

# FUCHS GROUP

## Financial Results H1 2019

| Analyst's Conference, 1<sup>st</sup> August 2019

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## Highlights H1 2019

**Sales -1% at  
€1,296 mn**

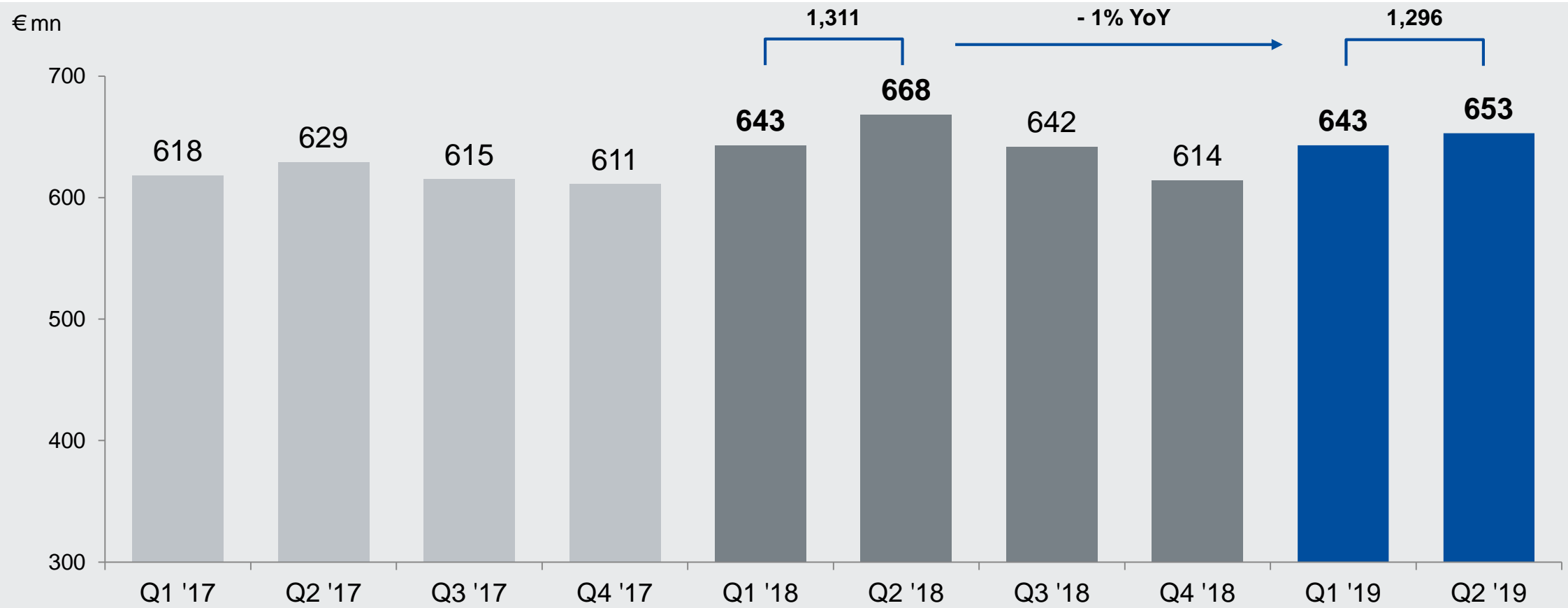
- Growth initiative results in costs increasing as planned
- Continuing weakness of automotive markets in Germany and China
- Declining organic growth in North and South America in Q2

**EBIT down by 19%  
to €157 mn**

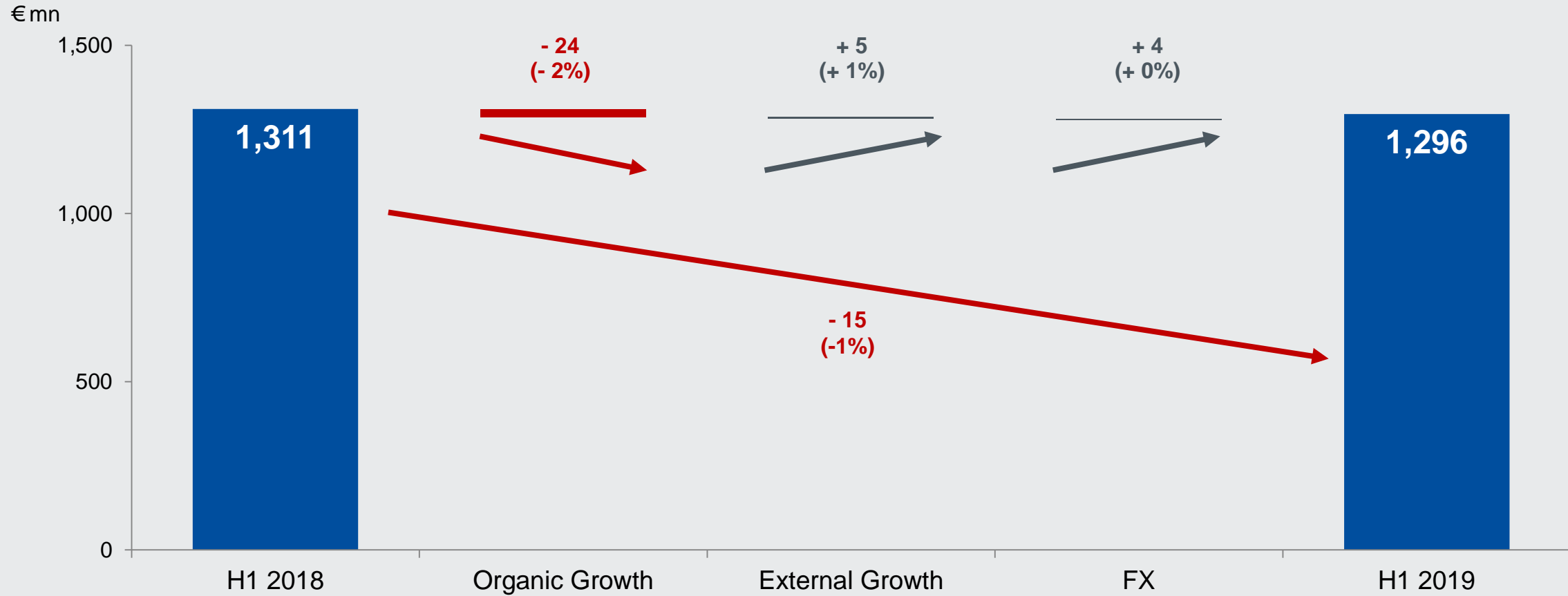
### **Outlook 2019 adjusted**

- Sales -3% to +0%
- EBIT -30% to -20% (EBIT comparable: -27% to -17%)
- Free cashflow before acquisitions €70mn to €90 mn
- FVA €130 mn to €160 mn

# Sales development



# H1 2019 Group sales



# Regional sales growth H1 2019

Continuing weakness in Europe and Asia – Decreasing sales growth in Americas

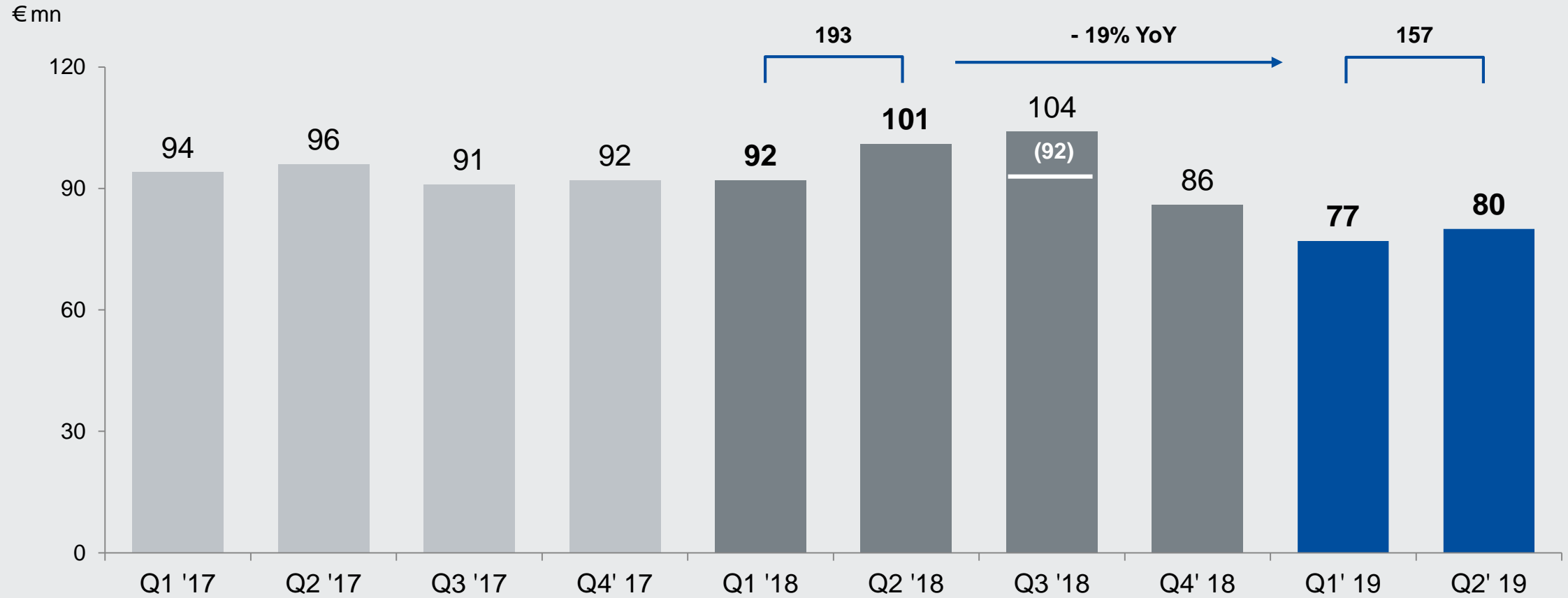
|                             | H1 2019<br>(€mn) | H1 2018<br>(€mn) | Growth     | Organic    | External   | FX        |
|-----------------------------|------------------|------------------|------------|------------|------------|-----------|
| Europe, Middle East, Africa | 799              | 829              | -4%        | -3%        | -          | -1%       |
| Asia-Pacific                | 355              | 369              | -4%        | -5%        | +1%        | 0%        |
| Americas                    | 212              | 199              | +7%        | +3%        | 0%         | +4%       |
| Consolidation               | -70              | -86              | -          | -          | -          | -         |
| <b>Total</b>                | <b>1,296</b>     | <b>1,311</b>     | <b>-1%</b> | <b>-2%</b> | <b>+1%</b> | <b>0%</b> |

# Income statement H1 2019

| €mn                          | H1 2019      | H1 2018      | Δ €mn      | Δ in %        |
|------------------------------|--------------|--------------|------------|---------------|
| <b>Sales</b>                 | <b>1,296</b> | <b>1,311</b> | <b>-15</b> | <b>-1</b>     |
| Gross Profit                 | 441          | 464          | -23        | -5            |
| <i>Gross Profit margin</i>   | 34.0 %       | 35.4 %       | -          | -1.4 %-points |
| Other function costs         | -289         | -276         | -13        | -5            |
| <b>EBIT before at Equity</b> | <b>152</b>   | <b>188</b>   | <b>-36</b> | <b>-19</b>    |
| At Equity                    | 5            | 5            | 0          | 0             |
| <b>EBIT</b>                  | <b>157</b>   | <b>193</b>   | <b>-36</b> | <b>-19</b>    |
| Earnings after tax           | 112          | 140          | -28        | -20           |

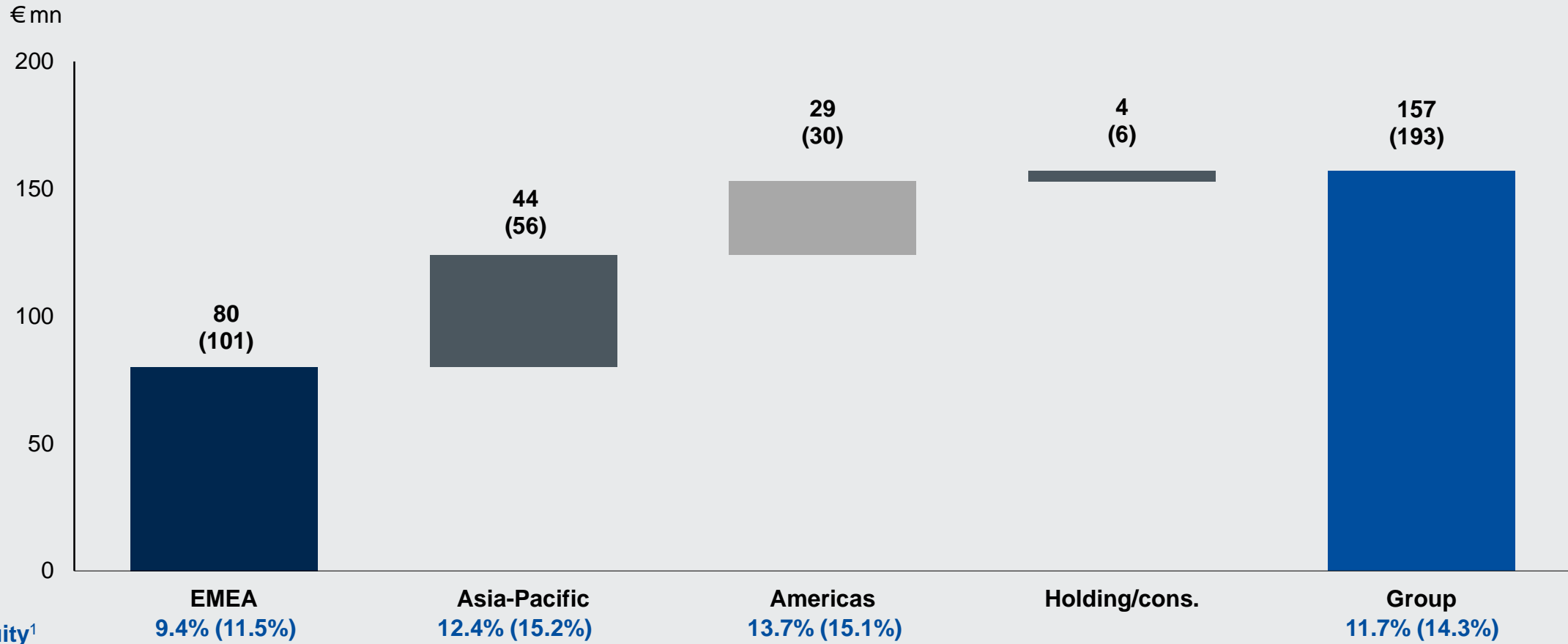
# EBIT development

(Q3 2018: €12 mn one-off effect from sale of at equity share)



# EBIT by regions

H1 2019 (H1 2018)<sup>1</sup>



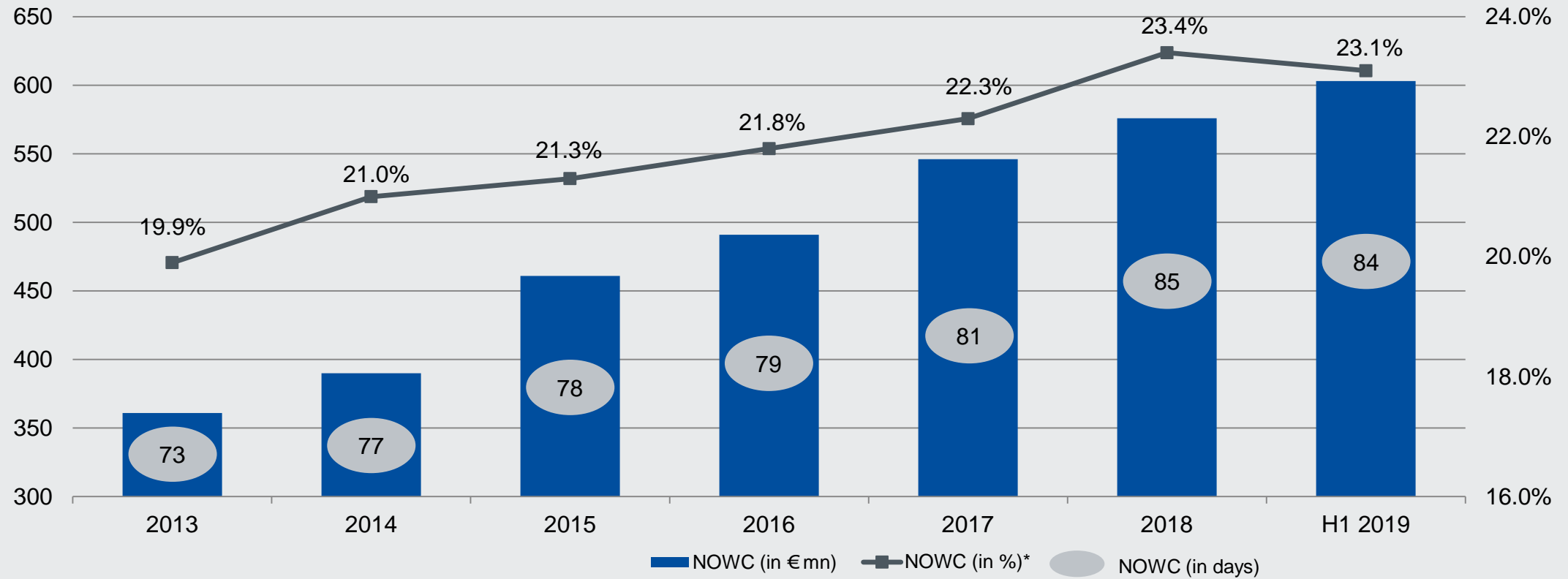
<sup>1</sup> 2018 comparable



## Cash flow H1 2019

| €mn   | H1 2019    | H1 2018    | Δ in %     |
|---|------------|------------|------------|
| <b>Earnings after tax</b>                       | <b>112</b> | <b>140</b> | <b>-20</b> |
| Amortization/Depreciation                       | 36         | 28         | 29         |
| Changes in net operating working capital (NOWC) | -20        | -32        | 38         |
| Other changes                                   | -36        | -10        | >100       |
| Capex   | -76        | -41        | -85        |
| <b>Free cash flow before acquisitions</b>       | <b>16</b>  | <b>85</b>  | <b>-81</b> |
| Acquisitions                                    | -10        | -1         | >100       |
| <b>Free cash flow</b>                           | <b>6</b>   | <b>84</b>  | <b>-93</b> |

# Net operating working capital (NOWC)\*



\* In relation to the annualized sales revenues of the last quarter

# H1 2019 earnings summary

- Decrease in sales in EMEA and Asia-Pacific mainly due to weakness of the automotive market in China and Germany
- North and South America in Q2 also with organic sales decrease
- Positive FX effects North- and South America (+4%) due to a strong US dollar, minor negative effect (-1%) in EMEA and no effect in APAC; External growth (+1%) in APAC due to acquisition of NULON
- Product mix changes and higher manufacturing costs (in particular staff and D&A) related to the growth initiative result in a decrease of gross profit by 5% to €441 mn (464). Gross profit margin decreases to 34.0% (35.4)
- Additional D&A and higher staff costs increase other function costs by €13 mn to €289 mn (276)
- EBIT therefore, combined with sales decrease, lower y-o-y at €157 mn (193); Earnings after tax at €112 mn (140), down by 20%

## Outlook 2019 adjusted

| Performance indicator                   | Actual 2018 | Outlook 2019<br>(March 19) | Adjusted Outlook 2019<br>(August 19) |
|---|-------------|----------------------------|--------------------------------------|
| Sales                                   | €2,567 mn   | +2% to +4%                 | -3% to +0%                           |
| EBIT comparable (before one-off effect) | €371 mn     | -5% to -2%                 | -27% to -17%                         |
| EBIT                                    | €383 mn     | -8% to -5%                 | -30% to -20%                         |
| FUCHS Value Added                       | €251 mn     | ~ € 200 mn                 | €130 to €160 mn                      |
| Free cash flow before acquisitions      | €147 mn     | ~ € 100 mn                 | €70 mn to €90 mn                     |

- Cost increase as planned as a result of investments in new and existing plants, people, R&D and IT
- Planned capex on record level (€180 mn) with focus on: Germany, China, Sweden, USA, Russia an UK

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# Adjusted 2018 quarterly figures accounting for the new segment reporting structure

| 2018 comparable                 |
|---------------------------------|
| Sales by company location       |
| EBIT before at equity income    |
| <i>in % of sales</i>            |
| Income from at equity companies |
| Segment earnings (EBIT)         |
| <i>in % of sales</i>            |

| EMEA |      |      |      |              |
|------|------|------|------|--------------|
| Q1   | Q2   | Q3   | Q4   | FY           |
| 415  | 414  | 408  | 381  | <b>1,618</b> |
| 47   | 48   | 46   | 44   | <b>185</b>   |
| 11.3 | 11.6 | 11.3 | 11.5 | <b>11.4</b>  |
| 3    | 3    | 15   | 5    | <b>26</b>    |
| 50   | 51   | 61   | 49   | <b>211</b>   |
| 12.0 | 12.3 | 15.0 | 12.9 | <b>13.0</b>  |

| Asia-Pacific |      |      |      |             |
|--------------|------|------|------|-------------|
| Q1           | Q2   | Q3   | Q4   | FY          |
| 178          | 191  | 173  | 164  | <b>706</b>  |
| 28           | 28   | 24   | 22   | <b>102</b>  |
| 15.7         | 14.7 | 13.9 | 13.4 | <b>14.4</b> |
| -            | -    | -    | -    | <b>-</b>    |
| 28           | 28   | 24   | 22   | <b>102</b>  |
| 15.7         | 14.7 | 13.9 | 13.4 | <b>14.4</b> |

| North and South America |      |      |      |             |
|-------------------------|------|------|------|-------------|
| Q1                      | Q2   | Q3   | Q4   | FY          |
| 95                      | 104  | 105  | 105  | <b>409</b>  |
| 13                      | 17   | 15   | 14   | <b>59</b>   |
| 13.7                    | 16.3 | 14.3 | 13.3 | <b>14.4</b> |
| -                       | -    | -    | -    | <b>-</b>    |
| 13                      | 17   | 15   | 14   | <b>59</b>   |
| 13.7                    | 16.3 | 14.3 | 13.3 | <b>14.4</b> |

| 2018 comparable                 |
|---------------------------------|
| Sales by company location       |
| EBIT before at equity income    |
| <i>in % of sales</i>            |
| Income from at equity companies |
| Segment earnings (EBIT)         |
| <i>in % of sales</i>            |

| Holding / Consolidation |     |     |     |             |
|-------------------------|-----|-----|-----|-------------|
| Q1                      | Q2  | Q3  | Q4  | FY          |
| -45                     | -41 | -44 | -36 | <b>-166</b> |
| 1                       | 6   | 3   | 1   | <b>11</b>   |
| -                       | -   | -   | -   | <b>-</b>    |
| 0                       | -1  | 1   | 0   | <b>0</b>    |
| 1                       | 5   | 4   | 1   | <b>11</b>   |
| -                       | -   | -   | -   | <b>-</b>    |

| FUCHS Group |      |      |      |              |
|-------------|------|------|------|--------------|
| Q1          | Q2   | Q3   | Q4   | FY           |
| 643         | 668  | 642  | 614  | <b>2,567</b> |
| 89          | 99   | 88   | 81   | <b>357</b>   |
| 13.8        | 14.8 | 13.7 | 13.2 | <b>13.9</b>  |
| 3           | 2    | 16   | 5    | <b>26</b>    |
| 92          | 101  | 104  | 86   | <b>383</b>   |
| 14.3        | 15.1 | 16.2 | 14.0 | <b>14.9</b>  |