

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board and the Executive Board held five meetings (four regular meetings, one constituent meeting) during the reporting period for in-depth discussions on the economic situation and strategic development of the company, as well as on major events, capital expenditures, and possible acquisitions. In the course of regular reporting and in all meetings, the Executive Board informed the Supervisory Board extensively in writing and verbally, by means of detailed reports, on the business and financial situation of the Group and its affiliates, as well as on topics regarding human resources, medium-term planning, capital expenditure, and acquisition projects. At one meeting, the Supervisory Board discussed safety at work and corresponding measures. At another meeting, compliance was one of the main points on the agenda. At individual meetings, the medium-term planning of the individual business areas was also discussed with the Executive Board. An important item on the agenda was to review whether the main acquisitions have come up to the expectations on which the decision to make the purchase was based, and if this was not the case, to establish the reasons why not and determine what conclusions can be drawn from this fact. Additional information was provided on special events. Furthermore, the Chairman of the Supervisory Board and the President & Chief Executive Officer were in regular contact to discuss the company's strategy and business development. There are plans for the Supervisory Board to conduct a self-assessment of its activities and discuss the result during its meeting in the second quarter of 2020. The self-assessment for 2018/19 was presented and analyzed during the meeting on May 29, 2019. In November 2019, an external review was commissioned on compliance with the C-rules of the Austrian Corporate Governance Code (ÖCKG).

The Executive Board mandate of Mark von Laer was not renewed. He left the Executive Board by mutual agreement on December 5, 2019. The members of the nomination committee conducted several interviews with possible candidates for the position of Chief Financial Officer. Finally, Norbert Nettesheim was proposed unanimously to the Supervisory Board for election. The decisive factor in this proposal was his experience and external confirmation of his reputation. He was appointed for three years and took over this function on December 6, 2019.

The resolution to adapt and update the Executive Board's rules of procedure was passed at the Supervisory Board meeting on December 5, 2019. In addition, the report on the remunerations policy was adopted. This new report required by the 2019 amendment to the Stock Corporation Act is to be presented for the first time to the Annual General Meeting for 2019 (in March 2020).

The Presidium of the Supervisory Board acted on behalf of the company in matters concerning the Executive Board. The nomination and remunerations committee discussed Executive Board matters with potential candidates for the Executive Board in two meetings and several discussions.

Kurt Stiassny stepped down from the Supervisory Board at his own request at the end of the Annual General Meeting for the 2018 business year on March 29, 2019. Sincerest thanks to him for his many years on the board and the profound advice he offered with great commitment at all times.

Following deliberations and consultations on potential successors, the nomination committee proposed Alexander Leeb for election to the Supervisory Board, particularly in view of his experience in the pulp and paper industry and his knowledge of the Asian market. The Annual General Meeting elected Alexander Leeb as member of the Supervisory Board for five years on March 29, 2019.

All members of the Supervisory Board took part in all meetings with the exception of one meeting.

In two meetings, the audit committee dealt in particular with the proposal for the appointment of the auditor of the financial statements and consolidated financial statements, the quality of the accounting-related internal control system, the risk management, the reporting by the Internal Auditing department, and the measures to safeguard the independence of the annual auditor when providing non-audit services permitted. In addition, individual topics such as risk analysis, IT security to prevent external attacks, and implementation of the EU's General Data Protection Regulation were discussed and reported on to the Supervisory Board. All members of the audit committee attended all of the committee meetings.

In dealing with the financial statements for 2018, the audit committee called in the auditor to the meeting on March 5, 2019 to audit the financial statements, the consolidated financial statements, the management report, and the Executive Board's proposal for distribution of profits. The auditor also attended the preparatory meeting in December 2018. Furthermore, a proposal was made for the choice of auditor of the financial statements and consolidated financial statements for the 2019 business year. This auditor's relationship with the ANDRITZ GROUP and its executive bodies was examined, the fee for the annual audit was negotiated, and a decision was taken to propose KPMG Austria GmbH to the Annual General Meeting as auditors of the 2019 financial statements and consolidated financial statements. Further items on the agenda were the auditor's report on the function of the company's risk management system, a report on the Internal Auditing department, the compliance report and the sustainability report.

At the audit committee meeting on December 5, 2019, the committee members – with the auditor also present – discussed the organization, scheduling and auditing of the 2019 financial statements and consolidated financial statements (particularly in view of the group of subsidiaries to be fully consolidated) as well as a report by the Executive Board on the form and efficiency of the internal control system and Internal Auditing department. The committee also passed a resolution giving limited permission for the provision of non-audit services up to completion of the audit for the 2019 financial year.

At the Supervisory Board meeting on March 29, 2019 after the Annual General Meeting and held on the same day, Christian Nowotny was elected as Chairman of the Supervisory Board and Fritz Oberlerchner as Deputy-Chairman. Monika Kircher (Chairwoman), Christian Nowotny (Deputy-Chairman), and Fritz Oberlerchner were elected as members of the audit committee, and Andreas Martiner was delegated to the committee by the employees' representatives. Christian Nowotny (Chairman), Fritz Oberlerchner (Deputy-Chairman) and Monika Kircher were elected as members of the nomination and remunerations committee.

The financial statements and management report of ANDRITZ AG and the consolidated financial statements for 2019 drawn up according to IFRS were audited (including the accounts) and certified by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, who had been appointed as auditors by the Annual General Meeting. The management report, which is now required by law, was also the subject of the discussions and completeness check. The Supervisory Board examined the documents in accordance with Section 96 of the Austrian Stock Corporation Act as well as the management report and the corporate governance report and approved the financial statements, which are hereby adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board also reviewed and approved the Executive Board's proposal for distribution of profits. The final results of the audits conducted did not give rise to any objections.

Graz, February 2020

Christian Nowotny m.p.
Chairman of the Supervisory Board