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INTERIM
FINANCIAL REPORT
Q1 2022

ANDRITZ

ENGINEERED SUCCESS

Key financial figures at a glance

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KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	Q1 2022	Q1 2021	+/-	2021
Order intake	MEUR	2,588.6	1,729.5	+49.7%	7,879.7
Order backlog (as of end of period)	MEUR	9,435.1	7,071.3	+33.4%	8,165.8
Revenue	MEUR	1,526.9	1,493.2	+2.3%	6,463.0
EBITDA	MEUR	163.4	151.1	+8.1%	718.3
EBITA ¹⁾	MEUR	122.3	110.9	+10.3%	546.5
EBITA margin	%	8.0	7.4	-	8.5
Earnings Before Interest and Taxes (EBIT)	MEUR	106.3	96.4	+10.3%	479.6
Earnings Before Taxes (EBT)	MEUR	95.6	84.0	+13.8%	439.6
Net income (including non-controlling interests)	MEUR	70.2	61.0	+15.1%	321.7
Net income (without non-controlling interests)	MEUR	71.5	62.1	+15.1%	325.5
Cash flow from operating activities	MEUR	227.1	69.2	+228.2%	529.6
Capital expenditure	MEUR	39.1	31.9	+22.6%	160.1
Employees (as of end of period; without apprentices)	-	27,108	26,952	+0.6%	26,804
Total assets	MEUR	7,998.4	7,031.2	+13.8%	7,672.8
Equity ratio	%	21.4	17.5	-	20.4
Liquid funds	MEUR	1,962.9	1,652.3	+18.8%	1,837.9
Net liquidity	MEUR	902.9	365.9	+146.8%	703.3
Net working capital	MEUR	-252.0	-56.8	n.a.	-150.1

1) Amortization and impairment of identifiable assets acquired in a business combination and recognized separately from goodwill amount to 16.0 MEUR (Q1 2021: 14.5 MEUR; 2021: 62.1 MEUR); impairment of goodwill amounts to 0.0 MEUR (Q1 2021: 0.0 MEUR; 2021: 4.8 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 2022	Q1 2021	+/-	2021
Order intake	MEUR	1,105.8	845.5	+30.8%	3,774.7
Order backlog (as of end of period)	MEUR	3,880.9	2,729.7	+42.2%	3,377.2
Revenue	MEUR	712.9	710.9	+0.3%	3,070.6
EBITDA	MEUR	90.5	87.3	+3.7%	423.4
EBITDA margin	%	12.7	12.3	-	13.8
EBITA	MEUR	70.4	68.8	+2.3%	346.0
EBITA margin	%	9.9	9.7	-	11.3
Employees (as of end of period; without apprentices)	-	11,955	11,304	+5.8%	11,668

Metals

	Unit	Q1 2022	Q1 2021	+/-	2021
Order intake	MEUR	501.4	429.1	+16.8%	1,778.8
Order backlog (as of end of period)	MEUR	1,704.8	1,307.1	+30.4%	1,541.7
Revenue	MEUR	356.5	316.1	+12.8%	1,366.1
EBITDA	MEUR	24.9	18.6	+33.9%	81.7
EBITDA margin	%	7.0	5.9	-	6.0
EBITA	MEUR	16.3	8.9	+83.1%	38.4
EBITA margin	%	4.6	2.8	-	2.8
Employees (as of end of period; without apprentices)	-	6,019	6,295	-4.4%	5,930

Hydro

	Unit	Q1 2022	Q1 2021	+/-	2021
Order intake	MEUR	756.3	284.3	+166.0%	1,565.2
Order backlog (as of end of period)	MEUR	3,279.5	2,595.2	+26.4%	2,747.8
Revenue	MEUR	291.6	316.0	-7.7%	1,345.1
EBITDA	MEUR	28.9	27.7	+4.3%	133.0
EBITDA margin	%	9.9	8.8	-	9.9
EBITA	MEUR	19.9	19.0	+4.7%	95.4
EBITA margin	%	6.8	6.0	-	7.1
Employees (as of end of period; without apprentices)	-	6,494	6,771	-4.1%	6,628

Separation

	Unit	Q1 2022	Q1 2021	+/-	2021
Order intake	MEUR	225.1	170.6	+31.9%	761.0
Order backlog (as of end of period)	MEUR	569.9	439.3	+29.7%	499.1
Revenue	MEUR	165.9	150.2	+10.5%	681.2
EBITDA	MEUR	19.1	17.5	+9.1%	80.2
EBITDA margin	%	11.5	11.7	-	11.8
EBITA	MEUR	15.7	14.2	+10.6%	66.7
EBITA margin	%	9.5	9.5	-	9.8
Employees (as of end of period; without apprentices)	-	2,640	2,582	+2.2%	2,578

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

Economic growth in the world's main economic regions was marked by the outbreak of the war between Russia and Ukraine and by the associated sanctions by the West. Sharply rising energy prices, bottlenecks and delays in the global supply chains, and high inflation rates weighed on business development in most industries as well as on consumer demand from private households.

In the USA, the situation on the labor market improved during the reporting period, the unemployment rate continued to decline and, at 3.6%, approached the level before the outbreak of the Covid-19 pandemic. Private consumption, a key pillar of the US economy, stagnated in view of the high inflation rate. Facing the highest inflation rate for decades, the US Federal Reserve (FED) raised the key interest rate by 0.25 percentage points for the first time since December 2018 and announced that there would be further increases in interest rates this year.

In Europe, economic growth slowed down significantly during the reporting period due to the war in Ukraine. Driven by a sharp rise in energy prices, the inflation rate in the euro zone reached a record level of 7.5%. In addition, supply shortages for raw materials and industrial intermediate products intensified as many companies were forced to reduce their production because of energy costs being too high. The European Central Bank (ECB) left its key interest rate unchanged at the record low level of 0.0% in spite of the high inflation and indicated that it would cut back its multi-billion bond purchases faster than planned, phasing them out entirely in the third quarter of 2022.

China's economy came under pressure during the reporting period following new Covid-19 outbreaks and the resulting lockdown measures. Furthermore, cost pressure rose significantly in the manufacturing sector as a result of price increases for energy and raw materials caused by the war in Ukraine and increased the risk of the Chinese economy stagnating. The economic consequences of the war between Russia and Ukraine also had a negative impact on the emerging economies, such as Brazil or India, during the reporting period.

Source: Research reports by various banks, OECD

BUSINESS DEVELOPMENT

Order intake

The order intake of the ANDRITZ GROUP saw very favorable development in the first quarter of 2022 and, at 2,588.6 MEUR, was significantly higher than the previous year's reference figure (+49.7% versus Q1 2021: 1,729.5 MEUR). All 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: Order intake amounted to 1,105.8 MEUR and thus increased by 30.8% compared to the previous year's reference figure (Q1 2021: 845.5 MEUR). Both the Capital business, which received a large order to supply highly resource-saving and advanced technologies for a new pulp mill in China, and the Service business succeeded in increasing their order intake compared to the previous year.

- Metals: The order intake once again reached a favorable level at 501.4 MEUR and increased by 16.8% compared to the previous year's reference figure (Q1 2021: 429.1 MEUR). This is largely attributable to the Metals Processing sector, which increased its order intake considerably compared to the previous year's reference period due to unchanged, high steel prices and the resulting strong project and investment activity by international steel producers. Order intake in the Metals Forming (Schuler) sector saw a slight decline compared to the previous year's reference period.
- Hydro: At 756.3 MEUR, the order intake was significantly higher than the very low figure for the previous year's reference period (+166.0% versus Q1 2021: 284.3 MEUR). This significant increase is mainly due to the booking of a large modernization contract in Mexico.
- Separation: Order intake amounted to 225.1 MEUR and was thus well above the level of the previous year's reference figure (+31.9% versus Q1 2021: 170.6 MEUR). Both the solid/liquid separation and the feed & biofuel sectors showed very good development during the reporting period.

Revenue

Revenue of the ANDRITZ GROUP amounted to 1,526.9 MEUR in the first quarter of 2022 and was thus 2.3% higher than the reference figure for the previous year (Q1 2021: 1,493.2 MEUR). While the Metals (+12.8%) and Separation (+10.5%) business areas recorded an increase in revenue due to the very good development of order intake in the past year, revenue in the Hydro (-7.7%) business area declined compared to the previous year's reference period. The Pulp & Paper business area (+0.3%) recorded a stable revenue development in a quarterly comparison.

The business areas' revenue development at a glance:

	Unit	Q1 2022	Q1 2021	+/-
Pulp & Paper	MEUR	712.9	710.9	+0.3%
Metals	MEUR	356.5	316.1	+12.8%
Hydro	MEUR	291.6	316.0	-7.7%
Separation	MEUR	165.9	150.2	+10.5%

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

	Q1 2022	Q1 2021
ANDRITZ GROUP	41	37
Pulp & Paper	49	41
Metals	25	25
Hydro	37	35
Separation	50	51

Earnings

The operating result (EBITA) of the Group amounted to 122.3 MEUR (+10.3% versus Q1 2021: 110.9 MEUR) in the first quarter of 2022 and thus increased slightly more than revenue. As a result, profitability (EBITA margin) increased to 8.0% (Q1 2021: 7.4%). This is largely attributable to the continuing good business development in the Pulp & Paper and Separation business areas. Furthermore, earnings in the Metals business area also improved.

Development by business area:

- In the Pulp & Paper business area, profitability remained at an unchanged, favorable level of 9.9% (Q1 2021: 9.7%). Both capital and service business saw favorable development.
- The EBITA margin in the Metals business area improved compared to the previous year's reference period and increased to 4.6% (Q1 2021: 2.8%). Both Metals Forming and Metals Processing noticed an increase in earnings compared to the previous year's reference period.
- The EBITA margin in the Hydro business area increased to 6.8% (Q1 2021: 6.0%).
- In the Separation business area, profitability remained at a very favorable level of 9.5% (Q1 2021: 9.5%).

The financial result improved to -10.7 MEUR (Q1 2021: -12.4 MEUR). This is mainly due to the increase in interest result as a consequence of the early repayment of variable Schuldscheindarlehen in 2021 as well as significantly higher gross liquidity compared to the previous year.

Net income (including non-controlling interests) increased to 70.2 MEUR (+15.1% versus Q1 2021: 61.0 MEUR), whereof 71.5 MEUR (Q1 2021: 62.1 MEUR) are attributable to the shareholders of the parent company and -1.3 MEUR (Q1 2021: -1.1 MEUR) to non-controlling interests.

Net worth position and capital structure

Total assets amounted to 7,998.4 MEUR as of March 31, 2022 (December 31, 2021: 7,672.8 MEUR). The equity ratio reached 21.4% (December 31, 2021: 20.4%).

Liquid funds amounted to 1,962.9 MEUR as of March 31, 2022 (as of the end of December 2021: 1,837.9 MEUR), while net liquidity increased to 902.9 MEUR (as of the end of 2021: 703.3 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, 2022:

- Credit lines: 311 MEUR, thereof 165 MEUR utilized
- Surety lines: 6,086 MEUR, thereof 3,474 MEUR utilized

Major risks during the remaining months of the financial year

Current risks

The outbreak of war between Russia and Ukraine and the resulting sanctions by the West, but also the counter-sanctions by Russia, have led to a substantial price increase in the energy sector as well as for many raw materials and intermediate industrial products. As a result, the inflation rate increased significantly in many countries. The war between Russia and Ukraine also led to delays in the main international supply chains and transport routes. If the prices for raw materials, energy and upstream products continue to increase, this could result in unanticipated additional expenses for the ANDRITZ GROUP and a possible change in the financial guidance for the 2022 business year. Similarly, problems with worldwide supply chains and transport could result in a delay in the execution of projects.

Russia and Ukraine have a small share of the ANDRITZ GROUP's business volume, accounting for a total of approximately 3%. The risk of deliveries being postponed, and the corresponding realization of revenue is currently classified as low. The payment risk for larger orders is usually secured by export credit agencies. However, if the war escalates further, this could have a negative impact on the earnings development of the ANDRITZ GROUP.

The Covid-19 pandemic and its impact on the global economy as well as on the markets served by ANDRITZ continue to present fundamental and substantial risks for the business development of the ANDRITZ GROUP. The emergence of new virus variants could lead to lockdowns being imposed in individual countries or regions, and thus to another economic downturn. This could have negative effects on business development at ANDRITZ.

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 2021.

OUTLOOK

The global economic outlook of economic experts for 2022 has deteriorated sharply as a result of the war between Russia and Ukraine and the resulting sanctions by the West. A significant decline in economic growth is expected, particularly in Europe. In addition, the worldwide rise in inflation is dampening global economic growth due to the significant increase in energy and raw material costs.

The prospects and expectations for the ANDRITZ business areas have not changed significantly compared to the expectations at the end of 2021. From today's perspective, however, the possibility of the changed general conditions described above having a negative impact on project and investment activity in the industries served by ANDRITZ cannot be ruled out.

For the full year 2022, ANDRITZ confirms the financial guidance given in March 2022 on the occasion of the release of the 2021 financial figures and expects an increase in revenue as well as in EBITA and net income compared to the previous year.

The financial guidance provided by ANDRITZ for 2022 takes account of the financial impact discernible from today's perspective by the war in Ukraine as a regional incident. Possible adverse economic effects by the Chinese COVID policy on the global economy cannot be estimated at present and thus are not included in the ANDRITZ financial guidance. A negative impact cannot be excluded from today's perspective.

However, if the global economy suffers severe setbacks in the coming months as a result of the war between Russia and Ukraine or the pandemic intensifies again, this may result in negative effects on the processing of orders and on order intake and hence have a negative impact on ANDRITZ's financial development. This could lead to capacity adjustments – financial provisions for additional adjustment measures in individual business areas – that may have a negative impact on the ANDRITZ GROUP's earnings. Similarly, further raw material price increases or bottlenecks in global supply chains could have a negative effect on the Group's earnings development.

CONSOLIDATED INCOME STATEMENT

For the first quarter of 2022 (unaudited)

(in MEUR)	Q1 2022	Q1 2021
Revenue	1,526.9	1,493.2
Changes in inventories of finished goods and work in progress	63.8	31.3
Other own work capitalized	0.3	0.8
Other income	35.4	24.1
Cost of materials	-791.7	-776.6
Personnel expenses	-472.8	-450.3
Other expenses	-198.5	-171.4
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	163.4	151.1
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	-57.1	-54.7
Earnings Before Interest and Taxes (EBIT)	106.3	96.4
Result from investments accounted for using the equity method	0.2	-0.8
Interest income	6.4	5.2
Interest expense	-8.6	-9.8
Other financial result	-8.7	-7.0
Financial result	-10.7	-12.4
Earnings Before Taxes (EBT)	95.6	84.0
Income taxes	-25.4	-23.0
NET INCOME	70.2	61.0
Net income attributable to owners of the parent	71.5	62.1
Net income allocated to non-controlling interests	-1.3	-1.1
Basic earnings per no-par value share (in EUR)	0.72	0.63
Diluted earnings per no-par value share (in EUR)	0.72	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter of 2022 (condensed, unaudited)

(in MEUR)	Q1 2022	Q1 2021
NET INCOME	70.2	61.0
Remeasurement of defined benefit plans	27.2	11.5
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	0.4	1.1
Other comprehensive income (after income taxes) that will not be reclassified to the income statement in subsequent periods	27.6	12.6
Currency translation of foreign operations	55.1	15.5
Cash flow hedges	5.1	-15.0
Other comprehensive income (after income taxes) which can be reclassified to the income statement in subsequent periods	60.2	0.5
OTHER COMPREHENSIVE INCOME (AFTER INCOME TAXES)	87.8	13.1
TOTAL COMPREHENSIVE INCOME	158.0	74.1
Total comprehensive income attributable to owners of the parent	159.2	75.2
Total comprehensive income allocated to non-controlling interests	-1.2	-1.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2022 (unaudited)

(in MEUR)	March 31, 2022	December 31, 2021
ASSETS		
Property, plant, and equipment	1,184.2	1,170.7
Goodwill	782.5	778.3
Intangible assets other than goodwill	176.2	190.9
Investments accounted for using the equity method	13.1	12.9
Investments and other financial assets	74.5	103.8
Other receivables and assets	96.6	86.7
Deferred tax assets	229.7	241.9
Non-current assets	2,556.8	2,585.2
Inventories	1,009.0	905.0
Advance payments made	182.7	152.6
Trade accounts receivable	896.6	936.8
Contract assets	989.2	935.0
Current tax assets	21.6	16.2
Other receivables and assets	416.0	373.3
Investments	771.2	670.7
Cash and cash equivalents	1,141.5	1,087.0
Assets held for sale	13.8	11.0
Current assets	5,441.6	5,087.6
TOTAL ASSETS	7,998.4	7,672.8
EQUITY AND LIABILITIES		
Share capital	104.0	104.0
Capital reserves	36.5	36.5
Retained earnings and other reserves	1,577.5	1,434.1
Equity attributable to owners of the parent	1,718.0	1,574.6
Non-controlling interests	-9.2	-7.3
Total equity	1,708.8	1,567.3
Bank loans and other financial liabilities	1,003.8	1,061.8
Lease liabilities	183.7	185.6
Provisions for employee benefits	373.0	413.6
Provisions	173.0	120.1
Other liabilities	24.7	22.7
Deferred tax liabilities	125.5	123.9
Non-current liabilities	1,883.7	1,927.7
Bank loans and other financial liabilities	59.0	74.9
Lease liabilities	46.9	45.6
Trade accounts payable	801.3	811.1
Contract liabilities from sales recognized over time	1,395.4	1,094.1
Contract liabilities from sales recognized at a point in time	365.4	366.5
Provisions	481.0	544.3
Current tax liabilities	94.0	103.3
Other liabilities	1,162.9	1,138.0
Current liabilities	4,405.9	4,177.8
TOTAL EQUITY AND LIABILITIES	7,998.4	7,672.8

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter of 2022 (unaudited)

(in MEUR)	Q1 2022	Q1 2021
Net income	70.2	61.0
Income taxes	25.4	23.0
Interest result	2.2	4.6
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment	57.1	54.7
Result from investments accounted for using the equity method	-0.2	0.8
Changes in provisions	-18.2	-15.5
Gains/losses from disposal of fixed and financial assets	-7.6	0.7
Other non-cash income/expenses	-3.8	9.7
Gross cash flow	125.1	139.0
Change in net working capital	133.9	-36.5
Interest received	5.7	5.1
Interest paid	-5.1	-6.2
Dividends received	0.3	0.1
Income taxes paid	-32.8	-32.3
CASH FLOW FROM OPERATING ACTIVITIES	227.1	69.2
Payments made for property, plant, and equipment and for intangible assets	-34.8	-20.5
Payments received for disposals of property, plant, and equipment and intangible assets	9.2	1.6
Payments made for non-current and current financial assets	-191.4	-153.6
Payments received for disposal of non-current and current financial assets	125.9	63.2
Payments made for investments accounted for using the equity method	0.0	-7.5
Net cash flow from company acquisitions	0.0	-27.2
CASH FLOW FROM INVESTING ACTIVITIES	-91.1	-144.0
Payments received from bank loans and other financial liabilities	3.5	2.8
Payments made for bank loans, other financial liabilities, and lease liabilities	-89.1	-28.0
Dividends paid	-0.7	-79.6
Purchase of non-controlling interests and payments to former shareholders	0.0	-0.7
Purchase of treasury shares	-16.0	0.0
CASH FLOW FROM FINANCING ACTIVITIES	-102.3	-105.5
CHANGES IN CASH AND CASH EQUIVALENTS	33.7	-180.3
Currency translation adjustments	20.8	11.3
Changes in consolidation scope	0.0	1.0
Cash and cash equivalents at the beginning of the period	1,087.0	1,158.0
Cash and cash equivalents at the end of the period	1,141.5	990.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter of 2022 (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, 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		0.0		0.0
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
BALANCE AS OF JANUARY 1, 2022	104.0	36.5	1,792.5	0.4	-67.1	-103.5	-188.2	1,574.6	-7.3	1,567.3
Net income			71.5					71.5	-1.3	70.2
Other comprehensive income				5.5	27.2	55.0		87.7	0.1	87.8
Total comprehensive income			71.5	5.5	27.2	55.0		159.2	-1.2	158.0
Dividends								0.0	-0.7	-0.7
Change in treasury shares							-16.0	-16.0		-16.0
Change from share option programs			0.2					0.2		0.2
Transfers and other changes			5.7		-5.5	-0.2		0.0		0.0
BALANCE AS OF MARCH 31, 2022	104.0	36.5	1,869.9	5.9	-45.4	-48.7	-204.2	1,718.0	-9.2	1,708.8

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