



PRESS RELEASE

SHW AG confirms full year forecast after a challenging first quarter

- At EUR 84.9 million first quarter Group sales¹ almost reached the prior year's level of EUR 85.4 million
- Group EBITDA² temporarily impacted by additional operating expenses due to SAP introduction
- Good start into the second quarter of 2013

Aalen, 7 May 2013. Today, SHW AG, one of the leading suppliers of CO₂-relevant pumps and engine components as well as brake discs, published its financial key figures for the first quarter of 2013.

As expected, the trend was impacted by the difficult market environment in Europe. Nonetheless, as a result of new product launches and a shift of the product mix towards more complex pumps, SHW AG was able to continue to uncouple from the negative market trend, achieving Group sales of EUR 84.9 million to reach almost the same level as in the previous year (EUR 85.4 million).

The earnings trend in the first quarter of 2013 was characterised, in particular, by additional operating expenses in connection with the Group-wide introduction of SAP. Group earnings before interest, taxes and depreciation of fixed assets and amortisation of intangible assets (adjusted EBITDA) were temporarily impacted by additional operating expenses pertaining to consulting support, overtime, special shipments, external processing orders related to SAP introduction. At the same time, shifts in product mix, higher start-up costs and IT expenses as well as the establishment of the Brazil site also had a negative impact on earnings. At EUR 8.0 million in the period January to March 2013, EBITDA was below the prior year's value of EUR 9.6 million. The EBITDA margin declined from 11.2% to 9.4%.

In the reporting period, the net income for the period amounted to € 2.9 million as compared to EUR 5.2 million in the previous year. For the first quarter of 2012, this amount included the net income after tax from discontinued operations in the amount of EUR 0.7 million. Net income after tax from continuing operations amounted to EUR 2.9 million (previous year: € 4.5 million). Earnings per share from continued operations³ were EUR 0.50 Euro as compared to EUR 0.76 in the same period last year.

¹ STT Technologies Inc., which until the end of October 2012 had been included in the consolidation on a pro-rata basis, has now, further to its sale, been classified as a "discontinued operation" within the meaning of IFRS 5. Sales, expenses and earnings for the first quarter of 2012 were adjusted accordingly.

² Adjusted for special effects, Q1/2013: temporarily increased start-up and manufacturing costs in the amount of EUR 0.5 million for a new product start in the Pumps and Engine Components business segment; one-time consulting fees for SAP GoLive in the amount of EUR 0.2 million.

³ Based on an average of 5,851,100 shares.



Investments for further growth remain at a high level

As a result of new product launches and the construction of a new logistics facility in Bad Schussenried, investments in the first quarter of 2013 rose by EUR 3.1 million compared to the prior year, reaching EUR 8.0 million. At the same time, research and development costs rose by 18.9% to EUR 2.0 million (prior year: EUR 1.7 million). This amount includes capitalised R&D costs of EUR 0.5 million (prior year: EUR 0.4 million).

Positive sales trend in the Pumps and Engine Components Segment

Based on new product launches and a growing demand for gearbox and variable oil pumps, the Pumps and Engine Components business segment recorded a growth in sales of 2.1% to EUR 63.6 million (prior year: EUR 62.3 million). The Passenger Car division contributed 6.4% to the sales growth to EUR 49.5 million (prior year: EUR 46.5 million). The Truck & Off-Highway division continued to be subjected to the difficult market environment for commercial vehicles, recording sales of EUR 7.4 million (prior year: EUR 8.2 million). In the Powder Metallurgy division, sales declined by 11.7% to EUR 6.7 million (prior year: EUR 7.6 million) as a result of the SAP introduction. The accumulated delivery backlog of approx. EUR 0.9 million was reduced at the start of the second quarter.

At EUR 6.8 million, segment earnings before interest, taxes and depreciation and amortisation (adjusted EBITDA) fell behind the comparable amount of EUR 8.2 million in the previous year. Results were negatively affected in particular by additional operating expenses for consulting support, overtime, special shipments and external processing orders related to SAP introduction. Other causes were product mix shifts, lower earnings contributions from the higher margin Truck & Off-Highway division and costs related to the establishment of our Brazil operations. Further negative impacts on earnings resulted from additional start-up related costs of approx. EUR 0.4 million. The EBITDA margin declined from 13.1% to 10.7%.

Brake Discs business segment continues to record margin improvements

In the first three months of 2013 sales in the Brake Discs business segment declined by 8.1% to EUR 21.2 million (same period last year: EUR 23.1 million) as a result of the economic situation and lower material surcharges.

In the first three months of 2013, the number of composite brake discs sold rose by 39.7% to approximately 50,200 (previous year: 35,900). Sales of monobloc brake discs, on the other hand, fell by a total of 15.4% to 909,000 units (previous year: 1.074 million units). Overall, brake discs sales declined by 13.6% to 959,000 units (previous year: 1.110 million units).

As a result of the improved product mix towards high end brake discs as well as cost savings realised during the period and in spite of weaker sales it was possible to increase the segment's earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) by 6.6% as compared to the previous year to EUR 1.5 million.



Positive sales trend recorded in April – forecast for fiscal year 2013 confirmed

SHW had a good start into the second quarter of 2013. At EUR 31.8 million Group sales for April 2013 were 16.0% above the already high level of EUR 27.4 million in the previous year. The Pumps and Engine Components business segment was able to continue the positive trend in the sale of fuel saving pumps, achieving total sales of EUR 23.9 million (previous year: EUR 20.3 million). The Brake Discs business segment was able to catch up on a great part of the sales shortfall in the first quarter with an increase of 11.3% to EUR 7.9 million.

It continues to be difficult to estimate the effects of the sovereign debt crisis flaring up again particularly in the peripheral countries in the southern euro zone, and the high unemployment figures on the development of vehicle production in Europe and on vehicle exports to North and South America and China. Based on new product launches and the good start into the second quarter, SHW assumes despite the economic uncertainties to grow stronger than the market and to achieve the financial targets in 2013.



Key financial figures for the first quarter 2013 (in K EUR)

Key figures - SHW Group	Q1 2013	Q1 2012 ¹	Change in %
Sales	84,875	85,415	-0,6%
EBITDA	7,341	9,570	-23,3%
as % of sales	8,6%	11,2%	-
EBIT	4,302	6,721	-36,0%
as % of sales	5,1%	7,9%	-
Income after tax - continued operations	2,949	4,462	-33,9%
Income after tax - discontinued operations	-	0,726	-
Net profit for the period	2,949	5,188	-43,2%
Earnings per share - continued operations (€) ²	0,50	0,76	-33,9%
Earnings per share - continued and discontinued operations (€) ²	0,50	0,89	-43,2%
Adjusted EBITDA	8,015	9,570	-16,2%
as % of sales	9,4%	11,2%	-
Adjusted EBIT	5,014	6,761	-25,8%
as % of sales	5,9%	7,9%	-
Equity	94,959	61,248	55,0%
Equity ratio	50,5%	34,3%	-
Net cash	1,095	-14,944	-
Key figures - Pumps and Engine Components	Q1 2013	Q1 2012 ¹	Change in %
Sales	63,634	62,304	2,1%
EBITDA	6,149	8,190	-24,9%
as % of sales	9,7%	13,1%	-
EBIT	4,047	6,153	-34,2%
as % of sales	6,4%	9,9%	-
Adjusted EBITDA	6,806	8,190	-16,9%
as % of sales	10,7%	13,1%	-
Adjusted EBIT	4,714	6,163	-23,5%
as % of sales	7,4%	9,9%	-
Key figures - Brake Discs	Q1 2013	Q1 2012	Change in %
Sales	21,241	23,111	-8,1%
EBITDA	1,474	1,399	5,4%
as % of sales	6,9%	6,1%	-
EBIT	0,590	0,625	-5,6%
as % of sales	2,8%	2,7%	-
Adjusted EBITDA	1,491	1,399	6,6%
as % of sales	7,0%	6,1%	-
Adjusted EBIT	0,635	0,655	-3,1%
as % of sales	3,0%	2,8%	-

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

² Based on average of 5,851,100 shares



About SHW

The enterprise was established in 1365, making it one of the oldest industrial enterprises in Germany. Today, SHW AG is a leading automotive supplier with products that contribute substantially 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 cars and truck and off-highway applications, e.g. trucks, agricultural 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 European and North American automobile manufacturers, manufacturers of commercial, construction and agricultural vehicles and other automotive suppliers. The SHW Group currently has four manufacturing sites in Germany, located in Bad Schussenried, Aalen-Wasseralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. With slightly 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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