PRESS RELEASE

SHW AG reaches sales and earnings targets despite difficult market environment in Europe

- Group sales climb 2.5 percent to € 325 million in FY 2012 in spite of declining vehicle output in Europe
- EBITDA[1] grows by 6.5 percent to € 33.9 million
- Sale of stake in joint venture STT Technologies Inc. helps to significantly improve consolidated net income from € 17.0 million to € 46.1 million
- Net cash position reaches € 19.6 million as at 31 December 2012

Aalen, 12 February 2013. SHW AG, one of the leading suppliers of CO_2-relevant pumps and engine components as well as brake discs, today published the preliminary and unaudited key figures[2] for the year 2012. “We were able to slightly exceed the projected EBITDA margin of around ten percent in spite of the considerable decline in European vehicle production,” emphasised CEO Dr. Wolfgang Krause, who is in charge of the Pumps and Engine Components business segment.

Due to production start-ups and the favourable customer structure, SHW was able to disconnect itself from the negative market trend in 2012 – vehicle production in Europe was down by 6.9 percent – and to improve its Group sales by 2.5 percent to € 325.4 million (previous year: € 317.3 million). Group earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 6.5 percent to € 33.9 million in the period from January to December 2012 (previous year: € 31.9 million). At 10.4 percent, the EBITDA margin slightly exceeded the previous year’s level of 10.0 percent.

Consolidated net income amounted to € 46.1 million in 2012, compared to € 17.0 million in the previous year. This amount includes the net result from discontinued operations of € 31.9 million. Earnings after taxes from continued operations reached € 14.3 million (previous year: € 14.9 million). Earnings per share from continued operations[3] amounted to € 2.44, compared to € 2.57 in the prior year period.

[1] Adjusted for one-time effects, 2011: IPO costs (€ 2.2 million); 2012: non-recurring expenses from a production start-up (€ 1.5 million).
[2] Since the sale STT Technologies Inc., which was previously consolidated on a pro-rata basis, has been classified as “discontinued operation” as defined in IFRS 5. The prior year figures have been adjusted accordingly.
[3] 2011: based on an average of 5,798,195 shares; 2012: based on an average of 5,851,100 shares.

Planned growth track rests on a solid financial foundation

The sale of stake in the joint venture STT Technologies Inc., Toronto/Canada and the resulting cash inflow of € 42.9 million further improved the solid financial position of SHW AG. As at the balance sheet date on 31 December 2012, SHW had net cash in an amount of € 19.6 million (previous year: net bank debt (excl. STT) of € 12.6 million)).

As a result of the high consolidated net income, the Group's equity was up by € 39.2 million on the previous year to € 94.3 million. This represents an equity ratio of 52.4 percent, compared to 31.7 percent on 31 December 2011.

SHW intends to use its solid financial position for additional organic growth and the development of important automobile markets such as the USA, Brazil and China. "Combined with the new long-term syndicated loan we are able to finance acquisitions in the mid double-digit million range," says Oliver Albrecht, CFO of SHW. In addition, the company is considering paying out a special dividend.

Positive sales performance in Pumps and Engine Components business segment

The Pumps and Engine Components business segment boosted its sales by 5.7 percent to € 237.9 million (previous year: € 225.1 million) thanks to production start-ups and increasing sales of gearbox oil pumps. The Passenger Car division reported a 10.2 percent increase in sales to € 182.2 million (previous year: € 165.4 million). The Truck & Off-Highway division suffered from the noticeable deterioration of the market environment for commercial vehicles and generated sales of € 27.4 million (previous year: € 31.7 million). Sales in the Powder Metallurgy division improved by 1.0 percent to € 28.3 million (previous year: € 28.0 million).

After the expected weaker fourth quarter, the operating result was below prior year's level. In particular, the lower earnings contributions from the higher-margin Truck & Off-Highway division because of lower sales had an adverse impact on the bottom line. Moreover, in the context of a production start-up one-time expenses of € 1.5 million incurred in the fourth quarter due to the delayed delivery and launch of an assembly line. Due to these effects, the segment's earnings before interest, taxes, depreciation and amortisation (EBITDA) declined from € 29.4 million to € 27.8 million. The EBITDA margin dropped from 13.1 percent to 11.7 percent.

Very positive earnings performance for Brake Discs business segment

In the Brake Discs business segment, the number of composite brake discs sold increased by 14.8 percent to 169,200 units (previous year: 147,400) in the financial year 2012. Sales of ready-to-install brake discs declined by 4.9 percent to 1.7 million pieces (previous year: 1.8 million) due to declining orders from several OEMs in the fourth quarter. Sales of unprocessed brake discs dropped by approx. 16.6 percent to 2.0 million pieces (previous year: 2.4 million). Total brake disc sales were down by 10.8 percent to 3.9 million pieces (previous year: 4.4 million). Thanks to the significant improvement in the product mix towards high-value brake discs, sales revenues declined at a lower rate than the brake disc output, namely by 5.2 percent to € 87.5 million (previous year: € 92.2 million) in fiscal 2012.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) almost doubled from € 3.6 million to € 6.9 million. Accordingly, the EBITDA margin climbed from 3.9 percent in the previous year to 7.9 percent. Besides the noticeably improved product mix, the business segment also benefited from productivity improvements.

Good start into the new financial year

SHW had a good start into the new financial year. At € 26.6 million, Group sales for January 2013 were only slightly below the previous year's level of € 26.7 million. The positive trend towards fuel-efficient pumps continued in the Pumps and Engine Components business segment, which generated € 19.7 million in sales (previous year: € 19.1 million). At € 6.9 million, sales in the Brake Discs business segment were down by roughly ten percent on the previous year's € 7.6 million.

The full financial statements for the year 2012 and the outlook on the fiscal year 2013 will be published with SHW's Annual Report on 21 March 2013.

Preliminary key financial figures for fiscal year 2012

Key figures SHW Group	2012	2011	Change (%)
Sales[1]	325,373	317,295	2,5%
EBITDA[1]	32,412	29,640	9,4%
as % of sales	10,0%	9,3%	-
EBIT[1]	22,325	20,895	6,8%
as % of sales	6,9%	6,6%	-
Earnings after taxes - continuing operations[1]	14,285	14,904	-4,2%
Earnings after taxes - discontinuing operations1	31,858	2,094	-
Net profit	46,143	16,998	171,5%
Earnings per share - continuing operations (€)[2]	2,44	2,57	-5,0%
Earnings per share - continuing and discontinuing operations (€)2	7,89	2,93	169,0%
Adjusted EBITDA[1]	33,937	31,875	6,5%
as % of sales	10,4%	10,0%	-
Adjusted EBIT[1]	24,010	23,290	3,1%
as % of sales	7,4%	7,3%	-
Equity	94,340	55,127	71,1%
Equity ratio	52,4%	31,7%	-
Net cash / Net bank debt as of 31 December	19,628	-8,621	-

Key figures Pumps and Engine Components	2012	2011	Change (%)
Sales[1]	237,908	225,060	5,7%
EBITDA[1]	26,251	29,440	-10,8%
as % of sales	11,0%	13,1%	-
EBIT[1]	19,662	23,783	-17,3%
as % of sales	8,3%	10,6%	-
Adjusted EBITDA[1]	27,776	29,440	-5,7%
as % of sales	11,7%	13,1%	-
Adjusted EBIT[1]	21,227	23,823	-10,9%
as % of sales	8,9%	10,6%	-

Key figures Brake Discs	2012	2011	Change (%)
Sales	87,465	92,235	-5,2%
EBITDA	6,927	3,562	94,5%
as % of sales	7,9%	3,9%	-
EBIT	3,621	0,665	444,5%
as % of sales	4,1%	0,7%	-
Adjusted EBITDA	6,927	3,562	94,5%
as % of sales	7,9%	3,9%	-
Adjusted EBIT	3,741	0,785	376,6%
as % of sales	4,3%	0,9%	-

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

[2] 2012: based on an average of 5,851,100 shares; 2011: based on an average of 5,798,195 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 CO_2 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 2012 of € 325 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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