

FUCHS GROUP

Investor Presentation

| September 2019

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SI Analytics

Typ 501 11 / $\Sigma\alpha$

App. Nr.. 1053 941

Agenda

- 01** | The Leading Independent Lubricants Company
- 02** | H1 2019
- 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 independent
suppliers of lubricants

The Fuchs family holds
55% of
ordinary shares

€2.6 bn
sales in 2018

Around **5,500**
employees

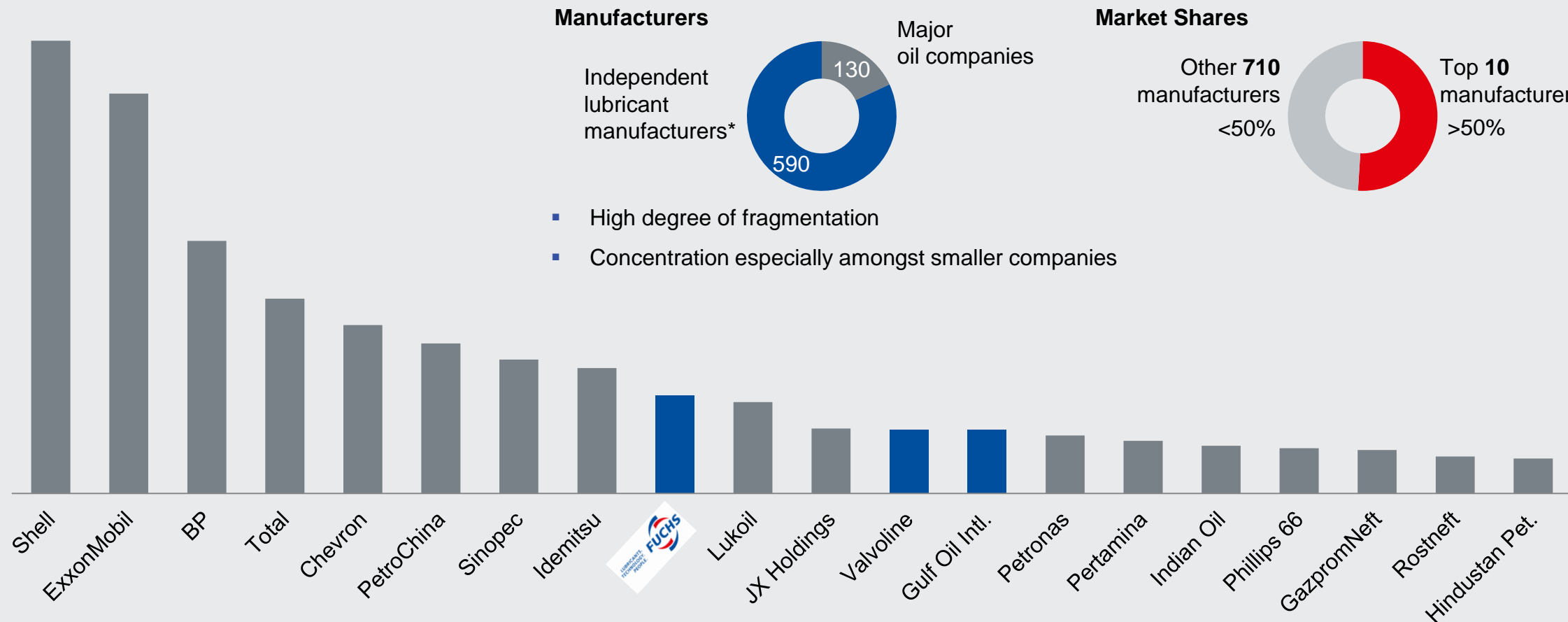
Preference share is listed
in the MDAX

58 companies worldwide

A full range
of over
10,000
lubricants and related
specialties

Top 20 lubricants manufacturers

Number 1 among the independent lubricants companies



* > 1000 tons

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

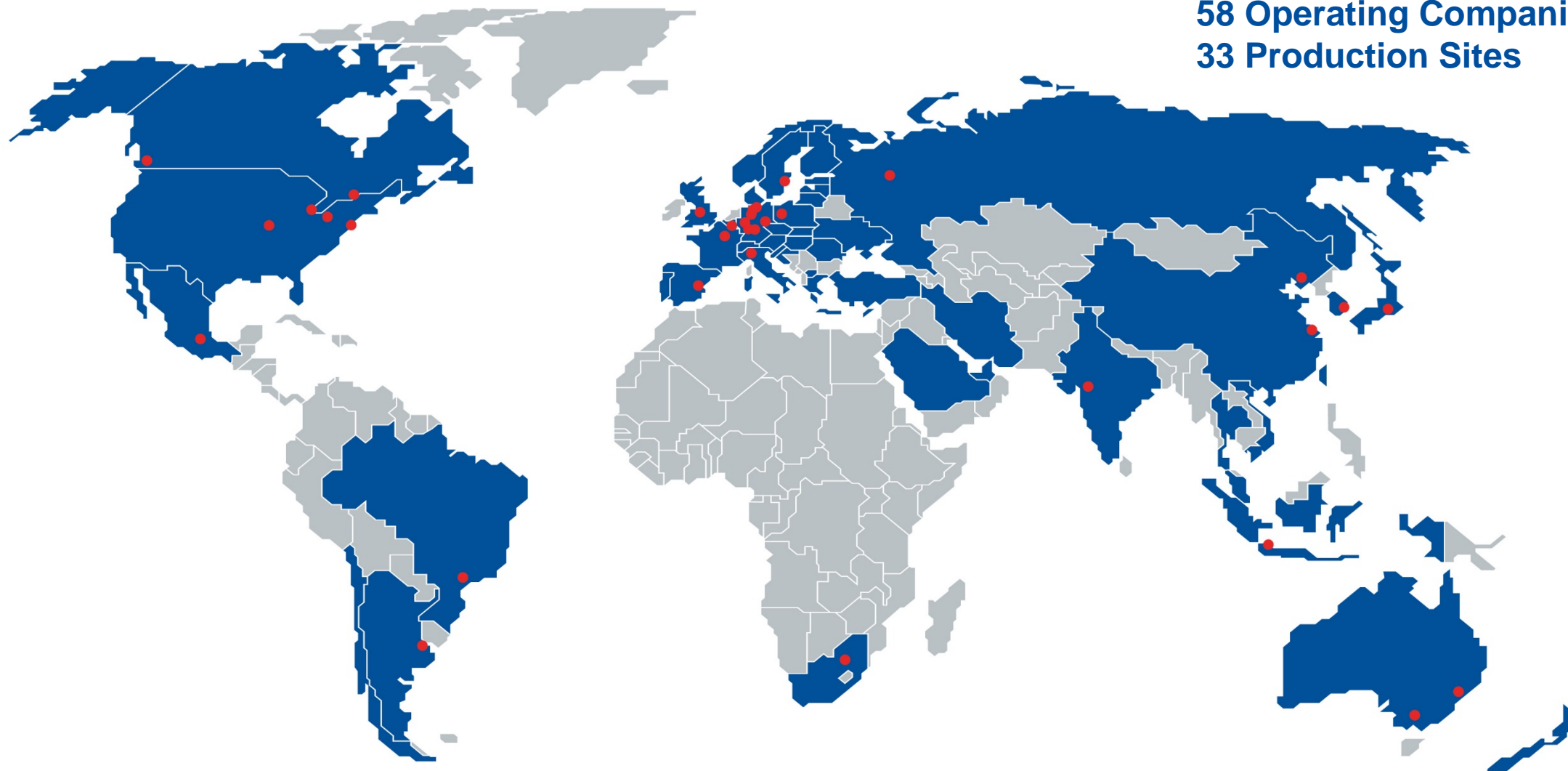
Global presence, R&D strength, know-how transfer, speed



**Advantage over
independent companies**

We are where our customers are

58 Operating Companies
33 Production Sites



Full-line supplier advantage

Sales 2018: €2.6 bn
(~80% international)
by customer location

Automotive lubricants
~45%

e.g. Engine & gear oils, hydraulic oils, shock absorber fluids, etc.

Industrial lubricants
~55%

e.g. Industrial oils, MWF/CP* and greases

100,000 customers in more than 150 countries



Car industry



Manufacturing



Engineering



Construction



Mining



Trade, Services &
Transportation



Heavy Duty



Steel & Cement



Aerospace



Agriculture industry



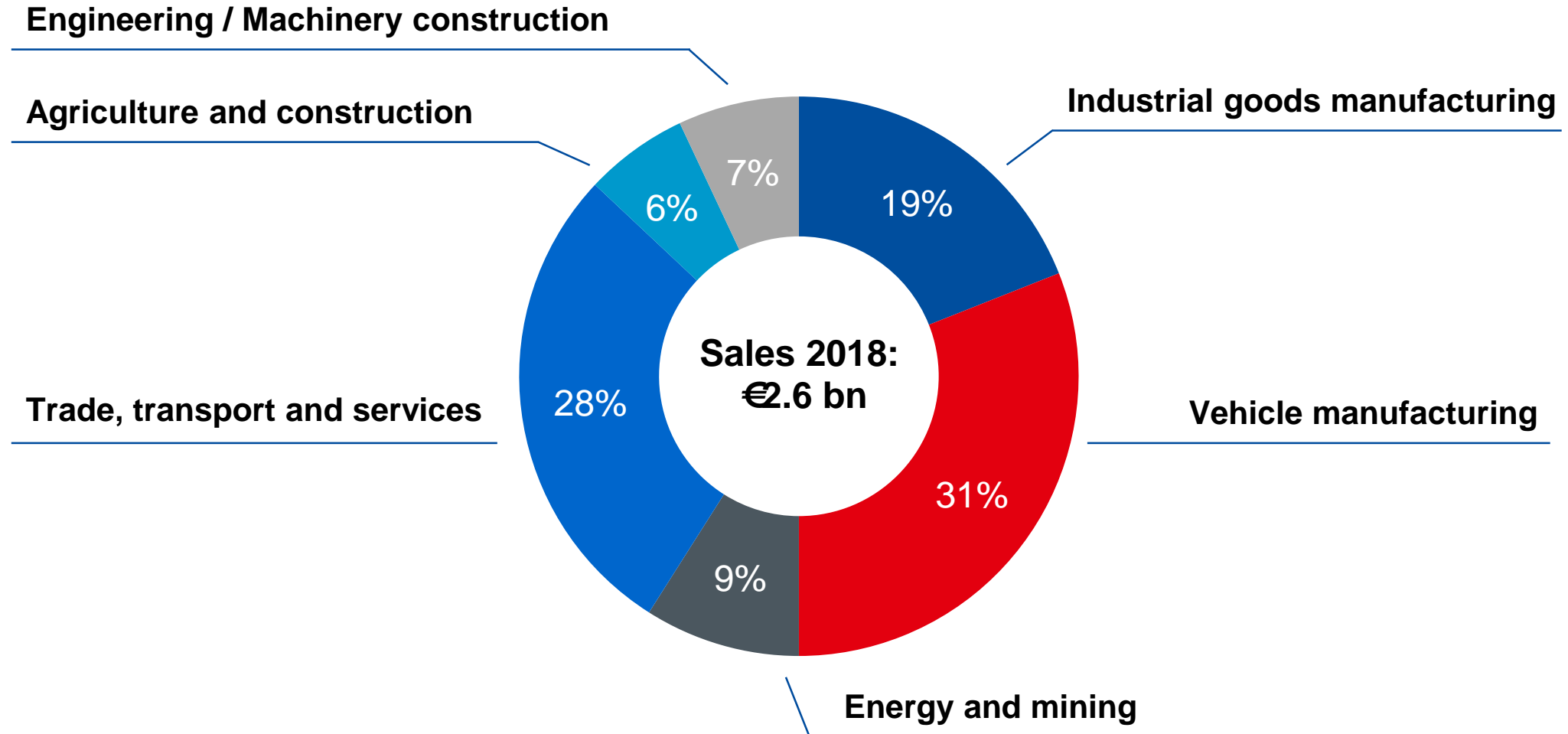
Wind energy



Food

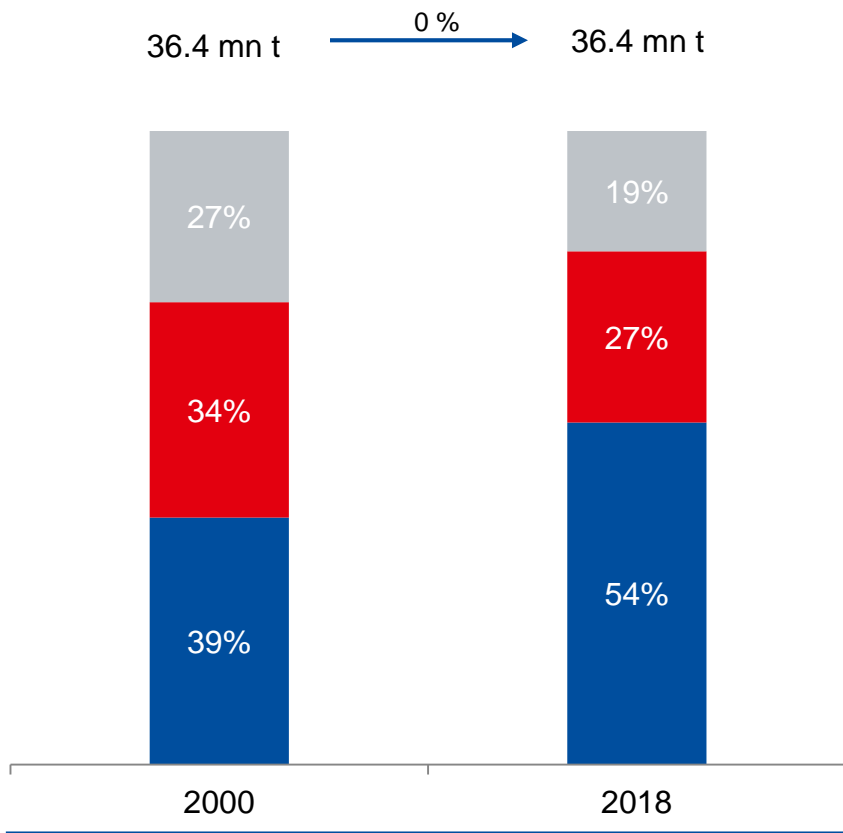
Well balanced customer structure

Top 20 Customers account for ~ 25% sales

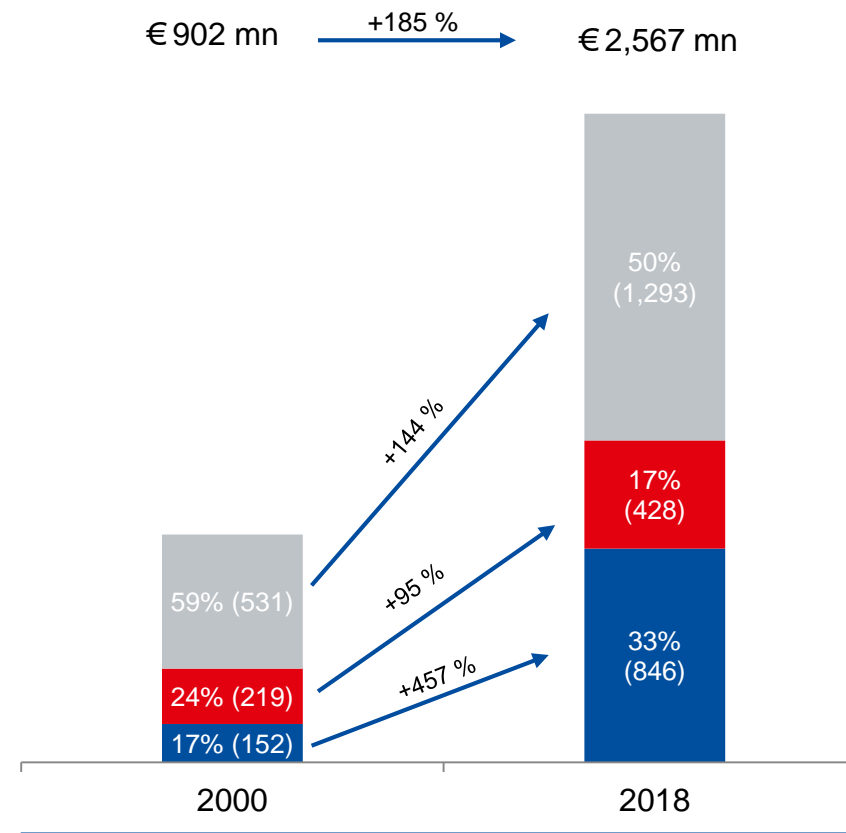


Organic growth potential in emerging countries

Market Demand



FUCHS Sales (by customer location)



FUCHS' Strategy

Profitable Growth:

Internationalization of core activities
Local production in 33 plants

Global
standards,
processes
and branding

People:

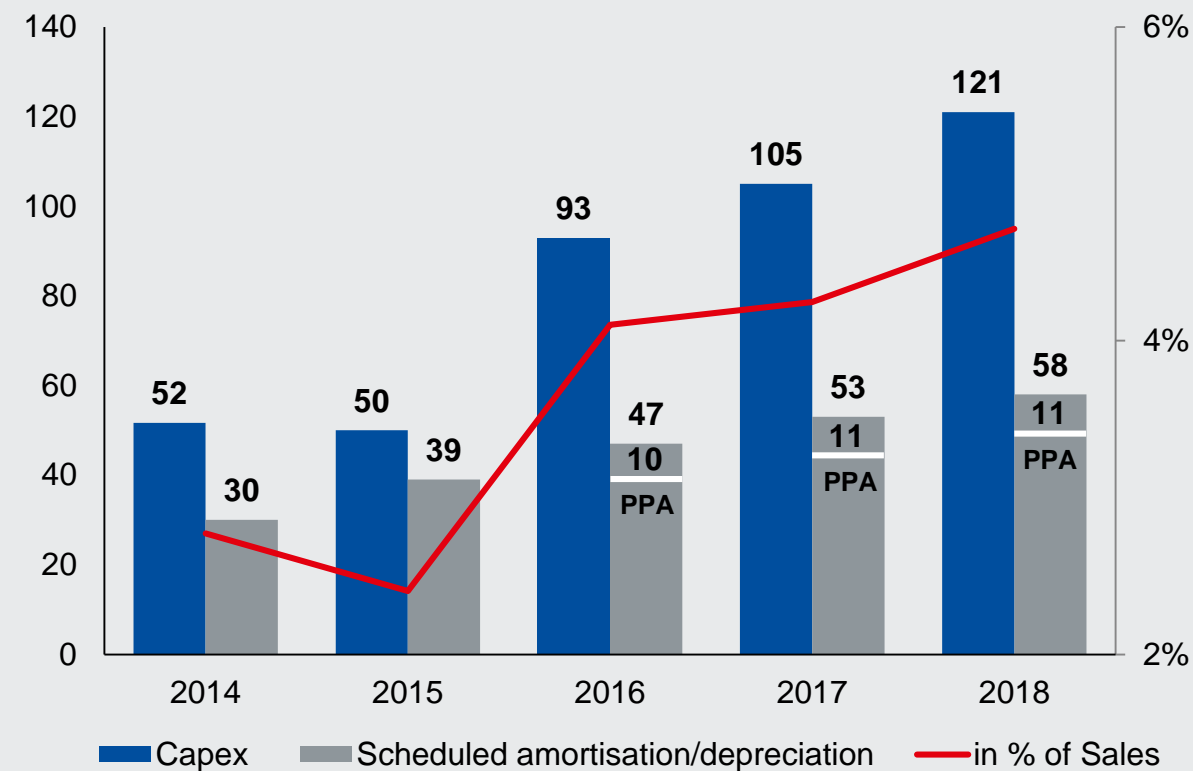
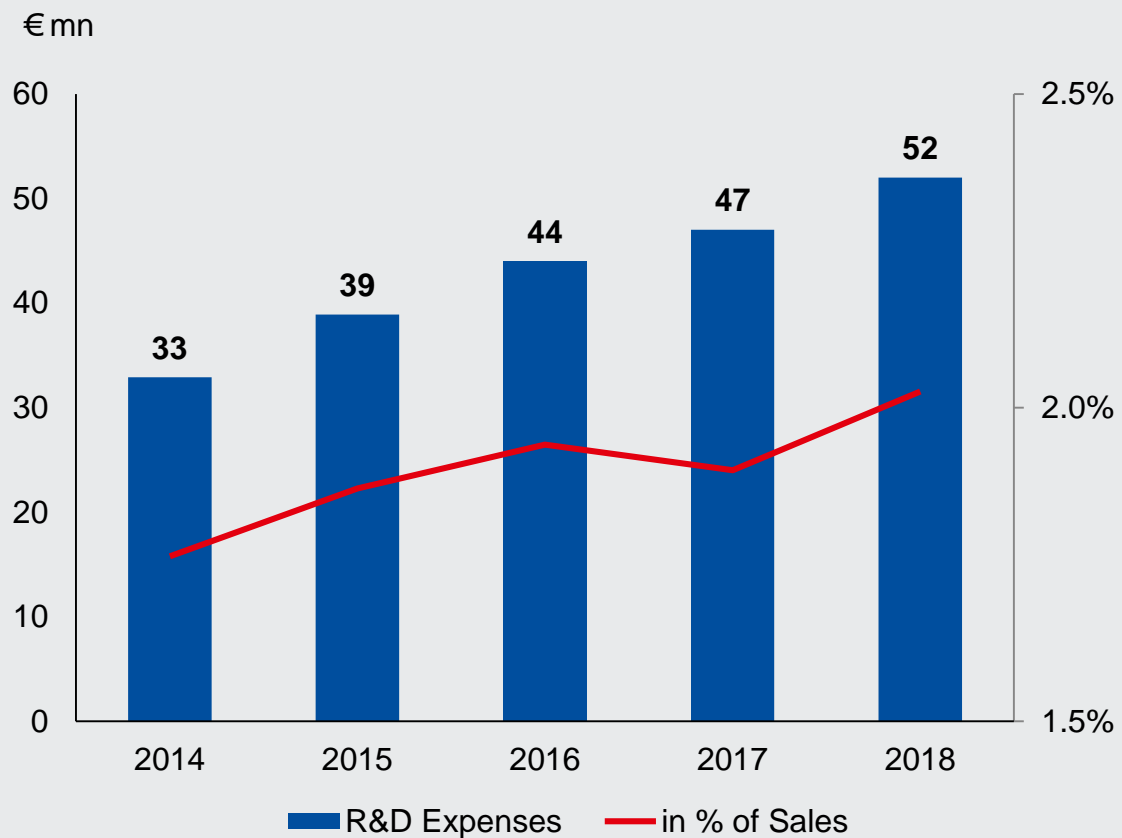
- Employer Branding
- Culture
- Talent-management
- Learning

Utilize disruptions like
e-mobility, digitalization, etc.
as an opportunity

Agile network structure based
on common values

Investment in the future

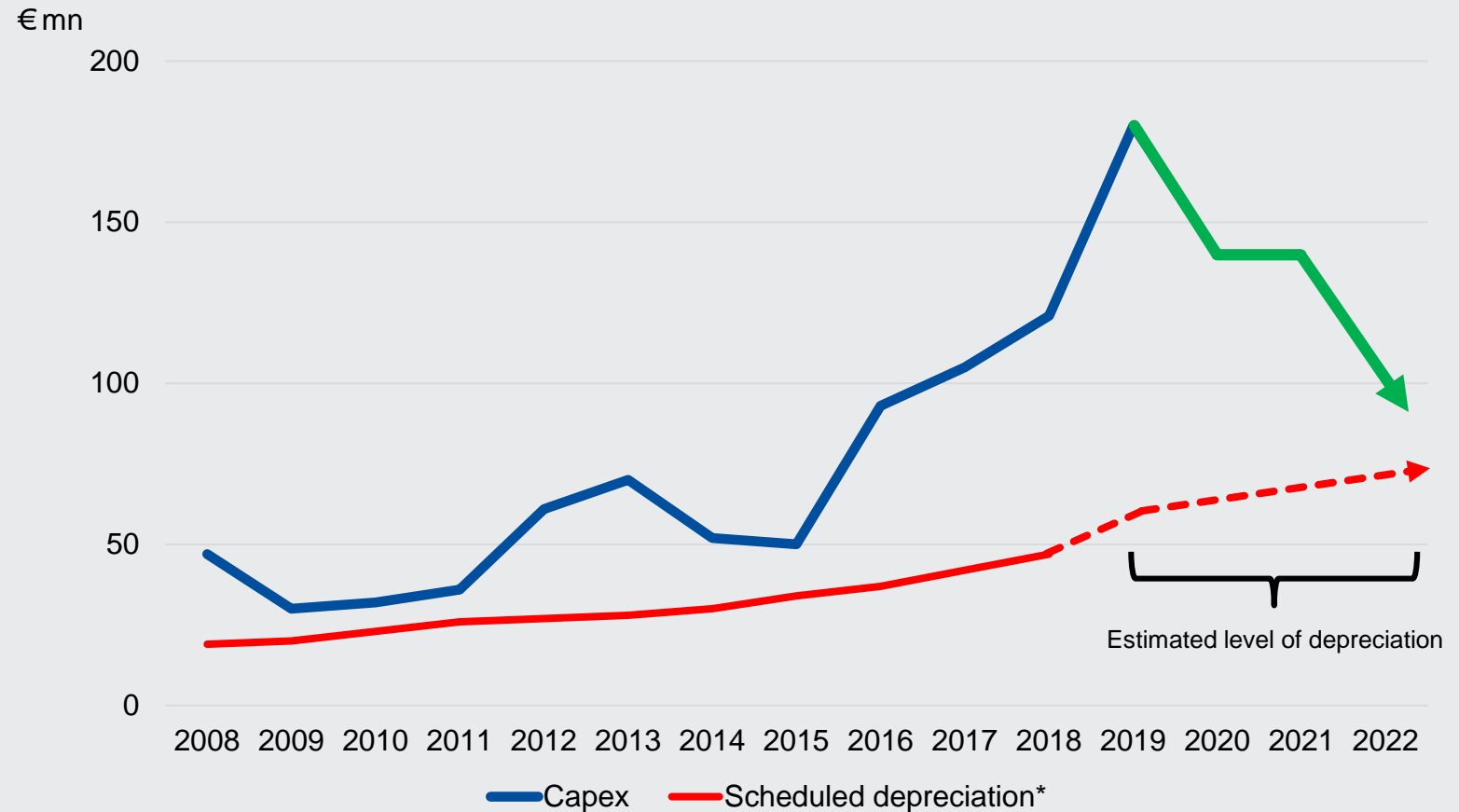
R&D expenses and Capex



Investment initiative

Capex 2016-2021 €700+ mn

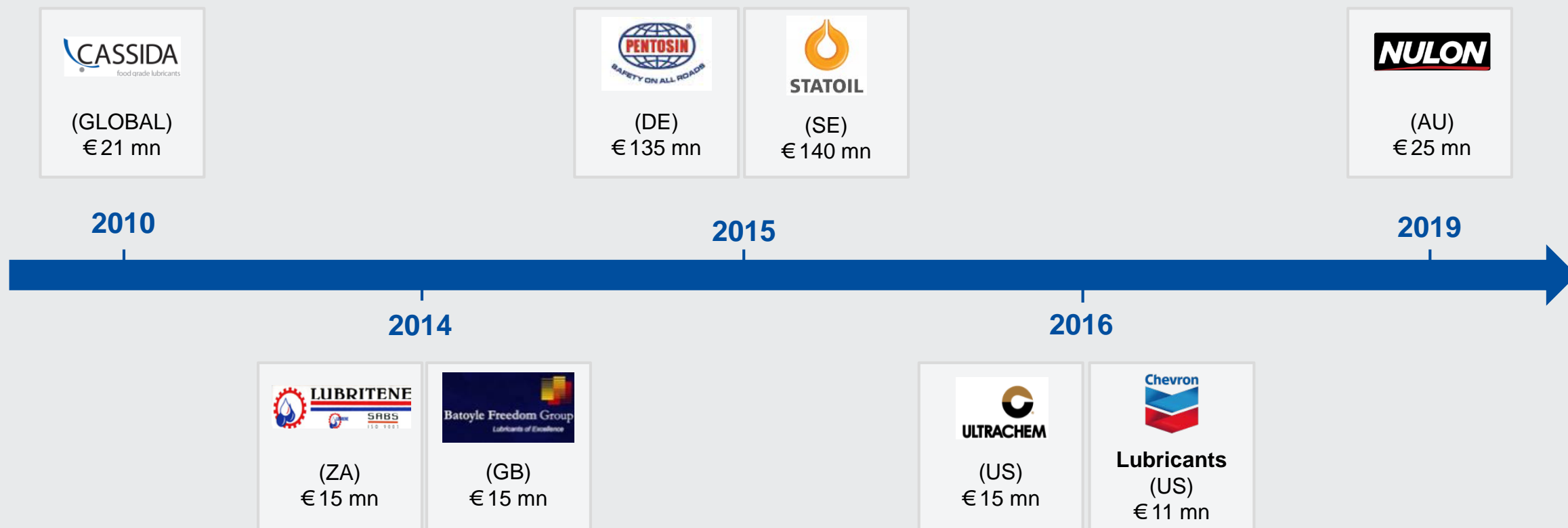
- In 2016 - 2018 over **€300 mn** capex was spent with focus on the expansion of Mannheim, Kaiserslautern and Chicago as well as new plants in China, Australia and Sweden
- Capex will peak in 2019 at **€180 mn**. In 2020/2021 more than **€100+ mn p.a.** will be spent on growth and replacement as well as efficiency improvements due to significant volume increases, technological changes and a changed product mix
- From 2022 onwards, capex should be back on par with the new level of depreciation



* Depreciation figures excluding PPA from M&A

Strong track record of integrating businesses

M&A deals > € 10mn sales (p.a.)



02 H1 2019



Highlights H1 2019

**Sales -1% at
€1,296 mn**

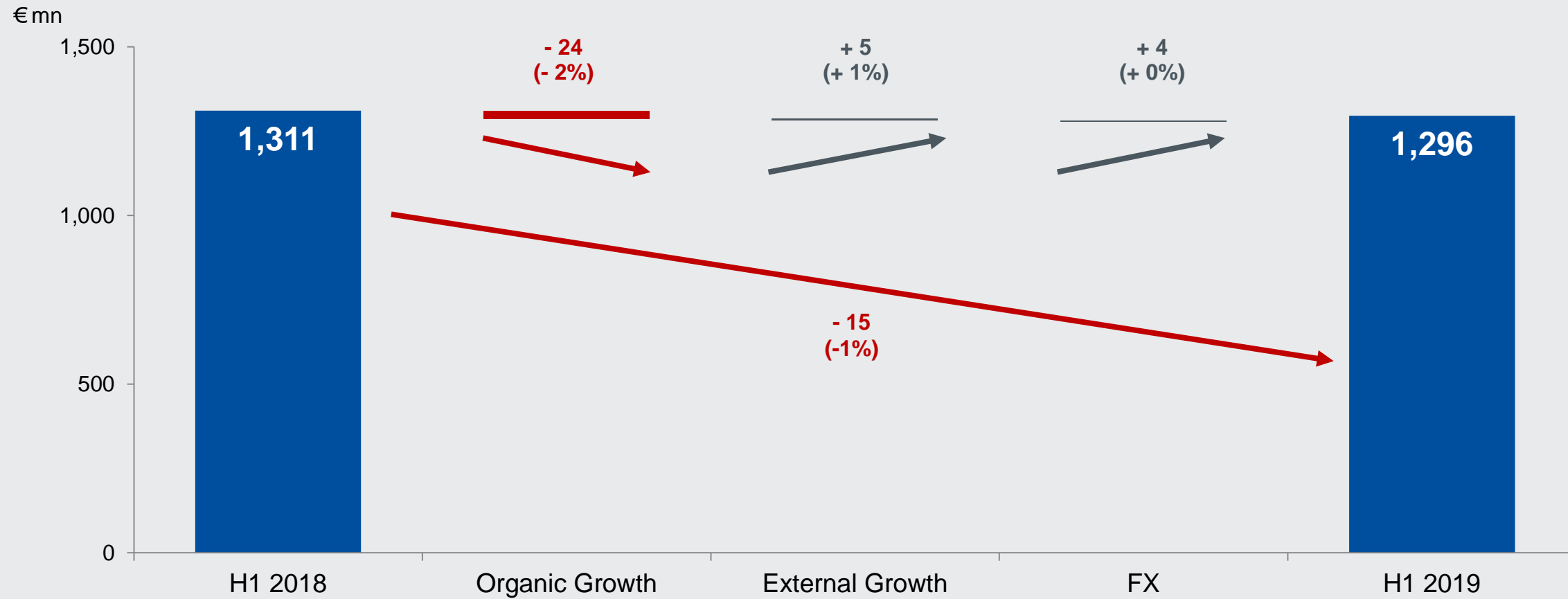
**EBIT down by 19%
to €157 mn**

- 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

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

H1 2019 Group sales



Regional sales growth H1 2019

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

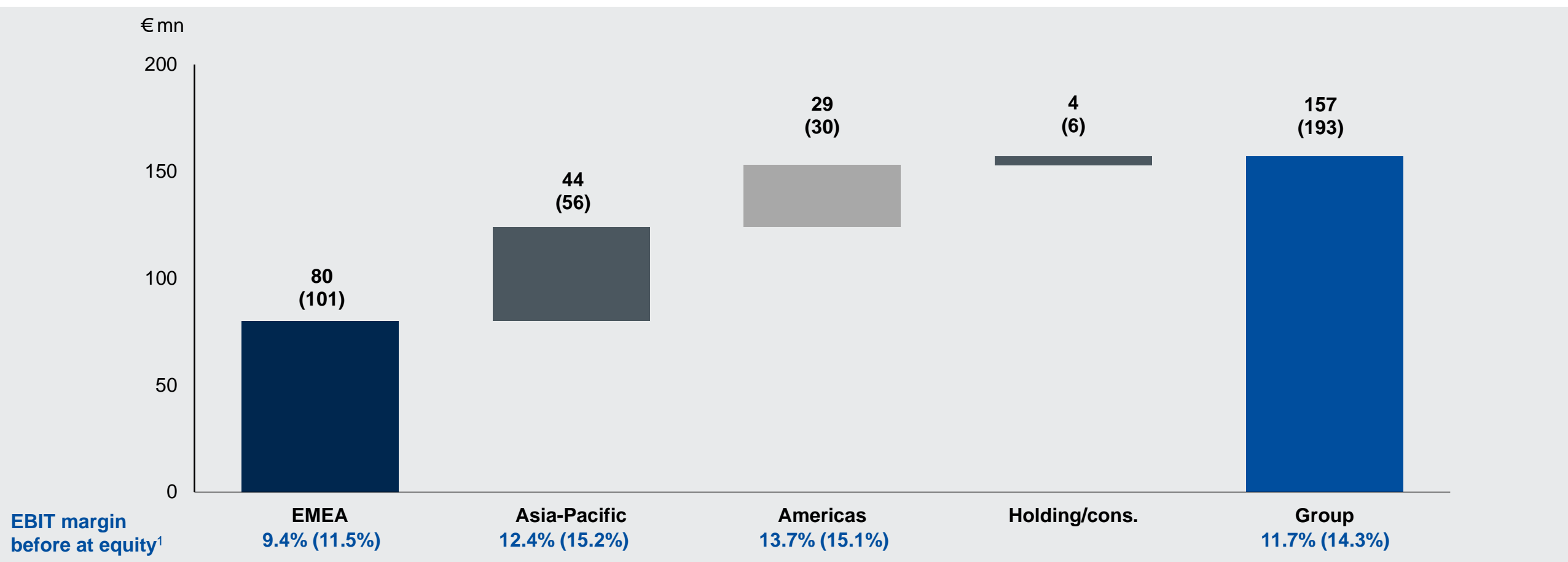
	H1 2019 (€mn)	H1 2018 (€mn)	Growth	Organic	External	FX
Europe, Middle East, Africa	799	829	-4%	-3%	-	-1%
Asia-Pacific	355	369	-4%	-5%	+1%	0%
Americas	212	199	+7%	+3%	0%	+4%
Consolidation	-70	-86	-	-	-	-
Total	1,296	1,311	-1%	-2%	+1%	0%

Income statement H1 2019

€mn	H1 2019	H1 2018	Δ €mn	Δ in %
Sales	1,296	1,311	-15	-1
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
EBIT before at Equity	152	188	-36	-19
At Equity	5	5	0	0
EBIT	157	193	-36	-19
Earnings after tax	112	140	-28	-20

EBIT by regions

H1 2019 (H1 2018)¹



¹ 2018 comparable

Cash flow H1 2019

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

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 (March 19)	Adjusted Outlook 2019 (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 and UK

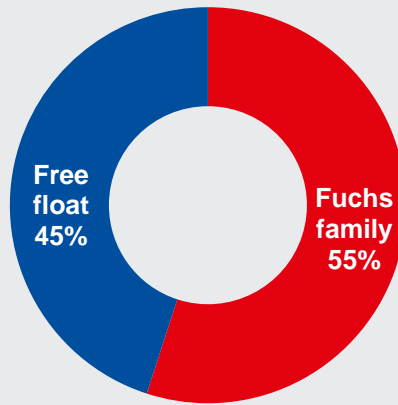
03 Shares



Breakdown ordinary & preference shares

(December 31, 2018)

Ordinary shares



Symbol: FPE
ISIN: DE0005790406
WKN: 579040

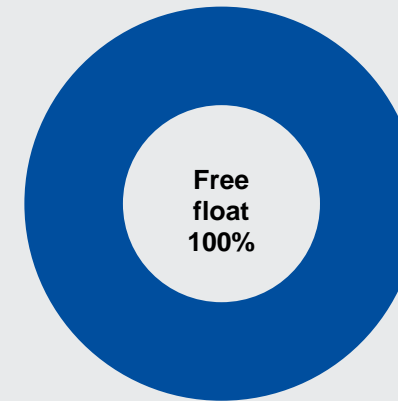
Basis: 69,500,000 ordinary shares

Characteristics:

- Dividend
- Voting rights

Preference shares

MDAX-listed



Symbol: FPE3
ISIN: DE0005790430
WKN: 579043

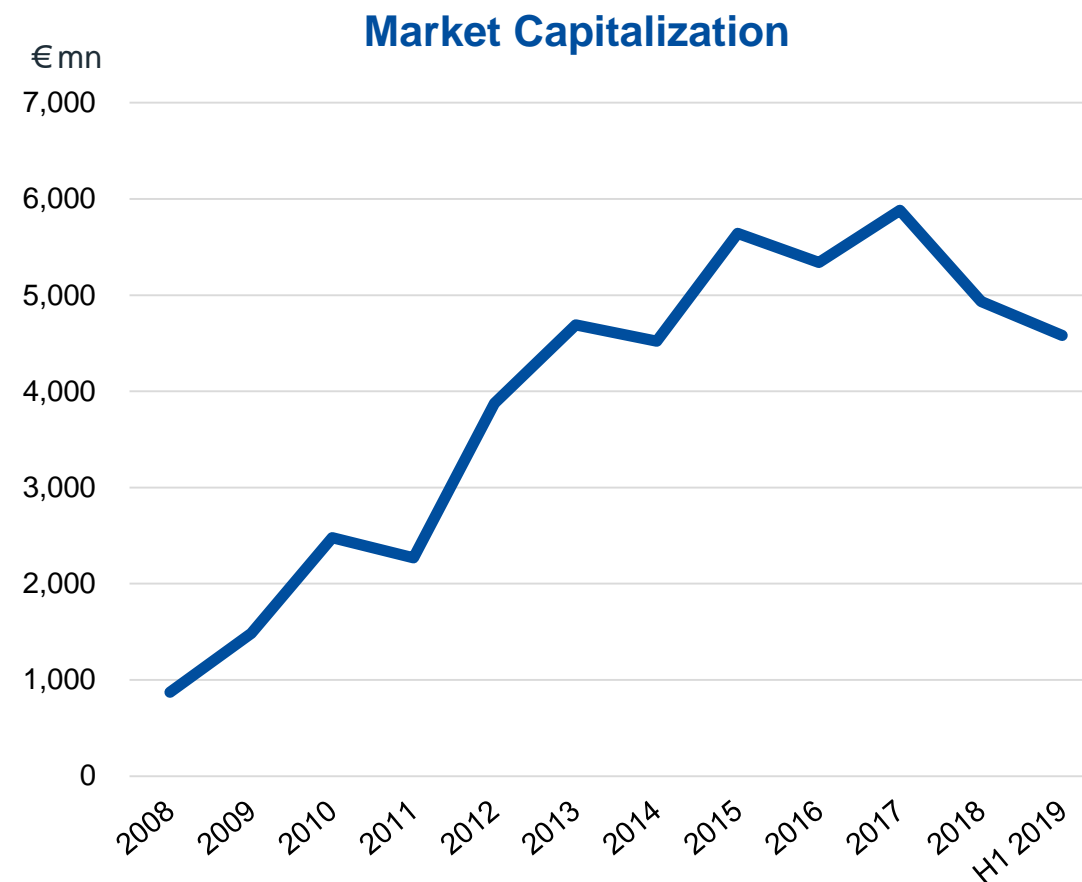
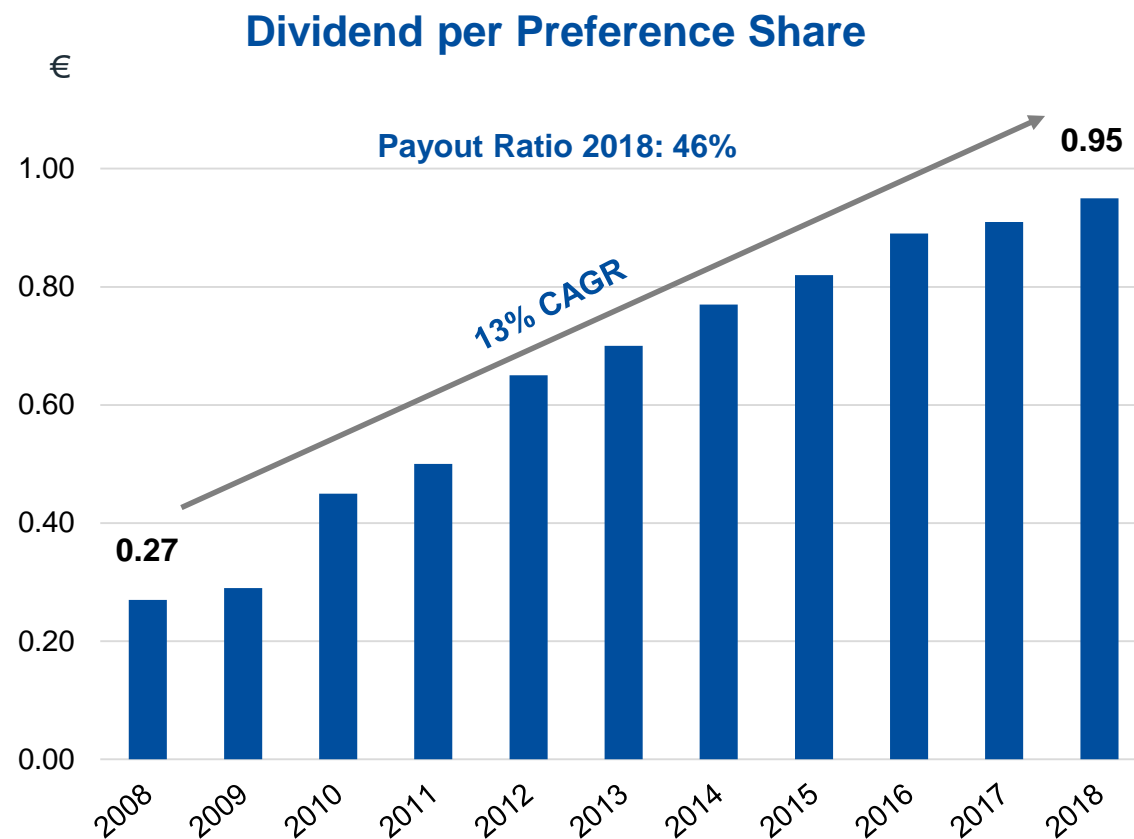
Basis: 69,500,000 preference shares

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

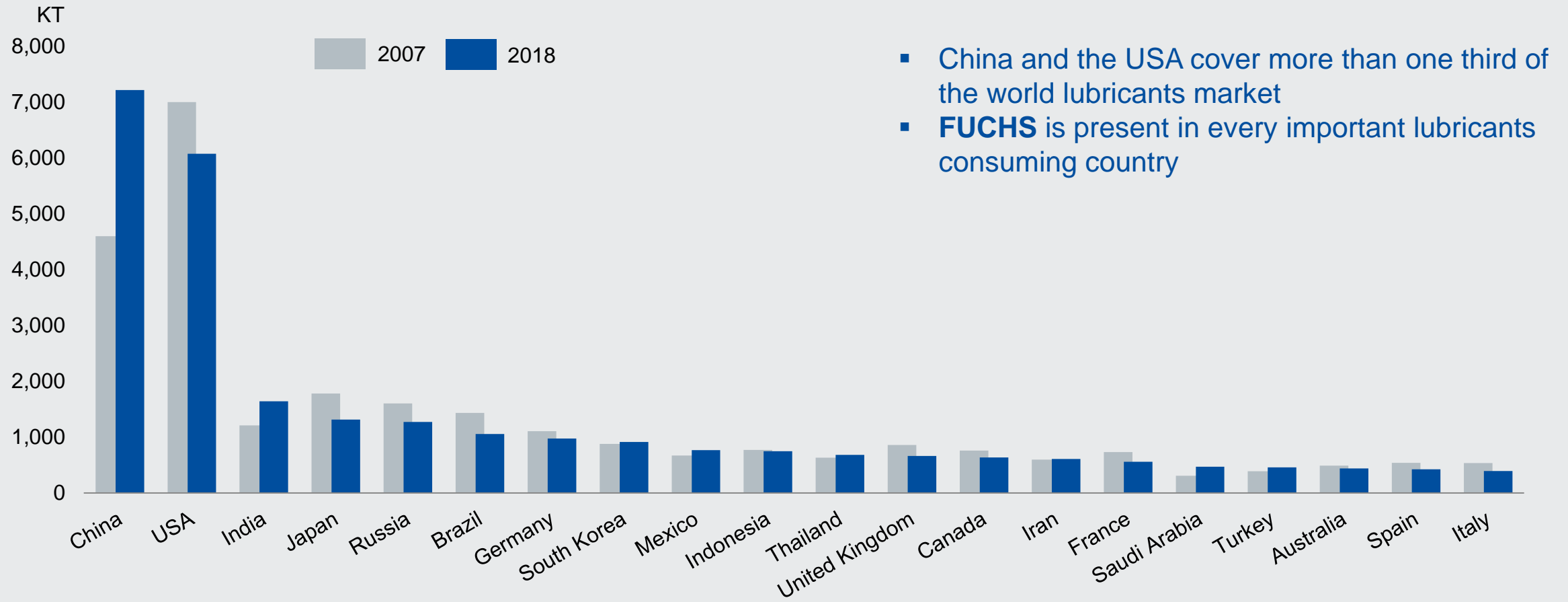
Our target: Increase the absolute dividend amount each year or at least maintain previous year's level



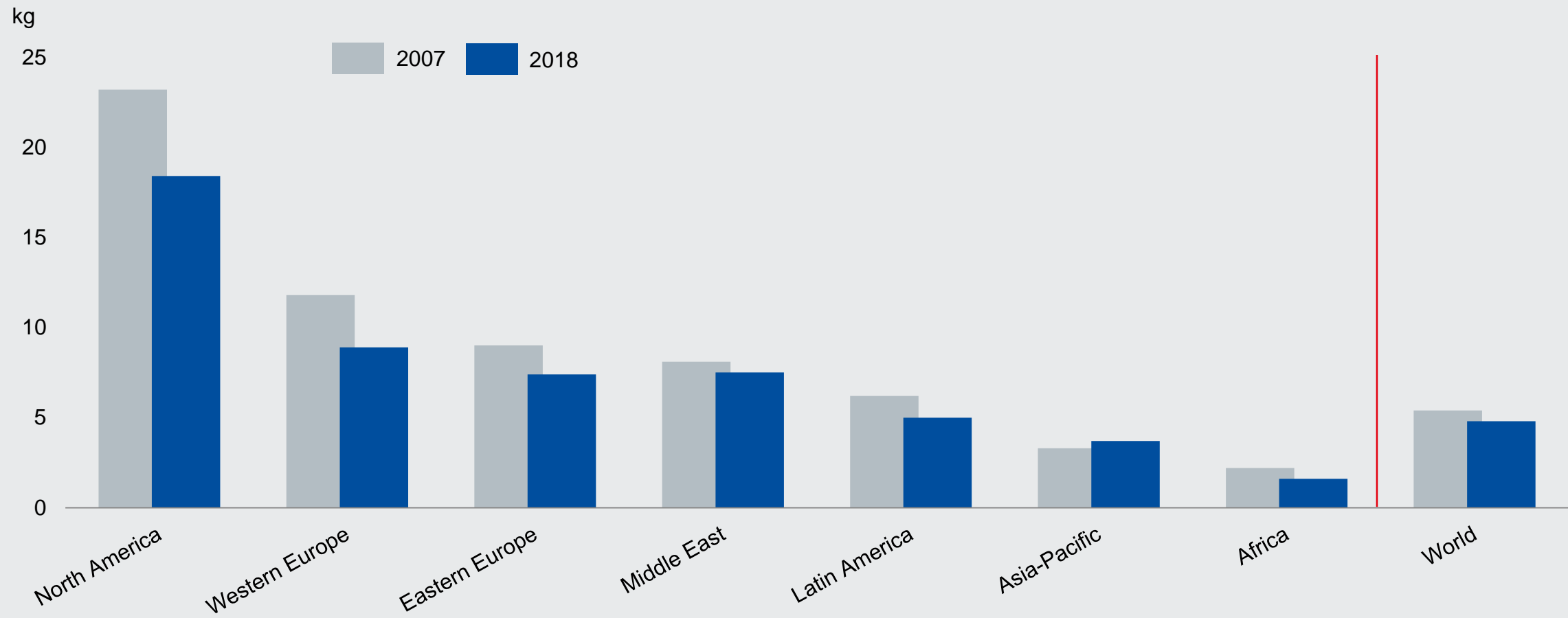
04 Appendix



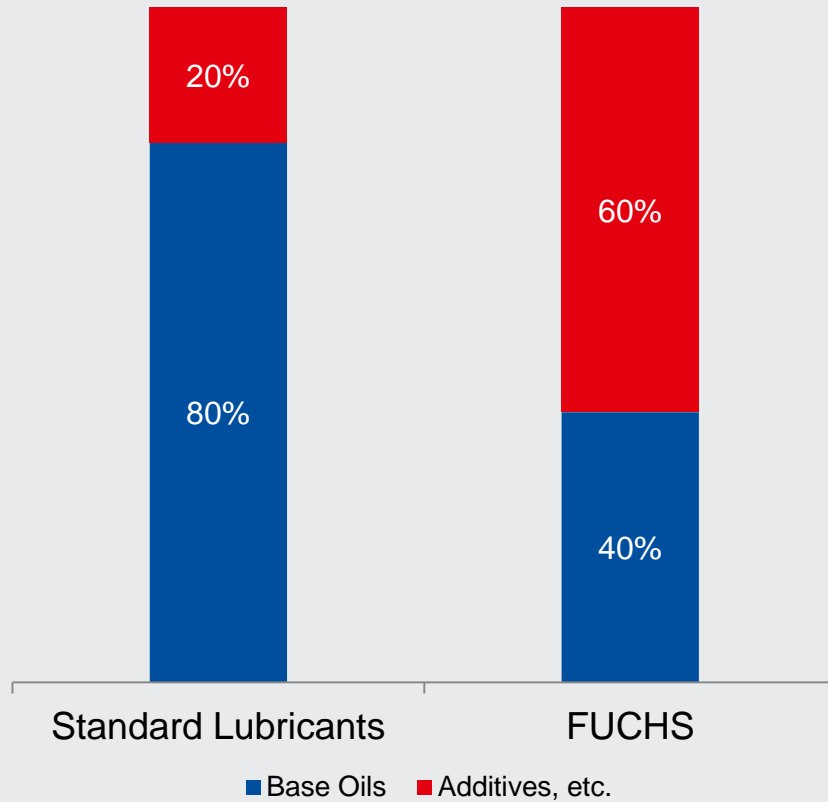
Top 20 lubricant countries



Regional per-capita lubricants demand



Base oil / additives value split

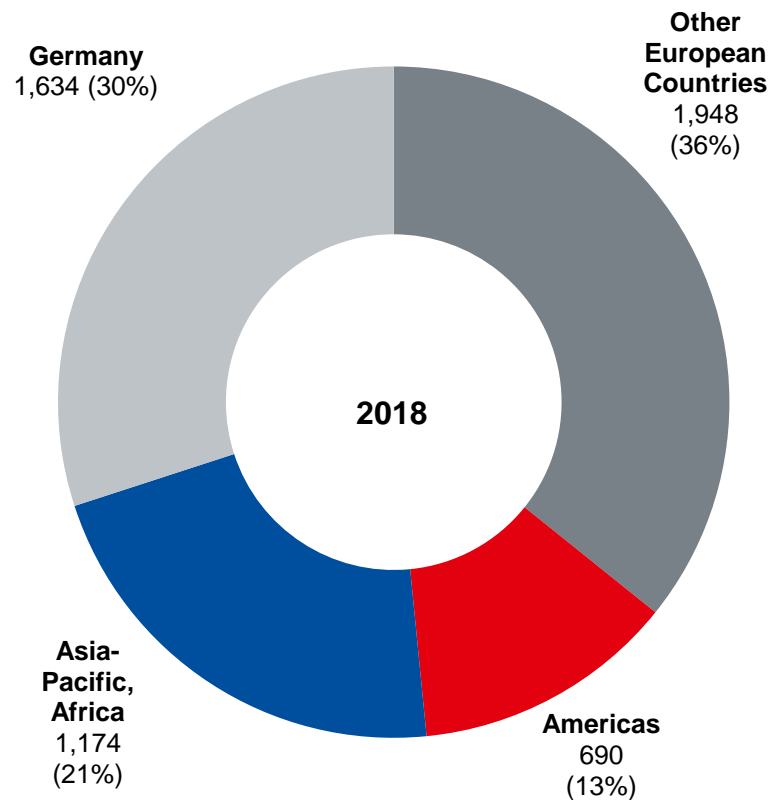


- Base oil prices do not necessarily follow crude oil prices
- No direct link between additives and crude oil prices. We even face price increases for certain raw materials where supply/demand is not balanced or special situations occur
- Special lubricants consist of less base fluid and more additives

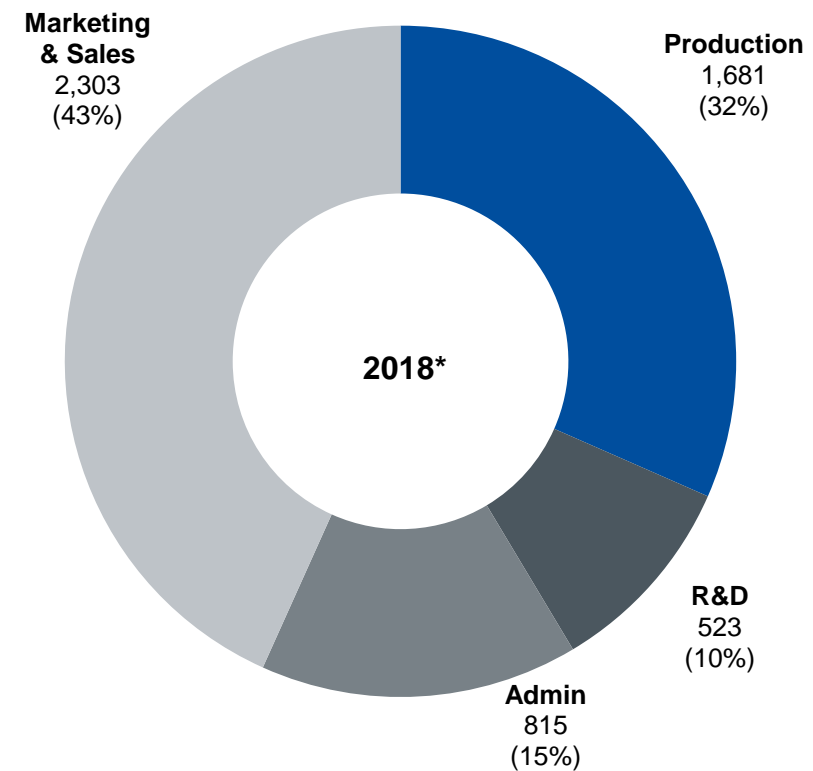
Workforce Structure

5,446 employees globally

Regional Workforce Structure



Functional Workforce Structure



*Excl. 124 Trainees

FUCHS2025 – Vision



Unique company culture with family roots and a strong value foundation. An independent, global thinking and agile company communicating free of hierarchies & practicing an open feedback culture.

High performance organization driven to continuously improve and adapt to technology and market changes.

Know-how and state of the art technology linked with top service are a matter of course.

Customer focus and proximity around the globe.

Global alignment and communication with no friction within the matrix.

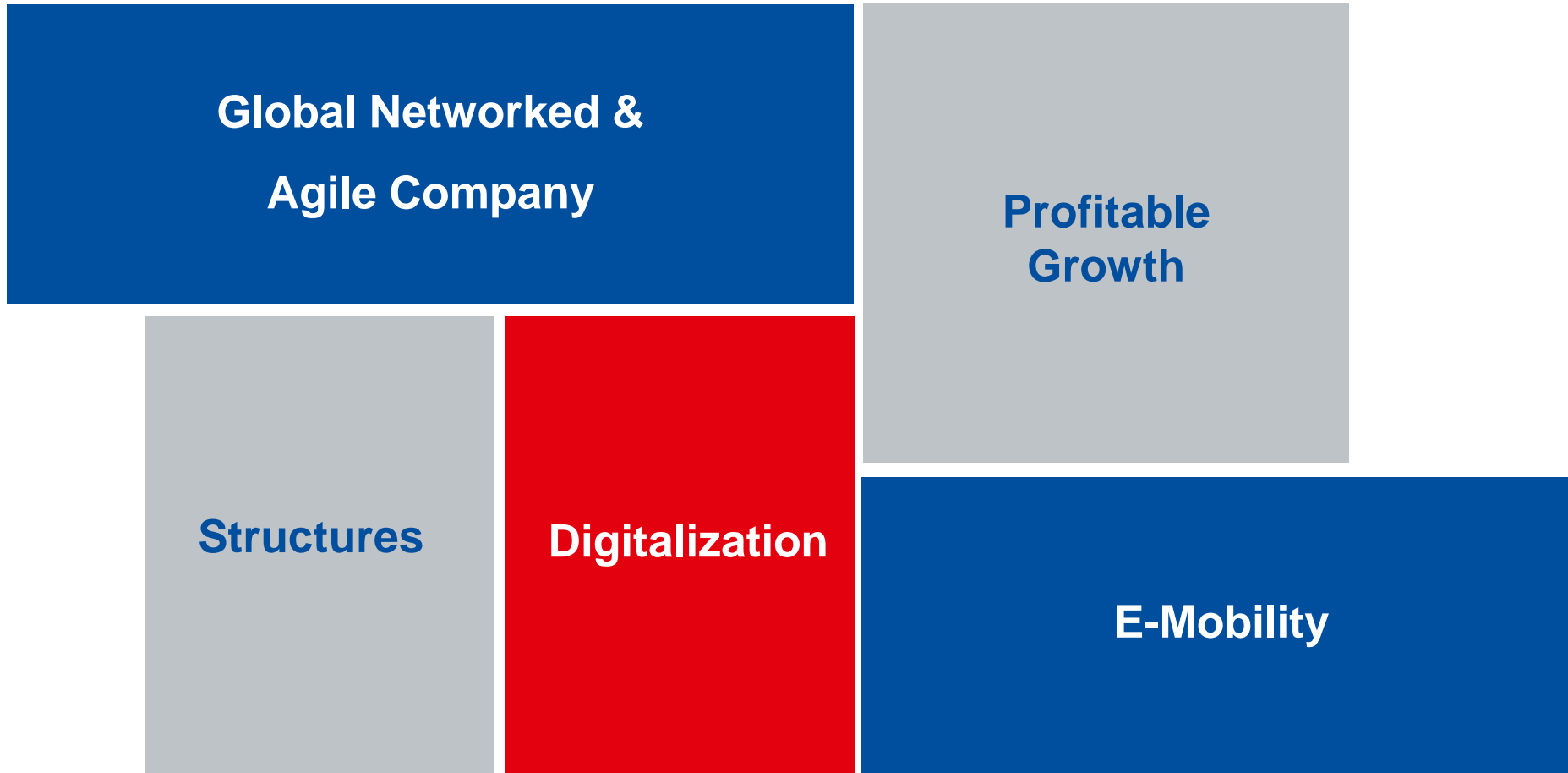
First choice for our global stakeholders: investors, employees, customers, suppliers etc.

Sustainable and successful global business model.

Act global

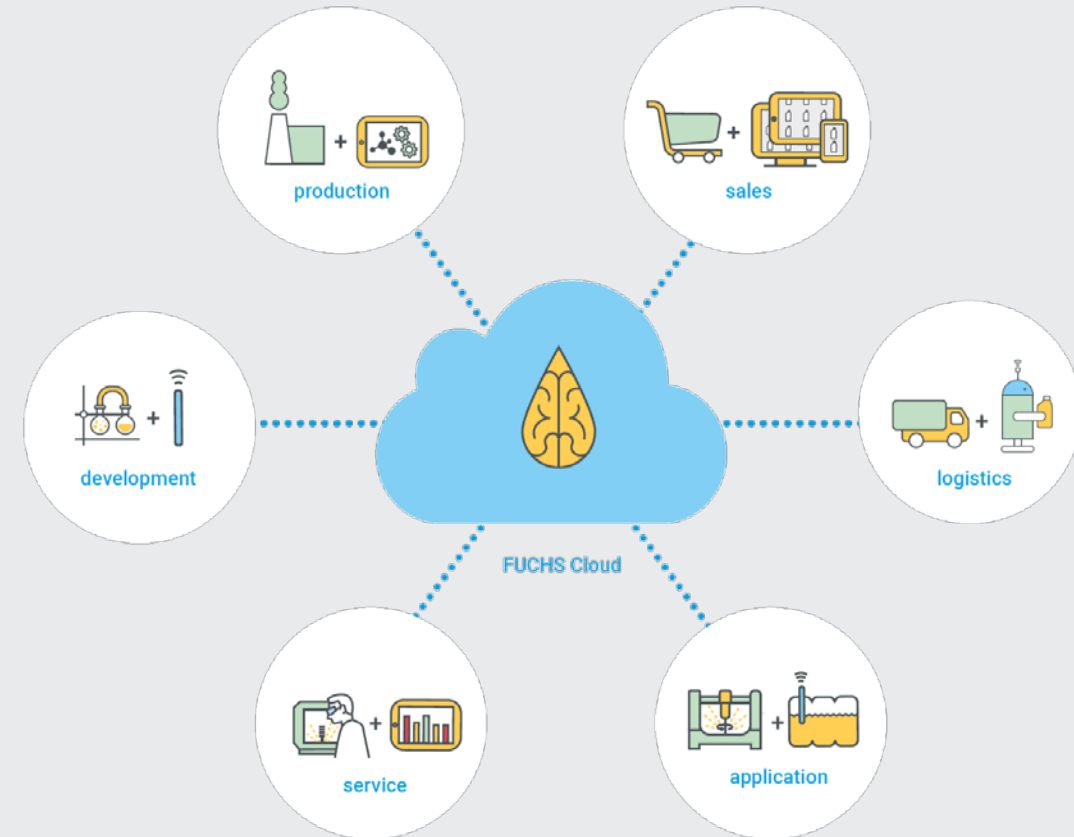
Based on our global standards and processes our employees act global while we keep the local entrepreneurship with strong local teams.

Challenges & Opportunities



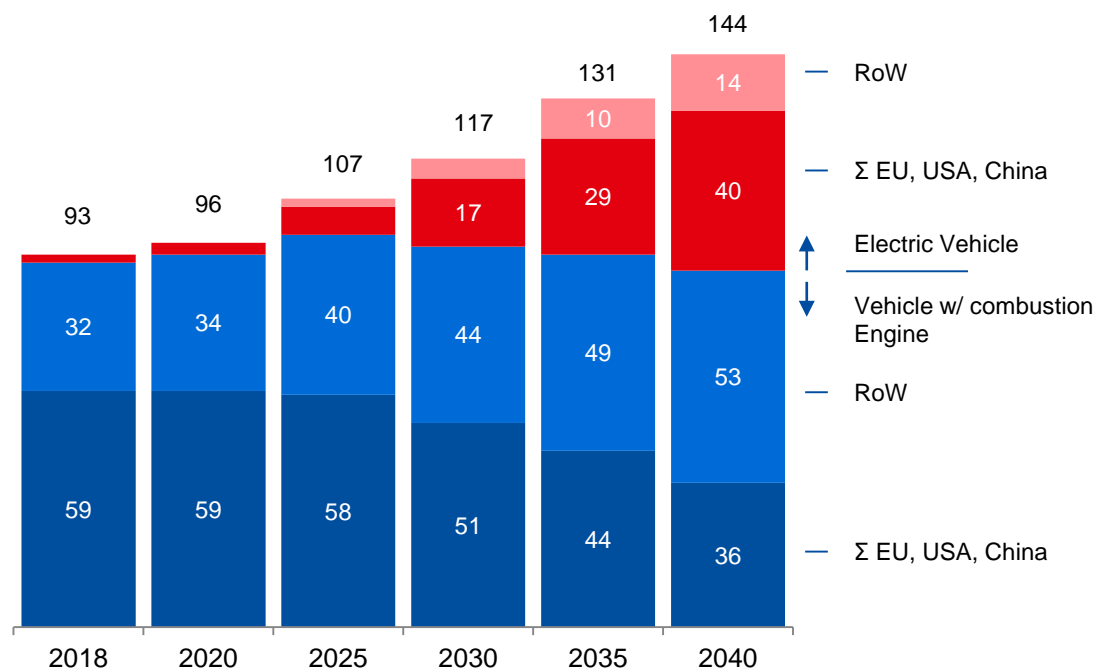
Digitalisation will fundamentally change our value creation

- inoviga GmbH is a think tank outside the operative business
- Driving force behind digitalization projects
- Develops prototypes and tools for digital business models
- Current topics:
 - eCommerce
 - Digitalized product development & production
 - Smart Services



Electrification of cars creates new applications

Global light-duty vehicles sales forecast (in mn units)



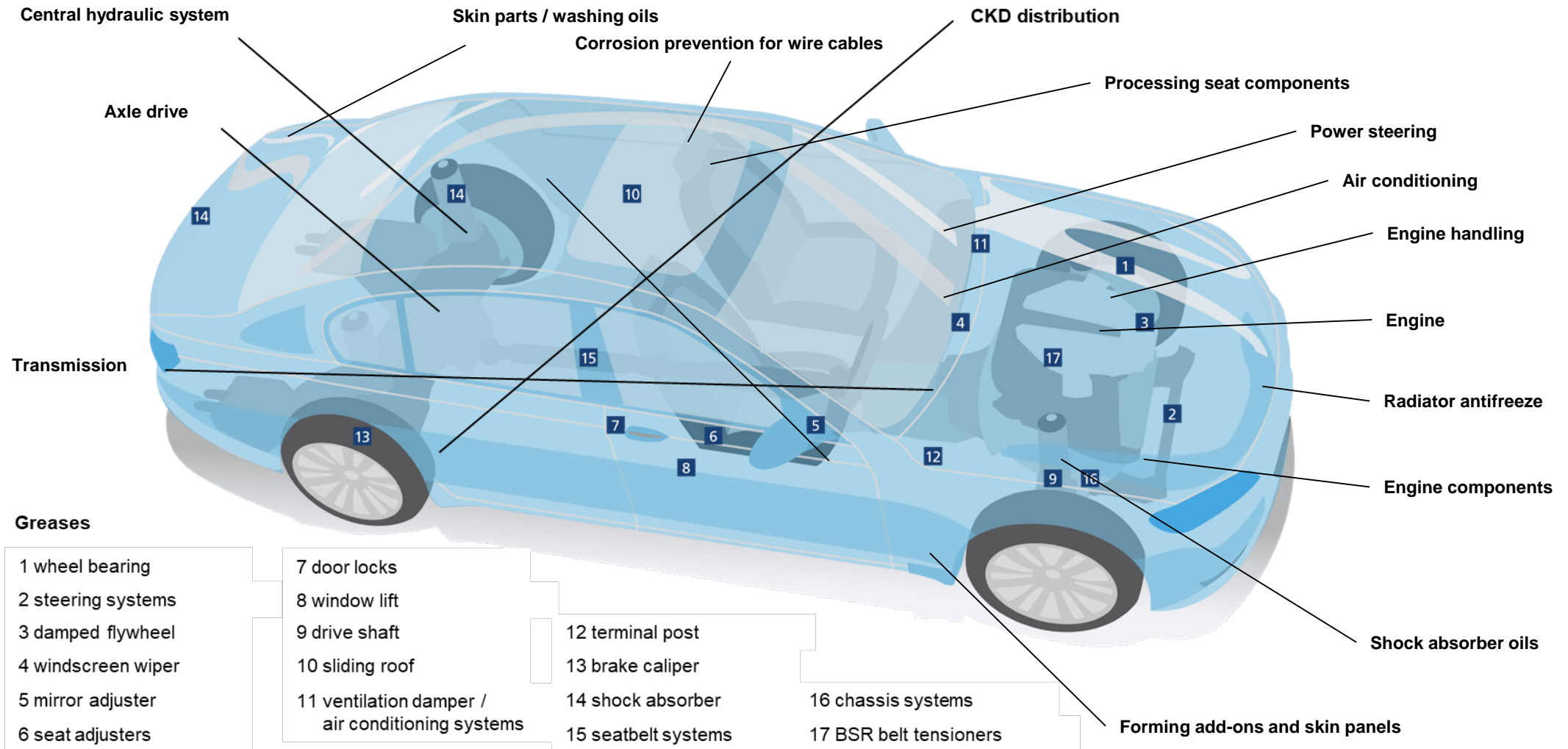
Source: FEV / Base Scenario

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

- Electrification of cars will lead to new applications and higher requirements for existing applications
- Regardless of the powertrain type, every car needs a variety of other lubricant applications
- Combustion engines will face further efficiency improvements leading to higher requirements of existing lubricants (e.g. higher protection against deposits for turbocharged engines, higher heat and ageing stability for more compact engines)
- Hybrid cars with efficient combustion engines will place complex requirements for existing applications but also create new demand for new applications
- EVs will place whole new demand on gear oils, coolants, greases (e.g. contact with electrical currents and electromagnetic fields, higher heat emission, reduction gears with less gear steps and higher input speeds)
- FUCHS is used to quickly adapting to new market demands and is working on concrete methods to meet the challenges of the future mobility

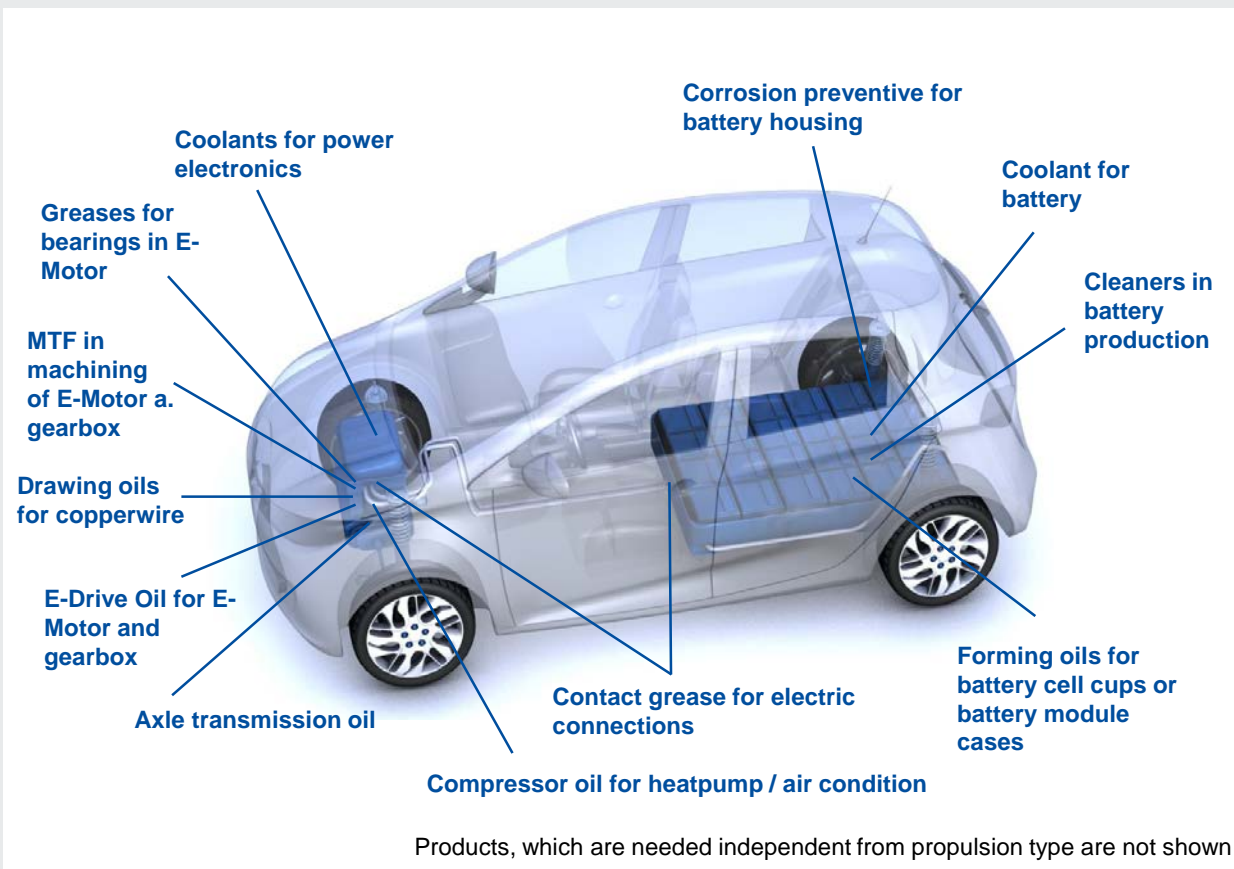
Lubricant applications in passenger cars




In modern cars there are more than 30 different types of greases



Lubricant applications in passenger cars

Electrification brings a variety of opportunities for FUCHS



<u>Powertrain Applications</u>	ICE	HEV	BEV
			
Engine oil	✓	✓	–
Transmission oil	✓	✓	✓ / –
Greases	✓	✓	✓
Specialty greases	✓	+	+
Lubricants for Auxiliary systems	✓	+	+
Cooling & functional liquids	✓	+	+

– Omitted ✓ Required + Increased

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

Return cash to shareholders

Capex

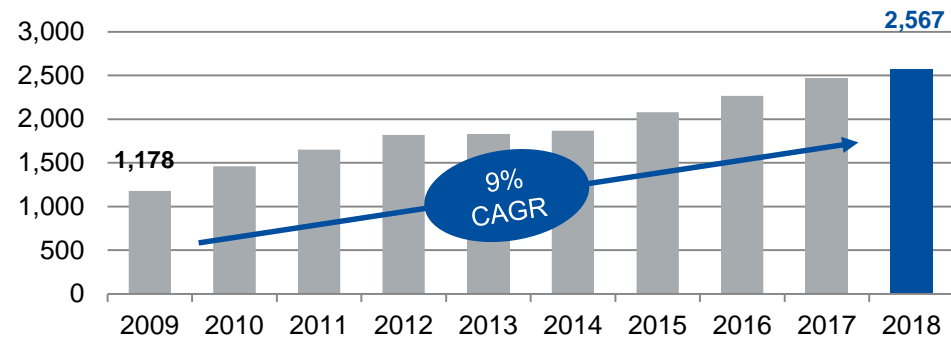
Stable Dividends

Acquisitions

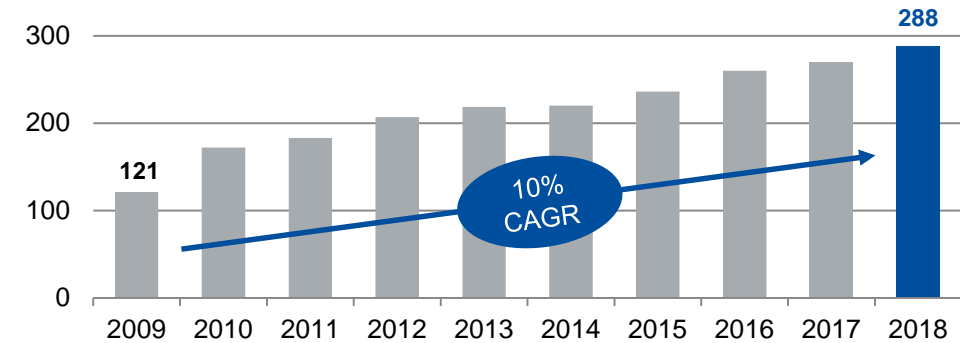
Share Buyback

Unique track record for continued profitability and added value

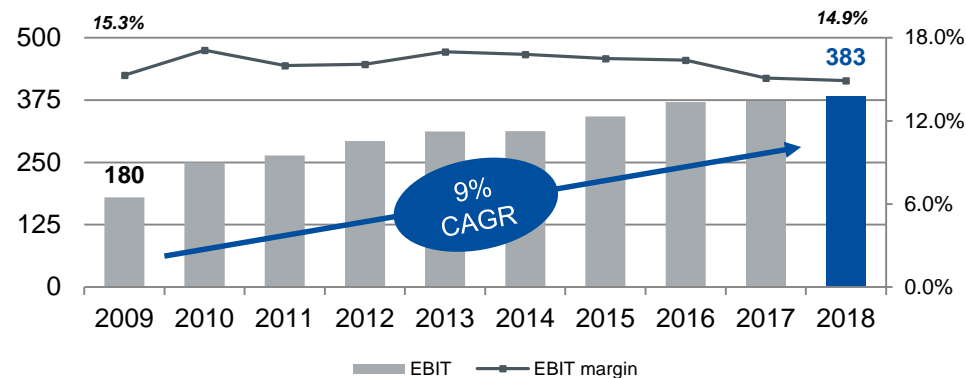
Sales (in €mn)



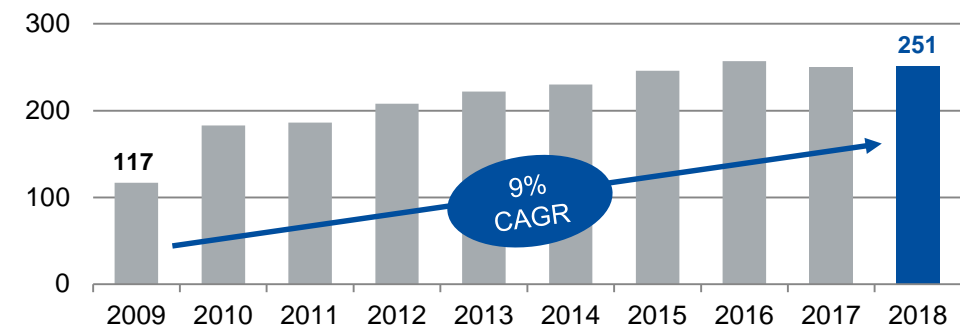
Earnings After Tax (in €mn)



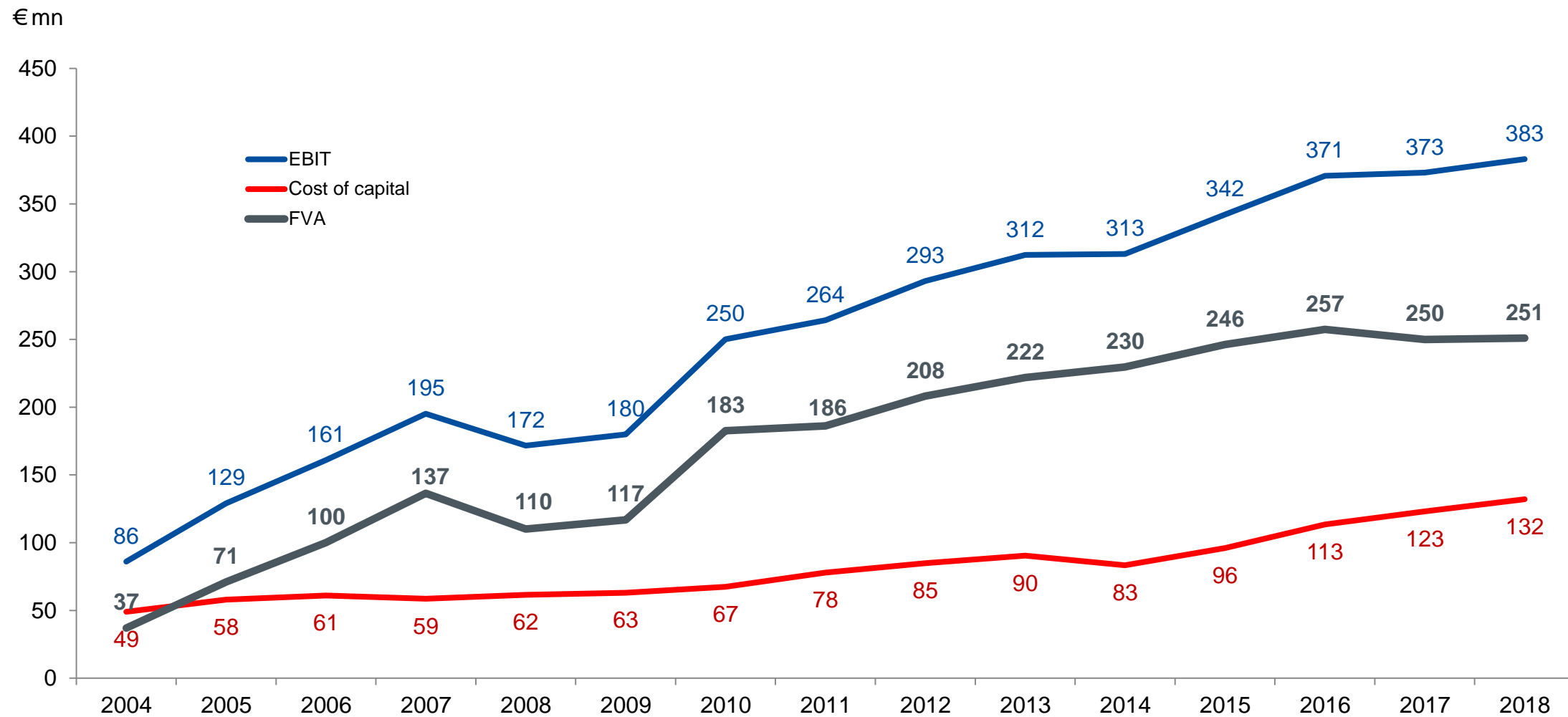
EBIT (in €mn)



FVA (in €mn)



Development EBIT – Cost of Capital – FVA



Stable EBIT in 2018

€mn	2014	2015	2016	2017	2018	Δ 17/18
Sales	1,866	2,079	2,267	2,473	2,567	3.8%
Gross Profit	693	791	851	882	899	1.9%
Gross Profit margin	37.2%	38.1%	37.5%	35.7%	35.0%	-0.7%-points
Other function costs	-400	-467	-499	-526	-542	3.0%
EBIT before at Equity	293	324	352	356	357	0.3%
EBIT margin before at Equity	15.7%	15.6%	15.5%	14.4%	13.9%	-0.5%-points
At Equity	20	18	19	17	26	52.9%
EBIT	313	342	371	373	383	2.7%
EBIT margin	16.8%	16.5%	16.4%	15.1%	14.9%	-0.2%-points
EBITDA	343	381	418	426	441	3.5%
EBITDA margin	18.4%	18.3%	18.4%	17.2%	17.2%	-

Solid balance sheet and strong cash flow generation

€mn	2018	2017	2016	2015	2014
Total assets	1,891	1,751	1,676	1,490	1,276
Goodwill	174	173	185	166	88
Equity	1,456	1,307	1,205	1,070	916
Equity ratio	77%	75%	72%	72%	72%

€mn	2018	2017	2016	2015	2014
Net liquidity	191	160	146	101	186
Operating cash flow	267	242	300	281	255
Capex	121	105	93	50	52
Free cash flow before acquisitions ¹	147	142	205	232	210
Free cash flow	159	140	164	62	188

¹ Including divestments

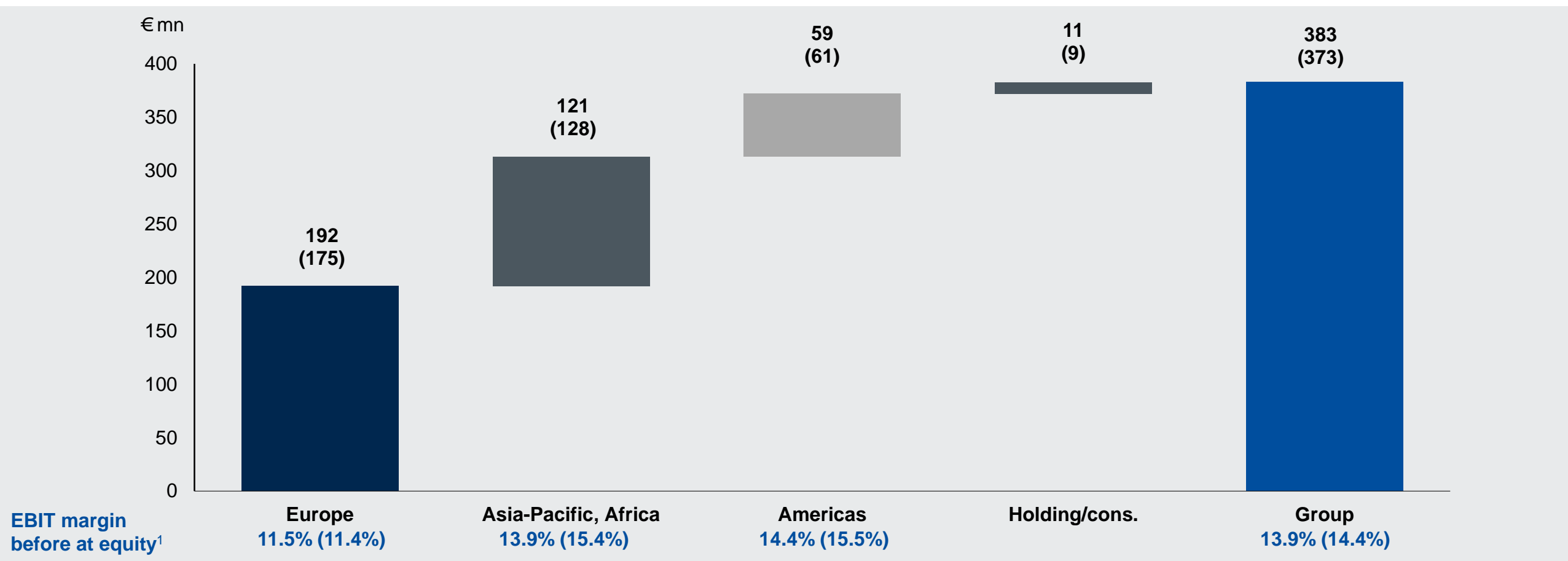
Regional sales growth 2018

Europe and Asia-Pacific, Africa declining in the course of the year

	2018 (€mn)	2017 (€mn)	Growth	Organic	External	FX
Europe	1,546	1,515	+2%	+3%	0%	-1%
Asia-Pacific, Africa	783	733	+7%	+11%	-	-4%
Americas	409	393	+4%	+13%	-	-9%
Consolidation	-171	-168	-	-	-	-
Total	2,567	2,473	+4%	+7%	-	-3%

EBIT by regions

2018 (2017)¹



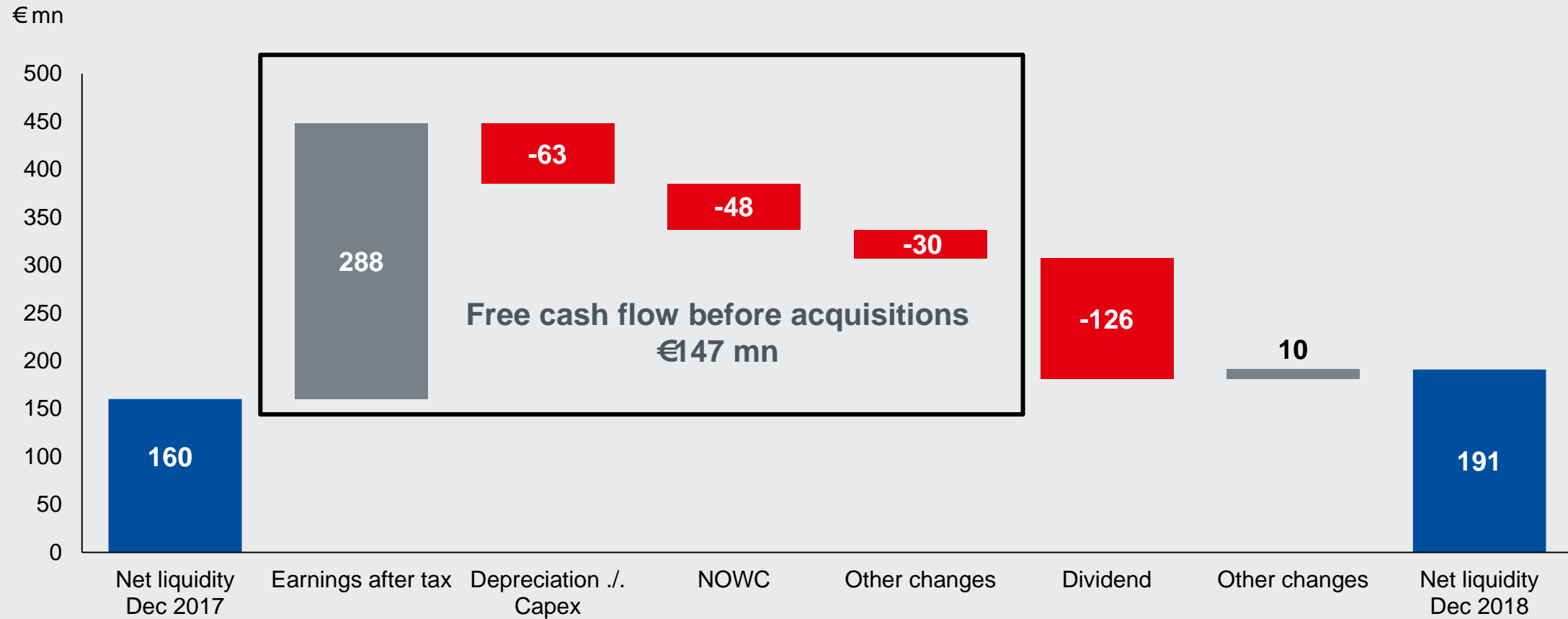
¹2017 comparable

Cash flow 2018

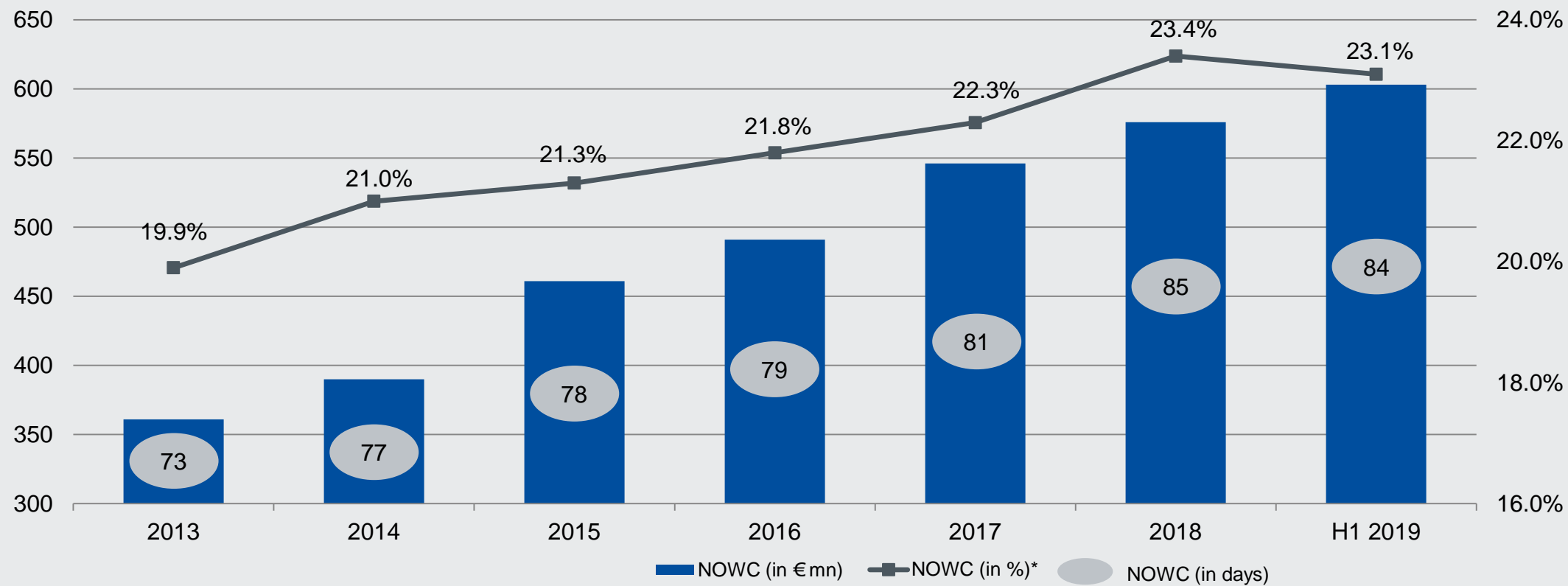
€mn	2018	2017	Δ in %
Earnings after tax	288	269	7
Amortization/Depreciation	58	59	-2
Changes in net operating working capital (NOWC)	-48	-78	-39
Other changes	-30	-3	-
Capex	-121	-105	15
Free cash flow before acquisitions¹	147	142	4
Acquisitions ¹	12	-2	-
Free cash flow	159	140	14

¹ Including divestments.

Net Liquidity 2018



Net operating working capital (NOWC)*



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

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	1,618	
47	48	46	44	185	
11.3	11.6	11.3	11.5	11.4	
3	3	15	5	26	
50	51	61	49	211	
12.0	12.3	15.0	12.9	13.0	

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

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

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	-166	
1	6	3	1	11	
-	-	-	-	-	
0	-1	1	0	0	
1	5	4	1	11	
-	-	-	-	-	

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

Quarterly income statement

€mn	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	550	586	567	564	618	629	615	611	643	668	642	614	643	653		
Gross Profit	206	221	214	210	226	226	215	215	225	239	222	213	217	224		
Gross Profit margin (in %)	37.4	37.7	37.8	37.1	36.6	35.8	35.0	35.2	35.0	35.8	34.6	34.7	33.7	34.3		
Other function costs	-126	-128	-125	-120	-137	-134	-129	-126	-136	-140	-134	-132	-142	-147		
EBIT before at Equity	80	93	89	90	89	92	86	89	89	99	88	81	75	77		
EBIT margin before at Equity (in %)	14.6	15.8	15.8	15.9	14.5	14.5	14.1	14.6	13.8	14.8	13.7	13.2	11.7	11.8		
At Equity	5	5	5	4	5	4	5	3	3	2	16	5	2	3		
EBIT	85	98	94	94	94	96	91	92	92	101	104	86	77	80		
EBIT margin (in %)	15.5	16.6	16.5	16.8	15.3	15.1	14.8	15.1	14.3	15.1	16.2	14.0	12.0	12.3		
EBITDA	97	109	105	107	107	109	105	111	106	115	118	102	95	98		
EBITDA margin (in %)	17.6	18.7	18.6	18.8	17.4	17.3	17.0	18.2	16.5	17.2	18.4	16.6	14.8	15.0		

The Executive Board



Stefan Fuchs: CEO; Americas, Corporate Group Development, HR, PR & Marketing



Dr. Lutz Lindemann: CTO; R&D, Technology, Product Management, Supply Chain, Sustainability, inoviga GmbH, Mining Division, OEM Division



Dr. Timo Reister: Asia-Pacific, Americas (as of Oct. 2019), Industrial Sales Strategy



Dr. Ralph Rheinboldt: Europe, Middle East & Africa, LUBRITECH Division



Dagmar Steinert: CFO; Finance, Controlling, Investor Relations, Compliance, Internal Audit, IT (incl. SAP/ERP-Systems), 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

Financial Calendar & Contact

Financial Calendar 2019

March 20, 2019	Full Year Results 2018
May 3, 2019	Quarterly Statement Q1 2019
May 7, 2019	Annual General Meeting 2019
June 25, 2019	Capital Market Day 2019
August 1, 2019	Half-year Financial Report 2019
October 30, 2019	Quarterly Statement Q3 2019

The financial calendar is updated regularly. You can find the latest dates on the webpage at www.fuchs.com/financial-calendar

Investor Relations Contact

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By their very nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These factors can include, among other factors, 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. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

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