



PRESS RELEASE

SHW AG: Full year sales and earnings forecast raised

- Sales in the first half of 2014 increase 20.2 percent to € 212.1 million
- EBITDA advances to € 19.0 million
- Working capital ratio at 10.1 percent

Aalen, 25 July 2014. Today, SHW AG, one of the leading automotive suppliers of CO₂-relevant pumps, engine components and brake discs, published its key financial figures for the first half of 2014.

Due to successful new product launches and a high level of customer call orders, SHW AG was able to increase Group sales in the first half of 2014 by 20.2 percent to € 212.1 million (first half of 2013: € 176.4 million). Incoming orders rose 13.5 percent year-on-year from € 195.1 million to € 221.4 million. New passenger car registrations in the European Union gained 6.5 percent to 6.62 million vehicles.

The high level of customer call orders during the first half of 2014 led to logistical and operational pressures on the existing technical capacity at both our suppliers and in the Powder Metallurgy division at the Aalen-Wasseralfingen site. It also adversely affected the productivity of the pump production activities at the Bad Schussenried site, which is the main customer of the Powder Metallurgy division.

Group earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) improved from € 17.1 million to € 19.0 million in the period from January to June 2014 compared to the same period in the previous year. This represents an EBITDA margin of 9.0 percent (first half of 2013: 9.7 percent).

"With the achievement of the half year results, we are fully within our target range", said CEO Dr. Thomas Buchholz, who is responsible for the Pumps and Engine Components business segment.

Working capital ratio at 10.1 percent

The positive development in working capital was reinforced during the course of the first half of 2014.

in K EUR	H1 2014	H1 2013	Change abs.	Change in %
Inventories	38,520	46,037	-7,517	-16,3%
Trade receivables	54,694	45,316	9,378	20,7%
Trade payables	-52,787	-39,742	-13,045	32,8%
Working Capital	40,427	51,611	-11,184	-21,7%
as % of sales	10,1%	15,6%	-	-



Working capital declined by 21.7 percent year-on-year to € 40.4 million (previous year: € 51.6 million), while at the same time sales grew 20.2 percent. The working capital ratio – that is the ratio of working capital to the Group's trailing twelve months sales – of 10.1 percent means that the 11 percent target was exceeded. "We can be very pleased with the results of improvements in our logistics processes achieved to date, which are reflected in the significant reduction in our inventories. We see the potential for further improvements in the area of receivables management", stressed Sascha Rosengart, CFO of SHW AG.

Pumps and Engine Components business segment: sales at record level

The Pumps and Engine Components business segment achieved sales of € 163.1 million in the first half of 2014 (first half of 2013: € 131.9 million) which is the highest level in the Company's history. Sales in the Passenger Car division grew 26.5 percent to € 131.3 million (first half of 2013: € 103.8 million). This can be attributed to a high level of customer call orders, particularly for oil/vacuum pumps (tandem pumps), and to an expansion in capacity of an auxiliary pump for the start-stop function. New product launches in the Passenger Car division were consistently stable and on schedule. The Truck & Off Highway division benefited from sustained high demand from agricultural and construction machinery manufacturers and generated sales of € 15.6 million (first half of 2013: € 14.3 million). The Powder Metallurgy division was able to end the first half of 2014 with sales growth of 17.0 percent to € 16.2 million (first half of 2013: € 13.8 million) following the ramp-up of components for a camshaft phaser and an increase in customer call orders.

The high level of customer call orders during the first half of 2014 led to logistical and operational pressures on the existing technical capacity at both our suppliers and in the Powder Metallurgy division at the Aalen-Wasseralfingen site. This adversely affected the productivity of the pump production activities at the Bad Schussenried site, which is the main customer of the Powder Metallurgy division. The business segment's earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) improved from € 13.6 million to € 15.6 million in the first half of 2014 compared to the same period of the previous year. This figure includes scheduled start-up costs of € 0.4 million for the establishment of business activities in North America and Brazil. The corresponding EBITDA margin declined from 10.3 percent to 9.5 percent.

With the implementation of the three-year investment programme and action plan adopted by the Supervisory Board, the powder metallurgy segment should return to a path of profitable growth in the coming year and thus lead to an overall sustainable improvement in the profitability of the Pumps and Engine Components business segment.

Brake Discs business segment: EBITDA exceeds previous year's level

On the back of increasing sales figures, the Brake Discs business segment generated sales growth of 10.1 percent in the first half of 2014, achieving sales of € 48.9 million (first half of 2013: € 44.5 million). Earnings before interest, taxes, depreciation and amortisation (adjusted



EBITDA) rose from € 4.1 million to € 4.3 million. The EBITDA margin declined to 8.7 percent after 9.2 percent in the first half of 2013.

First oil pumps delivered in Brazil

The implementation of the internationalisation strategy is on track. In Brazil, the first oil pumps were delivered to a US automotive manufacturer in mid-July. The Canadian subsidiary has received a further prototype order from a North American automotive manufacturer and is currently a candidate in the selection process for various large-scale projects. In China, a new production hall was rented in Kunshan. The production start-up for engine oil pumps for a prestigious European motor manufacturer for truck and off-highway applications is expected to take place at this site in the first half of 2016. In preparation for this project, the first local employees were hired in the areas of purchasing, quality assurance and sales. As part of their training, each will have a prolonged stay at the site in Bad Schussenried.

Full year 2014 sales and earnings forecast raised

Based on the half year figures, the Management Board has revised its outlook for the full year of 2014 as follows:

Assuming a continued stable order situation, SHW AG now expects Group sales in fiscal year 2014 to be in the range of € 390 million to € 415 million (previously: € 380 million to € 400 million). Additionally planned product launches and a shift in the product mix towards more complex pumps should lead to sales in the Pumps and Engine Components business segment of between € 297 million and € 320 million (previously: € 287 million to € 305 million). In the Brake Discs business segment, the target is to further increase the share of processed brake discs and higher-value composite brake discs and thus achieve sales in the order of € 93 million to € 95 million (unchanged vs. previous forecast).

The Management Board's focus in the second half of 2014 will be primarily on acquiring new orders, further optimising logistical and operational business processes at all locations, and on establishing and expanding the business in Brazil, China, and North America. With the achievement of the sales growth planned, the Company now expects to reach adjusted Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) in the order of € 39 million to € 41.5 million in 2014 (previously: € 38 million to € 40 million).



Key financial figures for the second quarter and first half of 2014 (in K EUR)

Key figures - SHW Group	Q2 2014	Q2 2013	Change in %	H1 2014	H1 2013	Change in %
Sales	107,293	91,792	16.9%	212,072	176,364	20.2%
EBITDA	10,170	10,310	-1.4%	19,010	16,149	17.7%
as % of sales	9.5%	11.2%	-	9.0%	9.2%	-
EBIT	5,699	6,913	-17.6%	10,517	9,713	8.3%
as % of sales	5.3%	7.5%	-	5.0%	5.5%	-
Net income for the period	3,955	4,729	-16.4%	7,197	6,600	9.0%
Adjusted EBITDA	10,170	11,033	-7.8%	19,010	17,052	11.5%
as % of sales	9.5%	12.0%	-	9.0%	9.7%	-
Adjusted EBIT	5,737	7,674	-25.2%	10,592	10,692	-0.9%
as % of sales	5.3%	8.4%	-	5.0%	6.1%	-
Equity	-	-	-	84,005	75,230	11.7%
Equity ratio	-	-	-	40.7%	40.3%	-
Working Capital	-	-	-	40,427	51,611	-21.7%
as % of sales	-	-	-	10.1%	15.6%	-
Key figures - Pumps and Engines Components	Q2 2014	Q2 2013	Change in %	H1 2014	H1 2013	Change in %
Sales	82,562	68,576	20.4%	163,129	131,907	23.7%
EBITDA	8,075	8,789	-8.1%	15,550	16,149	-3.7%
as % of sales	9.8%	12.8%	-	9.5%	12.2%	-
EBIT	4,730	6,353	-25.5%	9,203	8,898	3.4%
as % of sales	5.7%	9.3%	-	5.6%	6.7%	-
Adjusted EBITDA	8,075	8,789	-8.1%	15,550	13,599	14.3%
as % of sales	9.8%	12.8%	-	9.5%	10.3%	-
Adjusted EBIT	4,740	6,363	-25.5%	9,223	9,081	1.6%
as % of sales	5.7%	9.3%	-	5.7%	6.9%	-
Key figures - Brake Discs	Q2 2014	Q2 2013	Change in %	H1 2014	H1 2013	Change in %
Sales	24,731	23,216	6.5%	48,943	44,457	10.1%
EBITDA	2,507	2,587	-3.1%	4,252	4,061	4.7%
as % of sales	10.1%	11.1%	-	8.7%	9.1%	-
EBIT	1,445	1,689	-14.4%	2,246	2,279	-1.4%
as % of sales	5.8%	7.3%	-	4.6%	5.1%	-
Adjusted EBITDA	2,507	2,587	-3.1%	4,252	4,078	4.3%
as % of sales	10.1%	11.1%	-	8.7%	9.2%	-
Adjusted EBIT	1,473	1,717	-14.2%	2,301	2,352	-2.2%
as % of sales	6.0%	7.4%	-	4.7%	5.3%	-



About SHW

The Company was established in 1365 making it one of the oldest industrial companies in Germany. Today, SHW AG is a leading automotive supplier providing products that make a substantial contribution to reducing fuel consumption and, consequently, to lowering CO₂ emissions. In its Pumps and Engine Components business segment, the SHW Group develops and produces pumps for passenger vehicles and so-called truck and off-highway applications (e.g., trucks, agricultural and construction vehicles, stationary engines and wind farms) as well as engine components. The Brake Discs business segment develops and produces monobloc ventilated brake discs made of cast iron and composite brake discs made of a combination of an iron friction ring and an aluminium pot. The SHW Group's customers include renowned automotive manufacturers, manufacturers of commercial, agricultural, and construction vehicles as well as other suppliers to the automotive industry. Currently, the SHW Group has four production sites in Germany. These are located in Bad Schussenried, Aalen-Wasseralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck. With just over 1,000 employees, the Company generated Group sales in fiscal year 2013 of €366 million. Further information is available at: www.shw.de

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Future-oriented statements

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