



PRESS RELEASE

SHW AG: Stable outlook for 2015 – rigorous focus on efficiency

- Sales increased by 11.5 per cent to € 358.5 million in the first nine months of fiscal year 2015
- Adjusted EBITDA of € 33.0 million is only slightly higher than the previous year value of € 31.2 million due to delays in implementing the efficiency programmes in the Pumps and Engine Components business segment
- First order received from a leading Chinese automotive manufacturer for transmission oil pumps underpins SHW's internationalisation and product strategy

Aalen, 28 October 2015. SHW AG, one of the leading automotive suppliers of CO₂-relevant pumps and engine components, as well as composite brake discs, published its figures for the first nine months of fiscal year 2015 today.

SHW AG achieved sales growth of 11.5 per cent for a total of € 358.5 million (previous year € 321.4 million) in the period from January to September 2015 with an average of 1,281 employees. This sales development was largely supported by the continued high level of customer call orders during the summer, particularly in the Pumps and Engine Components business segment. Over the same period, order intake grew by 4.7 per cent compared to the previous year and amounted to € 343.9 million (previous year € 328.6 million).

In the first three quarters of 2015 adjusted Group earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) increased only slightly from € 31.2 million to € 33.0 million due to delays in implementing the efficiency programmes in the Pumps and Engine Components business segment.

Dr. Frank Boshoff, Chief Executive Officer of SHW AG summarised the quarter saying: "The development in the past nine months makes it abundantly clear that in the months to come we must fully concentrate on fixing the delay in implementing our efficiency programmes in the Powder Metallurgy division. Our three-pronged approach including capacitive, technological and organisational measures, to raise efficiency will enable the Powder Metallurgy division to make a substantial contribution to the earnings improvement expected in fiscal year 2016."

Delays in implementing the efficiency programmes in Powder Metallurgy and Pump Assembly affect financial results

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 to a total of € 237.7 million (previous year € 201.4 million) as a result of high 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 2015 by 10.2 per cent from € 40.6 million to € 44.7 million.

Segment earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) increased slightly from € 25.7 million to € 26.0 million in the January to September 2015 reporting period. The corresponding EBITDA margin declined from 10.3 per cent to 9.1 per cent.

This margin development was primarily caused by the delayed implementation of efficiency measures regarding the operational and logistical challenges in the Powder Metallurgy division at the Aalen-Wasseraffingen site and in the Pump Assembly at the Bad Schussenried site.

The development of the international operations of the Pumps and Engine Components business segment differed from one country to another in the first nine months. The sales and earnings development of the Brazilian subsidiary SHW do Brasil Ltda. was below expectations in the third quarter of 2015 following a three-week plant closure of a large automotive manufacturer. Nevertheless, the Brazilian location has made a positive contribution to earnings year-to-date. The international operations of the subsidiaries in Canada and China proceeded as planned.

First order received from a leading Chinese automotive manufacturer for transmission oil pumps underpins SHW's internationalisation and product strategy

SHW's recent nomination as a series supplier of transmission oil pumps by a leading Chinese automotive manufacturer is an important first step in successfully implementing SHW's product strategy focused on primary transmission oil pumps and, at the same time, establishing itself in the Chinese supplier market. According to the current plan, production is scheduled to begin in the course of 2017. SHW plans to produce the pumps at its Chinese location in Kunshan. The lifetime value will be roughly € 70 to € 80 million.

Brake Discs business segment stays on the road to success

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 to 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.

Segment earnings before interest, taxes, depreciation and amortisation of tangible and intangible assets (adjusted EBITDA) improved compared to the previous year by 21.8 per cent to € 7.8 million (previous year € 6.4 million). The EBITDA margin reached a record for a nine-month period of 10.5 per cent. "This means we have reached our target level of more



than 10 per cent. Now it is important to continue to follow this path consistently and raise the still existing productivity potentials in the foundry and the processing of brake discs", emphasised Andreas Rydzewski, Member of the Management Board and responsible for the Brake Discs business segment.

Effective cash management promotes lower net debt

By means of active working capital and cash management and the capital increase carried out in February, SHW was able to lower its net debt year-on-year by 63.6 per cent to € 9.0 million. "With our thoroughly solid financial profile, we have significantly raised our operational and strategic headroom," explained Sascha Rosengart, Chief Financial Officer of SHW AG.

Stable outlook for 2015

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.

Based on 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 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.

In early December, SHW AG will publish a business update including statements on its mid-term planning until the year 2020.



Key financial figures for the third quarter and first nine months of 2015 (in K EUR)

Key figures - SHW Group	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%	-
Key figures - Pumps & Engine Components	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%	-
Key figures - Brake Discs	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%	-



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 industry 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 located in Bad Schussenried, Aalen-Wasseralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck, one site in Brazil (Sao Paulo) and a sales and development centre in Toronto, Canada. Besides, SHW Automotive GmbH also holds a 51 per cent interest in the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., in LongKou, China. With just over 1,150 employees, the Company generated Group sales in fiscal year 2014 of € 430 million. Further information is available at: www.shw.de

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Future-oriented statements

This press release contains certain future-oriented statements that are based on current assumptions and forecasts made by the management of SHW AG. Various known and unknown risks, uncertainties and other factors may lead to the actual results, financial position, development or performance of the company deviating considerably from the appraisals specified here. The company assumes no obligation to update future-oriented statements of this nature or adapt them to future events or developments.

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