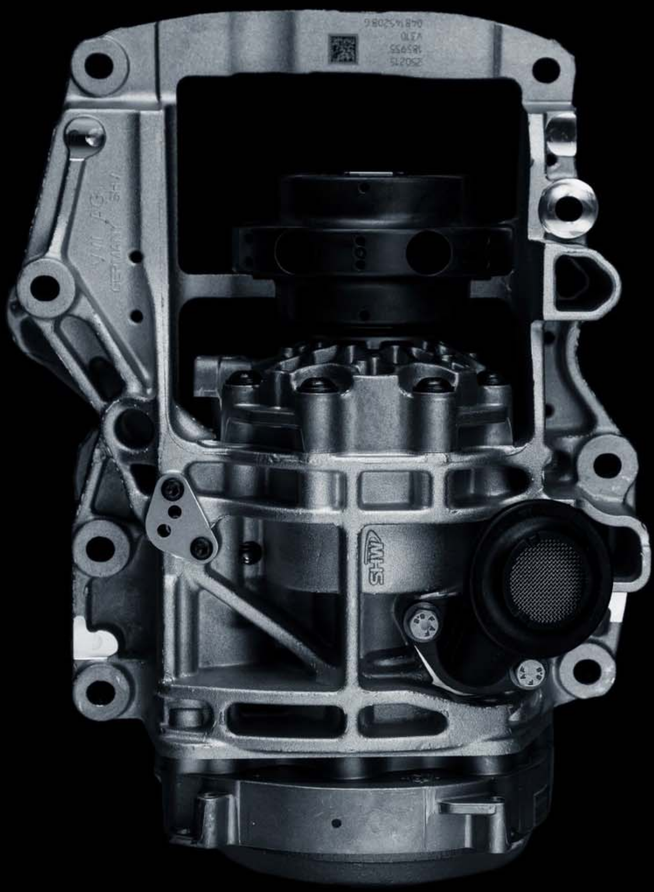
Interim Report

1 January to 30 September 2015



INSIDE SHW

ROADMAP 2020

Key figures SHW Group (IFRS)

K EUR	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Sales	118,343	109,354	8.2%	358,454	321,426	11.5%
EBITDA	10,025	10,387	-3.5%	32,828	29,397	11.7%
as % of sales	8.5%	9.5%	-	9.2%	9.1%	-
EBIT	4,026	5,546	-27.4%	16,259	16,063	1.2%
as % of sales	3.4%	5.1%	-	4.5%	5.0%	-
Net income for the period	2,735	3,790	-27.8%	12,351	10,987	12.4%
Earnings per share[1]	0.42	0.65	-34.4%	1.95	1.88	3.9%
Adjusted EBITDA	10,025	11,287	-11.2%	32,996	31,197	5.8%
as % of sales	8.5%	10.3%	-	9.2%	9.7%	-
Adjusted EBIT	4,064	6,484	-37.3%	16,540	17,976	-8.0%
as % of sales	3.4%	5.9%	-	4.6%	5.6%	-
Equity	-	-	-	113,259	87,755	29.1%
Equity ratio	-	-	-	46.6%	40.4%	-
Net debt / Net cash	-	-	-	-9,044	-24,814	-63.6%
Capital expenditure[2]	4,988	6,728	-25.9%	19,325	24,729	-21.9%
as % of sales	4.2%	6.2%	-	5.4%	7.7%	-
Working Capital*	-	-	-	54,425	47,254	15.2%
as % of sales*	-	-	-	11.7%	11.3%	-
Number of employees (average)[3]	-	-	-	1.281	1.145	11.9%

[1] 9M/2015: based on an average of 6,333,333 shares / 9M/2014: based on an average of 5,851,100 shares.
Q3/2015: based on an average of 6,436,209 shares / Q3/2014: based on an average of 5,851,100 shares.

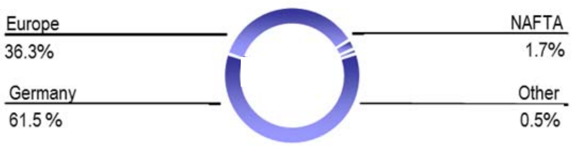
[2] Additions to tangible and intangible assets.

[3] Excluding trainees and temporary workers.

* Prior year values adjusted; see Notes page 25.

Sales by segment from 1 January to 30 September
in %

Sales by region from 1 January to 30 September
in %



Company Profile

The future of the automobile is being shaped by the rising global demand for mobility and a regulatory environment that calls for a significant reduction in motor vehicle emissions. The SHW Group can profit from these factors with its comprehensive CO_2-optimising product portfolio.

We began early on to develop pioneering components for engine and transmission applications that raise the efficiency of combustion engines and their auxiliary units and reduce fuel consumption. SHW brake discs also help reduce unsprung masses and the vehicle's weight.

As a reliable partner, we generate added value for our automotive customers and our shareholders. We strive to be one of the leading global producers of pumps and engine components for all drive technologies and achieve higher market penetration with composite brake discs by entering into new categories of vehicles – always with the goal of helping our customers meet the CO_2 target requirements of today and tomorrow and ensuring environmentally friendly mobility.

Through the Pumps and Engine Components business segment, SHW is either already operating or about to initiate operations at its production locations in the strategically important automotive markets of Europe, North and South America and China. We will also continue to strategically develop the Brake Discs business segment. We reached our first milestone in the internationalisation of our brake disc business with the successful initiation of the brake disc joint venture SHW Longji Brake Discs (LongKou) Co., Ltd. on 1 April 2015. We are currently analysing and reviewing other strategies for entering additional markets.

Content

SHW Share

Significant correction on the international stock markets – VW emissions scandal puts massive pressure on German automotive shares

International stock markets underwent a significant correction in the third quarter. The correction was primarily triggered by concerns about the future development of the Chinese economy, the unexpected devaluation of the Renminbi by the Chinese central bank in mid-August, speculation surrounding the US Federal Reserve's interest rate policy and finally, the Volkswagen emissions scandal. Robust economic data from the eurozone and the US, a cut of the Chinese key interest rates and the third aid package for Greece were only able to bring about a brief pause to the downtrend.

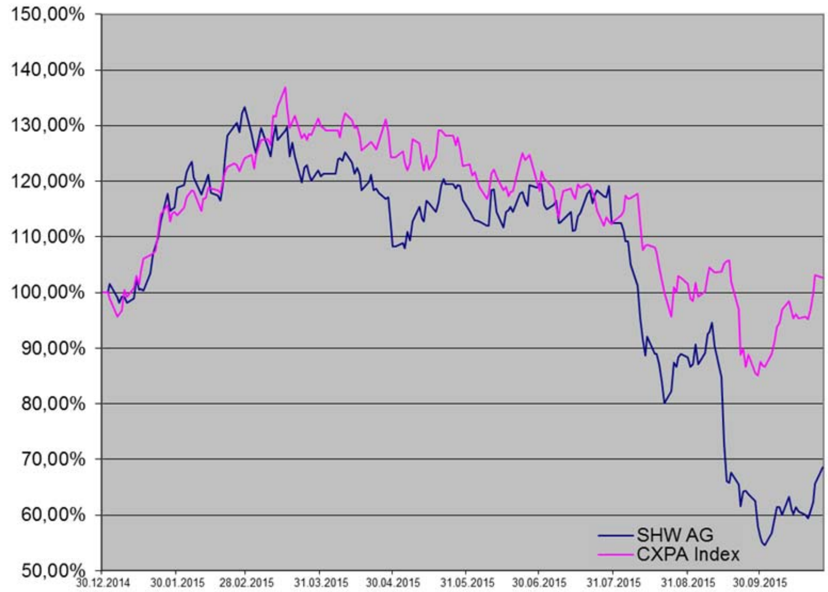
The Euro Stoxx 50 lost 9.5 per cent in the third quarter and settled at 3,101 points. The German DAX benchmark index saw a 2,000-point correction in August as a result of weak Chinese economic data and fell below 10,000 points for the first time since January 2015. The eruption of the Volkswagen emissions scandal on 18 September led to further share price declines forcing the DAX to end the third quarter at 9,660 points, or 11.7 per cent lower. Deutsche Börse AG's SDAX index that contains 50 smaller companies, or "small caps", coped far better and lost only 3.1 per cent to 8,310 points.

Despite positive news from the US economy – economic growth expectations for the second quarter were revised from orginally 2.3 per cent to 3.9 per cent – the US Dow Jones benchmark index also lost ground in the third quarter and closed 7.6 per cent lower at 16,285 points.

Against the background of weak economic data the Shanghai Composite Index to lost 28.6 per cent and closed the third quarter at 3,053 points. The appreciation of the yen resulted in the Japanese Nikkei Index experiencing a considerable decline in the July to September period and closing 14.1 per cent lower at 17,388 points.

Declining new car registrations in China led to a significant downturn in sentiment for automotive stocks in the July to August period. Sentiment declined even further in September with the eruption of the VW emissions scandal. The shares included in the DAXsector Automobile Performance Index (CXPA) sustained sharp price declines of an overall 26.0 per cent to 1,304 points. SHW shares ended the third quarter of 2015 at a share price of € 20.13, underperforming its benchmark index, the DAXsector Automobile Performance Index (CXPA), by 27.3 per cent. SHW shares are currently quoted at € 22.89 (status 27 October 2015).

Performance of SHW shares and the DAXsector Automobile Performance Index (CXPA) January 2015 to October 2015



Extensive communication with capital market participants

The objective of SHW Investor Relations is to ensure that SHW shares receive an appropriate valuation from the capital market. The basis for achieving this objective is the ongoing and open dialogue with all market participants and the availability of concise and valuation-relevant information.

As an SDAX-listed, capital-market-oriented industrial company, we meet the information demands of market participants primarily though our quarterly reports, published three times per year, and through our active participation in investor conferences and roadshows.

In early December, the Company plans to provide additional details on its mid-term planning, which will be presented by the new Chief Executive Officer Dr. Frank Boshoff and the Chief Financial Officer Sascha Rosengart as part of an analyst and investor conference call and at the subsequent roadshow in Frankfurt and London. The aim of this business update is to strengthen investor confidence in SHW, illustrate the Company's opportunities and market potential and provide transparency on the implementation of SHW's efficiency programme.

The Investor Relations staff are gladly available to you for all issues concerning SHW. A good starting point is our IR website (www.shw.de/cms/en/investor_relations). Please do not hesitate to contact us for any further information. We look forward to hearing from you.

Share at a glance	
WKN	A1JBPV
ISIN	DE000A1JBPV9
Ticker symbol	SW1 GY
Type of shares	Ordinary no-par-value bearer shares
Number of shares	6.44 million
Share capital	€ 6.44 million
Market capitalisation[1)]	€ 129.6 million
Free float	100.0 per cent
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
First listing	7 July 2011
Designated sponsor	Commerzbank AG

[1)] On the basis of the closing price of € 20.13 as of 30 September 2015.

Interim Group Management Report

Group principles

Group business model

SHW AG is the parent company of the SHW Group and a pure holding company. It holds all shares of SHW Automotive GmbH, headquartered in Aalen. The Company also directly and indirectly holds all shares of its Brazilian subsidiary SHW do Brasil Ltda., headquartered in São Paulo. SHW Automotive GmbH holds all shares of its foreign subsidiaries SHW Automotive Pumps (Kunshan) Co., Ltd., headquartered in Kunshan, China, SHW Pumps & Engine Components Inc., headquartered in Toronto, Canada, as well as SHW Automotive Industries GmbH, headquartered in Aalen. Additionally, SHW Automotive GmbH has a 51 per cent interest in the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., in LongKou, China. On 10 August 2015, Schwäbische Hüttenwerke Zweite Beteiligungs GmbH merged with SHW AG to simplify the Group's legal structure.

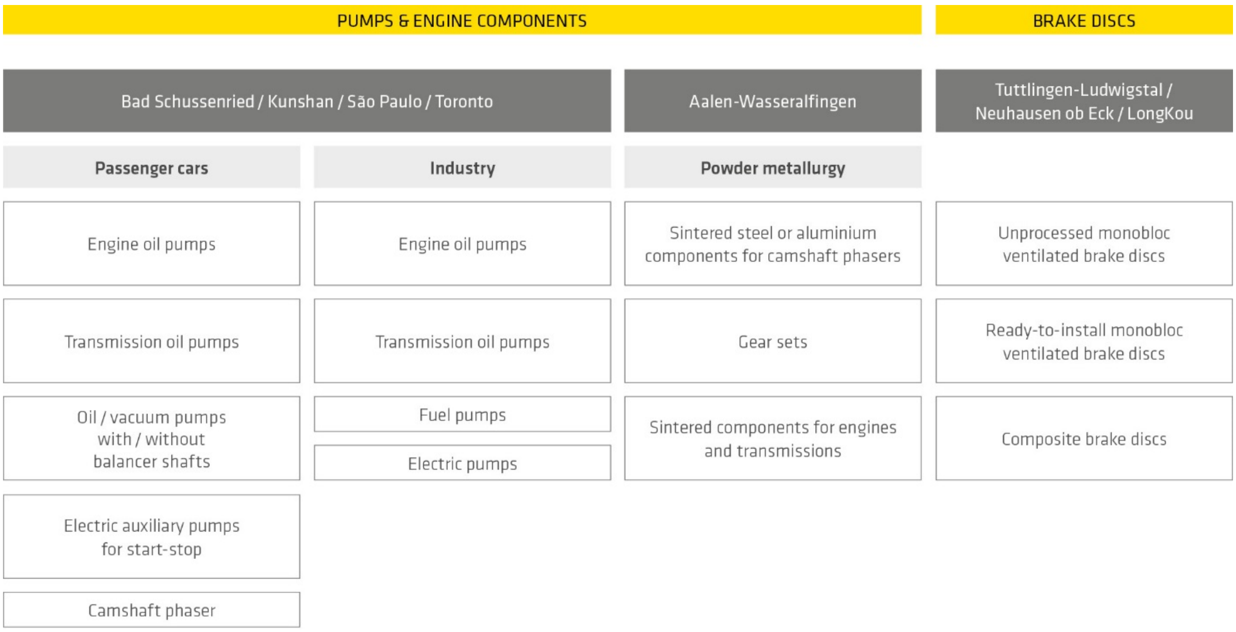
The SHW Group's operating activities are carried out by SHW Automotive GmbH and its subsidiaries and SHW do Brasil Ltda.

A company with two business segments and focussed on CO_2 reduction

The SHW Group is a supplier to renowned automotive manufacturers, manufacturers of commercial, agricultural and construction vehicles, as well as to other automotive suppliers. The Company is divided into two business segments: the Pumps and Engine Components business segment and the Brake Discs business segment. SHW Group's business activities are focussed primarily on the development and production of products that contribute to a reduction in fuel consumption and, in doing so, help reduce CO_2 emissions in the automotive sector.

On the road to becoming a global player for pumps and engine components

The Pumps and Engine Components business segment is the SHW Group's largest operating segment with production facilities in Bad Schussenried, Aalen-Wasseralfingen and São Paulo (Brazil). At the Kunshan location in China, preparations are being made for the commencement of series production of variable engine oil pumps. This Canadian location near Toronto continues to focus on acquiring new orders and on application engineering, particularly for US auto manufacturers. After being nominated as a series supplier of variable engine oil pumps for a global engine platform, series production in the NAFTA region is scheduled to start in 2018.



The focus of manufacturing at the Passenger Car division in Bad Schussenried is currently on variable engine oil pumps, transmission oil pumps, electric auxiliary pumps for the start-stop function, oil/vacuum pumps with and without balancer shaft units and camshaft phasers. For the time being, the location in São Paulo will only produce engine oil pumps.

At the Industry division located in Bad Schussenried (formerly called Truck & Off-Highway division), the SHW Group produces engine oil pumps and transmission oil pumps as well as fuel pumps used in trucks, agricultural and construction vehicles, stationary engines and wind power stations.

In addition, the Company's Powder Metallurgy division manufactures sintered engine and transmission components at its facility in Aalen-Wasseralfingen. The product range is focused on adjustment rings and rotors for variable fuel-optimised engine oil pumps made of steel and aluminium powder, components for camshaft phasers as well as anti-backlash gear systems.

Technological leader in the area of brake discs with its first footprint overseas

The SHW Group is the market and technological leader in the production of brake discs for high-performance vehicles. The Brake Discs business segment develops and produces monobloc ventilated brake discs made of cast iron as well as lightweight composite brake discs made of a combination of an iron friction ring and an aluminium pot. The segment's production sites are located in Tuttlingen-Ludwigstal and Neuhausen ob Eck.

In early April, the joint venture formed in January 2015 between SHW Automotive GmbH, a subsidiary of SHW AG, and the Chinese Shandong Longji Machinery Co., Ltd. commenced operations. This joint venture will initially produce unprocessed brake discs for the spare parts business of the Chinese joint venture partner. The focus of the joint venture going forward will be on the development and production of processed monobloc ventilated brake discs for passenger cars and light commercial vehicles mainly for multinational automobile manufacturers in the Asian market. Management's current focus is on meeting the certification requirements of ISO/TS16949 and acquiring orders from original equipment manufacturers. Another interesting target market for the Brake Discs business segment is the NAFTA region.

Economic conditions

Global economy growing moderately

After a somewhat stronger second quarter, the global economy is estimated to have grown just moderately in the third quarter of 2015. Signs of increasing problems in China were to blame. Growth in most of the advanced economies (EU-28, Switzerland, Norway, USA, Canada, Japan, South Korea, Taiwan, Hong Kong and Singapore) was stimulated by the extended loose monetary policies of Western central banks, the neutral fiscal policy in the eurozone, lower energy prices and improving labour market conditions. In contrast, the pace of growth in the emerging markets (Russia, China excluding Hong Kong, India, Indonesia, Thailand, Malaysia, the Philippines and Latin America) continued to weaken with only a few exceptions due to lower commodity prices, tighter financing conditions, structural bottlenecks and the influence of geopolitical factors.

The economic recovery in the eurozone continued in the third quarter of 2015 but was accompanied by declining growth rates. The growth of the global economy outside of the eurozone continued to slow. Growth in the eurozone was further hampered by high consumer household debt and the correction in the real estate markets of several European countries. According to the data currently available, the eurozone's economy had consecutive quarterly growth of some 0.3 per cent in the third quarter of 2015.

The German economy is sustaining its modest upswing supported mainly by the growth in private consumption, which is benefitting from substantially higher employment and increasing real wages coupled with lower crude oil prices. Recent data suggests that the German economy grew some 0.4 per cent in the third quarter of 2015 in comparison to the previous quarter.

The Japanese economy continued to recover slowly from the shock of last year's rise in value-added tax, which had resulted in a major economic slump. After a weaker second quarter (GDP -0.3 per cent), which was impacted by a sharp decline in exports to China, Europe and the US and weak domestic demand, economists at Commerzbank expect moderate GDP growth of 0.3 in the third quarter of 2015 compared to the prior quarter.

The US economy in the third quarter of 2015 is expected to rise by a moderate 2.0 per cent driven by the continued strength of private consumption. This follows a strong second quarter in the US where GDP growth was 3.9 per cent and was driven by an accelerated increase in private consumption and a marked rise in public sector demand. Private households continued to benefit from a rise in net wealth and a sharp increase in real wages resulting from lower energy prices and declining unemployment rates.

The picture is still varied in the emerging markets. Russia and Brazil are still in deep recessions. GDP in China, according to government data, increased 6.9 per cent year-on-year in the July to September 2015 period. Particular pressure is coming from the large overhang of unsold homes, the decline in housing investment, the sharp drop in demand for industrial raw materials and the high indebtedness of Chinese corporations. Finally, the unresolved conflict between Russia and the Ukraine and armed conflicts in Iraq and Syria also continue to put pressure on the world economy.

Robust new car registration figures in the US and Europe – registrations in China and Brazil skid sharply

The development of new vehicle registrations in the largest automotive markets diverged dramatically in the third quarter of 2015. While the US and the European Union saw a significant acceleration in growth compared to the prior quarter, growth in China, Japan and Brazil skidded sharply.

The five largest markets in the European Union by volume – Germany, Great Britain, France, Italy and Spain – continued to make significant gains and were 9.2 per cent higher at 2.46 million units in the third quarter of 2015. As in the second quarter, Spain and Italy reported the strongest growth with rates of 23.1 per cent and 15.8 per cent, respectively. Spain's performance continues to be sustained by the government scrappage scheme (Plan PIVE 7). Further dynamic growth came from the markets in Germany (+ 6.1 per cent), France (+ 6.7 per cent) and Great Britain (+ 7.3 per cent). The remaining 22 EU markets also recorded a perceptible rise in new vehicle registrations and increased overall by 13.0 per cent to 0.78 million vehicles (previous year 0.69 million vehicles).

New registrations of passenger cars and light trucks in the US grew 6.2 per cent year-on-year in the third quarter of 2015 to 4.53 million units, which signified a marked acceleration in growth compared to the previous quarter (3.2 per cent). This figure reflects the positive effects of gains in personal income resulting from a sharp rise in new jobs and low oil prices.

An end to the negative trend in Japan, however, is still nowhere in sight. New vehicle registrations continued to weaken as in the previous quarter and declined by 7.0 per cent to 1.03 million units. The main source of this decline was the mini car segment, which saw new registrations drop by 16.4 per cent to 0.34 million vehicles.

In the third quarter of 2015, the Chinese passenger car market recorded declining new registrations for the first time in a long time. The number of passenger cars sold in the July through September 2015 period amounted to 4.45 million units and was 1.5 per cent below the previous year's level of 4.52 million vehicles.

Also in the third quarter of 2015, Brazil reported a continued, marked decline in new vehicle registrations with downward momentum accelerating even further in comparison to the previous quarter. The Brazilian automobile market ended the third quarter with 0.61 million newly registered vehicles, which amounted to a year-on-year decline of 25.5 per cent.

Thanks to SHW's fuel-optimised product portfolio, the Company has successfully taken advantage of market opportunities and, with year-on-year sales growth of 8.2 per cent, has grown significantly faster than the three largest automotive markets of China, the US, and Europe combined (+ 4.2 per cent).

Results of operations, net assets and financial position of the SHW Group

Key figures: SHW Group

K EUR	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Sales	118,343	109,354	8.2%	358,454	321,426	11.5%
EBITDA	10,025	10,387	-3.5%	32,828	29,397	11.7%
as % of sales	8.5%	9.5%	-	9.2%	9.1%	-
EBIT	4,026	5,546	-27.4%	16,259	16,063	1.2%
as % of sales	3.4%	5.1%	-	4.5%	5.0%	-
Net income for the period	2,735	3,790	-27.8%	12,351	10,987	12.4%
Adjusted EBITDA	10,025	11,287	-11.2%	32,996	31,197	5.8%
as % of sales	8.5%	10.3%	-	9.2%	9.7%	-
Adjusted EBIT	4,064	6,484	-37.3%	16,540	17,976	-8.0%
as % of sales	3.4%	5.9%	-	4.6%	5.6%	-
Equity	-	-	-	113,259	87,755	29.1%
Equity ratio	-	-	-	46.6%	40.4%	-
Working Capital*	-	-	-	54,425	47,254	15.2%
as % of sales*	-	-	-	11.7%	11.3%	-

* Prior year values adjusted; see Notes page 25.

Results of operations

Double-digit sales growth in the first nine months

Group sales increased 11.5 per cent year-on-year from € 321.4 million to € 358.5 million during the January through September 2015 period as a result of continued higher customer call orders.

Cost of sales ratio slightly higher than previous year

Cost of sales increased 12.0 per cent from € 288.1 million to € 322.6 million in the reporting period. The cost of sales ratio during the period increased from 89.6 per cent to 90.0 per cent. The change in the cost of sales ratio resulted from a shift in the product mix and slightly lower productivity in some areas.

Selling and general administrative expenses grew from € 11.1 million to € 13.8 million in the first nine months of fiscal year 2015. This above-average rise in comparison to sales growth was mainly the result of the expansion in our international sales activities and the first-time consolidation of SHW Automotive Pumps (Kunshan) Co., Ltd., in Kunshan, China as of 1 January 2015.

Steady investment in research and development

In the first three quarters of 2015, research and development costs remained at the previous year's level and amounted to € 5.3 million. In addition, a total of € 0.7 million (previous year € 1.1 million) in development costs were capitalised. As a result of the strong sales growth, the R&D ratio (including capitalised development costs) fell to 1.7 per cent of sales (previous year 2.0 per cent). In the Pumps and Engine Components business segment, the focus of development was on transmission oil pumps and electrification. The activities of the Brake Discs business segment were centred on the further development of higher-value composite brake discs.

Reconciliation statement: SHW Group

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Sales	118,343	109,354	358,454	321,426
Operating result (EBIT)	4,026	5,546	16,259	16,063
PPA[1] fixed assets	38	38	113	113
Increased series start-up costs	-	900	-	1,800
Costs of changes in the management board	-	-	168	-
Adjusted EBIT	4,064	6,484	16,540	17,976
as % of sales	3.4%	5.9%	4.6%	5.6%
Other depreciation	5,961	4,803	16,456	13,221
as % of sales	5.0%	4.4%	4.6%	4.1%
Adjusted EBITDA	10,025	11,287	32,996	31,197
as % of sales	8.5%	10.3%	9.2%	9.7%

[1] Depreciation arising from purchase price allocation

EBITDA rises in the first three quarters

In the first three quarters of fiscal year 2015, adjusted earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) had a year-on-year rise of € 1.8 million to € 33.0 million. The corresponding EBITDA margin declined from 9.7 per cent to 9.2 per cent.

In the Pumps and Engine Components business segment, the delay in implementing efficiency measures needed to address the operational and logistical burdens in the Powder Metallurgy division at the Aalen-Wasseralfingen site and the pump production at the Bad Schussenried site had a negative impact on margins. Moreover, the product mix had a marginally negative impact on the gross margin compared to the first nine months of the prior year.

The international operations of the subsidiaries in Canada and China developed as planned. The sales and earnings development of the Brazilian subsidiary SHW do Brasil Ltda. were below plan in the third quarter of 2015 following a three-week plant closure of a large automotive manufacturer.

The rise in adjusted EBITDA in the Brake Discs business segment sharply outpaced the rise in sales. The results were supported not only by positive effects from the product mix from the series ramp-up of composite brake discs and productivity improvements but also due to a higher degree of automation and lower quality costs. The operating development of the Chinese joint venture SHW Longji Brake Discs (LongKou) Co., Ltd. is progressing as planned.

Chinese joint venture affects income from investments

The net balance of financial income and expenses – excluding income from investments – for the January through September 2015 period amounted to € -0.9 million and was slightly below the previous year's level. Average financial debt was virtually unchanged in comparison to the previous year. Since 1 April 2015, the Chinese joint venture, SHW Longji Brake Discs (LongKou) Co., Ltd., has been accounted for in SHW AG's consolidated financial statements using the equity method. The resulting income from investments as at 30 September 2015 of € 1.5 million relates to the badwill recognition through profit and loss in the amount of € 1.2 million, which arose in connection with the first-time measurement.

Declining tax rate

Income taxes increased by € 0.4 million to € 4.4 million as a result of increased earnings before taxes in the first nine months of fiscal year 2015. The tax rate amounted to 26.4 per cent and was slightly below the previous year's level of 27.0 per cent. The decline in the tax rate is related to the first-time inclusion of the results of companies accounted for using the equity method.

Net income above previous year's level

Net income in the first three quarters of fiscal year 2015 increased by 12.4 per cent from € 11.0 million to € 12.4 million. This improvement mainly resulted from positive earnings effects related to the first-time inclusion of the profit from entities accounted for using the equity method. Earnings per share reached € 1.95 in the first nine months of 2015 compared to € 1.88 in the previous year. The weighted average number of shares used in the calculation of earnings per share was 6,333,333 (previous year 5,581,100).

Business segments

Development of the Pumps and Engine Components business segment

Strong sales growth continues

The Pumps and Engine Components business segment generated a 14.2 per cent increase in sales to € 284.0 million (previous year € 248.7 million) in the first three quarters of 2015.

The Passenger Car division achieved sales growth of 18.0 per cent for sales of € 237.7 million (previous year € 201.4 million) as a result of higher customer call orders for combined variable oil/vacuum pumps – SHW's tandem pumps – and camshaft phasers.

The Industry division contributed € 22.0 million to sales (previous year € 23.1 million).

The Powder Metallurgy division increased total sales (including inter-company sales) in the first three quarters of fiscal year 2015 by 10.2 per cent from € 40.6 million to € 44.7 million.

Key figures: Pumps and Engine Components

K EUR	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Sales	93,275	85,591	9.0%	284,034	248,720	14.2%
EBITDA	7,759	8,351	-7.1%	25,982	23,901	8.7%
as % of sales	8.3%	9.8%	-	9.1%	9.6%	-
EBIT	2,992	4,641	-35.5%	12,883	13,844	-6.9%
as % of sales	3.2%	5.4%	-	4.5%	5.6%	-
Adjusted EBITDA	7,759	9,251	-16.1%	25,982	25,701	1.1%
as % of sales	8.3%	10.8%	-	9.1%	10.3%	-
Adjusted EBIT	3,002	5,551	-45.9%	12,913	15,674	-17.6%
as % of sales	3.2%	6.5%	-	4.5%	6.3%	-

EBITDA at previous year's level

In the first nine months of 2015, the Pumps and Engine Components business segment generated adjusted segment earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) of € 26.0 million (previous year € 25.7 million). The corresponding EBITDA margin declined from 10.3 per cent to 9.1 per cent.

This margin development was primarily caused by a delay in the implementation of efficiency measures to address the operational and logistical burdens in the Powder Metallurgy division at the Aalen-Wasseralfingen site and the pump production at the Bad Schussenried site. Moreover, the product mix had a marginally negative impact on the gross margin compared to the first nine months of the prior year.

The international operations of the subsidiaries in Canada and China developed as planned. The sales and earnings development of our Brazilian subsidiary SHW do Brasil Ltda. was below plan in the third quarter of 2015 following a three-week plant closure of a large automotive manufacturer.

At € 12.9 million, adjusted segment earnings before interest and taxes (adjusted EBIT) in the first nine months of 2015 were € 2.8 million lower year-on-year due to a sharp rise in depreciation/amortisation.

Reconciliation statement: Pumps and Engine Components

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Sales	93,275	85,591	284,034	248,720
Operating result (EBIT)	2,992	4,641	12,883	13,844
PPA[1] fixed assets	10	10	30	30
Increased series start-up costs	-	900	-	1,800
Adjusted EBIT	3,002	5,551	12,913	15,674
as % of sales	3.2%	6.5%	4.5%	6.3%
Other depreciation	4,757	3,700	13,069	10,027
as % of sales	5.1%	4.3%	4.6%	4.0%
Adjusted EBITDA	7,759	9,251	25,982	25,701
as % of sales	8.3%	10.8%	9.1%	10.3%

[1] Depreciation arising from purchase price allocation

Development of the Brake Discs business segment

Key figures: Brake Discs

K EUR	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Sales	25,068	23,763	5.5%	74,420	72,706	2.4%
EBITDA	2,710	2,158	25.6%	7,805	6,410	21.8%
as % of sales	10.8%	9.1%	-	10.5%	8.8%	-
EBIT	1,555	1,094	42.1%	4,542	3,340	36.0%
as % of sales	6.2%	4.6%	-	6.1%	4.6%	-
Adjusted EBITDA	2,710	2,158	25.6%	7,805	6,410	21.8%
as % of sales	10.8%	9.1%	-	10.5%	8.8%	-
Adjusted EBIT	1,583	1,122	41.1%	4,625	3,423	35.1%
as % of sales	6.3%	4.7%	-	6.2%	4.7%	-

EBITDA margin above 10 per cent

In the first nine months of fiscal year 2015, the Brake Discs business segment generated sales of € 74.4 million (previous year € 72.7 million). The total number of brake discs sold in the period from January through September 2015 amounted to 3.26 million units and was close to the previous year's level. The ramp-up in composite brake discs led to a 37.5 per cent year-on-year rise in their sales figures and was able to offset the slight decline in the sales figures of unprocessed and processed brake discs.

In the first nine months of 2015, the adjusted segment earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) increased by € 1.4 million and totalled € 7.8 million. At the same time, the EBITDA margin rose significantly from 8.8 per cent to 10.5 per cent. The results were supported by positive effects from the product mix and especially from productivity improvements generated from a higher degree of automation and lower quality costs. This largely compensated for the negative impact on earnings from the routine two-week shutdown of the Tuttlingen plant in August.

The adjusted earnings before interest and taxes (adjusted EBIT) increased from € 3.4 million to € 4.6 million. The adjusted EBIT margin based on sales increased to 6.2 per cent after 4.7 per cent in the previous year.

The conclusion of a joint venture agreement with the Chinese company Shandong Longji Machinery Co., Ltd.in the first quarter of 2015 is a first important step in the internationalisation the our brake discs business. The SHW Longji Brake Discs (Longkou) Co., Ltd., joint venture in Longkou, China, commenced business operations on 1 April 2015, after obtaining its business license. Until production begins for the first customer orders for processed brake discs, the joint venture will initially produce unprocessed brake discs for the spare parts business of the Chinese joint venture partner. This guarantees that the foundry will operate at a steady level of high utilisation from the very start. Since commencing operations, business development has progressed according to plan.

The joint venture is accounted for in the consolidated financial statements of SHW AG using the equity method due to company law provisions and contractual arrangements. As a result, the earnings contribution of SHW Longji Brake Discs (Longkou) Co., Ltd., is reported in the profit from entities accounted for using the equity method and is not included in the performance indicators shown above. For further details, please refer to the information provided on page 25 f. in the notes to these interim consolidated financial statements.

Reconciliation statement: Brake Discs

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Sales	25,068	23,763	74,420	72,706
Operating result (EBIT)	1,555	1,094	4,542	3,340
PPA[1] fixed assets	28	28	83	83
Adjusted EBIT	1,583	1,122	4,625	3,423
as % of sales	6.3%	4.7%	6.2%	4.7%
Other depreciation	1,127	1,036	3,180	2,987
as % of sales	4.5%	4.4%	4.3%	4.1%
Adjusted EBITDA	2,710	2,158	7,805	6,410
as % of sales	10.8%	9.1%	10.5%	8.8%

[1] Depreciation arising from purchase price allocation

Net assets and financial position

Equity ratio rises

On 18 February 2015, SHW AG issued 585,109 new no-par value bearer shares from the capital increase against contribution in cash resolved on 17 February 2015. The new shares were placed with institutional investors as part of a private placement by way of an accelerated bookbuilding process at an issue price of € 42.00 per share with a discount of only 2.2% compared to the share’s relevant closing price on the previous day. The capital increase resulted in a rise in the Company’s share capital from € 5,851,100 to € 6,436,209.

In comparison to 30 September 2014, equity increased by € 25.5 million to € 113.3 million. Both the capital increase of € 24.3 million and the net income for the last twelve months of € 12.0 million contributed to this rise in equity. Equity was reduced by a dividend payment of € 6.4 million and by an amount of € 2.9 million from actuarial losses related to an adjustment in the actuarial interest rate used in the valuation of pension provisions. The equity ratio increased from 40.4 per cent as at 30 September 2014 to 46.6 per cent as at 30 September 2015.

Internationalisation and capital increase affect net cash

In the first nine months of fiscal year 2015, the SHW Group generated € 18.0 million in cash flow from operating activities (previous year € 11.6 million). Positive effects came from higher net income for the period, higher depreciation and amortisation and an increase in provisions.

Reconciliation statement: Change in net cash

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Cash flow from operating activities	4,849	-485	18,021	11,581
Cash flow from investing activities (intangible and tangible assets)	-4,979	-6,774	-21,619	-27,490
Operating free cash flow	-130	-7,259	-3,598	-15,909
Cash flow from investing activities (financial assets)	0	0	-8,931	0
Total free cash flow	-130	-7,259	-12,529	-15,909
Other (esp. dividend / capital increase)	-54	-197	17,841	-6,024
Change in net cash	-184	-7,456	5,312	-21,933

Cash flow from investing activities made in intangible and tangible assets in the first nine months of 2015 amounted to € -21.6 million and was 21.4 per cent lower than the previous year's figure of € -27.5 million. This item also included payments for tangible assets in the amount of € 2.3 million, which were already included in the asset additions in fiscal year 2014. Of the asset additions in the three quarters of the reporting year, a total of € 13.8 million is attributable to the Pumps and Engine Components business segment and € 5.2 million to the Brake Discs business segment.

The cash flow from investing activities in financial assets of € -8.9 million concerns the payment of the first instalment of the purchase price for the interest in the Chinese joint venture, SHW Longji Brake Discs (LongKou) Co., Ltd., LongKou/China. Cash flow from financing activities was mainly affected by the capital increase carried out on 18 February 2015, which resulted in cash proceeds for the SHW Group of € 24.3 million.

Net bank liabilities reduced by € 15.8 million

As at 30 September 2015, net bank liabilities of the SHW Group amounted to € 9.0 million, or € 15.8 million lower than their value as at 30 September 2014. The reduction in net bank liabilities was made possible particularly as a result of the positive cash flow from financing activities related to the capital increase.

Growth and internationalisation cause a rise in tangible and financial assets

Compared to 30 September 2014, total assets grew € 25.5 million to € 242.8 million. Tangible assets rose by € 9.1 million year-on-year to € 96.0 million following investments in production facilities for a number of new product launches and an expansion in capacity.

Companies accounted for using the equity method in the amount of € 16.5 million exclusively concern the Chinese joint venture, SHW Longji Brake Discs (LongKou) Co., Ltd., LongKou, China. In the first quarter of 2015, SHW Automotive GmbH made a € 8.9 million payment into the joint venture's share capital, which was reported under other non-current financial assets. Since 1 April 2015, the joint venture has been accounted for in SHW AG's consolidated financial statements using the equity method. The second instalment of the purchase price of € 6.8 million that is still outstanding has been recognised under other non-current financial liabilities.

Inventories were reduced by € 3.8 million as at the end of the third quarter of 2015 in comparison to 30 September 2014 despite higher business volume. This reduction is partially attributed to logistical improvements. In addition, the inventory level of customer projects was reduced due to invoicing.

The increase in trade receivables of 6.6 per cent to € 61.8 million in comparison to 30 September 2014 was slightly below sales growth of 11.5 per cent.

Trade payables declined by € 7.2 million to € 47.3 million. This development corresponds in particular to the reduction in inventories and the relatively low level of asset additions made the third quarter of 2015.

The rise in other current provisions of € 8.3 million applies particularly to provisions related to customer projects and products.

Working capital ratio slightly above 11 per cent

As at 30 September 2015, working capital increased € 7.2 million compared with the previous year and totalled € 54.4 million. This rise was stronger than the rise in business volume. Accordingly, the working capital ratio based on the Group's trailing-twelve-month sales increased from 11.3 per cent to 11.7 per cent. The average working capital ratio in the first nine months of the reporting year remained below the long-term target of 11.0 per cent.

K EUR	30.09.2015	30.09.2014	Change absolute	Change in %
Inventories	39,960	43,776	-3,816	-8.7%
Trade receivables	61,763	57,941	3,822	6.6%
Trade payables*	-47,298	-54,463	7,165	-13.2%
Working Capital	54,425	47,254	7,171	15.2%
as % of sales*	11.7%	11.3%	-	-

* Prior year values adjusted; see Notes page 25.

Growth leads to additional employees in the Pumps and Engine Components business segment

The average number of employees at the Group level increased to 1,281 in the first nine months of fiscal year 2015 compared to 1,145 in the same period of the previous year. The majority of employee increases took place at the Pumps and Engine Components business segment locations. These locations saw the average number of employees increase from 691 to 864.

Opportunities and risks

The assessment of opportunities and risks for the SHW Group may change in comparison to the statements on opportunities and risks in the 2014 Annual Report (pages 71– 79, 84 – 85) as a result of the VW emissions scandal. In the first nine months of 2015, SHW AG generated total sales of € 155.6 million with the Volkswagen Group. This represents 43.4 per cent of the Group's sales.

At the time of preparing this nine-month report, there was no indication of a sudden change in the call order behaviour of the various brands of the VW Group.

Outlook

Macroeconomic outlook

In comparison to their projections in July 2015, the economic experts at Commerzbank have slightly trimmed their growth forecasts for the global economy from 3.0 per cent to 2.9 per cent (status October 2015). The Commerzbank economists continue to expect growth to be mainly driven by the economic recovery in the advanced economies, while the pace of expansion in the emerging and developing countries, although still high, will continue to slow down in comparison to the previous year. The slowing pace of growth in China is having the greatest impact.

Economists at Commerzbank expect the eurozone's economic output to recover slightly by 1.5 per cent in the current year. Bringing up the rear should be Greece (GDP - 0.8 per cent), Italy (GDP + 0.7 per cent) and France (GDP + 1.0 per cent). These countries have successively lost their price competitiveness due to the above-average rise in their unit labour costs. In contrast, Ireland (GDP + 3.5 per cent), Spain (GDP + 3.2 per cent) and Portugal (GDP + 1.6 per cent) have been able to significantly improve their competitiveness since the outbreak of the global financial crisis by significantly bringing down their unit labour costs, putting these countries back on a solid growth path.

For German GDP growth, analysts at Commerzbank have left their forecasts unchanged at 1.8 per cent given the weaker euro and lower oil prices.

Commerzbank's economic experts still expect growth in China to slow to just 6.8 per cent in 2015 (previous year 7.3 per cent). The largest negative factor continues to be the country's weak real estate market.

Despite existing risks, the economic outlook for the European Union and North America and rising disposable incomes in several emerging markets provide a solid basis for a continued upturn in the global automotive business in 2015.

Industry outlook

In their most recent update (October 2015), industry experts from PwC Autofacts have reduced their forecast for global light vehicle production (vehicles <6 t) for the third time this year. PwC Autofacts now expects global vehicle production of 88.19 million vehicles for the year 2015, which equals a growth rate of 2.1 per cent (previously 2.7 per cent).

The main reason for this revision is, as in previous quarters, the adjustments made to the Asia-Pacific, Eastern Europe and South America regions. The Asia Pacific region was mainly impacted by the downward revision in Chinese vehicle production from 23.87 million vehicles to 23.12 million vehicles. This revised number is equivalent to a year-on-year growth rate of 4.6 per cent. The outlook for Brazilian vehicle production was also revised. Industry experts now expect annual production of 2.33 million vehicles (previous forecast 2.44 million vehicles). This would represent a 22.0 per cent year-on-year decline.

In contrast, the forecast for vehicle production in the European Union was raised significantly in comparison to the previous quarter to 18.02 million vehicles (previous forecast 17.55 million vehicles). Experts now expect Germany to report a rise in vehicle production of 3.7 per cent (previous forecast 1.7 per cent) to a total of 6.06 million vehicles. Forecasts for Spain, Great Britain and France were also revised higher. PwC Autofacts expects production figures in Spain to rise 15.3 per cent to 2.70 million units and those in France and Great Britain to see increases to 1.92 million vehicles (+ 4.7 per cent year-on-year) and 1.67 million vehicles (+ 5.2 per cent year-on-year), respectively. For the US, PwC Autofacts is projecting a rise in production figures of 3.1 per cent (previous projection 2.9 per cent) to 11.9 million units.

Group outlook

On 21 September 2015, the Management Board revised its earnings outlook for fiscal year 2015 based on the delay in the implementation of the efficiency programmes in the Pumps and Engine Components business segment.

On the basis of the current forecast for 2015, the Company continues to expect Group sales in the order of € 470 million (previous year € 430 million). The Pumps and Engine Components business segment should reach sales of roughly € 370 million. The Brake Discs business segment is still expected to generate sales of € 100 million. With the achievement of the planned sales growth, the Company currently expects to reach Group earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) for fiscal year 2015 in the range of € 42 million to € 46 million (previous projection € 46 million to € 50 million).

The SHW Group will continue to follow a sustainable, results-oriented dividend policy. The Company plans to continue to distribute a dividend to the Company’s shareholders equalling 30 per cent to 40 per cent of the Group’s net income for the period while taking into account the financing requirements of the SHW Group.

Aalen, 28 October 2015
The SHW AG Management Board

Dr.-Ing. Frank Boshoff	Sascha Rosengart	Andreas Rydzewski
Chief Executive Officer	Chief Financial Officer	Member of the Management Board

Interim Consolidated Financial Statements (IFRS) as of 30 September 2015

Consolidated Income Statement (unaudited)

1 January to 30 September 2015

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Sales	118,343	109,354	358,454	321,426
Cost of sales	-106,491	-97,871 *	-322,557	-288,106 *
Gross profit	11,852	11,483	35,897	33,320
Selling expenses	-1,670	-1,473	-4,650	-4,005
General administration expenses	-3,215	-2,415	-9,167	-7,108
Research and development costs	-2,068	-1,949 *	-5,307	-5,224 *
Other operating income	137	648	1,561	1,363
Other operating expenses	-1,010	-748	-2,075	-2,283
Operating result	4,026	5,546	16,259	16,063
Financial income	5	0	10	11
Financial expenses	-324	-386	-944	-1,021
Profit from entities accounted for using the equity method	144	-	1,466	-
Earnings before tax	3,851	5,160	16,791	15,053
Deferred taxes	129	-73	-45	225
Current incomes taxes	-1,245	-1,297	-4,395	-4,291
Earning after tax	2,735	3,790	12,351	10,987
Net income for the period	2,735	3,790	12,351	10,987
Earnings per share in EUR (undiluted and diluted))[1)]	0,42	0,65	1,95	1,88

[1)] 9M/2015: based on an average of 6,333,333 shares / 9M/2014: based on an average of 5,851,100 shares.
Q3/2015: based on an average of 6,436,209 shares / Q3/2014: based on an average of 5,851,100 shares.
See Notes page 25.

[*)] Prior year values adjusted; see Notes page 22.

Consolidated Statement of Comprehensive Income (unaudited)

1 January to 30 September 2015

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Net income for the period	2,735	3,790	12,351	10,987
Items that will not be reclassified to profit and loss in future periods				
Currency translation reserve	-	-	-	-
Currency translation reserve of foreign entities accounted for using the equity method	-	-	-	-
Tax effect	-	-	-	-
Items that may be reclassified to profit and loss in future periods				
Currency translation reserve	-139	-40	-57	124
Tax effect	-	-	-	-
Currency translation reserve of foreign entities accounted for using the equity method	-719	-	-1,140	-
Other comprehensive income after tax	-858	-40	-1,197	124
Total comprehensive income after tax	1,877	3,750	11,154	11,111
Net income for the period attributable to				
- shareholders of SHW AG	2,735	3,790	12,351	10,987
- holders of non-controlling interests	-	-	-	-
Total comprehensive income after tax attributable to				
- shareholders of SHW AG	1,877	3,750	11,154	11,111
- holders of non-controlling interests	-	-	-	-

Consolidated Balance Sheet (unaudited)

as of 30 September 2015

K EUR	30 Sept 215	31 Dec 2014	30 Sept 2014
Assets			
Goodwill	7,055	7,055	7,055
Other intangible assets	11,638	13,008	13,384
Tangible assets (property, plant, and equipment)	95,959	92,346	86,898
Deferred tax assets	4,659	4,795	3,165
Investments in entities accounted for using the equity method	16,535	-	-
Other financial assets	362	910	1,779
Other assets (non-current)	692	900	-
Non–current assets	136,900	119,014	112,281
Inventories	39,960	42,380	43,776
Trade receivables	61,763	44,656	57,941 *
Other financial assets	118	-	131
Other assets	2,357	3,147	2,256
Cash and cash equivalents	1,737	292	965
Current assets	105,935	90,475	105,069
Total assets	242,835	209,489	217,350

*) Prior year values adjusted; see Notes page 25.

K EUR	30 Sept 2015	31 Dec 2014	30 Sept 2014
Equity and Liabilities			
Subscribed capital	6,436	5,851	5,851
Capital reserves	38,510	14,780	14,780
Revenue reserves	74,058	68,424	68,732
Other reserves	-5,745	-4,548	-1,608
Total equity	113,259	84,507	87,755
Pension accruals and similar obligations	27,698	28,051	24,162
Deferred tax liabilities	3,263	3,456	3,571
Other accruals	3,652	3,652	3,367
Other financial liabilities	7,816	152	160
Liabilities to banks	1,594	2,486	2,783
Non-current liabilities and accruals	44,023	37,797	34,043
Liabilities to banks	9,187	12,162	22,996
Trade payables	47,298	56,159	54,463
Other financial liabilities	6,311	6,070	5,835
Income tax liabilities	1,163	444	1,006
Other accruals	9,534	4,482	1,233 *
Other liabilities	12,060	7,868	10,019
Current liabilities and accruals	85,553	87,185	95,552
Total equity and liabilities	242,835	209,489	217,350

*) Prior year values adjusted; see Notes page 25.

Consolidated Statement of Changes in Equity (unaudited)

as of 30 September 2015

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
As of 1 January 2014	5,851	14,780	63,630	-1,732	82,529
Foreign currency translation	-	-	-	124	124
Total income recognised directly in equity	-	-	-	124	124
Net income for the period as of 30 September 2014	-	-	10,987	-	10,987
Total comprehensive income for the period	-	-	10,987	124	11,111
First-time consolidation of previously non-consolidated subsidiaries for reasons of materiality	-	-	-34	-	-34
Dividends paid	-	-	-5,851		-5,851
As of 30 September 2014	5,851	14,780	68,732	-1,608	87,755
As of 1 January 2015	5,851	14,780	68,424	-4,548	84,507
Currency translation reserve of foreign entities accounted for using the equity method	-	-	-	-1,140	-1,140
Foreign currency translation	-	-	-	-57	-57
Total income recognised directly in equity	-	-	-	-1,197	-1,197
Net income for the period as of 30 September 2015	-	-	12,351	-	12,351
Total comprehensive income for the period	-	-	12,351	-1,197	11,154
Issuance of new shares	585	23,730	-	-	24,315
Dividends paid	-	-	-6,436		-6,436
First-time consolidation of previously non-consolidated subsidiaries for reasons of materiality	-	-	-281	-	-281
As of 30 September 2015	6,436	38,510	74,058	-5,745	113,259

Consolidated Cash Flow Statement (unaudited)

1 January to 30 September 2015

K EUR	9M 2015	9M 2014
Cash flow from operating activities		
Net income for the period	12,351	10,987
Depreciation / amortisation (+) of fixed asset assets	16,569	13,334
Income tax expenses through profit or loss (+)	4,395	4,291
Income tax paid (–)	-3,642	-4,458
Financing costs through profit or loss (+)	944	1,011
Interest paid (–)	-352	-393
Financial investment income through profit or loss (–)	-10	-1
Interest received (+)	10	1
Increase (+) / decrease (–) in accruals	4,699	246 *
Change in deferred taxes	-57	-225
Other non-cash effective expenses (+) / income (–)	-376	-721
Gain (–) / loss (+) from the disposal of assets	264	159
Profit from entities accounted for using the equity method	-1,466	-
Increase (-) / decrease (+) in inventories, trade receivables, and other current assets	-13,632	-22,619 *
Increase (+) / decrease (–) in trade payables, and other current liabilities	-1,676	9,969
Cash flow from operating activities	18,021	11,581
Cash flow from investing activities		
Cash received (+) from the disposal of tangible assets	9	16
Cash paid (–) for investments in tangible assets	-20,050	-25,592
Cash paid (–) for investments in intangible assets	-1,578	-1,914
Cash paid (-) for investments in financial	-8,931	-
Cash flow from investing activities	-30,550	-27,490
Cash flow from financing activities		
Cash received (+) from the assumption of financial liabilities	-	20,846
Cash paid (–) for the redemption of financial liabilities	-3,867	-785
Cash received (+) from the issuance of new shares	24,315	-
Dividends paid (-) to shareholders	-6,436	-5,851
Payments for investments in financial assets	-	-200
Cash flow from financing activities	14,012	14,010
Cash and cash equivalents at the end of the period		
Cash-effective changes in cash and cash equivalents (sum of positions 1–3)	1,483	-1,899
Exchange rate-related changes in cash and cash equivalents	-67	27
Cash and cash equivalents at the beginning of the period	292	2,837
Changes in cash from scope of consolidation related changes	29	-
Cash and cash equivalents at the end of the period	1,737	965

*) Prior year values adjusted; see Notes page 25.

Notes to the Interim Consolidated Financial Statements

Principles and methods used for the interim consolidated financial statements

These condensed, unaudited interim consolidated financial statements of SHW AG, Wilhelmstrasse 67, 73433 Aalen, Germany, and its subsidiaries (hereinafter referred to as the SHW Group) as of 30 September 2015, were prepared in accordance with the provisions of the International Accounting Standards for interim reporting (IAS 34) and in application of § 315a HGB in conjunction with 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 for interim reporting in the European Union (EU).

According to IAS 34, the interim consolidated financial statements do not include all of the information required to be disclosed in the consolidated financial statements at the end of a fiscal year. Therefore, these statements should be read in conjunction with the consolidated financial statements for fiscal year 2014.

SHW AG is a stock corporation under German law and is registered in the commercial register under HRB 726621. The Group's main activities are the production and sale of pumps and engine components as well as brake discs. Customers are primarily manufacturers and suppliers from the automotive industry.

These interim consolidated financial statements were forwarded by the Management Board to the Supervisory Board's Audit Committee on 20 October 2015 and concern the period from 1 January through 30 September 2015 in comparison to the same period of the previous year. The presentation of the net assets (balance sheet) is based on a comparison of the amounts as of 31 December 2014 and 30 September 2014. The interim consolidated financial statements have been prepared in euro. Unless indicated otherwise, the amounts stated in the interim consolidated financial statements are in thousands of euros.

In the opinion of the Management Board, the interim consolidated financial statements contain all customary accounting adjustments and deferrals necessary for a fair presentation of the net assets, financial position, and results of operations of the Group. The accounting and valuation methods applied to the interim consolidated financial statements for the first nine months of 2015 essentially correspond to those of the consolidated financial statements as of 31 December 2014. A detailed description of these methods is included in the notes to the consolidated financial statements as of 31 December 2014.

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full fiscal year.

The first-time application of the amendments to IAS 19: "Defined Benefit Plans Employee Contributions" and to IFRS 9/IFRS 7: "Effective date of IFRS 9 and transitional provisions" as well as the new IFRIC 21: "Levies" since 1 January 2015, have not resulted in any material changes to the interim financial statements.

In the context of a change in cost allocation in the invoicing of customer projects, there was a reclassification of research and development costs to cost of sales. The previous year's figures were adjusted accordingly (€ 2.2 million).

As part of the preparation of the interim consolidated financial statements in conformity with IFRS, to a certain extent estimates and judgements must be made that concern the recognised amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses for the reporting period. The actual amounts may differ from the estimates.

Scope of consolidation

The interim consolidated financial statements as of 30 September 2015 comprise the financial statements of the German entity SHW Automotive GmbH, Aalen, and the financial statements of SHW do Brasil Ltda., Sao Paulo/Brazil, and SHW Pumps & Engine Components Inc., Ontario/Canada in addition to those of SHW AG. Since 1 January 2015, SHW Automotive Pumps (Kunshan) Co., Ltd., Kunshan/China has also been included in the scope of consolidation because the company has commenced its operating activities.

By means of a merger agreement dated 24 June 2015, Schwäbische Hüttenwerke Zweite Beteiligungs GmbH as the transferring legal entity was merged into SHW AG as the acquiring legal entity. The merger took effect on 1 January 2015 and was entered into SHW AG's commercial register on 10 August 2015.

Investments in joint ventures

Joint ventures as defined by IFRS 11 are accounted for in accordance with IAS 28 using the equity method. In the case of joint ventures, SHW AG carries out economic activities together with other parties and subject to joint control. The controlling parties have rights to the net assets but not to the assets and liabilities. Joint ventures are recognised in the consolidated financial statements using the equity method from the date joint control exists. Based on the acquisition cost of the interest in the jointly controlled entity, the carrying amount of the investment is increased or decreased for changes in equity (both, those through profit and loss and those directly in equity) of the investment accounted for using the equity method, to the extent that these changes relate to SHW AG's allocable interest. An impairment test is carried out, provided that objective evidence is available that there has been a possible impairment of the investment's entire carrying value.

On 23 January 2015, SHW Automotive GmbH, a subsidiary of SHW AG, and Shandong Longji Machinery Co., Ltd., signed an agreement to form a brake disc joint venture for the Asian market. The Sino-Foreign Equity Joint Venture operates under the name SHW Longji Brake Discs (LongKou) Co., Ltd and is headquartered in the eastern Chinese city of LongKou (Shandong province). The company's focus will be the development and production of monobloc processed brake discs for passenger cars and light commercial vehicles mainly for multinational automotive producers in the Asian market. The joint venture commenced operations on 1 April 2015.

SHW Automotive GmbH is the majority shareholder with an interest of 51 per cent in the joint venture's share capital of RMB 215.5 million (Renminbi), and Shandong Longji holds an interest of 49 per cent. In the first quarter of fiscal year 2015, SHW Automotive GmbH made a € 8.9 million payment into the joint venture's share capital. The second instalment of the purchase price of € 6.8 million that is still outstanding has been recognised under other non-current financial liabilities.

Based on contractual arrangements between the shareholders, the joint venture is subject to joint control by the two shareholders SHW Automotive GmbH and Shandong Longji Machinery Co., Ltd. Moreover, at present, the sales and earnings development of the joint venture is still largely determined by Shandong Longji Machinery Co., Ltd. Consequently, according to the definition of IFRS 11, there is a joint arrangement.

Based on company law provisions and the contractual arrangements between both joint venture partners and in consideration of other facts and circumstances, the joint arrangement has been classified as a joint venture.

As a result, the joint venture has been recognised in SHW AG's consolidated financial statements using the equity method.

Exchange rates

The exchange rates used for the translation of the Group's key currencies are shown the following table:

		Closing rate		Average rate	
	1 Euro	30 Sept 2015	31 Dec 2014	9M 2015	9M 2014
Brazil	BRL	4.5175	3.2268	3.4807	3.0979
Canada	CAD	1.5032	1.4085	1.4021	1.4821
China	RMB	7.1301	7.4655	6.8823	-

Consolidated statement of comprehensive income and balance sheet

In an environment of continued high customer call orders, Group sales increased by € 37.0 million to € 358.5 million in the first three quarters of fiscal year 2015 compared to the same period of the previous year. The Pumps and Engine Components business segment grew sales by € 35.3 million year-on-year to € 284.0 million and the Brake Discs business segment improved its sales by € 1.7 million to € 74.4 million.

Earnings before taxes in the reporting period were € 16.8 million, or € 1.7 million higher than in the comparable period of the prior year. The tax rate in the first nine months of fiscal year 2015 declined year-on-year from 27.0 per cent to 26.4 per cent. The decline in the tax rate is primarily related to the first-time inclusion of the profit of entities accounted for using the equity method.

The calculation of earnings per share is carried out according to IAS 33.19 by dividing the Group's net income for the period by the weighted average number of shares outstanding in the fiscal year. The weighted average number of shares outstanding in the reporting period is derived as follows:

	9M 2015
Number of shares outstanding as of 1 January 2015	5,851,100
Number of shares issued on 18 February 2015	585,109
Number of shares outstanding as of 30 September 2015	6,436,209
Average number of shares outstanding	6,333,333

Companies accounted for using the equity method in the amount of € 16.5 million exclusively concern the Chinese joint venture, SHW Longji Brake Discs (LongKou) Co., Ltd., LongKou, China. In the first quarter of 2015, SHW Automotive GmbH made a € 8.9 million payment into the joint venture's share capital, which was reported under other non-current financial assets. Since 1 April 2015, the joint venture has been recognised in SHW AG's consolidated financial statements using the equity method. The second instalment of the purchase price of € 6.8 million that is still outstanding has been recognised under other non-current financial liabilities.

Summarised financial information for the SHW Longji Brake Discs (LongKou) Co., Ltd. joint venture based on 100 per cent:

K EUR	SHW Longji Brake Discs (LongKou) Co., Ltd.
Equity Interest (in %)	51%
Balance Sheet as of 30 September 2015	
Noncurrent assets	13,905
Current assets	12,504
thereof Cash and cash equivalents	4,997
Current liabilities	2,526
thereof financial liabilities	767
Net assets	23,883
Income Statement 1 April to 30 September 2015	
Sales revenue	10,076
EBITDA	1,106
Scheduled depreciation / amortisation	569
EBIT	537
Earnings before taxes	949
Income tax expenses	237
Earning after taxes	712
Comprehensive income	712

In the context of the initial measurement, prorated hidden reserves on an order backlog amounting to € 1.6 million and prorated hidden liabilities on a land use right, a building and tangible assets totalling € 0.2 million have been identified.

The difference between the cost of acquisition of the investment and the prorated net assets acquired resulted in prorated badwill of € 1.2 million, which was recognised through profit and loss under income from investments.

Reconciliation of the summarised financial information to the carrying amount in the consolidated financial statements:

K EUR	SHW Longji Brake Discs (LongKou) Co., Ltd.
Carrying amount of equity-accounted in investments as of 1 January 2015	0
Acquisition costs of investment	16,209
Negative difference from first time consolidation	1,192
Proportionate comprehensive income	363
Effects of foreign exchange differences	-1,140
Other adjustments / eliminations	-89
Carrying amount of equity-accounted in investments as of 30 Sept 2015	16,535

As a result of the strong sales growth in the first nine months of 2015, trade receivables were € 17.1 million higher as of 30 September 2015 compared to 31 December 2014. It should be taken into consideration that the level of receivables is generally low at the year's end due to seasonality. Moreover, strong sales in the month of October also contributed to the increased level of trade receivables at the end of the third quarter of 2015.

Trade receivables include impairments of € 3.4 million for disputed items that were reported under other current provisions in the previous year. The previous year's figures were adjusted accordingly (€ 1.5 million).

On 18 February 2015, SHW AG issued 585,109 new no-par value bearer shares from the capital increase against contribution in cash resolved on 17 February 2015. The new shares were placed with institutional investors as part of a private placement by way of an accelerated bookbuilding process at an issue price of € 42.00 per share. The capital increase resulted in a rise in the Company's share capital from € 5,851,100 to € 6,436,209. The subscription rights of shareholders were excluded. The new shares are fully entitled to dividends as of 1 January 2014.

Transaction costs that are directly attributable to the capital increase were recorded as a deduction from the issue proceeds in the capital reserves, taking into account the corresponding deferred taxes. Including deferred taxes, transaction costs amounted to € 0.3 million.

The € 28.8 million increase in equity to € 113.3 million compared to 31 December 2014 concerns € 24.3 million from the capital increase and € 12.4 million of net income for the first nine months of the reporting year. This development was partially offset by a dividend payment of € 6.4 million. Despite the € 33.3 million rise in total assets, the equity ratio increased to 46.6 per cent compared with 40.3 per cent at the end of fiscal year 2014.

As of 30 September 2015, net bank liabilities of the SHW Group amounted to € 9.0 million, or € 5.3 million lower than their value as of 31 December 2014. The positive cash flows from operating and financing activities, which more than compensated for the negative cash flow from investing activities, made it possible to repay bank liabilities of € 3.9 million. Bank liabilities in the amount of € 10.8 million are comprised of two loans totalling € 2.8 million and an operating credit line of € 8.0 million. As of 30 September 2015, this credit line was utilised by guarantees amounting to € 1.1 million.

Financial instruments – Measurement at fair value (Fair Value Approach)

A detailed overview of the financial instruments held by the Group was given in the 2014 consolidated financial statements. In accordance with IFRS 7, assets and liabilities carried at fair value in the balance sheet are to be categorised according to the three levels of the fair value hierarchy:

a) (Unadjusted) prices that are quoted in active markets for identical assets or liabilities (Level 1);
b) Input data that are either directly (as prices) or indirectly observable (derived from prices) for the asset or liability, whereby the input data do not constitute quoted prices pursuant to Level 1 (Level 2);
c) Input data applied to the asset or liability that are not based on observable market data (non-observable input data) (Level 3).

The investments listed in the consolidated financial statements have been allocated to Level 3 since there is no active market for these investments.

Segment reporting

Segment reporting is based upon the "management approach". Operating segments are determined on the basis of internal reports as defined by IFRS 8, which are regularly used by the Chief Operation Decision Maker to decide on the distribution of resources and assess profitability. The profitability of individual segments is established on the basis of the operating result (EBIT) and EBITDA. The EBIT of the segments and the operating result of the Group are determined in accordance with IFRS. The EBITDA of the segments and the Group includes the respective depreciation/amortisation. Financial expenses, financial income and income taxes are administered at the Group level, with the exception of the result of equity investments, which are directly allocated to the Brake Discs business segment. The Pumps and Engine Components segment manufactures pumps and engine components as well as sintered metallurgy products for the automotive industry. The Brake Discs segment produces unprocessed and processed brake discs for the automotive industry. Transactions between the segments are generally based on market conditions identical to those applying to transactions with third parties.

Business segments (unaudited) for the period from 1 January to 30 September

	Pumps and Engine Components		Brake Discs		Other / eliminations / consolidation effects		Group	
K EUR	2015	2014	2015	2014	2015	2014	2015	2014
Segment sales	284,034	248,720	74,420	72,706	-	-	358,454	321,426
Segment EBIT	12,883	13,844	4,542	3,340	-1,166	-1,121	16,259	16,063
Segment EBITDA	25,982	23,901	7,805	6,410	-959	-914	32,828	29,397
Financial result	-	-	1,466	-	-934	-1,010	532	-1,010
Earnings before taxes	12,883	13,844	6,008	3,340	-2,100	-2,131	16,791	15,053
Scheduled segment depreciation / amortisation	13,099	10,057	3,263	3,070	207	207	16,569	13,334
Segment capital investments	13,802	17,648	5,158	6,963	365	118	19,325	24,729
Material segment expenses	-	1,800 [1]	-	-	168 [2]	-	168	1,800
Number of customers with sales > 10 % of total sales	2	2	1	1	-	-	2	2
VW Group	115,997	93,577	39,573	39,038	-	-	155,570	132,615
Daimler Group	64,147	61,112	114	63	-	-	64,261	61,175

[1] Additional start-up costs for a large series product
[2] Changes in the Board

Business segments (unaudited) for the period from 1 July to 30 September

	Pumps and Engine Components		Brake Discs		Other/ eliminations / consolidation effects		Group	
K EUR	2015	2014	2015	2014	2015	2014	2015	2014
Segment sales	93,275	85,591	25,068	23,763	-	-	118,343	109,354
Segment EBIT	2,992	4,641	1,555	1,094	-521	-189	4,026	5,546
Segment EBITDA	7,759	8,351	2,710	2,158	-444	-122	10,025	10,387
Financial result	-	-	144	-	-319	-386	-175	-386
Earnings before taxes	2,992	4,641	1,699	1,094	-840	-575	3,851	5,160
Scheduled segment depreciation / amortisation	4,767	3,710	1,155	1,064	77	67	5,999	4,841
Segment capital investments	3,456	5,858	1,393	835	139	35	4,988	6,728
Material segment expenses	-	900 [1]	-	-	-	-	-	900
Number of customers with sales > 10 % of total sales	2	2	1	1	-	-	2	2
VW Group	36,116	29,727	14,081	13,466	-	-	50,197	43,193
Daimler Group	22,657	23,230	14	16	-	-	22,671	23,246

[1] Additional start-up costs for a large series product

Development of Group sales by region

Sales are regionally allocated according to the respective domicile of the consignees. The following overview presents the regional allocation of sales of the SHW Group.

K EUR	Q3 2015	Q3 2014	9M 2015	9M 2014
Germany	75,826	71,253	220,216	205,327
Rest of Europe	39,827	35,807	130,277	109,985
America	1,927	1,938	6,242	5,256
Other	763	356	1,719	858
Group	118,343	109,354	358,454	321,426

Events after the balance sheet date

There were no events after the interim balance sheet date that required additional disclosure.

Governing bodies, relationships with related parties

The following persons comprise the members of the Supervisory Board:

Georg Wolf, Dietzenbach, Chairman
Previously Chairman of the Management Board of ixetic GmbH, Bad Homburg v.d. Höhe (meanwhile: Magna Powertrain GmbH)

Christian Brand, Karlsruhe, Deputy Chairman
Chairman of the Supervisory Board of Landesbank Baden-Württemberg

Kirstin Hegner-Cordes, Munich
Independent Consultant

Prof. Dr.-Ing. Jörg Ernst Franke, Marloffstein
Holder of the Chair for Automated Manufacturing and Production Engineering at the University of Erlangen-Nuremberg

Edgar Kühn, Aalen
Chairman of the Central Works Committee at SHW Automotive GmbH, Chairman of the Works Committee at SHW Automotive GmbH, Aalen-Wasseralfingen facility

Frank-Michael Meißner, Tuttlingen
Member of the Works Committee at SHW Automotive GmbH, Tuttlingen facility

Collateral issued and other financial obligations

Collateral issued and other financial obligations reported in the consolidated financial statements as of 31 December 2014 have not changed materially in the January to September 2015 period.

Assurance of the legal representatives

We assure to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim group management report represents a fair view of the performance of the business and the position of the Group as well as the principal opportunities and risks associated with the expected development of the Group for the remainder of the fiscal year.

Aalen, 28 October 2015

The SHW AG Management Board

Dr.-Ing. Frank Boshoff	Sascha Rosengart	Andreas Rydzewski
Chief Executive Officer	Chief Financial Officer	Member of the Management Board

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This interim report is also available in German. In case of doubt, the German version of this report is legally binding.

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