

Press release

FUCHS concludes financial year 2023 with new record highs

- Sales revenues with increase of 4% to EUR 3,541 million
- EBIT of EUR 413 million 13% above prior year
- Free cashflow before acquisitions at EUR 465 million
- 22nd dividend increase in a row: up 4% to EUR 1.11 per preference share and EUR 1.10 per ordinary share
- Forecast 2024: Sales revenues around EUR 3.6 billion and EBIT around EUR 430 million

FUCHS at a glance

in EUR million	2023	2022	Abw.	Abw. %
Sales revenues ⁽¹⁾	3,541	3,412	129	4
Europe, Middle East, Africa	2,041	2,036	5	0
Asia-Pacific	979	929	50	5
North and South America	687	653	34	5
Consolidation	-166	-206	40	
EBIT before income from companies consolidated at equity	406	356	50	14
EBIT	413	365	48	13
Earnings after tax	283	260	23	9
Investments in long-term assets	83	79	4	5
Free cash flow before acquisitions	465	61	404	>100
Acquisitions	-4	-2	-2	100
Free cash flow	461	59	402	>100
FUCHS Value Added	212	172	40	23
Earnings per share in EUR				
Ordinary share	2.08	1.87	0,21	11
Preference share	2.09	1.88	0,21	11
Employees as of December 31	6,272	6,104	168	3

(1) By company location

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„2023 was a very successful year for FUCHS, with new record highs for sales revenues, EBIT and free cash flow. With a rise in sales revenues of 4% to EUR 3,541 million and an EBIT increase of 13% to EUR 413 million, we achieved a significant milestone regarding our FUCHS2025 target. While the previous two years were marked by extraordinary increases in raw material costs and considerable availability problems, raw material markets normalized in the past year. This eliminated the ripple effect of inflation of prices and allowed us to concentrate fully on business development again. In particular the Europe region performed very well. North America achieved double-digit growth in local currency. In China, the market recovered in the second half of the year. With the construction of a new plant in Vietnam, the path is set for expansion in another Asian growth market. Free cash flow before acquisitions was EUR 465 million in 2023. This high figure must be seen in the context of the two previous years, which were marked by inflation-related funds tied up. In view of the extremely positive cash flow development, the Executive Board, with the approval of the Supervisory Board, decided in December 2023 to expand and extend the share buyback program, which began in 2022. A total of up to 8 million shares with a total price of up to EUR 280 million are to be acquired. At the same time, we are proposing the 22nd dividend increase in a row.

Geopolitically, in addition to the terrible war in Ukraine, which has now been going on for over two years, a new hotbed of crisis has emerged in the Middle East. We condemn the terrorist attack on Israel by Hamas and we observe with horror the suffering of civilians in Gaza. The attacks by the Houthi rebels on ships in the Red Sea are further exacerbating the uncertainties. The impact of all of this on the economic development as well as raw material and sales prices is difficult to forecast. Despite all the current uncertainties, we are confident about the year ahead thanks to a large number of growth projects. We anticipate sales revenues of around EUR 3.6 billion and expect EBIT of around EUR 430 million.”

Stefan Fuchs, Chairman of the Executive Board FUCHS SE

Business development in the regions

In the past financial year, FUCHS was able to increase sales revenues in all regions. While the regions EMEA as well as North and South America were able to increase EBIT, the region Asia-Pacific saw a slight decline.

The EMEA region generated sales revenues of EUR 2,041 million (2,036), which were on the previous year's level with an increase of EUR 5 million. In 2023, the ripple effects of inflation-related price adjustments lapsed. Overall, EBIT increased by EUR 43 million to EUR 213 million (170).

The majority of companies contributed to the improvement in results. The main contributors were Germany, the United Kingdom, Poland and Sweden. In addition, the companies from Italy and Spain were the main countries to post high relative increases.

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The Asia-Pacific region reported sales revenues of EUR 979 million (929) for the past financial year, which were EUR 50 million or 5% higher than the previous year. Despite an increase in sales, the region's EBIT of EUR 111 million fell just short of the previous year's result by EUR 2 million. The development was impacted, among other things, by significant negative currency translation effects from all countries in the region. China, in particular has not yet been able to build on the successes of the years before the pandemic, despite an increase in sales revenues, and has taken a slight step backwards in terms of results due to currency effects. India, Korea and Japan, on the other hand, recorded satisfactory earnings growth.

After already two very strong years of growth, the North and South America region was also able to achieve an impressive 5% increase in sales revenues, from EUR 653 to EUR 687 million in 2023. The region increased its EBIT by 3% to EUR 79 million (77) and, despite significant currency losses, contributed EUR 2 million more to the Group's earnings than in the previous year. As in the previous year, Nye, the North American specialty manufacturer acquired in 2020, and the Mexican regional company in particular contributed to the positive earnings development. Argentina as a high-inflation country, on the other hand, suffered a decline in earnings as well as in sales.

22nd consecutive increase in dividend

For 2023 again, FUCHS proposes to the Annual General Meeting a dividend increase by 4%, to EUR 1.11 (1.07) per preference share and EUR 1.10 (1.06) per ordinary share. Solid growth in sales revenues and a strong earnings- and cashflow-development in a challenging economic environment underpins the success of FUCHS's business model. Building on this, we fulfil our long-standing dividend policy of an annually rising dividend also for 2023. For FUCHS, the dividend commitment is a key pillar of the company's philosophy of allowing its shareholders to participate in the company's success.

Forecast for 2024 a further step towards EBIT target 2025

The general economic uncertainty is accompanied by uncertainty about the further growth in commodity prices, and thus sales prices. At present, the FUCHS Group expects another sales revenue increase to around EUR 3.6 billion on the basis of its global and widely diversified structure. This growth is largely driven by volume, assuming stable prices. As a result, FUCHS expects to generate EBIT of around EUR 430 million. This will be achieved through continued rigorous cost management and a firm limitation on new hires. At the same time, however, we have to bear further inflation-related cost increases, especially in the area of staff costs, and prepare for the SAP S/4 HANA rollout.

Investments will be at the level of the previous year and are planned at around EUR 80 million. For 2024, we expect an FVA of around EUR 240 million. Both the improvement in EBIT to around EUR 430 million and an expected reduction in the capital costs will have a posi-

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tive impact. We expect free cash flow before acquisitions to normalize after the uniquely high figure in 2023. Given the forecast result, constant investments and a light build-up of NOWC at the end of the year compared with the previous year, we are expecting free cash flow before acquisitions around EUR 250 million.

Further milestones achieved with FUCHS2025

“The success of the past 12 months encourages us to stay on the path we have taken with FUCHS2025 and to keep intensively addressing the three major megatrends – sustainability, the shift in mobility and digitalization – to ensure a successful future. In the area of sustainability, in addition to the important field of circular economy, our main focus is on Corporate Sustainability Reporting Directive (CSRD), a topic that we are preparing for rigorously. With a view to the shift in mobility, we have achieved important successes and are focusing our research on new areas of application for our products in battery-powered cars. And as part of the digitalization process, we are preparing for the introduction of SAP S/4 HANA. This is a unique opportunity for us to unify master data and processes worldwide and thus make the FUCHS Group fit for the future. The market segmentation of our business with the aim of providing our customers with comprehensive support in all lubricant-related areas has continued to pay off. We were proud to receive further recognitions from our long-time partners JOHN DEERE and DMG MORI, as well as HITACHI. In all three cases, we were able to excel due to the combination of global support, technological excellence and a motivated on-site FUCHS team.

The emotional statement *MOVING YOUR WORLD* is our purpose and specifies what we stand for and why we do what we do: We keep our customers' world going and keep them moving forward. Based on this, we launched an advertising campaign across five continents at twelve international airports, accompanied by a confident social media appearance. At the same time, we changed our name to FUCHS SE to emphasize our focus on advanced and highly efficient lubricant solutions as a high-tech company. With the appointment of Dr. Timo Reister as Deputy Chairman of the Executive Board, we have established an important element in the long-term succession planning for the Executive Board, thus ensuring planning security for the future.”

Stefan Fuchs, Chairman of the Executive Board FUCHS SE

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Image and video material: <https://www.fuchs.com/gb-en/photo-gallery/>

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 6,200 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.

Important note

This press release contains statements about future developments that are based on assumptions and estimates by the management of FUCHS SE. Even if the management is of the opinion that these assumptions and estimates are accurate, actual future developments and results can differ significantly from these assumptions and estimates due to a variety of factors. These factors can, for example, include changes in the overall economic climate, changes in procurement prices, changes in exchange rates and interest rates, and changes within the lubricants industry. FUCHS 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 press release and assumes no liability for such.