


Outlook for fiscal year 2017 confirmed

Financial results Q1 2017

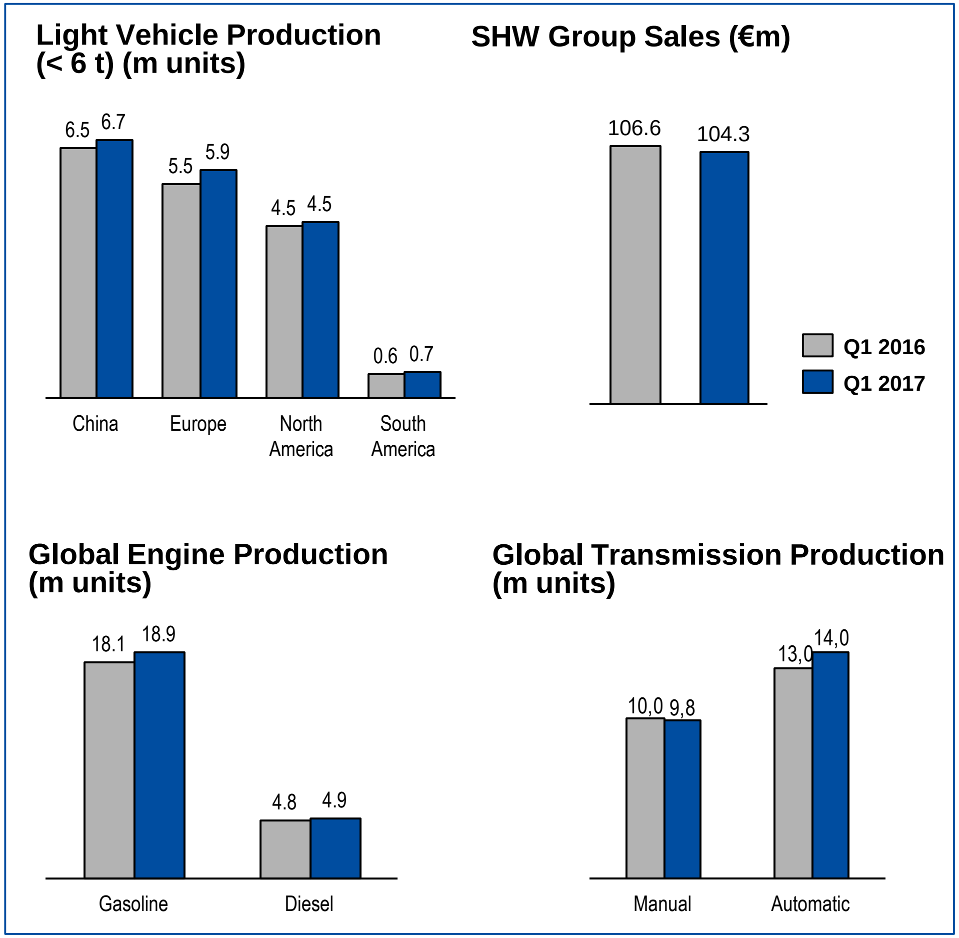
Analyst and Investor Conference Call, 3 May 2017

Drive international growth and leverage innovation leadership

> Financial results January to March 2017

> Outlook for fiscal year 2017

Stable market environment in Q1 2017



Source: IHS, April 2017

- > Light vehicle production: + 4.2 per cent to 24.0 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 8.0 per cent to 14.0 million units

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

Financial figures Q1 2017

€m[1]	Q1 2017	Q1 2016	Change
Group sales	104.3	106.6	-2.2%
EBITDA	10.1	10.8	-5.7%
as % of sales	9.7%	10.1%	-
Depreciation	5.7	5.9	-4.6%
EBIT	4.5	4.8	-7.1%
as % of sales	4.3%	4.5%	-
ROCE	12.1%	15.2%	-
Net income for the period	3.0	3.3	-10.1%
EPS (in €)	0.46	0.51	-10.1%
Investments[2]	9.0	5.0	79.9%
as % of sales	8.6%	4.7%	-
Working capital as % of sales	13.1%	10.6%	-
Equity ratio	50.5%	51.0%	-
Operating free cash flow	1.8	-6.7	-
Net debt / net cash	-3.4	5.6	-

> Sales development as budgeted

> EBITDA margin temporarily impacted by brake disc business unit

> Slightly lower depreciation due to below average asset additions in 2015 und 2016

> High investments mainly in new assembly lines

> Positive operating free cash flow

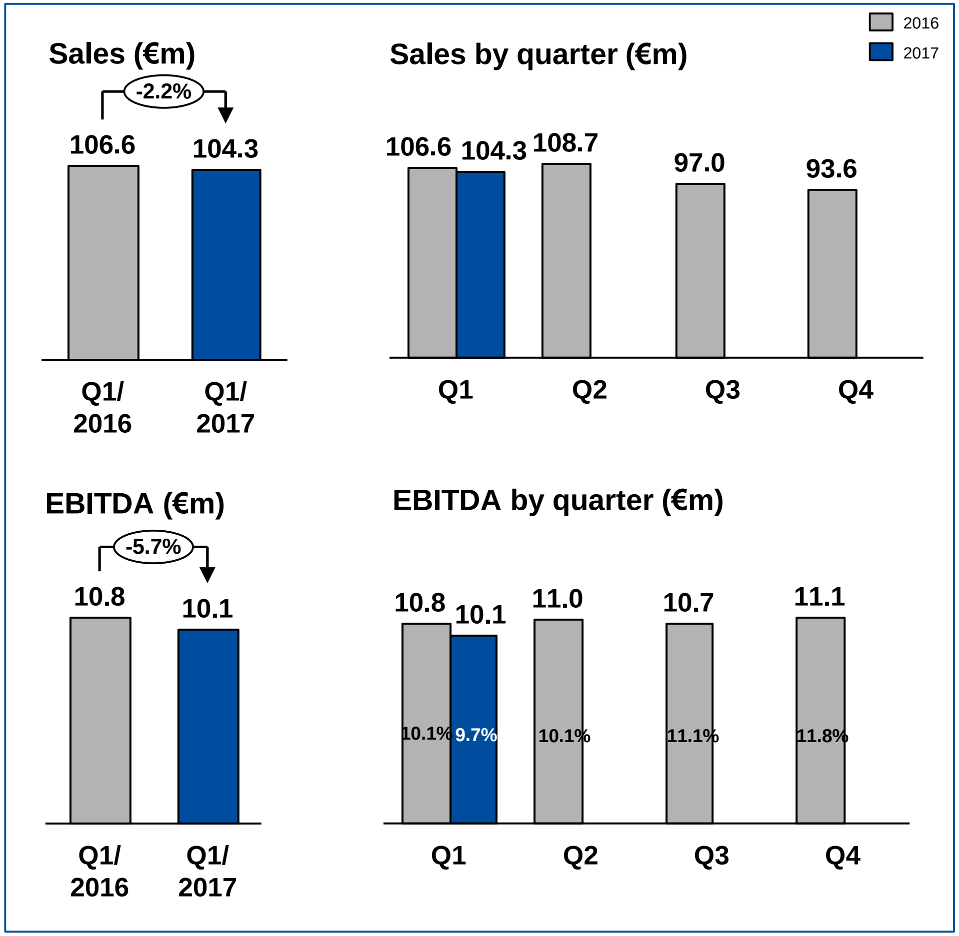
> Sound financial profile

[1] Figures include rounding adjustments

[2] Additions to tangible and intangible assets

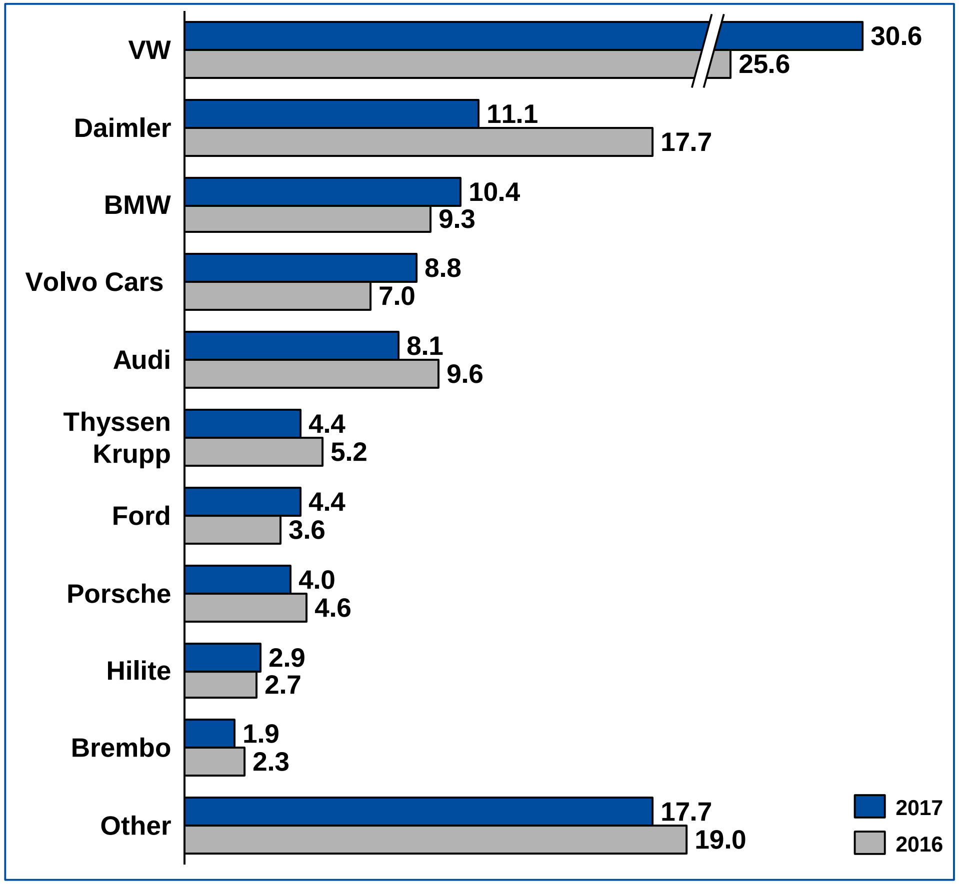
Cautious start into 2017 - guidance for FY 2017 confirmed

Group



- 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)
  - significantly higher unit sales (Brake Discs)
- EBITDA slightly below the previous year’s level mainly triggered by:
  - a lower earnings contribution of the Brake Discs business segment

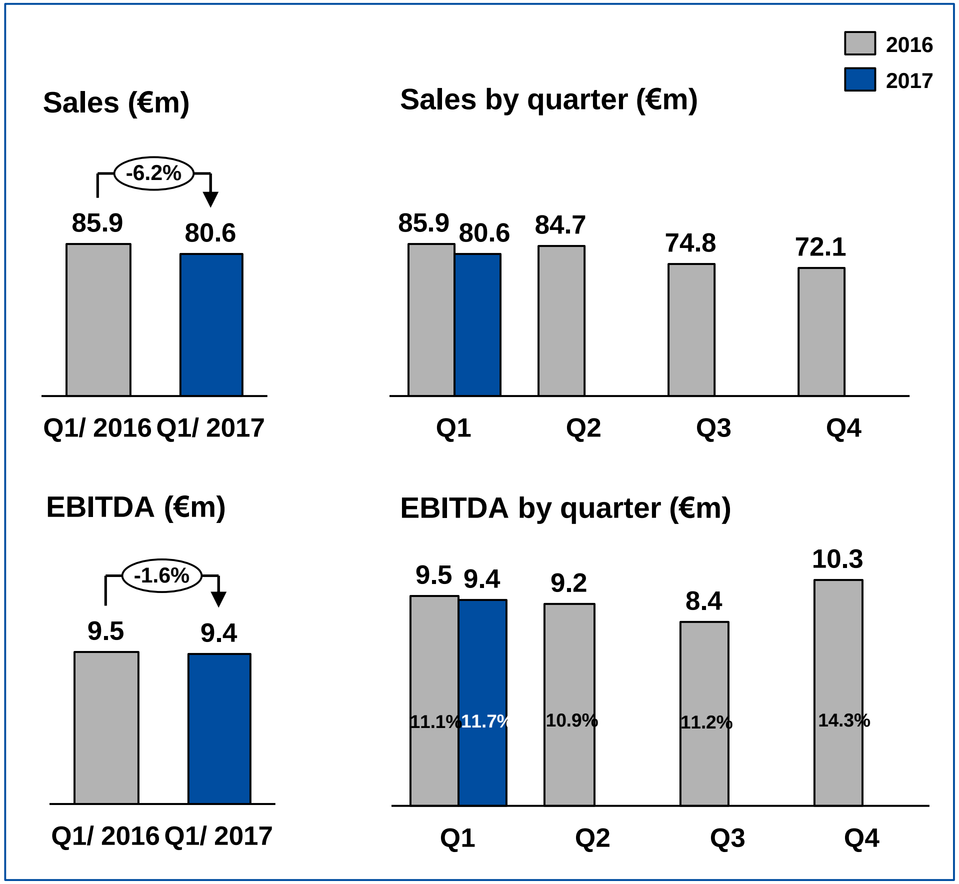
Customer sales



- > 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

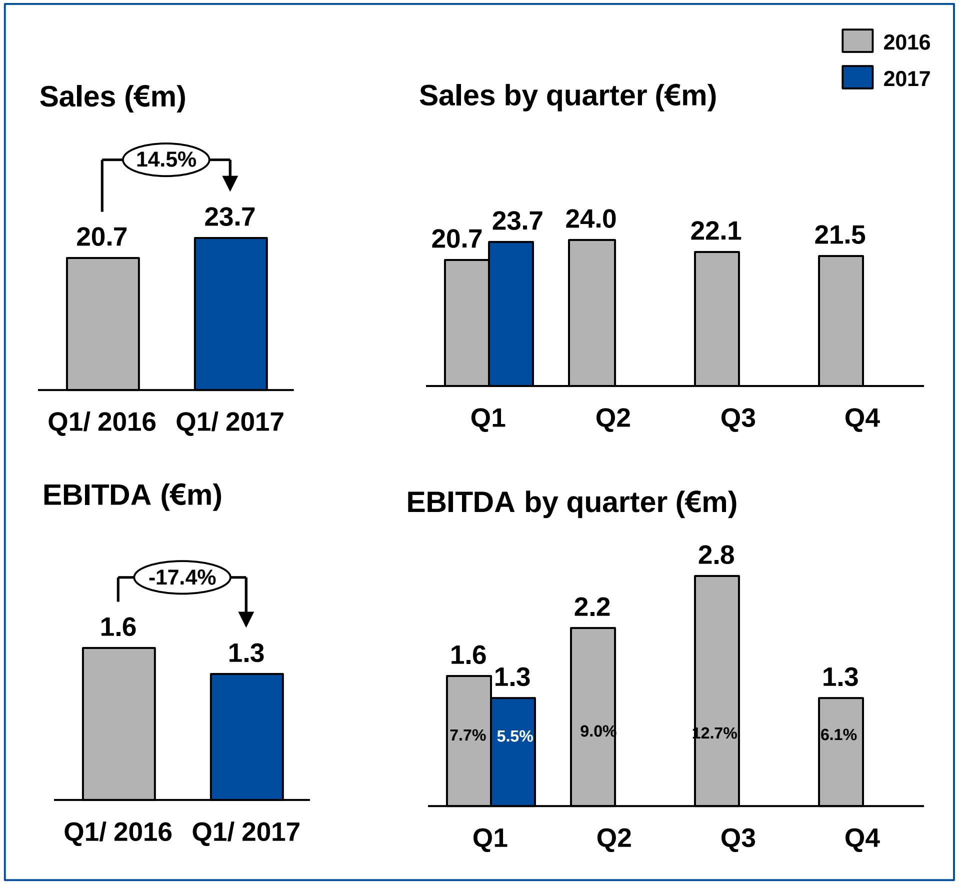
Business Segment: Pumps and Engine Components



- Sales decline as budgeted by 6.2 per cent to € 80.6 million
  - Passenger Cars: -10 per cent to € 64.1 million
  - Industry: +14 per cent to € 8.4 million
  - Powder Metallurgy: +11 per cent € 8.1 million
- EBITDA margin improved to 11.7 per cent due to comparably lower costs for external processing, rework and expedited freight
- Earnings development of foreign subsidiaries overall according to plan

Efficiency improvements drive positive margin development

Business Segment: Brake Discs

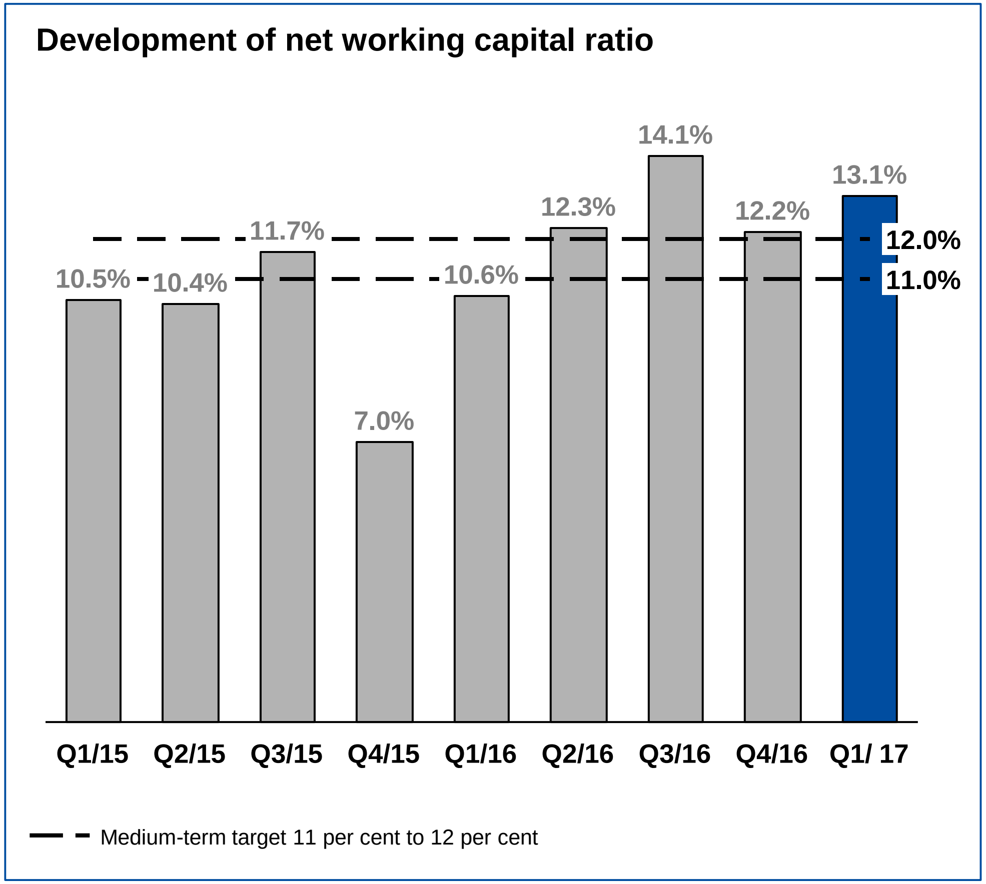


> Total number of brake discs sold: + 26 per cent

> 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 (approx. 4.5 percentage points)

EBITDA-margin temporarily below target level

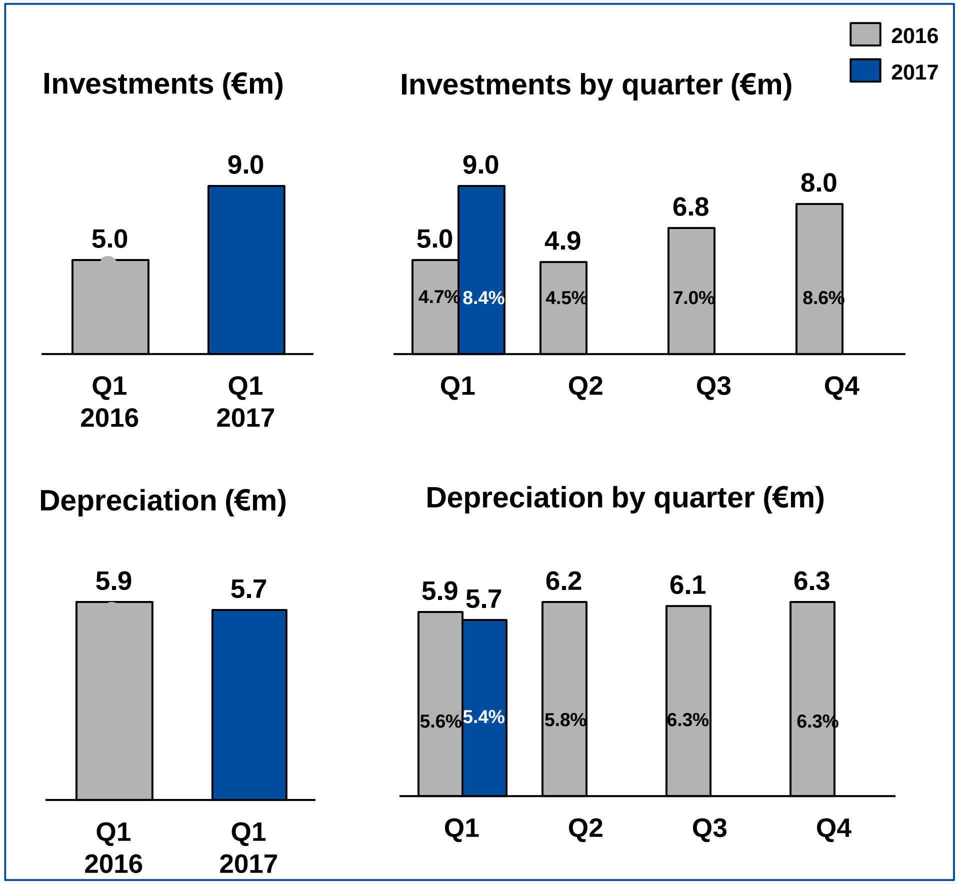
Net working capital ratio



- Net working capital increased year-over-year by € 4.9 to € 52.8 million
- Higher inventories due to:
  - targeted strategic measures to improve delivery capability
- Higher trade receivables mainly due to:
  - a reclassification effect
- 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 and depreciation



- Investments in property, plant and equipment and intangible assets at a total of € 9.0 million
- Pumps & Engine Components: mainly for new assembly lines in Germany and China (total: € 7.5m)
- Brake Discs: mainly for second automated aluminium casting line (total: € 1.4m)
- Slightly lower depreciation due to below average asset additions in 2015 und 2016

Cash Flow

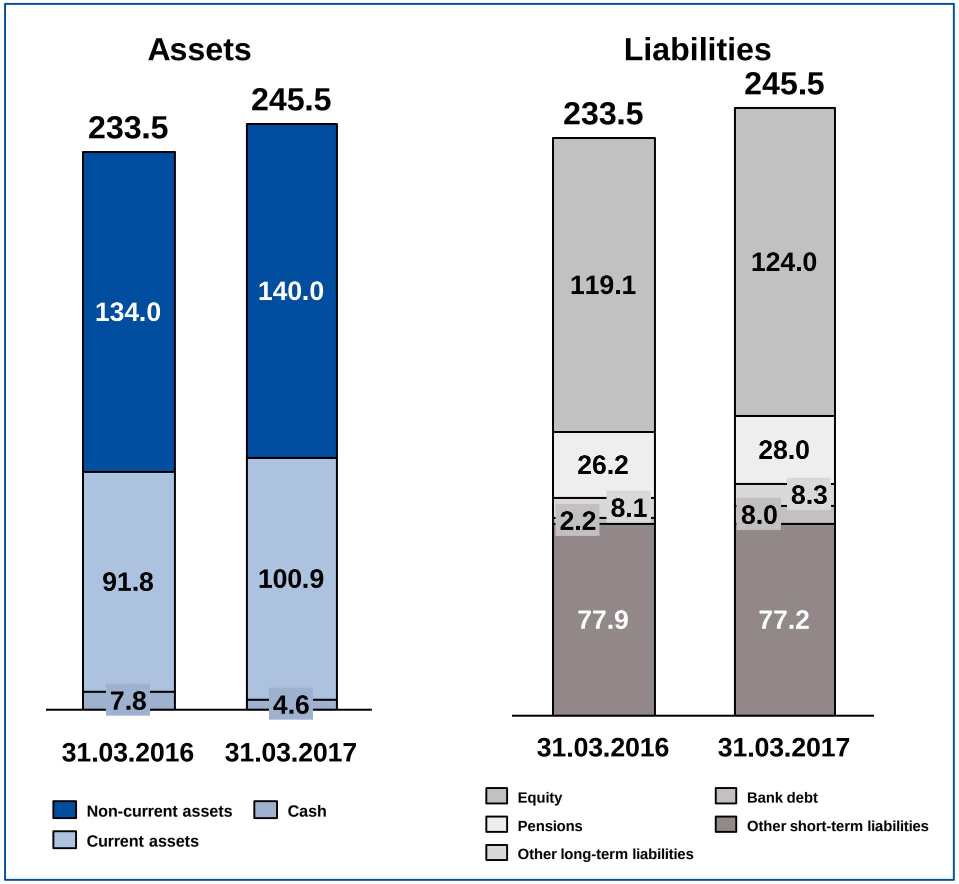
(€m)[1]	Q1 2017	Q1/2016
Cash flow from operating activities	10.6	-1.7
Cash flow from investing activities - *tangible and intangible assets*	-8.8	-5.0
Operating free cash flow	**1.8**	**-6.7**
Cash flow from investing activities - *financial assets*	-6.8	-0.0
Total free cash flow	**-5.0**	**-6.7**
Other (esp. capital increase / dividend payment)	0.0	-0.1
Change in net cash	**-5.0**	**-6.8**

[1] Figures include rounding adjustments

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

Strong focus on operating free cash flow

Sound financial profile



> Non-current assets increased due to investments in tangible assets

> Current assets increased mainly due to higher inventories and trade receivables

> Equity ratio at 50.5 per cent due to above average increase of balance sheet total

> Net debt still significantly below industry average

Sound balance sheet safeguards strategic flexibility

Outlook for the Group

Guidance	2017
Sales ▪ thereof P&EC ▪ thereof Brake Discs	approx. € 400m to € 420m ▪ approx. € 310m to 330m ▪ approx. € 90m
EBITDA margin	10 per cent – 11 per cent
Capex	€ 29m to € 33m

Sales and earnings forecast for fiscal year 2017 confirmed

Your key takeaways

- Pumps & Engine business segment well on track
- Brake Discs business segment temporarily below target level
- We reiterate 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

Financial Calendar 2017

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
19.09.2017	Berenberg and Goldman Sachs – German Corporate Conference, Munich
26.10.2017	Financial Report – January to September 2017

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