INTERIM REPORT
AS AT 30 SEPTEMBER 2013

1 January to 30 September 2013

Key figures SHW Group (IFRS)

K EUR	Q3 2013	Q3 2012[1]	Change in %	9M 2013	9M 2012[1]	Change in %
Sales	92,612	82,145	12.7%	268,976	253,114	6.3%
EBITDA	11,073	8,714	27.1%	27,222	27,707	-1.8%
as % of sales	12.0%	10.6%	-	10.1%	10.9%	-
EBIT	7,351	5,539	32.7%	17,064	18,647	-8.5%
as % of sales	7.9%	6.7%	-	6.3%	7.4%	-
Income after tax - continued operations	4,888	3,542	38.0%	11,488	12,354	-7.0%
Income after tax - discontinued operations	-	1,338	-	-	3,596	-
Net income for the period	4,888	4,880	0.2%	11,488	15,950	-28.0%
Earnings per share - continued operations (€)[2]	0.84	0.61	38.0%	1.96	2.11	-7.0%
Earnings per share - discontinued operations (€)[2]	-	0.23	-	-	0.61	-
Earnings per share - continued and discontinued operations (€)[2]	0.84	0.83	0.2%	1.96	2.73	-28.0%
Adjusted EBITDA[3]	11,073	8,714	27.1%	28,619	27,707	3.3%
as % of sales	12.0%	10.6%	-	10.6%	10.9%	-
Adjusted EBIT[3]	7,388	5,579	32.4%	18,574	18,767	-1.0%
as % of sales	8,0%	6,8%	-	6,9%	7,4%	-
Equity	-	-	-	80,131	64,734	23.8%
Equity ratio	-	-	-	39,7%	34,6%	
Net cash	-	-	-	-19,000	-26,589	-28.5%
Number of employees (average)[4]	-	-	-	1,052	1,016	3.5%

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

[2] Based on average of 5,851,100 shares.

[3] Adjusted for non-recurring items; cf. Reconciliation statement SHW Group page 9.

[4] Excluding trainees and temporary workers.

Sales by segment
in %

Sales by region
in %

Company profile

With its product portfolio, the SHW Group benefits from the global megatrend towards CO_2 reduction. The growing global demand for mobility is counteracted by regulatory requirements for a significant reduction of CO_2 emissions by motor vehicles.

SHW started developing relevant products early on, and today has a broad product portfolio of highly-efficient components for motor and engine applications as well as brake discs, which increase the efficiency of the combustion engine and its auxiliary units or to bring down the vehicle weight considerably.

We support our customers to fulfil the requirements of today and tomorrow – as a pioneer for attainment of the strict CO_2 targets.

Contents

SHW share

Global recovery of economic early indicators takes stock markets to new all-time highs

The global recovery of economic early indicators, as well as the increasing dynamic of M&A transactions, were the drivers of the new all-time highs of the DAX and the US stock markets in the third quarter of 2013. The mixed quarterly report season, the budget dispute in the USA, the recent governmental crisis in Italy and the decline of some emerging market currencies could only hinder the upward trend temporarily.

The leading US index Dow Jones ended the third quarter up 1.5 percent at 15,130 points. The Japanese Nikkei index benefited from the persistent weak yen and rose 5.7 percent to 14,456 points.

In Europe, the Euro Stoxx 50 improved by 11.2 percent, closing at 2,893 points on 30 September 2013. The leading German DAX index gained 8.0 percent in the period from July to September 2013, ending the third quarter at 8,594 points. The selection index SDAX went up by approx. 598 points or 10.3 percent to 6,393 points.

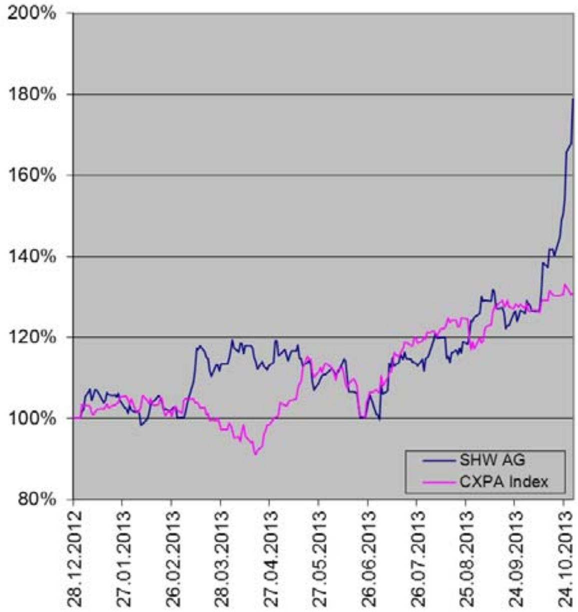
Against the background of stabilizing production and new registration figures in the European Union, as well as successful export markets (USA, China), the DAXsector Automobile Performance Index gained 19.5 percent compared to the end of the second quarter of 2013, reaching nearly 1,242 points.

SHW share reaches new all-time high

Good quarterly figures and the positive sentiment for automotive and automotive supplier stocks caused the highly pleasing development of the SHW share in the third quarter of 2013. Compared to the end of the previous quarter, the SHW share went up by 20.5 percent to € 32.21, thereby slightly outperforming the DAXsector Automobile Performance Index. After positive analyst comments, the share reached an all-time high on 29 October at € 45,89.

Price development of SHW share and DAXsector Automobile Performance index (January 2013 – October 2013)

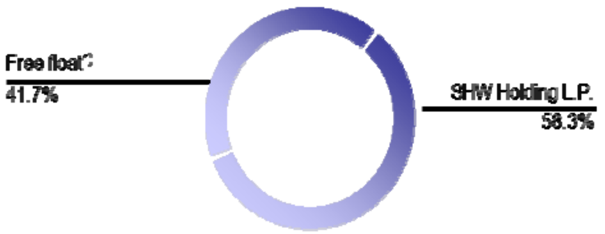
Closing price: 28 December 2012 = 100%



Free float unchanged

Free float according to the definition of Deutsche Börse AG experienced no changes since the end of the second quarter 2013. As part of the free float of 41.7 percent still three shareholders, the Norwegian Central Bank (Norges Bank), Capital Group Companies Inc. (USA) and Linz Textil Holding AG (Austria), exceed the reporting threshold of 3 percent.

Shareholder structure
in %



[1] Free float, as defined by the German stock exchange, Deutsche Börse AG.
Of which: Capital Group Companies Inc. (3.53%), Norges Bank (3.29%), Linz Textil Holding AG (3.23%).

Intensive road show activities with new management – CEO/CFO agenda introduced

The new Chairman of the Management Board, Dr. Thomas Buchholz, and the new CFO Sascha Rosengart introduced themselves to current and potential investors at several investor conferences and road shows in August and September, and used the opportunity to explain the main points on the CEO and CFA agendas. For Dr. Buchholz, the optimisation of procedures and processes in production and logistics forms the main starting point for improving operative performance. The development of new products, especially for gearbox oil pumps and oil/vacuum pumps, and the reorganisation of the product development process and the realignment of project management, form additional focal points in his area of responsibility. On the CFO agenda, the spotlight will be on matters such as SAP optimisation, Corporate Controlling and Working Capital Management.

The internationalisation strategy of SHW also took up much time during talks. In addition to Brazil, where SHW will soon commence production of oil pumps, the development of the Chinese market and the re-entry into the North American market are to be driven forward energetically.

With the Supervisory Board's approval to found a distribution and development company in Canada, SHW recently started to implement the first milestone in its North America strategy. The location chosen ensures the highest possible proximity to the three big US automobile manufacturers and hence a timely start of market development. From early November, Peter Krug, who most recently worked as Vice President of Magna Powertrain (MPT) in the Fluid, Pressure and Controls Group will take up the role as Managing Director. Before that, Peter Krug was General Manager for the Canadian pump manufacturer STT Technologies Inc. from 2000 to 2008, in which SHW held a 50 percent until the end of October 2012.

The Management Board aims at continuing profitable growth and organically increasing Group sales to € 620 million by 2018. Sales in Europe are to reach at least € 420 million. Sales of € 100 million are pursued in the Americas and Asia-Pacific respectively.

We will also respond to the continued high interest in the SHW share during the fourth quarter, primarily by attending investor conferences and road shows in Germany and abroad. Our attendance at the German Equity Forum on 12 and 13 November in Frankfurt will be one highlight. In addition, we offer interested investors the opportunity to gain a direct impression of the innovative strength and manufacturing expertise of the Company on-site. Moreover, we are intensively working on further expanding our research coverage. In this context, we are currently in close contact with several research houses.

Share at a glance	
WKN	A1JBPV
ISIN	DE000A1JBPV9
Ticker symbol	SW1
Type of shares	Ordinary no-par-value bearer shares
Number of shares	5.85 million
Share capital	€ 5.85 million
Market capitalisation[1)]	€ 188.4 million
Free float	41.7%
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
First listing	7 July 2011
Designated sponsor	Commerzbank AG

1 Based on the closing rate of € 32.21 on 30 September 2013

Interim group management report

Business activities and framework conditions

Business activities and corporate structure

The SHW Group is a supplier for well-known automobile manufacturers, manufacturers of commercial, agricultural and construction vehicles and other automotive suppliers.

The Group's business is divided into the Pumps and Engine Components business segment and the Brake Discs business segment. The SHW Group's business activity primarily focuses on developing and manufacturing products that contribute to reducing fuel consumption, and therefore CO_2 emissions, in the automotive sector.

Leading European manufacturer of pumps and engine components

The Pumps and Engine Components business segment is the SHW Group's largest operational segment, with production facilities in Bad Schussenried and Aalen-Wasseralfingen. In Bad Schussenried, the Passenger Car division manufactures oil pumps for engines and gearboxes, vacuum pumps, water pumps, balancer shaft units and camshaft phasers for motor vehicles.

The SHW Group's Truck & Off-Highway division produces different types of pumps for trucks, agricultural and construction vehicles, stationary engines and wind power stations.

In addition, the Group manufactures engine components in the Powder Metallurgy division at its Aalen-Wasseralfingen production facility. Examples of these include gear sets and other pump components (e. g. rotors and adjustment rings) as well as other components for engines and transmissions.

Technological leader in the field of brake discs for high-performance vehicles

The SHW Group is technological leader in the production of high-end composite brake discs for high-performance vehicles. In its Brake Discs business segment, the 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. The SHW Group has sites in Tuttlingen-Ludwigstal and Neuhausen ob Eck.

Pumps and Engine Components			Brake Discs
Bad Schussenried / Sao Paulo		Aalen-Wasseralfingen	Tuttlingen-Ludwigstal Neuhausen ob Eck
Passenger Car	Truck and Off-Highway	Powder Metallurgy	
Oil pumps for engines and gearboxes	Gearbox oil pumps	Sintered steel or aluminium components for camshaft phasers	Unprocessed monobloc ventilated brake discs
Variable oil pumps/ map-controlled pumps	Engine oil pumps	Gear sets	Ready-to-install monobloc ventilated brake discs
Oil/vacuum pumps	Fuel pumps	Sintered components for engines and transmissions	Composite brake discs
Water pumps	Electric pumps		
Balancer shafts			
Camshaft phasers			

Framework conditions

The recession in the Eurozone seems to have reached an end – Growth in China stabilises

In the third quarter of 2013, the economy in the Eurozone is likely to have grown further compared to the previous quarter. For the first time after seven quarters it becomes apparent that the peripheral countries – with the exception of Cyprus – will record a slight growth again. This growth stems in particular from exports, after the countries in question significantly improved their pricing competitiveness. The weak growth in some core countries – particularly in France, Belgium and the Netherlands – is currently preventing stronger growth rates in the Eurozone. The main reasons for the economic weakness there are a strong increase in unit labour costs with the loss of relative competitiveness, and price corrections in the relevant real estate markets.

Overall, the present data for the Eurozone show that economic performance in the third quarter has become somewhat less dynamic again and is likely to have grown by around 0.1 percent compared to the previous quarter. The available data for Germany indicate that the German economy is likely to have grown much weaker in the third quarter (+ 0.2 percent) than in the second quarter (+ 0.7 percent).

Emerging economies in Asia continued to achieve above-average growth rates, with the growth of the Chinese economy stabilising again in the third quarter after weakening in the second quarter. According to government data, the gross domestic product increased by 7.8 percent compared to the previous year's period. The recovery of the Japanese economy is likely to have continued in the third quarter of 2013, albeit at a slower rate. This is still especially due to the weaker Yen, which has boosted exports. In addition, government economic programmes and ongoing reconstruction work after the tsunami are likely to have raised domestic demand. At around 1.5 percent, the US economy is likely to have become somewhat less dynamic compared to the previous year, after a second quarter which was stronger than expected. Growth continues to be driven primarily by private consumption and business investments.

The European passenger car market has already hit bottom

The long-term downward trend of new registrations in the European Union (EU-27) seems to have reached an end in the period from July to September 2013, rising 2.7 percent compared to the previous year's quarter. As a result, the decline in new registrations in the European Union stands at only 3.9 percent for the first nine months of 2013. Moreover, the British market showed a very positive development in the third quarter of 2013 (+ 12.1 percent) against the backdrop of a favourable development of employment figures. With a plus of 7.2 percent, the Spanish market gained further momentum. In the remaining European volume markets, the minus figures were greatly reduced compared to the two previous quarters. They ranged from – 1.1 percent in France, via – 1.4 percent in Germany to – 2.5 percent in Italy.

As a result of SHW's broad product portfolio of highly efficient components for engine and gearbox applications, the company was able to continue to outperform the European passenger car market in the third quarter of 2013, growing sales in the third quarter of 2013 by 12.7 percent.

In light of the strong increase in consumer spending, sales of passenger cars and light trucks in the USA went up by 9.1 percent to 3.96 million units between July and September 2013 compared to the previous year.

In Brazil, new registrations for light vehicles (passenger cars and light trucks) fell in the third quarter of 2013 by 9.9 percent compared to the previous year to 0.93 million units. The main reasons for this were the discontinuation of tax purchasing incentives and significantly higher interest and inflation rates.

The Chinese passenger car market showed consistently encouraging development in the third quarter of 2013. During the period from July to September, the number of passenger cars sold reached 4.18 million units (+ 14.4 percent).

In Japan, after two weak quarters, which had been characterised by the discontinuation of state premiums, new registrations for passenger cars stabilised slightly in the third quarter at a plus of 1.7 percent to 1.16 million units.

Earnings, net assets and financial position of the SHW Group

Unless stated otherwise, earnings, net assets and financial position are each reported excluding STT.

K EUR	Q3 2013	Q3 2012[1]	Change in %	9M 2013	9M 2012[1]	Change in %
Sales	92,612	82,145	12.7%	268,976	253,114	6.3%
EBITDA	11,073	8,714	27.1%	27,222	27,707	-1.8%
as % of sales	12.0%	10.6%	-	10.1%	10.9%	-
EBIT	7,351	5,539	32.7%	17,064	18,647	-8.5%
as % of sales	7.9%	6.7%	-	6.3%	7.4%	-
Income after tax - continued operations	4,888	3,542	38.0%	11,488	12,354	-7.0%
Income after tax - discontinued operations	-	1,338	-	-	3,596	-
Net income for the period	4,888	4,880	0.2%	11,488	15,950	-28.0%
Adjusted EBITDA[2]	11,073	8,714	27.1%	28,619	27,707	3.3%
as % of sales	12.0%	10.6%	-	10.6%	10.9%	-
Adjusted EBIT[2]	7,388	5,579	32.4%	18,574	18,767	-1.0%
as % of sales	8.0%	6.8%	-	6.9%	7.4%	-
Equity	-	-	-	80,131	64,734	23.8%
Equity ratio	-	-	-	39.7%	34.6%	-
Net cash	-	-	-	-19,000	-26,589	-28.5%

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

[2] Adjusted for non-recurring items; cf. Reconciliation statement SHW Group.

Earnings position

Record sales in the third quarter of 2013: +12.7 compared to the previous year

Thanks to a newly launched oil-/vacuum pump for a well-known European automotive manufacturer, the ramp-up of electrical transmission oil pumps for start-stop and high-end composite brake discs, SHW AG was again able to uncouple from the market developments in Europe (new registrations EU-27: + 2.7 percent) in the third quarter and realise a sales growth of 12.7 percent with Group sales of € 92.6. In the first nine months of 2013, Group sales thus rose by 6.3 percent over the previous year's period overall, from € 253.1 million to € 269.0 million.

The cost of sales ratio fell in the third quarter of 2013 compared to the previous year

In the third quarter of 2013, the cost of sales increased by 10.6 percent from € 71.7 million to € 79.2 million. The cost of sales ratio thus improved from 87.3 percent to 85.6 percent. In relation to the first nine months of 2013, cost of sales went up from € 220.5 million to € 234.9 million compared to the previous year, with the cost of sales ratio reaching 87.3 %, 0.2 percentage points above the previous year's corresponding figure. This increase is attributable to the first quarter, and is largely due to the temporary increase in start-up and production costs in connection with a new product launch of an oil/vacuum pump of € 0.5 million as well as an inventory-related effect on profit of € 0.6 million. Adjusted for these two special effects, the cost of sales ratio would have been at 86.9 percent. The SAP introduction created some relief in that it facilitates the allocation of R & D costs, thus leading to a reduction of cost of sales on a year-on-year comparison.

During the first nine months of 2013, administrative costs increased by 28.2 percent from € 5.8 million to € 7.5 million as compared to the preceding year. This disproportionate increase can largely be allocated to the first half of 2013, and relates to depreciation and maintenance costs for the implemented SAP system and other IT costs of € 0.8 million, as well as costs in the context of the two changes to the Management Board of € 0.7 million.

Other operating expenses and income (net) decreased by € 1.3 million in the first nine months of 2013 compared to the previous year due to lower personnel-related provisions and lower external consulting costs.

Research and development expenditure grow disproportionately

Research and development expenditure rose to € 6.3 million in the first nine months of 2013, an increase of 52.4 percent compared to the same period in the preceding year (preceding year: € 4.1 million). The increase can largely be traced to the more precise cost allocation in the new ERP system. In addition, € 2.4 million (previous year: € 1.4 million) were capitalised. Including these capitalised costs, the R&D ratio accounted for 3.2 percent of sales (previous year: 2.2 percent). The focus in the Pumps and Engine Components business segment was on developing variable oil pumps, start-stop pumps, oil/vacuum pumps, balancer shafts and camshaft phasers. In the Brake Discs business segment, focus was on the further development of high-end composite brake discs.

Reconciliation statement: SHW Group

K EUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Sales	92,612	82,145	268,976	253,114
Operating result (EBIT)	7,351	5,539	17,064	18,647
Total PPA[1]	37	40	113	120
PPA[1] customer base	-	-	-	-
PPA[1] patents / licenses	-	-	-	-
PPA[1] fixed assets	37	40	113	120
Costs from production start-up	-	-	494	-
Consulting costs for SAP GoLive	-	-	180	-
Costs of changes to Management Board	-	-	723	-
Total adjustments	37	40	1,510	120
Adjusted EBIT	7,388	5,579	18,574	18,767
as % of sales	8.0%	6.8%	6.9%	7.4%
Other depreciation	3,685	3,135	10,045	8,940
Adjusted EBITDA	11,073	8,714	28,619	27,707
as % of sales	12.0%	10.6%	10.6%	10.9%

[1] Depreciation arising from purchase price allocation

EBITDA on a stable high level in the third quarter

In line with the good sales development, the Company increased adjusted Group earnings before interest, tax, depreciation of tangible assets and amortisation of intangible assets (adjusted EBITDA) by 27.1 percent from € 8.7 million to € 11.1 million in the third quarter of 2013. The Pumps and Engine Components and Brake Discs business segments contributed to this improved result. The EBITDA margin thus improved by 10.6 percent to 12.0 percent, reaching the same high level as in the previous quarter.

Overall, the Company generated adjusted Group earnings before interest, tax, depreciation of tangible assets and amortisation of intangible assets (adjusted EBITDA) of 28.6 million in the first nine months of 2013 (previous year: € 27.7 million). The disproportionate increase of 3.3 percent or € 0.9 million is attributable to the weaker first quarter 2013, which was adversely affected by temporary performance losses (SAP launch related additional operating expenses for consultant support, special shipments, and external processing orders), higher start-up costs as well as inventory differences.

Since depreciation in the third quarter of 2013 only showed a disproportionately small increase compared to the adjusted EBITDA, Group earnings before interest and tax (adjusted EBIT) even increased by 32.4 percent to € 7.4 million. The EBIT margin showed a corresponding increase from 6.8 percent to 8.0 percent. Given the negative effect on profit in the first quarter, the adjusted EBIT in the first nine months of 2013 remained slightly below the prior year value of € 18.8 million at € 18.6 million.

Special effects in the third quarter and the first nine months of 2013

There were no special effects at the Group level in the third quarter of 2013. In the period from January to September 2013, there were special effects amounting to € 1.5 million; of these, € 0.7 million resulted from changes to the Management Board, € 0.5 million from temporarily higher start-up and manufacturing costs for a new product launch, € 0.2 million from one-off consultancy costs in connection with the conversion to SAP (After-Go-Live-Support) and € 0.1 million from depreciation from the purchase price allocation.

Marked increase in financial result

The financial result (net) improved significantly in the first three quarters of 2013 compared to the previous year due to the reduction in average financial debt from € -1.4 million to € -1.1 million.

Tax ratio down

Taxes on income and earnings were down by € 0.4 million to € 4.5 million in the first nine months of 2013. The tax ratio fell from 28.5 percent to 28.2 percent. The lower tax ratio is primarily the result of a deferred tax income due to the revaluation of pension obligations.

Result after taxes from continued operations in the third quarter 38.0 percent higher than previous year

In the third quarter of 2013, the result after taxes from continued operations grew by 38.0 percent from € 3.5 million to € 4.9 million. After the weaker first quarter, the corresponding result after the first nine months of 2013 of € 11.5 million was 7.0 percent lower than last year's comparable of € 12.4 million.

Earnings per share from continued operations came up to € 0.84 in the third quarter of 2013, compared to € 0.61 the previous year. The resulting amount adds up to € 1.96 for the first nine months of 2013 compared to € 2.11 the previous year. The weighted average number of shares used to calculate earnings per share was 5,581,100 in both years.

Business Segments

Development of the Pumps and Engine Components business segment (excluding STT)

Highest quarterly sales in the Company's history

In the third quarter of 2013, largely due to new product launches, the Pumps and Engine Components business segment achieved a sales increase of 16.5 percent to € 69.9 million (previous year: € 60.0 million). This is the highest quarterly sales in the Company's history. Overall, sales in the Pumps and Engine Components segments in the period from January to September 2013 went up 9.0 percent compared to the prior year period to € 201.8 million (previous year: € 185.1 million).

Demand for variable oil pumps/start-stop pumps and oil/vacuum pumps drives sales in the Passenger Car division

Within the Pumps and Engine Components business segment, the Passenger Car division benefitted from the increased demand for variable oil pumps, start-stop pumps as well as the new product launch of an oil/vacuum pump for diesel vehicles. Sales in the Passenger Car division rose by 20.0 percent from € 46.9 million to € 56.3 million in the third quarter of 2013 and by 12.5 percent from € 141.6 to € 159.3 million in the first nine months of 2013.

In the Truck and Off-Highway business segment, rising demand by manufacturers of agricultural and construction vehicles led to a sales increase of 7.3 percent of € 0.4 million to € 6.7 million in the third quarter of 2013. Accumulated over the period from January to September 2013, sales declined due to the weaker first quarter by just 3.4 percent from € 21.7 million to € 21.0 million compared to the prior year period.

The Powder Metallurgy division closed the third quarter of 2013 with a slight reduction in sales of 5.8 percent to € 6.5 million. In the reporting period from January to September 2013 sales were 6.7 percent lower than last year’s value of € 21.8 million. The cause is to be seen in lower demand from Truck & Off- Highway customers as well as from customers with fewer exports to North America and China.

Key figures - Pumps and Engine Components

K EUR	Q3 2013	Q3 2012[1]	Change in %	9M 2013	9M 2012[1]	Change in %
Sales	69,893	60,004	16.5%	201,800	185,133	9.0%
EBITDA	9,475	7,655	23.8%	22,911	24,115	-5.0%
as % of sales	13.6%	12.8%	-	11.4%	13.0%	-
EBIT	6,681	5,300	26.1%	15,579	17,501	-11.0%
as % of sales	9.6%	8.8%	-	7.7%	9.5%	-
Adjusted EBITDA[2]	9,475	7,655	23.8%	23,568	24,115	-2.3%
as % of sales	13.6%	12.8%	-	11.7%	13.0%	-
Adjusted EBIT[2]	6,691	5,310	26.0%	16,266	17,531	-7.2%
as % of sales	9.6%	8.8%	-	8.1%	9.5%	-

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

[2] Adjusted for non-recurring items; cf. Reconciliation statement Pumps and Engines Components.

EBITDA margin of 13.6 percent in the third quarter of 2013 clearly exceeds previous year’s level

In the third quarter of 2013, the Pumps and Engine Components business segment was again able to outperform the second quarter, and at € 9.5 million generated a clearly improved segment result before interest, tax, depreciation of tangible assets and amortisation of intangible assets (adjusted EBITDA) compared to the prior year result of € 7.7 million. Taking into account the weaker first quarter, the first nine months of 2013 suffered a reduction of adjusted EBITDA by € 0.5 million or 2.3 percent to € 23.6 million. The main reasons for this were the additional operating costs relating to the implementation of SAP incurred as early as the first quarter, such as overtime worked, external processing costs and special shipments, as well as differences in inventories identified during two full stock-takings carried out at the sites of Bad Schussenried and Aalen-Wasseralfingen.

At € 6.7 million, the adjusted segment result before interest and taxes (adjusted EBIT) in the third quarter of 2013 exceeded the prior year value by 26.0 percent or € 1.4 million. Given the weaker first quarter, the adjusted EBIT in the first nine months of 2013 remained slightly below the prior year value of € 17.5 million by € 1.2 million or 7.2 percent.

Reconciliation statement: Pumps and Engine Components

K EUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Sales	69,893	60,004	201,800	185,133
Operating result (EBIT)	6,681	5,300	15,579	17,501
Total PPA[1]	10	10	30	30
PPA[1] customer base	-	-	-	-
PPA[1] patents / licenses	-	-	-	-
PPA[1] fixed assets	10	10	30	30
Costs from production start-up	-	-	494	-
Consulting costs for SAP GoLive	-	-	163	-
Total adjustments	10	10	687	30
Adjusted EBIT	6,691	5,310	16,266	17,531
as % of sales	9.6%	8.8%	8.1%	9.5%
Other depreciation	2,784	2,345	7,302	6,584
Adjusted EBITDA	9,475	7,655	23,568	24,115
as % of sales	13.6%	12.8%	11.7%	13.0%

[1] Depreciation arising from purchase price allocation

Development of the Brake Discs business segment

Key figures - Brake Discs

K EUR	Q3 2013	Q3 2012[1]	Change in %	9M 2013	9M 2012[1]	Change in %
Sales	22,719	22,141	2.6%	67,176	67,981	-1.2%
EBITDA	1,977	1,248	58.4%	6,038	4,390	37.5%
as % of sales	8.7%	5.6%	-	9.0%	6.5%	-
EBIT	1,138	0,474	140.1%	3,417	2,066	65.4%
as % of sales	5.0%	2.1%	-	5.1%	3.0%	-
Adjusted EBITDA[1]	1,977	1,248	58.4%	6,055	4,390	37.9%
as % of sales	8.7%	5.6%	-	9.0%	6.5%	-
Adjusted EBIT[1]	1,165	504	131.2%	3,517	2,156	63.1%
as % of sales	5.1%	2.3%	-	5.2%	3.2%	-

[1] Adjusted for non-recurring items; cf. Reconciliation statement Brake Discs.

Slight sales growth in the third quarter of 2013

In the third quarter of 2013, the Brake Discs business segment generated a slight sales increase of 2.6 percent from € 22.1 million to € 22.7 million as a result of higher sales figures – particularly due to high-end composite brake discs. Added up, this results in only a slight reduction in sales after the first nine months of 2013 of 1.2 percent from € 68.0 to € 67.2 million.

The number of composite brake discs sold in the third quarter of 2013 rose by 27.8 percent from about 47,500 units to approx. 60,700 units. The sales figures for monobloc brake discs increased by 2.8 percent over the prior year value of 871,700 units to 896,500 units. The total number of brake discs sold went up by 4.1 percent to 975,200 million units.

The number of composite brake discs sold went up by 33.5 percent in the first nine months of 2013 from approx. 123,900 units to approx. 165,400 units. By contrast, sales of monobloc brake discs fell by 5.1 percent overall to 2.77 million units (previous year: 2.92 million units). Sales of brake discs overall dropped by 3.5 percent from 3.05 million units to 2.94 million units.

EBITDA margin improved from 5.6 percent to 8.7 percent in the third quarter of 2013

Thanks to the improved product mix towards high-end composite brake discs, as well as general cost reduction and higher productivity, the segment earnings before interest, taxes and depreciation of tangible assets and amortisation of intangible assets (EBITDA adjusted) increased by 58.4 percent from € 1.2 million to € 2.0 million in the third quarter 2013. The EBITDA margin showed a corresponding improvement from 5.6 percent to 8.7 percent. For the period from January to September 2013, this led to an improvement of the adjusted EBITDA of 37.9 percent from € 4.4 million to € 6.1 million and an EBITDA margin of 9.0 percent (previous year: 6.5 percent).

Since depreciation only showed a disproportionately small increase compared to the adjusted EBITDA, the adjusted segment result before interest and taxes (adjusted EBIT) improved by 131.2 percent in the third quarter of 2013 to € 1.2 million or 63.1 percent to € 3.5 million in the first nine months of 2013.

Reconciliation statement: Brake Discs

K EUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Sales	22,719	22,141	67,176	67,981
Operating result (EBIT)	1,138	474	3,417	2,066
Total PPA[1]	27	30	83	90
PPA[1] customer base	-	-	-	-
PPA[1] patents / licenses	-	-	-	-
PPA[1] fixed assets	27	30	83	90
Consulting costs for SAP GoLive	-	-	17	-
Total adjustments	27	30	100	90
Adjusted EBIT	1,165	504	3,517	2,156
as % of sales	5.1%	2.3%	5.2%	3.2%
Other depreciation	812	744	2,538	2,234
Adjusted EBITDA	1,977	1,248	6,055	4,390
as % of sales	8.7%	5.6%	9.0%	6.5%

[1] Depreciation arising from purchase price allocation

Financial position

Equity ratio still above average

Due to the first-time adoption of revised IAS 19 “Employee benefits,” equity as at 31 December 2012 and as at 30 September 2012 was retroactively adjusted (increase in pension obligations due to valuation changes by € 2.3 million and corresponding reduction of other reserves; see also Statement of Changes in Group equity on page 19). Compared to 30 September 2012, equity went up by € 15.4 million, primarily due to the special income from the sale of the 50-percent stake in STT. As a result, the equity ratio went up from 34.6 percent to 39.7 percent.

Compared to 31 December 2012, equity fell by € 11.9 million to € 80.1 million, primarily due to the distribution of a dividend of € 4.00 per share or a total dividend of € 23.4 million. The equity ratio thus declined from 50.9 percent in December 2012 to 39.7 percent.

Free cash flow positive again in the third quarter of 2013 in spite of higher investments

In the third quarter of 2013, the Company generated cash flows from operating activities from continued operations of € 7.5 million (previous: € -1.2 million). Despite noticeably higher investments, it was possible to again achieve a positive free cash flow of € 1.2 million. This results in a free cash flow from continued operations of € -15.8 million for the first nine months of 2013 as compared to € -7.7 million in the corresponding period of 2012.

Net bank liabilities influenced by increase in working capital and investments
As at 30 September 2013, the net bank liabilities of the SHW Group amounted to € 19.0 million. Compared to the first nine months of 2012, net bank liabilities on a comparable basis (excl. STT) thus decreased by € 7.6 million. The sale of the joint venture shares enabled the redemption of the bank loans at the end of 2012 and reporting of a net liquidity of € 19.6 million. Due to the increase in working capital, the significant increase in investments and the dividend payment of € 23.4 million, liquidity fell again. In order to finance these, two KfW loans of € 4.8 million were taken out and an operating credit facility including sureties in the amount of € 17.9 million was used.

Reconciliation statement: Change in net cash

K EUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Cash flow from operating activities from continued operations	7,540	-1,175	7,799	3,774
Cash flow from investment activities from continued operations	-6,388	-3,695	-23,561	-11,508
Cash flow before financing activities (free cash flow)	1,152	-4,870	-15,762	-7,734
Other	-7	-372	-22,867	-6,262
Change in net cash (excl. STT)	1,145	-5,242	-38,629	-13,996

Significant increase in investments
In the first nine months of 2013, investments from continued operations increased by 130.1 percent to € 26.5 million as compared to € 11.5 million in the previous year. Due to the fact that an assembly line has not yet been fully paid, cash-effective investments are lower, by € 2.8 million. Of the additions to fixed assets, € 22.7 million were attributable to the Pumps and Engine Components business segment, and € 3.0 million to the Brake Discs business segment.

Net assets

New product launches reflected in fixed assets, inventories and receivables
Compared to 30 September 2012, the balance sheet total had risen by € 14.9 million to € 202.1 million. The item "Other intangible assets" increased further as a result of the capitalisation of development and SAP project costs. Tangible assets went up by € 20.6 million to € 71.9 million year-on-year. Inventories rose by € 9.1 million to € 48.1 million as compared to 30 September 2012. Trade receivables increased by € 4.1 million to € 51.3 million. At the same time, trade payables increased by € 10.7 million to € 44.5 million.

Compared to 31 December 2012, total assets rose by € 21.2 million to € 202.1 million. In addition to the increase of tangible assets, inventories and receivables rose by € 22.3 million in comparison to the balance sheet date, due to the new product launches. In addition to the dividend payment of € 23.4 million, this was the main reason for the reduction of liquid funds in relation to the balance sheet date by € 17.6 million to € 2.0 million and the taking up of a new bank loan amounting to € 21.0 million.

New product launches result in higher employee figures in the Pumps and Engine Components business segment
In the first nine months of 2013, the number of employees at the Group level increased compared to the same period last year, from 1,016 on average to 1,052. The majority of new employees were accounted for by the two locations of the Pumps and Engine Components business segment. There, the average number of employees went up from 622 to 652. At the two Brake Discs segment locations, the number of employees went up from 358 on average to 365.

Opportunities and risks

The opportunities and risks analysis for the SHW Group revealed no material changes compared to the opportunities and risks statements in the Annual Report 2012 (pages 50 to 57 / 61 to 62).

Outlook

Overall economic outlook
According to the economists at Commerzbank (Economy and Financial Markets, August / September 2013), the present economic data for the Eurozone and the stabilisation of the Chinese economy signal that the global economy might grow by approx. 2.8 percent in the current year (previous year: 3.1 percent).

The economic experts are now expecting a reduction in economic performance in the euro zone (as at: 25 September 2013) of 0.4 percent for all of 2013 (previously: 0.6 percent). Whereas the upward trend steadied in the Southern peripheral countries – Greece, Spain, Portugal and Italy – some core countries remain subject to economic risks. Commerzbank analysts again revised their forecast for Germany's GDP growth for the whole of 2013 upward, after stronger growth in the second quarter, and now expect a growth in economic performance of 0.4 percent (previously: 0.2 percent).

For the USA, Commerzbank is now expecting GDP growth of only 1.5 percent (previously: 2.0 percent), after statisticians made a downward correction of their growth for the first quarter of 2013 and the second half of 2012. At 7.3 percent, the growth forecast for China remained nearly unchanged compared to estimates in mid-July.

Despite existing risks, the economic prospects and increasing disposable income in many emerging markets offer a solid basis for a continued upward trend in global vehicle production in the fourth quarter of 2013.

Outlook for the industry

In their current update (October 2013), industry experts at PwC Autofacts revised their forecast for global light vehicle production (vehicles < 6 t) slightly upwards. Overall, PwC Autofacts now predicts growth of 3.3 percent for 2013 (previously: 2.4 percent) to 81.8 million vehicles.

Compared to July 2013 PwC Autofacts again revised slightly upwards its expectations for the European Union, and now forecasts a production decline of only 0.9 percent from 15.9 million to 15.8 million vehicles. PwC Automotive experts also increased their forecasts for the production site Germany and now expect a reduction in vehicle production of only 1.6 percent (previously: 4.1 percent) to 5.6 million vehicles.

In North America, the persistent robust demand is expected to cause production to grow by 5.0 percent to 16.2 million vehicles. The growth trend in the Chinese automobile market will remain intact during the rest of year. Further increases in income and the still relatively low passenger car market penetration form the basis for the expected growth in volume in 2013 of 10.7 percent to 18.5 million vehicles.

Outlook for the Group

In the third quarter of 2013, the Company again benefited from a multitude of new product launches and the shift of the product mix towards more complex pumps and high-end composite brake discs.

Based on the sales figure for the first nine months of 2013 and the pleasing development of order intake in the third quarter of 2013, and assuming continued stable customer demand , SHW AG now expects Group sales for the fiscal year 2013 in the range of € 352 million to € 362 million (previously: € 330 million to € 345 million). Due to new product launches and a shift in the product mix towards more complex pumps, sales in the Pumps and Engine Components business segment should lie between € 264 million and € 272 million (previously: € 240 million to € 255 million). In the Brake Discs business segment, we aim to increase the proportion of processed brake discs and higher-end composite brake discs to achieve sales in the region of € 88 million to € 90 million.

Based on the nine month figures, SHW is now expecting adjusted Group earnings before interest, taxes and depreciation (EBITDA adjusted) in the range of € 35 million to € 38 million, which means that the prior year value of € 33.9 million should be exceeded as expected.

Aalen, 30 October 2013

Management Board of SHW AG

Dr. Thomas Buchholz Andreas Rydzewski Sascha Rosengart

Consolidated Interim Financial Statement (IFRS) as of 30 September 2013

Consolidated income statement (unaudited)

	Q3 2013	Q3 2012	9M 2013	9M 2012
K EUR				
Sales	92,612	82,145	268,976	253,114
Cost of sales	-79,247	-71,682	-234,860	-220,501
Gross profit	13,365	10,463	34,116	32,613
Selling expenses	-1,113	-931	-3,292	-2,743
General administration expenses	-2,157	-1,905	-7,483	-5,839
Research and development costs	-2,756	-1,332	-6,267	-4,113
Other operating income	370	1,068	1,471	3,221
Other operating expenses	-358	-1,824 *	-1,481	-4,492 *
Operating result	7,351	5,539	17,064	18,647
Financial income	1	-	5	1
Financial expenses	-453	-489	-1,073	-1,378
Earnings before taxes	6,899	5,050	15,996	17,270
Deferred taxes	-618	-21 *	-409	-170 *
Current income taxes	-1,393	-1,487	-4,099	-4,746
Income after tax from continued operations	4,888	3,542	11,488	12,354
Income after tax from discontinued operations	-	1,338	-	3,596
Net income for the period	4,888	4,880	11,488	15,950
Earnings per share from continued and discontinued operations (in €) [1)]	0.84	0.83	1.96	2.73
Earnings per share from continued operations (in €)[1)]	0.84	0.61	1.96	2.11

* Adjusted, for explanations see Notes page 22
[1)] Based on an average of 5,851,100 shares.

Consolidated statement of comprehensive income (unaudited)

K EUR	Q3 2013	Q3 2012	9M 2013	9M 2012
Net income for the period	4,888	4,880	11,488	15,950
Actuarial gains / losses from pensions and similar obligations before taxes	-	-1,497	-	-4,503
Tax effect	-	422	-	1,269
Other earnings after tax for components not recognised in the income statement affecting profit or loss	-	-1,075	-	-3,234
Currency translation differences	13	288	35	623
Change in the market values of hedging instruments	-	-	-	-
Variation (gross)	13	288	35	623
Deferred taxes on changes in value recognised in equity	-	-	-	-
Other result after taxes for components included in the profit and loss account having an effect on profit in later periods	13	288	35	623
Changes in value recognised in equity	13	-787	35	-2,611
Capital increase	-	-	-	-
Consolidated statement of comprehensive income	4,901	4,093	11,523	13,339
from continuing operations	-	2,467	-	9,120
from discontinued operations	-	1,626	-	4,219
Minority interests in comprehensive income	-	-	-	-
SHW AG shareholders' share in the comprehensive income	4,901	4,093	11,523	13,339

Consolidated statement of balance sheet (unaudited)

K EUR	30.09.2013	31.12.2012	30.09.2012 [1)]
Assets			
Goodwill	7,055	7,055	7,055
Other intangible assets	15,036	12,314	10,777
Tangible assets (property, plant and equipment)	71,856	58,269	51,264
Deferred tax assets	3,453	3,377 *	3,341 *
Other financial assets	593	1,395	1,126
Non-current assets	97,993	82,410	73,563
Inventories	48,061	44,073	38,999
Trade receivables	51,303	32,960	47,164
Loans to affiliated companies	—	—	—
Other financial assets	1,125	—	90
Other assets	1,563	1,807	645
Cash and cash equivalents	2,034	19,629	71
Current assets	104,086	98,469	86,969
Assets held for sale	—	—	26,632
Balance sheet total	202,079	180,879	187,164

* Adjusted, for explanations see Notes page 22
[1)] Including discontinued operations

K EUR	30.09.2013	31.12.2012	30.09.2012 [1)]
Equity and liabilities			
Subscribed capital	5,851	5,851	5,851
Capital reserves	14,780	14,780	14,780
Revenue reserves	61,723	73,662 *	43,516 *
Other reserves	-2,223	-2,258 *	587 *
Total equity	80,131	92,035	64,734
Pension accruals and similar obligations	25,681	25,830 *	24,354 *
Deferred tax liabilities	3,604	3,119	2,867
Other accruals	2,900	2,948	2,855
Other financial liabilities	90	100	119
Liabilities to banks	3,973	—	—
Non-current liabilities and accruals	36,248	31,997	30,195
Liabilities to banks	17,061	—	26,660
Trade payables	44,540	40,695	33,853
Other financial liabilities	9,818	4,221	6,583
Income tax liabilities	1,578	1,016	1,286
Other accruals	4,914	5,170	4,895
Other liabilities	7,789	5,745	7,794
Current liabilities and accruals	85,700	56,847	81,071
Liabilities associated with assets held for sale	—	—	11,164
Balance sheet total	202,079	180,879	187,164

* Adjusted, for explanations see Notes page 22
[1)] Including discontinued operations

Statement of changes in Group equity (unaudited)

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
As at 1 January 2012 (as shown originally)	5,851	14,780	33,417	1,079	55,127
of which from discontinued operations	—	—	—	1,079	1,079
Adjustments of valuation methods	—	—	—	2,119	2,119
As at 1 January 2012 (adjusted)	5,851	14,780	33,417	3,198	57,246
of which from discontinued operations	—	—	—	1,079	1,079
Changes of the amount of actuarial gains and losses	—	—	—	-3,234	-3,234
Capital increase	—	—	—	—	—
Foreign currency translation	—	—	—	623	623
Total result recognised directly in equity	—	—	—	-2,611	-2,611
Net profit for the period to 30 September 2012	—	—	15,950	—	15,950
Total net result for the period	—	—	15,950	-2,611	13,339
Dividends paid	—	—	-5,851	—	-5,851
As at 30 September 2012 (adjusted)	5,851	14,780	43,516	587	64,734
of which from discontinued operations	—	—	—	1,702	1,702
As at 31 December 2012 / 1 January 2013 (as shown originally)	5,851	14,780	73,709	—	94,340
Adjustments of valuation methods	—	—	-47	-2,258	-2,305
As at 1 January 2013 (adjusted)	5,851	14,780	73,662	-2,258	92,035
Foreign currency translation	—	—	—	35	35
Total result recognised directly in equity	—	—	—	35	35
Net profit for the period to 30 September 2013	—	—	11,488	—	11,488
Total net result for the period	—	—	11,488	35	11,523
First-time consolidation of subsidiaries not previously included for reasons of materiality	—	—	-23	—	-23
Dividends paid	—	—	-23,404	—	-23,404
Position as of 30 September 2013	5,851	14,780	61,723	-2,223	80,131

Consolidated cash flow statement (unaudited)

K EUR	01.01.2013 - 30.09. 2013	01.01.2012 - 30.09.2012
Cash flow from operating activities		
Earnings from continued operations / Net income for the period	11,488	12,354
Depreciation/amortisation of fixed asset items (+)	10,158	9,060
Income tax expenses through profit or loss (+)	4,099	4,746
Income tax paid (-)	-3,502	-3,750
Financing costs through profit or loss (+)	1,073	1,378
Interest paid (-)	-357	-425
Financial investments income through profit or loss (-)	-5	-1
Interest and dividend payments received (+)	5	2,533
Increase (+)/decrease (-) in accruals	-453	639
Changes in deferred taxes	409	-267
Other non-cash effective expenses (+)/income (-)	-3,358	-2,017
Gain (-)/loss (+) on the disposal of assets	-22	-2
Increase (-)/decrease (+) in inventories, trade receivables and other current assets	-23,212	-14,921
Increase (+)/decrease (-) in trade payables and other current liabilities	11,476	-5,553
Cash flow from operating activities from continued operations	7,799	3,774
Cash flow from operating activities from discontinued operations	—	894
Cash flow from operating activities from continued and discontinued operations	7,799	4,668
Cash flow from investment activities		
Cash received (+) from disposals of tangible assets	64	2
Cash paid (-) for investments in tangible assets	-19,203	-8,874
Cash paid (-) for investments in intangible assets	-4,422	-2,636
Cash flow from investing activities from continued operations	-23,561	-11,508
Cash flow from investing activities from discontinued operations	—	-1,472
Cash flow from investing activities from continued and discontinued operations	-23,561	-12,980
Cash flow from financing activities		
Proceeds from new borrowings	21,034	9,930
Payments (-) for the redemption of financial liabilities	—	-2,625
Dividends paid	-23,404	-5,851
Proceeds from the disposal of financial assets	—	—
Payments for investments in financial assets	-7	-360
Cash flow from financing activities from continued operations	-2,377	1,094
Cash flow from financing activities from discontinued operations	—	—
Cash flow from financing activities from continued and discontinued operations	-2,377	1,094
Cash and cash equivalents at the end of the period		
Changes in cash and cash equivalents with effect on payment (subtotal of lines 1–3)	-18,139	-7,218
Currency-related changes in cash and cash equivalents	-11	182
Cash and cash equivalents at the beginning of the period	19,629	10,682
Adjustments to cash and cash equivalents due to change in the scope of consolidation	555	—
Cash and cash equivalents at the end of the period	2,034	3,646
of which from continued operations	—	71
of which from discontinued operations	—	3,575

Notes to the consolidated interim financial statements

Basis and methods used in consolidated interim financial statements

The present abridged unaudited consolidated interim financial statements of SHW AG, Wilhelmstrasse 67, 73433 Aalen, Germany, and its subsidiaries (hereinafter referred to as the SHW Group) as at 30 September 2013 were prepared in accordance with the provisions of the International Accounting Standard on interim financial reporting (IAS 34) and § 315a HGB (German Commercial Code) in conjunction with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) as of the interim reporting date.

According to IAS 34, the consolidated interim financial statements do not include all details to be provided in consolidated financial statements at the end of the financial year; thus, these financial statements should be read in conjunction with the consolidated financial statements for the 2012 financial year.

SHW AG is an Aktiengesellschaft (public limited company) under German law and is entered in the commercial register under HRB 726621. The Group's principal activity is the manufacture and sale of pumps, engine components and brake discs. Its customers are mainly automotive manufacturers and suppliers.

The present consolidated interim financial statements, submitted by the Management Board to the Supervisory Board's Audit Committee on 25 October 2013, cover the period from 1 January to 30 September 2013 as a comparison to the same period last year. The asset position (balance sheet) is presented in comparison with the figures as at 31 December 2012 and 30 September 2012. The consolidated interim financial statements are denominated in euro (€). Unless specified otherwise, the figures shown are stated in thousand euros (K EUR).

In the opinion of the Management Board, the consolidated interim financial statements include all of the usual, regular adjustments required for an appropriate presentation of the Group's earnings, net assets and financial position. The accounting and valuation methods used for the first nine months of 2013 correspond to those used in the consolidated financial statements to 31 December 2012. A detailed description of these methods is included in the Notes to the consolidated financial statements as at 31 December 2012.

For each interim period, income tax expenses are stated on the basis of the best estimate of the weighted average annual income tax rate anticipated for the full year.

The standard IAS 19, which is to be applied for the first time starting from the 2013 financial year, will lead to changes of this quarterly report, due to the fact that the Group previously applied the corridor method to calculate actuarial gains and losses; this method is no longer permissible. The effects of this, including on the comparative period last year, are shown separately on page 22.

In preparing consolidated interim financial statements according to IFRS, estimates and assessment must to some extent be made in relation to the total assets and liabilities and stated contingent liabilities as of the reporting date and to the stated income and expenses for the reporting period. The actual figures may differ from the estimates.

Discontinued operations

On 28 September 2012, SHW announced that, in agreement with its joint-venture partner, it will sell its 50 percent stake in STT Technologies Inc. This transaction was agreed taking effect on 26 October 2012 and STT was deconsolidated.

STT is shown in this interim report as a discontinued business segment in the meaning of IFRS 5. As a result, the following comprehensive disclosure and measurement changes have been made: The income statement shows the sales, expenses and income for the first nine months and the third quarter of 2012 excluding STT. Income after tax at STT is shown in a separate line called "Income after tax from discontinued operations". The consolidated statement of cash flows provides information regarding this change for the discontinued business segment.

Scope of consolidation

In addition to SHW AG, the consolidated interim financial statements as at 30 September 2013 include the financial statements of SHW Automotive GmbH and SHW Zweite Beteiligungs GmbH. With effect from 1 January 2013, SHW do Brasil is first included in the scope of consolidation due to the start-up of its operations. The joint venture company STT Technologies Inc., Concord/Ontario, Canada, in which the SHW Group held a 50-percent stake, was deconsolidated as at 30 October 2012.

Statement of comprehensive income and statement of financial position

In the first nine months of 2013, Group sales (excluding STT) increased by € 15.9 million to € 269 million as compared to the corresponding prior year's period. Whereas the Pumps and Engine Components business segment increased its sales compared to the previous year by € 16.7 million to € 201.8 by shifting its product mix towards more complex pumps and launching new products, the sales of the Brake Discs business segment decreased by € 0.8 million to € 67.2 million Lower sales in the Brake Discs business segment are mainly due to the lower sales figures for unprocessed and processed Brake Discs as well as the lower material price increases.

Earnings before taxes from continued operations dropped in the reporting period due to the lower earnings contribution of the Pumps and Engine Components business segment and several other exceptional charges (see Management Report) by 7.4 percent from € 17.3 million to € 16.0 million. The tax ratio was 28.2 percent in the first nine months of 2013 compared to 28.5 percent in the same period of the previous year. The lower tax ratio in the first nine months of 2013 is principally due to the deferred tax income resulting from the revaluation of pension obligations.

In comparison to 30 September 2012 and 31 December 2012, other intangible assets increased by € 4.3 million or € 2.7 million, respectively, on account of the capitalisation of development costs and the SAP project.

Other non-current financial assets were € 0.8 million lower compared to the 2012 year-end. This reduction resulted from the first-time consolidation of SHW do Brasil and the corresponding elimination of the inter-company loan to SHW do Brasil.

Trade receivables rose by € 4.1 million or 8.8 percent on the previous year, thereby experiencing a more pronounced increase than sales in the same period (+6.3 percent).

As at 30 September 2013, the net bank liabilities of the SHW Group amounted to € 19.0 million. Compared to the first nine months of 2012, net bank liabilities thus increased by € 7.6 million. The sale of the joint venture shares enabled the redemption of the bank loans at the end of 2012 and reporting of a net liquidity of € 19.6 million. Due to the increase in working capital, the significant increase of investments and the dividend payment of € 23.4 million, liquidity fell again. In order to finance these, two KfW loans of € 4.8 million was taken out and an operating credit facility including sureties in the amount of € 17.9 million was used.

Other current assets decreased by € 0.2 million compared to the year end. This was essentially accounted for by the reduction in tax reimbursement claims.

Changes to the statement of financial position due to the first-time application of IAS 19 "Employee Benefits"

With effect from 1 January 2013, the SHW Group must apply the revised standard IAS 19 "Employee Benefits" for the first time. According to this standard, the corridor method is no longer permissible and all actuarial gains and losses must be directly recognised in equity (so-called Other Comprehensive Income). The standard must be applied retroactively so that comparable prior year values are recognised at the same time.

K EUR	30.09.2013	31 Dec. 2012 adjusted	31 Dec. 2012 previously	30 Sept. 2012 adjusted	30 Sept. 2012 previously
Equity	80,131	92,035	94,340	64,734	65,884
Provisions for pensions	25,681	25,830	22,620	24,354	22,753

K EUR	30 Sept. 2012 adjusted	30 Sept. 2012 previously
Values from the revaluation included in the operating result	-49	—
Deferred taxes from the revaluation	14	—
Values from the revaluation included in comprehensive income	—	—

Financial instruments – Recognition at fair value

A detailed overview of the financial instruments held by the Group is set out in the Consolidated Financial Statements 2012. According to IFRS 7, assets and liabilities stated at fair value in the statement of financial position are to be assigned to the three levels of the fair value hierarchy:

- (unadjusted) prices quoted in active markets for identical assets or liabilities (Level 1);
- data inputs that are either directly (as price) or indirectly observable (derived from prices) for the asset or liability, not including constitute quoted prices pursuant to Level 1 (Level 2);
- inputs applied to the asset or liability, which are not based on observable market data (non-observable inputs) (Level 3).

The holdings set out in the Consolidated Financial Statements are assigned to Level 3, because they do not have an active market. The Group did not enter into any new financial instruments in the reporting period.

Equity

The change in equity compared with 31 December 2012 results from net income for the first nine months of 2013 less dividend payment and a one-off revaluation due to IAS 19. Here, around € 2.3 million from other reserves were transferred to the pension accruals as a result of the necessary revaluation. The equity ratio decreased to 39.7 percent as compared to 50.9 percent at the end of 2012 (adjusted value). The reported equity ratio as at 31 December 2012 was 52.4 percent.

Two KfW loans in the amount of € 4.8 million were taken out for the construction of a logistics hall and purchase of new machinery. The operating credit facility was used to finance the dividend payment to our shareholders. Current and non-current bank liabilities thus increased by € 21.0 million over the end of 2012.

Compared to the end of the year, other current liabilities went up by € 2.0 million, owing particularly to the increase in provisions for the Christmas bonus and to liabilities for VAT.

Segment reporting

Since 2009, segment reporting has been based on the “management approach.” Operating segments are determined on the basis of internal reports pursuant to IFRS 8 regularly used by the so-called “Chief Operation Decision Maker” to decide on the distribution of resources and to estimate profitability. The profitability of individual business segments is established on the basis of the operating result (EBIT). The EBIT of the business segments as well as the operating result of the Group is determined in accordance with IFRS. The assets and liabilities of each segment are also established on the basis of IFRS. Financial expenses, financial income and income tax are managed at the Group level. The Pumps and Engine Components business segment manufactures pumps and sintered metallurgy products for the automobile industry. The Brake Discs business segment produces unprocessed and processed brake discs for the automobile industry. Transactions between the business segments are essentially based on market conditions identical to those that apply to transactions with third parties.

The data provided for the Pumps and Engine Components business segment for the comparative period 1 January to 30 September 2012 and 1 July to 30 September 2012 excludes the discontinued business segment (STT).

Segment reporting (unaudited) for the period 1 January to 30 September 2013

	Pumps and Engine Components		Brake Discs		Other eliminations/consolidations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
K EUR								
External sales	201,800	185,133	67,176	67,981	—	—	268,976	253,114
Sales between the segments	—	—	—	—	—	—	—	—
Segment sales	201,800	185,133	67,176	67,981	—	—	268,976	253,114
Segment result	15,579	17,501	3,417	2,066	-1,932	-920	17,064	18,647
Financial result	—	—	—	—	-1,068	-1,377	-1,068	-1,377
Net income before taxes	15,579	17,501	3,417	2,066	-3,000	-2,297	15,996	17,270
Scheduled segment depreciation	7,332	6,614	2,621	2,324	205	122	10,158	9,060
Segment investments	22,748	9,159	3,043	1,125	689	1,226	26,480	11,510
Major segment expenses	657	—	17	—	723	—	1,397	—
Number of customers representing sales > 10% of total sales	3	3	1	2	—	—	3	3
VW Group	71,451	64,982	34,888	35,268	—	—	106,339	100,250
Daimler Group	44,485	35,236	228	454	—	—	44,713	35,690
BMW Group	24,000	24,441	4,865	6,506	—	—	28,865	30,947

Segment reporting (unaudited) for the period 1 July to 30 September 2013

	Pumps and Engine Components		Brake Discs		Other eliminations/consolidations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
K EUR								
External sales	69,893	60,004	22,719	22,141	—	—	92,612	82,145
Sales between the segments	—	—	—	—	—	—	—	—
Segment sales	69,893	60,004	22,719	22,141	—	—	92,612	82,145
Segment result	6,681	5,300	1,138	474	-468	-235	7,351	5,539
Financial result	—	—	—	—	-452	-489	-452	-489
Net income before taxes	6,681	5,300	1,138	474	-920	-724	6,899	5,050
Scheduled segment depreciation	2,794	2,355	839	774	89	46	3,722	3,175
Segment investments	8,176	2,859	785	295	300	541	9,261	3,695
Major segment expenses		—		—		—	—	—
Number of customers representing sales > 10% of total sales	3	2	1	1	—	—	3	3
VW Group	24,386	23,049	8,838	9,890	—	—	33,224	32,939
Daimler Group	16,647	12,909	86	81	—	—	16,733	12,990
BMW Group	8,487	7,101	2,051	2,217	—	—	10,538	9,318

Development of Group sales by regions

Regional sales distribution is stated on the basis of the customer's head office location. The following provides an overview of SHW Group's sales by region (excluding STT):

	Q3 2013	Q3 2012	9M 2013	9M 2012
K EUR				
Germany	59,596	55,141	172,921	156,730
Rest of Europe	31,528	25,718	92,311	92,230
USA	1,243	1,098	3,191	3,535
Other	245	188	553	619
Group	92,612	82,145	268,976	253,114

Events after the accounting date

No significant events occurred after the reporting date of the Interim report which would require additional notes.

Governing bodies, related party transactions

The members of the Supervisory Board are:

Anton Schneider, Cologne, Chairman
Managing Director of Nordwind Capital

Dr. Martin Beck, Munich, Deputy Chairman
Managing Director of Nordwind Capital

Dr. Hans Albrecht, Munich
Managing Director of Nordwind Capital

Christian Brand, Karlsruhe
Chairman of the Management Board of L-Bank

Edgar Kühn, Aalen
Chairman of the Central Works Council at SHW Automotive GmbH;
Chairman of the Works Council at SHW Automotive GmbH,
Plant Aalen-Wasseralfingen.

Ernst Rieber, Bad Saulgau
Chairman of the Works Council at SHW Automotive GmbH,
Plant Bad Schussenried.

Securities provided and other financial obligations

In the first nine months of 2013, there were no material changes to the sureties provided or other financial obligations stated in the consolidated financial statements for 2012.

Aalen, 30 October 2013

Management Board of SHW AG

Dr. Thomas Buchholz Andreas Rydzewski Sascha Rosengart

Imprint

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The interim report is also available in English. In cases of doubt, the German version shall prevail.

Publication date

30 October 2013