



INTERIM
FINANCIAL REPORT 2021
FIRST QUARTER



ANDRITZ

ENGINEERED SUCCESS

Key financial figures at a glance

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KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	Q1 2021	Q1 2020	+/-	2020
Order intake	MEUR	1,729.5	1,852.9	-6.7%	6,108.0
Order backlog (as of end of period)	MEUR	7,071.3	7,924.6	-10.8%	6,774.0
Revenue	MEUR	1,493.2	1,510.2	-1.1%	6,699.6
EBITDA	MEUR	151.1	112.6	+34.2%	571.1
EBITA ¹⁾	MEUR	110.9	70.1	+58.2%	391.7
EBITA margin	%	7.4	4.6	-	5.8
Earnings Before Interest and Taxes (EBIT)	MEUR	96.4	53.8	+79.2%	315.0
Earnings Before Taxes (EBT)	MEUR	84.0	44.3	+89.6%	280.9
Net income (including non-controlling interests)	MEUR	61.0	30.5	+100.0%	203.7
Net income (without non-controlling interests)	MEUR	62.1	31.5	+97.1%	207.1
Cash flow from operating activities	MEUR	69.2	56.9	+21.6%	461.5
Capital expenditure	MEUR	31.9	29.9	+6.7%	131.8
Employees (as of end of period; without apprentices)	-	26,952	28,411	-5.1%	27,232
Total assets	MEUR	7,031.2	7,147.5	-1.6%	7,056.7
Equity ratio	%	17.5	16.8	-	17.8
Liquid funds	MEUR	1,652.3	1,543.1	+7.1%	1,719.3
Net liquidity	MEUR	365.9	208.4	+75.6%	420.9
Net working capital	MEUR	-56.8	-122.9	+53.8%	-48.8

1) Amortization and impairment of identifiable assets acquired in a business combination and recognized separately from goodwill amount to 14.5 MEUR (Q1 2020: 16.2 MEUR; 2020: 72.0 MEUR); impairment of goodwill amounts to 0.0 MEUR (Q1 2020: 0.0 MEUR; 2020: 4.7 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

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

Pulp & Paper

	Unit	Q1 2021	Q1 2020	+/-	2020
Order intake	MEUR	845.5	1,078.2	-21.6%	2,961.1
Order backlog (as of end of period)	MEUR	2,729.7	3,406.3	-19.9%	2,591.0
Revenue	MEUR	710.9	713.3	-0.3%	3,339.0
EBITDA	MEUR	87.3	81.2	+7.5%	399.6
EBITDA margin	%	12.3	11.4	-	12.0
EBITA	MEUR	68.8	61.8	+11.3%	322.7
EBITA margin	%	9.7	8.7	-	9.7
Employees (as of end of period; without apprentices)	-	11,304	11,274	+0.3%	11,127

Metals

	Unit	Q1 2021	Q1 2020	+/-	2020
Order intake	MEUR	429.1	361.5	+18.7%	1,143.6
Order backlog (as of end of period)	MEUR	1,307.1	1,531.3	-14.6%	1,181.6
Revenue	MEUR	316.1	355.2	-11.0%	1,420.5
EBITDA	MEUR	18.6	-2.4	+875.0%	5.5
EBITDA margin	%	5.9	-0.7	-	0.4
EBITA	MEUR	8.9	-13.0	+168.5%	-46.7
EBITA margin	%	2.8	-3.7	-	-3.3
Employees (as of end of period; without apprentices)	-	6,295	7,134	-11.8%	6,513

Hydro

	Unit	Q1 2021	Q1 2020	+/-	2020
Order intake	MEUR	284.3	245.5	+15.8%	1,335.4
Order backlog (as of end of period)	MEUR	2,595.2	2,551.4	+1.7%	2,587.9
Revenue	MEUR	316.0	298.2	+6.0%	1,296.0
EBITDA	MEUR	27.7	23.8	+16.4%	98.5
EBITDA margin	%	8.8	8.0	-	7.6
EBITA	MEUR	19.0	14.8	+28.4%	62.0
EBITA margin	%	6.0	5.0	-	4.8
Employees (as of end of period; without apprentices)	-	6,771	7,217	-6.2%	6,941

Separation

	Unit	Q1 2021	Q1 2020	+/-	2020
Order intake	MEUR	170.6	167.7	+1.7%	667.9
Order backlog (as of end of period)	MEUR	439.3	435.6	+0.8%	413.5
Revenue	MEUR	150.2	143.5	+4.7%	644.1
EBITDA	MEUR	17.5	10.0	+75.0%	67.5
EBITDA margin	%	11.7	7.0	-	10.5
EBITA	MEUR	14.2	6.5	+118.5%	53.7
EBITA margin	%	9.5	4.5	-	8.3
Employees (as of end of period; without apprentices)	-	2,582	2,786	-7.3%	2,651

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

Economic development in the world's main economic regions in the first quarter of 2021 was negatively impacted by the economic crisis caused by the Covid-19 pandemic, although there were very different regional developments. While China recorded a strong economic recovery – mainly driven by a boom in exports – and the USA was also able to make up ground in its recovery due to a billion-dollar economic stimulus package, the European economy continued to see very moderate development. Rising numbers of infection and setbacks in vaccinations prevented a further opening of the economy, which particularly affected the service sector in the first quarter. Conversely, industrial production increased significantly – mainly supported by demand from abroad – during the reporting period, even reaching the level prevailing before the pandemic. The economic situation in many emerging countries such as Brazil or India, which are still suffering severely under the pandemic, remains very tense.

Source: Research reports by various banks, OECD

BUSINESS DEVELOPMENT

Order intake

The order intake of the Group developed favorably in the first quarter of 2021 in spite of the unchanged, difficult general economic conditions and, at 1,729.5 MEUR, was only 6.7% lower than the high figure for the previous year's reference period (Q1 2020: 1,852.9 MEUR), which included a larger order. In particular, the Metals and Hydro business areas were able to increase their order intake significantly compared to the previous year's reference period.

The business areas' development in detail:

- Pulp & Paper: The order intake amounted to 845.5 MEUR and thus was 21.6% below the very high level of the previous year's reference period (Q1 2020: 1,078.2 MEUR), which included a large order to supply energy-efficient and environmentally leading equipment and processes for a new pulp mill in South America.
- Metals: The order intake reached a solid level at 429.1 MEUR and increased significantly compared to the previous year's reference figure (+18.7% versus Q1 2020: 361.5 MEUR). This is largely attributable to the Metals Processing sector, which was able to increase order intake – due to brisk project and investment activity by international steel producers – compared to the previous year's reference period. Order intake in the Metals Forming (Schuler) sector saw largely stable development compared to the previous year's reference period.
- Hydro: At 284.3 MEUR, the order intake was significantly higher than the figure for the previous year's reference period (+15.8% versus Q1 2020: 245.5 MEUR). In addition to the receipt of some smaller and medium-sized orders, the service business also contributed to this increase.
- Separation: Order intake amounted to 170.6 MEUR and was thus practically at the level of the previous year's reference period (+1.7% versus Q1 2020: 167.7 MEUR).

Revenue

Revenue of the ANDRITZ GROUP amounted to 1,493.2 MEUR in the first quarter of 2021 and thus was only slightly lower compared to the previous year's reference figure (-1.1% versus Q1 2020: 1,510.2 MEUR). All projects were executed largely on schedule despite the unchanged prevailing global travel restrictions caused by the Covid-19 pandemic. While the Hydro (+6.0%) and Separation (+4.7%) business areas recorded an increase in revenue compared to the previous year, revenue in the Metals (-11.0%) business area declined compared to the previous year as a result of the sharp decline in order intake in the past few quarters. The Pulp & Paper business area (-0.3%) saw largely stable revenue development compared to the previous year's reference period.

The business areas' sales development at a glance:

	Unit	Q1 2021	Q1 2020	+/-
Pulp & Paper	MEUR	710.9	713.3	-0.3%
Metals	MEUR	316.1	355.2	-11.0%
Hydro	MEUR	316.0	298.2	+6.0%
Separation	MEUR	150.2	143.5	+4.7%

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

	Q1 2021	Q1 2020
ANDRITZ GROUP	37	38
Pulp & Paper	41	45
Metals	25	23
Hydro	35	33
Separation	51	52

Earnings

The operating result (EBITA) of the Group increased significantly in the first quarter of 2021, reaching 110.9 MEUR (+58.2% versus Q1 2020: 70.1 MEUR) in spite of the slightly reduced revenue compared to the previous year. As a result, profitability (EBITA margin) increased significantly to 7.4% (Q1 2020: 4.6%). This is mainly due to continuing good business development in the Pulp & Paper business area, which succeeded in increasing its profitability compared to the previous year although revenue remained stable. Furthermore, earnings in the Metals business area improved significantly, above all due to the positive impact of the cost adjustment measures implemented in the previous year.

Development by business area:

- In the Pulp & Paper business area, profitability reached a very high level once again at 9.7% (Q1 2020: 8.7%). Both capital and service business saw very favorable development.
- The EBITA margin in the Metals business area improved significantly and increased to 2.8% (Q1 2020: -3.7%). This development is mainly due to the positive impact of the cost adjustment measures implemented in Metals Forming (Schuler) in the previous year. Metals Processing also saw solid earnings development.
- The EBITA margin in the Hydro business area amounted to 6.0% (Q1 2020: 5.0%).

- In the Separation business area, profitability continued to develop very favorably and increased to 9.5% (Q1 2020: 4.5%).

The financial result decreased to -12.4 MEUR (Q1 2020: -9.5 MEUR). This decline is mainly due to the other financial result (dividend payment of approximately 6.5 MEUR by a subsidiary to minority shareholders).

Net income (including non-controlling interests) increased significantly to 61.0 MEUR (+100.0% versus Q1 2020: 30.5 MEUR), whereof 62.1 MEUR (Q1 2020: 31.5 MEUR) are attributable to the shareholders of the parent company and -1.1 MEUR (Q1 2020: -1.0 MEUR) to non-controlling interests.

Net worth position and capital structure

Total assets amounted to 7,031.2 MEUR as of March 31, 2021 (December 31, 2020: 7,056.7 MEUR). The equity ratio reached 17.5% (December 31, 2020: 17.8%).

Liquid funds amounted to 1,652.3 MEUR as of March 31, 2021 (as of the end of December 2020: 1,719.3 MEUR), while net liquidity amounted to 365.9 MEUR (as of the end of 2020: 420.9 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, 2021:

- Credit lines: 328.7 MEUR, thereof 212.6 MEUR utilized
- Surety lines: 5,670.7 MEUR, thereof 2,701.6 MEUR utilized

Major risks during the remaining months of the financial year

Current risks

The Covid-19 crisis and its impact on the global economy as well as on the markets served by ANDRITZ present considerable and substantial risks for the business development of the ANDRITZ GROUP. Both the industrialized countries and also the emerging economies like Brazil or India have been and still are severely affected by the Covid-19 pandemic. Since neither the further development of the pandemic nor its end can be estimated from today's perspective, it cannot be ruled out that the global economy will weaken significantly again in the coming months and quarters or that the recovery currently expected by economic researchers will not materialize. This could result in further negative effects on the development of revenue and earnings in the ANDRITZ GROUP.

A detailed description of the strategic and operational risks as well as information on the internal control and risk management system are available in the ANDRITZ Annual Financial Report for 2020.

OUTLOOK

Following a subdued first quarter of 2021 due to the Covid-19 pandemic, leading economic experts and forecasting institutes expect the global economy to recover in the coming quarters. By far the largest share of global economic growth in 2021 is expected to take place in China, which has seen strong growth since the start of the year, based on a significant rise in exports. Economic forecasts for the USA have also improved substantially as a result of the extensive economic stimulus package launched by the government. On the other hand, the economic prospects in Europe continue to be subdued, but should also improve in the course of the year – according to economic experts – as vaccination programs make greater progress. However, the extent and speed of economic recovery depends very much on how the pandemic continues to develop.

For the full year 2021, ANDRITZ confirms the expectations given in March 2021 on the occasion of the release of the 2020 financial figures and expects – due to a reduced order intake in 2020 – a slight decline in revenue (2020: 6,699.6 MEUR) compared to the previous year and an increase in EBITA reported (2020: 391.7 MEUR) for the full year of 2021. EBITA adjusted by extraordinary items is expected to be stable compared to the previous year (EBITA adjusted for 2020: 471.1 MEUR), depending on how revenue develops.

If the global economic recovery expected by market researchers for 2021 is delayed or the pandemic intensifies again, this may result in negative effects on the processing of orders and on order intake and hence, a negative impact on ANDRITZ's financial development. This could lead to capacity adjustments – financial provisions for additional adjustment measures in individual business areas – which could have a negative impact on the ANDRITZ GROUP's earnings.

CONSOLIDATED INCOME STATEMENT

For the first quarter of 2021 (unaudited)

(in MEUR)	Q1 2021	Q1 2020
Revenue	1,493.2	1,510.2
Changes in inventories of finished goods and work in progress	31.3	48.6
Other own work capitalized	0.8	1.8
Other income	24.1	29.3
Cost of materials	-776.6	-784.2
Personnel expenses	-450.3	-492.9
Other expenses	-171.4	-200.2
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	151.1	112.6
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	-54.7	-58.8
Earnings Before Interest and Taxes (EBIT)	96.4	53.8
Result from investments accounted for using the equity method	-0.8	0.1
Interest income	5.2	5.1
Interest expense	-9.8	-11.8
Other financial result	-7.0	-2.9
Financial result	-12.4	-9.5
Earnings Before Taxes (EBT)	84.0	44.3
Income taxes	-23.0	-13.8
NET INCOME	61.0	30.5
Net income attributable to owners of the parent	62.1	31.5
Net income allocated to non-controlling interests	-1.1	-1.0
Basic earnings per no-par value share (in EUR)	0.63	0.32
Diluted earnings per no-par value share (in EUR)	0.62	0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter of 2021 (condensed, unaudited)

(in MEUR)	Q1 2021	Q1 2020
NET INCOME	61.0	30.5
Remeasurement of defined benefit plans	11.5	18.8
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	1.1	0.0
Other comprehensive income (after income taxes) that will not be reclassified to the income statement in subsequent periods	12.6	18.8
Currency translation of foreign operations	15.5	-57.3
Cash flow hedges	-15.0	-1.0
Other comprehensive income (after income taxes) which can be reclassified to the income statement in subsequent periods	0.5	-58.3
OTHER COMPREHENSIVE INCOME (AFTER INCOME TAXES)	13.1	-39.5
TOTAL COMPREHENSIVE INCOME	74.1	-9.0
Total comprehensive income attributable to owners of the parent	75.2	-7.5
Total comprehensive income allocated to non-controlling interests	-1.1	-1.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2021 (unaudited)

(in MEUR)	March 31, 2021	December 31, 2020
ASSETS		
Property, plant, and equipment	1,174.6	1,170.1
Goodwill	777.9	760.0
Intangible assets other than goodwill	232.1	223.8
Investments accounted for using the equity method	12.1	5.5
Investments and other financial assets	85.1	84.4
Other receivables and assets	37.9	46.0
Deferred tax assets	198.7	207.7
Non-current assets	2,518.4	2,497.5
Inventories	809.6	761.2
Advance payments made	145.7	143.5
Trade accounts receivable	728.2	818.3
Contract assets	848.0	795.6
Current tax assets	19.8	17.5
Other receivables and assets	387.6	377.2
Investments	582.3	486.3
Cash and cash equivalents	990.0	1,158.0
Assets held for sale	1.6	1.6
Current assets	4,512.8	4,559.2
TOTAL ASSETS	7,031.2	7,056.7
EQUITY AND LIABILITIES		
Share capital	104.0	104.0
Capital reserves	36.5	36.5
Retained earnings and other reserves	1,093.6	1,117.1
Equity attributable to owners of the parent	1,234.1	1,257.6
Non-controlling interests	-3.5	-1.9
Total equity	1,230.6	1,255.7
Bank loans and other financial liabilities	1,204.8	1,205.1
Lease liabilities	187.0	184.4
Provisions for employee benefits	436.5	453.9
Provisions	157.6	153.1
Other liabilities	29.6	28.4
Deferred tax liabilities	139.6	145.0
Non-current liabilities	2,155.1	2,169.9
Bank loans and other financial liabilities	82.9	95.2
Lease liabilities	42.9	48.3
Trade accounts payable	691.9	749.7
Contract liabilities from sales recognized over time	904.4	895.7
Contract liabilities from sales recognized at a point in time	264.5	256.6
Provisions	525.5	537.9
Current tax liabilities	56.9	65.2
Other liabilities	1,076.5	982.5
Current liabilities	3,645.5	3,631.1
TOTAL EQUITY AND LIABILITIES	7,031.2	7,056.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter of 2021 (unaudited)

(in MEUR)	Q1 2021	Q1 2020
Net income	61.0	30.5
Income taxes	23.0	13.8
Interest result	4.6	6.7
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment	54.7	58.8
Result from investments accounted for using the equity method	0.8	-0.1
Changes in provisions	-15.5	-24.0
Gains/losses from disposal of fixed and financial assets	0.7	-0.1
Other non-cash income/expenses	9.7	2.5
Gross cash flow	139.0	88.1
Change in net working capital	-36.5	-5.4
Interest received	5.1	4.2
Interest paid	-6.2	-5.1
Dividends received	0.1	0.0
Income taxes paid	-32.3	-24.9
CASH FLOW FROM OPERATING ACTIVITIES	69.2	56.9
Payments made for property, plant, and equipment and for intangible assets	-20.5	-21.0
Payments received for disposals of property, plant, and equipment and intangible assets	1.6	1.2
Payments made for non-current and current financial assets	-153.6	-159.8
Payments received for disposal of non-current and current financial assets	63.2	102.6
Payments made for investments accounted for using the equity method	-7.5	0.0
Net cash flow from company acquisitions	-27.2	0.0
CASH FLOW FROM INVESTING ACTIVITIES	-144.0	-77.0
Payments received from bank loans and other financial liabilities	2.8	9.1
Payments made for bank loans, other financial liabilities, and lease liabilities	-28.0	-35.2
Dividends paid	-79.6	0.0
Purchase of non-controlling interests and payments to former shareholders	-0.7	0.0
Purchase of treasury shares	0.0	-12.9
CASH FLOW FROM FINANCING ACTIVITIES	-105.5	-39.0
CHANGES IN CASH AND CASH EQUIVALENTS	-180.3	-59.1
Currency translation adjustments	11.3	-49.9
Changes in consolidation scope	1.0	-0.1
Cash and cash equivalents at the beginning of the period	1,158.0	1,200.8
Cash and cash equivalents at the end of the period	990.0	1,091.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter of 2021 (unaudited)

(in MEUR)	Attributable to owners of the parent							Non-controlling interests	Total equity	
	Share capital	Capital reserves	Retained earnings	Fair value reserve	Reserve of remeasurements of defined benefit plans	Reserve of exchange differences on translation	Treasury shares	Total		
BALANCE AS OF JANUARY 1, 2020	104.0	36.5	1,413.5	-5.3	-102.9	-70.2	-169.0	1,206.6	13.0	1,219.6
Net income			31.5					31.5	-1.0	30.5
Other comprehensive income				-1.0	18.8	-56.8		-39.0	-0.5	-39.5
Total comprehensive income			31.5	-1.0	18.8	-56.8		-7.5	-1.5	-9.0
Change in treasury shares							-12.9	-12.9		-12.9
Change from share option programs			0.3					0.3		0.3
BALANCE AS OF MARCH 31, 2020	104.0	36.5	1,445.3	-6.3	-84.1	-127.0	-181.9	1,186.5	11.5	1,198.0
BALANCE AS OF JANUARY 1, 2021	104.0	36.5	1,566.0	9.9	-106.0	-167.7	-185.1	1,257.6	-1.9	1,255.7
Net income			62.1					62.1	-1.1	61.0
Other comprehensive income				-13.9	11.5	15.5		13.1		13.1
Total comprehensive income			62.1	-13.9	11.5	15.5		75.2	-1.1	74.1
Dividends			-99.3					-99.3	-0.5	-99.8
Change from share option programs			0.6					0.6		0.6
Transfers and other changes			-1.3			1.3				
BALANCE AS OF MARCH 31, 2021	104.0	36.5	1,528.1	-4.0	-94.5	-150.9	-185.1	1,234.1	-3.5	1,230.6

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