INTERIM FINANCIAL REPORT Q1 2023

ANDRITZ

ENGINEERED SUCCESS

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	Q1 2023	Q1 2022	+/-	2022
Order intake	MEUR	2,420.2	2,588.6	-6.5%	9,263.4
Order backlog (as of end of period)	MEUR	10,407.8	9,435.1	+10.3%	9,976.5
Revenue	MEUR	1,962.6	1,526.9	+28.5%	7,542.9
EBITDA	MEUR	200.4	163.4	+22.6%	825.5
EBITA[1)]	MEUR	158.5	122.3	+29.6%	648.5
EBITA margin	%	8.1	8.0	-	8.6
Earnings Before Interest and Taxes (EBIT)	MEUR	146.0	106.3	+37.3%	572.7
Earnings Before Taxes (EBT)	MEUR	137.7	95.6	+44.0%	540.9
Net income (including non-controlling interests)	MEUR	102.5	70.2	+46.0%	402.6
Net income (without non-controlling interests)	MEUR	104.5	71.5	+46.2%	409.6
Cash flow from operating activities	MEUR	-31.4	227.1	-113.8%	710.8
Capital expenditure	MEUR	48.4	39.1	+23.8%	184.4
Employees (as of end of period; without apprentices)	-	29,670	27,108	+9.5%	29,094
Total assets	MEUR	8,509.5	7,998.4	+6.4%	8,491.8
Equity ratio	%	20.5	21.4	-	21.6
Liquid funds	MEUR	1,974.1	1,962.9	+0.6%	2,051.1
Net liquidity	MEUR	906.8	902.9	+0.4%	983.0
Net working capital	MEUR	-136.8	-252.1	+45.7%	-324.4

1) Amortization and impairment of identifiable assets acquired in a business combination and recognized separately from goodwill amount to 12.5 MEUR (Q1 2022: 16.0 MEUR; 2022: 65.6 MEUR); impairment of goodwill amounts to 0.0 MEUR (Q1 2022: 0.0 MEUR; 2022: 10.2 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 2023	Q1 2022	+/-	2022
Order intake	MEUR	993.3	1,079.3	-8.0%	4,296.4
Order backlog (as of end of period)	MEUR	4,279.5	3,836.0	+11.6%	4,207.8
Revenue	MEUR	907.9	695.1	+30.6%	3,513.8
EBITDA	MEUR	109.7	88.8	+23.5%	462.1
EBITDA margin	%	12.1	12.8	-	13.2
EBITA	MEUR	88.7	68.7	+29.1%	378.9
EBITA margin	%	9.8	9.9	-	10.8
Employees (as of end of period; without apprentices)	-	13,891	11,955	+16.2%	13,525

Metals

	Unit	Q1 2023	Q1 2022	+/-	2022
Order intake	MEUR	669.4	501.4	+33.5%	2,008.6
Order backlog (as of end of period)	MEUR	2,167.8	1,704.8	+27.2%	1,938.1
Revenue	MEUR	421.8	356.5	+18.3%	1,621.2
EBITDA	MEUR	28.7	24.9	+15.3%	100.9
EBITDA margin	%	6.8	7.0	-	6.2
EBITA	MEUR	19.5	16.3	+19.6%	62.3
EBITA margin	%	4.6	4.6	-	3.8
Employees (as of end of period; without apprentices)	-	6,166	6,019	+2.4%	6,085

Hydro

	Unit	Q1 2023	Q1 2022	+/-	2022
Order intake	MEUR	429.3	703.5	-39.0%	1,720.5
Order backlog (as of end of period)	MEUR	2,963.6	2,987.4	-0.8%	2,878.4
Revenue	MEUR	355.6	247.7	+43.6%	1,313.0
EBITDA	MEUR	28.1	22.5	+24.9%	107.7
EBITDA margin	%	7.9	9.1	-	8.2
EBITA	MEUR	21.3	14.9	+43.0%	72.3
EBITA margin	%	6.0	6.0	-	5.5
Employees (as of end of period; without apprentices)	-	6,219	5,875	+5.9%	6,102

Separation

	Unit	Q1 2023	Q1 2022	+/-	2022
Order intake	MEUR	328.2	304.4	+7.8%	1,237.9
Order backlog (as of end of period)	MEUR	996.9	906.9	+9.9%	952.2
Revenue	MEUR	277.3	227.6	+21.8%	1,094.9
EBITDA	MEUR	33.9	27.2	+24.6%	154.8
EBITDA margin	%	12.2	12.0	-	14.1
EBITA	MEUR	29.0	22.4	+29.5%	135.0
EBITA margin	%	10.5	9.8	-	12.3
Employees (as of end of period; without apprentices)	-	3,394	3,259	+4.1%	3,382

The Pumps business (previously reported in the Hydro business area) and some products of the Pulp & Paper business area that are mainly supplied to customers outside the pulp & paper industry will be reported in the Separation business area as of January 1, 2023. The reference figures of the previous year have been adjusted to match the new reporting structure.

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

The global economy developed only moderately in the first quarter of 2023, with strong regional differences. The tight monetary policy of central banks as a result of high inflation had a negative impact on the global economy, as did the turbulence in the European and US banking sectors.

In Europe, the economy showed a slight upturn in the reporting period as fears of recession and concerns about the energy markets eased somewhat. The inflation rate in the euro zone fell significantly to 6.9% in the reporting period, mainly due to declining energy prices. However, core inflation, which excludes fluctuating energy and food prices, rose again in the reporting period. In the fight against high inflation, the European Central Bank (ECB) raised the key interest rate in the euro zone to 3.5% and signaled further interest rate hikes in 2023. Thereby the ECB made it clear that it was determined to bring back the inflation rate to the medium-term goal of 2.0% as quickly as possible.

In the USA, economic growth slowed down significantly during the reporting period. Private consumption, which plays a key role in the US economy and accounts for approximately 70% of the gross domestic product, declined noticeably in the reporting period. The situation on the labor market, on the other hand, remained robust, with the unemployment rate unchanged at a level of approximately 3.5%. The US Federal Reserve (FED) raised its key interest rate for the ninth time in a row despite the recent turbulence in the banking sector. It now ranges between 4.75% and 5%. Moreover, the FED announced more interest rate hikes this year, if necessary, to continue fighting the pressure from inflation.

China’s economy recorded a significant upswing after the abandonment of the zero-covid policy. Both industrial production and private consumption increased in the reporting period. However, sluggish export demand weighed on the economic recovery.

Source: Research reports by various banks, OECD

BUSINESS DEVELOPMENT

Changes in the reporting structure

The Pumps business (previously reported in the Hydro business area) and some products of the Pulp & Paper business area that are mainly supplied to customers outside the pulp & paper industry will be reported in the Separation business area as of January 1, 2023. The reference figures of the previous year have been adjusted to match the new reporting structure.

Order intake

The order intake of the ANDRITZ GROUP developed very favorably in the first quarter of 2023 despite the unchanged difficult economic conditions overall and, at 2,420.2 MEUR, was only 6.5% below the high level of the previous year's reference period (Q1 2022: 2,588.6 MEUR), in which two large-scale orders were booked. In particular, the Metals business area was able to increase its order intake significantly compared to the previous year's reference period.

The business areas' development in detail:

- Pulp & Paper: Order intake amounted to 993.3 MEUR and was thus 8.0% below the very high level of the previous year's reference period (Q1 2022: 1,079.3 MEUR), which included a large-scale order for a new pulp mill in China. The Service business area increased its order intake slightly compared to the previous year's reference period.

- Metals: Order intake reached a very favorable level at 669.4 MEUR and increased by 33.5% compared to the previous year's reference figure (Q1 2022: 501.4 MEUR). This substantial increase is primarily attributable to the Metals Forming sector (Schuler), which succeeded in booking a larger press line order in Asia. Order intake in the Metals Processing business area also developed very well compared with the previous year's reference period.

- Hydro: Order intake amounted to 429.3 MEUR and was thus 39.0% below the very high level of the previous year's reference period (Q1 2022: 703.5 MEUR), which included a large modernization order from Mexico.

- Separation: Order intake amounted to 328.2 MEUR and was thus higher than the previous year's reference figure (+7.8% versus Q1 2022: 304.4 MEUR). Both the solid/liquid separation and the pumps sector showed very good development during the reporting period. Order intake in the Feed & Biofuel sector saw a solid development compared to the previous year's reference period.

Revenue

Revenue of the ANDRITZ GROUP amounted to 1,962.6 MEUR in the first quarter of 2023 and was thus 28.5% higher than the figure for previous year's reference period (Q1 2022: 1,526.9 MEUR). All four business areas were able to significantly increase their revenue compared to the previous year's reference period.

The business areas' revenue development at a glance:

	Unit	Q1 2023	Q1 2022	+/-
Pulp & Paper	MEUR	907.9	695.1	+30.6%
Metals	MEUR	421.8	356.5	+18.3%
Hydro	MEUR	355.6	247.7	+43.6%
Separation	MEUR	277.3	227.6	+21.8%

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

	Q1 2023	Q1 2022
ANDRITZ GROUP	39	41
Pulp & Paper	42	48
Metals	24	25
Hydro	39	40
Separation	49	48

Earnings

The operating result (EBITA) of the Group increased in line with revenue and reached a very favorable level of 158.5 MEUR in the first quarter of 2023 (+29.6% versus Q1 2022: 122.3 MEUR). Profitability (EBITA margin) slightly increased to 8.1% (Q1 2022: 8.0%).

Development by business area:

- In the Pulp & Paper business area, profitability amounted to 9.8% and was thus slightly below the reference figure for the previous year (Q1 2022: 9.9%). This is mainly due to the slightly changed project mix compared to the previous year's reference period (increased share of large projects).
- The EBITA margin in the Metals business area amounted to 4.6% (Q1 2022: 4.6%). The comparison of profitability is influenced by extraordinary effects. The adjusted EBITA margin increased to 4.9% (Q1 2022: 4.0%).
- Profitability in the Hydro business area reached a solid level of 6.0% (Q1 2022: 6.0%).
- In the Separation business area, profitability continued to develop very favorably, rising to 10.5% (Q1 2022: 9.8%).

The financial result improved to -8.3 MEUR (Q1 2022: -10.7 MEUR). This is mainly due to an increase in net-interest result, as the very positive interest rate environment allowed cash and cash equivalents to be invested at much better interest rates.

The current developments in the banking sector, in particular the turmoil around Silicon Valley Bank and Credit Suisse, had no impact on the valuation of financial assets.

Net income (including non-controlling interests) increased significantly to 102.5 MEUR (+46.0% versus Q1 2022: 70.2 MEUR), whereof 104.5 MEUR (Q1 2022: 71.5 MEUR) are attributable to the shareholders of the parent company and -2.0 MEUR (Q1 2022: -1.3 MEUR) to non-controlling interests.

Net worth position and capital structure

Total assets amounted to 8,509.5 MEUR as of March 31, 2023 (December 31, 2022: 8,491.8 MEUR). The equity ratio amounted to 20.5% (December 31, 2022: 21.6%).

Liquid funds amounted to 1,974.1 MEUR as of March 31, 2023 (as of the end of December 2022: 2,051.1 MEUR), while net liquidity amounted to 906.8 MEUR (as of the end of 2022: 983.0 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, 2023:

- Credit lines: 298 MEUR, thereof 169 MEUR utilized
- Surety lines: 6,303 MEUR, thereof 3,380 MEUR utilized

Major risks during the remaining months of the financial year

Current risks

The ongoing war in Ukraine and the resulting sanctions against Russia led to a significant price increase and high price volatility for energy and for many raw materials and industrial semi-finished products. As a result, the inflation rate rose significantly in many countries. In view of the high inflation rate, the central banks of many industrialized countries raised their key interest rates significantly. If the prices for raw materials, energy and sub-supplies – and consequently inflation – continue to rise, this could have a negative impact on the financial development of the ANDRITZ GROUP.

The recent turmoil in the European and US banking sectors brought back memories of the 2008 financial crisis. For a long time, banks found themselves in a situation with moderate inflation rates and very low interest rates in the face of expansionary monetary policy. In view of the significant increases in key interest rates by central banks as a result of high inflation, banks and their borrowers are currently under increased pressure. The risk of a possible default (insolvency) by individual or several banks is minimized by means of an internal limit system. In this system, the maximum investment limit for each individual bank is determined in view of the respective credit rating of the bank (by international rating agencies such as Moody's, Standard & Poor's, Fitch) and the published credit default swap spreads (CDS spreads – indicator of the probability of the bank defaulting). The limits are adjusted on a monthly basis so that it is possible to react quickly in the event of credit rating changes at short notice. If there are major short-term changes in CDS spreads or ratings, the counterparty exposure is reduced immediately. However, if individual or several banks were to become insolvent, this could have a negative impact on the financial development of the ANDRITZ GROUP. We do not expect any negative financial effects for ANDRITZ from the developments concerning Silicon Valley Bank and Credit Suisse.

The risks and adverse effects of the Corona pandemic have been greatly reduced in recent months. State-imposed restrictions have been lifted for the most part. However, the possible emergence of new Covid-19 variants could lead once again to various statutory measures being implemented in individual countries or regions, and thus to an economic downturn. Resulting delays in the main international supply chains and transport routes could lead to delays in the execution of orders on the one hand and to more price increases for many raw materials and industrial semi-finished products on the other hand.

In addition to the current risks, there are numerous other risks that could have a negative effect on economic development if they materialize. These include escalating trade disputes between countries with strong economies as well as increasing political instability. The high national debt of many countries also poses a risk in the medium to long term.

A detailed description of the strategic and operational risks as well as more information on the internal control and risk management system are available in the ANDRITZ Annual Financial Report for 2022.

OUTLOOK

Economic experts expect a weakening of global economic growth in 2023. The turmoil in the banking sector, tight monetary policy – as a result of high inflation – and the still ongoing energy crisis in Europe are having a negative impact on the global economy. Economic growth is expected to slow down, particularly in Europe and the USA. In contrast, economists are forecasting a cyclical recovery for China’s economy after the end of the zero-covid policy.

Despite the difficult overall economic conditions, the outlook and expectations for the ANDRITZ business areas have not changed significantly compared to the expectations as of the end of 2022. At the moment, ANDRITZ has no specific indications that the general conditions described above will have a significant negative impact on project and investment activity by the markets and customers that ANDRITZ serves.

For the full year 2023, ANDRITZ confirms the financial guidance given in March 2023 on the occasion of the release of the 2022 financial figures and expects an increase in revenue and earnings compared to 2022.

However, if the global economic weakening forecast by market researchers intensifies in the coming months, this could have negative effects on order intake, and hence, a negative impact on ANDRITZ’s revenue and financial development. In particular, this could necessitate capacity adjustments in the medium term, which would require financial provisions for all or individual business areas and could have a negative impact on the ANDRITZ GROUP's earnings.

CONSOLIDATED INCOME STATEMENT

For the first quarter of 2023 (unaudited)

(in MEUR)	Q1 2023	Q1 2022
Revenue	**1,962.6**	**1,526.9**
Changes in inventories of finished goods and work in progress	61.8	63.8
Other own work capitalized	1.0	0.3
Other income	19.0	35.4
Cost of materials	-1,060.2	-791.7
Personnel expenses	-530.0	-472.8
Other expenses	-253.8	-198.5
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**200.4**	**163.4**
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	-54.4	-57.1
Earnings Before Interest and Taxes (EBIT)	**146.0**	**106.3**
Result from investments accounted for using the equity method	0.6	0.2
Interest income	16.0	6.4
Interest expense	-12.1	-8.6
Other financial result	-12.8	-8.7
Financial result	**-8.3**	**-10.7**
Earnings Before Taxes (EBT)	**137.7**	**95.6**
Income taxes	-35.2	-25.4
NET INCOME	**102.5**	**70.2**
Net income attributable to owners of the parent	104.5	71.5
Net income allocated to non-controlling interests	-2.0	-1.3
Basic earnings per no-par value share (in EUR)	1.06	0.72
Diluted earnings per no-par value share (in EUR)	1.05	0.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter of 2023 (condensed, unaudited)

(in MEUR)	Q1 2023	Q1 2022
NET INCOME	**102.5**	**70.2**
Remeasurement of defined benefit plans	-0.5	27.2
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	-0.3	0.4
Other comprehensive income (after income taxes) that will not be reclassified to the income statement in subsequent periods	**-0.8**	**27.6**
Currency translation of foreign operations	-7.3	55.1
Cash flow hedges	16.4	5.1
Other comprehensive income (after income taxes) which can be reclassified to the income statement in subsequent periods	**9.1**	**60.2**
OTHER COMPREHENSIVE INCOME (AFTER INCOME TAXES)	**8.3**	**87.8**
TOTAL COMPREHENSIVE INCOME	**110.8**	**158.0**
Total comprehensive income attributable to owners of the parent	112.1	159.2
Total comprehensive income allocated to non-controlling interests	-1.3	-1.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2023 (unaudited)

(in MEUR)	March 31, 2023	December 31, 2022
ASSETS		
Property, plant, and equipment	1,210.3	1,213.8
Goodwill	784.7	787.0
Intangible assets other than goodwill	148.5	160.1
Investments accounted for using the equity method	14.4	13.7
Investments and other financial assets	75.9	71.9
Other receivables and assets	89.1	85.0
Deferred tax assets	214.8	239.7
Non-current assets	**2,537.7**	**2,571.2**
Inventories	1,211.1	1,135.5
Advance payments made	234.4	219.9
Trade accounts receivable	941.9	1,065.1
Contract assets	1,188.7	1,047.5
Current tax assets	35.9	36.6
Investments	598.4	728.9
Cash and cash equivalents	1,355.5	1,302.0
Other receivables and assets	399.7	380.1
Current assets other than assets held for sale	**5,965.6**	**5,915.6**
Assets held for sale	6.2	5.0
Current assets	**5,971.8**	**5,920.6**
TOTAL ASSETS	**8,509.5**	**8,491.8**

EQUITY AND LIABILITIES		
Share capital	104.0	104.0
Capital reserves	36.5	36.5
Retained earnings and other reserves	1,616.8	1,708.1
Equity attributable to owners of the parent	**1,757.3**	**1,848.6**
Non-controlling interests	-15.2	-13.9
Total equity	**1,742.1**	**1,834.7**
Bank loans and other financial liabilities	828.5	827.5
Lease liabilities	163.5	162.6
Provisions for employee benefits	309.1	312.4
Provisions	194.8	185.4
Other liabilities	27.3	28.6
Deferred tax liabilities	115.3	121.3
Non-current liabilities	**1,638.5**	**1,637.8**
Bank loans and other financial liabilities	262.3	253.4
Lease liabilities	43.7	44.8
Trade accounts payable	930.6	983.0
Contract liabilities from sales recognized over time	1,562.2	1,547.5
Contract liabilities from sales recognized at a point in time	395.9	400.5
Provisions	436.0	460.5
Current tax liabilities	78.5	105.8
Other liabilities	1,419.7	1,223.8
Current liabilities	**5,128.9**	**5,019.3**
TOTAL EQUITY AND LIABILITIES	**8,509.5**	**8,491.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter of 2023 (unaudited)

(in MEUR)	Q1 2023	Q1 2022
Net income	**102.5**	**70.2**
Income taxes	35.2	25.4
Interest result	-3.9	2.2
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment	54.4	57.1
Result from investments accounted for using the equity method	-0.6	-0.2
Gains/losses from disposal of fixed and financial assets	0.1	-7.6
Other non-cash income/expenses	22.4	4.2
Change in net working capital	-170.1	133.9
Changes in provisions and other assets and liabilities	-29.7	-26.2
Interest received	13.8	5.7
Interest paid	-5.2	-5.1
Dividends received	0.0	0.3
Income taxes paid	-50.3	-32.8
CASH FLOW FROM OPERATING ACTIVITIES	**-31.4**	**227.1**
Payments made for property, plant, and equipment and intangible assets	-32.9	-34.8
Payments received for disposals of property, plant, and equipment and intangible assets	2.1	9.2
Payments made for non-current and current financial assets	-76.9	-191.4
Payments received for disposal of non-current and current financial assets	204.8	125.9
Net cash flow from company acquisitions	-1.5	0.0
CASH FLOW FROM INVESTING ACTIVITIES	**95.6**	**-91.1**
Payments received from bank loans and other financial liabilities	16.0	3.5
Payments made for bank loans and other financial liabilities	-6.7	-77.8
Payments made for the the redemption of lease liabilities	-12.7	-11.3
Dividends paid	0.0	-0.7
Purchase of treasury shares	0.0	-16.0
CASH FLOW FROM FINANCING ACTIVITIES	**-3.4**	**-102.3**
CHANGES IN CASH AND CASH EQUIVALENTS	**60.8**	**33.7**
Currency translation adjustments	-6.5	20.8
Changes in consolidation scope	-0.8	0.0
Cash and cash equivalents at the beginning of the period	1,302.0	1,087.0
Cash and cash equivalents at the end of the period	1,355.5	1,141.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter of 2023 (unaudited)

								Attributable to owners of the parent	Non-controlling interests	Total equity
(in MEUR)	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, 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									-0.7	-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**
BALANCE AS OF JANUARY 1, 2023	**104.0**	**36.5**	**2,040.0**	**0.2**	**-40.0**	**-90.2**	**-201.9**	**1,848.6**	**-13.9**	**1,834.7**
Net income			104.5					104.5	-2.0	102.5
Other comprehensive income				16.1	-0.5	-8.0		7.6	0.7	8.3
Total comprehensive income			**104.5**	**16.1**	**-0.5**	**-8.0**		**112.1**	**-1.3**	**110.8**
Dividends			-207.7					-207.7		-207.7
Change from share option programs			0.9					0.9		0.9
Hyperinflation			3.2					3.2		3.2
Transfers and other changes					0.2			0.2		0.2
BALANCE AS OF MARCH 31, 2023	**104.0**	**36.5**	**1,940.9**	**16.3**	**-40.3**	**-98.2**	**-201.9**	**1,757.3**	**-15.2**	**1,742.1**

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