

## Press release

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### **Voith Group reports robust business development – "Voith 150+" success program produces results**

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- **Group sales in the first half of 2014/15 rise, on comparable view, by a good 5 percent to €2.66 billion**
- **Profit from operations up to €137 million, significantly better than last year**

Heidenheim/Germany. The Voith Group's business has stabilized noticeably in the first six months of the 2014/15 fiscal year in an environment which remains challenging. Previously falling sales went up from October 2014 to March 2015 compared to the figures for last year, as adjusted for changes in the scope of consolidation, by a good 5 percent to €2.66 billion. This was reinforced by positive currency effects but also by strong organic growth in the Voith Paper and Voith Industrial Services Group Divisions. In contrast, orders received in the Voith Group were somewhat subdued following the perceptible pick up in orders last year: These decreased from €2.78 billion to €2.37 billion in the first half year. The reason for this decrease was primarily due to delays in the award of projects in the Voith Hydro Group Division and where delayed new projects are expected to be received in the second half of the year.

Voith's operative earnings improved more than proportionately to sales thanks to higher Group sales and, above all, to the measures to improve efficiency initiated as part of the "Voith 150+" success program: The Group's profit from operations rose over the adjusted result for the previous year by 12 percent to €137 million. In contrast, as anticipated and announced in advance, the net result for the first half year was negative at

minus €131 million (previous year: plus €30 million). This was due to planned special burdens arising from the restructuring measures under "Voith 150+". In total, these costs added up during the current fiscal year in total to an amount in the three-digit million range.

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The Group-wide "Voith 150+" success program sets the Group on course for sustained success in the future. The program focuses on the optimization of structures and processes as well as of the existing portfolio. In the first half year, Voith began streamlining its worldwide administrative functions as announced in February 2015 and initiated further capacity adjustments in Voith Paper in line with "Voith 150+".

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In parallel, the Voith Group intensified its focus on engineering expertise for the digital age. An important step in this direction was not only its acquisition of a 25.1 percent stake in robot maker KUKA in November 2014, but also the decision to sell the Voith Industrial Services Group Division, which provides personnel-intensive industrial services. The preparations for the sale have been initiated in the meantime.

"Business performance in the first half year has been encouraging, our measures to safeguard the company's sustainable future are taking effect," explains Dr. Hubert Lienhard, President and CEO.

### **All Group Divisions in robust health**

At €656 million, the sales generated by the **Voith Hydro** Group Division from October to March were slightly down on the very high figure of €668 million reported in the previous year. In a market in which only very few awards are given for major projects, the value of orders received was almost halved compared to the previous year to €376 million. This development cannot be projected for the full year, however, as several major projects are expected to be awarded for the second half year and, as a global market leader, Voith Hydro may reasonably expect to receive some of these orders as it has done in the past.

**Voith Industrial Services** showed itself in good shape prior to the planned sale. Adjusted for changes in the scope of consolidation (the disposal of the DIW Group at September 30, 2014, the acquisition of Helix Systems at July 31, 2014), sales increased substantially to €555 million (€497 million) in the first half year, a plus of around 9 percent. Growth was mainly driven by the Automotive division.

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At **Voith Paper** the impact of the restructuring measures of the recent years became apparent during the first six months of the current fiscal year. Sales grew significantly by 15 percent to €776 million. Orders received by Voith Paper have also stabilized: In the first half year of 2014/15 the Group Division received new orders worth €699 million, just slightly lower than the figure for the previous year (€709 million).

**Voith Turbo** just maintained its position from the previous year in a challenging market setting. Sales valued at €669 million were just slightly below the figures for the previous year (€682 million). Within this total, growth was recorded in the Commercial Vehicles and Rail divisions, while sales in the Power, Oil & Gas and Mining & Metals divisions were lower than in the previous year. The value of orders received of €733 million is again similar to the figure for the previous year of €742 million.

### **Group forecast for the year as a whole confirmed**

Based on the business development during the first half year and given the persistently gloomy investment climate in important industries and regions, Voith confirms its outlook from December for the 2014/15 fiscal year, provided that the delayed projects are in fact awarded to Voith Hydro in the second half of the year. The Group reckons with sales at approximately the same level as in the previous year, adjusted for the changes in the scope of consolidation. This planning is based on the high orders on hand as at March 31, 2015 valued at €5.27 billion and on the expectation of an overall stable number of orders received.

Following the significant improvement in the first half year, Voith now also anticipates an increase in its profit from operations for 2014/15 as a whole and expects the restructuring measures to have a further positive impact in the second half of the year. From our current perspective, all Group Divisions, including the Voith Paper Group Division affected by further restructuring, will post a profit. Despite the positive operative earnings performance, the net result for 2014/15 will, as previously announced, be negative owing to the special burden represented by high restructuring expenses.

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"The Group restructuring process is advancing well. The negotiations with the Works Council committees at all the affected locations have now been completed. This means that in the next few months the restructuring and portfolio measures announced in February will be consistently implemented. 'Voith 150+' will again put our company on track for sustained profitable growth. However, there is still work to do," comments CEO Lienhard. "We resolutely continue along the road to making Voith's core divisions, Hydro, Paper and Turbo, consistent technological leaders in the digital age. In the coming years, our objective will be to add specifically automation and industrial software competence to the Voith Group's existing divisions and to amend our portfolio accordingly."

Voith sets standards in the markets energy, oil & gas, paper, raw materials and transport & automotive. Founded in 1867, Voith employs more than 39,000 people, generates € 5.3 billion in sales, operates in about 50 countries around the world and is today one of the largest family-owned companies in Europe.

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