EthiFinance Ratings

ANDRITZ AG

50935F

CORPORATE

A+

ISSUER RATING
LongTerm

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms ANDRITZ AG's (Andritz) long-term rating at A+, maintaining its Stable outlook.
- Andritz is a global engineering and technology group providing plants, equipment, systems and digital solutions for hydropower, pulp & paper, metals, and environmental & energy sectors.
- Our rating affirmation for ANDRITZ is driven by its AAA-rated financial profile, supported by a sustained net cash position, which we expect to be maintained over the forecast period, reinforcing the group's financial resilience. The ongoing improvement in the business mix is reflected in the growing contribution from services, which generated €3.4bn, accounting for 41% of group revenue in 2024 and increasing up to 44% at end-September 2025. This higher share of recurring, less capital-intensive activities supports earnings stability, profitability, and cash conversion relative to more capital-intensive industrial peers. For 9M25, the group's comparable EBITDA margin remained broadly resilient at 10.6% (vs 10.8% at 9M24) despite a -8.1% yoy revenue decline, highlighting the flexibility of its cost base and operational discipline. Andritz"s credit metrics remain comfortably above the thresholds associated with the current rating and are expected to strengthen further over our forecast period, supported by robust free cash flow generation of €500m to €600m over 2025-27, reinforcing the net cash position. Liquidity is strong, with €1.2bn of cash and liquid investments, positioning ANDRITZ among the most liquid issuers in its peer group and providing substantial capacity to absorb economic downturns and market shocks.
- Weak sales momentum in the Pulp & Paper and Metals segments in FY24 and 9M25 weighed on group revenue, with growth largely driven by Environment & Energy and Hydropower, which partly offset the decline in the more cyclical businesses. The Pulp & Paper segment continues to be affected by subdued market sentiment and lower volumes, resulting in reduced asset utilisation rates, leading to CapEx deferrals by customers. Consequently, we expect group revenues to decline by around 4.5% in FY25, slightly below the lower end of management's guidance (€8.0bn), alongside weaker profitability, with EBIT and EBITDA margins of around 7.5% and 10.2%, respectively. The order backlog reached a record €10.8bn at end-September 2025, up 15% yoy, providing strong short-term revenue visibility. Management expects approximately two-thirds of the backlog (c. €7.2bn) to be converted into revenues over the next 12 months. From FY26 onwards, we expect a return to revenue growth of 6%–8%, contingent on a normalisation of demand in the Pulp & Paper sector and a higher contribution from ANDRITZ's green portfolio (Hydropower and Environment & Energy), which should benefit from the acceleration of electrification and sustainability-driven investments.
- However, our rating is constrained by (i) a low customer utlilisation rates in the pulp & paper segment, as reflected by a 20% revenue decline at end-September 2025. (ii) macroeconomic headwinds in the automotive and metals industries, which have weighed on investment activity by steel producers and automotive manufacturers.
- Under our methodology, the capital goods industry has medium-to-high ESG risks (heatmap score between 3.5 and 4), given its impact on the environment. Consequently, the sector's ESG rating is downgraded by one notch due to these industry-specific ESG concerns. Heavy industries inherently consume substantial quantities of raw materials, leading to environmental degradation from extraction and transportation.
- Our assessment of the company's ESG policy is advanced (company ESG score of between 0 and 1), positively impacting our financial assessment, and more than offsetting the effect of our industry assessment.

Issuer Description

Based in Austria, ANDRITZ is a leading global supplier of equipment, plants and systems for the Hydropower, Pulp & Paper, Metals, and Separation industries. The company also offers a comprehensive range of aftermarket services, including maintenance, repairs, advisory, inspections, and audits. As of end-September 2025, ANDRITZ had around 30.5k employees and operated in more than 280 locations across 80 countries. The group is present in Europe (31% of FY24 revenues), the Americas (37%, of which 25% in North America), Asia (28%), and Africa & Australia (4%). ANDRITZ has been publicly listed on the Vienna Stock Exchange since 2001, with a free float of 68.5% of outstanding shares and a market capitalisation of €7.4bn as of 5 February 2026.

In FY24, ANDRITZ generated revenues of €8.3bn (-4.0% yoy), with EBITDA of €888m (10.7% margin vs 10.5% in FY23), and an EthiFinance Ratings-adjusted net cash position of €286m. For the last twelve months (LTM) to end-September 2025, the group reported revenues of €7.8bn and EBITDA of €831m (10.6% margin).

Liquidity

We assess the liquidity profile of ANDRITZ as “Superior”, reflecting the company’s strong refinancing profile as well as its high liquidity level.

Main Financial Figures

Main financial figures. millions of EUR	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	8660.0	8313.7	7939.6	8455.7	9132.1	-4.0%
Adj EBITDA	910.2	887.9	813.2	940.7	1044.2	-2.5%
Adj EBITDA Margin	10.5%	10.7%	10.2%	11.1%	11.4%	0.2pp
EBIT	685.2	661.9	597.3	703.9	779.4	-3.4%
EBIT Margin	7.9%	8.0%	7.5%	8.3%	8.5%	0.0pp
EBT	688.2	646.5	620.7	744.3	830.2	-6.1%
Total Assets	8497.3	8163.0	8383.4	8623.3	8894.0	-3.9%
Equity	2157.5	2280.0	2512.7	2845.9	3197.7	5.7%
Adj Total Financial Debt (1)	1457.1	1147.6	1125.5	972.8	814.1	-21.2%
Adj Net Financial Debt (1)	-440.8	-286.0	-136.2	-339.1	-549.5	35.1%
Equity/TFD (1)	148.1%	198.7%	223.3%	292.5%	392.8%	50.6pp
Adj NFD/Adj EBITDA (1)	-0.5x	-0.3x	-0.2x	-0.4x	-0.5x	0.2x
Adj Funds From Operations	690.4	751.2	686.2	781.0	870.0	8.8%
Adj FFO/Adj NFD (1)	-156.6%	-262.7%	-504.0%	-230.3%	-158.3%	-106.0pp
Adj EBITDA/Adj Interest	18.6x	17.6x	27.0x	38.8x	55.6x	-1.0x

(1) The total adjusted debt includes employee benefits.

Credit Rating

Credit Rating	
Business Risk Profile	**BBB**
Industry risk assessment	*BB+*
Industry's ESG	*Negative*
Competitive Positioning	*BBB+*
Governance	*A-*
Financial Risk Profile	**AAA**
Cash flow and leverage	*AAA*
Capitalisation	*A+*
Company's ESG	*Positive*
Anchor Rating	**A+**
Modifiers	-
Final Rating	**A+**

Rating Sensitivity

- **Long-term rating positive factors (↑)**

Andritz’s rating already reflects what we consider to be an excellent financial profile. Consequently, given that Andritz is a mature company in the machinery manufacturing sector, a rating upgrade due to the improvement of the business risk profile is unlikely to occur.

- **Long-term rating negative factors (↓)**

A rating downgrade could result from a sustained deterioration in ANDRITZ’s financial profile, potentially driven by a less conservative financial policy. This risk is particularly relevant in the case of a transformative, debt-funded acquisition or a substantial share buyback program. For the same score in the business risk profile, an interest coverage ratio equal to or below 14.0x or a positive net adjusted leverage ratio, on a sustained basis could drive a rating downgrade.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.