



Financial Results 9M/2014

28 October 2014

- Record sales and order intake
- Unforeseeable rise in customer call orders for a large series product led to significant problems throughout the entire supply chain and to additional charges in the mid single-digit millions
- Continuous improvement in working capital
- Further rationalisation measures implemented in Neuhausen plant for composite brake discs
- Implementation of 3 year investment programme in Powder Metallurgy on track
- Brazil: first customer deliveries of oil pumps in July; positive EBITDA in Q3/2014
- North America: further prototype order from Detroit 3 car company received; samples delivered in September
- Ongoing negotiations with Shandong Longji to draw up a joint venture contract

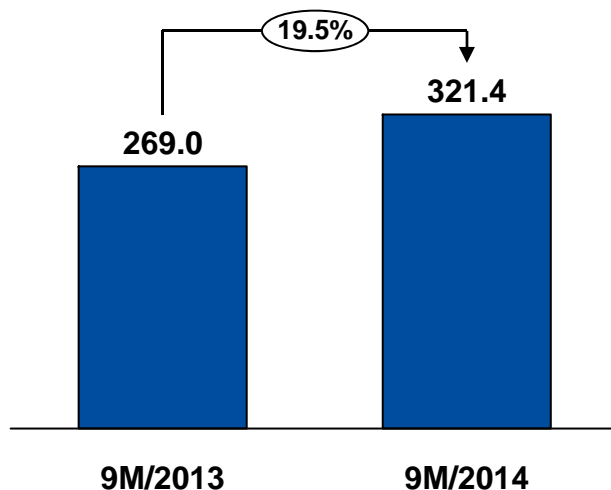
Sales and EBITDA in line with guidance



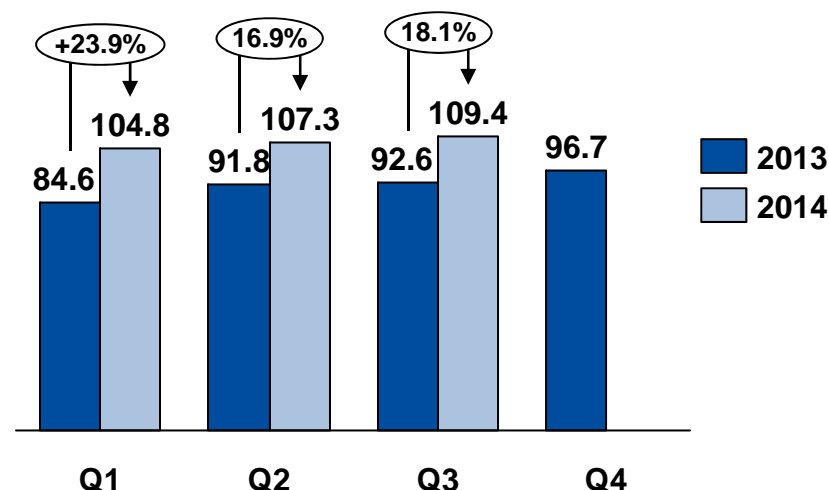
| €m | 9M/2014 | 9M/2013 | Change in % |
|----------------------------|---------|---------|-------------|
| Group sales | 321.4 | 269.0 | +19.5% |
| Incoming orders | 328.6 | 285.3 | +15.2% |
| Adj. EBITDA | 29.4 | 28.1 | +4.5% |
| Depreciation (excl. PPA) | 13.2 | 10.0 | +31.6% |
| Adj. EBIT | 16.2 | 18.1 | -10.5% |
| Net income for the period | 11.0 | 11.5 | -4.4% |
| EPS (in €) | 1.88 | 1.96 | -4.4% |
| Working Capital Ratio (%) | 11.7 | 16.1 | |
| Capex | 24.7 | 26.5 | -6.6% |
| Free cash flow | -15.9 | -15.8 | |
| Net Debt | -24.8 | -19.0 | +30.0% |
| ROCE (%) | 14.4 | 17.4 | |
| No. of employees (average) | 1.145 | 1.051 | +8.9% |

Clearly outperforming European car market

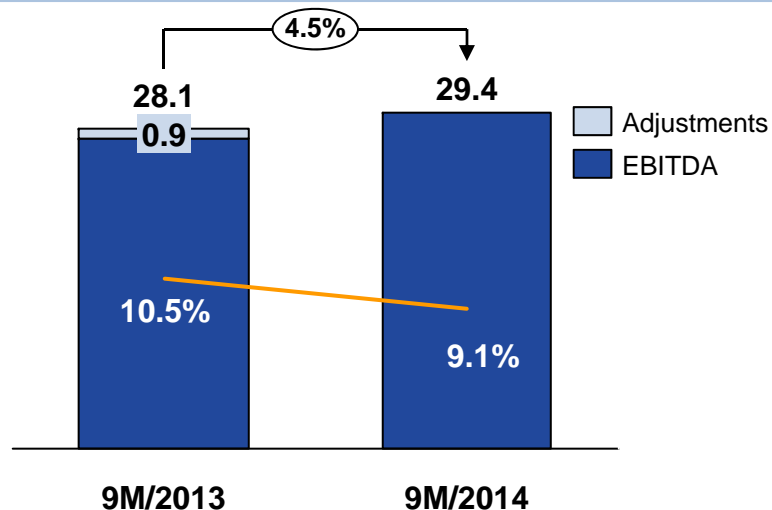
Sales (€m)



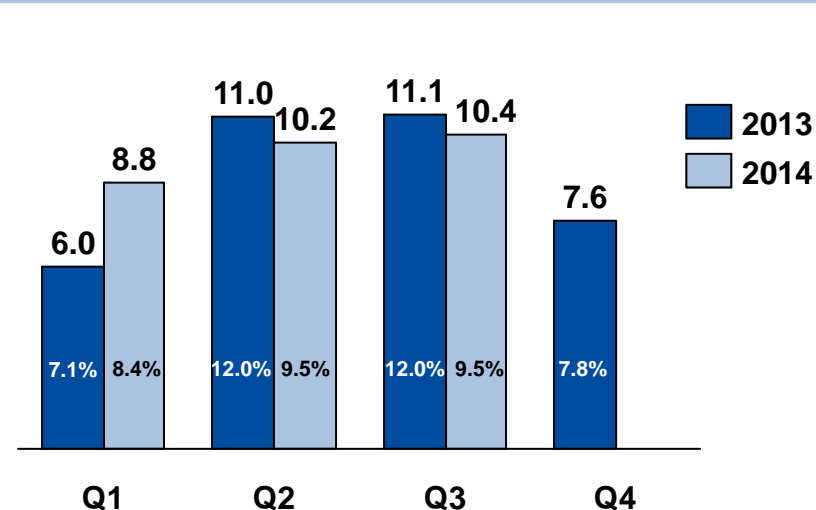
Sales by quarter (€m)



Adj. EBITDA (€m)

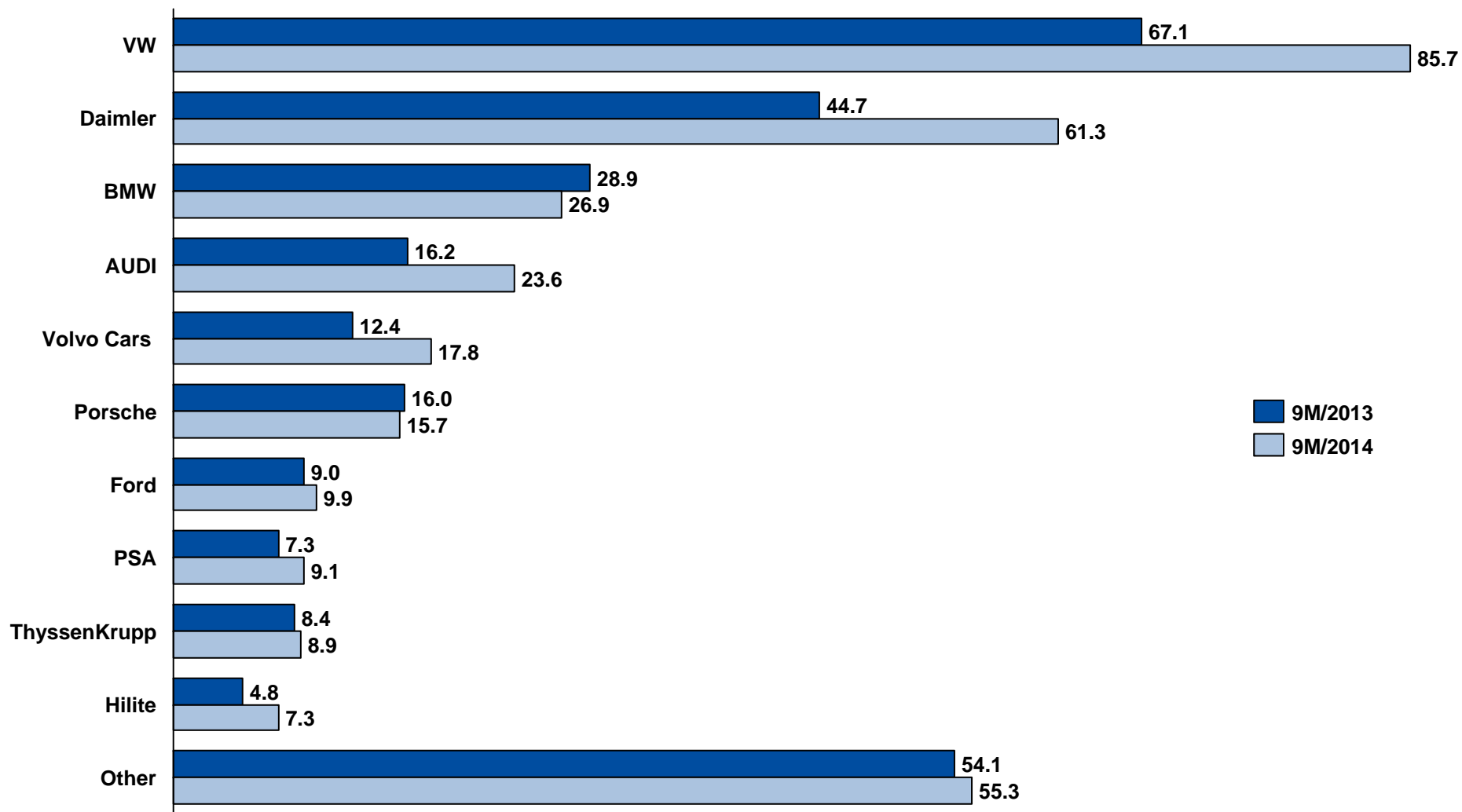


Adj. EBITDA by quarter (€m)



Sequential improvement of operating result despite considerable operational and logistical issues

Sales by customer (€m)

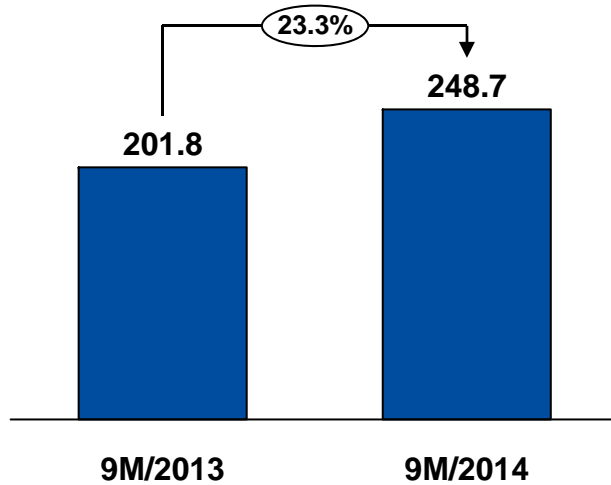


SHW well positioned with German OEMs

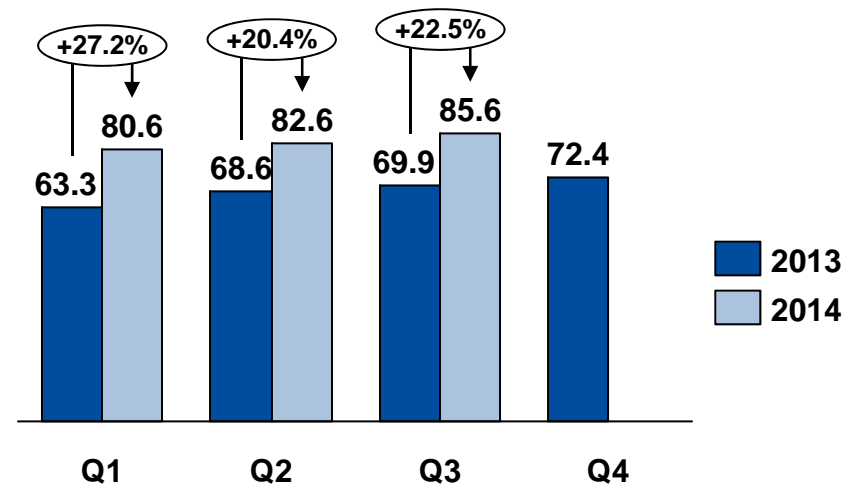
Pumps & Engine Components



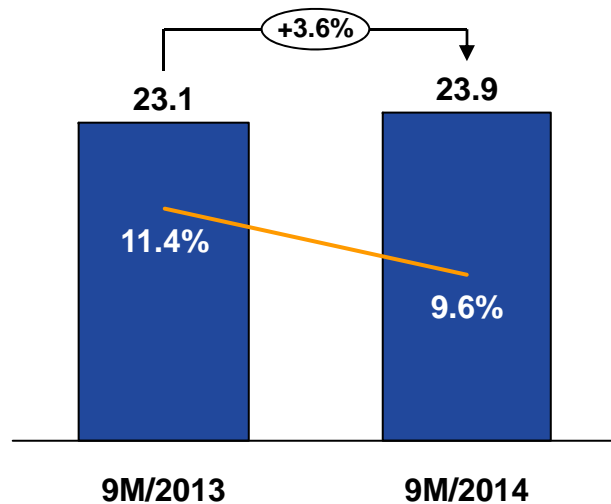
Sales (€m)



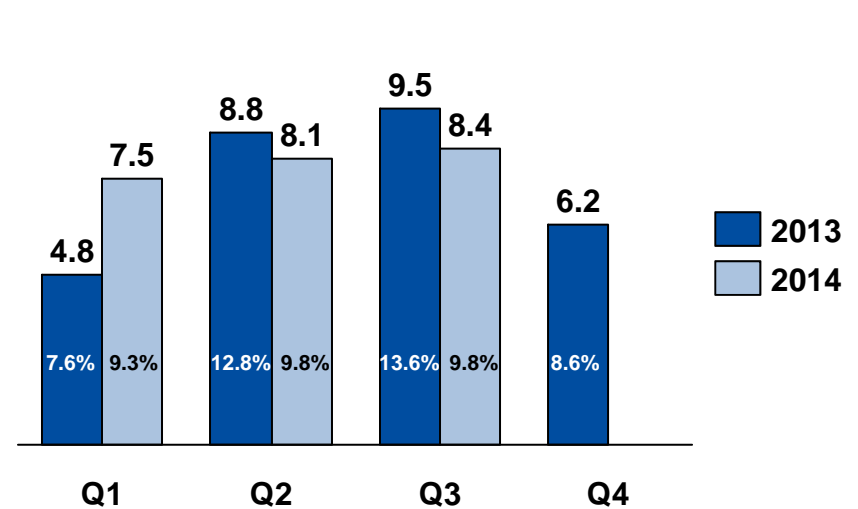
Sales by quarter (€m)



Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)

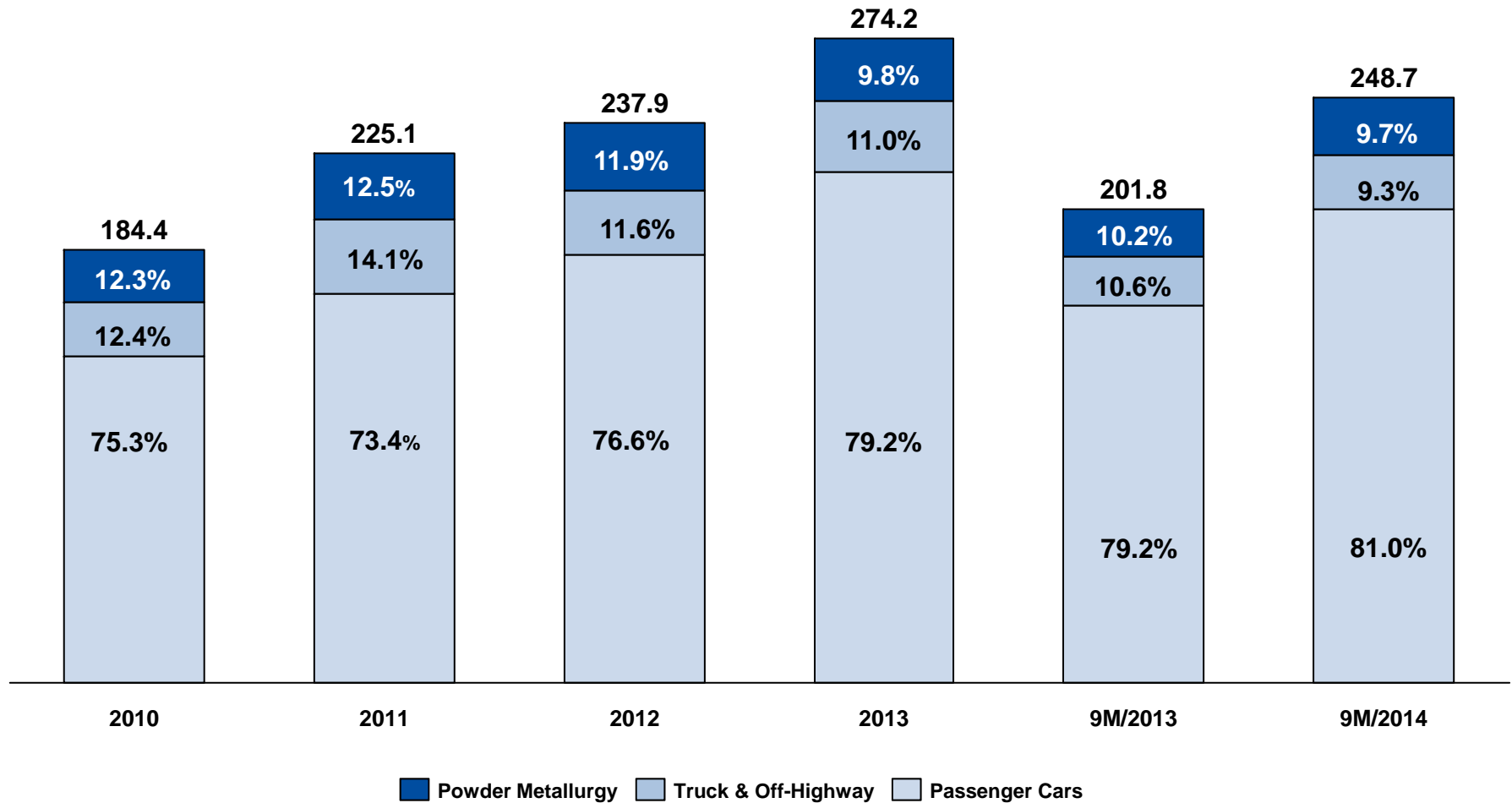


Sequential improvement of operating result despite considerable operational and logistical issues

Pumps & Engine Components



Sales by division (€m / as % of P&EC sales)

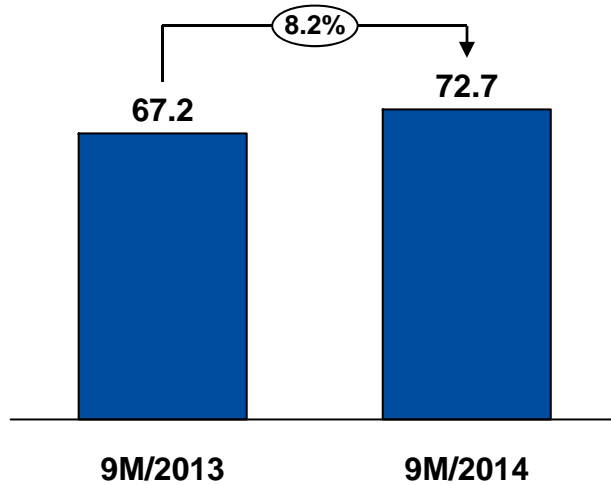


- Strong growth with highly innovative products (CAGR 2013 – 2017: 8.1 percent to approx. € 60m)
- Average age of installed capacities: 15 years
- Implementation of 3 year investment programme on track
 - Capacity expansion in the areas of pressing, sintering, calibration and finishing:
majority installed till mid 2015
 - Optimisation / Automation of production processes and procedures / Rationalisation:
first significant P+L effects from Q2/2015
 - Building / Infrastructure:
according to plan
- New business won will utilize existing aluminum sinter capacities till 2022
- Current performance dilutes EBITDA margin on Group level by up to 110 bps

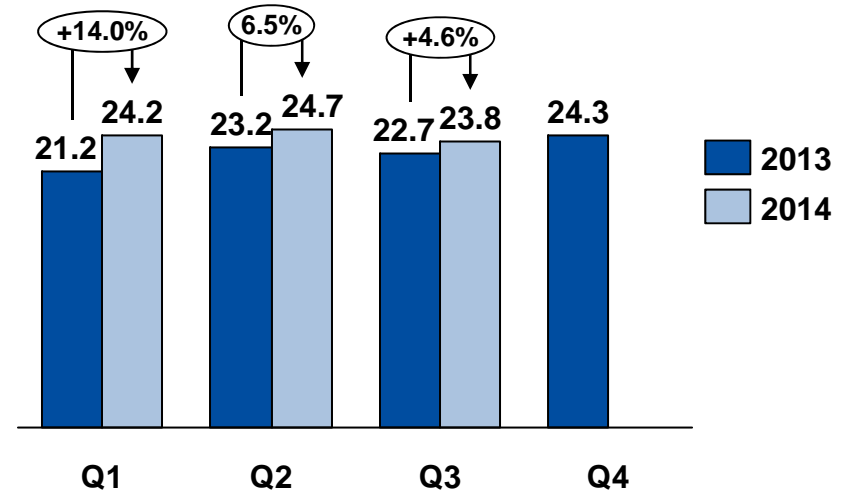
Brake Discs



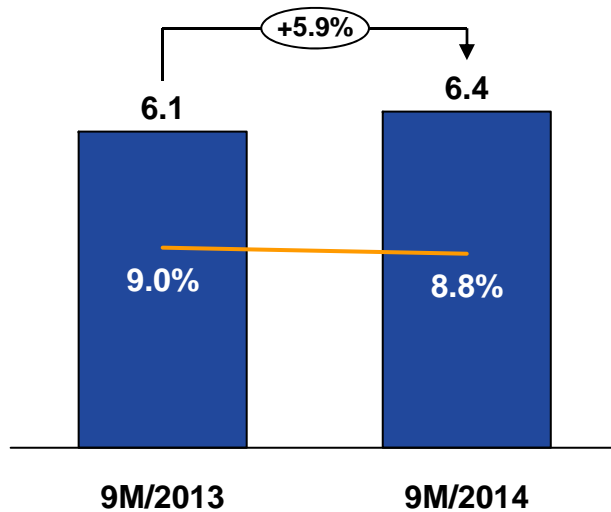
Sales (€m)



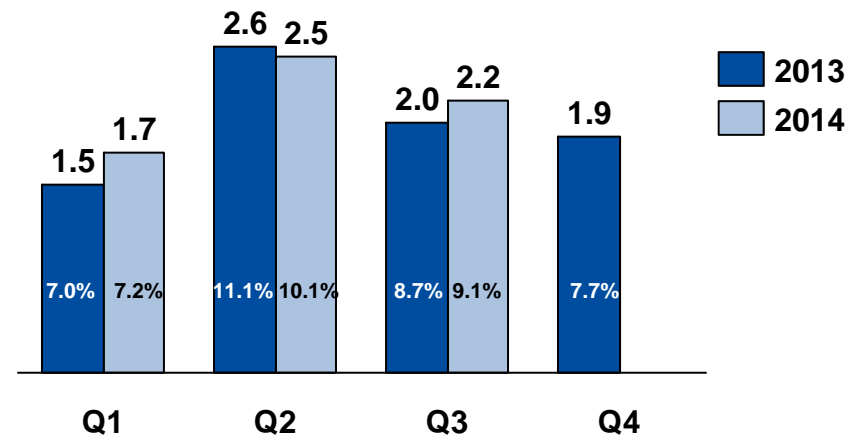
Sales by quarter (€m)



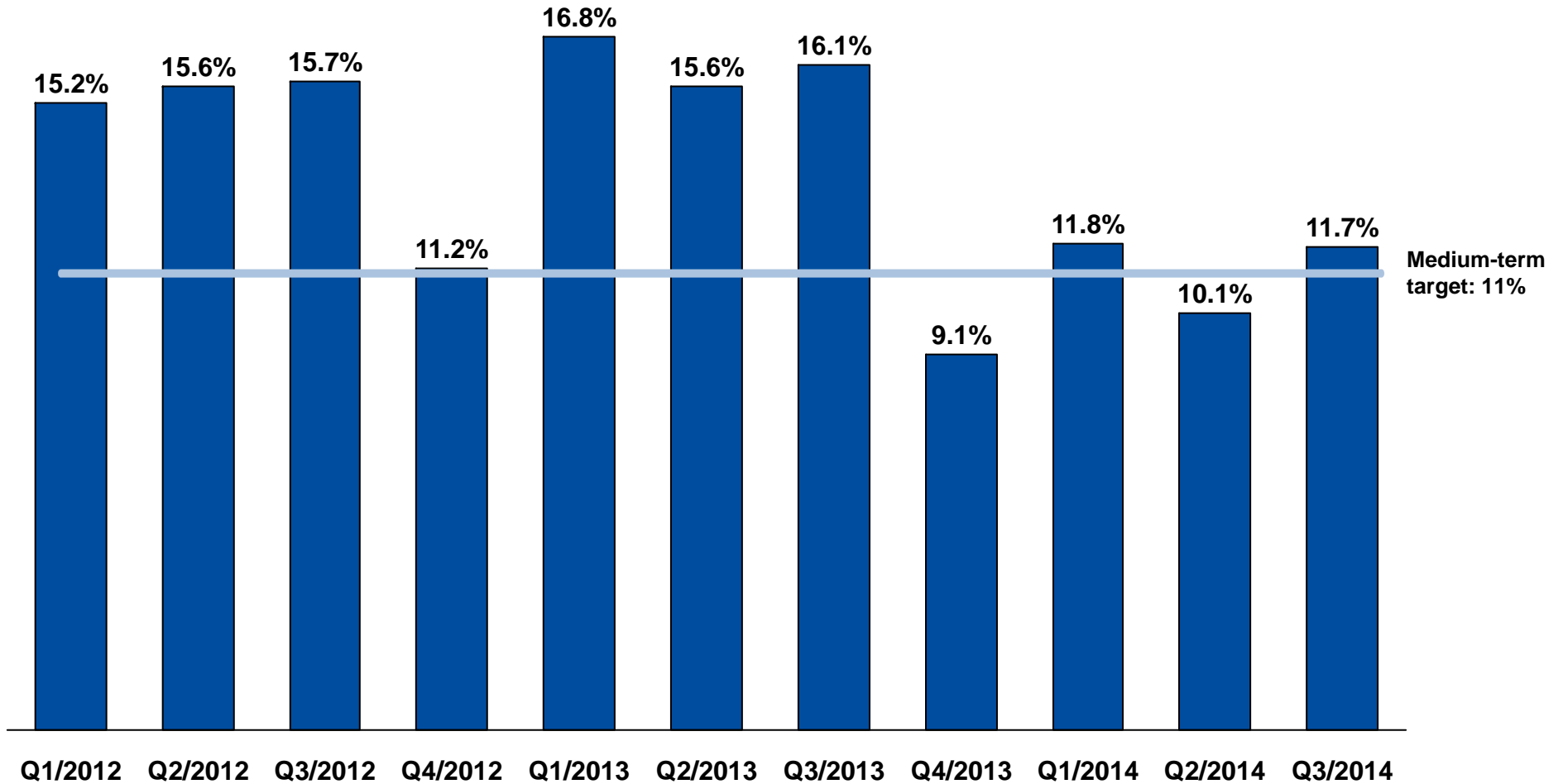
Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)



Net Working Capital / Sales (LTM)



Logistical and other WC improvements contributed y-o-y

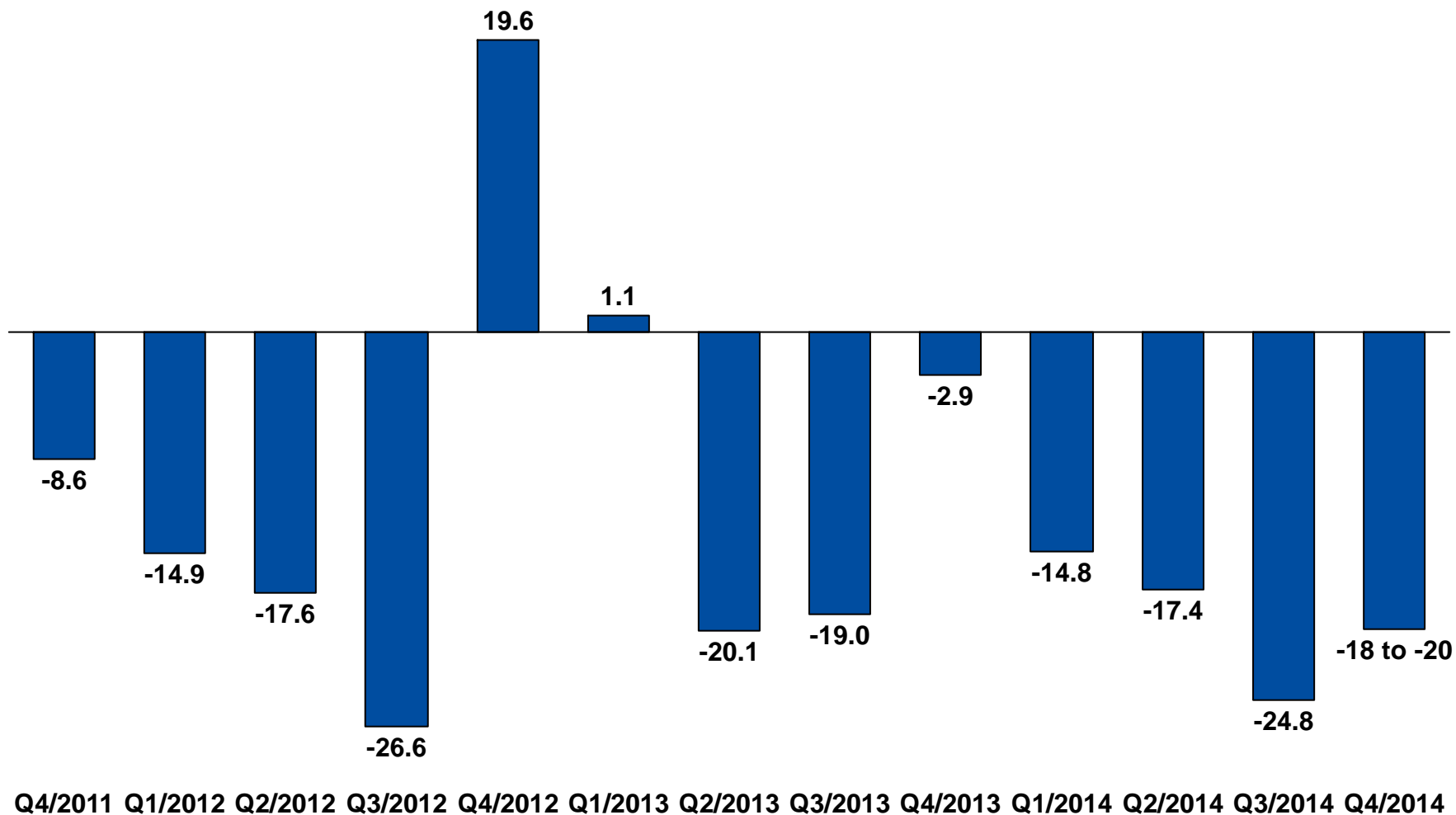
| (€m) | Q3/2014 | Q3/2013 | 9M/2014 | 9M/2013 |
|-------------------------------------|-------------|------------|--------------|--------------|
| Cash flow from operating activities | -0.5 | 7.5 | 11.6 | 7.8 |
| Cash flow from investing activities | -6.8 | -6.4 | -27.5 | -23.6 |
| Free cash flow | -7.3 | 1.2 | -15.9 | -15.8 |
| Other (esp. dividends) | -0.2 | 0.0 | -6.0 | -22.9 |
| Change in net cash | -7.5 | 1.1 | -21.9 | -38.6 |

Improvement of operating cash flow due to positive development in working capital

Net debt



Net debt (€m)

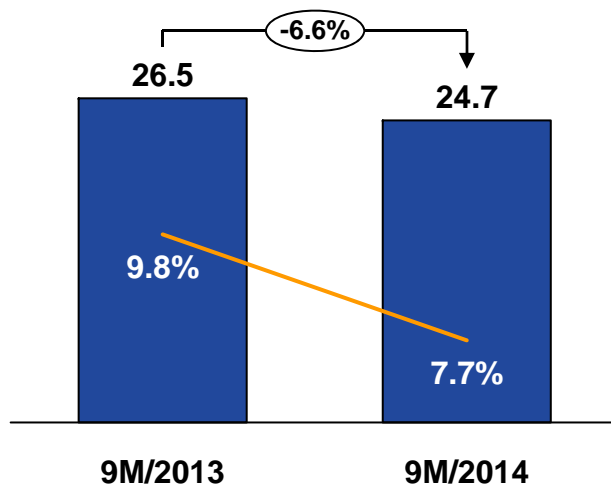


Positive free cash flow expected in Q4/2014

Capex – Depreciation

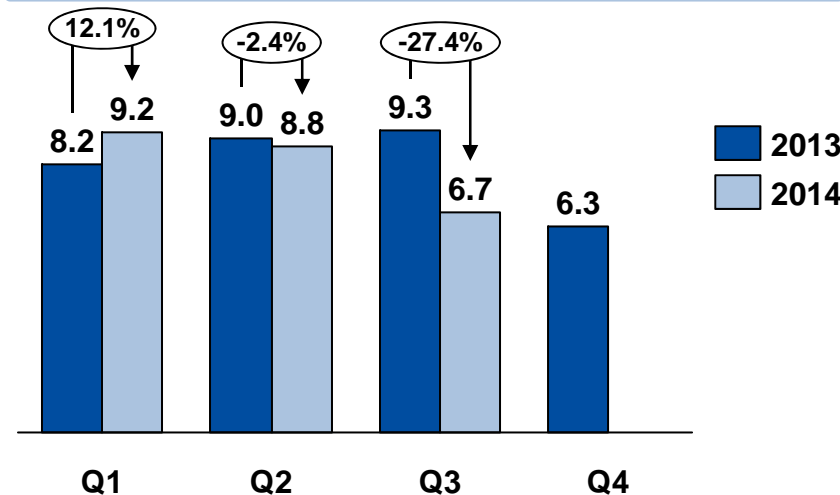


Capex* (€m)

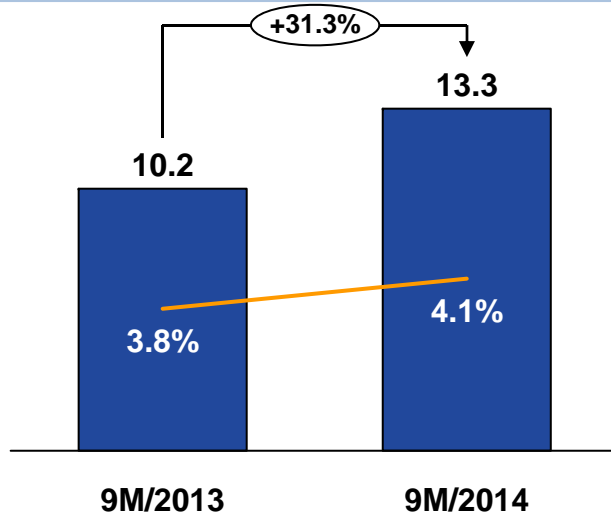


* Additions to tangible and intangible assets

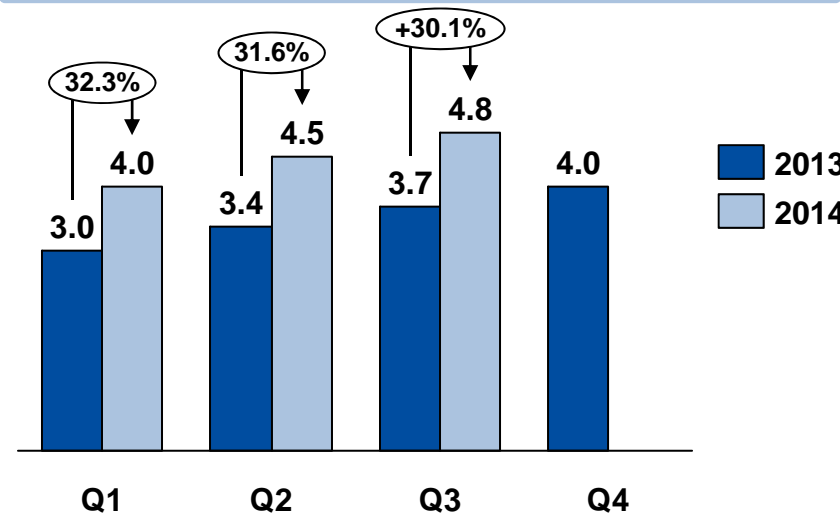
Capex* by quarter (€m)



Depreciation (€m)



Depreciation by quarter (€m)



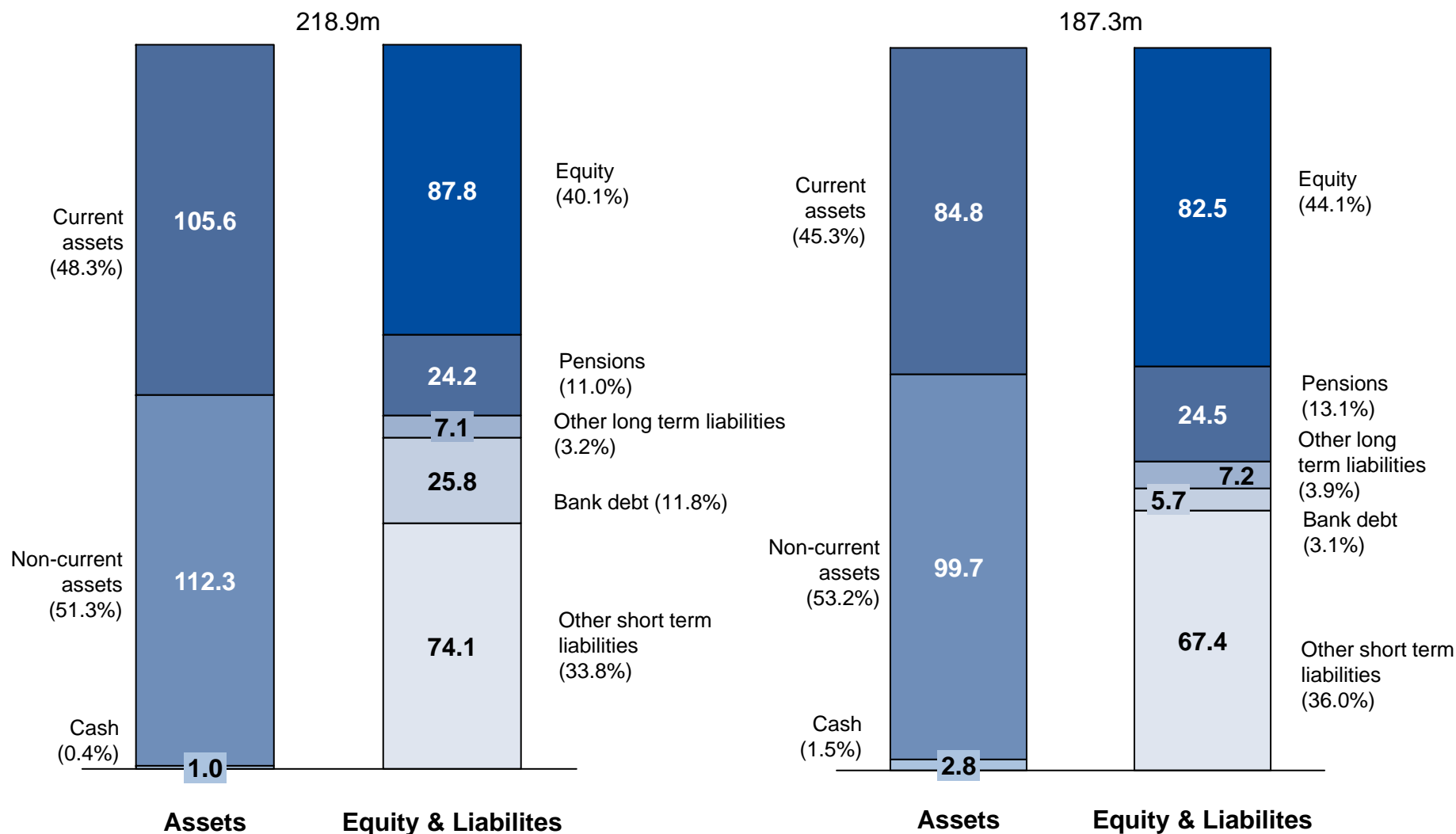
Capex ratio below last years record level

Sound financial profile



Balance sheet as at 30 September 2014 (€m)

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



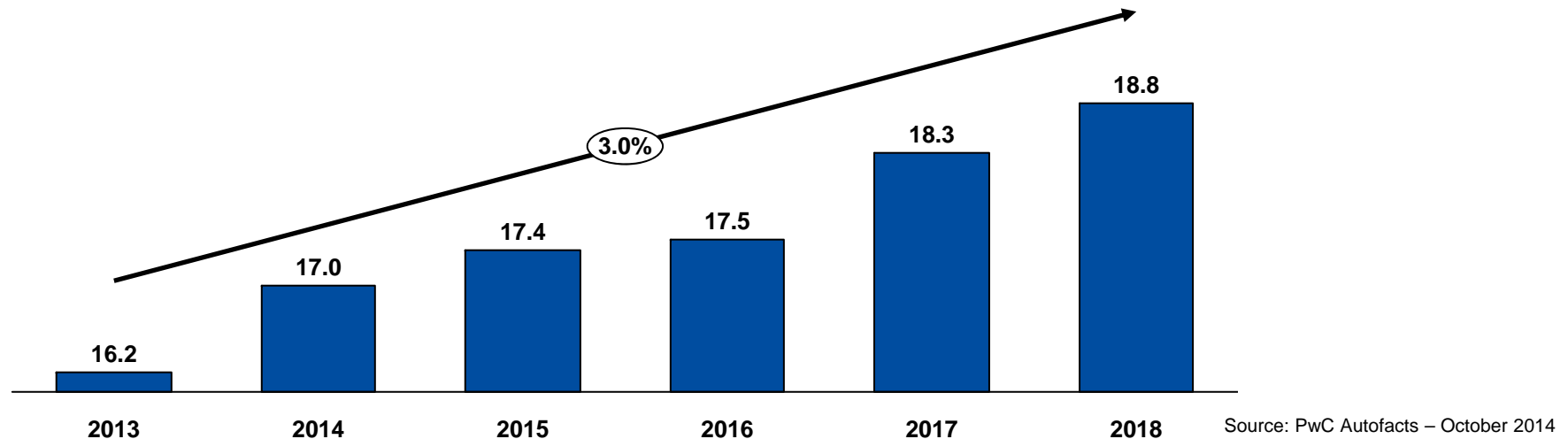
Equity ratio above industry average

CEO Agenda: Status North America



- Management team on board (General Manager, Sales Manager, Operations Manager, Engineering Manager, Quality Manager and Senior Designer)
- R&D centre and administration building occupied
- First global project prototype order received; samples delivered in September
- Performance test stand installed
- Intensive customer talks ongoing; several RFQs in progress
- Decision regarding manufacturing site for large-scale production in the course of H1/2015

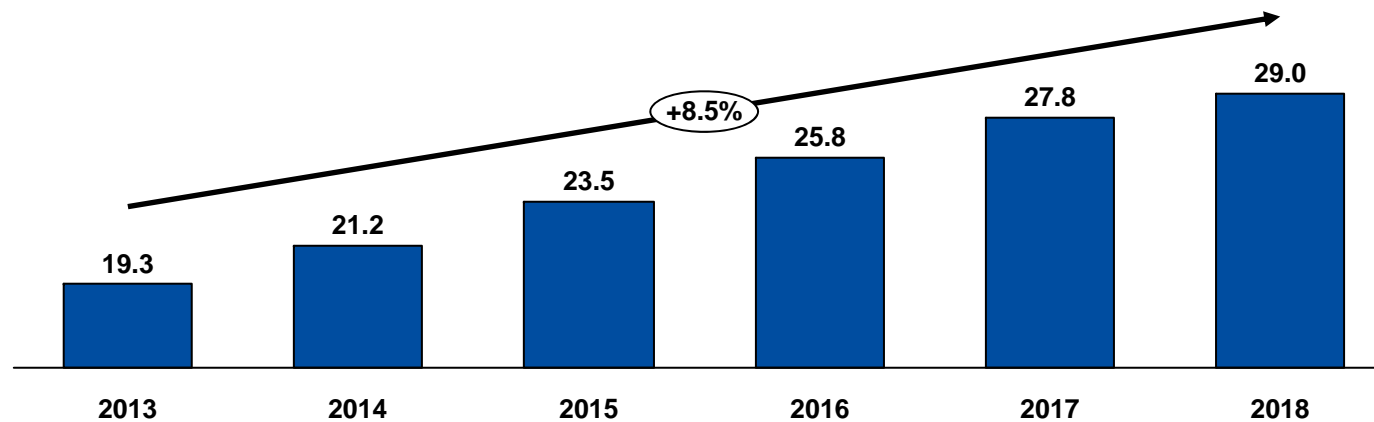
Light vehicle production (< 6 t) – North America (m units)



SHW seamlessly ties up with activities in US market

- Production facility rented in Kunshan (Yangtze River Delta)
- Chinese employees for sales, purchasing and quality management at work
- Start of serial production expected in the course of 2015
- Additional customer projects and RFQ in progress for European and Chinese OEMs

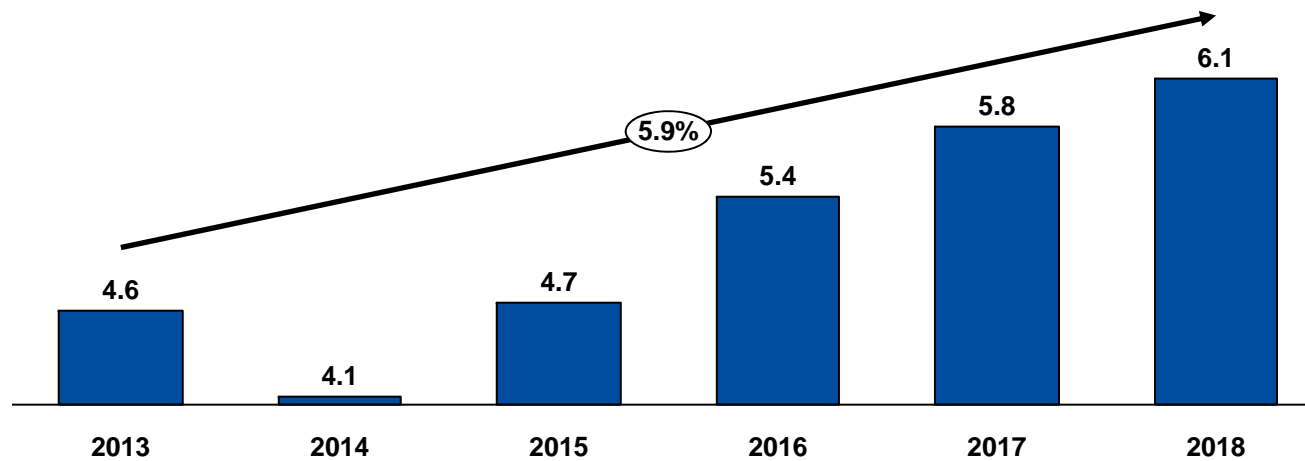
Light vehicle production (< 6 t) – China (m units)



Source: PwC Autofacts – October 2014

- First customer deliveries of oil pumps in July
- Export volumes will be increased from 2016 onwards by customer
- Customer RFQ activities ongoing for new orders
- Positive EBITDA in Q3/2014

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

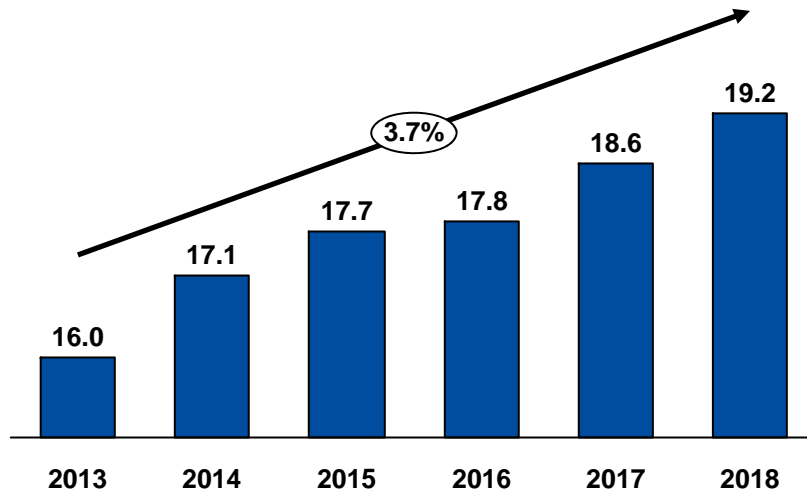


Source: PwC Autofacts – October 2014

Market environment in Europe stable



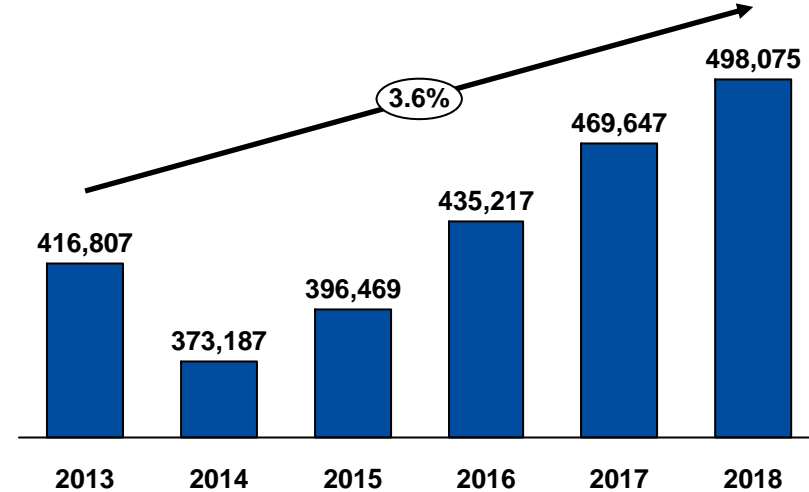
Light vehicle production (< 6 t) – Europe (m units)



| m units | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | CAGR |
|----------------------|------|------|------|------|------|------|------|
| VW Group | 4,55 | 4,91 | 4,97 | 5,00 | 5,17 | 5,22 | 2,7% |
| PSA Group | 1,93 | 2,05 | 2,05 | 1,99 | 2,08 | 2,14 | 2,0% |
| Renault-Nissan | 1,82 | 1,92 | 1,96 | 2,14 | 2,17 | 2,13 | 3,2% |
| BMW Group | 1,42 | 1,51 | 1,60 | 1,57 | 1,68 | 1,86 | 5,5% |
| Daimler Group | 1,47 | 1,54 | 1,66 | 1,62 | 1,62 | 1,71 | 3,1% |
| GM Group | 0,90 | 0,92 | 0,98 | 1,09 | 1,16 | 1,23 | 6,5% |
| Ford Group | 1,07 | 1,15 | 1,20 | 1,11 | 1,13 | 1,19 | 2,2% |

Source: PwC Autofacts – October 2014

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



| units | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | CAGR |
|------------------|---------|--------|--------|--------|---------|---------|------|
| Mercedes-Benz | 105.246 | 88.960 | 92.131 | 99.619 | 106.158 | 111.118 | 1,1% |
| MAN Group | 65.188 | 61.182 | 62.463 | 67.841 | 72.248 | 75.790 | 3,1% |
| Volvo | 55.821 | 47.530 | 50.914 | 55.676 | 60.112 | 64.165 | 2,8% |
| Scania | 55.320 | 49.855 | 49.854 | 53.689 | 57.442 | 60.776 | 1,9% |
| PACCAR | 51.345 | 46.415 | 54.034 | 59.680 | 64.974 | 69.298 | 6,2% |
| CNH Industrial | 46.635 | 42.644 | 46.874 | 53.652 | 59.126 | 63.664 | 6,4% |
| Renault | 32.165 | 31.176 | 34.686 | 38.695 | 42.408 | 45.535 | 7,2% |

Source: LMC Automotive – Q3/2014

- 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 (unchanged)
- Group sales: €390m – €415m (unchanged)
 - P&EC sales: €297m – €320m (unchanged)
 - BD sales: €93m – €95m (unchanged)
- Adj. EBITDA: €39m – €41.5m (unchanged)
- Working Capital Ratio: sustainable 11 percent



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