

Press release

FUCHS with solid first half-year in continued difficult market environment

- Sales revenues up 16% or EUR 229 million year-on-year at EUR 1,640 million (1,411)
- Growth mainly driven by price and currency
- Earnings (EBIT) of EUR 180 million 6% below the strong first half of the previous year (191)
- Full-year development difficult to be estimated due to high external uncertainties
- Forecast under the assumption that crisis situations will not worsen: Sales revenues for the financial year 2022 inflation-related at the upper end of the EUR 3.0 to 3.3 billion range; EBIT for the financial year 2022 at the level of the previous year and thus at the lower end of the EUR 360 to 390 million range (unchanged)

FUCHS at a glance

in EUR million	H1 2022	H1 2021	Change	Change in %
Sales revenues ¹	1,640	1,411	229	16
Europe, Middle East, Africa	987	850	137	16
Asia-Pacific	454	424	30	7
North and South America	300	224	76	34
Consolidation	-101	-87	-14	-
EBIT	180	191	-11	-6
Earnings after tax	129	136	-7	-5
Capital expenditure	24	32	-8	-25
Free cash flow before acquisitions	0	12	-12	-
Earnings per share in EUR				
Ordinary share	0.92	0.97	-0.05	-5
Preference share	0.93	0.98	-0.05	-5
Employees as at June 30	6,058	5,767	291	5

(1) By company location

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"The war in Ukraine, the zero-Covid strategy in China, interruptions and bottlenecks in the global supply chains, rising raw material prices, a threatened gas supply stoppage by Russia, increasing inflation – in recent months, the global crises have accumulated, compounded each other and impacted FUCHS' business: The massive price increases on the raw materials side keep us on our toes. Together with our customers, we reflect this scenario in the prices. This results in price-driven sales increases, purely arithmetical gross margin reductions and a significant increase in funds tied up in inventories and receivables due from customers. In addition, there are inflation-related cost increases for freight, energy and personnel. Overall, our EBIT of EUR 180 million in the first half of 2022 is therefore EUR 11 million or 6% below the very good half of 2021, which benefited from catch-up effects from the pandemic period and tailwinds in raw material prices. With regard to net liquidity, the dividend payment made in the first half of the year (EUR 143 million) and the inflation-related increase in net operating working capital (EUR 147 million) must be taken into account. The share buyback resolved at the end of June had not yet played a significant role.

Despite all the market-related volatility, FUCHS once again benefited from its broad geographical positioning and highly fragmented customer base: While our business in China declined under the zero-Covid strategy, the North and South America region showed stable development. The EMEA region, which is important for us, also delivered a high value contribution. We continue to focus on the topics of business expansion within the framework of the segment logic defined in the FUCHS2025 strategy and pursue consistent price management. For the remaining six months, we confirm our earnings forecast from April 2022.

In addition, we continue to see ourselves well positioned for the current and upcoming challenges and trust our strategy and financial possibilities. This is evidenced by our share buyback program of up to EUR 200 million launched in June, as well as our ambitious targets presented at our Capital Markets Day: EUR 500 million EBIT by 2025, a long-term EBIT margin of approximately 15%, annual organic growth in sales revenues in the mid-single-digit percentage range, and a cash conversion rate (free cash flow before acquisitions divided by earnings after tax) of approximately 0.8."

Stefan Fuchs, Chairman of the Executive Board FUCHS PETROLUB SE

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Business Development in the Group

In the first six months of 2022, FUCHS generated sales revenues of EUR 1,640 million (1,411), which were 16% higher than in the same period of the previous year.

Growth in all regions was mainly price-driven, with the North and South America and Asia-Pacific regions also benefiting from high positive currency effects.

EBIT decreased by EUR 11 million or 6% to EUR 180 million compared to the same period last year. EBIT margin diluted from 13.5% to 11.0% due to inflationary effects on turnover.

Within the regions, only North and South America improved its EBIT by EUR 4 million.

Profit after tax decreased by 5% to EUR 129 million (136).

Earnings per ordinary share were EUR 0.92 and per preference share EUR 0.93 respectively (0.97 and 0.98).

Free cash flow before acquisitions was EUR 0 million (12). It was burdened by increased funds tied up in net working capital due to rising prices.

Sales and earnings in the regions

At EUR 987 million (850), turnover in the Europe, Middle East, Africa (EMEA) region was 16% higher than in the first six months of 2021. EBIT decreased by 10% to EUR 84 million (93). The decline in results is mainly due to Germany and Southern Europe.

The Asia-Pacific region increased turnover by 7% to EUR 454 million (424). Due to corona-related lockdowns in China, EBIT of EUR 55 million (63) was 13% lower than in the very strong same period last year.

The Americas region recorded the highest sales growth of 34% to EUR 300 million (224).

The entire region benefited from price increases and positive currency effects and increased EBIT to EUR 35 million (31).

Outlook

After having already reduced its forecast for global economic growth in 2022 from 4.4% to 3.6% in April, the IMF announced a further reduction at the end of July to 3.2%. The escalating war in Ukraine and the resulting pressure on raw material and food prices on the one hand, and ongoing pandemic-related disruptions, particularly in China, and bottlenecks in global supply chains on the other, are weighing on global economic activity and the business development of FUCHS, as is rising inflation. Assuming the current crises do not worsen further, for the financial year 2022, we expect:

- Sales revenues at the upper end of the EUR 3.0 billion to EUR 3.3 billion range (previously: between EUR 3.0 billion and EUR 3.3 billion)
- EBIT at the same level as last year, at the lower end of the EUR 360 to EUR 390 million range (unchanged)

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- FVA below the prior-year level (EUR 205 million) (unchanged)
- Free cash flow before acquisitions significantly below the originally forecast value of approximately EUR 220 million due to inflation-related increase in net working capital and tight supply chain situation (unchanged)

Our global track record and solid financial base remain robust, and FUCHS continues to focus on profitable growth and the consistent implementation of FUCHS2025.

Mannheim, July 29, 2022

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About FUCHS

Founded in 1931 as a family business in Mannheim, FUCHS is now the world's largest independent supplier of innovative lubrication solutions, covering almost every industry and application. Today, the company's 6,000 employees in over 50 countries still share the same goal: to keep the world moving both sustainably and efficiently. To live up to this claim, we think in terms of perfection, not merely standards. When developing individual solutions, we enter into an intensive customer dialogue – acting as an experienced consultant, innovative problem solver and reliable team partner.