

# FUCHS GROUP

## Financial Results 2018

| Analyst's Conference, 20<sup>th</sup> March 2019, Frankfurt

| Stefan Fuchs, CEO

| Dagmar Steinert, CFO



## Highlights FY 2018

**Sales +4%**  
**to €2.6 bn**

- Double-digit organic growth in Asia-Pacific, Africa and Americas
- Negative currency effects especially in Asia-Pacific, Africa as well as North and South America
- Free cash flow before acquisitions at €147 mn

**EBIT +3%**  
to €383 mn

**EPS +7%**

**Dividend**

**+4%**

to €0.95 per pref. share /  
€0.94 per ord. share

## Outlook 2019

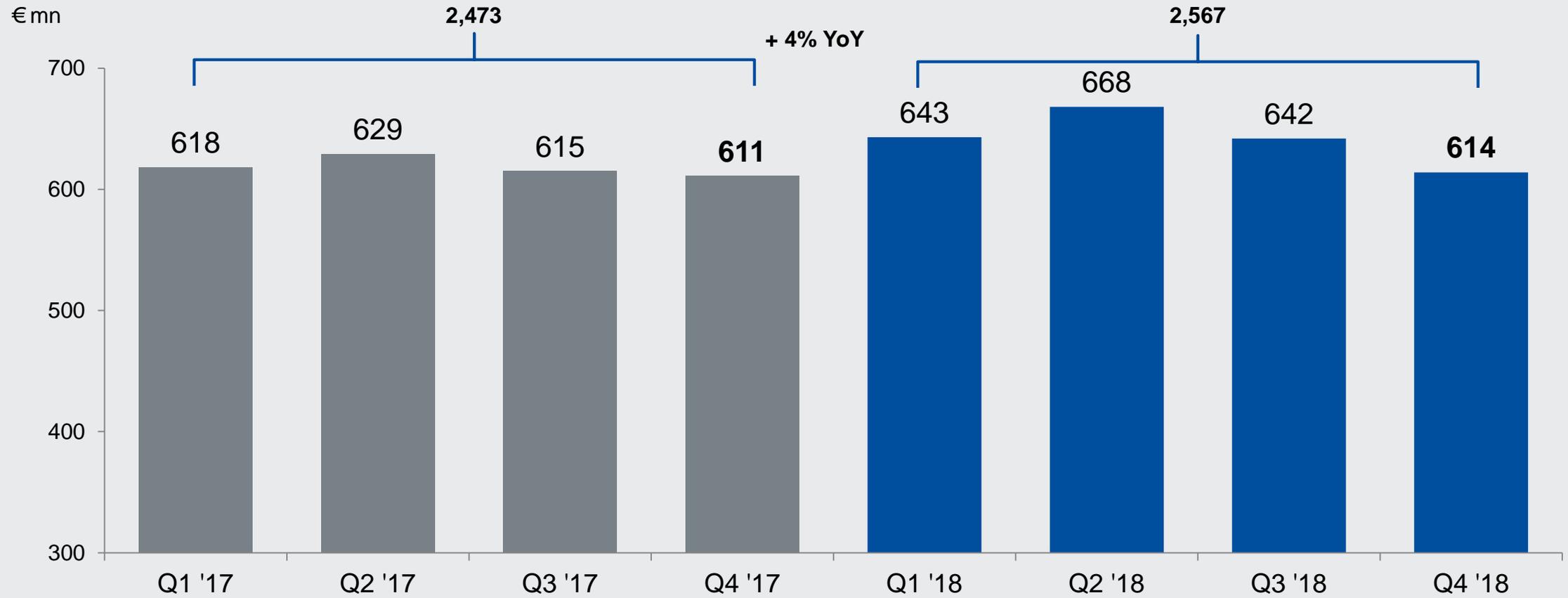
- Sales +2% to +4%
- EBIT -8% to -5%
- EBIT comparable (before one-off effect) -5% to -2%

# Comparison outlook and results 2018

Performance indicator	FY 2017	Outlook 2018 (March & July 18)	Outlook 2018 (October 18)	FY 2018	
Sales	€2,473 mn	+3% to +6%	+3% to +5%	€2,567 mn (+4%)	✓
EBIT before one-off effect <sup>1</sup>	€373 mn	+2% to +4%	At previous year's level	€371 mn (-1%)	✓
EBIT	€373 mn	-	+2% to +4%	€383 mn (+3%)	✓
FUCHS Value Added	€250 mn	At previous year's level	At previous year's level	€251 mn	✓
Free cash flow before acquisitions	€142 mn	At previous year's level	At previous year's level	€147 mn	✓

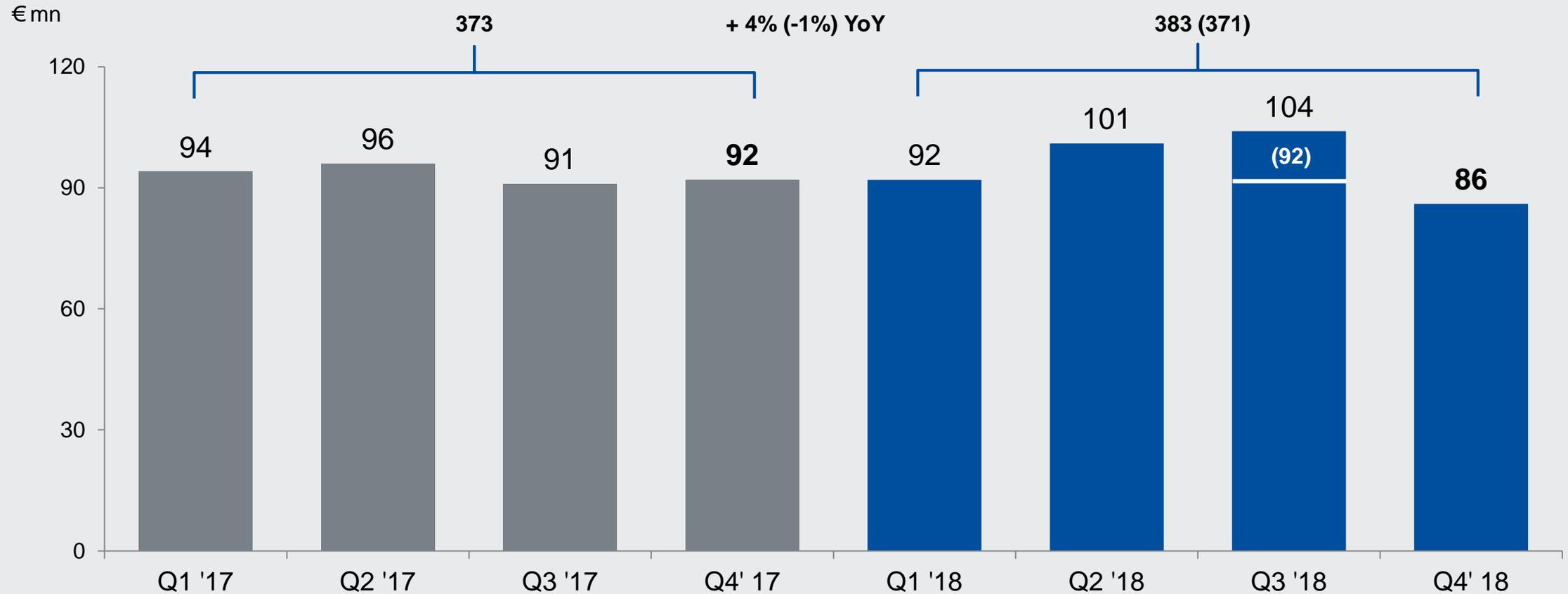
<sup>1</sup> Sale of an at equity share (earnings of €12 mn)

# Sales development

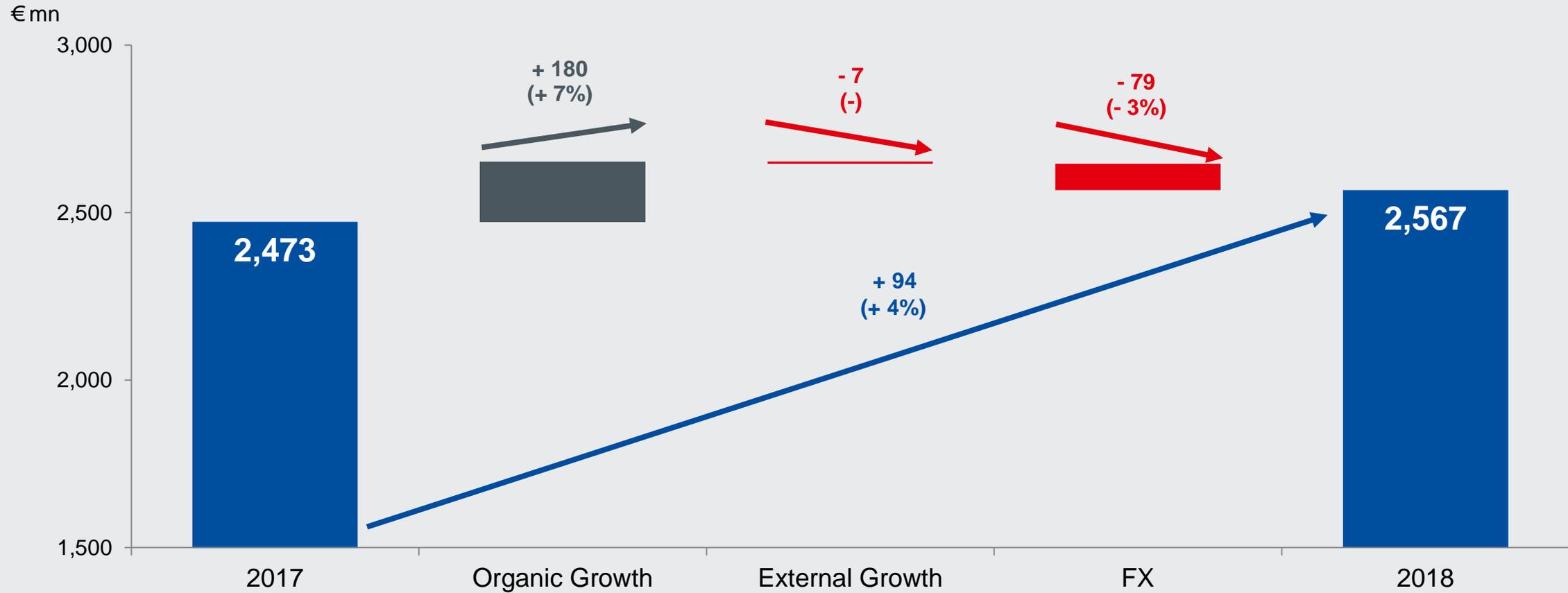


# EBIT development

(excluding one-off effect from sale of at equity share in Q3 2018)

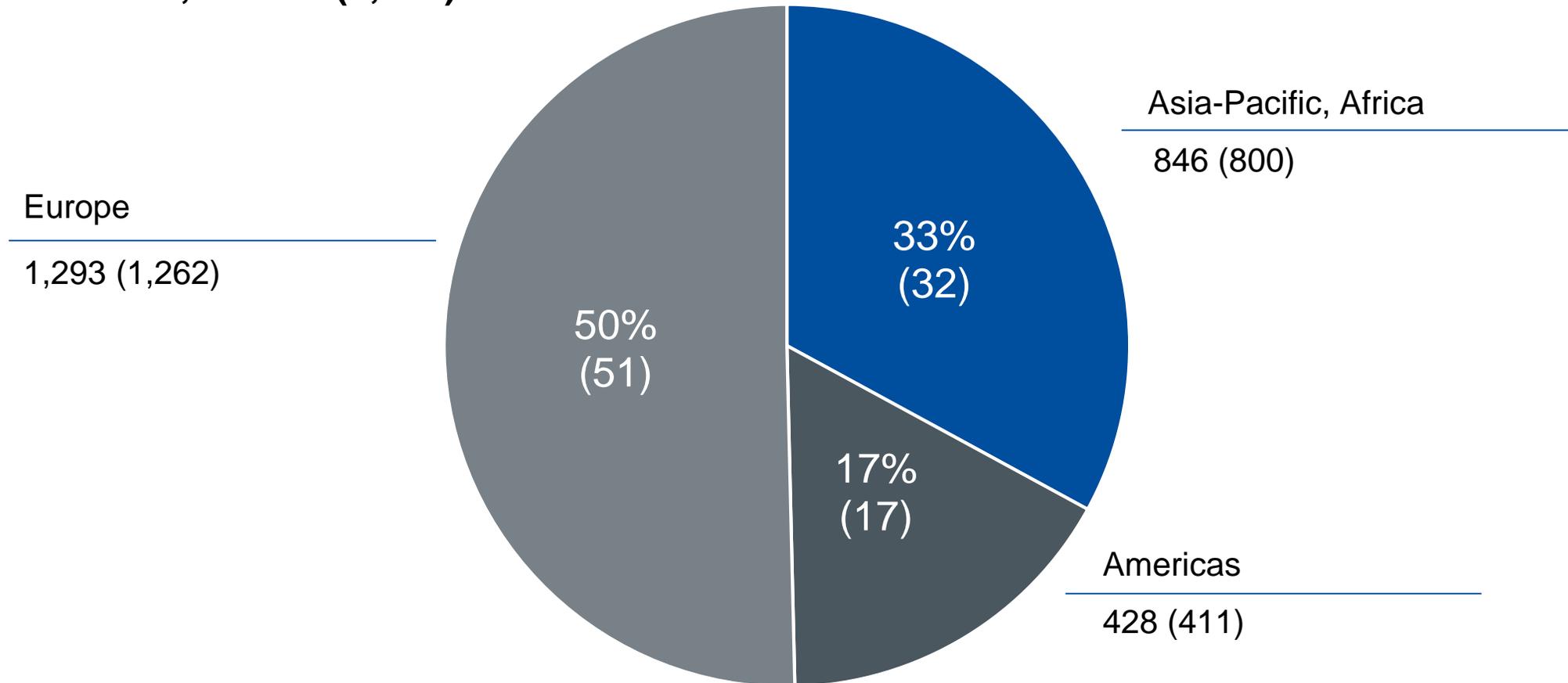


# 2018 Group sales



## Sales by customer location

Sales 2018: €2,567 mn (2,473)

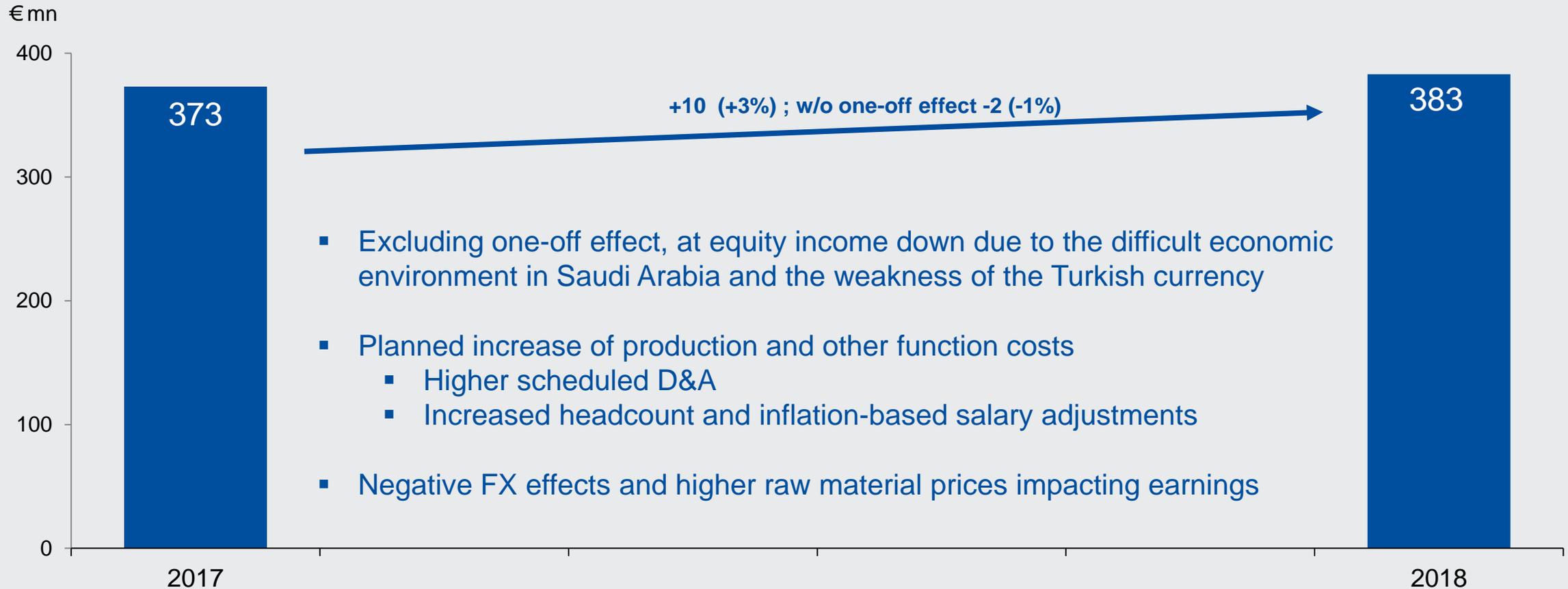


## Regional sales growth 2018

Europe and Asia-Pacific, Africa declining in the course of the year

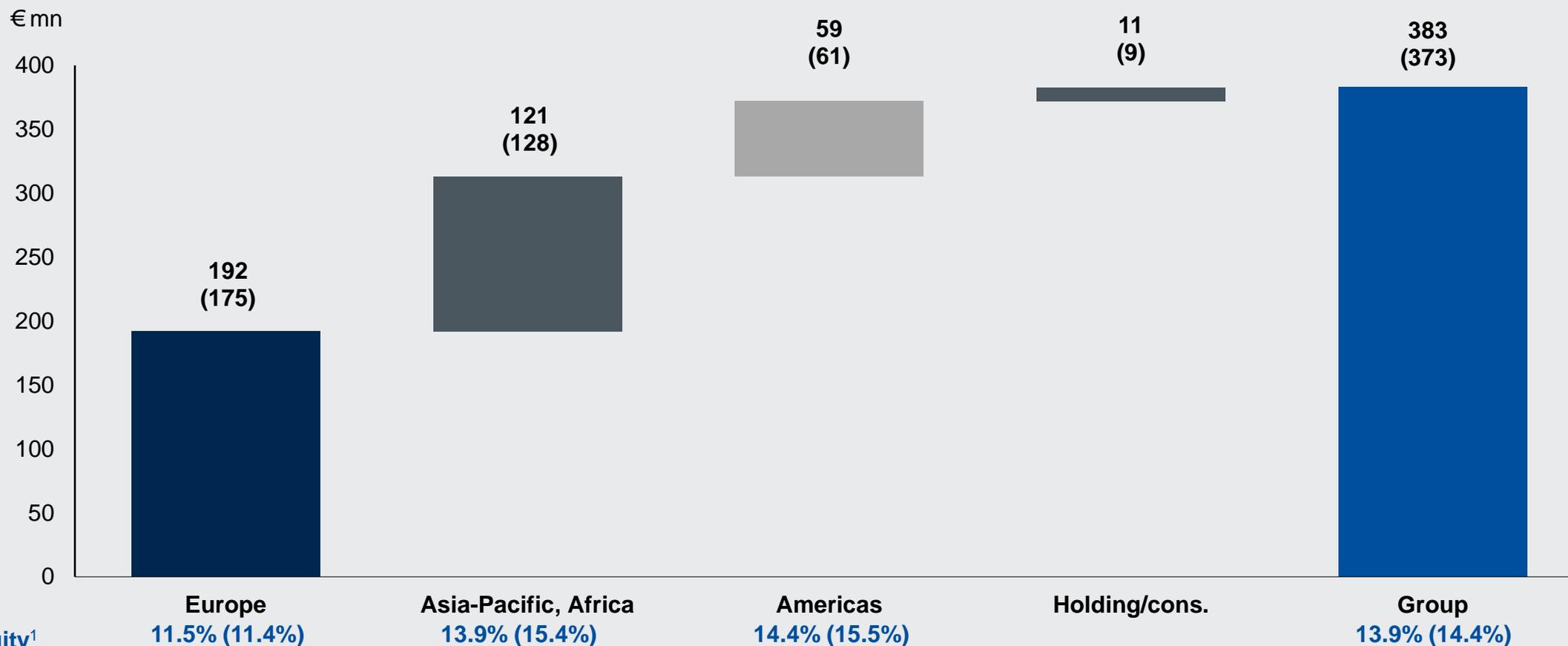
	2018 (€mn)	2017 (€mn)	Growth	Organic	External	FX
Europe	1,546	1,515	+2%	+3%	0%	-1%
Asia-Pacific, Africa	783	733	+7%	+11%	-	-4%
Americas	409	393	+4%	+13%	-	-9%
Consolidation	-171	-168	-	-	-	-
<b>Total</b>	<b>2,567</b>	<b>2,473</b>	<b>+4%</b>	<b>+7%</b>	<b>-</b>	<b>-3%</b>

## Slightly higher EBIT in 2018



# EBIT by regions

2018 (2017)<sup>1</sup>



EBIT margin before at equity<sup>1</sup>

<sup>1</sup>2017 comparable

# Income statement 2018

€ mn	2018	2017	Δ € mn	Δ in %
<b>Sales</b>	<b>2,567</b>	<b>2,473</b>	<b>94</b>	<b>4</b>
Gross Profit	899	882	17	2
<i>Gross Profit margin</i>	35.0 %	35.7 %	-	-0.7 %-points
Other function costs	-542	-526	-16	3
<b>EBIT before at Equity</b>	<b>357</b>	<b>356</b>	<b>1</b>	<b>0</b>
At Equity (including €12 mn one-off)	26	17	9	53
<b>EBIT</b>	<b>383</b>	<b>373</b>	<b>10</b>	<b>3</b>
Earnings after tax	288	269	19	7

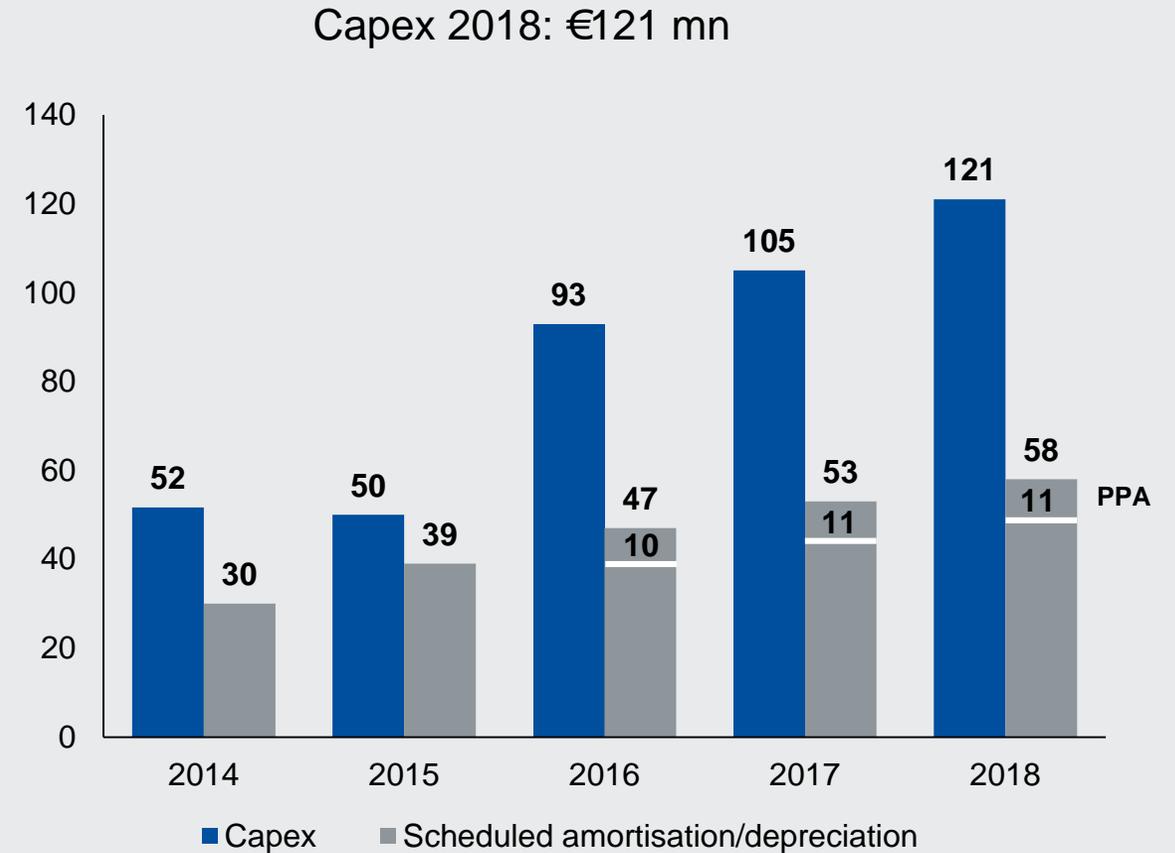
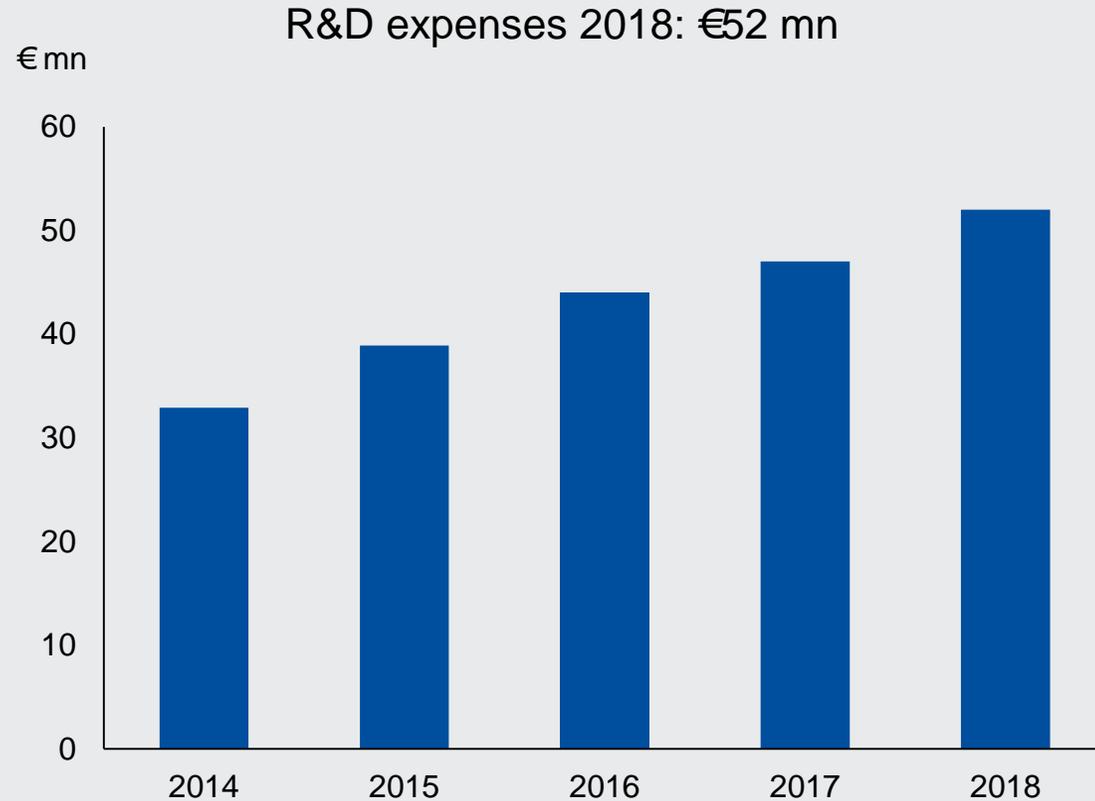
## Solid balance sheet and strong cash flow generation

€mn	2018	2017	2016	2015	2014
Total assets	1,891	1,751	1,676	1,490	1,276
Goodwill	174	173	185	166	88
Equity	1,456	1,307	1,205	1,070	916
Equity ratio	77%	75%	72%	72%	72%

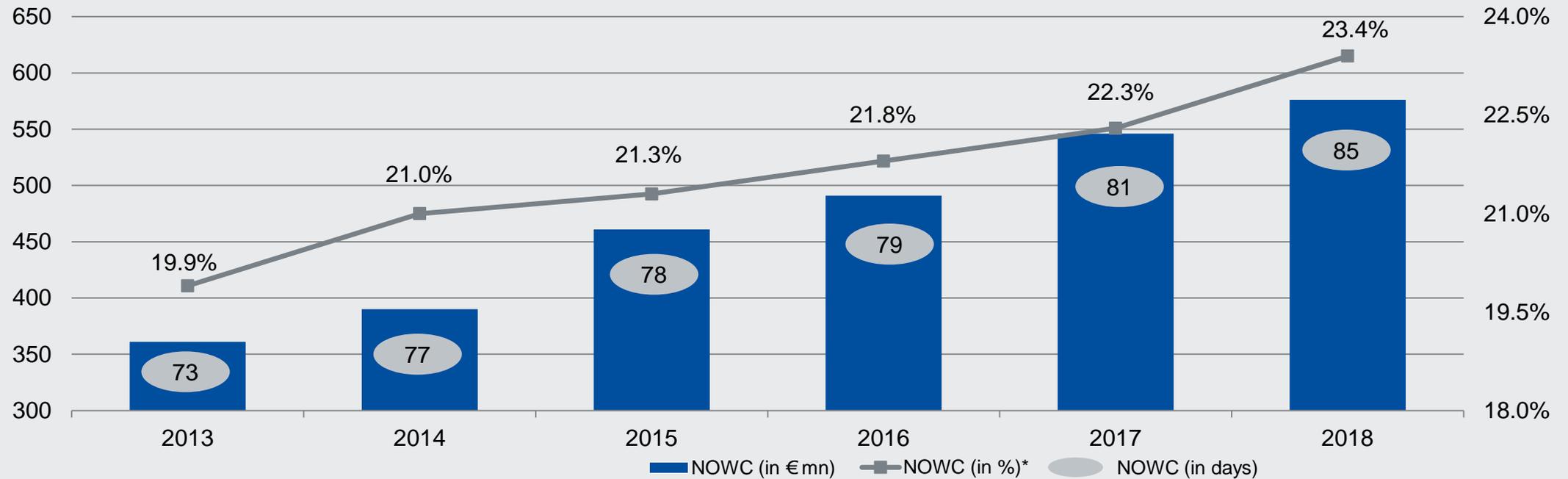
€mn	2018	2017	2016	2015	2014
Net liquidity	191	160	146	101	186
Operating cash flow	267	242	300	281	255
Capex	121	105	93	50	52
Free cash flow before acquisitions	147	142	205	232	210
Free cash flow	159	140	164	62	188

# Investment in the future

## R&D expenses and Capex



# Net operating working capital (NOWC)\*



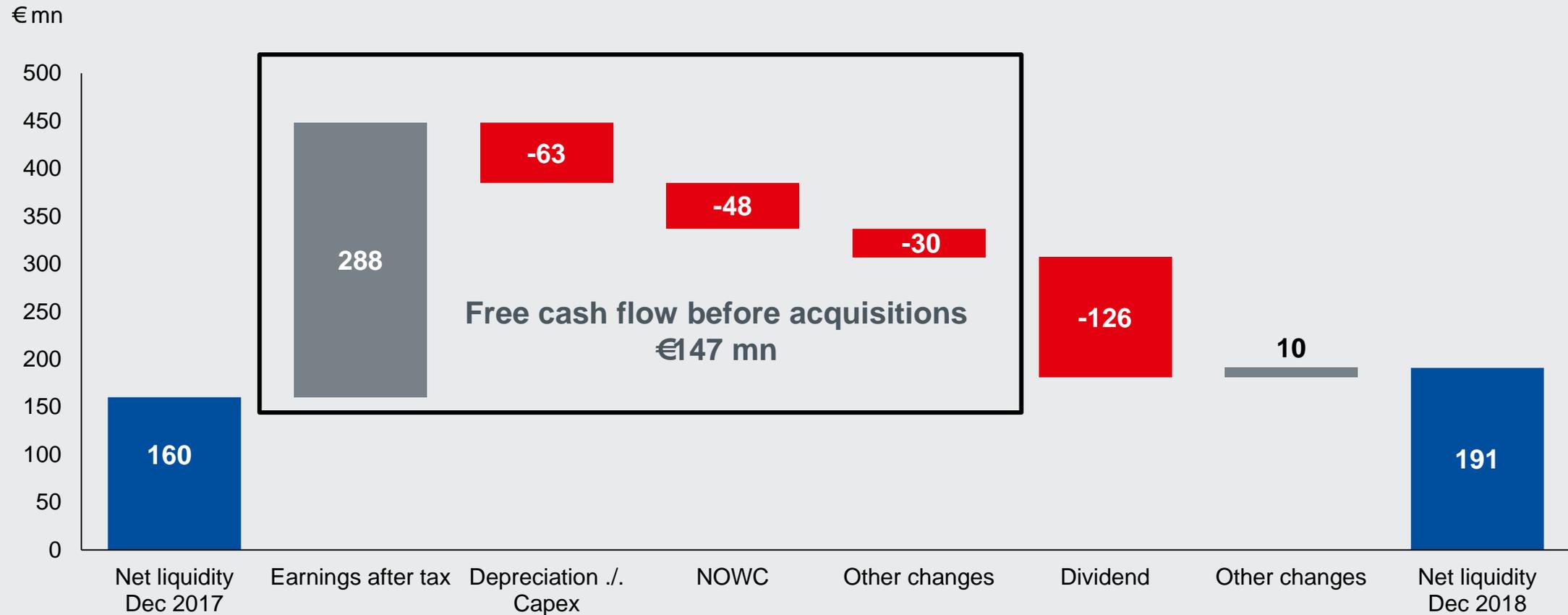
\* In relation to the annualized sales revenues of the last quarter

# Cash flow 2018

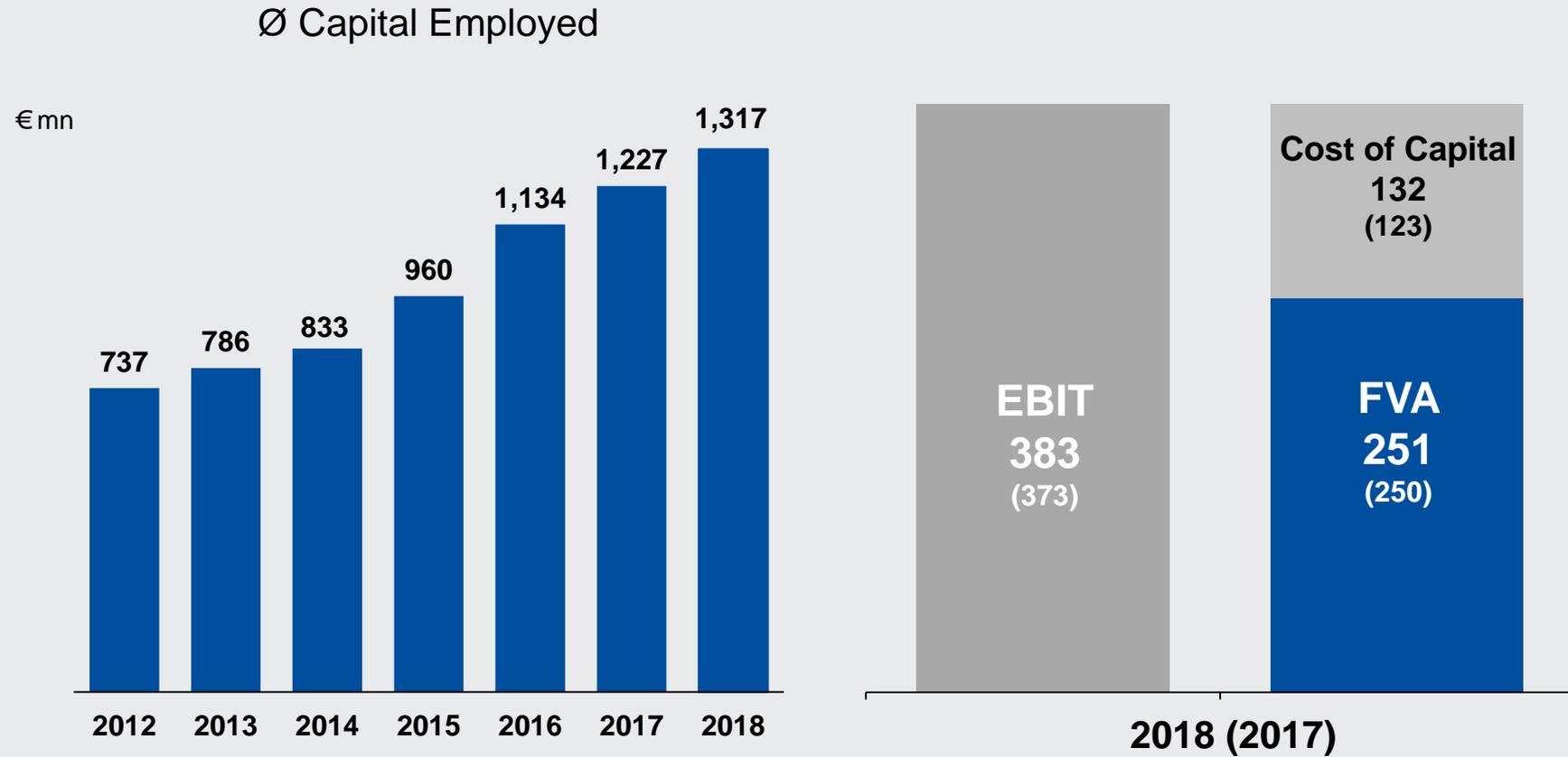
€mn	2018	2017	Δ in %
<b>Earnings after tax</b>	<b>288</b>	<b>269</b>	<b>7</b>
Amortization/Depreciation	58	59	-2
Changes in net operating working capital (NOWC)	-48	-78	-39
Other changes	-30	-3	-
Capex	-121	-105	15
<b>Free cash flow before acquisitions<sup>1</sup></b>	<b>147</b>	<b>142</b>	<b>4</b>
Acquisitions <sup>1</sup>	12	-2	-
<b>Free cash flow</b>	<b>159</b>	<b>140</b>	<b>14</b>

<sup>1</sup> Including divestments.

# Net Liquidity 2018



# FUCHS Value Added (FVA)



Cost of Capital = CE x WACC (10%)

## FY 2018 earnings summary

- Mainly volume driven organic sales growth coming from Asia-Pacific, Africa and North and South America; Europe driven by price and product mix changes
- Strong negative FX effects in North and South America as well as in Asia-Pacific, Africa
- Although higher raw material costs were largely passed on across the Group, gross margin decreased due to production costs increases; increasing raw material prices had different impacts with respective regional FX development; Europe compensated with stronger Euro in H1
- Cost increases due to investments in new and existing plants, in additional employees as well as in increased R&D as planned
- Increase in earnings after tax stronger than EBIT growth due to a lower tax rate of 26.2% (28.8%) mainly attributable to lower withholding taxes on dividends
- Capex on record level (€121 mn), however lower than originally planned (€140 mn) due to project delays
- NOWC up to 23.4% of sales mainly due to slowdown of business in Q4

# Dividend proposal



**€0.95**  
**(0.91)**

**per preference share**

The Executive and Supervisory Board will propose an increase of €0.04 to the Annual General Meeting to be held on 7th May 2019

**4%**  
**higher dividend payment proposed**

**€0.94**  
**(0.90)**

**per ordinary share**

# Outlook 2019

Economic outlook gloomy due to trade conflicts between US and China as well as Brexit

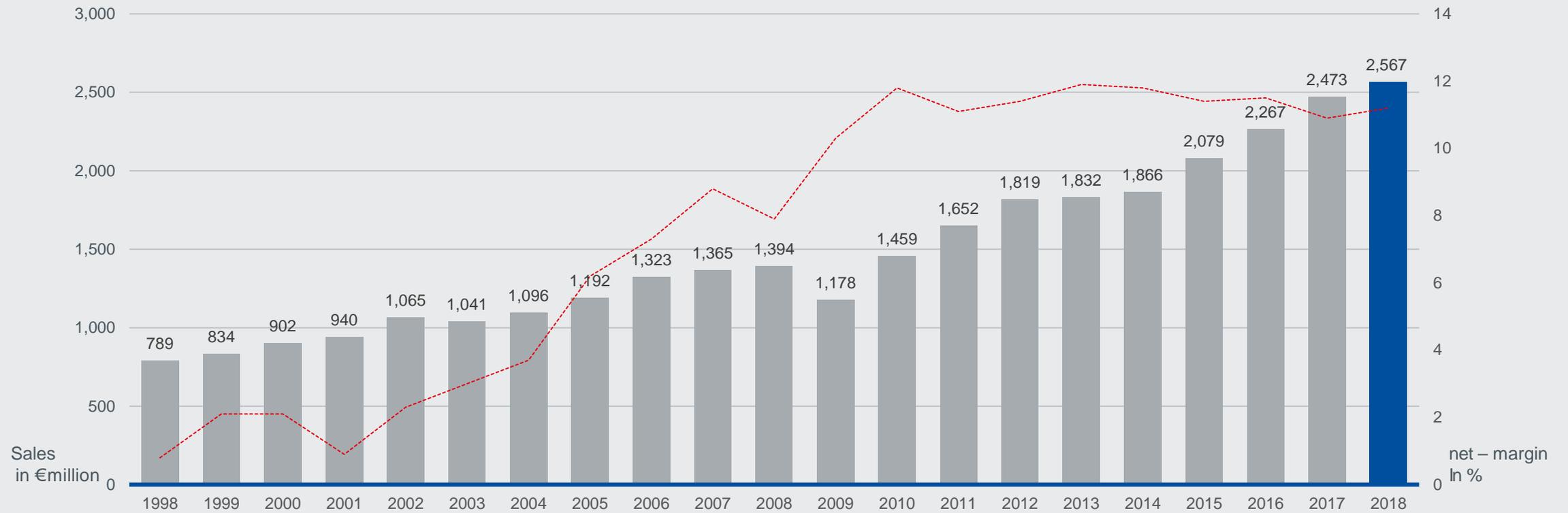
Performance indicator	Actual 2018	Outlook 2019
<b>Sales</b>	<b>€2,567 mn</b>	+2% to +4%
<b>EBIT comparable (before one-off effect)</b>	<b>€371 mn</b>	-5% to -2%
<b>EBIT</b>	<b>€383 mn</b>	-8% to -5%
<b>FUCHS Value Added</b>	<b>€251 mn</b>	~ €200 mn
<b>Free cash flow before acquisitions</b>	<b>€147 mn</b>	~ €100 mn

- Organic sales growth in all the regions mainly volume driven
- Earnings decrease expected as a result of investments in new and existing plants, people, R&D and IT
- Capex on record level (€180 mn) with focus on: Germany, China, Sweden, USA, Russia and UK

# Strategic Outlook



# “Profitable Growth”



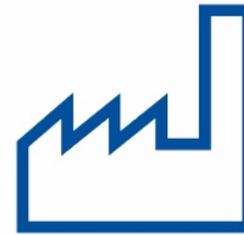
## Growth initiative



**5.500**  
**employees**  
+50% during the  
last 10 years



**€50+ mn R&D**  
**expenses p.a.**  
x2 during the last 10  
years

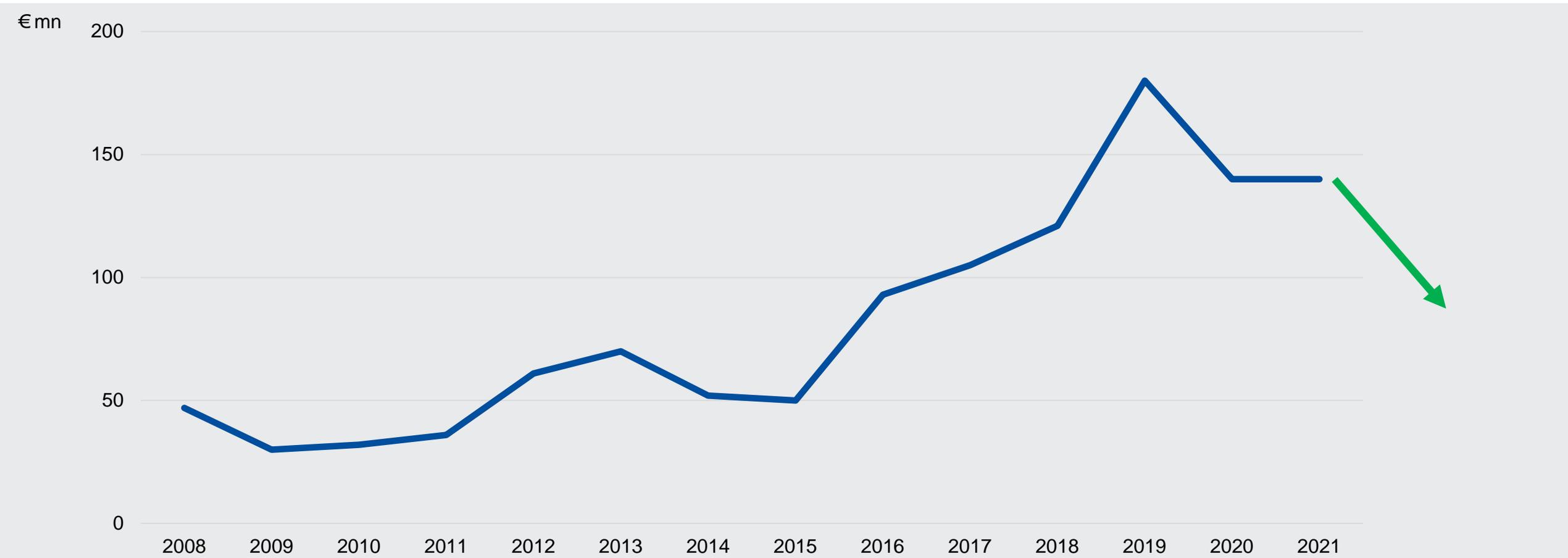


**€700+ mn**  
**capex**  
2016-2021



**Global IT**  
**processes**

# Investment initiative



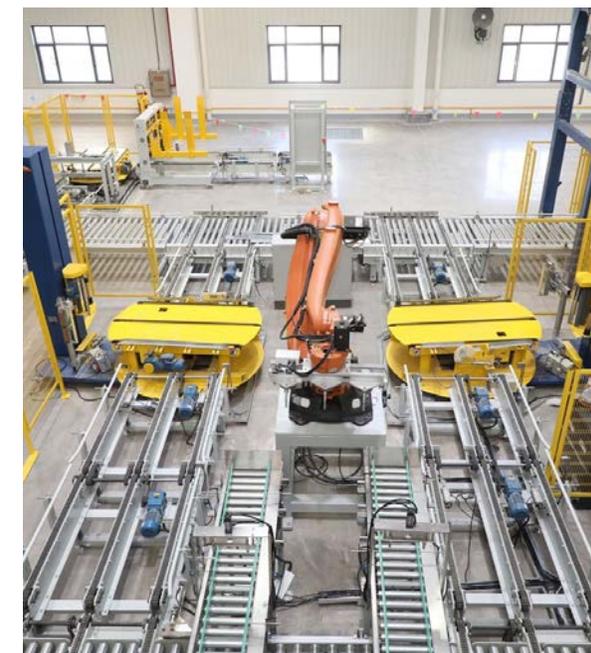
# Development of the Mannheim site – new properties



**FUCHS PETROLUB**  
Office building

**FUCHS SCHMIERSTOFFE**  
AS/RS warehouse for raw  
materials

# China: WuJiang (next to Shanghai) – new plant



## USA: Harvey (next to Chicago) – expansion



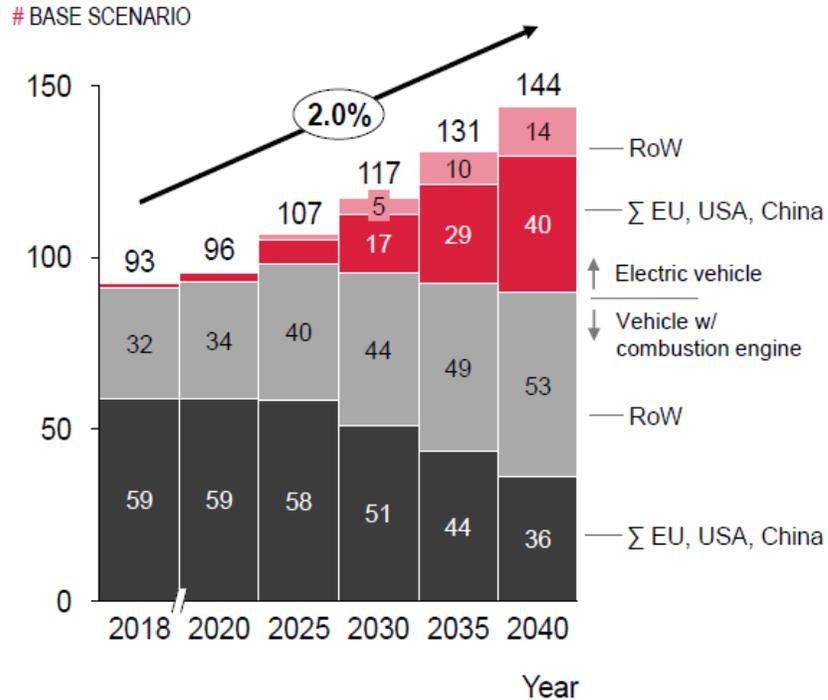
## Australia: Acquisition of NULON

- Contract to acquire NULON Products Australia Pty Ltd signed at the beginning of March
- Closing early Q2
- Sales AUD 40 mn (~ €25 mn)
- 65 employees
- Automotive Retail Business

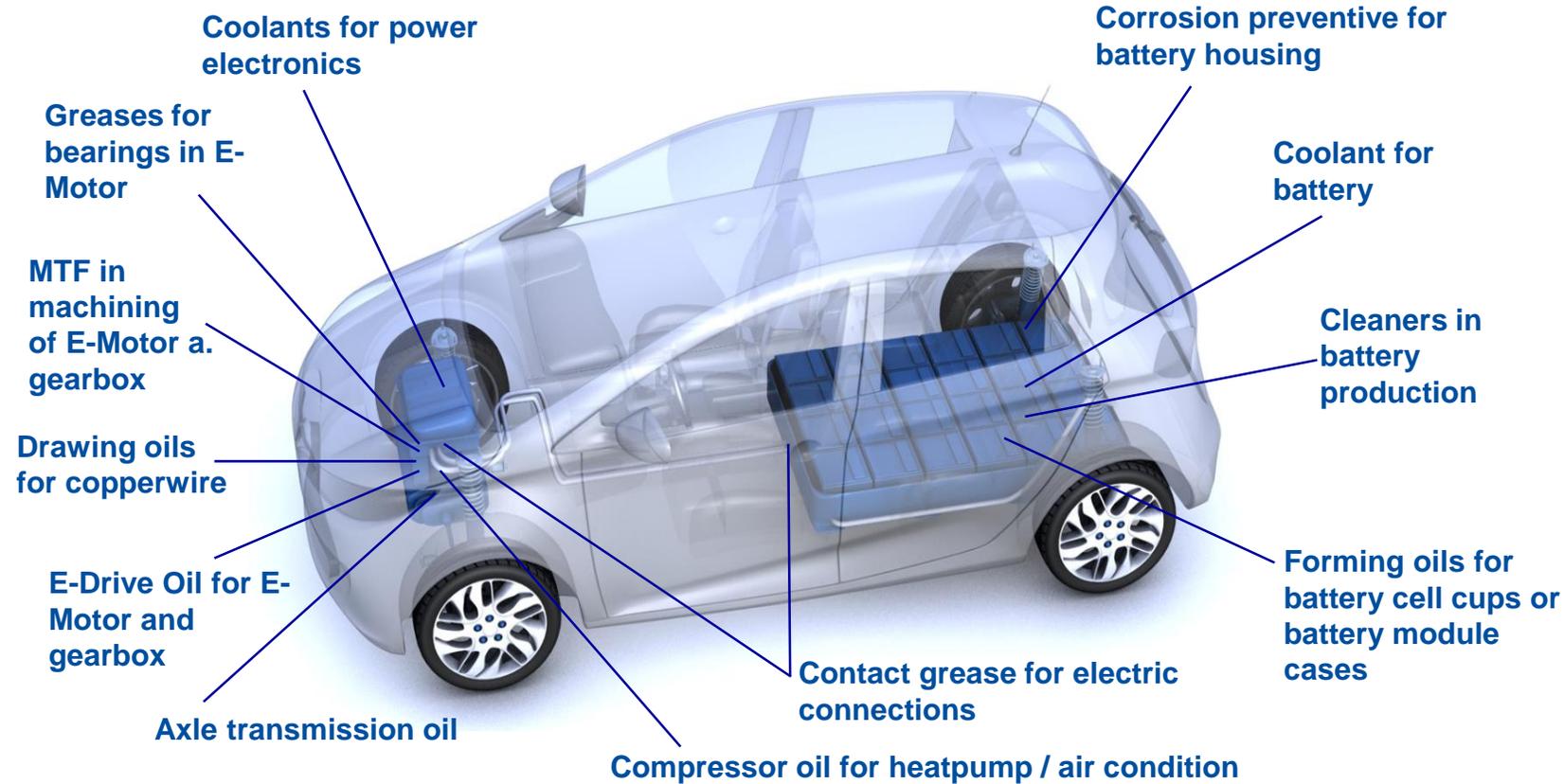


# E-Mobility: a variety of opportunities for FUCHS

Global light-duty\* vehicles sales forecast in million units

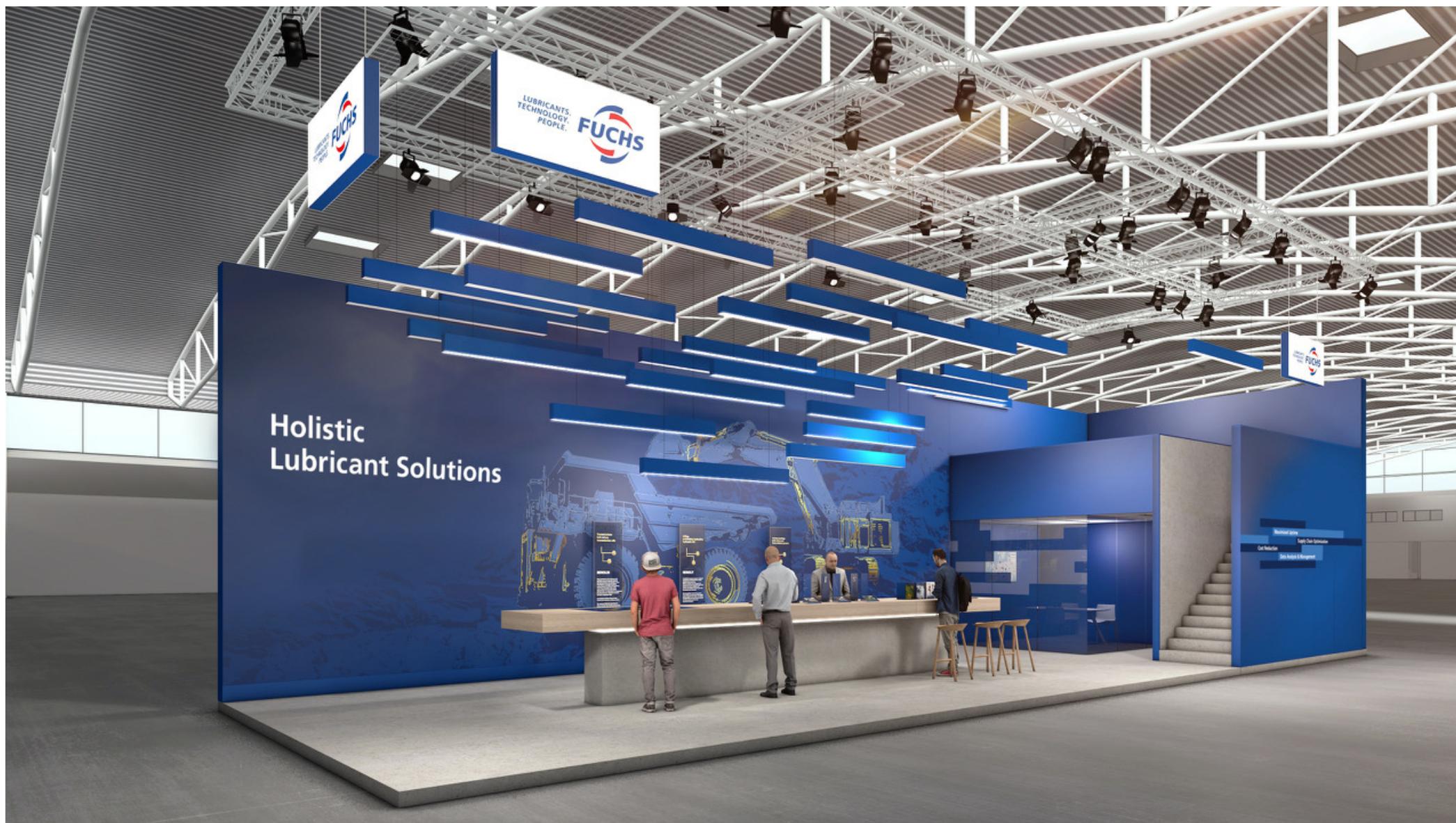


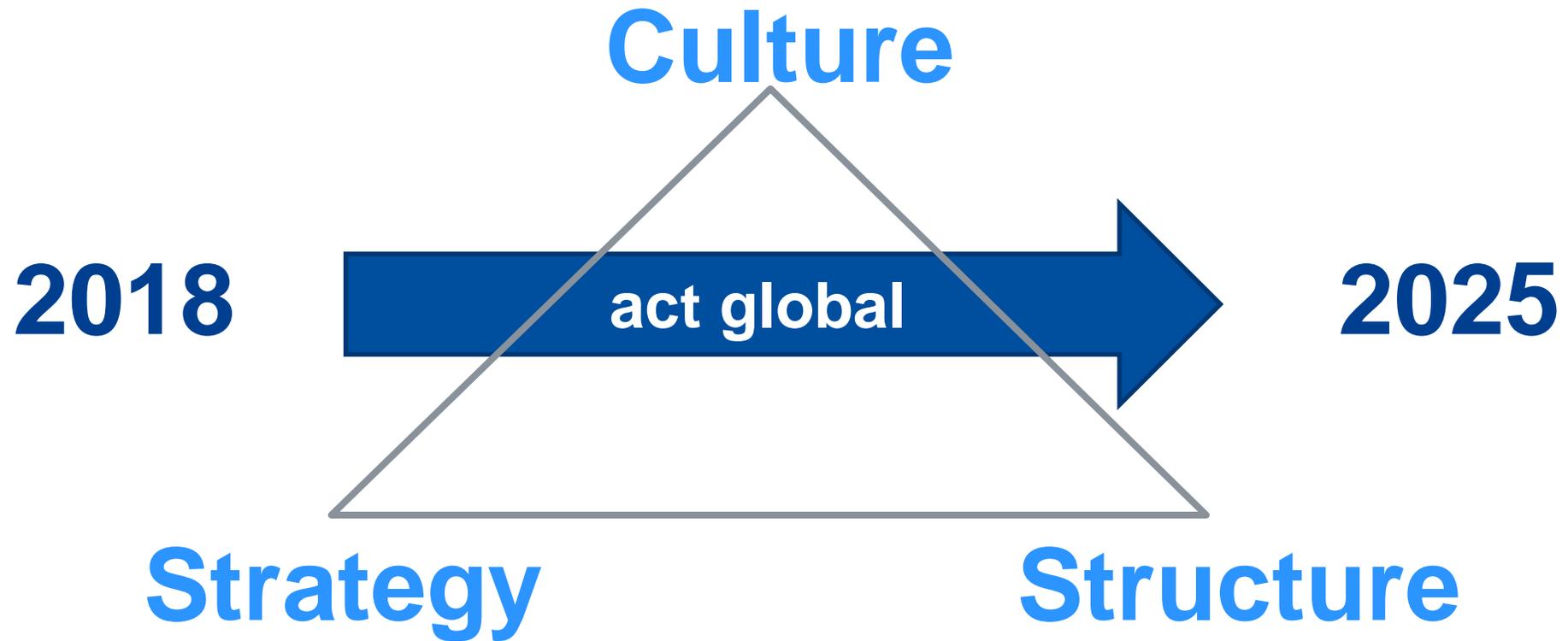
\*including passenger cars and light commercial vehicles up to 3.5t gross vehicle weight  
Source: FEV



*Products, which are needed independent from propulsion type are not shown*

# FUCHS booth at bauma





# Changes in Board responsibilities as of Jan 01 and Oct 1, 2019



**Stefan Fuchs (CEO)**

- Region North and South America (until Sept. 30, 2019)
- Corporate Group Development
- HR
- PR & Marketing



**Dr. Lutz Lindemann (CTO)**

- R&D
- Technology
- Product Management
- Supply Chain Management
- Sustainability
- Inoviga GmbH
- Mining Division
- OEM Division



**Dr. Timo Reister**

- Region Asia-Pacific, ~~Africa~~
- Region North and South America (as of Oct. 1, 2019)
- Industrial Sales Strategy



**Dr. Ralph Rheinboldt**

- Region Europe, Middle East & Africa
- LUBRITECH Division
- ~~SAP/ERP Systems~~



**Dagmar Steinert (CFO)**

- Finance
- Controlling
- IR
- Compliance
- Internal Audit
- IT (incl. SAP/ERP Systems)
- Legal
- Taxes

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