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PRESS RELEASE

03/06/2011

### **SHW AG\* intends to go public**

- SHW AG plans listing on Prime Standard of the regulated market of Frankfurt Stock Exchange
- SHW Group is one of the leading suppliers of CO<sub>2</sub>-relevant components (pumps and engine components) and brake discs for renowned European and North American vehicle manufacturers
- SHW Group has emerged from the economic crisis in a position of strength. In first quarter 2011, group revenues rose by 31 percent against the prior-year period to approx. €88.5 million. The adjusted EBIT margin came in at 7.1 percent
- On the basis of its diversified and attractive product portfolio, the SHW Group has excellent growth prospects resulting from recovering vehicle markets, an increasing number of component supplies per vehicle and the planned further internationalization
- COMMERZBANK and BNP PARIBAS act as global coordinators

### **CO<sub>2</sub> reduction as a megatrend boosts demand for SHW products**

The legal regulations for the reduction of CO<sub>2</sub> emissions of motor vehicles can only be realized by consistently deploying consumption-optimizing key components. With its vehicle components (pumps and engine components) and brake discs, SHW AG already contributes essentially towards reducing fuel consumption and consequently CO<sub>2</sub> emissions.

Apart from the growth potential in the field of conventional internal combustion engines, SHW Group will also benefit from the expected increase in demand for vehicles with alternative

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\* currently Schwäbische Hüttenwerke Beteiligungs GmbH.

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powertrains, such as hybrid vehicles. SHW Group has developed solutions for the various powertrain concepts that are already being deployed in serial production of hybrid vehicles. Dr. Wolfgang Krause, Chairman of the Management of Schwäbische Hüttenwerke Beteiligungs GmbH and soon to be CEO of SHW AG: “A hybrid vehicle needs three oil pumps instead of one or two in conventional vehicles. This will increase the demand for SHW pumps accordingly.”

### **Successful with product innovations**

With its business segment Pumps and Engine Components, SHW Group is one of the market leaders and frequently trendsetter. For instance, the development of the world’s first variable motor oil pump is considered a major milestone in reducing CO<sub>2</sub>. In the course of time, the SHW Group repeatedly succeeded in underpinning its technology leadership with innovations such as map-controlled oil pumps, oil vacuum pumps, camshaft phasers made of aluminium, balancer shaft units with integrated oil pumps as well as electrical pumps for hybrid vehicles.

“With its Brake Disc business segment, the Company is one of the technology leaders and a well-positioned market leader in the production of composite brake discs”, says Managing Director and soon to be Management Board member Andreas Ryzdewski. By deploying composite brake discs, the weight of a vehicle can be reduced by up to 8 kg. Moreover, composite brake discs deliver a better brake performance than conventional brake discs; their lower weight also improves the driving dynamics of a vehicle.

### **Attractive growth prospects due to recovering vehicle markets, increased component supplies per vehicle and internationalization**

Following the global economic crisis, the automotive market shows a considerable positive trend. Automobile production has also seen a strong surge in the current core markets of the SHW Group, namely Europe and North America. This positive development has so far not been affected by the natural disaster in Japan or the nuclear accident; however the full effects on the automobile industry still cannot be predicted.

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Apart from the economic tailwind, the SHW Group increasingly manages to enhance the total volume of products supplied per vehicle based on its diversified and attractive product portfolio. At the same time, the continually growing complexity of CO<sub>2</sub>-reducing vehicle components is boosting the level of value per component. In its Brake Disc business segment, SHW expects sustainable, high-quality growth to be generated particularly in the field of composite brake discs and by intensifying its spare part business.

The SHW Group has managed, in addition to existing orders from notable European and North American vehicle manufacturers to win new contracts, which are expected to lead to strong sales figures in the forthcoming years.

Moreover, the scalability of the pump business makes it comparatively easy to expand to countries in which the customers of the SHW Group already have production facilities today or plan to establish such facilities in the future. "We will follow our customers to growth markets like China, Brazil and India," underscores Dr. Krause. At the same time, the existing expertise in the passenger car pump segment should be transferred to an increasing degree to business activities with high growth potential (e.g. trucks, agricultural and construction vehicles, as well as stationary engines and wind power stations).

### **Positive development continues in first quarter 2011**

In 2010, the SHW Group realized group revenues of approx. €290 million (2009: approx. €239 million) and an adjusted EBIT of €22.8 million (2009: €8.5 million). The positive development continued in the first quarter of 2011. Group revenues rose by 31 percent against the prior-year period to approx. €88.5 million. The adjusted EBIT increased to €6.3 million compared with €5.0 million in the first quarter of 2010.

"Both business segments of SHW AG have benefited from the strong economic recovery as well as production start-ups," explains Oliver Albrecht, Member of the management of Schwäbische Hüttenwerke Beteiligungs GmbH, soon to be CFO of SHW AG. "We expect that we will reach our goal of double-digit growth in revenues while at the same time improving the operating result."



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### **Press contact**

Michael Schickling

Schwäbische Hüttenwerke Beteiligungs GmbH

Telephone: +49 (0) 7361 502 462

E-Mail: michael.schickling@shw.de

Lars Boelke

HERING SCHUPPENER Consulting

Telephone: +49 (0) 211 430 79 71

E-Mail: lboelke@heringschuppener.com

### **About SHW**

The enterprise was established in 1365, making it one of the oldest industrial enterprises in Germany. Today, the SHW AG is a leading supplier of products that essentially contribute to a reduction of fuel consumption and consequently CO<sub>2</sub> emissions. Through its Pumps and Engine Components business segment, SHW Group develops and produces pumps for passenger vehicles and truck & off-highway applications (trucks, agricultural and construction vehicles, as well as stationary engines and wind power stations). In its Brake Disc business segment, SHW Group develops and manufactures monobloc ventilated brake discs made from cast iron as well as composite brake discs made from a combination of an iron friction ring and aluminium pot. Customers of the SHW Group include notable European and North American producers of passenger cars and commercial vehicles. The SHW Group has four manufacturing sites in Germany. These are located in Bad Schussenried, Aalen-Wasseralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. Through a 50 percent interest in the Canadian company STT Technologies Inc., the company also has manufacturing sites in Canada and Mexico. With slightly more than 1,000 employees, the SHW Group generated approx. €290 million (2009: €237 million) in revenues in 2010.

For further information visit: [www.shw.de](http://www.shw.de)

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