



RESULTS FOR Q1 2020

ANDRITZ GROUP

APRIL 30, 2020

ANDRITZ

ENGINEERED SUCCESS

CHAPTER OVERVIEW



01 Q1 2020 AT A GLANCE

02 PERFORMANCE Q1 2020

03 UPDATE OF BUSINESS AREAS

04 OUTLOOK

Q1 2020 AT A GLANCE



Solid development of order intake, earnings down mainly due to Metals and Hydro

- **Group order intake, at almost 1.9 billion euros**, reaches satisfactory level, mainly driven by Pulp & Paper (booking of large order from UPM); Metals solid, Hydro weak
- **Order Backlog**, at favorable level of **7.9 billion euros**
- **Sales, at 1.5 billion euros**, basically unchanged compared to Q1 2019, no major sales impact from Covid-19 crisis
- **EBITA significantly down due to Metals** (mainly Schuler); **Pulp & Paper** continues solid earnings and profitability performance
- **Profitability (EBITA margin) down** to **4.6%** (Q1 2019: 5.6%)



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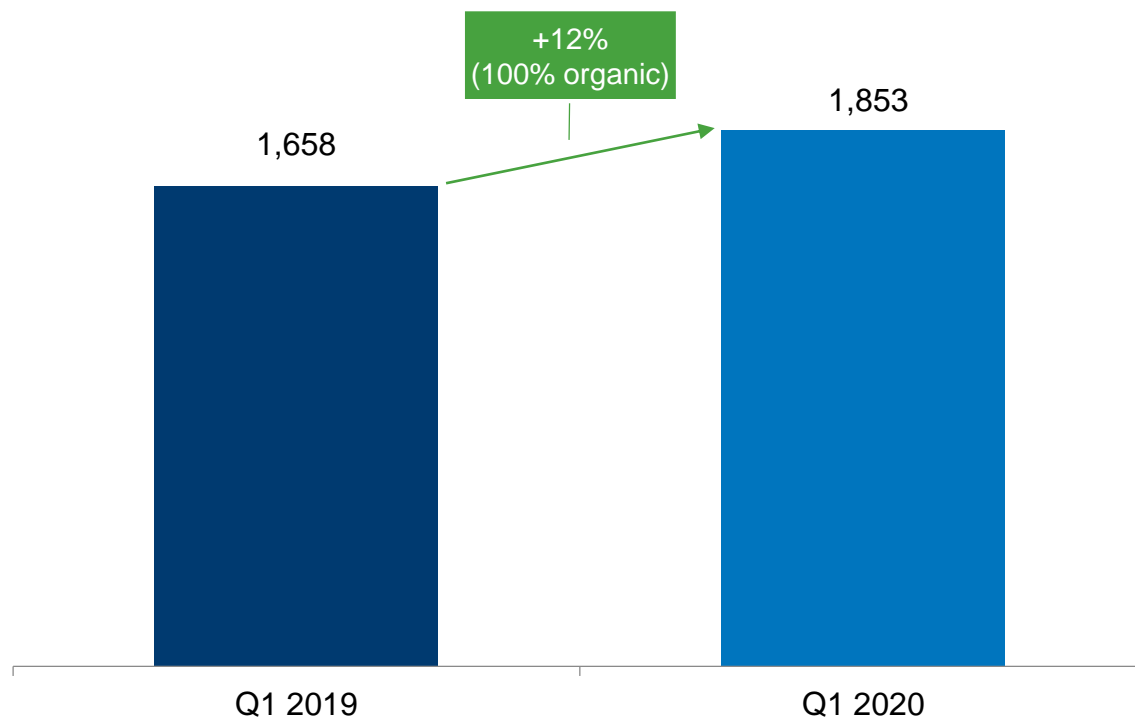
04 OUTLOOK

SATISFACTORY DEVELOPMENT OF ORDER INTAKE DUE TO PULP & PAPER



Solid order intake also in Metals Forming, weak in Hydro

ORDER INTAKE (IN MEUR)



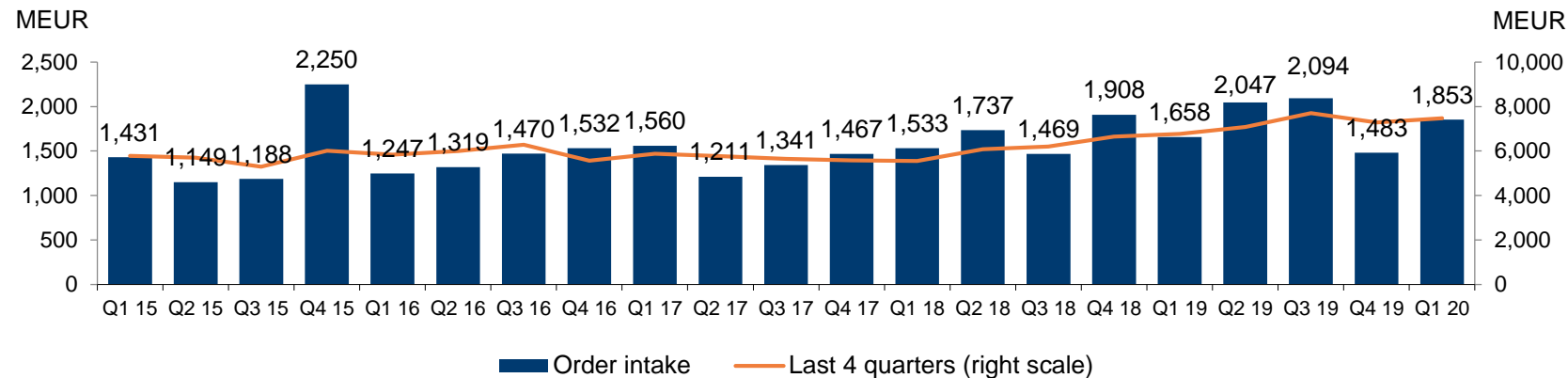
ORDER INTAKE BY BUSINESS AREA (IN MEUR)

	Q1 2020	Q1 2019	+/-
Pulp & Paper	1,078	807	+34%
Metals	362	348	+4%
Hydro	246	314	-22%
Separation	168	189	-11%

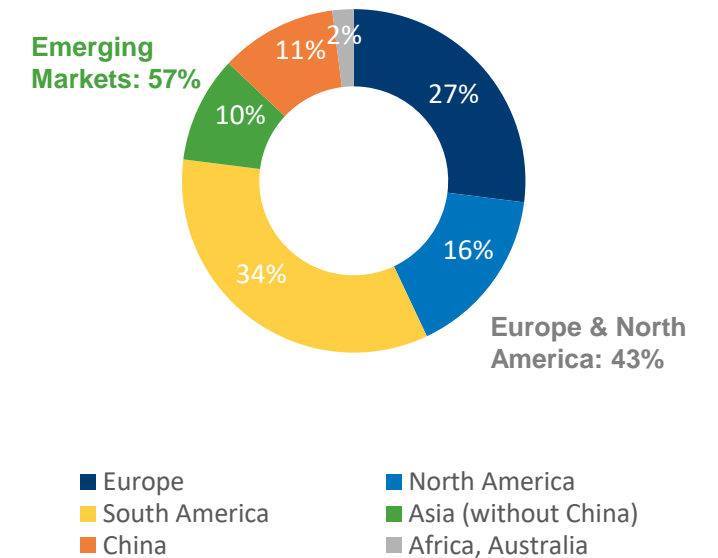
QUARTERLY DEVELOPMENT OF ORDER INTAKE



Emerging markets account for 57% of total order intake



ORDER INTAKE BY REGION
Q1 2020 IN %



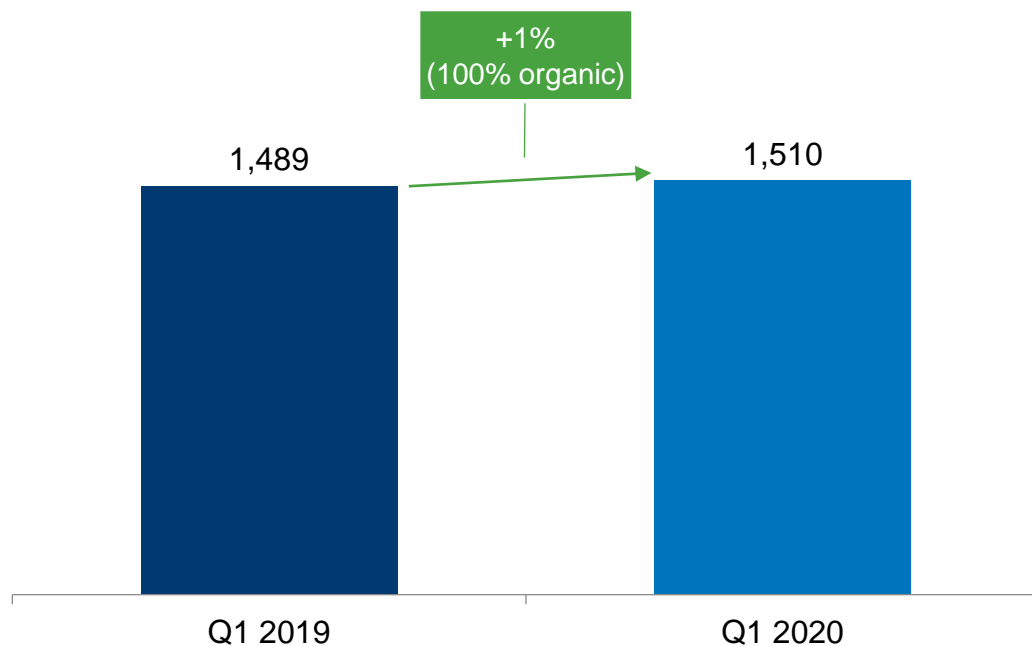
- Major orders received in Q1 2020:
 - Pulp & Paper:** greenfield pulp mill order from UPM, power boilers for energy production from biomass (Japan)
 - Metals Forming:** order from renowned international electric vehicle manufacturer

GROUP SALES BASICALLY UNCHANGED COMPARED TO Q1 2019



Strong increase in Pulp & Paper offsets decline in the other business areas

SALES (IN MEUR)



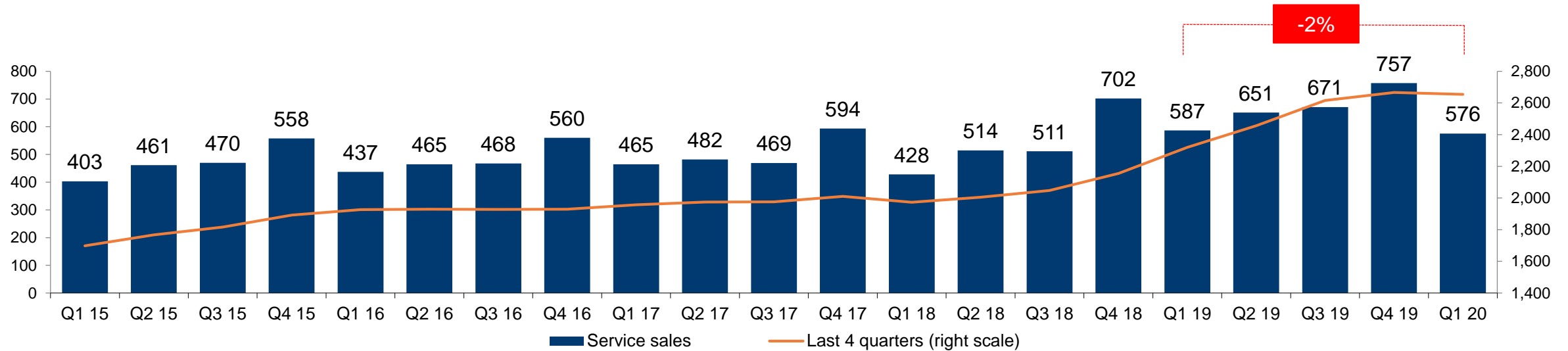
SALES BY BUSINESS AREA (IN MEUR)

	Q1 2020	Q1 2019	+/-
Pulp & Paper	713	603	+18%
Metals	355	388	-8%
Hydro	298	339	-12%
Separation	144	160	-10%

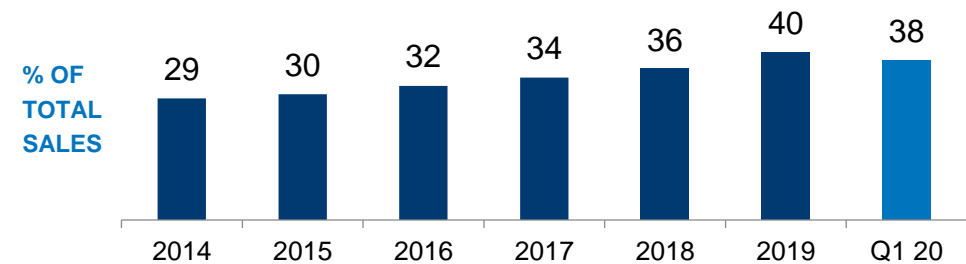
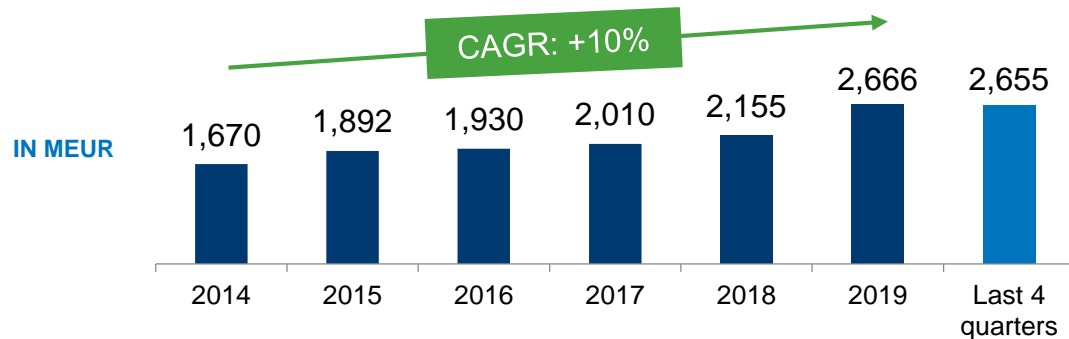
SERVICE BUSINESS CONTINUES SOLID PERFORMANCE



Quarterly development of service sales (in MEUR)



Service business in absolute and relative terms:

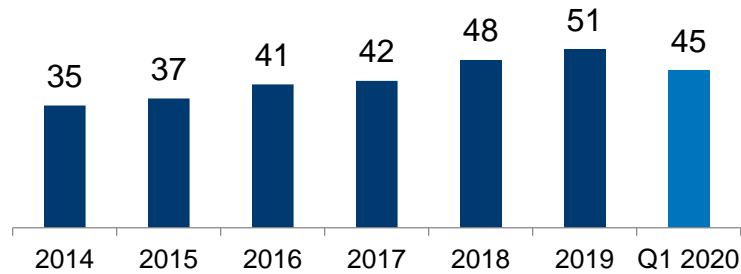


SERVICE BUSINESS BY BUSINESS AREA

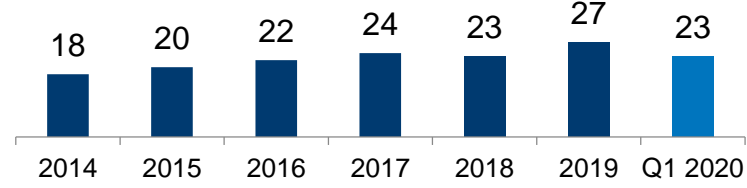


% of total business area sales

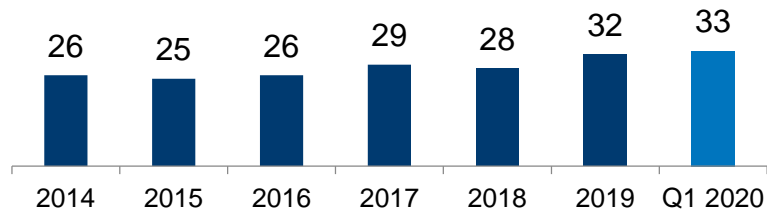
PULP & PAPER



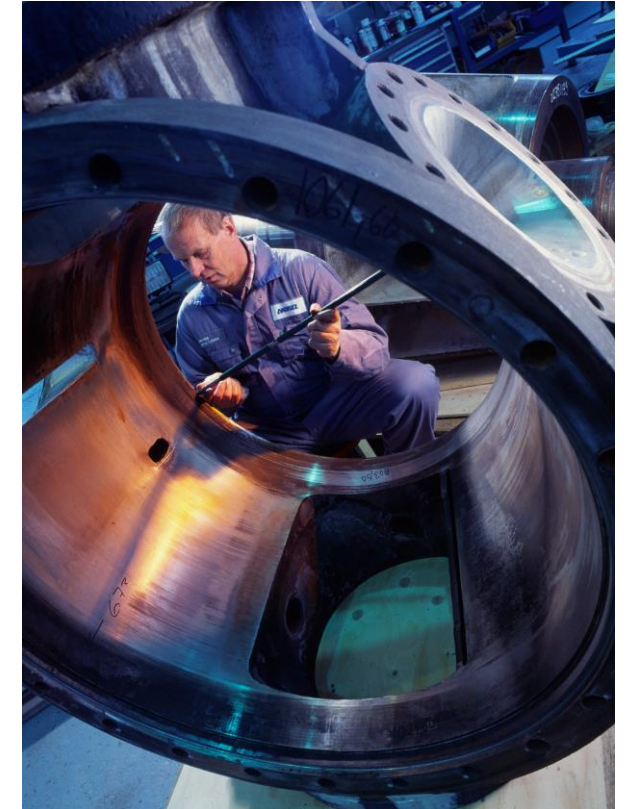
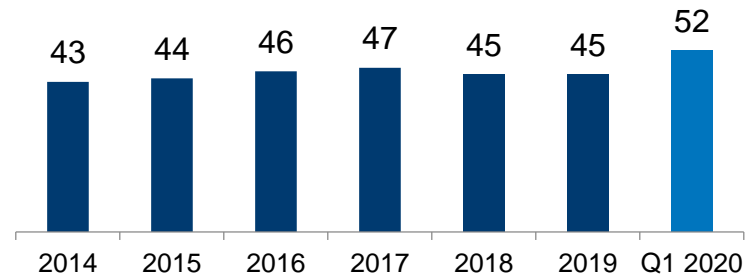
METALS



HYDRO



SEPARATION

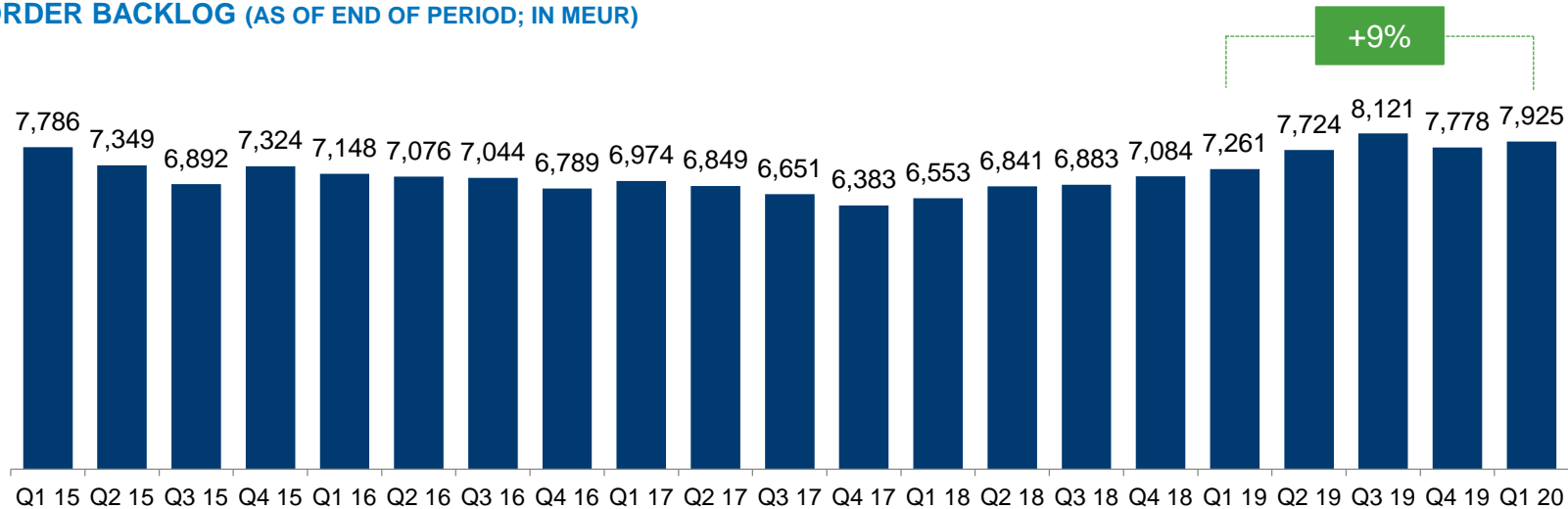




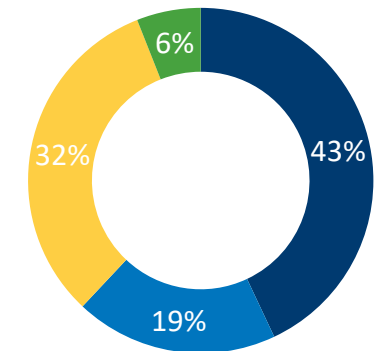
SOLID ORDER BACKLOG – ESPECIALLY IN PULP & PAPER

Order backlog at 7.9 billion as of end of Q1 2020

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



ORDER BACKLOG Q1 2020
BY BUSINESS AREA
(IN %)



■ Pulp & Paper ■ Metals ■ Hydro ■ Separation

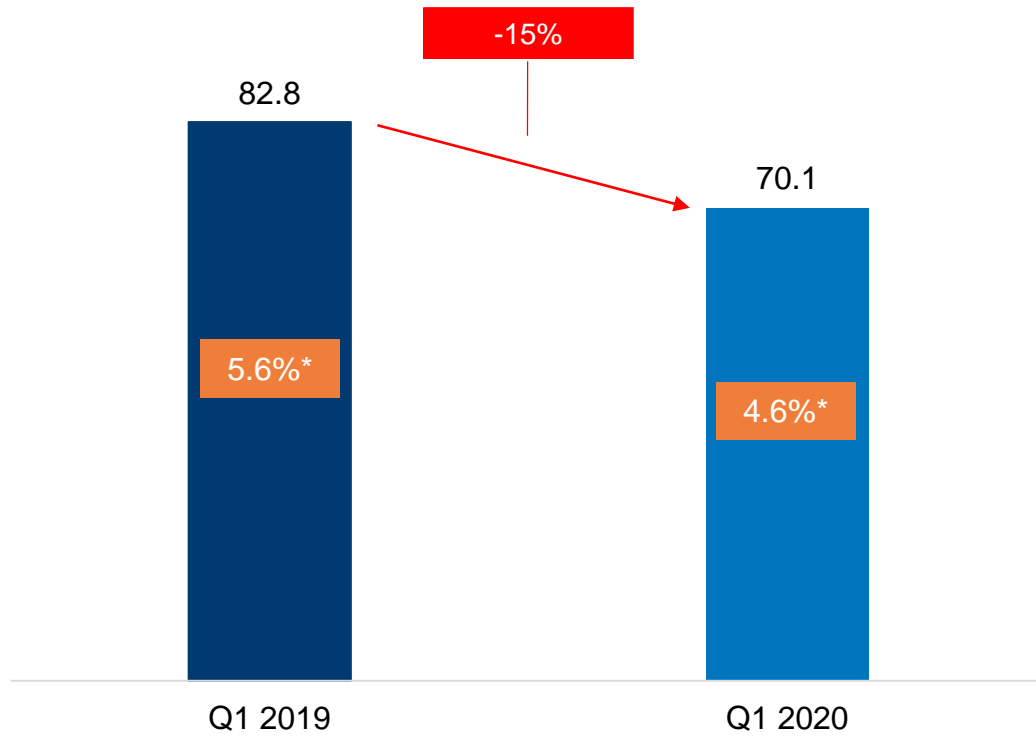
- Order backlog increased by ~150 MEUR compared to end of 2019 due to Pulp & Paper
- Hydro and Pulp & Paper **account for 75% of total order backlog**

EBITA DOWN MAINLY DUE TO METALS AND HYDRO



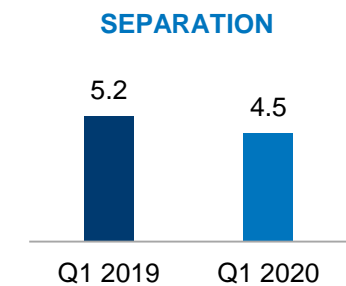
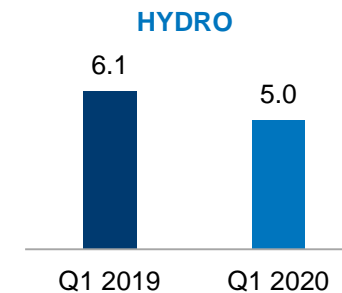
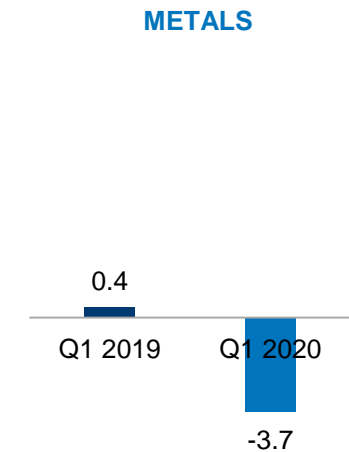
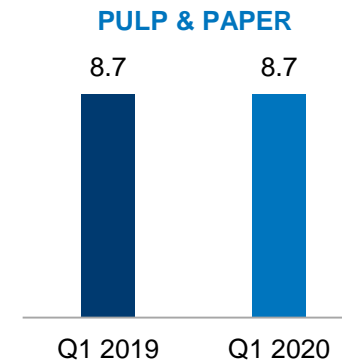
Continued solid performance of Pulp & Paper

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

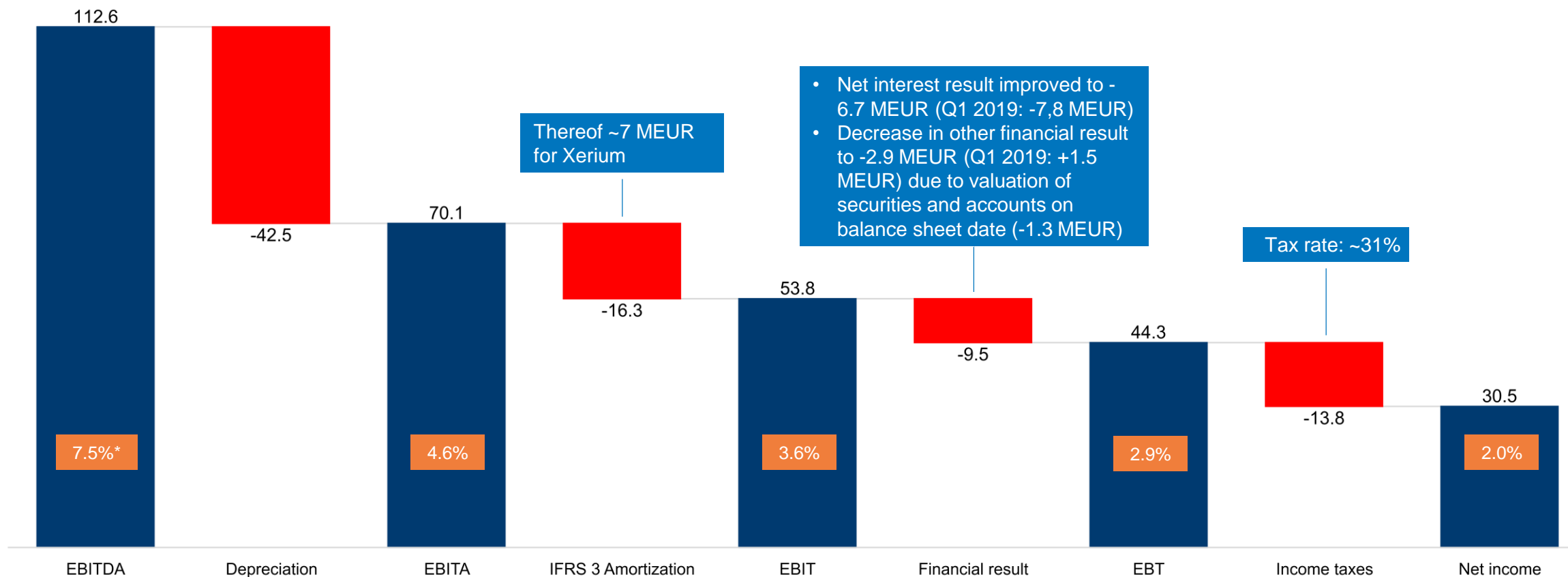


* EBITA and EBITA margin reported

EBITA MARGIN (IN %)

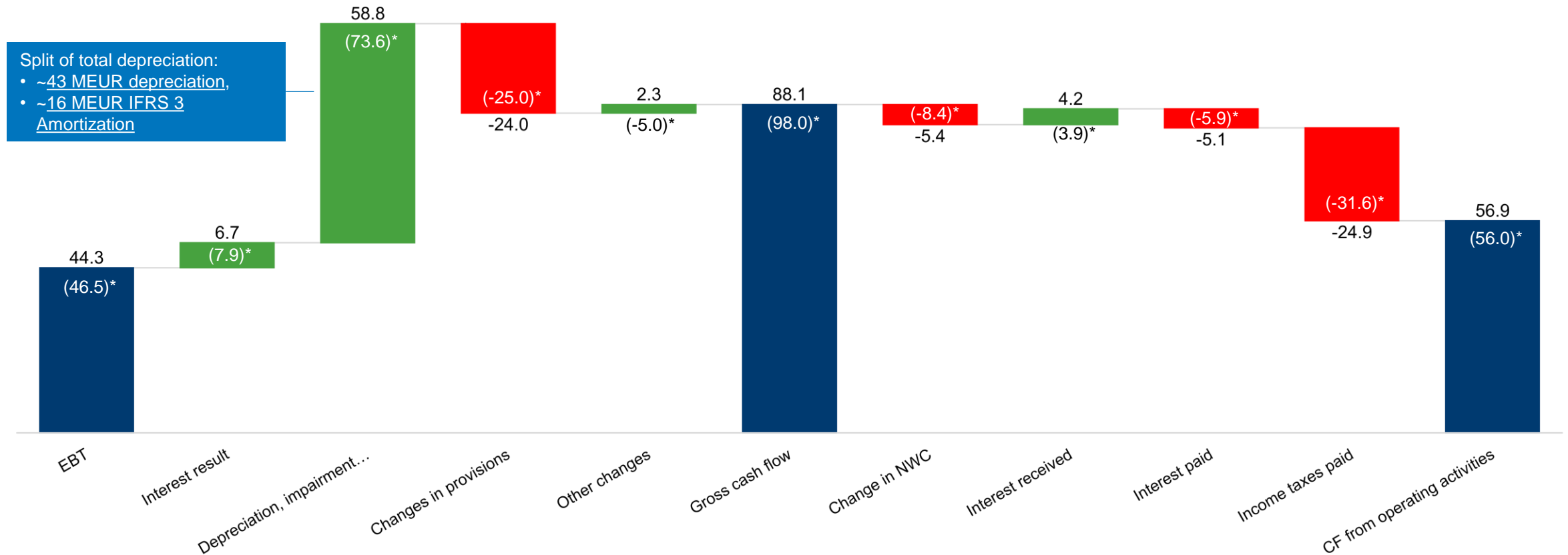


EBITDA – NET INCOME BRIDGE



IN MEUR; *: % OF TOTAL SALES

STABLE DEVELOPMENT OF CASH FLOW FROM OPERATING ACTIVITIES

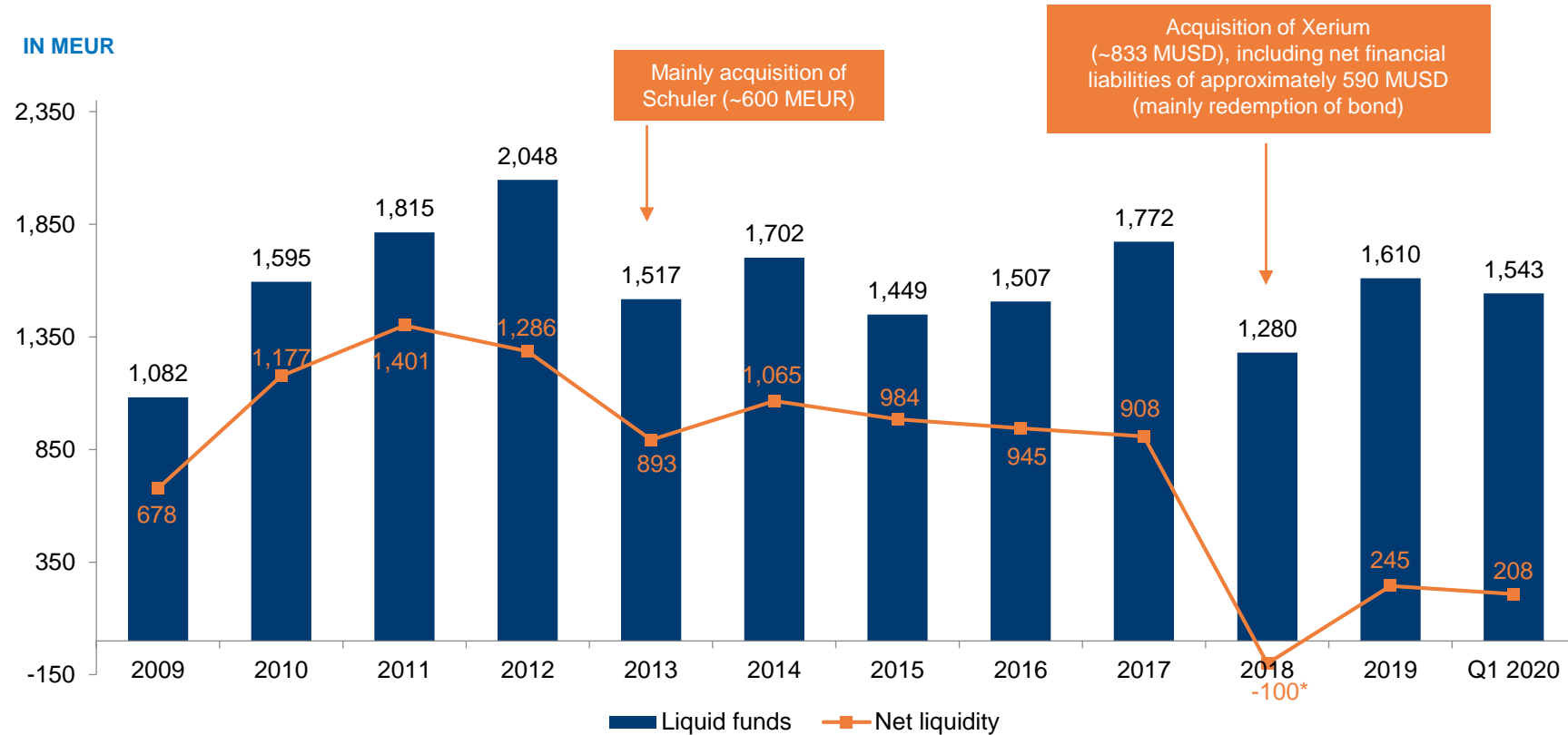


* Q1 2019

SOLID FINANCIAL POSITION



Gross cash of 1.5 billion euros



- In addition to the high amount of disposable cash, ANDRITZ has surety lines of 5.9 bn and credit lines of 0.4 bn
- Financial liabilities mainly relate to SSDs and some loans with preferential interest rates
- Next redemption tranche for SSDs not before 2023

*Since January 1, 2019, lease liabilities are excluded from the calculation of net liquidity

KEY FIGURES Q1 2020 AT A GLANCE



	UNIT	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	1,852.9	1,658.1	+11.7%	7,282.0
Order backlog (as of end of period)	MEUR	7,924.6	7,260.9	+9.1%	7,777.6
Sales	MEUR	1,510.2	1,489.2	+1.4%	6,673.9
EBITA	MEUR	70.1	82.8	-15.3%	343.2
Net income (including non-controlling interests)	MEUR	30.5	32.6	-6.4%	122.8
Cash flow from operating activities	MEUR	56.9	56.0	+1.6%	821.6
Capital expenditure	MEUR	29.9	25.4	+17.7%	157.1
Liquid funds	MEUR	1,543.1	1,474.8	+4.6%	1,609.8
Net liquidity	MEUR	208.4	-71.5	+391.5%	244.9
Net working capital	MEUR	-122.9	183.4	-167.0%	-134.0

- Solid financial position with stable cash flow
- Net working capital basically unchanged compared to end of 2019, no major changes by business area

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PULP & PAPER: STRONG INCREASE OF SALES AND CONTINUED SOLID PROFITABILITY



Favorable development of order intake

Order intake increased due to

- booking of large greenfield pulp mill order and
- continued favorable development of the service business

Significant increase in **sales** due to processing of large orders

Earnings and margin at favorable levels

	UNIT	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	1,078.2	806.9	+33.6%	3,632.5
Order backlog (as of end of period)	MEUR	3,406.3	2,647.0	+28.7%	3,164.3
Sales	MEUR	713.3	602.7	+18.4%	2,869.5
EBITDA	MEUR	81.2	71.9	+12.9%	351.4
EBITDA margin	%	11.4	11.9	-	12.2
EBITA	MEUR	61.8	52.4	+17.9%	271.0
EBITA margin	%	8.7	8.7	-	9.4
Employees (as of end of period; without apprentices)	-	11,274	11,649	-3.2%	11,984

ORDER INTAKE BY REGION Q1 2020 VS. Q1 2019 (%)



SALES BY REGION Q1 2020 VS. Q1 2019 (%)



ANDRITZ PRODUCTION LINES FOR FACE MASK



ANDRITZ D-TECH face masks by ANDRITZ Diatec

ANDRITZ Diatec, acquired in July 2018, developed a state-of-the-art, fully automated, high-speed converting line for production of **surgical and other disposable face masks with highest quality and hygiene standards**

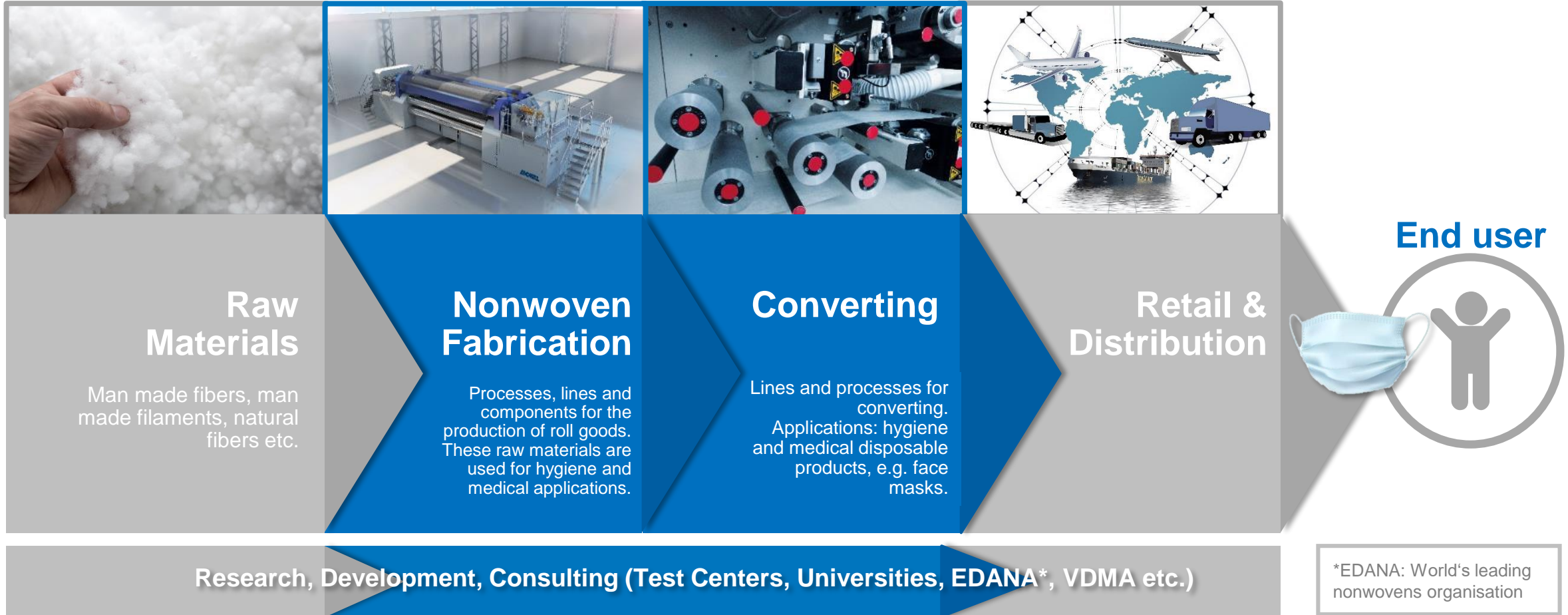
- Up to 600 face masks per minute / 750,000 face masks a day
- Laminates three layers of fabric (spunbond, meltblown, and thermally bonded nonwovens)
- Full support from ANDRITZ Nonwoven experts with their engineering depth and process knowledge



FULL RANGE IN NONWOVENS PRODUCTION



Value chain from raw materials to end customer (blue = ANDRITZ Nonwoven business territory)



METALS: EARNINGS AND PROFITABILITY SIGNIFICANTLY DOWN



Underabsorption and processing of low-margin orders impact earnings

Order intake up due to Metals Forming; Metals Processing down due to weak market conditions

Earnings and profitability impacted by

- underabsorption in Metals Forming
- processing of lower-margin orders in both segments as a result of unchanged strong competition

	UNIT	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	361.5	348.1	+3.8%	1,582.2
Order backlog (as of end of period)	MEUR	1,531.3	1,564.1	-2.1%	1,532.7
Sales	MEUR	355.2	387.8	-8.4%	1,636.9
EBITDA	MEUR	-2.4	12.8	-118.8%	-1.5
EBITDA margin	%	-0.7	3.3	-	-0.1
EBITA	MEUR	-13.0	1.5	-966.7%	-73.8
EBITA margin	%	-3.7	0.4	-	-4.5
Employees (as of end of period; without apprentices)	-	7,134	7,753	-8.0%	7,485

ORDER INTAKE BY REGION Q1 2020 VS. Q1 2019 (%)



SALES BY REGION Q1 2020 VS. Q1 2019 (%)



HYDRO: CONTINUED WEAK MARKET CONDITIONS



Low order intake due to timing of large order awards

Order intake down y/y due to moderate global hydropower market; no award of larger projects

Decrease in **sales** due to the decline in order intake in the past few years

Earnings and profitability impacted by lower sales and processing of some lower-margin orders

	UNIT	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	245.5	313.9	-21.8%	1,350.2
Order backlog (as of end of period)	MEUR	2,551.4	2,615.0	-2.4%	2,661.0
Sales	MEUR	298.2	338.5	-11.9%	1,470.7
EBITDA	MEUR	23.8	30.1	-20.9%	134.1
EBITDA margin	%	8.0	8.9	-	9.1
EBITA	MEUR	14.8	20.6	-28.2%	105.9
EBITA margin	%	5.0	6.1	-	7.2
Employees (as of end of period; without apprentices)	-	7,217	7,186	+0.4%	7,202

ORDER INTAKE BY REGION Q1 2020 VS. Q1 2019 (%)



SALES BY REGION Q1 2020 VS. Q1 2019 (%)



SEPARATION: REASONABLE PERFORMANCE



Solid development of order intake in feed technologies

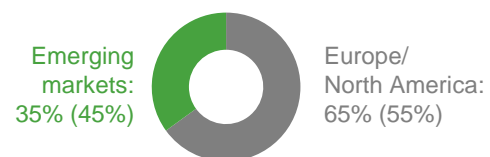
Order intake down; solid development of feed technologies

Decline of sales due to Separation technologies, Feed practically stable

Earnings and profitability down due to lower sales

	UNIT	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	167.7	189.2	-11.4%	717.1
Order backlog (as of end of period)	MEUR	435.6	434.8	+0.2%	419.6
Sales	MEUR	143.5	160.2	-10.4%	696.8
EBITDA	MEUR	10.0	11.7	-14.5%	53.6
EBITDA margin	%	7.0	7.3	-	7.7
EBITA	MEUR	6.5	8.3	-21.7%	40.1
EBITA margin	%	4.5	5.2	-	5.8
Employees (as of end of period; without apprentices)	-	2,786	2,810	-0.9%	2,842

ORDER INTAKE BY REGION Q1 2020 VS. Q1 2019 (%)



SALES BY REGION Q1 2020 VS. Q1 2019 (%)



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FINANCIAL GUIDANCE 2020 REMAINS SUSPENDED



Negative COVID-19 impact on sales expected due to

- temporary shutdown of production facilities due to governmental requirements
- severe global travel restrictions
- lower order intake expected for coming quarters

Immediate actions taken to achieve short-term cost reduction

- Implementation of short working weeks where possible while retaining staff
- Reduction of unconsumed vacation days and time credits of employees
- Pay cut of management group
- Hiring freeze
- Reduction of other expenses, especially for contracted personnel

Actions to adjust cost structure mid-term

- Adjust number of personnel
- Evaluate manufacturing capacity needs and optimize existing manufacturing setup
- Analyze supply chain with regard to geographical diversification and cost-attractiveness

GUIDANCE FOR 2020 REMAINS SUSPENDED DUE TO

- lack of visibility with regard to further development of the crisis and
- its impact on ANDRITZ's markets and customers:
 - Progress of existing projects (shutdown of construction sites, access to these sites, etc.)?
 - Impact on order awards (delay, cancel, re-size)?
 - Availability of supply chain?

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