

Press Release

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Voith sees orders received liven up: Noticeably higher level of new business in the first half of the fiscal year

2014-05-28

- **Orders received rose by 6 percent in the first half of the current fiscal year to around €2.8 billion**
- **Group sales in slight decline on account of currency effects**
- **Implementation of Group-wide success program “Voith 150+” begins to take effect as scheduled**

Heidenheim/Germany. In the first six months of the 2013/14 fiscal year, the Voith Group has continued its sound development in a slightly brighter economic environment, has won a significantly higher number of new orders and has thus started to reverse the trend in new business. Orders received, which were still on the decline in the past fiscal year, increased noticeably between October 2013 and March 2014 in comparison to the same period of the previous year by 6 percent to €2.78 billion, despite the negative currency effects of around €100 million. All Group Divisions made a contribution to the rise. Orders on hand improved slightly on the end of the fiscal year to €5.2 billion.

The reversal of the trend in orders received will have an effect on the Group's sales and earnings, albeit with a certain time-lag. As of the end of March, Group sales were slightly down by 4 percent in comparison to the same period of the previous year to €2.60 billion (€2.72 billion). This development was essentially due to negative currency effects, which are currently also impacting other companies, totaling around €120 million at Voith. Adjusted for this non-recurring negative effect, Group sales were up slightly on the previous year.

Despite the decline in sales, Voith succeeded in making up for the negative currency effects in its operating result. The operational result before

non-recurring items rose to €105 million (previous year: €103 million). The improvement in profitability is mainly due to the measures and initiatives introduced under the Group-wide success program "Voith 150+" (Voith is celebrating its 150th anniversary in 2017). Voith launched the program in the past fiscal year in order to set the sails for a sustainable and successful future. The main focus of the program is on optimizing structures and processes as well as the existing portfolio alongside recognizing and exploiting growth potential.

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As planned, the first positive effects of the program were not yet visible in the net income in the first six months. The net income of the Group decreased to €30 million (previous year: €63 million). This was due to positive non-recurring effects arising in the financial result and in income taxes that distort the picture in the same period of the previous year. Adjusted for these special effects, net income was 20 percent higher than the comparable figure of the previous year.

"We are on schedule with the implementation of Voith 150+ and are working through our program step by step. Our earnings in the first half of the fiscal year demonstrate that the measures initiated are beginning to take effect", explains Dr. Hubert Lienhard, President and CEO. "Furthermore, it has become apparent once again in recent months that our wide portfolio and strong position in our industries and key markets are paying off. This puts us into a position to exploit in the best possible way those opportunities that are increasingly offered by an environment characterized by a tentative recovery of important markets for capital goods", continues Lienhard.

Varying developments in the Group Divisions

Voith Hydro looks back at a satisfactory first half of the fiscal year with a slight rise in sales to €668 million (€659 million) and a strong boost in orders received, which increased by 14 percent to €747 million. This growth rate, however, cannot be extrapolated to the full year, as is typically the case in the plant engineering industry.

In the first half of the fiscal year, Voith Industrial Services generated sales of €574 million, a figure that is virtually unchanged on the previous year; adjusted for consolidation effects, there was a slight rise in sales originating in the Automotive and Energy-Petro-Chemicals divisions.

For Voith Paper, the first half of the fiscal year proved once again to be difficult in light of an ongoing weak market for paper machines. On account of the decline in orders received in previous years, sales contracted by 11 percent to €673 million. On the other hand, orders received in the period under review rose by 5 percent to €709 million; these orders stemmed from Asia in particular, where pleasing successes were achieved and where the main demand stemmed from the strong-growth mid-size segment.

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In the first half of the fiscal year, the Voith Turbo Group Division saw an increase in orders received to €742 million (€724 million). Sales decreased to €682 million (€722 million). Adjusted to eliminate the activities of the Locomotive business, which is undergoing a strategic realignment, the core business of Voith Turbo grew slightly by 1 percent.

Sound development expected to continue over the rest of the fiscal year

For the second half of the current fiscal year 2014, Voith expects the modest recovery of the global economy to continue, basing its forecast on the economic indicators available. The economic environment for mechanical and plant engineering companies is likely to remain challenging on account of the subdued investment climate in many industries. Moreover, the current fragile recovery in the global economy is subject to risk. Looking ahead, exchange rates similarly remain an uncertainty factor for sales, orders received and earnings figures.

In light of this, Voith anticipates a sound development over the rest of the fiscal year. Voith confirms its forecast of stable Group sales and orders received. A slight decline in the operational result before non-recurring items is nevertheless anticipated as a consequence of the still tense situation regarding the development of business at Voith Paper. Irrespective of this, the net income should nevertheless rise significantly as forecasted.

“The intense groundwork of the past fiscal years is increasingly bearing fruit. Voith is on the right track, as can be seen from the sound developments seen in the first half of the fiscal year, to return to a sustainable and profitable growth path”, summarizes CEO Lienhard.

Voith sets standards in the markets energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, Voith employs more than 43,000 people, generates EUR 5.7 billion in sales, operates in over 50 countries around the world and is today one of the biggest family-owned companies in Europe.

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