

# FUCHS GROUP

## Financial Results 2020

| Analyst's Conference, 9<sup>th</sup> March 2021

| Stefan Fuchs, CEO

| Dagmar Steinert, CFO

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TECHNOLOGY.  
PEOPLE.



## Highlights FY 2020

Solid performance in challenging year

**€2,378 mn**

Sales down by 8 %

**€313 mn**

EBIT down by 3 %

**€165 mn**

FVA down by 5 %

- Covid-19-related with lower sales in all regions
- Cost discipline, favorable product mix and raw material prices stabilized EBIT
- Growth initiative with further progress:
  - 2<sup>nd</sup> largest capex ever in 2020 (leveling off to D/A level in 2021)
  - Acquisitions leverage technological edge and specialty exposure
- FUCHS2025 with important milestones

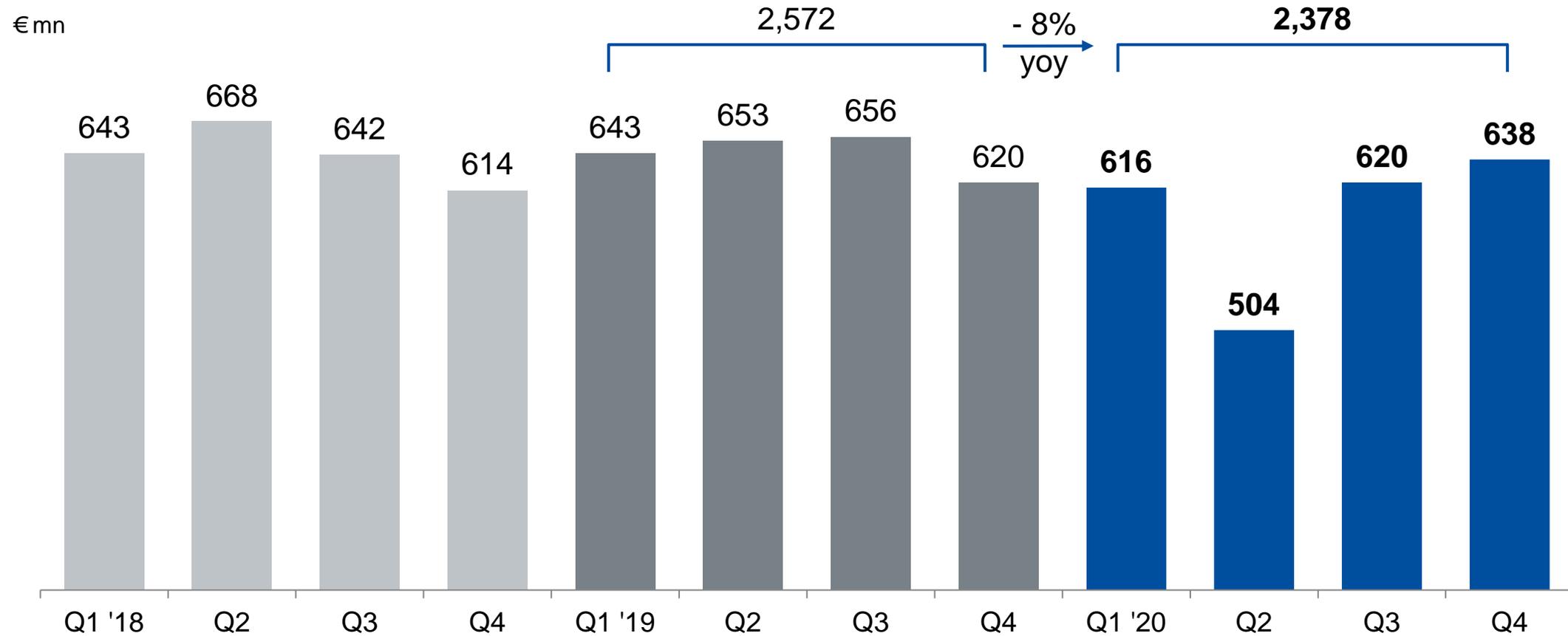
### Dividend +2%

- €0.99 per pref. share
- €0.98 per ord. share

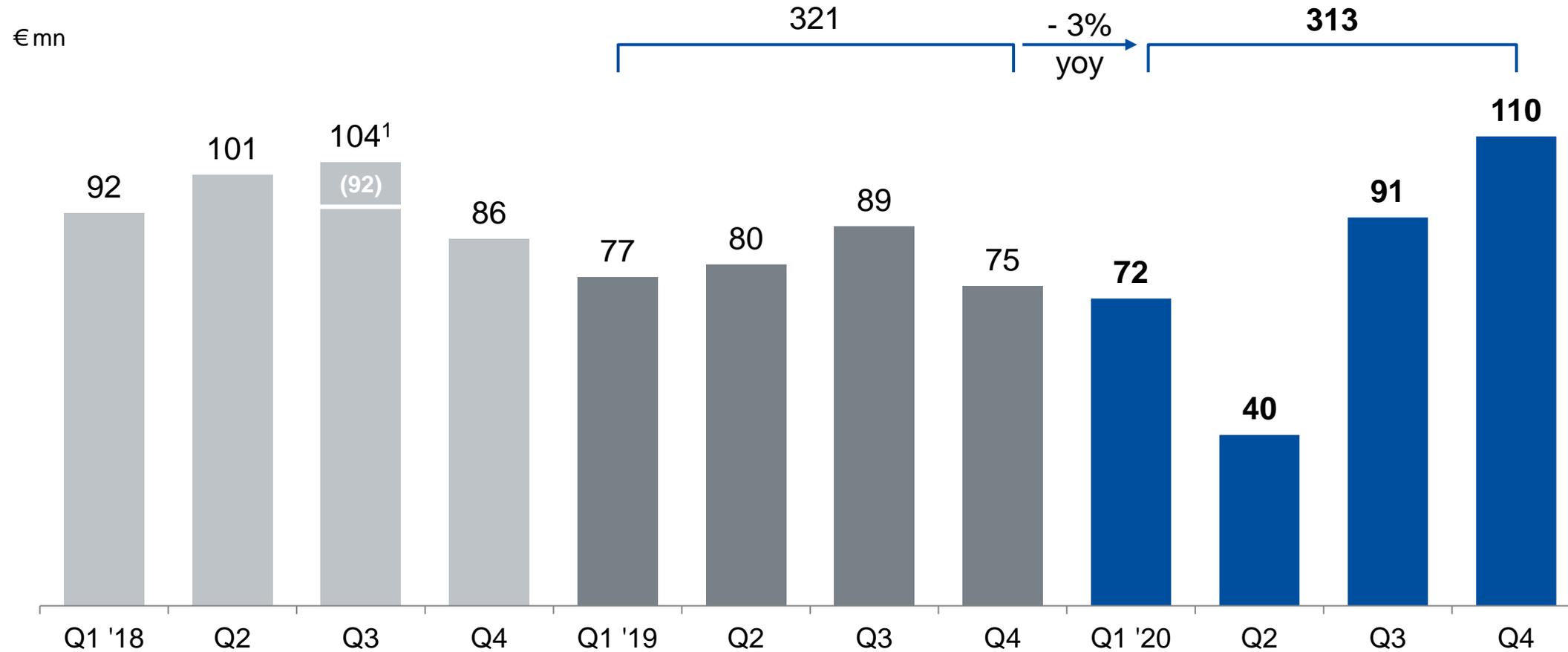
### Outlook FY 2021

- Sales on 2019 level
- EBIT on 2020 level
- FVA ~ €160 mn
- FCF bef. acq. ~ €160 mn

# Sales development

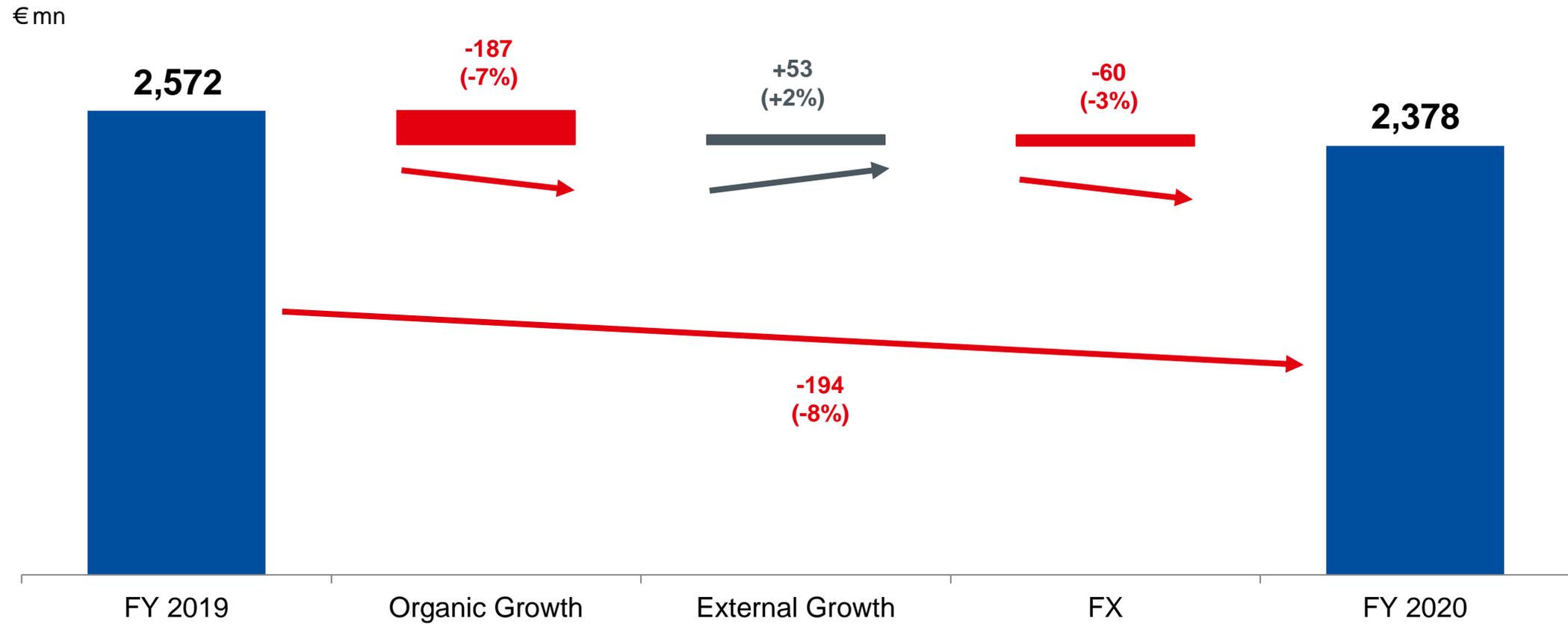


# EBIT development



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

# FY 2020 Group sales



# Income Statement

€ mn	2020	Q4 20	Q3 20	Q2 20	Q1 20	2019	Δ € mn yoy	Δ in % yoy
<b>Sales</b>	<b>2,378</b>	<b>638</b>	<b>620</b>	<b>504</b>	<b>616</b>	<b>2,572</b>	<b>-194</b>	<b>-8</b>
Gross Profit	854	239	225	172	218	890	-36	-4
<i>Gross Profit margin</i>	35.9 %	37.5 %	36.3 %	34.1 %	35.4 %	34.6 %	-	+1.3 %-points
Other function costs	-551	-132	-137	-134	-148	-580	29	5
<b>EBIT before at Equity</b>	<b>303</b>	<b>107</b>	<b>88</b>	<b>38</b>	<b>70</b>	<b>310</b>	<b>-7</b>	<b>-2</b>
At Equity	10	3	3	2	2	11	-1	-9
<b>EBIT</b>	<b>313</b>	<b>110</b>	<b>91</b>	<b>40</b>	<b>72</b>	<b>321</b>	<b>-8</b>	<b>-3</b>
Earnings after tax	221	79	63	28	51	228	-7	-3

## Solid Balance Sheet and strong cash flow generation

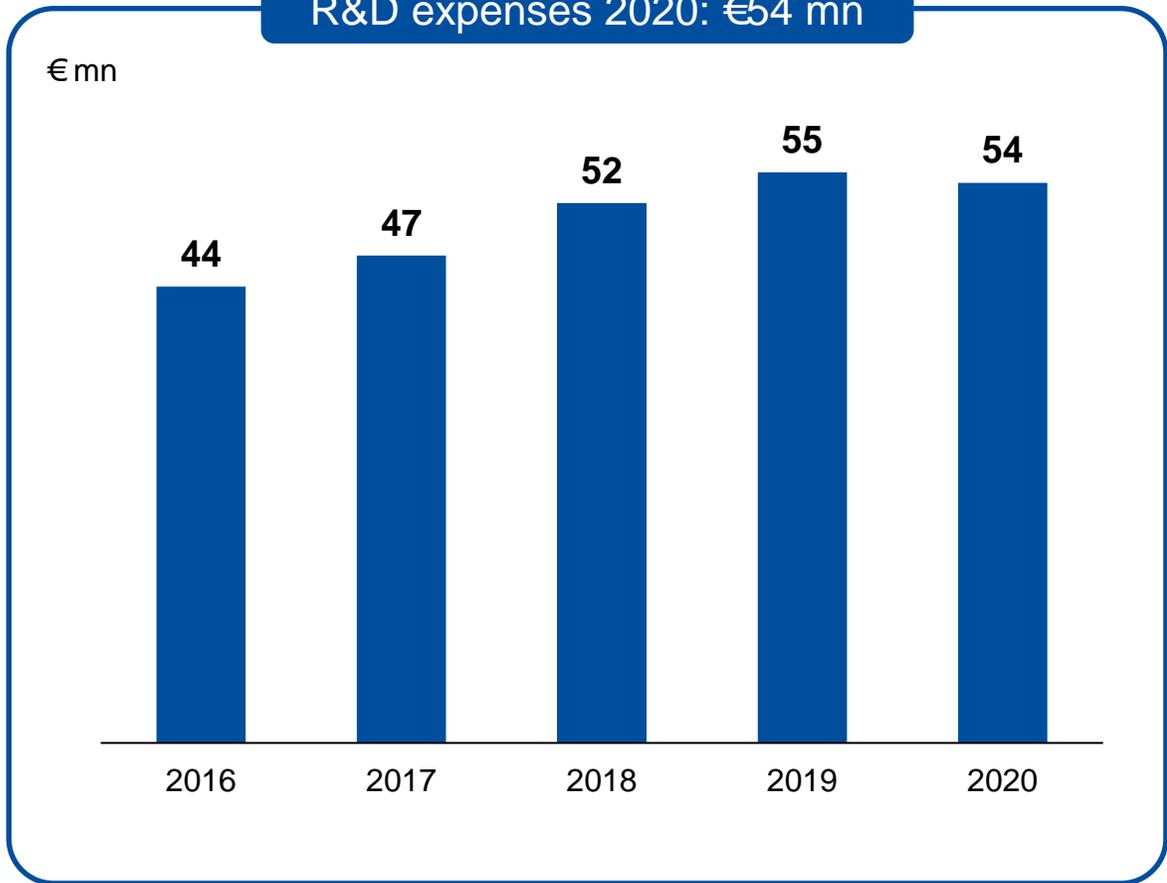
€mn	2020	2019	2018	2017	2016
Total assets	2,120	2,023	1,891	1,751	1,676
Goodwill	236	175	174	173	185
Equity	1,580	1,561	1,456	1,307	1,205
Equity ratio	75%	77%	77%	75%	72%

€mn	2020	2019	2018	2017	2016
Net liquidity	179	193	191	160	146
Operating cash flow	360	329	267	242	300
Capex	122	154	121	105	93
Free cash flow before acquisitions <sup>1</sup>	238	175	147	142	205
Free cash flow	124	162	159	140	164

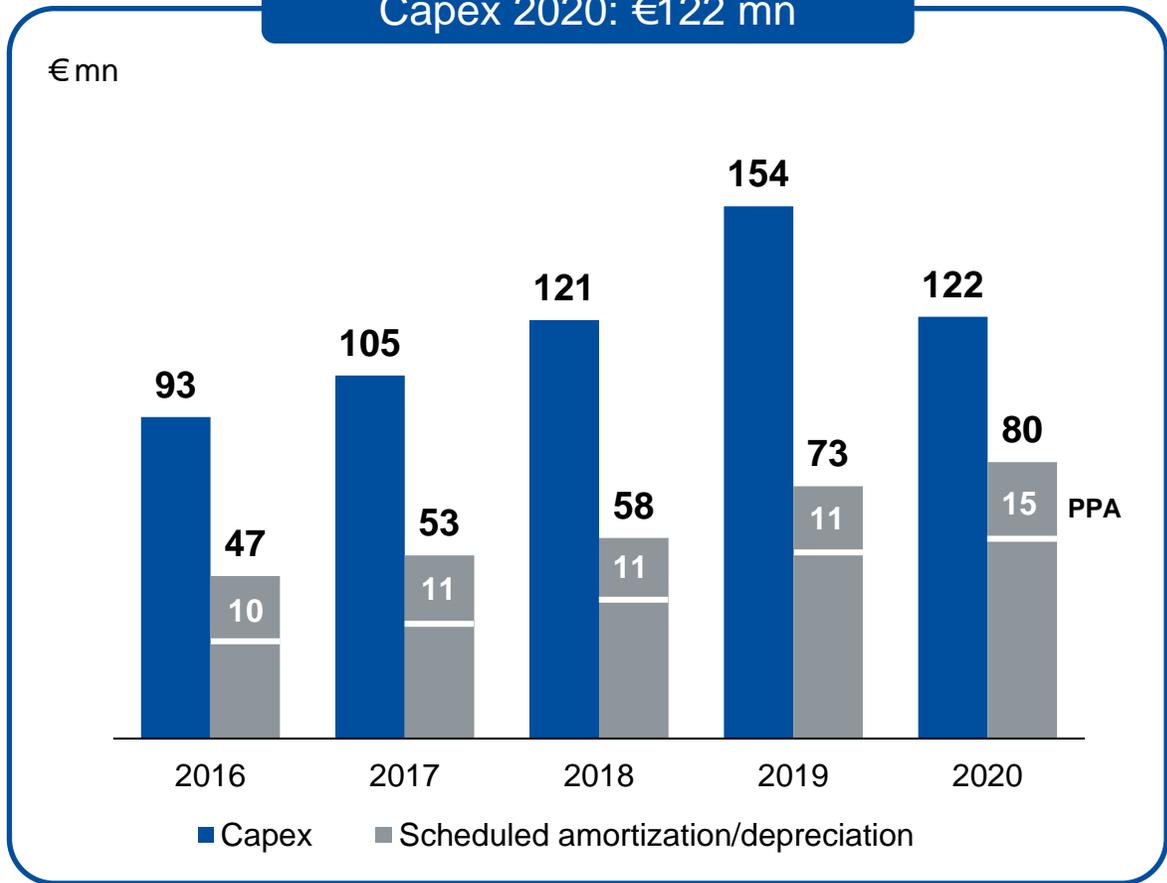
<sup>1</sup> Including divestments

# Investment in the future

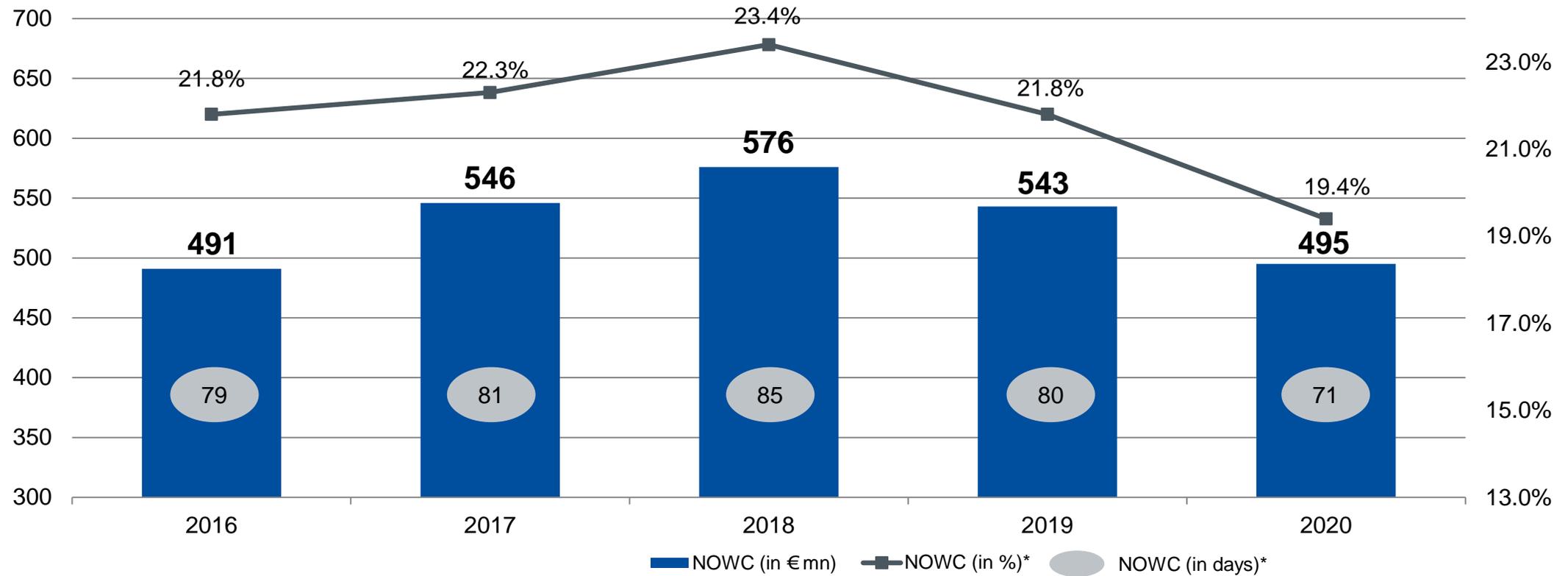
R&D expenses 2020: €54 mn



Capex 2020: €122 mn

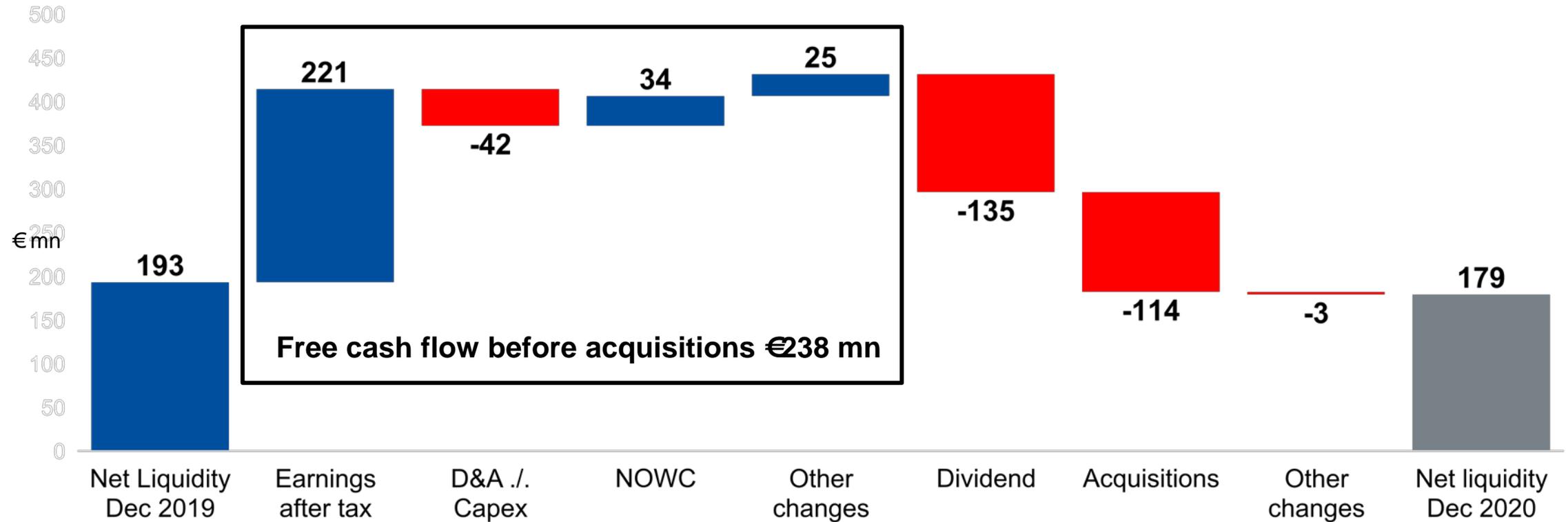


# Net operating working capital (NOWC)



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

# Net Liquidity



## FY 2020 earnings summary

KPI in € mn	FY 2020	FY 2019
<b>Sales</b>	<b>2,378</b>	<b>2,572</b>
Cost of sales	-1,524	-1,682
Gross profit	854	890
Other function costs	-551	-580
<b>EBIT bef. at Equity</b>	<b>303</b>	<b>310</b>
<b>EBIT</b>	<b>313</b>	<b>321</b>
CAPEX	122	154
NOWC	495	543
<b>FCF bef. acq.</b>	<b>238</b>	<b>175</b>

- Strong finish in Q4 across all regions cushioned Covid-19 related sales declines to overall 8%
- Ext. growth with 2% overcompensated by negative FX effects of 3%
- Gross margin at 35.9% (34.6) above previous year due to positive product mix effects, favorable raw mat. prices, strong cost discipline
- EBIT disproportionately lower by 3%
- CAPEX lower by 21% after record level in prior year
- NOWC down to 19,4% (21,8) of sales due to reduction in inventories
- FCF bef. acq. mainly driven by NOWC release and lower CAPEX

## EMEA: Slightly higher EBIT despite significant sales declines

KPI in €mn	FY 2020	FY 2019
<b>Sales</b>	<b>1,446</b>	<b>1,579</b>
Organic growth	-108 (-7%)	-36 (-2%)
External growth	1 (0%)	-
FX effects	-26 (-1%)	-3 (0%)
<b>EBIT bef. at Equity</b>	<b>158</b>	<b>156</b>
<b>EBIT</b>	<b>168</b>	<b>167</b>

- Sales decline of 8% yoy
- Most regions with double-digit-percentage sales declines apart from Russia and South Africa
- Negative FX effects due to weakness of South African rand and Russian ruble
- At-equity income lower yoy as especially the joint venture in Saudi Arabia was negatively affected from Covid-19 pandemic
- EBIT € 1 mn above prior year due to a strong cost discipline (short-term work & hiring freeze, reduced advertising and travel costs) and slightly lower raw material costs; prior year was burdened by impairment of € 6 mn

## APAC: Sales without FX effects on prior year level; EBIT up yoy

KPI in €mn	FY 2020	FY 2019
<b>Sales</b>	<b>698</b>	<b>718</b>
Organic growth	-9 (-1%)	-9 (-1%)
External growth	5 (0%)	17 (2%)
FX effects	-16 (-2%)	4 (1%)
<b>EBIT bef. at Equity</b>	<b>100</b>	<b>93</b>
<b>EBIT</b>	<b>100</b>	<b>93</b>

- Sales decline of 3% yoy
- After strong sales declines already in Q1, APAC was the first region to recover from the Covid-19 pandemic
- Main driver of the recovery was China, which even achieved slight organic growth in 2020
- External growth from acquisition in prior year positively contributed to Q1
- EBIT 8% above prior year due to a strict cost control, cost savings, positive raw material price- and product mix development

## North and South America: Strong external growth vs. organic sales declines; EBIT sig. lower

KPI in €mn	FY 2020	FY 2019
<b>Sales</b>	<b>387</b>	<b>418</b>
Organic growth	-60 (-14%)	-3 (-1%)
External growth	47 (11%)	1 (0%)
FX effects	-18 (-4%)	11 (3%)
<b>EBIT bef. at Equity</b>	<b>42</b>	<b>49</b>
<b>EBIT</b>	<b>42</b>	<b>49</b>

- Sales decline of 7% yoy
- USA most severely affected from Covid-19 pandemic
- Negative FX effects from USD, Brazilian Real and Argentinian Peso
- However, strong external growth from especially Nye and PolySi
- Strong EBIT decline in H1 partially compensated by slight recovery in H2
- However, gross margin improved compared to prior year due to lower raw material prices, positive mix effects and Nye acquisition

## Dividend proposal

Reliable dividend policy even in times of crisis

**19 consecutive years  
with dividend  
increases**

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

**2%**  
**higher dividend  
payment proposed**

**€0.99  
(0.97)**

**per preference share**

**€0.98  
(0.96)**

**per ordinary share**

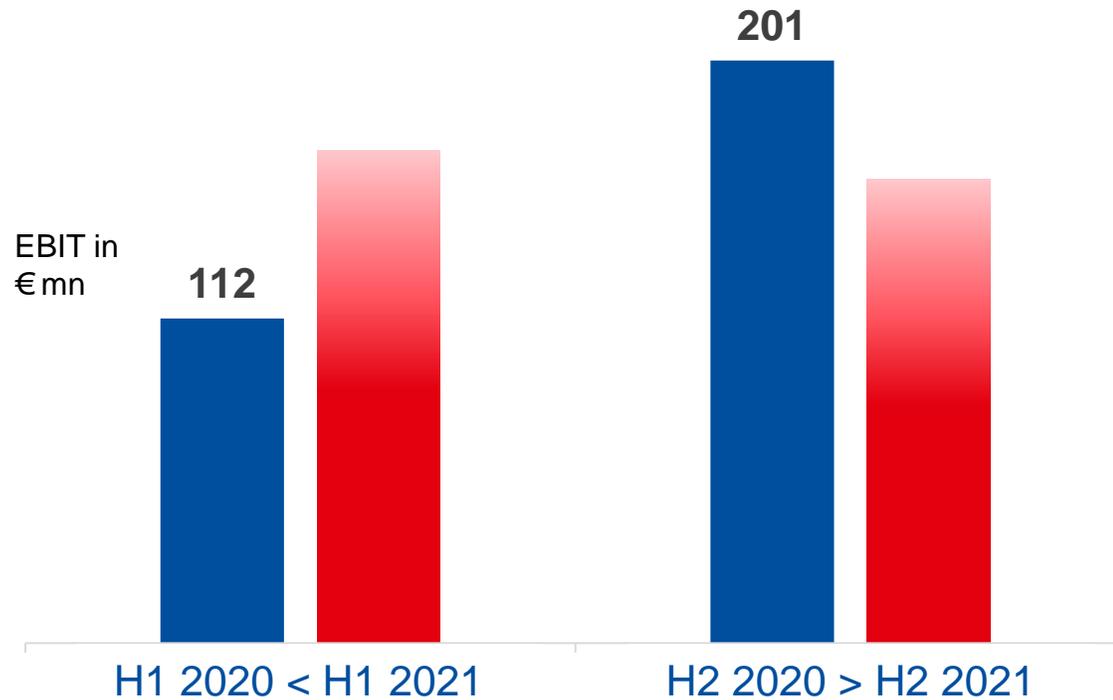
# Outlook FY 2021 (1)

Recovery across all regions vs. raw material price dislocations

KPI* in €mn	Act. 2020	FC 2021	
Sales	2,378	2019 level	Reaching pre-crisis levels
EBIT	313	2020 level	Consequent cost management vs. supply chain disruptions and sig. higher raw material costs
FVA	165	~160	Slightly higher cost of capital
FCF bef. acq.	238	~160	Slightly NOWC build-up vs. reduced capex

\* Further potential negative effects from the Covid-19 pandemic on the economy, supply chain, production and customer demand cannot be reliably assessed

## Outlook FY 2021 (2)



- Operational recovery from H2 2020 expected to continue into H1 2021
- However, the recovery of key customer groups as the auto industry will presumably not yet reach prior-crisis levels
- After raw material price tailwinds in H2 2020, recent raw material price increases will temporarily lead to margin compression

# Strategic Outlook

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## Investment initiative over last 5 years



Kaiserslautern, Germany - PU special grease plant



Fors, Sweden – new plant

## Investment initiative over last 5 years



Shanghai, China – new headquarter



Shanghai, China – R&D hub

## Acquisitions leverage technological edge and specialty exposure



- Automotive, medical, aerospace and in-vacuum industry
- Sales 2019 USD 50 mn (~ €45 mn), 180 employees
- Closing January 24, 2020
- Share Deal

**WELPONER**

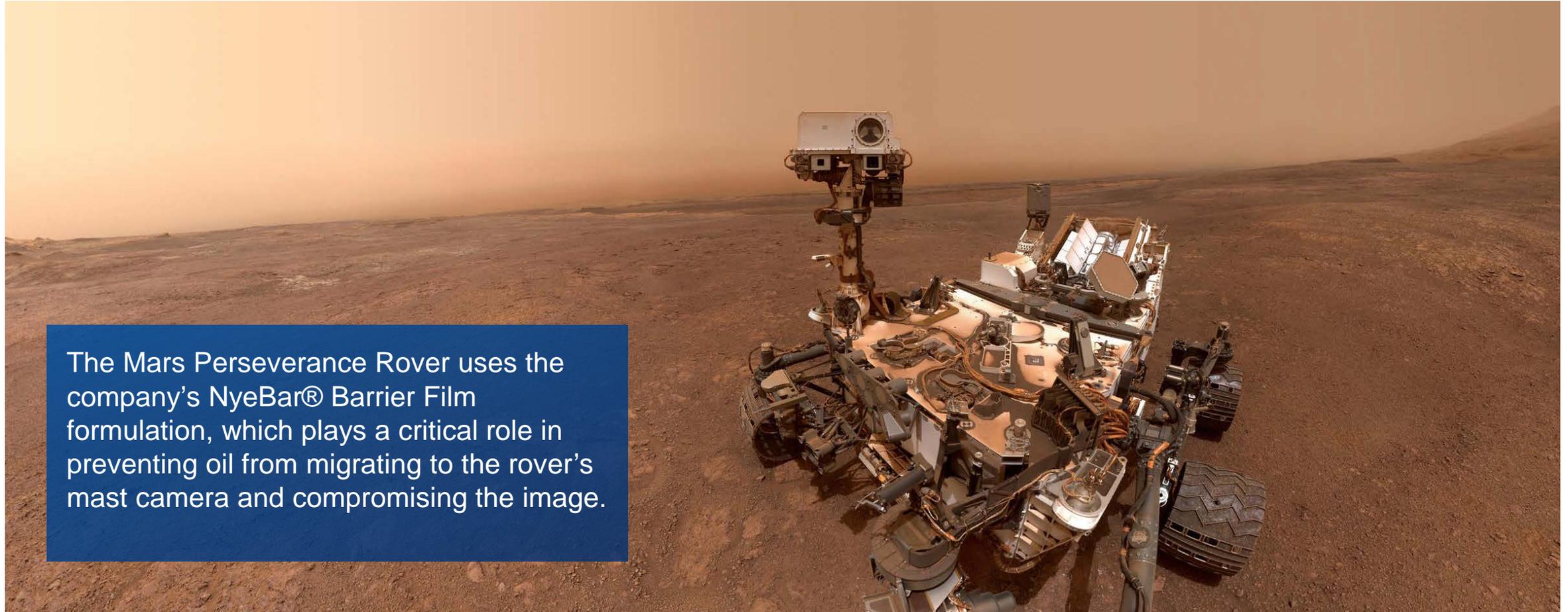
- Longstanding trading partner of FUCHS Italy
- Sales 2019 of around €4 mn
- Acquisition includes customer base and workforce
- Signing / Closing October 1, 2020



- Specialist for silicone greases and gels for many industries
- Located in Sanford, NC, USA
- Sales 2019 USD 9 mn (~ €8 mn), mainly in North America, 21 employees
- Asset Deal ; Signing / Closing November 2, 2020

## Nye sends FUCHS in space

Mars Perseverance Rover with FUCHS lubricants successfully landed on the red planet



The Mars Perseverance Rover uses the company's NyeBar® Barrier Film formulation, which plays a critical role in preventing oil from migrating to the rover's mast camera and compromising the image.

# FUCHS CO<sub>2</sub>-neutral since 2020

- Since 2010 already 30% reduction of energy consumption-specific CO<sub>2</sub> emissions per ton of FUCHS lubricant produced
- Since 2020, CO<sub>2</sub>-neutral “gate-to-gate” production
- Emissions not yet avoided are offset by compensation measures
- Investment in high-quality climate protection projects for the expansion of renewable energies

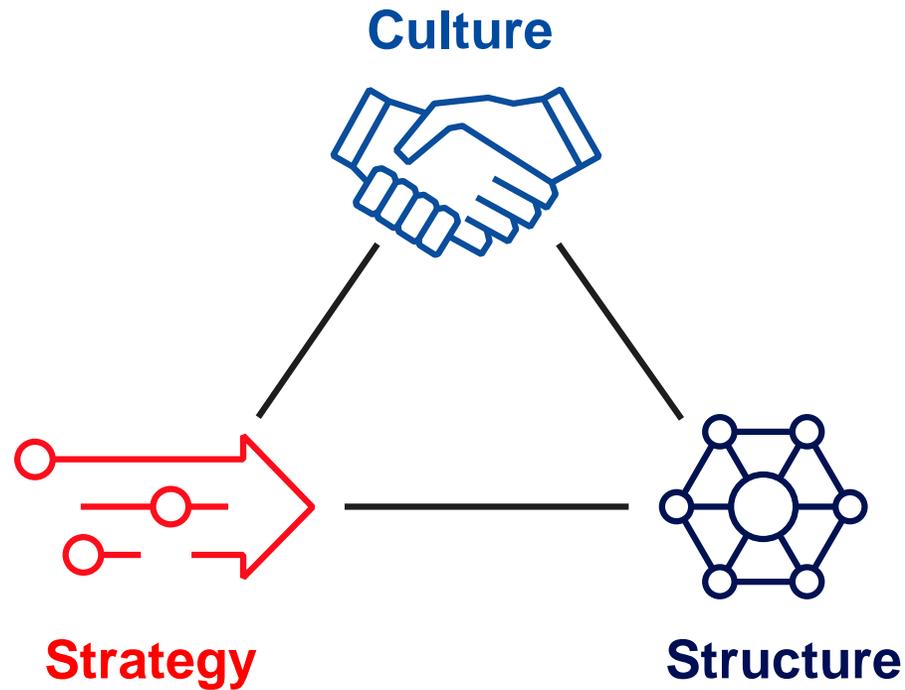
**On track to deliver as promised**



**CO<sub>2</sub>neutral**

# FUCHS2025

## Key Elements



We want to use the market challenges as an opportunity. That is why we are responding to them with a new mindset – an attitude that brings strategy, structure and culture into line in a purposeful way.

# FUCHS2025 Strategy

## Current activities



Systematic execution of the FUCHS2025 strategy  
Despite Covid-19 – 2nd largest investment budget of company history in 2020.



Segmentation approach: alignment of organizational structure through additional dedicated resources in Global Business Segments



Achieving a better balance between the three world regions:

- Strategic M&A: Nye (USA), Welponer (Italy), PolySi (USA)
- Joint Venture in Vietnam
- Considerable expansion of Shanghai location, especially R&D center



Staying connected through Covid-19 and strengthening company culture: two global group-wide virtual Roadshows in 2020

# Financial Calendar & Contact

## Financial Calendar 2021

<b>March 9, 2021</b>	Annual Report 2020
<b>April 29, 2021</b>	Quarterly statement Q1 2021
<b>May 4, 2021</b>	Virtual Annual General Meeting
<b>July 30, 2021</b>	Half-year financial report 2021
<b>October 29, 2021</b>	Quarterly statement Q3 2021

The financial calendar is updated regularly. You find the latest dates on the webpage at [www.fuchs.com/financial-calendar](http://www.fuchs.com/financial-calendar)

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