



Sales and earnings forecast for 2016 confirmed

Q3 financial results 2016

Analyst and Investor Conference Call, 26 October 2016

Preparing the return to capital-efficient growth

- > Major order from world's leading manufacturer of fully electric vehicles
- > Financial results January to September 2016
- > Outlook for fiscal year 2016 confirmed

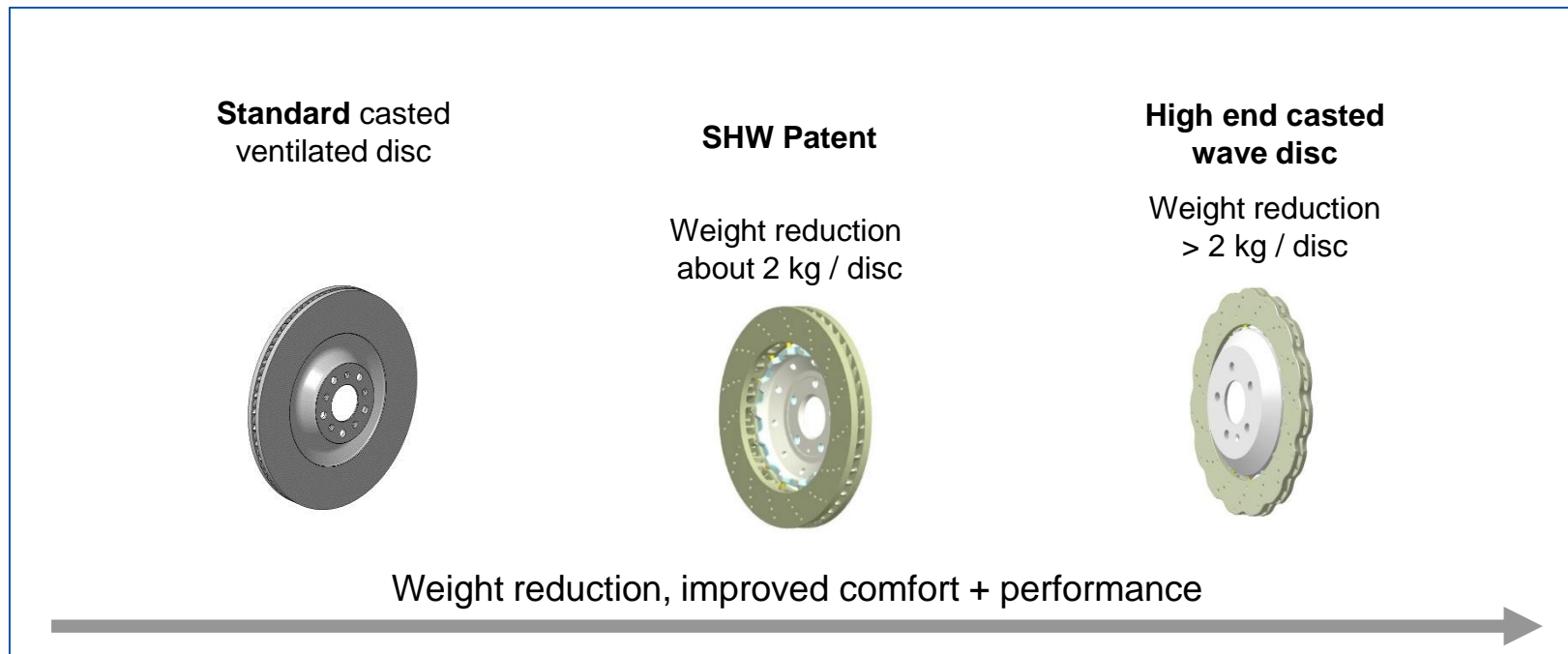


Electric pump for cooling and lubricating

- > Transmission applications becoming increasingly important also in electric cars
- > Product solution serves as primary transmission pump for cooling and lubricating the transmission and the electric motor
- > Needs-oriented cooling and lubrication of the electric powertrain
- > Major contract from world's leading manufacturer of fully electric vehicles
- > Lifetime sales volume of approx. € 100 million
- > SOP scheduled for the first half of 2017



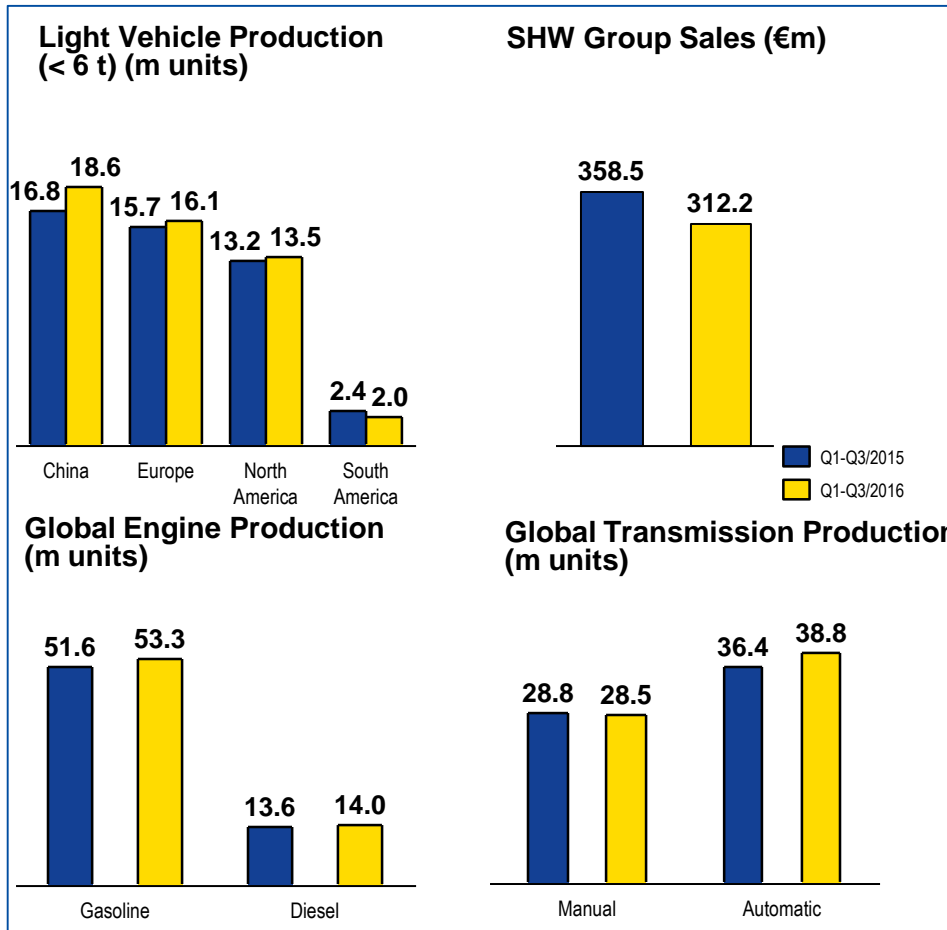
SHW offers primary transmission oil pumps for vehicles powered by combustion engines (incl. hybrids) as well as for battery electric vehicles



- > SHW is innovation leader for lightweight products in the automotive sector
- > Composite brake discs with an aluminium pot significantly contribute to weight reduction
- > Weight reduction of unsprung masses improves driving performance
- > Two new orders for composite brake discs with a lifetime value of approx. € 55 million



The megatrends weight reduction, corrosion resistance and reduction of brake dust are key drivers for the Brake Discs division

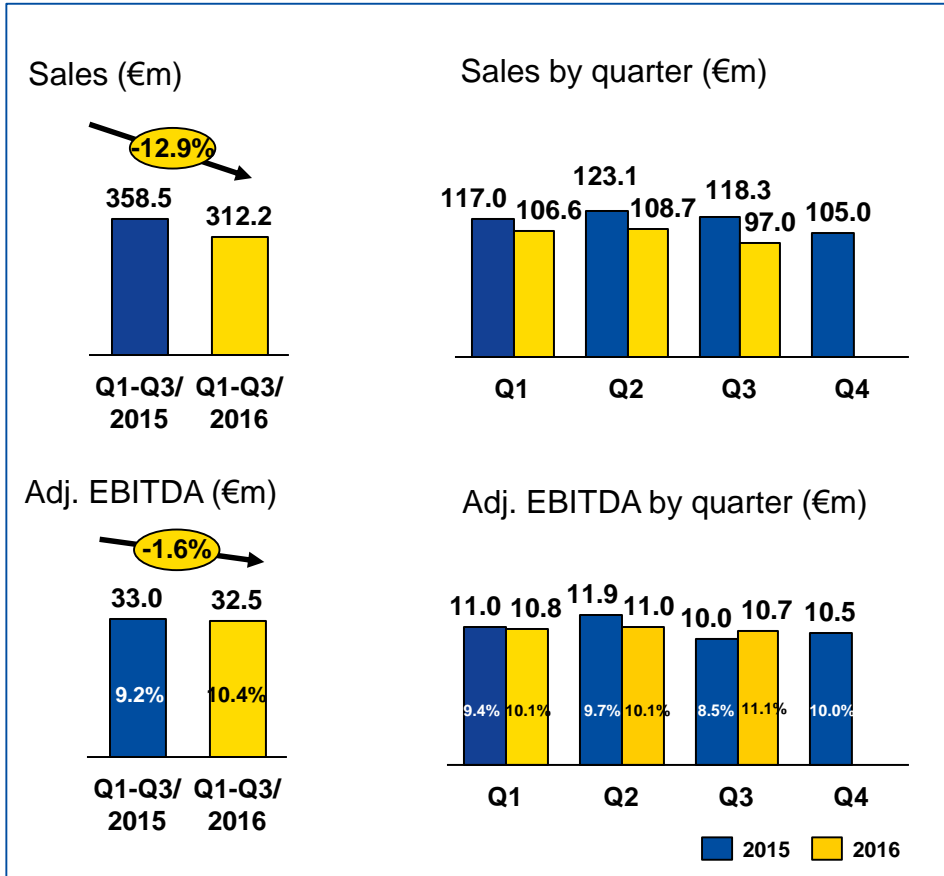


Source: IHS, October 2016

- > Moderate increase of global light vehicle production by 3.4 per cent to 67.7 million units with strong regional discrepancies
- > Combustion engines incl. hybrids continue to dominate
- > Diesel engine production in Europe above prior year
- > Above-average growth rates for automatic transmissions; global production increased by 6.6 per cent to 38.8 million units



SHW well positioned to benefit from market trends and global demand for mobility from 2018 onwards



- > Sales decline in the Pumps and Engine Components business segment as expected
- > Sales in the Brake Discs business segment influenced by lower number of units sold and lower material surcharges
- > Adj. EBITDA margin increased from 9.2 per cent to 10.4 per cent despite reduced sales



Results within target range

€m ¹	Q1-Q3/ 2016	Q1-Q3/ 2015	Change
Group sales	312.3	358.5	-12.9%
Adj. EBITDA	32.5	33.0	-1.6%
as % of sales	10.4%	9.2%	
Depreciation (excl. PPA)	18.3	16.5	+11.5%
Adj. EBIT	14.1	16.5	-14.6%
as % of sales	4.5%	4.6%	
ROCE	11.6%	14.3%	
Net income for the period	9.9	12.4	-19.8%
EPS (in €)	1.54	1.95	-21.1%
Investments ²	16.7	19.3	-13.8%
as % of sales	5.3%	5.4%	
Working capital as % of sales	14.1%	11.7%	
Equity ratio	51.2%	46.6%	
Operating free cash flow	-13.5	-3.6	275.5%
Net cash / net debt	-7.8	-9.0	-14.0%

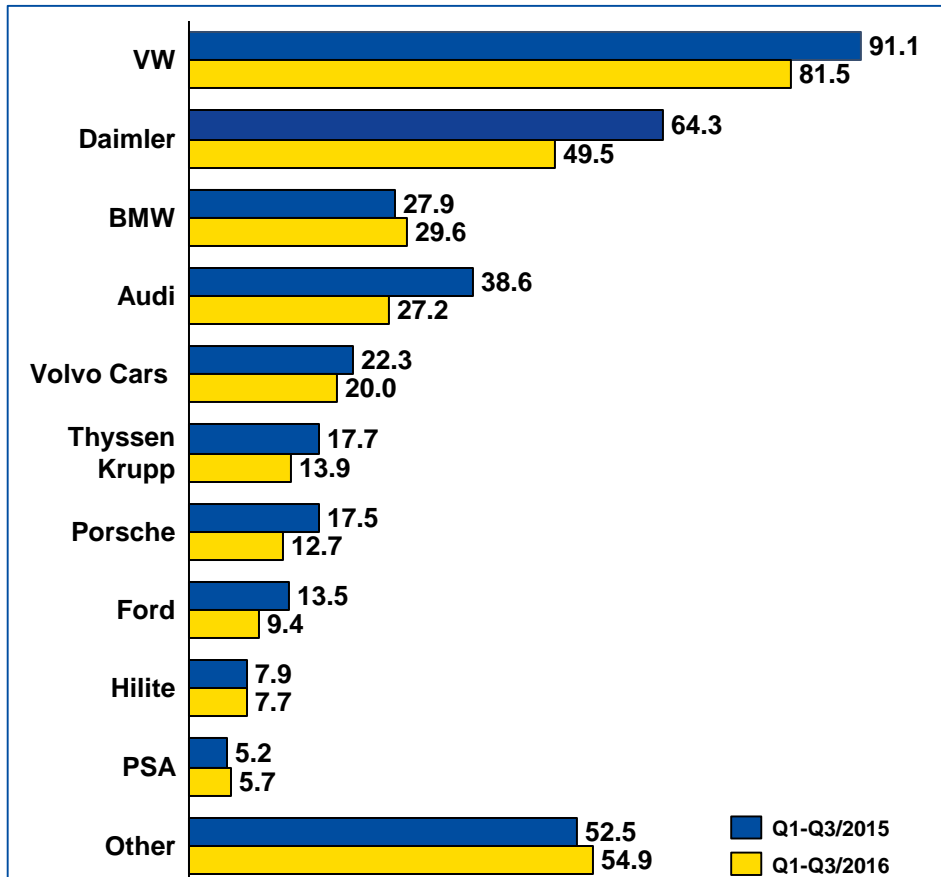
¹ Figures include rounding differences

² Additions to tangible and intangible assets

- > Sales development as expected
- > Adj. EBITDA margin of 10.4 per cent exceeds 2015
- > Net income influenced by an investment related increase in depreciation and a non-recurring consolidation effect in FY 2015
- > Working Capital increased
 - > Inventories up to ensure supply readiness
 - > Lower receivables due to lower sales and receivables management
 - > Payables lower following lower investments



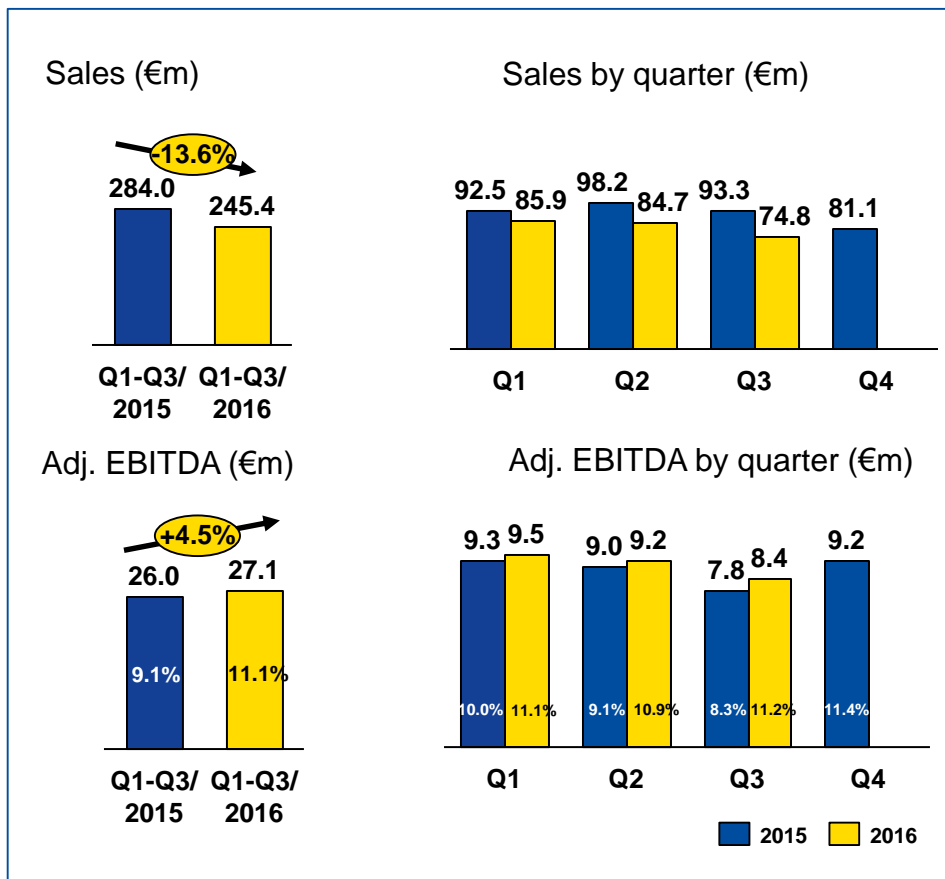
Efficiency measures driving positive margin development in 2016



- > Expected decrease in sales with VW Group and Daimler Group
- > Decline in sales relates mainly to two volume products due to a customer's switchover of technology as well as the transition to a successor product



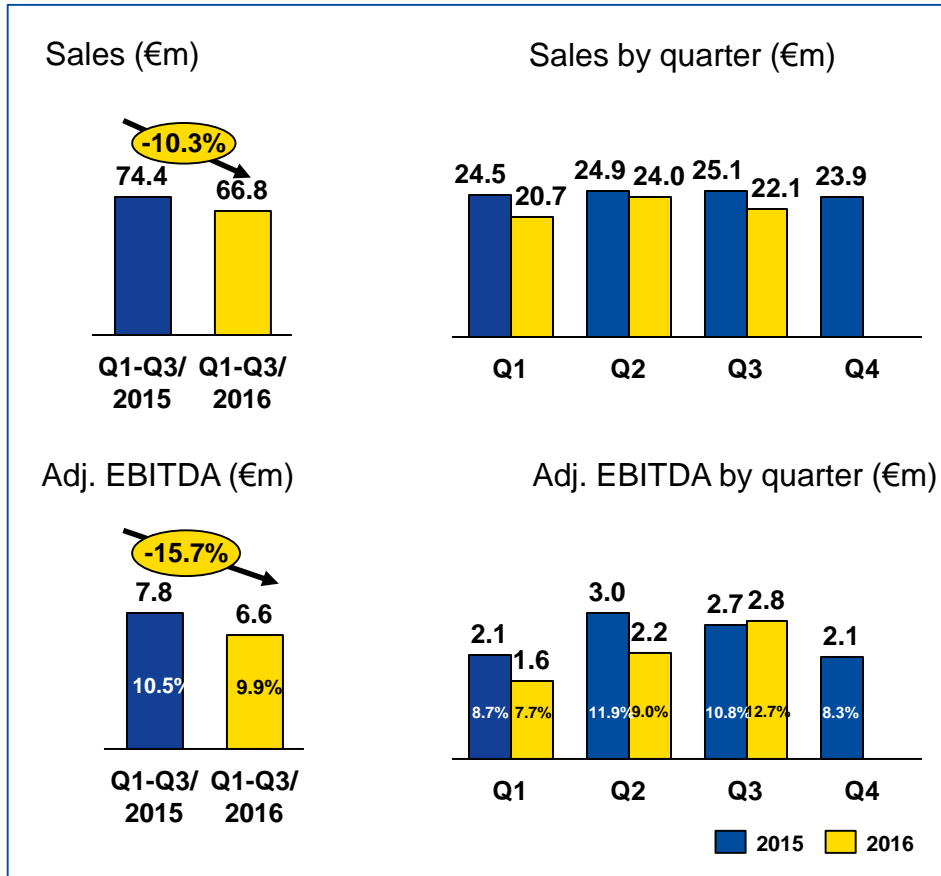
International growth and diversified product range will lead to a more balanced customer structure



- > Sales decline as expected by 13.6 per cent to € 245.4 million
- > Adj. EBITDA margin improved from 9.1 per cent to 11.1 per cent despite reduced sales
- > Considerably lower costs for external processing, finishing and expedited freight



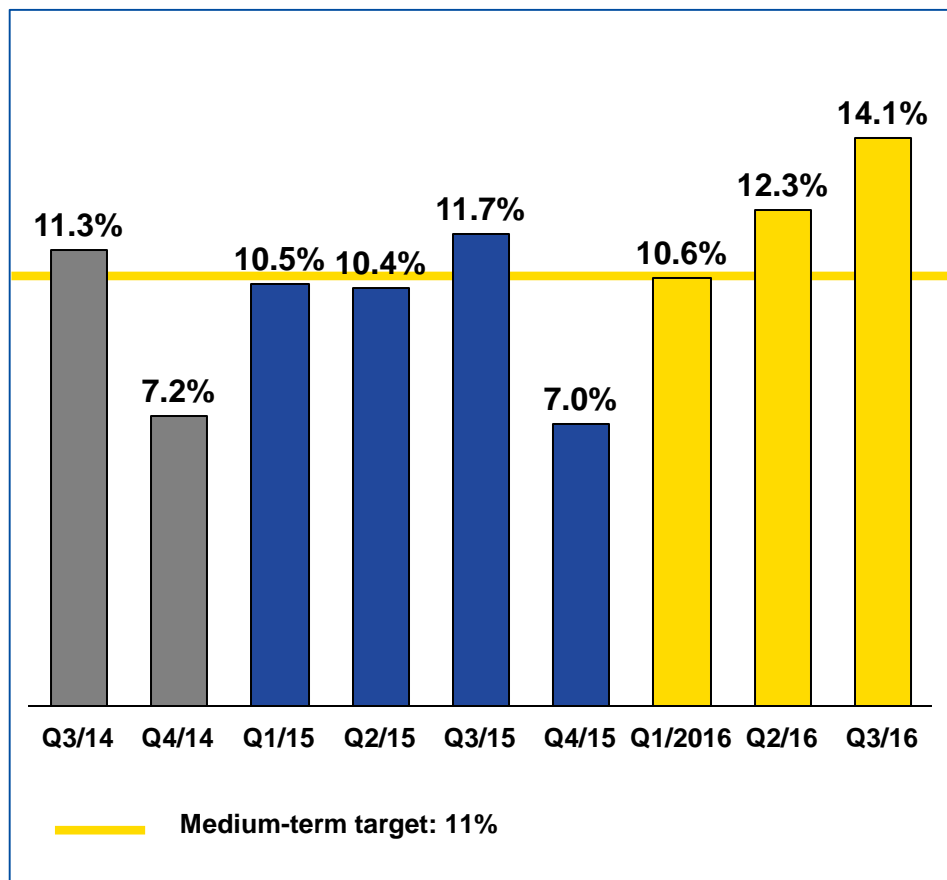
Operational efficiency programme with positive effects on EBITDA and EBITDA margin



- > Sales development mainly influenced by lower sales of one-piece brake discs. This was not completely offset by higher sales of composite brake discs
- > Sales development further influenced by lower scrap prices
- > Positive product mix effects and disciplined implementation of productivity measures partly compensated lower capacity utilisation



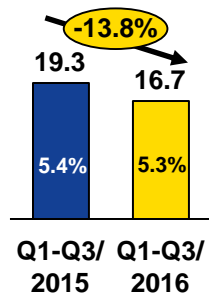
EBITDA margin close to target level of 10.0 per cent



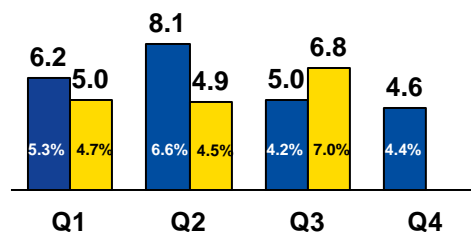
- > Working capital increased year-over-year by € 4.2 million to € 58.7 million
- > With 14.4 per cent, working capital ratio above previous year's 11.7 per cent
- > Inventory built-up to ensure supply readiness
- > Reduced trade payables due to lower business volume and lower investments to date than 2015



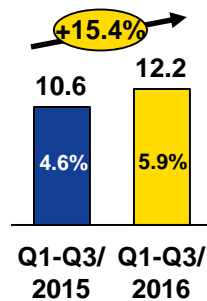
Investments (€m)



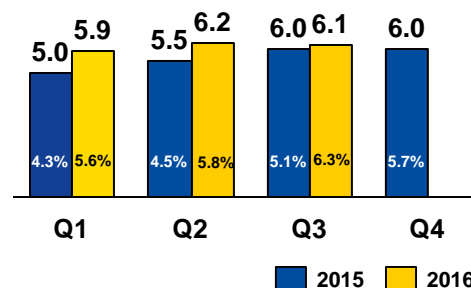
Investments by quarter (€m)



Depreciation (€m)



Depreciation by quarter (€m)



- > Investment ratio in Q1-Q3/2016 on the same level as previous year
- > Investments in Q4/2016 approx. between € 8 million and € 11 million
- > Depreciation ratio increased due to high investment levels in previous years



Investments in 2016 / 2017 basis
for capital-efficient growth in the subsequent years

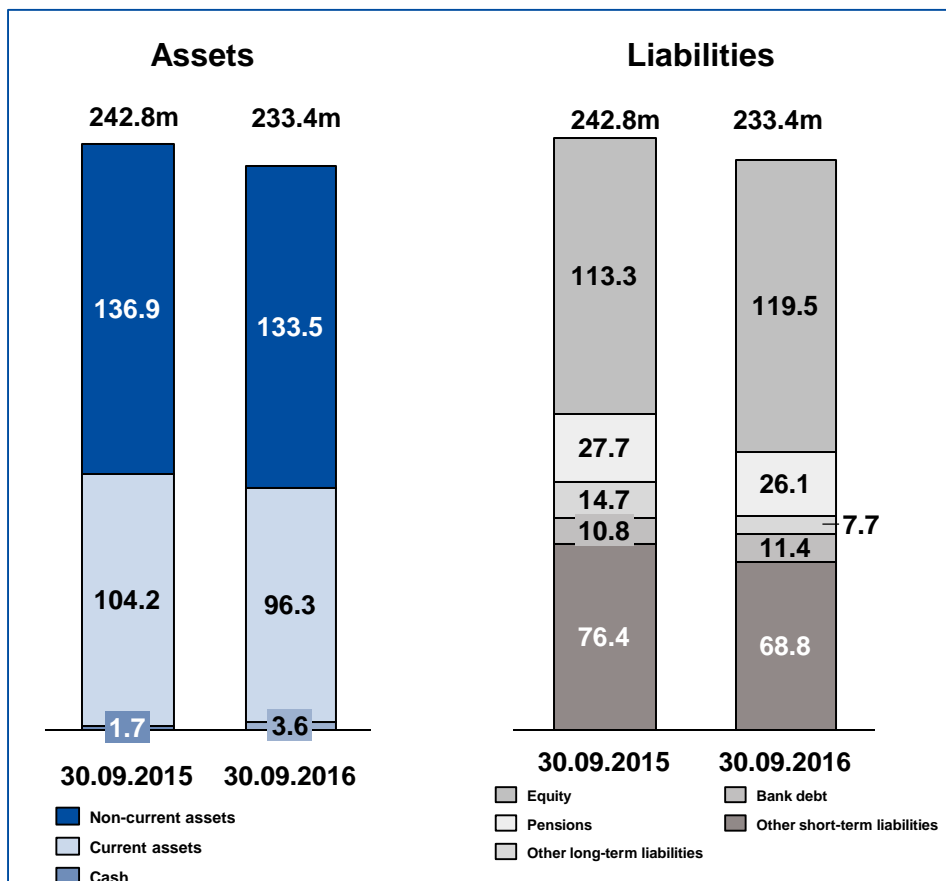
(€m) ¹	Q3 2016	Q3 2015	Q1-Q3/ 2016	Q1-Q3/ 2015
Cash flow from operating activities	3.2	4.8	2.9	18.0
Cash flow from investing activities				
- <i>tangible and intangible assets</i>	-6.7	-5.0	-16.4	-21.6
Operating free cash flow	-3.5	-0.1	-13.5	-3.6
Cash flow from investing activities				
- <i>financial assets</i>	0.0	0.0	0.0	-8.9
Total free cash flow	-3.5	-0.1	-13.5	-12.5
Other (esp. capital increase/dividend payment)	0.0	-0.1	-6.6	17.9
Change in net cash	-3.6	-0.2	-16.5	5.5

- > Operating cash flow positively impacted by higher depreciation and other non-cash effective expenses and income
- > Operating cash flow negatively impacted by lower net income for the period, cash-effective changes in inventories, receivables, other assets and liabilities and a change in provisions

¹ Figures include rounding adjustments



Strong focus on operating free cash flow in the future



- > Non-current assets decreased; depreciation above investments year-to-date
- > Current assets decreased due to accounts receivable management and lower sales
- > Short-term liabilities influenced by lower sales and comparatively low asset additions
- > Equity ratio increased from 46.6 per cent to 51.2 per cent mainly triggered by net period surpluses of the last 12 months



Sound balance sheet safeguards strategic flexibility

Guidance	2016
Sales	approx. € 410 m to € 430 m
thereof P&EC thereof Brake Discs	approx. € 320 m to 340 m approx. € 90 m
EBITDA	€ 43 m to € 47 m
Capex	€ 25 m to € 28 m (previously: € 32 m to € 35 m)



We have revised our sales guidance for 2016 but we remain firm in our EBITDA outlook

Driven by the effects from the efficiency measures the EBITDA is expected at the lower end of the € 43 million to € 47 million range

We confirm our SHW 2020 strategy – we believe in capital-efficient growth from 2018 onwards

With new orders from China we safeguarded more than € 100 million turnover in China in 2020

Entry into the market of fully electric vehicles once again underlines innovation leadership

Dates	Events
26 October	Interim Report (January – September 2016)
5 December	European Corporate Conference – Berenberg Bank <i>Pennyhill (London)</i>



Michael Schickling

Head of Investor Relations & Corporate Communications

Telephone: +49 (0) 7361 502-462

E-Mail: michael.schickling@shw.de

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