



## PRESS RELEASE

### **SHW AG to propose stable dividend of EUR 1.00 per share**

- Dividend proposal: EUR 1.00 per share
- Group sales and adjusted Group EBITDA in Q1 2014 expected to exceed prior year quarter and previous quarter

Aalen, 17 March 2014. SHW AG, one of the leading suppliers of CO<sub>2</sub>-relevant pumps and engine components as well as brake discs, today published the Annual Report containing the final figures for fiscal year 2013. Due to new product launches, Group sales improved by 12.4 percent to EUR 365.6 million (previous year: EUR 325.4 million) although vehicle production in Europe stagnated at the prior year level.

Adjusted Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) were up by 5.3 percent or EUR 1.8 million on the previous year to EUR 35.7 million (previous year: EUR 33.9 million).

It should be noted that the SAP-Go-Live on 1 January 2013 led to additional expenses for consulting support, overtime, rush shipments and external processing in the first quarter. In the fourth quarter, additional expenses resulted from reduced machine availability in the Powder Metallurgy division, increased maintenance costs in the Brake Discs business segment, additional costs caused by weekend work as well as losses coming from inventory differences following a full stocktaking at all locations.

At EUR 13.4 million, income after tax from continued operations was negatively impacted by significantly higher depreciation and therefore did not reach previous year's level of EUR 14.2 million.

"In view of the business trend and the solid balance sheet structure, the Management Board and the Supervisory Board decided to propose a stable dividend of EUR 1.00 per share to the Annual General Meeting, which will be held in Heidenheim on 9 May," said CEO Dr. Thomas Buchholz, who is in charge of the Pumps and Engine Components business segment. This corresponds to a payout ratio<sup>1</sup> of 43.7 Percent (previous year: 41.7 percent).

### **Group sales and adjusted Group EBITDA in Q1 2014 expected to exceed prior year quarter and previous quarter**

SHW had a good start into the new fiscal year. At EUR 66.9 million, Group sales for the first two months were up by 24.4 percent on the previous year's EUR 53.8 million. The positive trend in the Pumps and Engine Components business segment continued, with sales of fuel efficient pumps rising by 28.9 percent to EUR 51.2 million (previous year: EUR 39.7 million).

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<sup>1</sup> Relation between dividend sum and net income after tax from continued operations.



The Brake Discs business segment achieved a sales growth of 11.7 percent to EUR 15.7 million.

The Management Board expects Group sales in the first quarter of 2014 to clearly exceed the EUR 84.6 million reported in the same quarter of the previous year and to be slightly higher than the EUR 96.7 million generated in the fourth quarter of 2013. Adjusted Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) in the first quarter of 2014 should clearly exceed the adjusted EUR 6.0 million posted in the same quarter of the previous year and be slightly higher than the EUR 7.6 million reported in the previous quarter.

Based on the assumption that the order situation remains stable, SHW AG projects Group sales of between EUR 380 million and EUR 400 million for fiscal year 2014. Due to planned new product launches and a shift in the product mix towards more complex pumps, sales in the Pumps and Engine Components business segment should come in between EUR 287 million and EUR 305 million. In the Brake Discs business segment, the aim is to increase the percentage of processed brake discs and higher-quality composite brake disks to generate sales in between EUR 93 million and EUR 95 million.

The Management Board's focus in fiscal year 2014 will be primarily on winning new orders, optimising logistical and operational business processes at all locations, as well as establishing and expanding of business in Brazil, China and North America. If the planned sales growth is achieved, the Company expects to reach adjusted Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) of between EUR 38 million and EUR 40 million. The fiscal year 2014 will also see the Management Board focus on optimising the company's working capital.

The report on the first three months of 2014 will be published on 30 April 2014. The Annual General Meeting will be held in Heidenheim on 9 May 2014.

Key figures - SHW Group	2013	2012 <sup>1</sup>	Change in %
Sales	365,639	325,373	12.4%
EBITDA	34,780	32,346	7.5%
as % of sales	9.5%	9.9%	-
EBIT	20,607	22,258	-7.4%
as % of sales	5.6%	6.8%	-
Income after tax - continued operations	13,395	14,238	-5.9%
Income after tax - discontinued operations	-	31,858	-
Net income for the year	13,395	46,096	-70.9%
Earnings per share - continued operations (€) <sup>2</sup>	2.29	2.43	-5.9%
Earnings per share - continued and discontinued operations (€) <sup>2</sup>	2.29	7.88	-70.9%
Adjusted EBITDA	35,683	33,871	5.3%
as % of sales	9.8%	10.4%	-
Adjusted EBIT	21,661	23,943	-9.5%
as % of sales	5.9%	7.4%	-
Equity	82,529	92,035	-10.3%
Equity ratio	44.1%	50.9%	-
Net debt / Net cash	-2,881	19,629	-
Key figures - Pumps and Engine Components	2013	2012 <sup>1</sup>	Change in %
Sales	274,160	237,908	15.2%
EBITDA	29,114	26,252	10.9%
as % of sales	10.6%	11.0%	-
EBIT	18,675	19,662	-5.0%
as % of sales	6.8%	8.3%	-
Adjusted EBITDA	29,277	27,777	5.4%
as % of sales	10.7%	11.7%	-
Adjusted EBIT	18,878	21,227	-11.1%
as % of sales	6.9%	8.9%	-
Key figures - Brake Discs	2013	2012 <sup>1</sup>	Change in %
Sales	91,479	87,465	4.6%
EBITDA	7,915	6,927	14.3%
as % of sales	8.7%	7.9%	-
EBIT	4,466	3,621	23.3%
as % of sales	4.9%	4.1%	-
Adjusted EBITDA	7,932	6,927	14.5%
as % of sales	8.7%	7.9%	-
Adjusted EBIT	4,594	3,741	22.8%
as % of sales	5.0%	4.3%	-

<sup>1</sup> Prior year values were adjusted due to first time adoption of IAS 19 "Employee benefits".

<sup>2</sup> Based on average of 5,851,100 shares.



## **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 CO<sub>2</sub> 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-Wasseraffingen, 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](http://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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