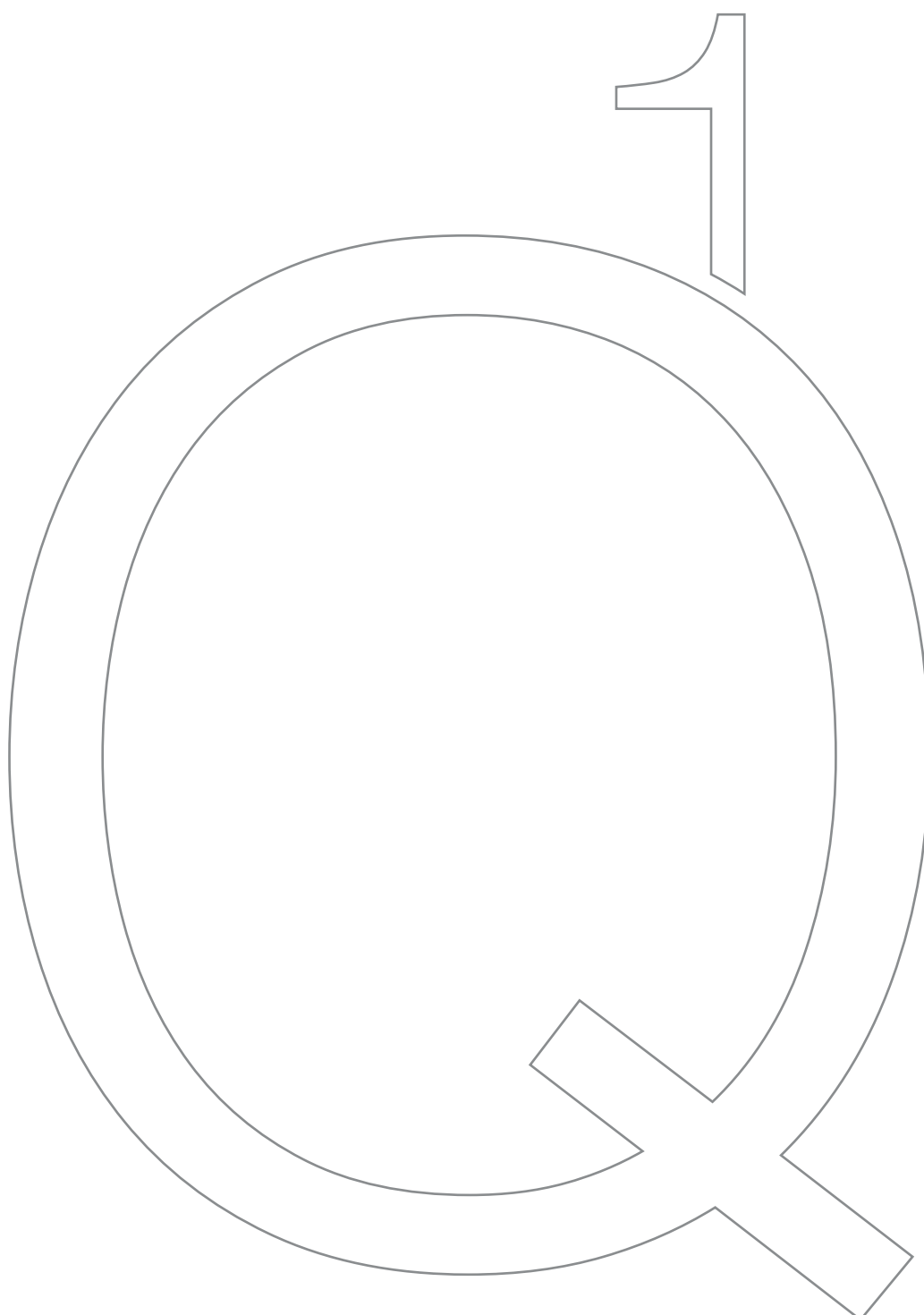


INTERIM FINANCIAL REPORT
FIRST QUARTER 2020



ANDRITZ

ENGINEERED SUCCESS

Key financial figures at a glance

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Consolidated financial statements of the ANDRITZ GROUP

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KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	1,852.9	1,658.1	+11.7%	7,282.0
Order backlog (as of end of period)	MEUR	7,924.6	7,260.9	+9.1%	7,777.6
Sales	MEUR	1,510.2	1,489.2	+1.4%	6,673.9
EBITDA	MEUR	112.6	126.5	-11.0%	537.6
EBITA ¹⁾	MEUR	70.1	82.8	-15.3%	343.2
EBITA margin	%	4.6	5.6	-	5.1
Earnings Before Interest and Taxes (EBIT)	MEUR	53.8	52.9	+1.7%	237.9
Earnings Before Taxes (EBT)	MEUR	44.3	46.5	-4.7%	180.9
Net income (including non-controlling interests)	MEUR	30.5	32.6	-6.4%	122.8
Net income (without non-controlling interests)	MEUR	31.5	33.6	-6.3%	127.8
Cash flow from operating activities	MEUR	56.9	56.0	+1.6%	821.6
Capital expenditure	MEUR	29.9	25.4	+17.7%	157.1
Employees (as of end of period; without apprentices)	-	28,411	29,398	-3.4%	29,513
Total assets	MEUR	7,147.5	7,373.4	-3.1%	7,234.1
Equity ratio	%	16.8	16.3	-	16.9
Liquid funds	MEUR	1,543.1	1,474.8	+4.6%	1,609.8
Net liquidity	MEUR	208.4	-71.5	+391.5%	244.9
Net working capital	MEUR	-122.9	183.4	-167.0%	-134.0

1) Identifiable assets acquired in a business combination and recognized separately from goodwill amount to 16.2 MEUR (Q1 2019: 25.5 MEUR; 2019: 76.2 MEUR); impairment of goodwill amounts to 0.0 MEUR (Q1 2019: 4.5 MEUR; 2019: 29.1 MEUR).

All figures according to IFRS. Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages. MEUR = million euros, TEUR = thousand euros.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

Pulp & Paper

	Unit	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	1,078.2	806.9	+33.6%	3,632.5
Order backlog (as of end of period)	MEUR	3,406.3	2,647.0	+28.7%	3,164.3
Sales	MEUR	713.3	602.7	+18.4%	2,869.5
EBITDA	MEUR	81.2	71.9	+12.9%	351.4
EBITDA margin	%	11.4	11.9	-	12.2
EBITA	MEUR	61.8	52.4	+17.9%	271.0
EBITA margin	%	8.7	8.7	-	9.4
Employees (as of end of period; without apprentices)	-	11,274	11,649	-3.2%	11,984

Metals

	Unit	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	361.5	348.1	+3.8%	1,582.2
Order backlog (as of end of period)	MEUR	1,531.3	1,564.1	-2.1%	1,532.7
Sales	MEUR	355.2	387.8	-8.4%	1,636.9
EBITDA	MEUR	-2.4	12.8	-118.8%	-1.5
EBITDA margin	%	-0.7	3.3	-	-0.1
EBITA	MEUR	-13.0	1.5	-966.7%	-73.8
EBITA margin	%	-3.7	0.4	-	-4.5
Employees (as of end of period; without apprentices)	-	7,134	7,753	-8.0%	7,485

Hydro

	Unit	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	245.5	313.9	-21.8%	1,350.2
Order backlog (as of end of period)	MEUR	2,551.4	2,615.0	-2.4%	2,661.0
Sales	MEUR	298.2	338.5	-11.9%	1,470.7
EBITDA	MEUR	23.8	30.1	-20.9%	134.1
EBITDA margin	%	8.0	8.9	-	9.1
EBITA	MEUR	14.8	20.6	-28.2%	105.9
EBITA margin	%	5.0	6.1	-	7.2
Employees (as of end of period; without apprentices)	-	7,217	7,186	+0.4%	7,202

Separation

	Unit	Q1 2020	Q1 2019	+/-	2019
Order intake	MEUR	167.7	189.2	-11.4%	717.1
Order backlog (as of end of period)	MEUR	435.6	434.8	+0.2%	419.6
Sales	MEUR	143.5	160.2	-10.4%	696.8
EBITDA	MEUR	10.0	11.7	-14.5%	53.6
EBITDA margin	%	7.0	7.3	-	7.7
EBITA	MEUR	6.5	8.3	-21.7%	40.1
EBITA margin	%	4.5	5.2	-	5.8
Employees (as of end of period; without apprentices)	-	2,786	2,810	-0.9%	2,842

MANAGEMENT REPORT

BUSINESS DEVELOPMENT

Sales

Sales of the ANDRITZ GROUP in the first quarter of 2020 amounted to 1,510.2 MEUR and were thus practically at the same level as the previous year's reference period (+1.4% versus Q1 2019: 1,489.2 MEUR). The Pulp & Paper business area was able to increase sales significantly (+18.4%) compared to the previous year's reference period, particularly due to processing of large-scale orders received in the preceding quarters. However, the Metals (-8.4%), Hydro (-11.9%), and Separation (-10.4%) business areas saw a stronger decline in sales.

The business areas' sales development at a glance:

	Unit	Q1 2020	Q1 2019	+/-
Pulp & Paper	MEUR	713.3	602.7	+18.4%
Metals	MEUR	355.2	387.8	-8.4%
Hydro	MEUR	298.2	338.5	-11.9%
Separation	MEUR	143.5	160.2	-10.4%

Share of service sales of Group and business area sales in %

	Q1 2020	Q1 2019
ANDRITZ GROUP	38	40
Pulp & Paper	45	57
Metals	23	25
Hydro	33	26
Separation	52	46

Order intake

The order intake of the Group developed favorably – driven above all by the very positive development in the Pulp & Paper business area – in the first quarter of 2020 and, at 1,852.9 MEUR, was 11.7% higher than the figure for the previous year's reference period (Q1 2019: 1,658.1 MEUR). The business areas' development in detail:

- Pulp & Paper: The order intake once again reached a high level at 1,078.2 MEUR. It was 33.6% higher than the previous year's reference figure (Q1 2019: 806.9 MEUR). This strong increase is largely attributable to a large-scale order in the mid-three-digit million euros range being booked for the supply of energy-efficient and environmentally leading equipment and processes for a new pulp mill to be delivered to UPM in Uruguay. The Service business also developed favorably.
- Metals: Order intake at 361.5 MEUR reached a solid level in view of the unchanged, difficult market conditions and was slightly higher than the figure for the previous year's reference period (+3.8% versus Q1 2019: 348.1 MEUR). This is attributable to the Metals Forming (Schuler) sector, which was able to increase its order intake compared to the previous year and hence more than make up for the decline in the Metals Processing sector.
- Hydro: In a market environment still marked by low investment activity, order intake at 245.5 MEUR was significantly lower than the figure for the previous year's reference period (-21.8% versus Q1 2019: 313.9 MEUR). There were no larger projects for modernization or new investments for hydropower stations awarded worldwide during the reporting period.
- Separation: Order intake amounted to 167.7 MEUR and was thus well below the figure for the previous year's reference period (-11.4% versus Q1 2019: 189.2 MEUR). While the feed technologies sector saw an increase in order intake compared to the previous year's reference period, development of the solid/liquid separation sector declined.

Earnings

The EBITA of the Group in the first quarter of 2020 at 70.1 MEUR was significantly lower than the figure for the previous year's reference period (-15.3% versus Q1 2019: 82.8 MEUR). Main reasons are the underutilization of capacities in Metals Forming – caused by the continuing weakness of the international automotive market – as well as the processing of low-margin orders (particularly in the Metals and Hydro business areas) due to the unchanged strong competition. As a result, profitability (EBITA margin) decreased to 4.6% (Q1 2019: 5.6%).

Development by business area:

- Profitability in the Pulp & Paper business area at 8.7% remained at an unchanged favorable level (Q1 2019: 8.7%). Both capital and service business saw positive development.
- The EBITA margin in the Metals business area at -3.7% developed considerably negative (Q1 2019: 0.4%). This is attributable on the one hand to the processing of low-margin orders due to the severe competition in both Metals Processing and Metals Forming. On the other hand, the continued underutilization in Metals Forming (Schuler) had also a significant impact on the business area's earnings and profitability.
- The EBITA margin in the Hydro business area dropped to 5.0% (Q1 2019: 6.1%). This decline is largely due to the processing of low-margin orders.

- Profitability in the Separation business area amounted to 4.5% (Q1 2019: 5.2%).

The financial result decreased to -9.5 MEUR (Q1 2019: -6.4 MEUR). This decline is mainly due to the valuation of securities and accounts in foreign currencies (FX) in the other financial result as of the reporting date.

Net income (including non-controlling interests) decreased to 30.5 MEUR (-6.4% versus Q1 2019: 32.6 MEUR), whereof 31.5 MEUR (Q1 2019: 33.6 MEUR) are attributable to the shareholders of the parent company and -1.0 MEUR (Q1 2019: -1.0 MEUR) to non-controlling interests.

Net worth position and capital structure

Total assets amounted to 7,147.5 MEUR (December 31, 2019: 7,234.1 MEUR). The equity ratio reached 16.8% (December 31, 2019: 16.9%).

Liquid funds amounted to 1,543.1 MEUR as of March 31, 2020 (as of the end of December 2019: 1,609.8 MEUR), while net liquidity amounted to 208.4 MEUR (as of the end of 2019: 244.9 MEUR).

In addition to the high liquidity, the ANDRITZ GROUP also had the following credit and surety lines for performance of contracts, down payments, guarantees, etc. at its disposal as of March 31, 2020:

- Credit lines: 363 MEUR, thereof 261 MEUR utilized
- Surety lines: 5,902 MEUR, thereof 2,977 MEUR utilized

Major risks during the remaining months of the financial year

Current risks

The global Covid-19 pandemic has had a significant adverse effect on the development of the global economy. According to forecasts by economic experts, the majority of countries and the largest economic regions will slide into a severe recession in the coming quarters. As it neither can be estimated today how the pandemic will continue to develop, nor when it will end, it is possible that the global economic weakness will also continue in 2021 and may even intensify. This could result in further negative effects on the development of sales and earnings in the ANDRITZ GROUP.

A detailed description of the strategic and operational risks is available in the ANDRITZ annual financial report for 2019, which also contains information on the internal control and risk management system.

OUTLOOK

On March 23, 2020, ANDRITZ suspended its financial guidance concerning the expected development of sales and earnings for 2020, as published during presentation of the results for 2019, due to the global Covid-19 pandemic and its related negative impact on the economy.

Economic experts currently expect a severe global recession as a result of the coronavirus crisis in 2020 and that all relevant economic regions, particularly the USA, China and Europe, will be impacted by it.

In view of these unchanged and difficult general economic conditions globally and the lack of visibility concerning further development of the coronavirus crisis, it is still not possible from today's perspective to provide reliable guidance on the expected development of the ANDRITZ GROUP's sales and earnings in 2020. As a result, the financial guidance for 2020 remains suspended.

In reaction to the negative economic impact of the coronavirus crisis, ANDRITZ has launched immediate adjustment measures focusing on achieving cost savings in the short term and optimizing cost structures in the medium term.

If the situation deteriorates during the remainder of the year, possible further capacitive adjustments that are necessary due to the market environment in individual business areas could lead to financial provisions for measures to reduce capacities. These provisions could have a negative effect on the ANDRITZ GROUP's earnings.

CONSOLIDATED INCOME STATEMENT

For the first quarter of 2020 (unaudited)

(in TEUR)	Q1 2020	Q1 2019
Sales	1,510,245	1,489,165
Changes in inventories of finished goods and work in progress	48,556	19,105
Capitalized cost of self-constructed assets	1,838	195
	1,560,639	1,508,465
Other operating income	29,272	20,718
Cost of materials	-784,197	-694,302
Personnel expenses	-492,905	-498,743
Other operating expenses	-200,162	-209,628
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	112,647	126,510
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	-58,820	-69,146
Impairment of goodwill	0	-4,500
Earnings Before Interest and Taxes (EBIT)	53,827	52,864
Result from associated companies and joint ventures	109	-19
Interest income	5,047	5,084
Interest expenses	-11,774	-12,902
Other financial result	-2,890	1,510
Financial result	-9,508	-6,327
Earnings Before Taxes (EBT)	44,319	46,537
Income taxes	-13,806	-13,915
NET INCOME	30,513	32,622
Thereof attributable to:		
Shareholders of the parent	31,472	33,643
Non-controlling interests	-959	-1,021
Weighted average number of no-par value shares	99,748,640	100,965,815
Basic earnings per no-par value share (in EUR)	0.32	0.33
Effect of potential dilution of share options	0	0
Weighted average number of no-par value shares and share options	99,748,640	100,965,815
Diluted earnings per no-par value share (in EUR)	0.32	0.33

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter of 2020 (condensed, unaudited)

(in TEUR)	Q1 2020	Q1 2019
NET INCOME	30,513	32,622
Items that may be reclassified to profit or loss:		
Currency translation adjustments of foreign operations, net of tax	-57,332	19,969
Result from cash flow hedges, net of tax	-983	-2,390
Result from associated companies, accounted for using the equity method, net of tax	-1	0
Items that will not be reclassified to profit or loss:		
Actuarial gains/losses, net of tax	18,814	-18,495
Result from fair value valuation of financial assets, net of tax	-19	-2,225
OTHER COMPREHENSIVE INCOME	-39,521	-3,141
TOTAL COMPREHENSIVE INCOME	-9,008	29,481
Thereof attributable to:		
Shareholders of the parent	-7,565	30,285
Non-controlling interests	-1,443	-804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2020 (unaudited)

(in TEUR)	March 31, 2020	December 31, 2019
ASSETS		
Intangible assets	296,697	309,197
Goodwill	776,068	776,915
Property, plant, and equipment	1,254,053	1,295,238
Shares in associated companies and joint ventures	4,908	4,802
Investments and other financial assets	114,094	109,241
Other receivables and assets	41,341	30,685
Deferred tax assets	176,580	179,457
Non-current assets	2,663,741	2,705,535
Inventories	895,125	842,389
Advance payments made	130,701	137,833
Trade accounts receivable	835,993	931,804
Contract assets	765,233	734,146
Receivables from current taxes	30,003	30,293
Other receivables and assets	373,538	336,017
Investments	356,397	304,045
Cash and cash equivalents	1,091,723	1,200,794
Assets held for sale	5,032	11,238
Current assets	4,483,745	4,528,559
TOTAL ASSETS	7,147,486	7,234,094
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	1,045,998	1,066,111
Equity attributable to shareholders of the parent	1,186,474	1,206,587
Non-controlling interests	11,503	12,972
Total shareholders' equity	1,197,977	1,219,559
Bank loans and other financial liabilities	1,225,873	1,227,044
Lease liabilities	199,135	213,714
Provisions	576,636	593,267
Other liabilities	57,453	43,164
Deferred tax liabilities	166,836	159,662
Non-current liabilities	2,225,933	2,236,851
Bank loans and other financial liabilities	117,506	132,437
Lease liabilities	51,890	46,394
Trade accounts payable	633,816	668,934
Contract liabilities from sales recognized over time	1,264,121	1,230,276
Contract liabilities from sales recognized at a point in time	255,165	231,962
Provisions	446,750	489,847
Liabilities for current taxes	28,589	37,830
Other liabilities	925,739	935,028
Liabilities relating to assets held for sale	0	4,976
Current liabilities	3,723,576	3,777,684
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,147,486	7,234,094

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter of 2020 (unaudited)

(in TEUR)	Q1 2020	Q1 2019
Earnings Before Taxes (EBT)	44,319	46,537
Interest result	6,727	7,818
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment	58,820	73,646
Result from associated companies and joint ventures	-109	19
Changes in provisions	-23,954	-24,979
Gains/losses from disposal of fixed and financial assets	-91	-420
Other non-cash income/expenses	2,461	-4,599
Gross cash flow	88,173	98,022
Changes in inventories	-62,969	-32,728
Changes in advance payments made	5,437	-23,728
Changes in receivables	17,673	42,522
Changes in contract assets	-41,051	14,362
Changes in contract liabilities from sales recognized over time	64,380	34,256
Changes in contract liabilities from sales recognized at a point in time	27,563	-7,277
Changes in liabilities	-16,461	-35,856
Change in net working capital	-5,428	-8,449
Interest received	4,239	3,924
Interest paid	-5,116	-5,918
Income taxes paid	-24,933	-31,588
CASH FLOW FROM OPERATING ACTIVITIES	56,935	55,991
Payments made for property, plant, and equipment and for intangible assets	-20,970	-24,140
Payments received for disposals of property, plant, and equipment and intangible assets	1,177	907
Payments made for non-current and current financial assets	-159,840	-89,520
Payments received for disposal of non-current and current financial assets	102,631	58,936
CASH FLOW FROM INVESTING ACTIVITIES	-77,002	-53,817
Payments received from bank loans and other financial liabilities	9,065	170,676
Payments made for bank loans, other financial liabilities, and lease liabilities	-35,175	-22,779
Dividends paid to non-controlling interest holders and former shareholders	-26	0
Purchase of treasury shares	-12,921	-561
CASH FLOW FROM FINANCING ACTIVITIES	-39,057	147,336
CHANGES IN CASH AND CASH EQUIVALENTS	-59,124	149,510
Currency translation adjustments	-49,843	13,410
Changes in consolidation scope	-104	0
Cash and cash equivalents at the beginning of the period	1,200,794	858,758
Cash and cash equivalents at the end of the period	1,091,723	1,021,678

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter of 2020 (unaudited)

(in TEUR)	Attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity	
	Share capital	Capital reserves	Other retained earnings	Fair value reserve	Actuarial gains/ losses	Currency translation adjustments	Treasury shares			Total
BALANCE AS OF JANUARY 1, 2019	104,000	36,476	1,445,685	8,531	-82,140	-66,326	-130,934	1,315,292	15,504	1,330,796
Net income			33,643					33,643	-1,021	32,622
Other comprehensive income				-4,616	-18,494	19,752		-3,358	217	-3,141
Total comprehensive income			33,643	-4,616	-18,494	19,752		30,285	-804	29,481
Dividends			-156,491					-156,491		-156,491
Changes in treasury shares							-561	-561		-561
Changes concerning share option programs			897					897		897
Changes in consolidation type					-89			-89		-89
BALANCE AS OF MARCH 31, 2019	104,000	36,476	1,323,734	3,915	-100,723	-46,574	-131,495	1,189,333	14,700	1,204,033
BALANCE AS OF JANUARY 1, 2020	104,000	36,476	1,413,451	-5,256	-102,880	-70,221	-168,983	1,206,587	12,972	1,219,559
Net income			31,472					31,472	-959	30,513
Other comprehensive income				-1,001	18,814	-56,850		-39,037	-484	-39,521
Total comprehensive income			31,472	-1,001	18,814	-56,850		-7,565	-1,443	-9,008
Dividends									-26	-26
Changes in treasury shares							-12,921	-12,921		-12,921
Changes concerning share option programs			373					373		373
BALANCE AS OF MARCH 31, 2020	104,000	36,476	1,445,296	-6,257	-84,066	-127,071	-181,904	1,186,474	11,503	1,197,977

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