

PRESS RELEASE

SHW AG on the road to further success in H1 2011

- Revenue rises by 27 percent to €178 million
- Adjusted EBIT improved by 49 percent to €13.8 million
- Outlook: Double-digit growth in FY revenues confirmed

Aalen, 11 August 2011. SHW AG, one of the leading automobile suppliers of CO₂-relevant components (pumps and engine components) and brake discs, recorded a very successful first half year 2011, due to production start-ups and the rise in global car production. Incoming orders of SHW AG increased by 29.0 percent to €182.6 million in the first six months of 2011 compared to the previous year. In the second quarter of 2011, incoming orders even rose by 32.4 percent to €91.5 million.

Group revenues rose by 26.9 percent to €178.2 million in the first half of 2011. In the second quarter, revenues grew by 23.1 percent to €89.7 million. This increase resulted primarily from production start-ups and the significantly increased demand of SHW's customers.

The operating result adjusted for special effects (Adjusted EBIT) of SHW AG increased by 49.4 percent to €13.8 million in the first six months of 2011. In the second quarter of 2011, adjusted EBIT even rose by 79.9 percent to €7.5 million. In the first half of 2011, the resulting adjusted EBIT margin was 7.7 percent (H1 2010: 6.6 percent) and in the second quarter 8.4 percent (Q2 2010: 5.7 percent). The incurred special effects in the first half of 2011 totalling €2.2 million are mainly attributable to the IPO of SHW AG.

“We look back on a very successful first half of 2011. We were able to achieve the highest half year sales in our company's history and to further continue our profitable growth,” says Dr. Wolfgang Krause, CEO of SHW AG. “Once again, this result demonstrates our successful strategic positioning.”

Due to a further repayment of the syndicated loan, financial expenses decreased from €1.2 million in first half of 2010 to €1.0 million. Financial income increased in the first half of 2011

compared to the previous year from €0.1 million to €2.1 million. This includes a €2.0 million special income from the fair value measurement of a receivable.

Overall net profit in the first half of 2011 was €9.5 million and therefore 91.3 percent above the prior year results of €5.0 million. In the second quarter of 2011, net income increased by outstanding 198.2 percent to €6.5 million.

Further improvement of equity ratio

The assets and financial position of SHW AG at the end of the first half of fiscal year 2011 can be described as very solid. The equity ratio of the company stood at 29.1 percent as of 30 June 2011, after 16.7 percent last year.

“In the first half, we were able to increase all indicators, by which we manage our business. The significant improvement of our equity ratio to 29.1 percent confirms our solid financial position,” says Oliver Albrecht, CFO of SHW AG. “At the same time, our healthy balance sheet and low debt is supporting our growth course.”

As a leading technology partner to its clients, SHW AG develops and produces innovative products that contribute to a reduction of fuel consumption and consequently CO₂ emissions. The importance of research and development for SHW AG is also reflected in an increase of research and development expenditure, which rose by 43 percent year-on-year to €2.6 million in the first half of 2011. Due to upcoming production start-ups, investments increased from €4.5 million in the first half of 2010 to €8.5 million in the first half of 2011. In the second quarter of 2011, investments amounted to €5.2 million after €3.0 million in the prior-year period.

Positive development in both business segments

In the first six months of 2011, revenues of the business segment **Pumps and Engine Components** significantly increased by 26.1 percent to €130.3 million. The strong sales growth of the first quarter 2011 could be continued with a growth rate of 25.4 percent to €66.9 million in the second quarter. The Passenger Car division benefited from the continued strong demand of car manufacturers and the continued increase of demand for variable oil pumps. The Truck & Off-Highway division and the Powder Metallurgy division developed positively as well. The operating result adjusted for special effects (Adjusted EBIT) for the business segment rose by 38.3 percent to €13.3 million in the first half of 2011. In the second

quarter of 2011, adjusted EBIT of the business segment increased by 51.3 percent to €7.4 million.

The business segment **Brake Disc** benefited from the significant rise in demand for high quality brake discs. In the first half of 2011, the revenue of the business segment increased by 29.4 percent to €47.9 million. In the second quarter of 2011, revenue rose by 16.8 percent to €22.8 million. The operating result adjusted for special effects (Adjusted EBIT) rose by €2.0 million to €1.6 million in the first six month. In the second quarter of 2011, adjusted EBIT increased from minus €0.3 million last year period to €0.6 million.

Outlook

Under the precondition that the economic conditions does not deteriorate persistently, SHW AG continues to assume double-digit growth in revenues for the full year along with an improvement in the Group's operating result. Growth rates in the third and fourth quarter of 2011 are likely to be slightly lower compared to the very strong second half of 2010.

Other dates:

Publication of the figures for the third quarter of financial year 2011 is scheduled for 10 November 2011.

Key Financials SHW Group

(in K EUR¹)

	Q2 2011	Q2 2010	Changes	H1 2011	H1 2010	Changes
Revenues	89,713	72,886	23.1%	178,194	140,381	26.9%
EBIT	6,463	3,522	83.5%	11,531	8,036	43.5%
as % of revenues	7.2%	4.8%		6.5%	5.7%	-
Net profit	6,497	2,179	198.2%	9,547	4,990	91.3%
Earnings per share (€) ²	1.11	0.37	198.2%	1.63	0.85	91.3%
Adjusted EBIT ³	7,529	4,184	79.9%	13,779	9,223	49.4%
as % of revenues	8.4%	5.7%	-	7.7%	6.6%	-
Cash flow from operating activities	7,684	13,118	-41.4%	8,289	15,341	-46.0%
Cash flow from operating activities / revenues	8.6%	18.0%	-	4.7%	10.9%	-
Equity	-	-	-	46,796	26,112	79.2%
Equity ratio	-	-	-	29.1%	16.7%	-
Net bank debt	-	-	-	13,641	16,327	-16.5%
Employees as of 30 June (number) ⁴	-	-	-	1,078	1,007	7.1%

¹ Unless otherwise indicated

² For the reason of comparability based on share capital of 5,851,100 ordinary bearer shares

³ Adjusted for special effects, cf. interim group management report

⁴ Excluding trainees and temporary staff

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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 CO₂ 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 in revenues in 2010.

For further information visit: www.shw.de

Forward-Looking Statements

This press release may contain forward-looking statements based on current assumptions and forecasts made by SHW AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to confirm them to future events or developments.

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