# RESULTS FOR Q1 2018

## ANDRITZ GROUP

MAY 3, 2018

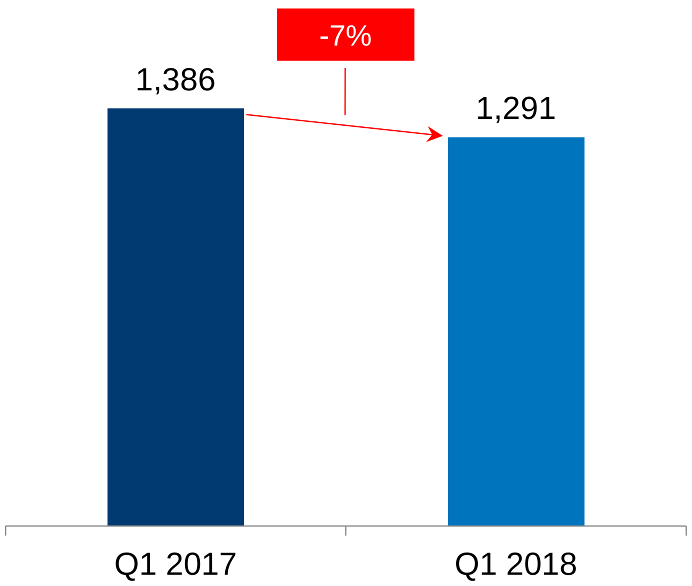
ANDRITZ

ENGINEERED SUCCESS

# GROUP SALES: SLOW START INTO THE YEAR

Sales in the coming months are expected to make up for the lower figure in Q1 2018.

**SALES (MEUR)**



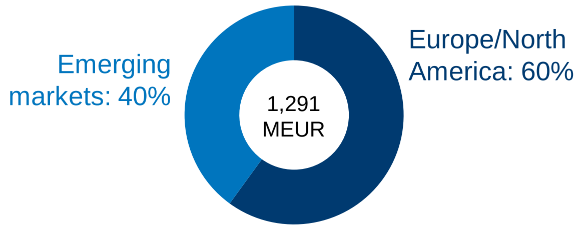

**SALES BY BUSINESS AREA (MEUR)**

| | Q1 2018 | Q1 2017 | +/- |
|---|---|---|---|
| Hydro | 350 | 356 | -2% |
| Pulp & Paper | 459 | 509 | -10% |
| Metals | 348 | 398 | -13% |
| Separation | 135 | 124 | +9% |

**SALES BY REGION (%)**

| | Q1 2018 | Q1 2017 |
|---|---|---|
| Europe | 40 | 37 |
| North America | 20 | 21 |
| China | 15 | 14 |
| Asia (without China) | 13 | 12 |
| South America | 8 | 12 |
| Africa, Australia | 4 | 4 |

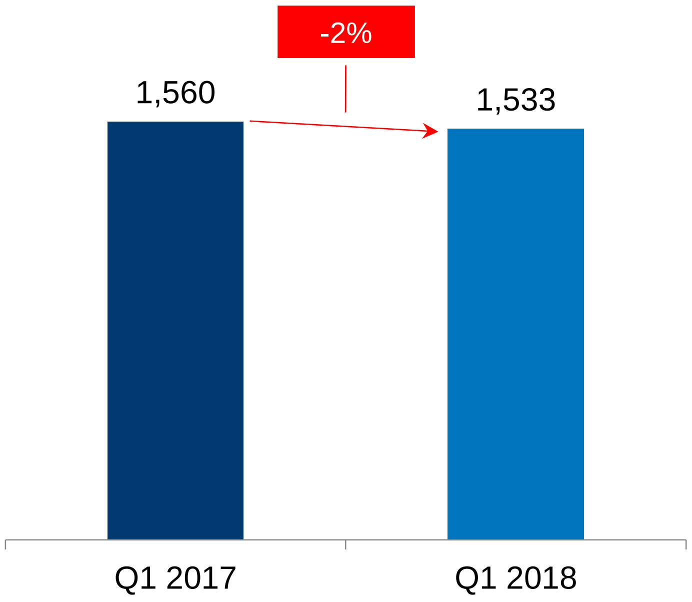
**GEOGRAPHICAL EXPOSURE**



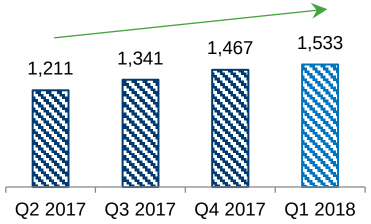
# GROUP ORDER INTAKE: SOLID DEVELOPMENT

High order intake in Hydro, Metals, and Separation; Pulp & Paper significantly below very high reference figure of Q1 2017.

## ORDER INTAKE (MEUR)




RISING ORDER INTAKE SINCE Q2 2017 (MEUR)



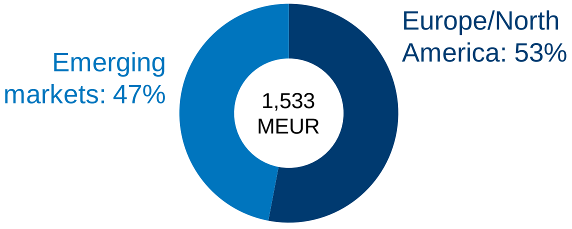

## ORDER INTAKE BY BUSINESS AREA (MEUR)

| | Q1 2018 | Q1 2017 | +/- |
|---|---|---|---|
| Hydro | 435 | 310 | +40% |
| Pulp & Paper | 457 | 653 | -30% |
| Metals | 468 | 443 | +6% |
| Separation | 173 | 155 | +12% |

## ORDER INTAKE BY REGION (%)

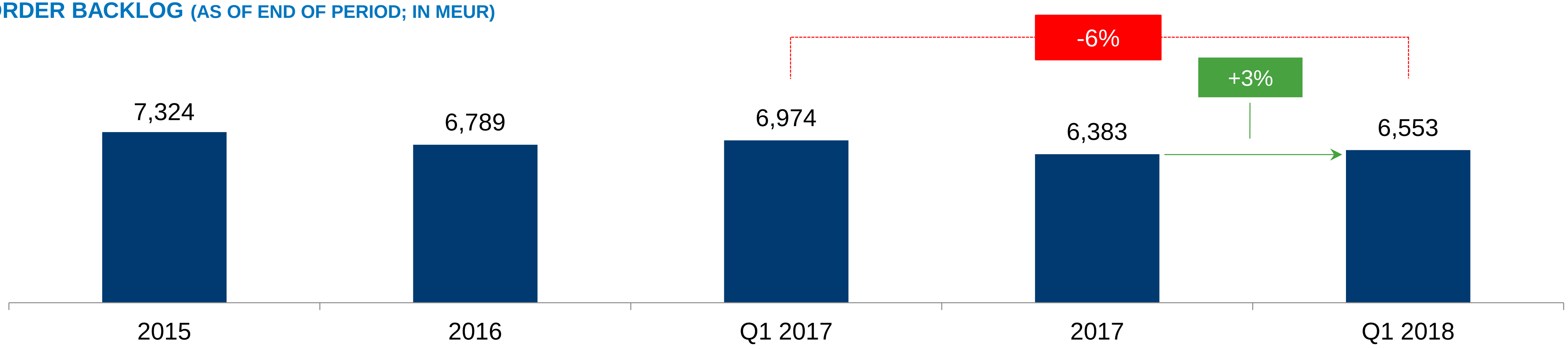
| | Q1 2018 | Q1 2017 |
|---|---|---|
| Europe | 37 | 42 |
| China | 17 | 14 |
| North America | 16 | 24 |
| Asia (without China) | 15 | 10 |
| South America | 4 | 5 |
| Africa, Australia | 11 | 5 |

## WELL-BALANCED GEOGRAPHICAL EXPOSURE



# GROUP ORDER BACKLOG SLIGHTLY ABOVE YEAR-END 2017

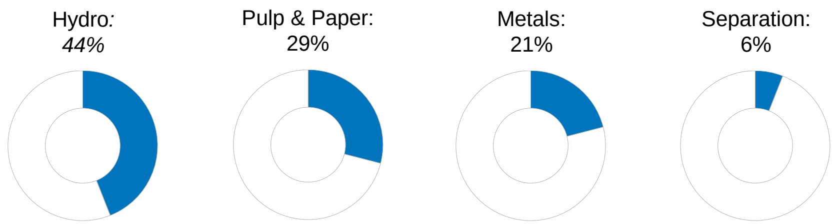
## ORDER BACKLOG (AS OF END OF PERIOD; IN MEUR)




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

| | Q1 2018 | Q1 2017 | +/- |
|---|---|---|---|
| Hydro | 2,840 | 3,184 | -11% |
| Pulp & Paper | 1,918 | 1,979 | -3% |
| Metals | 1,402 | 1,424 | -2% |
| Separation | 394 | 387 | +2% |

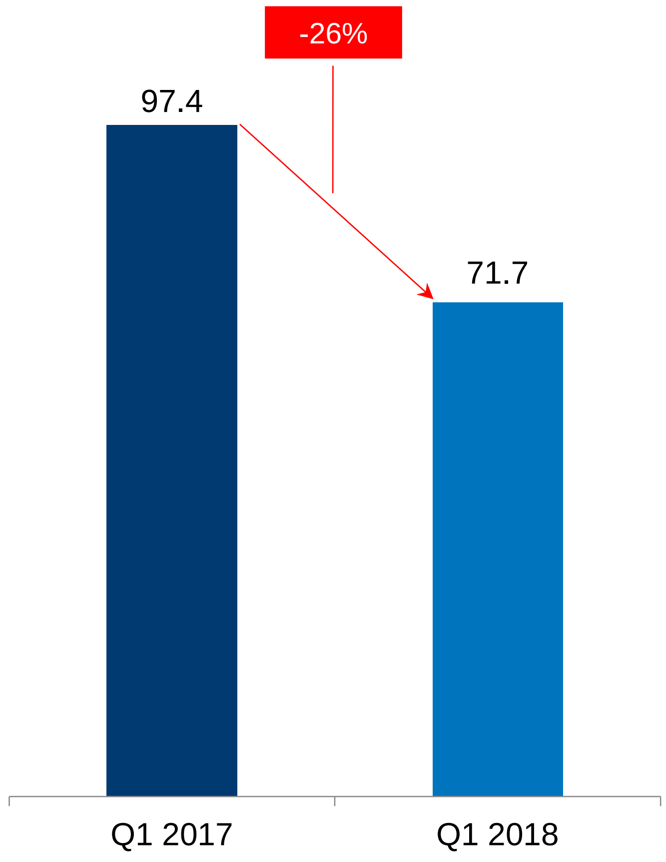
## HYDRO AND PULP & PAPER ACCOUNT FOR 73% OF TOTAL BACKLOG



# EARNINGS AND PROFITABILITY SIGNIFICANTLY DOWN, MAINLY DUE TO LOWER SALES

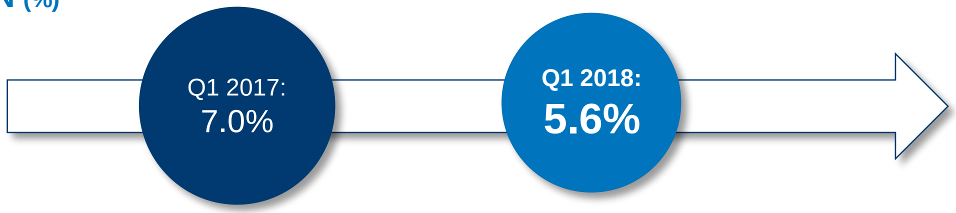
Earnings / profitability in Metals impacted by lower sales and cost overruns on some projects.

**EBITA (MEUR)**




- EBITA, at 71.7 MEUR, significantly below the previous year's reference figure (-26% versus Q1 2017: 97.4 MEUR), mainly due to lower sales, but also due to cost overruns on some projects (Metals). Thus, EBITA margin decreased to 5.6% (Q1 2017: 7.0%).
- Profitability in Hydro and Separation basically unchanged compared to Q1 2017; Pulp & Paper margin decreased compared to very high reference period due to project-related lower sales generation as well as investments in the digitalization business.

**EBITA MARGIN (%)**



# KEY FIGURES Q1 2018 AT A GLANCE

Decrease mainly due to lower average net liquidity, substantially lower interest rates in Brazil as well as interest expense for the Schuldscheindarlehen issued in June 2017.

Decrease mainly due to change in net working capital.

Decrease mainly due to dividend payment at the end of March 2018.

Increase in net working capital due to changes in Work in Process (increase in inventories).

| | UNIT | Q1 2018 | Q1 2017 | +/- | 2017 |
|---|---|---|---|---|---|
| Order intake | MEUR | 1,532.8 | 1,560.0 | -1.7% | 5,579.5 |
| Order backlog (as of end of period) | MEUR | 6,553.2 | 6,974.2 | -6.0% | 6,383.0 |
| Sales | MEUR | 1,291.0 | 1,386.2 | -6.9% | 5,889.1 |
| EBITDA | MEUR | 93.8 | 120.7 | -22.3% | 541.7 |
| EBITA | MEUR | 71.7 | 97.4 | -26.4% | 444.0 |
| EBIT | MEUR | 64.4 | 86.9 | -25.9% | 399.3 |
| EBT | MEUR | 63.0 | 90.3 | -30.2% | 400.6 |
| Financial result | MEUR | -1.4 | 3.4 | -141.2% | 1.3 |
| Net income (including non-controlling interests) | MEUR | 44.0 | 63.1 | -30.3% | 265.6 |
| Cash flow from operating activities | MEUR | -23.4 | 147.7 | -115.8% | 246.5 |
| Capital expenditure | MEUR | 22.5 | 29.0 | -22.4% | 116.8 |
| Equity ratio | % | 19.6 | 20.1 | - | 21.2 |
| Liquid funds | MEUR | 1,606.9 | 1,613.0 | -0.4% | 1,772.3 |
| Net liquidity | MEUR | 734.3 | 1,061.0 | -30.8% | 908.0 |
| Net working capital | MEUR | -75.4 | -254.1 | +70.3% | -121.0 |
| EBITDA margin | % | 7.3 | 8.7 | - | 9.2 |
| EBITA margin | % | 5.6 | 7.0 | - | 7.5 |
| EBIT margin | % | 5.0 | 6.3 | - | 6.8 |
| Employees (as of end of period; without apprentices) | - | 25,822 | 25,247 | +2.3% | 25,566 |

# HYDRO (1): UNCHANGED CHALLENGING MARKET ENVIRONMENT

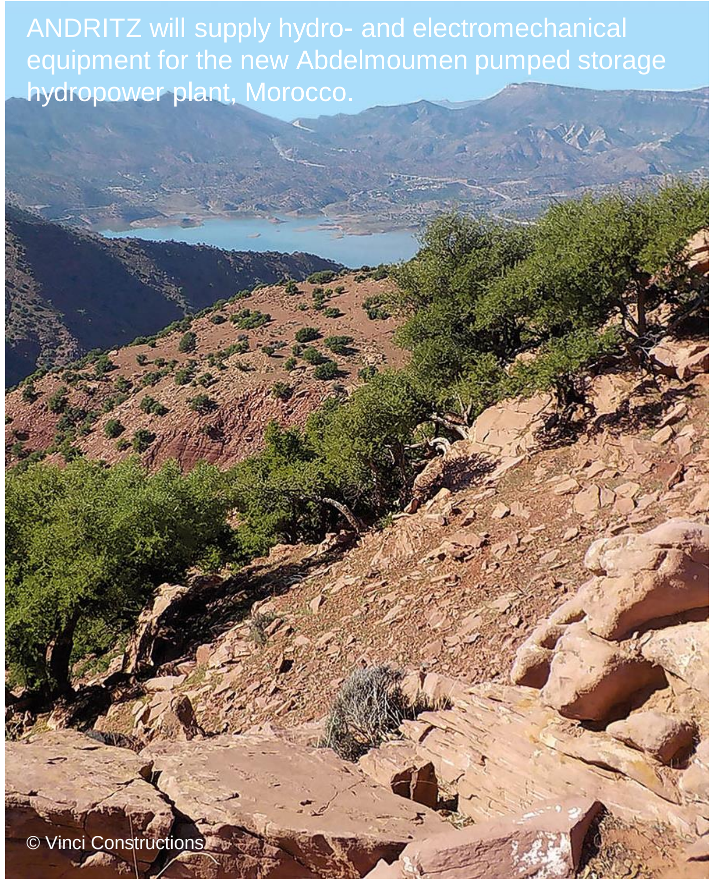
## Selective award of individual projects in Africa, Asia, and South America.

- New hydropower plants
  Some new projects in emerging markets, particularly in Asia, Africa and South America, are currently in the planning phase.

- Pumps
  Good project activity.

- Modernizations/rehabilitations
  Unchanged, difficult market conditions impacted by low electricity and energy prices, especially in Europe.

- Competition
  Stable competition at challenging level.



# HYDRO (2): ORDER INTAKE UP FROM LOW LEVEL OF LAST YEAR'S REFERENCE PERIOD

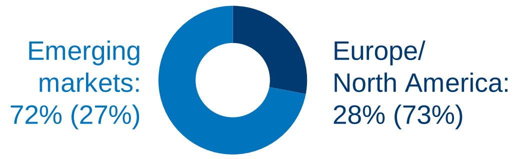
Earnings and profitability practically at the same level as for Q1 2017.

Order intake significantly up; it includes large pumped storage order from Morocco.

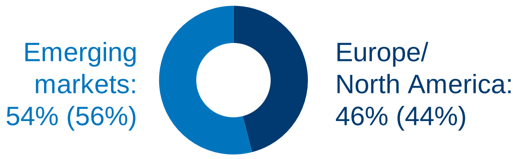
Earnings and profitability practically unchanged.

| | UNIT | Q1 2018 | Q1 2017 | +/- | 2017 |
|---|---|---|---|---|---|
| Order intake | MEUR | 434.8 | 309.5 | +40.5% | 1,317.2 |
| Order backlog (as of end of period) | MEUR | 2,840.2 | 3,184.3 | -10.8% | 2,921.8 |
| Sales | MEUR | 349.8 | 355.9 | -1.7% | 1,583.1 |
| EBITDA | MEUR | 27.8 | 29.1 | -4.5% | 154.1 |
| EBITDA margin | % | 7.9 | 8.2 | - | 9.7 |
| EBITA | MEUR | 21.2 | 22.1 | -4.1% | 123.0 |
| EBITA margin | % | 6.1 | 6.2 | - | 7.8 |
| Employees (as of end of period; without apprentices) | - | 7,280 | 7,270 | +0.1% | 7,237 |

## ORDER INTAKE BY REGION Q1 2018 VS. Q1 2017 (%)




## SALES BY REGION Q1 2018 VS. Q1 2017 (%)



# PULP & PAPER (1): CONTINUED SOLID MARKET ENVIRONMENT

- Pulp
  Satisfactory project and investment 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.

- Competition
  Stable competitive environment.

ANDRITZ BFB EcoFluid boiler in Blackburn Meadows, UK.

# PULP & PAPER (2): DECREASE IN ORDER INTAKE AND SALES

## Earnings and profitability down due to lower sales and investments in digitalization business.

Order intake significantly below high Q1 2017 which included several medium-sized orders from Asia for power generating boilers.

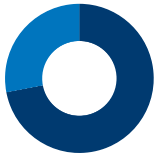
Project-related decline in sales.

Earnings and profitability below very high level of last year's reference period as a result of lower sales and expenses related to the digitalization business.

| | UNIT | Q1 2018 | Q1 2017 | +/- | 2017 |
|---|---|---|---|---|---|
| Order intake | MEUR | 457.4 | 653.3 | -30.0% | 2,033.4 |
| Order backlog (as of end of period) | MEUR | 1,917.6 | 1,979.4 | -3.1% | 1,787.0 |
| Sales | MEUR | 458.9 | 508.7 | -9.8% | 2,059.7 |
| EBITDA | MEUR | 41.0 | 52.6 | -22.1% | 221.5 |
| EBITDA margin | % | 8.9 | 10.3 | - | 10.8 |
| EBITA | MEUR | 34.5 | 46.3 | -25.5% | 194.9 |
| EBITA margin | % | 7.5 | 9.1 | - | 9.5 |
| Employees (as of end of period; without apprentices) | - | 8,110 | 7,672 | +5.7% | 8,002 |

### ORDER INTAKE BY REGION Q1 2018 VS. Q1 2017 (%)

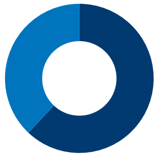
Emerging markets: 28% (43%)



Europe/ North America: 72% (57%)

### SALES BY REGION Q1 2018 VS. Q1 2017 (%)

Emerging markets: 38% (44%)



Europe/ North America: 62% (56%)

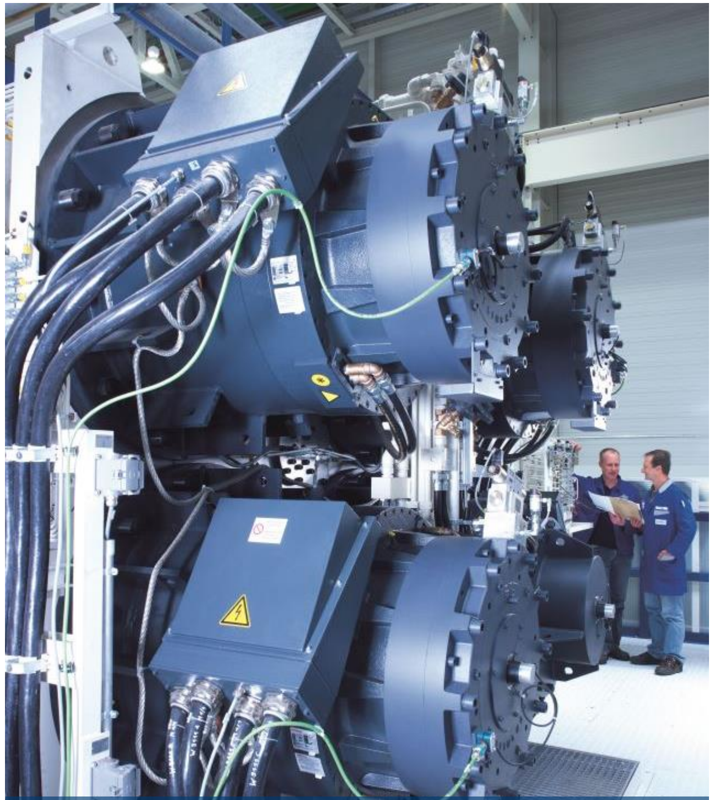
# METALS (1): SATISFACTORY PROJECT AND INVESTMENT ACTIVITY IN METAL FORMING

Project activity in Metals processing market continued to increase slightly.

- Metal Forming
  Satisfactory project and investment activity; first orders for press lines in "automotive new markets"; 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 conditions, price pressure in Metals Processing.



At the heart of Schuler's mechanical press lines is the servo drive.

# METALS (2): EARNINGS AND PROFITABILITY SIGNIFICANTLY LOWER

Lower sales and cost overruns on some projects.

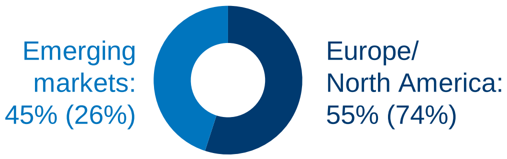
Significant increase in order intake in Metal Forming (Schuler) which booked some orders for press lines in Asia (automotive new markets).

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

Earnings and profitability significantly down, mainly due to lower sales as well as cost overruns on some projects.

| | UNIT | Q1 2018 | Q1 2017 | +/- | 2017 |
|---|---|---|---|---|---|
| Order intake | MEUR | 467.8 | 442.7 | +5.7% | 1,606.5 |
| Order backlog (as of end of period) | MEUR | 1,401.7 | 1,423.6 | -1.5% | 1,309.7 |
| Sales | MEUR | 347.5 | 397.5 | -12.6% | 1,643.5 |
| EBITDA | MEUR | 16.7 | 31.0 | -46.1% | 129.7 |
| EBITDA margin | % | 4.8 | 7.8 | - | 7.9 |
| EBITA | MEUR | 9.8 | 23.2 | -57.8% | 98.6 |
| EBITA margin | % | 2.8 | 5.8 | - | 6.0 |
| Employees (as of end of period; without apprentices) | - | 7,628 | 7,517 | +1.5% | 7,573 |

**ORDER INTAKE BY REGION Q1 2018 VS. Q1 2017 (%)**




**SALES BY REGION Q1 2018 VS. Q1 2017 (%)**

# SEPARATION (1): GOOD PROJECT AND INVESTMENT ACTIVITY CONTINUED

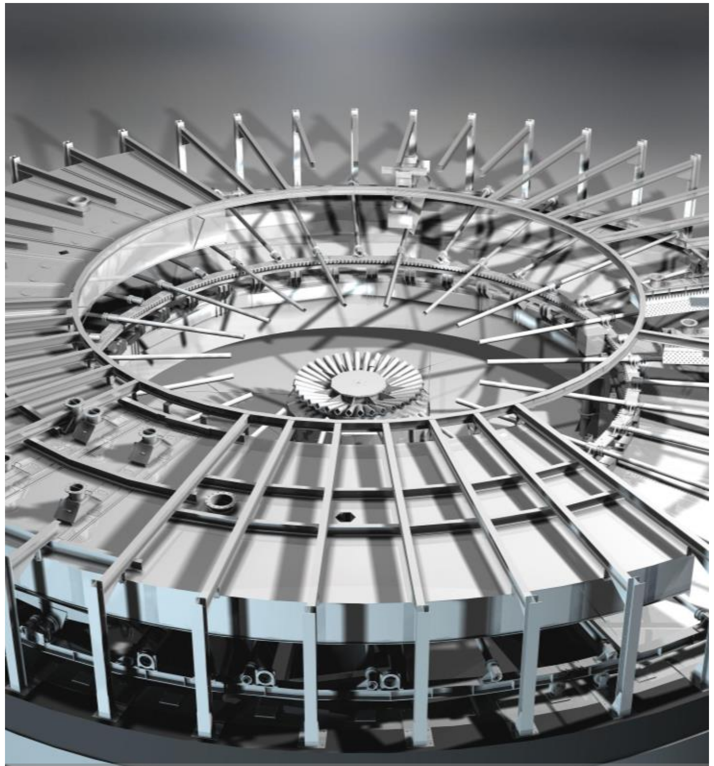
## Mainly for solid/liquid separation equipment.

- Municipal
  Investment activity at good levels (sewage sludge drying), mainly in developed markets.

- Industrial
  Good project activity in mining and minerals (especially the lithium market); satisfactory demand in chemicals (petrochemicals, polymers, and agrochemicals); continued low investment activity in food.

- Feed and biomass pelleting
  Solid project activity.

- Competition
  Unchanged market environment with some global and many regional competitors.



The tilting pan filter has been part of our product range for over 50 years and there are over 300 tilting pan filters installed worldwide.

# SEPARATION (2): INCREASE IN ORDER INTAKE AND SALES

## Especially for solid/liquid separation equipment.

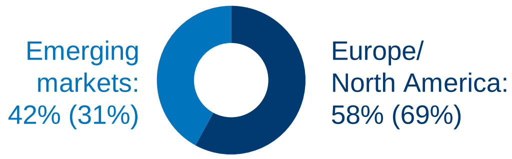
Significant increase in order intake for solid/liquid separation equipment; solid order intake in feed & biomass pelleting.

Increase in sales as a result of rising order intake in the past few quarters.

Earnings and profitability at unchanged levels.

| | UNIT | Q1 2018 | Q1 2017 | +/- | 2017 |
|---|---|---|---|---|---|
| Order intake | MEUR | 172.8 | 154.5 | +11.8% | 622.4 |
| Order backlog (as of end of period) | MEUR | 393.7 | 386.9 | +1.8% | 364.5 |
| Sales | MEUR | 134.8 | 124.1 | +8.6% | 602.8 |
| EBITDA | MEUR | 8.3 | 8.0 | +3.8% | 36.4 |
| EBITDA margin | % | 6.2 | 6.4 | - | 6.0 |
| EBITA | MEUR | 6.2 | 5.8 | +6.9% | 27.5 |
| EBITA margin | % | 4.6 | 4.7 | - | 4.6 |
| Employees (as of end of period; without apprentices) | - | 2,804 | 2,788 | +0.6% | 2,754 |

### ORDER INTAKE BY REGION Q1 2018 VS. Q1 2017 (%)




### SALES BY REGION Q1 2018 VS. Q1 2017 (%)

# OUTLOOK FOR REMAINDER OF 2018

## Good project activity on markets served by ANDRITZ; unchanged expectations for 2018.

### 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 biomass boilers.
- 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.
- Investment activity in Metals Processing to remain at solid 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 solid profitability.**

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