

Voith AG Group Report 1st Quarter 2009/2010



Imprint

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Voith Group in Figures

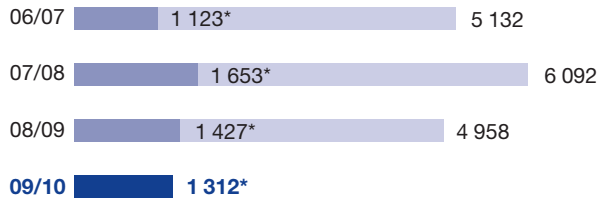
Orders Received	2009/2010		2008/2009	
	1 st Quarter	1 st Quarter 09/10 in % of 1 st Quarter 08/09	1 st Quarter	Total
€ in millions				
Voith Hydro	90.3	18.8	481.1	1 304.5
Voith Industrial Services	230.5	79.9	288.6	1 018.5
Voith Paper	702.7	262.0	268.2	1 338.0
Voith Turbo	287.9	74.2	388.0	1 291.8
Core Business	1 311.4	92.0%	1 425.9	4 952.8
Other	0.9	150.0%	0.6	4.9
Total	1 312.3	92.0%	1 426.5	4 957.7

Sales	2009/2010		2008/2009	
	1 st Quarter	1 st Quarter 09/10 in % of 1 st Quarter 08/09	1 st Quarter	Total
€ in millions				
Voith Hydro	217.5	132.8%	163.8	1 084.6
Voith Industrial Services	230.5	79.9%	288.6	1 018.5
Voith Paper	293.7	75.1%	391.3	1 743.2
Voith Turbo	291.3	110.4%	263.9	1 232.2
Core Business	1 033.0	93.3%	1 107.6	5 078.5
Other	0.9	150.0%	0.6	4.9
Total	1 033.9	93.3%	1 108.2	5 083.4

Considering the difficult economic conditions that prevail, the first quarter gave Voith a good start to fiscal 2009/10. The Group's broad spectrum of industrial systems, products and services are supplied to the energy, oil & gas, paper, raw materials and transportation & automotive sectors – five essential markets in every region of the world. It was this broad base that softened the negative consequences of the economic and financial crisis in the period under review. The order intake was higher than sales in the first quarter, laying a firm foundation for the remainder of the fiscal year.

Orders Received

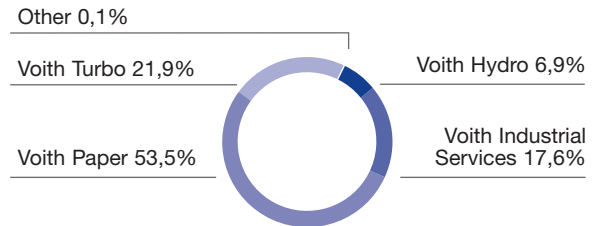
€ in millions



*until December of the relevant fiscal year

Orders Received

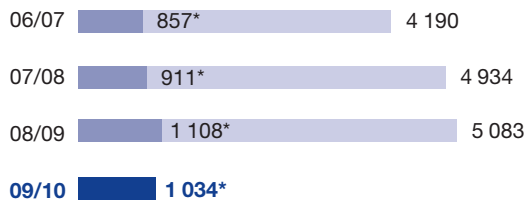
by Group Divisions



October 2009 until December 2009: € 1 312 million

Sales

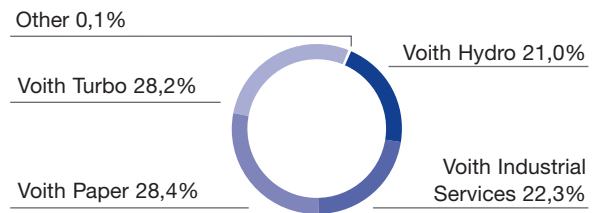
€ in millions



*until December of the relevant fiscal year

Sales

by Group Divisions

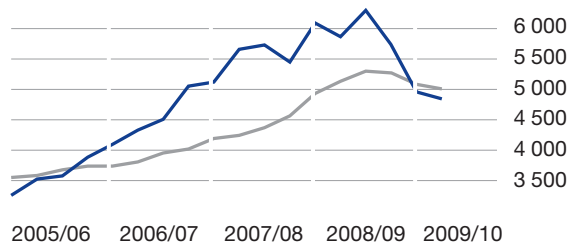


October 2009 until December 2009: € 1 034 million

Orders Received & Sales

€ in millions

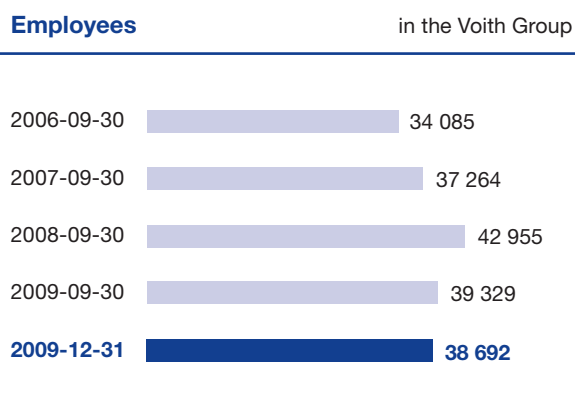
Moving four-quarterly average



■ Orders received ■ Sales

Employees	2009		2009	2008	2007	2006	
	without Apprentices	Dec., 31	% comp. to prev. year	Sep., 30	Sep., 30	Sep., 30	Sep., 30
Voith Hydro		4 695	100.3%	4 681	3 643	2 834	2 436
Voith Industrial Services		18 551	97.0%	19 118	22 871	18 908	16 858
Voith Paper		9 438	99.3%	9 500	10 548	10 081	9 977
Voith Turbo		5 397	99.4%	5 428	5 307	4 814	4 264
Core Business		38 081	98.3%	38 727	42 369	36 637	33 535
Other		611	101.5%	602	586	627	550
Total		38 692	98.4%	39 329	42 955	37 264	34 085

The total number of employees at the Voith Group dropped slightly in the quarter under review. While Voith Hydro continued to build up its staff to cope with well-filled order books, staffing levels declined to varying degrees in the other Group Divisions. This decline was triggered by the adjustments ratified in previous periods and that are only now, after a time-lag, taking effect.



Commentary

The economies of Asian countries in general and China in particular revived noticeably in the period under review. In the USA, the fragile trend toward recovery is continuing, while the recovery in the euro zone economies has been dragging its feet. In the latter countries, there is still no sign of a robust, self-sustaining upswing.

Against this backdrop of persistent volatility in many regions, Voith – bearing in mind the challenging conditions facing it in some of the Group’s core markets – made a good start to fiscal 2009/10. Some of its business activities respond slowly to economic cycles while others respond more quickly. Taken together, however, this broad portfolio delivered stable business development in the first quarter of 2009/10.

In line with expectations, no major hydro power projects were up for award in the first quarter of Voith’s fiscal year 2009/10. Voith Hydro’s start into the new fiscal year was accordingly subdued. Modernization projects in the USA and Japan had the main impact on the order intake. A number of small project orders also came in from Norway. Although new project volumes have eased off for the time being, the international hydro power markets have suffered much less than other industries from the economic crisis. Moreover, there are indications that more large-scale projects will come onto the market in the course of 2010.

The troubled economic situation in many customer industries made its mark on Voith Industrial Services in the quarter under review. Especially in the automotive and mechanical engineering sectors, the market environment remains difficult. In the first quarter, Facility Services Europe nevertheless kept its business development stable. Facility Services Americas felt the effects as the US American car industry scaled back its production capacity. In Brazil, the decline in the automotive sector was offset by brisk business in other industries. Industrial Services Asia currently lacks follow-up and new orders. The months from October through December are traditionally flat for the Process Services division. Little or no downtime and auditing activity at refineries and power plants is scheduled for this time of year. Business in both the automotive and mechanical engineering sectors was downbeat, too. The Professional Staffing division of Engineering Services recorded a significant increase in volume. For billing reasons, sales at Aerospace were down on the same quarter a year ago.

Voith Paper had a good first quarter overall, seeing its systems business pick up noticeably. Fresh stimulus came above all from the Chinese and other Asian markets, where the Group Division received orders for two board machines, three major rebuild projects and a total of five deinking plants. The sizeable order intake also includes contracts that were won in the preceding quarter but not finally signed until the period under review. One of these is an order for a complete new plant to produce wood-free paper for a South Korean customer. Although systems business experienced positive development in the quarter just ended, there is as yet still no sign of a lasting improvement in the economic situation in this market. The same goes for the product, consumables and service business. In the quarter under review, orders received were, all in all, both satisfactory and higher than in the same period a year ago. Even so, the market situation remains very difficult.

Voith Turbo can look back on a satisfactory first quarter, during which business development varied across its four divisions. Some product groups in the Industry division increasingly felt the impact of the ever more troublesome economic situation. The Variable-Speed Drives Product Group won several large Vorecon orders from Asian customers and saw its business remain stable. In a difficult market context, the Road division made a good start to the year with its DIWA automatic transmissions for urban buses. Call-off orders for retarders continued to stabilize. A number of truck manufacturers have now raised the number of assembly shifts again. The Rail division continues to benefit from local and long-distance passenger transport orders. Follow-up orders for Scharfenberg couplers and wheel-set transmissions for high-speed trains in China stood out in the period under review. Another order that deserves a special mention came from a Brazilian customer, which placed an order for DIWA packs for use in diesel railcars that will be deployed in local passenger transport in a number of Brazilian cities. Project activity at Marine expanded again in the period under review, although the order situation in this division remains tense.

Group Divisions in Figures

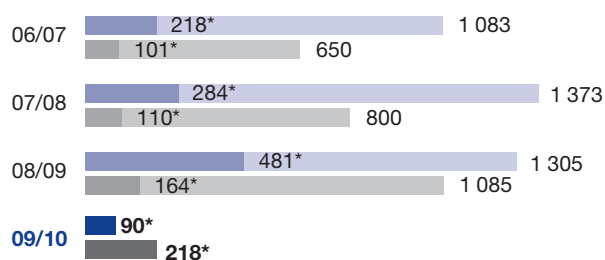
Voith Hydro

Orders Received	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Large Hydro	46.5	11.2%	414.4	1 014.9
Small Hydro	10.9	27.4%	39.8	130.0
Automation	11.4	142.5%	8.0	69.9
Aftermarket Business	17.0	90.4%	18.8	88.8
Others	4.5	4 500.0%	0.1	0.9
Total	90.3	18.8%	481.1	1 304.5

Sales	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Large Hydro	167.8	142.7%	117.6	826.2
Small Hydro	16.3	74.4%	21.9	122.8
Automation	14.1	146.9%	9.6	63.7
Aftermarket Business	18.8	129.7%	14.5	70.2
Others	0.5	250.0%	0.2	1.7
Total	217.5	132.8%	163.8	1 084.6

Orders Received & Sales

€ in millions



■ Orders received ■ Sales *until December of the relevant fiscal year

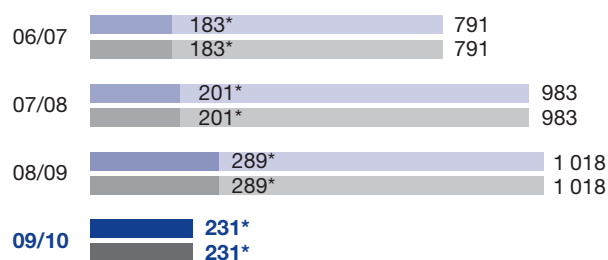
Voith Industrial Services

Orders Received	2009/2010		2008/2009	
	1 st Quarter	1 st Quarter 09/10 in % of 1 st Quarter 08/09	1 st Quarter	Total
€ in millions				
Facility Services Europe	73.6	80.5%	91.4	318.4
Facility Services Americas	43.3	84.2%	51.4	175.5
Industrial Services Asia	1.5	75.0%	2.0	7.5
Process Services	96.7	83.7%	115.6	436.6
Engineering Services	15.4	54.6%	28.2	80.5
Total	230.5	79.9%	288.6	1 018.5

Sales	2009/2010		2008/2009	
	1 st Quarter	1 st Quarter 09/10 in % of 1 st Quarter 08/09	1 st Quarter	Total
€ in millions				
Facility Services Europe	73.6	80.5%	91.4	318.4
Facility Services Americas	43.3	84.2%	51.4	175.5
Industrial Services Asia	1.5	75.0%	2.0	7.5
Process Services	96.7	83.7%	115.6	436.6
Engineering Services	15.4	54.6%	28.2	80.5
Total	230.5	79.9%	288.6	1 018.5

Orders Received & Sales

€ in millions



Legend: Orders received (light blue), Sales (dark blue). *until December of the relevant fiscal year

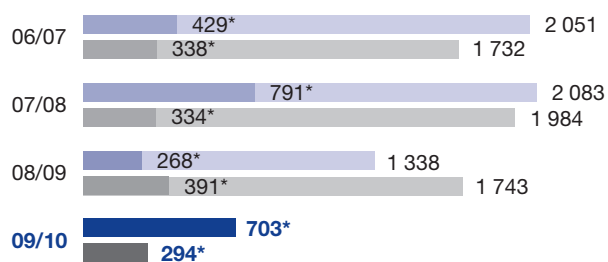
Voith Paper

Orders Received	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Systems	517.9	470.8%	110.0	698.4
Products, Consumables and Services	184.8	116.8%	158.2	639.6
Total	702.7	262.0%	268.2	1 338.0

Sales	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Systems	134.0	61.7%	217.2	1 048.9
Products, Consumables and Services	159.7	91.7%	174.1	694.3
Total	293.7	75.1%	391.3	1 743.2

Orders Received & Sales

€ in millions



Legend: Orders received (light blue), Sales (dark blue) *until December of the relevant fiscal year

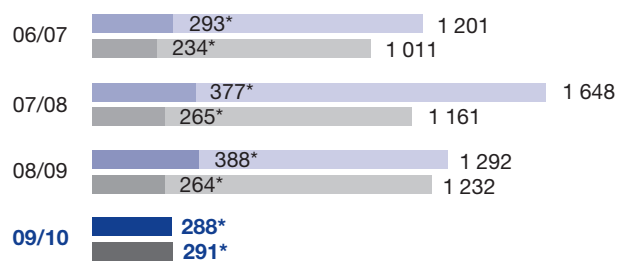
Voith Turbo

Orders Received	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Industry	104.1	60.9%	170.8	519.7
Road	62.2	99.2%	62.7	275.2
Rail	110.6	77.8%	142.2	422.2
Marine	7.0	84.3%	8.3	56.7
VGA Trading, Holdings	4.0	100.0%	4.0	18.0
Total	287.9	74.2%	388.0	1 291.8

Sales	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
Industry	130.9	109.2%	119.9	520.8
Road	63.0	90.8%	69.4	270.1
Rail	75.0	113.0%	66.4	337.9
Marine	18.2	466.7%	3.9	85.4
VGA Trading, Holdings	4.2	97.7%	4.3	18.0
Total	291.3	110.4%	263.9	1 232.2

Orders Received & Sales

€ in millions



■ Orders received ■ Sale *until December of the relevant fiscal year

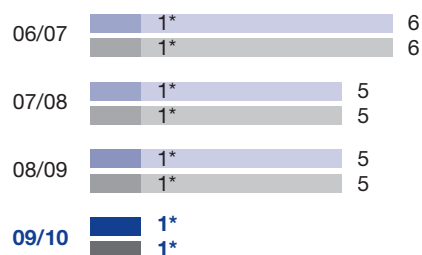
Other

Orders Received	2009/2010		2008/2009	
	1st Quarter	1st Quarter 09/10 in % of 1st Quarter 08/09	1st Quarter	Total
€ in millions				
IT Solutions	15.5	109.2%	14.2	72.3
HQ-Services	21.1	164.3%	12.9	72.5
Others	0.7	233.3%	0.3	4.0
Sales to affil. comp.	(36.4)	135.8%	(26.8)	(143.9)
Total	0.9	150.0%	0.6	4.9

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Total	0.9	150.0%	0.6	4.9

Orders Received & Sales

€ in millions



■ Orders received ■ Sale *until December of the relevant fiscal year

Significant Events

December 2009

The National Ports Authority of South Africa orders two water tractors – each driven by two Voith Schneider propellers – for Port Ngqura, the largest deep-sea port on the Cape.

Voith Industrial Services extends its existing housekeeping contract with General Motors.

Voith Industrial Services Paper extends its servicing agreement at Rhein Papier in Hürth, Germany. The purpose of this contract is to raise productivity at Rhein Papier by optimizing servicing activities and leveraging expertise in close collaboration with Voith Paper.

Voith Industrial Services Mechanical Engineering extends its master agreement with Infineon in Dresden, Germany. The agreement covers servicing activities and production service at the customer's Dresden site.

November 2009

Voith Turbo Marine commits to a strategic partnership with Dutch winch specialist and manufacturer Ridderinkhof. In future, a winch system tailored to the Voith drive system will be offered to Voith customers.

At Palm Paper in King's Lynn, England, Voith Paper commissions the stock preparation line that boasts the world's largest deinking capacity to date.

Voith Industrial Services wins another order from Vossloh in Kiel, Germany, and will now oversee development work to fit the engine in a new family of locomotives.

Voith Industrial Services' Chemnitz-based Technology Center will handle design and production of a control system. During the construction of Bentley automobiles, the system will ensure that every bodywork components fits perfectly.

Voith Industrial Services receives an order from Polysius AG to replace tire bores for cement and lime rotary kilns at two cement factories.

Vienna-based DIW Austria is awarded an open-ended master agreement to provide a variety of facility services for the Maimmonides senior citizens' care center.

October 2009

The Baguari hydro power plant is opened in Brazil. Voith Hydro supplies the full complement of electromechanical equipment for the plant, which is situated 600 kilometers north of Rio de Janeiro. As of the end of January 2010, the plant's four bulb turbines will feed a total of 140 Megawatts into the Brazilian power grid.

Voith Paper acquires the shares of long-standing joint venture partner Larsen & Toubro in Voith Paper Technology (India) Ltd., Calcutta, in a move that acknowledges the growing long-term importance of India's paper market.

Japanese customer Oji Paper Co. Ltd. signs a three-year mill service consulting agreement with Voith Paper for PM1 in Nantong, China.

In preparation for the 2010 Winter Olympic Games in Vancouver, Canadian public transport carrier BC Transit in British Columbia buys 141 buses fitted with Voith DIWA transmissions. The buses will go into service at the Whistler skiing resort near Vancouver, the venue for many of the Alpine and Nordic disciplines.

Voith Industrial Services Engineering develops an adapter – the interface between the carbon-fiber cockpit assembly and the steel test bed – for the cockpit of the new Airbus A350 XWB.

Voith Industrial Services signs multi-year master agreements with Vatenfall Europe covering the servicing of a series of gas turbine power plants.

