

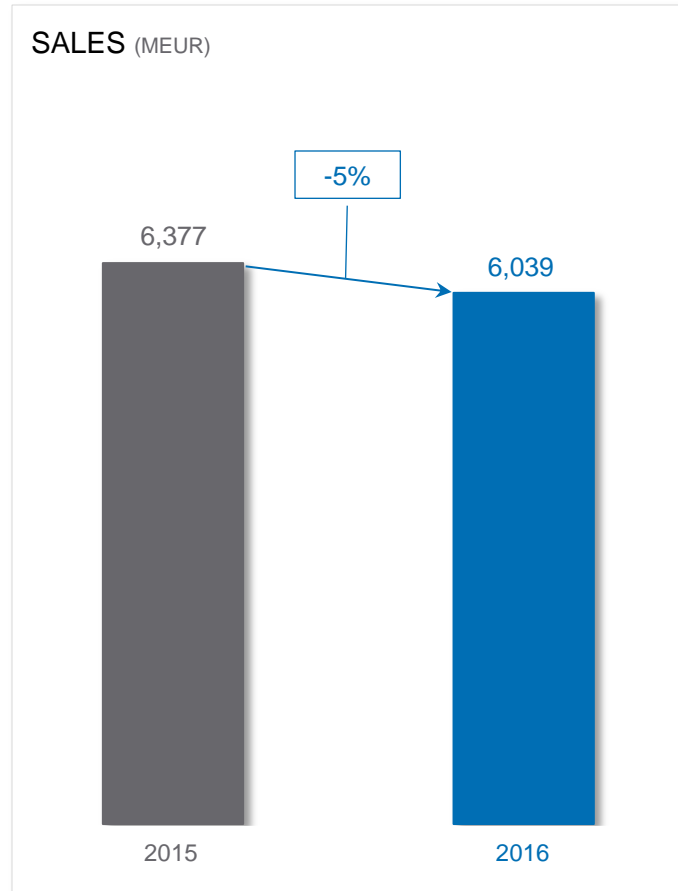


## **ANDRITZ GROUP: results for 2016**

March 3, 2017

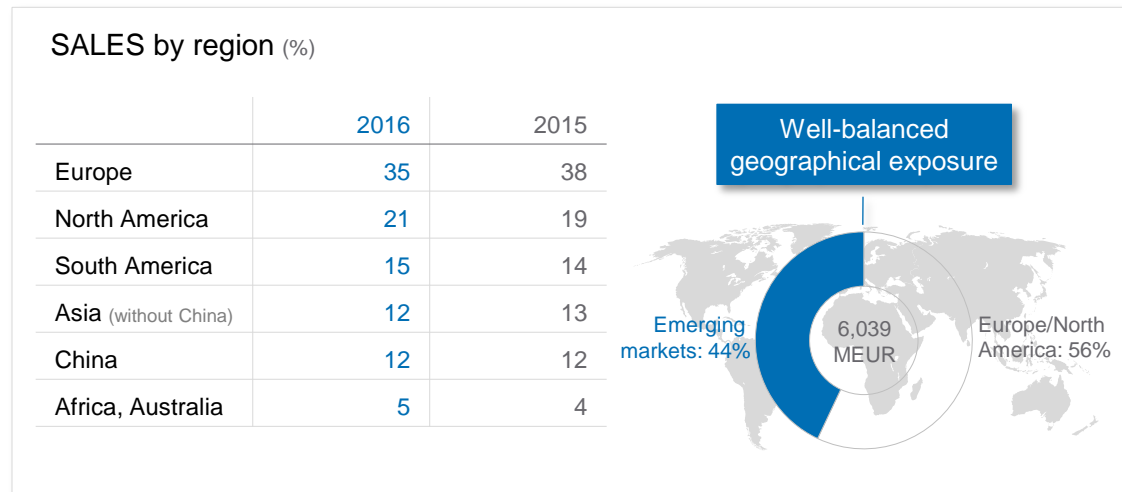
# Group sales below record level of last year

Project-related decrease in all business areas



SALES by business area (MEUR)

	2016	2015	+/-
HYDRO	1,752	1,835	-5%
PULP & PAPER	2,094	2,196	-5%
METALS	1,598	1,718	-7%
SEPARATION	594	628	-5%



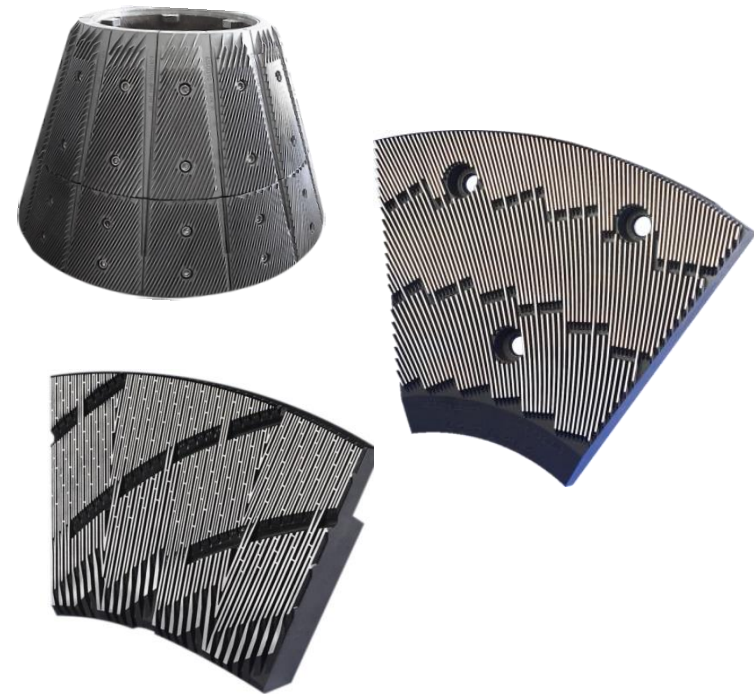
# Very favorable development of service business

## Increase in all four business areas

- Continue to grow service business to provide added-value for customers.
- Launch of new service products.
- Focus on IIoT: eShop, OPP, etc.

Share of service sales of Group and business area sales (%)

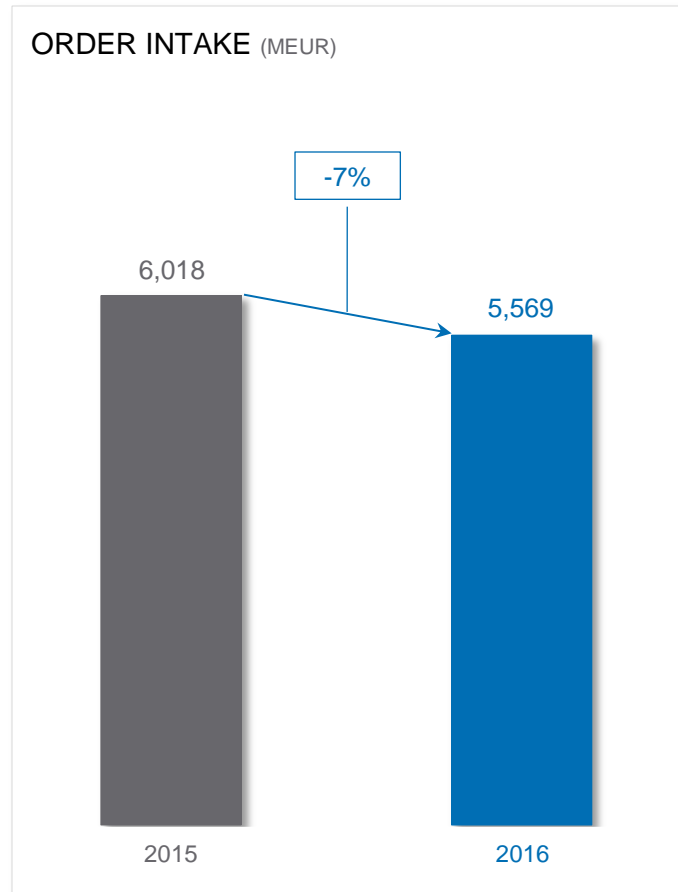
	2016	2015
ANDRITZ GROUP	32	30
HYDRO	26	25
PULP & PAPER	41	37
METALS	22	20
SEPARATION	46	44



▲ *ANDRITZ provides customized spare and wear parts as well as process optimization for all major brands in refining.*

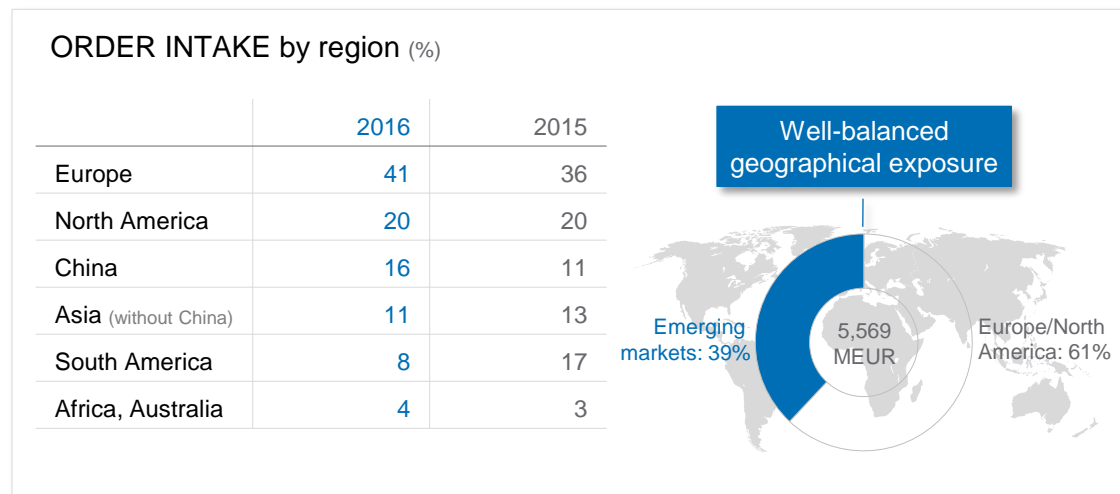
# Group order intake below level of last year

Decline mainly attributable to HYDRO and PULP & PAPER



ORDER INTAKE by business area (MEUR)

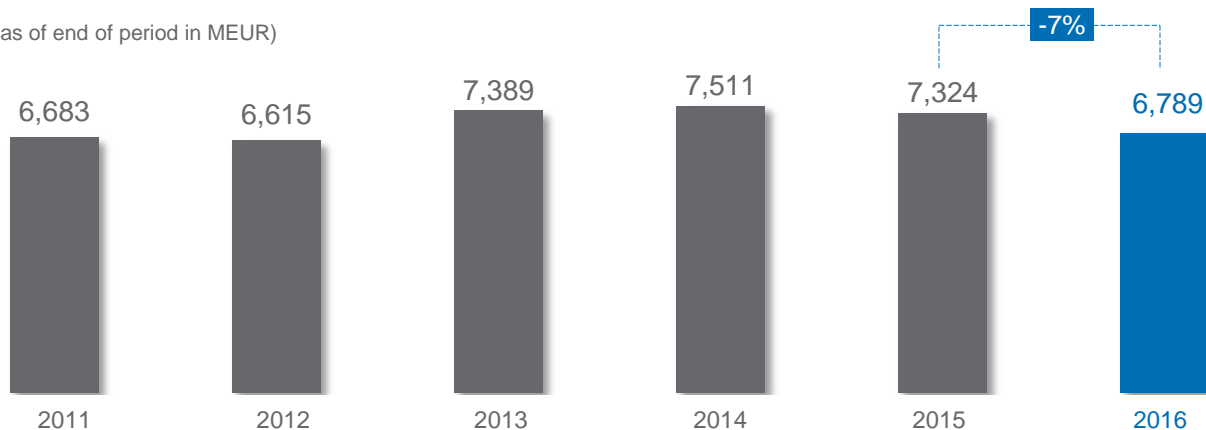
	2016	2015	+/-
HYDRO	1,500	1,719	-13%
PULP & PAPER	1,919	2,264	-15%
METALS	1,552	1,439	+8%
SEPARATION	598	597	+0%



# Group order backlog declined

## due to HYDRO and PULP & PAPER

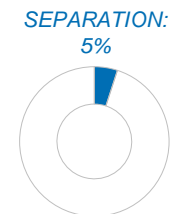
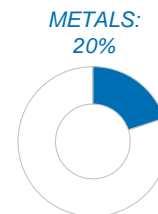
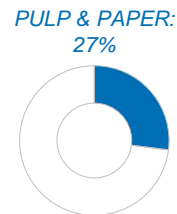
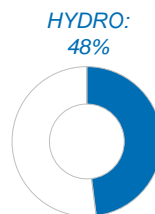
Order backlog (as of end of period in MEUR)



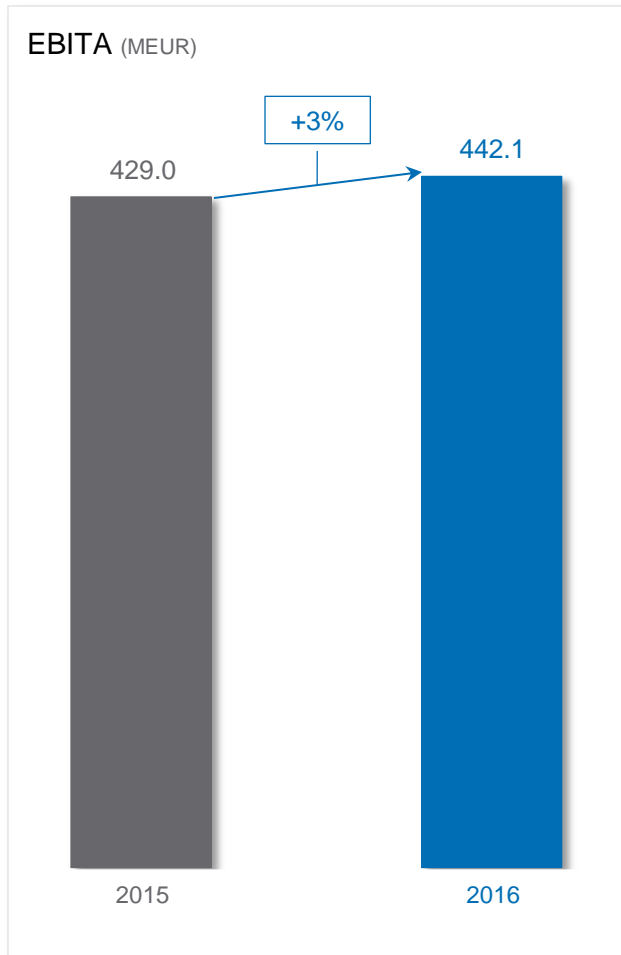
Order backlog by business area (as of end of period in MEUR)

	2016	2015	+/-
HYDRO	3,270	3,641	-10%
PULP & PAPER	1,803	1,999	-10%
METALS	1,369	1,333	+3%
SEPARATION	347	352	-1%

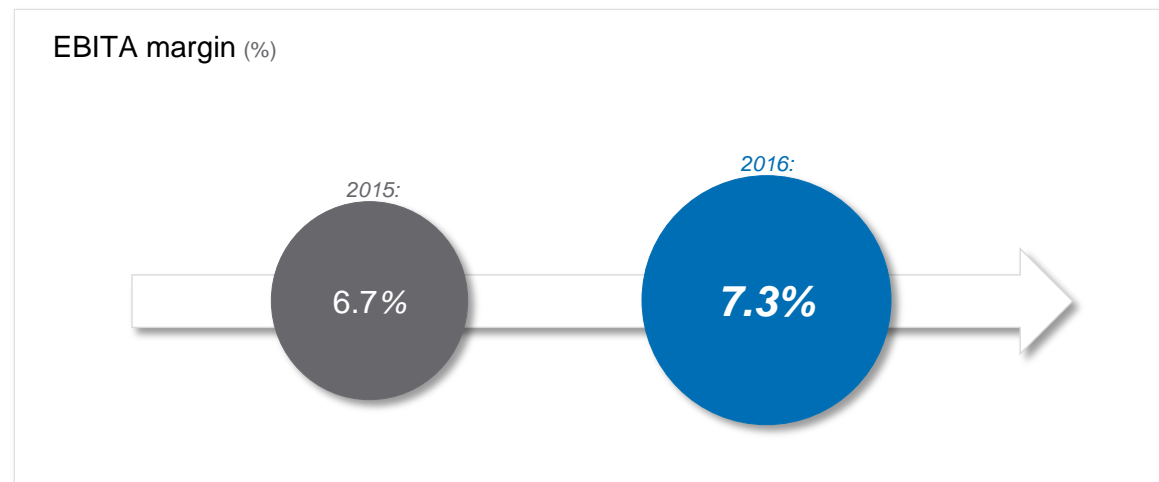
HYDRO and PULP & PAPER account for 75% of total backlog



# Earnings and profitability up despite decrease in sales, driven by service business and METALS



- EBITA, at 442.1 MEUR, up by 3.1% versus 2015 (429.0 MEUR).
- EBITA margin increased to 7.3% (2015: 6.7%), mainly due to very favorable development of the service business as well as by METALS (Schuler).
- Continued good profitability in PULP & PAPER, SEPARATION still at unsatisfactory level.



# Key figures 2016 at a glance

	Unit	2016	2015	+/-
Order intake	MEUR	5,568.8	6,017.7	-7.5%
Order backlog (as of end of period)	MEUR	6,789.2	7,324.2	-7.3%
Sales	MEUR	6,039.0	6,377.2	-5.3%
EBITDA	MEUR	542.4	534.7	+1.4%
EBITA	MEUR	442.1	429.0	+3.1%
EBIT	MEUR	385.8	369.1	+4.5%
EBT	MEUR	398.4	376.4	+5.8%
Financial result	MEUR	12.6	7.3	+72.6%
Net income (including non-controlling interests)	MEUR	274.8	270.4	+1.6%
Cash flow from operating activities	MEUR	366.6	179.4	+104.3%
Capital expenditure	MEUR	119.5	101.4	+17.9%
Equity ratio	%	21.7	21.0	-
Liquid funds	MEUR	1,507.1	1,449.4	+4.0%
Net liquidity	MEUR	945.3	984.0	-3.9%
Net working capital	MEUR	-215.8	-182.1	-18.5%
EBITDA margin	%	9.0	8.4	-
EBITA margin	%	7.3	6.7	-
EBIT margin	%	6.4	5.8	-
Employees (as of end of period; without apprentices)	-	25,162	24,508	+2.7%

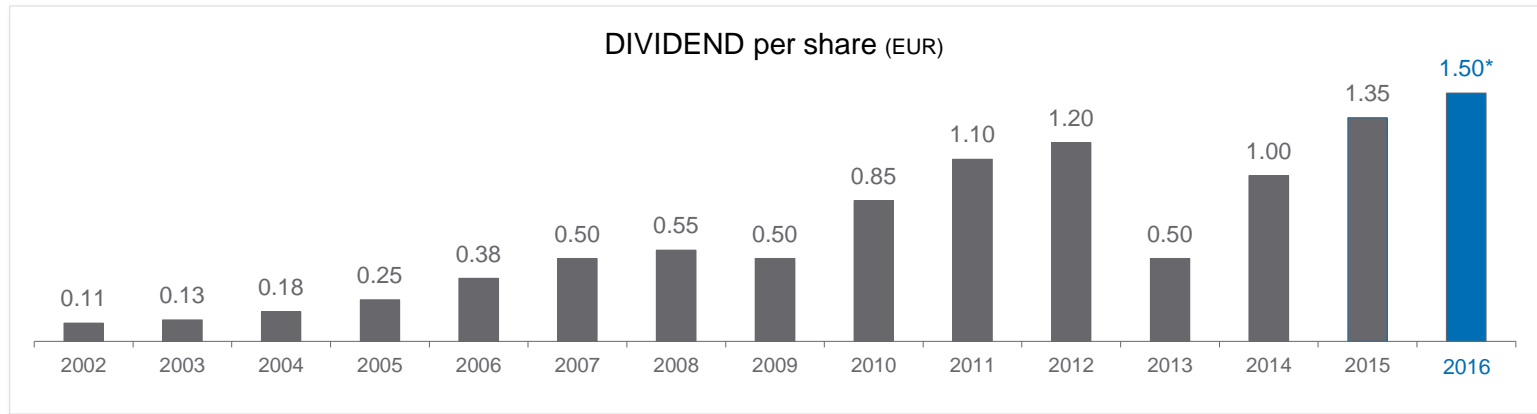
Favorable development of operating cash flow

Continued high net cash position as solid basis for future growth

Increase due to Yadon (1,011) and AWEBA (579)

# Proposed dividend of 1.50 EUR/share

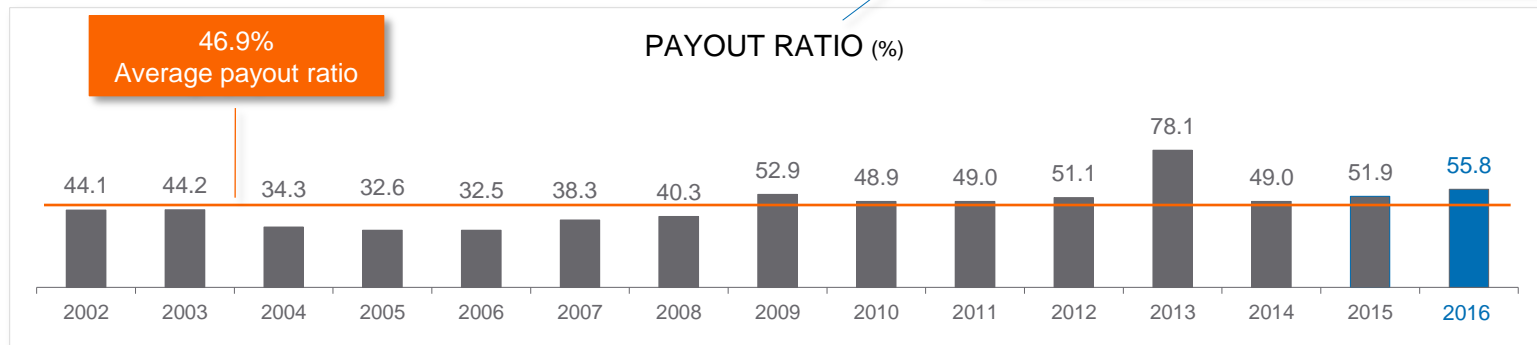
Increase in payout ratio in line with dividend policy



\* Proposal to AGM

Confirmation of dividend goals:

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





# HYDRO (1)

## Continued slow market conditions in 2016

### Modernizations/rehabilitations

Subdued project activity due to unchanged low electricity and energy prices, especially in Europe

### New hydropower plants

Some new projects in advanced planning phase, however awards only expected in the medium term

### Competition

Challenging market conditions for some selective projects

### Pumps

Satisfactory project activity, especially in emerging markets



▲ Pump impellers used for irrigation of agricultural land.

# HYDRO (2)

## Decrease in order intake, sales, earnings, and profitability

	<b>ANDRITZ Hydro</b>	Unit	2016	2015	+/-
Decrease of order intake in line with market	Order intake	MEUR	1,500.3	1,718.7	-12.7%
	Order backlog (as of end of period)	MEUR	3,269.6	3,640.9	-10.2%
	Sales	MEUR	1,752.4	1,834.8	-4.5%
	EBITDA	MEUR	167.2	183.6	-8.9%
	EBITDA margin	%	9.5	10.0	-
Earnings and profitability down, mainly due to lower sales	EBITA	MEUR	127.6	145.3	-12.2%
	EBITA margin	%	7.3	7.9	-
Project-related decline of employees in South America	Employees (as of end of period; without apprentices)	-	7,260	8,230	-11.8%

ORDER INTAKE by region 2016 vs. 2015 (%)



SALES by region 2016 vs. 2015 (%)



# PULP & PAPER (1)

## Satisfactory project and investment activity

### Competition

Stable competitive environment

### Modernization and greenfield

Satisfactory project and investment activity, particularly for modernization and refurbishment projects



▲ *The new pulp mill in Ortigueira is the largest investment ever made by Klabin. The main equipment and systems were supplied by ANDRITZ.*

# PULP & PAPER (2)

## Very favorable business development

Order intake significantly below the extraordinary high level in 2015 which included a large order



	Unit	2016	2015	+/-
Order intake	MEUR	1,919.5	2,263.9	-15.2%
Order backlog (as of end of period)	MEUR	1,803.3	1,998.6	-9.8%
Sales	MEUR	2,094.4	2,196.3	-4.6%
EBITDA	MEUR	207.7	214.8	-3.3%
EBITDA margin	%	9.9	9.8	-
EBITA	MEUR	182.2	190.9	-4.6%
EBITA margin	%	8.7	8.7	-
Employees (as of end of period; without apprentices)	-	7,522	7,324	+2.7%

Unchanged favorable profitability due to increase of service share and improvement in capital

ORDER INTAKE by region 2016 vs. 2015 (%)



SALES by region 2016 vs. 2015 (%)



# METALS (1): Satisfactory metal forming market

## Slow market for carbon/stainless

### Metal forming

Satisfactory project activity; some medium-sized order awards by car manufacturers and suppliers; stable demand from other industries

### Carbon steel / Stainless steel

Unchanged low project activity, only selective investments in emerging markets

### Competition

Stable competition at challenging level

### Aluminum

Project and investment activity below the level of the previous year

▲ Schuler's innovative Smartline press forms components for electric motors out of 0.2 mm thick steel sheets. This reduces the weight of electric cars and the energy losses at the motor.



# METALS (2)

## Satisfactory business development



Order intake up due to Schuler (including first-time consolidation of Schuler and Yadon)

Earnings and profitability well above the low level of 2015 which was negatively impacted by financial provisions of ~78 MEUR for optimization of value chain at Schuler; 18 MEUR of the 78 MEUR were released in 2016

	Unit	2016	2015	+/-
Order intake	MEUR	1,551.5	1,438.6	+7.8%
Order backlog (as of end of period)	MEUR	1,369.0	1,332.5	+2.7%
Sales	MEUR	1,598.4	1,718.1	-7.0%
EBITDA	MEUR	141.7	104.8	+35.2%
EBITDA margin	%	8.9	6.1	-
EBITA	MEUR	115.2	70.5	+63.4%
EBITA margin	%	7.2	4.1	-
Employees (as of end of period; without apprentices)	-	7,608	6,160	+23.5%

ORDER INTAKE by region 2016 vs. 2015 (%)



SALES by region 2016 vs. 2015 (%)



# SEPARATION (1)

## Mixed development of markets

### Municipal

Investment activity at reasonable levels, mainly in developed markets

### Feed and biomass pelleting

Solid project activity

### Industrial

Reasonable demand in chemicals; low project activity in food and mining/minerals

### Competition

Very fragmented market with global and regional competitors



▲ *The PUREVO pharma peeler centrifuge ensures maximum levels of product purity, yield, and flexibility.*

# SEPARATION (2)

## Unchanged weak business development

Order intake in 2016 practically unchanged compared to last year's reference period



	Unit	2016	2015	+/-
Order intake	MEUR	597.5	596.5	+0.2%
Order backlog (as of end of period)	MEUR	347.3	352.2	-1.4%
Sales	MEUR	593.8	628.0	-5.4%
EBITDA	MEUR	25.8	31.5	-18.1%
EBITDA margin	%	4.3	5.0	-
EBITA	MEUR	17.1	22.3	-23.3%
EBITA margin	%	2.9	3.6	-
Employees (as of end of period; without apprentices)	-	2,772	2,794	-0.8%

Earnings and margins impacted by restructuring expenses for SEPARATION and Feed & Biofuel

ORDER INTAKE by region 2016 vs. 2015 (%)



SALES by region 2016 vs. 2015 (%)





# Outlook for 2017

Investment activity expected to remain at last years' levels

