

# INTERIM FINAN CIAL REPORT

FIRST THREE QUARTERS 2018

**ANDRITZ**

ENGINEERED SUCCESS

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# KEY FIGURES OF THE ANDRITZ GROUP

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	4,738.0	4,112.5	+15.2%	1,468.7	1,341.2	+9.5%	5,579.5
Order backlog (as of end of period)	MEUR	6,882.8	6,650.8	+3.5%	6,882.8	6,650.8	+3.5%	6,383.0
Sales	MEUR	4,200.8	4,143.6	+1.4%	1,437.7	1,364.6	+5.4%	5,889.1
Return on sales	%	5.5	6.7	-	5.3	6.6	-	6.8
EBITDA	MEUR	321.2	375.2	-14.4%	109.5	121.7	-10.0%	541.7
EBITA <sup>1)</sup>	MEUR	252.2	306.2	-17.6%	85.9	98.9	-13.1%	444.0
Earnings Before Interest and Taxes (EBIT)	MEUR	229.3	275.9	-16.9%	76.4	90.5	-15.6%	399.3
Earnings Before Taxes (EBT)	MEUR	223.5	275.1	-18.8%	80.6	86.2	-6.5%	400.6
Net income (including non-controlling interests)	MEUR	156.2	191.4	-18.4%	56.3	59.6	-5.5%	265.6
Net income (without non-controlling interests)	MEUR	157.0	189.8	-17.3%	56.4	59.0	-4.4%	263.0
Cash flow from operating activities	MEUR	-85.0	129.2	-165.8%	16.2	47.7	-66.0%	246.5
Capital expenditure	MEUR	69.3	81.5	-15.0%	22.1	25.6	-13.7%	116.8
Employees (as of end of period; without apprentices)	-	26,397	25,686	+2.8%	26,397	25,686	+2.8%	25,566
Non-current assets	MEUR	1,884.3	1,898.4	-0.7%	1,884.3	1,898.4	-0.7%	1,860.8
Current assets	MEUR	4,707.9	4,394.4	+7.1%	4,707.9	4,394.4	+7.1%	4,404.5
Total shareholders' equity	MEUR	1,264.0	1,294.2	-2.3%	1,264.0	1,294.2	-2.3%	1,325.4
Non-current liabilities	MEUR	1,655.3	1,626.6	+1.8%	1,655.3	1,626.6	+1.8%	1,565.7
Current liabilities	MEUR	3,672.9	3,372.0	+8.9%	3,672.9	3,372.0	+8.9%	3,374.2
Total assets	MEUR	6,592.2	6,292.8	+4.8%	6,592.2	6,292.8	+4.8%	6,265.3
Equity ratio	%	19.2	20.6	-	19.2	20.6	-	21.2
Liquid funds	MEUR	1,894.9	1,768.8	+7.1%	1,894.9	1,768.8	+7.1%	1,772.3
Net liquidity	MEUR	501.0	878.2	-43.0%	501.0	878.2	-43.0%	908.0
Net debt	MEUR	-123.8	-491.8	+74.8%	-123.8	-491.8	+74.8%	-530.6
Net working capital	MEUR	114.8	-112.3	+202.2%	114.8	-112.3	+202.2%	-121.0
Capital employed	MEUR	1,073.7	826.5	+29.9%	1,073.7	826.5	+29.9%	801.9
Gearing	%	-9.8	-38.0	+74.2%	-9.8	-38.0	+74.2%	-40.0
EBITDA margin	%	7.6	9.1	-	7.6	8.9	-	9.2
EBITA margin	%	6.0	7.4	-	6.0	7.2	-	7.5
EBIT margin	%	5.5	6.7	-	5.3	6.6	-	6.8
Net income/sales	%	3.7	4.6	-	3.9	4.4	-	4.5
Depreciation and amortization/sales	%	2.2	2.4	-	2.3	2.3	-	2.3

1) Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill amounts to 22,932 TEUR (Q1-Q3 2017: 30,268 TEUR; 2017: 38,301 TEUR); impairment of goodwill amounts to 0 TEUR (Q1-Q3 2017: 0 TEUR; 2017: 6,428 TEUR). All figures according to IFRS. Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

# KEY FIGURES OF THE BUSINESS AREAS

## HYDRO

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,056.2	939.0	+12.5%	303.1	425.0	-28.7%	1,317.2
Order backlog (as of end of period)	MEUR	2,718.2	3,038.7	-10.5%	2,718.2	3,038.7	-10.5%	2,921.8
Sales	MEUR	1,085.8	1,071.5	+1.3%	361.5	346.9	+4.2%	1,583.1
EBITDA	MEUR	85.8	94.0	-8.7%	28.7	36.8	-22.0%	154.1
EBITDA margin	%	7.9	8.8	-	7.9	10.6	-	9.7
EBITA	MEUR	65.3	73.3	-10.9%	21.9	30.1	-27.2%	123.0
EBITA margin	%	6.0	6.8	-	6.1	8.7	-	7.8
Employees (as of end of period; without apprentices)	-	7,343	7,365	-0.3%	7,343	7,365	-0.3%	7,237

## PULP & PAPER

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,726.4	1,552.0	+11.2%	545.5	427.1	+27.7%	2,033.4
Order backlog (as of end of period)	MEUR	2,148.5	1,899.1	+13.1%	2,148.5	1,899.1	+13.1%	1,787.0
Sales	MEUR	1,523.2	1,474.3	+3.3%	513.7	483.4	+6.3%	2,059.7
EBITDA	MEUR	157.0	148.8	+5.5%	50.9	51.4	-1.0%	221.5
EBITDA margin	%	10.3	10.1	-	9.9	10.6	-	10.8
EBITA	MEUR	136.7	129.7	+5.4%	43.8	45.0	-2.7%	194.9
EBITA margin	%	9.0	8.8	-	8.5	9.3	-	9.5
Employees (as of end of period; without apprentices)	-	8,518	7,982	+6.7%	8,518	7,982	+6.7%	8,002

## METALS

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	1,403.3	1,143.6	+22.7%	456.6	329.4	+38.6%	1,606.5
Order backlog (as of end of period)	MEUR	1,556.0	1,302.8	+19.4%	1,556.0	1,302.8	+19.4%	1,309.7
Sales	MEUR	1,142.7	1,185.0	-3.6%	400.3	392.7	+1.9%	1,643.5
EBITDA	MEUR	51.2	106.6	-52.0%	19.1	24.2	-21.1%	129.7
EBITDA margin	%	4.5	9.0	-	4.8	6.2	-	7.9
EBITA	MEUR	29.4	84.0	-65.0%	11.7	16.7	-29.9%	98.6
EBITA margin	%	2.6	7.1	-	2.9	4.3	-	6.0
Employees (as of end of period; without apprentices)	-	7,687	7,567	+1.6%	7,687	7,567	+1.6%	7,573

## SEPARATION

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-	Q3 2018	Q3 2017	+/-	2017
Order intake	MEUR	552.1	477.9	+15.5%	163.5	159.7	+2.4%	622.4
Order backlog (as of end of period)	MEUR	460.1	410.2	+12.2%	460.1	410.2	+12.2%	364.5
Sales	MEUR	449.1	412.8	+8.8%	162.2	141.6	+14.5%	602.8
EBITDA	MEUR	27.2	25.8	+5.4%	10.8	9.3	+16.1%	36.4
EBITDA margin	%	6.1	6.3	-	6.7	6.6	-	6.0
EBITA	MEUR	20.8	19.2	+8.3%	8.5	7.1	+19.7%	27.5
EBITA margin	%	4.6	4.7	-	5.2	5.0	-	4.6
Employees (as of end of period; without apprentices)	-	2,849	2,772	+2.8%	2,849	2,772	+2.8%	2,754

# MANAGEMENT REPORT

## GENERAL ECONOMIC CONDITIONS

The economic upswing in the world's main economic regions continued unchanged during the reporting period.

In the USA, the economy remained strong in spite of the trade dispute with China. Growth was driven above all by strong private consumption and company investments. The unemployment rate decreased to just under 4.0%. The US Federal Reserve (FED) raised the key interest rate at the end of September – as expected by market experts – for the third time this year by 0.25 percentage points to a range between 2.00 and 2.25%. It also announced four more interest rate hikes until the end of 2019. The Trump administration decided to introduce new import duties with a volume of another 200 billion US dollars on Chinese goods. At the end of September, the USA, Canada and Mexico agreed on a revised version and a new name for the NAFTA agreement. The new trade agreement is to be called the USA-Mexico-Canada Agreement (USMCA) and will replace the almost 25-year-old NAFTA. This trilateral agreement should result in freer markets, fairer trade and stronger economic growth in the three countries concerned.

The economy in the euro zone – supported by the continuing expansive monetary policy of the European Central Bank (ECB) – continued its positive development during the reporting period. The ECB left the key interest rate at its record low of 0.0% in mid-September, but aims to end its multi-billion euro bond-purchase program at the end of the year. As from October, the volume of monthly bond-purchases will be reduced to 15 billion euros.

As a result of the USA's tight monetary policy, the currencies of many emerging markets with a current account deficit (among others Turkey, Argentina, Brazil, and South Africa) and high debts in foreign currencies have come under strong pressure. In order to stop the collapse in exchange rates for these currencies, the central banks in the emerging markets increased interest rates substantially, which will have a negative effect on the economic development of these countries in the medium to long term. In the meantime, many economic researchers have substantially reduced their economic growth forecast for countries like Brazil, Turkey, and South Africa.

China's economic growth has been losing momentum since the beginning of the year. Both industrial production and expenditure for infrastructure investments have slowed down. Furthermore, the trade dispute between China and the USA is putting additional pressure on the economy. Regardless of this, private consumption continued its robust development. The OECD expects Gross Domestic Product (GDP) growth of approximately 6.7% for 2018.

Source: Research reports by various banks, OECD

## MARKET DEVELOPMENT

### Hydro

Global investment and project activity for electromechanical equipment for hydropower plants again continued at a moderate level during the third quarter of 2018, particularly in Europe. Individual projects were only awarded selectively during the reporting period – particularly in Asia. Good project activity was noted for pumps.

### Pulp & Paper

The international pulp market continued its positive development of the preceding quarters. With a continuing high demand for pulp – particularly from Chinese paper producers – accompanied by a stable supply, the price of short-fiber pulp (eucalyptus) was around 1,050 USD per ton at the end of September 2018 and thus unchanged compared to the end of June 2018. In contrast, the price for NBSK (Northern Bleached Softwood Kraft Pulp) long-fiber pulp increased slightly from around 1,200 USD per ton at the end of June 2018 to approximately 1,230 USD per ton at the end of September 2018.

Overall, the market for pulping equipment showed good project activity, particularly for modernization of existing pulp mills. Unchanged, good project and investment activity was also noted for power generating boilers, particularly in China and Japan.

### Metals

In the Metal Forming sector for the automotive and automotive supplying industry (Schuler), the third quarter of 2018 showed satisfactory project and investment activity. Some individual orders were awarded selectively by international car manufacturers and their suppliers. Project and investment activity in the market segment served by Yadon in the Chinese automotive supplying industry continued to see favorable development.

Project and investment activity for equipment for the production and processing of stainless steel and carbon steel strip continued to be satisfactory during the third quarter of 2018. The demand for stainless and carbon steel supported by the overall good global economic environment and the related higher capacity utilization at international steel producing companies led to numerous new and modernization projects, particularly in Asia, Europe, and North America. The intensity of competition on the equipment market remained challenging despite the good market environment.

### Separation

The global markets for solid/liquid separation equipment continued their positive trend during the reporting period. In particular, the environmental (municipal and industrial sewage sludge dewatering and drying) and chemical sectors showed unchanged good project activity. Satisfactory project activity was noted in the mining industry. Investment activity in the food industry slightly improved from the low levels of the preceding quarters.

## BUSINESS DEVELOPMENT

### Sales

Sales of the ANDRITZ GROUP amounted to 1,437.7 MEUR in the third quarter of 2018 and were thus 5.4% higher than the reference figure of the previous year (Q3 2017: 1,364.6 MEUR). All four business areas were able to increase their sales compared to the previous year. The increase in sales is primarily due to the Pulp & Paper business area (+6.3%) – thanks to its strong service business – and the Separation business area (+14.5%) – due to the positive development of order intake in the preceding quarters. Sales in the Hydro (+4.2%) and Metals (+1.9%) business areas also increased slightly compared to the previous year.

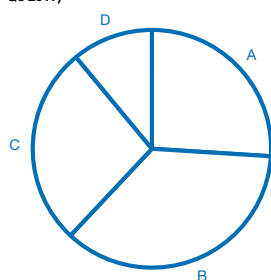
Group sales in the first three quarters of 2018 amounted to 4,200.8 MEUR, thus practically reached the same level as the previous year's reference figure (+1.4% versus Q1-Q3 2017: 4,143.6 MEUR). The business areas' sales development at a glance:

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-
Hydro	MEUR	1,085.8	1,071.5	+1.3%
Pulp & Paper	MEUR	1,523.2	1,474.3	+3.3%
Metals	MEUR	1,142.7	1,185.0	-3.6%
Separation	MEUR	449.1	412.8	+8.8%

#### Sales by business area

##### Q1-Q3 2018 in %

(Q1-Q3 2017)

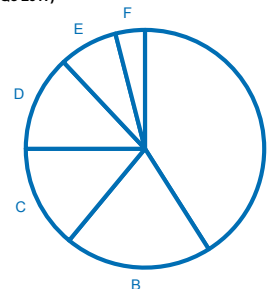


A	<b>26</b> (26)	Hydro
B	<b>36</b> (35)	Pulp & Paper
C	<b>27</b> (29)	Metals
D	<b>11</b> (10)	Separation

#### Sales by region

##### Q1-Q3 2018 in %

(Q1-Q3 2017)



A	<b>41</b> (37)	Europe
B	<b>20</b> (22)	North America
C	<b>14</b> (15)	China
D	<b>13</b> (12)	Asia (without China)
E	<b>8</b> (10)	South America
F	<b>4</b> (4)	Africa, Australia

## Share of service sales for the Group and by business area in %

	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
ANDRITZ GROUP	35	34	36	34
Hydro	28	29	28	29
Pulp & Paper	46	43	48	42
Metals	22	24	23	25
Separation	47	49	45	48

## Order intake

The order intake of the Group saw a satisfactory in the third quarter of 2018 and, at 1,468.7 MEUR, was 9.5% higher than the figure for the previous year's reference period (Q3 2017: 1,341.2 MEUR). The business areas' development in detail:

- Hydro: In an unchanged moderate global market environment, the order intake amounted to 303.1 MEUR and was thus significantly lower than the high figure for the previous year's reference period (-28.7% versus Q3 2017: 425.0 MEUR), which included some medium-sized orders (including some in Canada and China).
- Pulp & Paper: At 545.5 MEUR, the order intake reached a very favorable level – both for the capital and service business – and increased significantly compared to the previous year's reference figure (+27.7% versus Q3 2017: 427.1 MEUR).
- Metals: Order intake amounted to 456.6 MEUR and was thus 38.6% higher than the level for the previous year's reference period (Q3 2017: 329.4 MEUR). This increase is primarily attributable to the Metals Processing sector, which booked a medium-sized order for a hot-galvanizing line in Germany. The Metal Forming sector for the automotive and automotive supplying industry (Schuler) noticed a stable development compared to the previous year's reference period.
- Separation: Order intake amounted to 163.5 MEUR and was thus practically at the same level as for the previous year's reference period (+2.4% versus Q3 2017: 159.7 MEUR). The Feed Technologies sector saw very positive development, with a significant increase in order intake compared to the previous year's reference period.

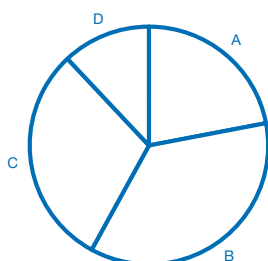
In the first three quarters of 2018, the Group's order intake at 4,738.0 MEUR was significantly higher than the low level of the previous year's reference period (+15.2% versus Q1-Q3 2017: 4,112.5 MEUR). All four business areas were able to increase their order intake significantly compared to the previous year. The business areas' order intake development at a glance.

	Unit	Q1-Q3 2018	Q1-Q3 2017	+/-
Hydro	MEUR	1,056.2	939.0	+12.5%
Pulp & Paper	MEUR	1,726.4	1,552.0	+11.2%
Metals	MEUR	1,403.3	1,143.6	+22.7%
Separation	MEUR	552.1	477.9	+15.5%



**Order intake by business area**  
Q1-Q3 2018 in %

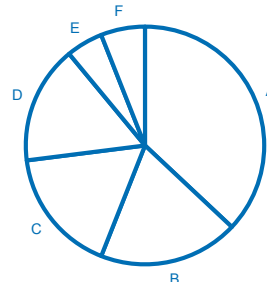
(Q1-Q3 2017)



A	<b>22</b>	(23)	Hydro
B	<b>36</b>	(37)	Pulp & Paper
C	<b>30</b>	(28)	Metals
D	<b>12</b>	(12)	Separation

**Order intake by region**  
Q1-Q3 2018 in %

(Q1-Q3 2017)



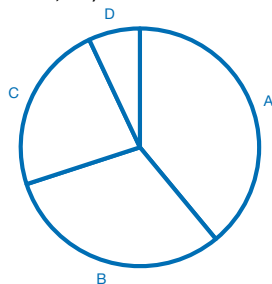
A	<b>37</b>	(40)	Europe
B	<b>19</b>	(18)	China
C	<b>17</b>	(10)	Asia (without China)
D	<b>16</b>	(22)	North America
E	<b>5</b>	(7)	South America
F	<b>6</b>	(3)	Africa, Australia

## Order backlog

As of September 30, 2018, the order backlog of the ANDRITZ GROUP amounted to 6,882.8 MEUR (+7.8% versus December 31, 2017: 6,383.0 MEUR).

**Order backlog by business area**  
as of September 30, 2018 in %

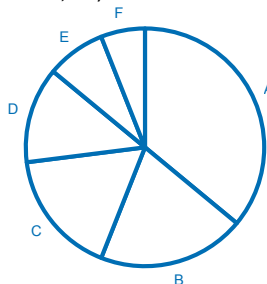
(December 31, 2017)



A	<b>39</b>	(45)	Hydro
B	<b>31</b>	(28)	Pulp & Paper
C	<b>23</b>	(21)	Metals
D	<b>7</b>	(6)	Separation

**Order backlog by region**  
as of September 30, 2018 in %

(December 31, 2017)



A	<b>36</b>	(37)	Europe
B	<b>20</b>	(19)	Asia (without China)
C	<b>17</b>	(15)	China
D	<b>13</b>	(16)	North America
E	<b>8</b>	(8)	South America
F	<b>6</b>	(5)	Africa, Australia

## Earnings

The EBITA of the Group amounted to 85.9 MEUR in the third quarter of 2018 and was – despite the sales increase – well below the reference figure of the previous year (-13.1% versus Q3 2017: 98.9 MEUR). This is largely due to cost overruns on some projects in the Metals business area as well as a decrease in earnings in the Hydro business area. Profitability (EBITA margin) decreased to 6.0% (Q3 2017: 7.2%).

Development by business area:

- The EBITA margin in the Hydro business area amounted to 6.1% and was thus significantly lower than the high level of the previous year's reference period (Q3 2017: 8.7%), which had been positively impacted by the successful finalization of some orders as well as the increase in service business.
- In the Pulp & Paper business area, profitability reached a satisfactory level at 8.5% (Q3 2017: 9.3%). Both the capital and the service business noticed unchanged solid development.
- The EBITA margin in the Metals business area decreased significantly to 2.9% (Q3 2017: 4.3%). The continuing unsatisfactory development is largely attributable to execution of some lower margin orders as well as cost overruns on some projects.
- In the Separation business area, the EBITA margin increased to 5.2% (Q3 2017: 5.0%).

In the first three quarters of 2018, the Group's EBITA amounted to 252.2 MEUR and was thus significantly below the figure of the previous year's reference period (-17.6% versus Q1-Q3 2017: 306.2 MEUR), which included an extraordinary positive effect of approximately 25 MEUR, mainly due to the sale of the Schuler Technical center in Tianjin, China. The EBITA of the Group in the first three quarters of 2018 also declined compared to the adjusted EBITA of the previous year's reference figure (282.6 MEUR). This is primarily due to cost overruns on some projects in the Metals business area.

Profitability fell to 6.0% (Q1-Q3 2017: 7.4% and 6.8%, respectively, adjusted for the extraordinary effect).

The financial result decreased significantly in the first three quarters of 2018 to -5.8 MEUR (Q1-Q3 2017: -0.8 MEUR). This substantial decline is mainly due to the lower interest result as a consequence of lower average net liquidity and considerably lower interest rates in Brazil on an annual comparison. Furthermore, the issuance of Schuldscheindarlehen in June 2017 and August 2018 negatively affected the financial result. The improvement of the other financial result comes from the valuation of accounts in foreign currencies (FX) as per key date.

Net income (including non-controlling interests) decreased to 156.2 MEUR (-18.4% versus Q1-Q3 2017: 191.4 MEUR), 157.0 MEUR of which (Q1-Q3 2017: 189.8 MEUR) are attributable to the shareholders of the parent company and -0.8 MEUR (Q1-Q3 2017: 1.6 MEUR) to non-controlling interests.

## Net worth position and capital structure

The net worth position and capital structure as of September 30, 2018 remained solid. Total assets increased to 6,592.2 MEUR (December 31, 2017: 6,265.3 MEUR). The equity ratio reached 19.2% (December 31, 2017: 21.2%).

Liquid funds amounted to 1,894.9 MEUR (December 31, 2017: 1,772.3 MEUR), net liquidity amounted to 501.0 MEUR (December 31, 2017: 908.0 MEUR). The decrease in net liquidity mainly resulted from payments for acquisitions, lower customer advances as well as cash outflows due to cost overruns on some projects.

In the third quarter of 2018, ANDRITZ AG issued a Schuldscheindarlehen with a volume of 500 MEUR in order to provide funds for corporate financing including refinancing and for acquisition financing.

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:

- Credit lines: 164 MEUR, thereof 115 MEUR utilized
- Surety lines: 5,990 MEUR, thereof 2,614 MEUR utilized

#### Assets

A	B	C

A	Long-term assets: 29%	1,884.3 MEUR
B	Short-term assets: 45%	2,963.0 MEUR
C	Cash and cash equivalents and investments: 26%	1,744.9 MEUR

#### Shareholders' equity and liabilities

A	B	C	D

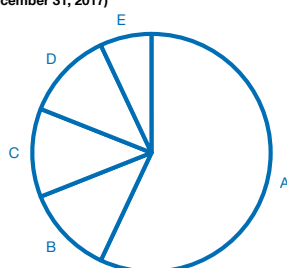
A	Shareholders' equity incl. non-controlling interests: 19%	1,264.0 MEUR
B	Financial liabilities: 21%	1,399.6 MEUR
C	Other long-term liabilities: 11%	703.2 MEUR
D	Other short-term liabilities: 49%	3,225.4 MEUR

## Employees

As of September 30, 2018, the number of ANDRITZ GROUP employees amounted to 26,397 (December 31, 2017: 25,566 employees).

**Employees by region**  
as of September 30, 2018 in %

(December 31, 2017)



A	<b>57</b> (58)	Europe
B	<b>12</b> (12)	China
C	<b>12</b> (12)	North America
D	<b>12</b> (11)	South America
E	<b>7</b> (7)	Asia (without China), Africa, Australia

## Major risks during the remaining months of the financial year

### General risks

ANDRITZ is a globally-operating company serving a large variety of industrial markets and customers. As such, the Group is subject to certain general and industry-specific risks. The active risk management implemented by the ANDRITZ GROUP for many years now serves both to safeguard the company's existence in the long term as well as to increase its value, and is thus an essential success factor for the entire Group. For the purposes of value-oriented company management, risk management is an integral part of the business processes and extends over all strategic and operative levels.

ANDRITZ has a Group-wide internal control and steering system (ICS) whose main task is to identify nascent risks at an early stage and – if possible – to implement countermeasures promptly. This system is an important element of active corporate management. However, there is no guarantee that these monitoring and control systems are effective enough.

A detailed description of the strategic and operational risks and information on the internal control and risk management system are available in the ANDRITZ annual financial report for 2017.

### Current risks

The latent trade dispute between the USA and China, Mexico, and Canada (25% import duties on steel and 10% on aluminum) could have an appreciable negative impact on the global economy and thus on business development of ANDRITZ. Furthermore, additional increases in interest rates by the US Federal Reserve could lead to a widespread currency crisis in the emerging markets. However, the volume of loans in foreign currency held by ANDRITZ subsidiaries in the emerging markets can be classified as very small.

The medium- to long-term effects that the US trade policy will have on the global economy cannot be estimated yet. ANDRITZ has a very strong local presence in the USA, including Xerium Technologies, Inc. (now: ANDRITZ Fabrics and Rolls) acquired in October, with approximately 30 production and service locations and approximately 2,500 employees. All four business areas are represented in the USA. From today's perspective, the effects on ANDRITZ can be considered insignificant. However, if other regulatory measures are implemented that have negative consequences for non-American companies, the effects on ANDRITZ may well be substantial.

The long-term economic impact of the United Kingdom leaving the European Union cannot be estimated yet. However, its influence is expected to be low. If economic growth in Europe dropped significantly as a result, this could have a negative impact on business development of the ANDRITZ GROUP because Europe is its most important economic region, accounting for an average of 35-40% of its total sales. However, the ANDRITZ GROUP's direct business volume in the UK can be classified as very small.

#### Impact of exchange rate fluctuations

Fluctuations in exchange rates in connection with execution of the order backlog are largely hedged by forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies is hedged by forward contracts. Exchange rate risks resulting from the recognition of equity are not hedged.

Changes in the exchange rate of the euro against many other currencies could have both a positive and a negative impact on the shareholders' equity as well as on the sales and earnings development of the ANDRITZ GROUP (translation effect).

## OUTLOOK

Although economic experts are expecting unchanged positive economic development in the world's main economic regions for the remaining months of 2018, they anticipate a slightly negative impact on global economic development in the coming year in view of the latent trade disputes, particularly between the USA and China, as well as the currency devaluation in many emerging markets.

The prospects for the ANDRITZ business areas remain largely unchanged compared to the previous quarter. In the Hydro business area, the overall moderate market development for electromechanical equipment for hydropower plants is expected to continue. Many modernization projects are still postponed or temporarily stopped, particularly in Europe, due to the continuing low electricity wholesale prices. Some larger, new hydropower projects are currently in the planning phase, especially in Southeast Asia and Africa; selective award of individual large-scale projects is likely. In the Pulp & Paper business area, unchanged good project and investment activity is expected. Some projects to build new pulp mills are currently in the evaluation phase and could be awarded in the medium term. Satisfactory project and investment activity is anticipated in the Metals business area – both in the metal forming (Schuler) and metal processing (plants for production and finishing of steel strip) sectors. A continuation of the positive market development is also expected in the Separation business area.

The ANDRITZ GROUP expects unchanged stable development of sales in the 2018 business year as compared to the previous year. However, the Group's profitability (EBITA margin) will be significantly lower than the previous year's reference figure due to provisions – to be booked in Q4 2018 – amounting to well above 20 million euros made for capacitive restructuring adjustments in the Metal Forming sector (Schuler) and in the Hydro business area. Profitability excluding this extraordinary effect (EBITA margin) should however reach almost the level of the previous year (7.1% excluding extraordinary effect; 7.5% reported).

However, if the global economy suffers a stronger setback in the coming months, this could have a negative impact on ANDRITZ's business development. This may lead to organizational and capacity adjustments and, as a result, to possible financial provisions that could have a negative effect on the ANDRITZ GROUP's earnings.

# HYDRO

## IMPORTANT EVENTS

In Norway, the Lysebotn II project was completed successfully and handed over the customer, Lyse Produksjon AS, for commercial operation. The power plant was officially inaugurated in the presence of the Norwegian Prime Minister. The order included supply and installation of turbines and generators as well as penstocks and gates for the Lysebotn II hydropower station that replaces the older Lysebotn I power plant. In future, the new power station will supply enough electricity to supply 75,000 Norwegian households per year.

Start-up and commissioning of the second unit at Xekaman Xanxay hydropower plant, Lao People's Democratic Republic, was successfully completed, and the plant was handed over to the customer, Song Da Cooperation, Vietnam, for commercial use. The scope of supply comprised the electromechanical equipment, service, two bulb turbines, generators, and the electrical auxiliary equipment. With 32 MW of installed power and an annual electrical energy output of 131.2 GWh, the hydropower plant is an important part of the 300-MW-hydropower plant Xekaman 1.

## IMPORTANT ORDERS

Customer	Country	Scope of supply
Barki Tojik OJSC	Tadzhikistan	Rehabilitation and modernization of the entire electromechanical equipment, including inspection and repairs of nine penstocks for the Nurek hydropower plant. The scope of supply comprises comprehensive modernization of the existing nine generating units by supplying and installing new 380 MW Francis turbines and generators. In addition, the transformers and the general electrical and mechanical auxiliary drives in the power house will be refurbished. After modernization, the installed capacity of generating units will be increased by about 12%.
AGRIMECO	Vietnam	Delivery of the complete electromechanical equipment for Ban Mong hydropower plant, consisting of two 22.5 MW-bulb turbine units, mechanical auxiliaries, electrical equipment and power plant automation as well as installation work and commissioning.
Dong Fang Electric	Uzbekistan	Delivery of the mechanical equipment for the Kamolot 18 small-scale hydropower plant.
Besalco Energia Renovables SA	Chile	Delivery and installation of the complete electromechanical equipment for the Digua small-scale hydropower plant.

# PULP & PAPER

## IMPORTANT EVENTS

In October 2018, ANDRITZ and ARAUCO signed a contract for supply of major technologies and equipment for the modernization and extension of the ARAUCO pulp mill in Chile. The order value for ANDRITZ is in the range of around 300 million Euros. For the new 1.5 million tons per year bleached eucalyptus kraft (BEK) pulp line, ANDRITZ will supply – on an EPS basis (EPS: Engineering, Procurement, Supervision) – the woodyard, fiberline, white liquor plant, and evaporation system.

In October, ANDRITZ has successfully closed the acquisition of Xerium Technologies, Inc. (now ANDRITZ Fabrics and Rolls). The company is a global manufacturer and supplier of machine clothing and roll covers for paper, tissue, and board machines and expands the ANDRITZ product range in this area.

ANDRITZ successfully started-up a new *PrimeLine* COMPACT VI high-speed tissue machine at Bashundhara Paper Mills, Bangladesh. The turnkey tissue production line produces high-quality facial wipes, toilet paper, and napkins. The scope of supply included the complete stock preparation, tissue machine, as well as complete automation and electrification. The tissue machine has a design speed of 2,100 m/min and a paper width of 2.85°m. The 16 ft. Yankee is made entirely of steel, thus enabling high and efficient drying performance.

ANDRITZ successfully completed the upgrade and modernization project at Chelny's PM K-28 paper machine in Russia. The scope of supply to Narodnoye Predpriyatie Naberezhnye Chelny Paper Mill included a new *PrimeCoat* Size press with a *PrimeAir* Glide air turn and a new *PrimeReel* pope reel with two new under-the-machine pulpers. Additionally, complete new electromechanical drives for the paper machine and a new QC system were also installed.

ANDRITZ successfully started up a new SCP (SCP: Semi Chemical Pulping) line at Shandong Sun Honghe Paper Mill, a new stock preparation and approach flow system at Shandong Chenming Paper as well as a new stock preparation and approach flow system at Shouguang Meilun Paper Mill in China.

ANDRITZ successfully started-up a pressurized refining system for Hunton Isolasjon AS, Gjøvik, Norway. Another ANDRITZ pressurized refining system with a total capacity of 700 tons per day recently started-up at Kijchai Enterprise in Thailand.

## IMPORTANT ORDERS

Customer	Country	Scope of supply
Zellstoff Celgar	Canada	Replacement of the baling line for paper machine #2 (PM2).
Shanying Huazhong paper	China	Supply of a complete reject handling system.
La Méridionale	France	Delivery of a SeaSO <sub>x</sub> dry scrubber.
Kuantum Papers	India	Supply of a HERB recovery boiler (HERB: High Energy Recovery Boiler) and evaporation plant.
PT Fajar Surya Wisesa	Indonesia	Supply of two drum pulpers and a reject handling system.
PT Dayasa Aria Prima	Indonesia	Delivery of one new OCC-line (OCC: Old Corrugated Containers) with a capacity of 700*tons per day (tpd) for paper machine #1 (PM1) including a drum pulper; Delivery of one new OCC-line (capacity: 400 tpd) for PM2/3/5 including a drum pulper; Delivery of a reject handling system for 700 tpd and 400 tpd OCC line.
Daio Paper	Japan	Delivery of a HERB recovery boiler; Supply of new key equipment and services for the white liquor plant. Modernization of the fiberline including new DD-Washer (DD: Drum Displacer) and high-pressure feeder with UniGrid.
Sun Paper Holding Lao	Laos	Supply of refiners, MC pumps (MC: Medium Consistency), Board Machine Approach Systems and Broke Handling, and reject handling for PM1 and PM2.
JSC Ilim Group	Russia	Delivery of a new LMD Lime Kiln, including supervision and start up.
SAKER	Slovakia	Delivery of a Universal Rotary Shear UC (UC: Universal Cutter) and a Universal Granulator UG (UG: Universal Granulator).
Papelera Guipuzcoana de Zicuñaga	Spain	Upgrade of recovery boiler capacity and modernization of the fiberline.



# METALS

## IMPORTANT EVENTS

Schuler has acquired the Italian forging line manufacturer Farina Presse. In acquiring this mechanical engineering specialist, based in Suello in Northern Italy, the Schuler Group has completed its product portfolio in the forging and single-stroke press segment. Schuler is thus strengthening its market position in the middle price-performance segment.

Schuler opened a new service location in Querétaro, one of the fastest growing economic regions of Mexico, with many car manufacturing companies and their suppliers. This is now the third location in Mexico following Puebla in the south and Saltillo in the northern part of the country.

ANDRITZ has acquired ASKO, Inc., a family-owned company headquartered in Homestead, Pennsylvania, USA. ASKO has approximately 140 employees and generates annual sales of approximately 40 million US dollars. The company manufactures a wide range of knives, blades, liners, wear plates, and accessories for the metals producing, processing, and recycling industries. For ANDRITZ, the acquisition further complements the service offerings for the metals industry.

## IMPORTANT ORDERS

Customer	Country	Scope of supply
Volkswagen	Germany	Delivery of a 25,000 kilonewtons (kN) tryout press with ServoDirect technology for die testing.
LUK	Mexico	Delivery of a transfer press (press force: 29,000 kN) to produce structural components for the automotive industry.
PWO	Czech Republic	Supply of a 25,000 kN transfer press with TwinServo technology to produce structural components for the car industry.
Otto Fuchs	Germany	Supply of a forging press (press force: 300,000 kN) to produce aircraft landing gear, engine discs and structural components.
Zhejiang Jingu Wheel	China	Delivery of an 8,000 kN hot-stamping line including furnace, die cooling plant and automation for the production of wheel discs for press-hardened truck wheels made of steel.
Alfa Laval	South Korea	Supply of a multi-cylinder press (press force: 25,000 kN) including automation for production of heat exchanger plates.
Jiangsu Dayang PF	China	Delivery of a mechanical multi-station press (press force: 20,000 kN) for the production of warm-forged components.
Daimler	Germany	Delivery of tool sets for manufacture of car side panels.
Shougang Jingtang United Iron & Steel Co., Ltd.	China	Delivery of a S6-high cold rolling mill with an annual capacity of 280,000 tons. The ANDRITZ scope of supply includes engineering work, delivery of core mechanical equipment components, electrical equipment, the automation system as well as supervision of installation and start-up of the rolling mill stand. The new plant is designed to process high-strength steel grades.
thyssenkrupp Steel Europe	Germany	Supply of a complete hot-dip galvanizing line including the mechanical and electrical equipment, as well as the entire process part including the furnace and also start-up of the plant. The new line has an annual capacity of 530,000 tons and is designed to produce high-strength steel grades, mainly for the automotive industry.
HBIS Group Co. Ltd.	China	Supply of two strip processing furnaces: Furnace #1 is for a continuous annealing line to produce the latest generation of advanced high-strength steel (AHSS) and martensitic steel. The annual capacity of the line is 825,000 tons. Furnace #2 is an L-shaped type with an ANDRITZ directly fired furnace (DFF) for a continuous hot-galvanizing line to produce hot-rolled products including dual-phase steel. The annual capacity of the line is 412,000 tons.

# SEPARATION

## IMPORTANT ORDERS

<b>Customer / Industry</b>	<b>Country</b>	<b>Scope of supply</b>
K L Ballantyne Pty Ltd / Food	Australia	Two vacuum drum dryers.
Marine Collagen ehf. / Food	Iceland	Single drum dryer.
Farabi Petrochemicals Company Jubail / Chemicals	Saudi Arabia	Three siphon peeler centrifuges; two paddle dryer and auxiliary equipment.
Cas. La Contadina / Food	Italy	Separator with Crematic Skimmer.
Poppels Bryggeri / Food	Sweden	Separator.

# CONSOLIDATED INCOME STATEMENT

## For the first three quarters of 2018 (unaudited)

(in TEUR)	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
<b>Sales</b>	<b>4,200,767</b>	<b>4,143,619</b>	<b>1,437,685</b>	<b>1,364,621</b>
Changes in inventories of finished goods and work in progress	105,266	99,019	20,656	10,403
Capitalized cost of self-constructed assets	2,005	6,063	328	1,257
	<b>4,308,038</b>	<b>4,248,701</b>	<b>1,458,669</b>	<b>1,376,281</b>
Other operating income	56,698	127,893	19,097	32,012
Cost of materials	-2,159,211	-2,126,523	-748,315	-704,780
Personnel expenses	-1,292,400	-1,273,492	-420,168	-410,213
Other operating expenses	-591,965	-601,371	-199,834	-171,594
<b>Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)</b>	<b>321,160</b>	<b>375,208</b>	<b>109,449</b>	<b>121,706</b>
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	-91,897	-99,283	-33,128	-31,220
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>229,263</b>	<b>275,925</b>	<b>76,321</b>	<b>90,486</b>
Result from associated companies	6	-649	59	-334
Interest income	15,970	26,350	4,881	6,914
Interest expenses	-28,000	-31,068	-10,757	-12,246
Other financial result	6,249	4,542	10,047	1,413
<b>Financial result</b>	<b>-5,775</b>	<b>-825</b>	<b>4,230</b>	<b>-4,253</b>
<b>Earnings Before Taxes (EBT)</b>	<b>223,488</b>	<b>275,100</b>	<b>80,551</b>	<b>86,233</b>
Income taxes	-67,251	-83,732	-24,198	-26,705
<b>NET INCOME</b>	<b>156,237</b>	<b>191,368</b>	<b>56,353</b>	<b>59,528</b>
Thereof attributable to:				
Shareholders of the parent	157,014	189,796	56,392	58,990
Non-controlling interests	-777	1,572	-39	538
Weighted average number of no-par value shares	101,019,457	102,008,137	100,974,858	101,926,058
Basic earnings per no-par value share (in EUR)	1.55	1.86	0.55	0.58
Effect of potential dilution of share options	0	112,014	9,398	88,734
Weighted average number of no-par value shares and share options	101,019,457	102,120,151	100,984,256	102,014,792
Diluted earnings per no-par value share (in EUR)	1.55	1.86	0.55	0.58

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first three quarters of 2018 (condensed, unaudited)

(in TEUR)	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
<b>NET INCOME</b>	<b>156,237</b>	<b>191,368</b>	<b>56,353</b>	<b>59,528</b>
<b>Items that may be reclassified to profit or loss:</b>				
Currency translation adjustments of foreign operations	-23,097	-55,069	-14,801	-14,646
Result from available-for-sale financial assets, net of tax	-36	-8,599	0	-2,742
Result from cash flow hedges, net of tax	963	1,048	963	659
Result from associated companies, accounted for using the equity method, net of tax	-99	-441	-172	-83
<b>Items that will not be reclassified to profit or loss:</b>				
Actuarial gains/losses, net of tax	0	0	0	0
Result from fair value valuation of financial assets, net of tax	-20,065	0	-7,048	0
Result from associated companies, accounted for using the equity method, net of tax	0	0	0	0
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-42,334</b>	<b>-63,061</b>	<b>-21,058</b>	<b>-16,812</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>113,903</b>	<b>128,307</b>	<b>35,295</b>	<b>42,716</b>
Thereof attributable to:				
Shareholders of the parent	115,035	127,653	35,715	42,409
Non-controlling interests	-1,132	654	-421	307

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of September 30, 2018 (unaudited)

(in TEUR)	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Intangible assets	183,216	160,701
Goodwill	597,969	547,637
Property, plant, and equipment	775,692	762,267
Shares in associated companies	0	6,407
Investments and other financial assets	171,386	170,471
Other receivables and assets	24,713	60,714
Deferred tax assets	131,340	152,647
<b>Non-current assets</b>	<b>1,884,316</b>	<b>1,860,844</b>
Inventories	906,617	761,013
Advance payments made	123,684	99,264
Trade accounts receivable	785,764	891,980
Cost and earnings of projects under construction in excess of billings	0	599,550
Contract assets from contracts with customers	785,088	0
Receivables from current taxes	29,788	54,741
Other receivables and assets	332,026	341,183
Investments	341,787	565,780
Cash and cash equivalents	1,403,113	1,071,478
Assets held for sale	0	19,515
<b>Current assets</b>	<b>4,707,867</b>	<b>4,404,504</b>
<b>TOTAL ASSETS</b>	<b>6,592,183</b>	<b>6,265,348</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	1,106,677	1,160,334
<b>Equity attributable to shareholders of the parent</b>	<b>1,247,153</b>	<b>1,300,810</b>
Non-controlling interests	16,894	24,600
<b>Total shareholders' equity</b>	<b>1,264,047</b>	<b>1,325,410</b>
Bonds	0	349,759
Bank loans and other financial liabilities	936,530	424,851
Obligations under finance leases	15,578	17,196
Provisions	561,851	582,058
Other liabilities	62,184	103,941
Deferred tax liabilities	79,092	87,892
<b>Non-current liabilities</b>	<b>1,655,235</b>	<b>1,565,697</b>
Bonds	345,268	0
Bank loans and other financial liabilities	101,103	80,890
Obligations under finance leases	1,151	1,138
Trade accounts payable	478,481	461,239
Billings in excess of cost and earnings of projects under construction	0	1,052,571
Contract liabilities from contracts with customers	1,016,090	0
Advance payments received	308,246	277,219
Provisions	434,647	484,079
Liabilities for current taxes	32,891	71,515
Other liabilities	955,024	942,979
Liabilities relating to assets held for sale	0	2,611
<b>Current liabilities</b>	<b>3,672,901</b>	<b>3,374,241</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>6,592,183</b>	<b>6,265,348</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the first three quarters of 2018 (unaudited)

(in TEUR)	Q1-Q3 2018	Q1-Q3 2017
<b>Earnings Before Taxes (EBT)</b>	<b>223,488</b>	<b>275,100</b>
Interest result	12,030	4,718
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	91,897	99,283
Result from associated companies	-6	649
Changes in provisions	-52,289	-15,439
Gains/losses from the disposal of fixed and financial assets	-7,060	-59,883
Other non-cash income/expenses	-3,881	-3,245
<b>Gross cash flow</b>	<b>264,179</b>	<b>301,183</b>
Changes in inventories	-127,053	-114,227
Changes in advance payments made	-25,940	-21,012
Changes in receivables	130,440	42,223
Changes in cost and earnings of projects under construction in excess of billings and changes in contract assets from contracts with customers	-163,408	41,024
Changes in advance payments received	18,277	57,539
Changes in liabilities	-53,183	-49,745
Changes in billings in excess of cost and earnings of projects under construction and changes in contract liabilities from contracts with customers	-44,753	-281
<b>Change in net working capital</b>	<b>-265,620</b>	<b>-44,479</b>
Interest received	14,861	27,080
Interest paid	-22,568	-24,972
Dividends received	584	181
Income taxes paid	-76,450	-129,767
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-85,014</b>	<b>129,226</b>
Payments received for asset disposals (including financial assets)	4,813	57,606
Payments received from associated companies (including disposals)	-6,308	0
Payments made for intangible assets and for property, plant, and equipment	-69,909	-82,898
Payments made for non-current financial assets	-19,181	-83,517
Net cash flow from company acquisitions	-72,305	-13,435
Net cash flow from sale of subsidiaries	25,347	23,966
Payments received for investments and other current financial assets	409,524	105,273
Payments made for investments and other current financial assets	-185,328	-46,098
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>86,653</b>	<b>-39,103</b>
Payments received from issuance of Schuldscheindarlehen	500,000	400,000
Payments received from other financial liabilities	44,283	28,511
Payments made for other financial liabilities	-27,633	-69,855
Dividends paid by ANDRITZ AG	-156,642	-153,090
Dividends paid to non-controlling interest holders	-2,385	-2,095
Purchase of own corporate bonds	0	-4,019
Purchase of non-controlling interests and payments to former shareholders	-290	-816
Purchase of treasury shares	-4,922	-25,058
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>352,411</b>	<b>173,578</b>

ANDRITZ financial report Q1-Q3 2018  
Consolidated statement of cash flows

(in TEUR)	Q1-Q3 2018	Q1-Q3 2017
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>354,050</b>	<b>263,701</b>
Currency translation adjustments	-22,360	-40,861
Changes in consolidation scope	111	1,096
Change in accounting policies	-166	0
Cash and cash equivalents at the beginning of the period	1,071,478	1,296,336
Cash and cash equivalents at the end of the period	1,403,113	1,520,272

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first three quarters of 2018 (unaudited)

(in TEUR)	Attributable to shareholders of the parent								Non-controlling interests	Total share-holders' equity	
	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Fair value reserve	Actuarial gains/ losses	Currency translation adjustments	Treasury shares	Total		
<b>BALANCE AS OF JANUARY 1, 2017</b>	<b>104,000</b>	<b>36,476</b>	<b>1,287,232</b>	<b>47,685</b>		<b>-82,133</b>	<b>14,416</b>	<b>-80,173</b>	<b>1,327,503</b>	<b>16,728</b>	<b>1,344,231</b>
Net income			189,796						189,796	1,572	191,368
Other comprehensive income				-7,579			-54,564		-62,143	-918	-63,061
<b>Total comprehensive income</b>			<b>189,796</b>	<b>-7,579</b>			<b>-54,564</b>		<b>127,653</b>	<b>654</b>	<b>128,307</b>
Dividends			-153,090						-153,090	-2,095	-155,185
Changes in treasury shares			172					-23,990	-23,818		-23,818
Changes concerning share option programs			2,592						2,592		2,592
Transactions with non-controlling interests			-4,015				-3,150		-7,165	6,346	-819
Changes in consolidation type			-1,147						-1,147	-7	-1,154
<b>BALANCE AS OF SEPTEMBER 30, 2017</b>	<b>104,000</b>	<b>36,476</b>	<b>1,321,540</b>	<b>40,106</b>		<b>-82,133</b>	<b>-43,298</b>	<b>-104,163</b>	<b>1,272,528</b>	<b>21,626</b>	<b>1,294,154</b>
<b>BALANCE AS OF DECEMBER 31, 2017</b>	<b>104,000</b>	<b>36,476</b>	<b>1,387,743</b>	<b>28,252</b>		<b>-75,980</b>	<b>-52,397</b>	<b>-127,284</b>	<b>1,300,810</b>	<b>24,600</b>	<b>1,325,410</b>
Change in accounting policies			-9,315	-28,252	28,423		620		-8,524	-167	-8,691
<b>BALANCE AS OF JANUARY 1, 2018</b>	<b>104,000</b>	<b>36,476</b>	<b>1,378,428</b>		<b>28,423</b>	<b>-75,980</b>	<b>-51,777</b>	<b>-127,284</b>	<b>1,292,286</b>	<b>24,433</b>	<b>1,316,719</b>
Net income			157,014						157,014	-777	156,237
Other comprehensive income					-19,138		-22,841		-41,979	-355	-42,334
<b>Total comprehensive income</b>			<b>157,014</b>		<b>-19,138</b>		<b>-22,841</b>		<b>115,035</b>	<b>-1,132</b>	<b>113,903</b>
Dividends			-156,642						-156,642	-2,385	-159,027
Changes in treasury shares			95					-3,650	-3,555		-3,555
Changes concerning share option programs			2,016						2,016		2,016
Transactions with non-controlling interests			-2,022						-2,022	2,022	
Changes in consolidation type			35						35	-6,044	-6,009
Other changes			816		44		-860		0		
<b>BALANCE AS OF SEPTEMBER 30, 2018</b>	<b>104,000</b>	<b>36,476</b>	<b>1,379,740</b>		<b>9,329</b>	<b>-75,980</b>	<b>-75,478</b>	<b>-130,934</b>	<b>1,247,153</b>	<b>16,894</b>	<b>1,264,047</b>



# STATEMENT BY THE EXECUTIVE BOARD

## Statement by the Executive Board, pursuant to section 125 paragraph 1 of the (Austrian) Stock Exchange Act

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements of the ANDRITZ GROUP drawn up in compliance with the applicable accounting standards provide a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP, and that the management report provides a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP with regard to the important events of the first nine months of the financial year and their impact on the condensed interim financial statements of the ANDRITZ GROUP, and with regard to the major risks and uncertainties during the remaining three months of the financial year, and also with regard to the major business transactions subject to disclosure and concluded with related persons and companies.

Graz, November 2018

The Executive Board of ANDRITZ AG



Wolfgang Leitner  
President and CEO



Humbert Köfler  
Pulp & Paper  
(Service & Units),  
Separation



Joachim Schönbeck  
Pulp & Paper  
(Capital Systems),  
Metals



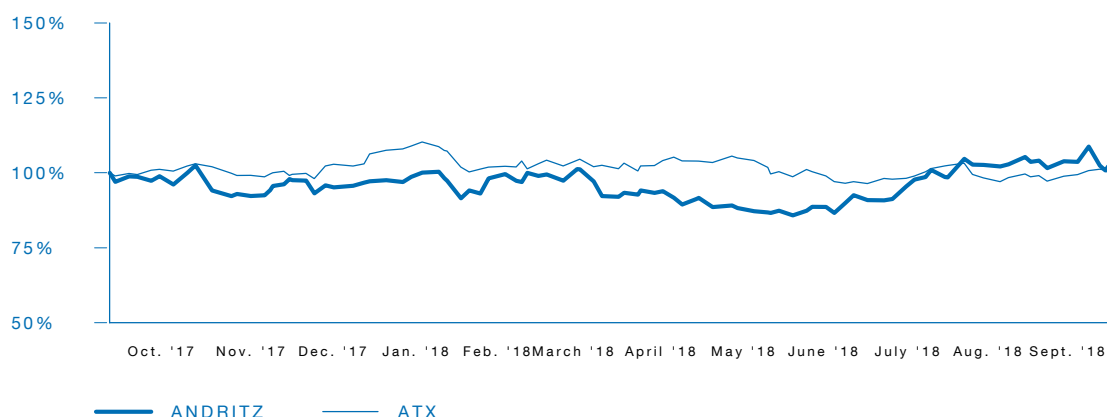
Wolfgang Semper  
Hydro



Mark von Laer  
CFO

# SHARE

## RELATIVE PRICE PERFORMANCE OF THE ANDRITZ SHARE COMPARED TO THE ATX (OCTOBER 1, 2017 - SEPTEMBER 30, 2018)



### Share price development

The development of the international financial markets was impacted by continued uncertainty during the first three quarters of 2018. Above all, escalation of the trade dispute between the USA and China, but also the forthcoming Brexit, concerns about Italy's future development, and the monetary crisis in some of the emerging markets resulted in increasing uncertainty on the international stock exchanges. In this very volatile stock market environment, the price of the ANDRITZ share increased by 6.7% in the first three quarters of 2018. The ATX, the Vienna Stock Exchange's leading share index, decreased by 2.2% during the same period. The highest closing price of the ANDRITZ share was 53.50 EUR (September 21, 2018), and the lowest closing price was 42.24 EUR (June 6, 2018).

### Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) was 343,148 shares in the first three quarters of 2018 (Q1-Q3 2017: 302,782 shares). The highest daily trading volume was noted on June 15, 2018 (2,207,746 shares) and the lowest trading volume on August 27, 2018 (65,500 shares).

### Investor Relations

During the third quarter of 2018, meetings were held with institutional investors and financial analysts in London, Los Angeles, Munich, New York, San Diego, Vienna, and Zurich.

## Key figures of the ANDRITZ share

	Unit	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	2017
Highest closing price	EUR	53.50	54.87	53.50	54.63	54.87
Lowest closing price	EUR	42.24	44.32	44.70	44.32	44.32
Closing price (as of end of period)	EUR	50.25	48.91	50.25	48.91	47.09
Market capitalization (as of end of period)	MEUR	5,226.0	5,086.1	5,226.0	5,086.1	4,896.8
Performance	%	+6.7	+2.5	+10.5	-7.3	-1.3
ATX weighting (as of end of period)	%	7.3239	6.8867	7.3239	6.8867	6.2680
Average daily number of shares traded	Share unit	343,148	302,782	272,963	330,346	306,296

## Basic data of the ANDRITZ share

ISIN code	AT0000730007
First listing day	June 25, 2001
Types of shares	no-par value shares, bearer shares
Total number of shares	104 million
Authorized capital	none
Free float	< 70%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATX Global Players, ATX Prime, WBI

## Financial calendar 2019

March 6, 2019	Results for the 2018 business year
March 17, 2019	Record date Annual General Meeting
March 27, 2019	Annual General Meeting
March 29, 2019	Ex-dividend
April 1, 2019	Record date dividend
April 2, 2019	Dividend payment
May 2, 2019	Results for the first quarter of 2019
August 2, 2019	Results for the first half of 2019
November 6, 2019	Results for the first three quarters of 2019

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ web site: [andritz.com/share](http://andritz.com/share).

# GLOSSARY

## ATX

Austrian Traded Index, the leading stock market index of the Vienna stock exchange.

## ATX-weighting

Weighting of the ANDRITZ share according to calculation of the Vienna Stock Exchange. This weighting is based on the market capitalization of public free float.

## Average number of shares traded

Number of shares which is on average traded per day by using the double count method as published by the Vienna Stock Exchange.

## Capital employed

Net working capital plus intangible assets and property, plant, and equipment.

## Capital expenditure

Additions to intangible assets and property, plant, and equipment.

## Dividend per share

Part of earnings per share which is distributed to shareholders.

## Earnings per share

Net income (without non-controlling interests)/weighted average number of no-par value shares.

## EBIT

Earnings before interest and taxes.

## EBITA

Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill and impairment of goodwill.

## EBITDA

Earnings before interest, taxes, depreciation, and amortization.

## EBT

Earnings before taxes.

## Employees

Number of employees without apprentices.

## Equity attributable to shareholders per share

Equity attributable to shareholders of the parent/weighted average number of no-par value shares.

## Equity ratio

Total shareholders' equity/total assets.

## EV

Enterprise Value: market capitalization as of end of year minus net liquidity.

## Free cash flow

Cash flow from operating activities minus capital expenditure plus payments from the sale of intangible assets and property, plant, and equipment.

## Free cash flow per share

Free cash flow/total number of shares.

## FVTOCI

Fair Value through other comprehensive income.

## FVTPL

Fair Value through profit and loss.

## Gearing

Net debt/total shareholders' equity.

## HY

Hydro business area.

## Liquid funds

Cash and cash equivalents plus investments plus Schuldscheindarlehen.

## Market capitalization

Number of shares outstanding multiplied by the closing price.

## ME

Metals business area.

## MEUR

Million euros.

## MUSD

Million United States Dollars.

#### Net debt

Interest bearing liabilities including provisions for severance payments, pensions, and jubilee payments less liquid funds.

#### Net liquidity

Liquid funds plus fair value of interest rate swaps less financial liabilities.

#### Net working capital

Non-current receivables plus current assets (excluding cash as well as Schuldscheindarlehen) less other non-current liabilities and current liabilities (excluding financial liabilities and provisions).

#### Order backlog

The order backlog consists of present customer orders at the balance sheet date. Basically, it is calculated by the order backlog at the beginning of the period plus new order intake during the period less sales during the period.

#### Order intake

The order intake is the estimated order sales which have already been put into effect considering changes and corrections of the order value; letter of intents are not part of the order intake.

#### Payout ratio

Part of net income which is distributed to shareholders. It is calculated as dividend per share/ earnings per share.

#### Performance of the ANDRITZ share

Relative change of the ANDRITZ share within a defined time period.

#### PP

Pulp & Paper business area.

#### Price-earnings-ratio

Share price/earnings per share.

#### Return on equity

Earnings before taxes/total shareholder's equity.

#### Return on investment

Earnings before interest and taxes/total assets.

#### Return on sales

Earnings before interest and taxes/sales.

#### ROE

Return on equity: net income/total shareholder's equity.

#### SE

Separation business area.

#### Sureties

These contain bid bonds, contract performance guarantees, downpayment guarantees as well as performance and warranty bonds at the expense of the ANDRITZ GROUP.

#### TEUR

Thousand euros.

#### Total shareholders' equity

Total shareholders' equity including non-controlling interests.

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**Disclaimer:**

Certain statements contained in this report constitute 'forward-looking statements'. These statements, which contain the words "believe", "intend", "expect", and words of a similar meaning, reflect the Executive Board's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.