

Press Release

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Voith Holds Its Own in a Difficult Environment

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- **Third best operational result in company history despite difficult business environment at Voith Paper**
- **Sales rise by 2 percent to EUR 5.7 billion**
- **As expected, orders received below record value of the previous year**
- **Investments significantly increased by nearly one third**

Heidenheim. December 12, 2012. The Voith Group has finished the fiscal year 2012 (ending September 30) satisfactorily in a challenging market environment. The globally active family-owned company increased its Group sales by 2 percent to EUR 5.7 billion compared to the record value of the previous year. With EUR 5.7 billion, orders received were behind the excellent value of last year amounting to EUR 6.4 billion (-10 percent), which, among other things, was due to an extraordinarily high volume of major orders from the hydro power market. At EUR 6.1 billion per September 30, 2012, orders on hand were slightly above the previous record level (2011: EUR 6.0 billion).

All key figures are positive, although on a lower level than in the past year. Despite the declining sales for graphic paper machines in the Group Division Voith Paper, Voith was able to generate one of the best operational results in the history of the Group. The operational result before non-recurring result was EUR 341 million (-18 percent), the net income amounted to EUR 114 million (-43 percent).

Stable thanks to broad portfolio

"The year 2011/2012 has presented Voith with massive challenges. We have worked intensively on our profitability and our future growth, and laid crucial foundations to ensure that Voith can continue to grow profitably," said Dr. Hubert Lienhard, President and CEO of the Corporate Management Board of Voith GmbH at the company's Balance Sheet Press Conference. According to Dr. Hermann Jung, Chief Financial Officer of Voith, one of the key reasons for the stable business development despite this challenging market environment is the Group's broad portfolio. "We can offset declining sales in individual markets. Because we serve five core industries that follow different cycles: energy, oil & gas, paper, raw materials, transport & automotive. This portfolio has allowed us to grow during the economic crisis in 2009. We were also able to cushion the noticeable slump in the market for graphic paper machines," stated Jung.

All Group Divisions make a positive contribution to sales and earnings

Voith Hydro, one of the world's leading complete suppliers for hydro power plant equipment, was able to increase its sales by 7 percent to EUR 1.3 billion and to raise its operational result by 11 percent to EUR 100 million. As predicted, orders received remained below the previous year, which was marked by major hydro power projects, yet still reached a good value with EUR 1.3 billion (-25 percent).

Sales at Voith Industrial Services, a leading supplier of technical services for key industries such as automotive, energy, the chemical and petrochemical sector, as well as machine construction and aerospace, rose by 9 percent to EUR 1.1 billion. A major contributor to this result was the good business in the automotive industry. The operational result increased to EUR 41 million (+1 percent).

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At Voith Paper, the pioneer of the paper industry, sales declined by 5 percent to EUR 1.7 billion due to adverse market conditions. Especially new business was severely affected by the structural slump in demand for graphic paper machines: Orders received dropped by 13 percent to EUR 1.7 billion. Voith has promptly introduced a restructuring program. The negative impact resulting from these measures has already been fully absorbed in the 2012 end-of-year accounts. The operational result of Voith Paper decreased by 41 percent to EUR 84 million.

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Voith Turbo, specialist for drive technology, increased its sales by 2 percent to EUR 1.6 billion. Orders received amounted to EUR 1.5 billion - a three-percent drop compared to the previous year. With EUR 151 million, the operational result of Voith Turbo continues to be on a high level, albeit below the value of the previous year (-8 percent).

Significant increase in investments, intensive R&D activities

In fiscal 2012, Voith's investment in the sustainability of the company continued unabated. The Group increased its investment volume significantly by nearly one third above the level of the previous year, spending EUR 272 million (+29 percent), which corresponds to an investment quota of 4.8 percent of the overall Group sales. The company also increased its R&D expenditure to EUR 267 million (+3 percent), thus reaching an R&D quota of 4.7 percent.

In the business year just ended, Voith also invested heavily in the training of young people: At the company headquarters in Heidenheim Voith is building a new training center for about EUR 16 million. At the Voith location in Kunshan, China, work has begun for a training center based on the German dual training principle, in which Voith is investing approximately EUR 7 million. "We are aware that the future of Voith as technological leader largely depends on highly skilled experts, the creativity of its engineers and the readiness and the ability to invest boldly in new products

and activities also in the future," said Lienhard at the Balance Sheet Press Conference.

Outlook 2013: growth expected to be restrained

In view of the ongoing difficult framework conditions, such as the Euro debt crisis, an uncertain capital market environment and subdued economic prospects on all major markets and industries, Voith anticipates that developments in 2013 will continue to be restrained. "Dealing with the changes in some of our core markets will continue to be high on our agenda also in 2013, and we cannot see any dynamic growth in 2012/2013, but we expect altogether stable business developments for the Voith Group," stated Lienhard. Based on the assumption that growth for the global economy will be moderate, the Voith CEO foresees that orders received will be at a high level, with sales and results developing at a measured pace, while the net income will improve.

The complete Annual Report for fiscal 2012 can be downloaded from www.voith.com

Voith sets standards in the markets energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, Voith employs more than 42,000 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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