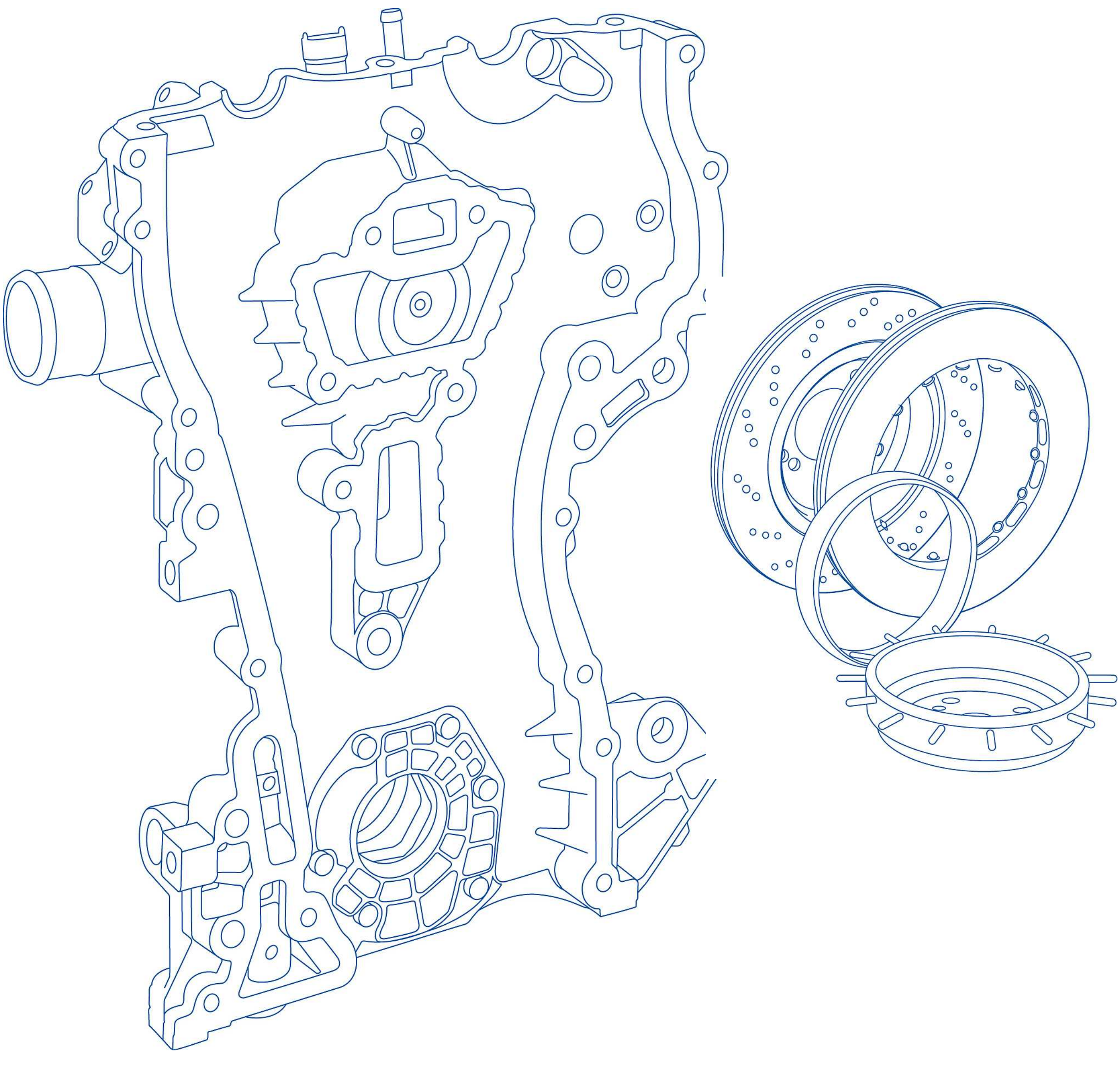


SHW AG

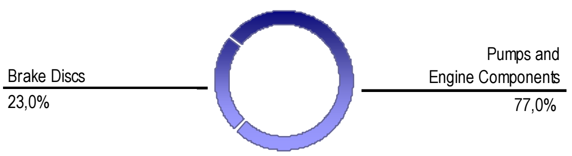
Interim Report as of 31 March 2012

Key figures SHW Group (IFRS)

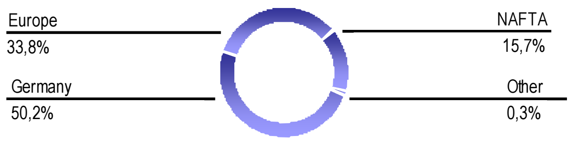
K EUR	Q1 2012	Q1 2011	Change in %
Sales	100,484	88,481	13.6%
EBITDA	11,180	7,704	45.1%
as % of sales	11.1%	8.7%	
EBIT	7,820	5,068	54.3%
as % of sales	7.8%	5.7%	
Net income for the period	5,200	3,050	70.5%
Earnings per share (in €)[1]	0.89	0.55	61.8%
Adjusted EBITDA[2]	11,180	8,846	26.4%
as % of sales	11.1%	10.0%	—
Adjusted EBIT[2]	7,860	6,250	25.8%
as % of sales	7.8%	7.1%	—
Cash flow from operating activities	-1,392	605	—
Cash flow from operating activities/sales	-1.4%	0.7%	—
Equity	60,232	40,585	48.48%
Equity ratio	33.7%	24.0%	—
Net bank debt as of 31 March	14,944	16,012	-6.7%
Number of employees (average)[3]	1,124	1,049	7.1%

[1] 2012: On the basis of 5,851,100 shares; 2011: on the basis of 5,500,000 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 on technology and excellence in 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 1,100 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

Easing of the sovereign debt problems and robust economic data from the US trigger a strong recovery on the stock markets

Falling bond yields in the crisis countries of Italy and Spain following the European Central Bank's (ECB) decision to offer financial institutions unlimited three-year liquidity in conjunction with reduced collateral requirements; the US Federal Reserve's announcement to leave the relevant interest rate near zero until the end of 2014; the agreement of a second bailout package for Greece; and robust US economic data were the catalyst for a strong recovery of the stock markets in the first quarter of 2012. Standard & Poors' downgrading of the credit rating of nine of the seventeen eurozone member states, increasing bond yields in Portugal, disappointing economic data for the eurozone, gloomy growth forecasts for China, and the anewed increase in oil prices were all only temporary burdens for the stock market.

The leading US index Dow Jones ended the first quarter up 8.1 percent at 13,212 points. The Japanese Nikkei index grew by 19.3 percent, closing at 10,084 points.

In Europe, the Euro Stoxx 50 grew by around 7 percent, closing at 2,477 points on 30 March 2012. The leading German index DAX recovered by almost 18 percent between January and March 2012, ending the first quarter at 6,947 points. In the improved market conditions, the SDAX selective index was able to add just over 800 points – or a little more than 18 percent – to its value, closing at 5,221 points.

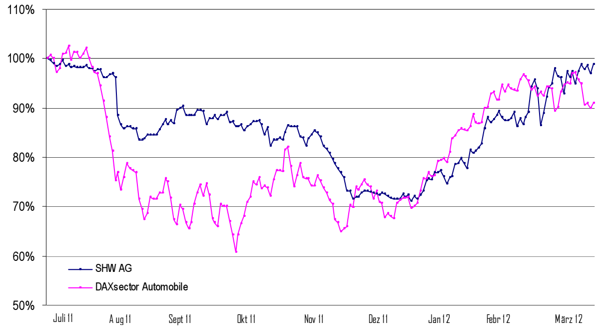
The DAXsector Automobile Performance index improved by around 28 percent as a result of a healthier outlook within the sector, closing at 880 points.

SHW shares once again above the issue price of € 26

In line with the extremely positive company news, SHW shares recovered significantly during the first quarter of 2012 from the end-of-year price of € 18.50, and rose alongside increasing sales to € 25.70 at 30 March 2012. Between the start of January 2012 and the end of March 2012, SHW shares fared considerably better than the DAXsector Automobile Performance index. SHW shares are currently listed at € 28.60 (at 2 May 2012), which is above the issue price of € 26.00.

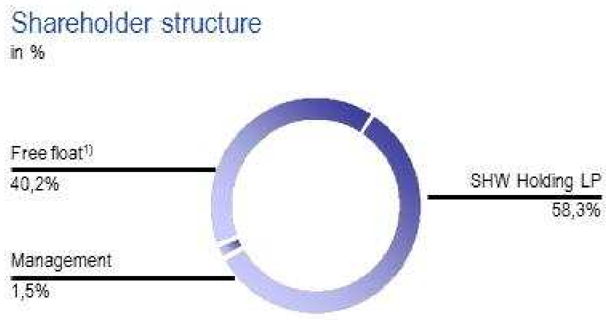
Price development: SHW shares and DAXsector Automobile Performance index (July 2011 – March 2012)

Closing price: 7 July 2011 = 100%



Shareholder structure

In the first quarter of 2012, there was a further change to the free float. In two steps, Allianz Global Investors Kapitalanlagegesellschaft mbH reduced their share from the original 8.78 percent to less than 3 percent. As a result, the only remaining company with a notifiable share of voting rights other than SHW Holding L.P. (58.3 percent) is Capital Research and Management Company (3.93 percent).



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

Active investor relations activities bear fruit

The further intensification of the investor relation activities is increasingly bearing fruit. In the first quarter of 2012, Bankhaus Lampe and Landesbank Baden-Württemberg started coverage of SHW shares. SHW shares are currently monitored by a total of four banks and analyst firms. Other banks and research institutes have announced their intention to initiate coverage in the coming months.

The Company will further accelerate the investor relations work during the year, particularly on the international level. 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)]	€ 150.4 million
Free float	40.2 %
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 € 25.70 on 30 March 2012

Interim group management report

Business activities and framework conditions

Business activities and corporate structure

The SHW Group supplies European, North and South American automobile and commercial vehicle manufacturers that have 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

Accelerated growth in the global economy; sovereign debt crisis remains unsolved

After the global economy's growth dynamics slowed significantly against the backdrop of a worsening sovereign debt crisis in the eurozone (particularly during the second half of 2011), various factors helped ease the situation during the first quarter of 2012. To this the significant easing of the monetary policy of the ECB delivered a substantial contribution. This provided financial institutions with unlimited liquidity for a period of three years, and simultaneously reduced the collateral requirements. At the same time, the US Federal Reserve announced plans to leave the relevant interest rate near zero until the end of 2014.

As a result of such an extreme reflationary monetary policy in the developed countries, the global economy experienced stronger growth in the first quarter of 2012 than in the fourth quarter of 2011. Growth rates and patterns differ greatly depending on the country or region. Positive trends have once again been set in the threshold countries, whereby the measures of the Chinese policy to cool down the economy are increasingly making an impact. In Japan, the reconstruction following the tsunami and the easy monetary policy of the Bank of Japan has fostered strong impetus to growth. In the US, the economic recovery continued, whereupon growth impulses still come from households.

The eurozone economy continues to be affected by the sovereign debt crisis, though the early indicators show that in the first quarter of 2012, economic output declined slower than 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). In Germany, the economy has been weak for a number of months, but is slowly beginning to gain momentum.

Key automobile markets continue to grow

With the exception of the Western European markets, the key automobile markets continue to show growth. Especially the sales figures for passenger car markets in Asia and in the United States rose significantly in the first quarter of 2012. In the EU (EU-27), demand for passenger cars fell by 7.7 percent between January and March 2012 however.

The picture was a very different one in the European high-volume markets. Growth was modest but positive in some markets (Germany: + 1.3 percent; UK: + 0.9 percent) while sales figures showed a marked decline in others (Italy: - 21.0 percent; France: - 21.6 percent). The sharp fall in France's figures can be explained by a scrappage premium that has now expired but that inflated the sales figures in the corresponding quarter last year. 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 13.3 percent in the first three months of 2012 to 3.46 million units compared to the previous year, in the background of a brightening economic situation.

On the Brazilian market, demand for light vehicles (passenger cars and light trucks) fell by 0.7 percent to 772,300 units compared to the previous year during the first three months of 2012.

After a poor performance in January, the Chinese automobile market picked up again and resumed its growth course, maintaining the same high sales figures (3.13 million units in Q1 2012) as in the previous year.

The Japanese automobile market benefited from high backlog demand for passenger vehicles and state support measures and achieved a marked increase of 50.3 percent to 1.45 million units.

Earnings, net assets and financial position of the SHW Group

K EUR	Q1 2012	Q1 2011	Change in %
Sales	100,484	88,481	13.6%
EBITDA	11,180	7,704	45.1%
as % of sales	11.1%	8.7%	—
EBIT	7,820	5,068	54.3%
as % of sales	7.8%	5.7%	—
Net income for the period	5,200	3,050	70.5%
Adjusted EBITDA	11,180	8,846	26.4%
as % of sales	11.1%	10.0%	—
Adjusted EBIT[1)]	7,860	6,250	25.8%
as % of sales	7.8%	7.1%	—
Cash flow from operating activities	-1,392	605	
Cash flow from operating activities/sales	-1.4%	0.7%	—
Equity	60,232	40,585	48.4%
Equity ratio	33.7%	24.0%	—
Net bank debt	14,944	16,012	-6.7%
Net bank debt/adjusted EBITDA (LTM) [1)]	0.39	0.48	—

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

Earnings position

Group sales considerably higher than in previous year: +13.6 percent

In the first quarter of 2012, Group sales rose by 13.6 percent on the previous year, from € 88.5 million to € 100.5 million. This growth in sales was mainly due to a large number of production start-ups and the stable demand of SHW customers. The SHW Group's order intake improved by 5.4 percent compared to the first three months of 2011 to € 96.0 million.

Slight increase in cost of sales ratio

In the first quarter of 2012, the cost of sales increased from € 77.3 million to € 88.0 million compared to the previous year. The slight increase in the cost of sales ratio from 87.4 percent to 87.6 percent was mainly due to a change in the product mix, higher energy costs, and higher costs for temporary staff.

Selling expenses in the first quarter of 2012 remained almost unchanged. The selling expenses ratio fell by 0.1 percent to 1.0 percent.

The € 0.3 million year-on-year increase in general administration expenses in the first quarter of 2012 to € 2.3 million was due to additional staff and IT expenses. The administration expenses ratio remained the same as in the previous year at 2.3 percent.

Other operating expenses and income (net) decreased by € 2.0 million in the first three months of 2012 compared to the previous year. An amount of € 1.1 million is due to the shortfall of IPO costs, among other factors.

Rise in research and development spending
In the first quarter of 2012, research and development expenditure rose by 21.0 percent to € 1.4 million compared to the previous year (€ 1.2 million, corresponding to 1.4 percent of sales (previous year: 1.3 percent). Furthermore, € 0.4 million (previous year: € 0.3 million) was capitalised development costs. In the Pumps and Engine Components business segment, the main focus of R&D spending was on the development of variable oil pumps, start-stop pumps, oil vacuum pumps, balancer shafts and camshaft phasers. In the Brake Discs segment, focus was on the further development of lightweight brake discs.

Operating result and EBIT margin improve considerably
In the first quarter of 2012, Group earnings before interest and taxes (EBIT) increased by € 2.8 million to € 7.8 million. Taking the IPO costs of € 1.1 million incurred in the first quarter of 2011 into consideration, the increase in the operating result totalled € 1.6 million or 25.8 percent. The EBIT margin showed a corresponding increase from 7.1 percent to 7.8 percent.

Reconciliation statement: SHW Group

K EUR	Q1 2012	Q1 2011
Sales	**100,484**	**88,481**
Operating result (EBIT)	**7,820**	**5,068**
Total PPA[1] (purchase price allocation)	40	40
PPA[1] customer base	-	-
PPA[1] patents/licences	-	-
PPA[1] fixed assets	40	40
IPO expenses	-	1,142
Total adjustments	40	1,182
Adjusted EBIT	**7,860**	**6,250**
as % of sales	7.8 %	7.1%
Other depreciation	3,320	2,596
Adjusted EBITDA	**11,180**	**8,846**
as % of sales	11.1%	10.0%

[1] Depreciation arising from the purchase price allocation

Special effects in the first three months of 2012
Depreciation arising from purchase price allocation during the reporting period totalled € 40 thousand.

Special effects in the first three months of 2011
Expenses incurred for preparation of the IPO in the first three months of 2011 totalled € 1.1 million and are listed under “Other/Consolidation”. Depreciation arising from purchase price allocation totalled € 40 thousand.

Financial result decreased slightly
The financial result (net) fell by € 0.1 million to € - 0.5 million due to usage of the credit facility.

Tax
Income tax rose by € 0.5 million to € 2.2 million in the first three months of 2012, while the tax ratio fell from 34.7 percent to 29.4 percent.

Net result for the period up by 70.5 percent
Overall, the € 5.2 million net profit for the period was 70.5 percent higher than the result for the comparative period of the previous year (€ 3.1 million). In the previous year, IPO expenses amounting to € 1.1 million were also incorporated here. Earnings per share in the first quarter of 2012 were € 0.89 compared to € 0.55 in the same period last year (each in relation to a share capital of 5,851,100 or 5,500,000 ordinary bearer shares).

Net assets position

Growth reflected in an increase in tangible assets, inventories and receivables
At the end of the first quarter of 2012, the SHW Group’s asset and financial position remains extremely sound. Compared to 31 March 2011, the balance sheet total had risen by € 10.1 million to € 178.9 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 € 15.1 million. “Other financial assets” fell from € 5.9 million in the comparative period of the previous year to € 0.6 million, mainly attributable to a decline in the value of a receivable from 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 € 5.1 million. Besides a slight increase in tangible assets, increased sales caused inventories and trade receivables to also grow by a total of € 9.0 million.

Financial position

Marked improvement in equity ratio to 33.7 percent

Group equity rose by € 19.6 million to € 60.2 million compared to 31 March 2011. This corresponds to an equity ratio of 33.7 percent compared to 24.0 percent as of 31 March 2011.

Compared with the end of 2011, equity was € 5.1 million higher, and the equity ratio rose from 31.7 percent to 33.7 percent.

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

As of 31 March 2012, cash flow from operating activities amounted to € –1.4 million, which is € 2.0 million less that the € 0.6 million total at the same time last year.

The € 2.2 million improvement in net profit for the period to € 5.2 million (previous year: € 3.05 million) was more than offset by the demand-induced build-up of working capital.

In the first quarter of 2012, investment activities led to a € 4.9 million outflow of funds (previous year: € 3.3 million). This increase was mainly due to the capitalisation of SAP project costs and costs associated with the investments in new assembly lines.

Free cash flow for the first quarter of 2012 thus totalled € - 6.3 million (previous year: € - 2.7 million). Compared to the first quarter of 2011, this constituted a decline of € 3.7 million.

Net bank debt remains stable at low level

With € 14.9 million, the SHW Group's net bank debt was slightly higher as of 31 March 2012 than at the end of 2011 (€ 8.6 million), and € 1.1 million lower than as of 31 March 2011 (€ 16.0 million). As of 31 March 2012, the Group held cash and cash equivalents totalling € 4.4 million (previous year: € 17.4 million). The € 13.0 million decline in cash and cash equivalents was largely the result of further syndicated loan repayments, including € 8.25 million in scheduled loan repayments and a € 6.0 million special repayment.

The € 6.3 million drop in cash and cash equivalents compared to 31 December 2011 is mainly due to an increase in working capital and investments.

In addition, the Group has access to a € 30 million credit facility, of which € 1.0 million had already been drawn on through sureties.

Change in net bank debt

K EUR	1Q 2012	1Q 2011
Cash flow from operating activities	-1,392	605
Cash flow from investment activities	-4,880	-3,322
Cash flow before financing activities (free cash flow)	-6,272	-2,717
Other	-51	90
Change in net bank debt	-6,323	-2,627

Investments

Due to upcoming production start-ups, our investments increased from € 3.3 million to € 4.9 million in the first quarter of 2011. Of this sum, € 4.3 million was invested in the Pumps and Engine Components business segment and € 0.2 million in the Brake Discs business segment. A further € 0.4 million was invested in the ongoing SAP project.

Increase in employee numbers mainly inland

On the Group level, the quarterly average number of employees increased from 1,049 to 1,124. Employee numbers at SHW Germany rose by 56 on average to 997 in the period from January to March 2012. The pro-rata average number of employees at our STT joint venture was 127, 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.

Development of the Pumps and Engine Components business segment

Increase in sales by 22.2 percent

During the first quarter of 2012, sales in the Pumps and Engine Components business segment rose by 22.2 percent on the previous year to € 77.4 million (previous year € 63.3 million).

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

As part of the Pumps and Engine Components business segment, the Passenger Car division enjoyed increased demand for variable oil pumps, start-stop pumps as well as numerous new product launches. Sales in the Passenger Car division (excluding Powder Metallurgy) rose by 27.1 percent from € 48.5 million in the first three months of 2011 to € 61.6 million in the first three months of 2012.
The Truck and Off-Highway division increased sales by 3.8 percent compared to the same period last year from € 7.9 million to € 8.2 million. In the Powder Metallurgy division, sales rose by 18.6 percent on the previous year from € 7.1 million to € 7.6 million.

Key figures Pumps and Engine Components

K EUR	Q1 2012	Q1 2011	Change in %
)			
Sales	77,373	63,330	22.2%
EBITDA	9,785	7,676	27.5%
as % of sales	12.6%	12.1%	—
EBIT	7,237	5,901	22.6%
as % of sales	9.4%	9.3%	—
Adjusted EBITDA[1]	9,785	7,676	27.5%
as % of sales	12.6%	12.1%	—
Adjusted EBIT[1]	7,247	5,911	22.6%
as % of sales	9.4%	9.3%	—

[1] Adjusted for special effects, cf. reconciliation statement for the Pumps and Engine Components business segment

EBIT margin up slightly

In the first quarter of the 2012 financial year, the Pumps and Engine Components business segment reported an increase of € 1.3 million or 22.6 percent to € 7.2 million in earnings before interest and tax (EBIT) compared to the previous year (€ 5.9 million). The return on sales rose slightly to 9.4 percent (previous year: 9.3 percent). The improved product mix is accompanied by an increase in depreciation of € 0.8 million compared to the same quarter last year.

Reconciliation statement: Pumps and Engine Components

K EUR	Q1 2012	Q1 2011
Sales	**77,373**	**63,330**
Segment result (EBIT)	7,237	5,901
Total PPA[1] (purchase price allocation)	10	10
PPA[1] customer base	—	—
PPA[1] patents/licences	—	—
PPA[1] fixed assets	10	10
Total adjustments	10	10
Adjusted EBIT	**7,247**	**5,911**
as % of sales	9.4%	9.3%
Other depreciation	2,538	1,765
Adjusted EBITDA	**9,785**	**7,676**
as % of sales	12.6%	12.1%

[1] Depreciation arising from the purchase price allocation

Development of the Brake Discs business segment

Key figures Brake Discs

K EUR	Q1 2012	Q1 2011	Change In %
Sales	23,111	25,151	-8.1%
EBITDA	1,399	1,713	-18.3%
as % of sales	6.1%	6.8%	—
EBIT	625	947	-34.0%
as % of sales	2.7%	3.8%	—
Adjusted EBITDA[1]	1,399	1.713	-18.3%
as % of sales	6.1%	6.8%	—
Adjusted EBIT[1]	655	977	-33.0%
as % of sales	2.8%	3.9%	—

[1] Adjusted for special effects, cf. reconciliation statement for the Brake Discs business segment

Large spare part order in the prior year reason for decline in sales

During the first quarter of 2012, sales in the Brake Discs business segment fell by 8.1 percent on the previous year to € 23.1 million (previous year: € 25.2 million).

In this context, it should be considered that the prior year figure included a large spare part order. Sales of composite brake discs fell by about 10,000 to some 36,000 units, which equates to a decrease of around 22 percent. Sales of processed brake disks rose by 16.4 percent compared to the same period last year from around 402,000 to 468,000 units. Sales of unprocessed brake discs fell by approx. 22 percent compared to the corresponding quarter in the previous year from about 782,000 to some 606,000 units.

Return into the black

In the first quarter of 2012, the Brake Discs business segment reported a € 0.3 million decrease to € 0.6 million in the sales-related operating result (EBIT) compared to the previous year. The corresponding EBIT margin dropped to 2.7 percent (previous year: 3.8 percent). At the same time the Brake Discs business segment successfully returned into the black after two loss making quarters in 2011.

Reconciliation statement: Brake Discs

K EUR	Q1 2012	Q1 2011
Sales	**23,111**	**25,151**
Segment result (EBIT)	625	947
Total PPA[1] (purchase price allocation)	30	30
PPA[1] customer base	—	—
PPA[1] patents/licences	—	—
PPA[1] fixed assets	30	30
Total adjustments	30	30
Adjusted EBIT	**655**	**977**
as % of sales	2.8%	3.9%
Other depreciation	744	736
Adjusted EBITDA	**1,399**	**1,713**
as % of sales	6.1%	6.8%

[1] Depreciation arising from the purchase price allocation

Opportunities and risks

In assessing opportunities and risks for the SHW Group, no material changes were found to have occurred in the first quarter of 2012 in relation to the statements on opportunities and risks in the 2011 annual report (pages 43-46).

Forecast

Outlook for the global economy

In the first quarter of 2012, the acute risks to the global economy declined compared to last autumn. Nevertheless the outlook for the international economy remains cautious. The sovereign debt crisis still hasn't been resolved, and in the opinion of Commerzbank economists (Konjunktur und Finanzmärkte, April/May 2012, continues to pose the greatest risk to the global economy.

Regarding the eurozone, Commerzbank economists are expecting negative growth of 0.4 percent (as at 22 April 2012), whereby the euro economy, after a short recession, should move back to a growth trajectory latest in 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 also 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. However, in China tighter monetary policy, attractive wages and weaker global demand will slow GDP growth to around 7.5 percent. Despite current risks, economic prospects and the 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, they have predicted growth of 6.9 percent for 2012. In the USA, several high-volume introductions of fuel-efficient compact and medium class vehicles have caused significant increases in capacity and production. 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 penetration of passenger vehicles, which remains low. The Indian automobile market will become increasingly important and is likely to grow dynamically in 2012. Automotive experts at PwC expect 2012 to bring stagnating production figures for the production facilities in Germany. Reasons for this are primarily fewer exports along with the start-up of local manufacturing capabilities in markets such as China and Russia.

Light vehicle production by country

in million units	2012	2011	Change in %
China	16.8	15.3	9.5%
USA	9.6	8.4	13.5%
Japan	8.9	7.9	12.5%
Germany	5.7	5.7	-0.1%
South Korea	4.6	4.5	2.0%
India	3.8	3.5	9.1%
Brazil	3.3	3.1	4.8%
Mexico	2.5	2.5	-2.8%
France	2.1	2.2	-7.4%
Spain	2.0	2.4	-14.5%
Worldwide	**79.7**	**74.6**	**6.9%**

Source: PwC Autofacts, April 2012

Outlook for the Group

The first quarter of 2012 has laid solid foundations for the SHW Group to achieve its targets for the entire year 2012. Hence we can reconfirm forecasts made in the 2011 Annual Report (pages 49 and 50) today.

Assuming a continued strong order situation of our European and North American customers, we expect Group sales to grow between 1 and 9 percent in the 2012 financial year. Within this period, the Pumps and Engine Components business segment should benefit from a host of further new product launches, an enhanced product mix (especially variable oil pumps, start-stop pumps) as well as high capacity utilisation, and add around 2 to 10 percent to sales. In the Brake Discs business segment, the proportion of processed brake discs will increase further; sales growth of between 0 and 6 percent is expected.

If the planned growth in sales is achieved, Group earnings before interest, tax, and amortisation of intangible assets and depreciation of tangible assets (EBITDA) should develop at a slightly better rate than sales in the 2012 financial year. In this case, the largest business segment – Pumps and Engine Components – should experience further EBITDA margin growth. In addition, a significant increase in EBITDA is expected in the Brake Discs business segment should capacity utilisation be permanently good, there be no more start-up costs, and the product mix improve.

Aalen, 2 May 2012

Management Board of SHW AG

Dr. Wolfgang Krause Oliver Albrecht Andreas Rydzewski

Consolidated financial statements (IFRS) as of 31 March 2012

Consolidated balance sheet (unaudited)

K EUR	Q1 2012	Q1 2011
Sales	100,484	88,481
Cost of sales	–88,027	–77,316
Gross profit	12,457	**11,165**
Selling expenses	–985	–939
General administration expenses	–2,339	–2,055
Research and development costs	–1,444	–1,193
Other operating income	1,300	1,054
Other operating expenses	–1,169	–2,964
Operating result	**7,820**	**5,068**
Financial income	10	57
Financial expenses	–466	–451
Earnings before taxes	**7,364**	**4,674**
Deferred taxes	–70	**–367**
Current income tax	–2,094	**–1,257**
Net income for the period	**5,200**	**3,050**
Earnings per share (in €)	0.89[1)]	0.55[1)]

[1)] 2012: on the basis of 5,851,100 shares, 2011: On the basis of 5,500,000 shares

Statement of comprehensive income (unaudited)

K EUR	Q1 2012	Q1 2011
Net income for the period	**5,200**	**3,050**
Currency translation differences	–95	–412
Change in the market value of hedging instruments	—	–3
Variation (gross)	—	–415
Deferred taxes on changes in value stated under equity	—	1
Change in value stated under equity	**–95**	**–414**
Capital increase	—	—
Consolidated statement of comprehensive income	**5,105**	**2,636**
Minority interests in comprehensive income	—	—
SHW AG shareholders' share of comprehensive income	5,105	2,636

Consolidated balance sheet (unaudited)

K EUR	31 Mar 2012	31 Dec 2011	31 Mar 2011
Assets			
Customer base	—	—	—
Goodwill	7,055	7,055	7,055
Other intangible assets	9,166	8,552	4,965
Tangible assets (property, plant and equipment)	59,228	58,360	49,380
Deferred tax assets	3,607	3,401	3,263
Other financial assets	766	823	762
Non-current assets	**79,822**	**78,191**	**65,425**
Inventories	38,225	37,741	29,012
Trade receivables	53,589	45,059	47,682
Loans to affiliated companies	—	—	1,270
Other financial assets	636	748	5,911
Other assets	2,220	1,345	2,079
Cash and cash equivalents	4,387	10,682	17,409
Current assets	**99,057**	**95,575**	**103,363**
Balance sheet total	**178,879**	**173,766**	**168,788**

K EUR	31 Mar 2012	31 Dec 2011	31 Mar 2011
Equity and liabilities			
Subscribed capital	5,851	5,851	5,500
Capital reserve	14,780	14,780	12,965
Revenue reserves	38,617	33,417	19,469
Other reserves	984	1,079	485
Minorities	—	—	2,166
Total equity	**60,232**	**55,127**	**40,585**
Pension accruals and similar obligations	22,887	22,983	23,202
Deferred tax liabilities	3,470	3,194	2,063
Other accruals	2,986	2,984	2,914
Other financial liabilities	119	130	147
Liabilities to banks	11,250	11,250	22,500
Non-current liabilities and accruals	**40,712**	**40,541**	**50,826**
Liabilities to banks	8,081	8,053	10,921
Trade payables	42,440	42,166	39,034
Other financial liabilities	8,950	11,511	11,388
Income tax liabilities	1,518	950	816
Other accruals	8,178	8,858	7,304
Other liabilities	8,768	6,560	7,914
Current liabilities and accruals	**77,935**	**78,098**	**77,377**
Balance sheet total	**178,879**	**173,766**	**168,788**

Statement of changes in Group equity (unaudited)

K EUR	Subscribed capital	Capital reserves	Revenue reserves	Other reserves	Minorities	Total equity
Position as of 1 January 2011	**5,500**	**12,965**	**16,419**	**899**	**2,166**	**37,949**
Capital increase	—	—	—	—	—	—
Foreign currency translation	—	—	—	–412	—	–412
Changes in the market value of hedging instruments	—	—	—	–2	—	–2
Total result recognised directly in equity	—	—	—	–414	—	–414
Net income for the period until 31 March 2011	—	—	3,050	—	—	3,050
Total net result for the period	—	—	3,050	–414	—	2,636
As of 31 March 2011	**5,500**	**12,965**	**19,469**	**485**	**2,166**	**40,585**
Position as of 31 December 2011 / 1 January 2012	**5,851**	**14,780**	**33,417**	**1,079**	**—**	**55,127**
Capital increase	—	—	—	—	—	—
Foreign currency translation	—	—	—	–95	—	–95
Change in the market value of hedging instruments	—	—	—	—	—	—
Total result recognised directly in equity	—	—	—	–95	—	–95
Net income for the period until 31 March 2012	—	—	5,200	—	—	5,200
Total net result for the period	—	—	5,200	–95	—	5,105
Position as of 31 March 2012	**5,851**	**14,780**	**38,617**	**984**	**—**	**60,232**

Consolidated cash flow statement (unaudited)

K EUR	1 Jan 2012-31 Mar 2012	1 Jan 2011-31 Mar 2011
Cash flow from operating activities		
Net income for the period	5,200	3,050
Depreciation/amortisation on fixed asset items (+)	3,360	2,636
Income tax expenses through profit or loss (+)	2,094	1,257
Income tax paid (-)	–1,421	–1,312
Financing costs through profit or loss (+)	466	451
Interest paid (-)	–138	–175
Financial investment income through profit or loss (-)	–10	–57
Interest received (+)	10	19
Increase (+)/decrease (-) in accruals	–774	–1,965
Changes in deferred taxes	70	368
Other non cash-effective expenses (+)/income (-)	–382	–248
Gain (-)/loss (+) on the disposal of assets	–	–
Increase (-)/decrease (+) in inventories, trade receivables and other current assets	–9,777	–12,851
Increase (+)/decrease (-) in trade payables and other current liabilities	–90	9,432
Cash flow from operating activities	**–1,392**	**605**
Cash flow from investment activities		
Cash received (+) from disposals of tangible assets	—	—
Cash paid (-) for investments in tangible assets	–4,130	–2,766
Cash paid (-) for investments in intangible assets	–750	–556
Cash flow from investment activities	**–4,880**	**–3,322**
Cash flow from financing activities		
Cash paid (-) for the redemption of financial liabilities	—	—
Cash received from the disposal of financial assets	—	62
Cash flow from financing activities	**—**	**62**
Cash and cash equivalents at the end of the period		
Cash-effective changes in cash and cash equivalents (subtotal of lines 1–3)	–6,272	–2,655
Exchange rate-related changes in cash and cash equivalents	–23	–138
Cash and cash equivalents at the beginning of the period	10,682	20,202
Cash and cash equivalents at the end of the period	4,387	17,409

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) to 31 March 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 27 April 2012 and cover the period from 1 January to 31 March 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 31 March 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 for the first quarter of 2012 correspond to 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 to 31 March 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:

	Q1 2012	Q1 2011
Average	1.3130	1.3476
Reporting date	1.3298	1.3706

Statement of comprehensive income, balance sheet

Group sales increased by € 12.0 million on the previous year to € 100.5 million in the first three months of 2012. This growth in sales was mainly due to a large number of production start-ups and the stable demand of SHW customers.

Other operating expenses fell by € 1.8 million compared to the same quarter last year – primarily due to the shortfall of IPO costs, but also as a result of reduced warranty provision in North America that occurred last year.

Earnings before taxes rose in the reporting period from € 4.7 million to € 7.4 million (+57.6 percent), reflecting the SHW Group's positive year-on-year development. The tax ratio was 29.4 percent in the first three months of 2012 compared to 34.7 percent in the same period of the previous year.

Other intangible assets rose by € 4.2 million in relation to the previous year due to the capitalisation of development and SAP costs.

Trade receivables rose by € 5.9 million or 12.4 percent on the previous year, thereby experiencing a less pronounced increase than sales (13.6 percent).

Net bank debt was € 1.1 million lower than in the same quarter last year, while loan repayments caused a decrease in cash and cash equivalents from € 17.4 million to € 4.4 million.

Compared to the 2011 year end, the net bank debt increased from € 8.6 million to € 14.9 million – principally because of increased working capital.

In comparison to the previous year, other financial assets declined by € 5.3 million to € 0.6 million as a result of loan repayments and reduction in a receivable from Canadian joint venture partner, Magna. In the first quarter of 2012, the largest item remains a receivable of € 0.6 million from the joint venture partner in Canada.

Equity

The change in equity compared to 31 December 2011 is the result of net profits earned during the first three months of 2012. The equity ratio increased to 33.7 percent compared to 31.7 percent at the end of 2011. Other financial liabilities fell by € 2.6 million compared to the 2011 year end to € 8.9 million, the largest items being provisions for outstanding invoices amounting to € 7.5 million and licence fees of € 0.1 million.

Other provisions fell by € 0.7 million in comparison with the previous year end, mainly as a result of the use of provisions for warranties, 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 are 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 January to 31 March 2012

K EUR	Pumps and engine components		Brake discs		Other elimination/ consolidation		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
External sales	77,373	63,330	23,111	25,151	0	0	100,484	88,481
Sales between the segments	46	65	—	—	–46	–65	—	—
Segment sales	77,419	63,395	23,111	25,151	–46	–65	100,484	88,481
Segment result	7,237	5,901	625	947	–42	–1,780	7,820	5,068
Financial result	—	—	—	—	–456	–394	–456	–394
Net result before tax	7,237	5,901	625	947	–498	–2,174	7,364	4,674
Systematic segment depreciation	2,548	1,775	774	766	38	95	3,360	2,636
Segment capital investments	4,323	2,220	208	864	349	238	4,880	3,322
Major segment expenses	—	—	—	—	—	1,142 [1]	—	1,142 [1]
Number of customers representing sales > 10% of total sales	4	2	2	2	—	—	4	2
VW Group	20,543	20,444	12,741	14,832	—	—	33,284	35,276
GM Group	12,693	—	—	—	—	—	12,693	—
Daimler Group	10,457	—	102	—	—	—	10,559	—
BMW Group	9,179	7,374	2,440	2,262	—	—	11,619	9,636

[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	Q1 2012	Q1 2011
Germany	**50,450**	**46,408**
Rest of Europe	34,001	31,007
USA	15,781	10,380
Other	252	686
Group	**100,484**	**88,481**

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,
L-Bank Staatsbank für Baden-Württemberg

Edgar Kühn, Aalen
Chairman of the central works committee SHW Automotive
Chairman of the works committee SHW Automotive,
Aalen-Wasseralfingen site

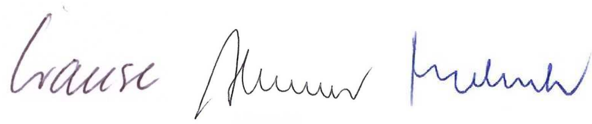
Ernst Rieber, Bad Saulgau
Chairman of the works committee SHW Automotive,
Bad Schussenried site

Sureties provided and other financial obligations

There were no material changes in the first three months of 2012 to the sureties provided and other financial obligations stated in the consolidated financial statements for 2011.

Aalen, 2 May 2012

Management Board of SHW AG



Dr. Wolfgang Krause Oliver Albrecht Andreas Rydzewski

Imprint

Publisher
SHW AG
Wilhelmstrasse 67
73433 Aalen-Wasseralfingen, Germany

Telephone: +49 7361 502-1
Fax: +49 7361 502-421

E-mail: info@shw.de
Internet: www.shw.de

Investor Relations & Corporate Communications
Michael Schickling
Telephone: +49 7361 502 462
E-mail: michael.schickling@shw.de

The English version of the Interim Report is a translation of the German Version of the Interim Report. In case of doubt the German version of this Interim Report is relevant.

Publication date
8 May 2012