



## FUCHS PETROLUB SE

The leading independent lubricants  
manufacturer of the world

Dr. Alexander Selent, Vice Chairman & CFO  
Dagmar Steinert, Head of Investor Relations

January 2014



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

# The leading independent lubricants manufacturer of the world



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

- Founded in 1931
- 2012 sales revenues: €1.8 bn
- 2012 number of employees: 3,800 from 36 countries
- 33 production facilities
- 100,000 customers in more than 100 countries
- Member of the MDAX, DAXplus Family 30 and STOXX Europe 600



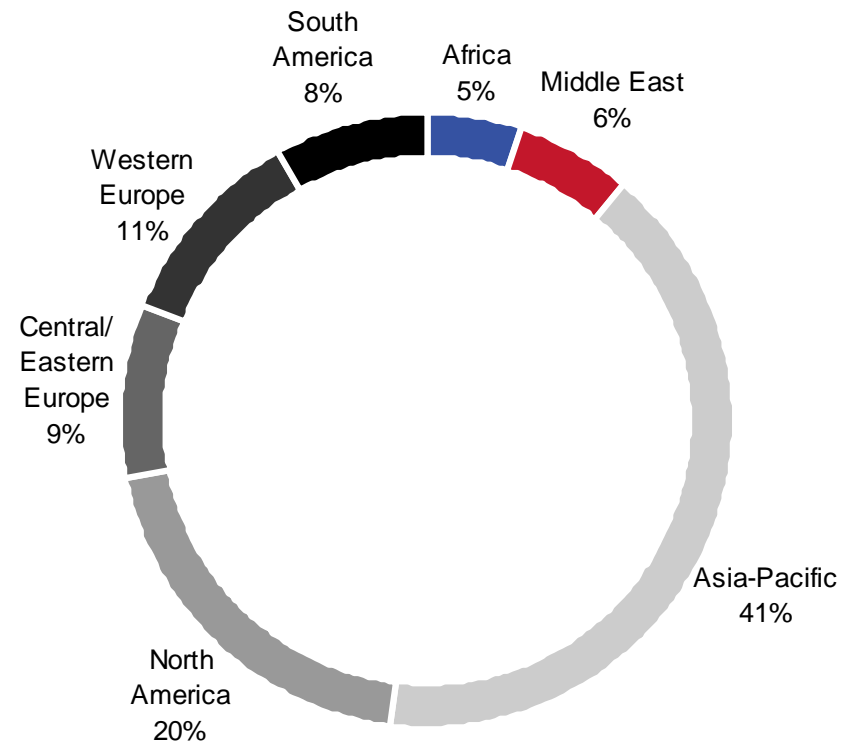
- FUCHS is fully focussed on lubricants (advantage over major oil companies)
- Technology, innovation and specialisation leadership in strategically important product areas
- Independence allows customer and market proximity, responsiveness, speed and flexibility (advantage over major oil companies)
- FUCHS is a full-line supplier (advantage over most independent companies)
- Global presence (advantage over most independent companies)

- Continue to be the world's largest independent manufacturer of lubricants and related specialities
- Value-based growth through innovation and specialisation leadership
- Organic growth in emerging markets and organic and external growth in mature markets
- Creating shareholder value by generating returns above the cost of capital
- Remain independent which is decisive for FUCHS' business model



## World lubricants demand: 35 mn t

- The biggest regional lubricants market with the highest growth rate is found in Asia-Pacific.
- North America and Western Europe are mature markets. The focus is on a more specialized product portfolio and specialities.

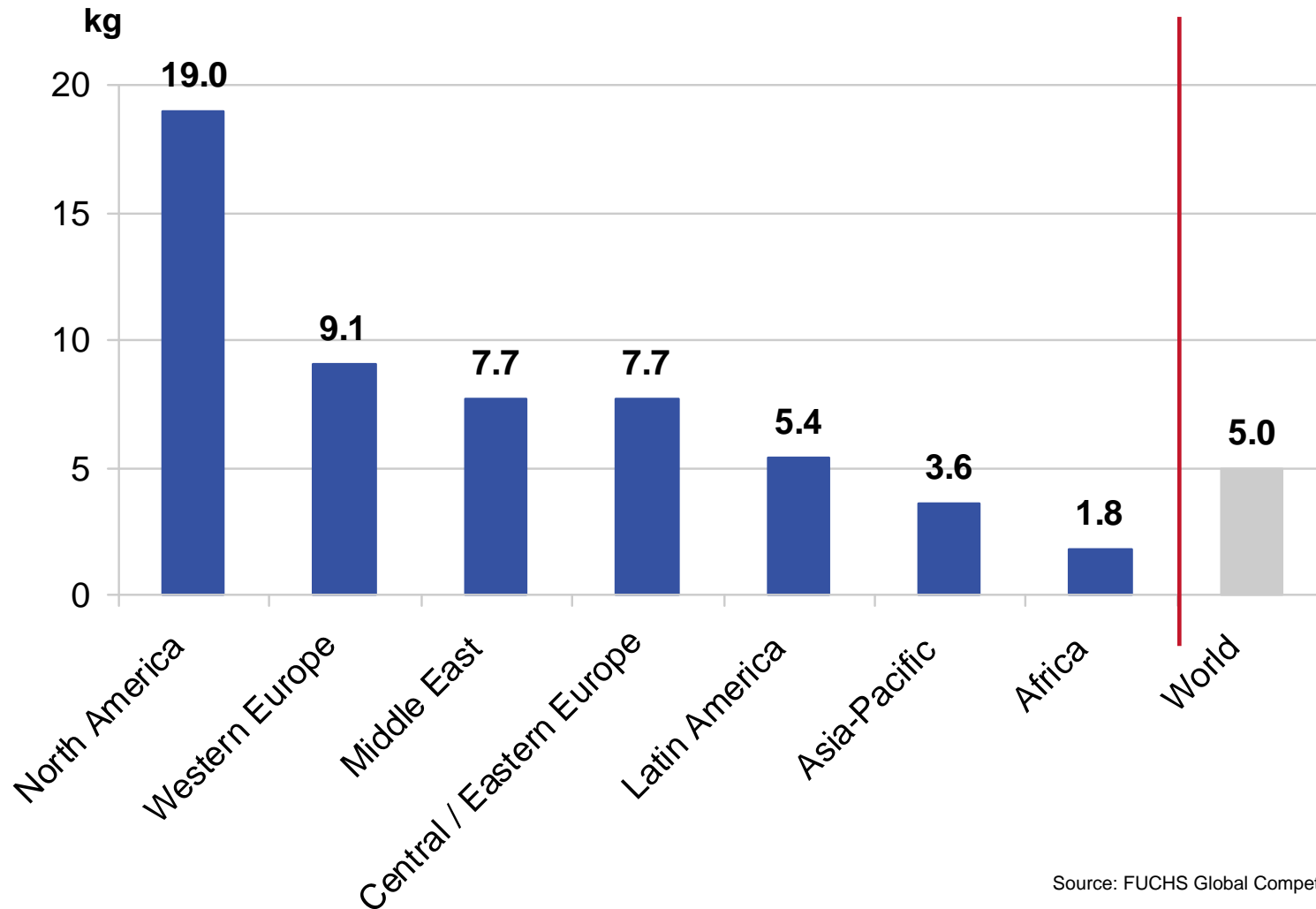


Source: FUCHS Global Competitive Intelligence

# 2012 per-capita lubricants demand shows significant growth opportunities



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



Source: FUCHS Global Competitive Intelligence

## Competition – strong fragmentation



manufacturers:

130 major oil companies

590 independent manufacturers

720 manufacturers\*

High degree of fragmentation continues in the industry

Concentration especially among smaller companies

sizes:

manufacturers	volumes %
---------------	-----------

top 10	> 50.0
--------	--------

710	< 50.0
-----	--------

720	100.0
-----	-------

Differences in the size of manufacturers are enormous. World-wide the top 10 finished lubricants manufacturers including FUCHS hold more than 50% of global volumes while the remainder of more than 700 manufacturers share less than 50%.

Source: FUCHS Global Competitive Intelligence



## FUCHS – strategic position



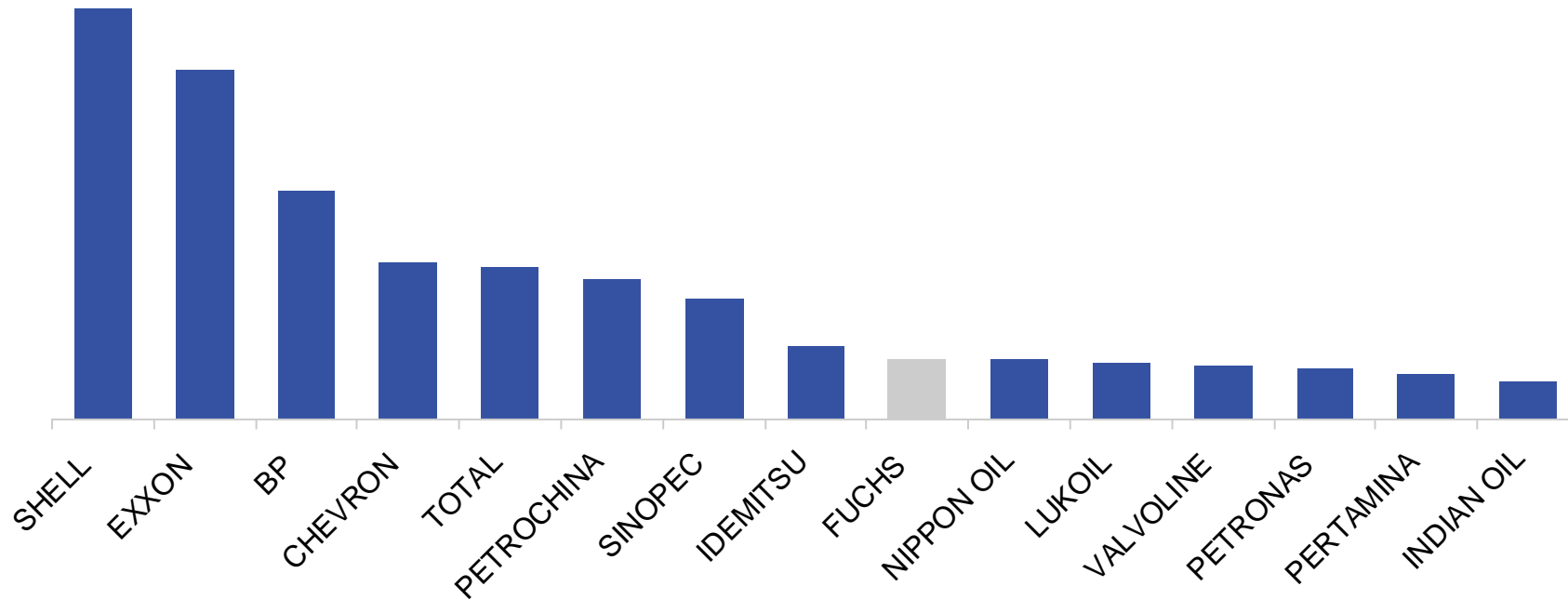
LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



FUCHS is strategically well positioned as we are the 9th largest lubricant company in the world\*



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



\* by volume

Source: FUCHS Global Competitive Intelligence

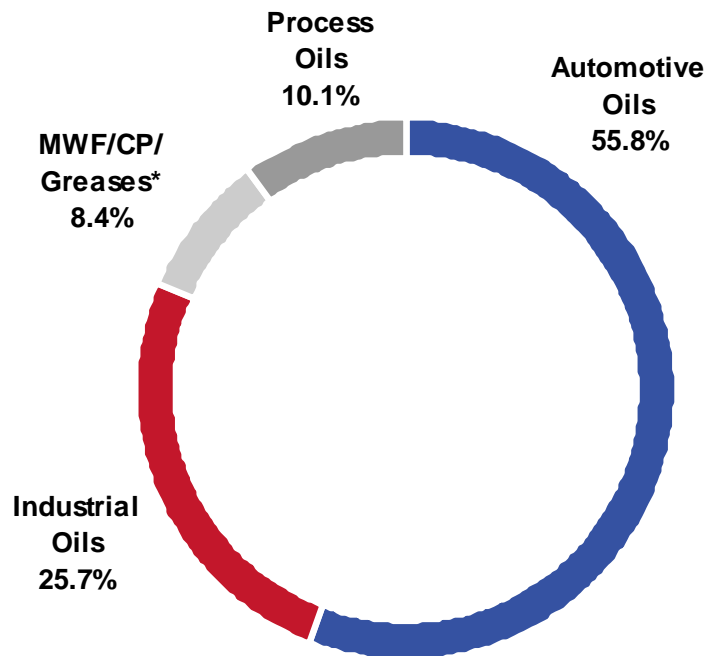


LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

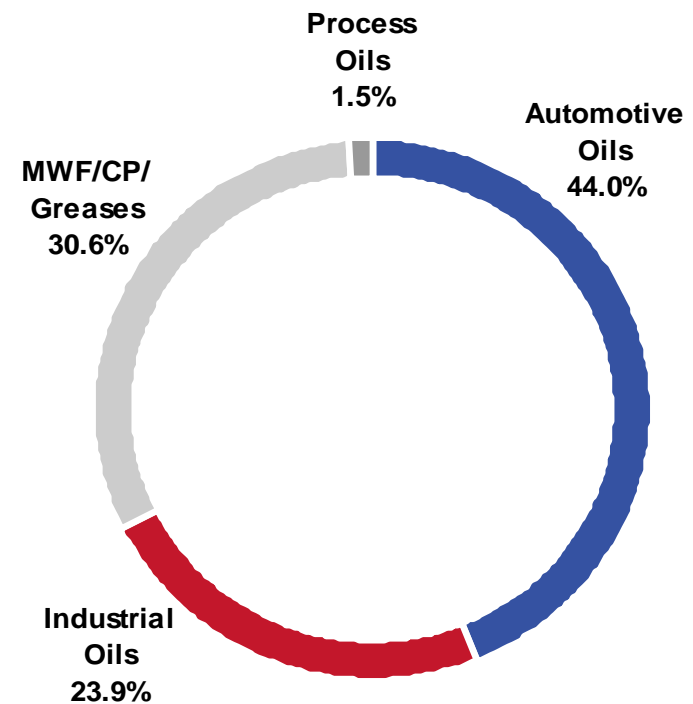
Among 590 independent lubricants  
companies FUCHS is the number 1.



**World Lubricants Market 2012  
(volume)**



**FUCHS Finished Lubricants 2012  
(volume)**



\*metalworking fluids/corrosion preventatives/lubricating greases

Source: FUCHS Global Competitive Intelligence

FUCHS is the specialist and occupies technology and market leadership positions in strategically important niche areas



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

- High-performance speciality open gear lubricants (cement industry etc.) No. 1



- Mining specialities (fire-resistant hydraulic fluids for underground coal mining and high-performance lubricants) No. 1



- Environmentally friendly and biodegradable lubricants and Processing fluids No. 1



- Metalworking fluids No. 2-4



- Corrosion preventives No. 2



- Forging lubricants No. 2



- Greases No. 3-4

## FUCHS research and development



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

10% of total staff – approx. 380 chemists, engineers and other technical experts – work in R & D around the globe and ensure technical leadership in key products and application areas.



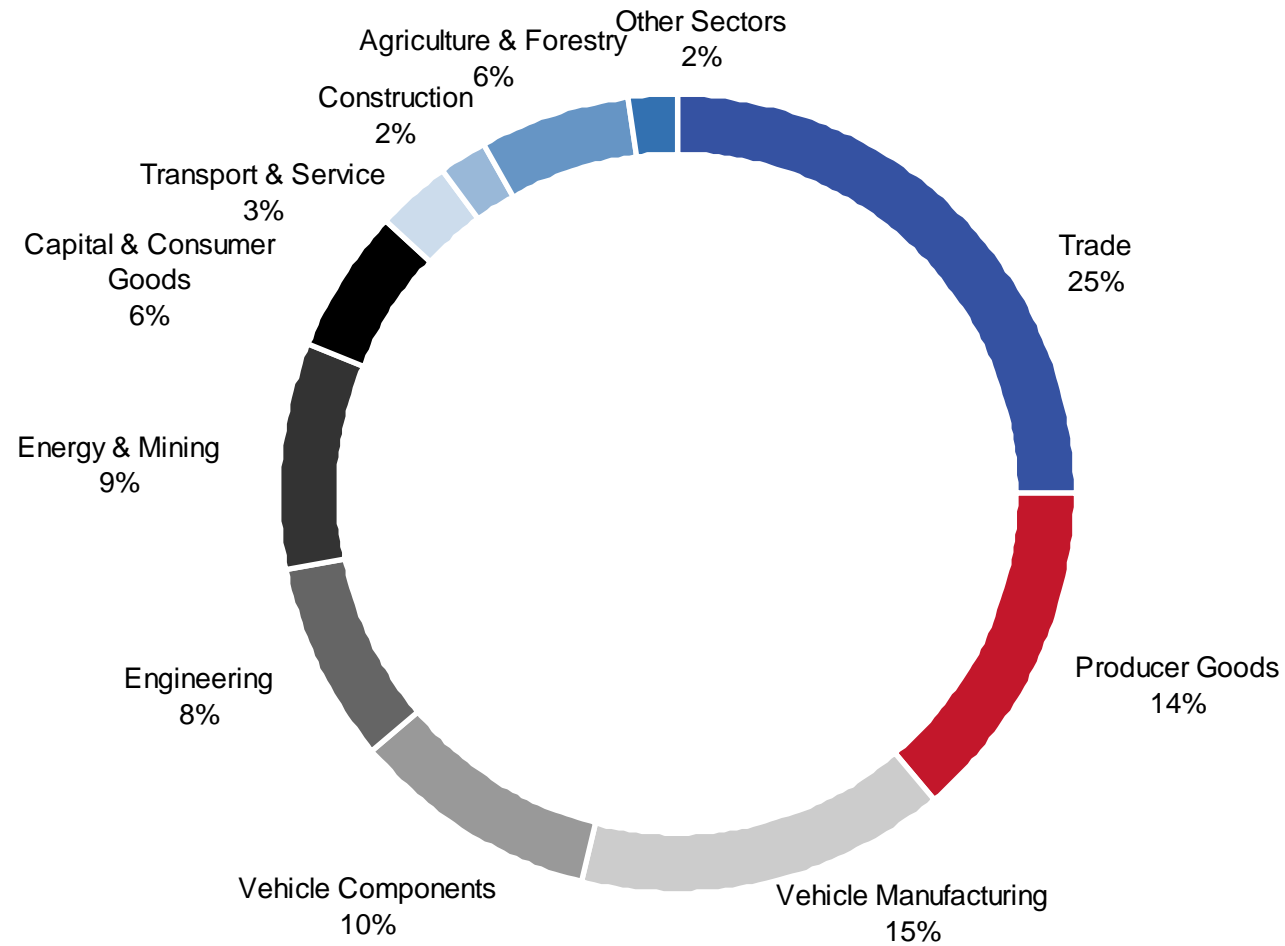


# FUCHS PETROLUB Group Customer Portfolio

## Customer Sectors\*



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



\*Breakdown as percentage of sales 2012

Source: FUCHS Global Competitive Intelligence



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

## Regional sales revenues and EBIT in 2012\*

€ mn  
(variance to LY %)

### Asia-Pacific, Africa\*

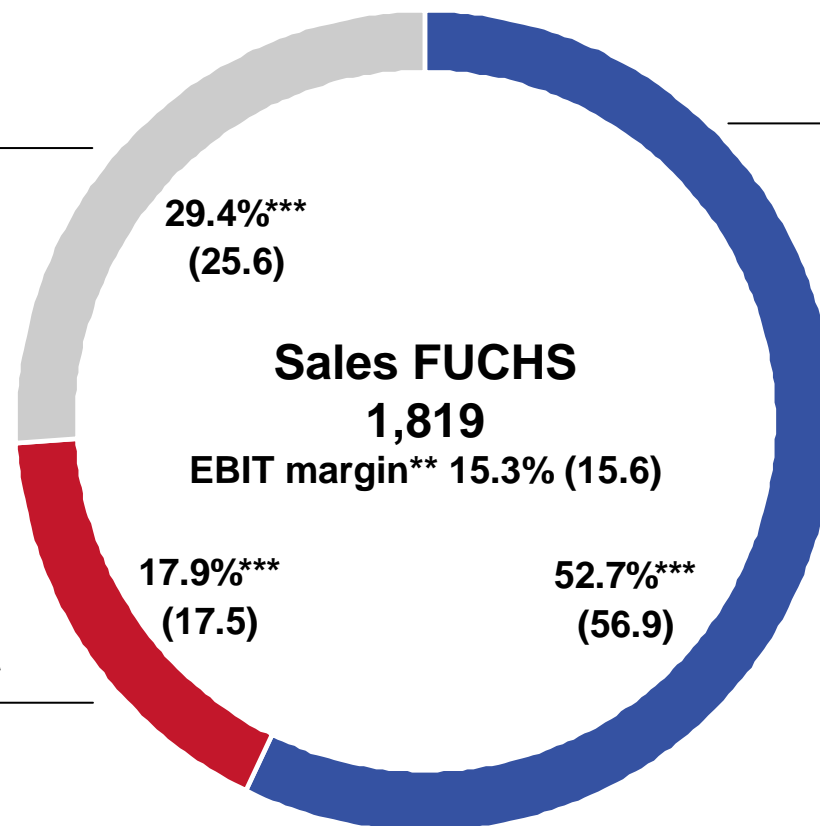
Sales	486.8	+18.1%
EBIT	96.3	+33.2%
EBIT margin**	17.1%	(16.6)

### Europe\*

Sales	1,080.7	+7.4%
EBIT	133.6	+1.4%
EBIT margin**	12.3%	(13.0)

### North and South America\*

Sales	320.3	+13.3%
EBIT	67.5	+7.0%
EBIT margin**	21.1%	(22.3)



\* companies' locations  
\*\* before at equity  
\*\*\* customers' locations



FUCHS manufactures in 33 production plants all over the world



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



# FUCHS' strategic position is a combination of ...



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.



**Independence & Financial Strength**

## Comments

around €1.8 bn in sales (70% outside Germany, Asia Pacific is FUCHS' 2nd largest regional market), #9 worldwide and by far the largest independent producer, close to customers

leader in innovation, specialisation & technology, clear focus on high-value products & market segments, basis for strong profitability, high cash flows & value creation

optimized and highly flexible cost structure, highly committed teams in management, production, R&D, sales and admin supported by company's independence, steering via FVA tool successful

**The business model has paid  
dividends**



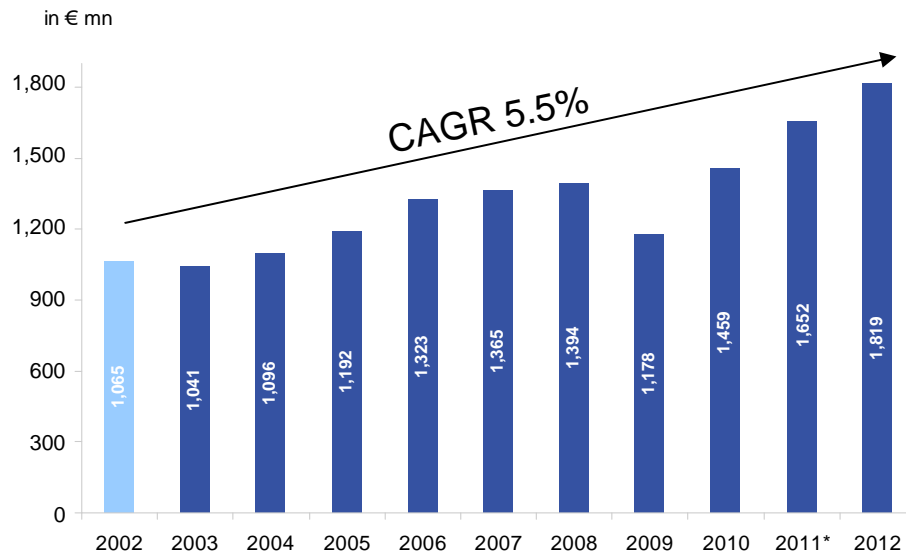
*LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.*

During the past 10 years, sales revenues have increased by 5.5% p.a. and earnings after tax by 19.6% p.a.

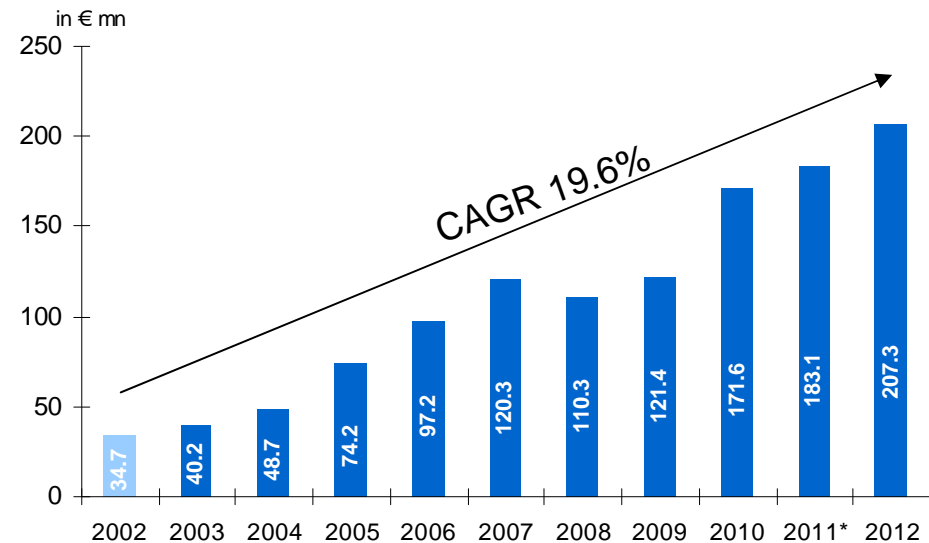


LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

## Sales



## Earnings after tax

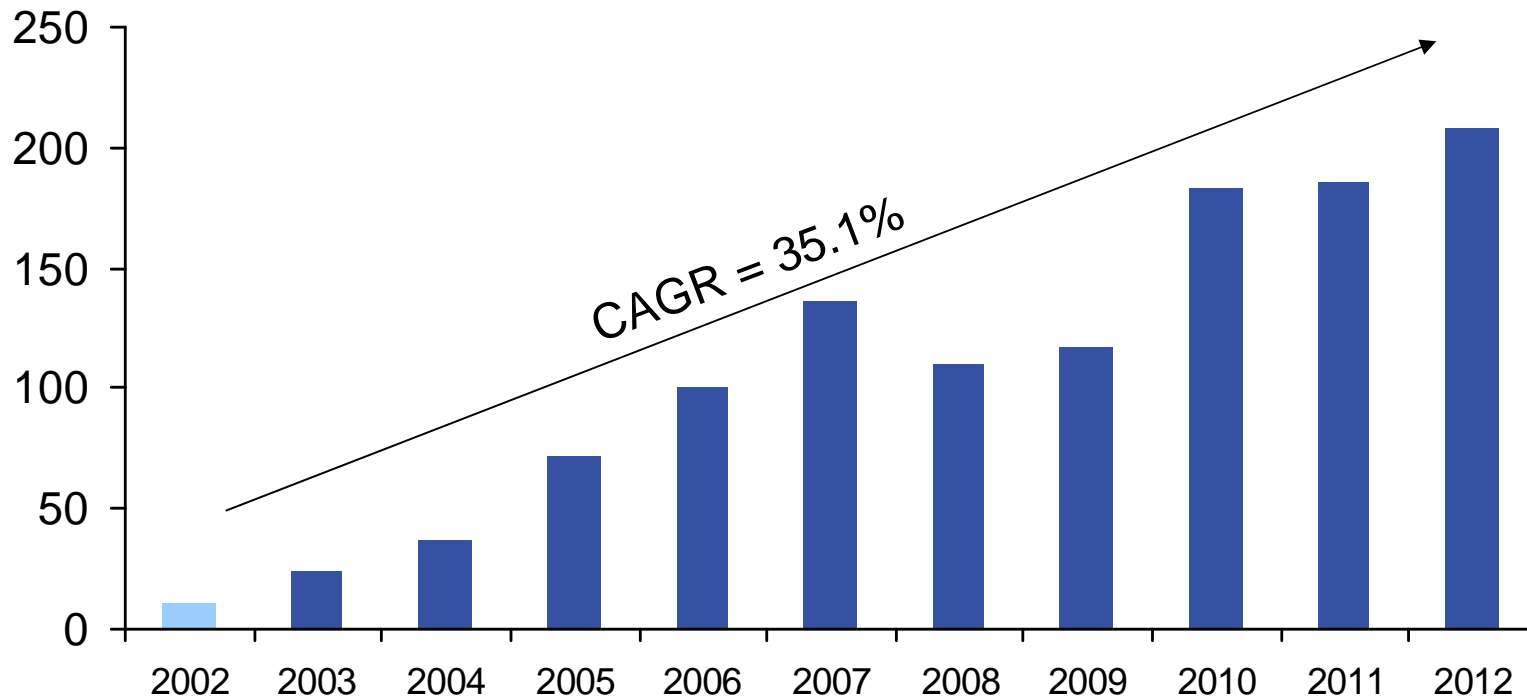


\* comparable

During the past 10 years, FUCHS Value Added has increased by 35% p. a. and generated a significant premium on our cost of capital



FVA = Fuchs Value Added



Fuchs Value Added (FVA)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	10.3	24.1	37.4	71.4	100.3	136.5	110.1	116.8	182.7	186.0	208.2

Solid balance sheet – increase of equity ratio to 70.5% and net payment items of €134.8 million



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

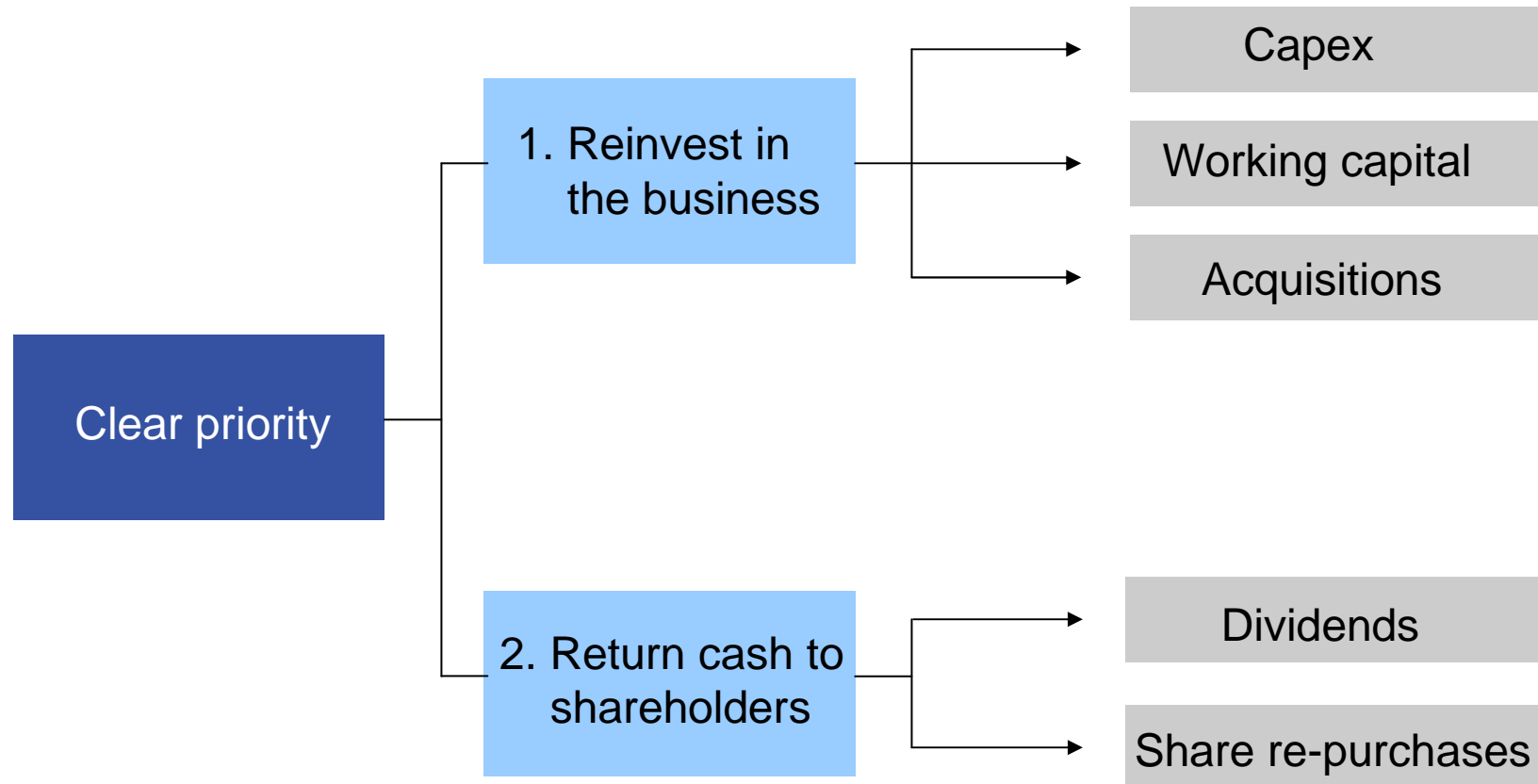
<b>Euro mn</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011<sup>3</sup></b>	<b>2012</b>
<b>Equity</b>	<b>325.9</b>	<b>315.3</b>	<b>392.9</b>	<b>546.5</b>	<b>658.2</b>	<b>781.7</b>
<b>Equity ratio</b>	<b>45.6%</b>	<b>44.8%</b>	<b>52.7%</b>	<b>61.1%</b>	<b>66.8%</b>	<b>70.5%</b>
<b>Return on equity (ROE)</b>	<b>37.1%</b>	<b>33.3%</b>	<b>35.3%</b>	<b>36.6%</b>	<b>31.0%</b>	<b>29.0%</b>
<b>Return on capital employed (ROCE)</b>	<b>38.3%</b>	<b>32.0%</b>	<b>32.8%</b>	<b>42.7%</b>	<b>39.1%</b>	<b>39.7%</b>
<b>Net debt<sup>1</sup> (-) / net cash (+)</b>	<b>-7.7</b>	<b>-104.6</b>	<b>+31.7</b>	<b>+72.4</b>	<b>+64.9</b>	<b>+134.8</b>
<b>EBIT/financial result<sup>2</sup></b>	<b>23.2x</b>	<b>19.3x</b>	<b>25.7x</b>	<b>54.2x</b>	<b>72.8x</b>	<b>183.1x</b>

<sup>1</sup> excl. pensions

<sup>2</sup> adjusted by participation write-offs

<sup>3</sup> comparable

We have frequently been asked about use of cash





## Share buy back program on November 26, 2013 – key points



- Started November 2013, complete latest by March 2015
- Total purchase price up to EUR 100 Mio
- Maximum of one million ordinary shares and one million preference shares
- Redemption of the shares
- Dividend policy will continue unchanged (constant increases or at least stable dividend payouts)
- Acquisition strategy is not affected (FUCHS takes part in the consolidation of the fragmented lubricants market)
- Proposal to the AGM to issue bonus shares at a ratio of 1:1 on May 7, 2014

**Growth initiative**



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

We are prepared for the future



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

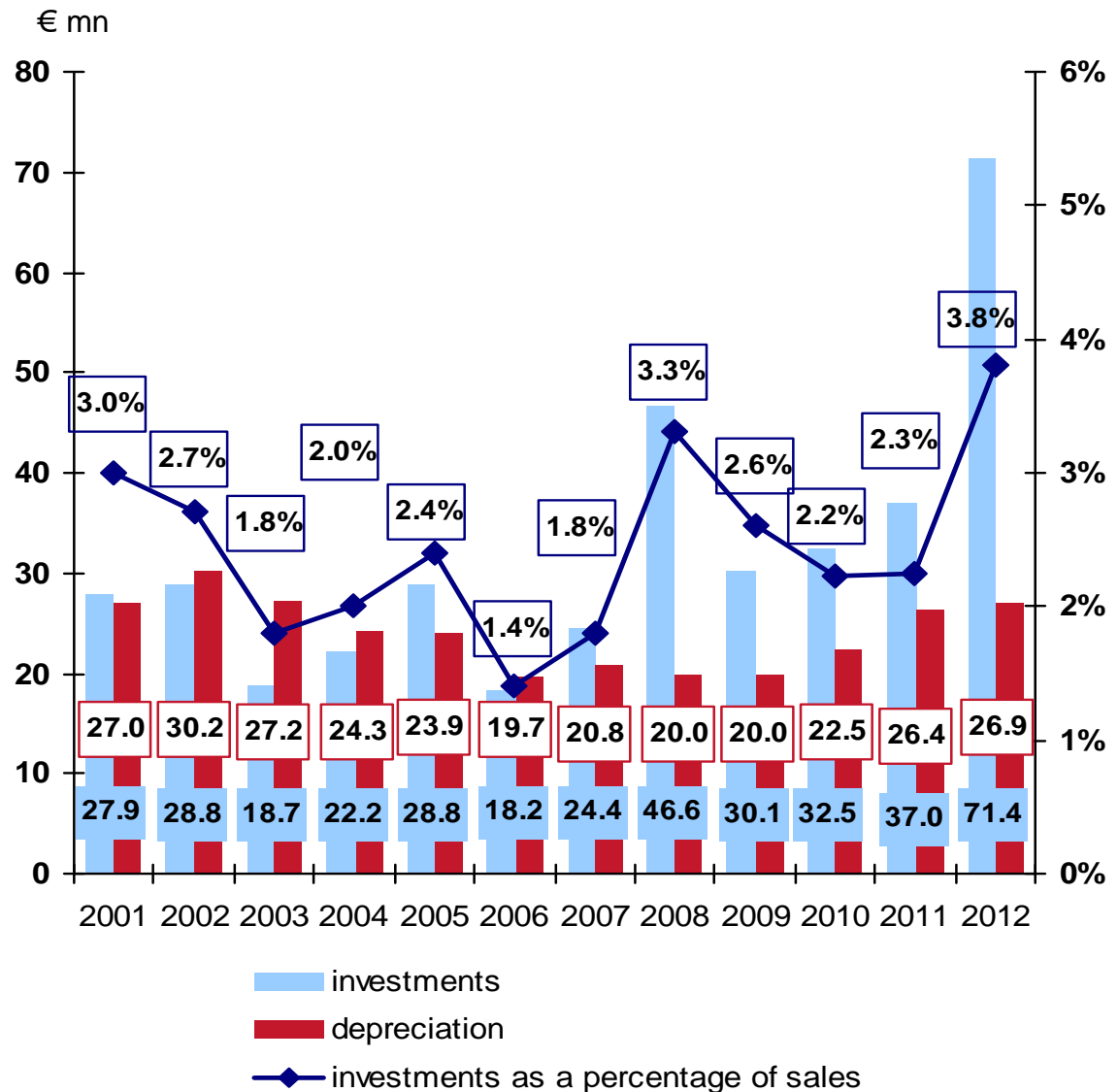
- Additional people
- Additional capex
- Additional opportunities
  - Margin management
  - Small market shares in certain product areas and countries
  - More focused
  - Strong team in our industry
  - Global network

# Highest investment in the company's history



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

Apart from the construction of the new sites in growing regions such as Russia and China or the modernization of existing plants such as in the U.S., we have inaugurated the new research and development centre in Mannheim.



# Investments in new plants, efficiency and R & D



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

India: Mumbai (2010)



Australia: Melbourne (2012)



Germany: Kaiserslautern (2009)



Germany: Mannheim (2010)



China: Shanghai (2008)



China: Yingkou (2013)



Russia: Kaluga (2013)



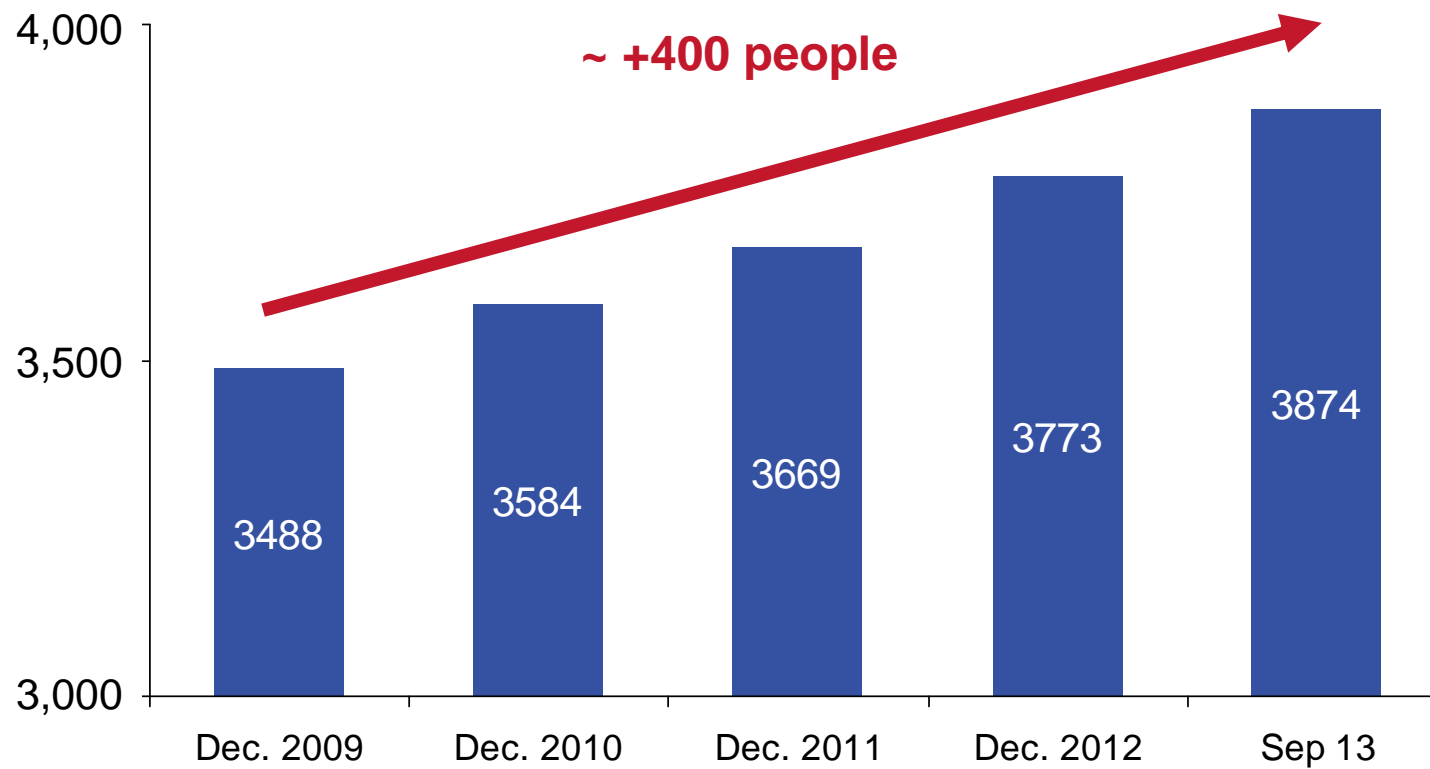
USA: Chicago (2013)



# Growth initiative – Personnel increase mainly in sales and R&D



Number of employees  
(on 31 Dec.)



## Return Cash to Shareholders



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

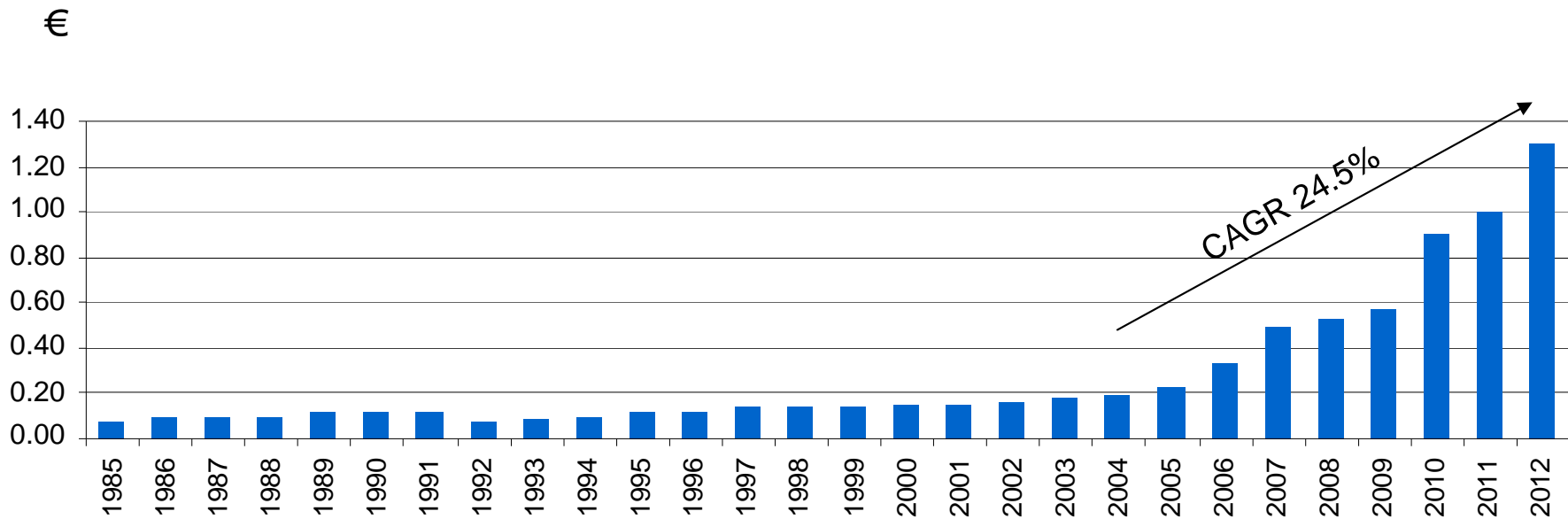


During the past 10 years, dividends have been increased by 24.5%



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

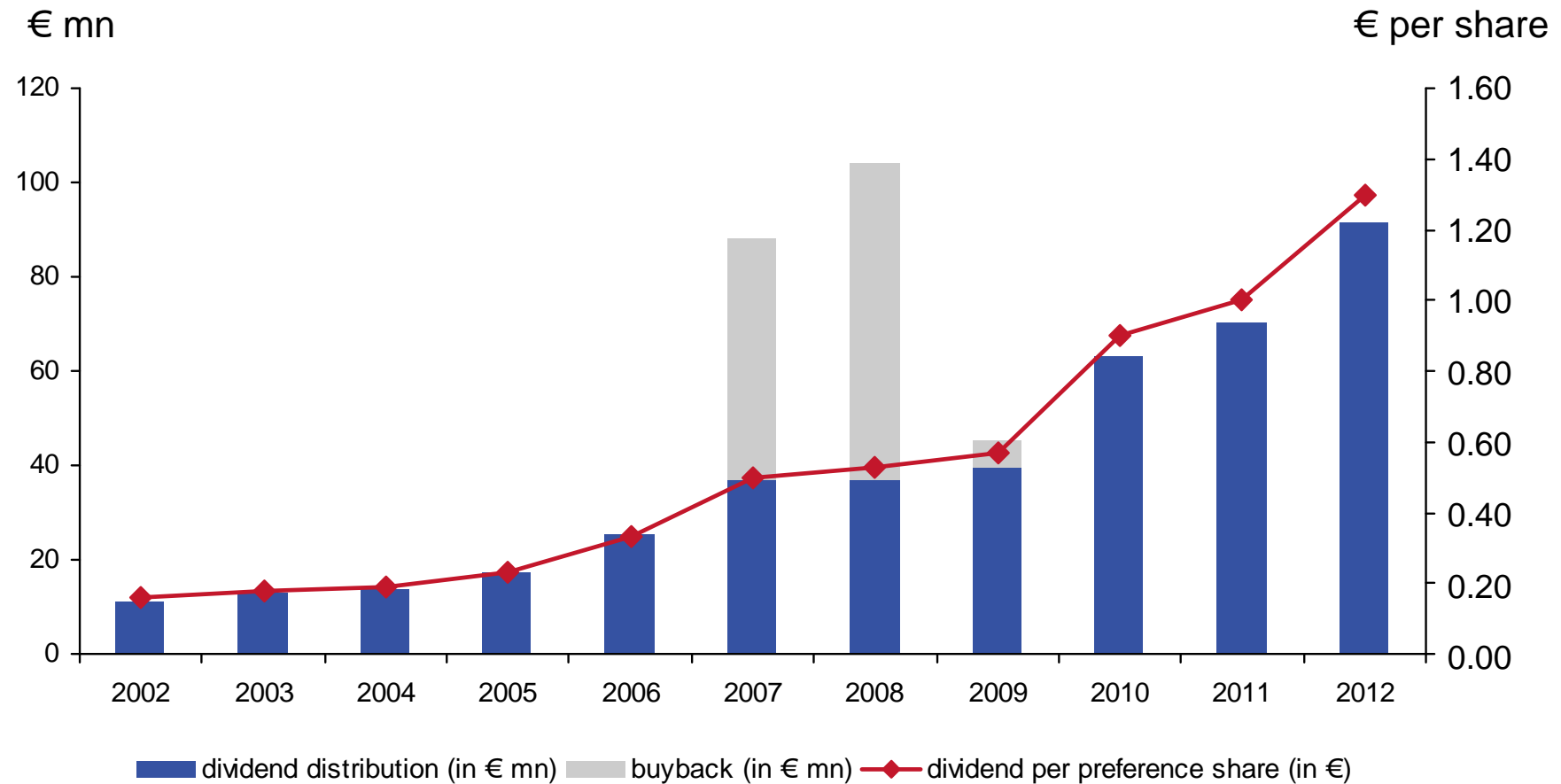
CAGR (preference shares): 10.9% since 1985



# Total return to Fuchs shareholders



## Dividend payout and share buyback since 2002



## The first nine months of 2013 and outlook



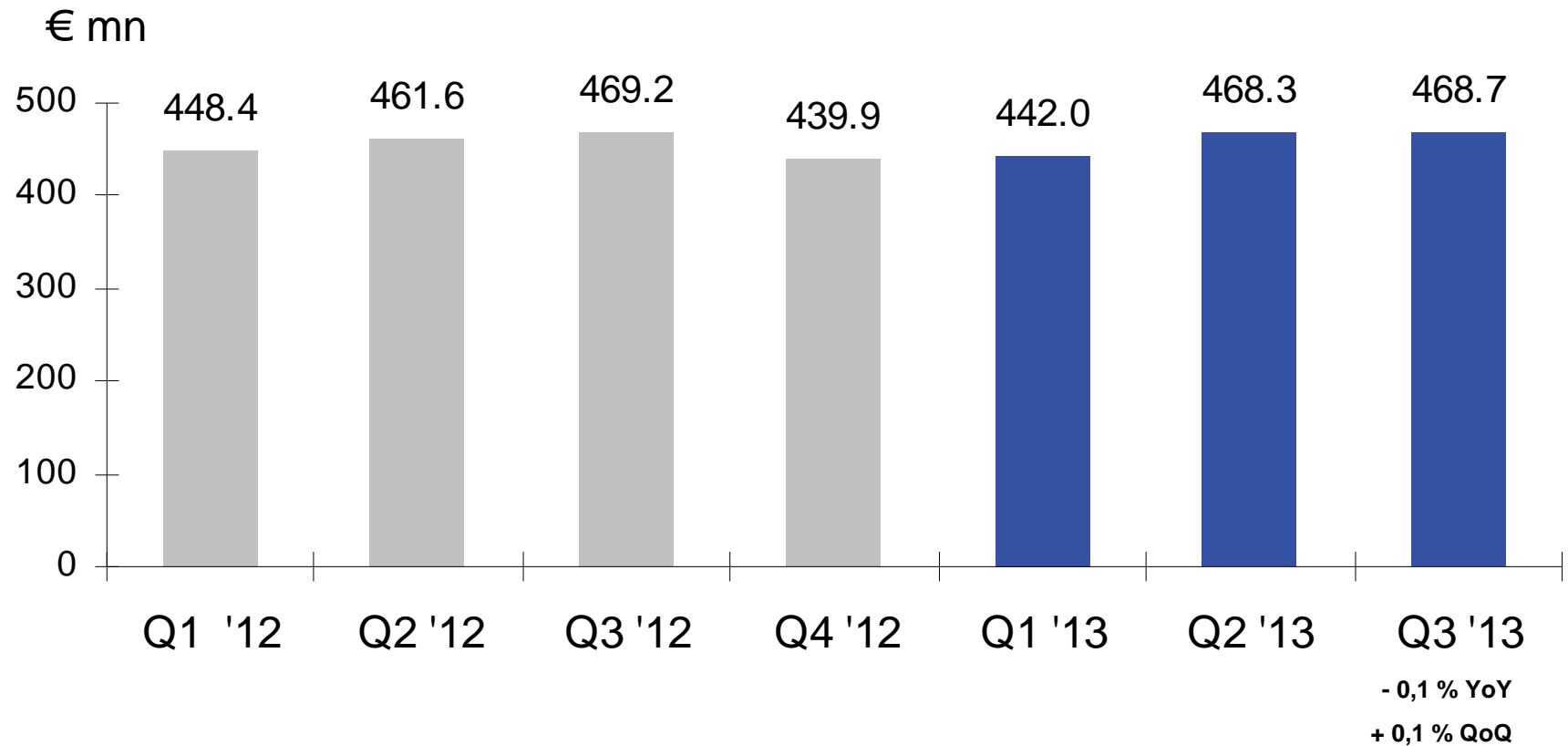
LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

# Record result in Q 3 2013 Outlook confirmed

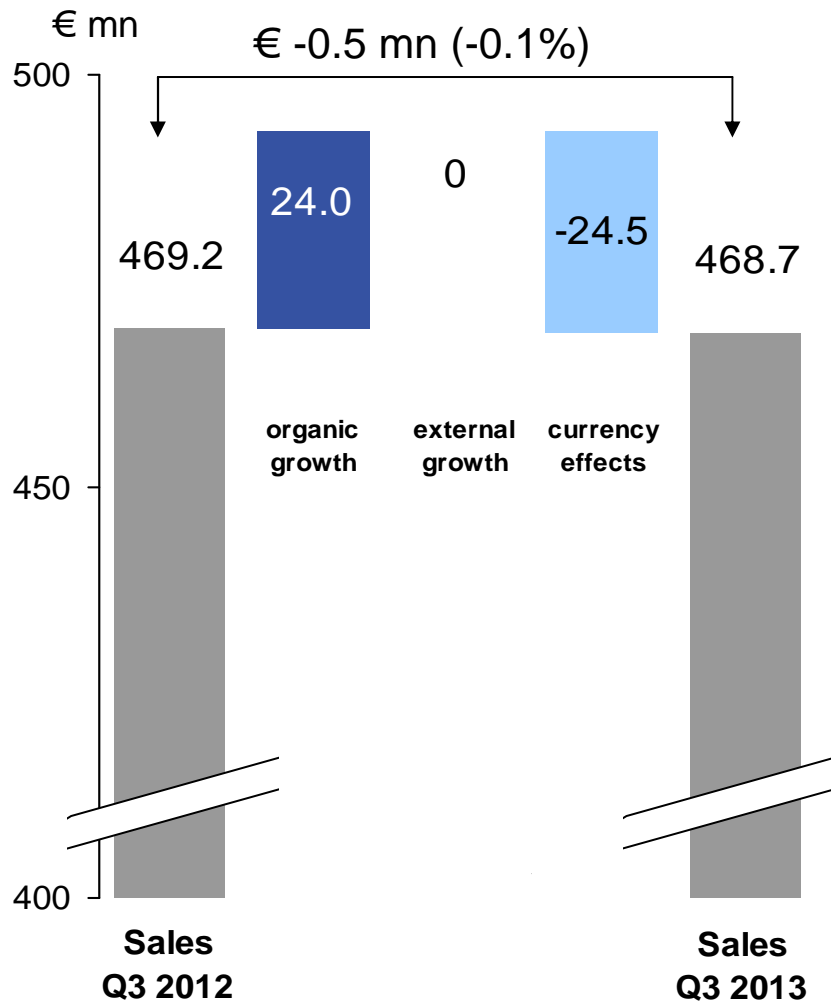


- Organic sales growth offset by currency translation effects
- Earnings before interest and tax increase by 5.8% to €237.2 million
- Outlook for the financial year confirmed

Q3 2013: Sales revenues remain on previous year's level due to currency effects. However, solid organic sales growth (+5.1%)



# Q3 2013: Organic growth 5.1%

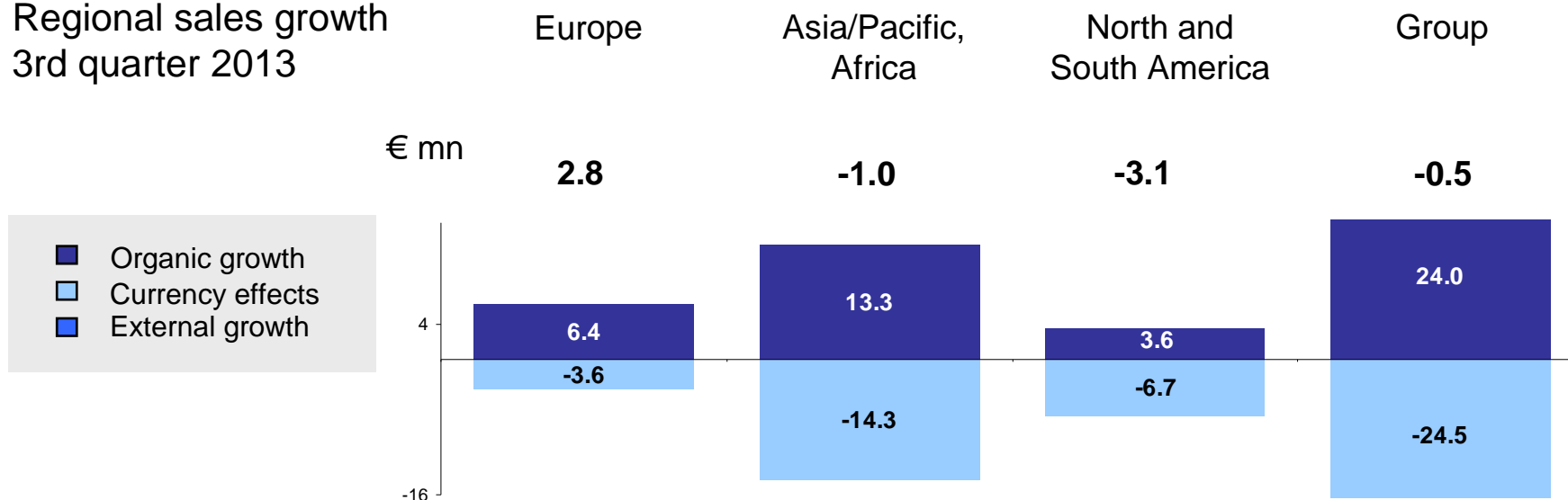


- Organic growth of 5.1% or €24.0 mn
- External growth of 0.0 % or €0,0 mn
- Currency effects of -5.2% or -€24.5 mn

Q3 2013: All three world regions contribute to organic growth. However, it was not sufficient to compensate for the currency translation effects.



### Regional sales growth 3rd quarter 2013



△ Total growth	+ 1.0%	- 0.8%	- 3.7%	- 0.1%
△ Organic growth	+ 2.3%	+10.8%	+ 4.3%	+ 5.1%
△ Currency effects	- 1.3%	- 11.6%	- 8.1%	- 5.2%

\* consolidation effect -€0.8 mn

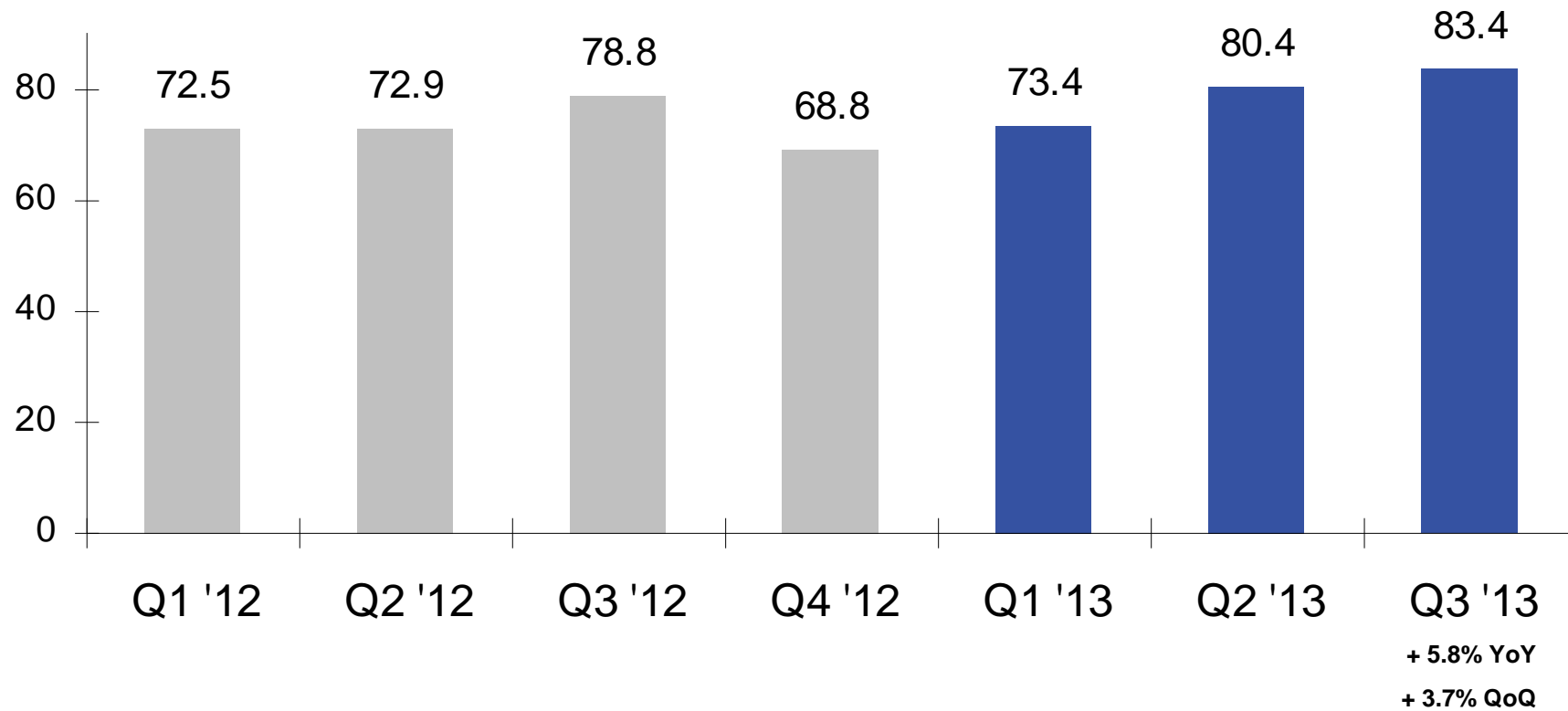


# Q3 2013: FUCHS records its best quarterly result ever

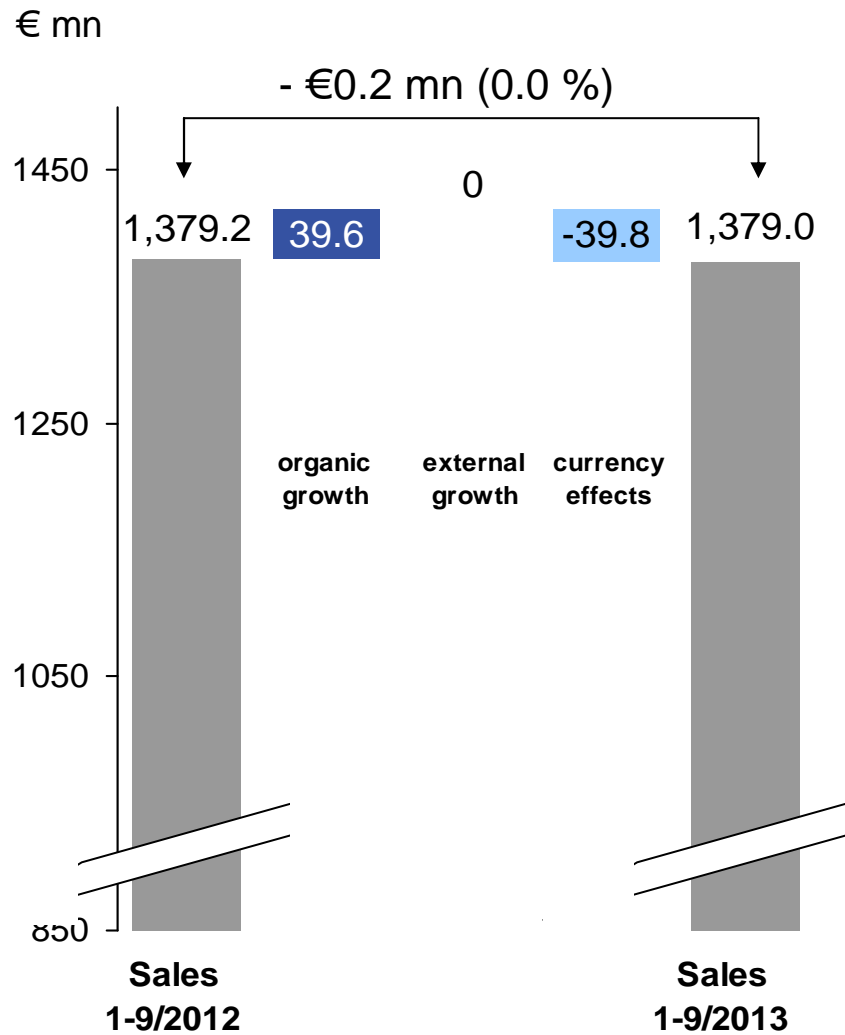


LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

€ mn



1-9/2013: Organic sales growth (+2.9%) compensated by currency translation effects (-2.9%)

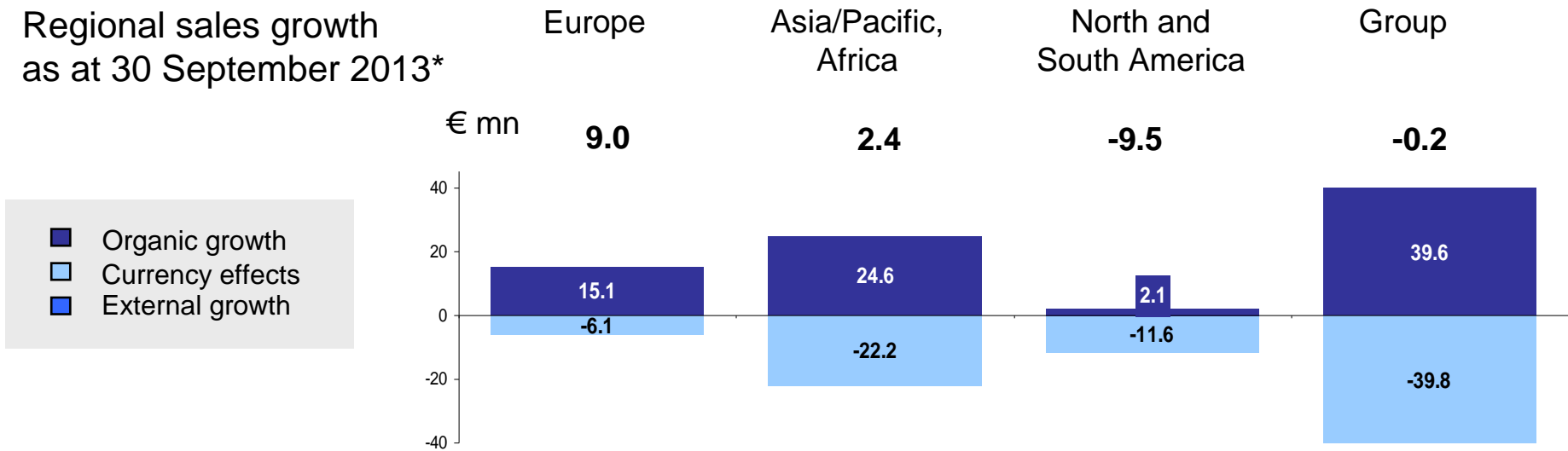


- Organic growth of 2.9% or €39.6 mn
- External growth of 0.0 % or €0,0 mn
- Currency effects of -2.9% or -€39.8 mn

1-9/2013: All three world regions contribute to the organic growth. However, significant negative currency effects in Asia and South America.



Regional sales growth as at 30 September 2013\*



△ Total growth	+ 1.1%	+ 0.7%	- 3.9%	+ 0.0%
△ Organic growth	+ 1.8%	+ 6.8%	+ 0.9%	+ 2.9%
△ Currency effects	- 0.7%	- 6.1%	- 4.7%	- 2.9%

\* consolidation effect -€2.1 mn

EBIT increase by 5.8% or €13.6 mn



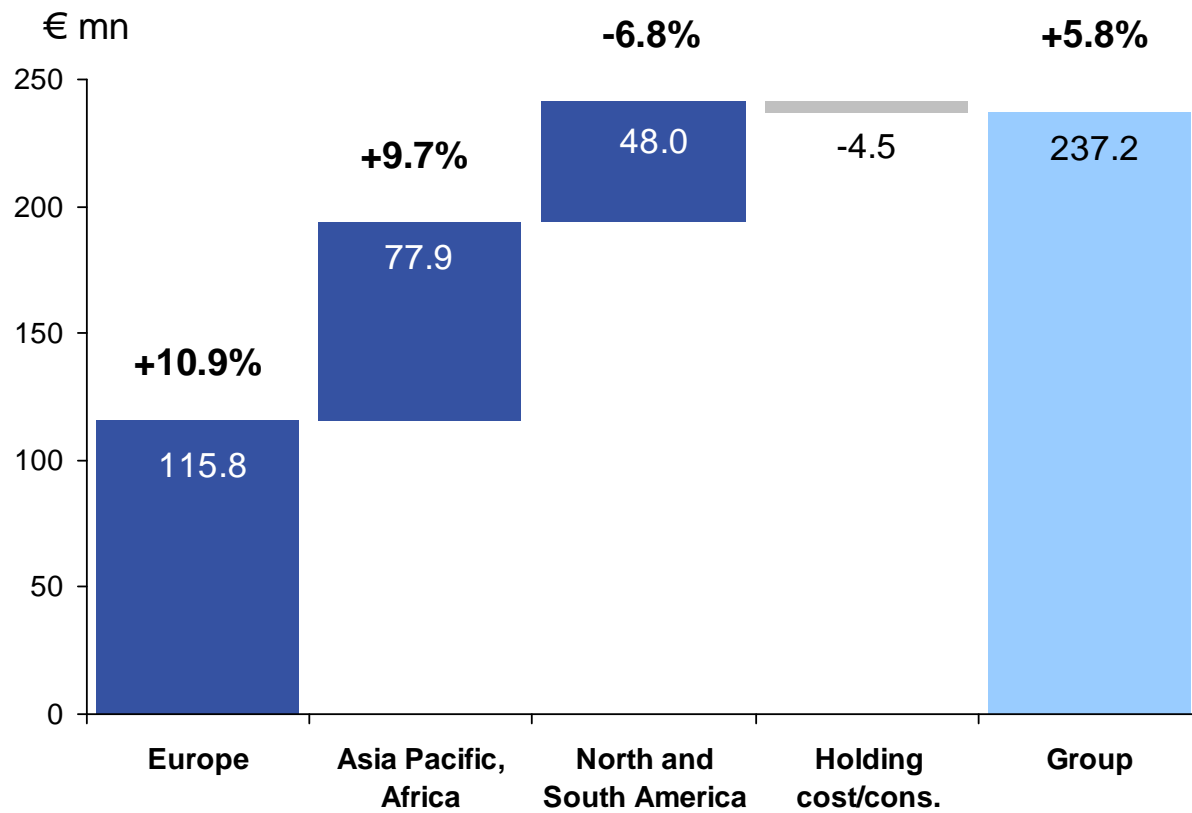
LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

€ mn	1-9/2013	1-9/2012	Variance	
<b>Sales revenues</b>	<b>1,379.0</b>	<b>1,379.2</b>	<b>-0.2</b>	<b>0.0%</b>
<b>Gross profit</b>	<b>520.7</b>	<b>503.0</b>	<b>17.7</b>	<b>3.5%</b>
<i>Gross profit margin</i>	<i>37.8%</i>	<i>36.5%</i>		
<b>Admin., sales, R&amp;D and other net operating expenses</b>	<b>293.6</b>	<b>289.5</b>	<b>4.1</b>	<b>1.4%</b>
<i>Expenses as a percentage of sales</i>	<i>21.3%</i>	<i>21.0%</i>		
<b>EBIT before at equity income</b>	<b>227.1</b>	<b>213.5</b>	<b>13.6</b>	<b>6.4%</b>
<i>EBIT margin before at equity income</i>	<i>16.5%</i>	<i>15.5 %</i>		
<b>Income from participations</b>	<b>10.1</b>	<b>10.7</b>	<b>-0.6</b>	<b>-5.6%</b>
<b>EBIT</b>	<b>237.2</b>	<b>224.2</b>	<b>13.0</b>	<b>5.8%</b>
<b>Earnings after tax</b>	<b>165.6</b>	<b>156.7</b>	<b>8.9</b>	<b>5.7%</b>
<i>Net profit margin</i>	<i>12.0%</i>	<i>11.4%</i>		
<b>Earnings per share</b>				
<b>Ordinary</b>	<b>2.32</b>	<b>2.19</b>	<b>0.13</b>	<b>5.9%</b>
<b>Preference</b>	<b>2.34</b>	<b>2.21</b>	<b>0.13</b>	<b>5.9%</b>

Europe and Asia Pacific, Africa regions contribute to the EBIT increase, while Americas have not reached their previous year's level



as at 30 September 2013



EBIT margin before at equity income (previous year)

Europe	13.8% (12.6%)	18.8% (16.8%)	20.4% (21.1%)	16.5% (15.5%)
--------	---------------	---------------	---------------	---------------

## Free cash flow at previous year's level



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

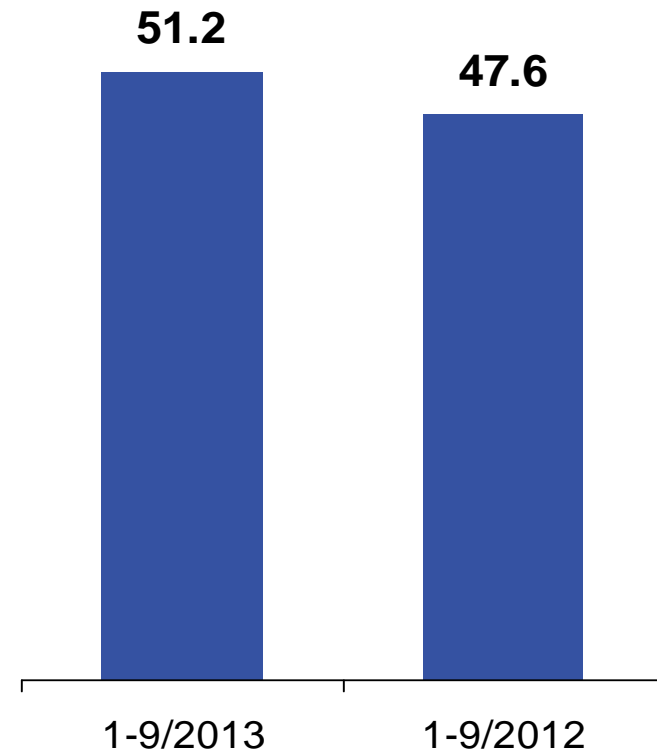
€ mn	1-9/2013	1-9/2012
<b>Gross cash flow</b>	<b>167.7</b>	<b>163.4</b>
Change in working capital	-23.5	-47.2
Other changes	3.0	14.5
<b>Operating cash flow</b>	<b>147.2</b>	<b>130.7</b>
Capex (incl. financial investment)	-51.2	-47.6
Other changes	4.1	5.4
<b>Free cash flow</b>	<b>100.1</b>	<b>88.5</b>



€ mn

## Key investments

More than half of the investments accounted to the modernization and extension of our American production site in Chicago as well as to the new sites in China and Russia.



- Fuchs confirms its target of achieving organic growth in sales revenues in the low single-digit percentage range for the year. However, it remains uncertain whether we will also record an increase in sales after translation of all currencies to the Group currency of euros.
- We continue to expect an increase in earnings before interest and tax (EBIT) for 2013 based on the assumptions made. It may be difficult to continue the dynamics observed in the first nine months of the year, not least due to exchange rate movements.
- We expect the capital expenditure to at least reach the same level as in the previous year. We also expect to record free cash flow of more than €130 million for the full year.



## Shareholder structure



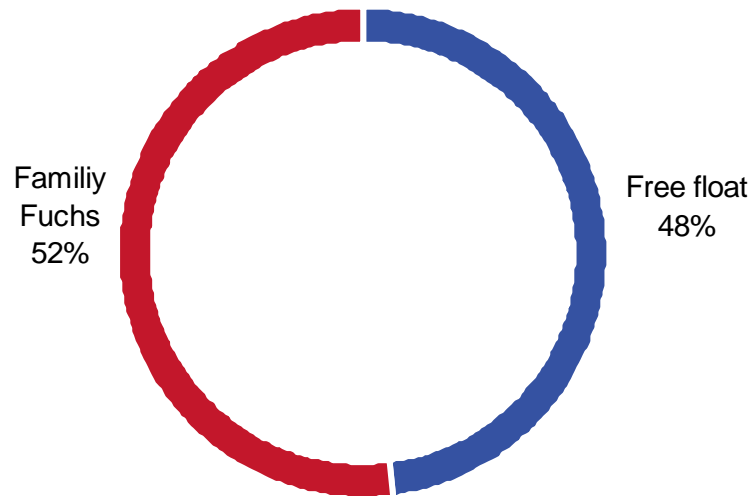
LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

# Breakdown of shares



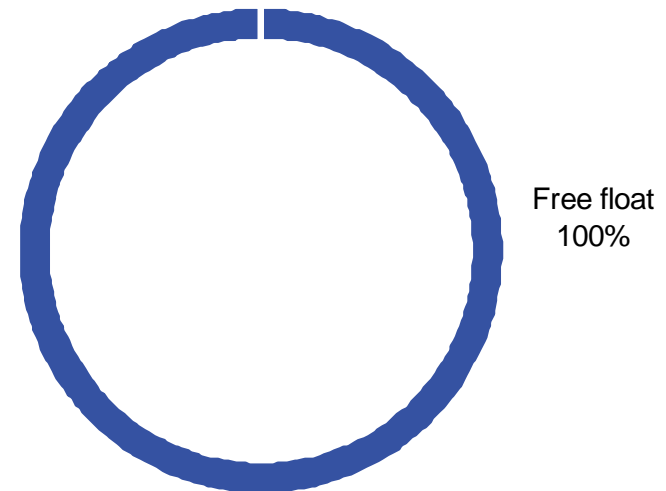
LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

## Ordinary shares



Base: 35,490,000 ordinary shares

## Preference shares



Base: 35,490,000 preference shares

# Thank you for your attention



LUBRICANTS.  
TECHNOLOGY.  
PEOPLE.

This presentation contains statements about future development that are based on assumptions and estimates by the management of FUCHS PETROLUB SE. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes to the overall economic climate, 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 agree with the assumptions and estimates set out in this presentation and assumes no liability for such.

**FUCHS PETROLUB SE**

**Investor Relations**

**Friesenheimer Str. 17**

**68169 Mannheim**

**Telefon 0621 3802 1201, Fax 0621 3802 7274**

**[ir@fuchs-oil.de](mailto:ir@fuchs-oil.de) / [www.fuchs-oil.de](http://www.fuchs-oil.de)**

*FUCHS PETROLUB SE*

