

# FUCHS GROUP

## Setting Standards - Worldwide

| Roadshow Presentation November 2016

| Dagmar Steinert, CFO

| Thomas Altmann, Investor Relations



# Agenda

**01 | The Leading Independent Lubricants Company**

**02 | Q1-3 2016**

**03 | Shares**

**04 | Appendix**

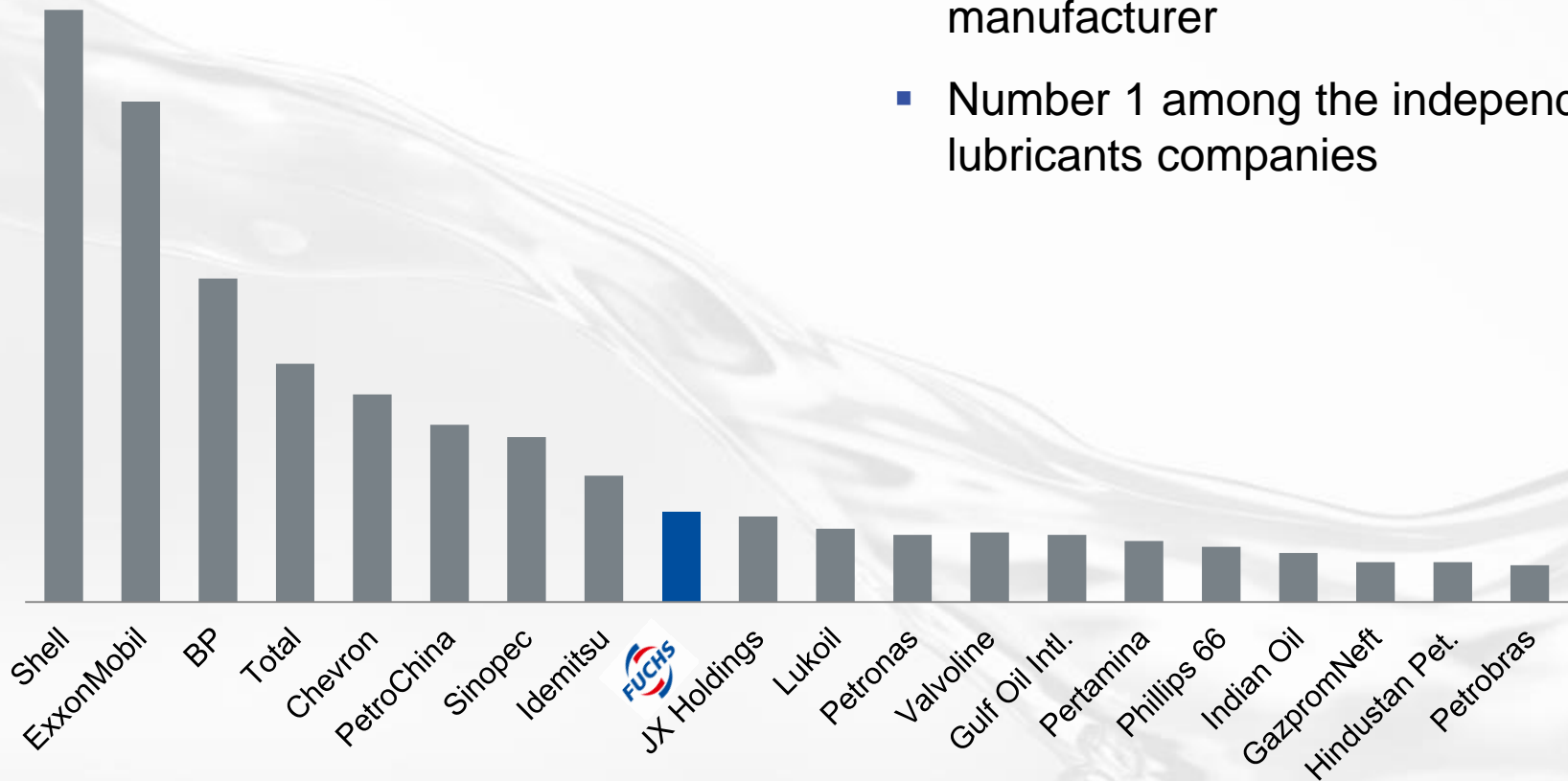
# 01 The Leading Independent Lubricants Company



# Top 20 lubricants manufacturers 2015

(by volume)

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



# Our business model

## Technology, innovation and specialisation leadership in strategically important product areas

- FUCHS is fully focussed on lubricants
- Independency allows customer and market proximity, responsiveness, speed and flexibility



**Advantage over  
major oil companies**

- FUCHS is a full-line supplier
- Global presence



**Advantage over  
independent companies**

# Our mission statement reflects the business model

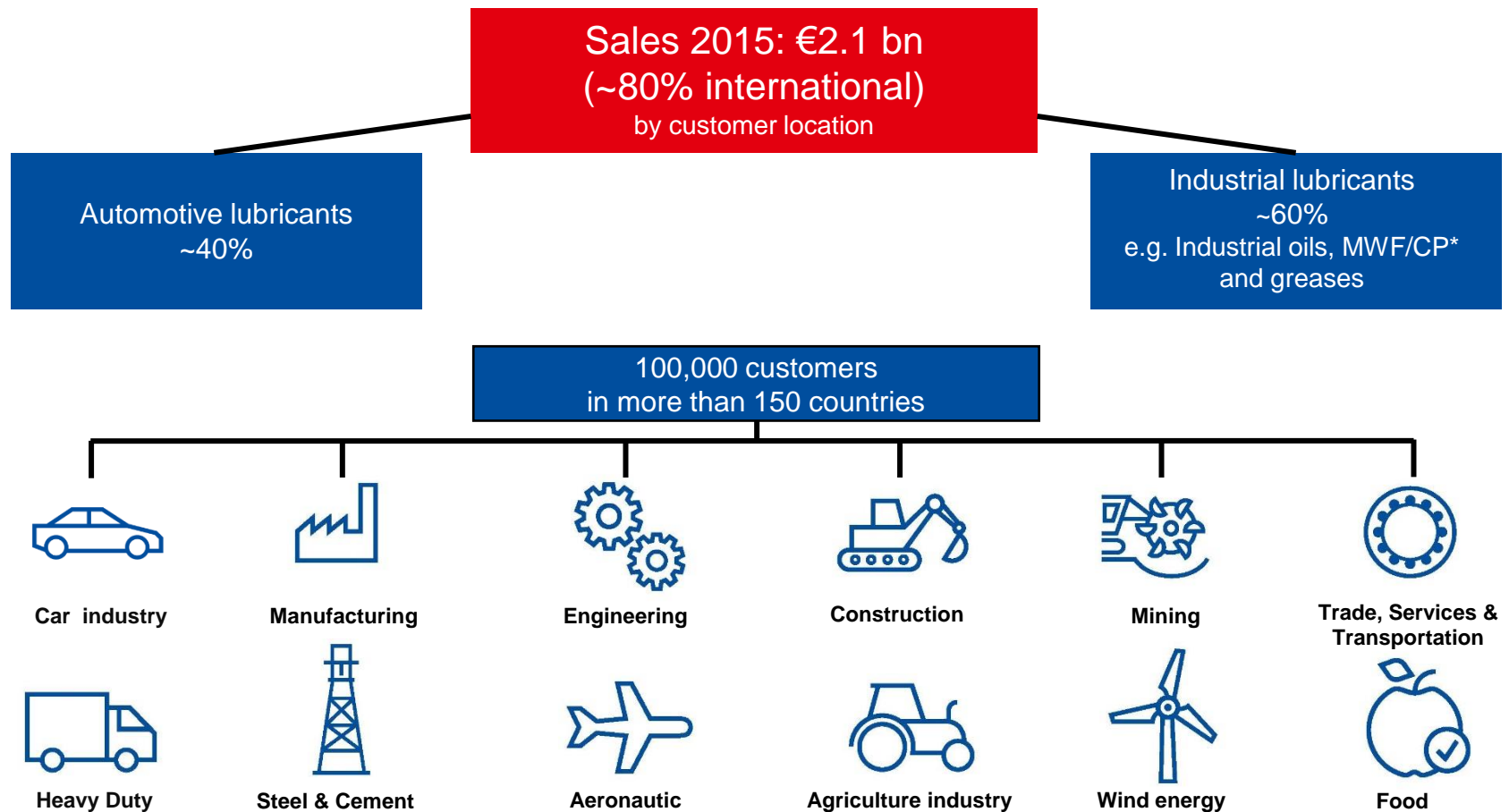
The background of the slide is a photograph of a laboratory setting. It shows several glass beakers and bottles containing yellowish liquids, with a metal rod stirring one of the beakers. The scene is slightly out of focus, emphasizing the text overlay.

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

# We are where our customers are



# Full-line supplier advantage

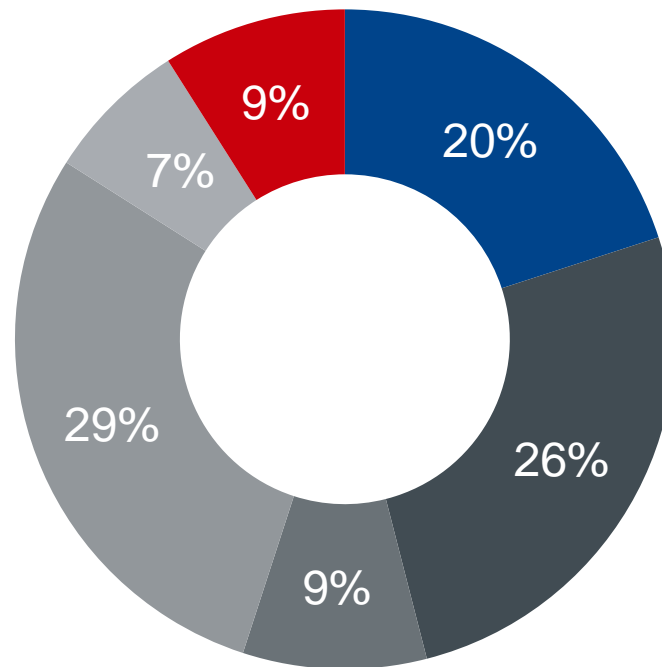


\*metalworking fluids/corrosion preventives



# Well balanced customer structure

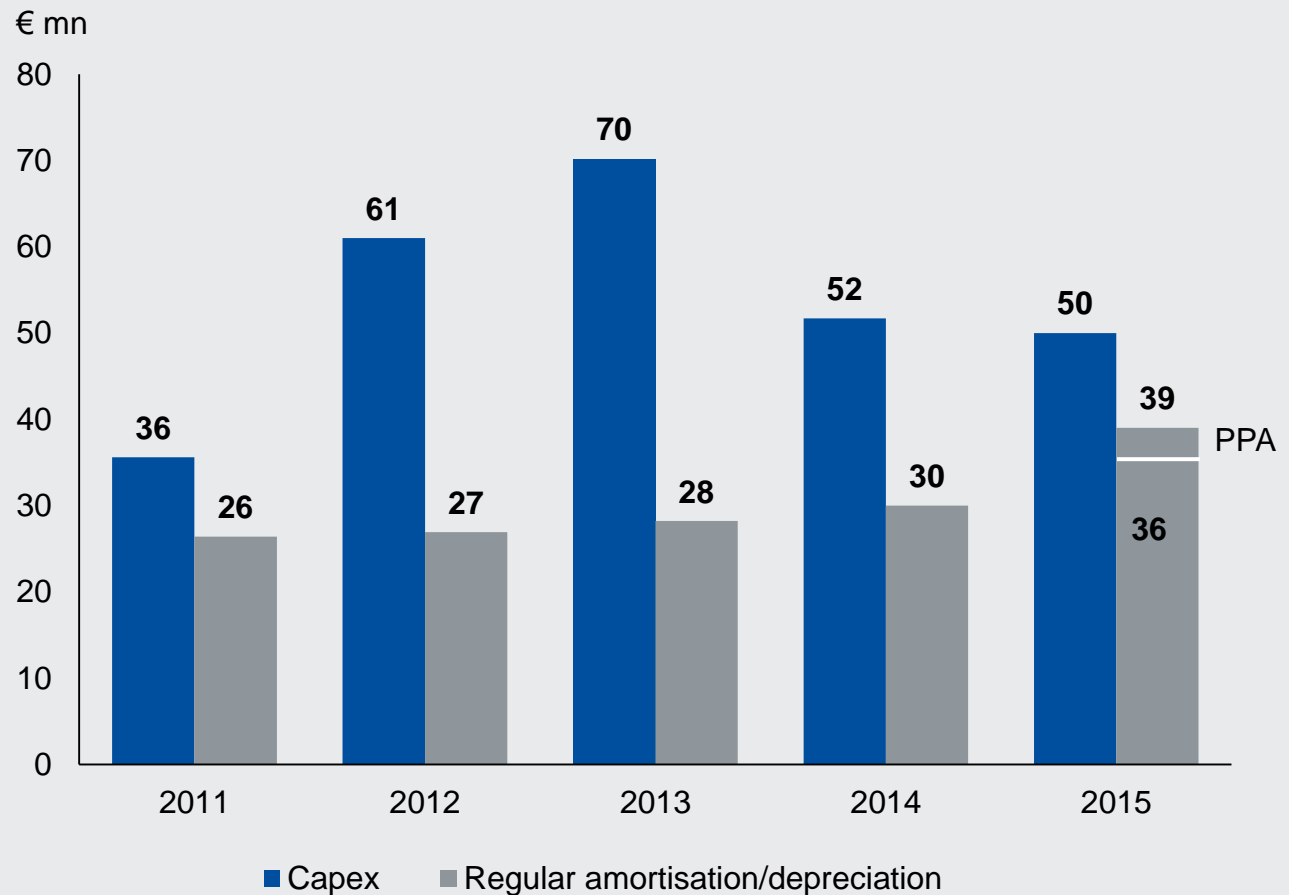
## FUCHS sales revenues 2015: €2.1 bn



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

## Investment focus on...

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



# 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

# Acquisitions

		Revenues (p.a.)
2016	 Ultrachem (US)	€ 15 mn
	 Chevron (US)	€ 11 mn
2015	 Statoil Fuel & Retail Lubricants AB (SVE)	€140 mn
	 Deutsche Pentosin-Werke GmbH (GER)	€135 mn
2014	 Lubritene (ZA)	€ 15 mn
	 Batoyle (UK)	€ 15 mn
2010	 Cassida (global)	€ 21 mn

**02** Q1-3 2016



# Highlights Q1-3 2016

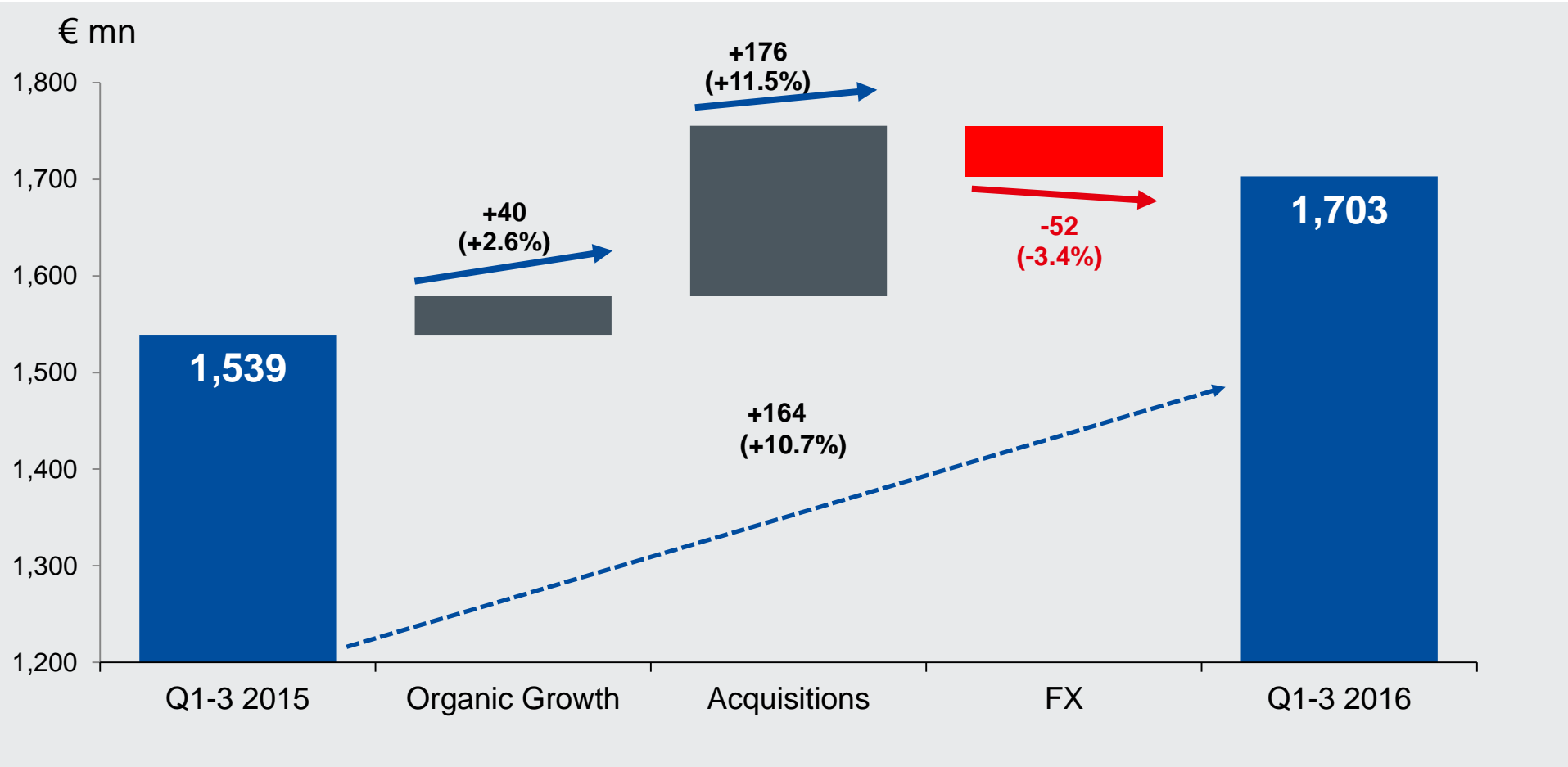
**Revenues +11%  
to €1,703 mn**

- Europe €1,080 mn
- Asia-Pacific, Africa €451 mn
- Americas €260 mn

**EBIT + 6%**  
to €276 mn

**Outlook 2016  
reaffirmed**

# Q1-3 2016 Group Sales



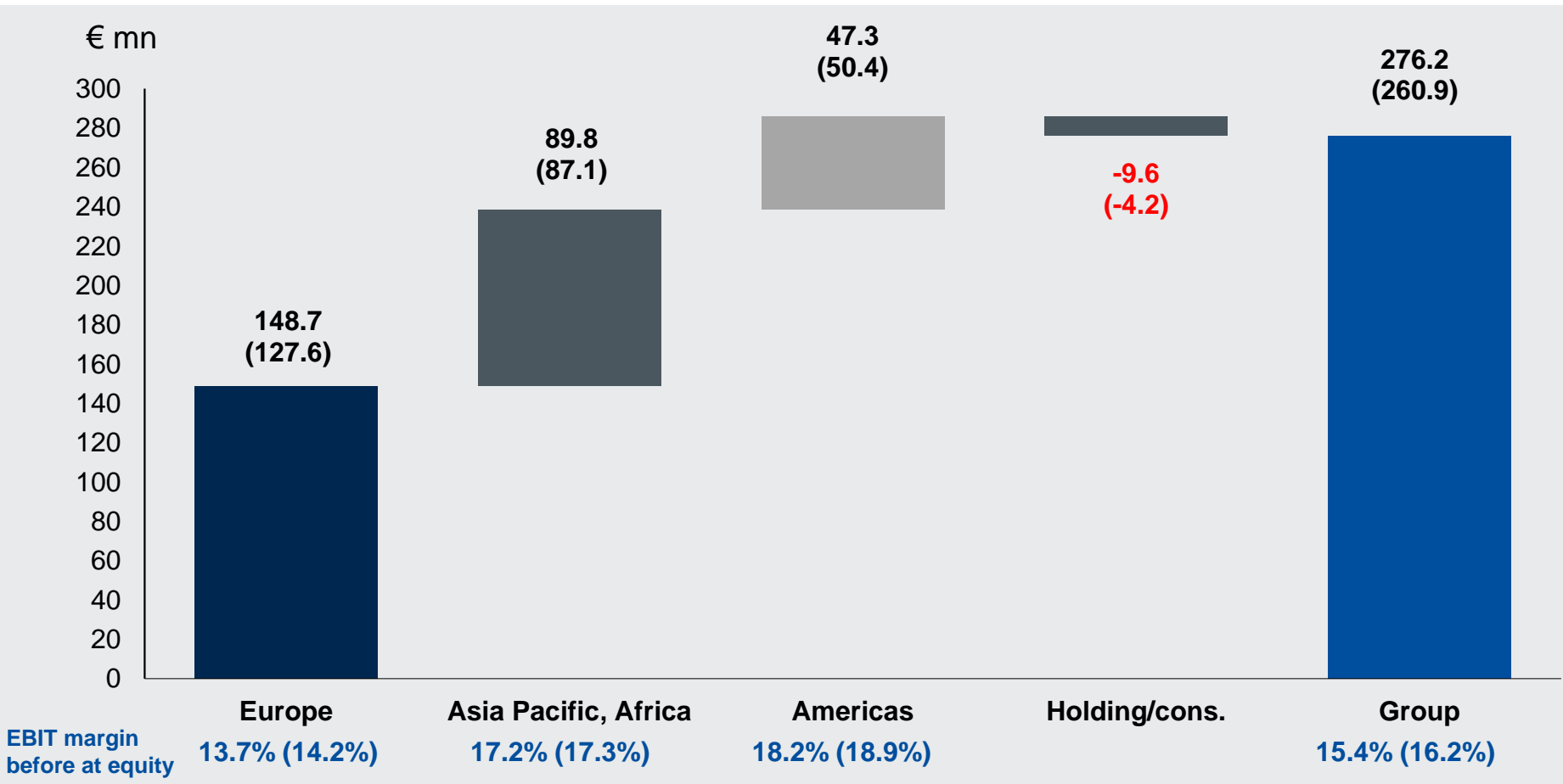
# Organic growth in Europe & Asia Pacific, Africa

	Q1-3'15 (€ mn)	Q1-3'16 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	893	1,080	+21.0%	+3.8%	+19.2%	-2.0%
Asia-Pacific, Africa	443	451	1.7%	+5.1%	+2.6%	-6.0%
Americas	267	260	-2.6%	-1.9%	+2.5%	-3.2%
Consolidation	-64	-88	-	-	-	-
<b>Total</b>	<b>1,539</b>	<b>1,703</b>	<b>+10.7%</b>	<b>+2.6%</b>	<b>+11.5%</b>	<b>-3.4%</b>



# EBIT by regions

## Q1-3 2016 (Q1-3 2015)



# Income Statement Q1-3 2016

€ mn	Q1-3'15	Q1-3'16	Δ Mio. €	Δ in %
Sales	1,539	1,703	164	10.7%
Gross Profit	591	641	50	8.5%
<i>Margin</i>	38.4%	37.7%		
Selling, admin., R&D expenses, others	-342	-378	-36	10.9%
<b>EBIT before at Equity</b>	<b>249</b>	<b>263</b>	<b>14</b>	<b>5.3%</b>
At Equity	12	13	1	
<b>EBIT</b>	<b>261</b>	<b>276</b>	<b>15</b>	<b>5.9%</b>
Earnings after tax	181	192	11	5.9%

# Free cash flow

mn €	Q1-3 2015	Q1-3 2016
<b>Earnings after tax</b>	<b>181</b>	<b>192</b>
Amortisation/Depreciation	28	35
Changes in net operating working capital (NOWC)	-34	-45
Other changes	-3	17
Capex	-29	-54
<b>Free cash flow before acquisitions</b>	<b>143</b>	<b>145</b>
Acquisitions	-110	-20
<b>Free cash flow</b>	<b>33</b>	<b>126</b>

# Outlook 2016 reaffirmed

Performance indicators	Actual 2015	Outlook 2016
<b>Sales</b>	<b>€2,079 mn</b>	
Total Growth	+11.4%	7% to 8%
Organic Growth	+0.3%	At the top end of 7% - 11%
External Growth (Acquisitions 2015)	+6.0%	
Currency	+5.1%	Negative Effect
<b>EBIT</b>	<b>€342 mn</b>	4% to 6%
<b>FVA</b>	<b>€246 mn</b>	Slightly above the previous year
<b>Free cash flow before acquisitions</b>	<b>€232 mn</b>	In the upper range of €170 mn to €200 mn

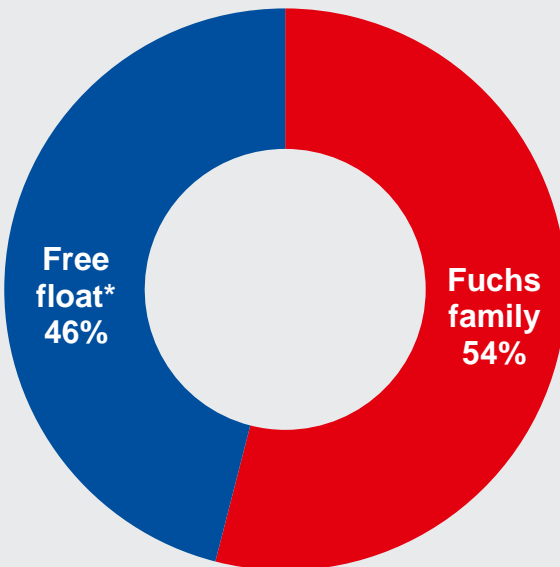
## 03 Shares



# Breakdown ordinary & preference shares

(September 2016)

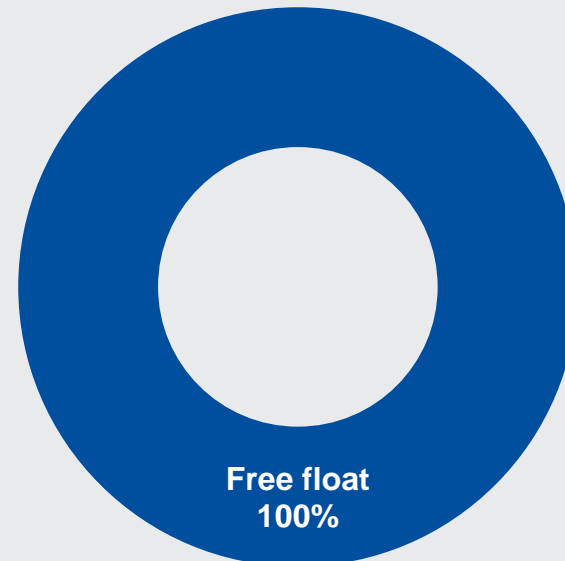
## Ordinary shares



Basis: 69,500,000 ordinary shares

## Preference shares

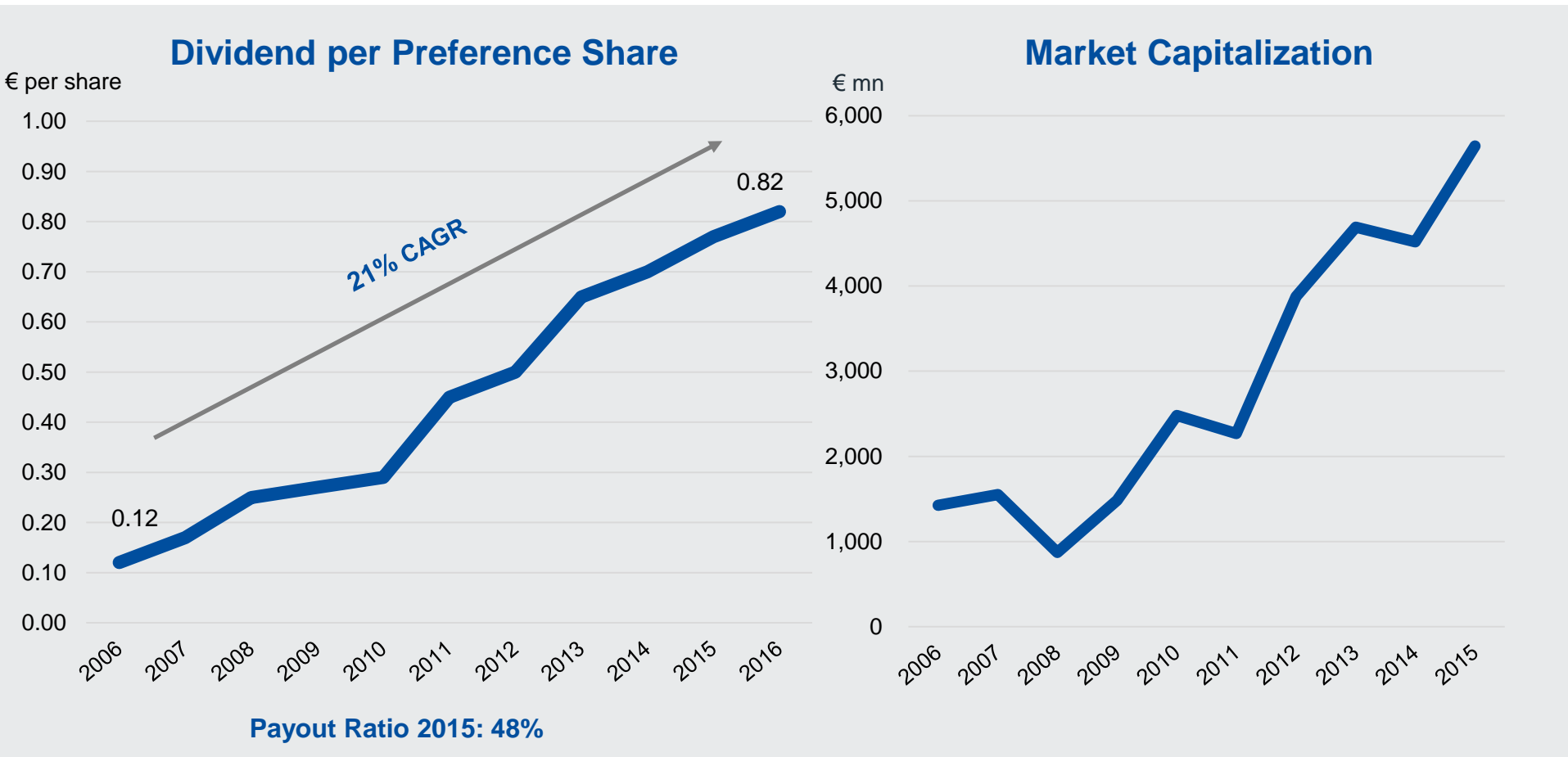
MDAX-listed



Basis: 69,500,000 preference shares

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

# Continuous dividends since IPO (1985)



---

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.



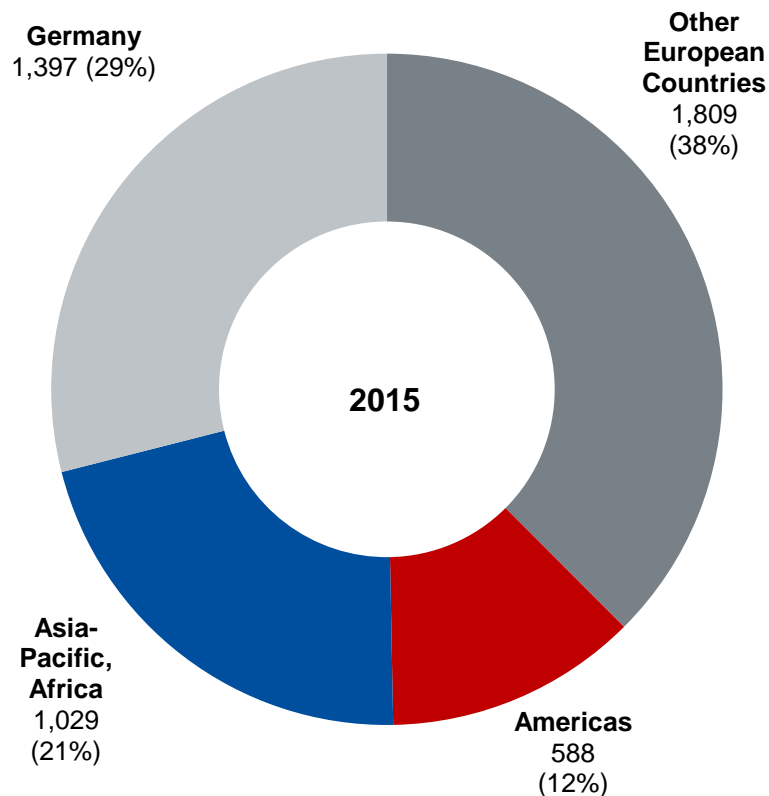
## 04 Appendix



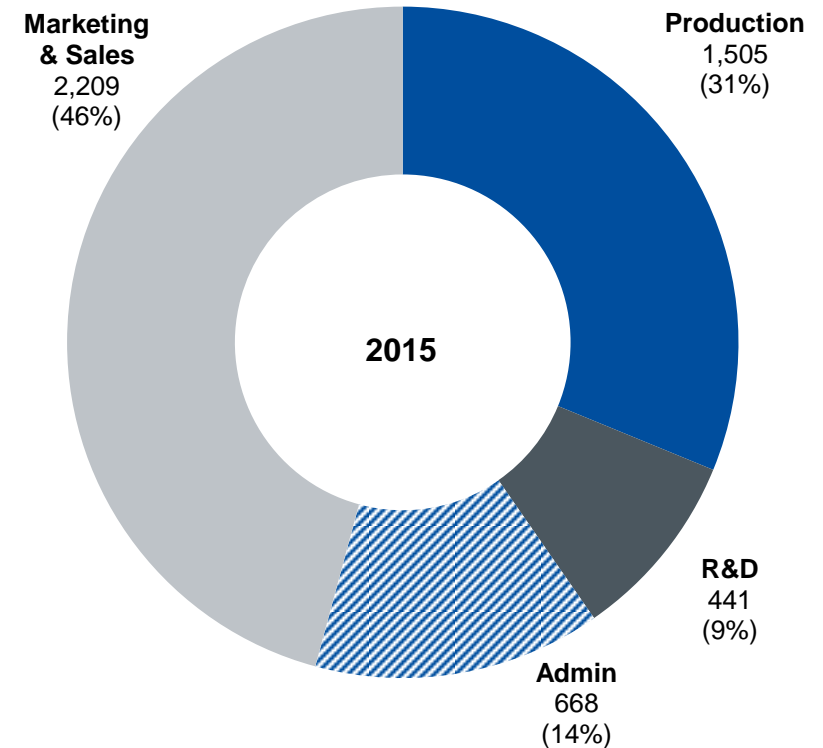
# Workforce Structure

4,823 employees globally

## Regional Workforce Structure



## Functional Workforce Structure



# 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

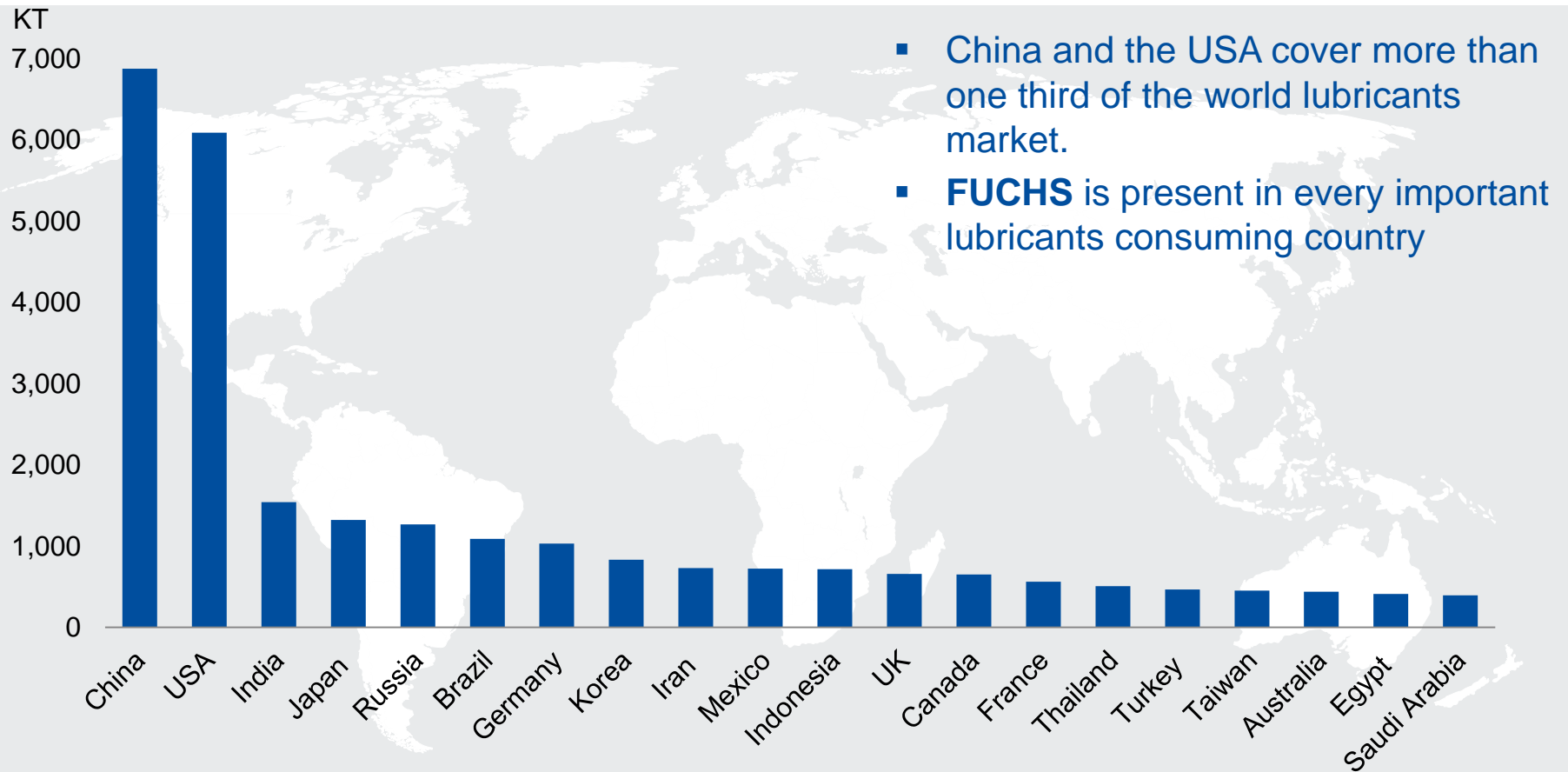
## Optimize capital

- Capex with returns above WACC
- Manage NOWC

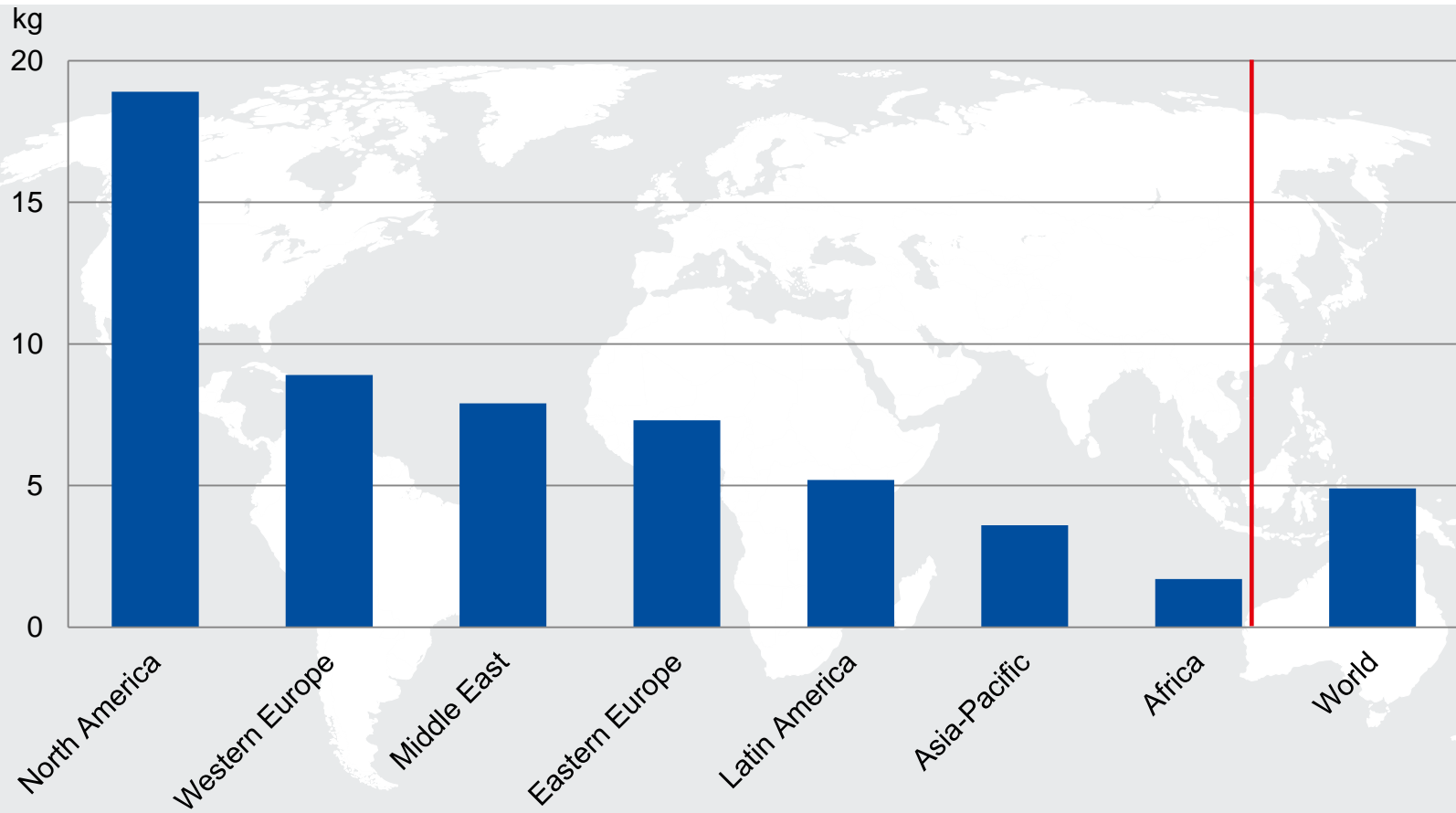
## Strengthen portfolio

- Reinvest in the business
- Acquisitions

# Top 20 lubricant countries 2015

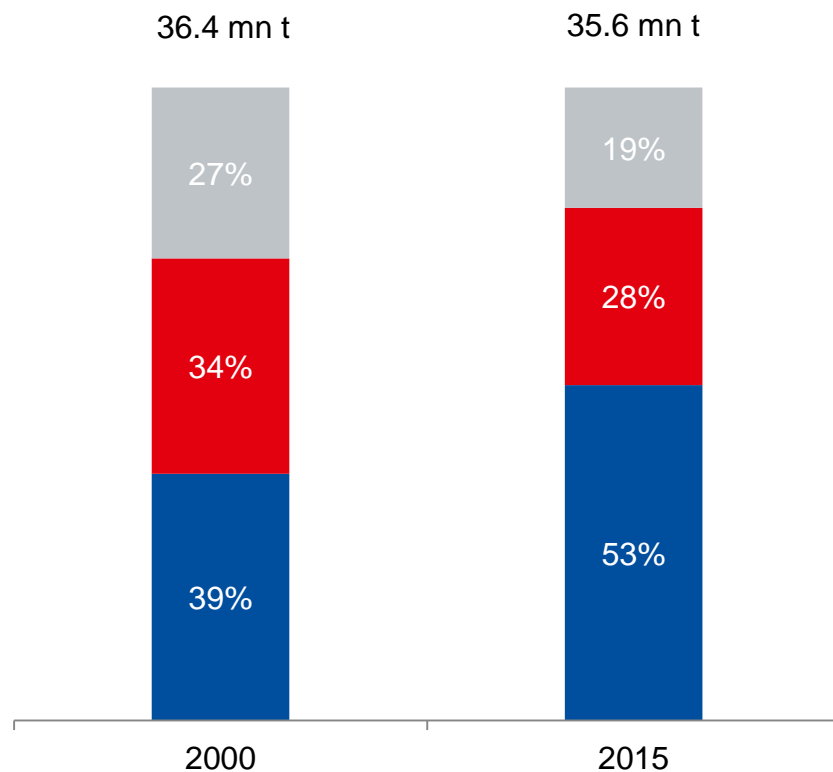


# Regional per-capita lubricants demand 2015

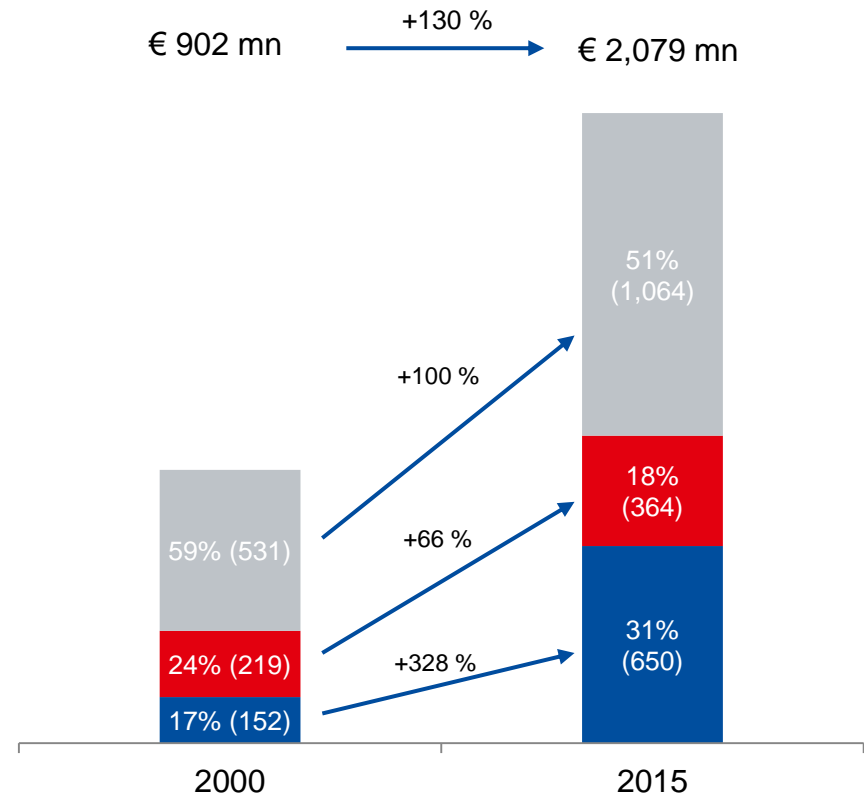


# Organic growth potential in emerging countries

## Market Demand



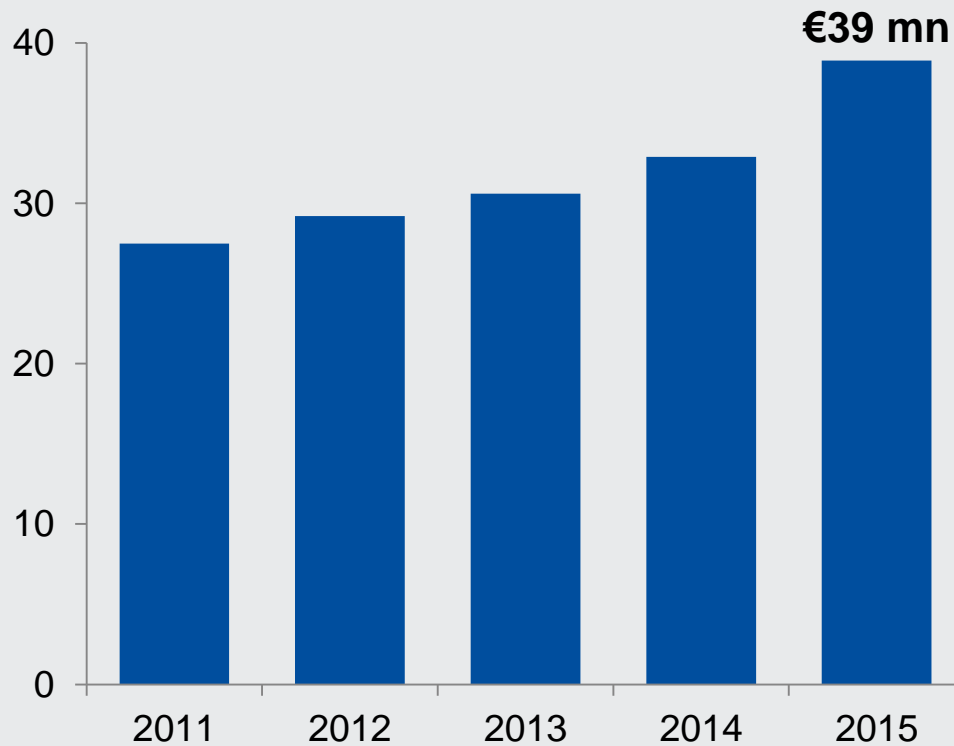
## FUCHS Sales (by customer location)



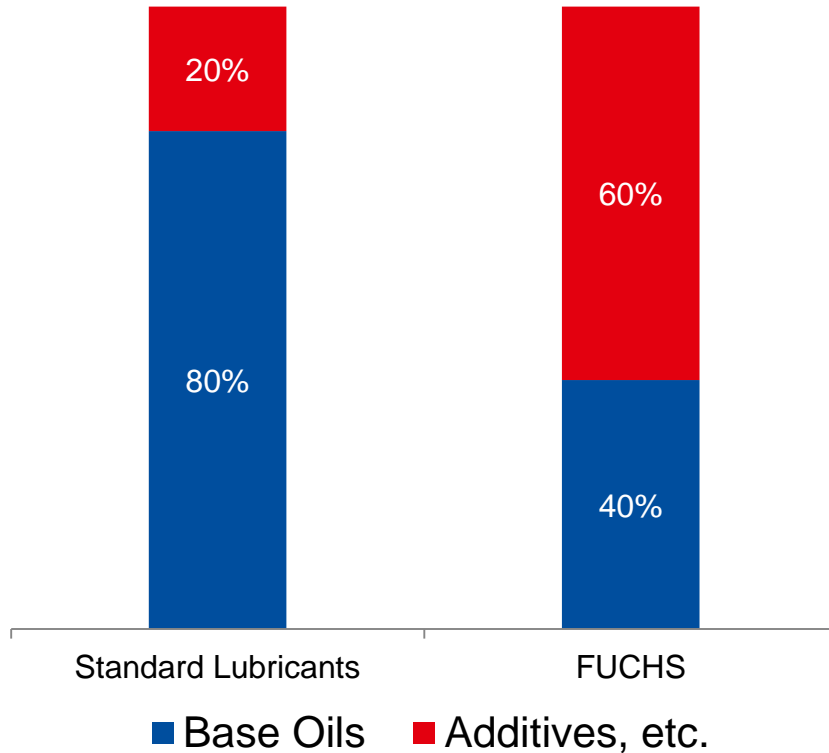
■ Asia-Pacific & MEA ■ Americas ■ Europe

# Technology & Innovation fueled by strong R&D focus

R&D expenses



# Base oil / additives value split



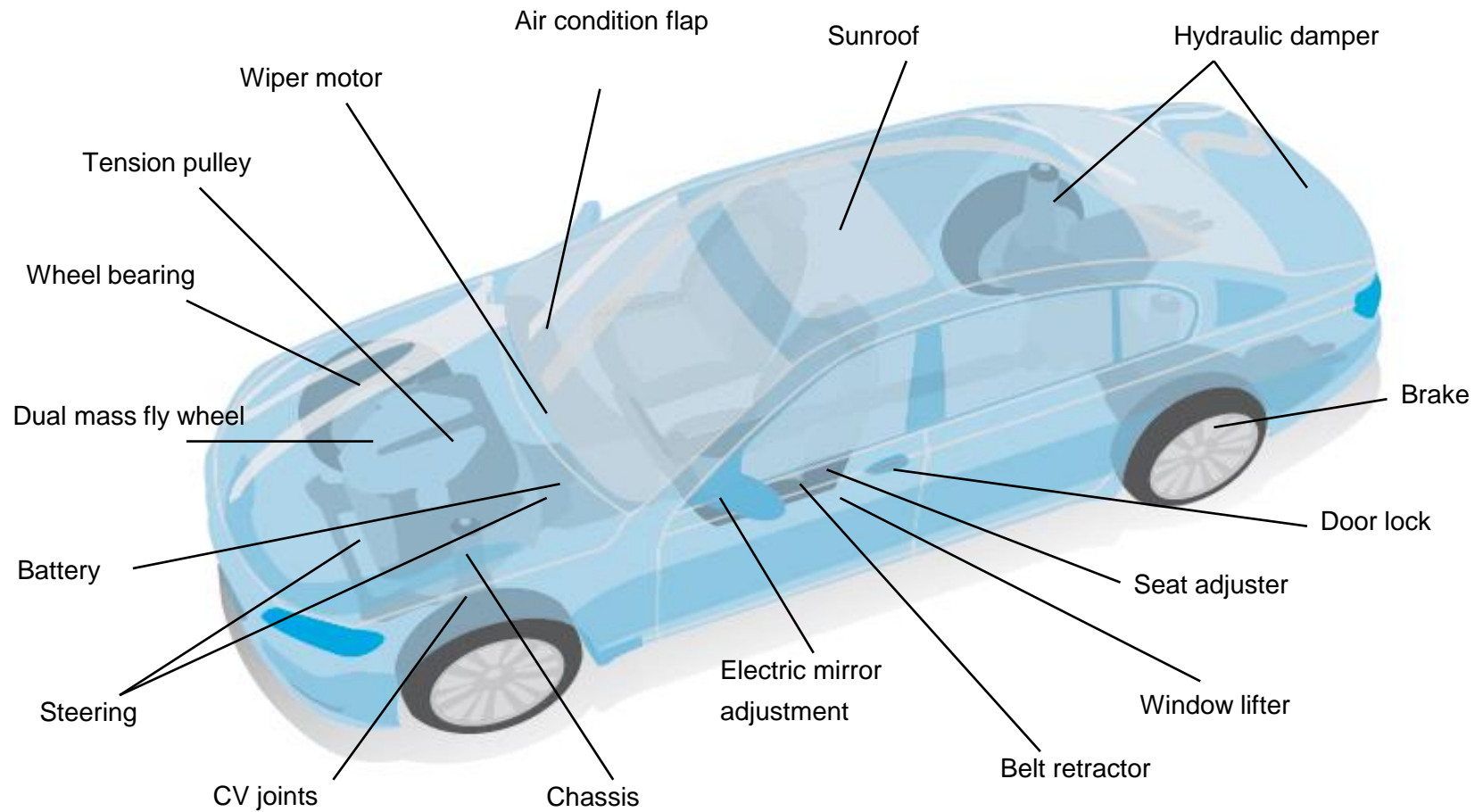
- Base oil prices do not necessarily follow crude oil prices
- No direct link between additives and crude oil prices. We even face price increases for certain raw materials where supply/demand is not balanced or special situations occur
- Special lubricants consist of less base fluid and more additives



# FUCHS' 3C Grease Commitment - Objectives

- Globally identical production equipment
- Globally identical finishing equipment
- Globally identical quality control test devices
- Globally similar raw materials
- Globally identical quality standards

# Greases in Passenger Car

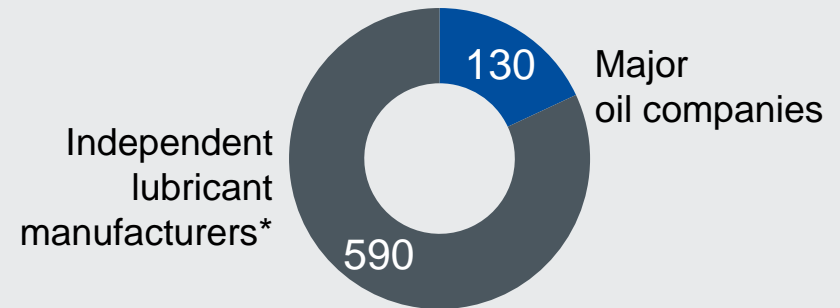


# Further market consolidation to be expected

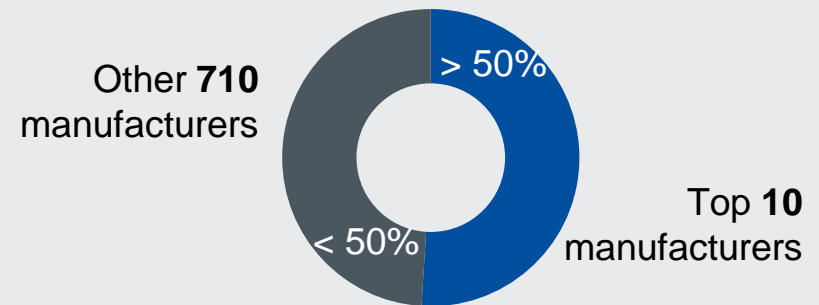
- High degree of fragmentation
- Concentration especially amongst smaller companies

- Differences are enormous

## Manufacturers



## Market Shares



\* > 1000 tons

# 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**

# 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

# Acquisitions 2016



<b>Deal Structure</b>	FUCHS acquires ULTRACHEM INC (Share Deal) Business will continue to be operated from Delaware location €15 mn in sales p.a.
<b>Focus</b>	Specialty Synthetic Lubricants for Compressor OEM and Industrial Maintenance Markets
<b>Closing</b>	<b>in Q4 2016</b>

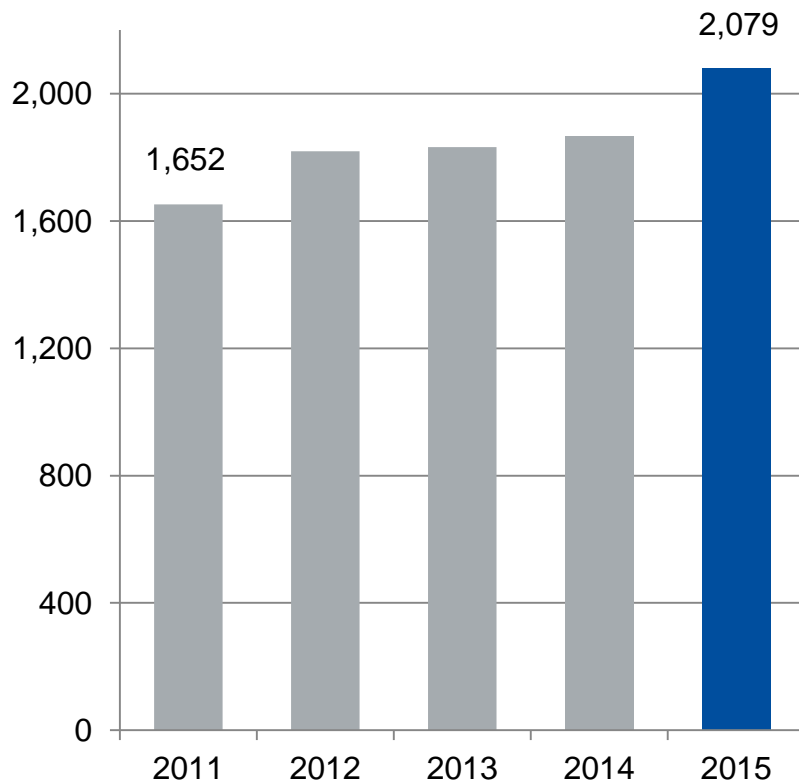


<b>Deal Structure</b>	FUCHS acquires lubricants business from CHEVRON (Asset Deal) €11 mn in sales p.a.; 85 % in North America
<b>Focus</b>	White Oils and Food Machinery Lubricants
<b>Closing</b>	<b>1<sup>st</sup> June 2016</b>

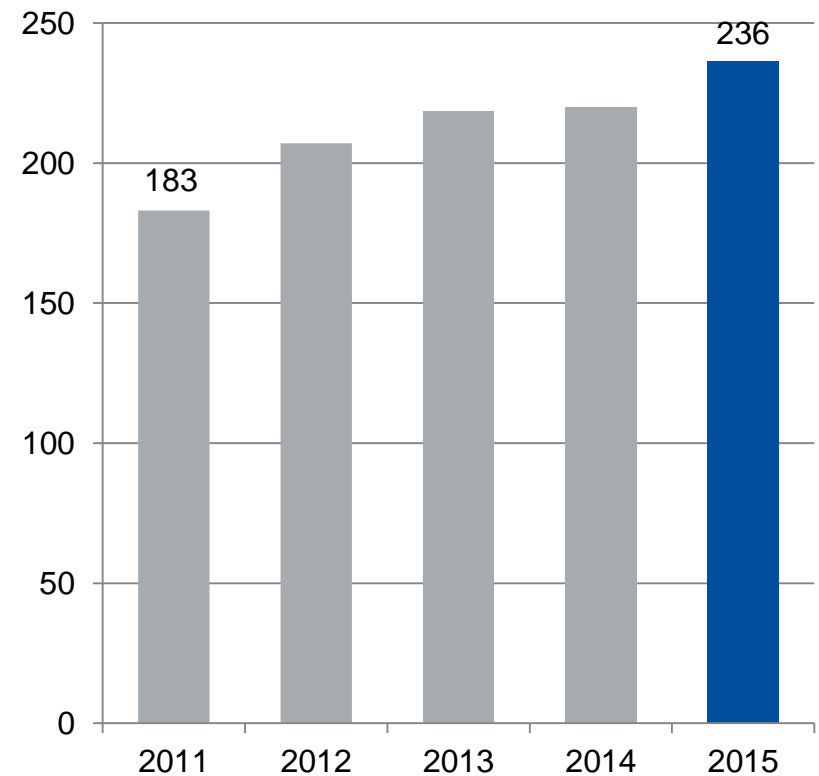
# Unique Track Record for continued profitable growth

€ mn

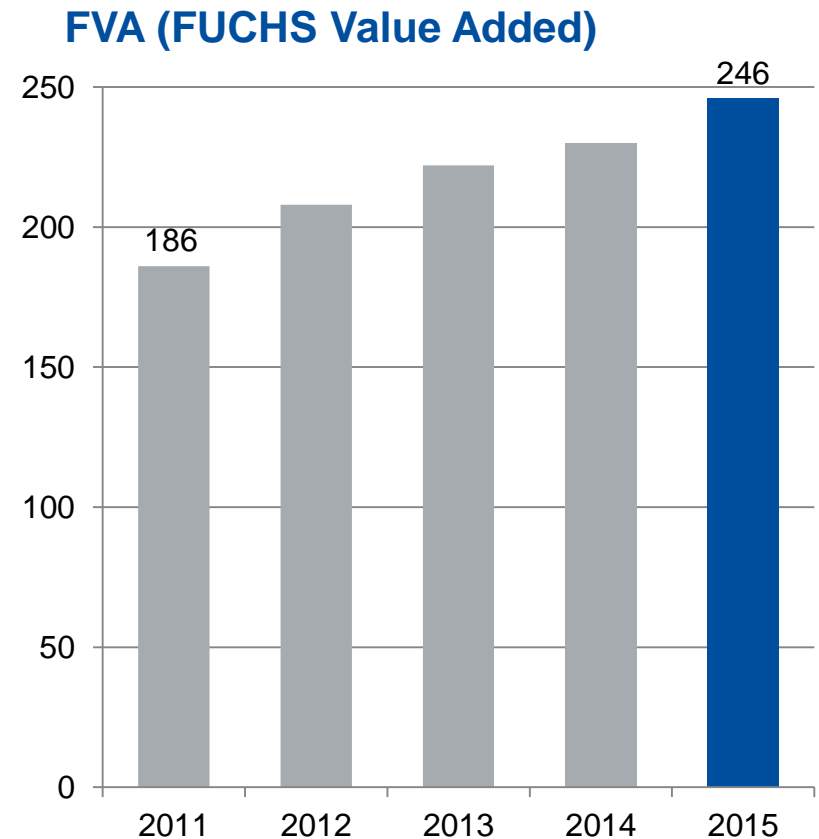
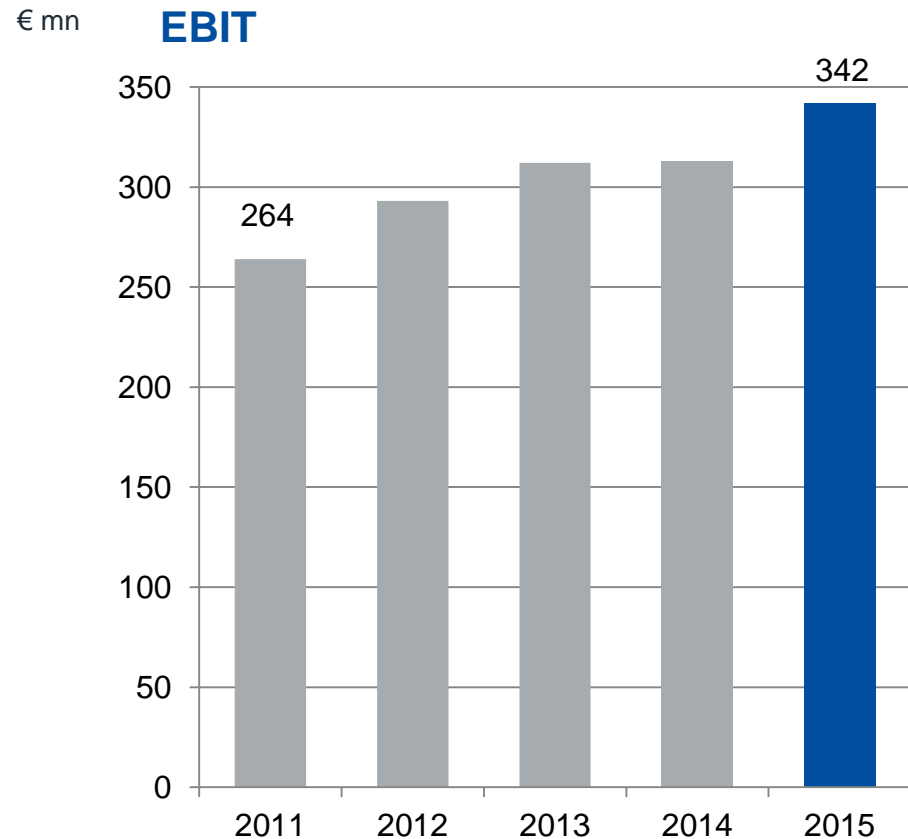
## Sales



## Earnings After Tax



# Unique Track Record for continued profitability and added value





# 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

# 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

# EBIT increase of more than 9% in 2015

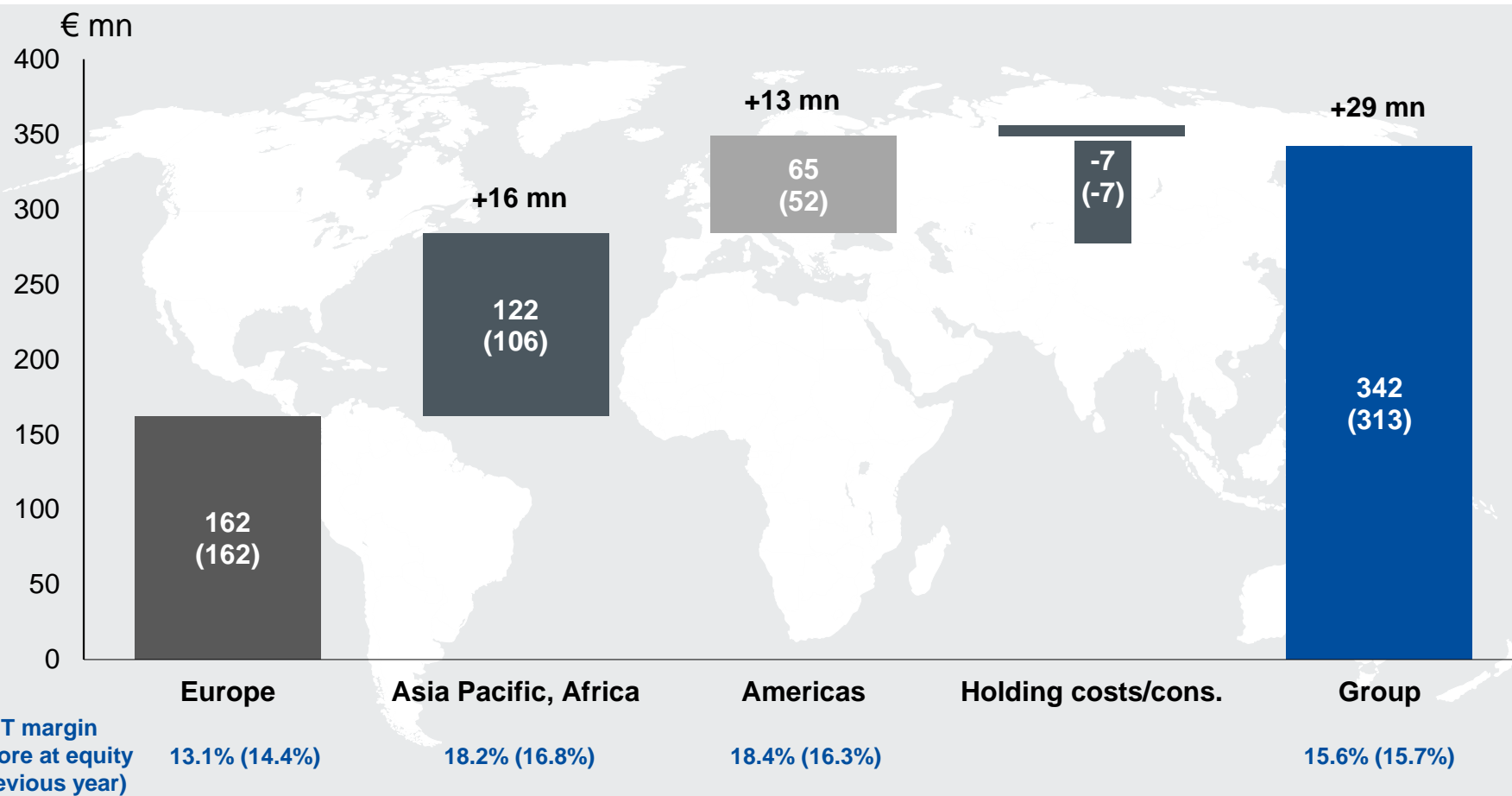
€ mn	2014	2015	Δ Mio. €	Δ in %
Sales	1.866	2.079	213	11.4
Gross Profit	693	791	98	14.2
<i>Margin</i>	37.2%	38.1%		+0.9% points
Selling, admin., R&D expenses, others	-400	-467	-67	16.6
<b>EBIT before at Equity</b>	<b>293</b>	<b>324</b>	<b>31</b>	<b>10.9</b>
At Equity	20	18	-2	-12.7
<b>EBIT</b>	<b>313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

# Regional Sales 2015

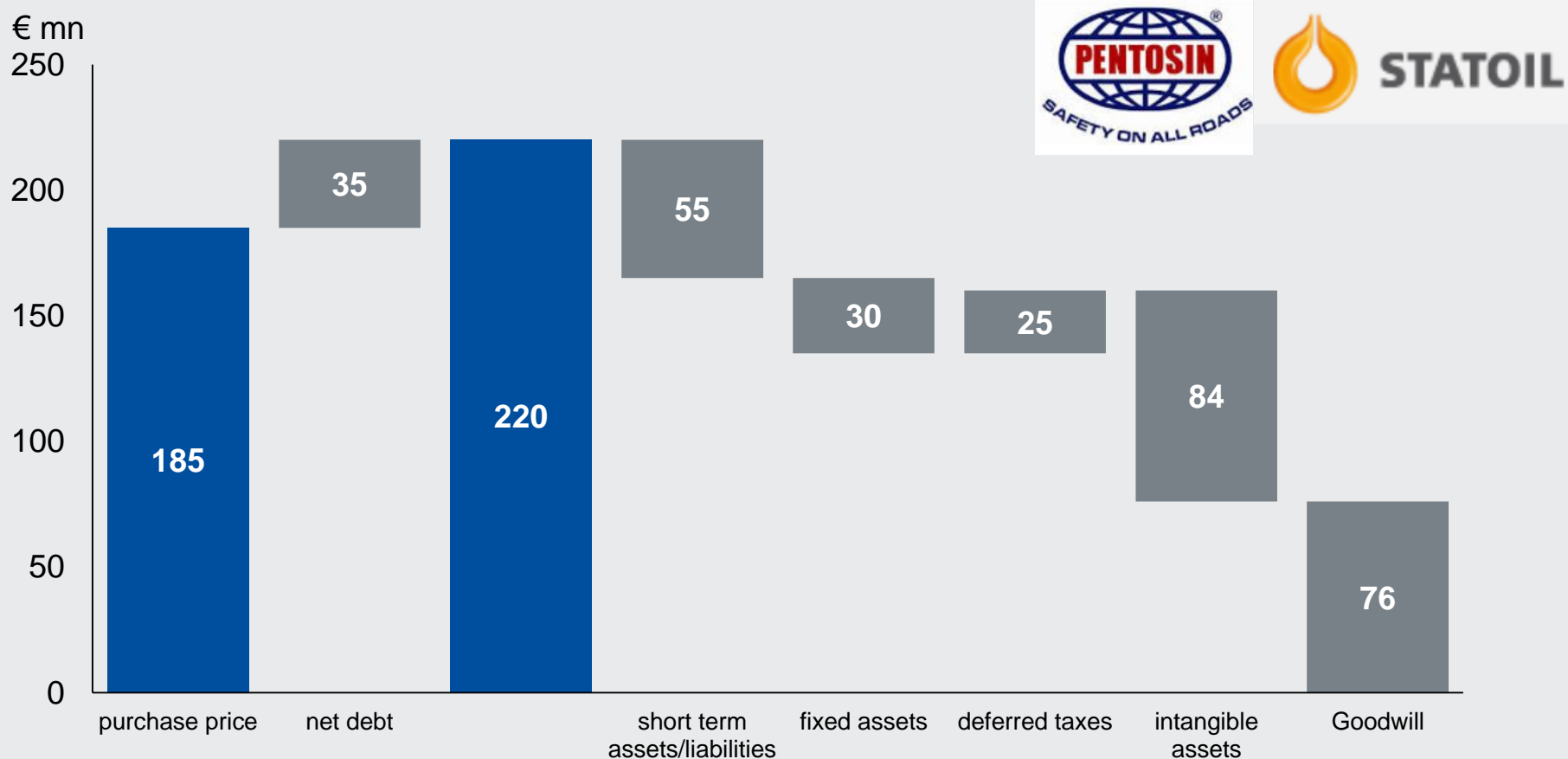
	2014 (€ mn)	2015 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	1,113	1,227	+10.3%	+1.5%	+9%	-0.2%
Asia-Pacific, Africa	517	583	+12.9%	+0.5%	+2.2%	+10.2%
Americas	316	353	+11.6%	-4.1%	+1.4%	+14.3%
Consolidation	-80	-84	-	-	-	-
<b>Total</b>	<b>1,866</b>	<b>2,079</b>	<b>+11.4%</b>	<b>+0.3%</b>	<b>+6%</b>	<b>+5.1%</b>

# FUCHS Group EBIT 2015

(EBIT 2014)



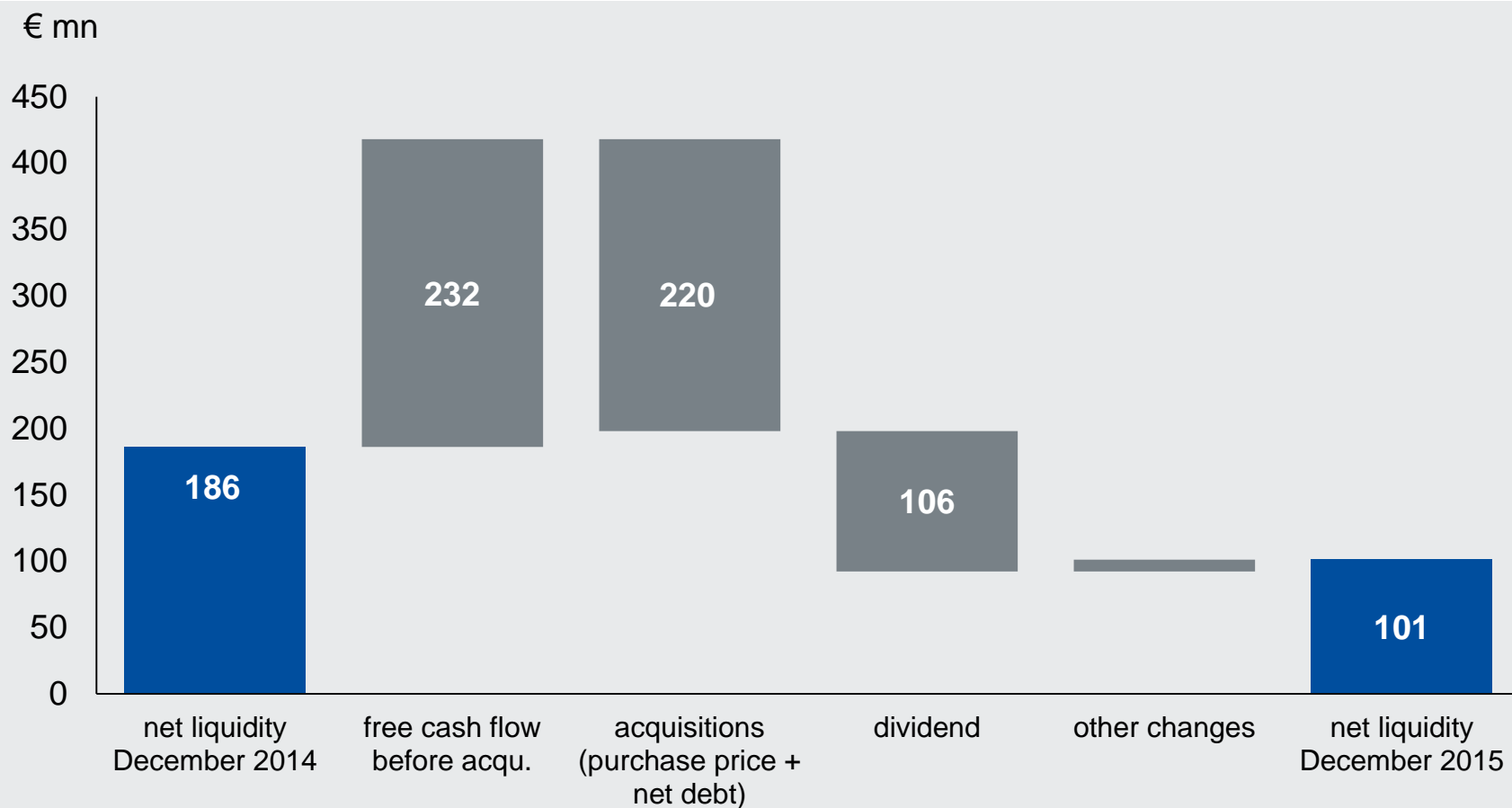
# Purchase Price Allocation - Acquisitions 2015



# 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>

# Net Liquidity 2015

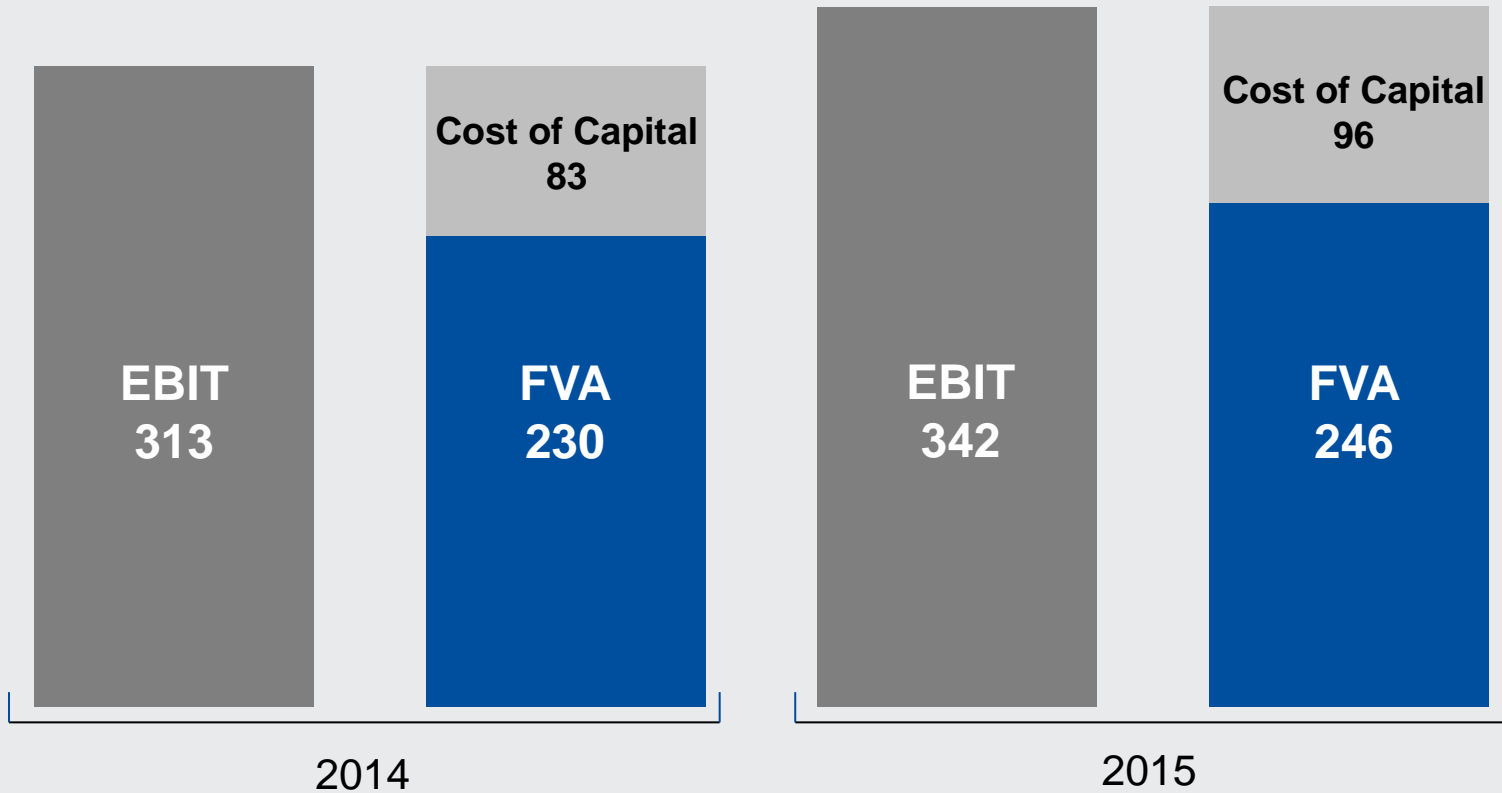




# FUCHS Value Added

Increase by 7.2%

€ mn



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

# Regional Sales Q1 & Q2 2016

	Q1 2015 (€ mn)	Q1 2016 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	278	349	+25.5%	+1.8%	+24.9%	-1.2%
Asia-Pacific, Africa*	147	144	-1.4%	+2.0%	+2.9%	-6.3%
Americas	88	85	-4.3%	-3.4%	+2.0%	-2.9%
Consolidation	-20	-28	-	-	-	-
<b>Total</b>	<b>493</b>	<b>550</b>	<b>+11.7%</b>	<b>+1.1%</b>	<b>+13.7%</b>	<b>-3.1%</b>

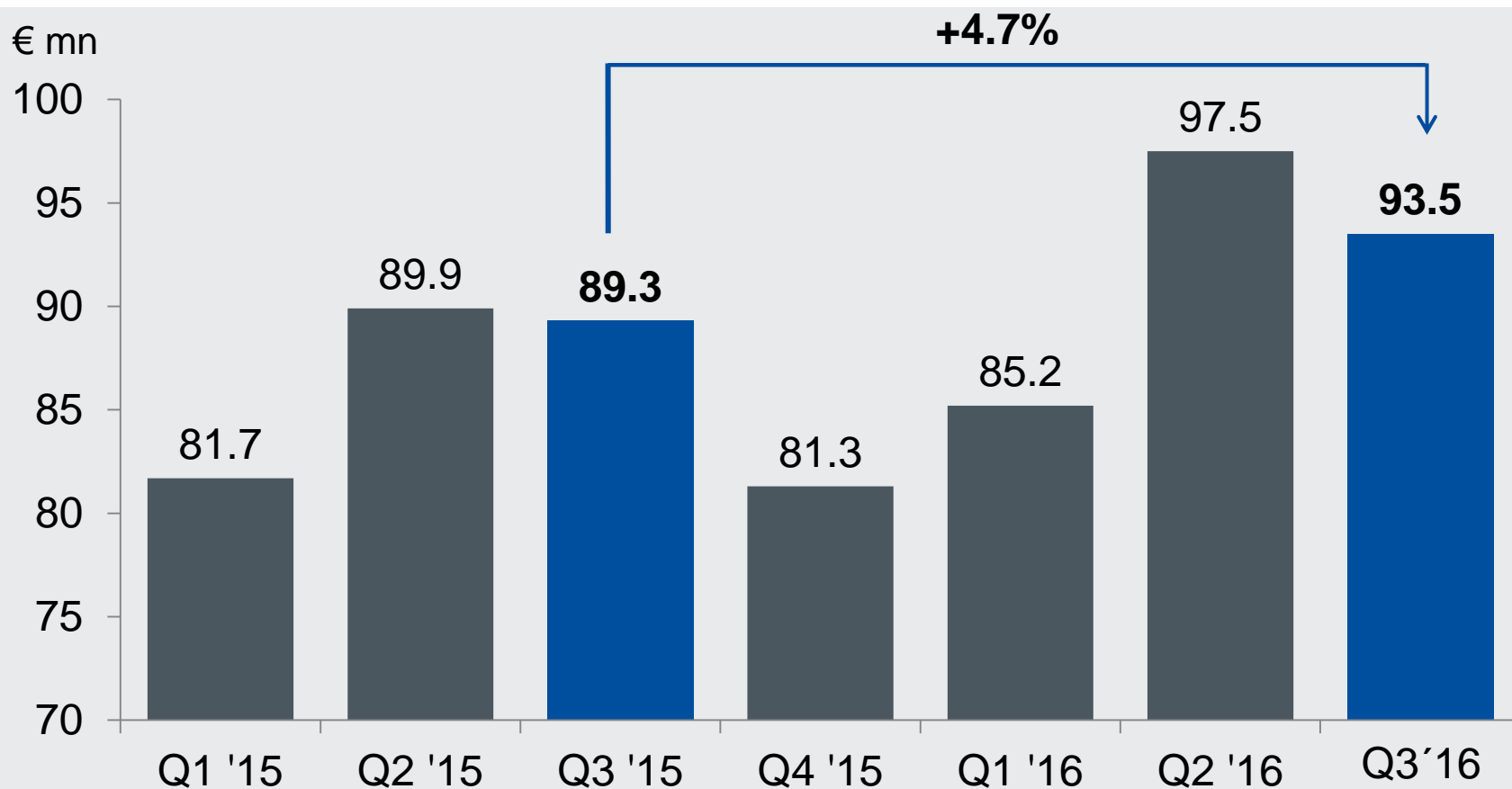
\* Adjustment organic / external growth

	Q2 2015 (€ mn)	Q2 2016 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	293	372	+26.8%	+4.7%	+24.4%	-2.3%
Asia-Pacific, Africa	156	154	-1.1%	+2.5%	+4.8%	-8.4%
Americas	88	87	-0.5%	+1.8%	+3.4%	-5.7%
Consolidation	-22	-27	-	-	-	-
<b>Total</b>	<b>515</b>	<b>586</b>	<b>+13.8%</b>	<b>+3.7%</b>	<b>+14.9%</b>	<b>-4.8%</b>

# Regional Sales Q3 2016

	Q3 2015 (€ mn)	Q3 2016 (€ mn)	Total Growth	Organic Growth	External Growth	Currency Effects
Europe	321	359	11.8%	+4.7%	+9.3%	-2.2%
Asia-Pacific, Africa	141	153	7.9%	+11.0%	+0.0%	-3.1%
Americas	91	88	-3.0%	-4.0%	+2.1%	-1.1%
Consolidation	-22	-33	-	-	-	-
<b>Total</b>	<b>531</b>	<b>567</b>	<b>+6.7%</b>	<b>+3.0%</b>	<b>+6.0%</b>	<b>-2.3%</b>

# EBIT development Q1'15 – Q3'16



# The executive board



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



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



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



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



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

# Executive Compensation

Changes as of 2015

---

## Executive Board

# 25%

of variable compensation

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

---

## 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

---

### Financial Calendar

March 21, 2017	Full Year Results 2016
April 28, 2017	Quarterly Statement Q1 2017
May 5, 2017	Annual General Meeting
August 1, 2017	Financial Report H1 2017
October 27, 2017	Quarterly Statement Q1-3 2017

---

### Contact

---

#### Investor Relations

Thomas Altmann  
Friesenheimer Str. 17  
68169 Mannheim, Germany  
Tel. +49 (0) 621 3802 1201  
[ir@fuchs-oil.de](mailto:ir@fuchs-oil.de)

---