

## Press Release

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### **Voith pursues consistent implementation of the Group transformation process**

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#### **Group Divisions' profit from operations increase**

- **Significant increase in orders received and robust sales trend in the Voith Group**
- **Group net result significantly higher than previous year**
- **Half-year figures characterized by non-recurring effects**
- **Agreement with Triton on sale of Voith Industrial Services**
- **Voith CEO Lienhard: "We are consistently pursuing our 150+ success program"**

Heidenheim. The Voith Group is making good progress with its transformation: In the first half of fiscal year 2015/16, Voith positively maintained its operative business in important industries despite a consistently subdued investment climate. Voith has also steadily pressed on with its strategic refocusing on its technology and engineering competence for the digital age. Voith's Digital Solutions Group Division, with which Voith aims to operate its business with Industry 4.0 applications in the future, was launched on-schedule on April 1, 2016. The sale of a majority shareholding in technical industrial services provider, Voith Industrial Services, to the financial investor Triton was another planned milestone in the transformation of the Group. The sale was agreed upon and announced in May 2016.

"Despite the challenging economic climate in the current fiscal year, we remain on course and are continuing to implement on a step-by-step-basis our program as announced. We are also making good progress in our op-

erative divisions, all of which performed well in a somewhat- difficult environment with weak economic momentum," declared Dr. Hubert Lienhard, President and CEO.

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In the first six months of the fiscal year (October 2015 to March 2016), the Voith Group and its continuing operations (excluding Voith Industrial Services) received orders worth a total of €2.16 billion. This is equal to an increase of 19 percent compared to the same period last year. Orders on hand rose to €5.49 (5.29) billion compared to the end of the previous fiscal year.

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Voith recorded nearly stable sales by continuing operations of €2.04 billion compared to the previous year. Around half of the slight decline of 3 percent compared to the previous year is due to negative currency effects. Total profit from operations of the Group Divisions was up slightly from the previous year. Owing to one-time valuation effects for certain foreign currency effects on foreign currency items at the holding level, the Group's profit from operations fell, however, year after year from €120 to €97 million. The Group net result improved significantly in the half year period from minus €131 million to minus €48 million, in part owing to the elimination of high restructuring costs. Without the impairment charges of €71 million, including on securities, the Group would have posted a net income for the half-year period of €23 million.

"Apart from the non-recurring effects occurring in the first half of the year, our Group-wide Voith 150+ success program is having an impact. The Voith Group's fundamental earnings power is noticeably improved," said Lienhard, explaining the development of the overall Group during the first six months.

### **All three Group Divisions robust**

The three continuing Group Divisions, Hydro, Paper and Turbo, developed successfully in the first six months.

In addition to its regular business, Voith Hydro also benefited from the award of a major project in Canada for the supply of six vertical axes, Francis-style turbines, six generators and associated equipment for the Site C Clean Energy Project on the Peace River in northeast British Columbia (BC). The contract is worth around €320 million. As a result, orders received were significantly higher than in the previous year. Sales remained nearly stable and exceeded projected expectations. This contributed to the strong service business as well as higher-than-expected sales for hydropower plant equipment and modernization.

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Owing to weaker project business, orders received and sales in the Voith Paper Group Division were lower than in the very strong previous year, but stabilized in a persistently difficult market at a satisfactory level.

Voith Turbo divisions developed differently, with Power, Oil & Gas and Mining & Metals suffered from plummeting oil and raw materials prices and the associated restrained investments by major customers. In contrast, Rail and Commercial Vehicles saw positive development. In total, Voith Turbo was able to increase its sales slightly while fewer orders were received.

### **Projections for sales and orders received confirmed**

Voith Group expects the difficult economic setting to remain throughout the remainder of the year. Voith expects global economic development to remain fragile and the general setting to remain difficult for investment goods in particular. At the end of the first half of the fiscal year in which all three Group Divisions showed themselves to be in robust form, Voith nonetheless confirmed its projections for sales and orders received. Ongoing stable development of Group sales is therefore anticipated for the 2015/16 fiscal year as a whole. The level of orders received is also projected to be comparable to last year.

The annual forecast for profit from operations and net income will probably not be met. Profit from operations is expected to fall owing to valuation effects on foreign currency items which are likely to counteract the positive effects of "Voith 150+". The Group net result will nevertheless improve over the year as a whole. However, the originally projected positive Group net income will not be achieved, owing to impairment charges.

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Voith sets standards in the markets for energy, oil & gas, paper, raw materials, transport & automotive. Founded in 1867, Voith employs around 20,000 people, generates €4.3 billion in sales and operates in over 60 countries around the world and is one of the largest family owned companies in Europe.\*

\*Excluding the discontinued Voith Industrial Services Group Division

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