

Transformation completed. Focus on growth.

Annual press conference, Stuttgart, December 13, 2016

Agenda

1. 2016 fiscal year: Transformation completed
2. Voith in the anniversary year 2017: Focus on growth

2016 fiscal year: The tasks we had set ourselves ...

1. Strengthen the **operating result** and improve the Group's net result.
2. Implement the **Voith 150+ success program** as planned.
3. Continue the positive development of the **Group Divisions**.
4. Push ahead with the Group's transformation, implement **digital agenda**.

2016 fiscal year: ... we accomplished

1. Strengthen the operating result and improve the Group's net result.

Group's net result up €122 million.

2. Implement the Voith 150+ success program as planned.

Success program brought to conclusion, savings in current fiscal year expected to exceed the planned €250 million.

3. Continue the positive development of the Group Divisions.

All Group Divisions performed better than in previous year;
profit from operations (PfO) in core business up 18%.

4. Push ahead with the Group's transformation, implement digital agenda.

Voith Industrial Services sold, Voith Digital Solutions set up.

Group's profitability considerably improved – high contribution from operating result

Profit from Operations (Group)

€275 million



2014: €235 million; 2015: €270 million

Return on sales (Group)

6,5 %



2014: 5.6%; 2015: 6.3%

Net result (Group)

€29 million



Up +
€122 million

2015: €-93 million

Group's profitability considerably improved – high contribution from operating result

Profit from Operations (PfO) (core business)

€295 million



2015: €250 million

Return on sales (core business)

7,0%



2014: 5.3%; 2015: 5.8%

PfO Voith Hydro

€105 million



2015: €101 million

PfO Voith Paper

€76 million



2015: €58 million

PfO Voith Turbo

€114 million

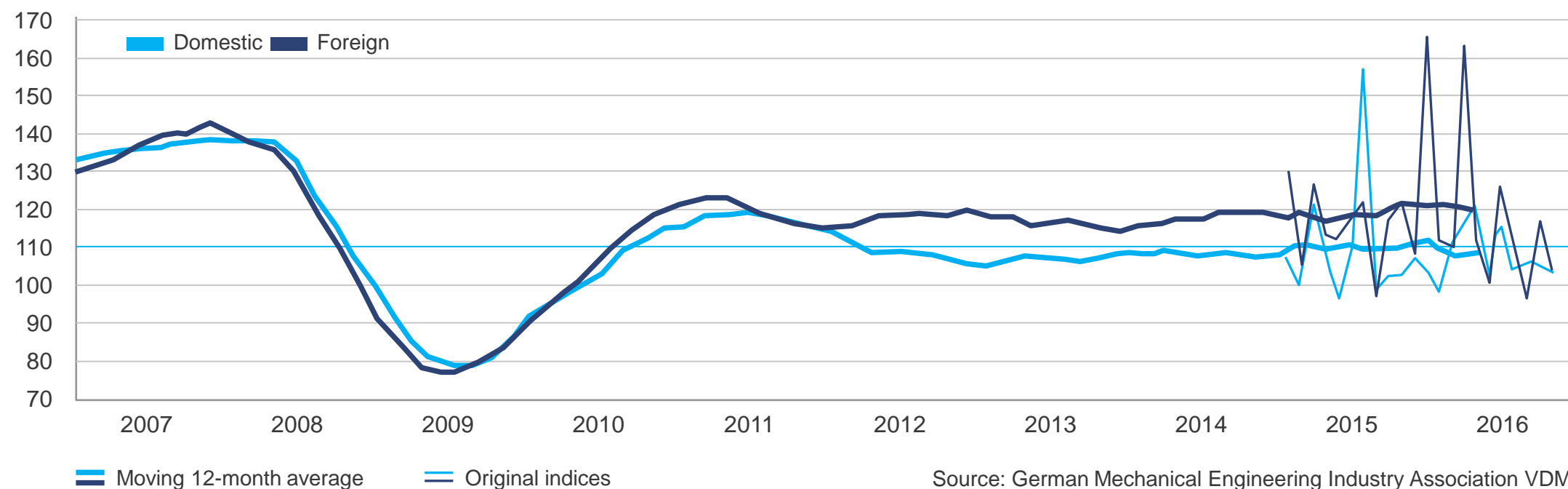


2015: €91 million

Market environment remains difficult for German mechanical engineering sector

Orders received in the mechanical engineering sector in Germany

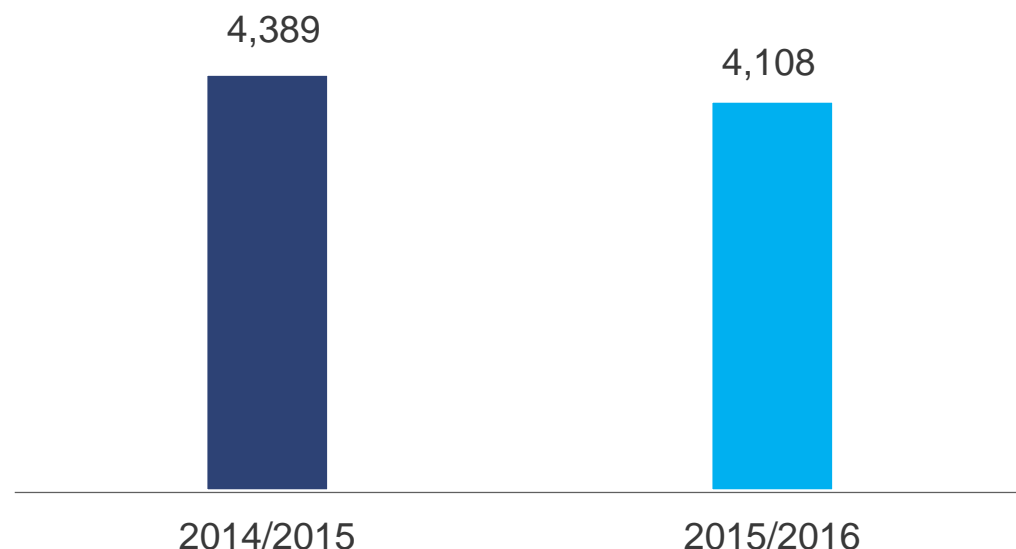
Indices adjusted for inflation, basis: 2010 sales = 100



Orders received remain at high level overall despite modest market activity

Orders received Group*

(In € millions)



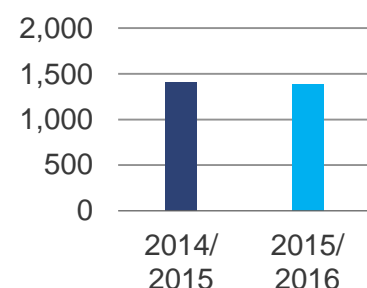
- Orders on hand rise to €5,307 million as at the end of the fiscal year (previous year: €5,286 million).
- Orders received down 6% compared with previous year.

* Excluding the discontinued Voith Industrial Services Group Division.

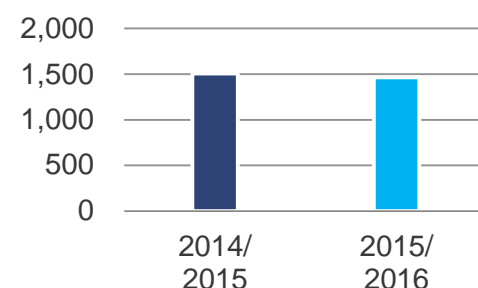
Level of orders received varied among Group Divisions

Orders received Group Divisions (In € millions)

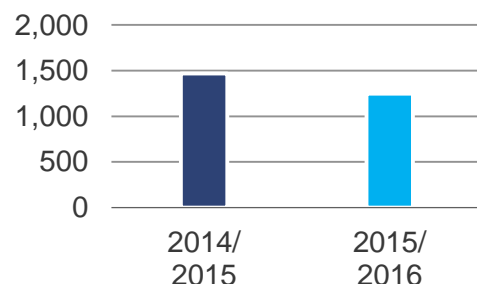
Voith Hydro



Voith Paper



Voith Turbo



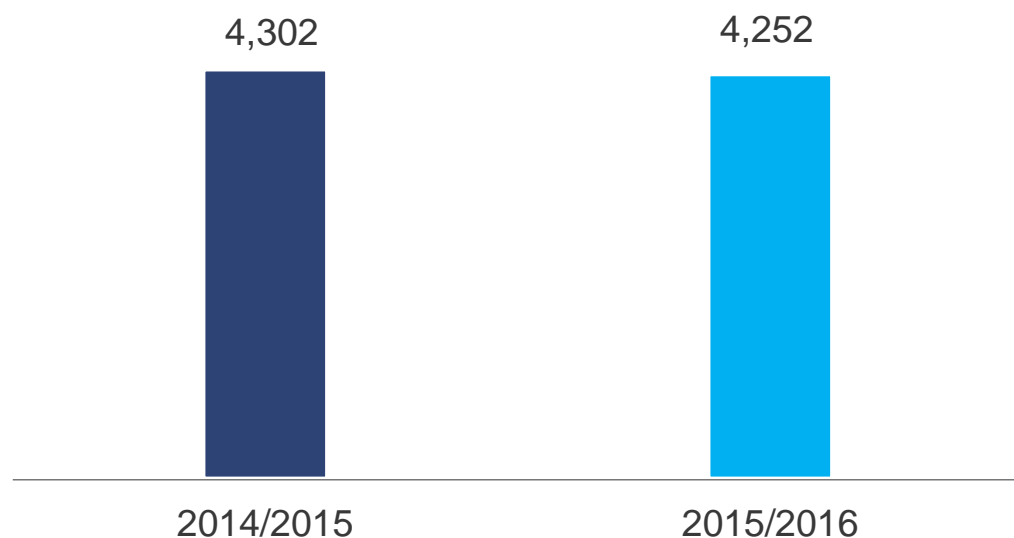
- In difficult markets, orders received at Voith Hydro and Voith Paper at previous-year level.
- Decline in investments on the raw materials market and the oil & gas market affected orders received at Voith Turbo.
- Drop in demand in Chinese market for rail vehicles.

Group's sales at previous-year level – market position defended or expanded

Sales Group*

(In € millions)

- Adjusted for currency effects, the Group's sales are stable.

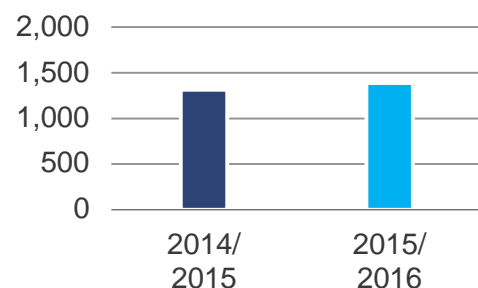


* Excluding the discontinued Voith Industrial Services Group Division.

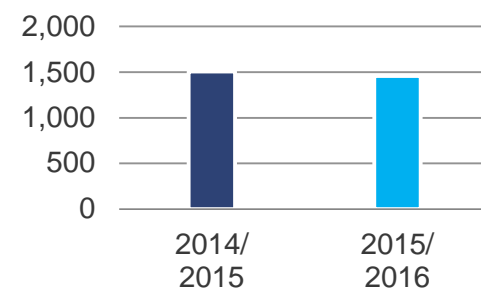
Sales development overall stable in continuing Group Divisions

Sales Group Divisions (In € millions)

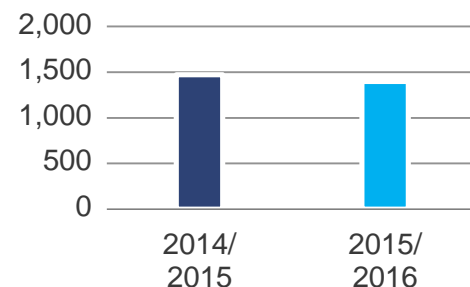
Voith Hydro



Voith Paper



Voith Turbo



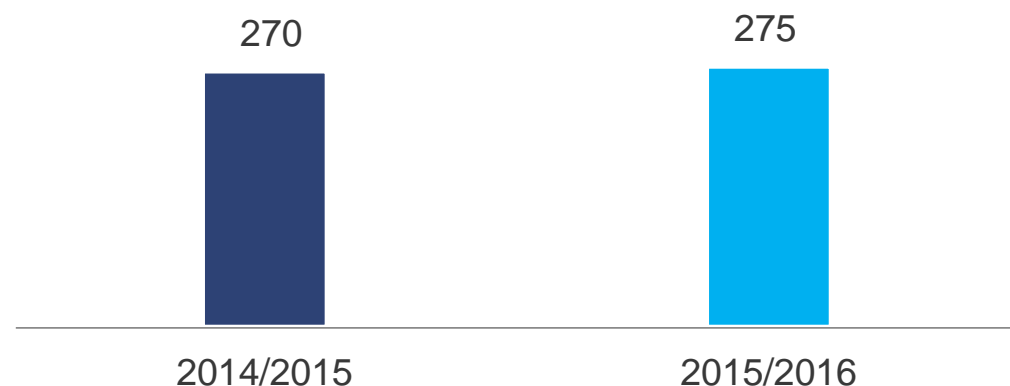
- Voith Hydro shows positive sales development.
- Sales at Voith Paper roughly at previous-year level.
- Persistently low prices for oil and raw materials have negative impact on sales at Voith Turbo.

Profit from operations raised further at Group level and in particular in core business

- Operating result of core business fields increased considerably by 18%.
- This growth is counterbalanced at Group level by currency effects and targeted costs for setting up Voith Digital Solutions.

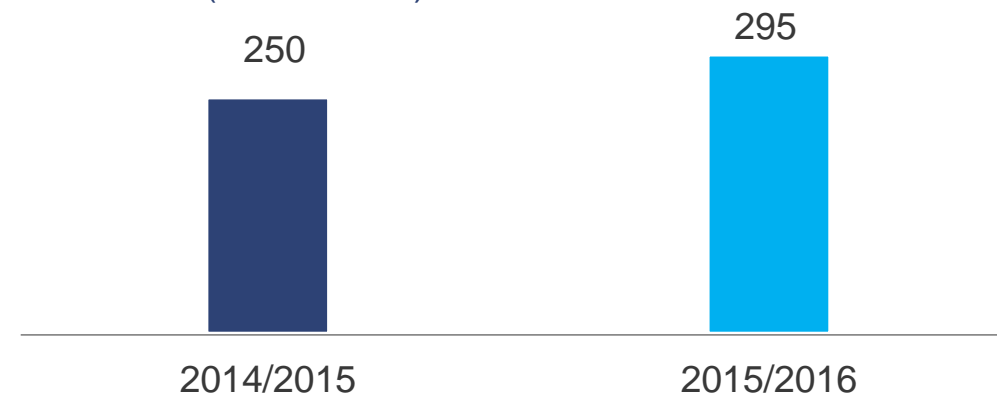
Profit from operations Group*

(In € millions)



Profit from operations Group Divisions

Core business (In € millions)



* Excluding the discontinued Voith Industrial Services Group Division.

Improvement in return on sales and ROCE

Return on sales (RoS) Group*

(In percent)



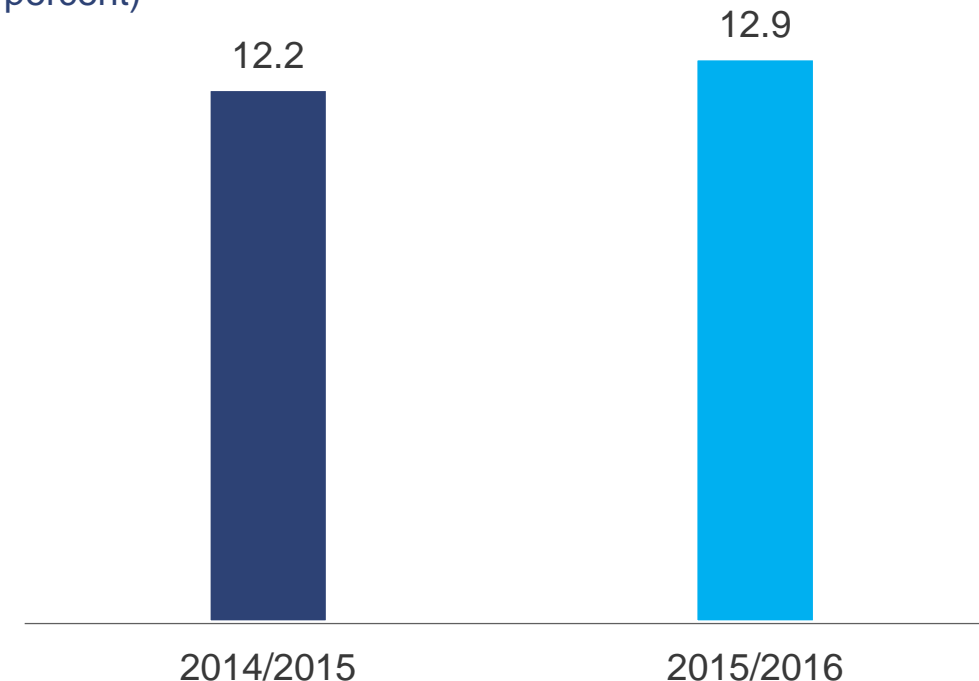
Return on sales (RoS) core business

(In percent)



Return on capital employed (ROCE)*

(In percent)

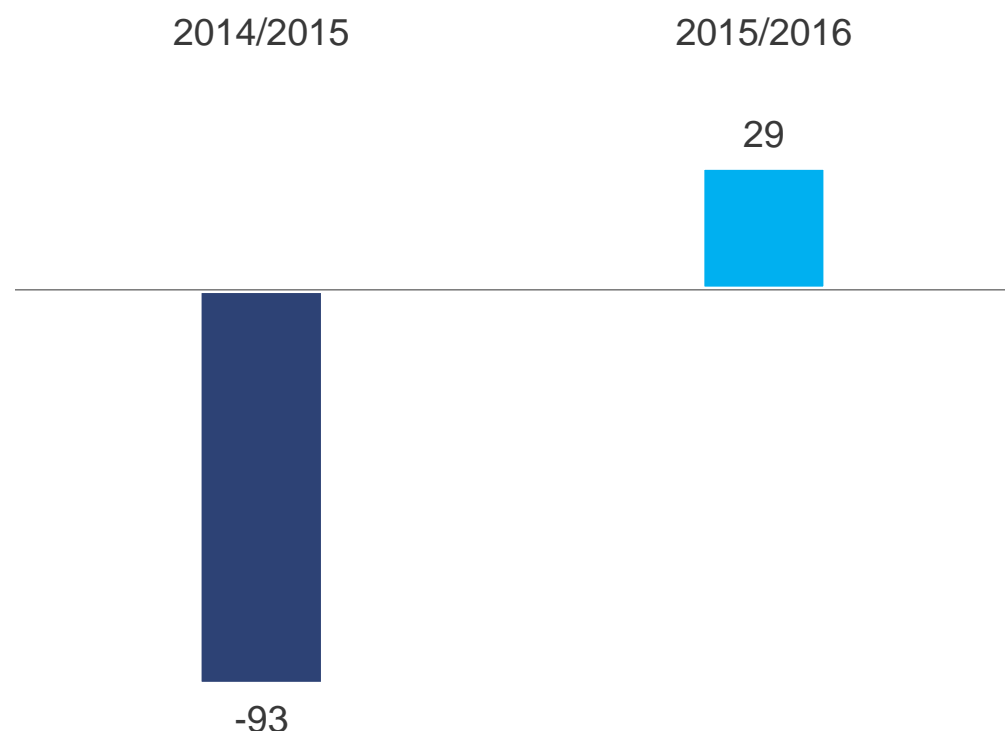


* Excluding the discontinued Voith Industrial Services Group Division.

Improvement in Group's net result – return to positive figures

Group's net result

(In € millions)



- Group's net result grows by €122 million, returning to positive figures despite non-recurring effects (including negative net result of the sold Voith Industrial Services division).
- Adjusted for these accounting factors, the Group's net result would be €125 million.

Capex volume increased, R&D expenditure remains high

Capital expenditures Group*

(In € millions)



Research and development Group*

(In € millions)



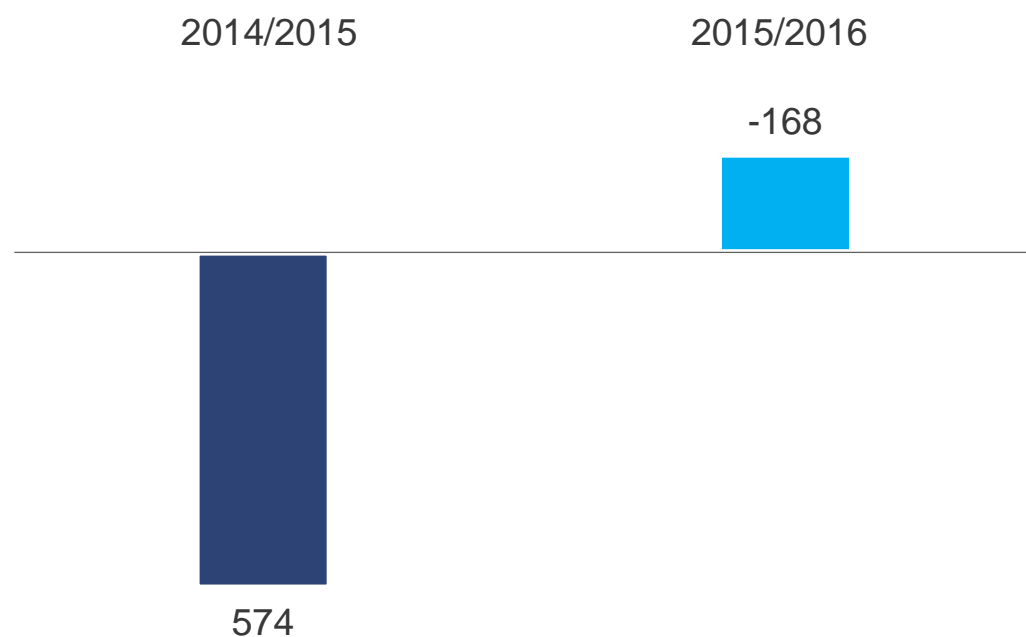
- Increased investments in improving productivity and in the future strategic alignment.
- At 4.9%, the Voith Group's R&D spending as a percentage of sales was at previous-year level.

* Excluding the discontinued Voith Industrial Services Group Division.

Net debt reduced substantially

Net debt

(In € millions)

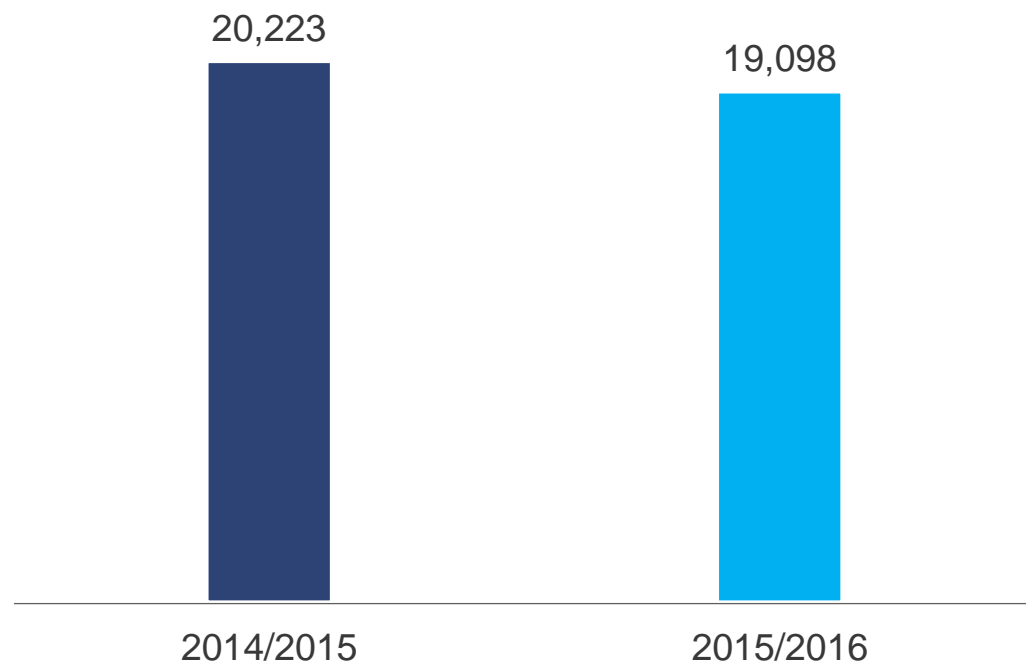


- Significant amounts of net debt repaid in the course of the past fiscal year.
- Sale of Voith Industrial Services and reclassification of KUKA shares from investments accounted for using the equity method to current financial assets.

Headcount adjusted as part of the Group's transformation

Employees Group*

As at September 30



- Headcount reduction due to restructuring measures and the Group's transformation as part of the Voith 150+ program.

* Excluding the discontinued Voith Industrial Services Group Division.

The Voith 150+ success program takes effect




- Transformation of the Group and restructuring completed.
- Program consistently implemented, all measures effective.
- Savings targets for 2017 will be overachieved.
- Voith thus efficient and fit for the future.

Stable and profitable business at Voith Hydro

Highlights – Pump turbines supplied for the first hybrid power plant worldwide combining pumped-storage technology with wind power.

Voith Paper reports positive development – orders received for board and tissue paper



Highlights: Successful cooperation between Voith and Lee & Man: Voith supplies two more tissue machines TM 11 and TM12 to Dongguan (China).

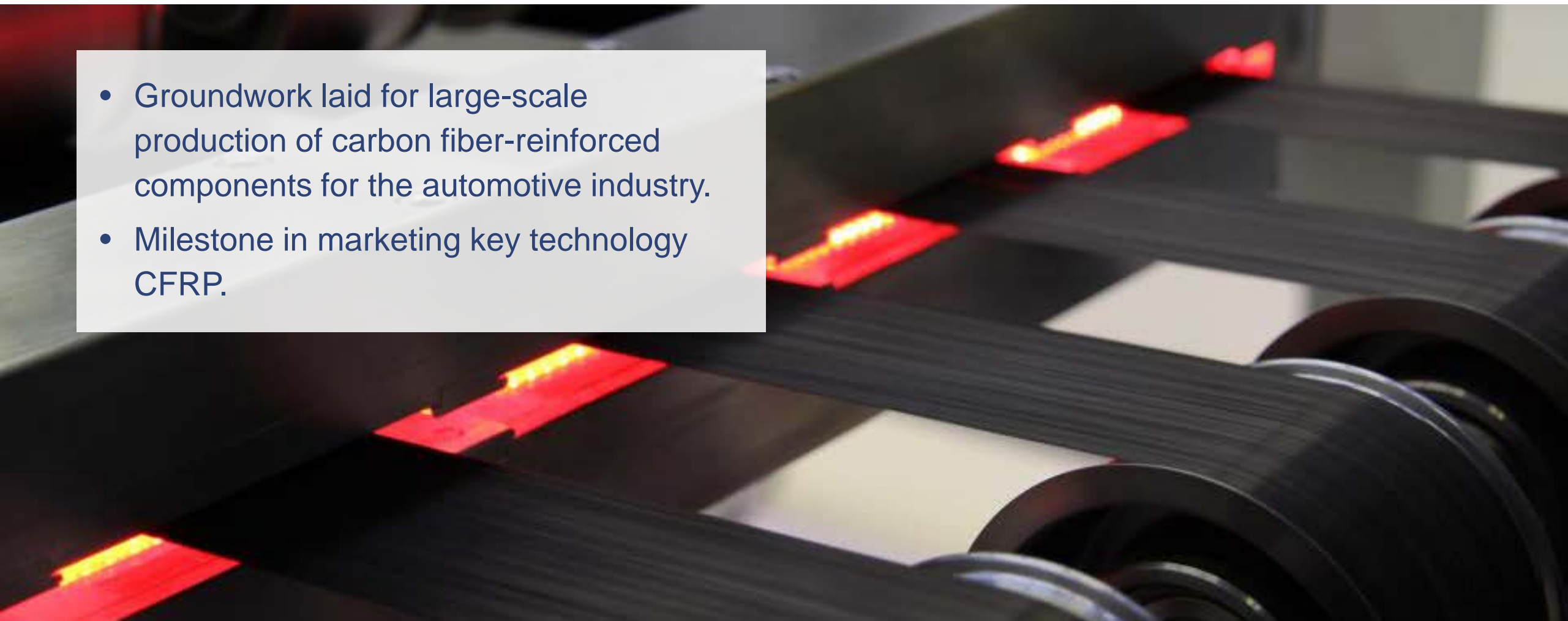
Voith Turbo improves profit from operations

Highlights: Voith to supply 212 Scharfenberg couplers and 525 semi-permanent couplers to Berlin's S-Bahn operator by 2023.



Our business field Voith Composites achieves milestone in CFRP production

- Groundwork laid for large-scale production of carbon fiber-reinforced components for the automotive industry.
- Milestone in marketing key technology CFRP.



Digital agenda implemented and Voith Digital Solutions established

- Voith Digital Solutions established as at April 1, 2016, comprising the Group's digital and automation activities.
- Sales of €400 million and some 1,500 employees in 60 countries already today.
- €100 million for development budgeted for the next two fiscal years.
- More than 20 incubation projects at alpha or beta stage.
- First new developments such as HyGuard on the market, expanding the existing portfolio.







Voith Industrial Services (VI) handed over

- Sale successfully completed of majority holding in this Group division, which no longer fitted our strategic profile.
- Important milestone on our way to shaping the digital industry.
- Sale generates cash inflow.

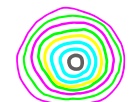


Conclusion: Voith advances toward its anniversary year 2017 with renewed strength

- ① Transformation of the Group and restructuring completed. 
- ② Operational earnings power, return on sales and ROCE strengthened considerably. 
- ③ Clearly positioned for the digital age. 
- ④ Ready for a new phase of growth. 

Agenda

1. 2015/2016 fiscal year: Transformation completed
2. Voith in the anniversary year 2017: Focus on growth



Welcome
to the Next
150 Years

Outlook for anniversary year 2017: Our focus

- Transformation of the Group visibly takes effect, operational earning power perceptibly strengthened.
- The next task: focus on growth.
- Continuing the digital transformation of our technology and services portfolio.
- Positioning Voith Digital Solutions as central enabler.



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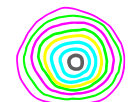
Outlook for anniversary year 2017: Framework conditions for our plans

External

- Political and economic environment will remain fragile.
- China still growth driver for global economy, with its economic climate expected to cloud over.
- Investing activities in the Voith markets will remain modest.

Internal

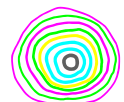
- Annual savings as a result of the Group's transformation to be realized in full for the first time; in 2016/2017 more than the planned €250 million.



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Voith in the anniversary year 2017: Our forecast

- Orders received to rise slightly, sales at previous-year level.
- Profit from operations to continue to rise in core business.
- Profitable core business will enable investments for Digital Solutions.
- Profit from operations at Group level clearly positive; slightly lower than in the previous year due to investments in Digital Solutions.
- The Group's net result will be clearly positive once again (even without the expected proceeds from the KUKA sale).



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Voith in the anniversary year 2017: Looking to the future

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Innovative strength

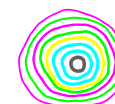
Internationalization
and global reach

Sustainable corporate
governance, long-term
orientation

Technology leader for the past 150 years:
We have a lot planned for the future, too



**“We played a major role in shaping the first industrial revolution.
We want to do the same in the fourth one!”**



Welcome
to the Next
150 Years

VOITH

Inspiring Technology
for Generations