

Press Release

FUCHS PETROLUB SE with recovery in third quarter of 2020 – First nine months of 2020 still with significant decline in sales revenues and earnings due to the Covid-19 pandemic

“In this difficult year, FUCHS looks back on a good third quarter. The upward trend that was already emerging at the end of the second quarter continued in the past few months with growth in China and a recovery in Europe and America. After a surprisingly good September, the decline in sales revenues after nine months has been reduced to -11% and the decline in earnings (EBIT) to -17%.

Our free cash flow before acquisitions developed positively. It was up significantly year-on-year at EUR 122 million with investments at a lower level than in the previous year despite a decline in earnings. This development confirms our decision to continue our investment program with a sense of proportion even under the current difficult conditions. By the end of September, we invested EUR 89 million in our future.

We are looking ahead to the remaining months with cautious optimism and have therefore also revised our forecast for the year. We currently anticipate a decline in earnings in the range of -15%. In July, we had expected a -25% decline,” says Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE.

- Sales revenues in the first nine months down -11% year-on-year at EUR 1,740 million (1,952)
- Earnings (EBIT) down -17% at EUR 203 million (246)
- New outlook for the current financial year: Earnings decline in the range of -15% (previously: -25%)

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FUCHS at a glance

EUR million	Q1-3 2020	Q1-3 2019	Change %
Sales revenues ⁽¹⁾	1,740	1,952	-11
Europe, Middle East, Africa (EMEA)	1,060	1,201	-12
Asia-Pacific	509	535	-5
North and South America	281	320	-12
Consolidation	-110	-104	-
Earnings before interest and tax (EBIT)	203	246	-17
Earnings after tax	142	176	-19
Capital expenditure	89	103	-14
Free cash flow before acquisitions	122	94	30
Earnings per share in EUR			
Ordinary share	1.02	1.26	-19
Preference share	1.02	1.27	-20
Employees as at September 30	5,751	5,636	2

(1) By company location.

Sales revenues and earnings

In a persistently difficult economic environment, FUCHS generated sales revenues of EUR 1,740 million (1,952) in the first nine months of 2020, representing a decrease of -11%. The positive contribution from acquisitions (+2%) was offset by negative currency effects (-2%).

The effects of the Covid-19 pandemic weakened further during the year. In the third quarter, sales revenues increased significantly compared to the second quarter of 2020. The Asia-Pacific region already posted year-on-year growth in the third quarter, and an upward trend can be seen in the EMEA and North and South America regions.

Operating business considerably exceeded expectations in the third quarter, especially in September. The cost-saving measures are also taking effect. EBIT in

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the first nine months was down -17% year-on-year at EUR 203 million (246). Earnings after tax declined by -19% to EUR 142 million (176). Earnings per ordinary share came to EUR 1.02 (1.26) and earnings per preference share came to EUR 1.02 (1.27). At EUR 122 million (94), free cash flow before acquisitions was significantly up compared to the previous year.

Sales revenues and earnings by region

At EUR 1,060 million (1,201), sales revenues in the EMEA region were down -12% year-on-year. Despite the upturn in the third quarter, all major companies in the region were affected by declines in sales revenues, with the UK, France, Spain, Italy, and Germany the hardest hit. The EMEA region's EBIT of EUR 102 million (130) was about -22% lower than in the previous year.

The region Asia-Pacific posts a very good third quarter, exceeding the previous year. With sales revenues of EUR 509 million (535), the decline in sales revenues was reduced to -5% (-10% in the first half year) in the first nine months. Positive external growth (+1%) from the acquisition of a manufacturer of lubricants for the automotive retail sector in Australia was more than offset by negative currency effects (-2%) in almost all countries. After a very good third quarter, the Asia-Pacific region's EBIT increased by 4% to EUR 70 million (67). This positive development was particularly driven by China.

In the North and South America region, a clear upward trend was noticeable, particularly due to the upturn on the American market. The region's sales revenues in first nine months were down -12% year-on-year at EUR 281 million (320). Due to acquisitions, the region's external growth was 10% or EUR 32 million. The decline in the region's EBIT was reduced, with EBIT down -29% year-on-year at EUR 29 million (41).

Outlook

In view of the business performance in the first nine months of 2020 and the improved prospects for the global economy, FUCHS already revised its forecast for the current year on October 15, 2020, and expects a decline in earnings in the range of -15% (previously: -25%).

The effects of the crisis on supply chains, production and customer demand cannot be reliably estimated currently. The new forecast is based on the assumption that

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there will not be any major lockdowns in the key regions for FUCHS in the fourth quarter of 2020.

FUCHS is well-positioned to face the crisis and has a solid financial basis. The stability and structure of the balance sheet form a sound foundation for further development. Both the low proportion of fixed costs and the high proportion of raw materials have a positive effect. This allows us to breathe flexibly with sales. In addition, FUCHS once again benefits from its worldwide presence and broad product portfolio.

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Image and video material: <https://www.fuchs.com/gb-en/photo-gallery/>

About FUCHS

The FUCHS Group develops, produces and markets high-grade lubricants and related specialties for virtually all industries and areas of application. Formed in Mannheim in 1931, the Group employs almost 6,000 people worldwide at 62 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, actual future developments and results can 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

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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.