

FUCHS GROUP

Financial Results 2018

| Analyst's Conference, 20th March 2019, Frankfurt

| Stefan Fuchs, CEO

| Dagmar Steinert, CFO



Highlights FY 2018

Sales +4%
to €2.6 bn

EBIT +3%
to €383 mn

EPS +7%

Dividend

+4%

to €0.95 per pref. share /
€0.94 per ord. share

- Double-digit organic growth in Asia-Pacific, Africa and Americas
- Negative currency effects especially in Asia-Pacific, Africa as well as North and South America
- Free cash flow before acquisitions at €147 mn

Outlook 2019

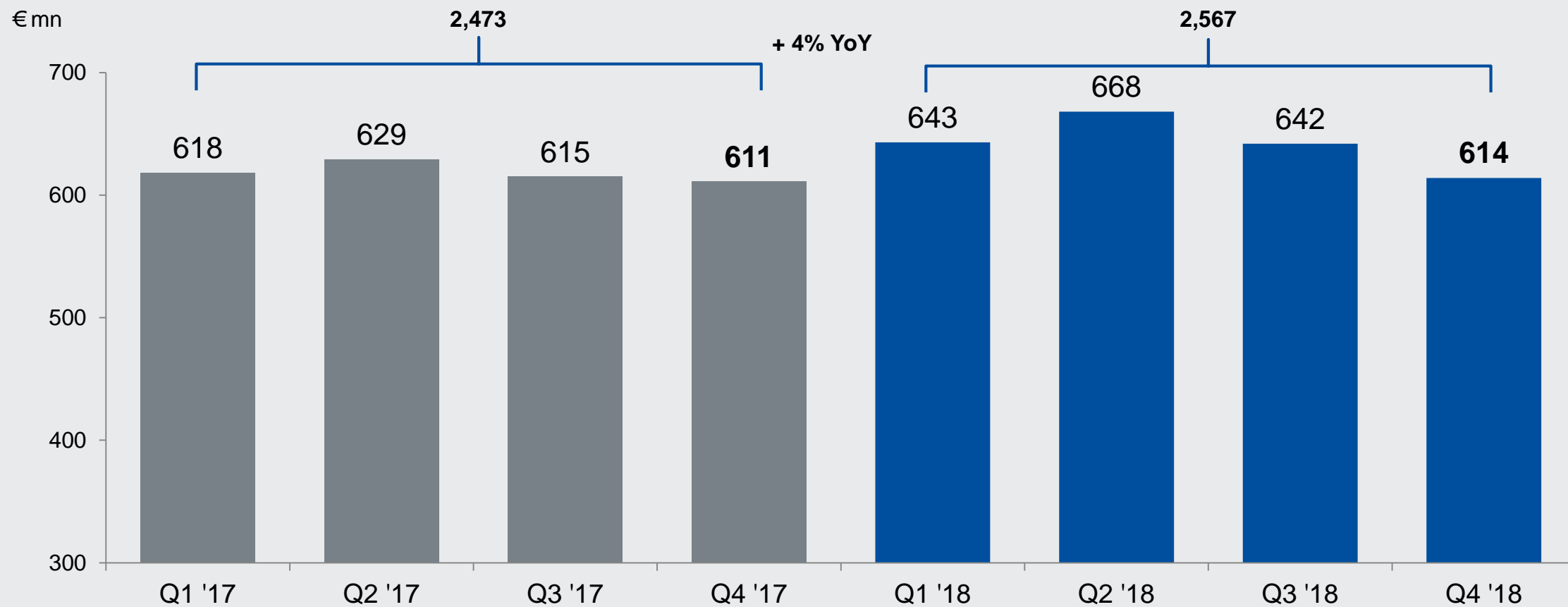
- Sales +2% to +4%
- EBIT -8% to -5%
- EBIT comparable (before one-off effect) -5% to -2%

Comparison outlook and results 2018

Performance indicator	FY 2017	Outlook 2018 (March & July 18)	Outlook 2018 (October 18)	FY 2018	
Sales	€2,473 mn	+3% to +6%	+3% to +5%	€2,567 mn (+4%)	✓
EBIT before one-off effect ¹	€373 mn	+2% to +4%	At previous year's level	€371 mn (-1%)	✓
EBIT	€373 mn	-	+2% to +4%	€383 mn (+3%)	✓
FUCHS Value Added	€250 mn	At previous year's level	At previous year's level	€251 mn	✓
Free cash flow before acquisitions	€142 mn	At previous year's level	At previous year's level	€147 mn	✓

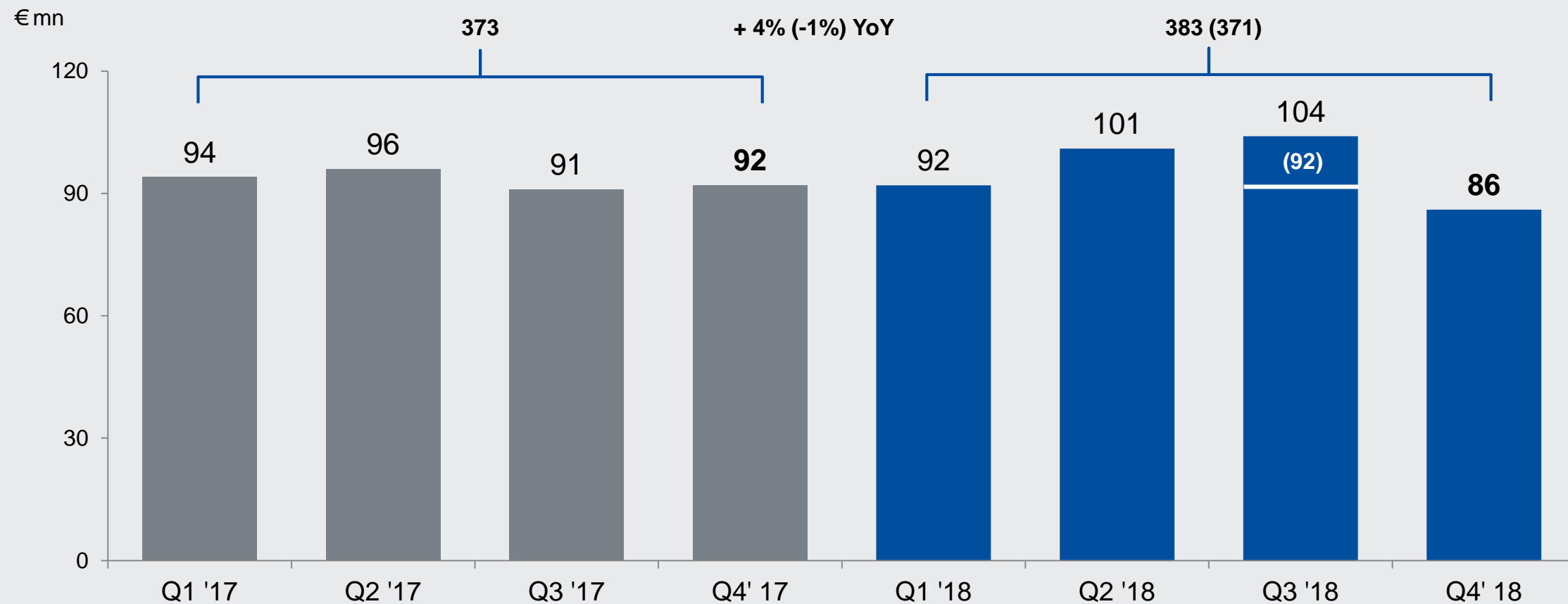
¹ Sale of an at equity share (earnings of €12 mn)

Sales development

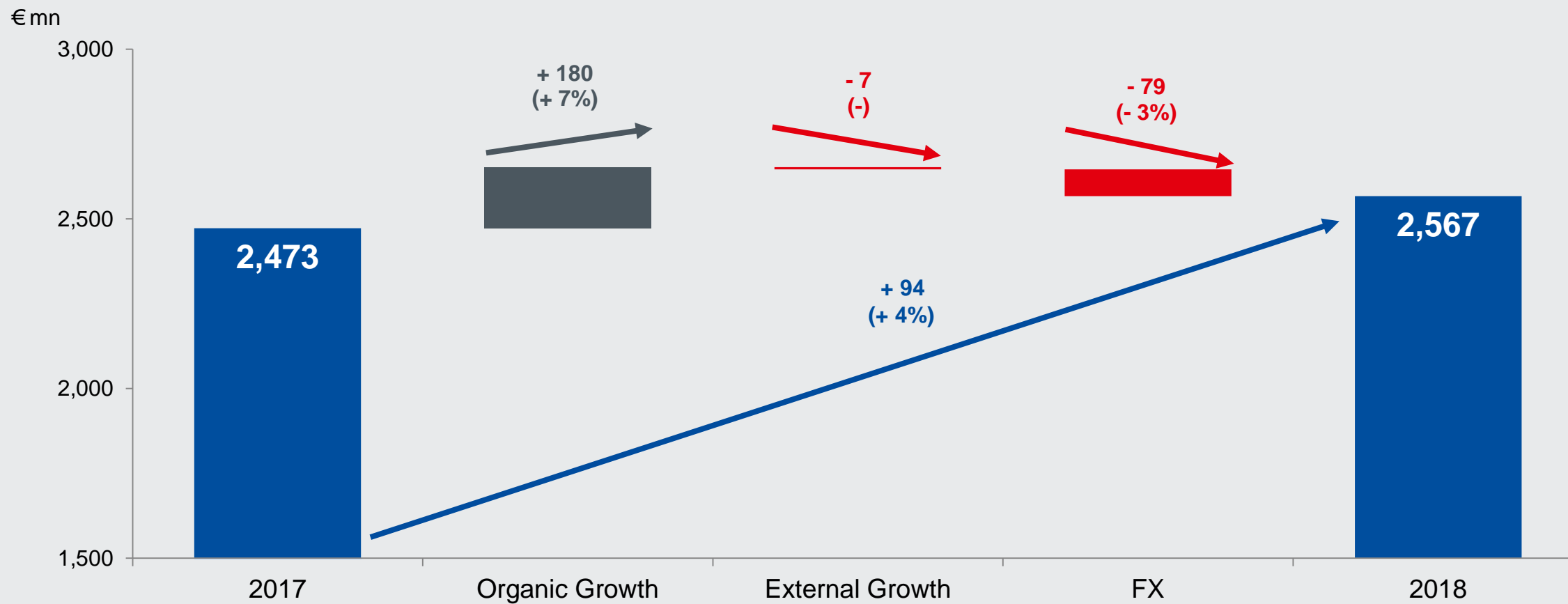


EBIT development

(excluding one-off effect from sale of at equity share in Q3 2018)

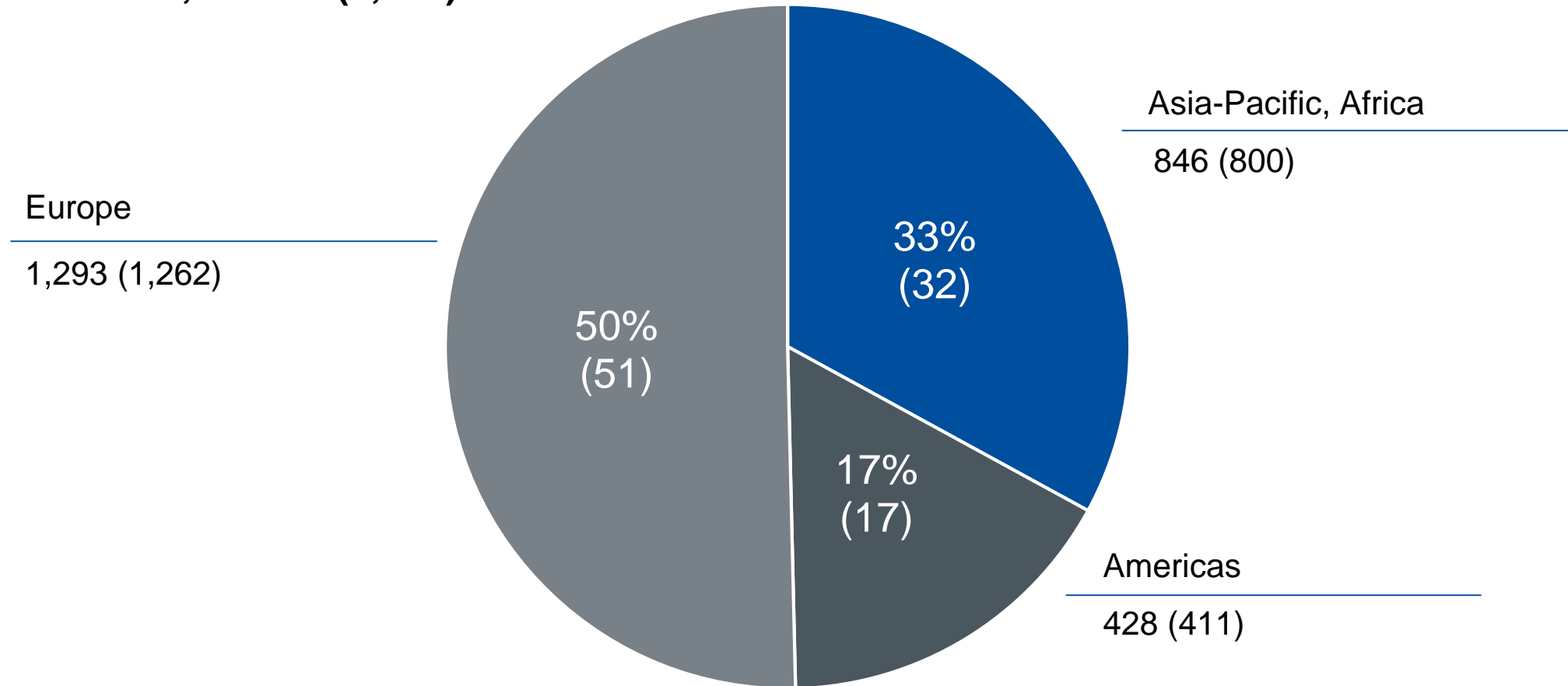


2018 Group sales



Sales by customer location

Sales 2018: €2,567 mn (2,473)

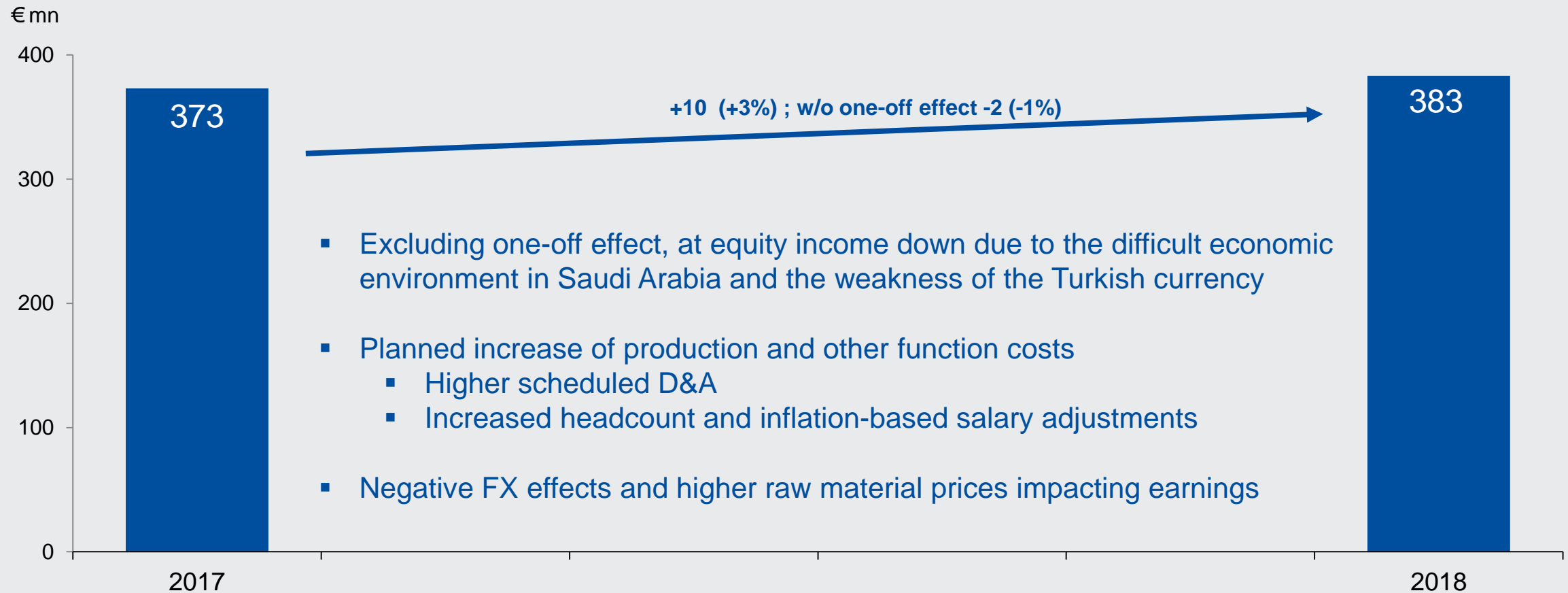


Regional sales growth 2018

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

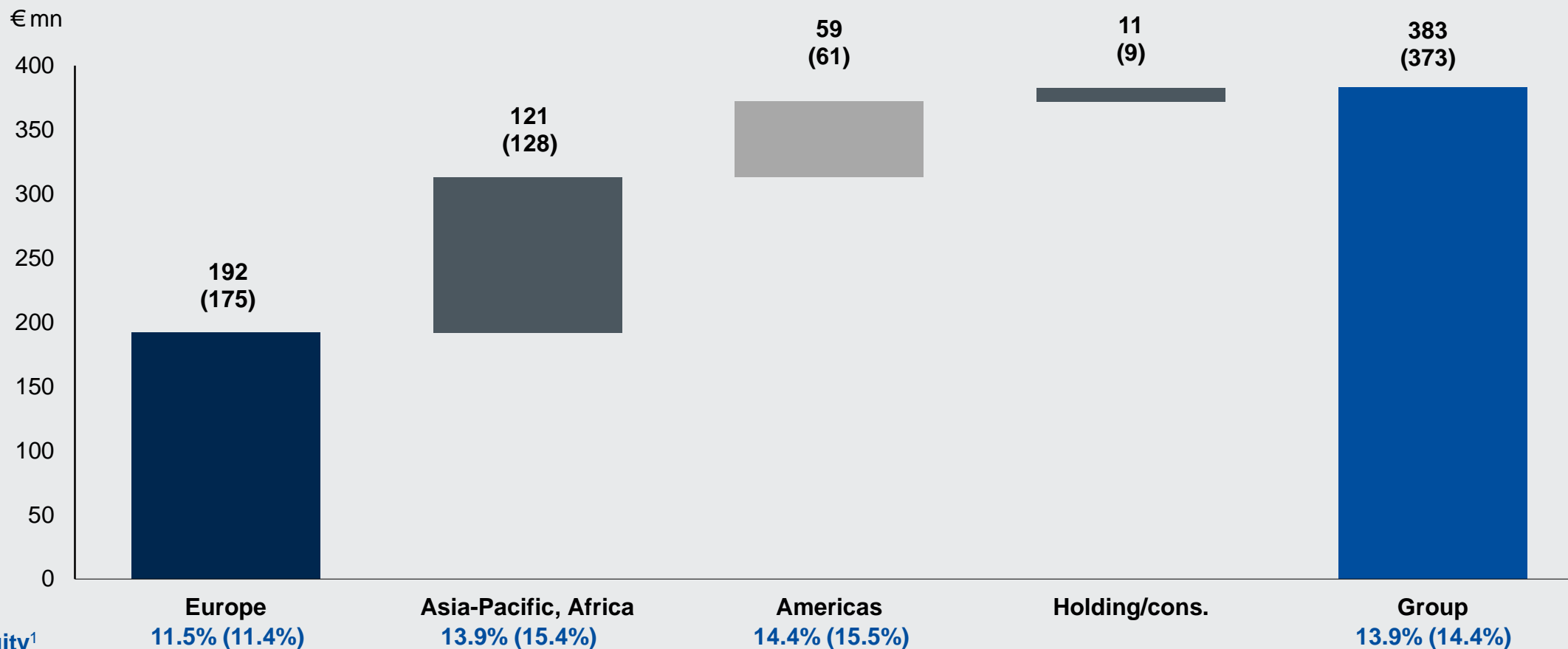
	2018 (€mn)	2017 (€mn)	Growth	Organic	External	FX
Europe	1,546	1,515	+2%	+3%	0%	-1%
Asia-Pacific, Africa	783	733	+7%	+11%	-	-4%
Americas	409	393	+4%	+13%	-	-9%
Consolidation	-171	-168	-	-	-	-
Total	2,567	2,473	+4%	+7%	-	-3%

Slightly higher EBIT in 2018



EBIT by regions

2018 (2017)¹



EBIT margin
before at equity¹

¹2017 comparable

Income statement 2018

€mn	2018	2017	Δ €mn	Δ in %
Sales	2,567	2,473	94	4
Gross Profit	899	882	17	2
<i>Gross Profit margin</i>	35.0 %	35.7 %	-	-0.7 %-points
Other function costs	-542	-526	-16	3
EBIT before at Equity	357	356	1	0
At Equity (including €12 mn one-off)	26	17	9	53
EBIT	383	373	10	3
Earnings after tax	288	269	19	7

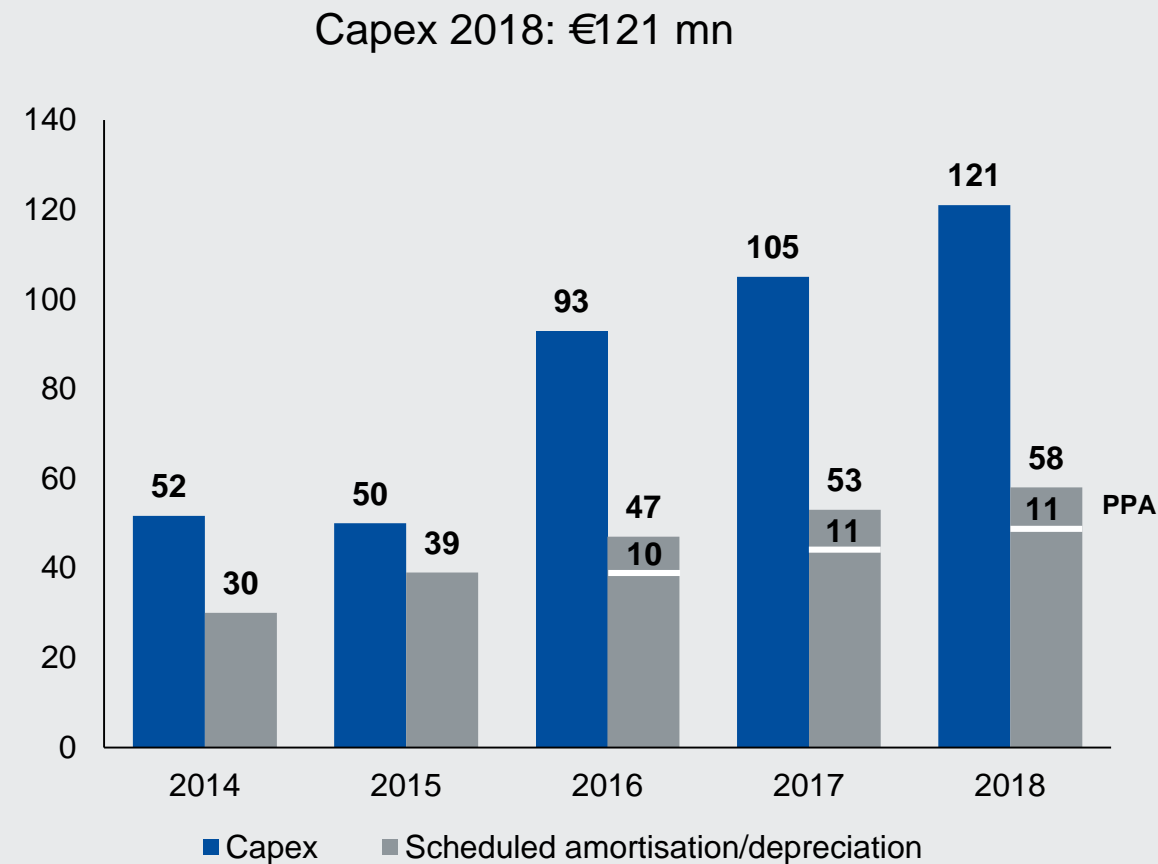
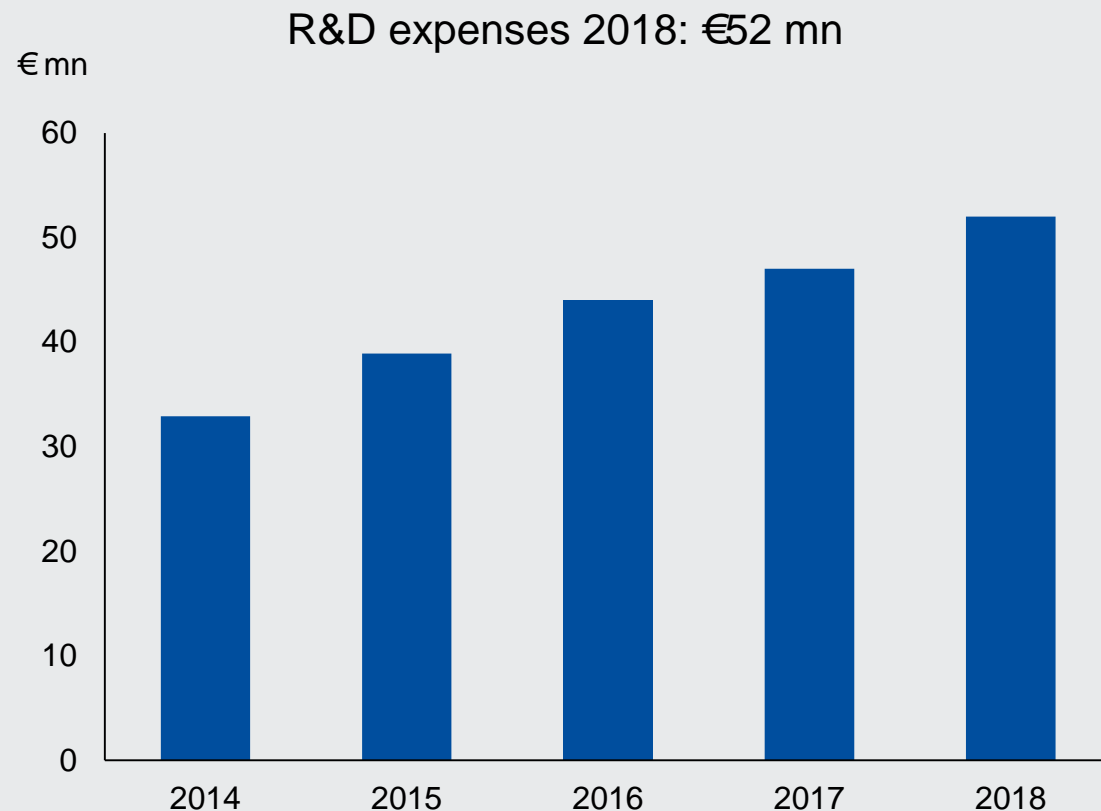
Solid balance sheet and strong cash flow generation

€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%

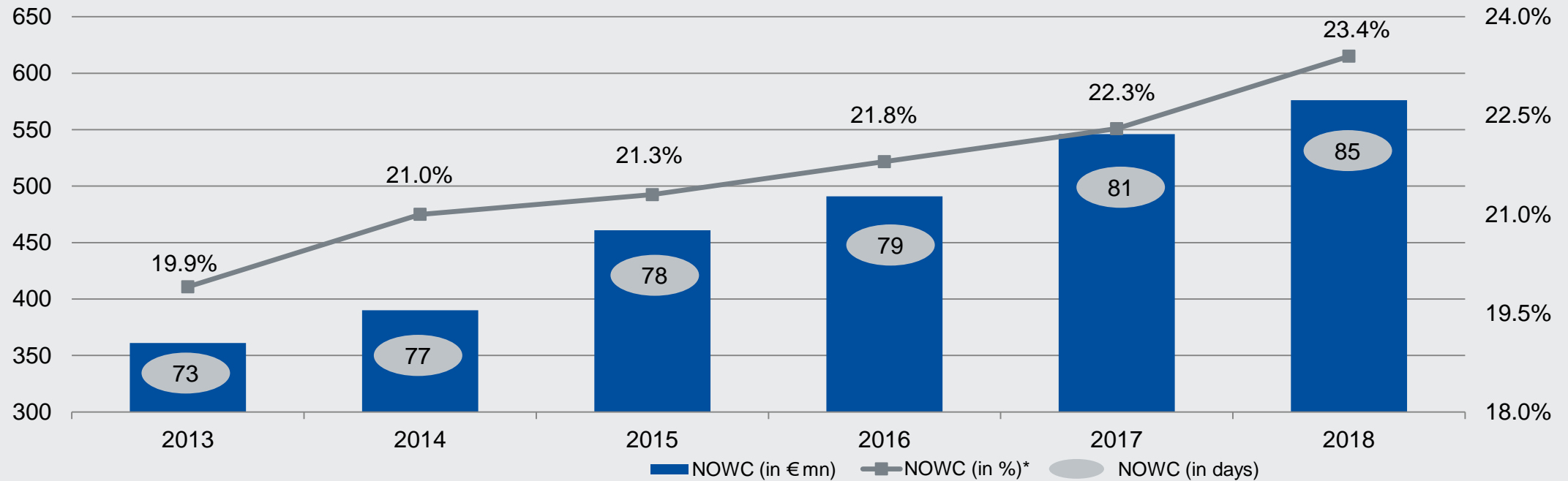
€mn	2018	2017	2016	2015	2014
Net liquidity	191	160	146	101	186
Operating cash flow	267	242	300	281	255
Capex	121	105	93	50	52
Free cash flow before acquisitions	147	142	205	232	210
Free cash flow	159	140	164	62	188

Investment in the future

R&D expenses and Capex



Net operating working capital (NOWC)*



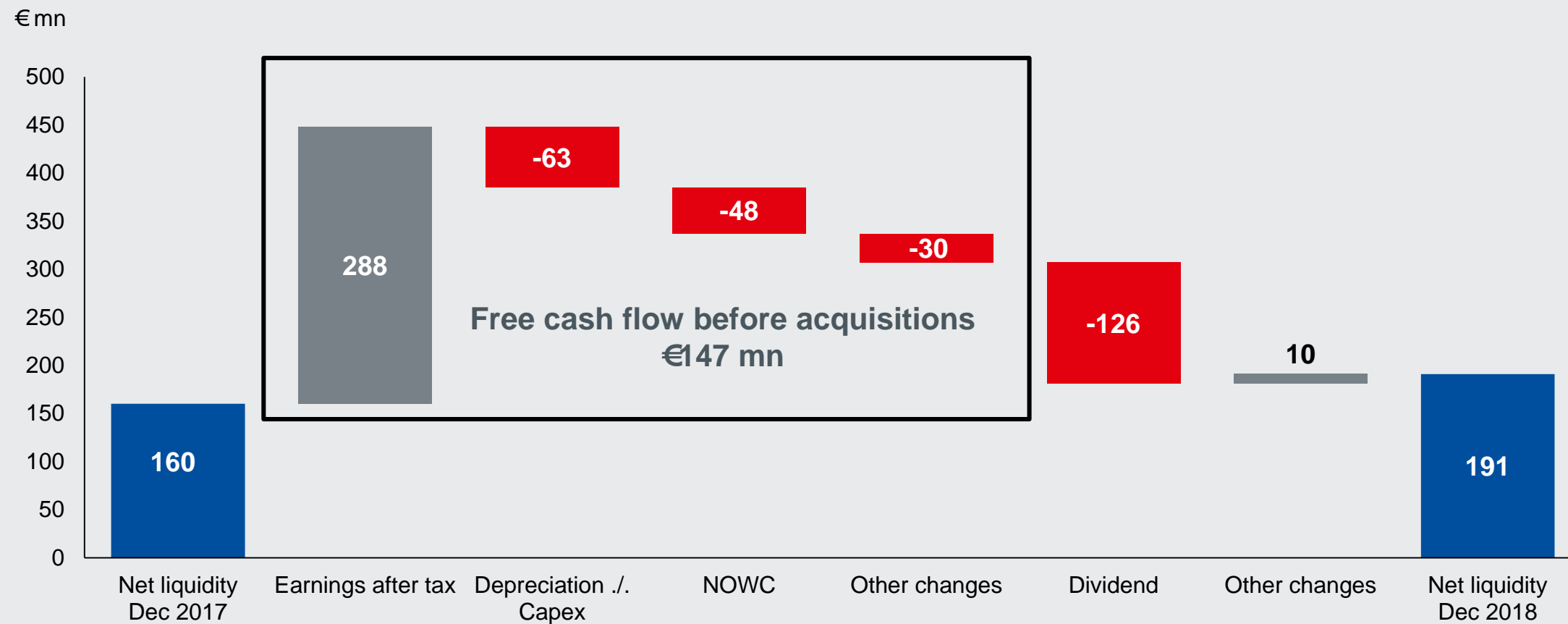
* In relation to the annualized sales revenues of the last quarter

Cash flow 2018

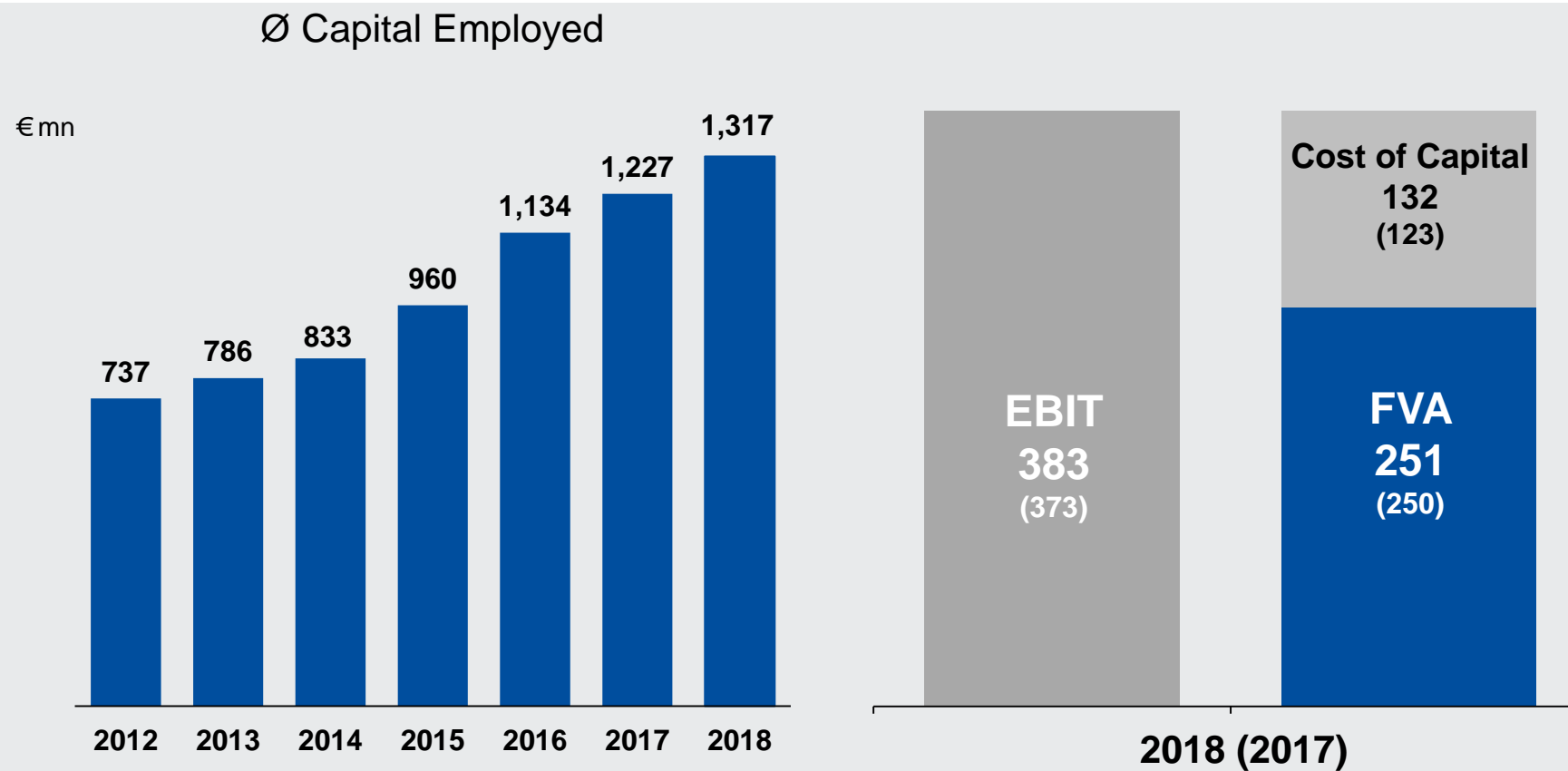
€mn	2018	2017	Δ in %
Earnings after tax	288	269	7
Amortization/Depreciation	58	59	-2
Changes in net operating working capital (NOWC)	-48	-78	-39
Other changes	-30	-3	-
Capex	-121	-105	15
Free cash flow before acquisitions¹	147	142	4
Acquisitions ¹	12	-2	-
Free cash flow	159	140	14

¹ Including divestments.

Net Liquidity 2018



FUCHS Value Added (FVA)



Cost of Capital = CE x WACC (10%)

FY 2018 earnings summary

- Mainly volume driven organic sales growth coming from Asia-Pacific, Africa and North and South America; Europe driven by price and product mix changes
- Strong negative FX effects in North and South America as well as in Asia-Pacific, Africa
- Although higher raw material costs were largely passed on across the Group, gross margin decreased due to production costs increases; increasing raw material prices had different impacts with respective regional FX development; Europe compensated with stronger Euro in H1
- Cost increases due to investments in new and existing plants, in additional employees as well as in increased R&D as planned
- Increase in earnings after tax stronger than EBIT growth due to a lower tax rate of 26.2% (28.8%) mainly attributable to lower withholding taxes on dividends
- Capex on record level (€121 mn), however lower than originally planned (€140 mn) due to project delays
- NOWC up to 23.4% of sales mainly due to slowdown of business in Q4

Dividend proposal



**€0.95
(0.91)**

per preference share

The Executive and Supervisory Board will propose an increase of €0.04 to the Annual General Meeting to be held on 7th May 2019

**4%
higher dividend
payment proposed**

**€0.94
(0.90)**

per ordinary share

Outlook 2019

Economic outlook gloomy due to trade conflicts between US and China as well as Brexit

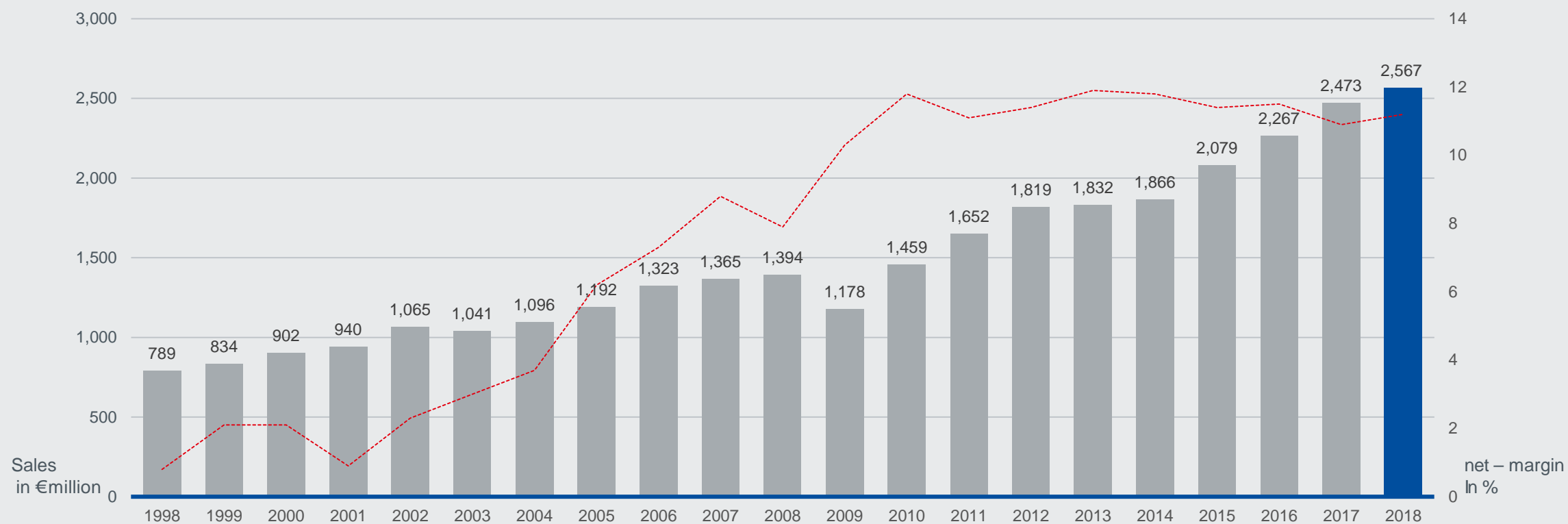
Performance indicator	Actual 2018	Outlook 2019
Sales	€2,567 mn	+2% to +4%
EBIT comparable (before one-off effect)	€371 mn	-5% to -2%
EBIT	€383 mn	-8% to -5%
FUCHS Value Added	€251 mn	~ €200 mn
Free cash flow before acquisitions	€147 mn	~ €100 mn

- Organic sales growth in all the regions mainly volume driven
- Earnings decrease expected as a result of investments in new and existing plants, people, R&D and IT
- Capex on record level (€180 mn) with focus on: Germany, China, Sweden, USA, Russia an UK

Strategic Outlook



“Profitable Growth”



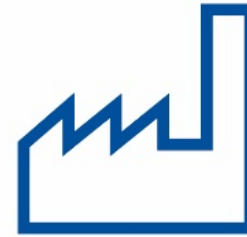
Growth initiative



5.500
employees
+50% during the
last 10 years



€50+ mn R&D
expenses p.a.
x2 during the last 10
years

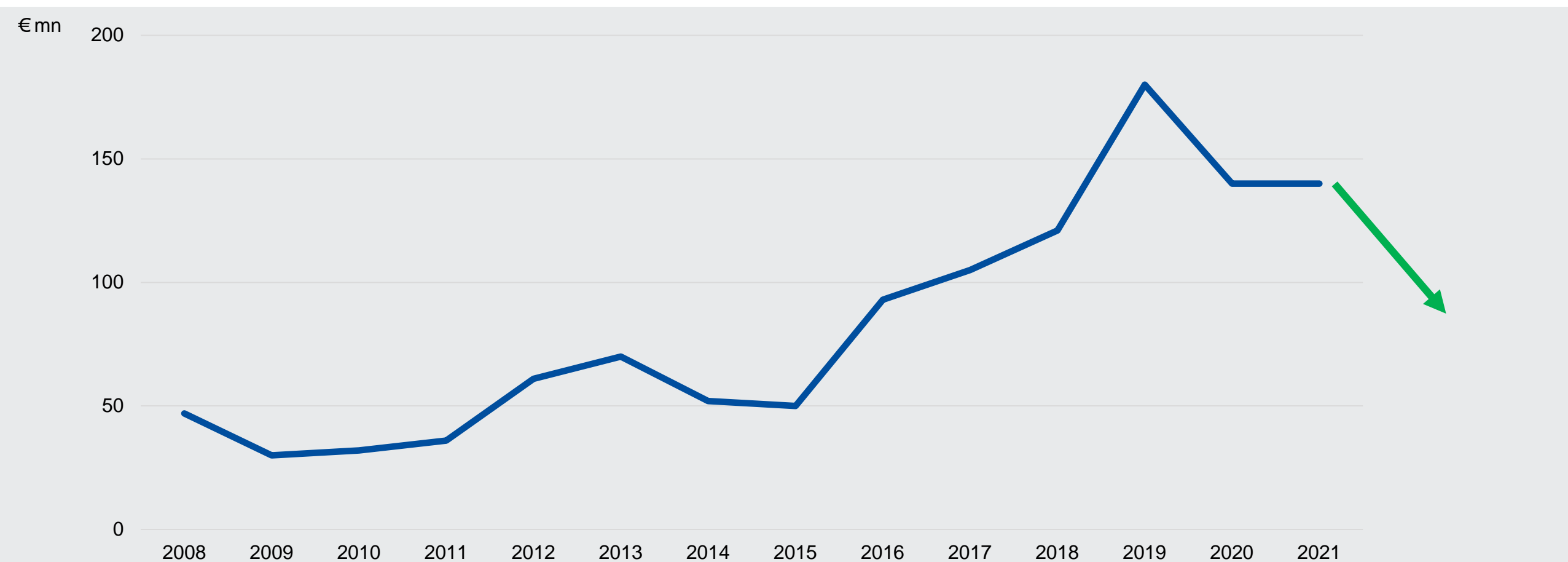


€700+ mn
capex
2016-2021



Global IT
processes

Investment initiative



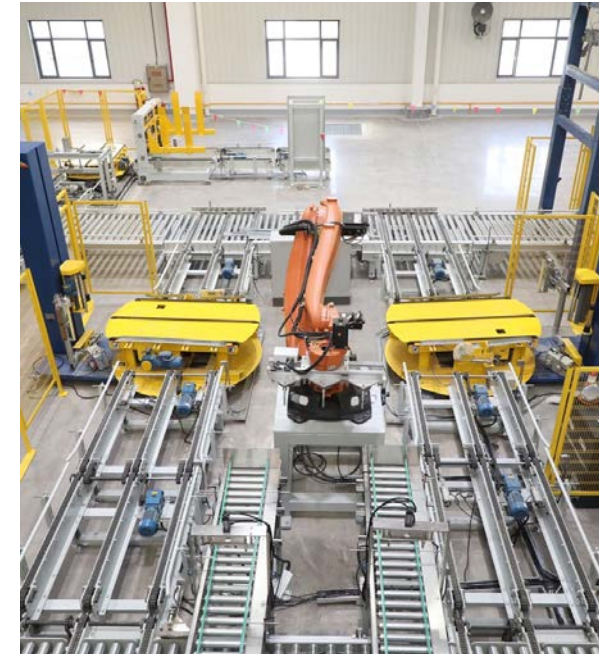
Development of the Mannheim site – new properties



FUCHS PETROLUB
Office building

FUCHS SCHMIERSTOFFE
AS/RS warehouse for raw
materials

China: WuJiang (next to Shanghai) – new plant



USA: Harvey (next to Chicago) – expansion



Australia: Acquisition of NULON

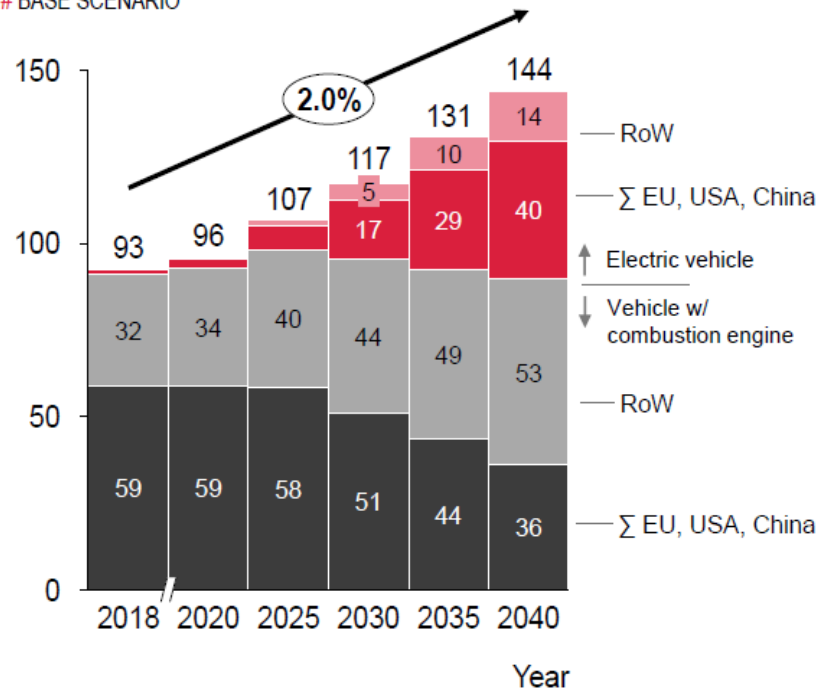
- Contract to acquire NULON Products Australia Pty Ltd signed at the beginning of March
- Closing early Q2
- Sales AUD 40 mn (~ €25 mn)
- 65 employees
- Automotive Retail Business



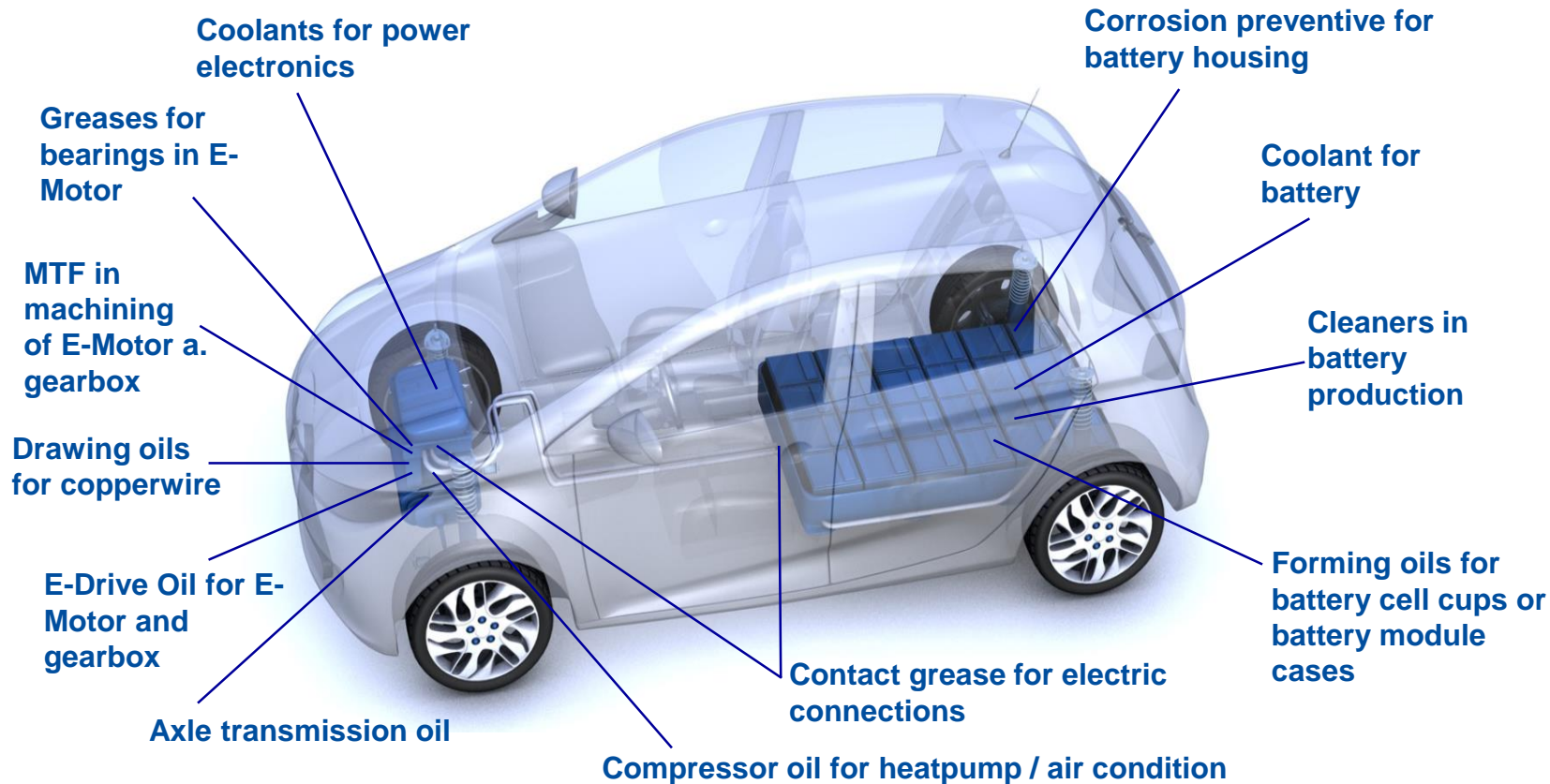
E-Mobility: a variety of opportunities for FUCHS

Global light-duty* vehicles sales forecast in million units

BASE SCENARIO



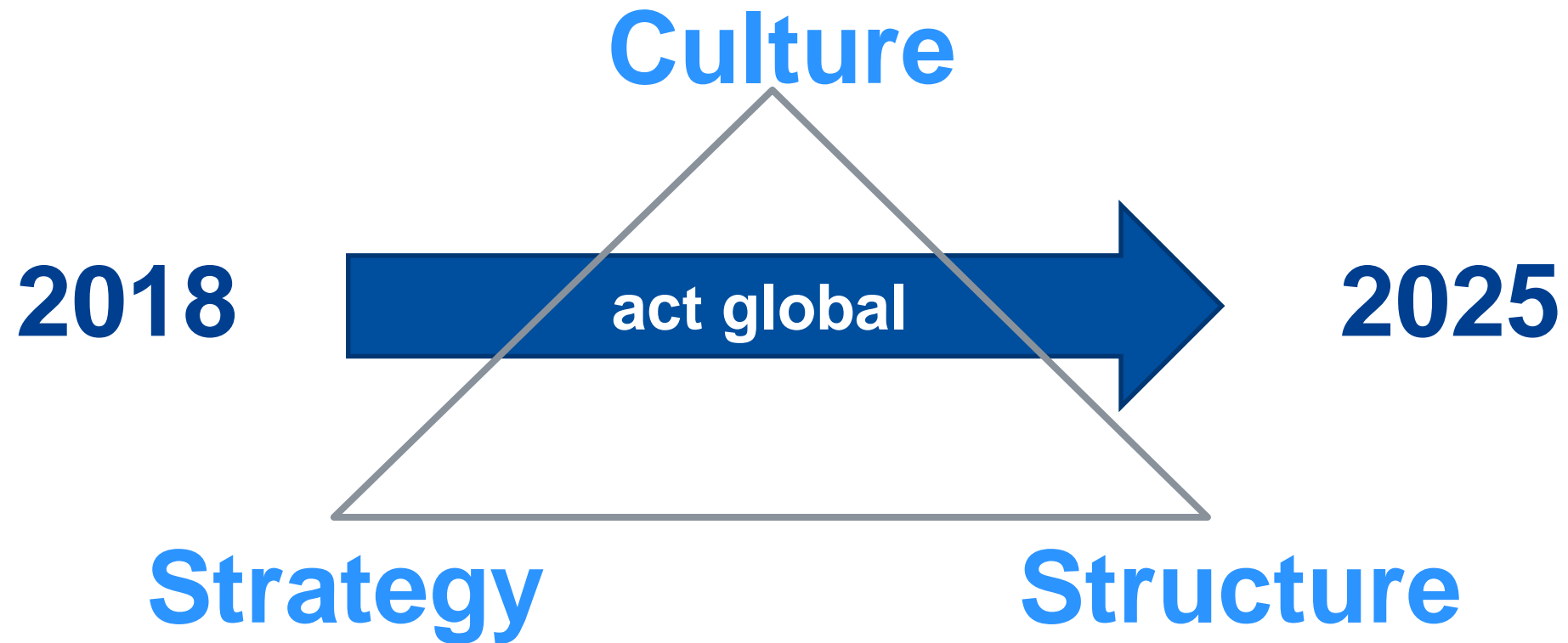
*including passenger cars and light commercial vehicles up to 3.5t gross vehicle weight
Source: FEV



Products, which are needed independent from propulsion type are not shown

FUCHS booth at bauma





Changes in Board responsibilities as of Jan 01 and Oct 1, 2019



Stefan Fuchs (CEO)

- Region North and South America (~~until Sept. 30, 2019~~)
- Corporate Group Development
- HR
- PR & Marketing



Dr. Lutz Lindemann (CTO)

- R&D
- Technology
- Product Management
- Supply Chain Management
- Sustainability
- Inoviga GmbH
- Mining Division
- OEM Division



Dr. Timo Reister

- Region Asia-Pacific, ~~Africa~~
- Region North and South America (as of Oct. 1, 2019)
- Industrial Sales Strategy



Dr. Ralph Rheinboldt

- Region Europe, Middle East & Africa
- LUBRITECH Division
- ~~SAP/ERP Systems~~



Dagmar Steinert (CFO)

- | | |
|---------------|------------------------------|
| • Finance | • Internal Audit |
| • Controlling | • IT (incl. SAP/ERP Systems) |
| • IR | • Legal |
| • Compliance | • Taxes |

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Thank you for your attention

