



Financial Results H1/2014

25 July 2014

- Record sales and order intake
- High customer call orders led to logistical and operational pressure on the existing technical capacity at both at our suppliers and in the Powder Metallurgy division
- Strong improvement in working capital
- New product launches proceeded consistently stable and on schedule
- Brazil: customer deliveries of oil pumps started
- China: first business contract with Truck & Off Highway customer signed
- North America: further prototype order from Detroit 3 car company received
- New mechanical line in the Brake Disc division running at full speed
- Framework agreement signed with Shandong Longji to draw up a joint venture contract

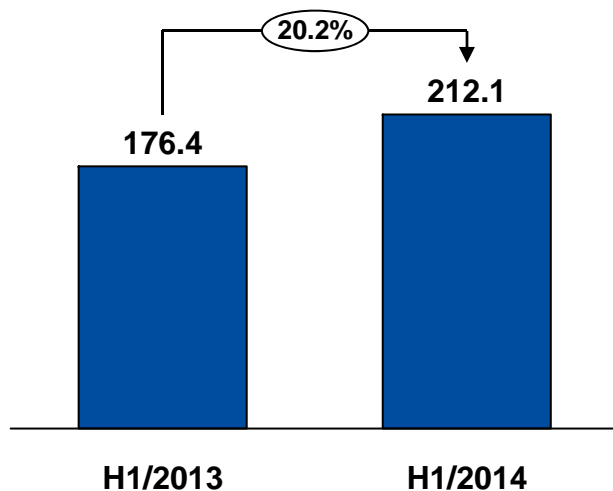
Sales and EBITDA fully within target range



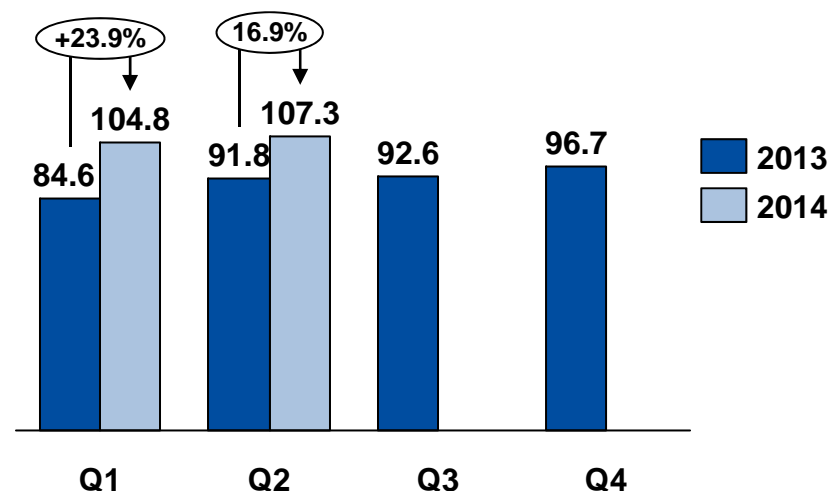
€m	H1/2014	H1/2013	Change in %
Group sales	212.1	176.4	+20.2%
Incoming orders	221.4	195.1	+13.5%
Adj. EBITDA	19.0	17.1	+11.5%
Depreciation (excl. PPA)	8.4	6.4	+32.4%
Adj. EBIT	10.6	10.7	-0.9%
Net income for the period	7.2	6.6	+9.0%
EPS (in €)	1.23	1.13	+9.0%
Working Capital Ratio (%)	10.1	15.6	
Capex	18.0	17.2	+ 4.5%
Free cash flow	-8.7	-16.9	
Net Debt	-17.4	-20.1	
ROCE (%)	17.2	16.4	
No. of employees (average)	1.119	1.045	+7.0%

Clearly outperforming European car market

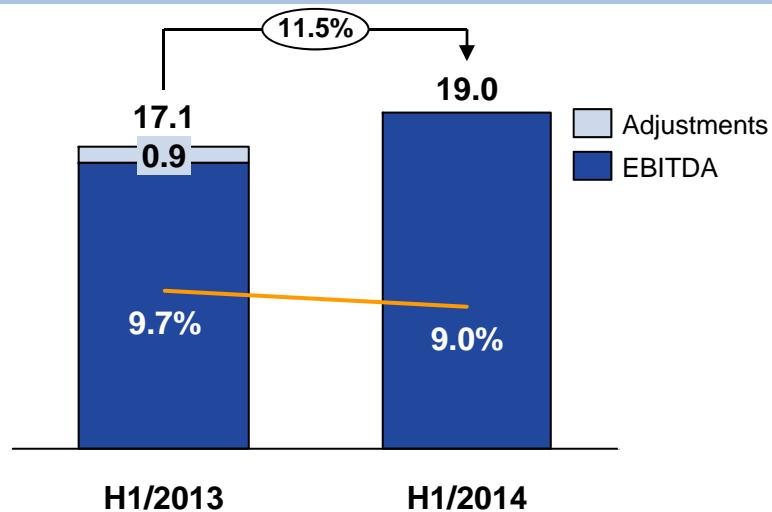
Sales (€m)



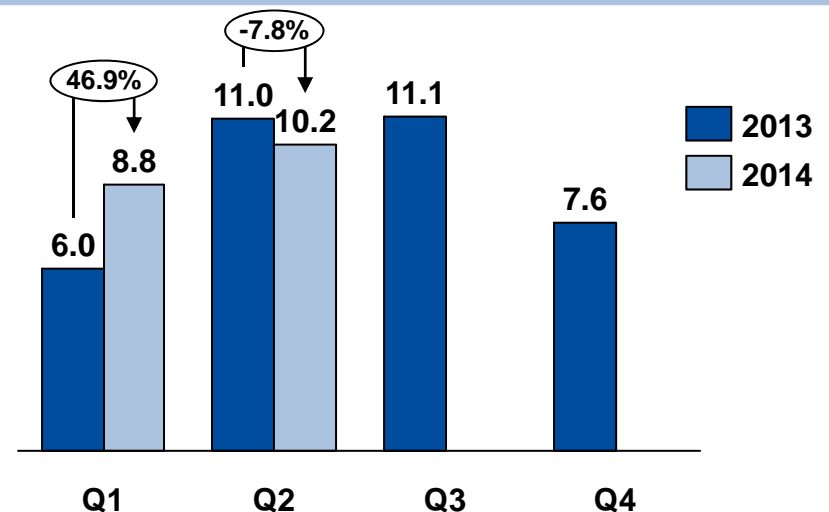
Sales by quarter (€m)



Adj. EBITDA (€m)

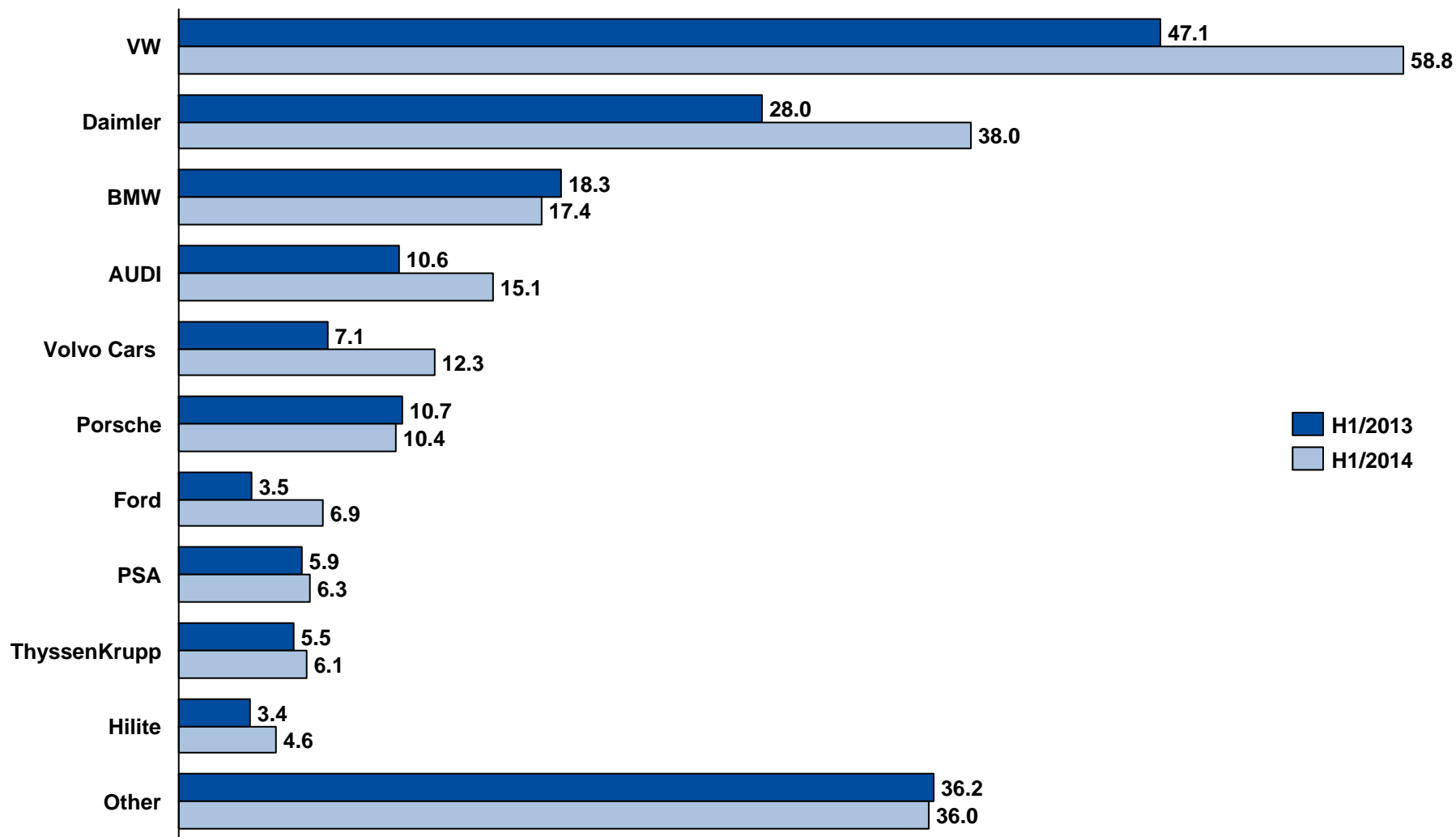


Adj. EBITDA by quarter (€m)



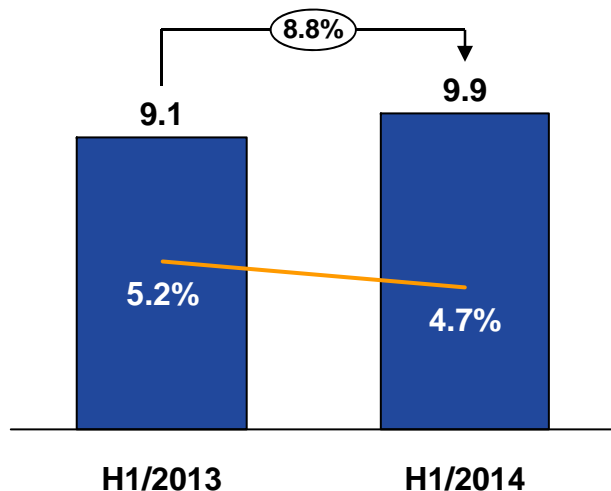
New product launches and high level of customer call orders main growth drivers

Sales by customer (€m)

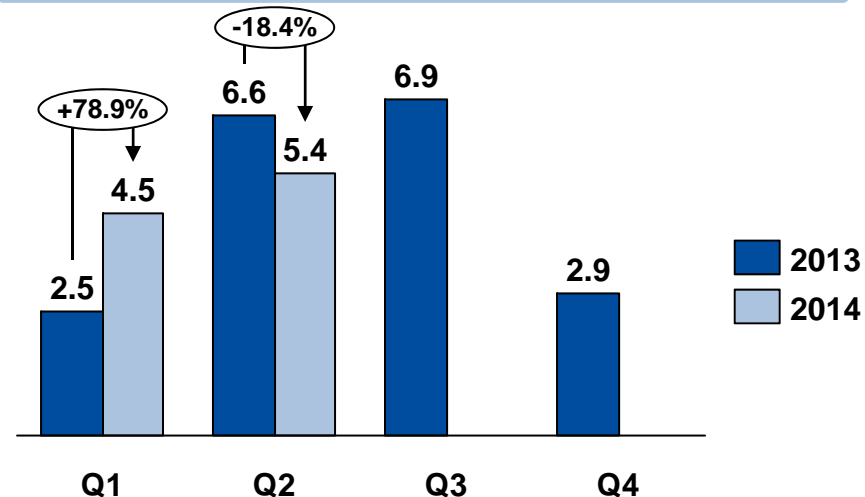


SHW well positioned with German OEMs

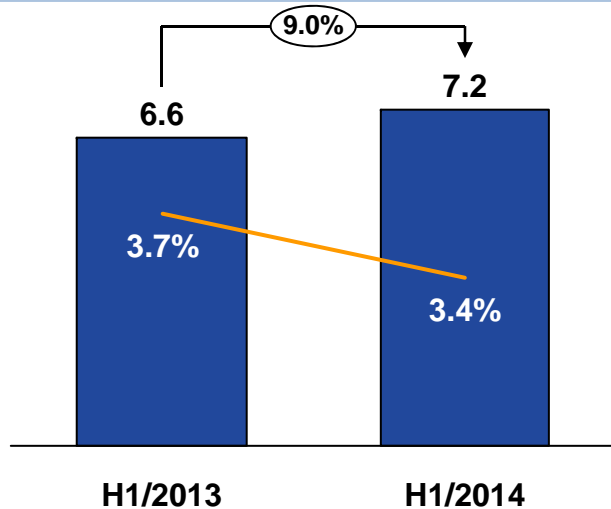
EBT (€m)



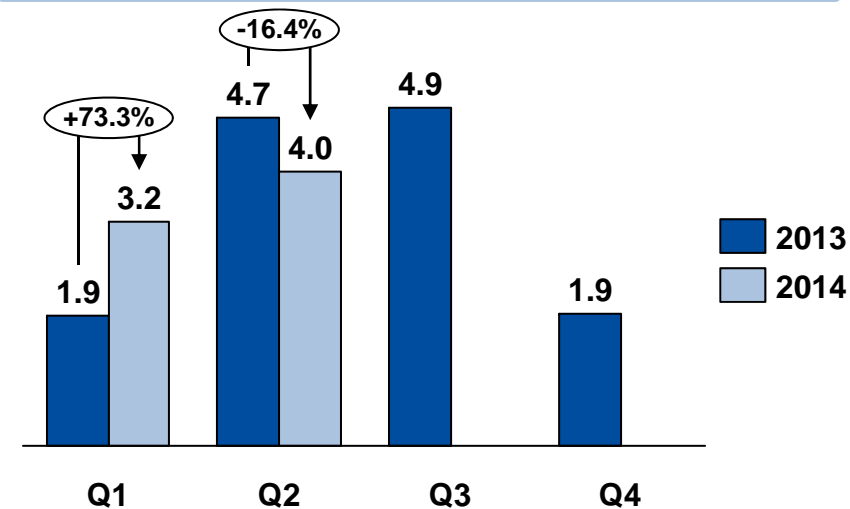
EBT by quarter (€m)



EAT (€m)



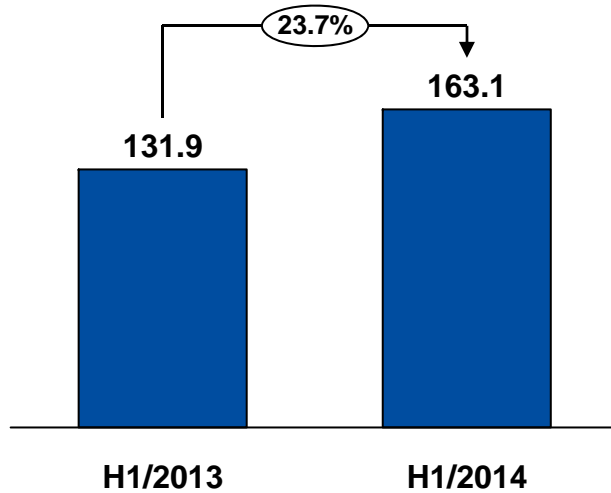
EAT by quarter (€m)



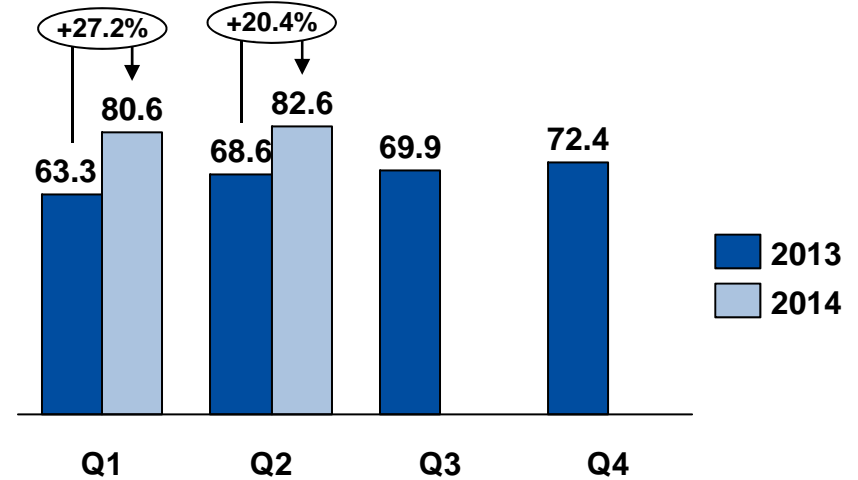
Pumps & Engine Components



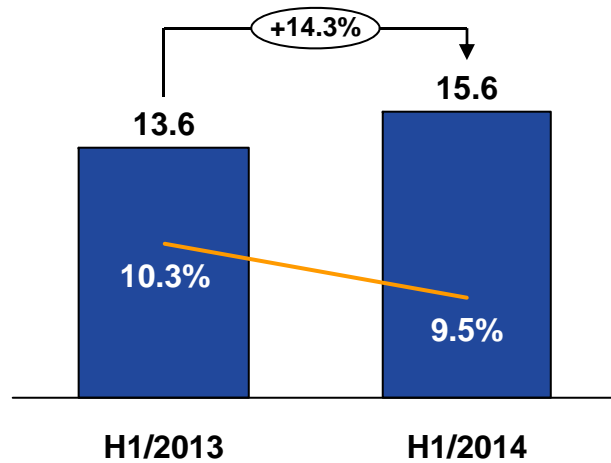
Sales (€m)



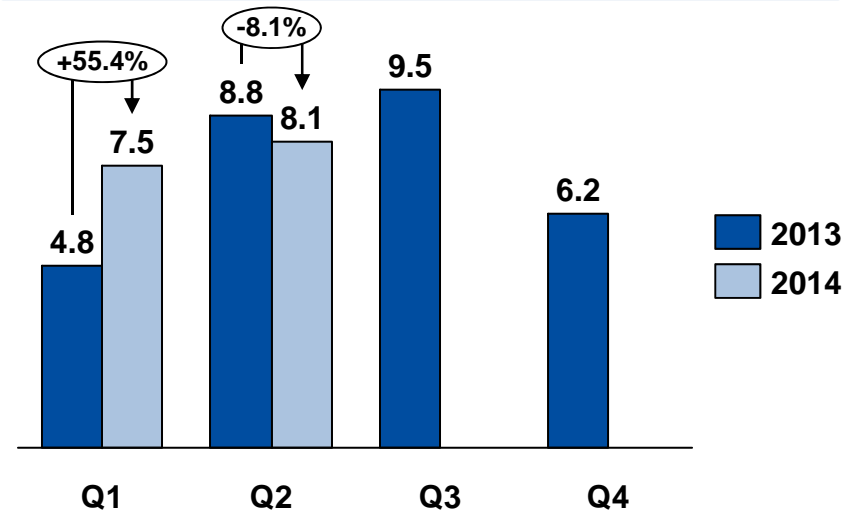
Sales by quarter (€m)



Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)

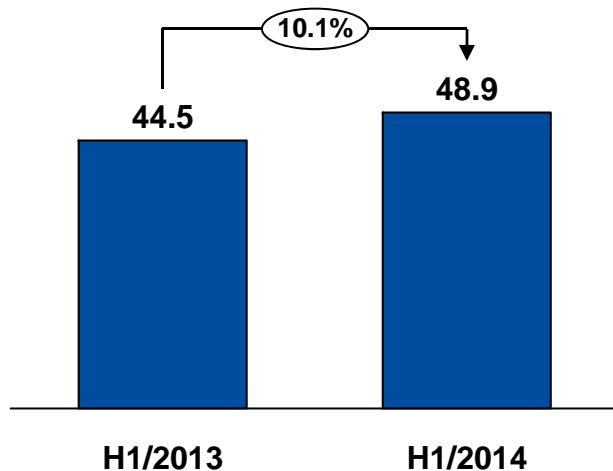


- Strong growth with highly innovative products (CAGR 2013 – 2017: 8.1 percent to approx. € 60m)
- Average age of installed capacities: 15 years
- Updated 3 year investment programme in the lower double digit million range approved by Supervisory Board
 - Capacity expansion in the areas of pressing, sintering, calibration and finishing
 - Optimisation / Automation of production processes and procedures
 - Rationalisation
 - Building / Infrastructure
- Current performance dilutes EBITDA margin on Group level by up to 100 bps

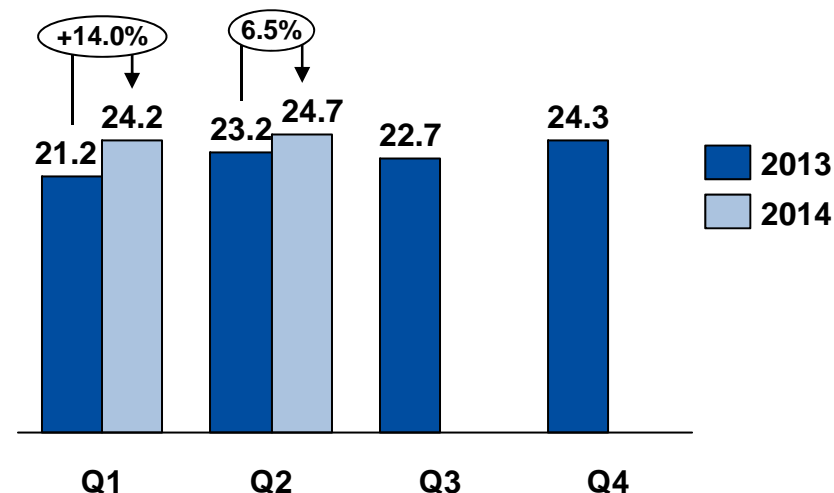
Brake Discs



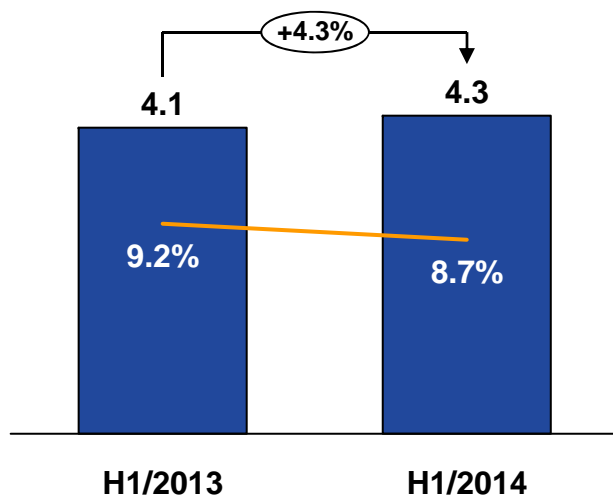
Sales (€m)



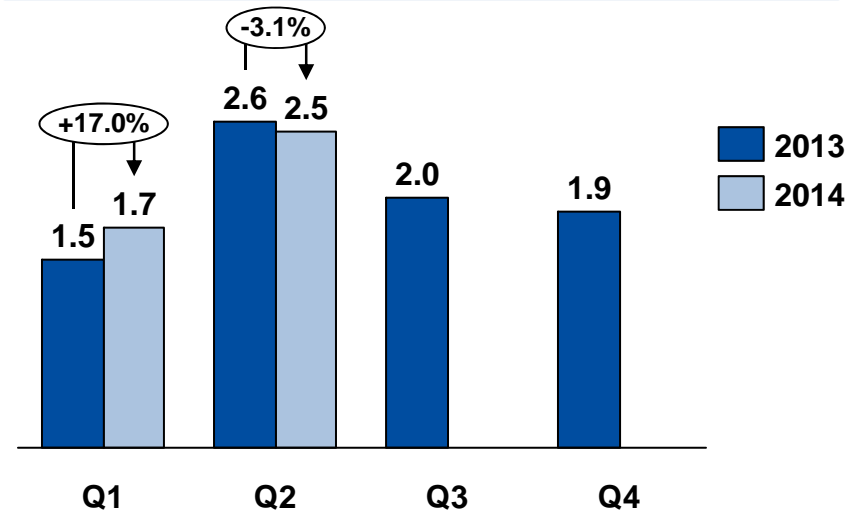
Sales by quarter (€m)



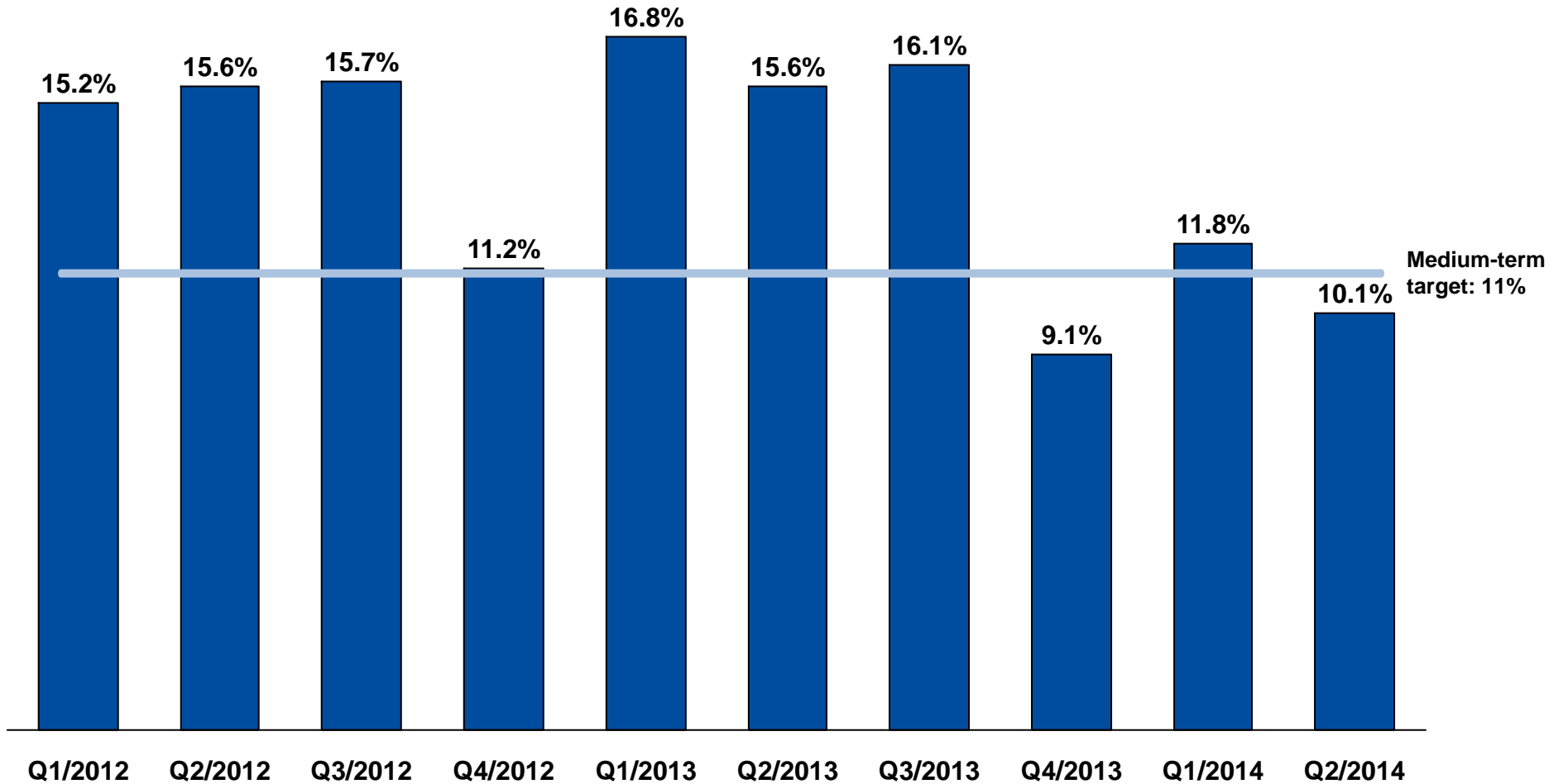
Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)



Net Working Capital / Sales (LTM)



First positive results from logistics optimization projects

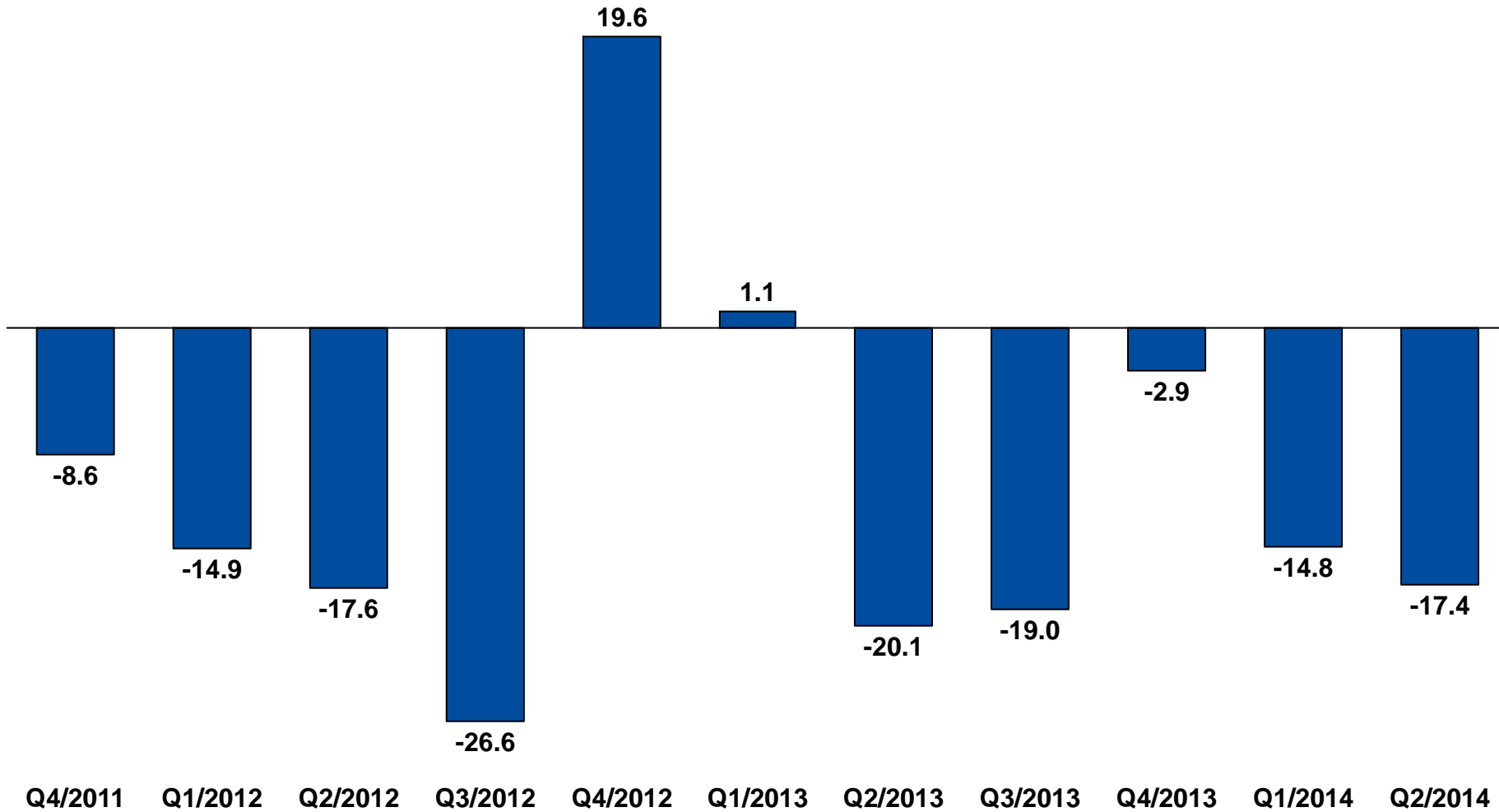
(€m)	Q2/2014	Q2/2013	H1/2014	H1/2013
Cash flow from operating activities	12.1	11.2	12.1	0.3
Cash flow from investing activities	-8.7	-9.0	-20.7	-17.2
Free cash flow	3.3	2.2	-8.7	-16.9
Other (esp. dividends)	-5.9	-23.4	-5.8	-22.9
Change in net cash	-2.5	-21.2	-14.5	-39.8

Strong improvement of operating cash flow due to positive development in working capital

Net debt



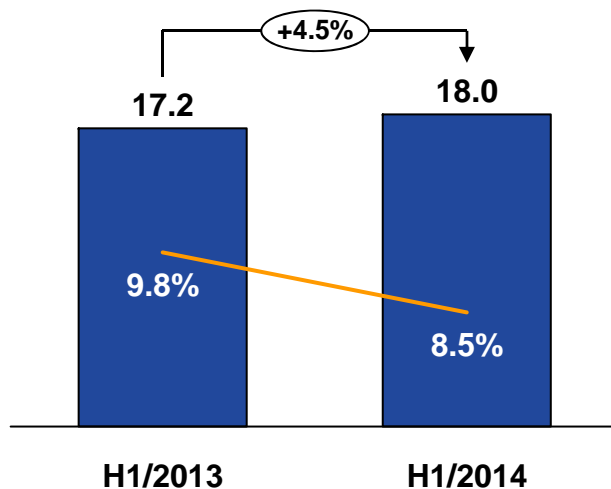
Net debt (€m)



Capex – Depreciation

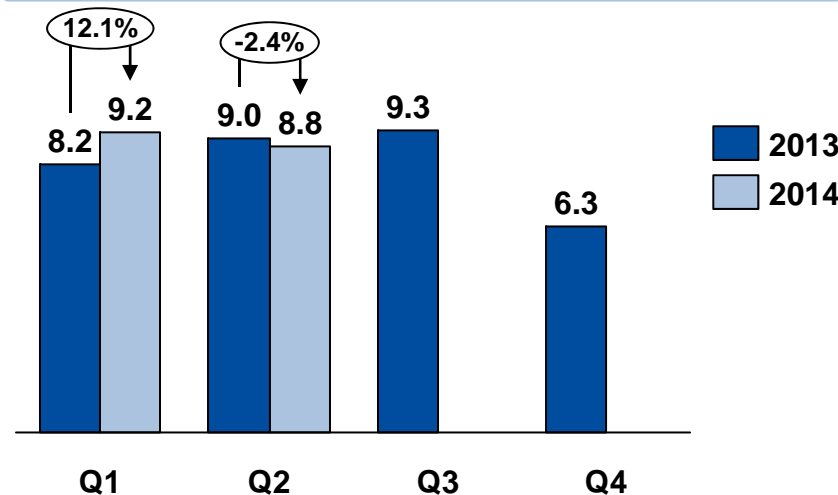


Capex* (€m)

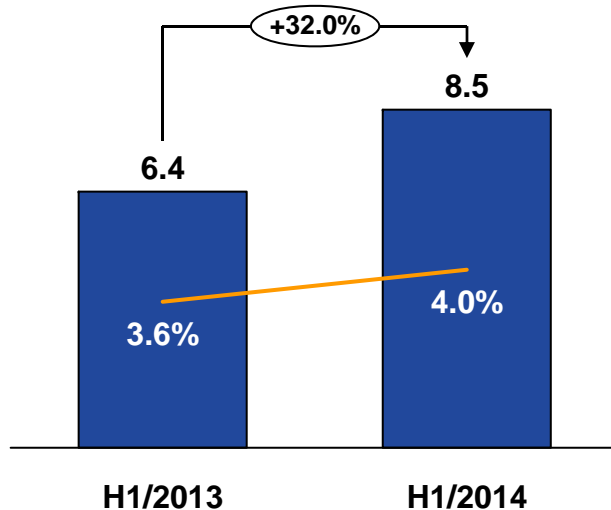


* Additions to tangible and intangible assets

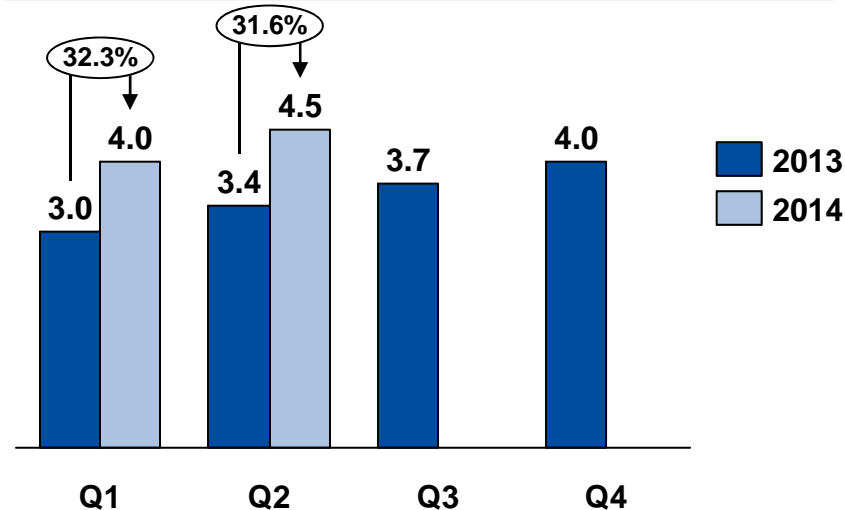
Capex* by quarter (€m)



Depreciation (€m)



Depreciation by quarter (€m)



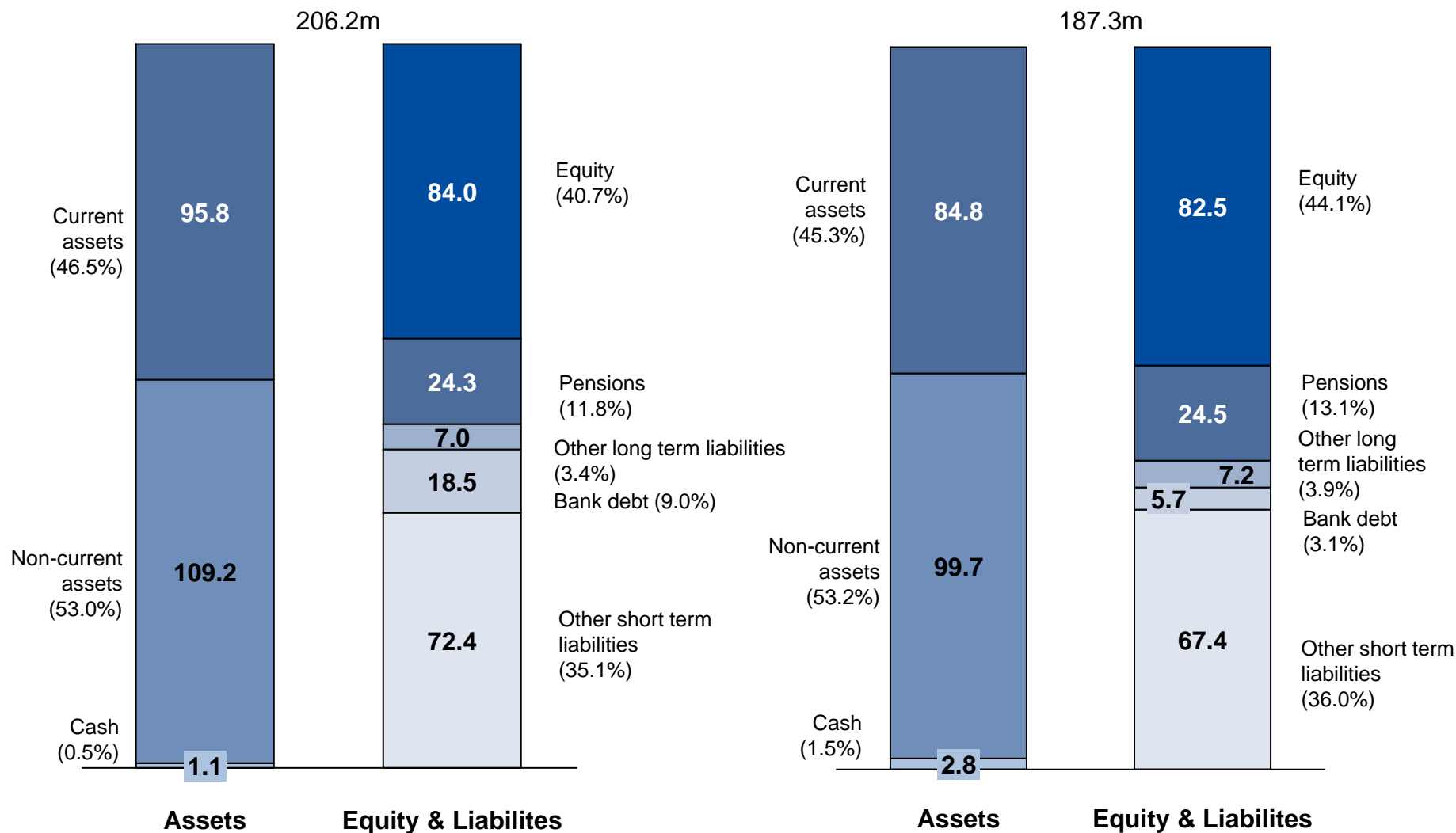
Capex remains on a high level

Sound financial profile



Balance sheet as at 30 June 2014 (€m)

Balance sheet as at 31 December, 2013 (€m)



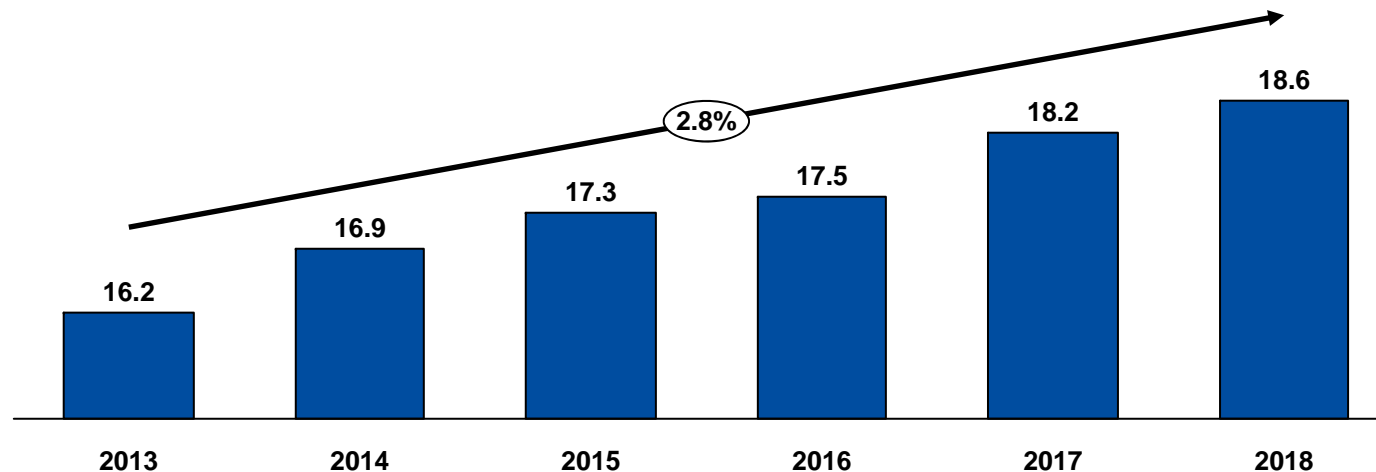
Equity ratio above industry average

Update CEO Agenda: Status North America



- Management team on board (General Manager, Sales Manager, Operations Manager, Engineering Manager, Quality Manager)
- Development centre and administration building occupied
- First global project prototype order received
- Intensive customer talks ongoing; RFQ process started
- Installation of performance test stand in August
- Decision regarding manufacturing site for large-scale production in the course of H2/2014

Light vehicle production (< 6 t) – North America (m units)

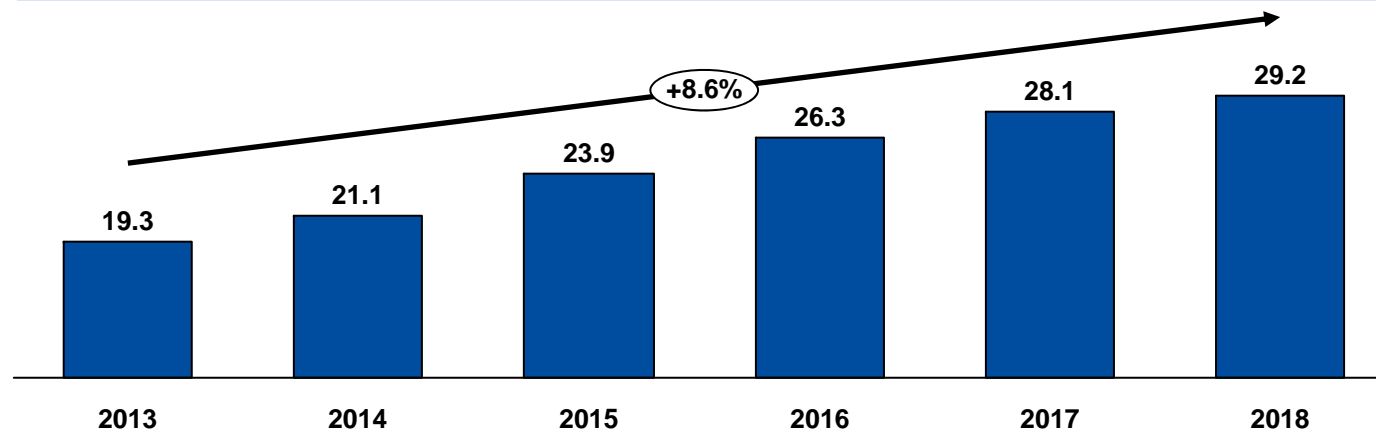


Source: PwC Autofacts – July 2014

SHW seamlessly ties up with activities in US market

- First contract for European T&OH customer project signed
- Project team started work
- Production facility rented in Kunshan (Yangtze River Delta)
- Chinese employees for sales, purchasing and quality management hired
- Start of serial production expected in the course of 2015
- Additional customer projects and RFQ in process

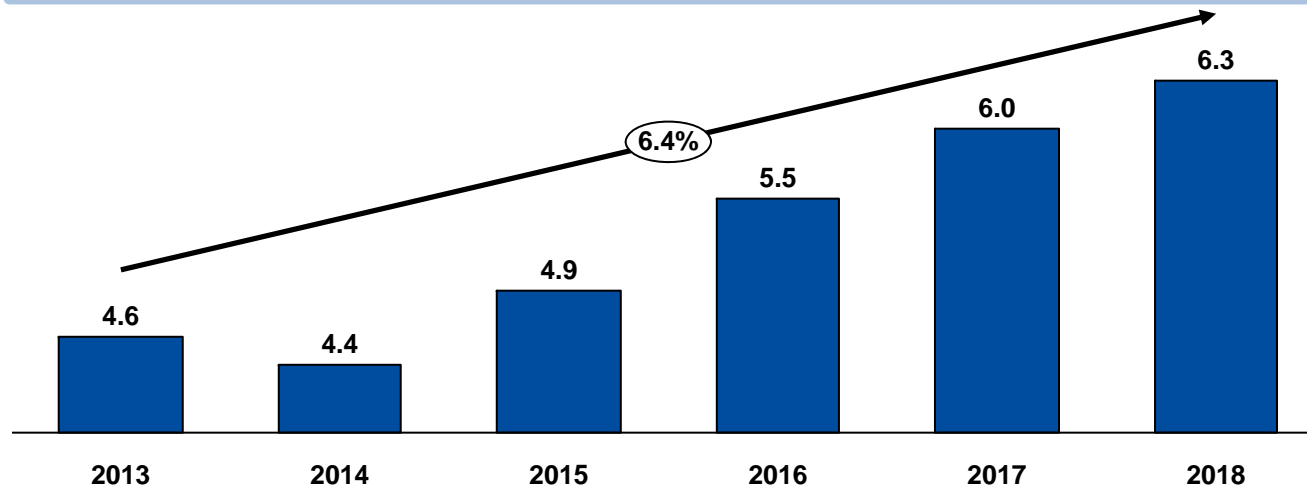
Light vehicle production (< 6 t) – China (m units)



Source: PwC Autofacts – July 2014

- Customer deliveries started on 14 July
- Export volumes will be increased from 2016 onwards by customer
- Customer RFQ's activities ongoing for new orders

Light vehicle production (< 6 t) – South America (m units)



Source: PwC Autofacts – July 2014

Considerations / Drivers

Pumps & Engine Components

- Completion of product portfolio
- Acceleration of internationalisation supporting best-cost strategy (production and sourcing)
- Expansion of vertical integration to safeguard tier 1 position (e.g. electric motors)

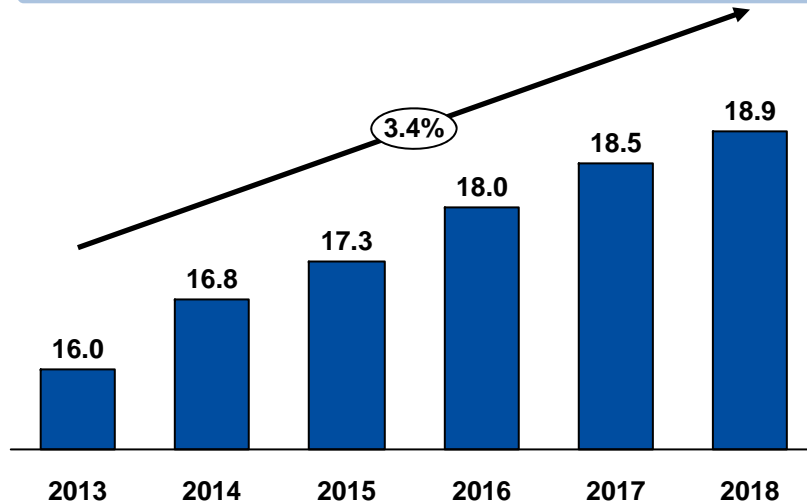
Brake Discs

- Internationalisation with an asset-light model (no investments in foundry capacities) via cooperations
- Focus on value-adding activities (e.g. machining)

Market environment in Europe further brightening



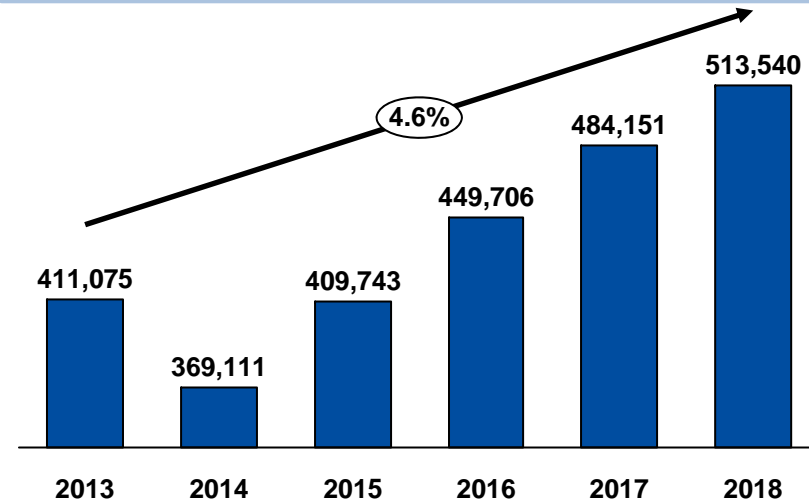
Light vehicle production (< 6 t) – Europe (m units)



m units	2013	2014	2015	2016	2017	2018	CAGR
VW Group	4,49	4,83	4,86	5,09	5,17	5,13	2,7%
PSA Group	1,93	2,01	2,00	2,02	2,08	2,13	2,0%
Renault-Nissan	1,82	1,86	1,93	2,18	2,19	2,15	3,3%
Daimler Group	1,45	1,55	1,67	1,69	1,64	1,69	3,0%
BMW Group	1,43	1,43	1,53	1,60	1,69	1,84	5,1%
Ford Group	1,07	1,18	1,18	1,09	1,13	1,16	1,6%
GM Group	0,90	0,86	0,92	1,09	1,19	1,22	6,4%

Source: PwC Autofacts – July 2014

Truck production (GVW > 6t) – Western Europe (units)



units	2013	2014	2015	2016	2017	2018	CAGR
Mercedes-Benz	97.024	87.494	95.215	102.936	109.437	114.567	3,4%
MAN Group	63.521	58.510	64.553	70.101	74.478	78.145	4,2%
Volvo	55.821	47.530	50.914	55.676	60.112	64.165	2,8%
Scania	55.320	48.707	51.527	55.475	59.214	62.661	2,5%
PACCAR	54.064	47.039	55.844	61.670	66.981	71.449	5,7%
IVECO Group	46.635	42.645	48.442	55.436	60.952	65.642	7,1%
Renault	32.165	31.176	35.845	39.984	43.721	46.950	7,9%

Source: LMC Automotive – Q2/2014

- Focal points:
 - Acquisition of new orders
 - Business expansion in Brazil, China and North America
 - Optimisation of the production processes and procedures (shop floor management)
 - Optimisation of the product development process
 - Optimisation of the entire supply chain
- Numerous new product launches
- Capex: €31m – €35m (previously: €25m – €29m)
- Group sales: €390m – €415m (previously: €380m – €400m)
 - P&EC sales: €297m – €320m (previously: €287m – €305m)
 - BD sales: €93m – €95m (unchanged)
- Adj. EBITDA: €39m – €41.5m (previously: €38m – €40m)
- Working Capital Ratio: sustainable 11 percent



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