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Press Release

FUCHS generates sales revenues at previous year's level in the first nine months; decline of 17% in earnings is less significant than expected

"After a disappointing second quarter, we are satisfied with the results of the past months. We achieved organic growth of EUR 1 million in the third quarter. Our strict cost control is starting to yield results without negatively impacting the modernization and expansion of our plants. EBIT for the first nine months was down 17% year-on-year. The decline was thus not as significant as we had feared back in July. In this context, we are specifying our outlook for 2019 as a whole and expect sales and EBIT to be at the upper end of the forecast.
With an EBIT margin of 12.6% and an extremely solid balance sheet, we have a healthy basis for the continuation of our growth and modernization program and for continued focus on our cultural, structural and strategic initiative FUCHS2025," says Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE.

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FUCHS at a glance

EUR million	Q1-3 2019	Q1-3 2018[1]	Change %
Sales revenues[2]	**1,952**	**1,953**	**0**
Europe, Middle East, Africa	1,201	1,237	**-3**
Asia-Pacific	535	542	**-1**
North and South America	320	304	**5**
Consolidation	-104	-130	**-**
Earnings before interest and tax (EBIT)	**246**	**297**	**-17**
Earnings after tax	**176**	**219**	**-20**
Capital expenditure	**103**	**73**	**41**
Free cash flow before acquisitions[3]	**94**	**121**	**-22**
Earnings per share in EUR			
Ordinary share	1.26	1.57	**-20**
Preference share	1.27	1.58	**-20**
Employees as at September 30	**5,636**	**5,386**	**5**

(1) Prior-year figures adjusted.
(2) By company location.
(3) Including divestments.

Sales revenues and earnings

In a difficult economic environment, FUCHS PETROLUB generated sales revenues on a par with the previous year in the first nine months of 2019 at EUR 1,952 million (1,953). After a difficult start to the year and a disappointing second quarter, FUCHS posted organic growth of EUR 1 million in the third quarter.

The income statement for the first nine months was dominated by the planned increase in costs in connection with the growth program. EBIT was down 17% year-on-year at EUR 246 million (297), or down 14% on a comparable basis before one-off income. Earnings after tax declined by 20% to EUR 176 million (219). Compared to the previous year, earnings per ordinary and preference share fell by EUR 0.31 or 20% to EUR 1.26 and EUR 1.27 respectively.

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At EUR 94 million (121), free cash flow before acquisitions was significantly lower than in the previous year as a result of the EUR 30 million increase in investments in non-current assets to EUR 103 million (73).

Sales revenues and earnings by region

The Europe, Middle East, Africa (EMEA) region generated sales revenues of EUR 1,201 million (1,237), down roughly 3% on the previous year. Compared to the first half of the year, the decline in sales revenues slowed slightly in the third quarter. However, Germany in particular continues to suffer due to the ongoing weakness of the global automotive market. After the first nine months, the Asia-Pacific region was down 1% year-on-year with sales revenues of EUR 535 million (542), but recorded a 4% decrease in organic terms. The decline in sales revenues in China slowed in the third quarter compared to the previous year. However, the automotive crisis had already affected China in the fall of the previous year, resulting in declining sales revenues. The North and South America region increased its sales revenues by 5% to EUR 320 million (304). Positive currency effects as a result of the strong US dollar contributed 4% of this.

The EBIT of the regions was significantly negatively impacted by the planned increase in costs as a result of the growth and modernization program. In EMEA, EBIT fell by 20% to EUR 130 million (162). On a comparable basis, the decrease amounted to 13%. The Asia-Pacific region's EBIT was down 16% year-on-year at EUR 67 million (80). In the North and South America region, EBIT declined by 9% to EUR 41 million (45).

Outlook

Given the economic situation, and particularly the continuing crisis in the automotive industry, FUCHS continues to anticipate a significant decline in earnings in comparison to the previous year.
Based on the third quarter, the outlook for the current year is specified. FUCHS expects both sales revenues (-3% to +0%) and EBIT (-30% to -20% based on EBIT 2018 including one-off income) to be at the upper end of the range of the forecast.

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Quarterly statement for Q1-3 2019: www.fuchs.com/group/investor-relations/publications
Image and video material: www.fuchs.com/group/mediagallery

About FUCHS
The FUCHS Group develops, produces and markets high-grade lubricants and related specialties for virtually all industries and areas of application. The company, which was founded in Mannheim in 1931, employs around 5,500 people worldwide at 58 operating companies. FUCHS is the world's largest independent lubricant manufacturer. Its most important markets in terms of sales revenues are Western Europe, Asia and North America.

Important note
This press release contains statements about future developments 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, for example, include changes in the overall economic climate, changes in procurement prices, changes in exchange rates and interest rates, and changes within 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 press release and assumes no liability for such.