

FUCHS GROUP

Financial Results 2019

| Analyst's Conference, 19th March 2020

| Stefan Fuchs, CEO

| Dagmar Steinert, CFO



Highlights FY 2019

Sales +0%
to €2.6 bn

- All regions with organic sales declines
- External growth mainly in Asia-Pacific due to the acquisition of NULON in Australia
- Investments at peak level of €154 mn
- Free cash flow before acquisitions at €175 mn

EBIT -16%
to €321 mn

EPS -21%

Dividend

+2%











to €0.97 per pref. share /
€0.96 per ord. share

Outlook 2020 (As of March 4)

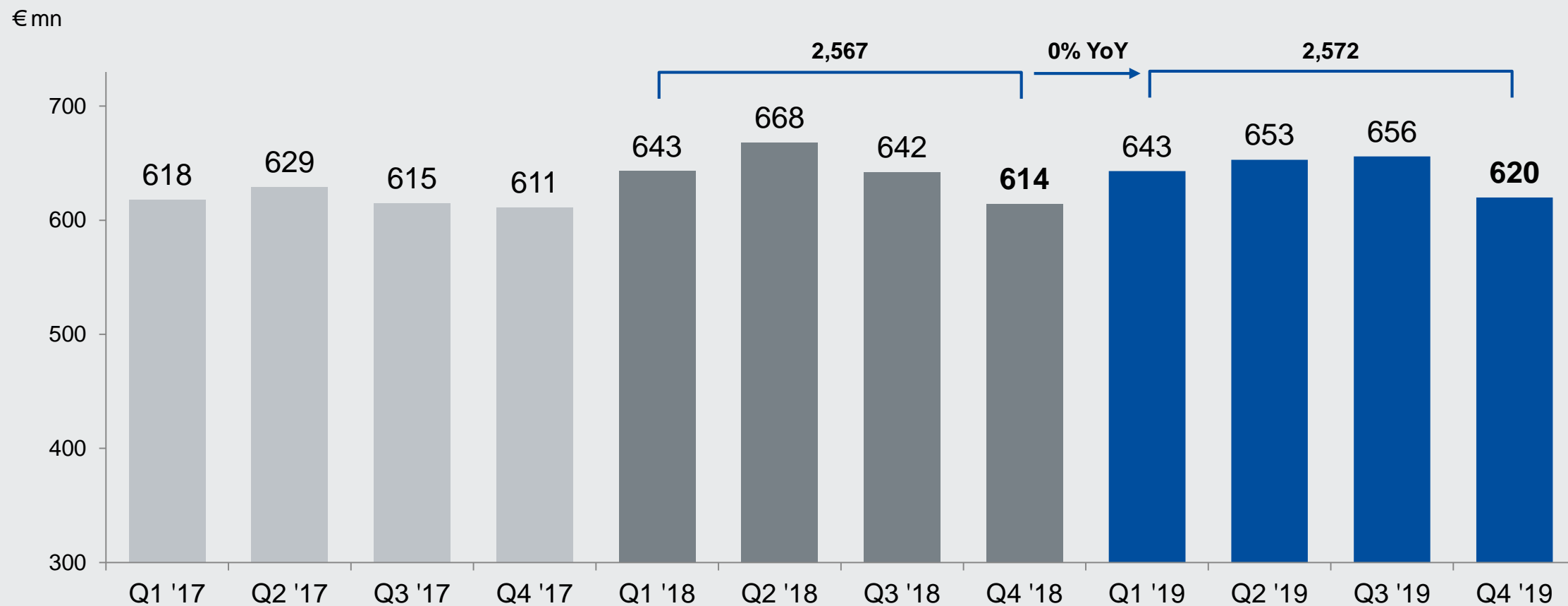
- Sales +0% to +4%
- EBIT +0% to +4%

The negative effects of the corona virus on the global economy and the FUCHS Group cannot be estimated

Comparison outlook and results 2019

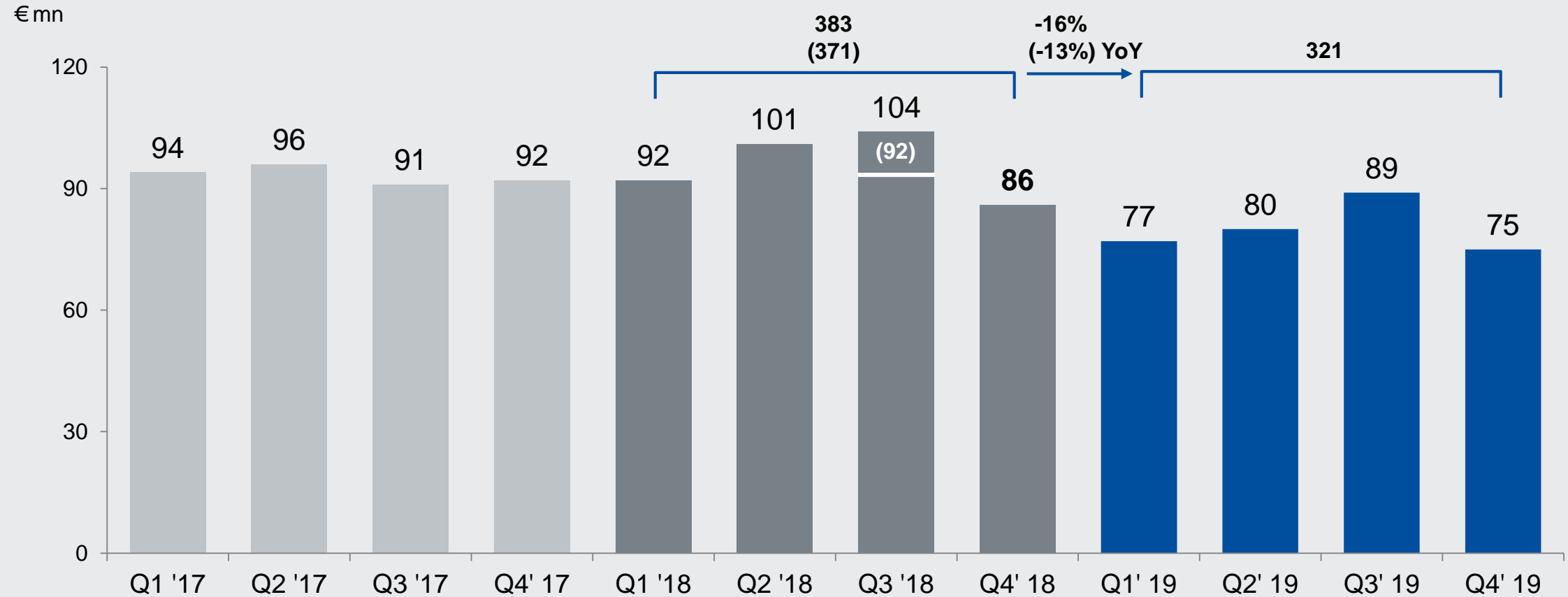
Performance indicator	FY 2018	Outlook 2019 (March 19)	Outlook 2019 (August 19)	Outlook 2019 (October 2019)	FY 2019	
Sales	€2,567 mn	+2% to +4% 	-3% to +0%	Upper end	€2,572 mn (+0%)	
EBIT comparable	€371 mn	-5% to -2% 	-27% to -17%	Upper end	€321 mn (-13%)	
EBIT	€383 mn	-8% to -5% 	-30% to -20%	Upper end	€321 mn (-16%)	
FUCHS Value Added	€251 mn	~ €200 mn 	€130 mn to €160 mn		€174 mn	
FCF before acquisitions	€147 mn	~ €100 mn 	€70 mn to €90 mn		€175 mn	

Sales development

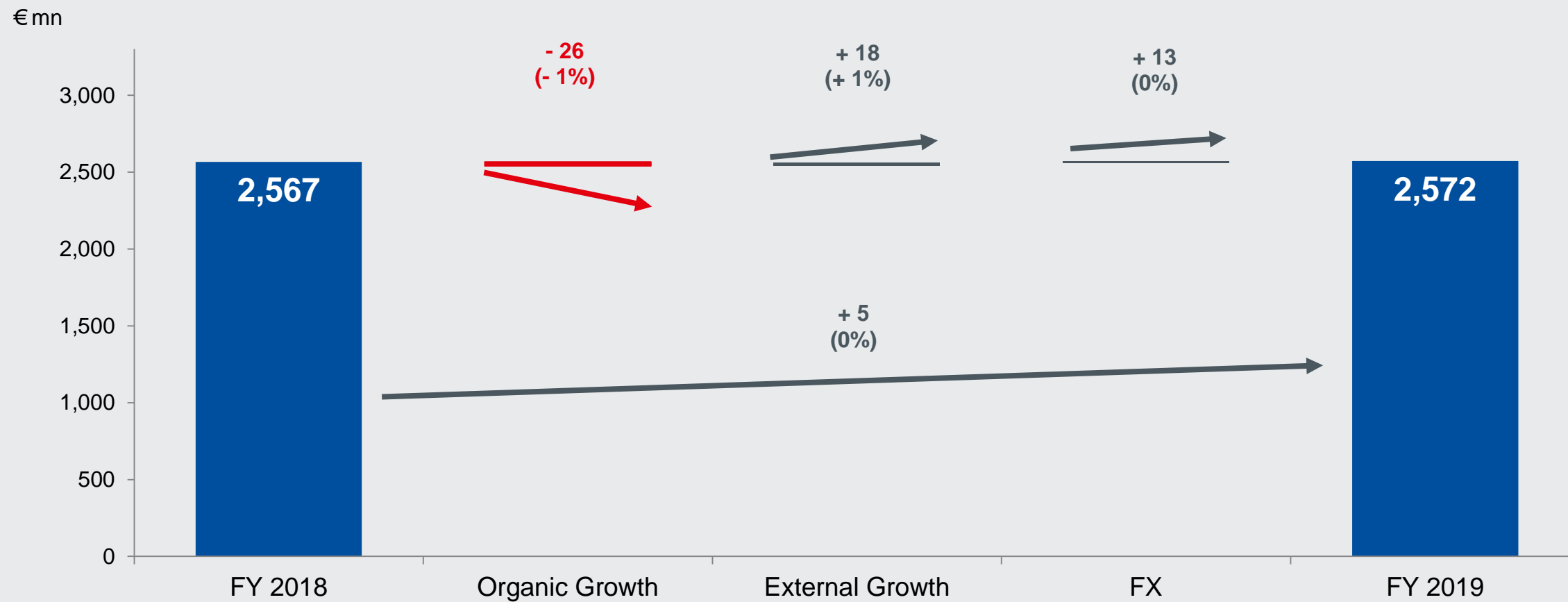


EBIT development

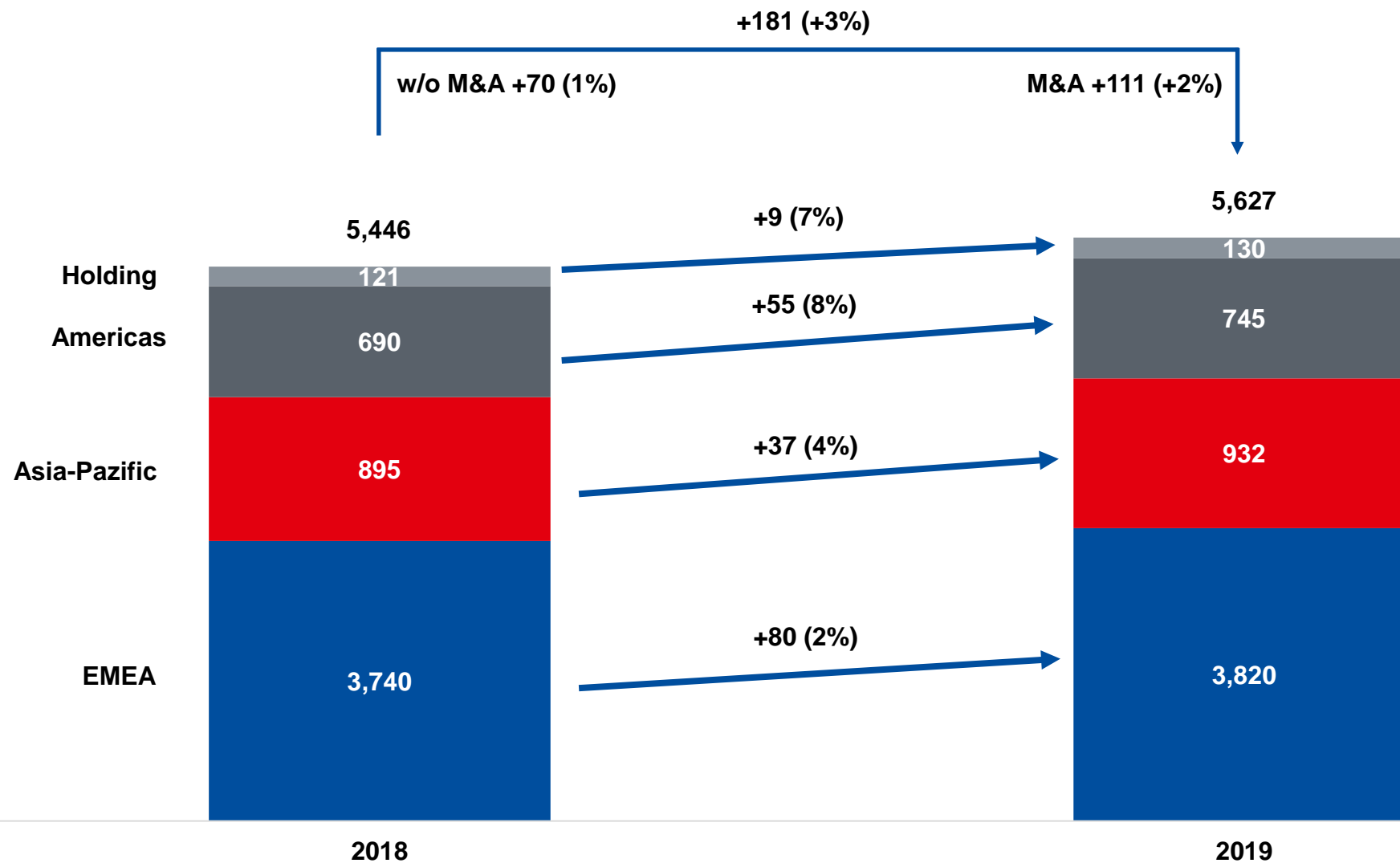
(Q3 2018: €12 mn one-off effect from sale of at equity share)



FY 2019 Group sales



Employees worldwide



Income statement

€mn	2019	2018	Δ €mn	Δ in %
Sales	2,572	2,567	5	0
Gross Profit	890	899	-9	-1
<i>Gross Profit margin</i>	34.6 %	35.0 %	-	-0.4 %-points
Other function costs	-580	-542	-38	7
EBIT before at Equity	310	357	-47	-13
At Equity (including €12 mn one-off in 2018)	11	26	-15	-58
EBIT	321	383	-62	-16
Earnings after tax	228	288	-60	-21

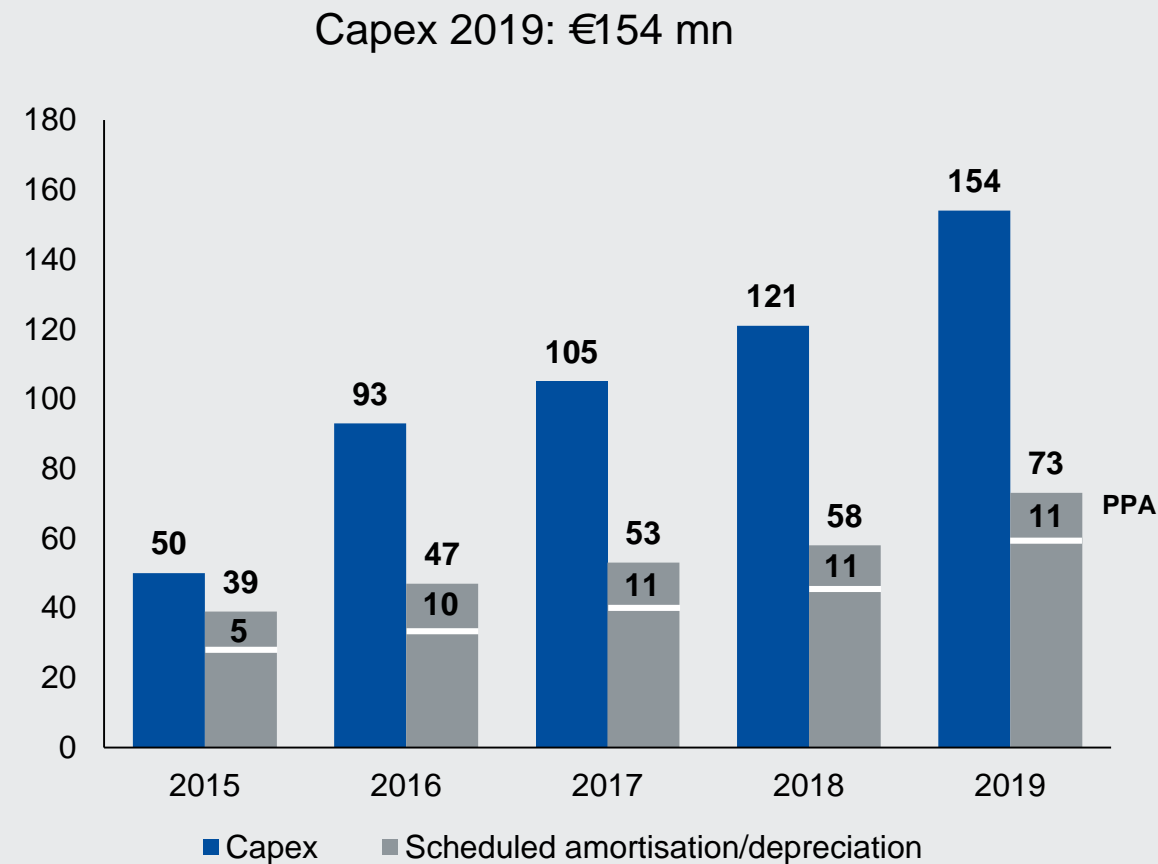
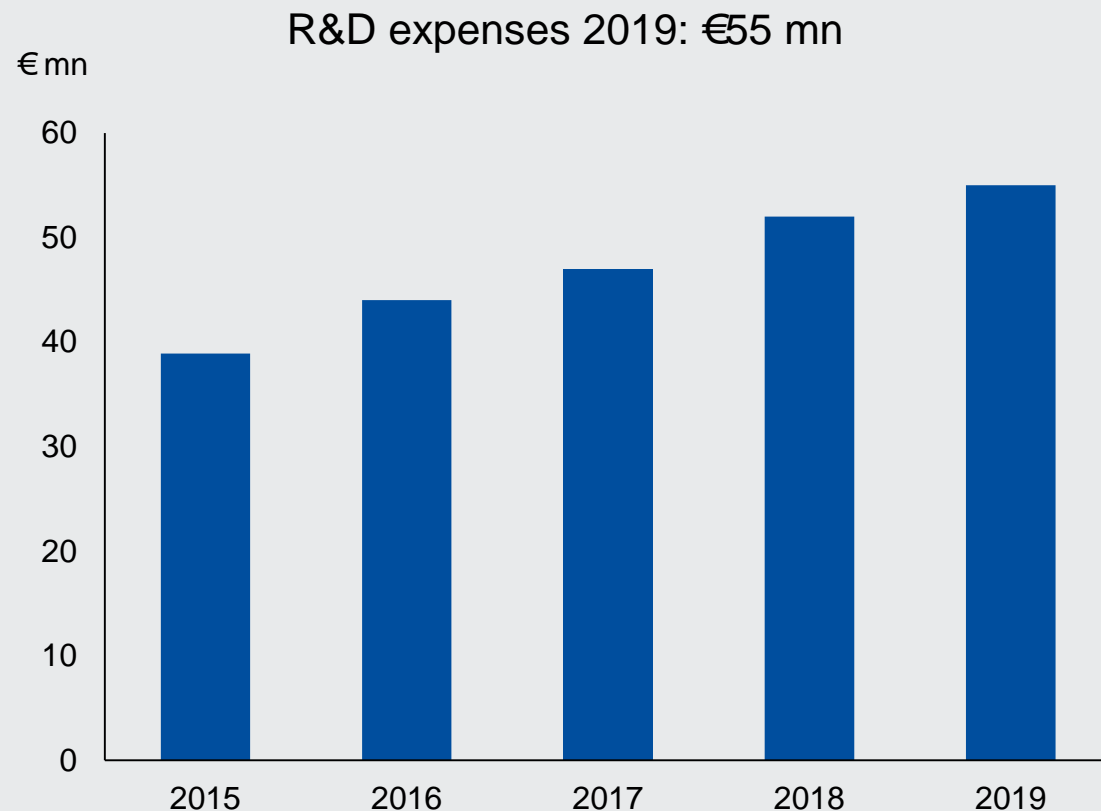
Balance sheet

Assets in €mn	Dec 31, 2019	Dec 31, 2018
Goodwill	175	174
Other intangible assets & PPE	741	626
Shares in companies consolidated at equity	47	38
Inventories	381	410
Trade receivables	381	379
Cash and cash equivalents	219	195
Other assets	79	69
Total assets	2,023	1,891

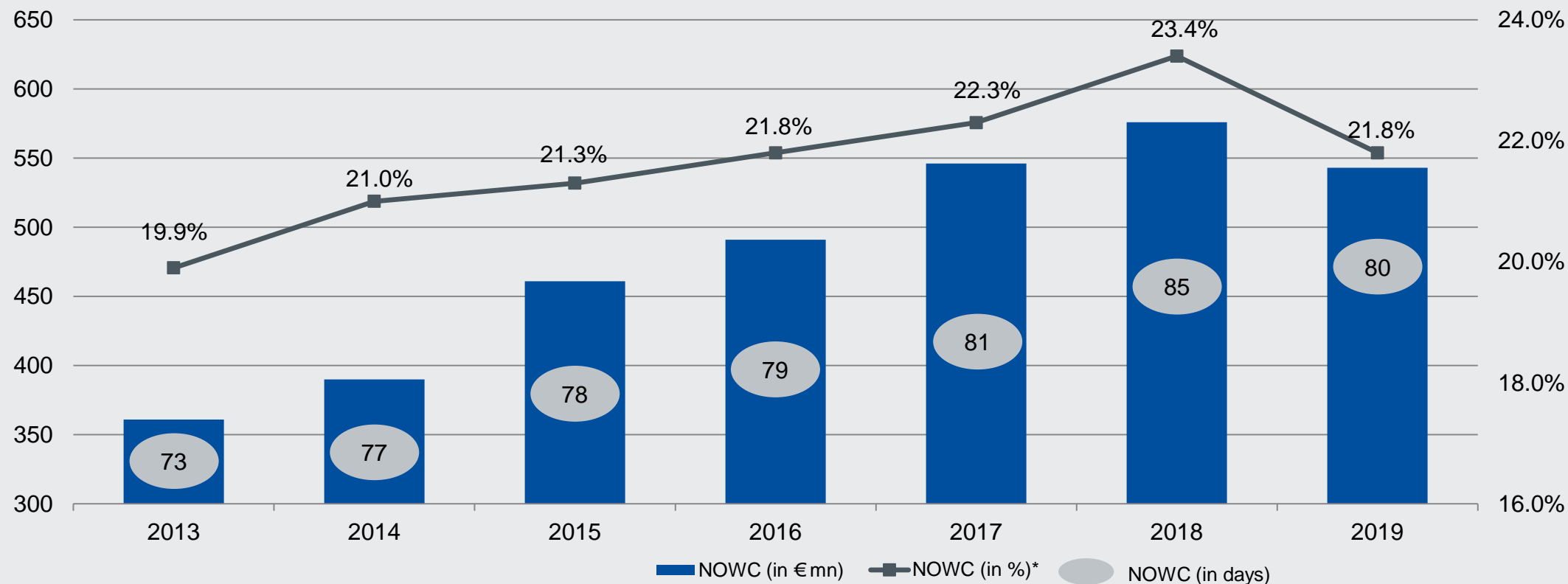
Equity and Liabilities in €mn	Dec 31, 2019	Dec 31, 2018
Total Equity	1,561	1,456
Pension provisions	36	25
Other provisions	29	28
Trade payables	219	213
Financial liabilities	26	4
Other liabilities	152	165
Total equity and liabilities	2,023	1,891

Investment in the future

R&D expenses and Capex



Net operating working capital (NOWC)*



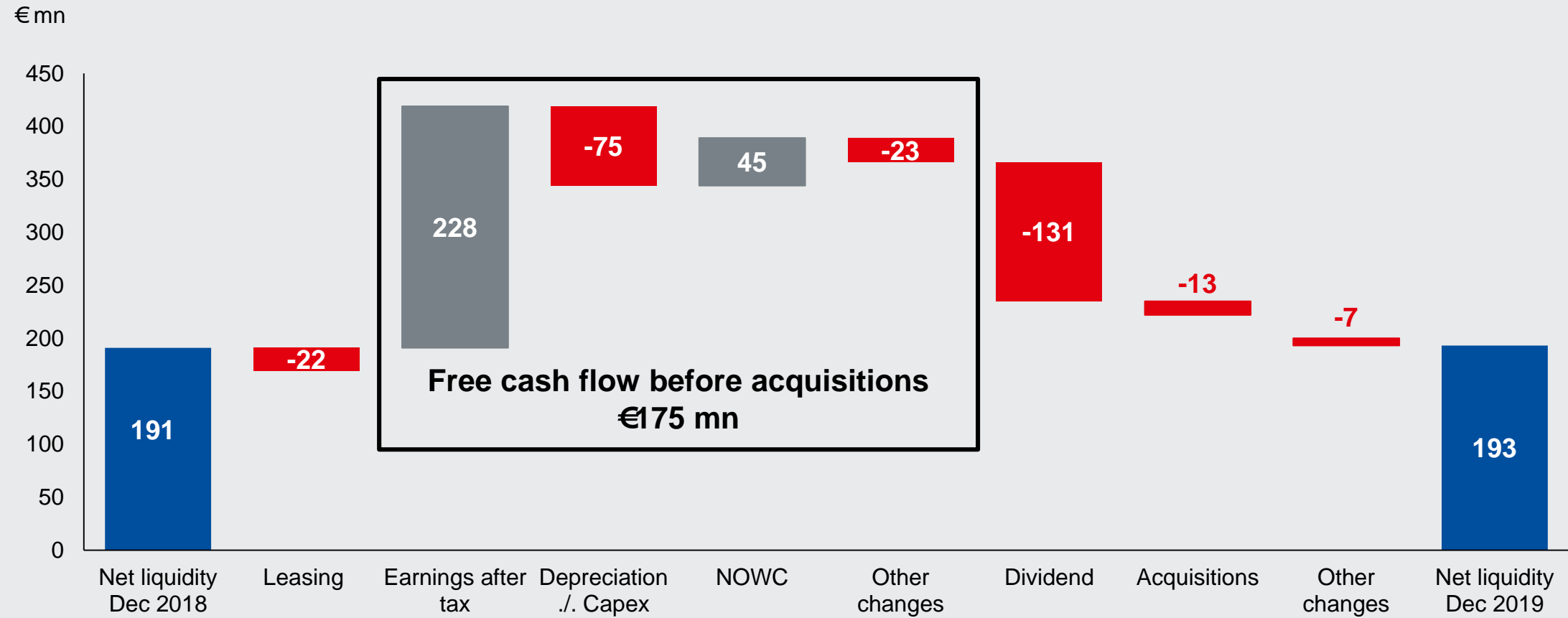
* In relation to the annualized sales revenues of the last quarter

Cash flow

€mn	2019	2018	Δ in €mn	Δ in %
Earnings after tax	228	288	-60	-21
Amortization/Depreciation and impairment	79	58	21	36
Changes in net operating working capital (NOWC)	45	-48	93	-
Other changes	-23	-30	7	-23
Capex	-154	-121	-33	27
Free cash flow before acquisitions¹	175	147	28	19
Acquisitions ¹	-13	12	-25	-
Free cash flow	162	159	3	2

¹ Including divestments.

Net Liquidity



FY 2019 earnings summary

- Mainly volume driven organic sales decreases in all regions; During the year, the regions developed in opposite directions. While Americas had a good H1 and a decline in H2, EMEA and APAC recovered in H2 especially in Q4
- Gross margin decreased mainly due to planned production costs increases; raw material prices decreased slightly in H1 and were stable in H2
- Cost base increased due to investments in new and existing plants, in additional employees (mainly M&A driven) as well as inflation driven wage increases and increased R&D spending
- One-off effects due to goodwill impairment in Sweden (€6 mn) and impairment on receivables in the US additionally impacting respecting region's EBIT
- Decrease in earnings after tax stronger than EBIT decline due to a higher tax rate of 29.1% (26.2%) mainly attributable to higher withholding taxes on dividends
- Capex on record level (€154 mn), however lower than originally planned due to project delays
- NOWC down to 21.8% of sales mainly due to reduction of inventories

Regional earnings summary

EMEA:

- Volume-driven sales decrease especially in Germany due to lower sales to European third-party customers but also due to a drop of intercompany deliveries to China; positive organic growth in UK, Poland, Hungary, Romania and South Africa
- Negative FX effects due to weakness of Swedish krona, Polish zloty and South African rand
- At equity income down due to one-off income in 2018 from the sale of the Swiss sales joint venture and the weakness of the Turkish currency
- Goodwill impairment of €6 mn in Sweden

Asia-Pacific:

- Due to the weakness of the Chinese automotive market organic volume decreases in the region, however due to cost control measures, declines were lower than originally planned; Japan and Australia with significant positive organic sales growth
- Positive external growth (€17 mn) due the acquisition of NULON, a automotive retail manufacturer in Australia; higher costs due to integration and increased personnel base
- Positive FX effects mainly from China

Regional earnings summary

North and South America:

- Volume-driven organic sales declines mainly in North America in H2
- Positive FX effects (€11 mn) mainly from the dollar offset the organic declines
- Minor external growth due to the acquisition of Zimmark, a Canadian service provider (CPM)
- Write-downs on receivables from a major North American customer

Dividend proposal



€0.97
(0.95)

per preference share

The Executive and
Supervisory Board will
propose an increase of €0.02
to the Annual General Meeting

2%
higher dividend
payment proposed

€0.96
(0.94)

per ordinary share

Outlook 2020

As of March 4, 2020

Performance indicator	Actual 2019	Outlook 2020
Sales	€2,572 mn	+0% to +4%
EBIT	€321 mn	+0% to +4%
FUCHS Value Added	€174 mn	~ € 170 mn
Free cash flow before acquisitions	€175 mn	~ € 130 mn
Capex	€154 mn	€ 120 mn

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Strategic Outlook



Investments worldwide



Wujiang, China



Kaiserslautern, Germany



Beresfield, Australia

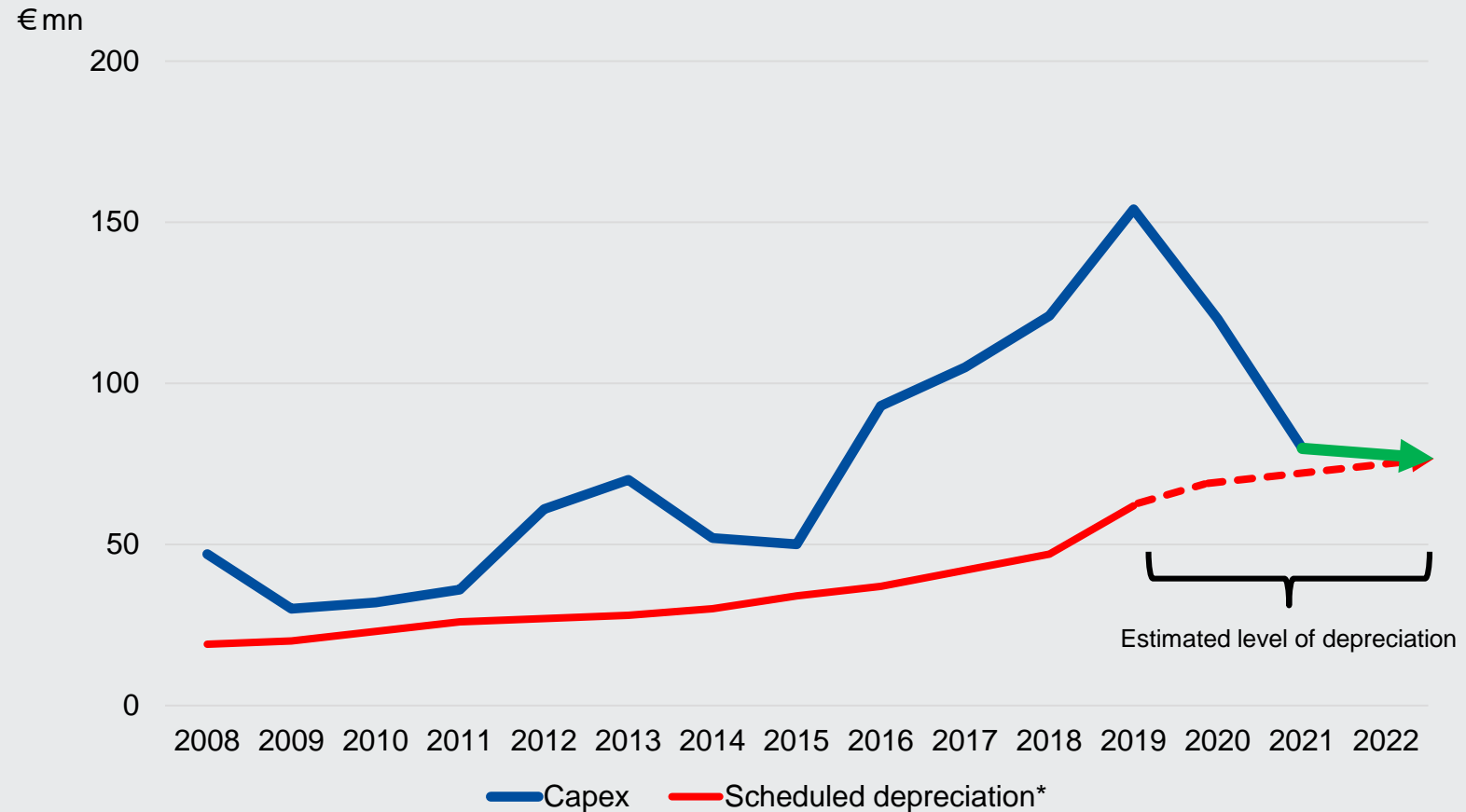


Harvey (Chicago), USA

Investment program

Capex 2016-2021 ~ €670 mn

- In 2016 - 2018 over **€300 mn** capex was spent with focus on the expansion of Mannheim, Kaiserslautern and Chicago as well as new plants in China, Australia and Sweden
- Capex peaked in 2019 at **€154 mn**. In 2020 **€120 mn** and 2021 **€80 mn** will be spent on growth and replacement as well as efficiency improvements due to significant volume increases, technological changes and a changed product mix
- From 2022 onwards, capex should be back on par with the new level of depreciation



* Depreciation figures excluding PPA from M&A

Acquisitions 2019



- Automotive retail business
- Sales 2018 AUD 40mn
(~ €25 mn), 65 employees
- Closing April 1, 2019



- Chemical Process
Management (CPM)
- Sales 2018 €4 mn,
60 employees
- Closing November 1, 2019



- Automotive, medical, aerospace
and in-vacuum industry
- Sales 2018 USD 51mn
(~ €46 mn), 180 employees
- Closing January 24, 2020

NYE overview



Administration, plant and laboratories in New Bedford, Massachusetts (USA)



Automotive



Electronics



In-Vacuum



Aerospace



Medical technology

Selected target industries and applications

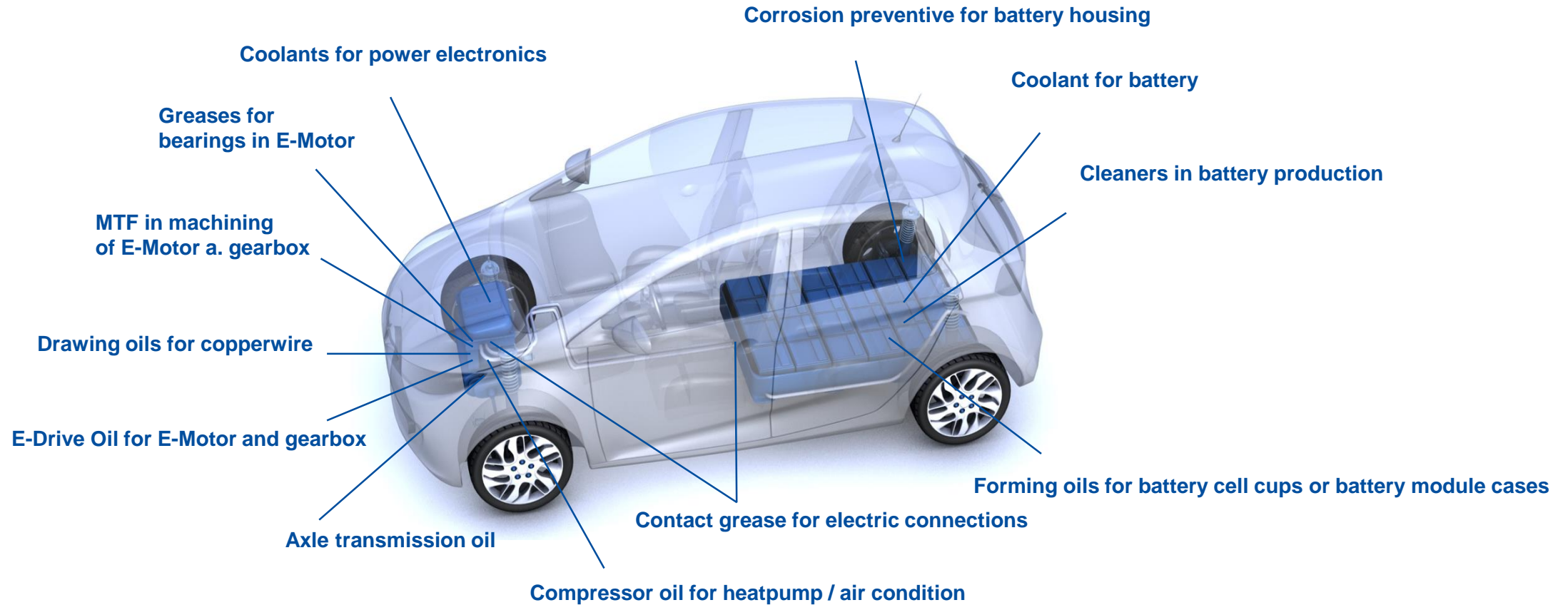
Growth market Africa



- Africa represents 6% of the global lubricant market
- FUCHS intends to increase its presence in this rapidly growing market
- FUCHS South Africa generates € 75 million in sales p.a. with 280 employees
- Joint ventures were founded in Tanzania and Egypt in 2019
- At the beginning of 2020, FUCHS acquired 50% of the shares in three distributors each in Zimbabwe, Zambia and Mozambique. The three joint ventures employ 90 people and generate sales of around € 21 million p.a.
- In other African countries, FUCHS has license partners and distributors

Lubricant applications in passenger cars

Electrification brings a variety of opportunities for FUCHS



FUCHS CO₂-neutral as of 2020

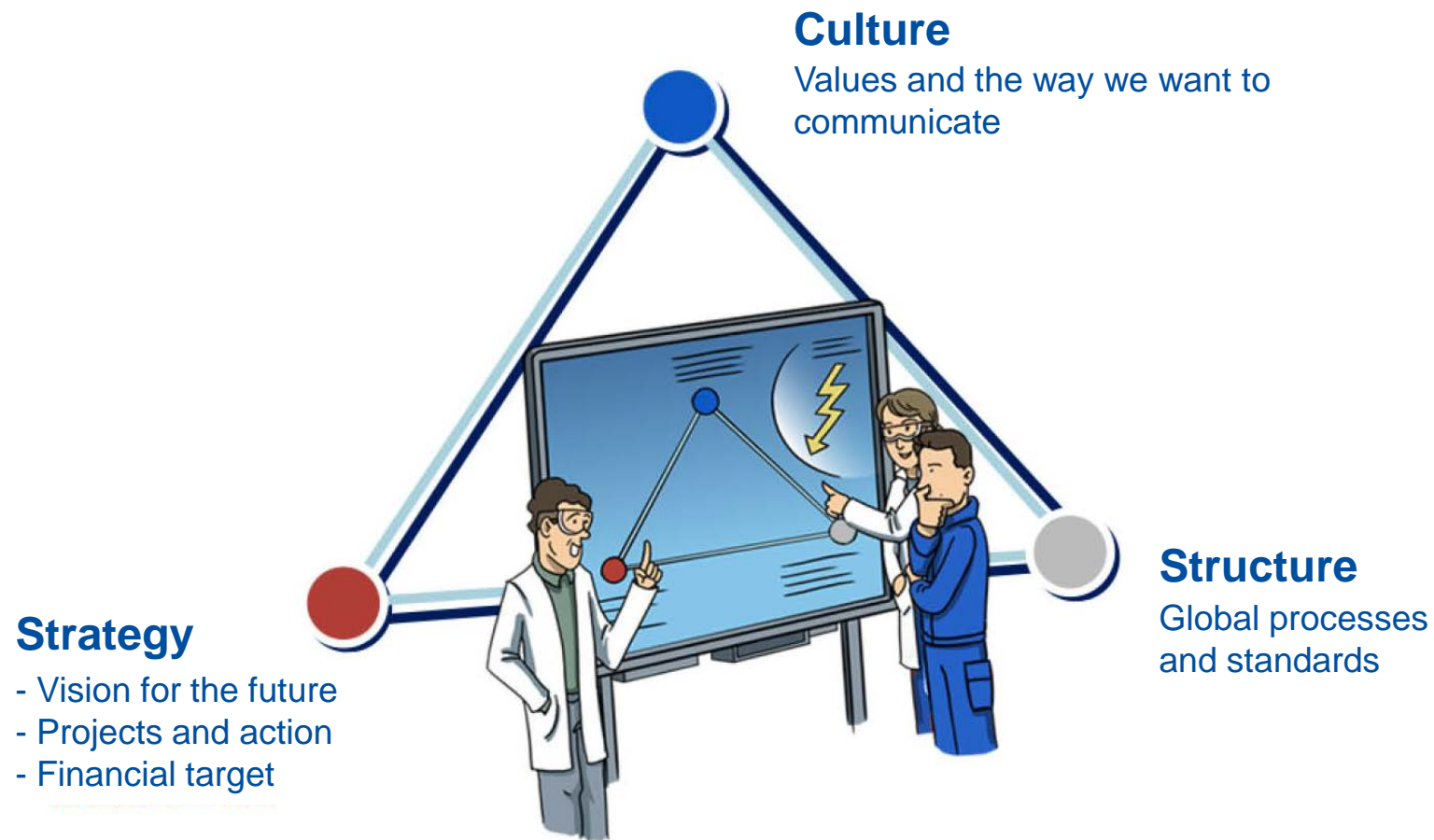
- Since 2010 already 30% reduction of energy consumption-specific CO₂ emissions per ton of FUCHS lubricant produced
- From 2020 onwards, all FUCHS locations worldwide will be CO₂-neutral - from energy consumption in production to consumables in administration
- Emissions not yet avoided are offset by compensation measures
- Investment in high-quality climate protection projects for the expansion of renewable energies

On track to deliver as promised

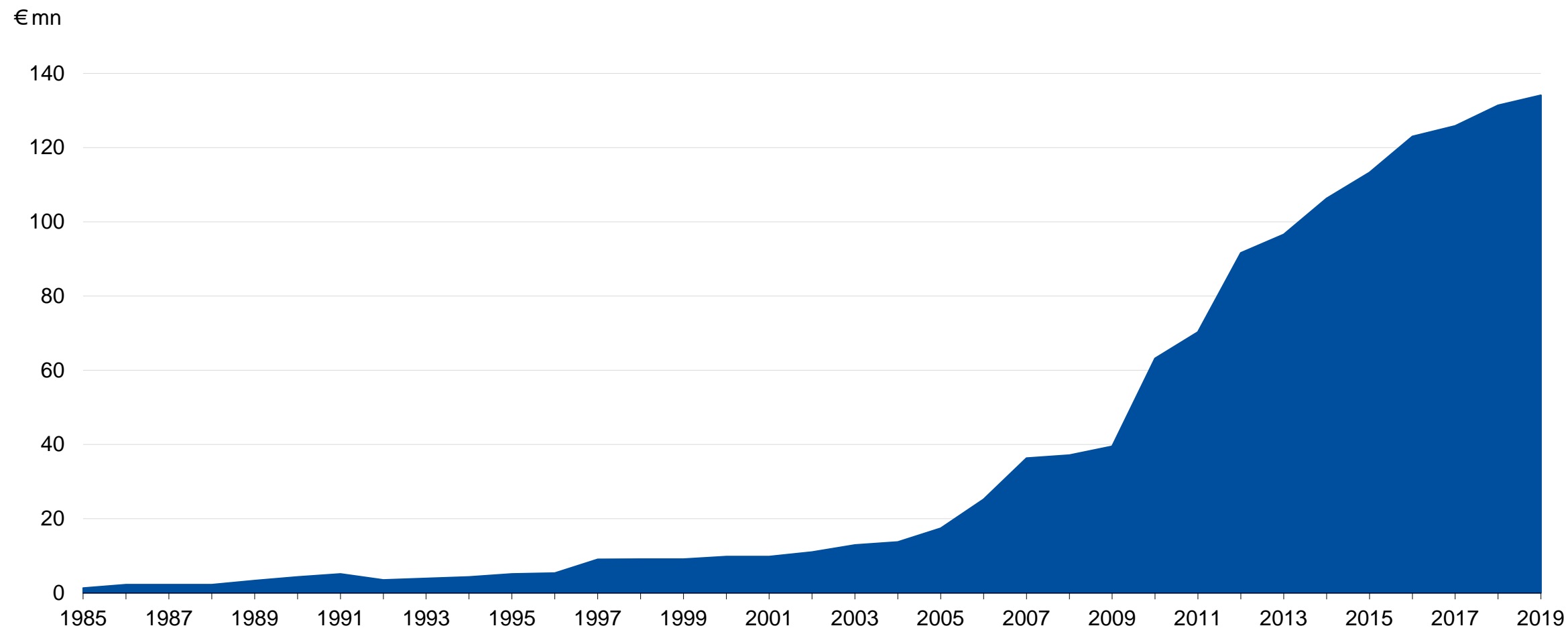


CO₂neutral

FUCHS2025 – „act global“



FUCHS continuous dividend distribution policy – since 1985



Financial Calendar & Contact

Financial Calendar 2020

April 30, 2020	Quarterly Statement Q1 2020
TBA due to Corona	Annual General Meeting
June 26, 2020	Capital Market Day
July 30, 2020	Half-year Financial Report 2020
November 3, 2020	Quarterly Statement Q3 2020

The financial calendar is updated regularly. You can find the latest dates on the webpage at www.fuchs.com/financial-calendar

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