

Voith in the 2021/22 fiscal year

Sustainable growth in a challenging environment

Heidenheim | 2022-12-13

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Where we are today

- Highlights of the 2021/22 fiscal year
- Key financial performance indicators for the 2021/22 fiscal year

2

Our plans

- Current challenges and strategic focus areas
- Outlook for 2022/23 fiscal year

2021/22 fiscal year at a glance

All key performance indicators improved...

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Current fiscal year with
**improvement in key
performance indicators**
shows that alignment to
sustainable technologies
is gaining traction

5,164
€ million

Orders received: up 3%

Further increase on strong previous year; at more than € 7 billion, orders on hand at record high

4,881
€ million

Group sales: up 15%

Appreciable increase through organic growth, acquisitions and currency effects

200
€ million

EBIT: up 21%

Operating result growing; other earnings indicators also improved

2021/22 fiscal year: Difficult environment ...and challenges overcome

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Disruptions to global supply chains mitigated by diversification and localization of supply relationships



Impact of massive price increases for energy, raw materials and logistics cushioned by countermeasures

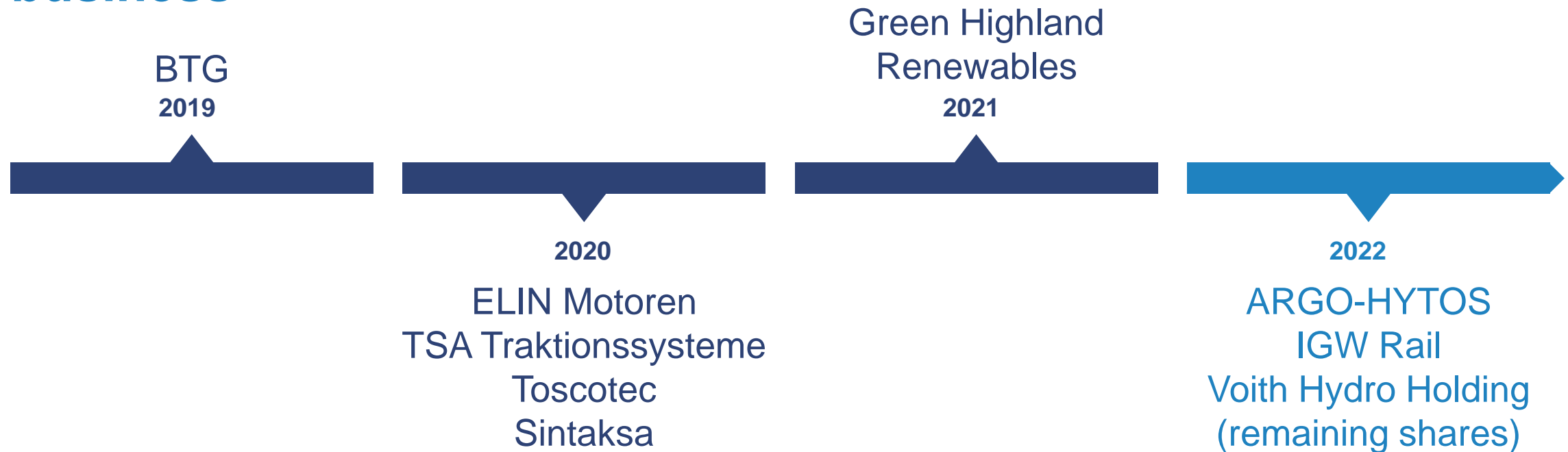


The effects of the new round of lockdowns as part of the zero Covid policy in China was mediated by flexible responses on site

2021/22 fiscal year: Group highlights

M&A strategy successfully continued in the core business

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Over the past four years, Voith invested a total of approx. **€ 800 million** in targeted acquisitions to strengthen the core business – with a focus on sustainable and digital solutions in all Group Divisions.

2021/22 fiscal year: Highlights for Voith Hydro

Attractive orders won

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- **Slight increase in volume of contracts awarded:** economic environment runs counter to substantial market recovery
- Orders received marked by medium-size **modernization projects**
- Major project in the **USA**: Voith received an order for extensive modernization work for the Fort Randall **hydropower plant**
- **Expansion of the service business** driven forward to improve profitability

2021/22 fiscal year: Highlights for Voith Paper

Market position further expanded

VOITH



- Project business marked by new lines and rebuilds for **board and packaging papers**
- Asian customers order four new lines for **packaging papers**
- Large-scale order from printing paper producer Norske Skog for **rebuilding a newsprint machine**
- Order for the manufacture of a new line for the production of **glass fibers** in USA
- **Sustainability** further expanded as distinguishing feature

2021/22 fiscal year: Highlights for Voith Turbo

Portfolio expanded through strategic acquisitions

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- Voith Turbo has expanded its portfolio of offerings through targeted **strategic acquisitions such as** ARGO-HYTOS and IGW Rail

2021/22 fiscal year: Summary

Profitable growth in a difficult environment

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Resilience of business model proven: Voith in a robust condition, both operatively and financially, despite great challenges



On a profitable growth path: Voith is benefiting from broad sectoral and geographical diversification and well-established market position in all Group Divisions



Strategy gaining traction: Focus on sustainable technologies is increasingly paying off, good starting position for continuation of positive development despite environment of multiple crises

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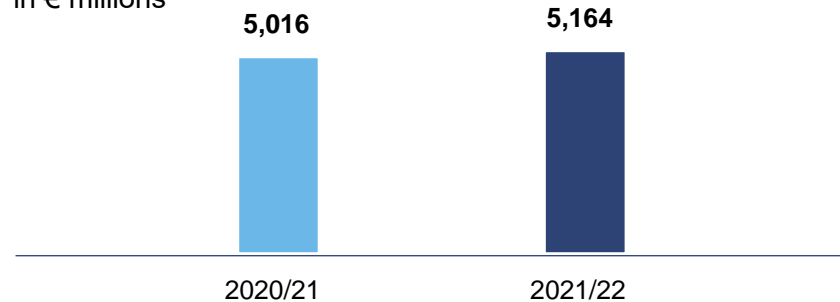
- Current challenges and strategic focus areas
- Outlook for 2022/23 fiscal year

Group orders received

Further increase in high level of orders received

Orders received Group

in € millions



Orders received Group (€ 5,164 million)

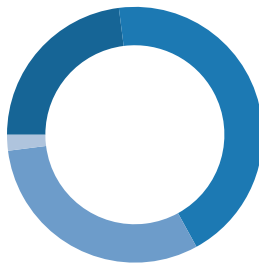
by Group Division

Voith Hydro

23%

Corporate
Functions & Services

2%



Voith Paper

44%

Voith Turbo

31%

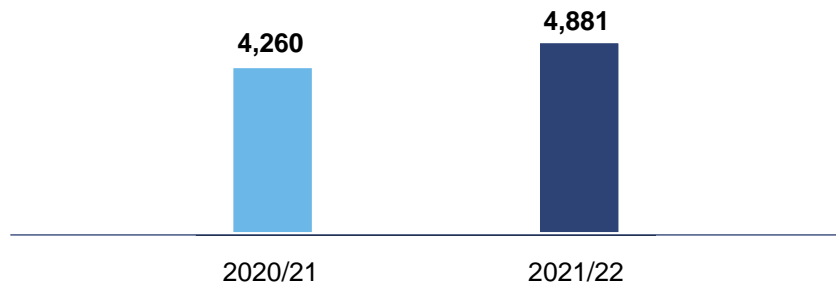
- **Increase of 3%** compared to the already high previous-year level exceeds expectations
- With high levels of orders received, in part exceeding expectations, **all three Group Divisions** contributed to the positive development
- **Orders on hand reach record high:** At € 7.03 billion, € 7 billion threshold broken for the first time

Group sales

Sharp increase after easing of Covid measures

Sales, Group

in € millions



Sales, Group (€ 4,881 million)

by Group Division

Voith Hydro

21%

Corporate
Functions & Services

2%



Voith Paper

45%

Voith Turbo

32%

- Group sales rise **by 15%** which is stronger than forecast: appreciable growth also adjusted for currency and acquisition effects
- The phasing out of more and more pandemic-related access restrictions allowed for processing of **orders received in previous years**
- All divisions saw sales increases, Voith Paper and Voith Turbo even with **higher increases** than expected

Operating result

EBIT growing faster than sales

EBIT, Group

in € millions



ROCE, Group

in percent



- **EBIT increase of more than one fifth**, highest operating result for the Group for three years; mainly driven by strong earnings development at Voith Paper
- **Successful measures** to counter the effects of supply-chain difficulties and in some cases, massive rises in materials prices and transport costs
- **ROCE** in double digits; **return on sales** (4.1%; previous year: 3.9%) also slightly improved in comparison to previous year

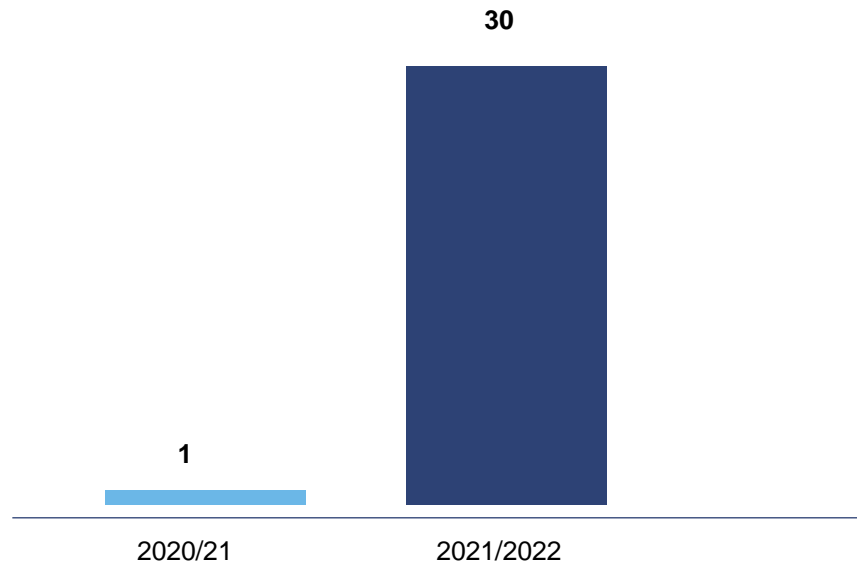
Net income

Appreciable increase

VOITH

Net income, Group

in € millions



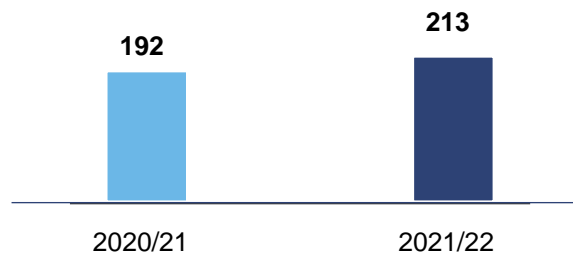
- **Net income** rises appreciably
- Even after tax, Voith is running at a profit and is **reinforcing its profitability**

Research and development

Further increase in investment in innovation

Research and development expenditure

in € millions



- Over the past **five years**, Voith has invested **more than € 1 billion** in the research and development of new products and solutions
- Even in a difficult market environment, a conscious decision was made to maintain R&D commitment at a high level
- Measured against Group sales, the **R&D ratio** of the Voith Group was 4.4% (previous year: 4.5%).

Cash flow from operating activities remains clearly positive

Cash flow from operating activities

in € millions



- Remains clearly positive but **slight decline in cash flow due to:**
 - payments to increase inventories and
 - increased volume of trade receivables and contract assets
- The **higher net income** had a distinctly positive effect

Balance sheet

Sound net assets and financial position

Equity ratio

in percent



Net liquidity at end of the reporting year

in € millions



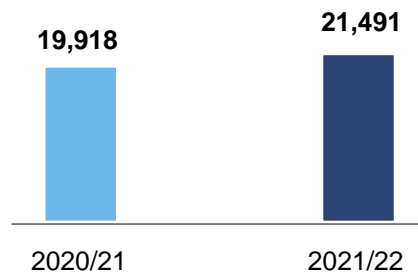
- **Equity ratio** increased appreciably in comparison to the previous year, in particular due to a positive effect from the increase in the discount rate for pension provisions
- **Net liquidity** remains at sound level even after the acquisition activity. Without acquisitions, this indicator would have deteriorated only slightly in comparison to the previous year

Employees

Group headcount increased due to acquisitions

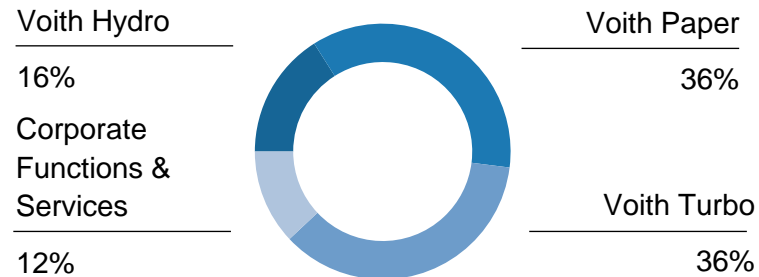
Employees, Group

Full-time equivalents as of September 30



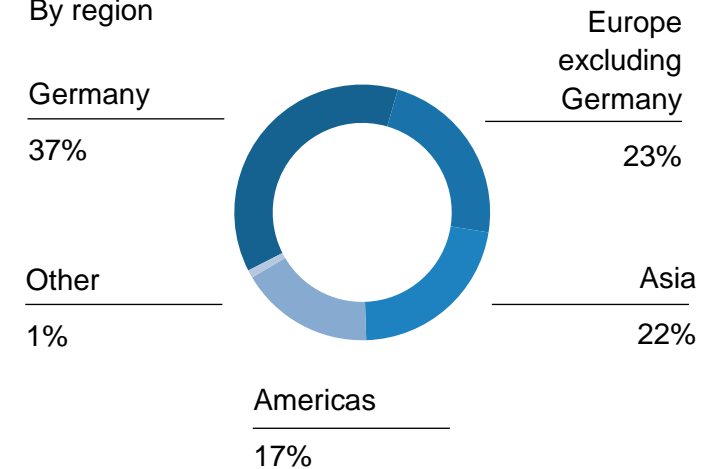
Employees Group (21,491)

By Group Division



Employees Group (21,491)

By region

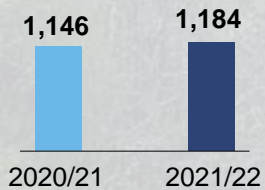


Voith Hydro

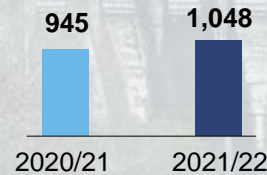
Performed well in difficult market environment

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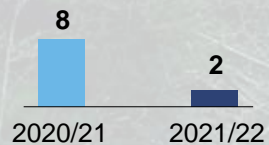
Orders received in € millions



Sales in € millions



EBIT in € millions



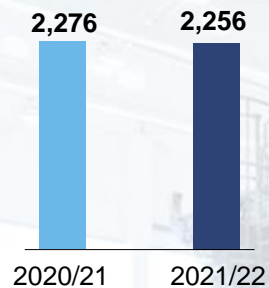
- **Orders received and sales** increased despite difficult economic environment; further established market position
- **Earnings development** short of expectations
- **Decline** result of sharp increases in materials and transport costs as well as the processing of orders posted in weak market phases under high price pressure

Voith Paper

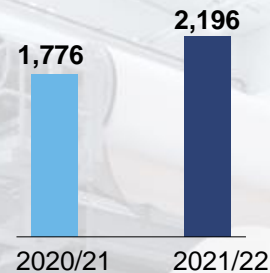
Appreciable increase in sales and earnings

VOITH

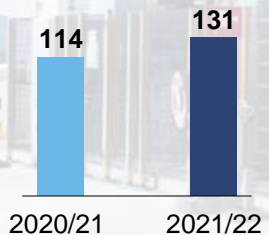
Orders received in € millions



Sales in € millions



EBIT in € millions



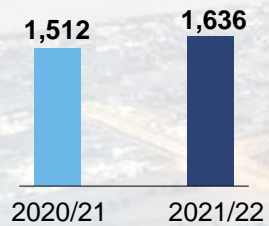
- Orders received almost reached the high level of **previous-year**
- At € 1.88 billion, orders on hand increased to an **all-time high**
- **Sales** grew by just under a quarter
- **EBIT** increased appreciably despite massive rise in material prices and transport costs. Voith Paper continues to be the Group's by far strongest earnings pillar

Voith Turbo

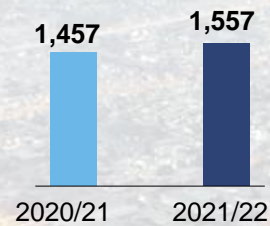
Robust development and profitable growth

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Orders received in € millions

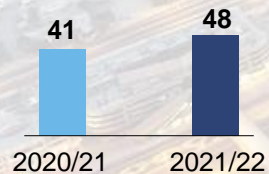


Sales in € millions



- **Orders received and sales** increased
- Positive development driven by, among other factors, the recovery in the Industry division.
- Appreciable rise in **EBIT**, however, short of expectations in light of the unexpectedly high increases in materials and transport costs

EBIT in € millions



2021/22 key financial performance indicators

Summary

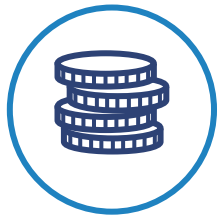
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Strong operating business, satisfactory figures: In difficult environment, orders received and sales exceeding expectations; earnings improved appreciably



Core business on the right path: Sound development of operating activities in all three Group Divisions



Solid financial position: Voith will be able to afford investments in expanding the core business and exploiting strategic growth areas also in the future

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Challenges and strategic focus areas

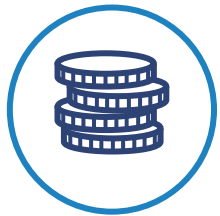
Economic outlook remains very challenging



Impending recession: The direct and indirect consequences of the war, the persistent increases in the price of energy and raw materials as well as interest rate hikes by central banks will probably lead to a recession in some parts of the world



Risk factor energy: Energy prices will probably remain highly volatile and the danger of a gas shortage, especially in Germany, has not been averted for the foreseeable future



High inflation: The rapid acceleration of inflation across the board, driven by the consequences of the war and a variety of supply bottlenecks, is likely to persist for the time being; a decline in inflation to a more normal level can be expected over the medium term at best

Challenges and strategic focus areas

How Voith is acting in this environment

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Managing risks:

Leverage the benefits of broad sectoral and geographical positioning; diversify supply relationships even further; constantly increase the agility and flexibility of the organization



Continue investing:

With forward-looking investments – in research & development and growth areas – Voith is creating the underlying conditions for future growth



Staying on course:

Strategic focus on sustainable technologies – in the core business and in new growth areas – remains unchanged even in the crisis-ridden environment

Challenges and strategic focus areas

Forward-looking initiatives in the core business

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Voith Hydro: XFLEX research project

- Voith is participating in the XFLEX HYDRO energy innovation project
- The objective is to safeguard grid stability with hydropower technologies and to contribute to a post-carbon power supply

Voith Paper: “Papermaking for life” sustainability program launched

- The objective is to achieve, by 2030, 100% CO₂-neutral paper production, 90% fresh water savings and an increase in the paper recycling rate to 90%

Voith Turbo: New business area for drive segment

- The aim of the acquisition of ARGO-HYTOS is to leverage the off-highway sector
- Within the Group Division Voith Turbo, “Off-Highway” forms a third division with a focus on hydraulics, alongside “Mobility” and “Industry”

Challenges and strategic focus areas

Further progress in future growth areas

VOITH



Hydrogen technology:
Development of a complete hydrogen tank system that can be easily integrated into vehicles



Electric drives:
Refinement of Voith innovations for trucks, buses and ships in order to play an active role in shaping the transition from fossil to more sustainable drive solutions



Energy storage:
Voith is developing a redox flow battery for stabilizing performance peaks of solar or wind farms



Cargo rail:
For the automation of freight traffic, Voith is developing an automatic freight coupler which includes digital solutions

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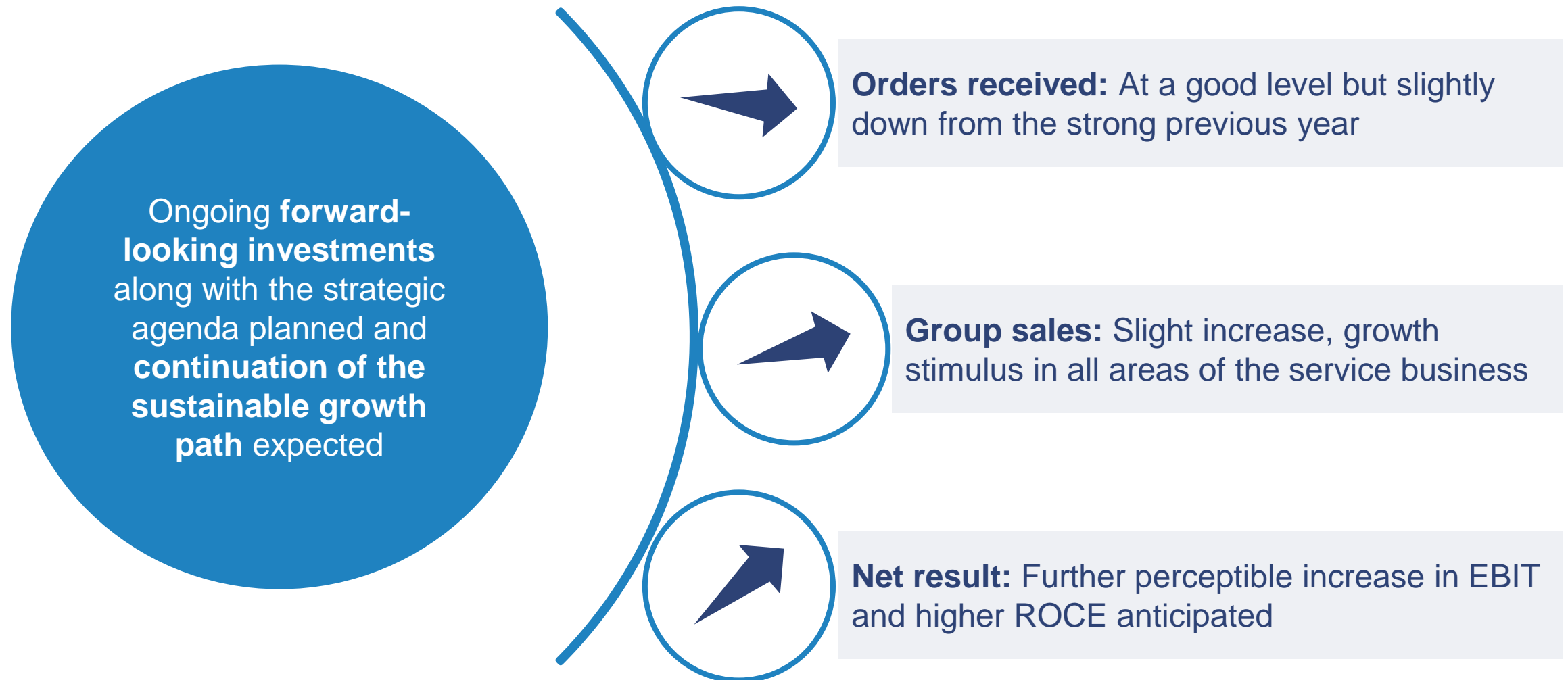
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Outlook for 2022/23 fiscal year

Voith anticipates year of sound growth

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Thank you!
Time for your
questions.

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