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INTERIM
FINANCIAL REPORT
H1 2022

ANDRITZ

ENGINEERED SUCCESS

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KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	H1 2022	H1 2021	+/-	Q2 2022	Q2 2021	+/-	2021
Order intake	MEUR	4,767.6	3,591.8	+32.7%	2,179.0	1,862.3	+17.0%	7,879.7
Order backlog (as of end of period)	MEUR	9,859.1	7,403.5	+33.2%	9,859.1	7,403.5	+33.2%	8,165.8
Revenue	MEUR	3,317.0	3,027.0	+9.6%	1,790.1	1,533.8	+16.7%	6,463.0
EBITDA	MEUR	362.2	318.6	+13.7%	198.8	167.5	+18.7%	718.3
EBITA ¹⁾	MEUR	273.2	237.7	+14.9%	150.9	126.8	+19.0%	546.5
EBITA margin	%	8.2	7.9	-	8.4	8.3	-	8.5
Earnings Before Interest and Taxes (EBIT)	MEUR	241.5	204.1	+18.3%	135.2	107.7	+25.5%	479.6
Earnings Before Taxes (EBT)	MEUR	223.1	185.9	+20.0%	127.5	101.9	+25.1%	439.6
Net income (including non-controlling interests)	MEUR	163.9	134.8	+21.6%	93.7	73.8	+27.0%	321.7
Net income (without non-controlling interests)	MEUR	167.2	136.7	+22.3%	95.7	74.6	+28.3%	325.5
Cash flow from operating activities	MEUR	413.2	153.0	+170.1%	186.1	83.8	+122.1%	529.6
Capital expenditure	MEUR	80.5	60.1	+33.9%	41.4	28.2	+46.8%	160.1
Employees (as of end of period; without apprentices)	-	27,428	26,711	+2.7%	27,428	26,711	+2.7%	26,804
Total assets	MEUR	8,184.2	7,182.9	+13.9%	8,184.2	7,182.9	+13.9%	7,672.8
Equity ratio	%	20.4	18.6	-	20.4	18.6	-	20.4
Liquid funds	MEUR	1,963.2	1,670.7	+17.5%	1,963.2	1,670.7	+17.5%	1,837.9
Net liquidity	MEUR	900.6	384.5	+134.2%	900.6	384.5	+134.2%	703.3
Net working capital	MEUR	-351.2	31.9	n.a.	-351.2	31.9	n.a.	-150.1

1) Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill amounts to 31.7 MEUR (H1 2021: 30.4 MEUR; 2021: 62.174,6 MEUR); impairment of goodwill amounts to 0.0 MEUR (H1 2021: 3.3 MEUR; 2021: 4.8 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

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

Pulp & Paper

	Unit	H1 2022	H1 2021	+/-	Q2 2022	Q2 2021	+/-	2021
Order intake	MEUR	2,080.8	1,712.3	+21.5%	975.0	866.8	+12.5%	3,774.7
Order backlog (as of end of period)	MEUR	3,940.8	2,888.4	+36.4%	3,940.8	2,888.4	+36.4%	3,377.2
Revenue	MEUR	1,580.4	1,464.6	+7.9%	867.5	753.7	+15.1%	3,070.6
EBITDA	MEUR	204.5	189.2	+8.1%	114.0	101.9	+11.9%	423.4
EBITDA margin	%	12.9	12.9	-	13.1	13.5	-	13.8
EBITA	MEUR	157.6	152.0	+3.7%	87.2	83.2	+4.8%	346.0
EBITA margin	%	10.0	10.4	-	10.1	11.0	-	11.3
Employees (as of end of period; without apprentices)	-	12,112	11,363	+6.6%	12,112	11,363	+6.6%	11,668

Metals

	Unit	H1 2022	H1 2021	+/-	Q2 2022	Q2 2021	+/-	2021
Order intake	MEUR	990.7	843.6	+17.4%	489.3	414.5	+18.0%	1,778.8
Order backlog (as of end of period)	MEUR	1,846.2	1,365.9	+35.2%	1,846.2	1,365.9	+35.2%	1,541.7
Revenue	MEUR	734.0	638.1	+15.0%	377.5	322.0	+17.2%	1,366.1
EBITDA	MEUR	50.0	34.9	+43.3%	25.1	16.3	+54.0%	81.7
EBITDA margin	%	6.8	5.5	-	6.6	5.1	-	6.0
EBITA	MEUR	31.6	15.2	+107.9%	15.3	6.3	+142.9%	38.4
EBITA margin	%	4.3	2.4	-	4.1	2.0	-	2.8
Employees (as of end of period; without apprentices)	-	5,960	6,129	-2.8%	5,960	6,129	-2.8%	5,930

Hydro

	Unit	H1 2022	H1 2021	+/-	Q2 2022	Q2 2021	+/-	2021
Order intake	MEUR	1,214.1	654.5	+85.5%	457.8	370.2	+23.7%	1,565.2
Order backlog (as of end of period)	MEUR	3,422.5	2,664.4	+28.5%	3,422.5	2,664.4	+28.5%	2,747.8
Revenue	MEUR	650.2	609.5	+6.7%	358.6	293.5	+22.2%	1,345.1
EBITDA	MEUR	64.2	57.2	+12.2%	35.3	29.5	+19.7%	133.0
EBITDA margin	%	9.9	9.4	-	9.8	10.1	-	9.9
EBITA	MEUR	47.4	40.0	+18.5%	27.5	21.0	+31.0%	95.4
EBITA margin	%	7.3	6.6	-	7.7	7.2	-	7.1
Employees (as of end of period; without apprentices)	-	6,689	6,651	+0.6%	6,689	6,651	+0.6%	6,628

Separation

	Unit	H1 2022	H1 2021	+/-	Q2 2022	Q2 2021	+/-	2021
Order intake	MEUR	482.0	381.4	+26.4%	256.9	210.8	+21.9%	761.0
Order backlog (as of end of period)	MEUR	649.6	484.8	+34.0%	649.6	484.8	+34.0%	499.1
Revenue	MEUR	352.4	314.8	+11.9%	186.5	164.6	+13.3%	681.2
EBITDA	MEUR	43.5	37.3	+16.6%	24.4	19.8	+23.2%	80.2
EBITDA margin	%	12.3	11.8	-	13.1	12.0	-	11.8
EBITA	MEUR	36.6	30.5	+20.0%	20.9	16.3	+28.2%	66.7
EBITA margin	%	10.4	9.7	-	11.2	9.9	-	9.8
Employees (as of end of period; without apprentices)	-	2,667	2,568	+3.9%	2,667	2,568	+3.9%	2,578

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

In the second quarter of the year, economic growth in the world's main economic regions was again affected by the war in Ukraine and the related sanctions imposed by the West. Continuing high energy prices, bottlenecks and delays in the global supply chains as well as the resulting record-breaking inflation rates placed a burden on economic development of most industries and had a negative impact on consumer demand from private households.

In Europe, economic growth also slowed down significantly in the reporting period. Fueled by the war in Ukraine and the associated high energy prices, the inflation rate rose to a record level of over 8.0%. In addition, supply bottlenecks for raw materials and industrial semi-finished products led to considerable disruptions in industrial production. In view of the expectation of further rises in inflation, the European Central Bank (ECB) initiated a turnaround in interest rates in the euro zone and raised the key interest rate to 0.50% in July 2022 – for the first time in more than 11 years. Further interest rate hikes were announced.

In the USA, economic growth lost some momentum during the reporting period. Private consumption, which plays a key role in the US economy, accounting for approximately 70% of the gross domestic product, declined in view of the high rate of inflation during the reporting period. The situation on the labor market, on the other hand, remains robust, with the unemployment rate unchanged at a level of approximately 3.6%. Facing the highest inflation rate since 40 years, the US Federal Reserve (FED) raised the key interest rate four times this year by a total of 2.25 percentage points to a range of 2.25 to 2.50% and announced that there would be further increases in interest rates this year.

The negative effects of high energy prices and global supply bottlenecks were also felt in most of the emerging markets, leading to a significant decline in economic growth.

Source: Research reports by various banks, OECD

BUSINESS DEVELOPMENT

Order intake

The order intake of the Group developed very favorably in the second quarter of 2022 and, at 2,179.0 MEUR, was significantly higher than the previous year's reference figure (+17.0% versus Q2 2021: 1,862.3 MEUR) despite the challenging general conditions. All business areas were able to increase their order intake compared to the previous year's reference period.

The business areas' development in detail:

- Pulp & Paper: Order intake amounted to 975.0 MEUR and was thus 12.5% higher than the figure for the previous year's reference period (Q2 2021: 866.8 MEUR). Both the capital and service business were able to increase their order intake compared to the previous year's reference period.
- Metals: At 489.3 MEUR, order intake increased by 18.0% during the reporting period compared to the previous year's reference figure (Q2 2021: 414.5 MEUR). This is attributable to the Metals Forming sector (Schuler), which succeeded in booking a larger order for a press line in China.

- Hydro: At 457.8 MEUR, the order intake was significantly higher than the figure for the previous year's reference period (+23.7% versus Q2 2021: 370.2 MEUR). This increase is mainly due to the receipt of a large order for a pumped storage hydropower plant in India.
- Separation: Order intake amounted to 256.9 MEUR and thus increased significantly compared to the level of the previous year's reference figure (+21.9% versus Q2 2021: 210.8 MEUR). In particular, the Feed & Biofuel sector showed a very positive development, while the solid/liquid separation segment saw a stable development.

In the first half of 2022, the Group's order intake of 4,767.6 MEUR was well above the previous year's reference figure (+32.7% versus H1 2021: 3,591.8 MEUR). All business areas – particularly Hydro – increased their order intake significantly compared to the previous year.

Business areas in detail:

	Unit	H1 2022	H1 2021	+/-
Pulp & Paper	MEUR	2,080.8	1,712.3	+21.5%
Metals	MEUR	990.7	843.6	+17.4%
Hydro	MEUR	1,214.1	654.5	+85.5%
Separation	MEUR	482.0	381.4	+26.4%

Revenue

Revenue of the ANDRITZ GROUP amounted to 1,790.1 MEUR in the second quarter of 2022 and was thus significantly higher than the low figure for previous year's reference period (+16.7% versus Q2 2021: 1,533.8 MEUR). All four business areas were able to increase revenue significantly compared to the previous year's reference period, particularly Hydro (+22.2%), Metals (+17.2%), and Pulp & Paper (+15.1%).

The Group's revenue amounted to 3,317.0 MEUR in the first half of 2022 and was thus 9.6% higher than the previous year's reference figure (H1 2021: 3,027.0 MEUR). All business areas increased their revenue – in some cases significantly – compared to the previous year.

The business areas' revenue development at a glance:

	Unit	H1 2022	H1 2021	+/-
Pulp & Paper	MEUR	1,580.4	1,464.6	+7.9%
Metals	MEUR	734.0	638.1	+15.0%
Hydro	MEUR	650.2	609.5	+6.7%
Separation	MEUR	352.4	314.8	+11.9%

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

	H1 2022	H1 2021	Q2 2022	Q2 2021
ANDRITZ GROUP	40	39	40	41
Pulp & Paper	48	43	47	46
Metals	25	25	25	25
Hydro	36	38	35	43
Separation	49	50	49	49

Order backlog

As of June 30, 2022, the order backlog of the ANDRITZ GROUP reached a new record level of 9,859.1 MEUR (+20.7% versus December 31, 2021: 8,165.8 MEUR), whereby around 80 MEUR from existing Russia orders have been canceled. All business areas saw a significant increase in order backlog compared to December 31, 2021.

Earnings

The operating result (EBITA) of the Group, at 150.9 MEUR, reached a very favorable level once again in the second quarter of 2022, and thus increased more than revenue (+19.0% versus Q2 2021: 126.8 MEUR). As a result, profitability (EBITA margin) improved to 8.4% (Q2 2021: 8.3%). Particularly, the Metals and Separation business areas saw a significant year-on-year increase in earnings and profitability.

Development by business area:

- In the Pulp & Paper business area, profitability amounted to 10.1% and was thus below the reference figure for the previous year (Q2 2021: 11.0%). This is mainly due to the slightly changed project mix compared to the previous year (increased share of large projects in the reporting period).
- The Metals business area continued its positive earnings development of the first quarter and increased to 4.1% (Q2 2021: 2.0%).
- Profitability in the Hydro business remained at an unchanged solid level of 7.7% (Q2 2021: 7.2%).
- In the Separation business area, profitability continued to develop very favorably and increased to 11.2% (Q2 2021: 9.9%).

The group's EBITA developed very favorably in the first half of 2022 and amounted to 273.2 MEUR (+14.9% versus H1 2021: 237.7 MEUR). Profitability increased to 8.2% (H1 2021: 7.9%).

The financial result amounted to -18.4 MEUR and was thus practically unchanged compared to the previous year's reference period (H1 2021: -18.2 MEUR).

Net income (including non-controlling interests) increased significantly to 163.9 MEUR (+21.6% versus H1 2021: 134.8 MEUR), whereof 167.2 MEUR (H1 2021: 136.7 MEUR) are attributable to the shareholders of the parent company and -3.3 MEUR (H1 2021: -1.9 MEUR) to non-controlling interests.

Net worth position and capital structure

Total assets as of June 30, 2022 amounted to 8,184.2 MEUR (December 31, 2021: 7,672.8 MEUR). The equity ratio reached 20.4% (December 31, 2021: 20.4%).

Liquid funds amounted to 1,963.2 MEUR as of June 30, 2022 (as of end of 2021: 1,837.9 MEUR), while net liquidity increased to 900.6 MEUR (as of end of 2021: 703.3 MEUR).

In addition to the high liquidity, the ANDRITZ GROUP also had the following credit and surety lines for performance of contracts, down payments, guarantees, and so on, at its disposal as of June 30, 2022:

- Credit lines: 314 MEUR, thereof 163 MEUR utilized
- Surety lines: 6,470 MEUR, thereof 3,641 MEUR utilized

Employees

As of June 30, 2022, the number of ANDRITZ GROUP employees amounted to 27,428 (December 31, 2021: 26,804 employees).

Major risks during the remaining months of the financial year

Current risks

The war in Ukraine and the resulting sanctions imposed by the West, but also the counter sanctions by Russia, have led to a substantial price increase in the energy sector as well as for many raw materials and intermediate industrial products. As a result, the inflation rate rose significantly in many countries. In addition, delays were caused in the main international supply chains and transport routes. If the prices for raw materials, energy and upstream products continue to rise, this could result in unanticipated additional expenses for the ANDRITZ GROUP and have a negative impact on earnings development.

The Covid-19 pandemic and its impact on the global economy as well as on the markets served by ANDRITZ continue to present fundamental and substantial risks for the business development of the ANDRITZ GROUP. The emergence of new virus variants could lead to further lockdowns being imposed in individual countries or regions, and thus again to an economic downturn. Resulting delays in the main international supply chains and transport routes could lead to delays in the execution of projects, on the one hand, and to further price increases for many raw materials and industrial semi-finished products, on the other hand.

A detailed description of the strategic and operational risks as well as information on the internal control and risk management system are available in the ANDRITZ Annual Financial Report for 2021.

OUTLOOK

The global economic outlook of economic experts for 2022 has deteriorated significantly as a result of the ongoing war in Ukraine, the escalating energy crisis in Europe with the threat of shortfalls in gas supplies from Russia, and the unchanged tense situation in international supply chains. In addition, the worldwide rise in inflation due to the sharp increase in energy and raw material costs is also having a negative impact on global economic growth.

In spite of the difficult overall economic conditions, project and investment activity in the industries served by ANDRITZ remains good.

At present, ANDRITZ has no concrete indications that the general conditions described above will have a significant negative impact on project and investment activity in the markets and customers served by ANDRITZ in the coming months.

For the full year 2022, ANDRITZ confirms the financial guidance published when the results for the first quarter of 2022 were announced and, from today's perspective, expects an increase in revenue as well as in EBITA and net income compared to the previous year.

The overall economic conditions prevailing at the present time were taken into account in the financial guidance 2022. However, if the global economy suffers severe setbacks in the coming months as a result of the war in Ukraine or the pandemic intensifies again, this may result in negative effects on the processing of orders and on order intake and hence have a negative impact on ANDRITZ's financial development.

CONSOLIDATED INCOME STATEMENT

For the first half of 2022 (unaudited)

(in MEUR)	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	3,317.0	3,027.0	1,790.1	1,533.8
Changes in inventories of finished goods and work in progress	107.1	68.4	43.3	37.1
Other own work capitalized	0.7	1.2	0.4	0.4
Other income	73.1	46.7	37.7	22.6
Cost of materials	-1,764.0	-1,577.2	-972.3	-800.6
Personnel expenses	-957.0	-899.5	-484.2	-449.2
Other expenses	-414.7	-348.0	-216.2	-176.6
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	362.2	318.6	198.8	167.5
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	-120.7	-111.2	-63.6	-56.5
Impairment of goodwill	0.0	-3.3	0.0	-3.3
Earnings Before Interest and Taxes (EBIT)	241.5	204.1	135.2	107.7
Result from investments accounted for using the equity method	0.7	-1.9	0.5	-1.1
Interest income	14.9	9.2	8.5	4.0
Interest expense	-18.4	-17.6	-9.8	-7.8
Other financial result	-15.6	-7.9	-6.9	-0.9
Financial result	-18.4	-18.2	-7.7	-5.8
Earnings Before Taxes (EBT)	223.1	185.9	127.5	101.9
Income taxes	-59.2	-51.1	-33.8	-28.1
NET INCOME	163.9	134.8	93.7	73.8
Net income attributable to owners of the parent	167.2	136.7	95.7	74.6
Net income allocated to non-controlling interests	-3.3	-1.9	-2.0	-0.8
Basic earnings per no-par value share (in EUR)	1.69	1.38	0.97	0.75
Diluted earnings per no-par value share (in EUR)	1.69	1.37	0.97	0.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half of 2022 (condensed, unaudited)

(in MEUR)	H1 2022	H1 2021	Q2 2022	Q2 2021
NET INCOME	163.9	134.8	93.7	73.8
Remeasurement of defined benefit plans	67.4	12.6	40.2	1.1
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	0.4	1.0	0.0	-0.1
Other comprehensive income (after income taxes) that will not be reclassified to the income statement in subsequent periods	67.8	13.6	40.2	1.0
Currency translation of foreign operations	71.8	35.7	16.7	20.2
Cash flow hedges	-21.1	-6.0	-26.2	9.0
Other comprehensive income (after income taxes) which can be reclassified to the income statement in subsequent periods	50.7	29.7	-9.5	29.2
OTHER COMPREHENSIVE INCOME (AFTER INCOME TAXES)	118.5	43.3	30.7	30.2
TOTAL COMPREHENSIVE INCOME	282.4	178.1	124.4	104.0
Total comprehensive income attributable to owners of the parent	285.3	180.1	126.1	104.9
Total comprehensive income allocated to non-controlling interests	-2.9	-2.0	-1.7	-0.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022 (unaudited)

(in MEUR)	June 30, 2022	December 31, 2021
ASSETS		
Property, plant, and equipment	1,192.7	1,170.7
Goodwill	791.5	778.3
Intangible assets other than goodwill	174.9	190.9
Investments accounted for using the equity method	13.7	12.9
Investments and other financial assets	65.2	103.8
Other receivables and assets	87.1	86.7
Deferred tax assets	226.0	241.9
Non-current assets	2,551.1	2,585.2
Inventories	1,105.6	905.0
Advance payments made	222.3	152.6
Trade accounts receivable	915.3	936.8
Contract assets	1,022.6	935.0
Current tax assets	25.5	16.2
Other receivables and assets	389.8	373.3
Investments	875.6	670.7
Cash and cash equivalents	1,067.4	1,087.0
Assets held for sale	9.0	11.0
Current assets	5,633.1	5,087.6
TOTAL ASSETS	8,184.2	7,672.8
EQUITY AND LIABILITIES		
Share capital	104.0	104.0
Capital reserves	36.5	36.5
Retained earnings and other reserves	1,538.4	1,434.1
Equity attributable to owners of the parent	1,678.9	1,574.6
Non-controlling interests	-10.8	-7.3
Total equity	1,668.1	1,567.3
Bank loans and other financial liabilities	1,004.5	1,061.8
Lease liabilities	182.7	185.6
Provisions for employee benefits	318.3	413.6
Provisions	171.6	120.1
Other liabilities	41.8	22.7
Deferred tax liabilities	132.2	123.9
Non-current liabilities	1,851.1	1,927.7
Bank loans and other financial liabilities	62.2	74.9
Lease liabilities	46.4	45.6
Trade accounts payable	829.6	811.1
Contract liabilities from sales recognized over time	1,553.5	1,094.1
Contract liabilities from sales recognized at a point in time	390.1	366.5
Provisions	478.8	544.3
Current tax liabilities	70.7	103.3
Other liabilities	1,233.7	1,138.0
Current liabilities	4,665.0	4,177.8
TOTAL EQUITY AND LIABILITIES	8,184.2	7,672.8

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first half of 2022 (unaudited)

(in MEUR)	H1 2022	H1 2021
Net income	163.9	134.8
Income taxes	59.2	51.1
Interest result	3.5	8.4
Depreciation, amortization, and impairment of intangible assets, goodwill as well as property, plant, and equipment	120.7	114.5
Result from investments accounted for using the equity method	-0.7	1.9
Changes in provisions	-36.8	-28.3
Gains/losses from disposal of fixed and financial assets	-19.3	-0.8
Other non-cash income/expenses	-8.1	7.2
Gross cash flow	282.4	288.8
Change in net working capital	220.9	-53.2
Interest received	13.0	8.1
Interest paid	-15.5	-16.2
Dividends received	0.7	0.3
Income taxes paid	-88.3	-74.8
CASH FLOW FROM OPERATING ACTIVITIES	413.2	153.0
Payments made for property, plant, and equipment and for intangible assets	-68.8	-42.9
Payments received for disposals of property, plant, and equipment and intangible assets	25.6	5.2
Payments made for non-current and current financial assets	-386.5	-234.4
Payments received for disposal of non-current and current financial assets	245.6	100.5
Payments made for investments accounted for using the equity method	0.0	-7.5
Net cash flow from company acquisitions	-13.3	-21.3
CASH FLOW FROM INVESTING ACTIVITIES	-197.4	-200.4
Payments received from bank loans and other financial liabilities	6.6	7.8
Payments made for bank loans, other financial liabilities, and lease liabilities	-102.5	-42.5
Dividends paid	-163.7	-99.8
Purchase of non-controlling interests and payments to former shareholders	-0.1	-24.4
Purchase of treasury shares	-16.0	0.0
CASH FLOW FROM FINANCING ACTIVITIES	-275.7	-158.9
CHANGES IN CASH AND CASH EQUIVALENTS	-59.9	-206.3
Currency translation adjustments	40.3	22.1
Changes in consolidation scope	0.0	1.0
Cash and cash equivalents at the beginning of the period	1,087.0	1,158.0
Cash and cash equivalents at the end of the period	1,067.4	974.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half of 2022 (unaudited)

(in MEUR)	Attributable to owners of the parent							Non-controlling interests	Total equity	
	Share capital	Capital reserves	Retained earnings	Fair value reserve	Reserve of remeasurements of defined benefit plans	Reserve of exchange differences on translation	Treasury shares	Total		
BALANCE AS OF JANUARY 1, 2021	104.0	36.5	1,566.0	9.9	-106.0	-167.7	-185.1	1,257.6	-1.9	1,255.7
Net income			136.7					136.7	-1.9	134.8
Other comprehensive income				-5.0	12.6	35.8		43.4	-0.1	43.3
Total comprehensive income			136.7	-5.0	12.6	35.8		180.1	-2.0	178.1
Dividends			-99.3					-99.3	-0.5	-99.8
Change in treasury shares							1.5	1.5		1.5
Change from share option programs			1.0					1.0		1.0
Transfers and other changes			-1.3			1.3		0.0		0.0
BALANCE AS OF JUNE 30, 2021	104.0	36.5	1,603.1	4.9	-93.4	-130.6	-183.6	1,340.9	-4.4	1,336.5
BALANCE AS OF JANUARY 1, 2022	104.0	36.5	1,792.5	0.4	-67.1	-103.5	-188.2	1,574.6	-7.3	1,567.3
Net income			167.2					167.2	-3.3	163.9
Other comprehensive income				-20.7	67.4	71.4		118.1	0.4	118.5
Total comprehensive income			167.2	-20.7	67.4	71.4		285.3	-2.9	282.4
Dividends			-163.1					-163.1	-0.6	-163.7
Change in treasury shares			-0.2				-13.8	-14.0		-14.0
Change from share option programs			-3.8					-3.8		-3.8
Transfers and other changes			-0.6		0.8	-0.3		-0.1		-0.1
BALANCE AS OF JUNE 30, 2022	104.0	36.5	1,792.0	-20.3	1.1	-32.4	-202.0	1,678.9	-10.8	1,668.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2022

A) GENERAL INFORMATION AND LEGAL BASES

1. General information

ANDRITZ AG is an Aktiengesellschaft incorporated under the laws of the Republic of Austria and has been listed on the Vienna Stock Exchange since June 2001. The registered office of ANDRITZ AG, the parent company of the ANDRITZ GROUP, is at Stattegger Strasse 18, 8045 Graz, Austria. The ANDRITZ GROUP (the "Group" or "ANDRITZ") is a leading producer of high-technology industrial machinery and operates through four strategic business areas: Pulp & Paper, Metals, Hydro, and Separation.

In general, the business of the ANDRITZ GROUP is not characterized by any seasonality.

The interim consolidated financial statements as of June 30, 2022 were neither subject to a complete audit nor to an audit review by an auditor.

Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

2. Accounting principles

The interim consolidated financial statements as of June 30, 2022 were prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS) – guidelines for interim reporting (IAS 34) – to be applied in the European Union. The accounting and valuation methods as of December 31, 2021 have been maintained unmodified with the exception of the changes explained below. For additional information on the accounting and valuation principles, refer to the consolidated financial statements as of December 31, 2021, which form the basis for this interim consolidated financial report.

a) Standards and interpretations applicable for the first time

ANDRITZ has applied the following new or changed standards issued by the IASB and the interpretations issued by the IFRIC for the financial year beginning on January 1, 2022:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IAS 16	Amendment: Property, plant, and equipment – Proceeds before intended use	January 1, 2022	June 28, 2021
IAS 37	Amendment: Onerous contracts – Costs of fulfilling a contract	January 1, 2022	June 28, 2021
IFRS 3	Amendment: Reference to the framework	January 1, 2022	June 28, 2021
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements to IFRS (Cycle 2018-2020)	January 1, 2022	June 28, 2021

The amendment to **IAS 16** clarifies that it is not permitted to deduct income from the cost of property, plant, and equipment that arises from the sale of goods that are produced while an item of property, plant, and equipment is brought into operational condition, with the exception of costs for test runs.

The amendment to **IAS 37** stipulates that the costs of contract performance are made up of the costs that relate directly to the contract. This includes additional costs for the performance of this contract and allocations of other costs that are directly related to the performance of contracts.

The amendment to **IFRS 3** implies that the standard no longer refers to the 1989 framework concept but to the 2018 framework concept, as well as two additions. Contingent assets acquired in a business combination are not to be recognized and an acquirer has to apply IAS 37 or IFRIC 21 instead of the framework concept on business transactions and similar events within the scope of IAS 37 or IFRIC 21 when identifying debts acquired in a business combination.

The **annual improvements to IFRS** (Cycle 2018-2020) provide clarifications on IFRS 1 – First-time Adoption, IFRS 9 – Financial Instruments, IFRS 16 – Leases, and IAS 41 – Agriculture.

These new or changed standards do not have any or no material effect at ANDRITZ.

b) Standards and interpretations that have been published but not yet applied

ANDRITZ has not adopted the following accounting pronouncements that have been issued by the IASB, but are not yet effective:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IAS 8	Amendment: Definition of accounting estimates	January 1, 2023	March 2, 2022
IAS 1	Amendment: Disclosure of accounting policies	January 1, 2023	March 2, 2022
IAS 1	Amendment: Classification of liabilities as current or non-current	January 1, 2023	open
IAS 12	Amendment: Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	open
IFRS 17	Insurance contracts incl. amendments of IFRS 17	January 1, 2023	open

The amendment to **IAS 8** concerns the distinction between accounting policies and accounting estimates. The definition of 'change in accounting estimates' is replaced by a definition of 'accounting estimates'.

The first amendment to **IAS 1** regarding information on accounting policies is intended to clarify which accounting policies must be stated in the financial statements.

The second amendment to **IAS 1** concerns the adjustment of the assessment criteria for the classification of liabilities as current or non-current. In future, only rights that exist at the end of the reporting period should be decisive for the classification of a liability. In addition, further guidelines for the interpretation of the criterion "right to postpone the fulfillment of the debt for at least twelve months" as well as explanations on the characteristic "fulfillment" were included.

The amendment to **IAS 12** restricts the scope of the initial recognition exemption, according to which no deferred tax asset or deferred tax liability is to be recognized at the time an asset or liability is added. If deductible and taxable temporary differences of the same amount arise in a transaction, these are no longer subject to the exception rule, so that deferred tax assets and deferred tax liabilities must be formed.

IFRS 17 regulates the recognition, valuation, presentation, and information for insurance contracts.

These new or changed standards do not have any or no material effect at ANDRITZ.

B) INFORMATION ON THE STRUCTURE OF ANDRITZ

3. Consolidation scope

The interim consolidated financial statements include Andritz AG and those companies it controls, where their influence on the assets, liabilities, financial position, and profit or loss of the Group is not of minor importance. The consolidation scope has changed as follows:

	2022		2021	
	Full consolidation	Equity method	Full consolidation	Equity method
Balance as of January 1	165	4	176	4
Acquisitions of companies	6		3	
New foundations	1		1	
Changes in consolidation type	-2		-1	
Mergers and liquidations	-2		-4	
Balance as of June 30	168	4	175	4
Thereof attributable to:				
Domestic companies	7	0	7	0
Foreign companies	161	4	168	4

4. Acquisitions

Bonetti-Group

ANDRITZ has signed an agreement to acquire the Bonetti Group, headquartered in Milan, Italy. The closing of the transaction took place on June 30, 2022. Bonetti is a global manufacturer and supplier of doctor, creping and coater blades, as well as blade holders, and also provides services for paper machines. This acquisition extends and strengthens ANDRITZ's aftermarket business and supplements the company's current Paper Machine Service portfolio (Pulp & Paper business area). The company, with around 150 employees, has annual revenue of approximately 25 MEUR and operates five production facilities, thereof two in Italy and one each in the USA, Germany and Canada. As a result of this acquisition six fully consolidated entities entered the consolidation scope of ANDRITZ.

The preliminary fair values of the assets acquired and liabilities assumed are as follows:

(in MEUR)	Total
Intangible assets other than goodwill	5.3
Property, plant, and equipment	10.1
Inventories	6.7
Trade accounts receivable	4.1
Cash and cash equivalents	3.1
Current tax assets	1.0
Other receivables and assets	0.6
Deferred tax liabilities	-4.0
Bank loans and other financial liabilities	-3.2
Provisions	-1.4
Trade accounts payable	-3.7
Contract liabilities from sales recognized at a point in time	-0.2
Current tax liabilities	-0.6
Other liabilities	-2.6
Net assets	15.2
Total comprehensive income allocated to non-controlling interests	0.0
Goodwill	1.2
CONSIDERATION TRANSFERRED	16.4

Transaction costs that are directly connected to a business combination are recognized as an expense as incurred. The acquired receivables do not contain any receivables that are expected to be uncollectible.

The acquisition has contributed 0.0 MEUR to the ANDRITZ GROUP's revenue and 0.0 MEUR to the ANDRITZ GROUP's EBIT since its first-time consolidation. If the business had been acquired at the beginning of the financial year, it would have contributed 12.3 MEUR to the ANDRITZ GROUP's revenue and 0.0 MEUR to the ANDRITZ GROUP's EBIT.

Because valuations have not been finalized yet, the initial accounting of all assets acquired and liabilities assumed is based on preliminary figures. The final evaluation of the balance sheet items will be carried out according to the regulations of IFRS 3 (revised) – Business Combinations.

5. Related party transactions

Transactions with associated companies and non-consolidated companies are not material and are mainly carried out in the form of deliveries and services. These business transactions are conducted exclusively based on normal market terms.

There were no material changes in transactions with related persons as set forth in the last annual financial report, which significantly affected the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting during the first six months of the current business year.

C) RESULT OF THE FIRST HALF YEAR

6. Segment Reporting

The ANDRITZ GROUP conducts its business activities through the following business areas:

- Pulp & Paper (PP)
- Metals (ME)
- Hydro (HY)
- Separation (SE)

a) Business area information for the first half of 2022

(in MEUR)	PP	ME	HY	SE	Total
Revenue	1,580.4	734.0	650.2	352.4	3,317.0
EBITDA	204.5	50.0	64.2	43.5	362.2
EBITA	157.6	31.6	47.4	36.6	273.2
Capital expenditure	50.2	8.6	14.5	7.2	80.5
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	66.2	30.6	17.0	6.9	120.7
Result from investments accounted for using the equity method	0.0	0.8	-0.1	0.0	0.7
Carrying amount of investments accounted for using the equity method	0.0	8.4	5.3	0.0	13.7

b) Business area information for the first half of 2021

(in MEUR)	PP	ME	HY	SE	Total
Revenue	1,464.6	638.1	609.5	314.8	3,027.0
EBITDA	189.2	34.9	57.2	37.3	318.6
EBITA	152.0	15.2	40.0	30.5	237.7
Capital expenditure	27.6	12.8	14.1	5.6	60.1
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	54.9	31.9	17.6	6.8	111.2
Result from investments accounted for using the equity method	0.0	-2.0	0.1	0.0	-1.9
Carrying amount of investments accounted for using the equity method	0.0	6.2	4.8	0.0	11.0

7. Revenue

The following table shows the external revenue of ANDRITZ for the first half of 2022 and 2021 on the basis of the reported segments:

(in MEUR)	Pulp & Paper		Metals		Hydro		Separation		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
REGIONS										
Europe	489.0	450.9	246.3	270.2	176.8	173.4	124.9	108.5	1,037.0	1,003.0
North America	302.5	230.8	225.6	141.8	153.9	128.7	87.3	85.1	769.3	586.4
South America	374.6	389.7	9.0	12.7	42.7	34.7	42.1	31.5	468.4	468.6
Asia (without China)	216.3	149.2	70.5	31.3	129.7	117.0	41.4	29.7	457.9	327.2
China	168.3	220.9	179.1	175.9	91.1	62.8	33.5	43.1	472.0	502.7
Others	29.7	23.1	3.5	6.2	56.0	92.9	23.2	16.9	112.4	139.1
	1,580.4	1,464.6	734.0	638.1	650.2	609.5	352.4	314.8	3,317.0	3,027.0
TYPE OF REVENUE RECOGNITION										
Over time	899.0	890.0	460.4	400.4	505.4	508.3	129.8	103.7	1,994.6	1,902.4
At a point in time	681.4	574.6	273.6	237.7	144.8	101.2	222.6	211.1	1,322.4	1,124.6
	1,580.4	1,464.6	734.0	638.1	650.2	609.5	352.4	314.8	3,317.0	3,027.0
REVENUE CATEGORIES										
Capital systems	831.3	834.2	551.1	480.2	415.7	370.0	177.4	156.7	1,975.5	1,841.1
Service	749.1	630.4	182.9	157.9	234.5	239.5	175.0	158.1	1,341.5	1,185.9
	1,580.4	1,464.6	734.0	638.1	650.2	609.5	352.4	314.8	3,317.0	3,027.0

D) NON-CURRENT ASSETS AND LIABILITIES

8. Goodwill

In the context of the war in Ukraine, the parameters of the impairment test of goodwill as of June 30, 2022 were reviewed carefully. Internal and external parameters such as market capitalization, market returns, market development, assets and liabilities, business development, and the legal environment of the ANDRITZ GROUP have partially changed as a result of the war in Ukraine compared to December 31, 2021. The review as of June 30, 2022 did not result in any need for impairment of goodwill.

The impairment test for goodwill requires estimations regarding the development of future revenue and margins, and their resulting cash flows as well as assumptions for determining the discount rates used and therefore includes certain inherent uncertainties. In view of the war in Ukraine and the considerable uncertainty that currently prevails as a result, the recoverability of goodwill will continue to be reviewed on an ongoing basis.

9. Property, plant, and equipment and intangible assets other than goodwill

The additions to property, plant, and equipment and intangible assets other than goodwill amounted to 80.5 MEUR in the first half of 2022. Depreciation of property, plant, and equipment and amortization and impairment of intangible assets other than goodwill amounted to 120.7 MEUR.

10. Personnel-related provisions (Employee benefits)

For the valuation of pension plans and other employee benefits, a method is used based on parameters such as the expected discount rate, salary and pension increases, and the return on plan assets. If the relevant parameters develop materially different to what is expected, this could have a material impact on the Group's provisions and thus on the financial position.

With regard to the development of actuarial interest rates according to IAS 19.83, an adjustment of assumptions affecting provisions for pensions and severance payments in the amount of -92.8 MEUR (before income taxes) was made as of June 30, 2022.

E) FINANCIAL AND CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

11. Financial assets and liabilities

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value:

As of June 30, 2022

(in MEUR)	Net book value					Fair value				
	Hedge accounting at fair value	Mandatory at FVTPL	Equity instruments - FVTOCI	At amortized costs	No IFRS 9 valuation category	Total	Level 1	Level 2	Level 3	Total
Time deposits included in "investments"				671.2		671.2				
Other investments		221.5	28.9			250.4	221.5		28.9	250.4
Shares in non-consolidated companies and other shares			0.6		17.5	18.1			0.6	0.6
Derivatives	35.1	20.3				55.4		55.4		55.4
Miscellaneous other financial assets				1.2		1.2		1.2		1.2
Trade accounts receivable				915.3		915.3				
Other receivables and assets				170.1	251.4	421.5				
Cash and cash equivalents				1,067.4		1,067.4				
FINANCIAL ASSETS	35.1	241.8	29.5	2,825.2	268.9	3,400.5				
Derivatives	72.6	62.0				134.6		134.6		134.6
Bank loans and other financial liabilities				172.9		172.9		164.6		164.6
Lease liabilities				229.1		229.1		214.0		214.0
Trade accounts payable				829.6		829.6				
Earn out and contingent considerations				9.3		9.3			9.0	9.0
Schuldscheindarlehen				893.8		893.8		856.7		856.7
Other liabilities				94.2	1,037.4	1,131.6				
FINANCIAL LIABILITIES	72.6	62.0		2,228.9	1,037.4	3,400.9				

As of December 31, 2021

(in MEUR)	Net book value					Fair value				
	Hedge accounting at fair value	Mandatory at FVTPL	Equity instruments - FVTOCI	At amortized costs	No IFRS 9 valuation category	Total	Level 1	Level 2	Level 3	Total
Time deposits included in "investments"				475.0		475.0				
Other investments		258.1	22.4			280.5	258.1		22.4	280.5
Shares in non-consolidated companies and other shares			0.6		17.2	17.8			0.6	0.6
Derivatives	15.5	22.7				38.2		38.2		38.2
Miscellaneous other financial assets				1.2		1.2		1.3		1.3
Trade accounts receivable				936.8		936.8				
Other receivables and assets				177.2	224.6	401.8				
Schuldscheindarlehen				20.0		20.0		20.0		20.0
Cash and cash equivalents				1,087.0		1,087.0				
FINANCIAL ASSETS	15.5	280.8	23.0	2,697.2	241.8	3,258.3				
Derivatives	19.7	45.9				65.6		65.6		65.6
Bank loans and other financial liabilities				185.2		185.2		184.4		184.4
Lease liabilities				231.2		231.2		230.4		230.4
Trade accounts payable				811.1		811.1				
Earn out and contingent considerations				9.5		9.5			9.2	9.2
Schuldscheindarlehen				951.5		951.5		960.3		960.3
Other liabilities				99.5	986.1	1,085.6				
FINANCIAL LIABILITIES	19.7	45.9		2,288.0	986.1	3,339.7				

12. Equity

a) Dividends

The dividend of 163.1 MEUR for 2021 – this is equal to 1.65 EUR per share – was proposed by the Executive Board and approved by the 115th Annual General Meeting on April, 7 2022. The dividend was paid to the shareholders on April, 13 2022.

b) Treasury shares

During the first half of 2022, ANDRITZ bought back 344,750 own shares. 54,888 shares were transferred to ANDRITZ employees as part of employee participation programs.

F) OTHER INFORMATION

13. Notes to the consolidated statement of cash flows

The cash flow from operating activities amounted to 413.2 MEUR in the first half of 2022 (H1 2021: 153.0 MEUR). This increase was mainly due to project related changes in the net working capital.

The cash flow from investing activities amounted to -197.4 MEUR in the first half of 2022 (H1 2021: -200.4 MEUR). In the first half of 2022 13.3 MEUR (H1 2021: 21.2 MEUR) were paid for businesses acquired.

The cash flow from financing activities amounted to -275.7 MEUR in the first half of 2022 (H1 2021: -158.9 MEUR). The change resulted mainly from dividend payments to shareholders of Andritz AG as well as to non-controlling interests paid at 163,8 MEUR (H1 2021: 99,8 MEUR) as well as the early redemption of a Schuldscheindarlehen (volume: 58,0 MEUR) (in the comparison period 0.0 MEUR).

14. Assets held for sale

In the Metals business area, the sale of a production facility in New Ross/Indiana, USA, was initiated in 2020. The sale has been completed in the first half of 2022. In 2021, the sale of tangible assets (building) and intangible assets in Hastings/Michigan, USA was initiated and in the first half of 2022 completed.

15. Effects of the war in Ukraine

As of June 30, 2022, the effects on the ANDRITZ GROUP are as follows:

- As there are no uncertainties regarding the going concern of the ANDRITZ GROUP, going concern remains the basis for accounting and valuation of the assets and liabilities.
- The war in Ukraine has not resulted in any changes in the consolidation scope (no loss of control of the fully consolidated Russian subsidiary LLC ANDRITZ, based in St. Petersburg).
- Order intake and revenue in the first half of 2022 were significantly higher than in the previous year in all four business areas. Evaluations and negotiations are currently underway with customers in the sanctioned countries of Russia and Belarus on the continuation of existing projects and the commercial conditions in compliance with the sanctions. According to the current assessment of the affected project portfolio, the order backlog of the ANDRITZ GROUP was reduced by -81.7 MEUR (-0.8%) as of June 30, 2022 and thus amounted to

9,859.1 MEUR. Against the background of the continuing acts of war in Ukraine and the international sanctions imposed, ANDRITZ has suspended all its new business in Russia for the moment. The share of revenue in Russia and Ukraine as measured by total revenue in recent years was around 3% and therefore has no significant influence on the Group's net assets, liabilities, financial position, and profit or loss. Overall, the ANDRITZ GROUP was able to significantly increase EBIT in the first half of 2022 compared to the first half of 2021.

- ANDRITZ has assessed whether there is any indication of event-related impairment of assets, such as goodwill. More detailed explanations can be found in chapter D) Non-current assets and liabilities.
- There is no significant change in financial risks and renegotiation of financial liabilities. To date, the war in Ukraine has not led directly to any deterioration in the liquidity key performance indicators and no significant measures had to be taken. However, the indirect effects, e.g. high inflation, rise in interest rates, lower prices of securities, are already reflected. The main objective of the executive board is and remains to ensure liquidity of the Group, which is considered through comprehensive financial management.
- In order to be able to account for higher expected credit losses on trade accounts receivable, the ANDRITZ GROUP continuously monitors the general economic conditions and, if necessary, takes measures to limit the credit risk of customers who have been severely affected by the war in Ukraine. The parameters of the future expectations such as the unemployment rate, raw material prices, the automotive market, and economic growth, were adjusted accordingly in the calculation of the lump sum valuation allowance.
- The effects of the war in Ukraine on assets, results, and cash flows are difficult to predict due to the high degree of uncertainty, especially with regard to duration and scope. The assumptions and estimates made when preparing the consolidated financial statements are based on the current state of knowledge and information. ANDRITZ continuously monitors the impact of the war in Ukraine on business performance.

16. Events after June 30, 2022

There were no events of material significance after the balance sheet date.

STATEMENT BY THE EXECUTIVE BOARD

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

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements of the ANDRITZ GROUP drawn up in compliance with the applicable accounting standards provide a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP, and that the management report provides a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP with regard to the important events of the first six 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 six 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, July 2022

The Executive Board of ANDRITZ AG



Joachim Schönbeck
President & CEO



Domenico Iacovelli



Humbert Köfler



Norbert Nettesheim
Chief Financial Officer



Wolfgang Semper

GLOSSARY

Capital expenditure

Additions to intangible assets and property, plant, and equipment

Dividend per share

Part of earnings per share which is distributed to shareholders

Earnings per share

Net income (without non-controlling interests)/ weighted average number of 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 ratio

Total equity/total assets

HY

Hydro business area

Liquid funds

Cash and cash equivalents plus investments plus Schuldscheindarlehen

ME

Metals business area

MEUR

Million euros

Net liquidity

Liquid funds less financial liabilities

Net working capital

Non-current receivables plus current assets (excluding investments, cash and cash equivalents, 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 reporting date and represents the transaction price assigned to the remaining performance obligations. The order backlog at the end of the period is basically calculated by the order backlog at the beginning of the period plus order intake less sales during the reporting period

Order intake

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

PP

Pulp & Paper business area

SE

Separation business area

Sureties

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

Total equity

Total shareholders' equity including non-controlling interests

Contact and publisher's note

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Produced in-house using firesys

Disclaimer:

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