

The background of the slide is a blurred industrial scene. In the foreground, there are large, metallic, circular components with multiple teeth or slots, resembling gears or parts of a turbine. In the background, a person in a dark shirt is visible, working on a machine. The overall tone is industrial and professional.

Future Focus

RECOGNISING AND
SEIZING OPPORTUNITIES

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COMPANY PROFILE

The origins of the company reach back to the year 1365. As a result, SHW is one of the oldest industrial operations 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 machinery, 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 automobile manufacturers, manufacturers of commercial, agricultural and construction vehicles as well as other suppliers to the automotive industry. Currently, the SHW Group has five production sites in Germany located in Bad Schussenried, Aalen-Wasseraffingen, Hermsdorf, Tuttlingen-Ludwigstal and Neuhausen ob Eck, plus sites in Brazil (São Paulo), China (Kunshan), Canada (Toronto) and Romania (Timișoara). With over 1,600 employees, the company achieved Group sales close to € 400 million in the fiscal year 2020. Further information is available at: www.shw.de

HIGHLIGHTS

- Sales rise by 36.2% to € 229.4 million.
- Net financial debt declines to € -41.3 million
- Increase in cash flow from operating activities to € 8.2 million
- Outlook 2021: Forecast confirmed

INDICATORS OF BUSINESS, FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS OF THE SHW GROUP

K EUR	H1		Change %
	2021	2020	
Sales	229,440	168,425	36.2%
EBITDA	21,836	4,721	362.5%
as % of sales	9.5%	2.8%	-
Depreciation and amortisation	15,880	14,143	12.3%
as % of sales	6.9%	8.4%	-
EBIT	5,956	- 9,422	- 163.2%
as % of sales	2.6%	- 5.6%	-
Net profit or loss for the period	3,107	- 7,336	-
Earnings per share (€)*	0.48	- 1.14	-
Equity	129,787	122,483	6.0%
Equity ratio	39.7%	38.0%	-
Cash flow from operating activities	8,234	- 13,892	-
Cash flow from investing activities (intangible assets and property, plant and equipment)	- 14,428	- 13,500	6.9%
Operating free cash flow	- 6,194	- 27,392	77.4%
Total free cash flow	- 6,194	- 28,014	77.9%
Net cash / net financial liabilities	- 41,260	- 71,795	42.5%
Investments	15,430	13,948	10.6%
as % of sales	6.7%	8.3%	-
Net working capital	47,604	65,980	- 27.9%
Net working capital as % of sales (past twelve months)	10.5%	17.4%	-
ROE (past twelve months)	4.3%	- 1.6%	-
ROCE (past twelve months)	4.9%	- 1.1%	-

* Earnings per share calculated in relation to an average of 6,436,209 shares (Previous year 6,436,209 shares).

Development of the business segments

	H1		
K EUR	2021	2020	Change %
Key performance indicators for Pumps and Engine Components			
Sales	165,670	125,009	32.5 %
EBITDA	15,366	5,327	188.5 %
as % of sales	9.3 %	4.3 %	-
Depreciation and amortisation	11,751	10,086	16.5 %
as % of sales	7.1 %	8.1 %	-
EBIT	3,615	- 4,759	- 176.0 %
as % of sales	2.2 %	- 3.8 %	-
Segment investments	11,337	11,619	- 2.4 %
ROCE (past twelve months)	7.8 %	- 1.8 %	-
Key performance indicators for Brake Discs			
Sales	63,770	43,416	46.9 %
EBITDA	6,775	1,505	350.2 %
as % of sales	10.6 %	3.5 %	-
Depreciation and amortisation	3,693	3,578	3.2 %
as % of sales	5.8 %	8.2 %	-
EBIT	3,082	- 2,073	- 248.7 %
as % of sales	4.8 %	- 4.8 %	-
Segment investments	3,727	2,178	71.1 %
ROCE (past twelve months)	12.0 %	5.7 %	-
Central functions / reconciliation			
Sales	-	-	-
EBITDA	- 305	- 2,111	- 85.6 %
Depreciation and amortisation	436	479	- 9.0 %
EBIT	- 741	- 2,590	- 71.4 %
Segment investments	366	151	142.4 %

HALF-YEAR REPORT FROM THE MANAGEMENT BOARD FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

Macroeconomic environment and sector-specific trends

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

Automobile production above previous year's level

In the period from January to June 2021, according to the most recent surveys conducted by the research firm IHS production of light vehicles (vehicles < 6 tonnes) increased worldwide by 29.7 per cent on the previous year, from 30.5 million units to 39.5 million units. China recorded stable growth of 19.7 per cent in unit production to 11.6 million vehicles.

The increase in Europe of 24.2 percent can be chiefly attributed to Germany (+21.7 per cent to 1.9 million vehicles), Spain (+19.1 per cent to 1.2 million vehicles) and France (+17.1 per cent to 0.8 million vehicles).

Vehicle production in South America is trending upwards. Following a deep corona-related slump in production over 2021, light vehicle production increased by 62.5 per cent on the previous year to 1.3 million vehicles.

North America also reported an increase of 33.3 per cent in its production figures to 6.9 million vehicles.

Production of electric motors on the rise

In the first six months of 2021, the production of gasoline engines for light vehicles (< 6 tonnes) increased worldwide by 27.1 per cent to 31.4 million units. Production of diesel engines continues to grow, rising by 26.2 per cent to 6.3 million units. Electric motors recorded growth of 151.7 per cent to 1.8 million units.

Engine production in China increased by a total of 25.4 per cent to 11.7 million units between January and June 2021. Of this total, 9.8 million units were gasoline engines (+21.1 per cent). Production of diesel engines increased in comparison to the prior year from 1.0 million to 1.2 million units. The volume of electric motors increased significantly to 0.7 million units (+308.4 per cent).

In Europe (including Russia), a total of 9.8 million engines were manufactured (+34.6 per cent on the previous year). Production of gasoline engines rose by 38.8 per cent from 4.5 million to 6.3 million units. Production of diesel engines also increased by 17.7 per cent. Electric motors saw the most rapid growth rate of 273.4 per cent. Production rose from 0.2 million to 0.5 million units.

North America recorded a 35.6 per cent increase in production to 6.3 million units in the first six months of 2021. The fastest growth rates here were recorded in diesel engines (70.2 per cent) and electric motors (223.0 per cent).

Automatic transmissions continue to grow

In the first six months of 2021, transmission production increased by 29.7 per cent worldwide to 39.5 million units. Production of automatic transmissions rose by 27.2 per cent from 19.7 million to 25.1 million units. Their share of overall production amounts to approximately 63 per cent. Europe was the growth driver for automatic transmissions, with a growth rate of 34.4 per cent to 4.3 million units along with China, with an increase of 24.0 per cent to 6.5 million units.

Course of business

Financial performance

Group sales in the first half of 2021 are up 36.2 per cent on the previous year. Sales of the Pumps and Engine Components business segment rose by 32.5 per cent and in the Brake Discs business segment they declined by 46.9 per cent. The second quarter of the previous year was heavily impacted by the global slump in sales due to the COVID-19 pandemic, the automobile segments in particular.

In the reporting period, the cost of sales increased by 29.3 per cent, from € 154.6 million to € 199.9 million as a result of the rise in sales. The production costs ratio improved accordingly from 91.8 per cent in the previous year to 87.1 per cent.

The gross margin of the SHW Group rose to 12.9 per cent, which constitutes an improvement of approximately five percentage points compared to the comparable period of the previous year.

While non-recurring expenses related to the corona crisis burdened EBITDA in the first half of fiscal year 2020 (reference is made to page 5 of the issuer's report for the first half of 2020), there were no significant non-recurring expenses in the first six months of the fiscal year 2021. Moreover, depreciation and amortisation increased by roughly € 1.7 million on account of the strategic investment activity in the past years. EBITDA increased by € 17.1 million in comparison to the comparative period of the previous year. The EBITDA margin increased from 2.8 per cent in the first half of 2020 to 9.5 per cent in the first half of 2021.

The financial result deteriorated from € -893 million in the previous year to € -1,345 million. The increase is a result of higher interest expenses for the debt financing of the Group due to a higher borrowing rate. After deducting income taxes, the net result for the period improved by € 10.4 million in comparison to the same period of the previous year.

Financial position

The balance sheet total increased by € 10.6 million from 31 December 2020 to € 326.9 million as at 30 June 2021. Equity in the current year has increased by 5.1 per cent, resulting in the equity ratio rising from 39.4 percent as at 31 December 2020 to 39.7 per cent.

Many investments scheduled for the previous fiscal year were postponed to the current year on account of the consequences of the COVID-19 pandemic. These projects were set in motion again at the end of 2020 and in the beginning of 2021. Consequently, fixed assets as at 30 June 2021 are almost at the same level as at 30 December 2020.

The improvement in the ratio of net working capital to sales from 17.4 per cent to 10.5 per cent is primarily due to the higher sales and the normalisation of production.

Current liabilities to banks include revolving money market loans and other funds drawn on current account loans within the framework of the long-term syndicated bank loan.

Current other liabilities mainly consist of obligations towards employees for vacation accrued, overtime or bonuses under the terms of collectively bargained wage and salary agreements. Due to the development of business, these have all increased as at the reporting date in comparison to the end of the previous year.

Due to the intended disposal of Lust Hybrid-Technik GmbH ("LHT"), the assets and liabilities of the disposal group are presented under other current assets and other current liabilities.

Cash flows

The cash flows from operating activities rose sharply in comparison to the previous year (H1 2021: € +8.2 million, H1 2020: € -13.9 million). In comparison to the same period of the previous year, which was heavily burdened by the impacts of the COVID-19 pandemic, a significant improvement was generated in the operating business in the first half of 2021.

Additional financial liabilities of € 10.5 million were needed to finance investment activity in the first six months of 2021 (€ -14.4 million). In the comparable period of the previous year these amounted to € 27.3 million.

The net financial debt of the SHW Group was scaled back to € -41.3 million as at 30 June 2021 (30 June 2020: € -71.8 million).

Employees

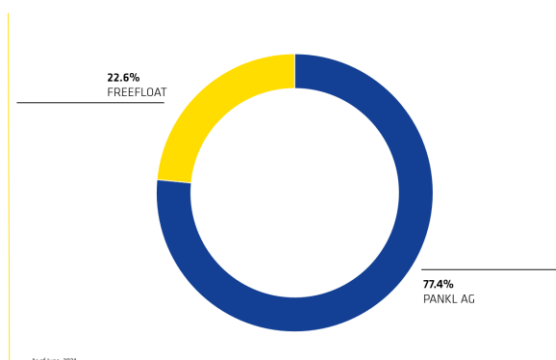
In the first six months of the fiscal year 2021, the Group's average number of employees – on an FTE basis – increased from 1,619 in the comparable period of the previous year to 1,658.

Shareholders and listing on the public exchange

The Management Board of SHW AG decided to delist the SHW AG share from the "m:access" free trade segment of the Munich stock exchange and to withdraw SHW shares from free trade on the Munich stock exchange.

The Munich stock exchange approved this application in March 2021. The shares were delisted from the m:access segment effective 31 March 2021 and withdrawn from free trade on the open market of the Munich stock exchange at the end of day, 30 December 2021.

In this connection, Pierer Industrie AG offered the shareholders of SHW AG a voluntary public purchase offer of € 19.00 per share. The offer documents related to the purchase offer, which contain the details and other terms and conditions of the purchase offer, were published (in German) on the website of Pierer Industries AG at <https://www.piererindustrie.at> under the "Capital market" section as well as in the Federal Gazette (Bundesanzeiger).



Report on risks and opportunities

SHW expects the economic environment to gradually return to normal in its most important markets. The company assumes that the global economy will be able to recover from the slump in 2020 caused by the pandemic as, among other factors, effective vaccines become increasingly available. In addition, SHW expects that the bottleneck in the global supply of semiconductors will continue to affect business in the second half of the year. The prospects for the future development of the supply chain and its impacts on the automobile industry can only be projected with a degree of reservation at present.

Forecast

Based on the economic and industry environment and considering the potential risks and opportunities, SHW AG anticipates Group sales to lie in a range between € 440 million to € 480 million in the fiscal year 2021.

The Management Board of SHW anticipates an EBITDA margin in a range between 10 per cent and 12 per cent. This is based on the assumption that demand remains stable in spite of the headwinds facing the market due to the bottlenecks in the supply chain caused by the pandemic.

Aalen, 27 August 2021

Wolfgang Plasser
Chairman
Management Board

Thomas Karazmann
CFO

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

Consolidated Income Statement (unaudited) for the period from 1 January to 30 June 2021

K EUR	H1	
	2021	2020
Sales	229,440	168,425
Cost of sales	- 199,868	- 154,632
Gross profit	29,572	13,793
Selling expenses	- 7,300	- 5,754
General administrative expenses	- 10,647	- 10,859
Research and development costs	- 7,479	- 6,105
Other operating income	3,152	2,559
Other operating expenses	- 1,342	- 3,056
Earnings before interest and tax	5,956	- 9,422
Financial income	83	10
Financial expenses	- 1,428	- 903
Earnings before tax	4,611	- 10,315
Deferred taxes	- 498	2,623
Current income tax	- 1,006	356
Earnings after tax	3,107	- 7,336
Net profit or loss for the period	3,107	- 7,336
Earnings per share in EUR (basic and diluted)*	0,48	- 1,14

* Earnings per share calculated in relation to an average of 6.436.209 shares (Previous year 6.436.209 shares).

Consolidated Statement of Comprehensive Income (unaudited) from 1 January to 30 June 2021

K EUR	H1	
	2021	2020
Net profit or loss for the period	3,107	- 7,336
Items that will not be reclassified to profit or loss in future periods		
Actuarial gains / losses from pension provisions and similar obligations before tax	800	0
Tax effect	- 240	0
Items that may be reclassified to profit or loss in future periods		
Currency translation differences	1,526	- 1,873
Tax effect	0	0
Changes in the fair value of derivatives held for hedging purposes recognised in equity	70	0
Tax effect	0	0
Other comprehensive income after tax	2,156	- 1,873
Total comprehensive income after tax	5,263	- 9,209
Net profit or loss for the period attributable to		
- shareholders of SHW AG	3,107	- 7,336
- holders of non-controlling interests	0	0
Total comprehensive income attributable to		
- shareholders of SHW AG	5,263	- 9,209
- holders of non-controlling interests	0	0

Consolidated Statement of Financial Position (unaudited) as at 30 June 2021

ASSETS			
K EUR	30.06.2021	31.12.2020	30.06.2020
Goodwill	7,055	7,055	7,441
Customer base	0	0	682
Other intangible assets	17,160	16,948	15,454
Property, plant and equipment	150,804	150,218	154,199
Deferred tax assets	13,958	14,611	13,990
Joint ventures accounted for using the equity method	0	0	0
Other financial assets	232	232	249
Other assets	4,828	4,978	4,622
Non-current assets	194,037	194,042	196,637
Inventories	61,532	49,547	58,476
Trade receivables	35,643	40,575	42,609
Other financial assets	547	682	1,650
Income tax assets	87	452	591
Other assets	8,659	7,430	9,354
Cash and cash equivalents	17,300	14,697	12,651
Assets held for sale	9,087	8,906	0
Current assets	132,855	122,289	125,331
Total assets	326,892	316,331	321,968

EQUITY AND LIABILITIES

K EUR	30.06.2021	31.12.2020	30.06.2020
Subscribed capital	6,436	6,436	6,436
Capital reserves	38,510	38,510	38,510
Revenue reserves	93,617	90,638	88,361
Other reserves	- 8,776	- 10,932	- 10,824
Equity	129,787	124,652	122,483
Employee benefits	33,129	33,972	35,116
Deferred tax liabilities	7,741	7,747	7,196
Liabilities to banks	21,345	24,433	24,260
Other financial liabilities	11,077	12,142	10,127
Other provisions and accruals	29	29	45
Other liabilities	119	197	588
Non-current liabilities and provisions	73,440	78,520	77,332
Liabilities to banks	37,215	24,845	60,186
Trade payables	49,368	52,693	33,765
Contract liabilities	203	932	1,340
Other financial liabilities	14,324	17,470	10,332
Income tax liabilities	548	1,004	732
Other provisions and accruals	3,800	3,162	3,969
Other liabilities	14,902	10,053	11,829
Liabilities associated with held-for-sale assets	3,305	3,000	0
Current liabilities, provisions and accruals	123,665	113,159	122,153
Total liabilities and equity	326,892	316,331	321,968

Consolidated Cash Flow Statement (unaudited) for the period from 1 January to 30 June 2021

	H1	
	2021	2020
1. Cash flow from operating activities		
Net profit or loss for the period	3,107	- 7,336
Depreciation and amortisation (+) of fixed assets	15,880	14,143
Income tax expenses through profit or loss (+)	1,006	- 356
Income taxes paid (-) / received (+)	-1,954	-1,152
Financing costs through profit or loss (+)	1,429	629
Interest paid (-)	-1,025	-412
Financial investment income through profit or loss (-)	-82	-10
Interest received (+)	82	10
Increase (+) / decrease (-) in provisions	297	-382
Change in deferred taxes	524	-2,659
Other non-cash effective expenses (+) / income (-)	61	-930
Gain (-) / loss (+) from the disposal of assets	-9	23
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-7,286	-2,482
Increase (+) / decrease (-) in trade payables and other liabilities	-3,796	-12,978
Cash flow from operating activities	8,234	-13,892
2. Cash flow from investing activities		
Cash received (+) from the disposal of property, plant and equipment	32	22
Cash paid (-) for investments in property, plant and equipment	-12,660	-12,074
Cash paid (-) for investments in intangible assets	-1,800	-1,448
Cash paid (-) for acquisition of subsidiaries	0	0
Cash received (+) from disposal of financial assets	0	0
Cash paid (-) for investments in financial assets	0	-622
Cash flow from investing activities	-14,428	-14,122

	H1	
	2021	2020
3. Cash flow from financing activities		
Cash received (+) from the assumption of financial liabilities	10,467	27,298
Cash paid (-) for the redemption of financial liabilities	-1,186	-785
Cash received (+) from the issue of shares	0	0
Dividends paid (-) to shareholders	0	0
Cash paid (-) for leases	-1,062	-994
Cash flow from financing activities	8,219	25,519
4. Cash and cash equivalents at the end of the period		
Cash-effective changes in cash and cash equivalents (sum of positions 1-3)	2,025	-2,495
Exchange rate-related changes in cash and cash equivalents	578	-175
Cash and cash equivalents at the beginning of the period	14,697	15,321
Changes in cash and cash equivalents due to changes in the consolidation basis	0	0
Cash and cash equivalents at the end of the period	17,300	12,651

Consolidated Statement of Changes in Equity (unaudited) from 1 January to 30 June 2021

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
1 January 2020	6,436	38,510	95,697	- 8,951	131,692
Changes from actuarial gains and losses	0	0	0	0	0
Unrealised gains/losses from currency translation for joint ventures accounted for using the equity method	0	0	0	0	0
Foreign currency translation differences	0	0	0	- 1,873	- 1,873
Other comprehensive income after tax	0	0	0	- 1,873	- 1,873
Net profit for the period H1 2020	0	0	- 7,336	0	- 7,336
Total comprehensive income for the period H1 2020	0	0	- 7,336	- 1,873	- 9,209
30 June 2020	6,436	38,510	88,361	- 10,824	122,483

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Total equity
1 January 2021	6,436	38,510	90,638	- 10,932	124,652
Changes from actuarial gains and losses	0	0	0	560	560
Unrealised gains/losses from currency translation for joint ventures accounted for using the equity method	0	0	0	70	70
Foreign currency translation differences	0	0	0	1,526	1,526
Other comprehensive income after tax	0	0	0	2,156	2,156
Net loss for the period H1 2021	0	0	3,107	0	3,107
Total comprehensive income for the period H1 2021	0	0	3,107	2,156	5,263
Other	0	0	- 128	0	- 128
30 June 2021	6,436	38,510	93,617	- 8,776	129,787

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The English version of the Half-Year Report is a translation of the German version. The German version of this Financial Report is legally binding.

Forward-looking statements

This report contains forward-looking statements about SHW AG and the SHW Group, which are marked by such words and expressions as “expect”, “intend”, “plan”, “assume”, “are aimed at”, and similar formulations. Numerous factors, many of which are outside the sphere of influence of SHW AG, influence the business activities, the success, the business strategy and the results of SHW AG. Forward-looking statements are not historical facts and therefore contain known and unknown risks, uncertainties and other important factors that could lead to actual developments diverging from expectations. These forward-looking statements are based on the current planning, objectives, estimates and projections and consider all events that have occurred prior to date on which this report was released. In light of these risks, uncertainties and other relevant factors, SHW AG does not accept any liability other than the obligations required by the law and does not intend to roll forward such forward-looking statements or adjust them to reflect future events and developments. Although the greatest care has been exercised to ensure that the information and facts contained herein are accurate and that opinions and expectations are appropriate, no liability is accepted or guarantee issued that the information and opinions contained herein are complete, accurate, suitable and/or exact.