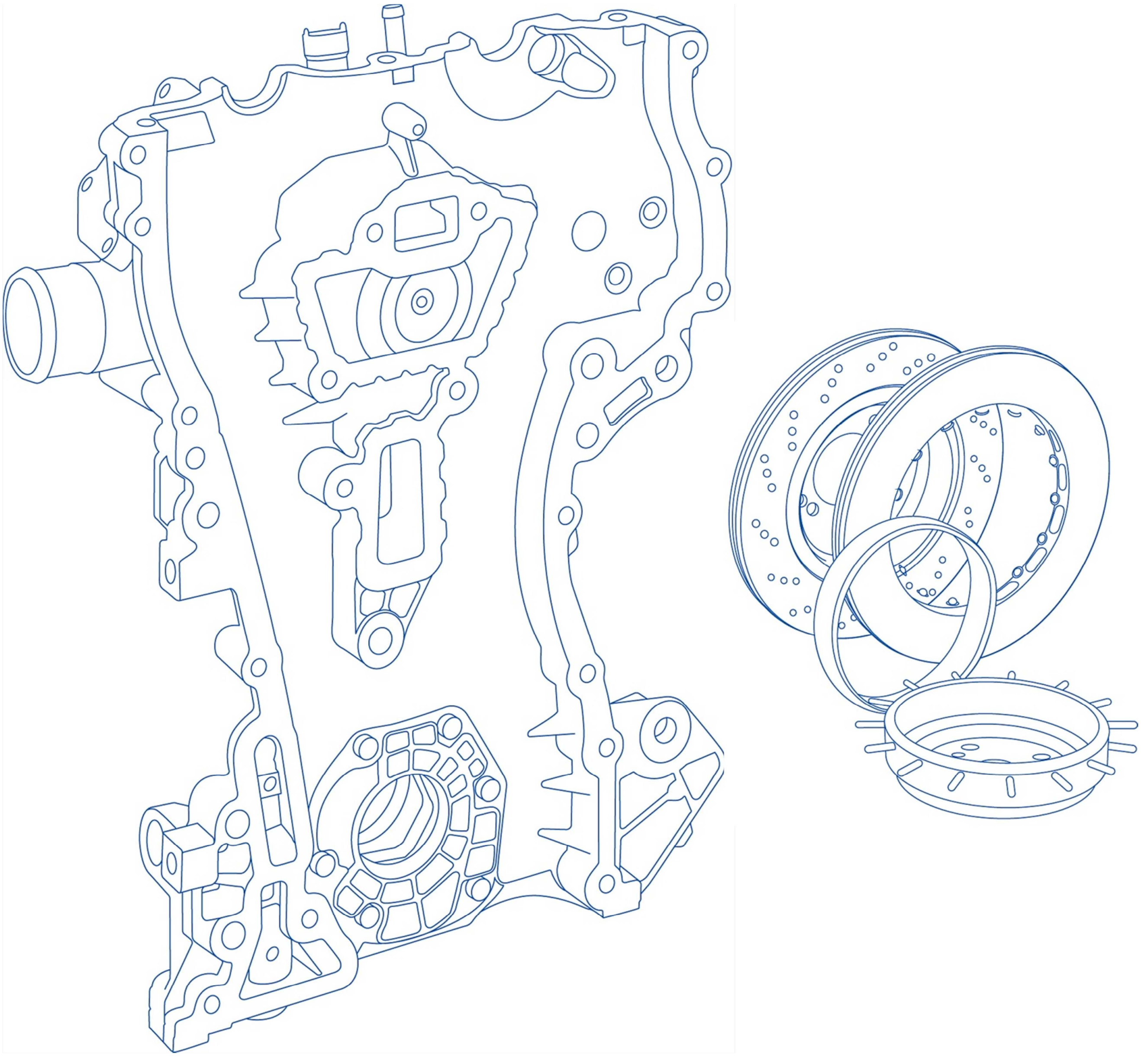


SHW AG

Half year report 2012

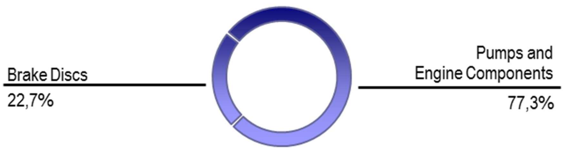
1 January to 30 June 2012

Key figures SHW Group (IFRS)

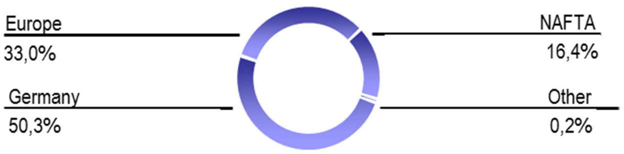
K EUR	Q2 2012	Q2 2011	Change in %	H1 2012	H1 2011	Change in %
Sales	101,484	89,713	13.1%	201,968	178,194	13.3%
EBITDA	11,979	8,991	33.2%	23,159	16,695	38.7%
as % of sales	11.8%	10.0%		11.5%	9.4%	
EBIT	8,375	6,463	29.6%	16,195	11,531	40.4%
as % of sales	8.3%	7.2%		8.0%	6.5%	
Net income for the period	5,893	6,497	-9.3%	11,093	9,547	16.2%
Earnings per share (€)[1]	1.01	1.11	-9.3%	1.90	1.66	14.2%
Adjusted EBITDA[2]	11,979	10,017	19.6%	23,159	18,863	22.8%
as % of sales	11.8%	11.2%		11.5%	10.6%	
Adjusted EBIT[2]	8,415	7,529	11.8%	16,275	13,779	18.1%
as % of sales	8.3%	8.4%		8.1%	7.7%	
Cash flow from operating activities	7,097	7,684	-7.6%	5,705	8,289	-31.2%
Cash flow from operating activities / sales	7.0%	8.6%		2.8%	4.7%	
Equity	-	-		60,703	46,796	29.7%
Equity ratio	-	-		34.1%	29.1%	
Net bank debt as of 30 June	-	-		17,574	13,641	28.8%
Number of employees (average)[3]	-	-		1.140	1.049	8.7%

[1] Q2/2011: on the basis of an average of 5,851,100 shares; H1/2011: on the basis of an average of 5,744,412 shares; 2012: on the basis of an average of 5,851,100 shares.
[2] Adjusted for special effects; cf. Group interim management report - Group reconciliation statement.
[3] Excluding trainees and temporary workers.

Sales by segment
in %



Sales by region
in %



SHW profile

The SHW Group is one of the leading automobile suppliers offering products that contribute substantially to a reduction in fuel consumption and consequently also CO_2 emissions.

We supply well-known European, North and South American producers of passenger and commercial vehicles and in addition other automotive industry suppliers. Our profitable growth and our financial stability are based on excellence in technology and innovation that are recognised by our customers. We systematically expand new markets – for new fields of application and new regions.

We currently employ more than 1,140 people at our four locations in Germany and our Canadian joint venture. We plan to establish production capacities in China, Brazil and India in the coming years.

Table of Content

SHW shares

Intensifying sovereign debt crisis and weak economic data triggers for a significant correction in the equity markets

The threat of Greece's withdrawal from the Eurozone, concerns for the Spanish banking sector, disappointing Eurozone economic data and weakening growth in the USA and China were the triggers for a significant correction in the equity markets in the second quarter of 2012. The EU summit at the end of June, the extension of "Operation Twist" until the end of the year by the US Federal Reserve and the reduction of the base rate by the Bank of China stabilised the equity markets, at least temporarily.

America's leading index Dow Jones ended the second quarter with a loss of 2.5 percent at 12,880 points. The Japanese Nikkei index lost 10.7 percent, closing at 9,007 points.

In Europe, the Euro Stoxx 50 dropped by around 11 percent, standing at 2,265 points at closing on 29 June 2012. The leading German index DAX fell around 8 percent in the period from April to June 2012 and ended the second quarter at 6,416 points. The SDAX selection index was down by around 420 points or 8 percent to 4,804 points in the gloomy market environment.

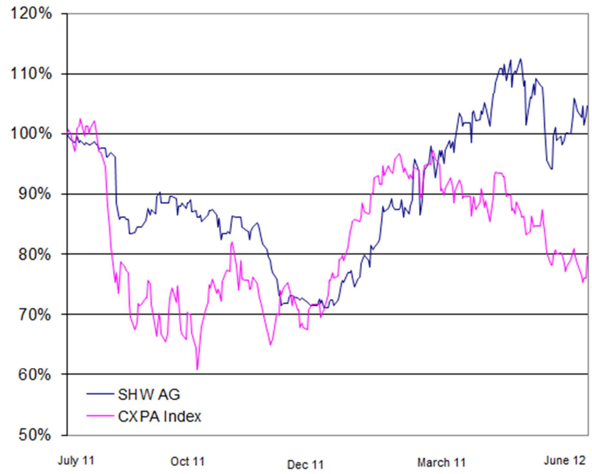
The DAXsector Automobile Performance Index lost around 12 percent, closing at 775 points as a result of gloomy industry prospects.

SHW shares continue to improve in a weak market environment

Despite the weak market environment, SHW shares gained 6.0 percent compared to the Q1 closing price to total € 27.23 by 29 June 2012. In comparison to the DAXsector Automobile Performance Index, SHW shares performed significantly better in the period from the start of April 2012 to the end of June 2012. SHW shares are currently quoted at € 28 (as of 30 July 2012).

Price development: SHW shares and DAXsector Automobile Performance index (July 2011 – June 2012)

Closing price: 7 July 2011 = 100%

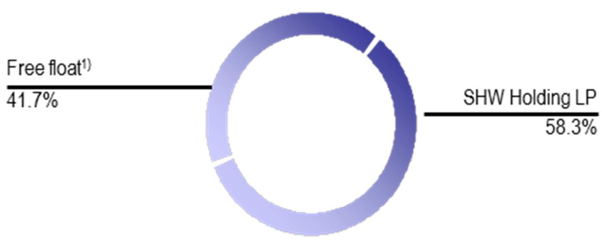


Increased free float

In the second quarter of 2012, there were no changes to the free float. With the expiry of the 12-month lock-up period on 6 July 2012, shares held by active and former SHW AG managers are no longer classified as fixed shareholdings, as defined by the German stock exchange, Deutsche Börse AG. The free float consequently rose from 40.2 percent to 41.7 percent.

Shareholder structure

in %



[1)] Free float, as defined by the German stock exchange, Deutsche Börse AG. Of which: Capital Research and Management Company (3.93 percent).

First Annual Shareholders` Meeting successfully held

The first Annual Shareholders` Meeting of SHW AG, which took place on 15 May 2012 in Heidenheim, generated a great deal of interest among SHW shareholders with an attendance rate of 77.93 percent of the share capital. As proposed by the Management Board and Supervisory Board, distribution of a dividend of € 1 per share was agreed. From the balance sheet profit of € 15.7 million for the year 2011, an amount of € 5.9 million was thereby distributed to the shareholders of SHW AG. This corresponds to a payout ratio of 34 percent. All proposed resolutions proposed of the administration were approved by a large majority.

SHW a formal candidate for inclusion in the SDAX

Thanks to the positive price development and increased sales volumes in the recent months, SHW is now among the formal candidates for inclusion in the SDAX. A security is a formal candidate for inclusion in the SDAX, if it meets the 110/110 criteria (free float market capitalisation / liquidity ranking accumulated over the last 12 months) on Deutsche Börse AG's MDAX/SDAX selection list. As at 30 June, SHW ranked 109th in the free float market capitalisation ranking and 95th in the liquidity ranking.

Research coverage further extended

In the second quarter of 2012, coverage of SHW shares was extended with the addition of Berenberg Bank, the oldest private bank in Germany. SHW shares are currently monitored by a total of five banks and analyst firms. Other banks and research institutes have announced their intention to initiate coverage in the coming months.

Since June 2012, SHW is a member of the Baden-Württemberg Small Caps syndicate (BWSC). Contact with asset managers and private investors should be maintained and developed by means of investor road shows organised jointly with regional banks.

Furthermore, the Company will further intensify its contact with investors and analysts in the second half of 2012 and participate in several capital markets conferences and road shows. As a company with a clear focus on CO_2 reduction, we will also increasingly approach investors who focus on sustainability in their investments.

Share at a glance	
WKN	A1JBPV
ISIN	DE000A1JBPV9
Ticker symbol	SW1
Type of shares	Ordinary no-par-value bearer shares
Number of shares	5.85 million
Share capital	€ 5.85 million
Market capitalisation[1]	€ 159.3 million
Free float	41.7%
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
First listing	7 July 2011
Designated sponsor	Commerzbank AG

1) Based on the closing price of € 27.23 on 29 June 2012

Interim group management report

Business activities and framework conditions

Business activities and corporate structure

The SHW Group is a supplier for European, North and South American automobile and commercial vehicle manufacturers with production sites in Europe, the NAFTA region, South America and China. The SHW Group acts as a Tier-1 supplier for numerous clients, meaning that it supplies the manufactures of the end products. The SHW Group also supplies other automotive industry suppliers.

The Group's business is divided into the Pumps and Engine Components business segment and the Brake Discs business segment. The main focus of the SHW Group's business activity is on developing and manufacturing products that contribute toward reducing fuel consumption, and therefore CO_2 emissions, in the automotive sector.

Leading European manufacturer of pumps and engine components

The Pumps and Engine Components segment is SHW Group's largest business segment, with production facilities in Bad Schussenried and Aalen-Wasseralfingen. Via its 50 percent interest in the Canadian company STT Technologies Inc., SHW also has production sites in Canada and Mexico. They mainly produce oil pumps for automobile manufacturers.

In Germany, the Group also produces gearbox pumps, vacuum pumps, water pumps, balancer shafts and camshaft phasers for motor vehicles.

The SHW Group's Truck and Off-Highway division produces different types of pumps for trucks, farm and construction vehicles, stationary engines and wind power stations.

In addition, the Group manufactures engine components in the Powder Metallurgy division at its Aalen-Wasseralfingen production facility. Examples of these include gear sets and other pump components (e.g. rotors and adjustment rings) as well as other components for engines and gearboxes.

Technological leader in the manufacture of brake discs for high-performance vehicles

The SHW Group is technological leader in the manufacture of brake discs for high-performance vehicles. In its Brake Disc business segment, the SHW Group develops and manufactures monobloc ventilated brake discs made from cast iron as well as composite brake discs made from a combination of an iron friction ring and aluminium pot. The SHW Group has sites in Tuttlingen-Ludwigstal and Neuhausen ob Eck.

Pumps and Engine Components			Brake Discs
Bad Schussenried, Germany/ STT: Concord, Canada/Apodaca, Mexico		Aalen-Wasseralfingen	Tuttlingen-Ludwigstal Neuhausen ob Eck
Passenger Car	Truck and Off-Highway	Powder Metallurgy	
Oil pumps for engines and gearboxes	Gearbox oil pumps	Sintered steel or aluminium components for camshaft phasers	Unprocessed monobloc ventilated brake discs
Variable oil pumps/ map-controlled pumps	Engine oil pumps	Gear sets	Ready-to-install monobloc ventilated brake discs
Oil/vacuum pumps	Fuel pumps	Sintered components for engines and transmissions	Composite brake discs
Water pumps	Electric pumps		
Balancer shafts			
Camshaft phasers			

Framework conditions

Sovereign debt crisis still unresolved – economic outlook for the Eurozone worsens

After significant easing of the monetary policies of the European Central Bank (ECB) and US Federal Reserve contributed to an economic slowdown in the first quarter of 2012, the sovereign debt crisis threatens to intensify once more with corresponding counter-cyclical effects. The global economy is therefore expected to have grown more slowly in the second quarter of 2012 than in the first. Growth rates and patterns differ greatly depending on the country or region.

The present early indicators for the Eurozone suggest that economic performance in the second quarter of 2012 will shrink just as dramatically as in the fourth quarter of 2011. The countries to particularly be affected are those where the financial policy has enforced a highly restrictive rate (Portugal, Greece, Italy, Spain and Ireland). After a strong start, the data available for Germany indicates that the second quarter of 2012 has been significantly weaker.

Positive trends can still be discerned in the Asian emerging markets, whereby economic indicators in China suggest a significant cooling of the economy. Meanwhile, this has given the Bank of China an opportunity to ease the fiscal reins again. In Japan, the reconstruction works following the tsunami and the easy monetary policy of the Bank of Japan has fostered strong impetus to growth. In the United States, the economic recovery continued, with rising company profits and investments providing growth impulses.

Key automobile markets continue to grow

With the exception of the Western European markets, the key automobile markets continue to show growth. Sales figures for the first half of 2012 have increased significantly, particularly in the Asian passenger car markets and the USA. In the EU (EU-27), demand for passenger cars fell by 6.8 percent between January and June 2012 however.

The picture was a very different one in the European high-volume markets. Markets with slightly positive growth rates (UK: + 2.7 percent; Germany: + 0.7 percent) face markets with significantly declining new registration figures (Italy: -19.7 percent; France: -14.4 percent). The sharp decline in France in particular can be explained by the fact that sales figures during the same period in the previous year were supported by a scrappage premium. For the fourth year running, the Italian passenger car market has experienced a decrease in the number of new car registrations.

In contrast, in the USA, sales of passenger cars and light trucks rose by 14.9 percent to 7.25 million units in the first six months of 2012 compared to the previous year, against the backdrop of brightening economic prospects.

On the Brazilian market, demand for light vehicles (passenger cars and light trucks) fell by 0.4 percent to 1.63 units compared to the previous year during the first six months of 2012.

After a comparably weak first quarter, the Chinese passenger car market once again returned to its growth path and remained 6.5 percent above the previous year's level in the first six months of 2012 with 7.59 million units sold.

The Japanese automobile market benefited from high backlog demand and state support measures and achieved a marked increase of 56.6 percent to 2.52 million units.

Earnings, net assets and financial position of the SHW Group

K EUR	Q2 2012	Q2 2011	Change in %	H1 2012	H1 2011	Change in %
Sales	101,484	89,713	13.1%	201,968	178,194	13.3%
EBITDA	11,979	8,991	33.2%	23,159	16,695	38.7%
as % of sales	11.8%	10.0%		11.5%	9.4%	
EBIT	8,375	6,463	29.6%	16,195	11,531	40.4%
as % of sales	8.3%	7.2%		8.0%	6.5%	
Net income for the period	5,893	6,497	-9.3%	11,093	9,547	16.2%
Adjusted EBITDA[1)]	11,979	10,017	19.6%	23,159	18,863	22.8%
as % of sales	11.8%	11.2%		11.5%	10.6%	
Adjusted EBIT[1)]	8,415	7,529	11.8%	16,275	13,779	18.1%
as % of sales	8.3%	8.4%		8.1%	7.7%	
Cash flow from operating activities	7,097	7,684	-7.6%	5,705	8,289	-31.2%
Cash flow from operating activities / sales	7.0%	8.6%		2.8%	4.7%	
Equity	-	-		60,703	46,796	29.7%
Equity ratio	-	-		34.1%	29.1%	
Net bank debt	-	-		17,574	13,641	28.8%
Net bank debt / Adjusted EBITDA (LTM)[1)]	-	-		0.44	0.37	

[1)] Adjusted for special effects; cf. Group reconciliation statement.

Earnings position

Group sales considerably higher than in previous year: +13.3 percent

In the first half of 2012, Group sales rose 13.3 percent compared to the same period last year from € 178.2 million to € 202.0 million. The growth in sales was largely the result of a variety of new product launches and stable demand of SHW customers.

Cost of sales ratio improves

The cost of sales in the first half of 2012 rose from € 156.0 million in the previous year to € 175.7 million. Despite rising costs for temporary workers and energy, the cost of sales ratio decreased from 87.6% to 87.0% due to a shift in the product mix towards higher margin products – particularly at STT.

Selling expenses remained almost unchanged in the first half of 2012. The selling expenses ratio fell by 0.2 percent to 0.9 percent.

The € 0.7 million increase in administration expenses in the first half of 2012 compared to the previous year to € 4.8 million was caused by additional personnel and IT costs. The administration expenses ratio increased by 0.1% percentage points to 2.4 percent.

Other operating expenses and income (net) decreased by € 1.6 million in the first half of 2012 compared to the previous year. An amount of € 2.2 million is due to the shortfall of IPO costs, among other factors.

Rise in research and development spending

In the first half of 2012, research and development costs rose 16.7 percent compared to the same period last year to € 3.1 million (previous year: € 2.6 million), corresponding to 1.5 percent of sales (previous year: 1.5 percent). Furthermore, € 1.0 million (previous year: € 0.8 million) was capitalised development costs. In the Pumps and Engine Components business segment, the main focus was on the development of variable oil pumps, start-stop pumps, oil vacuum pumps, balancer shafts and camshaft phasers; in the Brake Discs business segment, focus was on the further development of lightweight brake discs.

Operating result and EBIT margin significantly improved

In the first half of 2012, earnings before interest and tax (EBIT) rose by € 4.7 million to € 16.2 million. Taking IPO expenses of € 2.2 million accrued in the first half of 2011 into account, the operating result grew by € 2.5 million, or 18.1 percent. The EBIT margin showed a corresponding increase from 7.7 percent to 8.1 percent.

Reconciliation statement: SHW Group

K EUR	Q2 2012	Q2 2011	H 1 2012	H 1 2011
Sales	101,484	89,713	201,968	178,194
Operating result (EBIT)	8,375	6,463	16,195	11,531
Total PPA[1)]	40	40	80	80
PPA[1)] customer base	-	-	-	-
PPA[1)] patents / licenses	-	-	-	-
PPA[1)] fixed assets	40	40	80	80
IPO expenses	-	1,026	-	2,168
Total adjustments	40	1,066	80	2,248
Adjusted EBIT	8,415	7,529	16,275	13,779
as % of sales	8.3%	8.4%	8.1%	7.7%
Other depreciation	3,564	2,488	6,884	5,084
Adjusted EBITDA	11,979	10,017	23,159	18,863
as % of sales	11.8%	11.2%	11.5%	10.6%

[1)] Depreciation arising from purchase price allocation.

Special effects in the first half of 2012
Depreciation arising from purchase price allocation during the reporting period totalled € 80 thousand.

Special effects in the first half of 2011
In the first half of 2011, expenses for IPO preparations totalled € 2.2 million and were accounted for in the Other/Consolidation segment in addition to depreciation arising from the purchase price allocation amounting to € 80 thousand.

Financial result decreased slightly
The adjusted financial result (net) fell by € 0.1 million to € 0.9 million due to the drawdown of the credit facility. In the previous year, a special income arising from the fair value measurement of a receivable totalling € 2.0 million was disclosed here.

Tax
In the first half of 2012, income tax rose by € 1.1 million to € 4.2 million. The tax ratio increased from 24.6 percent to 27.6 percent.

Net result for the period up by 16.2 percent
Overall, the € 11.1 million net profit for the period was 16.2 percent higher than the result for the comparative period of the previous year (€ 9.5 million). In the same period last year, IPO expenses of € 2.2 million as well as extraordinary gains arising from the fair value measurement of a receivable totalling € 2.0 million were included here. Earnings per share for the first half of 2012 were € 1.90 compared to € 1.66 in the same period last year (each in relation to average share capital of 5,851,100 or 5,744,412 registered shares).

Net assets position

Growth reflected in an increase in tangible assets, inventories and receivables.
The SHW Group's asset and financial position still remained extremely sound at the end of the first half 2012. Compared to 30 June 2011, the balance sheet total had risen by € 16.9 million to € 177.9 million. This is partly due to the commissioning of new production facilities as well as an increase in other intangible assets resulting from capitalising development costs and own work for the SAP project. The increase in business activity led to an increase in inventories and trade receivables totalling € 15.4 million. "Other financial assets" decreased € 6.5 million compared to the same period in 2011 to € 0.7 million, mainly due to the reduction in receivables relating to the joint venture partner in Canada and the repayment of a loan.

In comparison with 31 December 2011, the balance sheet total showed an increase of € 4.1 million. Besides a slight increase in tangible assets, increased sales caused inventories and trade receivables to also grow by a total of € 8.8 million.

Financial position

Marked improvement in equity ratio to 34.1 percent

Group equity rose by € 13.9 million to € 60.7 million compared to 30 June 2011. This corresponds to an equity ratio of 34.1 percent compared to 29.1 percent as of 30 June 2011.

Compared with the end of 2011, equity was € 5.6 million higher, and the equity ratio rose from 31.7 percent to 34.1 percent. In May 2012, the Group paid out a dividend of € 1 per share to its shareholders, or a total of € 5.9 million.

Demand-induced build-up of working capital and higher capital expenditures influence free cash flow

Cash flow from operating activities amounted to € 5.7 million as of 30 June 2012; € 2.6 million lower than the comparable value of € 8.3 million in the previous year.

The € 1.6 million improvement in net profit for the period to € 11.1 million (previous year: € 9.5 million) was more than offset by the demand-induced build-up of working capital.

In the first half of 2012, investment activities led to an outflow of funds totalling € 8.9 million (previous year: € 8.5 million). This increase was largely the result of order-related investments in new assembly lines and the capitalization of SAP project costs and development costs.

Free cash flow for the first half of 2012 thus totalled € -3.2 million (previous year: € -0.2 million). Compared to the first half of 2011, this constituted a decline of € 3.0 million.

Increase in net bank debt

The SHW Group's net bank debt totalled € 17.6 million as at 30 June 2012, which was higher than at 31 December 2011 (€ 8.6 million) and 30 June 2011 (€ 13.6 million). Thereby, the SHW Group held cash and cash equivalents totalling € 3.8 million as of 30 June 2012 (previous year: € 8.2 million). The € 4.4 million decrease in cash and cash equivalents was largely the result of further repayment of the syndicated loan amounting to € 5.3 million and a dividend payout totalling € 5.9 million.

In comparison with 31 December 2011, cash and cash equivalents decreased by € 6.9 million due to further repayment of the syndicated loan amounting to € 2.6 million and the aforementioned dividend payout amounting to € 5.9 million.

Furthermore, the Group has a credit facility of over € 30 million, of which € 1.0 million has already been drawn on through sureties and € 4.7 million through borrowing.

Change in net bank debt

K EUR	H1 2012	H1 2011
Cash flow from operating activities	5,705	8,289
Cash flow from investment activities	-8,871	-8,489
Cash flow before financing activities (free cash flow)	-3,166	-200
Other	-5,787	-56
Change in net bank debt	-8,953	-0,256

Capital Expenditures

Due to upcoming production start-ups, our investments in the first half of 2012 totalled € 8.9 million compared to € 8.5 million in the previous year. Of this sum, € 7.4 million was invested in the Pumps and Engine Components business segment and € 0.8 million in the Brake Discs business segment. A further € 0.6 million was invested in the ongoing SAP project.

Increase in employee numbers mainly inland

For the period under review, the average number of employees at the Group level rose from 1,049 to 1,140. Employee numbers at SHW Germany rose by 55 on average to 1.004 in the period from January to June 2012. The pro-rata average number of employees at our STT joint venture was 136, which represents an increase of 19 people compared to the figure of the previous year. This was primarily due to the taking on of more employees in production.

Business segments

Development of the Pumps and Engine Components business segment

Increase in sales by 19.8 percent

During the first half of 2012, sales in the Pumps and Engine Components business segment rose by 19.8 percent compared to the same period last year to € 156.1 million (previous year: € 130.3 million).

Demand for variable oil pumps/start-stop pumps drives sales in the Passenger Car division

Within the Pumps and Engine Components business segment, the Passenger Car division enjoyed increased demand for variable oil pumps and start-stop pumps as well as the launch of an oil-vacuum pump for diesel-powered vehicles. Sales in the Passenger Car division (excluding Powder Metallurgy) rose by 25.0 percent from € 100.6 million in the first half of 2011 to € 125.7 million in the first half of 2012.

A drop in demand caused by the economy led to a € 0.2 million fall in sales in the Truck and Off-Highway division to € 15.7 million. In the Powder Metallurgy division, sales rose by 6.5 percent on the previous year from € 14.0 million to € 14.9 million.

Key figures Pumps and Engine Components

K EUR	Q2 2012	Q2 2011	Change in %	H1 2012	H1 2011	Change in %
Sales	78,755	66,958	17.6%	156,128	130,288	19.8%
EBITDA	10,808	9,048	19.5%	20,593	16,724	23.1%
as % of sales	13.7%	13.5%		13.2%	12.8%	
EBIT	8,018	7,365	8.9%	15,255	13,266	15.0%
as % of sales	10.2%	11.0%		9.8%	10.2%	
Adjusted EBITDA[1)]	10,808	9,048	19.5%	20,593	16,724	23.1%
as % of sales	13.7%	13.5%		13.2%	12.8%	
Adjusted EBIT[1)]	8,028	7,375	8.9%	15,275	13,286	15.0%
as % of sales	10.2%	11.0%		9.8%	10.2%	

[1)] Adjusted for special effects; cf. Reconciliation statement for business segment Pumps and Engine Components.

EBITDA increases by 23 percent

The Pumps and Engine Components business segment recorded a € 3.9 million increase in earnings before interest taxes, depreciation and amortisation (EBITDA) to € 20.6 million in the first half of 2012 compared to the previous year. Despite higher burdens relating to production start-ups, the EBITDA margin grew slightly to 13.2 percent (previous year: 12.8 percent). Earnings before interest and tax (EBIT) rose by € 2,0 million or 15.0 percent compared to the previous year to € 15.3 million (previous year: € 13.3 million). The corresponding EBIT margin decreased depreciation related to 9.8 percent (previous year: 10.2 percent).

Reconciliation statement: Pumps and Engine Components

K EUR	Q2 2012	Q2 2011	H 1 2012	H 1 2011
Sales	78,755	66,958	156,128	130,288
Segment result (EBIT)	8,018	7,365	15,255	13,266
Total PPA[1)]	10	10	20	20
PPA[1)] customer base	-	-	-	-
PPA[1)] patents / licenses	-	-	-	-
PPA[1)] fixed assets	10	10	20	20
Total adjustments	10	10	20	20
Adjusted EBIT	8,028	7,375	15,275	13,286
as % of sales	10.2%	11.0%	9.8%	10.2%
Other depreciation	2,780	1,673	5,318	3,438
Adjusted EBITDA	10,808	9,048	20,593	16,724
as % of sales	13.7%	13.5%	13.2%	12.8%

1) Depreciation arising from purchase price allocation.

Development of the Brake Discs business segment

Key figures Brake Discs

K EUR	Q2 2012	Q2 2011	Change in %	H1 2012	H1 2011	Change in %
Sales	22,729	22,755	-0.1%	45,84	47,906	-4.3%
EBITDA	1,743	1,347	29.4%	3,142	3,060	2.7%
as % of sales	7.7%	5.9%		6.9%	6.4%	
EBIT	967	581	66.4%	1,592	1,528	4.2%
as % of sales	4.3%	2.6%		3.5%	3.2%	
Adjusted EBITDA[1)]	1,743	1,347	29.4%	3,142	3,060	2.7%
as % of sales	7.7%	5.9%		6.9%	6.4%	
Adjusted EBIT[1)]	997	611	63.2%	1,652	1,588	4.0%
as % of sales	4.4%	2.7%		3.6%	3.3%	

1) Adjusted for special effects; cf. Reconciliation statement for business segment Brake Discs.

Decline in volume mostly offset by enhanced product mix

Brake disc sales decreased by 9.2 percent to 2,127,000 units in the first half of 2012. Sales of unprocessed brake discs declined by around 283,000 units to 1,157,000 units, primarily due to the cancellation of an order for China and the expiry of an order for a domestic OEM. In contrast, sales of processed brake discs increased due to increased orders from various OEMs by around 70,000 units to approximately 894,000 units. The number of composite brake discs sold decreased slightly by around 2,000 units to 76,400 units. The reasons for this were a one-off order in the previous year and the delayed start-up of a new order.

Due to the change in products, sales in the Brake Discs business segment in the first half of 2012 only declined by 4.3 percent compared to the same period last year to € 45.8 million (previous year: € 47.9 million).

Positive earnings trend intensifies in the second quarter

Now that the start-up problems with a new production equipment that contributed significantly to losses in the third and fourth quarters of 2011 have been resolved, the Brake Discs business segment is on course to achieve its planned profit targets. Earnings before interest and tax (EBIT) reported a € 0.1 million increase to € 1.6 million. At 3.5 percent, the corresponding EBIT margin outperformed the previous year. In the second quarter, EBIT surpassed the previous year's figures considerably, both in absolute terms and in relation to sales.

Reconciliation statement: Brake Discs

K EUR	Q2 2012	Q2 2011	H 1 2012	H 1 2011
Sales	22,729	22,755	45,840	47,906
Segment result (EBIT)	967	581	1,592	1,528
Total PPA[1]	30	30	60	60
PPA[1] customer base	-	-	-	-
PPA[1] patents / licenses	-	-	-	-
PPA[1] fixed assets	30	30	60	60
Total adjustments	30	30	60	60
Adjusted EBIT	997	611	1,652	1,588
as % of sales	4.4%	2.7%	3.6%	3.3%
Other depreciation	746	736	1,490	1,472
Adjusted EBITDA	1,743	1,347	3,142	3,060
as % of sales	7.7%	5.9%	6.9%	6.4%

[1] Depreciation arising from purchase price allocation.

Opportunities and risks

There have not been any significant changes in the assessment of opportunities and risks for the SHW Group compared to the opportunities and risks discussed in the 2011 Annual Report (pages 43 to 46).

Forecast

Outlook for the global economy

The sovereign debt crisis still hasn't been resolved, and in the opinion of Commerzbank economists (Economic and Market Monitor, June / July 2012) continues to pose the greatest risk to the global economy.

For the Eurozone, the economic experts anticipate a contraction of 0.4 percent for 2012 (as of 22 June 2012), whereby the decline of the euro economy is likely to continue into the autumn. As in the previous year, the differences between the individual euro member states are likely to remain substantial. The risks resulting from sovereign debt crisis will also have an impact on Germany, as only a moderate rise of 0.5 percent in economic output is expected in 2012.

The USA should further continue to experience a moderate recovery. As in previous years, the Asian emerging markets (China, India, Indonesia, Malaysia, the Philippines, and Thailand) will once again show strong growth rates. In China, the restrictive monetary policy and a weaker global demand will slow GDP growth to around 7.5 percent. Despite current risks, economic prospects and increasing disposable income in many emerging countries, will offer a solid base for enabling the continued recovery of the global automobile industry in 2012.

Outlook for the industry

In their most recent update, industry experts at PwC Autofacts left their predictions for global light vehicle production (vehicles < 6t) largely unchanged. Overall, PwC Autofacts predict growth of 6.6 percent to 79.6 million vehicles for 2012. On a country level, a few adjustments have been made to the estimates of April 2012. In particular, estimates for China and the USA have once again been raised, whilst the outlook for Germany has been lowered.

In the USA, significant expansion in production of 18.6 percent to 10.0 million vehicles is predicted as a result of continuing robust demand and attractive new model launches. The medium-term growth trend in the Chinese automobile market will remain intact during the current year. This is driven by further increases to incomes, and the market penetration of passenger vehicles, which remains low. The Indian automobile market will become increasingly important and is likely to grow dynamically in 2012.

PwC automotive experts now predict a drop in production figures of 3.9 percent for Germany in 2012. Withdrawal of their earlier forecast was mainly due to weakening demand, both domestically and from the other EU states.

Light vehicle production by country

in million units	2012	2011	Change in %
China	16,9	15,4	9.9%
USA	10,0	8,5	18.6%
Japan	8,8	7,9	11.9%
Germany	5,5	5,7	-3.9%
South Korea	4,6	4,6	0.4%
India	3,7	3,5	6.5%
Brazil	3,2	3,1	2.3%
Mexico	2,6	2,5	3.2%
Spain	2,0	2,4	-15.1%
France	2,0	2,3	-12.4%
Worldwide	79,6	74,7	6.6%

Source: PwC Autofacts July 2012

Outlook for the Group

A variety of new product launches and consistent focus on CO_2-relevant automotive components formed the basis for a very successful first half of 2012. Group sales and net income for the period attained new record levels.

Despite a shrinking European automobile market, the Company predicts growth and the achievement of its objectives for the year 2012. Based on the half year figures, we expect Group sales for the 2012 financial year to grow by around 3-7 percent. Sales in the Pumps and Engine Components business segment are estimated to increase by around 3-9 percent due to further product start-ups, increasing sales contribution of variable oil pumps and electric pumps for the start-stop function, and stable capacity utilisation rates. Based on the half year figures, the Brake Discs business segment is expected to achieve sales of around the same level as the previous year.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) should develop slightly better than sales due to the improved product mix provided the planned growth in sales can be realised.

Aalen, 2 August 2012

SHW AG Management Board

Dr. Wolfgang Krause Oliver Albrecht Andreas Rydzewski

Consolidated financial statements (IFRS) as of 30 June 2012

Consolidated Income statement (unaudited)

K EUR	Q2 2012	Q2 2011	H1 2012	H1 2011
Sales	**101,484**	**89,713**	**201,968**	**178,194**
Cost of sales	-87,673	-78,465	-175,700	-156,028
Gross profit	**13,811**	**11,248**	**26,268**	**22,166**
Selling expenses	-867	-1,015	-1,852	-1,954
General administration expenses	-2,505	-2,144	-4,844	-4,107
Research and development costs	-1,614	-1,427	-3,058	-2,620
Other operating income	1,017	1,802	2,317	2,856
Other operating expenses	-1,467	-2,001	-2,636	-4,810
Operating result	**8,375**	**6,463**	**16,195**	**11,531**
Financial income	8	2,067	18	2,124
Financial expenses	-423	-543	-889	-994
Earnings before taxes	**7,960**	**7,987**	**15,324**	**12,661**
Deferred taxes	-244	-177	-314	-544
Current income tax	-1,823	-1,313	-3,917	-2,570
Net income for the period	**5,893**	**6,497**	**11,093**	**9,547**
Earnings per share (in €) [1)]	1.01	1.11	1.90	1.66

[1] Q2 2011: based on an average of 5,851,100 shares; H1 2011: based on an average of 5,744,412 shares; 2012: based on an average of 5,851,100 shares

Statement of comprehensive income (unaudited)

K EUR	Q2 2012	Q2 2011	H1 2012	H1 2011
Net income for the period	**5,893**	**6,497**	**11,093**	**9,547**
Currency translation differences	430	-283	335	-695
Change in the market value of hedging instruments	—	-4	—	-7
Variation (gross)	430	-287	335	-702
Deferred taxes on changes in value stated under equity	—	1	—	2
Change in value stated under equity	**430**	**-286**	**335**	**-700**
Capital increase	—	2,166	—	2,166
Consolidated statement of comprehensive income	**6,323**	**8,377**	**11,428**	**11,013**
Minority interests in comprehensive income	—	—	—	—
SHW AG shareholders' share of comprehensive income	6,323	8,377	11,428	11,013

Consolidated balance sheet (unaudited)

K EUR	30.06.2012	31.12.2011	30.06.2011
Assets			
Customer base	—	—	—
Goodwill	7,055	7,055	7,055
Other intangible assets	9,968	8,552	5,704
Tangible assets (property, plant and equipment)	59,026	58,360	50,860
Deferred tax assets	3,201	3,401	3,249
Other financial assets	765	823	605
Non-current assets	**80,015**	**78,191**	**67,473**
Inventories	38,709	37,741	30,286
Trade receivables	52,885	45,059	45,911
Loans to affiliated companies	—	—	—
Other financial assets	698	748	7,155
Other assets	1,773	1,345	2,013
Cash and cash equivalents	3,811	10,682	8,200
Current assets	**97,876**	**95,575**	**93,565**
Balance sheet total	**177,891**	**173,766**	**161,038**

K EUR	30.06.2012	31.12.2011	30.06.2011
Equity and liabilities			
Subscribed capital	5,851	5,851	5,851
Capital reserve	14,780	14,780	14,780
Revenue reserves	38,659	33,417	25,966
Other reserves	1,414	1,079	199
Total equity	**60,704**	**55,127**	**46,796**
Pension accruals and similar obligations	22,827	22,983	23,093
Deferred tax liabilities	3,308	3,194	2,223
Other accruals	2,992	2,984	2,907
Other financial liabilities	119	130	147
Liabilities to banks	5,625	11,250	16,875
Non-current liabilities and accruals	**34,871**	**40,541**	**45,245**
Liabilities to banks	15,760	8,053	4,966
Trade payables	39,998	42,166	37,561
Other financial liabilities	9,573	11,511	11,085
Income tax liabilities	1,830	950	1,283
Other accruals	7,069	8,858	7,967
Other liabilities	8,086	6,560	6,135
Current liabilities and accruals	**82,316**	**78,098**	**68,997**
Balance sheet total	**177,891**	**173,766**	**161,038**

Statement of changes in Group equity (unaudited)

K EUR	Subscribed capital	Capital reserve	Revenue reserves	Other reserves	Total equity
Position as of 1 January 2011	**5,500**	**12,965**	**16,419**	**899**	**35,783**
Capital increase	351	1,815	—	—	2,166
Foreign currency translation	—	—	—	-695	-695
Changes in the market value of hedging instruments	—	—	—	-5	-5
Total result recognised directly in equity	—	—	—	-700	-700
Net income as at 30 June 2012	—	—	9,547	—	9,547
Total net result for the period	—	—	9,547	-700	8,847
Position as of 30 June 2011	**5,851**	**14,780**	**25,966**	**199**	**46,796**
Position as of 1 January 2012	**5,851**	**14,780**	**33,417**	**1,079**	**55,127**
Capital increase	—	—	—	—	—
Foreign currency translation	—	—	—	335	335
Change in the market value of hedging instruments	—	—	—	—	—
Total result recognised directly in equity	—	—	—	335	335
Net income as at 30 June 2012	—	—	11,093	—	11,093
Total net result for the period	—	—	11,093	335	11,428
Dividend paid	—	—	-5,851	—	-5,851
Position as of 30 June 2012	**5,851**	**14,780**	**38,659**	**1,414**	**60,704**

Consolidated cash flow statement (unaudited)

K EUR	01.01.2012-30.06.2012	01.01.2011-30.06.2011
Cash flow from operating activities		
Net income for the period	11,093	9,547
Depreciation/amortisation on fixed asset items (+)	6,964	5,164
Income tax expenses through profit or loss (+)	3,917	2,570
Income tax paid (-)	–2,896	–2,457
Financing costs through profit or loss (+)	890	994
Interest paid (-)	–296	–343
Financial investment income through profit or loss (-)	–18	–162
Interest received (+)	18	163
Increase (+)/decrease (-) in accruals	–1,937	–1,418
Changes in deferred taxes	314	542
Other non cash-effective expenses (+)/income (-)	–581	–92
Gain (-)/loss (+) on the disposal of assets	–2	–
Increase (-)/decrease (+) in inventories, trade receivables and other current assets	–9,171	–12,262
Increase (+)/decrease (-) in trade payables and other current liabilities	–2,590	6,043
Cash flow from operating activities	**5,705**	**8,289**
Cash flow from investment activities		
Cash received (+) from disposals of tangible assets	2	—
Cash paid (-) for investments in tangible assets	–7,184	–7,127
Cash paid (-) for investments in intangible assets	–1,689	–1,362
Cash flow from investment activities	**–8,871**	**–8,489**
Cash flow from financing activities		
Cash paid from the proceeds from financial liabilities	4,668	—
Cash paid (-) for the redemption of financial liabilities	–2,625	–11,625
Payouts to shareholders	–5,851	—
Cash received from the disposal of financial assets	—	62
Cash flow from financing activities	**–3,808**	**–11,563**
Cash and cash equivalents at the end of the period		
Cash-effective changes in cash and cash equivalents (subtotal of lines 1–3)	–6,974	–11,763
Exchange rate-related changes in cash and cash equivalents	103	–239
Cash and cash equivalents at the beginning of the period	10,682	20,202
Cash and cash equivalents at the end of the period	3,811	8,200

Selected explanatory notes

Basis of and methods used in consolidated interim financial statements

These abridged, unaudited interim consolidated financial statements of SHW AG, Wilhelmstrasse 67, 73433 Aalen, Germany, and its subsidiaries (hereinafter referred to as the SHW Group) as of 30 June 2012 were prepared in accordance with the provisions of the International Accounting Standard on interim financial reporting (IAS 34) and Section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) as of the interim reporting date.

These consolidated interim financial statements do not include all of the information that year-end consolidated financial statements are required to include in accordance with IAS 34. These statements must therefore be read together with the consolidated financial statements for the 2011 financial year.

SHW AG is an Aktiengesellschaft, or public limited company, under German law and is entered in the commercial register under HRB 726621. The Group's principal activity is the manufacture and sale of pumps, engine components and brake discs. Its customers are mainly automotive manufacturers and suppliers.

These consolidated interim financial statements were passed to the Supervisory Board by the Management Board on 30 July 2012 and cover the period from 1 January to 30 June 2012 as compared to the same period in the previous year. The asset position (balance sheet) is presented in comparison with the figures as of 31 December 2011 and 30 June 2011. The consolidated interim financial statements are denominated in euro (€). Unless specified otherwise, the figures shown are stated in thousand euros (€ K).

In the Management Board's view, the consolidated interim financial statements include all of the usual, regular adjustments required for an appropriate presentation of the Group's earnings, net assets and financial position. The accounting and valuation methods used in the Group interim statement for the first half of 2012 correspond with those used in the consolidated financial statements to 31 December 2011. These methods are described in detail in the notes of the financial statements to 31 December 2011.

Income tax expenses are stated for interim periods on the basis of the best estimate of the weighted average annual income tax rate anticipated for the full year.

As stated in the consolidated financial report of 31 December 2011, the new International Accounting Standards that came into force at the start of the 2012 financial year (IAS 12, IFRS 13) have not led to any significant differences in the interim or consolidated financial reports.

In preparing consolidated interim financial statements to IFRS, estimates and assessment must to some extent be made in relation to the balance sheet assets and liabilities and stated contingent claims and liabilities as of the reporting date and to the stated income and expenses for the reporting period. The actual figures may differ from the estimates.

Scope of consolidation

The consolidated interim financial statements as of 30 June 2012 comprise the financial statements for SHW AG as well as those for SHW Automotive GmbH and SHW Zweite Beteiligungs GmbH. The joint venture STT Technologies Inc., Concord, Ontario, Canada, in which the SHW Group holds a 50 percent stake, was consolidated pro rata as per IAS 31. There have been no changes to the consolidation entity as of 31 December 2011.

The exchange rate of the Canadian dollar developed as follows during the reporting period:

	Q2 2012	Q2 2011	H1 2012	H1 2011
Average	1.2969	1.3920	1.3049	1.3699
Reporting date	1.2889	1.4051	1.2889	1.4051

Statement of comprehensive income, balance sheet

Group sales increased by € 23.8 million to € 202.0 million in the first half of 2012 compared to the same period last year. The growth in sales was largely the result of a variety of new product launches and stable demand of SHW customers.

Other operating expenses decreased by € 2.2 million compared to the value in 2012, in particular due to the shortfall of IPO costs. In the previous year, this item also included a provision for a claim under warranty in North America.

Earnings before taxes rose in the reporting period from € 12.7 million to € 15.3 million (+21.0 percent), reflecting the SHW Group's positive year-on-year development. The tax ratio totalled 27.6 percent in the first half of 2012 compared to 24.6 percent in the same period last year.

Other intangible assets rose by € 4.3 million in relation to the previous year due to the capitalisation of development costs and SAP costs.

Trade receivables rose by € 7.0 million or 15.2 percent compared to the previous year and grew slightly stronger than sales (13.3 percent).

Net bank debt increased by € 4.0 million compared to the first half of 2011, with cash and cash equivalents declining from € 8,2 to € 3.8 million due to the loan repayment and a dividend payment.

Compared to the end of 2011, net bank debt increased by € 8.6 million to € 17.6 million, mainly due to the dividend payment and increased working capital.

In comparison to the previous year, other financial assets declined by € 6.5 million to € 0.7 million as a result of loan repayments and reduction in a receivable from Canadian joint venture partner, Magna. The largest item in the first half of 2012 is still a receivable of € 0.6 million from the Canadian joint venture partner.

Equity

The change in equity compared to 31 December 2011 is the result of net profits earned in the first half of 2012 less the dividends paid totalling € 5.9 million. The equity ratio increased to 34.1 percent compared to 31.7 percent at the end of 2011. Other financial liabilities fell € 1.9 million compared to the 2011 year end to € 9.6 million. The largest items here are provisions for outstanding invoices amounting to € 8.4 million and licence fees of € 0.2 million in addition to a € 0.4 million liability relating to our joint venture partner, Magna.

Other provisions fell by € 1.8 million compared to the year end, mainly as a result of the utilization of provisions for warranties, land transfer tax and outstanding costs.

Segment reporting

Since 2009, segment reporting has been based on the management approach. Operating segments are determined on the basis of internal reports as per IFRS 8 that is used regularly by the Chief Operation Decision Maker to decide on the distribution of resources and to estimate profitability. The profitability of individual business segments is established on the basis of the operating result (EBIT). The EBIT of the business segments is determined in accordance with IFRS, as is the operating result of the Group. The assets and liabilities of each segment are also established on the basis of IFRS. Financial expenses, financial income and income tax are managed at the Group level. The Pumps and Engine Components business segment manufactures pumps and sintered metallurgy products for the automobile industry. The Brake Discs business segment produces raw and processed brake discs for the automobile industry. Transactions between the divisions are essentially based on market conditions identical to those that apply to transactions with third parties.

Segment reporting (unaudited) for the period 1 April to 30 June 2012

K EUR	Pumps and engine components		Brake discs		Other eliminations/ consolidation		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
External sales	78,755	66,958	22,729	22,755	—	—	101,484	89,713
Sales between the segments	160	28	—	—	-160	-28	—	—
Segment sales	78,915	66,986	22,729	22,755	-160	-28	101,484	89,713
Segment result	8,018	7,365	967	581	-610	-1,483	8,375	6,463
Financial result	—	—	—	—	-415	1,524	-415	1,524
Net result before tax	8,018	7,365	967	581	-1.025	41	7,960	7,987
Systematic segment depreciation	2,790	1,683	776	766	38	79	3,604	2,528
Segment capital investments	3,035	4,463	622	308	336	396	3,993	5,167
Major segment expenses	—	—	—	—	—	1,026 [1)]	—	1,026 [1)]
Number of customers representing sales > 10% of total sales	3	1	1	1	—		3	1
VW Group	21,389	22,275	12,637	12,593	—	—	34,026	34,868
GM Group	13,793	—	—	—	—	—	13,793	—
Daimler Group	11,869	—	272	—	—	—	12,141	—

1) IPO costs, without effect on taxes

Segment reporting (unaudited) for the period 1 January to 30 June 2012

K EUR	Pumps and Engine Components		Brake Discs		Other eliminations/ consolidation		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
External sales	156,128	130,288	45,840	47,906	—	—	201,968	178,194
Sales between the segments	206	93	—	—	-206	-93	—	—
Segment sales	156,334	130,381	45,840	47,906	-206	-93	201,968	178,194
Segment result	15,255	13,266	1,592	1,528	-652	-3,263	16,195	11,531
Financial result	—	—	—	—	-871	1,130	-871	1,130
Net result before tax	15,255	13,266	1,592	1,528	-1.523	-2,133	15,324	12,661
Systematic segment depreciation	5,338	3,458	1,550	1,532	76	174	6,964	5,164
Segment capital investments	7,358	6,683	830	1,172	685	634	8,873	8,489
Major segment expenses	—	—	—	—	—	2,168 [1)]	—	2,168 [1)]
Number of customers representing sales > 10% of total sales	4	2	2	2	—	—	4	2
VW Group	41,933	42,718	25,378	27,426	—	—	67,311	70,144
GM Group	26,486	—	—	—	—	—	26,486	—
Daimler Group	22,327	—	373	—	—	—	22,700	—
BMW Group	17,340	14,086	4,288	3,901	—	—	21,628	17,987

1) IPO costs, without effect on taxes

Development of Group sales by region

Regional sales distribution is stated on the basis of the customer's head office location. This is an overview of the SHW Group's regional sales distribution.

K EUR	O2 2012	Q2 2011	H1 2012	H1 2011
Germany	**51,139**	**46,264**	**101,589**	**92,672**
Rest of Europe	32,735	31,420	66,736	62,427
USA	17,431	10,751	33,212	21,196
Other	179	1,278	431	1,899
Group	**101,484**	**89,713**	**201,968**	**178,194**

Governing bodies, related party disclosures

The members of the Supervisory Board are:

Anton Schneider, Cologne, Chairman
Managing Director,
Nordwind Capital Zweite Industriebeteiligungen GmbH

Dr. Martin Beck, Munich, Deputy Chairman
Managing Director,
Nordwind Capital Erste Industriebeteiligungen GmbH;

Dr. Hans Albrecht, Munich
Managing Director,
Nordwind Capital Erste Industriebeteiligungen GmbH;

Christian Brand, Karlsruhe
Chairman of the Management Board of L-Bank

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

Ernst Rieber, Bad Saulgau
Chairman of the Works Committee at SHW Automotive GmbH, Bad Schussenried site

Sureties provided and other financial obligations

The collateral issued and other financial liabilities in the 2011 Group Annual Report have not changed significantly in the first half of 2012.

Aalen, 2 August 2012

SHW AG Management Board

Dr. Wolfgang Krause   Oliver Albrecht   Andreas Rydzewski

Imprint

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The interim report is also available in English. In cases of doubt, the German version is definitive.

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