



# RESULTS FOR Q3 / Q1-Q3 2020

ANDRITZ GROUP

NOVEMBER 5, 2020

**ANDRITZ**

ENGINEERED SUCCESS

# CHAPTER OVERVIEW



**01** Q3 2020 AT A GLANCE

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**02** PERFORMANCE Q3 / Q1-Q3 2020

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**03** UPDATE OF BUSINESS AREAS

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**04** OUTLOOK

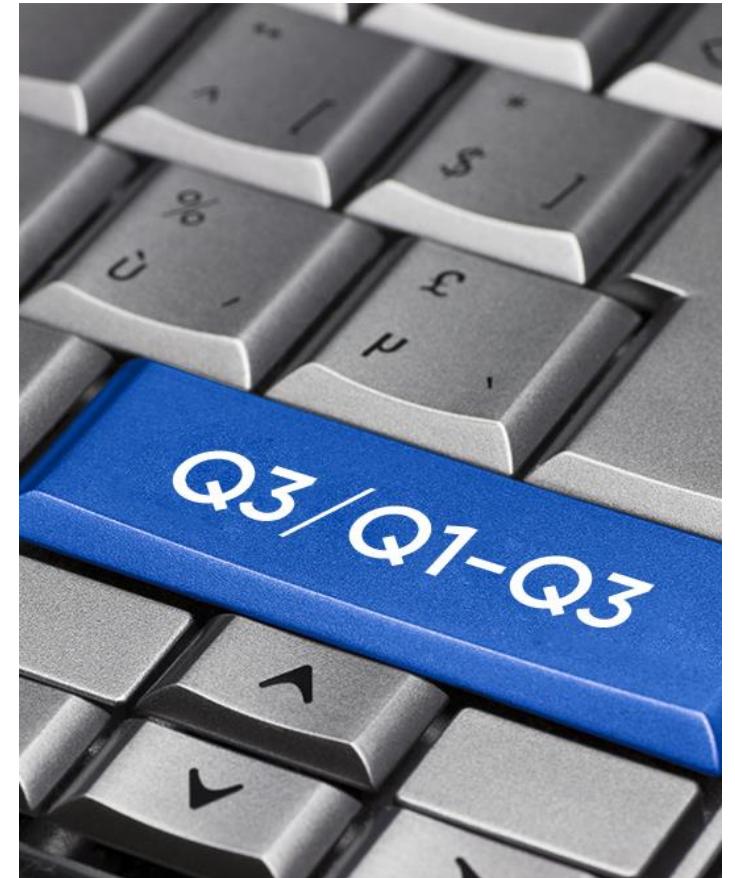
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# Q3 2020 AT A GLANCE



Overall a good quarter!

- **Group order intake at 1.7 billion euros**
  - Pulp & Paper down as last year's comparable quarter included a large greenfield pulp mill order
  - Metals also declined due to Metals Processing; Metals Forming (Schuler) up y/y
  - Hydro significantly up due to some large-scale orders
  - Separation increased slightly
- **Revenue at almost 1.7 billion euros**
  - Strong increase in Pulp & Paper due to processing of large pulp mill orders, decline in Metals, Hydro and Separation
- **EBITA at 104.2 MEUR** after provision for 26 MEUR restructuring costs: successful pre-emptive cost containment
- **EBITA margin adjusted** for these provisions at a very favorable level of **7.8% (reported EBITA margin: 6.2%)**



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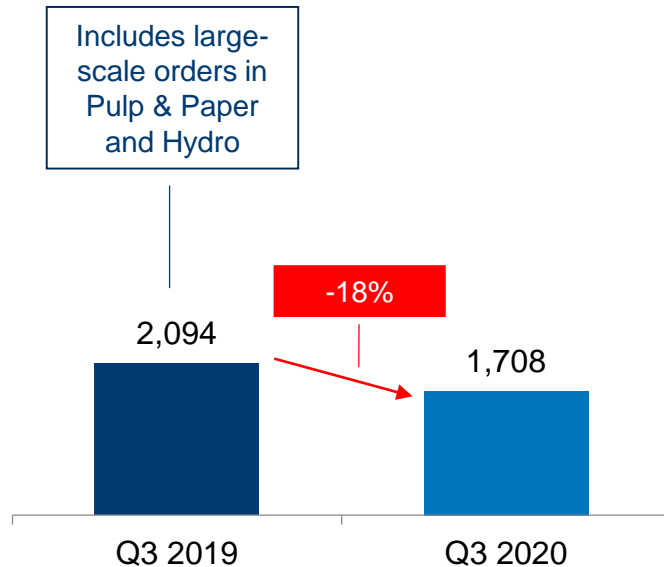
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# GOOD ORDER INTAKE IN Q3 2020, ALTHOUGH BELOW VERY HIGH LEVEL OF PREVIOUS YEAR

Metals down due to Metals Processing; Hydro driven by large-scale orders from India and Canada

ORDER INTAKE Q3 2020 (IN MEUR)



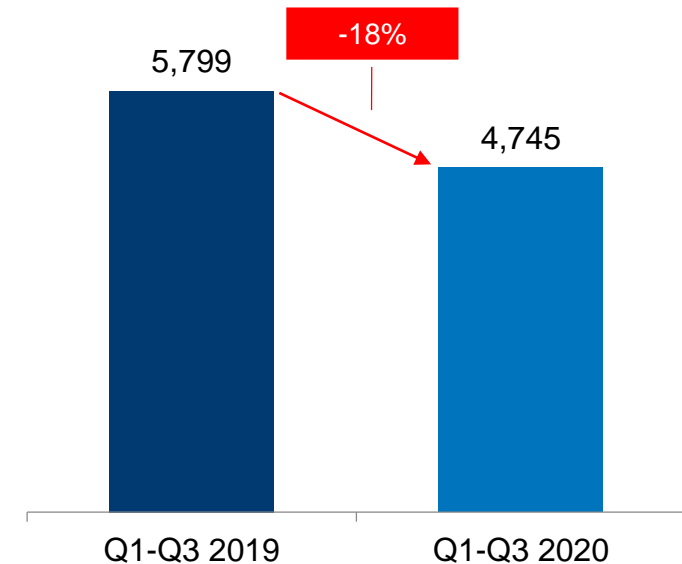
ORDER INTAKE BY BUSINESS AREA (IN MEUR)

	Q3 2020	Q3 2019	+/-
Pulp & Paper	717	1,163	-38%
Metals	355	429	-17%
Hydro	469	343	+37%
Separation	168	159	+6%

	Q1-Q3 2020	Q1-Q3 2019	+/-
Pulp & Paper	2,416	3,089	-22%
Metals	843	1,239	-32%
Hydro	961	945	+2%
Separation	524	527	-1%

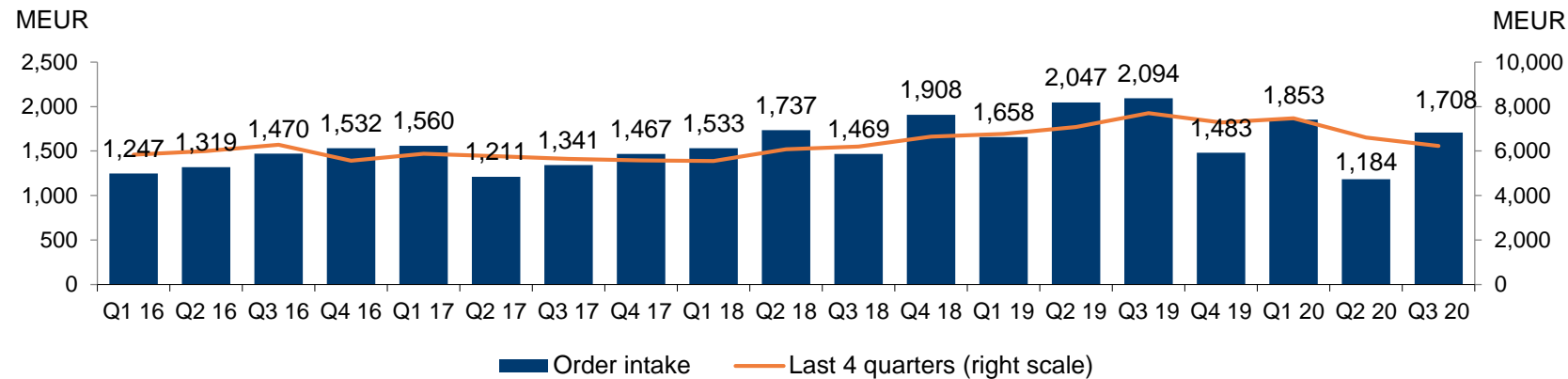
ORDER INTAKE Q1-Q3 2020 (IN MEUR)



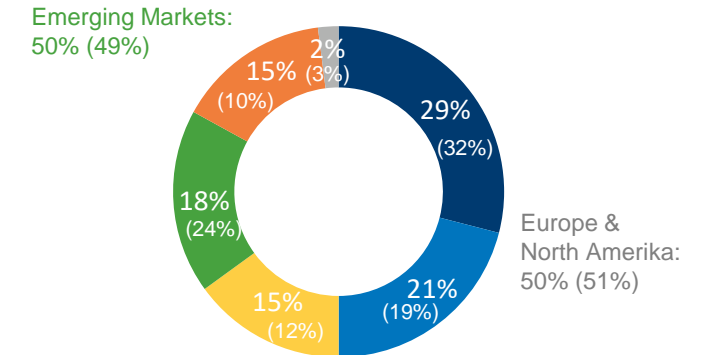
# QUARTERLY DEVELOPMENT OF ORDER INTAKE



Order intake of last 4 quarters amounted to ~6.2 bn euros



ORDER INTAKE BY REGION  
Q1-Q3 2020 (Q1-Q3 2019) IN %



## Important reference orders in Q3 2020:

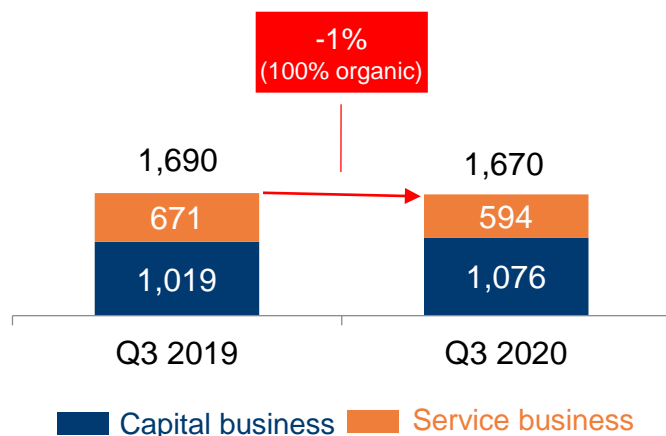
- Pumped storage hydropower plant from India
- Major turbine refurbishment order from Canada
- Press lines for renowned EV manufacturers
- Flue gas treatment systems for waste management facility in Singapore
- Production line for railway wheels, jointly supplied by Metals and Schuler

# GROUP REVENUE REACHES SOLID LEVEL



Driven by capital, decline of service revenue due to Corona restrictions

REVENUE Q3 2020 (IN MEUR)



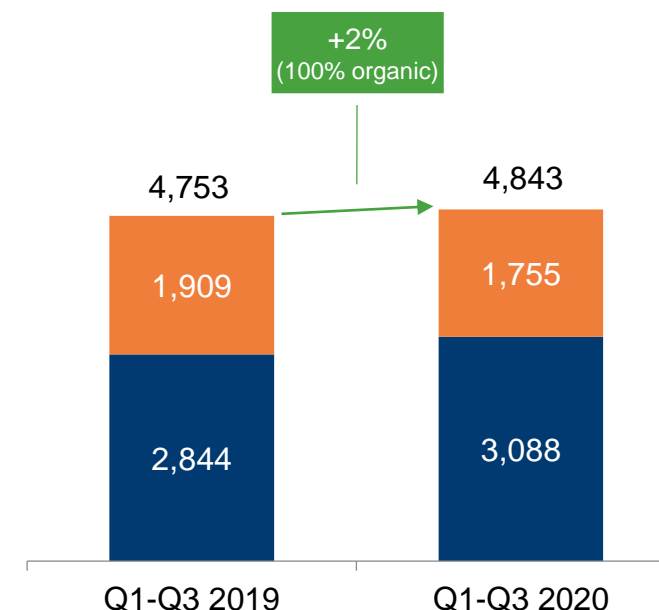
REVENUE BY BUSINESS AREA (IN MEUR)

	Q3 2020	Q3 2019	+/-
Pulp & Paper	852	751	+13%
Metals	351	423	-17%
Hydro	305	351	-13%
Separation	162	166	-2%

	Q1-Q3 2020	Q1-Q3 2019	+/-
Pulp & Paper	2,447	2,061	+19%
Metals	1,049	1,181	-11%
Hydro	893	1,027	-13%
Separation	454	484	-6%

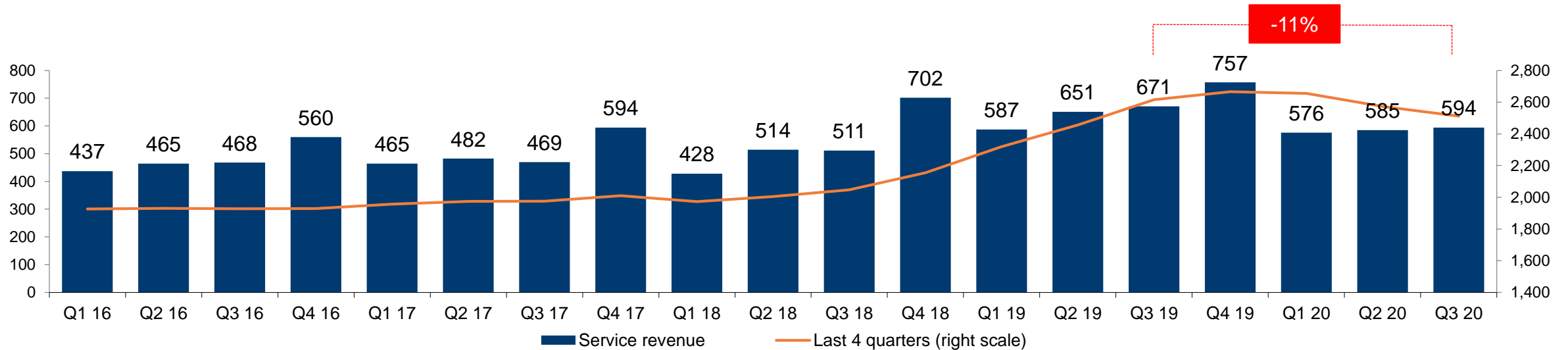
REVENUE Q1-Q3 2020 (IN MEUR)



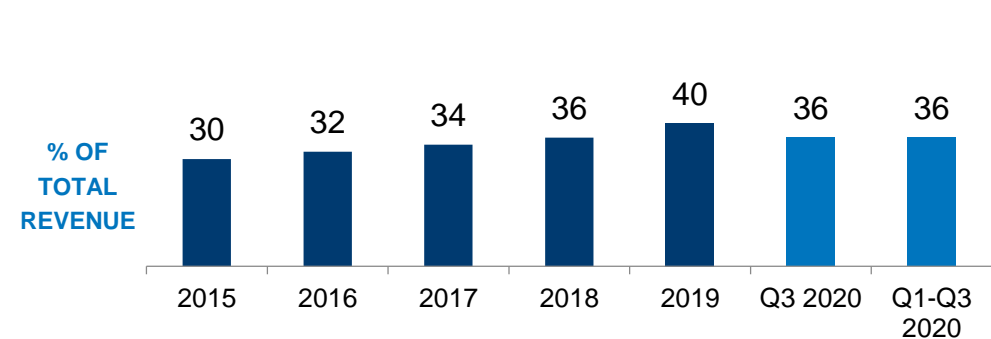
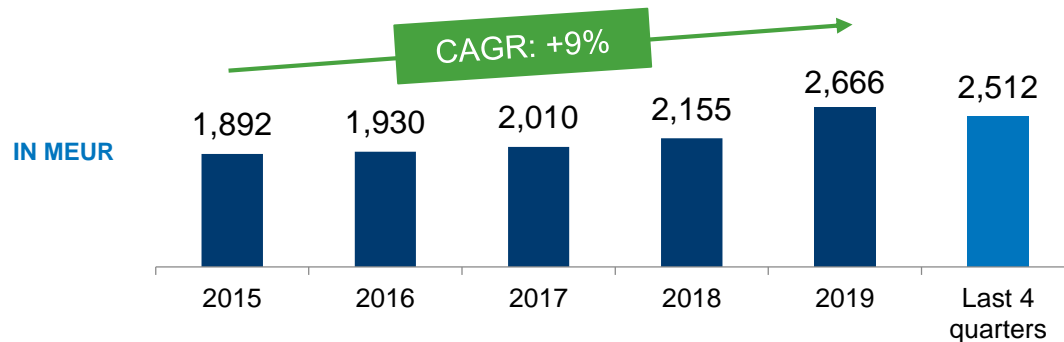
# SERVICE BUSINESS IMPACTED DUE TO TRAVEL AND SITE ACCESS RESTRICTIONS



Quarterly development of service revenue (in MEUR)



## Service business in absolute and relative terms:



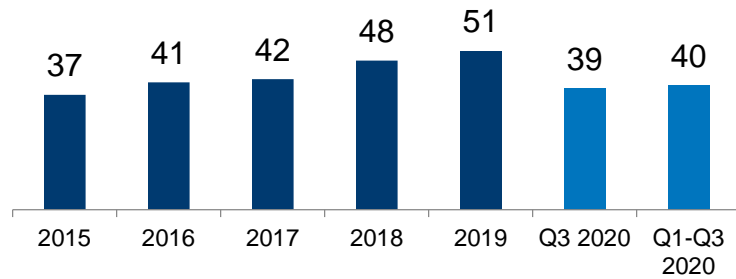


# SERVICE BUSINESS BY BUSINESS AREA

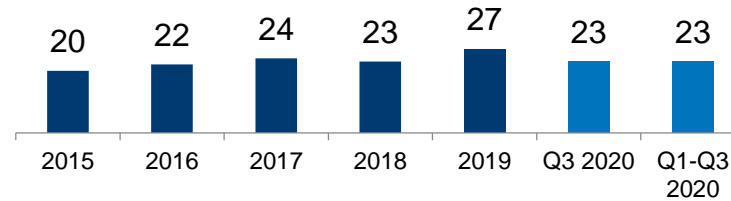


% of total business area revenue

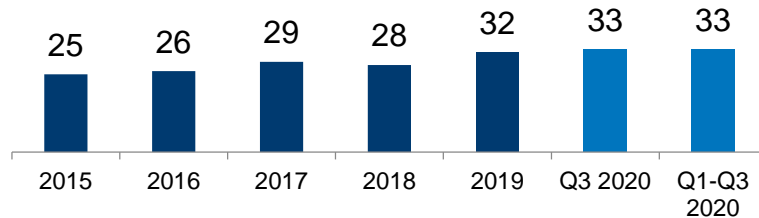
## PULP & PAPER



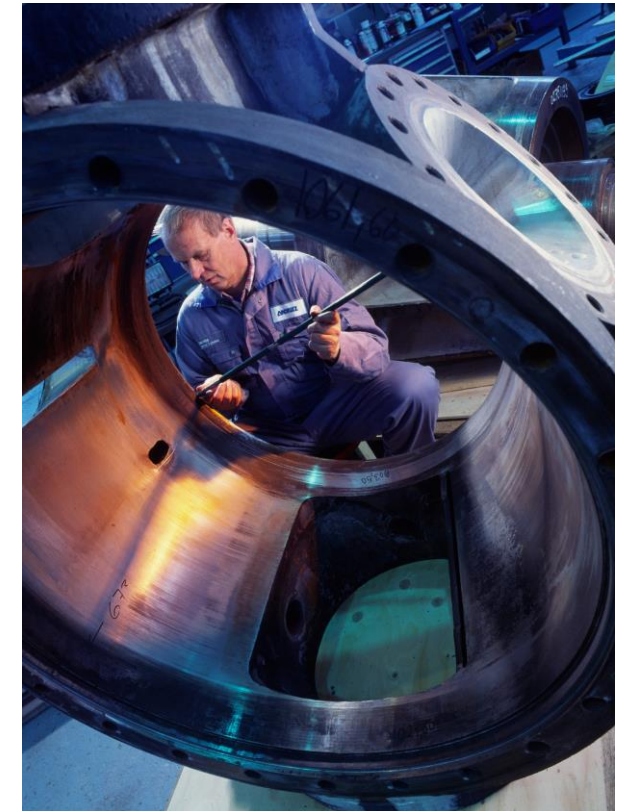
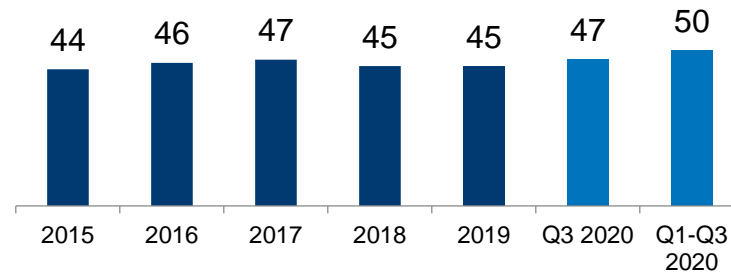
## METALS



## HYDRO



## SEPARATION

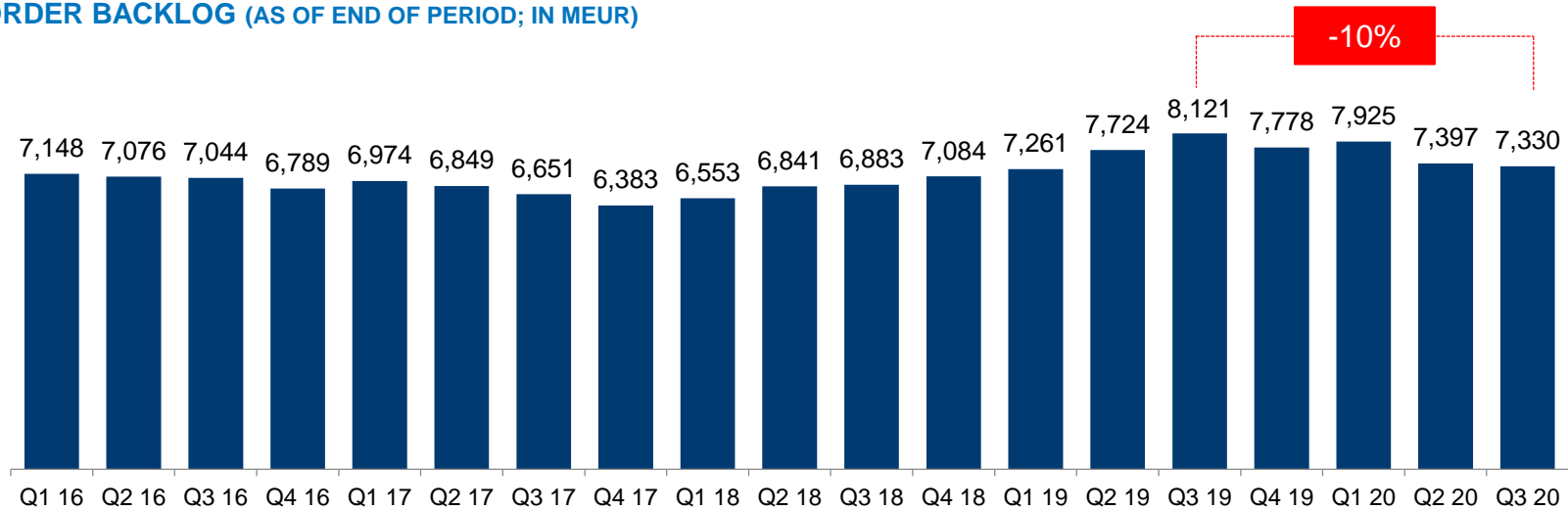




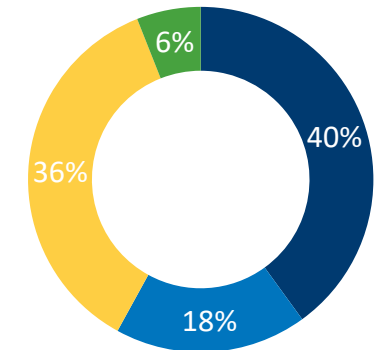
# SOLID ORDER BACKLOG – ESPECIALLY IN PULP & PAPER

Order backlog at 7.3 billion as of end of Q3 2020

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



ORDER BACKLOG AS OF END OF  
Q3 2020 BY BUSINESS AREA  
(IN %)



■ Pulp & Paper ■ Metals ■ Hydro ■ Separation

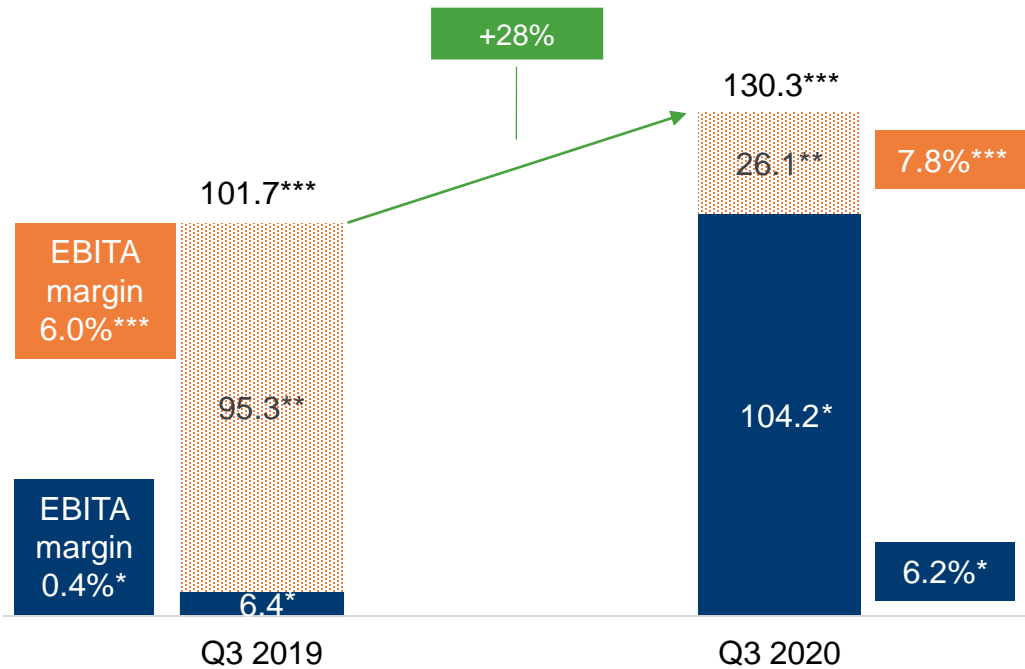
- Pulp & Paper and Hydro **account for 76% of total order backlog**



# EARNINGS AND PROFITABILITY UP DUE TO CONTINUED COST CONTAINMENT AND HIGH SALES

Provisions for capacity and restructuring measures to ensure long-term competitiveness

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



- Q3 2020: ~26 MEUR restructuring measures and capacity adjustments
  - Metals: ~-16 MEUR
  - Hydro: ~-6 MEUR
  - Pulp & Paper: ~-2 MEUR
  - Separation: ~-1 MEUR

\* EBITA and EBITA margin reported

\*\* Provisions for restructuring

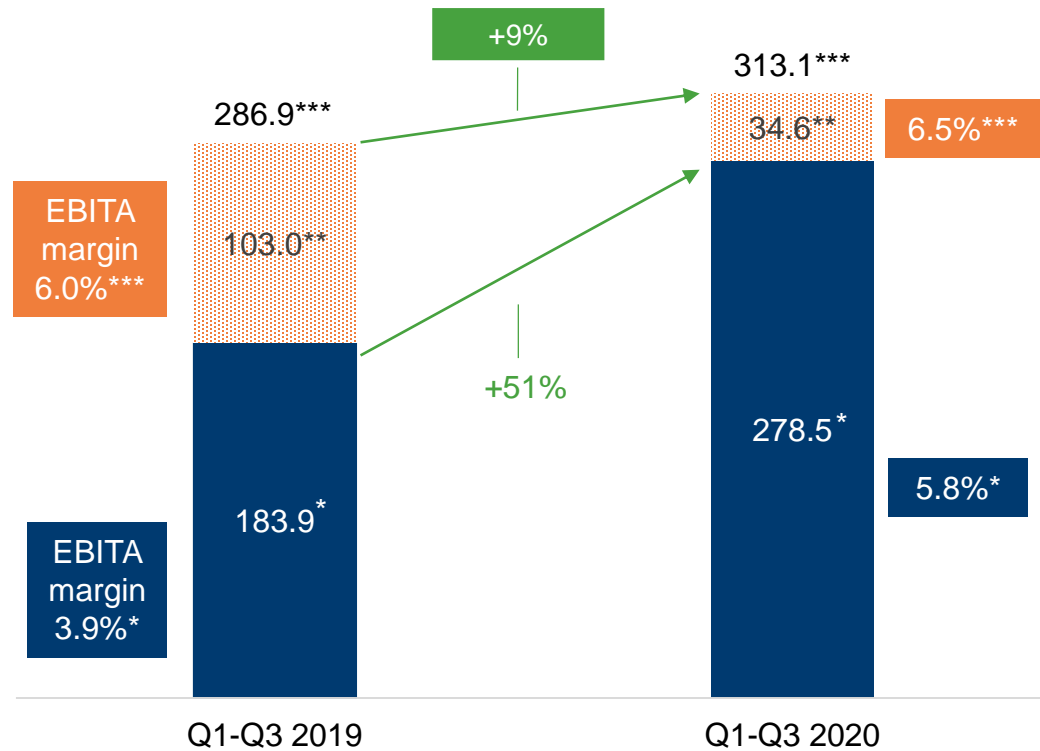
\*\*\* EBITA and EBITA margin adjusted by extraordinary items

# SOLID EARNINGS AND PROFITABILITY DEVELOPMENT IN Q1-Q3 2020



EBITA margin up y/y

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



- Q1-Q3 2020: ~35 MEUR restructuring measures and capacity adjustments
  - Focus on Metals Forming and Hydro
  - Further restructuring provisions planned for Q4 2020

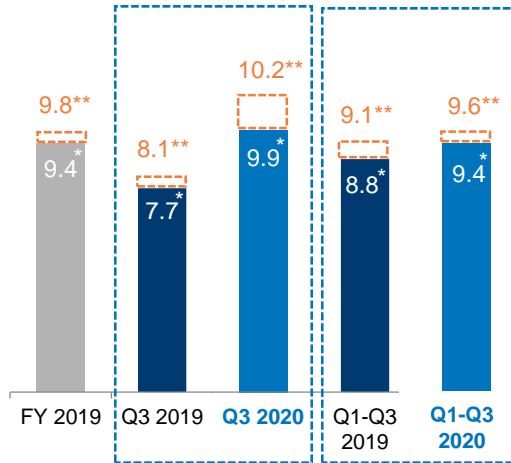
\* EBITA and EBITA margin reported  
 \*\* Provisions for restructuring  
 \*\*\* EBITA and EBITA margin adjusted by extraordinary items

# PROFITABILITY BY BUSINESS AREA

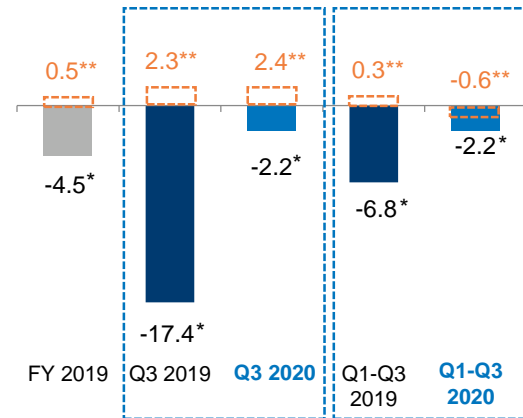


EBITA margin (%)

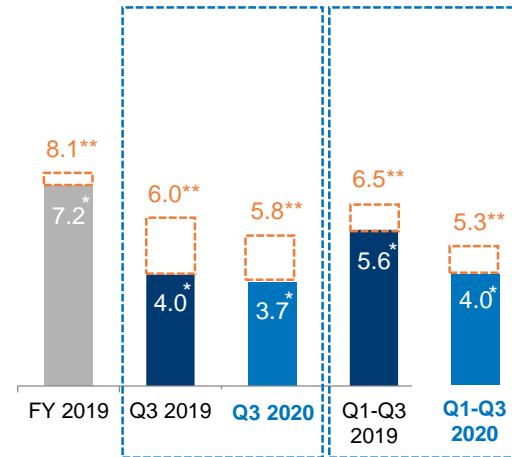
## PULP & PAPER



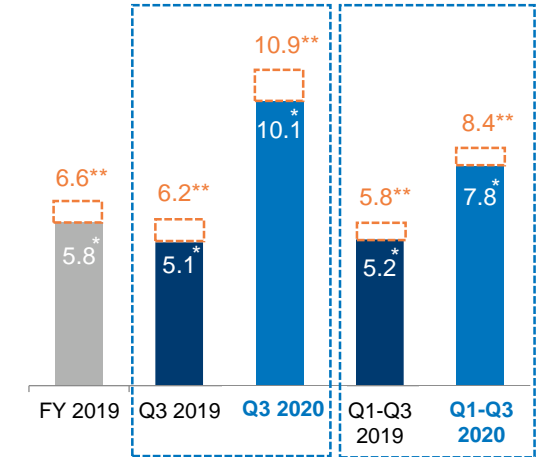
## METALS



## HYDRO



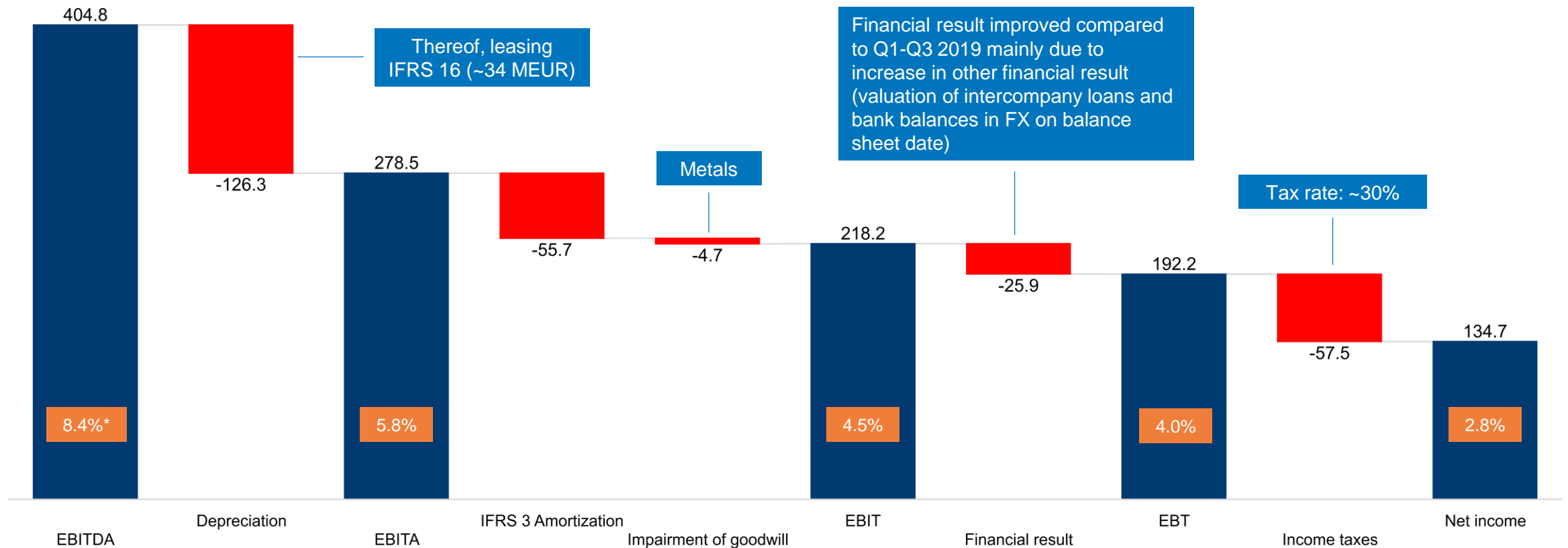
## SEPARATION



\* EBITA margin reported

\*\* EBITA margin adjusted by extraordinary items

# Q1-Q3 2020: EBITDA TO NET INCOME BRIDGE

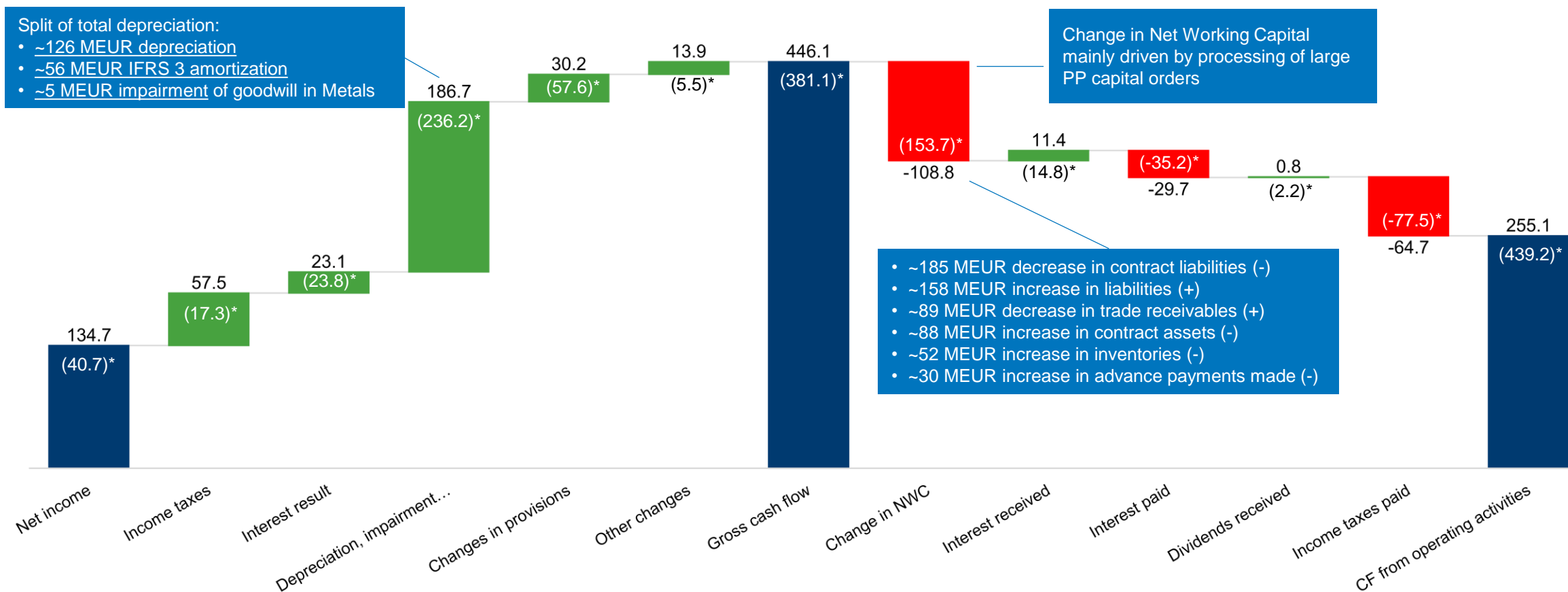


IN MEUR; \*: % OF TOTAL REVENUE

# DEVELOPMENT OF CASH FLOW FROM OPERATING ACTIVITIES (Q1-Q3 2020)



Decrease in net working capital

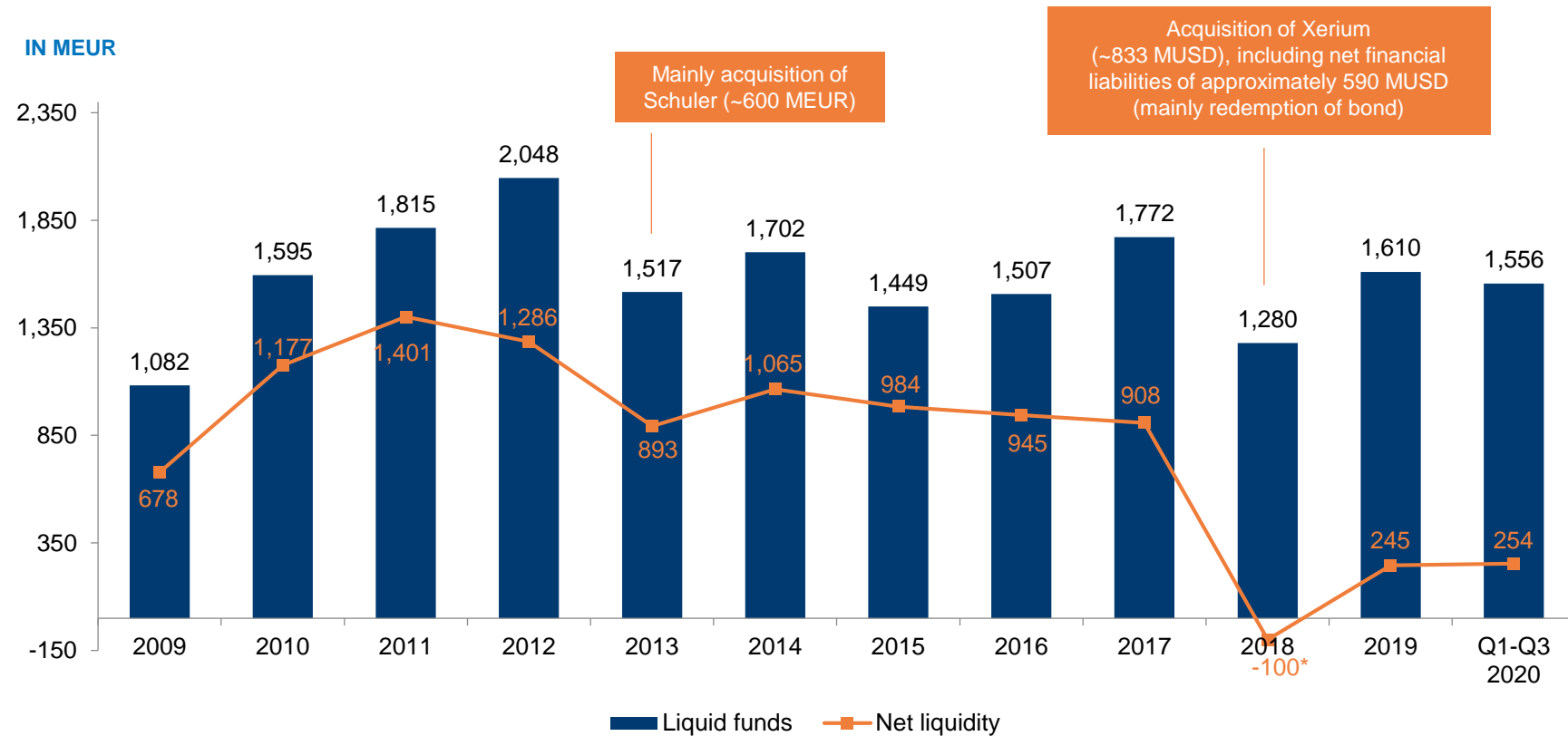


\* (Q1-Q3 2019)

# SOLID FINANCIAL POSITION



Liquid funds of 1.6 billion euros



- In addition to the high amount of disposable cash, ANDRITZ has surety lines of 5.7 bn EUR and credit lines of 0.3 bn EUR
- 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 Q3 2020/Q1-Q3 2020 AT A GLANCE



	UNIT	Q3 2020	Q3 2019	+/-	Q1-Q3 2020	Q1-Q3 2019	+/-	2019
Order intake	MEUR	1,708.0	2,093.9	-18.4%	4,744.7	5,799.1	-18.2%	7,282.0
Order backlog (as of end of period)	MEUR	7,330.1	8,120.7	-9.7%	7,330.1	8,120.7	-9.7%	7,777.6
Revenue	MEUR	1,669.7	1,690.2	-1.2%	4,842.7	4,752.6	+1.9%	6,673.9
EBITA	MEUR	104.2	6.4	+1,528.1%	278.5	183.9	+51.4%	343.2
EBITA (adj. by extraordinary items)	MEUR	130.3	101.7	+28.1%	313.1	286.9	+9.1%	456.0
Net income (including non-controlling interests)	MEUR	51.4	-35.1	+246.4%	134.7	40.7	+231.0%	122.8
Cash flow from operating activities	MEUR	155.1	167.3	-7.3%	255.1	439.2	-41.9%	821.6
Capital expenditure	MEUR	27.7	34.9	-20.6%	87.6	96.9	-9.6%	157.1
Liquid funds	MEUR	1,556.3	1,377.0	+13.0%	1,556.3	1,377.0	+13.0%	1,609.8
Net liquidity	MEUR	253.8	9.8	+2,489.8%	253.8	9.8	+2,489.8%	244.9
Net working capital	MEUR	22.2	30.5	-27.2%	22.2	30.5	-27.2%	-134.0

Relatively stable **Cash flow** and **Net Working Capital** in Q3 2020 despite processing of large Capital orders and lower order intake

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# PULP & PAPER: CONTINUED VERY FAVORABLE BUSINESS DEVELOPMENT



Strong increase in revenue and continued favorable profitability

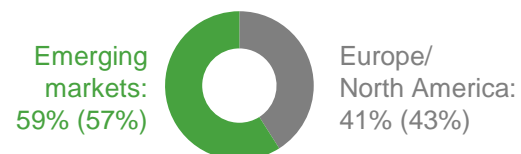
**Order intake** in Q3 2020 down compared to Q3 2019 which included a large-scale order from South America

Strong increase in **revenue** due to processing of large-scale capital orders

**Earnings and profitability** at unchanged very favorable level

	UNIT	Q3 2020	Q3 2019	+/-	Q1-Q3 2020	Q1-Q3 2019	+/-	2019
Order intake	MEUR	716.5	1,163.3	-38.4%	2,416.3	3,089.0	-21.8%	3,632.5
Order backlog (as of end of period)	MEUR	2,938.3	3,468.3	-15.3%	2,938.3	3,468.3	-15.3%	3,164.3
Revenue	MEUR	851.7	750.6	+13.5%	2,447.3	2,060.9	+18.7%	2,869.5
EBITDA	MEUR	103.3	77.5	+33.3%	288.1	240.5	+19.8%	351.4
EBITDA margin	%	12.1	10.3	-	11.8	11.7	-	12.2
EBITA (adj. by extraordinary items)	MEUR	86.5	60.6	+42.7%	234.7	188.0	+24.8%	281.5
EBITA margin (adj. by extraordinary items)	%	10.2	8.1	-	9.6	9.1	-	9.8
EBITA	MEUR	84.1	57.6	+46.0%	230.4	181.2	+27.2%	271.0
EBITA margin	%	9.9	7.7	-	9.4	8.8	-	9.4
Employees (as of end of period; without apprentices)	-	11,169	11,925	-6.3%	11,169	11,925	-6.3%	11,984

ORDER INTAKE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



REVENUE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



# METALS: CONTINUED WEAK BUSINESS DEVELOPMENT



Restructuring measures in Metals Forming to cope with structural market weakness and underabsorption

**Order intake** in Q3 2020 significantly down y/y due to Metals Processing; Metals Forming up due to some larger orders → E-mobility related orders account for roughly 35% of order intake in Q1-Q3 2020

**Decrease in revenue** due to sharp decline in order intake in the past few quarters and years

**Earnings and profitability** (excl. extraordinary effects) at unchanged low levels, however stabilizing

	UNIT	Q3 2020	Q3 2019	+/-	Q1-Q3 2020	Q1-Q3 2019	+/-	2019
Order intake	MEUR	354.6	429.0	-17.3%	842.7	1,238.8	-32.0%	1,582.2
Order backlog (as of end of period)	MEUR	1,286.6	1,655.0	-22.3%	1,286.6	1,655.0	-22.3%	1,532.7
Revenue	MEUR	350.8	422.7	-17.0%	1,049.0	1,181.4	-11.2%	1,636.9
EBITDA	MEUR	3.3	-51.3	+106.4%	9.1	-35.5	+125.6%	-1.5
EBITDA margin	%	0.9	-12.1	-	0.9	-3.0	-	-0.1
EBITA (adj. by extraordinary items)	MEUR	8.4	9.9	-15.2%	-6.7	3.7	-281.1%	8.6
EBITA margin (adj. by extraordinary items)	%	2.4	2.3	-	-0.6	0.3	-	0.5
EBITA	MEUR	-7.6	-73.6	+89.7%	-22.6	-80.5	+71.9%	-73.8
EBITA margin	%	-2.2	-17.4	-	-2.2	-6.8	-	-4.5
Employees (as of end of period; without apprentices)	-	6,737	7,562	-10.9%	6,737	7,562	-10.9%	7,485

ORDER INTAKE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



REVENUE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



# HYDRO: INCREASE OF ORDER INTAKE IN Q3 2020



Decline in revenue, earnings and profitability at low levels

**Order intake** significantly up due to some larger order awards in North America and Asia

Decrease in **revenue** as a result of lower order intake during last years

**Earnings and margin** (excl. extraordinary effects) down due to processing of low-margin orders and under-absorption

	UNIT	Q3 2020	Q3 2019	+/-	Q1-Q3 2020	Q1-Q3 2019	+/-	2019
Order intake	MEUR	469.0	343.0	+36.7%	961.4	944.8	+1.8%	1,350.2
Order backlog (as of end of period)	MEUR	2,639.3	2,556.0	+3.3%	2,639.3	2,556.0	+3.3%	2,661.0
Revenue	MEUR	305.0	351.2	-13.2%	892.6	1,026.8	-13.1%	1,470.7
EBITDA	MEUR	19.7	29.2	-32.5%	61.8	89.4	-30.9%	134.1
EBITDA margin	%	6.5	8.3	-	6.9	8.7	-	9.1
EBITA (adj. by extraordinary items)	MEUR	17.7	20.9	-15.3%	47.0	67.1	-30.0%	119.9
EBITA margin (adj. by extraordinary items)	%	5.8	6.0	-	5.3	6.5	-	8.2
EBITA	MEUR	11.3	13.9	-18.7%	35.3	58.0	-39.1%	105.9
EBITA margin	%	3.7	4.0	-	4.0	5.6	-	7.2
Employees (as of end of period; without apprentices)	-	7,205	7,370	-2.2%	7,205	7,370	-2.2%	7,202

ORDER INTAKE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



REVENUE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



# SEPARATION: FURTHER IMPROVEMENT OF EARNINGS AND PROFITABILITY



Earnings and profitability significantly up

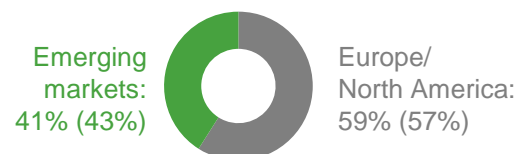
**Order intake** slightly higher than in Q3 2019

**Revenue** declined slightly compared to last year

Favorable development of **earnings** and **profitability** continued

	UNIT	Q3 2020	Q3 2019	+/-	Q1-Q3 2020	Q1-Q3 2019	+/-	2019
Order intake	MEUR	167.9	158.6	+5.9%	524.3	526.5	-0.4%	717.1
Order backlog (as of end of period)	MEUR	465.9	441.4	+5.6%	465.9	441.4	+5.6%	419.6
Revenue	MEUR	162.2	165.7	-2.1%	453.8	483.5	-6.1%	696.8
EBITDA	MEUR	19.9	11.8	+68.6%	45.8	35.5	+29.0%	53.6
EBITDA margin	%	12.3	7.1	-	10.1	7.3	-	7.7
EBITA (adj. by extraordinary items)	MEUR	17.7	10.2	+73.5%	38.2	28.1	+35.9%	46.0
EBITA margin (adj. by extraordinary items)	%	10.9	6.2	-	8.4	5.8	-	6.6
EBITA	MEUR	16.4	8.5	+92.9%	35.4	25.2	+40.5%	40.1
EBITA margin	%	10.1	5.1	-	7.8	5.2	-	5.8
Employees (as of end of period; without apprentices)	-	2,675	2,833	-5.6%	2,675	2,833	-5.6%	2,842

ORDER INTAKE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



REVENUE BY REGION Q1-Q3 2020 VS. Q1-Q3 2019 (%)



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# MARKET UPDATE AND OUTLOOK BY BUSINESS AREA (I)

Unchanged satisfactory market environment for Pulp and Paper, weak conditions in Metals

## PULP & PAPER



- Ongoing satisfactory project activity in pulp and tissue/cartonboard and for biomass power boilers (Japan, China)
- Continued **high investment activity in Nonwoven** (plants for production of masks and nonwoven fabrics)
- Service business impacted due to partially limited access to individual customer and project locations

## METALS



### Metals Forming:

- Slightly improved project activity for metal forming equipment from very low levels
- Weak global automotive markets put pressure on OEMs and suppliers

### Metals Processing:

- Ongoing weak demand in the global steel and stainless steel industry
- Very low project activity and high price pressure



# MARKET UPDATE AND OUTLOOK BY BUSINESS AREA (II)



Challenging market environment for hydropower equipment to continue, Separation satisfactory

## HYDRO



- Unchanged challenging market environment globally
- Some larger orders secured; more to come during next quarters?
- Continuing low investment activity by utilities with many modernization and rehabilitation projects, particularly in Europe

## SEPARATION



- Overall good project and investment activity
- Satisfactory demand from municipalities (sewage sludge dewatering and drying) and in various industries
- Solid investment activity for feed technologies

# OUTLOOK



## ANDRITZ topics for the remainder of 2020:

- Secure appropriate cost structure for 2021
- Concentrate on Metals Forming and Hydro

## Margin guidance for 2020 slightly increased, unchanged revenue guidance:

- **Adjusted EBITA margin 2020** roughly **unchanged** compared to adjusted EBITA margin 2019 (6.8%)
- **Reported EBITA margin 2020** (after extraordinary provisions) expected to be **stable or slightly higher** compared to 2019 (reported EBITA margin: **5.1%**)
- **Group revenue** expected to be **slightly lower** compared to 2019 (6.674 MEUR)

*Prior financial guidance (given at the announcement of the Q2 2020 results):*

- *Slightly lower revenue*
- *Stable EBITA margin (reported) compared to 2019*

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