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EANS-News: ANDRITZ GROUP: Results for Q3 / Q1-Q3 2019

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Quarterly Report

Graz -

NOVEMBER 6, 2019. International technology Group ANDRITZ achieved a considerable increase both in order intake and in sales in the third quarter of 2019 compared to the figures for the previous year's reference period. The order backlog reached a new record high. As expected, earnings (EBITA) were significantly below the level of the previous year's reference period due to the measures announced at the end of July for restructuring of the Metals Forming sector. Excluding this extraordinary effect, profitability (EBITA margin) remained at the same solid level as in the previous year's reference period.

The Group's financial key figures:

* In the third quarter of 2019, order intake at 2,093.9 MEUR was 42.6% higher than the figure for the previous year's reference period (Q3 2018: 1,468.7 MEUR), thus continuing the favorable development of the preceding quarters (Q1 2019: 1,658.1 MEUR; Q2 2019: 2,047.1 MEUR). This is attributable predominantly to the Pulp & Paper business area, which was able to more than double its order intake compared to the previous year due to a large-scale order to deliver pulp production technologies. Order intake in the other business areas was approximately the same as or just below the level of the previous year's reference period, thus reflecting the moderate general economic situation. As a result, order intake in the first three quarters of 2019 developed very favorably, rising to 5,799.1 MEUR (+22.4% compared to Q1-Q3 2018: 4,738.0 MEUR).

* The order backlog as of September 30, 2019 amounted to 8,120.7 MEUR, thus reaching its highest level in the company's history (+14.6% compared to the end of 2018: 7,084.3 MEUR).

* Sales rose significantly by 17.6% to 1,690.2 MEUR (Q3 2018: 1,437.7 MEUR) in the third quarter of 2019. The Pulp & Paper business area made a substantial contribution towards this, recording a significant increase in sales due to the favorable development of order intake in the preceding quarters. Sales in the first three quarters of 2019, at 4,752.6 MEUR, were also considerably higher than the previous year's reference figure (+13.1% versus Q1-Q3 2018: 4,200.8 MEUR).

* As expected, the EBITA for the third quarter, at 6.4 MEUR, was significantly lower than the figure for the previous year's reference period (85.9 MEUR). This is due to restructuring measures in the Metals Forming (Schuler) sector resulting from the weak international automotive market as well as measures for smaller capacity adjustments in the other business areas. Excluding these extraordinary effects of around 95 MEUR, the EBITA in the third quarter was 101.7 MEUR, and profitability (EBITA margin) at 6.0% reached the same level as in the previous year's reference period (Q3 2018: 6.0%). The EBITA in the first three quarters of 2019 amounted to 183.9 MEUR (-27.1% compared to Q1-Q3 2018: 252.2 MEUR).

* As also announced at the end of July 2019, impairment of goodwill was made in the amount of approximately 25 MEUR during the reporting quarter.

* The net income (without non-controlling interests) fell to -31.0 MEUR (Q3 2018: 56.4 MEUR) in the third quarter of 2019 due to the extraordinary measures, goodwill impairment and the significantly lower financial result in

the third quarter of 2019. In the first three quarters of 2019, the net income (without non-controlling interests) amounted to 46.5 MEUR (Q1-Q3 2018: 157.0 MEUR).

OUTLOOK

Regarding expectations for the 2019 business year as a whole, ANDRITZ confirms its guidance and expects a significant increase in sales compared to the previous year. In terms of profitability, ANDRITZ expects an unchanged operative EBITA margin before extraordinary effects of approximately 6.9% (EBITA margin 2018 before extraordinary effects: 6.9%).

Wolfgang Leitner, President and CEO of ANDRITZ AG. "In view of the weak global economy, the record order backlog of more than 8.1 billion euros provides a good basis for sales development in the coming year. Our main goals for 2020 are to process the high order backlog on schedule although it is distributed very unevenly over the business areas, implement the adjustment measures announced in the Metals Forming sector, and further optimize our cost structures in order to enhance our competitiveness."

KEY FINANCIAL FIGURES AT A GLANCE

	Unit	Q1-Q3 2019	Q1-Q3 2018	+/-	Q3 2019	Q3 2018	+/-	2018
		2019	2018					
Sales	MEUR	4,752.6	4,200.8	+13.1%	1,690.2	1,437.7	+17.6%	6,031.5
- Hydro	MEUR	1,026.8	1,085.8	-5.4%	351.2	361.5	-2.8%	1,517.5
- Pulp & Paper	MEUR	2,060.9	1,523.2	+35.3%	750.6	513.7	+46.1%	2,233.2
- Metals	MEUR	1,181.4	1,142.7	+3.4%	422.7	400.3	+5.6%	1,635.1
- Separation	MEUR	483.5	449.1	+7.7%	165.7	162.2	+2.2%	645.7
Order intake	MEUR	5,799.1	4,738.0	+22.4%	2,093.9	1,468.7	+42.6%	6,646.2
- Hydro	MEUR	944.8	1,056.2	-10.5%	343.0	303.1	+13.2%	1,445.8
- Pulp & Paper	MEUR	3,089.0	1,726.4	+78.9%	1,163.3	545.5	+113.3%	2,571.9
- Metals	MEUR	1,238.8	1,403.3	-11.7%	429.0	456.6	-6.0%	1,931.8
- Separation	MEUR	526.5	552.1	-4.6%	158.6	163.5	-3.0%	696.7
Order backlog (as of end of period)	MEUR	8,120.7	6,882.8	+18.0%	8,120.7	6,882.8	+18.0%	7,084.3
EBITDA	MEUR	329.9	321.2	+2.7%	67.2	109.5	-38.6%	498.0
EBITDA margin %		6.9	7.6	-	4.0	7.6	-	8.3
EBITA	MEUR	183.9	252.2	-27.1%	6.4	85.9	-92.5%	394.3
EBITA margin %		3.9	6.0	-	0.4	6.0	-	6.5
Earnings Before Interest and Taxes (EBIT)	MEUR	93.8	229.3	-59.1%	-35.1	76.4	-145.9%	321.6
Financial result	MEUR	-35.7	-5.8	-515.5%	-14.9	4.2	-454.8%	-17.4
Earnings Before Taxes (EBT)	MEUR	58.1	223.5	-74.0%	-50.0	80.6	-162.0%	304.2
Net income (without non-controlling interests)	MEUR	46.5	157.0	-70.4%	-31.0	56.4	-155.0%	222.0
Cash flow from operating activities	MEUR	439.2	-85.0	+616.7%	167.3	16.2	+932.7%	7.8
Capital expenditure	MEUR	96.9	69.3	+39.8%	34.9	22.1	+57.9%	137.0
Employees (as of end of period; without apprentices)		- 29,690	26,397	+12.5%	29,690	26,397	+12.5%	29,096

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, 29,700 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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