



PRESS RELEASE

SHW AG achieves record quarterly sales and order intake figures

- Group sales¹ up 32.9 percent to 96.0 million euros
- Order intake up 39.6 percent to 103.5 million euros
- Significant drop in working capital and net financial debt
- Good progress made in implementing the internationalisation strategy – first orders on the horizon

Aalen, 22 January 2014. Today, SHW AG, one of the leading automotive suppliers of CO₂-relevant pumps and engine components, as well as brake discs, published its provisional sales and order intake figures for Q4 and fiscal year 2013.

As a result of its broad product portfolio of highly efficient components for engines and transmission applications, the company was able to seamlessly tie in with the successful previous quarter, and achieved record sales and order intake figures.

Group sales rose by 32.9 percent from 72.3 million euros to 96.0 million euros compared to the economically weaker previous year's quarter. This increase was mainly due to a recently launched oil/vacuum pump (tandem pump), the start-up of electric transmission oil pumps for the start-stop function, as well as higher value composite brake discs.

Development in order intake also remained very positive. At Group level, the company was able to record a 39.6 percent rise in order intake to 103.5 million euros for the fourth quarter 2013, with orders for the Pumps and Engine Components business segment rising by 46.6 percent to 80.1 million euros and the Brake Discs business segment recording an increase of 20.0 percent to 23.4 million euros.

"Provided there is a continually stable customer demand, the exceedingly pleasing order intake figures achieved in the fourth quarter of 2013, mean that we can expect to get off to a good start in fiscal year 2014", said Dr. Thomas Buchholz, CEO of SHW AG and responsible for the Pumps and Engine Components business segment. "Moreover, we were awarded for the third tranche of an oil/vacuum pump (tandem pump) for a well-known European car manufacturer which is expected to achieve annual sales of around 24 million euros." Serial production is due to commence in 2015.

Measures introduced for a sustainable working capital reduction with a focus on inventory reductions show the first positive results in the fourth quarter of 2013. "At around 9.2 percent of sales on the balance sheet date 31 December 2013, we overachieved our goal of 11 percent", stated Sascha Rosengart, CFO at SHW AG. Accordingly, this had a positive impact

¹ Following the sale of STT Technologies Inc., the figures for Q4 and fiscal year 2012 were adjusted accordingly.



on the course of the net financial debt, which was reduced to 3.4 million euros compared to 19.0 million euros recorded on 30 September 2013.

Good progress made in implementing the internationalisation strategy – first orders on the horizon

North America

In the fourth quarter of 2013 SHW AG made good progress in implementing its internationalisation strategy. The Canadian subsidiary, SHW Pumps & Engine Components Inc., Toronto, Ontario, was set up on 17 October 2013. Meanwhile, the lease of a building in Brampton, Ontario, has been signed, which will serve as a development centre (including the performance and endurance test rigs) and administrative building. In addition, there is sufficient space in the building to be able to launch a small-scale production.

Preliminary investigations should be completed within six months, and these will serve as the basis for deciding on the future manufacturing site for serial production. Potential sites are primarily being considered in the southern USA and Mexico. Each of the above regions provides a good infrastructure, comparatively low wages, as well as investment grants.

After Peter Krug commenced his post as General Manager on 4 November 2013, a salesperson and two development specialists have been hired in the meantime. The number of staff is due to increase to five by mid-2014.

“We are currently in the concluding phase of contractual negotiations with a North American truck and off-highway customer for a deal to supply fuel pumps after having already supplied quite a large number of prototypes and signed a letter of intent”, said Dr. Thomas Buchholz. Production is due to commence in late 2016.

China

In China SHW is in the final stages of negotiating a deal (multi-year contract) with a well-known European engine manufacturer for truck and off-highway applications to be produced at the Chinese plant. This would entail manufacturing and delivering the first pumps in China as from mid-2015. Production would be on a small scale in 2015 and gradually increased to reach target levels by 2018, after which it would continue at this level for several years. Demand for the Chinese market alone would result in sales of around 3.4 million euros p.a. In addition, the company is also planning to produce the client's European demand in China. Overall this will lead to annual sales of around 7 million euros as from 2017/2018.

While conducting these negotiations, SHW has also begun the search for a general manager and is confident that it will be able to find an experienced manager skilled in leading a start-up in China in the coming months.

Brazil

The assembly plant in Brazil has now gone into production. The on-site inspection and approval by the customer was carried out successfully shortly before the festive period. The



first deliveries to the customer are due to commence at the end of the first quarter or beginning of the second quarter.

Earnings forecast for fiscal year 2013 confirmed

Group sales were up by 12.2 percent from 325.4 million euros to 365.0 million euros in fiscal year 2013. Sales in the Pumps and Engine Components business segment rose by 15.1 percent to 273.8 million euros – mainly as a result of product launches (previous year: 237.9 million euros). Sales in the Brake Discs business segment increased by 4.2 percent to 91.2 million euros (2012: 87.5 million euros), primarily due to a significant rise in sales of composite brake discs compared to the same period in the previous year.

SHW confirms the earnings forecast for fiscal year 2013 from the nine-month report and is continuing to anticipate adjusted Group earnings before interest, tax, depreciation and amortisation (EBITDA adjusted) in the range of between 35 and 38 million euros.

Sales and order intake (in K EUR)

Sales	Q1 2013	Q1 2012	Change	Q2 2013	Q2 2012	Change	Q3 2013	Q3 2012	Change	Q4 2013	Q4 2012	Change	FY 2013	FY 2012	Change
Pumps and Engine Components ¹	63,331	62,304	1,6%	68,576	62,825	9,2%	69,893	60,004	16,5%	72,040	52,775	36,5%	273,840	237,908	15,1%
Brake Discs	21,241	23,111	-8,1%	23,216	22,729	2,1%	22,719	22,141	2,6%	23,981	19,484	23,1%	91,157	87,465	4,2%
Group ¹	84,572	85,415	-1,0%	91,792	85,554	7,3%	92,612	82,145	12,7%	96,021	72,259	32,9%	364,997	325,373	12,2%
Order intake	Q1 2013	Q1 2012	Change	Q2 2013	Q2 2012	Change	Q3 2013	Q3 2012	Change	Q4 2013	Q4 2012	Change	GJ 2013	GJ 2012	Change
Pumps and Engine Components ¹	73,462	58,780	25,0%	72,927	64,193	13,6%	64,963	54,339	19,6%	80,127	54,643	46,6%	291,479	231,955	25,7%
Brake Discs	25,088	22,121	13,4%	23,617	22,377	5,5%	25,197	20,337	23,9%	23,393	19,498	20,0%	97,295	84,333	15,4%
Group ¹	98,550	80,901	21,8%	96,544	86,570	11,5%	90,160	74,676	20,7%	103,520	74,141	39,6%	388,774	316,288	22,9%

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

**About SHW**

The business 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 vehicles and truck and off-highway applications, e.g. trucks, agricultural and construction vehicles, stationary motors and wind farms, as well as engine components. The Brake Discs business segment develops and produces monobloc vented 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 car manufacturers, manufacturers of commercial, construction and agricultural machinery and other automotive suppliers. The SHW Group currently has four manufacturing sites in Germany. These are located in Bad Schussenried, Aalen-Wasserralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. With just over 1,000 employees, the SHW Group generated sales from continuing operations in 2013 of 365 million euros. 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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