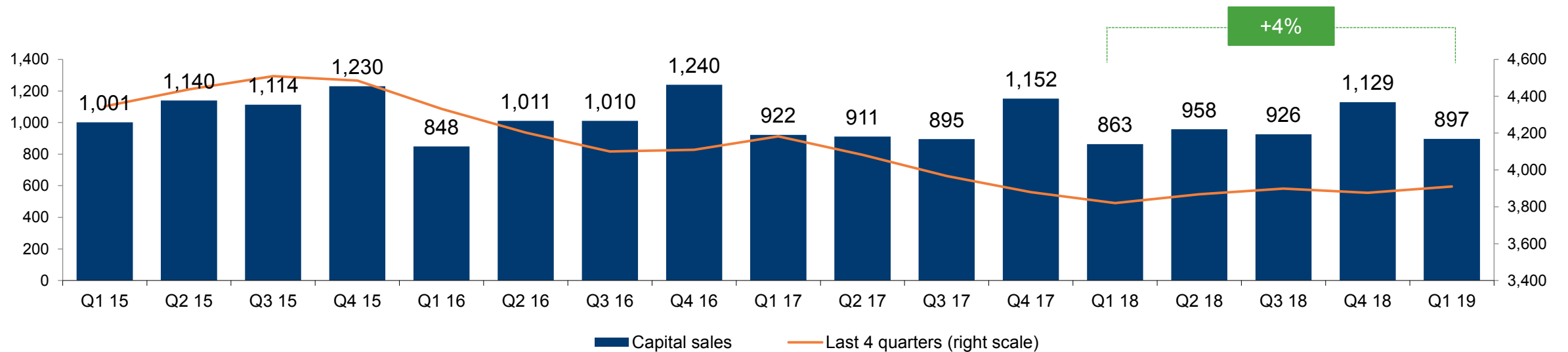
	Q1 2019	Q1 2018	+/-
Hydro	339	350	-3%
Pulp & Paper	603	459	+31%
Metals	388	348	+12%
Separation	160	135	+19%

■ Sales of newly acquired companies in H2 2018

CAPITAL SALES



Quarterly development of capital sales (in MEUR).

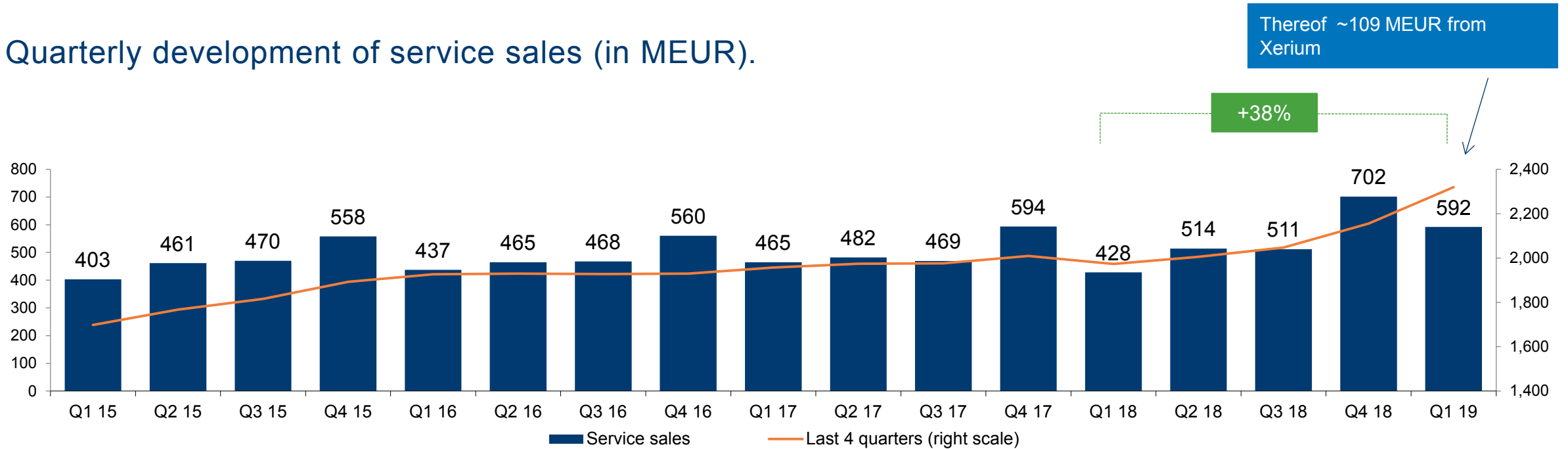


- Aggregated capital sales of the last 4 quarters amounted to 3.9 bn EUR.

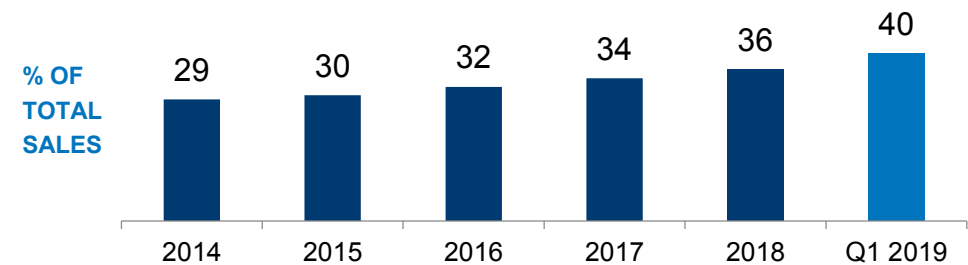
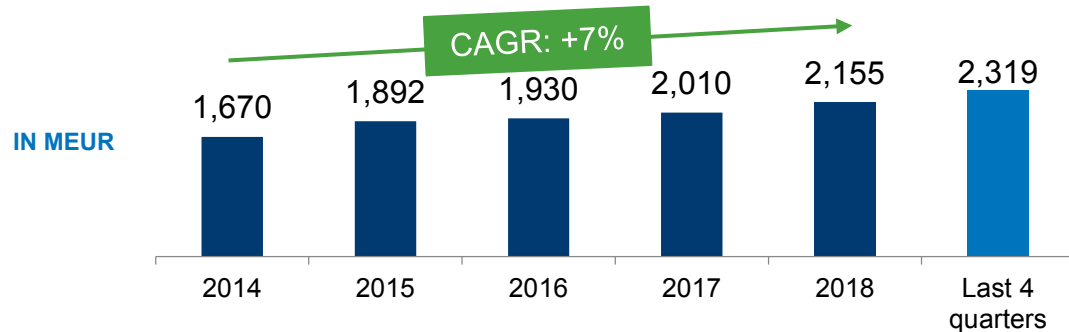
FURTHER INCREASE OF SERVICE BUSINESS



Quarterly development of service sales (in MEUR).



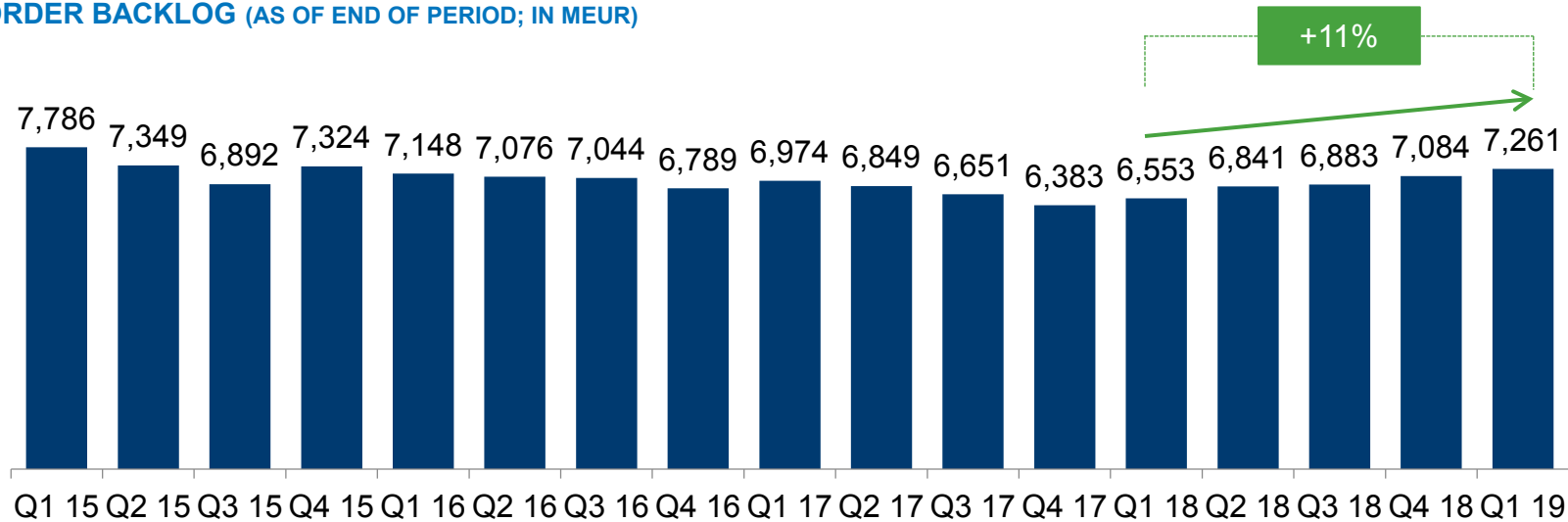
Service business increased in absolute and relative terms:



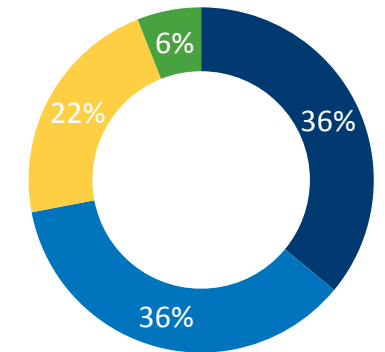
GROUP ORDER BACKLOG UP COMPARED TO END OF 2018



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



ORDER BACKLOG Q1 2019 BY BUSINESS AREA (IN %)



■ Hydro ■ Pulp & Paper ■ Metals ■ Separation

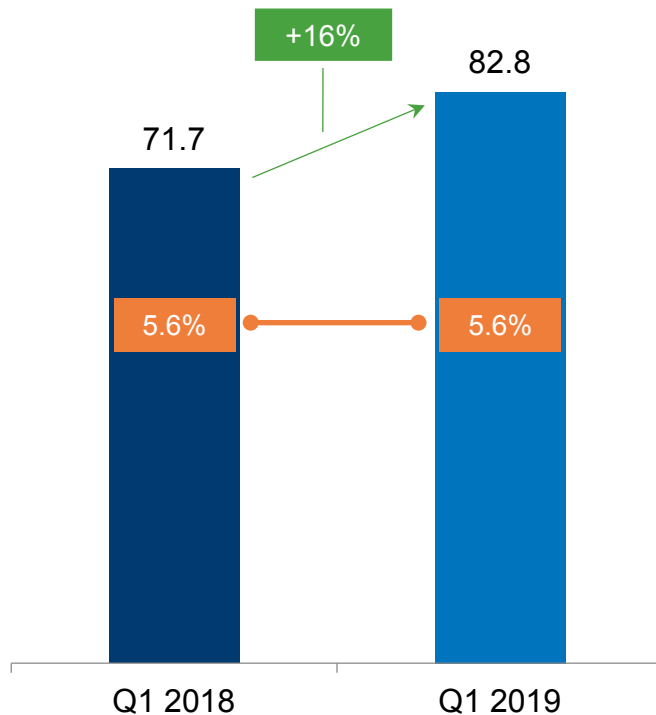
- Order backlog at the end Q1 2019 was approx. 200 MEUR higher than at the end of 2018, mainly driven by Pulp & Paper.
- Hydro and Pulp & Paper **account for 72% of total order backlog.**

Q1 2019 EARNINGS INCREASED IN LINE WITH SALES



Profitability at unchanged level.

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



- EBITA in Q1 2019 increased to 82.8 MEUR (+15.5% versus Q1 2018: 71.7 MEUR), driven by Pulp & Paper.
- EBITA margin, at 5.6%, remained unchanged (Q1 2018: 5.6%).
- Metals at unsatisfactory low level, impacted by execution of lower-margin orders as well as under-utilization in Metals Forming (Schuler) → further restructuring needs to adjust capacity to weak market conditions currently under investigation.
- Profitability in Hydro unchanged compared to Q1 2018.
- Improved profitability in Separation.

EARNINGS AND PROFITABILITY BY BUSINESS AREA



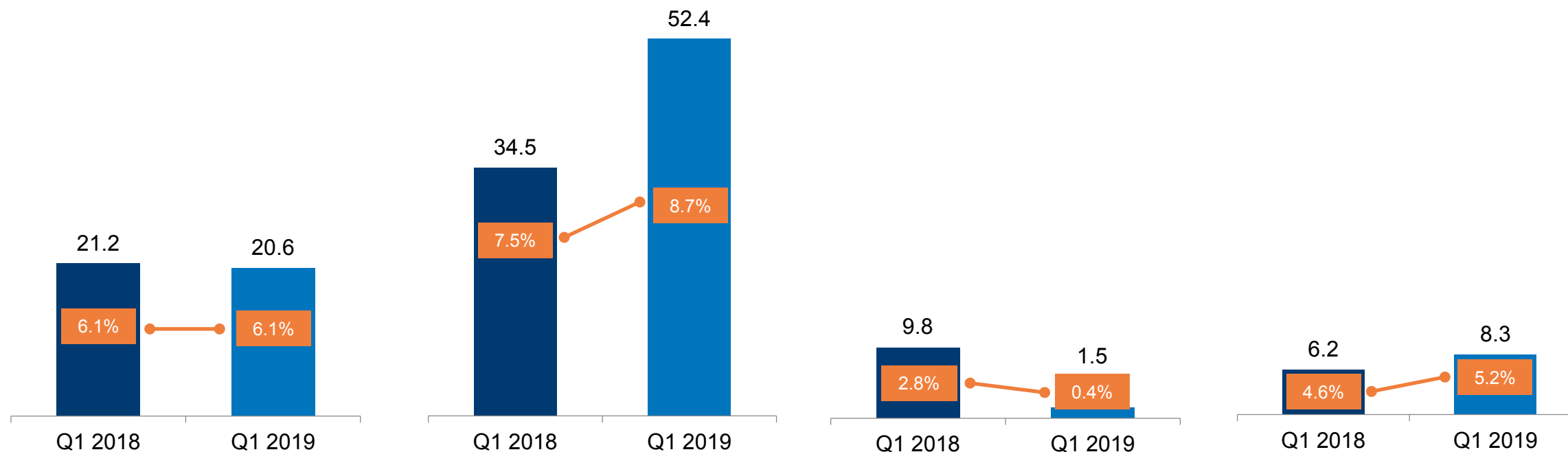
EBITA (MEUR) and EBITA margin (%).

HYDRO

PULP & PAPER

METALS

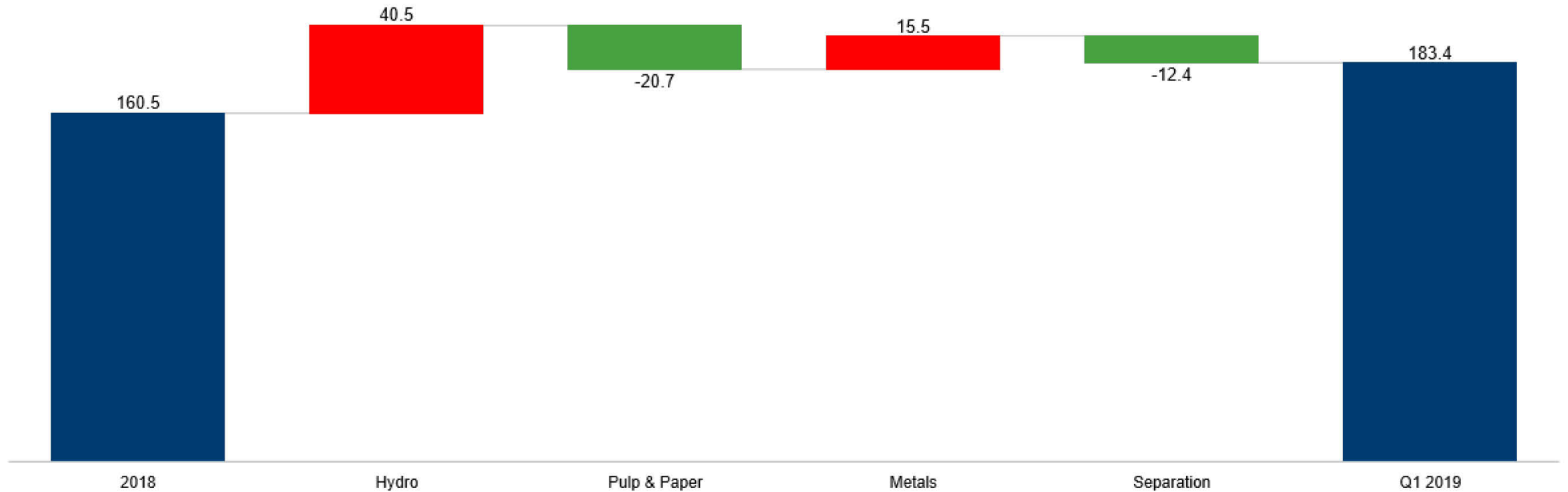
SEPARATION



Q1 2019 NET WORKING CAPITAL BRIDGE



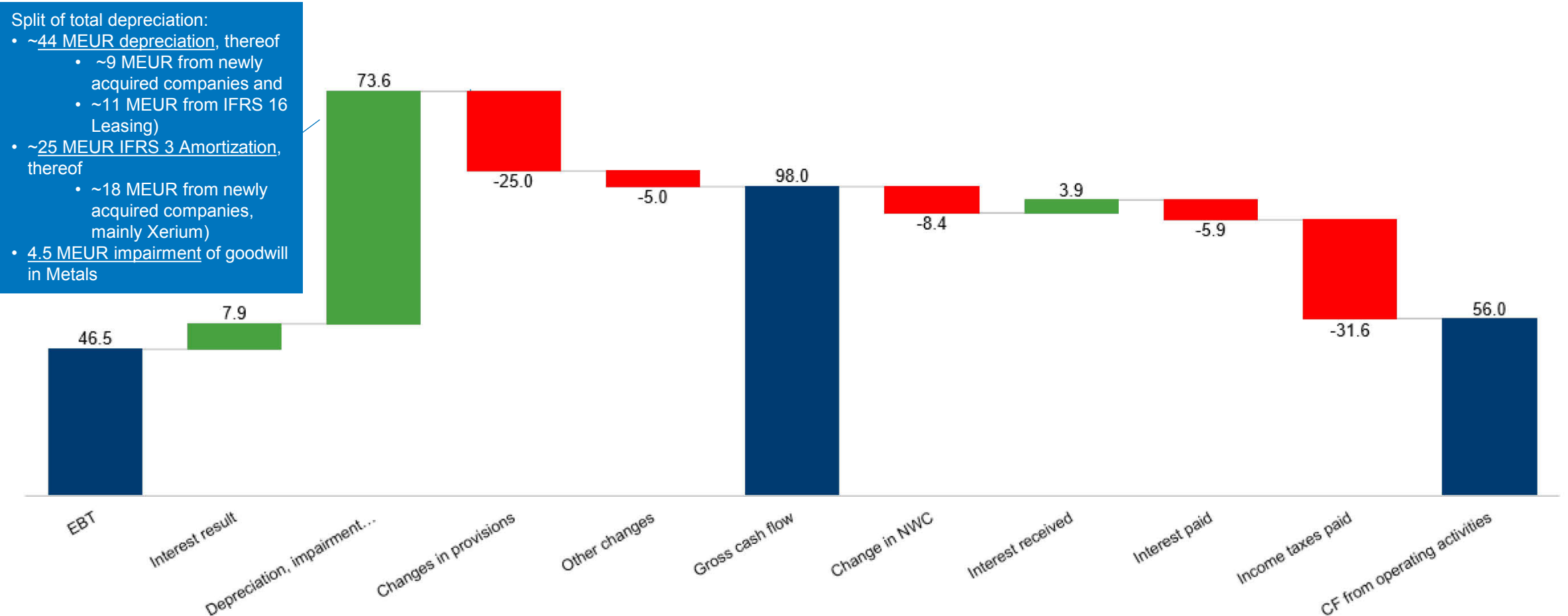
in MEUR.





IMPROVED CASH FLOW FROM OPERATING ACTIVITIES

From -23 MEUR in Q1 2018 to +56 MEUR in Q1 2019.



IN MEUR

KEY FIGURES Q1 2019 AT A GLANCE



Decline of **net income** mainly due to

- increased depreciation and amortization of intangible assets (including goodwill impairment)
- lower financial result as a consequence of lower average net liquidity and the issuance of a SSD in Q3 2018

Increase in Capex mainly due to consolidation of newly acquired companies, otherwise stable.

	UNIT	Q1 2019	Q1 2018	+/-	2018
Order intake	MEUR	1,658.1	1,532.8	+8.2%	6,646.2
Order backlog (as of end of period)	MEUR	7,260.9	6,553.2	+10.8%	7,084.3
Sales	MEUR	1,489.2	1,291.0	+15.4%	6,031.5
EBITA	MEUR	82.8	71.7	+15.5%	394.3
Net income (including non-controlling interests)	MEUR	32.6	44.0	-25.9%	219.7
Cash flow from operating activities	MEUR	56.0	-23.4	+339.3%	7.8
Capital expenditure	MEUR	25.4	22.5	+12.9%	137.0
Liquid funds	MEUR	1,474.8	1,606.9	-8.2%	1,279.7
Net liquidity	MEUR	-71.5	752.0	-109.5%	-99.6
Net working capital	MEUR	183.4	-75.4	+343.2%	160.5

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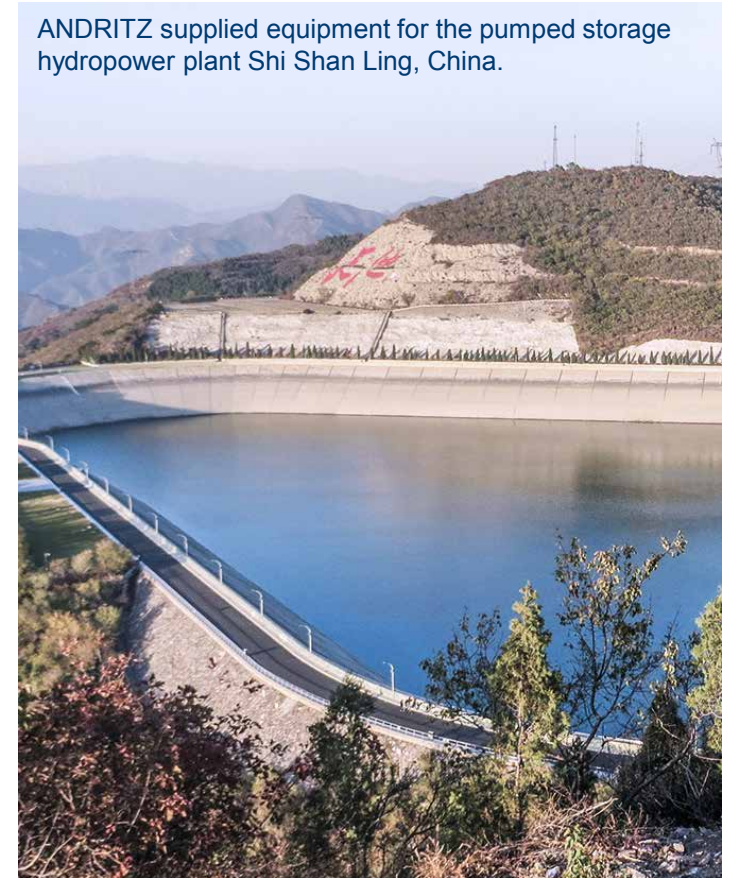
HYDRO (1): UNCHANGED MODERATE MARKET ENVIRONMENT



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**
Satisfactory project activity.
- **Modernizations/rehabilitations**
As a result of the continuing low investment activity by utilities, many modernization projects are still postponed, 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 SIGNIFICANTLY BELOW HIGH LEVEL OF LAST YEAR



Solid development of earnings and profitability.

Order intake significantly below the high level of Q1 2018, which included a large order for a pumped-storage power plant in Morocco (over 100 MEUR).

Earnings and margin practically unchanged.

First-time consolidation of HMI Canada (140 employees).

	UNIT	Q1 2019	Q1 2018	+/-	2018
Order intake	MEUR	313.9	434.8	-27.8%	1,445.8
Order backlog (as of end of period)	MEUR	2,615.0	2,840.2	-7.9%	2,667.9
Sales	MEUR	338.5	349.8	-3.2%	1,517.5
EBITDA	MEUR	30.1	27.8	+8.3%	142.4
EBITDA margin	%	8.9	7.9	-	9.4
EBITA	MEUR	20.6	21.2	-2.8%	113.8
EBITA margin	%	6.1	6.1	-	7.5
Employees (as of end of period; without apprentices)	-	7,186	7,280	-1.3%	7,002

ORDER INTAKE BY REGION Q1 2019 VS. Q1 2018 (%)



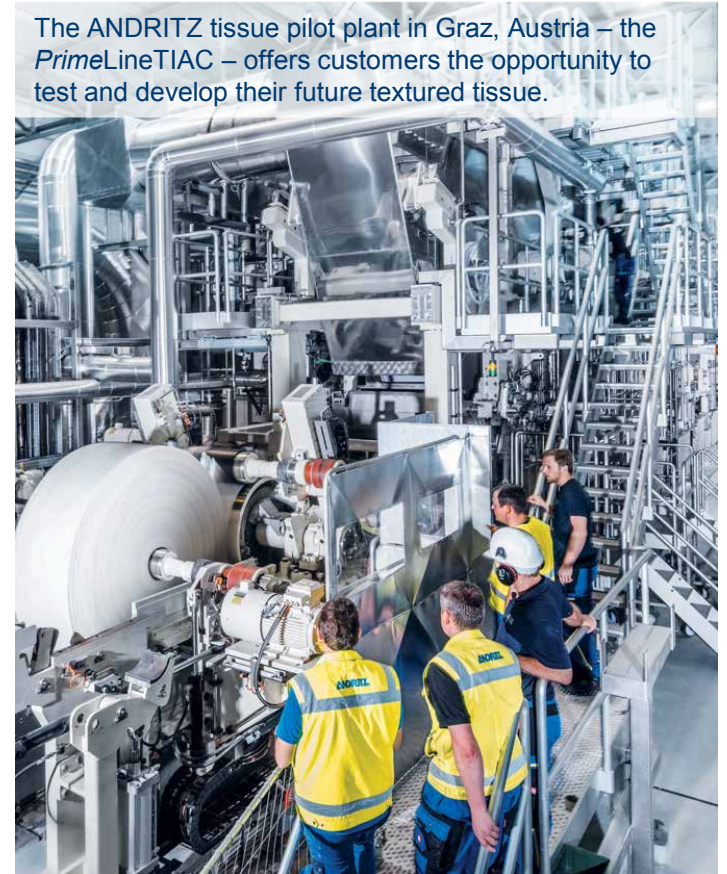
SALES BY REGION Q1 2019 VS. Q1 2018 (%)



PULP & PAPER (1): CONTINUED GOOD MARKET ENVIRONMENT



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



PULP & PAPER (2): FAVORABLE BUSINESS DEVELOPMENT



Significant 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 ~109 MEUR to sales in Q1 2019.

Earnings and profitability at favorable levels.

Project-related increase in **employees** compared to end of 2018.

	UNIT	Q1 2019	Q1 2018	+/-	2018
Order intake	MEUR	806.9	457.4	+76.4%	2,571.9
Order backlog (as of end of period)	MEUR	2,647.0	1,917.6	+38.0%	2,421.1
Sales	MEUR	602.7	458.9	+31.3%	2,233.2
EBITDA	MEUR	71.9	41.0	+75.4%	258.4
EBITDA margin	%	11.9	8.9	-	11.6
EBITA	MEUR	52.4	34.5	+51.9%	222.1
EBITA margin	%	8.7	7.5	-	9.9
Employees (as of end of period; without apprentices)	-	11,649	8,110	+43.6%	11,435

ORDER INTAKE BY REGION Q1 2019 VS. Q1 2018 (%)



SALES BY REGION Q1 2019 VS. Q1 2018 (%)



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



Satisfactory market environment in Metals Processing.

- Metals Forming

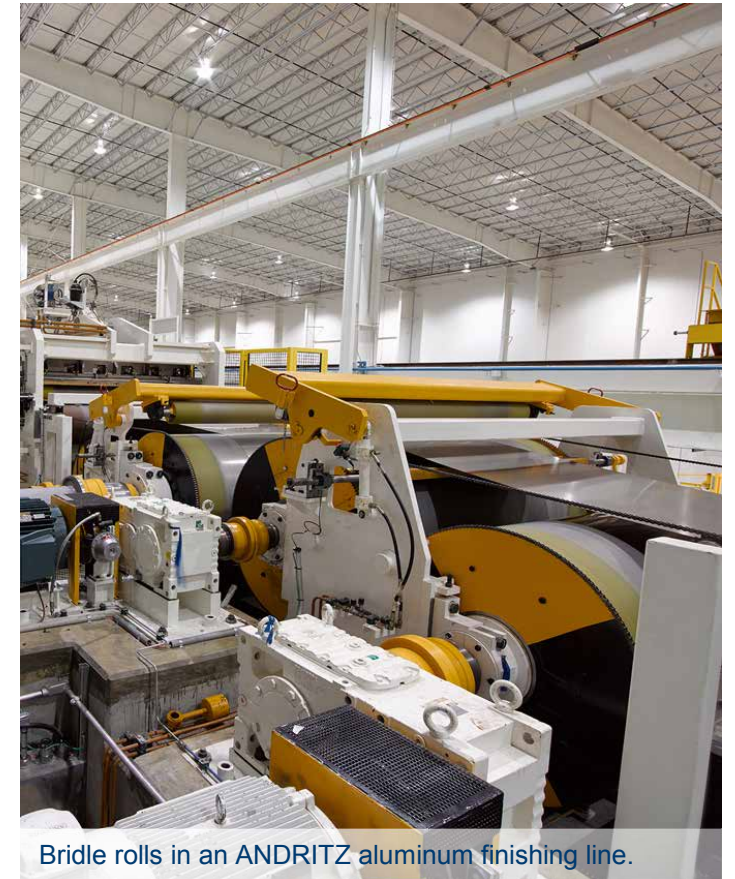
Unchanged moderate project and investment activity due to the continuing weak international automotive market as well as due to the economic slow down in China.

- Metals Processing

Overall satisfactory project activity. Orders placed focused mainly on technologies and plants for the production of advanced high-strength steel grades.

- Competition

Unchanged challenging competition.





METALS (2): UNSATISFACTORY BUSINESS DEVELOPMENT

Earnings and profitability impacted by execution of lower-margin orders and under-utilization.

Significant decline in **order intake** driven by Metals Forming. Solid development in Metals Processing.

Earnings and **profitability** at very unsatisfactory level as a result of

- execution of lower-margin orders and
- Under-utilization in Metals Forming (Schuler).

	UNIT	Q1 2019	Q1 2018	+/-	2018
Order intake	MEUR	348.1	467.8	-25.6%	1,931.8
Order backlog (as of end of period)	MEUR	1,564.1	1,401.7	+11.6%	1,591.6
Sales	MEUR	387.8	347.5	+11.6%	1,635.1
EBITDA	MEUR	12.8	16.7	-23.4%	57.8
EBITDA margin	%	3.3	4.8	-	3.5
EBITA	MEUR	1.5	9.8	-84.7%	27.3
EBITA margin	%	0.4	2.8	-	1.7
Employees (as of end of period; without apprentices)	-	7,753	7,628	+1.6%	7,818

ORDER INTAKE BY REGION Q1 2019 VS. Q1 2018 (%)



SALES BY REGION Q1 2019 VS. Q1 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 significantly from low level.
- **Feed and biomass pelleting**
Solid project activity.
- **Competition**
Unchanged market environment with some global and many regional competitors.



ANDRITZ Gouda paddle dryer for hygienic drying of foods and chemicals.

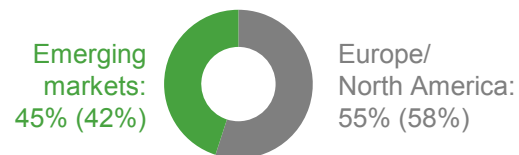
SEPARATION (2): SIGNIFICANT INCREASE IN SALES AND EARNINGS



Increase in order intake, especially for solid/liquid separation equipment.

		UNIT	Q1 2019	Q1 2018	+/-	2018
Order intake favorably up.	Order intake	MEUR	189.2	172.8	+9.5%	696.7
	Order backlog (as of end of period)	MEUR	434.8	393.7	+10.4%	403.7
Strong increase in sales due to the positive development of order intake in solid/liquid separation in the past few quarters.	Sales	MEUR	160.2	134.8	+18.8%	645.7
	EBITDA	MEUR	11.7	8.3	+41.0%	39.4
	EBITDA margin	%	7.3	6.2	-	6.1
Earnings and profitability up as a result of higher sales.	EBITA	MEUR	8.3	6.2	+33.9%	31.1
	EBITA margin	%	5.2	4.6	-	4.8
	Employees (as of end of period; without apprentices)	-	2,810	2,804	+0.2%	2,841

ORDER INTAKE BY REGION Q1 2019 VS. Q1 2018 (%)



SALES BY REGION Q1 2019 VS. Q1 2018 (%)



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OUTLOOK FOR REMAINDER OF 2019



Largely unchanged prospects and expectations for markets served by ANDRITZ.

- 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**.
- **Operative profitability (EBITA margin)** should now reach only the **level of 2018 excluding extraordinary effects** (EBITA margin: 6.9%) due to **lack of improvements in Metals Forming** as well as a **slightly lower profitability in Pulp & Paper** compared to the extraordinary high level of last year.

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

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