

Press release

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Voith on the path to new strength

Result significantly better, targets for the year exceeded

- **Group's profit from operations up by 15 percent**
- **Return on capital employed increased**
- **Voith Paper also with significant leap in results**
- **Group-wide Voith 150+ success program takes effect: €220 million of savings already posted up to 2016**
- **New Group Division Voith Digital Solutions founded**
- **Voith's CEO Lienhard: "The fiscal year ended reflects the enormous transformation of the company in recent years. Voith is picking up momentum again."**

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<http://www.voith.com/appc2015>

Heidenheim. The Voith Group made great progress on its way to new strength in the 2014/15 fiscal year (ending on September 30, 2015). The Group achieved a significant improvement in its operative earnings and reported a plus of 15 percent in profit from its continuing operations up to €270 million, thereby exceeding its annual targets. This no longer includes the Voith Industrial Services division, which is being sold and which is consequently classified in the consolidated balance sheet under discontinued operations. Key reason for this leap in results was the Group-wide Voith 150+ success program and the discernible impact of the program's portfolio optimization and efficiency improvement measures.

Voith also increased the sales of its continuing operations by three percent to €4.30 billion (previous year: €4.17 billion). Sales of a good €1 billion generated by the Voith Industrial Services division are no longer included in these figures either. The Group's return on capital employed rose by 1.8 percent to 12.2 percent. As a result, Voith exceeded its announced annual

targets for sales, profit from operations and return on capital employed, to some extent significantly. The development of Voith Paper was especially good news: this Group Division's profit from operations leaped from €9 million to €58 million – demonstrating the success of the measures initiated and implemented to adapt to Voith Paper's changed market situation.

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Owing to the restructuring costs of the Group-wide Voith 150+ success program, however, which amounted to a total of €231 million for the year as a whole, the net result was negative as planned and announced in advance: This came to €-93 million euros (previous year: €+41 million).

Orders received remained, as anticipated, at the same good level as the previous year. Continuing operations received orders worth a total of €4.39 (previous year: €4.40) billion. Orders on hand in the Voith Group as at the end of the period under review were worth €5.29 billion (previous year: €5.38 billion). The book-to-bill rate was thus higher than 1. This means that Voith didn't live from the substance of its orders.

"We put in some extremely hard work for Voith. Over the last three years we have undertaken extensive restructuring efforts and consistently revised our Group strategy. The fiscal year ended reflects the enormous transformation work performed by our employees. Voith is picking up momentum again. Our Group-wide Voith 150+ success program is taking effect and we are making tangible progress on the path to new strength," explained Dr. Hubert Lienhard, President and CEO of Voith GmbH.

Voith 150+ success program: Measures for €220 million up to September 30, 2016, already decided and implemented; new Group Division Voith Digital Solutions founded

One of the most important strategic decisions taken during the past fiscal year was to sell Voith's Industrial Services Group Division and to

concentrate the Group consistently on its technology and engineering competence. The process of selling Voith Industrial Services is on schedule and is expected to be completed in the first half of 2016 at the latest. At the same time, Voith selectively strengthened its involvement in the automation and Industrie 4.0 field with its stakeholding in KUKA, a manufacturer of robotic systems.

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This re-focusing on technological expertise and the digital agenda forms part of the Group transformation process which was launched with the Voith 150+ success program with which Voith secures its long-term competitiveness and technology leadership. Voith expects the program to generate annual cost savings of around €250 million. At the end of the fiscal year 2014/15 measures equal to overall savings of €220 million for the period up to September 2016 had already been decided and implemented.

Voith CEO Dr. Hubert Lienhard also used the occasion of the balance sheet press conference to announce the foundation of a new Group Division. Voith's new Group Division, Voith Digital Solutions, will bring together the company's expertise in the fields of IT, automation, software and sensor technology. Venture and start-up activities in the Industrie 4.0 field will also be undertaken by the new Voith Digital Solutions Group Division in the future. The division will be launched with around 600 employees and approximately €250 million sales volume from preexisting business. "We aim to become an enterprise which will be a major player in shaping the digital transformation of our industries, in the same way that we helped shape the first industrial revolution 150 years ago. With the founding of our Voith Digital Solutions Group Division we are focusing in particular on developing new business models for our existing customer markets as well as on developing new markets and industries which have not previously been served by Voith. We believe that this field offers

considerable growth potential for an established technology leader with the sort of broad domain knowledge which Voith has," explains Lienhard.

All Group Divisions return clearly positive results

Voith Paper reports jump in results

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All Group Divisions showed themselves to be in robust form during the past year and made a significantly positive contribution to the operating result.

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Voith Hydro maintained a comparable level of sales to that of the previous year and sustained its profitability almost unchanged. The number of orders received was, however, significantly lower than the good level achieved in the previous year. **Voith Paper** achieved a substantial increase in both its sales and level of orders received. The significant increase in profitability demonstrates the success of the adjustments it has made in recent years. **Voith Turbo** received almost as many orders as in the previous year and also reported a modest increase in sales.

Outlook: Cautious optimism

Voith expects to again face a challenging environment in the 2015/16 fiscal year: growth in important economies, such as China, is slowing, the investment climate in important industries and regions is expected to remain persistently subdued and raw material prices continue to be low.

Against this background, the Group's conservative plans for the current fiscal year are based on the assumption of stable sales and orders received. The operating result is expected to continue improving as a result of the noticeable impact of Voith 150+. This is, however, contingent on the continuing stable growth of the global economy. Economic developments in the markets of China and Brazil, which are of such importance to Voith, will need to be scrutinized carefully: The global economy as a whole as well as Voith's earnings position in particular would suffer if growth in

China were to slow down more than currently projected or if Brazil were to slip further into recession than presently anticipated by economists. As the one-time restructuring costs have been absorbed, Voith now plans to return to a clearly positive net result.

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"Our planning for the coming year is conservative and sound and we are very confident that the tangible impact of our Group-wide Voith 150+ success program will continue to be felt and that we will continue on our path towards successful consolidation next year as well. At the same time we realize that, regardless of all the efforts we make internally, the state of the economy in our key markets, and above all China, will be decisive for our success in the coming year," explains CEO Lienhard.

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Voith sets standards in the markets for energy, oil & gas, paper, raw materials, transport & automotive. Founded in 1867, Voith employs more than 20,000 people, generates €4.3 billion in sales, operates in over 60 countries around the world and is one of the biggest family owned companies in Europe.*

* Excluding the discontinued Group Division Voith Industrial Services.

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