



PRESS RELEASE

SHW AG: Joint statement by the Management Board and the Supervisory Board pursuant to Section 27 (1) German Securities Acquisition and Takeover Act published

- Management Board and Supervisory Board of SHW AG recommend not to accept the offer from Pierer Industrie AG
- The price offered does not appropriately reflect the expected substantial improvement in margins and earnings

Aalen, 24 July 2017. The Management Board and the Supervisory Board of SHW AG today published their joint statement pursuant to 27 (1) German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetzes – WpÜG) on the voluntary takeover offer of Pierer Industrie AG. In the statement, the Management Board and the Supervisory Board substantiate their opinion that the offer of Pierer Industrie AG of € 35 per share for all outstanding ordinary shares of SHW AG in circulation is not appropriate from a financial perspective. Consequently, they recommend that the shareholders of SHW AG should not accept the offer.

In the view of the Management Board and the Supervisory Board, the financial consideration offered does not appropriately reflect the value of the company which SHW can generate from its own resources. With its strategy “SHW 2020”, the company has laid the groundwork over the last eighteen months for a substantial boost in sales and earnings from the year 2018 onwards. The measures undertaken to improve operating excellence are having a tangible impact and a substantial € 30 million investment programme to internationalise pump activities has commenced. In the period to 2020 sales are expected to rise by approximately 50 per cent from the 2017 baseline and a significant improvement is expected in both margins and earnings. As a result, the Management Board and the Supervisory Board are of the opinion that the SHW share bears substantial upside potential.

The assessment that the offer of Pierer Industrie AG does not represent a fair price is confirmed by the investment bank, Joh. Berenberg, Gossler & Co. KG (“Berenberg”), in their fairness opinion. The fairness opinion is attached to the joint statement by the Management Board and the Supervisory Board as an annex.

Notwithstanding the above, the Management Board and Supervisory Board welcome the announcement by the bidder, according to which the investment of the Pierer Group in SHW is viewed as a long-term investment. Likewise, the declaration by the bidder is welcomed, by which it supports the corporate strategy and business policies publicly communicated by the Management Board of SHW.

The Management Board and the Supervisory Board are not yet in a position to assess the extent to which the strategic potential and synergies in the automobile industry that are addressed by the bidder, could be verified and exploitable for SHW. However, they welcome the willingness of the Pierer Group to have a constructive dialogue about the possibilities of a future cooperation. The Management Board would be happy to continue this dialogue, maintaining the independence of SHW and taking due consideration of the interests of all stakeholders.

The full statement of the Management Board and the Supervisory Board of SHW AG can be found on the company’s website at http://www.shw.de/cms/en/investor_relations/takeover_offer/



About SHW

The Company was established in 1365 making it one of the oldest industrial companies in Germany. Today, SHW AG is a leading automotive supplier providing products that make a substantial contribution to reducing fuel consumption and, consequently, to lowering CO₂ emissions. In its Pumps and Engine Components business segment, the SHW Group develops and produces pumps for passenger vehicles and industry applications (e.g., trucks, agricultural and construction vehicles, stationary engines and wind farms) as well as engine components. The Brake Discs business segment develops and produces monobloc ventilated brake discs made of cast iron and composite brake discs made of a combination of an iron friction ring and an aluminium pot. The SHW Group's customers include renowned automotive manufacturers, manufacturers of commercial, agricultural, and construction vehicles as well as other suppliers to the automotive industry. Currently, the SHW Group has four production sites in Germany located in Bad Schussenried, Aalen-Wasseraffingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck, one site in Brazil (Sao Paulo) and China (Kunshan) and has a sales and development centre in Toronto, Canada. Besides, SHW Automotive GmbH also holds a 51 per cent interest in the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., in LongKou (China). With just over 1,250 employees, the Company generated Group sales in fiscal year 2016 of € 406 million. Further information is available at: www.shw.de

Contact person

Michael Schickling

Head of Investor Relations & Corporate Communications

SHW AG

Telephone: +49 (0) 7361 502 462

Email: michael.schickling@shw.de

Future-oriented statements

This press release contains certain future-oriented statements that are based on current assumptions and forecasts made by the management of SHW AG. Various known and unknown risks, uncertainties and other factors may lead to the actual results, financial position, development or performance of the company deviating considerably from the appraisals specified here. The company assumes no obligation to update future-oriented statements of this nature or adapt them to future events or developments.

Note

This announcement is for information purposes only and does neither constitute an offer to sell, purchase, exchange or transfer any securities nor a solicitation of any offer to sell, purchase, exchange or transfer any securities.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. SHW AG does not intend to register any securities referred to herein under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States in connection with this announcement.