

FOCUS

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Company profile

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-Wasserralfingen, Tuttlingen-Ludwigstal and Neuhausen ob Eck, one site in Brazil (Sao Paulo) and China (Kunshan) and has 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 1,250 employees, the Company generated Group sales in fiscal year 2015 of € 463 million. Further information is available at: www.shw.de

Highlights of the first quarter of 2016

- Sales after three months lower than previous year, as expected
- Operating margin increased to 10.1 per cent
- Sales and earnings forecast for the year as a whole confirmed

Key performance indicators for the SHW Group

K EUR	Q1		Change
	2016	2015	
Sales	106.604	116.989	-8,9%
EBITDA adjusted	10.760	11.038	-2,5%
as % of sales	10,1%	9,4%	-
EBIT adjusted	4.813	6.051	-20,5%
as % of sales	4,5%	5,2%	-
ROCE	14,4%	16,9%	-
Net income for the period	3.308	4.085	-19,0%
Earnings per share (EUR)	0,51	0,67	-22,9%
Investments	4.999	6.216	-19,6%
as % of sales	4,7%	5,3%	-
Working capital as % of sales	10,6%	10,5%	-
Equity ratio	51,0%	48,0%	-
Operating free cash flow	-6.706	-9.946	-32,6%
Net liquidity / Net financial debt	5.576	-8.863	

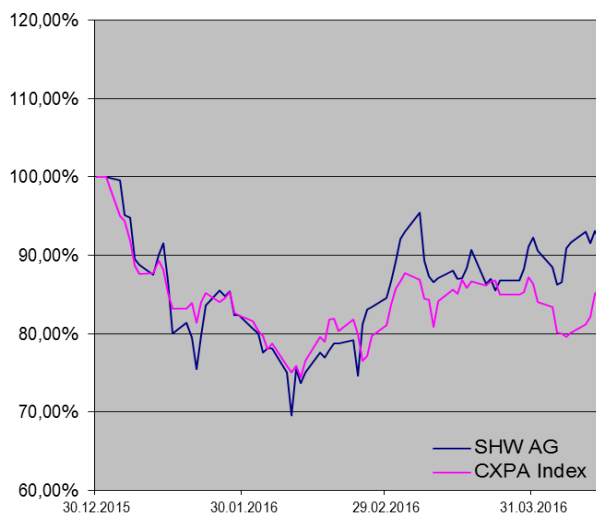
The SHW share

Weak oil price results in high volatility on the stock markets

In the first quarter of 2016, the fall of the oil price to a twelve-year low, weak leading indicators in the USA and Europe, economic data which remained weak in China, the high volatility of the Chinese renminbi, the collapse of the Chinese stock market at the beginning of the year, the start of discussions over the United Kingdom's possible withdrawal from the European Union ("Brexit"), the stronger euro and the terror attacks in Brussels on 22 March 2016 all led to highly volatile stock markets. The stock markets were buoyed by the persistent expansionary policy of the central banks in the eurozone, Japan and China, the robust US labour market, the temporary recovery of the oil price following plans announced by Russia and Saudi Arabia to freeze oil production quotas and the stable figures for new passenger car registrations worldwide.

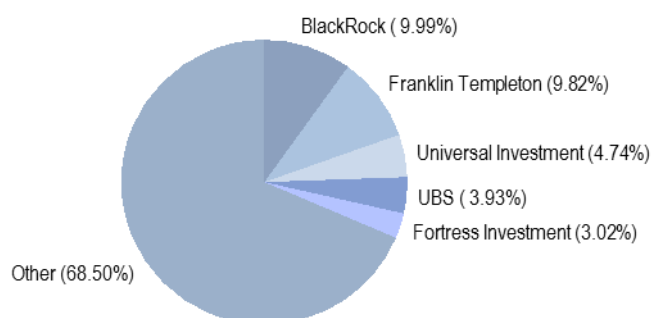
In this context, with the exception of the leading American index, the Dow Jones, the key international market indexes suffered very significant losses in some cases. Fears of a possible recession in the USA and a "hard landing" in China considerably dampened sentiment for automobile stocks in January and February. Overall, the stocks prices of the constituents of the DAXsector Automobile Performance index (CXPA) fell by 13.7 per cent to 1,377 points. The SHW share ended the first quarter of 2016 at a share price of € 24.83 and thus outperformed the DAXsector Automobile Performance index (CXPA) by 5.9 percentage points. The SHW share is currently trading at € 25.37 (as at 2 May 2016).

Price trend for SHW share and DAXsector Automobile Performance index (CXPA) in the period from January 2016 to April 2016



Shareholder structure: free float still 100 per cent

In line with Deutsche Börse AG's definition, 100 per cent of SHW's shares continue to be held in free float. 9.99 per cent of these shares – on the basis of the latest voting rights notifications – are held by the world's largest asset manager, BlackRock (USA). The second-largest individual shareholder, with a stake of 9.82 per cent of the voting rights, is the American investment firm Franklin Templeton. Between 3 and 5 per cent of SHW's shares are held by Universal Investment (Germany), UBS (Switzerland) and Fortress Investment (USA).



Continuing high level of interest on the part of institutional investors

SHW Investor Relations aims to ensure a fair evaluation of the SHW share by the capital market. It does so on the basis of a continuous and open dialogue with all market participants and by providing precise and valuation-relevant information.

As a capital market-oriented industrial firm quoted in the Frankfurt Stock Exchange's Prime Standard segment, SHW AG mainly satisfies market participants' information requirements by means of its quarterly financial reports published three times a year and by actively participating in investor conferences and road shows.

In the period up to and including the end of April, the Management Board and the Investor Relations team of SHW AG provided detailed responses to questions from institutional investors at Kepler Cheuvreux's German Corporate Conference in Frankfurt and Bankhaus Lampe's Germany Conference in Baden-Baden. The investors and analysts conference held on 24 February 2016 in Frankfurt met with a very strong response and was also attended by non-German participants for the first time. The Company held a significantly increased number of individual discussions with institutional investors at its production sites.

In the second quarter of 2016, SHW AG will participate in the Berenberg Energy Efficiency & Construction Conference in Zurich. In the remainder of the year, management roadshows will be held in response to the increasing level of interest from investors in Scandinavia and Scotland.

The Company's Investor Relations team will be pleased to assist you with any questions you may have in relation to SHW AG. The Company's IR website offers initial guidance (www.shw.de/cms/en/investor_relations). Please feel free to request any further information which you may require. SHW Investor Relations looks forward to hearing from you!

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Interim Group management report

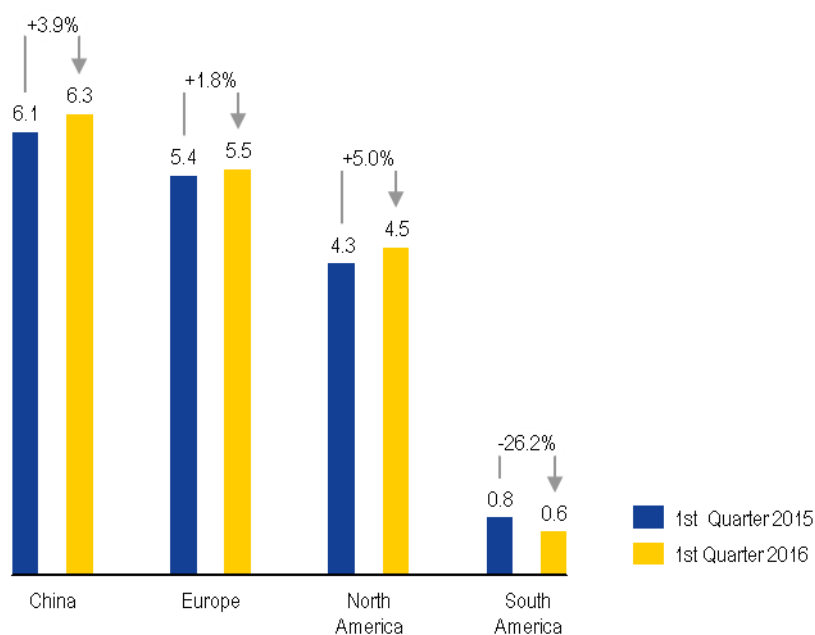
Industry environment

The key factor for any assessment of the industry environment is the production light vehicles (vehicles < 6 tonnes) and related production of engines and transmissions in Europe, China and North America.

Moderate increase in automobile production, with strong regional variations

According to the most recent surveys conducted by the research firm IHS, in the first quarter of 2016, production of light vehicles (vehicles < 6 tonnes) increased worldwide by 0.9 per cent, from 22.6 million units to 22.8 million units. The trend varied considerably in the world's key regions.

Production of light vehicles by region (millions of units)



Source: IHS

In North America, 4.5 million vehicles (+5.0 per cent) came off the production line as consumer demand remained robust. Most of this related to the increase in production in the USA (+5.2 per cent to 3.0 million units) and Canada (+17.9 per cent to 0.6 million units).

China also maintained a growth trajectory and registered a growth rate of 3.9 per cent, producing 6.3 million vehicles. In Europe (incl. Russia), production figures increased by 1.8 per cent, from 5.4 million vehicles to 5.5 million vehicles. The United Kingdom (+13.1 per cent to 0.48 million units), Spain (+6.2 per cent to 0.76 million units), France (+7.6 per cent to 0.55 million units), the Czech Republic

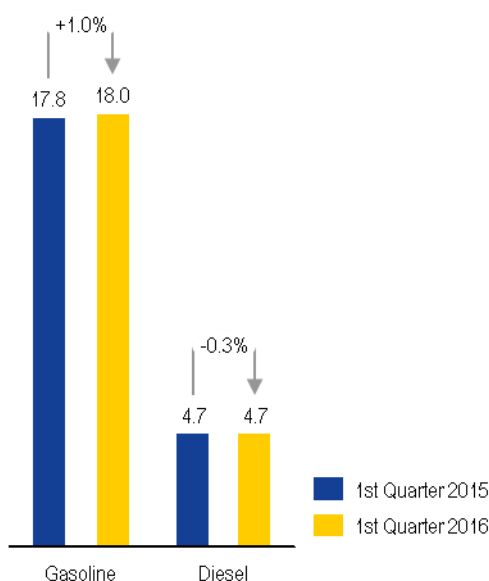
(+9.2 per cent to 0.35 million units) and Italy (+11.7 per cent to 0.26 million units) were the main sources of this volume growth. In Germany, the key production location in Europe, the level of production increased by 1.5 per cent to 1.56 million vehicles on the same quarter in the previous year. Vehicle production once again declined sharply in Russia, which with 0.24 million units fell short of the previous year's level by 31.5 per cent.

Vehicle production in South America also declined significantly. The light vehicle production fell by 26.2 per cent to 0.59 million units, particularly in the context of a persistent serious recession in Brazil.

Feared consumer restraint in relation to diesel engines fails to materialise

In the first quarter of 2016, production of engines for light vehicles (< 6 tonnes) increased worldwide by 0.9 per cent to 22.8 million units. The production of diesel engines declined slightly, falling by 0.3 per cent to 4.7 million units. The feared consumer restraint has thus failed to materialise. With a share of 79.0 per cent, or 18.0 million units, gasoline engines remained the dominant drive concept in the first quarter of 2016. With 0.1 million units, electric motors played a very minor role.

Engine production worldwide (millions of units)



Source: IHS

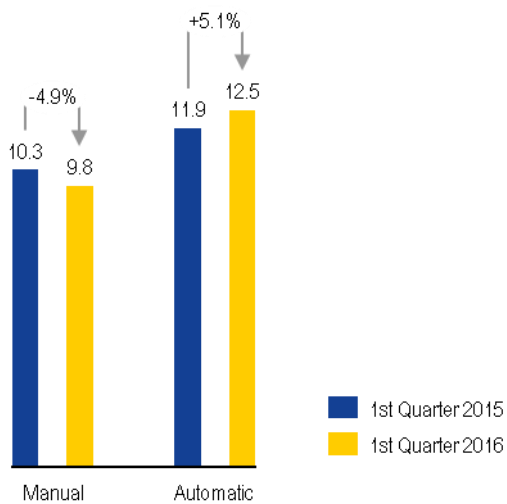
In Europe (incl. Russia), a total of 6.9 million engines (+0.9 per cent on the previous year) were manufactured. Production of diesel engines increased by 1.6 per cent to 2.8 million units, while production of gasoline engines declined by 0.2 per cent to 3.0 million units. In the first quarter of 2016, North America remained a market for gasoline engines, with an engine production of 4.1 million units (market share: 96.1 per cent). Production of gasoline engines reached a 3.9 million units (+2.6 per cent), while production of diesel engines stagnated at the previous year's level of 0.1 million units. Engine production in China increased by a total of 3.7 per cent to 6.3 million units in the first quarter of 2016.

Of this, 5.8 million units related to gasoline engines (market share: 92.5 per cent), and 0.4 million units to diesel engines.

Above-average growth rates in the field of automatic transmission production

In the first quarter of 2016, transmission production increased worldwide by 0.9 per cent to 22.8 million units. Production of automatic transmissions increased at an above-average rate of 5.1 per cent, from 11.9 million units to 12.5 million units. Their share of overall production thus rose from 52.4 per cent to 54.6 per cent. China was the main source of growth here, with 22.9 per cent growth of automatic transmissions to 2.0 million units. In North America and Europe, the proportion of automatic transmissions likewise continued to increase. Production in Europe rose by 0.3 per cent to 2.1 million units – these transmissions' share of overall production thus increased from 36.3 per cent to 36.8 per cent. In North America, 3.6 million units automatic transmissions were manufactured, 9.1 per cent more than in the first quarter of 2015. The share of overall production amounts to 97.4 per cent.

Transmission production worldwide (millions of units)



Source: IHS

Business performance and results of operations, net assets and financial position of the SHW Group

Key performance indicators for the SHW Group

K EUR	Q1		Change
	2016	2015	
Sales	106,604	116,989	-8.9%
EBITDA adjusted	10,760	11,038	-2.5%
as % of sales	10.1%	9.4%	-
Depreciation (excl. PPA)	5,947	4,987	19.3%
as % of sales	5.6%	4.3%	-
EBIT adjusted	4,813	6,051	-20.5%
as % of sales	4.5%	5.2%	-
ROCE	14.4%	16.9%	-
Net income for the period	3,308	4,085	-19.0%

Results of operations

Decline in sales in the first three months

In the first quarter of 2016, SHW AG reported Group sales of € 106.6 million (previous year € 117.0 million). As well as the expected decline in sales in the Pumps and Engine Components business segment, sales in the Brake Discs segment suffered due to factors including significantly lower scrap prices on account of reduced material surcharges.

Cost of sales ratio at same level as in previous year

In the reporting period, the cost of sales decreased by 8.8 per cent, from € 104.4 million to € 95.2 million, in line with the sales trend. The cost of sales ratio was thus unchanged on the previous year at 89.3 per cent.

The negative effects of the lower total output were entirely made up for through productivity gains achieved through the efficiency measures implemented in powder metallurgy at the Company's Aalen-Wasseraffingen plant and the associated elimination of operational and logistical bottlenecks in the pump assembly at its Bad Schussenried plant.

Selling and administrative expenses influenced by internationalisation

In the first three months of the fiscal year 2016, general selling and administrative expenses increased from € 4.3 million to € 4.9 million. In particular, this increase reflects the establishment and expansion of the Company's international sites.

Research and development costs stable

In the first three months of 2016, research and development costs were € 0.3 million lower than in the previous year at € 1.7 million. In addition, development costs of € 0.2 million (previous year € 0.3 million) were capitalised. Further development services were billed within the scope of customer orders. The R&D ratio (including capitalised development costs) accordingly amounts to 1.7 per cent of sales (previous year 2.0 per cent). Transmission oil pumps and the electrification of pumps were the core areas of development in the Pumps and Engine Components business segment. The Brake Discs business segment is focusing on the ongoing development of high-quality composite brake discs and other lightweight concepts.

Other operating income and expenses

The balance of other operating income and other operating expenses improved in the first three months of 2016 by € 0.3 million compared to the same period in the previous year. This improvement relates to the reversal of accruals in particular.

EBITDA margin increased to 10.1 per cent

In the first three months of 2016 adjusted consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA adjusted) amounts to € 10.8 million (previous year € 11.0 million). At 10.1 per cent, the corresponding operating margin is significantly higher than the previous year's level of 9.4 per cent.

The Pumps and Engine Components business segment recorded adjusted EBITDA of € 9.5 million (previous year € 9.3 million). Adjusted EBITDA in the Brake Discs business segment amounted to € 1.6 million (previous year € 2.1 million).

Adjusted EBIT declined due to significant increase in depreciation

Due to a 19.3 per cent investment-related increase in depreciation from € 5.0 million to € 5.9 million, adjusted income before interest and tax (EBIT adjusted) decreased from € 6.1 million to € 4.8 million. The adjusted EBIT margin accordingly decreased to 4.5 per cent, compared to 5.2 per cent in the previous year.

Of the adjusted EBIT figure, € 4.8 million relates to the Pumps and Engine Components business segment and € 0.5 million to the Brake Discs business segment.

ROCE influenced by internationalisation, working capital and high depreciation

The return on capital employed (ROCE) decreased from 16.9 per cent to 14.4 per cent in the first quarter of 2016.

K EUR	31.03.2016	31.03.2015
Goodwill	7,055	7,055
Other intangible assets	10,499	12,355
Property, plant and equipment	94,704	94,126
Deferred tax assets	4,741	4,412
Joint ventures accounted for according to the equity method	16,096	0
Other (financial) assets (non-current)	858	1,246
Inventories	42,348	44,007
Trade receivables	45,662	57,341
Other (financial) assets	3,772	3,723
Capital employed asset item	225,735	224,265
Deferred tax liabilities	-3,084	-3,325
Other accruals (non-current)	-3,972	-3,652
Other financial liabilities (non-current)	-132	-130
Trade payables	-40,018	-54,941
Other financial liabilities (current)	-8,435	-7,241
Income tax liabilities	-1,972	-483
Other accruals (current)	-10,394	-3,274
Other liabilities	-10,367	-10,804
Capital employed liability item	-78,374	-83,850
Capital employed	147,361	140,415
EBIT adjusted (12 months)	19,790	23,691
Net income from joint ventures accounted for according to the equity method (12 months)	1,467	0
EBIT adjusted including net income from joint ventures accounted for according to the equity method (12 months)	21,257	23,691
ROCE	14.4%	16.9%

Financial result and income from investments

In the period from January to March 2016, the balance of financial income and expenses – excluding income from investments – was slightly higher than in the previous year. In particular, this reflects a lower average level of financial debt compared to the previous year.

Net income from joint ventures accounted for according to the equity method exclusively relates to the Chinese joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., which has been included in the consolidated financial statements of SHW AG since 1 April 2015.

Income taxes

Income taxes decreased by € 0.3 million to € 1.3 million, due to the lower pre-tax earnings in the first three months of the fiscal year 2016. At 28.5 per cent, the Group's tax ratio roughly matches the previous year's level of 28.3 per cent.

Net income for the period

Earnings after tax decreased accordingly by € 0.8 million to € 3.3 million in the first quarter of the fiscal year 2016. In the first three months of 2016, earnings per share reached € 0.51, compared with € 0.67 in the previous year.

Development of the business segments

Pumps and Engine Components business segment

Key performance indicators Pumps and Engine Components

K EUR	Q1		Change
	2016	2015	
Sales	85,946	92,537	-7.1%
EBITDA adjusted	9,548	9,272	3.0%
as % of sales	11.1%	10.0%	-
Depreciation (excl. PPA)	4,769	3,906	22.1%
as % of sales	5.5%	4.2%	-
EBIT adjusted	4,779	5,366	-10.9%
as % of sales	5.6%	5.8%	-
ROCE	19.2%	21.0%	-

Declining sales trend in line with expectations

The Pumps and Engine Components business segment reported sales of € 85.9 million in the first three months of 2016 (previous year € 92.5 million). Sales in the Passenger Car division declined from € 77.0 million to € 71.2 million. The anticipated decline in sales results, inter alia, from the termination of a contract for camshaft phasers for diesel vehicles as part of a customer's changeover to the urea injection system (SCR technology). The Industry division contributed € 7.4 million to sales (previous year € 7.5 million). The Powder Metallurgy division closed the first quarter of 2016 with consolidated sales of € 7.3 million (previous year € 8.0 million).

EBITDA margin increased to 11.1 per cent

Despite the decline in sales, the Pumps and Engine Components business segment recorded improved adjusted EBITDA of € 9.5 million in the period under review (previous year € 9.3 million). The corresponding EBITDA margin increased from 10.0 per cent to 11.1 per cent.

The measures to boost productivity in Powder Metallurgy were completed as scheduled at the Aalen-

Wasseraufhängung plant at the end of the first quarter 2016. The operational and logistical bottlenecks in pump assembly at the Bad Schussenried plant have thereby also been eliminated. Considerably lower costs for external processing, finishing and special shipments have made a significant contribution to the improved EBITDA margin.

The business of the foreign subsidiaries in Canada and China developed as planned. The operating segment earnings suffered due to the costs for the establishment and expansion of these two foreign plants, as well as to the weak Brazilian automobile market.

EBIT influenced by significantly higher depreciation

Due to the 22.1 per cent investment-related increase in depreciation to € 4.8 million, the segment's adjusted earnings before interest and tax (EBIT adjusted) decreased from € 5.4 million to € 4.8 million. The adjusted EBIT margin accordingly decreased to 5.6 per cent, compared to 5.8 per cent in the previous year.

Development of the Brake Discs business segment

Key performance indicators Brake Discs

K EUR	Q1		Change
	2016	2015	
Sales	20,658	24,452	-15.5%
EBITDA adjusted	1,591	2,127	-25.2%
as % of sales	7.7%	8.7%	-
Depreciation (excl. PPA)	1,102	1,010	9.1%
as % of sales	5.3%	4.1%	-
EBIT adjusted	489	1,117	-56.2%
as % of sales	2.4%	4.6%	-
ROCE	10.8%	13.1%	-

Sales influenced inter alia by reduced material surcharges

In the Brake Discs business segment, sales declined by 16 per cent to € 20.7 million in the first three months of the 2016 fiscal year. This was partly due to the clear decline in sales of one-piece brake discs, in contrast to an increase in composite brake discs. Considerably fallen cost prices for scrap also contributed to the decline in sales. These prices are passed on to customers as a variable price component in the form of reduced material surcharges.

EBITDA margin of 7.7 per cent

Thanks to positive product mix effects, the lower capacity utilisation was largely made up for. Adjusted EBITDA in the Brake Discs business segment declined by € 0.5 million in the period under review to € 1.6 million. However, the corresponding EBITDA margin only decreased from 8.7 per cent to 7.7 per cent. Since lower scrap prices were passed on to customers, they did not have any significant impact on earnings.

EBIT adjusted influenced by higher depreciation

Due to a further 9.1 per cent increase in depreciation to € 1.1 million, adjusted earnings before interest and tax (EBIT adjusted) decreased from € 1.1 million to € 0.5 million. The adjusted EBIT margin accordingly decreased to 2.4 per cent, compared to 4.6 per cent in the previous year.

Net asset position

Fixed assets

As at 31 March 2016, property, plant and equipment were at the same level as in the previous year at € 94.7 million.

The item joint ventures accounted for according to the equity method increased by € 16.1 million compared to the previous year. This is attributable to the first-time inclusion of the Chinese joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., according to the equity method as at 1 April 2015 in the consolidated financial statements of SHW AG. On the other hand, the first-time inclusion of the joint venture resulted in a decrease in other non-current financial assets, which included a contribution in the amount of € 8.9 million already provided for the share capital of SHW Longji Brake Discs (LongKou) Co., Ltd.

Working capital ratio below 11 per cent

K EUR	31.03.2016	31.03.2015	Change in absolute terms	Change as %
Inventories	42,348	44,007	-1,659	-3.8%
Trade receivables	45,662	57,341	-11,679	-20.4%
Trade payables	-40,018	-54,941	14,923	-27.2%
Working capital	47,992	46,407	1,585	3.4%
as % of sales	10.6%	10.5%	-	-

As at 31 March 2016, working capital increased by € 1.6 million compared to the previous year and amounted to € 48.0 million. At 10.6 per cent, the working capital ratio –referring to the Group sales over the past twelve months – matched the previous year’s level and fell slightly short of the long-term target of 11.0 per cent.

As of the end of the first quarter of 2016, inventories had been reduced by € 1.7 million compared to 31 March 2015. In particular, inventories decreased due to a reduced volume of customer projects following billing of completed projects. Conversely, the decline in delivery backlogs and the improvement in delivery readiness resulted in a build-up in some inventories.

The 20.4 per cent-decrease in trade receivables to € 45.7 million compared to 31 March 2015 is clearly disproportionately higher than the 8.9 per cent decline in sales and is mainly attributable to a targeted accounts receivable management.

Trade payables decreased by € 14.9 million on the same quarter in the previous year to € 40.0 million.

In particular, this trend reflects the lower business volume in the first quarter of 2016 and the comparatively low fixed asset additions.

Equity ratio above 50 per cent

Equity increased by € 6.6 million to € 119.1 million compared to 31 March 2015. In particular, net income over the past twelve months with a total volume of € 13.6 million boosted the Company's equity. This contrasts with a dividend payment of € 6.4 million. With a virtually unchanged balance sheet total of € 233.5 million, this led the equity ratio to increase from 48.0 per cent as at 31 March 2015 to 51.0 per cent as at 31 March 2016.

Other liabilities and accruals

The increase in other current financial liabilities relates to the second purchase price instalment still outstanding for the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd., in the amount of € 6.6 million.

The € 7.1 million increase in other current accruals to € 10.4 million results, in particular, from an increased requirement for customer project- and product-related accruals.

Financial position

Free cash flow in the first quarter of 2016 influenced by lower investments

K EUR	Q1	
	2016	2015
Cash flow from operating activities	-1,707	-1,427
Cash flow from investing activities (intangible assets and property, plant and equipment)	-4,999	-8,519
Free operating cash flow	-6,706	-9,946
Cash flow from investing activities (financial assets)	0	-8,894
Total free cash flow	-6,706	-18,840
Other items (in particular, capital increase/dividend payments)	-46	24,333
Change in net liquidity	-6,752	5,493

Over the first three months of the fiscal year 2016, the SHW Group generated cash flow from operating activities in the amount of € -1.7 million (previous year € -1.4 million). On the basis of a € 0.8 million decrease in net income for the period, higher depreciation (€ +0.9 million) and reduced use of accruals (€ +1.5 million), had a particularly positive influence on the Company's operating cash flow. Cash-effective changes to inventories, receivables and liabilities (€ -2.2 million) in particular had the opposite effect. Compared to year-end business-related increase in working capital in the first quarter of 2016 matched the previous year's level of € 15.5 million and was thus the major cause of the negative operating cash flow.

In the first three months of 2016, cash flow from investing activities relating to intangible assets and property, plant and equipment was lower than the previous year's figure of € -8.5 million at € -5.0 million. Of the fixed asset additions in the first three months of the reporting year, € 3.5 million related

to the Pumps and Engine Components business segment and € 1.5 million to the Brake Discs business segment.

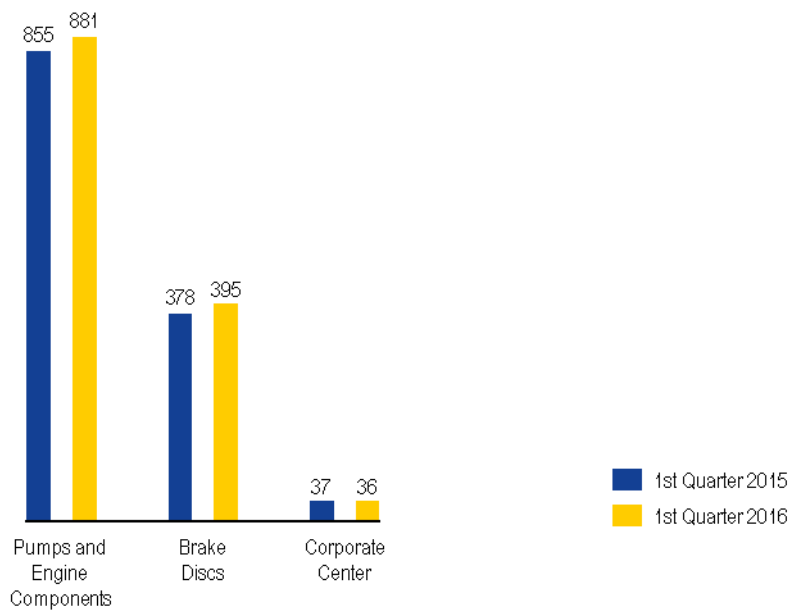
Net liquidity increased by € 14.4 million

The net liquidity position amounted to € 5.6 million at the end of the first quarter. This represents an improvement of € 14.4 million on the previous year's figure. In particular, this is due to an operating free cash flow in the amount of € 21.3 million, which was generated over the past twelve months.

Employees

In the first three months of the fiscal year 2016, the Group's average number of employees increased on the previous year from 1,270 to 1,312. The majority of this increase in the Group's workforce accounted for the Pumps and Engine Components business segment and also affected its international locations at which the number of employees grew from 16 to 24.

Average number of employees



Report on risks and opportunities

No significant changes have resulted in the assessment of the risks and opportunities for the SHW Group compared to the comments on risks and opportunities provided in the Company's annual report for 2015 (pages 63 to 70 and 73 to 74).

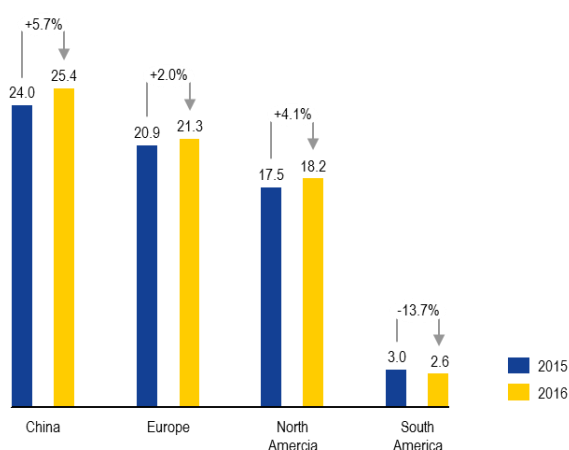
Forecast

Outlook for sector

Further moderate rise in vehicle production

Based on the most recent forecasts, the IHS market research institute expects the global light vehicle production (vehicles < 6 tonnes) to increase by 3.0 per cent in 2016, from 88.6 million vehicles to 91.3 million vehicles. This growth will mainly be underpinned by production growth in China and North America. IHS assumes growth of 5.7 per cent to 25.4 million vehicles for China, and for North America an increase of 4.1 per cent to 18.2 million vehicles. For the South America region, following the sharp decline in the previous year IHS envisages another significant downturn in production figures of 13.7 per cent, to 2.6 million vehicles.

Production of light vehicles by region (millions of units)



Source: IHS

The further increase in internal demand in the European Union and rising overseas exports represent the basis for another relatively good year for vehicle manufacturers in Europe in 2016, with growth of around 2.0 per cent. This growth will mainly be supported by increases in production in the United Kingdom (+10.6 per cent to 1.8 million vehicles), Italy (+9.9 per cent to 1.1 million vehicles), France (+4.7 per cent to 2.0 million vehicles) and Italy (+6.2 per cent to 1.0 million vehicles).

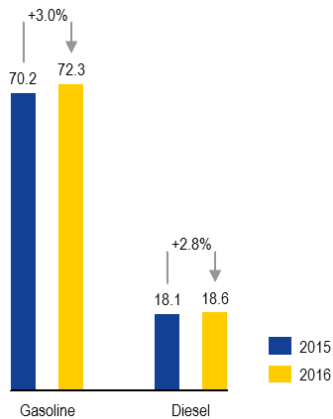
For Germany, the IHS research institute forecasts a slight, 1.9 per cent increase in the production volume to around 6.1 million units in 2016.

Stable trend for diesel engines

Based on the expected production figures for light vehicles, IHS anticipates a global growth rate of 3.0 per cent to 91.3 million units for engine production. The gasoline engine segment will mainly account for this increase. Its production is expected to rise by 3.0 per cent to 72.3 million units. Despite the continuing discussion over diesel engines' nitrogen oxide emissions, the industry experts predict slight

growth of 2.8 per cent for diesel engines worldwide in 2016, to 18.6 million units. This would represent a market share of 20.4 per cent. Electrical engines will account for 0.5 per cent of the total global engine production.

Engine production worldwide (millions of units)



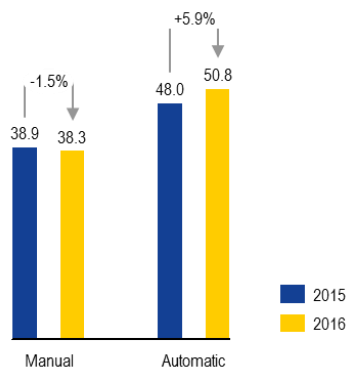
Source: IHS

In Europe, diesel engines are expected to register slightly increased production figures, with 10.9 million units. Gasoline engines are expected to account for 11.8 million units (+2.0 per cent). On the North American market, too, the production of gasoline engines is expected to realise above-average growth of 5.8 per cent and to amount to 15.7 million units. In North America, the diesel engine will remain a peripheral phenomenon in 2016, with a market share of 3.2 per cent. A similar trend is apparent for China. Volume growth of 5.4 per cent to 25.4 million units will mainly relate to the production of gasoline engines. Diesel engines will remain a long way behind, with a market share of 6.8 per cent.

Automatic transmissions gaining ground worldwide

For 2016, IHS predicts global transmission production growth of 3.0 per cent to 91.3 million units. This volume growth is exclusively attributable to the automatic transmission segment, whose share of global production will thus continue to increase, from 54.2 per cent to 55.7 per cent. This strong growth is mainly attributable to the production locations in China and North America. In China, the IHS research institute predicts transmission production growth of 8.2 per cent to 21.9 million units. Here too, automatic transmissions are the key source of growth. Their production is expected to rise by 19.9 per cent to 8.6 million units. 15.0 million transmissions will be assembled in North America. This represents a growth rate of 5.5 per cent.

Transmission production worldwide (millions of units)



Source: IHS

Outlook for the Group

The forecast for the year as a whole is unchanged. Assuming a stable order situation, SHW AG expects Group sales of between € 440 million and € 460 million for 2016. It is forecasting sales of between € 340 million and € 360 million in its Pumps and Engine Components business segment and sales close to the previous year's level in its Brake Discs business segment, assuming comparable scrap prices. The proportion of higher-quality composite brake discs will continue to increase.

For 2016, the Company continues to expect adjusted EBITDA of between € 43 million and € 47 million. In particular, this reflects the positive effects of the implementation of the Group's productivity-boosting measures in its two business segments.

Aalen, 3 May 2016

The Management Board of SHW AG

Dr Frank Boshoff
Chief Executive Officer

Andreas Rydzewski
Member of the Management Board

Interim consolidated financial statements in accordance with IFRS
as at 31 March 2016

Consolidated Income Statement (unaudited)
for the period from 1 January to 31 March 2016

K EUR	Q1	
	2016	2015
Sales	106,604	116,989
Cost of sales	-95,229	-104,417
Gross profit	11,375	12,572
Selling expenses	-1,803	-1,427
General administrative expenses	-3,071	-2,838
Research and development costs	-1,665	-1,999
Other operating income	402	204
Other operating expenses	-425	-498
Operating result	4,813	6,014
Financial income	6	1
Financial expenses	-274	-319
Net income from joint ventures accounted for according to the equity method	84	0
Earnings before tax	4,629	5,696
Deferred taxes	226	-354
Current income tax	-1,547	-1,257
Earnings after tax	3,308	4,085
Net income for the period	3,308	4,085
Earnings per share in EUR (basic and diluted)	0.51	0.67

Consolidated Statement of Comprehensive Income (unaudited) for the period from 1 January to 31 March 2016

K EUR	Q1	
	2016	2015
Net income for the period	3,308	4,085
Items that will not be reclassified to the income statement in future periods		
Actuarial gains/losses from pension accruals and similar obligations before tax	0	0
Tax effect	0	0
Items that may be reclassified to the income statement in future periods		
Currency translation differences	255	-43
Tax effect	0	0
Unrealised gains/losses from currency translation for joint ventures accounted for according to the equity method	-657	0
Tax effect		0
Other earnings after tax	-402	-43
Total comprehensive income after tax	2,906	4,042
Net income for the period attributable to		
- shareholders of SHW AG	3,308	4,085
- holders of non-controlling interests		
Total comprehensive income attributable to		
- shareholders of SHW AG	2,906	4,042
- holders of non-controlling interests	0	0

Consolidated Balance Sheet (unaudited) as at 31 March 2016

ASSETS

K EUR	31.03.2016	31.12.2015	31.03.2015
Goodwill	7,055	7,055	7,055
Other intangible assets	10,499	11,346	12,355
Property, plant and equipment	94,704	94,810	94,126
Deferred tax assets	4,741	4,668	4,412
Joint ventures accounted for according to the equity method	16,096	16,669	0
Other financial assets	341	341	9,331
Other assets	517	577	883
Non-current assets	133,953	135,466	128,162
Inventories	42,348	41,630	44,007
Trade receivables	45,662	34,388	57,341
Other financial assets	476	401	55
Other assets	3,296	3,764	3,668
Cash and cash equivalents	7,769	14,814	1,144
Current assets	99,551	94,997	106,215
Total assets	233,504	230,463	234,377

EQUITY AND LIABILITIES

K EUR	31.03.2016	31.12.2015	31.03.2015
Subscribed capital	6,436	6,436	6,436
Capital reserves	38,510	38,510	38,510
Revenue reserves	79,366	76,058	72,228
Other reserves	-5,166	-4,764	-4,591
Equity	119,146	116,240	112,583
Pension accruals and similar obligations	26,209	26,274	27,937
Deferred tax liabilities	3,084	3,237	3,325
Other accruals	3,972	3,972	3,652
Other financial liabilities	1,010	7,855	130
Liabilities to banks	999	1,297	2,189
Non-current liabilities and accruals	35,274	42,635	37,233
Liabilities to banks	1,194	1,189	7,818
Trade payables	40,018	43,484	54,941
Other financial liabilities	15,139	7,088	7,241
Income tax liabilities	1,972	2,013	483
Other accruals	10,394	9,984	3,274
Other liabilities	10,367	7,830	10,804
Current liabilities and accruals	79,084	71,588	84,561
Total equity and liabilities	233,504	230,463	234,377

Consolidated Cash Flow Statement (unaudited) for the period from 1 January to 31 March 2016

K EUR	Q1	
	2016	2015
1. Cash flow from operating activities		
Net income for the period	3,308	4,085
Depreciation / amortisation (+) of fixed assets	5,947	5,024
Income tax expenses through profit or loss (+)	1,547	1,257
Income taxes paid (-)	-1,530	-1,185
Financing costs through profit or loss (+)	274	319
Interest paid (-)	-71	-141
Financial investment income through profit or loss (-)	-6	-1
Interest received (+)	6	1
Increase (+) / decrease (-) in accruals	198	-1,322
Change in deferred taxes	-226	252
Other non-cash effective expenses (+) / income (-)	647	-206
Gain (-) / loss (+) from the disposal of assets	4	28
Net income from joint ventures accounted for according to the equity method	-84	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-12,206	-14,696
Increase (-) / decrease (+) in trade payables and other liabilities	485	5,158
Cash flow from operating activities	-1,707	-1,427
2. Cash flow from investing activities		
Cash received (+) from the disposal of tangible assets	0	0
Cash paid (-) for investments in tangible assets	-4,750	-8,175
Cash paid (-) for investments in intangible assets	-249	-344
Cash paid (-) for investments in financial assets	0	-8,894
Cash flow from investing activities	-4,999	-17,413

K EUR	Q1	
	2016	2015
3. Cash flow from financing activities		
Cash received (+) from the assumption of financial liabilities	4	0
Cash paid (-) for the redemption of financial liabilities	-297	-4,641
Cash received (+) from the issue of shares	0	24,315
Dividends paid (-) to shareholders	0	0
Cash paid (-) for finance leasing	-33	0
Cash flow from financing activities	-326	19,674
4. Cash and cash equivalents at the end of the period		
Cash-effective changes in cash and cash equivalents (sum of positions 1–3)	-7,032	834
Exchange rate-related changes in cash and cash equivalents	-13	-11
Cash and cash equivalents at the beginning of the period	14,814	292
Changes in cash from scope of consolidation related changes	0	29
Cash and cash equivalents at the end of the period	7,769	1,144

Statement of Changes in Group Equity (unaudited) as at 31 March 2016

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
Position as at 1 January 2015	5,851	14,780	68,424	-4,548	84,507
Changes from actuarial gains and losses	0	0	0	0	0
Unrealised gains/losses from currency translation for joint ventures accounted for according to the equity method	0	0	0	0	0
Foreign currency translation differences	0	0	0	-43	-43
Income recognised directly in equity	0	0	0	-43	-43
Net income for the period – first quarter of 2015	0	0	4,085	0	4,085
Total comprehensive income for the period	0	0	4,085	-43	4,042
First-time consolidation of subsidiaries previously non-consolidated for reasons of materiality	0	0	-281	0	-281
Issue of shares	585	23,730	0	0	24,315
Dividends paid	0	0	0	0	0
Position as at 31 March 2015	6,436	38,510	72,228	-4,591	112,583

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
Position as at 1 January 2016	6,436	38,510	76,058	-4,764	116,240
Changes from actuarial gains and losses	0	0	0	0	0
Unrealised gains/losses from currency translation for joint ventures accounted for according to the equity method	0	0	0	-657	-657
Foreign currency translation differences	0	0	0	255	255
Income recognised directly in equity	0	0	0	-402	-402
Net income for the period – first quarter of 2016	0	0	3,308	0	3,308
Total comprehensive income for the period	0	0	3,308	-402	2,906
First-time consolidation of subsidiaries previously non-consolidated for reasons of materiality	0	0	0	0	0
Issue of shares	0	0	0	0	0
Dividends paid	0	0	0	0	0
Position as at 31 March 2016	6,436	38,510	79,366	-5,166	119,146

Notes to the Interim Consolidated Financial Statements (unaudited) for the period from 1 January to 31 March 2016

Principles and methods applied in the interim consolidated financial statements

These abridged, unaudited interim consolidated financial statements of SHW AG, Wilhelmstrasse 67, 73433 Aalen, as at 31 March 2016 have been prepared in compliance with the provisions of the International Accounting Standards on interim reporting (IAS 34) and in application of § 315a of the German Commercial Code (HGB) in conjunction with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union (EU) as of the reporting date for the interim financial statements.

In accordance with IAS 34, the interim consolidated financial statements do not include all of the disclosures which are required in consolidated financial statements as of the end of the fiscal year. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the fiscal year 2015.

SHW AG is a public limited company under German law and has been entered in the German commercial register under the no. HRB 726621. The Group's main activities are the manufacturing and sale of pumps and engine components as well as brake discs. Its customers mainly comprise manufacturers and suppliers in the automotive industry.

The Management Board forwarded these interim consolidated financial statements to the Audit Committee of the Supervisory Board on 22 April 2016. They cover the period from 1 January to 31 March 2016 compared to the same period in the previous year. The Group's net assets and financial position (balance sheet) are presented and compared with the relevant figures as at 31 December 2015 and 31 March 2015. The interim consolidated financial statements have been prepared in euros. Unless indicated otherwise, the figures shown in the interim consolidated financial statements are stated in thousand euros.

In the view of the Management Board, the interim consolidated financial statements include all of the standard, regular adjustments and accruals which are required for appropriate presentation of the results of operations, net assets and financial position of the Group. The accounting and valuation principles applied in the interim consolidated financial statements for the first quarter of 2016 are essentially consistent with those applied in the consolidated financial statements as at 31 December 2015. These principles are described in detail in the notes to the consolidated financial statements as at 31 December 2015.

Within the scope of the preparation of the interim consolidated financial statements in accordance with the IFRS, to a certain degree estimates and assessments must be made which relate to the assets and liabilities accounted for, the disclosures concerning contingent assets and debts as of the reporting date and the income and expenses indicated for the reporting period. The actual amounts may differ from the estimates.

In each interim period, income tax expense is recognised on the basis of the best estimate of the weighted average annual income tax rate which is expected for the fiscal year as a whole.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations, which have been transposed by the EU into European law and were applied for the first time at the start of the fiscal year 2016.

Standard/Interpretation		To be applied from
AIP 2010–2012	Annual Improvements Project (2010–2012)	01.02.2015
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	01.02.2015
Amendments to IAS 16/IAS 41	Agriculture: Bearer Plants	01.01.2016
Amendments to IFRS 11	Acquisition of an Interest in a Joint Operation	01.01.2016
AIP 2012–2014	Annual Improvements Project (2012–2014)	01.01.2016
Amendments to IFRS 10/IAS 28	Sales or Contributions of Assets between an Investor and its Associate/Joint Venture	01.01.2016
Amendments to IAS 1	Disclosure Initiative	01.01.2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	01.01.2016
Amendments to IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
Amend. IFRS 10, IFRS 12, IAS 28	Investment Entities Applying the Consolidation Exception	01.01.2016
IFRS 14	Regulatory Deferral Accounts	01.01.2016

The adoption of these new regulations and amendments did not have any effect, or else did not have any significant effect, on the consolidated financial statements.

Scope of consolidation

Subsidiaries

Subsidiaries are fully consolidated from their date of acquisition, i.e. from the date as of which the Group directly or indirectly controls the entity as defined by IFRS 10. An entity is controlled if SHW AG is able to decide on the relevant activities of the subsidiary due to voting rights or other rights, if it receives the positive or negative variable returns generated by this subsidiary and if it may influence these returns by virtue of its decision-making authority. Subsidiaries are no longer included in the consolidated financial statements as soon as the parent company ceases to control the subsidiary.

As well as SHW AG, the interim consolidated financial statements as at 31 March 2016 incorporate the financial statements of the German company SHW Automotive GmbH, Aalen, as well as the financial statements of SHW do Brasil Ltda., Sao Paulo, Brazil, SHW Pumps & Engine Components Inc., Ontario, Canada, and SHW Automotive Pumps (Kunshan) Co., Ltd., Kunshan, China.

SHW Automotive Industries GmbH, Aalen, is not currently operational and has not been included in the consolidated financial statements on grounds of materiality.

Joint ventures accounted for according to the equity method

Joint ventures as defined by IFRS 11 are accounted for according to the equity method in accordance with IAS 28. In the case of joint ventures, SHW AG pursues economic activities subject to joint control together with other parties. The controlling parties are entitled to the net assets surplus but not the assets and liabilities. Joint ventures are included in the consolidated financial statements in accordance with the equity method from the date as at which joint control becomes applicable. On the basis of the acquisition costs for the shares in the jointly controlled entity, changes in equity recognised in income or equity for the investment measured using the equity method will be added to or subtracted from the carrying amount of the investment insofar as these changes relate to the shares attributable to SHW AG.

Joint ventures accounted for according to the equity method exclusively relate to SHW Automotive GmbH's investment in the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd.. This joint venture launched its operating activities on 1 April 2015.

Exchange rates

The exchange rates used for the translation of the main currencies of the Group are shown in the following table:

Country	Abbreviation	Closing rate		Average rate	
		31.03.2016	31.12.2015	1.1.–31.3.2016	1.1.–31.3.2015
Brazil	BRL	4.0817	4.3198	4.2963	3.2123
Canada	CAD	1.4835	1.5128	1.5135	1.3961
China	RMB	7.3714	7.0804	7.2131	6.9252

Sales

The following overview shows the sales of the SHW Group by region. This is determined on the basis of where the recipient of the delivery or service in question is headquartered.

K EUR	Q1	
	2016	2015
Germany	60,797	71,396
Rest of Europe	43,727	43,283
America	1,578	2,040
Other	502	270
Group	106,604	116,989

Cost of materials

The cost of sales and the other functional costs comprise the following material expenses:

K EUR	Q1	
	2016	2015
Cost of raw materials and supplies and of goods purchased	61,927	68,331
Cost of purchased services	3,656	4,501
Total cost of materials	65,583	72,832

Personnel expenses

The cost of sales and the other functional costs comprise the following personnel expenses:

K EUR	Q1	
	2016	2015
Wages and salaries	19,617	19,576
Social security contributions and pension expenses	3,515	3,440
Total personnel expenses	23,132	23,016

Other operating income

Other operating income comprises, in particular, reversals of accruals and other liabilities in the amount of € 315 thousand (previous year € 86 thousand).

Other operating expenses

Other operating expenses include annual financial statements costs and consulting fees of € 72 thousand (previous year € 51 thousand), € 68 thousand for the remuneration of Supervisory Board members (previous year € 86 thousand) and € 42 thousand for employee severance payments (previous year € 83 thousand).

Financial result

The financial result is comprised as follows:

K EUR	Q1	
	2016	2015
Financial income	6	1
Financial expenses		
Interest and similar expenses	-118	-164
Interest portion in the addition to pension accruals	-146	-155
Interest expense from finance leases	-10	0
	-274	-319
Financial result	-268	-318

Income taxes

Income taxes for the first quarter of 2016 in the amount of € 1,321 thousand (previous year € 1,611 thousand) include current tax expenses in the amount of € 1,547 thousand (previous year € 1,257 thousand) as well as deferred tax benefits in the amount of € 226 thousand (previous year deferred tax expenses of € 354 thousand). Deferred tax benefits have occurred in particular due to changes in

valuation differences for fixed assets and other accruals. The Group's tax ratio amounts to 28.5 per cent (previous year 28.3 per cent).

Earnings per share

Earnings per share are determined in accordance with IAS 33.19 by dividing consolidated income by the weighted number of ordinary shares in circulation in the fiscal year. No dilutive effects were applicable in the first three months of 2016 and 2015.

K EUR	Q1	
	2016	2015
Net income for the year attributable to shareholders of SHW AG	3,308	4,085
Average number of shares issued	6,436,209	6,124,151
Earnings per share (basic and diluted) in EUR	0.51	0.67

Intangible assets

The carrying amounts of intangible assets are comprised as follows:

K EUR	31.03.2016	31.12.2015
Goodwill	7,055	7,055
Internally generated assets	7,727	8,241
Other intangible assets	2,772	3,105
Total	17,554	18,401

Internally generated intangible assets relate to development costs in particular.

Property, plant and equipment

The carrying amounts of property, plant and equipment are comprised as follows:

K EUR	31.03.2016	31.12.2015
Land, land rights, and buildings	27,752	27,170
Technical equipment and machinery	50,751	53,536
Other equipment, operating and office equipment	9,349	9,528
Advance payments and assets under construction	6,852	4,576
Total	94,704	94,810

Joint ventures accounted for according to the equity method

Joint ventures accounted for according to the equity method in the amount of € 16.1 million exclusively comprise the Chinese joint venture SHW Longji Brake Discs (LongKou) Co., Ltd. Since 1 April 2015, this joint venture has been included in the consolidated financial statements of SHW AG in accordance with the equity method. The still outstanding second purchase price instalment in the amount of € 6.6 million is included in the other current financial liabilities. This is to be paid by February 2017 at the latest.

K EUR	31.03.2016	31.12.2015
Share in %	51.0	51.0
Joint ventures accounted for according to the equity method (carrying amount)	16,096	16,669
K EUR	2016	2015
Net income from joint ventures accounted for according to the equity method Q1	84	0

Inventories

Inventories are comprised as follows:

K EUR	31.03.2016	31.12.2015
Raw materials and supplies	16,168	16,430
Unfinished products	15,604	12,979
Finished products	10,408	12,093
Advance payments	168	128
Total	42,348	41,630

As at 31 March 2016, impairments of inventories amount to € 3,451 thousand (31 December 2015: € 3,304 thousand).

Trade receivables

Trade receivables are comprised as follows:

K EUR	31.03.2016	31.12.2015
Receivables from customers	49,392	37,618
Impairments	-83	-83
Impairments for uncleared items in process	-3,647	-3,147
Total	45,662	34,388

Financing of the Group

The debt financing of the SHW Group is mainly provided by means of a syndicated loan agreement with a volume of over € 60.0 million. The loan agreement has a term until 30 September 2017 and can be used in full as a working capital loan. The interest rate is variable and is based on EURIBOR plus a margin between 1.2 per cent and 2.0 per cent per annum. The margin varies based on compliance with the agreed covenants. The key covenants are the leverage ratio and the economic equity ratio. Both covenants were complied with as at 31 March 2016.

As at 31 March 2016, this working capital line of credit had been exclusively utilised for the purpose of guarantees in the amount of € 1,061 thousand. In addition, the Group has taken out two amortising loans with a total volume of € 4,758 thousand, of which € 2,189 thousand was outstanding as at 31 March 2016.

Financial instruments

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. This hierarchy reflects the significance of the input data used for measurement and can be divided up as follows:

- 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 does not constitute quoted prices pursuant to Level 1 (Level 2);
- c) Input data applied to the asset or liability, which are not based on observable market data (non-observable input data) (Level 3).

Shares in the associated company SHW Industries GmbH are carried at amortised cost since they are not traded on an active market.

The following tables provide an overview of the carrying amounts (CA) and the fair values (FV) of the financial assets and financial liabilities:

31 March 2016		CA	FV	Valuation		
K EUR	Valuation category			Amortised cost	Fair value through equity	Fair value through profit or loss
ASSETS						
Other non-current financial assets						
Asset value of the reinsurance cover	AfS	316	*)	316	–	–
Shares in associated companies	AfS	25	*)	25	–	–
Trade receivables	LaR	45,662	*)	45,662	–	–
Other financial assets	LaR	451	*)	451	–	–
Cash and cash equivalents	LaR	7,769	*)	7,769	–	–

*) The fair value approximately equals the carrying amount

In the near future, the Company does not plan to sell or derecognise any significant portions of the available-for-sale financial assets recorded as at 31 March 2016.

31 December 2015		CA	FV	Valuation		
K EUR	Valuation category			Amortised cost	Fair value through equity	Fair value through profit or loss
ASSETS						
Other non-current financial assets						
Asset value of the reinsurance cover	AfS	316	316	316	–	–
Shares in associated companies	AfS	25	*)	25	–	–
Trade receivables	LaR	34,388	*)	34,388	–	–
Other financial assets	LaR	401	*)	401	–	–
Cash and cash equivalents	LaR	14,814	*)	14,814	–	–

*) The fair value approximately equals the carrying amount

31 March 2016		CA	FV	Valuation		
K EUR	Valuation category			Amortised cost	Fair value through equity	Fair value through profit or loss
EQUITY AND LIABILITIES						
Liabilities to banks	FLAC	2,193	2,193	2,193	-	-
Trade payables	FLAC	40,018	40,018	40,018	-	-
Other non-current financial liabilities						
Other non-interest-bearing liabilities	FLAC	39	39	39	-	-
Liabilities from finance leases	FLAC	971	971	971	-	-
Other current financial liabilities						
Other non-interest-bearing liabilities	FLAC	15,139	15,139	15,139	-	-

31 December 2015		CA	FV	Valuation		
K EUR	Valuation category			Amortised cost	Fair value through equity	Fair value through profit or loss
EQUITY AND LIABILITIES						
Liabilities to banks	FLAC	2,486	2,486	2,486	-	-
Trade payables	FLAC	43,484	43,484	43,484	-	-
Other non-current financial liabilities						
Other non-interest-bearing liabilities	FLAC	6,914	6,914	6,914	-	-
Liabilities from finance leases	FLAC	994	994	994	-	-
Other current financial liabilities						
Other non-interest-bearing liabilities	FLAC	7,088	7,088	7,088	-	-

AfS Available for Sale
LaR Loans and Receivables
FLAC Financial Liabilities measured at Amortised Cost

Other accruals

The other accruals are comprised as follows:

K EUR	31.03.2016	31.12.2015
Warranties	3,241	3,391
Other business-related obligations	7,146	6,585
Obligations to employees	3,972	3,972
Other accruals	8	8
Total	14,367	13,956
Of which non-current accruals	3,972	3,972

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 to assess profitability. The profitability of individual segments is established on the basis of the operating result (EBIT) and EBITDA. The EBIT of the segments is determined in accordance with IFRS, as is the operating result of the Group. The EBITDA of the segments and the Group is derived by taking into account the respective depreciation/amortisation. The assets of each segment are also established on the basis of IFRS. With the exception of net income from joint ventures accounted for according to the equity method – which is directly allocated to the Brake Discs segment – financial expenses, financial income and income taxes are managed at Group level. 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 business segments are essentially based on market conditions identical to those that apply to transactions with third parties.

Segment information for the period from 1 January to 31 March 2016

	Pumps and Engine Components		Brake Discs		Other items/ eliminations/ consolidations		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
K EUR								
Segment sales	85,946	92,537	20,658	24,452	-	-	106,604	116,989
Segment EBIT	4,779	5,356	489	1,090	-455	-432	4,813	6,014
Segment EBITDA	9,548	9,272	1,591	2,127	-379	-361	10,760	11,038
Financial result	-	-	-	-	-268	-318	-268	-318
Net income from joint ventures accounted for according to the equity method	0	0	84	0	0	0	84	0
Period result before tax	4,779	5,356	573	1,090	-723	-750	4,629	5,696
Segment depreciation/amortisation	4,769	3,916	1,102	1,037	76	71	5,947	5,024
Segment capital investments	3,503	3,632	1,470	2,529	26	55	4,999	6,216
Material segment expenses	0	0	0	0	0	0	0	0
Number of customers with sales > 10% of total sales	2	2	1	1	-	-	2	2
VW Group	31,105	37,223	11,243	12,363	-	-	42,348	49,586
Daimler Group	17,721	21,705	8	9	-	-	17,729	21,714

Relationships with related parties

Related parties include persons in key positions as well as their close relatives. The members of the Management Board and Supervisory Board of SHW AG active during the fiscal year are persons in key positions.

Related companies comprise the subsidiary SHW Automotive Industries GmbH, Aalen – which has not been included in the scope of consolidation, on grounds of materiality – and the joint venture SHW Longji Brake Discs (LongKou) Co., Ltd. Supplier and service provider relationships with related companies were only of minor significance in the first quarter of 2016 and in the previous year.

Collateral granted and other financial obligations

The collateral granted and other financial obligations shown in the consolidated financial statements as at 31 December 2015 have not changed significantly in the period from January to March 2016.

Events after the balance sheet date

No significant events have occurred since the reporting date for the interim financial statements which require additional explanatory disclosures.

Assurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the results of operations, net assets and financial position of the Group, and the interim Group management report represents a fair view of the development and performance of the business and the position of the Group, together with a description of the key risks and opportunities associated with the expected development of the Group in the remainder of the fiscal year.

Aalen, 3 May 2016

The Management Board of SHW AG



Dr Frank Boshoff
Chief Executive Officer



Andreas Rydzewski
Member of the Management Board

Imprint

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The English version of the Interim Report is a translation of the German version of the Interim Report.
The German version of this Interim Report is legally binding.

Date of publication

3 May 2016

Financial calendar

10 May 2016

29 July 2016

28 October 2016

Annual General Meeting 2016 (Congress Centrum Heidenheim)

Interim Report for the second quarter of 2016

Interim Report for the third quarter of 2016