



## PRESS RELEASE

### SHW AG reaches its set targets for another year running

- Group sales of € 432.4 million (up 2.7 per cent on the previous year)
- EBITDA margin of 9.6 per cent within targeted corridor (8.5 to 10 per cent)
- Capital expenditure once again at record levels

Aalen, 19 February 2020. SHW AG, one of the leading automotive suppliers of CO<sub>2</sub>-relevant pumps and engine components as well as composite brake discs, published today its preliminary and unaudited key financials for fiscal year 2019.

“In light of the enormous challenges facing the automobile industry we are extremely satisfied, both with the development of revenue and the quality of earnings,” says Wolfgang Plasser, CEO of SHW AG. “Our international locations and the Brake Discs segment have performed very pleasingly.”

### EBITDA margin within guidance

Group sales amounted to € 432.4 million in 2019, 2.7 per cent above the previous year’s figure of € 420.9 million. The improvement is mainly due to the positive development of the Brake Discs segment and our foreign locations.

Consolidated EBITDA came to € 41.5 million compared to € 31.3 million/€ 39.3 million in the previous year<sup>1</sup>. At 9.6 per cent, the EBITDA margin was above the previous year’s figure of 7.4 per cent/ 9.4 per cent<sup>1</sup>.

With slightly higher depreciation and amortisation and a significant decrease in the tax rate, the Group’s net profit for the year increased to € 9.9 million (previous year € 3.1 million). Earnings per share come to € 1.54 (previous year € 0.49).

### Capital expenditure remains at record levels

Additions to property, plant and equipment and intangible assets amounted to € 52.6 million in fiscal year 2019 (of this amount € 9.1 million is due to IFRS 16; previous year additions of € 48.7 million).

The Pumps and Engine Components business segment accounted for € 39.0 million of the increase (€ 7.4 million due to IFRS 16; previous year € 34.4 million), including investments for research and development amounting to € 4.5 million (previous year € 4.8 million). These investments focused on new assembly lines, a warehouse and logistics hub. The Brake Discs business segment invested a total of € 12.5 million (€ 1.6 million due to IFRS 16; previous year € 12.8 million). The investment focus here was on composite brake discs and included new machining lines, automation and a new building for the staff.

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<sup>1</sup> Adjusted to eliminate extraordinary items in 2018.



## Management Board proposes a dividend of € 0.04 per share for the fiscal year 2019

The transformation in the automobile industry will necessitate greater investment, also in the future. In order to strengthen the internal financing capabilities of the Company, the Management Board today passed a resolution to propose to the Supervisory Board a dividend of € 0.04 per share for the fiscal year 2019. At the same time, it passed a resolution to propose to the Supervisory Board that the dividend policy of maintaining a payout ratio of 30 to 40 per cent of the reported consolidated net profit be discontinued.

## Pumps and Engine Components business segment: internationalisation proceeds apace

The Pumps and Engine Components business segment achieved sales of € 312.8 million in the fiscal year 2019 (previous year € 311.7 million). The Chinese subsidiary reported a large improvement in its revenues and earnings. The development of sales and earnings at the Group's foreign subsidiaries in Canada, Brazil and Romania is pleasing.

A segment EBITDA of € 26.4 million was generated in the reporting period, € 0.8 million below the level of the previous year. The EBITDA margin of 8.4 per cent is roughly at the same level as the previous year (8.7 per cent).

## Brake Discs business segment: EBITDA up approximately € 5 million on the previous year

The sales of the Brake Discs business segment rose by 9.5 per cent in 2019 to € 119.6 million (previous year € 109.2 million). At 3.9 million units, the unit sales of brake discs matches that of the previous year. The composite brake disc division reached a new sales record of 1.1 million units (up 24.7 per cent on the year).

The segment EBITDA figure was positively influenced by volume and product mix effects as well as productivity gains. Overall, the EBITDA of the Brake Discs business segment increased by approximately € 5 million to € 15.5 million in the reporting period. The EBITDA margin amounts to 13.0 per cent (previous year 9.8 per cent).

## Outlook 2020: margin of 8.5 per cent to 10 per cent expected

Based on the economic and industry environment and considering the potential risks and opportunities for the full year 2020, the Management Board of SHW AG anticipates group sales in the fiscal year 2020 to lie in a range between € 430 million to € 450 million. SHW continues to forecast an EBITDA margin in a range between 8.5 per cent and 10 per cent for the fiscal year 2020.

The full set of consolidated financial statements and group management report for fiscal year 2019 will be published by SHW AG with the annual report on 7 April 2020.



Preliminary key financials for the fiscal year 2019 (all figures in € thousand)

Key performance indicators – SHW Group	Fiscal year		Change
	2019	2018 <sup>2</sup>	
Sales	432,421	420,936	2.7%
EBITDA	41,542	31,342	32.5%
as % of sales	9.6%	7.4%	-
Depreciation and amortisation	26,925	24,028	12.1%
as % of sales	6.2%	5.7%	-
EBIT	14,617	7,314	99.8%
as % of sales	3.4%	1.7%	-
ROCE	6.6%	3.6%	-
Net profit of the group	9,891	3,131	215.9%

Key performance indicators – Pumps and Engine Components	Fiscal year		Change
	2019	2018	
Sales	312,813	311,705	0.4%
EBITDA	26,366	27,169	-3.0%
as % of sales	8.4%	8.7%	-
Depreciation and amortisation	19,152	18,228	5.1%
as % of sales	6.1%	5.8%	-
EBIT	7,214	8,941	-19.3%
as % of sales	2.3%	2.9%	-
ROCE	4.5%	6.3%	-

Key performance indicators – Brake Discs	Fiscal year		Change
	2019	2018	
Sales	119,608	109,231	9.5%
EBITDA	15,506	10,690	45.1%
as % of sales	13.0%	9.8%	-
Depreciation and amortisation	6,834	5,041	35.6%
as % of sales	5.7%	4.6%	-
EBIT	8,672	5,649	53.5%
as % of sales	7.3%	5.2%	-
ROCE	14.9%	9.8%	-

<sup>2</sup> IFRS 16: comparative figures for 2018 not adjusted.



## 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 CO<sub>2</sub> emissions. In its Pumps and Engine Components business segment, the SHW Group develops and produces pumps for passenger vehicles (including circuit boards) and Truck & Off-Highway applications (e.g., trucks, agricultural and construction machinery, 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 automobile manufacturers, manufacturers of commercial, agricultural and construction vehicles as well as other suppliers to the automotive industry. Currently, the SHW Group has five production sites in Germany located in Bad Schussenried, Aalen-Wasseraffingen, Hermsdorf, Tuttlingen-Ludwigstal and Neuhausen ob Eck, plus sites in Brazil (São Paulo), China (Kunshan), Canada (Toronto) and Romania (Timișoara). With just over 1,600 employees, the Company achieved group sales of over € 430 million in the fiscal year 2019. Further information is available at [www.shw.de](http://www.shw.de).

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## Forward-looking statements

This press release contains forward-looking 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 can result in the actual results, financial position and 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

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