

FUCHS GROUP

In Motion

- | Investor Presentation, June 2017
- | Stefan Fuchs, CEO
- | Thomas Altmann, Head of Investor Relations



Agenda

01 | The Leading Independent Lubricants Company

02 | Q1 2017

03 | Shares

04 | Appendix

01 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

2.3 bn euro
sales

~ **5,000**
employees

Preference share is
listed in the MDAX

57 operating
companies
worldwide

A full range
of over

10,000
lubricants and
related specialties

German Sustainability Award 2016



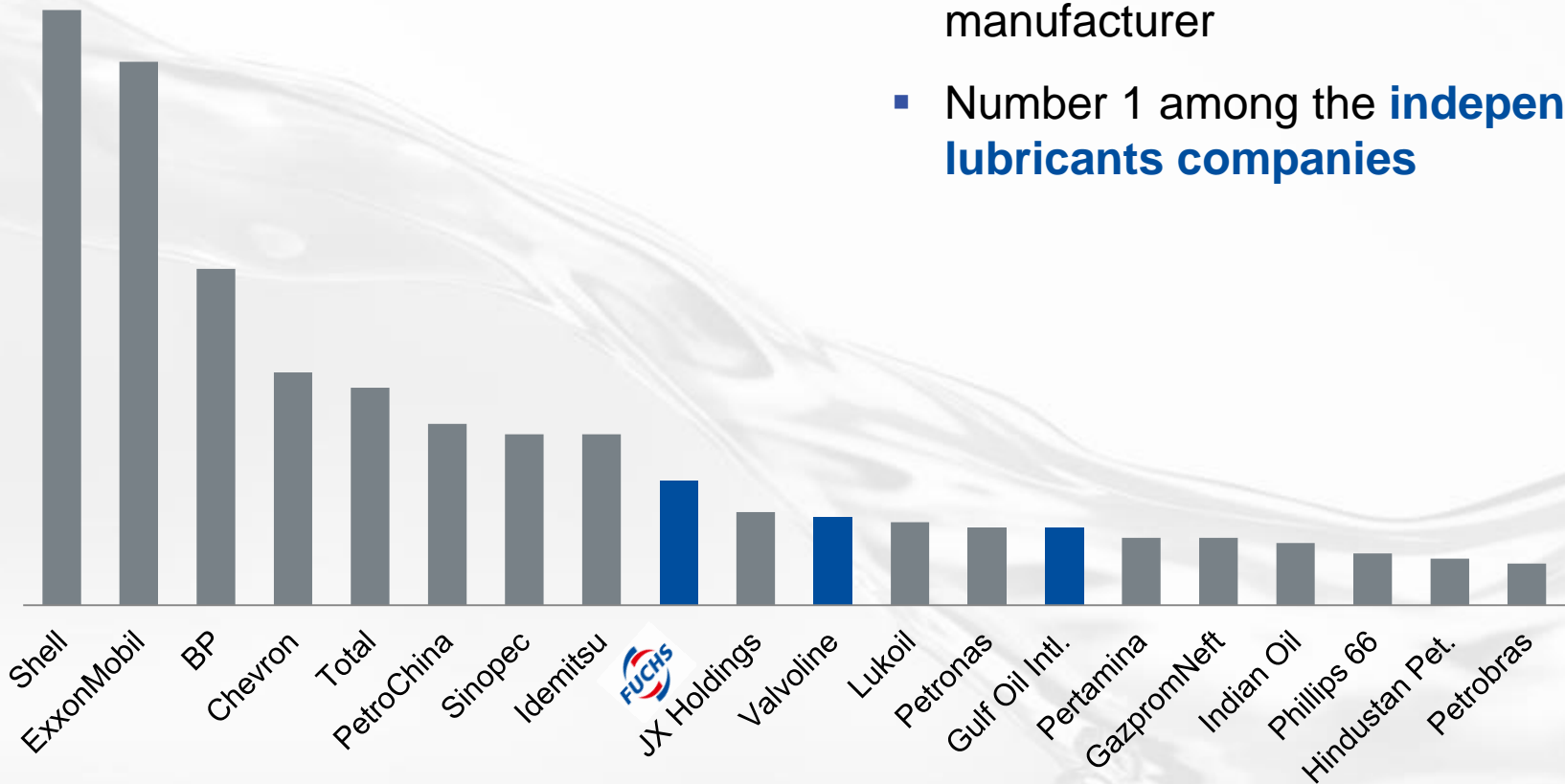
GERMAN SUSTAINABILITY AWARD

.....

Germany's Most Sustainable
Medium-sized Company 2016



Top 20 lubricants manufacturers 2016



- 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



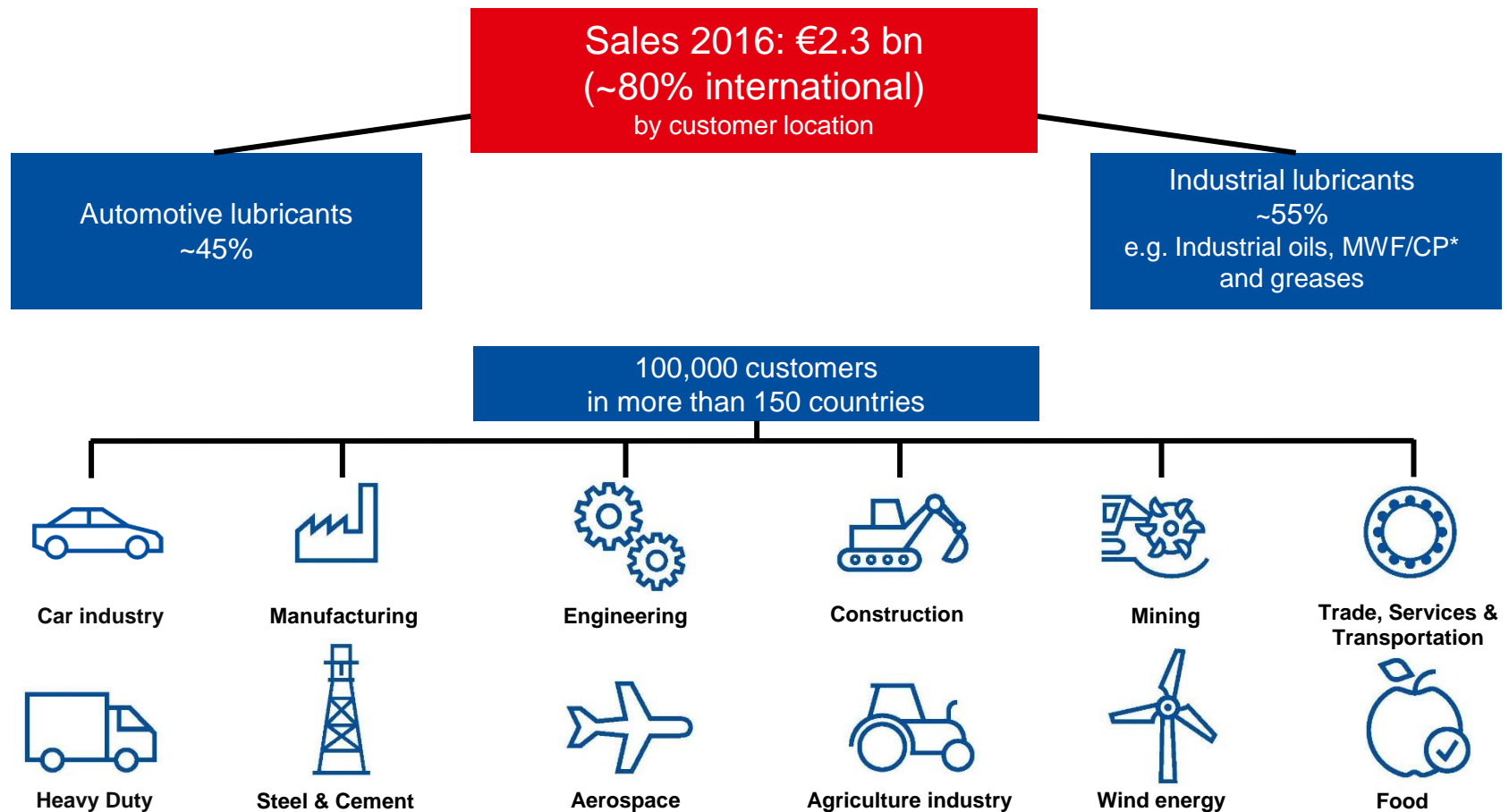
**Advantage over
independent companies**

We are where our customers are



57 Operating Companies
34 Production Sites

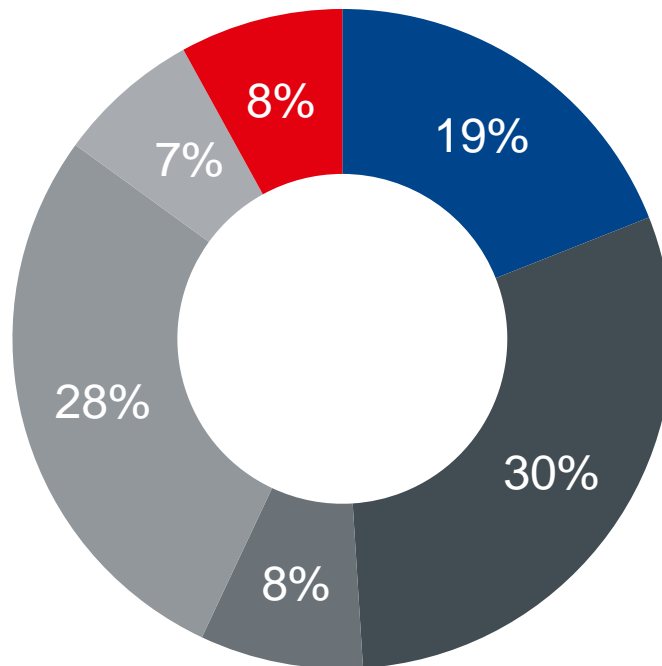
Full-line supplier advantage



*metalworking fluids/corrosion preventives

Well balanced customer structure

FUCHS sales revenues 2016: €2.3 bn

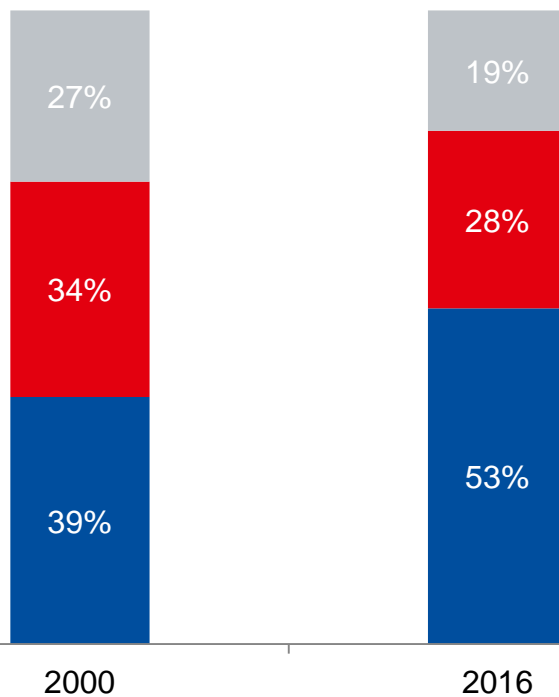


- Industrial goods manufacturing
- Vehicle manufacturing
- Energy and mining
- Trade, transport and services
- Agriculture and construction
- Engineering/ machinery construction

Organic growth potential in emerging countries

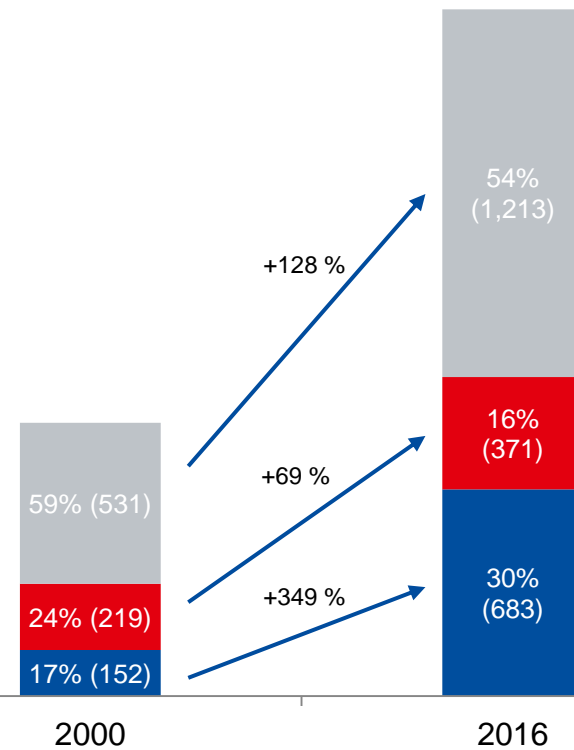
Market Demand

36.4 mn t $\xrightarrow{-2\%}$ 35.7 mn t



FUCHS Sales (by customer location)

€ 902 mn $\xrightarrow{+151\%}$ € 2,267 mn



Challenges & Opportunities

**Global Networked & Agile
Company**

**Profitable
Growth**

Structures

**Digitali-
zation**

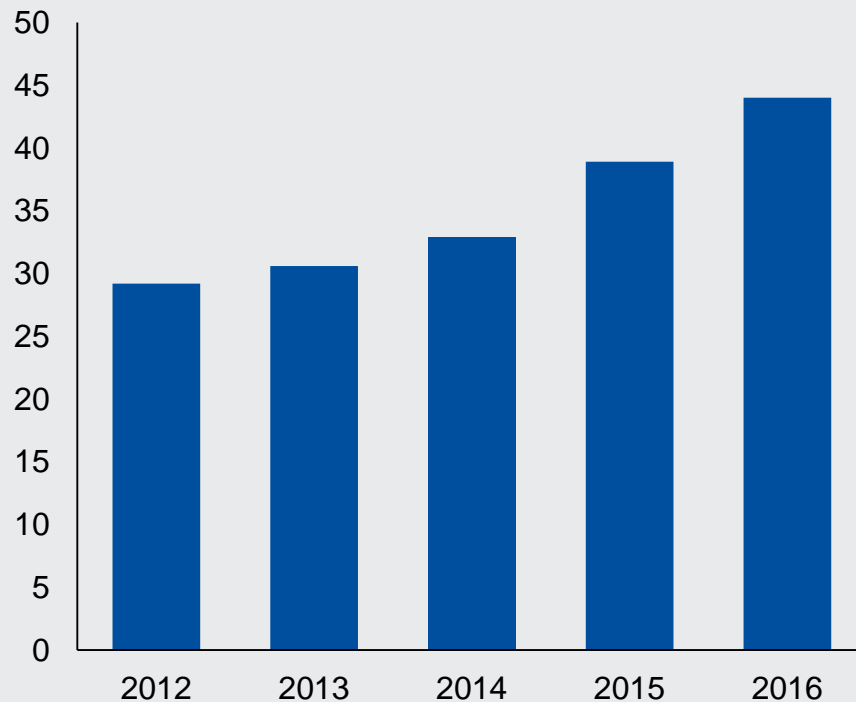
e-mobility

Investment in the future

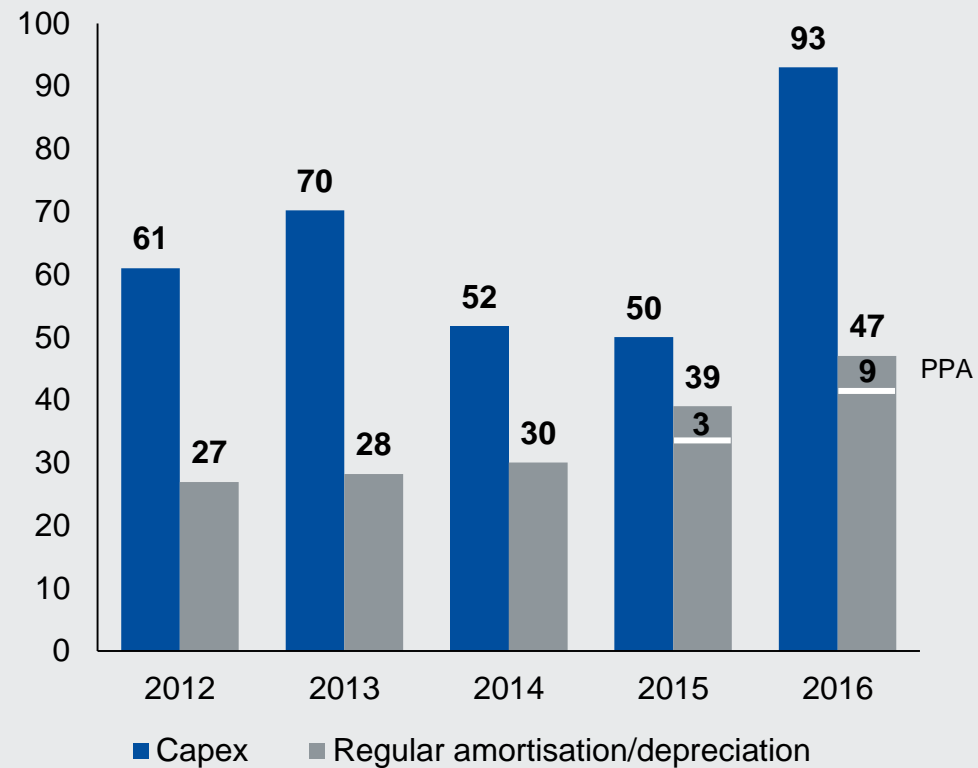
R&D, capex, amortisation & depreciation

R&D expenses 2016: €44 mn

€ mn



Capex 2016: €93 mn



Investments 2016 - 2018

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

- Expansion of the Mannheim site, Germany (2016-2018)
- Expansion of the Kaiserslautern site, Germany (2017)
- Expansion of the Chicago site, USA (2016-2018)
- New plant in WuJiang, China (2017-2018)
- New plants in Australia and Sweden (2016-2018)

~ 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



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 2017



Highlights Q1 2017

Sales +12%
to €618 mn

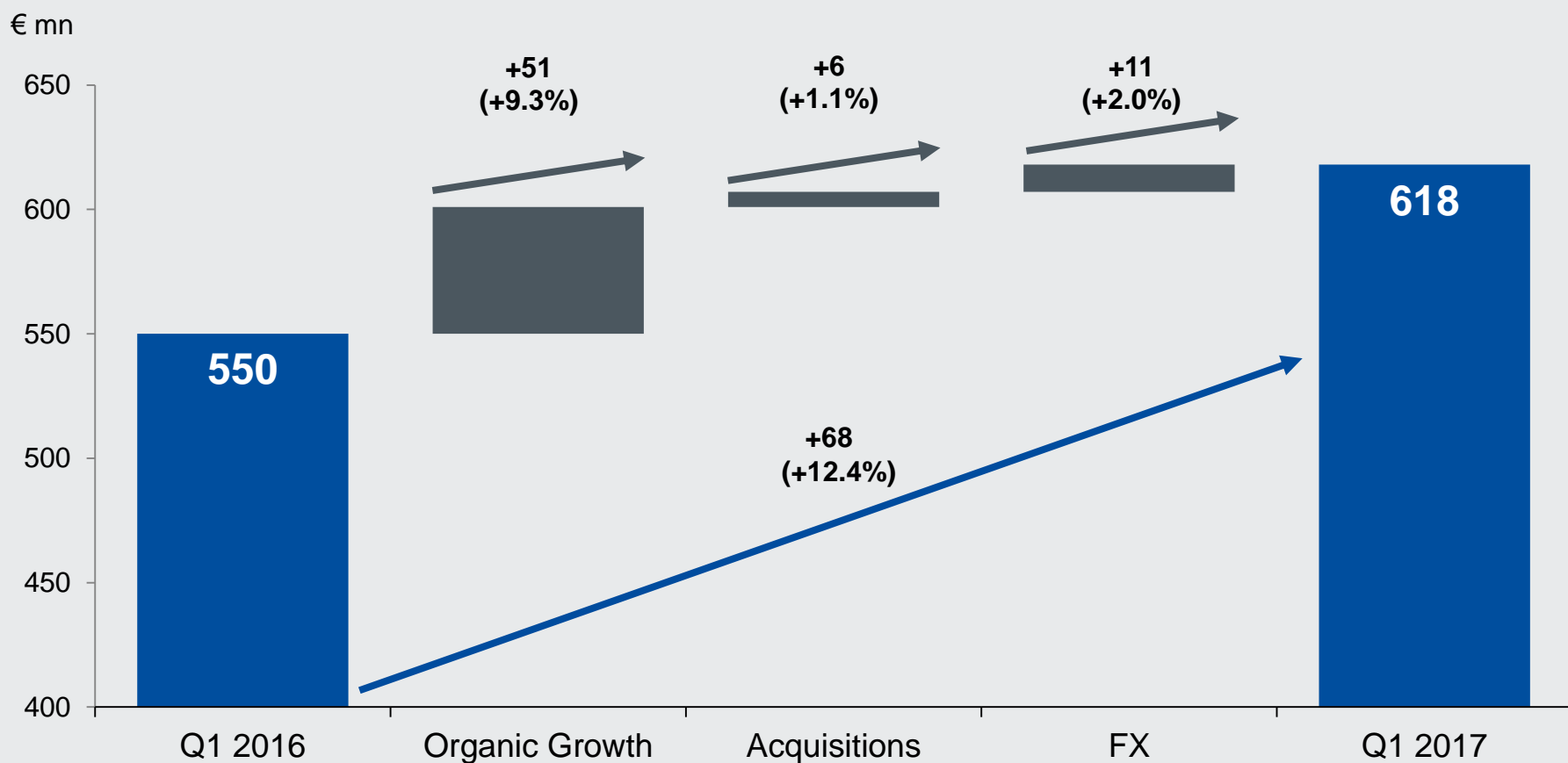
- Organic growth in all regions
- Slight external growth
- Tailwind from FX

EBIT +11%
to €94 mn

Outlook 2017
unchanged

- Sales growth 4% - 6%
- EBIT growth 1% - 5%

Q1 Group Sales

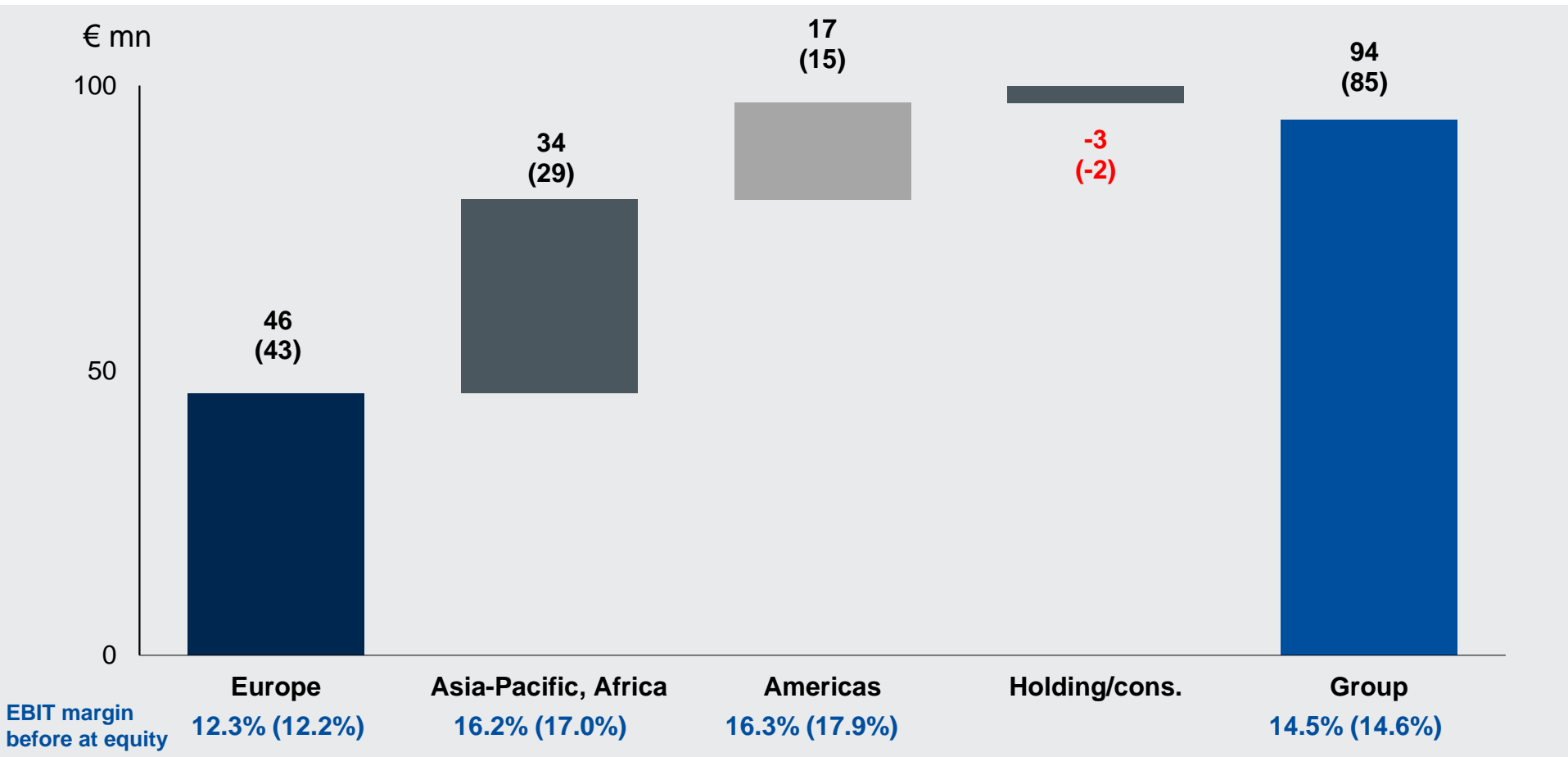


Regional sales growth Q1 2017

	Q1 2016 (€ mn)	Q1 2017 (€ mn)	Growth	Organic	External	FX
Europe	349	368	+5.3%	+5.5%	-	-0.2%
Asia-Pacific, Africa	144	181	+25.1%	+20.9%	-	+4.2%
Americas	85	104	+22.7%	+9.0%	+7.4%	+6.3%
Consolidation	-28	-35	-	-	-	-
Total	550	618	+12.4%	+9.3%	+1.1%	+2.0%

EBIT by regions

Q1 2017 (Q1 2016)



Income Statement Q1 2017

€ mn	Q1 2016	Q1 2017	Δ € mn	Δ in %
Sales	550	618	68	12.4%
Gross Profit	206	226	20	10.0%
<i>Gross Profit margin</i>	<i>37.4%</i>	<i>36.6%</i>	-	<i>-0.8%-points</i>
Selling, admin., R&D expenses, others	-126	-137	11	9.1%
EBIT before at Equity	80	89	9	11.3%
At Equity	5	5	-	-
EBIT	85	94	9	10.8%
Earnings after tax	59	66	7	12.6%

Cash flow Q1 2017

€ mn	Q1 2016	Q1 2017
Earnings after tax	59	66
Amortisation/Depreciation	11	13
Changes in net operating working capital (NOWC)	-32	-25
Other changes	3	2
Capex	-14	-14
Free cash flow before acquisitions	27	42
Acquisitions	-	-
Free cash flow	27	42

Outlook 2017

Performance indicator	Actual 2016		Outlook 2017
Sales	2,267 Mio €	↑	+4% to +6%
Organic Growth	+3.3%		
External Growth	+8.6%		
Currency	-2.9%		
EBIT	371 Mio €	↑	+1% to +5%
FUCHS Value Added	257 Mio €	↑	Low single-digit percentage range
Free cash flow before acquisitions	205 Mio €		~200 Mio €

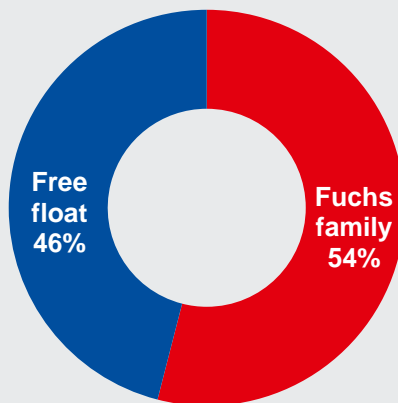
03 Shares



Breakdown ordinary & preference shares

(March 31, 2017)

Ordinary shares



Basis: 69,500,000 ordinary shares

Characteristics:

- Dividend
- Voting rights

Preference shares

MDAX-listed



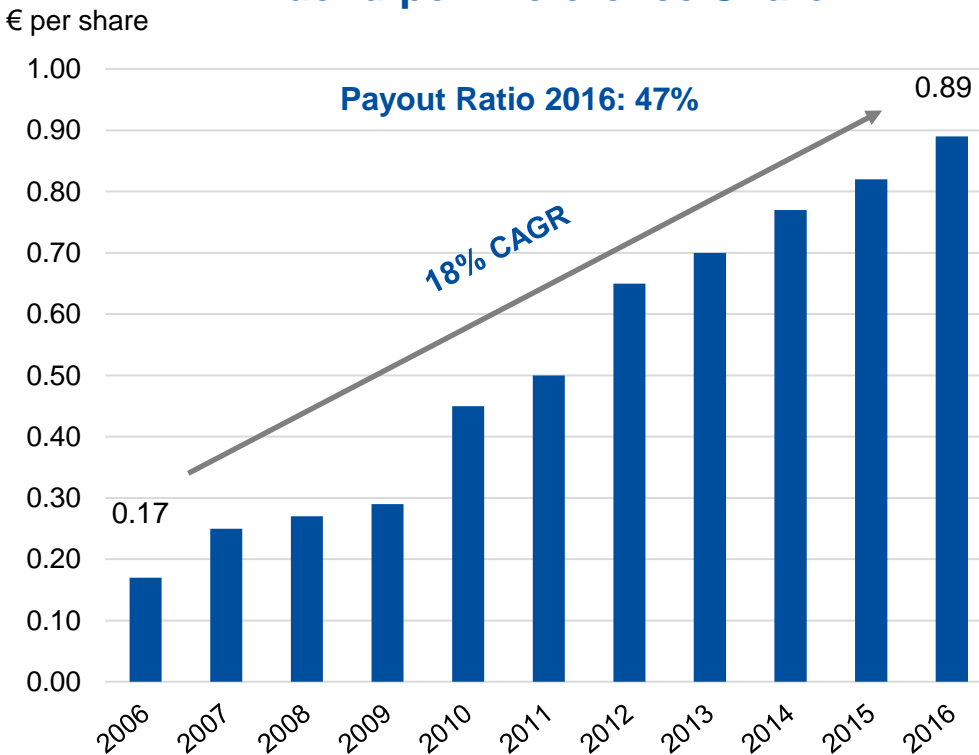
Basis: 69,500,000 preference shares

Characteristics:

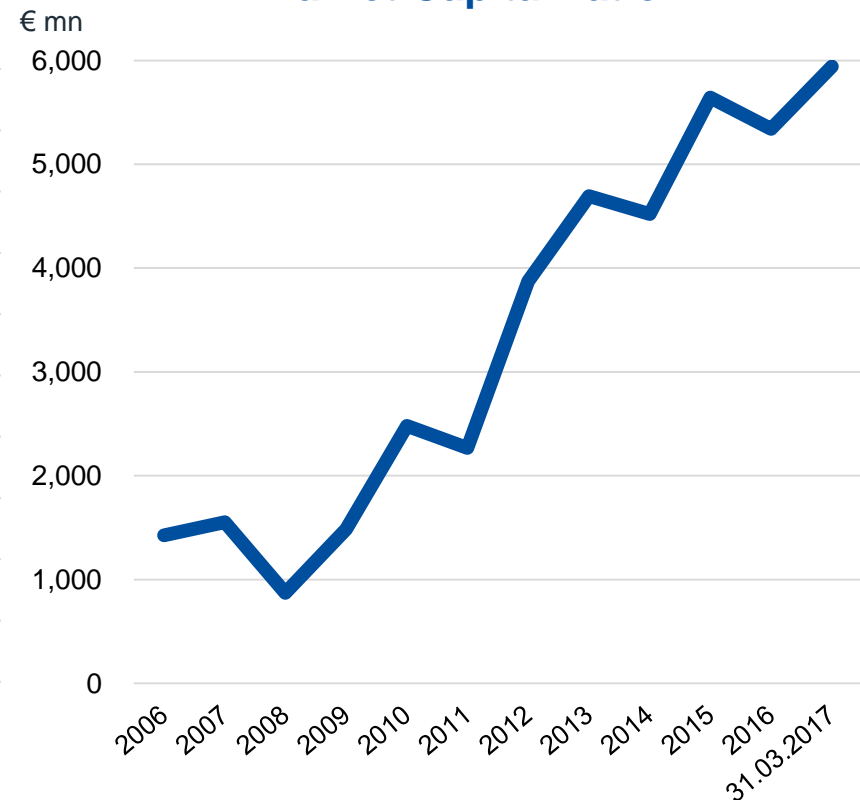
- Dividend plus preference profit share (0.01€)
- Restricted voting rights in case of:
 - preference profit share has not been fully paid
 - exclusion of pre-emption rights (e.g. capital increase, share buyback, etc.)

Stable dividend policy

Dividend per Preference Share



Market Capitalization

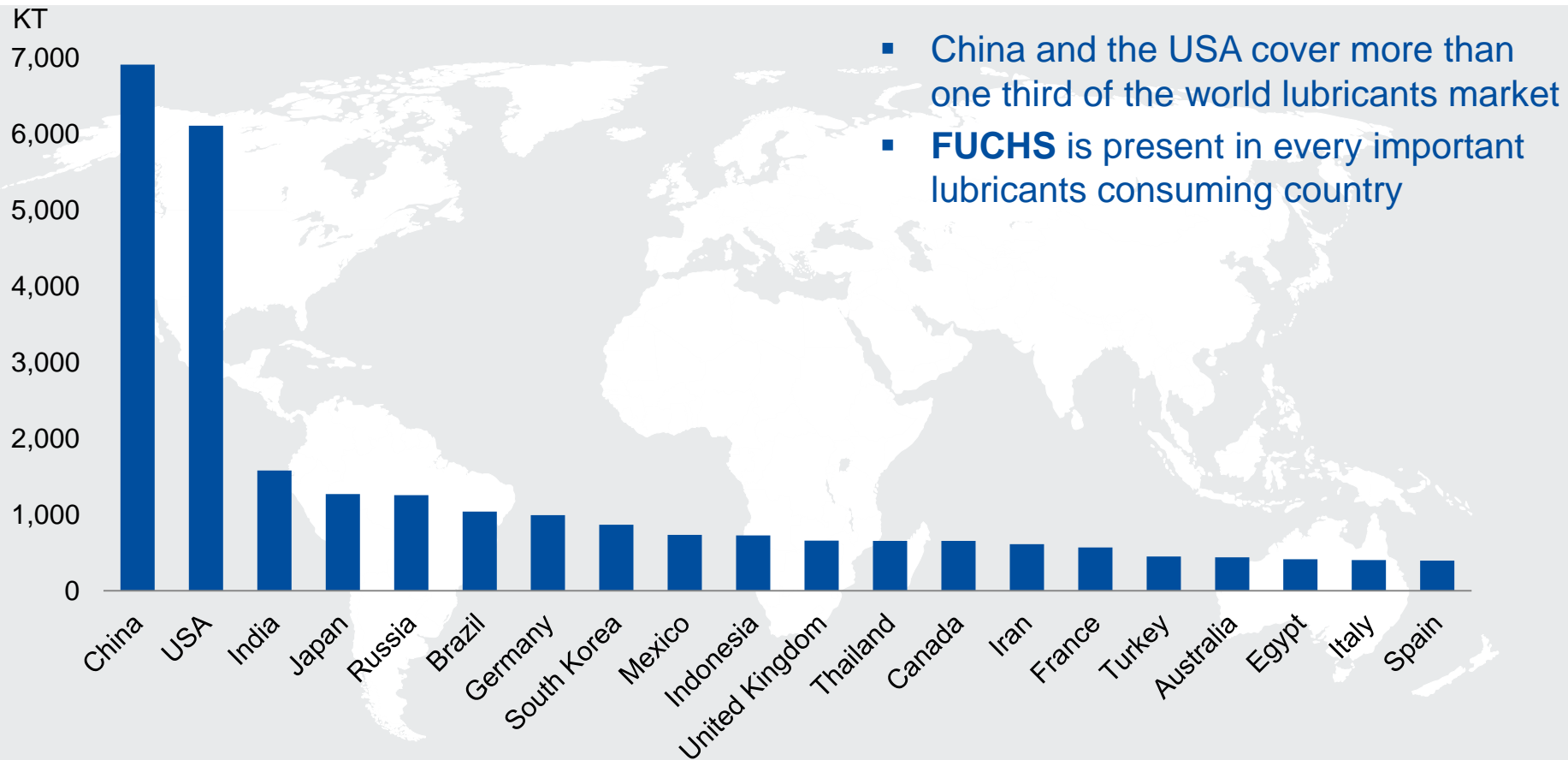


Our target: Increase the absolute dividend amount each year or at least maintain previous year's level.

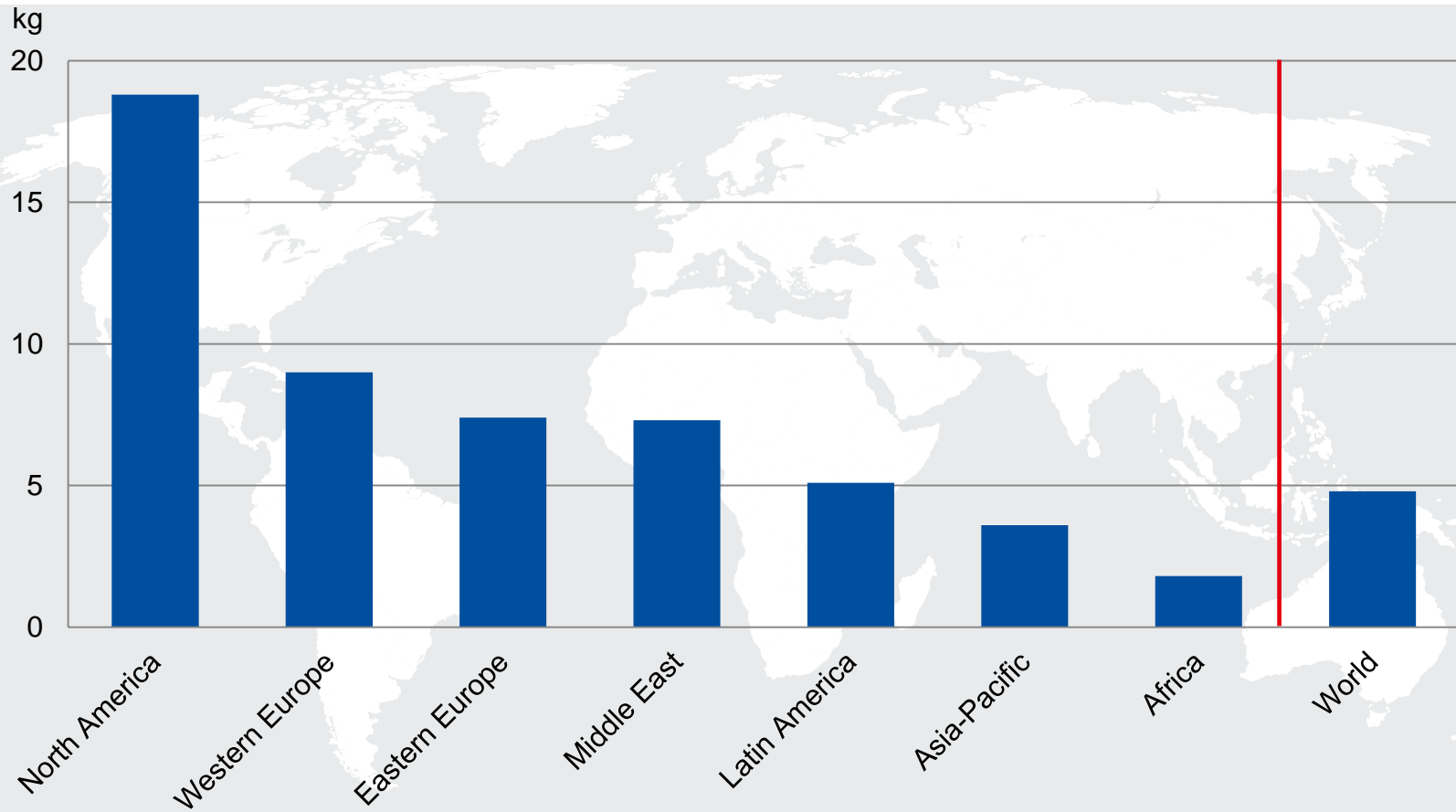
04 Appendix



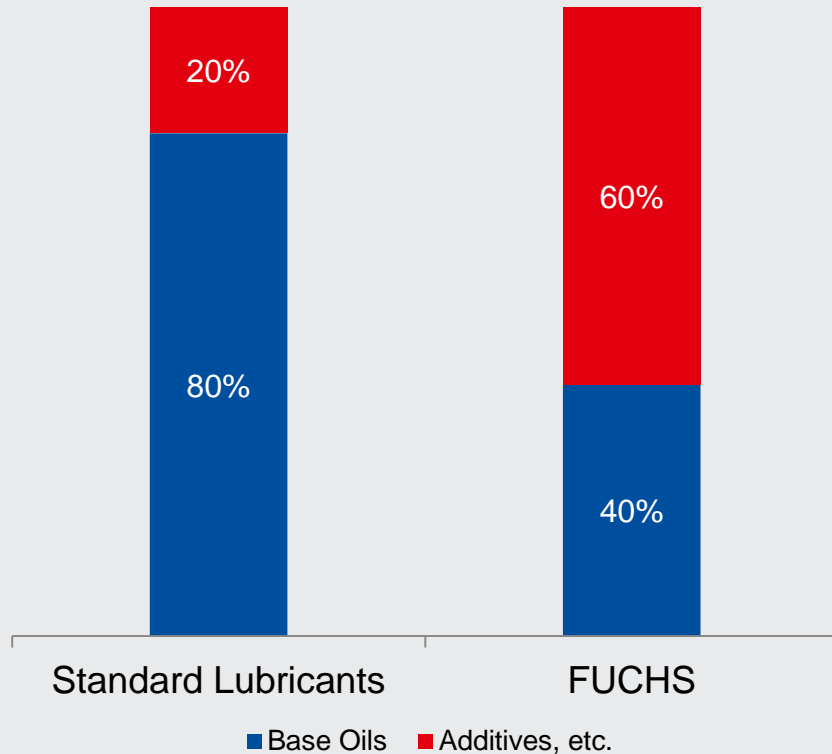
Top 20 lubricant countries 2016



Regional per-capita lubricants demand 2016



Base oil / additives value split

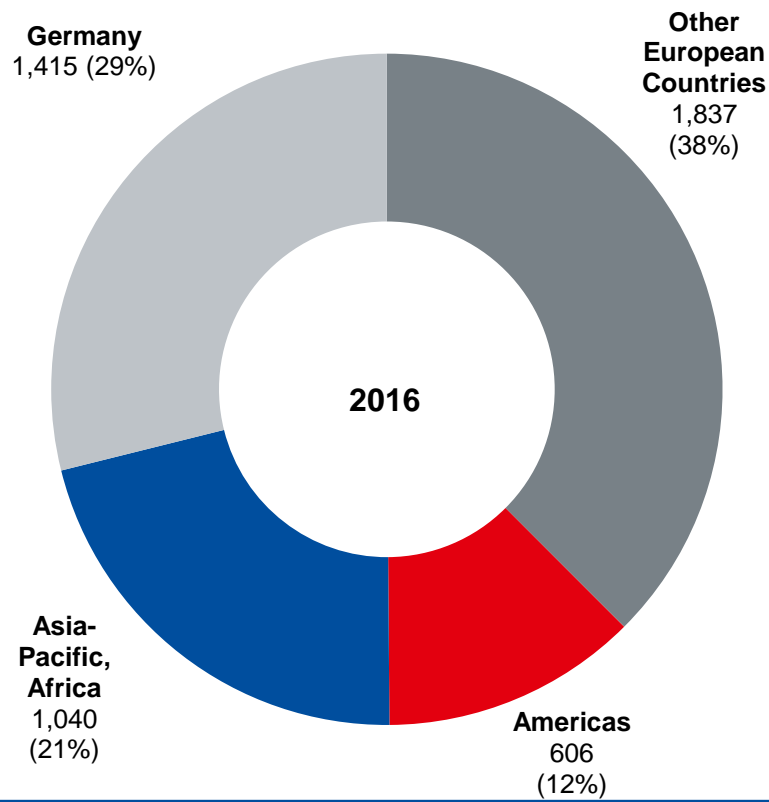


- Base oil prices do not necessarily follow crude oil prices
- No direct link between additives and crude oil prices. We even face price increases for certain raw materials where supply/demand is not balanced or special situations occur
- Special lubricants consist of less base fluid and more additives

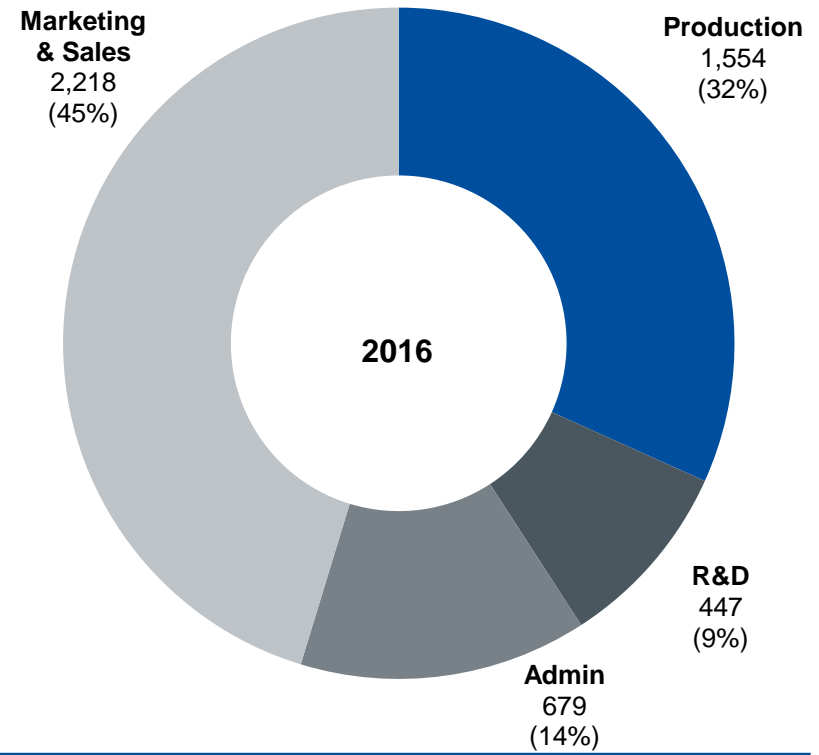
Workforce Structure

4,898 employees globally

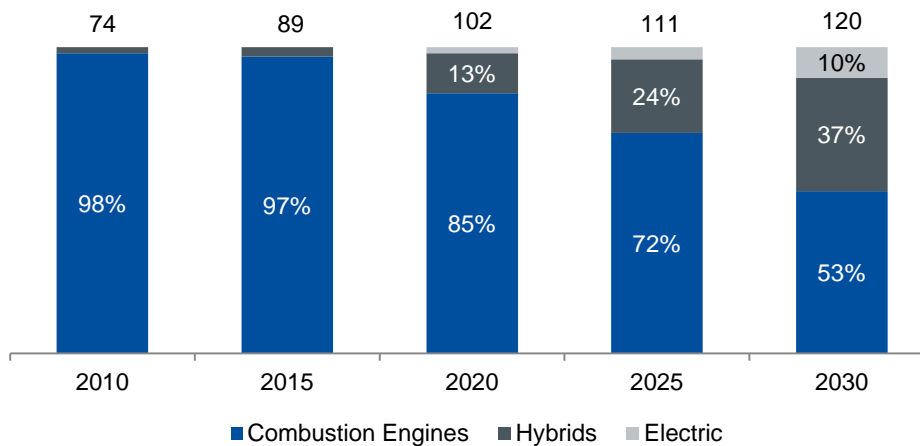
Regional Workforce Structure



Functional Workforce Structure



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



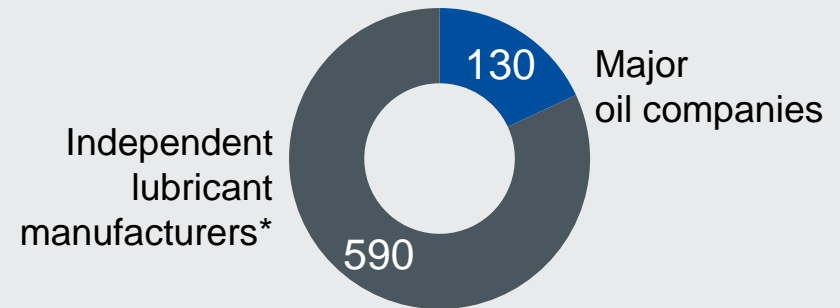
Electrification is an opportunity for FUCHS to further strengthen its market leadership with technically advanced applications

Further market consolidation to be expected

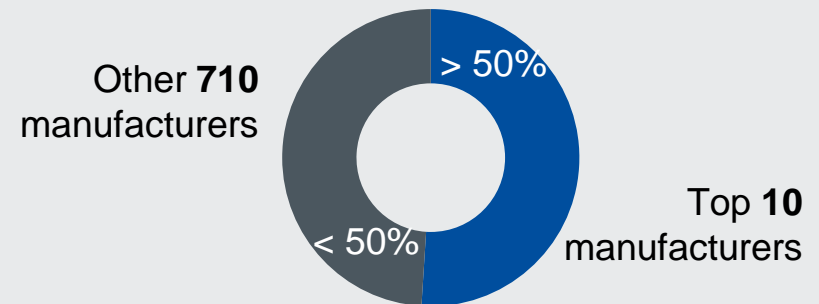
- High degree of fragmentation
- Concentration especially amongst smaller companies

- Differences are enormous

Manufacturers



Market Shares



* > 1000 tons

Acquisitions 2016

Sales 2016: €5 mn / EBIT 2016: €1 mn



Deal Structure	Share Deal; €15 mn sales p.a.; purchase price €26 mn
Focus	Industrial specialty lubricants (e.g. for compressors and industrial maintenance)
Closing	1st December 2016



Deal Structure	Acquisition of Chevron's foodgrade lubricants and white oil business Asset deal; €11 mn in sales p.a.; purchase price €22 mn
Focus	White oils and foodgrade 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

Acquisitions

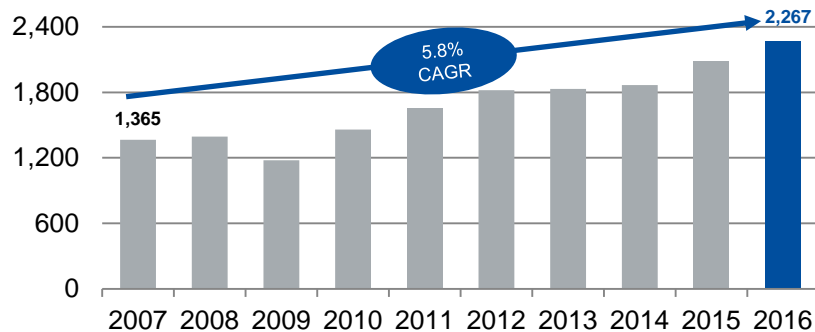
Return cash to shareholders

Stable Dividends

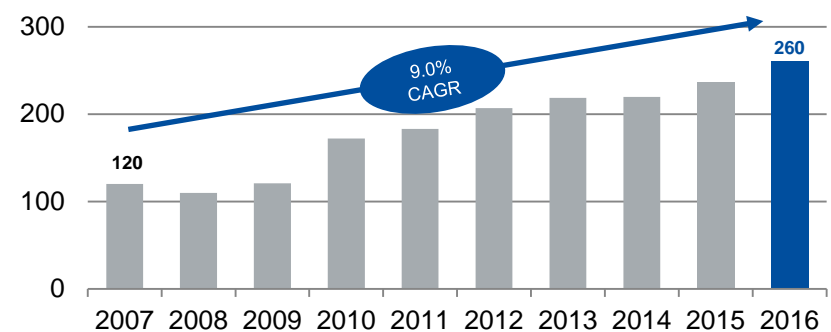
Share Buyback

Unique Track Record for continued profitability and added value

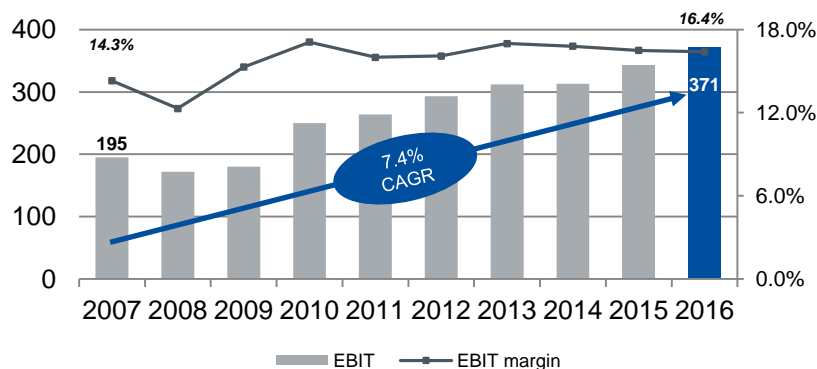
Sales (in € mn)



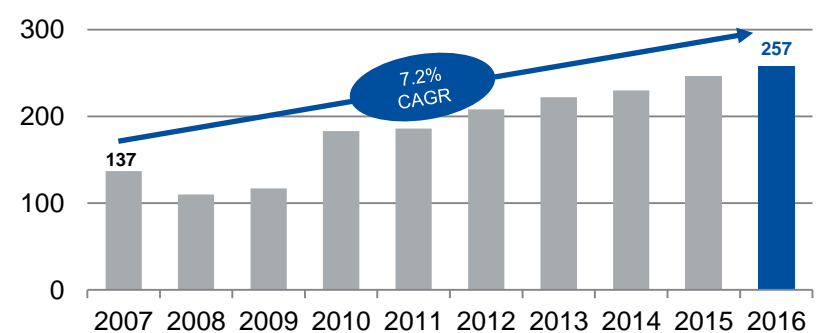
Earnings After Tax (in € mn)



EBIT (in € mn)



FVA (in € mn)



EBIT increase of 8% in 2016

€ mn	2012	2013	2014	2015	2016	Δ 15/16
Sales	1,819	1,832	1,866	2,079	2,267	9.0%
Gross Profit	666	690	693	791	851	7.5%
Gross Profit margin	36.6%	37.7%	37.2%	38.1%	37.5%	-0.6 % points
Selling, admin., R&D expenses, others	-387	-391	-400	-467	-499	6.7%
EBIT before at Equity	279	299	293	324	352	8.6%
EBIT margin before at Equity	15.3%	16.3%	15.7%	15.6%	15.5%	-0.1 % points
At Equity	14	13	20	18	19	3.4%
EBIT	293	312	313	342	371	8.3%
EBIT margin	16.1%	17.0%	16.8%	16.5%	16.4%	-0.1 % points
EBITDA	320	340	343	381	418	9.6%
EBITDA margin	17.6%	18.6%	18.4%	18.3%	18.4%	+0.1 % points

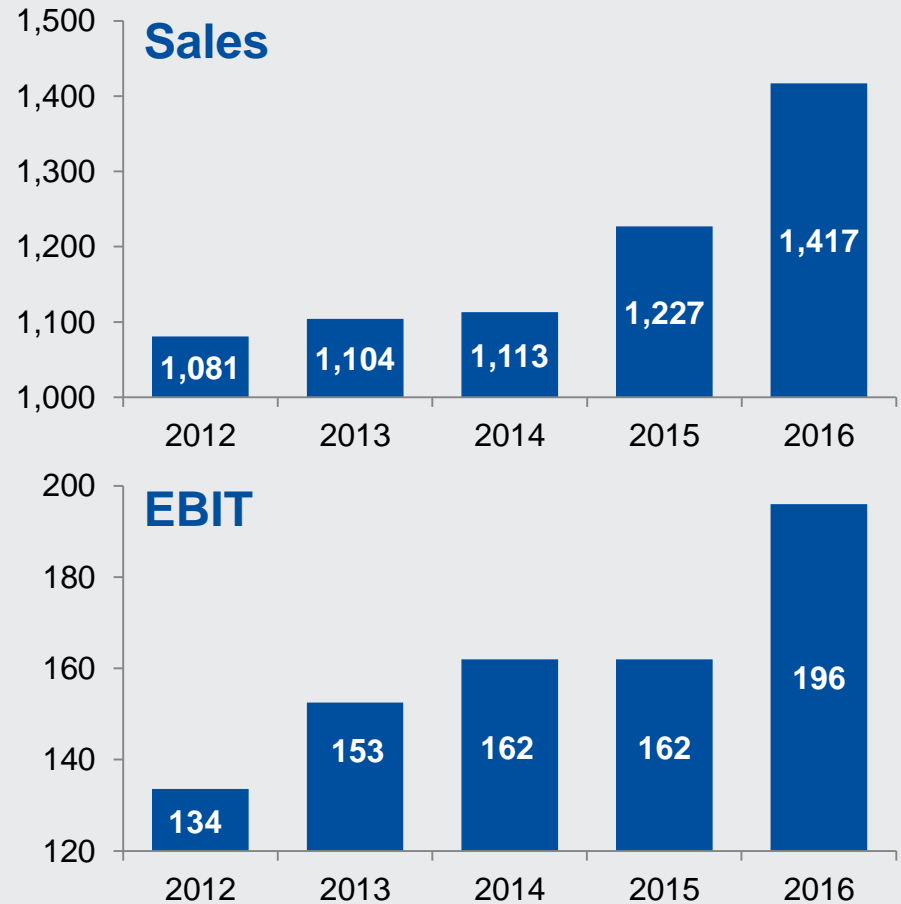
Europe

2016: Sales + 15.5% / EBIT +21.0%

€ mn



Employees 2016: 3,149 (3,112)



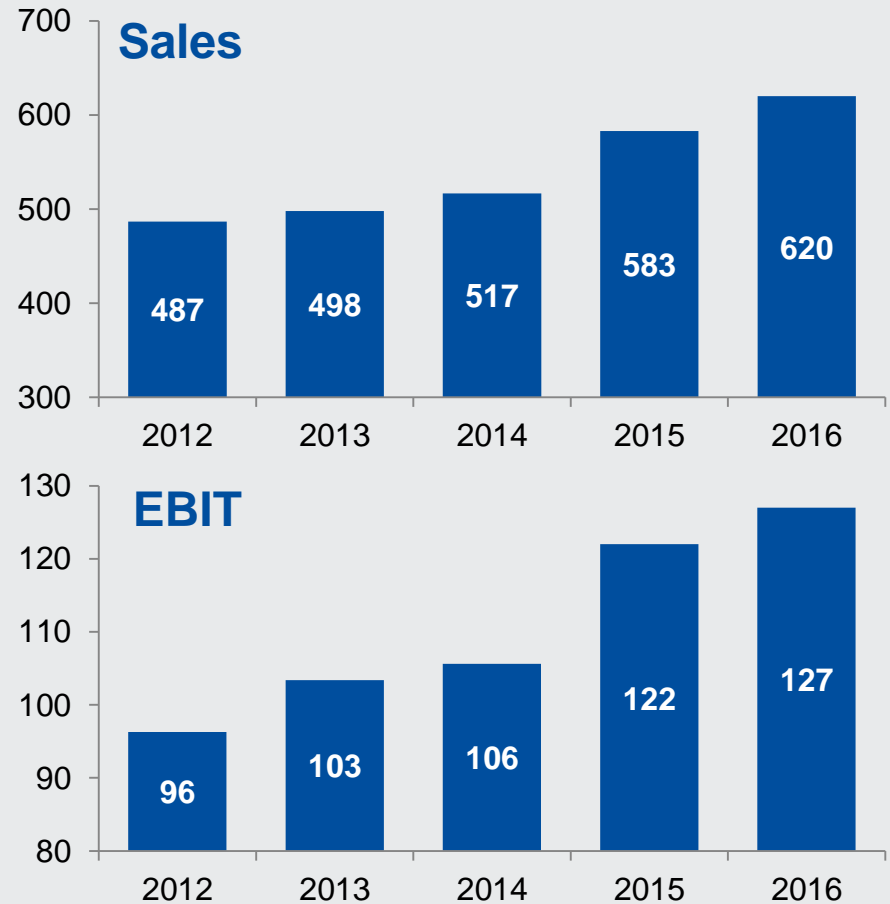
Asia-Pacific, Africa

2016: Sales + 6.3% / EBIT + 4.3%

€ mn



Employees 2016: 1,040 (1,029)



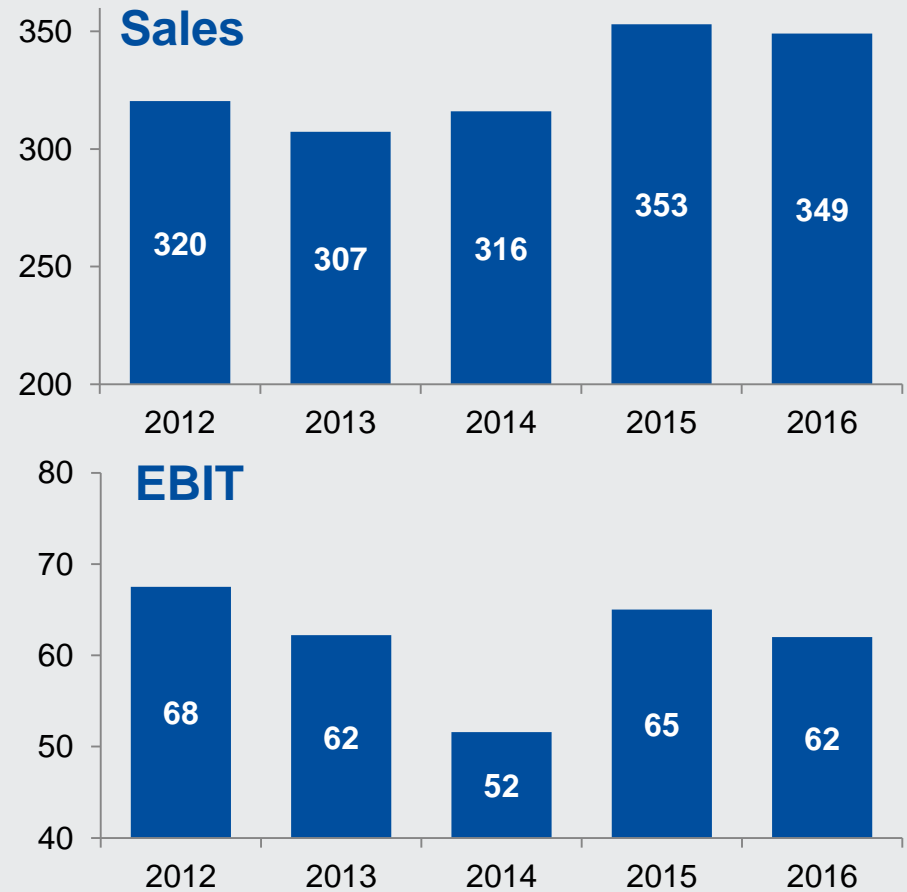
Americas

2016: Sales - 1.2% / EBIT - 4.0%

€ mn



Employees 2016: 606 (588)

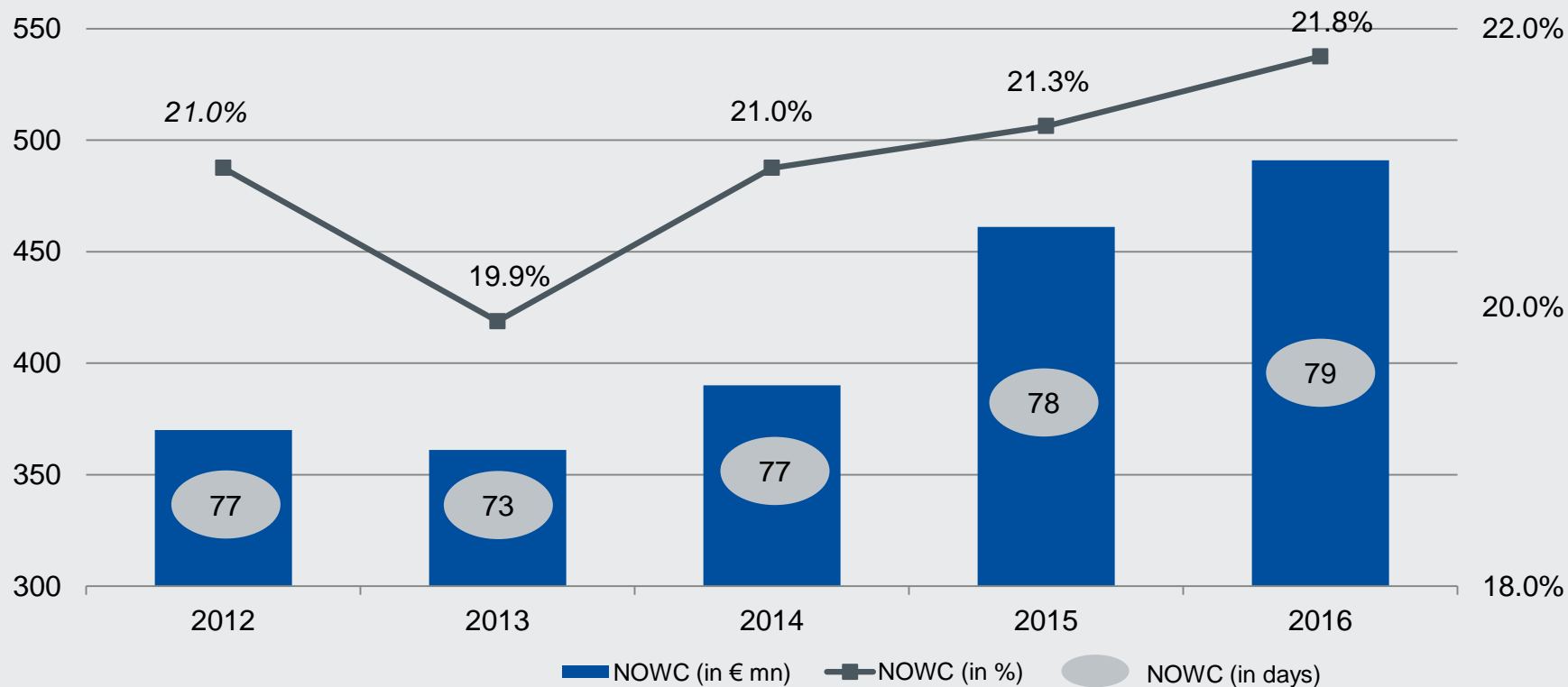


Solid balance sheet and strong cash flow generation

€ mn	2012	2013	2014	2015	2016
Total assets	1,109	1,162	1,276	1,490	1,676
Goodwill	85	82	88	166	185
Equity	782	854	916	1,070	1,205
Equity ratio	71%	74%	72%	72%	72%

€ mn	2012	2013	2014	2015	2016
Net liquidity	135	167	186	101	146
Operating cash flow	203	221	255	281	300
Free cash flow before acquisitions	141	150	210	232	205
Free cash flow after acquisitions	140	150	188	62	164

Net operating working capital (NOWC)*



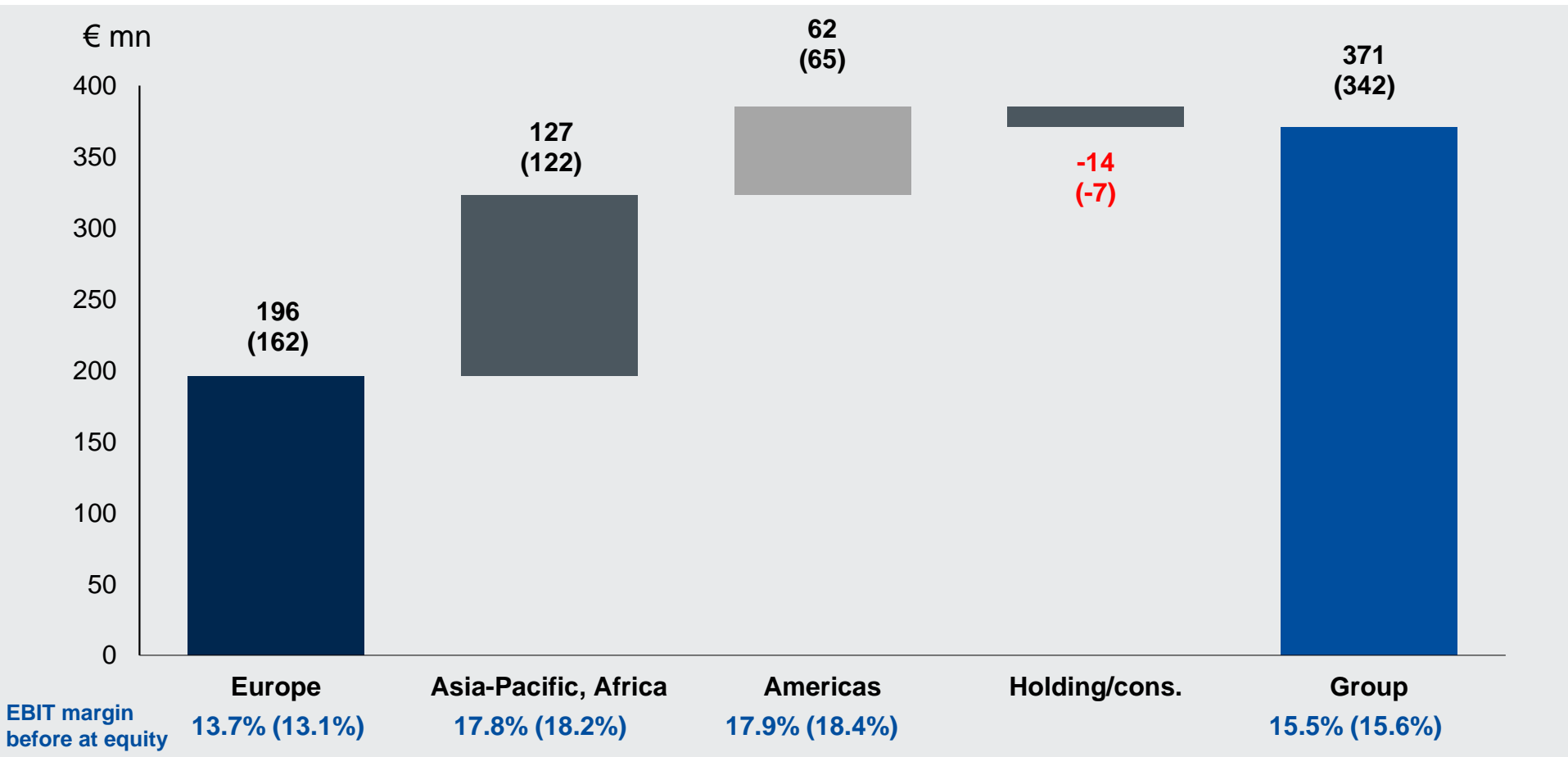
* In relation to the annualized sales revenues of the 4th quarter of the year

Regional sales growth FY 2016

	2015 (€ mn)	2016 (€ mn)	Growth	Organic	External	FX
Europe	1,227	1,417	+15.5%	+3.5%	+14.0%	-2.0%
Asia-Pacific, Africa	583	620	+6.3%	+9.2%	+2.0%	-4.9%
Americas	353	349	-1.2%	-1.8%	+2.6%	-2.0%
Consolidation	-84	-119	-	-	-	-
Total	2,079	2,267	+9.0%	+3.3%	+8.6%	-2.9%

EBIT by regions

FY 2016 (FY 2015)



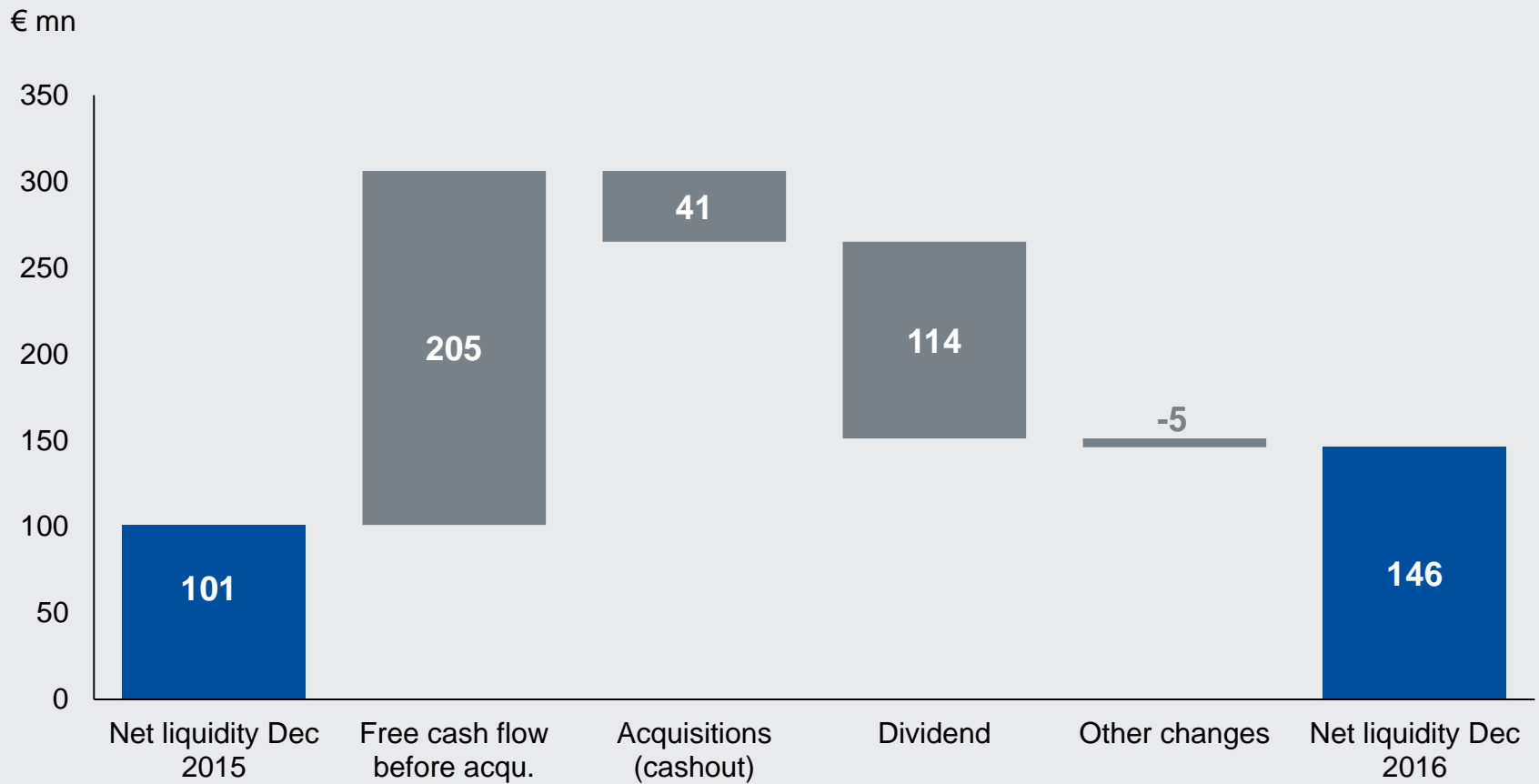
Income Statement FY 2016

€ mn	FY 15	FY 16	Δ € mn	Δ in %
Sales	2,079	2,267	188	9.0 %
Gross Profit	791	851	60	7.5 %
<i>Gross Profit margin</i>	<i>38.1%</i>	<i>37.5%</i>	-	<i>-0.6 % points</i>
Selling, admin., R&D expenses, others	-467	-499	32	6.7 %
EBIT before at Equity	324	352	28	8.6 %
At Equity	18	19	1	3.4 %
EBIT	342	371	29	8.3 %
Earnings after tax	236	260	24	10.0 %

Cash flow

€ mn	FY 15	FY 16
Gross cash flow	274	298
Changes in net operating working capital	-1	-22
Other changes	8	24
Operating cash flow	281	300
Capex	-50	-93
Other changes	1	-2
Free cash flow before acquisitions	232	205
Acquisitions	-170	-41
Free cash flow	62	164

Net Liquidity 2016

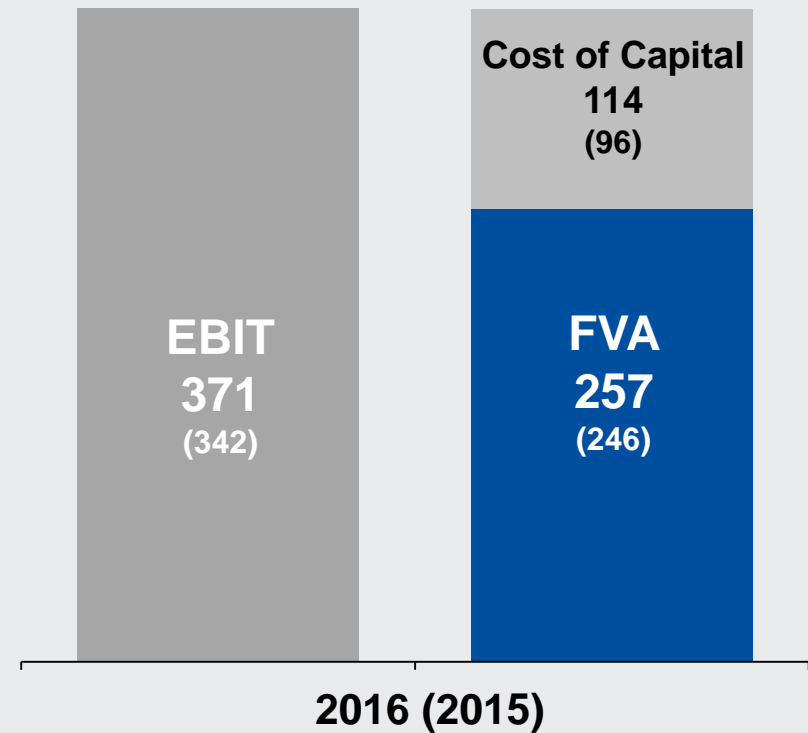
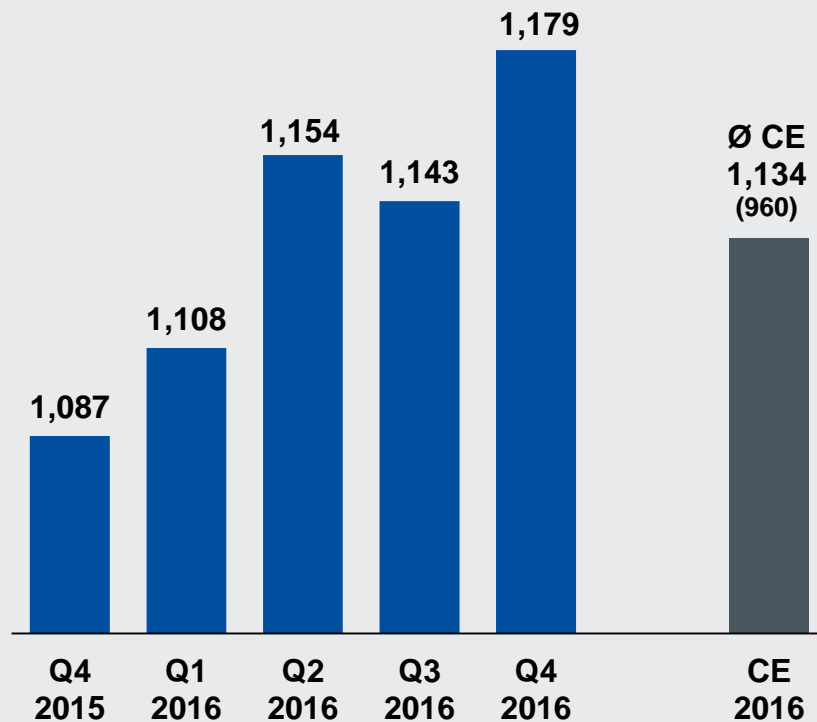


FUCHS Value Added (FVA)

Increase by 5%

Capital Employed

€ mn



Cost of Capital = CE x WACC (10%)

Quarterly income statement

€ mn	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Sales	493	515	531	540	550	586	567	564	618
Gross Profit	188	200	203	200	206	221	214	210	226
Gross Profit margin	38.1 %	38.8 %	38.2 %	37.1 %	37.4 %	37.7 %	37.8 %	37.1%	36.6%
Selling, admin., R&D expenses, others	-110	-113	-118	-126	-126	-128	-125	-120	-137
EBIT before at Equity	78	87	85	74	80	93	89	90	89
EBIT margin before at Equity	15.8%	16.8%	16.0%	13.9 %	14.6%	15.8%	15.8%	15.9%	14.5%
At Equity	4	3	4	7	5	5	5	4	5
EBIT	82	90	89	81	85	98	94	94	94
EBIT margin	16.6%	17.5%	16.8%	15.0 %	15.5%	16.6%	16.5%	16.8%	15.3%
EBITDA	90	99	100	92	97	109	105	107	108
EBITDA margin	18.3%	19.1%	18.8%	17.1%	17.6%	18.7%	18.6%	18.8%	17.4%

Quarterly sales by regions

Sales (€ mn)	2015					2016					2017				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Europe	278.3	292.9	321.4	334.4	1,227.0	349.4	371.5	359.2	336.9	1,417.0	368.0				
Asia-Pacific, Africa	146.5	155.7	141.2	139.5	582.9	144.4	154.0	152.4	168.9	619.7	180.7				
Americas	88.3	87.8	90.8	85.9	352.8	84.5	87.4	88.1	88.7	348.7	103.7				
Consolidation	-20.5	-21.4	-22.2	-19.5	-83.6	-28.1	-26.9	-33.0	-30.6	-118.6	-34.0				
FUCHS Group	492.6	515.0	531.2	540.3	2,079.1	550.2	586.0	566.7	563.9	2,266.8	618.4				

Δ Y-o-Y in %	2016					2017				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Europe	+25.5	+26.8	+11.8	+0.7	+15.5	+5.3				
Asia-Pacific, Africa	-1.4	-1.1	+7.9	+21.1	+6.3	+25.1				
Americas	-4.3	-0.5	-3.0	+3.3	-1.2	+22.7				
Consolidation	-	-	-	-	-	-				
FUCHS Group	+11.7	+13.8	+6.7	+4.4	+9.0	+12.4				

Quarterly EBIT by regions

Sales (€ mn)	2015					2016					2017				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Europe	39.4	43.3	44.9	34.4	162.0	43.1	51.8	53.8	46.5	195.2	45.7				
Asia-Pacific, Africa	26.6	32.5	28.0	35.1	122.2	29.2	31.8	28.8	37.6	127.4	33.7				
Americas	16.5	16.4	17.5	14.5	64.9	15.1	16.4	15.8	15.0	62.3	16.9				
Consolidation	-0.8	-2.3	-1.1	-2.7	-6.9	-2.2	-2.5	-4.9	-4.6	-14.2	-1.9				
FUCHS Group	81.7	89.9	89.3	81.3	342.2	85.2	97.5	93.5	94.5	370.7	94.4				

Δ Y-o-Y in %	2016					2017				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Europe	+9.4	+19.6	+19.8	+35.2	+20.5	+6.0				
Asia-Pacific, Africa	+9.8	-2.2	+2.9	+7.1	+4.3	+15.4				
Americas	-8.5	0	-9.7	+3.4	-4.0	+11.9				
Consolidation	-	-	-	-	-	-				
FUCHS Group	+4.3	+8.5	+4.7	+16.2	+8.3	+10.8				

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 2017

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

FUCHS PETROLUB SE
Friesenheimer Str. 17
68169 Mannheim

Investor Relations

Thomas Altmann
Tel. +49 621 3802 1201
thomas.altmann@fuchs-oil.de
www.fuchs.com/investor