



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

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

November 2015



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The leading independent lubricants manufacturer of the world



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



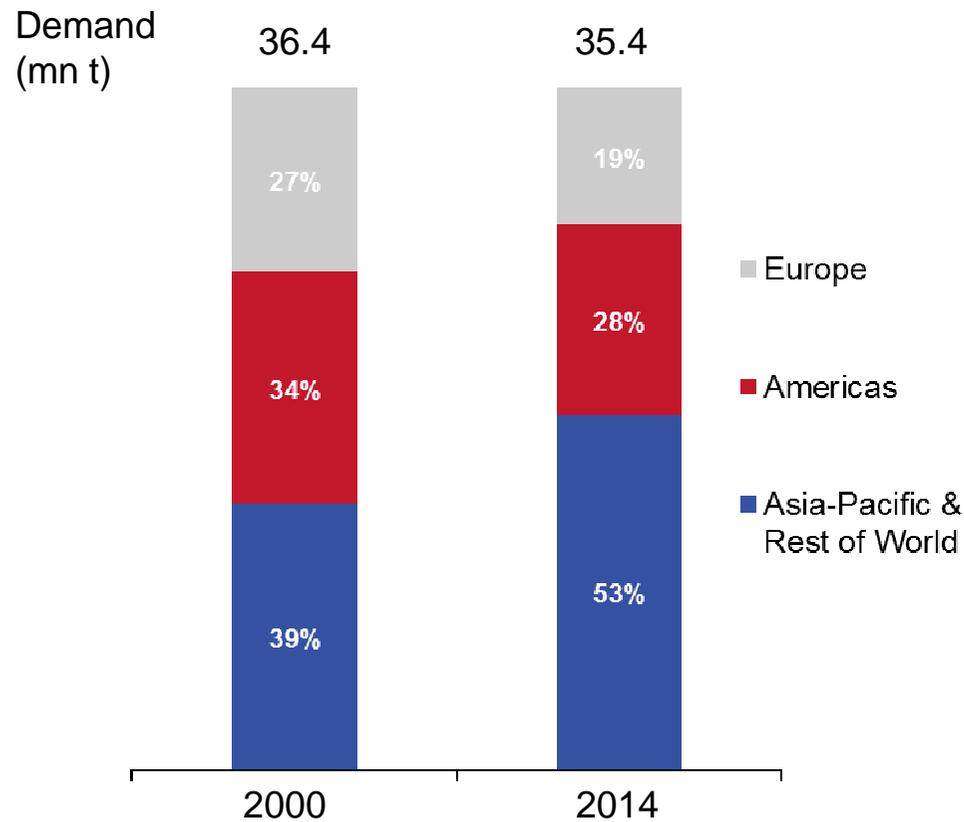
- FUCHS is fully focussed on lubricants (advantage over major oil companies)
- Technology, innovation and specialisation leadership in strategically important product areas
- Independence allows customer and market proximity, responsiveness, speed and flexibility (advantage over major oil companies)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

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

# Regional breakdown of world lubricants demand



## World lubricants demand 2014: 35 mn t



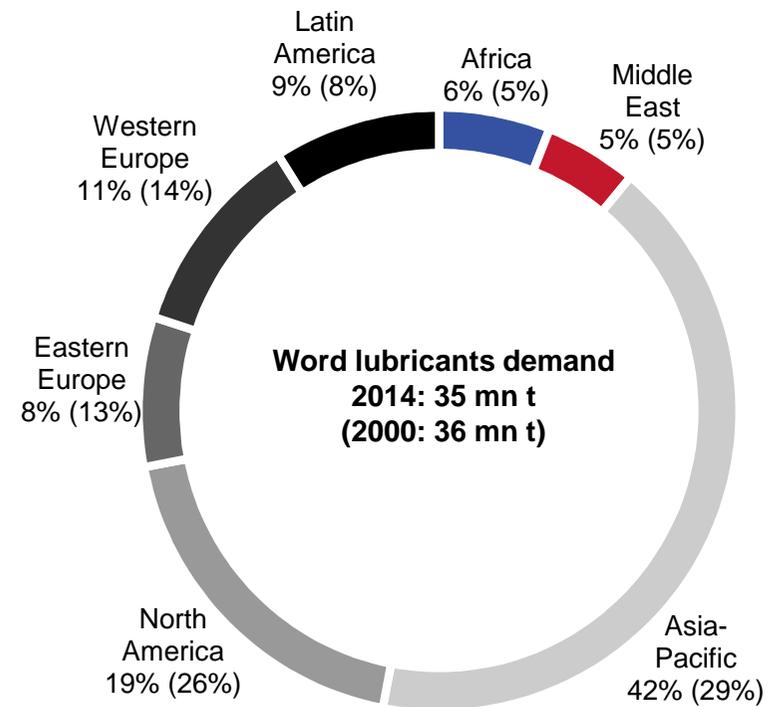
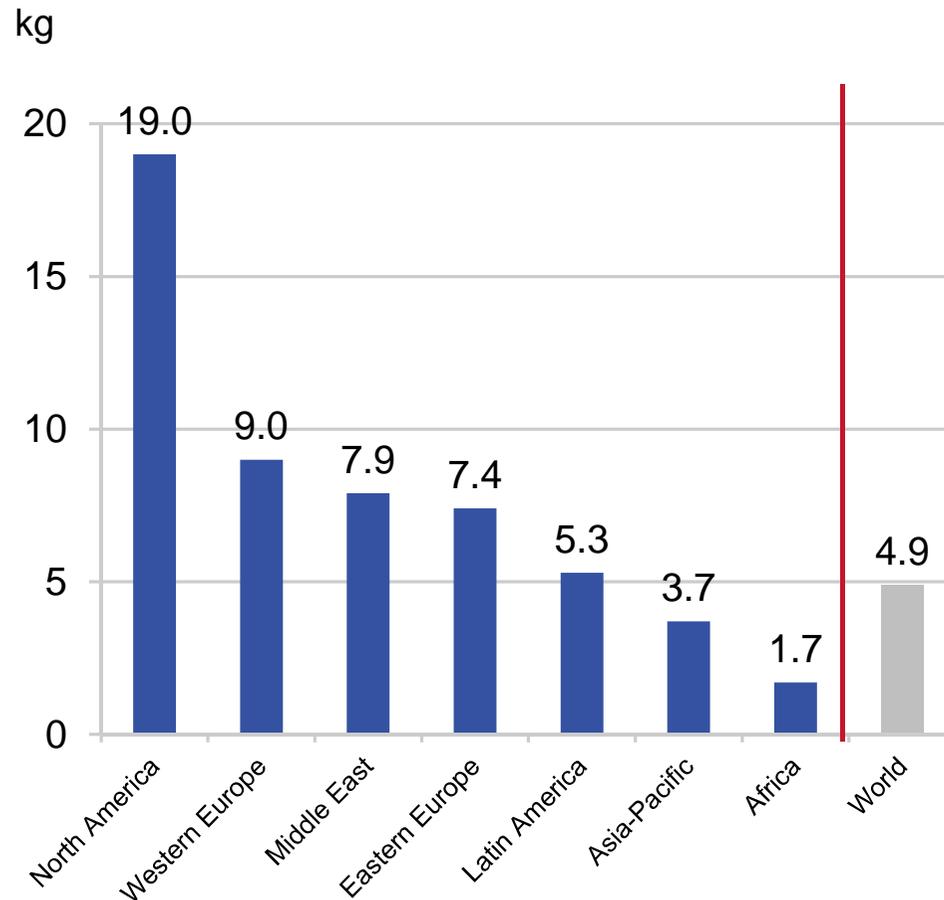
- Asia-Pacific biggest regional lubricants market with highest growth rate
- North America and Western Europe mature markets; focus is more on a specialized product portfolio and specialties

Source: FUCHS Global Competitive Intelligence

# 2014 per-capita lubricants demand shows significant growth opportunities



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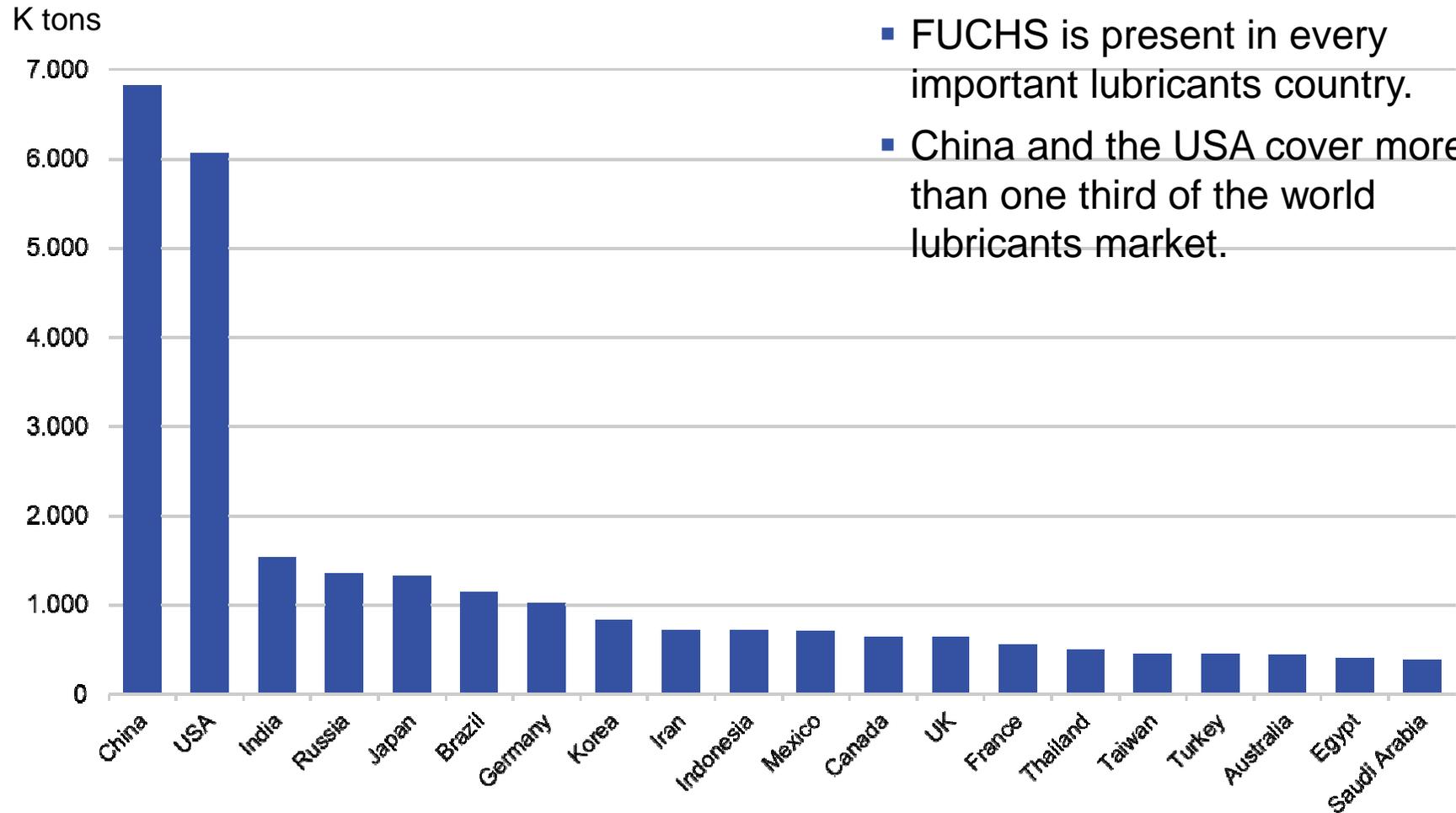


Source: FUCHS Global Competitive Intelligence

# Top 20 lubricants countries 2014



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

## Competition – strong fragmentation



manufacturers:

130 major oil companies

590 independent manufacturers

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720 manufacturers

- High degree of fragmentation
- Concentration especially among smaller companies

sizes:

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

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

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

720	100.0
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- Differences in the size of manufacturers are enormous

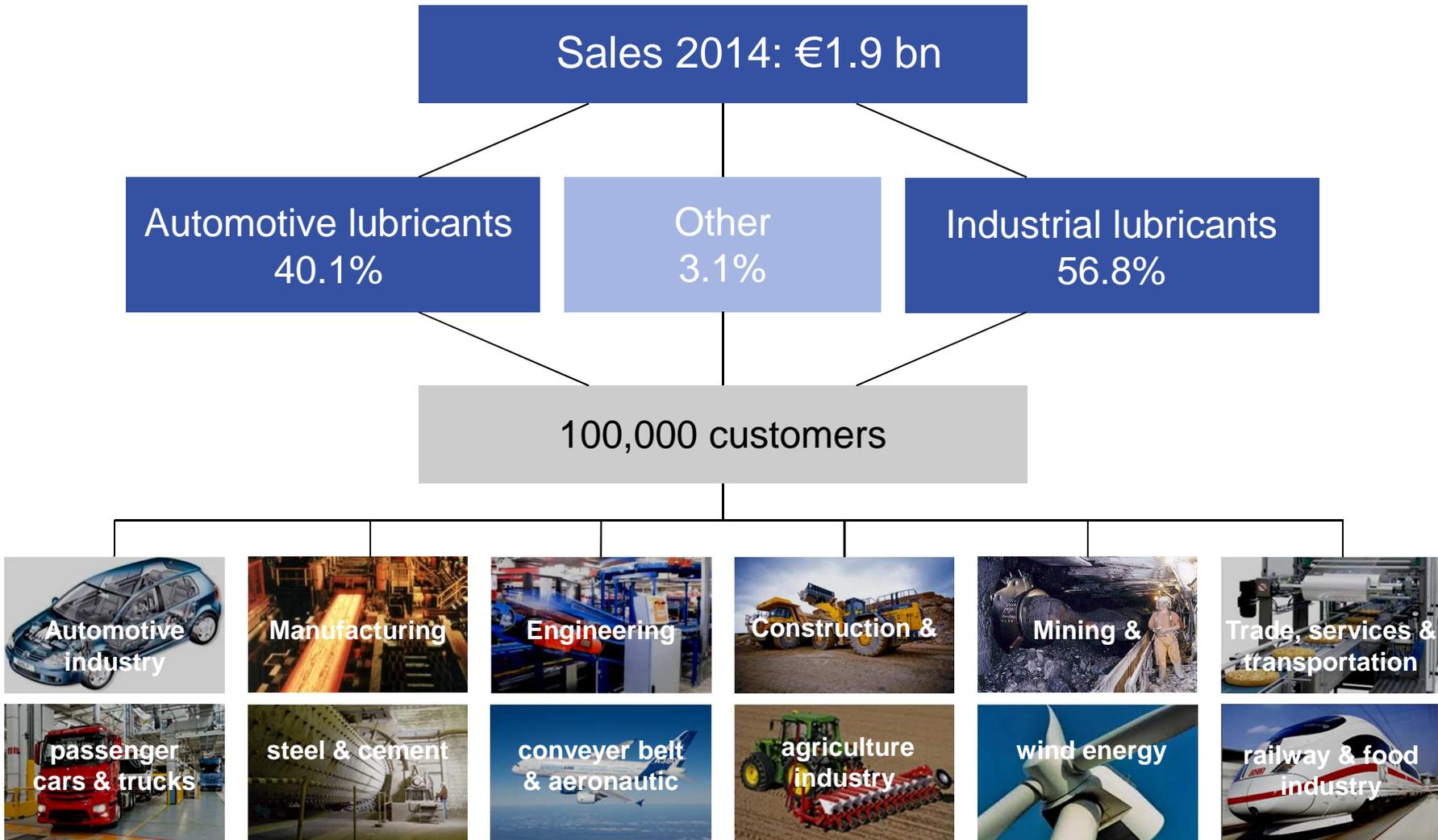
Source: FUCHS Global Competitive Intelligence

## Strategic position



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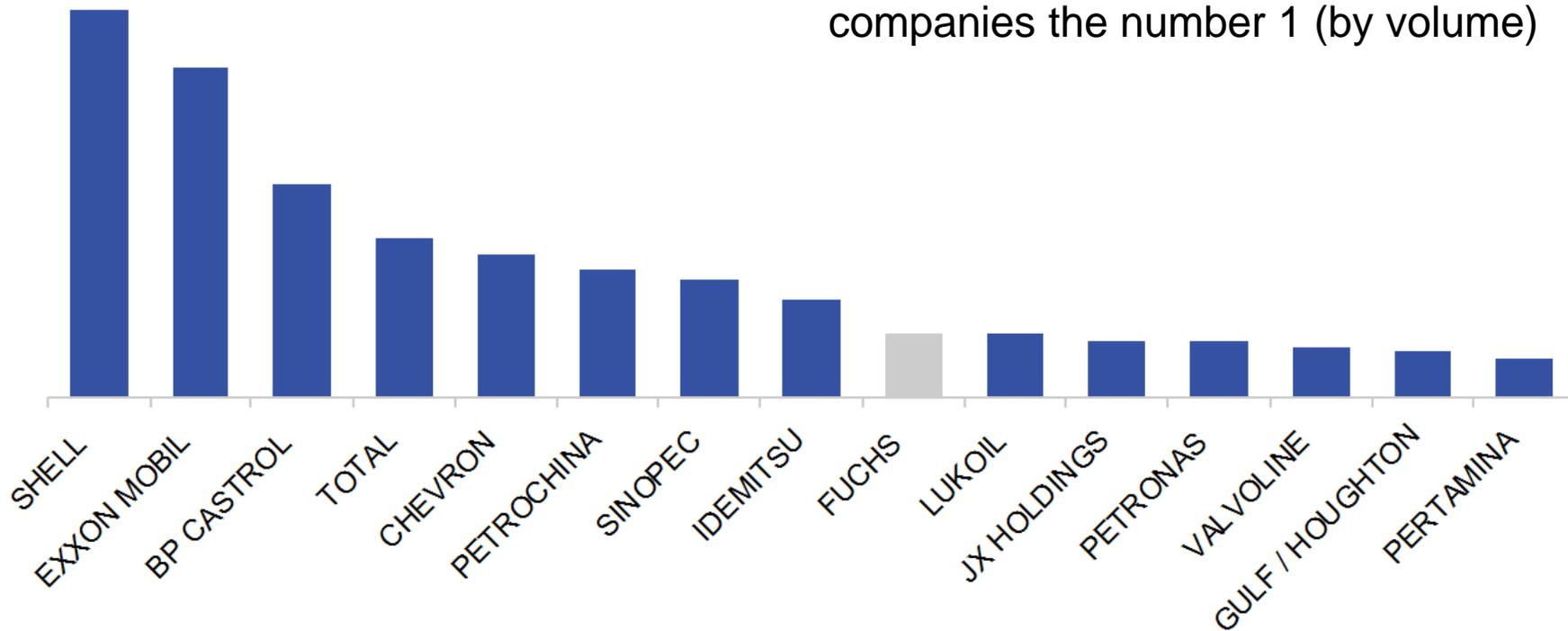
FUCHS is fully focused on lubricants



# FUCHS is strategically well positioned



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



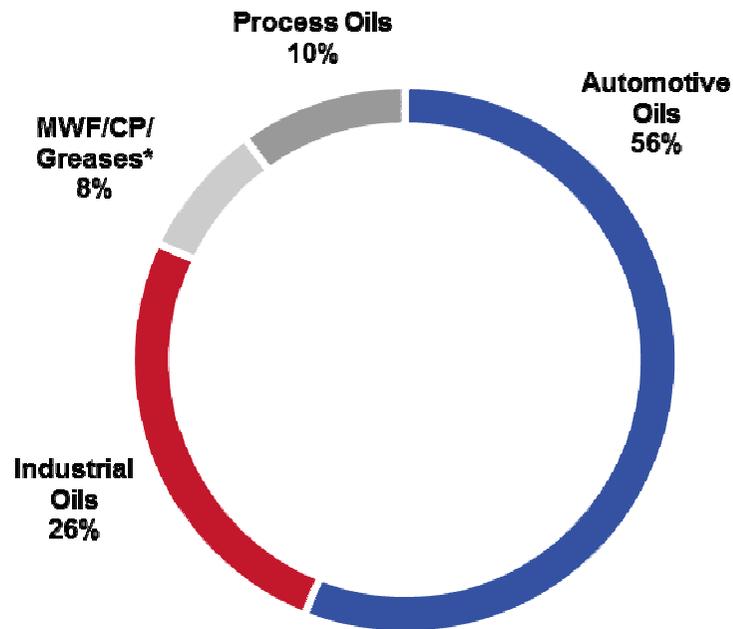
Source: FUCHS Global Competitive Intelligence

FUCHS is the specialist for lubricants

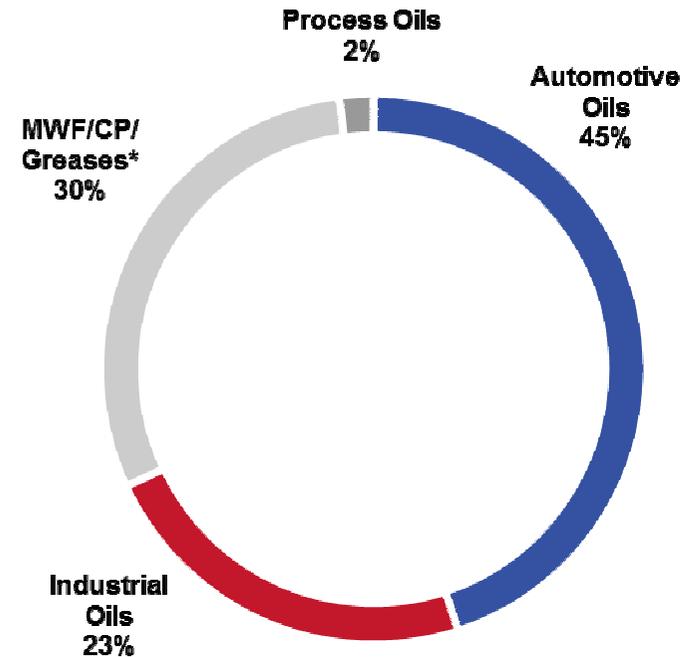


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**Worldwide lubricant market 2014  
(volume)**



**FUCHS manufactured lubricants 2014  
(volume)**



\*metalworking fluids/corrosion preventives/lubricating greases

Source: FUCHS Global Competitive Intelligence

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



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



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



- Environmentally friendly lubricants No. 1



- Metalworking fluids No. 2-4



- Corrosion preventives No. 2



- Forging lubricants No. 2



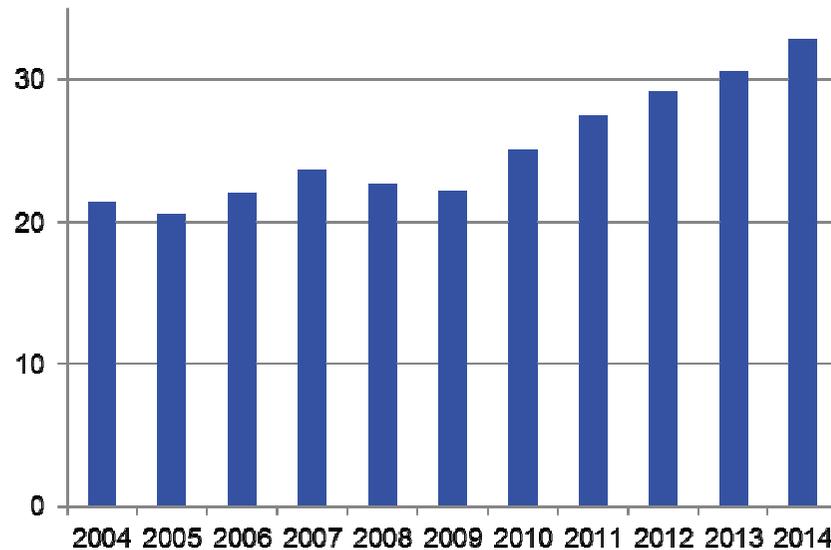
- Greases No. 3-4

# FUCHS – the niche specialist



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R & D expenses in € mn

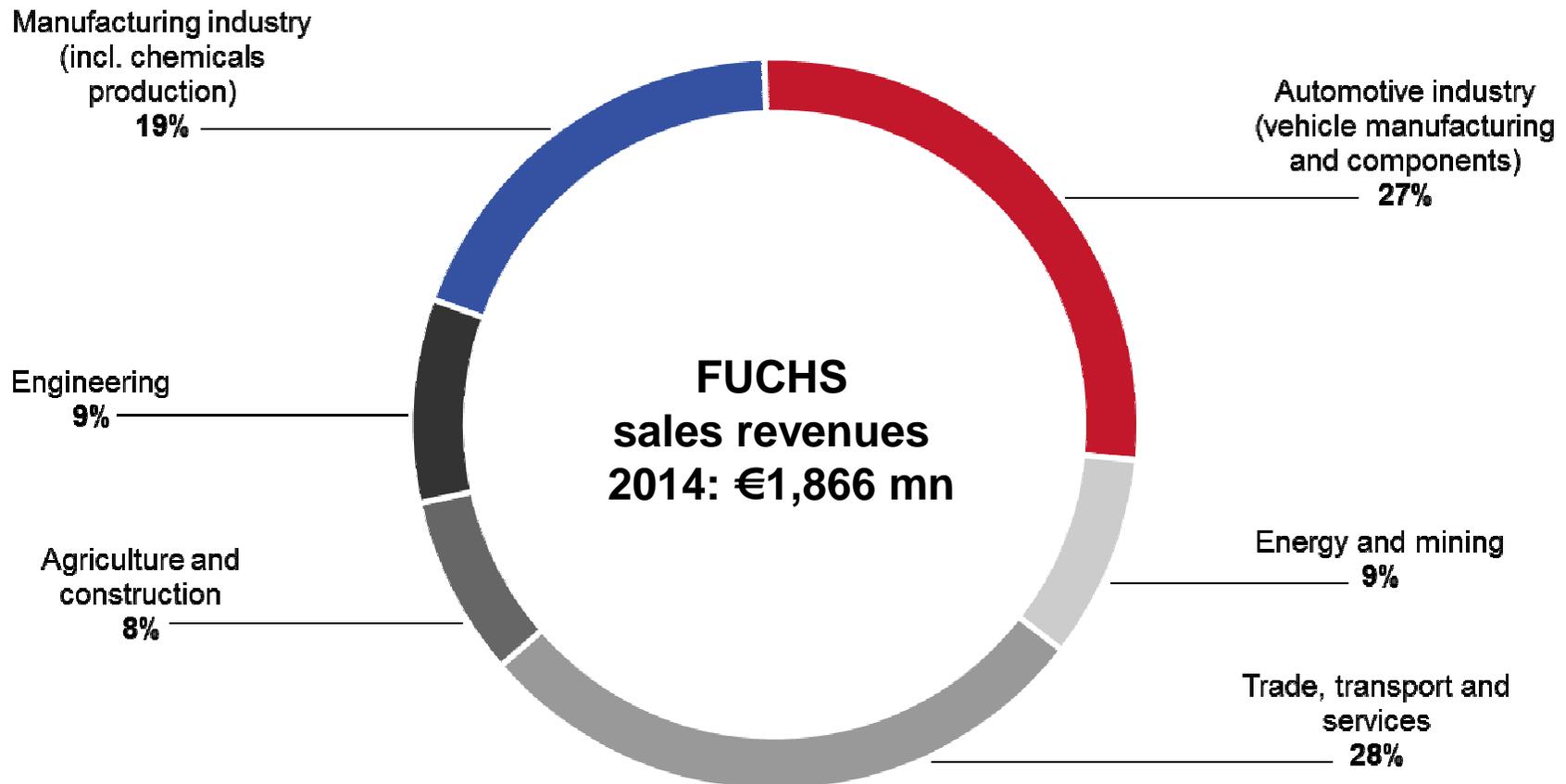


- Technical leadership through intensive Research & Development.
- 416 researchers around the globe help our customers to solve their problems.
- FUCHS PETROLUB spent €33 mn in R&D expenses during 2014.

# Breakdown of group sales revenues by customer sector



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As a percentage of sales

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

Source: FUCHS Global Competitive Intelligence

# Worldwide network – “stronger networking”



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● production sites

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



**Independence & Financial Strength**

## Comments



around €1.9 bn in sales (80% with customers outside Germany, Asia Pacific is FUCHS' 2nd largest regional market), #9 worldwide and by far the largest independent producer, close to customers



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



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

**Our business model has paid  
dividends**



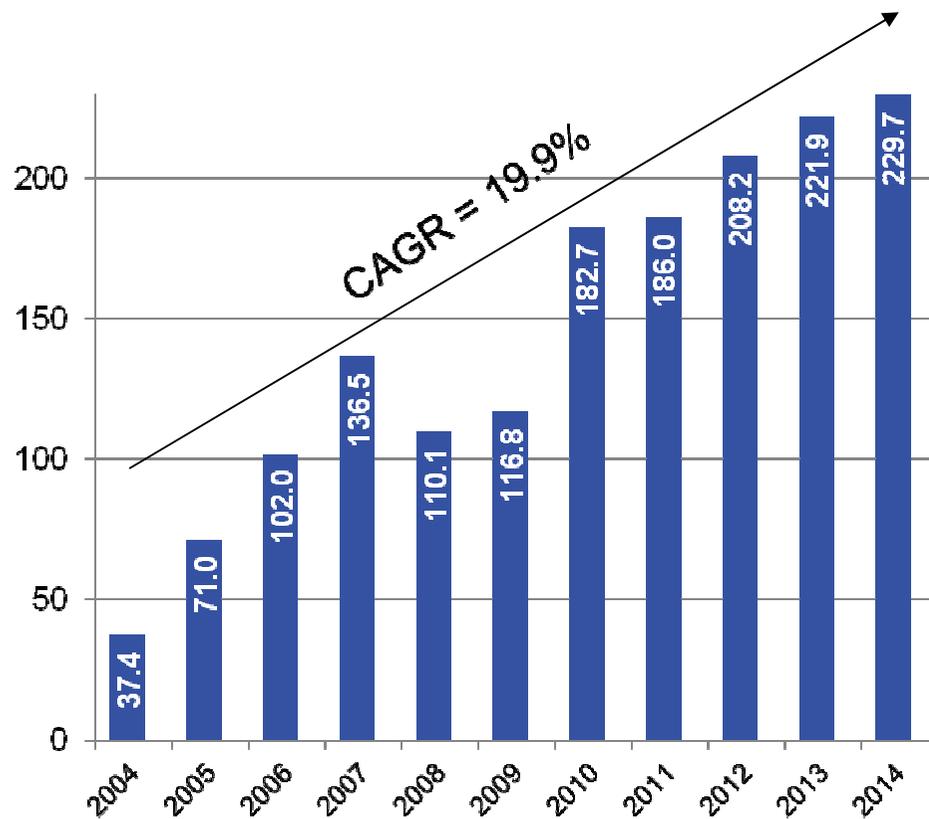
*LUBRICANTS.  
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During the past 10 years, FUCHS Value Added has increased by 19.9 % p. a. and market capitalization has increased constantly and presently is close to €5 bn.

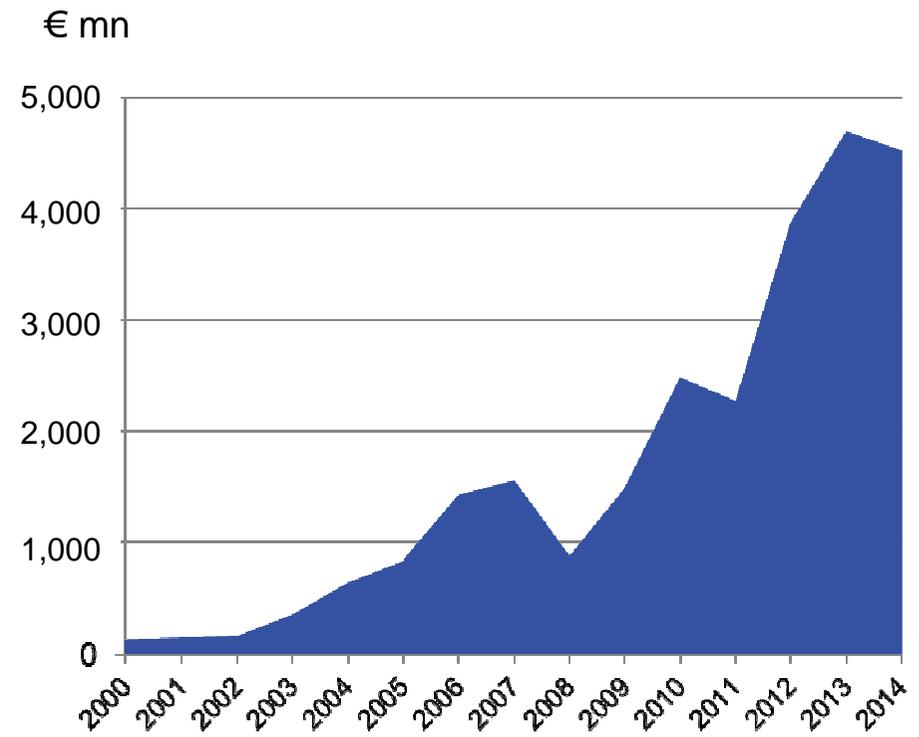


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FVA = Fuchs Value Added



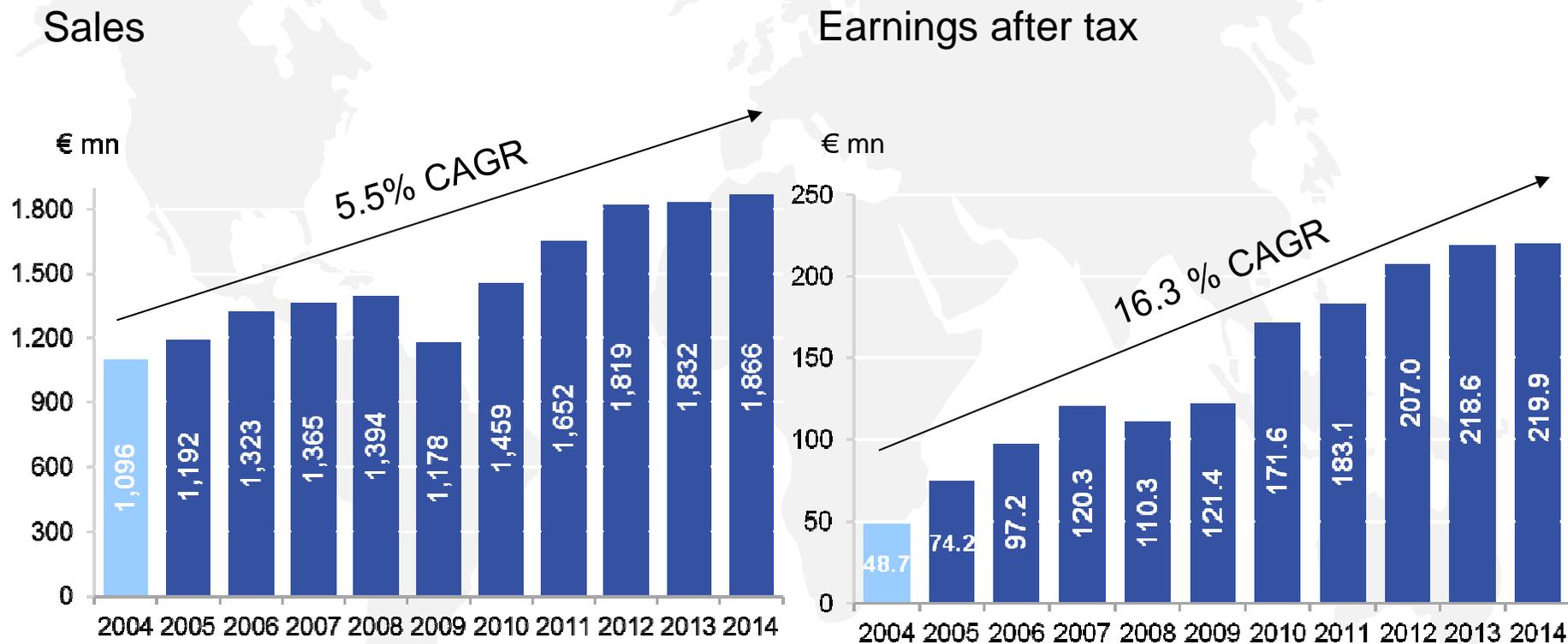
FUCHS market capitalization



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



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



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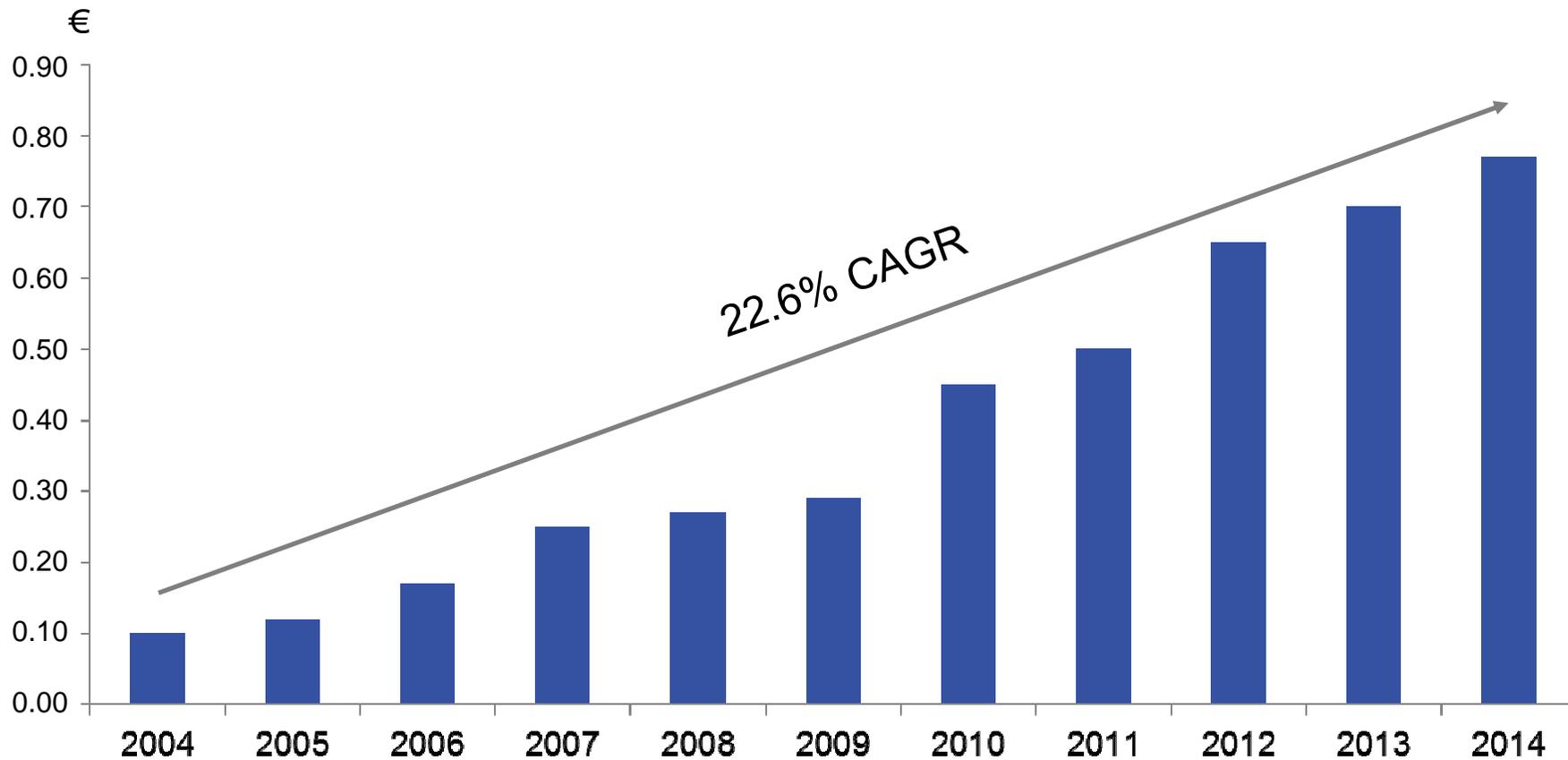
€ mn	2010	2011	2012	2013	2014
<b>Equity</b>	<b>546.5</b>	<b>658.2</b>	<b>781.7</b>	<b>853.5</b>	<b>915.6</b>
<b>Equity ratio</b>	<b>61.1%</b>	<b>66.8%</b>	<b>70.5%</b>	<b>73.5%</b>	<b>71.7%</b>
<b>Return on equity (ROE)</b>	<b>36.6%</b>	<b>31.0%</b>	<b>29.0%</b>	<b>26.7%</b>	<b>25.7%</b>
<b>Return on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

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



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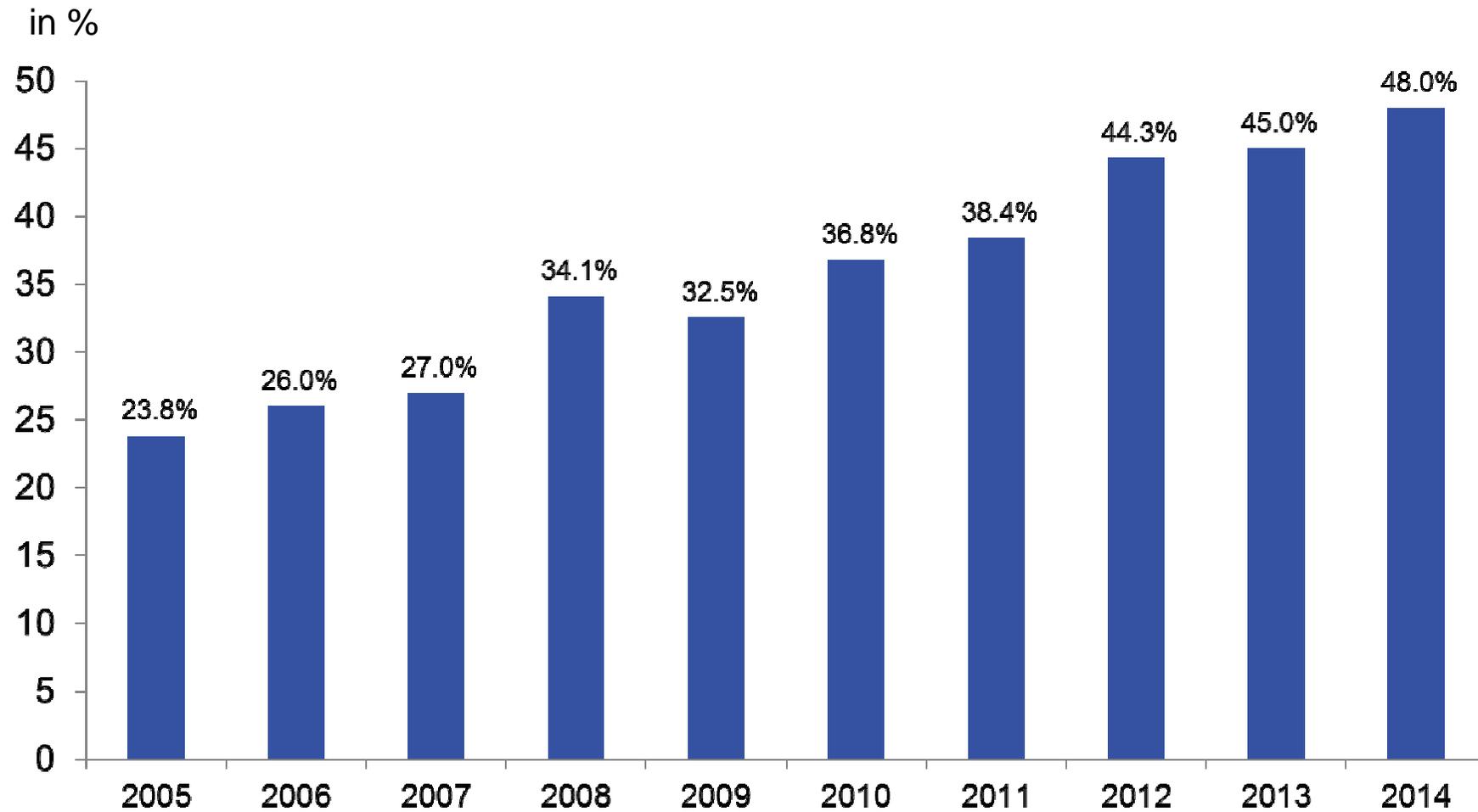
### Dividend per preference share (adjusted for changes in equity structure)



# Pay-out ratio almost 50%



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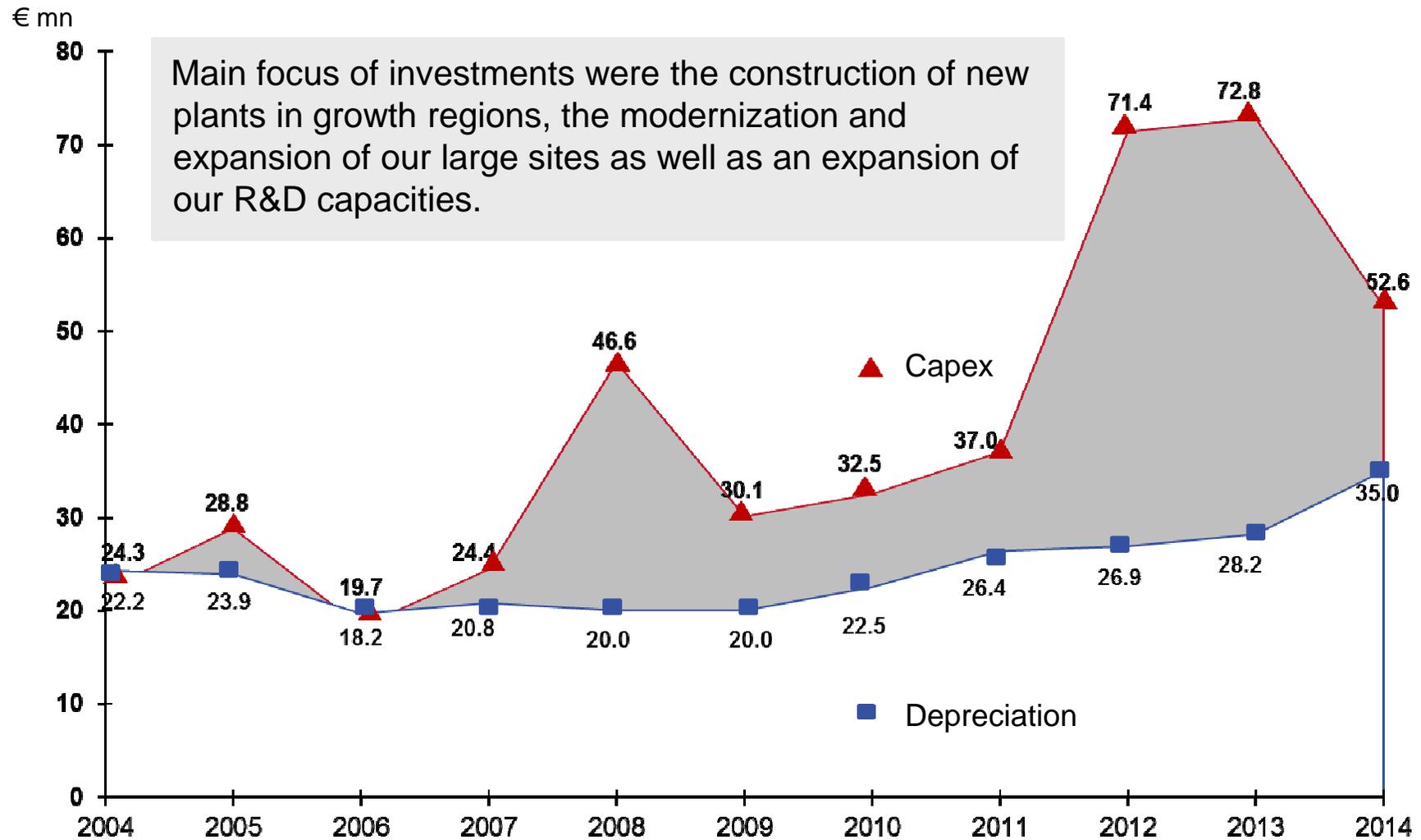


**Growth initiative**



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# Growth initiative – we have significantly expanded our global footprint



# Growth initiative: capital expenditure projects



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Specialty grease plants USA



Test field Mannheim

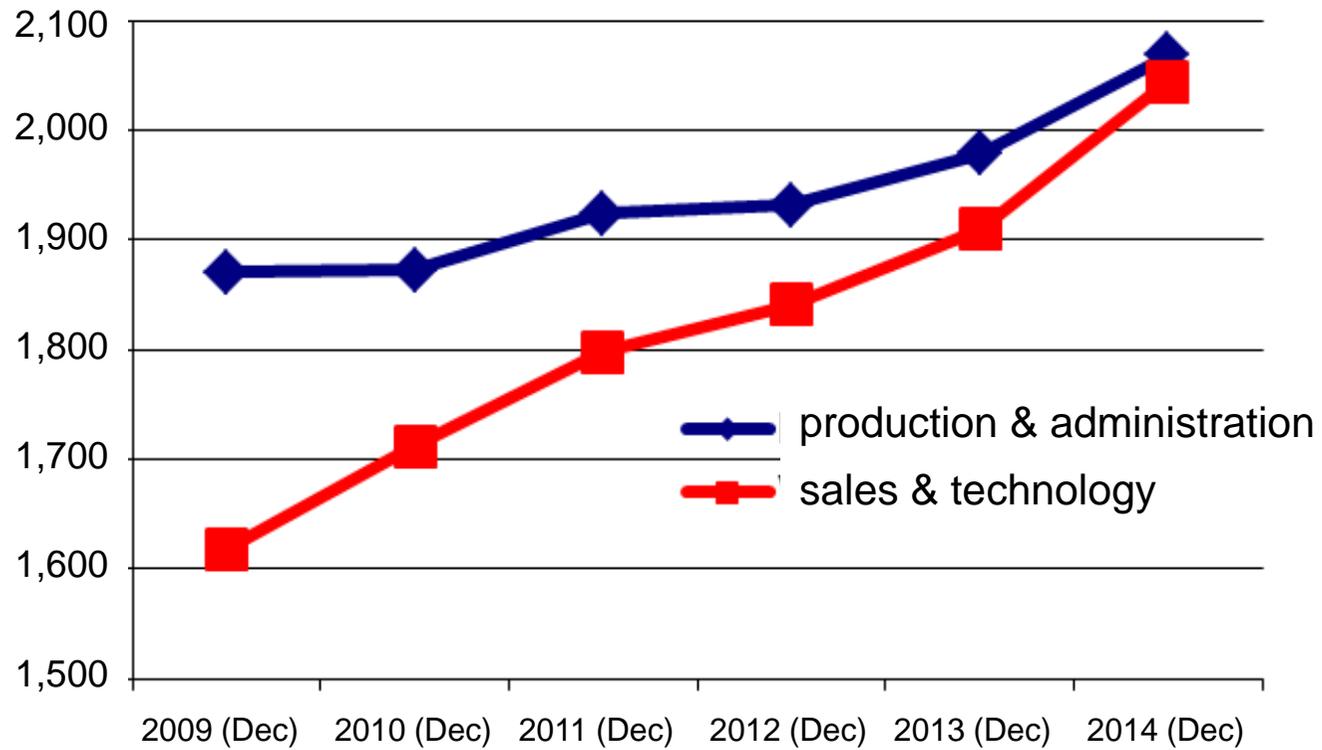


Modernisation of holding building



Plant Mannheim 2013 - 2015

## New jobs with focus on sales and technology



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



- Acquisition of Deutsche Pentosin-Werke GmbH on 1 July 2015
- Founded in 1927 and based in Wedel near Hamburg
- 2 plants in Germany: Wedel and Dormagen
- Subsidiary in Sao Paulo, Brazil
- Sales revenues in 2014: approximately €135 million
- 190 employees
- Leading manufacturer of quality products for the international automotive industry



### STATOIL

- Acquisition of Statoil Fuel & Retail Lubricants AB, Sweden, from Couche-Tard on 1 October 2015
- Based in Stockholm
- Plant in Nynäshamn, Sweden
- Operating in Scandinavia, Poland, Russia and Baltic states
- Sales revenues in the financial year 2014/15: approximately €140 million
- 470 employees

**1-9/2015 and outlook**



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## The first nine months of 2015 at a glance



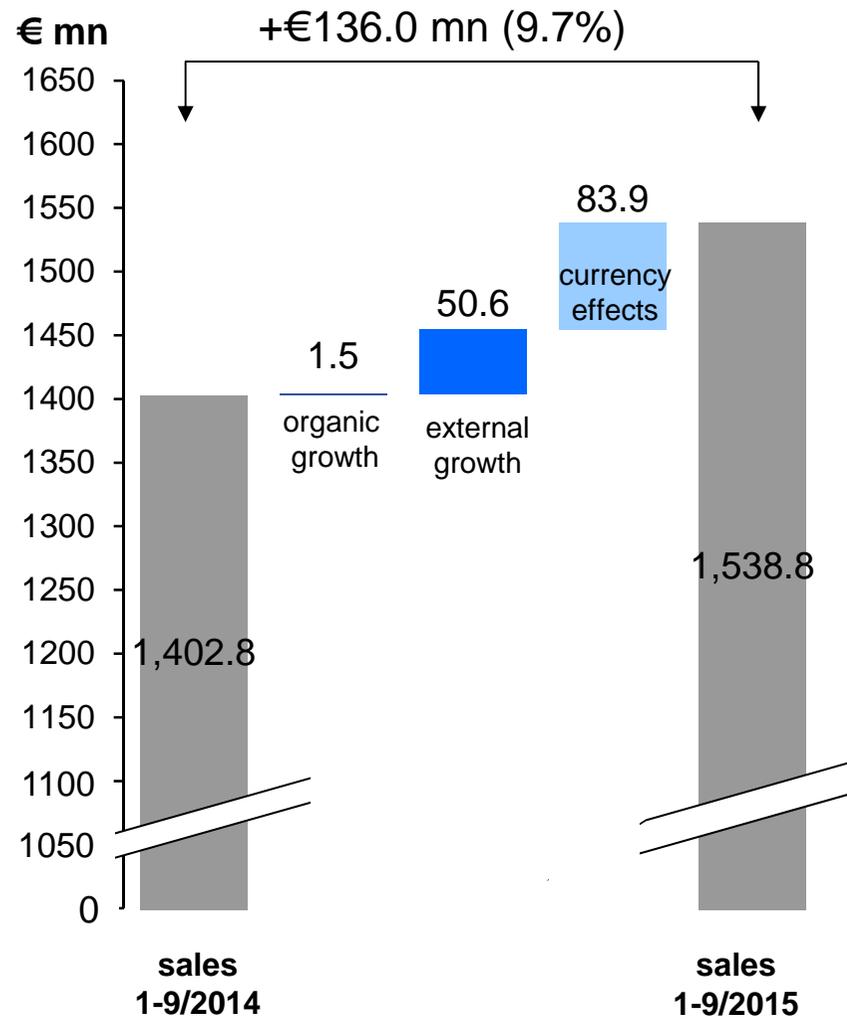
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- Sales revenues up 10% to €1.5 billion (currency +6%; acquisitions +4%)
- Earnings (EBIT) increase by 11% to €261 million
- Outlook for the financial year remains unchanged



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# 1-9/2015: sales revenues increase by 9.7%



- Organic growth 0.1% or €1.5 mn
- External growth 3.6% or €50.6 mn
- Currency effects 6.0% or €83.9 mn

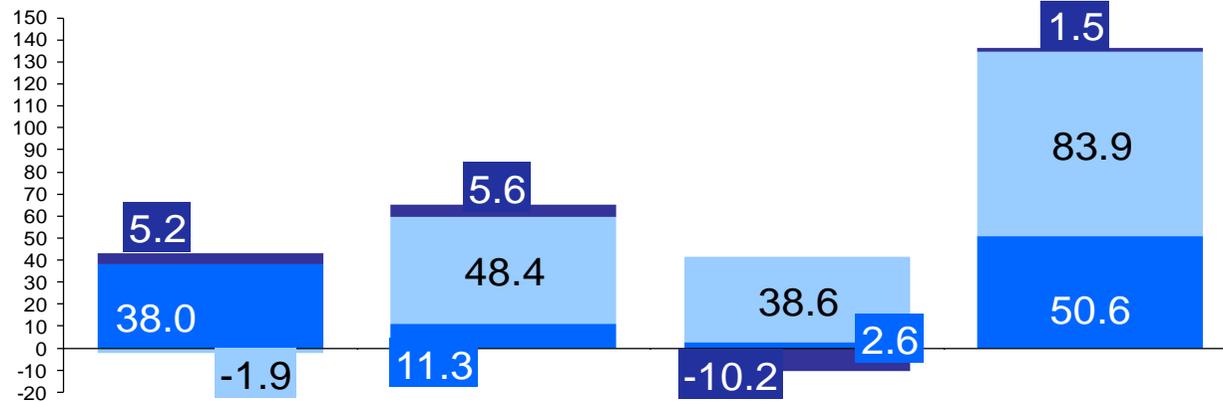
# 1-9/2015: growth in sales revenues broken down into regions



Regional sales growth  
1-9/2015

	Europe	Asia-Pacific/ Africa	North and South America	Group*
€ mn	41.3	65.3	31.0	136.0

- Organic growth
- Currency effects
- External growth



△ Total growth	+4.9%	+17.3%	+13.1%	+9.7%
△ Organic growth	+0.6%	+1.5%	-4.3%	+0.1%
△ External growth	+4.5%	+3.0%	+1.1%	+3.6%
△ Currency effects	-0.2%	+12.8%	+16.3%	+6.0%

\* Consolidation effect (-€1.6 mn)

1-9/2015: EBIT increase by 10.6%



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Euro mn	1-9/2015	1-9/2014	variance	
<b>Sales revenues</b>	<b>1,538.8</b>	<b>1,402.8</b>	<b>136.0</b>	<b>9.7%</b>
<b>Gross profit</b>	<b>590.7</b>	<b>522.7</b>	<b>68.0</b>	<b>13.0%</b>
<i>Gross profit margin</i>	<i>38.4%</i>	<i>37.3%</i>		
<b>Sales, admin. R&amp;D and other net expenses</b>	<b>341.3</b>	<b>295.8</b>	<b>45.5</b>	<b>15.4%</b>
<i>Expenses as a percentage of sales</i>	<i>22.2%</i>	<i>21.1%</i>		
<b>EBIT before income from at equity</b>	<b>249.4</b>	<b>226.9</b>	<b>22.5</b>	<b>9.9%</b>
<i>EBIT margin before income from at equity</i>	<i>16.2%</i>	<i>16.2%</i>		
<b>Income from at equity</b>	<b>11.5</b>	<b>9.0</b>	<b>2.5</b>	<b>27.8%</b>
<b>EBIT</b>	<b>260.9</b>	<b>235.9</b>	<b>25.0</b>	<b>10.6%</b>
<b>Earnings after tax</b>	<b>180.9</b>	<b>164.1</b>	<b>16.8</b>	<b>10.2%</b>
<i>Net profit margin</i>	<i>11.8%</i>	<i>11.7%</i>		
<b>Earnings per share in €</b>				
<b>Ordinary shares</b>	<b>1.30</b>	<b>1.17</b>	<b>0.13</b>	<b>11.1%</b>
<b>Preference shares</b>	<b>1.31</b>	<b>1.18</b>	<b>0.13</b>	<b>11.0%</b>

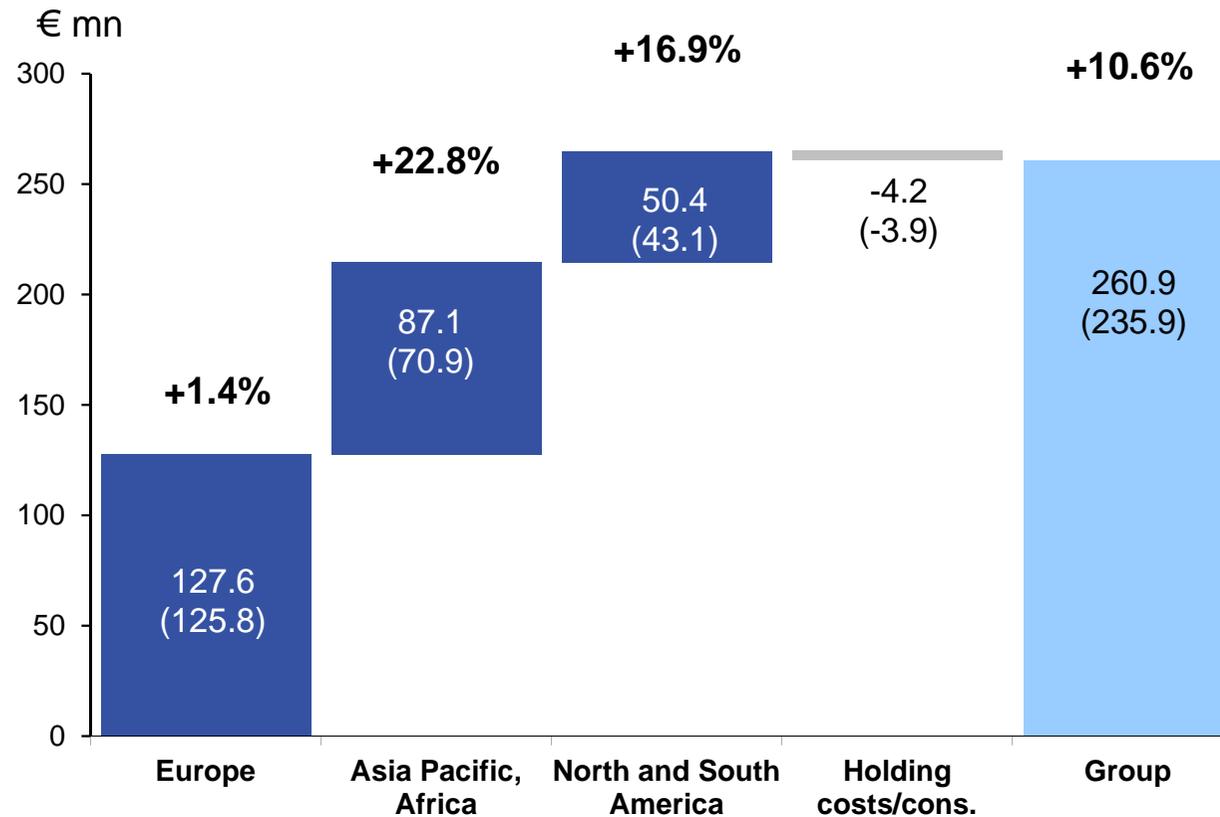
1-9/2015: segment earnings increased in all regions



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EBIT

1-9/2015



EBIT margin before

income from at equity 14.2%  
(previous year) (14.6)

17.3%  
(16.7)

18.9%  
(18.3)

16.2%  
(16.2)

# Major acquisition fully financed by strong operating cash flow



€ mn	1-9/2015	1-9/2014
Gross cash flow	203.3	184.2
Changes in net operating working capital	-34,2	-40,9
Other changes	2,5	5,7
<b>Operating cash flow</b>	<b>171,6</b>	<b>149,0</b>
Capex	-29.1	-23.8
Cash paid for acquisitions	-112,3	-21,8
Other changes	3,2	4,5
<b>Free cash flow</b>	<b>33.4</b>	<b>107.9</b>

# Investments according to plan

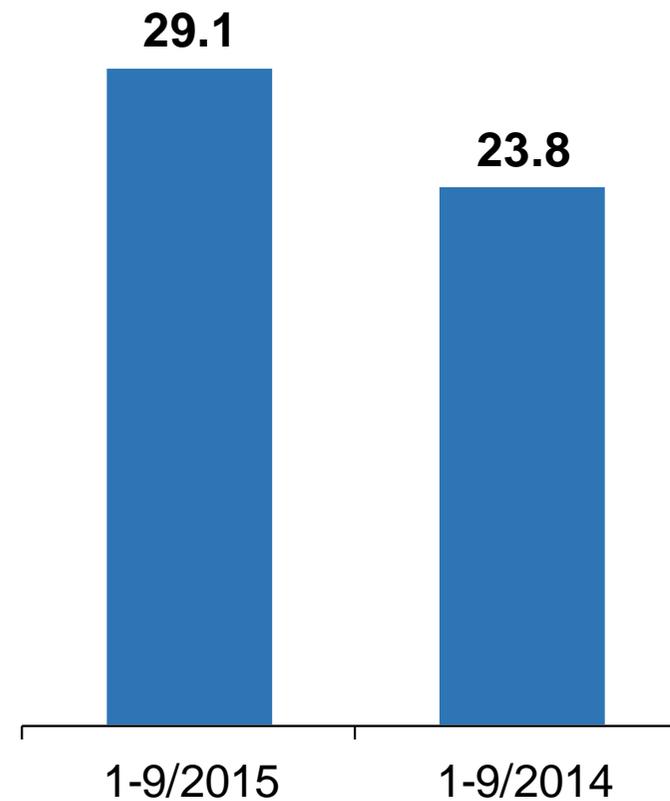


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€ mn

## Key investments

Enlargement of the test field in Mannheim, new plants in the US and Australia.

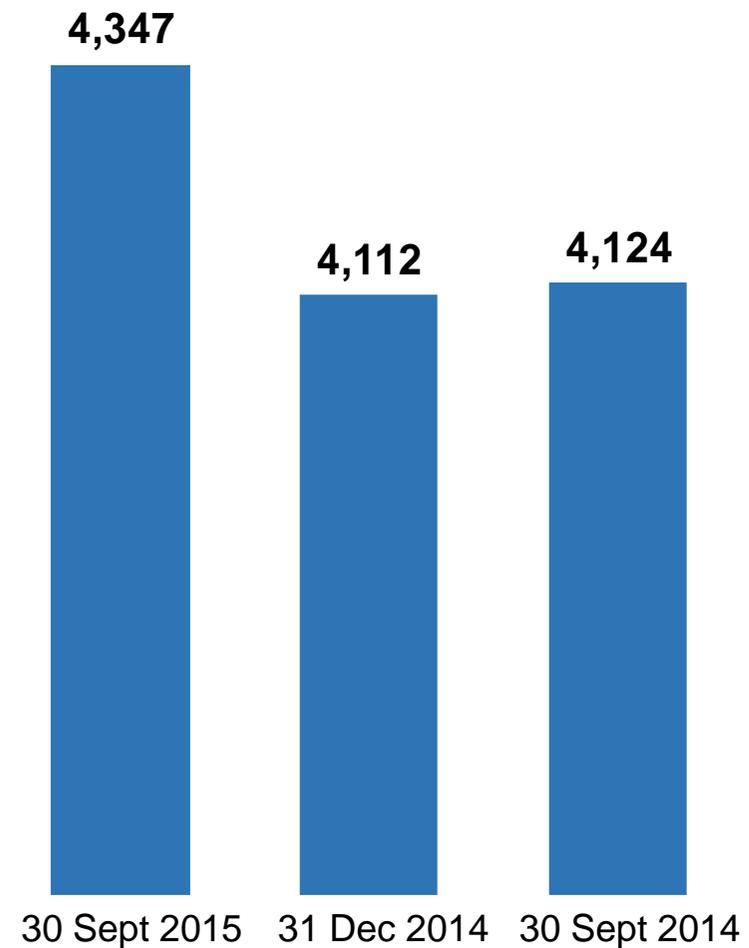


## Number of employees increased



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The number of employees has grown by 235 people since the beginning of the year primarily due to acquisitions.



- We expect sales revenues to grow by around 10% for 2015
- We anticipate an increase in EBIT by a higher single-digit percentage for 2015
- We plan investments to exceed the previous year's value
- We stand by our forecast for 2015 of recording free cash flow in excess of €150 million before acquisition-related expenditure in connection with acquisitions

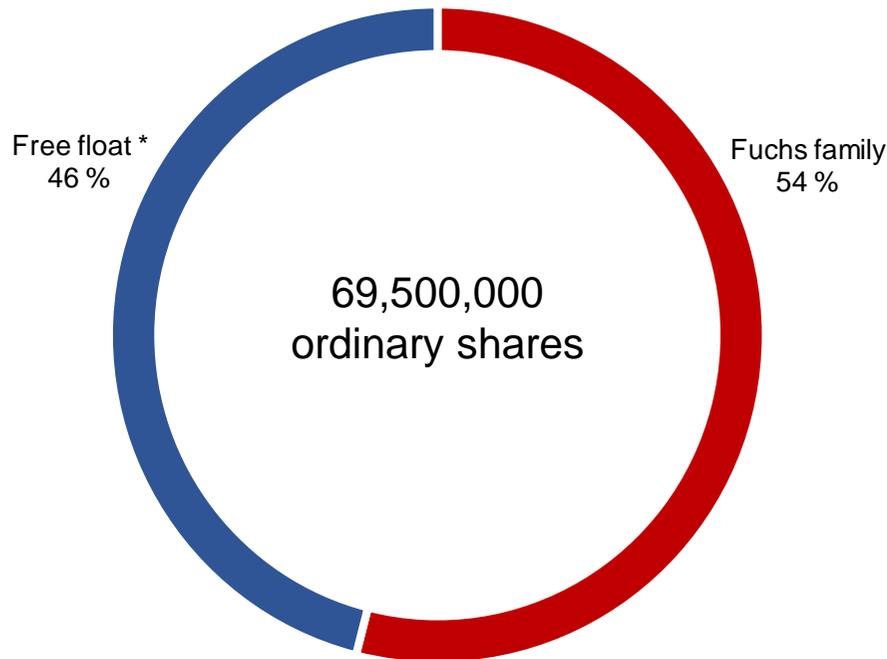
## Shareholder structure



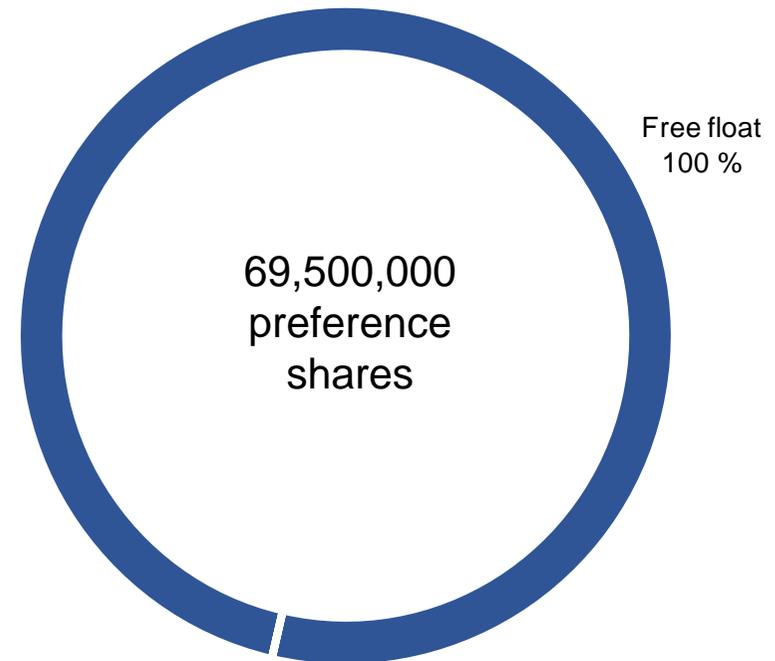
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## Ordinary shares



## Preference shares



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

- Appendix - The year 2014**
- Q1/2015**
- Q2/2015**
- Q3/2015**



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## 2014: EBIT at previous year's level



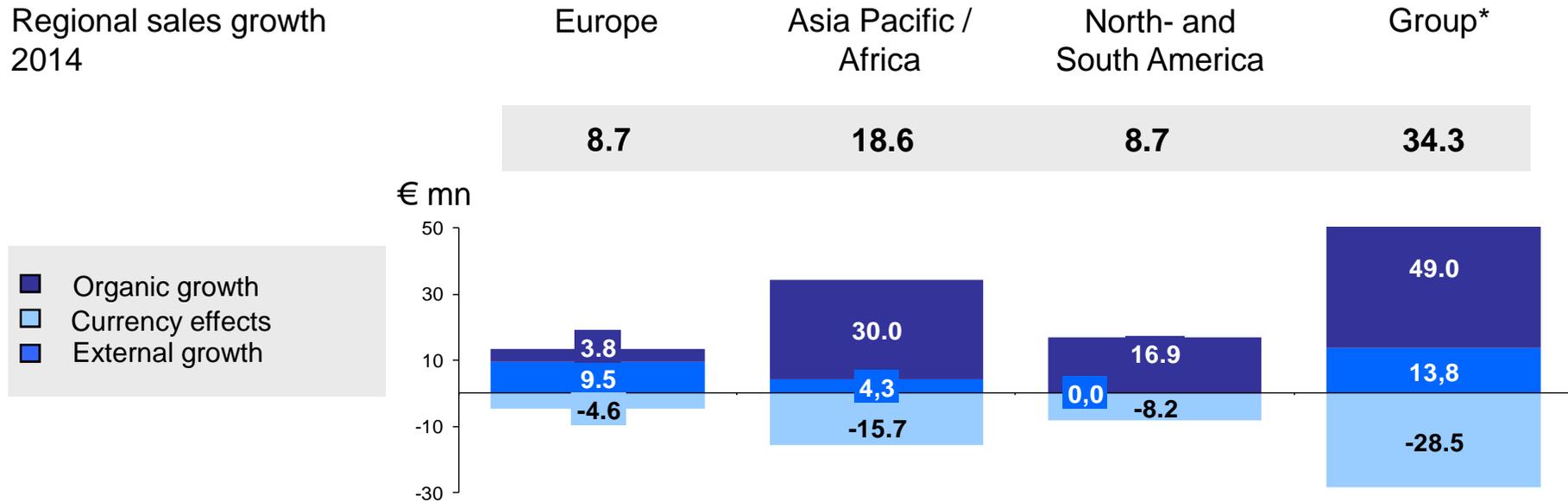
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€ mn	2014	2013	Δ Mio. €	Δ in %
<b>Sales revenues</b>	<b>1,865.9</b>	<b>1,831.6</b>	<b>34.3</b>	<b>1.9</b>
<b>Gross profit</b>	<b>693.2</b>	<b>689.9</b>	<b>3.3</b>	<b>0.5</b>
<i>Gross profit margin</i>	<i>37.2%</i>	<i>37.7%</i>		
<b>Admin., sales, R&amp;D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

# 2014: organic sales growth in all three world regions – high growth rate in Asia



Regional sales growth  
2014



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

\* Consolidation effect -€1.7 mn



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## 2014: regional sales revenues and EBIT

€ mn  
(variance to previous year %)

### Asia-Pacific, Africa

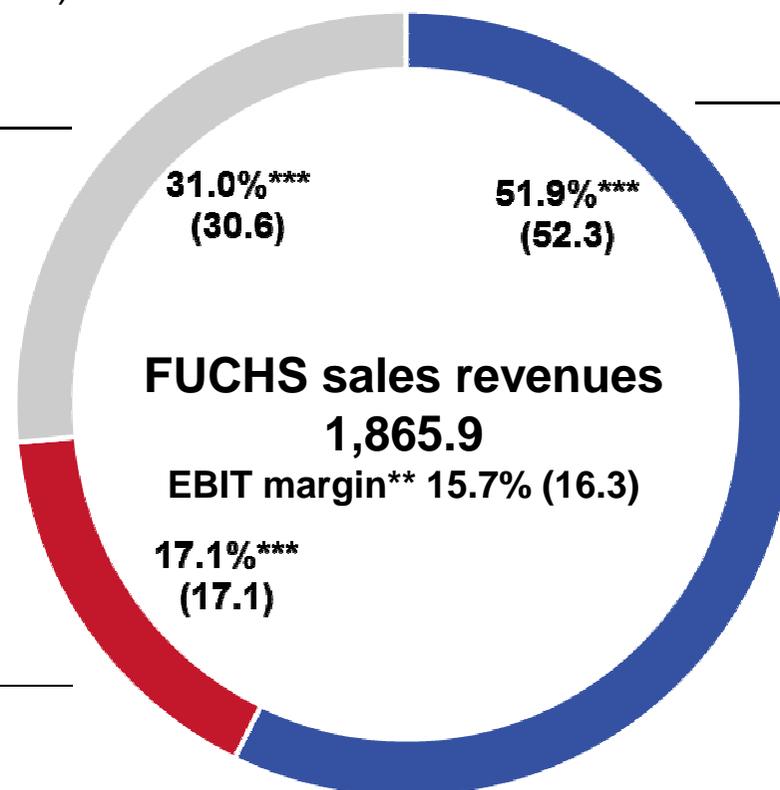
Sales*	516.5	+3.7%
EBIT	105.6	+2.1%
EBIT margin**	16.8%	(18.3)

### North and South America

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

### Europe

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



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

2014: record free cash flow of €187.9 mn



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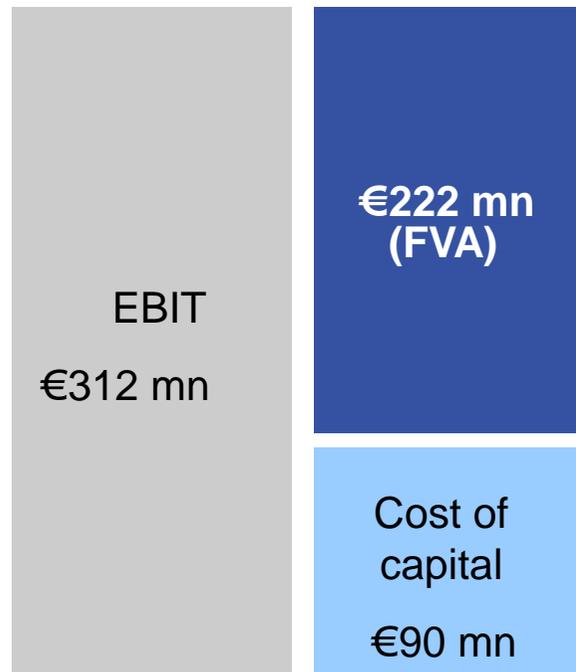
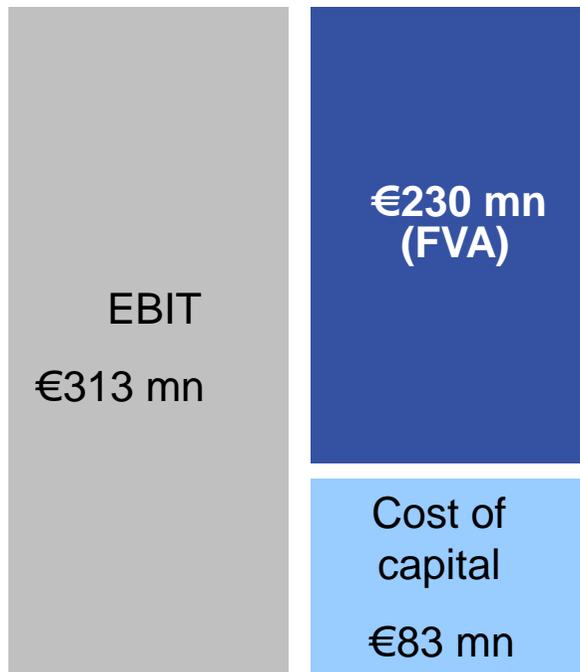
€ mn	2014	2013
Gross cash flow	257.9	230.0
Changes in net current asset	-14,0	-8.6
Changes in other current assets	11.4	-0.9
Operating cash flow	255.3	220.5
Investments	-52.6	-72.8
Acquisitions	-21.8	0.0
Other changes	7.0	2.2
Free cash flow	187.9	149.9

2014: lower capital cost rate leads to an increase in FUCHS Value Added (FVA) by 3.5%



**2014**

**2013**



Δ FVA +3.5%

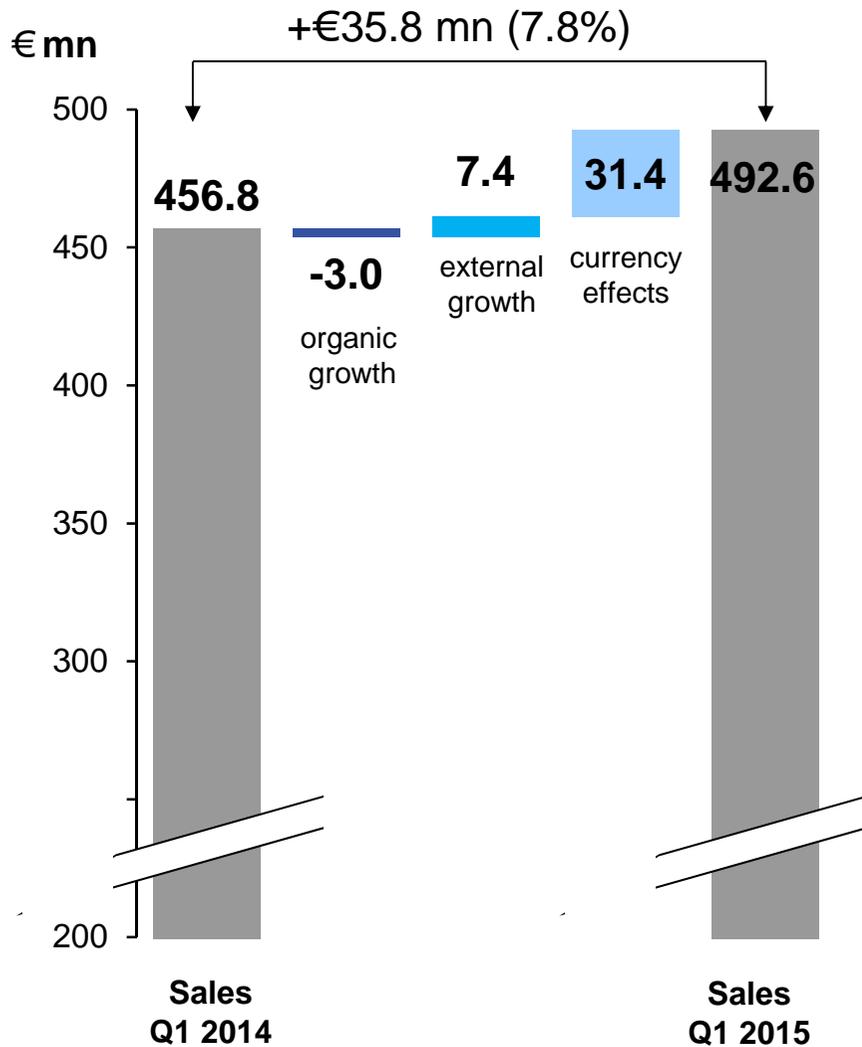
Δ EBIT +0.2%

Capital employed €833 mn  
Cost of capital 10.0%

Capital employed €786 mn  
Cost of capital 11.5%

Δ Capital Employed +5.9%

# Q1/2015: sales revenues increased by 1% adjusted for currency effects

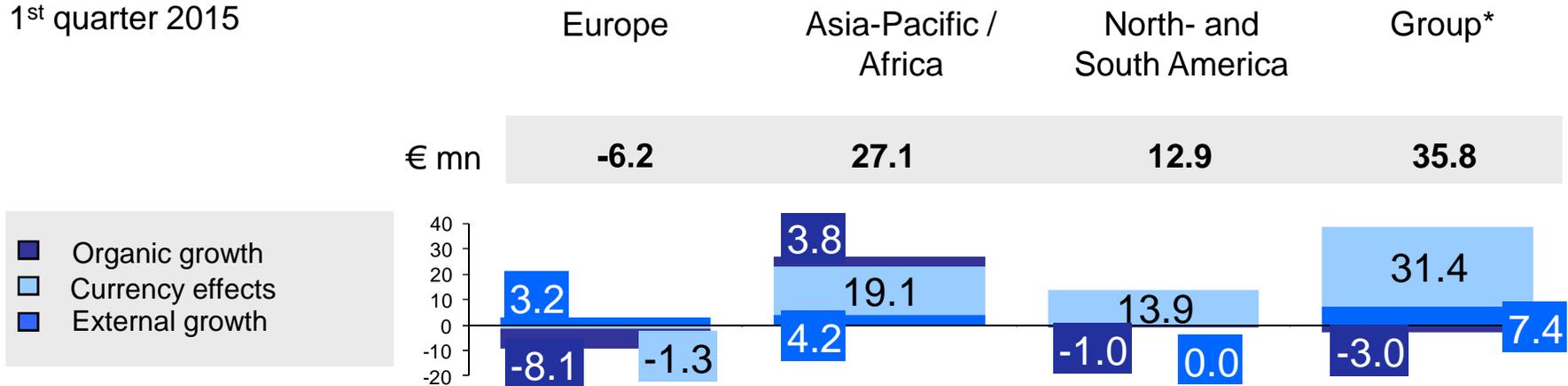


- Organic growth -0.7% or -€3.0 mn
- External growth 1.6% or €7.4 mn
- Currency effects 6.9% or €31.4 mn

# Q1/2015: organic growth in Asia



## Regional sales growth 1<sup>st</sup> quarter 2015



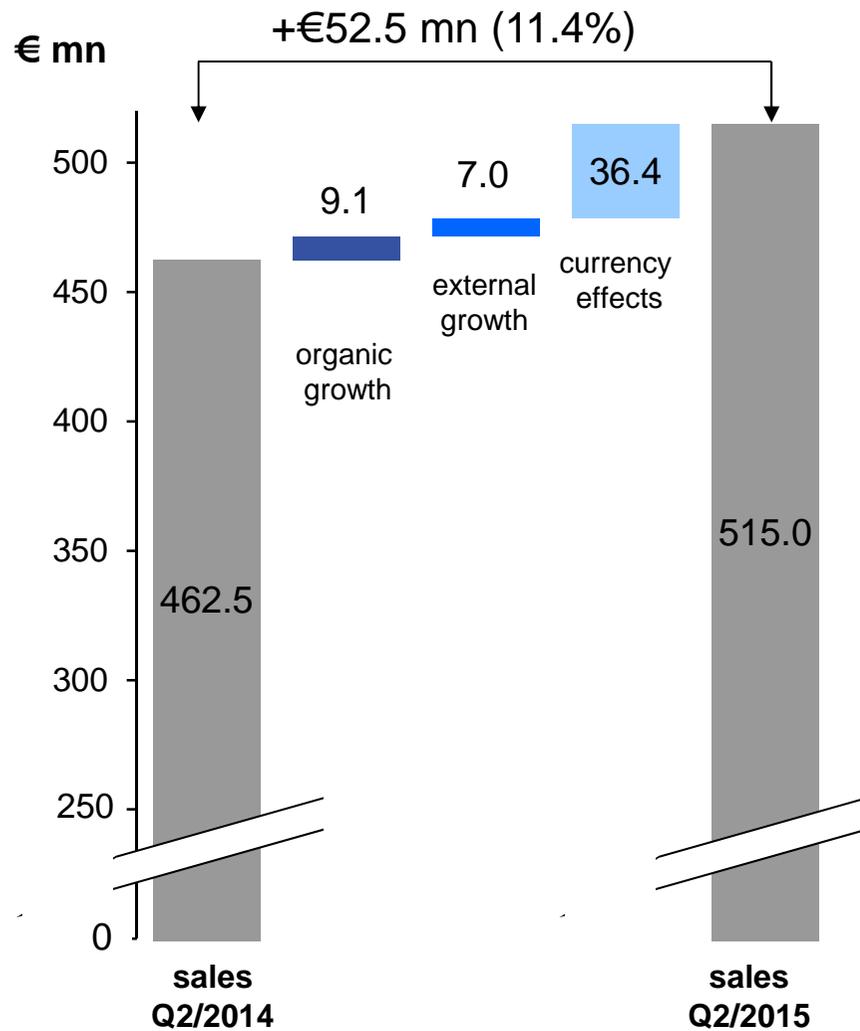
△ Total growth	-2.2%	+22.7%	+17.1%	+7.8%
△ Organic growth	-2.8%	+3.2%	-1.3%	-0.7%
△ External growth	+1.1%	+3.5%	0.0%	+1.6%
△ Currency effects	-0.5%	+16.0%	+18.4%	+6.9%

\* Consolidation effect €2.0 mn



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## Q2/2105: sales revenues increase by 11.4%

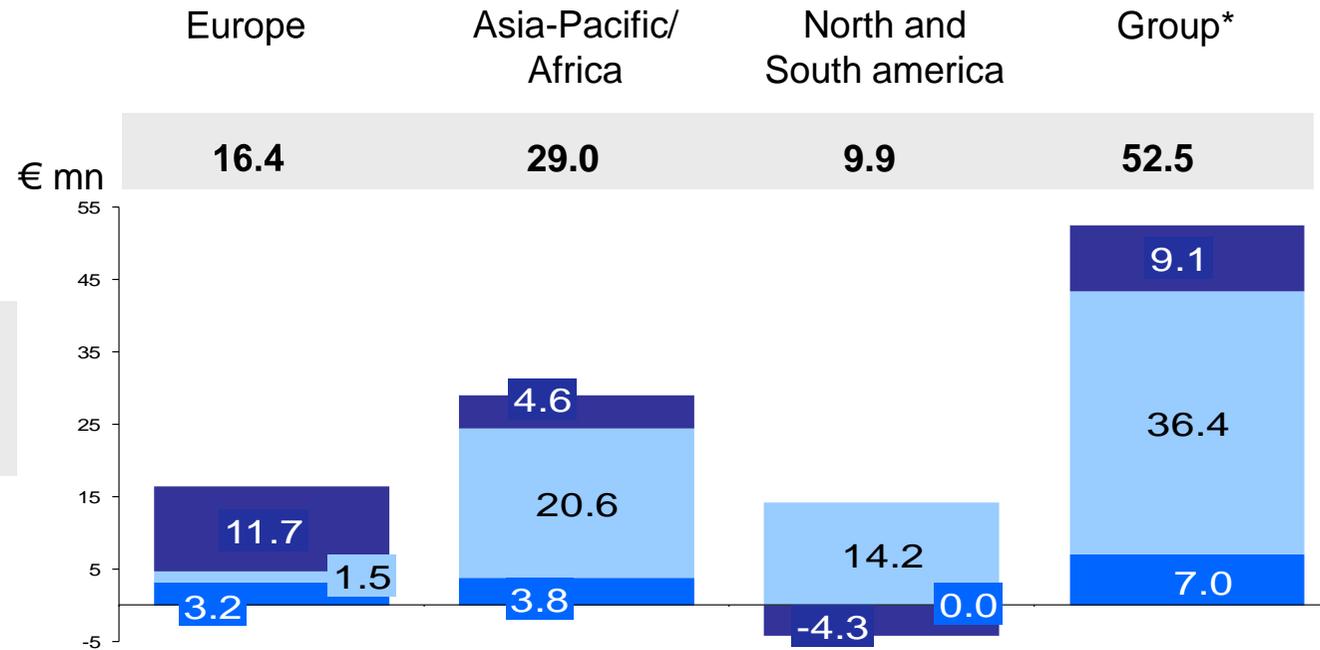


- Organic growth 2.0% or €9.1 mn
- External growth 1.5% or €7.0 mn
- Currency effects 7.9% or €36.4 mn

# Q2/2015: good organic growth in Europe and Asia



Regional sales growth  
2<sup>nd</sup> quarter 2015



- Organic growth
- Currency effects
- External growth

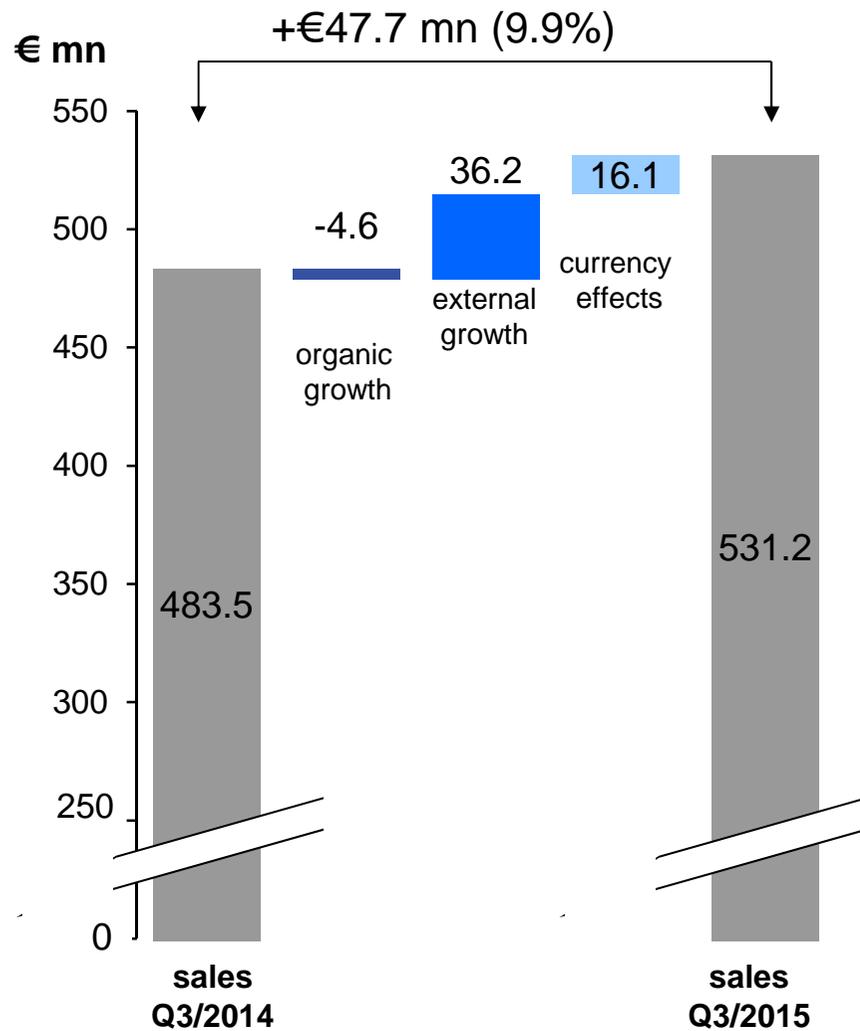
△ Total growth	+5.9%	+22.9%	+12.7%	+11.4%
△ Organic growth	+4.2%	+3.6%	-5.5%	+2.0%
△ External growth	+1.2%	+3.0%	0.0%	+1.5%
△ Currency effects	+0.5%	+16.3%	+18.2%	+7.9%

\* Consolidation effect (€2.8 mn)

# Q3/2105: consolidation of PENTOSIN drives external growth



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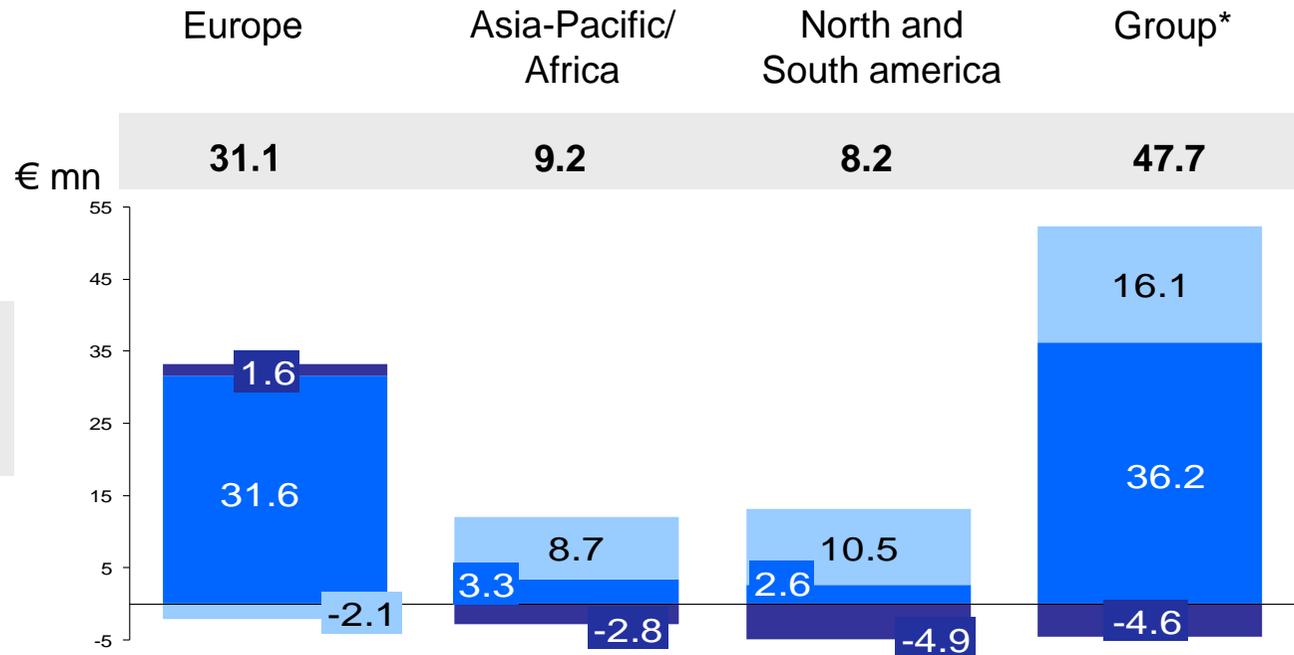


- Organic growth -1.0% or -€4.6 mn
- External growth 7.6% or €36.2 mn
- Currency effects 3.3% or €16.1 mn

# Q3/2015: currency and acquisition drive growth in all regions



Regional sales growth  
3<sup>rd</sup> quarter 2015



- Organic growth
- External growth
- Currency effects

△ Total growth	+10.7%	+7.0%	+9.9%	+9.9%
△ Organic growth	+0.6%	-2.1%	-5.9%	-1.0%
△ External growth	+10.8%	+2.5%	+3.1%	+7.6%
△ Currency effects	-0.7%	+6.6%	+12.7%	+3.3%

\* Consolidation effect (-€0.8 mn)

# Thank you for your attention



## Disclaimer

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

**FUCHS PETROLUB SE**

**Investor Relations**

**Friesenheimer Str. 17**

**68169 Mannheim**

**Tel. +49 (0)621 3802 1201, Fax +49 (0)621 3802 7201**

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

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