

FUCHS GROUP

New Thinking

| FUCHS Capital Market Day, June 2018

| Stefan Fuchs, CEO

| Dagmar Steinert, CFO



FUCHS at a glance

Established **3**
generations ago as a
family-owned business

No. 1
among the independent
suppliers of lubricants

The Fuchs family holds
54% of
ordinary shares

€2.5 bn
sales

More than **5,000**
employees

Preference share is listed
in the MDAX

58 companies worldwide

A full range
of over
10,000
lubricants and related
specialties

Full-line supplier advantage

Sales 2017: €2.5 bn
(~80% international)
by customer location

Automotive lubricants
~45%

e.g. Engine & gear oils, hydraulic oils, shock absorber fluids, etc.

Industrial lubricants
~55%

e.g. Industrial oils, MWF/CP* and greases

100,000 customers in more than 150 countries



Car industry



Manufacturing



Engineering



Construction



Mining



Trade, Services &
Transportation



Heavy Duty



Steel & Cement



Aerospace



Agriculture industry



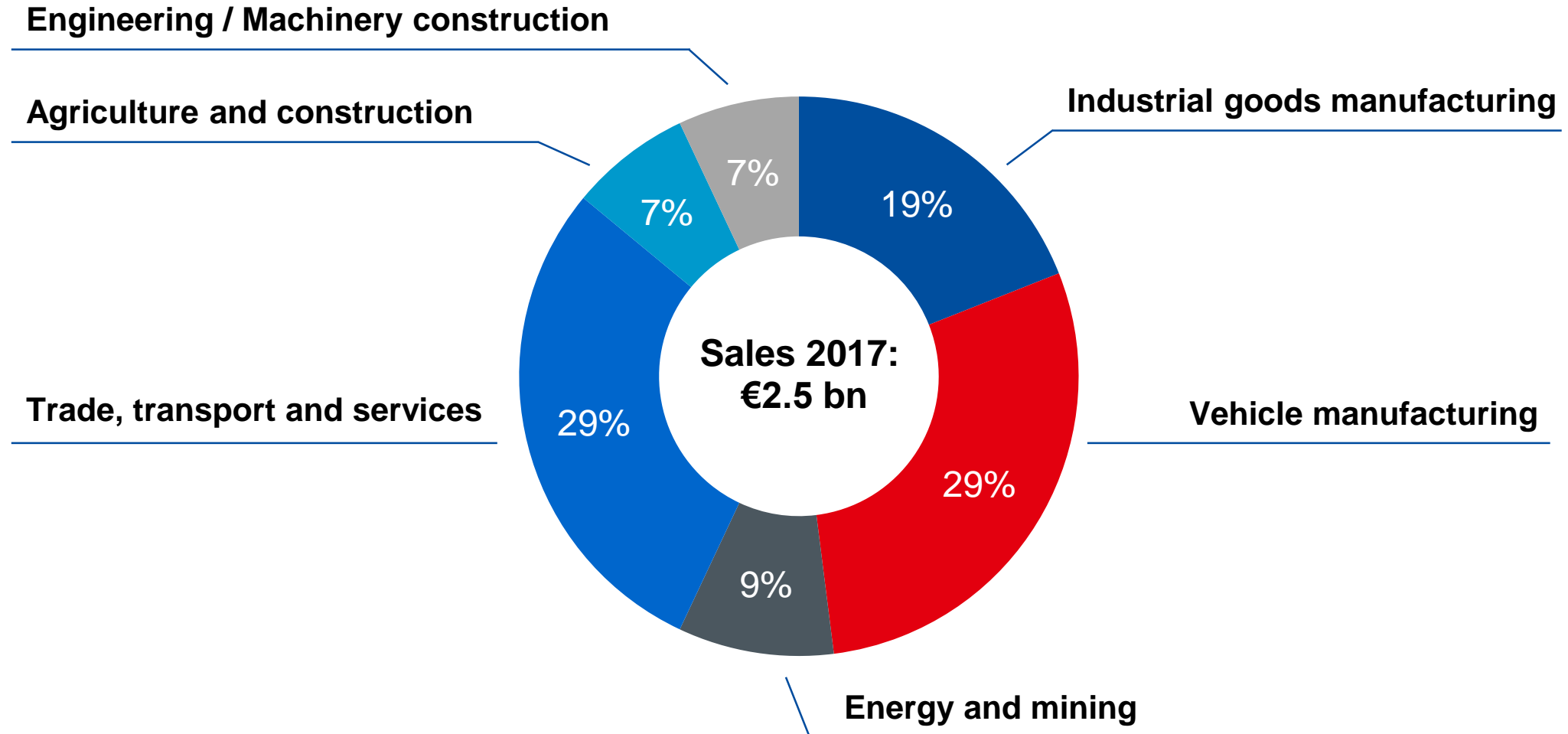
Wind energy



Food

Well balanced customer structure

Top 20 Customers account for ~ 25% of 2017 sales



FUCHS' Strategy

Profitable Growth:

Internationalization of core activities
Local production in 33 plants

Global
standards,
processes
and branding

People:

- Employer Branding
- Culture
- Talent-management
- Learning

Utilize disruptions like
e-mobility, digitalization, etc.
as an opportunity

Agile network structure based
on common values

Employer Branding – FUCHS as employer brand



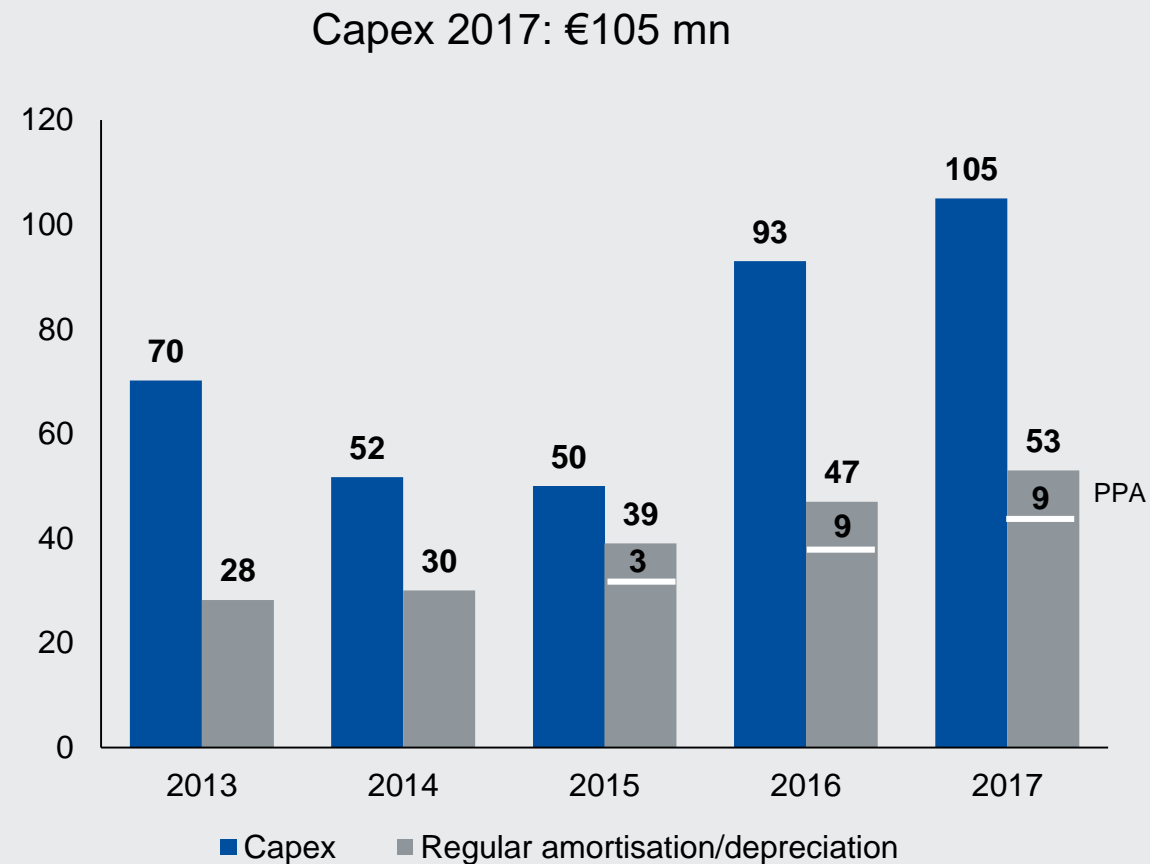
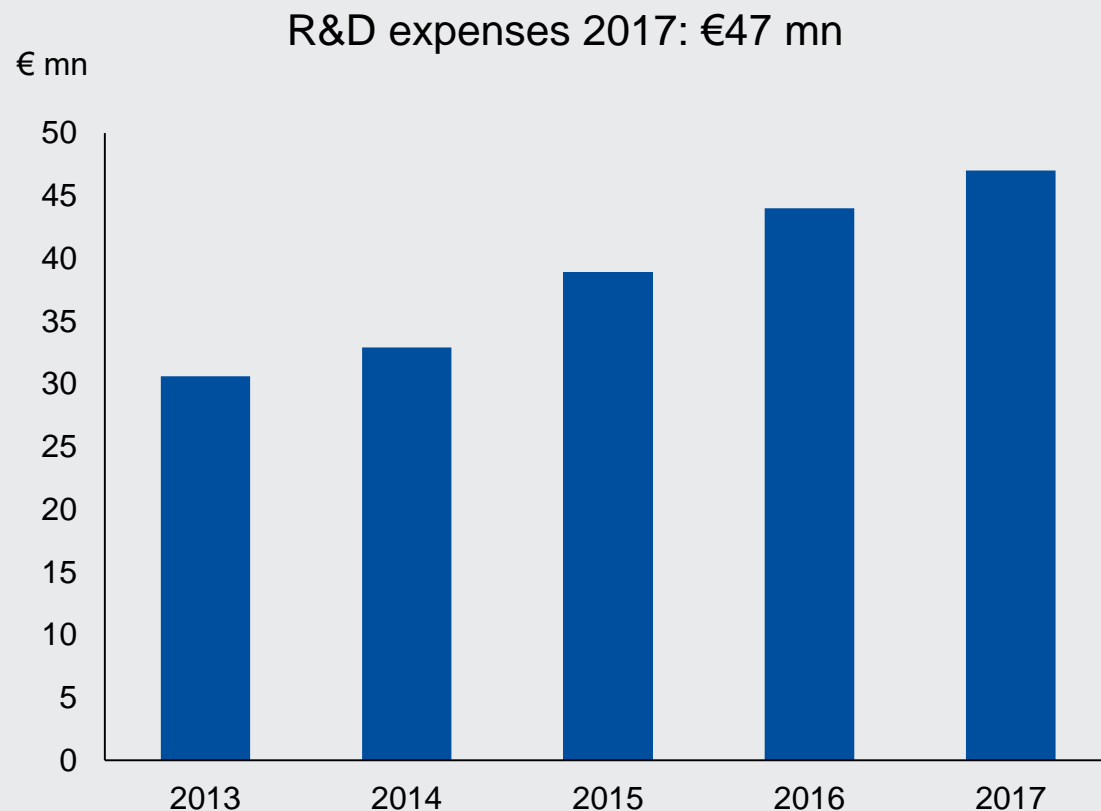
Explore your specialties. Expand your possibilities.
fuchs.com/careers

LUBRICANTS.
TECHNOLOGY.
PEOPLE.



Investment in the future

R&D, capex, regular amortisation & depreciation



Investment initiative

Growth/replacement/efficiency

- For 2016 - 2018 around **€300 mn** capex was planned with focus on the expansion of Mannheim, Kaiserslautern and Chicago as well as new plants in China, Australia and Sweden. As of today we expect capex to be ~ **€340 mn**.
- From today's perspective more than **€100 mn p.a.** will be spent on growth and replacement investments as well as efficiency improvements in the years 2019 - 2021. The focus is on the expansion of the German, Chinese and US plants. Background is the significant volume increase, technological changes and a changed product mix.
- From 2022 onwards, investments should be back on par with the scheduled increased annual amortization/depreciation.

Maintenance capex amounting to the level of amortization/depreciation

“3C grease commitment” Grease plant Harvey, IL/USA

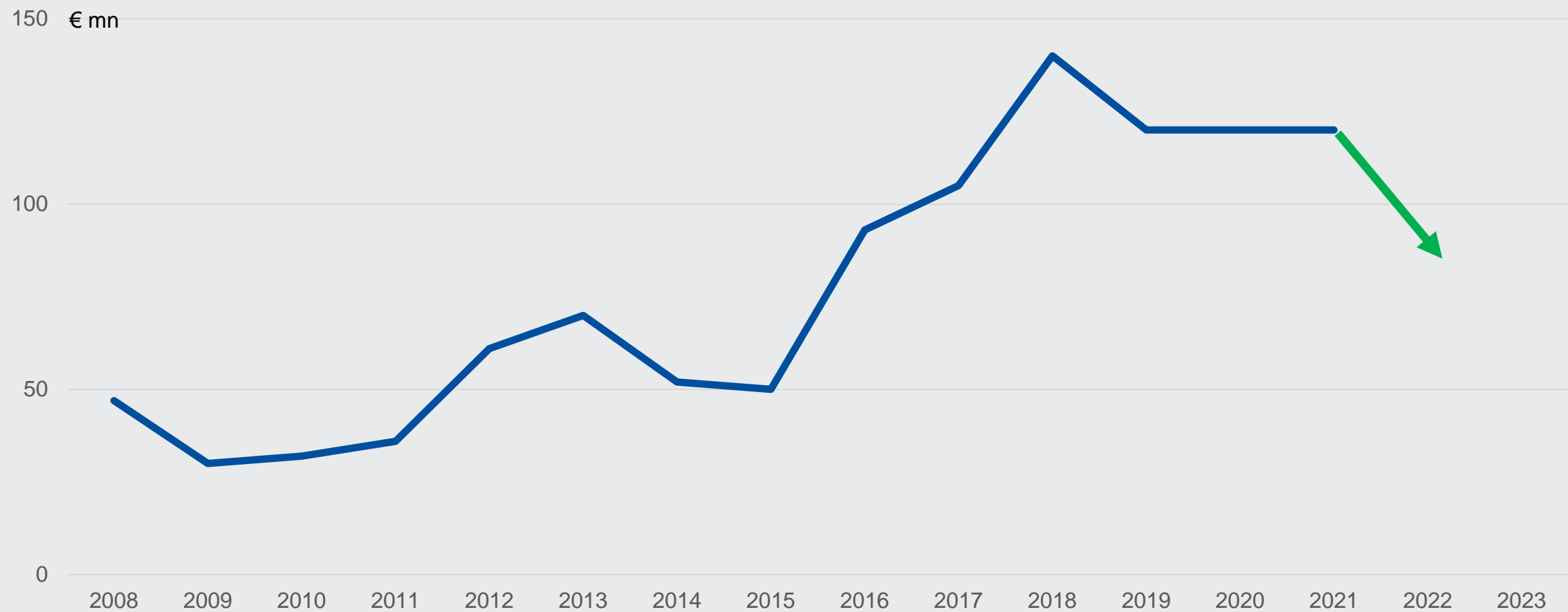


Investment initiative

Beresfield (Newcastle), Australia



Investment initiative



Highlights Q1 2018

**Sales +4%
to € 643 mn**

- Strong organic growth across all three regions: Europe, Asia-Pacific, Africa and Americas
- Negative FX effect impacting sales and EBIT

**EBIT currency related
down by 2% to €92 mn**

Outlook 2018 unchanged

- Sales +3% to +6%
- EBIT +2% to +4%
- Investments of around € 140 mn

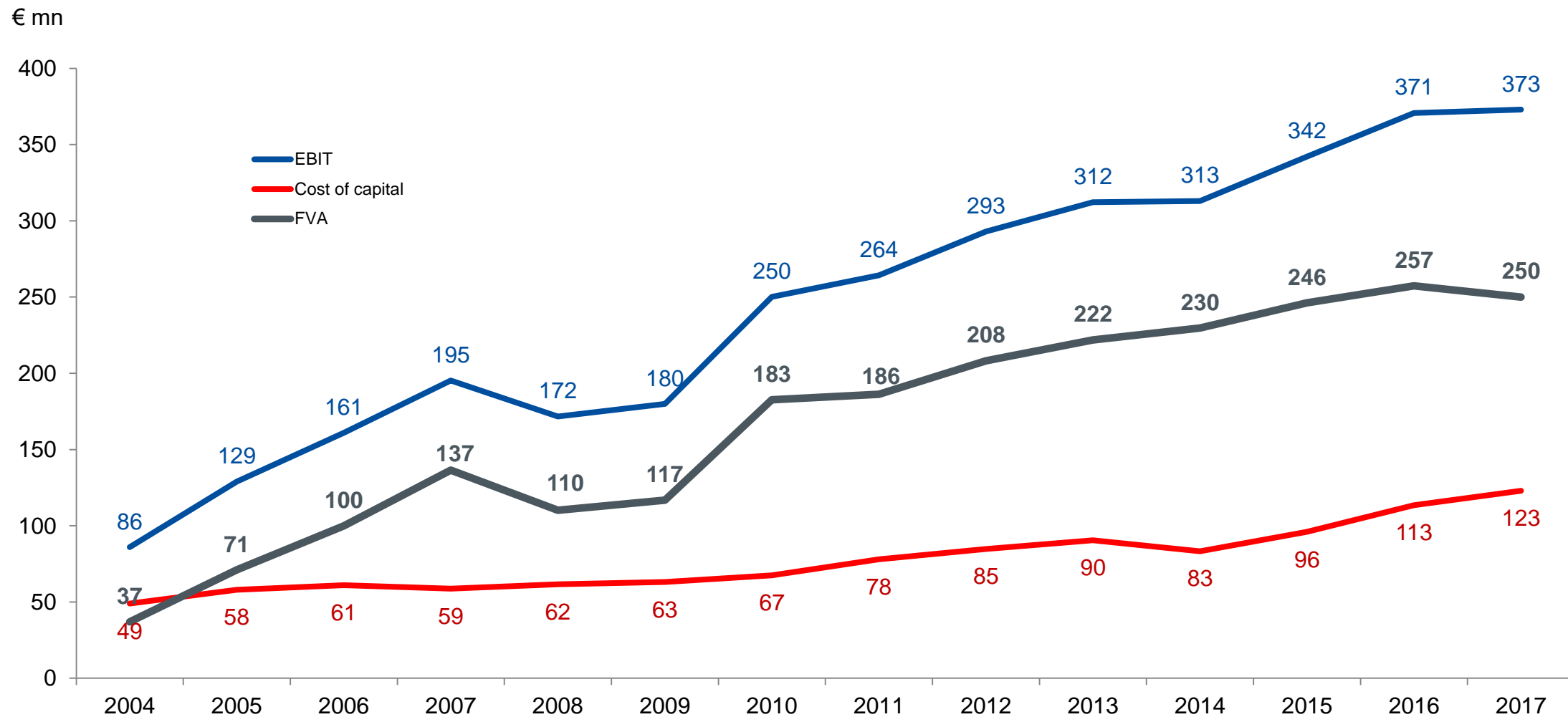
Regional sales growth Q1 2018

	Q1 2017 (€ mn)	Q1 2018 (€ mn)	Growth	Organic	External	FX
Europe	368	396	+8%	+9%	-	-1%
Asia-Pacific, Africa	181	199	+10%	+18%	-	-8%
Americas	104	95	-9%	+7%	-	-16%
Consolidation	-35	-47	-	-	-	-
Total	618	643	+4%	+10%	0%	-6%

Income statement Q1 2018

€ mn	Q1 2017	Q1 2018	Δ € mn	Δ in %
Sales	618	643	25	4.0
Gross Profit	226	225	-1	-0.4
<i>Gross Profit margin</i>	<i>36.6</i>	<i>35.0</i>	-	<i>-1.6 %-points</i>
Other function costs	-137	-136	-1	0.7
EBIT before at Equity	89	89	0	0.0
At Equity	5	3	-2	-
EBIT	94	92	-2	-2.1
Earnings after tax	66	67	1	1.5

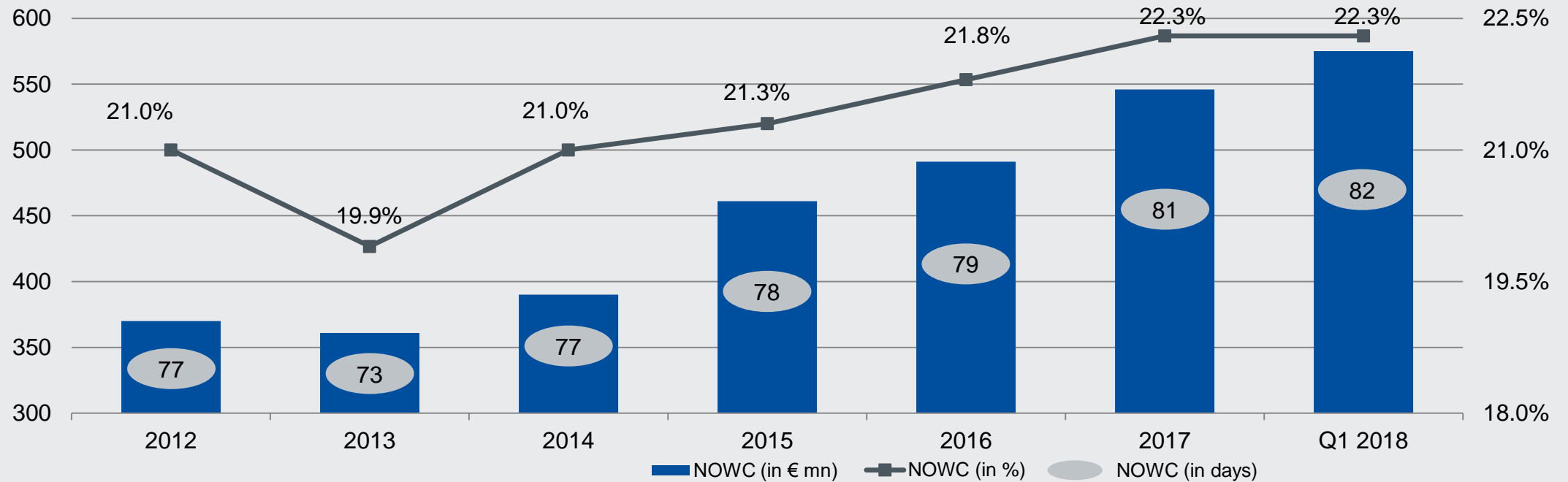
Development EBIT – Cost of Capital – FVA



Cash flow Q1 2018

€ mn	Q1 2017	Q1 2018
Earnings after tax	66	67
Amortization/Depreciation	13	14
Changes in net operating working capital (NOWC)	-25	-33
Other changes	2	-9
Capex	-14	-18
Free cash flow before acquisitions	42	21
Acquisitions	-	-1
Free cash flow	42	20

Net operating working capital (NOWC)*



Inventories/days	79	75	76	80	84	84	81
Debtors/days	52	53	56	54	57	56	58
Payables/days	39	43	43	42	48	45	45

* In relation to the annualized sales revenues of the last quarter

Q1 2018 earnings summary

- Strong organic growth across all regions, particularly in Asia-Pacific, Africa
- Strong negative FX-effects impacting sales and earnings; This effect will most likely weaken over the course of the year
- Before currency translation increase in gross profit as a result of higher sales prices and volumes
- Increase in earnings after tax; tax rate decreased to 28% (31) due to lower withholding tax for dividends and due to the American tax reform
- Capex increase according to plan (€ 140 mn for the full year 2018)

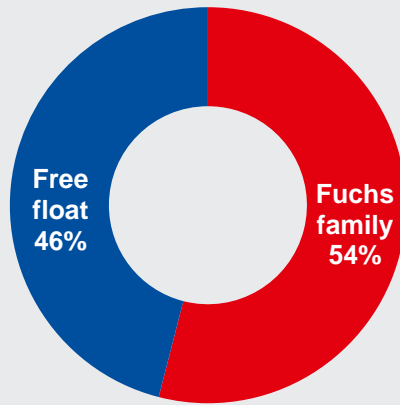
Outlook 2018

Performance indicator	Actual 2017	Outlook 2018
Sales	€ 2,473 mn	+3% to +6%
EBIT	€ 373 mn	+2% to +4%
FUCHS Value Added	€ 250 mn	At previous year's level
Free cash flow before acquisitions	€ 142 mn	At previous year's level

Breakdown ordinary & preference shares

(December 31, 2017)

Ordinary shares



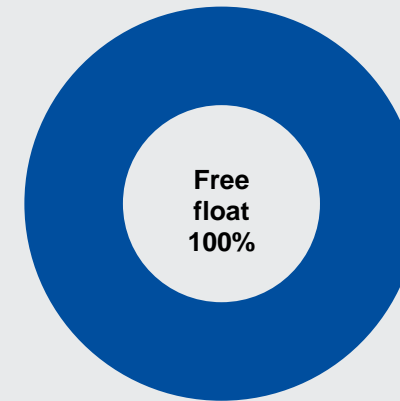
Basis: 69,500,000 ordinary shares

Characteristics:

- Dividend
- Voting rights

Preference shares

MDAX-listed



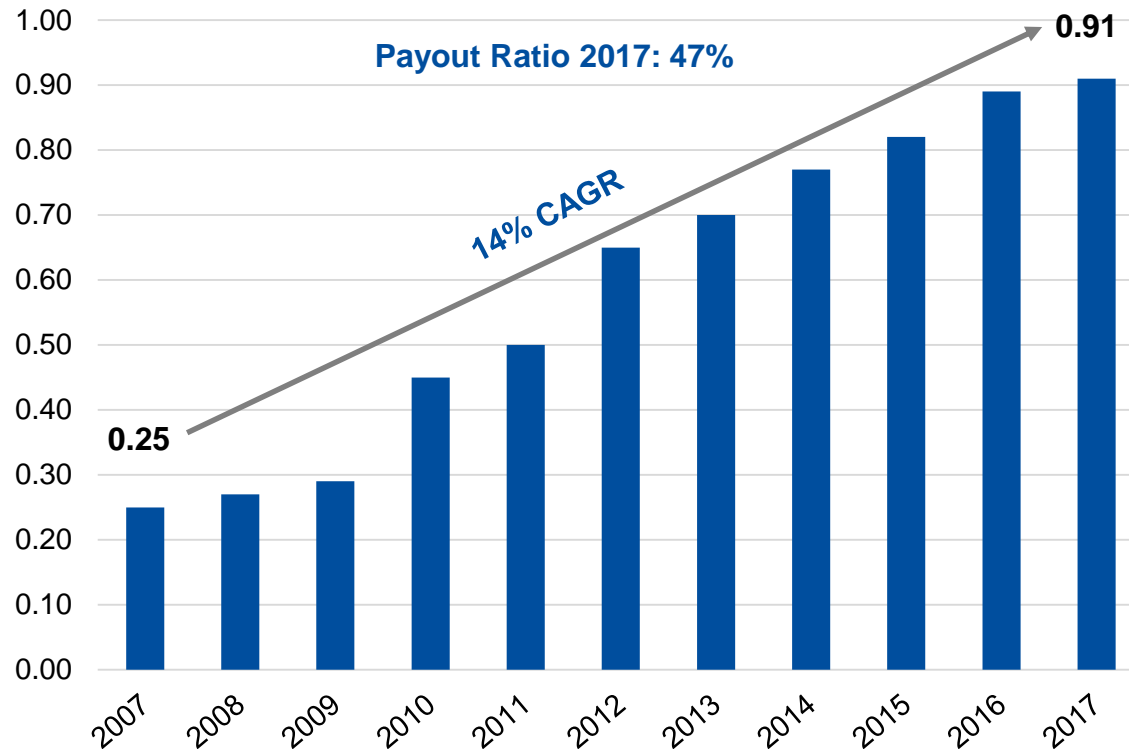
Basis: 69,500,000 preference shares

Characteristics:

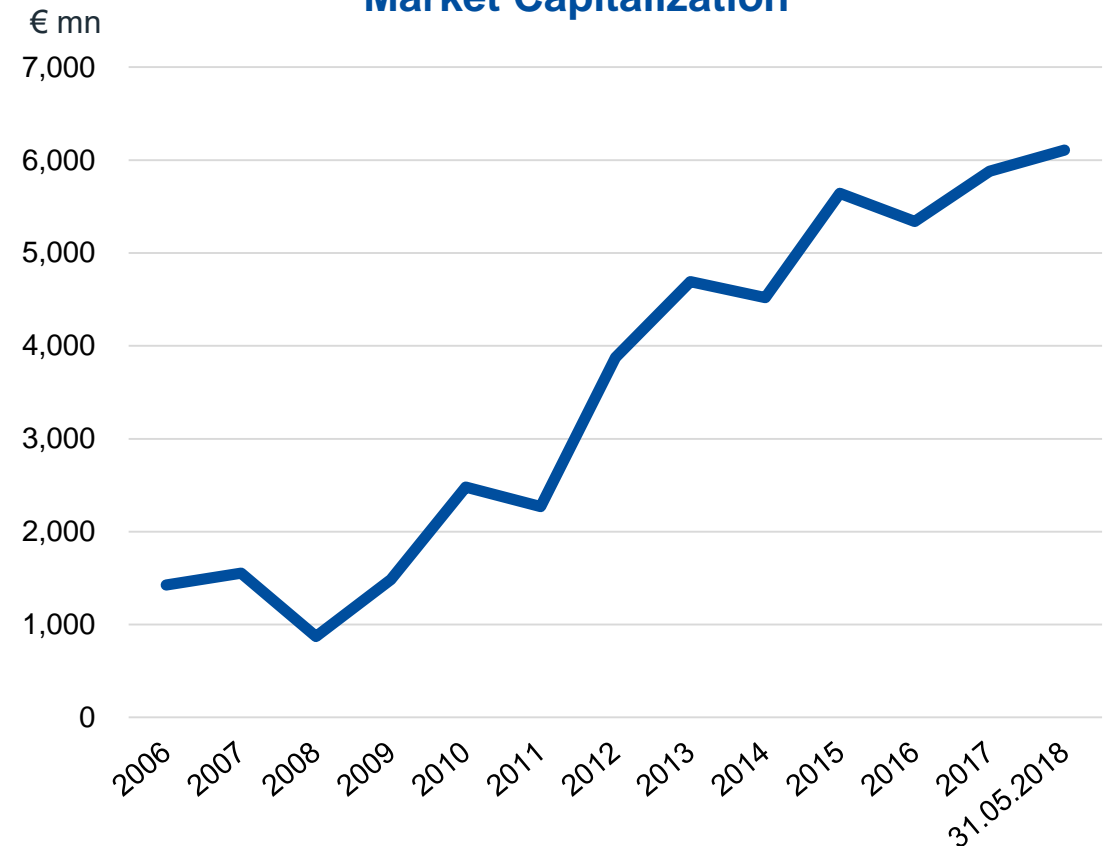
- Dividend plus preference profit share (0.01€)
- Restricted voting rights in case of:
 - preference profit share has not been fully paid
 - exclusion of pre-emption rights (e.g. capital increase, share buyback, etc.)

Stable dividend policy

Dividend per Preference Share



Market Capitalization



Our target: Increase the absolute dividend amount each year or at least maintain previous year's level.

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