



PRESS RELEASE

SHW AG reports rising sales and earnings

- Group sales grew by 7.1 percent to € 253.1 million between January and September 2012
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) up 13.5 percent to € 27.8 million
- Proceeds from the sale of Canadian joint venture STT amount to approximately € 42 million
- New credit agreement with a volume of € 60 million and a 5-year term

Aalen, 8 November 2012. SHW AG, one of the leading suppliers of CO₂-relevant pumps and engine components as well as brake discs, remained on the growth track also during the third quarter of 2012. Group sales based on continuing operations (excluding STT) improved by 7.1 percent to € 253.1 million (previous year: € 236.4 million) during the first nine months of 2012. This growth is mainly attributable to a large number of production start-ups and relatively stable demand for automotive pumps on the part of SHW customers.

Group earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first nine months of 2012 rose by € 3.3 million or 13.5 percent to € 27.8 million compared to the prior-year period. At 11.0 percent, the EBITDA margin exceeded the prior year level of 10.3 percent. Earnings after taxes from continuing operations amounted to € 12.4 million in the reporting period (previous year: € 11.9 million). Earnings per share amounted to € 2.12 (previous year: € 2.06).

“Thanks to our CO₂-relevant products we have been able to stay on the growth track even amidst a considerable decline in European vehicle production,” said CEO Dr. Wolfgang Krause, who is in charge of the Pumps and Engine Components business segment. “The 2020 carbon targets recently decided by the European Commission provide a basis for further profitable growth of SHW.”

Proceeds from STT sale to be used towards acquisitions or a special dividend

The sale of the 50 percent stake in STT Technologies Inc., Canada, generated proceeds equivalent to € 42 million for SHW, resulting in a book profit before taxes of approximately € 40 million in the fourth quarter of 2012. The transaction was successfully completed in late October 2012.

“Basically we are looking at two options for the use of the sale proceeds, namely a major acquisition or a partial payout in form of a special dividend,” said Dr. Wolfgang Krause. The



company also intends to reinvest part of the proceeds in organic growth as well in the development of important auto markets such as Brazil, China and North America. In the latter market the company intends to clearly expand its existing business in the Truck and Off-Highway division.

New credit agreement ensures long-term refinancing

SHW AG will replace early the existing financing agreement with a new syndicated loan which will secure its future business development and growth strategy long term.

The new credit agreement with a volume of €60 million and a five-year term was agreed with a consortium of five banks, with UniCredit Bank AG acting as Mandated Lead Arranger and Coordinating Bookrunner. The consortium also includes Commerzbank AG, Kreisparkasse Ostalb, SEB AG and Baden-Württembergische Bank.

“This new long-term syndicated loan, which can also be utilized for acquisitions, provides a solid financial basis for our planned growth programme,” CFO Oliver Albrecht emphasises.

Brake Discs business segment continues its positive earnings trend

The third quarter saw further improvements in the profitability of the Brake Discs business segment through ongoing efficiency-enhancing measures and the improved product mix. At €68.0 million, sales were approximately at the prior-year level of €69.2 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) showed a clear year-on-year improvement by 23.3 percent to €4.4 million (previous year: €3.6 million). The EBITDA margin improved from 5.1 percent to 6.5 percent.

Compared to the prior-year period, the Pumps and Engine Components business segment increased its sales in the first nine months of 2012 by 10.7 percent to €185.1 million (previous year: €167.2 million), with the Passenger Car division growing its sales by 12.0 percent to €126.8 million. Growth was driven by high demand for variable oil pumps and start-stop pumps as well as the production start of an oil/vacuum pump. Nine-month earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Pumps and Engine Components business segment increased despite start-up costs by €2.1 million or 9.7 percent to €24.1 million compared to the prior-year period. At 13.0 percent, the EBITDA margin was on par with the previous year.



Outlook on full-year 2012

SHW's numerous production start-ups and its advantageous customer structure helped the company clearly outperform the underlying European automotive market during the first nine months of 2012. Against the background of the strong nine-month figures, SHW continues to expect slight growth for the full year 2012. Group sales in October exceeded the previous year figure. "However, there is an uncertainty about the production down time of our customers at the end of the year," said Dr. Wolfgang Krause. "Based on our continuing operations, we anticipate group sales in the region between € 318 million and € 325 million compared to previous year level of € 317 million. Our EBITDA margin at group level will likely meet prior year's level of approximately 10 percent."



9M 2012 figures (in K EUR)

| Key figures SHW Group | Q3 2012 | Q3 2011 | Change (%) | 9M 2012 | 9M 2011 | Change (%) |
|---|---------|---------|------------|---------|---------|------------|
| Sales ¹ | 82,145 | 78,295 | 4.9% | 253,114 | 236,376 | 7.1% |
| EBITDA ¹ | 8,730 | 7,439 | 17.4% | 27,756 | 22,224 | 24.9% |
| as % of sales | 10.6% | 9.5% | - | 11.0% | 9.4% | - |
| EBIT ¹ | 5,555 | 5,190 | 7.0% | 18,696 | 15,484 | 20.7% |
| as % of sales | 6.8% | 6.6% | - | 7.4% | 6.6% | - |
| Earnings after taxes - continuing operations ¹ | 3,554 | 3,240 | 9.7% | 12,389 | 11,881 | 4.3% |
| Earnings per share - continuing operations (€) ² | 0,61 | 0,55 | 9.7% | 2,12 | 2,06 | 3.0% |
| Adjusted EBITDA ¹ | 8,730 | 7,492 | 16.5% | 27,756 | 24,445 | 13.5% |
| as % of sales | 10.6% | 9.6% | - | 11.0% | 10.3% | - |
| Adjusted EBIT ¹ | 5,595 | 5,283 | 5.9% | 18,816 | 17,825 | 5.6% |
| as % of sales | 6.8% | 6.7% | - | 7.4% | 7.5% | - |
| Cash Flow from operating activities (incl. STT) | -1,038 | 3,694 | - | 4,668 | 11,983 | -61.0% |
| Cash Flow from operating activities / sales | -1.3% | 4.7% | - | 1.8% | 5.1% | - |
| Equity | - | - | - | 65,884 | 50,637 | 30.1% |
| Equity ratio | - | - | - | 35.3% | 30.6% | - |
| Net bank debt as of 30 September (incl. STT) | - | - | - | 23,014 | 14,167 | 62.4% |
| Key figures Pumps and Engine Components | Q3 2012 | Q3 2011 | Change (%) | 9M 2012 | 9M 2011 | Change (%) |
| Sales ¹ | 60,004 | 57,043 | 5.2% | 185,133 | 167,218 | 10.7% |
| EBITDA ¹ | 7,655 | 7,159 | 6.9% | 24,115 | 21,973 | 9.7% |
| as % of sales | 12.8% | 12.6% | - | 13.0% | 13.1% | - |
| EBIT ¹ | 5,300 | 5,723 | -7.4% | 17,501 | 17,752 | -1.4% |
| as % of sales | 8.8% | 10.0% | - | 9.5% | 10.6% | - |
| Adjusted EBITDA ¹ | 7,655 | 7,159 | 6.9% | 24,115 | 21,973 | 9.7% |
| as % of sales | 12.8% | 12.6% | - | 13.0% | 13.1% | - |
| Adjusted EBIT ¹ | 5,310 | 5,733 | -7.4% | 17,531 | 17,782 | -1.4% |
| as % of sales | 8.8% | 10.1% | - | 9.5% | 10.6% | - |
| Key figures Brake Discs | Q3 2012 | Q3 2011 | Change (%) | 9M 2012 | 9M 2011 | Change (%) |
| Sales | 22,141 | 21,252 | 4.2% | 67,981 | 69,158 | -1.7% |
| EBITDA | 1,248 | 0,499 | 150.1% | 4,390 | 3,559 | 23.3% |
| as % of sales | 5.6% | 2.3% | - | 6.5% | 5.1% | - |
| EBIT | 0,474 | -0,266 | - | 2,066 | 1,262 | 63.7% |
| as % of sales | 2.1% | -1.3% | - | 3.0% | 1.8% | - |
| Adjusted EBITDA | 1,248 | 0,499 | 150.1% | 4,390 | 3,559 | 23.3% |
| as % of sales | 5.6% | 2.3% | - | 6.5% | 5.1% | - |
| Adjusted EBIT | 0,504 | -0,236 | - | 2,156 | 1,352 | 59.5% |
| as % of sales | 2.3% | -1.1% | - | 3.2% | 2.0% | - |

¹ Prior year values were adjusted due to presentation of previously proportionally consolidated STT as "discontinued operations"

² Q3/2012; Q3/2011; 9M/2012: based on an average of 5,851,100 shares; 9M/2011: based on an average of 5,780,366 shares.



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-Wasseralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. With more than 1,000 employees, the SHW Group generated sales from continuing operations in 2011 of approx. € 317 million. Further information is available at: www.shw.de

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Future-oriented statements

This press release contains certain future-oriented statements that are based upon current assumptions and forecasts made by the management of SHW AG. Various known and unknown risks, uncertainties and other factors may lead to the actual results, financial position, 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.

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