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Corporate Speakers

- Andreas Schaller; FUCHS SE; Head of Investor Relations
- Stefan Fuchs; FUCHS SE; CEO
- Esma Saglik; FUCHS SE; CFO

Participants

- Martin Roediger; Kepler Cheuvreux; Analyst
- Michael Schaefer; ODDO BHF; Analyst
- Anil Shenoy; Barclays; Analyst
- Angelina Glazova; JPMorgan; Analyst
- Matthew Yates; Bank of America; Analyst
- Sebastian Bray; Berenberg; Analyst

**PRESENTATION**

Andreas Schaller^ Good afternoon, ladies and gentlemen. This is Andreas Schaller speaking. On behalf of FUCHS SE, I wish you a very warm welcome to today's conference call on the Annual Results of 2025 and the Outlook for 2026.

With me on the call today is our CEO, Stefan Fuchs; and our CFO, Esma Saglik.

As always, Esma and Stefan will run you through the presentation which is then followed by a Q&A session. All the documents for this call are available on our homepage, and we assume that you have them in front of you.

Please be also aware of our disclaimer on the last page of our presentation.

And now it's my pleasure to hand over the call to Stefan for some introductory remarks. Please go ahead, Stefan.

Stefan Fuchs^ Yes. Hello also from my side with the best regards from Sunny Mannheim. So I don't know where you are, but we have a lovely day here.

I think Esma and I will present you very solid figures for the year 2025 which are in line of the outlook from the end of July of last year.

If you remember, 2024 was the all-time high. And I think we met that number. We even exceeded it a little bit. We had a strong cash flow. And I think we have an interesting dividend proposal, the 24th increase in a row. And furthermore, we want to grow sales and earnings in the year 2026, and to learn more of that, I will hand over to my colleague, Esma.

Esma Saglik^ Thank you, Stefan. And hello and also a very warm welcome from my side.

Today, I will walk you through 2025 financial performance, starting with the key highlights.

So for us, 2025 proved to be a very solid year, demonstrating financial strength, operational resilience and a well-balanced strategic positioning. After a challenging second quarter, we delivered a very strong third quarter, and this momentum continued into the fourth quarter as well which allowed us to deliver on our revised full year target of 2025 and in some areas, as Stefan indicated, even outperformed them.

Sales reached EUR 3.6 billion, an increase of around 1% year-on-year and a new all-time high. This growth reflects both organic and external growth and was achieved despite challenging market environment and significant currency headwinds we have faced.

EBIT came in at EUR 435 million, a slight uptick EUR 1 million above last year, making another record level. This underlines the quality of our earnings and the effectiveness of our cost discipline which we have put in place.

Free cash flow before acquisitions came in with EUR 316 million, up by 3% compared to last year with a very strong cash conversion of [one]. Earnings per share increased by 2% year-over-year and our FUCHS value-add reached EUR 249 million.

Now turning to the next slide, let me briefly comment on the quarterly sales development.

As usual, the fourth quarter is seasonally the weakest due to the holidays. Nevertheless, compared to last year, we achieved a slight increase in revenue which is a solid performance, again considering the significant negative currency headwinds we have faced.

Looking at the EBIT on a quarterly base, we see also the typical seasonal pattern. However on a year-over-year basis, EBIT in Q4 improved by 9% supported by positive mix effect and lower cost effect.

I also would like to highlight that our second half year 2025 was the strongest half year we ever had.

Now let's look at the main drivers of our sales development.

Our sales for 2025 were EUR 3.6 billion, as mentioned. Both organic growth and acquisitions were contributing positive. Organic growth was mainly driven by Asia Pacific and the Americas reflecting successful business wins across multiple segments and underlining the strength of our local-to-local strategy.

On the external growth side, the key contributor were the acquisitions of LUBCON and STRUB as well as our new additions in 2025, BOSS and ASEOL.

Currency headwinds were affecting our top line, unfortunately, negatively with 2%.

Overall, we can say our underlying sales development was clearly positive.

Turning to our KPI summary. I have already covered sales side.

Moving over to our gross margin. Our gross margin improved to 34.9% in 2025, an increase of 40 basis points compared to last year. Functional costs rose by 4% year-on-year, mainly driven by additional costs from recent acquisitions, one-off expenses for large customer projects, IT investments we have put in place, and inflation-related salary and wage increases.

And as you all will recall, we implemented a cost avoidance and efficiency measure program in middle of last year to counteract higher cost bases. And what I can say, we are very satisfied with the results we have achieved.

Our EBIT reached EUR 435 million, EUR 1 million above last year, with an EBIT margin of 12.2%. This also means we achieved our revised outlook from July and delivered another record result.

Our capital expenditure increased year-on-year preliminary due to higher investments to our TRANSFORM2GROW project which is the preparation of our S/4HANA rollout.

Net working capital improved to 21% of annual sales, it is below the prior year level and contributed positively to our cash.

In 2025, free cash flow before acquisitions amounted to EUR 316 million, representing a year-over-year improvement of EUR 10 million.

So let's take a closer look to the regions, starting with EMEA.

Sales increased slightly, mainly driven by acquisitions which also compensated for the softer organic growth. The decline in organic sales was preliminary due to challenging market environment in Europe, especially driven by the weak automotive manufacturing sector. At the same time, we saw positive development in Germany, South Africa and Sweden. And despite all market challenges, total profitability in EMEA remains strong and was slightly above the prior year's level which also highlights the robustness of the region.

Moving to Asia Pacific.

For the first time sales in the region exceeded EUR 1 billion despite all significant negative currency effects. Organic growth was very strong with 7% mainly driven by China, Australia and India, but also the other countries contributed positive. This clearly reflects the benefit of our investment in local production which continue to pay off.

From a profitability perspective, Asia Pacific developed very positive. EBIT increased by 12% year-on-year with positive contributions from almost all countries underlining also the strong overall performance of the region.

Now turning to North and South America.

Sales increased in the region by 2% year-on-year, supported by a very strong growth of 7% coming from several segments. On the other hand, the growth got largely offset by negative currency effects, a similar effect as we have seen in Asia Pacific.

External growth was driven by the acquisition of our trading partner in Peru as well as IRMCO. But unfortunately, the EBIT declined by 18% year-over-year mainly due to negative mix effects and higher costs.

Now let's have a look to our net operating working capital.

Overall, we see the usual seasonal pattern, an increase over the course of the year, followed by a reduction towards the year-end. Compared to the end of 2024, our net operating working capital improved both in absolute terms and also as a percentage of sales from 22.3% to 21% which reflects a disciplined working capital management.

Moving over to our net liquidity.

Our free cash flow before acquisitions developed very positively and strong, remaining or reaching EUR 316 million for the full year, driven by better earnings after tax, CapEx that remained below our depreciation level and the improvement in our working capital.

Dividend payments and spend for acquisitions were the main cash outflow for 2025. And so as a result, our net liquidity improved year-over-year by EUR 110 million, reaching EUR 151 million for the full year.

And based on our solid earnings performance and strong cash generation, we will continue with our progressive dividend policy. For 2025, we will propose a dividend increase of EUR 0.06 per share resulting in a dividend of EUR 1.23 per preference and EUR 1.22 per ordinary share. This also represents our 24th consecutive dividend increase.

So -- and before we talk about our outlook for 2026, let me briefly reflect on 2025.

Last year was a challenging year with a lot of market volatility, FX headwinds and geopolitical uncertainty. And despite this, we were capable to deliver solid sales, good earnings and an excellent free cash flow. And I think this performance clearly shows the resilience of our business model. And I also think we can be proud of that what we have achieved.

And let me start the outlook with the raw material, which is the key topic in the current environment. The year started with stable conditions, but the situation changed with the conflict in the Middle East, affecting oil and petrochemical supply chain.

Our sourcing setup is globally diversified which gives us actually flexibility. But nevertheless, visibility is currently poor and it's difficult to foresee all implications as changing or changes happen every day. So we are very closely monitoring the situation and have put countermeasures in place to address possible higher cost which will occur actually.

Looking back into the past crisis, like the COVID time or the financial crisis, we, as FUCHS have proven record that we can manage challenging market conditions successfully. And also for this crisis, we are confident that we will navigate through the situation in a successful way as well.

As of now assuming there are no major disruptions in the global economy and supply chain, our outlook for 2026 is. We expect sales to increase to around EUR 3.7 billion with growth partly offset by negative FX effect. This figure also includes the OPET FUCHS acquisition in Turkey which we expect to close in the second quarter. It will at around two-thirds of its annual sales of roughly EUR 100 million. EBIT is expected to raise to around EUR 450 million, supported by growth and continued cost discipline.

Also here, our acquisition of OPET FUCHS is already included in cooperating the related integration costs as well. FVA is expected at around EUR 250 million, reflecting higher earnings, but also increased capital employed. Free cash flow before acquisition is projected at around EUR 270 million.

Overall, I would say we entered 2026 with confidence and a clear focus on profitable growth and cash generation. But we also remain mindful of any macroeconomical, geopolitical and cost uncertainties which are currently not foreseeable.

And finally, a reminder, our Capital Market Day will take place on April 16 in Mannheim. So we are very much looking forward to welcoming you in person and having an open dialogue about our future steps.

And with that, I would like to hand back to Stefan. Thank you very much.

Stefan Fuchs^ Thank you, Esma. Before we go into Q&A, I want to provide you with a little update on the FUCHS Group.

So first of all, as the name said, our strategy program, FUCHS2025 came to an end at the end of last year. And exactly around about now seven years ago, we launched FUCHS2025. This was, for us, a huge transformation program built on structure, strategy and culture.

And if you look on the structure, I think forever and a day, we have been a decentral organization. So we really have fully-fledged legal entities, all functions in the company report to the CEO, we pay incentives on those countries. And I think this is a business model and operating model we want to continue in the future and, especially now with more local for local, I think that's the right way forward.

However, in the course of FUCHS2025 created a lot of powerful networks, and especially not to reinvent the wheel and to go forward really in a more united manner. So networks can be in finance, IT, product management, procurement, you name it. And in such a network, normally, the large companies are represented on the table. And therefore we have a good buy-in and they define the basic strategies in their functions.

Furthermore, we really push for entrepreneurship, not only in the countries but also in the function. So that is very, very important for us.

All in all, I can tell you, we have an extremely committed workforce. We are really proud that we had our first global employee survey with about 73% participation and 87% of all the people said they are proud of working for FUCHS. That's something we can be proud of and something we can build on.

The strategy part was mainly focused around the three megatrends, mobility, sustainability and digitalization. But we also had this thing with the profitable growth through segmentation. When you have this very decentralized organization and we have the huge variety of potential applications. We have a couple of white spots which is for us some growth potential behind, and therefore we segmented our business and we made clear plans moving forward.

And I think our people have done a really good job, and that's an excellent basis to build on in FUCHS100. And obviously, we always include innovation and then for our own discipline more project management. Most important, and culture eats strategy for breakfast, both the cultural journey. So very important for us was the growth mindset.

Then very important, especially for us, Germans, was the hierarchy free communication which I really like a lot because this is more a given in many other countries, but I think we have come a long way.

And then the open feedback culture. We always say feedback is a gift. Sometimes you personally don't experience it as a gift in the time it's spelled out, but it's only the expression of the perception of the people you talk with. Therefore I think that's very important.

On all of that, we want to build on the FUCHS100. And if we think about FUCHS100, we said it before, it's really not a revolution, but it's an evolution. And many of the tasks we have done with FUCHS2025, we don't have to repeat on. Therefore when we look at FUCHS100, it's really built around growth. So we can focus on growth which is very, very important for us.

I can't talk too much. It was a little bit of a difficult situation for us now today and also the annual report and the Monday with the global management meeting because the official launch of FUCHS100 will be at our Capital Market Day, where we really hope that many of you come, and obviously, that will be presented by Timo then, but we will have six global focus areas. And there is a huge commitment from our large markets and how it was built up.

It was built up bottom up from the top 15 companies from our 70, and then we were working with the data, with the plans, we build up the strategy and now we scale it up through the 70 organizations.

Sustainability will play a huge role as well, but mainly, we really want to measure the customer benefits because very often or most of the time, the lubricants act very sustainably in the applications of our customers.

People, we always say, it's all about the people, and therefore people will also play a huge role in that whole FUCHS100 strategy.

And we have our own organic growth plan, but we also always like to complement it with acquisitions. So we have announced to you that we will take over the other 50% of FUCHS Turkey and FUCHS Turkey has a history of about 20 years. Our partner, OPET in Turkey is like a mineral oil company. They have filling stations, they have refineries. And their focus on lubricants is not like our focus.

So we are friends, and we will continue to be friends, but they will sell us their shares. We have signed a deal and the closing is for sure going to happen in the second quarter, because there are only formalities for the closing like antitrust and things like this. And then we will be 100% owner.

The company, we said does a sale of about EUR 100 million per year and has got 250 employees. Now you need to remember, so far, Turkey was at equity in our results. I think Esma has shown about EUR 10 million of equity result, of which FUCHS Turkey plays a role and that will change into a full consolidation. So with sales and cost profit and expenses, et cetera.

So the outlook we have shown to you includes a portion of this full consolidation part, but we really look forward. For us, Turkey is a key country for the future.

And that was so far to our update. And now I hand it back to you, Andreas, and we look forward to a nice discussion with you.

Andreas Schaller^ Yes. Thank you very much, Stefan and Esma, for the overview on the business side. And now we are ready to start with the Q&A session, please.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And now we're going to take our first question. And it comes from the line of Martin Roediger from Kepler Cheuvreux.

Martin Roediger^ Thanks for taking my three questions, please.

Firstly, on the EMEA region. In the recent years, 2023, 2024, 2025, we see a strange kind of seasonality in EMEA. Sales in Q4 is always lower than the other quarters because of Christmas

holiday. So this is no surprise, it is clear and fits to the group performance. However, earnings and margins in EMEA has been the highest in Q4 versus the other quarters. How come?

Secondly, I know that you source locally, you produce locally, and you sell locally. And you can be flexible, if necessary. This is the strength of FUCHS we all know. But I have a question on the availability of raw materials in Asia. We know that Asian economies like China, India, Japan, highly depend on oil imports from Middle East.

I heard about some force majeure in the petrochemical industry in Asia in recent days. Do you see the risk or did your suppliers already inform you about that force majeure? And I guess it is more related to the base oils and not so much to the additives. Hopefully, that's correct.

And the third question in regards to pricing strategy, I understand that you already expect that raw material costs go up and you want to pass them on. Do you want to change your approach of passing on rising input cost to your customers when it comes to the clients who do not have the price variation clauses?

I mean the small clients. In the past, you treated your clients gently by going to them several times in the year and raise selling prices in a step-by-step process. Will that change this year and you will become more aggressive by raising prices even more pronounced when also raw material costs go strongly. These are my three questions.

Stefan Fuchs^ Thanks a lot, Martin, maybe I start with the sourcing. And I think that's a very good question. And the name of the game is really availability.

So first of all, we purchase. So we have good partnerships. We buy long term from our partners. And therefore they always treat us very good to an extent they can. So that's the one part.

The other part, obviously, you can imagine, we have got orders like there would be no tomorrow. Now you need to check your orders, whether one customer, just buy -- or tries to buy much more because they shift from competition to us or you've got all of a sudden new customers you never had before. And obviously, our priority is to service our existing customers.

We have not yet a force majeure as to my knowledge, but this plays the most important one.

Talking about 100-plus different base oils around the world and a few thousand chemicals, it's very hard to say this will be the impact. Nobody knows the impact today.

If you look back, I'm now 22 years the CEO, we have the Lehman crisis. We had the corona part. We had, in the year 2022, we had a 17% raw material increase. So I think we have weathered all those storms in a very good manner. And all the time, we increased our dividend year-on-year. So I think we have really a good track record.

Now, obviously, we have got created a couple of committees in various countries to check availability, to check incoming orders, but to also look at the pricing. And even on price variation

clauses in the year 2022, we canceled most of them because for that high increase in such a short period of time, they didn't work.

And now also, I mean, you should never be aggressive to a customer, but number one is availability; number two is visibility for them; and then pricing comes into play and we do whatever we have to do. And I think looking at our track record, that was -- that was pretty good.

So therefore we are looking at the whole situation with concern, but we don't have any sleepless nights. And that's the most important.

When I now look back for example to the year 2022, which was also almost an overnight explosion at that time, we have got a lot of positive remarks from our customers, you know how we service them, how we were flying partly, certain key raw materials, and how we did exchanges in a transparent manner of certain materials, we did not have, but still supplied in the [model].

So all in all, I think that is something we know how to do it, and certainly, we will not run behind six months on that end.

Esma Saglik^ Let me take over. The margin improvement question, especially in EMEA. And I can fully understand, actually, because it's towards the year-end and sometimes people think, okay, there are year-end effects. And I can assure you, it is -- of course, we will have always puts and takes towards the year-end. But it is no year-end effects.

And I stated in my initial meeting in June, July, where I said we are not playing around with accrual. So these two are not the effects. What are the effects?

Number one, in EMEA, we had actually in the fourth quarter a very good customer, driven by a good pricing. And on the other hand, remember we announced our cost measures, cost saving initiatives, cost avoidance initiatives somewhere in June, July. It takes the time until these are actually getting -- you see that in the P&L. And we saw them coming in, in end of Q3 and especially now hitting in Q4.

And considering EMEA is the strongest region we are having with a portion of 53%, that's weighing of course, pretty heavily when you push a bit of brake in spending. And these are the main drivers why our margin, and especially also the EBIT in EMEA, was very positive.

Operator^ Now we're going to take our next question. And the question comes line of Michael Schaefer from ODDO BHF.

Michael Schaefer^ I'll start with the first one as a kind of follow-up on the raw material side. So can you just remind us maybe on the base oil side where the first -- we still talk about 60/40 type of split between chems and base oils. And within base oils, what are the 50/50 split between Group I and the higher groups are still valid. And adjacent to that, do you see any kind of pricing upward on the chemical side of the equation? And so this would be my first question.

The second one is on EMEA, what happened there in the fourth quarter? So we have seen quite a slowdown in organic sales growth rather to 5% from 8% seen in the third quarter and also EBIT came down quarter-over-quarter. So any color what happened there in the fourth quarter? And how we should think about this into '26?

And then last not least, on your working capital, you've squeezed quite a lot in the fourth quarter, also basically making it then on the free cash flow side. So obviously, this is something which is not -- can't be repeated all the time. So therefore, that's probably baked into your outlook '26.

So my question is, what -- how should we think about the kind of working capital components evolving? How do you want to steer this in a certainly challenging market environment in '26?

Stefan Fuchs^ Thanks a lot, Michael, for your questions.

Coming back to the raw materials, this rough estimate on 60% base oil on volume and 40% chemicals and 40% base oil on value and 60% chemicals is still in place. Is 50/50, is difficult to say always depending on the mix. But there is definitely a shift towards more Group III and PAO.

How it normally goes, everybody comes immediately and wants something. So the first one you probably have to take is the base oil increase, and then the chemical increase comes with a little bit of a time lag. But we go out immediately and have factored in a number now, and then we will see how it goes.

But -- and if you remember, I think in the year 2022, we did minimum a handful, if not more different price rounds. And our people are ready to go.

In EMEA, I think to your question they have a good pipeline. And we have really in EMEA, built our business over the year, and I think that was a really good fourth quarter for them. Also from the mix, what Esma said. And if you remember, EMEA for us also includes Africa, which is for us a little bit of a rising star, South Africa, where we invested in the plant and the site over the last couple of years. They developed really nicely. So we see EMEA continuing to do well.

And on the NOWC [and the cash flow remark]?

Esma Saglik^ Yes. And Michael, on the NOWC, yes, it is a good number, what we see with the 21% improvement percentage-wise. But we have to be honest actually the main improvement came from our payables. And we are aware, like you said that's not always repeatable.

Nevertheless, we believe that we and -- not believe, we are convinced that we have potential in our net working capital especially in the inventories. And frankly, I don't want to spoil it too early because we still have a Capital Markets Day coming up, but one of our biggest initiatives will be managing our capital much more efficient. And there will be a project, or actually there is now already a project in place, how we can reduce our inventory levels as well.

On the other hand, of course, we are looking also to the payment terms. But nevertheless, like Stefan mentioned before currently, availability is key for us.

Stefan Fuchs^ While Esma is saying I can -- I can happily confirm that finally, I believe we have a CFO who pushes the business. That's the way how it should be. It's not only to make an annual report and the Investor Relations, but in the middle of last year, Esma started with a program of cost avoidance. Now she has her finance network with regard to our EBIT profitability, with the NOWC percentage. Nothing will come overnight, but she questions a lot of things, and I think that that's the way how it should be.

Michael Schaefer^ May I have a follow-up on this one? Maybe she can share also the number you have plugged in terms of pricing for '26 in your outlook and basically on the [pickup].

Stefan Fuchs^ When you look on our outlook, and I really feel sorry with the auditor. Yes. The day before yesterday, we had a Supervisory Board meeting. This was on -- or yesterday, the Supervisory Board meeting, and on Wednesday, we have the Audit Committee meeting.

So we had to close the outlook and the results and nobody knows what is the case in the Middle East. Nobody knows, is the first round good enough of price increases? Does there come a second, third or fourth round? Therefore, we cannot answer your question sitting here.

Esma Saglik^ And especially to the working capital, again, what Stefan says, we don't know what happens in the raw material. And now saying, the working capital will do this and that is actually -- yes, it would be guessing because it's not foreseeable.

I mean we faced that in 2022 with a high inflation. If we are facing such a situation, again, let's be honest, that will have an implication to our net working capital, and we should be honest on that.

Stefan Fuchs^ If you look on [EMEA's] long-term free cash flow analysis, the good thing is about FUCHS [is 0.8]. Cash conversion is a number we had for the last 10 years.

Now, if you remember in the chart in 2022, it was a horrible year for free cash flow because all of that inflation cost of over EUR 300 million in NOWC. But then the following two years were massive cash flow. So therefore, in average, I think we are always dealing with that in a responsible way.

Operator^ Now we are going to take our next question. And the question comes from line of Anil Shenoy from Barclays.

Anil Shenoy^ Just the two, please. The first one is more of a follow-up on the raw materials question. Did I understand it right when you answered the question that this time the lag between the raw material inflation and the pricing increase would be less than six months because in 2022 when the raw material inflation was 70%, you said that it took about three to six months to pass on the prices. Is there any reason to believe that this time it's going to be less than that? So that's first.

And the second is on the sales outlook, what kind of a volume growth have you baked in to the 2026 sales growth? And may I ask where is this volume growth going to come from? I mean what are the key contributors? Are these -- is it the new wins, new contract wins or new products? Or is it the underlying demand?

To frame the question other way, if the macros recovers and if there is a better macro -- better demand environment than what you had anticipated, could it be that you can actually -- actual 2026 sales could be ahead of your estimates? So basically, what are the swing factors for your 2026 sales?

Stefan Fuchs^ Thanks, Anil, for your question. Maybe I'll take the last one first from the swing factors.

So I think that the one part was when you remember, 2022, the high inflation. Normally, the whole time I feel FUCHS the prices went up and then down and up and down. And this time, they went up and stayed up.

What we saw a little bit is a softening of over here, it's a little bit in '24, a little bit in '25 and also subsequently at the selling price. And therefore in '24, we had a volume increase of a low single-digit percentage number. In 2025, we had a volume increase of a mid-digit number, but there was a little bit of M&A also involved, but still, our sales were in '24 down; in '25, they were only up by 1%. So [a side] of the currencies, also that sales price played a role.

Now, going into 2026, we have, I think, planned all things being equal. What happens now with the price increases, I can't really tell you. So this year will be organic sales growth, but obviously we also have some Turkish volumes in for the months as we planned for.

And then on the raw materials, I can't promise you, but we are much firmer internally also in our discussions, also with all our managing directors to push them through with a earlier impact. But also, we don't know how quickly and how steep the raw material price increases come and how long the whole situation lasts.

So therefore, I can't really tell you but my stomach feeling says, we are more firm this time than we have ever been before.

Esma Saglik^ Maybe let me add just one thing because you asked for the swing. It is a mid-single digit growth, what we are still planning year-over-year, but with a significant headwind. Don't forget the FX raised actually especially towards Euro, dollar, Chinese Renminbi and Australian dollar, which are the main currencies affecting us mid of last year. And we will have a carryover effect even though there's a slight down trending, but it is not going really back. We will have a higher -- an impact, especially in the first half year.

Secondly, no price assumptions right now are underlying in our numbers. What we have seen from a pricing perspective, we kept it actually equally towards last year. Of course, like Stefan

said, now the circumstances, they are bringing other topics on the table and we have to deal with it. Right now, it's difficult to tell how and what.

Stefan Fuchs^ Again also on the pricing, once availability is there, availability issues, normally the pricing goes through more smoothly, to be seen. The one plant we have seen yesterday being bombarded in Qatar, the GTL plant. This was the liquid gas plant, plus a huge base oil plant on GTL. We have no GTL base oils. This is maybe one large competitor, and the many customers have a serious sourcing problem with that competitor now because that thing is out for a couple of years.

But okay, we can't take over those customers at the moment. But we watch those things carefully and as we deal with our existing customers in a partnership like manner.

Operator^ (Operator Instructions) And now we're going to take our next question. And the question comes in Angelina Glazova from JPMorgan.

Angelina Glazova^ I have two, please. Firstly, if you could provide a bit more details on developments that you have seen so far in the first quarter. You have given some comments already in the opening remarks, but I'd be interested if you have any highlights, maybe more for January, February of what kind of end markets performance you saw in different regions.

And then secondly, in March, since the start of the conflict, have you been noticing any material changes in your order books so far?

And second is just a quick question. In your current free cash flow outlook, what kind of CapEx development you have assumed in '26 versus 2025.

Stefan Fuchs^ Thank you, Angelina.

Obviously with the March conflict, I was dreaming about such an order book last year. The order book is full as full can be. The question is we will not serve all of those orders, which creates double work internally, because very often large customers have dual sourcing, and we have competitors where we know they are in problems at the moment with availability, so the customer wants to buy more from us. We need to be careful not to fulfill that part. And we have got a couple of customers that never bought from us, and we probably will not supply them either. Yes, because now we really make sure we get the availability right.

You can't be greedy on that end. So you can't take it all and then can't supply your existing customers.

If I look back in 2022, our customers were highly appreciative of how we dealt with the weather. So we went in various steps, and we always kept the availability up.

The first quarter started according to our outlook. And we were pretty happy. So we saw continued growth in Asia. Europe was developing well. In America, the order book was okay. I have to say okay, because in January, it was very, very cold and we have a lot of water-based

products in the U.S., whether it's either for metalworking or for the coal mining industry. And we couldn't ship any of those for, I think, minimum five working days. So -- but all in all, we were satisfied.

Esma Saglik^ And maybe let me add in regards to the CapEx question.

So for 2025, we had a level of EUR 90 million. This level will continue also for 2026, so there are no special uplift planned. And in general, if you look to our CapEx development over the course of the years, it is around 2%. It is around 2% of sales, so plus/minus.

Operator^ Now we're going to take our next question, and the question comes from Matthew Yates from Bank of America.

Matthew Yates^ I've just got a couple left. The first one, just going back to this idea of raw material availability. I guess this is a bit unusual as a cycle because as you said, Stefan, there has been some physical damage to infrastructure that may take time to come back.

As it pertains to base oils, am I right in thinking that the Middle East isn't necessarily a big direct supplier to you on base oils? So is the risk here on availability that we see refineries reconfigure their product slate to produce more, I don't know, gasoline, distillate, fuel oil, et cetera, at the expense of base oil? Is that where you get nervous about availability?

And the second question, last year, your America's profit, EBIT, was down 18%, I think you said. We know from the earlier calls that there was some impact or distortion there from the aftermarket contract with Mercedes. Not to preempt your Capital Markets Day, but your press release today does say that you'll enter into additional global commitments with key customers. Does that mean we need to think about margins, if it's America or any other region, being structurally lower because there'll be other large contracts that will be dilutive to profitability, at least in the first instance?

Stefan Fuchs^ Thanks a lot, Matthew, for those questions.

First of all, Americas was the weak point last year, so I think that's a very fair comment. When you say or rightfully say the minus 18%, that is the number, but there's also a huge currency impact in.

And if I look at local currencies and our operating profits before licenses, say they were down significantly, I think over 25% at the beginning of the year. They have come out better towards the end of the year. But there is still work to do in the Americas, definitely.

When you go later through our annual report, you will see, we had last year two new board members, Esma and Matt, but we also had proper succession planning in both China and in the U.S.

So with Dr. Megan O'Meara, we have a new CEO and President for North America. She's also part of our group management committee, and she has a clear way forward. She doesn't make

any [prisoners]. So – and I really look forward to that part. And let's wait and see. But for us, still, America, especially the U.S., Mexico and Canada, is a huge growth area.

We have, you know, good business in the pipeline in all aspects, whether it's the under-proportioned margin business and the high-end business. So due to new business or sales growth, there shouldn't be any deterioration in margins. But this is all true before the first missiles were dropped on Iran. So now we need to see, moving forward.

But nothing is in the pipeline where I would say we have startup problems or any issues.

Matthew Yates^ Okay. And on the base oil availability?

Stefan Fuchs^ Sorry for that. Base oil availability, if you look, for example. The one good thing for us in the last 10 years, we localized a lot of products in China, and there are base oils available in China, so that is okay.

What I normally don't know how much crude comes from out of China. That whole supply chain, I can't explain to you.

If you go to Group III base oils, normally the countries are, if you go, in our thinking, from West to East, Canada, Finland, Korea, and partly also Middle East. The other question is when something from Korea comes, does it now go around the Strait of Hormuz, around of Africa.

So to be seen so far, we are not aware, but there will also be for us shortages and how we dealt with in 2022, because on some of our very technical high-end products, we have to declare to the customer any changes. But before they run dry, they tick them all off and -- but we were always transparent with them.

So we said, "Okay, there's a Group III base oil coming from Korea. Can we exchange it against one from Finland or from Canada?" And I think we were always able to do that.

In the worst case, we are also flying a critical chemical for a short period of time. So as I said before, availability is important.

On the pricing side, it's not only that you necessarily have to do what you have to do, but you can also cater for some of the upheaval you have in your company at that time. So we see that also as an opportunity.

Operator^ (Operator Instructions) And now we're going to take our next question and the question comes line of Sebastian Bray from Berenberg.

Sebastian Bray^ My first one is on the raw material price side, and it's twofold. Back in 2022, FUCHS had mid-teens or seemingly low teens pricing growth and flat EBIT. Is there any reason to assume that this time is going to be different in 2026, aside from the company being a bit more upfront with price increases, the FX is a bit less favorable?

And on a secondary point, have any of the competitors of FUCHS indicated that they are, let's say, going to declare force majeure or be unable to deliver product at this stage?

And my last question is on the Asian OEMs. China volume growth highlights of '25. BYD and a few others appear to be being a bit more cautious more recently. Is this slowdown factored into FUCHS guidance? What does it make of how Asian OEMs are going to do moving over the course of '26?

Stefan Fuchs^ Thank you, Sebastian. Great question.

If you go back to the year 2022, on average, you can't calculate that number, but on average, roughly we have increased all overall -- our selling price by 25% in the one year, which I find remarkable. We also had a little bit of a volume decline in that year, and therefore, the profit was the same, which I found for such a year, pretty good.

To answer your tech question. Competitors, I don't want to really comment on. I mean, we get -- I get daily emails now from suppliers and from competitors. But I think we deal with our tasks and our competition should deal with their tasks.

At the moment, it's really to make sure you have availability for your existing customers to work on the pipeline. We have the contracts in to get the pricing through, and then it's not the time to take large volumes from competition because there's only limited availability in the market.

Operator^ Excuse me, Sebastian, any further questions.

Sebastian Bray^ I had the question on the Asian OEMs as well. That's helpful. Firstly, thank you. The second one is how BYD and so on looking and how FUCHS' Asian OEM business might behave.

Stefan Fuchs^ Yes. Sorry for that, I missed that one.

As we also discussed beforehand, Sebastian, for us, I find the cool tendency moving forward is that we develop in China for China. So we have a lot of business and always is mentioned, BYD and NIO, those type of companies. But if you think the leading company on wind energy is China, we are the leading supplier in China. We have got all the approvals and a lot of the wind mills and wind equipment erected in India, Africa or South America comes from China. We have the approvals, we have blending plants in those countries, so we can take the Chinese approvals and supply the customers in the different countries.

And therefore, we have now also what we call liaison officers out of China sitting in the large regions which we have to support doing business with those Chinese customers outside of China.

Operator^ Dear speakers, there are no further questions for today. I would now like to hand the conference over to Andreas Schaller for any closing remarks.

Andreas Schaller^ Yes. Thank you very much, [Nadia], and thanks to all of you for the very good questions. If you have maybe further questions later on, please do not hesitate to contact the Investor Relations team or myself.

And then please be reminded of our Capital Market Day. I think we still have a couple of places left that we could allocate. So if you're interested to come, there's a dinner on the evening of the 15th and the presentations on the 16th, please let us know and we make sure that you get to register for the event.

And with that, I would like to wish you a nice weekend. And hope to hear from you soon.

Stefan Fuchs^ Thanks for the lively discussion and for your questions.

Esma Saglik^ Thank you.