

Press release

FUCHS successfully completes challenging year 2022

- Sales revenues increased significantly by 19% to EUR 3.4 billion driven by price
- EBIT of EUR 365 million slightly above prior year
- Dividend increase by 4% to EUR 1.07 per preference and EUR 1.06 per ordinary share
- Forecast 2023 with sales revenues around EUR 3.6 billion and EBIT around EUR 390 million

FUCHS at a glance

in EUR million	2022	2021	Change	Change in %
Sales revenues ⁽¹⁾	3,412	2,871	541	19
Europe, Middle East, Africa	2,036	1,710	326	19
Asia-Pacific	929	855	74	9
North and South America	653	471	182	39
Consolidation	-206	-165	-41	
EBIT before income from companies consolidated at equity	356	354	2	1
EBIT	365	363	2	1
Earnings after tax	260	254	6	2
Capital expenditure	79	80	-1	-1
Free cash flow before acquisitions	61	90	-29	-32
Acquisitions	-2	-29	27	
Free cash flow	59	61	-2	-3
FUCHS Value Added	172	205	-33	-16
Earnings per share in EUR				
Ordinary share	1.87	1.82	0.05	3
Preference share	1.88	1.83	0.05	3
Employees as of December 31	6,104	5,976	128	2

(1) By company location

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FUCHS achieved an EBIT of EUR 365 million in the very challenging year 2022, slightly above the prior year. Sales of EUR 3.4 billion, which were driven in particular by prices, increased by 19% year-on-year.

As expected, the increases in raw material costs and the resulting sales price increases led to a significant inflation of net operating working capital. As a result, Free cash flow and FUCHS Value Added (FVA) were unable to match the previous year's figures despite a good finish in the fourth quarter. The balance sheet structure remains extremely robust and provides ample scope for internal and external growth in the coming years.

“The Russian-led war in Ukraine was the most affecting theme for us in 2022. It is an incomprehensible act and something we unreservedly condemn. Our thoughts are especially with our colleagues in Ukraine, who are working with pride and courage in their homeland. Already volatile commodity markets have become even more heavily strained by this war. Supply bottlenecks with an unprecedented shortage of raw materials, roughly 70% increases in raw material costs in just two years, and high inflation rates impacting our costs preoccupied us throughout the whole year. Our primary goal was to ensure a secure supply for our customers even in these extreme conditions, which we achieved through an exceptional all-round team performance. In China, our growth market of the past few years, the country's zero-Covid policy has paralyzed the economy and thereby affected our business. The recent reversal of this policy will revive China's economy in the course of 2023, but it caused a near-complete standstill by the end of 2022. We are proud that the decline in China was offset by very good developments in a large number of other countries.”

Stefan Fuchs, Chairman of the Executive Board FUCHS PETROLUB SE

Business development in the regions

In the past financial year, FUCHS was able to significantly increase sales revenues in all regions. EBIT also increased year-on-year, except for the Asia-Pacific region.

The EMEA region generated sales revenues of EUR 2,036 million (1,710) in the past financial year, which were EUR 326 million or 19% higher than in the prior year, driven by prices. The region was confronted with high cost increases in the past fiscal year, but was able to offset these additional burdens and improve EBIT by EUR 4 million to EUR 170 million (166).

The Asia-Pacific region reported sales of EUR 929 million (855) for the past fiscal year and overall growth of EUR 74 million or 9%, primarily driven by foreign exchange. EBIT of EUR 113 million (122) fell short of the very good prior-year result by EUR 9 million. The weak development of China due to the lockdown had a negative impact on the region. India, Southeast Asia and Australia, on the other hand, achieved encouraging growth in earnings. Following high sales growth in the previous year, the North and South America region also delivered convincing growth rates in 2022, driven by business expansion, price increases

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and positive currency effects. Sales revenues increased by no less than 39% from EUR 471 million to EUR 653 million. EBIT increased by 28% to EUR 77 million (60) and contributed EUR 17 million more to the Group's earnings than in the previous year. Nye Lubricants, the North American specialties producer acquired in 2020, and the Mexican subsidiary were the main contributors to the positive earnings trend. South America also developed positively.

21st consecutive increase in dividend

For 2022 again, FUCHS proposes to the Annual General Meeting a dividend increase by 4%, to EUR 1.07 (1.03) per preference share and EUR 1.06 (1.02) per ordinary share. Strong growth in sales revenues and robust earnings in a challenging economic environment underpin the success of FUCHS's business model. Therefore, in line with the dividend policy of an annually increasing dividend, an increase in the dividend can also be envisaged for 2022. For FUCHS, the dividend policy is a key pillar of the company's philosophy of allowing its shareholders to participate in the company's success.

Forecast for 2023 a further step towards EBIT target 2025

The general economic uncertainty goes hand in hand with a high degree of uncertainty regarding the further development of raw material prices and thus also sales prices. Accordingly, it is difficult to forecast the development of sales revenues for the year 2023. At the present, FUCHS is planning sales revenue growth in the mid-single-digit percentage range and thus sales revenues of around EUR 3.6 billion for the year 2023. This growth results on the one hand from an increase in business volume and on the other hand from ripple-effects from increases in selling prices implemented last year. In terms of earnings, FUCHS expects to generate EBIT of around EUR 390 million. This will be achieved by continued rigorous cost management with a firm limitation on new hires. At the same time, further inflation-related cost increases are expected, particularly in the area of personnel and freight costs. Capital expenditure will remain at the previous year's level and are planned at around EUR 80 million. FVA is expected to be higher than previous year (172). In view of the forecasted earnings, constant capital expenditures and a significantly lower build-up of NOWC compared with the prior year, we expect to be able to achieve Free cash flow before acquisitions of around EUR 250 million.

Further milestones achieved with FUCHS2025

"In 2022, as part of FUCHS2025, we continued to work and improve in the three dimensions of culture, structure and strategy. Here, we focused intensively on the three megatrends of sustainability, digitalization and the shift in mobility. Each of these three areas presents great challenges but also major opportunities for our organization, which we are consistently addressing:

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Sustainability is central to what we are about as a company. Our companies are working hard to make our vision of complete climate neutrality a lived reality. The basic properties and modes of action of lubricants are designed to prevent wear and friction in their application, which substantially reduces our customers' environmental footprint.

"FUCHS goes digital" is an important program to provide our customers with an efficient and easy purchasing experience while making our processes and workflows in the company smoother, safer and more efficient.

The shift in mobility is an exciting challenge. Overall, we see significantly more opportunities than risks for our business. In terms of battery-powered cars, an additional market for cooling, electric driveline fluids and specialty electrolytes is developing, and we will benefit from it over the long term."

Stefan Fuchs, Chairman of the Executive Board FUCHS PETROLUB SE

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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 6,100 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.