

Setting standards worldwide

ANNUAL REPORT 2015





FUCHS PETROLUB develops, produces and sells high-grade lubricants and related specialties for virtually all industries and areas of application. The company, which was founded in Mannheim in 1931, employs around 5,000 people worldwide at 60 operating companies. FUCHS is the world's largest independent lubricant manufacturer. The most important markets in terms of sales revenues are Western Europe, Asia and North America.

For 85 years, we have been dedicating all of our activities and research efforts to the development of innovative lubricants. Customized specialty solutions for hundreds of applications are our strength. Our local presence at 33 production sites around the world and our employees form the basis of our success. They expand and develop their knowledge through worldwide networking on a daily basis. This commitment culminates in excellent expertise and exceptional innovative power. This allows us to set standards in the international arena as a lubricant specialist – for our customers, partners, and our society. We stand for technology that pays back.

FUCHS at a glance

FUCHS PETROLUB GROUP

Amounts in € million	2015	2014	Change in %
Sales revenues¹	2,079.1	1,865.9	11.4
Europe	1,227.0	1,112.9	10.3
Asia-Pacific, Africa	582.9	516.5	12.9
North and South America	352.8	316.0	11.6
Consolidation	-83.6	-79.5	5.2
Earnings before interest and tax and income from companies consolidated at equity	324.4	292.6	10.9
in % of sales revenues	15.6	15.7	
Earnings before interest and tax (EBIT)	342.2	313.0	9.3
Profit after tax	236.2	219.9	7.4
in % of sales revenues	11.4	11.8	
Investments in long-term assets	49.7	52.6	-5.5
in % of scheduled depreciation ²	128	173	
Free cash flow before acquisitions	232.0	209.5	10.7
Shareholders' equity	1,070.2	915.6	16.9
in % of balance sheet total	71.8	71.7	
Balance sheet total	1,490.3	1,276.1	16.8
Employees as at December 31	4,823	4,112	17.3
Earnings per share (in €)			
Ordinary share	1.69	1.57	7.6
Preference share	1.70	1.58	7.6
Proposed dividend / dividend (in €)			
per ordinary share	0.81	0.76	6.6
per preference share	0.82	0.77	6.5

¹ By company location.

² Capital expenditure excluding financial assets.

GROUP STRUCTURE

FUCHS PETROLUB SE, Mannheim, is the parent company of the FUCHS Group. Arranged in three segments, 60 operating companies make a contribution to the further development of our business on a local level, while also helping identify and utilize market potential. Most of the companies are 100% controlled.

The consolidated financial statements also include non-operating holding and management companies, which together increase the number of consolidated companies to 67. In addition to this, five associated companies / joint ventures were included using the equity method. Of the 60 operating companies, six conduct their business activities in Germany and 54 abroad.

The organizational and reporting structure is divided into the following regions: Europe, Asia-Pacific, Africa, as well as North and South America.

Group companies and production locations

PRODUCTION LOCATIONS



GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2015	Group companies ¹	Production locations
Germany	6	8
Other European countries	30	8
Asia-Pacific	17	8
Africa	1	1
North America	3	6
South America	3	2
Total	60	33

¹ Operating companies.

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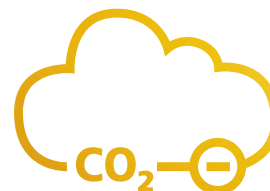
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MY LUBRICANTS COMPANY

What makes FUCHS successful

SETTING STANDARDS

As an innovative specialist with exceptional expertise, FUCHS PETROLUB sets standards in the international lubricant business. Its special corporate culture, characterized by pronounced loyalty among its employees, is also a key success factor for the new members of the Executive Board, Dagmar Steinert and Dr. Timo Reister.

By Silke Wernet

Although they are both new to the Executive Board at FUCHS PETROLUB SE, they are not unknown in the Group. The company promoted them to management level from within its own ranks. What does this tell us about the philosophy at FUCHS?

Dr. Timo Reister: FUCHS is a modern and open employer with great emphasis on structured staff development in an international family environment. My career since joining FUCHS in 2009 confirms that FUCHS with its performance driven culture is an attractive employer for motivated and talented individuals. It is not for nothing that so many satisfied employees remain with the company throughout their entire career. For those on the outside, such corporate loyalty may appear reminiscent of an age long past. However, it is actually an expression of mutual appreciation and remains a key success factor for FUCHS.

Dagmar Steinert: I can only confirm my colleague's point of view. In my experience, family businesses value much more a lasting success and do not like to focus on short-term goals. In my over 20 years of working for other companies as well, I have experienced this first hand at FUCHS. It does therefore not come as a surprise that they would want to appoint employees to the governing bodies who do not only demonstrate their management qualities at the company, but also know the company well, understand its philosophy and seek to nurture it.

FUCHS sets standards in the worldwide lubricant business, which is also the motto of this year's annual report. What is the basis for this success?

Dr. Timo Reister: There are a large number of factors that contribute to the company's success. FUCHS has a stable shareholder structure that guarantees the company's independence and facilitates both the pursuit of long-term strategies by the management team and maintains a keen focus on the lubricant business. Thanks to this approach, FUCHS has proven itself as an innovative specialist, reliable technological leader, and provider of holistic solutions. FUCHS also demonstrates a value-oriented corporate culture that revolves around the key

Dr. Timo Reister joined FUCHS in 2009 and initially worked in the US – first with OEM responsibility and later also with responsibility for the specialty business and LUBRICANTES FUCHS DE MEXICO. Most recently, he managed the Asia-Pacific region from Shanghai as Executive Vice President. His responsibilities now also include the Africa and Middle East/Turkey regions.

Dr. Timo Reister // member of the Executive Board, Asia-Pacific, Africa region

values of trust, creating value, respect, reliability, and integrity. Our culture really encourages top performance and motivates everyone to improve and adapt themselves. The combination of these factors, coupled with an exceptional global presence, makes FUCHS the first choice in many respects and demonstrates its unique success model, which is extremely difficult to emulate.

Dagmar Steinert: Success continuously requires new ideas and challenges. At FUCHS, entrepreneurial minds are at work that examine and question the successful and sustainable business model on a frequent basis, continuously setting and then systematically pursuing new standards. We have demonstrated that sustainability is an achievable task for a lubricant manufacturer, which sets us apart from our competitors. Our strength lies in recognizing promising developments early on and acting on the findings. Our success is the result of our expertise in research and development and the continued exploitation of opportunities. None of this would be possible without our dedicated employees who are living our values. Here, too, things blend.

Where do you see the main challenges and opportunities in your new role?

Dr. Timo Reister: As a new member of the Executive Board, my goal is to provide fresh impetus and help drive the further development of FUCHS with my ideas. The fact that I know FUCHS very well, having held positions in Europe, North America and Asia, and that I am surrounded by an experienced executive team is obviously a massive plus. My regional area of responsibility, Asia-Pacific, Middle East and Africa, brings about cultural, economic, political and geographic challenges. As FUCHS, it is important for us to overcome these challenges more successfully than our competition and thereby further increase our market share. I see particular opportunities in having a sound foundation on which to build and a highly motivated team to work with. In addition, my region holds substantial growth potential for FUCHS due to the current market share situation, as well as the anticipated development of the lubricant market.

Dagmar Steinert: I managed the Investor Relations department at FUCHS for three years and I look forward to my new responsibilities for Finance, Controlling, Taxes, Internal Audit, Legal, Compliance and IT. My team and I intend to further demonstrate the company's success story and daily sustainable actions to our shareholders, our customers, our employees, and the general public. There are many ways for us to have constant access to quality data from within the company but also from external providers and to have this data available at any time. Additionally, I have great confidence in the interlinking of modern information and communication media. However, the employees in my team and our entire corporate family, whose work ethic and commitment I trust, represent my most important tool to developing suitable solutions and discovering new ideas and opportunities. ■

Dagmar Steinert held the position of Head of Investor Relations at FUCHS PETROLUB since 2013. Prior to joining FUCHS PETROLUB SE, her career embraced a number of senior leadership roles. Her division includes the following departments: Finance, Controlling, Taxes, Internal Audit, Legal, Compliance, IT and Investor Relations.

Dagmar Steinert // CFO



ON THE TEST RIG

Tests performed under real-world operating conditions are a key component of the lubricant development process. The specialist FUCHS PETROLUB focuses on modern testing procedures and their development. Impressions from the HQ in Mannheim and the newly acquired DEUTSCHE PENTOSIN-WERKE GMBH in Wedel – two of the largest test fields in the German lubricants industry.

By Silke Wernet and Ulrich Pontes



» With our testing procedures, we address the specific requirements of our customers. This is certainly one of our major strengths. «

DR. CHRISTIAN SEYFERT, TEST FIELD MANAGER AT FUCHS



“Testing in progress. Please do not enter the machine room!” The heavy door is closed. When looking through the viewing window, your attention is immediately drawn to a Plexiglas box of roughly the size of a wardrobe. It contains the drive shafts from a vehicle, which are as thick as broomsticks and are starting to pick up speed. The four shafts, which are attached to a total of eight joints, are turning faster and faster. Air is blown through wide hoses to simulate the air stream. This is one of two drive shaft test rigs at FUCHS HQ in Mannheim that are used to test the endurance of grease in joints of this type.

A few doors further, grease endurance life measurements are being performed at high temperature and high speed on rolling bearings, such as those used in car wheel bearings, electric motors, or machine tools. Tests like this can easily take 1,000 to 2,000 hours, i.e. six to twelve weeks. Creating real-world operating conditions is a key component of lubricant testing. As the world’s largest independent lubricant manufacturer, the Mannheim-based family company intentionally focuses on test procedures of this kind, as they represent a key quality feature.

Up to 35 test rigs of this kind can be operated at the same time in Mannheim, spread over approximately 1,600 square meters in a three-story building. “Our testing facilities are certainly among the largest used by the lubricants industry in Germany,” explains Dr. Christian Seyfert, who has managed the FUCHS test field since 2004. It is home to mechanical test rigs for lubricating oils, greases and fluids used in the metalworking industry. “With the exception of running engines, we actually test everything,” comments the Doctor of Physics.

For example, tests are performed on the foaming characteristics of passenger vehicle axle drives at various operating temperatures and speeds. The effectiveness of lubricants when adjusting seat backrests in passenger cars is also tested under variable loads. A new test rig simulates various aspects of sheet metal forming, such as those used in car body manufacturing or rolling mills. During testing, the respective lubricant is always intentionally taken to its load limit – or beyond.

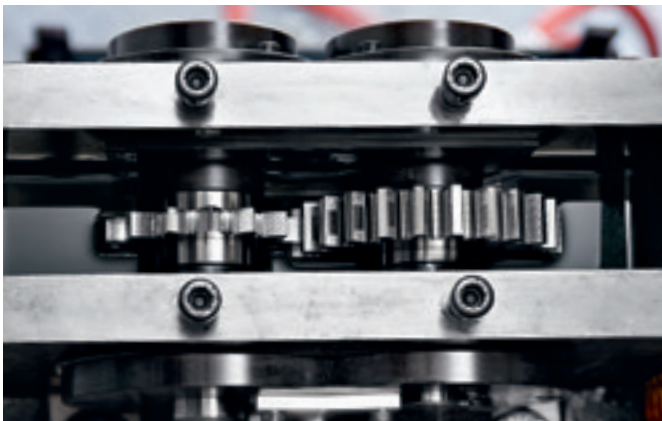
RESULTS OBTAINED MORE QUICKLY

Seyfert explains the start of the testing process: “The customer approaches us with a special requirement in his specific application. We then take a close look to determine what exactly needs to be simulated in our tests.” In the case of damage to bearings or transmissions due to wear, this might include testing the lubricant-specific influence on the wear behavior of the respective product.

Seyfert describes the test procedure at the rolling bearing test rig for axle oils with regard to fatigue wear. “For this measurement, we intentionally increase the load on the part being tested, for example by increasing the speed,” explains the 48-year-old. “Everything runs very fast, and we get results within a very short time that would otherwise take years or even decades.”

For example, if the specialists determine after a certain time that the first damage to the system is likely to occur after 30 million load cycles, they head over to their colleagues in the laboratory. “We then change the chemical composition of the lubricant so it can withstand greater loads. This allows the vehicle part to achieve a longer service life,” explains the head of the test field.

In the future, FUCHS will have space for **50** test rigs at its Mannheim HQ. It currently houses 35 – several of which were developed and constructed by the in-house specialists themselves.



left // "FZG test" of the load capacity of gear oil. When does damage occur to the tooth flanks of the gears being tested? right // "GK3" test rig in Wedel: Gear oil must demonstrate its performance in conjunction with original clutch discs in the round testing head.

Continuous stress tests of this kind not only save customers testing costs, they also provide time benefits as to the competition thanks to their comparably short duration. "We target the specific requirement being faced by our customers. This is certainly one of our major strengths," stresses Seyfert, who has been with FUCHS since 1999. Naturally, internal product development also benefits from the fast test results.

A TEAM OF EXPERTS

To ensure that everything works smoothly, the lubricant manufacturer employs a team of experts from various disciplines at its Mannheim testing facilities to secure a broad range of skills.

Among these experts are specialists capable of designing, constructing and adapting test rigs when the specific requirement being faced by a customer demands this – for example hydraulic test rigs with vane cell pumps as used in vehicle power steering systems. The FUCHS specialists then address all mechanical aspects of the

test rig, the measuring technology employed, all safety considerations, as well as complete documentation. A project of this type can take two months to complete or sometimes even an entire year in the case of complex test rigs. With this special test rig development expertise and its complex technological know-how, the Mannheim testing facilities play a vital role within the Group, as underlined by Seyfert. All highly specialized testing procedures come together at this central location. "We therefore also see ourselves as a service provider for the entire FUCHS Group."

A NEW MEMBER OF THE FUCHS FAMILY

A new addition to the FUCHS family also has crucial testing capacities that are key for exceptional innovations: DEUTSCHE PENTOSIN-WERKE GMBH (please also refer to "Breaking new ground" on page 16). Let us now move around 360 miles north to the HQ of PENTOSIN in Wedel. The single-story test field building is surrounded by massive mixing tanks. "PENTOSIN's special strength lies in the OEM business with transmission fluids, partic-

ularly for dual-clutch transmissions,” comments Edgar Steigerwald, Doctor of Chemistry and Head of Research & Development at PENTOSIN. The long-standing company from Wedel enjoys a leading position in the DSG segment (direct-shift gearboxes) in terms of both development and production of suitable fluids. The testing facilities also play a key part for these two areas.

It is managed by vehicle engineer Martin Knaffel. He explains the special challenges resulting from the design of dual-clutch transmissions: “On the one hand you have gears and synchronization just like a manual transmission. This obviously requires wear resistance. On the other hand, however the same fluid lubricates and cools the clutches, so you clearly need special friction characteristics.” These are contradictory requirements, so the art lies in

striking the optimum balance. “Not just for a brief moment, but for more than 40,000 miles.”

THOUSANDS OF CLUTCHING AND DECLUTCHING OPERATIONS

Tests are needed to demonstrate whether this balance is successful – focusing in particular on one of the three so-called GK test rigs that sit at the heart of the Wedel testing facilities. Two of these rigs can be seen directly through the window of the test field team’s office. They are man-sized dark blue units, and the accompanying switching and measuring technology in addition takes up the space of a large wardrobe. In contrast, the steel-gray testing heads on the front look rather inconspicuous. Packages of original clutch discs from transmission manufacturers are inserted and lubri-



3 questions for Dr. Lutz Lindemann

Chief Technical Officer at FUCHS PETROLUB SE

DR. LINDEMANN, WHY IS FUCHS FOCUSING ON REAL-WORLD TESTING PROCEDURES IN ITS LUBRICANT DEVELOPMENT OPERATIONS?

We are positioned in the market as a company that claims technological leadership in many areas. This is why we need such extensive testing of our products in the fields of tribology and lubricant technology. We are keen to provide our customers with lubricants that they do not first need to test in real operating conditions themselves. Instead, we offer fully tested products with ultimate operational reliability at the end of the development cycle.

HOW DO YOU SET STANDARDS IN THE SECTOR?

We do not run any standard tests in our testing facilities, but rather focus on tests with very specific measuring procedures. We are highly specialized, and the test field activities represent an integral part of our research and development work. The harmonious interaction of these two areas is what makes us so strong. Our excellent position in the OEM business, for example, is only possible thanks to these comprehensive individual tests. Extending our test field capacities with the new building in Mannheim was therefore the next logical step.

SO WHERE WILL THE RESEARCH AND DEVELOPMENT CHALLENGES LIE IN THE FUTURE?

New materials such as special plastics or surface coatings are entering the market. We therefore need to engage in even more intensive basic research, also with regard to the availability of raw materials. In the future the focus will be more on biological and biologically modified raw materials that offer high functionality. With Lignin, which is a kind of waste molecule from paper manufacturing, we have already developed and launched an alternative product to one of our conventional solid lubricants. In the future, this area of research will be an important part of our work.



left // Head of the FUCHS test field, Dr. Christian Seyfert, explains the drive shaft test rig.
right // Head of the PENTOSIN test field, Martin Knaffel (on the right), discusses test results with a colleague.

cated with the fluid being tested. In addition to this, the test rig simulates certain design-specific operating parameters. After all, the manufacturers each have their own tricks up their sleeves in terms of the materials used and many other details regarding the design of the gearbox. Testing on the rigs must therefore be very carefully planned and programmed to deliver meaningful results. The key then is to wait. A typical test can take hours or even days, during which many thousands of clutch engaging and disengaging operations are performed fully automatically under variable load and temperature conditions, while digitally capturing a wide range of measured variables.

“There are around 40 test rigs of this kind in the world – so we are very well equipped with our three units,” reports Knaffel. Yet despite this, the capacities are fully utilized. Besides new fluid developments, design changes made by the hardware manufacturers also have to be examined in new test runs. The head of the test field therefore hopes that a fourth GK test rig will soon be acquired – despite the rather hefty price tag of €750,000 excluding building infrastructure costs.

3E MACHINE TEST RIG

Staff at the Mannheim test field are also looking forward to using further specialized technology when the new test field building at the Plant 1 site is ready for operation (please refer to “Greater capacities”). It will house a large test rig for vehicle transmission testing with electrical simulation of engine and wheels – a so-called

3E machine test rig. “While in the past we have only examined individual components in our transmission fluid tests, in the future we will be able to focus on complete transmissions and the interaction between the individual parts,” explains Dr. Christian Seyfert. This testing system, which will also be used for testing truck components in the mid-term, measures nine by eight meters and will be housed in the new building. Once installed, it will be the largest stand-alone test rig in the history of FUCHS. ■

GREATER CAPACITIES

MANNHEIM: NEW TEST FIELD BUILDING

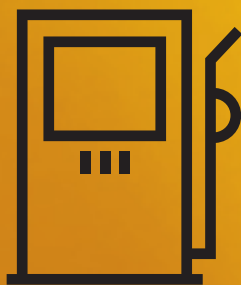
A new test field building, offering around 1,200 square meters of additional floor space, has been built at the Plant 1 site at the FUCHS HQ in Mannheim. Staff are scheduled to move into the new building, which will offer space for up to 15 further test rigs in the mid-to-long-term, in the second quarter of 2016. The total costs, including installation of the new high-performance testing systems, are in excess of €10 million. Among other things the new building will be used for comprehensive tests of automotive transmission fluids as well as shock absorber oils.

TECHNOLOGY THAT PAYS BACK

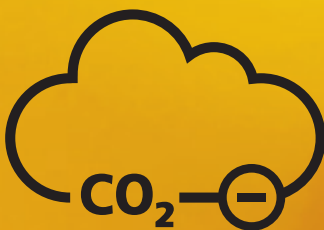
FUCHS PETROLUB offers lubricants for hundreds of areas of application in virtually all industries and sectors. Our products are custom-made and stand for the highest quality, performance, efficiency and cost savings. In other words, our technology pays back.

TITAN GT1 EVO SAE 0W-20 // AUTOMOTIVE

Premium performance low-viscosity engine oil. Specially developed for downsized engines with maximum power exploitation, extreme fuel savings, and reduced CO₂ emissions. Exceptional cold-start properties, fast lubrication, excellent power reserves.



Fuel saving vs.
performance orientation



CO₂ reduction



Reduced wear

RENOLIN XTREMETEMP 46 // INDUSTRY

Fuel-saving hydraulic oil with applications including earth-moving machines (13% fuel saving in comparison with conventional hydraulic oil), greater efficiency, longer service life (400% extension) and thereby lower downtime and maintenance costs. Broad operating temperature range and 65% less wear.

CASSIDA GREASE GTX 2 // FOOD INDUSTRY

Calcium sulfonate complex high-performance grease for use in machines in the food, beverage, and packaging industries. For lubricating plain and rolling bearings that are subject to high loads and extreme pressure. Excellent protection from wear and corrosion.



High thermal resistance



Universal use



Corrosion protection

RENOLIT HI-TEMP 220 // AUTOMOTIVE AND INDUSTRY

Fully synthetic grease for roller and friction bearings with a wide operating temperature range. Suitable for extreme loads and long-term use, e. g. for electric and traction motors, belt rollers, paper rollers, steel plants, cardan shafts and wheel bearings, also in Arctic regions. Excellent corrosion protection.



» We have defined a brand architecture, and want to be 'My Lubricants Company' for all stakeholders. Our mission statement of 'LUBRICANTS.TECHNOLOGY. PEOPLE.' sits at the heart of the FUCHS brand. «

STEFAN FUCHS, CHAIRMAN OF THE EXECUTIVE BOARD

ONE BRAND WORLDWIDE

FUCHS is the number one among the independent lubricant suppliers. Chairman of the Executive Board, Stefan Fuchs, explains how the Group is aiming to further strengthen its worldwide position through consistent expansion of business, as well as targeted acquisitions. To help achieve this, the brand strategy will focus on the name FUCHS and the special qualities of the company.

By Ulrich Pontes

**Mr. Fuchs, how would you assess the financial year 2015?
Record revenues were countered by low organic growth.**

We are more than satisfied. We crossed the €2 billion mark in sales revenues and successfully completed two major acquisitions: DEUTSCHE PENTOSIN-WERKE and STATOIL FUEL & RETAIL LUBRICANTS (SFRL). With these new additions, we have taken strategically important steps in the OEM business, as well as in Scandinavia and Eastern Europe. We did not enjoy quite such pronounced organic growth. However, this can be attributed to key market trends. For example, the US market displayed a slightly weaker development than expected, although this was partly compensated by the weak euro. Important sectors such as mining, oil and the steel industry reported a drop in business. We also

observed a slight downturn in China in the second half of the year, and the substantial decline in the oil price led to a price effect. Yet these effects were not enough to tarnish our overall positive performance.

From a worldwide perspective, economic growth is in decline. This also affects the emerging markets, which are important to FUCHS. What does this mean for FUCHS' growth plan?

Just as we always have done in the past, we are keen to reach clearly defined growth targets in individual markets. Aside from this, the aforementioned acquisitions also present further organic growth potential. For example, in future we can market the

technology of PENTOSIN worldwide via our network of over 30 production plants. We have also significantly strengthened our presence in Scandinavia through SFRL. At the same time, we are expanding our market position in Poland and Russia. We believe that we moved beyond the economic trough in 2015 and are confident that the slowing of growth in China will be moderate and that we will be able to take advantage of market opportunities there in future.

You are working on establishing FUCHS more firmly as the umbrella brand throughout the Group. Is this a new strategic focus?

Yes, this is a new focus of our market strategy. It is the consistent continuation of the developments over the last few years, which focused on strengthening our worldwide network. To this end, we initially worked on establishing a uniform corporate culture and setting up a network on specialist topics. For example, we succeeded in bringing together employees from Research & Development, Purchasing and Sales in expert panels as a way of tapping synergies. Now we just lack a worldwide corporate identity. FUCHS will be very clearly identifiable as the umbrella brand – under which we will then just maintain product brands.

Almost all of the Group companies already bear the name FUCHS.

Our logo and the name are a connecting element and provide a sound basis for the already mentioned objective of our market strategy. However, our outward image still varies somewhat. In the future, we are keen to make everything uniform. On the internet in particular, we want to display the same kind of unity as we do in the market. We are successful, enjoy continuous growth, and are an important partner to our customers throughout the world. In the future, it will be possible to recognize our worldwide FUCHS family and its achievements and successes in our uniform corporate image.

What challenges can you envisage on the road to achieving this?

We need discipline and the will to manage this task together. Individual companies will have to sacrifice certain freedoms. However, our goal is to sharpen our profile, and this requires accepting what we have already developed with the support and cooperation of the individual companies. We are confident that everyone will know how to take advantage of our new unity.

Enhancing the company profile – can you explain what you mean by this?

We have defined a brand architecture for FUCHS. The basis of

this is our positioning as “My Lubricants Company” for all stakeholders. We want to be the partner of choice for our customers, an important part of our employees’ lives, and a leading market member for the public at large. The core of the brand builds on this. It is derived from our mission statement, which is integrated into our logo: “LUBRICANTS.TECHNOLOGY.PEOPLE.” By the way, this claim we use in English everywhere. It sits at the heart of our internal and external communication and is never translated. It describes our business model and our strengths very accurately.

How exactly?

Firstly, everything we do revolves around lubricants. This really sets us apart, for example from mineral oil companies. These companies focus primarily on crude oil, and lubricants only form a rather small segment. For us, on the other hand, base oils are just one raw material among many that we use to produce ten thousand different lubricant product formulations. Secondly, technology: we pursue a holistic approach. We do not supply just any product, but rather immerse ourselves in the processes of our customers and help make these more efficient with our expertise. Thirdly, people: the high degree of loyalty displayed by our employees and our low staff turnover rate show that we have established our own special corporate culture, which is based on the appreciation of every individual. This is why “LUBRICANTS.TECHNOLOGY.PEOPLE.” describes us so accurately and why we have built our brand identity on this triad.

What else does the brand architecture involve?

First of all, the promise to our customers: they are purchasing technology that pays back. Our products generate added value for our customers – for example by allowing their machines to run longer without servicing, or their drills to drill for longer without wear. Then comes the character of the brand: FUCHS stands for reliability, proximity and continuity. We stand by our word, are close to our customers both physically and in terms of thinking, and will still be here tomorrow. This is because the Fuchs family secures the company’s independence. But above all there is our vision.

“Being first choice” – you are keen to set standards in the field of lubricants?

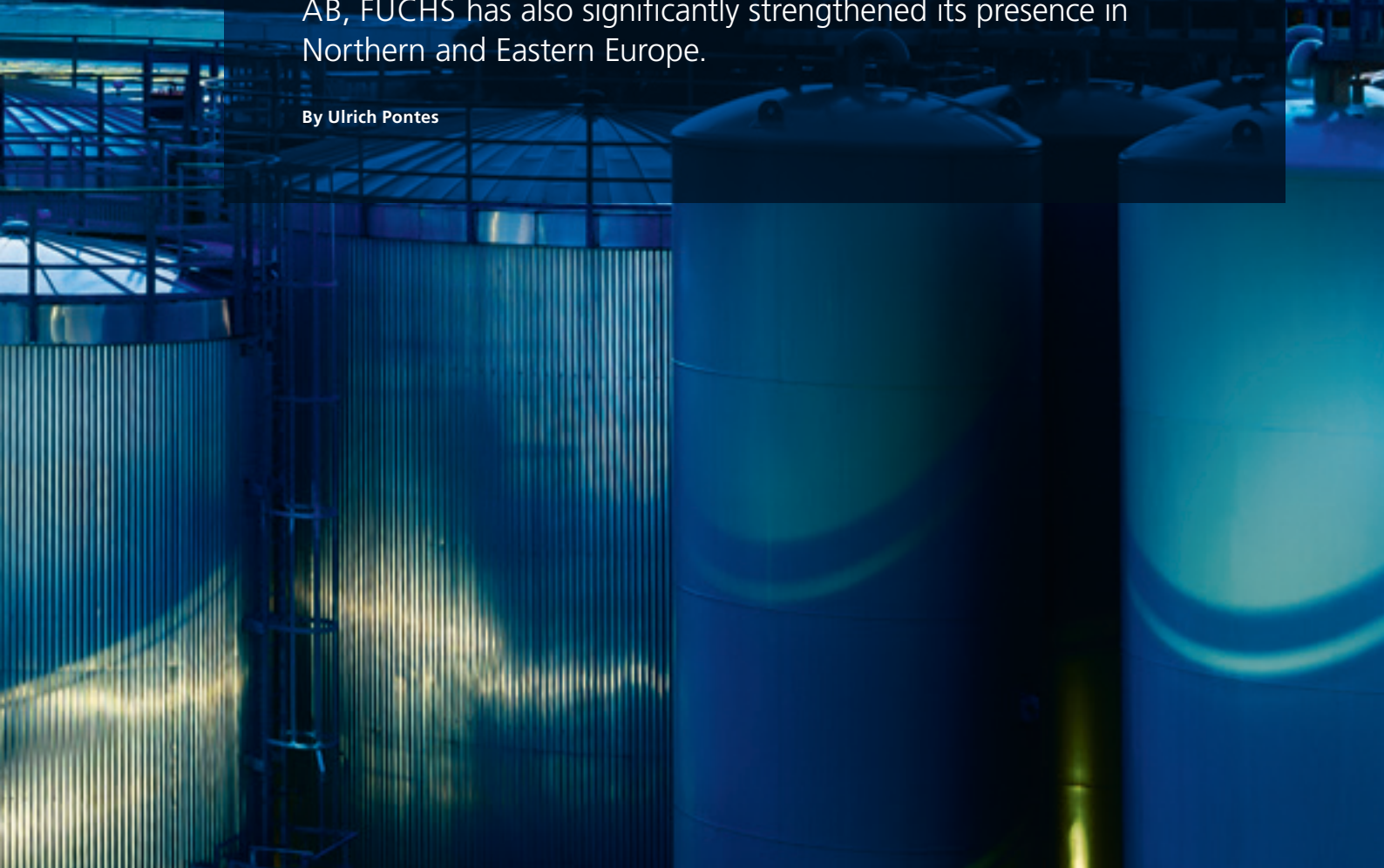
Yes, we are already doing this and are keen to become even more effective in this regard in future. We would like everyone who needs lubricants to think of FUCHS first. We still have a lot to do until then, as we operate in an incredibly diversified market, ranging from motor vehicles to food production. But we are working on serving consistently all niches of this market worldwide. This is why “being first choice” is our vision. ■



BREAKING NEW GROUND

With DEUTSCHE PENTOSIN-WERKE GMBH, FUCHS acquired the market leader in the technologically sophisticated segment of dual clutch transmission fluids in 2015. The majority of motor vehicle manufacturers and suppliers in this field rely on PENTOSIN products. The long-established company from Wedel develops its fluids in close coordination with OEMs and produces them in batches of up to 1,000 tons in a largely automated system. Through another acquisition, STATOIL FUEL & RETAIL LUBRICANTS AB, FUCHS has also significantly strengthened its presence in Northern and Eastern Europe.

By Ulrich Pontes



The trend toward hybrid and purely electrical vehicle drives presents many opportunities. After all, even electric cars will always need transmissions. The company is ready to face the new requirements resulting from this.

If the lubrication in an automatic transmission fails, this can potentially have very serious consequences. At a certain engine speed, the car begins to shake and vibrate as though it has developed a life of its own and wishes to eject its passengers. Experts refer to this phenomenon as "judder". It happens when a clutch encounters the so-called stick-slip effect, whereby the discs almost stick to one another and begin to jolt at the resonant frequency of the bodywork.

Transmission fluid can therefore definitely be considered a critical component in terms of comfort and driving pleasure. The same also applies to consumption and CO₂ emissions. As Dr. Edgar Steigerwald explains, even modern dual-clutch automatic transmissions still hold potential savings. "Fuel economy is today the key trend among OEMs."

TOP ECHELON OF TRANSMISSION FLUIDS

Steigerwald is a chemical engineer and Head of Development at DEUTSCHE PENTOSIN-WERKE in Wedel – a company specialized in automotive lubricants that has been part of the FUCHS family since 2015. He and his team work tirelessly on optimizing transmission fluids and transmission performance. The development and testing process, which is networked closely with the manufacturers, is critical in this regard. Steigerwald sees the key strength of the company in this field: "Development is the nerve center of PENTOSIN." Indeed, the company has regularly succeeded in developing oils to meet highly specific requirements. This is particularly true of dual-clutch transmission fluids (DCTFs). Due to the design of these modern automatic transmissions, DCTFs must deliver exceptional performance. As such, they represent the top echelon of transmission fluids.

Thanks to its acquisition of PENTOSIN, FUCHS is top of the class in this category. Most OEMs trust PENTOSIN and have each certified products designed specifically for their transmissions as the exclusive choice for initial filling and servicing. Sales volumes of the corresponding product ranges are constantly on the rise, with new generations of DCTFs continually being added for new transmission manufacturers. The fluids are popular among both high-volume car makers and exclusive sports car producers. Steigerwald: "We have the opportunity to massively reduce friction. This is necessary in transferring high torque levels effectively to the road."

The best-selling DCTF is FFL-2. FFL-2 is a reference-grade product that is hard to beat, as the Head of Development explains: "We have sold many thousands of tons of this product and it has proved extremely successful in the field."

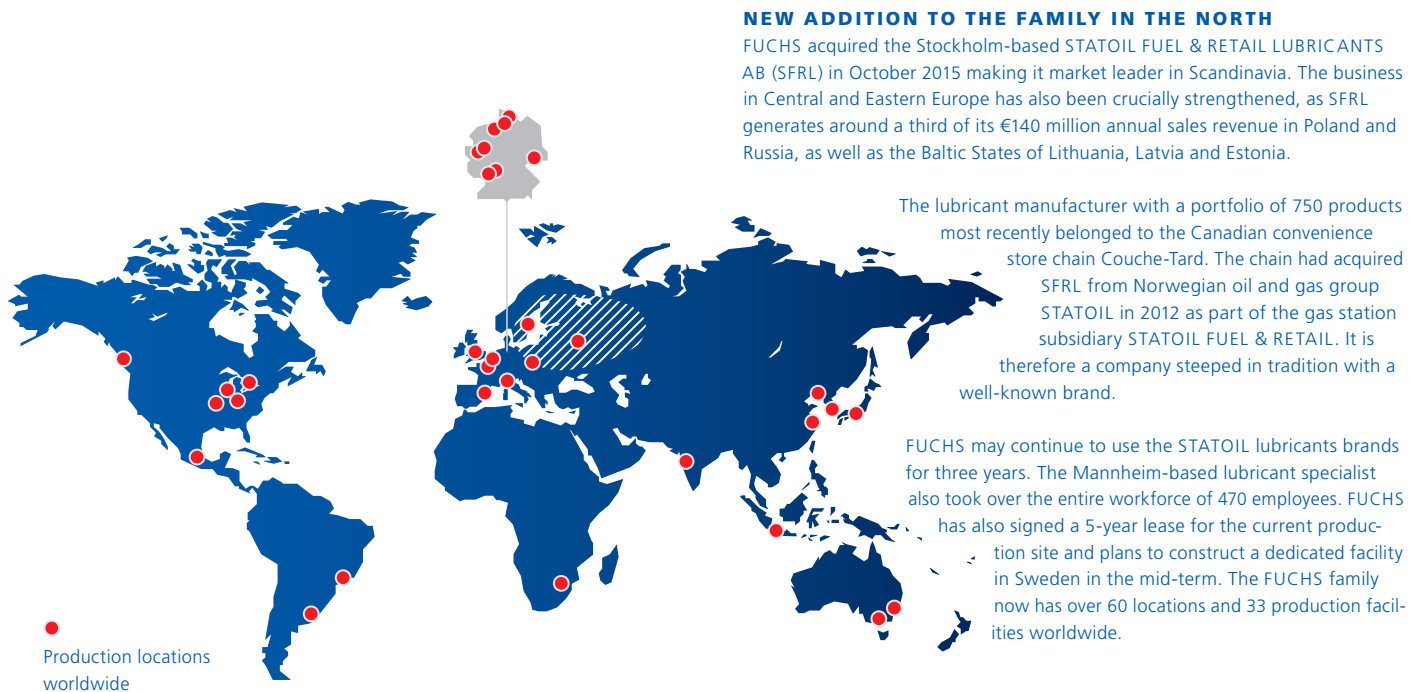
DETAILED RECIPE

Demand is developing so fast that the Wedel location has already had to increase its production capacities many times. Two large blending tanks today allow batches of 600 or even 1,000 tons to be produced. The production operations are essentially run by specialist personnel in a control room. From here, everything can be controlled via a computer with four monitors: It is possible to display each tank and its fill level, each agitator, each pump, just as each valve and its current flow rate. The formula of the respective product and the precise production procedure is stored on the computer. This can be seen as a kind of recipe that specifies in detail which base liquids and additives are to be pumped into the mixing tank in which composition and which order, as well as how long the mixer pumps and agitators have to stir.



top // Automated production: computer-controlled pumps and valves secure the right mix. bottom left // Oil is filled into the test rig for a batch release test. bottom right // King of endurance: the FFL-2 is what started the success story





Once the procedure has been completed, which can take several days, the result is a homogeneous mix. Samples are taken and subjected to thorough testing, first in the laboratory and then on test rigs in line with product-specific and customer-specific procedures. Only when all test results fulfill the requirements will the batch be released for delivery. It is then time for tank trucks to load the fluid and transport it to the transmission manufacturer for initial filling. In addition, some of the fluid can be filled into containers of various sizes in the filling plant ready for transmission fluid changes and topping up at workshops, as well for general sale.

Engine and hydraulic oils are also produced in Wedel in a similar process that is operated from the same control room, although in otherwise separate production lines. The facility also uses smaller blender tanks, in which small batches can be produced manually. Among other things, these smaller batches are used in test runs to specify certain parameters for large-scale production.

A LONG SUCCESS STORY ...

PENTOSIN's beginnings stretch even further back. Heinrich Freudenthal founded DEUTSCHE PENTOSIN-WERKE in Hamburg back in 1927 to produce high-quality veterinary products. Within just a few years, the family business also began to make a name for itself beyond Germany's borders. Shortly after this, however,

the founder realized that the automotive industry had a very bright future ahead of it. He therefore began developing lubricants and brake fluids. At the start of the 1960s, a second production site was then opened in Dormagen. This location is still used to produce anti freeze and brake fluids to this day. The main facility, including administration, laboratories and research and development, relocated from Hamburg to the nearby town of Wedel in 1972. Since this time, the location has been further expanded several times through purchases of neighboring plots of land.

Including a small office in Brazil, PENTOSIN employed 190 people in 2015. The business has grown continuously in the last few years, not least thanks to the technological advantage the company enjoys in the field of dual clutch transmission fluids. In the year prior to the acquisition by FUCHS, it generated sales revenues of €135 million.

... WITH A PROMISING FUTURE

The company has no intention of resting on its prior successes, nor can it afford to. After all, there are many existing and potential customers out there. These often come with new requirements, which need to be met through further development of existing oils, as Head of Development Steigerwald explains: "There is really not a single day that can be described as boring."

The team of developers must also keep a keen eye on future trends in the automotive sector. Firstly, requirements with regard to fuel saving and durability are constantly on the rise. For example, one supplier is keen to double its transmission fluid change interval from 60,000 to 120,000 kilometers – while at the same time halving the volume of fluid in the transmission, which would accelerate aging effects. However, the developers are confident that they can also overcome this challenge. Secondly, the trend towards hybrid and purely electric vehicle drives is seen as a great opportunity. After all, vehicles will always need transmissions, even electric ones. The company is ready to face the new requirements associated with this – for example when properties that have never before played a part in automotive lubricants such as electrical conductivity or breakdown voltage then suddenly become relevant.

Above all, however, the worldwide market for dual clutch transmissions is likely to continue growing for years thanks to the exemplary combination of efficiency and comfort these units offer. PENTOSIN is also top dog in this field. There are therefore many reasons why the success story still has many chapters left to write. ■



Questions for Dr. Ralph Rheinboldt

Europe Executive at FUCHS PETROLUB SE

HAVING ACQUIRED STATOIL FUEL & RETAIL LUBRICANTS AB, FUCHS NOW HAS A MUCH STRONGER PRESENCE IN NORTHERN EUROPE. BESIDES NEW SALES OPPORTUNITIES, DOES THE ACQUISITION ALSO COVER OTHER ASPECTS?

With the acquisition of STATOIL FUEL & RETAIL LUBRICANTS AB (SFRL), FUCHS has achieved a market-leading position in the Nordic countries. In addition to this, it has been possible to expand the market position in various countries of Central and Eastern Europe. Thanks to SFRL's very broad customer base, we now have access to customers that are new or virtually new to FUCHS. We are also improving our logistics in the Nordic countries, which will make us an even more attractive partner for existing FUCHS customers. From the technological perspective, the FUCHS product portfolio is being supplemented, for example with products for the offshore sector or products that are particularly well suited to cold climate zones.

THE IDEA BEHIND THE SECOND MAJOR ACQUISITION IN 2015, DEUTSCHE PENTOSIN-WERKE GMBH, IS NOT QUITE AS APPARENT. AFTER ALL, FUCHS HAS ALWAYS DONE A GREAT DEAL OF BUSINESS WITH MOTOR VEHICLE MANUFACTURERS AND AUTOMOTIVE SUPPLIERS.

Yes, that's true. FUCHS is a recognized partner to the automotive and automotive supply industry. The PENTOSIN acquisition was not so much about gaining access to individual customers or customer groups, but more about product technology. With the PENTOSIN products, FUCHS has extended its product portfolio in the first-fill business among both German and international vehicle manufacturers. This technological gain, coupled with FUCHS' global positioning, offers massive opportunities that we will utilize.

MY LUBRICANTS COMPANY

The focus on lubrication products (LUBRICANTS) and complete solutions (TECHNOLOGY), as well as the exceptional commitment of the employees (PEOPLE) represent the basis of the worldwide success enjoyed by FUCHS. The lubricant manufacturer uses this business model to generate added value – particularly for its customers, who appreciate FUCHS as an innovative specialist and reliable partner with excellent customer focus across the globe.

By Silke Wernet



"We use a FUCHS product for a floatation process in coal treatment. The product is tailored perfectly to our special requirements and has helped us successfully optimize this process, reduce costs, and increase production. In our almost 20 years of cooperation with FUCHS, we have come to realize that we made the perfect choice."

**Andrzej Molenda, Mechanical Treatment Department Manager,
Coalmine JSW S.A. Knurow-Szczygłowice / Poland**



"An internationally successful Group with the atmosphere of a traditional family business – this combination is what makes FUCHS so appealing to me. FUCHS specializes in and focuses on its core skills. As employees, we authentically represent precisely this. And this impresses our customers."

**Katrin Brehm, Head of Controlling
FUCHS SCHMIERSTOFFE GmbH / Germany**

"At FUCHS, the corporate philosophy is actively lived out, and we identify with it as employees. Good prospects for the company are also passed on to the employees. We are challenged and encouraged, and our performance is recognized. I have the feeling that I can learn new things on a daily basis and also further my self-development."

**Karin Simonis, Technical Service Assistant,
FUCHS LUBRITECH GmbH / Germany**



"In the Lamattina family, we work closely with the FUCHS family and are connected by more than just a business relationship. FUCHS also offers us the best special products and employees. They understand our business, and we are more than satisfied with their service. This is why we will continue to rely on FUCHS products now and in the future."

**Phil Lamattina, Director Lamattina Holdings, Industry,
Agriculture, Manufacturing / Australia**



"The high-grade lubricants from FUCHS, which complement our product range in the automotive aftermarket sector, have helped us achieve a good position in the Chinese lubricant market. FUCHS is not only a reliable supplier of quality products, but is also willing and able to offer us both technical and sales support whenever we request it."

**Chuanchuan Wang, Senior Purchasing Engineer, Bosch Trading
(Shanghai) Co. Ltd. / China**



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MANAGEMENT & SHARES

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www.fuchs.com/group

Reference to our mobile website.
Scan the QR code with your smartphone
for information on FUCHS in just
a few clicks when you are on the go.

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Ten-year overview
Financial calendar



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MANAGEMENT & SHARES

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1.1 Letter to our shareholders

Dear shareholders,

In 2015, the Group recorded its seventh increase in earnings in succession. Sales revenues exceeded the €2 billion mark for the first time. The two major acquisitions of PENTOSIN and STATOIL FUEL & RETAIL LUBRICANTS were financed from the year's cash flow. The high earning power and solid balance sheet have motivated the Executive Board and Supervisory Board to propose the 14th dividend increase in succession with a dividend payout ratio of 50%. This underlines our confidence in achieving further profitable growth.

The 11% growth in sales revenues in 2015 can in particular be attributed to the acquisitions made in the second half of the year, as well as currency effects due to the weak euro. The PENTOSIN acquisition extends our product portfolio in the automotive OEM business, which we will make use of in our worldwide network. STATOIL has helped us become one of the market leaders in Scandinavia and considerably strengthened our business base in both Poland and Russia. The two acquisitions have increased our global workforce to over 4,800 employees. In line with sales revenues, earnings before interest and tax (EBIT) increased by 9% and set a new record at €342 million.

We made consistent progress in networking our global teams of experts. Knowledge transfer and prompt communication are important prerequisites for consistently taking advantage of worldwide opportunities that present themselves. Our brand forms the basis for FUCHS' new corporate identity. We are striving to be "My Lubricants Company" for our employees, customers and shareholders. "Being first choice" is our vision. We are keen to set standards for our customers in all aspects of lubricants. To secure a uniform corporate identity of our company in the global markets, we restructured and modernized our internet presence.

For 2016, we are planning to increase sales revenues and earnings in all global regions. The expectations for 2016 are based on a generally positive development of the global economy, despite the known risks in many regions that are important for us. The low raw material costs, as well as volatile currencies will continue to challenge many of our customers. With the highest investment budget in company history, however, we are laying the foundations for further growth in all three global regions. Moreover, we also plan to utilize the ongoing consolidation of the lubricants industry to generate value for FUCHS PETROLUB in 2016.



Stefan Fuchs, Chairman of the Executive Board

At the end of 2015, Dr. Alexander Selent took his well-deserved retirement from FUCHS PETROLUB following 17 years of successful work as CFO. With effect from January 1, 2016, Ms. Dagmar Steinert was appointed as CFO, and Dr. Timo Reister was appointed to the Board with responsibility for the Asia-Pacific, Africa region. Both come from within the company and extend the Executive Board to five persons.

On behalf of the Executive Board, I would like to thank you, the shareholders of FUCHS PETROLUB SE, for your trust in our company, its management, and its global team.

I would also like to take this opportunity to thank all employees worldwide for their hard work and commitment, which helped make 2015 such a success. Additionally, I would like to thank Dr. Selent for the past twelve years in which he served as my deputy and where he made key contributions, especially to the definition and practical implementation of the FUCHS Value Added concept.

Mannheim, March 22, 2016

Yours 

Stefan Fuchs
Chairman of the Executive Board

1.2 Organization



Executive Bodies

CORPORATE BOARDS

SUPERVISORY BOARD

Dr. Jürgen Hambrecht
Neustadt an der Weinstraße

Chairman
Chairman of the Supervisory Board of BASF SE

First appointment: 2011
Expiration of the mandate: 2020

Dr. Dr. h.c. Manfred Fuchs
Mannheim

Deputy Chairman

First appointment: 2004
Expiration of the mandate: 2020

Ines Kolmsee
Tutzing

Member of the Executive Board of EWE AG

First appointment: 2011
Expiration of the mandate: 2015

Horst Münkkel
Mannheim

Employee representative
Chairman of the Group works council and Deputy Chairman
of the SE works council at FUCHS PETROLUB SE
Chairman of the joint works council at
FUCHS SCHMIERSTOFFE GmbH

First appointment: 2009
Expiration of the mandate: 2020

Ingeborg Neumann
Berlin

Managing partner at Peppermint Holding GmbH

First appointment: 2015
Expiration of the mandate: 2020

Lars-Eric Reinert
Chicago

Employee representative
Grease Plant Manager in Harvey, FUCHS LUBRICANTS CO.

First appointment: 2008
Expiration of the mandate: 2020

Dr. Erhard Schipporeit
Hanover

Former member of the Executive Board of E.ON SE

First appointment: 2008
Expiration of the mandate: 2020

COMMITTEES OF THE SUPERVISORY BOARD**Personnel Committee**

Dr. Jürgen Hambrecht (Chairman)
 Dr. Dr. h. c. Manfred Fuchs
 Ines Kolmsee (until May 6, 2015)
 Ingeborg Neumann (since May 6, 2015)

Audit Committee

Dr. Erhard Schipporeit (Chairman)
 Dr. Dr. h. c. Manfred Fuchs
 Ines Kolmsee (until May 6, 2015)
 Ingeborg Neumann (since May 6, 2015)

Nomination Committee

Dr. Jürgen Hambrecht (Chairman)
 Dr. Dr. h. c. Manfred Fuchs
 Ines Kolmsee (until May 6, 2015)
 Ingeborg Neumann (since May 6, 2015)
 Dr. Erhard Schipporeit

EXECUTIVE BOARD**Stefan Fuchs**

Hirschberg

Chairman
 First appointment: 1999
 Chair since 2004
 19 years at FUCHS

Dr. Lutz Lindemann

Kerzenheim

Member of the Executive Board
 First appointment: 2009
 17 years at FUCHS

Dr. Timo Reister

Heidelberg

Member of the Executive Board
 First appointment: 2016
 6 years at FUCHS

Dr. Ralph Rheinboldt

Heddesheim

Member of the Executive Board
 First appointment: 2009
 17 years at FUCHS

Dr. Alexander Selent

Limburgerhof

Deputy Chairman, Chief Financial Officer
 1999–2015
 17 years at FUCHS

Dagmar Steinert

Mannheim

Member of the Executive Board, Chief Financial Officer
 First appointment: 2016
 3 years at FUCHS





THE EXECUTIVE BOARD

DR. RALPH RHEINBOLDT

- FUCHS LUBRITECH Group
- SAP/ERP Systems
- Region Europe

DAGMAR STEINERT

- Finance, Controlling
- Investor Relations, Compliance
- Internal Audit
- IT
- Legal, Taxes

STEFAN FUCHS, CHAIRMAN

- Corporate Development, Human Resources, Senior Management
- Public Relations
- Region North and South America

DR. LUTZ LINDEMANN

- Research & Development, Technology
- Supply Chain Management
- Sustainability
- International Mining Business
- International OEM Business

DR. TIMO REISTER

- Region Asia-Pacific, Africa



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Allocation of duties

GROUP MANAGEMENT COMMITTEE

Stefan Fuchs

Dr. Lutz Lindemann

Dr. Timo Reister

Dr. Ralph Rheinboldt

Dagmar Steinert

Bernhard Biehl

■ FUCHS LUBRITECH Group

Klaus Hartig

■ Region East Asia

Stefan Knapp

■ Region Germany

Carsten Meyer

■ International OEM Business

Steve Puffpaff

■ Region North America

Reiner Schmidt

■ Finance, Controlling and Investor Relations

Alf Untersteller

■ Region Turkey, Middle East, Central Asia, Africa

1.3 Report of the Supervisory Board

Dear shareholders,

FUCHS PETROLUB was very successful in the financial year 2015 despite an increasingly challenging economic environment. Both sales revenues and earnings reached new records. The growth strategy was actively pursued. The major acquisitions of PENTOSIN and STATOIL, which were financed from the current cash flow, played an essential role here. The company remains soundly financed.

Work performed by the Executive Board and Supervisory Board

The Supervisory Board performed its advisory and monitoring duties with care and conscientiousness in accordance with the requirements of law, the company's Articles of Association, and the rules of procedure.

The Supervisory Board and Executive Board cooperated fully and effectively in the financial year 2015. The Chairman of the Executive Board regularly and immediately informed the Chairman of the Supervisory Board of all significant and important events. In addition to this, the Supervisory Board and Executive Board also remained in close contact outside scheduled meetings to ensure a constant exchange of information and opinions.

All elected members of the Supervisory Board attended the Supervisory Board and committee meetings. In its December 2015 meeting, the Supervisory Board also examined the efficiency of its own activities and did not determine any significant need for improvement in this regard. The Supervisory Board comprised a sufficient number of independent members. No conflicts of interest occurred among members of either the Executive Board or the Supervisory Board.

Changes in the Supervisory Board and the Executive Board

The term in office of all members of the Supervisory Board ended with the conclusion of the Annual General Meeting on May 6, 2015. Of the previous shareholder representatives, Ms. Ines Kolmsee was no longer standing for reelection. Besides re-appointing Dr. Jürgen Hambrecht, Dr. Dr. h. c. Manfred Fuchs and Dr. Erhard Schipporeit, the Annual General Meeting also appointed Mrs. Ingeborg Neumann to the Supervisory Board at FUCHS PETROLUB SE as a new shareholder representative. Mr. Horst Münkelt and Mr. Lars-Eric Reinert were proposed directly by the European works council (SE works council) of FUCHS PETROLUB SE and then appointed by the Annual General Meeting. The term in office of all newly elected members of the Supervisory Board ends with completion of the 2020 Annual General Meeting. The Supervisory Board thanked Ms. Ines Kolmsee for her responsible and committed work in the interest of the company.



Dr. Jürgen Hambrecht,
Chairman of the Supervisory Board

Dr. Alexander Selent went into retirement as planned at the end of 2015. Accordingly, his appointment as a member of the Executive Board ended at the same time. The Supervisory Board sincerely thanked Dr. Alexander Selent for his exemplary commitment and performance in 17 years as CFO. With effect from January 1, 2016 the Supervisory Board has appointed Dagmar Steinert as a member of the Executive Board and Chief Financial Officer. With effect from the same date of January 1, 2016, Dr. Timo Reister was appointed to the Board with responsibility for Asia-Pacific, Africa. On July 20, 2015, and with effect from July 1, 2016, the mandate of Stefan Fuchs as a member and Chairman of the Executive Board was extended by a further five years until June 30, 2021. The allocation of duties was brought into line with the extension to five members of the Executive Board.



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Reports and board meetings

Six Supervisory Board meetings were held in 2015.

The Supervisory Board was regularly, promptly, and comprehensively informed, both in writing and orally, about the company's corporate policy, business developments, profitability, liquidity and risk situation, as well as all relevant questions regarding strategic enhancements in accordance with the duties set out in the rules of procedure. Further regular areas of consulting were budget monitoring, key investment and acquisition projects, the further development of the **CORPORATE GOVERNANCE** Code and the revised legal structure of the Group company in South Africa. Following thorough examination and consultation, the Supervisory Board approved the proposed resolutions of the Executive Board, insofar as this was necessary based on applicable legislation or the company's Articles of Association.

In the balance sheet meeting on March 23, 2015, the annual and consolidated financial statements and the combined management report of FUCHS PETROLUB SE, the Executive Board's proposal on the appropriation of profits, and the dependent company report were finally reviewed, discussed, and approved in the presence of the auditor. In this meeting, the Supervisory Board also approved the agenda for the Annual General Meeting of FUCHS PETROLUB SE with the proposed resolutions, in particular the proposed resolutions on the authorization to perform capital increases from authorized capital and on the authorization to acquire own shares.

In the meeting held immediately before the Annual General Meeting on May 6, 2015, the Executive Board reported on the business performance of the Group after the end of the first quarter, as well as on acquisition projects concerning PENTOSIN and STATOIL FUEL & RETAIL LUBRICANTS. The constituent meeting of the Supervisory Board at FUCHS PETROLUB SE, which had been newly elected prior to this by the Annual General Meeting, was held following the Annual General Meeting. During this meeting, the Chairman and Deputy Chairman of the Supervisory Board, the members of the individual Supervisory Board Committees, as well as their respective Chairman were all appointed.

In the meeting held on July 20, 2015, the Supervisory Board examined the 2015 half-year financial statements together with the accompanying interim management report. In addition, investment and acquisition projects were debated, focusing in particular on STATOIL FUEL & RETAIL LUBRICANTS. Discussions were also held on the targets set for the proportion of women on the Executive Board and Supervisory Board, as well as the strategy for the Asia-Pacific, Africa region. The Supervisory Board also received information on the IT strategy of FUCHS PETROLUB SE. This was followed by a speech by Prof. Dr. Michael Braungart on the topic of "Sustainability in balancing ecological targets with economic objectives" with subsequent discussion on the potential implications for the strategy of FUCHS PETROLUB SE.

Besides the Executive Board report on economic development in the Group and further information on capital expenditures and acquisitions, the Supervisory Board meeting held on October 13, 2015, examined the process used for technical and financial evaluation of capital expenditures. The focus of the meetings was on detailed reporting and discussion of the growth strategy for North America and an update on the organizational measures and capital expenditures at the Harvey location in the US.

The focal topics of the meeting held on December 10, 2015, were the 2016 budget, including earnings, the balance sheet, cash flow, investments, and the continuation of the growth initiative including acquisitions. Beside this, the Supervisory Board also examined the risk management and compliance report, the results of the 2015 audit reviews and the 2016 audit plan, the new legal framework in South Africa that came into effect on January 1, 2016, as well as the 2015 **DECLARATION OF COMPLIANCE**. In addition, the performance factor for calculating the variable compensation of the members of the Executive Board for the financial year 2015 was laid down based on the target achievement determined by the Personnel Committee.



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Work of the committees in the Supervisory Board

The Supervisory Board has formed three committees: the Audit Committee, the Personnel Committee and the Nomination Committee. Information on the activities of the committees was provided at the start of each Supervisory Board meeting. All committee members took part in the respective committee meetings. The composition of the three committees is presented on page 29.



Executive Bodies

The **Audit Committee** held four meetings in the reporting year. The CFO and heads of the Finance and Controlling and the Accounting departments regularly attended the meetings. The auditor was present at two meetings. The committee focused on the annual and consolidated financial statements alongside the combined management report, the monitoring of the financial accounting process, the effectiveness of the internal control system, of the risk management system, and of the internal audit system, as well as the audit of the financial statements. The Group's quarterly reports and the semi-annual financial report were always discussed in detail. The Audit Committee also provided the Supervisory Board with a recommendation for the Supervisory Board's proposal to the Annual General Meeting regarding the selection of the auditor. In addition to this, the Audit Committee defined the key areas of the audit for the reporting year, awarded the audit assignment to the auditor, and addressed both the new accounting regulations and current compliance issues.

The **Personnel Committee** supports the Supervisory Board in reaching personnel decisions. Three meetings were held in the reporting year. The Personnel Committee focused in depth on preparation of the decisions in the context of the new appointments to the Executive Board, the necessary changes to the allocation of duties within the extended Executive Board, and the details of the Executive Board contracts. Furthermore, the topics of diversity and appropriate involvement of women in management positions at the company, as well as contingency planning within the Executive Board were discussed.

The **Nomination Committee** met twice in the reporting year. With a view to the regular election of the Supervisory Board scheduled for the Annual General Meeting on May 6, 2015, the candidate proposals were drawn up. These were then presented to the Supervisory Board for its proposed resolution on March 23, 2015. On July 19, 2015, the Nomination Committee discussed the definition of targets for the percentage of women on the Executive Board, Supervisory Board, and the two management levels below the Executive Board as well as contingency provisions in place to fill vacant positions on the Supervisory Board, if necessary.

Audit of annual and consolidated financial statements

As per the resolution of the Annual General Meeting from May 6, 2015, the Supervisory Board's Audit Committee commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to audit the 2015 annual financial statements and consolidated financial statements, including the combined management report. The auditor submitted and explained his declaration of independence.

The financial statements for the financial year 2015, prepared pursuant to the German Commercial Code (HGB), as well as the consolidated financial statements and the combined management report of FUCHS PETROLUB SE prepared pursuant to the **IFRS** international accounting standards to be applied in the EU, were audited and granted an unqualified auditor's opinion by KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim. The focuses of the audit defined for the reporting period by the Audit Committee upon the appointment of the auditors were examined in more detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for early identification of any developments which might endanger the continued existence of the company. During the audit, the auditor did not determine any issues/facts that would contradict the Declaration of Compliance or any issues that might give rise to statements of exclusion or reservation in the auditors' report. The Supervisory Board conducted its



Glossary page 215

own thorough examination of the annual and consolidated financial statements, the combined management report and the proposal on appropriation of profits. The audit reports of KPMG were submitted to all members of the Supervisory Board in good time and were discussed comprehensively in the Audit Committee as well as in the balance sheet meeting on March 21, 2016. The auditor who took part in both meetings reported on the main results of the audit and was available to answer any questions or provide extra information. The Supervisory Board took note of and approved the results of the audit performed by the independent auditors. There are no objections based on the final results of the audit of the Audit Committee and of our own audit. The Supervisory Board approved the financial statements submitted by the Executive Board and thereby also the annual financial statements of FUCHS PETROLUB SE. We agreed with the proposal regarding the appropriation of profits.

The Executive Board reported on its relationship to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and submitted this report to the Supervisory Board. The external auditors examined the report, submitted in writing the results of this examination and issued the following audit opinion: "We have audited in accordance with our professional duties and confirm that

1. the actual statements made in the report are correct and
2. the payments or other contributions made by the company in connection with the legal transactions listed in the report were not unreasonably high."

The Supervisory Board took note of and approved the results of the audit performed by the independent auditors. In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board.

Thanks

The Supervisory Board would like to thank the members of the Executive Board, all employees worldwide and the employee representatives for their dedicated commitment, personal contributions and constructive cooperation for the benefit of the company.

Mannheim, March 21, 2016

The Supervisory Board



Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

1.4 Corporate Governance Report

In the following chapter, the Executive Board reports – also on behalf of the Supervisory Board – on corporate governance at FUCHS PETROLUB SE in line with Section 3.10 of the German Corporate Governance Code. The chapter also contains the Declaration of Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB).

Corporate governance at FUCHS PETROLUB SE is predominantly based on the regulations of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The Corporate Governance Code contains important regulations on managing and monitoring listed companies and also formulates both nationally and internationally recognized standards for sound and responsible corporate governance.

FUCHS PETROLUB SE sees corporate governance as a central prerequisite for achieving its company targets and increasing company value. We believe that sound and responsible management and supervision geared towards sustainable added value in particular include

- close and trusting cooperation between Executive Board and Supervisory Board
- respect for shareholders' interests
- open corporate communication
- transparency in accounting
- responsible handling of opportunities and risks
- sustainable business activities.

We are convinced that effective and transparent corporate governance is a key factor in the success of FUCHS PETROLUB SE. Corporate governance therefore plays an important part in how we see ourselves and is a standard that covers all departments and divisions within the company. Investors, financial markets, business partners, employees and the general public put their trust in us in this respect. We are keen to confirm this trust long-term and also continuously further develop corporate governance in the Group.

On multiple occasions throughout the last financial year, the Executive Board and Supervisory Board at FUCHS PETROLUB SE once again examined and addressed the stipulations of the Corporate Governance Code in detail, paying particular attention to the requirements regarding the independence of members of the Supervisory Board and taking into account the concepts of diversity and giving appropriate consideration to women when filling management positions in the company. On this basis, the Executive Board and Supervisory Board together submitted the updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 10, 2015, and made this available to shareholders on the company's website – together with the declarations of previous years.



Text of the Declaration
of Compliance

DECLARATION OF CORPORATE GOVERNANCE*

MANAGEMENT AND CONTROL STRUCTURE – WORKING PRACTICES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

As an European corporation (Societas Europaea – “SE”), FUCHS PETROLUB SE, with its registered office in Mannheim, is subject in particular to the provisions of the SE Regulation and of the German Stock Corporation Act (AktG), on the basis of which the German Corporate Governance Code was also developed. A basic principle in German stock corporation law is the two-tier board system with the Executive Board and Supervisory Board bodies, each of which has independent responsibilities. This two-tier board system was also retained following the conversion to an SE. Sound corporate governance requires continuous further development of this two-tier board system, with all divisions being included. This begins with independent and responsible corporate management by the Executive Board which is advised and monitored by the Supervisory Board.

CORPORATE MANAGEMENT BY THE EXECUTIVE BOARD

The Executive Board holds responsibility to act as the management body and is bound both to the company’s interests and to sustainably increasing company value. The members of the Executive Board together hold responsibility for the entire company management. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Board resolutions. Rules of procedure specify in more detail the work of the Executive Board. The distribution of responsibilities to the individual members of the Executive Board is set out in the schedule of responsibilities. For key business processes – such as specifying annual planning or major acquisitions – the rules of procedures for the Executive Board include gaining approval of the Supervisory Board for its actions.

The Executive Board reaches decisions on key issues regarding corporate policy and strategy, as well as annual and multi-year planning. The Executive Board ensures appropriate opportunity and risk management in the company. It works towards compliance with legal regulations, regulatory stipulations and internal company guidelines (compliance). It also pays attention to diversity and ensuring appropriate consideration is given to women when filling management positions at the company. In doing so, FUCHS strives for systematic and targeted promotion of qualified women considering them appropriately when filling Executive Board and management positions.

The Executive Board at FUCHS PETROLUB SE comprised four persons in 2015. Since January 1, 2016, it has been made up of five persons including one woman. The composition of the Executive Board and the allocation of duties within the Executive Board (organization of responsibilities, regions and segments) are shown in detail on pages 33 of this annual report.



33

The Executive Board

* Part of the combined management report.

MONITORING OF CORPORATE MANAGEMENT BY THE SUPERVISORY BOARD

The Supervisory Board appoints the members of the Executive Board, and both advises and monitors the Executive Board in its management of the company. It is included in strategy and planning, as well as in all questions of fundamental importance for the company. The Chairman of the Executive Board maintains regular contact with the Chairman of the Supervisory Board. The continuous dialog between the Executive Board and Supervisory Board, which is based on mutual trust, forms an important foundation for the company's success.

The Supervisory Board at FUCHS PETROLUB SE is made up of four shareholder members, who are elected by the Annual General Meeting, as well as two members who are elected by the European works council (SE works council) of FUCHS PETROLUB SE, which represents the European employees of the company.

The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote.

The Supervisory Board at FUCHS PETROLUB SE is composed in a way that ensures qualified advising and monitoring of the Executive Board by the Supervisory Board. Based on their knowledge, skills and specialist experience, the candidates to be proposed for election to the Supervisory Board should be capable of performing the duties required of a member of the Supervisory Board at an international group operating in the lubricants industry and preserving the reputation of the FUCHS PETROLUB Group in the public arena. Relevant qualifications, in compliance with diversity and appropriate involvement of women, are the key factors for the composition of the Supervisory Board. In this context "diversity" is understood to mean diversity in terms of internationality (not in the sense of citizenship, but rather origin, upbringing, training and career), gender and age. Based on Section 5.4.1 of the Code, the Supervisory Board has set the following targets for its composition:

- The required knowledge, skills and specialist experience refer in particular to the management of an international company
- Special economic knowledge and experience is to be considered
- Special knowledge and experience in the application of financial accounting principles and internal control procedures
- Technical expertise, in particular in the field of (special) chemicals is to be considered
- Appropriate involvement of women in the Supervisory Board for new appointments
- An appropriate number of independent members of the Supervisory Board; of the four shareholder representatives on the Supervisory Board, at least two should be independent in the sense of Section 5.4.2 of the Code
- Prevention of significant and not only temporary potential conflicts of interest
- Consideration of the (standard) age limit of 70 years at the time of election
- Consideration of the (standard) membership limit of 15 years

The Supervisory Board complies with the diversity requirements. The Supervisory Board also believes that it includes an appropriate number of independent shareholder representatives.

In compliance with the law on equal participation of women and men in management positions in both the private and public sector, the Supervisory Board has defined targets for the proportion of women on the Executive Board and Supervisory Board. These targets are to be achieved by June 30, 2017, in each case. The target of 17% for the Supervisory Board was specified taking into account in particular the current proportion of 17% and the term in office of the current members of the Supervisory Board. Taking into consideration the extended Executive Board as of January 1, 2016, the Supervisory Board set a target of one woman for the Executive Board of FUCHS PETROLUB SE.

The Executive Board has defined the two management levels below the Executive Board as follows: The first management level comprises the members of the Global Management Committee and the division leaders within FUCHS PETROLUB SE; the second management level is made up of the department heads of FUCHS PETROLUB SE. The Executive Board has specified targets for the percentage of women at these management levels and for the period within which the respective target is to be achieved. For the first management level, the target for the percentage of women is 10%; for the second management level, this target is 30%. Each of these figures is to be reached by June 30, 2017.

Dr. Dr. hc. Manfred Fuchs, a former member of the Executive Board at FUCHS PETROLUB SE, has been a member of the Supervisory Board since 2004. He is the only member of the Supervisory Board that holds an appreciable number of shares in the company and that has a personal relationship both to the company and its Executive Board. According to the Supervisory Board's rules and procedures, shareholder representatives on the Supervisory Board must always be independent. The members of the Supervisory Board hold or used to hold executive positions at other companies. However, all business between FUCHS PETROLUB Group companies and these companies was conducted under the same conditions as with third parties (arm's length transactions). In our opinion, these transactions do not have any impact on the independence of the affected members of the Supervisory Board.

The term of office of the Supervisory Board is five years. The next term of office starts with the end of the Regular Annual General Meeting 2020.

→ 30 → 35
Organization and Report
of the Supervisory Board

The composition of the Supervisory Board and its committees, the participation in meetings, as well as details on the work undertaken by the Supervisory Board in the reporting year are presented in more detail in the Report of the Supervisory Board.

→ 50 → 204
Corporate Governance
and Consolidated
financial statements

The main features of the company's compensation system for members of the Executive Bodies are described on pages 50 and 51 of this report. The compensation for members of the Executive Board and the compensation for the individual members of the Supervisory Board in accordance with Section 314 (1) No. 6 of the German Commercial Code (HGB) are disclosed in the notes to the consolidated financial statements.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board at FUCHS PETROLUB SE has formed three professionally qualified committees, which prepare and also supplement its work. The duties, responsibilities and work processes are all aligned with the requirements of the Corporate Governance Code and also take into account the binding regulations of the German Stock Corporation Act (AktG).

The Personnel Committee and Audit Committee meet several times a year, while the Nomination Committee only convenes for meetings when these are necessary based on its allocation of duties. The respective Chairmen of the committees regularly report to the Supervisory Board on the work of the Committees.

OWNERSHIP OF SHARES IN THE COMPANY BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS

As at December 31, 2015, Stefan Fuchs held directly and indirectly 9,573,492 ordinary shares. The other members of the Executive Board together held 276 ordinary shares and 10,670 preference shares as at December 31, 2015.

As at December 31, 2015, Dr. Dr. h. c. Manfred Fuchs held directly and indirectly 1,839,642 ordinary shares. The other members of the Supervisory Board together held 1,328 ordinary shares and 8,000 preference shares as at December 31, 2015.

As per Section 15a of the German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board of FUCHS PETROLUB SE are legally obliged to declare any acquisition or sale of shares in the company or any other related financial instruments if the value of these transactions conducted by the members or persons related to them reaches or exceeds the sum of €5,000 within one calendar year. The transactions reported to FUCHS PETROLUB SE in the reporting year were duly published and can be viewed on the company's website at www.fuchs.com/directorsdealings.



Further information at
[www.fuchs.com/
directorsdealings](http://www.fuchs.com/directorsdealings)

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

FUCHS PETROLUB SE has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting reach decisions on all tasks assigned to them by law (for example appropriation of earnings, amendments to the Articles of Association, election of members of the Supervisory Board, approval of the Executive Board and the Supervisory Board, measures affecting the capital structure and selection of the auditor). Each ordinary share authorizes the holder to one vote. The Schutzgemeinschaft Familie Fuchs holds around 54% of the ordinary shares. While the preference shares only grant voting rights in the cases prescribed by law, they grant the holders a preference right on the distribution of unappropriated profit and entitle them to an additional dividend (preference).

The holders of ordinary and preference shares exercise their codetermination and control rights at the Annual General Meeting held at least once a year. In compliance with the statutory and legal

conditions, every shareholder is entitled to participate in the Annual General Meeting. Shareholders who do not wish to or are unable to attend the Annual General Meeting in person can have their voting right exercised by a voting representative (proxy), such as a bank, a shareholders' association or a voting representative appointed by the company, by granting an appropriate power of attorney.

The Regular Annual General Meeting typically takes place in May. The reports, documents and information required by the law on Annual General Meetings, including the annual report, can be accessed on the Internet, where the agenda of the Annual General Meeting and any counter-motions or nominations of shareholders to be made public can also be found.

In accordance with the Articles of Association, the Chairman of the Supervisory Board chairs the Annual General Meeting. He determines the order in which proceedings are conducted as well as the type and form of voting. He is also authorized to limit the shareholders' rights to pose questions and to speak to a reasonable period of time.

CORPORATE GOVERNANCE GUIDELINES

The Articles of Association of FUCHS PETROLUB SE, all Declarations of Compliance, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further documentation on corporate governance, such as the Anti-Corruption Directive, the Anti-Trust Directive or the FUCHS Sustainability Guide, can be called up on the company's website.



Further information at
[www.fuchs.com /
corporate-governance](http://www.fuchs.com/corporate-governance)

COMPLIANCE

We understand **COMPLIANCE** to mean observing rights, laws and the company's Articles of Association, adhering to internal rules and standards, as well as making voluntary personal commitments. The main guideline for the actions of all employees is observing applicable law. The management and employees are called upon without exception to observe applicable laws, directives and social standards within the scope of their duties, regardless of whether these are international or local regulations. Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.

The Compliance division is assigned directly to the Executive Board. These include a Chief Compliance Officer and a Compliance Organization, which together further develop, guide and implement the Compliance Program, as well as supporting and advising employees all over the world. There is a Compliance Officer for each national unit, who is also available to local staff as a contact for individual questions. All FUCHS employees are required to actively contribute to implementing the Compliance Program in their area of responsibility. The compliance system is regularly reviewed and, if necessary, modified.

The FUCHS Code of Conduct, which was laid down as early as 2004 and most recently updated in October 2012, represents a binding framework for ensuring lawful and social-ethical behavior in the Group. The Code of Conduct is supplemented by information and training measures, the consistent processing and sanctioning of compliance infringements, a compliance hotline for reporting



Glossary page 124

criminal or anti-cartel infringements against laws or provisions, regular compliance reporting, as well as a special compliance audit performed by the internal audit department. In addition to this, there is a digital whistleblower portal that gives users the opportunity to enter into a dialog with the Chief Compliance Officer and, if desired, to remain anonymous.

CODE OF RESPONSIBLE CONDUCT FOR BUSINESS – COMMITMENT TO SUSTAINABLE, SUCCESS-DRIVEN AND VALUE-ORIENTED CORPORATE GOVERNANCE

The FUCHS Code expresses a common leadership position and thereby offers general orientation for responsible actions. This common basic understanding is in line with the five central values practiced at FUCHS: trust, creating value, respect, reliability, and integrity. These values are considered to be a benchmark for internal objectives and form the basis for individual actions.

FUCHS PETROLUB SE participated in an initiative of German economic leaders that presented a Code of Responsible Conduct for Business in November 2010 under the patronage of the Wittenberg Center for Global Ethics. The model explicitly addresses critical points being discussed in the public arena, such as profits, morals, downsizing, manager remuneration and rule infringements. As a subscriber to the model, the Executive Board is committed to a success-driven and value-oriented system of corporate governance in the sense of the social market economy. In accordance with the Code, this includes fair competition, social partnership, the performance principle and sustainability.

We have summarized our basic principles for sustainable business activities in the FUCHS PETROLUB Group in the form of a comprehensive Sustainability Guide. The Executive Board bears overall responsibility for sustainability at FUCHS. The Chief Sustainability Officer supports all activities relevant to sustainable business activities throughout the company as well as our social commitment. We have established a Local Sustainability Officer at every national unit with production operations. These sustainability officers act as the interface for the Chief Sustainability Officer at the Group HQ and are available as a point of contact for any specific questions that might arise in this regard. Further information on the topic of sustainability at FUCHS can be found in the sustainability report on page 52.



Sustainability report

OPPORTUNITY AND RISK MANAGEMENT

Sound corporate governance also includes responsible handling of opportunities and risks by the company. The Executive Board ensures appropriate opportunity and risk management in the company. The Supervisory Board is informed regularly by the Executive Board of existing opportunities and risks, their development and any measures that have been taken in this regard. The Audit Committee, set up by the Supervisory Board, monitors the financial accounting process and examines the effectiveness of the internal control system, risk management system and audit system, as well as the audit. The internal control system, the risk management system and the internal audit system are continuously further developed and brought in line with the ever changing framework conditions. Details on this can be found in the opportunity and risk report (separate chapter in the combined management report).



Opportunity and risk report



www.fuchs.com/group

HIGH DEGREE OF TRANSPARENCY THROUGH COMPREHENSIVE INFORMATION

FUCHS PETROLUB SE places great emphasis on keeping capital market participants up-to-date on the economic situation of the Group and key events through regular, prompt, uniform and comprehensive information. This reporting takes the form of an annual report and interim financial reports. In addition to this, FUCHS PETROLUB SE also provides information through scheduled and ad-hoc press releases. All information can be viewed on the Internet (website: www.fuchs.com/group). The website also offers a financial calendar that contains the scheduled dates and times of all important events and publications.

FUCHS PETROLUB SE has created the mandatory insider directory in accordance with Section 15 b of the German Securities Trading Act (WpHG) and informed the affected persons, for whom access to insider information is essential to be able to perform their duties at FUCHS PETROLUB SE, of their legal obligations and the potential sanctions faced by anyone failing to comply with the regulations. As far as directors' dealings are to be reported, these are published on the website.

The members of the Executive Board and Supervisory Board are committed to the interests of the company. In reaching their decisions, they must neither pursue any personal interests nor business opportunities available to the company for their own personal gain. Any conflicts of interest must be declared to the Supervisory Board immediately. If applicable, the Annual General Meeting is also to be informed of conflicts of interest that have occurred and how they are being handled. There were no such conflicts of interest in the reporting year.

ACCOUNTING AND AUDIT

The consolidated financial statements and interim financial reports of FUCHS PETROLUB SE are prepared in accordance with the International Financial Reporting Standards (IFRS) in the way in which they are to be applied in the European Union. The statutory annual financial statements of FUCHS PETROLUB SE, relevant for the distribution of dividends are prepared in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Executive Board, the annual and consolidated financial statements, as well as the combined management report, are audited by the auditor appointed at the Annual General Meeting and approved by the Supervisory Board on the basis of its own examination. The annual financial statements are then adopted.

An agreement is reached with the auditor that he will immediately inform the Chairman of the Supervisory Board and/or the Chairman of the Audit Committee of any issues uncovered during the audit that might give rise to statements of exclusion or reservation in the auditors' report, unless these issues can be resolved immediately. The auditor is also to immediately report on all findings or conclusions important for the duties of the Supervisory Board that become apparent when performing the audit. The auditor is also to inform the Supervisory Board or make a note in the auditor's report if he detects any facts while performing the audit that render inaccurate any part of the Declaration of Compliance submitted by the Executive Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG).

TEXT OF THE DECLARATION OF COMPLIANCE**Declaration of Compliance 2015 of the Executive Board and the Supervisory Board of FUCHS PETROLUB SE**

The Board of Executive Directors and the Supervisory Board of FUCHS PETROLUB SE hereby declare pursuant to § 161 AktG [Stock Corporation Act]

- The recommendations of the Government Commission on the German Corporate Governance Code as amended on June 24, 2014 published by the Federal Ministry of Justice on September 30, 2014 in the official section of the electronic Federal Gazette have been complied with since the submission of the last Declaration of Conformity on March 16, 2015.
- The recommendations of the Government Commission on the German Corporate Governance Code as amended on May 5, 2015 published by the Federal Ministry of Justice on June 12, 2015 in the official section of the electronic Federal Gazette are complied with and will be complied with.

Mannheim, December 10, 2015



Dr. Jürgen Hambrecht
Chairman of the Supervisory Board



Stefan Fuchs
Chairman of the Executive Board



Further information at
[www.fuchs.com/
declaration-
of-compliance](http://www.fuchs.com/declaration-of-compliance)

The Declaration of Compliance was made available on the company's website at www.fuchs.com/declaration-of-compliance on December 10, 2015.

Mannheim, March 21, 2016

FUCHS PETROLUB SE

The Executive Board

MAIN FEATURES OF FUCHS PETROLUB SE'S COMPENSATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BODIES*

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

The compensation of the members of the Executive Board is based on the following criteria:

- duties of the individual board members,
- performance of the entire Executive Board,
- economic situation of the company,
- success and future perspectives of the company,
- reasonableness of the compensation, taking into account comparable external and internal data



FUCHS Value Added

The performance-related compensation components are aligned with FUCHS Value Added (FVA), which forms the basis for variable compensation components throughout the Group. As an indicator of sustainable company development, the FVA is based on both annual profit and capital employed, which itself is based on long-term decisions (capital expenditure, research and development, etc.). Sustainable economic success as a parameter for compensation has been and remains at the heart of the management philosophy in place at FUCHS.

The long-term performance of the Executive Board is determined by the Supervisory Board on the basis of the achievement of medium and long-term targets. These targets are aligned to the strategic guidelines at FUCHS and are agreed for the entire Executive Board. The variable compensation component, which is based on the FVA, is therefore extended to include a performance factor that places emphasis on the need for a multi-year assessment basis.

The members of the Executive Board also receive additional benefits in the form of remuneration in kind, which essentially comprises private use of company cars and payment of insurance premiums. This remuneration in kind is likewise available to all members of the Executive Board.

The previous compensation system, which had been in place since January 1, 2010, was revised with effect from January 1, 2015. 25% of the variable compensation components must be invested in FUCHS PETROLUB preference shares with a 3-year vesting period. Caps were defined for both variable and total compensation. In the interests of ensuring acceptance, the Executive Board and Supervisory Board sought the consent of the shareholders for the altered Executive Board compensation system at the Annual General Meeting on May 6, 2015. This consultative AGM resolution was met with 94.71% approval.

* Part of the combined management report.

The pension of Executive Board members is based on a percentage of the average fixed salary received by said members over the last three years prior to termination of their employment contract. This percentage increases successively with the duration of service of the Executive Board member. From January 1, 2016, the old-age provision for new members of the Executive Board has been changed to direct insurance schemes. Pensions are paid to former members of the Executive Board who have reached the pension age.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The overall compensation of the Supervisory Board has been revised and a draft resolution submitted to the Annual General Meeting on May 6, 2015. The key changes were:

- an increase in the proportion of fixed compensation,
- a further lowering of variable compensation caps, which in the past could reach the same level as fixed compensation but are now limited to two thirds of said fixed compensation,
- an obligation to invest half of the variable compensation in preference shares in the company with a vesting period of five years, whereby the vesting period is waived when the member leaves the Supervisory Board,
- the abolition of attendance allowances.

The compensation of the Supervisory Board is specified in the Articles of Association of FUCHS PETROLUB SE. These state that each member of the Supervisory Board shall receive fixed compensation of €60,000 for the last year, in addition to expenses, and a variable compensation linked to the success of the company of €200 for every €0.01 by which the disclosed average earnings per share exceed €0.50. The variable compensation is limited to two thirds of the fixed annual compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Members of the Supervisory Board who also sit on the Audit Committee receive additional fixed compensation of €20,000, while those who also sit on the Personnel Committee receive additional fixed compensation of €10,000. The Chairmen of the Audit and Personnel Committee each receive double the aforementioned amounts.

1.5 Sustainability report



Further information at
[www.fuchs.com/
 sustainability-manage-
 ment](http://www.fuchs.com/sustainability-management)

Sustainability at FUCHS means continuous improvement. Within FUCHS Sustainability Management, we have been working on improvements for five years now and, in 2015, achieved further key milestones in the three sustainability dimensions: economy, ecology and social.

These involve in particular:

- Certification and introduction of management systems in the field of energy efficiency. The ISO 50001 standard, which applies to energy management systems and is valid worldwide, focuses on a continuous improvement process to achieve a defined objective in terms of a company's energy-related performance. The three largest FUCHS locations in Europe either already have certification or are planning to complete it in 2016;
- Extension of CO₂ limits on vehicle fleets operated by FUCHS companies outside Europe. Henceforth, the applicable country-specific CO₂ limits for vehicle manufacturers pursuant to the International Council on Clean Transportation (ICCT) serve as guideline for new vehicle orders placed by FUCHS worldwide. The global FUCHS emission limits are reviewed annually to determine their appropriateness. The objective is a step-by-step reduction. In FUCHS' German vehicle fleet, we managed to further reduce the CO₂ emissions of company vehicles by further 5% by the end of 2015;
- Calculation of the indirect, non-energy-related CO₂ emissions¹ in the FUCHS PETROLUB Group (so-called Scope 3 emissions) when determining the FUCHS Corporate Carbon Footprint (CCF) as per the internationally recognized Greenhouse Gas Protocol Standard (GHG Protocol). The step-by-step calculation of the FUCHS CCF was performed together with EVONIK as a major supporting industrial enterprise (see page 55 et seq.);
- Completion of "FUCHS Sustainability Meetings" at the twelve largest production locations in the FUCHS PETROLUB Group. The global company visits completed in the last two years focused on auditing, supporting and advising the companies on topics relevant to sustainability (for example compliance with the local Responsible Care requirements, optimization of the energy mix, intensification of corporate citizenship activities, etc.);
- Strengthening our commitment to the topic of sustainability in the region by hosting the "CSR Frühstück" – a series of events organized by the Rhine-Neckar, Darmstadt and Palatinate Chamber of Industry and Commerce – at the FUCHS Group HQ in Mannheim in July 2015. Around 80 guests took part in the event entitled "The role of sustainability in economic actions from the perspective of the global FUCHS PETROLUB SE Group".



FUCHS CCF

¹ CO₂ equivalents (CO₂e), i. e. CO₂ and other greenhouse gases defined in the GHG Protocol. For reasons of simplicity, the acronym CO₂ is used in the following.

For its sustainability management activities so far, FUCHS PETROLUB SE was presented with the “Sustainability Award 2015” by the financial and economic magazine Capital Finance International (CFI) for best ESG (environmental, social and governance) leadership Germany. The CFI judging panel states that FUCHS not only excels in striving for sustainability within its products, but also addresses the diverse sustainability issues it faces as a responsible, global corporation.

ECONOMIC SUSTAINABILITY

ECONOMIC INDICATORS

	2015	2014	2013	2012	2011	2010
FUCHS Value Added (FVA) in € million	246.2	229.7	221.9	208.2	186.0	182.7
Earnings before interest and tax (EBIT) in € million	342.2	313.0	312.3	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.3	21.0	19.9	21.0	21.1	19.0
Total dividend payout in € million*	113.3	106.3	96.6	91.6	70.3	63.2

* Dividend proposal for 2015.



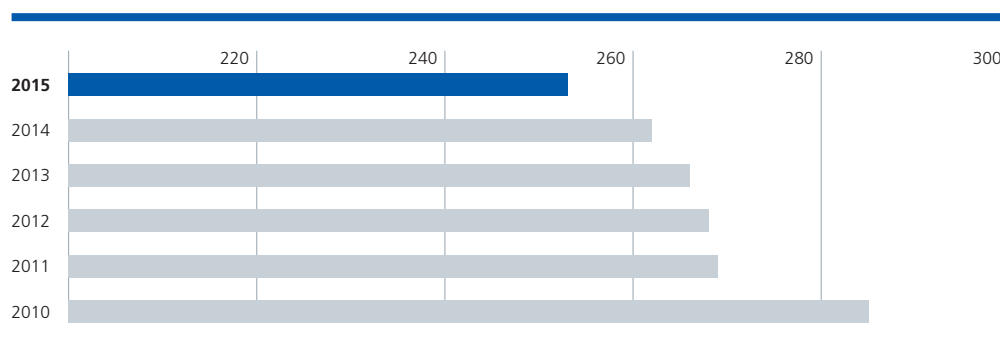
Overall position and
performance indicators

Please refer to pages 98 and 102 ff. of the combined management report for further explanations.

ECOLOGICAL SUSTAINABILITY

Development of Energy Consumption

(in kilowatt hours per ton produced)

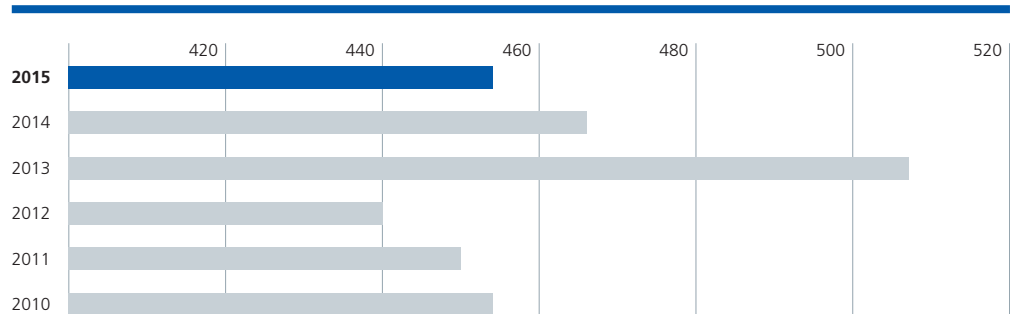


Basis: FUCHS production locations (excluding acquisitions 2015).

Since 2010 we have been reducing the specific energy consumption year on year.

Development of Water Consumption

(in liters per ton produced)

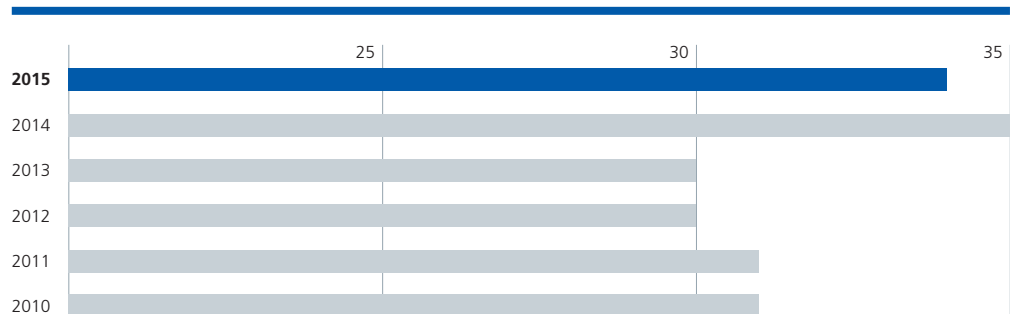


Basis: FUCHS production locations (excluding acquisitions 2015).

The specific water consumption had increased in 2013 due to portfolio changes, but it was then possible to reduce this back to the 2010 level through optimization processes.

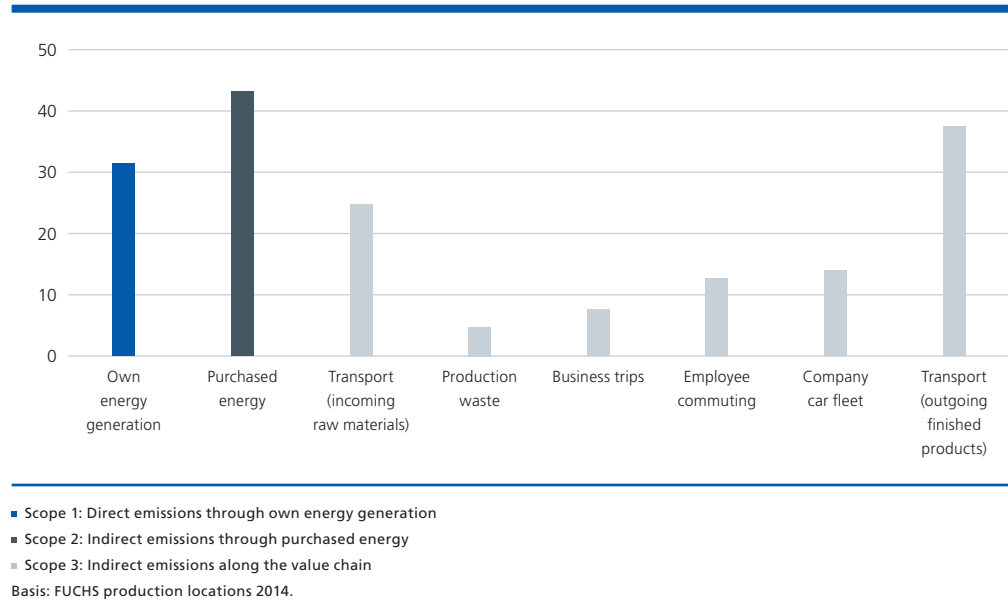
Waste Generation

(in kilograms per ton produced)



Basis: FUCHS production locations (excluding acquisitions 2015).

Our specific volume of waste generated remained relatively constant between 2010 and 2013. Among other things, the increase to the higher level in the years 2014 and 2015 can be attributed to construction activities.

FUCHS CCF(in kilogram CO₂e per ton produced)

The production of lubricants is part of a much longer value chain. From energy and raw material purchasing to production waste, from transport to disposal of products, from daily employee commuting to worldwide business trips – resources are consumed and emissions are generated all along the value chain.

Companies face a major challenge when they have to precisely calculate the volume of greenhouse gases they emit. FUCHS addresses this with an internationally recognized process.

The so-called company CO₂ footprint (CCF), which specifies the volume of greenhouse gases a company emits, represents the key performance characteristic.

With the FUCHS CCF, we are publishing a detailed greenhouse gas balance for the first time (base year: 2014), which represents the generation of direct and indirect greenhouse gas emissions. The accounting method used for selected categories along the value chain, was in close accordance with the internationally recognized GHG Protocol Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

At FUCHS, the majority of greenhouse gas emissions are not generated within the actual confines of the company, but elsewhere in the value chain.

Pursuant to the GHG Protocol, Scope 1 emissions are the direct CO₂ emissions that stem from sources or operations that can be directly assigned to or are originated by the company. At FUCHS, Scope 1 emissions emerge from the own energy generation from purchased fossil energy sources (primarily through combustion of natural gas and fuel oil).

Pursuant to the GHG Protocol, Scope 2 emissions are indirect, energy-related CO₂ emissions originating from external generation of energy that is purchased for in-house consumption. At FUCHS, this purchased energy primarily comprises electricity and steam.

Pursuant to the GHG Protocol, Scope 3 emissions are all other, non-energy-related CO₂ emissions in the value chain. FUCHS' Scope 3 data contains the emissions from six of a total of 15 activity categories in the defined sequence of the GHG Protocol (see FUCHS CCF chart). Emissions from the following areas were recorded: Incoming transports of raw materials, disposal of production waste, business trips, employee commuting, fleet of company vehicles and outgoing transport of finished products. Emissions that are, for example, generated through the production of purchased raw materials, within the scope of using our products or from the disposal of our products sold are still to be recorded.

The total CO₂ emissions of FUCHS recorded so far along the value chain were approximately 180 kg per ton produced (basis year 2014).

FUCHS offers numerous products, whose use make a positive contribution to reducing greenhouse gas emissions compared with conventional alternatives, and also participates in various projects to generate or increase sustainability.

In the following, some FUCHS cooperation projects with sustainability aspects:

Brief title	Project title
PEGASUS II	Progressive increase of energy efficiency in drivetrains by hard carbon coatings and lubricants.
Advanced Biomass Value	Development of an integrated exploitation chain for conversion of third generation algae- and yeast-based biomass for production of aviation fuels, functional lubricants, and new building materials.
ZeroCarbFP (= zero carbon footprint)	Searching for microorganisms that utilize high-carbon waste as substrates and converting them into enzymes, and application of these enzymes for the production of additives for use in lubricants.
TeFuProt (= techno-functional proteins)	Improvement of the technical capability of plant-based proteins and modified proteins for use in biodegradable lubricant components through investigation of the structure-function relationship of plant-based proteins.
ODIN	Optimized electric Drivetrain by Integration: Combined lubrication and cooling circuits for high-rev e-motors with transmissions.

SOCIAL SUSTAINABILITY

SOCIAL KPIS

	2015	2014	2013	2012	2011	2010
Average age of employees in years	43	43	43	43	43	43
Age structure of employees in %						
< 30 years	14	15	14	15	14	13
31 – 40 years	28	27	27	27	29	30
41 – 50 years	30	30	32	32	31	32
> 50 years	28	28	27	26	26	25
Average length of service of employees in years	11	11	11	11	11	11
Employee fluctuation ¹ in %	3.6	4.1	3.2	3.5	4.2	3.8
Work-related accidents ² per 1,000 employees	16	16	16	16	18	18
Days lost due to sickness per employee	8	7	7	7	7	7
Proportion of women in management positions in %	20	20	20	20	19	19
Average further training and education per employee in hours	19	18	17	16	12	9

Basis: FUCHS production locations excluding acquisitions in 2015 (representativeness: 90%).

¹ Proportion of employees that voluntarily leave the company.

² Number of accidents with more than three absence days.

The average age, the age structure and the average length of service of employees at FUCHS are constant since 2010.

The employee fluctuation fell to 3.6% in the reporting year and is therefore only slightly above the historic low recorded in the financial year 2012.

The number of work-related accidents with more than three days lost per 1,000 employees at FUCHS has remained at a constant level of 16 since 2012, two less than in 2011 and 2010.

The number of days lost due to sickness per employee had remained constant at an average of seven days since 2010. However, this figure increased to eight days in 2015.

The proportion of women in management positions at production locations worldwide has remained stable at 20% since 2012 and is therefore 1 percentage point above the level recorded in 2010 and 2011. The percentage of females working at the other non-production company locations is higher for structural reasons. As such, in 2015 (excluding acquisitions in 2015) 21% of management positions within the FUCHS PETROLUB Group were held by women.

We have been able to increase the average number of further training hours per FUCHS employee continuously since 2010. In the reporting year, each FUCHS employee attended an average of around 19 hours of further education. This value therefore more than doubled relative to 2010.

1.6 Disclosure required under takeover law*

Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) require additional disclosures in the joint management report pursuant to Section 315 (3) of the German Commercial Code (HGB) on certain aspects of the capital and shareholder structure, as well as certain agreements that may be significant in a takeover situation.

COMPOSITION OF THE SHARE CAPITAL

As at December 31, 2015, the company's subscribed capital was €139,000,000. The share capital is divided into 69,500,000 bearer ordinary shares with no par value and 69,500,000 bearer preference shares with no par value. The percentage of share capital in the company is therefore 50% per share class. Each share is assigned a nominal value of €1 on the balance sheet date. The ordinary shares grant the rights provided for by the German Stock Corporation Act (AktG). The preference shares grant the same rights relating to company issues, with the exception of the voting right. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act (AktG), in particular Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (AktG).

In accordance with the company's Articles of Association, the unappropriated profit is used in the following order:

- a. for payment of any remaining profit shares on the non-voting shares from previous years
- b. for payment of a preference profit share of €0.03 per non-voting preference share of no par value
- c. for payment of an initial profit share of €0.02 per ordinary share of no par value
- d. for equal payment of further profit shares on the ordinary shares and the non-voting shares, unless the Annual General Meeting decides on another use.

LIMITATIONS THAT AFFECT VOTING RIGHTS OR THE TRANSFER OF SHARES

Together with members of the Fuchs family, RUDOLF FUCHS GMBH & CO KG, Mannheim, forms the Schutzgemeinschaft Fuchs. Within the Schutzgemeinschaft Fuchs there are limitations with regard to the exercising of voting rights and the transfer of shares. The voting rights of all members in the Schutzgemeinschaft Fuchs are exercised uniformly by the management of the Schutzgemeinschaft. In the case of paid and free of charge transfer of shares from members of the Fuchs family or RUDOLF FUCHS GMBH & CO KG to third parties, the shares must first be offered internally within the Schutzgemeinschaft.

In addition to this, RUDOLF FUCHS GMBH & CO KG and several members of the Schutzgemeinschaft Fuchs also concluded a voting trust and escrow agreement. Based on this, shares may only be transferred to signatories of this voting trust and escrow agreement.

* Part of the combined management report.

INVESTMENTS IN THE CAPITAL THAT EXCEED 10% OF VOTING RIGHTS

The following direct or indirect investments in the company's capital exceed 10% of the voting rights:

The Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG holds 48.8% of the voting rights. The individuals who are members of the Fuchs family hold a further 4.7%. The Schutzgemeinschaft Fuchs therefore holds 53.5% of the voting shares in total.

SHARES WITH SPECIAL RIGHTS WHICH CONFER SUPERVISORY POWERS

There are no shares with special rights which confer supervisory powers.

TYPE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES PARTICIPATE IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

As is the case with other shareholders, those employees that participate in the company's capital can exercise their control rights directly pursuant to the legal requirements and terms of the company's Articles of Association.

LEGAL REQUIREMENTS AND TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION REGARDING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION

The company's Articles of Association in their current form comply with the legal requirements pursuant to Article 39 of the SE Regulation, Section 16 of the SE Implementation Act, as well as Sections 84 and 85 of the German Stock Corporation Act (AktG), Article 59 of the SE Regulation and Section 179 of the German Stock Corporation Act (AktG) with regard to the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association.

AUTHORITY OF THE EXECUTIVE BOARD TO ISSUE AND BUY BACK SHARES

The company's Articles of Association contain the authorization to perform a capital increase from authorized capital. The Executive Board is authorized, with the Supervisory Board's consent, to increase the share capital of the company by up to €27,800,000 in one or several tranches until May 5, 2020, by issuing up to 27,800,000 new, no-par-value bearer shares in exchange for cash or non-cash contributions. Ordinary and/or preference shares with no voting right may be issued in compliance with Section 139 (2) of the German Stock Corporation Act (AktG).

The Executive Board is authorized, with the Supervisory Board's consent, acquire until May 5, 2020, and for all legally admissible purposes own ordinary and/or preference shares up to a value of 10% of the share capital in place at the date of the resolution. The authorization to acquire and then use own shares that have been acquired can be exercised once or on multiple occasions in full or in part. These authorizations can be employed to acquire and use both ordinary shares and preference shares or to acquire and use only ordinary shares or only preference shares.

SIGNIFICANT COMPANY AGREEMENTS THAT ARE IN PLACE IN THE EVENT OF A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company reached agreements with two banks that enable the termination or repayment of lines of credit/loans granted with a total value of up to €60 million in the event of a change in control, insofar as no agreement can be reached on the continuation of credit facilities following the changes in ownership and control.

COMPANY AGREEMENTS FOR COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

At FUCHS, there are no agreements for compensation of the members of the Executive Board or employees in the event of a takeover bid.

1.7 FUCHS shares

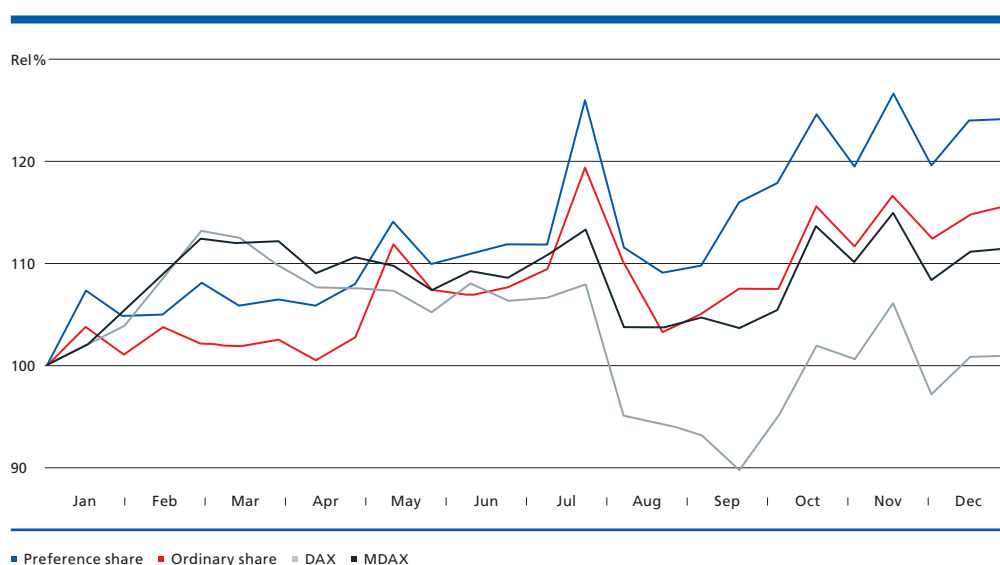
FUCHS PETROLUB SE issued two different share classes: ordinary shares (Security ID No. 57940) and preference shares (Security ID No. 579043).

PRICE TREND OF THE FUCHS SHARES

The ordinary share closed at €37.69 in XETRA trading on December 30, 2015 and was therefore 18.8% above the 2014 year-end price. The preference share recorded a year-end price of €43.50 on December 30, 2015 and therefore rose by 30.7% in the financial year 2015.

The prices of the ordinary and preference shares declined slightly at the start of the year, tracking developments of the DAX and MDAX. The preference share reached its annual low of €32.24 on February 6, 2015, the ordinary share reached its annual low of €30.83 on January 9, 2015. In the weeks that followed, prices recovered again. However, the performance of the ordinary and preference shares from the start of the year to March 31, 2015 was 5.6% and 11.9% below the development of the benchmark indices (DAX +22.0, MDAX +22.1). In the second quarter of 2015, both share classes were able to record price gains. The ordinary and preference shares gained 2.1% and 1.7% respectively, and thereby outperformed the development of both the DAX (–8.5) and MDAX (–5.1).

Performance Trend* of Ordinary and Preference Shares in Comparison with DAX and MDAX
(January 1 to December 30, 2015)



* Price trend including dividends.



Further information at
www.fuchs.com/about-our-stock



Glossary page 215

The downward trend of the benchmark indices continued in the third quarter. The DAX and **MDAX** declined by 11.7% and 1.7% respectively. The FUCHS ordinary and preference shares recorded a price gain of 0.5% and 4.3%. The ordinary share reached its annual high of €39.47 on August 5, 2015. The markets then recovered in the fourth quarter of 2015. With respective price increases of 9.6% and 10.1% in the last few months of 2015, the performance of the ordinary and preference shares outperformed the MDAX (+7.8), but remained slightly behind the performance of the DAX (+11.2). The preference share reached its annual high of €45.00 on October 29, 2015.

Assuming reinvestment of the dividends paid, the return of the ordinary share was 21.5% and 33.4% for the preference share in the financial year 2015. Both share classes thus outperformed the development of the DAX (+9.6). The preference share also outperformed the development of the MDAX (+22.7).

FUCHS SHARE TRADING

The shares in FUCHS PETROLUB SE are primarily traded on the XETRA platform, although they are also traded on all German regional stock exchanges. The trading volume (XETRA and Frankfurt) of ordinary shares averaged 34,026 shares per day (2014: 39,410). At €1.2 million, the average daily turnover of the ordinary share in the financial year 2015 remained at the previous year's level. The significantly more liquid preference shares recorded an average daily trading volume (XETRA and Frankfurt) of 184,062 units in 2015 (2014: 185,901). This means that €7.3 million (2014: 6.2) was traded each trading day on the stock exchanges in the financial year 2015. At the end of the financial year 2015, the market capitalization of the ordinary and preference shares increased from €4.5 billion (2014) to €5.6 billion as a result of the price trend.

FUCHS SHARES REPRESENTED IN IMPORTANT INDICES

The ordinary share is included in the DAXplus Family Index on the German Stock Exchange. This index represents the development of 118 German and international family companies listed in the Prime Standard on the Frankfurt Stock Exchange. In addition to this, the ordinary share is included in the DAXplus Family 30, which comprises the 30 largest and most liquid family companies.

The preference share is listed in the MDAX, the second largest German share index, which comprises 50 companies, while 30 companies are included in the largest German share index, the DAX. At the end of 2015, the market capitalization of the preference shares was €3.0 billion, which put FUCHS in 16th position in the MDAX (2014: 18th position). In terms of trading volume, FUCHS was in 37th position (2014: 35th position). The weighting in the MDAX was 1.95% (2014: 1.74).

The international significance of the FUCHS preference share is reflected by the fact that it is included in STOXX Europe. This index includes the shares of 600 companies from 18 European countries.

ANNUAL GENERAL MEETING 2015

At the Annual General Meeting on May 6, 2015 in Mannheim, 73.59% of the share capital secured in ordinary shares and 43.30% of the share capital secured in preference shares were represented. The shareholders agreed to the management's proposals with clear majorities.

SHAREHOLDER STRUCTURE

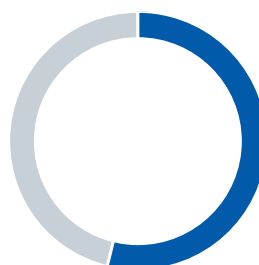
The subscribed capital of FUCHS PETROLUB SE of €139 million is divided into 69,500,000 ordinary shares and 69,500,000 preference shares with a nominal value of €1.00 per share. The ordinary shares and preference shares have been listed in the Prime Standard on the German Stock Exchange since January 1, 2003.

Each ordinary share carries one vote at the Annual General Meeting. 54% of these shares are attributable to the Fuchs family, while 46% are in free circulation (freefloat) on the balance sheet date 2015.

Shareholder Structure as at December 31, 2015

Ordinary shares

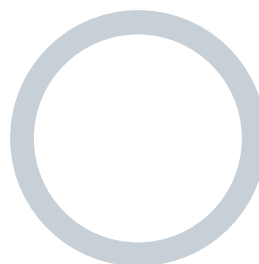
Free float* 46%



Fuchs family 54%

Basis: 69,500,000 shares
(Ordinary shares)

Preference shares



Free float 100.0%

Basis: 69,500,000 shares
(Preference shares)

* Voting rights announcement: DWS Investment, Frankfurt, 5.2% (Dec. 15, 2003).

100% of the preference shares without voting rights are in free circulation (freefloat). Due to the legal form of the shares (bearer shares), FUCHS does not have access to any share register, as would for example be the case with registered shares. The notification requirements pursuant to Section 21 ff. of the German Securities Trading Act (WpHG) refer exclusively to shares with voting rights and thereby not to the preference shares, which are without voting rights. This report therefore does not contain any detailed information regarding the shareholder structure of the FUCHS preference shares.

NOTIFICATION ON VOTING RIGHTS

No voting rights announcements were made in the financial year 2015. DWS Investment, Germany, had submitted a statement by the 2015 balance sheet date (voting rights announcement from December 15, 2003) declaring that it continued to hold 5.2% of ordinary shares.

INTENSIVE CAPITAL MARKET COMMUNICATION

FUCHS PETROLUB places great emphasis on open and continuous communication with all capital market players. Institutional investors, funds managers and financial analysts had the opportunity to talk directly with the management at the 23 capital market conferences and roadshows held in Europe and North America. In addition to this, numerous individual meetings and telephone conferences took place. The 16th Capital Market Day was the main event in terms of our communication with the capital market. During this event at BayWa AG, participants had the opportunity to gain insights into the world of "gas engine oils" and the "energy efficiency of construction machines". Other important dates on the investor relations calendar included the Analysts' Conferences/telephone conferences on the respective publication dates. The business and financial press were kept continuously up-to-date through press conferences, telephone conferences, and press releases. Besides this, there was great interest in interviewing the company management. The Annual General Meeting offers an opportunity for an open dialog with private investors. In addition, private investors also frequently contact the Investor Relations Team by phone, letter or e-mail with their questions.

The FUCHS Annual Report 2014, entitled "Networking Strengths", received numerous internationally recognized awards in 2015. It received a GOOD DESIGN Award in the category "Graphics/Packaging". The GOOD DESIGN Award is one of the oldest and internationally recognized design competitions. At the FOX FINANCE Awards, the FUCHS annual report took home the Gold. The focus at these awards is on efficient corporate reporting. At the Vision Awards, the FUCHS Annual Report was able to fend off strong international competition from more than 24 countries and was awarded Silver in the category "Other Specialized Materials".

ANALYSTS

Over the course of 2015, 16 analysts from various institutions regularly observed and rated the company development at FUCHS. The "Investor Relations" section of the website operated by FUCHS PETROLUB SE provides information on current recommendations.



Further information at
www.fuchs.com/analysts

EMPLOYEE SHARES

FUCHS has been offering employees at its German companies ordinary shares with preferential conditions since 1985. In 2015, 534 employees (2014: 473) took the opportunity to purchase a maximum of 30 shares with a discount of €5.00 per share. The newly acquired shares have a vesting period of one year.



Combined management
report

EARNINGS PER SHARE

The earnings per FUCHS ordinary share amounted to €1.69 for the reporting year (1.57). Due to the €0.01 higher dividend entitlement, earnings per preference share were €1.70 (1.58).

DIVIDEND PROPOSAL

The Executive Board and Supervisory Board propose a dividend of €0.81 per ordinary share and €0.82 per preference share to the Annual General Meeting. This represents a dividend payout ratio of 48%. With this proposal, we are continuing FUCHS PETROLUB SE's stable dividend policy.



Proposal for the
appropriation of profits

KEY FIGURES FOR FUCHS PETROLUB SHARES

	Dec. 31, 2015		Dec. 31, 2014	
	ORDINARY SHARES	PREFERENCE SHARES	ORDINARY SHARES	PREFERENCE SHARES
Number of no-par-value shares at €1/ Shares outstanding	69,500,000	69,500,000	69,500,000	69,500,000
Dividends (in €) (2015: proposal)	0.81	0.82	0.76	0.77
Dividend yield (in %)¹	2.3	2.1	2.5	2.3
Earnings per share (in €)²	1.69	1.70	1.57	1.58
Gross cash flow per share (in €)³	1.97	1.97	1.85	1.85
Book value per share (in €)⁴	7.69	7.69	6.58	6.58
XETRA closing price (in €)	37.69	43.50	31.74	33.30
XETRA highest price (in €)	39.47	45.00	33.50	37.29
XETRA lowest price (in €)	30.83	32.24	25.30	26.76
XETRA average price (in €)	35.28	39.60	30.94	33.35
XETRA and Frankfurt average daily turnover (in € thousand)	1,200	7,288	1,219	6,199
Market capitalization (in € million)⁵	5,643		4,520	
Price-to-earnings ratio	20.9	23.3	19.7	21.1

¹ Dividend/average share price × 100.

² Earnings of FUCHS PETROLUB SE shareholders/number of shares.

³ Gross cash flow/number of shares.

⁴ Shareholders' equity/number of shares.

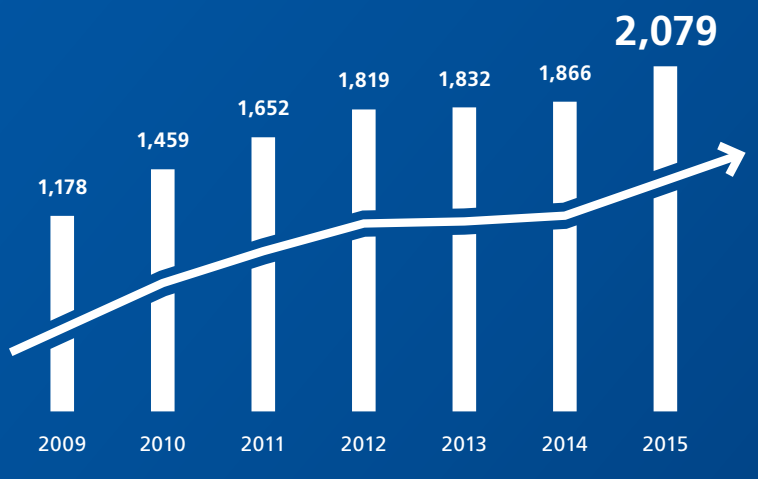
⁵ Stock exchange values at the end of the year.



Further information at
www.fuchs.com/about-our-stock

FUCHS once again grows in all three global regions and generates record sales revenues and earnings.

GROUP SALES REVENUES UP €213 MILLION IN 2015



EBIT AT

€342 million

2

COMBINED MANAGEMENT REPORT¹

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¹ The figures in parentheses refer to the same period of the previous year.

2.1 Corporate profile

BUSINESS MODEL

LUBRICANTS. 100 % FOCUS

FUCHS has been focusing 100% on the development, manufacture, distribution, and sale of lubricants and related specialties for more than 80 years. With over 10,000 products, the company offers its customers a full portfolio of lubricants that comply with exacting national and international standards.

The product portfolio is broken down into the core categories of automotive lubricants, industrial lubricants, metal-working fluids, and lubricants for special applications. These are rounded off by a comprehensive range of technical and process-related services.

TECHNOLOGY. HOLISTIC SOLUTIONS

Technologically advanced, process-oriented, and holistic lubricant solutions are a key success factor for FUCHS. Our worldwide network of experts caters to client requirements on a global scale by quickly and efficiently networking special skills and expertise. Around one in ten employees works in research and development. The company is currently investing in more than 600 research and development projects with the objective of providing optimum solutions to meet the requirements of our customers. The aim is to defend our technological leadership in important business segments. Our approach focuses not only on effectiveness, efficiency, safety, and reliability, but also on the sustainability of lubricants from their production to their disposal.

PEOPLE. PERSONAL COMMITMENT

Around 5,000 highly qualified and specialized employees worldwide are committed to satisfying our customers. The global FUCHS team regards itself as a well-functioning unit, whose personal dedication continues to write new chapters in the FUCHS success story year after year. Intensive dialog with our customers and business partners is based on trusting collaboration is what enables us to always find the optimum, tailor-made lubricant solution to meet the individual requirements of our customers.

Our business model is also characterized by internationality and scale.

INTERNATIONALITY AND SCALE

A strong position in the European market forms the basis for the internationalization of FUCHS' business. The comprehensive product portfolio allows the ever more complex specialization requirements in mature markets to be met, while also enabling the Group to participate in the growth potential in evolving markets in Asia, Africa, South America, and Eastern Europe. On the balance sheet date, there were 36 operating companies active in Europe and six operating companies active on the American continent. Customers in the Asia-Pacific, Africa region were supported by 18 operating companies. FUCHS not only supports important customers seeking to enter new markets, but at the same time also wins new local customers with its tailor-made solutions. In addition, diversification in regions and industries ensures that economic and industry cycles are balanced out.

The acquisition of DEUTSCHE PENTOSIN-WERKE GMBH on July 1, 2015, as well as the acquisition of the STATOIL FUEL & RETAIL LUBRICANTS companies on October 1, 2015 represented important steps in the reporting year in terms of internationality and size. With the PENTOSIN acquisition, FUCHS strengthened its business with technologically sophisticated products for the automotive industry, particularly in Germany. By purchasing the STATOIL business, FUCHS has also become a key market player in the three Scandinavian countries of Sweden, Norway and Denmark and has strengthened its presence in the Baltic States, as well as in Poland and Russia.

The organization of the Group follows the principles of transparency and simple structures. This allows reporting paths to be kept short and ensures efficient division of operational leadership and managerial duties under corporate law. We generally hold a 100% stake in all of our subsidiaries. However, we also hold 50% stakes in various companies in Switzerland, Turkey, and the Middle East, as well as one minority holding in Saudi Arabia.

On the sales side, business is characterized by local customer care that incorporates industry-specific specialists and globally networked product managers. Functions such as production and administration are generally performed locally. Where prudent and feasible, purchasing and research & development activities are bundled in addition to the local presence.

The organizational and reporting structure at FUCHS is grouped into the three geographic regions of Europe, Asia-Pacific, Africa as well as North and South America.

GROUP STRATEGY

INCREASE OF COMPANY VALUE

FUCHS PETROLUB pursues the objective of continually increasing its company value. We create value for our customers, employees, and shareholders. Securing and strengthening our market position in mature markets and sustainably expanding our market position in emerging markets create the basis for this. The levers for achieving this goal are organic growth and – insofar as prudent and possible – external growth, as well as securing technological leadership of the FUCHS PETROLUB Group.

Maintaining the independence of FUCHS PETROLUB represents another factor of strategic importance. The basis of this independence is a stable financial situation, which is also an important factor when considering potential acquisitions and examining the dividend policy, as well as a major shareholder. Our independence enables us to focus on lubricants and related specialties in an efficient environment, while providing scope to further increase company value.

CONTROLLING SYSTEM

The Executive Board manages FUCHS PETROLUB on the basis of a large number of financial performance indicators. The most important of these key performance indicators (KPIs) – the FUCHS Value Added (FVA) – is determined at the level of the individual companies and the Group as a whole. It is an expression of the strategic objectives, and puts profit into relation with capital expenditure. FVA is the benchmark for target achievement and variable compensation of local, regional, and global management, and thereby also the Executive Board. Besides this, further key performance indicators are regularly reported to the Executive Board and, from here, to the Supervisory Board. They are incorporated in the external financial reporting system of FUCHS PETROLUB, yet are also used for general communication with all stakeholders. The following section describes the most important financial performance indicators in more detail.

GROWTH

FUCHS targets profitable growth. We use organic and external growth as the key metrics for controlling growth in our sales revenues. Organic growth is growth in sales revenues adjusted for currency translation and portfolio effects, while external growth describes the effects of portfolio changes. This KPI allows the development of business operations to be presented without the distorting effects associated with translating sales revenues into euros. We use these two KPIs both for the entire Group and at segment level.

PROFITABILITY

Earnings before interest and tax (EBIT) is our central benchmark for managing profitability at Group level. We use EBIT for assessing the profitability of the entire Group and the individual segments. This is a KPI commonly used to measure the operating performance of companies that is not affected by financing or tax effects. EBIT is a component of the FVA calculation and is thereby a target factor in variable compensation for management and, in particular, the Executive Board.

LIQUIDITY

FUCHS PETROLUB uses Free cash flow as the key liquidity indicator for the entire Group. Free cash flow is defined as cash flow from operating activities, net of investments in intangible assets, property, plant and equipment, as well as acquisitions. Free cash flow indicates the scope of available financial resources, particularly for the settlement of debts, dividend payments, and topping up cash and cash equivalents. Free cash flow is a key liquidity indicator and provides the basis for a large number of management decisions.

FUCHS VALUE ADDED AS A CENTRAL KEY PERFORMANCE INDICATOR

FVA, which is based on earnings and capital investment, is the central KPI for management. EBIT is the KPI for the results of operation, while the costs of average capital employed represent the KPI for the net assets and financial position. Value is only added when the recorded earnings are higher than the costs of capital employed.

Capital expenditure is largely influenced by investments in property, plant and equipment, investments in intangible assets, as well as by the development of net operating working capital (NOWC). Property, plant and equipment is controlled on the basis of investment appraisals, while NOWC is monitored through targeted control of inventories, as well as accounts receivables and trade payables.

The average capital employed for a financial year is calculated as an average of five quarterly figures, starting from December 31 in the previous year:

Shareholders' equity
 + Pension provisions
 + Financial liabilities
 – Cash and cash equivalents
 – Defined benefit assets
 + Scheduled goodwill amortization from previous years (until 2004: €85.2 million)
 = Capital employed

The costs of capital employed are determined on the basis of the capital asset pricing model (CAPM) using the weighted average cost of capital (WACC):

COSTS OF CAPITAL EMPLOYED = AVERAGE CAPITAL EMPLOYED × WACC

The level of WACC as at the balance sheet date is reviewed annually on the basis of up-to-date capital market data.

Successes in revenue management and in controlling capital expenditure are therefore reflected in the summarized performance indicator FVA.

FVA = EBIT – COSTS OF CAPITAL EMPLOYED

Variable compensation for local, regional, and global management is based on FVA. Entitlements to variable compensation are only granted when positive added value has been generated in the respective financial year.

BUDGET MONITORING AS PART OF THE CONTROL SYSTEM

The instruments for operational management of the companies include a detailed system that monitors any deviation between target and actual figures in the budget. In the course of the annual budgeting process, goals are defined for companies and regions with regard to growth and EBIT through gross margins and development of other personnel and operating costs. A monthly target/actual comparison ensures that compliance with the budget is continuously monitored. When targets are not reached, the causes are immediately investigated and corresponding measures introduced.

RESEARCH AND DEVELOPMENT

FUCHS PETROLUB significantly increased the amount of research and development work undertaken in the last year. Higher quality products and an extended product portfolio required significant expansion of the laboratory capacities. More than 400 employees are involved in over 600 projects that are in progress all over the world. Research and development expenses increased by €6 million to just under €39 million.

This increase in research and development expenses is not least due to ever greater regionalization. FUCHS is responding to changed market requirements in the US and China by strengthening its development work. Production operations are currently being made more efficient in many sectors in the US, particularly in the automotive industry. This market environment offers numerous opportunities to introduce our high-quality products early on as process components, although this must be accompanied by intensive support for our customers. This in turn requires additional capacities at testing, service and development laboratories.

Our high-quality products are generally used in China. However, China is now developing its own technology environment with corresponding demands on our lubricants. These can only be met effectively with a strong local research and development presence.

Occupational health & safety and chemicals handling are subject to ever stricter regulation worldwide. However, these regulations are not uniform across all countries and regions. To secure worldwide use of our formulations despite these factors, we have adjusted and extended our research and development work accordingly. By strengthening our worldwide network of specialists, we are ensuring that the raw materials used comply with the corresponding national regulations and that our formulations can therefore be deployed on a global scale. In this way we are catering to the wishes of our customers with international operations while also securing reduced complexity in our raw material and finished-product warehouses, as well as in production.

The topic of sustainability is becoming increasingly important. In cooperation with suppliers and customers, FUCHS is working to quantify the term sustainability. The objective is to develop a benchmark that allows our products to be assigned to categories. From this we derive tasks for research and development. We expect the change from qualitative to quantitative assessment of sustainability to bring significant progress. Sustainability will be included in the specifications for lubricants in the future.

FUCHS is adapting to the changing requirements with its research and development activities. New regional requirements, such as in China, and new technical challenges, for example in the fields of occupational health and safety, chemicals handling or sustainability, require a high degree of flexibility and a high standard in research and development. By expanding both central and regional research and development activities, FUCHS is securing and improving on its market position.

EMPLOYEES

SETTING STANDARDS

In 2015, the workforce increased to almost 5,000 employees as a result of the growth initiative and acquisitions. This growth presents new challenges for our organizational and communication structures. The five values of our mission statement – trust, creating value, respect, reliability, and integrity – support us in taking on and successfully mastering these challenges.

On the basis of our mission statement, we are working hard on changing communication into a network function, in which the continuous exchange of information is optimized between everyone involved – managers and employees alike. Managers represent hubs within the communication network, where all relevant information runs together.

This presents our employees and managers with many different challenges. Organizational expertise, linguistic skills and intercultural flexibility are the key topics here.

The integration of the two major acquisitions made in 2015 is making very good progress. New structures are being put in place, processes adapted, and new working relationships established. We will continue to integrate our new colleagues into internal networks and to further develop our cooperation in 2016.

INCREASE IN NUMBER OF EMPLOYEES

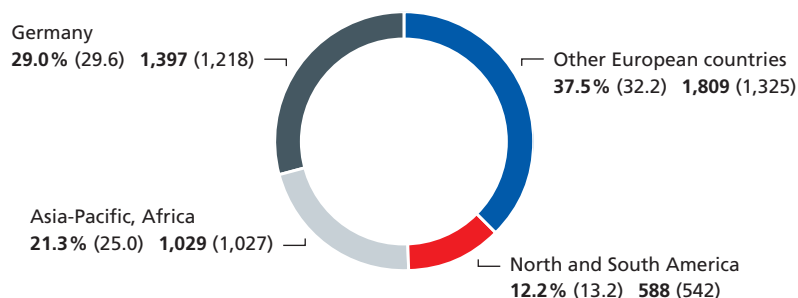
In 2015, we extended our global team primarily due to acquisitions.

The FUCHS PETROLUB Group employed 4,823 employees (4,112) worldwide as at December 31, 2015. The total workforce therefore increased by 711 persons or 17.3% year on year, of which 649 are attributable to acquisitions in Germany (145), Scandinavia, Central and Eastern Europe (478) and Brazil (26).

The number of employees in the Asia-Pacific, Africa region increased by two, while the Europe region added 663 (26.1 %) new employees. In North and South America, the number of employees increased by 46 employees (8.5 %) compared to December 31, 2014.

Geographical Workforce Structure

Figures 2015 (previous year figures in brackets)

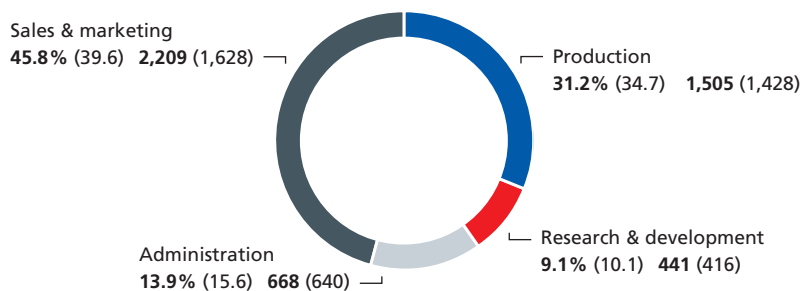


3,426 (2,894) people or 71.0% (70.4) of staff were employed abroad (outside Germany) and 1,397 (1,218) were employed in Germany.

In the last five years, the total workforce has increased by 1,239 employees. In line with our focus on technology and sales, as well as our aim to strengthen our global networks, more than half of all new employees recruited since 2010 (822 persons) work in sales and marketing. This represents an increase of 59.2% and in terms of total workforce a rise from 38.7% to 45.8%. 117 new employees have also joined our research and development department over the course of the last five years. This corresponds to an increase of 36.1% and a proportion of the total workforce of 9.1% (9.0). The proportion of employees working in production respectively administration has increased in absolute terms but decreased in relative terms from 36.2% to 31.2% and from 16.1% to 13.9% respectively.

Functional Workforce Structure

Figures 2015 (previous year figures in brackets)





Sustainability report

Further KPIs, such as the age structure, average term of service or further training hours of our employees, are presented in the sustainability report on page 52 et seq.

FURTHER STRENGTHENING OF THE EMPLOYER BRAND

We also increased the attractiveness of FUCHS as an employer in 2015 through various communication channels. The target groups of school leavers, students and young professionals were addressed through various measures such as through our presence at trade fairs.

Schools

Within the scope of school cooperations, we offer both in-house career forums and practical internships. These allow students to get a better picture of the training we offer and our operational procedures.

Universities

We collaborate with universities to increase awareness of FUCHS as an attractive employer among students, graduates and junior scientists starting out on their career. We particularly focus on establishing contacts to students with exceptional academic achievements and fostering these. In addition, we also regularly offer internships and provide support for those writing their bachelor's or master's thesis.

Experienced specialists

Winning qualified specialists remains a real challenge in the growth markets such as Brazil, Russia, India and China, but also in mature markets such as the USA. The range of applicants in these countries can be both limited and rather daunting, but FUCHS copes with this through professional selection procedures and attractive offers. We significantly strengthened our position with internal qualification for employees in Human Resources (HR) and by improving direct cooperation among those with local personnel responsibility. Among other measures, the establishment of a regional HR office in Singapore for the Southeast Asia region represents an important step in targeting the job markets in the countries of this region. Our goal remains to find the best talents in the respective areas of expertise and to motivate them for our company and products.

TRAINING

As at the balance sheet date on December 31, 2015, 65 young people at our German subsidiaries were attending dual training programs. 25 trainees completed their training in the reporting year.

We provide training in eight different commercial and technical job profiles. In addition to this, we offer goal-oriented and qualified high-school graduates the opportunity to attend a dual study program, in cooperation with the Baden-Wuerttemberg Cooperative State University (DHBW), and gain a bachelor's degree.

Dual study programs represent a key building block for junior staff development at FUCHS. Besides the various training institutes and DHBW courses, we also offer study-related internships at our subsidiaries in Germany and abroad. We also support students in doing research for their thesis. Many of our high performers are former trainees, interns or diploma students. Encouraging these potential future FUCHS employees is an important investment in our future.

SUSTAINABLE PERSONNEL POLICY

Within the context of a sustainable personnel management, projects in the fields of health management, further training and reconciliation of family and working life were consistently developed. We consistently pursue the objective of finding the optimal balance between the business interests of FUCHS and the private and family needs of our employees. FUCHS therefore places great emphasis on helping employees combine a career with a family. Highly flexible working-hour models are an important factor in this regard. Besides typical flexitime models, part-time models are also offered, ranging from 15 to 32 hours per week. Where possible, job sharing models or shift work can also be set up. With this family-oriented personnel policy, we are able to send out a positive message when competing for the best employees. In this vein, we continue to examine and look for ways in which we can further develop our family-oriented offers in order to cater even more effectively to the various life phases of our employees.

Company health management is no longer limited to conventional training courses on handling loads, skin protection or ergonomics when working with monitors. At the Mannheim site, for example, programs are regularly held for early detection of colon cancer, addiction prevention and healthy eating. Beside this, we also support initiatives established by employees to partake in sporting activities together.

STAFF DEVELOPMENT

Besides vocational training, requirements-based further training remains the basis for developing specialist personnel and key potentials.

As a global training instrument, the FUCHS ACADEMY offers regular seminars on the most diverse technical subjects or provides our sales experts with sound background knowledge through sales training events. The FUCHS ACADEMY also offers a very popular learning platform for junior staff and employees with high potential, which helps secure continuous and targeted further development of our employees. Individual training measures are supplemented by specialist area-specific network meetings that support collaboration across physical, cultural and linguistic boundaries.

Due to the global structure of our organization, intercultural competence is an important success factor for our staff. We promote this competence through the knowledge and commitment of our employees – including trainees and interns – as well as targeted deployment of specialists and managers at FUCHS subsidiaries around the world.

The aforementioned measures are complemented by language courses, thus ensuring that the Group language of English forms a reliable basis for knowledge exchange. With worldwide internal placements, FUCHS also ensures optimum transfer of expertise from our knowledge holders to new employees. Whenever necessary and sensible, we organize both short “training placements” and long-term deployments at our subsidiaries throughout the world.

Our global talent management program is used to identify and consistently promote talent at all of our subsidiaries. Talents from all global regions came together in 2015 at an event held over several days in the Mannheim area to discuss topics such as strategy, leadership or internal organization with members of the Executive Board. The important impulses from this event not only proved beneficial for the participants in terms of their personal development, but also for the company as a whole. The global talent management concept is also supported by local programs to promote talent.

We consider mixed management teams to be an effective way of significantly strengthening our company. For this reason, we place particular emphasis on the dedicated support of women and ensure that appropriate consideration is given to them when filling management positions in the company. Women currently account for 25% of the total workforce. The proportion of females in management positions remained unaltered at the same high level of 21% recorded at the end of the reporting year.

SUSTAINABILITY

The main features of the company’s system of sustainability management, as well as the development of selected sustainability indicators are presented in the sustainability report.

2.2 Economic framework: general and sectoral

DEVELOPMENT IN 2015 AND FORECASTS FOR 2016*

RESTAINED GROWTH IN THE GLOBAL ECONOMY

According to an estimate provided by the International Monetary Fund (IMF) in January 2016, the global economy grew by 3.1% in the past year. For 2016, the IMF is forecasting expansion of 3.4%. The IMF states a significant slowdown of the economic growth in China, stronger appreciation of the US dollar, geopolitical risks, and a minor readiness to take risks in the financial markets as the greatest threats to the global economic situation.

GDP growth (in %)	Forecast 2015	Actual 2015	Forecast 2016
Germany	1.3	1.5	1.7
Eurozone	1.2	1.5	1.7
USA	3.6	2.5	2.6
China	6.8	6.9	6.3
Highly developed countries	2.4	1.9	2.1
Emerging and developing economies	4.3	4.0	4.3
World	3.5	3.1	3.4

Source: IMF

GLOBAL STEEL PRODUCTION DOWN IN ALL GLOBAL REGIONS / PRONOUNCED DROP IN NORTH AMERICA

According to the World Steel Association (WSA), global crude steel production declined by 2.8% in 2015. This drop affected virtually all regions and important steel countries. Data provided by the WSA indicates that of the 15 largest steel nations only India was able to increase its production slightly. Production in Germany decreased by 0.6% in the reporting year. For 2016, the German Steel Trade Association (WV Stahl) anticipates a decline in production in Germany of just under 3%.

in %	Forecast 2015	Actual 2015	Forecast 2016
Germany	1.0	-0.6	-3.0
Europe	-0.5	-3.2	1.6
Asia	1.0	-2.3	0.5
North America	3.0	-8.6	1.2
World	1.0	-2.8	0.1

Sources: WSA, German Steel Trade Association (WV Stahl), Commerzbank Research

* Forecast data for 2015 as at February 2015, other data as at March 8, 2016.

GLOBAL SALES REVENUES IN THE ENGINEERING SECTOR UP SLIGHTLY / MACHINERY PRODUCTION IN GERMANY STAGNATES

According to the German Engineering Federation (VDMA) and contrary to original forecasts, global machine revenue only increased by 1 % in 2015. Based on data from VDMA, Chinese plant manufacturers recorded a 1.4 % increase in sales revenues in the reporting year. With forecasts of just 1 %, the Chinese mechanical engineering sector is also unlikely to achieve greater growth in 2016 than the US. Machinery production in Germany stagnated in 2015, and zero growth is also being forecast for 2016.

in %	Forecast 2015	Actual 2015	Forecast 2016
Germany	2.0	0.0	0.0
Eurozone	2.0	1.0	1.0
USA	3.0	0.0	1.0
China	8.0	1.4	1.0
World	4.0	1.0	1.0

Source: VDMA, DB Research

INCREASE IN PASSENGER VEHICLE PRODUCTION IN GERMANY AS EXPECTED / GROWTH IN CHINA REMAINS BELOW EXPECTATIONS

According to the European Automobile Manufacturers Association (ACEA), global passenger vehicle production increased by 0.8 % in 2015. At 3.8 %, production in China during 2015 grew far less than forecast, while the 2015 increase in German car production of 2 % was in line with the forecast of the German Association of the Automotive Industry (VDA).

in %	Forecast 2015	Actual 2015	Forecast 2016
Germany	2.0	2.0	0.5
USA	3.0	2.7	1.7
China	8.0	3.8	5.2
World	4.0	0.8	3.2

Sources: VDA, IHS Automotive, DB Research

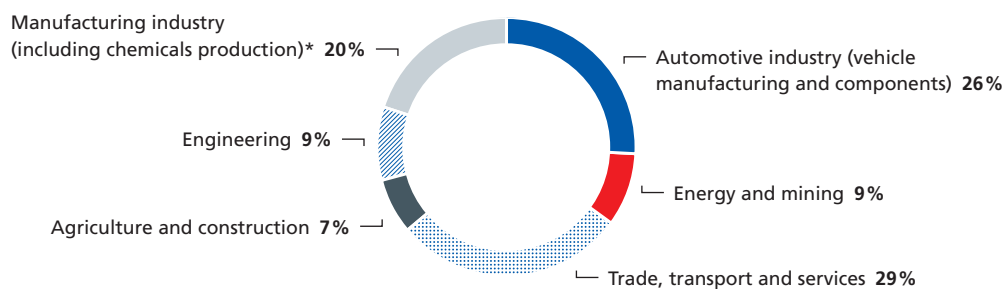
SLIGHT STIMULATION IN GLOBAL CHEMICALS PRODUCTION / GERMANY SUFFERS SETBACK

According to the Association of the German Chemical Industry (VCI), global chemicals production increased by 4% in the reporting year. This growth was primarily driven by the US and China. In Germany, on the other hand, chemicals production suffered a setback. At 0.7%, growth was only half the anticipated level. For 2016, the Association of the German Chemical Industry (VCI) is once again predicting a 1.0% increase in production in the German chemical industry. At 4%, it also anticipates global growth at the same level as recorded in 2015.

in %	Forecast 2015	Actual 2015	Forecast 2016
Germany	1.5	0.7	1.0
European Union	1.0	3.0	1.5
USA	3.7	3.5	2.5
China	8.5	9.5	8.0
World	3.6	4.0	4.0

Source: Association of the German Chemical Industry (VCI)

Breakdown of Group Sales Revenues by Customer Sector 2015 (excluding Acquisitions)



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

GLOBAL LUBRICANT DEMAND STAGNATES / WEAK INCREASE IN ASIA-PACIFIC

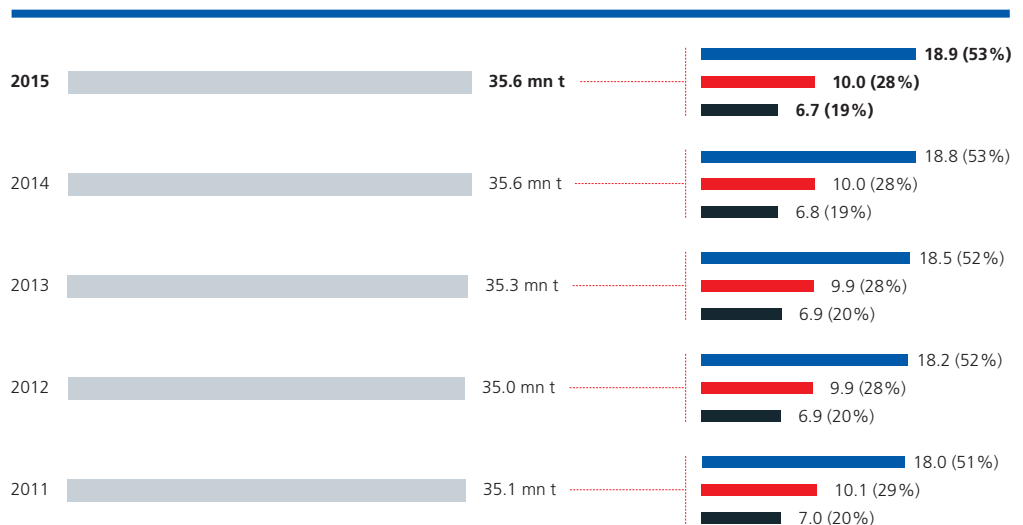
Based on our market analyses, global lubricant demand stagnated in 2015 at the previous year's volume of 35.6 million tons. While demand in Asia-Pacific increased slightly by 0.8%, the consumption volume in Europe declined by 1.5%. This was due to a disproportionately high drop in volumes in Russia. The lubricant market only achieved slight growth in North America (+0.3%) and Germany (+0.4%) in 2015.

in %	Forecast 2015	Actual 2015	Forecast 2016
Europe	<0	-1.5	-1.0
North America	1.0	0.3	0.5
Asia-Pacific	1.0	0.8	0.5
World	0.5	0.1	0.2

Source: Own market analyses

Development of the Global Lubricant Market

By regions



■ Total ■ Asia-Pacific and rest of the world ■ North and South America ■ Europe

2.3 Business development in 2015 – Forecast comparison

The financial year 2015 was another successful year for FUCHS PETROLUB. We achieved all key targets, whereby the effects of exchange rate movements had a particularly positive effect. Group sales revenues increased to €2,079.1 million and were therefore €213.2 million or 11.4% above the previous year. Adjusted for currency translation effects, the increase was 6.0%. PENTOSIN and STATOIL FUEL & RETAIL LUBRICANTS, the two major acquisitions in 2015, contributed €94 million to the growth. Organic sales revenues remained at the previous year's level.

At €342.2 million (313.0), the Group recorded its best ever EBIT, and at €236.2 million (219.9), its highest ever profit after tax. Earnings per preference share rose to €1.70 (1.58).

It was possible to finance the acquisitions entirely from Free cash flow. At the end of 2015, net liquidity was €101.4 million (185.7).

We met and, in some cases, exceeded our forecast levels for the most important performance indicators in the financial year 2015:

FORECAST COMPARISON

Performance indicator	Forecast 2015	Actual 2015	Evaluation
Sales revenues		€2,079 million	
Organic growth	Organic sales revenues are likely to remain at the same level or increase slightly compared to the previous year.	0.3%	Forecast met
External growth	From August 4, 2015: Added to this is external growth in the mid single-digit percentage range resulting from acquisitions.	6.0%	Forecast met
Total growth	From November 3, 2015: We expect sales revenues to grow by around 10% for the financial year, largely as a result of acquisitions and currency translation effects.	11.4%	Forecast exceeded
EBIT	As regards EBIT, this means an increase in the low single digit percentage range.		Forecast exceeded and updated
	From April 30, 2015: On this basis and if the euro continues to remain weak, we expect to increase EBIT by a mid-to-high single digit percentage.	9.3%	Forecast met
FVA	Subject to the weighted capital costs remaining unchanged, we are anticipating the FVA value to rise in the low single-digit percentage range.	7.2%	Forecast exceeded
Free cash flow before acquisitions	Free cash flow is likely to once again exceed €150 million. This figure does not take into account acquisitions.	€232 million	Forecast met

The growing weakness of the euro over the course of the year was the reason for the revision of the EBIT forecast. The translation effect not only positively impacted sales revenues, but also earnings in the Group currency of euros.

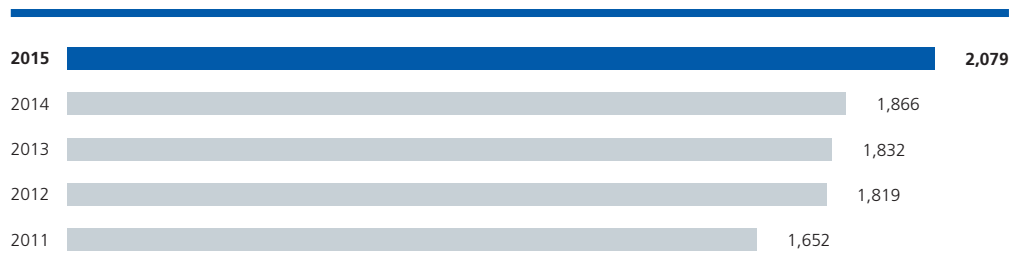
In terms of FVA, we surpassed our forecast for a low single-figure percentage increase. With a significantly stronger increase in EBIT than originally anticipated (9.3%) and a 15.3% rise in capital employed, FVA increased by 7.2% while the WACC (10%) remained unchanged.

For 2015, we had expected to record organic growth primarily in the Asia-Pacific, Africa region and in North and South America. However, organic growth was actually recorded in Europe (1.5%) and the Asia-Pacific, Africa region (0.5%), while the North and South America region declined (–4.1%), largely due to economic influences.

The EBIT forecast for the Asia-Pacific, Africa region as well as North and South America assumed an increase in the low-single-figure percentage range. However, greater increases were recorded in both regions, primarily due to exchange rate movements (Asia-Pacific, Africa 15.7%; North and South America 25.8%). As forecast, EBIT in the Europe region remained at the previous year's level. Integration expenses (€6.0 million) for the two acquisitions made in the financial year 2015, which had not yet been substantiated when the forecast was drawn up and were therefore not included, impacted the EBIT figure. Adjusted for integration expenses, the original forecast was actually surpassed.

2.4 Sales revenues (performance)

Development of Group Sales Revenues (in € million)



SALES REVENUES UP BY 11.4 % – LARGELY AS A RESULT OF ACQUISITIONS AND CURRENCY EFFECTS

FUCHS PETROLUB exceeded the sales revenue threshold of €2 billion euros for the first time in 2015. Key factors for the increase of €213.2 million or 11.4% to €2,079.1 million (1,865.9) were positive currency translation effects due to the weakness of the euro and volume increases, which were mainly a result of company acquisitions made in the second half of 2015.

Growth factors	in € million	in %
Organic growth	5.8	0.3
External growth	111.5	6.0
Currency translation effects	95.9	5.1
Growth in sales revenues	213.2	11.4

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	2015	2014	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	1,227.0	1,112.9	16.3	99.5	-1.7	114.1	10.3
Asia-Pacific, Africa	582.9	516.5	2.4	11.2	52.8	66.4	12.9
North and South America	352.8	316.0	-12.9	4.3	45.4	36.8	11.6
Consolidation	-83.6	-79.5	-	-3.5	-0.6	-4.1	-
Total	2,079.1	1,865.9	5.8	111.5	95.9	213.2	11.4

STRONG GROWTH IN EUROPE THROUGH ACQUISITIONS

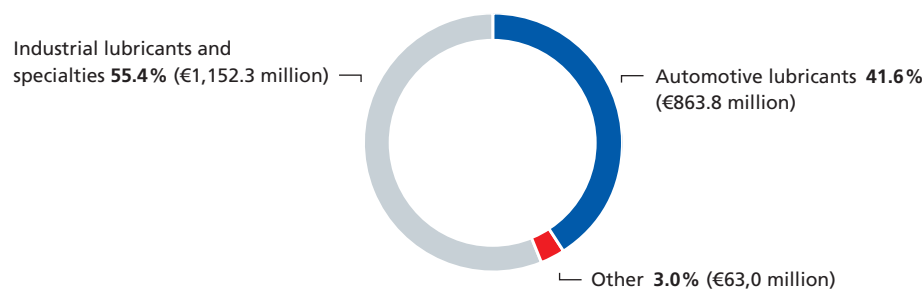
The Europe region, which grew by €114.1 million or 10.3% to €1,227.0 million in 2015 (1,112.9) largely as a result of acquisitions, displays the strongest organic growth (1.5%) in the Group. The companies in the region contributed 56.7% (57.2) of Group sales revenues. The growth recorded by the other regions in the reporting year was primarily due to currency translation effects as a result of the weak euro. The Asia-Pacific, Africa region, which grew by €66.4 million or 12.9% to €582.9 million (516.5), contributed 27.0% (26.6) to Group sales revenues, while the North and South America region contributed 16.3% (16.2). Sales revenues in the North and South America region increased by €36.8 million or 11.6% to €352.8 million (316.0).

INCREASED MARKET PENETRATION IN EUROPE

Almost all companies in Europe succeeded in organically increasing both their sales volumes and sales revenues. The companies in Central and Eastern Europe recorded above-average growth, yet encouraging gains were also made in Spain in the reporting year. Total organic growth in the region was €16.3 million or 1.5%.

Essentially due to the acquisition of DEUTSCHE PENTOSIN-WERKE GMBH on July 1, 2015, as well as the acquisition of STATOIL FUEL & RETAIL LUBRICANTS companies on October 1, 2015, the region's sales revenues increased by €99.5 million or 9.0% in the reporting year. With the PENTOSIN acquisition, FUCHS strengthened its business with technologically sophisticated products for the automotive industry, particularly in Germany. By purchasing the STATOIL business, FUCHS has become a key market actor in the three Scandinavian countries of Sweden, Norway and Denmark and has strengthened its presence in the Baltic States, as well as in Poland and Russia.

Breakdown of Group Sales Revenues by Product Groups



BUSINESS BASE EXTENDED IN NORTH AMERICA

The companies in the US, Brazil and Canada did not meet their sales volume and sales revenue targets in the reporting year. This was due to reduced economic demand in various sectors. In Brazil, the automotive and general industry in particular remained below expectations. In the US, the steel industry and the energy and raw material sector in particular displayed less favorable development than anticipated. However, business development in Mexico was encouraging. The OEM business in North America also made good progress. The number of projects carried out with customers from the automotive and supply industry both in Mexico and the US was significantly higher than in the previous years. In total, organically generated sales revenues remained €12.9 million or 4.1% below the previous year.

ASIA-PACIFIC, AFRICA REGION REMAINS ON EXPANSION COURSE

In the Asia-Pacific, Africa region, we intensified our market cultivation in the reporting year. Above all, the companies in China, India, Korea, Australia, and South Africa further increased their sales volumes. As a result of passing on lower raw material costs, however, only minimal or even zero increases in sales revenues were achieved. While the companies in India and Australia surpassed their targets, the high growth forecasts for China and South Africa were not realized in full. The total organic growth in sales revenues was €2.4 million or 0.5%.

SALES REVENUES IN THE FUCHS PETROLUB GROUP BY CUSTOMER LOCATION:

in € million	2015	Share in %	2014	Share in %	Change	in %
Europe	1,064.4	51.2	968.4	51.9	96.0	9.9
Asia-Pacific, Africa	650.7	31.3	578.1	31.0	72.6	12.6
North and South America	364.0	17.5	319.4	17.1	44.6	14.0
Total	2,079.1	100.0	1,865.9	100.0	213.2	11.4

The Group generates around half of Group sales revenues with customers in Europe, and around 40% (41) thereof in Germany. Irrespective of the two European acquisitions, the proportion of revenue generated with customers in the other regions increased slightly. The impact of the weak euro can be felt here.

2.5 Results of operations

CONSOLIDATED RESULTS OF OPERATIONS

Results of operations (in € million)	2015	in %	2014	in %	Change
Sales revenues	2,079	100.0	1,866	100.0	213
Material and production costs	-1,288	-61.9	-1,173	-62.8	-115
Gross profit	791	38.1	693	37.2	98
Personnel and other direct costs incl. other comprehensive income	-467	-22.5	-400	-21.5	-67
EBIT before income from companies consolidated at equity	324	15.6	293	15.7	31
Income from companies consolidated at equity	18	0.9	20	1.1	-2
EBIT	342	16.5	313	16.8	29
Financial result	-4	-0.2	-3	-0.2	-1
Taxes	-102	-4.9	-90	-4.8	-12
Earnings after tax	236	11.4	220	11.8	16



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In 2015, the FUCHS PETROLUB Group significantly improved its earnings over the previous year. **EBIT** increased by 9.3% or €29.2 million to €342.2 million (313.0). Earnings after taxes rose by 7.4% or €16.3 million to €236.2 million (219.9). Earnings were positively influenced by currency translation effects in the reporting year.

With an increase of 9.8% in 2015, material and production costs rose at a lower rate than Group sales revenues (+11.4%). Gross profit therefore increased 14.2% to €791.4 million (693.2), and the gross margin rose to 38.1% (37.2).

Like all other key figures, personnel and other direct costs, as well as other operating income and expenses are affected by acquisition and currency effects. Added to these are inflation-based wage and salary adjustments, as well as higher depreciation and amortization costs associated with commissioning new facilities and plants. As was the case in the previous year, expenses for research and development rose at a disproportionate rate (18.2%). One-off expenses associated with integration of the two acquisitions in the reporting year reduced earnings by €6.0 million. Total expenses increased disproportionately by 16.6% or €66.4 million to €467.0 million (400.6).

EBIT before income from companies consolidated at equity is determined as the balance of gross profit and these expenses. At €324.4 million (292.6), the previous year's value was exceeded by €31.8 million or 10.9%. The margin of EBIT before income from companies consolidated at equity relative to sales revenues remained at the previous year's level of 15.6% (15.7).

The companies consolidated at equity contributed €17.8 million (20.4) to Group profit in the reporting year. The operating results of these companies increased overall in the reporting year. In the previous year, earnings were positively influenced by the reversal of write-downs (€7.3 million).

At €342.2 million, Group EBIT was €29.2 million or 9.3% higher in the reporting year than in the previous year and therefore reached a new record level.

The interest on pensions and the differences in the interest rate between various currencies led to net interest expenses for the Group as was the case in the previous year. Loans taken out in currencies such as the Russian ruble, Brazilian real or Indian rupee were subject to significantly higher interest rates than cash loans in euros or US dollars. The financial result was –€3.7 million (–2.9).

Group income tax expenditure increased by 13.4% to €102.3 million (90.2). The rate of taxation (income taxes relative to earnings before tax, excluding income from companies consolidated at equity) rose to 31.9% (31.1). This increase was mainly attributable to withholding taxes on increased intra-Group dividend payments used by the holding company for the acquisitions made in the reporting year.

At €236.2 million (219.9), net profit after tax also increased by €16.3 million or 7.4% to a new record level. The net profit margin was 11.4% (11.8).

Earnings per ordinary and preference share increased by €0.12 or 7.6% to €1.69 (1.57) and €1.70 (1.58).



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FUCHS shares

RESULTS OF OPERATIONS OF THE REGIONS

EUROPE

Segment information (in € million)	2015	2014
Sales revenues by company location	1,227.0	1,112.9
EBIT before income from companies consolidated at equity	160.3	160.5
Income from companies consolidated at equity	1.7	1.5
Segment earnings (EBIT)	162.0	162.0
Capital expenditures and acquisitions	218.2	39.1
Employees as at December 31	3,112	2,449

The Europe region recorded slightly higher organic growth in 2015 than predicted at the start of the year and significantly higher sales revenues in the second half of the year due to two major acquisitions.

Considerable increases in sales revenue in existing business were primarily recorded by the companies in Poland, Russia, Spain and the Czech Republic, as well as our specialties business in Germany. In addition to this, appreciable sales revenues were recorded for the first time in Denmark, Norway and Sweden as a result of the acquisitions. In Germany, Poland and Russia, our core business was also expanded through acquired business.

At €162.0 million (162.0), segment earnings (EBIT) remained at the previous year's level. The increase in operating profit was largely equalized by one-off expenses associated with the purchase and integration of the two acquisitions. The new companies did not yet deliver any profit contribution prior to integration costs in the reporting year. The margin of EBIT before income from companies consolidated at equity relative to sales revenues declined to 13.1% (14.4).

The region invested €29.2 million in the reporting year, essentially focusing on production, tank, and storage facilities, as well as test rigs. The two acquisitions contribute €189.0 million to the Group's fixed assets, whereby €75.7 million is attributable to goodwill.

Development of Sales Revenues in Europe by Company Location (in € million)

2015	1,227.0
2014	1,112.9
2013	1,104.2
2012	1,080.7
2011	1,006.7

ASIA-PACIFIC, AFRICA

→ 136
Segments

Segment information (in € million)	2015	2014
Sales revenues by company location	582.9	516.5
EBIT before income from companies consolidated at equity	106.1	86.7
Income from companies consolidated at equity	16.1	18.9
Segment earnings (EBIT)	122.2	105.6
Capital expenditures and acquisitions	8.2	25.6
Employees as at December 31	1,029	1,027

Sales revenues recorded double-digit growth, primarily due to positive conversion effects. Despite increased sales volumes, the companies in the region only recorded slight organic growth in sales revenues.

The region was able to increase its EBIT by €16.6 million or 15.7% to €122.2 million (105.6). In particular our Chinese companies, as well as the companies in India and Korea, surpassed their previous year's figures and expectations. Despite the ongoing negative effects due to weak local currencies, the companies in Australia and South Africa performed well in their environment, although their business with mining customers was influenced by a weaker demand for raw materials for the third year in succession.

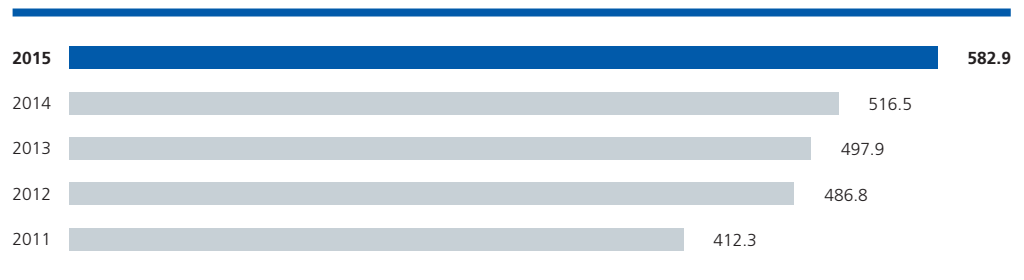
The margin of EBIT before income from companies consolidated at equity relative to sales revenues rose to 18.2% (16.8).

Earnings of companies consolidated at equity increased operationally. At €16.1 million, they are €2.8 million (18.9) below the previous year's figure, which was bolstered by €7.3 million from the reversal of an impairment in connection with the resolution of the shareholder dispute in the Middle East.

Investments in the financial year were focused on optimizations to the production facilities in China. In Australia, the purchase of the land means that work on the new production site in Newcastle can now go ahead. The new building is scheduled for completion in 2017. €8.2 million (15.0) was invested in the region in 2015.

Development of Sales Revenues in Asia-Pacific, Africa by Company Location

(in € million)



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Segments

NORTH AND SOUTH AMERICA

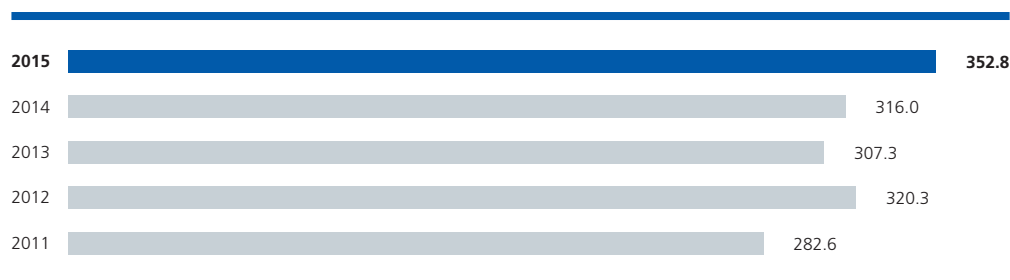
Segment information (in € million)	2015	2014
Sales revenues by company location	352.8	316.0
EBIT before income from companies consolidated at equity	64.9	51.6
Income from companies consolidated at equity	0.0	0.0
Segment earnings (EBIT)	64.9	51.6
Capital expenditures and acquisitions	11.0	5.7
Employees as at December 31	588	542

Primarily due to currency conversion effects, the region achieved a double-digit increase in sales revenues and thereby also surpassed its earnings forecast, which had anticipated only slight EBIT growth. On the other hand, the forecast for organic growth to continue at a mid single-digit rate in the region was not realized. Largely for economic reasons, our companies in the US, Canada and above all in Brazil did not meet their sales volume or sales revenue targets in the reporting year.

The region generated organic growth in segment earnings (EBIT) of €64.9 million (51.6). This represents an increase of €13.3 million; impairments on goodwill (€4.9 million) in Brazil had a negative impact in the previous year. The margin of EBIT before income from companies consolidated at equity relative to sales revenues improved to 18.4% (16.3).

In terms of investments in long-term assets, the investments in extensive modernization and expansion of our location in Harvey near Chicago had an effect for the first time in the reporting year. Construction of a new grease plant is the main driver of the increase in capital expenditure to €11.0 million (5.7).

Development of Sales Revenues in North and South America by Company Location (in € million)



2.6 Net assets and financial position

BALANCE SHEET STRUCTURE

BALANCE SHEET TOTAL SIGNIFICANTLY INCREASED

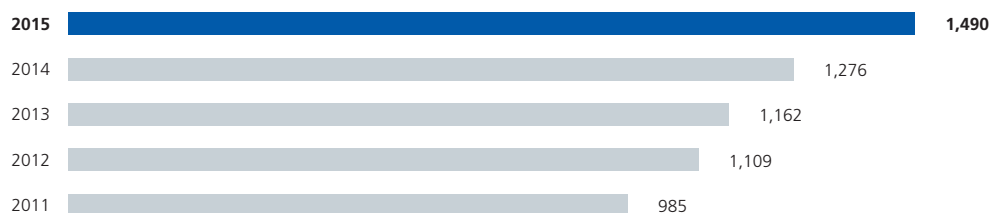
FINANCIAL POSITION

	Dec. 31, 2015		Dec. 31, 2014		Change in € million
	in € million	in %	in € million	in %	
Goodwill	166	11	88	7	78
Other intangible assets	118	8	41	3	77
Property, plant and equipment	365	25	312	25	53
Other long-term assets	78	5	80	6	-2
Long-term assets	727	49	521	41	206
Inventories	297	20	245	19	52
Trade receivables	321	21	282	22	39
Cash and cash equivalents	119	8	202	16	-83
Other short-term assets	26	2	26	2	0
Short-term assets	763	51	755	59	8
Balance sheet total	1,490	100	1,276	100	214

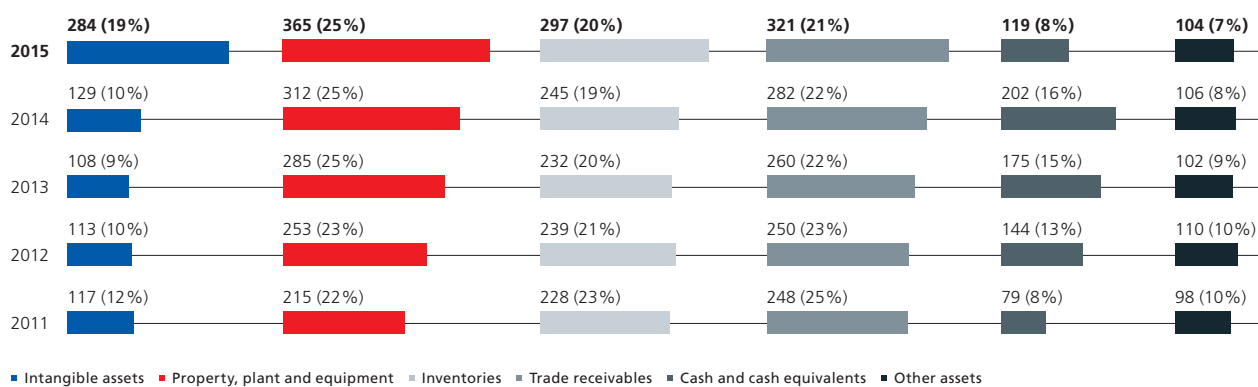
The balance sheet total of the FUCHS PETROLUB Group increased by €214.2 million or 16.8% to €1,490.3 million (1,276.1) as at December 31, 2015. The acquisitions of PENTOSIN and STATOIL FUEL & RETAIL LUBRICANTS were the key factors behind the increase in goodwill and other intangible assets of €155.5 million in total. They were also the largest factors behind the €91.0 million increase in inventories and trade receivables. Despite outflows of liquidity of €372.1 million for investing and financing activities, cash and cash equivalents of €119.1 million (202.1) were still in place at the end of 2015. The proportion of long-term assets relative to total assets increased to 48.8% (41.0). The proportion of short-term assets decreased accordingly and was 51.2% (59.0) at the end of the year.

Structure of Assets and Capital

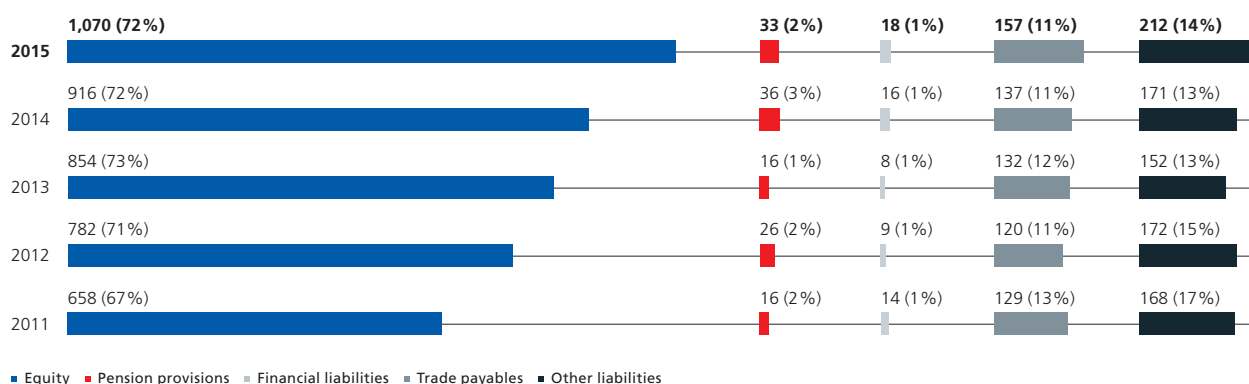
BALANCE SHEET TOTAL IN € MILLION



ASSETS IN € MILLION



EQUITY AND LIABILITIES IN € MILLION



CAPITAL STRUCTURE

	Dec. 31, 2015		Dec. 31, 2014		Change in € million
	in € million	in %	in € million	in %	
Shareholders' equity	1,070	72	916	72	154
Pension provisions	33	2	36	3	-3
Deferred taxes	47	3	22	2	25
Other long-term liabilities	7	1	6	0	1
Long-term liabilities	87	6	64	5	23
Trade payables	157	11	137	11	20
Provisions	37	2	29	2	8
Financial liabilities	18	1	16	1	2
Other short-term liabilities	121	8	114	9	7
Short-term liabilities	333	22	296	23	37
Balance sheet total	1,490	100	1,276	100	214

STABLE EQUITY RATIO OF 72 % WITH SIGNIFICANT INCREASE IN TOTAL ASSETS

Irrespective of the considerable increase in total assets, the **EQUITY RATIO** of the FUCHS PETROLUB Group remained unchanged from the previous year at 72 %. Shareholders' equity increased by €154.6 million to €1,070.2 million (915.6) in the reporting year, mainly as a result of earnings generated.

At €33.2 million (36.0), pension provisions were slightly below the previous year. Deferred tax liabilities recorded a significant increase to €46.5 million (22.0). The €24.5 million increase is essentially the result of the purchase price allocation following the two major acquisitions made in 2015.

Of the €333.2 million (296.2) in short-term liabilities – representing 22.4 % (23.2) of the balance sheet total – just under half is attributable to trade payables. The value increased to €157.3 million (137.3).

At €17.7 million (16.4), financial liabilities remained at the previous year's level, while other short-term liabilities including provisions were €158.2 million (142.5).

On the balance sheet date, the Group's **NET LIQUIDITY** is €101.4 million (185.7).



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Glossary page 215



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ABSOLUTE INCREASE IN NOWC DUE TO OPERATIONAL FACTORS

In line with the business model of the FUCHS PETROLUB Group, special focus in terms of assets is placed on inventories, as well as trade receivables. The ratio of these short-term assets relative to total assets remained unchanged at 41 %. In terms of liabilities, short-term liabilities focus primarily on trade payables. Their ratio relative to total assets also remained unchanged at 11 %. In summary, **NOWC** – i.e. the balance of inventories plus trade receivables net of trade payables – is stable relative to total assets. NOWC represents a key aspect within the scope of the FVA concept. As at December 31, 2015, NOWC was €460.5 million (389.5). In relation to the annualized sales revenues of the fourth quarter, this corresponds to 21.3% (21.0). The average capital tie-up period increased by one day to 78 days (77). The Group continues to aim for a target value of 20% of sales revenues.

USE OF CAPITAL EMPLOYED*

in € million	2015	2014	Change absolute	Change relative in %
Property, plant and equipment*	334.7	292.4	42.3	14.5
Intangible assets*	179.2	119.3	59.9	50.2
Net operating working capital (NOWC)*	435.5	393.5	42.0	10.7
Sum of significant drivers*	949.4	805.2	144.2	17.9
Other items*	10.8	27.4	– 16.6	– 60.6
Capital employed*	960.2	832.6	127.6	15.3

* Average figures, each based on five quarterly values.

98.9% of the capital employed was used for the three separately listed items, thereby exerting key influence on FVA. Total capital employed increased by 15.3%.

The effect of the acquisitions on capital employed is comparably lower when based on average figures than when it is based on figures as at the balance sheet date of December 31, 2015. PENTOSIN is included with two quarterly figures, while STATOIL FUEL & RETAIL LUBRICANTS is included with just one quarterly figure.

The average level of property, plant and equipment increased by 14.5%. Intangible assets increased by 50.2%, in particular due to goodwill, customer relations, and technology gains associated with the acquisitions. Net operating working capital also increased as a result of the acquisitions. In addition to this, currency translation effects served to increase values in all balance sheet items.

CAPITAL EXPENDITURES AND ACQUISITIONS

CAPITAL EXPENDITURES

The focus of capital expenditure in the reporting year was on expanding and modernizing existing facilities. A total of €49.7 million (52.6) was invested. Due to delays in construction work in the US and Australia, the increase in investment volume over the previous year that was originally forecast did not occur.

Investments were primarily made at locations in Germany, the US, and Australia in 2015.

In Germany, several major investment projects from the previous year were continued. Investments were in particular made in a new test bay, tank storage facilities, laboratories, as well as the roll-out of SAP software at a subsidiary.

In the US, we continued the modernization process at the Harvey location near Chicago. We also started construction work on a grease factory, so that we can supply customers in the OEM sector with local products. This allows us to guarantee high availability on a global scale.

In Australia, the purchase of land in Newcastle means that construction of the new facility can now go ahead. In just a few months, we will begin work on replacing an old location in the city center with a modern production facility outside the metropolitan area.

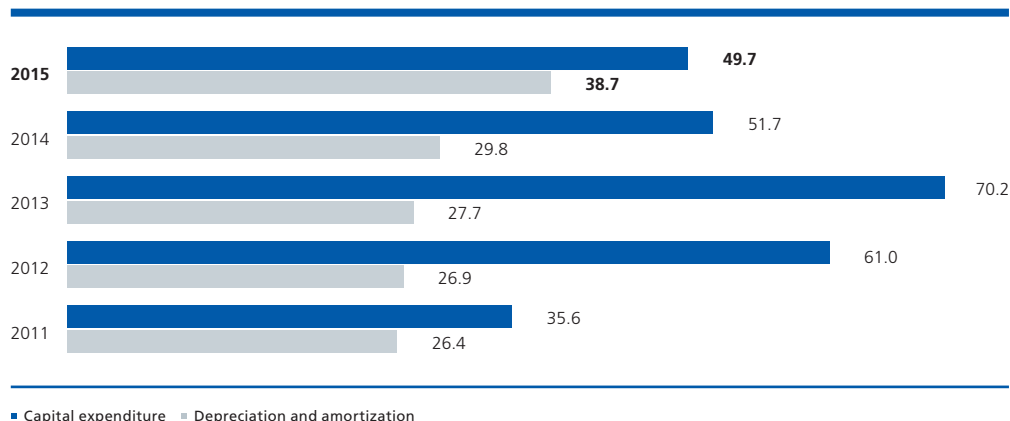
Investments were made at various other locations to maintain our systems and keep them technically up-to-date. Additional capacities were established to provide a faster or better supply for our customers.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization of property, plant and equipment, and intangible assets increased to €38.7 million (35.0). In the previous year a goodwill impairment loss of €4.9 million was recognized in Brazil. In the reporting year, this item includes amortization of purchased intangible assets of €3.3 million as a result of our two major acquisitions.

Capital Expenditure and Depreciation/Amortization – Tangible and Intangible Assets

(in € million)



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Statement of changes
in long-term assets

ACQUISITIONS

FUCHS spent €184.8 million on acquisitions in the reporting year. The financial liabilities acquired amounted to €49.3 million.

DEUTSCHE PENTOSIN-WERKE GMBH in Wedel near Hamburg was acquired on July 1. The company, which is well known as a manufacturer of quality lubricants and specialties for the international automotive industry, generated sales revenues of €135 million in the financial year 2014 with a workforce of around 190 employees.

The acquisition of Stockholm-based STATOIL FUEL & RETAIL LUBRICANTS SWEDEN AB was completed on October 1. The lubricant provider with operations in Scandinavia, Poland, Russia, and the Baltic States generated sales revenues of approximately €140 million in the financial year 2014/2015 with a workforce of around 470 employees.

FUCHS PETROLUB strengthened its market position with these two acquisitions. Following integration of the acquired companies into the structures of the FUCHS PETROLUB Group, we anticipate appreciable contributions to Group profit and an increase in FVA from 2016 onward. The financial year 2015, on the other hand, was impacted by acquisition and integration costs.

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Notes

STATEMENT OF CASH FLOWS

in € million	2015	2014
Earnings after tax	236	220
Depreciation and amortization	39	35
Change of NOWC	0	-14
Other changes	7	22
Investments in long-term assets	-50	-53
Free cash flow before acquisitions	232	210
Acquisitions	-170	-22
Free cash flow	62	188

Higher earnings after tax, as well as lower committed funds in terms of NOWC increased the cash flow from operating activities to €280.9 million (255.3). At €49.7 million (52.6), investments in long-term assets remained at the previous year's level. Free cash flow prior to acquisitions was €232,0 million, following €209,5 million in the previous year. It was possible to finance the acquisitions entirely from current cash flow. The cash outflow from the total investing activities was €219.3 million (67.4).

Free **CASH FLOW** of €61.6 million was partially used to repay debts of €46.2 million. These were essentially financial liabilities taken on within the scope of the acquisitions.

€106.6 million was paid out to shareholders and minority shareholders in the form of dividends. Cash flow from financing activities was €152.8 million (166.5). The previous year included payments for the purchase of own shares.

LIQUIDITY SITUATION, FINANCING STRUCTURE, AND DIVIDEND POLICY

LIQUIDITY DEVELOPMENT AND FINANCING STRATEGY

Even after the two major acquisitions made in 2015, the Group has cash and cash equivalents of €119.1 million. These financial resources secure the flexibility and independence of the FUCHS PETROLUB Group. They also help guarantee a continuous dividend policy, which targets constant increases or at the very least stable dividend payouts to shareholders in FUCHS PETROLUB SE.

As demonstrated in the reporting year, with the cash and cash equivalents at its disposal, FUCHS is ready to act at any time if attractive acquisition targets are identified. In addition to this, the Group has access to free lines of credit of €175 million (136) at banks. The company also has the option to raise funds on the capital market.



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2.7 Overall position and performance indicators

The Executive Board is convinced that the FUCHS PETROLUB Group is in an excellent economic position.

FVA PERFORMANCE INDICATOR

FUCHS employs a uniform KPI for the purposes of value-oriented corporate control in the form of FUCHS Value Added (FVA) (see description of the controlling system, page 71):

$FVA = EBIT - \text{costs of capital employed}$

WACC 2015

The costs of capital employed are determined by relating the weighted average cost of capital (WACC) to the average capital employed.

Basic data at the end of 2015:

- Shareholders' equity costs¹ = 7.8% (7.4) after and 11.3% (10.8) before taxes
- Borrowing costs² = 1.7% (1.7) after and 2.5% (2.5) before taxes
- Financing structure³ = 85% (88) shareholders' equity and 15% (12) borrowed capital
- Typical Group rate of taxation = 31% (31)

¹ Risk-free interest rate + market risk premium x beta factor.

² Risk-free interest rate + sector-specific risk surcharge.

³ Sectoral or target financing structure at market values.

As at December 31, 2015, and based on empirical financial market data WACC is 10.0% (9.8) before taxes and 6.9% (6.8) after taxes. These values are only marginally higher than the previous year's figures. Therefore, the WACC remains unchanged for 2015 at 10.0% before taxes and 7.0% after taxes.

The WACC is incorporated in the FVA as a pre-tax interest rate. The earnings component is also incorporated as a pre-tax figure (EBIT) in the value determination process.



Controlling system

INCREASE IN EARNINGS IN 2015 GOES HAND IN HAND WITH HIGHER FVA

in € million	2015	2014	Change absolute	Change relative in %
EBIT	342.2	313.0	29.2	9.3
Capital Employed				
Equity*	995.3	854.0	141.3	16.6
+ Financial liabilities*	22.8	11.1	11.7	105.4
+ Net pension provisions*	36.9	19.8	17.1	86.4
+ Amortized goodwill*	85.2	85.2	–	–
– Cash*	180.0	137.5	42.5	30.9
Capital employed total	960.2	832.6	127.6	15.3
Pre-tax WACC (in %)	10.0	10.0	–	–
Cost of capital	96.0	83.3	12.7	15.3
FVA	246.2	229.7	16.5	7.2

* Average figures, each based on five quarterly values.

FVA, as the balance of EBIT and costs of capital, increased by €16.5 million or 7.2% over the previous year to €246.2 million (229.7).



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The return on capital employed (**ROCE** = EBIT relative to average capital employed) is 35.6% (37.6) and despite the slight decline significantly exceeds the weighted capital costs before tax of 10.0%.

FIVE-YEAR REPORT OF FVA AND ITS COMPONENTS

in € million	2015	2014	2013	2012	2011
EBIT	342	313	312	293	264
Average Capital Employed	960	833	786	737	674
Cost of capital	96	83	90	85	78
WACC in %	10.0	10.0	11.5	11.5	11.5
FVA	246	230	222	208	186

LIQUIDITY AS A PERFORMANCE INDICATOR

LIQUIDITY

FUCHS PETROLUB uses Free cash flow as the key liquidity indicator for the entire Group. Free cash flow is defined as cash flow from operating activities, net of investments in intangible assets, property, plant and equipment, as well as acquisitions. Free cash flow indicates the scope of available financial resources, particularly for the settlement of debts, dividend payments, and increasing

up cash and cash equivalents. Free cash flow is a key liquidity indicator and provides the basis for a large number of management decisions.

In 2015, FUCHS PETROLUB Group generated Free cash flow of €61.6 million (187.9). After the two major acquisitions, which were financed from current cash flow, sufficient financial resources were available for repayment of financial liabilities (€46.2 million) that were taken over within the scope of the acquisitions. FUCHS PETROLUB made dividend payments of €106.6 million for the financial year 2014 (2013: 97.1). Cash and cash equivalents of €202.1 million as at December 31, 2014 were reduced to €119.1 million over the course of the year.

Despite the acquisitions made, the Group therefore continued to enjoy a good liquidity situation in 2015.

The following overview shows the development of Free cash flow. The dividends for shareholders in FUCHS PETROLUB SE have been increased each year.

FIVE-YEAR SUMMARY OF FREE CASH FLOW AND DIVIDENDS (TOTAL DIVIDEND PAYOUT)

in € million	2015	2014	2013	2012	2011
Free cash flow before acquisitions	232	210			
Acquisitions	-170	-22			
Free cash flow	62	188	150	140	59
Dividend distribution	106	97	92	70	63
Share buyback	-	76	22	-	-

GROWTH AS A PERFORMANCE INDICATOR

ORGANIC AND EXTERNAL GROWTH

FUCHS PETROLUB targets profitable growth, which can be generated both internally (organic) and through acquisitions (external). The focus in the reporting year was on external growth. Please refer to the chapter entitled "Sales revenues" for further information.

PROFITABILITY AS A PERFORMANCE INDICATOR

EBIT

FUCHS PETROLUB measures the profitability of its business through earnings before interest and tax. In 2015, the Group increased its EBIT by 9.3%. Please refer to the section entitled "Group earnings position" for further details.

2.8 Supplementary report

No transactions of particular importance with an appreciable bearing on the results of operations, net assets, or financial position of the FUCHS PETROLUB Group occurred after the end of the financial year.

2.9 Opportunity and risk report

Our opportunity and risk policy focuses primarily on securing the continued existence and increasing the company value of the FUCHS PETROLUB Group. Our corporate objective lies in the early identification and utilization of opportunities, as well as in the detection of risks at an early stage, their appropriate assessment and the taking of appropriate measures in response. The diverse opportunities for the Group result from its technological leadership in important business areas, the broad scope of its product portfolio, cooperations with local and international customers, as well as its global positioning. On the basis of this, we see potential for cultivating further sectors and niches, as well as for stable and continuous company development.

The following outlines our understanding of opportunities and risks:

- Opportunities represent possible future developments or events that could lead to positive deviations from the company's forecasts or targets.
- Risks represent possible future developments or events that could lead to negative deviations from the company's forecasts or targets.

Unless stated otherwise or explicitly referred to, the opportunities and risks listed affect all segments.

The Executive Board at FUCHS PETROLUB SE sets out the risk policy guidelines and endeavors to safeguard a balance between opportunities and risks on the basis of the business model. Responsible consideration of opportunities and risks is an integral part of all business decisions and is thus an integral element of day-to-day business management activities in all operating units. Our system of opportunity and risk management is structured according to strategic and planning processes which are based on regular opportunity and risk audits. The Executive Board, the Group Management Committee (GMC) and the management at the local entities all work together closely to identify, assess and control operating and strategic opportunities and risks. The opportunity and risk situation of the Group is constantly reviewed by the Board and GMC. We employ countermeasures as a way to avoid or reduce risks. Insofar as this is possible and economically justifiable, we transfer risks to third parties, for example by concluding insurance contracts.

OPPORTUNITY REPORT

THE GROUP'S OPPORTUNITY MANAGEMENT SYSTEM

Within a dynamic market environment, the FUCHS PETROLUB Group's global business operations continuously present new opportunities, the systematic detection and utilization of which are key components of our sustainable corporate strategy.

The Group employs planning, governance, and reporting processes to ensure early detection of opportunities. On the basis of economic analyses by recognized institutes, market information, and our own monitoring systems, we endeavor to react appropriately and early to the latest developments.

Opportunities are identified within the scope of annual business planning and target agreement. The measures for utilizing opportunities are coordinated between the Executive Board/GMC and the management at the subsidiaries.

The global information is regularly compressed within the scope of budget and general projections. Potential opportunities that were not taken into account within the scope of preparing budgets and projections are reported to Central Opportunity and Risk Management at both company and divisional level.

MACROECONOMIC OPPORTUNITIES

The global presence of the FUCHS PETROLUB Group in all industrial markets of the established and emerging economies allows us to participate in growth impulses. Our goal is to participate in dynamic developments, acquire new customers, and win additional orders. Based on the business model, diverse opportunities arise across the various regions, sectors, products, and customers.

CORPORATE STRATEGY OPPORTUNITIES

On the basis of our mission statement LUBRICANTS.TECHNOLOGY.PEOPLE, our focus on lubricants, our capacity for innovation, our technological leadership in important business segments, our pronounced quality consciousness and our qualified employees represent important pillars for our corporate success. These strengths, in combination with the proven business model and early detection of future requirements regarding products and environmental protection, legal and regulatory rules, support the further expansion of our position in the global lubricant markets and the development of optimum lubricant solutions for our customers. We are keen to achieve further organic growth and, if possible, also through acquisitions.

SECTOR-SPECIFIC AND MARKET-SPECIFIC OPPORTUNITIES

The physical and organizational structure of our efficient and global network of sales staff, application engineers, and commercial partners is aligned with the sector-specific and market-specific requirements of our customers. The corporate strategy stipulations resulting from our mission statement are operatively implemented at the subsidiaries and in the central functions.

OPPORTUNITIES FROM RESEARCH AND DEVELOPMENT

To strengthen its customer structure and further diversify its product portfolio, the FUCHS PETROLUB Group engages in joint research and development activities in a network with universities, associated research institutes, and customers.

We underline our technological leadership in important business areas by making targeted investments in research and development for high-grade lubricants. We develop custom product solutions that offer our customers sustainable benefits. Our innovations make an important contribution to supporting profitable organic growth and further strengthening both our added value and competitive position.

OPPORTUNITIES RESULTING FROM EMPLOYEE DEVELOPMENT AND SUSTAINABILITY ACTIVITIES

We see opportunities in promoting the expertise and capacities of our employees and managers and making use of these for further developing the business. The same applies to early anticipation and implementation of trends in the field of energy-saving and environmentally-friendly products. Our sustainability activities combine the economic, ecological, and social aspects of our management approach.

RISK REPORT

THE GROUP'S RISK MANAGEMENT SYSTEM

The risk management system (RMS) stipulated by the Executive Board of FUCHS PETROLUB SE and implemented in all Group units governs the way in which risks are handled within FUCHS and defines a uniform methodology to be employed throughout the Group, which is integrated into the planning, governance, and reporting processes of all operating units and central functions. In this endeavor, we pursue comprehensible and transparent presentation of the risks associated with all business activities/procedures via a structured process that identifies, assesses, and then formulates countermeasures, as well as providing regular reporting and tracking. The practical implementation of this objective takes place via strategic planning, mid-term planning, budgeting, reporting, permanent controlling, risk reporting, the Internal Control System (as a constituent of the RMS), the compliance management system, and the Internal Audit department.

The generally recognized COSO II framework of the Committee of Sponsoring Organizations of the Treadway Commission forms the systematic basis of the RMS and the internal control system (ICS), the scope and alignment of which are set out and if necessary revised by the Executive Board, taking into account company-specific requirements.

The RMS is set out in a directive that is binding throughout the Group. Budgets and forecasts, as well as associated risk inventories performed by the management of the operating units every six months and by the central units once a year in a structured process, form the basis of global risk control in the Group. Within the scope of risk reporting, those risks that were not already taken into account within the scope of preparing budgets and projects are reported. Suitable risk categories are available for supporting the identification of risks on the basis of defined corporate goals, as well as the environment in which the business operates.

In this vein the risk management process is supported by an IT solution. The completeness of the risk reports can be assessed and secured using a risk catalog. When assessing risks, their respective likelihood of occurrence and the associated potential extent of loss are taken into account. The deviation from the budgeted earnings after tax represents the extent of loss. In terms of potential losses, a distinction is made between gross losses before and net losses after risk mitigation measures. Risk mitigation measures are defined, implemented, and assessed locally to determine their effectiveness. Validation of the reports is performed by the regional management and the central Opportunity and Risk Management.

The individual risks reported by the Group companies and special departments are bundled at Group level to create aggregated risks.

The aggregated risks are classified on the basis of their likelihood of occurrence and extent of net loss. The following assessment criteria apply here:

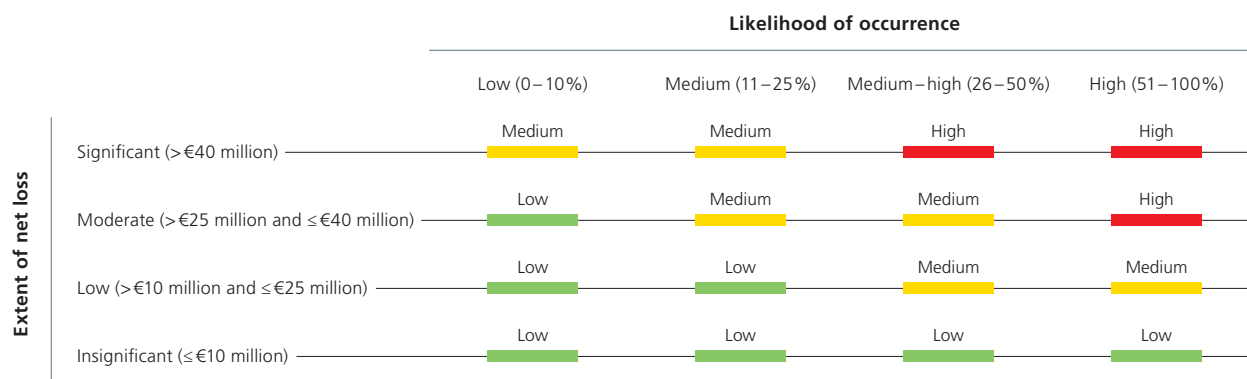
Likelihood of occurrence	Description
0 to 10%	Low
11 to 25%	Medium
26 to 50%	Medium-high
51 to 100%	High

Extent of net loss	Description
Insignificant	Deviation from the budgeted earnings after tax is less than or equal to €10 million
Low	Deviation from the budgeted earnings after tax is less than or equal to €25 million
Moderate	Deviation from the budgeted earnings after tax is less than or equal to €40 million
Significant	Deviation from the budgeted earnings after tax is greater than €40 million

The value limits for the extent of net loss are based on the deviation of five, ten or 15% from the budgeted earnings after tax.

On this basis, it is then possible to determine which risks most likely pose a real threat to the FUCHS PETROLUB Group.

The combination of the likelihood of occurrence and net extent of loss determines which risk categories are considered significant from the Group's perspective. This is presented in a table below. Risks are grouped as low (L = green), medium (M = yellow), and high (H = red) risks. In line with our risk methodology, only high risks are classed as substantial.



The information is prepared by the central Opportunity and Risk Management. The results of the entire process are presented twice per year to the Executive Board and at least once a year to the Supervisory Board. Sudden or unexpected risks with substantial effects are reported to the Executive Board and Supervisory Board on an ad-hoc basis.

It must be taken into account that even appropriately set up and fully functional systems cannot offer absolute security with regard to the identification and controlling of risks. Based on our current knowledge and the information available to us, we have appropriately taken into account and presented the risks associated with business operations.

On the basis of the risk classification presented above, the FUCHS PETROLUB Group is currently not subjected to any aggregated risks rated as substantial.

SIGNIFICANT FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

The Internal Control System (ICS) of FUCHS PETROLUB SE is used to secure the effectiveness and profitability of business operations, to guarantee true and proper accounting treatment, as well as to ensure compliance with the key legal and internal regulations for the company.

The systems in place for monitoring the entire company comprise a comprehensive control system for monitoring operational and financial processes in the form of periodical financial reports, projections, budgets, compliance reports, and audit reports. In addition to these, stipulations are in place at the level of the individual companies that fix the dual-control principle, segregation of duties, and compliance with authorization levels.

The Group accounting process is designed in such a way that uniform reporting of all business transactions is guaranteed throughout the Group in line with legal requirements, generally accepted accounting principles, international accounting standards (IFRS), and internal Group guidelines.

All companies included in the scope of consolidation report to the parent company in a standard form. In addition to this, consolidation is performed based on uniform principles throughout the Group.

The decentralized organization of the Group accounting process starts in the Group's subsidiaries and encompasses reporting with comprehensive monthly key figures, as well as detailed quarterly interim and annual financial statements. These are regularly checked for feasibility and inspected within the Group to ensure completeness and accuracy. The technical handling of the reporting processes is performed via a Group-wide standardized reporting application.

The Group accounting requirements are described in an Accounting Manual, which is supplemented by a Financial Guideline, an Investment Guideline, and a Receivables Guideline. Any amendments to existing accounting regulations with effects on the consolidated financial statements of FUCHS PETROLUB SE are analyzed promptly and communicated to the Group companies for implementation. The professional competence of the staff involved in the financial accounting process is ensured through careful selection, initial training and continuous further training of the involved employees. The largely standardized IT systems and corresponding security concepts provide the EDP systems employed in the field of accounting with the best possible protection from unauthorized access. Within the scope of its annual audits, Group Audit reviews the effectiveness of the internal control and risk management system. In addition to this, the parts which are relevant for financial reporting are also checked for effectiveness by the auditor within the scope of a risk-oriented audit approach.

Among other things, the Supervisory Board and its Audit Committee address key questions of accounting, risk management, the audit assignment and the auditor's main focuses.

The diverse activities performed within the scope of the internal control system and risk management system (particularly with regard to the Group accounting methodology) at FUCHS PETROLUB SE are specifically designed to detect potential risks and undesirable developments as early as possible. However, even our systems cannot provide absolute security against potential mistakes. Within the scope of the annual audit, the auditor confirmed that the Executive Board has suitably implemented the measures required pursuant to Section 91 (2) of the German Stock Corporation Act (AktG), in particular to establish a monitoring system, and that the monitoring system applied is suitable for early detection of developments that threaten the company's existence. Up to this point in time no significant weaknesses with regard to the internal controls over financial reporting were detected within the scope of the audit.

INDIVIDUAL RISKS

On the basis of the risk classification presented above, the FUCHS PETROLUB Group is currently not subjected to any aggregated risks rated as substantial. Also the aggregation across all risks is not substantial from the Group's perspective. Yet despite this, the risks which need to be constantly monitored due to their importance for the Group and its subsidiaries are presented in categories in the following.

MACROECONOMIC RISKS

It is impossible to completely avert risks that occur due to economic cycles. Any worsening of economic framework conditions in the sales regions can potentially impact the sales revenue and earnings position of the FUCHS PETROLUB Group. Geopolitical and economic crises can have effects on regional markets. Consistent alignment of business activities with the large economic areas of Europe, North and South America, as well as Asia-Pacific, Africa limits dependency in individual customer countries and serves to spread the risks. The diversified product portfolio also allows temporary economic fluctuations, for example caused by more favorable developments in other regions or markets, to be at least partially compensated.

The economic and political situation in the Middle East, in Russia and in the Ukraine represent risks for the macroeconomic development and the development of the FUCHS companies affected by this.

We reduce risks for the FUCHS PETROLUB Group by constantly monitoring political and economic developments and employing a strict system of receivables management, tight cost monitoring, localization of production, as well as intensive communication with our foreign subsidiaries.

CORPORATE STRATEGY RISKS

Sectoral and competitive risks

Our observations are focused on the intensive competition on sales markets, increasing customer quality standards, technological progress, as well as default and inventory risks. Further risks can occur due to the dependence on individual customers and industries. If a customer's demand for products declines, this could lead to reduced purchases of FUCHS products and an increase in price sensitivity. Although the Group's business operations already cover a variety of different industries, we are anxious to further diversify these operations through incorporation of new client groups, markets and industries. In this context, we constantly strive to maintain and further build on our position as technological leader in strategically important business fields and niches directly with customers through continuous innovation activities, partnership-based research and development work, as well as application-based support.

Investment and acquisition risks

Investment and acquisition projects are associated with complex risks. For example, unforeseeable changes to economical legal framework conditions can potentially lead to higher investment and acquisition costs. The processes involved when setting up an investment or integrating companies which have been acquired can be delayed. Investment decisions are therefore subject to careful examination in a multi-stage process and, if a predefined value limit is exceeded, the matter is presented to the Executive Board for a final decision. In the case of acquisitions, the Executive Board is regularly involved in the acquisition process. Investment and acquisition projects are implemented on the basis of defined processes and procedures.

Risks from research and development

The opportunities of a major capacity for innovation and the high degree of specialization also lead to risks of high complexity and limited predictability of research and development projects. To govern these risks, most products are developed in collaboration with our customers and also in joint research projects with universities or other research institutions. Technical developments which enable company-specific expertise to become generally available represent potential risks for technological leadership. The development of new and innovative products therefore requires effective intellectual property protection, which we secure internally through our organization and appropriate processes.

OPERATIONAL RISKS

Procurement risks

On the procurement side, we see key risks in the availability of raw materials, market changes, suppliers taking advantage of oligopoly positions, and the price fluctuations this entails. In terms of organization, central departments and the various departments at our foreign subsidiaries monitor the procurement markets within the Group to detect any unfavorable developments early on and ensure rapid reactions. Further counter-measures include securing our supply of base oils and important chemicals via a broad procurement basis, continuously searching for alternative suppliers, and collaboration on technical committees to help secure a greater substitutability of base oils.

The use of raw materials at FUCHS PETROLUB is divided into chemical raw materials and base liquids. The base liquids also include base oils. Many of the chemical raw materials are originally based on oil and do not reach FUCHS until they have undergone numerous stages of refinement, i. e. following significant **ADDED VALUE** activities. The price erosion of crude oil also has an impact on the procurement prices of several raw materials, although not directly and not to the same extent. However, lasting declines in raw material prices can result in a reduction in our sales prices, which in turn can have a negative impact on our earnings position.

IT risks

With the organizational and technical networking of locations and systems, the complexity of our IT systems is increasing. The risk of data loss/theft, as well as the risk of operational disruptions is increasing. We are addressing the risks by collaborating with established IT service providers, implementing detailed backup and recovery procedures, and protect against unwanted access to our systems. Employees are kept up-to-date with current practices, developments, and technologies through training events and guidelines. To secure uniform IT safety standards worldwide, regular IT safety tests are performed. Based on the results of these tests, short-term and long-term measures are initiated to increase IT safety.

REGULATORY AND LEGAL RISKS

Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.



Glossary page 214

To ensure lawful and social-ethical behavior, the Executive Board at FUCHS PETROLUB SE implemented a Compliance Management System (CMS). The prevention and detection of infringements, as well as the reaction to these infringements represent key components of the CMS. We do not tolerate any violations against legal provisions, the FUCHS Code of Conduct or other internal directives.

The CMS is presented in more detail in the Declaration of Corporate Governance, which is part of the Corporate Governance Report.

Regulatory risks

The FUCHS PETROLUB Group's global business operations are influenced by the legal and regulatory environment. We address these influences with the expertise of dedicated specialists, as well as appropriate legal and insurance advice.

Legislation governing chemicals in the EU member states is to be fundamentally harmonized and simplified with the REACH European Chemicals Regulation (Registration, Evaluation, and Authorization of Chemicals). We have implemented all staff-related and organizational measures in order to comply with the regulatory requirements and monitor further development.

With its GHS (Globally Harmonized System), the United Nations is seeking to introduce a uniform worldwide system for classification and labeling of chemicals. The introduction of GHS requires the toxicity properties of materials and formulations to be re-evaluated. Products from the FUCHS portfolio may require new labeling based on this, and could potentially no longer be suitable for sale. We support introduction of GHS worldwide by establishing corresponding organizational structures and have already developed alternative formulations for any products affected. Our research and development departments are also working on further alternatives.

Production, product and environmental risks

The production, filling, storage and transport of chemical raw materials, products and waste includes potential product and environmental risks, which can present themselves in the form of malfunctions with direct effects on persons, the environment and production processes. We therefore work to high technical (safety) standards when building, running, and maintaining production equipment. The use of raw materials and our product manufacturing process are both subject to consistent worldwide monitoring of quality requirements and standards. We also employ targeted measures to comply with soil and water protection regulations. The insurance programs in place throughout the Group are used to reduce the risks of damage to property, liability risks, transport risks, as well as risks posed by potential interruptions in business. We also address the effects of unplanned disruptions to operations through inventory buffers, as well as use of our global production network.

FINANCIAL RISKS

Currency risks

In regard to currency risks, we distinguish between transaction and translation risks. Transaction risks occur as a result of income and expenditure in foreign currency, such as in the procurement of raw materials. Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, no long-term hedging of currency positions is performed in the operating business. Exchange rate risks resulting from the issue of Group-internal foreign currency loans, on the other hand, are generally hedged.

The translation risk is due to currency conversion of balance sheets and income statements into euros. As the FUCHS PETROLUB Group includes many Group companies which are not based in the eurozone, exchange rate fluctuations can influence Group profit. Transaction and translation risks therefore have a compensatory effect at Group level.

Pension risks

The occupational pension plans in the Group are largely financed by funds. The pension risks for entitlements and retired staff are easily controlled and, since they are so minor relative to the total assets held by the Group, do not represent any appreciable risk. We also make reference to the descriptions of the pension provisions in the notes to the consolidated financial statements.

OVERALL ASSESSMENT OF THE GROUP'S OPPORTUNITIES AND RISKS

The opportunity and risk management system set up by the Executive Board and implemented worldwide is appropriately aligned with the FUCHS PETROLUB Group's opportunity and risk profile and is also subject to constant further development, taking into account new opportunities and risks where appropriate.

The way in which the Group presents opportunities represents a consolidated assessment of all significant opportunities. There were no changes relative to the previous year. The way in which risks are presented throughout the Group represents a consolidated assessment of all risks derived from the budget reports and risk reports submitted both by the subsidiaries and central functions which are applicable to the forecast period. The overall risk profile of the FUCHS PETROLUB Group has not changed relative to the previous year.

From the Executive Board's current perspective, however, there are no discernible risks that jeopardize the company's going concern. We consider it highly improbable that all the individual risks would occur at the same time.

2.10 Forecast report

GROUP ALIGNMENT AND ECONOMIC FRAMEWORK

The business model of the FUCHS PETROLUB Group is based on broad regional use of business opportunities spread across many sectors. The business portfolio is aligned with products that place great demands on technology and are associated with high service costs. Particular emphasis is placed on the development of special applications and niches as well as regional market segments. FUCHS PETROLUB is therefore broadly diversified. There are still no plans to expand the Group's activities to business areas outside the field of lubricants.

The sales markets for the technological solutions and processes developed in the FUCHS PETROLUB Group include both highly developed industrialized countries and emerging markets that often display faster economic development.

The Group constantly reviews new business opportunities through continuous development of new products that help to reduce costs and solve technical issues in complex processes. At the same time, existing products are centrally and regionally modified to match the ever changing requirements.

GENERAL ECONOMIC DEVELOPMENT FORECASTS

In January 2016, the International Monetary Fund (IMF) predicted growth in the global economy of around 3.4% for 2016, while the global economy grew by 3.1% in 2015 based on current estimates. Similarly to developments in 2015, we therefore anticipate the global lubricant market to stagnate or display slight growth of up to 0.5%.



Economic framework

Please refer to "Economic framework: general and sectoral. Development in 2015 and forecasts for 2016" on page 80 for information on the forecasts regarding market development in our customer sectors and the three global regions

EFFECTS ON OUR BUSINESS MODEL

We will continue our successful business model based on the anticipated growth in terms of both the global economy and global lubricant consumption.

However, global economic development currently faces a wide range of risks, which could also impact our business. Slower growth in China, weak economic development in emerging markets such as Brazil and Russia, as well as economic slowdown in countries that rely on oil and raw material exports due to significant drops in oil and raw material prices can all influence the demand for lubricants.

The immediate economic risks are also accompanied by political risks with potential indirect economic effects. These include the Middle East conflict, the Ukraine crisis, and political tension in Asia. Besides the ongoing national debt and banking crisis, the refugee issues faced by Europe present risks for the economic development.

Raw material prices, which are critical for our products, have fallen comparably little despite the pronounced drops in the price of crude oil. Due to shortages of certain base oils and a high degree of added value among more valuable base oils, chemicals and additive packages, the effect associated with the price of crude oil was limited to just a few crude oil-related product ranges. Passing on purchasing advantages resulting from this had a negative effect on organic growth in 2015. We do not anticipate any appreciable price reductions for 2016. There is also a risk of an opposing trend, for example if the price of crude oil increases considerably due to quantitative limits on the supply side.

ANTICIPATED RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Taking into account the described economic and political framework conditions, and in light of the acquisitions made in 2015, the FUCHS PETROLUB Group is planning further growth for 2016.

PERFORMANCE INDICATOR

	Actual 2015	Forecast 2016
Sales revenues	€2,079 million	
Total growth	11.4%	7% to 11%
Organic growth	0.3%	low single-digit percentage
External growth through acquisitions in 2015	6.0%	high single-digit percentage
Currency	5.1%	
EBIT	€342 million	3% to 7%
FVA	€246 million	Increase in the low single-digit percentage range
Free cash flow before acquisitions	€232 million	€170 million to €200 million

The planned organic growth in business comprises increases in volumes which are partially compensated by passed-on decreases in raw material costs. Expectations with regard to external growth are based on the two acquisitions made in 2015. Whether and to what extent further external growth can be achieved is a question of future acquisition opportunities. In the absence of reliable currency forecasts, it is not possible to provide a well-founded forecast regarding the impact of changes in currency exchange rates on sales revenues and earnings. The planning is based on currency exchange rates as at the end of October 2015.

Due to the anticipated increase in sales revenues, the Executive Board also expects further EBIT growth, to which the two acquisitions will also contribute. However, the earning power of the newly acquired companies is still below the Group average. Investments made over the last years in recruiting new employees, in new and existing facilities as well as intensified research and development activities coupled with inflation-based increases in personnel and other direct costs are leading to an increasing cost base.

Should the global economy and global lubricant consumption record significantly stronger growth than forecast, a corresponding increase in EBIT growth should also be expected. Conversely, it would be more difficult to absorb the aforementioned increased costs in the event of weaker growth.

We anticipate organic growth in sales revenues in all regions. External growth as a result of the acquisitions made in 2015 will largely affect the Europe region. As a result of the acquisitions, we are therefore forecasting a higher EBIT growth in this region than in the Group as a whole.

We also expect to record a further increase in capital employed due to the acquisitions made in the year 2015 and planned investments in property, plant and equipment of around €100 million. These concern plant expansion and modernization activities in the US, Germany, Australia, China, and England. A whole range of these measures was already budgeted for 2015. We expect the level of investment for the forecast year to remain the same for the two subsequent years before figures start to decline. Major upcoming projects in subsequent years include the locally subsidized relocation of the plant in China and the acquisition-related construction of a new facility in Sweden.

As a result of increased business volumes, net operating working capital (NOWC) may continue to rise. Our objective of maintaining NOWC at a level corresponding to no more than 20% of sales revenues remains in place.

The anticipated growth in EBIT should exceed the rise in the costs of capital employed. As a result of this, we are anticipating a higher FVA in the low single-digit percentage range – subject to the weighted capital costs remaining unchanged.

Free cash flow prior to acquisitions comprises the financial resources available after financing of the net operating working capital and anticipated capital expenditures. On the basis of the planned business development, we anticipate Free cash flow prior to acquisitions of around €170 million to €200 million, which will be influenced by increased investing activities in 2016.

In terms of the net assets and financial position or balance sheet structure, we do not anticipate any significant changes.

The statements made assume that the positive overall framework conditions for FUCHS remain in place and that the various company-specific and economic risks do not materialize in any appreciable form.

2.11 FUCHS PETROLUB SE (HGB)

FUCHS PETROLUB SE is the parent company and strategic management holding of the FUCHS PETROLUB Group. The company is a stock corporation under European law. The situation at FUCHS PETROLUB SE is essentially determined by the business success of the Group.

The annual financial statements of FUCHS PETROLUB SE are drawn up in line with the regulations of the German Commercial Code (HGB) and German Stock Corporation Act (AktG).

The company operates direct subsidiaries and affiliated companies, and secures both the continued existence and further development of the Group with its employees. Beside business management duties, the development and transfer of technical expertise, as well as marketing activities and protecting the FUCHS brand represent further important functions. Most of the income generated by FUCHS PETROLUB SE takes the form of dividend income, income from investments, as well as royalties for technical expertise and trademark rights. The expenses accrued by FUCHS PETROLUB SE primarily relate to administration, technical development, and brand management. Beside this, financing expenses might also be incurred. Furthermore, tax payments are to be made for the tax consolidation group and dividends are to be paid to the shareholders.

FUCHS PETROLUB SE is in an excellent economic position. It enjoys a solid basis in terms of financial position, net assets and results of operations.

RESULTS OF OPERATIONS

in € million	2015	2014	Change
Investment income	289	203	86
Administrative expenses	–36	–31	–5
Other operating income	38	45	–7
Other operating expenses	–6	–6	0
Financial result	–5	–9	4
Earnings from ordinary business activities	280	202	78
Income taxes	–39	–35	–4
Earnings after tax	241	167	74
Retained earnings brought forward from the previous year	10	33	–23
Transfer to other retained earnings	–120	–84	–36
Unappropriated profit	131	116	15

In 2015, FUCHS PETROLUB SE generated earnings after tax of €241.0 million (167.0). The increase of €74.0 million or 44.3% is a result of significantly higher income from investments. The forecast increase in earnings was exceeded, since the need for financing resulting from the acquisitions could not yet be predicted at the start of 2015.

Income from investments represents the key source of income at the SE. At €289.3 million, income from investments was €85.9 million above the previous year (203.4). Profit distributions from foreign stock corporations were €186.2 million (97.8). Retained earnings generated abroad were paid to Germany to a greater extent in order to finance the two acquisitions made in 2015. Income of €103.1 million (105.6) was received from profit and loss transfer agreements in place with German subsidiaries.

At €36.0 million (31.3), administration costs remained the largest pool of costs. Around 60% (63) of these costs is attributable to personnel expenses. The €4.7 million or 15% increase in personnel and other direct costs is partly the result of an increase in the number of employees at the holding and greater pension expenses due to higher interest rates. However, the by far greater share of the increased costs is attributable to operating costs and in particular maintenance costs, travel and consulting costs, and advertising costs. Various modernization measures and the growth initiative had an impact here.

Besides income from investments, FUCHS PETROLUB SE in particular generated license income. Other operating income of €37.9 million (44.9) comprises income from licenses of €27.8 million (26.2). Beside this, cost allocations and other income of €9.0 million (10.2) were recorded. Write-ups had a positive effect of €1.1 million (8.5).

Other operating expenses of €6.3 million (6.5) in particular include research and development cost subsidies paid by the holding company to subsidiaries.

Earnings from ordinary business activities rose to €279.8 million (202.0). This takes into account the fact that the financial result of –€5.1 million (–8.5) was primarily influenced by write-downs of three investments in companies (in the previous year two) of €5.3 million (8.9).

Income taxes applicable to the tax consolidation group amounted to €38.8 million (35.0). The increase is due to withholding taxes on dividends. This results in earnings after tax of €241.0 million (167.0), which represents an increase of €74.0 million or 44.3% over the previous year.

Unappropriated profit as at December 31, 2015, is €130.6 million (116.4). This includes the retained earnings brought forward from the previous year of €10.1 million (32.9). €120.5 million (83.5) is allocated to retained earnings.

NET ASSETS AND FINANCIAL POSITION

	Dec. 31, 2015		Dec. 31, 2014		Change
	in € million	in %	in € million	in %	in € million
Intangible assets and property, plant and equipment	9	1	9	1	0
Financial assets	536	63	426	61	110
Receivables due from affiliated companies	305	36	205	29	100
Cash and cash equivalents	0	0	60	9	-60
Other assets	2	0	2	0	0
Total assets	852	100	702	100	150
Shareholders' equity	813	95	678	97	135
Provisions	18	2	21	3	-3
Liabilities due to affiliated companies	20	3	0	0	20
Other liabilities	1	0	3	0	-2
Total equity and liabilities	852	100	702	100	150

Being the holding company, the assets of FUCHS PETROLUB SE essentially comprise shares and investments in companies, as well as receivables due from these companies.

On the balance sheet date, financial assets and receivables due from affiliated companies amounted to €840.9 million (631.1). These represent 98.7% (89.9) of assets. Cash and cash equivalents are €0.0 million (60.0). Cash and cash equivalents were essentially used for the acquisitions made in 2015.

Predominantly as a result of the acquisitions made, financial assets in the form of shares and investments in subsidiaries and affiliated companies increased to €535.8 million (425.8). This includes write-ups on two investments in companies of €1.1 million (8.5) and write-downs related to three (two) subsidiaries of €5.3 million (8.9). In addition to this, capital increases to the amount of €4.8 million (0.9) were realized.

Receivables due from affiliated companies increased to €305.1 million (205.3) on the balance sheet date. €297.2 million (197.1) thereof was attributable to receivables due from domestic companies. At €290.6 million (119.1) the majority of receivables can be attributed to FUCHS FINANZSERVICE GMBH, the Group's financing company. Receivables due from other domestic Group companies were €6.6 million (78.0).

On the balance sheet date, FUCHS PETROLUB SE holds shareholders' equity of €812.9 million (678.2). The equity ratio is 95.4% (96.7).

Beside this, the company recognized liabilities to associated companies of €19.6 million (0.0), as well as provisions for taxes, profit-sharing schemes, and other uncertain liabilities of €17.7 million (20.7).

FORECAST REPORT

The development of the FUCHS PETROLUB Group has direct effects on the development of FUCHS PETROLUB SE. The assumptions and statements made in the Group's forecast report are therefore equally relevant for FUCHS PETROLUB SE.

2015 was characterized by above-average income from investments that will not be repeated in the forecast year 2016. Set against this background, profit after tax in 2016 is likely to be significantly below the level recorded in 2015.

UNAPPROPRIATED PROFIT AND DIVIDEND PROPOSAL

Based on the result according to the German Commercial Code, in which unappropriated profit of €130.6 million is disclosed, the Executive Board and Supervisory Board will submit a proposal to the Annual General Meeting that the dividends should be increased by €0.05 per share over the previous year

- to €0.81 (0.76) per ordinary share entitled to dividend and
- to €0.82 (0.77) per preference share entitled to dividend.

According to this, dividend payments will amount to €113.3 million (106.3). The remaining portion of unappropriated profit will be carried forward.

2.12 Legal disclosures

DEPENDENT COMPANY REPORT / REPORT ON INVESTMENTS IN AFFILIATED COMPANIES

The Fuchs family holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG, via which most of the Fuchs family's ordinary stock is held, is the controlling enterprise for FUCHS PETROLUB SE, which is a dependent company.

A dependent company report has therefore been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company nor any company associated with it."

KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim, the independent auditors of FUCHS PETROLUB SE, have audited this dependent company report and provided it with an unqualified audit opinion.

DECLARATION OF CORPORATE GOVERNANCE



Further information at
www.fuchs.com/dcg

The Declaration of Corporate Governance to be submitted pursuant to Section 289 a of the German Commercial Code (HGB) can be found in the Corporate Governance Report on pages 42 to 49 and is part of the combined management report. It is also available online at www.fuchs.com/dcg.

MAIN FEATURES OF THE COMPENSATION SYSTEM OF FUCHS PETROLUB SE FOR MEMBERS OF THE EXECUTIVE BODIES



Corporate Governance
Report

The main features of the compensation system of the company for members of the Executive Bodies are presented on pages 50 to 51 of the Corporate Governance Report and form part of the combined management report.

INFORMATION REQUIRED UNDER TAKEOVER LAW PURSUANT



Disclosure required
under takeover law

The relevant disclosures required pursuant to Section 289 (4), 315 (4) of the German Commercial Code (HGB) are presented on pages 59 to 61 and form part of the combined management report.

FUCHS has been focusing on the development of innovative lubricants for 85 years. We supply 100,000 customers in more than 150 countries.

IN 2015 SHAREHOLDERS' EQUITY INCREASES TO

€1.070 MILLION

THE DIVIDEND PAYOUT RATIO IS AROUND

50%

3

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* Part of the notes.

3.1 Consolidated financial statements of FUCHS PETROLUB SE

INCOME STATEMENT

in € million	Notes	2015	2014
Sales revenues	(1)	2,079.1	1,865.9
Cost of sales	(2)	– 1,287.7	– 1,172.7
Gross profit		791.4	693.2
Selling and distribution expenses	(3)	– 311.7	– 272.7
Administrative expenses	(4)	– 104.7	– 92.9
Research and development expenses		– 38.9	– 32.9
Other operating income and expenses	(5)	– 11.7	– 2.1
EBIT before income from companies consolidated at equity		324.4	292.6
Income from companies consolidated at equity	(6)	17.8	20.4
Earnings before interest and tax (EBIT)		342.2	313.0
Financial result	(7)	– 3.7	– 2.9
Earnings before tax (EBT)		338.5	310.1
Income taxes	(8)	– 102.3	– 90.2
Earnings after tax		236.2	219.9
Thereof			
Non-controlling interests	(9)	0.4	0.4
Profit attributable to shareholders of FUCHS PETROLUB SE		235.8	219.5
Earnings per share in €¹	(10)		
Ordinary share		1.69	1.57
Preference share		1.70	1.58

¹ Basic and diluted in both cases.

STATEMENT OF COMPREHENSIVE INCOME

in € million	2015	2014
Earnings after tax	236.2	219.9
Income and expenses recognized in equity		
Amounts of other comprehensive income that may be reclassified to profit or loss in future periods		
Change in foreign currency translation adjustments		
Foreign subsidiaries	20.1	26.3
Shares in companies consolidated at equity	1.1	4.2
Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods		
Remeasurements of defined benefit pension commitments	5.2	-21.7
Deferred taxes on these amounts	-1.4	6.2
Total income and expenses recognized directly in equity	25.0	15.0
Total income and expenses for the period	261.2	234.9
Thereof		
Non-controlling interests	0.4	0.4
Profit attributable to shareholders of FUCHS PETROLUB SE	260.8	234.5



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Note 26

For further information, please refer to the notes under item 26.

BALANCE SHEET

in € million	Notes	Dec. 31, 2015	Dec. 31, 2014
Assets			
Intangible assets	(15)	284.2	128.7
Property, plant and equipment	(14)	364.9	312.4
Shares in companies consolidated at equity	(16)	38.6	41.5
Other financial assets	(17)	4.7	5.8
Deferred tax assets	(18)	33.8	32.7
Other receivables and other assets	(19)	1.3	0.4
Long-term assets	(13)	727.5	521.5
Inventories	(20)	297.2	244.8
Trade receivables	(21)	320.6	282.0
Tax receivables	(22)	4.3	5.1
Other receivables and other assets	(23)	21.6	20.6
Cash and cash equivalents	(24)	119.1	202.1
Short-term assets		762.8	754.6
Total assets		1,490.3	1,276.1
Equity and liabilities			
Subscribed capital		139.0	139.0
Group reserves		694.4	556.2
Group profits		235.8	219.5
Equity of shareholders of FUCHS PETROLUB SE		1,069.2	914.7
Non-controlling interests		1.0	0.9
Total equity	(25)	1,070.2	915.6
Pension provisions	(26)	33.2	36.0
Other provisions	(27)	3.3	2.3
Deferred tax liabilities	(18)	46.5	22.0
Financial liabilities		0.0	0.0
Other liabilities	(28)	3.9	4.0
Long-term liabilities		86.9	64.3
Trade payables	(29)	157.3	137.3
Provisions	(30)	37.0	29.3
Tax liabilities	(31)	28.4	31.2
Financial liabilities	(32)	17.7	16.4
Other liabilities	(33)	92.8	82.0
Short-term liabilities		333.2	296.2
Total equity and liabilities		1,490.3	1,276.1

STATEMENT OF CHANGES IN EQUITY

in € million	Outstanding shares (units)	Subscribed capital FUCHS PETROLUB SE	Capital reserves FUCHS PETROLUB SE
As at December 31, 2013 / Januar 1, 2014	70,641,530	71.0	94.6
Share buy-back	-1,141,530		
Capital increase from company funds	69,500,000	71.0	
Redemption of own shares/Reduction of share capital		-3.0	3.0
Dividend payments			
Earnings after tax 2014			
Change in income and expenses recognized directly in equity			
Other changes			
As at December 31, 2014 / Januar 1, 2015	139,000,000	139.0	97.6
Dividend payments			
Earnings after tax 2015			
Change in income and expenses recognized directly in equity			
As at December 31, 2015	139,000,000	139.0	97.6

¹ Income and expenses recognized in equity of shareholders of FUCHS PETROLUB SE.

² Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods solely consist of remeasurements of defined benefit pension commitments. These amounts are included in the equity capital generated in the Group.



Changes in shareholders' equity are illustrated in the notes under item 25.

	Reserve for own shares	Equity capital generated in the Group	Differences arising from currency translation ¹	Equity of shareholders of FUCHS PETROLUB SE	Non-controlling interests	Total equity
	-22.0	729.8	-20.9	852.5	1.0	853.5
	-76.4			-76.4		-76.4
		-71.0		0.0		0.0
	98.4	-98.4		0.0		0.0
		-96.6		-96.6	-0.5	-97.1
		219.5		219.5	0.4	219.9
		-15.5 ²	30.5	15.0		15.0
		0.7		0.7		0.7
	0.0	668.5	9.6	914.7	0.9	915.6
		-106.3		-106.3	-0.3	-106.6
		235.8		235.8	0.4	236.2
		3.8 ²	21.2	25.0		25.0
	0.0	801.8	30.8	1,069.2	1.0	1,070.2

STATEMENT OF CHANGES IN LONG-TERM ASSETS¹

[illegible]

¹ Part of the notes.

² The amortization on goodwill accumulated by December 31, 2004 was balanced with historical acquisition costs.

³ Thereof €1.0 million non cash-effective changes in the scope of the consolidation.

DEPRECIATION AND AMORTIZATION							NET AMOUNTS		
	Dec. 31, 2013	Currency differences	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi- cations	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013
	9.5	0.3	0.0	4.9	0.0	0.0	14.7	87.7	82.0
	55.5	1.0	4.7	0.0	0.1	0.1	61.2	39.1	26.1
	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	1.9	0.1
	65.0	1.3	4.7	4.9	0.1	0.0	75.8	128.7	108.2
	77.6	2.9	6.5	0.3	6.4	0.0	80.9	160.4	129.3
	145.4	6.8	10.7	0.0	3.4	0.0	159.5	103.9	75.5
	79.3	2.3	7.9	0.0	2.7	0.0	86.8	33.8	33.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.3	45.9
	302.3	12.0	25.1	0.3	12.5	0.0	327.2	312.4	284.5
	367.3	13.3	29.8	5.2	12.6	0.0	403.0	441.1	392.7
	Dec. 31, 2014	Currency differences	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi- cations	Dec. 31, 2015	Dec. 31, 2015	Dec. 31, 2014
	14.7	-0.2	0.0	0.0	0.0	0.0	14.5	166.1	87.7
	61.2	0.5	9.4	0.0	0.1	0.0	71.0	114.7	39.1
	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	3.4	1.9
	75.8	0.4	9.4	0.0	0.1	0.0	85.5	284.2	128.7
	80.9	3.2	7.2	0.0	8.7	0.1	82.7	182.7	160.4
	159.5	5.9	13.5	0.0	6.7	0.1	172.3	115.8	103.9
	86.8	1.9	8.6	0.0	4.1	-0.2	93.0	37.8	33.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.6	14.3
	327.2	11.0	29.3	0.0	19.5	0.0	348.0	364.9	312.4
	403.0	11.4	38.7	0.0	19.6	0.0	433.5	649.1	441.1

STATEMENT OF CASH FLOWS

in € million	2015	2014
Earnings after tax	236.2	219.9
Depreciation and amortization of long-term assets	38.7	35.0
Change in long-term provisions and in other non-current assets (covering funds)	-3.3	-4.0
Change in deferred taxes	-2.1	1.0
Non-cash income from shares in companies consolidated at equity	-17.8	-20.4
Dividends received from companies consolidated at equity	21.8	26.4
Gross cash flow	273.5	257.9
Gross cash flow	273.5	257.9
Change in inventories	-8.9	-3.2
Change in trade receivables	12.5	-11.5
Change in other assets	1.7	3.0
Change in trade payables	-3.9	0.7
Change in other liabilities (excluding financial liabilities)	6.1	13.6
Net gain/loss on disposal of long-term assets	-0.1	-5.2
Cash flow from operating activities	280.9	255.3
Investments in long-term assets	-49.7	-52.6
Cash paid for acquisitions	-184.8	-21.8
Cash acquired through acquisitions	14.4	0.2
Proceeds from the disposal of long-term assets	0.8	6.8
Cash flow from investing activities	-219.3	-67.4
Free cash flow¹	61.6	187.9
Dividends paid for previous year	-106.6	-97.1
Purchase of own shares	0.0	-76.4
Changes in financial liabilities	-46.2	8.1
Purchase of non-controlling interests	0.0	-1.1
Cash flow from financing activities	-152.8	-166.5
Cash and cash equivalents as at December 31, 2014	202.1	175.2
Cash flow from operating activities	280.9	255.3
Cash flow from investing activities	-219.3	-67.4
Cash flow from financing activities	-152.8	-166.5
Effect of currency translations	8.2	5.5
Cash and cash equivalents at the end of the period²	119.1	202.1

¹ Total of cash flow from operating activities and cash flow from investing activities.

² Cash and cash equivalents comprise total liquid funds of the Group.



Statement of cash flows
is illustrated in the
notes under item 36.

The paid taxes on income total € 106,5 million (81,3). They are included in the cash flow from operating activities.

€ 4,2 million (3,3) was paid for interest. Interest payments received totaled € 1,4 million (0,8).

SEGMENTS¹

	EUROPE			ASIA-PACIFIC, AFRICA			NORTH AND SOUTH AMERICA			
in € million	2015	2014	Change	2015	2014	Change	2015	2014	Change	
Sales revenues by customer location	1,064.4	968.4	96.0	650.7	578.1	72.6	364.0	319.4	44.6	
Sales revenues by company location	1,227.0	1,112.9	114.1	582.9	516.5	66.4	352.8	316.0	36.8	
thereof with other segments	80.6	77.3	3.3	0.3	0.0	0.3	2.7	2.2	0.5	
Scheduled amortization and depreciation	24.1	17.8	6.3	8.0	6.5	1.5	5.5	4.7	0.8	
Impairment losses ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	–5.2	
EBIT before income from companies consolidated at equity	160.3	160.5	–0.2	106.1	86.7	19.4	64.9	51.6	13.3	
Income from companies consolidated at equity	1.7	1.5	0.2	16.1	18.9	–2.8	0.0	0.0	0.0	
Segment earnings (EBIT)	162.0	162.0	0.0	122.2	105.6	16.6	64.9	51.6	13.3	
Shares from companies consolidated at equity	3.2	2.9	0.3	35.4	38.6	–3.2	0.0	0.0	0.0	
Additions to property, plant and equipment and intangible assets	29.2	27.9	1.3	8.2	15.0	–6.8	11.0	5.7	5.3	
Additions from acquisitions	189.0	11.2	177.8	0.0	10.6	–10.6	0.0	0.0	0.0	
Employees as at December 31, 2015	3,112	2,449	663	1,029	1,027	2	588	542	46	
Key performance indicators										
Ratio of EBIT before income from companies consolidated at equity to sales revenues in %	13.1	14.4		18.2	16.8		18.4	16.3		

¹ Part of the notes.

² Relating to property, plant and equipment and intangible assets.

	TOTAL FOR OPERATING COMPANIES			HOLDING INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
	2,079.1	1,865.9	213.2	0.0	0.0	0.0	2,079.1	1,865.9	213.2
	2,162.7	1,945.4	217.3	-83.6	-79.5	-4.1	2,079.1	1,865.9	213.2
	83.6	79.5	4.1	-83.6	-79.5	-4.1	0.0	0.0	0.0
	37.6	29.0	8.6	1.1	0.8	0.3	38.7	29.8	8.9
	0.0	5.2	-5.2	0.0	0.0	0.0	0.0	5.2	-5.2
	331.3	298.8	32.5	-6.9	-6.2	-0.7	324.4	292.6	31.8
	17.8	20.4	-2.6	0.0	0.0	0.0	17.8	20.4	-2.6
	349.1	319.2	29.9	-6.9	-6.2	-0.7	342.2	313.0	29.2
	38.6	41.5	-2.9	0.0	0.0	0.0	38.6	41.5	-2.9
	48.4	48.6	-0.2	1.3	3.1	-1.8	49.7	51.7	-2.0
	189.0	21.8	167.2	0.0	0.0	0.0	189.0	21.8	167.2
	4,729	4,018	711	94	94	0	4,823	4,112	711
							15.6	15.7	

3.2 Notes on the consolidated financial statements

BASIS OF PREPARATION

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB SE, Mannheim, as of December 31, 2015 have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, to be applied within the EU, and in accordance with the supplementary regulations to be applied as specified by Section 315 a (1) of the German Commercial Code (HGB), as applicable on the balance sheet date. All of the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), applicable in the EU and that were required for the 2015 financial year have been applied. No option for early adoption of new standards was used.

The currency used in this report is the euro (€). All amounts are stated in millions of euros (€ million), unless otherwise indicated. The previous year's figures are stated in parentheses. In order to simplify the presentation, some individual items have been grouped together in the balance sheet and the income statement; however, these items are listed separately and explained in the notes. The income statement has been prepared in accordance with the cost-of-sales method.

The Executive Board at FUCHS PETROLUB SE prepared the consolidated financial statements on March 14, 2016 and discussed them with the Supervisory Board's Audit Committee. The consolidated financial statements will be presented to the Supervisory Board for approval and then released for publication during the meeting on March 21, 2016.

With reference to Section 264 (3) of the German Commercial Code (HGB), the following domestic companies dispensed with disclosure of their annual financial statements:

- BREMER & LEGUIL GMBH, Duisburg,
- DEUTSCHE PENTOSIN-WERKE GMBH, Wedel
- FUCHS FINANZSERVICE GMBH, Mannheim,
- FUCHS LUBRITECH GMBH, Kaiserslautern,
- FUCHS SCHMIERSTOFFE GMBH, Mannheim,
- FUCHS WISURA GMBH, Bremen, and
- PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg

The large and medium-sized corporations were also exempted from preparing a management report.



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APPLICATION OF NEW ACCOUNTING STANDARDS

The accounting standards relevant to the FUCHS PETROLUB Group and which are to be adopted for the first time for the financial year 2015 are outlined in the following. The effects on the net assets, financial position and results of operations of the FUCHS PETROLUB Group are insignificant.

IFRIC 21 – Levies

IFRIC 21 Levies is an interpretation of IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“. It primarily provides clarification to the question of when a current obligation arises with levies raised by public authorities and a provision or liability is to be recognized. The scope of the interpretation specifically does not include penalties and duties resulting from contracts governed by public law or which fall under the regulatory scope of a different IFRS, such as IAS 12. Pursuant to IFRIC 21, a liability item is to be recognized if the event triggering the duty to pay occurs.

Improvements to IFRS 2011–2013

Four standards were revised within the scope of the annual improvement project. The aim of adapting the wording of individual IFRS standards is to clarify the existing regulations. This affects the standards IFRS 1, IFRS 3, IFRS 13, and IAS 40.

The following standards and amendments to standards and interpretations, some of which have already been adopted by the EU and some of which are still pending, are relevant to the FUCHS PETROLUB Group, but are only to be applied as binding from the financial year 2016 or later – subject to their adoption in EU legislation, which is still pending.

The FUCHS PETROLUB Group is currently still investigating the effects of these amendments, but from today's perspective does not expect any significant effects on the Group's net assets, financial position or results of operations.

STANDARDS ADOPTED BY THE EU

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

IFRS 11 contains provisions for balance sheet and income statement recognition of joint ventures and joint operations. While joint ventures are recorded in the balance sheet using the **EQUITY METHOD**, the presentation of joint operations prescribed in IFRS 11 is comparable with proportionate consolidation. With the amendment to IFRS 11, the IASB provides rules on how to account for acquisition of an interest in a joint operation that represents a business operation in the sense of IFRS 3: Business Combinations. In cases such as this, the purchaser is to apply the accounting principles for business combinations as per IFRS 3. In addition, the disclosure requirements pursuant to IFRS 3 also apply in these cases. The amendments are to be adopted for the first time for financial years starting on or after January 1, 2016.



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Amendments to IAS 1 – Disclosure Initiative

The amendments affect various disclosure questions, providing clarification that notes to consolidated financial statements are only necessary when their content is significant. This also explicitly applies if an IFRS demands a list of minimum disclosures. In addition to this, notes on aggregation and disaggregation of items in the balance sheet and the statement of comprehensive income are included. Clarification is also provided as to how shares in other comprehensive income of companies measured at equity are to be presented in the statement of comprehensive income. Ultimately, notes to the consolidated financial statements must no longer follow a required order but can be restructured to improve company-specific relevance. The amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization

With these amendments, the IASB provides further guidelines on selecting an acceptable depreciation method. As per the amendments, revenue-based depreciation methods are not permitted for property, plant and equipment, and only permitted for intangible assets in certain special cases (rebuttable presumption of inappropriateness). The amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendments clarify the regulations addressing the allocation of employee premiums or third party premiums to periods of service if the premiums are linked to years of service. In addition to this, simplifications are provided if the premiums are not dependent on the number of years of service. The amendments are to be applied for the first time for financial years starting on or after February 1, 2015.

Improvements to IFRS 2010–2012

Seven standards were revised within the scope of the annual improvement project. The goal of the revised formulations in individual IFRS is to clarify the existing regulations. Beside this, there are amendments that have effects on notes to the consolidated financial statements. The amendments are to be applied for the first time for financial years starting on or after February 1, 2015.

Improvements to IFRS 2012–2014

Four standards were revised within the scope of the annual improvement project. The goal of the revised formulations in individual IFRS/IAS standards is to clarify the existing regulations. The amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

STANDARDS NOT YET ADOPTED BY THE EU**IFRS 9 – Financial Instruments**

The IFRS 9 method for recognition and measurement of financial instruments will replace IAS 39. Subject to endorsement by the EU, which is still pending, IFRS 9 is to be applied for the first time for financial years starting on or after January 1, 2018. Early adoption is also permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 stipulates a comprehensive framework for determining whether, at what level, and at what time sales revenues are recognized. It replaces the existing guidelines for recognition of sales revenues. Subject to endorsement by the EU, which is still pending, IFRS 15 is to be applied for the first time for financial years starting on or after January 1, 2018. Early adoption is also permitted.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

These amendments address a known inconsistency between the regulations of IFRS 10 and IAS 28 (2011) for the event that assets are to be sold to or invested in an associated company/joint venture. The timing for initial adoption of the amendments has been postponed indefinitely by the IASB.

IFRS 16 – Leasing

The main premise of the new standard is for the lessee to recognize all leases, as well as all associated contractual rights and obligations in the balance sheet. In future, the lessee no longer has to differentiate between financing and operating leases, as was previously stipulated under IAS 17. IFRS 16 also contains a range of further provisions on disclosure and notes to consolidated financial statements, as well as sale-and-leaseback transactions. The new provisions are binding for financial years starting on or after January 1, 2019. Earlier adoption is permitted, insofar as IFRS 15 is also applied.

Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses

With the amendment to IAS 12, the IASB clarifies that any devaluations of debt instruments measured at fair value to a lower market value that result from a change in the market interest rate lead to deductible temporary differences. The IASB also clarifies that deductible temporary differences are generally to be assessed together to determine whether sufficient taxable income is likely to be generated in future in order to be able to use and apply these. The amendments are to be applied retrospectively for financial years starting on or after January 1, 2017.

Amendments to IAS 7 – Statement of Cash Flows

Within the scope of its initiative on disclosures, the International Accounting Standards Board (IASB) has published amendments to IAS 7: Statement of Cash Flows. The amendments target improvement of the information on a company's indebtedness. Pursuant to the amendments, a company must make disclosures on the changes to those financial liabilities whose payments in and payments out are disclosed under „Cash flow from financing activities“ in the statement of cash flows. The amendments are to be applied for financial years starting on or after January 1, 2017. Early adoption is also permitted. No comparative figures for the previous year need to be made in the year of initial adoption.

SCOPE OF CONSOLIDATION

Number	Europe	Asia-Pacific, Africa	North and South America	Total
Fully consolidated companies (incl. parent company)				
January 1, 2015	31	16	8	55
Additions	9	2	1	12
December 31, 2015	40	18	9	67
Companies consolidated at equity				
January 1, 2015/ December 31, 2015	1	4	0	5

All German and international subsidiaries are included in the consolidated financial statements of FUCHS PETROLUB SE, Mannheim, Germany. The year-end financial statements of the subsidiaries are prepared with the same balance sheet date as the consolidated financial statements (December 31). As was also the case in the previous year, the subsidiaries are largely held as 100% investments. Disclosure of shareholdings is given in note 43.

The scope of consolidation includes a total of 67 (55) companies. The changes to the scope of consolidation in 2015 are stated in the section below.



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Affiliated companies

CHANGES IN THE SCOPE OF CONSOLIDATION

Additions at fully consolidated companies	in %
DEUTSCHE PENTOSIN-WERKE GMBH	100
PENTOSIN DO BRASIL LTDA.	100
STATOIL FUEL & RETAIL LUBRICANTS DENMARK APS	100
STATOIL FUEL & RETAIL LUBRICANTS ESTONIA OÜ	100
STATOIL FUEL & RETAIL LUBRICANTS LATVIA SLA	100
STATOIL FUEL & RETAIL LUBRICANTS LITHUANIA UAB	100
STATOIL FUEL & RETAIL LUBRICANTS NORWAY AS	100
STATOIL FUEL & RETAIL LUBRICANTS POLAND SP. Z O.O.	100
STATOIL FUEL & RETAIL LUBRICANTS RUS LLC	100
STATOIL FUEL & RETAIL LUBRICANTS SWEDEN AB	100
PT FUCHS LUBRICANTS INDONESIA	100
FUCHS LUBRICANTS SOUTH AFRICA (PTY) LTD	100

In 2015, new companies were founded in Indonesia and South Africa that did not yet have any active operations as of December 31, 2015.

ACQUISITIONS

With effect from July 1, 2015 FUCHS has acquired all shares of DEUTSCHE PENSOSIN-WERKE GMBH, Wedel. With this acquisition, the FUCHS PETROLUB Group is extending its portfolio in the field of automotive lubricants. DEUTSCHE PENTOSIN-WERKE GMBH operates two German production locations in Wedel and Dormagen, as well as a small organization in the form of PENTOSIN DO BRASIL LTDA., São Paulo. The purchase price for the shares, which was fully paid from cash resources, amounted to €112.3 million; in addition net debts of around €8.6 million were taken over.

With effect from October 1, 2015, FUCHS PETROLUB SE acquired all shares of STATOIL FUEL & RETAIL LUBRICANTS SWEDEN AB (SFRL) based in Stockholm, Sweden. SFRL is one of the leading lubricants suppliers in Scandinavia and is also active in Poland, Russia and the Baltic states. SFRL is a well-known manufacturer of automotive and industrial lubricants and specialties for various industries. Through this acquisition, the FUCHS PETROLUB Group reinforces its presence in Scandinavia and becomes one of the leading lubricant suppliers in this region. At the same time, FUCHS is strengthening its market position in Poland and Russia and is thus gaining presence in the Baltic states. The products of SFRL complement the portfolio of the FUCHS PETROLUB Group. The purchase price for the shares, which was fully paid from cash resources, amounted to €72.5 (SEK 680.5 million); in addition net debts of around €26.3 million were taken over.

The costs of €1.2 million associated with the two acquisitions, namely for legal advice, due diligence costs, and other acquisition expenses, were predominantly recorded as current expenses under administrative expenses.

The assets and liabilities included in the Group balance sheet for the first time were recognized at the following (provisional) fair values:

in € million	(PROVISIONAL) FAIR VALUES AT THE TIME OF INITIAL CONSOLIDATION		
	PENTOSIN	SFRL	Total
Property, plant and equipment	24.3	5.5	29.8
Intangible assets (excluding goodwill)	48.2	35.3	83.5
Deferred tax assets	0.6	1.5	2.1
Other receivables and other assets	0.0	1.6	1.6
Long-term assets	73.1	43.9	117.0
Inventories	19.9	21.5	41.4
Trade receivables	20.4	25.5	45.9
Other receivables and other assets	1.3	2.3	3.6
Cash and cash equivalents	2.7	11.7	14.4
Short-term assets	44.3	61.0	105.3
Total assets	117.4	104.9	222.3
Long-term provisions (incl. pensions)	5.3	0.2	5.5
Deferred tax liabilities	16.5	8.6	25.1
Long-term liabilities	21.8	8.8	30.6
Trade payables	8.5	13.1	21.6
Financial liabilities	11.3	38.0	49.3
Short-term liabilities and provisions	4.7	7.0	11.7
Short-term liabilities	24.5	58.1	82.6
Total liabilities	46.3	66.9	113.2
Net assets	71.1	38.0	109.1
Goodwill	41.2	34.5	75.7
Total purchase price	112.3	72.5	184.8

The intangible assets acquired (excluding goodwill) of €83.5 million are attributable to the customer relations and technologies acquired.

The goodwill, which is not tax-deductible, results from synergy and earnings potential that is anticipated from incorporating the operating business into the FUCHS PETROLUB Group. In addition to this, goodwill reflects additional future marketing potential for the products manufactured by FUCHS in other strategically important European lubricant markets. The purchase price allocations were performed on the basis of estimates and should both be considered provisional.

Since joining the Group (July 1 and October 1, 2015), PENTOSIN and SFRL have contributed €93.9 million to Group sales revenues. However, after taking into account the effects of the purchase price allocation, but before restructuring expenses from integration of the two acquisitions, they did not make any contribution to the EBIT of the FUCHS PETROLUB Group. In addition, total restructuring expenses of €6.0 million for integration of the two acquisitions impacted the EBIT of the FUCHS PETROLUB Group.

Based on the assumption that the two acquisitions had already been completed with effect from January 1, 2015, Group sales revenues would have been around €2,265 million and Group EBIT would have been around €348 million in the financial year 2015.

CONSOLIDATION PRINCIPLES

Pursuant to IFRS 3, all business combinations are accounted for with the purchase method of accounting at the acquisition date. Initially, all assets, liabilities and intangible assets that are to be capitalized are valued at fair value. The acquisition costs are then compared with the proportional share of the net assets acquired at fair value. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in profit or loss. The incidental acquisition costs of a business combination are recognized in the income statement. Pursuant to IAS 36, the recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment. For details on this, please refer to the section entitled „Accounting and valuation methods“ and note 15.



Accounting and
valuation methods

Changes to the percentage of shares held which do not lead to a loss of control are treated as a transaction between shareholders and recognized directly under shareholders' equity. Transactions of this nature do not result in the recognition of goodwill or the realization of disposal proceeds.

The consolidation principles apply accordingly to the joint ventures and associated companies consolidated at equity. In the event of losing joint control or a key influence, the remaining shares are remeasured at fair value through profit and loss.

The shares in companies consolidated at equity are measured at acquisition costs plus or minus the accumulated changes in net assets, whereby goodwill is recognized in the carrying amount of the investment.

Inter-company sales, expenses and income as well as receivables and liabilities between consolidated companies are netted off. Inter-company profits resulting from sales and services rendered between consolidated companies are eliminated. This does not apply to profits or losses which in total are of minor importance for presenting a true and fair view of the Group's net assets, financial position, results of operations.

Minority interests on the consolidated equity and consolidated net profit are shown separately from the parent company's ownership interest.

FOREIGN CURRENCY TRANSLATION

The translation of financial statements prepared in foreign currencies by consolidated companies is accounted for in accordance with IAS 21 on the basis of the functional currency concept. The functional currency is the currency of the primary economic environment in which a company operates. All subsidiaries use their local currency as their functional currency. For the companies included in the consolidated financial statements, a foreign currency transaction will be valued in its functional currency and converted by the spot rate valid on the day of the business transaction.

In the financial statements of FUCHS PETROLUB SE and its subsidiaries, assets and liabilities in foreign currencies are translated at the exchange rates on the balance sheet date. Any exchange rate gains or losses not yet realized on the balance sheet date are recognized in the income statement.

For consolidation purposes, the financial statements of the subsidiaries prepared in a foreign currency have been translated to euros as follows:

Expenses and income are recognized at the average annual exchange rate in line with the simplification rule of IAS 21.40; shareholders' equity at historical exchange rates and assets and liabilities at the exchange rate applicable on the balance sheet date. The resulting translation adjustments are recognized directly in equity. The year-on-year change is presented in the statement of comprehensive income. The respective cumulative translation differences are released to income at the time of disposal of subsidiaries.



Note 5

The currency differences resulting from the consolidation of inter-company debts are also recognized in the income statement under Other operating income and expenses.



Statement of changes
in long-term assets

In the statement of changes in long-term assets, the starting and closing balances have been translated at the exchange rate on the balance sheet date, and the other items have been translated at average exchange rates. Any differences arising from exchange rate movements are shown in a separate column as exchange rate differences within acquisition and manufacturing costs and with depreciation and amortization adjustments.

Currency translation for the pro rata equity capital of associated companies is performed at the respective exchange rates on the balance sheet date. Translation of the annual results concerned is carried out at the average exchange rate on the balance sheet date. Dividend payments by associated companies are translated at the exchange rate on the date of the distribution.

The exchange rates with a significant influence on the consolidated financial statement have moved against the euro as follows:

Closing rate (€1)	Dec. 31, 2015	Dec. 31, 2014	Change in foreign currency in %
US dollar	1.086	1.217	12.1
British pound	0.738	0.782	6.0
Chinese renminbi yuan	7.050	7.555	7.2
Australian dollar	1.488	1.484	−0.3
South African rand	16.802	14.058	−16.3
Polish zloty	4.285	4.290	0.1
Brazilian real	4.300	3.241	−24.6
Argentinean peso	14.046	10.404	−25.9
Russian ruble	80.028	67.590	−15.5
South Korean won	1,276.88	1,337.35	4.7

Average annual exchange rate (€1)	2015	2014	Change in foreign currency in %
US dollar	1.110	1.329	19.7
British pound	0.726	0.807	11.2
Chinese renminbi yuan	6.976	8.174	17.2
Australian dollar	1.478	1.474	−0.3
South African rand	14.162	14.422	1.8
Polish zloty	4.183	4.189	0.1
Brazilian real	3.696	3.127	−15.4
Argentinean peso	10.271	10.784	5.0
Russian ruble	68.003	50.960	−25.1
South Korean won	1,256.33	1,403.10	11.7

ACCOUNTING AND VALUATION METHODS

The financial statements of FUCHS PETROLUB SE and its subsidiaries in Germany and abroad are prepared in accordance with uniform accounting and valuation principles. Valuations that deviate from uniform Group standards in the annual financial statements of associated companies and joint ventures are retained where they are of negligible significance.

The primary assessment concept is the inclusion of historical purchasing or manufacturing costs. Applicable exceptions are indicated accordingly.

The consolidated financial statements are prepared in accordance with the principles of IFRS, as applied in the EU. The recognition, measurement and disclosure methods, as well as the notes and disclosures regarding the consolidated financial statements for the financial year 2015 are all made on the same consistent basis.

Exceptions arise from changes made due to the adoption of new/revised accounting principles (see „General information“) and in the sense of conveying relevant information. Insofar as adjustments are made to the previous year's figures, these are documented and explained in the corresponding notes to the consolidated financial statements.



General information

In addition to the Group's earnings before interest and tax (EBIT), the EBIT before income from companies consolidated at equity is disclosed in the income statement. When comparing this KPI in relation to sales revenues, only those amounts generated from the fully consolidated companies are taken into account in the relative value, both for income and sales revenues. EBIT also contains the earnings of companies consolidated at equity, while the sales revenues on which these earnings are based do not form part of Group sales revenues.

SIGNIFICANT DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires estimates and assumptions to be made for some items that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on experience values, the current level of knowledge, information currently available, as well as other factors which the Executive Board deems to be applicable under the respective circumstances. Future-related assumptions and estimates are necessary, in particular for the assessment, recognition, and measurement of assets and liabilities as listed below:

Goodwill

The recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment loss. An asset's recoverable amount is the higher of the fair value of the asset minus selling costs and the value in use. For the purpose of testing impairment, the cash generating units to which goodwill is assigned are measured.

A cash-generating unit is generally formed by a subsidiary. If the recoverable amount is lower than the carrying amount of the reporting unit, goodwill will be amortized in the income statement to the recoverable amount. The recoverable amount is defined by the value in use, which itself is determined using a discounted cash flow method. The mid-term planning of the subsidiaries, which comprises the planning for the following year and two subsequent planning years, serves as the basis for planning.

Besides the fundamental cash flow plans, the determination of the discount rate is also of significance for the impairment test calculations. The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). The borrowing costs correspond to the risk-free interest rate plus a premium for the credit risk. To present the sustainable growth of the companies in the years following mid-term planning, a deduction from the growth rate was taken into account in the discount rate for the terminal value. Please refer to note 15 for further information.

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Note 15

Purchase price allocations (fair values of identified assets and liabilities)

The purchase price allocations and calculations of fair values for identified assets and liabilities were performed on the basis of estimates. Intangible assets such as customer relations are calculated using the residual value method. This takes into account the cash value of the anticipated net cash flow generated by the customer relations, with the exception of all cash flows that are linked to supporting assets. Intangible assets such as technology are calculated using the license price analogy method. This takes into account the discounted estimated usage charge payments, which will likely be saved by having in-house technology. Please refer to the „Acquisitions“ section of note 15 for further information.

Provisions for pensions and defined benefit assets

The expenses of defined benefit plans and pension provisions, as well as assets from pension plans, are determined using actuarial calculations. An actuarial assessment is made on the basis of various assumptions, which can deviate from actual future developments. These include determination of discount rates, future salary and wage increases, future pension increases and the mortality rate. Due to the complexity of the measurement, the basic assumptions made and the long-term nature of the investments involved, defined benefit obligations are extremely sensitive to changes in these assumptions. All parameters are reviewed up to the balance sheet date. Actuarial gains and losses are offset against the Group's retained earnings directly in shareholders' equity. They occur due to deviations in the actual development of pension obligations and pension plan assets from assumptions made at the start of the year, as well as updates in actuarial assumptions. Please refer to note 26 for further information.

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Note 26

Realizability of deferred tax assets

The realizability of deferred tax assets depends on the future taxable profits of the respective Group company. If there are any doubts regarding realizability, corresponding impairments are made to the deferred tax assets in individual cases. Please refer to note 18 for further information.

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Note 18

Other important future-related assumptions and estimates are also necessary, particularly for valuation, recognition, and measurement of:

- impairments of intangible assets and property, plant and equipment,
- impairments and write-ups to trade receivables,
- other provisions, such as environmental obligations.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors. The estimates and assumptions used are regularly reviewed. Changes will be recognized in the income statement at a time when better estimates are available.

SALES REVENUES

Sales revenues comprise revenues from the sale of goods or services within the scope of ordinary business operations. They are disclosed without sales tax or any other taxes accrued in the context of sales revenues, as well as net of sales deductions and after the elimination of intra-group transactions. Sales revenues are realized upon delivery of the products and services, when all essential risks and opportunities have been transferred to the buyer. Sales revenues from services are realized as soon as the respective service has been provided. The sales revenues also include fees for chemical process management services. FUCHS PETROLUB does not engage in any business that requires realization of sales revenues in the form of long-term production orders in line with the percentage-of-completion method.

COST OF SALES

Cost of sales includes the manufacturing costs associated with products, merchandise and services sold. It contains not only directly attributable costs such as cost of material, personnel and energy, but also direct manufacturing costs and indirect production-related overheads. These overheads include depreciation of production buildings and equipment, write-downs of inventories, etc.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses include the costs of the sales organization and application support and advice for our customers, as well as advertising expenses, commission expenses, and shipping costs.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise the personnel and related costs for management and administration duties, if these have not been allocated to other functional areas as internal services.

RESEARCH & DEVELOPMENT EXPENSES

Research expenses include costs for identifying alternative materials/products for technical processes.

Development work includes application of research results for the purpose of developing new products and/or processes prior to their commercial use. Development expenses are recognized as intangible assets when all of the following criteria are met:

- the expenses attributable to the development of the intangible asset can be reliably determined,
- technical and economic completion is feasible,
- future economic benefit is probable and
- there is an intention and possibility of bringing the intangible asset to completion in order to use or sell it.

The criteria for recognition of intangible assets created in-house are only met in full in our product segments shortly before the products reach market maturity. Development costs that occur after the recognition criteria have been met are insignificant. These development costs are therefore recognized as expenses at the time when they occur.

FINANCIAL RESULT

Financing costs will be differentiated in the income statement and accounted for using the effective interest method, provided they are not capitalized as part of the historical cost of the asset in line with IAS 23.8.

Interest income is recorded using the effective interest method.

Interest expenses from pension obligations are netted against the interest income from plan assets and disclosed in the financial result.

INTANGIBLE ASSETS

Acquired intangible assets are measured and recognized at cost. It must be determined whether the useful life of an asset is finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Indefinite-lived intangible assets and goodwill are not subject to scheduled amortization, but undergo an impairment test at least once a year and also whenever there are indications of an impairment. Definite-lived intangible assets will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

For software, a useful life of three to five years is scheduled. Other intangible assets, such as patents and licenses, are amortized as per their respective, contractually agreed useful life. A useful life of ten years was applied for the customer relations and technologies acquired within the scope of the two acquisitions in 2015. The amortization will be recorded in the income statement under the department costs for manufacturing, administration, distribution, as well as research and development.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are recognized at their cost of acquisition or manufacture, less accumulated depreciation and impairment. Government grants are offset against acquisition costs. Straight-line depreciation is applied over the useful life of the property, plant and equipment.

Property, plant and equipment are amortized on the basis of the following estimated useful lives:

Useful life	
Buildings	20 to 40 years
Plant and machinery	5 to 20 years
Factory and office equipment	3 to 10 years

IMPAIRMENTS FOR DEFINITE-LIVED INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The carrying value of definite-lived intangible assets is evaluated whenever circumstances or events dictate this. The recoverable amount of assets is compared to their carrying value if there are indications of a potential impairment. An impairment loss is recognized if the recoverable value of an asset (defined as the higher of the asset's net selling price or its value in use) is lower than the carrying amount. If the reason for a previously recognized impairment no longer exists, the impairment is reversed at its brought-forward depreciated or amortized cost of purchase or manufacture.

LEASING

Long-term assets also include finance leasing contracts. If economic ownership remains with the lessor (operating lease), the lease payments are recognized as expenses over the lease term.

SHARES IN COMPANIES CONSOLIDATED AT EQUITY AND OTHER FINANCIAL ASSETS

Companies on which FUCHS can exercise significant influence, which is generally assumed with a 20% to 49% stake (associated companies), are consolidated using the equity method. Joint ventures are also consolidated using the equity method. Besides the investment held, any voting rights distribution in place is also taken into account. Companies are consolidated using the equity method with their proportional shareholders' equity. Proportionate earnings are recognized in the income statement and added to the carrying amount. Dividend payments of joint ventures and associated companies reduce their shareholders' equity and are deducted from the carrying amount without affecting net income.

Shares and investments in non-consolidated subsidiaries and affiliated companies are disclosed under „Other financial assets“ at cost less any impairments, as these assets are unlisted shares in corporations for which the fair value to be attributed cannot be reliably determined.

Loans are shown at cost or, in the case of non-interest-bearing loans, at their present value. Identifiable risks are taken into account by recognizing impairment losses.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recorded if the company is a contractual party in relation to a financial instrument. Regular-way purchases and sales of financial instruments are generally recognized in the balance sheet on their settlement date. Derivatives are recorded on their day of trading.

Financial instruments are divided into the following measurement categories:

Financial assets

- Financial assets to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a positive fair value. They are disclosed under Other assets.
- Held-to-maturity investments consist of non-derivative financial assets with fixed or determinable payments. These financial instruments have a fixed term, for which the company has the ability and intent to hold until maturity, and they do not fall under other measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.
- Loans and receivables: These comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale. In addition to trade receivables this category includes financial assets contained in other long-term financial assets and in Other receivables and other assets. Initial measurement is done at fair value, which generally matches the nominal value of the receivable or loan. Interest-free and low-interest long-term loans and receivables are recorded at present value. Subsequent measurements are generally done at amortized cost under consideration of the effective interest method.
- Available-for-sale financial assets comprise financial assets which are not derivatives and do not fall under any of the previously stated measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

Financial liabilities

- Financial liabilities to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a negative fair value. They are disclosed under other short-term liabilities.
- Other financial liabilities: among other things, these include trade payables, bank liabilities and customer advance payments. They are carried at amortized costs, which generally correspond to the repayable amount.



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DERIVATIVE FINANCIAL INSTRUMENTS, such as the forward exchange transactions used by the Group are recognized in the balance sheet at their fair market values. Market values correspond to the expenses or income from a (theoretical) termination of the derivative agreements with effect from the balance sheet date. The valuation of these financial instruments is based on generally recognized evaluation models and mathematical processes (present value method for forward exchange transactions) on the basis of current market data.

The FUCHS PETROLUB Group uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates. All hedging instruments are recognized in the income statement. The hedge accounting rules were not applied, thus no hedging instruments are recognized directly in equity.

Revenue from interest-bearing assets is recognized on the outstanding receivables at the reporting date using the interest rates calculated under the effective interest method.

If there is objective evidence for an impairment of a receivable or loan, an individual valuation adjustment is undertaken. When assessing the need for an impairment, regional, sector and company-specific conditions are considered. In addition, use is made of external ratings as well as the assessments of debt collection agencies and credit insurers when available. In this way, it can be ensured that all receivables and loans which are not of excellent credit quality are immediately impaired. Receivables and loans are derecognized when their uncollectibility is finally determined. If the reason for an impairment no longer exists, a write-up is recognized in profit or loss totaling not more than the amortized cost. Impairment losses on financial instruments are booked separately in an allowance account.



Note 35

Detailed information on financial instruments can be found in the notes to the balance sheet under note 35.

DEFERRED TAXES

Deferred taxes are recognized for all temporary differences between tax base and IFRS-compliant accounting methods at the consolidated companies, and for consolidation measures with an effect on the income statement. Deferred tax assets essentially relate to tax effects on eliminated intercompany profits within the Group, particularly in the category of inventories, and to pension provisions. They also include tax credits which result from the expected use of loss carryforwards over subsequent years and which are likely to be realized with sufficient certainty. Deferred tax assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group's uniform depreciation rules and applicable tax laws, as well as from measurement of assets at fair value pursuant to IFRS within the scope of acquisitions for which the values in the tax balance sheet differ. Deferred taxes are determined on the basis of tax rates to be applied or expected to be applied on the date of realization pursuant to the legislation in the countries involved. Deferred tax assets and liabilities are netted to the extent that they are handled by a single tax authority. The changes in deferred tax assets and liabilities are recognized through profit or loss. In cases where gains and losses are recognized directly under shareholders' equity, any tax assets and liabilities to be deferred in this context are also recognized directly as equity.

INVENTORIES

Inventories comprise raw materials and supplies, work in progress and services, as well as finished products and merchandise. Inventories are measured at their cost of acquisition or manufacture. If the market price or fair value of the sales product which forms the basis for the net realizable value is lower, then this is applied and an impairment charge recorded. The majority of inventory is valued using the weighted average cost method. The manufacturing costs comprise production-related full costs, determined on the basis of standard capacity utilization. In accordance with IAS 2, they include direct costs of materials and supplies in addition to special direct costs of production. In addition, all overheads related to the production process, taxes on consumption, and depreciation of production equipment are included. General administrative expenses and the expenses of company welfare institutions, voluntary welfare benefits and company pension plans that are not attributable to manufacturing as well as financing costs (IAS 23) are not included in the cost of manufacture.

Write-downs are effected to cover risks resulting from inventory coverage or reduced saleability. Uniform write-down stipulations are in place throughout the Group for any cases in which certain shelf lives are exceeded.

RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivables and other assets are accounted for at amortized cost. Credit risks are accounted for by appropriate valuation allowances. Individual allowances are recognized if receivables cannot be collected or if collection is unlikely. Non-interest-bearing receivables with terms of more than one year are discounted. Receivables in foreign currencies are translated at exchange rates on the balance sheet date.

CASH AND CASH EQUIVALENTS

The liquid funds include cash at banks with a maturity of less than three months, checks not yet tendered, drafts and cash in hand. They are measured at cost of acquisition. Assets denominated in foreign currencies are converted at the exchange rates on the balance sheet date.

The development of liquid funds, which, pursuant to IAS 7, corresponds to cash and cash equivalents, is shown in the consolidated statement of cash flows.

SHAREHOLDERS' EQUITY

Costs for procuring the shareholders' equity are deducted directly from the shareholders' equity.

Preference share capital is shown in the balance sheet as shareholders' equity because the requirements of IAS 32 for an equity instrument are fulfilled. Dividends on both preference shares and ordinary shares are shown as shareholders' equity expenses.

PENSION PROVISIONS AND SIMILAR OBLIGATIONS

The provisions for pensions are recognized using the projected-unit-credit method in accordance with IAS 19. This method covers not only the pensions and acquired entitlements known on the balance sheet date, but also future anticipated increases in pensions and salaries, with the relevant input factors being estimated. The calculation is based on actuarial expertise taking into account the relevant biometric factors. In Germany, the biometric data is based on the 2005G mortality tables by Prof. Dr. Klaus Heubeck.

Pension obligations are disclosed net of plan assets at their fair values. Any asset surplus is disclosed under long-term assets.

The charges from forming pension provisions at the level of current service expenses are recognized under personnel costs in the function categories. The interest on pension obligations and the interest income from plan assets are disclosed in the financial result.

The results of re-assessments of pension obligations/plan assets in the form of actuarial gains and losses are recognized under other comprehensive income in the statement of comprehensive income.

Premiums paid into defined contribution plans, for which no obligations other than the payment of premiums to assigned pensions funds apply, are recognized in the income statement in the year in which they occur.

OTHER PROVISIONS

Pursuant to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“, other provisions are formed insofar as there is an obligation to third parties resulting from a previous event which can be expected to lead to outflows of funds, the level of which cannot be reliably determined. They represent uncertain obligations, which are recognized at best estimate levels to meet the respective obligation.

The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Possible price and cost increases are included in the measurement. Insofar as the level of the provision can only be determined within a certain bandwidth, the most likely value is taken. In the case of equal probability, the mean average value is recognized. Long-term provisions with a remaining term of more than one year are discounted at market interest rates which correspond to the risk and the time period up to completion. Claims for reimbursement against third parties are not offset against the provisions, but rather recognized as a separate asset, insofar as their realization is virtually certain.

LIABILITIES

Liabilities are stated in the balance sheet at their acquisition costs brought-forward. Derivatives that are recorded at negative fair value in the balance sheet represent the exception to this. Liabilities from finance leases are stated at the present value of the future lease payments and shown under “Other financial liabilities”.

NOTES TO THE INCOME STATEMENT

1 SALES REVENUES

Sales revenues by product groups are broken down as follows:

in € million	2015	Share in %	2014	Share in %	Change absolute	Change in %
Automotive lubricants	863.8	41.6	749.0	40.1	114.8	15.3
Industrial lubricants and specialties	1,152.3	55.4	1,059.1	56.8	93.2	8.8
Other Products	63.0	3.0	57.8	3.1	5.2	9.0
	2,079.1	100.0	1,865.9	100.0	213.2	11.4

The main areas of the automotive lubricants product group are engine oil, gear oil, and shock-absorber oil. At €863.8 million (749.0), sales revenues in this group increased by 15.3%. The share in Group sales revenues increased to 41.6% (40.1).

The industrial lubricants and specialties product group mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. Sales revenues generated with this product group rose by 8.8% to €1,152.3 million (1,059.1). At 55.4% (56.8), this group represents the largest share of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. The share rose by 5.2% or €9.0 million to €63.0 million (57.8).

The development of sales revenues by geographic region can be seen under segment reporting on pages 136 to 137.

2 COST OF SALES

in € million	2015	2014
Cost of purchased raw materials, supplies, goods for resale and purchased services	1,158.6	1,063.5
Cost of materials	1,158.6	1,063.5
Personnel costs	67.3	57.6
Depreciation of property, plant and equipment and intangible assets	17.3	15.1
Third party services	16.9	12.6
Energy costs	10.0	9.9
Maintenance costs	11.4	8.8
Other costs	6.2	5.2
	1,287.7	1,172.7

3 SELLING AND DISTRIBUTION EXPENSES

in € million	2015	2014
Personnel costs	127.3	109.5
Freight	70.4	63.3
Commission payments	39.4	35.6
Travel expenses	13.6	12.2
Marketing costs	10.8	9.8
Rental and lease expenses	10.4	10.3
Third party services	11.7	11.8
Depreciation of property, plant and equipment and intangible assets	11.7	6.4
Maintenance costs	3.5	3.0
Other taxes	1.7	1.4
Other costs	11.2	9.4
	311.7	272.7

Marketing costs also include expenses for automotive and motorbike sponsoring, participation in trade fairs, advertising materials, promotional gifts, and advertisements. Third party services comprise services commissioned for laboratory work, distribution services, trademark management and the operation of the computer center. Other costs include costs of communication and pro rata insurance premiums.

4 ADMINISTRATIVE EXPENSES

in € million	2015	2014
Personnel costs	58.0	53.1
Audit and consultancy costs	5.9	5.3
Third party services	8.9	6.4
Depreciation of property, plant and equipment and intangible assets	6.9	6.0
Other taxes	3.3	3.1
Rental and lease expenses	2.9	2.8
Travel expenses	3.8	3.0
Maintenance costs	3.4	2.8
Other costs	11.6	10.4
	104.7	92.9

Third party services also comprise the costs of trademark and brand management, as well as pro rata costs for the operation of the computer center. Other costs include communication costs and pro rata insurance premiums.

5 OTHER OPERATING INCOME AND EXPENSES

This item includes all operating income and expenses that cannot be allocated directly to the functions.

in € million	2015	2014
Income from the		
Disposal of fixed assets	0.2	5.5
Reversal of provisions	0.9	5.0
Reversal of write-downs	2.4	3.0
Licenses and own work capitalized	2.9	2.4
Rents and leases	0.1	0.1
Currency exchange gains	11.0	7.2
Miscellaneous operating income	6.1	7.3
Other operating income	23.6	30.5
Losses from the disposal of fixed assets	0.1	0.3
Write-downs of receivables	6.0	6.1
Currency exchange losses	13.1	7.5
Restructuring costs and severance payments	7.7	1.4
Impairments of goodwill	0.0	4.9
Impairments of property, plant and equipment	0.0	0.3
One-off expenses for pension obligations	0.0	2.2
Miscellaneous operating expenses	8.4	9.9
Other operating expenses	35.3	32.6
Other operating income and expenses	-11.7	-2.1

Miscellaneous operating income also includes subsidies, compensation payments received, refund claims, and income from other sales and services.

Write-downs of receivables include irrecoverable receivables of €1.3 million (2.4).

Restructuring costs and severance payments amount to €7.7 million (1.4); €6.0 million (0.0) thereof are attributable to our two acquisitions.

Miscellaneous operating expenses include purchase costs for other sales, license expenses, as well as provisions for risks from non-operating items, e.g. environmental commitments and transfer taxation risks in Brazil.

Impairments in goodwill in the previous year are attributable to our subsidiaries in Brazil. Income from the disposal of fixed assets in the previous year essentially comprises accounting profits from the sale of land in Great Britain and China. Income from the reversal of provisions in the previous mainly results from lower plan settlements of pensions in the UK, as well as the resolution of legal disputes.

6 INCOME FROM COMPANIES CONSOLIDATED AT EQUITY

The income from companies consolidated at equity encompasses the proportionate income from joint ventures and associates.

in € million	2015	2014
Income from companies consolidated at equity	17.8	20.4



Note 16

Further disclosures are made under note 16 „Shares in companies consolidated at equity method“.

7 FINANCIAL RESULT

in € million	2015	2014
Other interest and similar income		
Others (mainly banks)	1.4	0.8
Interest income	1.4	0.8
Interest and similar expenses		
Others (mainly banks)	–4.2	–3.3
Pension obligations		
Interest expense	–3.2	–3.9
Interest income from plan assets	2.3	3.5
Interest expenses	5.1	–3.7
Net interest income	–3.7	–2.9
Investment income	0.0	0.0
Financial result	–3.7	–2.9

8 INCOME TAXES

Taxes on income comprise income taxes paid or payable in the various countries, plus deferred taxes. Calculation of deferred taxes are based on the tax rates expected to apply in the various countries at the time of realization, based on the tax laws applicable or passed at the balance sheet date.

in € million	2015	2014
Current taxes	104.4	88.9
thereof Germany	40.2	35.1
thereof international	64.2	53.8
Deferred taxes	–2.1	1.3
thereof Germany	–0.7	0.1
thereof international	–1.4	1.2
Total	102.3	90.2

Current taxes comprise €0.8 million in tax income (0.2 tax expenses) for previous financial years.

The German tax rate is based on the corporation tax rate of 15.83% and includes the solidarity surcharge of 5.5%. Including trade tax, the total tax burden in Germany is about 31.0% (31.0)

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries for calculating deferred taxes range from 10.0% (10.0) to 39.0% (38.9).

Tax assets and liabilities are netted to the extent that they relate to the same taxation authority and may be offset.

The difference between anticipated and recognized income tax expense is attributable to the following:

in € million	2015	in %	2014	in %
Earnings before tax (EBT)	338.5		310.1	
Expected tax expense	104.8	31.0	96.0	31.0
Taxation rate differences	-6.2	-1.8	-4.5	-1.5
Non-deductible expenses	4.4	1.3	3.7	1.2
Tax-free income	-1.5	-0.5	-2.4	-0.8
Income from companies consolidated at equity	-5.5	-1.6	-6.3	-2.0
Taxes for prior periods	-0.8	-0.3	-0.2	-0.1
Withholding taxes	5.8	1.7	2.0	0.7
Other	1.3	0.4	1.9	0.6
Actual tax expense	102.3	30.2	90.2	29.1

In the previous year, the "Other" item contains effects of €1.5 million on the impairment of goodwill of €4.9 million, for which no deferred taxes were initially recognized.

The actual tax expense relative to earnings before tax (EBT) leads to a rate of taxation of 30.2% (29.1). The Group's rate of taxation adjusted by the income from companies consolidated at equity is 31.9% (31.1).

9 MINORITY INTEREST

Profits attributable to minority interests of €0.4 million (0.4) relate to shareholders in Greece, Austria, and France.

10 EARNINGS PER SHARE

in € million	2015	2014
Profit attributable to shareholders of FUCHS PETROLUB SE	235.8	219.5
Earnings per ordinary share in €		
Earnings per share	1.69	1.57
Weighted average number of ordinary shares	69,500,000	69,671,524
Earnings per preference share in €		
Earnings per share	1.70	1.58
Weighted average number of preference shares	69,500,000	69,671,524

Pursuant to IAS 33, the additional dividend of €0.01 per share to be distributed to the preference shareholders is allocated in advance. The remainder of the Group's profit after taxes and minority interests is distributed on a weighted basis among the two share classes.

In accordance with IAS 33.20, own shares bought back within the scope of the share buyback program are not included in the calculation of earnings per share in the previous year.

Diluted earnings per share are the same as basic earnings per share.

11 OTHER TAXES

The disclosed figure of €5.9 million (5.3) concerns non-income taxes, which are included in the operating function costs. €4.5 million (3.7) of this amount is attributable to foreign Group companies in Argentina, China, France, Great Britain, and the USA.

12 PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	2015	2014
Wages and salaries	259.5	226.8
Social security contributions and expenses for pensions and similar obligations	46.7	40.5
thereof for pensions	7.0	5.0
	306.2	267.3

Pension expenses do not include the interest expense arising from pension provisions, which is included in the net financial result, nor does it include any income from plan assets for financing pension obligations.

Number of employees (annual average)	2015	2014
Salaried staff	3,161	2,984
Wage earners	1,207	1,068
	4,368	4,052

NOTES TO THE BALANCE SHEET

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Statement of changes in
long-term assets

13 LONG-TERM ASSETS

The composition of the items recognized in the balance sheet as intangible assets and property, plant and equipment, as well as their development in 2015, are presented in the statement of changes in long-term assets on pages 132 and 133.

14 PROPERTY, PLANT AND EQUIPMENT

The additions recorded in 2015 are essentially attributable to the locations in Germany, the US, and Australia. Property, plant and equipment also includes finance lease assets with a total carrying amount of €0.3 million (7.0).

There were no indications of impairment (€0.3 million) in the reporting year in the impairment tests carried out for the subsidiaries.

15 INTANGIBLE ASSETS

Development of goodwill

in € million	2015	2014
Historical acquisition costs		
Balance on January 1	102.4	91.5
Currency translation effects	2.5	4.0
Additions	75.7	6.9
As of December 31	180.6	102.4
Accumulated amortization		
Balance on January 1	– 14.7	– 9.5
Currency translation effects	0.2	– 0.3
Impairment losses	0.0	– 4.9
As of December 31	– 14.5	– 14.7
Carrying amount as of December 31	166.1	87.7

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Acquisitions

Further disclosures regarding additions of €75.7 million (6.9) can be found under „Acquisitions“ in the „Basis of preparation“ section.

Goodwill of the cash-generating units

Total goodwill of €74.0 million (70.5) is attributable to the sub-group FUCHS CORPORATION, USA. The acquisition of DEUTSCHE PENTOSIN-WERKE GMBH, Germany, resulted in the recognition of goodwill of €41.2 million (0.0). A total goodwill of €34.5 million (0.0) was recognized for acquiring the SFRL Group. Following completion of all financial reporting calculations and analyses, allocation to the individual cash-generating units will take place in the financial year 2016. The remaining goodwill is attributable to seven (seven) further cash-generating units.

in € million	2015	2014
FUCHS CORPORATION, USA	74.0	70.5
DEUTSCHE PENTOSIN-WERKE GMBH, Germany	41.2	0.0
STATOIL FUEL & RETAIL LUBRICANTS Group	34.5	0.0
Seven further (in the previous year, seven) cash-generating units	16.4	17.2
Goodwill	166.1	87.7

Goodwill is not subject to any scheduled amortization, but undergoes an impairment test at least once a year in line with IAS 36 and also whenever there are indications of an impairment. Impairment losses are recognized as and when appropriate.

An impairment is to be recognized if the carrying amount of the cash-generating unit's net assets, including assigned goodwill, exceeds the recoverable amount. A cash-generating unit is generally formed by a subsidiary. The recoverable amount was determined using the concept of value in use. A discounted cash flow method is used to determine the value in use. The subsidiaries' mid-term planning, which consists of the budget plan 2016 and the plan years 2017 and 2018, was used as the basis for cash flow planning. The planning is based on past experience, the current operating results, and the best possible estimate of corporate management regarding future developments. The projected figures are based on detailed individual budgets and their extrapolation. These incorporate growth rate assumptions, which take into account the conditions in the local sales markets at the time of budget drafting, current expectations regarding price trends in the procurement markets and inflation expectations. Alongside inflation and country risks, local taxation rates are also considered in the discount rate.

For the time period following mid-term planning, a terminal value is extrapolated based on the last detailed planning year. When determining the terminal value, country-specific growth rates of between 0.5% (0.5) and 1.0% (1.0) are taken into account as inflation-based growth. The impairment tests performed by the FUCHS CORPORATION, USA and DEUTSCHE PENTOSIN-WERKE, Germany, are based on the assumption of a long-term, country-specific growth rate of 0.5% (0.5).

The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). When determining the value in use of the individual cash-generating units, discount rates of between 7.0% (7.0) and 14.0% (13.0) after taxes were applied, taking into account country-specific risks. A weighted cost of capital of 7.0% (7.0) after taxes was taken into account in the impairment tests performed at FUCHS CORPORATION, USA, and DEUTSCHE PENTOSIN-WERKE, Germany.

In the financial year 2015, no impairment losses (€4.9 million) on goodwill were recognized. Impairments are disclosed under „Other operating expenses“.

To take into account potential deviations in the key assumptions, sensitivities were calculated and a 20% reduction in future cash flows assumed. Based on previous experience we believe that larger variations are unlikely. If actual cash flows were 20% lower than cash flows assumed in impairment tests, this would not lead to any impairment loss in the Group's goodwill.

Other intangible assets

These consist mainly of acquired customer relationships, technologies, formulas, and trademark rights as well as capitalized licenses for computer software. Other intangible assets amount to €114.7 million (39.1) in total. The increase can essentially be attributed to customer relationships and technologies acquired in connection with the two acquisitions. In addition, the item Intangible assets comprises advance payments of €3.4 million (1.9).

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16 SHARES IN COMPANIES CONSOLIDATED AT EQUITY

This item is made up of five companies consolidated at equity. For the measurement using the equity method, the proportionate equity was determined on the basis of financial statements as of December 31, 2015 prepared in accordance with the respective national legislation and adapted in line with the requirements of IFRS.

Please refer to the list of shareholdings under note 43 for information on the composition of joint ventures and associated companies.

The following table shows the development of shares in companies consolidated at equity:

in € million	2015	2014
Carrying amount of shares in companies consolidated at equity method as of January 1	41.5	43.3
Pro rata earnings after tax	17.8	20.4
Pro rata dividends received	– 21.8	– 26.4
Pro rata income and expenses not recognized in the income statement	1.1	4.2
Carrying amount of shares in companies consolidated at equity method as of December 31	38.6	41.5

The following table shows summarized earnings data and the carrying amount for the two joint ventures, which are insignificant when taken separately:

in € million	2015	2014
Carrying amount of joint ventures consolidated at equity	19.1	16.6
Earnings after tax	11.0	6.8
Pro rata earnings after tax	5.5	3.4
Pro rata income and expenses not recognized in the income statement	– 1.3	0.5
Pro rata comprehensive income after tax	4.2	3.9

The following table shows summarized earnings data and the carrying amount for the three associated companies, which are insignificant when taken separately:

in € million	2015	2014
Carrying amount of associated companies consolidated at equity	19.5	24.9
Earnings after tax	41.3	31.6
Pro rata earnings after tax	12.3	17.0
Pro rata income and expenses not recognized in the income statement	2.4	3.7
Pro rata comprehensive income after tax	14.7	20.7

17 OTHER FINANCIAL ASSETS

in € million	2015	2014
Investments in companies	1.1	1.1
Other loans	3.5	4.5
Long-term securities	0.1	0.2
	4.7	5.8



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This item includes investments in and loans to **SUBSIDIARIES**, long-term securities, and other loans. In accordance with their financing nature, the long-term portion of the receivables relating to delivery agreements in France of €3.4 million (4.3) is disclosed under Other loans.

18 DEFERRED TAX ASSETS AND LIABILITIES

The deferred taxes recognized in the balance sheet result from the following temporary differences and items:

in € million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	2015	2014	2015	2014
Property, plant and equipment	1.3	1.3	13.1	13.7
Other long-term assets	3.5	2.9	32.8	10.1
Inventories	7.8	7.5	0.1	0.1
Other short-term assets	3.0	2.2	0.8	0.9
Long-term provisions	13.7	16.4	0.9	0.6
Other long-term liabilities	0.5	0.5	4.8	4.5
Short-term provisions and liabilities	10.3	10.5	0.6	0.7
Expected use of losses carried forward	0.3	0.0	0.0	0.0
Sum of deferred taxes asset/liability	40.4	41.3	53.1	30.6
Tax offset	-6.6	-8.6	-6.6	-8.6
Total assets/liabilities	33.8	32.7	46.5	22.0

Deferred tax assets of €33.8 million (32.7) are essentially attributable to measurement differences between the carrying amounts of inventories (elimination of intercompany profits), other short-term assets, pension obligations, and short-term provisions and liabilities in the IFRS balance sheet and their tax base. The deferred tax liabilities of €46.5 million (22.0) are essentially the result of temporary measurement differences (different depreciation methods and useful lives) between the IFRS balance sheet and their tax base in property, plant and equipment, as well as from the measurement of assets at fair value pursuant to IFRS within the scope of acquisitions, for which the values in the tax balance sheet differ.

Tax loss carryforwards in the Group amount to €6.3 million (3.0). €4.7 million (1.8) thereof is attributable to the Europe region (excluding Germany), while €1.3 million (1.2) is attributable to the Asia-Pacific region, and €0.3 million (0.0) is attributable to South America. The deferred tax assets of €1.5 million (0.9) recognized in this connection were subject to impairment losses of €1.2 million (0.9), as it is unlikely that loss carryforwards will be utilized in the foreseeable future. The deferred tax assets of €0.3 million (0.0) for tax loss carryforwards are attributable to the Europe region (excluding Germany).

A deferred tax liability of €4.6 million (4.5) was recognized for future tax charges associated with planned dividend payments from foreign subsidiaries. In addition, there are further retained earnings at the subsidiaries of €410.5 million (352.7), which are to remain invested permanently and consequently will not result in a deferred tax debt.

The change in the net amount of deferred taxes is –€23.4 million (3.9) in the year under review. Taking into account the deferred taxes for the financial year 2015, which are recognized directly in equity and result from the allocation of pension obligations of –€1.4 million (6.2) as well as net opening balance sheet amounts of –€23.0 million (–0.9) for the two acquisitions, income from deferred taxes of €2.1 million (previous year: expenses of 1.3) was reported in the income statement after allowing for currency effects.

19 LONG-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	Dec. 31, 2015	Dec. 31, 2014
Other assets	1.3	0.4
	1.3	0.4

20 INVENTORIES

Inventories comprise the following:

in € million	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	116.5	95.7
Work in progress	22.9	14.5
Finished goods and merchandise	157.8	134.6
	297.2	244.8

Write-downs of inventories totaling €1.4 million (0.7) were recognized in the income statement in the year under review due to reduced saleability. On the balance sheet date, the residual carrying amount of inventories that were written down amounted to €3.7 million (3.5).

21 TRADE RECEIVABLES

in € million	Dec. 31, 2015	Dec. 31, 2014
Receivables due from customers	318.3	280.8
Receivables due from joint ventures and associated companies	2.3	1.2
	320.6	282.0

Changes in write-downs of trade receivables during the year are detailed below:

in € million	2015	2014
Impairments as of January 1	15.2	14.5
Currency translation effects	0.0	0.2
Additions	4.3	3.1
Utilization	– 1.2	– 0.6
Reversals	– 1.6	– 2.1
Changes to the scope of consolidation	0.9	0.1
Impairments as of December 31	17.6	15.2

The table below reflects the extent of credit risks connected with trade receivables:

Receivables by maturity (in € million)	Dec. 31, 2015	Dec. 31, 2014
Receivables neither overdue nor impaired	283.1	239.1
Overdue receivables that are not impaired:		
less than 30 days	28.9	30.3
30 to 60 days	7.4	8.0
61 to 90 days	2.6	3.1
91 to 180 days	3.1	2.1
181 to 360 days	0.7	2.6
more than 360 days	0.0	0.7
Total of overdue receivables	42.7	46.8
Minus collectively assessed allowances	-6.5	-5.0
Impaired receivables, gross	12.4	11.3
Minus individually assessed allowances	-11.1	-10.2
Trade receivables	320.6	282.0

22 SHORT-TERM TAX RECEIVABLES (INCOME TAX)

This item comprises tax refund claims which are mainly attributable to Argentinian, Brazilian, Italian and American income taxes.

23 SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	Dec. 31, 2015	Dec. 31, 2014
Receivables due from joint ventures and associated companies	0.2	0.3
Other taxes	2.7	2.9
Sundry other assets	18.7	17.4
	21.6	20.6

At €1.7 million (2.0), other taxes predominantly concern VAT receivables.

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Note 17

The Group's sundry other assets include the short-term portion of customer loans of €2.7 million (2.4) in connection with delivery agreements in France. The long-term portion of loans is disclosed under Other long-term financial assets. In addition to this, other assets include forward currency transactions with positive fair values of €1.0 million (4.2). Other assets also include advance rental payments, prepaid expenses, refund claims, and other customer loans, and receivables from other sales. Total impairments of €3.8 million (4.2) are taken into account here.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €119.1 million (202.1) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

25 SHAREHOLDERS' EQUITY

A solid equity capital backing is indispensable for the continued existence of the company. Gearing (the ratio of financial liabilities and pension provisions less cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators of the capital structure.

Subscribed capital

The subscribed and fully paid capital of FUCHS PETROLUB SE remained unchanged during the reporting year:

The shares of FUCHS PETROLUB SE are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. As per the Articles of Association, each preference share receives a premium of €0.01 per share compared to an ordinary share.

The number of outstanding shares is:

Number of shares	Dec. 31, 2015	Dec. 31, 2014
69,500,000 ordinary shares at €1.00	69,500,000	69,500,000
69,500,000 preference shares at €1.00	69,500,000	69,500,000
Total	139,000,000	139,000,000

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB SE (agio), the unappropriated profits and currency reserves as well as the remeasured net debt resulting from the defined pension obligations of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. Differences arising from translation of the financial statements of foreign subsidiaries as well as joint ventures and associated companies consolidated at equity are taken directly to equity and carried under currency reserves.

Group profits

Group profits correspond to the Group's net profits after taxes and minority interests.

Proposal for the appropriation of profits at FUCHS PETROLUB SE

The Executive Board will recommend to the Supervisory Board that it presents the following dividend proposal at the 2016 Annual General Meeting: €0.81 per ordinary share entitled to dividend and €0.82 per preference share entitled to dividend. Dividends of €0.76 per ordinary share and €0.77 per preference share were paid for the financial year 2014.

Minority interest

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. The €1.0 million (0.9) attributable to minority interests relate to shareholders in Austria, France, and Greece.

26 PENSION PROVISIONS

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS PETROLUB Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans.

The defined benefit obligation is reduced by the fair value of the plan assets. Changes resulting from the remeasurement of net debt are recognized directly in equity in the period in which they occur and are offset against Group reserves. These adjustments are set out in the statement of changes in equity of the Group on page 130.



Statement of changes in
shareholder's equity

In Germany, measurement is based on the following assumptions:

in %	2015	2014
Discount rate	2.2	1.8
Salary trend	2.5	2.5
Pension trend	1.5	1.5

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters. The mean values are calculated on a weighted basis.

in %	2015	2014
Discount rate	1.4 to 9.0	0.9 to 8.5
Average discount rate	3.4	3.2
Salary trend	1.5 to 9.0	0.6 to 8.0
Average salary level trend	2.6	2.4
Pension trend	0.1 to 3.1	1.8 to 3.0
Average pension level trend	3.1	2.9

Taking into account the basis of measurement described above, the funding status of the pension obligations is as follows:

Funding status (in € million)	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Present value of benefit obligations financed by funds in Germany	69.1	73.7	58.1	60.1	51.4
Present value of benefit obligations financed by funds outside Germany	48.9	47.1	62.5	56.4	46.2
Present value of benefit obligations financed by provisions in Germany	4.9 ¹	1.1	0.9	0.9	0.7
Present value of benefit obligations financed by provisions outside Germany	5.7	4.8	4.0	4.2	3.1
Total pension benefits	128.6	126.7	125.5	121.6	101.4
Fair value of plan assets in Germany	58.5	56.9	57.1	55.5	54.8
Fair value of plan assets outside Germany	37.6	34.2	52.9	40.0	34.5
Funding status	32.5	35.6	15.5	26.1	12.1
Similar obligations	0.7	0.4	0.3	0.2	0.2
Net obligation as of December 31	33.2	36.0	15.8	26.3	12.3
Balance sheet disclosure:					
Defined benefit assets	0.0	0.0	0.0	0.1	3.5
Pension provision	33.2	36.0	15.8	26.4	15.8

¹ The difference compared to the previous year is attributable to the change in the scope of consolidation of €4.5 million.

The key pension plan provisions are described in the following:

In Germany, defined benefit occupational pension provision plans are in place for some of the employees working for German Group companies. The benefits are generally based on the term of employment and fixed amounts or the final salary of the beneficiary. The benefits comprise an old-age pension, disability pension and survivors' pension. The domestic defined benefit pension plans have in principle been closed since 1983. In 2011, the German pension obligations financed by provisions were transferred almost entirely to the external pension provider ALLIANZ. Since this time, they have been disclosed under pension obligations funded by pension plans. The remaining amount is funded by provisions. The transfer comprised a combined model, made up of transferal of already vested benefits in the ALLIANZ pension fund and future benefits still to be vested in the ALLIANZ relief fund.

In addition to this, employee-financed benefit obligations from the so-called „deferred compensation program“ are also in place in Germany. As of December 31, 2015, benefit obligations amount to €6.2 million (6.1), which are offset against assets of €5.5 million (5.7) in the consolidated balance sheet. The €0.7 million (0.4) balance of obligations and asset values is disclosed under „Similar obligations“.

Where occupational pension plans are in place at Group companies outside Germany, these are fund-financed provision systems with „defined benefit“ commitments and, in some cases, „defined contribution“ commitments.

Meanwhile, contribution-based systems have been introduced for new pension commitments in the USA and Great Britain. Existing defined benefit obligations in the US were frozen in 2009 and transferred to a defined contribution system. The plan termination and payment of these balances in the USA took place already in 2011.

The pension obligations financed by funds outside Germany concern our companies in Great Britain. The occupational pension provision schemes based on defined benefit obligations arise from a performance-based provision plan based on years of service and final salary, which is now closed. The benefits comprise an old-age pension and survivors' pension. These are financed via a fund, which is independent from the company. The fund manager is legally obliged to act in the interests of the beneficiaries, and specifies the goals and strategies of the fund, for example the investment policy, premium contributions or indexing. Both employer and employee pay premiums into the fund.

The following table shows the development in the present value of benefit obligations:

Benefit obligations (in € million)	2015	2014
Present value as of January 1	126.7	125.5
Currency effects	3.8	4.2
Changes in the scope of consolidation	4.7	0.0
Current service cost	2.7	1.8
Past service cost	0.0	2.2
Interest expense	3.2	3.9
Remeasurements		
Actuarial gains (losses) due to financial assumptions	–6.9	20.0
Actuarial gains due to demographic assumptions	–0.3	–2.0
Actuarial gains (losses) due to experience adjustments	–0.1	1.5
Outsourcing to external pension provider (Great Britain)	0.0	–25.2
Benefits paid	–5.2	–4.0
Income from settlements (Great Britain)	0.0	–1.2
Present value as of December 31	128.6	126.7
Netting with plan assets	96.1	91.1
Funding status	32.5	35.6
Similar obligations	0.7	0.4
Pension provisions as of December 31	33.2	36.0

The outsourcing to an external pension provider in the previous year concerns the transfer of a portion of pension obligations in Great Britain to an insurance company.

Sensitivity analyses

If all other assumptions remained constant, a 0.5% change to the discount rate and a 0.25% change to the wage/salary or pension developments would have the following effects on the present value of benefit obligations as of December 31, 2015 (December 31, 2014):

Effects (in € million)	Germany	International	Total
Effects on the present value of defined benefit obligations due to			
Change in discount rate			
Increase by 0.5%	–4.9 (–5.3)	–4.2 (–4.3)	–9.1 (–9.6)
Decrease by 0.5%	5.6 (6.1)	4.7 (4.8)	10.3 (10.9)
Change in anticipated wage/salary developments			
Increase by 0.25%	0.1 (0.9)	0.5 (0.5)	0.6 (1.4)
Decrease by 0.25%	–0.1 (–0.9)	–0.5 (–0.5)	–0.6 (–1.4)
Change in anticipated pension developments			
Increase by 0.25%	2.1 (1.5)	1.2 (1.1)	3.3 (2.6)
Decrease by 0.25%	–2.0 (–1.4)	–1.2 (–1.4)	–3.2 (–2.8)

As of December 31, 2015, the weighted average term of defined benefit obligations was 12.5 years (12.4) to plans in Germany and 19 years (20) to plans outside Germany.

Additional life expectancy of one year would lead to an increase in the present value of the benefit obligations of €2.5 million (2.6), €1.4 million (1.5) thereof is attributable to plans in Germany and €1.1 million (1.1) is to plans outside Germany.

Changes to plan assets during the year are detailed below:

Plan assets (in € million)	2015	2014
Fair value as of January 1	91.1	110.0
Currency effects	2.1	3.2
Interest income from plan assets	2.3	3.5
Current contributions	7.3	5.8
Outsourcing to external pension provider (Great Britain)	0.0	-25.2
Benefits paid	-4.6	-4.0
Remeasurements		
Actuarial losses due to financial assumptions	-1.8	-0.9
Actuarial losses due to experience adjustments	-0.3	-1.3
Fair value as of December 31	96.1	91.1

The outsourcing to an external pension provider in the previous year concerns the transfer of a portion of plan assets in Great Britain to an insurance company.

The fair value of the plan assets is spread over the following asset classes:

in € million	Dec. 31, 2015			Dec. 31, 2014		
	Market price quotation in an active market	No market price quotation in an active market	Total	Market price quotation in an active market	No market price quotation in an active market	Total
Insurance policies		58.5	58.5		56.9	56.9
Equity instruments	30.4		30.4	27.2		27.2
Debt instruments	7.1		7.1	6.7		6.7
Cash and cash equivalents		0.1	0.1		0.3	0.3
Fair value of plan assets	37.5	58.6	96.1	33.9	57.2	91.1

The German plan assets are financed solely by insurance policies with ALLIANZ life insurance. The return on plan assets for the year 2015 was based on the discount rate of 1.8% (3.5). The actual return on plan assets calculated was 1.7% (2.9). A limited risk of a supplementary financing requirement can occur due to the selected ALLIANZ insurance tariff (risk/opportunity portfolio) in the event of a decrease in the overall interest rate.

The plan assets in Great Britain comprise equity instruments, debt instruments and cash and cash equivalents. The return on plan assets was based on an average rate of 3.6% (4.6). The average actual return on plan assets was –0.9% (2.8).

Total current contributions of €5.5 million (4.5) are budgeted for 2016 in Germany and abroad. Statutory minimum funding requirements are taken into account in Great Britain. FUCHS LUBRICANTS UK has made a commitment to make annual payments of at least €1.9 million, with an annual rate of increase of 3%, into the funds as of December 31, 2013 for a period of 7 years and 10 months.

Asset-liability matching strategy

The asset-liability matching strategy employed at FUCHS aims for the most congruent financing of pension obligations possible. Key elements are a comparable maturity profile of assets and liabilities, as well as (where technically feasible and financially prudent) coverage of longevity risks. This explains the high proportion of insurance policies. These allow the longevity risk to be covered, coupled with reduced **VOLATILITY** of the assets.

61% (62) of plan assets are invested in insurance policies. There are no market price quotations for these in an active market. The asset-liability matching strategy for the pension obligations funded by pension plans is reviewed annually by the fund management.

Market prices are available for equity and debt instruments. Around 32% (31) of plan assets is invested in equity instruments, while a further 7% (7) is invested in debt instruments. The fund managers pursue risk reduction strategies through use of swaps and index-linked instruments. The mix of equity and debt instruments takes into account the maturity profile of the pension obligations. A regular review of the asset-liability matching strategy can potentially also lead to a revision of the asset mix.



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Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €15.0 million (13.9) and are made up of the following components:

Total pension expenses (in € million)	2015	2014
Current service cost	2.7	1.8
Past service cost	0.0	2.2
Interest expense	3.2	3.9
Interest income from plan assets	–2.3	–3.5
Income from settlements (Great Britain)	0.0	–1.2
Expenses for defined benefit pension plans	3.6	3.2
Expenses for defined contribution pension plans	11.4	10.7
Total pension expenses	15.0	13.9

The net interest expenses from defined pension obligations amounting to €0.9 million (0.4) are the balance resulting from interest expenses of €3.2 million (3.9) from the interest accrued on pension obligations less interest income of €2.3 million (3.5) from the return on plan assets.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans. At €7.0 million (6.7), the share of pension contributions paid by the employer in Germany has been included in defined contribution pension plans.

27 OTHER LONG-TERM PROVISIONS

in € million	Dec. 31, 2014	Currency exchange differences	Change in the scope of consoli- dation	Additions	Utilization	Reversals	Dec. 31, 2015
Other long-term provisions	2.3	–0.3	0.8	1.3	–0.8	0.0	3.3

Among others, this item includes long-term provisions resulting from employee benefit obligations, such as anniversary bonuses. Old-age part-time obligations were in place until the previous year.

Employees in Germany have the option to invest balances in lifetime working accounts. For the long-term accounts set up, the provisions measured at their settlement value of €4.6 million (3.4) are netted against the corresponding fair value of assets of €4.6 million (3.4) (acquisition costs of €4.6 million – previous year €3.4 million). In the income statement, expenses and income of €1.2 million (1.1) each were offset against each other.

28 OTHER LONG-TERM LIABILITIES

Other long-term liabilities essentially comprise liabilities to employees at a French subsidiary. These liabilities are based on a statutory employee profit-sharing scheme and are due no earlier than 12 months after the end of the financial year.

29 TRADE PAYABLES

Trade payables are considered to be current liabilities, as they are generated by operating business. As a rule, they are recognized at amortized costs. Foreign-currency liabilities are translated at the closing rate.

in € million	Dec. 31, 2015	Dec. 31, 2014
Trade payables	153.5	134.1
Bills payable	2.5	2.8
Advance payments received	1.3	0.4
	157.3	137.3

30 SHORT-TERM PROVISIONS

Short-term provisions mainly consist of the following:

in € million	Dec. 31, 2015	Dec. 31, 2014
Warranty	0.7	0.8
Costs for preparing the annual financial statements	1.2	1.1
Credit notes and bonuses	5.5	3.0
Restructuring work and redundancy payments	6.2	1.1
Environmental obligations	7.5	6.5
Compensation of the Supervisory Board	0.7	0.5
Other obligations	15.2	16.3
	37.0	29.3

Changes to short-term provisions during the year are detailed below:

in € million	Dec. 31, 2014	Currency exchange differences	Changes to the scope of consoli- dation	Additions	Utilization	Reversals	Dec. 31, 2015
Warranty	0.8	0.0	0.0	0.2	0.2	0.1	0.7
Costs for preparing the annual financial statements	1.1	0.1	0.1	1.0	1.1	0.0	1.2
Credit notes and bonuses	3.0	0.1	0.8	4.6	3.0	0.0	5.5
Restructuring work and redundancy payments	1.1	0.0	0.0	6.2	1.1	0.0	6.2
Environmental obligations	6.5	0.1	0.3	0.6	0.0	0.0	7.5
Compensation of the Supervisory Board	0.5	0.0	0.0	0.7	0.5	0.0	0.7
Other obligations	16.3	0.2	0.9	11.1	12.5	0.8	15.2
	29.3	0.5	2.1	24.4	18.4	0.9	37.0

The provisions for restructuring work and redundancy payments contain redundancy payments for employees leaving the company.

The provisions for environmental obligations focus on rehabilitation work at contaminated sites and cover costs associated with the elimination of soil contamination.

Other obligations also include provisions for contractual risks, premium payment obligations, provisions for transfer taxation risks in Brazil, as well as other obligations and accruals arising from transactions with suppliers and customers.

Interest has not been accrued for any short-term provisions.

31 SHORT-TERM TAX LIABILITIES

This item includes total liabilities for income taxes of €28.4 million (31.2). The decline compared to the previous year is mainly attributable to the reduction in provisions for corporation and trade tax in Germany.

32 SHORT-TERM FINANCIAL LIABILITIES

All interest bearing obligations of the FUCHS PETROLUB Group with a maturity of up to one year are disclosed under Short-term financial liabilities. They break down as follows:

in € million	Dec. 31, 2015	Dec. 31, 2014
Liabilities due to banks	17.6	9.8
Other financial liabilities	0.1	6.6
	17.7	16.4

Other financial liabilities concern finance lease liabilities with up to one year remaining to maturity. Further disclosures are made under note 14: Property, plant and equipment.

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Note 14

33 OTHER SHORT-TERM LIABILITIES

The following is a breakdown of Other liabilities:

in € million	Dec. 31, 2015	Dec. 31, 2014
Obligations for personnel and social expenses	49.4	42.2
Fair value of derivative financial instruments	0.2	1.2
Social security	6.1	5.4
VAT liabilities	12.1	10.5
Other tax liabilities	6.9	5.1
Liabilities due to associated companies	0.0	0.0
Other liabilities	18.1	17.6
	92.8	82.0

The obligations for personnel and social expenses mainly relate to ex gratia payments, profit-sharing schemes, commissions, bonuses, outstanding holiday and overtime, settlements, as well as premiums for the employers' liability insurance association.

Other tax liabilities include excise taxes, payroll taxes and withholding taxes.

Other liabilities include financing liabilities of €4.6 million (4.3) related to the delivery agreements in France that are disclosed under „Other assets“. This item also includes commission obligations and customers with credit balances.

34 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

At €10.0 million (11.9), the item Securing third-party liabilities refers mainly to „garagiste“ loans. Under this business model, which is common in France, our subsidiary guarantees repayment of loans granted directly by the bank to our contracting partner. This guarantee is part of our supply and financing agreements with our partners.

Contractual obligations for the purchase of property, plant and equipment amount to €14.1 million (8.8) as of December 31, 2015. The increase is essentially attributable to our subsidiaries in Great Britain, the US, and one of our German subsidiaries.

Operating lease agreements

The Group mainly utilizes rental or operating lease agreements for production plants, warehouses, vehicles, fork-lift trucks, IT equipment and software.

The nominal value of future minimum lease payments for operating leases as of December 31, 2015 structured by maturity terms are as follows:

Maturities (in € million)	Dec. 31, 2015	Dec. 31, 2014
Up to 1 year	11.3	8.8
1 to 5 years	13.8	7.5
More than 5 years	0.3	0.2
Total of minimum leasing payments	25.4	16.5

Total rental and leasing expense for the reporting year was €15.8 million (15.2) in total. A major part of the increase in future minimum lease payments is attributable to a leasing agreement for a production facility in Sweden, which was concluded with effect from October 1, 2015 for the duration of five years. We have the right to purchase a production facility in Germany once the present contract expires in 2017.

In addition to the operating lease obligations, there were other financial obligations (IT maintenance, etc.) totaling €1.6 million (1.6).

35 FINANCIAL INSTRUMENTS**a) Carrying amounts and fair values of financial instruments**

The fair value of a financial instrument is the price at which a party would be willing to assume the rights and/or obligations arising from this financial instrument from an independent third party. Due to varying factors, fair values can only be regarded as indicators for values actually realizable on the market.

The fair values of all financial instruments were determined based on the market data available at the balance sheet date and on the methods and prerequisites specified below.

The figures disclosed in the consolidated balance sheet under Other receivables and other assets or Other liabilities do not fully meet the IFRS 7 criteria with regard to the amount. In particular, tax receivables and tax liabilities are not based on contractual agreements and are therefore not regarded as financial instruments.

For trade receivables, Other receivables and other assets, Cash and cash equivalents and Financial liabilities, Trade payables and Other liabilities the carrying amount of the financial instrument largely corresponds to the fair value.

Regarding the measurement categories of IAS 39, the category of loans and receivables includes the carrying amounts of the balance sheet items of trade receivables and in part other receivables and other assets.

Carrying amounts of trade payables, financial liabilities and miscellaneous other financial liabilities belong to the category of financial liabilities measured at amortized cost.

Cash and cash equivalents and liabilities from finance leases are not included in the classification by categories as these financial instruments are not assigned to a measurement category of IAS 39.

b) Net profit or loss from financial instruments

The table below states the net profit or loss arising from financial instruments recorded in the income statement:

in € million	2015	2014
Financial assets and financial liabilities at fair value through profit and loss	0.8	3.0
Loans and receivables	–3.6	–3.1
Financial liabilities measured at their cost of acquisition	0.7	0.6

Net profit and loss from loans and receivables comprises the balance of allowances for bad debts recognized and reversed, as well as the derecognition of irrecoverable receivables. They are disclosed under Other operating expenses and income.

c) Total interest income and expense

Total interest income and expense for financial assets and financial liabilities which were not measured at fair value through profit and loss are as follows:

in € million	2015	2014
Total interest income	1.4	0.8
Total interest expenses	-4.2	-3.3

The interest from these financial instruments is recognized in the Group's financial result.

d) Information on derivative financial instruments

The objective of using derivative financial instruments is to hedge interest rate and currency risks. In light of the Group's low level of gross financial debt – taking cash and cash equivalents into account, the Group is in a net cash position – the Group's strategy does not involve entering into fixed interest rate agreements or making use of any other interest hedging methods. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal values (in € million)	Dec. 31, 2015				Dec. 31, 2014			
Instrument	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	45.3	0.0	0.0	45.3	34.6	0.0	0.0	34.6
Nominal volume of derivatives	45.3	0.0	0.0	45.3	34.6	0.0	0.0	34.6

The nominal volume is the total of all buying and selling amounts of currency derivatives. The nominal amounts generally correspond with the volumes of the underlying hedged transactions.

Forward currency contracts employed by the FUCHS PETROLUB Group are exclusively used to hedge assets and liabilities. The change in the derivative's fair value is recognized in the income statement. The same applies to the changes in the fair value of assets or liabilities hedged by this. Both changes equalize each other.

On the balance sheet date there were forward currency transactions solely for the purpose of securing existing hedged items (essentially receivables and liabilities from inter-company loans). The intercompany loans were eliminated in the consolidated financial statements through consolidation entries. Beside this, a small volume of forward currency transactions was also in place for the purpose of hedging firm commitments. Future (anticipative) transactions were not hedged.

The fair values of the derivative financial instruments were as follows:

Fair value as of December 31, 2015

Instrument (in € million)	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	45.3	0.8	0.8	0.0
Total derivatives	45.3	0.8	0.8	0.0

Fair value as of December 31, 2014

Instrument (in € million)	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	34.6	3.0	3.0	0.0
Total derivatives	34.6	3.0	3.0	0.0

MANAGEMENT OF RISKS FROM FINANCIAL INSTRUMENTS

Due to its international business activities, the FUCHS PETROLUB Group is exposed to numerous risks from financial instruments. In particular, these include credit risks, e. g. those inherent to trade receivables, and market risks, e. g. changes in foreign exchange rates, interest rates and raw material prices. In addition, liquidity risks may arise due to these risks, due to the operating business and because of sudden fluctuations in the financial markets.

Major financial risks are monitored and controlled by the central treasury department of FUCHS PETROLUB SE. There are detailed guidelines and requirements, approved by the company's Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by entering into term and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only. The fair value of the forward currency transactions is calculated on the basis of recognized valuation models and current market data. The models are assigned to tier 2 in the fair value hierarchy. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing.

Credit risks

A credit risk arises if one party of a financial instrument causes a financial loss thereby damaging the other party by not fulfilling an obligation. Credit risks may result from the investment of liquid funds and the granting of payment terms for goods and services as well as from other agreements to be fulfilled by the counterparty only at a later date.

CASH AND CASH EQUIVALENTS

The Group usually limits its cash and cash equivalents to the extent required for its operating business. The Group's finance directive also requires that liquid funds may only be placed at banks with an excellent credit standing (Standard & Poor's/Moody's/Fitch short-term rating of A1/P1/F1 or higher).

TRADE RECEIVABLES

Due to its business relations maintained with more than 100,000 customers worldwide, the FUCHS PETROLUB Group is permanently confronted by significant trade receivables. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment, which is based on external credit information reveals that a credit risk is too high, credit collaterals must be provided, e. g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. On the balance sheet date, receivables totaling €2.8 million (3.8) were secured.

For the remaining credit risks bad debt allowances are recorded as soon as they exceed certain limits (see note 21).

DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER RECEIVABLES AND OTHER ASSETS

When selecting banks with which derivative transactions are concluded, FUCHS PETROLUB ensures that the counterparty is sufficiently creditworthy. All derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector. Through these processes, the default risk by contracting parties (credit risk) is minimized.

The maximum credit risk regarding the above-mentioned positions is the carrying amount of the receivable or of the financial asset – also if the asset concerns derivative financial instruments or liquid funds. The FUCHS PETROLUB Group is only exposed to limited credit risks thanks to a natural diversification and its successful credit risk management. No concentration risks can currently be ascertained.

Liquidity risks

A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS PETROLUB Group mainly come from its operating business. Occasionally revolving funds are employed in the form of bonds or bank loans, for example, primarily to finance working capital and investment projects.

Beside the €17.6 million (9.8) in lines of credit already utilized, the Group also had access to other free lines of credit of €175.1 million (136.5). Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements or bonds.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as of December 31, 2015 affect the Group's liquidity situation (non-discounted):

MATURITIES OF CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES AS OF DECEMBER 31, 2015

Financial liabilities (in € million)	Total	2016	2017	2018	2019	2020	≥ 2021
Financial liabilities incl. interest	17.7	17.7	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Trade payables	157.3	157.3	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	17.1	17.1	0.0	0.0	0.0	0.0	0.0
Total	192.3	192.3	0.0	0.0	0.0	0.0	0.0

MATURITIES OF CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES AS OF DECEMBER 31, 2014

Financial liabilities (in € million)	Total	2015	2016	2017	2018	2019	≥ 2020
Financial liabilities incl. interest	16.4	16.4	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	1.2	1.2	0.0	0.0	0.0	0.0	0.0
Trade payables	137.3	137.3	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	16.6	16.6	0.0	0.0	0.0	0.0	0.0
Total	171.5	171.5	0.0	0.0	0.0	0.0	0.0

In comparison to the previous year (171.5), financial liabilities rose by €20.8 million to €192.3 million. All financial liabilities are of a short-term nature.

The FUCHS PETROLUB Group considers its liquidity situation to be stable and not subject to any significant liquidity risk. The Group has access to cash and cash equivalents of €119.1 million (202.1) and €175.1 million (136.5) in free lines of credit. Beside this, the Group has short-term trade receivables of €320.6 million (282.0) from operating activities.

Market risks

As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities. The assets held by pension funds to meet pension obligations are explained in note 26.

Exchange rate risks

In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency which differs from the one in which sales proceeds are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third-party customers are exposed to transaction risks.

Because of dividend and license income of the holding company, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies so that a natural hedge is in place which leads to the minimization of the transaction risks existing across the entire Group.

Exchange rate risks resulting from granting Group-internal foreign currency loans are generally hedged through the agreement of corresponding forward currency transactions.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS PETROLUB Group comprises a large number of Group companies located outside the eurozone. Therefore so-called translation risks arise due to fluctuating exchange rates when converting the sales proceeds and the results for the Group's income statement. They may have a considerable influence on the Group's income statement.

For FUCHS significant translation risks exist due to its activities in North and South America, the Asian-Pacific area and Africa. To the extent that these risks are directly or also indirectly linked to the US dollar, they represent a natural hedge of the above-mentioned US dollar transaction risk. Transaction and translation risks thus have a compensatory effect at Group level.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by equity. The changes in the equity position are continuously monitored, but normally not hedged against fluctuations in the exchange rate.

The Group has financial liabilities in the following currencies:

Financial liabilities (in € million)	2015	in %	2014	in %
Euro	0.9	5.1	6.8	41.5
Indian rupee	3.2	18.1	4.0	24.4
South African rand	0.4	2.3	2.3	14.0
Indonesian rupiah	1.0	5.6	1.2	7.3
Brazilian real	7.7	43.5	0.0	0.0
Russian ruble	4.2	23.7	0.9	5.5
Other currencies	0.3	1.7	1.2	7.3
	17.7	100.0	16.4	100.0

Interest rate risks

In the light of the Group's sound liquidity situation, there are currently no appreciable interest rate risks that require hedging using derivative instruments.

The financial liabilities break down by interest rate agreement as follows. With the exception of the finance leasing transactions no collateral was provided.

Financial liabilities (in € million)	Effective interest rate	Fixed interest rate	Carrying amount Dec. 31, 2015	Carrying amount Dec. 31, 2014
EUR finance leasing	Variable interest rate	< 1 year	0.1	6.6
Short-term loans in EUR	Variable interest rate	< 1 year	0.8	0.2
Short-term loans in INR	Variable interest rate	< 1 year	3.2	4.0
Short term loans in ZAR	Variable interest rate	< 1 year	0.4	2.3
Short-term loans in IDR	Variable interest rate	< 1 year	1.0	1.2
Short-term loans in BRL	Variable interest rate	< 1 year	7.7	0.0
Short-term loans in RUB	Variable interest rate	< 1 year	4.2	0.9
Short-term loans in other currencies	Respective variable interest rates	< 1 year	0.3	1.2
			17.7	16.4

Summary of interest rate hedging periods

Interest rate hedging periods (in € million)	2015	in %	2014	in %
Up to 1 year	17.7	100.0	16.4	100.0
1 to 5 years	0.0	0.0	0.0	0.0
More than 5 years	0.0	0.0	0.0	0.0
	17.7	100.0	16.4	100.0

Other price risks

The FUCHS PETROLUB Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in the prices of raw materials are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Underlying certain assumptions, sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- an increase of the market interest rates of all currencies by one percentage point (parallel shift of the yield curves);
- a concurrent devaluation of the euro relative to all foreign currencies by 10%.

When determining the **interest rate risk** for FUCHS at the balance sheet date, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized costs do not entail interest rate risks pursuant to IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate as disclosed on December 31, 2015 would have reduced the financial result by €0.1 million (0.1) – assuming that the higher interest rate had been valid during the entire year.

The **foreign currency risk** is determined based on all net foreign currency positions not hedged at the balance sheet date. A simultaneous depreciation of the euro by 10% relative to all foreign currencies would have had a negative effect of €0.5 million (0.4) on the financial result.

FURTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows how the liquid funds of the FUCHS PETROLUB Group have changed in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows are classified into cash flows from, or into, operating, investing and financing activities.

Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents recognized in the balance sheet. Beside cash and cash equivalents in the more literal sense, i. e. checks, cash on hand and bank deposits, this item also includes short-term investments which can be converted to cash amounts at any time and are only subject to insignificant changes in fair value. Cash and cash equivalents are measured at amortized costs.

Cash flow from operating activities is calculated indirectly based on earnings after tax. With this method, the underlying changes in balance sheet items are adjusted for currency translation effects and for changes in the scope of consolidation. These changes in the balance sheet items, therefore, do not directly correspond to the amounts shown in the balance sheet.

The dividends received from companies consolidated at equity are recognized under „Cash flow from operating activities“. The profit contribution of the companies consolidated at equity is also recorded under EBIT in the income statement. This provides for better transparency of the financial position and results of operations.

The cash flows from/into investing and financing activities are determined on the basis of actual payments, adjusted by effects from currency translation and from the change in the scope of consolidation. Insofar as subsidiaries or business activities are acquired or disposed of, the influences of these transactions are disclosed in dedicated items in the statement of cash flows.

Free cash flow is calculated from the cash flow from operating activities and the cash outflow from investing activities.

37 NOTES TO THE SEGMENT REPORTING

Within the scope of segment reporting, the operating segments are made up of the geographical regions reflecting the FUCHS PETROLUB Group's internal organization and reporting structure. In line with the principles of IFRS 8 „Operating segments“, this structure is aligned to the Group's internal control system and reflects segment reporting in the Group management committees. Accordingly, the primary reporting format is the regions. These are defined as Europe, Asia-Pacific, Africa and North and South America. The individual companies are allocated to the segments according to the regions in which they are located.

The segment information is based on the same recognition and valuation methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column „Holding companies including consolidation“. This includes not only the depreciation and earnings of the Group companies, but also the inter-segment eliminations with regard to sales revenues. Intra-group revenues and transfers are transacted at prices and terms of independent business partners.

Segment earnings comprise all direct segment costs as well as indirect costs to a limited degree.

The sales revenues and long-term assets of Group companies break down as follows:

in € million	2015	2014
Sales revenues		
Companies in Germany	569.3	516.9
Companies in North America (mainly in the USA)	302.0	268.3
Companies in China	297.1	254.2
Other companies	910.7	826.5
Total	2,079.1	1,865.9
Long-term assets (intangible assets and property, plant and equipment)		
thereof goodwill		
Companies in Germany	48.5	7.3
Companies in North America (mainly in the USA)	74.0	70.5
Other companies	43.6	9.9
Total	166.1	87.7
thereof other intangible assets and property, plant and equipment		
Companies in Germany	214.8	137.8
Companies in North America (mainly in the USA)	60.8	49.8
Companies in China	45.7	44.1
Other companies	161.7	121.7
Total	483.0	353.4

The overall development of segments is disclosed on pages 136 and 137 stating the figures for the reporting year and the corresponding figures of the previous year. The statement shows sales revenues, depreciation and amortization expenses and the respective segment earnings (EBIT) as central key performance indicators for each geographic region.

The total of segment earnings is to be transferred to the net profit after tax as follows:

in € million	2015	2014
Total segment earnings (EBIT)	342.2	313.0
Financial result	– 3.7	– 2.9
Income taxes	– 102.3	– 90.2
Earnings after tax	236.2	219.9

The statement also contains investments in intangible assets, property, plant and equipment, as well as additions from acquisitions, and the number of employees in the segments as of the balance sheet date and the respective EBIT margins achieved relative to EBIT before income from companies consolidated at equity.



Note 1

Sales revenues by product are disclosed in note 1 to the income statement.

38 RELATIONSHIPS WITH RELATED PARTIES

The related parties of the FUCHS PETROLUB Group as defined according to IAS 24 are:

- Directly and indirectly held subsidiaries, and FUCHS PETROLUB SE companies consolidated at equity,
- Executive Board and Supervisory Board of FUCHS PETROLUB SE,
- RUDOLF FUCHS GMBH & CO KG, through which most of the Fuchs family's ordinary stock is held,
- its full partner FUCHS INTEROIL GMBH and its management,
- RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH,
- and pension funds benefiting the Group's employees.

The controlling company is RUDOLF FUCHS GMBH & CO KG.

FUCHS PETROLUB SE provides services to the related companies RUDOLF FUCHS GMBH & CO KG, RUDOLF FUCHS KAPITALANLAGEGESELLSCHAFT MBH, and FUCHS INTEROIL GMBH, for which it is compensated with a contribution to its administrative costs. The scope of these services is not material.

Furthermore, there are intercompany transactions (such as loans, provision of goods and services) between the holding company, FUCHS PETROLUB SE, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related companies and persons are charged on the same basis as those for independent business partners.

The FUCHS PETROLUB Group has receivables of €2.3 million (1.2) relating to supplies and services, as well as other receivables of €0.2 million (0.3) due from companies consolidated at equity. The liabilities are €0.0 million (0.0).

The value of goods delivered in 2015 to companies consolidated at equity was €15.5 million (15.6), while other operating income was €1.0 million (1.1).

No consultant contracts are in place with any members of the Executive Board or Supervisory Board.

For information on pension plans please refer to note 26.

A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Law (AktG) with the concluding declaration: „In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company nor any company associated with it.“ KPMG AG Wirtschaftsprüfungsgesellschaft, the independent auditors of FUCHS PETROLUB SE, have audited this dependent company report and provided it with an unqualified audit opinion.



Note 26

39 EXECUTIVE BODIES

SUPERVISORY BOARD

Dr. Jürgen Hambrecht
Neustadt an der Weinstraße

Chairman
Chairman of the Supervisory Board at BASF SE

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)

- Daimler AG
- TRUMPF GmbH + Co. KG, Chairman

Dr. Dr. h. c. Manfred Fuchs
Mannheim

Deputy Chairman
Former Chairman of the Executive Board of FUCHS PETROLUB SE

Ines Kolmsee
(until May 6, 2015)
Tutzing

Member of the Executive Board of EWE AG

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)

- Deutsche Telekom AG (January 31 to April 8, 2015)
- UMICORE S.A.
- SUEZ ENVIRONNEMENT S.A.

Horst Münkel*
Mannheim

Chairman of the Group works council and
Deputy Chairman of the SE works council of FUCHS PETROLUB SE
Chairman of the joint works council of FUCHS SCHMIERSTOFFE GMBH

Ingeborg Neumann
(since May 6, 2015)
Berlin

Managing partner at Peppermint Holding GmbH

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)

- Berliner Wasserbetriebe AöR
- Scienion AG

Lars-Eric Reinert*
Chicago

Grease Plant Manager in Harvey, FUCHS LUBRICANTS CO..

Dr. Erhard Schipporeit
Hanover

Former member of the Executive Board of E.ON SE

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)

- BDO AG Wirtschaftsprüfungsgesellschaft
- Deutsche Börse Aktiengesellschaft
- Hannover Rück SE
- Rocket Internet SE (until June 23, 2015)
- SAP SE
- Talanx Aktiengesellschaft

Comparable German and international supervisory bodies:

- Fidelity Funds SICAV (Luxembourg) (until February 25, 2016)

* Employee representative.

EXECUTIVE BOARD**Stefan Fuchs**

Hirschberg

Chairman

Group mandates

- FUCHS CORPORATION
- FUCHS LUBRICANTS CO.
- OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Chairman

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)

- TRUMPF GmbH + Co. KG

Dr. Alexander Selent
(until December 31, 2015)

Limburgerhof

Deputy Chairman, CFO

Group mandates

- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. (until December 31, 2015)
- FUCHS CORPORATION (until December 31, 2015)
- FUCHS OIL MIDDLE EAST LTD. (until December 11, 2015)

Dr. Lutz Lindemann

Kerzenheim

Member

Dr. Timo Reister
(since January 1, 2016)

Heidelberg

Member

Group mandates

- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. (since January 14, 2016)
- FUCHS LUBRICANTS (Yingkou) LTD.
- FUCHS LUBRICANTS (Korea) LTD.
- FUCHS LUBRICANTS (China) LTD.
- FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD.
- FUCHS LUBRICANTS TAIWAN CORP.
- FUCHS OIL MIDDLE EAST LTD. (since December 11, 2015)

Dr. Ralph Rheinboldt

Heddesheim

Member

Group mandates

- FUCHS LUBRICANTS BENELUX N.V. / S.A., Chairman
- FUCHS HELLAS S.A.
- FUCHS LUBRICANTES S.A.U., Chairman
- FUCHS LUBRICANTS (UK) PLC
- FUCHS LUBRIFIANT FRANCE S.A., Chairman
- FUCHS LUBRIFICANTI S.P.A., Chairman
- FUCHS OIL FINLAND OY
- MOTOREX AG LANGENTHAL
- STATOIL FUEL & RETAIL LUBRICANTS DENMARK APS (since January 29, 2016)
- STATOIL FUEL & RETAIL LUBRICANTS NORWAY AS (since December 8, 2015)
- STATOIL FUEL & RETAIL LUBRICANTS SWEDEN AB (since December 1, 2015)

Dagmar Steinert
(since January 1, 2016)

Mannheim

Member, Chief Financial Officer

Group mandates

- FUCHS CORPORATION (since January 1, 2016)

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

Compensation of the Executive Board (in € thousand)	2015	2014
Compensation of the Executive Board	7,449	6,841
thereof fixed compensation	2,191	1,440
thereof variable compensation	5,258	5,401
Current service cost for pension commitments to active members of the Executive Board	924	2,738
Former member of the Executive Board		
Total compensation of former board members	416	1,602
Balance of pension obligations and plan assets	1,760	2,309

The compensation of the Executive Board is made up of a fixed and a variable component.

The variable compensation of the Executive Board is based on an incentive agreement geared toward sustainable company success. This agreement tracks the FUCHS Value Added (FVA) concept and is linked to a performance factor. FVA represents the earnings before interest and tax (EBIT) less the capital costs. The performance factor measures on an annual basis the achievement of the long-term goals set for the entire Executive Board. The compensation system has been revised with effect from January 1, 2015.

25% of the variable compensation must be invested in FUCHS PETROLUB preference shares with a 3-year vesting period. Caps were defined for both variable and total compensation. Benefits arising from the occasion of the ending of the working relationship of the Executive Board are not provided for, nor are there any share-based payments.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB SE on May 11, 2011 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

The balance of pension obligations and plan assets of €1,760 thousand (2,309) for former members of the Executive Board results from the existing plan assets of €5,887 thousand (5,690), minus pension obligations of €7,647 thousand (7,999).

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation received by the individual members of the Supervisory Board breaks down as follows:

Figures (in € thousand) Members of the Supervisory Board	Fixed compensation		Variable compensation		Compensation for committee work		Attendance allowance / ancillary payments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Dr. Jürgen Hambrecht	120	60	48	51	20	10	–	18	188	139
Dr. Dr. h. c. Manfred Fuchs	90	45	36	38	30	22	–	18	156	123
Dr. Erhard Schipporeit	60	30	24	26	40	30	–	12	124	98
Ines Kolmsee (until May 6, 2015)	21	30	8	26	11	20	–	13	40	89
Ingeborg Neumann (since May 6, 2015)	39	–	15	–	20	–	–	–	74	–
Horst Münkel	60	30	24	26	–	–	–	5	84	61
Lars-Eric Reinert	60	30	24	26	–	–	–	5	84	61
Total	450	225	179	193	121	82	–	71	750	571

The compensation of the Supervisory Board is specified in the Articles of Association of FUCHS PETROLUB SE. These state that since the financial year 2015 each member of the Supervisory Board shall receive a fixed compensation of €60,000 in addition to expenses and a variable compensation linked to the success of the company of €200 for every €0.01 by which the disclosed average earnings per share exceeds €0.50. Half of the variable compensation is to be invested in preference shares in the company with a vesting period of five years. This vesting period is waived upon leaving the Supervisory Board. The variable compensation may not exceed two thirds of the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Members of the Supervisory Board who also sit on the Audit Committee receive additional fixed compensation of €20,000, while those who also sit on the Personnel Committee receive additional fixed compensation of €10,000. The Chairman of the Committee receives double this amount.

40 DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE AS PER SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Executive Board and Supervisory Board at FUCHS PETROLUB SE submitted the Declaration of Compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG). The wording of this Declaration of Compliance is printed on page 49 and is publicly available on the website at www.fuchs.com/declaration-of-compliance.



Text of declaration
of compliance

41 FEES AND SERVICES OF THE AUDITOR PURSUANT TO SECTION 315A IN CONJUNCTION WITH SECTION 314 (1) NO. 9 OF THE GERMAN COMMERCIAL CODE (HGB)

Companies in the FUCHS Group used the following services of KPMG worldwide:

in € thousand	2015	2014
Audit	1,655	1,455
Other services and expenses	107	32
Tax advisory services	99	115
Other services	55	37
Total	1,916	1,639

This includes domestic audit fees of €488 thousand (396) for the annual audit, €11 thousand (14) thereof is attributable to services concerning the previous year, and €68 thousand (11) thereof is attributable to other services and expenses and €1 thousand (0) for tax advisory services. No expenses for other services have been incurred domestically.

42 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date there have been no events that would materially affect the financial condition or results of operations of the Group.

43 SHAREHOLDING PURSUANT TO SECTION 315A IN CONJUNCTION WITH SECTION 313 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

As of December 31, 2015

I. AFFILIATED COMPANIES

GERMANY

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
BREMER & LEGUIL GMBH, Duisburg ⁴	100	324	33,186	F
DEUTSCHE PENTOSIN-WERKE GMBH, Wedel	100	34,914	122,930	F
FUCHS FINANZSERVICE GMBH, Mannheim ⁴	100	85,311	0	F
FUCHS LUBRITECH GMBH, Kaiserslautern ⁴	100	5,021	112,487	F
FUCHS SCHMIERSTOFFE GMBH (formerly FUCHS EUROPE SCHMIERSTOFFE GMBH), Mannheim ⁴	100	60,000	517,891	F
FUCHS WISURA GMBH (formerly WISURA GMBH), Bremen ⁴	100	1,100	15,375	F
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg ⁴	100	628	14,648	F

EUROPE (EXCLUDING GERMANY)

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen/Belgium	100	11,643	31,652	F
STATOIL FUEL & RETAIL LUBRICANTS DENMARK APS, Copenhagen/Denmark ⁹	100	704	2,308	F
STATOIL FUEL & RETAIL LUBRICANTS ESTONIA OÜ, Tallinn/Estonia ⁹	100	19	274	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	709	3,124	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre Cedex/France	99.7	19,991	109,447	F
FUCHS LUBRITECH S.A.S., Ensisheim/France	100	3,126	10,369	F
FUCHS HELLAS S.A., Athens/Greece	97.4	814	4,265	F
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/Great Britain	100	763 ⁷	0 ⁷	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/Great Britain (subgroup)	100	49,684	157,767	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., London/Great Britain	100	53	0	F
FUCHS LUBRITECH (UK) LTD., London/Great Britain	100	83	0	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	18,022	63,046	F
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	2,516	5,004	F
STATOIL FUEL & RETAIL LUBRICANTS LATVIA SLA, Riga/Latvia ⁹	100	12	312	F
STATOIL FUEL & RETAIL LUBRICANTS LITHUANIA UAB, Vilnius/Lithuania ⁹	100	27	323	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	970	1,004	F
FUCHS LUBRICANTS NORWAY AS, Bergen/Norway	100	58	1,417	F
STATOIL FUEL & RETAIL LUBRICANTS NORWAY AS, Oslo/Norway ⁹	100	120	6,303	F
FUCHS AUSTRIA SCHMIERSTOFFE GMBH, Thalgau/Austria	70	2,813	16,530	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	100	16,273	56,682	F
STATOIL FUEL & RETAIL LUBRICANTS POLAND SP. Z O.O., Krakow/Poland ⁹	100	14,843	9,547	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	2,695	9,159	F
OOO FUCHS OIL, Moscow/Russia	100	11,793	34,111	F
STATOIL FUEL & RETAIL LUBRICANTS RUS LLC, St. Petersburg/Russia ⁹	100	763	3,583	F
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100	20	2,802	F
STATOIL FUEL & RETAIL LUBRICANTS SWEDEN AB, Stockholm/Sweden ⁹	100	32,540	26,162	F
FUCHS OIL CORPORATION (SK) SPOL. S.R.O., Brezno/Slovak Republic	100	1,593	6,309	F
FUCHS MAZIVA LSL D.O.O., Brezice/Slovenia	100	1,032	2,791	F
FUCHS LUBRICANTES S.A.U., Castellbisbal/Spain	100	20,474	54,917	F
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Stráncice/Czech Republic	100	3,507	12,265	F
TOV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	100	2,714	8,415	F
FUCHS OIL HUNGARIA KFT, Budaörs/Hungary	100	757	5,214	F

ASIA-PACIFIC, AFRICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne / Australia (subgroup)	100	45,321	130,666	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	92,233	188,338	F
FUCHS LUBRICANTS REGIONAL HEADQUARTERS (EAST ASIA) LTD., Shanghai/People's Republic of China	100	1,775	748	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/People's Republic of China	100	54,125	141,901	F
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai/India	100	7,900	21,599	F
PT FUCHS INDONESIA, Jakarta/Indonesia	100	2,103	8,032	F
PT FUCHS LUBRICANTS INDONESIA, Jakarta/Indonesia	100	62	0	F
FUCHS JAPAN LTD., Tokyo/Japan	100	2,635	8,647	F
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	5,501	26,311	F
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Shah Alam/Malaysia	100	1,774	6,159	F
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland/New Zealand	100	3,377 ⁸	15,444 ⁸	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	3,508	15,580	F
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY) LTD, Johannesburg/South Africa	100	0	0	F
FUCHS SOUTHERN AFRICA (PTY.) LTD. (formerly FUCHS LUBRICANTS SOUTH AFRICA (PTY) LTD), Johannesburg/South Africa	100	18,810	61,933	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	1,748	4,703	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	483	0	F
FUCHS LUBRICANTS (THAILAND) CO., LTD., Bangkok/Thailand	100	1,809	6,636	F
FUCHS LUBRICANTS VIETNAM COMPANY LTD., Ho Chi Minh City/Vietnam	100	381	500	F

NORTH AND SOUTH AMERICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina (subgroup)	100	3,126	13,935	F
FUCHS LUBRIFICANTES DO BRASIL LTDA. (formerly FUCHS DO BRASIL S.A.), City of Barueri, State of São Paulo/Brazil	100	3,253	30,219	F
PENTOSIN DO BRASIL LTDA., São Paulo/Brazil	100	3,050	4,274	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	8,317 ⁵	25,013 ⁵	F
LUBRIFICANTES FUCHS DE MEXICO S.A. DE C.V., Querétaro/Mexico	100	7,856 ⁵	24,824 ⁵	F
PROMOTORA FUCHS S.A. DE C.V., Querétaro/Mexico	100	128 ⁵	1,907 ⁵	F
FUCHS URUGUAY S.A., Montevideo/Uruguay	100	37 ⁶	0 ⁶	F
FUCHS CORPORATION, Dover, Delaware/USA (subgroup)	100	138,320	304,690	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	120,212 ⁵	263,331 ⁵	F

II. JOINT VENTURES AND ASSOCIATED COMPANIES

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
MOTOREX AG LANGENTHAL, Langenthal/Switzerland	50	6,402	26,064	E
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Cigli-Izmir/Turkey	50	32,506	84,160	E

III. ASSOCIATED COMPANIES

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	61,855	199,098	E
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran/Iran	50	5,313	11,423	E
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50	18,528	19,959	E

IV. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD >5%)

Name and registered office of the company (in € thousand)	Share of equity capital (in %) ¹	Shareholders' equity ²	Sales revenues 2015 ²	Consolidation ³
NIPPECO LTD., Tokyo/Japan	11			

¹ Share of FUCHS PETROLUB SE, including indirect holdings.

² Shareholders' equity and sales revenues are disclosed at 100%. At domestic companies, the values are based on the German annual financial statements (HB I), while at companies domiciled outside Germany they are generally based on the tried and tested or certified IFRS financial statements (HB II) prior to consolidation. The conversion of shareholders' equities to the Group currency of euros was performed using the closing rate as at December 31, 2015, while the accumulated average annual exchange rate of 2015 was used when converting sales revenues.

³ Inclusion in the consolidated financial statements:

F = full consolidation as per IFRS 10,

E = equity method as per IAS 28.

⁴ Company with profit/loss transfer agreement.

⁵ Included in the subgroup financial statements (HB II) FUCHS CORPORATION, USA.

⁶ Included in the subgroup financial statements (HB II) FUCHS ARGENTINA S.A., Argentina.

⁷ Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (UK) PLC., Great Britain.

⁸ Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Australia.

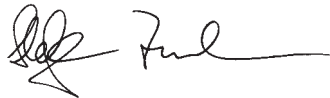
⁹ The audited and certified IFRS financial statements (HB II) prior to consolidation were included for the period of Group affiliation (October 1 to December 31, 2015).

3.3 Declaration and Assurance of the Executive Board pursuant to Section 297 (2), Section 315 (1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group. The management report, which is combined with the management report of FUCHS PETROLUB SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, March 14, 2016
FUCHS PETROLUB SE

Executive Board



S. Fuchs



D. Steinert



Dr. L. Lindemann



Dr. R. Rheinboldt



Dr. T. Reister

3.4 Auditor's report

We have audited the Consolidated Financial Statements prepared by FUCHS PETROLUB SE, Mannheim, Germany, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and the notes to the consolidated financial together with the Combined Management Report for the business year from January 1 to December 31, 2015. The preparation of the Consolidated Financial Statements and the Combined Management Report in accordance with IFRSs as adopted by the European Union, and the additional requirements of German commercial law pursuant to Section 315 a (1) of the German Commercial Code (HGB) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Combined Management Report based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Combined Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Combined Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the Combined Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the European Union, the additional requirements of German commercial law pursuant to Section 315 a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Combined Management Report is consistent with the Consolidated Financial Statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, March 14, 2016

KPMG AG Wirtschaftsprüfungsgesellschaft



Krauß
Auditor



Herbel
Auditor

INFORMATION ON THE AUDITOR

Following the proposal of the Supervisory Board, the Annual General Meeting on May 6, 2015 elected KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of the consolidated financial statements and the joint management report of the FUCHS PETROLUB Group for the financial year 2015. KPMG is also auditor of the annual financial statements of FUCHS PETROLUB SE. KPMG has been the auditor of FUCHS PETROLUB SE since the consolidated financial statements for the financial year 1991 and the annual financial statements for the financial year 1995. The auditor responsible is Hans-Dieter Krauß, who has signed the audit report and auditor's opinion on the left since the audit of the annual financial statements and consolidated financial statements for the financial year 2013.

3.5 Proposal for the appropriation of profits

The Executive Board will recommend that the Supervisory Board proposes the following appropriation of profits to the 2016 Annual General Meeting:

Proposal for the appropriation of profits (in €)	
Distribution of a dividend of €0.81 for each preference share entitled to dividend on the balance sheet date; these were 69,500,000 shares	56,295,000.00
Distribution of a dividend of €0.82 for each preference share entitled to dividend on the balance sheet date; these were 69,500,000 shares	56,990,000.00
	113,285,000.00
Balance carried forward	17,291,867.04
Unappropriated profit (HGB) of FUCHS PETROLUB SE	130,576,867.04

Glossary

A

ADDED VALUE

Added value is the sequence of refining processes in the production process, starting with the raw materials and ending at the finished end product via various stages including production and transport.

ASSOCIATED COMPANY

Company, upon the corporate and financial policies of which significant influence can be exercised (shareholding at least 20%) and that is not a subsidiary.

C

CAPITAL EMPLOYED

Average capital employed consists of shareholders' equity, financial liabilities, pension provisions and historical goodwill amortization, after the deduction of cash and cash equivalents.

CASH FLOW

The difference between income and expenditure in a reporting period.

The gross cash flow is an indication of a company's internal financial resources available for financing net current assets, investments, debt repayment and dividend payments.

COMPLIANCE

Compliance with all legal requirements, guidelines and ethical standards relevant to the company.

CORPORATE GOVERNANCE

Internationally used term for responsible corporate management and supervision with a view to long-term value creation. Corporate governance comprises the entire system of managing and supervising a company and includes its organization, business policy principles and guidelines, as well as all internal and external controlling and monitoring mechanisms.

D

DECLARATION OF COMPLIANCE

Declaration by the Supervisory Board and Executive Board pursuant in accordance with Section 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.

DERIVATIVE FINANCIAL INSTRUMENTS

Financial products whose own value is primarily derived from the price, price fluctuations and price expectations of the underlying hedged transaction. Derivatives are used by the FUCHS PETROLUB Group solely to limit exchange rate and interest-rate risks from the operating business.

E

EBIT

Abbreviation for earnings before interest and tax.

EBIT MARGIN

Earnings before interest and tax (EBIT) in relation to sales revenue.

EBT

Abbreviation for earnings before tax.

EFFECTIVE TAX RATE

Corporate income tax expense relative to EBIT before income from companies consolidated at equity minus financial result.

EQUITY METHOD

Method of consolidation for including joint ventures and associated companies in the consolidated financial statements. These companies are measured at the share in equity held by the Group. Changes in the equity capital of these companies have an effect on the valuation of the Group balance sheet item "Shares in companies accounted for using the equity method", proportionate net profits are shown under "Income from companies consolidated at equity" in the consolidated income statement.

EQUITY RATIO

Proportion of capital resources to the balance sheet total.

F**FREE CASH FLOW**

Free cash flow comprises the cash inflow from operating activities and cash outflow from investing activities. Free cash flow is the remaining cash flow available for payments to internal and external providers of equity and debt capital.

I**IAS / IFRS**

Abbreviation for International Accounting Standards. Accounting principles intended to guarantee international harmonization and comparability of financial statements and disclosure. Acronym for "International Financial Reporting Standards": They have replaced the "International Accounting Standards" (IAS) since 2001. FUCHS PETROLUB has compiled its consolidated financial statements in line with IAS/IFRS since 2002. They are prepared by an international committee, the "International Accounting Standards Board" (IASB).

INCOME FROM COMPANIES CONSOLIDATED AT EQUITY

Proportional net profit from joint ventures and associated companies that are included in the consolidated financial statements using the equity method.

J**JOINT VENTURES**

Enterprises managed jointly with other companies, where each company has an equal share.

M**MDAX**

Share index of German companies with a medium market capitalization. The MDAX, which comprises 50 companies, is the second value segment after the DAX (30 companies with a high market capitalization). The FUCHS PETROLUB preference shares have been approved for the Prime Standard section of the German Stock Exchange since January 1, 2003, and have been included in the MDAX segment since June 2008.

N**NET OPERATING WORKING CAPITAL**

Net operating working capital (NOWC) is made up of inventories and trade receivables minus trade payables. It defines the capital needed directly for the generation of sales revenues.

NET LIQUIDITY

Net liquidity is the net amount of cash and cash equivalents minus long-term and short-term financial liabilities.

P**PARTICIPATION INTEREST**

Company upon which no significant influence is exercised (shareholding less than 20%).

R**RETURN ON EQUITY**

Profit after tax, in relation to shareholders' equity.

RETURN ON SALES

Profit after tax in relation to sales revenues.

ROCE

Abbreviation for "return on capital employed" (EBIT in relation to capital employed).

S**SUBSIDIARY**

Company controlled by another company.

V**VOLATILITY**

Volatility is the measure of how much the price of securities or exchange rates has moved around the mean price over a certain period of time.

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You can also access and download all financial reports of FUCHS PETROLUB SE on our website.

www.fuchs.com/group



Financial Calendar

DATES 2016

March 22	Annual report 2015
April 29	Interim report as at March 31, 2016
May 4	Annual General Meeting in Mannheim
May 6	Swiss information event in Zurich
August 1	Interim report as at June 30, 2016
November 3	Interim report as at September 30, 2016

ANNUAL GENERAL MEETING 2016

The Annual General Meeting will take place on Wednesday, May 4, 2016 at 10.00 a.m. in the Mozart Room of the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will also receive an invitation and the agenda via their depository banks.

DISCLAIMER

This annual report contains statements about future developments 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, for example, include changes in the overall economic climate, changes in procurement prices, changes to exchange rates and interest rates, and changes within 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 annual report and assumes no liability for such. We do not assume any obligation to update the future-oriented statements made in this annual report.

Due to rounding, numbers presented in this annual report may not add up precisely to totals provided, and percentages stated may not precisely reflect the absolute figures to which they refer.

In the event of deviations between this English translation and the original German version of this annual report, the original German version takes precedence.

Ten-year overview

FUCHS PETROLUB GROUP

Amounts in € million	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Results of operations										
Sales revenues (by company location)	2,079.1	1,865.9	1,831.6	1,819.1	1,651.5	1,458.6	1,178.1	1,393.7	1,365.3	1,323.3
Germany	569.3	516.9	532.4	517.5	490.6	417.9	346.2	428.8	414.8	385.6
International	1,509.8	1,349.0	1,299.2	1,301.6	1,160.9	1,040.7	831.9	964.9	950.5	937.7
Cost of sales	1,287.7	1,172.7	1,141.7	1,153.1	1,046.9	891.6	721.0	905.6	856.1	856.4
Gross profit	791.4	693.2	689.9	666.0	604.6	567.0	457.1	488.1	509.2	466.9
in % of sales revenues	38.1	37.2	37.7	36.6	36.6	38.9	38.8	35.0	37.3	35.3
Earnings before interest and tax (EBIT)	342.2	313.0	312.3	293.0	263.5	250.1	179.9	171.7	195.2	161.2
in % of sales revenues	16.5	16.8	17.0	16.1	16.0	17.1	15.3	12.3	14.3	12.2
Earnings after tax	236.2	219.9	218.6	207.0	183.1	171.6	121.4	110.3	120.3	97.2
in % of sales revenues	11.4	11.8	11.9	11.4	11.1	11.8	10.3	7.9	8.8	7.3
Assets / equity and liabilities										
Balance sheet total	1,490.3	1,276.1	1,162.0	1,108.7	985.3	894.2	745.7	703.8	714.9	680.7
Shareholders' equity	1,070.2	915.6	853.5	781.7	658.2	545.9	392.9	315.3	325.9	303.2
Equity ratio	71.8	71.7	73.5	70.5	66.8	61.0	52.7	44.8	45.6	44.5
Cash and cash equivalents	119.1	202.1	175.2	143.7	79.0	92.1	89.9	19.5	64.2	40.2
Financial liabilities	17.7	16.4	7.8	8.9	14.1	19.7	58.2	124.1	71.9	98.5
Net liquidity	101.4	185.7	167.4	134.8	64.9	72.4	31.7	-104.6	-7.7	-58.3
Pension provisions	33.2	36.0	15.8	26.4	15.8	74.4	83.8	70.6	67.1	51.3
Net gearing (ratio of pensions less net liquidity to shareholders' equity)	-0.1	-0.2	-0.2	-0.1	-0.1	0.0	0.1	0.6	0.2	0.4
FUCHS Value Added (FVA)										
FUCHS Value Added (FVA)	246.2	229.7	221.9	208.2	186.0	182.7	116.8	110.1	136.5	100.3
Cash flow / investments / research and development										
Cash flow from operating activities ¹	280.9	255.3	220.5	203.1	89.2	133.2	206.3	59.6	152.2	90.7
Cash flow from investing activities ¹	-219.3	-67.4	-70.6	-62.7	-30.2	-55.5	-25.5	-52.1	-23.8	-4.3
Free cash flow	61.6	187.9	149.9	140.4	59.0	77.7	180.8	7.5	128.4	86.4
Investments in property, plant and equipment and intangible assets	49.7	51.7	70.2	61.0	35.6	32.4	29.9	46.6	24.4	18.1
Depreciation of property, plant and equipment and intangible assets (scheduled)	38.7	29.8	27.7	26.9	26.4	22.5	20.1	18.8	18.8	19.7
Research & development expenses	38.9	32.9	30.6	29.2	27.5	25.1	22.2	22.7	23.7	22.1

FUCHS PETROLUB GROUP

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Employees										
Number of employees (annual average)	4,368	4,052	3,846	3,754	3,646	3,534	3,587	3,864	3,807	3,909
Germany	1,314	1,213	1,180	1,143	1,086	1,010	1,003	1,073	1,044	1,077
in %	30.1	29.9	30.7	30.4	29.8	28.6	28.0	27.8	27.4	27.6
International	3,054	2,839	2,666	2,611	2,560	2,524	2,584	2,791	2,763	2,832

FUCHS SHARES

Amounts in €		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Earnings per share ²	Ordinary	1.69	1.57	1.53	1.45	1.28	1.20	0.85	0.74	0.77	0.62
	Preference	1.70	1.58	1.54	1.46	1.29	1.21	0.86	0.75	0.78	0.63
Dividend per share ^{2,3}	Ordinary	0.81	0.76	0.69	0.64	0.49	0.44	0.28	0.26	0.24	0.16
	Preference	0.82	0.77	0.70	0.65	0.50	0.45	0.29	0.27	0.25	0.17
Dividend distribution (in € million) ³		113.3	106.3	96.6	91.6	70.3	63.2	39.5	37.1	37.0	25.2
Share buyback (in € million)		0.0	76.4	22.0	0.0	0.0	0.0	5.8	67.1	50.8	0.0
Stock exchange prices on December 31 ²	Ordinary	37.69	31.74	30.90	26.50	15.06	16.45	10.11	6.52	10.48	8.67
	Preference	43.50	33.30	35.52	28.10	16.91	18.48	10.80	5.67	10.10	9.67

¹ From 2013 on dividends received from companies consolidated at equity are shown under cash flow from operating activities (previous investing activities).

² Prior-year figures adjusted for capital measures (bonus shares, share splits, increases in capital stock) to provide better comparability.

³ Dividend proposal for 2015.

