



Analyst and Investor Conference Call

Financial Results Q1 2015

30 April 2015

Market environment

- New car registrations in the three major automobile markets – China, US and Europe – grew by 7.8 per cent from 11.9 million units to 12.8 million units

Operating performance

- Group sales: +11.7 per cent to € 117.0 million
- Adjusted EBITDA: increase from € 8.8 million to € 11.0 million
- Further stabilisation of working capital ratio to 10.5 per cent

Financial performance

- Successful issuance and placement of a capital increase of € 24.6 million
 - ➔ Safeguarding SHW's international growth strategy
 - ➔ Equity ratio increased temporarily to 48.0 per cent due to not yet executed dividend payout
- Management and Supervisory Board propose a dividend of € 1.00 per share to the Annual General Meeting on May 12th 2015

Energetic and dynamic internationalisation in all strategically relevant markets

- Re-entry into North-American market – nomination as a serial supplier of variable engine oil pumps for a global engine platform (North America, Europe and China)
- Advanced negotiations with Chinese OEM for nomination of an electric auxiliary pump for the start-stop function and a transmission oil pump for dual-clutch
- Preparation for the start of series production in China in the second half of 2015
- Intensified search for best cost country locations in South-Eastern and Eastern Europe for capacity expansion for the Pumps and Engine Components division
- First internationalisation milestone of brake discs: joint venture agreement with Shandong Longji for the Asian market signed
- Business license received in February
- Start of Operation (SoP) in April
 - ➔ Guidance will be updated with the release of the Q2 figures
- Ongoing evaluation of cooperation possibilities for brake discs in the NAFTA-Region

Bottleneck Powder Metallurgy

- Implementation of 3 year investment and improvement programme in Powder Metallurgy on track – sizing and powder press as well as machining cell commissioned
- New plant manager has been appointed and been taken the lead since April 1st 2015
- But: continuous high level of customer call orders led to ongoing logistical and operational pressure also influencing the performance of the Bad Schussenried plant

Large investments in Powder Metallurgy (2014 – 2016)

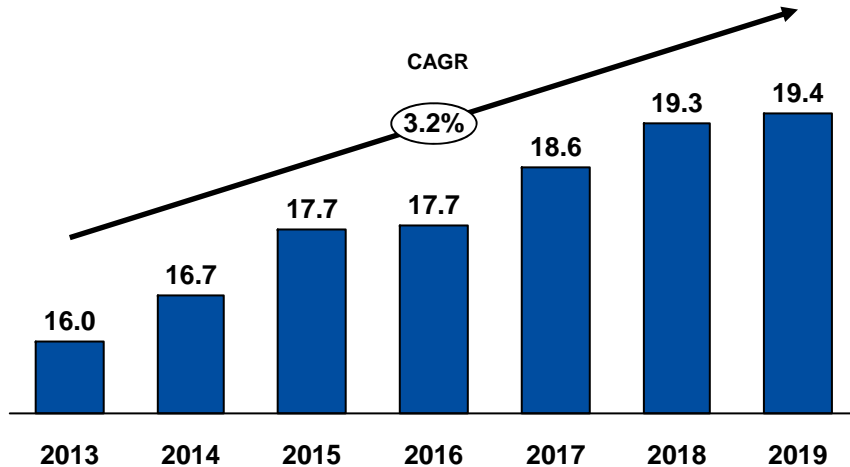


Specification	Commissioning date	Effect	Status
Building expansion	Q4/2014	Capacity	<input checked="" type="checkbox"/>
Sizing press	Q1/2015	Capacity	<input checked="" type="checkbox"/>
Powder press	Q1/2015	Capacity	<input checked="" type="checkbox"/>
Machining cell	Q2/2015	Capacity / Ratio	<input checked="" type="checkbox"/>
Double disc grinding machine	Q3/2015	Capacity / Ratio	
Palletizing systems	Q3/2015	Ratio	
High-speed sizing press	Q1/2016	Capacity	

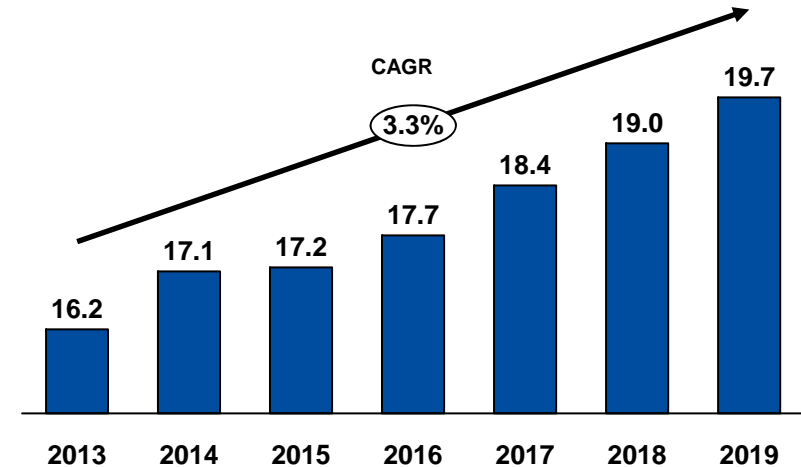
Positive market environment in all major automotive markets



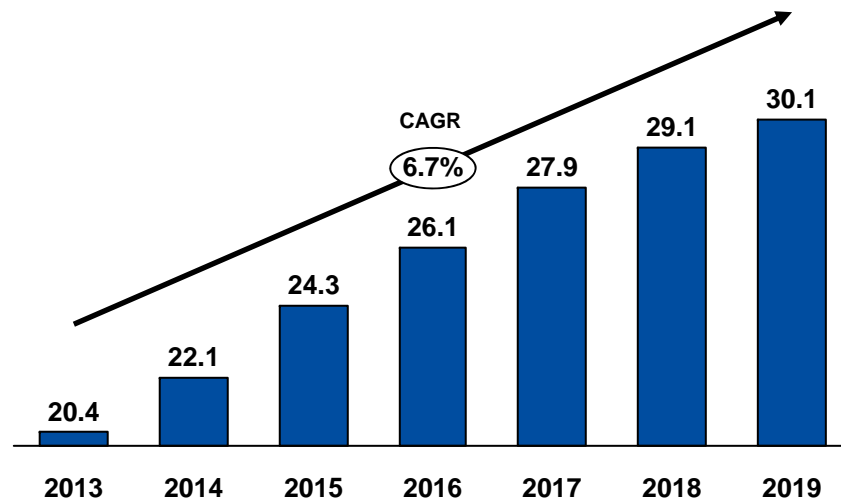
Light vehicle production (< 6 t) – Europe (m units)



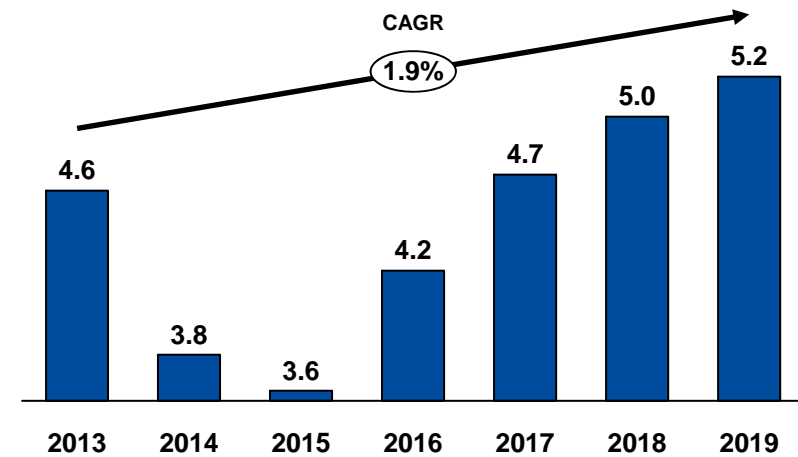
Light vehicle production (< 6 t) – North America (m units)



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



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



Source: PwC Autofacts (April 2015)

SHW benefits from dynamic market development and challenging CO₂ regulations in all regions

Results in line despite exceptional high customer call orders



€m	Q1/2015	Q1/2014	Change in %
Group sales	117.0	104.8	+11.7%
Incoming orders	118.8	112.1	+6.0%
Adj. EBITDA	11.0	8.8	+24.9%
Depreciation (excl. PPA)	5.0	4.0	+25.1%
Adj. EBIT	6.1	4.9	+24.6%
Net income for the period	4.1	3.2	+26.0%
EPS (in €)	0.67	0.55	+20.4%
DPS (in €) ¹⁾	1.00	1.00	
Working Capital Ratio (%)	10.5	11.3	
Capex ²⁾	6.2	9.2	-32.6%
Free cash flow ³⁾	-9.9	-12.0	-17.0%
Net Debt	-8.9	-14.8	-40.3%
ROCE (%)	15.9	18.8	
No. of employees (average) ⁴⁾	1,270	1,090	+16.5%

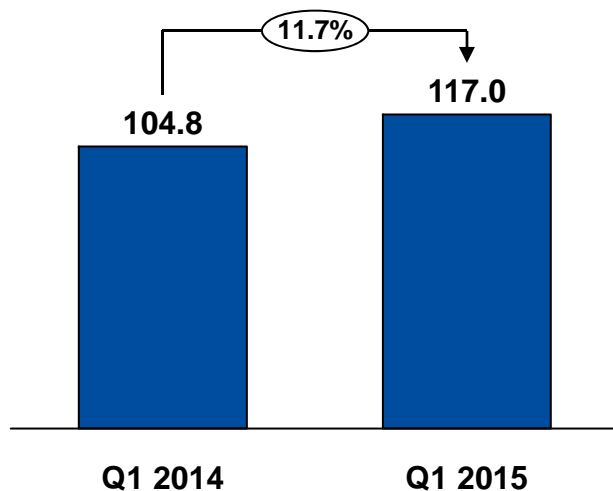
¹⁾ Proposal to Shareholders Meeting on the 12th of May 2015

²⁾ Additions to tangible and intangible assets

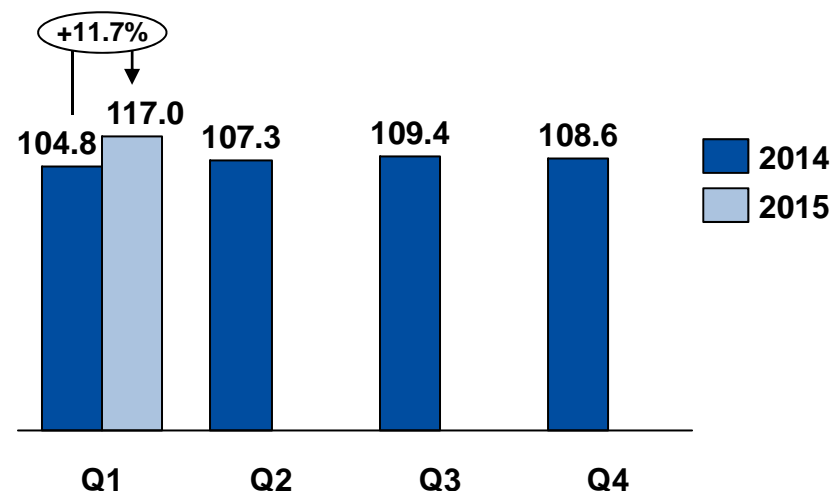
³⁾ Q1/2015: excluding cash flow from investing activities (financial assets)

⁴⁾ Without trainees and temporary workers

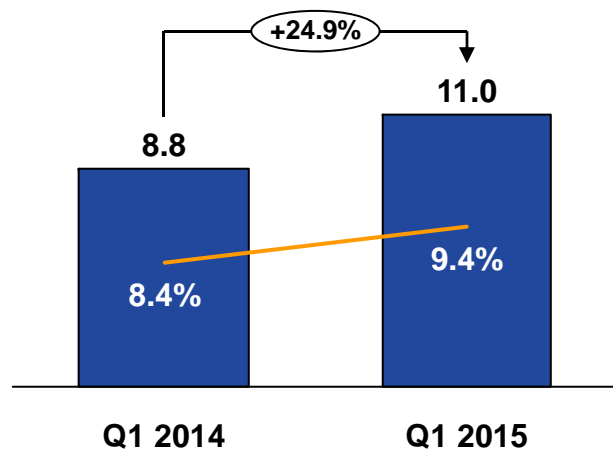
Sales (€m)



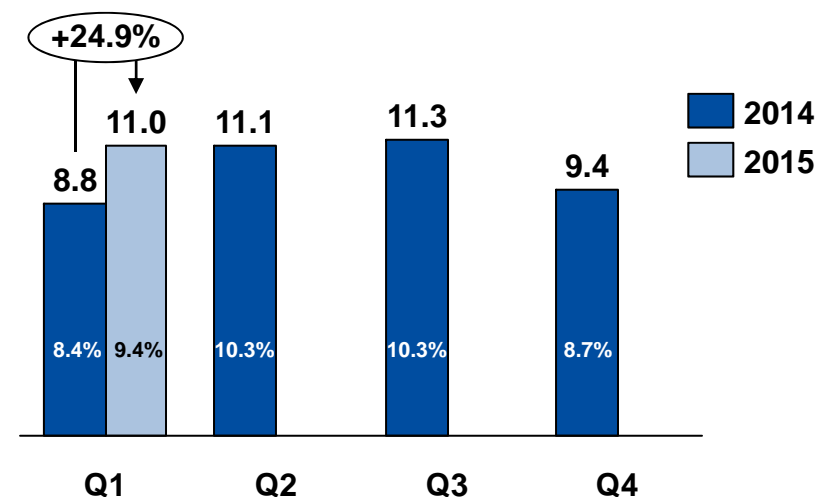
Sales by quarter (€m)



Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)¹



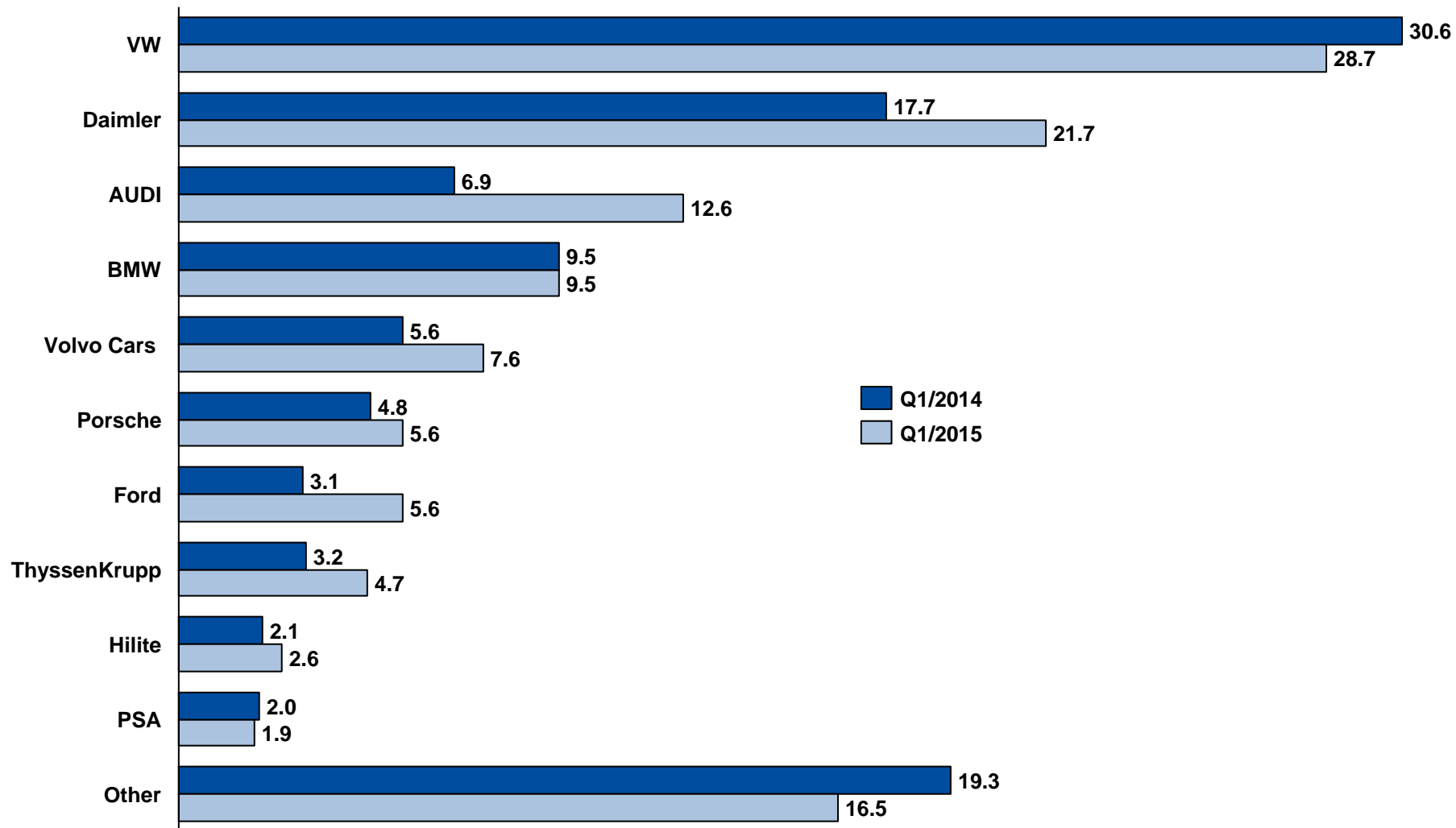
¹ Readjustment of Q2 / Q3 2014 figures due to non-recurring serial start-up costs

Strong growth driven by exceptional high customer call orders

Increased sales with leading key accounts



Sales by customer (€m)

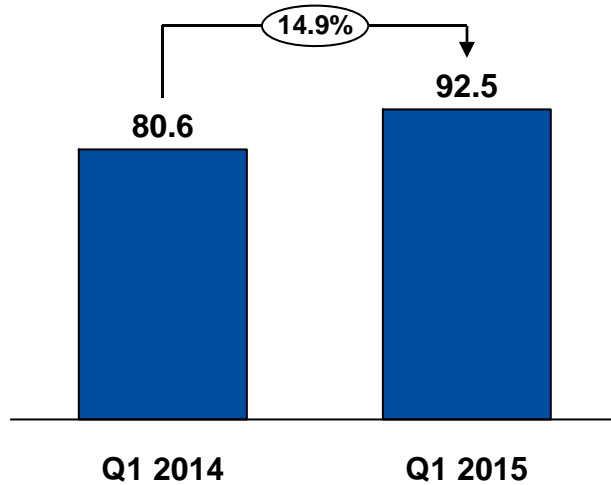


SHW well positioned with German OEMs

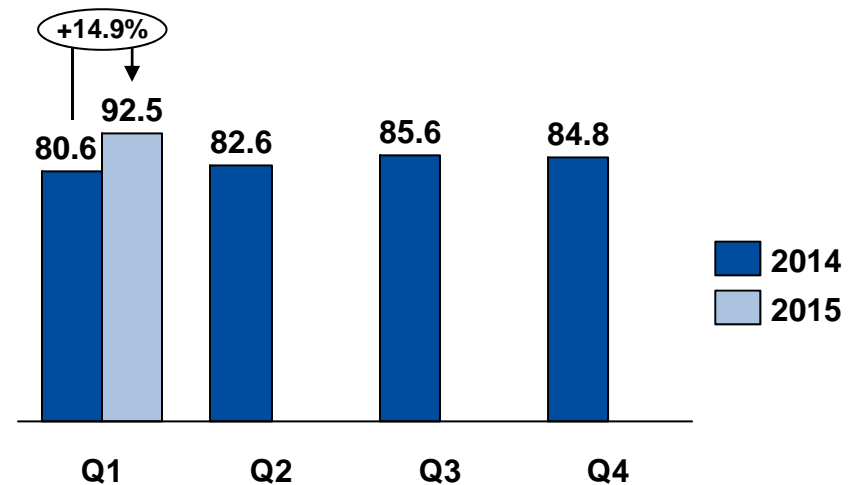
Pumps and Engine Components



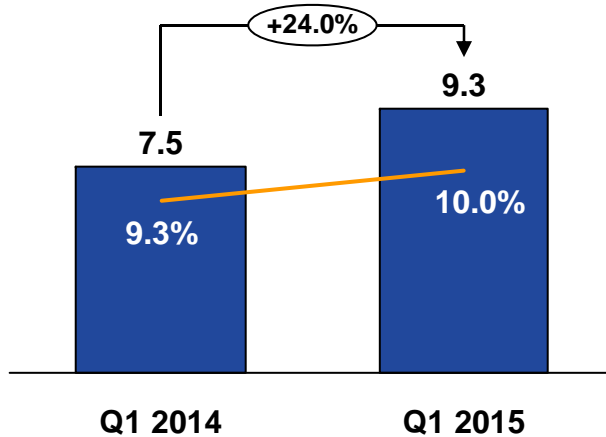
Sales (€m)



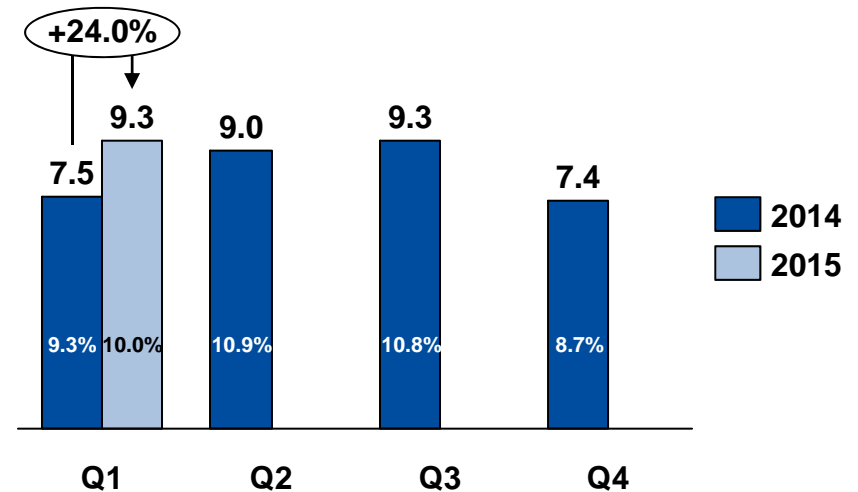
Sales by quarter (€m)



Adj. EBITDA (€m)



Adj. EBITDA by quarter (€m)¹



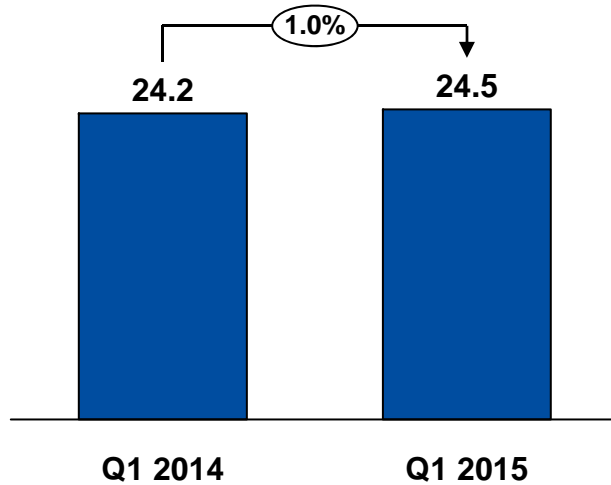
¹ Readjustment of Q2 / Q3 2014 figures due to non-recurring serial start-up costs

Capacity constraints in Powder Metallurgy influenced the results of the business segment

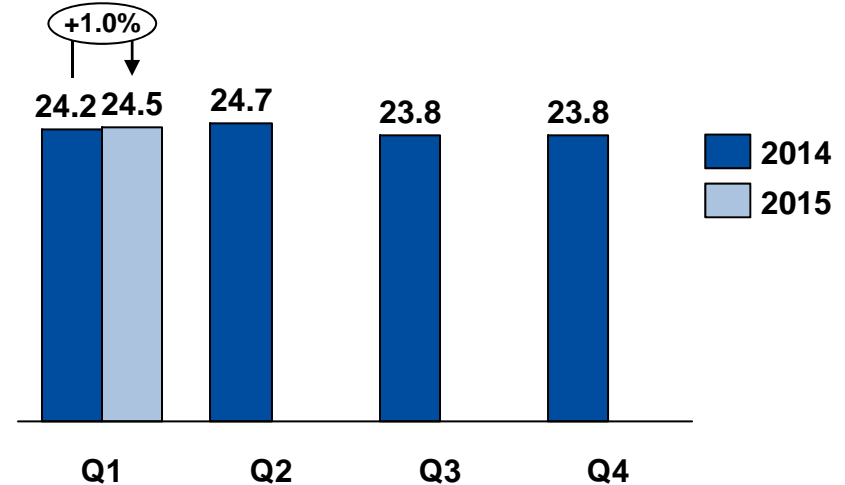
Brake Discs



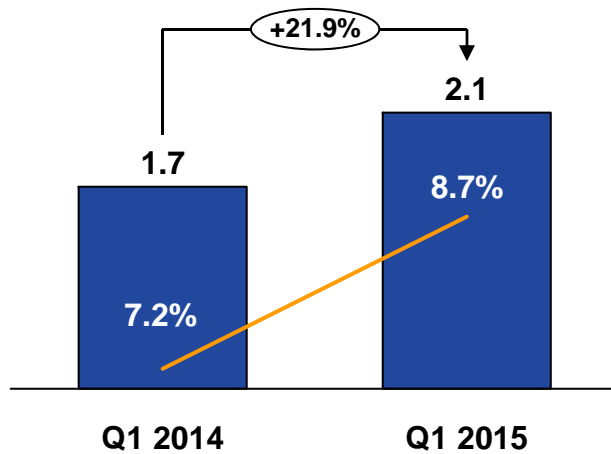
Sales (€m)



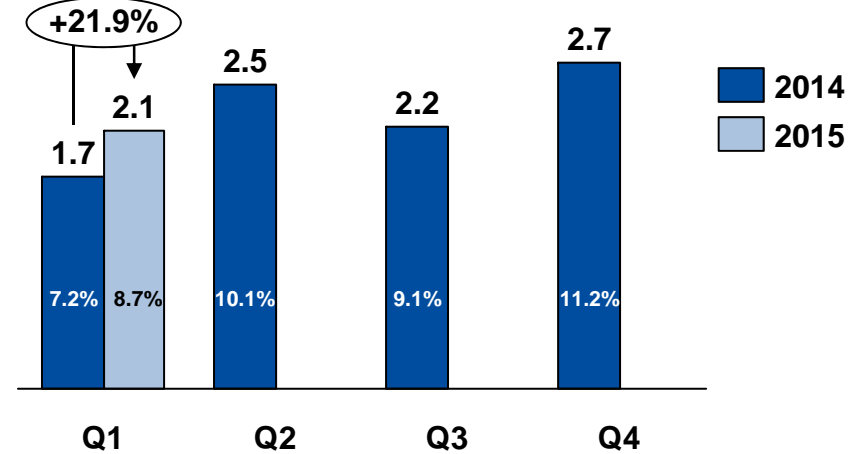
Sales by quarter (€m)



Adj. EBITDA (€m)

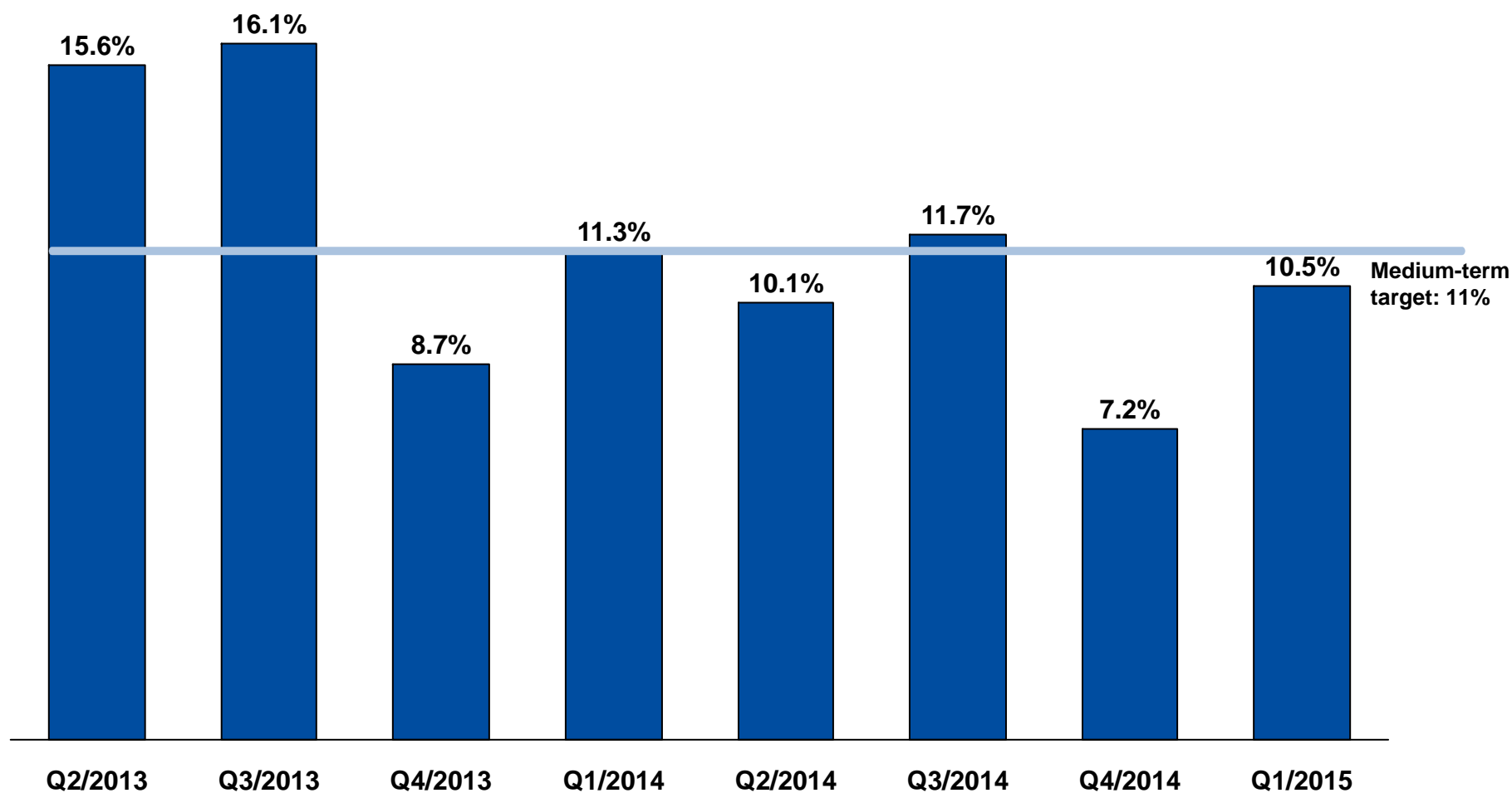


Adj. EBITDA by quarter (€m)



EBITDA-margin should exceed the 10 per cent hurdle from 2015 onwards

Net Working Capital Ratio

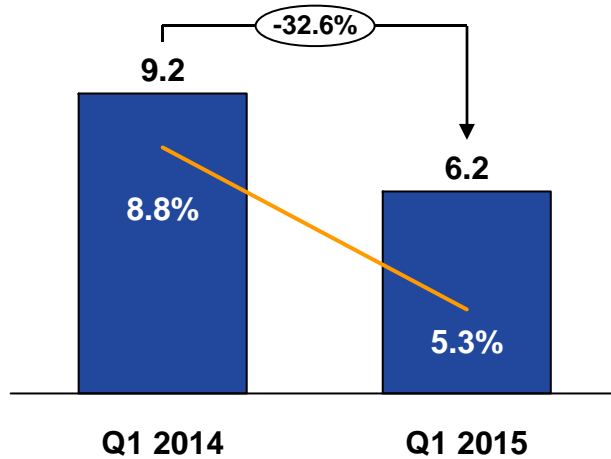


Sales increased by 11.7 per cent – Working Capital Ratio reduced to 10.5 per cent

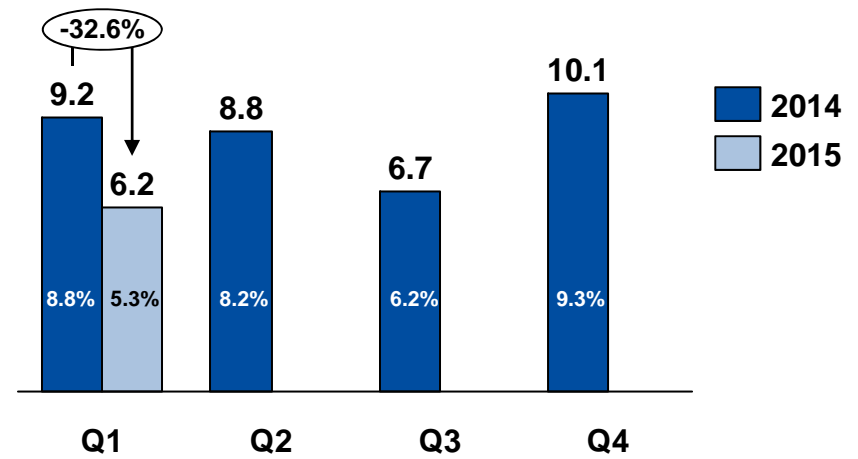
Capex – Depreciation



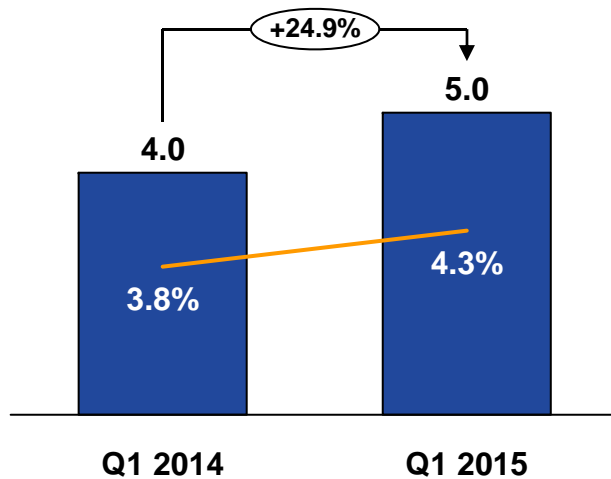
Capex (€m)



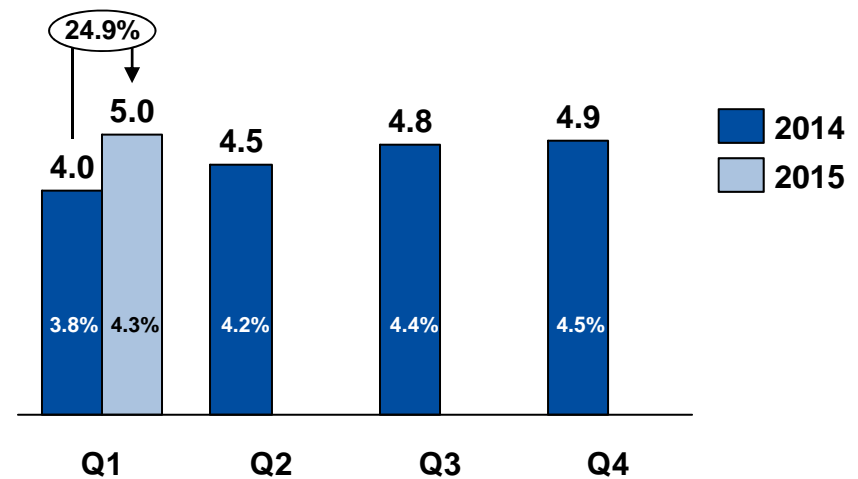
Capex by quarter (€m)



Depreciation (€m)



Depreciation by quarter (€m)



Capex ratio of around 7 per cent in 2015 within reach

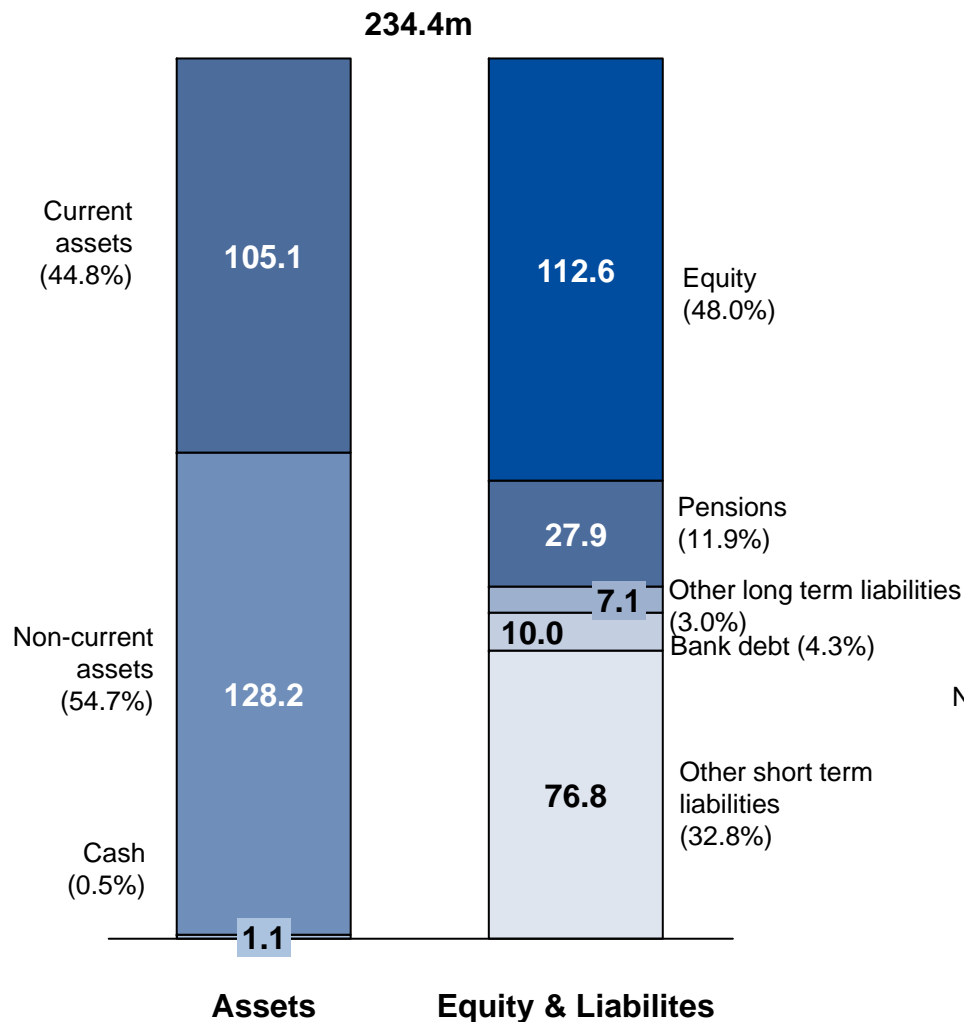
(€m)	Q1/2015	Q1/2014
Cash flow from operating activities	-1.4	0.0
Cash flow from investing activities - tangible and intangible assets	-8.5	-12.0
Cash flow from investing activities - financial assets	-8.9	0.0
Free cash flow	-18.8	-12.0
Other (esp. proceeds from capital increase)	24.3	0.0
Change in net cash	5.5	-12.0

Free cash flow driven by capital increase and internationalisation

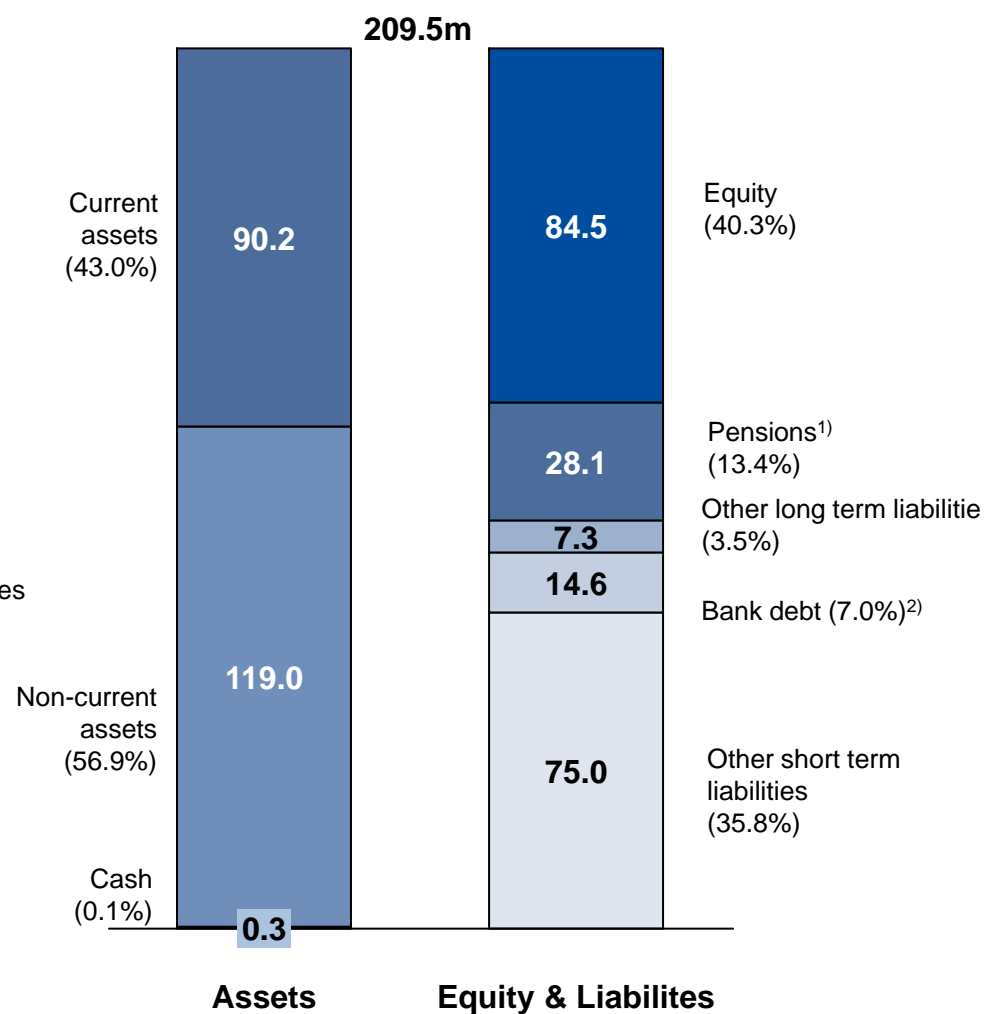
Sound financial profile



Balance sheet as of 31 March, 2015 (€m)



Balance sheet as of 31 December, 2014 (€m)



¹⁾ Increased pension provision due to interest rate decline (IAS 19)

²⁾ Net financial debt amounts to € 14.4m in 2014

Capital increase supports strategic and financial flexibility

Strong focus on diligent execution of identified efficiency measures in all plants, especially in the Powder Metallurgy

Pumps & Engine Components:

- Further market penetration with new technical solutions for transmission oil pumps (e.g. two stroke vane pump)
- Start of operation in China in the course of H2/2015
- Evaluation of Best Cost Country (BCC) locations in Eastern and South Eastern Europe for capacity expansion
- Actively monitoring and evaluating potential M&A opportunities

Brake Discs:

- Further automation of aluminium casting assembly process and capacity expansion for composite brake discs
- Evaluation of further cooperation potentials in the NAFTA region

Guidance	2015	2014
Sales	approx. € 460 million	€ 430 million
Adjusted EBITDA	€ 46 to € 50 million	€ 40.6 million
Capex	€ 30 to € 33 million	€ 35.4 million
Working Capital Ratio	sustainable 11 % of sales	7.2 % of sales

Dates	Events
12 May	Annual General Meeting 2015 – Heidenheim
29 July	Interim Report: January – June 2015 <i>Conference Call</i>
28 October	Interim Report: January – September 2015 <i>Conference Call</i>



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