



Quarterly report

for the first quarter of 2002

- Accelerated growth
- Steep rise in profits
- Good prospects

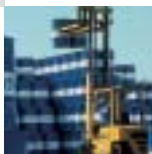
FUCHS PETROLUB AG



The first quarter of 2002 at a glance

GROUP [Figures in € m]	Jan.–March/2002	Jan.–March/2001
Sales¹⁾	265.7	234.9
Europe	174.2	149.6
North and Latin America	56.3	54.4
Asia/Pacific Rim, Africa	35.2	30.9
Earnings before interest and taxes (EBIT)	16.4	13.9
Net income for the quarter	4.6	3.4
Gross cash flow	16.3	13.4
Capital expenditure	4.4	6.1
Employees	4,145	3,952
Germany	1,147	935
Abroad	2,998	3,017

¹⁾ By company location



Dear shareholders,

The FUCHS PETROLUB Group is pleased to report a very good first quarter.

In the period from January to March 2002, sales rose by 13.1 % to reach € 265.7 m, operating profits increased by 23.4 % to € 19.5 m, and the net income for the quarter, at € 4.6 m, was up by 35.3 %. For the first time, goodwill was amortized in full *pro rata temporis* against profits in accordance with International Accounting Standards (IAS). Adjusted for this goodwill amortization, the quarterly profits after taxes came to € 7.3 m (6.0).

The quarterly earnings per share increased to € 3.0 (2.4) before and € 1.8 (1.3) after goodwill amortization.

Though our share prices rose in 2001 and have continued to rise since January 2002 – against the general trend of the stock market –, they still do not reflect the first quarter's increased profits and the good prospects for the rest of 2002. We believe this should be a reason for a basic revaluation of the FUCHS stock.

Yours

Dr. Fuchs.

Dr. Manfred Fuchs
Chairman of the Executive Board

The lubricants market

Following a rise of 1.3 % in 2000, global demand for lubricants (excluding marine oils) last year shrank by an estimated 2.4 %, due to the weakness of the global economy, negative inventory cycles and structural reasons. In the long term, however, we expect worldwide demand to increase by between 0.5 % and 1.0 % a year.

For ongoing consumption trends in the current period, we so far have figures only from major markets in Western Europe.

These indicate that lubricants consumption in France and Italy during the first quarter of the year declined by 2.3 % and 4.1 % respectively, while Germany reported a 1.3 % rise in consumption for the period up to February, an increase primarily attributable to higher sales of automotive lubricants, up by 2.7 %, while the demand for industrial lubricants (incl. process oils) more or less stagnated at the preceding year's level during the period under review ending February (+0.5 %).

Following a drop of 5.8 % in 2001, another, though slight decline, of less than 1.0 %, is expected for German domestic lubricant deliveries. Demand here is being hit predominantly by longer oil change intervals, smaller engines and machines with a higher power density, plus reduced lubricant consumption levels due to technical progress and environmental protection initiatives.

For domestic sales, sales volume for engine oils, the most important category in quantitative terms, is predicted to decrease by 4.1 % in 2002, after sales had already fallen by 7.1 % in Germany last year. Here, the sales-boosting rise in automobile numbers is more than offset by sales-reducing quality improvements. The development of engine oil demand has thus been uncoupled from the level of car ownership.

Due to the ever-improving quality of lubricants, and the concomitantly falling demand, plus the increased significance of services in the economy as a whole, German demand for lubricants can be expected to shrink in the long term as well.

Changeover to IAS

During the current business year of 2002, we are changing over our accounting methods from the principles of the German Commercial Code (HGB) to International Accounting Standards (IAS). We are thus enhancing the transparency of our reporting work, ensuring improved comparability in the context of international competition, and at the same time meeting the requirements laid down by the German Stock Exchange for companies in the SDAX segment.

Compared to the methods adopted for valuation, accounting and consolidation up to the end of 2001, this will entail the following changes for this quarterly report and for 2002's accounting as a whole:

Under IAS 22, a lifetime of 20 years is applied for goodwill.

Scheduled depreciation of tangible and intangible assets is based on the following useful lifetimes:

Intangible assets excluding goodwill	3 to 5 years
Buildings	20 to 40 years
Technical equipment and machines	3 to 20 years
Factory and office equipment	3 to 10 years

In conformity with IAS 39, derivative financial instruments are shown at their market value at the end of the period concerned.

Provisions for pensions have been valued in accordance with IAS 19, on the basis of actuarial expertises commissioned for the purpose.

Tax deferrals have been calculated on different valuations of assets and liabilities between the IAS and tax accounts, and on loss carryovers amenable to short-term realization.

FUCHS EUROPE SCHMIERSTOFFE (formerly FUCHS DEA SCHMIERSTOFFE GMBH & CO. KG) is fully included in the consolidated financial statements. DEA Mineraloel AG ceased to be a partner in the joint venture as from 1 January 2002. In the past, FUCHS EUROPE SCHMIERSTOFFE had been consolidated *pro rata* at 50 %.

As from 1 January 2002, the FUCHS companies in Mexico and Russia have been included in the consolidated financial statements for the first time, now that 100 % of the equity has been acquired here as well.



Sales

In the first quarter of 2002, the group increased its sales by € 30.8 m or 13.1 % to € 265.7 m (234.9). Contributions here came both from internal growth, accounting for 1.5 % or € 3.5 m, and external growth, with 10.8 % or € 25.4 m. Currency translation effects accounted for another plus of 0.8 % or € 1.9 m.

The factors behind the sales performance in overview:

€ m	%	
+ 3.5	+ 1.5	Internal growth
+ 25.4	+ 10.8	External growth
+ 1.9	+ 0.8	Currency translation effects
+ 30.8	+ 13.1	Sales growth

With € + 24.6 m, the Europe Region shows the highest sales increase in absolute terms. The principal reason for this is the takeover of the remaining 50 % stake in what is now FUCHS EUROPE SCHMIERSTOFFE in Mannheim at the beginning of 2002.

A likewise significant relative sales increase of 13.9 % is reported by the Asian/Pacific Rim and African subsidiaries. Besides our largest Australian subsidiary, our Chinese affiliates, as in 2001, made a particular contribution here (+ approx. 50 %).

Sales growth in the North and Latin America Region, at 3.5 %, is being fueled mainly by the Latin American companies and the rise of the US dollar.

Sales performance by regions

[Figures in € m]	1 st quarter 2002	1 st quarter 2001	absolute	Change in %
Europe	174.2	149.6	24.6	16.4
North and Latin America	56.3	54.4	1.9	3.5
Asia/Pacific Rim, Africa	35.2	30.9	4.3	13.9
Total	265.7	234.9	30.8	13.1

Earnings

The changeover of group reporting to International Accounting Standards (IAS) meant that the comparative figures for the preceding year had to be modified. All statements referring to the preceding year thus relate to these modified comparative figures.

The group's earnings performance in the first quarter of 2002 was very gratifying. Operating profits were up by € 3.7 m or 23.4 %, at € 19.5 m (15.8). The reasons behind this growth in earnings are to be found in the substantially increased sales and a slight improvement in gross margin to 36 % of sales (35.8). The concomitant rise in gross earnings of 13.7 % and the reduced selling, administration and R&D cost quota of 28.7 % (29.1) produced a substantial upturn in operative earnings. The operative margin increased to 7.3 % of sales (6.7).

Earnings before interest and taxes (EBIT), at € 16.4 m (13.9), were thus € 2.5 m or 18 % up on the preceding year's equivalent level. The figure incorporates the goodwill writedowns on the individual company level hitherto included under other expenses, plus for the first time writedowns of consolidated goodwill included as affecting the result, which under the German Commercial Code were offset directly against shareholders' equity.

The net financial income of € –6.3 m (–5.9) contains not only net interest expenses, but also the payments for participation-right certificates hitherto shown separately in line with the accounting rules of the German Commercial Code. Furthermore, in accordance with the IAS system, the interest content of the allocations to pension provisions is shown for the first time.

Earnings before taxes thus rose by 26.3 % over the preceding year's equivalent period to reach € 10.1 m (8.0). After deducting taxes on income, which rose in comparison by an underproportional 19.6 %, there remains a net income for the quarter of € 4.6 m (3.4), which means that earnings after taxes are up by 35.3 %. Earnings after minority interests of € 0.2 m (0.4) came to € 4.4 m (3.0).

With the anticipated modification of goodwill treatment under IAS to adopt the rules of US-GAAP, scheduled to take effect perhaps before the end of this year, but not later than 2003, there would no longer be any pro rata goodwill write-downs. The "impairment only"-approach (special write-offs) would apply in their place, requiring an individual assessment of the goodwill concerned instead of a uniform increase in expenses, and entailing a debit on consolidated earnings only if the value has in fact been impaired.

Earnings after taxes in the first quarter of 2002 before goodwill writedowns of € 2.7 m (2.6) were € 7.3 m (6.0).

A regional breakdown of earnings shows substantial growth in profits particularly in the Asia/Pacific Rim and Africa Region. But Europe, too, has reported gratifying improvements in earnings, applying to Western and Central Europe alike. Only the consumption-driven Polishing Technology Division, as in previous quarters, is still suffering from weak consumer demand.

Capital expenditure

During the first quarter of 2002, the group invested € 4.4 m (6.1) in tangible and intangible assets, excluding goodwill. € 2.8 m (64 %) was spent abroad.

The main items here were the new plant under construction in Kaiserslautern and plant equipment in the USA.

Depreciation on tangible and intangible assets, excluding goodwill writedowns, came to € 7.4 m (6.4). Goodwill writedowns on the individual company level came to € 0.8 m (0.8), writedowns on goodwill from consolidation accounted for € 1.9 m (1.8).



Our people

On 31 March 2002, the FUCHS PETROLUB Group was employing 4,145 people (31 March 2001: 3,952). The total number of employees has thus risen by 193 (+ 4.9 %) from the previous year's equivalent date.

The increase in the workforce is largely attributable to the first-time full consolidation of FUCHS EUROPE SCHMIERSTOFFE. Following the termination of the joint venture with DEA, FUCHS EUROPE SCHMIERSTOFFE is a wholly owned subsidiary of the FUCHS PETROLUB Group.

1,147 people were employed in Germany, and 2,998 abroad. This means the number of employees in Germany was 212 higher (+ 22.7 %) than in the first quarter of 2001, while the workforce abroad was reduced by 19 staff (–0.6 %).

In the other European countries, the number of employees has decreased by 96 (–5.9 %) compared to 31 March 2001. The restructuring initiatives at some European companies, such as FUCHS LUBRIFIANTS FRANCE (–20 staff) and FUCHS (UK) (–74 staff) are counterbalanced by growth from the first-time consolidation of LIPPERT-UNIPOL (CZ) (+ 26).

In the Asia/Pacific Rim and Africa Region, the number of employees, due not least to expanded activities in China and the first-time consolidation of SUZUROKU YUSHI, Japan, has increased by 88 (+ 12.1 %) from the preceding year's equivalent date.

Research and development

The R&D departments at our affiliates and our Competence Centers completed a large number of development projects during the period under review, and presented new products successfully trialed in the test rigs or in the field.

Progressively tougher requirements for the performance capabilities of industrial gear oils increasingly often necessitate the use of synthetic lubricants. Appropriate products from the group have successfully passed the stringent approval tests conducted by one of the world's biggest producers of industrial gear boxes.

Following a lengthy testing phase, an international automaker has approved several drawing and deep-drawing oils, compatible with anti-corrosion and prelube oils. The products will be used in press shops of the automotive industry and its component suppliers for manufacturing body-in-white and add-on parts.

Modern-day electrical steering systems pose new requirements for the lubricant involved. We have developed and successfully tested a synthetic high-performance lubricating grease for these requirements.

For lifetime lubrication of car rear axle transmissions, a fully synthetic fuel-economy oil has been developed, tested and approved by a leading German automaker.

A synthetic corrosion prevention fluid with multi-functional properties has been developed, which provides not only good protection, but also excellent lubrication, as well as guarding against wear. The product is biodegradable, odorless, and easily removed. There are possible applications in such disparate fields as private households or the metalworking industry.

Equity investments

The most important change occurred in the FUCHS PETROLUB Group's German business operations at the beginning of 2002's first quarter. The former FUCHS DEA SCHMIERSTOFFE, now trading as FUCHS EUROPE SCHMIERSTOFFE, once again belongs 100 % to our Group, now that DEA has pulled out by reason of its merger with Shell, effective 1 January 2002. This, the single largest company in the FUCHS PETROLUB Group, in the past consolidated pro rata at only 50 %, anticipates sales of € 240 m this year, with a workforce of 520. The new situation also offers improved options for integration within the group.

Another change is that effective 1 January the group has taken over the FUCHS companies in Mexico and Russia, in which it had previously owned merely small minority holdings. The two companies achieved sales of € 6.9 m in 2001.



Outlook

The future performance of the economies in Western Europe, the USA and Asia/Pacific Rim remains to be seen, as do developments in exchange rates and the raw material markets dependent on the oil price. However, a gradual strengthening of the global economy's growth dynamic is anticipated.

In this context, the FUCHS PETROLUB Group will benefit from its high-quality business portfolio and from its technology and specialization leadership, together with its global presence.

Sales will for the first time exceed € 1 bn, and produce higher profits than in 2001.

Mannheim, 31 May 2002

FUCHS PETROLUB AG



The FUCHS shares

The prices of the FUCHS shares have continued to rise since the beginning of 2002. The ordinary share was listed at € 66.05 on 17 May 2002, the preference share at € 67.30. This was an increase of 0.8 % and 7.2 % respectively since the end of 2001. In the same period, the DAX and NEMAX slipped by 2.3 % and 18.1 % respectively, while the SDAX was up by 4.8 % and the MDAX by 2.7 %.

FUCHS PETROLUB will continue to be a member with its preference shares of the SDAX quality segment, reduced to 50 stocks as from 24 June 2002.

With the share price outlook continuingly favorable, both share classes offer high asset backing and dividend yield. The proposal to the AGM on 12 June 2002 will ask it to approve payment of an unchanged cash dividend of € 3.87 per ordinary share and € 4.38 per preference share, reflecting the fact that though consolidated net income for 2001 was below the preceding year's figure the group's operating profits had been improved. Referenced to the prices of € 65.50 for the ordinary share and € 62.90 for the preference share on 28 December 2001, we are once again looking at above-average dividend yields of 5.9 % for the ordinary share and 7.0 % for the preference share. The payout ratio is 64.7 % of the group's net income for the year after minority interests.

We received no information about notifiable shareholdings during the reported period.

Profit and loss statement

[in € m]	1 st quarter 2002	1 st quarter 2001
Sales revenues	265.7	234.9
Cost of sales	-170.0	-150.8
Gross profit	95.7	84.1
Selling and distribution costs	-52.3	-46.3
Administration costs	-18.3	-17.4
Research and development costs	-5.6	-4.6
Operating profit	19.5	15.8
Other operating income	3.3	3.4
Other operating expenses	-4.0	-3.0
Investment income	0.3	0.3
Earnings before interest, taxes and amortization (EBITA)	19.1	16.5
Goodwill writedowns	-2.7	-2.6
Earnings before interest and taxes (EBIT)	16.4	13.9
Net financial result	-6.3	-5.9
Earnings before taxes (EBT)	10.1	8.0
Income taxes	-5.5	-4.6
Earnings after taxes	4.6	3.4
Minority interests	0.2	0.4
Earnings after minority interests	4.4	3.0
Earnings per share after goodwill writedowns [in €]	1.8	1.3

Earnings before goodwill writedowns

[in € m]	1 st quarter 2002	1 st quarter 2001
Earnings after minority interests	4.4	3.0
Goodwill writedowns	2.7	2.6
Earnings after minority interests before goodwill writedowns	7.1	5.6
Earnings per share before goodwill writedowns [in €]	3.0	2.4

Flow-of-funds analysis

The gross cash flow, at € 16.3 m, is significantly up on the preceding year's figure of 13.4. Goodwill writedowns total € 2.7 m. Under the current IAS rules, they are recorded in the profit and loss statement as affecting expenditure.

The group's buoyant performance in the year's first quarter led to a rise in resource lock-up in receivables and other assets with a simultaneous downsizing of inventories and liabilities. The inflow of funds from current business activity thus came to € 6.2 m (12.2).

Capital expenditure on fixed assets was € 4.4 m, below the preceding year's level of 6.1. The principal items involved are the new plant under construction in Kaiserslautern and plant equipment in the USA. The purchases of the FUCHS companies in Mexico and Russia are shown under the acquisitions of consolidated business units, at € 3.6 m.

Liabilities to banks amounting to € 3.8 m were repaid. The group's funds on hand decreased correspondingly to € 21.5 m, equivalent to the preceding year's level.

Flow-of-funds analysis

[in € m]	31 March 2002	31 March 2001
Net income for the quarter	4.6	3.1
Depreciation on fixed assets	10.1	9.0
Change in long-term provisions	1.6	1.3
Gross cash flow	16.3	13.4
Change in short-term provisions	-1.3	1.1
Change in inventories	2.9	-1.3
Change in receivables	-5.2	-8.7
Change in other assets	-2.8	0.1
Change in liabilities (excluding financial liabilities)	-3.7	7.6
Income from the disposal of fixed assets	0.0	0.0
Inflow of funds from current operating activities	6.2	12.2
Capital expenditure on fixed assets	-4.4	-6.1
Acquisitions of consolidated business units	-3.6	-16.9
Income from the disposal of fixed assets	0.0	0.0
Outflow of funds from investment activity	-8.0	-23.0
Free cash flow before dividend payouts	-1.8	-10.8
Dividend payouts for the preceding year	0.0	0.0
Change in financial debts	-3.8	12.3
Change in funds on hand due to alterations in the consolidated group	0.0	0.0
Inflow of funds from financing activity	-3.8	12.3
Funds on hand at the end of the preceding year	27.1	18.6
Cash flow from current operating activities	6.2	12.2
Cash flow from investment activity	-8.0	-23.0
Cash flow from financing activity	-3.8	12.3
Effect from currency translation of the funds on hand	0.0	0.1
Funds on hand at the end of the first quarter	21.5	20.2

Information for shareholders

12. June 2002 Annual General Meeting, Mannheim
The ordinary Annual General Meeting as well as the special meeting of the preference shareholders will be held in the Mozart Hall of the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim, at 10.00 a.m. on Wednesday, 12 June 2002. Together with the invitation and the agenda, shareholders also receive an abbreviated report on the 2001 business year through their depository banks. The dividends will be paid out as from 13 June 2002.

13. June 2002 Informational event for Swiss shareholders, Zurich

30. Aug 2002 First-half press conference, Mannheim

3/4. Sep 2002 Annual analysts' conference, Bad Griesbach

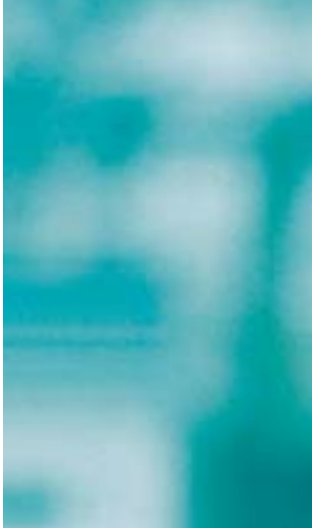
30. Aug 2002 Next quarterly report
Report on the first half of 2002

This quarterly report is also available in German.
Both language versions can be viewed on the internet.

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