

Press Release

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Voith Paper plans to bundle European activities

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- **Long-term diminished market volume for new machines and major rebuilds**
- **Concentration of the paper machine business in Heidenheim and stock preparation in Ravensburg planned**
- **Goal is a lean, customer-focused organization**
- **Planned reduction of approximately 1,000 jobs worldwide**

Heidenheim, Germany, February 2, 2015. The significantly reduced market volume for new machines and major rebuilds has resulted in a difficult situation at Voith Paper, especially in the projects business. With this in mind, the Management Board of Voith Paper today presented a plan for a package of measures, which is intended to adapt the company's European structure to the market conditions.

“The market volume for new systems has shrunk in half. This is going to stay that way, which means that revenues from this market will not be coming back,” says Voith Paper CEO Bertram Staudenmaier. “The consequences for our new machines and rebuilds business are significant. In this much smaller market, we are faced with strong competition and price pressure. The decline in order volume in recent years has had a very strong effect on capacity utilization, sales, and profits. Therefore, we must adapt to the changed market conditions.”

Planned is a bundling of the European paper machine business in the Heidenheim location and the stock preparation activities in Ravensburg. This will be accompanied by the termination of the paper activities in St. Pölten, Austria (reduction of approximately 150 jobs) as well as the closure of the locations in Krefeld and Neuwied (with a reduction of approximately 200 jobs and a transfer of remaining activities to Heidenheim). Also planned is an adjustment of the capacities in Ravensburg (reduction of

approximately 150 jobs) with a closure of the manufacturing currently located there. In the future, the Ravensburg location will be operated exclusively as a competence center for stock preparation and roll services. Also planned is a reduction of approximately 300 jobs at the Heidenheim location, which will also affect employees in manufacturing. Overall, the package of measures plans a global reduction of around 1,000 jobs at Voith Paper.

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“This step is painful for everyone involved, but necessary in order for us to become a lean organization, especially in our projects business in Europe. We must be appropriate to the market volume and oriented towards the needs of our customers,” explains Bertram Staudenmaier.

The Management Board today informed the boards and employees of the affected locations about the plans. In the next step, Voith will hold discussions with the workers' representatives about the implementation of the reduction. The current plan expects the measures to be largely implemented by December 31, 2015.

Voith Paper is a corporate division of Voith and is one of the leading partners and pioneers in the paper industry. Through constant innovations, Voith Paper is optimizing the paper manufacturing process, focusing on developing resource-conserving products to reduce the use of energy, water and fibers. Furthermore, Voith Paper offers a broad service portfolio for all sections of the paper manufacturing process.

Voith sets standards in the energy, oil & gas, paper, raw materials and transport & automotive markets. Founded in 1867, Voith today has more than 39,000 employees and earns 5.3 billion euros in sales. It has locations in over 50 countries in all regions of the world and is one of the large family-owned companies in Europe.

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