INTERIM FINAN CIAL REPORT

FIRST QUARTER 2018

ANDRITZ

ENGINEERED SUCCESS

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	Q1 2018	Q1 2017	+/-	2017
Order intake	MEUR	1,532.8	1,560.0	-1.7%	5,579.5
Order backlog (as of end of period)	MEUR	6,553.2	6,974.2	-6.0%	6,383.0
Sales	MEUR	1,291.0	1,386.2	-6.9%	5,889.1
Return on sales	%	5.0	6.3	-	6.8
EBITDA	MEUR	93.8	120.7	-22.3%	541.7
EBITA[1)]	MEUR	71.7	97.4	-26.4%	444.0
Earnings Before Interest and Taxes (EBIT)	MEUR	64.4	86.9	-25.9%	399.3
Earnings Before Taxes (EBT)	MEUR	63.0	90.3	-30.2%	400.6
Net income (including non-controlling interests)	MEUR	44.0	63.1	-30.3%	265.6
Net income (without non-controlling interests)	MEUR	44.0	63.0	-30.2%	263.0
Cash flow from operating activities	MEUR	-23.4	147.7	-115.8%	246.5
Capital expenditure	MEUR	22.5	29.0	-22.4%	116.8
Employees (as of end of period; without apprentices)	-	25,822	25,247	+2.3%	25,566
Non-current assets	MEUR	1,831.6	1,900.9	-3.6%	1,860.8
Current assets	MEUR	4,241.0	4,333.8	-2.1%	4,404.5
Total shareholders' equity	MEUR	1,192.3	1,255.9	-5.1%	1,325.4
Non-current liabilities	MEUR	1,552.7	1,292.0	+20.2%	1,565.7
Current liabilities	MEUR	3,327.6	3,686.8	-9.7%	3,374.2
Total assets	MEUR	6,072.6	6,234.7	-2.6%	6,265.3
Equity ratio	%	19.6	20.1	-	21.2
Liquid funds	MEUR	1,606.9	1,613.0	-0.4%	1,772.3
Net liquidity	MEUR	734.3	1,061.0	-30.8%	908.0
Net debt	MEUR	-357.8	-666.9	+46.3%	-530.6
Net working capital	MEUR	-75.4	-254.1	+70.3%	-121.0
Capital employed	MEUR	836.9	729.7	+14.7%	801.9
Gearing	%	-30.0	-53.1	+43.5%	-40.0
EBITDA margin	%	7.3	8.7	-	9.2
EBITA margin	%	5.6	7.0	-	7.5
EBIT margin	%	5.0	6.3	-	6.8
Net income/sales	%	3.4	4.6	-	4.5
Depreciation and amortization/sales	%	2.3	2.4	-	2.3

1) Identifiable assets acquired in a business combination and recognized separately from goodwill amount to of 7,304 TEUR (Q1 2017: 10,432 TEUR; 2017: 38,301 TEUR); impairment of goodwill amounts to 0 TEUR (Q1 2017: 0 TEU; 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. MEUR = million euros, TEUR = thousand euros.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

HYDRO

	Unit	Q1 2018	Q1 2017	+/-	2017
Order intake	MEUR	434.8	309.5	+40.5%	1,317.2
Order backlog (as of end of period)	MEUR	2,840.2	3,184.3	-10.8%	2,921.8
Sales	MEUR	349.8	355.9	-1.7%	1,583.1
EBITDA	MEUR	27.8	29.1	-4.5%	154.1
EBITDA margin	%	7.9	8.2	-	9.7
EBITA	MEUR	21.2	22.1	-4.1%	123.0
EBITA margin	%	6.1	6.2	-	7.8
Employees (as of end of period; without apprentices)	-	7,280	7,270	+0.1%	7,237

PULP & PAPER

	Unit	Q1 2018	Q1 2017	+/-	2017
Order intake	MEUR	457.4	653.3	-30.0%	2,033.4
Order backlog (as of end of period)	MEUR	1,917.6	1,979.4	-3.1%	1,787.0
Sales	MEUR	458.9	508.7	-9.8%	2,059.7
EBITDA	MEUR	41.0	52.6	-22.1%	221.5
EBITDA margin	%	8.9	10.3	-	10.8
EBITA	MEUR	34.5	46.3	-25.5%	194.9
EBITA margin	%	7.5	9.1	-	9.5
Employees (as of end of period; without apprentices)	-	8,110	7,672	+5.7%	8,002

METALS

	Unit	Q1 2018	Q1 2017	+/-	2017
Order intake	MEUR	467.8	442.7	+5.7%	1,606.5
Order backlog (as of end of period)	MEUR	1,401.7	1,423.6	-1.5%	1,309.7
Sales	MEUR	347.5	397.5	-12.6%	1,643.5
EBITDA	MEUR	16.7	31.0	-46.1%	129.7
EBITDA margin	%	4.8	7.8	-	7.9
EBITA	MEUR	9.8	23.2	-57.8%	98.6
EBITA margin	%	2.8	5.8	-	6.0
Employees (as of end of period; without apprentices)	-	7,628	7,517	+1.5%	7,573

SEPARATION

	Unit	Q1 2018	Q1 2017	+/-	2017
Order intake	MEUR	172.8	154.5	+11.8%	622.4
Order backlog (as of end of period)	MEUR	393.7	386.9	+1.8%	364.5
Sales	MEUR	134.8	124.1	+8.6%	602.8
EBITDA	MEUR	8.3	8.0	+3.8%	36.4
EBITDA margin	%	6.2	6.4	-	6.0
EBITA	MEUR	6.2	5.8	+6.9%	27.5
EBITA margin	%	4.6	4.7	-	4.6
Employees (as of end of period; without apprentices)	-	2,804	2,788	+0.6%	2,754

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

During the reporting period, the economic upswing continued in the world's main economic regions.

The unemployment rate in the USA remained unchanged at around 4.1%, the lowest level since 2000. The US Federal Reserve (FED) continued the strategy of moderate interest rate increases and – as expected by economic experts – increased the key interest rate by 0.25 percentage points to a range between 1.50 and 1.75%. It also signaled further interest rate increases in 2018 if the economic upswing continues. The largest US tax reform for more than 30 years came into force at the beginning of 2018. By significantly lowering corporate income tax from 35 to 21% and offering investment incentives, the USA is to become more competitive internationally as a business location and secure long-term economic growth. The Trump administration imposed investment restrictions and duties on imports – particularly on steel and aluminum – from China. The European Union was exempted from these import duties for the moment.

The economy in the euro zone saw a sustained, strong upswing during the reporting period. The main growth driver is still the continuing, loose monetary policy of the European Central Bank (ECB), which is bolstering consumption by private households and investments in industry. The export economy in the euro zone also profited from the favorable global economy. The ECB left the key interest rate at its record low of 0.0%, but halved the monthly bond purchase program to 30 billion euros.

The economic upswing also continued in the main emerging markets during the reporting period. China's economy experienced solid development both in the retail trade and in industrial production; exports also increased substantially. Russia and Brazil continued to profit from rising raw material prices and are currently experiencing slight growth again.

Source: Research reports by various banks, OECD

MARKET DEVELOPMENT

Hydro

Global investment and project activity for electromechanical equipment for hydropower plants continued at a subdued level during the first quarter of 2018 – individual projects were awarded selectively in Africa, Asia, and South America. Due to the unchanged, difficult market conditions caused by low electricity and energy prices, many modernization and refurbishment projects were postponed until further notice, especially in Europe. In the emerging markets, particularly in Asia, Africa, and South America, some new hydropower projects are currently in the planning phase. Good project activity was noted for pumps.

Pulp & Paper

The international pulp market continued its positive upward trend in the first quarter of 2018. In view of the continuing high demand for pulp – particularly from Chinese paper producers – accompanied by a stable supply, the price of short-fiber pulp (eucalyptus) increased from around 980 USD per ton at the end of December 2017 to approximately 1,030 USD per ton at the end of March 2018. The price for NBSK (Northern Bleached Softwood Kraft pulp) long-fiber pulp also increased from around 1,000 USD per ton at the end of December 2017 to approximately 1,090 USD per ton at the end of March 2018. In mid-March 2018, the world's two largest producers of short fiber pulp, Fibria Celulose S.A. and Suzano Papel e Celulose, both from Brazil, announced that talks about a possible merger had been initiated between the controlling shareholders of the two companies. It is to be expected that the future investment plans of both companies will be aligned and optimized. Overall, the market for pulping equipment showed good project activity, particularly for modernization of existing pulp mills. No contracts were awarded for greenfield pulp mills.

Metals

In the Metal Forming sector for the automotive and automotive supplying industry (Schuler), the first quarter 2018 showed satisfactory project and investment activity overall. Some individual orders were awarded by international and Chinese 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 activity for equipment for the production and processing of stainless steel and carbon steel strip continued to increase slightly during the reporting period. The main investment driver was the global increasing demand for steel and stainless steel, as well as the higher capacity utilization at the majority of international steel producers. 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 to improve during the reporting period. In particular, the mining (especially the lithium market), environmental (sewage sludge drying) and chemical (petrochemicals and polymers as well as fertilizers and agrochemicals) sectors showed good project activity. Investment activity in the food industry, however, remained low.

BUSINESS DEVELOPMENT

Sales

Sales of the ANDRITZ GROUP amounted to 1,291.0 MEUR in the first quarter of 2018 and were thus 6.9% lower than the reference figure for the previous year (Q1 2017: 1,386.2 MEUR).

Sales in the Hydro business area were slightly lower (-1.7%) than in the previous year's reference period due to the decline in order intake in the past few years. Sales in the Pulp & Paper business area were 9.8% below the high level of the previous year's reference period, when sales were positively impacted by processing of a large order for a new pulp mill. Similarly, the Metals business area saw a significant decline in sales (-12.6%) due to the lower order intake in the Metal Forming sector (Schuler) in the second and third quarter of last year. The Separation business area was able to increase sales compared to the previous year's reference period by 8.6% – mainly due to the improved order intake in the solid/liquid separation sector in the past few quarters.

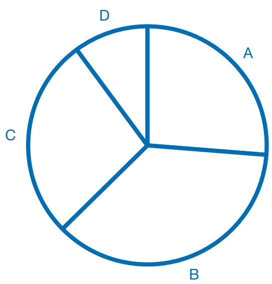
From today's perspective, however, sales in the coming months should make up for this lower sales figure in the first quarter of 2018 as a result of the Group's rising order intake since the second quarter of 2017 (Q2 2017: 1,211.3 MEUR, Q3 2017: 1,341.2 MEUR, Q4 2017: 1,467.0 MEUR, Q1 2018: 1,532.8 MEUR).

The business areas' sales development at a glance:

	Unit	Q1 2018	Q1 2017	+/-
Hydro	MEUR	349.8	355.9	-1.7%
Pulp & Paper	MEUR	458.9	508.7	-9.8%
Metals	MEUR	347.5	397.5	-12.6%
Separation	MEUR	134.8	124.1	+8.6%

Sales by business area
Q1 2018 in %

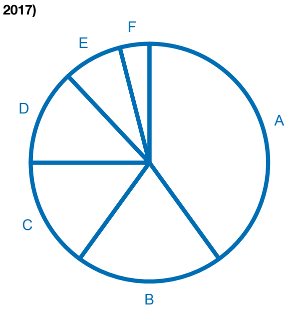
(Q1 2017)



A	27 (26)	Hydro
B	36 (36)	Pulp & Paper
C	27 (29)	Metals
D	10 (9)	Separation

Sales by region
Q1 2018 in %

(Q1 2017)



A	40 (37)	Europe
B	20 (21)	North America
C	15 (14)	China
D	13 (12)	Asia (without China)
E	8 (12)	South America
F	4 (4)	Africa, Australia

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

	Q1 2018	Q1 2017
ANDRITZ GROUP	33	34
Hydro	26	28
Pulp & Paper	43	41
Metals	21	24
Separation	49	53

Order intake

The order intake of the Group amounted to 1,532.8 MEUR in the first quarter of 2018 and was thus only slightly below the relatively high reference figure for the previous year (-1.7% versus Q1 2017: 1,560.0 MEUR). The business areas' development in detail:

- Hydro: At 434.8 MEUR, the order intake reached a solid level and was significantly higher than the previous year's reference figure (+40.5% versus Q1 2017: 309.5 MEUR). This strong increase is also due to a large order being booked for supply of the hydro- and electromechanical equipment for a new pumped storage power plant in Morocco.

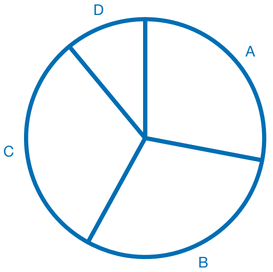
- Pulp & Paper: The order intake amounted to 457.4 MEUR and was thus significantly below the very high level of the previous year's reference period (-30.0% versus Q1 2017: 653.3 MEUR), which included several medium-sized orders from Asia for power generating boilers. The service sector continued to see a satisfactory development, with a slight increase in order intake compared to the previous year's reference period.

- Metals: At 467.8 MEUR, order intake was 5.7% higher than the previous year's favorable reference figure (Q1 2017: 442.7 MEUR). Solid development was noted in the Metal Forming sector for the automotive and automotive supplying industries (Schuler), which booked several orders for press lines in the middle and higher price segments in Asia, thus overcompensating the declining order intake in the Metals Processing sector.

- Separation: Order intake amounted to 172.8 MEUR and was thus 11.8% higher than the previous year's level (Q1 2017: 154.5 MEUR). The solid/liquid separation sector saw very positive development, with a significant increase in order intake compared to the previous year's reference period.

Order intake by business area
Q1 2018 in %

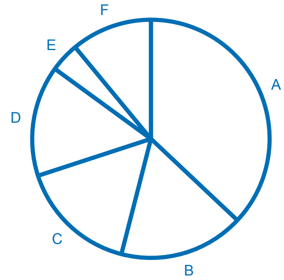
(Q1 2017)



A	**28**	(20)	Hydro
B	**30**	(42)	Pulp & Paper
C	**31**	(28)	Metals
D	**11**	(10)	Separation

Order intake by region
Q1 2018 in %

(Q1 2017)



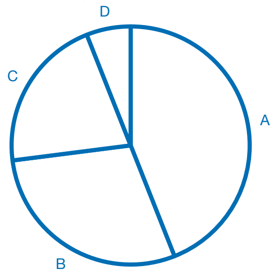
A	**37**	(42)	Europe
B	**17**	(14)	China
C	**16**	(24)	North America
D	**15**	(10)	Asia (without China)
E	**4**	(5)	South America
F	**11**	(5)	Africa, Australia

Order backlog

As of March 31, 2018, the order backlog of the ANDRITZ GROUP amounted to 6,553.2 MEUR (+2.7% versus December 31, 2017: 6,383.0 MEUR).

Order backlog by business area
as of March 31, 2018 in %

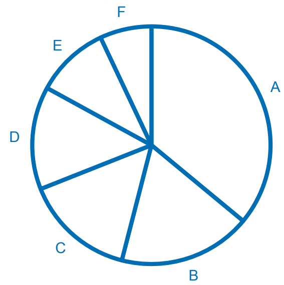
(December 31, 2017)



A	**44**	(45)	Hydro
B	**29**	(28)	Pulp & Paper
C	**21**	(21)	Metals
D	**6**	(6)	Separation

Order backlog by region
as of March 31, 2018 in %

(December 31, 2017)



A	**36**	(37)	Europe
B	**18**	(19)	Asia (without China)
C	**15**	(15)	China
D	**14**	(16)	North America
E	**10**	(8)	South America
F	**7**	(5)	Africa, Australia

Earnings

In the first quarter of 2018, the Group's EBITA amounted to 71.7 MEUR and was thus well below the figure for the previous year's reference period (-26.4% versus Q1 2017: 97.4 MEUR). This is mainly due to lower sales. In addition, cost overruns on individual projects in the Metals business area as well as expenses and investments in the digitalization sector negatively impacted the company's earnings. As a result, profitability (EBITA margin) decreased to 5.6% (Q1 2017: 7.0%).

Development by business area:

- The EBITA margin in the Hydro business area amounted to 6.1% and thus remained at practically the same level as the previous year's reference figure (Q1 2017: 6.2%).

- In the Pulp & Paper business area, profitability decreased to 7.5% (Q1 2017: 9.1%). This was primarily due to lower project-related sales generation, and to investments in the digitalization sector.

- The EBITA margin in the Metals business area fell significantly to 2.8% (Q1 2017: 5.8%). The main reason for this is the decline in sales. Furthermore, there have also been cost overruns on individual projects.

- In the Separation business area, the EBITA margin amounted to 4.6% (Q1 2017: 4.7%).

The financial result decreased to -1.4 MEUR (Q1 2017: 3.4 MEUR). This is mainly due to the lower average net liquidity, substantially lower interest rates in Brazil as well as interest expense for the Schuldscheindarlehen issued in June 2017.

Net income (including non-controlling interests) decreased to 44.0 MEUR (-30.3% versus Q1 2017: 63.1 MEUR), 44.0 MEUR of which (Q1 2017: 63.0 MEUR) are attributable to the shareholders of the parent company and 0.0 MEUR (Q1 2017: 0.1 MEUR) to non-controlling interests.

Net worth position and capital structure

The net worth position and capital structure as of March 31, 2018 remained solid. Total assets amounted to 6,072.6 MEUR (December 31, 2017: 6,265.3 MEUR). The equity ratio reached 19.6% (December 31, 2017: 21.2%).

Liquid funds amounted to 1,606.9 MEUR (December 31, 2017: 1,772.3 MEUR), net liquidity amounted to 734.3 MEUR (December 31, 2017: 908.0 MEUR). The decrease in net liquidity is mainly due to the dividend payment as of end of March 2018.

In addition to the high liquidity, the ANDRITZ GROUP also had the following credit and surety lines for performance of contracts, down payments, guarantees, and so on, at its disposal:

- Credit lines: 145 MEUR, thereof 115 MEUR utilized
- Surety lines: 5,887 MEUR, thereof 2,543 MEUR utilized

Assets

A	Long-term assets: 30%	1,831.6 MEUR
B	Short-term assets: 46%	2,759.1 MEUR
C	Cash and cash equivalents and investments: 24%	1,481.9 MEUR

Shareholders' equity and liabilities

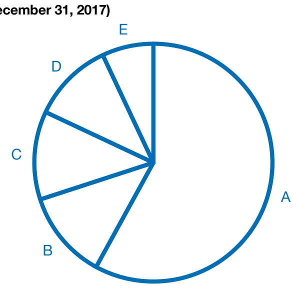
A	Shareholders' equity incl. non-controlling interests: 20%	1,192.3 MEUR
B	Financial liabilities: 15%	880.7 MEUR
C	Other long-term liabilities: 12%	764.0 MEUR
D	Other short-term liabilities: 53%	3,235.6 MEUR

Employees

As of March 31, 2018, the number of ANDRITZ GROUP employees amounted to 25,822 (December 31, 2017: 25,566 employees).

Employees by region as of March 31, 2018 in %

(December 31, 2017)



A	58	(58)	Europe
B	12	(12)	North America
C	12	(12)	China
D	11	(11)	South America
E	7	(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 2017.

Current risks

The trade sanctions currently imposed on China (import duties on steel and aluminum) by the USA could provoke an extensive trade dispute between the two economies because China has also implemented countermeasures in the form of punitive tariffs on US products. The European Union is exempted from the USA's import duties for the moment. Any further escalation of the trade sanctions could have a negative effect on the global economy and thus also on the business development at ANDRITZ.

The medium- to long-term effects that the American trade policy will have on the global economy cannot be estimated at this point in time. ANDRITZ has a very strong local presence in the USA, with over 20 production and service locations and approximately 2,000 employees. All four business areas are represented in the USA. So 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 (UK) 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 the business development of the ANDRITZ GROUP because Europe is the most important economic region for the Group, 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

Economic experts expect the upswing in the world's main economic regions to continue in the coming months. Strong economic growth is expected to continue in both the USA and Europe, as well as in the emerging markets of Asia and South America.

The prospects for the ANDRITZ business areas are largely unchanged compared to expectations as of the end of 2017. 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, 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. Solid project and investment activity is anticipated in the Metals business area – both in the Metal Forming (Schuler) and Metals 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.

In spite of the decline in sales and earnings during the reporting period, the ANDRITZ GROUP expects unchanged an overall satisfactory business development from today's perspective for the 2018 business year. In the coming months, the rising order intake since the second quarter of 2017 is expected to make up for the lower sales in the present reporting period and the related lower earnings.

However, if – contrary to general expectations – the global economy suffers setbacks in the next few 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 Germany, modernization of the second unit in the Langenprozelten pumped storage power station was successfully completed. The two machine units are the most powerful single-phase hydroelectric motor generators worldwide. With an output of 2 x 94 MVA, Langenprozelten pumped storage power station is the most important peak load power plant of Deutsche Bahn (German railway company).

IMPORTANT ORDERS

Customer	Country	Scope of supply
L'Office Nationale de l'Électricité et de l'Eau potable (ONEE)	Morocco	As part of a consortium, supply of the hydro- and electromechanical equipment for the new Abdelmoumen pumped storage power plant. The scope of supply includes design, manufacture, delivery, erection, supervision, and commissioning of two 175 MW reversible pump turbine motor generator units as well as the complete electrical energy system and construction of a highly sophisticated steel-reinforced waterway that is three kilometers long. The pump turbine design developed by ANDRITZ guarantees operation of the two machine units for many years in spite of the extreme conditions (net head of 554 meters, up to 20 rapid load changes per day). Abdelmoumen will cover Morocco's peak load demand and also provide balancing energy promptly to stabilize the grid.
Teesta Urja Limited	India	Five-year operating and maintenance contract for the Teesta Stage III hydropower station, which is one of the largest hydropower plants in India with its installed power of 1,200 MW (6 x 200 MW Pelton) and head of 800 m. The plant generates 5,300 GWh of electricity p.a.
Bangladesh Power Development Board (BPDB)	Bangladesh	Refurbishment of Kaplan units #1 and #2 at the Karnafuli hydropower plant, which generates 230 MW and is the largest hydropower station in Bangladesh.
Statkraft Energi AS	Norway	Refurbishing – including an increase in output – of a Francis unit at Kvilldal hydropower plant, Norway.
AES Tietê SA	Brazil	Order for refurbishment of the existing Kaplan turbine #2 at the Ibitinga hydropower station in Brazil. The scope of supply includes an overhaul and increase in generator output, work on the penstock and butterfly valves, as well as replacement of auxiliary equipment needed.
EDF Luminus NV	Belgium	Supply of the electromechanical equipment (two Kaplan turbines with 6 MW each) for the Monsin hydropower station.
Elektrizitätswerke Kanton Zürich (EKZ)	Switzerland	Modernization of two Kaplan turbines and delivery of a new bulb turbine for the Dietikon hydropower plant. In addition to modernization of the existing hydropower station, Elektrizitätswerke Kanton Zürich (EKZ) is building a new hydropower plant that will use the larger minimum flow in future to generate energy. After modernization and commissioning of the additional bulb turbine, the hydropower station will provide electricity for 18,000 households.
Centrais Elétricas Cachoeira	Brazil	Supply of mechanical components and auxiliary equipment for Cachoeira Dourada hydropower station.

PULP & PAPER

IMPORTANT EVENTS

ANDRITZ successfully started-up the PowerFluid boiler based on Circulating Fluidized Bed (CFB) technology with a state-of-the-art flue gas cleaning system for Energoinstal S.A., Poland. The delivered equipment is located within the PGMiG Termika power plant in Jastrzebie-Zdró, Poland, and is part of a new block generating 75 MW of electric power. The scope of supply included the engineering, fuel- and ash-handling systems, air and flue gas-system, erection advisory and commissioning services. The new boiler supplied by ANDRITZ not only improves the energy efficiency of the existing plant, but also meets the strictest environmental protection requirements.

IMPORTANT ORDERS

Customer	Country	Scope of supply
Ence Energia & Celulosas	Spain	Rebuild of the existing recovery boiler and white liquor plant, incl. green liquor cooler, LimeWhite filter and LimeFlash feed head, lime kiln drive and induced draft fan, upgrade of evaporators and modernization of the fiberline, incl. conversion to LoSolids cooking, new DD-Washer and screen room upgrade.
Pori Energia	Finland	Delivery of an EcoFluid bubbling fluidized bed (BFB) boiler with flue gas cleaning system and other auxiliary equipment.
Stora Enso Uimaharju	Finland	Evaporation plant upgrade including the supply of two new evaporation units, surface condensers, related piping and installation works.
Electricity Authority of Cyprus (EAC)	Cyprus	Reconstruction of the damaged seawater flue gas desulphurization (SWFGD) plant at the Vasilikos power station. The scope of work includes design, supply, erection, reconstruction, testing, commissioning, and performance testing of the SWFGD plant supplied.
Taison Pulp (Group) Co.	China	Supply of two *Prime*LineST W8 tissue machines incl. stock preparation.
Walsin Lihwa Corporation	Republic of China (Taiwan)	Supply of a multi-effect evaporator unit.
Naberezhnye Chelny Paper	Russia	New soft calender, upgrade of size press to film press and guide rolls for complete dryer section.
Nippon Paper	Japan	Cooking plant upgrade to improve digester operation.
Ahlstrom Munksjö Aspa	Sweden	Delivery of a HHQ-Chipper for the woodyard.
Dongguan Shanglong Paper	China	Supply of a new Old Corrugated Cartonboard (OCC) line with DrumPulper system.
Shandong Wamat Paper	China	Delivery of two OCC lines (1,000 tons per day each) including pulping equipped with the new low-consistency (LC) pulper FibreSolve FSR.
Chengdu Engineering Co., Ltd of China Light Industry	China	Supply of a stock preparation system and a DiscFilter.
Huaiyang Kangsen Panel Board	China	Delivery of a Pressurized Refining System.
Oasis Forestry Industry	China	Delivery of a Pressurized Refining System.

METALS

IMPORTANT EVENTS

Schuler received the “2017 SAIC Volkswagen Excellent Supplier Award” for its successful cooperation with one of the leading Chinese car manufacturers. Since production began at the first press line in 2011, Schuler has now supplied another eight such press lines to the customer.

IMPORTANT ORDERS

Customer	Country	Scope of supply
Shanghai NIO New Energy Automobile Co. Ltd.	China	Supply of a Servoline 16 press line (pressing force: 77,000 kilonewtons) for the production of outer skin and structural components with a production rate of up to 16 strokes per minute and delivery of a tryout press with a pressing force of 25,000 kilonewtons.
Ruichi Smart Mobility	China	Supply of a Servoline 16 press line (pressing force: 77,000 kilonewtons) for the production of outer skin and structural components with a production rate of up to 16 strokes per minute and delivery of a tryout press with a pressing force of 25,000 kilonewtons.
Vinfast Trading and Production Limited Liability Company	Vietnam	Delivery of a Servoline 16 (pressing force: 73,000 kilonewtons) and a tryout press with a pressing force of 25,000 kilonewtons, as well as a blanking line with an 8,000 kilonewton press.
SET Enterprises	USA	Supply of a laser blanking line with Dynamic Flow Technology for highly flexible production of blanks from steel or aluminum strip.
2MEKC Ltd.	Bulgaria	Supply of a forging line for railway wheels and axles, including rotary hearth furnaces.
Huaxiang Chengdu / Foshan Huaxiang	China	Supply of two hot-stamping lines (12,000 kilonewtons each) for production of hot-formed sheet steel components for lightweight vehicle construction.
ASGLAFORM Bobritzsch	Germany	Delivery of a hydraulic press (pressing force: 25,000 kilonewtons) for production of components from carbon fiber-reinforced polymer.
Progress-Werk Oberkirch AG	Germany	Supply of a servo press with a pressing force of 10,000 kilonewtons for production of shaped parts from sheet metal.
Manila Mint	Philippines	Delivery of five coin minting presses.
Kazakhstan Mint	Kazakhstan	Delivery of five coin minting presses.
Uddeholm	Sweden	Supply of a new car bottom forging furnace and two car bottom annealing furnaces, as well as complete modernization of a double-chamber forging furnace. The two forging furnaces use the newly developed ANDRITZ low-NOx regenerative flat flame burner in combination with the optimized burner control concept (AM-RegTakt).
Steel Technologies	Mexico	Supply of a multi-blanking line for the plant in Pesquería, Nuevo León. The line will process material that is 150” long and 74” wide, with an incoming coil capacity of 60,000 lbs.
ArcelorMittal	France	Supply of a directly fired furnace for the new, continuous galvanizing plant at the Florange facility. The scope of supply and services includes engineering, the automation and electrical equipment, as well as supervision of erection work and commissioning.

SEPARATION

IMPORTANT EVENTS

WEIR GROUP and ANDRITZ signed a long-term, strategic cooperation agreement to supply equipment for processing tailings in the mining industry. As part of this agreement, ANDRITZ will supply proven separation and dewatering technologies, thus enabling WEIR MINERALS to offer complete tailings solutions to its customers.

IMPORTANT ORDERS

Customer	Country	Scope of supply
City of Tulsa Southside (Wastewater treatment plant)	USA	Service upgrades.
City of Miramar	USA	Service rebuilds.
Freeport Cobalt	Finland	Two plate dryers for metal powders.
Unilever	Africa	Plate dryer for food ingredients.
Trinity River Authority (Central Plant)	USA	Five decanters for municipal wastewater.
JUAN DIAZ (SUEZ)	PA	Six decanters and five Aquaguard screens for municipal wastewater.
Capital Regional District, BC	Canada	Municipal sludge drying system.
Yuhang Linping (Wastewater treatment plant)	China	Four decanters for municipal wastewater.
Agrana Stärke	Austria	Four peeler centrifuges for starch.

CONSOLIDATED INCOME STATEMENT

For the first quarter of 2018 (unaudited)

(in TEUR)	Q1 2018	Q1 2017
Sales	**1,290,964**	**1,386,222**
Changes in inventories of finished goods and work in progress	53,515	52,477
Capitalized cost of self-constructed assets	1,121	2,428
	1,345,600	**1,441,127**
Other operating income	24,387	33,867
Cost of materials	-658,286	-729,220
Personnel expenses	-431,930	-426,762
Other operating expenses	-185,968	-198,343
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**93,803**	**120,669**
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	-29,377	-33,725
Earnings Before Interest and Taxes (EBIT)	**64,426**	**86,944**
Result from associated companies	16	-323
Interest income	5,692	10,604
Interest expenses	-8,442	-9,407
Other financial result	1,315	2,506
Financial result	**-1,419**	**3,380**
Earnings Before Taxes (EBT)	**63,007**	**90,324**
Income taxes	-18,971	-27,224
NET INCOME	**44,036**	**63,100**
Thereof attributable to:		
Shareholders of the parent	44,011	62,960
Non-controlling interests	25	140
Weighted average number of no-par value shares	101,059,130	102,060,216
Basic earnings per no-par value share (in EUR)	0.44	0.62
Effect of potential dilution of share options	0	93,936
Weighted average number of no-par value shares and share options	101,059,130	102,154,152
Diluted earnings per no-par value share (in EUR)	0.44	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter of 2018 (condensed, unaudited)

(in TEUR)	Q1 2018	Q1 2017
NET INCOME	**44,036**	**63,100**
Items that may be reclassified to profit or loss:		
Currency translation adjustments of foreign operations	-9,008	-1,415
Result from available-for-sale financial assets, net of tax	0	1,355
Result from cash flow hedges, net of tax	0	658
Result from associated companies, accounted for using the equity method, net of tax	48	-40
Items that will not be reclassified to profit or loss:		
Actuarial gains/losses, net of tax	0	0
Result from fair value valuation of financial assets, net of tax	-3,281	0
Result from associated companies, accounted for using the equity method, net of tax	0	0
OTHER COMPREHENSIVE INCOME	**-12,241**	**558**
TOTAL COMPREHENSIVE INCOME	**31,795**	**63,658**
Thereof attributable to:		
Shareholders of the parent	31,812	63,551
Non-controlling interests	-17	107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2018 (unaudited)

(in TEUR)	March 31, 2018	December 31, 2017
ASSETS		
Intangible assets	152,982	160,701
Goodwill	545,263	547,637
Property, plant, and equipment	759,345	762,267
Shares in associated companies	6,454	6,407
Investments and other financial assets	163,952	170,471
Trade accounts receivable	18,961	19,370
Other receivables and assets	36,929	41,344
Deferred tax assets	147,731	152,647
Non-current assets	**1,831,617**	**1,860,844**
Inventories	814,492	761,013
Advance payments made	112,083	99,264
Trade accounts receivable	731,307	891,980
Cost and earnings of projects under construction in excess of billings	0	599,550
Contract assets from contracts with customers	715,744	0
Other receivables and assets	339,466	341,183
Receivables from current taxes	26,435	54,741
Investments	521,557	565,780
Cash and cash equivalents	960,306	1,071,478
Assets held for sale	19,610	19,515
Current assets	**4,241,000**	**4,404,504**
TOTAL ASSETS	**6,072,617**	**6,265,348**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	1,025,988	1,160,334
Equity attributable to shareholders of the parent	**1,166,464**	**1,300,810**
Non-controlling interests	25,840	24,600
Total shareholders' equity	**1,192,304**	**1,325,410**
Bonds	348,386	349,759
Bank loans and other financial liabilities	423,615	424,851
Obligations under finance leases	16,648	17,196
Provisions	571,644	582,058
Other liabilities	105,904	103,941
Deferred tax liabilities	86,510	87,892
Non-current liabilities	**1,552,707**	**1,565,697**
Bank loans and other financial liabilities	90,983	80,890
Obligations under finance leases	1,073	1,138
Trade accounts payable	411,499	461,239
Billings in excess of cost and earnings of projects under construction	0	1,052,571
Contract liabilities from contracts with customers	1,053,497	0
Advance payments received	330,938	277,219
Provisions	455,990	484,079
Liabilities for current taxes	43,373	71,515
Other liabilities	937,620	942,979
Liabilities relating to assets held for sale	2,633	2,611
Current liabilities	**3,327,606**	**3,374,241**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,072,617**	**6,265,348**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter of 2018 (unaudited)

(in TEUR)	Q1 2018	Q1 2017
Earnings Before Taxes (EBT)	**63,007**	**90,324**
Interest result	2,750	-1,197
Depreciation, impairment losses, and reversals of impairment losses of fixed and financial assets	29,377	33,725
Result from associated companies	-16	323
Changes in provisions	-33,146	114
Gains/losses from the disposal of fixed and financial assets	-170	-155
Other non-cash income/expenses	-957	1,654
Gross cash flow	**60,845**	**124,788**
Changes in inventories	-57,043	-69,078
Changes in advance payments made	-13,270	-7,528
Changes in receivables	157,377	84,096
Changes in cost and earnings of projects under construction in excess of billings and changes in contract assets from contracts with customers	-113,862	59,241
Changes in advance payments received	42,821	18,496
Changes in liabilities	-71,682	-48,471
Changes in billings in excess of cost and earnings of projects under construction and changes in contract liabilities from contracts with customers	-14,662	19,559
Change in net working capital	**-70,321**	**56,315**
Interest received	4,693	13,183
Interest paid	-5,194	-12,594
Income taxes paid	-13,433	-33,954
CASH FLOW FROM OPERATING ACTIVITIES	**-23,410**	**147,738**
Payments received for asset disposals (including financial assets)	1,151	1,263
Payments made for intangible assets and for property, plant, and equipment	-21,929	-30,958
Payments made for non-current financial assets	-17,117	-111
Payments received for investments and other current financial assets	100,330	44,337
Payments made for investments and other current financial assets	-31,685	-17,246
CASH FLOW FROM INVESTING ACTIVITIES	**30,750**	**-2,715**
Payments received from other financial liabilities	28,255	7,711
Payments made for other financial liabilities	-17,428	-22,251
Dividends paid by ANDRITZ AG	-124,653	0
Purchase of own corporate bonds	0	-793
Purchase of non-controlling interests and payments to former shareholders	0	-4
Purchase of treasury shares	-92	0
CASH FLOW FROM FINANCING ACTIVITIES	**-113,918**	**-15,337**

(in TEUR)	Q1 2018	Q1 2017
CHANGES IN CASH AND CASH EQUIVALENTS	**-106,578**	**129,686**
Currency translation adjustments	-4,341	4,838
Changes in consolidation scope	0	279
Reclassification as held for sale	-87	-1,504
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	960,306	1,429,635

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter of 2018 (unaudited)

	Attributable to shareholders of the parent									Non-controlling interests	Total share-holders' equity
(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Fair value reserve	Actuarial gains/ losses	Currency trans-lation adjust-ments	Treasury shares	Total		
BALANCE AS OF JANUARY 1, 2017	**104,000**	**36,476**	**1,287,232**	**47,685**		**-82,133**	**14,416**	**-80,173**	**1,327,503**	**16,728**	**1,344,231**
Net income			62,960						62,960	140	63,100
Other comprehensive income				1,991			-1,400		591	-33	558
Total comprehensive income			**62,960**	**1,991**			**-1,400**		**63,551**	**107**	**63,658**
Dividends			-153,090						-153,090	-4	-153,094
Changes concerning share option programs			1,136						1,136		1,136
Transactions with non-controlling interests			-5,393				-1,746		-7,139	6,346	-793
Changes in consolidation type			765						765		765
STATUS AS OF MARCH 31, 2017	**104,000**	**36,476**	**1,193,610**	**49,676**		**-82,133**	**11,270**	**-80,173**	**1,232,726**	**23,177**	**1,255,903**
STATUS AS OF DECEMBER 31, 2017	**104,000**	**36,476**	**1,387,743**	**28,252**		**-75,980**	**-52,397**	**-127,284**	**1,300,810**	**24,600**	**1,325,410**
Change in accounting policies			-9,351	-28,252	28,423		620		-8,560	-167	-8,727
BALANCE AS OF JANUARY 1, 2018	**104,000**	**36,476**	**1,378,392**		**28,423**	**-75,980**	**-51,777**	**-127,284**	**1,292,250**	**24,433**	**1,316,683**
Net income			44,011						44,011	25	44,036
Other comprehensive income					-3,281		-8,918		-12,199	-42	-12,241
Total comprehensive income			**44,011**		**-3,281**		**-8,918**		**31,812**	**-17**	**31,795**
Dividends			-156,642						-156,642		-156,642
Capital increase			-1,424						-1,424	1,424	0
Changes in treasury shares								-91	-91		-91
Changes concerning share option programs			523						523		523
Other changes			852		8		-860		0		0
STATUS AS OF MARCH 31, 2018	**104,000**	**36,476**	**1,265,712**		**25,150**	**-75,980**	**-61,555**	**-127,375**	**1,166,428**	**25,840**	**1,192,268**

STATEMENT BY THE EXECUTIVE BOARD

Statement by the Executive Board, pursuant to section 87 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 three 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 nine months of the financial year, and also with regard to the major business transactions subject to disclosure and concluded with related persons and companies.

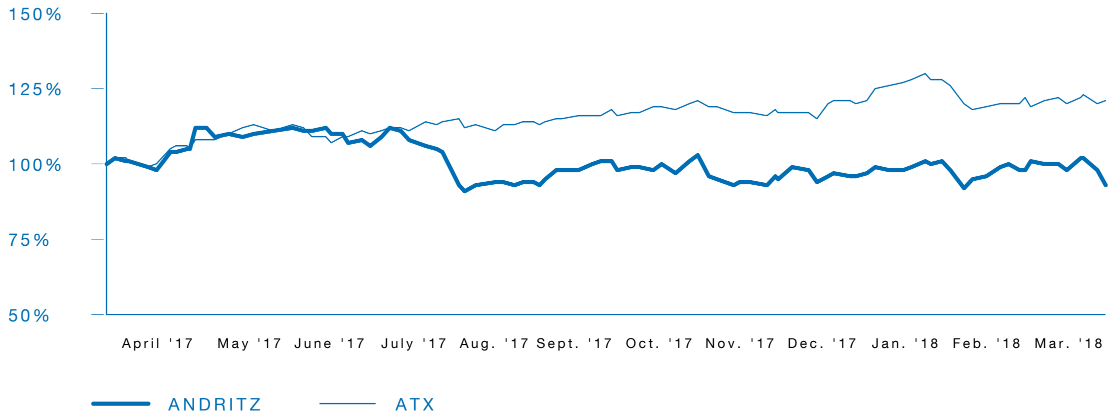
Graz, May 2018

The Executive Board of ANDRITZ AG

Wolfgang Leitner	Humbert Köfler	Joachim Schönbeck	Wolfgang Semper	Mark von Laer
President and CEO	PULP & PAPER (Service & Units), SEPARATION	PULP & PAPER (Capital Systems), METALS	HYDRO	CFO

SHARE

RELATIVE PRICE PERFORMANCE OF THE ANDRITZ SHARE COMPARED TO THE ATX (APRIL 1, 2017 - MARCH 31, 2018)



Share price development

Developments on the international financial markets during the reporting period were characterized by the continuing good economic environment in the major economic regions of the world. Most of the international stock market indices showed stable or slightly positive development. The price of the ANDRITZ share decreased by 3.6% in the first quarter of 2018, and the ATX, the leading share index on the Vienna Stock Exchange, saw stable development of 0.2% over the same period. The highest closing price of the ANDRITZ share was EUR 49.82 (March 20, 2018) and the lowest was EUR 45.04 (February 6, 2018).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) was 356,917 shares in the first quarter of 2018 (Q1 2017: 270,892 shares). The highest daily trading volume of 957,304 shares was noted on March 16, 2018, and the lowest daily trading volume of 129,366 shares on January 2, 2018.

Annual General Meeting

The 111th Annual General Meeting of ANDRITZ AG held on March 23, 2018 agreed to a dividend payment of EUR 1.55 per share for the 2017 business year (2016: EUR 1.50 per share), which was distributed on March 29, 2018. This is equal to a payout ratio of 60.1% (2016: 55.8%).

Investor Relations

During the first quarter of 2018, meetings were held with international institutional investors and financial analysts in Boston, Frankfurt, Melbourne, and Sydney.

Key figures of the ANDRITZ share

	Unit	Q1 2018	Q1 2017	2017
Highest closing price	EUR	49.82	51.36	54.87
Lowest closing price	EUR	45.04	46.89	44.32
Closing price (as of end of period)	EUR	45.40	46.89	47.09
Market capitalization (as of end of period)	MEUR	4,721.6	4,876.0	4,896.8
Performance	%	-3.6	-1.7	-1.3
ATX weighting (as of end of period)	%	6.4922	8.0018	6.2680
Average daily number of shares traded	Share unit	356,917	270,892	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 calender 2018 and 2019 (preliminary)

August 2, 2018	Results for the first half of 2018
November 6, 2018	Results for the first three quarters of 2018
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: www.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 the 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.

CGU
Cash generating unit.

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.

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.

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 investments, 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 shareholders' 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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