



# **FUCHS PETROLUB AG**

**The leading independent lubricants  
manufacturer of the world**

Dr. Alexander Selent  
Vice Chairman & CFO

Reiner Schmidt  
Member of the Executive Committee & Deputy CFO

May 2009

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## **FUCHS – fact sheet and business model**

# The leading independent lubricants manufacturer of the world

- **Founded in 1931**
- **2008 sales revenues: €1,393 million**
- **2008 number of employees: 3,855  
from 50 countries working in 55 local companies**
- **38 production facilities**
- **100,000 customers in more than 100 countries**
- **Member of the German Prime Standard (MDAX). Listed on the Frankfurt, Stuttgart and Zurich stock exchanges.**

# FUCHS - business model

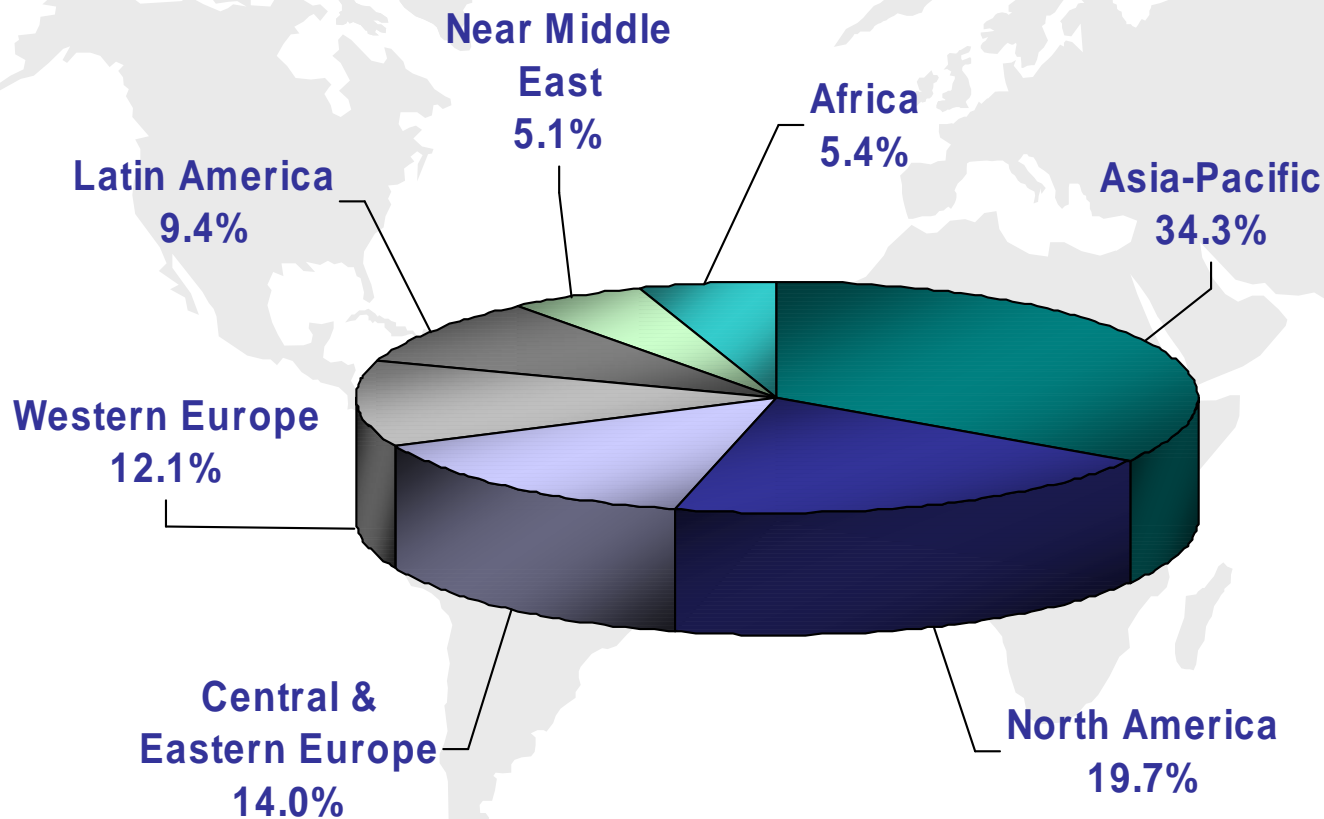
- **FUCHS is fully focussed on lubricants (advantage over major oil companies)**
- **Technology, innovation and specialisation leadership in strategically important product areas**
- **Independence allows customer and market proximity, responsiveness, speed and flexibility (advantage over major oil companies)**
- **FUCHS is a full-line supplier (advantage over most independent companies)**
- **Global presence (advantage over most independent companies)**

# FUCHS - long-term strategic objectives

- **Continue to be the world's largest independent manufacturer of lubricants and related specialities**
- **Value-based growth through innovation and specialisation leadership**
- **Organic growth in emerging markets and organic and external growth in mature markets**
- **Creating shareholder value by generating returns above the cost of capital**
- **Remain independent which is decisive for FUCHS' business model**

# World lubricants market 2008 (without marine oils)

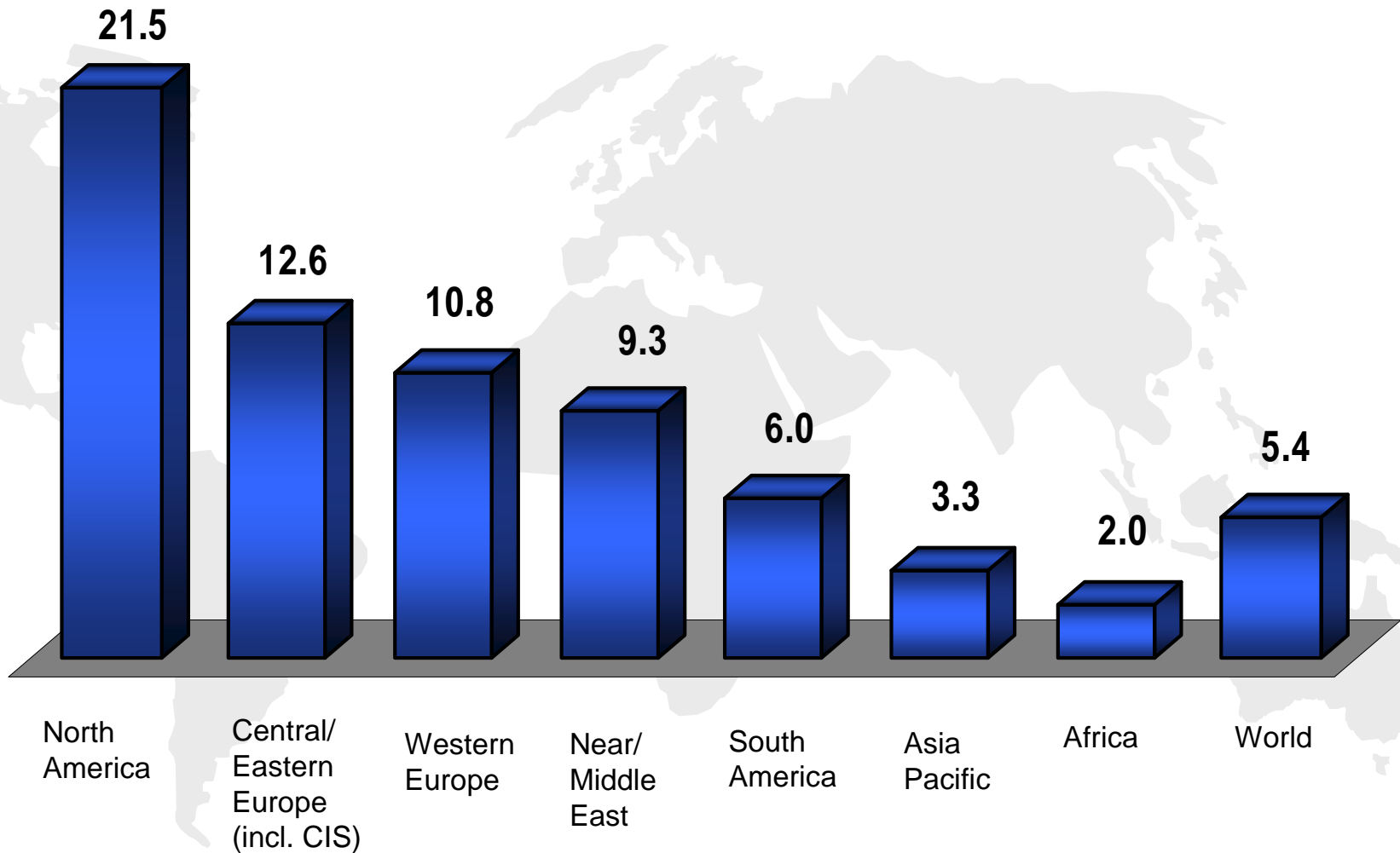
## World Lubricants Demand: 36.3 mt



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

# 2008 per-capita lubricants demand shows significant growth opportunities

kg p.a.



# Competition – strong fragmentation

manufacturers:

130 major oil companies

590 independent manufacturers

720 manufacturers\*

**High degree of fragmentation continues in the industry**

**Concentration especially among smaller companies**

\* FUCHS market research

# Competition – difference in size

sizes:

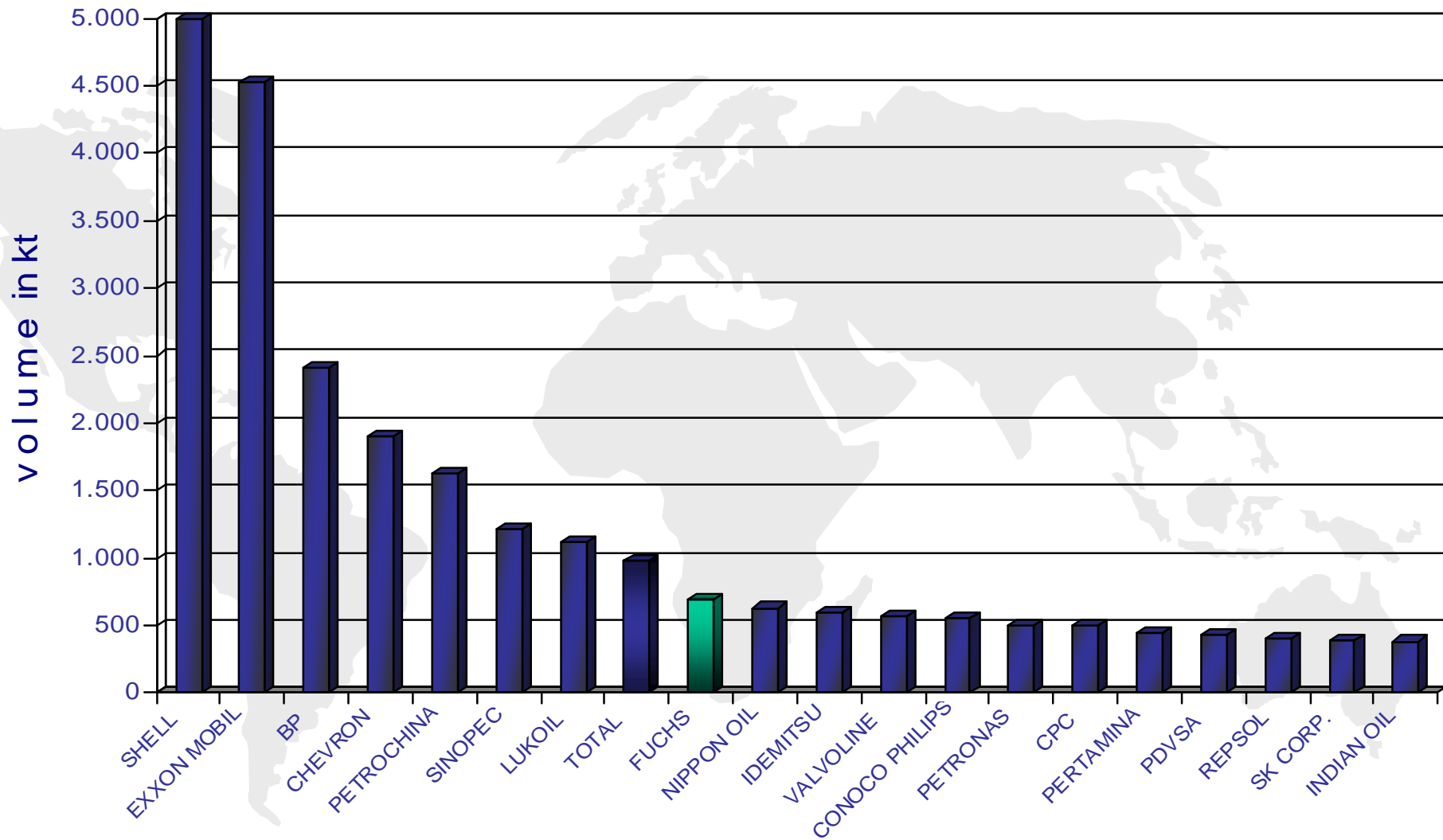
manufacturers	volumes %
top 10	> 50.0
710	< 50.0
720	100.0

**Differences in the size of manufacturers are enormous. World-wide the top 10 finished lubricants manufacturers including FUCHS hold more than 50% of global volumes while the remainder of more than 700 manufacturers share less than 50%.**

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## FUCHS – strategic position

# FUCHS is the 9<sup>th</sup> largest lubricant company in the world

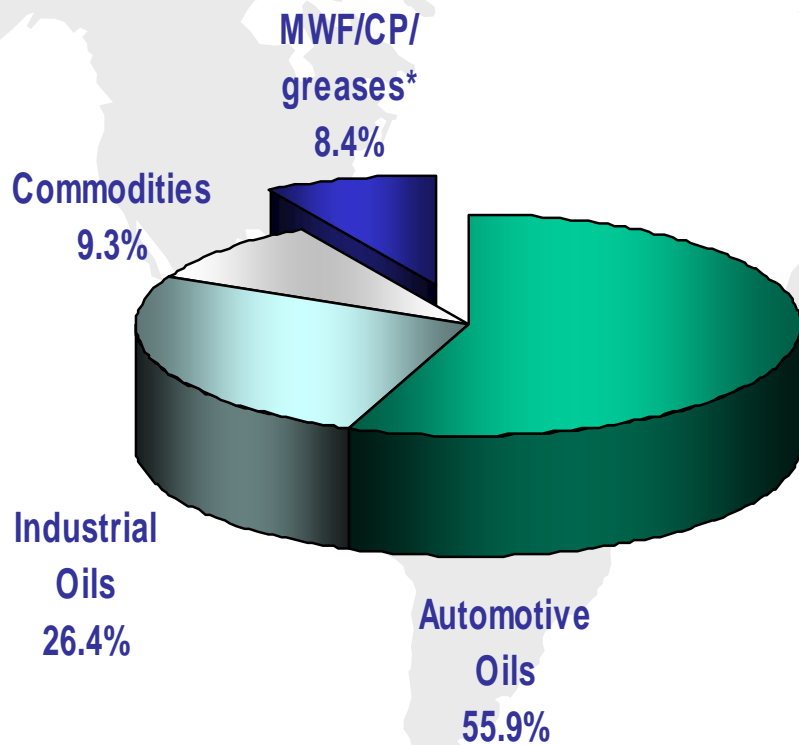




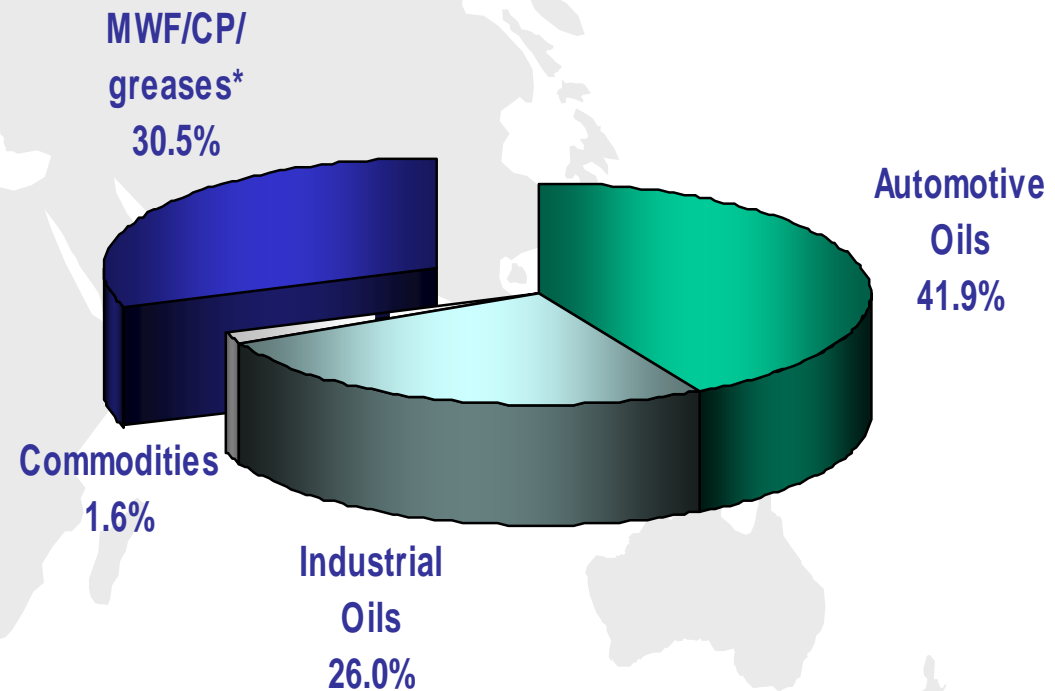
**Among 590 independent lubricants  
companies FUCHS is the number 1**

# FUCHS is the specialist for lubricants...

## World Lubricants Market 2008



## FUCHS Finished Lubricants 2008



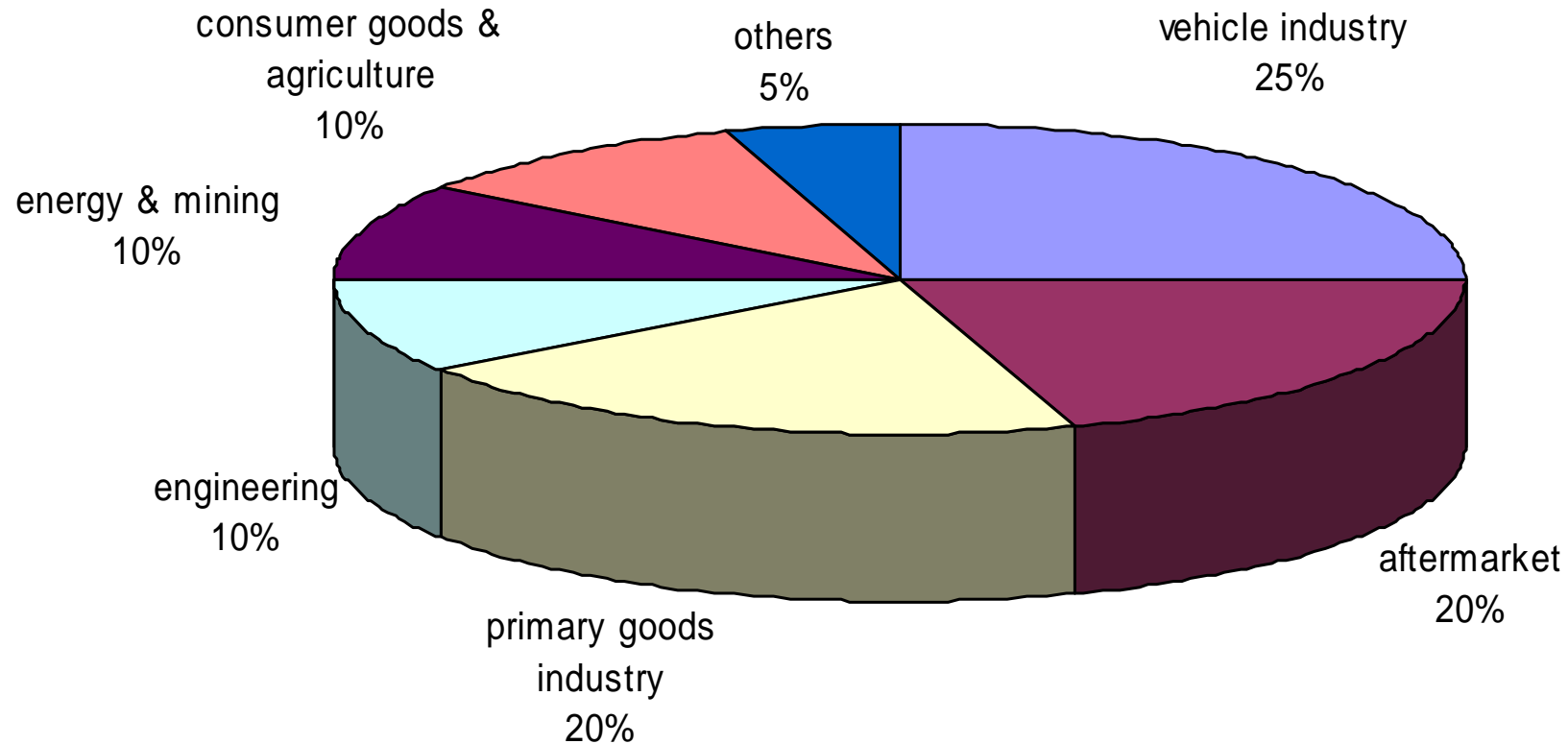
\*metalworking fluids/corrosion preventatives/lubricating greases

...with a high degree of specialization...

FUCHS PETROLUB AG



# ...and a broad customer base in many industries

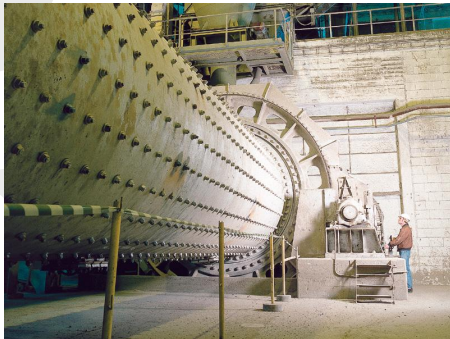


# FUCHS is the world market leader in strategically important and high-value business segments and niches



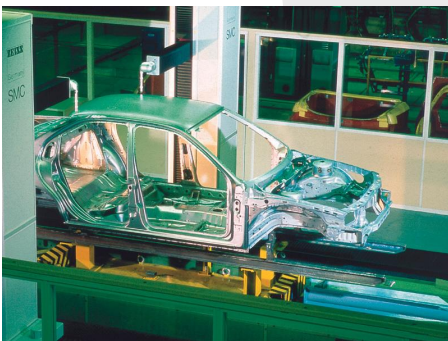
**Mining specialities (fire-resistant hydraulic fluids for underground coal mining and high-performance lubricants)**

**No. 1**



**High-performance speciality open gear lubricants**

**No. 1**



**Corrosion preventives**

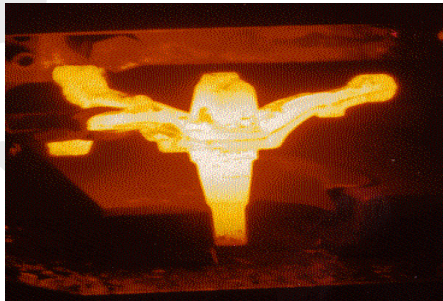
**No. 1 - 2**

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



**Metalworking fluids**

**No. 2**



**Forging lubricants**

**No. 2**



**Greases**

**No. 3 - 4**

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



**Environmentally friendly and biodegradable lubricants and processing fluids**

**No. 1**

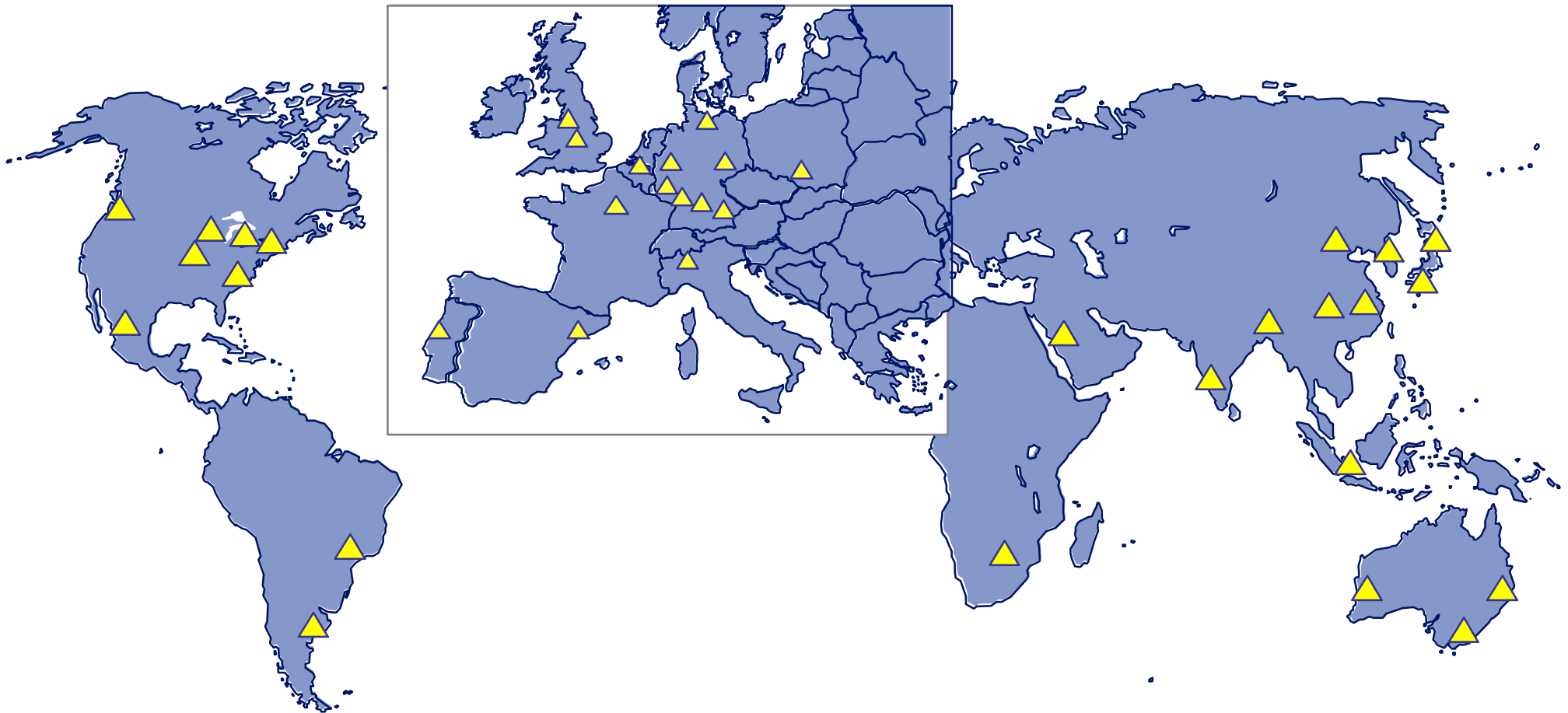


# FUCHS research and development

**9% of total staff – more than 300 chemists, engineers and other technical experts – work in R & D around the globe and ensure technical leadership in key products and application areas.**



FUCHS manufactures 10,000 products for more than 100,000 customers in 38 production plants all over the world



▲ Production plants

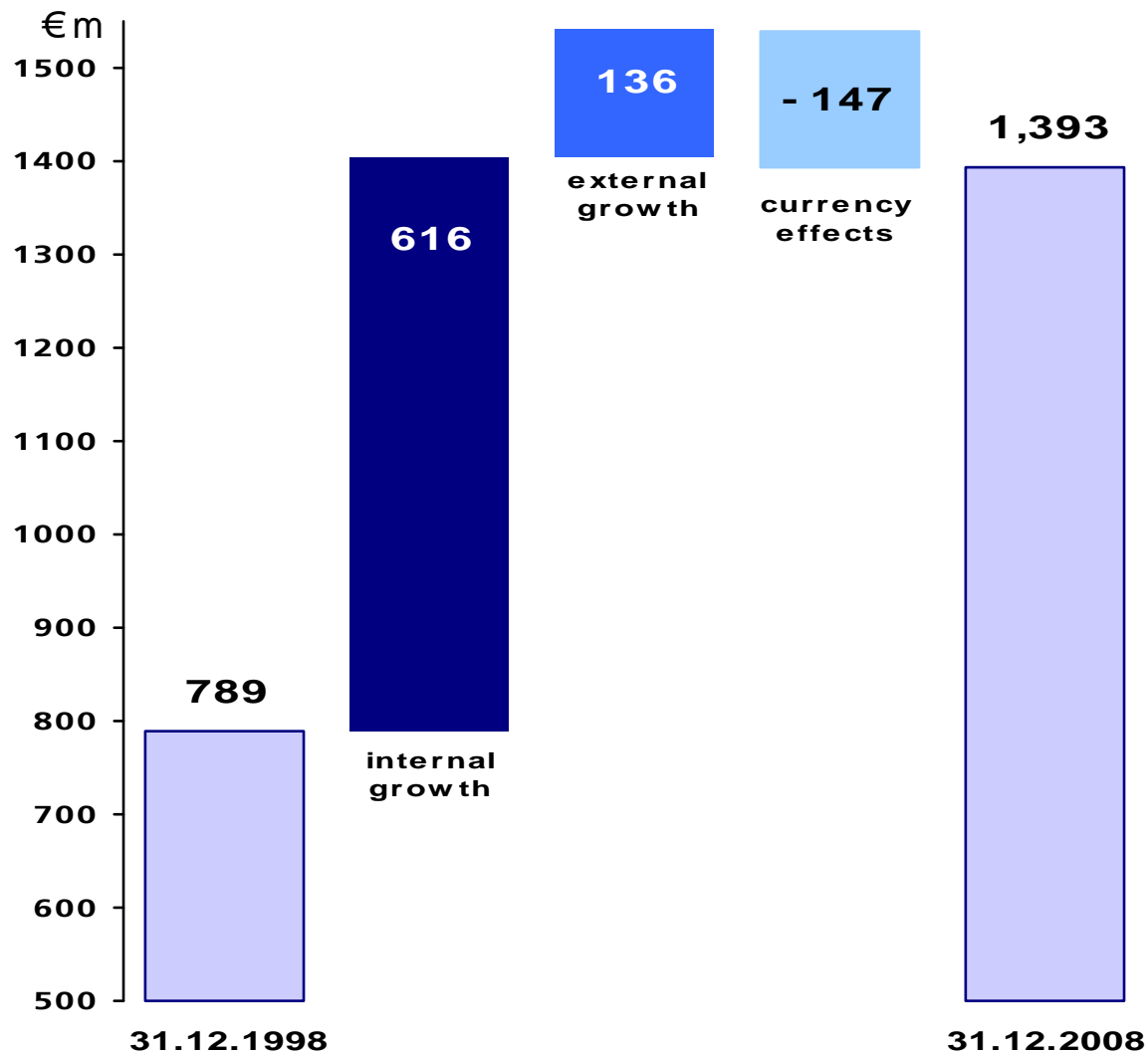
# FUCHS' strategic position is a combination of

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



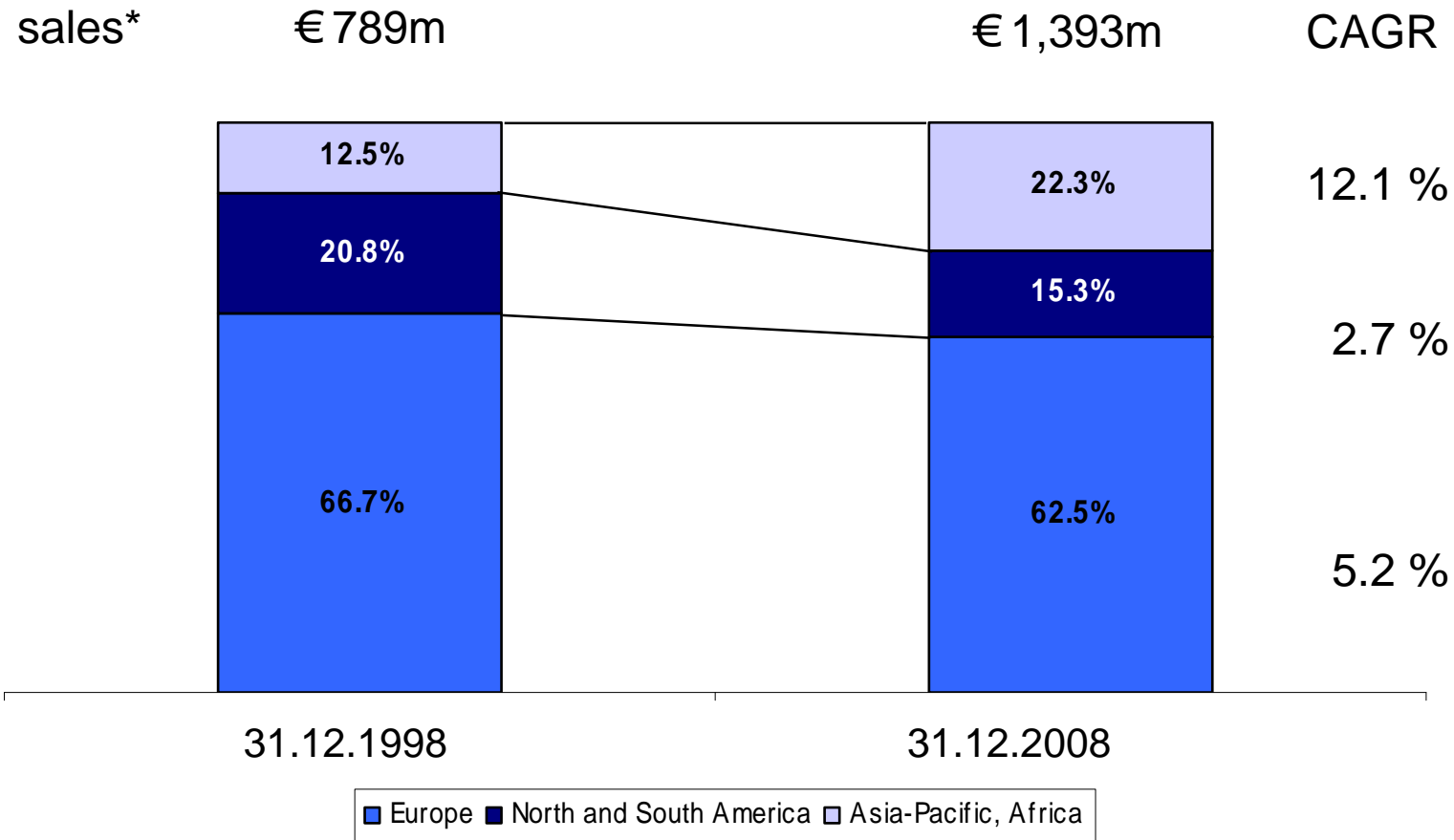
**The business model has paid dividends**

# Since 1998 sales revenues have increased annually by 5.9% ...



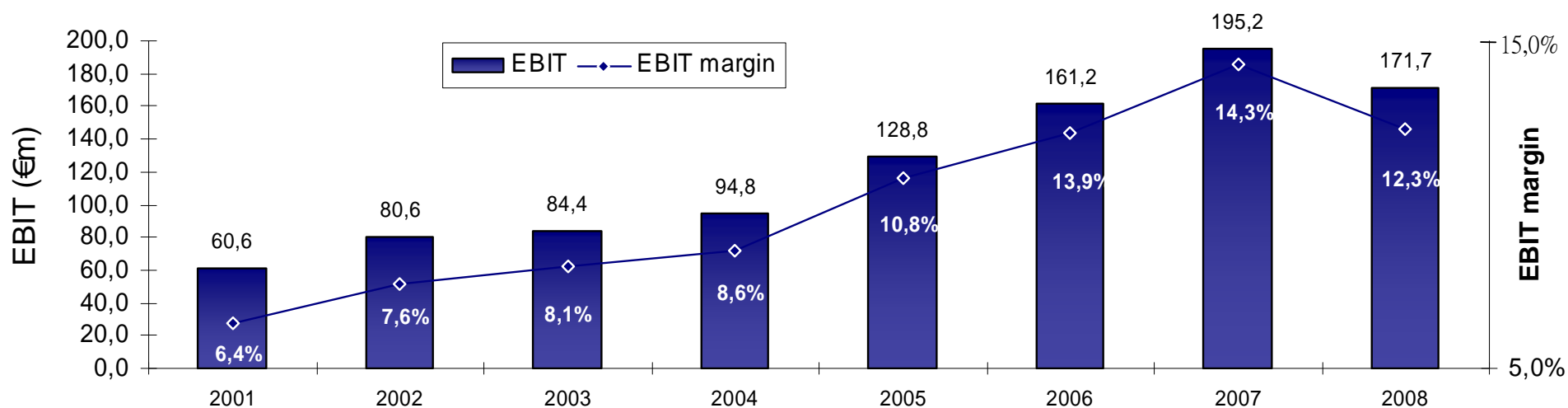
	CAGR
➤ Internal growth	5.9 %
➤ External growth	1.6 %
➤ Currency effects	- 2.0 %

# ... with the focus on both emerging and mature markets



\*by customer location

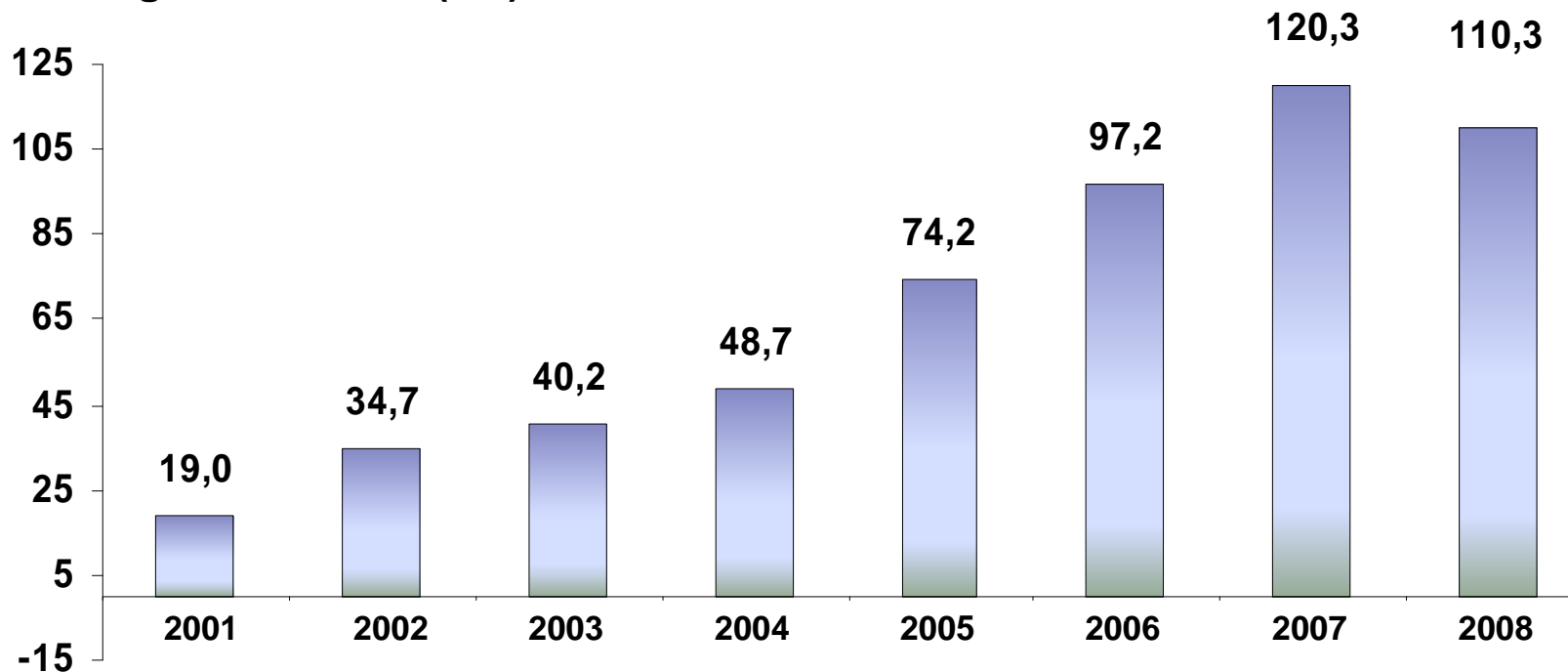
# Our profitability has increased significantly ...



EBIT growth	2001	2002	2003	2004	2005	2006	2007	2008
	---	33.0 %	4.7 %	12.3 %	35.9 %	25.2 %	21.1 %	- 12.0 %

# ... and we generated our second best net profit in 2008

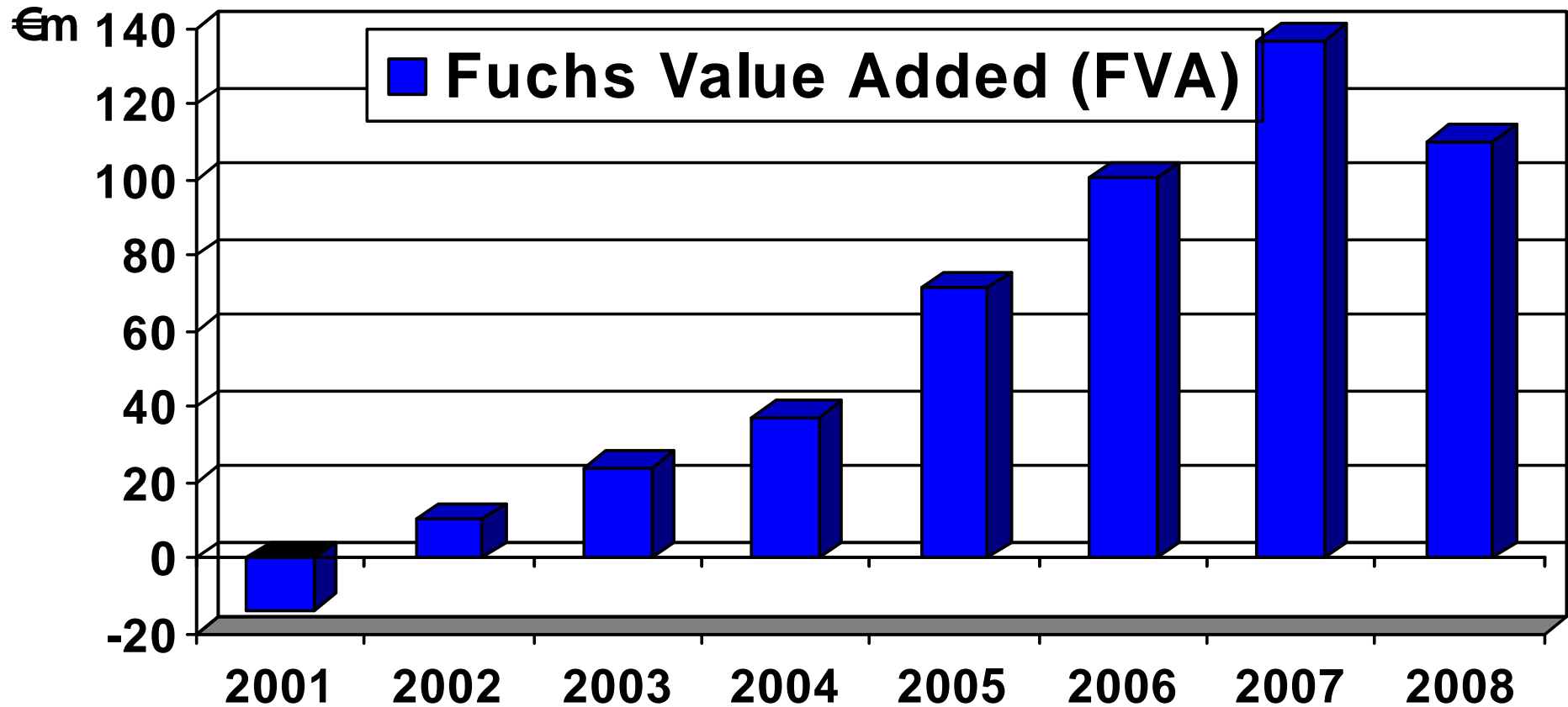
earnings after taxes\* (€m)



earnings growth	2001	2002	2003	2004	2005	2006	2007	2008
	---	82.6%	15.9%	21.1%	52.4%	31.0%	23.8%	- 8.3%

\* years 2001 to 2004 adjusted of goodwill amortization

# FUCHS has been a steady Fuchs Value Added (FVA) generator



Fuchs Value  
Added (FVA)

-13.6

10.3

24.1

37.4

71.4

100.3

136.5

110.1

## ... with a strong and solid balance sheet

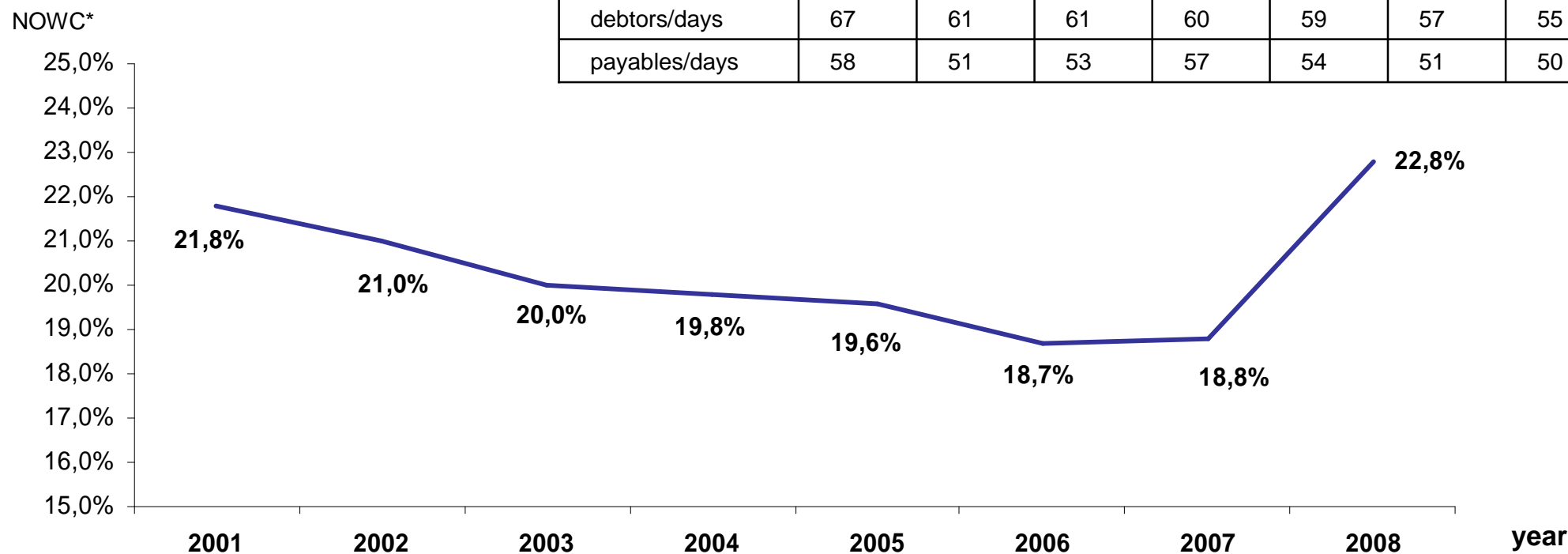
€m	2005	2006	2007	2008
<b>Equity</b>	<b>232.6</b>	<b>303.2</b>	<b>325.9</b>	<b>315.3</b>
<b>Equity ratio</b>	<b>33.6%</b>	<b>44.2%</b>	<b>45.6%</b>	<b>44.8%</b>
<b>Return on Equity (ROE)</b>	<b>38.1%</b>	<b>36.9%</b>	<b>37.1%</b>	<b>33.3%</b>
<b>Return on Capital Employed (ROCE)</b>	<b>25.8%</b>	<b>30.5%</b>	<b>38.3%</b>	<b>32.0%</b>
<b>Net debt<sup>1</sup></b>	<b>136.8</b>	<b>58.3</b>	<b>7.7</b>	<b>104.6</b>
<b>Net debt/Equity</b>	<b>0.6x</b>	<b>0.2x</b>	<b>0.0x</b>	<b>0.3x</b>
<b>EBIT/financial result<sup>2</sup></b>	<b>8.5x</b>	<b>13.9x</b>	<b>23.2x</b>	<b>19.3x</b>

<sup>1</sup> excl. pensions

<sup>2</sup> adjusted by participation write-offs

# Inventories increased in 2008 due to lower demand and higher raw material prices

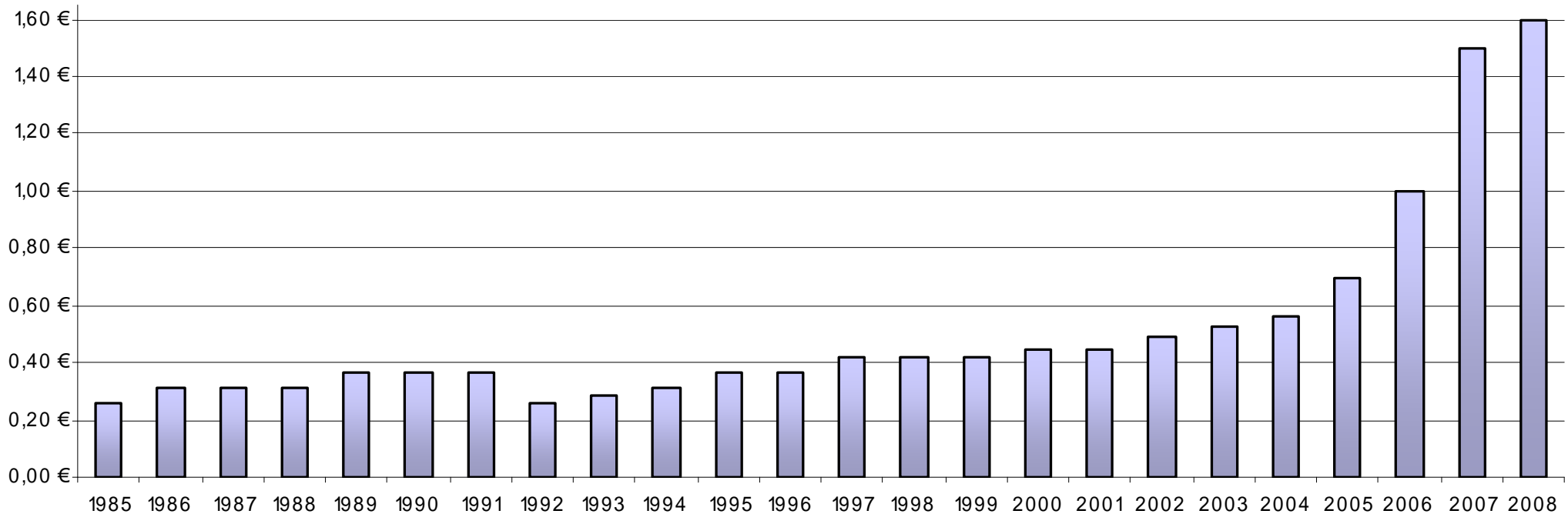
Year	2001	2002	2003	2004	2005	2006	2007	2008
NOWC*/sales (%)	21.8	21.3	20.0	19.8	19.6	18.7	18.8	22.8
NOWC* (€m)	200.0	215.8	204.0	210.1	242.6	242.3	251.3	283.5
inventories/days	78	78	72	77	74	68	72	83
debtors/days	67	61	61	60	59	57	55	52
payables/days	58	51	53	57	54	51	50	37



\* net operating working capital

# Our objective is to provide a shareholder-friendly dividend policy

Compound annual growth rate of dividends for preference shares: 8.4%



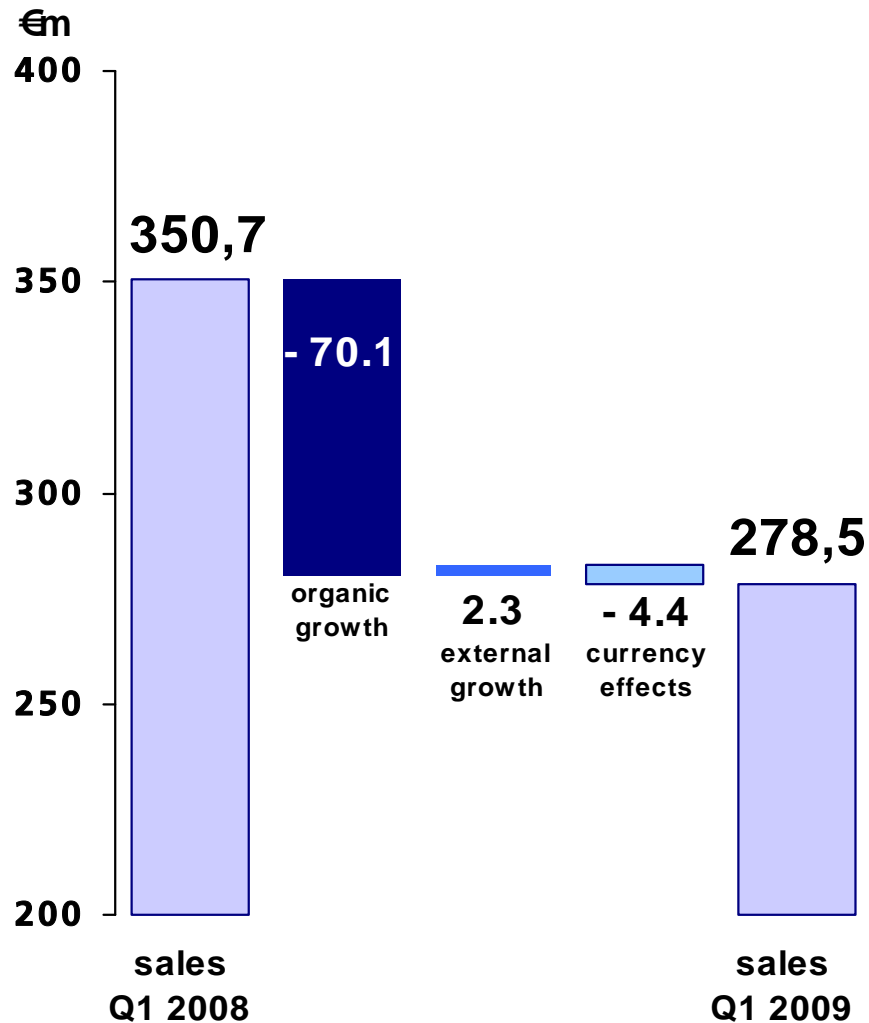


**First quarter 2009 and outlook**

## First Quarter 2009 at a glance

- **Fall in demand continues**
- **As expected, earnings after tax of €16.2 million remained at the level of the fourth quarter of 2008**
- **Cost-cutting measures are taking effect**
- **Free cash flow rose to €39 million**
- **Group equity ratio improved from 45% to 47%**

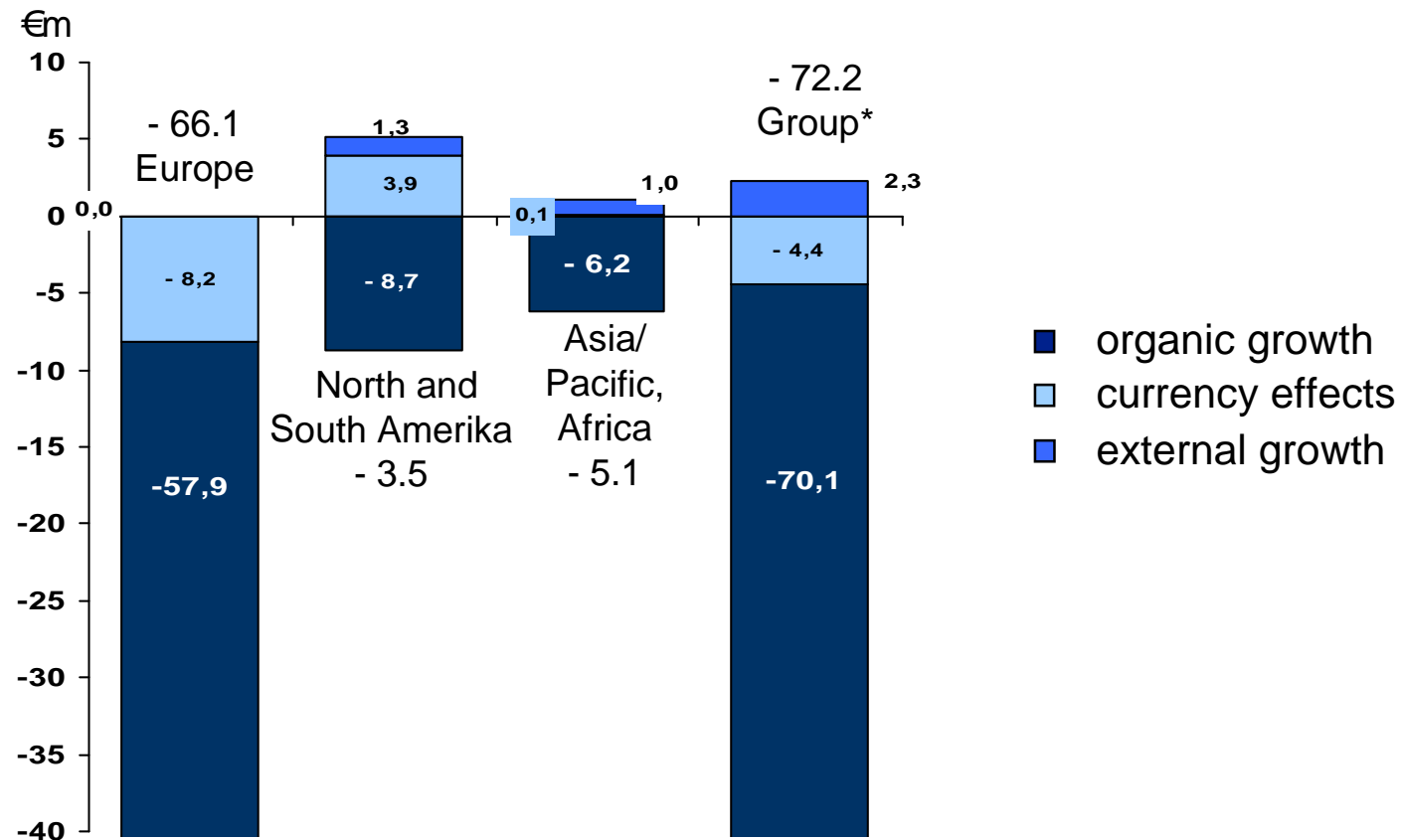
# Worldwide recession did not spare FUCHS



**Decline in sales by 20.6% or €72.2m to €278.5m (350.7)**

- Organic growth - 20.0% or - €70.1m
- External growth 0.7% or €2.3m
- Negative currency effects of 1.3% or - €4.4m

# Sales declined in all regions



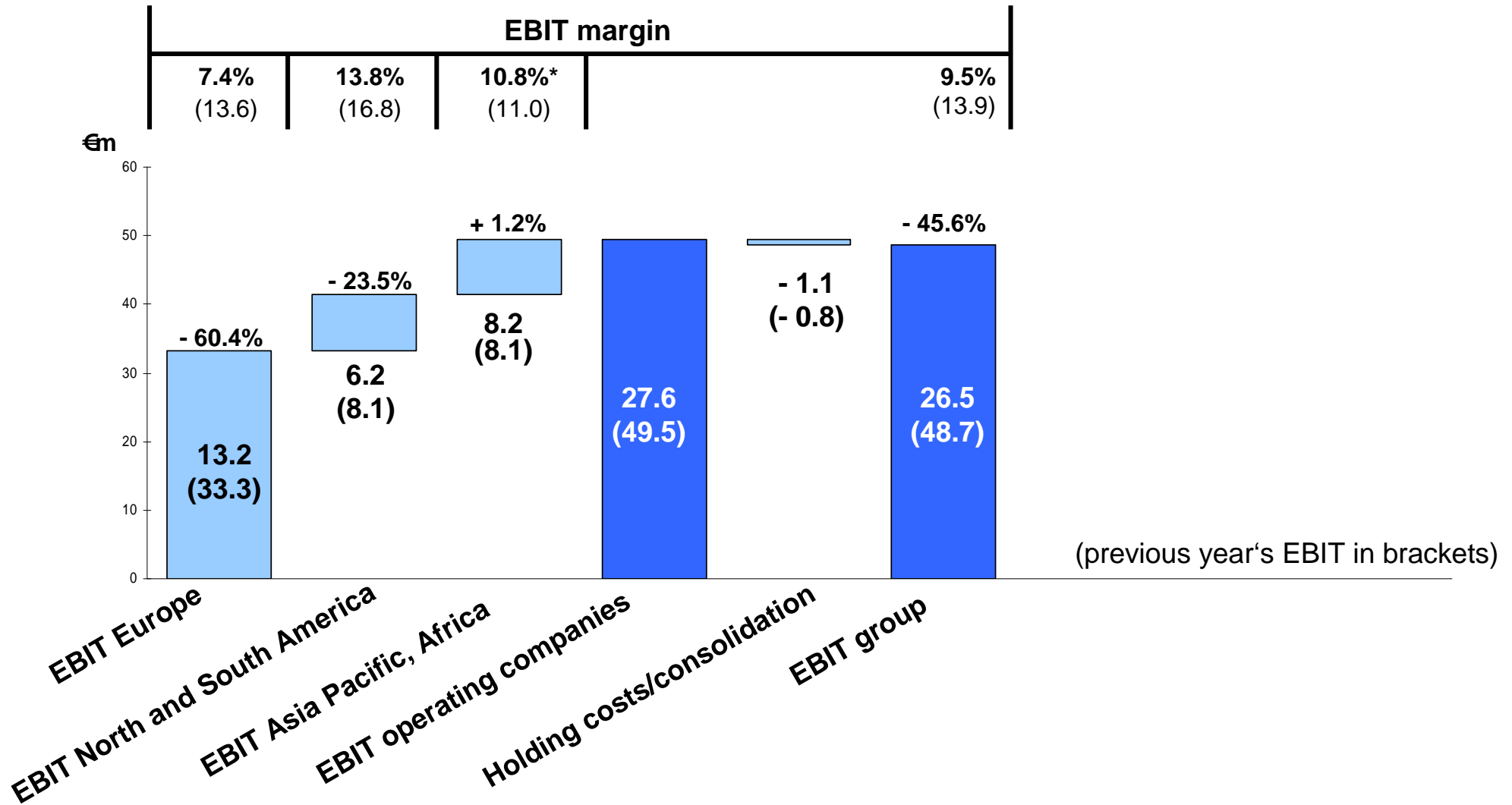
△ Total growth in %	- 27.1%	- 7.2%	- 7.7%	- 20.6%
△ Organic growth in %	- 23.7%	- 18.0%	- 9.4%	- 20.0%

\* after consolidation

# Earnings after tax of €16.2 m remained at the level of the fourth quarter of 2008

€m	Q IV 2008	Q I 2009	Q I 2008	variance 2009 /2008
<b>sales revenues</b>	<b>310.2</b>	<b>278.5</b>	<b>350.7</b>	<b>- 20.6%</b>
<b>gross profit</b>	<b>99.5</b>	<b>95.3</b>	<b>128.3</b>	<b>- 25.7%</b>
<i>gross profit margin</i>	<i>32.1%</i>	<i>34.2%</i>	<i>36.6%</i>	
<b>sales, R &amp; D and admin. expenses</b>	<b>70.6</b>	<b>70.2</b>	<b>79.4</b>	<b>- 11.6%</b>
<i>expenses as a percentage of sales</i>	<i>22.8%</i>	<i>25.2%</i>	<i>22.6%</i>	
<b>EBIT</b>	<b>27.2</b>	<b>26.5</b>	<b>48.7</b>	<b>- 45.6%</b>
<i>EBIT margin</i>	<i>8.8%</i>	<i>9.5%</i>	<i>13.9%</i>	
<b>earnings after tax</b>	<b>16.2</b>	<b>16.2</b>	<b>32.1</b>	<b>- 49.5%</b>
<i>net profit margin</i>	<i>5.2%</i>	<i>5.8 %</i>	<i>9.2%</i>	
<b>earnings per share</b>				
<b>ordinary shares</b>				
<b>preference shares</b>	<b>0.67</b>	<b>0.67</b>	<b>1.27</b>	<b>- 47.2%</b>
	<b>0.69</b>	<b>0.69</b>	<b>1.28</b>	<b>- 46.1%</b>

# EBIT per region



\* excluding „at equity“ companies

## Free cash flow developed positively mainly due to inventory reduction

€m *	Q I 2009	Q I 2008
gross cash flow	20.1	35.3
cash flow from operating activities	44.8	15.1
cash flow from investing activities	- 5.6	- 7.2
free cash flow	39.2	7.9

\* adjusted for currency and consolidation effects

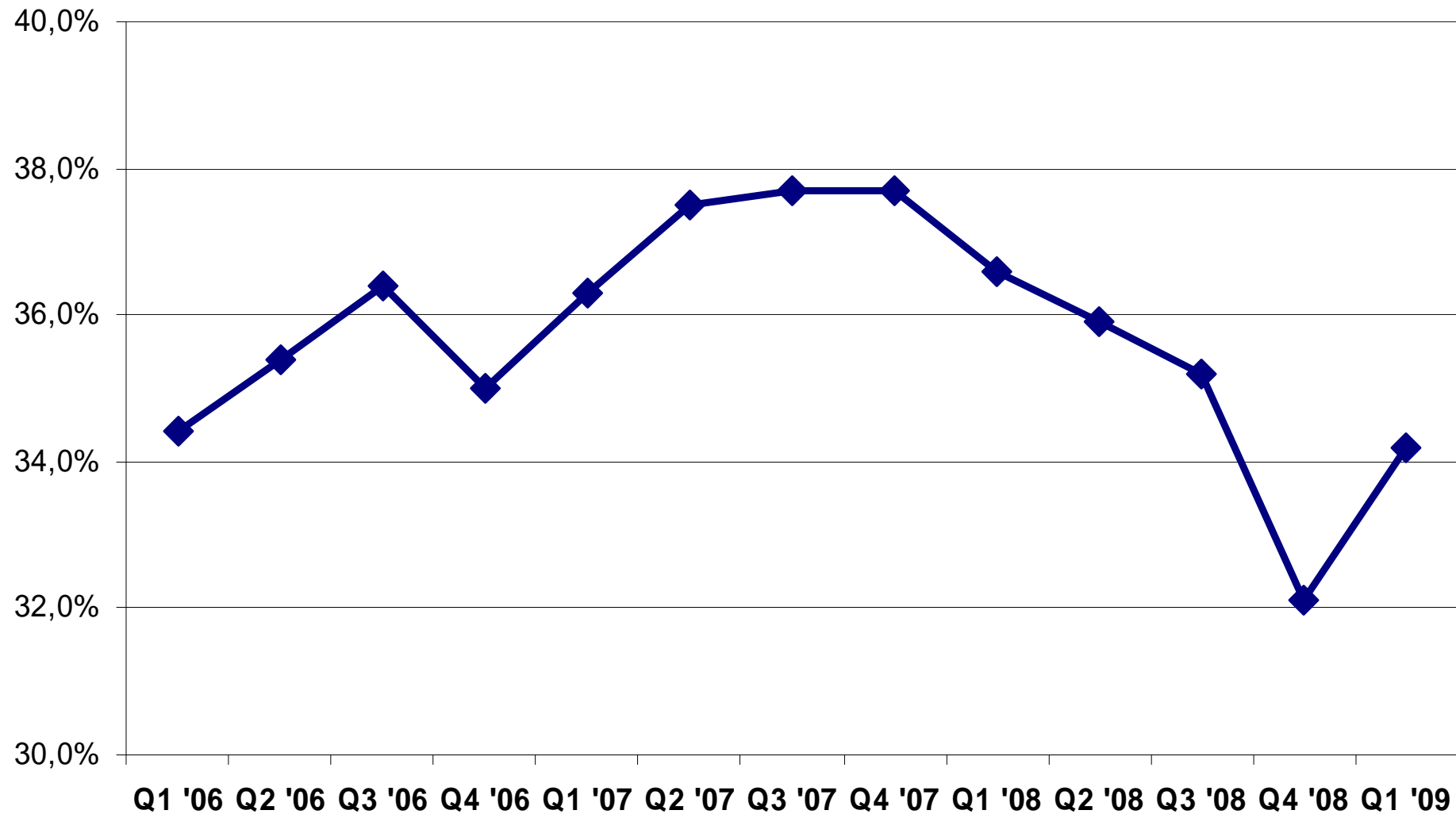
## Outlook for 2009

**There are currently no indications that a significant improvement in the economic situation will take place in the immediate future.**

**In the first quarter, the FUCHS PETROLUB Group took the necessary measures required to secure its earning power in this environment while at the same time equipping it for the future. These measures included expanding and securing profitable revenue sources and continuing strict cost management, while at the same time paying increasing attention to cash flow.**

**The extent to which the economic development will allow the following quarters to see similar or even higher earnings before interest and tax (EBIT) than achieved in the first quarter of 2009, remains to be seen.**

# Regaining of gross profit margins

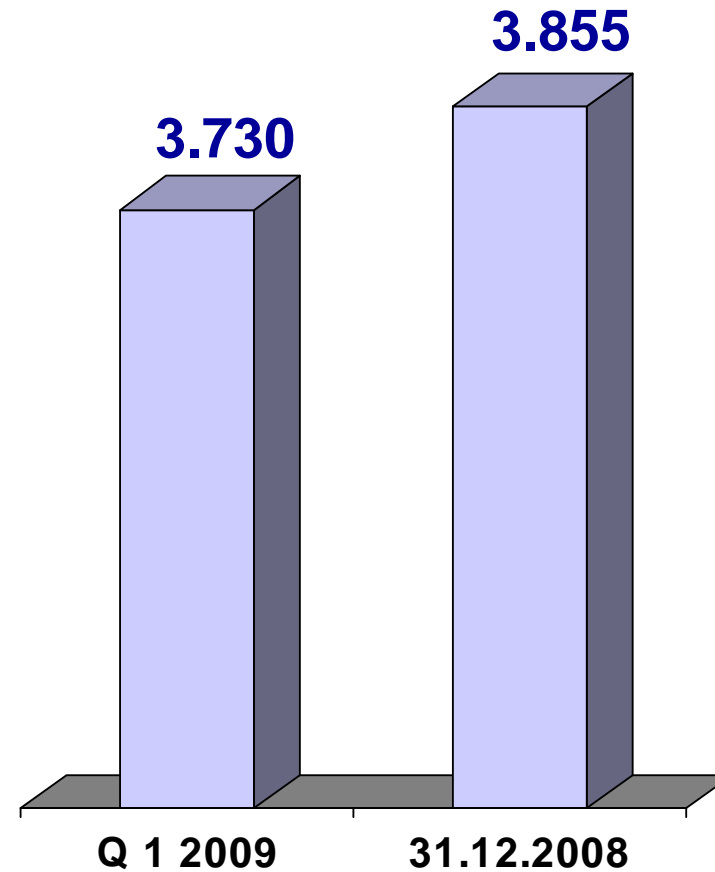


**We anticipate that demand will continue to be weak in the immediate future. For this reason we have adjusted our structures to the changed market conditions at this early stage.**

- Short term savings by reducing travel costs, external services, etc.
- Reduction of ~ 80 part time workers and a severe reduction in overtime
- Short time work in 3 plants in Germany
- Reduction of personnel in Germany by ~7% wherever possible through natural fluctuation and mutual agreements
- Personnel reduction worldwide of ~10% in 2009

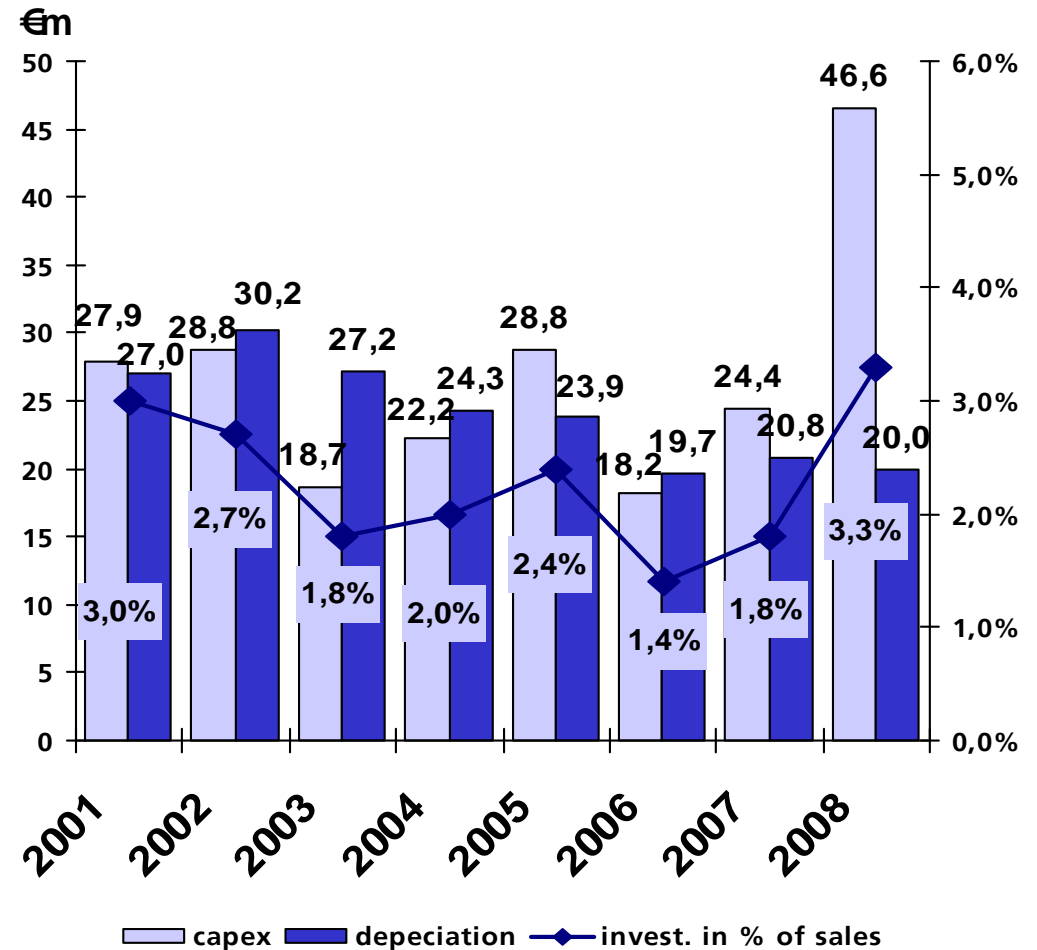
# Employees

**125 employees or 3.2% less than  
at the end of year 2008 reflect  
initial adjustments**



# The continuation of the investment in the speciality business, research & development and growth markets put the group on a firm footing for the future

**Significant increase in capex as a result of the investment program for the development of FUCHS' specialities business, for new laboratories and for a sales and distribution center as well as for investments in emerging markets.**

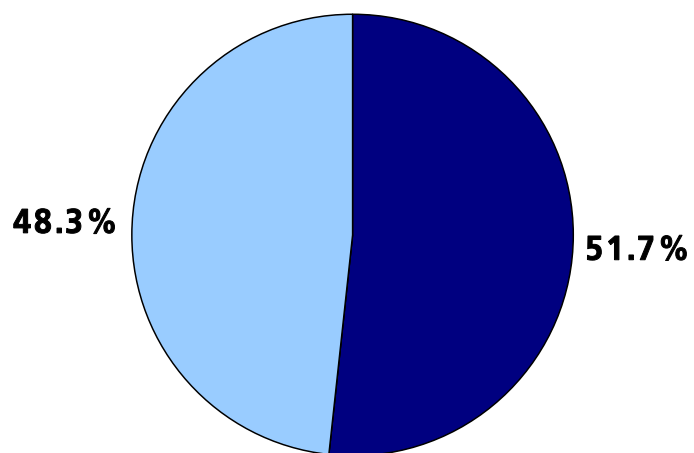


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**capital structure**

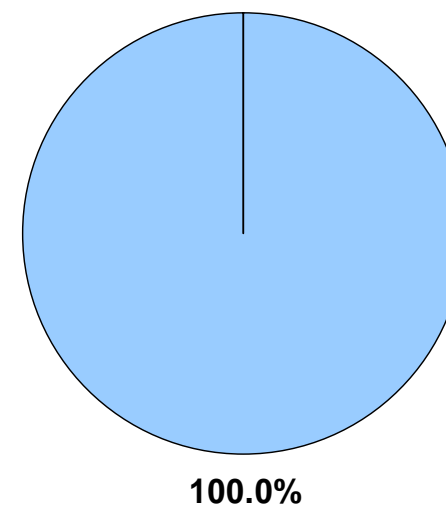
# Breakdown of shares

## Ordinary shares



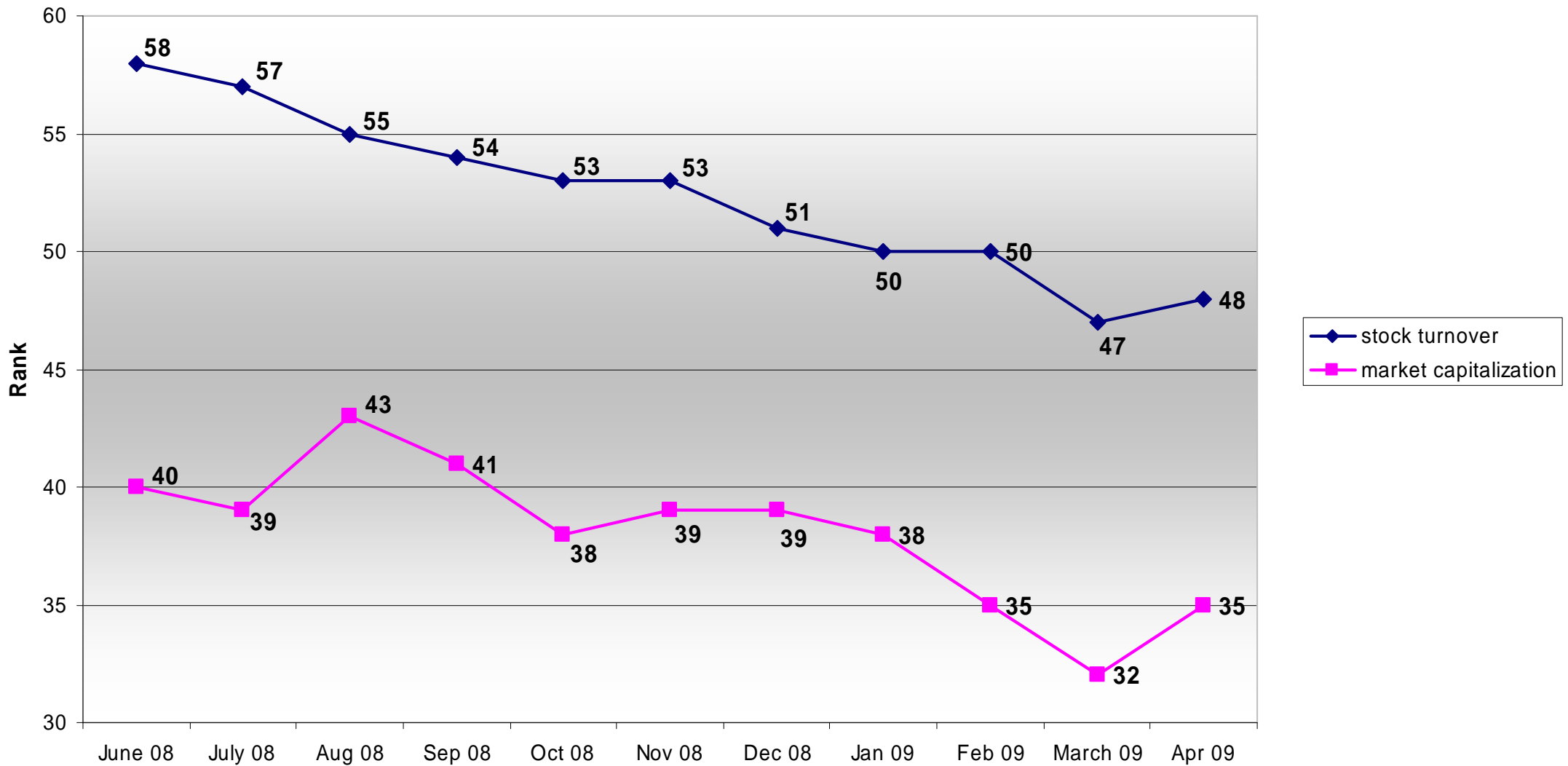
Base: 11,830,000 ordinary shares

## Preference shares



Base: 11,830,000 preference shares

# MDAX-Ranking has improved



# Disclaimer

**This presentation contains statements about future development that are based on assumptions and estimates by the management of FUCHS PETROLUB AG. 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 include changes to the overall economic climate, changes to exchange rates and interest rates and changes in the lubricants industry. FUCHS PETROLUB AG provides no guarantee that future developments and the results actually achieved in the future will agree with the assumptions and estimates set out in this presentation and assumes on liability for such.**

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# Appendix

# Worldwide economic expansion came to an end in 2008; no decoupling of economies

## Percentage change of real GNP

in %	2002	2003	2004	2005	2006	2007	2008	2009e	2010e
------	------	------	------	------	------	------	------	-------	-------

<b>world*</b>	<b>1.9</b>	<b>2.7</b>	<b>4.0</b>	<b>3.4</b>	<b>3.9</b>	<b>3.7</b>	<b>2.7</b>	<b>- 0.8</b>	<b>2.1</b>
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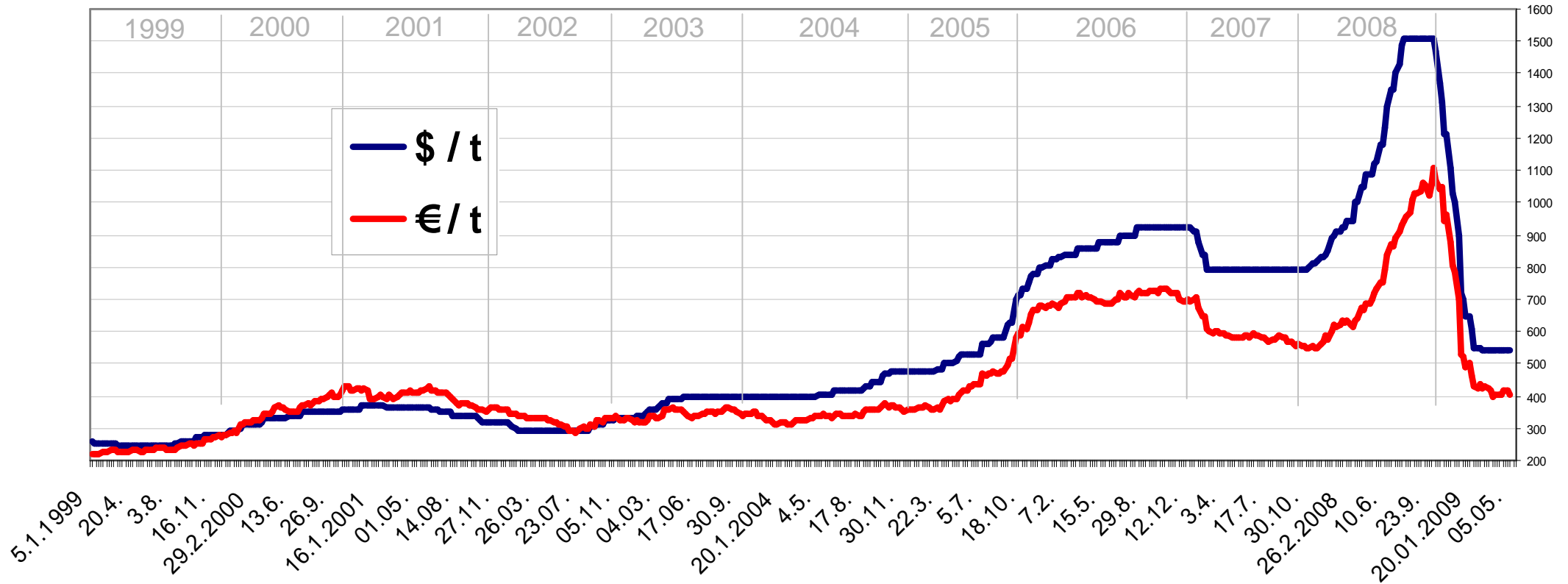
<b>USA</b>	<b>1.6</b>	<b>2.5</b>	<b>3.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.0</b>	<b>1.1</b>	<b>- 1.9</b>	<b>0.2</b>
<b>Middle and Eastern Europe</b>	<b>4.2</b>	<b>4.8</b>	<b>6.9</b>	<b>6.1</b>	<b>6.7</b>	<b>5.7</b>	<b>3.2</b>	<b>- 0.4</b>	<b>2.5</b>
<b>India</b>	<b>4.6</b>	<b>6.9</b>	<b>7.9</b>	<b>9.1</b>	<b>9.8</b>	<b>9.3</b>	<b>6.2</b>	<b>4.2</b>	<b>5.5</b>
<b>Australia</b>	<b>4.2</b>	<b>3.0</b>	<b>3.9</b>	<b>2.8</b>	<b>2.7</b>	<b>4.2</b>	<b>2.5</b>	<b>- 0.2</b>	<b>1.8</b>
<b>China</b>	<b>9.1</b>	<b>10.0</b>	<b>10.1</b>	<b>10.4</b>	<b>11.6</b>	<b>11.9</b>	<b>9.0</b>	<b>5.6</b>	<b>6.5</b>
<b>Japan</b>	<b>0.3</b>	<b>1.4</b>	<b>2.7</b>	<b>1.9</b>	<b>2.4</b>	<b>2.1</b>	<b>- 0.7</b>	<b>- 5.8</b>	<b>- 0.2</b>
<b>Euro Area</b>	<b>0.9</b>	<b>0.8</b>	<b>2.1</b>	<b>1.6</b>	<b>2.8</b>	<b>2.6</b>	<b>0.9</b>	<b>- 3.2</b>	<b>- 0.1</b>
<b>Germany</b>	<b>0.0</b>	<b>- 0.2</b>	<b>1.2</b>	<b>0.8</b>	<b>3.0</b>	<b>2.5</b>	<b>1.3</b>	<b>- 3.7</b>	<b>- 0.1</b>

sources: IMF, IFW (all as of March 2009)

\* based on nominal exchange rates (through 2008)

# Base oil prices have reached new heights and fell fast again

SN 150 Low Indications domestic (1.1.1999 to 2009)



# Euro has strengthened significantly in 2008

average currency value	2008	2007	currency △	share of group sales
US - Dollar	1,47	1,37	13,7%	13,9%
Pound Sterling	0,80	0,68	17,6%	11,7%
Chin. Renminbi Yuan	10,25	10,43	-1,6%	8,1%
Australian Dollar	1,74	1,64	6,1%	5,4%
South African Rand	12,08	9,67	24,9%	2,0%
Polish Zloty	3,52	3,79	-7,1%	2,9%
Brasilian Real	2,68	2,67	0,4%	2,1%
Indonesian Rupie	14.173,69	12.526,27	13,2%	0,5%
others				8,3%
sales generated in foreign currencies				54,9%
sales generated in Euro				45,1%

**45% of group sales are generated in Euro**