

Quarterly statement as at September 30, 2020

Q3/2020



1

Quarterly results

1.1	FUCHS at a glance	3
1.2	Business development in the first nine months of 2020	4
	▪ Development of sales revenues in the Group	4
	▪ Development of sales revenues by regions/segments	5
	▪ Group results of operations	6
	▪ Results of operations of the regions/segments	7
1.3	Employees	8
1.4	Outlook	8
1.5	Balance sheet	9
1.6	Statement of cash flows	11
1.7	Share price development of FUCHS shares	12

2

Further information

Financial calendar	13
Contact and imprint	13

1.1 FUCHS at a glance

FUCHS Group

Amounts in € million	Q1–3 2020	Q1–3 2019	Change in %
Sales revenues¹	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 €)			
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.

- Upward trend noticeable: Quarterly results up slightly on previous year
- Sales revenues in the first nine months down –11 % or –€ 212 million year-on-year at € 1,740 million (1,952)
- Earnings (EBIT) in the first nine months down –17 % or –€ 43 million year-on-year at € 203 million (246)
- Improved results of operations and reduction of inventories lead to significant improvement in financial position: Net liquidity adjusted for lease liabilities amounts to € 97 million (June 30, 2020: –€ 6)
- Outlook for the full year adjusted: EBIT decline in the range of –15 % (previously: –25 %)

“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 € 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 € 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.”

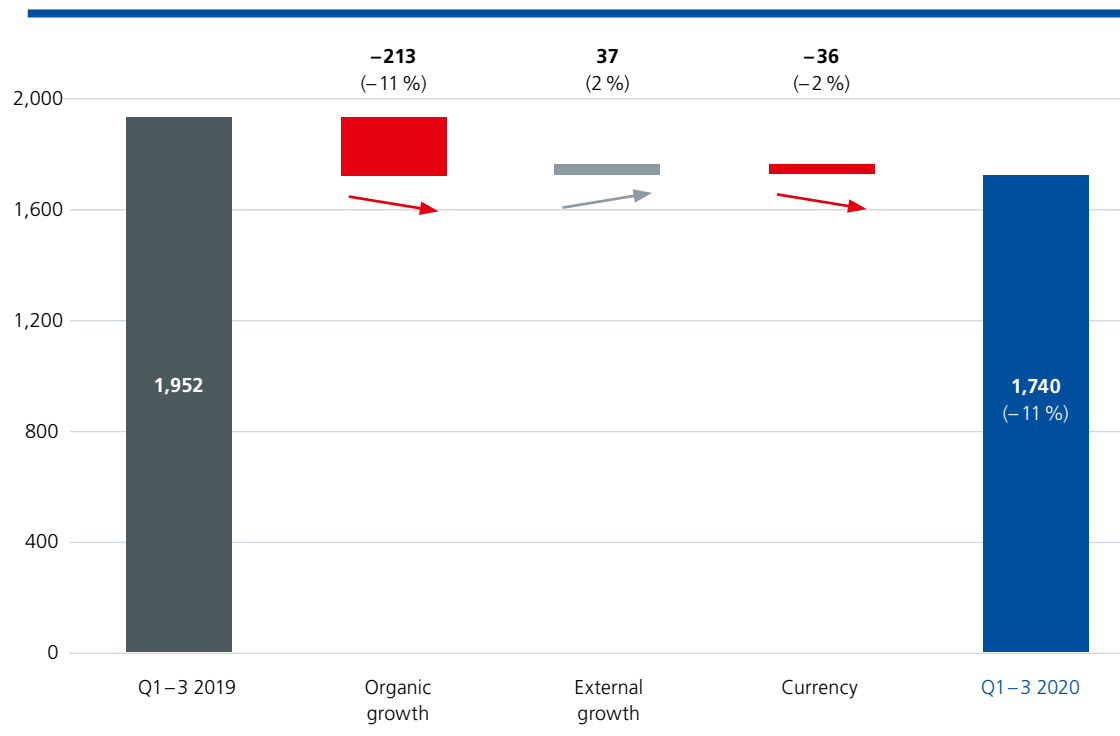
Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE

1.2 Business development in the first nine months of 2020

Development of sales revenues in the Group

Development of sales revenues in the Group

in € million



Sales revenues at € 1,740 million in the first nine months down – 11 % year-on-year; quarterly sales revenues increased significantly compared to the second quarter

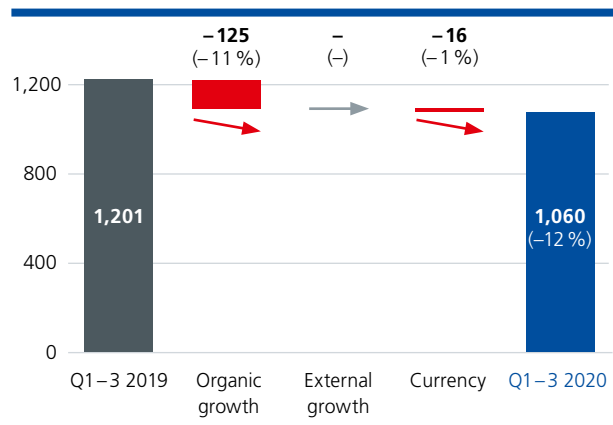
- In the third quarter growth in Asia-Pacific; upward trend in EMEA and North and South America
- External growth of € 37 million from acquisitions in North America and Australia
- Growing negative currency effects due to increasingly strong euro

1.2 Business development in the first nine months of 2020

Development of sales revenues by regions/segments

Europe, Middle East, Africa (EMEA)

in € million

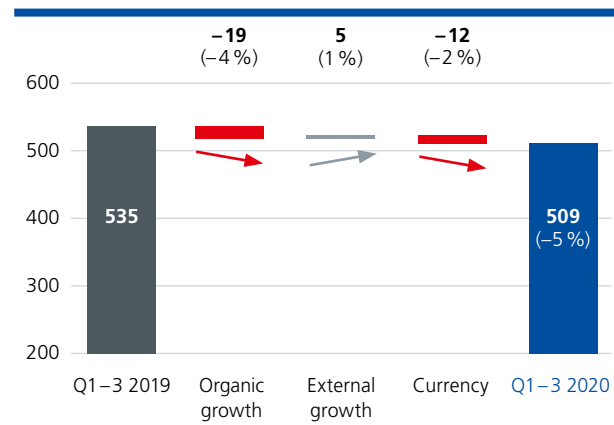


EMEA records –12% decline in sales revenues to € 1,060 million (1,201); recovery in third quarter

- Sales revenues in the first nine months heavily impacted by Covid-19 pandemic despite upturn in business in the third quarter
- Almost all companies affected by declines in sales revenues; UK, France, Spain, Italy, and Germany hardest hit
- Negative currency effects in South Africa, Russia and Poland

Asia-Pacific

in € million

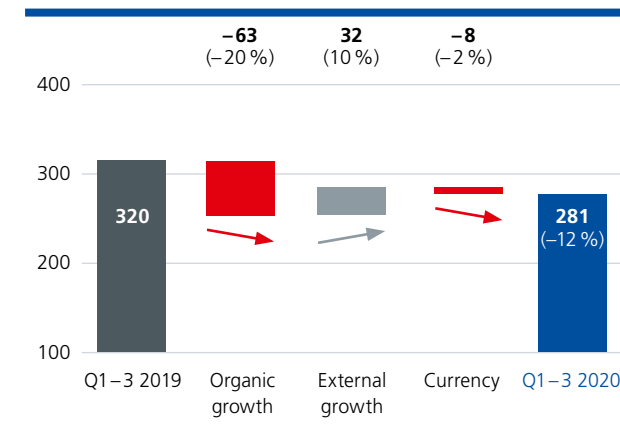


Asia-Pacific posts very good third quarter and sales revenues above the previous year. Decline in sales revenues in the region reduced to –5% (–10% in the first half year) in the first nine months, with sales revenues of € 509 million (535)

- Further stabilization of business performance in the region. China in the third quarter above previous year
- External growth from the acquisition of a manufacturer of lubricants for the automotive retail sector in Australia in April of the previous year
- Strong euro causes negative currency effects in almost all countries. China and Australia with high absolute contributions

North and South America

in € million



North and South America posts decline in sales revenues of –12% to € 281 million (320); significant upward trend noticeable

- Organic declines reduced considerably in the third quarter (–€ 12 million) as compared to the second quarter (–€ 45 million) thanks to upturn on the American market
- External growth of € 32 million mainly due to the acquisition of a manufacturer of synthetic high-performance lubricants in the US in January 2020
- Weakness in South American currencies results in negative currency effects of € 8 million

1.2 Business development in the first nine months of 2020

Group results of operations

Income Statement

in € million	Q1–3 2020	Q1–3 2019	Change	
			absolute	relative in %
Sales revenues	1,740	1,952	–212	–11
Cost of sales	–1,125	–1,280	155	–12
Gross profit	615	672	–57	–8
Selling and distribution expenses	–271	–286	15	–5
Administrative expenses	–106	–102	–4	4
Research and development expenses	–40	–41	1	–2
Other operating income and expenses	–2	–4	2	–50
EBIT before income from companies consolidated at equity	196	239	–43	–18
Income from companies consolidated at equity	7	7	0	0
Earnings before interest and tax (EBIT)	203	246	–43	–17
Financial result	–5	–3	–2	67
Earnings before tax (EBT)	198	243	–45	–19
Income taxes	–56	–67	11	–16
Earnings after tax	142	176	–34	–19
Thereof				
Non-controlling interests	0	0	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE	142	176	–34	–19
Earnings per share in €¹				
Ordinary share	1.02	1.26	–0.24	–19
Preference share	1.02	1.27	–0.25	–20

¹ Basic and diluted in both cases.

- Impact of Covid-19 pandemic weakened significantly during the year. Sales revenues decline by –11 % from € 1,952 million in previous year to € 1,740 million
- Gross profit down by € 57 million at € 615 million (672). Thanks to improved gross profit margin, slower decrease than for sales revenues of –8 %
- Cost savings take effect: Other function costs reduced by € 14 million year-on-year despite increased cost base as a result of acquisitions. Adjusted for acquisitions, savings come to almost € 30 million
- At equity income on par with previous year at € 7 million (7)
- EBIT down by –17 % or –€ 43 million at € 203 million (246); EBIT margin for the first nine months declines to 11.7 % (12.6). EBIT margin of 14.7 % in the third quarter
- Earnings after tax down –€ 34 million or –19 % year-on-year at € 142 million (176)
- Earnings per ordinary share decrease by –19 % to € 1.02 (1.26), earnings per preference share decrease by –20 % to € 1.02 (1.27)

Results of operations of the regions / segments

in € million	EMEA	Asia-Pacific	North and South America	Holding/ consolidation	FUCHS Group
Q1–3 2020					
Sales revenues by company location	1,060	509	281	–110	1,740
EBIT before income from companies consolidated at equity	95	70	29	2	196
<i>in % of sales</i>	9.0%	13.8%	10.3%	–	11.3%
Income from companies consolidated at equity	7	–	–	–	7
Segment earnings (EBIT)	102	70	29	2	203
Investments in non-current assets	53	15	11	10	89
Number of employees as at September 30 ¹	3,805	940	867	139	5,751
Q1–3 2019					
Sales revenues by company location	1,201	535	320	–104	1,952
EBIT before income from companies consolidated at equity	123	67	41	8	239
<i>in % of sales</i>	10.2%	12.5%	12.8%	–	12.2%
Income from companies consolidated at equity	7	–	–	–	7
Segment earnings (EBIT)	130	67	41	8	246
Investments in non-current assets	67	19	15	2	103
Number of employees as at September 30 ¹	3,853	948	706	129	5,636

¹ Including trainees.

EMEA (Europe, Middle East, Africa) with EBIT of € 102 million (130) down around 22 % year-on-year

- Upward trend noticeable in almost all countries, but substantial earnings declines still for the full year
- Countries particularly affected by the Covid-19 pandemic – France, Italy, Spain, and the UK – record the strongest decreases; Germany also significantly impacted
- At equity income at previous year's level
- Negative currency effects as a result of strong euro, especially from South Africa, Russia and Poland

Asia-Pacific up 4 % year-on-year with EBIT of € 70 million (67) after a very good third quarter

- Positive development driven by strong third quarter in China
- Declines in earnings particularly in India and South Korea
- Negative currency effects mainly from China and Australia

North and South America with EBIT of € 29 million (41) reduces earnings decline from –50 % in the first half of year to –29 % after nine months

- North America in the third quarter above previous year although previous year was impacted by bad debts
- Negative effects of Covid-19 pandemic in South America weakened slightly at high level
- Only slightly negative currency effects

1.3 Employees

As of September 30, 2020, the global workforce has grown by 124 employees compared to December 31, 2019.

After increasing by 246 employees in the first quarter (183 of whom were attributable to acquisitions), the workforce then decreased by 122 employees over the past six months.

1.4 Outlook

In its latest forecast from early October, the IMF reduced the contraction it expects for the global economy in 2020 to 4.4 %. According to the IMF, the global economy is expected to cope with the Covid-19 pandemic better than previously feared.

In view of these improved prospects and the business performance in the first nine months, the FUCHS Group revised its forecast for the current year as follows on October 15:

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

FUCHS PETROLUB SE

Mannheim, November 2, 2020

1.5 Balance sheet

in € million	Sept 30, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Assets				
Intangible assets	325	269	56	21
Property, plant and equipment	676	647	29	4
Shares in companies consolidated at equity	60	47	13	28
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	1,099	1,001	98	10
Inventories	356	381	-25	-7
Trade receivables	383	381	2	1
Tax receivables	7	9	-2	-22
Other receivables and other assets	33	32	1	3
Cash and cash equivalents	140	219	-79	-36
Current assets	919	1,022	-103	-10
Total assets	2,018	2,023	-5	0

1.5 Balance sheet

in € million	Sept 30, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Equity and liabilities				
Subscribed capital	139	139	0	0
Group reserves	1,236	1,193	43	4
Group profits	142	228	-86	-38
Equity of shareholders of FUCHS PETROLUB SE	1,517	1,560	-43	-3
Non-controlling interests	1	1	0	0
Total equity	1,518	1,561	-43	-3
Pension provisions	37	36	1	3
Other provisions	5	5	0	0
Deferred tax liabilities	39	32	7	22
Financial liabilities	12	14	-2	-14
Other liabilities	5	2	3	150
Non-current liabilities	98	89	9	10
Trade payables	205	219	-14	-6
Other provisions	23	24	-1	-4
Tax liabilities	25	27	-2	-7
Financial liabilities	48	12	36	300
Other liabilities	101	91	10	11
Current liabilities	402	373	29	8
Total equity and liabilities	2,018	2,023	-5	0

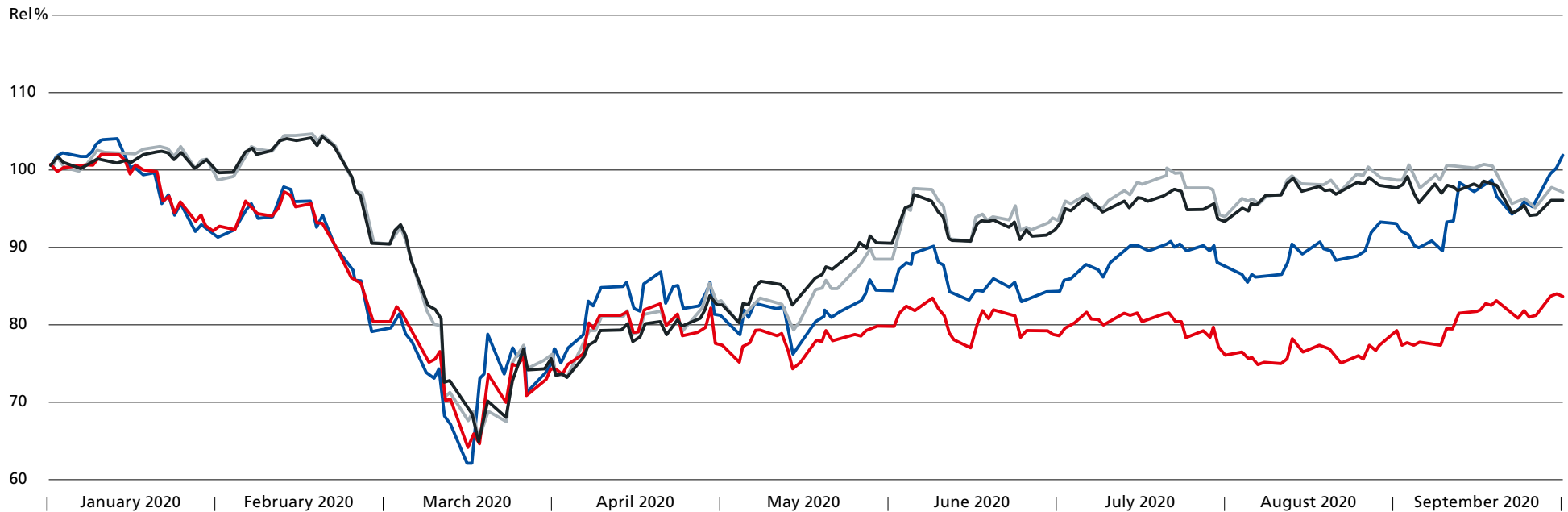
1.6 Statement of cash flows

in € million	Q1–3 2020	Q1–3 2019
Earnings after tax	142	176
Depreciation and amortization of non-current assets	59	54
Change in non-current provisions and in other non-current assets (covering funds)	0	0
Change in deferred taxes	0	1
Non-cash income from shares in companies consolidated at equity	–7	–7
Dividends received from companies consolidated at equity	1	0
Gross cash flow	195	224
Gross cash flow	195	224
Change in inventories	15	14
Change in trade receivables	–12	–23
Change in trade payables	–9	–2
Change in other assets and other liabilities (excluding financial liabilities)	22	–16
Net gain/loss on disposal of non-current assets	0	0
Cash flow from operating activities	211	197
Investments in non-current assets	–89	–103
Proceeds from the disposal of non-current assets	0	0
Cash paid for acquisitions	–96	–11
Cash acquired through acquisitions	1	1
Cash flow from investing activities	–184	–113
Free cash flow before acquisitions ¹	122	94
Free cash flow	27	84
Dividends paid for previous year	–134	–131
Changes in financial liabilities	32	–3
Cash flow from financing activities	–102	–134
Cash and cash equivalents as at Dec 31 of the previous year	219	195
Cash flow from operating activities	211	197
Cash flow from investing activities	–184	–113
Cash flow from financing activities	–102	–134
Effect of currency translations	–4	0
Cash and cash equivalents at the end of the period	140	145

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

1.7 Share price development of FUCHS shares

Performance* of ordinary and preference shares in comparison with DAX and MDAX
(January 1 – September 30, 2020)



■ Preference share ■ Ordinary share ■ DAX ■ MDAX

*Price trend including dividends.

Source: Bloomberg

Financial calendar

Dates 2020

November 3	Quarterly statement Q3 2020
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Dates 2021

March 9	Annual report 2020
April 29	Quarterly statement Q1 2021
May 4	Annual General Meeting in Mannheim
July 30	Half-year financial report 2021
October 29	Quarterly statement Q3 2021

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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