



FUCHS PETROLUB SE
**The leading independent lubricants
manufacturer of the world**

Dr. Alexander Selent, Vice Chairman & CFO
Reiner Schmidt, GMC-Member
Warburg Highlights - Handout
June 2015



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The leading independent lubricants manufacturer of the world



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- Founded in 1931
- 2014 sales revenues: €1.9 bn
- 2014 number of employees: 4,112 in 50 operating companies worldwide
- 30 production facilities
- 100,000 customers in more than 150 countries
- Member of the MDAX, DAXplus Family 30 and STOXX Europe 600



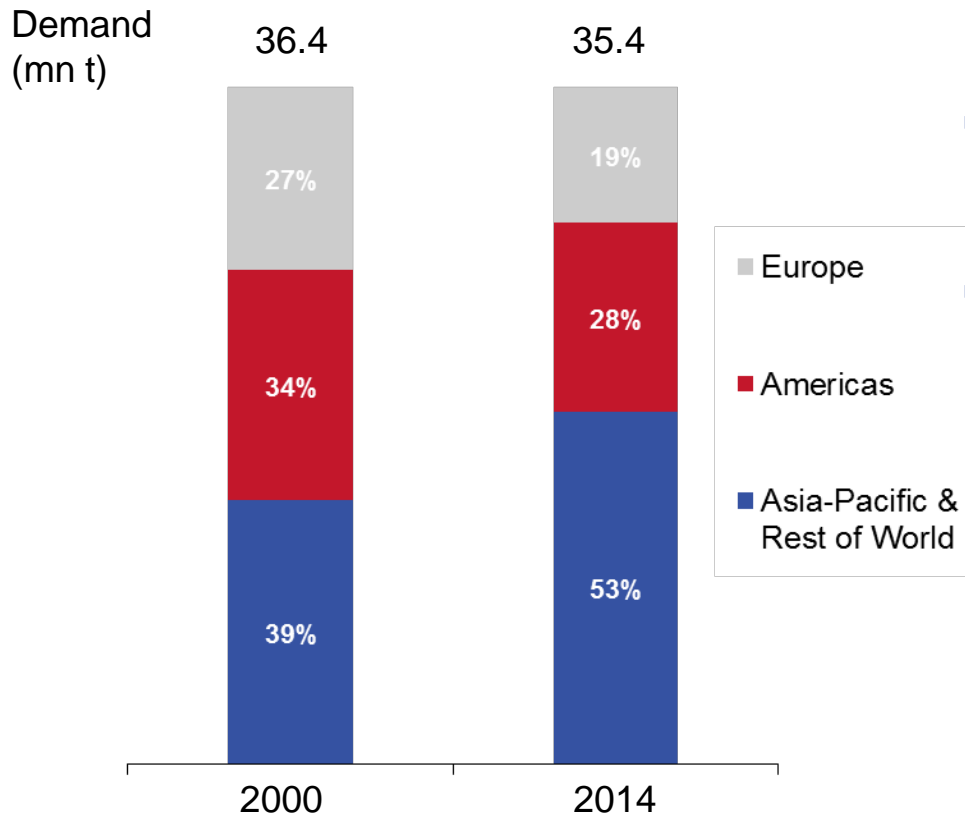


- FUCHS is fully focussed on lubricants (advantage over major oil companies)
- Technology, innovation and specialisation leadership in strategically important product areas
- Independence allows customer and market proximity, responsiveness, speed and flexibility (advantage over major oil companies)
- 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 2014: 35 mn t

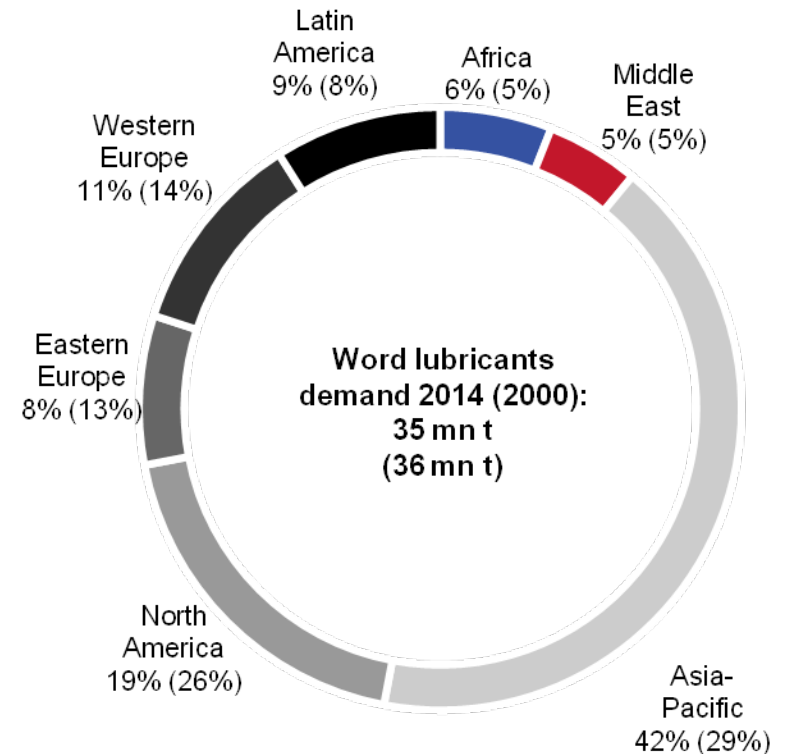
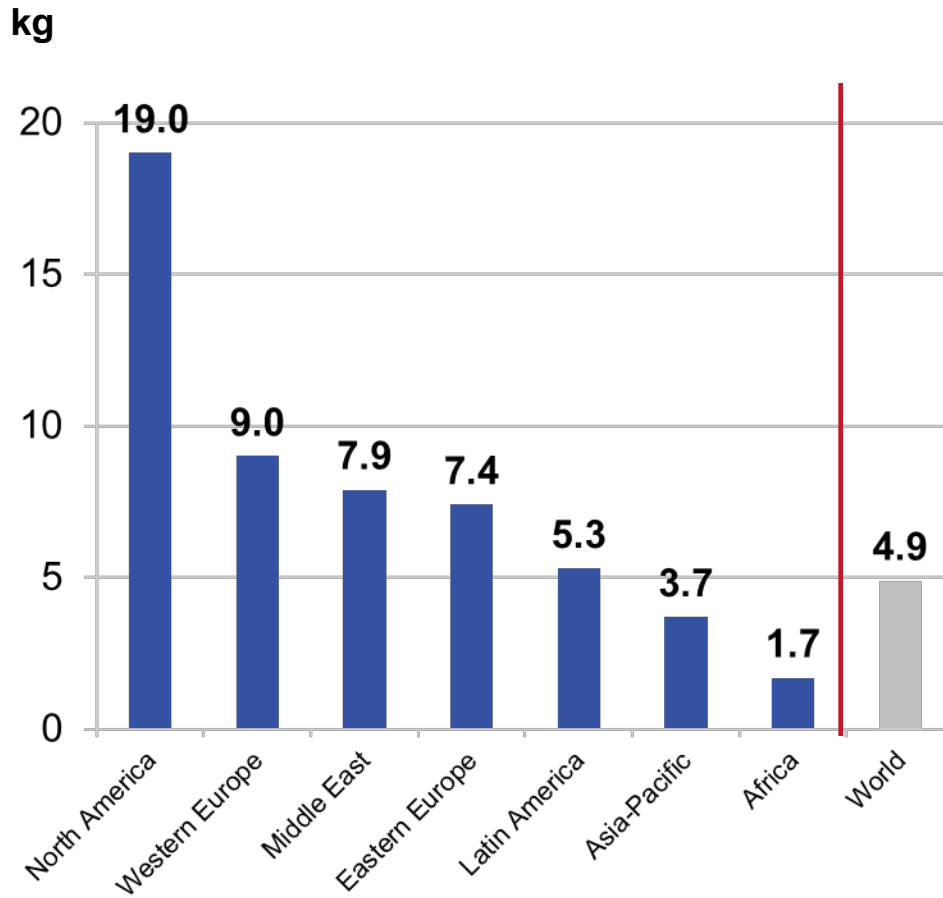


- Asia-Pacific biggest regional lubricants market with highest growth rate
- North America and Western Europe mature markets; focus is more on a specialized product portfolio and specialties

2014 per-capita lubricants demand shows significant growth opportunities



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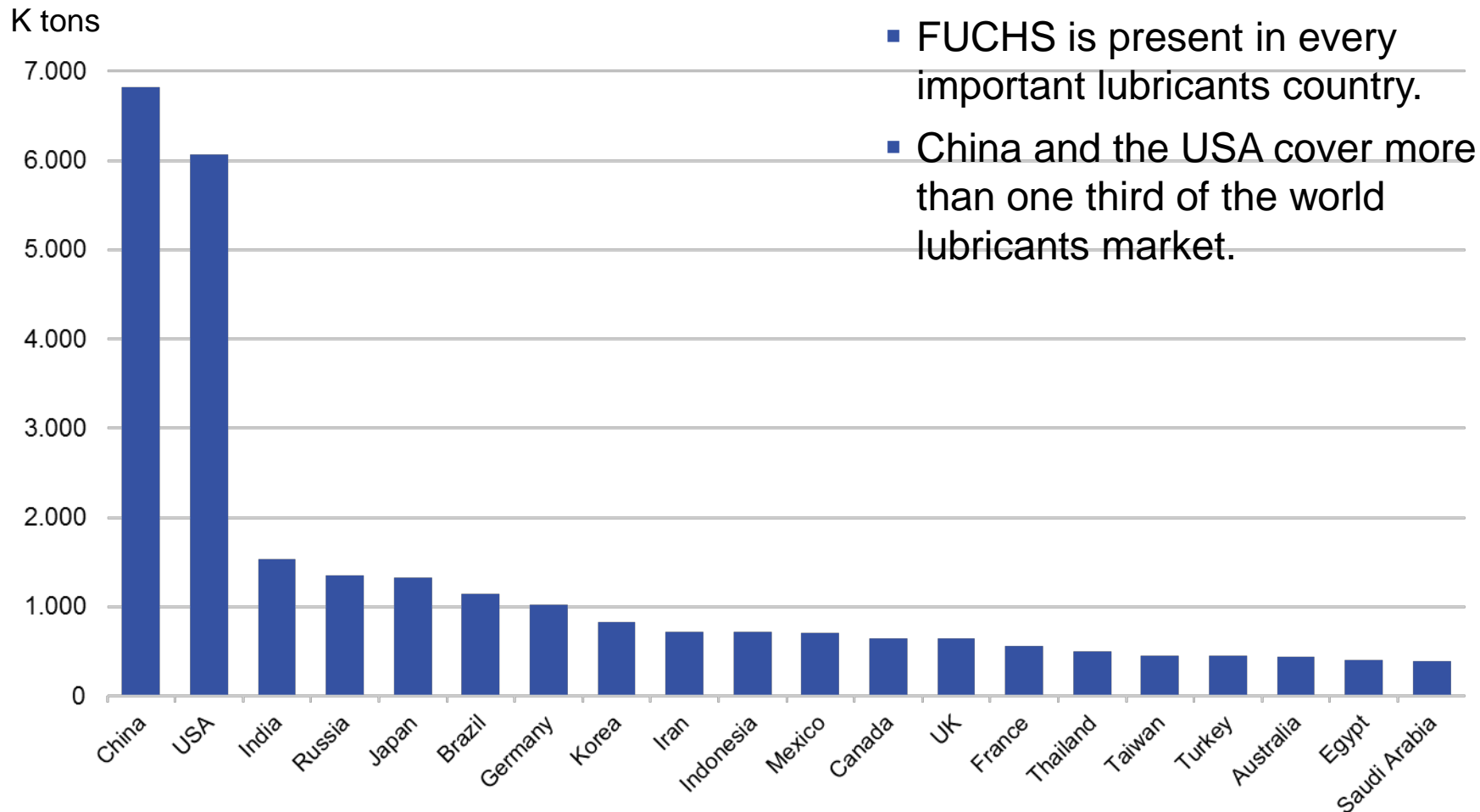


Source: FUCHS Global Competitive Intelligence

Top 20 lubricants countries 2014



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- FUCHS is present in every important lubricants country.
- China and the USA cover more than one third of the world lubricants market.

Competition – strong fragmentation



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manufacturers:

130 major oil companies

590 independent manufacturers

720 manufacturers

- High degree of fragmentation
- 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

Strategic position



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FUCHS is fully focused on lubricants



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Sales 2014: €1.9 bn

Automotive lubricants
40.1%

Other
3.1%

Industrial lubricants
56.8%

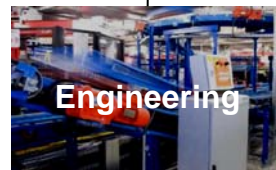
100,000 customers



Automotive
industry



Manufacturing



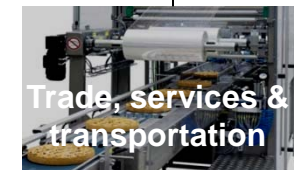
Engineering



Construction &



Mining &



Trade, services &
transportation



passenger
cars & trucks



steel & cement



conveyer belt
& aeronautic



agriculture
industry



wind energy



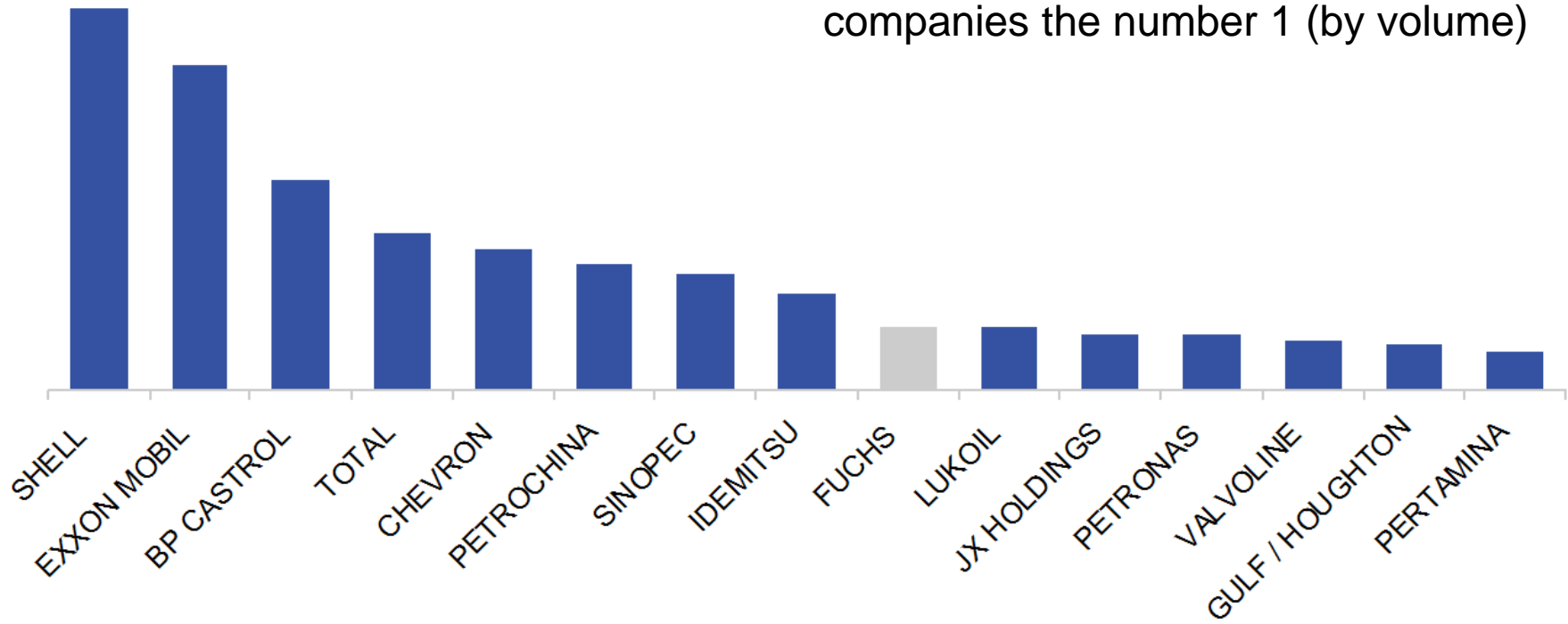
railway & food
industry

FUCHS is strategically well positioned



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- Worldwide among the top 10 of the lubricants manufacturers (by volume)
- Among 590 independent lubricant companies the number 1 (by volume)



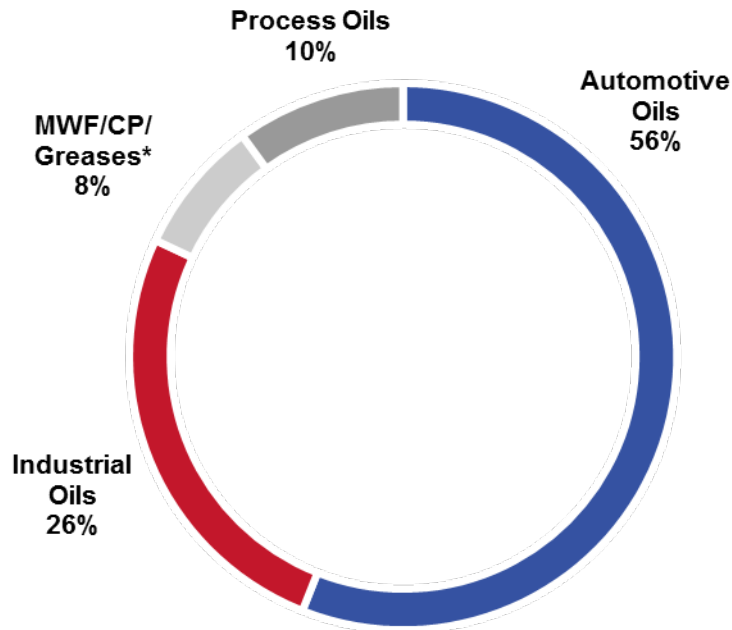
Source: FUCHS Global Competitive Intelligence

FUCHS is the specialist for lubricants

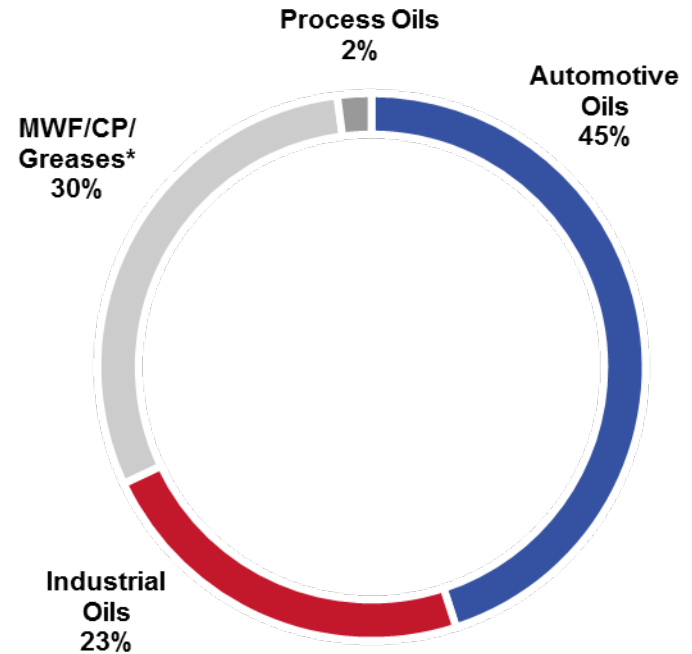


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**Worldwide lubricant market 2014
(volume)**



**FUCHS manufactured lubricants 2014
(volume)**



*metalworking fluids/corrosion preventives/lubricating greases

Source: FUCHS Global Competitive Intelligence

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



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- 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



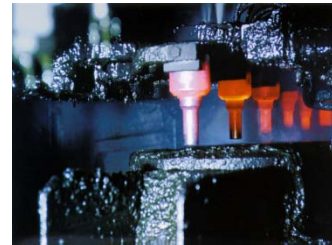
- Environmentally friendly lubricants No. 1



- Metalworking fluids No. 2-4



- Corrosion preventives No. 2



- Forging lubricants No. 2



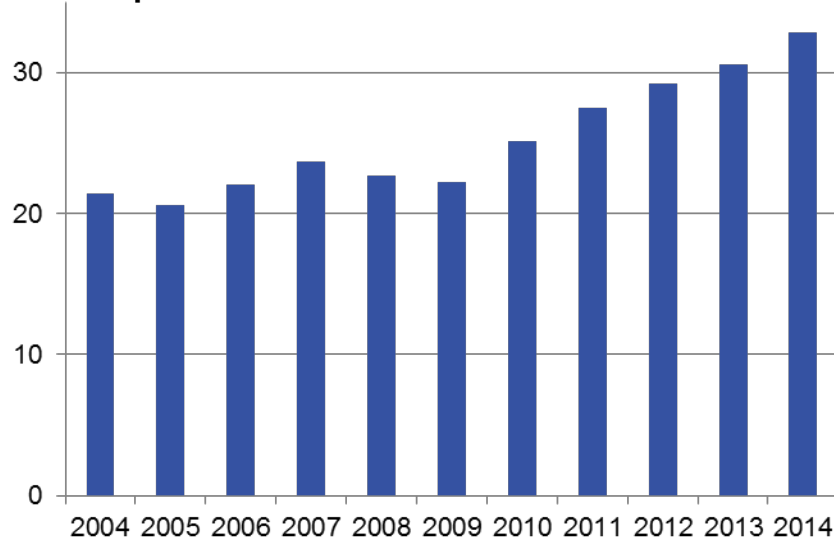
- Greases No. 3-4

FUCHS – the niche specialist



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R & D expenses in €mn

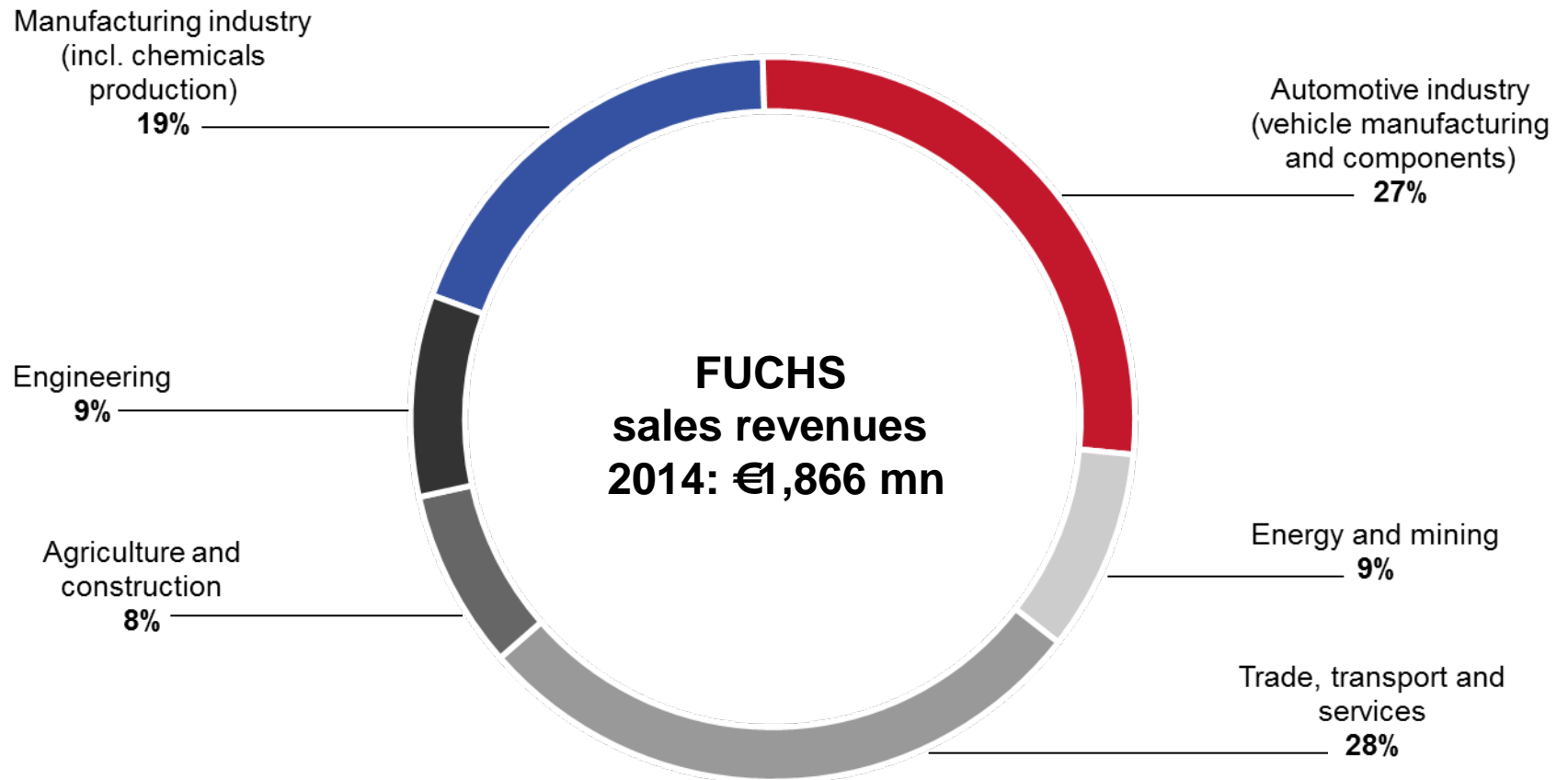


- Technical leadership through intensive Research & Development.
- 416 researchers around the globe help our customers to solve their problems.
- FUCHS PETROLUB spent €33 mn in R&D expenses during 2014.

Breakdown of group sales revenues by customer sector



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As a percentage of sales

* Manufacturing industry = producer goods, capital goods, consumer goods

Source: FUCHS Global Competitive Intelligence

Worldwide network – “stronger networking”



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● production sites

FUCHS' strategic position is a combination of...



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Independence & Financial Strength

Comments

around €1.9 bn in sales (80% with customers 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 administration supported by company's independence, steering via FVA tool successful

**Our business model has paid
dividends**



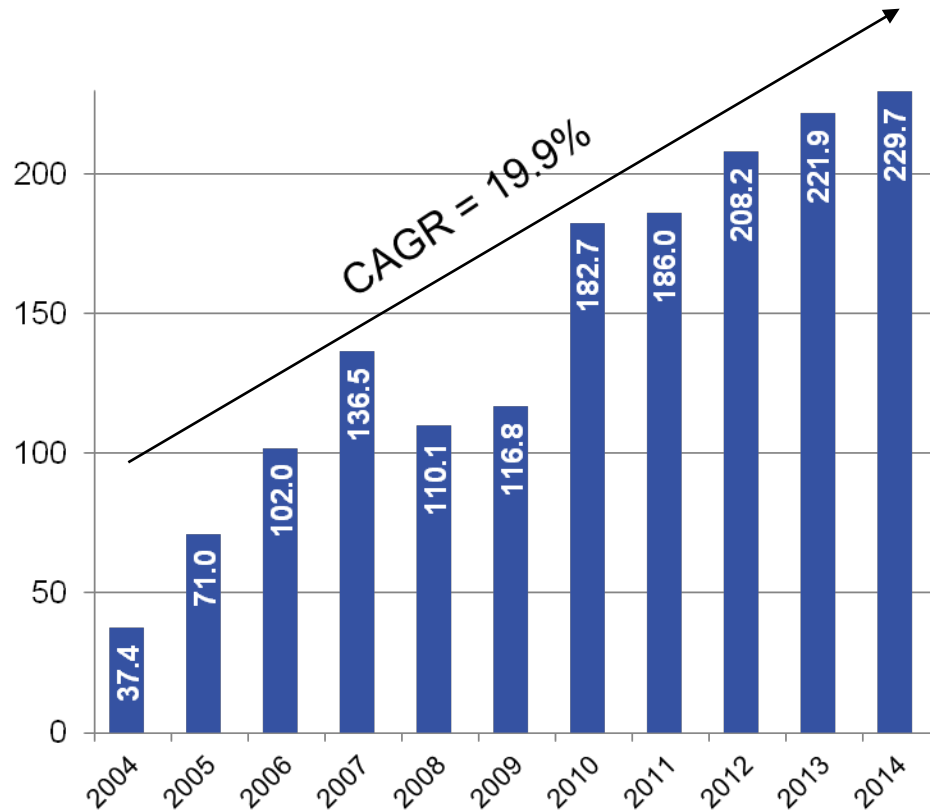
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During the past 10 years, FUCHS Value Added has increased by 19.9 % p. a. and market capitalization has increased constantly and presently is close to €5 bn.

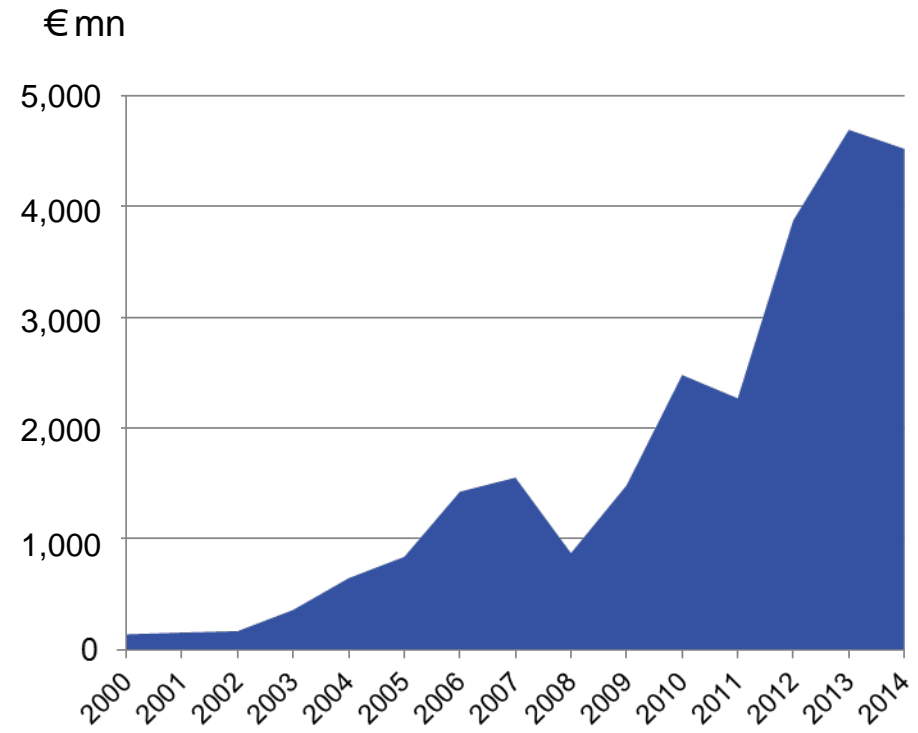


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FVA = Fuchs Value Added



FUCHS market capitalization

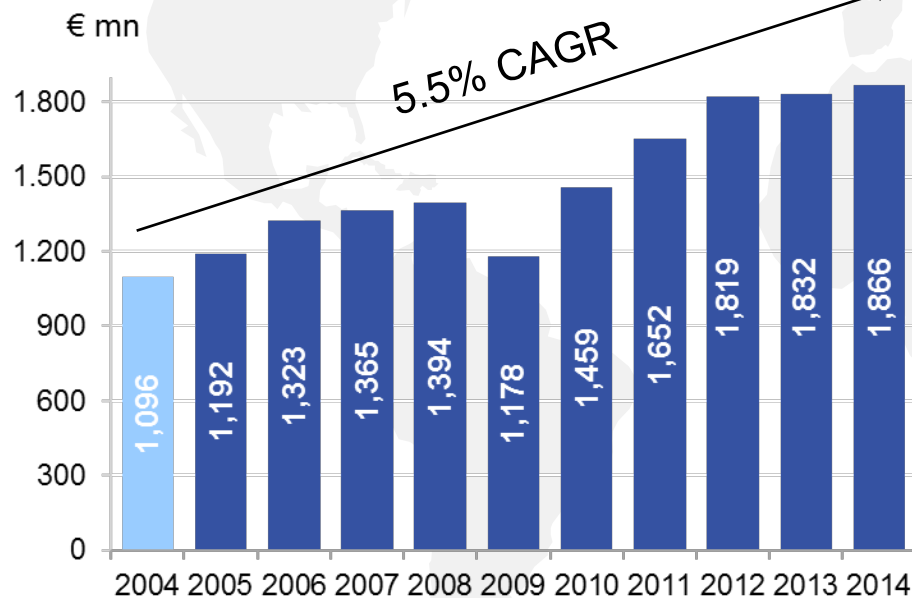


During the past 10 years, sales revenues have increased by 5.5% p.a. and earnings after tax by 16.3% p.a.

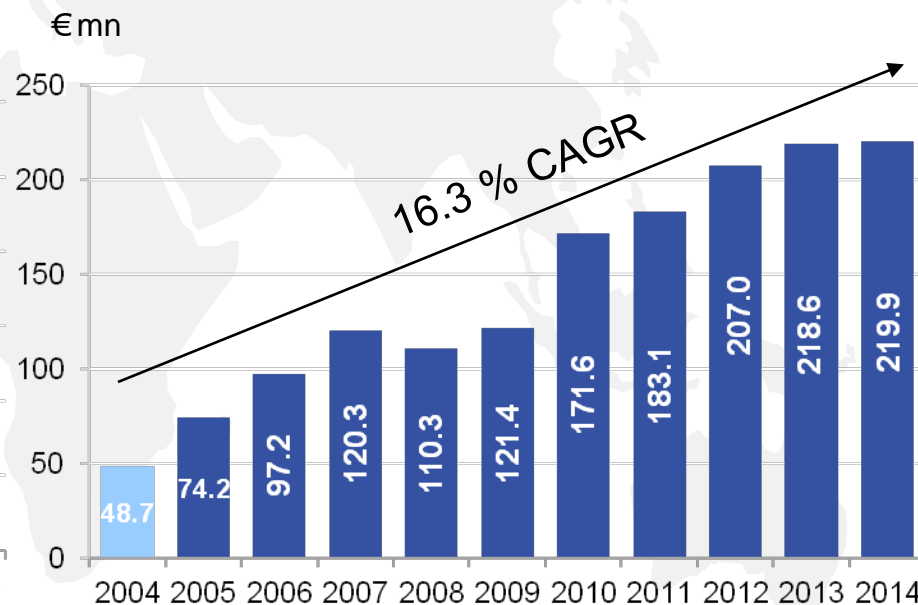


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Sales



Earnings after tax



Solid balance sheet – equity ratio to 71.7% and net payment items of €185.7 mn



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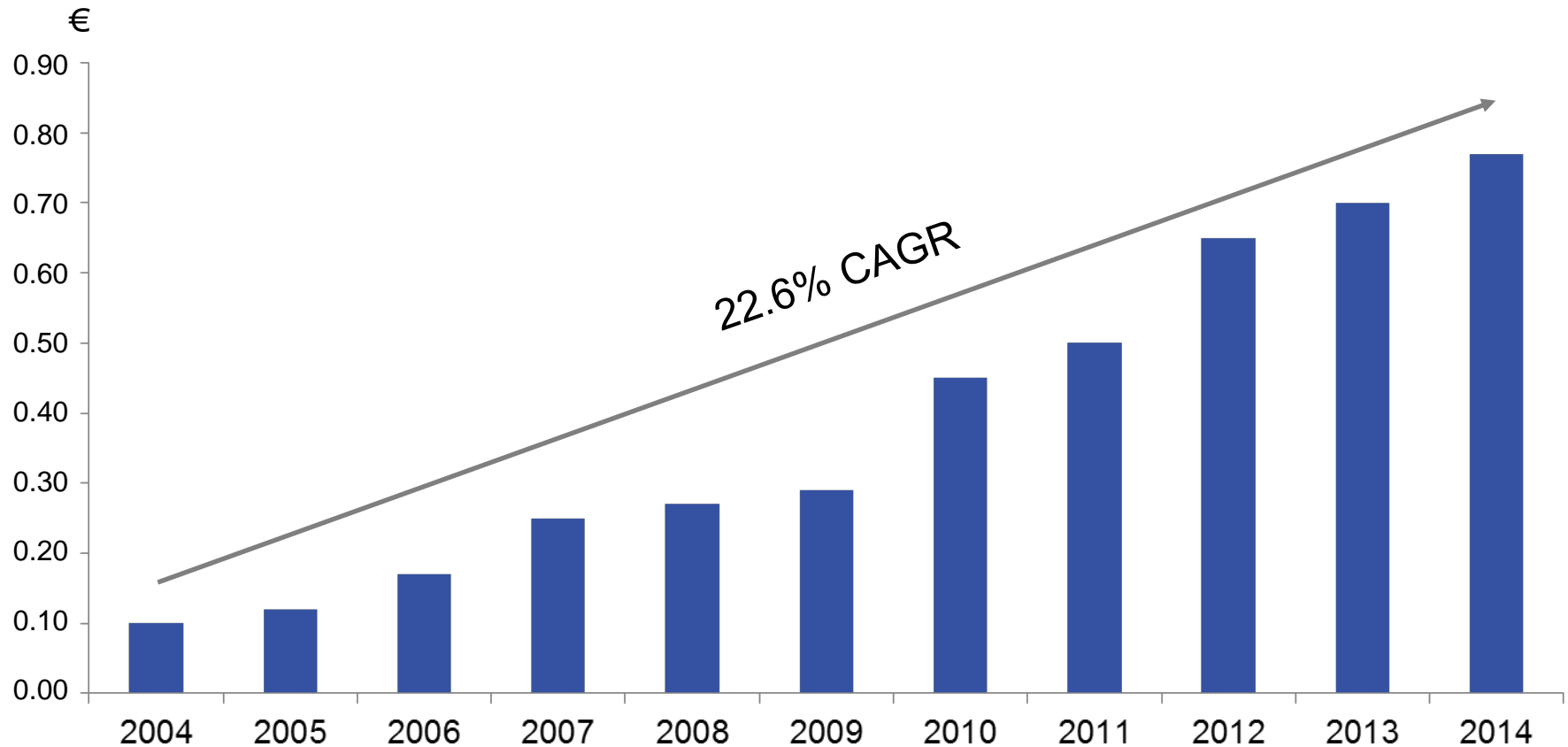
€mn	2010	2011	2012	2013	2014
Equity	546.5	658.2	781.7	853.5	915.6
Equity ratio	61.1%	66.8%	70.5%	73.5%	71.7%
Return on equity (ROE)	36.6%	31.0%	29.0%	26.7%	25.7%
Return on capital employed (ROCE)	42.7%	39.1%	39.7%	39.7%	37.6%
Net liquidity	72.4	64.9	134.8	167.4	185.7

Since IPO in 1985 we have paid dividends – during the past 10 years, dividends have been increased by 22.6% p.a.



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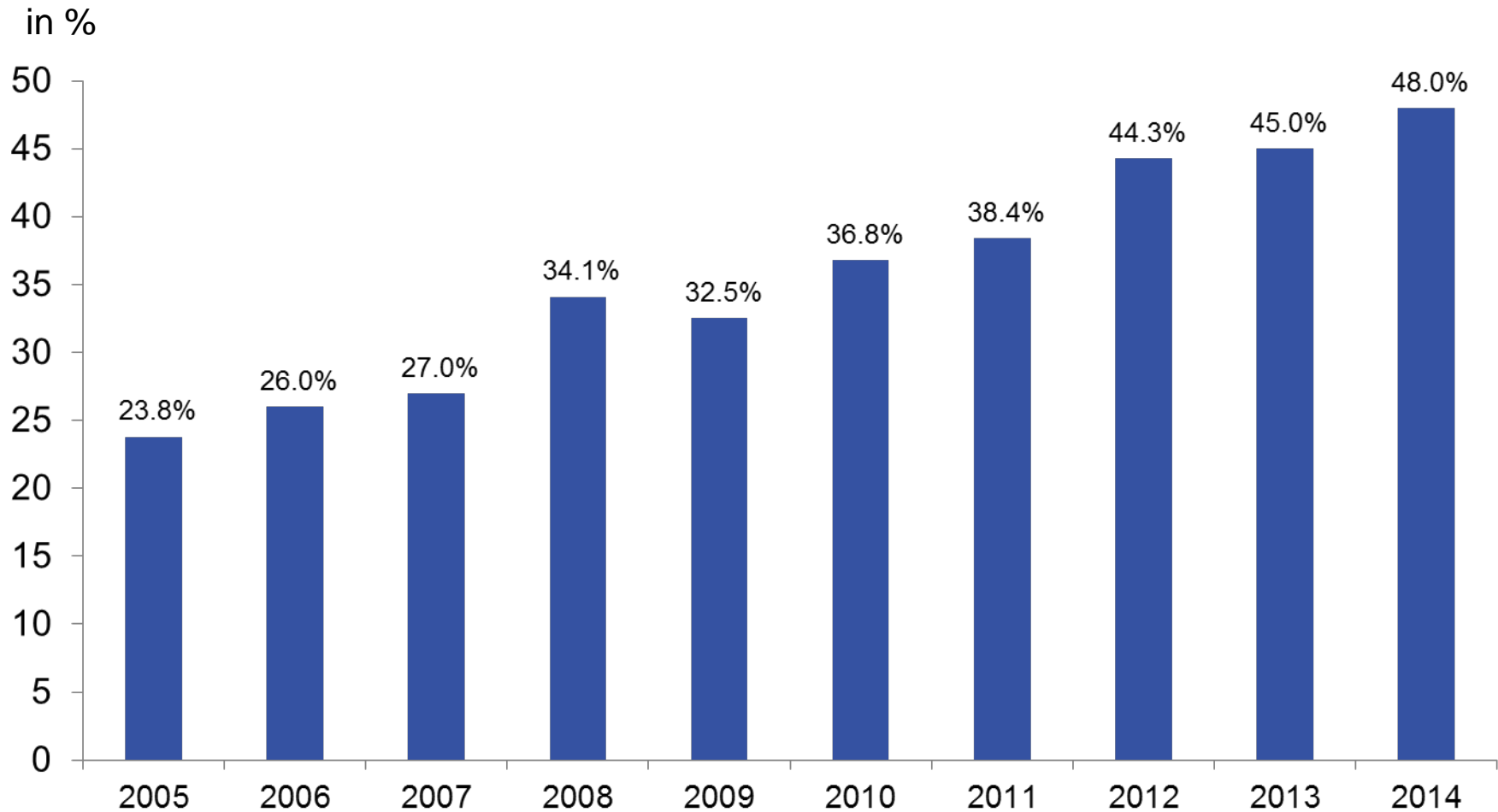
Dividend per preference share (adjusted for changes in equity structure)



Pay-out ratio almost 50%



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Growth initiative

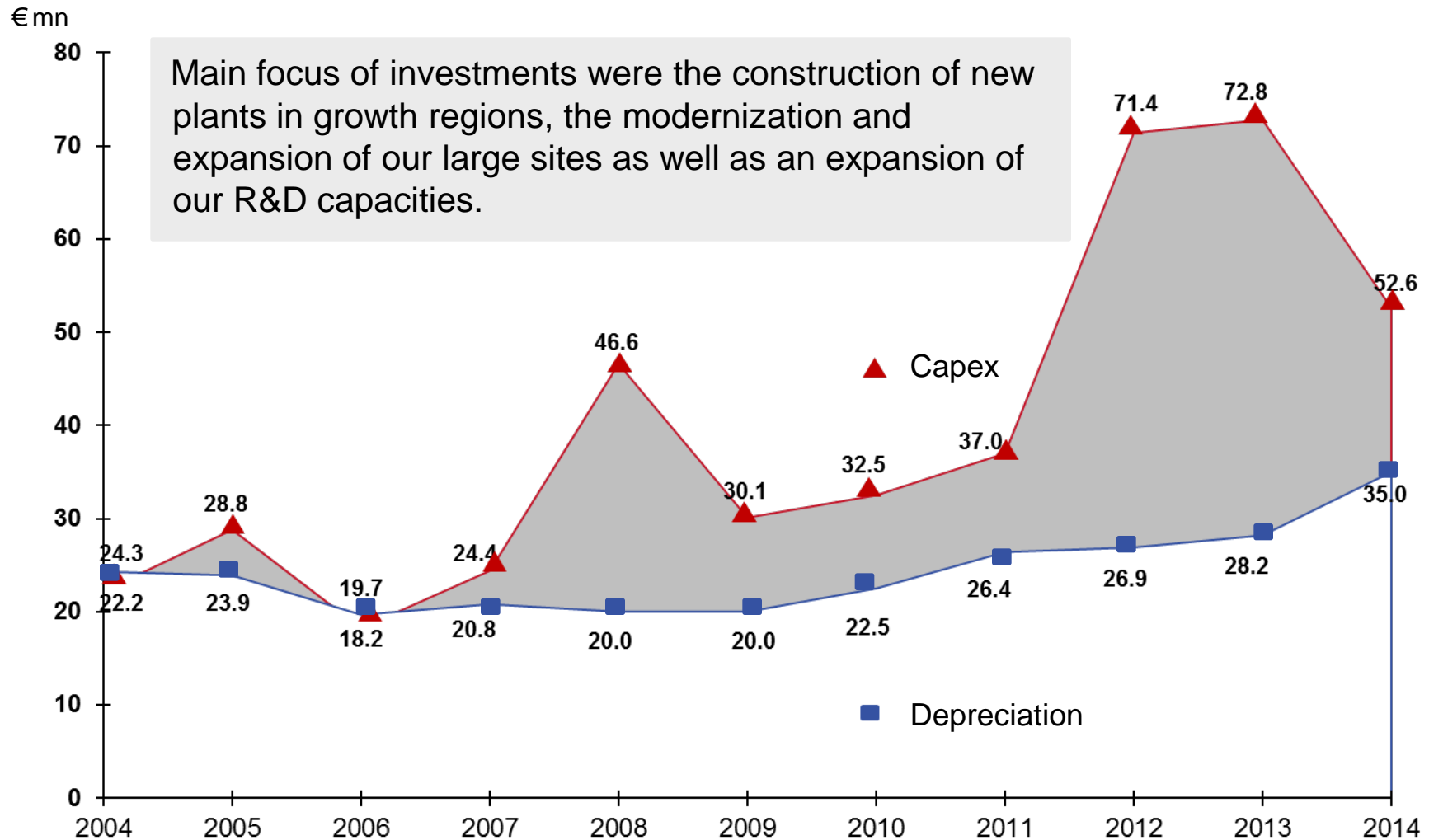


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Growth initiative – we have significantly expanded our global footprint



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Growth initiative: capital expenditure projects



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Specialty grease plants USA and China; copy German setup



Test field Mannheim



Modernisation
of holding
building

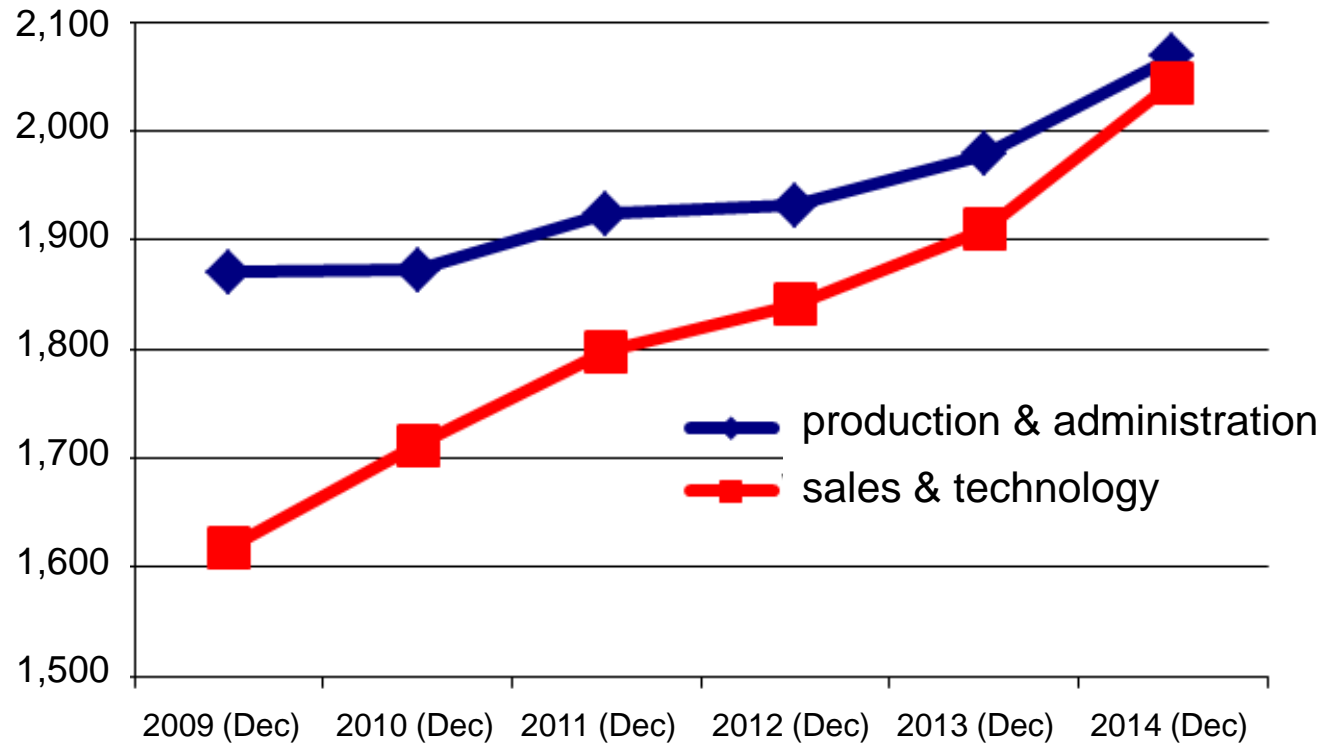


Plant Mannheim 2013 - 2015

New jobs with focus on sales and technology



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Nearly 70 % of the 600 jobs created during the last 5 years were in sales and technology.



- Acquisition of the lubricant business of LUBRITENE group in May 2014
- Sales approx. €15 mn p.a.
- Business mainly exists of lubricants for mining and the food industry



- Acquisition of the lubricant business of the Batoyle Freedom Group in June 2014
- Sales approx. €15 mn p.a.
- Business exists of automotive and industrial lubricants as well as lubricants for the glass industry



- Acquisition of the Deutsche Pentosin-Werke GmbH (Signing May 2015)
- Sales approx. €135 mn p.a.
- 190 employees
- Two German production locations in Wedel and Dormagen as well as a smaller subsidiary in Sao Paulo, Brazil
- Leading manufacture of quality lubricants and specialties for the international automotive industry for more than 80 years
- The transaction is subject to the approval of the antitrust authorities

Q1 2015 and outlook



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- Sales revenues up 8% to €493 million (currency adjusted +1%)
- Earnings before interest and tax (EBIT) up 8% to €82 million
- Outlook for the financial year improved due to currency effects

Q1 2015: EBIT rose by 8% to €82 mn



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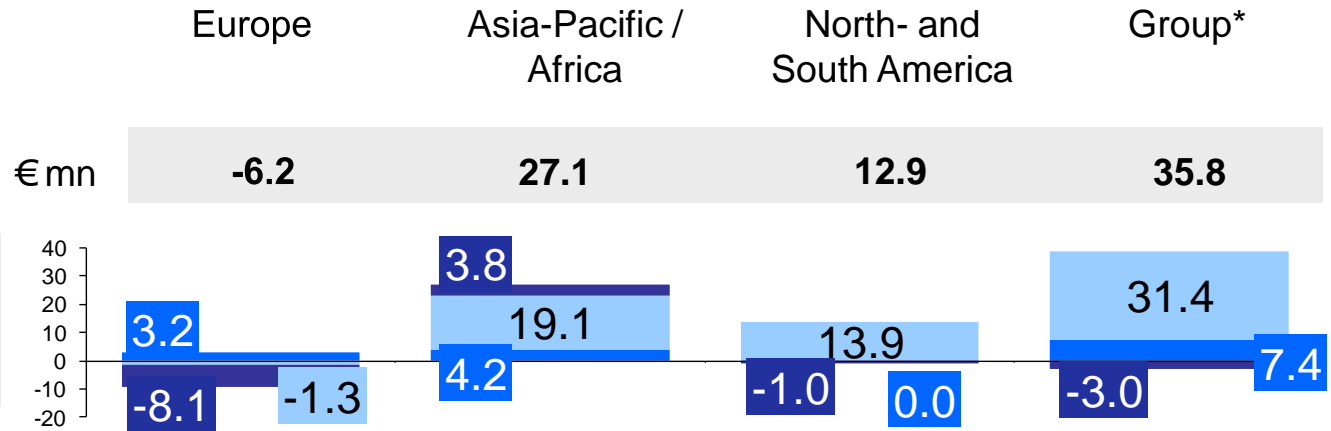
€mn	Q1/2015	Q1/2014	Variance	
Sales revenues	492.6	456.8	35.8	7.8%
Gross profit	187.9	170.9	17.0	9.9%
<i>Gross profit margin</i>	<i>38.1%</i>	<i>37.4%</i>		
Sales, admin., R&D and other net expenses	110.0	98.3	11.7	11.9%
<i>Expenses as a percentage of sales</i>	<i>22.3%</i>	<i>21.5%</i>		
EBIT before income from at equity	77.9	72.6	5.3	7.3%
<i>EBIT margin before income from at equity</i>	<i>15.8%</i>	<i>15.9%</i>		
Income from at equity	3.8	3.0	0.8	26.7%
EBIT	81.7	75.6	6.1	8.1%
Earnings after tax	56.8	52.8	4.0	7.6%
<i>Net profit margin</i>	<i>11.5%</i>	<i>11.6%</i>		
Earnings per share				
Ordinary	0.41	0.38	0.03	7.9%
Preference	0.41	0.38	0.03	7.9%

Q1 2015: Organic growth in Asia



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Regional sales growth 1st quarter 2015



△ Total growth	-2.2%	+22.7%	+17.1%	+7.8%
▲ Organic growth	-2.8%	+3.2%	-1.3%	-0.7%
▲ External growth	+1.1%	+3.5%	0.0%	+1.6%
△ Currency effects	-0.5%	+16.0%	+18.4%	+6.9%

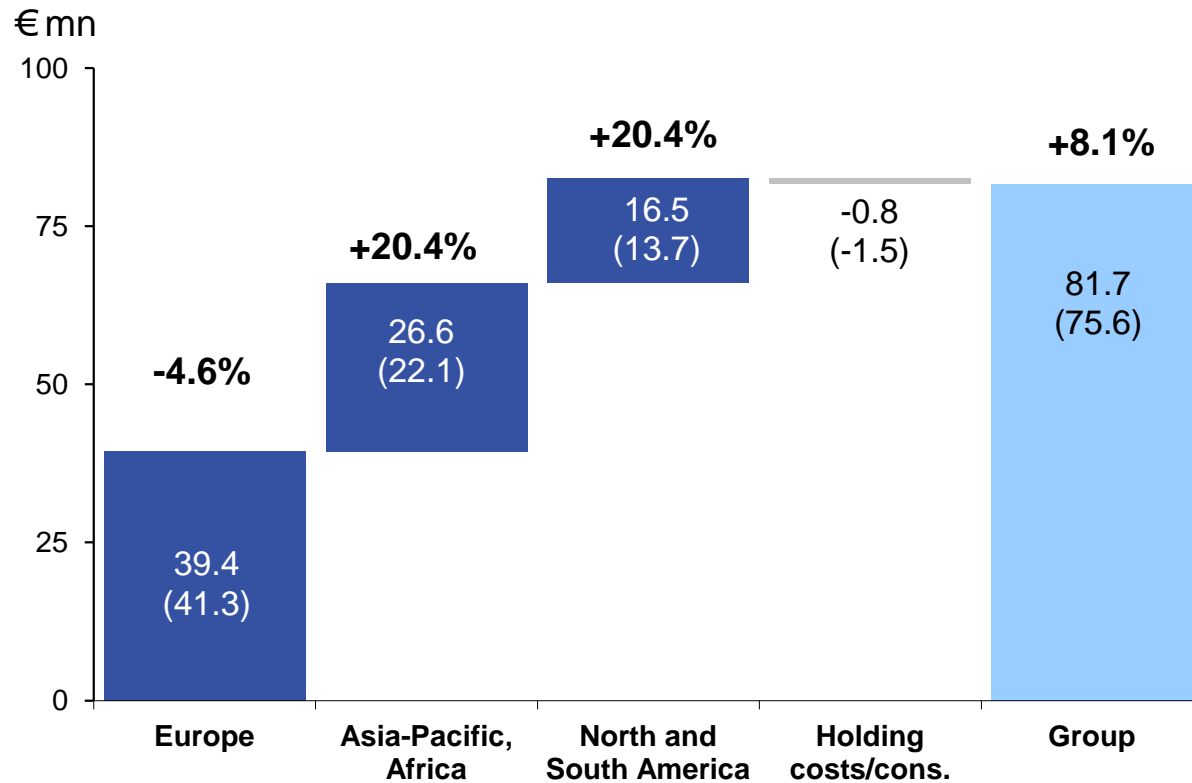
* Consolidation effect €2.0 mn

Q1 2015: Increased segment earnings for Asia-Pacific, Africa and North and South America



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1st quarter 2015



EBIT margin before

income from at equity
(previous year)

14.0%
(14.3)

15.8%
(16.4)

18.7%
(18.2)

15.8%
(15.9)

Q1 2015: As expected, net operating working capital increased



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€ mn	Q1/2015	Q1/2014
Gross cash flow	59.6	60.6
Changes in net operating working capital	-17.9	-32.1
Other changes	-3.7	3.6
Operating cash flow	38.0	32.1
Capex	-7.8	-6.5
Other changes	0.0	0.2
Free cash flow	30.2	25.8



- FUCHS plans further growth in sales and volume in 2015
- Should the euro remain weak, EBIT is expected to increase by a mid to higher single-digit percentage.
- We plan investments to exceed the previous year's value and reach up to the investments of 2012 and 2013
- Free cash flow is again expected to exceed € 150 million

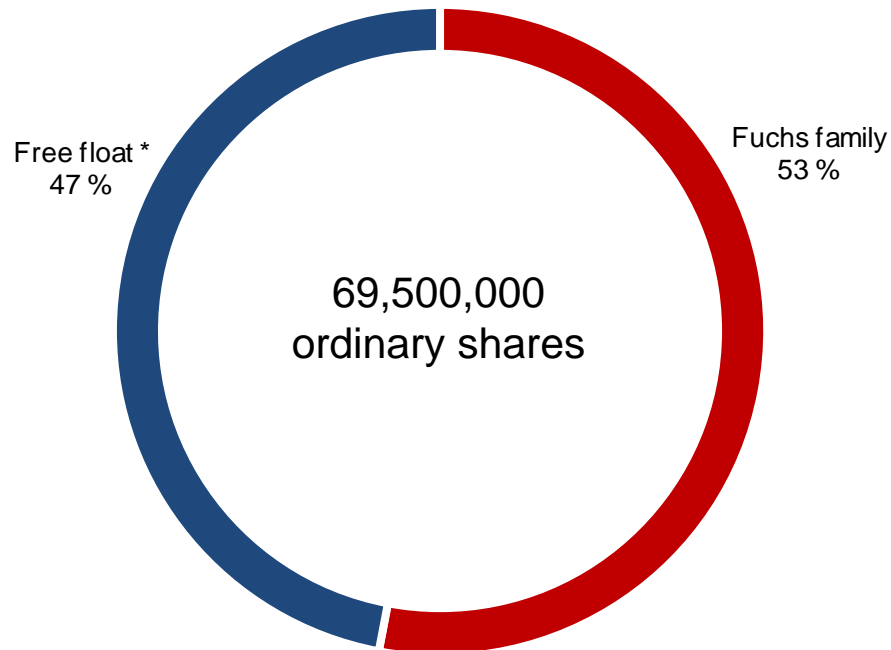
Shareholder structure



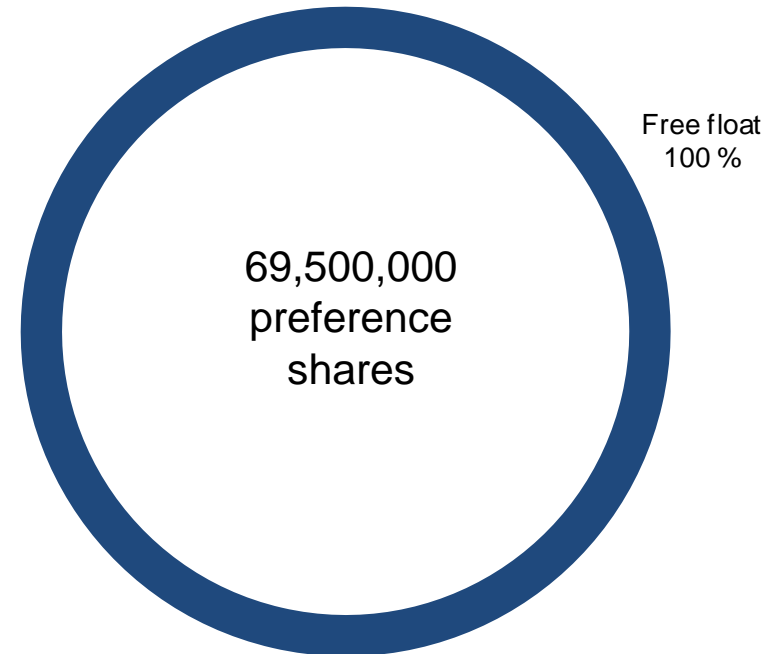
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Ordinary shares



Preference shares



*) voting rights notification: DWS Investment, Frankfurt: 5.2% (15 Dec. 2003)

Appendix - The year 2014



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EBIT at previous year's level



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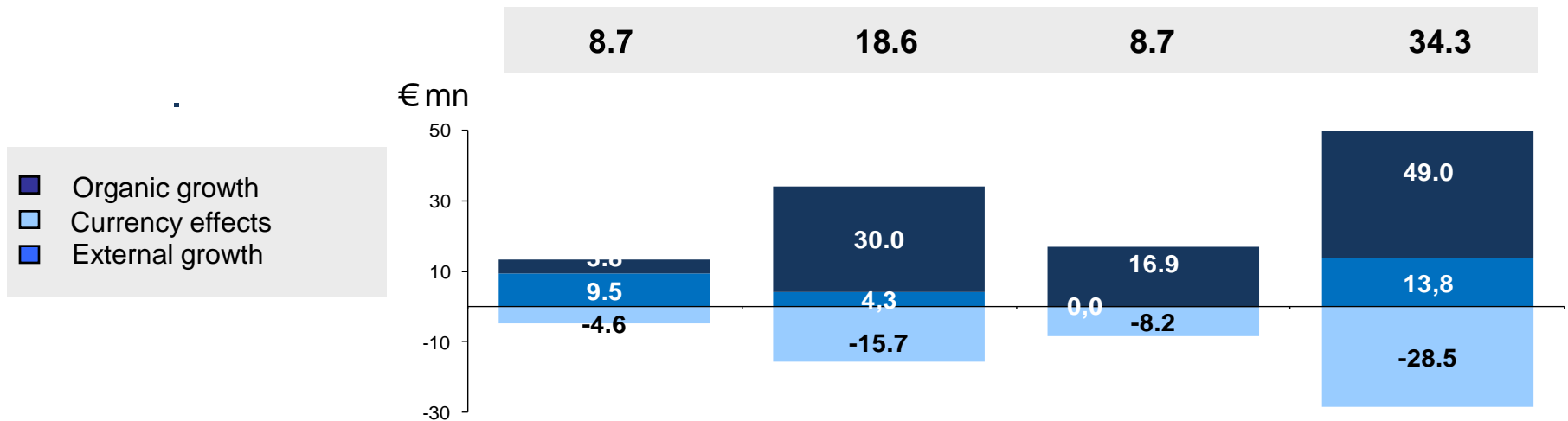
€mn	2014	2013	Δ Mio. €	Δ in %
Sales revenues	1,865.9	1,831.6	34.3	1.9
Gross profit	693.2	689.9	3.3	0.5
<i>Gross profit margin</i>	<i>37.2%</i>	<i>37.7%</i>		
Admin., sales, R&D and other net operating expenses	-400.6	-391.1	9.5	2.4
<i>Expenses as a percentage of sales</i>	<i>21.5%</i>	<i>21.4%</i>		
EBIT before at equity income	292.6	298.8	-6.2	-2.1
<i>EBIT margin before at equity income</i>	<i>15.7%</i>	<i>16.3%</i>		
Income from participations	20.4	13.5	6.9	51.1
EBIT	313.0	312.3	0.7	0.2
Earnings after tax	219.9	218.6	1.3	0.6
<i>Net profit margin</i>	<i>11.8%</i>	<i>11.9%</i>		
Earnings per share in €				
Ordinary	1.57	1.53	0.04	2.6
Preference	1.58	1.54	0.04	2.6

Organic sales growth in all three world regions – high growth rate in Asia



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Regional sales growth
2014



△ Total growth	+ 0.8%	+ 3.7%	+ 2.8%	+ 1.9%
▲ Organic growth	+ 0.3%	+ 6.0%	+ 5.5%	+ 2.7%
▲ External growth	+ 0.9%	+ 0.9%	0.0%	+ 0.8%
△ Currency effects	- 0.4%	- 3.2%	- 2.7%	- 1.6%

* Consolidation effect -€1.7 mn



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Regional sales revenues and EBIT in 2014*

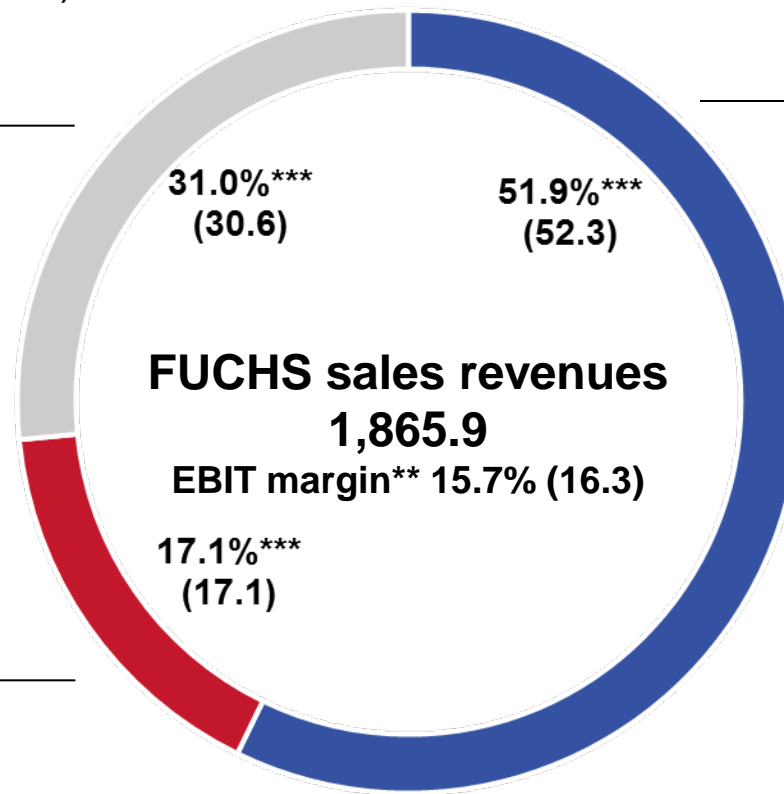
€ mn
(variance to previous year %)

Asia-Pacific, Africa*

sales	516.5	+3.7%
EBIT	105.6	+2.1%
EBIT margin**	16.8%	(18.3)

North and South America*

sales	316.0	+2.8%
EBIT	51.6	-17.0%
EBIT margin**	16.3%	(20.2)



Europe*

sales	1,112.9	+0.8%
EBIT	162.0	+6.2%
EBIT margin**	14.4%	(13.7)

* by companies' location
** before at equity
*** by customers' location

Record free cash flow of €187.9 mn



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€ mn	2014	2013
Gross cash flow	257.9	230.0
Changes in net current asset	-14.0	-8.6
Changes in other current assets	11.4	-0.9
Operating cash flow	255.3	220.5
Investments	-52.6	-72.8
Acquisitions	-21.8	0.0
Other changes	7.0	2.2
Free cash flow	187.9	149.9

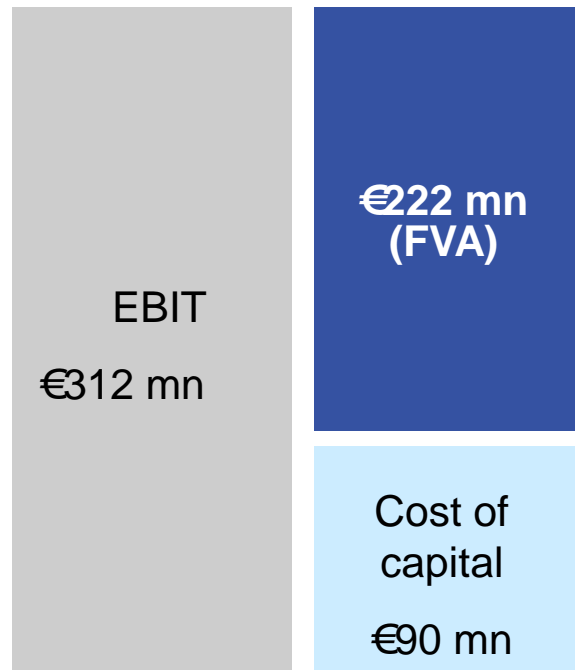
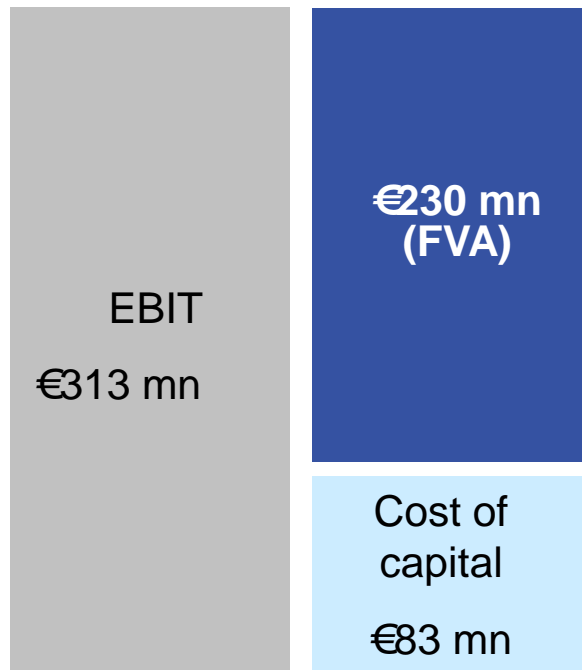
Lower capital cost rate leads to an increase in FUCHS Value Added (FVA) by 3.5%



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2014

2013



Δ FVA +3.5%

Δ EBIT +0.2%

Capital employed €833 mn
Cost of capital 10.0%

Capital employed €786 mn
Cost of capital 11.5%

Δ Capital Employed +5.9%

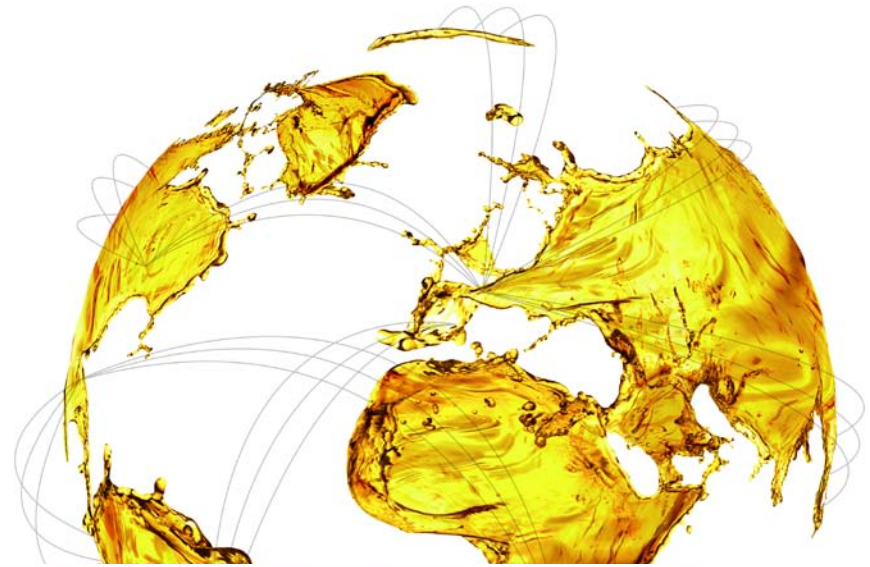
Thank you for your attention



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Disclaimer

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 in the overall economic climate, procurement prices, 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 match the assumptions and estimates set out in this presentation and assumes no liability for such.



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