

## Press Release

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### **Voith Remains Stable at Previous Year's Level Despite Market Weakness**

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- **Orders received above previous year at EUR 2.6 billion**
- **Sales in slight decline at EUR 2.7 billion**
- **Net income almost at previous-year's level at EUR 60 million**
- **Half year clouded by economic mood and exceptional negative effects**

Heidenheim. In a challenging market environment the Voith Group closed the first half of fiscal 2012/13 (as at March 31) with a sideward movement. The Company's key figures remain stable at the levels of the previous year.

In the first half of fiscal 2012/13 Voith secured new orders worth EUR 2.63 billion – a plus of 2 percent (previous year: EUR 2.57 billion). As at March 31, 2013, orders on hand amounted to EUR 5.9 billion and were thus slightly below the level of the previous fiscal year-end (September 30, 2012: EUR 6.1 billion). Sales of the globally operating family-owned company fell by 1 percent to EUR 2.72 billion (previous year: EUR 2.74 billion). At EUR 60 million, the net income for the first half year virtually matches the previous year (previous year: EUR 63 million).

According to Voith, the weak business development in the first half of fiscal 2012/13 is mainly due to two factors. On the one hand, customers are currently very reluctant to invest and are holding back with new investments in light of the uncertain economic climate. On the other, the

structural upheaval in the market for graphic grade paper machines is still leaving its mark on the Voith Paper Group Division, as already announced. The restructuring measures introduced will take time to return the earnings situation of the Group Division to its former level. In addition, the cyclical drop in sales also led to a reduction in the profit from operations and the net income in the Voith Paper Group Division. The ongoing recession in the paper industry, which particularly affects the business for new machines, will continue to have a negative impact on the earnings of the Group for the next few months.

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The half-year financial statements were also clouded by a series of exceptional negative effects, especially in the Voith Turbo Group Division. These include, for example, the loss of profitable sales volume in the oil and gas business with Iran due to tougher export sanctions, tax charges for previous periods, as well as write-downs.

"All in all, there is a lack of economic tailwind," says Dr. Hubert Lienhard, President and CEO of the Corporate Board of Management. "But we benefit in this phase from our highly diversified portfolio and our strong position in our key industries. This provides us with a stable basis, despite the ongoing weak market development," states Lienhard.

### **Performance of Group Divisions varies**

Not least due to a stable global hydro power market in the first half of fiscal 2012/13, Voith Hydro can look forward to the next six months with cautious optimism. In the period under review, Voith Hydro increased its sales by 2 percent to EUR 659 million (previous year: EUR 645 million). Orders received were at EUR 656 million (previous year: EUR 489 million).

The Voith Industrial Services Group Division experienced a significant increase in sales and orders received in the first half of fiscal 2012/13:

EUR 573 million compared to EUR 506 million in the previous year – a plus of 13 percent.

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Voith Paper looks back on a difficult first half of fiscal 2012/13: sales and orders received are in decline. Sales shrank by 9 percent to EUR 757 million (previous year: EUR 831 million). In the period under review, Voith Paper received orders worth EUR 672 million – a decrease of 14 percent (previous year: EUR 785 million).

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Business at Voith Turbo saw a slight decline compared to the previous year. Sales were at EUR 722 million – a 4 percent drop (previous year: EUR 751 million). Orders received during the first half of 2012/13 were at EUR 724 million (previous year: EUR 781 million) – a reduction of 7 percent.

### **No expectations of dynamic growth during second half-year**

Voith anticipates that the world economy will continue to show no or only very slight growth during the second half of 2013. Consequently, the coming six months will be characterized by ongoing uncertainty. This will also have an impact on the Voith target markets energy, oil & gas, paper, raw materials and transport & automotive. "We do not expect any improvement here. The investment climate will remain subdued," says Lienhard.

Against this backdrop, the Voith Group anticipates a moderate sideways development for fiscal 2012/13. The Company expects that orders received will be at a lower level and that Group sales will be roughly on the previous year level. The operational result before non-recurring result is expected to be on the level of the previous year. The Group will continue to make a net profit, although its amount will be affected by the mentioned exceptional negative effects. Apart from these effects, the actual level of

the Company's net income will largely depend on the duration and the severity of the recession in the business for new paper machines.

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 €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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