

# FUCHS GROUP

## Setting Standards - Worldwide

| Warburg Highlights, 1<sup>st</sup> July 2016, Hamburg

| Dagmar Steinert, CFO

| Thomas Altmann, Investor Relations



# Agenda

- 01 | The Leading Independent Lubricants Company**
- 02 | Unique Track Record**
- 03 | Growth Initiative**
- 04 | Q1 & Outlook 2016**
- 05 | Shares**
- 06 | Appendix**

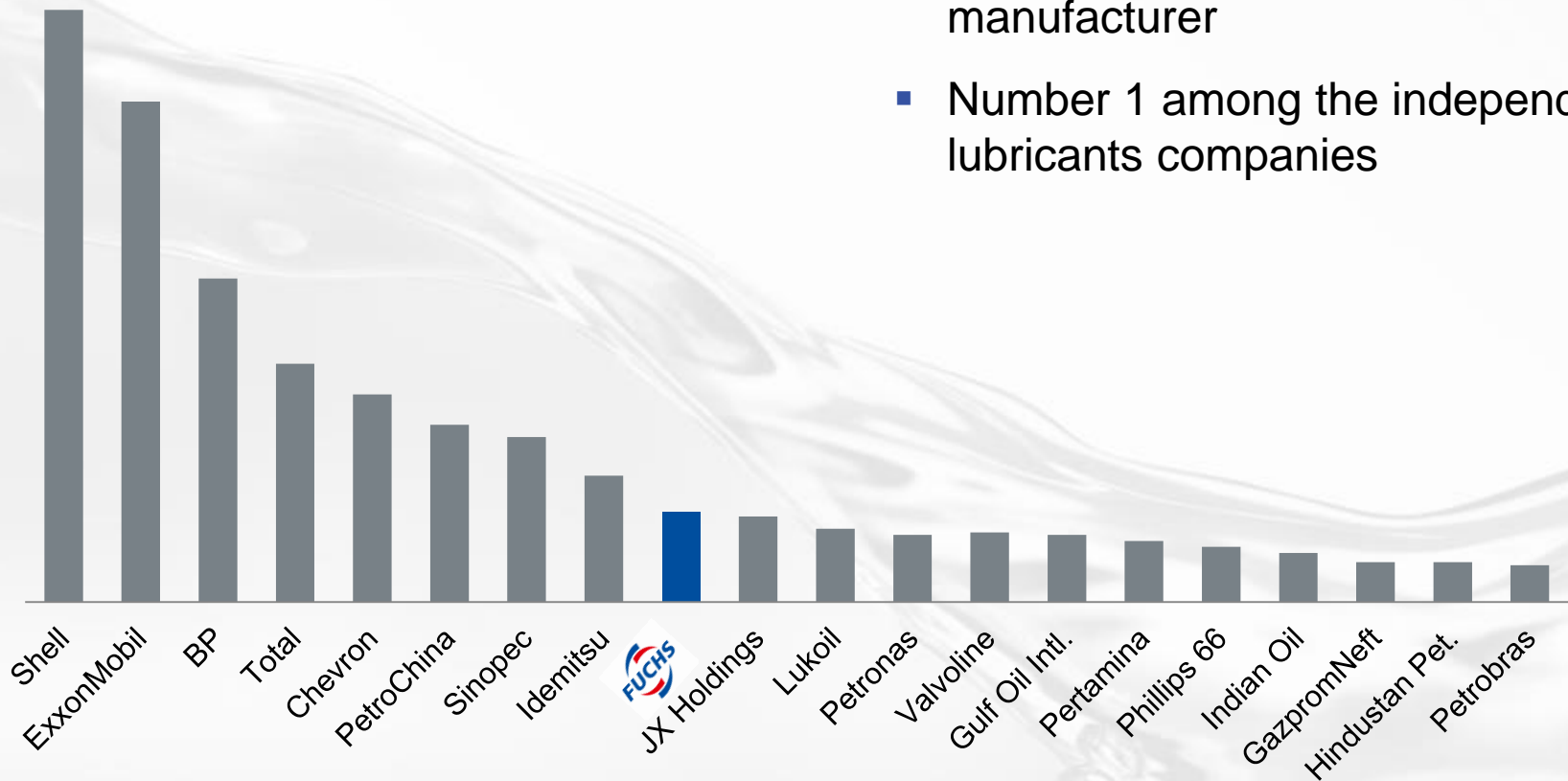
# 01 The Leading Independent Lubricants Company



# The Leading Independent Lubricants Company

## Top 20 lubricants manufacturers 2015 (by volume)

- A top-10 ranking lubricants manufacturer
- Number 1 among the independent lubricants companies



# The Leading Independent Lubricants Company

Our mission statement reflects the business model

The background of the slide is a photograph of a laboratory setting. In the foreground, a glass beaker containing a yellow liquid is being stirred with a metal rod. Behind it, several other beakers and bottles containing similar yellow liquids are visible, though they are out of focus. The lighting is bright, and the overall color palette is dominated by the yellow of the liquids and the blue of the laboratory equipment.

**LUBRICANTS.** 100% focus  
**TECHNOLOGY.** Holistic solutions  
**PEOPLE.** Personal commitment

# The Leading Independent Lubricants Company

Our core values are the basis for our activities



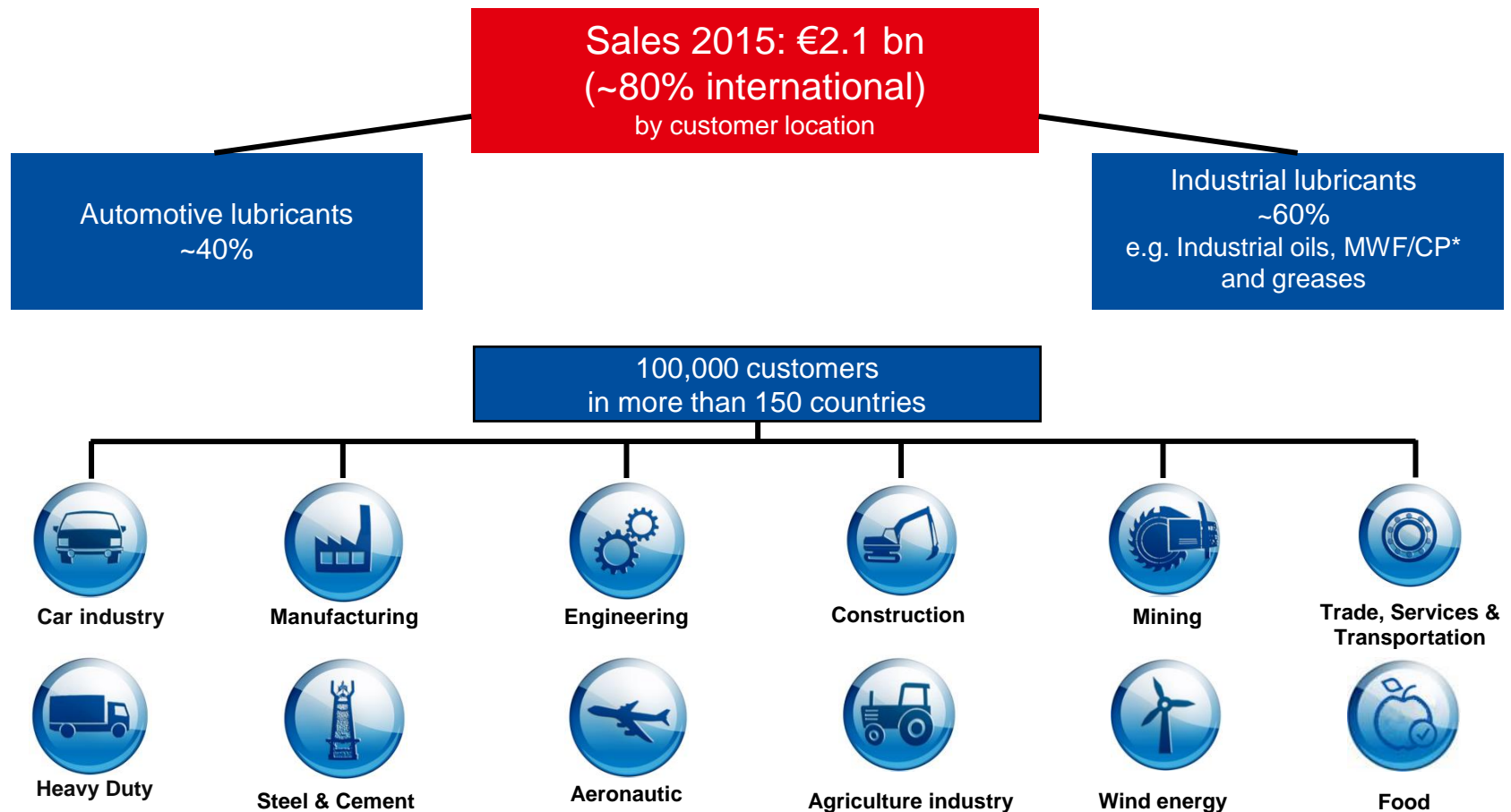
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**Trust**  
**Creating Value**  
**Respect**  
**Reliability**  
**Integrity**

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# The Leading Independent Lubricants Company

## Full-line supplier advantage

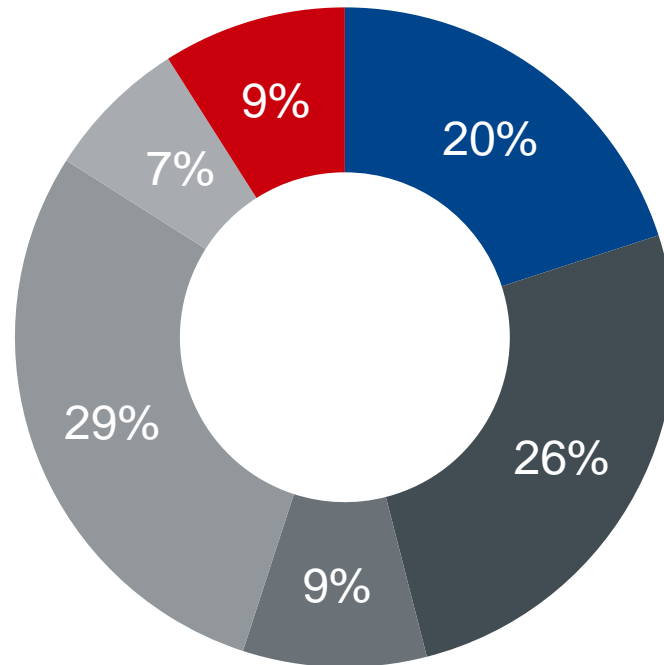


\*metalworking fluids/corrosion preventives

# The Leading Independent Lubricants Company

## Well balanced customer structure

### FUCHS sales revenues 2015: €2.1 bn



- Industrial goods manufacturing
- Vehicle manufacturing
- Energy and mining
- Trade, transport and services
- Agriculture and construction
- Engineering/ machinery construction



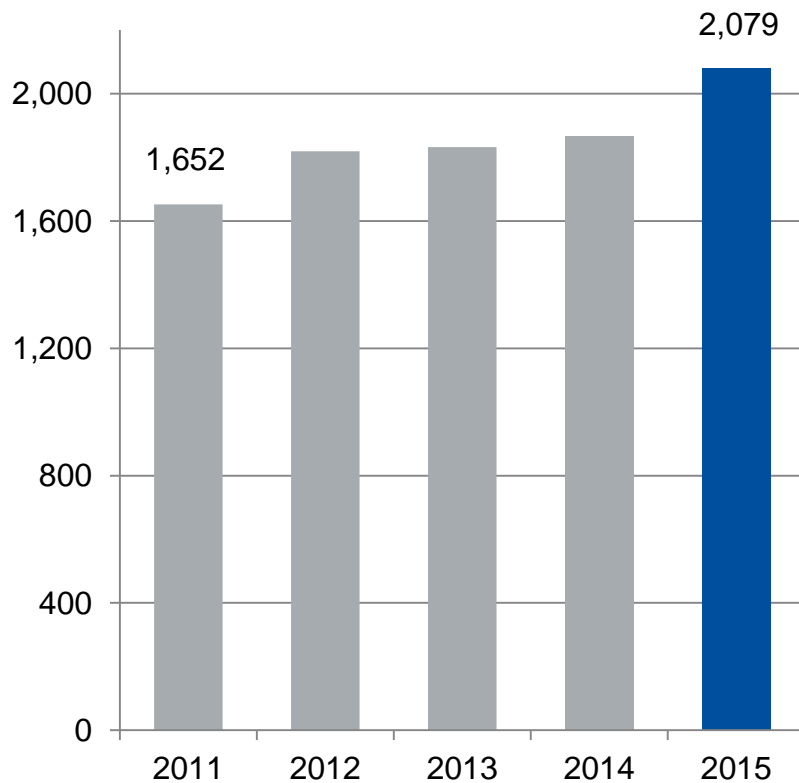
## 02 Unique Track Record



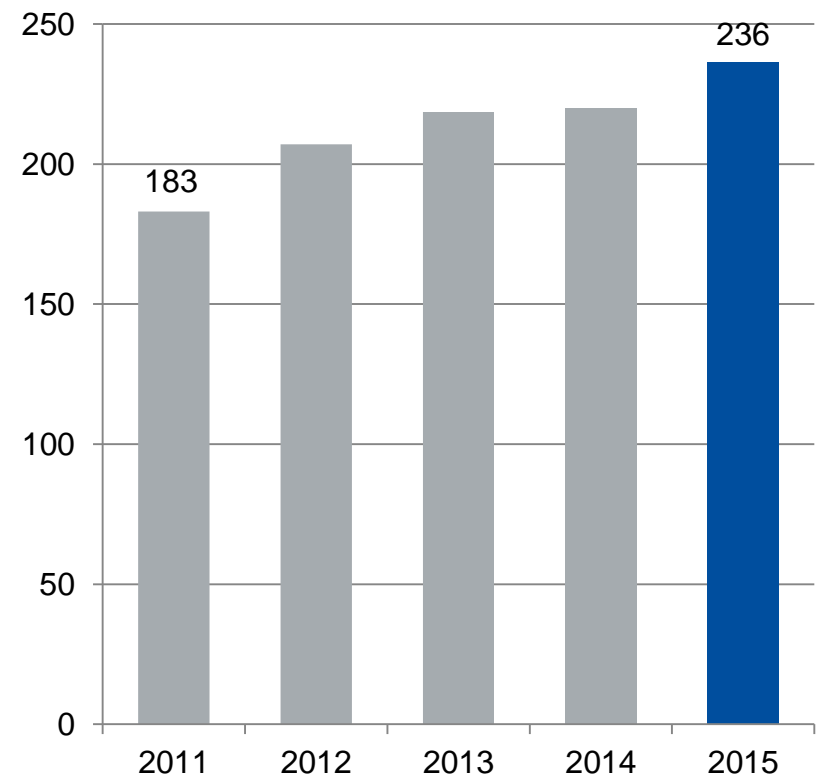
# Unique Track Record for continued profitable growth

€ mn

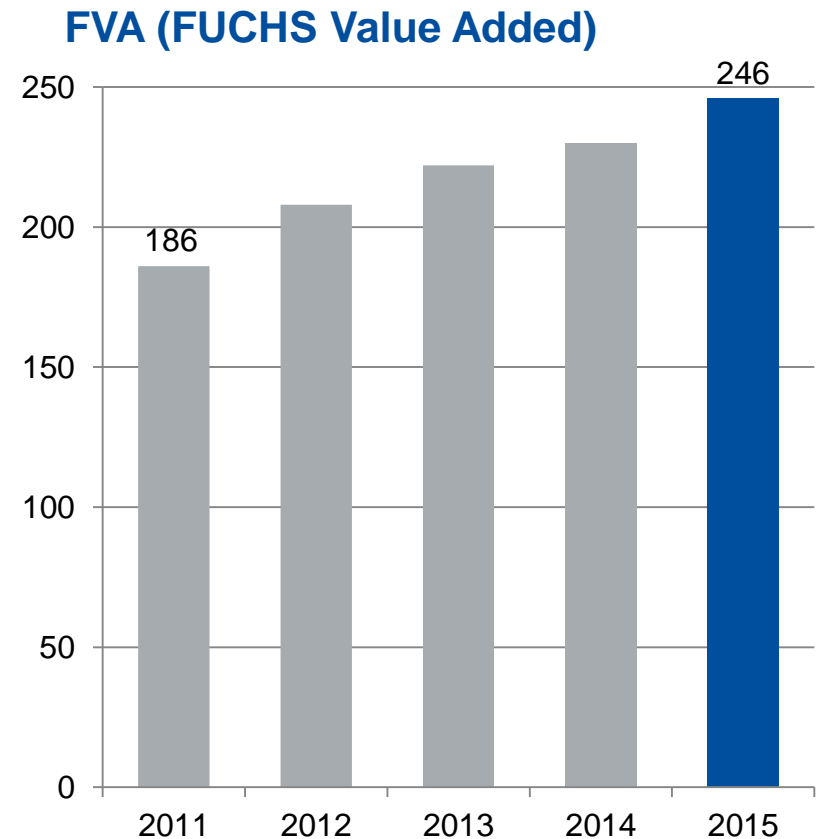
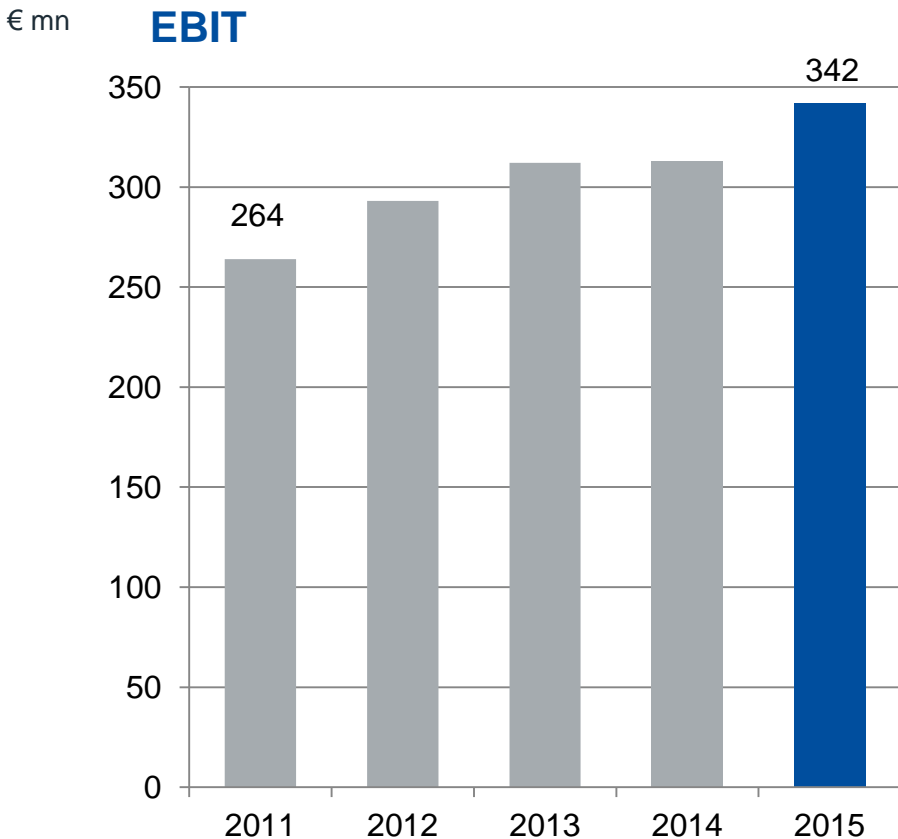
## Sales



## Earnings After Tax



# Unique Track Record for continued Profitability and Added Value



# Unique Track Record - Solid balance sheet and cash flow generation

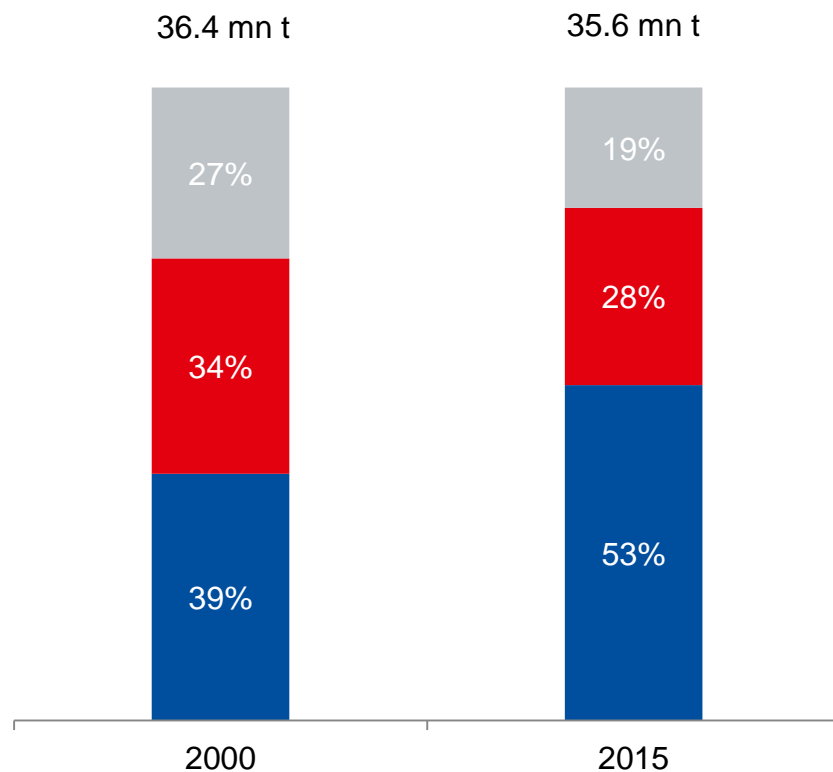
€ mn	2011	2012	2013	2014	2015
Total assets	985	1,109	1,162	1,276	1,490
Equity	658	782	854	916	1,070
Equity ratio	67%	71%	74%	72%	72%
Net liquidity	65	135	167	186	101
Operating cash flow	89	203	221	255	281
Free cash flow before acquisitions	59	141	150	210	232
Free cash flow after acquisitions	59	140	150	188	62

## 03 Growth Initiative

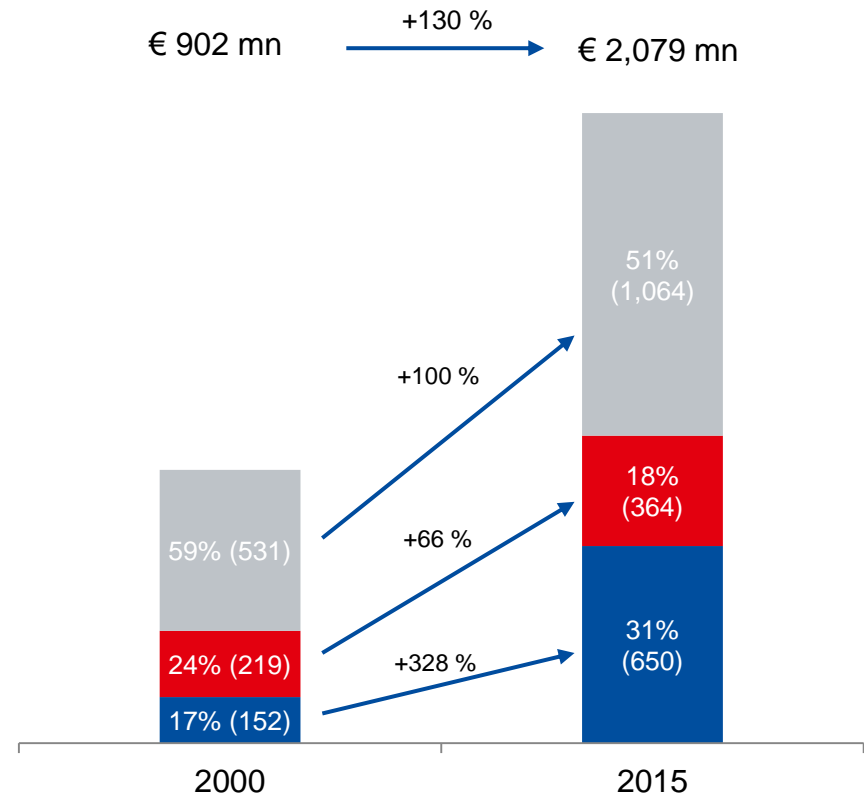


# Growth Initiative - Organic growth potential in emerging countries

## Market Demand



## FUCHS Sales (by customer location)



■ Asia-Pacific & MEA ■ Americas ■ Europe

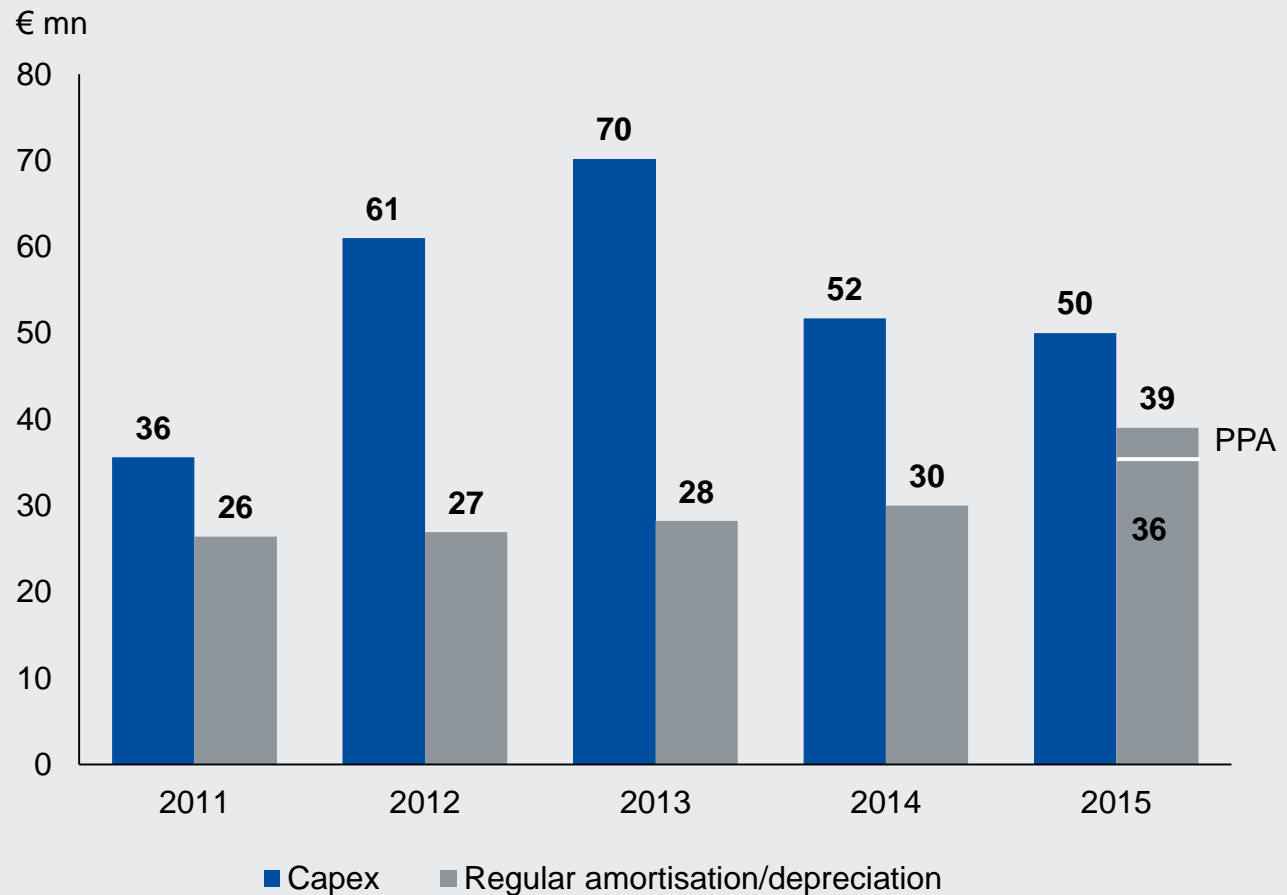
# Growth Initiative - We are where our customers are



# Growth Initiative - Investments

## Investment focus on...

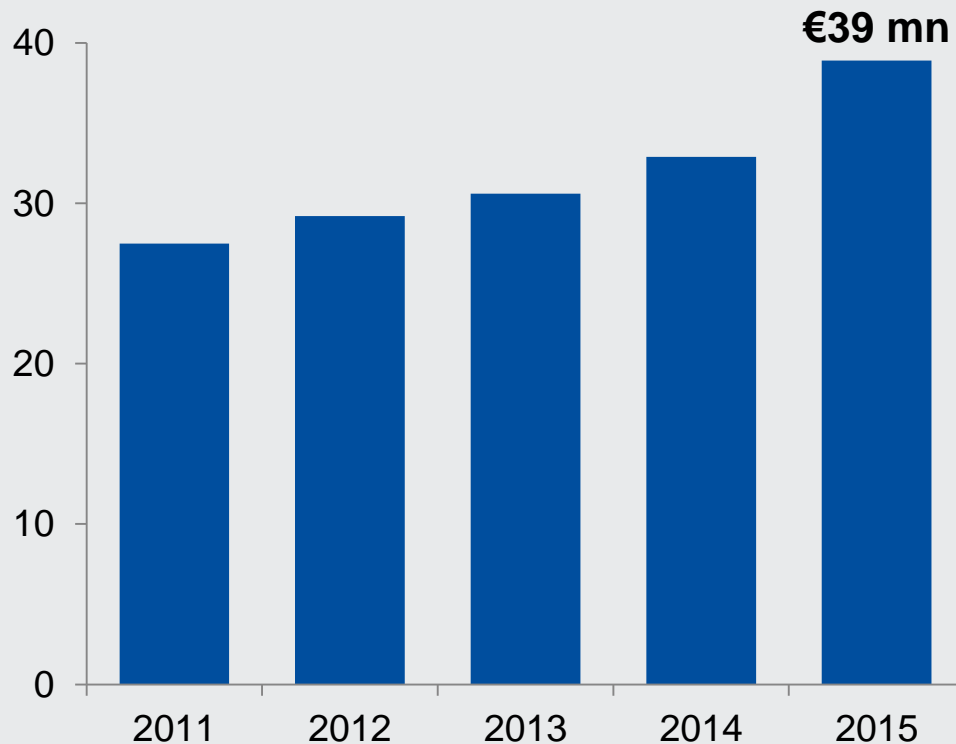
- Construction of new plants in growth regions
- Modernisation and expansion of existing plants
- Expansion of R&D capacities





# Growth Initiative - Technology & Innovation fueled by strong R&D focus

R&D expenses

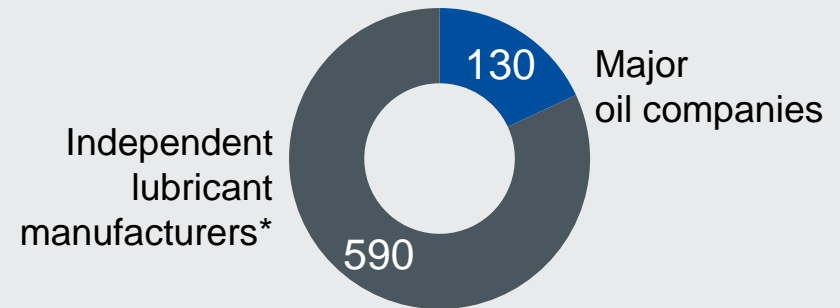


# Growth Initiative - Further market consolidation to be expected

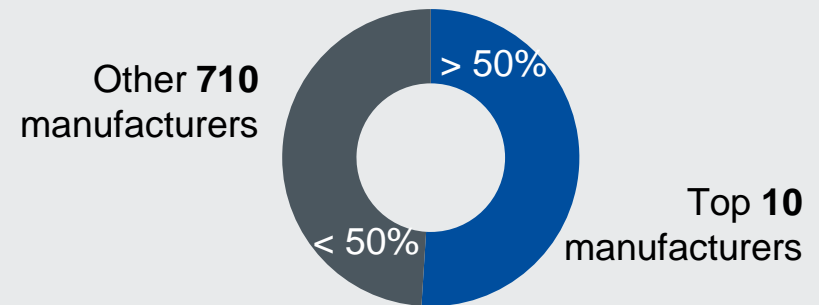
- High degree of fragmentation
- Concentration especially amongst smaller companies

- Differences are enormous

## Manufacturers



## Market Shares



\* > 1000 tons

# Growth Initiative - Strong track record in efficiently integrating acquired companies



## 06 Q1 & Outlook 2016



# Q1 & Outlook 2016

## Highlights Q1 2016

**Revenues +11,7%  
to €550.2 mn**

- Europe +25.5% to €349.4 mn
- Asia-Pacific, Africa -1.4% to €144.4 mn
- Americas -4.3% to €84.5 mn

**EBIT + 4.3%**  
to €85.2 mn

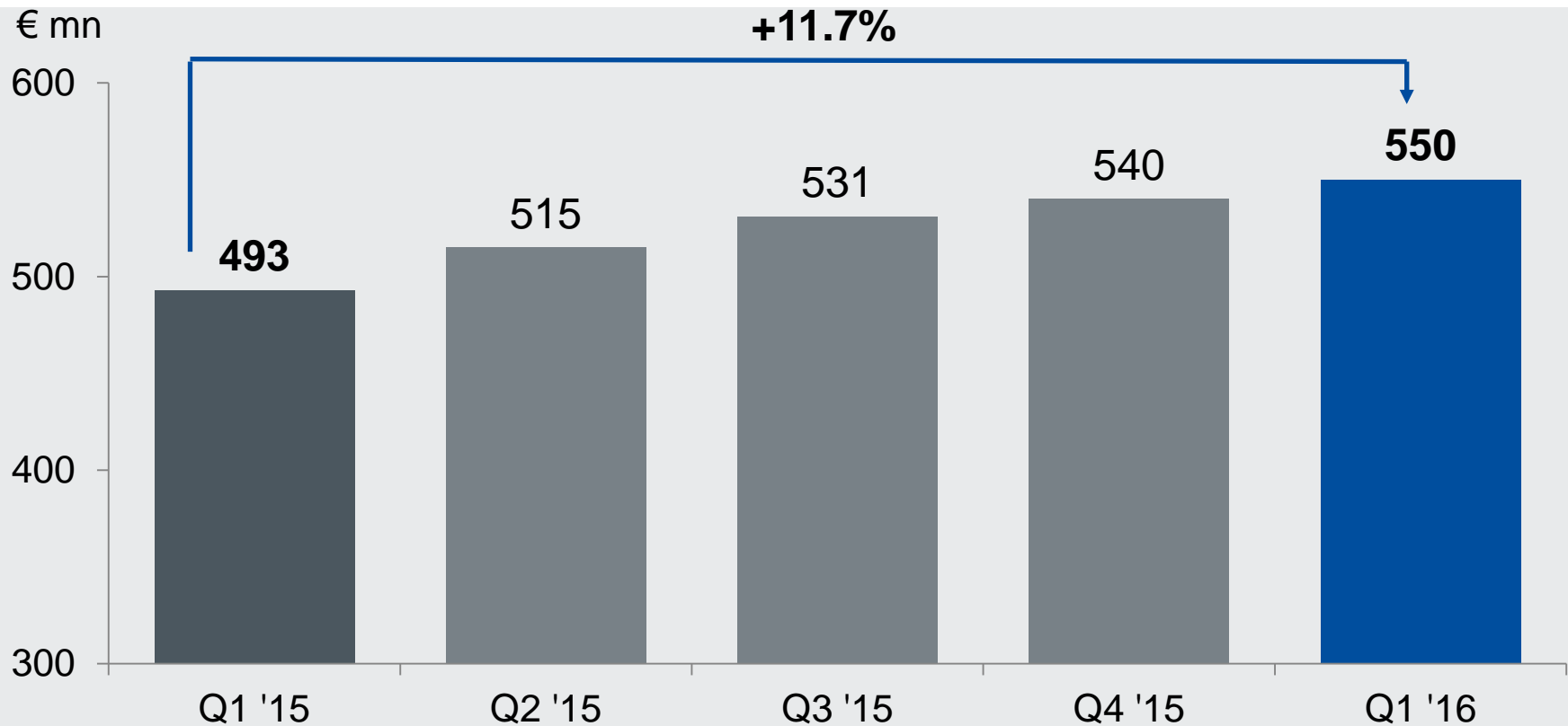
### Outlook 2016

- **Projected Growth of 7-11%**
- **Projected EBIT of 3-7%**

(before currency translation effects)

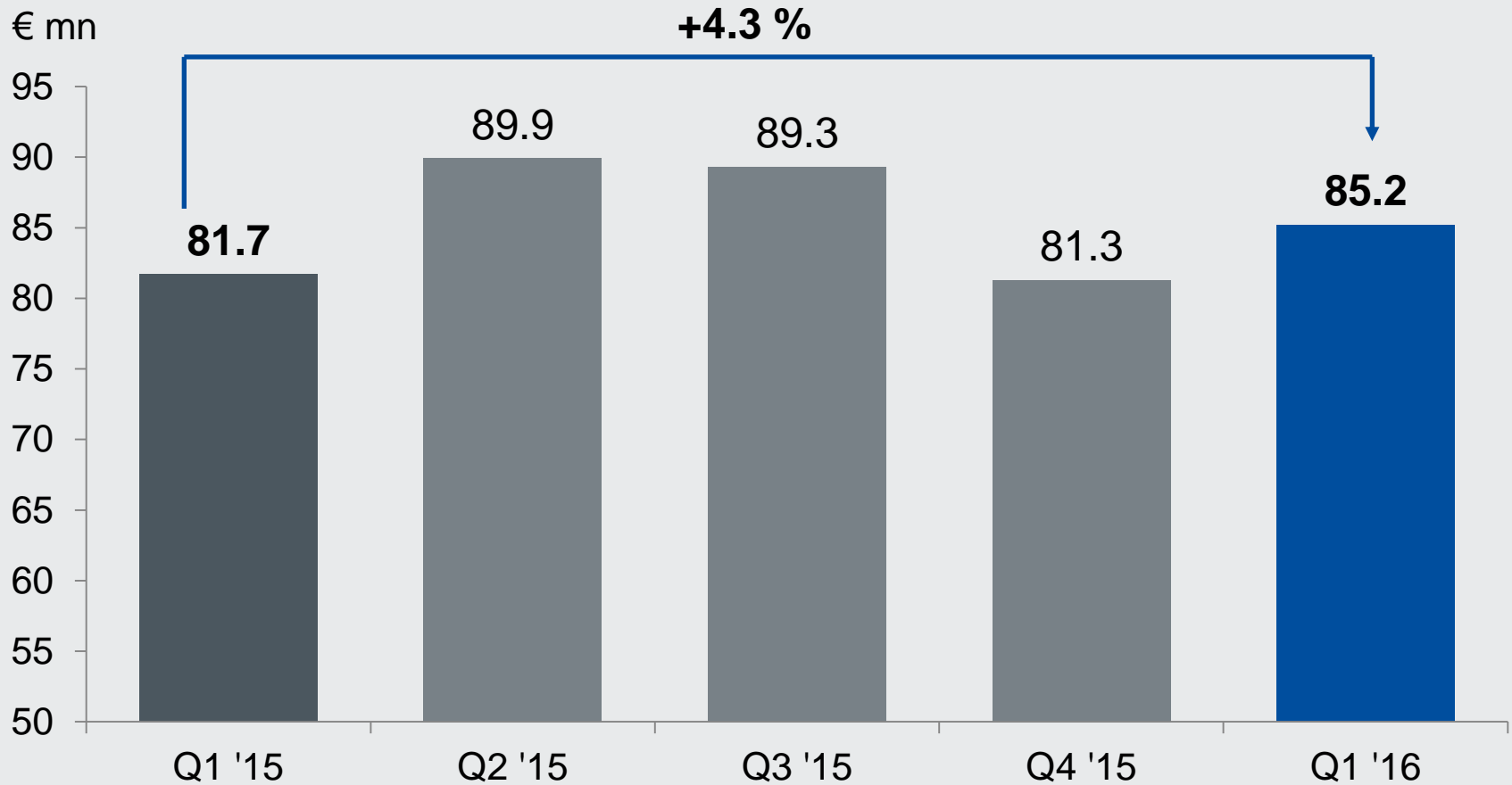
# Q1 2016 & Outlook - Sales performance

Pentosin incl. since Q3 15 & Statoil FRL since Q4 15



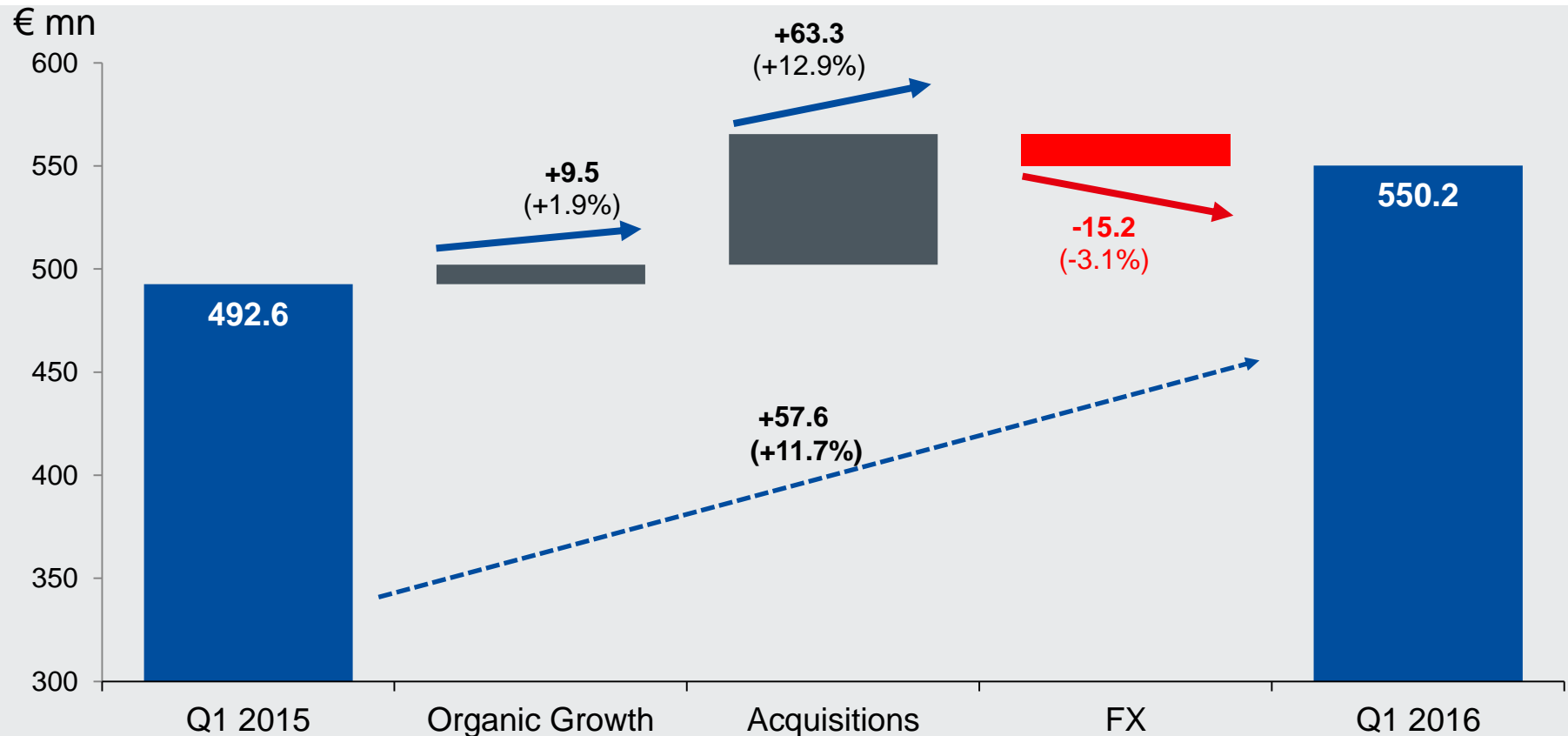
# Q1 2016 & Outlook - EBIT development

Q4 2015 includes integration costs (Acquisitions 2015)



# Q1 2016 & Outlook - FUCHS Group Sales

Headwind from FX in Q1 2016





# Q1 2016 & Outlook - Regional Sales

Organic growth in Europe & Asia Pacific, Africa

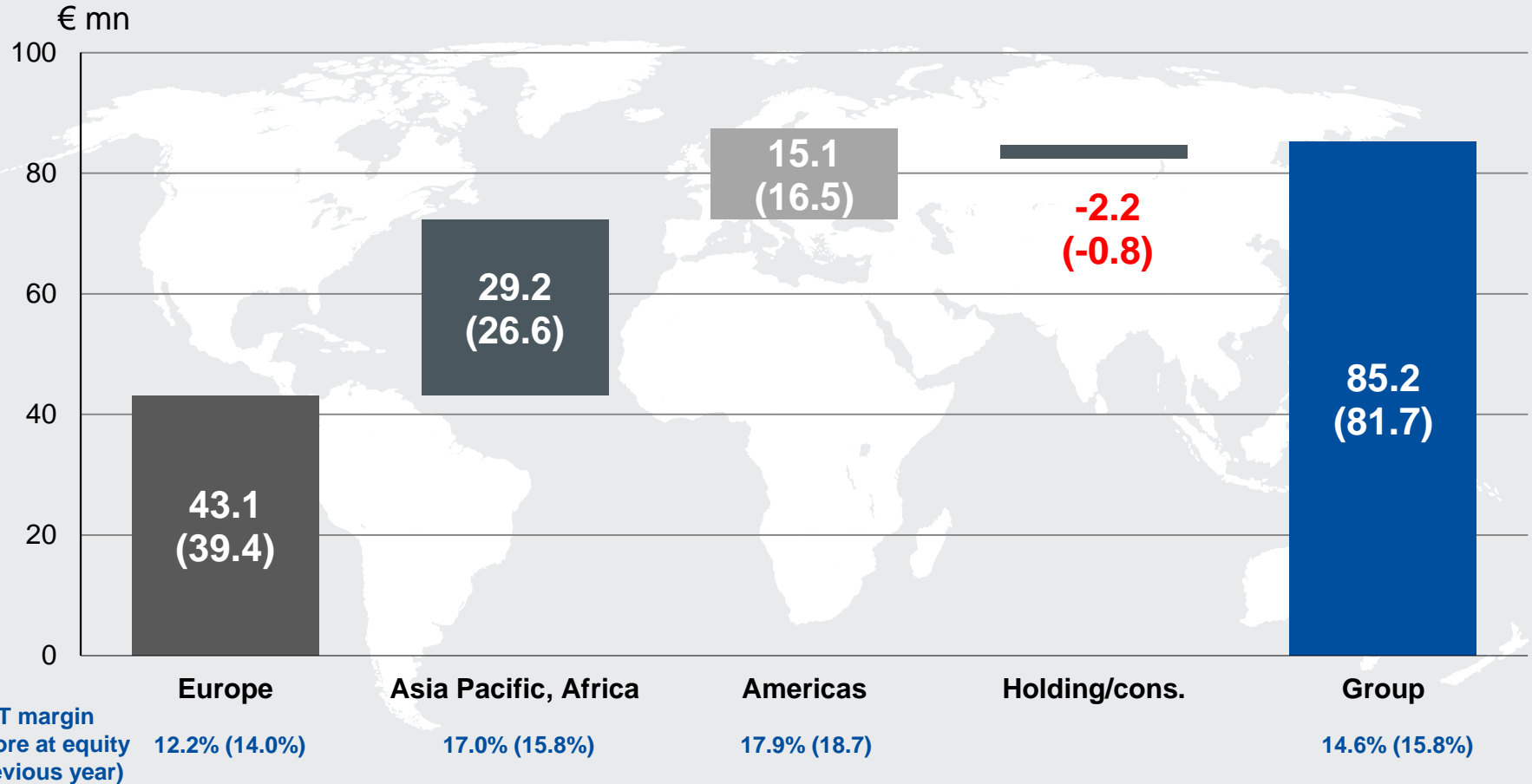
	Q1 2015 (€ mn)	Q1 2016 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	278.3	349.4	+25.5%	+1.8%	+24.9%	-1.2%
Asia-Pacific, Africa	146.5	144.4	-1.4%	+4.9%	-	-6.3%
Americas	88.3	84.5	-4.3%	-3.4%	+2.0%	-2.9%

# Q1 2016 & Outlook - Profit & Loss

€ mn	Q1 2015	Q1 2016	Δ Mio. €	Δ in %
Sales	492.6	550.2	57.6	11.7%
Gross Profit	187.9	205.8	17.9	9.5%
<i>Margin</i>	38.1%	37.4%		-0.7% points
Selling, admin., R&D expenses, others	110.0	125.5	15.5	14.1%
<b>EBIT before at Equity</b>	<b>77.9</b>	<b>80.3</b>	<b>2.4</b>	<b>3.1%</b>
At Equity	3.8	4.9	1.1	28.9%
<b>EBIT</b>	<b>81.7</b>	<b>85.2</b>	<b>3.5</b>	<b>4.3%</b>
Earnings after tax	56.8	58.7	1.9	3.3%

# Q1 2016 & Outlook - EBIT by regions

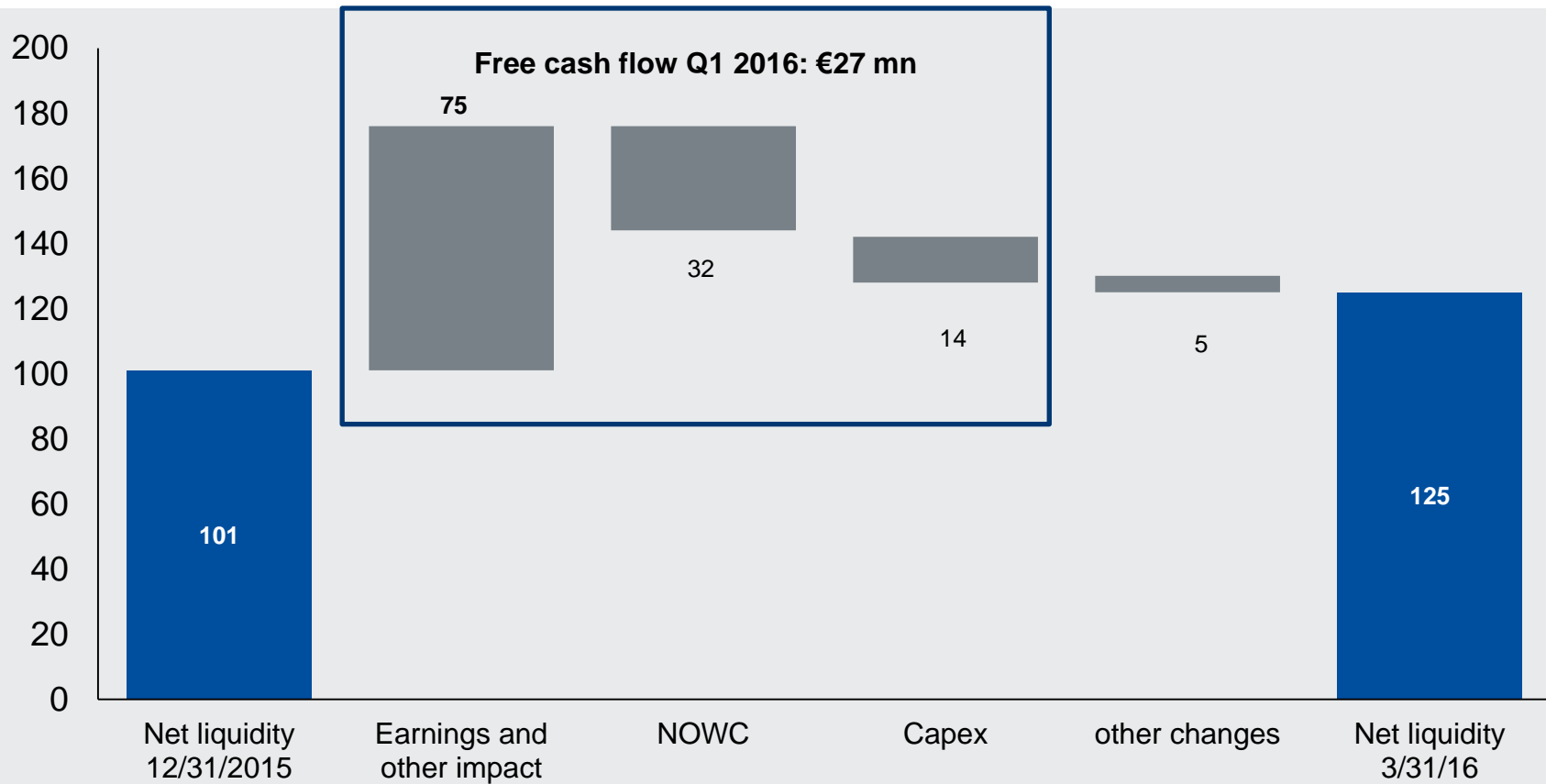
Q1 2016 (Q1 2015)



## Q1 2016 & Outlook - Free cash flow

mn €	Q1 2015	Q1 2016
<b>Gross cash flow</b>	<b>59.6</b>	<b>64.2</b>
Changes in net operating working capital	-17.9	-31.8
Other changes	-3.7	10.9
<b>Operating cash flow</b>	<b>38.0</b>	<b>43.3</b>
Capex	-7.8	-14.4
Other changes	0	-1.6
<b>Free cash flow before acquisitions</b>	<b>30.2</b>	<b>27.3</b>
Acquisitions	-	-
<b>Free cash flow</b>	<b>30.2</b>	<b>27.3</b>

# Q1 2016 & Outlook - Net Liquidity development



# Q1 2016 & Outlook - Before currency translation effects

Performance indicators	Actual 2015		Outlook 2016
<b>Sales</b>	<b>€2,079 mn</b>		
Total Growth	+11.4%	↑	7% to 11%
Organic Growth	+0.3%	↑	Low single-digit %
External Growth (Acquisitions 2015)	+6.0%	↑	High single-digit %
Currency	+5.1%		
<b>EBIT</b>	<b>€342 mn</b>	↑	3% to 7%
<b>FVA</b>	<b>€246 mn</b>	↑	Low single-digit %
<b>Free cash flow before acquisitions</b>	<b>€232 mn</b>		€170 mn to €200 mn

## Q1 2016 & Outlook - Further Investments

### 2016 – 2018: Planned investments of €300mn

- Expansion of the Mannheim site, Germany
- Expansion of the Kaiserslautern site, Germany
- Expansion of the Chicago site, USA
- New plant in WuJiang, China
- New plants in Australia and Sweden

## 05 Shares

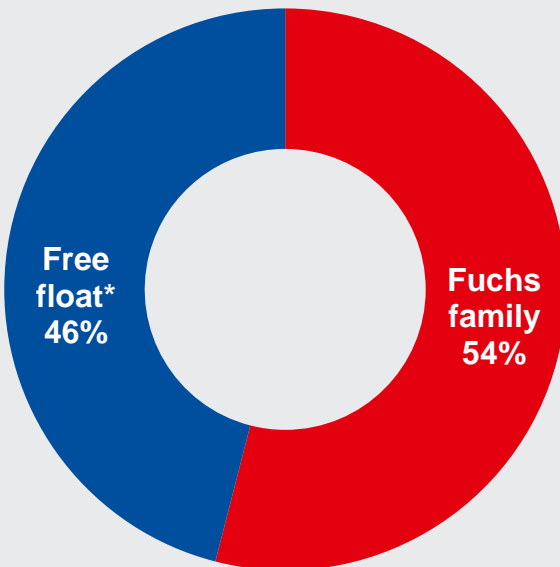




# Shares

## Breakdown of ordinary & preference shares 2015

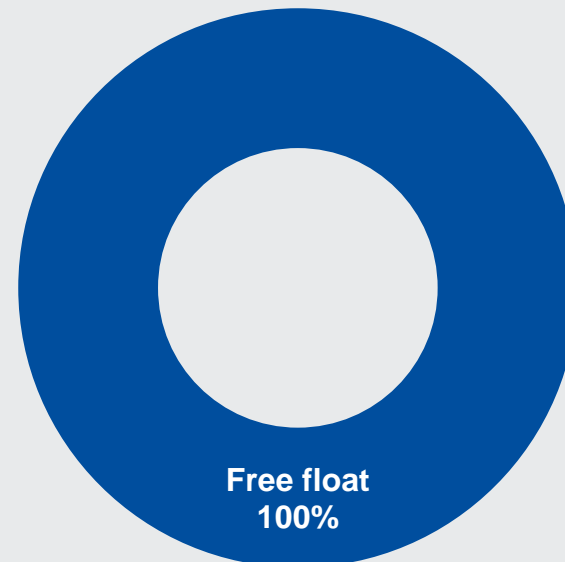
### Ordinary shares



Basis: 69,500,000 ordinary shares

### Preference shares

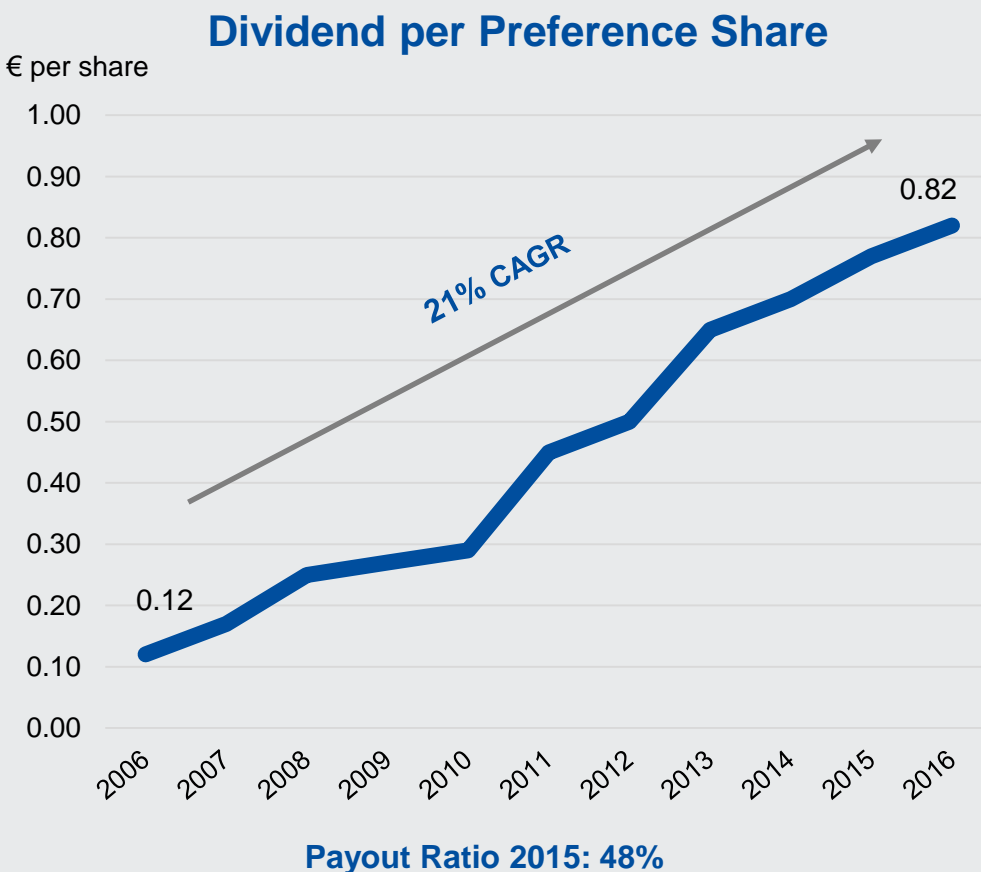
MDAX-listed



Basis: 69,500,000 preference shares

\*Voting rights notification: DWS Investment, Frankfurt: 5.2% (15 Dec. 2003)

# Shares - Continuous dividends since IPO (1985)



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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 in the overall economic climate, procurement prices, 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 match the assumptions and estimates set out in this presentation and assumes no liability for such.

## 06 Appendix



# The Leading Independent Lubricants Company

## FUCHS at a glance



Established **3**  
generations ago as a  
family-owned business

**No. 1**  
among the independent  
suppliers of  
lubricants

The Fuchs family  
holds **54%** of  
ordinary shares

More than **2** bn  
euro sales in 2015

Almost **5,000**  
employees

Listed on the  
MDAX, DAXplus  
Family 30 & STOXX  
Europe 600

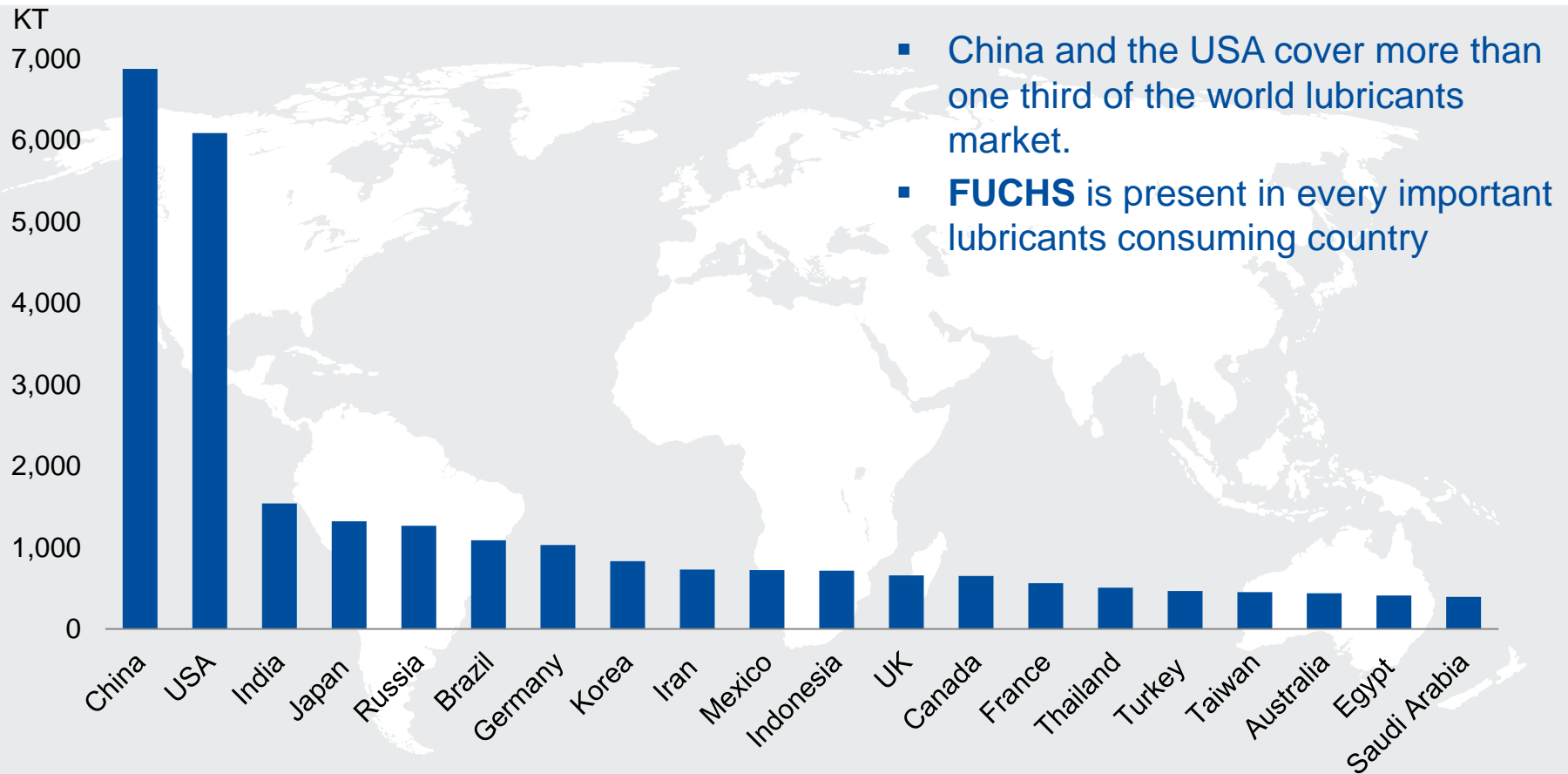
**60** companies  
worldwide

A full range  
of over

**10,000**  
lubricants and  
related specialties

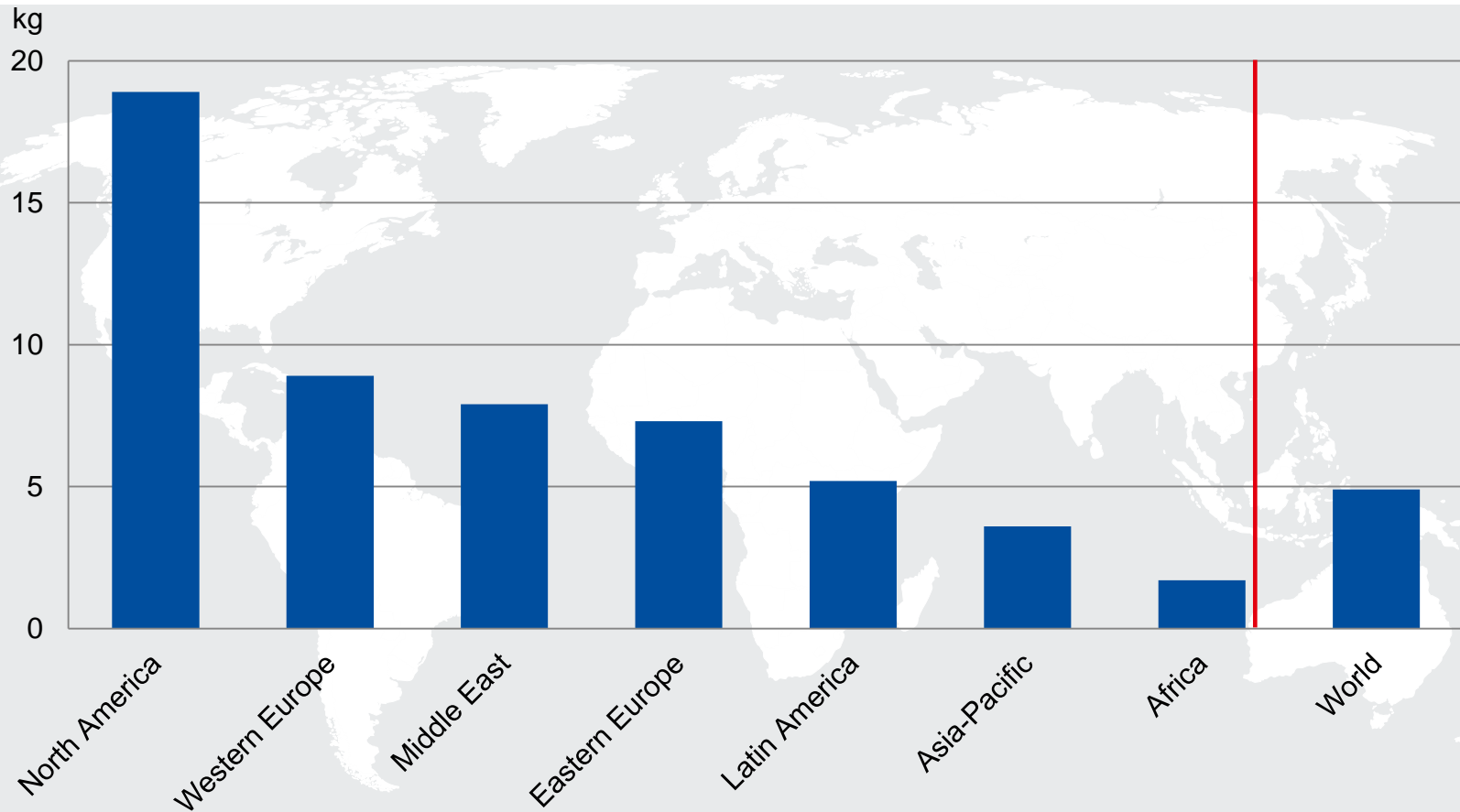
# The Leading Independent Lubricants Company

## Top 20 lubricant countries 2015



# The Leading Independent Lubricants Company

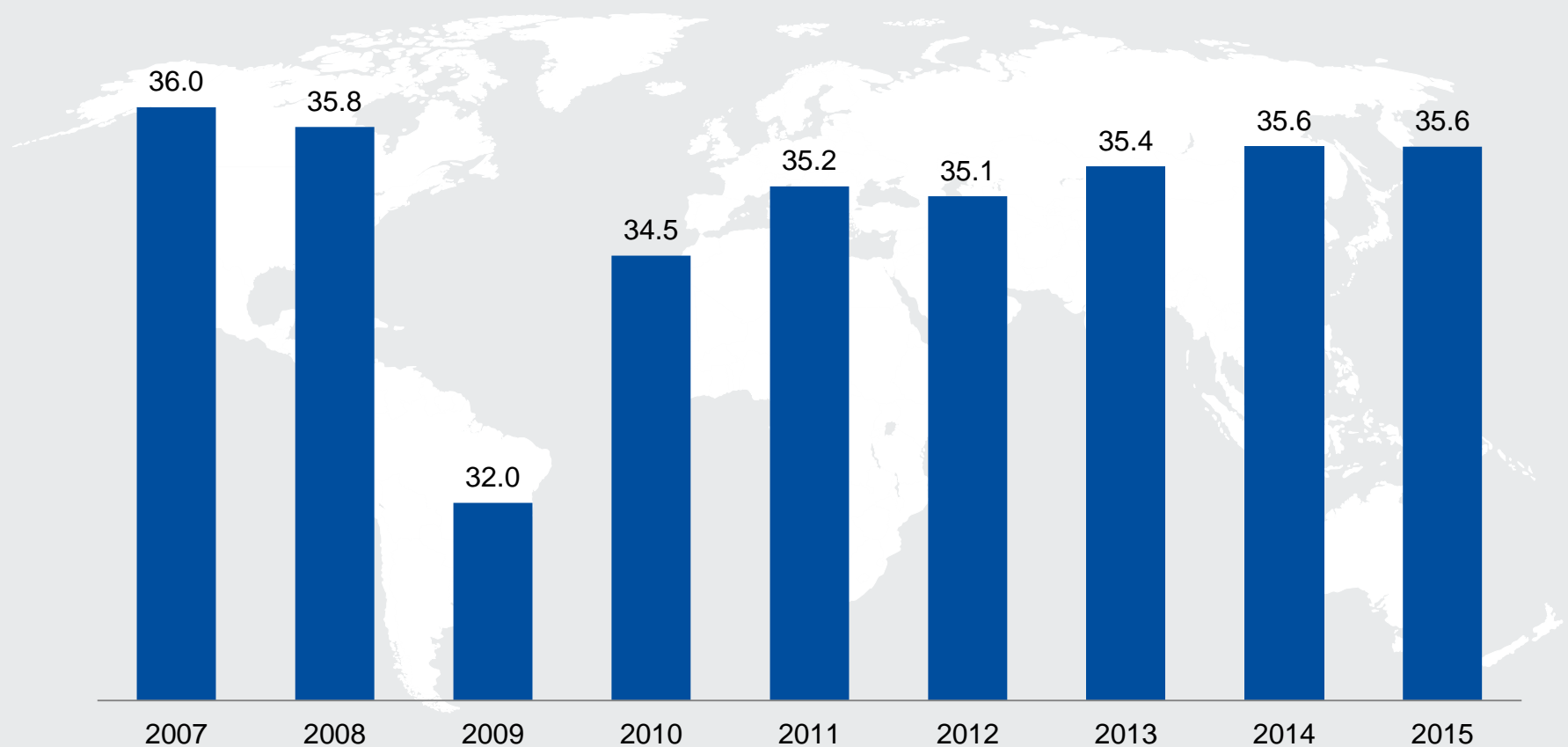
## Regional per-capita lubricants demand 2015



# The Leading Independent Lubricants Company

## Development global lubricants demand

mn t





# The Leading Independent Lubricants Company

## Business Modell



- FUCHS is fully focussed on lubricants (advantage over major oil companies)
- Technology, innovation and specialisation leadership in strategically important product areas
- Independence allows customer and market proximity, responsiveness, speed and flexibility (advantage over major oil companies)
- FUCHS is a full-line supplier (advantage over most independent companies)
- Global presence (advantage over most independent companies)

# The Leading Independent Lubricants Company

Long-term objective: Focus on Shareholder Value

## Drive returns

- Organic growth through strict customer focus, geographic expansion and product innovation
- Improve operating profitability through margin and mix management, operating cost management and efficiency improvements

## Optimize capital

- Capex with returns above WACC
- Manage NOWC

## Strengthen portfolio

- Reinvest in the business
- Acquisitions

# Unique Track Record

## Highlights FY 2015

**Revenues +11%  
to over €2 bn**

- Europe up 10% to €1.23 bn
- Asia-Pacific, Africa up 13% to €583 mn
- Americas up 12% to €353 mn

**EBIT**

**+9%**

to €342 mn

**+7%**

higher dividend

**2**

acquisitions were completed:  
Pentosin & Statoil

# Unique Track Record

FUCHS met all key targets for 2015

Sales	Forecast 2015	2015	
Organic Growth	Turnover similar to or slightly above the previous year	0.3%	✓
External Growth	In a mid single-digit percentage range	6.0%	✓
Total Growth	Around the 10% mark	11.4%	✓
EBIT	Increase in a mid to high single-digit percentage range	9.3%	✓
FVA	Increase in a low single-digit percentage range	7.2%	✓
Free cash flow before acquisitions	> €150 mn	€232 mn	✓

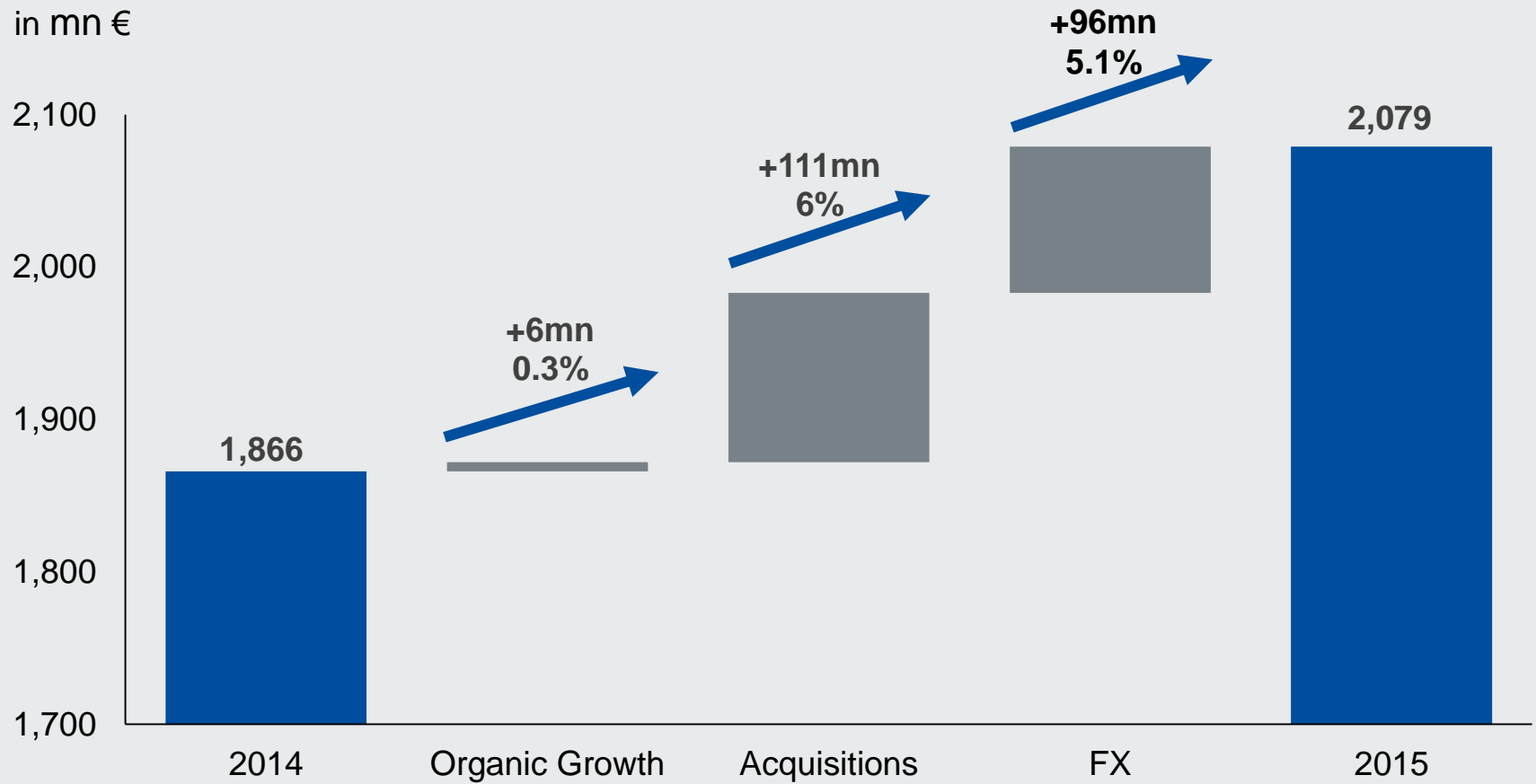
# Unique Track Record

EBIT increase of more than 9%

€ mn	2014	2015	Δ Mio. €	Δ in %
Sales	1.866	2.079	213	11.4
Gross Profit	693	791	98	14.2
<i>Margin</i>	37.2%	38.1%		+0.9% points
Selling, admin., R&D expenses, others	-400	-467	-67	16.6
<b>EBIT before at Equity</b>	<b>293</b>	<b>324</b>	<b>31</b>	<b>10.9</b>
At Equity	20	18	-2	-12.7
<b>EBIT</b>	<b>313</b>	<b>342</b>	<b>29</b>	<b>9.3</b>
Earnings after tax	220	236	16	7.4

# Unique Track Record - FUCHS Group Sales

Increase by 11.4 %

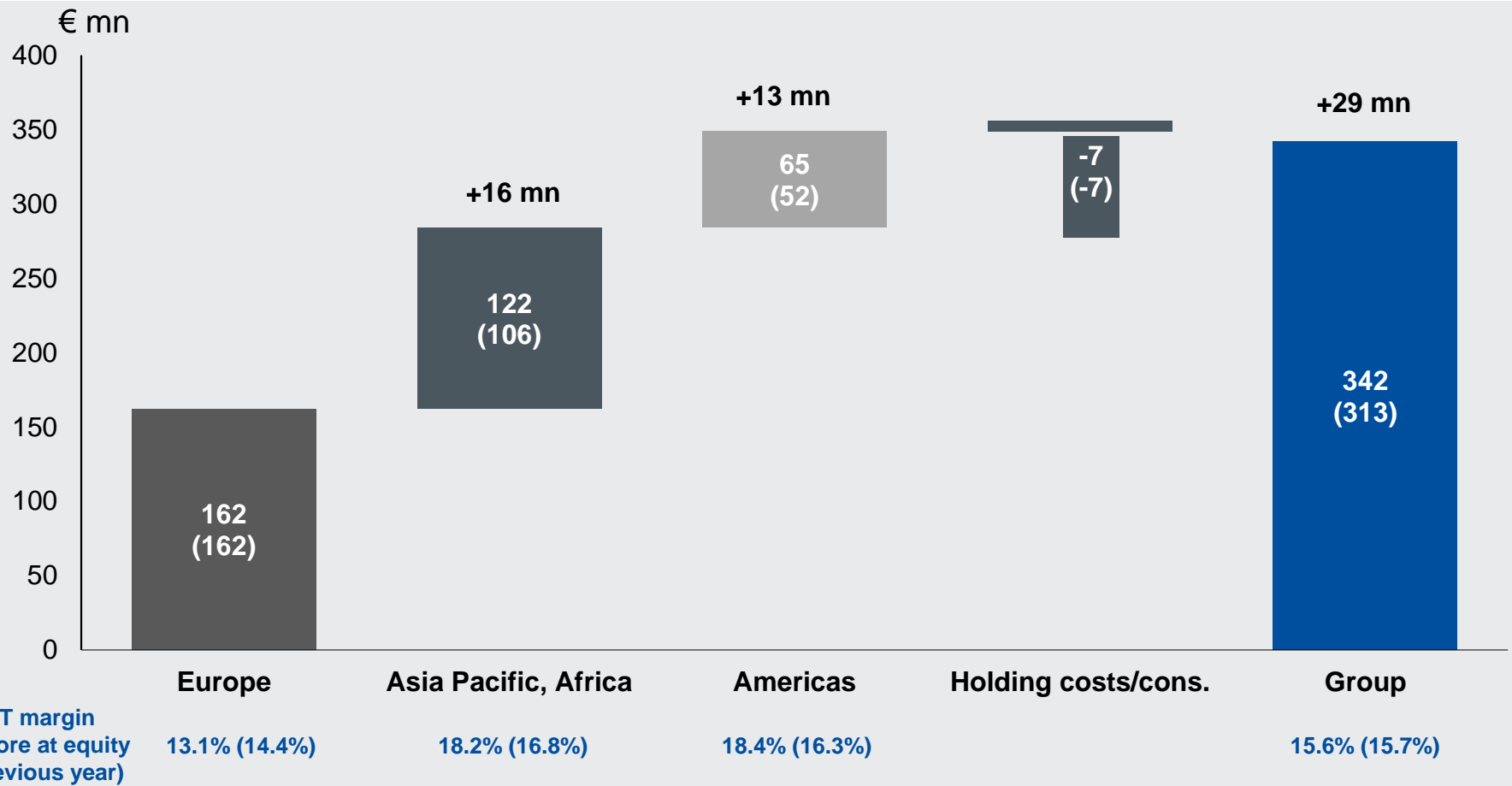


# Unique Track Record - Regional Sales 2015

	2014 (€ mn)	2015 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	1,113	1,227	+10.3%	+1.5%	+9%	-0.2%
Asia-Pacific, Africa	517	583	+12.9%	+0.5%	+2.2%	+10.2%
Americas	316	353	+11.6%	-4.1%	+1.4%	+14.3%

# Unique Track Record - FUCHS Group EBIT

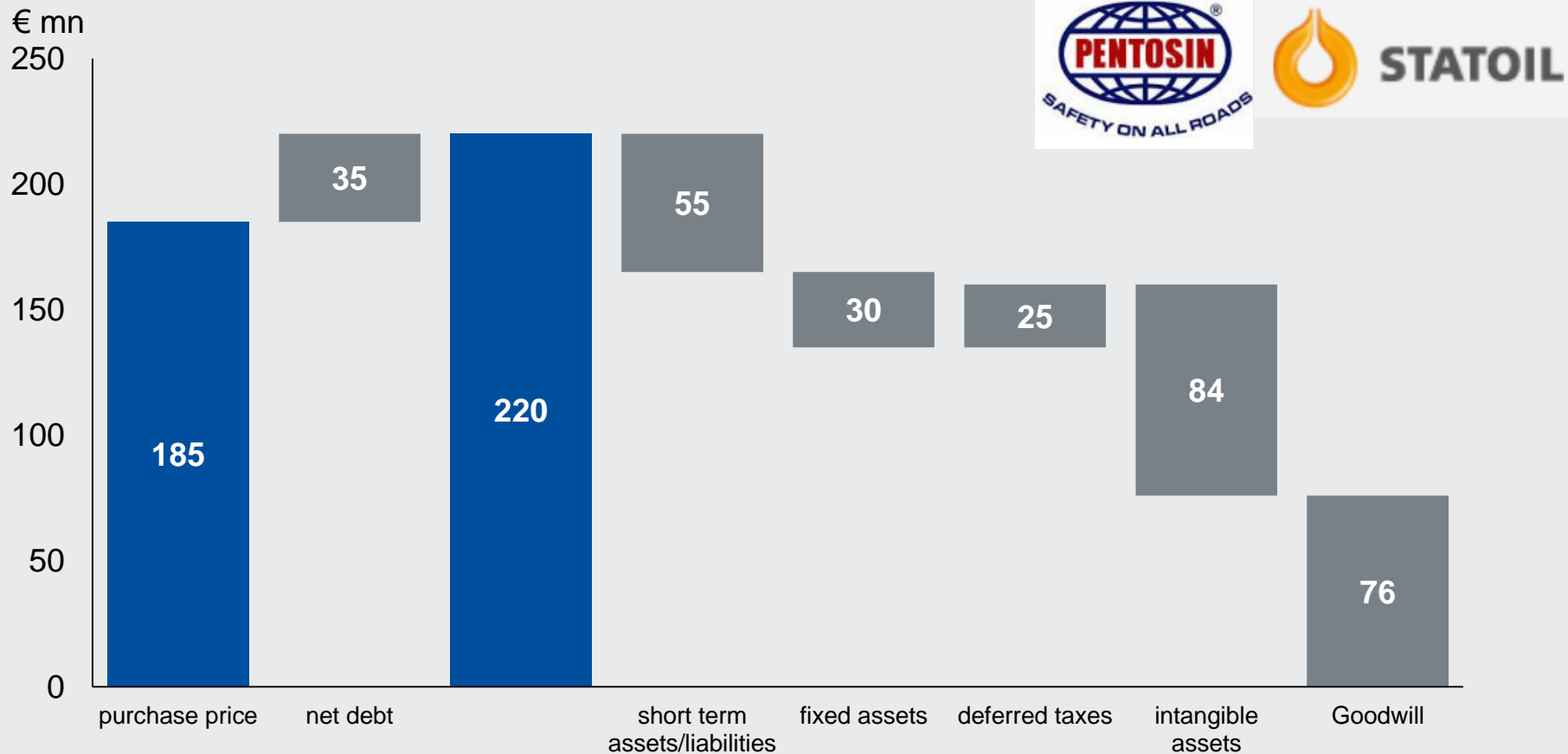
## 2015 (EBIT 2014)





# Unique Track Record - Acquisitions 2015

## Purchase Price Allocation



## Unique Track Record - R&D 2015

415

engineers and  
scientists in R&D worldwide

Over **600**  
R&D projects

**39**

€ mn  
R&D spending

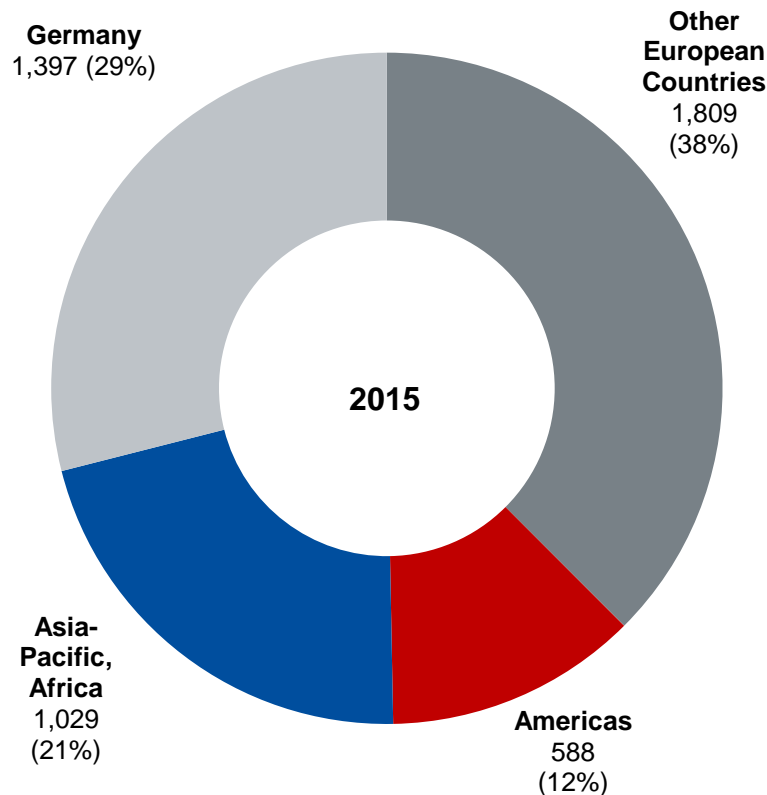
**24**

laboratory locations in 21 countries

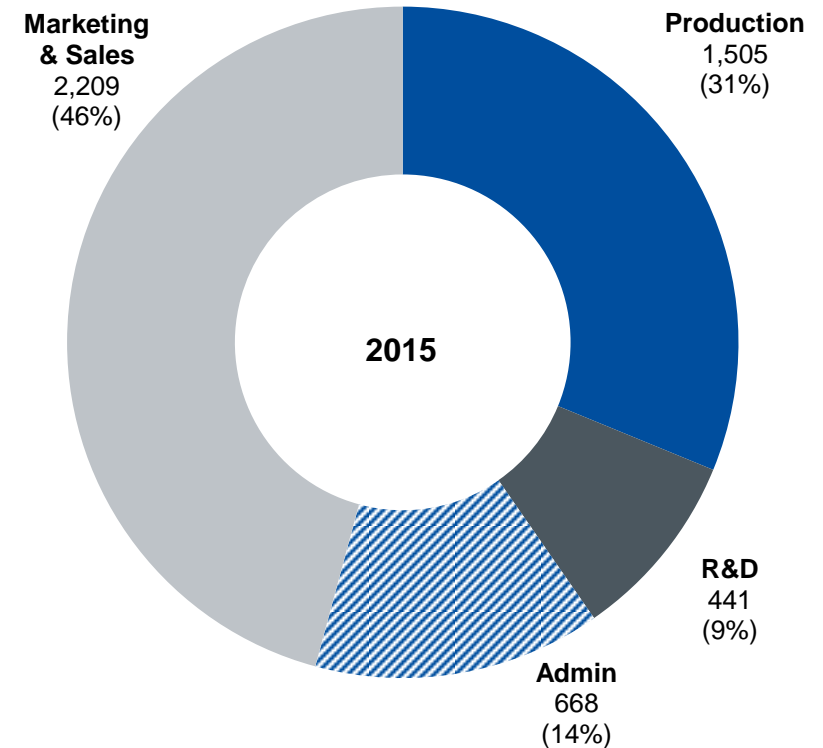
# Unique Track Record - Workforce Structure

4.823 employees globally

## Regional Workforce Structure



## Functional Workforce Structure

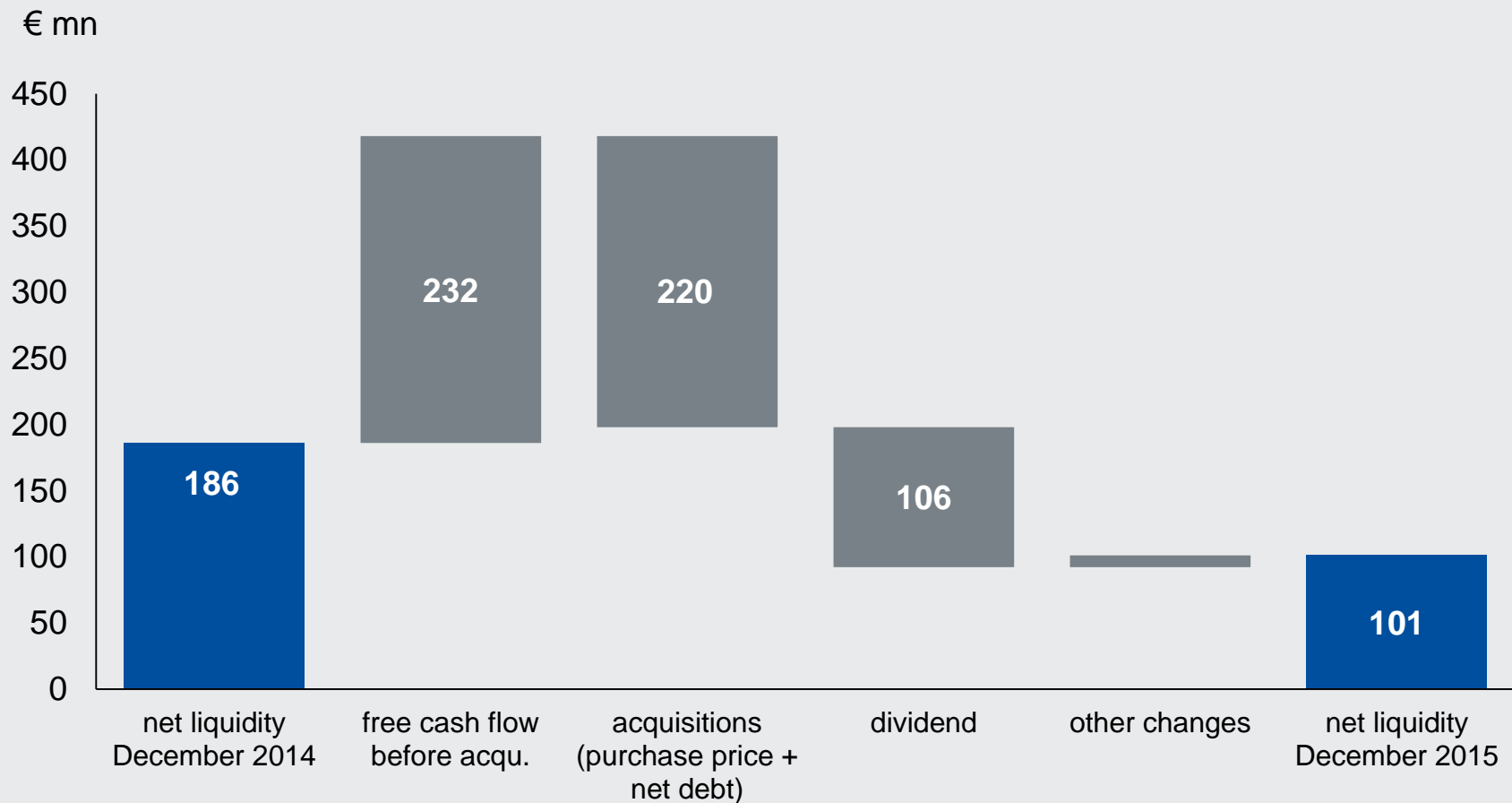


# Unique Track Record

Acquisitions fully financed by operating cash flow

mn €	2014	2015
<b>Gross cash flow</b>	<b>258</b>	<b>274</b>
Changes in net operating working capital	-14	0
Other changes	11	7
<b>Operating cash flow</b>	<b>255</b>	<b>281</b>
Capex	-52	-50
Other changes	7	1
<b>Free cash flow before acquisitions</b>	<b>210</b>	<b>232</b>
Acquisitions	-22	-170
<b>Free cash flow</b>	<b>188</b>	<b>62</b>

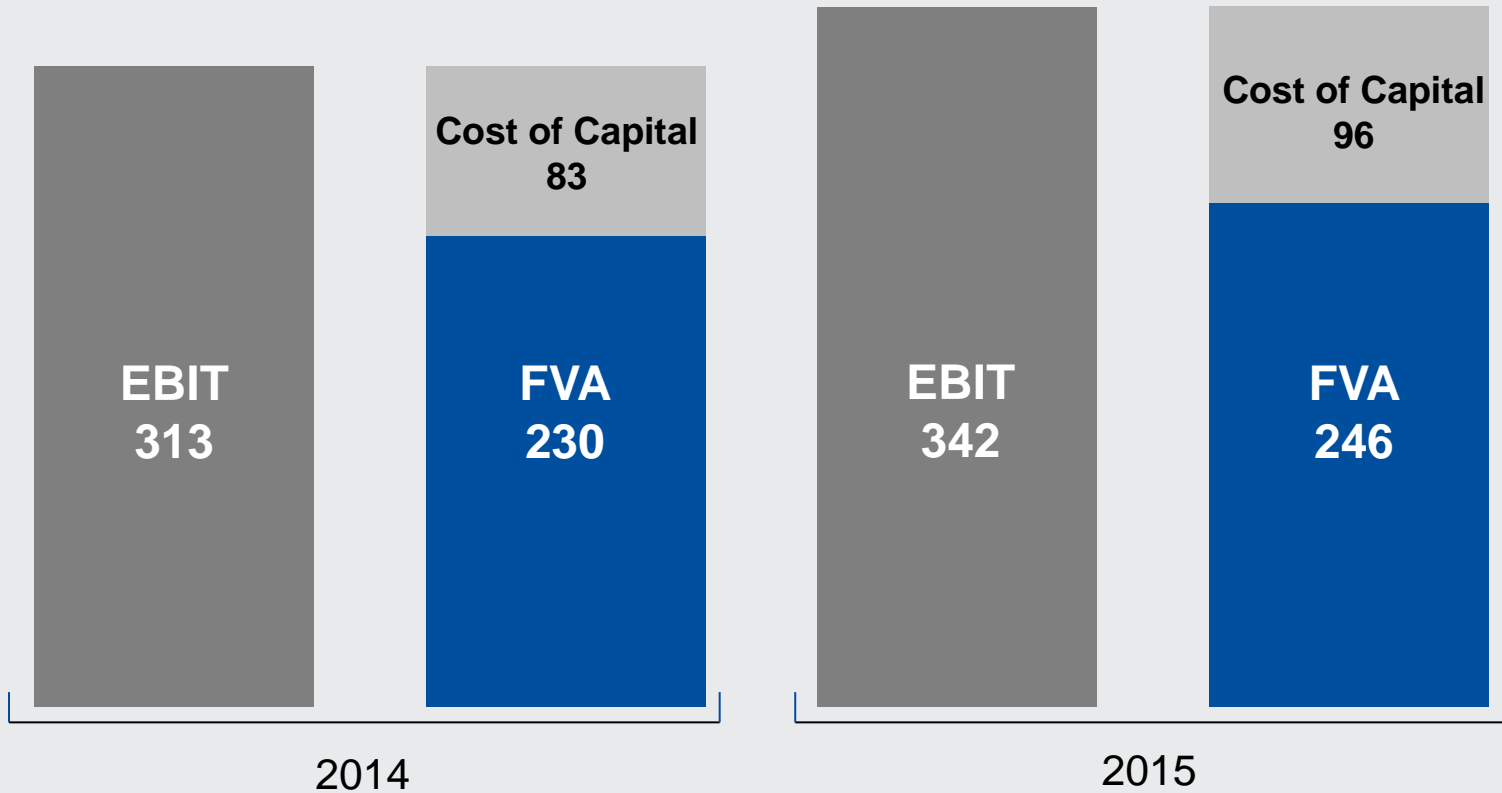
# Unique Track Record - Net Liquidity



# Unique Track Record - FUCHS Value Added

Increase by 7.2%

€ mn



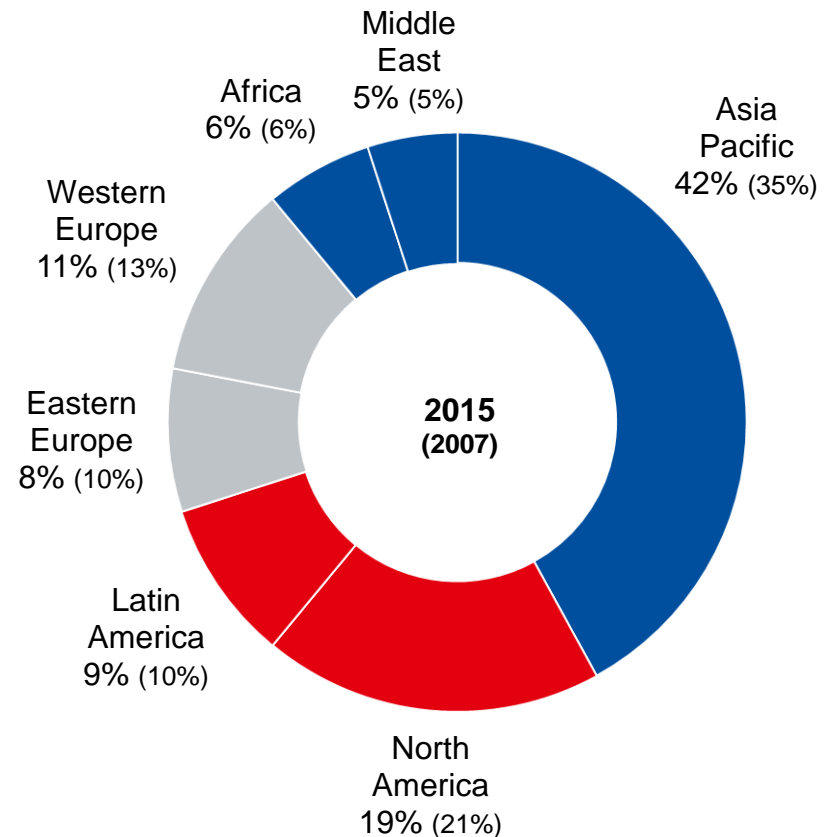
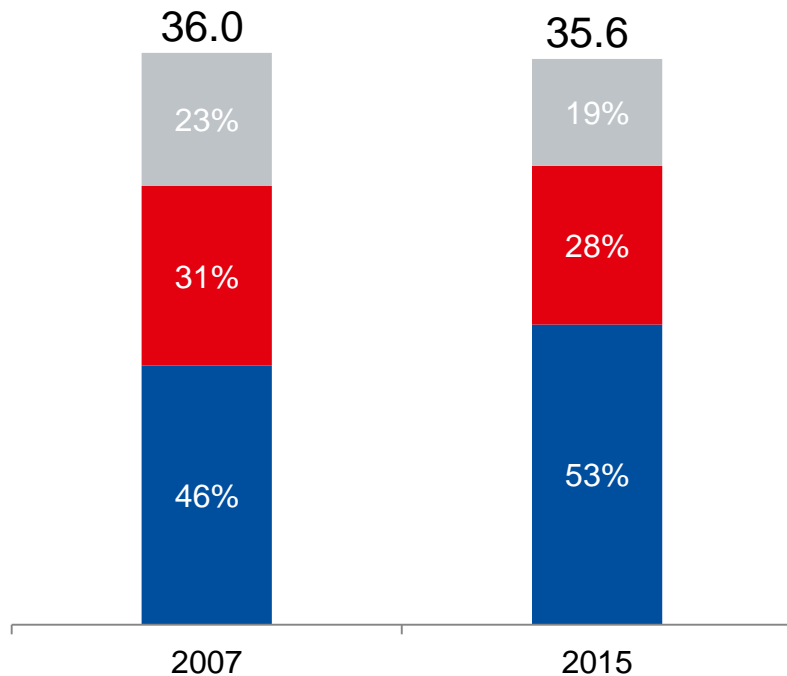
Cost of Capital = CE (2014: €833 mn; 2015: €960 mn) x WACC (10%)

# Growth Initiative

## Development of regional lubricants demand

### Demand (Million Tons)

■ Asia-Pacific & MEA ■ Americas ■ Europe



# Growth Initiative - Acquisitions 2015

## PENTOSIN

### Acquisition



July 1st, 2015

**2** legal entities

around **200**  
new colleagues

**2** plants in Wedel  
and Dormagen,  
Germany

**Low**  
complexity

**€ 135 mn**  
Sales revenues  
**€ 112.3 mn**  
Purchase Price

**OEM,  
Technology  
focus**



# Growth Initiative - Acquisitions 2015

## STATOIL Acquisition



Oct. 1st, 2016

**8** legal entities

around **500**  
new colleagues

**1**  
blending plant (rented)  
in Nynäshamn, Sweden

Product Portfolio of  
**750** products

**€ 140 mn**  
Sales revenues  
**€ 72.5 mn**  
Purchase Price

**Market  
leader**  
in Scandinavia

# Growth Initiative - Acquisition 2016

Strategic deal



<b>Deal Structure</b>	FUCHS acquires lubricants business from CHEVRON (Asset Deal) €11 mn in sales p.a.; 85 % in North America
<b>Focus</b>	White Oils and Food Machinery Lubricants
<b>Closing</b>	1 <sup>st</sup> June 2016

# FUCHS Management - The Executive Board



**Stefan Fuchs:** CEO, Americas, HR, PR



**Dr. Lutz Lindemann:** R&D, Technical, Supply Chain, Sustainability, OEM, Mining



**Dr. Timo Reister:** Asia-Pacific / Africa



**Dr. Ralph Rheinboldt:** Europe, LUBRITECH, SAP/ERP Systems



**Dagmar Steinert:** CFO, Finance, Tax, IR, Legal, Compliance, IT

# Executive Compensation

Changes as of 2015

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## Executive Board

# 25%

of variable compensation

must be invested in FUCHS PETROLUB SE preference shares with a 3 year lock-up period

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## Supervisory Board

# 50%

of variable compensation

must be invested in FUCHS PETROLUB SE preference shares with a lock-up period of 5 years. The vesting period is waived when the member leaves the Supervisory Board

- 
- Individual mandatory notices were published (Director's Dealings)

# FUCHS PETROLUB SE

## Investor Relations

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### Financial Calendar

February 19, 2016	Preliminary Numbers 2015
March 22, 2016	Full Year Results 2015
April 29, 2016	Q1 Results
May 4, 2016	Annual General Meeting
August 1, 2016	H1 Results
September 8, 2016	Capital Market Day
November 3, 2016	Q3 Results

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### Contact

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