



## QUARTERLY REPORT

For the first  
quarter of 2007

>> FUCHS enjoys continued success in the first quarter of 2007  
Strong rise in profit and cash flow

FUCHS PETROLUB AG



## THE FIRST QUARTER OF 2007 AT A GLANCE

[amounts in € million]	1–3/2007	1–3/2006
<b>Sales revenues<sup>1</sup></b>	<b>339.2</b>	<b>332.7</b>
Europe	234.1	217.3
North and South America	54.7	63.6
Asia-Pacific, Africa	59.7	57.6
Consolidation	–9.3	–5.8
<b>Earnings before interest and tax (EBIT)</b>	<b>43.9</b>	<b>33.6</b>
<b>Profit after tax for the first quarter</b>	<b>27.0</b>	<b>19.4</b>
<b>Gross cash flow</b>	<b>30.9</b>	<b>24.2</b>
<b>Capital expenditure<sup>2</sup></b>	<b>4.7</b>	<b>5.3</b>
<b>Employees (as at March 31)</b>	<b>3,798</b>	<b>4,037</b>

1 By company location

2 In property, plant and equipment and intangible assets

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# LETTER TO OUR SHAREHOLDERS

## Dear Shareholders,

With a successful start in the first quarter of 2007, FUCHS has been able to build on the sound development of the last few years.

The net profit of €27.0 million (19.4) generated in the first three months represents a 39 % increase relative to the first quarter of 2006. However, the internal sales revenue growth of 6.1 % was counteracted by a strong euro and the deconsolidation of the LIPPERT-UNIPOL Group in mid 2006, leading to a final growth figure of 2.0 %. Earnings per ordinary and preference share amount to €1.03 (0.74) and €1.04 (0.75) respectively.

The operating cash flow of €10.9 million is significantly above the previous year's figure (-24.8). With two smaller acquisitions in the important growth market of Brazil at the start of 2007, FUCHS strengthened the base for the special lubricants business segment in South America.

While we are anticipating internal sales revenue growth for 2007 as a whole, this is unlikely to reach the high, price-based growth rates of the previous years. As was the case in the first quarter, exchange rates will continue to have an influence in the coming months. In terms of earnings before interest and tax (EBIT), our goal is to beat the record profits generated in 2006. However, due to base effects, despite the high growth rate seen in the first quarter of 2007, the high double-digit growth rates of the previous years will not be repeated over the entire year 2007.



Yours  
A handwritten signature in blue ink, appearing to read 'Stefan Fuchs', written over the word 'Yours'.

**Stefan Fuchs**  
Chairman of the Executive Board

## THE ENVIRONMENT

Overall, the global economy continued to display a strong upward trend at the start of 2007. While the upturn continued in the euro zone and Japan, the rate of increase in production in the US started to slow. Growth remains dynamic and high in the developing and emerging markets. According to the Kiel Institute for the World Economy (IfW), global GDP is set to grow around 3.3 % in 2007.

The German economy is also displaying a strong upward trend. The Kiel Institute is predicting real GDP growth of around 2.4 % on average for 2007. And the German Engineering Federation (VDMA) predicts growth in production of more than 4 % for the year as a whole. According to the German Automobile Industry Association (VDA), automobile production by German manufacturers rose 7 % in the first quarter of 2007. The German Association of the Chemical Industry (VCI) forecasts a 2 % growth in production for the chemical industry in Germany in 2007.

Demand for lubricants in Germany saw a 2.2 % increase in January 2007, while France and Italy enjoyed increases of 2.4 % and 3.7 % respectively through February. These three countries make up around 50 % of the market volume in Western Europe.

Due to the continued positive economic climate and dynamic growth in the developing and threshold countries, we expect to see an increase in volume of around 1 % in the global lubricant market for the year as a whole.

## SALES REVENUES

The FUCHS PETROLUB Group enjoyed organic sales revenue growth of 6.1 % or €20.1 million in the first quarter of 2007. Taking into account currency translation effects and the effect of the sale of a non-core subsidiary, the increase in sales revenues is 2.0 % or €6.5 million. Overall sales revenues of €339.2 million (332.7) were achieved.

Summary of the factors affecting revenues:

	in € million	in %
Internal growth	20.1	6.1
External growth	-6.0	-1.8
Currency translation effects	-7.6	-2.3
<b>Growth in sales revenues</b>	<b>6.5</b>	<b>2.0</b>

## Development of sales revenues by region

[in € million]							
	2007	2006	Internal growth	External growth	Currency effects	Total change absolute	Total change in %
Europe	234.1	217.3	21.5	-6.3	1.5	16.7	7.7
North and South America	54.7	63.6	-3.9	-0.2	-4.7	-8.8	-13.8
Asia-Pacific, Africa	59.7	57.6	6.2	0.3	-4.4	2.1	3.6
Consolidation	-9.3	-5.8	-3.7	0.2	-	-3.5	-
<b>Total</b>	<b>339.2</b>	<b>332.7</b>	<b>20.1</b>	<b>-6.0</b>	<b>-7.6</b>	<b>6.5</b>	<b>2.0</b>

2006 was heavily influenced by price increases in our raw material markets and the associated increases in our prices. As expected, this increase in sales revenues due to base effects leveled off significantly in the first quarter of 2007 and should only have minor impact on the rest of the year.

The regions of Europe and Asia-Pacific, Africa recorded good internal growth. Internal sales revenues in Europe rose by €21.5 million or 9.9%, which led to an increase in total sales revenues of €16.7 million to €234.1 million (217.3), taking into account positive currency effects (+€1.5 million) and a consolidation-related decline (-€6.1 million). The internal growth rate in Asia Pacific, Africa reached an impressive 10.7% (€6.2 million), although currency translation effects had a noticeable dampening effect here. The final growth figure in euros is therefore only €2.1 million or 3.6%. While the previous year's revenue figures were again exceeded in South America, North America saw a drop in internal sales revenues, which was compounded by the weak US dollar. Overall, internal sales revenues in this region dropped by €3.9 million or 6.1%.

The drop in sales revenues of €6.0 million or 1.8% due to external factors can be attributed to the sale of our polishing segment on July 1, 2006, partly compensated by the first-time consolidation of our subsidiaries in the Ukraine and Turkey on January 1, 2007.

## EARNINGS

The FUCHS PETROLUB Group recorded profit after tax to the tune of €27.0 million (19.4) in the first quarter of 2007. This represents a sharp increase of 39.2 % compared to the first quarter of the previous year and continues the high profitability trend of the last three quarters of the previous year.

One key reason for this success is the disproportionate increase in gross profit of 7.6 % or €8.7 million to a level of €123.2 million (114.5). It was also possible to keep sales & marketing, administration and R&D expenses virtually stable, with their figures even seeing a slight drop due to translation effects.

The operating result rose 26.9 % to €44.8 million (35.3) and the earnings before interest and tax (EBIT) increased 30.7 % or €10.3 million to €43.9 million (33.6). The EBIT margin, i. e. EBIT in relation to sales revenues, is at 12.9 % (10.6).

As a result of reduced debts, the financial result improved to –€2.3 million (–3.4). After deduction of income taxes of €14.6 million (10.8), this leaves a net profit of €27.0 million (19.4). The net profit margin amounts to 8.0 % (5.8).

The good results are carried by all three regions, although the main growth comes from the regions of Europe and Asia-Pacific, Africa. These two regions achieved absolute growth in earnings and were able to significantly improve on the previous year's level. They also increased their EBIT margin. The region of America also improved this KPI (key performance indicator) again, although the absolute EBIT level here dropped slightly compared to the previous year due to weaker sales revenues and unfavorable exchange rate effects.

Earnings per ordinary and preference share amounted to €1.03 (0.74) and €1.04 (0.75) respectively.

## CAPITAL EXPENDITURE AND INVESTMENTS IN COMPANIES

Investments in property, plant and equipment and intangible assets came to €4.7 million (5.3) in the first quarter of 2007. Despite this low quarterly value, we expect to see a significant increase for the year as a whole compared to the previous year. The majority of expenditure for building the new laboratory in Germany and the new plant in China will not be made until the second half of 2007.

The depreciation and amortization of property, plant and equipment and intangible assets came to €4.6 million (5.0).

In the first quarter, we also acquired a small special lubricant business in Brazil in an asset deal. This company operates in the field of forging products. In April, a further business was also acquired in the field of specialty greases. With these two acquisitions, FUCHS DO BRASIL should increase its sales revenues, which were €22 million in 2006, by approximately 20 %.

## RESEARCH AND DEVELOPMENT

The research and development laboratories of the FUCHS PETROLUB Group developed many new products in the reporting period. Following successful trials in the test bay and in the field, these were introduced to the market.

Bio-hydraulic oils for agricultural vehicles and machines offer excellent lubrication and corrosion protection properties. Yet many of these oils create problems in practical applications, for example due to negative effects on seals and coatings. One of the leading manufacturers of tractors in Europe has reacted to this and drafted a new guideline which recommends that all garages now only use FUCHS made bio-hydraulic oils when changing the oil in its vehicles. The approved bio-oils are lubricants offering excellent cost-effectiveness and high performance.

In the last few years, state subsidies for energy from regenerative sources has led to growing demand for vegetable oil-fueled combined heat and power units. However, using bio-fuel is not always easy in these applications, since the interaction between vegetable oil and motor oil can cause operating problems. This drawback was solved by using a synthetic motor oil based on renewable raw materials. Bio-fuel and motor oil both belong to the chemical group of esters and can be mixed with one another under normal conditions. The use of these fuels also offers further advantages. The low evaporation loss leads to significantly lower oil consumption, while the lubricant allows longer oil change intervals.

## STATEMENT OF CASH FLOWS

The statement of cash flows has been adjusted to account for changes to the scope of consolidation and currency effects. The classification of the cash flow from operating activities has been changed from 2007 onward. This change was made to allow the development of working capital to be portrayed more clearly. The comparison values from the previous year have also been adjusted accordingly.

As a result of the positive development in profit, the Group statement of cash flows displays a significant increase in gross cash flow to a level of €30.9 million (24.2). Depreciation and amortization of long-term assets amounted to €4.8 million (5.2).

At €11.6 million, the cash flow from operating activities rose sharply compared to the previous year (-24.8). The lower financing requirement for the working capital contributed to this. It was possible to limit the financing of working capital to 19.5 % (20.8) of sales revenues. The increase in tax liabilities of nearly €10 million also helped to improve the cash flow in the reporting period

Investments in long-term assets come to €4.7 million (5.3). Proceeds from the disposal of property, plant and equipment provided approximately half the funds needed to finance the €1.5 million of acquisitions in the reporting quarter. Cash outflow from investing activities is therefore at a level of €5.4 million (3.8).

The free cash flow as cash inflow from operating activities after the deduction of investing activities was €6.2 million (-28.6) for the first quarter, which increased the level of cash and cash equivalents accordingly.

## WORKFORCE

On March 31, 2007, the FUCHS PETROLUB Group employed a staff of 3,798 (4,037).

As such, there were 239 fewer employees than in the previous year. This is predominantly due to the sale of the LIPPERT-UNIPOL Group on July 1, 2006.

There has been a slight increase in the number of employees again since the end of 2006. This is mainly due to the first-time consolidation of the companies in the Ukraine and Turkey.

The workforce at a glance:

	31.3.2007	31.12.2006	31.3.2006
Europe	2,384	2,339	2,558
North and South America	593	600	613
Asia-Pacific, Africa	821	826	866
<b>Total</b>	<b>3,798</b>	<b>3,765</b>	<b>4,037</b>

## OUTLOOK

Despite a slight downturn in growth in the US, the global economic climate is likely to remain positive overall. The global lubricant market should also see growth.

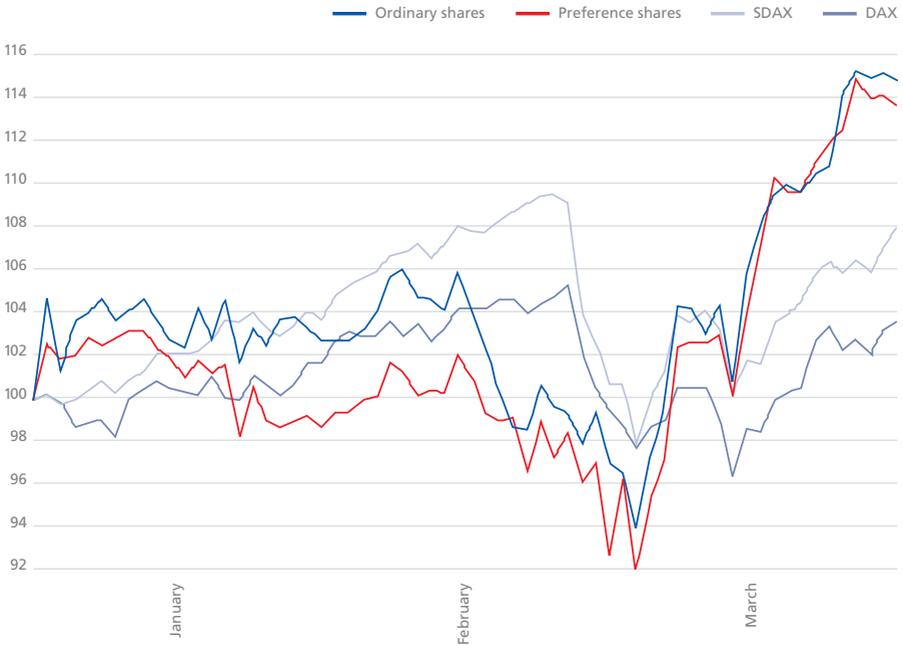
With its balanced product and customer mix, the FUCHS PETROLUB Group sees itself well positioned and therefore anticipates internal sales revenue growth for 2007 as a whole, although it is unlikely to achieve the price-based growth rates of the previous years. As was the case in the first quarter, exchange rates will continue to have an influence in the coming months.

In terms of earnings before interest and tax (EBIT), our goal is to beat the record established in 2006. However, the high double-digit growth rates of the previous years will not be repeated over the entire year 2007, despite the fact, that the first quarter of 2007, due to base effects, showed high growth rates.

# THE FUCHS SHARES

The FUCHS ordinary shares and preference shares reached record levels in the first quarter of 2007. On March 30, 2007, the ordinary share closed at €59.71, some 14.8 % above its price at the end of 2006. At €65.64, the preference share recorded an increase of 13.2 %. The DAX and SDAX showed increases of 4.9 % and 9.9 % respectively in the same time period.

## Indexed comparative performance of the FUCHS PETROLUB shares (1.1.–31.3.2007).



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement

[in € million]	1 <sup>st</sup> quarter of 2007	1 <sup>st</sup> quarter of 2006
Sales revenues	339.2	332.7
Cost of sales	-216.0	-218.2
<b>Gross profit</b>	<b>123.2</b>	<b>114.5</b>
Selling and distribution expenses	-53.7	-54.8
Administrative expenses	-18.9	-18.9
Research and development expenses	-5.8	-5.5
<b>Operating profit</b>	<b>44.8</b>	<b>35.3</b>
Other operating income	2.8	2.3
Other operating expenses	-4.2	-4.3
Investment income	0.5	0.3
<b>Earnings before interest and tax (EBIT)</b>	<b>43.9</b>	<b>33.6</b>
Financial result	-2.3	-3.4
<b>Earnings before tax (EBT)</b>	<b>41.6</b>	<b>30.2</b>
Income taxes	-14.6	-10.8
<b>Profit after tax</b>	<b>27.0</b>	<b>19.4</b>
Minority interests	0.2	0.1
<b>Profit after minority interests (Group profits)</b>	<b>26.8</b>	<b>19.3</b>
<b>Earnings per share *</b>		
Ordinary share	1.03	0.74
Preference share	1.04	0.75

\* Basic and diluted in both cases. Including bonus shares issued on June 30, 2006 by means of a capital increase from corporate funds; the previous year's values have been adjusted accordingly.

## Consolidated balance sheet

[in € million]	31.3.2007	31.12.2006
<b>Assets</b>		
Intangible assets	85.1	83.7
Property, plant and equipment	149.8	150.9
Investments accounted for using the equity method	4.8	4.3
Other financial assets	8.7	8.9
Deferred taxes	13.6	13.3
<b>Long-term assets</b>	<b>262.0</b>	<b>261.1</b>
Inventories	162.0	156.0
Trade receivables	220.1	203.7
Tax receivables	1.0	0.9
Other receivables and other assets	22.0	18.8
Cash and cash equivalents	46.6	40.2
<b>Short-term assets</b>	<b>451.7</b>	<b>419.6</b>
<b>Total assets</b>	<b>713.7</b>	<b>680.7</b>
<b>Equity and liabilities</b>		
Subscribed capital	77.8	77.8
Group reserves	223.3	127.7
Group profits	26.8	96.6
<b>FUCHS PETROLUB Group capital</b>	<b>327.9</b>	<b>302.1</b>
Minority interest	1.0	1.1
<b>Shareholders' equity</b>	<b>328.9</b>	<b>303.2</b>
Pension provisions	51.6	51.3
Other provisions	8.6	8.6
Deferred taxes	10.7	10.9
Financial liabilities	55.2	55.4
Other liabilities	0.7	1.0
<b>Long-term liabilities</b>	<b>126.8</b>	<b>127.2</b>
Trade payables	117.4	117.4
Provisions	32.3	40.0
Tax liabilities	29.0	19.3
Financial liabilities	43.7	43.1
Other liabilities	35.6	30.5
<b>Short-term liabilities</b>	<b>258.0</b>	<b>250.3</b>
<b>Total equity and liabilities</b>	<b>713.7</b>	<b>680.7</b>

## Statement of changes in shareholders' equity

[in € million]				
	Subscribed capital AG	Capital reserve AG	Equity capital generated in the Group	
As at 31.12.2005	70.7	94.9	57.7	
Dividend payments				
<b>Gains and losses not recognized in the income statement</b>				
Currency effects				
Financial instruments net of deferred tax				
Other changes				
<b>Gains and losses recognized in the income statement</b>				
Profit after tax 1.1.–31.3.2006			19.3	
<b>As at 31.3.2006</b>	<b>70.7</b>	<b>94.9</b>	<b>77.0</b>	
As at 31.12.2006	77.8	87.8	136.9	
Dividend payments				
<b>Gains and losses not recognized in the income statement</b>				
Currency effects				
Financial instruments net of deferred tax				
Other changes			0.1	
<b>Gains and losses recognized in the income statement</b>				
Profit after tax 1.1.–31.3.2007			26.8	
<b>As at 31.3.2007</b>	<b>77.8</b>	<b>87.8</b>	<b>163.8</b>	

	Effects from currency translation	Market valuation of financial instruments	Group capital	Minority interests	Shareholders' equity
	8.7	-0.6	231.4	1.2	232.6
			0	-0.3	-0.3
	-2.2		-2.2		-2.2
		0.2	0.2		0.2
			0	-0.1	-0.1
			19.3	0.1	19.4
	6.5	-0.4	248.7	0.9	249.6
	-0.4	0	302.1	1.1	303.2
			0	-0.3	-0.3
	-1.1		-1.1		-1.1
			0		0
			0.1		0.1
			26.8	0.2	27.0
	-1.5	0	327.9	1.0	328.9

## Statement of cash flows

[in € million]	31.3.2007	31.3.2006
<b>Profit after tax</b>	<b>27.0</b>	<b>19.4</b>
Depreciation and amortization of long-term assets	4.8	5.2
Change in long-term provisions	0.2	0.6
Change in deferred taxes	-0.6	-0.7
Non-cash income from investments accounted for using the equity method	-0.5	-0.3
<b>Gross cash flow</b>	<b>30.9</b>	<b>24.2</b>
Change in inventories	-6.4	-6.4
Change in trade receivables	-16.7	-21.0
Change in other assets	-3.4	-5.5
Change in trade payables	-0.2	-7.5
Change in other liabilities (excluding financial liabilities)	7.4	-8.5
Gain/loss on disposal of long-term assets	0.0	-0.1
<b>Cash flow from operating activities</b>	<b>11.6</b>	<b>-24.8</b>
Investments in long-term assets	-4.7	-5.3
Acquisition of subsidiaries and other business units	-1.5	0.0
Disposal of subsidiaries and other business units	0.0	0.2
Proceeds from the disposal of long-term assets	0.8	1.3
<b>Cash flow from investing activities</b>	<b>-5.4</b>	<b>-3.8</b>
<b>Free cash flow</b>	<b>6.2</b>	<b>-28.6</b>
Dividends paid	-0.3	-0.3
Changes in bank and leasing commitments	0.5	26.2
<b>Cash flow from financing activities</b>	<b>0.2</b>	<b>25.9</b>
<b>Cash and cash equivalents at the end of the previous period</b>	<b>40.2</b>	<b>26.0</b>
Cash flow from operating activities	11.6	-24.8
Cash flow from investing activities	-5.4	-3.8
Cash flow from financing activities	0.2	25.9
Effect of currency translations	0.0	-0.2
<b>Cash and cash equivalents at the end of the period<sup>1</sup></b>	<b>46.6</b>	<b>23.1</b>
<b>Details of the acquisition and disposal of subsidiaries and other business units [in € million]</b>		
Total of all purchase prices <sup>2</sup>	1.5	0.0
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets <sup>3</sup>	0.4	0.0
Total of all sale prices <sup>4</sup>	0.0	0.2
Total of sold cash and cash equivalents	0.0	0.0
Total of sold net assets <sup>5</sup>	0.0	-1.3

## Segment report

[in € million]						
	Europe	North and South America	Asia-Pacific, Africa	Total operating companies	Holding companies incl. consolidation	FUCHS PETROLUB Group
<b>1<sup>st</sup> quarter of 2007</b>						
Sales revenues by company location	234.1	54.7	59.7	348.5	-9.3	339.2
Segment earnings (EBIT)	28.6	9.8	6.6	45.0	-1.1	43.9
EBIT in % of sales revenues <sup>1</sup>	12.2	17.9	10.2	12.9		12.9
<b>1<sup>st</sup> quarter of 2006</b>						
Sales revenues by company location	217.4	63.5	57.6	338.5	-5.8	332.7
Segment earnings (EBIT)	20.0	10.2	4.7	34.9	-1.3	33.6
EBIT in % of sales revenues <sup>1</sup>	9.2	16.1	7.6	10.3		10.1

1 Excluding EBIT of investments accounted for using the equity method as their sales figures are also not included.

### Notes to the statement of cash flows

- 1 Cash and cash equivalents comprise total liquid funds of the Group.
- 2 All purchase prices were paid in cash or cash equivalents.
- 3 Acquired net assets of IGUCIMA INDUSTRIA DE LUBRIFICANTES LTDA., Brazil.
- 4 All sale prices were paid in cash or cash equivalents.
- 5 Sold net assets previous year of FUCHS LUBRICANTS (BANGLADESH) LTD.

## FINANCIAL CALENDAR

May 2, 2007	>> Annual General Meeting, Mannheim
May 3, 2007	>> Information event for Swiss shareholders, Zurich
August 3, 2007	>> First-Half Press Conference, Mannheim >> Report on the First Half Year of 2007
September 10, 2007	>> Fourth Capital Market Forum, Mannheim
September 24–25, 2007	>> Financial Market Conference, Colmar, France
November 9, 2007	>> Report on the First Nine Months of 2007

## ANNUAL GENERAL MEETING 2007

The Annual General Meeting is to be held on Wednesday, May 2, 2007 at 10:00 a.m. in the Mozart Room at the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders were sent their invitation and the agenda via their depository banks. The payment of dividends to be approved by the Annual General Meeting will commence on May 3, 2007.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), taking into account the standards and interpretations laid down in the guidelines of the International Accounting Standards Board (IASB) – to be applied within the EU – valid on the date of report. The accounting and valuation principles, together with the calculation methods, remained unchanged from the consolidated financial statements for 2006; we therefore refer to the notes to the consolidated financial statements made there. The interim financial statements are unaudited.

The scope of consolidation has been extended in the first quarter of 2007 due to the first-time consolidation of two companies, of which one is a fully consolidated company from the Europe region and the other a proportionally consolidated company from the Asia-Pacific, Africa region. The comparability of the Group's balance sheet and income statement to the previous year is not significantly affected by these additions. This leads to an increase in the total assets of about €1.5 million and additional sales revenues of €1.0 million.

## DISCLAIMER

This quarterly report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB AG. 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 include changes in the overall economic climate, changes to exchange rates and interest rates, and changes in the lubricants industry. FUCHS PETROLUB AG provides no guarantee that future developments and the results actually achieved in the future will agree with the assumptions and estimates set out in this quarterly report and assumes no liability for such.

This quarterly report is also available in German.  
Both language versions are accessible via the  
internet.

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