



PRESS RELEASE

SHW AG: Full year sales and earnings forecast confirmed

- Sales in the first nine months of 2014 increase 19.5 percent to € 321.4 million
- EBITDA advances to € 29.4 million
- Working capital ratio at 11.7 percent

Aalen, 28 October 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 nine months and third quarter of 2014.

SHW AG's Group sales in the first nine months of 2014 increased by 19.5 percent to € 321.4 million (1-9/2013: € 269.0 million) while in the same period new passenger car registrations in the European Union only gained 6.1 percent to 9.57 million vehicles. The strong sales growth was due to successful new product launches and a high level of customer call orders. In the period from January to September 2014, incoming orders of SHW AG rose 15.2 percent to € 328.6 million (1-9/2013: € 285.3 million).

The high level of customer call orders during the first nine months of 2014 led to noticeable 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. In particular, an unforeseen rise in customer call orders for a large series product resulted in significant problems throughout the entire supply chain and to additional charges in the mid single-digit millions.

Group earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) improved in light of this from € 28.1 million to € 29.4 million in the period from January to September 2014 compared to the same period in the previous year. This represents an EBITDA margin of 9.1 percent (1-9/2013: 10.5 percent).

"Overall, we can be satisfied with the results achieved in the first nine months given the current circumstances", said CEO Dr. Thomas Buchholz, who is responsible for the Pumps and Engine Components business segment. "We have started to implement the three-year investment programme approved by our Supervisory Board and the corresponding action plan so that we return the Powder Metallurgy division back to profitable growth in the course of the coming year and thus sustainably improve the profitability of the entire Pumps and Engine Components business segment".

Working capital ratio shows significant improvement

Working capital declined by 11.0 percent year-on-year to € 48.8 million (1-9/2013: € 54.8 million) with a simultaneous rise in sales of 19.5 percent.



in K EUR	9M 2014	9M 2013	Change abs.	Change in %
Inventories	43,776	48,061	-4,285	-8.9%
Trade receivables	59,477	51,303	8,174	15.9%
Trade payables	-54,463	-44,540	-9,923	22.3%
Working Capital	48,790	54,824	-6,034	-11.0%
as % of sales	11.7%	16.1%	-	-

With a working capital ratio of 11.7 percent – that is the ratio of working capital to the Group's trailing twelve months sales – we have almost reached our 11 percent target. "The strong rise in working capital in September caused by higher business volumes prevented us from delivering even better results", explained Sascha Rosengart, CFO of SHW AG. "We will not rest on our achievements, but rather work to accomplish further improvements".

Pumps and Engine Components business segment: sales at record level

In the period from January to September 2014, the Pumps and Engine Components business segment achieved sales of € 248.7 million (1-9/2013: € 201.8 million) which is the highest nine-month sales level in the Company's history. Sales in the Passenger Car division grew 25.5 percent to € 201.4 million (1-9/2013: € 160.5 million). This growth was attributable to a high level of customer call orders, particularly for variable 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 € 23.1 million (1-9/2013: € 21.0 million). The Powder Metallurgy division was able to close the first nine months of 2014 with sales growth of 19.2 percent to € 24.2 million (1-9/2013: € 20.3 million) as a result of new product launches and an increase in customer call orders.

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Under these circumstances, the business segment's earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) improved from € 23.1 million to € 23.9 million in the first nine months of 2014 compared to the same period of the previous year. Internationalisation had the expected impact on segment earnings in the first nine months of 2014. Our Brazilian subsidiary SHW do Brasil Ltda. delivered the first oil pumps to a U.S. automotive manufacturer in mid-July 2014 and already generated positive earnings in the third quarter of 2014.



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 8.2 percent in the first nine months of 2014, achieving sales of € 72.7 million (1-9/2013: € 67.2 million). Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) rose from € 6.1 million to € 6.4 million. The EBITDA margin declined to 8.8 percent after 9.0 percent in the first nine months of 2013. Here, it is important to note that the first quarter's earnings were burdened by additional costs for extra shifts and additional external processing as the result of a sustained high level of customer call orders and the delayed start of a new production line. Third quarter results were also adversely impacted by a scheduled two-week closure in August of the Tuttlingen plant, during which extensive maintenance activities were performed.

Full year 2014 sales and earnings forecast confirmed

Based on the nine-month figures, the Management Board has left its outlook for 2014 unchanged. Assuming a continued stable order situation, SHW AG continues to expect Group sales in fiscal year 2014 to be in the range of € 390 million to € 415 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. 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.

The Management Board's focus in the fourth quarter of 2014 will primarily be 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 continues to expect adjusted Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) in the order of € 39 million to € 41.5 million in 2014.



Key financial figures for the third quarter and first nine months of 2014 (in K EUR)

Key figures - SHW Group	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	109,354	92,612	18.1%	321,426	268,976	19.5%
EBITDA	10,387	11,073	-6.2%	29,397	27,222	8.0%
as % of sales	9.5%	12.0%	-	9.1%	10.1%	-
EBIT	5,546	7,351	-24.6%	16,063	17,064	-5.9%
as % of sales	5.1%	7.9%	-	5.0%	6.3%	-
Net income for the period	3,790	4,888	-22.5%	10,987	11,488	-4.4%
Adjusted EBITDA	10,387	11,073	-6.2%	29,397	28,125	4.5%
as % of sales	9.5%	12.0%	-	9.1%	10.5%	-
Adjusted EBIT	5,584	7,388	-24.4%	16,176	18,080	-10.5%
as % of sales	5.1%	8.0%	-	5.0%	6.7%	-
Equity	-	-	-	87,755	80,131	9.5%
Equity ratio	-	-	-	40.1%	39.7%	-
Working Capital	-	-	-	48,790	54,824	-11.0%
as % of sales	-	-	-	11.7%	16.1%	-
Key figures - Pumps and Engines Components	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	85,591	69,893	22.5%	248,720	201,800	23.3%
EBITDA	8,351	9,475	-11.9%	23,901	22,911	4.3%
as % of sales	9.8%	13.6%	-	9.6%	11.4%	-
EBIT	4,641	6,681	-30.5%	13,844	15,579	-11.1%
as % of sales	5.4%	9.6%	-	5.6%	7.7%	-
Adjusted EBITDA	8,351	9,475	-11.9%	23,901	23,074	3.6%
as % of sales	9.8%	13.6%	-	9.6%	11.4%	-
Adjusted EBIT	4,651	6,691	-30.5%	13,874	15,772	-12.0%
as % of sales	5.4%	9.6%	-	5.6%	7.8%	-
Key figures - Brake Discs	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	23,763	22,719	4.6%	72,706	67,176	8.2%
EBITDA	2,158	1,977	9.2%	6,410	6,038	6.2%
as % of sales	9.1%	8.7%	-	8.8%	9.0%	-
EBIT	1,094	1,138	-3.9%	3,340	3,417	-2.3%
as % of sales	4.6%	5.0%	-	4.6%	5.1%	-
Adjusted EBITDA	2,158	1,977	9.2%	6,410	6,055	5.9%
as % of sales	9.1%	8.7%	-	8.8%	9.0%	-
Adjusted EBIT	1,122	1,165	-3.7%	3,423	3,517	-2.7%
as % of sales	4.7%	5.1%	-	4.7%	5.2%	-



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-Wasserafingen, 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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