The ANDRITZ GROUP

Company presentation November 2017

Contents

The ANDRITZ GROUP
Overview

ANDRITZ is a globally leading supplier of plants, equipment, and services for hydropower stations, the pulp and paper industry, the metal-working and steel industries, and solid/liquid separation in the municipal and industrial sectors.

Headquarters: Graz, Austria

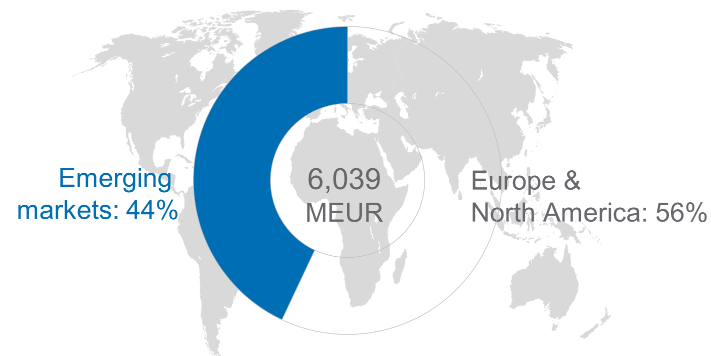
Global presence: over 250 production sites and service/sales companies worldwide

KEY FINANCIAL FIGURES Q1-Q3 2017 AND 2016

	Unit*	Q1-Q3 2017	2016
Order intake	MEUR	4,112.5	5,568.8
Order backlog (as of end of period)	MEUR	6,650.8	6,789.2
Sales	MEUR	4,143.6	6,039.0
EBITA	MEUR	306.2	442.1
Net income (including non-controlling interests)	MEUR	191.4	274.8
Employees (as of end of period; without apprentices)	-	25,686	25,162

* MEUR = million euros

Sales by region 2016 (%)



	Q1-Q3 2017	2016
Europe	37%	35%
North America	22%	21%
China	15%	12%
Asia (without China)	12%	12%
South America	10%	15%
Africa, Australia	4%	5%

Company profile

A global market leader with four business areas

ANDRITZ

ANDRITZ Hydro

Product offerings: electromechanical equipment for hydropower plants (turbines, generators); pumps; turbo generators

ANDRITZ Pulp & Paper

Product offerings: equipment for production of all types of pulp, paper, tissue, and board; energy boilers

ANDRITZ Metals

Product offerings: presses for metal forming (Schuler); systems for production of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants

ANDRITZ Separation

Product offerings: equipment for solid/liquid separation for municipalities and various industries; equipment for production of animal feed and biomass pellets

Strengthening of market position

Growth through organic expansion and acquisitions

Acquisitions by business area since 1990

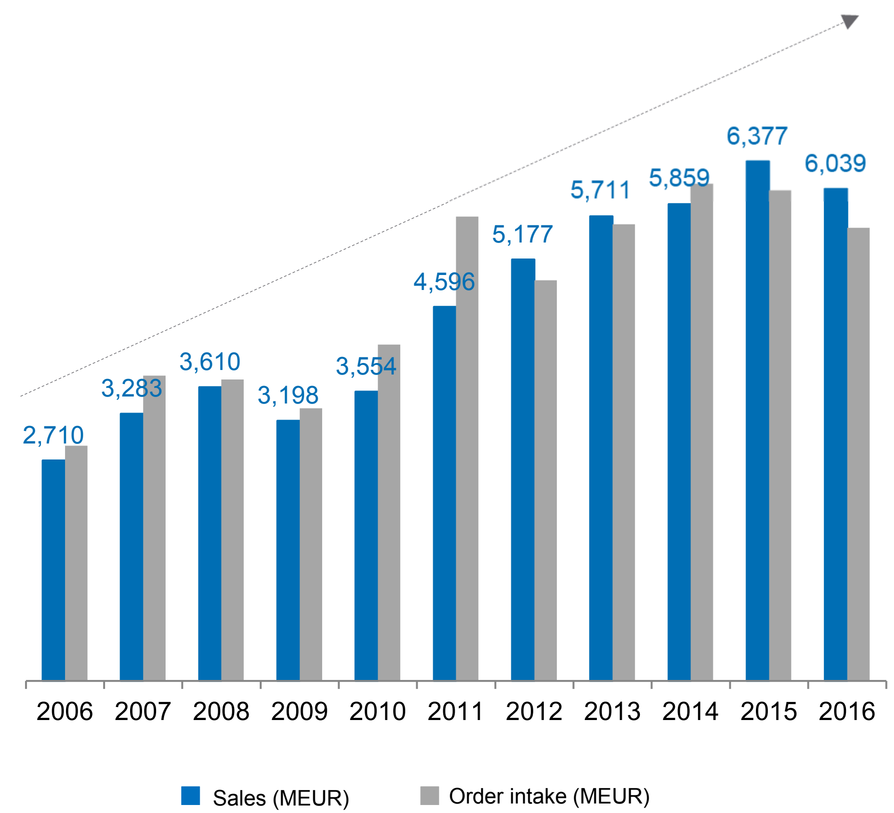
HYDRO
2006 VA TECH HYDRO
2007 Tigép
2008 GE Hydro business
2008 GEHI (JV)
2010 Precision Machine
2010 Hammerfest Strøm (59%)
2010 Ritz
2011 Hemicycle Controls

PULP & PAPER
1990 Sprout-Bauer
1992 Durametal
1994 Kone Wood
1998 Kvaerner Hymac
1999 Winberg
2000 Ahlstrom Machinery
2000 Lamb Baling Line
2000 Voith Andritz Tissue LLC (JV)
2002 ABB Drying
2003 IDEAS Simulation
2003 Acutest Oy
2003 Fiedler
2004 EMS (JV)
2005 Cybermetrics
2005 Universal Dynamics Group
2006 Küsters
2006 Carbona
2006 Pilão
2007 Bachofen + Meier
2007 Sindus
2008 Kufferath
2009 Rollteck
2010 Rieter Perfojet
2010 DMT/Biax
2011 AE&E Austria
2011 Iggesund Tools
2011 Tristar Industries
2011 Asselin-Thibeau
2012 AES
2013 MeWa
2015 Euroslot
2016 SHW Casting Technologies
2017 Paperchine

METALS
1997 Sundwig
1998 Thermtec
2000 Kohler
2002 SELAS SAS Furnace Div.
2004 Kaiser
2005 Lynson
2008 Maerz
2012 Bricmont
2012 Soutec
2013 Schuler (> 95%)
2013 FBB Engineering
2014 Herr-Voss Stamco
2016 Yadon
2016 AWEBA
2017 Powerlase (51%)

SEPARATION
1992 TCW Engineering
1995 Jesma-Matador
1996 Guinard
2000 UMT
2002 3SYS
2004 Bird Machine
2004 NETZSCH Filtration
2004 Fluid Bed Systems
2005 Lenser Filtration
2006 CONTEC Decanter
2009 Delkor Capital Equipment
2009 Frautech
2010 KMPT
2012 Gouda
2013 Shende Machinery
2016 ANBO

Compound Annual Growth Rate (CAGR) of Group sales 2006-2016: +8% p. a. (thereof approximately half organic growth)

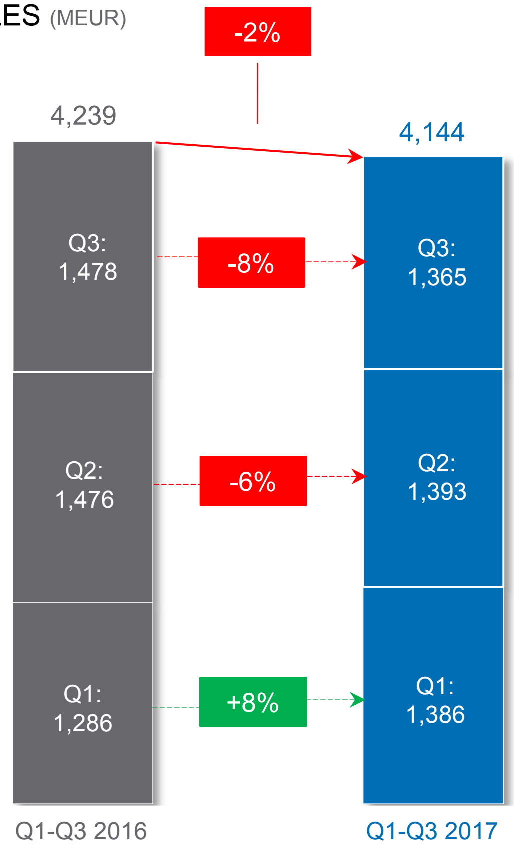


Contents

Group sales in Q1-Q3 2017 slightly down

Decrease in Q3 2017 mainly due to PULP & PAPER and HYDRO

SALES (MEUR)

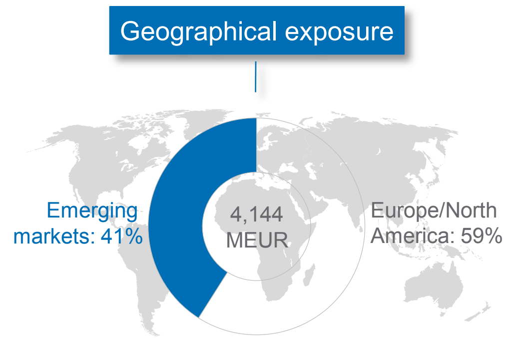


SALES by business area (MEUR)

	Q1-Q3 2017	Q1-Q3 2016	+/-	Q3 2017	Q3 2016	+/-
HYDRO	1,072	1,180	-9%	347	372	-7%
PULP & PAPER	1,474	1,534	-4%	483	554	-13%
METALS	1,185	1,110	+7%	393	407	-3%
SEPARATION	413	415	-1%	142	145	-3%

SALES by region (%)

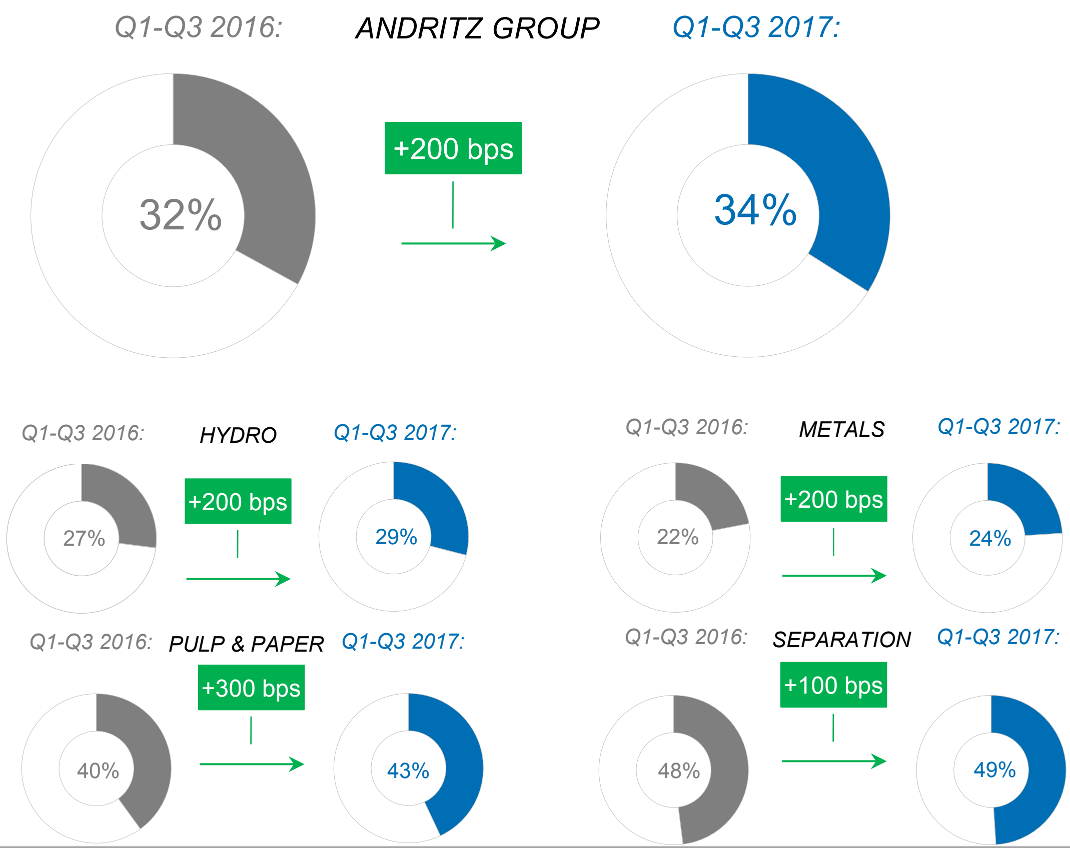
	Q1-Q3 2017	Q1-Q3 2016
Europe	37%	38%
North America	22%	21%
China	15%	11%
Asia (without China)	12%	10%
South America	10%	15%
Africa, Australia	4%	5%



Very favorable development of service business

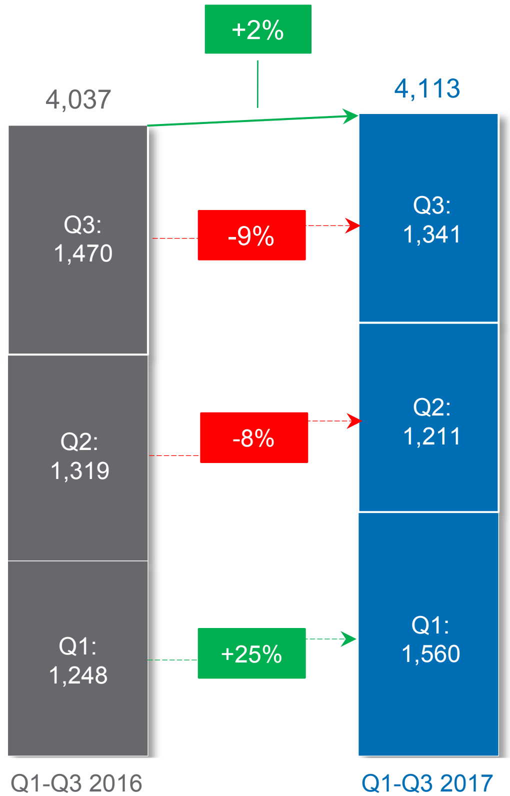
Increase in all four business areas

SHARE OF SERVICE SALES of Group and business area sales (%)



Group order intake in Q1-Q3 2017 slightly up, however decline in Q3 due to HYDRO and METALS (Schuler)

ORDER INTAKE (MEUR)

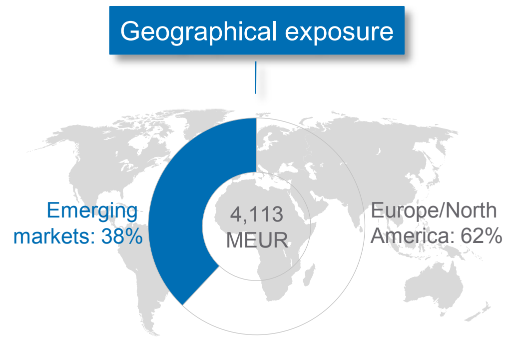


ORDER INTAKE by business area (MEUR)

	Q1-Q3 2017	Q1-Q3 2016	+/-	Q3 2017	Q3 2016	+/-
HYDRO	939	1,061	-11%	425	470	-9%
PULP & PAPER	1,552	1,351	+15%	427	435	-2%
METALS	1,144	1,180	-3%	329	411	-20%
SEPARATION	478	445	+7%	160	155	+3%

ORDER INTAKE by region (%)

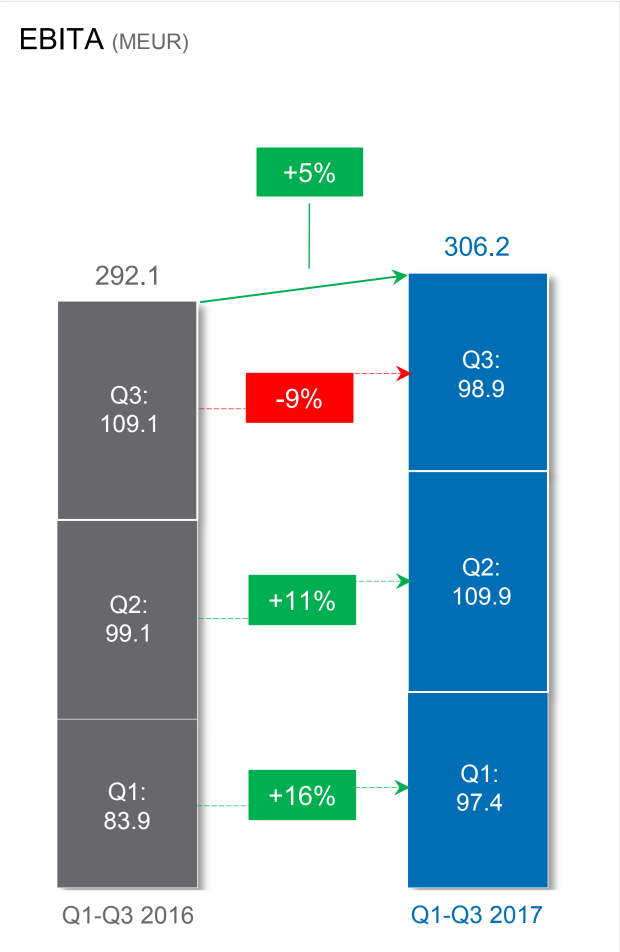
	Q1-Q3 2017	Q1-Q3 2016
Europe	40%	43%
North America	22%	19%
China	18%	17%
Asia (without China)	10%	10%
South America	7%	8%
Africa, Australia	3%	3%



ANDRITZ

Earnings down practically in line with sales decline

Profitability at solid level

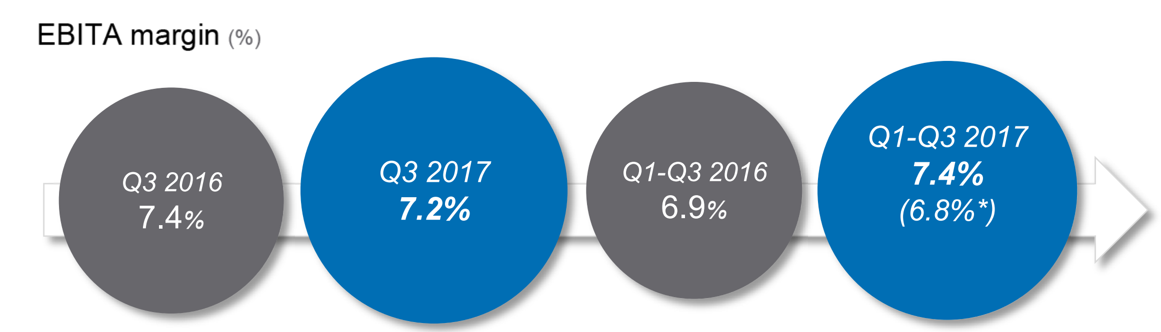


Q3 2017:

- EBITA in Q3 2017 declined practically in line with sales to 98.9 MEUR (Q3 2016: 109.1 MEUR).
- Profitability, at 7.2%, remained at solid level (Q3 2016: 7.4%).

Q1-Q3 2017:

- Despite slight decline of sales, EBITA increased to 306.2 MEUR (Q1-Q3 2016: 292.1 MEUR). This is mainly due to the sale of the Schuler Technical Center reported in Q2 2017 (~+25 MEUR one-off effect).
- EBITA margin increased to 7.4% (Q1-Q3 2016: 6.9%). Excluding the extraordinary effect, EBITA would have been 282.6 MEUR and the EBITA margin 6.8%.



* Excluding extraordinary effect (mainly due to sale of the Schuler Technical Center in Tianjin in Q2 2017)

Key figures Q3/Q1-Q3 2017 at a glance

	Unit	Q1-Q3 2017	Q1-Q3 2016	+/-	Q3 2017	Q3 2016	+/-	2016
Order intake	MEUR	4,112.5	4,036.5	+1.9%	1,341.2	1,470.1	-8.8%	5,568.8
Order backlog (as of end of period)	MEUR	6,650.8	7,043.6	-5.6%	6,650.8	7,043.6	-5.6%	6,789.2
Sales	MEUR	4,143.6	4,239.3	-2.3%	1,364.6	1,478.1	-7.7%	6,039.0
EBITDA	MEUR	375.2	363.5	+3.2%	121.7	133.9	-9.1%	542.4
EBITA	MEUR	306.2	292.1	+4.8%	98.9	109.1	-9.3%	442.1
EBIT	MEUR	275.9	261.8	+5.4%	90.5	98.8	-8.4%	385.8
EBT	MEUR	275.1	277.5	-0.9%	86.2	105.6	-18.4%	398.4
Financial result	MEUR	-0.8	15.7	-105.1%	-4.3	6.8	-163.2%	12.6
Net income (including non-controlling interests)	MEUR	191.4	194.3	-1.5%	59.6	73.9	-19.4%	274.8
Cash flow from operating activities	MEUR	129.2	345.7	-62.6%	47.7	145.1	-67.1%	366.6
Capital expenditure	MEUR	81.5	76.3	+6.8%	25.6	31.5	-18.7%	119.5
Equity ratio	%	20.6	20.4	-	20.6	20.4	-	21.7
Liquid funds	MEUR	1,768.8	1,494.9	+18.3%	1,768.8	1,494.9	+18.3%	1,507.1
Net liquidity	MEUR	878.2	974.0	-9.8%	878.2	974.0	-9.8%	945.3
Net working capital	MEUR	-112.3	-261.0	+57.0%	-112.3	-261.0	+57.0%	-215.8
EBITDA margin	%	9.1	8.6	-	8.9	9.1	-	9.0
EBITA margin	%	7.4	6.9	-	7.2	7.4	-	7.3
EBIT margin	%	6.7	6.2	-	6.6	6.7	-	6.4
Employees (as of end of period; without apprentices)	-	25,686	25,547	+0.5%	25,686	25,547	+0.5%	25,162

Significant decrease due to lower average liquidity and substantially lower interest rates in Brazil, as well as interest expense for both SSD issued in June 2017 and the call option for Yadon

Increase in net working capital mainly due to lack of larger orders

ANDRITZ

Contents

HYDRO: Unchanged challenging market environment
with only a few medium-sized projects awarded

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

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

▲ *ANDRITZ will supply 27 vertical volute pumps for irrigation of Telangana, India.*

Pumps
Good project activity.

Competition
Stable competition at challenging level.

Update on Hydro capacity adjustments and strategy

- Target is to increasingly shift resources to China and India to cover and serve growing Asian and Chinese markets locally
- In line with this strategy and based on overall low market activity several capacity adjustment measures have been taken during the last three years
- Total restructuring costs 2014-2016: 23 MEUR
- Reduction of total headcount by approximately 1,000 employees and almost 400 contracted personnel
  - Increase in China and India
  - Reduction in most other countries
- Reduction of direct labour hours by around 10%:
  - Increase India to become by far largest production facility
  - Reduction in other facilities, mainly Sweden, Spain, Switzerland, and Austria
- Additional slight restructuring highly likely in 2017 to further adjust capacities to market conditions

Conclusions regarding hydro

ANDRITZ:

- Generally low market share (~15%) in large hydro projects → goal 20%
- Re-entry in China in pumped storage achieved → potential for future orders
- Further growth of pumps business targeted

- **Business volume potential for ANDRITZ HYDRO:**
  - Average global hydro equipment market: 6,000 MEUR
    - thereof 23% market share ANDRITZ 1,380 MEUR
    - Pumps, Turbogenerators 250 MEUR

Total HYDRO	>1,630 MEUR

plus possible volume from market share in increase in large projects

Contents

PULP & PAPER

Solid market environment continued

Paper

Satisfactory market development for tissue and packaging equipment continued.

Pulp

Satisfactory project and investment activity, particularly for modernization of existing pulp mills. No order awards for greenfield pulp mills in Q3 2017.

Competition

Stable competitive environment.

▲ *ANDRITZ successfully started up Fibria's Horizonte 2 pulp mill.*

PULP & PAPER

Good project pipeline for greenfield pulp mills

USA:

Owner – project	Capacity/a.*	Planned start-up
SUN BIO Arkansas	0.6	2020

Chile:

Owner – project	Capacity/a.*	Planned start-up
Arauco – MAPA	1.6	2021

Brazil:

Owner – project	Capacity/a.*	Planned start-up
Eldorado – Três Lagoas	2.3	2021**
Veracel – Eunápolis	1.8	2022 et seq.
Braxel – Peixes	2.0	2022 et seq.
CRPE Holding S.A – Ribas do Rio Pardo	2.2	2022 et seq.
Suzano – Imperatriz	1.3	2022 et seq.
Fibria – Aracruz	1.7	2022 et seq.
Eldorado - Três Lagoas	2.3	2022 et seq.
CMPC Brazil – Pelotas	1.8	2022 et seq.

Mozambique:

Owner	Capacity/a.*	Planned start-up
Portucel	1.5	2022 et seq.

Finland:

Owner – project	Capacity/a.*	Planned start-up
Finnpulp – Kuopio	1.2	2020
Kemijärvi	0.4	2020

China:

Owner – project	Capacity/a*	Planned start-up
Guangxi Jingui – Qinzhou City	1.2	2020

Russia:

Owner – project	Capacity/a*	Planned start-up
Siberwood	0.9	2019
Sveza Group	1.2	2020
Segezha	1.3	2022 et seq.

* Annual capacity in million tons (may change over time); source: Pöyry. Capacity/year refers to added gross capacity (i.e. relevant as accessible market) without taking into account possible shut-downs of existing capacities

** open after sale to APP Group

Contents

METALS: Unchanged weak metalforming market

Recovery of METALS processing market

Metalforming

Unchanged low investment activity in metalforming with only a few large orders placed for press lines; favorable development of Yadon continued.

METALS processing

Further increase in project activity - however from very low level - mainly driven by rising steel and commodity prices.

Competition

Stable competition at challenging level.

▲ *Schuler offers state-of-the-art presses with new TwinServo Technology.*

Update on Schuler restructuring program

- **2015:** 78 MEUR provisions for restructuring (thereof 18 MEUR released in 2016)

  → main focus on reduction of production capacities to avoid cost under-absorption in times of lower order intake
- Closure of inhouse production of Waghäusel and Weingarten
- All cost saving targets reached
- Reduction of headcount of around 650 employees since 2013 (corresponds to -30% of workforce in Germany)
- Reduction of direct labour hours for new machines in Europe from 1.8 to 1.5 million direct labour hours
- Direct labour hours in emerging markets doubled, now around one third of total direct labour hours

Conclusions regarding Schuler

Market:

- Continued growth of light-weight vehicles produced
- E-mobility will reduce the total number of car body parts, however very limited impact on Schuler expected
- New steel types require new press and die technologies → opportunity for Schuler

Schuler:

- Still too focused on German car manufacturers and their suppliers
- Mid-term strategy:
  - Develop attractive products for Non-German car manufacturers (China, US, Europe)
  - Additional growth from non-automotive products

Contents

SEPARATION: Improved project and investment activity

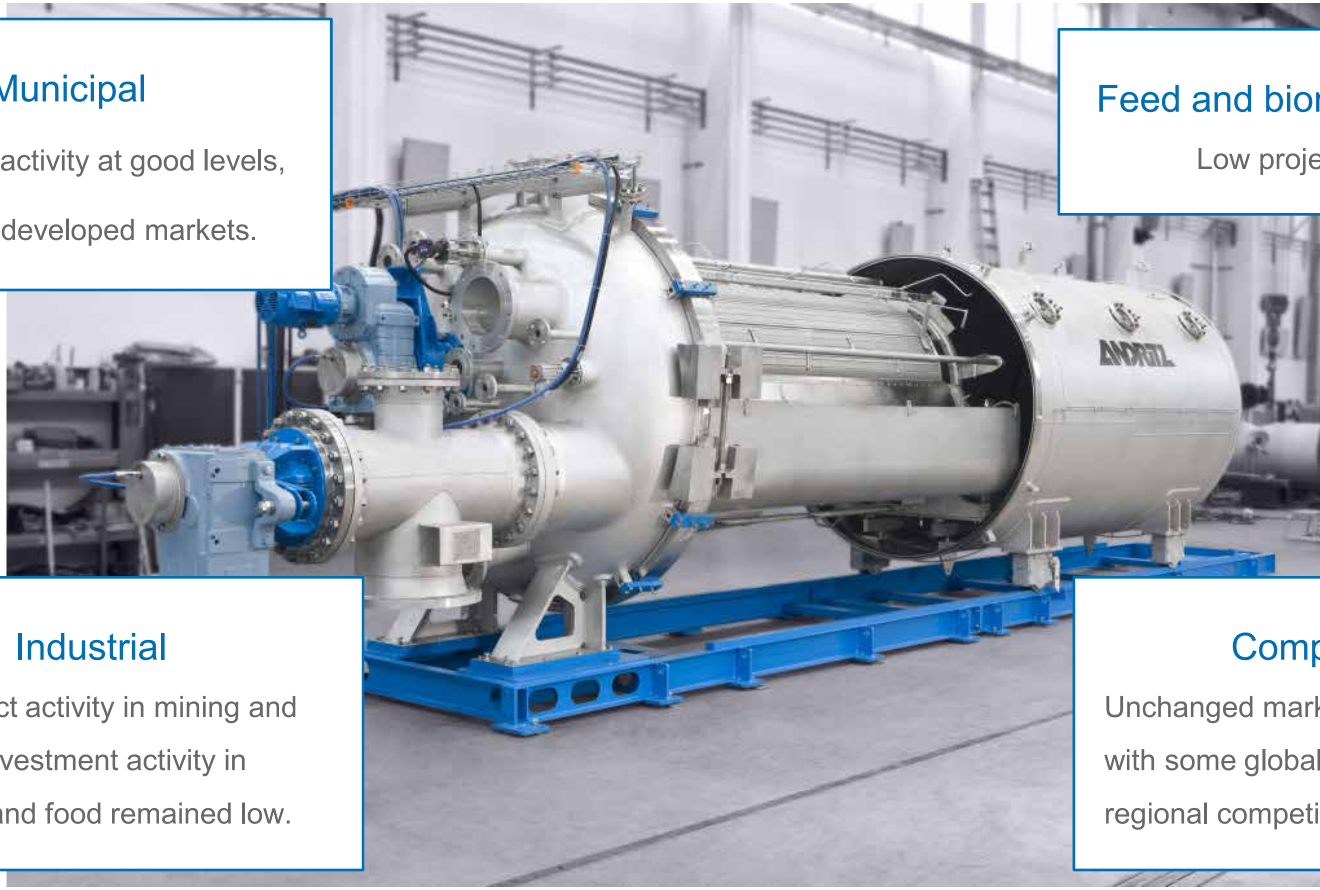
for solid/liquid separation equipment

Municipal

Investment activity at good levels, mainly in developed markets.

Feed and biomass pelleting

Low project activity.



Industrial

Good project activity in mining and minerals; investment activity in chemicals and food remained low.

Competition

Unchanged market environment with some global and many regional competitors.

▲ *ANDRITZ pressure drum filter TDF for fine and, in particular, ultra fine-grained products.*

Contents

ANDRITZ GROUP growth opportunities

Aftermarket:

- Digital business
  - Metris IoT solutions and Metris spare part catalog (eShop)
  - Mill maintenance
  - O & M (HYDRO)
- Grow METALS aftermarket

Capital:

- HYDRO → China
- Schuler → B-segment automotive/non-automotive
- SEPARATION

Unchanged guidance for 2017

Slight decrease in sales, but at least same profitability as in 2016

ANDRITZ Hydro

- Project activity for modernizations and new hydropower stations to remain at subdued level
- Satisfactory market activity for pumps to continue

Stable +/-

ANDRITZ Pulp & Paper

Stable +

- Continued solid market environment in pulp, especially for modernization of existing plants; no greenfield order award expected until year-end
- Solid investment activity for tissue and packaging

ANDRITZ Metals

Stable +/-

- Unchanged low project activity in metalforming to continue; some order awards from the automotive industry expected for end of 2017/beginning of 2018
- Investment activity in METALS processing to remain at reasonable level

ANDRITZ Separation

Stable +

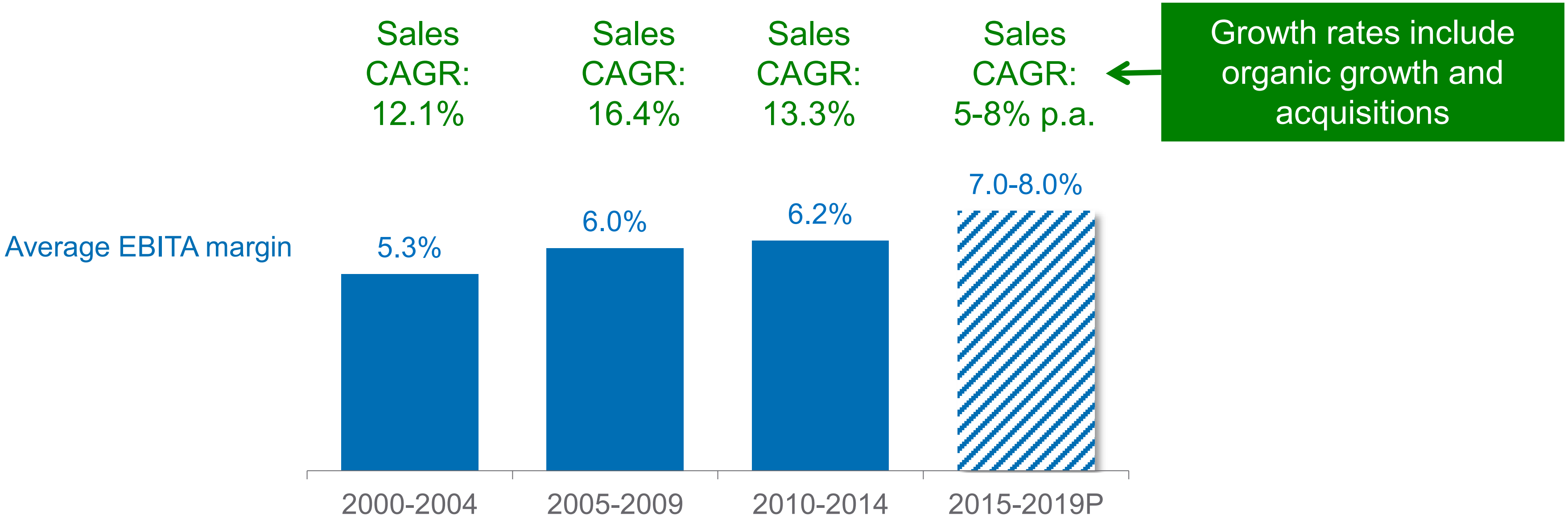
- Reasonable market activity in environment, mining and chemicals
- Low investment activity in food
- Slowly improving profitability

ANDRITZ GROUP 2017E:

- Slight decrease in sales
- At least the same profitability (EBITA margin) as in 2016

Target to continue long-term profitable growth

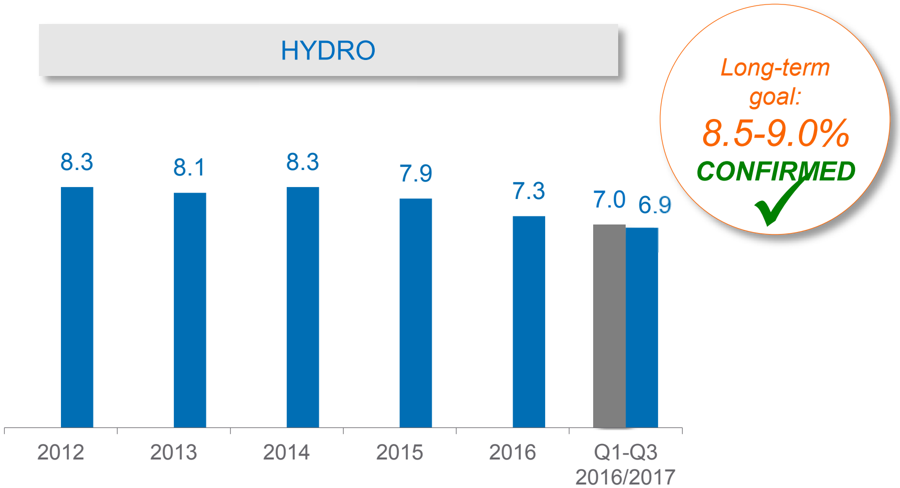
Goal: further improve profitability with top-line sales growth

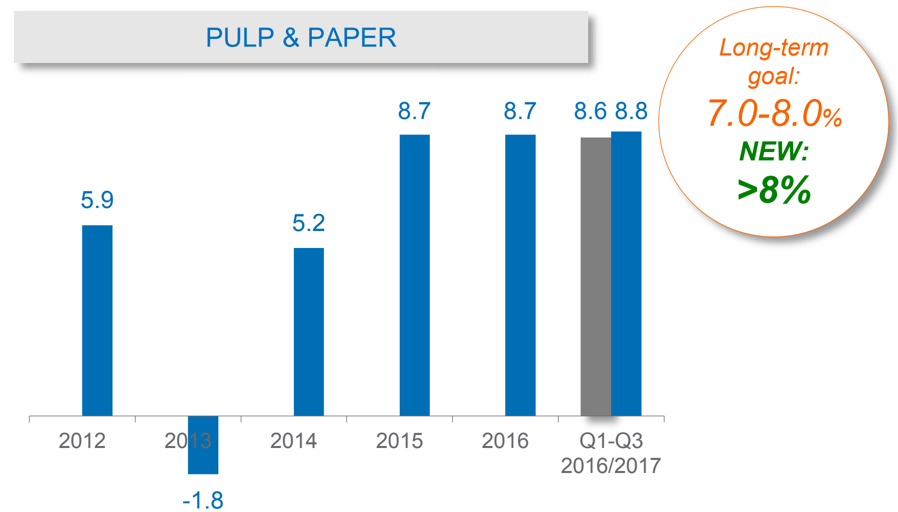


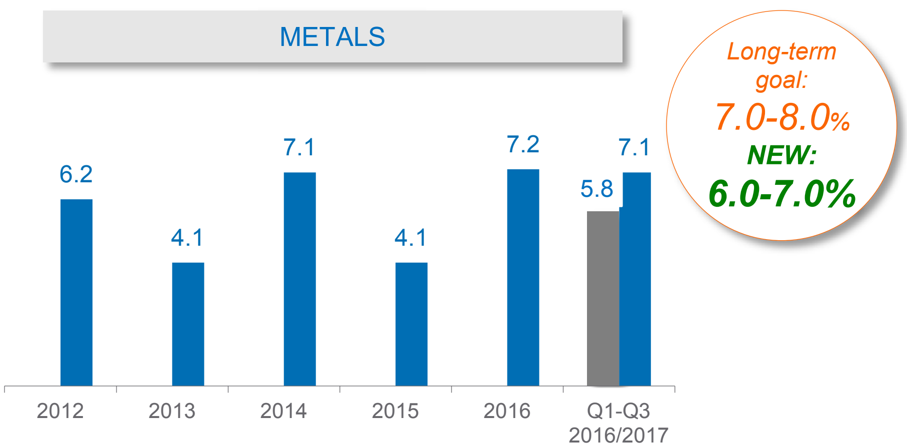
How to achieve long-term profitable growth:

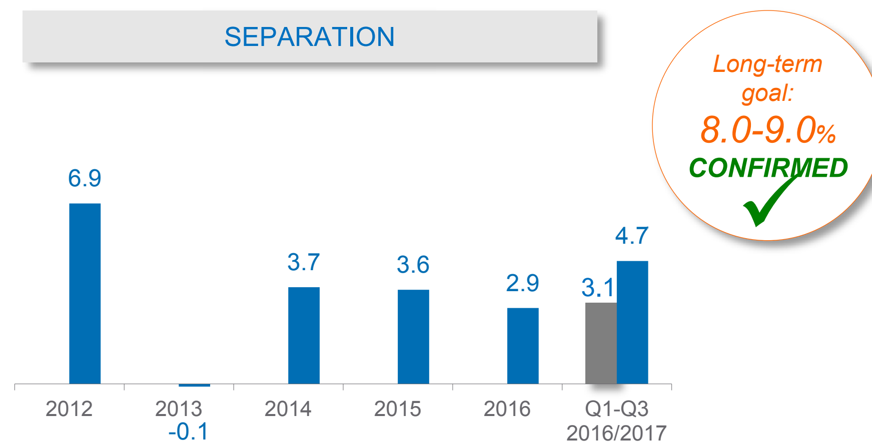
- Price discipline
- Launch of new service products (OPP, eShop)
- Continued cost optimization
- Focus on further acquisitions

Update on long-term EBITA margin goals per business area









* Including restructuring expenses of ~40 MEUR for Schuler
** Schuler: 8.8%

Legal Disclaimer

All data, information, statements, photographs, and graphic illustrations contained in this presentation are without any obligation to the publisher and raise no liabilities to ANDRITZ AG or any affiliated companies, nor shall the contents in this presentation form part of any sales contracts, which may be concluded between ANDRITZ GROUP companies and purchasers of equipment and/or systems referred to herein.