

QUARTERLY REPORT
FOR THE FIRST NINE MONTHS OF 2006

FUCHS CONTINUES DYNAMIC
CORPORATE DEVELOPMENT

75 years of excellence in lubricants



THE NINE MONTHS OF 2006 AT A GLANCE

Group

[Values in € million]	1–9/2006	1–9/2005
Sales revenues¹	999.5	882.6
Europe	656.6	581.4
North and South America	181.9	165.4
Asia Pacific, Africa	178.1	151.3
Consolidation	– 17.1	– 15.5
Earnings before interest and taxes (EBIT)	120.6	97.4
Net profit for the nine months	71.8	56.0
Gross cash flow	87.1	70.4
Capital expenditure²	13.2	17.6
Employees (on 30.9.)	3,792	4,158

1 By companies' headquarters

2 In property, plant and equipment and intangible assets

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LETTER TO THE SHAREHOLDERS

Dear shareholders,

Following a successful third quarter, FUCHS PETROLUB has raised its outlook.

In the first nine months of 2006 the Group recorded net earnings of €71.8 million (56.0). At the same time, a healthy free cash flow of to €43.1 million (23.4) was generated.

This represents an increase by 28.2 % over third-quarter net earnings of €56.0 for the previous year, which also included €6.4 million income from the sale of land no longer required for operations. This success is the result of a 13.2 % increase in sales revenues and sustained disciplined cost management.

The earnings per ordinary and preference share amounted to €2.73 (2.10) and €2.78 (2.14) respectively.

The increase in sales revenues over the whole year will fall short of the 13.2 % achieved over nine months, because the weakening of the price-related increase in sales revenues will continue in the fourth quarter due to base effects.

We expect in 2006 to achieve a double-digit increase in earnings before interest and taxes (EBIT) compared to the previous year's profit of €128.8 million.

Yours

Stefan Fuchs
Chairman of the Executive Board

THE ENVIRONMENT

The world economy experienced greater growth in the third quarter than over the long-term average. The growth has, however, slowed down somewhat over the year.

Of prime importance was the fact that the economic dynamics in the USA – and to a lesser extent in Japan – declined, while growing strongly in Europe. The rise in production increased strongly in the developing economies of East Asia increasing once again in China, but actually slowed down in the rest of the region's countries. Altogether, the world's actual gross domestic product is predicted to grow by 3.7 % over 2006.

German industry has been seen to pick up speed over the year. The chemical industry, mechanical engineering, as well as the steel and metalworking industries and automotive industry have all contributed to Germany's economic growth.

The global lubricants market has also benefited from the positive economic climate and continued growth. For 2006, we therefore expect an increase in the global demand for lubricants of approximately 1.5 %.

SALES REVENUES

Sales revenues of the FUCHS PETROLUB Group were €999.5 million (882.6) in the first nine months of 2006, just below the level of one billion. This is an increase of 13.2 % or €116.9 million compared with the same period last year.

Summary of the factors affecting revenues:

	€ million	%
Internal growth	+ 116.9	+ 13.2
External growth	- 7.7	- 0.9
Currency translation effects	+ 7.7	+ 0.9
Sales development	+ 116.9	+ 13.2

Development of revenues by region:

[in € million]	Nine months 2006	Nine months 2005	Internal growth	External growth	Currency translation effects	Total change absolute	Total change in %
Europe	656.6	581.4	79.2	-5.2	1.2	75.2	12.9
North and South America	181.9	165.3	12.0	-	4.6	16.6	10.0
Asia-Pacific, Africa	178.1	151.2	27.5	-2.5	1.9	26.9	17.8
Consolidation	-17.1	-15.3	-1.8	-	-	-1.8	-
Total	999.5	882.6	116.9	-7.7	7.7	116.9	13.2

The essential factors driving the internal growth were considerable increases in raw-material prices, which slowed slightly in the third quarter, and mix improvements. Moreover low margin business was discontinued.

In relative terms, the greatest growth in sales revenues was seen in the Asia-Pacific, Africa region. Sales revenues here increased by 17.8 % in comparison with the first nine months of the previous year. With €79.2 million, however, Europe saw the highest absolute growth in sales revenues.

The positive currency translation effect continued to recede and only made a contribution of €7.7 million or 0.9 percentage points to the increase in sales revenues. The sales-dictated deconsolidation of the LIPPERT-UNIPOL Group and also of our company in Bangladesh resulted in negative external growth of €7.7 million or 0.9 %.

EARNINGS

In the first nine months of 2006, the FUCHS PETROLUB Group generated earnings after taxes of €71.8 million (56.0). This represents €15.8 million or 28.2 % increase on the previous year's profit, which included special income realized from the sale of land in the amount of €6.4 million.

Thanks to an increase in sales revenues of €116.9 million or 13.2 %, it was possible to overcompensate for the considerable increase in the cost of sales (+ €82.3 million or +14.6 %) which had occurred as a consequence of the increases in raw-material costs. Gross profit rose by €34.6 million or 10.8 % to €353.7 million (319.1). At 35.4 %, the gross margin is down on the previous year's level of 36.2 %.

The selling and distribution, administration and R&D costs only experienced a moderate increase of €4.7 million or 2.1 % in comparison with the previous year, as the result of cost-conscious behavior. Operating profit, therefore, increased to €120.8 million (90.9), up by 32.9 %.

As expected, the pre-tax income of €7.6 million resulting from the sale of land no longer required for operations which was included in other operating income in the previous year did not recur. Nevertheless earnings before interest and taxes (EBIT) were €120.6 million (97.4), an increase of 23.8 %. EBIT was therefore 12.1 % (11.0) of sales revenues.

As a result of reduced financial liabilities, interest expense decreased to €9.5 million (11.6), taxes on income totaled €39.3 million (29.8), and earnings after taxes increased to €71.8 million (56.0).

All three regions of the world contributed to this success and increased both their absolute earnings before interest and taxes (EBIT) and their EBIT margin.

The profit per ordinary and preference share amounted to €2.73 (2.10) and €2.78 (2.14) respectively. Both the earnings for this year and the previous year, relate to the current total number of 25.9 million shares and take into consideration the effect of awarding bonus shares at a ratio of 10:1 in June 2006.

CAPITAL EXPENDITURE AND ACQUISITIONS

Investments in property, plant and equipment and intangible assets were relatively modest in the third quarter of 2006. In total, €13.2 million (17.6) were invested in the first nine months of 2006, particularly into expanding and modernizing existing plants in Germany, England, Italy and the USA.

Depreciation and amortization of property, plant and equipment and intangible assets totaled €14.7 million (16.1).

With effect from January 1, 2006, we sold our company in Bangladesh to a local partner who will continue the business, manufacturing under license. In 2005, the company achieved sales revenues of €3.7 million and employed 86 employees.

Moreover on July 14, 2006, the LIPPERT-UNIPOL group, which operates in the field of polishing technology, was sold to Jason GmbH in Sulzbach-Rosenberg. In 2005 the group achieved sales revenues of €22 million and employed 208 employees.

STATEMENT OF CASH FLOWS

The Group's statement of cash flows adjusted for the change in the consolidated group and the currency translation effects shows a clear rise in the gross cash flow to €87.1 million (70.4). This is mainly due to the improved profit for the first nine months. The amortization of the long-term assets (including financial assets) amounted to €15.6 million (16.6).

The cash inflow from operating activities amounts to €42.6 million, an improvement on the previous year (31.8) despite the payment of taxes for the previous years of almost €15.0 million.

Investments (including financial investments) of €13.2 million (19.0) were financed almost completely by the sale of companies.

Free cash flow reached €43.1 million, far in excess of the previous year (23.4). Even after taking into account the payment of dividends, this led to a temporary sharp increase in liquid funds within the Group, which were used to repay due bank debts at the beginning of October.

WORKFORCE

As of September 30, 2006 the FUCHS PETROLUB Group employed 3,792 people (4,158). The reduction in the number of employees is primarily the result of selling off two companies.

The workforce at a glance:

	30.9.2006	31.12.2005	30.9.2005
Europe	2,348	2,568	2,579
North and South America	599	613	616
Asia Pacific, Africa	845	956	963
Total	3,792	4,137	4,158

RESEARCH AND DEVELOPMENT

Within the period under review, a large number of products have been developed in the research and development facilities of the Group. After successful trials in test bay and field, these lubricants have been launched on the market.

Engine oils for vehicles equipped with particulate filters must prevent any detrimental effects on exhaust gas after-treatment systems and ensure a long service life of the aggregate. Only low-pollution engine oils of the latest generation can meet these demands. FUCHS uses special components and a completely new lubricant technology for these high-tech oils. The lubricants diminish clogging of the exhaust gas after-treatment system and reduce exhaust emissions. Due to the unique additive package, these engine oils contribute to distinct fuel savings, and, because of extremely low evaporation losses, to a noticeable reduction in oil consumption. Two new low-emission oils for modern passenger car diesel engines, particularly developed for a French and a Japanese automobile manufacturer, complement the engine oil portfolio.

Steel plant operating companies increasingly demand more cost-efficient metal forming lubricants, contributing to a high steel quality, and, at the same time, ensuring best possible cleanliness at optimum lubrication effect. The new generation of FUCHS cold rolling oils features the innovative polymer dispersant technology combined with high detergency. The products offer optimum lubrication properties, thus lowering the rolling forces in the rolling stands, and, permanently reducing wear and tear on the rolling cylinders. Applied by leading steel manufacturers worldwide, the new lubricants have proven their excellent cost-effectiveness.

OUTLOOK

We assume that the healthy market conditions will continue in the fourth quarter of 2006 to the benefit of the FUCHS PETROLUB Group with its diverse mix of products and customers.

The development of raw-material costs varies from region to region. We expect that the prices will remain high. The increase in purchasing costs is countered by price increases, a focused strategy of specialization, and a stable cost base.

The weakening, which could be observed in the third quarter, of the price-related increase in sales revenues will continue in the fourth quarter due to base effects, which means that the increase in sales revenues over the whole year will fall below the rate of 13.2 % achieved after nine months.

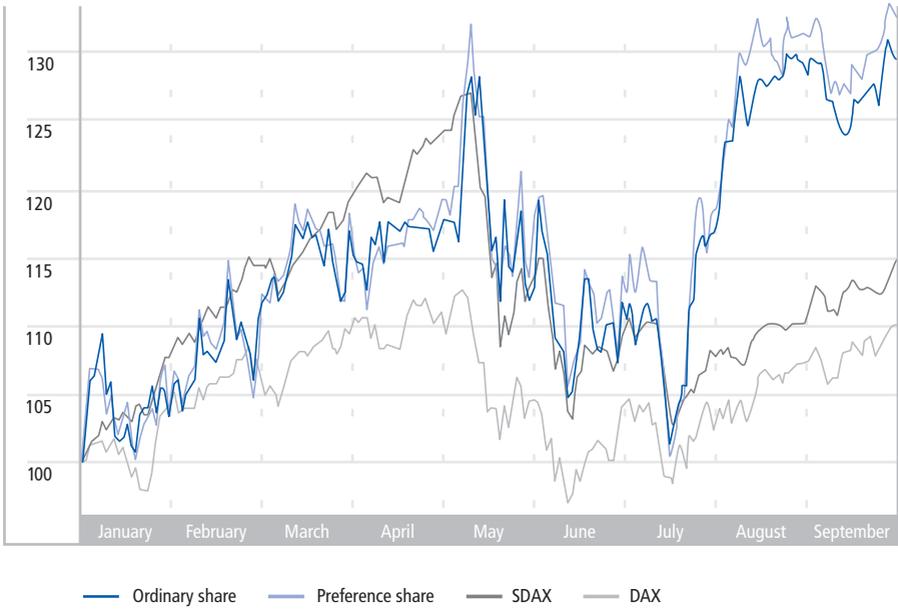
We expect a double-digit increase in earnings before interest and taxes (EBIT) compared to the previous year's profit of €128.8 million, which was positively influenced by profits of €7.6 million resulting from the sale of land.

FUCHS SHARES

Following significant corrections to the German stock market in May and June of this year, which particularly affected mid- and small-cap shares, we entered a period of recovery in July. The markets were also seeing record prices for oil however, although these were partly compensated for by good half-year results in industry. FUCHS shares followed the general market trend in the third quarter, their prices rising more strongly than the SDAX from the beginning of August. Reasons for this included the issue of bonus shares at the end of July and the half-year profits published at the beginning of August, which again showed an increase and a positive outlook for the whole of 2006.

The price of the ordinary share on September 30, 2006 was €40.97, which is 28.9 % higher than at the end of 2005. The preference share at €43.60 showed a rise of 32.5 %. The DAX and SDAX indices, with growth rates of 11.0 % and 16.0 % respectively showed improvements for the same period.

**Indexed comparative performance of the FUCHS PETROLUB shares
(1.1.2006 – 30.9.2006)**



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

[in € million]	Nine months of 2006	Nine months of 2005
Sales revenues	999.5	882.6
Cost of sales	-645.8	-563.5
Gross profit	353.7	319.1
Selling expenses	-160.7	-158.9
Administration expenses	-55.7	-53.1
Research and development expenses	-16.5	-16.2
Operating profit	120.8	90.9
Other operating income	11.9	19.3
Other operating expenses	-13.1	-13.4
Investment income	1.0	0.6
Earnings before interest and taxes (EBIT)	120.6	97.4
Financial result	-9.5	-11.6
Earnings before taxes (EBT)	111.1	85.8
Taxes on income	-39.3	-29.8
Earnings after taxes	71.8	56.0
Minority interests	0.4	1.0
Earnings after minority interest	71.4	55.0
Earnings per share in € ¹		
Ordinary share	2.73	2.10
Preference share	2.78	2.14

¹ Basic and diluted in both cases. Including the bonus shares issued on June 30, 2006 due to an increase in capital from the company's own resources; the values for the previous year have been adjusted accordingly.

CONSOLIDATED INCOME STATEMENT

[in € million]	3 rd quarter 2006	3 rd quarter 2005
Sales revenues	327.7	306.9
Cost of sales	-208.5	-197.1
Gross profit	119.2	109.8
Selling expenses	-52.0	-53.6
Administration expenses	-18.2	-17.2
Research and development expenses	-5.5	-5.5
Operating profit	43.5	33.5
Other operating income	5.9	10.5
Other operating expenses	-4.2	-3.9
Investment income	0.4	0.2
Earnings before interest and taxes (EBIT)	45.6	40.3
Financial result	-2.8	-3.7
Earnings before taxes (EBT)	42.8	36.6
Taxes on income	-15.1	-11.7
Earnings after taxes	27.7	24.9
Minority interests	0.2	0.3
Earnings after minority interest	27.5	24.6
Earnings per share in € ¹		
Ordinary share	1.06	0.94
Preference share	1.07	0.96

¹ Basic and diluted in both cases. Including the bonus shares issued on June 30, 2006 due to an increase in capital from the company's own resources; the values for the previous year have been adjusted accordingly.

CONSOLIDATED BALANCE SHEET

[in € million]	30.9.2006	31.12.2005
ASSETS		
Intangible assets	85.5	90.0
Property, plant and equipment	152.5	161.3
Investments accounted for using the equity method	4.7	3.7
Other financial assets	8.9	9.6
Deferred taxes	13.5	15.0
Long-term assets	265.1	279.6
Inventories	165.0	164.4
Trade receivables	213.8	198.6
Tax receivables	0.7	1.6
Other receivables and other assets	19.9	21.1
Liquid funds	49.7	26.0
Short-term assets	449.1	411.7
Total assets	714.2	691.3
SHAREHOLDERS' EQUITY AND LIABILITIES		
Subscribed capital	77.8	70.7
Group reserves	129.9	87.5
Group profits	71.8	73.2
FUCHS PETROLUB Group capital	279.5	231.4
Minority interest	1.2	1.2
Shareholders' equity	280.7	232.6
Pension provisions	54.7	54.9
Other provisions	7.8	7.9
Deferred taxes	11.5	11.9
Financial liabilities	64.8	66.5
Other liabilities	1.3	1.3
Long-term liabilities	140.1	142.5
Trade payables	108.8	120.4
Provisions	37.9	39.8
Tax liabilities	24.6	31.2
Financial liabilities	91.6	96.3
Other liabilities	30.5	28.5
Short-term liabilities	293.4	316.2
Total shareholders' equity and liabilities	714.2	691.3

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[in € million]	Subscribed capital AG	Capital reserves AG	Equity capital generated in the Group
Balance at 31.12.2004	70.7	94.9	0.8
Adjustment currency translation effects from the capital repaid by a subsidiary			-2.6
Dividend payments			-13.7
Gains and losses not recognized in the income statement			
Currency effects			
Financial instruments net of deferred taxes			
Other changes			0.1
Gains and losses recognized in the income statement			
Earnings after taxes 1.1.– 30.9.2005			55.0
Balance at 30.9.2005	70.7	94.9	39.6
Balance at 31.12.2005	70.7	94.9	57.7
Dividend payments			-17.4
Increase in capital from the company's own resources	7.1	-7.1	
Gains and losses not recognized in the income statement			
Currency effects			
Financial instruments net of deferred taxes			
Other changes			
Gains and losses recognized in the income statement			
Earnings after taxes 1.1.– 30.9.2006			71.4
Balance at 30.9.2006	77.8	87.8	111.7

	Effects from currency translation	Market valuation of financial instruments	Group's capital	Minority interest	Shareholders' equity
	-8.9	-1.6	155.9	3.9	159.8
	2.6		0		0
			-13.7	-0.9	-14.6
	12.2		12.2	0.4	12.6
		0.6	0.6		0.6
			0.1	-0.3	-0.2
			55.0	1.0	56.0
	5.9	-1.0	210.1	4.1	214.2
	8.7	-0.6	231.4	1.2	232.6
			-17.4	-0.4	-17.8
			0		0
	-6.4		-6.4		-6.4
		0.5	0.5		0.5
			71.4	0.4	71.8
	2.3	-0.1	279.5	1.2	280.7

STATEMENT OF CASH FLOWS

[in € million]	30.9.2006	30.9.2005
Earnings after taxes	71.8	56.0
Depreciation and amortization of long-term assets	15.6	16.6
Change in long-term provisions	-0.2	0.4
Change in deferred taxes	0.9	-2.0
Non cash deliverables of shareholdings accounted for using the equity method	-1.0	-0.6
Gross cash flow	87.1	70.4
Change in short-term provisions	-12.5	8.1
Change in inventories	-9.0	-11.6
Change in receivables	-23.4	-30.2
Change in other assets	0.7	6.0
Change in liabilities (excluding financial liabilities)	1.5	-1.6
Gain/loss on disposal of long-term assets	-1.8	-9.3
Cash flow from operating activities	42.6	31.8
Investments in long-term assets	-13.2	-19.0
Acquisition of companies and other business units	0.0	-2.3
Sale of companies and other business units	12.1	0.3
Proceeds from the disposal of long-term assets	1.6	12.6
Cash flow from investing activities	0.5	-8.4
Free cash flow	43.1	23.4
Dividend paid for the preceding year	-17.8	-14.6
Changes in bank loans and overdrafts and leasing liabilities	-0.6	-13.8
Cash flow from financing activities	-18.4	-28.4
Liquid funds at the end of the preceding period	26.0	27.6
Cash flow from operating activities	42.6	31.8
Cash flow from investing activities	0.5	-8.4
Cash flow from financing activities	-18.4	-28.4
Effect of currency translation	-1.0	0.8
Liquid funds at the end of the period¹	49.7	23.4
Details of the acquisition and disposal of companies and other business units [in €million]		
Total amount of all purchase prices	0,0	2,3
Total liquid funds purchased	0,0	0,0
Balance of acquired net assets	0,0	0,3
Total proceeds ²	1,1	0,3
Total liquid funds sold	1,3	0,0
Net assets sold ³	-2,9	0,1

SEGMENT REPORT

[in € million]	Europe	North and South America	Asia-Pacific, Africa	Total for operating companies	Holding companies incl. consolidation	FUCHS PETROLUB Group
9/2006						
Sales by company location	656.6	181.9	178.1	1,016.6	- 17.1	999.5
Segment earnings (EBIT)	71.0	32.1	16.1	119.2	1.4	120.6
EBIT to sales in % ¹	10.8	17.6	8.5	11.6		12.1
9/2005						
Sales by company location	581.4	165.4	151.2	898.0	- 15.4	882.6
Segment earnings (EBIT)	61.5	26.3	12.1	99.9	- 2.5	97.4
EBIT to sales in % ¹	10.6	15.9	7.6	9.7		11.0

¹ Excluding EBIT of associated companies, as their sales figures are also not included.

Notes to the statement of cash flows:

- 1 Cash and cash equivalents comprise total liquid resources of the Group.
- 2 The sales prices were completely paid with cash and cash equivalents.
- 3 The sold net assets refer to FUCHS LUBRICANTS (BANGLADESH) LTD. and the LIPPERT-UNIPOL group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), taking into account the standards and interpretations laid down in the guidelines of the International Accounting Standards Board (IASB) valid on the date of report. The accounting and valuation principles, together with the calculation methods, remained unchanged from the consolidated financial statements for 2005; we therefore refer to the notes to the consolidated financial statements there. The interim financial statements are unaudited.

The receivables and liabilities recognized on the consolidated balance sheet in connection with supply agreements in France have, in accordance with their financial character, been allocated to financial assets and financial liabilities. The previous year's values have been adjusted accordingly.

In the nine months of 2006, the number of companies included in the consolidation changed because of the sale of six fully consolidated companies. These were a company in the Asia-Pacific, Africa region, which was excluded from consolidation on January 1, 2006 as well as the companies of the LIPPERT-UNIPOL group which were excluded on July 1, 2006. The assets and liabilities of the LIPPERT-UNIPOL group classified as held for sale were already shown as separate items in the consolidated balance sheet of the report for the first half of 2006.

The sales do not substantially affect the feasibility of comparing the consolidated balance sheet and the income statement with the previous year. It has resulted in a reduction in the balance-sheet total of around €3.5 million. The LIPPERT-UNIPOL group is included in the consolidated income statement up to June 30, 2006. Omitted sales revenues from deconsolidated companies compared with the previous year were about €8.0 million. Profit from deconsolidation of €2.5 million is included under other operating income.

FINANCIAL CALENDAR

2007	
23 March	Balance sheet press conference, Mannheim DVFA Analysts Conference, Frankfurt
2 May	Annual General Meeting, Mannheim
3 May	Information event for Swiss shareholders, Zurich
9 May	Report on the first quarter of 2007
3 August	First-half press conference, Mannheim Report on the first half of 2007
10 September	Fourth Capital Market Forum, Mannheim
24/25 September	Financial market conference, Mulhouse
9 November	Report on the first nine months of 2007

FUTURE-ORIENTED STATEMENTS AND PREDICTIONS

This quarterly report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB AG. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes to the overall economic climate, changes to exchange rates and interest rates and changes in the lubricants industry. FUCHS PETROLUB AG provides no guarantee that future developments and the results actually achieved in the future will agree with the assumptions and estimates set out in this quarterly report and assumes no liability for such.



This quarterly report is also available in German.
Both language versions are accessible via the
internet.

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