



## **FUCHS PETROLUB SE**

### **The lubricants specialist**

Stefan Fuchs, CEO  
Reiner Schmidt, Member of the Group Management Committee

Commerzbank Sector Conference Week  
27 August 2013



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PEOPLE.

## Overview and business model



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## FUCHS – the lubricants specialist



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- Founded in 1931
- 2012 sales revenues: €1.8 bn
- 2012 number of employees: some 3,800 from 36 countries
- 33 production facilities
- 100,000 customers in more than 100 countries
- Member of the MDAX, the DAXplus Family 30 and the STOXX Europe 600
- Preference shares: 100% free float;  
Ordinary (voting) shares: 52% FUCHS family



- Fully focussed on lubricants
- Leader in technology, innovation and specialisation
- Independent
- Full-line supplier
- Global presence

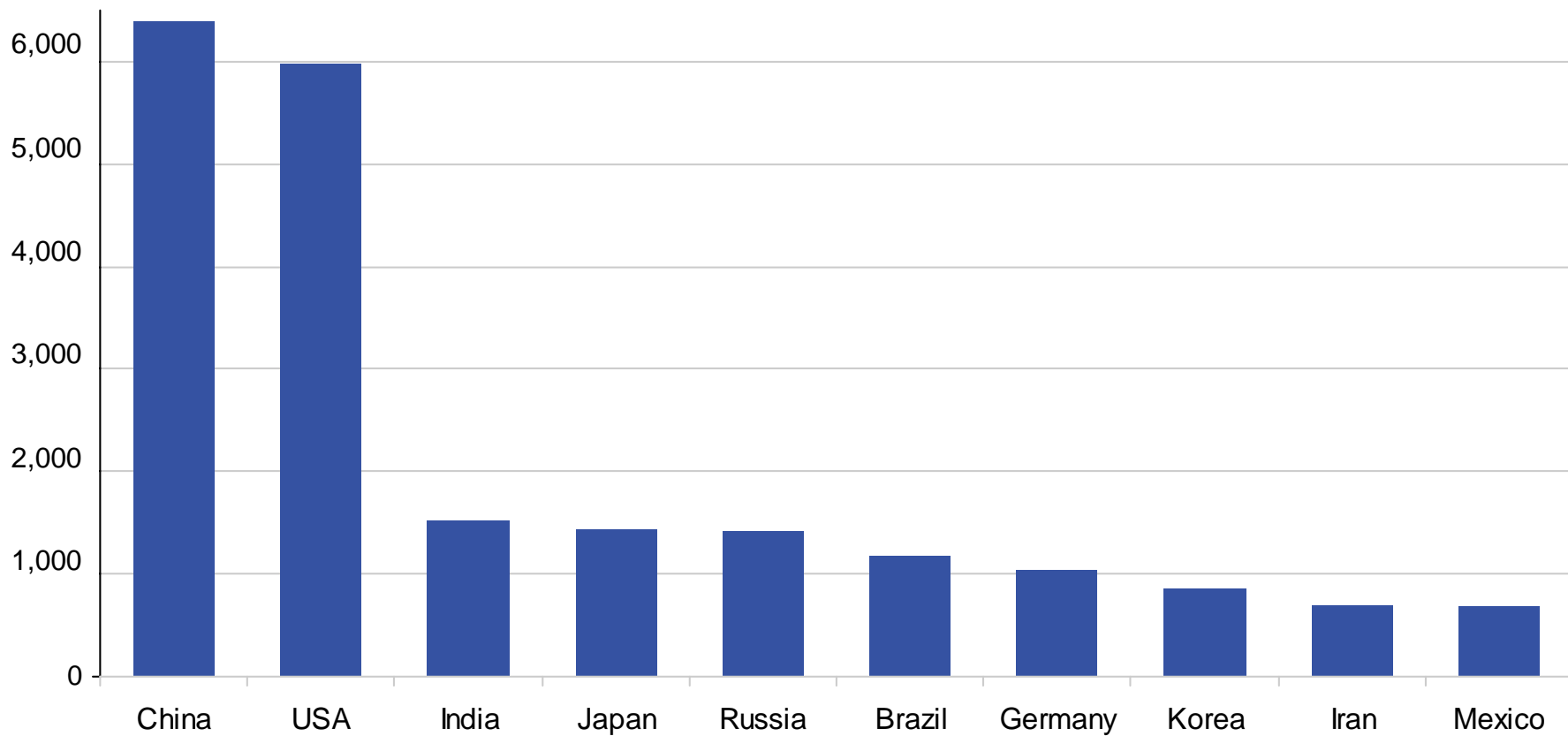
# Lubricants Market

## Ranking Top 10 Lubricant Countries 2012



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K tons



## Competition – strong fragmentation



Manufacturers today:

130 major oil companies

590 independent manufacturers

720 manufacturers

High degree of fragmentation.

1.700 manufactures in the nineties. Concentration continues, but slowed down.

- FUCHS is globally present.
- FUCHS is the leader in lubrication technology.
- FUCHS has solutions for all tribological challenges.
- Lean organisation, fast decision making.

Source: FUCHS Global Competitive Intelligence

**The business model has paid  
dividends**

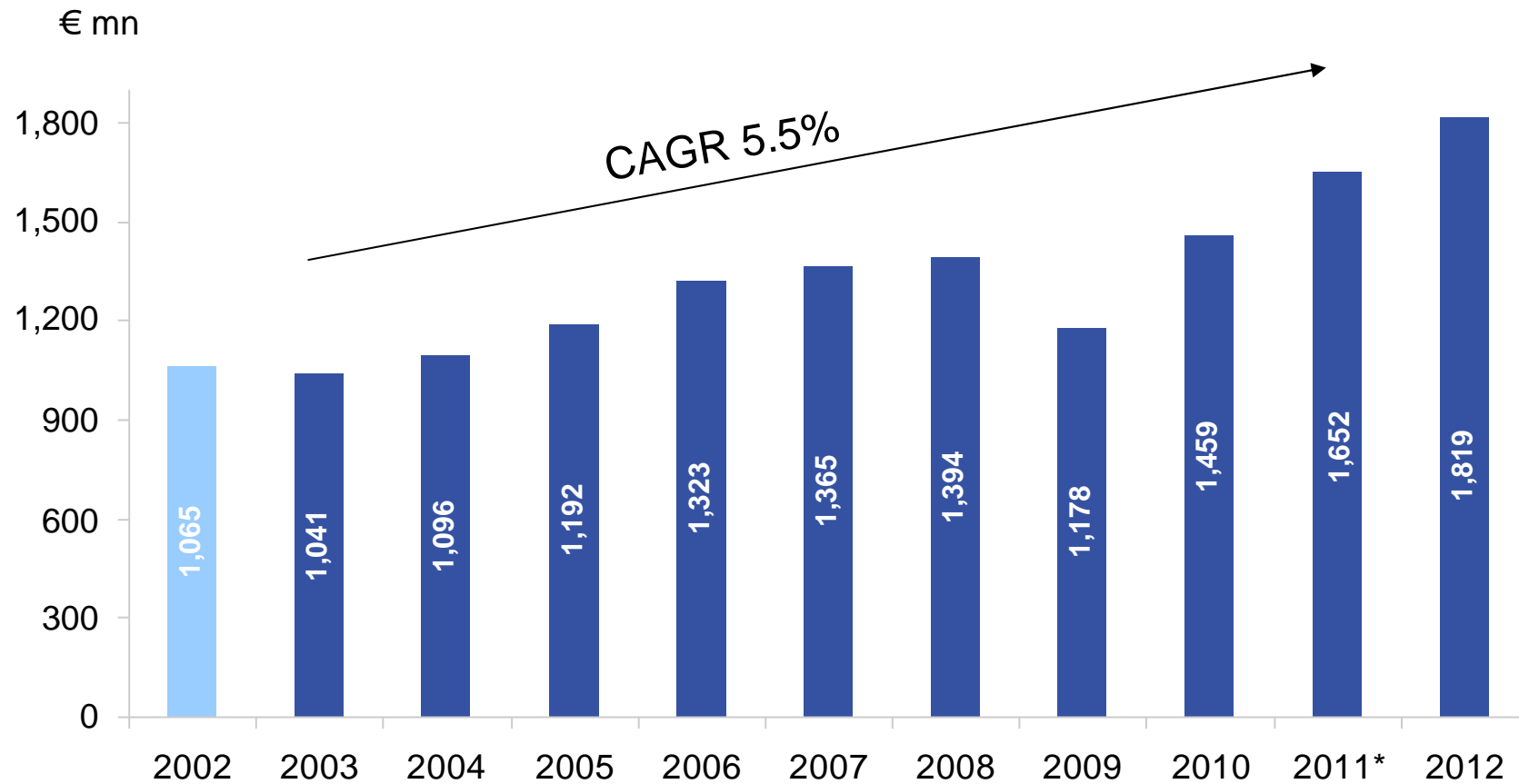


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Sales revenues have increased by 5.5% p.a.



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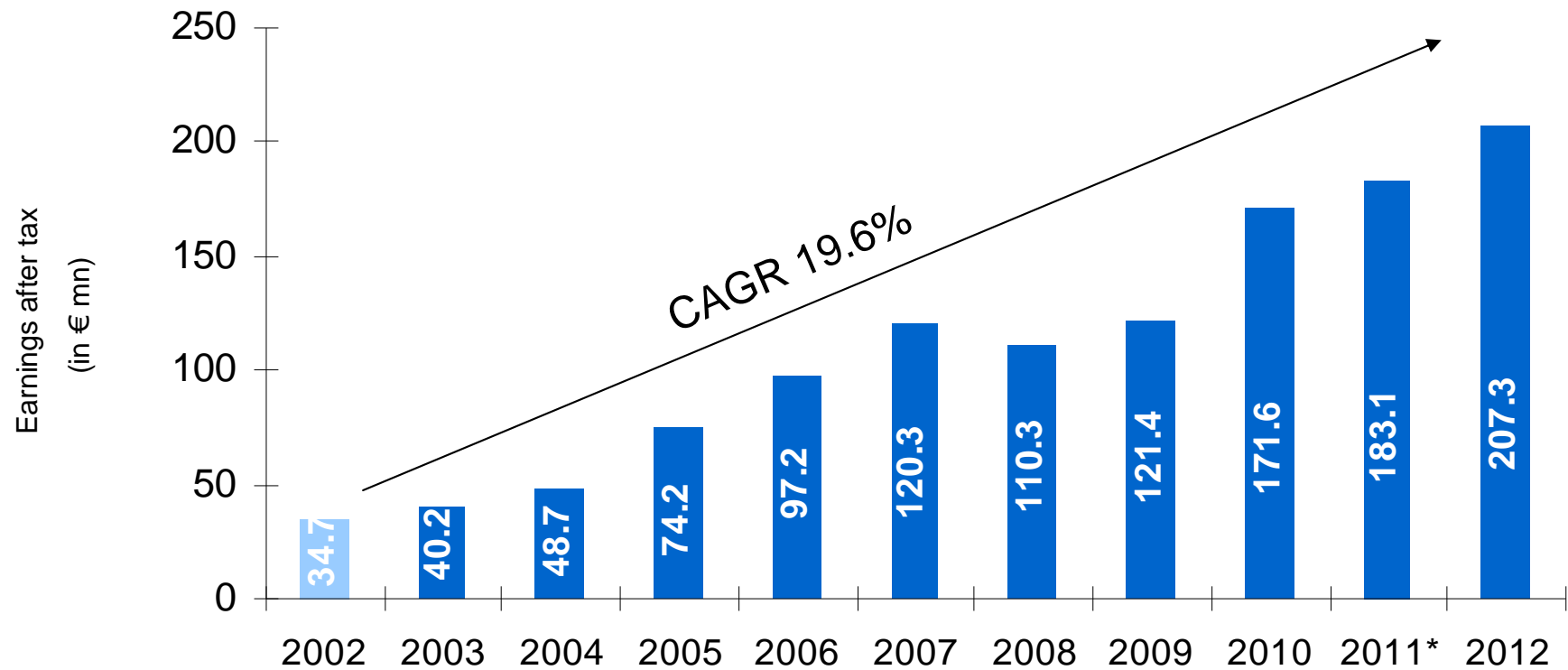
\* comparable



Earnings after tax have increased by 19.6% p.a.



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Earnings growth	15.9%	21.1%	52.4%	31.0%	23.8%	-8.3%	10.1%	41.4%	6.7%	13.2%
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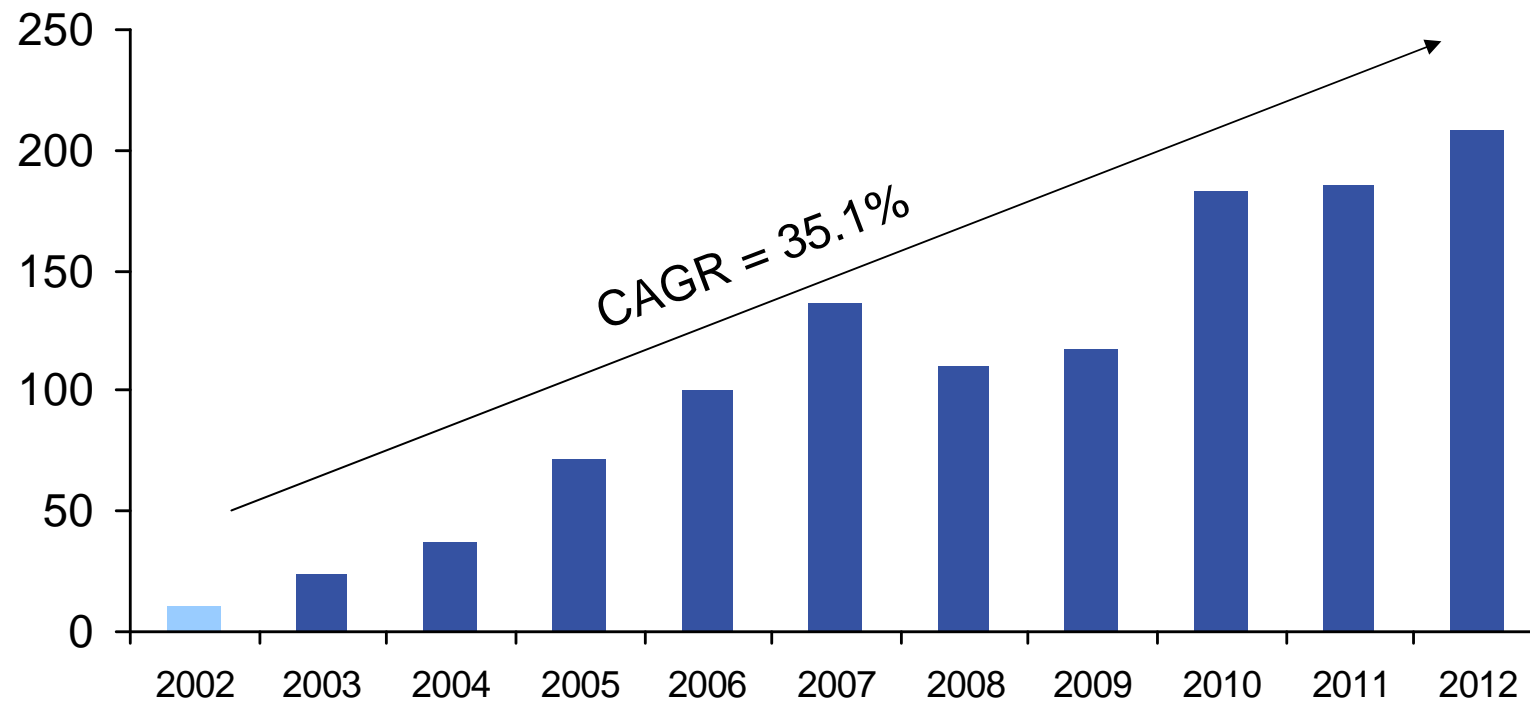
\* comparable

FUCHS Value Added has increased by 35.1% p. a.



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FVA = Fuchs Value Added



Fuchs Value Added (FVA)	10.3	24.1	37.4	71.4	100.3	136.5	110.1	116.8	182.7	186.0	208.2
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## Reasons for the positive development during the last 10 years



- Internationalization
  - Via acquisitions in the nineties
  - Frontrunner in emerging markets; market entry China in the mid eighties
- Forming of a united group
- Focused Communication
  - For international key accounts
  - For global R&D projects
  - etc.
- Thorough understanding of customer processes
- Lifting of synergies
- Lean cost management
- Strict cash focus; incentives based on FVA
- Lowering of debt and reducing tax rate to ~30%

## Mission Statement – Values – Sustainability

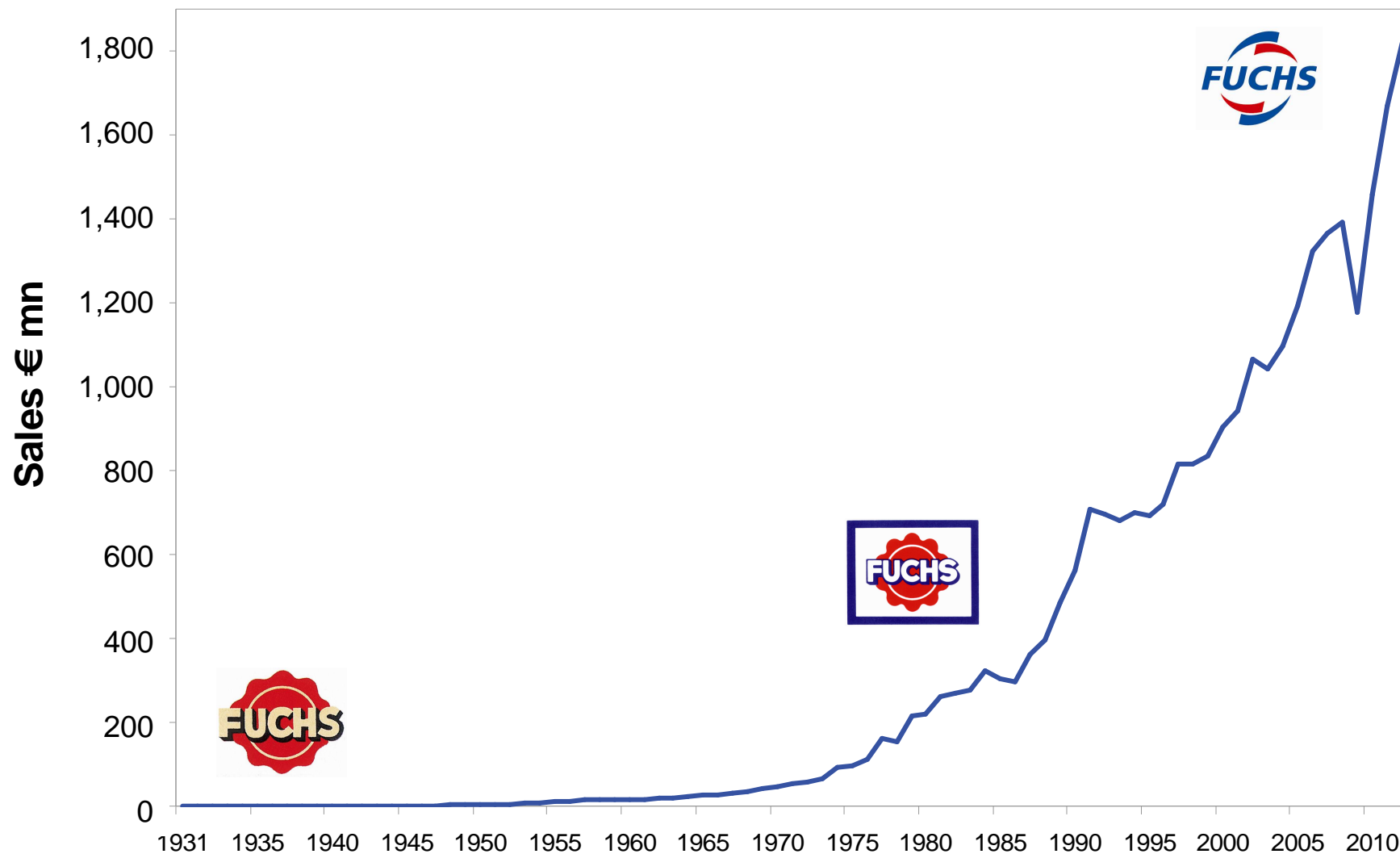


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# FUCHS – 82 years of tradition and continuous growth



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## Mission Statement of the FUCHS PETROLUB Group



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## Values of the FUCHS PETROLUB Group



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Trust



Creating Value



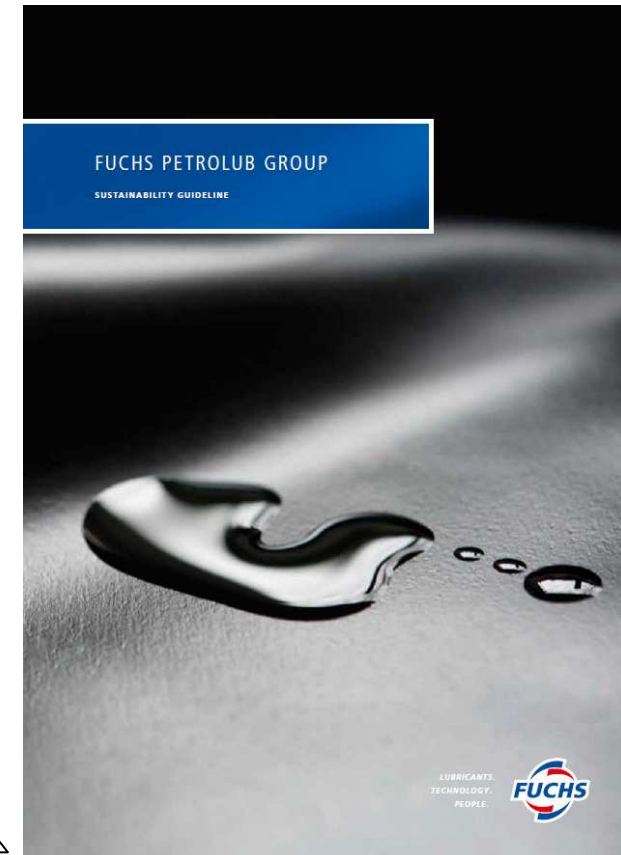
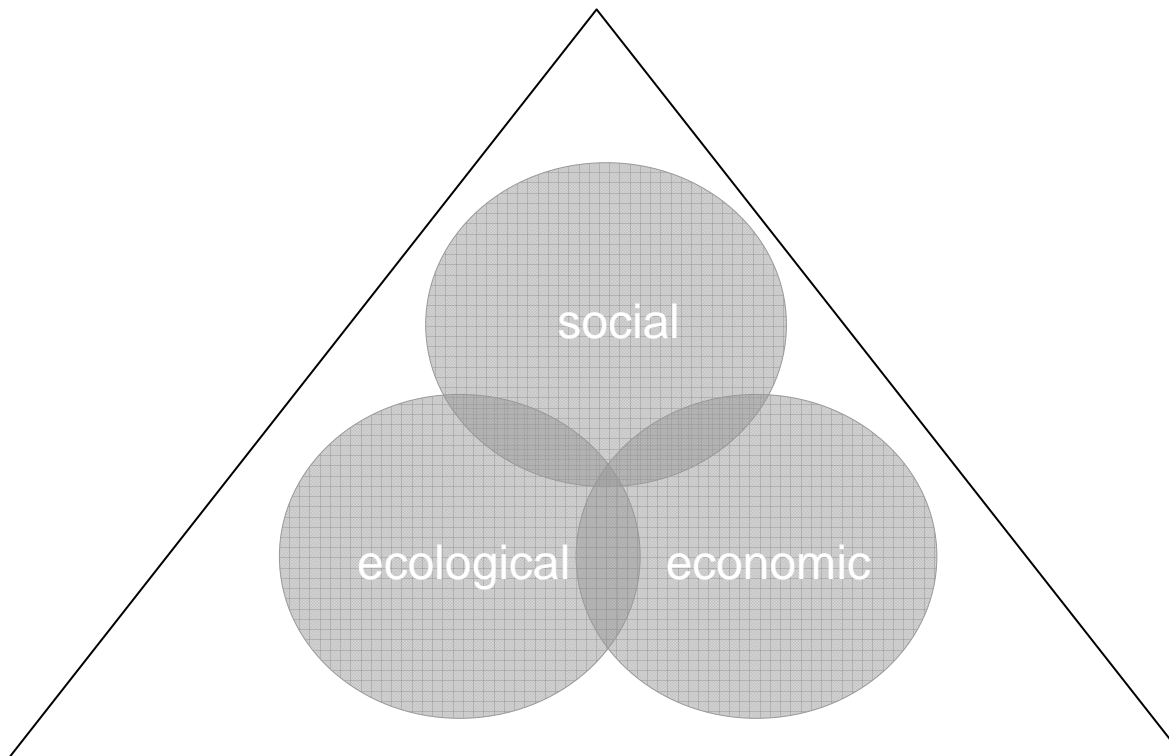
Respect



Reliability



Integrity





**Good return for shareholders**



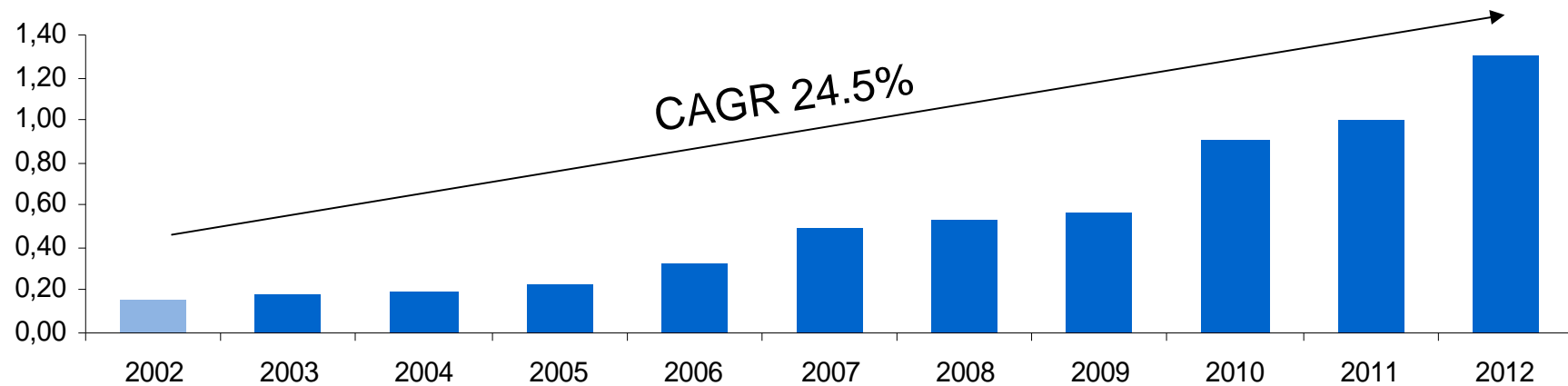
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## Steady dividend increase



- IPO 1985; since then every year profit generation and dividend payments
- Company policy: aim to raise dividends year on year; at least to hold steady

Euro

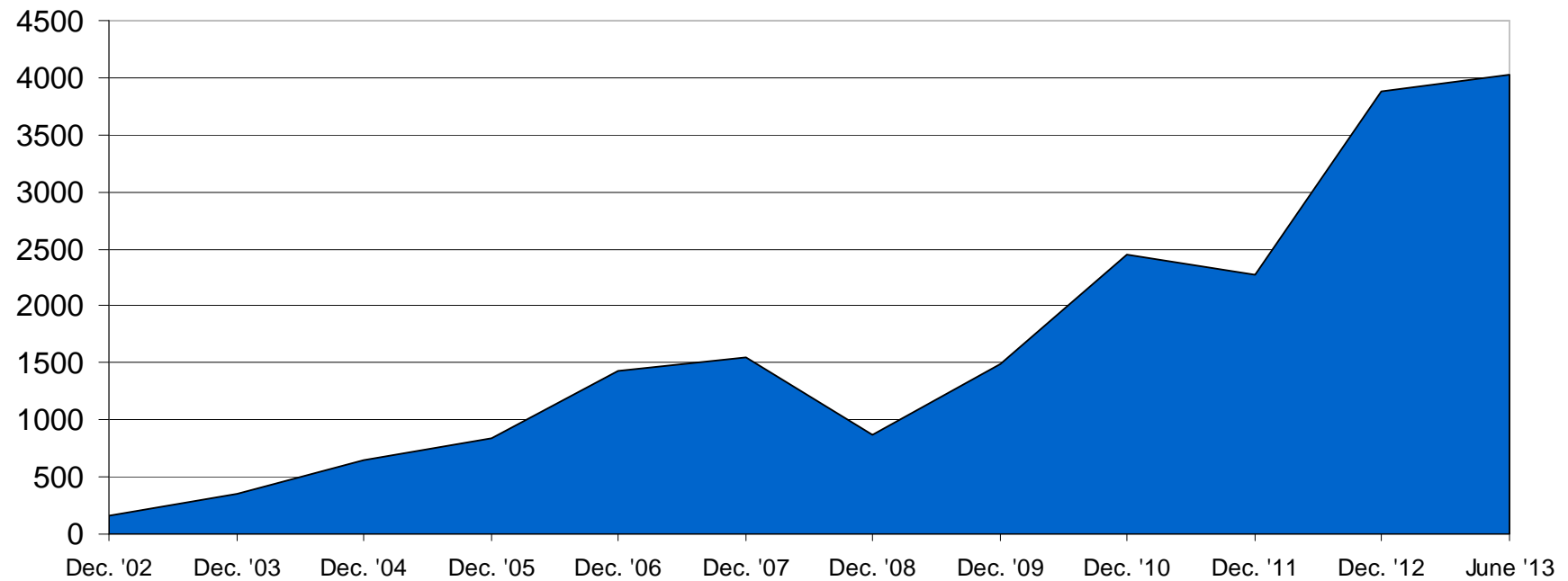


# Market capitalisation



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€ mn

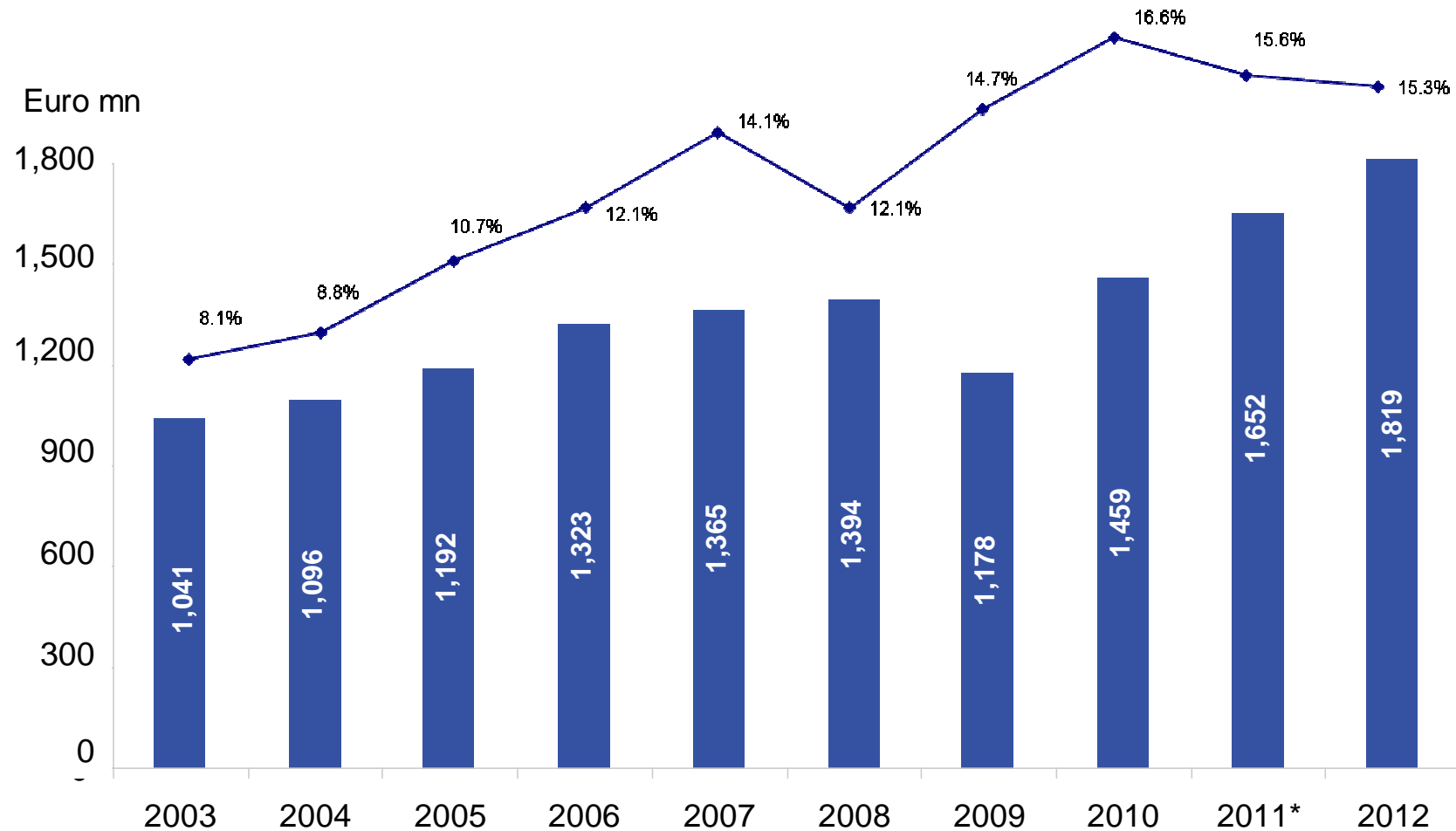


## Financials



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# Sales / EBIT margin before at equity income Sustainable sales growth



\* comparable

## Regional sales revenues and EBIT in 2012\*



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€ mn  
(variance to LY %)

### Asia-Pacific, Africa\*

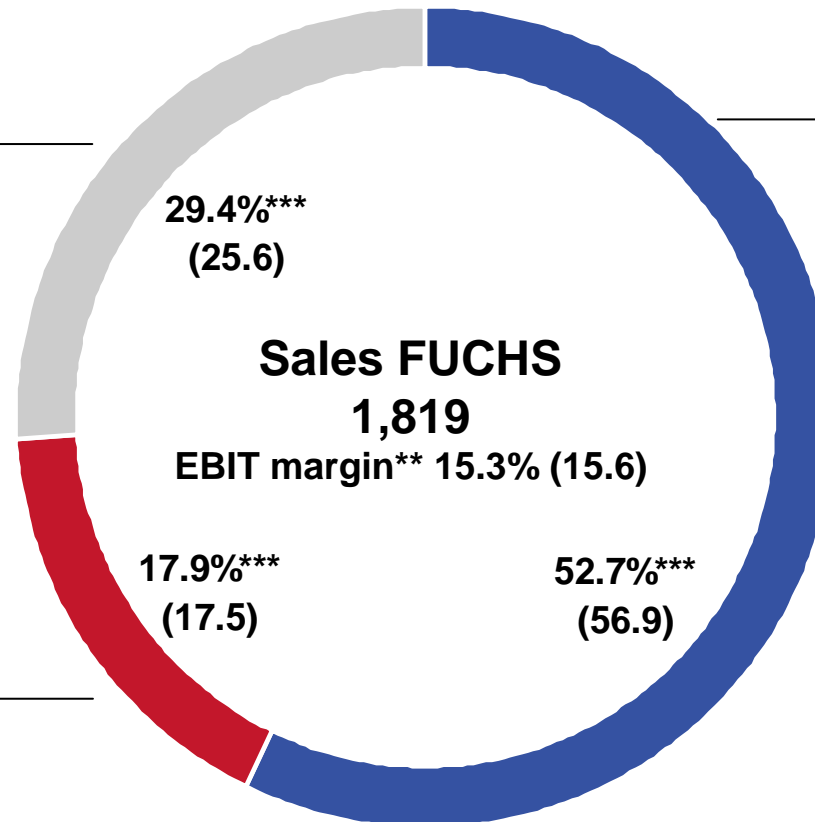
Sales	486.8	+18.1%
EBIT	96.3	+33.2%
EBIT margin**	17.1%	(16.6)

### Europe\*

Sales	1,080.7	+7.4%
EBIT	133.6	+1.4%
EBIT margin**	12.3%	(13.0)

### North and South America\*

Sales	320.3	+13.3%
EBIT	67.5	+ 7.0%
EBIT margin**	21.1%	(22.3)



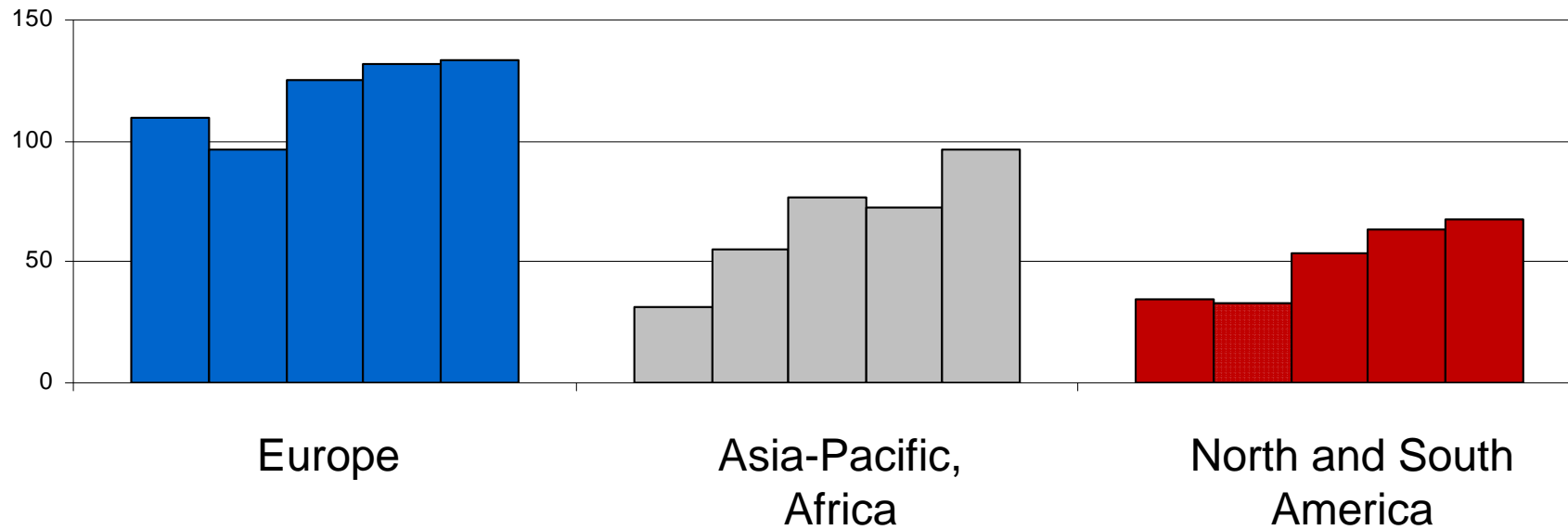
\* companies' locations  
\*\* before at equity  
\*\*\* customers' locations

All world regions contribute to the success



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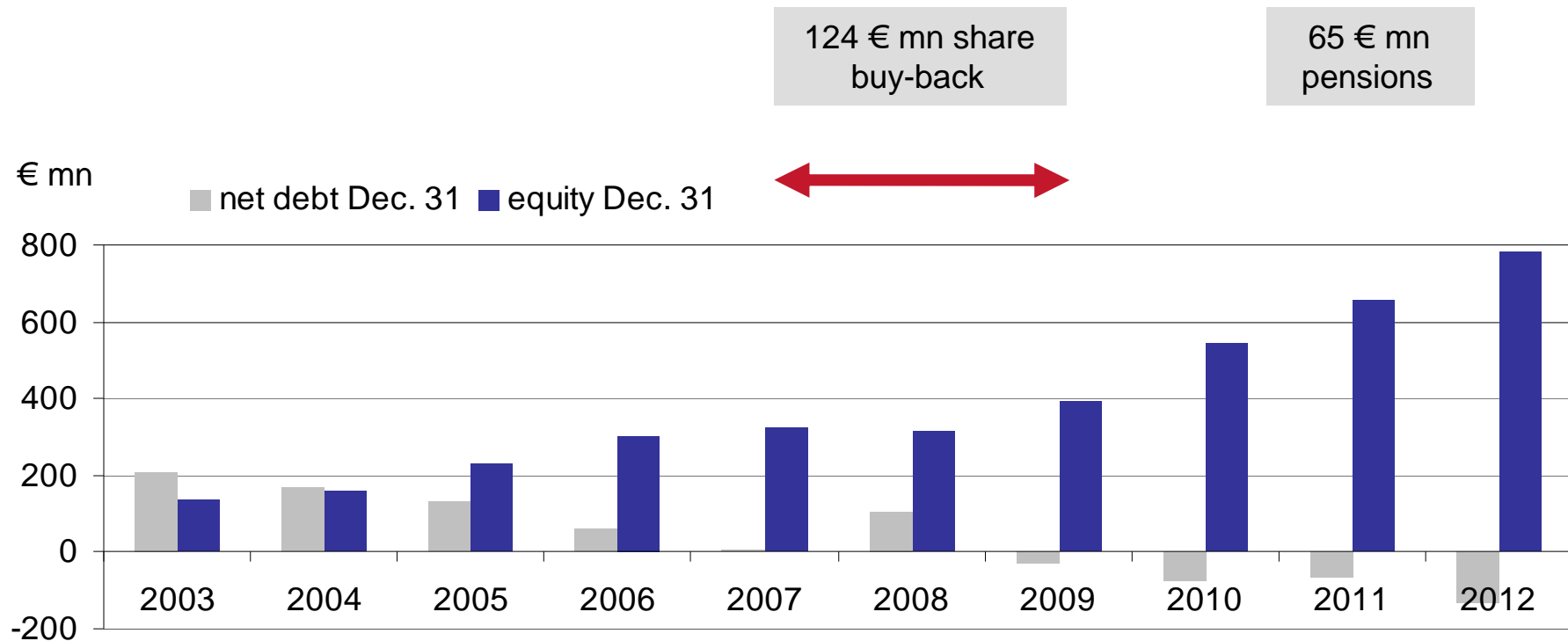
EBIT (€ mn) 2008 - 2012



## Solid balance sheet



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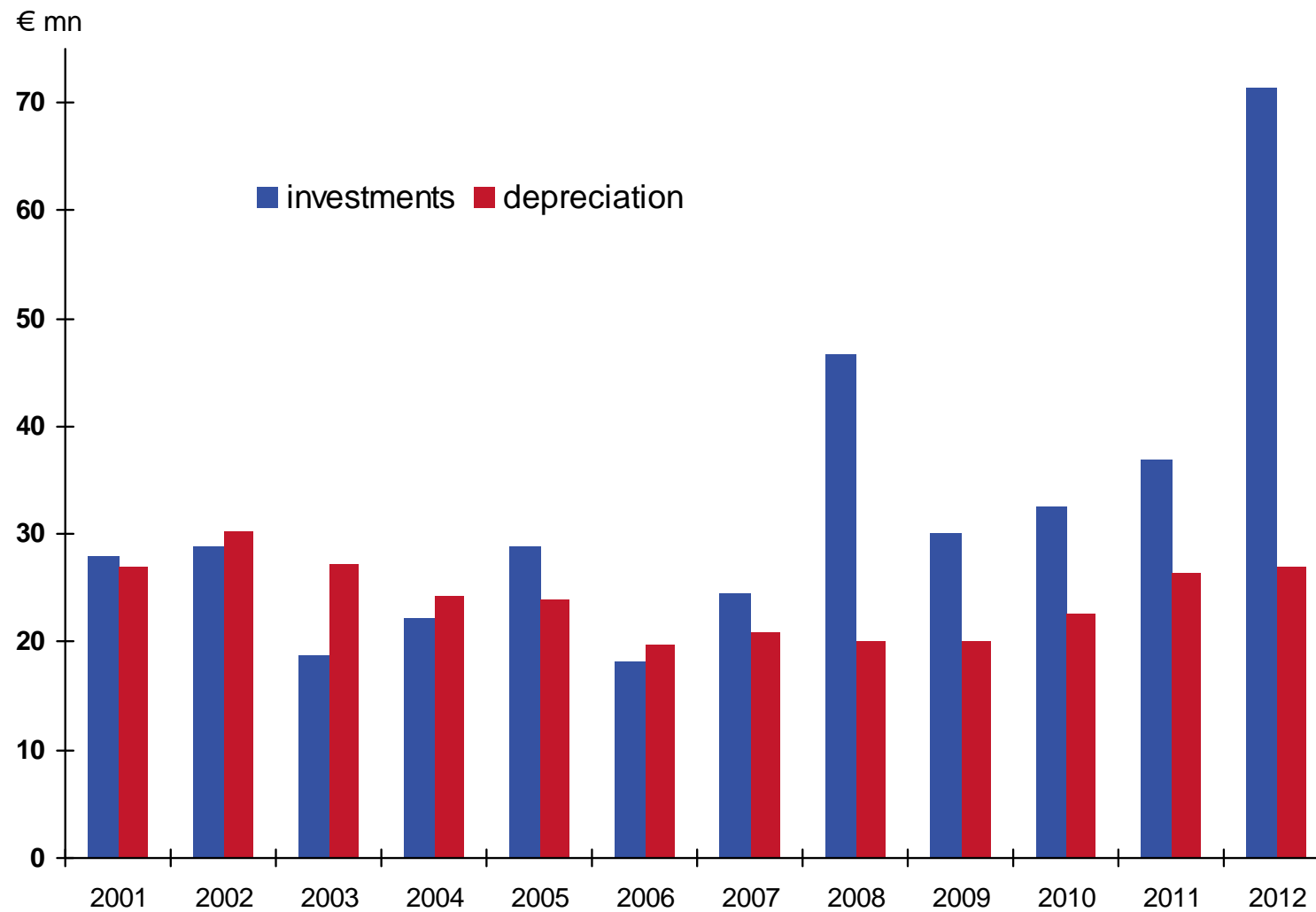




## Highest investment in the company's history



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EBIT increase by 5.8% or €8.4 mn



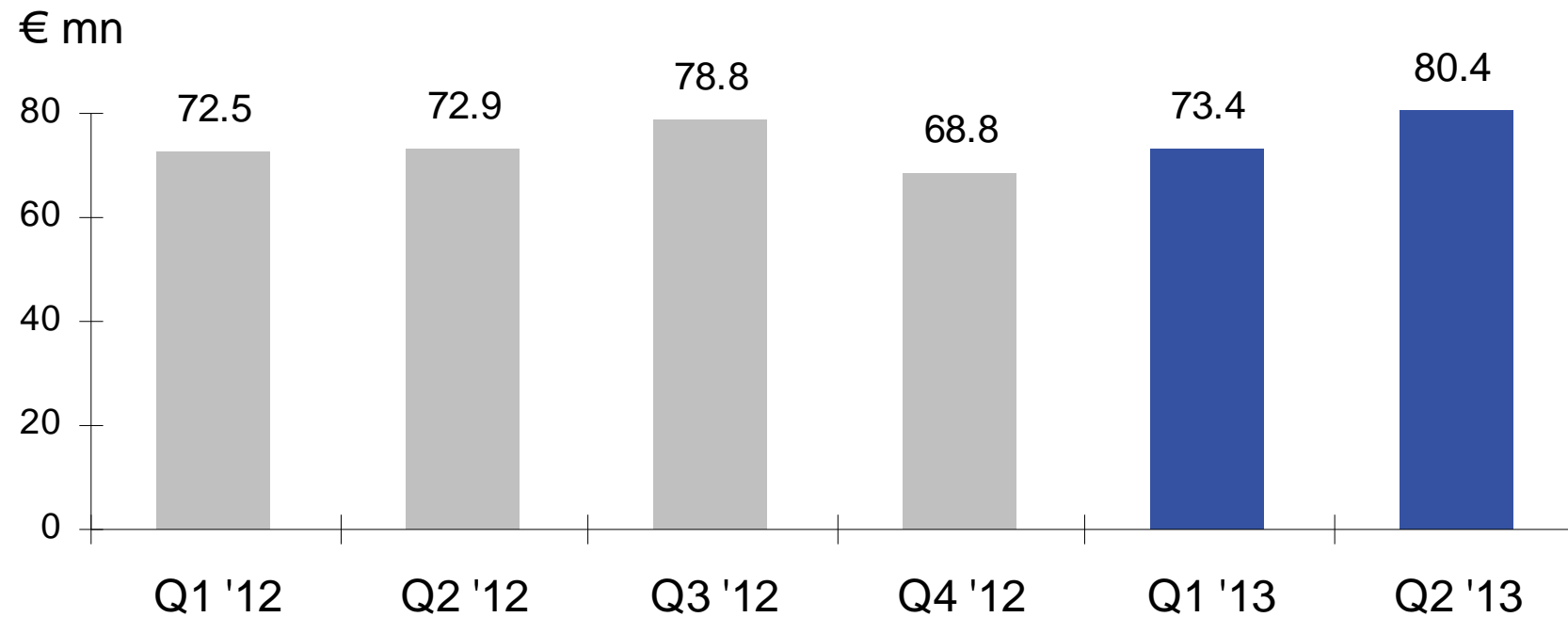
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€ mn	1-6/2013	1-6/2012	Variance	
<b>Sales revenues</b>	<b>910.3</b>	<b>910.0</b>	<b>0.3</b>	<b>0.0%</b>
<b>Gross profit</b>	<b>343.1</b>	<b>330.1</b>	<b>13.0</b>	<b>3.9%</b>
<i>Gross profit margin</i>	<i>37.7%</i>	<i>36.3%</i>		
<b>Admin., sales, R&amp;D and other net operating expenses</b>	<b>196.1</b>	<b>192.2</b>	<b>3.9</b>	<b>2.0%</b>
<i>Expenses as a percentage of sales</i>	<i>21.5%</i>	<i>21.1%</i>		
<b>EBIT before at equity income</b>	<b>147.0</b>	<b>137.9</b>	<b>9.1</b>	<b>6.6%</b>
<i>EBIT margin before at equity income</i>	<i>16.1%</i>	<i>15.2%</i>		
<b>Income from participations</b>	<b>6.8</b>	<b>7.5</b>	<b>- 0.7</b>	<b>-9.3%</b>
<b>EBIT</b>	<b>153.8</b>	<b>145.4</b>	<b>8.4</b>	<b>5.8%</b>
<b>Earnings after tax</b>	<b>107.6</b>	<b>101.8</b>	<b>5.8</b>	<b>5.7%</b>
<i>Net profit margin</i>	<i>11.8%</i>	<i>11.2%</i>		
<b>Earnings per share</b>				
<b>Ordinary</b>	<b>1.51</b>	<b>1.42</b>	<b>0.09</b>	<b>6.3%</b>
<b>Preference</b>	<b>1.52</b>	<b>1.43</b>	<b>0.09</b>	<b>6.3%</b>

Q2 2013 EBIT is the highest ever



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## Free cash flow at previous year's level



€ mn	1-6/2013	1-6/2012
Gross cash flow	107.6	105.5
Change in working capital	-23.0	-26.4
Other changes	-10.3	-2.5
Operating cash flow	74.3	76.6
Capex (incl. financial investment)	-33.6	-33.4
Other changes	4.1	1.8
Free cash flow	44.8	45.0

### Outlook for the year 2013

- FUCHS confirms its planning for organic growth in 2013 in the low single-digit percent range. To what extent sales revenues will be influenced by changes in currency exchange rates remains to be seen.
- FUCHS anticipates a further increase in earnings before interest and tax (EBIT), profit after tax, and earnings per share in 2013.
- FUCHS is planning a high cash flow notwithstanding significant capital expenditure at a similar level as 2012.

Outlook is based on a stable economic environment in the next quarters, which is not negatively effected by the various political and financial risks around the globe.

## Continuation of growth initiative



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## Our asset: global presence



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# Investments in new plants, efficiency and R&D



India: Mumbai (2010)



Australia: Melbourne (2012)



Germany: Mannheim (2012)



Germany: Kiel (2012)



CHINA: Shanghai (2008)



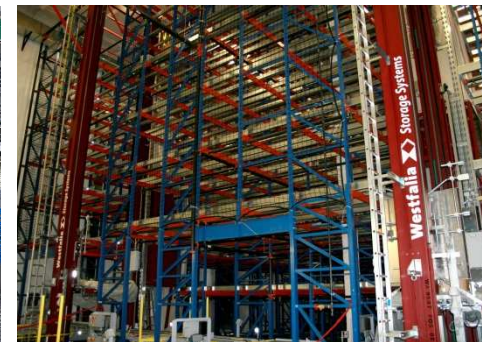
Germany: Kaiserslautern (2009)



CASSIDA (2010)



USA: Chicago (2012/2013)





## New plant Yingkou, China - layout



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## New plant Yingkou, China - construction



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## New plant Kaluga, Russia - layout



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## New plant Kaluga, Russia - construction



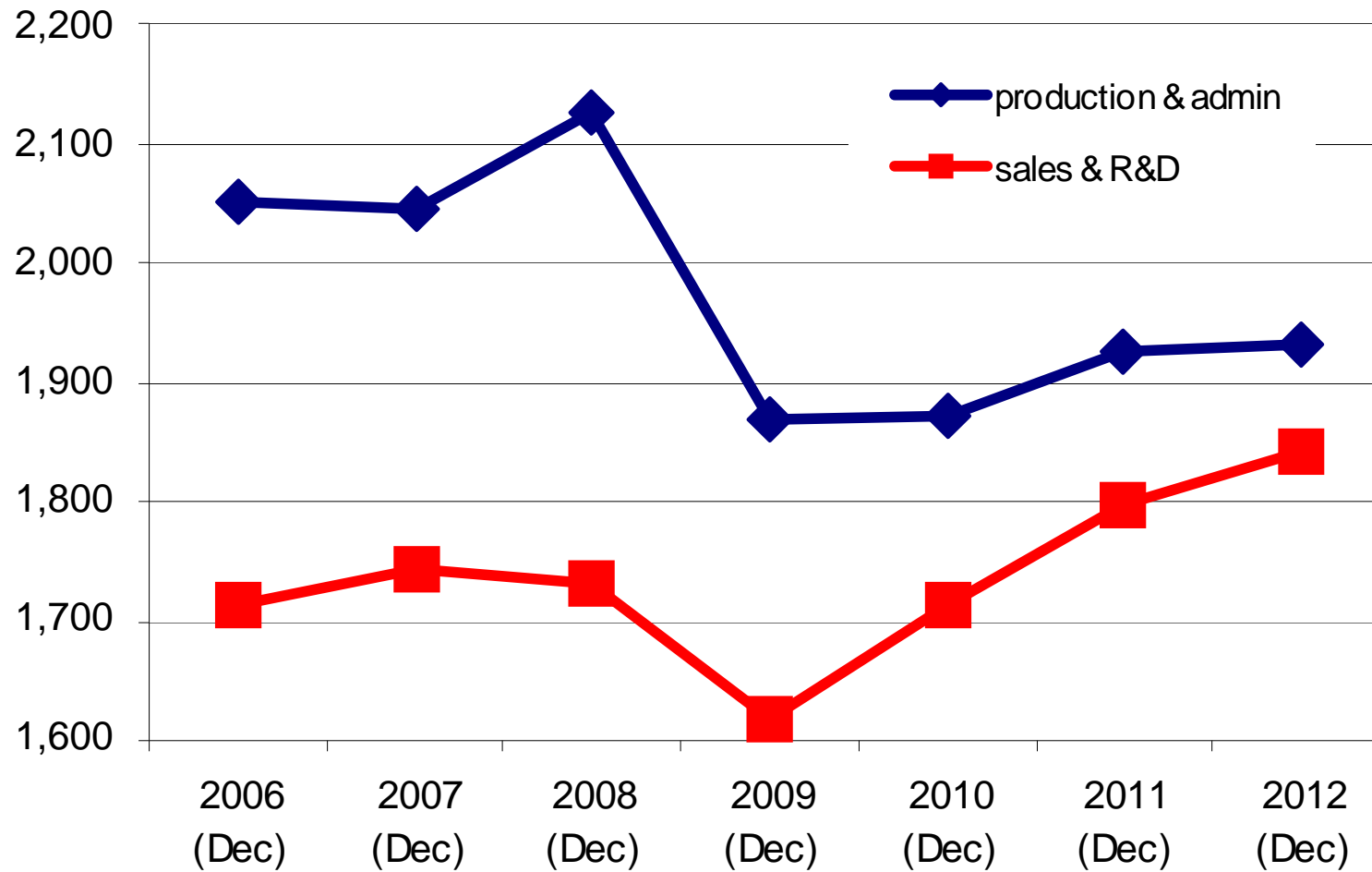
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## Additional R&D and Sales staff



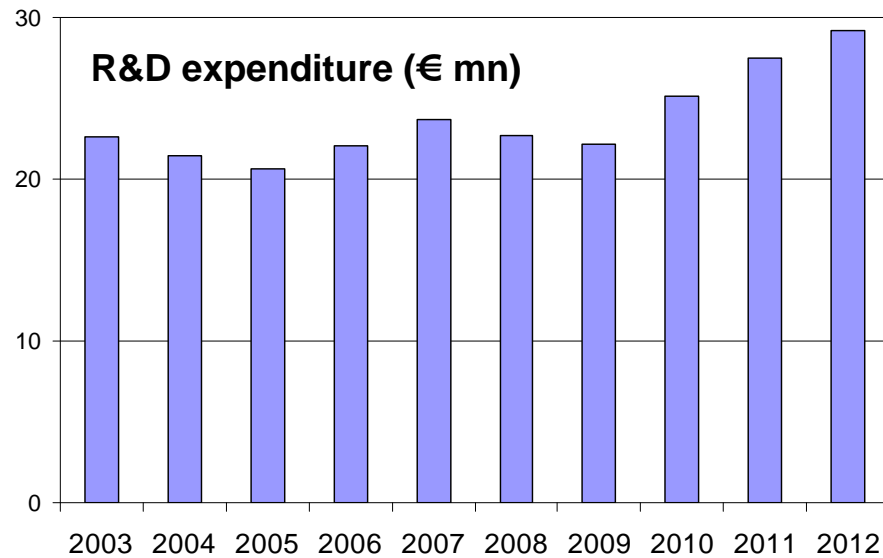
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## Our asset: cutting edge technology



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# Broad customer base and a huge variety of applications



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mining



cars



construction



food industry



steel



trucks



agriculture



conveyors



cement



aviation



rail



wind



This presentation contains statements about future development that are based on assumptions and estimates by the management of FUCHS PETROLUB SE. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes to the overall economic climate, changes to exchange rates and interest rates and changes in the lubricants industry. FUCHS PETROLUB SE provides no guarantee that future developments and the results actually achieved in the future will agree with the assumptions and estimates set out in this presentation and assumes no liability for such.