

Press Release

FUCHS achieves slightly lower sales revenues in the first quarter of 2020 – solid financial basis forms a foundation for further development

“The outbreak of the COVID-19-pandemic in China has already left its mark on FUCHS’ quarterly result. The slump in sales revenues and earnings in China resulted in a decline in Group sales revenues of around 4% and had a significant impact on the EBIT of EUR 72 million, which was 6% or EUR 5 million below the previous year.

We are expecting a significant drop in sales revenues and earnings in the second quarter, which will probably continue in the second half of the year, although hopefully at a slower pace. FUCHS is well-positioned to respond to the crisis and has a solid financial basis. The stability and structure of our balance sheet form a solid foundation for the further development. There is a positive effect from the low proportion of fixed costs and the high proportion of raw materials, which gives us breathing room regarding sales revenues. In addition, FUCHS is once again benefiting from its global presence and broad-based product portfolio. For example, we are seeing signs of recovery after the sharp downturn in China in the first quarter, which is helping to mitigate declines in other regions.”

Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE

- Sales revenues: -4% to EUR 616 million
- Earnings (EBIT) down 6% to EUR 72 million
- COVID-19: Impact still comparatively small in Q1
- Significant uncertainty regarding statements on future development:
For the first half of the year significant decline in earnings in the order of 30% expected. An adjusted outlook for the full year 2020 is not possible under the current circumstances

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FUCHS at a glance

EUR million	Q1 2020	Q1 2019	Change	Change %
Sales revenues ¹	616	643	-27	-4
Europe, Middle East, Africa	401	400	1	0
Asia-Pacific	146	171	-25	-14
North and South America	110	106	4	4
Consolidation	-41	-34	-7	-
EBIT	72	77	-5	-6
Earnings after tax	51	55	-4	-7
Capital expenditure	31	34	-3	-9
Free cash flow before acquisitions	-4	13	-17	-
Earnings per share in EUR				
Ordinary share	0.36	0.39	-0.03	-8
Preference share	0.37	0.39	-0.02	-5
Employees as at March 31	5,873	5,489	384	7

¹ By company location.

Sales revenues and earnings

In a challenging economic environment, FUCHS PETROLUB generated sales revenues of EUR 616 million (643) in the first quarter of 2020, which is moderately below the previous year's level. Growth in North and South America continued due to acquisitions but did not offset the decline in sales revenues in the Asia-Pacific region due to the impact of the COVID-19-pandemic in China.

The income statement for the first three months of the year is influenced by the positive upward trend in the gross margin from the previous year, with gross profit increasing slightly despite the decline in sales revenues related to COVID-19. EBIT was down 6% year-on-year at EUR 72 million (77). Earnings after tax declined by 7% to EUR 51 million (55). Earnings per ordinary share were EUR 0.36 (0.39), and earnings per preference share were EUR 0.37 (0.39).

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Free cash flow before acquisitions was significantly lower than in the previous year at EUR -4 million (13). This was not only due to an increase in net operating working capital, but also to the high level of investment in non-current assets of EUR 31 million (34).

Sales revenues and earnings by region

At EUR 401 million (400), sales revenues in the region Europe, Middle East, Africa (EMEA) remained at the previous year's level. Germany continued to benefit from high Group deliveries to China at the start of the year. On the other hand, Brexit is weakening business in the UK. The region Asia-Pacific recorded a significant decline in sales revenues of 14% to EUR 146 million (171). The region North and South America is continuing its positive growth trend thanks to acquisitions. Organic sales revenues went down by 6% in the region. Positive currency effects in North America are compensating for negative effects from South America. Sales revenues in the region thus rose by 4% to EUR 110 million (106).

There was positive EBIT growth in the region EMEA due to high internal deliveries from Germany to China at the start of the year and significant earnings increases in Poland. In addition to a significant slump in business in China in February in the region Asia-Pacific, EBIT is also being impacted by declining sales revenues in the automotive and mining industries in the region North and South America and by bad debt losses in North America. In the region EMEA, EBIT rose by 13% to EUR 43 million (38). The Asia-Pacific region's EBIT decreased by 19% to EUR 17 million (21) and the EBIT of the region North and South America by 14% to EUR 12 million (14).

Outlook

In mid-March, the International Monetary Fund (IMF) lowered its forecast for global economic growth dramatically. The IMF expects the global economy to shrink by 3% in view of the global COVID-19-crisis. 2020 is expected to bring the worst recession on record since the Great Depression in the 1930s. The IMF pointed out that estimates would depend on the duration of the pandemic and were subject to extreme uncertainty.

As a consequence of the COVID-19-pandemic, FUCHS also will be unable to meet its expectations for the full year as published in March. The difficult market environment is set to deteriorate in the second quarter of the year, in which we are expecting a significant drop in earnings in the order of 50%. This represents a significant decline in earnings of around 30% year-on-year for the first half of the year. This statement is subject to great

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uncertainty. The effects of the crisis on supply chains, production and customer demand cannot currently be reliably estimated. A further or prolonged decline in demand due to the recession could have a negative impact on FUCHS' economic development.

Our solid capital and balance sheet structure is the basis for an appropriate liquidity position. Enough precautions have been taken to maintain liquidity, even after dividend payments.

Further forecasts for the rest of the year are not possible under the current circumstances.

Mannheim, April 30, 2020

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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, 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

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changes in the overall economic climate, changes in procurement prices, changes to 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.