



Preliminary Full Year Results 2018

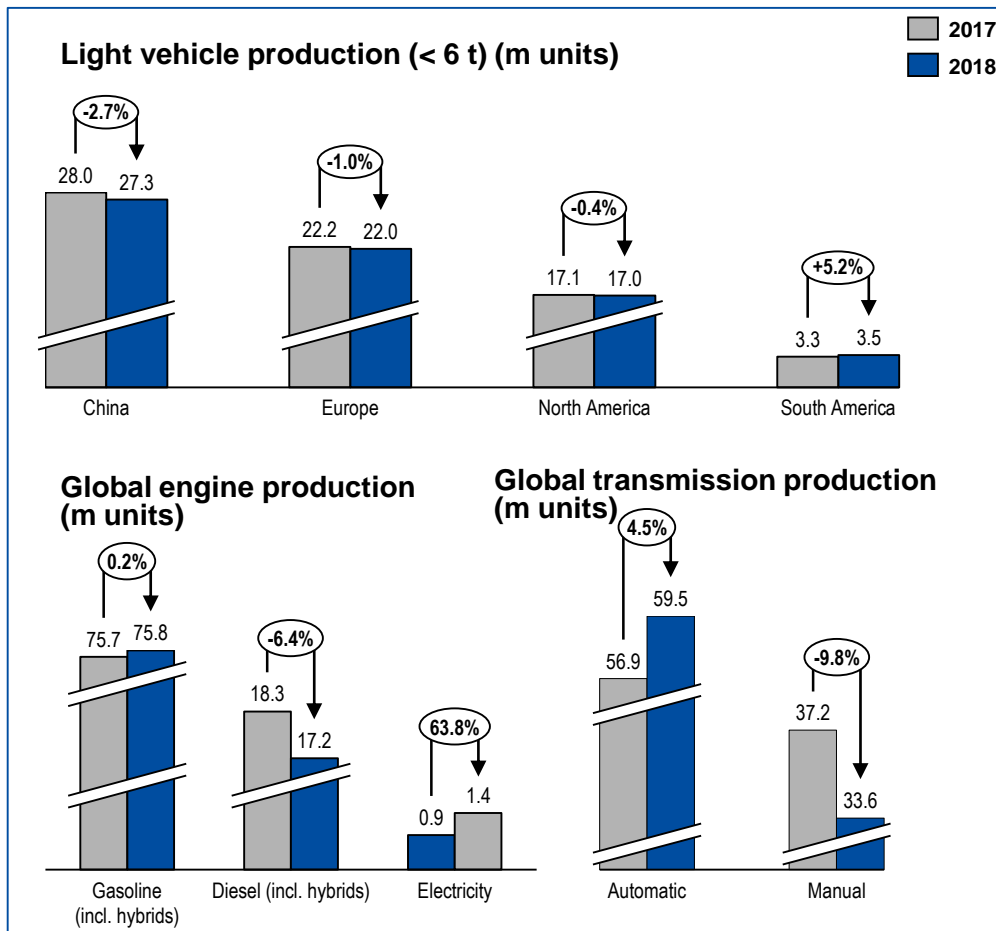
Analyst and Investor Conference Call – 30 January 2019

I SHW at a glance

II Financial figures 2018

III Outlook for FY 2019

1. Pankl SHW Industries AG (prior: SHW Beteiligungs GmbH) majority shareholder
2. Management team completed with new CFO Thomas Karazmann
3. Group sales and EBITDA margin before non-recurring effects within guidance range
4. Non-recurring effects in total of € 8.0 million burden earnings in fiscal year 2018
5. Investments with € 48.7 million at record level
6. Close cooperation with Pankl Racing Systems AG in the fields of Purchasing, Sales, Product Development and Finance

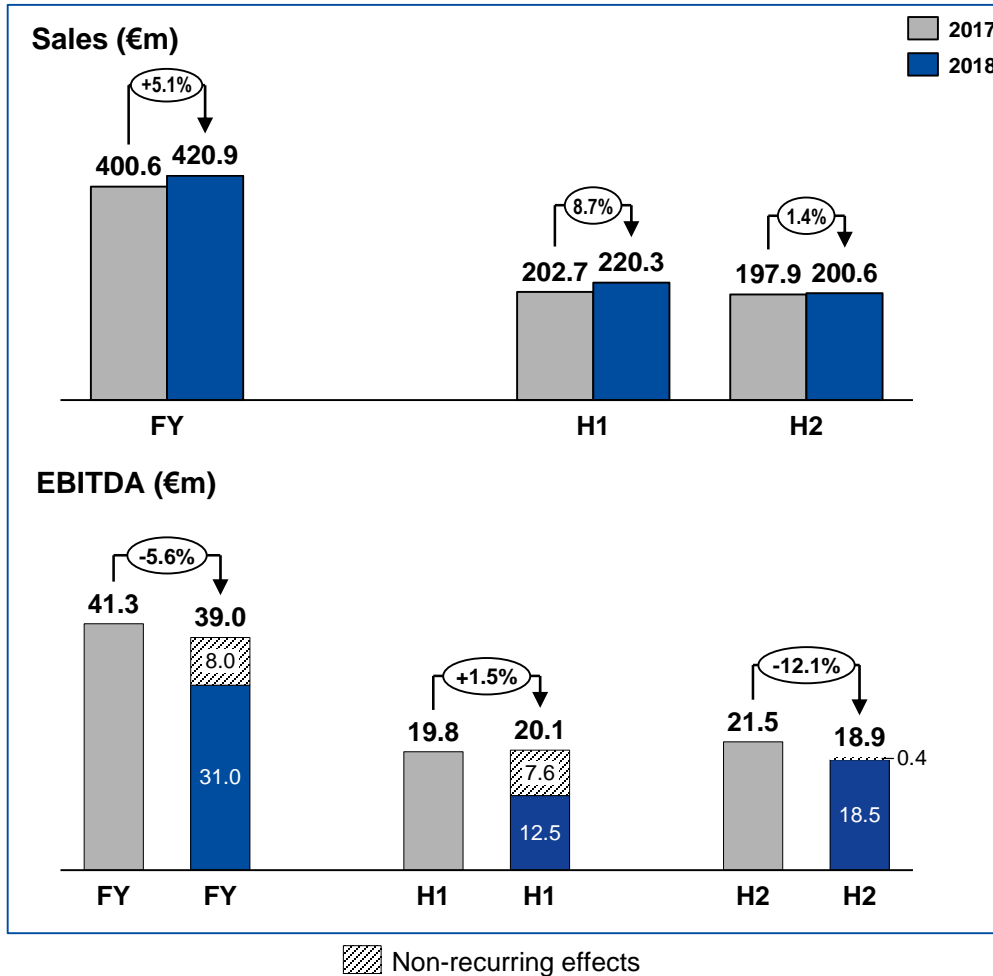


Source: IHS, January 2019

- Slight decrease of the worldwide light vehicle production by 0.5 per cent to 94.7 million units
- Gasoline engines are gaining further market share
- Strong growth rates for automatic transmissions; global production increased by 4.5 per cent to 59.5 million units



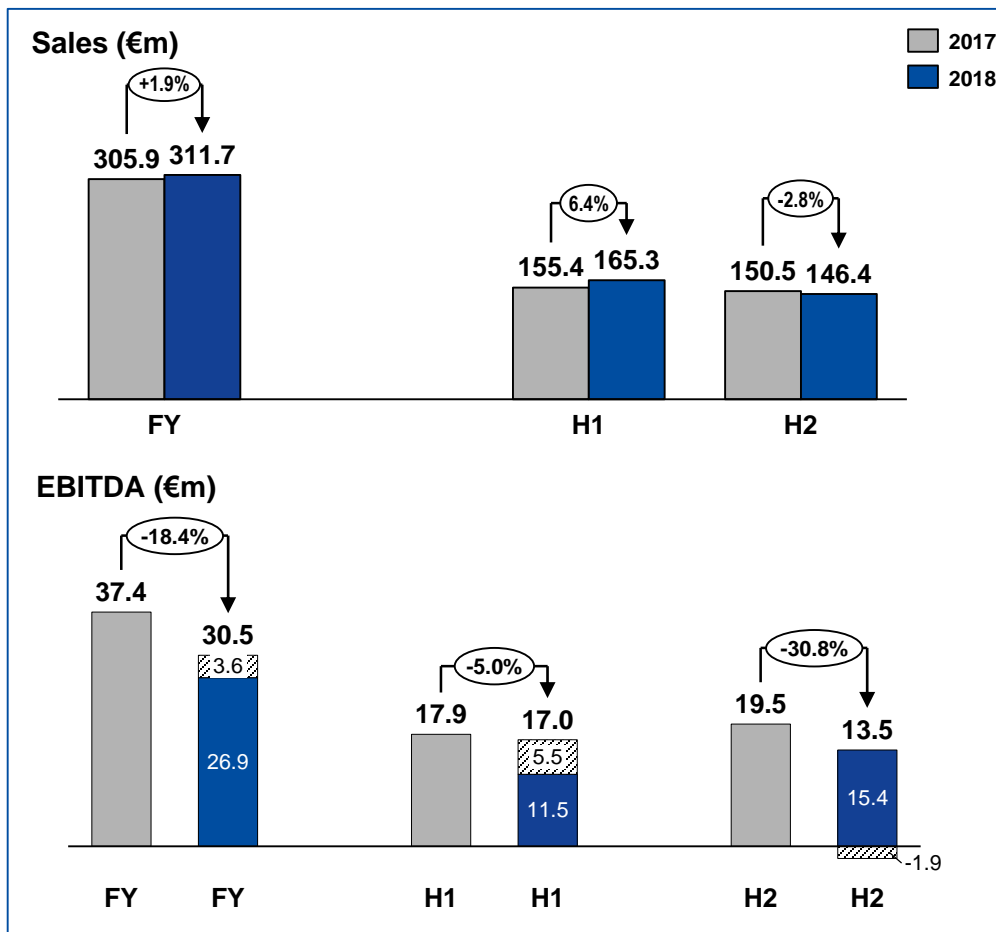
SHW well positioned in the field of transmission oil pumps



- Group sales influenced by:
 - increasing sales contributions of the foreign subsidiaries; mainly China
 - lower product sales for diesel engines
 - first-time full year consolidation of Lust Hybrid-Technik
 - Significantly higher sales in Brake Discs

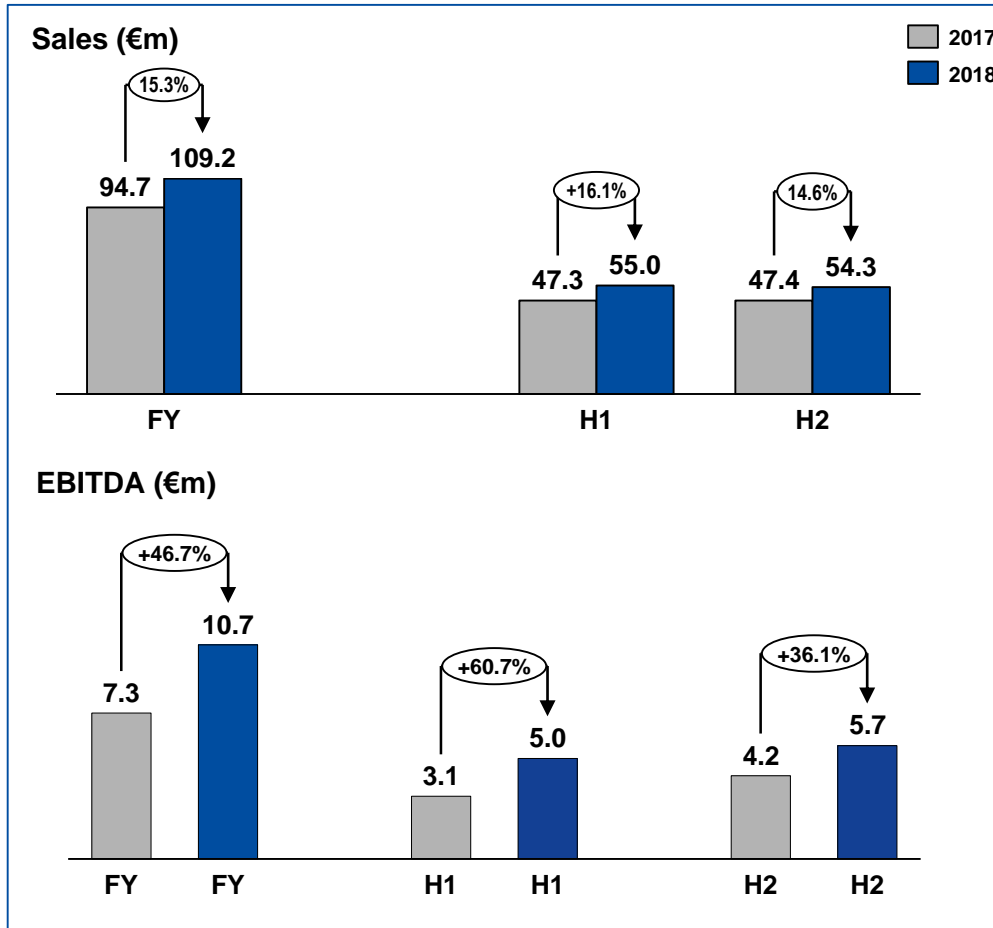
- EBITDA margin influenced by non-recurring effects totalling € 8.0 million; EBITDA-margin before non-recurring effects: 9.3 per cent





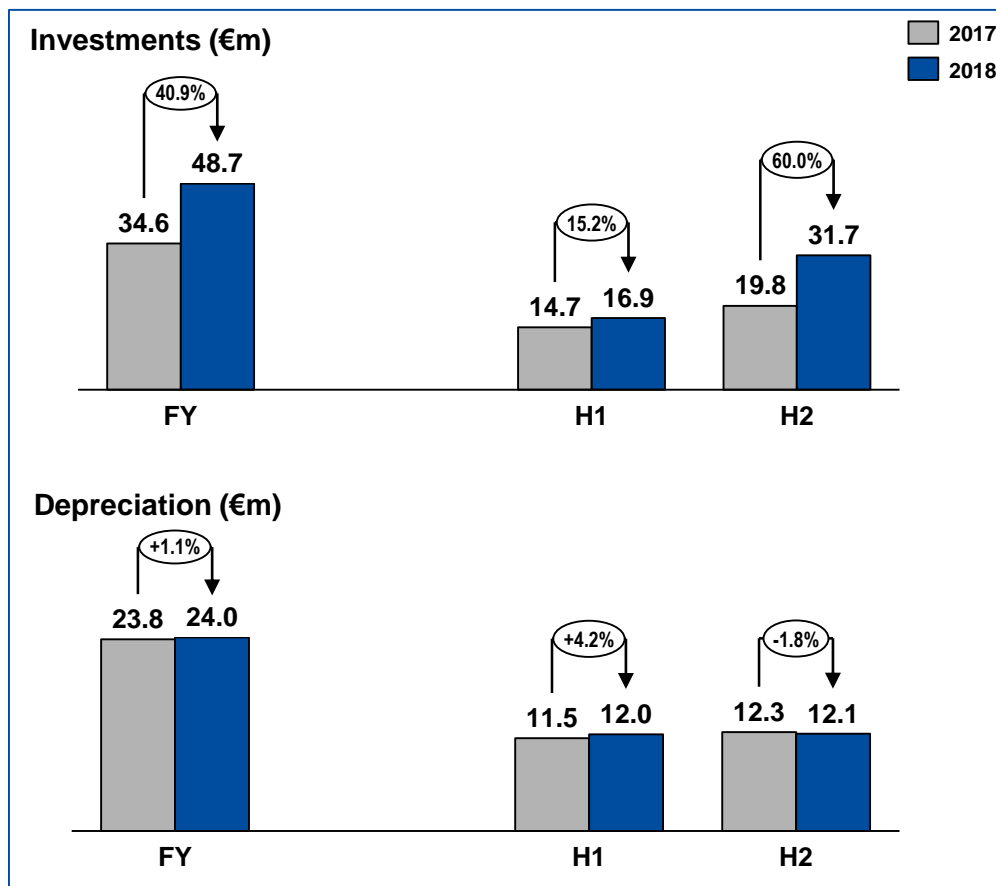
- Sales slightly below guidance
 - Passenger Cars: € 227.0 million (-4.5 per cent) stabilized by growing contribution of foreign entities (+ 156.4 per cent to € 20.9 million); strong influence of WLTP in H2
 - Truck & Off-Highway: 36.9 million (+13.2 per cent)
 - Powder Metallurgy: € 33.1 million (+8.2 per cent)
 - LHT: € 14.7 million
- EBITDA margin influenced by non-recurring effects totalling € 3.6 million; EBITDA margin before non-recurring effects: 9.8 per cent





- Sales growth by 15.3 per cent to € 109.2 million
- Total number of brake discs sold: +5.2 per cent to 3.85 million units
- Total number of composite brake discs sold: +48.6 per cent to approx. 889 k units
- EBITDA margin positively influenced by volume and product mix effects as well as productivity gains



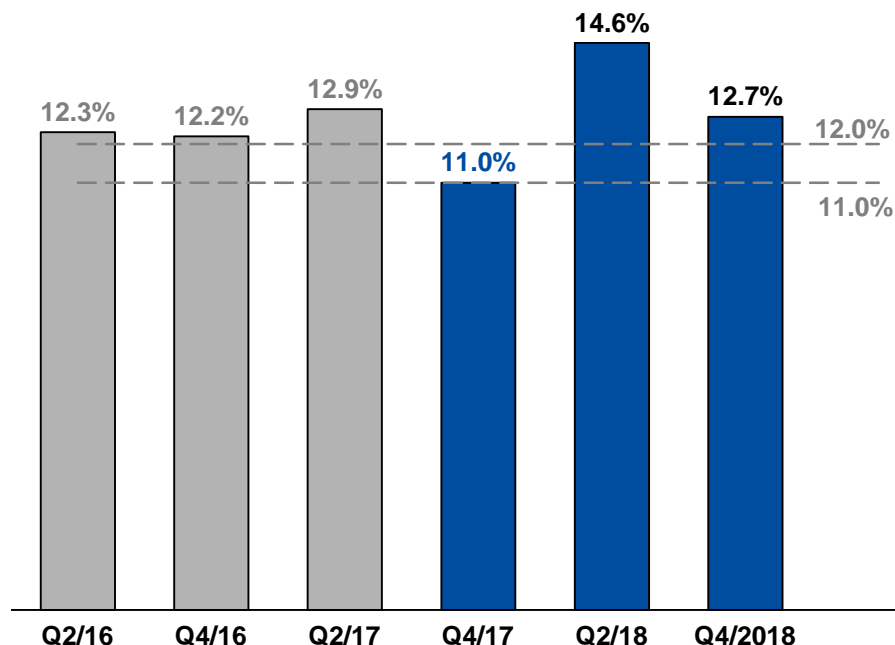


- Total investment in property, plant and equipment and intangible assets € 48.7 million
- Pumps & Engine Components: € 34.4 million; thereof € 15.0 million for the development and expansion of the international sites in China, Brazil, Canada and Romania
- Brake Discs: € 12.8 million; high share for further automation of production processes
- Depreciation slightly higher in line with higher investments in 2017 and 2018



High level of investments in new markets

Development of net working capital ratio



- Net working capital € 9.4 million above previous year's level
- Increase in inventories by € 14.1 million due to ramp up of Chinese operations and volatile customer call offs in H2
- Increase in trade receivables by € 4.9 million due to comparatively higher business activities in November / December 2018 and longer payments terms for international business
- Increase in trade payables by € 8.2 million due to increase in business and investment activities



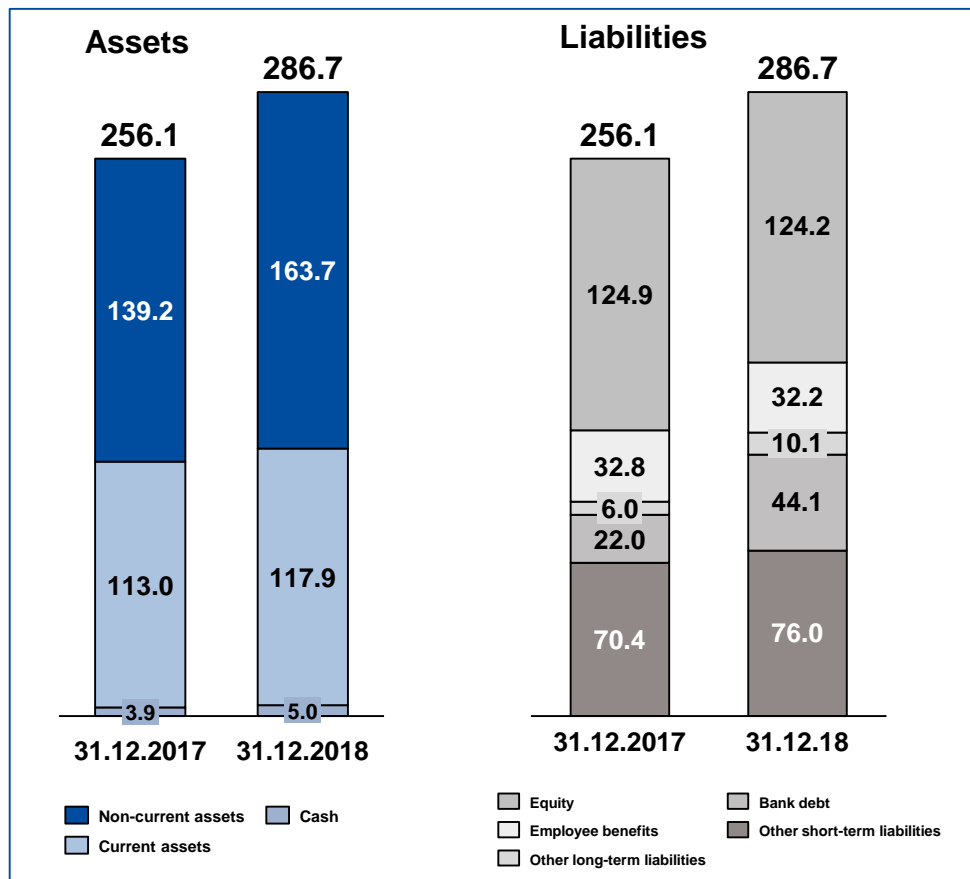
Net working capital ratio target remains between 11 to 12 per cent

€m ¹	H2 2018	H2 2017	FY 2018	FY 2017
Cash flow from operating activities	14.9	13.0	7.0	31.4
Cash flow from investing activities - <i>tangible and intangible assets</i>	-23.0	-17.7	-40.0	-32.2
Operating free cash flow	-8.1	-4.7	-33.0	-0.8
Cash flow from investing activities - <i>financial assets</i>	0.0	-2.3	16.2	-9.1
Total free cash flow	-8.1	-7.0	-16.8	-9.9
Other (esp. dividend payments and net financial liabilities acquired in the course of business combinations)	-0.5	-3.2	-4.2	-9.9
Change in net cash	-8.6	-10.2	-20.9	-19.8

- Cash flow from operating activities declined due to EBITDA, higher net working capital needs and changes in provisions
- Cash flow from investing activities increased due to a high level of investments in new markets and projects and Brake Discs
- Total free cash flow influenced by the cash inflow from the sale of the Brake Discs JV

¹ Figures include rounding adjustments





- Non-current assets increased significantly: high investments in intangible and tangible assets
- Current assets increased moderately
- Equity ratio strong at 43.3 per cent (previous year 48.8 per cent)
- Bank debt increased



Sound balance sheet plus syndicated loan safeguard strategic flexibility

€m ¹	FY 2018	FY 2017	Change
Group sales	420.9	400.6	5.1%
EBITDA	31.0	41.3	-24.8%
<i>as % of sales</i>	7.4	10.3	-
Depreciation	24.0	23.8	1.1%
EBIT	7.0	17.5	-59.9%
<i>as % of sales</i>	1.7	4.4	-
ROCE	3.5	9.1	-
Net profit	3.0	10.2	-70.5%
EPS (in €)	0.47	1.58	-70.5%
Investments ²	48.7	34.6	40.9%
<i>as % of sales</i>	11.6	8.6	-
Net working capital ratio	12.7	11.0	-
Operating free cash flow	-33.0	-0.8	-
Equity ratio	43.3	48.8	-
Net debt / net cash	-39.1	-18.2	-115.1%

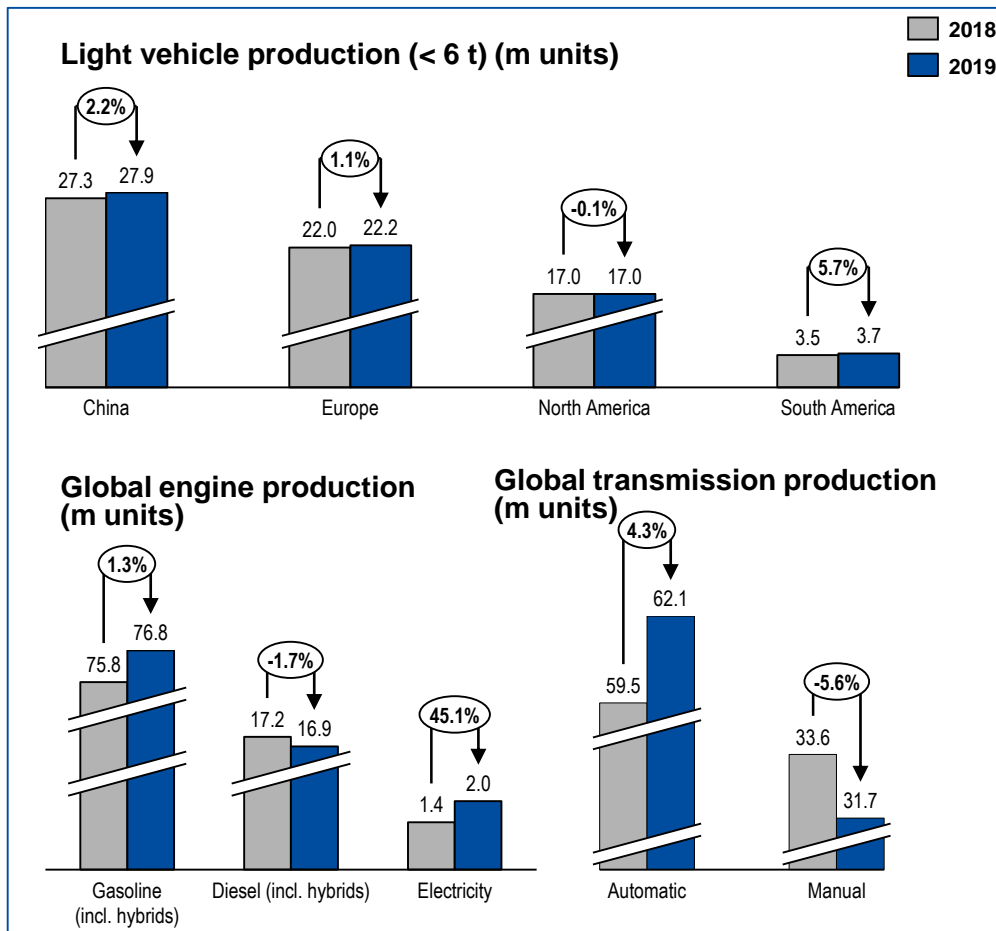
- Sales development as guided; growing contribution of foreign entities and Brake Discs
- EBITDA, EBIT and Net profit influenced by non-recurring effects totalling € 8.0 million
- High investments in new markets and projects and Brake Discs
- Sound financial profile; equity ratio 43.3 per cent

¹ Figures include rounding adjustments

² Additions to tangible and intangible assets



Sales and EBITDA before non-recurring effects within guidance range



Source: IHS, January 2019

- Slight increase of the worldwide light vehicle production by 1.4 per cent to 96.0 million units
- Electric engines gaining further momentum
- Strong growth rates for automatic transmissions; global production increased by 4.5 per cent to 59.5 million units



Increased volatility and lower visibility due to Brexit uncertainties and trade disputes

	2018	Forecast 2019
Group sales	€ 420.9 million	€ 440 – 480 million
Sales Pumps & Engine Components	€ 311.7 million	€ 320 – 355 million
Sales Brake Discs	€ 109.2 million	€ 120 – 125 million
EBITDA margin*	9.3 per cent	8.5 to 10 per cent
Investments	€ 48.7 million	€ 40 – 45 million

*before non-recurring effects





Internationalisation of pump activities gaining momentum

Ongoing volume increase of high-quality composite brake discs

Both business segments product portfolios contain marketable products to benefit from the trend towards e-mobility

Improvement in sales and margins in 2019

Sound balance sheet plus syndicated loan safeguard strategic flexibility

Dates	Events
30.01.2019	Preliminary Full Year Results 2018 Investor and Analyst telephone conference call
26.03.2019	Annual Report 2018
07.05.2018	Annual General Meeting 2019 – Heidenheim
26.07.2018	Financial Report January to June 2019 Investor and Analyst telephone conference call



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