



Quarterly Report

for the first nine months of 2002

- The FUCHS success story continues
- Sales significantly up despite weak demand
- Profits more than doubled

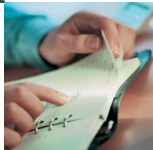
FUCHS PETROLUB AG



January – September 2002 at a glance

The group [in € million]	1–9/2002	1–9/2001
Sales¹⁾	811.2	710.6
Europe	532.6	442.0
North and South America	167.6	170.2
Asia/Pacific, Africa	111.0	98.4
Earnings before interest and taxes (EBIT)	54.7	41.3
Net income	19.0	7.5
Gross cash flow	51.3	36.6
Capital expenditures	20.2	20.9
Employees	4,109	3,909
Germany	1,157	935
International	2,952	2,974

¹⁾ By company location



Dear Shareholders,

During the first nine months of the current business year, the group continued to perform successfully, even though demand for lubricants was weak or declining in some of the world's important countries, and the base oil prices rose during the year's third quarter.

Sales were up by 14.2 % in the year's first nine months to reach € 811.2 million, boosted not least by significant internal growth.

The group's operating profit rose by 47.4 % to total € 69.3 million, with net income in the year's first three quarters up by 153.3 % at € 19.0 million. In conformity with international accounting standards (IAS), acquisition goodwill was for the first time amortized in its full amount of € 11.4 million and deducted from the profit on a pro rata temporis basis. Before this goodwill amortization, the profits after taxes came to € 30.4 million (15.4).

Earnings per share for the January-September period increased to € 12.4 (6.1) before and € 7.6 (2.8) after goodwill amortization.

All regions contributed to this gratifying rise in earnings.

The prices of the FUCHS shares rose during the period from January to September 2002 – as had been the case in 2001 as well – in stark contrast to the general trend on the stock markets. The very good earnings performance can be expected to boost share prices still further.



Dr. Manfred Fuchs
Chairman of the Executive Board

The lubricants market

Following a worldwide fall of 2.4 % last year, global lubricants consumption is set to rise by about 0.5 % in 2002. This forecast is based on demand trends in the major lubricants markets so far this year, and the economic prognoses for the year as a whole in the economies of the world's various regions.

In the USA, the world's largest lubricants market, demand fell steeply during the second third of the year, following a rise of 2.8 % up to April 2002, so that by August the total decline came to 3.3 %.

In Germany, the largest market in Western Europe, lubricants volume was up by 1.9 % in the first eight months of the year, while from the other major countries of this region declining consumption figures were reported up to the third quarter (France – 1.5 %, Italy – 2.9 %).

In Japan, Asia's second-largest market, demand was stagnating up to August 2002.

In view of the fundamental growth momentum to be found in Asia's developing and newly industrializing countries, we are anticipating increased volume in this region.

Overall, the global lubricants market can be described as having stagnated in the first three quarters of the current year.

Accounting to IAS

During the current business year of 2002, we have changed 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 nine months of 2002, consolidated sales showed a substantial increase of € 100.6 million or 14.2 % to reach € 811.2 million (710.6). This rise was fueled by internal growth of 5.8 % or € 41.2 million and external growth of 11.5 % or € 81.5 million. Shifts in exchange rates accounted for –3.1 % or € –22.1 million.

The factors behind the sales performance in overview:

€ million	%	
+ 41.2	+ 5.8	Internal growth
+ 81.5	+ 11.5	External growth
– 22.1	– 3.1	Currency translation effects
+ 100.6	+ 14.2	Sales growth

In both absolute and relative terms, the Europe Region achieved the biggest rise in sales, (€ + 90.6 million or 20.5 %), figures boosted substantially by takeover of the remaining 50 % holding in what is now FUCHS EUROPE SCHMIERSTOFFE in Mannheim at the beginning of 2002.

In addition, despite adverse exchange rate factors, the Asia-Pacific and African subsidiaries increased their sales significantly (€ + 12.6 million or 12.8 %). Once again, the main contributors in this region were our biggest Australian subsidiary and our Chinese affiliates.

Due to the decline of the Brazilian Real, and of the Argentinian Peso, and also as a consequence of the Euro's strengthening against the US Dollar, the North and South American Region saw its sales decrease slightly (€ – 2.6 million or – 1.5 %). In terms of local currency, all this region's companies achieved higher sales.

Sales performance by regions

[in € million]	Jan.–Sept. 2002	Jan.–Sept. 2001	absolute	Change in %
Europe	532.6	442.0	90.6	20.5
North and South America	167.6	170.2	–2.6	–1.5
Asia/Pacific, Africa	111.0	98.4	12.6	12.8
Total	811.2	710.6	100.6	14.2

Earnings

As in previous quarters, due to the changeover in group reporting to International Accounting Standards (IAS), the comparative figures for the preceding year have been correspondingly adjusted.

In the third quarter of 2002 as well, the group continued to perform very successfully. Sales were up again (by 14.2 %), gross earnings once more showed an overproportional improvement (+ 17.6 %) while costs for development, selling and administration were kept to an underproportional rise (+ 10.9 %), thus producing a significant increase of 47.4 % in the operating profit, which reached € 69.3 million (47.0).

The group thus achieved an impressive operating profit margin amounting to 8.5 % (6.6) of sales.

Other operating result of € – 3.7 million net was affected by risk provisions relating to receivables and other assets. Goodwill amortization amounting to € 11.4 million (7.9) takes account of earnings risks among the affiliates.

Earnings before interest and taxes (EBIT) thus showed a substantial increase to € 54.7 million (41.3) and the EBIT margin rose to 6.7 % (5.8).

Net financial income, at € – 19.4 million (– 19.5), showed a slight improvement. Tax expenses totaled € 16.3 million (14.3), a merely underproportional rise.

As a result, the group achieved a gratifying increase of more than 150 % in its earnings after taxes, to reach € 19.0 million (7.5).

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 leasing expenses and 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 writedown 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.

Contributions to the group's good earnings performance come from all the regions, with Europe and Asia showing the largest growth in earnings, both in absolute terms and by reason of the base effect in relative terms as well. This gratifying performance by the lubricant companies was unfortunately not matched by the group's Polishing Division, which continues to suffer from weak consumption levels and the difficulties currently being faced by the PCB industry.

Earnings per share are € 7.6 (2.8) after and € 12.4 (6.1) before goodwill amortization.

Capital expenditures

The group's capital expenditures on tangible and intangible assets, with the exception of goodwill, came to € 20.2 million (20.9) in the first nine months of 2002. € 10.4 million (52 %) was spent abroad.

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

Depreciation on tangible and intangible assets excluding goodwill amortization came to € 19.6 million (19.9).

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. Purchases and capital increases at non-consolidated companies categorized as financial assets totaled € 3.3 million.

The total goodwill amortization of € 11.4 million (7.9) is composed of goodwill amortization on the single-company level amounting to € 2.6 million (2.7) and amortization on goodwill arising from consolidation amounting to € 8.8 million (5.2).



Our people

On 30 September 2002, the FUCHS Group was employing 4,109 people (30 September 2001: 3,909). The number of employees thus rose by 200 (+ 5.1 %) compared to the previous year's equivalent date.

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

1,157 people were employed in Germany and 2,952 abroad. In Germany, the number of employees thus increased by 222 (+ 23.7 %) compared to the 3rd quarter of 2001, whereas the payroll abroad was down by 22 people (– 0.7 %).

In the rest of Europe, the number of employees decreased compared to 30 September 2001 by 38 people (– 2.4 %), and is now 1,531. This shrinkage of the workforce is attributable to restructuring initiatives at certain European companies, such as FUCHS LUBRIFIANTS FRANCE, at FUCHS LUBRICANTS (UK) and at FUCHS LUBRIFICANTI, although FUCHS OIL RUSSIA has been fully consolidated for the first time.

In the Asia/Pacific region and Africa, the workforce totaled 782 people, 2 fewer (– 0.3 %) than in the third quarter of 2001.

In the North and South American region, now that LUBRICANTES FUCHS DE MEXICO was fully consolidated at FUCHS LUBRICANTS (USA) for the first time in the second quarter of 2002, the number of employees rose by 18 (+ 2.9 %) on a like-for-like basis, to reach 639.

Research and development

The interlinkage of environmental thinking and ultra-stringent performance expectations constitutes a never-ending challenge for our R&D people and center of competence staff. This is reflected in a multitude of development projects completed during the period under review.

Growing environmental awareness and compliance with existing regulations are increasingly compelling firms to cease using solvents. For conserving high-precision pipes at a pipe manufacturer's facility, solvent-based anti-corrosion fluids have now been replaced by a water-mixable product. This additionally necessitated close technical liaison with the customer's people, to ensure that the applications engineering involved was fruitfully matched to this entirely new product philosophy.

The perceived importance of environmentally neutral refrigerants is steadily increasing. Refrigerator oils to match them are indispensable for dependable, trouble-free operation of refrigeration systems. Following the first approvals meanwhile issued by top-ranking compressor manufacturers, a new series of synthetic refrigerator oils has been launched on the market.

For the world's most expensive limousine from German production, a lubricating grease for front wheel bearings has been developed in conjunction with the rolling bearing industry, extending their useful life many times over.

Occupational safety and environmental protection are paramount considerations in metalworking jobs as well. For the technically difficult task involved in high-speed grinding of brake components, we have succeeded in developing, trialing and marketing a water-mixable metalworking fluid containing no boron or amines.

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, was in the past consolidated pro rata at only 50 %.

At FUCHS OIL MIDDLE EAST in the United Arab Emirates and at FUCHS LUBRICANTS (BANGLADESH), FUCHS PETROLUB AG upsized its holdings in the third quarter of 2002, with simultaneous capital increases, from 40 % to 50 % and from 40 % to 100 % respectively.

In Germany, FUCHS LUBRITECH has taken over the small, strategically significant business of GLASOL GMBH, which manufactures specialty products for glass processing.

Outlook

For both cyclical and structural reasons, worldwide demand for lubricants is recovering from the decline of 2001 less readily and more slowly than could be anticipated back at the beginning of 2002. If a rise in real terms of about 0.5 % is actually to materialize, it would come predominantly from Asia, and to a limited extent from Central and Eastern Europe.

In this less-than-easy business environment, the FUCHS PETROLUB Group will continue to rely on its inner strengths and its value-driven policies for corporate strategy, R&D and marketing.

Sales in October came to € 97.9 million (85.4) and are expected to reach approximately € 1,060 million (940) for 2002 as a whole. Consolidated net income will show a very substantial rise on a like-for-like basis.

Mannheim, 29 November 2002

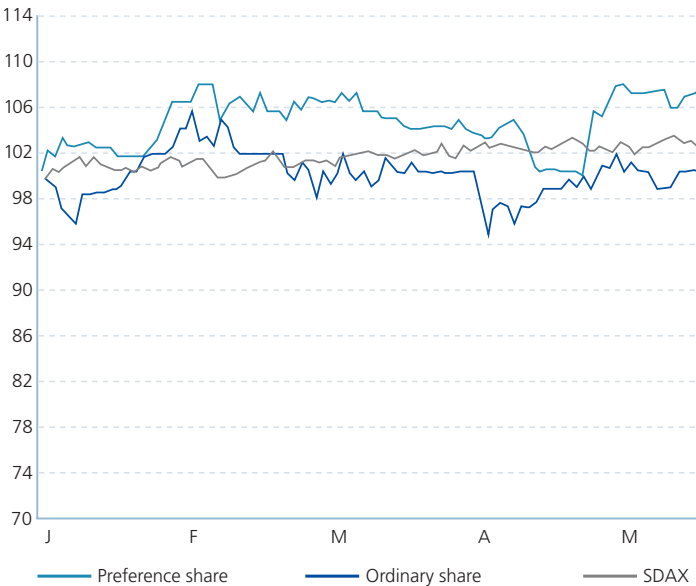
FUCHS PETROLUB AG

The FUCHS shares in the first nine months of 2002

Boosted by the group's successful performance during the current year, the FUCHS shares continued to rise during the third quarter of 2002, progressing the uptrend commenced last year. Both ordinary and preference shares reached a new high for the year in the first half of September 2002, at € 72.00 and € 72.20 respectively. Both stocks remained at a comparatively high level into November 2002, slightly down in line with the market's general mood.

On 30 September 2002, the ordinary share was being quoted at € 66.00 and the preference share at € 66.50. This was a rise of 0.8 % and 5.7 % respectively since the end of 2001, whereas over the same period the SDAX fell by 23.4 % and the DAX by a massive 46.3 %. When this quarterly report went to press on 21 November 2002, the ordinary share was being quoted at € 68.00 and the preference share at € 71.50.

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



With the price outlook continuingly favorable, both classes of share offer a high level of net asset value and dividend yields of 6.3 % for the ordinary share and 7.2 % for the preference share (referenced to the average prices for 2001).

Whether the resegmentation of the stock market being planned by the German Stock Exchange will entail any index change for FUCHS PETROLUB remains to be seen. In any case, our preference shares will be part of the “Prime Standard” category.

On 9 October 2002, Allianz AG notified us that its voting-stock holding in FUCHS PETROLUB AG had exceeded the threshold of 5 % on 23 September 2002, and was meanwhile 5.16 %. No other news of shareholdings subject to notification requirements reached us during the period under review.



Source: comdirect.de

Profit and loss statement

[in € million]	Jan.–Sept. 2002	Jan.–Sept. 2001
Sales revenues	811.2	710.6
Cost of sales	–510.2	–454.6
Gross income from sales	301.0	256.0
Selling and distribution costs	–157.0	–144.0
Administration costs	–57.6	–50.6
Research and development costs	–17.1	–14.4
Operating profit	69.3	47.0
Other operating income	12.0	11.8
Other operating expenses	–15.7	–11.4
Investment income	0.5	1.8
Earnings before interest, taxes and amortization (EBITA)	66.1	49.2
Goodwill amortization	–11.4	–7.9
Earnings before interest and taxes (EBIT)	54.7	41.3
Net financial result	–19.4	–19.5
Earnings before taxes (EBT)	35.3	21.8
Income taxes	–16.3	–14.3
Earnings after taxes	19.0	7.5
Minority interests	0.8	0.8
Earnings after minority interests	18.2	6.7
Earnings per share after goodwill amortization [in €]	7.6	2.8

Earnings before goodwill amortization

[in € million]	Jan.–Sept. 2002	Jan.–Sept. 2001
Earnings after minority interests	18.2	6.7
Goodwill amortization	11.4	7.9
Earnings after minority interests before goodwill amortization	29.6	14.6
Earnings per share before goodwill amortization [in €]	12.4	6.1

Flow-of-funds analysis

Thanks to the gratifying level of earnings, the gross cash flow during the period under review, at € 51.3 million, was significantly up on the preceding year's figure (36.6). The depreciation on fixed assets includes € 11.4 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 (€ 51.9 million) was substantially increased over the preceding year's figure (24.6). The initiatives for reducing net current assets proved beneficial here. The rises in receivables and liabilities are related to invoicing and cutoff date factors.

During the first nine months of the year, € 23.5 million (20.9) were invested in the group's fixed assets, principally in plant equipment at Kaiserslautern and in the USA, and in purchases and capital increases of non-consolidated companies amounting to € 3.3 million. Under acquisitions of consolidated business units, the main items, accounting for € 3.6 million (17.5), are the purchases of the FUCHS companies in Mexico and Russia.

The free cash flow thus reached a peak value and comes to € 24.8 million (-13.8); it was substantially 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 (€ 7.8 million) and for increasing the group's funds on hand (€ 5.8 million).

Flow-of-funds analysis

[in € million]	30.9.2002	30.9.2001
Jan.–Sept. net income	19.0	7.5
Depreciation on fixed assets	31.1	27.5
Change in long-term provisions	1.2	1.6
Gross cash flow	51.3	36.6
Change in short-term provisions	13.5	0.7
Change in inventories	1.5	– 0.6
Change in receivables	–17.3	–16.9
Change in other assets	–7.3	–0.2
Change in liabilities (excluding financial liabilities)	10.2	5.0
Income from the disposal of fixed assets	0.0	0.0
Inflow of funds from current operating activities	51.9	24.6
Capital expenditure on fixed assets	–23.5	–20.9
Acquisitions of consolidated business units	–3.6	–17.5
Income from the disposal of fixed assets	0.0	0.0
Outflow of funds from investment activity	–27.1	–38.4
Free cash flow before dividend payouts	24.8	–13.8
Dividend payouts for the preceding year	–10.0	–9.8
Change in financial debts	–7.8	30.5
Change in funds on hand due to alterations in the consolidated group	0.0	0.0
Change in funds due to financing activity	–17.8	20.7
Funds on hand at the end of the preceding year	27.1	18.6
Cash flow from current operating activities	51.9	24.6
Cash flow from investment activity	–27.1	–38.4
Cash flow from financing activity	–17.8	20.7
Effect from currency translation of the funds on hand	–1.2	0.0
Funds on hand at the end of the 3rd quarter	32.9	25.5

Information for shareholders

- 3 Dec 2002** German Mid Cap Conference (GMCC),
Frankfurt
- 16 Jan 2003** 1st Capital Market Forum, Mannheim
- 15 April 2003** Balance sheet press conference, Mannheim
DVFA analysts' conference, Frankfurt
- 5 June 2003** Annual General Meeting, Mannheim
- 6 June 2003** Informational event for Swiss shareholders,
Zurich
- 15 Aug 2003** First-half year press conference, Mannheim
- 9/10 Sep 2003** Annual analysts' conference
-
- 15 May 2003** Next quarterly report
Report of the first quarter of 2003


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

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