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**Voith reports strong orders received thanks to strategic business alignment focused on sustainable technologies**

* Effective crisis management limited the effects of the coronavirus pandemic on Voith in the last fiscal year; noticeable recovery in important key financial figures
* Significant increase in order intake, up 24 percent to €5.02 billion resulting from strategic alignment focused on sustainable technologies
* Despite the adverse impacts of the coronavirus pandemic, currency-adjusted sales were up 4 percent to €4.26 billion
* EBIT improved by 18 percent to €165 million, earnings after tax positive
* Sound financial situation provides opportunities for forward-looking investments
* Company plans to increase its current commitment to important hydrogen trend
* Outlook 2021/22: Despite uncertainties in the market environment, high orders received and further increases in sales and earnings expected

**HEIDENHEIM, GERMANY.** In fiscal year 2020/21 (to Sept. 30), the Voith Group has again successfully managed the effects of the coronavirus pandemic and was able to improve its main financial figures in a challenging market environment characterized by global supply chain bottlenecks and substantially higher raw material costs. The Voith Group’s orders received increased by almost a quarter to €5.02 billion, due mainly to the successful large plant business and was higher than it has been for almost a decade on the reporting date of September 30. At €6.25 billion, orders on hand reached an all-time high. Dr. Toralf Haag, CEO of the Voith Group, explained: “Our much higher orders received show that our strategic alignment focusing on the megatrends of digitalization and decarbonization has been the right approach. There is growing demand for sustainable technologies for a climate-neutral industrial society, and Voith is in an excellent position to benefit from this.”

In terms of sales, in the last fiscal year, Voith almost completely made up for the downturn which occurred in the first year of the pandemic with an increase in consolidated sales to €4.26 billion (an increase of 4 percent adjusted for currency effects). This was also facilitated by the acquisitions of the previous years. “This is all the more remarkable given that the fiscal year was still suffering the full effects of the pandemic,” adds Haag.

At times, production facilities had to be closed, access to some construction sites was prohibited, and the service business continued to be adversely affected. Nevertheless, EBIT increased substantially by 18 percent to €165 million. The bottom line was that even in a second fiscal year compromised by the pandemic, the consolidated net result was positive, with a net income of €1 million (previous year €6 million). “Despite this year of crisis, we made the necessary investments in important restructuring measures. The long-term improvement of our earnings position is more important to us than a short-term positive effect on our result,” says Haag. Due to a lower interest income plus a higher tax burden from deferred taxes, the annual result was slightly below that of the previous year.

Even in this second year of pandemic, the Group continued to invest heavily to secure the company’s future success. For example, despite the challenging environment, Voith maintained its high level of spending on R&D (€192 million). This means that Voith has invested more than €1 billion in R&D in the last five years. The Voith Group is in a good financial position to make further investments in its future growth. On the reporting date, the company’s equity ratio was still sound at 19.8 percent. The cash flow from operating activities was again considerably positive, at €144 million. Net liquidity remains at a high level. The stable liquidity situation means that Voith continues to be in a position to realize important forward-looking investments.

“Overall, we are satisfied with our performance. So far, Voith has come through the crisis better than we expected at the outbreak of the pandemic. In the last fiscal year, we have demonstrated the effectiveness of our diversified positioning and the resilience of our business model. We have also further improved our baseline for sustainable, profitable growth. Voith will emerge from the crisis in a stronger position,” says CEO Toralf Haag. “We could only achieve this result thanks to the outstanding commitment of our employees worldwide and I would like to thank each and every one of them for their dedication in what has been an extremely challenging year.”

**Systematic implementation of corporate strategy focusing on decarbonization and digitalization**

As well as dealing with the consequences of the pandemic, Voith’s business activities in fiscal year 2020/21 were concentrated on the systematic implementation of the corporate strategy developed in the previous year. This strategy aims to explore the full potential of the company’s core business as well as tap into new business segments and markets with a focus on the megatrends decarbonization and digitalization.

The latest milestone in the continued strengthening of its core business was the acquisition of Siemens Energy’s minority stake in Voith Hydro, an agreement that was reached after the end of the fiscal year. As a result, in the future, Voith will be the sole owner of this business which is important for the energy transition. The acquisitions in the Group Divisions Voith Paper and Voith Turbo have further enhanced Voith’s profile as a technology leader in the growth markets for sustainable technologies and already make a significant contribution to the positive economic development of the Group.

At the same time Voith is making progress with tapping into new business segments. For example, the Group Division Voith Turbo has entered the wind power business in partnership with international wind turbine manufacturers and is developing and producing gearboxes and generators for wind turbines.

Hydrogen production and utilization will be a key topic for Voith in the next few years as the company steps up its involvement in all relevant areas of the hydrogen supply chain. Hydropower plays a key role in the production of green hydrogen, and Voith can leverage its expertise in new drive technologies which can be used for transporting hydrogen in pipelines. Voith is already working on the next generation of high-pressure tanks for hydrogen storage and on the use of hydrogen in fuel cells. With the Voith Electrical Drive System, the company is offering a complete electrical drive train that can be also used in hydrogen-powered city buses. Additionally, Voith is investigating strategic options in this segment.

“Step by step, Voith is embedding the megatrends digitalization and decarbonization into the Group and is making industrial sustainability its business model, with Voith Hydro as a full-line supplier of hydropower technology in the field of renewable energies; Voith Paper as a pioneer in the paper and packaging industry in the area of renewable raw material and circular economy; and Voith Turbo as a specialist for intelligent drive systems and solutions in the alternative drive segment. This means that in many areas we are making a crucial contribution to a climate-neutral industrial society while at the same time ensuring our future growth. Moreover, we will already be operating carbon-neutral from 2022,” explains Haag.

**Review 2020/21 in Group Divisions: Strong growth in orders at Paper and Hydro; Turbo already benefiting from acquisitions**

The **Hydro** Group Division has had a challenging fiscal year. Orders received increased by almost a third despite a market environment that continues to be adversely affected by the coronavirus pandemic. This was mainly a result of two major projects in Eastern Europe and North America. Due to the long-term nature of the large hydro business, the increase in orders received will be reflected successively in increased sales. Sales were stable during the reporting period, while EBIT and ROCE declined. The slight reduction in operating result is, among other things, due to the processing of orders booked under strong price pressures during depressed market phases.

In the **Paper** Group Division, orders received increased by a third to the record-breaking sum of €2.28 billion against the background of strong investment activity in the paper machine market. As expected, sales were stable due to the level of orders received in previous years and the operational challenges resulting from the coronavirus crisis. The operating result was up, also thanks to successful acquisitions by the Group Division.

At the **Turbo** Group Division, catch-up effects following the pandemic-induced market downturn of the previous year were reflected in both its Industry and Mobility segments. At the same time, business continued to be affected by supply chain disruptions and higher logistics costs. Overall, orders received and sales grew stronger than expected. The EBIT remained stable which is largely attributable to expenditures on the transformation of the Group Division’s structure and product range.

**Outlook 2021/22: A year of growth, high level of orders received, and an increase in sales and results expected**

Following a year of transition in 2020/21, Voith believes that the current fiscal year will be a year of growth in view of the continuing but not yet comprehensive recovery of the economic environment. In regard to orders received, Voith assumes that this will continue to be at a substantial level, although noticeably below the exceptionally high value of fiscal year 2020/21. Voith expects a slight increase in sales, and a significant increase in EBIT and ROCE compared with the last fiscal year. As far as the results, the company assumes that the efficiency improvement measures implemented in the last two fiscal years will lead to a considerably improved profitability. The EBIT should, therefore, increase significantly in 2021/22. All three Group Divisions will contribute to this. However, there is some uncertainty about the earnings forecast because it is hard to predict to what extent the significant price increases for materials can be offset. In addition, there has recently been increased uncertainty about the ongoing development of the coronavirus pandemic, with yet unknown implications for the economy and consequently, for business performance.

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, paper, raw materials and transport & automotive. Founded in 1867, the company today has around 20,000 employees, sales of € 4.3 billion and locations in over 60 countries worldwide and is thus one of the larger family-owned companies in Europe.

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