ANDRITZ INTELLIGENCE

ANNUAL REPORT 2019

ANDRITZ

ENGINEERED SUCCESS

THE ANDRITZ GROUP

	Unit	2019	2018	2017	2016	2015
Order intake	MEUR	7,282.0	6,646.2	5,579.5	5,568.8	6,017.7
Order backlog (as of end of period)	MEUR	7,777.6	7,084.3	6,383.0	6,789.2	7,324.2
Sales	MEUR	6,673.9	6,031.5	5,889.1	6,039.0	6,377.2
EBITDA[1]	MEUR	537.6	498.0	541.7	542.4	534.7
EBITDA margin	%	8.1	8.3	9.2	9.0	8.4
EBITA[2]	MEUR	343.2	394.3	444.0	442.1	429.0
EBITA margin	%	5.1	6.5	7.5	7.3	6.7
Earnings Before Interest and Taxes (EBIT)	MEUR	237.9	321.6	399.3	385.8	369.1
EBIT margin	%	3.6	5.3	6.8	6.4	5.8
Earnings Before Taxes (EBT)	MEUR	180.9	304.2	400.6	398.4	376.4
Net income (including non-controlling interests)	MEUR	122.8	219.7	265.6	274.8	270.4
Non-current assets	MEUR	2,705.5	2,629.5	1,860.8	1,913.7	1,844.7
Current assets	MEUR	4,528.6	4,289.1	4,404.5	4,284.9	3,933.3
Total shareholders' equity[3]	MEUR	1,219.6	1,330.8	1,325.4	1,344.2	1,215.6
Provisions	MEUR	1,083.1	1,017.7	1,066.1	1,118.9	1,130.4
Liabilities	MEUR	4,931.4	4,570.1	3,873.8	3,735.5	3,432.0
Total assets	MEUR	7,234.1	6,918.6	6,265.3	6,198.6	5,778.0
Equity ratio[4]	%	16.9	19.2	21.2	21.7	21.0
Liquid funds[5]	MEUR	1,609.8	1,279.7	1,772.3	1,507.1	1,449.4
Net liquidity[6]	MEUR	244.9	-99.6	908.0	945.3	984.0
Cash flow from operating activities	MEUR	821.6	7.8	246.5	366.6	179.4
Capital expenditure[7]	MEUR	157.1	137.0	116.8	119.5	101.4
Employees (as of end of period; without apprentices)	–	29,513	29,096	25,566	25,162	24,508

1 Earnings Before Interest, Taxes, Depreciation, and Amortization. 2 Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 76.2 MEUR (2018: 56.8 MEUR), and impairment of goodwill at the amount of 29.1 MEUR (2018: 15.9 MEUR) 3 Total shareholders' equity including non-controlling interests. 4 Total shareholders' equity/total assets. 5 Cash and cash equivalents plus investments plus Schuldscheindarlehen. 6 Liquid funds plus fair value of interest rate swaps minus financial liabilities. 7 Additions to intangible assets and property, plant, and equipment.

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.

PULP & PAPER

	Unit	2019	2018	2017	2016	2015
Order intake	MEUR	3,632.5	2,571.9	2,033.4	1,919.5	2,263.9
Order backlog (as of end of period)	MEUR	3,164.3	2,421.1	1,787.0	1,803.3	1,998.6
Sales	MEUR	2,869.5	2,233.2	2,059.7	2,094.4	2,196.3
EBITDA	MEUR	351.4	258.4	221.5	207.7	214.8
EBITDA margin	%	12.2	11.6	10.8	9.9	9.8
EBITA	MEUR	271.0	222.1	194.9	182.2	190.9
EBITA margin	%	9.4	9.9	9.5	8.7	8.7
Capital expenditure	MEUR	63.3	33.8	42.1	34.1	21.1
Employees (as of end of period; without apprentices)	–	11,984	11,435	8,002	7,522	7,324

METALS

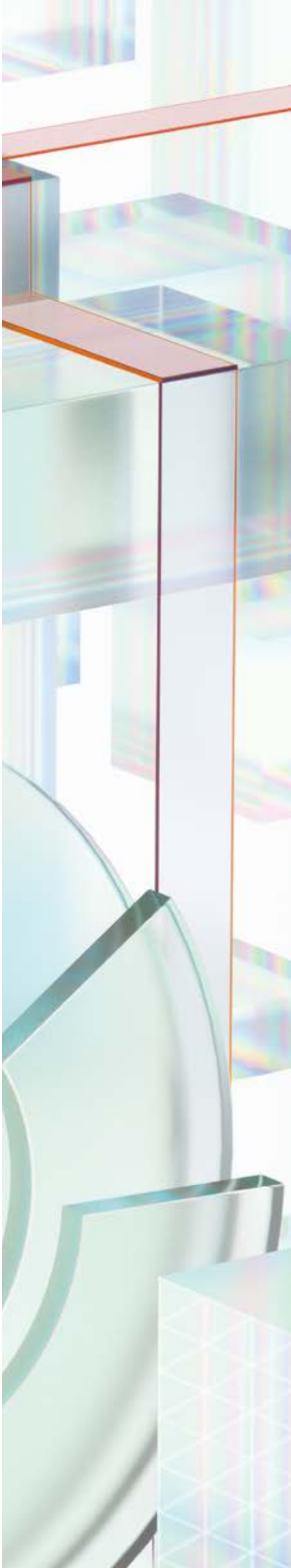
	Unit	2019	2018	2017	2016	2015
Order intake	MEUR	1,582.2	1,931.8	1,606.5	1,551.5	1,438.6
Order backlog (as of end of period)	MEUR	1,532.7	1,591.6	1,309.7	1,369.0	1,332.5
Sales	MEUR	1,636.9	1,635.1	1,643.5	1,598.4	1,718.1
EBITDA	MEUR	-1.5	57.8	129.7	141.7	104.8
EBITDA margin	%	-0.1	3.5	7.9	8.9	6.1
EBITA	MEUR	-73.8	27.3	98.6	115.2	70.5
EBITA margin	%	-4.5	1.7	6.0	7.2	4.1
Capital expenditure	MEUR	30.8	36.1	29.7	49.1	40.2
Employees (as of end of period; without apprentices)	–	7,485	7,818	7,573	7,608	6,160

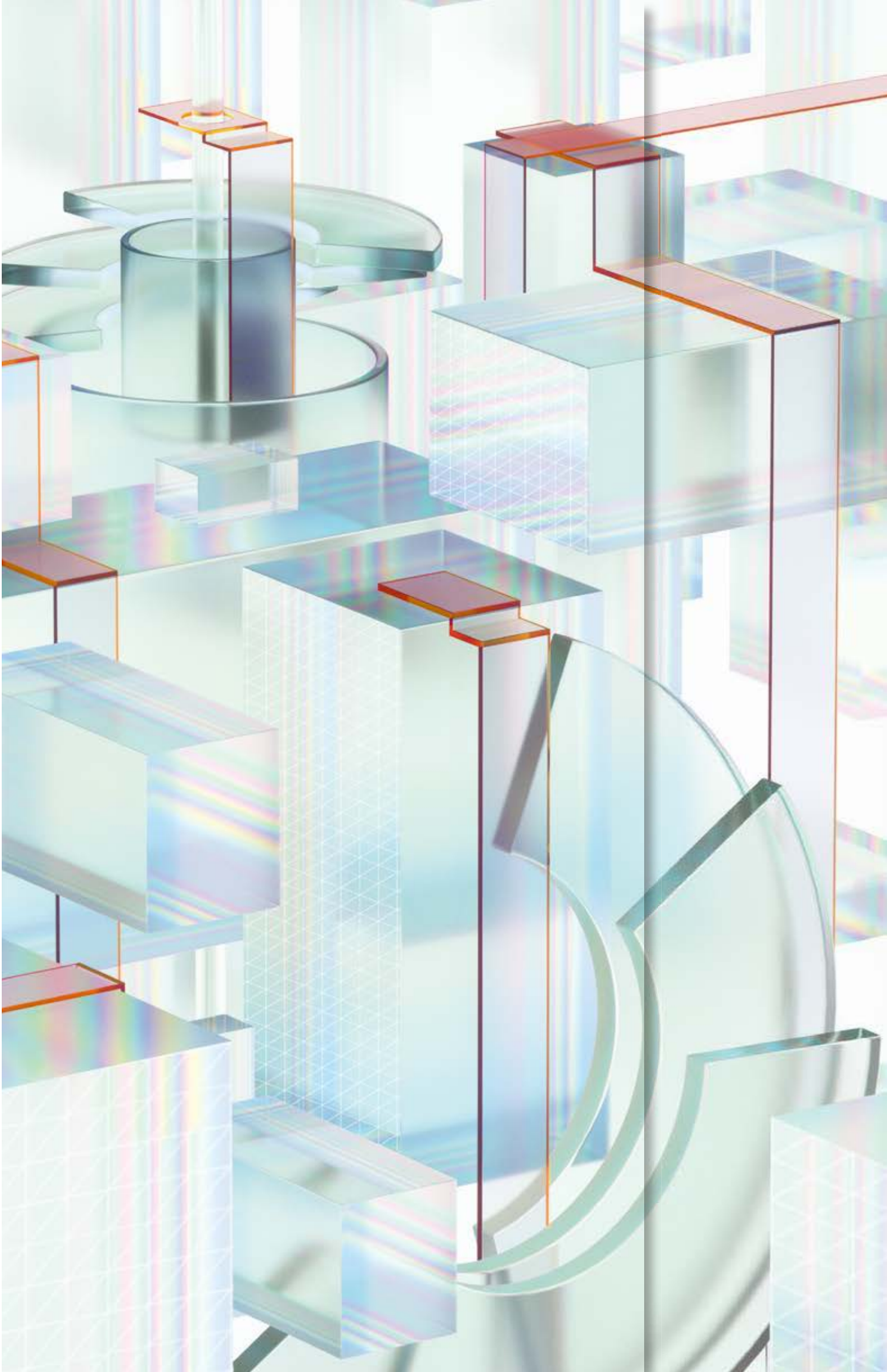
HYDRO

	Unit	2019	2018	2017	2016	2015
Order intake	MEUR	1,350.2	1,445.8	1,317.2	1,500.3	1,718.7
Order backlog (as of end of period)	MEUR	2,661.0	2,667.9	2,921.8	3,269.6	3,640.9
Sales	MEUR	1,470.7	1,517.5	1,583.1	1,752.4	1,834.8
EBITDA	MEUR	134.1	142.4	154.1	167.2	183.6
EBITDA margin	%	9.1	9.4	9.7	9.5	10.0
EBITA	MEUR	105.9	113.8	123.0	127.6	145.3
EBITA margin	%	7.2	7.5	7.8	7.3	7.9
Capital expenditure	MEUR	51.8	57.9	36.3	26.1	27.4
Employees (as of end of period; without apprentices)	–	7,202	7,002	7,237	7,260	8,230

SEPARATION

	Unit	2019	2018	2017	2016	2015
Order intake	MEUR	717.1	696.7	622.4	597.5	596.5
Order backlog (as of end of period)	MEUR	419.6	403.7	364.5	347.3	352.2
Sales	MEUR	696.8	645.7	602.8	593.8	628.0
EBITDA	MEUR	53.6	39.4	36.4	25.8	31.5
EBITDA margin	%	7.7	6.1	6.0	4.3	5.0
EBITA	MEUR	40.1	31.1	27.5	17.1	22.3
EBITA margin	%	5.8	4.8	4.6	2.9	3.6
Capital expenditure	MEUR	11.2	9.2	8.7	10.2	12.7
Employees (as of end of period; without apprentices)	–	2,842	2,841	2,754	2,772	2,794





DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS, DEAR COLLEAGUES,

We can be very pleased with the order intake of the ANDRITZ GROUP in the 2019 business year. In spite of the difficult general economic environment worldwide, we were able to reach a new record level of well over seven billion euros, giving us a good basis for sales development in 2020.

A significant contribution to this development came from the Pulp & Paper business area, which achieved considerable increases both in the Capital and Service segments compared to the previous year. In addition to a number of orders for power boilers to generate energy from biomass, the Capital segment secured some very important large-scale orders to supply equipment and technology for pulp production to renowned international pulp producers. The Service segment also developed very favorably. The positive business development by Xerium Technologies Inc., acquired in October 2018, is worth a special mention here. Xerium has been integrated into the Group on schedule, and this process is now largely complete. Financial figures of the business area also developed very favorably during the reporting period. With a significant increase in sales compared to the previous year, very good profitability was achieved once again.

In contrast, business development in the Metals business area was unsatisfactory. While Metals Processing was confronted with some order-related problems resulting in high cost overruns and with strong price competition, the reasons that created a need for extensive measures in Metals Forming (Schuler) and – in conjunction with the extreme intensity of competition – resulted in a significant decline in earnings were primarily structural, i.e. the crisis and changes in the global automotive industry.

Speaking of Schuler, the growing weakness of the international automotive market has led to a severe decline in Schuler's business in Europe, especially in Germany, and to a shift towards Asia, particularly China, in the past few years. The result was a growing imbalance between our capacities, which are still concentrated very much on Germany, and the competitive and pricing situations in our sales markets. This has led to a substantial underutilization of capacities in the Schuler production shops in Germany accompanied by a cost structure that is no longer competitive.

Hence, we adopted a comprehensive restructuring program in the third quarter of 2019, focusing on the necessary reduction of capacities in Germany and eliminating underutilization. The measures required to achieve this will be implemented in 2020 and 2021, and we expect to see their first positive effects as from the end of 2020.

The Hydro business area generally developed as expected. As in the preceding years, worldwide investment activity in the hydropower market was very subdued. Given this environment, order intake at about 1.35 billion euros was satisfactory, and we were again able to secure some important reference projects in 2019, for example the contract to supply pump turbines for the Hatta pumped storage power station in Dubai. In spite of the slight decline in sales, profitability remained at a continuing favorable level.

The Separation business area saw very good development in 2019 in spite of the fact that there were no really large-scale orders – unlike 2018 when the order intake included the supply of drying systems for the world's largest sewage treatment plant in Shanghai. Furthermore, profitability continued to improve slightly.

→

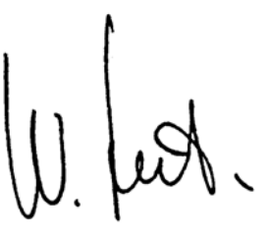
We have achieved further successes and important progress in the digitalization sector. Our portfolio has been extended significantly, and we now offer a wide spectrum of innovative digital products and solutions under the Metris technology brand, which has been launched successfully on the market in the meantime. These products and solutions are scalable from a single machine to a complete solution for entire production processes and are of considerable help to our customers in achieving their goals in terms of sustainability, profitability, and efficiency. They include digital plant and process optimization, digital twins, machine learning, sensor technology, condition monitoring, augmented reality, cyber security, and digital smart services like our online spare parts catalog.

The focus of our activities in 2020 will be, above all, to process the very high order backlog as scheduled – especially in the Pulp & Paper business area. At Schuler, implementation of the comprehensive restructuring program adopted in the summer of 2019 will be our top priority. In Hydro and also in the other business areas, we will continue to make smaller cost adjustments in order to safeguard our ability to compete in the long term.

On behalf of the Executive Board, I would like to thank all of our employees for their commitment and our numerous shareholders at home and abroad as well as our customers worldwide for the confidence they have placed in us.

WOLFGANG LEITNER

President and CEO

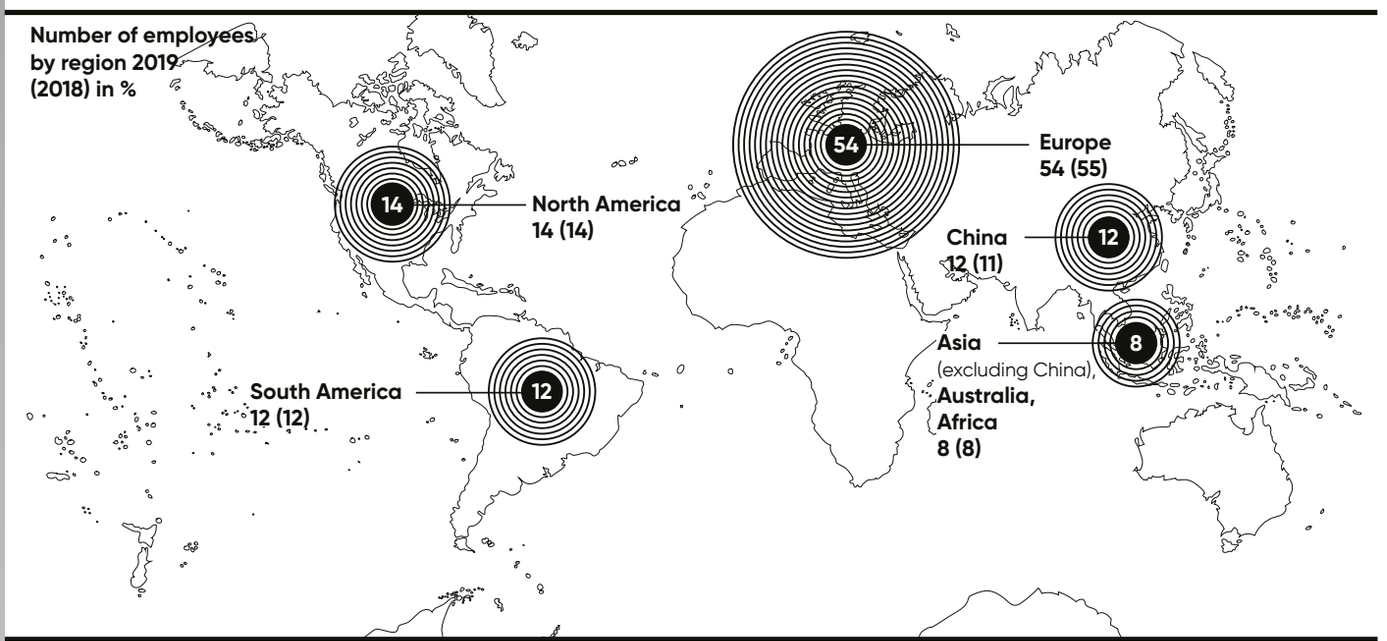


CONTENTS

THE ANDRITZ GROUP

ABOUT ANDRITZ

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



EMPLOYEES

29,500

LOCATIONS

280

SALES

6,674 MEUR

ORDER INTAKE

7,282 MEUR

BUSINESS AREAS

ANDRITZ Pulp & Paper

ANDRITZ Metals

Schuler

ANDRITZ Hydro

ANDRITZ Separation

01

ANDRITZ Pulp & Paper provides equipment, systems, complete plants and services for the production of all types of pulp, paper, board and tissue. The technologies and services focus on maximum utilization of raw materials, increased production efficiency and sustainability as well as lower overall operating costs. Boilers for power production, flue gas cleaning plants, plants for the production of nonwovens and panelboard (MDF), as well as recycling and shredding solutions for various waste materials also form a part of this business area.

02

ANDRITZ Metals is – via the Schuler Group – one of the world's leading suppliers of technologies, plants and digital solutions in sheet metal forming. The product portfolio also includes automation and software solutions, dies, process know-how and service.
In the metals processing segment, the business area provides innovative and market-leading solutions for production and processing of flat products, for welding systems, as well as furnaces and services for the metals industry.

03

ANDRITZ Hydro is one of the globally leading suppliers of electromechanical equipment and services for hydropower plants. With over 175 years of experience and an installed fleet of more than 430 GW output, the business area provides complete solutions for hydropower plants of all sizes as well as services for plant diagnosis, refurbishment, modernization and upgrade of existing hydropower assets. Pumps for irrigation, water supply and flood control as well as turbo generators are also part of this business area's portfolio.

04

ANDRITZ Separation provides mechanical and thermal technologies and services for solid/liquid separation, serving the chemical, environmental, food, mining and minerals industries. The customized, innovative solutions focus on minimizing the use of resources and achieving highest process efficiency, thus making a substantial contribution towards sustainable environmental protection. In addition, the business area offers technologies and services for the production of animal feed and biomass pellets.

ANDRITZ staff and customers implemented numerous projects in the 2019 business year that exceed the scope of the present report. Additional information and stories can be found in the online newsroom at andritz.com.
Open this page by scanning the QR code.

ANDRITZ. COM/ NEWS ROOM-EN

ANDRITZ INTELLIGENCE

The ANDRITZ GROUP's success throughout the years is based on our ability to adapt promptly to change and on our passion for applying our curiosity and innovative spirit to create added value for our stakeholders. Competitive products and innovations result from our long-standing experience in project business and our knowledge of global markets, customer needs, and digital technologies. Systems, technologies, processes, and services are becoming more efficient, more sustainable, and more profitable. In the following, we report on how "ANDRITZ Intelligence" has proved its worth in the past business year.

WHAT IS THE MOST EFFICIENT WAY OF PRODUCING PACKAGING PAPER FOR GROWTH MARKETS?

Zellstoff Pöls AG has entered a new era: Thanks to its additional production line, the Heinzel Group's location has doubled its capacities for kraft paper grades. Once again, the technological heart of this growth strategy is an innovative paper machine from ANDRITZ.

August 4, 2018: A convoy of trucks leaves the ANDRITZ workshop in Hungary in the early hours of the morning on its way to the Styrian town of Pöls. On board the two heavy goods vehicles are the components of a steel Yankee that is unique worldwide. With a diameter of over 7.3 meters and weighing 200 tons, the *Prime*Dry MG Steel Yankee from ANDRITZ is the largest of its kind worldwide. "The logistics certainly were exciting," Siegfried Gruber, Head of Project Engineering at Zellstoff Pöls AG, recalls. "The individual components were transported on the interstate freeway on trucks and then welded together on site by the experts from ANDRITZ in the weeks that followed. In November, a huge, special crane lifted the Yankee into the production hall. Were we a little nervous? Yes, we certainly were!"

This great technological feat succeeded and contributed towards making performance by the Heinzel Group's plant, producing softwood sulfate pulps and kraft papers, better than ever. Over 500 people are employed here, and all the signs were and still are pointing towards growth. The PM2 *Prime*Line MG paper machine from ANDRITZ went into operation in 2013, and another such machine, the PM3, followed in the summer of 2019 with even better performance. Production has taken a huge step ahead with this machine: Capacities have climbed from 100,000 to 200,000 tons of white kraft paper per year.

BIG, FAST, AND INTELLIGENT

As a result, Zellstoff Pöls AG has finally become a player that is actively marketing its "STARKRAFT" brand of kraft paper grades in the emerging markets. These regions have a growing middle class that is placing more and more importance on hygienic and sustainable packaging for food and hygiene products, for example when dining in fast-food restaurants or shopping in supermarkets. Zellstoff Pöls AG will actively participate in this growth. "ANDRITZ is assisting us here very effectively as equipment specialist, consultant and system supplier," says Andreas Rauscher, CEO of Zellstoff Pöls AG.

As with PM2, ANDRITZ developed and supplied the new PM3 production line, including stock preparation and approach flow, automation technology, process pumps and, of course, the paper machine itself. It went into operation at the end of May 2019, two weeks before the scheduled date, and has since been producing kraft paper for a wide range of packaging applications and also release paper. With an annual capacity of 100,000 tons, design speed of 1,400 meters per minute and a working width of 5.4 meters, it is the largest machine of its kind in Europe.

The customized concept, which features a specially designed wire section, efficient refining and a closed draw press, among other things, is pursuing a clear economic goal. "The PM3 specializes in high-quality papers with basis weights of less than 28 grams, thus perfectly complementing the PM2," says Werner Hartmann, Managing Director of Starkraft at Zellstoff Pöls AG. "Due to their low basis weight, these paper grades are environmentally friendly and have a good price-performance ratio. This is precisely why our customers in the growth markets are increasingly asking for these grades."

Some special machine components are required to produce MG paper – first and foremost the *Prime*Dry MG Steel Yankee, which is the high-precision drying cylinder on which the paper is dried and its required surface properties are created. Another innovative component is the ANDRITZ Vertical Screw Thickener (VST).

Due to its vertical design, the VST takes up relatively little space. The pulp fed in from above is dewatered by gravity and the additional mechanical pressure generated by the screw itself. The entire screen area available is utilized in full over the whole length of the screw, providing high efficiency: The VST dewaters the pulp in Pöls from an inlet consistency of three percent to up to 30 percent at the outlet – a peak value.

PM3 MACHINE DATA AT A GLANCE

- Annual capacity: 100,000 tons
- Design speed: 1,400 m/min
- Working width: 5.4 m
- Yankee diameter: 7.315 m
- Stock preparation and approach flow
- MG papers for flexible packaging and release applications: 20–70 g/m²
- Start-up 05/2019 – two weeks before the scheduled date

Sensor technology in the calender section.

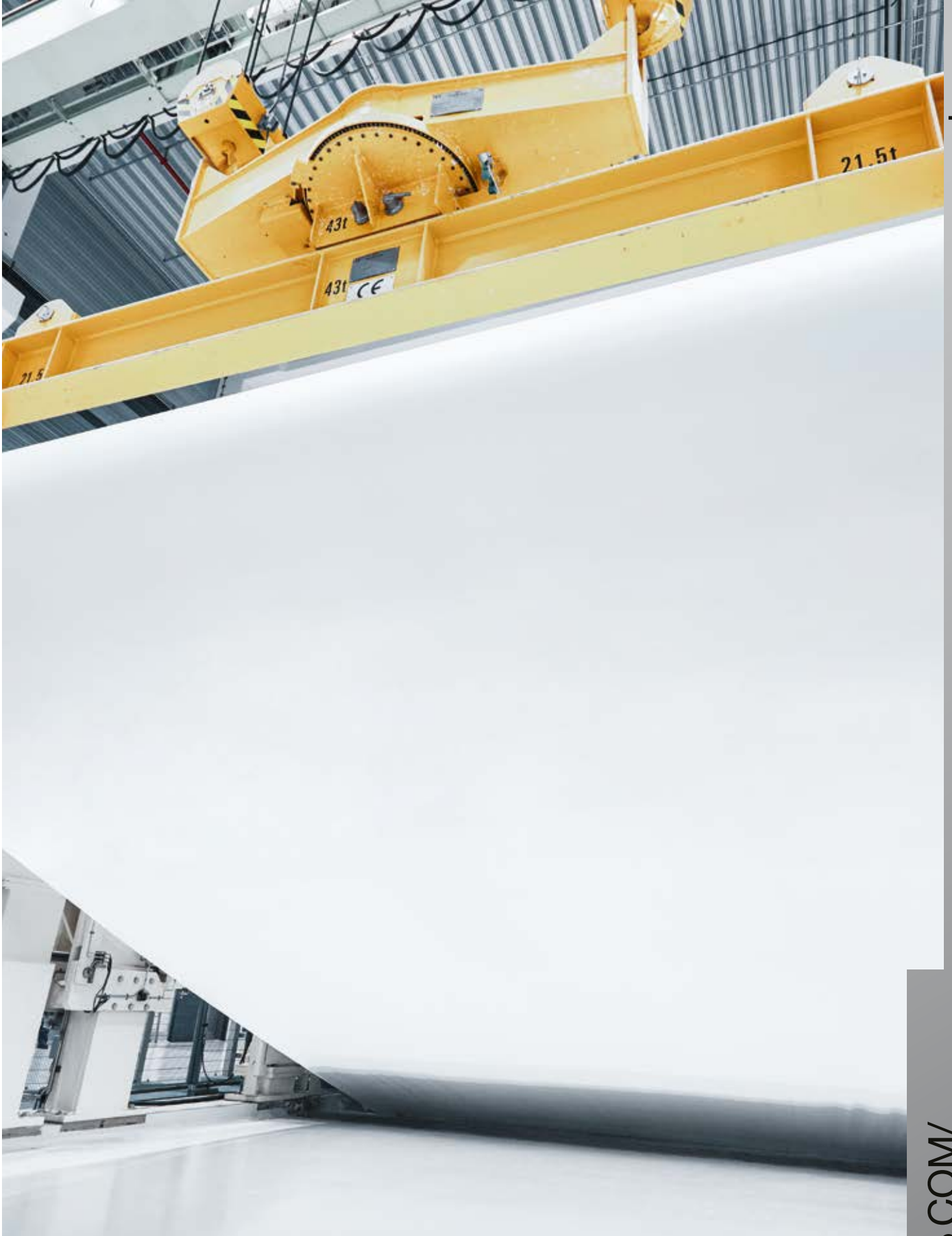
ALWAYS STRIVE FOR MORE!

"We haven't completed all of the performance tests on PM3 yet, but our impression so far has been very positive," says Jürgen Rieger, Chief Operations Manager at Zellstoff Pöls AG. "The start-up phase was impressive. Operations were very stable, and paper grades with basis weights between 20 and 52 g/m^2 were produced successfully. We are optimistic that the machine will also run well under full load."

But there will still be a lot to do after this. In Pöls, there are a number of ideas as to how paper production can be further optimized, for example by increasing use of digitally supported tools, big data, algorithms, and machine learning. Here, too, ANDRITZ is a suitable partner with its Metris solutions, especially since these solutions are already being used in Pöls in the pulp production process. They can also increase efficiency in papermaking by using sensors to collect and statistically analyze real-time process variables so that improvements can be implemented directly in operations.

Production at Zellstoff Pöls is subject to the most stringent quality and hygiene standards.

Successful collaboration between the project teams from ANDRITZ and Zellstoff Pöls.

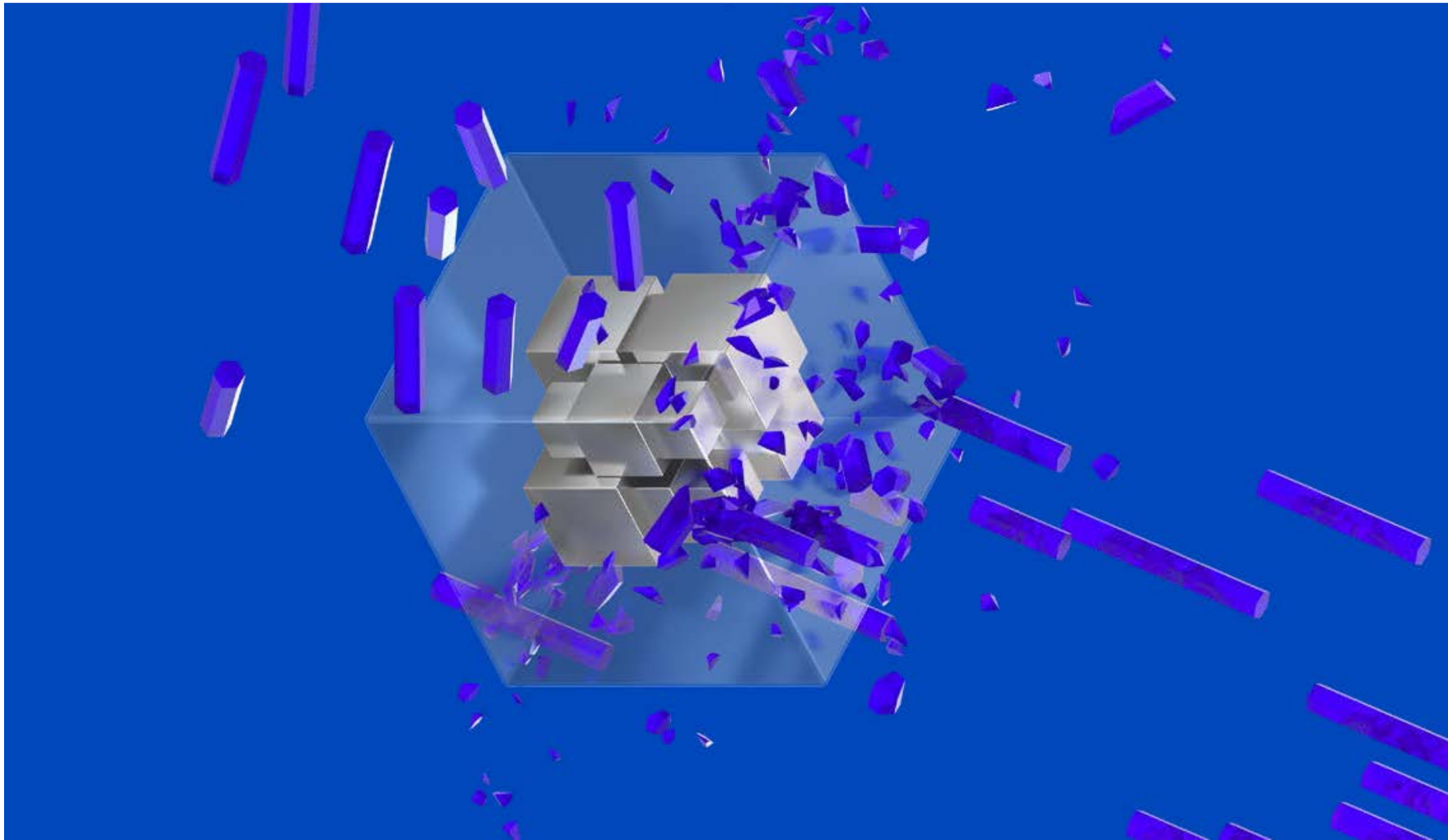


Highest-quality white kraft paper.

ZELLSTOFF PÖLS AG

Zellstoff Pöls AG belongs to the Heinzel Group and is the largest producer of high-quality elemental chlorine-free sulfate pulp from bleached softwood in Central and Southeast Europe. In 2018, the company generated annual sales of approximately 324 million euros. In addition to its main product – the "ORION" brand pulp – high-grade, bleached kraft paper is produced in Pöls under the "STARKRAFT" brand.

HOW DO YOU PROTECT DIGITAL INDUSTRIAL PROCESSES?



Cyber attacks on industrial companies have become an everyday occurrence, and the damage they cause can be immense and long-lasting. ANDRITZ's strategic partner OTORIO, based in Tel Aviv, offers a unique and state-of-the-art, comprehensive cyber security concept that can be used by ANDRITZ customers as well as other companies, regardless of the branch of industry concerned. Daniel Bren, CEO of OTORIO, describes the special features and benefits of this approach:

I. PREVENTION PRECEDES DETECTION

In our customer projects around the world, we see that forming a digital link between information technology (IT) and operational technology (OT) is one of the biggest challenges that production companies face. While the IT environment is generally homogeneous, being constantly updated and patched, the OT environment is much more diverse, with different generations of machinery and rather vulnerable automation technologies. A strong and intelligent cyber security system must take this into account in order to systematically prevent risks before they become problems. Ideally, the system will constantly monitor potential points of attack in production, identify security gaps, and prioritize the best countermeasures.

Daniel Bren, CEO of OTORIO

II. ORCHESTRATION AND AUTOMATION

Our advice is that the security processes should run automatically as far as possible – this is the only way to react effectively and efficiently to changes in the OT environment and to the risks these changes involve. All security tools and teams must be linked to and coordinated with one another by well-defined and practiced processes. We call this approach "Security Orchestration, Automation, and Response" (SOAR). Its benefits include a uniform overview of the cyber risk, faster workflows to minimize any damage, and improved operational reliability. OTORIO's industry-tailored SOAR solution features easy operation and can be integrated seamlessly into existing vendor-neutral production processes.

III. SECURE SUPPLY CHAIN

Sub-suppliers are involved in operations or maintenance work in the production area in many branches of industry. Increasingly, they are also given access via the Internet, creating a direct link to production operations. At the same time, we see that most companies subject new or repaired OT assets to only a superficial risk assessment if any. That is dangerous. Companies must take account of the daily connectivity risks created by their sub-suppliers, including, for example, the risks of introducing a new line or machine on the production floor.

IV. PRACTICAL ANALYSIS USING THE "FOUR EYES PRINCIPLE"

We recommend examining the security measures regularly from the viewpoint of a hacker as part of so-called Red-Team penetration tests. It is important to introduce test routines like the "four eyes principle" so that the security technologies and processes implemented respond to the actual security requirements and cyber risks.

V. PRODUCTION CONTINUITY PLAN

No system offers 100% protection, regardless of how flawlessly security measures are planned and implemented. As soon as there is an incident, speed is of the essence in order to contain the negative impact and restore error-free operation as quickly as possible. Firstly, this requires a team that is responsible immediately for neutralizing the threat. Secondly, the team must localize the cause of the problem and restore the latest and error-free "good" status in production operations. Thirdly, it must draw up a plan to close the security gaps that made the attack possible.

OTORIO PROFILE

- Established in January 2018 as a partnership between the OTORIO management and ANDRITZ AG
- Headquarters: Tel Aviv, Israel
- Staff: More than 60 cyber security experts and computer scientists
- Customer industries: All ANDRITZ business areas and ANDRITZ customers as well as the energy, automotive, maritime, food, and pharmaceutical industries

OTORIO PRODUCTS

- RAM²: Platform that automates and coordinates all IT/OT security tasks
- spOT(RAM² Mobile): Portable offline platform that detects cyber risks in the supply chain
- remOT(RAM² Edge): Platform that provides an encrypted and secure communication channel for accessing the OT network
- Expert services including managed security services, risk assessment, incident response and penetration testing
- Comprehensive link to ANDRITZ's Metris OPP processes

WHAT DOES “SUSTAINABILITY” MEAN WHEN YOU ARE BUILDING AND OPERATING A LARGE HYDROELECTRIC POWER PLANT?

Made by ANDRITZ. One of seven Kaplan turbines in the Xayaburi power station, which together provide several million households with green energy.

On the Mekong River in Laos, the Xayaburi Power Company (XPCL) has commissioned a hydroelectric power plant that is generating electricity for Thailand and Laos. ANDRITZ contributed significant parts of the electromechanical equipment and accompanied this mammoth project from start to finish. XPCL project manager Michael Raeder explains how ecological, economic and social goals were reconciled with one another.

The ANDRITZ turbines have a very fish-friendly design.

Mr. Raeder, in large projects like the Xayaburi power plant, stakeholders ask again and again, and justifiably, how deeply the project affects the established ecological and social environment of the surrounding area. How do you deal with this aspect of the project?

MR: Sustainability is at the top of the agenda for Xayaburi Power as well as for CK Power, the majority shareholder of XPCL. Considering that hydropower is a renewable, CO_2-neutral energy source, the Xayaburi project with its installed capacity of 1,285 MW can truly be described as sustainable when the plant goes into operation. While power generation is the main purpose of the project, environmental and social sustainability have always played a key role in the project's development as well. This applies in particular to the topics of fish migration and sediment management, which have received wide attention. The provisions made to mitigate potential impacts in these two fields are remarkable and also considered by external parties like the Mekong River Commission (MRC) as setting the benchmarks for any future projects, not just on the Mekong but also worldwide.

The Mekong is a river with very high species diversity and many species of fish that can migrate over long distances. What have you put in place to maintain the mobility of the wildlife – an important factor for the ecosystem?

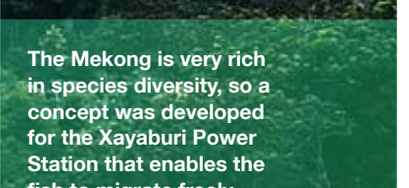
MR: At the beginning, Xayaburi Power conducted a large number of site investigations and special tests. With the data obtained, the experts were able to develop a state-of-the-art concept that allows fish to migrate freely all the year round from the downstream to the upstream regions and vice versa. This migration is driven by the flow of the river and the natural instinct of fish migrating upstream to swim against the current. The power plant provides ways for the fish to migrate upstream by simply following these flows.

Countless fish have already passed through the project area since 2019. In addition, downstream migration of fish eggs, larvae and juvenile fish is enabled all year round by specific migrating facilities. Possible negative effects from passage through the powerhouse are mitigated by the fish-friendly design of the turbines delivered by ANDRITZ Hydro. Xayaburi Power has always taken the topic of fish migration extremely seriously, and the company has invested more than 300 million USD – about ten percent of the total construction budget – into building all of the fish passage facilities.

Dr. Michael Raeder, XPCL Project Manager

Sediment is an important resource in the Mekong River, as nutrient carrier for fish but also to maintain the river bank stability and the delta region in Vietnam. What impact does the power station have on the sediment?

MR: On the basis of extensive sediment studies and simulations, the project engineers have designed four large outlet gates positioned deep down in the river flow that are capable of routing the sediment-laden flows of the river into the tailwater. These flows occur predominantly during the rainy season, and over 90% of the total annual sediment is conveyed during the three-month flood period. At these times, deep outlet gates are opened to discharge any surplus water not used for energy generation and transfer the sediment from the impoundment to the tailwater. The waterways and turbines were designed and built to also allow and withstand the passage of sediment. Extensive modelling has shown that Xayaburi can be considered a "transparent barrage", which means it will have a negligible impact on the overall sediment balance of the Mekong.



The Mekong is very rich in species diversity, so a concept was developed for the Xayaburi Power Station that enables the fish to migrate freely.

Ecological measures enabling sediment management or fish migration, for example, have top priority at Xayaburi power station.

Sustainability always has a social dimension as well. What does construction of the power station mean for local residents? What support have you provided and are you still providing for them?
MR: Considering the size of the project, with annual energy generation of more than 7,300 GWh, which is enough to supply energy to many millions of households, the number of required resettlements has been comparatively low.
But even if only a few households were affected, the resettlement of and compensation for the people concerned have nevertheless been carried out with care and respect. A total of 612 households with 3,036 occupants were part of the various programs initiated by the developer. This not only comprised resettlement in 669 new homes built by the company, but also land for agriculture or other forms of compensation, for example food or money. The aim was to enable the people to improve their overall way of living and achieve a sustainable income that is higher than the requirements formulated by the Lao government. For this purpose, special training was and still is being provided to the people affected so that they can gain knowledge and expertise in different professions. These programs will also continue for at least ten years after the project has been completed and the power plant has gone into commercial operation.

At peak times, there were more than 10,000 people working on the construction site. What measures have you implemented in the occupational health and safety sector?
MR: The general contractor CH. Karnchang introduced a rigorous health & safety program for all workers right from the start. At peak times, more than 100 dedicated health & safety staff ensured strict compliance with international health and safety standards. This was necessary especially because the local workforce was often unskilled and unfamiliar with the use of standard personal protective equipment and safe working practices. These people were trained intensively before commencing their work on site. Continuous training and refresher courses were provided throughout the construction period. When conducting a project in the middle of the Mekong, it is paramount to prevent any environmental incidents that could potentially jeopardize the quality of the water. An intensive monitoring regime was introduced, frequently measuring the water quality both upstream and downstream of the power plant. Xayaburi Power is proud that no environmental incidents occurred during the entire project construction period.

Plew Trivisvavet,
President & CEO
CK Power Public Company Limited and
Ch. Karnchang Public Company Limited

"We are grateful to have had ANDRITZ Hydro as our partner for the first run-of-river hydroelectric power plant on the lower Mekong River. The project ran smoothly thanks to their professional approach and reliable experts."

Thanawat Trivisvavet,
Managing Director
Xayaburi Power Company Limited and
CK Power Public Company Limited

"Xayaburi Hydroelectric Power Plant has been a tremendous success in terms of cooperative efforts by the internationally renowned contractors, including ANDRITZ Hydro. With the expertise in electro-mechanical work from ANDRITZ, the highly complicated commissioning of turbines and generators at Xayaburi Hydroelectric Power Plant was completed on schedule for the commercial operation date without any delays."

HOW DO YOU CONTROL INDUSTRIAL PLANTS AND ENTIRE FACTORIES OR MILLS VERY EFFICIENTLY?

ANDRITZ has developed its own DCS (Distributed Control System), a control and PLC system based on the latest technology, and is thus driving its digitalization strategy systematically forward. ANDRITZ customers and also companies in other industries now receive all the products and services they need to optimize, automate and control their IT (Information Technology) and OT (Operational Technology) from a single source – ANDRITZ.

WHAT IS THIS SYSTEM?

The DCS developed by ANDRITZ is called Metris X. The impetus came largely from the ANDRITZ customers themselves, who have been asking for a special control system for their equipment, factories and mills for some time now. This system should be as flexible as possible, tailored exactly to the respective needs, easy to operate, and able to run on any type of hardware. Metris X enables plant operating companies to run their systems independently of the established solutions, offers good performance without compromise, and creates greater flexibility for global business.

WHAT DOES METRIS X PROVIDE?

The system is fully scalable: The range of applications of Metris X extends from control of individual machines to a highly complex control system for a complete mill. The program is written with the aid of a clear graphic functional language that process engineers, maintenance technicians and also staff without specific programming knowledge can learn easily – a particularly important factor in view of the shortage of skilled personnel.

Metris X noticeably reduces the complexity of individual plants. Due to the intuitive control options, errors are much less frequent. In addition to the plant control function itself, Metris X also offers the opportunity to monitor the respective processes remotely on tablet PCs or laptops, as is already the case at the Mondi paper mill in Štětí, Czech Republic, as well as in ANDRITZ's own ASTRÖ pilot plant in Graz.

HOW MUCH DIGITALIZATION DOES THIS INVOLVE?

More than 40 functions (apps) can be combined with Metris X: These range from plant optimization to maintenance management, process and production optimization as well as big data analyses based on artificial intelligence, digital assistant functions and strategies for maximum possible autonomous operation – for both new and existing plants.
The ANDRITZ goal is to relieve the operator of up to 80% of the routine tasks required in future by means of this self-learning assistant function.

IN FUTURE, CUSTOMERS WILL BE ABLE TO CONTROL THEIR SYSTEMS ENTIRELY INDEPENDENTLY OF WHERE THEY ARE AND WHAT MOBILE DEVICES THEY ARE USING.

WHAT DOES THIS MEAN IN PRACTICE?

The intelligent chatbot system "Sophia", which is unique on the market, is available for communication between Metris X and the operator. Thanks to Sophia, it is child's play to form an exact picture of the plant status. For example, all the operator has to say is: "Tell me what the temperature is at the refiner outlet. Show me the flow rates. Recommend a setting for me." As a result, optimization and troubleshooting can be dealt with quickly. At the same time, Sophia keeps on learning in the background from the questions and operator actions, and "her" performance thus increases step by step.

WHAT DOES METRIS X HOLD IN STORE FOR THE FUTURE?

One of ANDRITZ's visions, which is almost within reach now, is "Automation as a service." In future, customers will be able to control their systems entirely independently of where they are and what mobile devices they are using. ANDRITZ provides the complete control functionality for the customer's plant, but the individual control units themselves no longer have to be located directly inside the plant concerned. Data logging, plant control and operation or optimization of processes will be distributed and organized transcontinentally. Customers can then handle this work by themselves with their own personnel or by means of pay per use models, with ANDRITZ as full digital service provider.

ADVANTAGES OF METRIS X AT A GLANCE

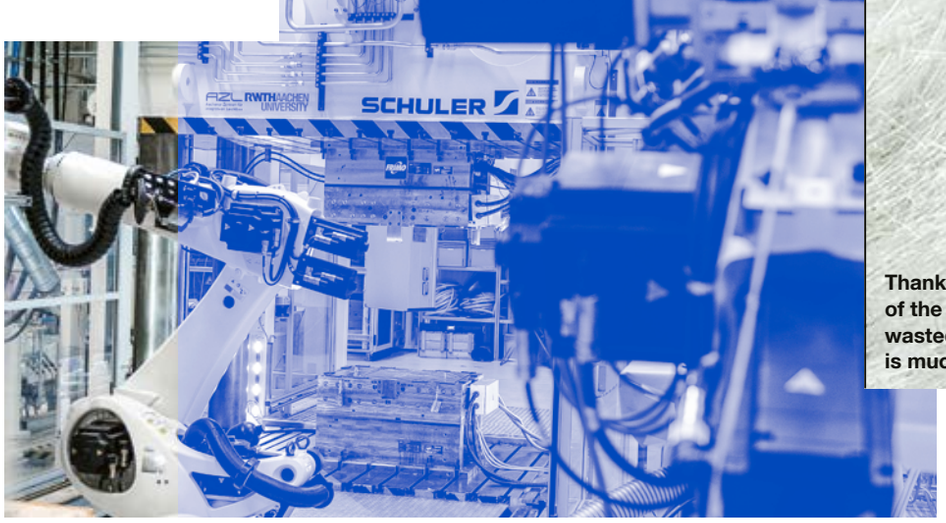
- Cost and technological leadership as well as full flexibility of the entire system architecture by using standard industrial hardware for servers, edge controllers and input/output boards
- Maximum possible return on investment (ROI) and shortest shutdown times for modernization projects by continued use of existing electrical equipment infrastructure, including input/output modules
- Reduction of engineering and start-up costs by using the Metris Block Language (MBL), which enables standardized configuration of functional units instead of individually programmed plant software
- Unique all-in-one solution without requiring external communication or storage for companies that do not choose cloud architecture for archived data and/or functionalities
- Maximum data security because machinery and systems are supplied with the IEC62443 compliance certificate

ANDRITZ•COM/
AR19/METRIS-X

HOW CAN WE HELP LIGHTWEIGHT CARBON CONSTRUCTION TO GAIN ACCEPTANCE IN THE AUTOMOTIVE INDUSTRY?

Lightweight fiber composites like carbon are promising candidates for large-scale production in car manufacturing. With the "iComposite 4.0" research project, the Lightweight Construction Center in Aachen, Germany, (Aachener Zentrum für Leichtbau – AZL) has made remarkable progress in terms of economic efficiency. Schuler – a member of the ANDRITZ GROUP and the globally leading supplier of cutting-edge technologies in all fields of metal forming – had the role of consortium leader here. The AZL managing directors, Michael Emonts and Kai Fischer, explain the background to the project:

Teamwork between humans and machines: An AZL employee lays out a mat of carbon fibers before it is cured and molded.



Thanks to the Schuler press, none of the costly carbon fibers are wasted – component production is much more efficient.

"The overall goal of our projects at AZL is to help companies save resources and costs and to make production of components faster and cheaper. With the iComposite 4.0 research program funded by the German Federal Ministry of Education and Research, we have been very successful in achieving this goal. As the consortium leader, effectively coordinating the work of the eight companies and two research institutes taking part, Schuler has contributed extensive know-how and a state-of-the-art press.
With iComposite 4.0, we have taken a big step forward in making the manufacture of parts from composites like carbon fiber reinforced plastic (CFRP) affordable, particularly for large-scale vehicle production. Taking the underbody panel of a British sports car as an example, cost-cutting potential of more than half and a reduction in lead time from 73 to 46 minutes have been forecast. In conventional car manufacturing, these parts cost almost 400 euros each, but with iComposite 4.0 only around 150 euros.

The clever thing about the newly developed modular production system is that it is fully automatic, it controls and makes adjustments largely independently, and it does not waste any material. So far, the producers of fiber-composite components have used carbon fiber mats that have to be cut to size as their raw material. As with a sheet of paper that is used to cut out a shape, a lot of the material is left over. Depending on the component concerned, up to 50 percent of the expensive carbon fibers cannot be used in this form and end up in the recycling.

Dr. Michael Emonts, AZL managing director

Dr. Kai Fischer, AZL managing director

With iComposite 4.0, the CFRP needed is all used up and there are no waste cuttings. In order to produce the composite-fiber mat, a robot only sprays on the basic structure of the fiber-glass component in the first step. Then the material distribution is checked visually using a 3D measuring system, and an algorithm calculates the individual rigidity of the component. In a separate stage, another robot lays out the carbon fibers with precision fit to reinforce the component.
The measuring data are also important in the next process step. Here, the resinated component is cured and molded in a hydraulic Schuler press. If, for example, visual surveying has detected that there are fewer fibers, the quantity of resin required can be adjusted. The press is able to specifically influence the deflection of the tool used inside the press. Thanks to the adaptivity of the production system, the waste produced as a result of variations in the fiber architecture can be eliminated."

The state-of-the-art hydraulic upstroke short-stroke press from Schuler is ideally suited for fabrication of composites because it can provide its full pressing force after only a few fractions of a second. The parallelism control in combination with dynamic die adjustment ensures that the plastic is distributed to the optimum throughout the die. This reduces waste to a minimum.

From left to right
Norbert Nettesheim, Joachim Schönbeck,
Wolfgang Leitner, Humbert Köfler,
Wolfgang Semper

EXECUTIVE BOARD AND SUPERVISORY BOARD OF ANDRITZ AG

The ANDRITZ AG Executive Board comprises five members, all of whom have many years of experience and specialist know-how in their respective areas of responsibility.

→ WOLFGANG LEITNER, President and CEO
Central Group functions: Information Technology, Human Resources Management, Corporate Communications, Investor Relations, Internal Auditing, Manufacturing Management, and Metals Forming

→ HUMBERT KÖFLER, Pulp & Paper (Service), Separation

→ NORBERT NETTESHEIM, Central Group functions: Controlling, Treasury, Order and Project Financing, Legal and Compliance, as well as Group Procurement Management

→ JOACHIM SCHÖNBECK, Pulp & Paper (Capital systems), Metals Processing, as well as group-wide Quality and Safety Management

→ WOLFGANG SEMPER, Hydro and group-wide Automation

The ANDRITZ AG Supervisory Board consists of six members elected by the Annual General Meeting and three members delegated by the Works Council.

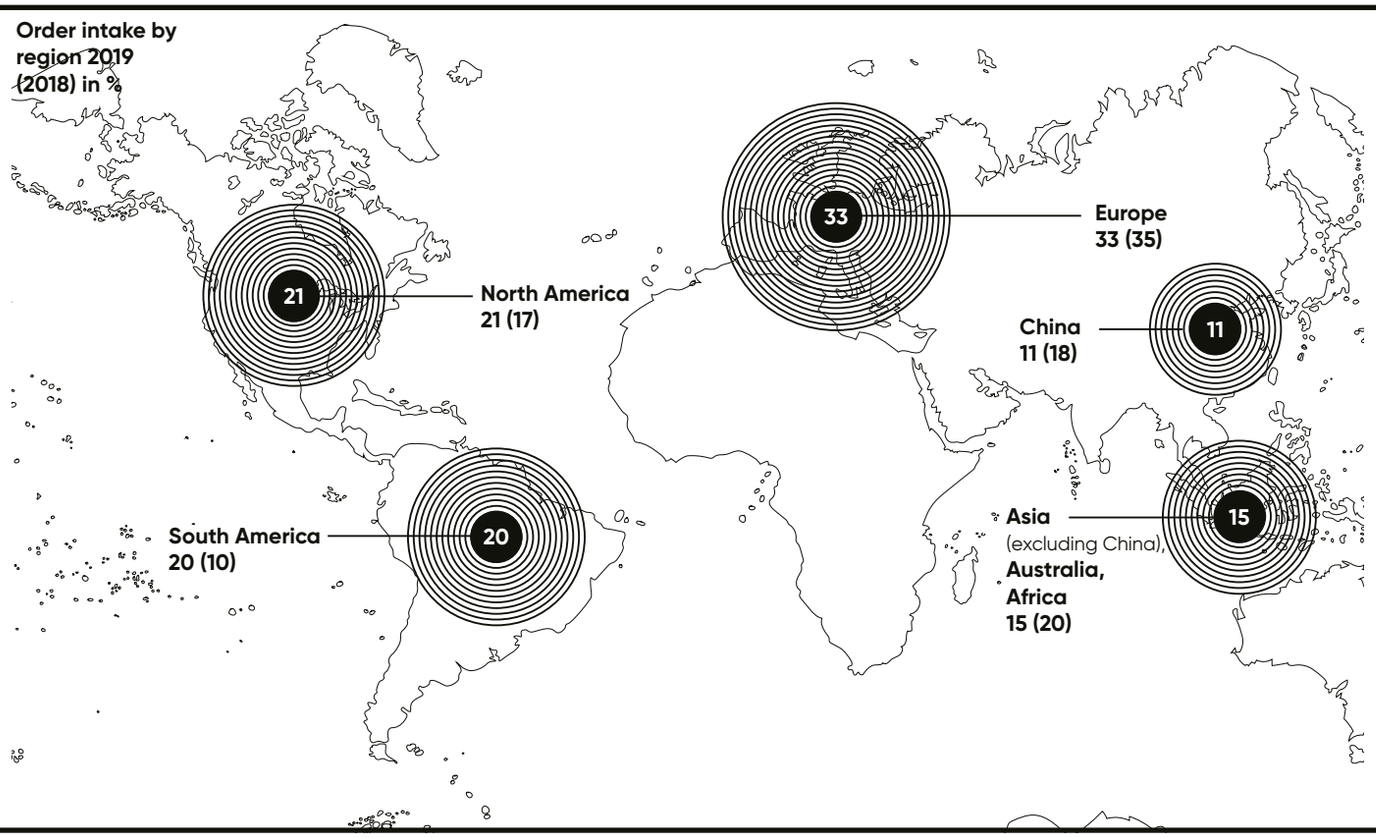
CHRISTIAN NOWOTNY
Chairman of the Supervisory Board
FRITZ OBERLERCHNER
Deputy Chairman
JÜRGEN HERMANN FECHTER
ALEXANDER ISOLA
MONIKA KIRCHER
ALEXANDER LEEB

Delegated members:

GEORG AUER
ANDREAS MARTINER
MONIKA SUPPAN

THE 2019 BUSINESS YEAR AT A GLANCE

International technology group ANDRITZ saw mixed business development in 2019. While order intake and sales achieved new record figures, earnings were negatively impacted by restructuring measures.



1.6
billion euros
gross liquidity

7.8
billion euros
order intake

16.9
percent
equity ratio

ORDER INTAKE

The order intake of the ANDRITZ GROUP saw very favorable development in 2019 and reached a new record level of 7,282 MEUR (up by ten percent compared to 2018: 6,646 MEUR). While order intake in the Pulp & Paper business area saw a sharp increase – above all due to the award of some large-scale orders to build new pulp mills – order intake of the Metals and Hydro business areas was well below the level of the previous year. The Separation business area was able to increase its order intake slightly compared to the previous year's reference period. The business areas' order intake development at a glance:

	Unit	2019	2018	+/-
Pulp & Paper	MEUR	**3,633**	2,572	+41%
Metals	MEUR	**1,582**	1,932	-18%
Hydro	MEUR	**1,350**	1,446	-7%
Separation	MEUR	**717**	697	+3%

SALES

Sales of the ANDRITZ GROUP amounted to 6,674 MEUR and also reached a record level (up by eleven percent compared to 2018: 6,032 MEUR). This increase is essentially attributable to the Pulp & Paper business area, where sales rose significantly compared to the previous year (up by 28 percent). Both the Capital and Service sectors recorded a significant increase in sales due to favorable development of order intake in the past few quarters. Xerium Technologies, Inc., which has been consolidated since October 2018, contributed around 446 MEUR to the sales figure. The Separation business area also saw an increase in sales (plus eight percent) due to the positive development of order intake in the previous year. Sales in the Metals business area remained practically at the same level as the previous year. The Hydro business area saw a slight drop in sales due to the decline in order intake in the past few years. The business areas' sales development at a glance:

	Unit	2019	2018	+/-
Pulp & Paper	MEUR	**2,869**	2,233	+28%
Metals	MEUR	**1,637**	1,635	+0%
Hydro	MEUR	**1,471**	1,518	-3%
Separation	MEUR	**697**	646	+8%

ORDER BACKLOG

The order backlog of the ANDRITZ GROUP amounted to 7,778 MEUR as of December 31, 2019, and was thus ten percent higher than the reference figure for the previous year (December 31, 2018: 7,084 MEUR).

EARNINGS

Earnings development of the Group was negatively impacted, particularly due to measures for capacity adjustments totaling 113 MEUR (82 MEUR thereof for the Metals business area) and to processing of lower-margin orders (especially in the Metals business area). The Group's EBITA of 343 MEUR was significantly lower than the reference figure for the previous year (2018: 394 MEUR). Profitability (EBITA margin) dropped substantially to 5.1 percent (2018: 6.5 percent).

Excluding these measures, the Group's EBITA amounted to 456 MEUR, while the adjusted EBITA margin was 6.8 percent, which is practically the same as the adjusted figure for the previous year's reference period (6.9 percent).

NET WORTH POSITION AND CAPITAL STRUCTURE

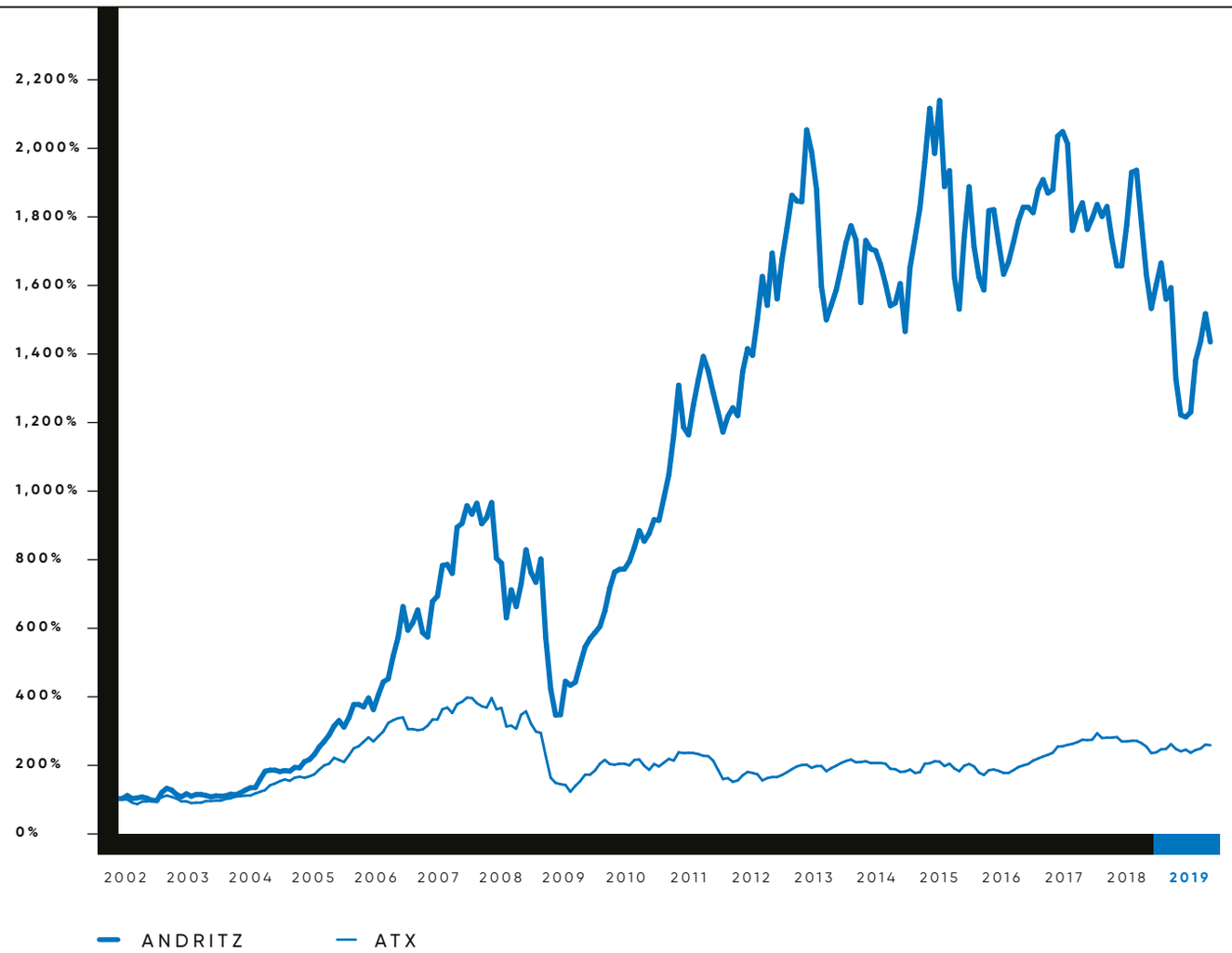
Total assets increased – mainly due to the first-time application of IFRS 16 (Leases) – to 7,234 MEUR (December 31, 2018: 6,919 MEUR). The equity ratio amounted to 16.9 percent (December 31, 2018: 19.2 percent).

Liquid funds amounted to 1,610 MEUR as of December 31, 2019 (1,280 MEUR as of the end of 2018), while net liquidity increased significantly to 245 MEUR (-100 MEUR as of the end of 2018).

ANDRITZ AG issued a Schuldscheindarlehen with a volume of 175 MEUR as well as an export credit loan with a volume of 170 MEUR in the 2019 business year in order to provide funds for corporate financing (including refinancing).

THE ANDRITZ SHARE

Relative price performance of the ANDRITZ share versus the ATX since the IPO



SHARE PRICE DEVELOPMENT

Developments on the international financial markets were marked by the geopolitical and economic uncertainty and by considerable volatility in 2019. The main influencing factor was the latent trade dispute between the USA and China. As a result of the continuing expansive monetary policy by the central banks, the indices of the largest international stock markets still showed positive price development overall although performance varied substantially by industrial sector. In particular, companies in the automotive and automotive supplying industries showed below-average share price development due to the weak international automotive market. In this stock exchange environment, the ANDRITZ share price fell by 4.3 percent in 2019. The ATX, the leading share index on the Vienna Stock Exchange, increased by 16.1 percent during the same period. The highest closing price of the ANDRITZ share was 45.06 EUR (February 25, 2019) and the lowest was 29.88 EUR (July 11, 2019).

LONG-TERM DIVIDEND POLICY

ANDRITZ pursues a dividend policy oriented towards continuity. Depending on business development and any large-scale acquisitions, ANDRITZ's goal is to pay an average of 50 to 60 percent of profits earned to the shareholders in the long term.

STABLE AND WELL-BALANCED SHAREHOLDER STRUCTURE

ANDRITZ has a stable and well-balanced shareholder structure. Custos Vermögensverwaltungs GmbH owns 25 percent plus one share, while Cerberus Vermögensverwaltung GmbH holds 0.77 percent. Some of the shares in these companies are held directly and some indirectly by Custos Privatstiftung and by Wolfgang Leitner, President and CEO of ANDRITZ AG, respectively. Certus Beteiligungs-GmbH, whose shares are owned indirectly by Manile Privatstiftung, holds 5.72 percent. With a free float of just under 70 percent, national and international institutional investors and private investors make up the majority of the shareholders. Most of the institutional investors come from the UK, Austria, and Germany, while most private investors are from Austria and Germany.

TRANSPARENT COMMUNICATION POLICY

Continuous and transparent communication with institutional and private shareholders has been the focus of investor relations activities since the ANDRITZ Initial Public Offering in 2001. Meetings were held with international institutional investors and financial analysts in Berlin, Boston, Frankfurt, Klagenfurt, London, Munich, New York, Sydney, Tokyo, Toronto, Paris, Vienna, and Zürs in 2019. In addition, numerous conference calls were conducted to provide information on the main key figures and on the company's strategic and operative development.

BROAD RESEARCH COVERAGE

In addition to overall economic and company-specific considerations, the recommendations and share price expectations by analysts play an important role in investment decisions by shareholders. The following international banks and investment houses publish research reports on ANDRITZ on a regular basis: Baader Bank, Berenberg Bank, Commerzbank, Deutsche Bank, ERSTE Bank, Goldman Sachs , Hauck & Aufhäuser, HSBC Trinkaus, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, Raiffeisen Centrobank, Société Générale, UBS, and Wiener Privatbank.

KEY FIGURES OF THE ANDRITZ SHARE

	Unit	2019	2018	2017	2016	2015
Earnings per share	EUR	**1.27**	2.20	2.58	2.69	2.60
Dividend per share	EUR	**0.70**[1]	1.55	1.55	1.50	1.35
Payout ratio	%	**55.1**	70.5	60.1	55.8	51.9
Price-earnings ratio (based on closing price at end of year)		**30.24**	18.24	18.25	17.73	17.33
Equity attributable to shareholders per share	EUR	**12.05**	13.02	12.77	13.00	11.63
Highest closing price	EUR	**45.06**	53.50	54.87	49.70	57.49
Lowest closing price	EUR	**29.88**	38.88	44.32	38.69	38.14
Closing price at end of year	EUR	**38.40**	40.12	47.09	47.70	45.05
Market capitalization (as of end of period)	MEUR	**3,993.6**	4,172.5	4,896.8	4,960.3	4,685.2
Performance	%	**-4.3**	-14.8	-1.3	+5.9	-2.1
ATX weighting (as of end of period)	%	**5.6622**	7.1045	6.2680	9.0018	9.5854
Average trading volume[2]	Shares	**511,221**	354,084	306,296	317,558	355,821

Source: Vienna Stock Exchange 1 Proposal to the Annual General Meeting. 2 Double counting – as published by the Vienna Stock Exchange.

FINANCIAL CALENDAR 2020

March 4, 2020	Results for the 2019 business year
March 15, 2020	Record date of Annual General Meeting
March 25, 2020	Annual General Meeting
March 27, 2020	Ex-dividend
March 30, 2020	Dividend record date
March 31, 2020	Dividend payment
April 30, 2020	Results for the first quarter of 2020
July 31, 2020	Results for the first half of 2020
November 5, 2020	Results for the first three quarters of 2020

The financial calendar with updates and information on the ANDRITZ share can be found on the Investor Relations page at the ANDRITZ website: andritz.com/share.

STRATEGY

The business strategy of the ANDRITZ GROUP is focused on achieving long-term, profitable growth. Research and development, acquisition of companies with complementary products, technological and cost leadership, extension of the company's market position, and global presence are the main cornerstones of this strategy. ANDRITZ's long-term goal is to achieve annual sales growth averaging five to eight percent and to increase profitability (EBITA margin) sustainably to eight percent.

GROWTH AND PROFITABILITY

ANDRITZ conducts systematic research and development work worldwide in order to be able to offer its customers the most modern and most efficient technologies at all times. In fact, around three percent of sales are invested annually in innovation and in research and development, including order-related work. In addition to the company's own research centers and pilot plants, ANDRITZ also operates an active ideas and innovation management system in order to promote the ideas of its employees. By offering smart technologies that create added value, ANDRITZ not only supports its customers in achieving their business goals as best possible, but also opens up new sales and growth opportunities for its business areas.

The acquisition of companies with complementary products or technologies is also one of the main cornerstones of the ANDRITZ business and growth strategies. By integrating these companies into the Group, ANDRITZ not only creates important synergies, but also paves the way for the new companies to achieve organic growth. The Group's overall goal is to become a full-service provider with global presence in all business areas by developing its own products and acquiring other companies.

At the same time as achieving sales growth, the company seeks to increase profitability in the long term and obtain an EBITA margin averaging eight percent in the coming years. Continuous optimization of cost and organizational structures as well as further expansion of stable service business are among the measures implemented to achieve this margin.

TECHNOLOGICAL AND COST LEADERSHIP

The ANDRITZ GROUP numbers among the leading global suppliers in all of its business areas. In order to consolidate and further extend this position, it is essential for ANDRITZ to always offer the very latest technologies that help customers to achieve their goals in terms of productivity, quality, resource and energy efficiency, and sustainability. Hence, the company's goal is to be the preferred technology supplier while still maintaining a competitive cost structure. The main cornerstones here are continuous cost optimizations and a manufacturing and location concept aligned to future market opportunities that takes account of regional cost and competitive advantages.

EXTENSION OF MARKET POSITION AND GLOBAL PRESENCE

ANDRITZ focuses on markets with long-term and sustained growth potential. Within these markets, the Group concentrates on rapidly growing segments that are experiencing overproportional growth compared to the gross national product and whose growth is enhanced by long-term, socio-economic trends or megatrends, such as urbanization, digitalization or electromobility.

With a balanced mix of global and local presence, ANDRITZ can support its customers in achieving their goals in terms of productivity, profitability, and sustainability. It is thus one of the ANDRITZ GROUP's main objectives to continue extending its worldwide presence in order to utilize growth potential on the one hand, particularly in the emerging economies of South America and Asia, and on the other hand to be close to its customers in order to offer the best possible service. By further relocating manufacturing capacities to emerging markets, ANDRITZ can profit from growth in these regions, but also be a strong impetus for economic growth and employment there at the same time.

SUSTAINABILITY AND COMPLIANCE

For the globally operating ANDRITZ GROUP, sustainability and compliance form the basis of its entrepreneurial activities. Integrity, respect, reliability and ecological and social sustainability are the main cornerstones to which every ANDRITZ employee is committed. The goal is to reconcile business activities as best possible with responsibility towards society and thus enhance the value of the company in the long term from the economic, social and ecological perspectives.

SUSTAINABILITY

For ANDRITZ, sustainability means ensuring the company's success in the long term, bearing in mind its responsibilities towards the environment and society. This is also reflected in relations with suppliers and business partners. ANDRITZ considers it very important that the strict group regulations applying to all of its employees are observed and implemented by all external stakeholders. This is subject to checks at regular intervals. After all, active control and risk management provide the best possible financial security for all stakeholders.

ANDRITZ wants to be an attractive and responsible employer for all employees. A wide range of educational and training courses as well as the encouragement of diversity in the company are intended to ensure employees' job satisfaction and bind them to the company in the long term. This begins at an early stage with the 800 apprentices worldwide who have every opportunity to embark on numerous possible careers, also at international level, at the end of their comprehensive specialist training. Social responsibility and sustainability are reflected in project execution, where ANDRITZ supports use of the local labor force and suppliers as much as possible and thus makes a substantial contribution towards creating value in many countries, especially in emerging markets as well.

ANDRITZ products make a substantial contribution globally towards helping customers achieve their sustainability goals as best possible in terms of environmental protection and use of resources. In manufacturing operations, ANDRITZ also makes every effort to save resources and reduce any negative impact on the environment to a minimum. Observing ecological standards has a part to play here, but so does adherence to strict quality requirements and environmental standards. As part of the integrated management system, these requirements are constantly monitored at all ANDRITZ manufacturing locations, and products and processes are adapted accordingly. The strict requirements relating to occupational health and safety should be mentioned here. The global safety initiative is intended to establish an awareness of safety in the workplace in the long term and to help prevent accidents.

ANDRITZ is committed to an open and transparent communication policy. An important part of this policy is the compilation of non-financial information that is published in compliance with the legal requirements as part of the Management Report included in the Annual Financial Report.

COMPLIANCE

All executive personnel, staff and external stakeholders working for ANDRITZ are subject to the values and principles laid down in the ANDRITZ Code of Conduct and Ethics. Individual topics are also the subject of further regulations over and above.

Compliance with legal provisions as well as internal rules and regulations is monitored by the group-wide compliance committee, which focuses on different topics and regions in its work.

In order to check the effectiveness of the compliance management system and further improve it, ANDRITZ has certification according to ISO 19600 for the compliance management system and ISO 37001 for anti-corruption management. The regulations contain requirements for developing, implementing and maintaining a compliance management system as well as suitable measures to help protect against, track down and provide proof of corruption.

Various measures, above all training on individual compliance topics, are provided to ensure a basic understanding of compliance and of adherence to its regulations.

ANDRITZ • COM/ COMPLIANCE-EN

PUBLISHER'S NOTE

DISCLAIMER

Certain statements contained in the Annual Report 2019 and in the Annual Financial Report 2019 constitute "forward-looking statements." These statements, which contain the words "believe," "intend," "expect," and words of similar meaning, only reflect the Executive Board's beliefs and expectations and are subject to risks 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.

The Annual Report 2019 and the Annual Financial Report 2019 contain assumptions and forecasts based on the information available up to the copy deadline on February 24, 2020. If the premises for these assumptions and forecasts do not materialize or risks indicated in the "Risk management" chapter and in the Management Report of the Annual Financial Report 2019 do arise, actual results may vary from the forecasts made in the Annual Report 2019 and the Annual Financial Report 2019. Although the greatest care was exercised in preparing data, all information relating to the future is provided without guarantee.

NOTE

In order to improve readability, the present report does not contain any gender-specific wording. Any personal terms used relate to all genders equally. The Annual Report is also published in German. In the event of any discrepancies, the German version shall prevail.

ANNUAL FINANCIAL REPORT 2019

Detailed information on the 2019 business year, such as the integrated Management Report, Corporate Governance Report, and Consolidated Financial Statements for 2019, can be found in the Annual Financial Report 2019, available for download at andritz.com/downloads.

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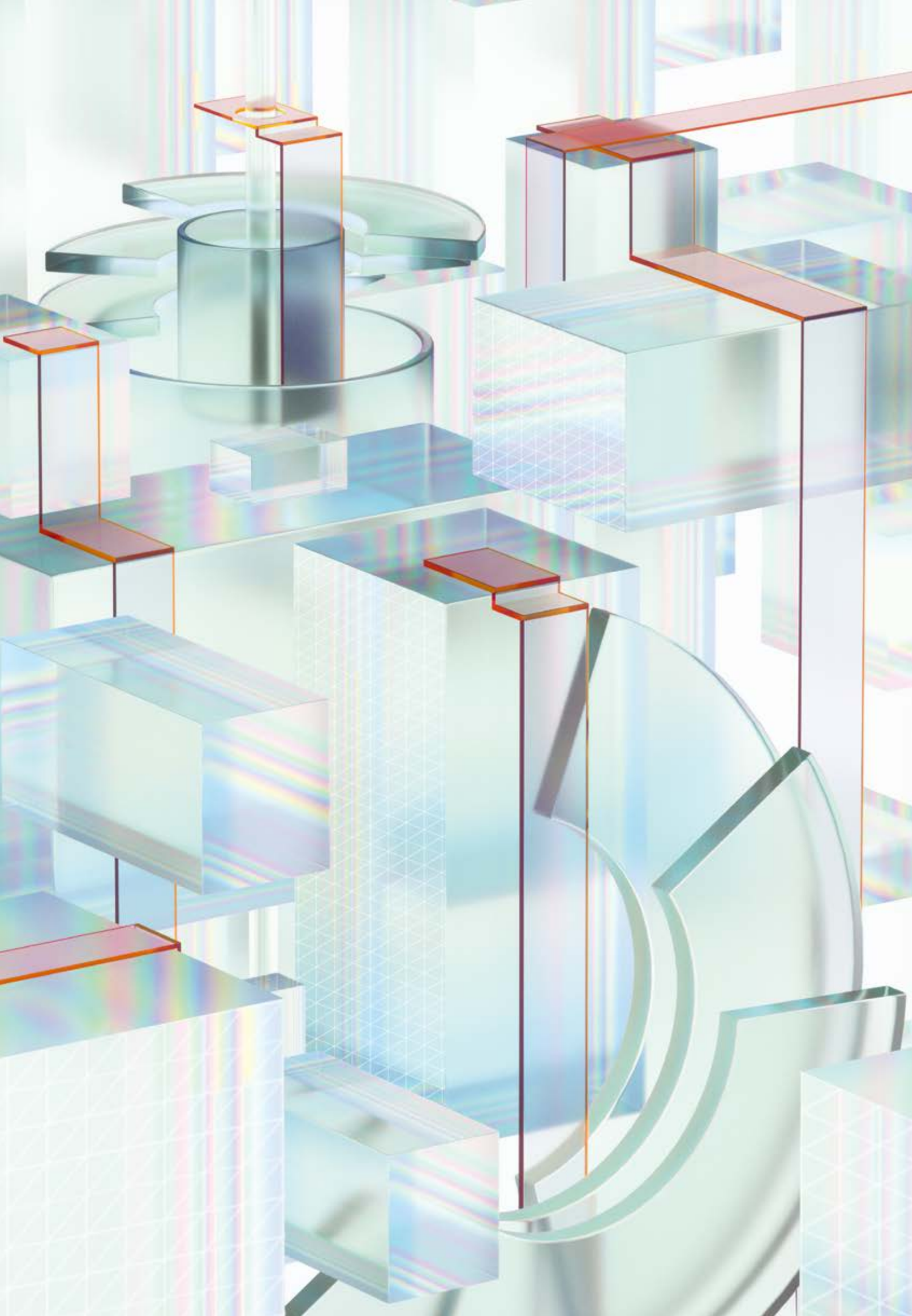

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