

Quarterly statement as at March 31, 2020

Q1 / 2020



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Quarterly results

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1.1 FUCHS at a glance

FUCHS Group

Amounts in € million	Q1 2020	Q1 2019	Change in %
Sales revenues¹	616	643	-4
Europe, Middle East, Africa (EMEA)	401	400	0
Asia-Pacific	146	171	-14
North and South America	110	106	4
Consolidation	-41	-34	-
Earnings before interest and tax (EBIT)	72	77	-6
Earnings after tax	51	55	-7
Capital expenditure	31	34	-9
Free cash flow before acquisitions	-4	13	-
Earnings per share (in €)			
Ordinary share	0.36	0.39	-8
Preference share	0.37	0.39	-5
Employees as at March 31	5,873	5,489	7

¹ By company location.

- Impact of COVID-19-pandemic still comparatively small in the first quarter
- Sales revenues down 4 % or €27 million year-on-year at €616 million (643)
- Earnings (EBIT) down 6 % or €5 million year-on-year at €72 million (77)
- In view of current developments, it will no longer be possible to achieve the initial expectations for

the financial year 2020 as at March 4, 2020. The difficult market environment caused by COVID-19 is set to deteriorate in the second quarter. FUCHS is therefore expecting for the first half of the year a significant decline in earnings of around 30 %

- An adjusted outlook for the full year 2020 is not possible under the current circumstances. It is not possible at present to reliably estimate the effects of the crisis on supply chains, production and customer demand for the full year

“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 €72 million, which was 6 % or €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.”

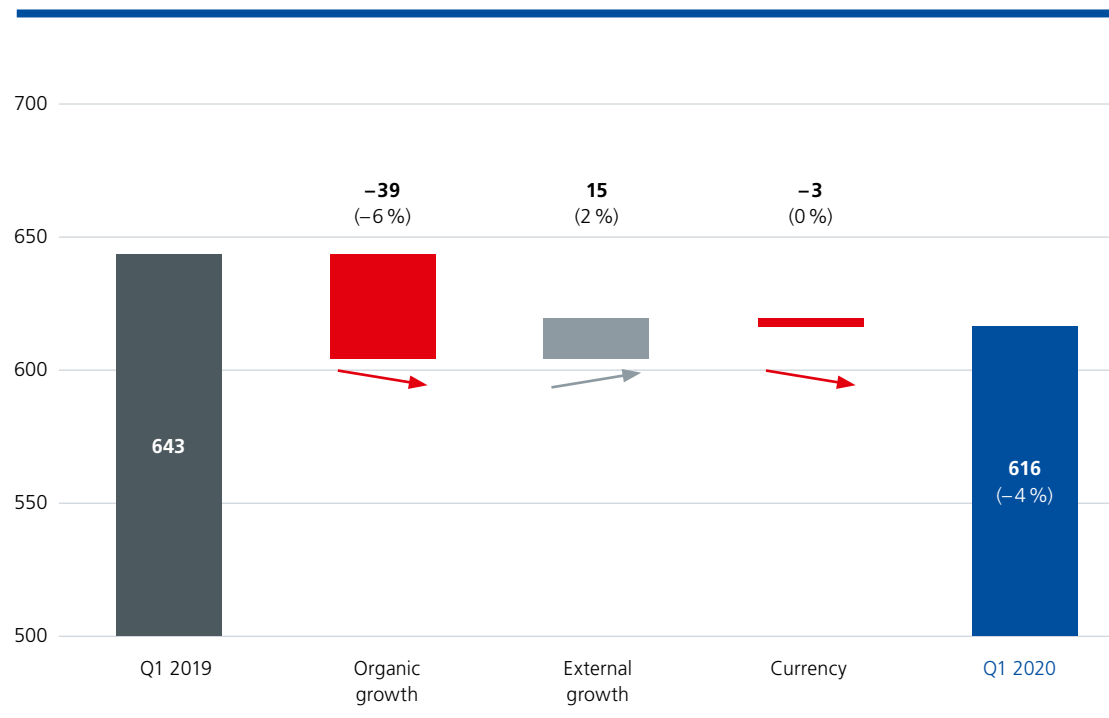
Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE

1.2 Business development in the first three months of 2020

Development of sales revenues in the Group

Development of sales revenues in the Group

in € million



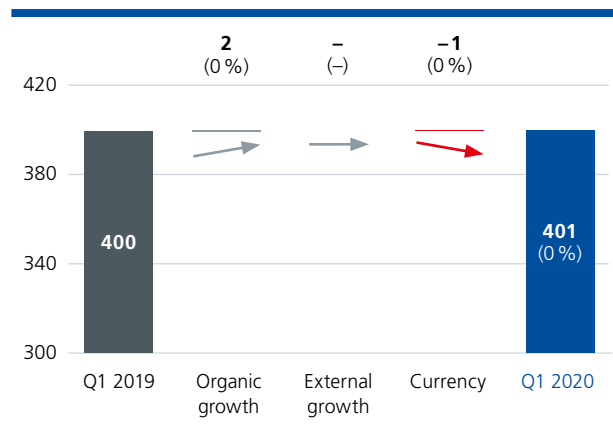
- Sales drop in Asia due to COVID-19-pandemic. Group sales revenues reduced by 4 % from €643 million to €616 million
- External growth of €15 million through acquisitions in Australia in the previous year and in North America (previous and current year)
- Hardly any currency effects

1.2 Business development in the first three months of 2020

Development of sales revenues by regions/segments

Europe, Middle East, Africa (EMEA)

in € million

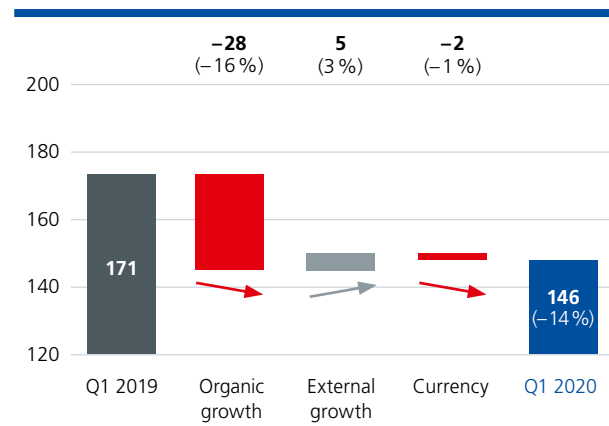


EMEA with sales revenues of €401 million (400) at previous year's level

- Business is still largely unaffected by the COVID-19-pandemic in the first quarter
- Germany still benefiting from high Group deliveries to China at the start of the year
- Brexit weakens business in the UK. France is negatively impacted by the declining automotive market
- Negative currency effects mainly due to the weakness of the South African rand

Asia-Pacific

in € million

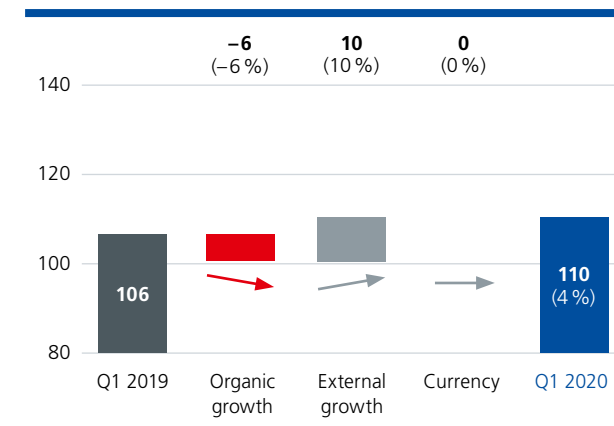


Asia-Pacific experiences sharp drop in sales revenues of 14 % to €146 million (171) as a consequence of the COVID-19-pandemic

- COVID-19-pandemic leads especially in China to a significant drop in sales revenues in February. March already with upward trend again
- External growth from the acquisition of an Australian manufacturer of lubricants for the automotive retail sector in April of the previous year
- Australia with negative currency effects

North and South America

in € million



North and South America increases sales revenues by 4 % to €110 million (106)

- Subdued end of the year continues in North America with a weak start to 2020 and organic decreases
- Weak automotive market results in declining sales revenues in North America and Brazil. US business also impacted by downturns in coal mining
- External growth of €10 million mainly due to the acquisition of a manufacturer of synthetic high-performance lubricants in the US in January 2020
- Positive currency effects in North America offset negative effects from South America

1.2 Business development in the first three months of 2020

Group results of operations

Income Statement

in € million	Q1 2020	Q1 2019	Change	
			absolute	relative in %
Sales revenues	616	643	-27	-4
Cost of sales	-398	-426	28	-7
Gross profit	218	217	1	0
Selling and distribution expenses	-96	-94	-2	2
Administrative expenses	-36	-35	-1	3
Research and development expenses	-14	-14	0	0
Other operating income and expenses	-2	1	-3	-300
EBIT before income from companies consolidated at equity	70	75	-5	-7
Income from companies consolidated at equity	2	2	0	0
Earnings before interest and tax (EBIT)	72	77	-5	-6
Financial result	-2	-1	-1	100
Earnings before tax (EBT)	70	76	-6	-8
Income taxes	-19	-21	2	-10
Earnings after tax	51	55	-4	-7
Thereof				
Non-controlling interests	0	0	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE	51	55	-4	-7
Earnings per share in €¹				
Ordinary share	0.36	0.39	-0.03	-8
Preference share	0.37	0.39	-0.02	-5

¹ Basic and diluted in both cases.

- Sales weakness as a result of the COVID-19-pandemic
- Despite lower sales revenues, gross profit is €1 million above the previous year at €218 million (217). Increased gross profit compensates slightly higher manufacturing costs
- Positive upward trend in gross margin from previous year continues. Margin up on the previous year at 35.4 % (33.7)
- Other function costs up €6 million (4 %) to €148 million (142) despite cost savings, mainly driven by the Australian acquisition in the second quarter of the previous year and the North American acquisition at the beginning of 2020. Depreciation and amortization also higher due to the growth program
- At equity income includes for the first time the shares in three African joint ventures acquired in January
- EBIT down 6 % (€5 million) to €72 million (77)
- Earnings after tax down 7 % year-on-year at €51 million (55)
- Earnings per ordinary share decrease from €0.39 to €0.36, earnings per preference share decrease from €0.39 to €0.37

Results of operations of the regions / segments

in € million	EMEA	Asia-Pacific	North and South America	Holding/consolidation	FUCHS Group
Q1 2020					
Sales revenues by company location	401	146	110	-41	616
EBIT before income from companies consolidated at equity	41	17	12	0	70
<i>in % of sales</i>	10.2%	11.6%	10.9%	-	11.4%
Income from companies consolidated at equity	2	-	-	-	2
Segment earnings (EBIT)	43	17	12	0	72
Investments in non-current assets	21	3	5	2	31
Number of employees as at March 31 ¹	3,856	942	941	134	5,873
Q1 2019					
Sales revenues by company location	400	171	106	-34	643
EBIT before income from companies consolidated at equity	36	21	14	4	75
<i>in % of sales</i>	9.0%	12.3%	13.2%	-	11.7%
Income from companies consolidated at equity	2	-	-	-	2
Segment earnings (EBIT)	38	21	14	4	77
Investments in non-current assets	20	9	5	0	34
Number of employees as at March 31 ¹	3,776	894	698	121	5,489

¹ Including trainees.

EMEA records increase in EBIT of €5 million to €43 million (38)

- Impact of COVID-19-pandemic still small in the first quarter
- Germany with a good start into the year due to high inter-company deliveries to China at the beginning of the year
- Poland also with significant increases in earnings
- At equity income at previous year's level
- Currency effects negligible

Asia-Pacific affected by COVID-19-pandemic. EBIT down €4 million year-on-year

- EBIT decrease dominated by significant drop of business in China in February. Signs of recovery already visible in March
- No significant currency effects

North and South America: EBIT down €2 million year-on-year at €12 million (14)

- Lower sales revenues due to weak automotive and mining industry weighs on EBIT
- EBIT reduced further by bad debt losses in North America

Employees

As at March 31, 2020, the global workforce had grown by 384 employees compared to the previous year.

More than two-thirds of this 7 % increase was due to acquisitions. The number of employees had already risen sharply at the end of 2019 as a result of the acquisition of NULON in Australia and the CPM (chemical process management) business of ZIMMARK. The acquisition of Nye in January 2020 added further 183 employees in the current financial year.

1.3 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 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.

FUCHS PETROLUB SE

Mannheim, April 30, 2020

1.4 Balance sheet

in € million	Mar 31, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Assets				
Intangible assets	340	269	71	26
Property, plant and equipment	654	647	7	1
Shares in companies consolidated at equity	58	47	11	23
Other financial assets	8	8	0	0
Deferred tax assets	29	29	0	0
Other receivables and other assets	1	1	0	0
Non-current assets	1,090	1,001	89	9
Inventories	408	381	27	7
Trade receivables	394	381	13	3
Tax receivables	8	9	-1	-11
Other receivables and other assets	37	32	5	16
Cash and cash equivalents	118	219	-101	-46
Current assets	965	1,022	-57	-6
Total assets	2,055	2,023	32	2

1.4 Balance sheet

in € million	Mar 31, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Equity and liabilities				
Subscribed capital	139	139	0	0
Group reserves	1,388	1,193	195	16
Group profits	51	228	-177	-78
Equity of shareholders of FUCHS PETROLUB SE	1,578	1,560	18	1
Non-controlling interests	1	1	0	0
Total equity	1,579	1,561	18	1
Pension provisions	37	36	1	3
Other provisions	5	5	0	0
Deferred tax liabilities	39	32	7	22
Financial liabilities	13	14	-1	-7
Other liabilities	5	2	3	150
Non-current liabilities	99	89	10	11
Trade payables	228	219	9	4
Other provisions	23	24	-1	-4
Tax liabilities	26	27	-1	-4
Financial liabilities	14	12	2	17
Other liabilities	86	91	-5	-5
Current liabilities	377	373	4	1
Total equity and liabilities	2,055	2,023	32	2

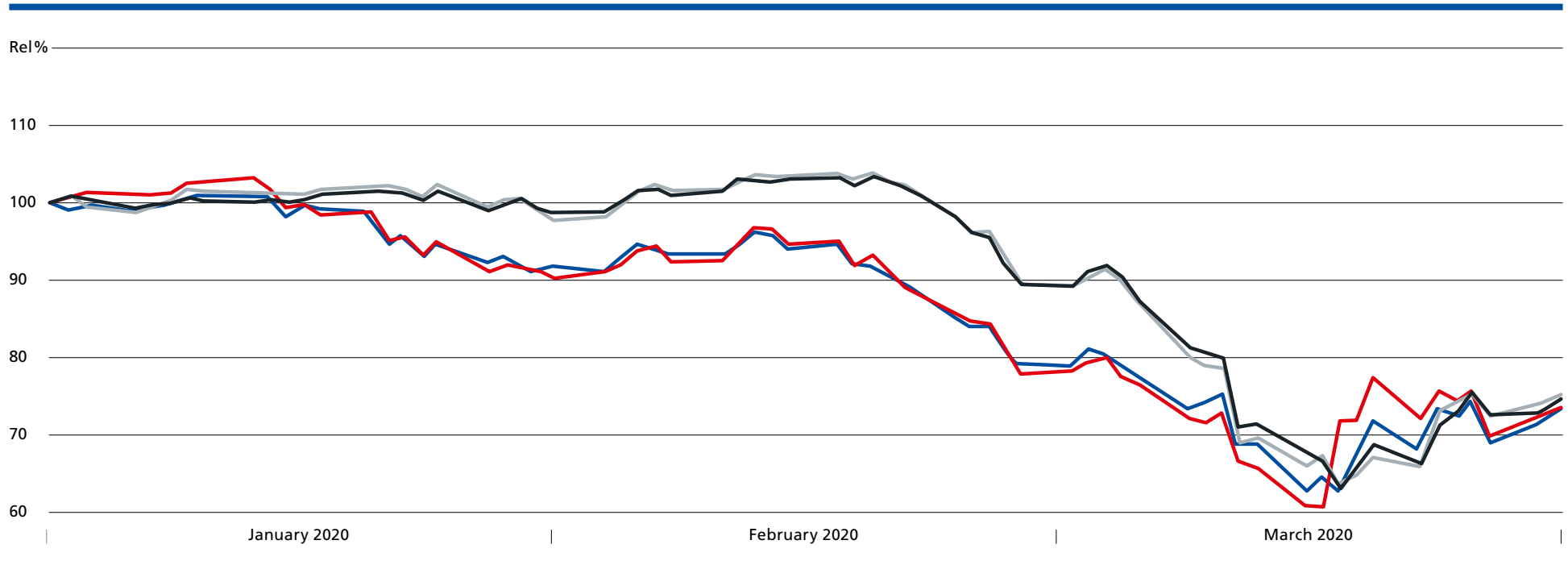
1.5 Statement of cash flows

in € million	Q1 2020	Q1 2019
Earnings after tax	51	55
Depreciation and amortization of non-current assets	20	18
Change in non-current provisions and in other non-current assets (covering funds)	0	0
Change in deferred taxes	0	0
Non-cash income from shares in companies consolidated at equity	-2	-2
Dividends received from companies consolidated at equity	0	0
Gross cash flow	69	71
Gross cash flow	69	71
Change in inventories	-36	3
Change in trade receivables	-19	-30
Change in trade payables	14	10
Change in other assets and other liabilities (excluding financial liabilities)	-1	-7
Net gain/loss on disposal of non-current assets	0	0
Cash flow from operating activities	27	47
Investments in non-current assets	-31	-34
Proceeds from the disposal of non-current assets	0	0
Cash paid for acquisitions	-96	0
Cash acquired through acquisitions	1	0
Cash flow from investing activities	-126	-34
Free cash flow before acquisitions ¹	-4	13
Free cash flow	-99	13
Dividends paid for previous year	0	0
Changes in financial liabilities	1	12
Cash flow from financing activities	1	12
Cash and cash equivalents as at Dec 31 of the previous year	219	195
Cash flow from operating activities	27	47
Cash flow from investing activities	-126	-34
Cash flow from financing activities	1	12
Effect of currency translations	-3	2
Cash and cash equivalents at the end of the period	118	222

¹ Free cash flow before cash paid for acquisitions and before cash acquired through acquisitions.

1.6 Share price development of FUCHS shares

Performance* of ordinary and preference shares in comparison with DAX and MDAX
(January 1 – March 31, 2020)



■ Preference share ■ Ordinary share ■ DAX ■ MDAX

*Price trend including dividends.

Source: Bloomberg

Financial calendar

Dates 2020

April 30	Quarterly statement Q1 2020
May 5	Virtual Annual General Meeting
July 30	Half-year financial report 2020
November 3	Quarterly statement Q3 2020

The financial calendar is updated regularly. You can find the latest dates on the webpage at

→ www.fuchs.com/financial-calendar

Note regarding the quarterly statement

In case of deviations between this English translation and the original German version of this quarterly statement, the original German version takes precedence.

Note on rounding

Due to rounding, numbers presented in this quarterly statement may not add up precisely to totals provided, and percentages stated may not precisely reflect the absolute figures to which they refer.

Disclaimer

This quarterly statement contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB SE. Statements about future developments are all statements that do not refer to historical facts and events and contain such

forward-looking formulations as “believes,” “estimates,” “assumes,” “expects,” “anticipates,” “forecasts,” “intends,” “could,” “will,” “should,” or similar formulations. 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 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 quarterly statement and assumes no liability for such. We do not assume any obligation to update the future-oriented statements made in this quarterly statement.

Contact and imprint

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