

FUCHS PETROLUB

The leading independent lubricants
manufacturer of the world

Stock exchange out-performer 2001 – 2003

Presentation by Dr. Alexander Selent,
member of the Executive Board of FUCHS PETROLUB AG,
on the occasion of the German Mid Cap Conference
in Frankfurt on 25 November 2003



Outline

I. FUCHS – the company

II. Business environment and market

III. FUCHS – strategic position

IV. Financial data 3rd quarter 2003 and outlook

V. The FUCHS shares

VI. Acquisition and capital increase





I. FUCHS – the company



FUCHS company profile

- Foundation in 1931.
- World-wide leading independent manufacturer of lubricants and related specialities.
- Comprehensive product line and diversified customer portfolio.
- Innovation and specialisation leadership.
- 2002 sales revenues: €1,065 million; staff 4,081.
- 8,082 shareholders. Listed at the Frankfurt, Stuttgart and Zurich stock exchanges. Member of the German Prime Standard (SDAX).



Group structure



FUCHS PETROLUB AG
Mannheim
Registered capital:
€62,090 (k)

11 subsidiaries
in Germany

8 subsidiaries
in North and
Latin America

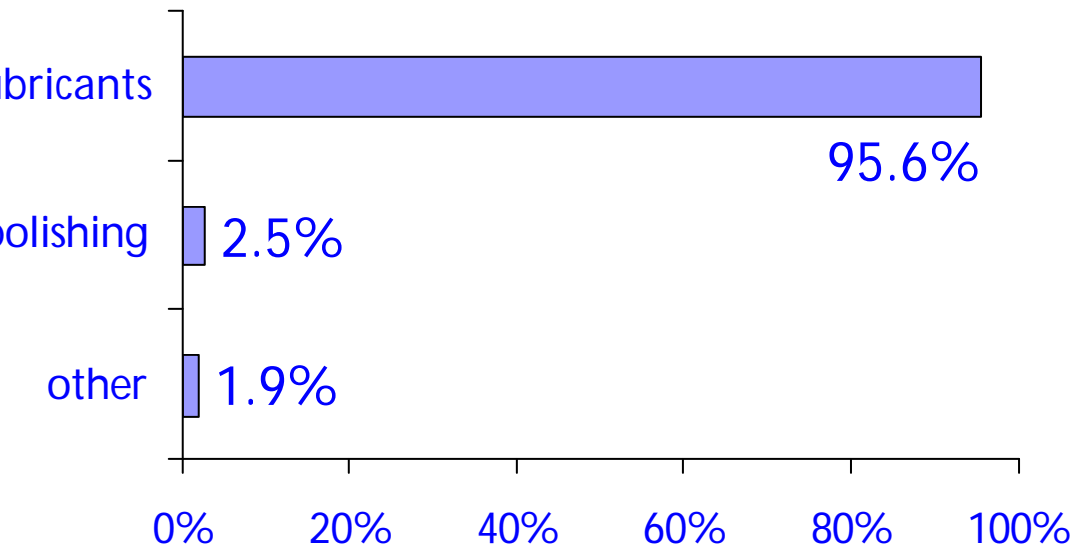
37 subsidiaries
other European
countries

27 subsidiaries
in Asia, Australia
and Africa



FUCHS is highly focussed on lubricants and related specialities

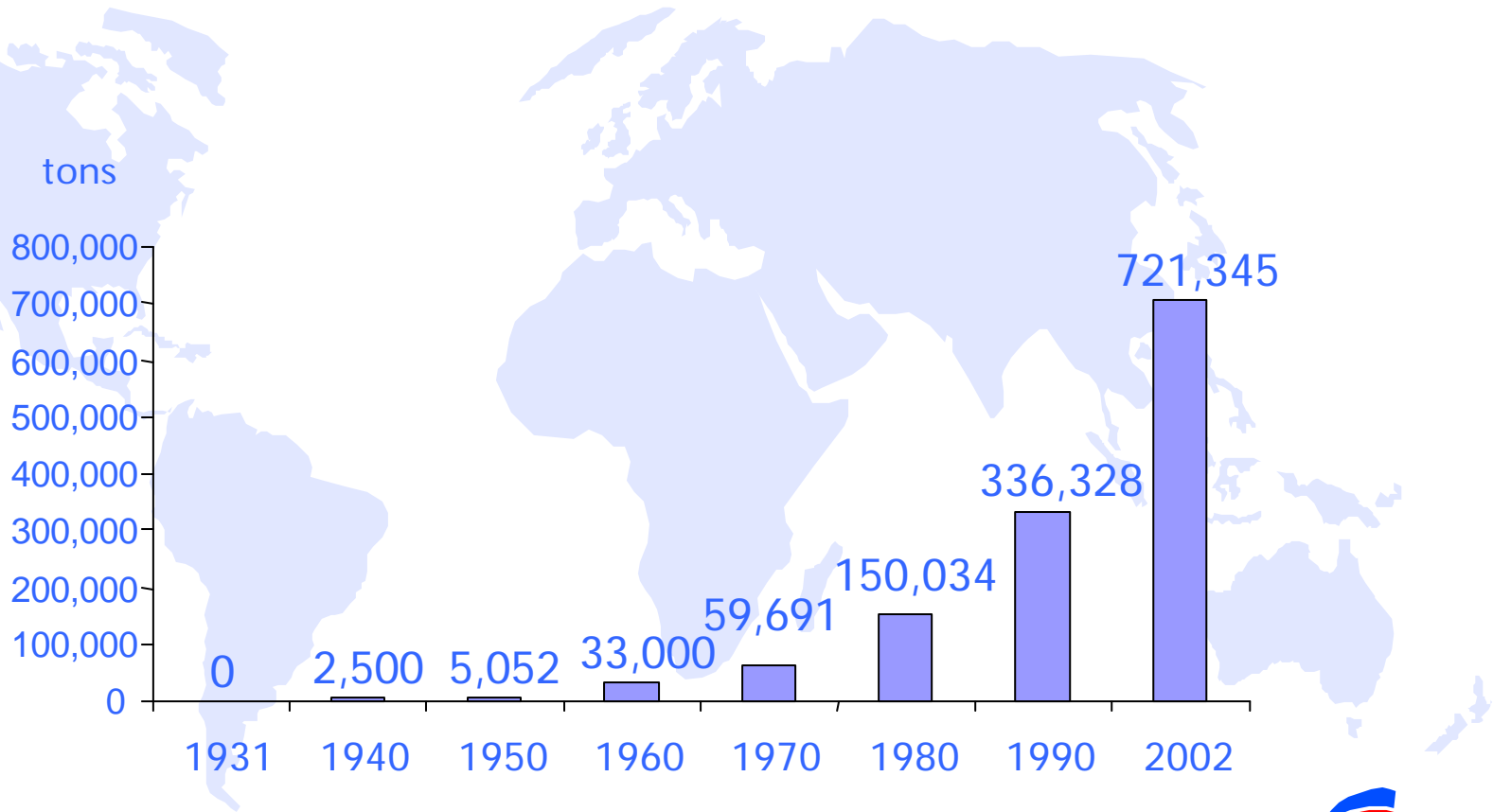
2002 sales revenues:



- Industrial lubricants account for 60% and automotive lubricants for 40% of total lubricants.
- High degree of specialisation, significantly above industry average.
- FUCHS benefits from a comprehensive product line which comprises 9,000 products.



FUCHS – one of the fastest growing lubricants companies of the world



* lubricants and related products (incl. quota-consolidated and non-consolidated affiliates accounting for 176,000 t sales volumes)

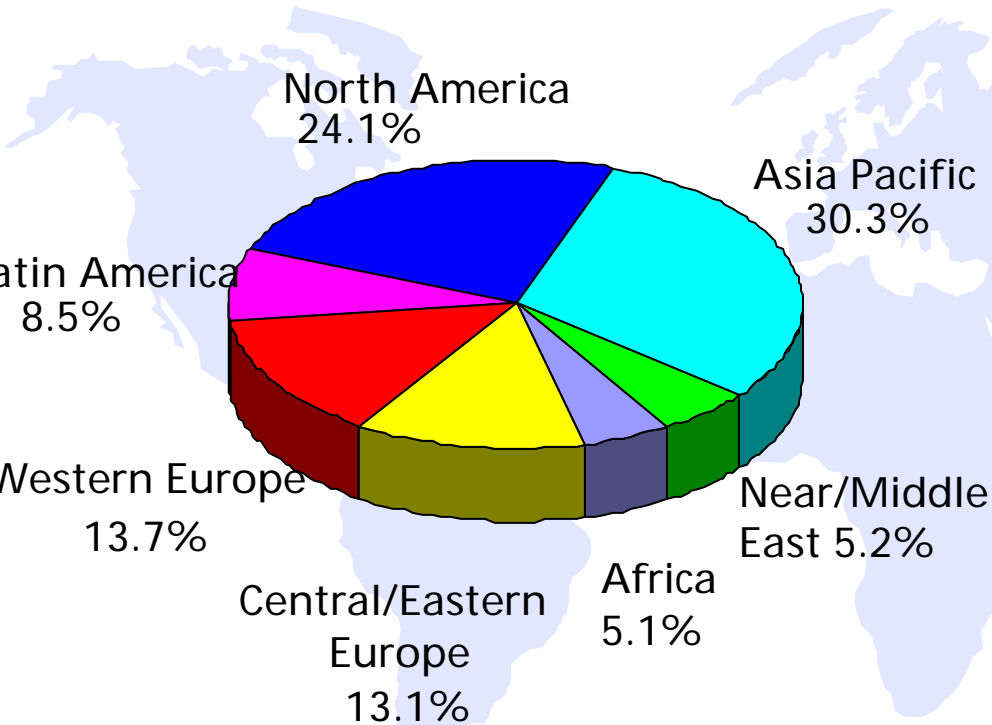




II. Business environment and market



2002 regional breakdown of the world lubricants market (36 million t)

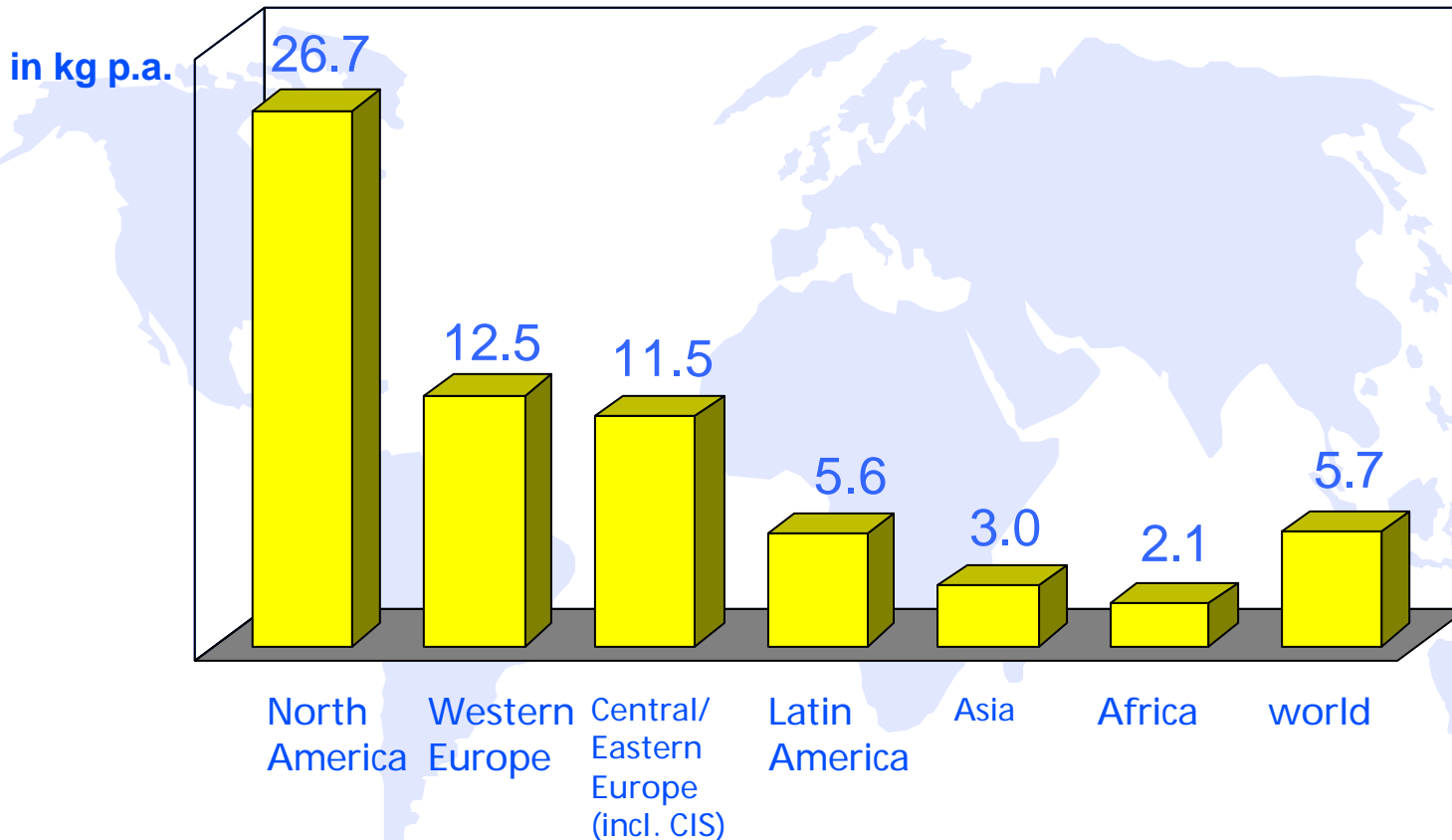


- The biggest and fastest growing regional lubricants market is in Asia Pacific.
- North America and Western Europe are mature markets. The focus is on higher value lubricants and specialities.

(volumes)



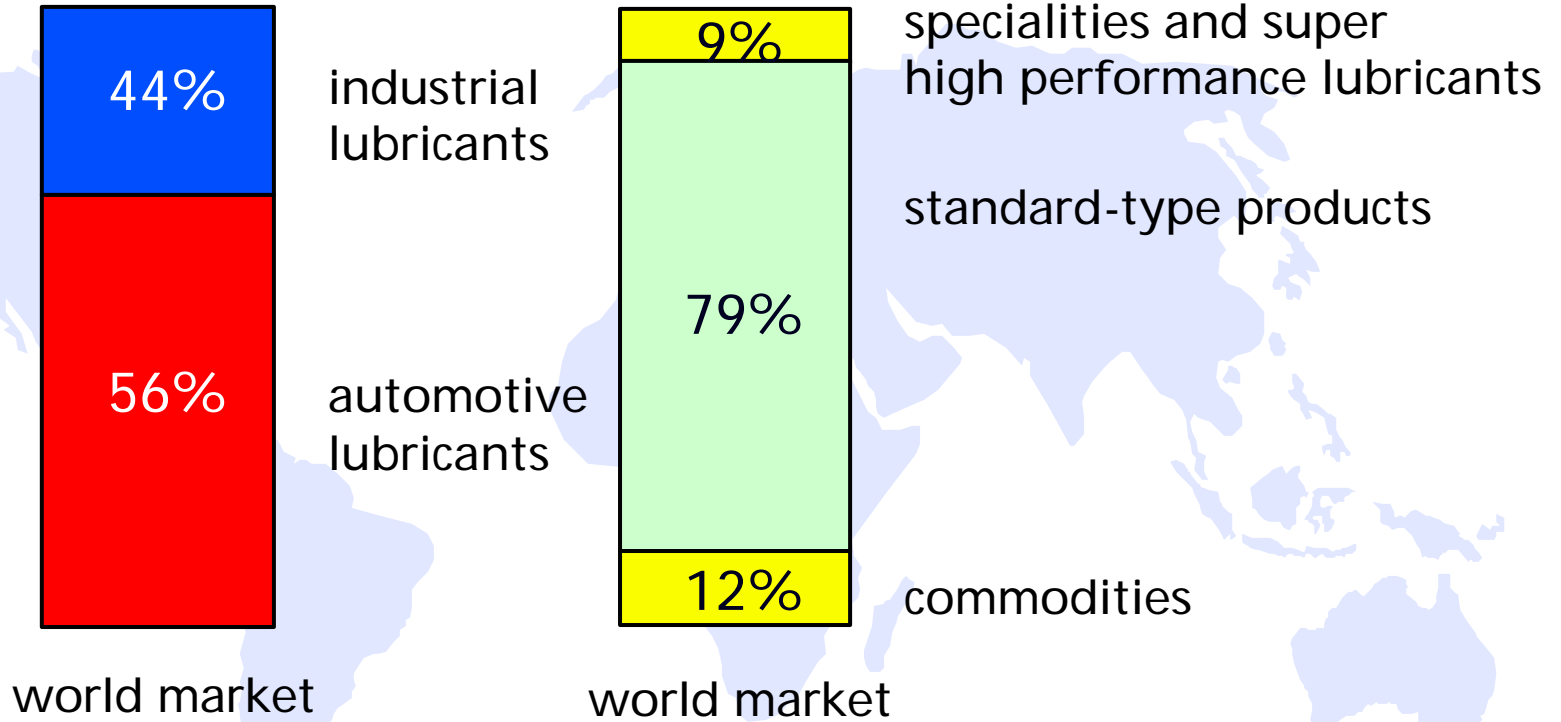
Per-capita lubricants demand shows significant growth opportunities



2002 per-capita lubricants demand is still rather low in Asia. Motorisation and industrialisation offer great opportunities.



Lubricants are heterogeneous products



Lubricants are often classified by end user and degree of specialisation.



Competition – strong fragmentation

manufacturers:

appr. 180 major oil companies

appr. 1,200 independent manufacturers

appr. 1,380 manufacturers

- High degree of fragmentation offers acquisition potentials. About 250 companies operate in Western Europe.

sizes:

manufacturers	volumes %
top 14	60.0
1,366	40.0
1,380	100.0

- Differences in the size of manufacturers are enormous. World-wide the top 14 of finished lubricants manufacturers including FUCHS hold more than 60% of global volumes while the other 99% have to share less than 40%.

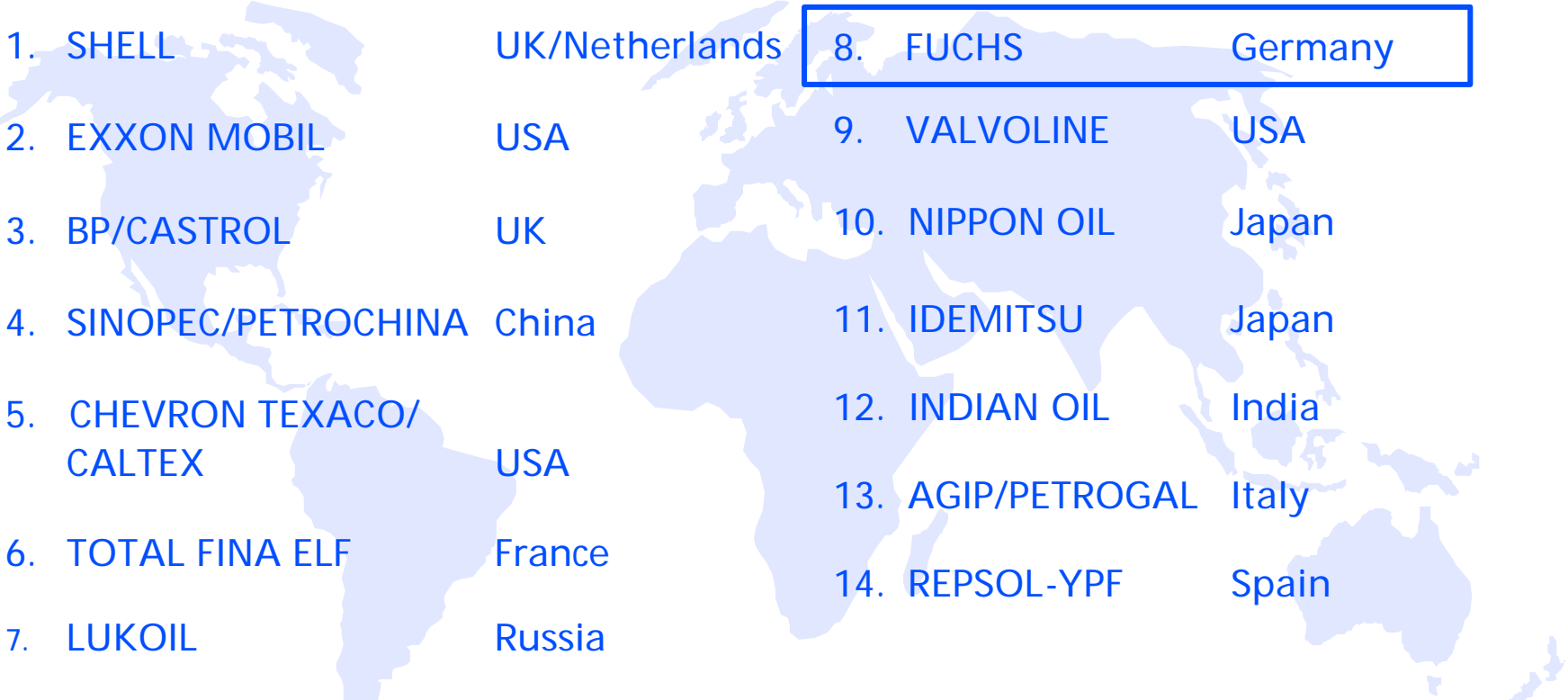




III. FUCHS – strategic position



Ranking of world leading lubricants companies



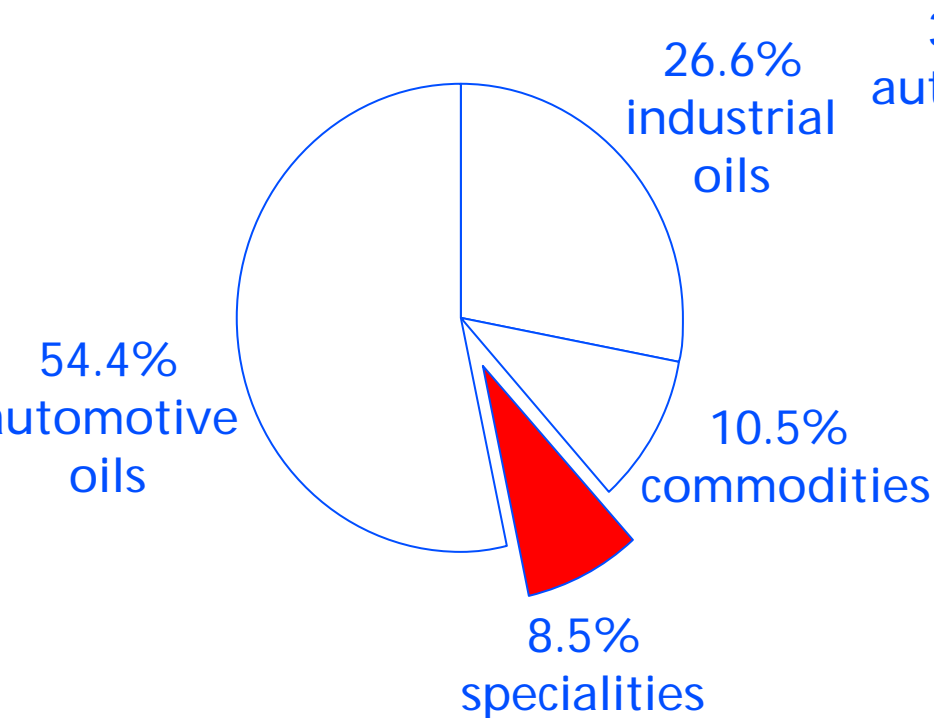
	<u>country</u>		<u>country</u>
1. SHELL	UK/Netherlands	8. FUCHS	Germany
2. EXXON MOBIL	USA	9. VALVOLINE	USA
3. BP/CASTROL	UK	10. NIPPON OIL	Japan
4. SINOPEC/PETROCHINA	China	11. IDEMITSU	Japan
5. CHEVRON TEXACO/ CALTEX	USA	12. INDIAN OIL	India
6. TOTAL FINA ELF	France	13. AGIP/PETROGAL	Italy
7. LUKOIL	Russia	14. REPSOL-YPF	Spain

Among 1,200 independent lubricants companies FUCHS is number one by far; taking into account the major oil companies, FUCHS ranks number 8.

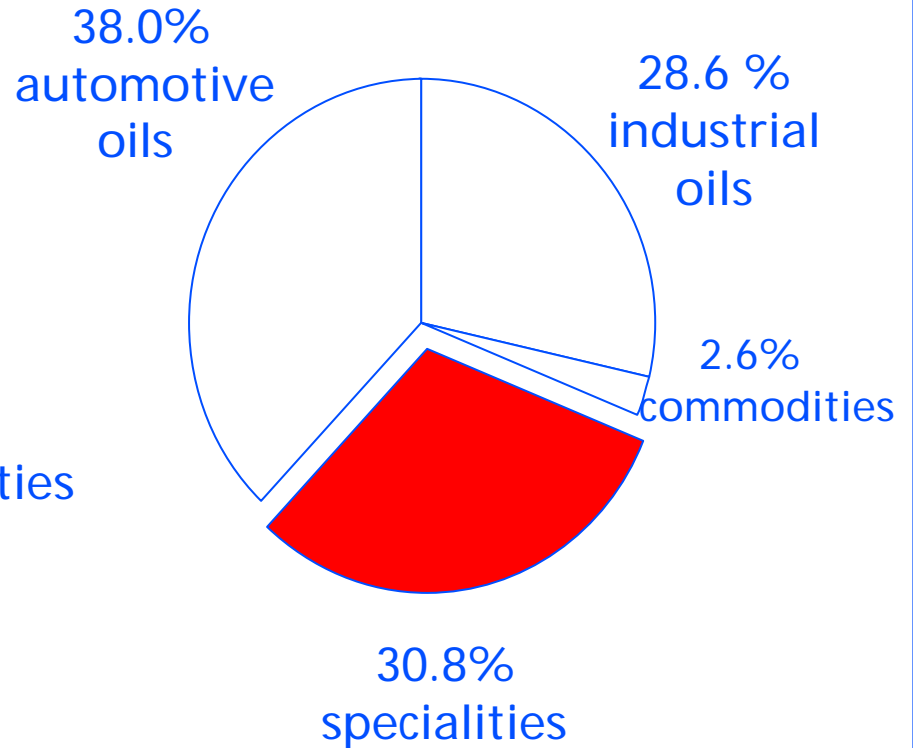


FUCHS is the specialist for lubricants

World market



FUCHS sales volumes



FUCHS has the most competitive product portfolio and a far above average degree of specialization.



FUCHS is the world market leader in strategically important and high-value business segments and niches

- Metalworking fluids.
- Products for forging.
- Corrosion preventives.
- Greases.
- Sprayable adhesive lubricants for heavy open gears (cement industry etc.).
- Special mining lubricants (fire-resistant hydraulic fluids for underground coal mining and high-performance lubricants).
- Environmentally friendly and biodegradable lubricants and fluids.

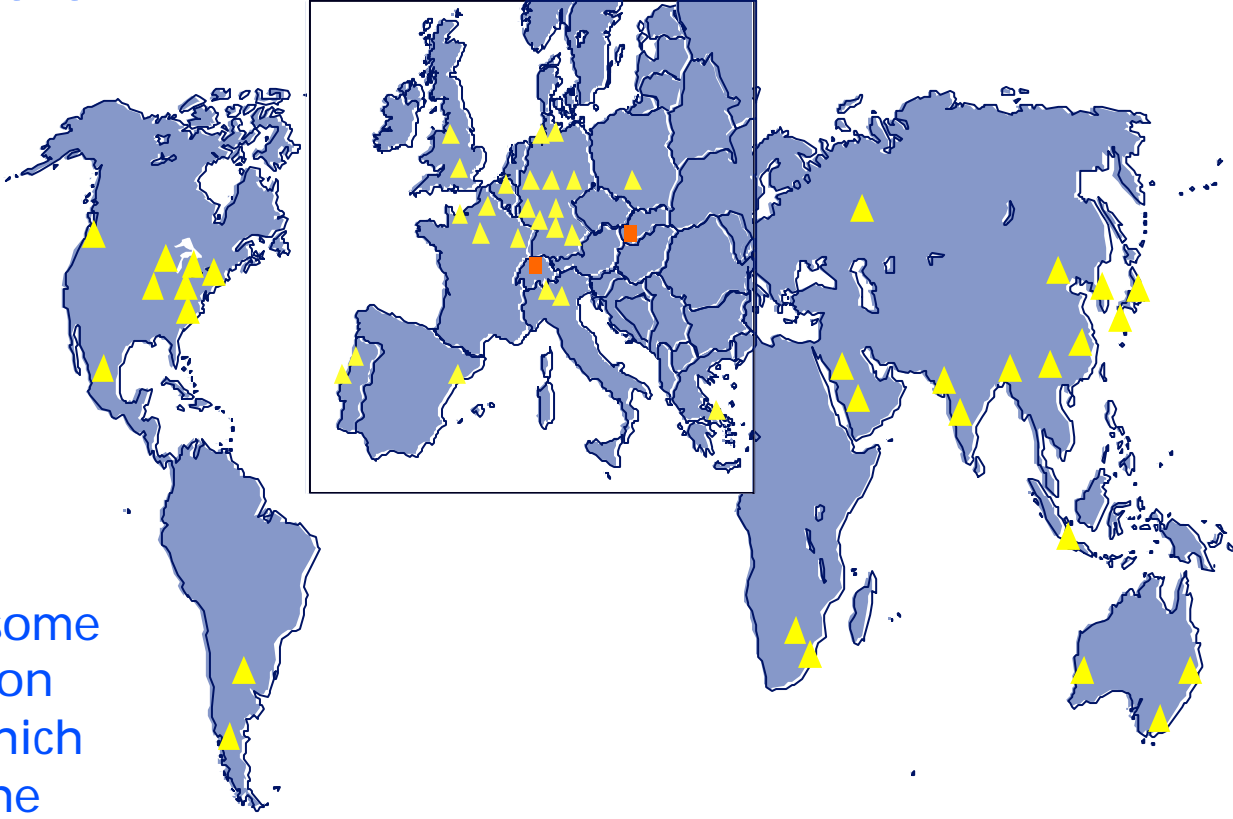


FUCHS is very research and development intensive

- 8.2% of global staff in research and development.
- 333 chemists, engineers, and other technical experts.
- FUCHS' 2002 R & D expenditure is some €23.6 million.
- Technical leadership in key product and application areas.
- Pioneer in environmentally friendly and biodegradable lubricants and processing fluids.
- Joint research with numerous universities and industrial corporations.



FUCHS, the global partner for more than 113,000 customers



Production plants

FUCHS has some 50 production plants of which 43 are for the manufacture of lubricants and 7 for the manufacture of polishing tools

- ▲ FUCHS PETROLUB Group
- Plants of joint venture partners



FUCHS' Brand Equity

FUCHS is a global brand:

- The FUCHS logo is the group's worldwide key brand and "umbrella".
- Uniform design and focus!
- Numerous programmes and increasing advertising budgets to enhance brand awareness.



Motorsports sponsorships



Fun Cup
championship



Kart sponsorship



Powerboat
world
championship



FUCHS strategic position is a combination of

- Size and global presence,
- focus on higher value lubricants,
- high degree of specialisation and technical excellence,
- local and flat organisation,
- and motivated employees.

Thus a strategically important position is given compared to the independents and major oil companies.



FUCHS Peer Group

- Globally, not enough lubricants and related specialities manufacturers are publishing their results.
- Hence, FUCHS has defined a peer group which comprises in addition to FUCHS 20 other companies:
 - FUCHS and 6 other lubricants and related speciality companies in Germany, the United States and Japan,
 - 2 lube additive companies in the United States,
 - 12 speciality chemicals companies in Germany, Switzerland, France and the United States.
- Within this peer group of 21 companies, FUCHS' ranking in 2002 was as follows:

	<u>Ranking</u>
Operating profit margin	6
ROCE	3
Lowest EBITDA multiple	3
Lowest price/earnings ratio	1



FUCHS Peer Group Members

LUBRICANTS AND RELATED SPECIALTIES	LUBE ADDITIVES	SPECIALITY CHEMICALS
VALVOLINE	LUBRIZOL	DEGUSSA
FUCHS PETROLUB	ETHYL	RHODIA
HOUGHTON		CLARIANT
QUAKER CHEMICALS		CIBA SPECIALITY CHEMICALS
H&R WASAG		CELANESE
YUSHIRO		COGNIS
MILACRON		CROMPTON
		FERRO
		GREAT LAKES
		SIKA
		SÜDCHEMIE
		GRAPHIT KROPFMÜHL





IV. Financial data 3rd quarter 2003 and outlook



Net income could be increased by 19.5% to €22.7 million (19.0) and free cash flow by 70% to €42.1 million (24.8) despite a decrease in group sales revenues due to exchange rate effects.



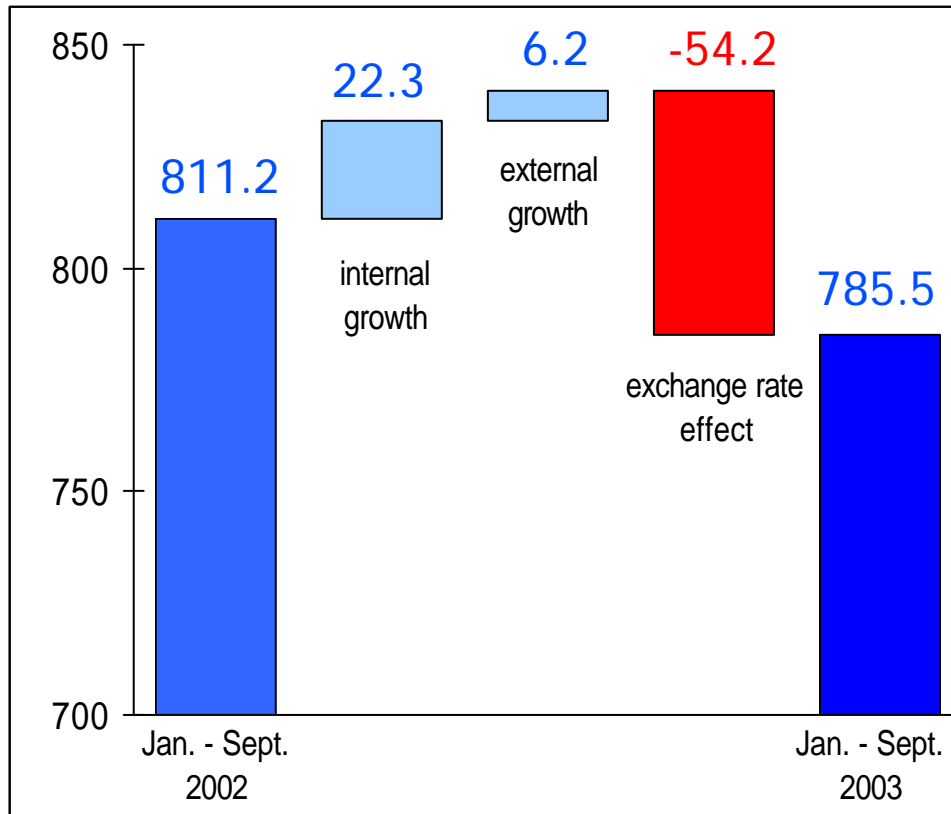
What have our success factors been?

- Slight increase in volumes despite lower demands.
- Price and mix improvement.
- Transaction effects helped to reduce the very high base oil prices on a Euro basis.
- Successful cost management.
- Better operating result and EBIT.
- Better other operating result.
- Lower interest expenses and tax rate.



Breakdown of sales (January - September 2003)

€ million

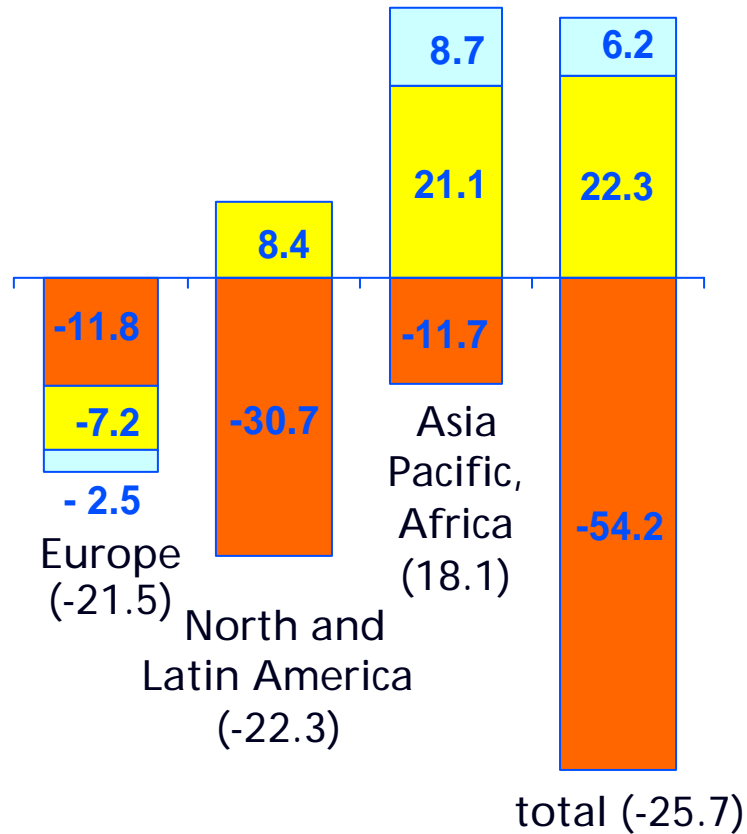


- Decrease of sales by 3.2% or €25.7 million to €785.5 million (811.2).
- 2.7% or €22.3 million internal growth of net sales.
- 0.8% or €6.2 million external growth of net sales.
- Negative exchange rate effect by -6.7% or -€54.2 million.



Breakdown of group sales by region (January until September 2003)

€ million

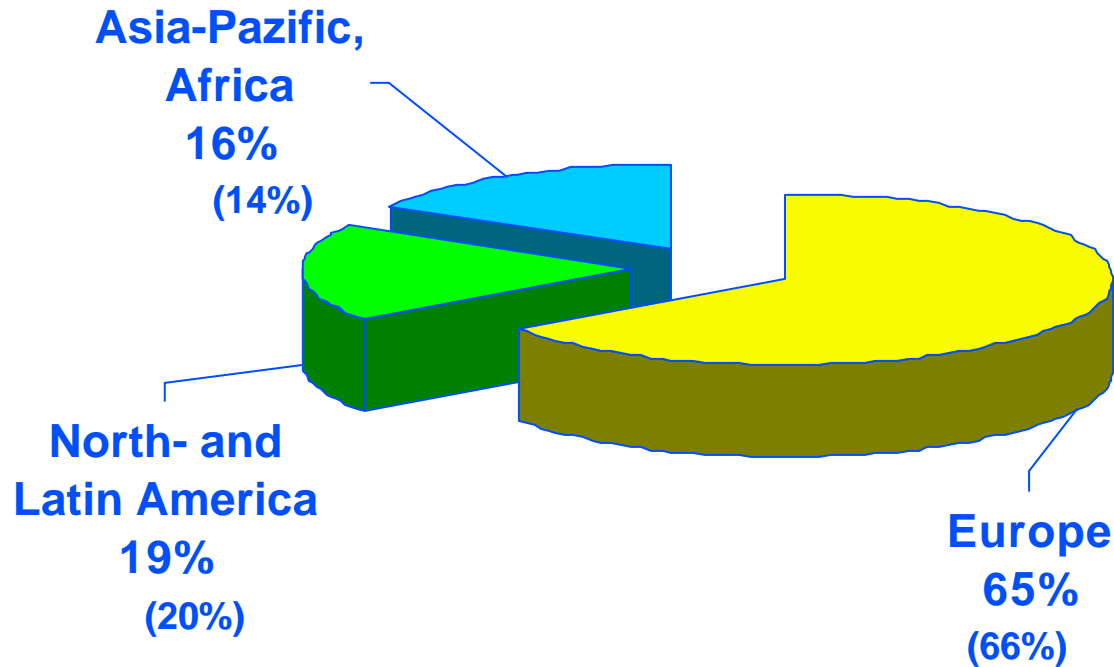


■ exchange rate effect ■ internal growth ■ external growth



Breakdown of group sales by region (January until September 2003)

Group sales of €785.5 million



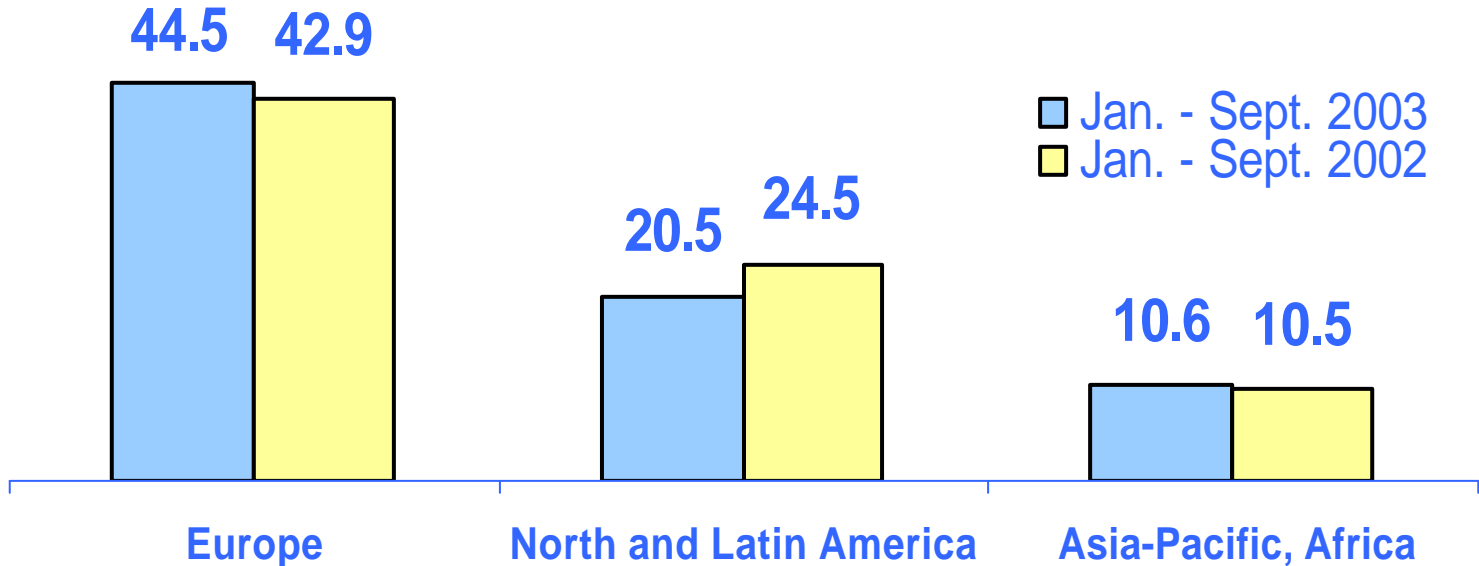
Consolidated profit and loss statement

€ million	Jan. - Sept. 2003	Jan. - Sept. 2002	variance
Net sales	785.5	811.2	-3.2%
Gross profit	292.7	301.0	-2.8%
Gross margin	37.3%	37.1%	
Operating profit	70.7	69.3	2.0%
Operating margin	9.0%	8.5%	
Earnings before interest and taxes (EBIT)	58.3	54.7	6.6%
EBIT margin	7.4%	6.7%	
Earnings after taxes	22.7	19.0	19.5%
Earnings per share			
- before goodwill amortization in €	4.6	4.1	12.2%
- after goodwill amortization in €	3.0	2.5	20.0%



Result before interest and taxes (EBIT) by region (January until September 2003, before consolidation)

€ million



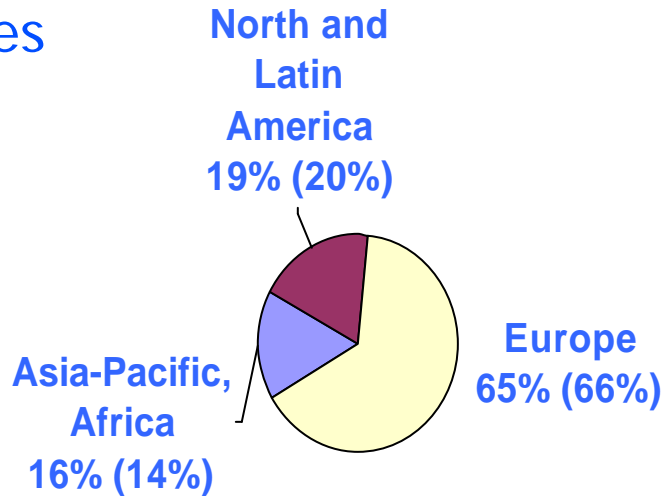
EBIT margin	8.7%	8.1%	14.1%	14.6%	8.2%	9.5%



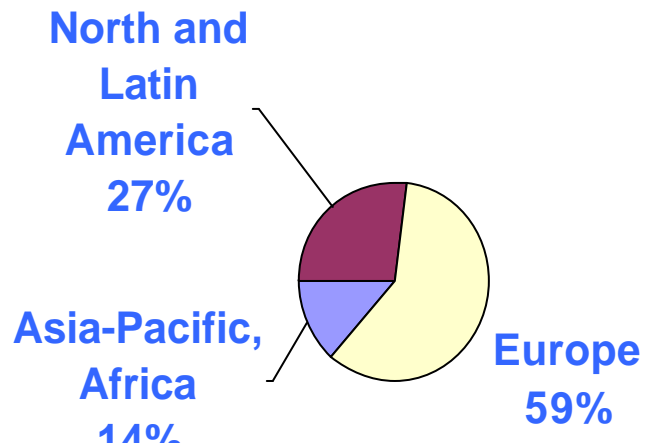
Sales and EBIT by regions

(January until September 2003, EBIT before consolidation)

Sales



EBIT



- Balanced regional EBIT contribution.
- High profitability in North and Latin America.
- Strong growth in Asia.



Consolidated Statement of Cash Flows

€ million	Jan. – Sept. 2003	Jan. – Sept. 2002
Gross cash flow	54.1	51.3
Inflow of funds from current operating activities	53.1	51.9
Outflow of funds from investment activities	- 11.0	- 27.1
Free cash flow	42.1	24.8
Change in funds due to financing activities	- 26.8	- 17.8

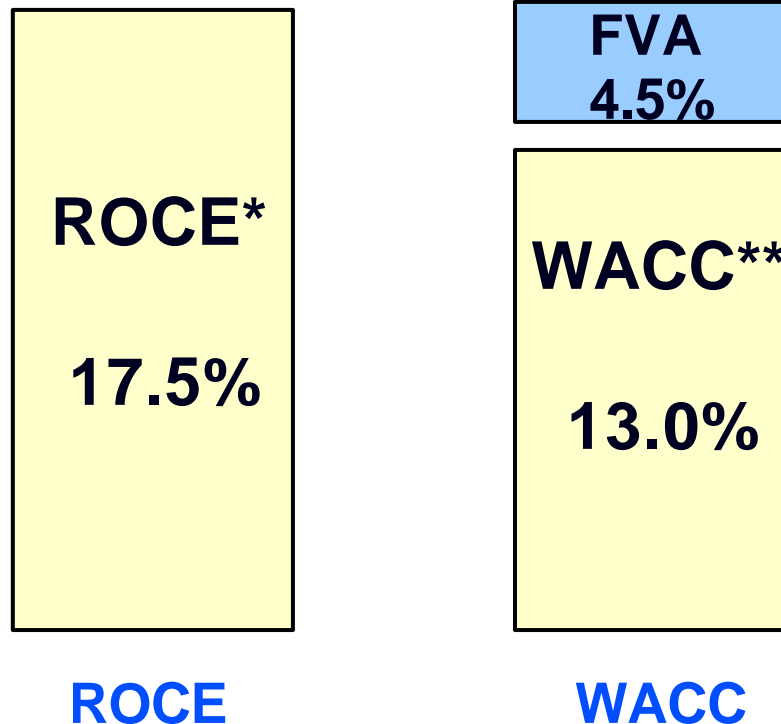


Measures of performance

	Jan. – Sept. 2003	Jan. – Sept. 2002
Gross margin	37.3%	37.1%
Operating margin	9.0%	8.5%
EBIT margin	7.4%	6.7%
Tax ration (after goodwill amortization)	43.2%	46.3%
Return on sales	2.9%	2.3%
Free cash flow in € million	42.1	24.8
Interest cover (EBIT/financial result)	3.2 X	2.8 X
Net debt/equity	2.3 X	2.8 X
Equity ratio	16.8%	16,2%
ROCE	17.5%	15,4%



FUCHS Value Added (FVA) (January until September 2003)



We have created value (FVA). The economic profit amounts to 4.5% on capital employed (€23.8 million).

EBITA/equity, interest bearing debt and accumulated goodwill amortization



* assumed 6% interest rate, 40% tax rate, EBIT/interest 3.5 and a gearing of 1.6

General outlook for 2003

Over the entire year 2003, our sales will amount to over €1.0 billion. Earnings will continue to grow.

FUCHS acquired the French metalworking fluids business of WYNN'S in November 2003.



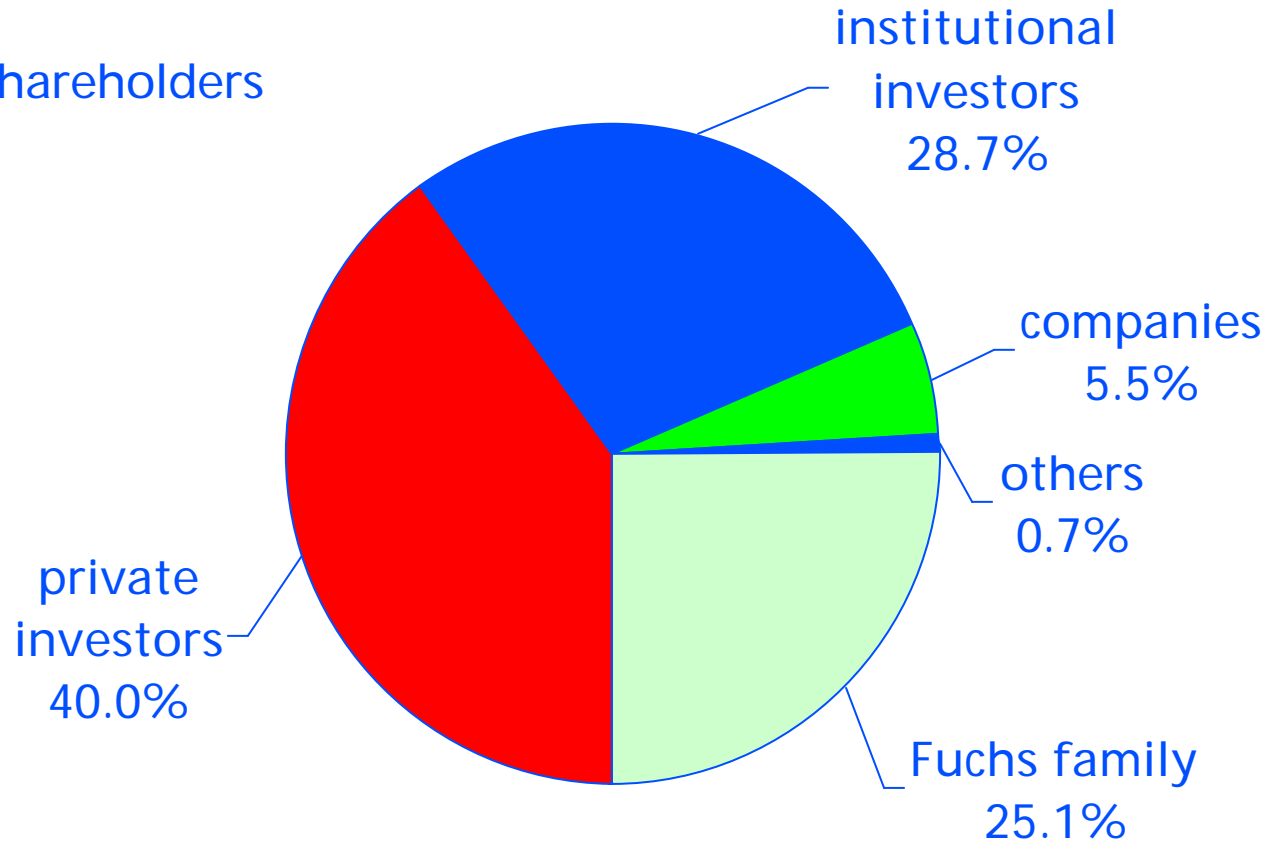


V. The FUCHS shares

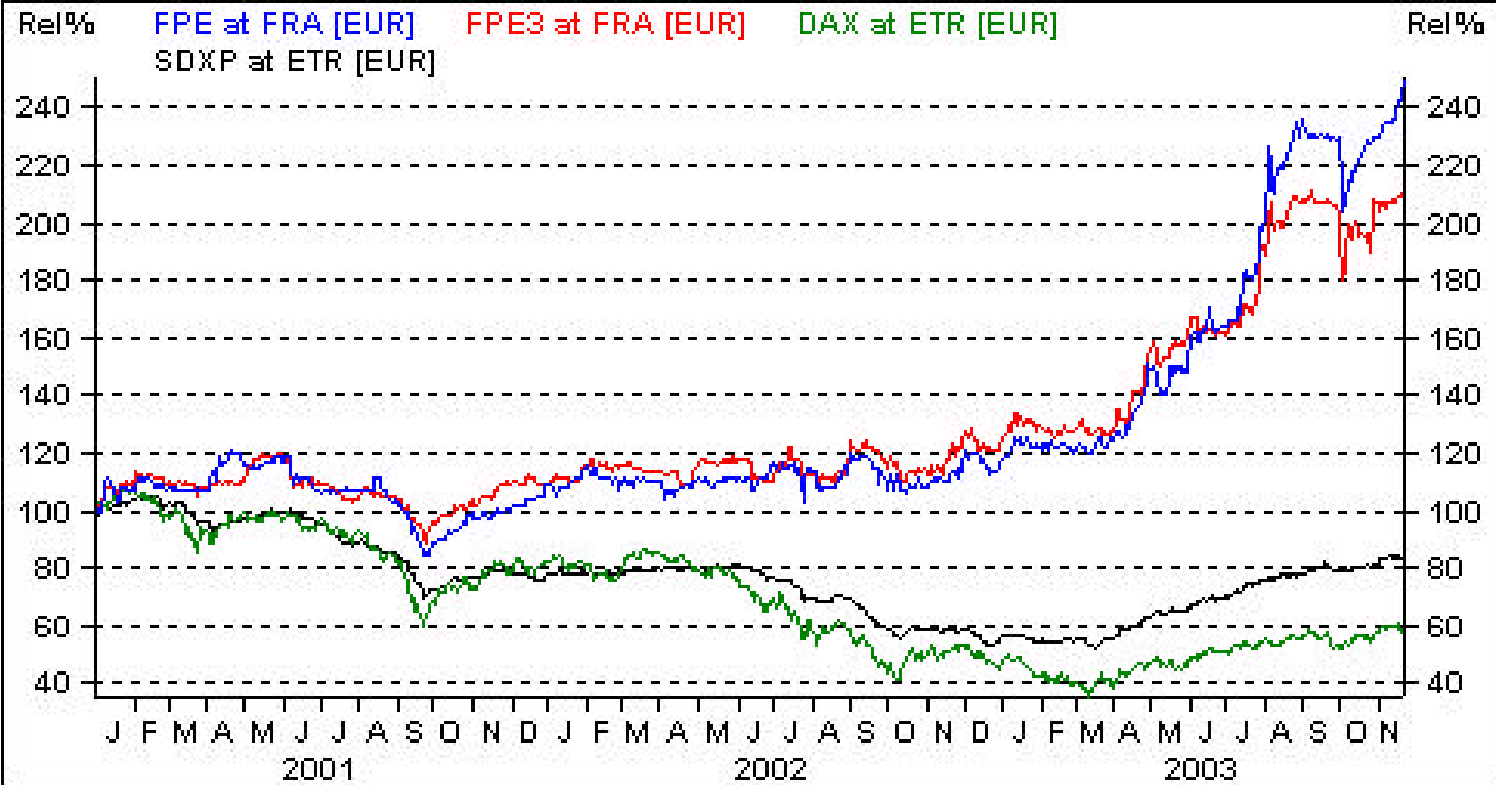


2002 survey on shareholders

8,082 shareholders

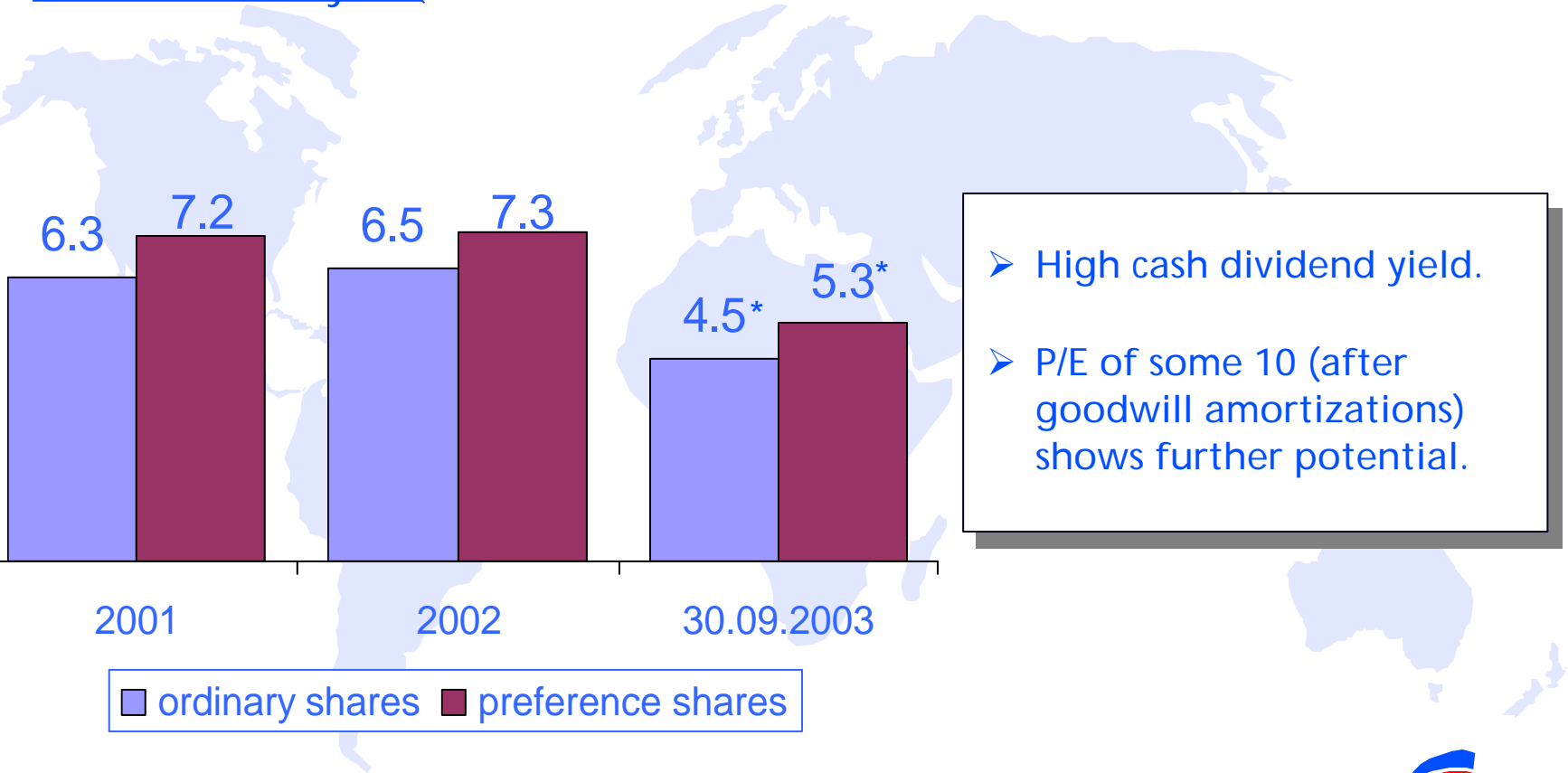


Performance of FUCHS shares compared with DAX and SDAX (1 Jan 2001 – 20 Nov 2003)



2002 key data of FUCHS PETROLUB shares

Cash dividend yield



* similar dividends as in 2002 are assumed based on average share price of the first nine months 2003



Analyst recommendations

Sal. Oppenheim	September 2003	Outperform
Independent Research	October 2003	Buy
Platow Börse Special	October 2003	Buy
Wertpapier	October 2003	Buy
Bankhaus Lampe	November 2003	Outperform
WestLB	November 2003	Buy
BW-Bank	November 2003	Neutral



VI. Acquisition and capital increase



Acquisition of WYNN'S

- FUCHS is world market leader in metalworking fluids.
- WYNN'S FRANCE produces metalworking fluids including related specialities such as industrial lubricants and cleaners.
- The company generates about €20 million in sales. The company employs 76 people.
- FUCHS takes over only the assets and the customers excluding any plants or offices and integrates the business into FUCHS FRANCE.
- The takeover adds to the world leadership of FUCHS in metalworking fluids and makes it the number one in France, too.



Capital increase in December 2003: structure

- Rights issue in ordinary and preference shares of up to 7.7% of the total share capital (280,737 ordinary shares, 270,386 preference shares)
 - Opportunity for the existing shareholders to participate in the transaction at an attractive discount
 - Around €20 million fresh money for FUCHS
- ~~Optional capital increase of preference shares without subscription rights of up to 2.0% of the total share capital (144,607 preference shares)~~
 - Equal number of ordinary and preference shares outstanding
 - Around €5 million additional fresh money for FUCHS



Capital increase: timetable

25 + 26 November 2003

Roadshows Germany

5 December 2003

Roadshow UK

28 November 2003

Start Subscription Period and
Subscription Rights Trading

9 December 2003

End Subscription Rights Trading

11 December 2003

End Subscription Period

15 December 2003

First Listing, Settlement



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