



PRESS RELEASE

## ANDRITZ GROUP: Results for the 2019 business year

*GRAZ, MARCH 4, 2020.* International technology group ANDRITZ saw satisfactory business development in the 2019 business year. While order intake and sales reached new record highs, the Group's net income fell significantly compared to 2018, particularly due to restructuring measures in Metals Forming (Schuler). At the Annual General Meeting, the Executive Board will propose a dividend of 0.70 euros per share, which is equal to a payout ratio of around 55%.

Wolfgang Leitner, President & CEO of ANDRITZ AG, on the past business year: *"In spite of the decline in earnings, we are satisfied with business development in 2019. Three of our four business areas have shown favorable development in spite of the difficult global economic environment. The record order intake confirms our good market position in the markets we serve. In METALS – the fourth business area – we have laid the foundation for positive development with the restructuring program launched.*

The results of the business year in detail:

- The **order intake** of 7,282.0 MEUR reached a new record level and was thus significantly higher than the figure for the previous year's reference period (+9.6% compared to 2018: 6,646.2 MEUR). This is attributable to the Pulp & Paper business area, which was able to book several large-scale orders in 2019 for supply of equipment and technologies for new pulp mills and thus could significantly increase order intake compared to the previous year.
- The **order backlog** as of the end of 2019 amounted to 7,777.6 MEUR and increased compared to the value for the previous year's reference period (+9.8% compared to the end of 2018: 7,084.3 MEUR).
- **Sales** amounted to 6,673.9 MEUR and reached a new record high, as did order intake, (+10.7% compared to 2018: 6,031.5 MEUR.) The Group's service business continued its very favorable development and increased – not least due to the acquisition of Xerium Technologies in October 2018 – to 40% of total sales (2018:36%).
- **Earnings and profitability** declined substantially, mainly due to measures for restructuring of Metals Forming (Schuler). The continuing weak international automotive market has created a need for capacity adjustments, which will be implemented in 2020 and 2021. In addition, provisions were made for smaller cost and organizational adjustment measures in the other business areas.





As a result of these extraordinary effects, the EBITA dropped significantly to 343.2 MEUR (2018: 394.3 MEUR), and the EBITA margin to 5.1% (2018: 6.5%). Excluding these extraordinary effects, the EBITA amounted to 456.0 MEUR and was thus higher than the previous year's reference figure also excluding extraordinary effects (2018: 415.0 MEUR). The EBITA margin excluding extraordinary effects for 2019 at 6.8% remained practically stable compared to 2018 (EBITA margin excluding extraordinary effects: 6.9%).

- The **financial result** dropped to -57.0 MEUR (2018: -17.4 MEUR). This considerable decline is largely due to an increase in interest expenses in connection with refinancing of the financial liabilities of Xerium Technologies as well as issuance of a Schuldscheindarlehen and of an export credit loan for long-term financing of the company. In addition, interest expenses increased as a result of the first-time application of IFRS 16 (Leases), mandatory as of January 1, 2019.
- **Net income** (without non-controlling interests) declined significantly to 127.8 MEUR (2018: 222.0 MEUR).

In terms of targets and prospects for 2020, Wolfgang Leitner is cautiously optimistic: *“With the adjustment measures planned for this year, we are taking the steps needed to ensure the Group’s competitiveness and profitability in the long term. As far as our markets are concerned, the global economic environment remains challenging and highly uncertain as a result of the outbreak of Covid-19. We are monitoring developments very closely and will take immediate action if necessary in order to adapt to changed market conditions.*

From today’s perspective, the ANDRITZ GROUP expects a **slight increase in sales** for the **full year of 2020** and an **unchanged operating result before extraordinary effects (EBITA)** compared to 2019. This earnings forecast is based on a larger share of sales from large-scale projects in the Pulp & Paper business area compared to the previous year and on unchanged moderate earnings development in Metals Forming – due to the continuing difficult situation in the automotive industry – because the cost adjustment measures planned for this year will not have a positive effect on earnings until 2021. Unchanged good profitability development is expected for Hydro and Separation in 2020.

However, if the global economy suffers severe setbacks unexpectedly in 2020, this could have a negative impact on ANDRITZ’s business development. For example, the impact of the Covid-19 virus on the economy in China and on the global economy cannot be estimated at the present time and has not been taken into consideration in the current sales and earnings guidance for the ANDRITZ GROUP.



## KEY FINANCIAL FIGURES AT A GLANCE

	Unit	2019	2018	+/-	Q4 2019	Q4 2018	+/-
<b>Sales</b>	MEUR	<b>6,673.9</b>	<b>6,031.5</b>	<b>+10.7%</b>	<b>1,921.3</b>	<b>1,830.7</b>	<b>+4.9%</b>
Pulp & Paper	MEUR	2,869.5	2,233.2	+28.5%	808.6	710.0	+13.9%
Metals	MEUR	1,636.9	1,635.1	+0.1%	455.5	492.4	-7.5%
Hydro	MEUR	1,470.7	1,517.5	-3.1%	443.9	431.7	+2.8%
Separation	MEUR	696.8	645.7	+7.9%	213.3	196.6	+8.5%
<b>Order intake</b>	MEUR	<b>7,282.0</b>	<b>6,646.2</b>	<b>+9.6%</b>	<b>1,482.9</b>	<b>1,908.2</b>	<b>-22.3%</b>
Pulp & Paper	MEUR	3,632.5	2,571.9	+41.2%	543.5	845.5	-35.7%
Metals	MEUR	1,582.2	1,931.8	-18.1%	343.4	528.5	-35.0%
Hydro	MEUR	1,350.2	1,445.8	-6.6%	405.4	389.6	+4.1%
Separation	MEUR	717.1	696.7	+2.9%	190.6	144.6	+31.8%
Order backlog (as of end of period)	MEUR	7,777.6	7,084.3	+9.8%	7,777.6	7,084.3	+9.8%
EBITDA	MEUR	537.6	498.0	+8.0%	207.7	176.8	+17.5%
EBITDA margin	%	8.1	8.3	-	10.8	9.7	-
EBITA	MEUR	343.2	394.3	-13.0%	159.3	142.1	+12.1%
EBITA margin	%	5.1	6.5	-	8.3	7.8	-
EBIT	MEUR	237.9	321.6	-26.0%	144.1	92.3	+56.1%
Financial result	MEUR	-57.0	-17.4	-227.6%	-21.3	-11.6	-83.6%
EBT	MEUR	180.9	304.2	-40.5%	122.8	80.7	+52.2%
Net income (without non- controlling interests)	MEUR	127.8	222.0	-42.4%	81.3	65.0	+25.1%
Cash flow from operating activities	MEUR	821.6	7.8	n.a.	382.4	92.8	+312.1%
Capital expenditure	MEUR	157.1	137.0	+14.7%	60.2	67.7	-11.1%
Employees (as of end of period; without apprentices)	-	29,513	29,096	+1.4%	29,513	29,096	+1.4%

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.



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### **ANDRITZ GROUP**

International technology group ANDRITZ offers a broad portfolio of innovative plants, equipment, systems and services for the pulp and paper industry, the hydropower sector, the metals processing and forming industry, solid/liquid separation in the municipal and industrial sectors, as well as animal feed and biomass pelleting. The global product and service portfolio is rounded off with plants for power generation, recycling, the production of nonwovens and panelboard, as well as automation and digital solutions offered under the brand name of Metris. The publicly listed group today has around 29,500 employees and more than 280 locations in over 40 countries.

### **ANNUAL AND FINANCIAL REPORTS**

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

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