# Press Release

**FUCHS successfully completes difficult year 2020**

- Sales revenues lower by 8% at EUR 2.4 billion
- EBIT lower by 3% at EUR 313 million
- Dividend increase of 2% to EUR 0.99 per preference share and EUR 0.98 per ordinary share
- Forecast for 2021 with sales revenues at pre-crisis level of 2019 and EBIT at level of 2020
- Important milestones achieved with FUCHS2025

**FUCHS at a glance**

| EUR million | 2020 | 2019 | Change | Change % |
|---|---|---|---|---|
| **Sales revenues [1]** | **2,378** | **2,572** | **-194** | **-8** |
| Europe, Middle East, Africa | 1,446 | 1,579 | -133 | -8 |
| Asia-Pacific | 698 | 718 | -20 | -3 |
| North and South America | 387 | 418 | -31 | -7 |
| Consolidation | -153 | -143 | -10 | |
| **EBIT before income from companies consolidated at equity** | **303** | **310** | **-7** | **-2** |
| **EBIT** | **313** | **321** | **-8** | **-3** |
| **Earnings after tax** | **221** | **228** | **-7** | **-3** |
| **Capital expenditure** | **122** | **154** | **-32** | **-21** |
| **Free cash flow before acquisitions** | **238** | **175** | **63** | **36** |
| Acquisitions | -114 | -13 | -101 | - |
| **Free cash flow** | **124** | **162** | **-38** | **-23** |
| **FUCHS Value Added** | **165** | **174** | **-9** | **-5** |
| **Earnings per share in EUR** | | | | |
| Ordinary share | 1.58 | 1.63 | -0.05 | -3 |
| Preference share | 1.59 | 1.64 | -0.05 | -3 |
| **Employees as at December 31** | **5,728** | **5,627** | **101** | **2** |

(1) By company location

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The business development in 2020 was strongly impacted by the COVID-19 pandemic. The shutdown of economic activity and the extensive lockdowns led to drastic declines in sales revenues, which took effect in the second quarter in particular. Recovery trends, which emerged in the following quarters and particularly toward the end of the year, could not compensate the declines from spring. Full-year sales revenues declined by 8% year-on-year.

FUCHS countered the substantial decline in sales revenues with cost discipline: Measures to cut staff costs and material costs were implemented – but with a sense of proportion and without making major cutbacks or jeopardizing future projects. As a result, the Group’s function costs were reduced in 2020 compared to the previous year. Moreover, positive mix, currency, and raw material cost effects led to an improved gross margin. Overall, EBIT decreased by only 3% year-on-year.

Despite the decline in earnings, free cash flow before acquisitions increased from EUR 175 million to EUR 238 million by releasing funds in net operating working capital and reducing investments in comparison to the previous year.

Dagmar Steinert, Executive Board member and CFO at FUCHS: “2020 was a difficult year for FUCHS, too. The COVID-19 pandemic hit us hard and resulted in significant declines in sales revenues and earnings over the course of the year. However, we consequently took countermeasures and implemented specific cost-cutting actions. We can be satisfied with how we have got through the crisis and how quickly we have recovered again. In the final quarter, we even achieved the highest quarterly result in FUCHS’ history.”

**Business development in the regions**

The effects of the COVID-19 pandemic impacted the different regions of the world differently. Despite an 8% decline in sales revenues, the EMEA region increased its EBIT by EUR 1 million. This was achieved by cost savings and non-recurring one-time effects in the previous year.

The Asia-Pacific region recovered early from the coronavirus-related sales revenue losses, posting a decline in sales revenues of just 3%. EBIT increased by 8% thanks to cost reductions and a very positive development in China.

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The North and South America region, and especially the US, was particularly heavily impacted by the coronavirus pandemic. Sales revenues fell by 7%, while the organic sales revenue decline was much higher at 14%. There was a positive impact from external growth in sales revenues of 11%. Overall, EBIT was down 14% year-on-year.

**19th consecutive dividend increase**

For 2020, FUCHS will propose another increase in the dividend to EUR 0.99 (0.97) per preference share and EUR 0.98 (0.96) per ordinary share to the Annual General Meeting.
The sound results and high cash generation, even in a crisis year like 2020, confirm the robustness and success of FUCHS' business model and underpin its policy of a steadily rising or at least stable dividend. Continuity in the dividend policy is an important part of FUCHS' corporate philosophy of allowing its shareholders to participate in the company's success.

**Investment initiative mostly completed**

With investments of EUR 122 million in 2020, FUCHS completed the investment initiative, which began in 2016. Among other things, the new plant in Sweden was completed. In China, the headquarter and the Asian research and development hub in Nanxiang near Shanghai were significantly expanded and modernized, and construction work began for the new corporate headquarters in Mannheim, Germany. Within five years, almost EUR 600 million were invested in property, plant and equipment and in intangible assets. With the end of the investment initiative, a permanent reduction in the investment volume to the level of depreciation and amortization is planned from 2021 onward.

**Acquisitions expand specialties business and strengthen technology leadership**

By way of acquisitions, FUCHS strategically expanded its specialties business in particular in 2020. The acquisition of NYE, a manufacturer of synthetic high-performance lubricants in the US, was completed in January. This company generates sales revenues of almost EUR 50 million at its site in Fairhaven, Massachusetts, which will be gradually expanded as a specialties site in North America. Other acquisitions included the specialty lubricants business of WELPONER in Italy and PolySi in the US. With the joint venture in Vietnam that was concluded at the start of 2021, FUCHS has also established a good basis for future growth in this strategically important market.

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**Forecast for 2021: Improvements in all regions countered by rising raw material prices**

The FUCHS Group is taking the outlook for 2021 on the basis of the expected global economic development, growth in the lubricants market, and its global and broadly diversified structure. FUCHS assumes a recovery of the global economy in all regions, although this is not yet expected to reach the pre-crisis level in all of FUCHS' industries and customer groups. In addition, disruptions to supply chains as a result of the coronavirus pandemic still represent a burden. Sales revenues are therefore expected to achieve the pre-crisis level, i.e. sales revenues of 2019 (just under EUR 2.6 billion). With regard to earnings, the Executive Board expects to maintain the level of 2020 (EUR 313 million). Continued consistent cost management will help compensate for the inflation-driven cost increases. By contrast, the recent sharp increase in raw material prices represents a temporary negative factor. Investments in 2021 are expected to be at the level of depreciation and amortization at around EUR 80 million. With a slight rise in cost of capital and EBIT at the level of 2020, FUCHS Value Added is expected to be at around EUR 160 million (165). As a result of the reduction of existing tax liabilities and a slight increase in net operating working capital, free cash flow before acquisitions is expected to be at around EUR 160 million (238).

Dagmar Steinert, Executive Board member and CFO at FUCHS: "We expect a positive operating development in all regions in 2021. In addition, we will maintain the consequent cost management that was already successfully implemented in 2020. However, we cannot disregard the still fragile economic environment and the recently strongly increased raw material prices, which will temporarily be a burden."

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**Important milestones achieved with FUCHS2025**
Digitalization, e-mobility, globalized customer requirements – FUCHS operates in a highly dynamic world full of new challenges. FUCHS2025 is the response to the many different changes and sees these challenges as opportunities to shape the future and continue to achieve success.

Stefan Fuchs, Chairman of the Executive Board at FUCHS: "We achieved some major milestones in 2020. Based on our strengths, we have developed a strategy that builds on six strategic pillars: global strength, customer and market focus, technology leadership, operational excellence, people and organization, and sustainability. This basis of our strategy serves as guidance for our strategic actions in order to fulfill our vision for 2025. At two virtual roadshows held in 2020, to which our entire workforce had access, we were able to share our strategy, gather suggestions, and also just enjoy discussions with one another."

In structural terms, progress was made in 2020 with regard to the alignment by market segments. This enables FUCHS to respond to its customers' requirements in a more direct, agile, and needs-based way. In addition, the automotive aftermarket business was strengthened and the business segments were supported by a team of focused segment managers. With regard to culture, the topics of hierarchy-free communication and an open feedback culture were addressed in depth.

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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 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, 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 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.