

## PRESS RELEASE

### SHW AG: Business activity remains firm in a difficult market

- In spite of many plant closures by customers and the related reduction in calls on standing orders, revenue of approximately € 168.4 million was generated in the first six months of the year (H1 2019: € 221.9 million).
- The result for the first six months deteriorated in comparison to the comparable period of the previous year on account of the massive impacts of the COVID-19 pandemic.
- Rapid and successful implementation of cost-savings measures and measures to optimize liquidity

Aalen, 28 August 2020. SHW AG, one of the leading automotive suppliers of CO<sub>2</sub>-relevant pumps and engine components as well as composite brake discs, published its issuer's report for the first six months of 2020 today.

“Thanks to rapid countermeasures we have been able to limit the impact of the COVID-19 pandemic on SHW AG,” says Wolfgang Plasser, CEO of SHW AG. “After bottoming out in April, a gradual upwards trend has set in. Due to the challenging market environment, we are not able at the present moment to assess when we will return to the level seen prior to the crisis. The main points remain to keep an eye on the road ahead, to focus on cost management and to continue offering our customers an optimal product portfolio.”

### Sales of € 168.4 million despite a contracting market

The corona crisis led to contracting markets in all major sales regions around the globe. As a result, group sales in the first half of 2020 came to € 168.4 million, 24.1 per cent down on the comparable figure for the previous year. Sales of the Pumps and Engine Components business segment declined by 23.3 per cent and in the Brake Discs business segment they declined by 26.3 per cent. The first six months of fiscal year 2020 were predominantly affected by the consequences of the corona crisis, which led to a deterioration in EBITDA to € 4.7 million (previous year € 20.5 million). Moreover, depreciation and amortisation increased by roughly € 1.3 million on account of the strategic investment activity in recent years. SHW AG generated an EBITDA margin of 2.7 per cent (previous year 9.2 per cent).

Thanks to successful cost-savings measures initiated in response to the COVID-19 pandemic it was possible to reduce the cost of sales. These rapid response measures to address the current economic situation led to cost-savings in all departments. The SHW Group generated a gross margin of 8.2 per cent, which is approximately five percentage points below the comparable period of the previous year.

### Active management of working capital has a tangible impact

The global impact of the COVID-19 pandemic had a disparate effect on the line items of the statement of financial position as at 30 June 2020. On the one hand, the decrease of roughly € 4.4 million in net working capital is due to lower sales in the first half of 2020, which led to lower receivables and lower inventories and consequently, also to lower liabilities. On the other hand, the steering measures used to actively manage working capital made a positive contribution. The deterioration in operating activities resulted in a bottom-line loss for the first half of 2020 and negative cash flow from operating activities (H1 2020: € -13.9 million, H1 2019: € 9.8 million). However, thanks to our Cash@SHW project initiated in 2019 already, we were able to cushion ourselves from the consequences of the COVID-19 pandemic by taking targeted action.

### Outlook impossible to project on account of the COVID-19 pandemic

Based on the current market trends, a forecast for the full year 2020 remains impossible. Although we currently see some stabilization in the business environment, the economic impacts for 2020 arising from the corona pandemic and the continuing uncertainties can be neither sufficiently nor reliably assessed.

## KEY PERFORMANCE INDICATORS FOR THE FIRST SIX MONTHS OF 2020

K EUR	H1		Change %
	2020	2019	
Sales	168,425	221,937	- 24.1%
EBITDA	4,721	20,525	- 77.0%
as % of sales	2.8%	9.2%	-
Depreciation and amortisation	14,143	12,794	10.5%
as % of sales	8.4%	5.8%	-
EBIT	- 9,422	7,731	- 221.9%
as % of sales	- 5.6%	3.5%	-
Net profit or loss for the period	- 7,336	4,613	-
Earnings per share (€)*	- 1.14	0.72	-
Equity	122,483	127,499	- 3.9%
Equity ratio	38.0%	40.9%	-
Cash flow from operating activities	- 13,892	9,777	-
Cash flow from investing activities (intangible assets and property, plant and equipment)	- 13,500	- 22,018	- 38.7%
Operating free cash flow	- 27,392	- 12,241	- 123.8%
Total free cash flow	- 28,014	- 12,241	- 128.9%
Net financial debt	- 71,795	- 52,808	- 36.0%
Investments	13,948	26,535	- 47.4%
as % of sales	8.3%	12.0%	-
Net working capital	65,980	70,346	- 6.2%
Net working capital as % of sales (past twelve months)	17.4%	16.7%	-
ROE (past twelve months)	- 1.6%	6.8%	-
ROCE (past twelve months)	- 1.1%	6.5%	-

\* 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

K EUR	H1		Change %
	2020	2019	
<b>Key performance indicators for Pumps and Engine Components</b>			
Sales	125,009	162,990	- 23.3%
EBITDA	5,327	14,588	- 63.5%
as % of sales	4.3%	9.0%	-
Depreciation and amortisation	10,086	8,937	12.9%
as % of sales	8.1%	5.5%	-
EBIT	- 4,759	5,651	- 184.2%
as % of sales	- 3.8%	3.5%	-
Segment investments	11,619	18,100	- 35.8%
ROCE (past twelve months)	-1.8%	7.6%	-
<b>Key performance indicators for Brake Discs</b>			
Sales	43,416	58,947	- 26.3%
EBITDA	1,505	6,525	- 76.9%
as % of sales	3.5%	11.1%	-
Depreciation and amortisation	3,578	3,226	10.9%
as % of sales	8.2%	5.5%	-
EBIT	- 2,073	3,299	- 162.8%
as % of sales	- 4.8%	5.6%	-
Segment investments	2,178	6,585	- 66.9%
ROCE (past twelve months)	5.7%	10.6%	-
<b>Central functions / reconciliation</b>			
Sales	-	-	-
EBITDA	- 2,111	- 588	259.0%
Depreciation and amortisation	479	631	- 24.1%
EBIT	- 2,590	- 1,219	112.5%
Segment investments	151	1,850	- 91.8%

## 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 CO<sub>2</sub> 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-Wasseraufingen, Hermsdorf, Tuttlingen-Ludwigstal and Neuhausen ob Eck, plus sites in Brazil (São Paulo) and China (Kunshan), Toronto (Canada) and Timișoara (Romania). With over 1,600 employees, the company achieved Group sales of more than €430 million in the fiscal year 2019. Further information is available at [www.shw.de](http://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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