



PRESS RELEASE

SHW AG reports strong growth in the first nine months of 2011

- Group revenues grow by 25.8 percent to € 267.7 million between January and September 2011
- € 3.3 million improvement in adjusted EBIT to € 19.8 million
- China – preparation for serial production

Aalen, Germany, 10 November 2011. SHW AG, one of the leading suppliers of key CO₂-relevant automotive components (pumps and engine components) and brake discs, was able to continue its run of strong growth in the first nine months of 2011. Group revenues increased by 25.8 percent to € 267.7 million (previous year: € 212.7 million). This rise was the result of sustained high delivery requests on the part of vehicle manufacturers and a variety of production start-ups. The company's order intake improved by 25.5 percent on the first nine months of 2010 to € 279.9 million.

The Group's operating result, adjusted for special effects, increased by € 3.3 million to € 19.8 million in the first nine months of 2011 compared to the previous year. A quarterly comparison is only of limited relevance, as the reversal of provisions recognised in previous quarters and the capitalisation of development costs influenced the extraordinarily good third quarter for the better.

The adjusted EBIT margin was 7.4 percent in the first nine months of 2011, slightly under the previous year's value of 7.8 percent. The main factors impacting this were changes to the product mix in the passenger vehicle pump division, higher prices for coke and the two-week production break in the brake discs foundry for maintenance reasons.

"In the past nine months, the company has once again demonstrated the success of its strategic positioning and benefited from the robust demand for its key CO₂-relevant components," said Dr. Wolfgang Krause, Chairman of SHW AG's Management Board. "On the basis of our diversified and attractive product range and our planned expansion into new markets, we will be in a position to further expand on our strong market position."

China with high potential

With the approval granted in July 2011 to establish SHW Automotive Pumps (Shanghai) Co., the foundations have been laid to commence business operations in China. The company has started to make provisions for serial production. SHW expects the company's diversified and attractive product range to rapidly bring about its first orders in this growth market.



Higher investment to secure growth

Due to pending production start-ups, investments rose to € 14.8 million from € 6.5 million in the first nine months of 2010. At the same time, expenditure for research and development rose by 35.6 percent to € 3.8 million (previous year: € 2.8 million) in the first nine months of 2011. The main focus of R&D spending in the Pumps and Engine Components business segment was on the development of variable oil pumps, start-stop pumps, oil vacuum pumps, balancer shafts and camshaft phasers, whereas in the Brake Discs segment it was on the further development of lightweight brake discs.

Encouraging development of both business segments sustained

Revenues in the Pumps and Engine Components business segment rose by 27.2 percent on the year to € 198.5 million (previous year: € 156.1 million) during the first nine months of 2011. With a 24.6 percent increase in revenues, the Passenger Vehicles division benefited from a consistently high level of order requests from car manufacturers, particularly with respect to variable oil pumps, and from numerous production start-ups. The Truck & Off-Highway division continued the strong revenue growth of the first six months, managing to increase revenue by as much as 46.6 percent to € 23.6 million, compared to the same nine months of the previous year. The adjusted EBIT for the Pumps and Engine Components business segment rose by € 2.7 million to € 19.8 million in the first nine months of 2011.

Revenues in the Brake Discs business segment rose by 22.2 percent to € 69.2 million (previous year: € 56.6 million) during the first nine months of 2011. This increase was particularly attributable to a marked increase in demand for processed and higher-quality brake discs. The Brake Discs business segment managed to increase its adjusted operating result by € 1.1 million to € 1.4 million. However, this result was reduced by the sustained high coke prices and the production break in the foundry.

Further improvement in the equity ratio

“SHW AG’s asset and financial position can be seen to be very solid following the first nine months of 2011,” said Oliver Albrecht, Chief Financial Officer of SHW AG. The equity ratio improved year on year, from 19.3 percent to 30.6 percent. The healthy balance sheet structure and the low level of bank debt (€ 14.2 million as of 30 September 2011) provide assistance as the company follows its growth path.

Positive outlook for 2011

In light of the positive development in the year to date, SHW expects Group revenues for 2011 as a whole to reach € 340–350 million. As before, the company continues to expect the adjusted Group EBIT to see a year-on-year improvement.



SHW Group key figures

(in € K¹)

	Q3 2011	Q3 2010	Change	Jan–Sep 2011	Jan–Sep 2010	Change
Revenues	89.456	72.305	23,7%	267.650	212.686	25,8%
EBITDA	8.519	9.232	- 7,7%	25.214	22.787	10,7%
as % of revenues	9,5%	12,8%		9,4%	10,7%	
EBIT	5.961	6.639	- 10,2%	17.492	14.675	19,2%
as % of revenues	6,7%	9,2%		6,5%	6,9%	
Income for the period	3.767	4.685	- 19,6%	13.314	9.675	37,6%
Earnings per share (in €) ^(1,2)	0,64	0,80	- 19,6%	2,28	1,65	37,6%
Adjusted EBITDA ⁽³⁾	8.572	9.626	- 10,9%	27.435	23.757	15,5%
as % of revenues	9,6%	13,3%		10,3%	11,2%	
Adjusted EBIT ⁽³⁾	6.054	7.345	- 17,6%	19.833	16.568	19,7%
as % of revenues	6,8%	10,2%	—	7,4%	7,8%	
Cash flow from operating activities	3.694	- 888	—	11.983	14.453	- 17,1%
Cash flow from operating activities as % of revenues	4,1%	-1,2%		4,5%	6,8%	
Equity	—	—	—	50.637	29.704	70,5%
Equity ratio	—	—	—	30,6%	19,3%	
Net bank debt as of 30 September	—	—	—	14.167	19.675	- 28,0%
Number of employees (Average) ⁽⁴⁾	—	—	—	1.091	1.030	5,9 %

1) Unless otherwise indicated.

2) For reasons of comparability, based on share capital of 5,851,100 no par value shares.

3) Adjusted for special effects, cf. Group Management Report.

4) Excluding trainees and temporary staff.

About SHW

The enterprise was established in 1365, making it one of the oldest industrial enterprises in Germany.

Today, the SHW Group is a leading supplier for the automotive industry with products that contribute to a reduction of fuel consumption and consequently CO₂ emissions. In its Pumps and Engine Components business segment, the SHW Group develops and produces pumps for passenger vehicles and truck and off-highway applications, e.g. trucks, farm and construction vehicles, stationary motors and wind power stations. The Brake Discs business segment develops and produces monobloc ventilated brake discs made of cast iron and lightweight brake discs made from a combination of an iron friction ring and an aluminium pot. Customers of the SHW Group include leading producers of passenger cars and commercial vehicles with manufacturing facilities in Europe and North America. The SHW Group has four manufacturing sites in Germany, located in Bad Schussenried, Aalen-Wasseraaltingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. Via its 50 percent interest in the Canadian company STT Technologies Inc., the company also has production sites in Canada and Mexico. With more than 1,000 employees, the SHW Group generated approx. € 290 million in revenues in 2010. Further information is available at: www.shw.de

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