

FUCHS GROUP

Setting Standards - Worldwide

- | Company Presentation, January 2017
- | Dagmar Steinert, CFO
- | Thomas Altmann, Head of Investor Relations



Agenda

01 | The Leading Independent Lubricants Company

02 | Q1-3 2016

03 | Shares

04 | Appendix

02 The Leading Independent Lubricants Company



FUCHS at a glance

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

No. 1
among the indepen-
dent suppliers of
lubricants

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

More than **2** bn
euro sales

~ **5,000**
employees

Preference share is
listed in the MDAX

60 companies
worldwide

A full range
of over

10,000
lubricants and
related specialties

German Sustainability Award 2016



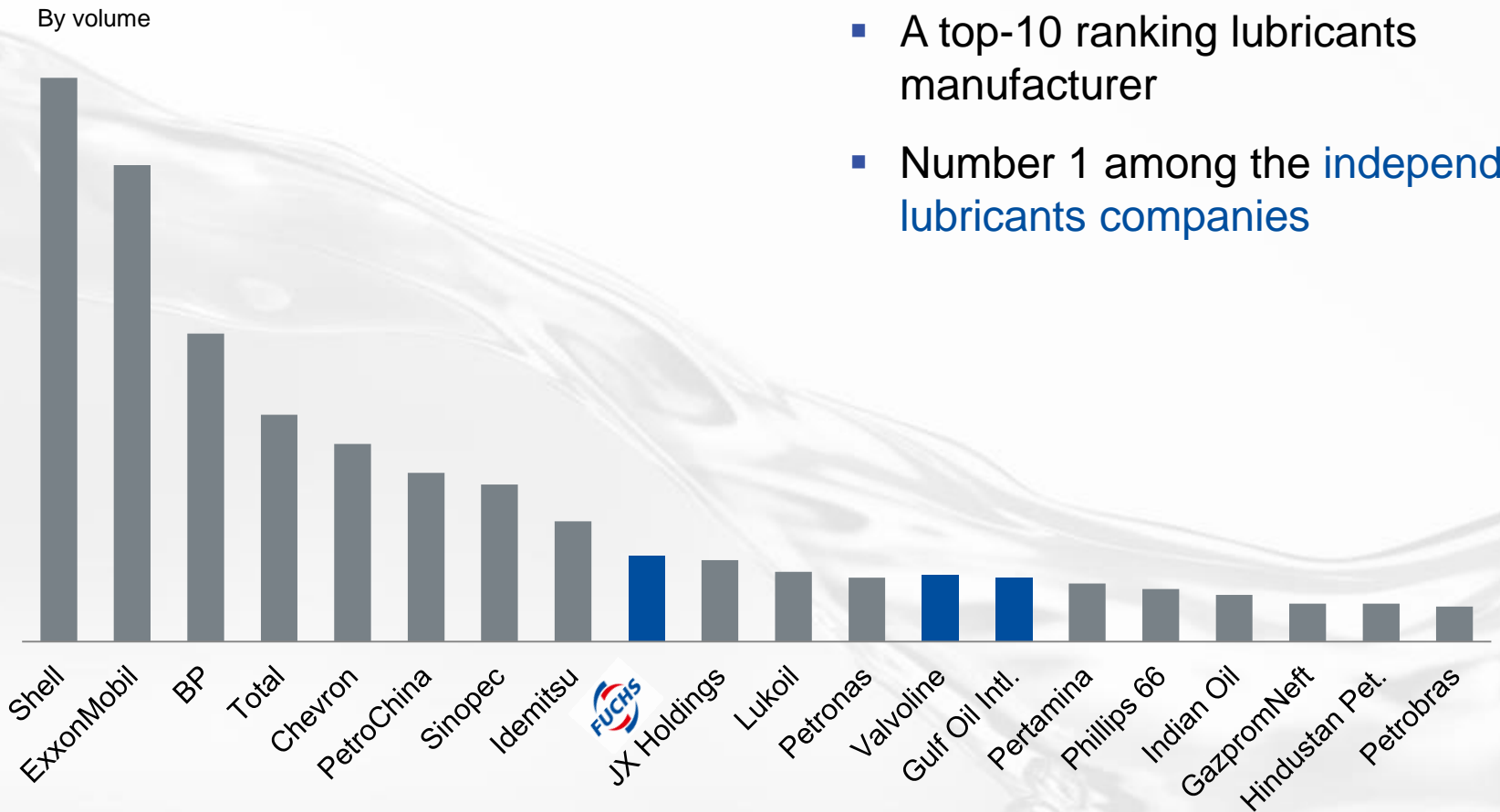
GERMAN SUSTAINABILITY AWARD

.....

Germany's Most Sustainable
Medium-sized Company 2016



Top 20 lubricants manufacturers 2015



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

Our unique business model is the basis for our competitive advantage

Technology and innovation leadership in strategically important product areas

FUCHS is fully focussed on lubricants

Independency allows reliability, customer & market proximity (responsiveness and flexibility) and continuity



**Advantage over
major oil companies**

FUCHS is a full-line supplier

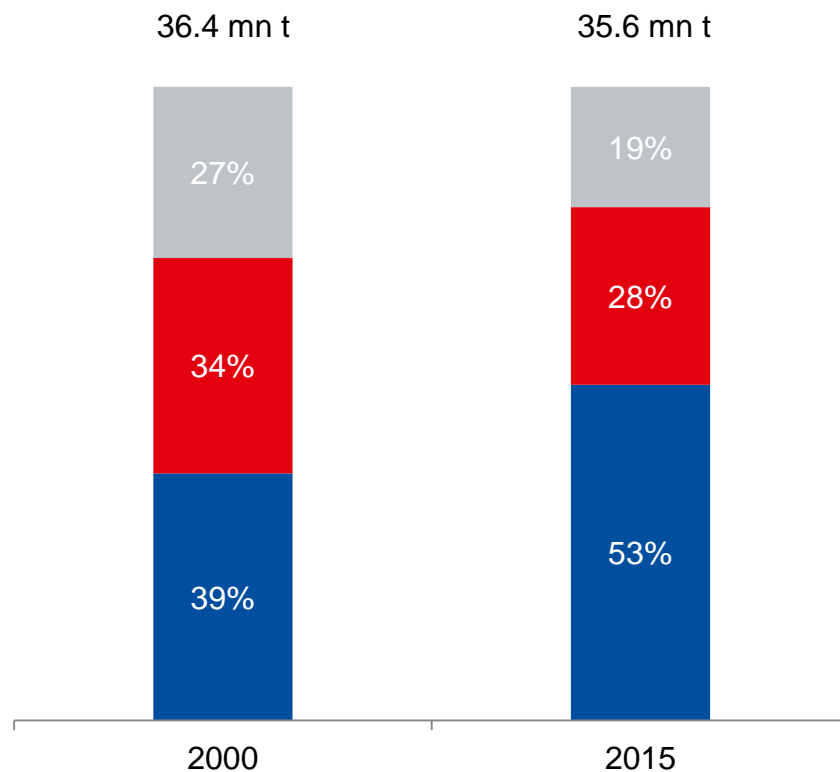
Global presence, R&D strength,
Know-how transfer, speed



**Advantage over
independent companies**

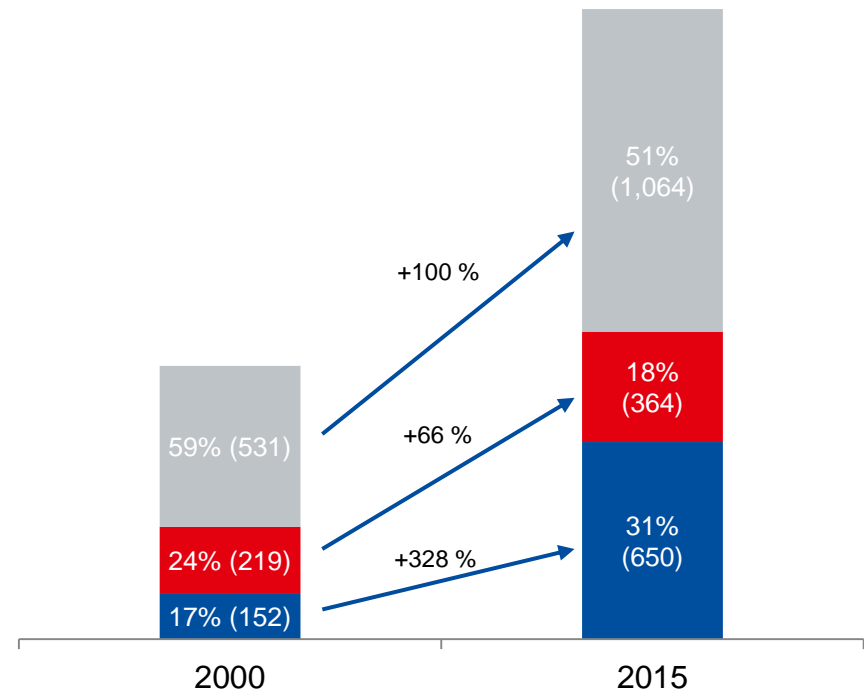
Organic growth potential in emerging countries

Market Demand



FUCHS Sales (by customer location)

€ 902 mn $\xrightarrow{+130\%}$ € 2,079 mn



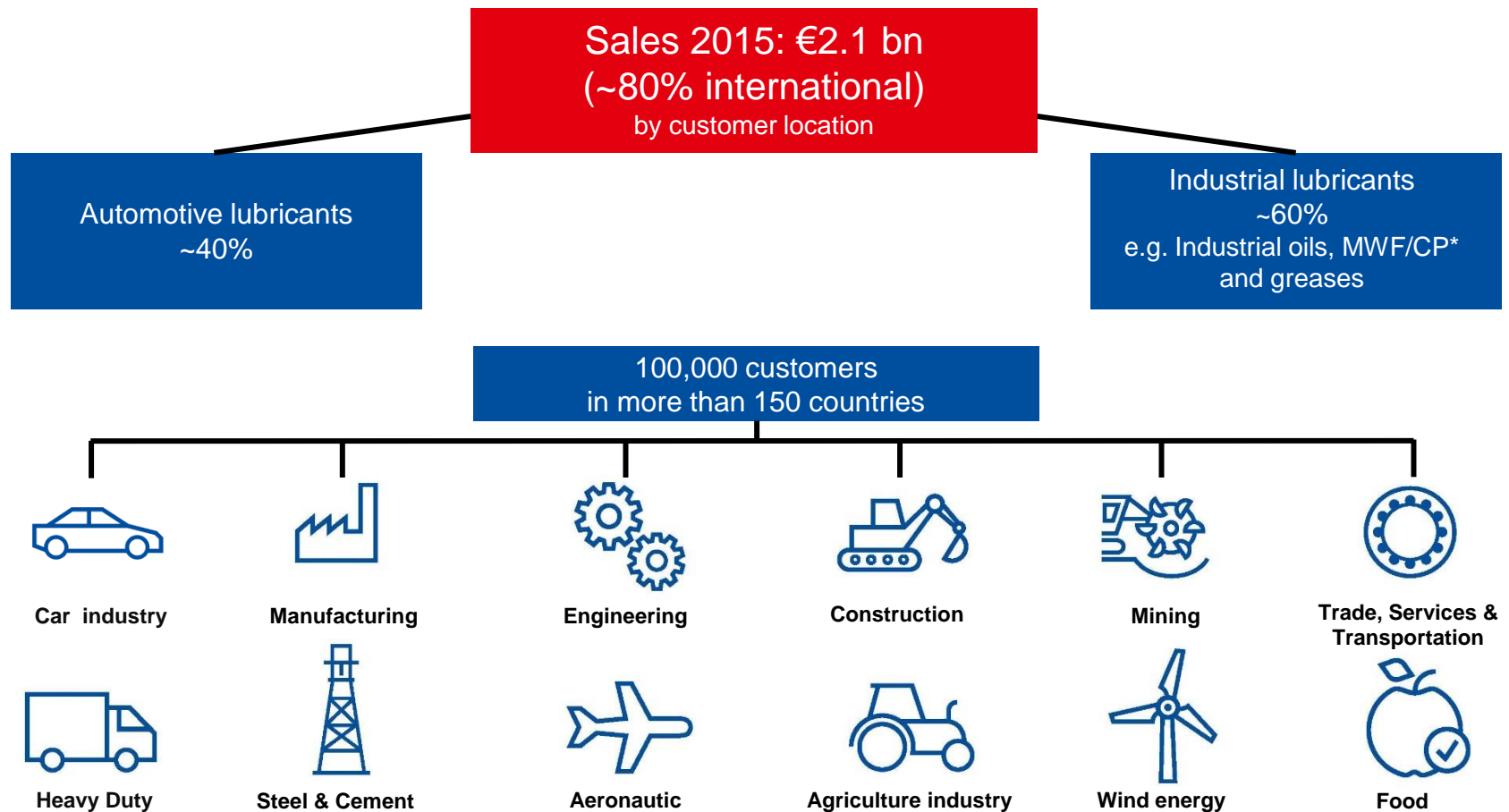
■ Asia-Pacific & MEA ■ Americas ■ Europe

We are where our customers are



55 Operating Companies
34 Production Sites

Full-line supplier advantage

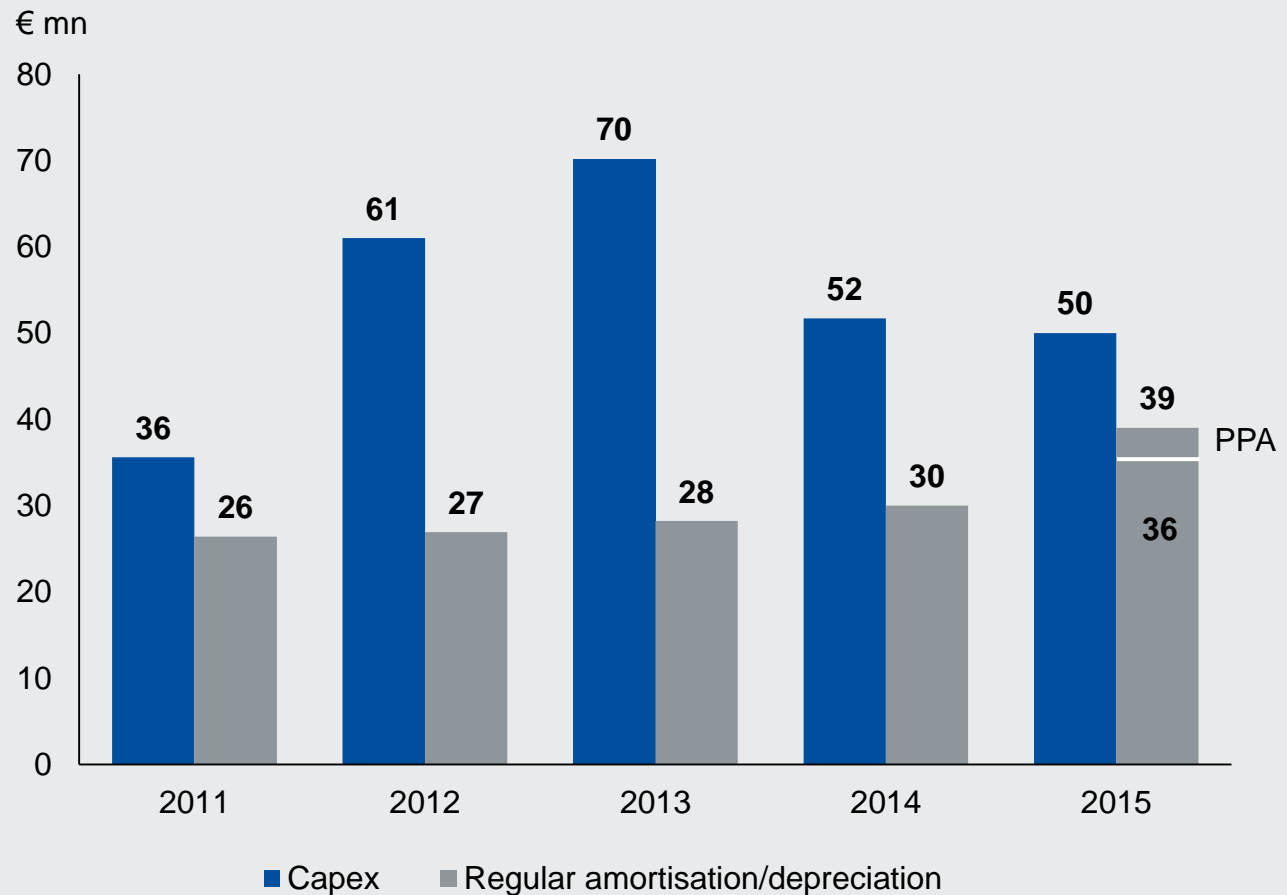


*metalworking fluids/corrosion preventives

Investments, amortisation & depreciation

Investment focus on...

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



Investments 2016 - 2018

Planned investments of €300mn (~ €100mn p.a.)

- 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

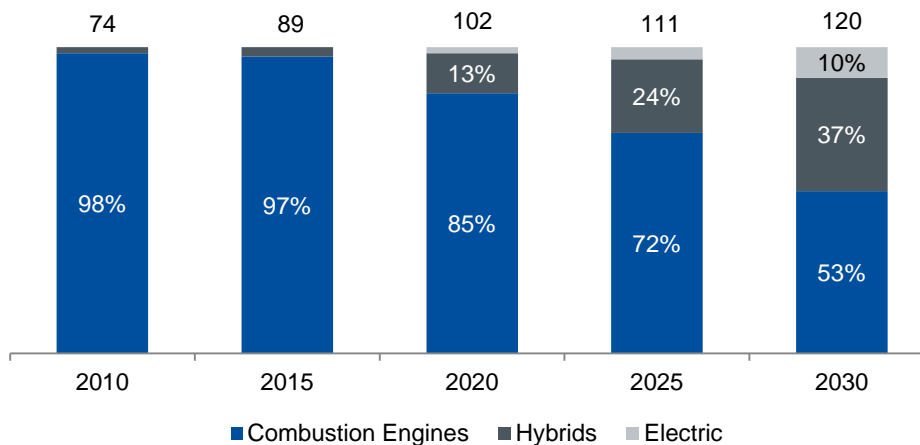
~ 50% of planned investments is maintenance capex

FUCHS' 3C grease commitment

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



Development passenger car production (in mn)



- **No market revolution expected:**
Evolution of existing technologies: Hybrids with efficient combustion engines will dominate the market
- Demand of EVs mainly in big cities with high traffic density

Source: IHS


Implication for FUCHS

Revolution – Complete switch to only EVs:

- No power train; reduced oil consumption
- New additional high value applications
- Sales per car would decrease slightly

Evolution – Mix of combustion, hybrid and electric engines:

- Efficiency requirements will drive demand for higher value applications
- Slightly lower volume of engine oils
- Additional applications for electric engines



Electrification is an opportunity for FUCHS to further strengthen its market leadership with technically advanced applications

Strong track record of integrating businesses

			Revenues (p.a.)
2016		Ultrachem (US)	€ 15 mn
		Chevron Lubricants (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

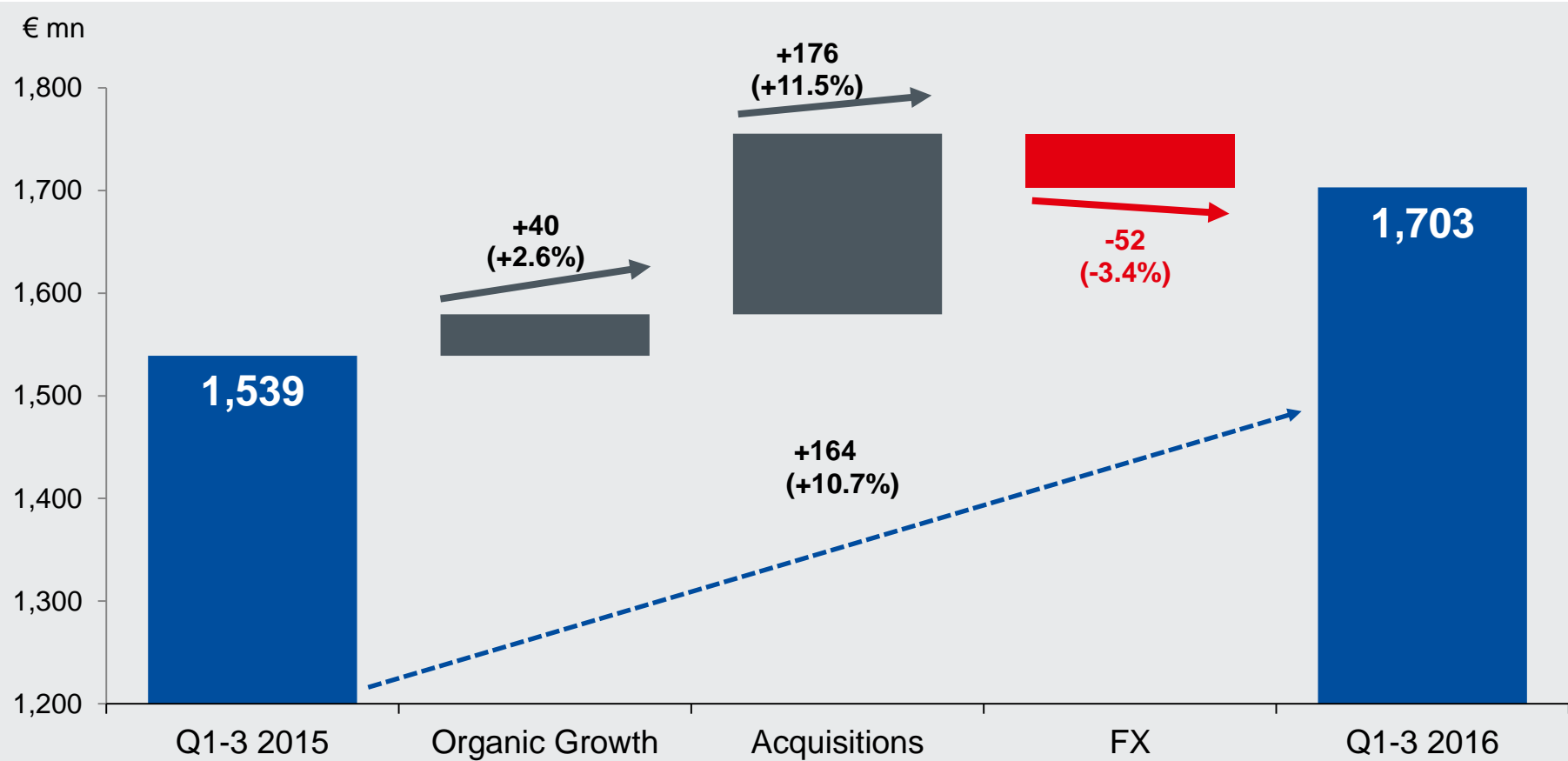
**Revenues +11%
to €1,703 mn**

- 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

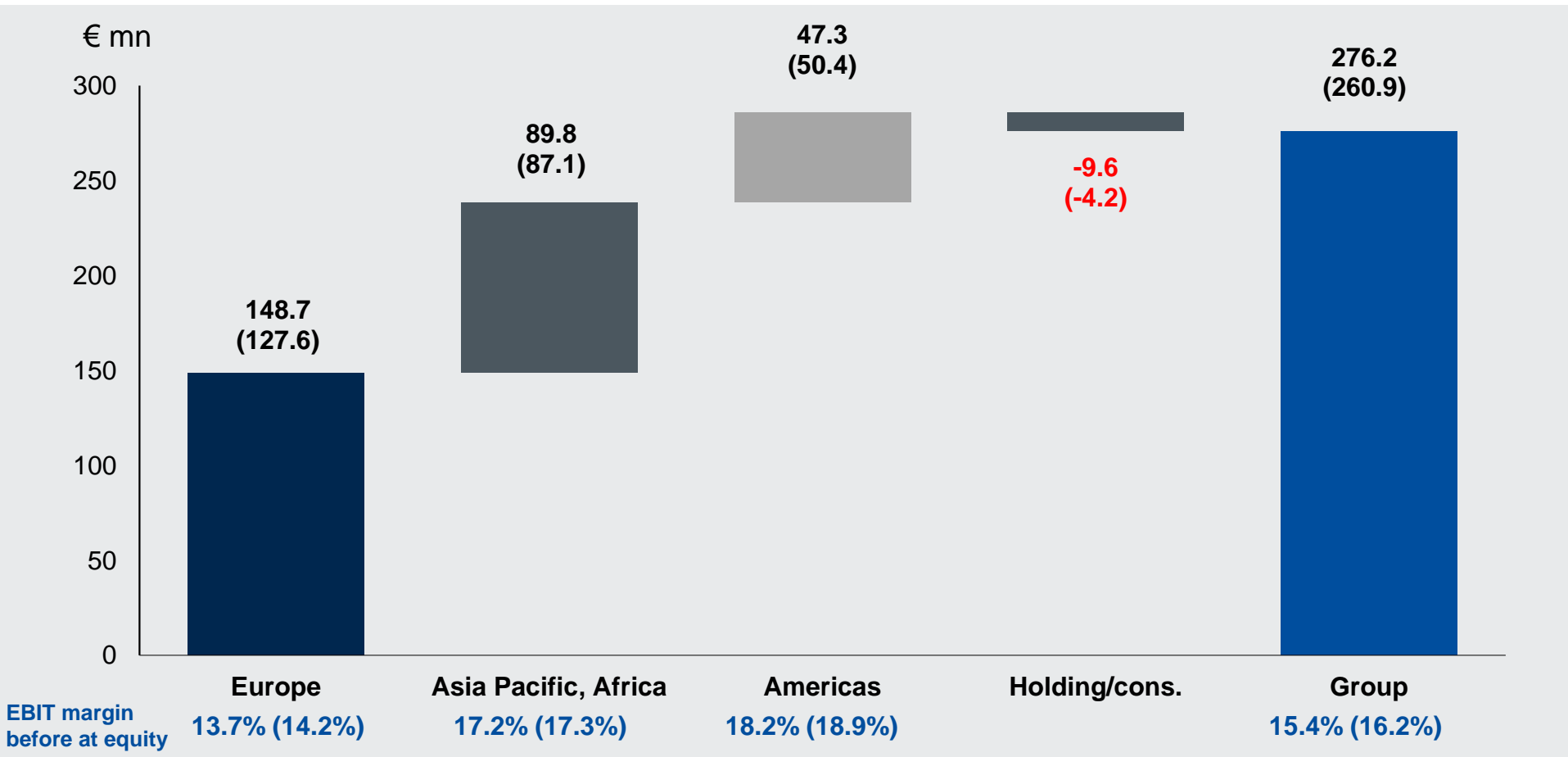


Regional sales growth Q1-Q3 2016

Organic Growth (in %)	Q1 2016	Q2 2016	Q3 2016	Q1-3 2016
Europe	+1.8	+4.7	+4.7	+3.8
Asia-Pacific, Africa	+2.0*	+2.5	+11.0	+5.1
Americas	-3.4	+1.8	-4.0	-1.9
Total	+1.1	+3.7	+3.0	+2.6
External Growth (in %)	Q1 2016	Q2 2016	Q3 2016	Q1-3 2016
Europe	+24.9	+24.4	+9.3	+19.2
Asia-Pacific, Africa	+2.9*	+4.8	+0.0	+2.6
Americas	+2.0	+3.4	+2.1	+2.5
Total	+13.7	+14.9	+6.0	+11.5
FX effects (in %)	Q1 2016	Q2 2016	Q3 2016	Q1-3 2016
Europe	-1.2	-2.3	-2.2	-2.0
Asia-Pacific, Africa	-6.3	-8.4	-3.1	-6.0
Americas	-2.9	-5.7	-1.1	-3.2
Total	-3.1	-4.8	-2.3	-3.4

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>Gross Profit margin</i>	38.4%	37.7%		
Selling, admin., R&D expenses, others	-342	-378	-36	10.9%
EBIT before at Equity	249	263	14	5.3%
At Equity	12	13	1	
EBIT	261	276	15	5.9%
Earnings after tax	181	192	11	5.9%

Cash flow

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

Outlook 2016 reaffirmed

Performance indicators	Actual 2015	Outlook 2016
Sales	€2,079 mn	
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
EBIT	€342 mn	4% to 6%
FVA	€246 mn	Slightly above the previous year
Free cash flow before acquisitions	€232 mn	In the upper range of €170 mn to €200 mn

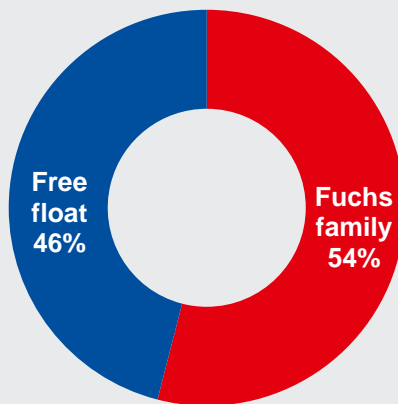
03 Shares



Breakdown ordinary & preference shares

(December 2016)

Ordinary shares



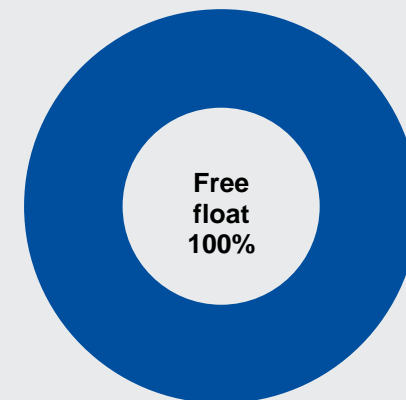
Basis: 69,500,000 ordinary shares

Characteristics:

- Dividend
- Voting rights

Preference shares

MDAX-listed



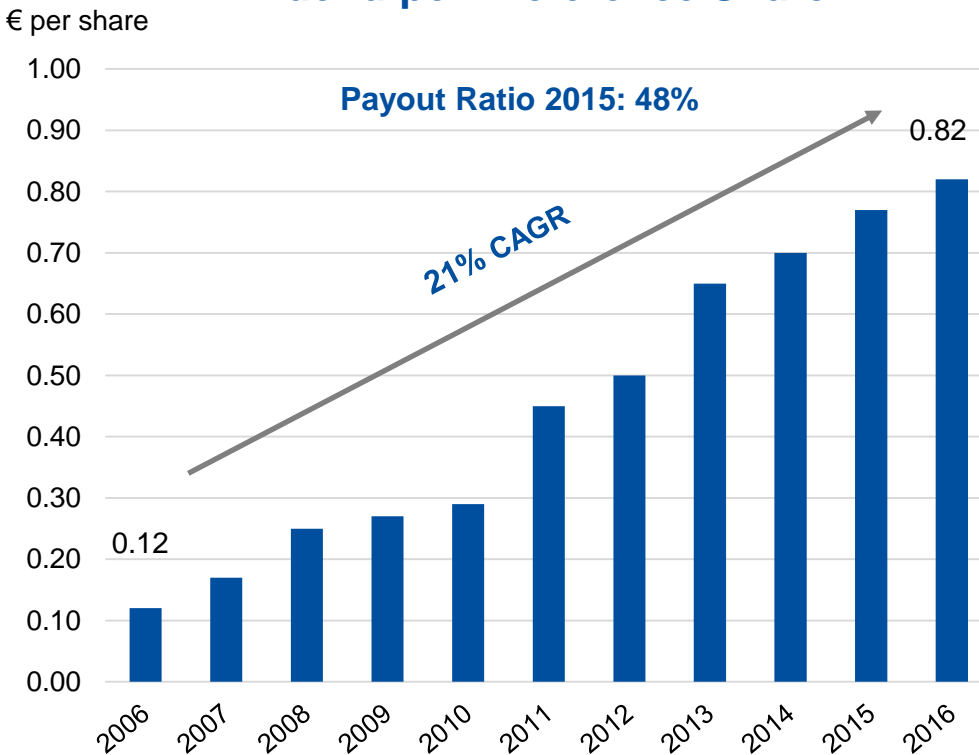
Basis: 69,500,000 preference shares

Characteristics:

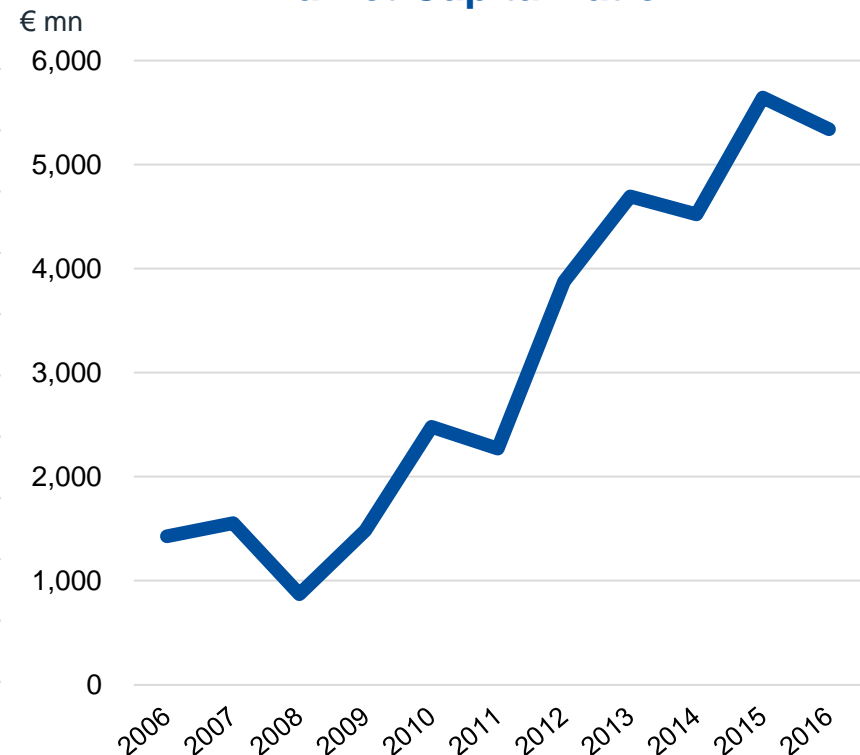
- Dividend plus preference profit share (0.01€)
- Restricted voting rights in case of:
 - preference profit share has not been fully paid
 - exclusion of pre-emption rights (e.g. capital increase, share buyback, etc.)

Stable dividend policy

Dividend per Preference Share



Market Capitalization

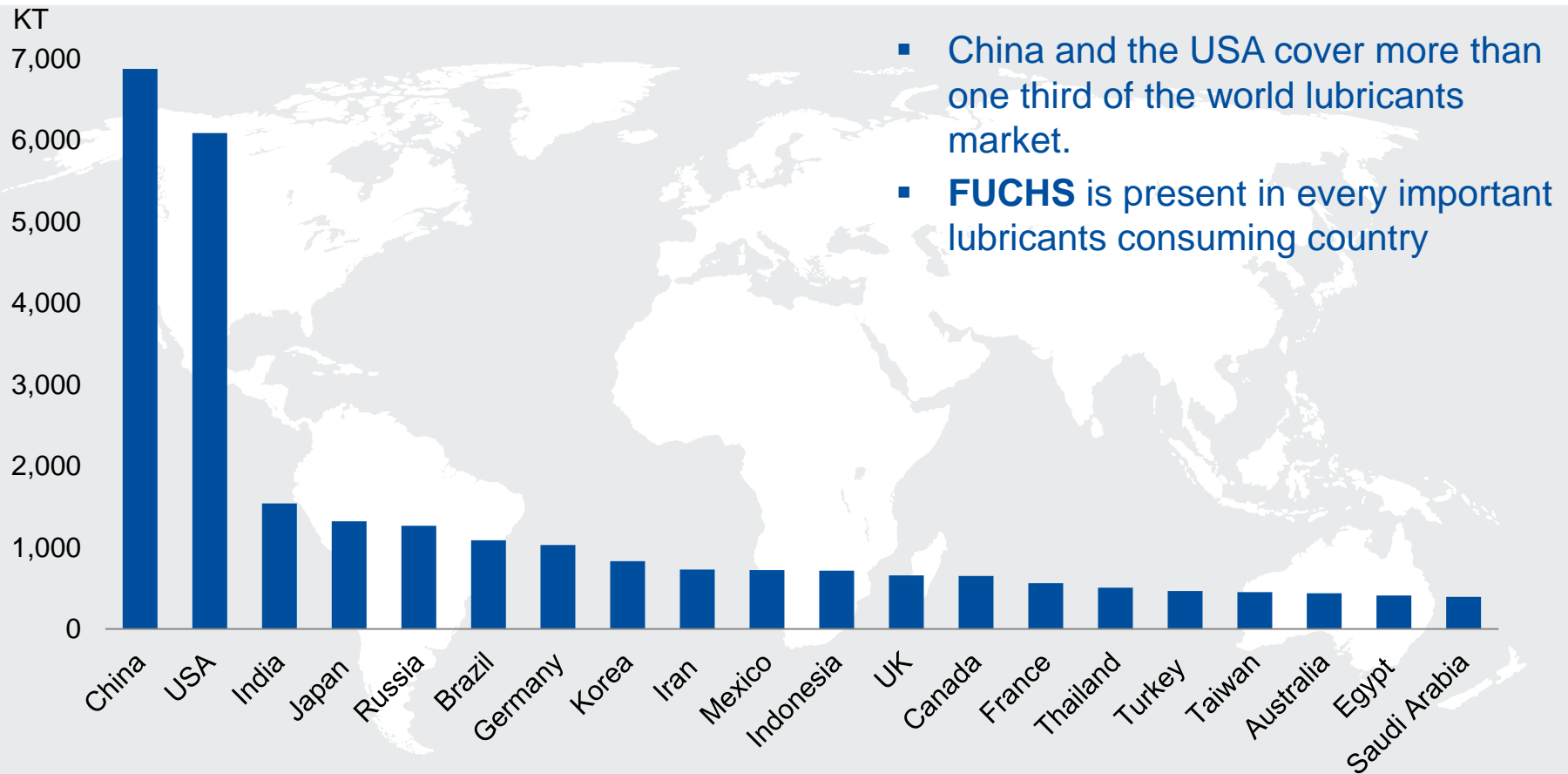


Our target: Increase the absolute dividend amount each year or at least maintain previous year's level.

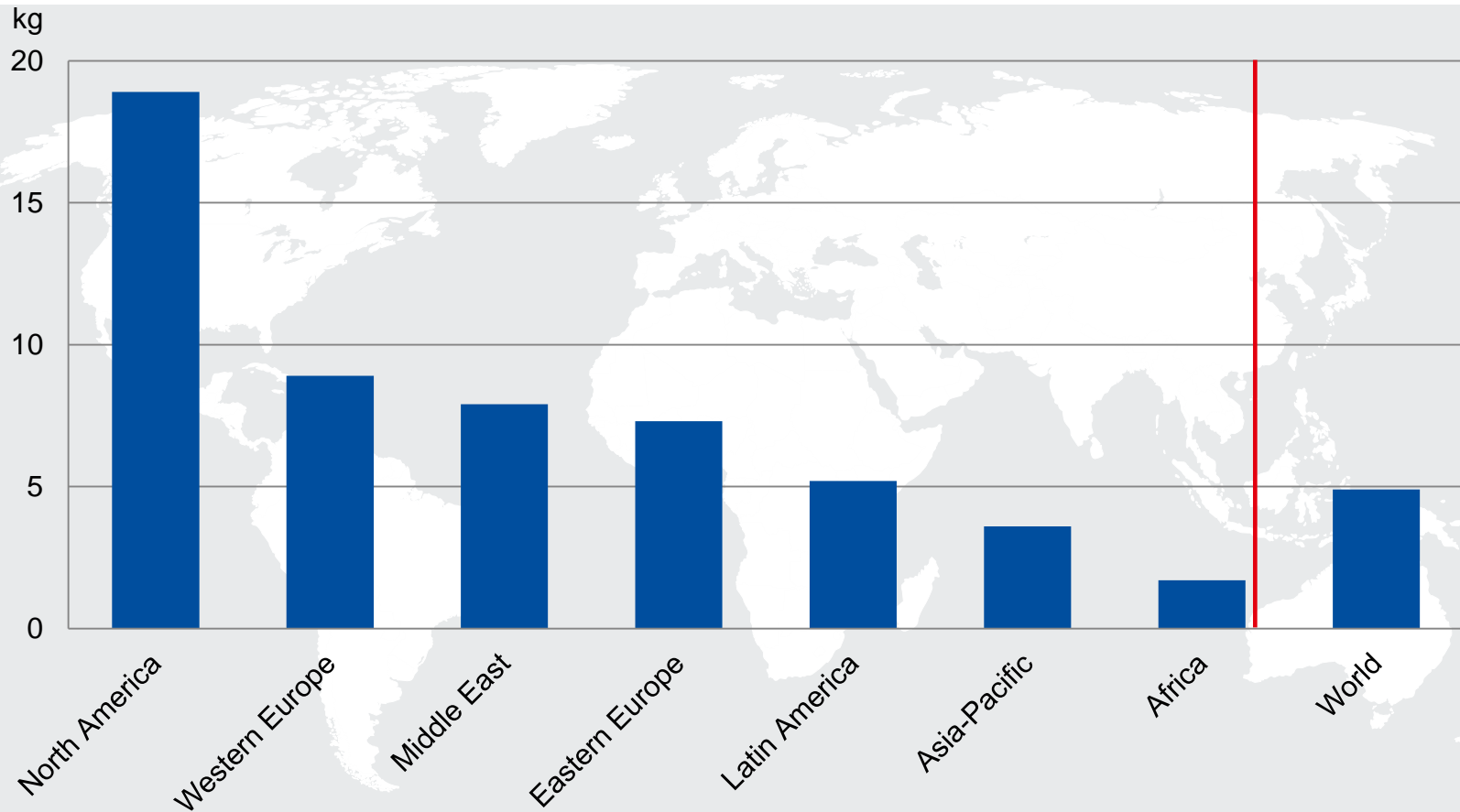
04 Appendix



Top 20 lubricant countries 2015

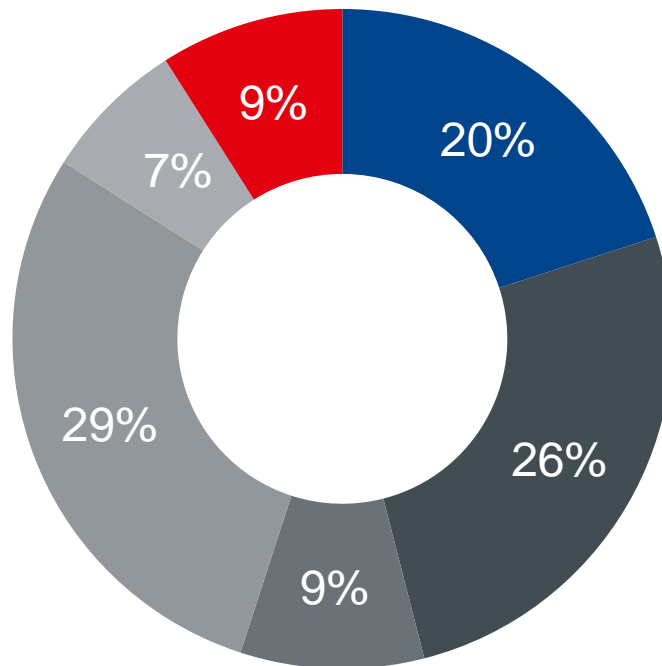


Regional per-capita lubricants demand 2015



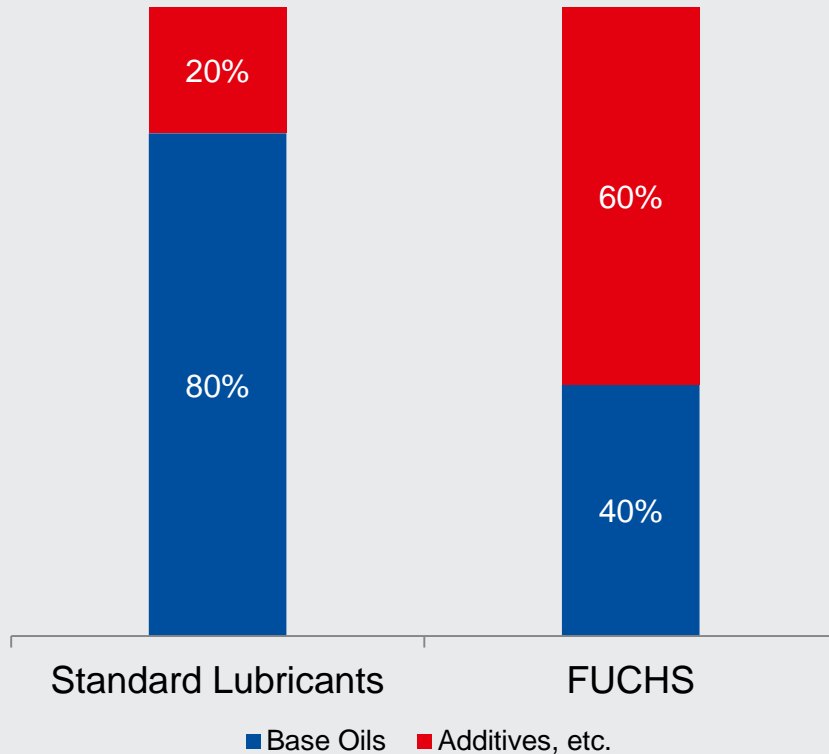
Well balanced customer structure

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

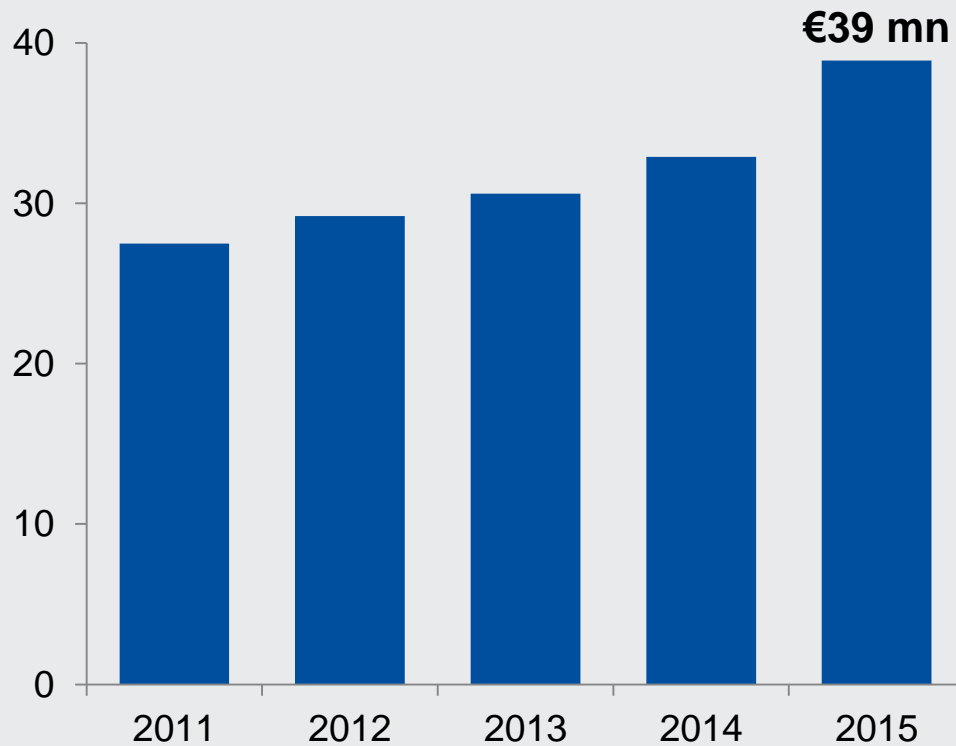
Base oil / additives value split



- 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

Technology & Innovation fueled by strong R&D focus

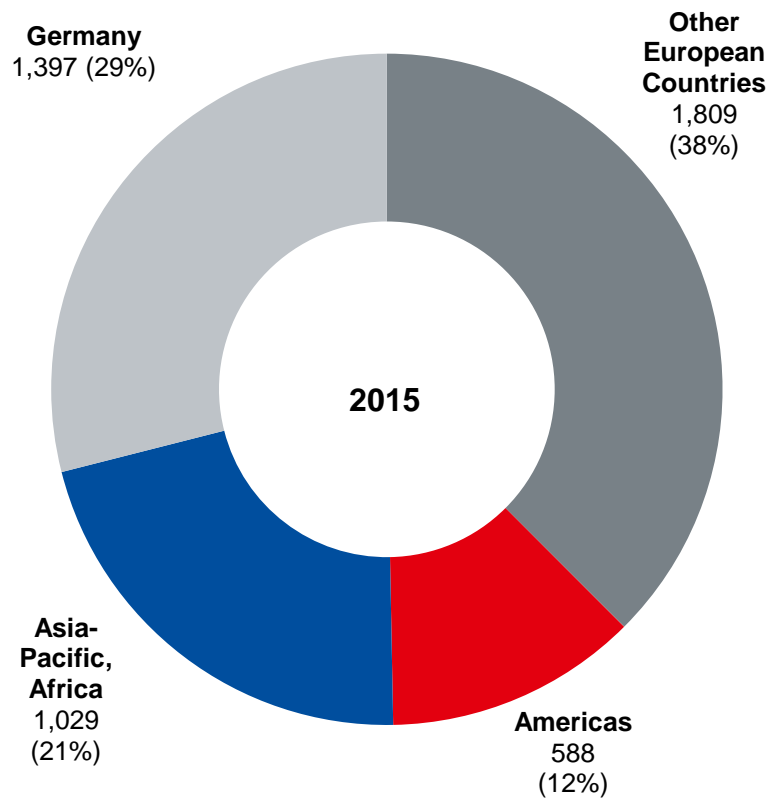
R&D expenses



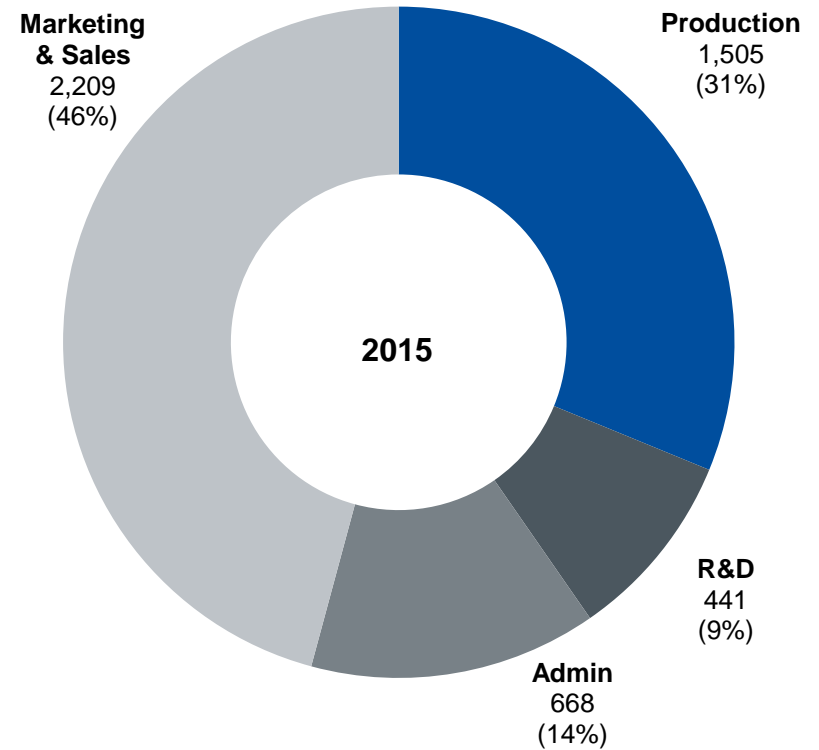
Workforce Structure

4,823 employees globally

Regional Workforce Structure



Functional Workforce Structure

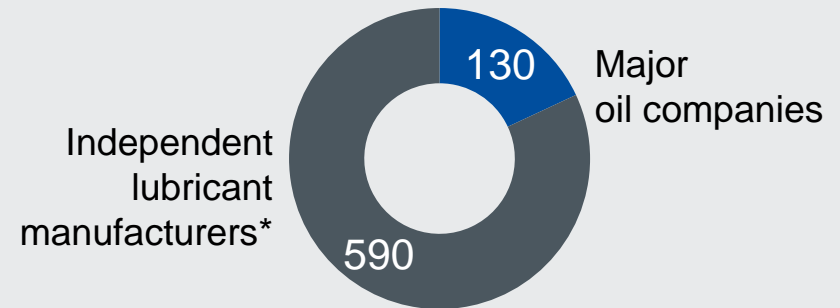


Further market consolidation to be expected

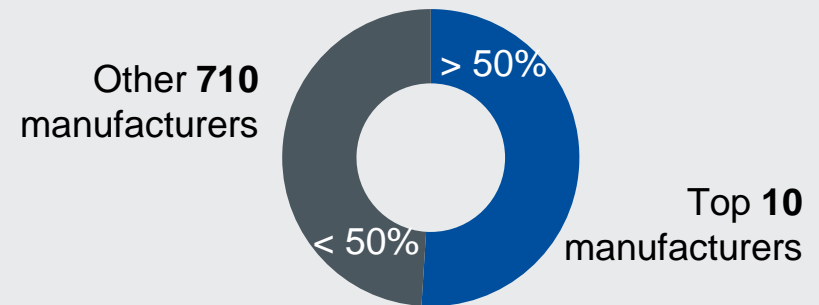
- High degree of fragmentation
- Concentration especially amongst smaller companies

- 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, 2015

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



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



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

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

Cash allocation priority

Reinvest in the business

Capex

Working Capital

Acquisitions

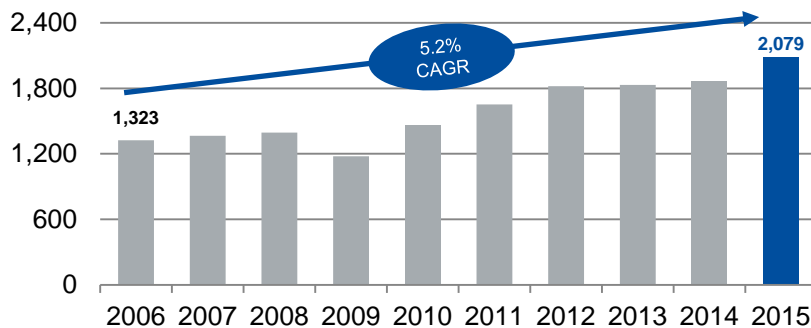
Return cash to shareholders

Stable Dividends

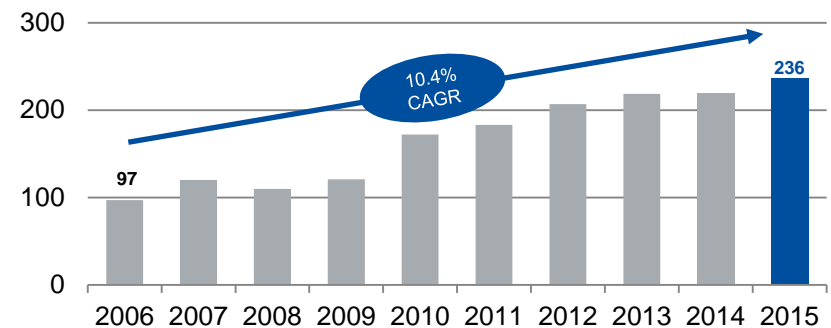
Share Buyback

Unique Track Record for continued profitability and added value

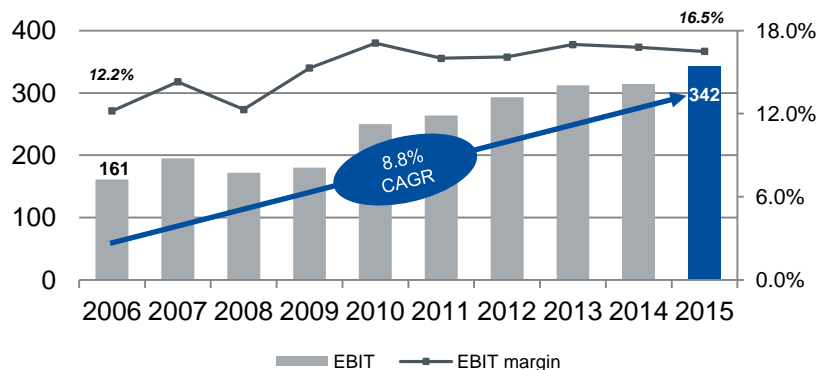
Sales (in € mn)



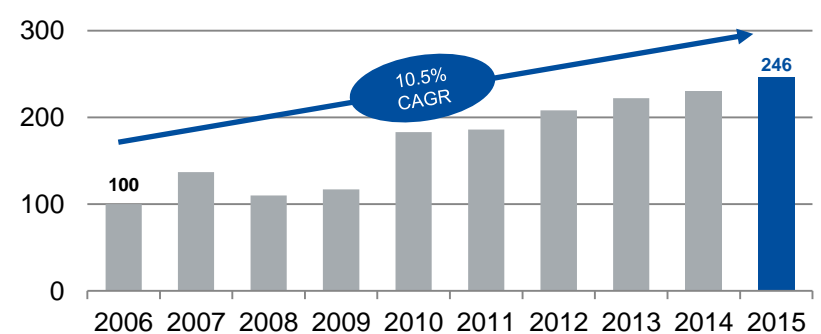
Earnings After Tax (in € mn)



EBIT (in € mn)



FVA (in € mn)



Solid balance sheet and strong 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%

€ mn	2011	2012	2013	2014	2015
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

EBIT increase of more than 9% in 2015

€ mn	2011	2012	2013	2014	2015	Δ 14/15
Sales	1,652	1,819	1,832	1,866	2,079	11.4%
Gross Profit	605	666	690	693	791	14.2%
Gross Profit margin	36.6%	36.6%	37.7%	37.2%	38.1%	+0.9 % points
Selling, admin., R&D expenses, others	-346	-387	-391	-400	-467	16.6%
EBIT before at Equity	259	279	299	293	324	10.9%
EBIT margin before at Equity	15.7%	15.3%	16.3%	15.7%	15.6%	-0.1 % points
At Equity	5	14	13	20	18	-12.7%
EBIT	264	293	312	313	342	9.3%
EBIT margin	16.0%	16.1%	17.0	16.8%	16.5%	-0.3 % points
EBITDA	290	320	340	343	381	11.1%
EBITDA margin	17.5%	17.6%	18.6%	18.4%	18.3%	-0.1 % points

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	-	-	-	-
Total	1,866	2,079	+11.4%	+0.3%	+6%	+5.1%

FUCHS Group EBIT 2015

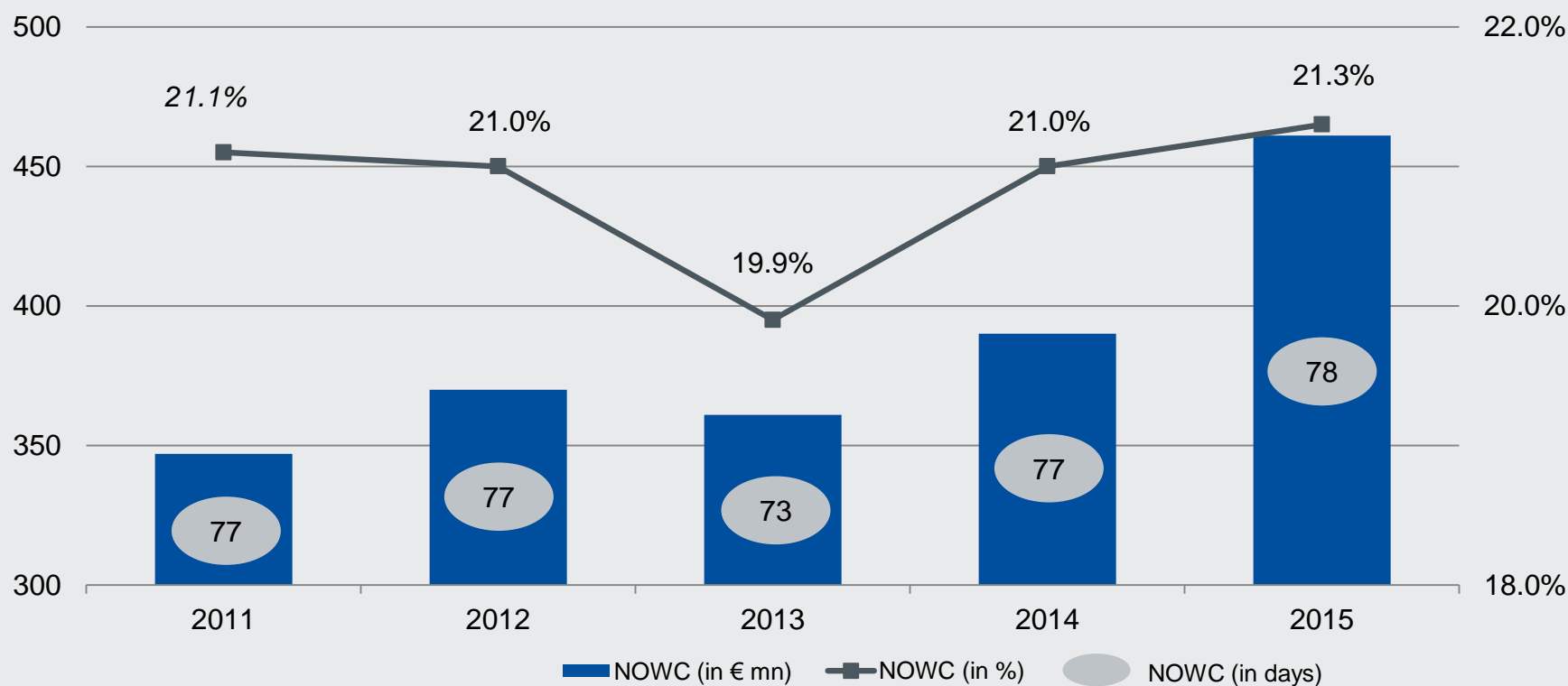
(EBIT 2014)



Acquisitions fully financed by operating cash flow

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

Net operating working capital (NOWC)*

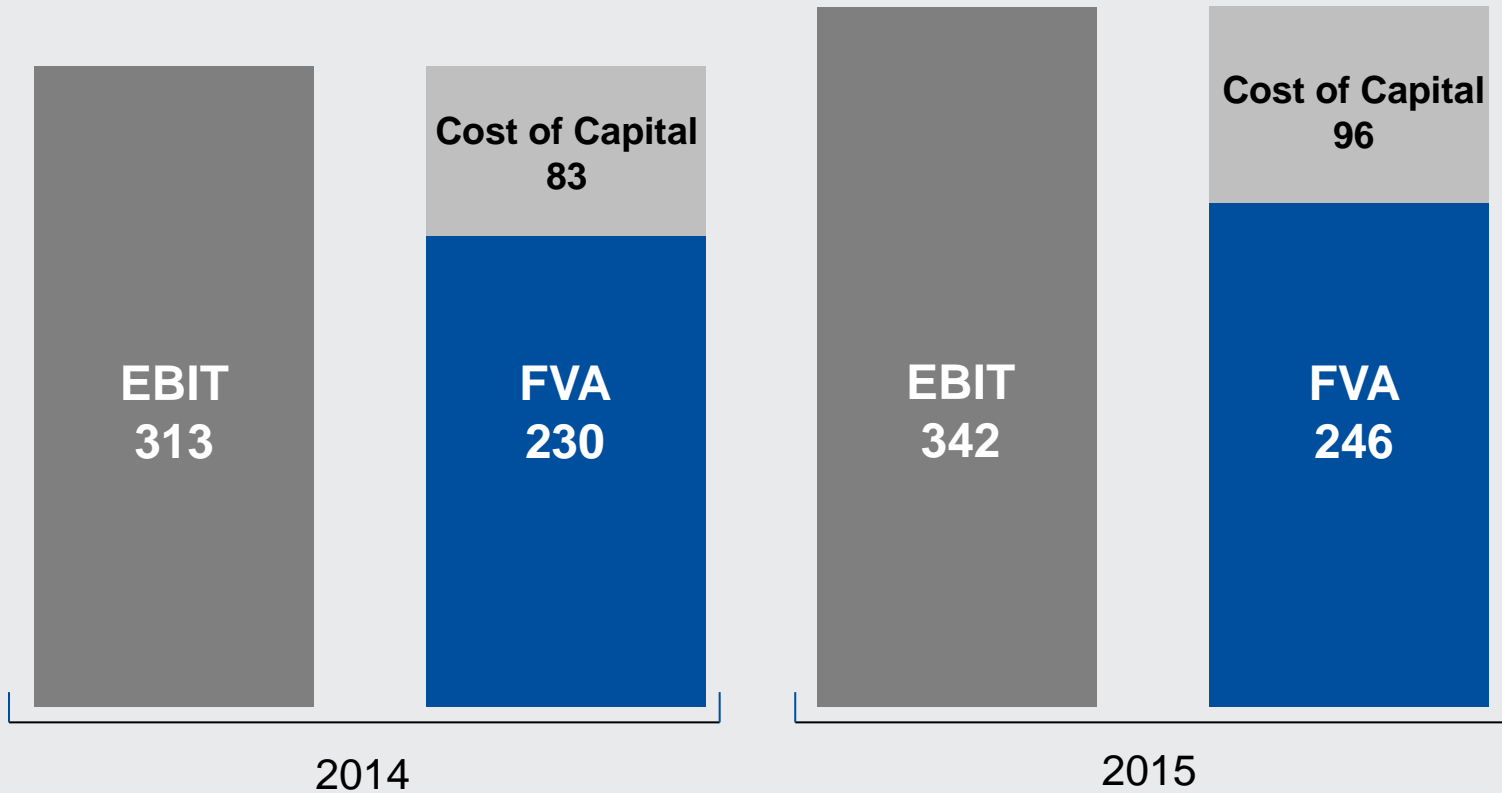


* In relation to the annualized sales revenues of the 4th quarter of the year

FUCHS Value Added (FVA)

Increase by 7.2%

€ mn



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

Quarterly income statement

€ mn	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Sales	493	515	531	540	550	586	567
Gross Profit	188	200	203	201	206	221	214
Gross Profit margin	38.1 %	38.8 %	38.2 %	37.2 %	37.4 %	37.7 %	37.8 %
Selling, admin., R&D expenses, others	-110	-113	-118	-126	-126	-128	-124
EBIT before at Equity	78	87	85	75	80	93	90
EBIT margin before at Equity	15.8%	16.8%	16.0%	14.4 %	14.6%	15.8%	15.8%
At Equity	4	3	4	6	5	5	4
EBIT	82	90	89	81	85	98	94
EBIT margin	16.6%	17.5%	16.8%	15.0 %	15.5%	16.6%	16.5%
EBITDA	90	99	100	92	97	109	105
EBITDA margin	18.3%	19.1%	18.8%	17.1%	17.6%	18.7%	18.6%

Quarterly sales by regions

Sales (€ mn)	2015				
	Q1	Q2	Q3	Q4	FY
Europe	278.3	292.9	321.4	334.4	1,227.0
Asia-Pacific, Africa	146.5	155.7	141.2	139.5	582.9
Americas	88.3	87.8	90.8	85.9	352.8
Consolidation	-20.5	-21.4	-22.2	-19.5	-83.6
FUCHS Group	492.6	515.0	531.2	540.3	2,079.1

2016			
Q1	Q2	Q3	Q1-3
349.4	371.5	359.2	1080.1
144.4	154.0	152.4	450.8
84.5	87.4	88.1	260.0
-28.1	-26.9	-33.0	-88.0
550.2	586.0	566.7	1702.9

Δ Y-o-Y in %
Europe
Asia-Pacific, Africa
Americas
Consolidation
FUCHS Group

2016			
Q1	Q2	Q3	Q1-3
+25.5	+26.8	+11.8	+21.0
-1.4	-1.1	+7.9	+1.7
-4.3	-0.5	-3.0	-2.6
-	-	-	-
+11.7	+13.8	+6.7	+10.7

Quarterly EBIT by regions

EBIT (€ mn)	2015				
	Q1	Q2	Q3	Q4	FY
Europe	39.4	43.3	44.9	34.4	162.0
Asia-Pacific, Africa	26.6	32.5	28.0	35.1	122.2
Americas	16.5	16.4	17.5	14.5	64.9
Consolidation	-0.8	-2.3	-1.1	-2.7	-6.9
FUCHS Group	81.7	89.9	89.3	81.3	342.2

2016			
Q1	Q2	Q3	Q1-3
43.1	51.8	53.8	148.7
29.2	31.8	28.8	89.8
15.1	16.4	15.8	47.3
-2.2	-2.5	-4.9	-9.6
85.2	97.5	93.5	276.2

Δ Y-o-Y in %
Europe
Asia-Pacific, Africa
Americas
Consolidation
FUCHS Group

2016			
Q1	Q2	Q3	Q1-3
+9.4	+19.6	+19.8	+16.5
+9.8	-2.2	+2.9	+3.1
-8.5	0	-9.7	-6.2
-	-	-	-
+4.3	+8.5	+4.7	+5.9

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 & FUCHS-Shares

Executive Board

25%

of variable compensation

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

Supervisory Board

50%

of variable compensation

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

Disclaimer

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.

Financial Calendar & Contact

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

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