

## Media Release

Voith Group

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### **Voith Group reports solid position on orders and increased profits in first half of fiscal year**

- EBIT increased
- Order intake stable at prior-year level
- Slight increase in sales
- Substantial increase in Hydro's order intake and improvement in Group operating profit
- Satisfactory first half of year overall
- Full-year forecasts confirmed

**HEIDENHEIM.** At the end of the first six months of the current fiscal year 2018/19, the Voith Group remains in strong shape. The operating result has improved significantly year-on-year. Following a difficult prior year, Voith Hydro managed to double its order intake, while Voith Turbo reported an increase in orders received of 7.5 percent. In the Paper Division, order intake returned to appropriate levels following an exceptional, record-breaking previous year.

Overall, in the first six months of the current fiscal year, i.e. from October 1, 2018 to March 31, 2019, the Voith Group received orders for a total volume of EUR 2.29 billion; order inflow was equivalent to the previous year's level (EUR 2.29 billion). On the reporting date of March 31, 2019, the order backlog was EUR 5.54 billion, which is higher than the level at the end of the previous fiscal year (EUR 5.17 billion).

Voith Group sales increased slightly in the first half of the year to a total of EUR 2.07 billion, up 1.1 percent year-on-year. The operating result (EBIT) was EUR 76 million (prev. EUR 70 million). The operating result was again influenced by the initial investments for Voith Digital Ventures, but as planned, these were lower than in the previous year. At 4.6 percent, the

EBIT margin in the company's core business was slightly lower than the level reported the previous year (5.1 percent).

"On the operating side, the Voith Group continues to be in a strong position. On this basis, we are going to be focusing in the coming months on continuing to implement our planned measures for future profitable growth. In this context, we benefit from the fact that we continue to have solid financial leeway for organic and inorganic growth that we are going to leverage in the coming years," explained CEO Dr. Toralf Haag.

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### **Focus on future technologies and digital services**

In the first half of the current financial year, Voith continued its activities to implement its strategy for sustainable, profitable growth, with a continuing focus on developing the system environment for the digital industry. For example, further acquisitions were successfully completed in the reporting period in order to further digitize the portfolio. In January 2019, the Group was able to acquire Swedish company Pilotfish, a leading provider of on-board IT systems and applications for buses, trains and trolley cars. To this end, Voith acquired the controlling majority of shares in Pilotfish and fully consolidated the company. Within the scope of this collaboration, Voith will develop customized cloud-based solutions to improve the availability, reliability, safety and efficiency of vehicles used in public transport.

In April 2019, Voith acquired the controlling majority in TSP OnCare Digital Assets Inc. This company is a market leader for automation services for quality management systems in the North American paper industry and is set to be fully consolidated from the second half of the current fiscal year. Through this purchase, Voith expand its presence in North America in the important automation and digital services market.

### **Joint venture with the world's largest rail group CRRC**

The Voith Group also undertook another major step towards expanding its global market presence by establishing a joint venture with Chinese rolling stock manufacturer CRRC Corporation Limited, the world's largest manufacturer of rolling stock. Through this joint venture, Voith aims to significantly strengthen its business in the Chinese rail market.

### **Inconsistent performance in Group Divisions**

At EUR 553 million, **Voith Hydro** Division's sales were around the previous year's level (EUR 555 million). At EUR 761 million, order intake could be doubled year-on-year (prev. EUR 380 million), in particular as a result of

what is the biggest single order to date in the division's history, for one of the world's largest pumped storage plants, Snowy 2.0 in Australia. However, the operating result of EUR 27 million fell short of that for the year prior (EUR 36 million).

Following two years of extraordinarily high investment activity, the paper market returned to its usual state as expected. At EUR 747 million, the order inflow for **Voith Paper** in the first half of the year under review remained satisfactory; however, it was 37 percent lower than the record-breaking values from the same period in the previous year. Although sales fell by 4.8 percent to EUR 821 million (previous year: EUR 862 million), the EBIT increased to EUR 42 million (previous year: EUR 36 million).

At **Voith Turbo**, order intake increased by 7.5 percent and sales by 8.7 percent year-on-year in the first half of the fiscal year. As a result of one-time costs, the EBIT fell from EUR 34 million to EUR 26 million.

The young division **Voith Digital Ventures** was able to double its sales from EUR 14 million in the previous year to EUR 28 million. As a result, the EBIT improved from minus EUR 37 million in the previous year to minus EUR 18 million. As announced, however, the figure was still negative due to costs for R&D in the core platform business and start-up activities.

### **Outlook: annual forecast confirmed**

Upon completion of the first half of the fiscal year, Voith is on track to achieve its full-year targets. Voith continues to expect noticeable growth in order inflow for the entire fiscal 2018/19. In this context, significant growth at Hydro should more than make up for the slowdown in the paper machine market. The Turbo Division is also likely to contribute to growth. A slight increase continues to be forecast for consolidated sales. Through a large number of initiatives and measures, Voith continues to work rigorously on improving its profitability and expects the consolidated EBIT in the entire fiscal 2018/19 to increase on a year-on-year basis. The established core business and the young Digital Ventures Division are set to contribute to the expected improvement in 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 of energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, the company today has more than 19,000

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employees, sales of € 4.2 billion and locations in over 60 countries worldwide and is thus one of the large family-owned companies in Europe.

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