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EANS-News: ANDRITZ GROUP: Results for Q1 2019

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Quarterly Report

Graz -

MAY 2, 2019. International technology Group ANDRITZ saw satisfactory business development overall in the first quarter of 2019. Order intake amounted to just under 1.7 billion euros and was thus approximately 8% higher than the previous year's reference period. Sales and EBITA each increased by around 15%.

The key financial figures developed as follows:

- * At 1,658.1 million euros (MEUR), order intake reached a good level and was 8.2% higher than the figure for the previous year's reference period (Q1 2018: 1,532.8 MEUR). The Pulp & Paper business area was mainly responsible for this increase and succeeded in enhancing its order intake by over 75% compared to the previous year's reference figure. A decline was noted in the order intake by the Hydro and Metals business areas, which were both confronted with a continuing difficult market environment.
- * The order backlog as of March 31, 2019, amounted to 7,260.9 MEUR and has thus risen further compared to the end of 2018 (December 31, 2018: 7,084.3 MEUR).
- * Sales saw favorable development and were 15.4% higher than the previous year's reference period at 1,489.2 (Q1 2018: 1,291.0 MEUR). With the exception of Hydro, all business areas were able to achieve an increase in sales - in some cases substantially - compared to last year's reference figures.
- * EBITA increased in line with sales and reached 82.8 MEUR (+15.5% compared to Q1 2018: 71.7 MEUR). As a result, the Group's profitability (EBITA margin) remained unchanged at 5.6% (Q1 2018: 5.6%). While the Pulp & Paper business area was able to achieve a significant increase in earnings and profitability compared to the reference figures of the previous year, the EBITA in the Metals business area dropped considerably. The main reasons for this are processing of low-margin projects on the one hand and under-utilization in the Metals Forming sector on the other hand.
- * The EBIT decreased from 64.4 MEUR to 52.9 MEUR, mainly as a result of increased depreciation and amortization of intangible assets (including goodwill impairment in the amount of 4.5 MEUR).
- * The financial result decreased to -6.4 MEUR due to the lower average net liquidity compared to the previous year as well as interest expenses for the Schulscheindarlehen issued in the third quarter of 2018 (Q1 2018: -1.4 MEUR). As a result, net income (without non-controlling interests) declined to 33.6 MEUR (Q1 2018: 44.0 MEUR).

OUTLOOK FOR 2019: SIGNIFICANT INCREASE IN SALES, UNCHANGED PROFITABILITY

From today's perspective, the ANDRITZ GROUP continues to expect a significant increase in sales for the 2019 business year compared to the previous year. The main reasons for this are the continuing positive trend in orders and the resulting high order backlog as of the end of March 2019 as well as the sales contributions made by the companies acquired in 2018.

In terms of profitability, ANDRITZ now only expects a largely unchanged operative EBITA margin from today's perspective compared to the previous year (EBITA margin 2018 before extraordinary items: 6.9%). The reason for this is

improvements not being realized in the Metals Forming sector as well as slightly lower profitability in the Pulp & Paper business area compared to the extraordinarily high level in the previous year.

Wolfgang Leitner, President & CEO of ANDRITZ AG: "Business development in the first quarter was satisfactory and in line, by and large, with our expectations. As we expect the global automotive market to remain weak in the medium term, in the next few weeks we will extensively evaluate the need to implement possible restructuring measures in the Metals Forming sector. The goal is the sustained adjustment of capacities and cost structures to the difficult market conditions and thus to ensure the competitiveness of our products on the market.

KEY FINANCIAL FIGURES AT A GLANCE

	Unit	Q1_2019	Q1_2018	+/-	2018	
Sales	MEUR	1,489.2	1,291.0	+15.4%	6,031.5	
-Hydro	MEUR	338.5	349.8	-3.2%	1,517.5	
-Pulp_&_Paper	MEUR	602.7	458.9	+31.3%	2,233.2	
-Metals	MEUR	387.8	347.5	+11.6%	1,635.1	
-Separation	MEUR	160.2	134.8	+18.8%	645.7	
Order_intake	MEUR	1,658.1	1,532.8	+8.2%	6,646.2	
-Hydro	MEUR	313.9	434.8	-27.8%	1,445.8	
-Pulp_&_Paper	MEUR	806.9	457.4	+76.4%	2,571.9	
-Metals	MEUR	348.1	467.8	-25.6%	1,931.8	
-Separation	MEUR	189.2	172.8	+9.5%	696.7	
Order backlog	MEUR	7,260.9	6,553.2	+10.8%	7,084.3	
(as_of_end_of_period)						
EBITDA	MEUR	126.5	93.8	+34.9%	498.0	
EBITDA_margin	%	8.5	7.3		8.3	
EBITA	MEUR	82.8	71.7	+15.5%	394.3	
EBITA_margin	%	5.6	5.6		6.5	
Earnings Before Interest	MEUR	52.9	64.4	-17.9%	321.6	
and_Taxes_(EBIT)						
Financial_result	MEUR	-6.4	-1.4	-357.1%	-17.4	
Earnings_Before_Taxes_(EBT)	MEUR	46.5	63.0	-26.2%	304.2	
Net income	MEUR	33.6	44.0	-23.6%	222	
(without_non-controlling_interests)						
Cash flow from	MEUR	56.0	-23.4	+339.3%	7.8	
operating_activities						
Capital_expenditure	MEUR	25.4	22.5	+12.9%	137	
Employees						
(as_of_end_of_period;		-	29,398	25,822	+13.8%	29,096
without_apprentices)						

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. EUR = euros.

- End -

ANDRITZ GROUP

ANDRITZ is an international technology group providing plants, systems, equipment, and services for various industries. The company is one of the technology and global market leaders in the hydropower business, the pulp and paper industry, the metal working and steel industries, and in solid/liquid separation in the municipal and industrial segments. Other important fields of business are animal feed and biomass pelleting, as well as automation, where ANDRITZ offers a wide range of innovative products and services in the IIoT (Industrial Internet of Things) sector under the brand name of Metris. In addition, the company is active in power generation (steam boiler plants, biomass power plants, recovery boilers, and gasification plants) and environmental technology (flue gas and exhaust gas cleaning plants) and offers equipment for the production of nonwovens, dissolving pulp, and panelboard, as well as recycling plants.

ANDRITZ stands for passion, partnership, perspectives and versatility - core values to which the company is committed. The listed Group is headquartered in

Graz, Austria. With almost 170 years of experience, over 29,000 employees, and more than 280 locations in over 40 countries worldwide, ANDRITZ is a reliable and competent partner and helps its customers to achieve their corporate and sustainability goals.

ANNUAL AND FINANCIAL REPORTS

Annual and Financial reports are available for download at the ANDRITZ web site [andritz.com \[http://www.andritz.com/\]](http://www.andritz.com/), and printed editions can be requested free of charge by e-mail to [investors@andritz.com \[investors@andritz.com\]](mailto:investors@andritz.com).

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Certain statements contained in this press release constitute "forward-looking statements". These statements, which contain the words "believe," "intend," "expect," and words of a similar meaning, reflect the Executive Board's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

Further inquiry note:

Dr. Michael Buchbauer

Head of Investor Relations

Tel.: +43 316 6902 2979

Fax: +43 316 6902 465

<mailto:michael.buchbauer@andritz.com>

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euro adhoc

issuer: Andritz AG
Stattegger Straße 18
A-8045 Graz
phone: +43 (0)316 6902-0
FAX: +43 (0)316 6902-415
mail: welcome@andritz.com
WWW: www.andritz.com
ISIN: AT0000730007
indexes: WBI, ATX
stockmarkets: Wien
language: English

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