RESULTS FOR 2017

ANDRITZ GROUP

MARCH 2, 2018

ENGINEERED SUCCESS

ANDRITZ FY 2017 AT A GLANCE

Mixed performance: order intake below expectations, solid profitability.

Group sales: **~5.9 billion euros**

Slightly down as expected, mainly due to Hydro as a result of declining order intake of the previous years.

EBITA: **444 million euros (margin: 7.5%)**

- Good development in Pulp & Paper and Metal Forming, disappointing earnings development in Metals Processing.
- EBITA includes net positive one-off effect of around 25 MEUR, mainly from sale of the Schuler Technical Center in Tianjin, China.

Group order intake: **~5.6 billion euros**

- Unchanged from 2016, below expectations.
- Very low order intake in Hydro and Schuler positively offset by Pulp & Paper and Metals Processing.

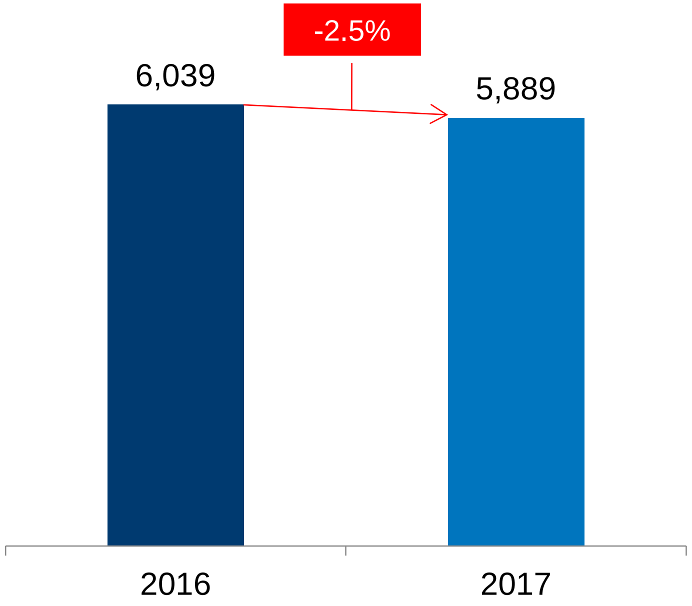
Dividend proposal: **1.55 EUR/share**

- ~60% payout ratio
- Highest dividend per share ever
- Attractive dividend yield of over 3%

GROUP SALES SLIGHTLY BELOW LEVEL OF LAST YEAR

Decrease mainly due to Hydro as a result of lower order intake in the past few years.

SALES (MEUR)



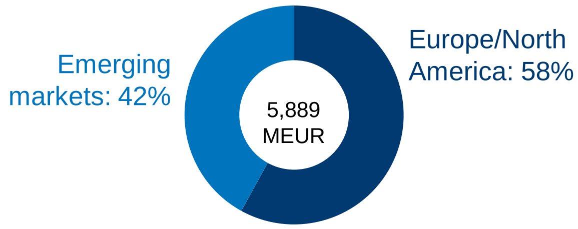
SALES BY BUSINESS AREA (MEUR)

	2017	2016	+/-
Hydro	1,583	1,752	-10%
Pulp & Paper	2,060	2,094	-2%
Metals	1,644	1,598	+3%
Separation	603	594	+2%

SALES BY REGION (%)

	2017	2016
Europe	37	35
North America	21	21
China	15	12
Asia (without China)	13	12
South America	10	15
Africa, Australia	4	5

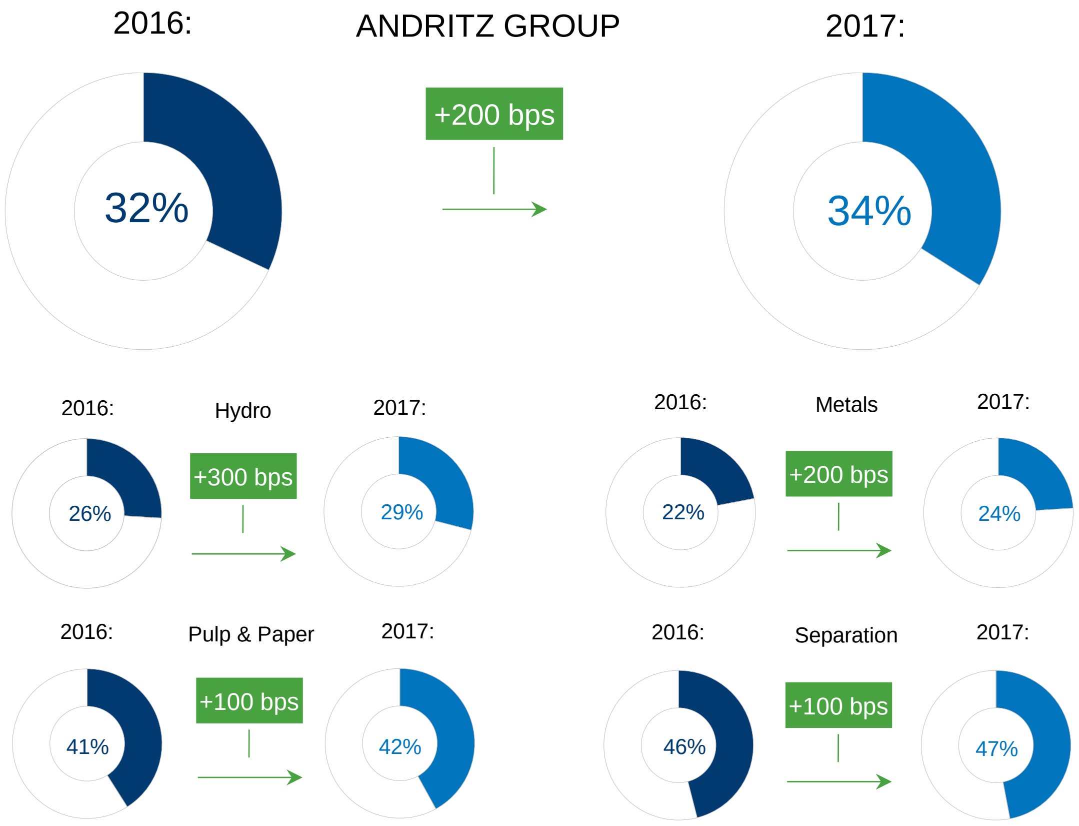
GEOGRAPHICAL EXPOSURE



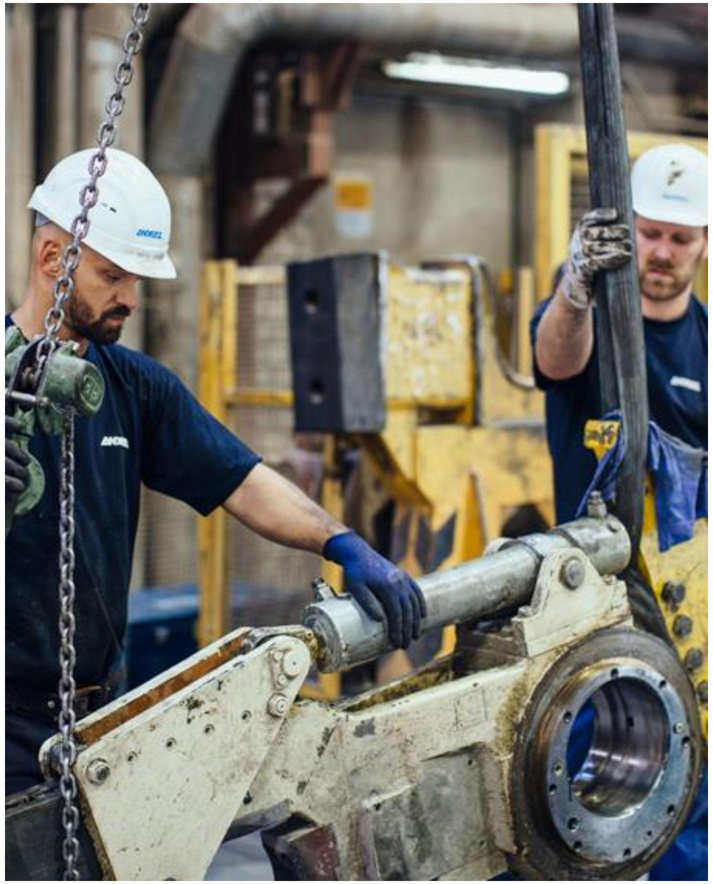
FAVORABLE DEVELOPMENT OF SERVICE BUSINESS

Increase in all four business areas.

SHARE OF SERVICE SALES OF GROUP AND BUSINESS AREA SALES (%)



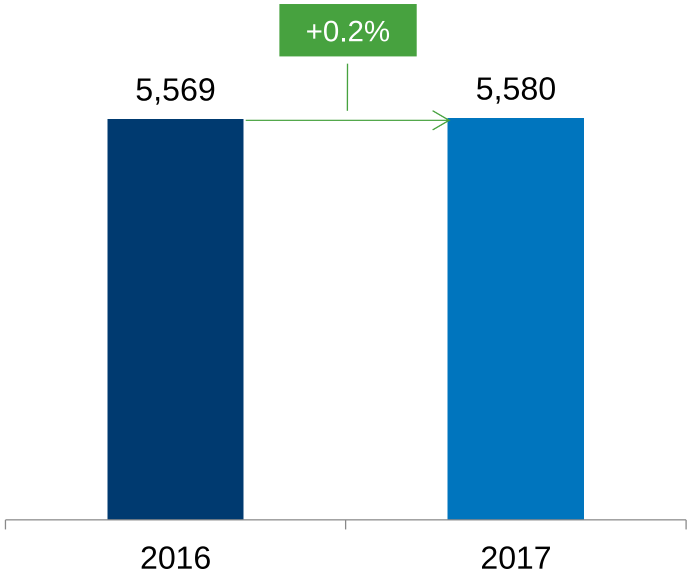
Note: bps = basis points



GROUP ORDER INTAKE PRACTICALLY UNCHANGED COMPARED TO 2016

Good development in Pulp & Paper, Metals Processing, and Separation negatively offset by weakness in Hydro.

ORDER INTAKE (MEUR)



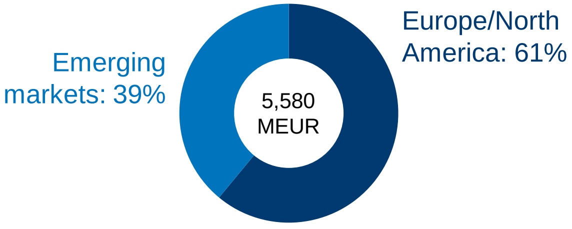
ORDER INTAKE BY BUSINESS AREA (MEUR)

	2017	2016	+/-
Hydro	1,317	1,500	-12%
Pulp & Paper	2,033	1,920	+6%
Metals	1,607	1,552	+4%
Separation	622	598	+4%

ORDER INTAKE BY REGION (%)

	2017	2016
Europe	40	41
North America	21	20
China	16	16
Asia (without China)	13	11
South America	7	8
Africa, Australia	3	4

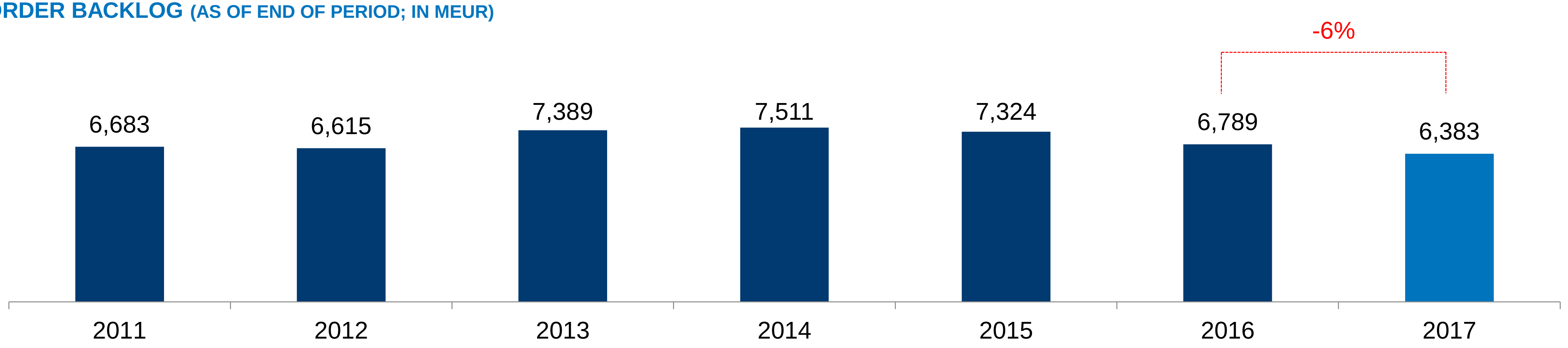
GEOGRAPHICAL EXPOSURE



GROUP ORDER BACKLOG DOWN COMPARED TO YEAR-END 2016

Decrease mainly due to Hydro business area.

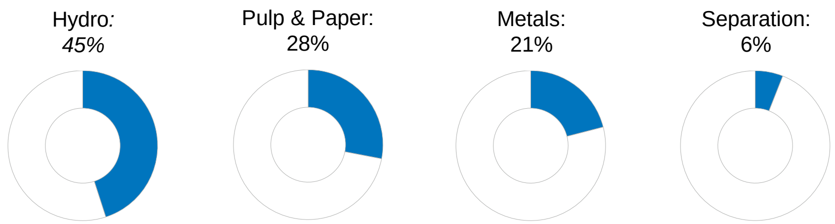
ORDER BACKLOG (AS OF END OF PERIOD; IN MEUR)



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

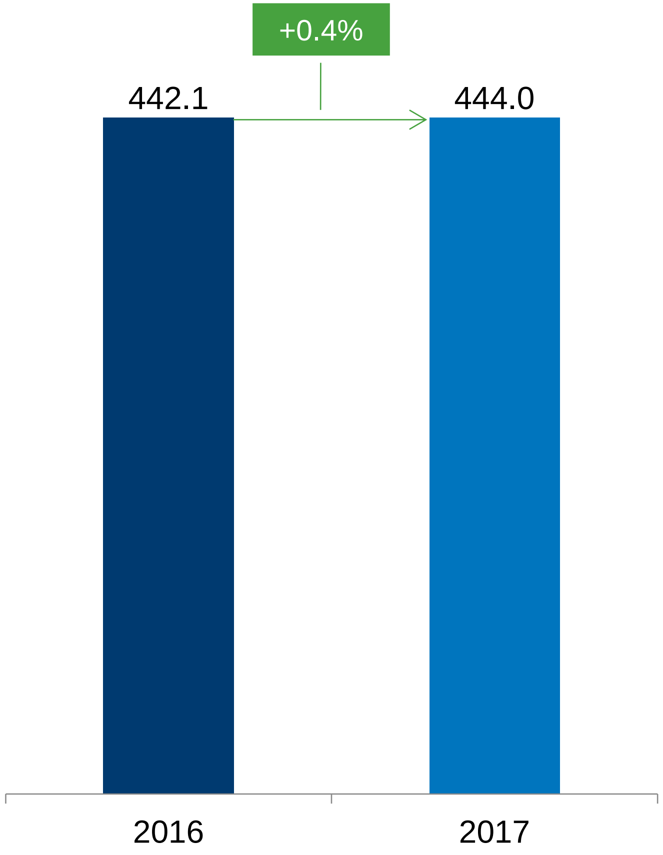
	2017	2016	+/-
Hydro	2,922	3,270	-11%
Pulp & Paper	1,787	1,803	-1%
Metals	1,310	1,369	-4%
Separation	365	347	+5%

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



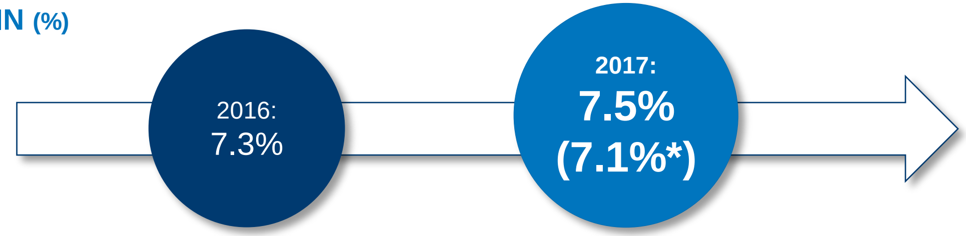
EARNINGS AND PROFITABILITY AT SOLID LEVELS DESPITE DECREASE IN SALES

EBITA (MEUR)



- Despite slight decline in sales, EBITA, at 444.0 MEUR, reached practically last year's level (2016: 442.1 MEUR). EBITA includes net positive one-off effect of ~25 MEUR (mainly from sale of the Schuler Technical Center in China, as reported in Q2 2017).
- EBITA margin increased to 7.5% (2016: 7.3%). Excluding the net positive effect, EBITA margin would have been at 7.1%.
- Good profitability in Pulp & Paper; satisfactory profitability in Hydro; margin recovery in Separation underway; profitability in Metals down due to cost overruns on some projects and depressed market prices in the Metals Processing sector.

EBITA MARGIN (%)



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

KEY FIGURES 2017 AT A GLANCE

Significant decrease due to substantially lower interest rates in Brazil, as well as interest expense for the Schuldscheindarlehen issued in June 2017.

Decrease mainly due to the lower gross cash flow as a result of the sale of fixed assets (shown in the cash flow from investing activities) as well as higher income taxes paid.

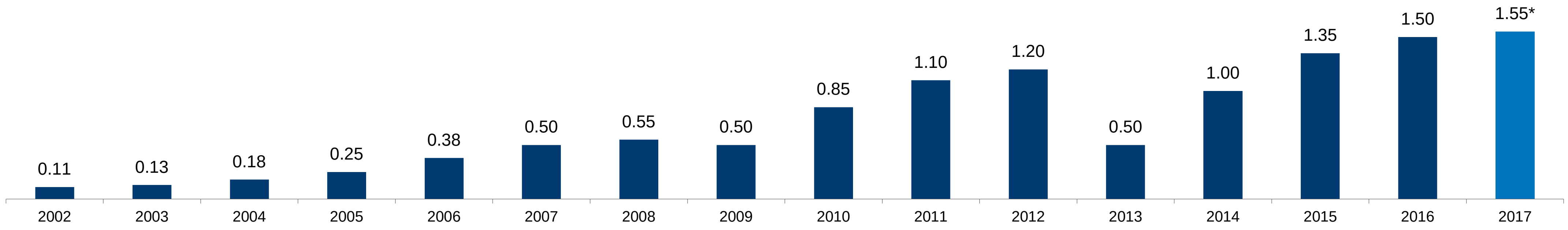
Increase in net working capital mainly due to lack of larger orders as well as increase in service business.

	UNIT	2017	2016	+/-
Order intake	MEUR	5,579.5	5,568.8	+0.2%
Order backlog (as of end of period)	MEUR	6,383.0	6,789.2	-6.0%
Sales	MEUR	5,889.1	6,039.0	-2.5%
EBITDA	MEUR	541.7	542.4	-0.1%
EBITA	MEUR	444.0	442.1	+0.4%
EBIT	MEUR	399.3	385.8	+3.5%
EBT	MEUR	400.6	398.4	+0.6%
Financial result	MEUR	1.3	12.6	-89.7%
Net income (including non-controlling interests)	MEUR	265.6	274.8	-3.3%
Cash flow from operating activities	MEUR	246.5	366.6	-32.8%
Capital expenditure	MEUR	116.8	119.5	-2.3%
Equity ratio	%	21.2	21.7	-
Liquid funds	MEUR	1,772.3	1,507.1	+17.6%
Net liquidity	MEUR	908.0	945.3	-3.9%
Net working capital	MEUR	-121.0	-215.8	+43.9%
EBITDA margin	%	9.2	9.0	-
EBITA margin	%	7.5	7.3	-
EBIT margin	%	6.8	6.4	-
Employees (as of end of period; without apprentices)	-	25,566	25,162	+1.6%

PROPOSED DIVIDEND OF 1.55 EUR/SHARE

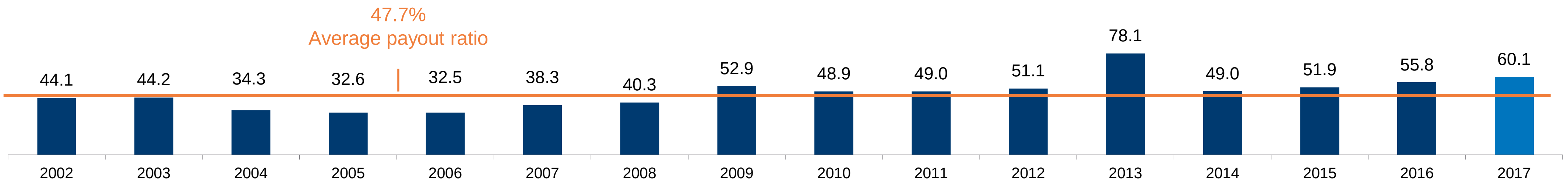
Increase in payout ratio in line with dividend policy.

DIVIDEND PER SHARE (EUR)



* Proposal to AGM

PAYOUT RATIO (%)



HYDRO (1): UNCHANGED CHALLENGING MARKET ENVIRONMENT

- 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.

ANDRITZ will refurbish the E.B. Campbell hydroelectric power station from SaskPower, Canada.

HYDRO (2): DECREASE IN ORDER INTAKE AND SALES

Satisfactory profitability due to ongoing capacity adjustments.

Order intake significantly down due to unchanged weak market conditions.

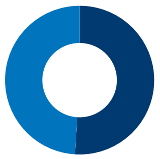
Significant decrease in sales as a result of the decline in order intake in the past few years.

Despite decrease in sales, satisfactory development of earnings and profitability due to ongoing capacity adjustments.

	UNIT	2017	2016	+/-
Order intake	MEUR	1,317.2	1,500.3	-12.2%
Order backlog (as of end of period)	MEUR	2,921.8	3,269.6	-10.6%
Sales	MEUR	1,583.1	1,752.4	-9.7%
EBITDA	MEUR	154.1	167.2	-7.8%
EBITDA margin	%	9.7	9.5	-
EBITA	MEUR	123.0	127.6	-3.6%
EBITA margin	%	7.8	7.3	-
Employees (as of end of period; without apprentices)	-	7,237	7,260	-0.3%

ORDER INTAKE BY REGION 2017 VS. 2016 (%)

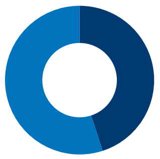
Emerging markets: 49% (49%)



Europe/ North America: 51% (51%)

SALES BY REGION 2017 VS. 2016 (%)

Emerging markets: 55% (53%)



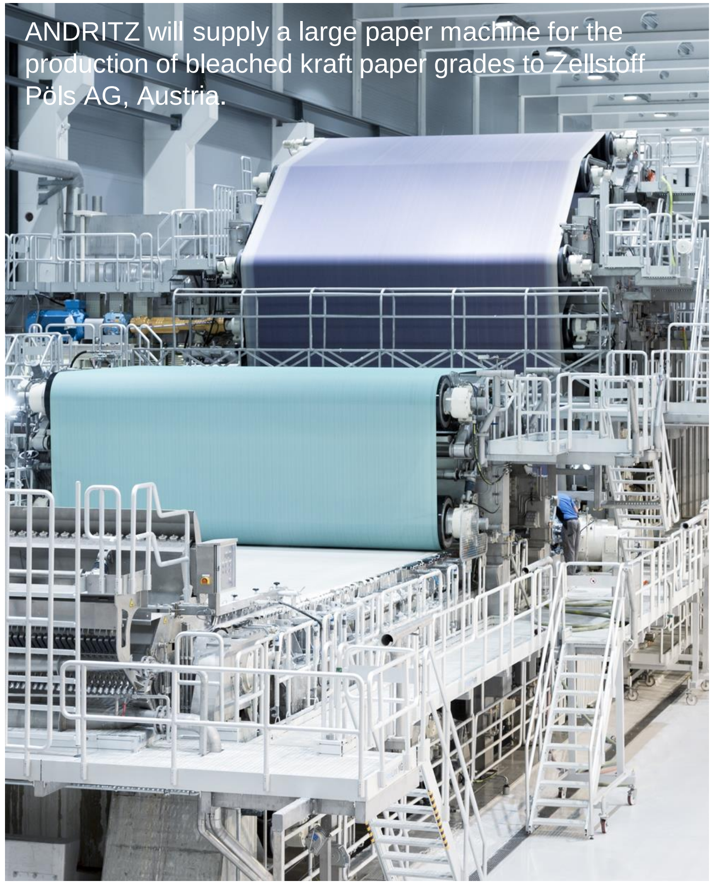
Europe/ North America: 45% (47%)

PULP & PAPER (1): CONTINUED SOLID MARKET ENVIRONMENT

- Pulp
  Satisfactory project and investment activity, particularly for modernization of existing pulp mills.

- Paper
  Satisfactory market development for tissue and packaging equipment continued.

- Competition
  Stable competitive environment.


ANDRITZ will supply a large paper machine for the production of bleached kraft paper grades to Zellstoff Pöls AG, Austria.

PULP & PAPER (2): FAVORABLE BUSINESS DEVELOPMENT

Earnings and profitability at record levels.

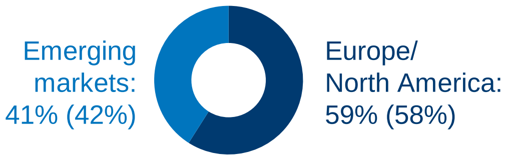
Order intake increased in the capital business as well as in the service business.

Project-related slight decline in sales.

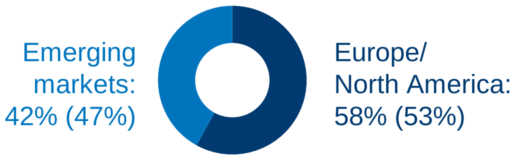
Favorable profitability with solid development in both the capital and service business.

	UNIT	2017	2016	+/-
Order intake	MEUR	2,033.4	1,919.5	+5.9%
Order backlog (as of end of period)	MEUR	1,787.0	1,803.3	-0.9%
Sales	MEUR	2,059.7	2,094.4	-1.7%
EBITDA	MEUR	221.5	207.7	+6.6%
EBITDA margin	%	10.8	9.9	-
EBITA	MEUR	194.9	182.2	+7.0%
EBITA margin	%	9.5	8.7	-
Employees (as of end of period; without apprentices)	-	8,002	7,522	+6.4%

ORDER INTAKE BY REGION 2017 VS. 2016 (%)



SALES BY REGION 2017 VS. 2016 (%)



METALS (1): ONLY A FEW ORDER AWARDS IN TOP METAL FORMING SEGMENT

Recovery of Metals processing market.

- Metal Forming
  Moderate project and investment activity in the top Metal Forming segment; favorable development of Yadon, China, continued.

- Metals Processing
  Further increase in project and investment activity, mainly driven by rising steel and commodity prices.

- Competition
  Stable competition at unchanged challenging level, price pressure in Metals Processing.

Production of double parts at an automotive components supplier with a servo press in tie rod design with 16,000 kN press force.

METALS (2): EARNINGS AND PROFITABILITY AT UNSATISFACTORY LEVELS

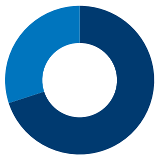
Positive-one off effect negatively offset by weak performance of Metals Processing.

Significant increase in order intake in Metals Processing; order intake in Metal Forming (Schuler) was slightly below 2016.

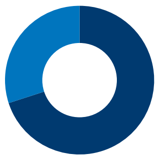
Earnings and profitability at unsatisfactory levels due to depressed market prices and cost overruns on some projects in Metals Processing.

	UNIT	2017	2016	+/-
Order intake	MEUR	1,606.5	1,551.5	+3.5%
Order backlog (as of end of period)	MEUR	1,309.7	1,369.0	-4.3%
Sales	MEUR	1,643.5	1,598.4	+2.8%
EBITDA	MEUR	129.7	141.7	-8.5%
EBITDA margin	%	7.9	8.9	-
EBITA	MEUR	98.6	115.2	-14.4%
EBITA margin	%	6.0	7.2	-
Employees (as of end of period; without apprentices)	-	7,573	7,608	-0.5%

ORDER INTAKE BY REGION 2017 VS. 2016 (%)



SALES BY REGION 2017 VS. 2016 (%)



SEPARATION (1): IMPROVED PROJECT AND INVESTMENT ACTIVITY

Mainly for solid/liquid separation equipment.

- Municipal
  Investment activity at good levels, mainly in developed markets.

- Industrial
  Good project activity in mining and minerals; satisfactory demand in chemicals; continued low investment activity in food.

- Feed and biomass pelleting
  Moderate project activity.

- 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.

SEPARATION (2): IMPROVED BUSINESS DEVELOPMENT

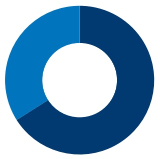
Recovery of EBITA margin from very low levels of the past years.

Increased order intake for solid/liquid separation equipment; low order intake in feed & biomass pelleting.

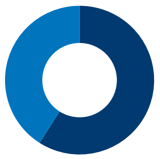
Earnings and margin improvement from very low levels of last years.

	UNIT	2017	2016	+/-
Order intake	MEUR	622.4	597.5	+4.2%
Order backlog (as of end of period)	MEUR	364.5	347.3	+5.0%
Sales	MEUR	602.8	593.8	+1.5%
EBITDA	MEUR	36.4	25.8	+41.1%
EBITDA margin	%	6.0	4.3	-
EBITA	MEUR	27.5	17.1	+60.8%
EBITA margin	%	4.6	2.9	-
Employees (as of end of period; without apprentices)	-	2,754	2,772	-0.6%

ORDER INTAKE BY REGION 2017 VS. 2016 (%)



SALES BY REGION 2017 VS. 2016 (%)



OUTLOOK FOR 2018

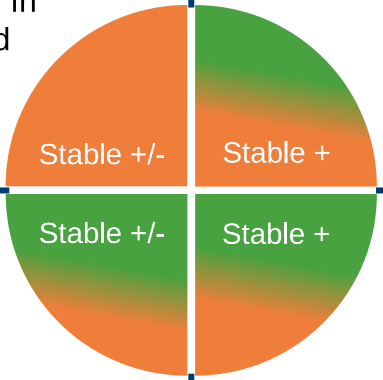
Unchanged expectations for markets served by ANDRITZ.

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 high level in 2018, especially for modernization of existing plants.
- 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 reasonable 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.

DISCLAIMER