



Interim report

for first half-year 2002

- Above-average growth
- Best half-year result in the group's history
- Share prices up

FUCHS PETROLUB AG



The first half-year 2002 at a glance

The group [in € million]	1–6/2002	1–6/2001
Sales¹⁾	542.3	478.0
Europe	353.6	299.2
North and Latin America	114.5	114.7
Asia/Pacific, Africa	74.2	64.1
Earnings before interest and taxes (EBIT)	36.6	28.1
Half-year net income	12.0	5.6
Gross cash flow	31.3	25.7
Capital expenditures	12.2	14.1
Employees	4,132	3,966
Germany	1,143	938
Abroad	2,989	3,028

¹⁾ By company location

Dear shareholders,

We are able to report the best half-year result in the group's history. The keys to our success are a balanced, high-quality business portfolio, the elimination of former weak points in the worldwide subsidiaries, the corporate streamlining work achieved over the past two years, and a somewhat easier situation on the input material markets.

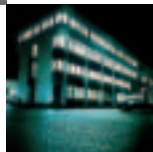
Sales in the year's first half totaled € 542.3 million, 13.5 % up on the preceding year's figure. The group's operating profit increased by 32 % to reach € 43.3 million, and half-year net income by 111 % to € 12.0 million. In conformity with international accounting standards (IAS), acquisition goodwill was for the first time amortized in its full amount of € 5.4 million and deducted from the profit on a pro rata temporis basis. Before this goodwill amortization, the profits after taxes came to € 17.4 million (11.1).

The half-year earnings per share rose to € 7.1 (4.4) before and € 4.8 (2.1) after goodwill amortization.

As in the preceding year, the prices of the FUCHS shares rose from January to June 2002, thus performing better than all major stock market indexes, which suffered greater or lesser falls. Our stock's success reflects keener interest from private investors and specialized funds, who after the disappointments of the stock market have opted for a sound investment with an above-average dividend yield and a moderate valuation.

M. Fuchs

Dr. Manfred Fuchs
Chairman of the Executive Board



The lubricants market

Following a worldwide increase of 1.3 % in 2000 and a decline of 2.4 % last year, we expect worldwide lubricants demand in 2002 to show another slight increase of 1.6 % to approximately 35.7 million tons. For Germany, we anticipate that consumption quantities will stagnate during the current period, which would mean a market volume approximately at the preceding year's level of 1.02 million tons.

During the first five months of the current year, the German lubricants market was affected by significant fluctuations. While until the end of March consumption figures were reported to be down by 2.3 % on a comparable basis, in the two subsequent months domestic demand rose by a total of 3.7 %. On a cumulative basis, the market volume was by the end of May slightly up on the previous year's level (+ 0.1 %).

In France and Italy, during the year's first half lubricants consumption fell by 0.9 % and a substantial 4.2 % respectively, while in the United Kingdom, up to April, lubricant sales were 2.5 % down on the preceding year's equivalent period. For Western Europe as a whole, demand is expected to shrink by 1.5 % during 2002.

From the USA, the world's largest national market, a quantitative increase of 2.8 % up to the end of April was reported. We are anticipating a total rise in consumption for North and Latin America of 2.4 % by the end of the year. In Japan, Asia's second-biggest market, demand was up by 1.0 % for the period of the first half of 2002. We expect the market volume in the Asia/Pacific region to increase by a total of 2.2 % this year.

In our estimation, demand in the other regional lubricants markets, Central and Eastern Europe, the Near and Middle East, and Africa, is expected to show a total rise of about 1.5 % over the course of 2002.

Accounting 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 accounting, valuation 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 shown 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 GMBH (formerly FUCHS DEA SCHMIERSTOFFE GMBH & CO.) 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

During the first half of 2002, the group increased its sales by a substantial € 64.3 million or 13.5 % to reach € 542.3 million (478.0). This growth in turnover was fueled by internal growth of 4.3 % or € 20.6 million and external growth of 10.6 % or € 50.5 million. Shifts in exchange rates accounted for – 1.4 % or € – 6.8 million.

The factors behind the sales performance in overview:

€ million	%	
+ 20.6	+ 4.3	Internal growth
+ 50.5	+ 10.6	External growth
– 6.8	– 1.4	Currency translation effects
+ 64.3	+ 13.5	Sales growth

The biggest rise in sales (€ + 54.4 million or 18.2 %) in both absolute and relative terms came from Europe. One significant factor here was the takeover of the remaining 50 % stake in what is now FUCHS EUROPE SCHMIERSTOFFE in Mannheim at the beginning of 2002.

The Asia/Pacific and African subsidiaries, too, upped their sales substantially by € 10.1 million or 15.8 %. The principal contributors in this region were our biggest Australian subsidiary and our Chinese affiliates.

Sales from the North and Latin American Region were especially influenced by the slide in both the Brazilian real and the Argentinian peso, though all companies in this region upped their sales in terms of local currency.

Sales performance by regions

[in € million]	1 st half-year 2002	1 st half-year 2001	absolute	Change %
Europe	353.6	299.2	54.4	18.2
North and Latin America	114.5	114.7	-0.2	-0.2
Asia/Pacific, Africa	74.2	64.1	10.1	15.8
Total	542.3	478.0	64.3	13.5

Earnings

Due to the changeover in group reporting to International Accounting Standards (IAS), the comparative figures for the preceding year have been correspondingly adjusted, as indeed they were for the first quarter of 2002. All statements on the preceding year thus relate to these adjusted comparative figures.

The group operated very successfully during the first half of 2002. Substantially increased sales (+ 13.5 %), overproportionally improved gross income (+ 15.7 %) and an underproportional rise in selling, administration and R&D costs (+ 11.7 %) meant that the operating result rose by 32.4 % to reach € 43.3 million (32.7).

The gross margin thus increased by 0.7 % from 36.1 to 36.8 %, while the proportion accounted for by the above-mentioned selling, administration and R&D costs fell by 0.4 % from 29.2 to 28.8 % of sales. The group's operating margin thus came to 8.0 % (6.8) in the first half of 2002.

Other operating income of € -2.4 million net was affected by risk provisions relating to receivables and other assets. The group's earnings before interest, taxes and amortization (EBITA) are € 41.7 million (33.5).

Reduced by goodwill amortization in the preceding year's amount of € 5.4 million and a slightly improved net financial income of € 12.9 million (13.1), pretax earnings come to € 23.4 million (15.0). As a result of the significantly reduced taxation ratio, now at 48.6 % (62.3), consolidated net income has been more than doubled compared to the preceding year, at € 12.0 million (5.7).

Compared to our former reporting guidelines under the German Commercial Code (HGB), IAS rules entail some significant changes. For instance, the goodwill amortization shown includes the goodwill amortization on the level of individual companies (previously shown under other expenses), plus the amortization on consolidation goodwill, included for the first time as affecting the result, whereas under HGB they were offset directly against shareholders' equity. In addition, the net financial income includes not only the net interest expenses but also the payouts for the participation-right certificates (previously shown separately), and the interest contents included in the transfer to pension provisions.

With the adjustment of goodwill accounting procedures under IAS to the rules of US-GAAP, expected for 2003, pro rata goodwill amortization would no longer be made. Instead, the "impairment only" approach (unscheduled amortization) would be adopted, which in place of a uniform increase in expenses provides for individualized assessment of the goodwill involved, and entails a deduction from consolidated earnings only if there has been an actual reduction in value.

All regions contributed to the group's good earnings performance: only the group's Polishing Division is unable to share in the lubricant companies' gratifying performance, since like its customers it is suffering from weak consumer demand.

Earnings per share are € 4.8 (2.1) and € 7.1 (4.4) respectively before goodwill amortization.

Capital expenditures

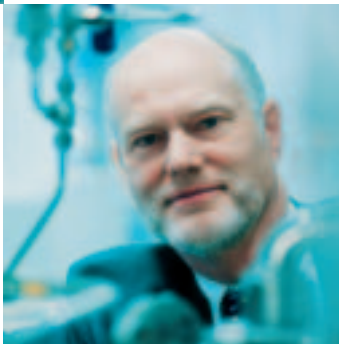
The group's capital expenditures on tangible and intangible assets, with the exception of goodwill, came to € 12.2 million (14.1) in the first half of 2002. € 6.9 million (57 %) was spent abroad.

Capital expenditures focused principally on plant equipment for the new facility in Kaiserslautern and for the expansion of a grease factory in the USA.

Depreciation on tangible and intangible assets excluding goodwill amortization came to € 14.3 million (13.2).

In particular, within the context of its acquisition activities, the group spent € 3.6 million on purchasing the remaining shares in LUBRICANTES FUCHS DE MEXICO and FUCHS OIL in Russia.

The total goodwill amortization of € 5.4 million are composed of goodwill amortization on the single-company level amounting to € 1.6 million (1.9) and amortization on goodwill arising from consolidation amounting to € 3.8 million (3.5).



Our people

On 30 June 2002, the FUCHS Group was employing 4,132 people (30 June 2001: 3,966). The number of employees thus rose by 166 (+ 4.2 %) compared to the previous year's equivalent date.

The increase in the payroll is largely attributable to last quarter's full consolidation of FUCHS EUROPE SCHMIERSTOFFE.

1,143 people were employed in Germany and 2,989 abroad. In Germany, the number of employees thus increased by 205 (+ 21.9 %) compared to the 2nd quarter of 2001, while the payroll abroad fell by 39 people (- 1.3 %).

In other European countries, the number of employees decreased by 121 (- 7.4 %) compared to 30 June 2001. This workforce shrinkage is attributable to restructuring initiatives at some European companies, such as FUCHS LUBRIFIANTS FRANCE (- 19 staff), FUCHS LUBRICANTS (UK) (- 67 staff) and FUCHS LUBRIFICANTI (- 11 staff).

In the Asia/Pacific and Africa Region, the number of employees increased by 67 (+ 8.9 %) to 819 compared to the second quarter of 2001. This rise is attributable not least to the group's gratifying performance in China, where, for instance, FUCHS KEWEI SPECIALITY LUBRICANTS (HEFEI) is now employing 30 more people than in last year's equivalent quarter.

In the North and Latin America Region, the number of employees has risen by 15, now that LUBRICANTES FUCHS DE MEXICO was in the preceding quarter fully consolidated for the first time at FUCHS LUBRICANTS in the USA.

Research and development

Increasingly stringent requirements for lubricants, and new fields of application, constitute a continual challenge for the R&D departments at our affiliates and the Centers of Competence. In the period under review, important projects were progressed and a multitude of new products launched.

Engine oils for vehicles with new types of exhaust gas treatment systems, like particle filters, are being developed in conjunction with the automotive industry. One major focus of our R&D work here is a new, catalytic-converter-friendly additive technology.

An innovative water-miscible metal-working fluid, providing not only very good cleaning efficacy but also outstanding skin-compatibility and a pleasant odor, has been introduced. This product is suitable for all metals and can be used for an enormous range of machining processes, from grinding to ultra-heavy-duty machining.

A synthetic hydraulic oil has been developed and trialed specifically for use in aluminum rolling mills. The product's salient characteristic is that it does not cause any stains on the surface when it comes into contact with the aluminum strip.

Internal high-pressure metal-forming is a manufacturing process gaining steadily in importance. Basic R&D and field tests have enabled us to develop a family of high-performance lubricants based on wet and dry films.

The range of silicone greases acquired from WACKER has been revamped and enhanced. As part of the takeover procedure, all production processes have been technically and economically optimized.

Equity investments

The former FUCHS DEA SCHMIERSTOFFE, now operating as FUCHS EUROPE SCHMIERSTOFFE, has since the beginning of this year again belonged 100 % to the 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 million this year, with a workforce of 520.

The group has also taken over the FUCHS companies in Mexico and Russia, in which it had previously owned merely small minority holdings.

Outlook

The global lubricants market is showing signs of recovery following 2001's decline in demand, due to weak economies, a negative inventory cycle and structural factors, and in the ongoing year is expected to grow by about 1.6 % in real terms. This increase will come particularly from Asia, and – compared to a depressed year 2001 level – from the USA.

Trends in exchange rates remain to be seen. In the first half of 2002 they had an adverse effect purely in terms of translation, though the FUCHS PETROLUB Group was well able to offset this on the procurement side.

Our comprehensive, top-quality business portfolio, our technical excellence, our specialization leadership, our global presence and our good positioning in high-growth markets, together with enhanced brand equity, are now bearing tangible fruit, providing the FUCHS PETROLUB Group with solid foundations for continued success.

Sales will exceed € 1 billion for the first time in 2002. Net income for the year will significantly surpass the preceding year's figure on a comparable basis.

Mannheim, 30 August 2002
FUCHS PETROLUB AG

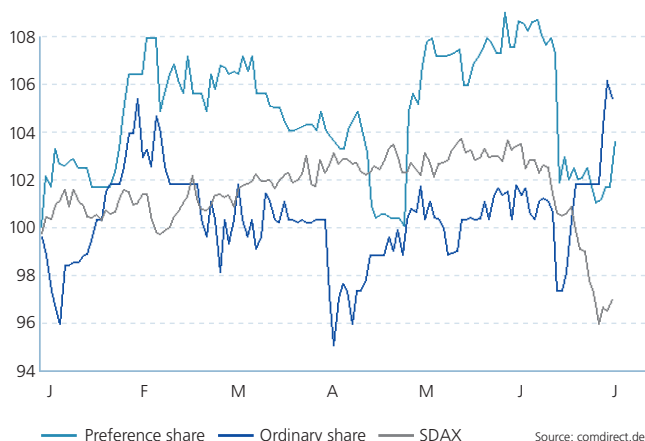
The 2002 annual general meeting

The ordinary general meeting of FUCHS PETROLUB AG on 12 June 2002 in Mannheim was attended by more than 670 shareholders, representing in all 57.8 % of the equity capital.

With 77.3 % of voting-right share capital present, the proposals put forward by the executive and supervisory boards were passed by a large majority: the shareholders approved the payout of an unchanged dividend of € 3.87 per ordinary share and € 4.38 per preference share. The executive and supervisory boards were granted discharge for the 2001 business year. The proposed cancellation of approved capital III and the creation of a new approved capital III a were accepted. The controlling and profit transfer agreements with two group companies were approved. KPMG were elected as auditors and group auditors for the 2002 business year.

The separate meeting of the preference shareholders approved the resolutions of the ordinary general meeting on cancellation of approved capital III and creation of a new approved capital III a.

Indexed comparative performance of the FUCHS PETROLUB shares, from 1 January to 30 June 2002 [in %]



The FUCHS shares during the first half of 2002

The preceding year's buoyant performance continued into the beginning of 2002's second half, with both ordinary and preference shares reaching their high for the year so far.

From January to June 2002, the FUCHS ordinary and preference shares were listed at rising prices; in the second half of June they were not only above their level at the year's beginning, but despite the dividend impact factor were on 13 June higher than before the annual general meeting. On 30 June 2002, the ordinary share was thus priced at € 69.50 and the preference share at € 65.20. Since the end of 2001, this was a rise of 6.1 % and 3.5 % respectively, whereas in the same period the DAX fell by more than 15 % and the SDAX showed no change.

Supported by extensive investor relations initiatives, the FUCHS share prices continued to rise during the first half of July 2002. Ordinary and preference shares each reached a new high for the year, at € 72.00 and € 71.00 respectively. However, our shares could not remain totally unaffected by the turbulences on the world's stock markets in the second half of July following a spectacular bankruptcy case in the USA, so that currently they are being quoted at € 65.00 and € 64.50 respectively. However, with the price outlook continuing rosy, both classes of share offer a high level of net asset value and dividend yield. With cash dividends approved by the annual general meeting the dividend yields are once again above average, at 6.3 % for the ordinary share and 7.2 % for the preference share, referenced to the average price in 2001.

On 16 April 2002, Zurich Financial Services informed us that its voting-stock holding in FUCHS PETROLUB AG on 10 April 2002 exceeded the threshold of 5 %, and totaled 6.97 %. On 14 June 2002, we were notified by Zurich Financial Services that its voting-stock holding had on 6 June 2002 fallen below the threshold of 5 % and was now 4.89 %. No other news of shareholdings subject to notification requirements reached us during the period under review.

Profit and loss statement

[in € million]	1 st half-year 2002	1 st half-year 2001
Sales revenues	542.3	478.0
Cost of sales	-342.8	-305.5
Gross profit	199.5	172.5
Selling and distribution costs	-106.2	-93.9
Administration costs	-38.7	-36.1
Research and development costs	-11.3	-9.8
Operating profit	43.3	32.7
Other operating income	7.6	7.5
Other operating expenses	-10.0	-7.4
Investment income	0.8	0.7
Earnings before interest, taxes and amortization (EBITA)	41.7	33.5
Goodwill amortization	-5.4	-5.4
Earnings before interest and taxes (EBIT)	36.3	28.1
Net financial result	-12.9	-13.1
Earnings before taxes (EBT)	23.4	15.0
Income taxes	-11.4	-9.3
Earnings after taxes	12.0	5.7
Minority interests	-0.5	-0.5
Earnings after minority interests	11.5	5.2
Earnings per share after goodwill amortization [in €]	4.8	2.1

Earnings before goodwill amortization

[in € million]	1 st half-year 2002	1 st half-year 2001
Earnings after minority interests	11.5	5.2
Goodwill amortization	5.4	5.4
Earnings after minority interests before goodwill amortization	16.9	10.6
Earnings per share before goodwill amortization [in €]	7.1	4.4

Flow-of-funds analysis

Thanks to the gratifying level of earnings, the gross cash flow during the period under review, at € 31.3 million, was significantly up on the preceding year's figure (25.7). The depreciation on fixed assets includes € 5.4 million of goodwill amortization, which under current IAS regulations are recorded in the profit and loss statement as affecting expenses.

The inflow of funds from current operating activities (€ 36.4 million) was substantially increased over the preceding year's figure of € 22.3 million. The initiatives for reducing net current assets proved beneficial here. The increases in receivables and liabilities are related to invoicing and cutoff date factors.

In the year's first half, € 12.2 million (14.1) were invested in the group's fixed assets, principally in plant equipment at Kaiserslautern and in the USA. Under acquisitions of consolidated business units, the main items, accounting for € 3.6 million (16.9), are the purchases of the FUCHS companies in Mexico and Russia.

The free cash flow has thus reached a record level at € 20.6 million (-8.7); it was significantly improved by the group's buoyant performance, the initiatives taken to reduce net current assets, and the lower investment ratio.

The free cash flow was used primarily for dividend payouts (€ 10.0 million), repayment of financial liabilities (€ 6.1 million) and for increasing the group's funds on hand (€ 4.0 million).

Flow-of-funds analysis

[in € million]	30 June 2002	30 June 2001
Half-year net income	12.0	5.6
Depreciation on fixed assets	19.7	18.5
Change in long-term provisions	-0.4	1.6
Gross cash flow	31.3	25.7
Change in short-term provisions	6.6	3.2
Change in inventories	10.9	5.8
Change in receivables	-18.7	-6.3
Change in other assets	-6.5	1.9
Change in liabilities (excluding financial liabilities)	12.8	-8.0
Income from the disposal of fixed assets	0.0	0.0
Inflow of funds from current operating activities	36.4	22.3
Capital expenditure on fixed assets	-12.2	-14.1
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	-15.8	-31.0
Free cash flow before dividend payouts	-20.6	-8.7
Dividend payouts for the preceding year	-10.0	-9.8
Change in financial debts	-6.1	22.6
Change in funds on hand due to alterations in the consolidated group	0.0	0.0
Change in funds due to financing activity	-16.1	12.8
Funds on hand at the end of the preceding year	27.1	18.6
Cash flow from current operating activities	36.4	22.3
Cash flow from investment activity	-15.8	-31.0
Cash flow from financing activity	-16.1	12.8
Effect from currency translation of the funds on hand	-0.5	0.0
Funds on hand at half-year	31.1	22.7

Information for shareholders

- 30 Aug 2002** First-half year press conference, Mannheim
- 3/4 Sep 2002** Financial market conference, Bad Griesbach
- 5 June 2003** Annual General Meeting, Mannheim
- 29 Nov 2002** Next quarterly report
Report on the first nine months of 2002


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

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