



ANDRITZ CAPITAL MARKET DAY 2021

PULP & PAPER SERVICE

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SEPTEMBER 15, 2021

ANDRITZ
ENGINEERED SUCCESS

REVIEW CMD 2019: ROADMAP 2020-2022

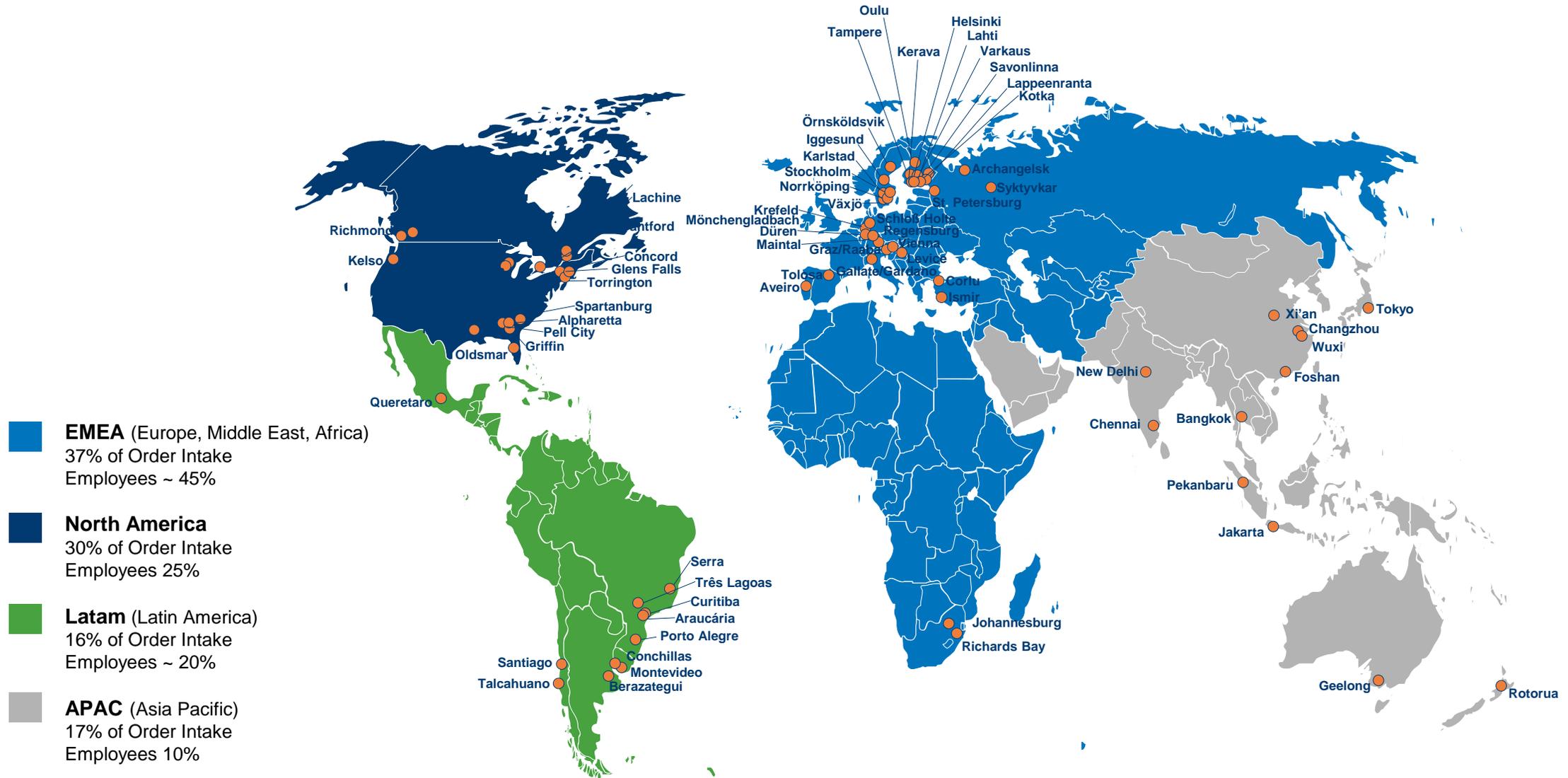


TARGET	STATUS	
<ul style="list-style-type: none">• Target to make Pulp & Paper (Capital & Service) a 3 billion+ EUR business	Achieved despite the Covid-19 Pandemic	 Achieved
<ul style="list-style-type: none">• Further good growth potential seen in the Paper Service market (M&A activities)		 Ongoing
<ul style="list-style-type: none">• Goal to maintain high profitability in future	Highest profitability ever in Service reached with strict cost out and cost control including turnaround of low performing business as well as closure of several workshops	 Achieved

OUR SERVICE CAPABILITIES ADD CUSTOMER VALUE OVER THE WHOLE CUSTOMER LIFECYCLE



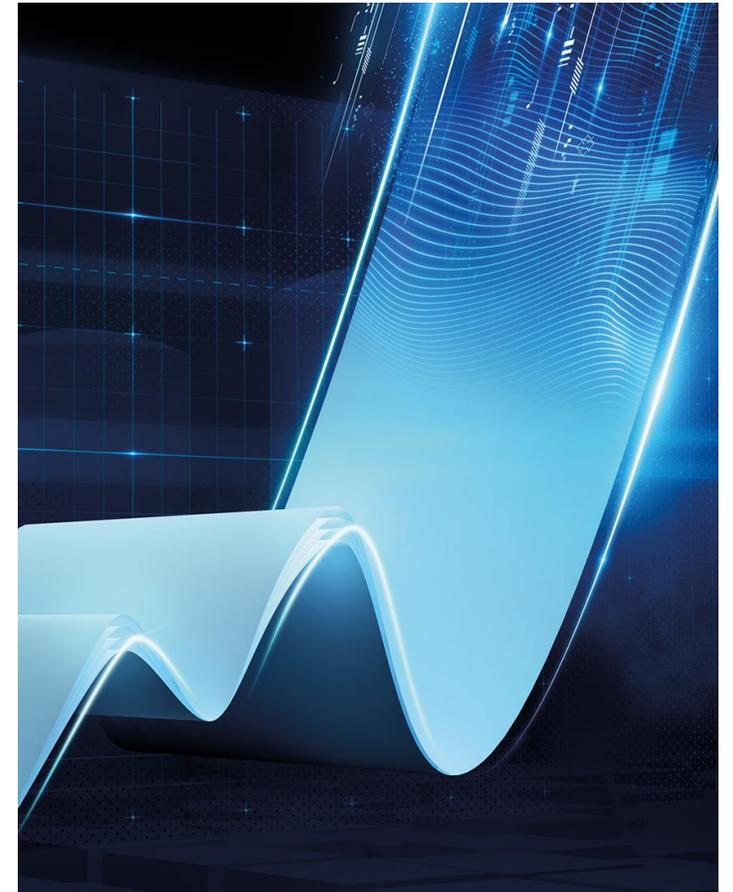
GLOBAL EXPERTISE AND LOCAL PRESENCE



MARKET DEVELOPMENT IN SERVICE



- After reduction in Pulp & Paper production in 2020 and bounce back in 2021, the long-term **global Pulp & Paper production growth is expected to be ~2%**.
- Goal for **ANDRITZ P&P Service is to grow 2-3 times faster than the market**
 - **Historical growth for ANDRITZ P&P Service: CAGR of 12.9% since 2014 (organically 4.4%)**



STRATEGIC FOCUS (1)



PEOPLE

- Safety first – continue cultural change
- Strengthen culture of customer centricity with local presence and Key Account Management (KAM)
- Skills / know-how (continuous trainings, succession planning, leadership process)
- Fit for digitalization



STRATEGIC FOCUS (2)



MARKET

- Improve customer support especially in emerging markets (APAC, Latam), also utilizing digitalization tools
- Continue to establish local Service centers to improve customer support especially in emerging economies (e.g. service center in Indonesia)
- Extend market reach and product offerings with focus on growing Pulp & Paper grades (e.g. market pulp, tissue) and other industrial applications
- Focus on new digitalization tools to improve efficiency of communication and order execution with our customers (e.g. remote support)
- Develop strategic investment projects to support growth (e.g. expansion of PMC plant in China, roll plant in China South)
- Identify M&A targets



STRATEGIC FOCUS (3)



PRODUCTS

- Continue to develop product / service portfolio to offer added value solutions to customers for all delivery types (Spare/Wear Parts, Field Service, Rebuilds/Upgrades, Maintenance, OPP)
- Strategically extend product portfolio with focus on Innovation / R&D to differentiate from competition:
 - Products / solution development to improve customer performance (e.g. savings in energy)
 - Green products (e.g. recycling)
 - Digitalization / remotes services
- Further enlarge service product portfolio on competitor installed base



STRATEGIC FOCUS (4)



OPERATIONS

- Continue to expand manufacturing capacities in emerging economies such as China to support growing demand
- Continue to expand engineering and manufacturing to best cost countries to improve profitability
- Continuous review of cost structure and implementation of sustainable measures to secure profitability and competitiveness





CHIP PRE-STEAMING AND SECONDARY HEAT RECOVERY IN BATCH COOKING

Green technology provides added value to customers and the environment

REFERENCE MILL, AUSTRIA

Target to lower the mill's environmental impact by reducing consumption of steam, as well as improving pulp yield.

New gas-handling and secondary heat-recovery system installed. Reduction of steam consumption and better impregnation.

RESULTS

Steam consumption reduction by 5-10%
Increased yield ~0.5%
Heat waste reduction by 5%

No odor emissions
Increase in turpentine yield and quality
Production capacity increase



DIGITAL PRODUCTS

ANDRITZ P&P LATEST HIGHLIGHTS

METRIS DIGITAL TWIN



REFERENCE MILL, RUSSIA

Customer is strongly focusing on a common digital strategy for its mills.

Amongst other technologies, the new mill in Russia will be equipped with a Metris Digital Twin for process control and operating cost reduction.

Targets:

The objective of the project is profit maximization, covering the processes of the whole mill.

GOALS

- ANDRITZ is the contractor for the Process Digital Twin project
- The offline model of the process digital twin will be ready in Q1 2022 with the trial run of the new mill scheduled for August 2022
- The online digital twin model will be put into operation after new mill start-up



ROADMAP 2022-2024



- Target to reach **1.5 billion+ EUR business organically in aftermarket**
- **Further good growth** potential seen in the **Paper service market (M&A)**
- Goal is to **maintain high profitability** in future → This should be supported by a strong technical market position due to strategic innovations to improve customer performance
- **Grow 2-3 times** faster than **the market**
- **Close white spots** in market coverage & presence → **improve market penetration** especially in emerging markets (APAC, LATAM) and on competitor's equipment
- **Expand Rolls and Shoe press belt business** with new manufacturing facilities in China South (the largest paper region worldwide)



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MANY THANKS!

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