UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 0-21964

SHILOH INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**51-0347683**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

880 Steel Drive, Valley City, Ohio 44280
(Address of principal executive offices—zip code)

+1 (330) 558-2600
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☐	Smaller Reporting Company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of Common Stock outstanding as of September 4, 2014 was 17,196,784.

Table of Contents

INDEX

PART I— FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements***

SHILOH INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands)

	July 31, 2014 (Unaudited)	October 31, 2013
ASSETS		
Cash and cash equivalents	$ 11,120	$ 398
Investment in marketable securities	1,381	—
Accounts receivable, net of allowance for doubtful accounts of $281 and $341 at July 31, 2014 and October 31, 2013, respectively	133,538	116,837
Related-party accounts receivable	198	673
Income tax receivable	326	—
Inventories, net	88,170	42,924
Deferred income taxes	2,508	2,829
Prepaid expenses	10,849	3,095
Other assets	—	23
Total current assets	248,090	166,779
Property, plant and equipment, net	234,174	197,874
Goodwill	17,541	6,768
Intangible assets, net	39,740	17,605
Deferred income taxes	2,521	—
Other assets	5,531	2,927
Total assets	$ 547,597	$ 391,953
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current debt	$ 2,091	$ 882
Accounts payable	129,874	87,977
Accrued income taxes	—	1,666
Other accrued expenses	34,954	26,416

Total current liabilities	166,919	116,941
Long-term debt	205,841	119,384
Long-term benefit liabilities	19,116	21,287
Deferred income taxes	1,556	969
Interest rate swap agreement	1,360	—
Other liabilities	1,069	2,223
Total liabilities	395,861	260,804
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 per share; 5,000,000 shares authorized; no shares issued and outstanding at July 31, 2014 and October 31, 2013, respectively	—	—
Common stock, par value $.01 per share; 25,000,000 shares authorized; 17,192,179 and 17,031,316 shares issued and outstanding at July 31, 2014 and October 31, 2013, respectively	172	170
Paid-in capital	67,755	66,312
Retained earnings	112,165	90,749
Accumulated other comprehensive loss, net	(28,356)	(26,082)
Total stockholders' equity	151,736	131,149
Total liabilities and stockholders' equity	$ 547,597	$ 391,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

SHILOH INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2014	**2013**	**2014**	**2013**
Net revenues	$ 216,389	$ 166,059	$ 608,900	$ 493,588
Cost of sales	194,289	149,685	547,952	447,142
Gross profit	22,100	16,374	60,948	46,446
Selling, general and administrative expenses	12,374	8,297	34,528	22,737
Asset recovery	—	(110)	(4,026)	(117)
Operating income	9,726	8,187	30,446	23,826
Interest expense	1,191	671	3,004	1,665
Interest income	(2)	(8)	(7)	(27)
Other (income) expense	(147)	29	(104)	74
Income before income taxes	8,684	7,495	27,553	22,114
Provision for income taxes	335	2,213	6,136	6,999
Net income	$ 8,349	$ 5,282	$ 21,417	$ 15,115
Earnings per share:				
Basic earnings per share	$ 0.49	$ 0.31	$ 1.25	$ 0.89
Basic weighted average number of common shares	17,118	17,007	17,081	16,998
Diluted earnings per share	$ 0.49	$ 0.31	$ 1.25	$ 0.89
Diluted weighted average number of common shares	17,175	17,051	17,157	17,045

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

SHILOH INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollar amounts in thousands)
(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2014	2013	2014	2013
Net income	$ 8,349	$ 5,282	$ 21,417	$ 15,115
Other comprehensive income, net of tax:				
Defined benefit pension plans & other postretirement benefits				
Actuarial net gain	268	—	806	—
Asset net loss	(816)	—	(1,962)	—
Recognized gain	318	—	649	—
Income tax - benefit	86	—	191	—
Total defined benefit pension plans & other post retirement benefits, net of tax	(144)	—	(316)	—
Marketable securities:				
Unrealized gain on marketable securities	750	—	854	—
Income taxes on unrealized gain on marketable securities	(134)	—	(171)	—
Reclassification adjustments for gain on marketable securities included in net income	(365)	—	(365)	—
Total marketable securities, net of tax	251	—	318	—
Derivatives and hedging:				
Unrealized loss on interest rate swap agreements	(457)	—	(1,360)	—
Income taxes on interest rate swap agreements	175	—	517	—

Change in fair value of derivative instruments, net of tax	(282)	—	(843)	—
Foreign currency translation adjustments:				
Foreign currency translation loss	(1,433)	—	(1,433)	—
Income taxes on foreign currency translation	—	—	—	—
Unrealized loss on foreign currency translation, net of tax	(1,433)	—	(1,433)	—
Comprehensive income, net	$ 6,741	$ 5,282	$ 19,143	$ 15,115

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

SHILOH INDUSTRIES, INC.CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)
(Unaudited)

	Nine Months Ended July 31,	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 21,417	$ 15,115
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,094	14,363
Asset recovery	(4,026)	(117)
Amortization of deferred financing costs	644	225
Deferred income taxes	(1,078)	472
Stock-based compensation expense	430	561
Gain on sale of assets	(429)	(3)
Gain on sale of marketable securities	(332)	—
Changes in operating assets and liabilities:		
Accounts receivable	13,175	(212)
Inventories	(18,368)	6,833
Prepaids and other assets	(1,689)	239
Payables and other liabilities	(11,607)	(9,114)
Accrued income taxes	(1,992)	1,028
Net cash provided by operating activities	16,239	29,390
CASH FLOWS FROM INVESTING ACTIVITIES:		

Capital expenditures	(24,027)	(18,584)
Investment in marketable securities	(1,527)	—
Acquisitions, net of cash acquired	(66,469)	(67,723)
Proceeds from sale of assets	4,746	119
Proceeds from sale of marketable securities	967	—
Net cash used for investing activities	(86,310)	(86,188)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	—	(4,226)
Payment of capital leases	(170)	—
Proceeds from long-term borrowings	104,100	81,750
Repayments of long-term borrowings	(23,756)	(19,900)
Payment of deferred financing costs	(150)	(526)
Proceeds from exercise of stock options	928	164
Net cash provided by financing activities	80,952	57,262
Effect of foreign currency exchange rate fluctuations on cash	(159)	—
Net increase in cash and cash equivalents	10,722	464
Cash and cash equivalents at beginning of period	398	174
Cash and cash equivalents at end of period	$ 11,120	$ 638
Supplemental Cash Flow Information:		
Cash paid for interest	$ 2,294	$ 1,455
Cash paid for income taxes	$ 6,815	$ 5,449
Non-cash Investing and Financing Activities:		
Equipment acquired under capital lease	$ 1,679	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

SHILOH INDUSTRIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands, except number of shares and per share data)

Note 1—Basis of Presentation

The condensed consolidated financial statements have been prepared by Shiloh Industries, Inc. and its subsidiaries (the “Company”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of such financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2013.

Revenues and operating results for the nine months ended July 31, 2014 are not necessarily indicative of the results to be expected for the full year.

Prior Year Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

Note 2—New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue Recognition - Revenue from Contracts with Customers," which is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The standard is effective for interim and annual periods beginning after December 15, 2016, and either full retrospective adoption or modified retrospective adoption is permitted. The Company is in the process of evaluating the impact of the standard.

Note 3—Acquisitions

Finnveden Metal Structures

On June 30, 2014, Shiloh Holdings Sweden AB, a wholly-owned subsidiary of the Company (the “Subsidiary”), entered into and consummated the transactions contemplated by a Share Sale and Purchase Agreement dated May 21, 2014 with Finnveden Bulten AB (publ.) and Finnveden AB (“Finnveden”), a wholly-owned subsidiary of Finnveden Bulten AB (publ.), a producer of aluminum and steel stampings and magnesium die cast and machined partsfor the motor vehicle industry.

The Company acquired Finnveden in order to expand its stamping capabilities while adding magnesium die casting to its product line, a key growth segment, and technology being used to address the lightweighting needs of automakers. Additionally, the Company adds strategic European locations in Sweden and Poland while diversifying its customers base. Finnveden's results of operations are reflected in the Company's condensed consolidated statements of income from the acquisition date.

The aggregate fair value of consideration transferred in connection with the Share Sale and Purchase Agreement was $72,342, ($66,120 net of cash acquired), in cash on the date of acquisition.

Table of Contents

The acquisition of Finnveden has been accounted for using the acquisition method in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The preliminary purchase price allocation was as follows:

Cash and cash equivalents	$	6,222
Accounts receivable		29,402
Inventory		26,878
Prepaid expenses		3,637
Property, plant and equipment		29,421
Goodwill		7,443
Intangible assets		23,770
Other non-current assets		5,501
Accounts payable and accrued expenses		(36,072)
Long term liabilities		(23,860)
Net assets acquired	$	72,342

The purchase price allocation is provisional, pending completion of the valuation of acquired intangible assets, property, plant and equipment, and inventories. The Company is utilizing a third party to assist in the fair value determination of certain components of the purchase price allocation, namely inventory, property, plant and equipment and intangible assets. The final valuation may change the allocation of the purchase price, which could affect the fair values assigned to the assets.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergies expected after the Company's acquisition of Finnveden. All of the goodwill was allocated to the Company's Finnveden subsidiary. The Company does not expect that the amount of goodwill will be deductible for tax purposes under current Polish or Swedish tax law.

Of the $23,770 of acquired intangible assets, $20,182 was assigned to customers that have a useful life between approximately 9 and 12 years, $3,588 was assigned to developed technology with an estimated useful life of approximately 11 years. The fair values assigned to identifiable intangible assets acquired has been determined primarily by using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. The Company is utilizing a third party to assist in assigning a fair value to acquired intangible assets. The Company does not expect that the total amount of identifiable intangible assets will be deductible for tax purposes under current Polish or Swedish tax law.

The amounts of revenue and net income of Finnveden included in the Company's consolidated statements of operations from the acquisition date to the period ending July 31, 2014 are as follows:

Finnveden Results of Operations	**From June 30, 2014 - July 31, 2014**
Revenue	$9,087
Net Income	$(47)

Table of Contents

Albany-Chicago Company LLC

On December 28, 2012, the Company, through a wholly-owned subsidiary, entered into and consummated the transactions contemplated by a Membership Interest Purchase Agreement, dated December 28, 2012 (the "Purchase Agreement"), among the subsidiary and all of the equity owners of Albany-Chicago Company LLC ("Pleasant Prairie"), a producer of aluminum die cast and machined parts for the motor vehicle industry.

The Company acquired Pleasant Prairie in order to further our investment in lightweighting technologies and expand the diversity of our customer base, product offering and geographic footprint. Pleasant Prairie's results of operations are reflected in the Company's condensed consolidated statements of income from the acquisition date.

The aggregate fair value of consideration transferred in connection with the Purchase Agreement was $56,390, consisting of $56,792 ($56,337 net of cash acquired), in cash on the date of acquisition. Of this amount, $3,000 in cash was placed into escrow, and serves as security for any indemnification claims made by the Company under the Purchase Agreement. Subsequent to the acquisition date, $381 of working capital adjustments were paid during the second quarter of fiscal 2013 to the seller, a reduction in purchase price of $850 as a result of a settlement agreement on asset valuation for tax purposes that occurred during the third quarter of fiscal 2013, which was taken out of the escrow balance, and a working capital adjustment of $67 paid to the seller during the third quarter of fiscal 2013. During the first quarter of fiscal 2014, certain settlements occurred resulting in $1,000 in escrow funds being returned to the Company for settlement of excess tooling expenses and was included in the Company's operating results and $200 in escrow funds being released to the sellers for volumes on certain programs exceeding agreed levels, leaving a remaining escrow balance of $950.

The acquisition of Pleasant Prairie has been accounted for using the acquisition method in accordance with the FASB Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The final purchase price allocation was as follows:

Cash and cash equivalents	$	455

Accounts receivable		9,195
Inventory		2,711
Prepaid assets and other		1,851
Property, plant and equipment		26,100
Goodwill		5,492
Intangible assets		16,056
Other non-current assets		67
Accounts payable and other		(5,537)
Net assets acquired	$	56,390

The Company utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, namely property, plant and equipment and intangible assets.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the synergies expected after the Company's acquisition of Pleasant Prairie. All of the goodwill was allocated to the Company's Pleasant Prairie subsidiary. The total amount of goodwill expected to be deductible for tax purposes is $14,291 and is estimated to be deductible over approximately 15 years.

Of the $16,056 of acquired intangible assets, $13,462 was assigned to customers that have a useful life of approximately 13 years, $1,850 was assigned to trade names with an estimated useful life of approximately 15 years, and $744 was assigned to non-competition agreements with an estimated useful life of approximately 2 years. The fair values assigned to identifiable intangible assets acquired has been determined primarily by using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. The Company utilized a third party to assist

in assigning a fair value to acquired intangible assets. The total amount of identifiable intangible assets expected to be deductible for tax purposes is $16,056 and is estimated to be deductible over approximately 15 years.

Contech Castings, LLC

On June 11, 2013, the Company, through a wholly-owned subsidiary, entered into an Asset Purchase Agreement (the “Contech Agreement”), with Contech Castings, LLC (“Contech”) and its subsidiary Contech Casting Real Estate Holdings, LLC (“Contech Real Estate” and together with Contech, “Contech Sellers”). Contech is engaged in the business of die casting and machining motor vehicle parts and further producing engineered high pressure aluminum die cast and machined parts for the motor vehicle industry, and Contech Real Estate owned the real property used by Contech in its business. The acquisition closed on August 2, 2013. Under the terms of the Contech Agreement, the Company acquired the assets of the business located at the purchased facilities and assumed certain specified liabilities from the Contech Sellers for $42,536, consisting of $42,187 in cash on the date of the acquisition after adjustments in working capital, certain assumed liabilities and amounts of capital expenditures. Of this amount, $3,825 in cash was placed into escrow, and serves as security for any indemnification claims made by the Company under the Contech Agreement. Subsequent to the acquisition date, $349 of settlements were paid to the Contech Sellers net of certain closing costs refunded to the Company during the second quarter of fiscal 2014. During the third quarter of fiscal 2014, the Company entered into an escrow settlement agreement with the Contech Sellers where $720 of the escrow amount would be released to the Company to satisfy certain claims and $2,280 would be released to the Contech Sellers.

The Company acquired Contech's businesses in order to further enhance our investment in lightweighting technologies, expand our capabilities in aluminum die casting machining and expand the diversity of our customer base, product offering and geographic footprint. Contech's results of operations are reflected in the Company's condensed consolidated statements of income from the acquisition date.

The acquisition of Contech has been accounted for using the acquisition method in accordance with the FASB ASC Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The final purchase price allocation was as follows:

Accounts receivable	$	2,126

Inventory		1,529
Prepaid assets and other		170
Property, plant and equipment		36,976
Goodwill		4,605
Intangible assets		2,898
Accounts payable and other		(5,768)
Net assets acquired	$	42,536

The Company utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, namely property, plant and equipment and intangible assets. As a result of the valuation completed during the quarter ended April 30, 2014, the assigned value to property, plant and equipment was revised to $36,976, which is a reduction of $2,981 from the previous estimate, and resulted in an increase to goodwill and a decrease to property, plant and equipment by the corresponding amount.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the synergies expected after the Company's acquisition of Contech. The total amount of goodwill expected to be deductible for tax purposes is $4,605 and is estimated to be deductible over approximately 15 years.

Of the $2,898 of acquired intangible assets, $25 was assigned to trade names with an estimated useful life of approximately 0.25 years, $166 was assigned to trademarks with an estimated useful life of approximately 10 years, and $2,707 was assigned to

Table of Contents

developed technologies with an estimated useful life of 5 years. The Company utilized a third party to assist in assigning a fair value to acquired intangible assets. The total amount of identifiable intangible assets expected to be deductible for tax purposes is $2,898 and is estimated to be deductible over approximately 15 years.

Pro Forma Consolidated Results

The following supplemental pro forma information presents the financial results for the three and nine months ended July 31, 2014 as if the acquisition of Finnveden and Pleasant Prairie had occurred on November 1, 2013, and for the three and nine months ended July 31, 2013 as if the acquisitions had occurred on November 1, 2012. The pro forma results do not include any anticipated cost synergies, costs or other effects of the integration of Finnveden or Pleasant Prairie. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the dates indicated, nor are they indicative of the future operating results of the combined Company. In addition, the pro forma information includes amortization expense related to intangible assets acquired of $1,404 and $1,169 for the three months ended July 31, 2014 and July 31, 2013, respectively, and $2,994 and $2,737 for the nine months ended July 31, 2014 and July 31, 2013**,** respectively. Pro forma information related to the Contech acquisition is not included in the table below as their financial results were not considered to be significant to the Company's operating results for the periods presented.

Pro forma consolidated results	**Three Months Ended July 31,**		**Nine Months Ended July 31,**	
(in thousands, except for per share data):	**2014**	**2013**	**2014**	**2013**
Revenue	$ 245,504	$ 203,133	$ 725,161	$ 612,678
Net income	$ 8,761	$ 4,658	$ 22,762	$ 12,503
Basic earnings per share	$ 0.51	$ 0.27	$ 1.33	$ 0.74
Diluted earnings per share	$ 0.51	$ 0.27	$ 1.33	$ 0.73

Note 4—Asset Recoveries

Asset recoveries of $4,026 were recorded during the first nine months of fiscal 2014 and impairment recoveries of $117 were recorded during the first nine months of fiscal 2013 for cash received upon sales of assets from the Company's former Mansfield Blanking facility, which were impaired in fiscal 2010.

Note 5—Related Party Receivables

The Company had related party receivable balances for the period ended July 31, 2014 and October 31, 2013 of $198 and $673, respectively, due from MTD Products Inc. and its affiliates.

On March 11, 2014, the Company entered into a supplier agreement with Velocys (LSE:VLS). As part of the agreement, the Company invested $2,000, which is comprised of Velocys stock with a market value of $1,527 on the date of acquisition and a market allowance paid of $473 that is being amortized over the remaining life of the related supplier agreement. During the third quarter, the Company sold a portion of the Velocys stock and realized a gain of $332. The carrying value of the remaining shares at July 31, 2014 was $892. The Company remeasures available-for-sale securities at fair value and records the unrealized gain or loss in other comprehensive income until realized. A cumulative mark-to-market favorable adjustment of $251 and $318, net of tax, was recorded as a gain to other comprehensive income for the three and nine months ended July 31, 2014.

Table of Contents

Note 6—Inventories

Inventories consist of the following:

	July 31, 2014	October 31, 2013
Raw materials	$ 29,016	$ 16,827
Work-in-process	17,104	7,742
Finished goods	17,186	9,573
Total material	63,306	34,142
Tooling	24,864	8,782
Total inventory	$ 88,170	$ 42,924

Total cost of inventory is net of reserves to reduce certain inventory from cost to net realizable value. Such reserves aggregated $411 and $853 at July 31, 2014 and October 31, 2013, respectively.

Customer reimbursed tooling inventories totaling $24,864 as of July 31, 2014 increased $16,082 from October 31, 2013, for tooling related to new program awards that go into production over the next two years. Of the increase in tooling, $8,147 is from the Finneveden acquisition.

Note 7—Property, Plant and Equipment

Property, plant and equipment consist of the following:

	July 31, 2014	October 31, 2013
Land and improvements	$ 11,320	$ 11,050
Buildings and improvements	112,919	109,977
Machinery and equipment	439,543	411,847
Furniture and fixtures	14,623	11,568
Construction in progress	41,456	28,982
Total, at cost	619,861	573,424
Less: Accumulated depreciation	385,687	375,550
Property, plant and equipment, net	$ 234,174	$ 197,874

Depreciation expense was $6,664 and $4,591 for the three months ended July 31, 2014 and July 31, 2013, respectively and was $18,459 and $13,675 for the nine months ended July 31, 2014 and July 31, 2013, respectively.

Capital Leases:

	July 31, 2014	October 31, 2013
Leased Property:		
Machinery and equipment	$ 7,363	$ —

Less: Accumulated depreciation	170	—
Leased property, net	$ 7,193	$ —

Table of Contents

Future minimum rental payments to be made under capital leases at July 31, 2014 are as follows:

Twelve Months Ending July 31,	
2015	$ 996
2016	996
2017	996
2018	996
2019	839
Thereafter	3,085
	7,908
Lease amount representing interest ranging from 3.05% to 3.77%	1,030
Total obligations under capital leases	$ 6,878

Note 8—Goodwill and Intangible Assets

Goodwill

The table below reflects the changes in the carrying value of goodwill for the nine month period ending July 31, 2014:

	October 31, 2013	Fair Value Valuation	July 31, 2014
Goodwill	$6,768	$10,773	$17,541

The increase in goodwill of $10,773 is the result of the completion of the fair value valuation of acquired intangible assets and property, plant and equipment and other purchase price adjustments related to the Contech acquisition of $3,330, which occurred during the second quarter of 2014 and the initial fair value valuation of acquired intangible assets and property, plant and equipment and other purchase price adjustments related to the Finnveden acquisition of $7,443, which occurred during the third quarter of 2014, that are detailed in Note 3.

Intangible Assets

The following table reflects intangible assets and related accumulated amortization:

	July 31, 2014			
	Useful Life	Cost	Accumulated Amortization	Net
Trade Name (Albany-Chicago)	15 years	$ 1,850	$ (195)	$ 1,655
Non-compete (Albany-Chicago)	2 years	744	(589)	155
Customer Relationships (Albany-Chicago)	13 years	13,462	(1,617)	11,845
Trade Name (Contech)	0.25 years	25	(25)	—
Trademark (Contech)	10 years	166	(17)	149
Developed Technology (Contech)	5 years	2,707	(541)	2,166
Customer Relationships (FMS)	9 years	13,006	—	13,006
Customer Relationships (FMS)	12 years	7,176	—	7,176

Developed Technology (FMS)	11 years	3,588	—	3,588
		$ 42,724	$ (2,984)	$ 39,740

Table of Contents

	October 31, 2013			
	Useful Life	Cost	Accumulated Amortization	Net
Trade Name (Albany-Chicago)	15 years	$ 1,850	$ (103)	$ 1,747
Non-compete (Albany-Chicago)	2 years	744	(310)	434
Customer Relationships (Albany-Chicago)	13 years	13,462	(771)	12,691
Trade Name (Contech)	0.25 years	25	(25)	—
Trademark (Contech)	10 years	166	(4)	162
Developed Technology (Contech)	5 years	2,707	(136)	2,571
		18,954	(1,349)	17,605

Total amortization expense was $545 and $268 for the three months ended July 31, 2014 and July 31, 2013, respectively and $1,635 and $688 for the nine months ended July 31, 2014 and July 31, 2013, respectively. Amortization expense related to intangible assets for the fiscal years ending is estimated to be as follows:

Remainder of 2014	$ 1,335
2015	4,148
2016	4,086
2017	4,086
2018	3,951
Thereafter	22,134
	$ 39,740

Table of Contents

Note 9—Financing Arrangements

Debt consists of the following:

	July 31, 2014	October 31, 2013
Credit Agreement —interest rate at 1.88% and 1.95% at July 31, 2014 and October 31, 2013, respectively	$ 198,100	$ 117,400
Equipment security note	2,104	2,461
Capital lease obligations	6,878	—
Insurance broker financing agreement	850	405
Total debt	207,932	120,266
Less: Current debt	2,091	882
Total long-term debt	$ 205,841	$ 119,384

The weighted average interest rate of all debt was 1.93% and 2.03% for the nine months ended July 31, 2014 and July 31, 2013, respectively.

On October 25, 2013, the Company entered into a Credit Agreement (the “Credit Agreement”) with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the other lender parties thereto. The Company's domestic subsidiaries have guaranteed certain of the Company's obligations under the Credit Agreement.

The Credit Agreement has a five-year term and provides for a $300,000 secured revolving line of credit, which may be increased up to an additional $100,000 subject to the Company’s compliance with the terms of the Credit Agreement and pro forma compliance with certain financial covenants, notice to the Administrative Agent and the Company obtaining commitments for such increase. Funds borrowed from the Credit Agreement were used to pay off borrowed funds under the Company's prior credit agreement.

Borrowings under the Credit Agreement bear interest at LIBOR plus the applicable rate as referenced in the Credit Agreement or at the option of the Company the highest of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. or (c) the Eurocurrency Rate plus 1.00%. In addition to interest charges, the Company will pay in arrears a quarterly commitment fee ranging from 0.20% - 0.35% based on the Company’s daily revolving exposure.

The Credit Agreement contains customary restrictive and financial covenants, including covenants regarding the Company’s outstanding indebtedness and maximum leverage and interest coverage ratios. The Credit Agreement also contains standard provisions relating to conditions of borrowing. In addition, the Credit Agreement contains customary events of default, including the non-payment of obligations by the Company and the bankruptcy of the Company. If an event of default occurs, all amounts outstanding under the Credit Agreement may be accelerated and become immediately due and payable. The Company was in compliance with the financial covenants as of July 31, 2014, and October 31, 2013.

On December 30, 2013, the Company entered into a First Amendment Agreement (the “First Amendment”) amending the Credit Agreement.

The First Amendment permits the incurrence of state or local Governmental Authority bonds as part of a government tax incentive program, the proceeds of which are used to finance or refinance the acquisition, construction, equipping or improvement of facilities or property used by the Company, subject to a cap of $30,000 and certain other terms and conditions, and was executed in connection with the issuance of certain Development Authority of Jefferson, Georgia Taxable Industrial Development Revenue Bonds (Jefferson Blanking Inc.) Series 2013 with a principal amount not exceeding $8,000. As of July 31, 2014, there were no borrowings under this agreement.

On June 26, 2014, the Company, together with SHILOH HOLDINGS NETHERLANDS B.V., organized under the laws of the Netherlands (the “Dutch Borrower”) entered into into a Second Amendment Agreement (the “Second Amendment”) amending the Credit Agreement.

Table of Contents

The Second Amendment adds the Dutch Borrower as a borrower under the Existing Credit Agreement.

After considering letters of credit of $2,980 that the Company has issued, available funds under the Credit Agreement were $98,920 at July 31, 2014.

Borrowings under the Credit Agreement are collateralized by a first priority security interest in substantially all of the tangible and intangible property of the Company and its domestic subsidiaries and 65% of the stock of foreign subsidiaries.

In July 2014, the Company entered into a finance agreement with an insurance broker for various insurance policies that bears interest at a fixed rate of 1.87% requiring an initial down payment of $254 due with the first monthly payment of $95. The monthly payments extend through April 2015. As of July 31, 2014, $850 remained outstanding under this agreement.

On September 2, 2013, the Company entered into an equipment security note that bears interest at a fixed rate of 2.47% and requires monthly payments of $44 through September 2018. As of July 31, 2014, $2,104 remained outstanding under this agreement and $486 was classified as current debt and $1,618 was classified as long term debt in the Company’s condensed consolidated balance sheets.

On December 27, 2013, the Company entered into a master lease agreement with The Huntington National Bank for machinery and equipment. The lease bears interest at a fixed rate of 3.05% and requires monthly payments of $8 through November 2018. As of July 31, 2014, $408 remained outstanding under this agreement and $90 was classified as current debt and $318 was classified as long term debt in the Company's condensed consolidated balance sheets.

On March 24, 2014, the Company entered into a master lease agreement with PNC Equipment Finance, LLC for machinery and equipment. The lease bears interest at a fixed rate of 3.55% and requires monthly payments of $22 through March 2019. As of July 31, 2014, $1,138 remained outstanding under this agreement and $228 was classified as current debt and $910 was classified as long term debt in the Company's condensed consolidated balance sheets.

Included in the acquisition of Finnveden, the Company assumed a master lease agreement with Swedebank for machinery and equipment. The lease bears interest at a fixed rate of 3.77% and requires monthly payments of $53 through October 2020. As of July 31, 2014, $5,332 remained outstanding under this agreement and $437 was classified as current debt and $4,895 was classified as long term debt in the Company's consolidated balance sheets.

On February 25, 2014, the Company entered into an interest rate swap with an aggregate notional amount of $75,000 designated as a fair value hedge of a portion of the Company's $300,000 secured revolving line of credit dated October 25, 2013 to manage interest rate exposure on the Company's floating rate LIBOR based debt. The interest rate swap is an agreement to exchange payment streams based on a notional principal amount. This agreement fixes the Company's future interest payments at 2.74% plus the applicable rate (defined above), the designated benchmark interest rate being hedged (the "hedged risk"), on an amount of the Company's debt principal equal to the then-outstanding swap notional amount. The forward interest rate swap commences on March 1, 2015 with an initial $25,000 base notional amount with $25,000 increases to the base notional amount on September 1, 2015 and March 1, 2016, respectively. The base notional amount plus each incremental addition to the base notional amount have a five year maturity which mature on February 29, 2020, August 31, 2020 and February 28, 2021, respectively. On the date the interest swap was entered into, the Company designated the interest rate swap as a hedge of the variability of cash flows to be paid relative to its variable rate monies borrowed. Any ineffectiveness in the hedging relationship is recognized immediately into earnings. On July 31, 2014, the Company determined the mark-to-market adjustment for the interest rate swap to be a liability of $843, net of tax which is reflected in other comprehensive income.

Scheduled repayments under the terms of the Credit Agreement and repayments of other debt for the next five years are listed below:

Twelve Months Ending July 31,	**Credit Agreement**	**Equipment Security Note**	**Capital Lease Obligations**	**Other Debt**	**Total**
2015	$ —	$ 486	$ 755	$ 850	$ 2,091
2016	—	498	783	—	1,281
2017	—	510	811	—	1,321
2018	—	523	841	—	1,364
2019	198,100	87	715	—	198,902
Thereafter	—	—	2,973	—	2,973
Total	$ 198,100	$ 2,104	$ 6,878	$ 850	$ 207,932

Table of Contents

Note 10—Pension and Other Post-Retirement Benefit Matters

The components of net periodic benefit cost for the three and nine months ended July 31, 2014 and 2013 are as follows:

	Pension Benefits		**Other Post-Retirement Benefits**	
	Three Months Ended July 31,		**Three Months Ended July 31,**	
	2014	**2013**	**2014**	**2013**
Interest cost	$ 937	$ 815	$ 9	$ 8
Expected return on plan assets	(1,071)	(934)	—	—
Recognized net actuarial loss	269	348	10	12
Settlement Charge	—	500	—	—
Net periodic benefit cost	$ 135	$ 729	$ 19	$ 20

	Pension Benefits		**Other Post-Retirement Benefits**	
	Nine Months Ended July 31,		**Nine Months Ended July 31,**	
	2014	**2013**	**2014**	**2013**

Interest cost	$ 2,811	$ 2,445	$ 28	$ 25
Expected return on plan assets	(3,211)	(2,801)	—	—
Recognized net actuarial loss	806	1,044	31	36
Settlement Charge	—	500	—	—
Net periodic benefit cost	$ 406	$ 1,188	$ 59	$ 61

The Company made contributions of $1,582 and $3,454 to the defined benefit pension plans during the three and nine months ended July 31, 2014, respectively. The Company expects contributions to be $923 for the remainder of fiscal 2014.

Note 11—Equity Matters

For the Company, FASB ASC Topic 718 "Compensation – Stock Compensation" affects the stock options that have been granted and requires the Company to expense share-based payment ("SBP") awards with compensation cost for SBP transactions measured at fair value. The Company has elected to use the simplified method of calculating the expected term of the stock options and historical volatility to compute fair value under the Black-Scholes option-pricing model. The risk-free rate for periods within the contractual life of the option is based on the U.S. zero coupon Treasury yield in effect at the time of grant. Forfeitures have been estimated based upon the Company's historical experience.

1993 Key Employee Stock Incentive Plan

The Company maintains the Amended and Restated 1993 Key Employee Stock Incentive Program (as amended and restated December 12, 2002 and December 10, 2009) (the "Incentive Plan"), which authorizes grants to officers and other key employees of the Company and its subsidiaries of (i) stock options that are intended to qualify as incentive stock options, (ii) nonqualified stock options and (iii) restricted stock awards. An aggregate of 2,700,000 shares of Common Stock, subject to adjustment upon occurrence of certain events to prevent dilution or expansion of the rights of participants that might otherwise result from the occurrence of such events, was reserved for issuance pursuant to the Incentive Plan. An individual's award of stock options is limited to 500,000 shares in a five-year period.

Non-qualified stock options, incentive stock options and restricted stock awards have been granted to date and all options have been granted at the market price at the date of grant. Options expire over a period not to exceed ten years from the date of grant and vest ratably over a three year period. Restricted stock awards vest ratably over a four year period. Incentive stock options were not granted in fiscal 2013 or during the first nine months of 2014. During the first nine months of fiscal 2014, 79,500 shares of restricted stock were granted to several employees as incentives for future performance. The market value of the Company's stock on the date of the restricted stock awards ranged between $14.97 and $20.64.

Table of Contents

Activity in the Company's incentive plan for the nine months ended July 31, 2014 and 2013 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding at November 1, 2012	362,085	$9.99		
Options:				
Granted	—	$0.00		
Exercised	(28,334)	$5.69		
Canceled	(78,149)	$12.45		
Outstanding at July 31, 2013	255,602	$9.71	6.27	$863
Options exercisable at July 31, 2013	198,937	$9.62	5.77	$694
Options outstanding at November 1, 2013	236,134	$9.93		
Options:				
Granted	—	$0.00		
Exercised	(88,363)	$9.83		

Canceled	(12,333)	$7.19		
Outstanding at July 31, 2014	135,438	$9.79	5.51	$976
Options exercisable at July 31, 2014	125,771	$9.93	5.37	$890

At July 31, 2014, the exercise prices of all of the Company's stock option grants were lower than the market value of the Company's stock. At July 31, 2013, the exercise prices of some of the Company’s stock option grants were higher than the market value of the Company’s stock. The stock option grants whose exercise price is higher than the market value of the Company's stock are excluded from the computation of aggregate intrinsic value of the Company’s outstanding and exercisable stock options.

For the three and nine months ended July 31, 2014 the Company recorded compensation expense related to stock options currently vesting, effectively reducing income before taxes by $21 and $127, respectively. For the three and nine months ended July 31, 2013, the Company recorded compensation expense related to stock options currently vesting, effectively reducing income before taxes by $114 and $342, respectively. For the three months ended July 31, 2014, there was no impact to earnings per share and for the nine months ended July 31, 2014, the impact of stock compensation expense on earnings per share was a reduction of $0.01 per share basic and diluted. For the three months ended July 31, 2013, the impact of stock compensation expense on earnings per share was a reduction of $0.01 per share basic and diluted and for the nine months ended July 31, 2013, the impact of stock compensation expense on earnings per share was a reduction of $0.02 per share basic and diluted. The remaining compensation cost related to unvested stock options not yet recognized is expected to be a combined total of $22 . For the three months ended July 31, 2014 and July 31, 2013, the total compensation cost related to the restricted stock currently vested was $120 and $73, respectively. For the nine months ended July 31, 2014 and 2013, the total compensation cost related to the restricted stock currently vested was $303 and $219, respectively. The total estimated compensation cost related to the non-vested restricted stock is $1,484 over the next four fiscal years.

Table of Contents

Earnings per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. In addition, the shares of Common Stock issuable pursuant to stock options and restricted stock awards outstanding under the Incentive Plan are included in the diluted earnings per share calculation to the extent they are dilutive. For the three and nine months ended July 31, 2014, 42,953 and 35,369, respectively, stock options and restricted stock awards were excluded from the computation of diluted earnings per share because they were anti-dilutive. For the three and nine months ended July 31, 2013, 51,123 and 58,260, respectively, stock options and restricted stock awards were excluded from the computation of diluted earnings per share because they were anti-dilutive. The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computation for net income per share:

(Shares in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2014	**2013**	**2014**	**2013**
Net income available to common stockholders	$ 8,349	$ 5,282	$ 21,417	$ 15,115
Basic weighted average shares	17,118	17,007	17,081	16,998
Effect of dilutive securities:				
Stock options	57	44	76	47
Diluted weighted average shares	17,175	17,051	17,157	17,045
Basic income per share	$ 0.49	$ 0.31	$ 1.25	$ 0.89
Diluted income per share	$ 0.49	$ 0.31	$ 1.25	$ 0.89

Note 12—Income Taxes

The provision for income taxes in the third quarter of fiscal 2014 was an expense of $335 on income before taxes of $8,684 for an effective tax rate of 3.9%. The provision for income taxes in the third quarter of fiscal 2013 was an expense of $2,213 on income before taxes of $7,495 for an effective tax rate of 29.5%. The estimated effective tax rate for the third quarter of fiscal 2014 has decreased compared to the third quarter of fiscal 2013 primarily from additional research and development credits claimed in the aggregate amount of $2,460 on Shiloh’s 2010, 2011, 2012 and 2013 fiscal year United States corporate income tax returns.

Note 13—Fair Value of Financial Instruments

FASB ASC Topic 820, Fair Value Measurements and Disclosures ("FASB ASC 820"), clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1:Observable inputs such as quoted prices in active markets;

Level 2:Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3:Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in FASB ASC 820:

A. *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost).

C. *Income approach:* Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

Assets and liabilities remeasured and disclosed at fair value on a recurring basis are the Interest Rate Swap Contracts which is considered by management to be a Level 2 input based on the Income approach valuation technique.

Note 14—Commitments and Contingencies

The Company is from time to time involved in legal proceedings, claims or investigations. In the opinion of management, the Company's liability or recovery, if any, under pending litigation and claims would not materially affect its financial condition, results of operations or cash flow.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

(Dollars in thousands, except per share data)

General

The Company is a leading global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive, commercial vehicle and other industrial markets. The Company offers the broadest portfolio of lightweighting solutions in the industry, capable of delivering solutions in steel, steel alloys, aluminum and magnesium. Shiloh delivers these solutions through design, engineering and manufacturing of first operation blanks, engineered welded blanks, complex stampings, modular assemblies and highly engineered aluminum and magnesium die casting and machined components serving the body-in-white, emission, powertrain, structural, and seating needs of original equipment manufacturers ("OEMs") and, as a Tier II supplier, to Tier I automotive part manufacturers who in turn supply OEM's. Additionally, the Company provides a variety of intermediate steel processing services, such as oiling, leveling, cutting-to-length, multi-blanking, slitting, edge trimming of hot and cold-rolled steel coils and inventory control services for automotive and steel industry customers. The Company has locations in North America, Europe and Asia.

The products that the Company produces supply many models of vehicles manufactured by nearly all OEMs that produce vehicles in North America and Europe. Approximately 98% of the Company's year to date revenues were dependent upon the North American production of automobiles and light trucks of the traditional domestic manufacturers, such as Chrysler, Ford, and General Motors, and the Asian OEMs (defined as Honda, Hyundai, Renault/Nissan, Subaru, and Toyota) and BMW, Daimler, Tesla and Volkswagen. According to industry statistics (published by IHS Automotive), North America production volumes for the three and nine months ended July 31, 2014 and 2013 were as follows:

	Three Months Ended July 31,			
	2014	2013	Increase	% Increase
	(Number of Vehicles in Thousands)			
Traditional domestic manufacturers	2,302	2,101	201	9.6%
Asian OEM's	1,581	1,452	129	8.9%
Other OEM's	354	315	39	12.4%
Total	4,237	3,868	369	9.5%

	Nine Months Ended July 31,			
	2014	2013	Increase (Decrease)	% Increase (Decrease)
	(Number of Vehicles in Thousands)			
Traditional domestic manufacturers	6,713	6,323	390	6.2 %
Asian OEM's	4,626	4,375	251	5.7 %
Other OEM's	959	963	(4)	(0.4)%
Total	12,298	11,661	637	5.5 %

Table of Contents

Approximately 2% of the Company's year to date revenues were dependent upon the European production of automobiles and light trucks. According to industry statistics (published by IHS Automotive), European production volumes for the three and nine months ended July 31, 2014 and 2013 were as follows:

	Three Months Ended July 31,			
	2014	2013	Increase	% Increase
	(Number of Vehicles in Thousands)			
Central Europe	948	874	74	8.5%
East Europe	885	875	10	1.1%
West Europe	3,518	3,340	178	5.3%
Total	5,351	5,089	262	5.1%

	Nine Months Ended July 31,			
	2014	2013	Increase	% Increase
	(Number of Vehicles in Thousands)			
Central Europe	2,776	2,500	276	11.0%
East Europe	2,581	2,577	4	0.2%
West Europe	10,218	9,523	695	7.3%
Total	15,575	14,600	975	6.7%

Another significant factor affecting the Company’s revenues is the Company’s ability to successfully bid on and win the production and supply of parts for models that will be newly introduced to the market by the OEMs. These new model introductions typically go through a start of production phase with build levels that are higher than normal because the consumer supply network is filled to ensure adequate supply to the market, resulting in an increase in the Company’s revenues for related parts at the beginning of the cycle.

The Company operates in an extremely competitive industry, driven by global vehicle production volumes. Business is typically awarded to the supplier offering the most favorable combination of cost, quality, technology and service. Customers continue to demand periodic cost reductions that require the Company to assess, redefine and improve operations, products, and manufacturing capabilities to maintain and improve profitability. Management continues to develop and execute initiatives to meet challenges of the industry and to achieve its strategy for sustainable global profitable growth.

Capacity utilization levels are very important to profitability because of the capital-intensive nature of the Company’s operations. We continue to adapt our capacity to meet customer demand, both expanding capabilities in growth areas as well as reallocating capacity between manufacturing facilities as needs arise. We deploy new technologies to differentiate our products from our competitors and to achieve higher quality and productivity. The Company believes that it has sufficient capacity to meet its current and expected manufacturing needs.

The significant majority of the steel purchased by the Company’s stamping and engineered welded blank products is purchased through the customers’ steel resale programs. Under these programs, the customer negotiates the price for steel with the steel suppliers. The Company pays for the steel based on these negotiated prices and passes on those costs to the customer. Although the Company takes ownership of the steel, the customers are responsible for all steel price fluctuations under these programs. The Company also purchases steel directly from domestic primary steel producers and steel service centers. Domestic steel pricing has generally been flat over the most recent quarters based on open capacity with the steel producers with nominal increases in demand. The Company blanks and processes steel for some of its customers on a toll processing basis. Under these arrangements, the Company charges a tolling fee for the operations that it performs without acquiring ownership of the steel and being burdened with the attendant costs of ownership and risk of loss. Revenues from operations involving directly owned steel include a component of raw material cost whereas toll processing revenues do not.

For the Company's aluminum and magnesium die casting operations, the cost of aluminum and magnesium may be handled one of two ways. The primary method used by the Company is to secure quarterly aluminum and magnesium purchase commitments based on customer releases and then pass the quarterly price changes to those customers utilizing published metal indices. The second method used by the Company is to adjust prices monthly based on a referenced metal index plus additional material cost spreads agreed to by the Company and its customers.

Engineered scrap metal is a planned by-product of the Company’s processing operations and is accounted for in our quoted cost to each customer. Net proceeds from the disposition of scrap metal contribute to gross margin by offsetting the increases in the cost of metal and the attendant costs of quality and availability. Changes in the price of metal may impact the Company’s results of operations because raw material costs are the largest component of cost of sales in processing directly owned metal. The Company actively manages its exposure to changes in the price of metal and, in most instances, can pass along the price fluctuations of metal to its customers.

Recent Trends and General Economic Conditions Affecting the Automotive Industry

Our business and operating results are directly affected by the relative strength of the North American and European automotive industries, which are driven by the macro-economic factors such as gross domestic product growth, consumer income and confidence levels, fluctuating commodity, currency and gasoline prices, automobile discount and incentive offers and perceptions about global economic stability. The automotive industry remains susceptible to these factors that impact consumer spending habits and could adversely impact consumer demand for vehicles.

The production of cars and light trucks for fiscal year 2014 in North America according to industry forecasts (published by IHS Automotive in August 2014) is currently predicted to increase to approximately 16,928,000 units, which reflects an improvement of 5.2% over fiscal year 2013’s vehicle production of approximately 16,086,000 units. The improved vehicle production reflects an improvement in economic conditions and consumer demand in North America. The Company closely monitors the customer release volumes as the overall economic environment in North America reflects improvement and there is evidence that the North American economy is strengthening. However, the North American government fiscal policy could impact levels of unemployment and consumer confidence, which could adversely impact consumer demand for vehicles.

The production of cars and light trucks for fiscal year 2014 in Europe according to industry forecast (published by IHS Automotive in August 2014) is currently predicted to increase to approximately 20,166,000 units which reflects an improvement of 4.6% over fiscal 2013's vehicle production of approximately 19,287,000 units. This region experienced higher production levels, primarily due to increased European consumer demand, as a result of higher consumer confidence and the release of pent-up demand for vehicles. The Company is cautiously optimistic that consumer demand levels will remain steady; however, we will continue to monitor the geopolitical concerns that could impact this region.

Table of Contents

Critical Accounting Policies

Preparation of the Company’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The Company believes its estimates and assumptions are reasonable; however, actual results and the timing of the recognition of such amounts could differ from those estimates. The Company has identified the following items as critical accounting policies and estimates utilized by management in the preparation of the Company’s financial statements. These estimates were selected because of inherent imprecision that may result from applying judgment to the estimation process. The expenses and accrued liabilities or allowances related to these policies are initially based on the Company’s best estimates at the time they are recorded. Adjustments are charged or credited to income and the related balance sheet account when actual experience differs from the expected experience underlying the estimates. The Company makes frequent comparisons of actual experience and expected experience in order to mitigate the likelihood that material adjustments will be required.

Revenue Recognition. The Company recognizes revenue from the sales of products when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and collectability of revenue is reasonably assured. The Company records revenues upon shipment of product to customers and transfer of title under standard commercial terms. Price adjustments, including those arising from resolution of quality issues, price and quantity discrepancies, surcharges for fuel and/or steel and other commercial issues, are recognized in the period when management believes that such amounts become probable, based on management’s estimates.

Allowance for Doubtful Accounts. The Company evaluates the collectability of accounts receivable based on several factors. In circumstances when the Company is aware of a specific customer’s inability to meet its financial obligations, a specific allowance for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. Additionally, a general allowance for doubtful accounts is estimated based on historical write-offs and the current financial condition of customers. The financial condition of the Company’s customers is dependent on, among other things, the general economic environment, which may substantially change. This variability may affect the recoverability of amounts due to the Company from its customers.

The Company carefully assesses the risks posed by each of its customers and considers compliance with terms and conditions, aging of the customer accounts, intelligence learned through contact with customer representatives and its net account receivable / account payable position with customers, if applicable, in establishing the allowance.

Inventory Reserves. Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. Where appropriate, standard cost systems are used to determine cost and the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are based upon current economic conditions, historical sales quantities and patterns, and in some cases, the specific risk of loss on specifically identified inventories.

The Company values inventories on a regular basis to identify inventories on hand that may be obsolete or in excess of current future projected market demand. For inventory deemed to be obsolete, the Company provides a reserve for the full value of the inventory, net of estimated realizable value. Inventory that is in excess of current and projected use is reduced by an allowance to a level that approximates future demand. Additional inventory reserves may be required if actual market conditions differ from management’s expectations.

The Company monitors purchases of inventory to insure that receipts coincide with shipments, thereby reducing the economic risk of holding excessive levels of inventory that could result in long holding periods or in unsalable inventory leading to losses in conversion.

Income Taxes. The Company utilizes the asset and liability method in accounting for income taxes. Income tax expense includes U.S. and international income taxes minus tax credits and other incentives that will reduce tax expense in the year they are claimed. Deferred taxes are recognized at currently enacted tax rates for temporary differences between the financial accounting and income tax basis of assets and liabilities and operating losses and tax credit carryforwards. Valuation allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The Company assesses both positive and negative evidence when measuring the need for a valuation allowance. Evidence typically assessed includes the operating results for the most recent three-year period and, to a lesser extent because of inherent uncertainty, the expectations of future profitability, available tax planning strategies, the time period over which the temporary differences will reverse and taxable income in prior carryback years if carryback is permitted under the tax law. The calculation of the Company’s tax liabilities also involves dealing with uncertainties in the application of complex tax laws and regulations. The Company recognizes liabilities for uncertain income

Table of Contents

tax positions based on the Company’s estimate of whether, and the extent to which, additional taxes will be required. The Company reports interest and penalties related to uncertain income tax positions as income taxes.

Business Combinations. The Company includes the results of operations of the businesses that it acquires as of the respective dates of acquisition. The Company allocates the fair value of the purchase price of its acquisitions to the tangible assets acquired, and liabilities assumed, based on their estimated fair values. The excess of the fair values of these identifiable assets and liabilities is recorded as goodwill.

Impairment of Long-lived Assets. The Company has historically performed an annual impairment analysis of long-lived assets. However, when significant events, which meet the definition of a “triggering event” in the context of assessing asset impairments, occur within the industry or within the Company’s primary customer base, an interim impairment analysis is performed. The analysis consists of reviewing the next five years outlook for sales, profitability, and cash flow for each of the Company’s manufacturing plants and for the Company overall. The five-year outlook considers known sales opportunities for which purchase orders exist, potential sale opportunities that are under development, third party forecasts of light vehicle car builds (published by IHS Automotive), and the potential sales that could result from new manufacturing process additions and lastly, strategic geographic localities that are important to servicing the automotive industry. All of this data is collected as part of our annual planning process and is updated with more current Company specific and industry data when an interim period impairment analysis is deemed necessary. In concluding the impairment analysis, the Company incorporates a sensitivity analysis by probability weighting the achievement of the forecasted cash flows by plant and achievements of cash flows that are 20% greater and less than the forecasted amounts.

The property, plant and equipment included in the analysis for each plant represents factory facilities devoted to the Company’s manufacturing processes and the related equipment within each plant needed to perform and support those processes. The property, plant and equipment of each plant form each plant’s asset group and typically certain key assets in the group form the primary processes at that plant that generate revenue and cash flow for that facility. Certain key assets have a life of ten to twelve years and the remainder of the assets in the asset group are shorter-lived assets that support the key processes. When the analysis indicates that estimated future undiscounted cash flows of a plant are less than the net carrying value of the long-lived assets of such plant, to the extent that the assets cannot be redeployed to another plant to generate positive cash flow, the Company will record an impairment charge, reducing the net carrying value of the fixed assets (exclusive of land and buildings, the fair value of which would be assessed through appraisals) to zero. Alternative courses of action to recover the carrying amount of the long-lived asset group are typically not considered due to the limited-use nature of the equipment and the full utilization of their useful life. Therefore, the equipment is of limited value in a used-equipment market. The depreciable lives of the Company’s fixed assets are generally consistent between years unless the assets are devoted to the manufacture of a customized automotive part and the equipment has limited reapplication opportunities. If the production of that part concludes earlier than expected, the asset life is shortened to fully amortize its remaining value over the shortened production period.

The Company cannot predict the occurrence of future impairment-triggering events. Such events may include, but are not limited to, significant industry or economic trends and strategic decisions made in response to changes in the economic and competitive conditions impacting the Company’s business. The Company continues to assess impairment to long-lived assets based on expected orders from the Company’s customers and current business conditions.

The key assumptions related to the Company’s forecasted operating results could be adversely impacted by, among other things, decreases in estimated light vehicle car builds during the forecast period, the inability of the Company or its major customers to maintain their respective forecasted market share positions, the inability of the Company to achieve the forecasted levels of operating margins on parts produced, and a deterioration in property values associated with manufacturing facilities.

Intangible Assets. Intangible assets with definitive lives are amortized over their estimated useful lives. The Company amortizes its acquired intangible assets with definitive lives on a straight-line basis over periods ranging from three months to fifteen years. See Note 8 to the condensed consolidated financial statements for a description of the current intangible assets and their estimated amortization expense. Amortization of trade names, trademarks, developed technologies, customer relationships and non-compete agreements is included within selling, general, and administrative expenses in the accompanying condensed consolidated statements of income.

Goodwill. Goodwill, which represents the excess cost over the fair value of the net assets of businesses acquired, was approximately $17,541 as of July 31, 2014, or 3.2% and $6,768 as of October 31, 2013, or 1.7% of our total assets.

In accordance with Accounting Standards Codification ("ASC") 350, Intangibles-Goodwill and Other," we assess goodwill for impairment on an annual basis. Such assessment can be done on a qualitative or quantitative basis. To qualitatively assess the likelihood of goodwill being impaired, we consider the following factors at the reporting unit level: the excess of fair value over

carrying value as of the last impairment test, the length of time since the last fair value measurement, the carrying value, market and industry metrics, actual performance compared to forecasted performance, and our current outlook on the business. If the qualitative assessment indicates it is more likely than not that goodwill is impaired, we will perform quantitative impairment testing at the reporting unit level.

To quantitatively test goodwill for impairment, we estimate the fair value of a reporting unit and compare the fair value to the carrying value. If the carrying value exceeds the fair value, then a possible impairment of goodwill may exist and further evaluation is required. Fair values are based on the cash flow projected in the reporting units' strategic plans and long-range planning forecasts, discounted at a risk-adjusted rate of return. Revenue growth rates included in the plans are generally based on industry specific data and known awarded business. The projected profit margin assumptions included in the plans are based in the current cost structure and anticipated productivity improvements. If different assumptions were used in the plans, the related cash flows used in measuring fair value could be different and impairment of goodwill might be required to be recorded.

Group Insurance and Workers' Compensation Accruals. The Company is primarily self-insured for group insurance and workers' compensation claims and reviews these accruals on a monthly basis to adjust the balances as determined necessary. The Company is fully insured for workers' compensation at one of its locations. For the self-insured plans, the Company reviews historical claims data and lag analysis as the primary indicators of the accruals.

Additionally, the Company reviews specific large insurance claims to determine whether there is a need for additional accrual on a case-by-case basis. Changes in the claim lag periods and the specific occurrences could materially impact the required accrual balance period-to-period. The Company carries excess insurance coverage for group insurance and workers' compensation claims exceeding a range of $160-170 and $100-500 per plan year, respectively, dependent upon the location where the claim is incurred. At July 31, 2014 and October 31, 2013, the amount accrued for group insurance and workers' compensation claims was $3,967 and $3,625, respectively. The self-insurance reserves established are a result of safety statistics, changes in employment levels, number of open and active workers' compensation cases, and group insurance plan design features. The Company does not self-insure for any other types of losses.

Share-Based Payments. The Company records compensation expense for the fair value of nonvested stock option awards and restricted stock awards over the remaining vesting period. The Company has elected to use the simplified method to calculate the expected term of the stock options outstanding at five to six years and has utilized historical weighted average volatility. The Company determines the volatility and risk-free rate assumptions used in computing the fair value using the Black-Scholes option-pricing model, in consultation with an outside third party. The expected term for the restricted stock award ranges from one to four years.

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions used are management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if other assumptions had been used, the recorded stock-based compensation expense could have been materially different from that depicted in the financial statements. In addition, the Company has estimated a 20% forfeiture rate. If actual forfeitures materially differ from the estimate, the share-based compensation expense could be materially different.

The restricted stock was valued based upon the closing date of the grant of the stock. In addition, the Company has estimated a 20% forfeiture rate. If actual forfeitures materially differ from the estimate, the share-based compensation expense could be materially different.

Pension and Other Post-Retirement Costs and Liabilities. The Company has recorded significant pension and other post-retirement benefit liabilities that are developed from actuarial valuations for its U.S. operations. The determination of the Company's pension liabilities requires key assumptions regarding discount rates used to determine the present value of future benefit payments and the expected return on plan assets. The discount rate is also significant to the development of other post-retirement liabilities. The Company determines these assumptions in consultation with, and after input from, its actuaries.

The discount rate reflects the estimated rate at which the pension and other post-retirement liabilities could be settled at the end of the year. The Company uses the Principal Pension Discount Yield Curve ("Principal Curve") as the basis for determining the discount rate for reporting pension and retiree medical liabilities. The Principal Curve has several advantages to other methods, including: transparency of construction, lower statistical errors, and continuous forward rates for all years. At October 31, 2013, the resulting discount rate from the use of the Principal Curve was 4.50%, an increase of 0.75% from a year earlier that resulted in an increase of the benefit obligation of approximately $4,470. A change of 25 basis points in the discount rate at October 31, 2013 would increase or decrease expense on an annual basis by approximately $3.

Table of Contents

The assumed long-term rate of return on pension assets is applied to the market value of plan assets to derive a reduction to pension expense that approximates the expected average rate of asset investment return over ten or more years. A decrease in the expected long-term rate of return will increase pension expense whereas an increase in the expected long-term rate will reduce pension expense. Decreases in the level of plan assets will serve to increase the amount of pension expense whereas increases in the level of actual plan assets will serve to decrease the amount of pension expense. Any shortfall in the actual return on plan assets from the expected return will increase pension expense in future years due to the amortization of the shortfall, whereas any excess in the actual return on plan assets from the expected return will reduce pension expense in future periods due to the amortization of the excess. A change of 25 basis points in the assumed rate of return on pension assets at October 31, 2013 would increase or decrease pension assets by approximately $154.

The Company's investment policy for assets of the plans is to maintain an allocation generally of 0% to 70% in equity securities, 0% to 70% in debt securities, and 0% to 10% in real estate. Equity security investments are structured to achieve an equal balance between growth and value stocks. The Company determines the annual rate of return on pension assets by first analyzing the composition of its asset portfolio.

Historical rates of return are applied to the portfolio. The Company's investment advisors and actuaries review this computed rate of return. Industry comparables and other outside guidance are also considered in the annual selection of the expected rates of return on pension assets.

For the twelve months ended October 31, 2013, the actual return on pension plans' assets for all of the Company's plans approximated 16.66%, which is above the expected rate of return on plan assets of 7.50% used to derive pension expense. The long term expected rate of return takes into account years with exceptional gains and years with exceptional losses.

For the Company's Swedish opertions, the majority of the pension obligations are covered by insurance policies with insurance companies. Certain pension commitments in the Company's Polish operations have not been safeguarded through insurance. The capital value of these comprise the present value of future obligations and is calculated on actuarial grounds.

Actual results that differ from these estimates may result in more or less future Company funding into the pension plans than is planned by management. Based on current market investment performance, the Company anticipates that contributions to the Company's defined benefit plans will decrease in fiscal 2014, and that pension expense will decrease in fiscal 2014.

Derivative Instruments and Hedging Activities. The Company records derivative instruments in the condensed consolidated balance sheet as either an asset or liability and as a component of other comprehensive income and measured at fair value. Changes in derivative instruments' fair value are recognized currently in earnings, unless the derivative instrument has been designated as a cash flow hedge and specific cash flow hedge accounting criteria are met. Under the cash flow hedge accounting, unrealized gains and losses are reflected in stockholder's equity as accumulated other comprehensive income (AOCI) until the forecasted transaction occurs. If the cash flow hedge is deemed ineffective, the derivative's gains or losses are then recognized in the condensed consolidated statement of operations.

Foreign Currency Translation. The Company's Mexican, Netherland and U.S. subsidiaries functional currency is the U.S. dollar and for all other entities their functional currency is. their respective local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate for the period. The resulting translation adjustments are recorded as a component of Other Comprehensive Income (Loss) ("OCI"). The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies. Gains and losses resulting from foreign currency transactions are recognized in net income (loss) in the condensed consolidated statements of operations.

Table of Contents

Results of Operations

Three Months Ended July 31, 2014 Compared to Three Months Ended July 31, 2013

REVENUES. Sales for the third quarter of fiscal 2014 were $216,389, an increase of $50,330 from last year's third quarter sales of $166,059, or 30.3%. Of the increased sales, approximately $21,360 came from an increase in the production volumes of the North American car and light truck manufacturers along with sales from new program launches. According to industry statistics, North American car and light truck production in the third quarter of fiscal 2014 increased 9.5% from production levels in the third quarter of fiscal 2013. Sales of engineered scrap driven by increased production volumes increased sales by approximately $2,970. Sales by the strategic acquisitions that were not in the prior year quarter increased revenues by approximately $26,000 during the three months ended July 31, 2014.

GROSS PROFIT. Gross profit for the third quarter of fiscal 2014 was $22,100 compared to gross profit of $16,374 in the third quarter of fiscal 2013, an increase of $5,726. Gross profit as a percentage of sales was 10.2% in the third quarter of fiscal 2014, a 3.0% improvement over the 9.9% gross profit percentage in the third quarter of fiscal 2013. Gross profit in the third quarter of fiscal 2014 was favorably impacted by approximately $6,100 from the increased sales volume. An unfavorable change in sales mix during the third quarter of fiscal 2014 compared to the third quarter of 2013 resulted in a gross margin decrease of approximately $420. Manufacturing expenses increased by approximately $3,880 in the third quarter of 2014 compared to the third quarter of 2013. Personnel and personnel related expenses increased in proportion to the increased revenues by approximately $1,350 as the Company's workforce was increased in anticipation of increased production volumes, planning for future launches, and planning for further increases in vehicle production volumes. Expenses for repairs and maintenance and manufacturing supplies increased by approximately $1,980 in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. Expenses for depreciation and other fixed costs increased by approximately $550 in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013. Gross profit was favorably impacted by approximately $3,930 by the businesses acquired that were not in the prior year quarter.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses support the growth in sales opportunities, new technologies, new product launches and acquisition activities. Expenses of $12,374 in the third quarter of fiscal 2014 were $4,077 more than expenses of $8,297 in the same period of the prior year. As a percentage of sales, these expenses were 5.7% of sales in the third quarter of fiscal 2014 and 5.0% in the third quarter of fiscal 2013. The increase reflects our investment in additional personnel and related expenses, including personnel from the businesses acquired, of approximately $1,780, an increase of approximately $1,450 from investments in new technology and increases in other administrative expenses, including acquisition related costs and professional fees in support of a research and development tax credit project. As a result of the acquisitions, selling, general and administrative expenses increased by approximately $850, consisting of approximately $140 from the amortization of intangible assets acquired and approximately $710 in other administrative expenses.

ASSET RECOVERIES. Asset recoveries of $110 were recorded during the third quarter of fiscal 2013 for cash received upon sales of assets from the Company's former Mansfield Blanking facility, which were impaired in fiscal 2010.

INTEREST EXPENSE. Interest expense for the third quarter of fiscal 2014 was $1,191, compared to interest expense of $671 during the third quarter of fiscal 2013. The increase in interest expense was the result of higher average borrowing of funds for funding acquisition activities. Borrowed funds averaged $163,640 during the third quarter of fiscal 2014 and the weighted average interest rate was 1.92%. In the third quarter of fiscal 2013, borrowed funds averaged $86,280 and the weighted average interest rate of debt was 2.26%.

OTHER INCOME / EXPENSE. Other income, net was $147 for the third quarter of fiscal 2014, including a $332 realized gain on the sale of marketable securities and currency transaction losses of $185 realized by the Company's foreign subsidiaries. Other expense, net was $29 in the third quarter of fiscal 2013 and was the result of currency transaction losses realized by the Company's Mexican subsidiary.

PROVISION FOR INCOME TAXES. The provision for income taxes in the third quarter of fiscal 2014 was an expense of $335 on income before taxes of $8,684 for an effective tax rate of 3.9%. The provision for income taxes in the third quarter of fiscal 2013 was an expense of $2,213 on income before taxes of $7,495 for an effective tax rate of 29.5%. The estimated effective tax rate for the third quarter of fiscal 2014 has decreased compared to the third quarter of fiscal 2013 primarily from additional research and development credits claimed in the aggregate amount of $2,460 on Shiloh’s 2010, 2011, 2012 and 2013 fiscal year United States corporate income tax returns.

NET INCOME. Net income for the third quarter of fiscal 2014 improved 58.1% compared to the third quarter of 2013 and was $8,349, or $0.49 per share, diluted. For third the quarter of fiscal 2013, net income was $5,282, or $0.31 per share, diluted.

Results of Operations

Nine Months Ended July 31, 2014 Compared to Nine Months Ended July 31, 2013

REVENUES. Sales for the first nine months of fiscal 2014 were $608,900, an increase of $115,312 from last year’s first nine months sales of $493,588, or 23.4%. Of the increased sales, approximately $44,150 came from an increase in the production volumes of the North American car and light truck manufacturers. According to industry statistics, North American car and light truck production for the first nine months of fiscal 2014 increased by 5.5% from production levels for the first nine months of fiscal 2013. Sales of engineered scrap driven by increased production volumes resulted in increased sales of approximately $6,130. Sales by the strategic acquisitions that were not in the prior year increased revenues by approximately $65,030 for the first nine months of fiscal 2014.

GROSS PROFIT. Gross profit for the first nine months of fiscal 2014 was $60,948 compared to gross profit of $46,446 in the first nine months of fiscal 2013, an increase of $14,502. Gross profit as a percentage of sales was 10.0% in the first nine months of fiscal 2014, a 6.4% improvement over the 9.4% in the first nine months of fiscal 2013. Gross profit in the first nine months of fiscal 2014 was favorably impacted by approximately $12,140 from the increased sales volume. A favorable change in sales mix during the first nine months of fiscal 2014 compared to the first nine months of 2013, resulted in a gross margin increase of approximately $2,830. Manufacturing expenses increased by approximately $9,880 in the first nine months of fiscal 2014 compared to the first nine months of fiscal 2013. Personnel and personnel related expenses increased in proportion to the increased revenues by approximately $4,660 as the Company’s workforce was increased in anticipation of increased production volumes, planning for future launches, and planning for further increases in vehicle production volumes. Expenses for repairs and maintenance and manufacturing supplies increased by approximately $4,140 in the first nine months of fiscal 2014 compared to the first nine months of fiscal 2013. Expenses for depreciation and utilities increased by approximately $1,080 in the first nine months of fiscal 2014 compared to the first nine months of fiscal 2013. Gross profit was favorably impacted by approximately $9,410 by the businesses acquired that were not in the prior year nine month period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses support the growth in sales opportunities, new technologies, new product launches and acquisition activities. Expenses of $34,528 in the first nine months of fiscal 2014 were $11,791 more than expenses of $22,737 in the first nine months of fiscal 2013. As a percentage of sales, these expenses were 5.7% of sales in the first nine months of fiscal 2014 and 4.6% of sales in the first nine months of fiscal 2013. The increase reflects our investment in additional personnel and personnel related expenses of approximately $5,560, an increase of approximately $4,580 from investments in new technology and increases in other administrative expenses, including acquisition related costs and professional fees in support of a research and development tax credit project. As a result of the acquisitions, selling, general and administrative expenses increased by approximately $1,650, consisting of approximately $690 from the amortization of intangible assets acquired and approximately $960 in other administrative expenses.

ASSET RECOVERIES. Asset recoveries of $4,026 were recorded during the first nine months of fiscal 2014 and asset recoveries of $117 were recorded during the first nine months of fiscal 2013 for cash received upon sales of assets from the Company's former Mansfield Blanking facility, which was impaired in fiscal 2010.

INTEREST EXPENSE. Interest expense for the first nine months of fiscal 2014 was $3,004, compared to interest expense of $1,665 during the first nine months of fiscal 2013. The increase in interest expense was the result of higher average borrowing of funds for funding acquisition activities. Borrowed funds averaged $141,261 during the first nine months of fiscal 2014 and the weighted average interest rate was 1.93%. In the first nine months of fiscal 2013, borrowed funds averaged $72,440 and the weighted average interest rate of debt was 2.03%.

OTHER INCOME / EXPENSE. Other income, net was -$104 for the first nine months of fiscal 2014, including a $332 realized gain on the sale of marketable securities and currency transaction losses of $228 realized by the Company's foreign subsidiaries. Other expense, net was $74 for the first nine months of fiscal 2013 and was the result of currency transaction losses realized by the Company's Mexican subsidiary.

PROVISION FOR INCOME TAXES. The provision for income taxes for the first nine months of fiscal 2014 was an expense of $6,136 on income before taxes of $27,553 for an effective tax rate of 22.3%. The provision for income taxes for the first nine months of fiscal 2013 was an expense of $6,999 on income before taxes of $22,114 for an effective tax rate of 31.7%. The estimated effective tax rate for the first nine months of fiscal 2014 has decreased compared to the first nine months of fiscal 2013 primarily from additional research and development credits claimed on Shiloh’s 2010, 2011, 2012 and 2013 fiscal year United States corporate income tax returns.

NET INCOME. Net income for the first nine months of fiscal 2014 improved 41.7% compared to the first nine months of 2013 and was $21,417, or $1.25 per share, diluted. Net income for the first nine months of fiscal 2013 was $15,115 or $0.89 per share, diluted.

Liquidity and Capital Resources

On October 25, 2013, the Company entered into a Credit Agreement (the “Credit Agreement”) with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the other lender parties thereto. The Company's domestic subsidiaries have guaranteed certain of the Company's obligations under the Credit Agreement.

The Credit Agreement has a five-year term and provides for a $300,000 secured revolving line of credit, which may be increased up to an additional $100,000 subject to the Company’s compliance with the terms of the Credit Agreement and pro forma compliance with certain financial covenants, notice to the Administrative Agent and the Company obtaining commitments for such increase. Funds borrowed from the Credit Agreement were used to pay off borrowed funds under the Company's prior credit agreement.

Borrowings under the Credit Agreement bear interest at LIBOR plus the applicable rate as referenced in the Credit Agreement or at the option of the Company the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. or (c) the Eurocurrency Rate plus 1.00%. In addition to interest charges, the Company will pay in arrears a quarterly commitment fee ranging from 0.20% - 0.35% based on the Company’s daily revolving exposure.

The Credit Agreement contains customary restrictive and financial covenants, including covenants regarding the Company’s outstanding indebtedness and maximum leverage and interest coverage ratios. The Credit Agreement also contains standard provisions relating to conditions of borrowing. In addition, the Credit Agreement contains customary events of default, including the non-payment of obligations by the Company and the bankruptcy of the Company. If an event of default occurs, all amounts outstanding under the Credit Agreement may be accelerated and become immediately due and payable. The Company was in compliance with the financial covenants as of July 31, 2014, and October 31, 2013.

On December 30, 2013, the Company entered into a First Amendment Agreement (the “First Amendment”) amending the Agreement.

The First Amendment permits the incurrence of state or local Governmental Authority bonds as part of a government tax incentive program, the proceeds of which are used to finance or refinance the acquisition, construction, equipping or improvement of facilities or property used by the Company, subject to a cap of $30,000 and certain other terms and conditions, and was executed in connection with the issuance of certain Development Authority of Jefferson, Georgia Taxable Industrial Development Revenue Bonds (Jefferson Blanking Inc.) Series 2013 with a principal amount not exceeding $8,000. As of July 31, 2014, there were no borrowings under this agreement.

On June 26, 2014, the Company, together with SHILOH HOLDINGS NETHERLANDS B.V., organized under the laws of the Netherlands (the “Dutch Borrower”) entered into a Second Amendment Agreement (the “Second Amendment”) amending the Credit Agreement.

The Second Amendment adds the Dutch Borrower as a borrower of the existing Credit Agreement.

After considering letters of credit of $2,980 that the Company has issued, available funds under the Credit Agreement were $98,920 at July 31, 2014.

Borrowings under the Credit Agreement are collateralized by a first priority security interest in substantially all of the tangible and intangible property of the Company and its domestic subsidiaries and 65% of the stock of foreign subsidiaries.

In July 2014, the Company entered into a finance agreement with an insurance broker for various insurance policies that bears interest at a fixed rate of 1.87% requiring an initial down payment of $254 due with the first monthly payment of $95. The monthly payments extend through April 2015. As of July 31, 2014, $850 remained outstanding under this agreement.

On September 2, 2013, the Company entered into an equipment security note that bears interest at a fixed rate of 2.47% and requires monthly payments of $44 through September 2018. As of July 31, 2014, $2,104 remained outstanding under this agreement and $486 was classified as current debt and $1,618 was classified as long term debt in the Company’s condensed consolidated balance sheets.

Table of Contents

On December 27, 2013, the Company entered into a master lease agreement with The Huntington National Bank for machinery and equipment. The lease bears interest at a fixed rate of 3.05% and requires monthly payments of $8 through November 2018. As of July 31, 2014, $408 remained outstanding under this agreement and $90 was classified as current debt and $318 was classified as long term debt in the Company's condensed consolidated balance sheets.

On March 24, 2014, the Company entered into a master lease agreement with PNC Equipment Finance, LLC for machinery and equipment. The lease bears interest at a fixed rate of 3.55% and requires monthly payments of $22 through March 2019. As of July 31, 2014, $1,138 remained outstanding under this agreement and $228 was classified as current debt and $910 was classified as long term debt in the Company's condensed consolidated balance sheets.

Included in the acquisition of Finnveden, the Company assumed a master lease agreement with Swedebank for machinery and equipment. The lease bears interest at a fixed rate of 3.77% and requires monthly payments of $53 through October 2020. As of July 31, 2014, $5,332 remained outstanding under this agreement and $437 was classified as current debt and $4,895 was classified as long term debt in the Company's condensed consolidated balance sheets.

On February 25, 2014, the Company entered into an interest rate swap with an aggregate notional amount of $75,000 designated as a fair value hedge of a portion of the Company's $300,000 secured revolving line of credit dated October 25, 2013 to manage interest rate exposure on the Company’s floating rate LIBOR based debt. The interest rate swap is an agreement to exchange payment streams based on a notional principal amount. This agreement fixes the Company’s future interest payments at 2.74% plus the applicable rate (defined above), the designated benchmark interest rate being hedged (the “hedged risk”), on an amount of the Company’s debt principal equal to the then-outstanding swap notional amount. The forward interest rate swap commences on March 1, 2015 with an initial $25,000 base notional amount with $25,000 increases to the base notional amount on September 1, 2015 and March 1, 2016, respectively. The base notional amount plus each incremental addition to the base notional amount have a five year maturity which mature on February 29, 2020, August 31, 2020 and February 28, 2021, respectively. On the date the interest swap was entered into, the Company designated the interest rate swap as a hedge of the variability of cash flows to be paid relative to its variable rate monies borrowed. Any ineffectiveness in the hedging relationship is recognized immediately into earnings. On July 31, 2014, the Company determined the mark-to-market adjustment for the interest rate swap to be a loss of $843, net of tax which is reflected in other comprehensive income.

Scheduled repayments under the terms of the Credit Agreement and repayments of other debt for the next five years are listed below:

Twelve Months Ending July 31,	**Credit Agreement**	**Equipment Security Note**	**Capital Lease Obligations**	**Other Debt**	**Total**
2015	$ —	$ 486	$ 755	$ 850	$ 2,091
2016	—	498	783	—	1,281
2017	—	510	811	—	1,321
2018	—	523	841	—	1,364
2019	198,100	87	715	—	198,902
Thereafter	$ —	$ —	$ 2,973	$ —	$ 2,973
Total	$ 198,100	$ 2,104	$ 6,878	$ 850	$ 207,932

At July 31, 2014, total debt was $207,932 and total equity was $151,736, resulting in a capitalization rate of 57.8% debt, 42.2% equity. Current assets were $248,090 and current liabilities were $166,919 resulting in positive working capital of $81,171.

For the nine months ended July 31, 2014, operations, before changes in assets and liabilities, generated $36,720 of cash flow compared to $30,616 in the first nine months of 2013.

Changes in operating assets and liabilities since October 31, 2013 were a use of funds of $20,481. During the first nine months of fiscal 2014, accounts receivable and related party receivables increased by $16,226, inventory increased by $45,246 and accounts payable increased by $41,897.

Cash capital expenditures in the first nine months of fiscal 2014 were $24,027. The Company had unpaid capital expenditures of approximately $2,904, and such amounts are included in accounts payable and excluded from capital expenditures in the accompanying condensed consolidated statement of cash flows. Total estimated capital expenditures for fiscal 2014 are approximately $32,000, subject to change based on business conditions.

The Company continues to closely monitor the business conditions affecting the automotive industry. In addition, the Company closely monitors its working capital position to insure adequate funds for operations. The Company anticipates that funds from operations will be adequate to meet the obligations under the Credit Agreement through maturity of the Credit Agreement in October 2018, as well as pension contributions totaling $4,377 during fiscal 2014, capital expenditures for fiscal 2014 and scheduled payments for the equipment security note, capital lease and repayment of the other other debt of $203.

Effect of Inflation, Deflation

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. The level of inflation has not had a material effect on the Company's financial results for the past three years.

In periods of decreasing prices, deflation occurs and may also affect the Company's results of operations. With respect to steel purchases, the Company's purchases of steel through customers' resale steel programs protects recovery of the cost of steel through the selling price of the Company's products. For non-resale steel purchases, the Company coordinates the cost of steel purchases with the related selling price of the product. For the Company's aluminum and magnesium die casting business, the cost of aluminum and magnesium is handled in one of two ways. The primary method used by the Company is to secure quarterly aluminum and magnesium purchase commitments based on customer releases and then pass the quarterly price changes to those customers utilizing published metal indexes. The second method used by the Company is to adjust prices monthly, based on a referenced metal index plus additional material cost spreads agreed to by the Company and its customers.

FORWARD-LOOKING STATEMENTS

Certain statements made by Shiloh Industries, Inc. (the "Company") in this Form 10-Q, regarding the Company's operating performance, events or developments that the Company believes or expects to occur in the future, including those that discuss strategies, goals, outlook or other non-historical matters, or which relate to future sales, earnings expectations, cost savings, awarded sales, volume growth, earnings or general belief in the Company's expectations of future operating results are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are made on the basis of management's assumptions and expectations. As a result, there can be no guarantee or assurance that these assumptions and expectations will in fact occur. The forward-looking statements are subject to risks and uncertainties that may cause actual results to materially differ from those contained in the statements. Some, but not all, of the risks include the ability of the Company to accomplish its strategic objectives; the ability to obtain future sales; changes in worldwide economic and political conditions, including adverse effects from terrorism or related hostilities; costs related to legal and administrative matters; the Company's ability to realize cost savings expected to offset price concessions; the Company's ability to successfully integrate acquired businesses, including businesses located outside of the United States; risks associated with doing business internationally, including economic, political and social instability, foreign currency exposure and the lack of acceptance of our products; inefficiencies related to production and product launches that are greater than anticipated; changes in technology and technological risks; increased fuel and utility costs; work stoppages and strikes at the Company's facilities and that of the Company's customers or suppliers; the Company's dependence on the automotive and heavy truck industries, which are highly cyclical; the dependence of the automotive industry on consumer spending, which is subject to the impact of domestic and international economic conditions, including increased energy costs affecting car and light truck production, and regulations and policies regarding international trade; financial and business downturns of the Company's customers or vendors, including any production cutbacks or bankruptcies; increases in the price of, or limitations on the availability of, steel, aluminum or magnesium, the Company's primary raw materials, or decreases in the price of scrap steel; the successful launch and consumer acceptance of new vehicles for which the Company supplies parts; the occurrence of any event or condition that may be deemed a material adverse effect under the Company’s outstanding indebtedness or a decrease in customer demand which could cause a covenant default under the Company’s outstanding indebtedness; pension plan funding requirements; and other factors, uncertainties, challenges and risks detailed in the Company's other public filings with the Securities and Exchange Commission. Any or all of these risks and uncertainties could cause actual results to differ materially from those reflected in the forward-looking statements. These forward-looking statements reflect management's analysis only as of the date of this release.

The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. In addition to the disclosures contained herein, readers should carefully review risks and uncertainties contained in other documents the Company files from time to time with the Securities and Exchange Commission.

Table of Contents

Item 4. ***Controls and Procedures***

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. As of July 31, 2014, an evaluation was performed under the supervision and with the participation of the Company’s management, including the Principal Executive Officer (“PEO”) and Principal Financial Officer (“PFO”), of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended. The Company’s PEO and PFO concluded that the Company’s disclosure controls and procedures were effective as of July 31, 2014.

On December 28, 2012, the Company acquired the business and related assets of Albany-Chicago Company, LLC, which operated under its own set of systems and internal controls. The Company completed the incorporation of the acquired operations as they relate to internal controls, into its control environment during the second quarter of fiscal 2014.

On August 2, 2013, the Company acquired the business and related assets of Contech Castings, LLC, which operated under its own set of systems and internal controls. The Company completed the incorporation of the acquired operations as they relate to internal controls, into its control environment during the second quarter of fiscal 2014.

On June 30, 2014, the Company acquired the business and related assets of Finnveden, which operated under its own set of systems and internal controls. The Company is maintaining those systems and much of the internal control environment until such time that it is able to incorporate the acquired processes into the Company's own control environment. The Company expects to be substantially complete with the incorporation of the acquired operations, as they relate to systems and internal controls, into its control environment during fiscal 2015.

There were no other changes in the Company’s internal control over financial reporting during the third quarter of fiscal 2014 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Table of Contents

Part II. OTHER INFORMATION

Item 5. ***Other Information***

None

Table of Contents

Item 6. ***Exhibits***

10.1 Share Sale and Purchase Agreement, dated May 21, 2014, among Finnveden AB, a company limited by shares incorporated in Sweden, Shiloh Holdings Sweden AB, company limited by shares incorporated in Sweden, and Finnveden Bulten AV, a company limited by shares incorporated in Sweden.

31.1 Principal Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Principal Financial Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SHILOH INDUSTRIES, INC.

By: /s/ Ramzi Hermiz

Ramzi Hermiz

President and Chief Executive Officer

By: /s/ Thomas M. Dugan

Thomas M. Dugan

Vice President of Finance and Treasurer

Date: September 5, 2014

Table of Contents

EXHIBIT INDEX

10.1 Share Sale and Purchase Agreement, dated May 21, 2014, among Finnveden AB, a company limited by shares incorporated in Sweden, Shiloh Holdings Sweden AB, company limited by shares incorporated in Sweden, and Finnveden Bulten AV, a company limited by shares incorporated in Sweden.

31.1 Principal Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Principal Financial Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

share sale and purchase agreement

between

Finnveden AB,

FinnvedenBulten AB (publ.)

and

Shiloh Holdings Sweden AB

regarding

all the shares in

Finnveden Metal Structures AB

Schedules

SHARE SALE AND PURCHASE AGREEMENT

This share sale and purchase agreement (the “Agreement”) has been made on [day month] 2014 (“Agreement Date”) by and between:

1. Finnveden AB, a company limited by shares incorporated in Sweden under company registration number 556224-0894 (the “Seller”), with registered address at August Barks Gata 6B, 421 32 Västra Frölunda, Sweden; and
2. Shiloh Holdings Sweden AB, a company limited by shares incorporated in Sweden under company registration

number [0000]] (the “Buyer”), with registered address at [address], Sweden.

3. Finnveden Bulten AB (publ), a company limited by shares incorporated in Sweden under company registration number 556668-2141, with registered address at August Barks Gata 6B, 421 32 Västra Frölunda, Sweden.

(each a “Party” and collectively the “Parties”).

The Parties have agreed as follows:

1. Background

1. Finnveden Metal Structures AB is a company limited by shares incorporated in Sweden under company registration number 556502-8338 (the “Company”).

2. The Company has a share capital of SEK 131,794.737 distributed on 982,000 shares (the “Shares”). The Seller owns all the Shares. The Seller is a wholly owned subsidiary of FinnvedenBulten (as defined below).

3. The Company owns all the shares in (i) Finnveden Metal Structures SP.z.o.o., a limited liability company incorporated under the laws of Poland under company registration number 0000283580; (ii) Finnveden China Holding AB, a company limited by shares incorporated in Sweden under company registration number 556838-9950; and Finnveden China Holding AB owns all the shares in Finnveden Metal Structures (Shanghai) Co., Ltd, a limited liability company incorporated under the laws of the People’s Republic of China under company registration number 310000400659499 (all of the companies referred to under this Clause 1.3 (i) to (ii) jointly referred to as the “Subsidiaries” in accordance with Clause 2.1 below).

4. The businesses of the Company and the Subsidiaries comprise manufacturing and sales of components and products of steel and magnesium for, primarily, the automotive industry.

5. The Seller desires to sell, and the Buyer desires to buy, the Shares on the terms and conditions set out in this Agreement.

---

6. On the Completion Date, the Company and Seller will enter into the Transitional Services Agreement.

2. Definitions

1. In this Agreement:

“Accounting Principles”	means the accounting principles consistently applied by the Company and the Subsidiaries (as applicable) per the Accounts Date.
“Accounts”	means the audited annual accounts of the Company and the Subsidiaries per the Accounts Date, set forth in <u>Schedule 2.1(a)</u>.
“Accounts Date ”	means 31 December 2013.
“Active Sites”	means each of the properties Bielsko Biala, Forsheda I and Olofström.
“Affiliate”	has the meaning ascribed to it in Clause 9.14.
	has the meaning ascribed to it in the introductory paragraph

“Agreement”	hereof.
“Agreement Date”	has the meaning ascribed to it in the introductory paragraph hereof.
“Aggregated Accounts”	means the aggregated accounts of the Group per the Accounts Date.
“Aggregated Stay On Bonus Payment”	means the aggregated Stay On Bonus Payments actually paid by the Company to or on behalf of Management Members. An example of the calculation of the Aggregated Stay On Bonus Payment is set forth in <u>Schedule 2.1 (b)</u>.
“Aggregation Principles”	means the principles for aggregating the balance sheets of the Company and the Subsidiaries (as applicable) per the Locked Box Date, set forth in <u>Schedule 2.1 (h).</u>
“Bank Account”	means the bank account with [bank] notified by the Seller to the Buyer no later than 5 Business Days prior to the Completion Date.
“Bielsko Biala”	means the site of operations of the subsidiary Finnveden Metal Structures SP.z.o.o.
“Business”	means the business of manufacturing and sales of components and products of steel and magnesium for, primarily, the automotive industry, using the production processes stamping, die casting and joining, as conducted by the Group on the Completion Date (the “Business”).
“Business Day”	shall mean a day when banks in Sweden and New York are open for general banking business (other than over the Internet only).
“Buyer”	has the meaning ascribed to it in the introductory paragraph hereof.
“Buyer’s Knowledge”	shall mean the knowledge of Brad Tolley and Thomas Dugan representing the Buyer.
“Buyer’s Warranties”	has the meaning ascribed to it in Clause 10 below.

“Claim”	means any claim made by the Buyer against the Seller under this Agreement.
“Company”	has the meaning ascribed to it in Clause 1.1.
“Completion”	means the consummation of the sale and purchase of the Shares, including the transfer of full ownership of the Shares, pursuant to Clause 7.
“Completion Date”	means either (i) June 30, 2014; or (ii) such other date as the Parties may agree on in writing, being the date on which Completion shall take place.
“Customer Complaint”	means a customer complaint or aggregate complaints based repetitive with one another in relation to one or more customer resulting in the Company or any of the Subsidiaries paying compensation to the customer of an amount exceeding SEK 2,000,000 provided that each such customer complaint amounts to at least SEK 300,000.
	means all the documents and information (including the management presentations) made available to the Buyer and its advisors in the

"Data Room Documents"	course of the Due Diligence in an electronic data room until 15 May, 2014 at 23:59 CET listed in the data room index set forth in Schedule 2.1(c), and in the Q/A log set forth in Schedule 2.1(d), respectively, comprising commercial, financial, legal, technical and other information regarding or otherwise relating to the Company or the Subsidiaries; a complete set of all of which is contained on the DVD to be attached hereto as Schedule 2.1(e). To be finalized by Merrill Datasite
"Due Diligence"	means the due diligence investigation of the Company and the Subsidiaries conducted by the Buyer and its advisors prior to the execution of this Agreement, during which the Buyer and its advisors during the period 24 March 2014 through 16 May 2014 have, inter alia, investigated the business and state of affairs of the Company and the Subsidiaries, had access to the Data Room Documents, attended management presentations and questions and answer sessions and conducted site visits on the Active Sites.
"Employee Warrants"	means the warrants described in Schedule 2.1(g).
"Encumbrance"	means any mortgage, charge, pledge, lien or other security interest.

"Exit Bonus Payment"	means an amount corresponding to 50% of the maximum aggregated amount (including social charges) payable pursuant to the Management Bonus Arrangement, which amount the Company has undertaken to pay to and for the benefit of the Management Members, subject to and following Completion, calculated as set forth in Schedule 2.1(f).
"FinnvedenBulten"	means FinnvedenBulten AB (publ), company registration number 556668-2141.
"Finnveden Gjutal"	has the meaning ascribed to it in Clause 8.2.4 below.
"Forsheda I"	means the property Värnamo Forsheda 5:119.
"Forsheda II"	means the property Värnamo Forsheda 5:51.
"Gislaved"	means the property Gislaved Ölmestad 8:84.
"Gnosjö"	means the properties Gnosjö Gårö 1:395 and Gnosjö Gårö 1:4.
"Group"	means the Company and the Subsidiaries.
"Historical Sites"	means each of the properties Forsheda II, Gislaved, Gnosjö, Vansbro and Vara or any other property on which the Company or any of the Subsidiaries has conducted its Business.
"Important Customers"	has the meaning ascribed to it in Clause 5.1 (c).
	means all inventions, patents, trademarks, trade names, logos, domain names, copyrights, design rights, database rights, trade secrets, know-how and other intellectual property rights, including, where any such rights are obtained or enhanced by registration, all registrations of such rights and applications

"Intellectual Property Rights"	and rights to apply for such registrations, in any jurisdiction.
"Key Employees"	means the Management Members and Richard Berg, civic registration number 690705-3539, Leif Torén, civic registration number 620417-5613 and Mikolaj Juzwiak born on May 29, 1974.

---

means in respect of the period from the Locked Box Date to the Completion Date:

any transfer of value for the purpose of Chapter 17, Section 1 of the Swedish Companies Act (*Sw.* aktiebolagslagen (2005:551)), including any dividend, distribution of profits or assets, issuance of securities, redemption or repurchase or repayment of shares, return of capital, assets transferred, liabilities assumed, indemnified, waived or incurred, paid or made, as applicable, by the Company or any of the Subsidiaries to (or for the benefit of), the Seller or any of its affiliates;

any payment or obligation by the Company or any of the Subsidiaries regarding any bonuses to employees arising out of or in connection with the transactions contemplated by this Agreement; and

any costs for the transactions contemplated by this Agreement, or for matters ancillary thereto, incurred, borne or paid by or charged to the Company or any of the Subsidiaries (including any professional fees, expenses or other costs for the Sellers' advisers in connection with the transactions contemplated by this Agreement irrespective of whether such fees etc. are incurred and/or invoiced after the Completion Date);

or, an agreement to do any matters referred to in any of a) - c) above;

"Leakage"	but shall not include any Permitted Leakage.

"Locked Box Accounts"	means the aggregated balance sheet of the Group per the Locked Box Date, and the description of the Aggregation Principles, as set forth in Schedule 2.1 (h).
"Locked Box Accounting Principles"	means the Accounting Principles applied by the Company and the Aggregation Principles.
"Locked Box Date"	means 31 March 2014.
"Loss"	means all loss, damage, cost and expense (including reasonable attorney's fees) incurred by any of the Company, any Subsidiary or the Buyer, except for any indirect loss suffered by the Buyer.
"Management Bonus Arrangement"	means the bonus arrangement furnished by the Company for the benefit of the Management Members for the calendar year 2014, as set forth in Schedule 2.1 (i).
"Management Members"	means Anne Olsmo, civic registration number 771127-4865, Ebba Carling Svensson, civic registration number 640211-5189, Hans Grankvist, civic registration number 540516-0036, Marlene Hedendahl, civic registration number 710608-8904, Claes Lindroth, civic registration number 621217-5092, Stefan Janols, civic registration number 670130-6638.
"Material Adverse Change"	has the meaning ascribed to it in Clause 5.1 (b) below.
"Mora"	means the property Mora Östnor 171:2.
"Olofström"	means the property Olofström Hölje 116:116.
"Parent Company Guarantees"	means (i) the parent company guarantees set forth in Schedule 2.1 (j); and (ii) any other guarantees furnished by Seller, FinnvedenBulten or any of their affiliates (other than the Company and the Subsidiaries) as security for any obligations of the Company or any of the Subsidiaries.
"Party" and "Parties"	has the meaning ascribed to it in the introductory paragraph hereof.
"Permitted Leakage"	means the Exit Bonus Payment, the Aggregated Stay On Bonus Payment and, for purposes of clarification, monthly payment to FinnvedenBulten of a management fee equal to SEK 545,000 (excluding VAT).
"Purchase Price"	has the meaning ascribed to it in Clause 4.1 below.

	means (i) the pledges of shares in the Company and Subsidiaries and the property mortgages set forth

"Security"	in Schedule 2.1(k) and (ii) any other security furnished by Seller, FinnvedenBulten or any of their affiliates (other than the Company and the Subsidiaries) as security for any obligations of the Company or any of the Subsidiaries, of which the Seller notifies Buyer;
"SEK"	means the currency Swedish kronor.
"Seller"	has the meaning ascribed to it in the introductory paragraph hereof.
"Seller's Knowledge"	or any similar expression in the context of any of the Seller's Warranties means facts and circumstances within the actual knowledge of the Seller, which shall be deemed to include the actual knowledge of any of Johan Westman, civic registration number, 730527-6235 Erik Forslund, civic registration number 810620-6314 and the Management Members in relation to the relevant Seller's Warranty, after having made due enquiries with other executives of the Company and the Subsidiaries, to the extent appropriate and relevant.
"Seller's Warranties"	has the meaning ascribed to it in Clause 9 below.
"Shares"	has the meaning ascribed to it in Clause 1.1 above.
"Shiloh"	means Shiloh Industries Inc., a US listed company with the company registration number [Shiloh to insert]
"Sites"	means each of the Active Sites and the Historical Sites.
"Statutory Books"	means, in respect of the Company and Finnveden China Holding AB, the share ledger and minutes of shareholders' meetings and board meetings, and, in respect of Finnveden Metal Structures SP.z.o.o. and Finnveden Metal Structures (Shanghai) Co., Ltd, the equivalent applicable documents.
"Stay On Bonus Payment"	means, in respect of each Management Member who on 31 December 2014 has not terminated, notified or otherwise made known to the Company his/her intention to terminate, his/her employment with the Company, 50% of the maximum amount payable under the Management Bonus Arrangement (including social charges) in respect of such Management Member.
"Subsidiaries"	means each of the companies referred to in Clause 1.3 (i) to (ii) above.
"Vansbro"	means the property Vansbro Örnen 24.
"Vara"	means the property Travå 3:128.

"Taxes"	means all income taxes and other taxes imposed by any tax authority, e.g., capital gains taxes, transfer taxes, value added taxes, social security fees and contributions, duties, charges and withholding taxes, real estate taxes, tax surcharges and late filings or payment fines or interest relating to any taxes, including (for the avoidance of doubt) any of the aforementioned imposts imposed as a secondary liability (such e.g. a secondary liability for withholding tax or wage tax).
	means any claim by a third party (including tax and other authorities) against the Buyer or the Company or any of the Subsidiaries giving rise to, or which is likely to give rise to,

"Third Party Claim"	any Loss for which the Seller may be liable.
"Transitional Services Agreement"	means the transitional services agreement, substantially in the form set out in Schedule 2.1(l), to be entered into between the Company and Seller.

2. Other capitalized words and expressions have in this Agreement the respective meaning ascribed to them elsewhere in this Agreement.

3. Where a word or expression is given a meaning, interpretation or construction in this Agreement, its other grammatical forms will have the corresponding meaning, interpretation or construction, the term "include" or "including" shall be construed without limitation and, further, "material" and the concept of a "material" nature shall be measured relative to the business of the Group taken as a whole, as such business is currently being conducted.

3. Sale and purchase

Upon the terms and subject to the conditions set forth in this Agreement, the Seller hereby sells and transfers the full ownership of the Shares, free and clear of all Encumbrances and together with all rights attached and accruing thereto, to the Buyer, and the Buyer purchases and accepts the transfer of the full ownership of the Shares from the Seller, on the Completion Date.

4. Purchase Price

1. The total purchase price to be paid by the Buyer to the Seller for the Shares (the "Purchase Price") shall be an amount corresponding to:

(a) SEK 372,300,000;

(b) less any Leakage set out in the statement delivered pursuant to Clause 4.2 below.

2. For the purpose of calculating the Purchase Price , the Seller shall no later than 5 Business Days prior to the Completion Date provide the Buyer with a written notice setting out the Leakage, if any, during the period from the Locked Box Date until (and including) the Completion Date.

---

3. The Buyer shall pay the Purchase Price, and interest accrued pursuant to Clause 4.4 below, on the Completion Date, in SEK and in immediately available funds to the Bank Account.

4. Interest shall accrue on the Purchase Price from the Locked Box Date up to the date the Purchase Price has been paid in full at a rate of 2% per annum. The interest shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed.

5. Conditions precedent

1. The obligations of the Buyer to complete the transactions contemplated by this Agreement shall be subject to the satisfaction or the waiver by the Buyer of the following conditions precedent:

(c) the Seller having performed in all material respects all of its obligations required to be performed by it on or prior to the Completion Date pursuant to Clause 6.1.1 and Clause 7.3;

(d) no Material Adverse Change having occurred. “Material Adverse Change” for the purposes of this Section 5.1 (b) shall mean (aa) any event or circumstance during the period between the Agreement Date and the Completion Date that results in the destruction of tangible assets of the Company and/or any of the Subsidiaries such that the Group together (as the case may be) is reasonably expected to be unable to fulfill more than 30% of their total delivery commitments (to be determined by value or quantity) to customers of the Group for a continuous period of more than three months after such event or circumstance, but excluding the following events or circumstances: (i) changes in global, national or regional political conditions or general economic or market conditions affecting in the same manner other companies in the industries in which the Group operates events (ii) any actions to be taken or omitted to be taken by the terms of this Agreement (iii) any event or circumstance resulting from or in connection with any customer, supplier or financing bank of any Group Company becoming aware of this Agreement (iv) changes in Swedish GAAP or any other applicable accounting principles, or (bb) the filing of a bankruptcy petition or application for the Company or any of the Subsidiaries;

(e) subject to Clause 5.3.1, that the Buyer, following customer visits with Volvo Car Corporation, AB Volvo and Scania (the "Important Customers")ý which visits are to be organized by Seller and attended by Seller, Buyer and representatives of the Group, has from the point of view of a reasonable businessman sufficient comfort that the Important Customers will not alter its present view of the Group as a key supplier in such way which will sincerely negatively affect the present business relationship;

(f) new employment agreements prepared by the Buyer and with an effect as of the Completion Date with the Company having been entered into by Johan Westman and Erik Forslund.

2. The obligations of the Seller to complete the transactions contemplated by this Agreement shall be subject to the satisfaction or the waiver by the Seller of the condition precedent that the Buyer has performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Completion Date pursuant to Clause 6.2 and 7.2.

3. If any of the conditions set out in Clause 5.1 above is not satisfied or waived by the Buyer or if any of the conditions set out in Clause 5.2 above is not satisfied or waived by the Seller, on the Completion Date (or such earlier date stipulated below), this Agreement shall immediately terminate, in which case neither of the Parties shall have any claim against the other (except for breach or non fulfilment of any of the provisions of Clauses 12, 13, 14 and 15 below).

1. The Buyer’s right to invoke Clause 5.1 (c) shall be subject to that (a) the Buyer attends a customer meeting

organized by the Seller (provided however that such time for meeting is reasonable taking into consideration the time of travel for the Buyer) and (b) provided that the Buyer has notified the Seller in writing that the condition precedent in Clause 5.1 (c) is not satisfied within five (5) Business Days following such customer meeting. The Buyer's right to invoke Clause 5.1 (d) shall be subject to (c) that the Buyer has presented new employment agreements on market terms and conditions on or before May 31, 2014 and (d) that those agreements have not been accepted by Johan Westman and Erik Forslund on or before June 10, 2014. Any failure on Buyer's part to comply with (a) - (d) in this Clause 5.3.1 shall automatically mean that the Buyer has waived the condition precedent in Clause 5.1 (c).

4. The provisions of Clause 5.3 above, this Clause 5.4 and Clauses 12, 13, 14 and 15 below shall survive the termination of this Agreement pursuant to this Clause 5.

6. Actions pending Completion

1. Covenants by Seller

1. During the period between the Agreement Date and the Completion Date, the Seller shall without prejudice to duties under applicable law or corporate governance duties, procure that:

(g) the business of the Company and each of the Subsidiaries will be carried on only in the ordinary course and CAPEX will be made according to plan;

(h) no assets of the Company or any of the Subsidiaries with a value of more than SEK 300,000 will be disposed of or become the subject of any Encumbrance otherwise than in the ordinary course of business;

(i) neither the Company nor any of the Subsidiaries will incur any additional borrowings or incur any other indebtedness otherwise than in the ordinary course of business, except as set forth in Schedule 6.1.1(c);

(j) neither the Company nor any of the Subsidiaries will prematurely repay any borrowings otherwise than as required by the relevant contract governing such borrowing or in the ordinary course of business;

(k) neither the Company nor any of the Subsidiaries will commit to new investments outside of the 2014 budget and in excess of SEK 300,000, except for investments for substitution of unworkable assets provided that the Seller has informed the Buyer in writing prior to making such substitution investment;

(l) the Buyer, following Buyer's reasonable request thereof for the Seller, the Company or any of the Subsidiaries and provided that the Buyer has waived the condition precedent in Clause 5.1 (c) above, receives access to such information and employees expressed as necessary by the Buyer to prepare for (i) the Completion and the post Completion issues including to obtain permission from the US

Securities and Exchange Commission and to (ii) receive updated financial information (including monthly management accounts);

(m) FinnvedenBulten shall pay to the Company, as compensation for the Exit Bonus Payment to be paid by the Company following Completion, an amount corresponding to the Exit Bonus Payment including, if any, statutory vacation salaries and social security charges thereon; and

(n) the shares in Finnveden GMF AB, a company limited by shares incorporated in Sweden under company registration number 556248-3452, all of which are owned by the Company, are transferred to the Seller or any affiliated company (outside the Group) of the Seller.

2. Covenants by Buyer

Buyer undertakes to co-operate with Seller and use its reasonable best efforts, to ensure that the Parent Company Guarantees and Security are released by the respective holders of such Parent Company Guarantees and Security on or before the Completion Date.

3. Joint covenants by the Seller and the Buyer

The Parties undertake to negotiate in good faith the Transitional Services Agreement and to execute a final agreement which shall be in the form substantially equal to the draft Transitional Services Agreement attached hereto as Schedule 2.1 (l).

---

7. Completion

1. Completion shall take place at the offices of Setterwalls Advokatbyrå at Sankt Eriksgatan 5 in Göteborg, Sweden, on the Completion Date starting at 09.00 CET.

2. On the Completion Date, the Buyer shall:

(o) before 11.00 CET pay the Purchase Price, and interest accrued pursuant to Clause 4.4 above, in the manner specified in Clause 4.3 above;

(p) sign the Transitional Service Agreement; and

(q) procure that extraordinary shareholders’ meetings in the Company and each of the Subsidiaries are held, at which new board members shall be elected.

The Buyer shall prepare the minutes of such meetings as referred to in (c) above as well as all ancillary documentation and shall ensure that elections of such new board members are filed for registration with the Swedish Companies Registration Office (*Sw.* Bolagsverket) and other relevant authorities, as applicable, on the Completion Date. Copies of the applications for registration (to the extent the applications are to be filed with the Swedish Companies Registration Office) bearing evidence of the Swedish Companies Registration Office’s receipt thereof shall be delivered to the Seller without delay following such filing.

3. On the Completion Date, following confirmation of receipt of the Purchase Price, the Seller shall:

(r) deliver to Buyer the Transitional Services Agreement, duly executed by the respective parties thereto;

(s) deliver to the Buyer the share certificates representing the Shares, to the extent such share certificates have been issued, duly endorsed to the Buyer together with all pertaining coupons, if any;

(t) procure that the Buyer is duly entered into the share ledger of the Company as holder of the Shares and deliver the share ledger to the Buyer;

(u) deliver the share certificates of Finnveden China Holding AB and, in respect of Finnveden Metal Structures SP.z.o.o., the equivalent applicable documents, to the Buyer;

(v) sign the Transitional Service Agreement;

(w) deliver to the Buyer letters of resignation signed by each such member of the board of directors (other than employee representatives) of the Company and each of the Subsidiaries respectively that is designated by Buyer or otherwise intends to resign at Completion Buyer to confirm., pursuant to which each of them resign on the Completion Date without any claim for remuneration or other compensation; and

---

(x) deliver to the Buyer a so called general power of attorney (*Sw.* generalfullmakt) of the Company (reasonably acceptable to Buyer), appointing the persons specified by the Buyer to independently and without restriction administer and represent all financial and legal interests of the Company in Sweden and abroad until new members of the board of directors of the Company have been duly registered.

8. Post-Completion covenants

1. Covenants of Buyer

1. The Buyer shall procure that the Company and each relevant Subsidiary will discharge each of the board members and managing directors that resigned or were removed on or before the Completion Date from liability for the financial years 2013 (if applicable) and 2014 until the Completion Date (or the earlier date of their respective resignation or removal) at the next annual shareholders’ meeting in the Company and each of the Subsidiaries, provided that no recommendation to the contrary is made by the auditor of the Company or the relevant Subsidiary.

2. The Buyer waives, and shall procure that the Company and each of the Subsidiaries waives, any claims which the Buyer, the Company or any of the Subsidiaries may otherwise have, either directly or indirectly, against any director or managing director of the Company or any of the Subsidiaries, that resigned or were removed on or before the Completion Date based on such person’s liability as board member or managing director under applicable law (except in the case of fraud). This provision is for the benefit of the aforementioned directors and may be enforced by any of them. The Buyer undertakes to indemnify each of the said directors from and against the liabilities, claims, losses, damages, fines, penalties, costs and expenses suffered or incurred by him

or her as a result of or in connection with any failure by the Buyer to comply with its obligations under this Clause 8.1.2. The Seller shall procure that the aforementioned directors or managing directors of the Company or any of the Subsidiaries, who resigned or were removed on or before the Completion Date, waives any claims which he or she may have (other than claims pursuant to this Clause 8.1.2, and, for the avoidance of doubt, for Stay On Bonus Payment or Exit Bonus Payment) based on such person's appointment as board member or managing director.

3. Buyer undertakes to co-operate with Seller and use its reasonable best efforts to ensure that any Parent Company Guarantee or Security not released on or before the Completion Date as per Clause 6.2 is released as soon as possible thereafter.

2. Covenants of Seller and FinnvedenBulten

1. Neither the Seller nor FinnvedenBulten shall, during the period of 12 months after the Completion Date, directly or indirectly solicit or entice away from the Company or any of the

---

Subsidiaries any of their respective employees (provided however, that this Clause 8.2.1 shall not prevent any contact or solicitation made in connection with general advertisement not specifically aimed at such employees).

2. Neither the Seller nor FinnvedenBulten shall, during a period of 24 months after the Completion Date, directly or indirectly, compete with the Business on the geographical markets on which the Company and the Subsidiaries conducts the Business on the Completion Date. For the avoidance of doubt, the business conducted by Bulten AB, company registration number 556010-8861 and its subsidiaries on the Completion Date shall not be considered a business competing with the Business.

3. FinnvedenBulten undertakes to pay to the Company, no later than 10 Business Days following 31 December 2014, an amount corresponding to the Aggregated Stay On Bonus Payment.

4. Seller undertakes not to make any claims against the Company under the share purchase agreement regarding the shares in Finnveden Gjutal AB, company registration number 556429-2380 ("Finnveden Gjutal"), entered into between Seller and the Company on 28 March 2014 and to hold harmless the Buyer and the Company from any claims that may arise from the divestment of the aluminum business by Finnveden Gjutal.

5. Seller undertakes not to make any claims against the Company under the share purchase agreement regarding the shares in Finnveden GMF AB which shall be entered into and completed prior to Completion in accordance with Clause 6.1.1 (h) and to hold harmless the Buyer, the Company and the Subsidiaries from any claims that may arise and which are directly tied to Finnveden GMF AB. The Seller confirm that, as of the Completion Date and thereafter, there will be no obligations vesting on the Company nor its Subsidiaries directly related to the Finnveden GMF AB.

6. Seller and FinnvedenBulten hereby agree to allow the Company and any of the Subsidiaries to use the 'Finnveden' name, trademarks and logos free of charge and for an unlimited period of time.

7. Seller shall procure that the employment agreements of the six employees listed in Schedule 8.2.7 are transferred to the Company or shall procure that the services performed by said employees under the Transitional Services Agreement are supplied to the Company for an additional 12 months following expiry of the Transitional Services Agreement should the Buyer so desire.

---

9. Warranties of the Seller

The Seller warrants to the Buyer that the statements set out in the subsequent provisions of this Clause 9 (collectively the "Seller's Warranties") are correct at the Agreement Date and the Completion Date, or such date specifically stated in a specific Seller's Warranty.

1. The Seller's right and power

1. The Seller has the requisite power and authority to execute and perform this Agreement and any other documents and instruments to be executed by the Seller under this Agreement and all necessary corporate and other actions to authorize and empower the Seller's said execution and performance have been taken.

2. This Agreement constitutes, and the other documents and instruments to be executed by the Seller under this Agreement will (when executed) constitute, valid and binding obligations of the Seller in accordance with their respective terms.

3. The Seller's execution and performance of this Agreement or any document or instrument to be executed by the Seller under it do not and will not:

(y) result in a breach of the Seller's articles of association or other constitutional documents;

(z) result in a breach of any resolution adopted by the shareholders or board of directors of the Seller; or

(aa) result in a breach of any judgment, order or decree of any competent court or governmental, regulatory or other authority by which the Seller is bound or of any agreement to which the Seller is a party or by which the Seller is bound.

4. The Seller is entitled to consummate the transactions contemplated by this Agreement without the consent of any third party and is otherwise not required to make any filing with, give any notice to, or obtain any consent from any governmental, regulatory or other authority in connection with the execution of this Agreement or the completion and consummation of the transaction contemplated by this Agreement.

2. The Shares

1. The Seller owns and has full title to, and will until the Completion Date own and has full title to, the Shares.

2. On the Completion Date, the Shares will not be subject to any Encumbrances.

3. Corporate

1. The Company and Finnveden China Holding AB are private companies limited by shares (*Sw.* privat aktiebolag) duly incorporated and validly existing under the laws of Sweden. Finnveden Metal Structures

SP.z.o.o. is, a limited liability company duly incorporated and validly existing

---

under the laws of Poland. Finnveden Metal Structures (Shanghai) Co. is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China.

2. The Company and the Subsidiaries' respectively (except Finnveden Metal Structures (Shanghai) Co.) have the following share capital:

   (ab) the Company's share capital amounts to SEK 131,794.737 divided into 982,000 shares;

   (ac) Finnveden China Holding AB's share capital amounts to SEK 50,000 divided into 50,000 shares; and

   (ad) Finnveden Metal Structures SP.z.o.o.'s share capital amounts to PLN 15,054,000 divided into 15,054 shares.

   (ae) Finnveden Metal Structures (Shanghai) Co.'s share capital is currently under registration. According to the application for registration Finnveden Metal Structures (Shanghai) Co.'s share capital shall amount to USD 300,000 when registered.

3. Except as set forth in Clause 9.3.2 (d) above, no action or resolution to increase or decrease the Company's or any of the Subsidiaries' above mentioned share capital has been, or will until the Completion Date be, passed or taken.

4. Except the Subsidiaries, and except as set forth in Schedule 9.3.4, the Company has no subsidiaries and does not own or control, whether directly or indirectly, any share capital or other equity in any company or other entity.

5. There are no outstanding warrants (*Sw*. teckningsoptioner), convertibles (*Sw*. konvertibler), share options or other rights, securities or instruments issued or granted by the Company or any of the Subsidiaries giving any person the right to subscribe for, convert into or otherwise receive or call for the delivery, issue, allotment or transfer of any shares or other securities or instruments or loan capital in the Company or any of the Subsidiaries.

6. The current certificate of registration and articles of association of the Company and each of the Subsidiaries, or in respect of Finnveden Metal Structures SP.z.o.o. and Finnveden Metal Structures (Shanghai) Co., Ltd, the equivalent applicable documents, are set out in Schedule 9.3.6 and except as set forth in Schedule 9.3.6 no action or resolution to alter any of the details or provisions thereof has been, or will until the Completion Date be, taken or passed.

7. No order has been made and no resolution has been passed for the winding up (*Sw*. likvidation) of the Company or any of the Subsidiaries or otherwise for a liquidator to be appointed in respect of the Company or any of the Subsidiaries.

8. The Statutory Books of the Company and each of the Subsidiaries provided in the Data Room Documents are correct and have been kept in accordance with applicable laws and regulations.

9. The Company owns 175 shares of totally 2,595 shares in the affiliated company, Industriellt UtvecklingsCentrum i Olofström, a company incorporated in Sweden under company registration number 556263-12-17, and there are no contractual obligations for the Company or any of the Subsidiaries to buy any additional shares or to provide funding to that affiliated company.

4. Financial

1. The Aggregated Accounts have been prepared in accordance with IFRS taking into consideration the adjustment columns set out in the Aggregated Accounts. For the avoidance of doubt, the Parties acknowledge that the aggregation is subject to certain proforma adjustments (which has been further described in the KPMG fact book provided in the Data Room Documents). The Accounts have been prepared in accordance with the Accounting Principles, which are in accordance with applicable laws and generally accepted accounting principles in Sweden or in other relevant jurisdictions, and present a true and fair view (*Sw*. en rättvisande bild), of the financial position of the Company and the Subsidiaries respectively in accordance with the Accounting Principles on the Accounts Date and of the profits or losses for the period concerned.

2. Except as set forth in <u>Schedule 9.4.2</u>, the Accounting Principles have been applied on a consistent basis during the three (3) financial years preceding the current financial year.

3. The Locked Box Accounts have been prepared in accordance with IFRS taking into consideration the adjustment columns set out in the Aggregated Accounts and present a true and fair view (*Sw*. en rättvisande bild) of the financial position of the Company, the Subsidiaries and the Group as a whole (taking into consideration the adjustment columns) in accordance with the Locked Box Accounting Principles on the Locked Box Date. The inventory shown in the Locked Box Accounts is not obsolete (*Sw*. kurant). Reserves for excess and obsolete inventory have been made in accordance with the Accounting Principles, applicable laws and generally accepted accounting principles in Sweden (and, as applicable, other relevant jurisdictions). The receivables relating to Faurecia and Volvo in the amount of SEK 19,700,000 are, to the Seller's Knowledge, fully collectable.

4. During the period between the Locked Box Date and the Agreement Date

(af) the business the Company and the Subsidiaries has been carried on only in the ordinary course and CAPEX has been made according to plan;

(ag) except for the transfer of the shares in Finnveden Gjutal to Seller, no assets of the Company or any of the Subsidiaries with a value of more than SEK 300,000 have been disposed of or become the subject of any Encumbrances otherwise than in the ordinary course of business;

(ah) neither the Company nor any of the Subsidiaries has incurred any additional borrowings or incurred any other indebtedness otherwise than in the ordinary course of business, except as set forth in Schedule 6.1.1(c); and

(ai) neither the Company nor any of the Subsidiaries has prematurely repaid any borrowings otherwise than as required by the relevant contract governing such borrowing or in the ordinary course of business.

5. Since the Locked Box Date, no Leakage has occurred, and the Seller has not, since the Locked Box Date, entered into, or agreed or committed to enter into, any agreement or arrangement pursuant to which any Leakage will occur.

5. Tax

1. Each of the Company and the Subsidiaries has filed, and will until the Completion Date file, with the appropriate tax authorities all tax returns and reports required to be filed with such authorities prior to the Completion Date.

2. The tax returns of the Company and the Subsidiaries have been assessed by the tax authorities through the tax years up to and including the years for which such assessment is required and except in relation to the Employee Warrants set out in Clause 11.3.1, neither the Company nor any of the Subsidiaries is subject to any dispute with any such authority.

3. Each of the Company and the Subsidiaries has paid to the appropriate tax authorities or, where applicable, reserved in accordance with the Accounting Principles, and will until the Completion Date pay to the appropriate tax authorities or, where applicable, reserve in accordance with the Accounting Principles, all Taxes assessed or due. The Company and the Subsidiaries will not be liable for any additional Tax in addition to any Tax not paid or reserved in accordance with the Accounting Principles pertaining to the period before the Locked Box Date.

4. On the Agreement Date, there is no ongoing or, to the Seller's Knowledge, threatened tax audit of the Company or any of the Subsidiaries by any fiscal authority.

5. All transactions and agreements entered into by the Company and the Subsidiaries with each other have been made in accordance with the transfer pricing policy of the Group and as per the Completion Date all transactions and agreements entered into by the Company and the Subsidiaries on one hand or the Seller or any entity affiliated to the Seller on the other hand, except for the products and services in the Transitional Services Agreement and the share purchase agreement regarding Finnveden Gjutal and Finnveden GMF AB, have to the Seller's Knowledge been made on market terms and conditions (i.e. on an arm's length basis).

6. To the Seller's Knowledge, neither the Company nor any of the Subsidiaries has been involved in any transactions constituting tax evasion (*Sw.* skatteflykt enligt skatteflyktslagen (1995:575)),

---

whereby it shall be noted that there have been group contributions (*Sw.* koncernbidrag) between the Seller and the companies within the Group.

7. All losses for tax purposes incurred by any of the Group Companies are trading losses or attributable to group contributions (*Sw*. koncernbidrag) and are available to be carried forward and set off against income in succeeding periods without limitation and have been assessed as per filed tax returns by the relevant tax authorities and there is no reason to believe that the relevant tax authority will reassess the losses for tax purposes.

6. Employment and pension

1. Copies of the employment contracts of the Key Employees have been provided in the Data Room Documents. As per the Agreement date, none of these contracts has been terminated and neither the Company nor any of the Subsidiaries has been informed that any Key Employee intends to terminate any such contract. Except for the Exit Bonus Payment and the Stay On Bonus Payments, there are no agreements or arrangements between the Seller or any company within the Group and an employee or a director of any of the companies in the Group, under which such employee or director is entitled to a bonus or any other remuneration from any Company within the Group, which is conditional upon the completion of the transaction contemplated of this Agreement.

2. Except as disclosed in Schedule 9.6.2, neither the Company nor any of the Subsidiaries is bound by any collective bargaining agreement.

3. Each of the Company and the Subsidiaries has complied in all respects with mandatory provisions in respect of present pension and insurance undertakings, including as regards requirements on payment of pension and insurance premiums and safeguarding of prescribed pension plans under the applicable collective bargaining agreements. Neither the Company nor any of the Subsidiaries is bound by any pension obligation other than what follows from applicable collective bargaining agreements or as set forth in Schedule 9.6.3.

4. Except as set out in Schedule 9.6.4, neither the Company nor any of the Subsidiaries have undertaken any executive compensation plans, bonus plans,

5. profitsharing plans, employee pension or retirement plans, group life insurance plans, savings, stock option, stock purchase, severance pay, health, disability or accident insurance plan other than what follows from applicable collective bargaining agreements.

6. The Company and the Subsidiaries have complied with all mandatory laws relating to the employment of labour, including any provisions thereof relating to wages, hours, collective bargaining, the payment of social security and similar Taxes, or other payments provided for in any applicable collective bargaining agreement, equal employment opportunity, employment

---

discrimination and employment safety and have not received notice of any claim that any of the Company or any of the subsidiaries is liable for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing except for the Employee Warrants set out in Clause 11.3.1.

7. There are no, and have not been during the last two (2) years, any disputes between the Company or any of its Subsidiaries and any of their employees, and there are no pending or, to the Seller's Knowledge, threatened labour arbitration proceedings relating to the business of the Group.

8. Except in respect of the services to be supplied pursuant to the Transitional Services Agreement, each of the Company and its Subsidiaries employ all persons necessary for them to carry on the business as presently conducted.

7. Real property and premises

1. Neither the Company nor any of the Subsidiaries owns any real property.

2. All lease agreements pursuant to which the Company or any of the Subsidiaries lease premises are set forth in Schedule 9.7.2. Neither the Company nor any of the Subsidiaries has received any notice prematurely terminating any of the contracts in respect of its leased premises.

8. Intellectual Property

1. The registered Intellectual Property Rights listed in Schedule 9.8.1 are owned by the Company or any of the Subsidiaries and are valid.

2. To the Seller's Knowledge, neither the Company nor any of the Subsidiaries has received any notice asserting that it is infringing the Intellectual Property Rights of any third party.

3. The Company and the Subsidiaries own or have the right to use all Intellectual Property Rights, necessary for the Company and each of the Subsidiaries to conduct their respective businesses as presently conducted.

9. Other assets

Each of the Company and the Subsidiaries owns or has the right to use all assets necessary for them to conduct the Business. All machinery is in good working conditions, subject to normal wear and tear.

10. Agreements

1. All of the agreements entered into by the Company or any of the Subsidiaries on or before the Agreement Date and based on the principles defined by the Seller to be material to the Business are listed in Schedule 9.10.1. ("Material Agreements").

2. As per the Agreement Date, no notice has been received or sent by the Company or any of the Subsidiaries for the premature termination of any Material Agreement and neither the Company

---

nor any of the Subsidiaries has received any notice asserting that it is in breach of any Material Agreement, and to the Seller's Knowledge neither the Company nor any of the Subsidiaries is in breach of any Material Agreement.

11. Regulatory and environmental

1. Each of the Company and the Subsidiaries complies, and will until the Completion Date comply, in all respects with (i) all applicable laws and regulation applying to their business as presently conducted, and (ii) all

licenses, permits, authorizations, approvals and consents of or by governmental, regulatory or other authorities required for the carrying on of its business as presently conducted and there is no ongoing or, to the Seller's Knowledge, threatening action or proceeding which seeks the variation, revocation or suspension of any such existing license, permit, authorization, approval or consent nor has the Company or any Subsidiary received any notice or communication to that effect.

2. Each of the Company and the Subsidiaries is carrying on, and will until the Completion Date carry on, its business so that there are no breaches of applicable laws and regulations relating to its business and being in force at the Completion Date.

3. Each of the Company's and the Subsidiaries' licenses, permits, authorizations, approvals and consents of or by governmental, regulatory or other authorities are in accordance with all its contractual undertakings and obligations and sufficient for and in order to continue to conduct its business in the same way, and on unchanged financial and other conditions, as presently conducted, all fees and other charges in respect thereof have been duly paid, there is no and, to the Seller's Knowledge, has not been any breach or infringement of any of the terms or conditions for any such license, permit, authorization, approval or consent, and all such licenses, permits, authorizations, approvals and consents are in full force and effect and will, to the Seller's Knowledge, remain in full force and effect on unchanged conditions at least until 60 days after the Completion Date.

4. The Company and some of the Subsidiaries have carried out environmentally sensitive and hazardous businesses. Except as disclosed in <u>Schedule 9.11.4</u> neither the Company nor any of the Subsidiaries is or may be liable for any environmental damages, contaminations or other environmental nuisances nor received any notice requiring further actions with regard to contaminations or other environmental or health nuisances as per the Agreement Date.

12. Insurances

1. The Company and the Subsidiaries have until the Completion Date maintained insurance policies on fire, theft, loss, disruption, product and general liability and other forms of insurance with reputable insurers which would reasonably be judged to be sound, and required for the business

---

operations, covering the assets to their full value and against such losses and risks as are generally covered for comparable businesses and properties. Valid policies for such insurance coverage are duly in force until the Completion Date. All payments required in order for the insurance policies of the Company and the Subsidiaries provided in the Data Room Documents to be in effect until the Completion Date have been made.

2. As per the Agreement Date, there are no outstanding claims under any of the above mentioned insurance policies and, to the Seller's Knowledge, there are no circumstances that are likely to result in such claim.

3. The Group is, to the Seller's Knowledge, in compliance in all respects with all terms and conditions contained in the insurance policies and, to the Seller's Knowledge, nothing has been done or omitted to be done which

would make any policy or insurance void or voidable.

13. Disputes

On the Agreement Date, neither the Company nor any of the Subsidiaries is a party in any ongoing litigation or arbitral proceedings with a value in dispute of more than SEK 2,000,000 and, to the Seller's Knowledge, no such litigation or arbitral proceedings is threatening. As per the Agreement Date there have been no product liability cases, recalls and Customer Complaints during the last three (3) years and no public subsidies, state aid or grants have been received by the Company and the Subsidiaries which can still be reclaimed according to their terms.

14. Relationship with the Seller

Except as disclosed in Schedule 9.14, there are no agreements as per the Completion Date between the Company or any of the Subsidiaries, on the one hand, and the Seller or any Affiliate (meaning a closely related legal entity or person to the Seller (*Sw*. närstående) outside the Group as set out in Chapter 21 § 1 Sections 1-2 of the Swedish Companies Act (*Sw*. Aktiebolagslagen (2005:551)) or a legal entity or person directly or indirectly controlling, controlled by or under common control with the Seller) including the shareholder of the Seller or any director, employee or any family associate of any of the foregoing, on the other hand.

15. Other

1. The Data Room Documents have been compiled in good faith using reasonable efforts with a view to give in all material respects a fair picture of the Company and the Subsidiaries and their Business. The Data Room Documents are, to the Seller's Knowledge, true and correct.

2. To the Seller's Knowledge, all material information about the Company and the Subsidiaries that a reasonable person would find relevant for a prudent purchaser's decision to acquire the Company has been disclosed to the Buyer.

---

10. Warranties of the Buyer

1. The Buyer warrants to the Seller that the statements set out in the subsequent provisions of this Clause 10 (collectively the "Buyer's Warranties") are correct at the Agreement Date and at the Completion Date.

2. The Buyer has the requisite power, authority and funds to execute and perform this Agreement and any other documents and instruments to be executed by the Buyer under this Agreement, and all necessary corporate and other actions to authorize and empower the Buyer's said execution and performance have been taken.

3. This Agreement constitutes, and the other documents and instruments to be executed by the Buyer under this Agreement will (when executed) constitute, valid and binding obligations of the Buyer in accordance with their respective terms.

4. The execution and performance by the Buyer of this Agreement or any other documents or instruments to be

executed by the Buyer under it do not and will not:

(aj) result in a breach of the Buyer's articles of association or other constitutional documents;

(ak) result in a breach of any resolution adopted by the shareholders or board of directors of the Buyer; or

(al) result in a breach of any judgment, order or decree of any competent court or governmental, regulatory or other authority by which the Buyer is bound or of any agreement to which the Buyer is a party or by which the Buyer is bound.

5. The Buyer is entitled to consummate the transactions contemplated by this Agreement without the consent of any third party and is not required to make any filing with, give any notice to, or obtain any consent from any governmental, regulatory or other authority in connection with the execution of this Agreement or the completion and consummation of the transaction contemplated by this Agreement.

6. The Buyer is duly incorporated and validly existing under the laws of the jurisdiction set out in the preamble of this Agreement and duly qualified to conduct the business conducted on the Agreement Date.

7. No order has been made, no petition has been presented and no action or resolution has been taken or passed for the suspension of the Buyer's payments, for the Buyer's entering into any composition arrangements with any of its creditors, for the liquidation (winding up), bankruptcy, reorganization/reconstruction, receivership or other administration of the Buyer or otherwise for the cessation of the business of the Buyer, or otherwise for a liquidator, receiver or administrator to be appointed in respect of the Buyer. The Buyer is not otherwise insolvent within the meaning

---

of applicable laws or regulations or similar requirements and has not made any assignment in favour of any of its creditors and no execution has been levied upon any of its assets.

8. The Buyer warrants to the Seller that Shiloh does not possess, on the Agreement Date, any knowledge that any of the Seller's Warranties in Clause 9.5 is not correct and that, to the Buyer's Knowledge, no breach of the Seller's Warranties in Clause 9.4 or 9.5 exist as per the Agreement Date. Buyer's Knowledge shall also include that no advisor has advised the persons constituting Buyer's Knowledge that there exist any breach of any of the Seller's Warranties in Clause 9.4 or Clause 9.5.

9. The Buyer has, as per the Completion Date, secured the financing necessary to fulfill all payment obligations for Buyer as per the Completion Date and will consequently have the ability to pay for all its obligations set out in this Agreement.

11. Remedies and limitation of the Seller's liability

1. Compensation and remedies

1. If any of the Seller's Warranties is incorrect, or if the Seller commits another breach of this Agreement, the Seller shall, in its sole discretion and as the Buyer's sole and exclusive remedies, either (i) rectify, within a two months period after the date such Claim was duly notified pursuant to Clause 11.2.1(a) and, where applicable,

Clause 11.2.2(a) and to the reasonable satisfaction of the Buyer, the facts or circumstances giving rise to such incorrectness or breach, or (ii) subject to the limitations provided for in this Clause 11, pay Loss compensation on a SEK by SEK basis (i.e. not based on a multiple or other method used by the Buyer to determine the Purchase Price) to the Buyer with an amount corresponding to the Loss suffered by the Buyer as a consequence of the facts or circumstances giving rise to such incorrectness or breach.

2. Without prejudice to any of the foregoing, any payment made by the Seller in respect of any Claim shall be in the form of a reduction of the Purchase Price, other than a Claim under Clause 9.1 (The Seller's right and power), 9.2 (The Shares), 8.2.1 (Non-solicitation restrictions) or 12 (Confidentiality undertakings), where payment in respect of such a Claim shall be in the form of a reduction of the Purchase Price or, at the Buyer's option, in the form of damages.

3. The remedies provided to the Buyer in this Agreement shall be exclusive and hence it is specifically agreed that no remedy whatsoever under the Swedish Sale of Goods Act or under any other statute or legal principle, including rescission of this Agreement, shall be available to the Buyer, except in cases of fraud.

4. The Seller shall not be liable in respect of any warranty, indemnity, covenant, undertaking, obligation toward third parties, liability under any statute (including the Swedish Sale of Goods Act (*Sw*: köplagen 1990:931)) or legal principle or otherwise arising out of, or in connection

---

with, the transactions contemplated by this Agreement, except where the same is expressly contained in this Agreement. The Buyer confirms that it has not relied on any warranty, indemnity, covenant, undertaking or liability under any statute (including the Swedish Sale of Goods Act) or legal principle which is not expressly contained in this Agreement.

2. Limitation of the Seller's liability

1. The Seller shall not be liable in respect of any Claim:

   (am) to the extent notice of the relevant facts or circumstances giving rise to such Claim, accompanied by reasonable particulars thereof specifying the nature of the Claim and, as far as practicable, the amount of the Loss giving rise to the Claim, is not received by the Seller within 45 Business Days after the Buyer or the Company or any of the Subsidiaries became aware of the facts or circumstances giving rise to the Claim, if and to the extent that the Buyer can show that the Loss claimed was not caused or increased by the failure of Buyer to comply with such deadline;

   (an) which is contingent until such liability becomes an actual liability and is due and payable, provided that this Clause 11.2.1(b) shall not operate to avoid a Claim made in respect of a contingent liability within the time limit and containing such details as are specified in Clause 11.2.1(a) above and, where applicable, Clause 11.2.2 (b) below;

   (ao) to the extent that the Loss giving rise to the relevant Claim is or has been included in a Claim that had been satisfied previously;

(ap) to the extent that provision or allowance for the facts or circumstances giving rise to the Claim (as a specific reserve) has been made in the Accounts or the Locked Box Accounts;

(aq) to the extent that the Loss giving rise to the Claim is recovered, coverage has been confirmed under an insurance policy of the Company or any of the Subsidiaries, would have been recoverable if Buyer had sought coverage in accordance with the terms of the relevant insurance policy or would have been recoverable had the insurance protection level that existed at the Completion Date been continued;

(ar) to the extent the Loss giving rise to the Claim is (i) recovered by the Buyer or the Company or any of the Subsidiaries (whether by payment, discount, credit or otherwise) from a third party, or (ii) not recovered for the sole reason that and the Buyer has failed to take, or to procure the taking of, all reasonable steps to enforce such recovery. All actual recovery (less any reasonable costs incurred in such recovery) shall reduce or satisfy, as the case may be, such Claim;

(as) to the extent that the facts or circumstances giving rise to the Claim have occurred as a result of an act, omission or transaction of the Buyer, the Company, or any of the Subsidiaries; and

(at) to the extent that the facts or circumstances giving rise to the Claim have occurred as a result of the passing of or change in, after the date of this Agreement: (i) any legislation, including any increase in the tax rates; (ii) the generally established practice of any governmental, regulatory or other authorities; or (iii) the general economic, financial, regulatory or political conditions.

2. The Seller shall not be liable in respect of any Claim related to a breach of the Warranties (except for a Claim under Clause 9.1, Clause 9.2 and Clause 9.5 above, which the Parties specifically agree shall not be subject to any of the following limitations save for (a) in respect of Clause 9.5):

(au) without prejudice to Clause 11.2.1(a), to the extent such Claim has not been notified to the Seller within 14 months from the Completion Date or, in case of a Claim under Clause 9.5 above, within three months from the date the Taxes in issue have been subject to a final and non-appealable decision by the relevant tax authority or court;

(av) to the extent that such Claim has not been satisfied, settled or withdrawn within three months after the dates referred to in 11.2.2 (a) above and arbitral proceedings pursuant to Clause 15 below in respect thereof have not been instigated within that period;

(aw) to the extent that the facts, matters or circumstances giving rise to the Claim were known to the Buyer on or prior to the Completion Date (for the avoidance of doubt, any Leakage set forth in the statement delivered by the Seller pursuant to Clause 4.2 above, shall be deemed to have been known to the Buyer on the Completion Date).

(ax) arising from any single fact or circumstance if the amount of the Loss giving rise to such Claim does not exceed 0.1% of the Purchase Price. If the relevant Loss exceeds said threshold then (subject to the other restrictions of this Clause 11) the Claim shall accrue against and be recoverable from the Seller; and

(ay) unless the aggregated amount of all Losses giving rise to such Claims notified and for which the Seller (subject to the other restrictions of this Clause 11) would otherwise be liable under this Agreement exceeds 1% of the Purchase Price. If the aggregated amount of all such Losses exceeds said threshold then (subject to the other restrictions of this Clause 11) the Claim shall accrue against and be recoverable from the Seller.

3. Further, the Seller shall not be liable in respect of any Claim related to a breach of the Warranties (except for a Claim under Clause 9.1, Clause 9.2, Clause 9.3 or Clause 9.5 above) to the extent

---

that the aggregated amount of the Seller's liability for all such Claims duly notified would exceed an amount equal to 20% of the Purchase Price.

4. In respect of Claims under Clause 9.4.5 above, the limitations set forth in 11.2.2 (d)-(e) and 11.2.3 above and shall not apply.

5. In calculating the Loss suffered, there shall be taken into account the amount (if any) by which any taxation for which the Buyer or the Company or any of the Subsidiaries would otherwise have been accountable or liable to be assessed is actually reduced or extinguished as a result of the facts or circumstances giving rise to such Loss.

6. When calculating the amount of a Loss, any Loss not incurred or suffered in SEK shall be converted into SEK at the applicable exchange rate quoted by a well-reputed Swedish bank at the time when the Claim was duly notified pursuant to Clause 11.2.1(a) above and, where applicable, Clause 11.2.2 (a) above.

3. Specific undertaking by Seller in respect of Employee Warrants, Pension undertakings by Finnveden Metal Structures SP.z.o.o. and audit reports for Finnveden Metal Structures (Shanghai) Co., Ltd

Notwithstanding any of the limitations on the Seller's liability set out in Clause 11.2 above, except Clause 11.2.1(a) and (c), the Seller shall indemnify and hold Buyer harmless for any and all loss, damage, cost and expense (including for the avoidance of doubt also any interest) :

1. Employee Warrants

arising out of any decision by the Swedish Tax Authority (*Sw*. Skatteverket) or any court pursuant to which the Company becomes liable to pay employer's contributions and/or tax penalty relating to the Employee Warrants;

2. Pension undertakings in Finnveden Metal Structures SP.z.o.o.

in excess of SEK 3,200,000 which is the present liability for pension undertakings of Finnveden Metal Structures SP.z.o.o. not funded in accordance to the relevant obligations for that company;

3. Audit reports for Finnveden Metal Structures (Shanghai) Co. Ltd

due to any negative deviation from the audit reports of the accounts of the company Finnveden Metal Structures (Shanghai) Co. Ltd compared with presented accounts of the said company.

4. Audit reports to Finnveden Metal Structures SP.z.o.o.

due to any negative deviation from the audit report of the accounts as of December 31, 2013 compared with the presented accounts to the Buyer.

---

4. Specific undertaking by Seller in respect of environment

1. Subject to any limitation set forth in this Clause 11.4, the Seller indemnifies the Buyer and the Company and any of the Subsidiaries for all costs and damages for environmental matters arising from operations conducted prior to the Completion Date, provided that (i) any contamination that is discovered within a period of up to five years from Completion shall be deemed to have been caused by the Seller unless the Seller can prove otherwise and (ii) with regard to contamination discovered five years or later from the end of the five year period expressed in (i), the Buyer has to prove that it was caused prior to Completion.

2. The Seller shall not be liable in respect of any Claim related to a Site under this Clause 11.4.2:

(az) to the extent the Buyer, the Company or any of the Subsidiaries independently elects to take any remedial action on the Site related to or otherwise affecting the facts or circumstances giving rise to the Claim, unless such action (i) is required under mandatory law or regulation or (ii) has been required in a formal order issued by the responsible regulatory authority including any decisions or formal orders made by any of the aforementioned authorities in connection with (a) expansion which fits within the current Business or (b) exit of the Sites provided, however, that neither the Buyer, the Company or any of the Subsidiaries in case of a transfer of either the Business or any of the Company or the Subsidiaries shall be entitled to make, or cause to make, any remedial action as stipulated above or (iii) is required to avoid imminent danger to health and safety;

(ba) if the Buyer, the Company or any of the Subsidiaries after the Completion Date has changed the use of such Site to more sensitive land use due to a change of the existent zoning plan such Site (*Sw*. Detaljplan) compared to the land use prior to Completion; or

(bb) if the circumstances giving rise to the Claim have been caused by the activities of the Buyer, the Company or any of the Subsidiaries in the form of ground or construction works, unless such ground or construction works is part of an expansion which fits within the current Business, or any material changes in the activities on the site concerned by the Claim.

3. In case of a Claim against the Buyer relating to any of the Active Sites, with the exception of Claims relating to

contamination in the form of asbestos or Claims that are related to Forsheda I for which no cost-sharing shall exist, the Buyer will share all costs and/or damages in excess of SEK 11,000,000 with the Seller in the proportion 15 % for the Buyer and 85 % for the Seller.

4. The Seller's maximum total liability for any and all Claims under this Clause 11.4 relating to Active Sites shall never exceed an aggregate total amount of SEK 150,000,000, except for

---

Claims relating to contamination in the form of asbestos and Claims that are related to Forsheda I or for Claims relating to Historical Sites for which the Seller's liability shall be unlimited.

5. In case of a Claim related to a Site, the Buyer shall notify the Seller of any such Claim and of any circumstance which is likely to give rise to such a Claim, respectively, within 15 Business Days after it or the Company or any of the Subsidiaries becomes aware of such Claim or such circumstance, as the case may be, and thereafter continuously keep the Seller informed thereof. In the event of a Claim related to a Site:

(bc) the Buyer shall, and shall procure that the Company and the Subsidiaries shall:

(i) allow the Seller and its advisers to investigate the fact or circumstance alleged to give rise to such Claim and whether and to what extent any amount is payable in respect of such Claim; and

(ii) give all such reasonably requested information and assistance, including reasonable access to the Site in question and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Seller or its advisers may reasonably request for such purpose;

(bd) the Buyer shall not, and shall procure that none of the Company and the Subsidiaries shall make any admission of liability in respect of such Claim without the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed);

(be) the Buyer shall consult with the Seller in good faith prior to deciding on any remediation or other action in relation to a potential Claim against the Seller for any Site and in case the Parties' cannot agree with one another on which type of remediation or action (including who to perform it) which is to be made:

(iii) the Seller shall, in relation to a Claim relating to any of the Historical Sites, be entitled, in its absolute discretion and provided only that the Seller's decision is commercially and professionally reasonable to make a proper remedy, to take such action as it shall deem necessary to make a proper remedy of the underlying environmental reason for the Claim in the name of and on behalf of the Company or the relevant Subsidiary concerned; and

(iv) the Buyer shall, in relation to a Claim relating to any of the Active Sites, be entitled, in its absolute discretion and provided only that the Seller's decision is commercially and professionally reasonable to make a proper remedy, to take such action as it shall deem necessary to make a proper remedy of the underlying environmental reason for the Claim against the Seller.

(bf) the Buyer shall, and shall procure that the Company or the Subsidiary concerned shall, otherwise give the Seller and its advisors all such reasonably requested authority, information and assistance reasonably required in order to enable the Seller to exercise its right pursuant to Clause 11.4.5 (c) above.

6. The Seller shall not be liable in respect of any Claim under this Clause 11.4 to the extent such Claim has not been notified to Seller within 10 years from the Completion Date.

5. Handling of Third Party Claim

1. The Buyer shall notify the Seller of any Third Party Claim and of any fact or circumstance which is likely to give rise to a Third Party Claim, respectively, within 15 Business Days after it or the Company or any of the Subsidiaries becomes aware of the Third Party Claim or such fact or circumstance, as the case may be, and thereafter continuously keep the Seller informed thereof. In the event of a Third Party Claim:

(bg) the Buyer shall, and shall procure that the Company and the Subsidiaries shall:

(v) allow the Seller and its advisers to investigate the fact or circumstance alleged to give rise to such Third Party Claim and whether and to what extent any amount is payable in respect of such Third Party Claim provided that such investigations shall be completed by the time period set out in Clause 11.5.1(c) below regarding the notification; and

(vi) give all such reasonably requested information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Seller or its advisers may reasonably request for such purpose;

(bh) the Buyer shall not, and shall procure that neither the Company nor any of the Subsidiaries shall make any admission of liability in respect of such Third Party Claim or compromise, dispose or settle such Third Party Claim without the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed);

(bi) the Seller shall be entitled at its own expense and in its absolute discretion to take such action as it shall deem necessary to avoid, dispute, deny, defend, appeal or compromise such Third Party Claim (including making counterclaims or other claims against third parties) in the name of and on behalf of the Company or the relevant Subsidiary concerned and to have the conduct of any related proceedings, negotiations or appeals provided that the Seller shall notify the Buyer thereof within 30 Business Days after receipt of notice from Buyer about the existence of the Third Party Claim; and

---

(bj) the Buyer shall, and shall procure that the Company or the Subsidiary concerned shall, otherwise give the Seller and its advisors all such reasonably requested authority, information and assistance reasonably required in order to enable the Seller to exercise its right pursuant to Clause 11.5.1(c) above;

(bk) provided that the Buyer may expressly declare in writing that with respect to a particular Third Party Claim subparagraphs (a) to (d) shall not apply and that for such Third Party Claim the Buyer cannot raise a Claim against Seller.

12. Announcements and confidentiality restrictions

1. The Parties shall co-operate regarding news releases, information to employees, customers and suppliers and other public information disclosures relating to the transfer of the Shares under this Agreement. No Party will make any such release or make any such other public disclosure without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), except as either of the Parties may be required to disclose under law or regulation or any binding stock exchange rules; in such case the Party required to disclose shall inform and consult with the other Party prior to any such disclosure.

2. None of the Parties may for a period of 5 years after the Agreement Date disclose to any third party the content of this Agreement or any details of the negotiations that took place between the Parties with respect to the transactions contemplated by this Agreement, except if, and to the extent that, such disclosure is required (i) by law or any binding stock exchange rules, (ii) in connection with necessary and confidential contacts with competent authorities, or (iii) in connection with arbitration proceedings dealing with the Parties' obligations under this Agreement.

13. Certain restrictions on the Buyer

1. If Completion does not take place pursuant to Clause 5, the Buyer shall not during the period of 18 months after the Agreement Date directly or indirectly solicit or entice away from the Company or any of the Subsidiaries any of its employees (provided however, that this Clause 13.1 shall not prevent any contact or solicitation made in connection with general advertisement not specifically aimed at such employees).

2. Notwithstanding any provision of the confidentiality agreement dated 2 December 2013 between the Seller and the Buyer to the contrary and Clause 14.4 below, the said confidentiality agreement shall remain in full force and effect until and unless Completion takes place, provided, however, that if Completion does not take place pursuant to Clause 5, Confidential Information (as defined in the said confidentiality agreement) may not be used (nor permitted to be used) for any purpose whatsoever.

---

14. Miscellaneous

1. Each Party shall pay the costs and expenses incurred by it in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated by it.

2. Changes and additions to this Agreement, including to this Clause 14.2, must be in writing and duly executed by the Parties.

3. If any provision of this Agreement is held to be invalid or unenforceable by any competent court, authority or arbitral tribunal, the remainder of that provision and all other provisions will remain valid and enforceable to the fullest extent permitted by applicable law, and the Parties shall negotiate any necessary changes to this Agreement to maintain the framework, structure and operation of the transactions contemplated by this Agreement as far as possible.

4. This Agreement contains the entire agreement between the Parties with respect to the subject matter of this Agreement, and supersedes all previous and contemporaneous negotiations and understandings between the Parties, whether written or oral.

5. A Party's waiver (*Sw*. eftergift) of any of its rights or remedies under this Agreement must be in writing and duly executed by it. No single or partial waiver of any such right or remedy shall preclude any other or further exercise of that or any other such right or remedy.

6. Finnveden Bulten agrees to be liable jointly and severally for all liabilities of the Seller under this Agreement.

7. Shiloh agrees to be liable jointly and severally for all liabilities of the Buyer under this Agreement.

8. All correspondence and notifications pursuant to this Agreement shall be in writing in the English language and shall be deemed to have been duly received (i) on the day of delivery, if delivered personally, (ii) on the second Business Day after sending, if sent by reputable overnight courier (with delivery receipt obtained), or (iii) on the fifth Business Day after sending, if sent by registered or certified mail (*Sw*. rekommenderat brev eller rekommenderat brev med mottagningsbevis), to the address of the recipient set forth below (or to such other address of the recipient notified to the sender by the recipient for the purpose of this Agreement):

If to the Seller or FinnvedenBulten to:

FinnvedenBulten AB (publ)

Attention: verkställande direktören

August Barks Gata 6B

---

421 32 Västra Frölunda

Sweden

with a copy to the Seller's counsel:

Setterwalls Advokatbyrå

Attention: Advokat Anders Holmgren

Box 11235

404 25 Göteborg

Sweden

If to the Buyer to: To be finalized by Buyer

Shiloh Holdings Sweden AB

Attention: [title]

[Address]

with a copy to the Buyer's counsel:

[Name of law firm] To be finalized by Buyer

Attention: [name or title]

[Address]

9. Neither of the Parties may assign nor transfer any part of its rights or obligations under this Agreement without the prior written consent of the other Party. This Agreement shall be binding upon and inure to the benefit of the permitted assignees of the Parties.

15. Disputes and governing law

1. Any dispute, controversy or claim arising out of, or in connection with, this Agreement or any non-contractual obligations arising out of or in connection with it, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce (the "SCC Institute"). The arbitral tribunal shall be composed of three arbitrators. The place of arbitration shall be Stockholm, Sweden. The language to be used in the arbitration proceedings shall be English.

2. All arbitral proceedings conducted pursuant to Clause 15.1 above, all information disclosed and all documents submitted or issued by or on behalf of any of the disputing Parties or the arbitrators

---

in any such proceedings as well as all decisions and awards made or declared in the course of any such proceedings shall be kept strictly confidential and may not be used for any other purpose than these proceedings nor be disclosed to any third party without the prior written consent of the Party to which the information relates or, as regards to a decision or award, the prior written consent of all the other disputing Parties.

3. This Agreement (including Clause 15.1 above) and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of Sweden, excluding its

conflict of laws principles providing for the application of the laws of any other jurisdiction.

This Agreement has been executed on the date first above written in three copies, of which each Party has taken one.

Place:

FINNVEDEN AB

By: /s/ Johan Westman
Johan Westman

Place:

SHILOH HOLDINGS SWEDEN AB

By: /s/ Ramzi Y. Hermiz
Ramzi Y. Hermiz

By: /s/ Brad E. Tolley
Brad E. Tolley

Place:

FINNVEDENBULTEN AB (publ)

By: /s/ Johan Westman
Johan Westman

Place:

SHILOH INDUSTRIES INC.

By: /s/ Ramzi Y. Hermiz
Ramzi Y. Hermiz

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION PURSUANT

TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ramzi Hermiz, certify that:

1. I have reviewed this annual report on Form 10-Q of Shiloh Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Ramzi Hermiz

Ramzi Hermiz
President and Chief Executive Officer

Date: September 5, 2014

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Dugan, certify that:

1. I have reviewed this annual report on Form 10-Q of Shiloh Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas M. Dugan

Thomas M. Dugan
Vice President of Finance and Treasurer

Date: September 5, 2014

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Shiloh Industries, Inc. (the "Company") on Form 10-Q for the year ended July 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: September 5, 2014

/s/ Ramzi Hermiz

Ramzi Hermiz
President and Chief Executive Officer

/s/ Thomas M. Dugan

Thomas M. Dugan
Vice President of Finance and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.