



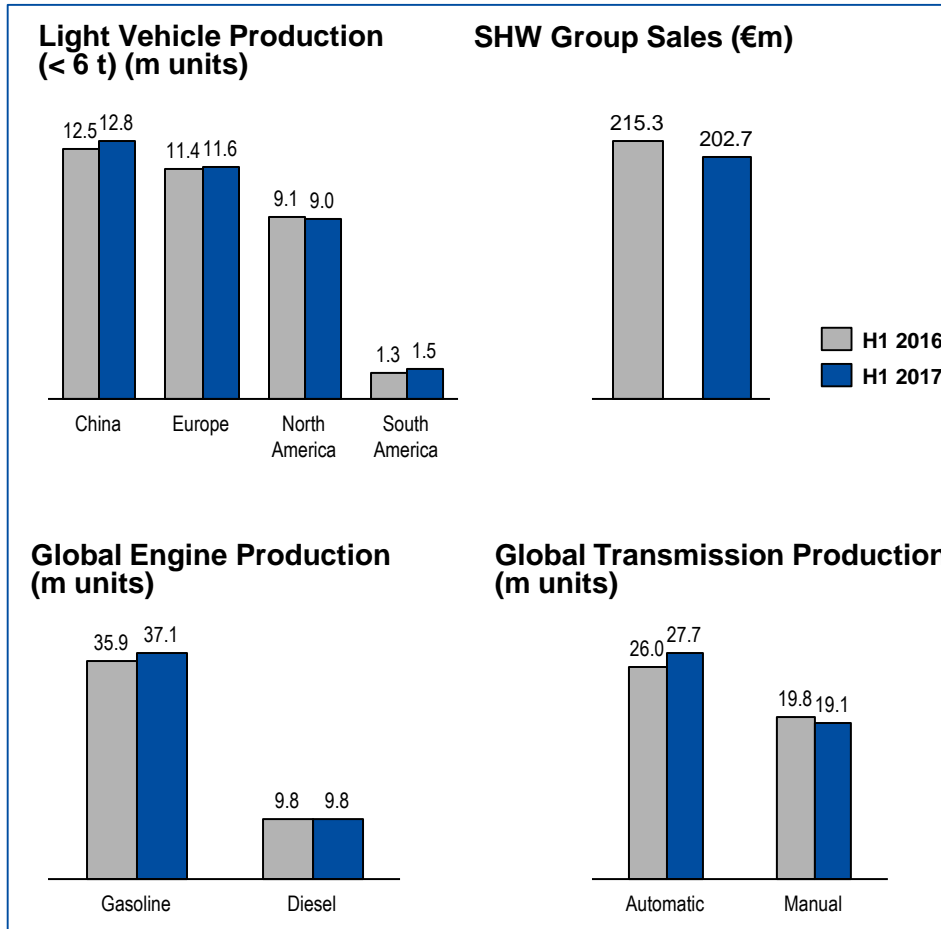
Outlook for fiscal year 2017 reaffirmed

Financial results H1 2017

Analyst and Investor Conference Call, 28 July 2017

Drive international growth and leverage innovation leadership

- > Financial results January to June 2017
- > Outlook for fiscal year 2017 and beyond



Source: IHS, July 2017

- Light vehicle production: + 2.6 per cent to 47.2 million units with marked growth rate differences
- Gasoline engines gain further market share; diesel engines stable
- Above-average growth rates for automatic transmissions – global production increased by 6.7 per cent to 27.7 million units



SHW well positioned to benefit from structural market changes and strong demand for mobility solutions

€m ¹	H1 2017	H1 2016	Change
Group sales	202.7	215.3	-5.8%
EBITDA	19.8	21.8	-9.1%
<i>as % of sales</i>	<i>9.8%</i>	<i>10.1%</i>	-
Depreciation	11.5	12.2	-5.7%
EBIT	8.3	9.6	-13.4%
<i>as % of sales</i>	<i>4.1%</i>	<i>4.4%</i>	-
ROCE	11.7%	12.5%	-
Net income for the period	5.4	6.5	-17.7%
EPS (in €)	0.8	1.0	-17.7%
Investments ²	14.7	9.9	49.0%
<i>as % of sales</i>	<i>7.3%</i>	<i>4.6%</i>	-
Working capital ratio	12.9%	12.3%	-
Operating free cash flow	3.9	-9.9	-
Equity ratio	49.9%	50.7%	-
Net debt / net cash	-7.9	-4.2	-

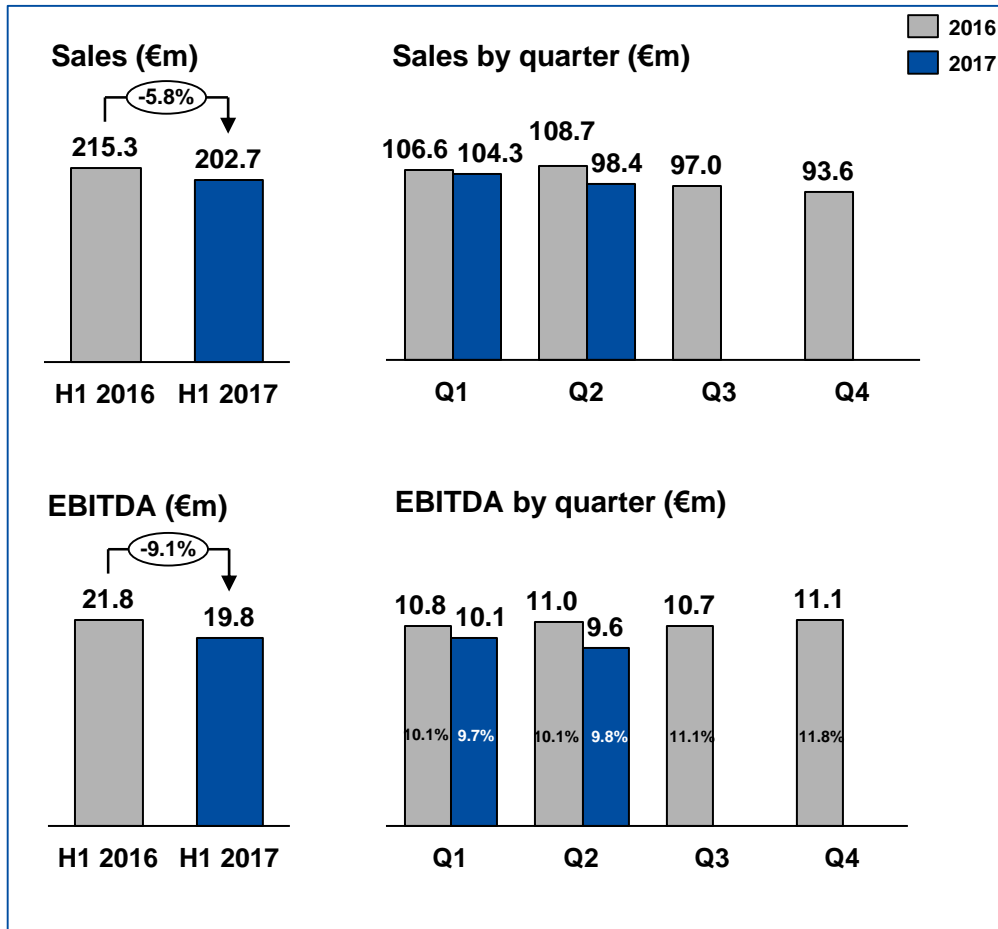
- Sales development as budgeted
- EBITDA margin temporarily impacted by brake disc business unit and non-recurring administrative costs
- Slightly lower depreciation due to below average asset additions in 2015 und 2016
- High investments in new markets
- Positive operating free cash flow
- Sound financial profile

¹ Figures include rounding adjustments

² Additions to tangible and intangible assets

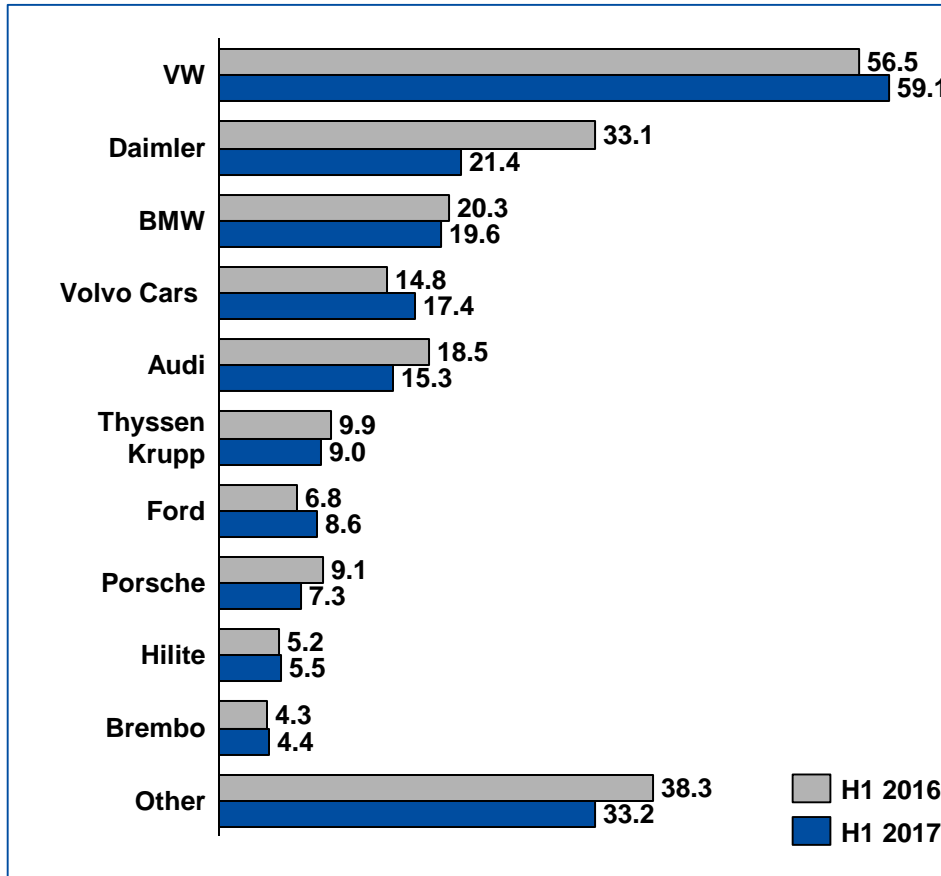


Financial results within the target range



- Group sales influenced by:
 - the transition to the second generation of an electrically driven transmission oil pump for the start-stop function (Pumps and Engine Components)
 - higher unit sales (Brake Discs)
- EBITDA below the previous year's level mainly triggered by:
 - a lower earnings contribution of the Brake Discs business segment
 - non-recurring administrative costs

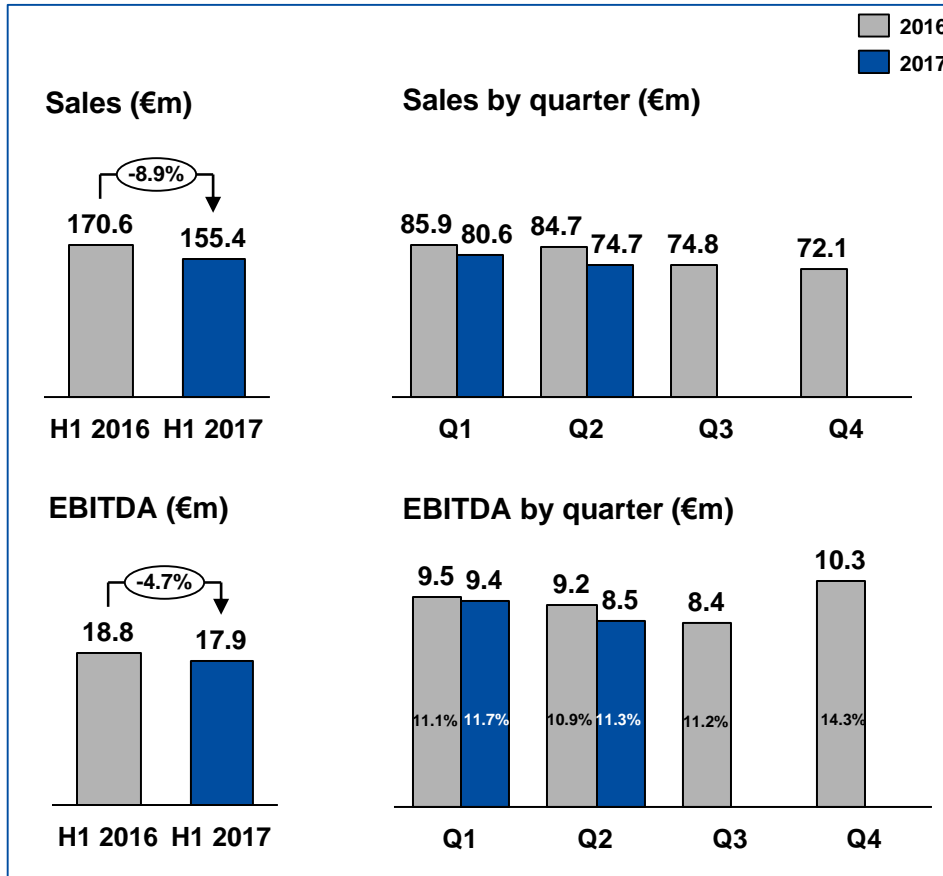




- Decline in sales mainly relates to the transition to the second generation of an electrically driven transmission oil pump for the start-stop function
- Dependency on the VW group expected to decrease by internationalisation and diversification towards transmission oil pumps from 2018 onwards

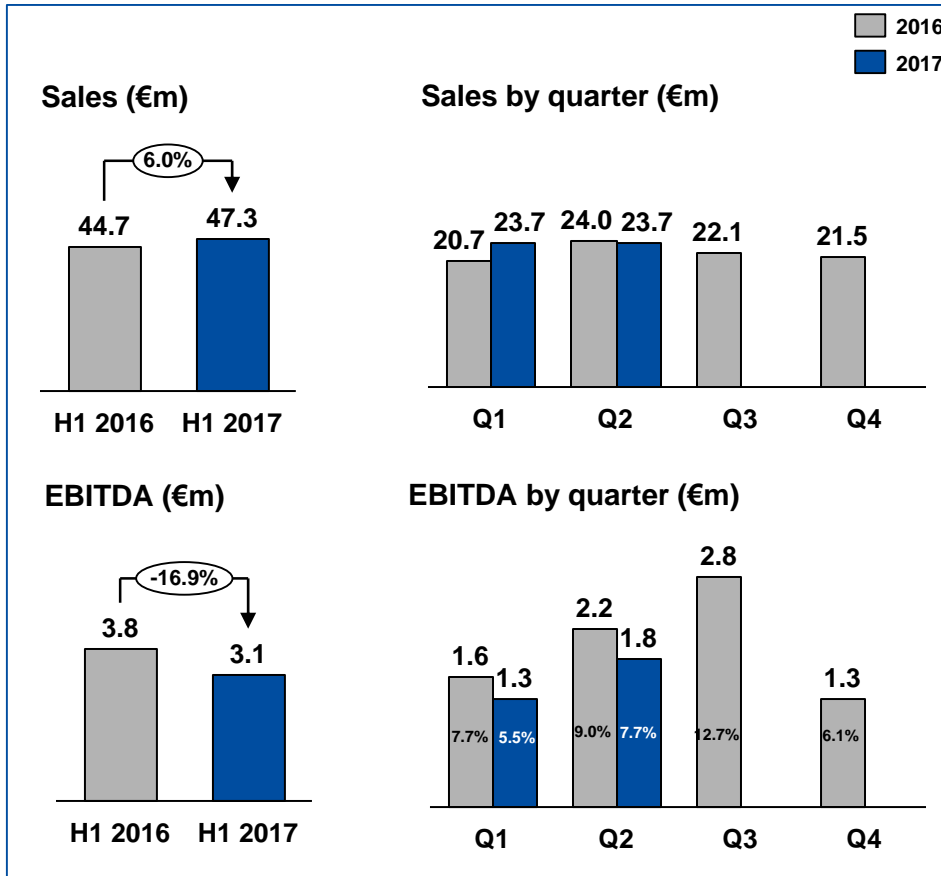


International growth and diversified product range will lead to a more balanced customer structure



- Sales decline as budgeted by 8.9 per cent to € 155.4 million
 - Passenger Cars: -13 per cent to € 123.1 million
 - Industry: +14 per cent to € 16.6 million
 - Powder Metallurgy: +10 per cent to € 15.6 million
- EBITDA margin improved to 11.5 per cent due to positive volume and product mix effects and productivity improvements
- Earnings development of foreign subsidiaries overall according to plan



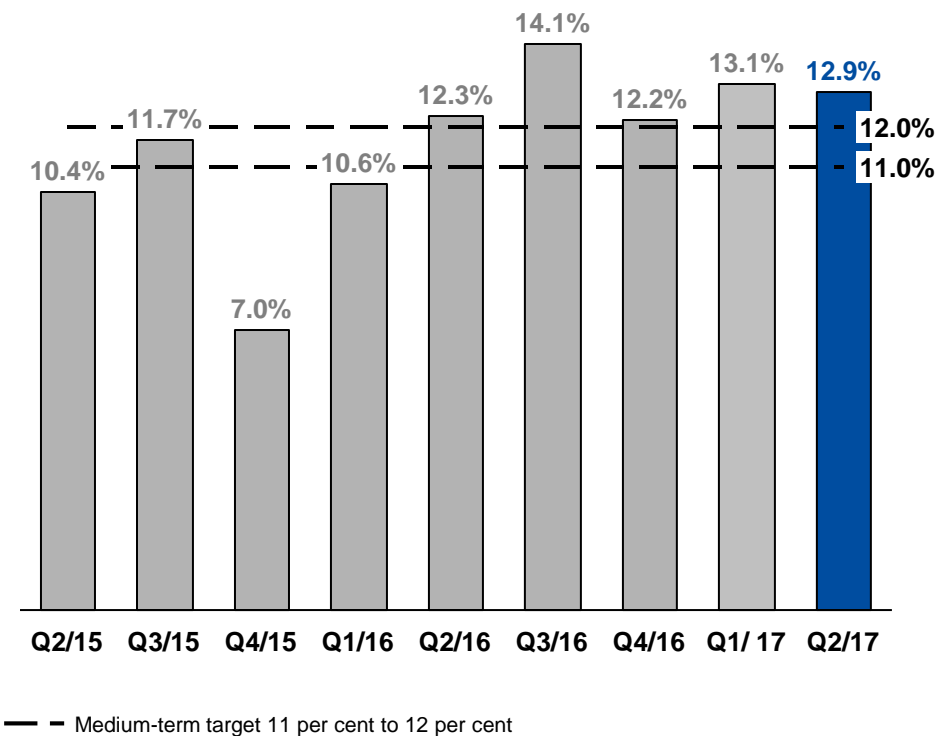


- Total number of brake discs sold: + 8.4 per cent
- Positive volume and product mix effects as well as productivity improvements contrasted with higher purchase costs for coke and the contractual delay in adjusting material surcharges



Temporary negative effects on EBITDA noticeably diminished in Q2

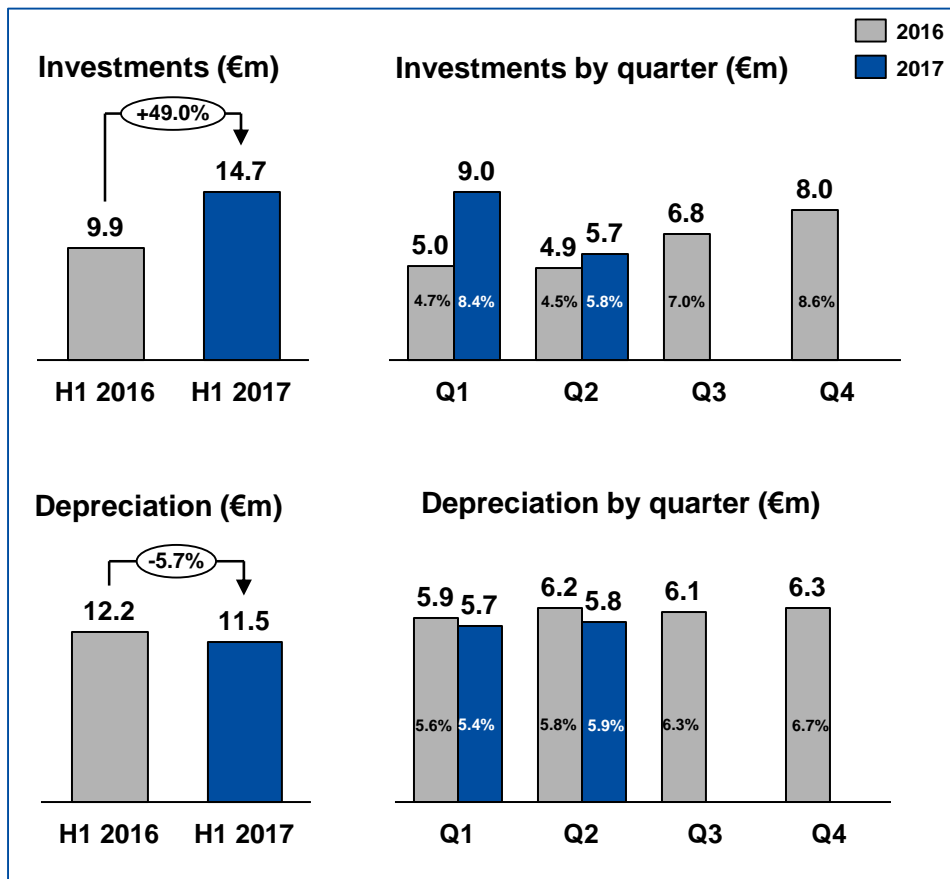
Development of net working capital ratio



- Net working capital reduced to € 50.6 million
- Higher inventories due to:
 - a variety of projects in progress (unfinished products)
- Lower trade receivables mainly due to:
 - lower sales (adjusted figure: -11.3 per cent)
- Higher trade payables due to:
 - comparatively higher asset additions



Net working capital ratio target in a range of 11 per cent to 12 per cent



- Investments in property, plant and equipment and intangible assets at a total of € 14.7 million
- Pumps & Engine Components: mainly for new assembly lines in Germany and China (total: € 11.6m)
- Brake Discs: mainly for second automated aluminium casting line and machining lines (total: € 2.7m)
- Slightly lower depreciation due to below average asset additions in 2015 und 2016



High level of investments in new markets

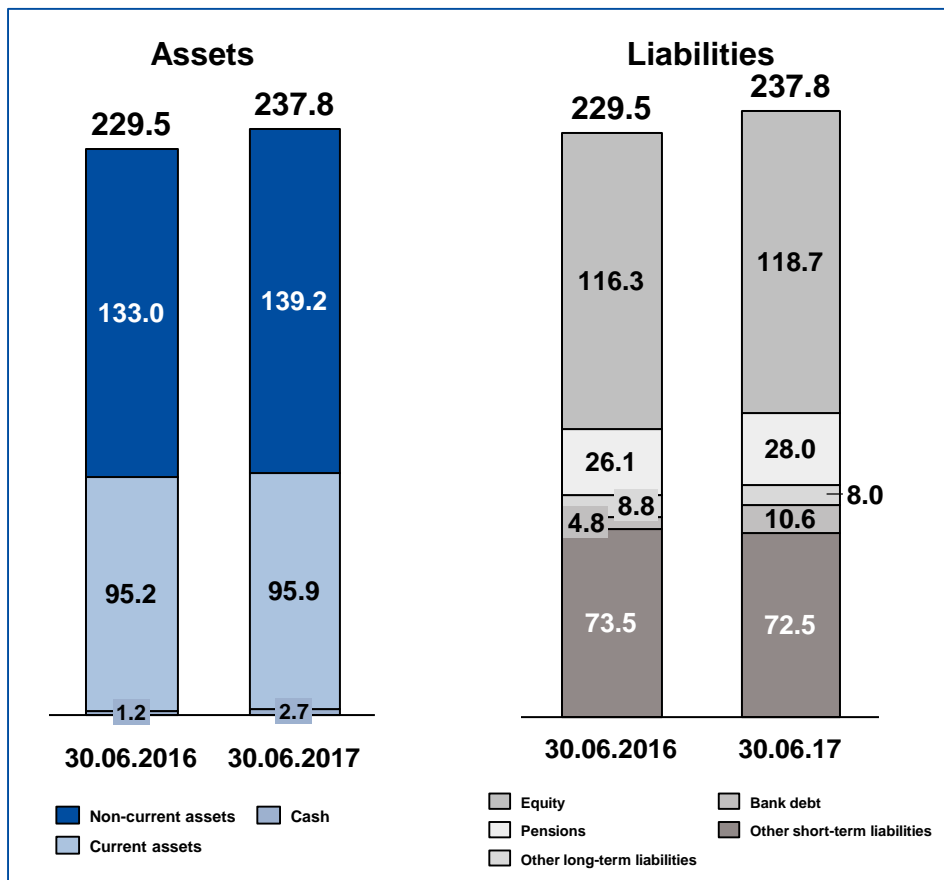
€m ¹	Q2 2017	Q2 2016	H1 2017	H1 2016
Cash flow from operating activities	7.9	1.4	18.5	-0.3
Cash flow from investing activities - <i>tangible and intangible assets</i>	-5.7	-4.7	-14.5	-9.7
Operating free cash flow	2.1	-3.3	3.9	-10.0
Cash flow from investing activities - <i>financial assets</i>	0.0	0.0	-6.8	0.0
Total free cash flow	2.1	-3.3	-2.9	-10.0
Other (esp. dividend payment)	-6.7	-6.5	-6.7	-6.6
Change in net cash	-4.5	-9.8	-9.6	-16.5

- Operating cash flow significantly improved mainly due to a significant lower increase in working capital
- Total free cash flow influenced by payment of second purchase price instalment for joint venture SHW Longji Brake Discs

¹ Figures include rounding adjustments



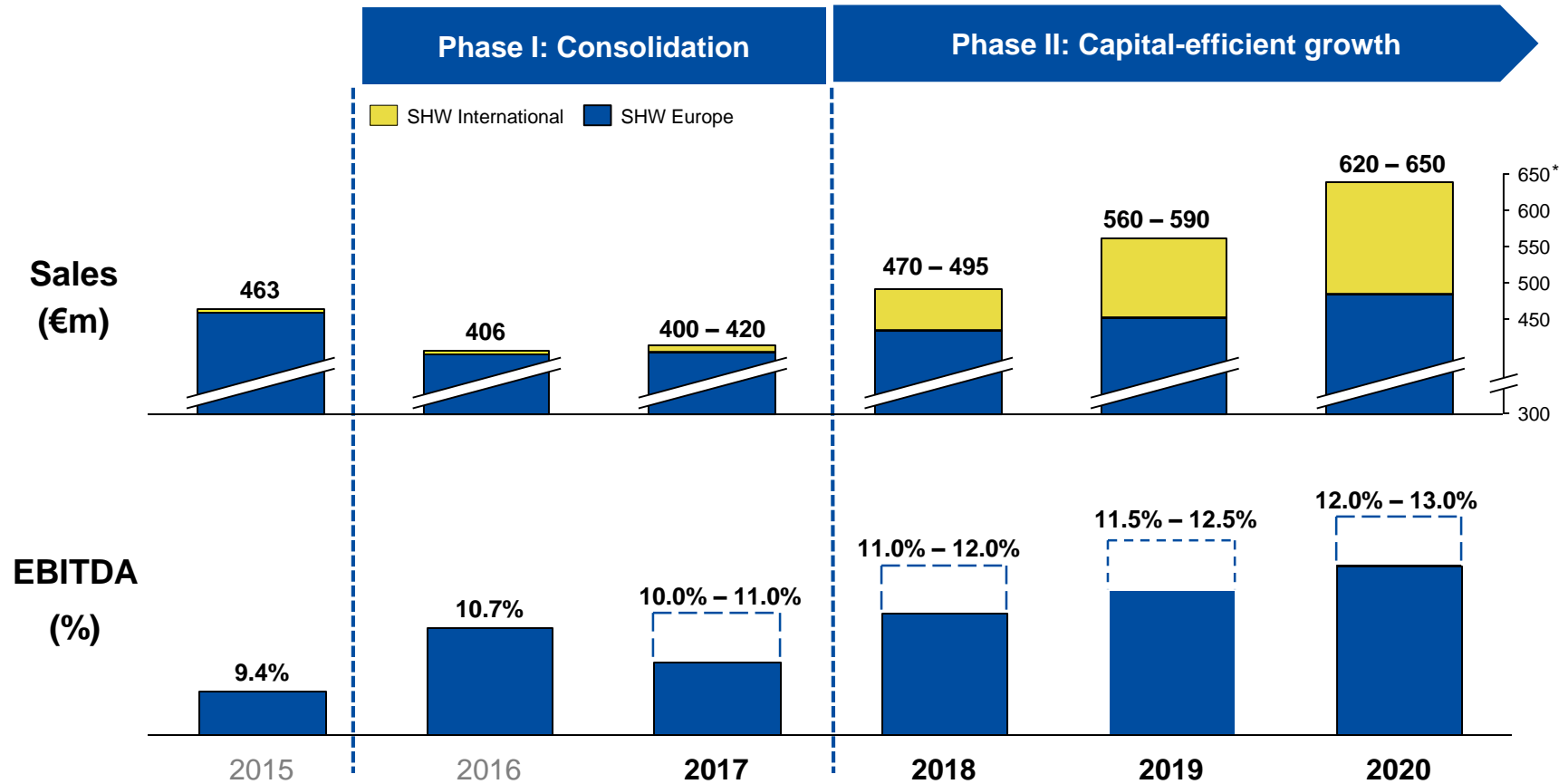
Strong focus on operating free cash flow



- Non-current assets increased due to investments in tangible assets
- Current assets nearly unchanged
- Equity ratio at 49.9 per cent due to above average increase of balance sheet total
- Net debt still significantly below industry average



Sound balance sheet safeguards strategic flexibility



*Only for illustrative purposes



Guidance for FY 2017 reaffirmed
Substantial boost in sales and earnings from 2018 onwards



Pumps & Engine Components business segment well on track

Brake Discs business segment temporarily below target level

We reaffirm our full year guidance of Group sales of € 400m to € 420m and an EBITDA-margin of 10 per cent to 11 per cent

Sound balance sheet safeguards strategic flexibility

Dates	Events
03.05.2017	Financial Report – January to March 2017
09.05.2017	Annual General Meeting (Congress Centre Heidenheim)
28.07.2017	Financial Report – January to June 2017
30.08.2017	Commerzbank – Sector Conference, Frankfurt
07.09.2017	Small Cap Conference – Bankhaus Lampe, Dusseldorf
19.09.2017	Berenberg and Goldman Sachs – German Corporate Conference, Munich
26.10.2017	Financial Report – January to September 2017



Michael Schickling

Head of Investor Relations & Corporate Communications

Telephone: +49 (0) 7361 502-462

E-Mail: michael.schickling@shw.de



Sandra Scherer

Junior Manager Investor Relations & Corporate Communications

Telephone: +49 (0) 7361 502-469

E-Mail: sandra.scherer@shw.de

Disclaimer

No offer or investment recommendation

This document, which has been issued by SHW AG (the “Company” or “SHW”), does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any shares in the Company, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto.

The contents of this presentation are may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Neither the Company nor any other party is under any duty to update or inform you of any changes to such information. In particular, it should be noted that financial information relating to the Company contained in this document has not been audited and in some cases is based on management information and estimates.

This material is given in conjunction with an oral presentation and should not be taken out of context.

Certain market data and financial and other figures (including percentages) in this document were rounded in accordance with commercial principles. Figures rounded may not in all cases add up to the stated totals or the statements made in the underlying sources. For the calculation of percentages used in the text, the actual figures, rather than the commercially rounded figures, were used. Accordingly, in some cases, the percentages provided in the text may deviate from percentages based on rounded figures.

Future Oriented Statements

Certain statements in this presentation are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein.

No obligation to update the information

The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable laws and regulations. You should not place undue reliance on forward-looking statements, which speak as only of the date of this presentation. Statements contained in this presentation regarding past trends or events should not be taken as a representation that such trends or events will continue in the future.