

Media release

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Voith ends 2017/18 fiscal year with sound growth and strong balance sheet

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- **Orders on hand continue to exceed € 5 billion**
- **Group's orders received and sales improve in 2017/18 after adjustment for currency effects**
- **Significant increase in net income**
- **Equity ratio and net liquidity reach very high levels**
- **Profitability in the core business remains robust**
- **Strong results from Paper compensate for weaker performance at Hydro to a big extent**
- **Distinct growth and first market successes for Digital Ventures**
- **Voith's President & CEO, Dr. Toralf Haag: "Voith Group continues its robust condition. Now it is a matter of increasing the growth momentum."**

STUTT GART/HEIDENHEIM, Germany – The Voith Group experienced sound growth in the 2017/18 fiscal year (ending on Sept. 30, 2018) both in orders received and in sales, after adjustment for currency effects – despite a temporary weakness of the Group Division Hydro. The development at Hydro was also responsible for the decrease in the operating results of the Group's core business, which was partly mitigated by the strong results from Paper. The Group's net income increased significantly, however, in comparison to the previous-year figure when adjusted for the effect of the KUKA sale. Voith's financial position remains strong.

"The Voith Group continues its robust condition. In recent years, we have overcome structural and financial challenges, set an important strategic course, improved our operating earnings power and considerably strengthened the financial position of the company. Now it is a matter of increasing the growth momentum by strengthening the core business and

expanding our digital activities in order to further increase our profitability,” explained Dr. Toralf Haag, President & CEO.

Strategic agenda: focal points for growth defined for the coming years

Over recent months, Voith has sharpened its strategic focus as it entered into its planned phase of sustainable and profitable growth. First, Voith intends to generate growth from its own resources, mainly through the organic development of the core business and through expanding the digital activities of the Group. Second, the company intends to make targeted acquisitions that complement existing activities in line with its strategy and with an intent to create business opportunities in new areas. Voith’s strong financial position provides considerable scope for funding acquisitions.

For its growth strategy, Voith is widening its expertise for the digital industrial age across all Group Divisions and customer groups. Fields of special strategic relevance are, for example, energy storage, electrical drive systems and digital applications in an industrial context, including digital asset management as well as new fields such as sensor technology and optical systems.

The Voith Group’s growth strategy will be defined over the course of the current fiscal year, and the first signs of progress regarding its implementation will become apparent at the same time. The strategic agenda is linked to clear financial targets. Over the medium term, Voith aims for sales growth that is, on average, distinctly higher than the annual growth in the global economy.

Sound development in the operating business, broad diversification of Voith Group has paid off

Over the course of the past fiscal year, Voith’s operating business has shown satisfactory development overall. In this respect, Voith’s broad diversification has paid off once again. The failure to meet targets at Hydro was counterbalanced by an excellent year on the part of Paper with all key indicators at a high level and a sound performance by Turbo. In total, orders received slightly increased despite the temporary weakness of Hydro by 2 percent, adjusted for currency effects. Taking currency effects into account, it slightly decreased at € 4.29 billion in 2017/18 (previous year: € 4.37 billion). At the end of the fiscal year, orders on hand stood at €

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5.17 billion, thus remaining virtually unchanged on the high level of the previous year (€ 5.19 billion). Group sales rose by 4 percent adjusted for currency effects, remaining virtually stable at € 4.21 billion (previous year: € 4.22 billion) when taking into account currency effects.

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The robust condition of the core business also was confirmed on the results side in the past fiscal year. Despite the considerable decline of the result at Hydro, the aggregate profit from operations of the three core Group Divisions of € 267 million remained only moderately below the previous-year figure (€ 304 million) because Paper, in particular, was able to further increase its very good previous-year results. The return on sales in the core business fell to 6.4 percent (previous year: 7.3 percent), ROCE reduced to 15.1 percent (previous year: 15.9 percent). On account of the sustained high investments in connection with building up and implementing the digital agenda, the reported profit from operations from continuing operations of the Voith Group stood at € 211 million, after the € 254 million reported in the previous year. The Group net result reached € 53 million, an increase of 61 percent in comparison to the previous-year figure (€ 33 million) when adjusted for the KUKA effect.

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The equity ratio reached the historical high of 28.7 percent after the 27.3 percent seen one year earlier. Net liquidity remains very high: it stood at € 557 million on the Sept. 30, 2018, reporting date (previous year: € 648 million).

Outlook 2019: Growth in all key indicators expected

The clear focus on profitable growth is intended to bear further fruit in the 2018/19 fiscal year, which has just started. Voith anticipates a perceptible rise in orders received. Appreciable growth at Hydro is likely to more than compensate for the expected slowdown in the paper machine market. The Group Division Turbo will, in all probability, also contribute to growth. With regard to Group sales, a slight increase is forecast. Once again in the current fiscal year, Voith will be working on a number of initiatives and measures to increase its profitability and productivity across all Group Divisions. In this light, the company intends to achieve an increase in both EBIT and ROCE. Both the core business and the Group Division Digital Ventures are expected to contribute to the anticipated improvement in the operating result.

About the Voith Group

The Voith Group is a global technology company. With its broad portfolio of systems, products, services and digital applications, Voith sets standards in the markets for energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, Voith today has more than 19,000 employees, sales of € 4.2 billion and locations in over 60 countries worldwide and is thus one of the largest family-owned companies in Europe.

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