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# **FUCHS Shares**

## **A Solid Investment with Strong Prospects**

**German Equity Forum  
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Member of the Executive Board**

**FUCHS PETROLUB AG, Mannheim, Germany**



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**FUCHS**

**- company profile -**

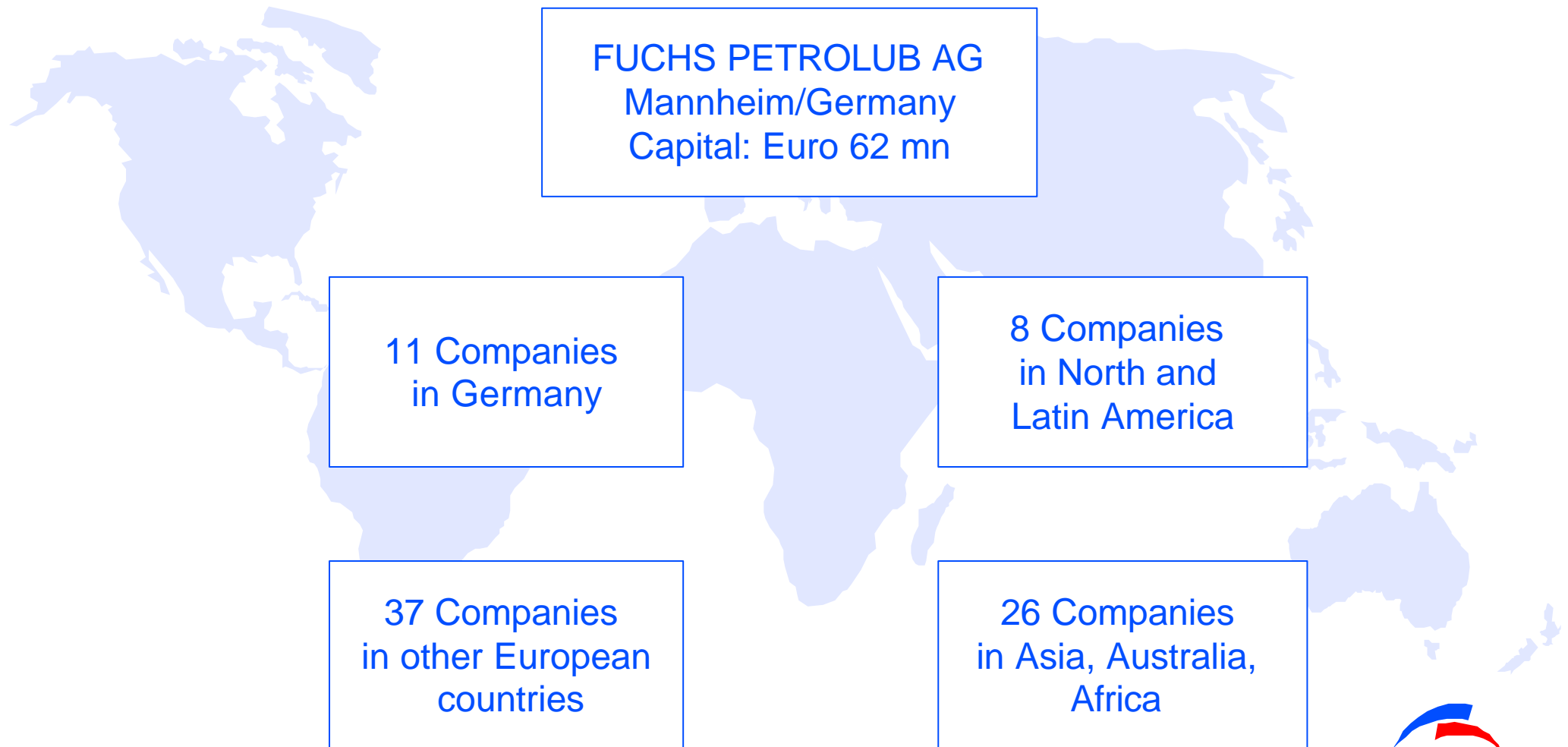


# FUCHS - the company

- Founded in 1931.
- Leading manufacturer of lubricants and related specialities with global presence.
- Comprehensive line of products and broad customer portfolio.
- Innovation and specialisation leadership.
- 2000 sales Euro 902 mn; non-consolidated and quota-consolidated companies achieved Euro 335 mn.
- 7,900 shareholders. Listed on Frankfurt, Stuttgart and Zurich stock exchanges.
- FUCHS shares belong to the German SDAX (top 100 quality segment for German smallcaps – SMAX - at Deutsche Börse).



# Structure of the FUCHS-Group



FUCHS PETROLUB AG  
Mannheim/Germany  
Capital: Euro 62 mn

11 Companies  
in Germany

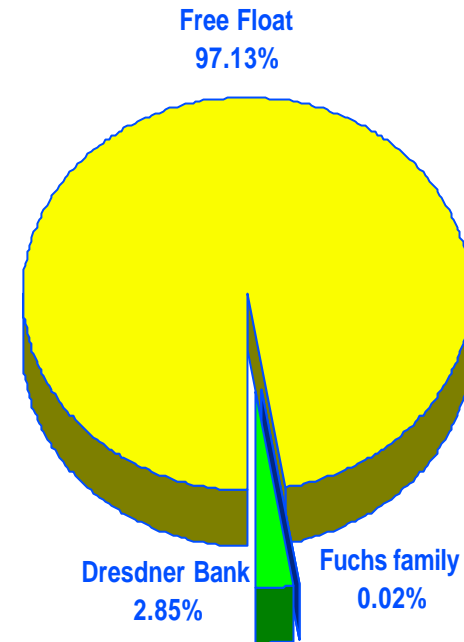
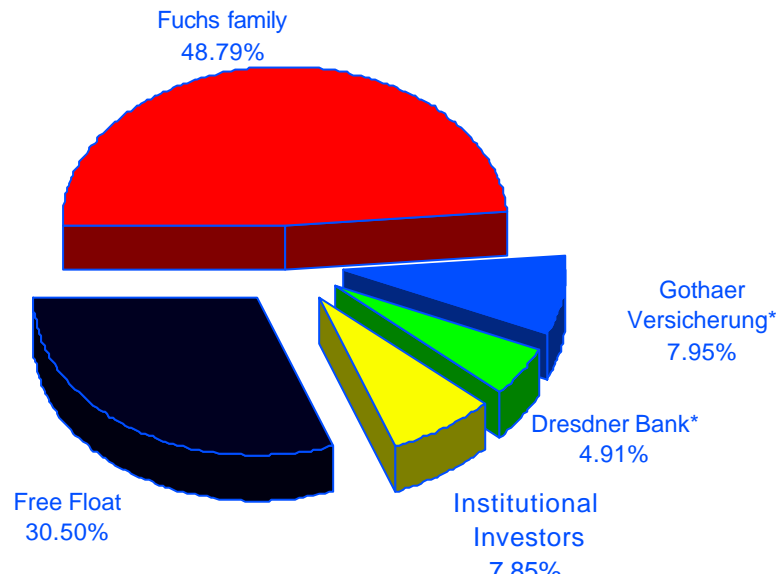
8 Companies  
in North and  
Latin America

37 Companies  
in other European  
countries

26 Companies  
in Asia, Australia,  
Africa



# Shareholder Structure



\* pooling agreement with the FUCHS family

## Current Voting Rights

## Current Preference Shares





# **The Lubricants Market**

## **- business environment -**



# Lubricants comprise many characteristics

Hardly known facts

- In the „world of oil“, lubricants are a niche product accounting for only 1.2 % of world-wide oil consumption.
- In terms of component analysis, lubricants, especially high value lubricants, contain more „chemistry“ than „oil“. They require numerous processing steps and enjoy relatively high added value.

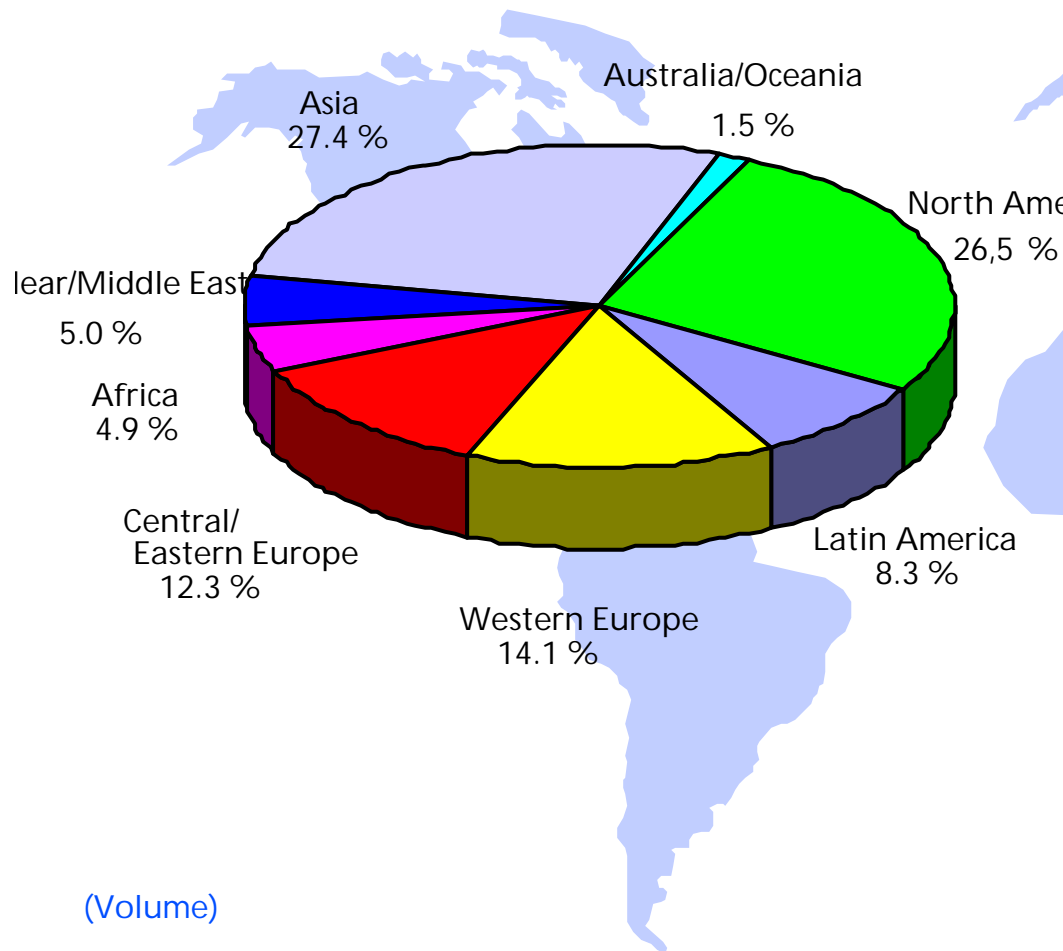
and chances

- Lubricants require a large variety of technical and marketing expertise. There are many market segments and niches, customer specific solutions and services.
- There are many opportunities for innovation and specialisation. Lubricants are not "mature products".





# Domestic Lube markets represented 36 mn tons in 2000

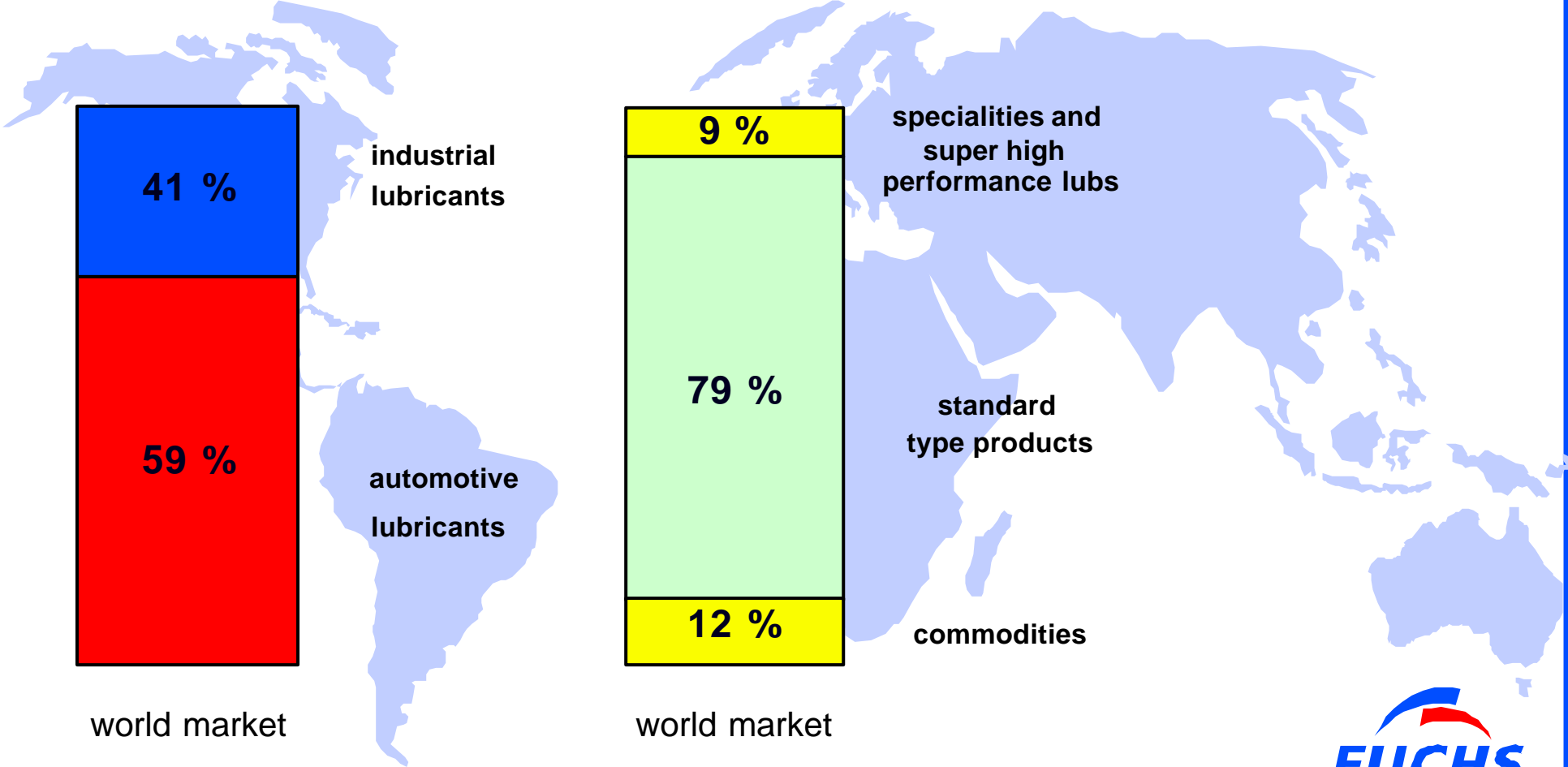


- Over the last few years, Asia-Pacific has become the world's largest and fastest growing regional market, home to 3 of the 6 largest local markets: China, Japan and India.
- Further large regional markets are North America and Europe. These markets are shrinking in terms of volume due to improved engine design and performance and increased longevity and performance of lubricants .
- However, the structural changes in lubricant demand in the highly industrialised countries, have led to a shift towards higher quality and value-added lubricants.

(Volume)

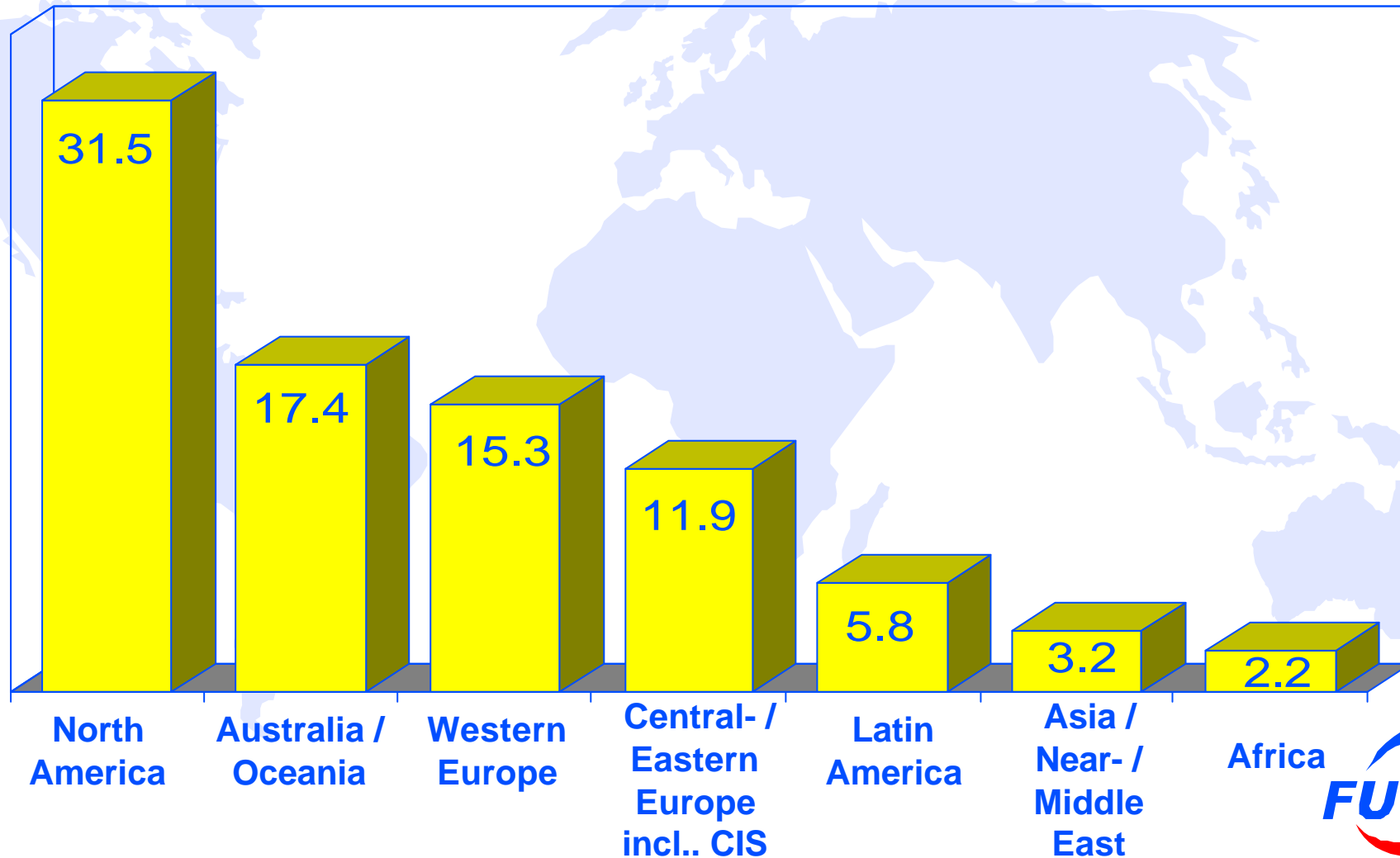


Lubes are heterogeneous products which are classified by their end use application as well as their degree of specialisation



# 1999 per-capita lubricants consumption by regions

in kg p.a.



# Competition and fragmented Industry

## Manufacturers:

> 200 Oil Companies  
>1,200 Independents  
>1,400

In the early 90tees there were world-wide about 1,700 manufacturers of lubricants and related specialities, from which approximately 300 were located in Europe. Today there exist less than 1400 manufactures of lubricants.

## Sizes:

Operators	World volume
<u>%</u>	<u>%</u>
2.0	60.0
5.0	19.0
<u>93.0</u>	<u>21.0</u>
100.0	100.0

Their differences in size are enormous.

Thus 2 % of the manufacturers hold 60 % of world volume, while 93 % have a share of 21 %.

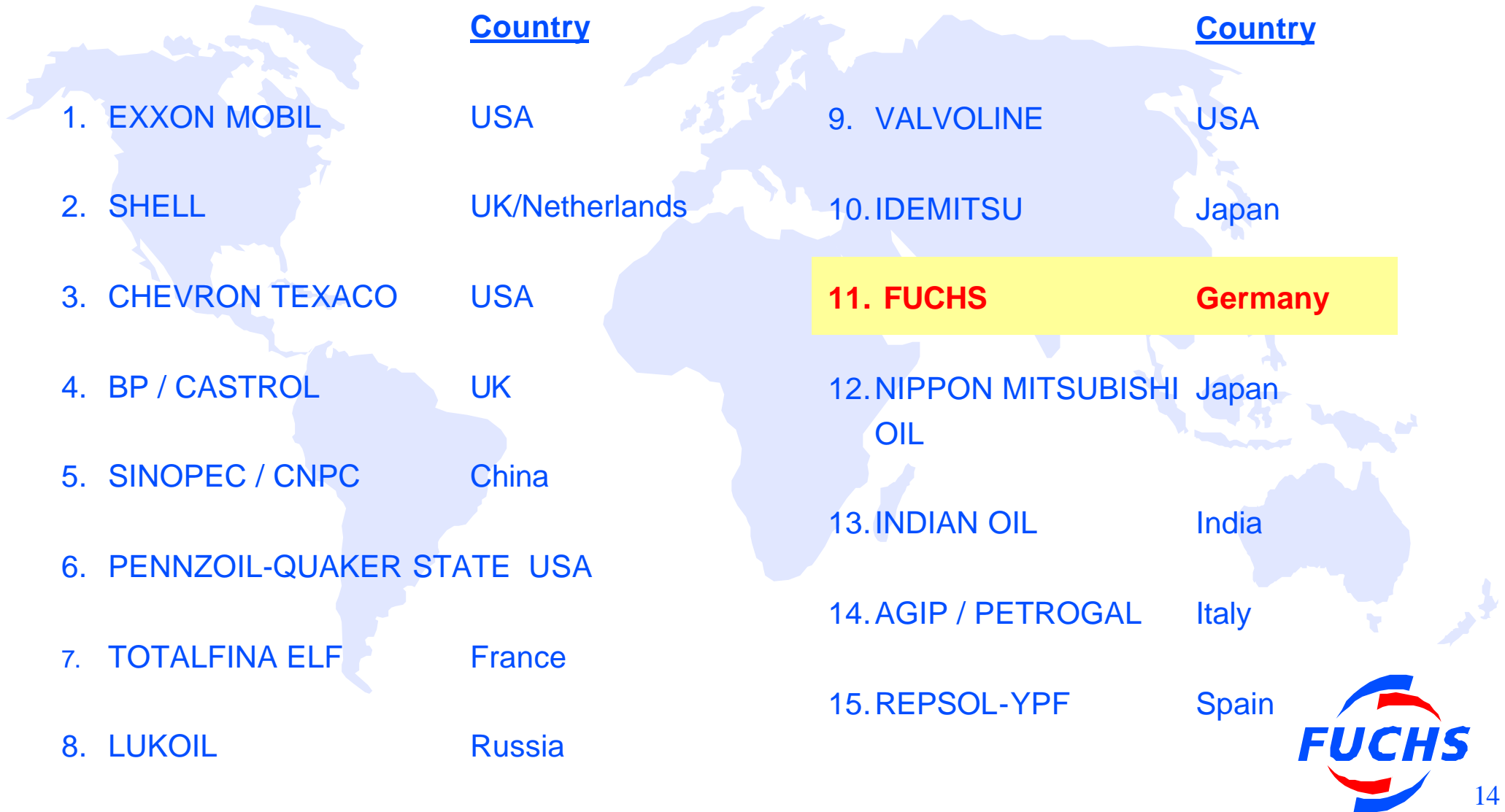




# FUCHS strategic position



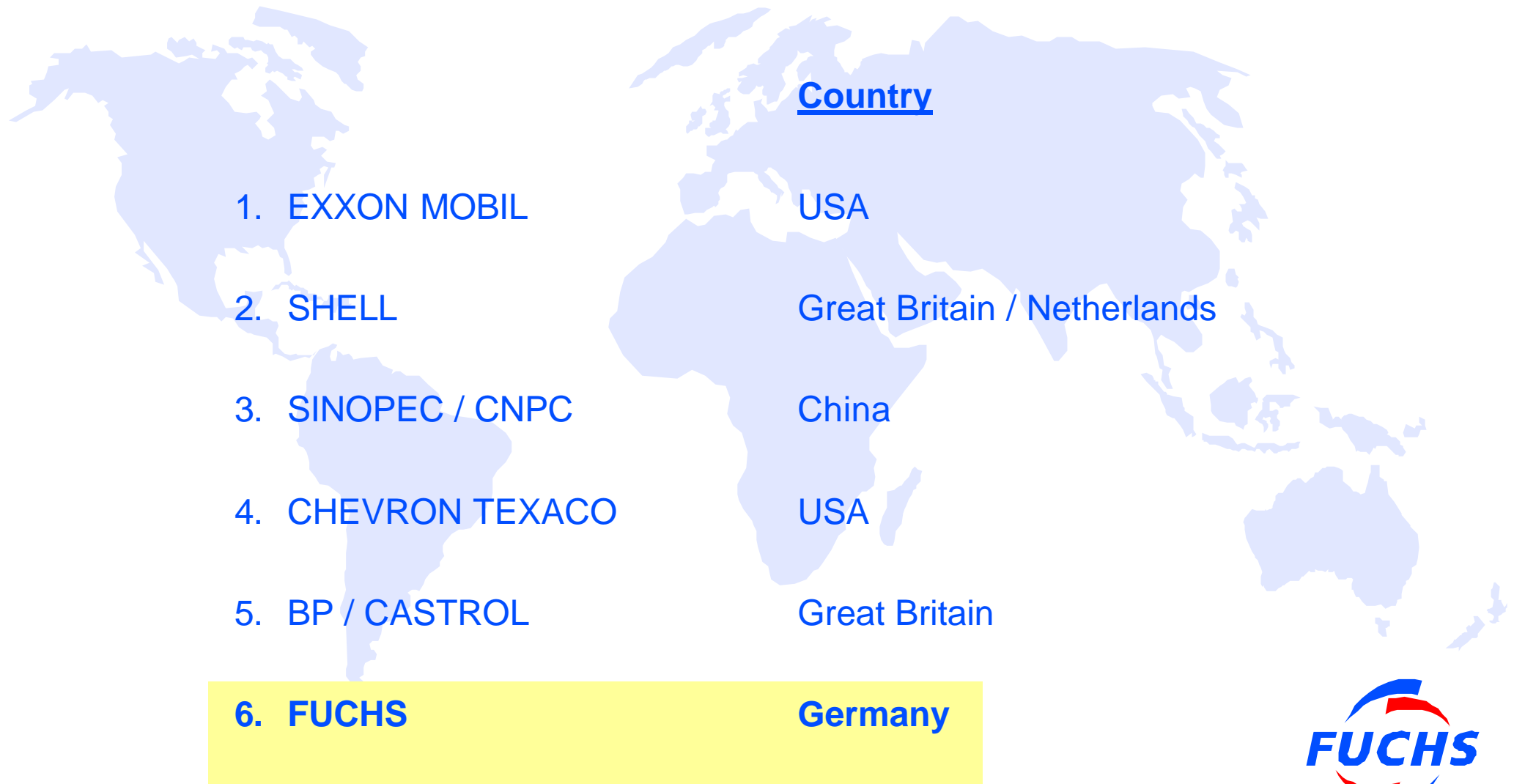
# Update on World Ranking of Largest Lubricants Manufacturers



	<u>Country</u>		<u>Country</u>
1. EXXON MOBIL	USA	9. VALVOLINE	USA
2. SHELL	UK/Netherlands	10. IDEMITSU	Japan
3. CHEVRON TEXACO	USA	<b>11. FUCHS</b>	<b>Germany</b>
4. BP / CASTROL	UK	12. NIPPON MITSUBISHI OIL	Japan
5. SINOPEC / CNPC	China	13. INDIAN OIL	India
6. PENNZOIL-QUAKER STATE	USA	14. AGIP / PETROGAL	Italy
7. TOTALFINA ELF	France	15. REPSOL-YPF	Spain
8. LUKOIL	Russia		

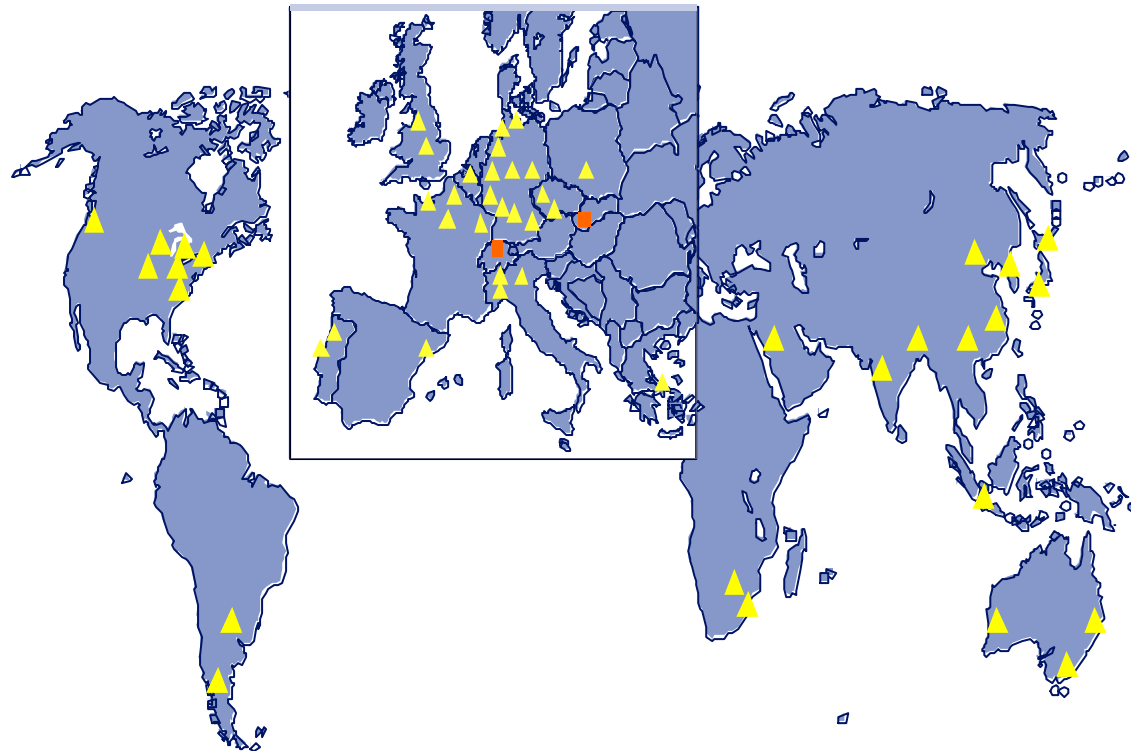


# Ranking of the World's Largest Manufacturers of Industrial Lubricants and Related Specialities



# FUCHS has a global presence

FUCHS has always followed a policy of local production. This allows FUCHS to overcome trade restrictions, exploit relative cost advantages, prevent currency related export risks and, most importantly, to be close to the market and the customer. For this reason, FUCHS has 41 lubricants blending and grease plants and little internal trading.



FUCHS PETROLUB Group



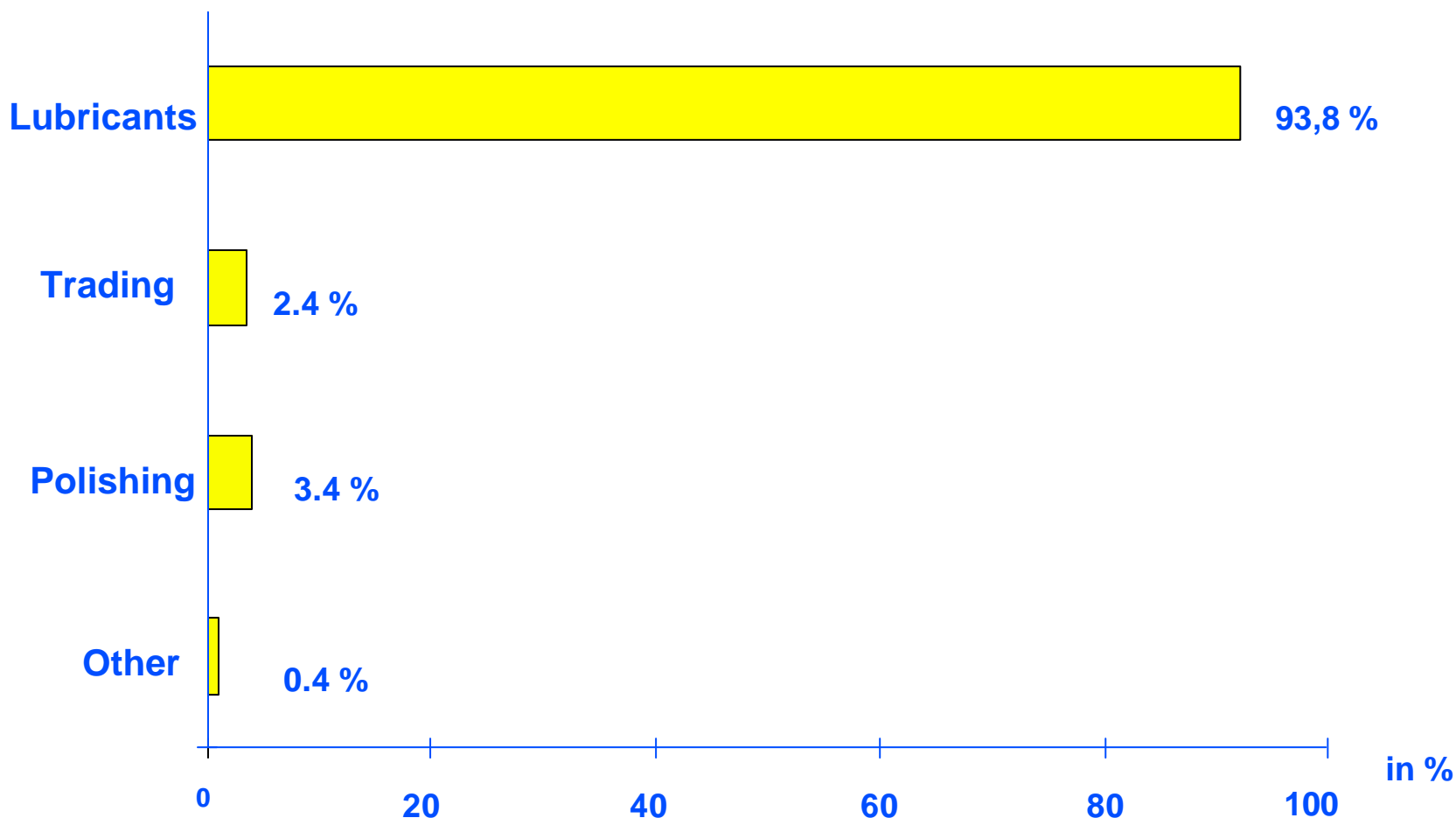
Plants of Joint Venture Partners





# FUCHS is fully focused on lubricants and related specialities

Breakdown of the 2000 sales by product segments



FUCHS is fully focused on lubricants and related specialities.

Industrial lubricants and related specialities dominate, making up 70 % of 2001 lubricant half year sales volume. Automotive lubricants and related products made up the remaining 30 %. FUCHS has above average market penetration in the industrial sector.



# FUCHS world market leadership

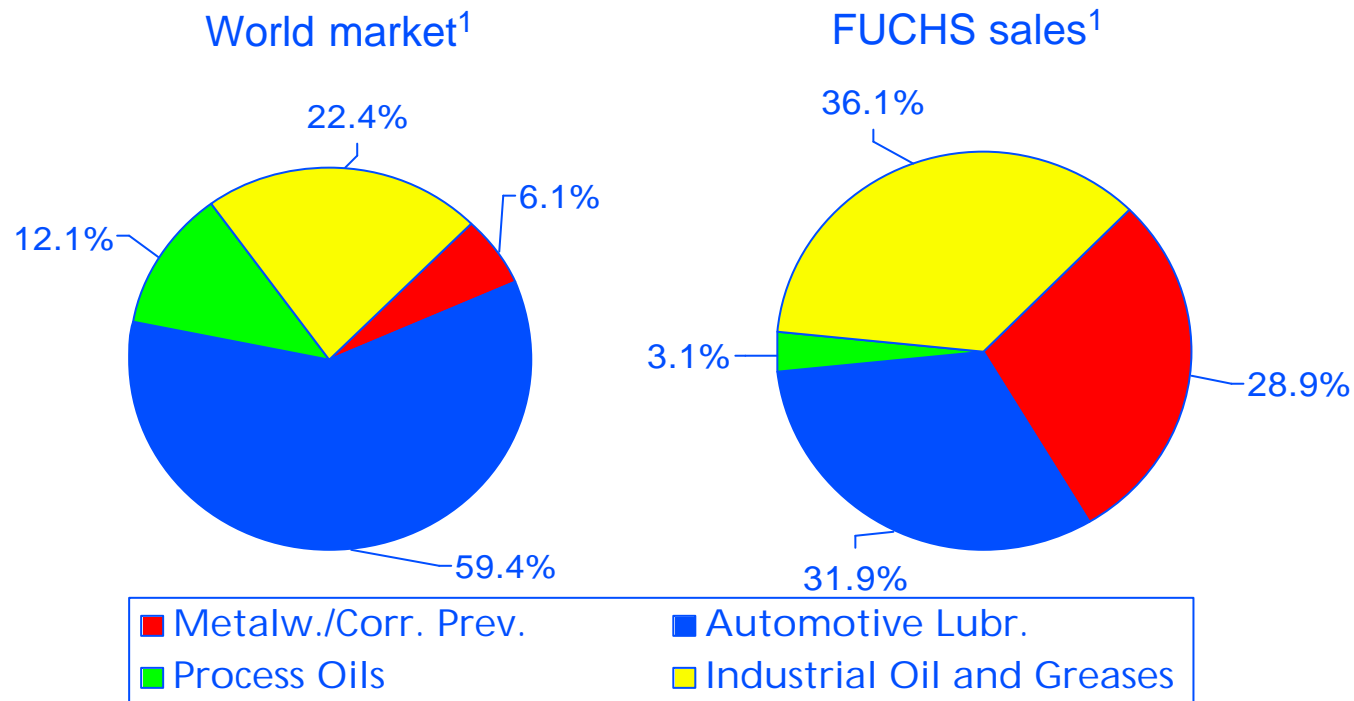
At least among independents, but sometimes also among leading oil companies, FUCHS is world market leader in:

- Industrial lubricants and related specialities
- Metalworking fluids
- Products for forging
- Corrosion preventives
- Lubricating greases
- Sprayable greases for heavy open gears (cement industry etc.)
- Speciality mining lubricants (fire resistant hydraulic fluids for underground coal mining and high performance lubricants)
- Environmentally friendly lubricants and processing fluids



# Balanced and Highly Specialised Product Portfolio

Amongst the world's largest lubricants suppliers, FUCHS has the most comprehensive product line and a far above average degree of specialisation.



1 year 2000 volumes



# FUCHS has a long history of technical excellence

- 8 % of the Group's employees work in research and development. Year 2000 research and development spending equalled 2 % of the sales revenues.
- FUCHS has international Centres of Competence which promote the transfer of internal know-how.
- FUCHS has 3.5 times the specialisation of the world-wide industry average.
- Short product life-cycles: 70 % of FUCHS' revenues are achieved with products which are less than 5 years old.
- Leader in terms of innovation and specialisation in important industry areas.
- FUCHS is a world-wide pioneer in environmentally friendly lubricants and processing fluids. FUCHS uses renewable resources to make biodegradable products.





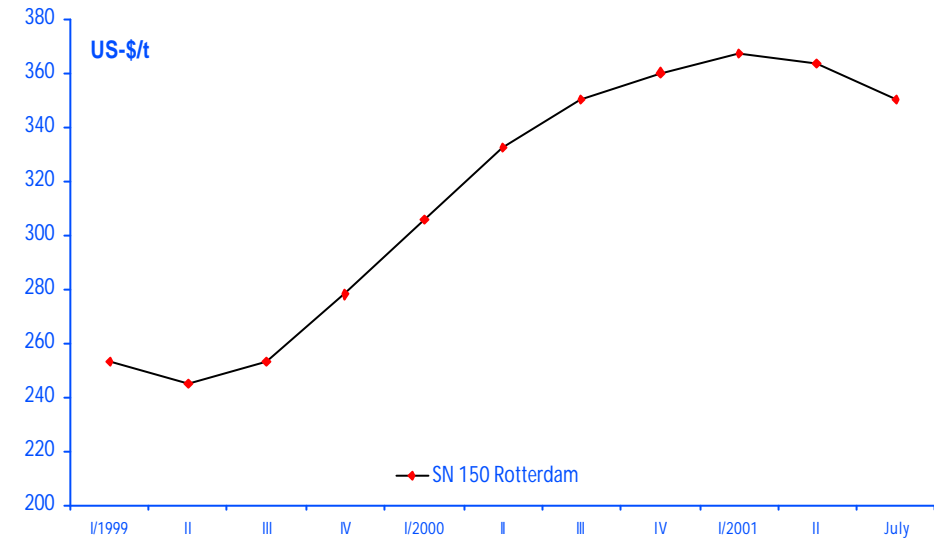
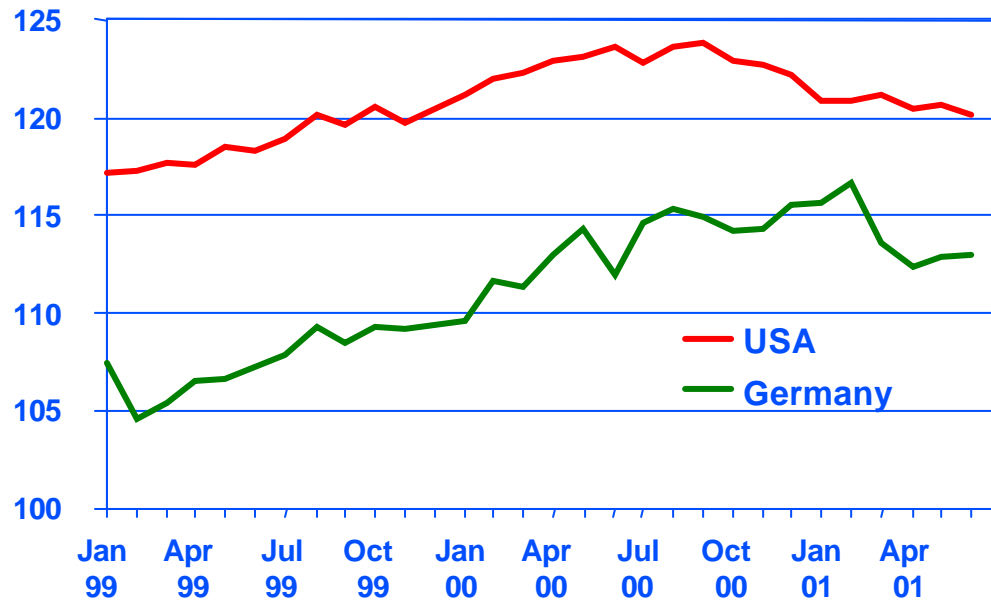
**Half Year of 2001**  
**- our financial performance -**



# Economic Environment in the 1st Half Year 2001

## Index of industrial production (1995 = 100) Base Oil Prices Rotterdam

source: own calculation/Deutsche Bundesbank/Federal Reserve



- Industrial production decreased in the most important markets
- Base oil prices remained high and US Dollar strong
- ➔ Effective slow down on profits



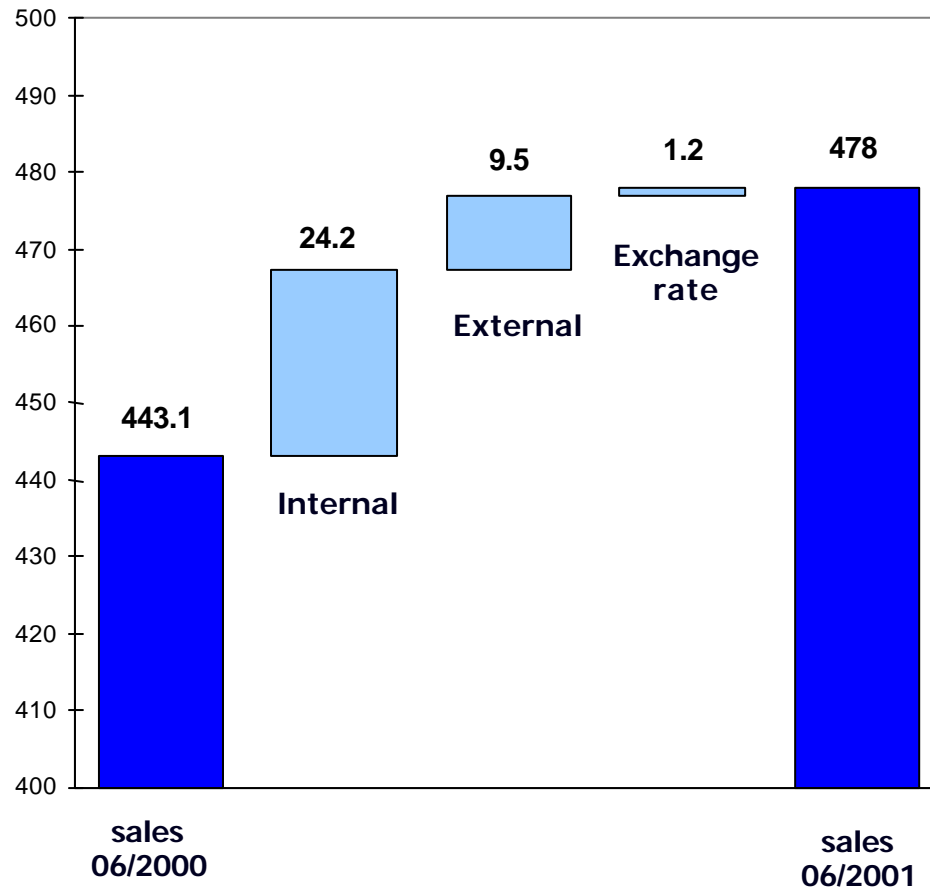
## The FUCHS Group at a glance

mn €	30.06. 2001	30.06. 2000	Dev. in %
Sales	478.0	443.1	+ 7.9
Earnings Before Interests and Taxes (EBIT)	29.6	30.4	- 2.6
Net income	8.5	10.2	- 16.7
Gross Cash Flow	24.4	23.9	+ 2.1
Capital Expenditures	14.1	13.2	+ 6.8
Number of Employees	3 938	3 837	+ 2.6
Half-Year Earnings per share in €*	3.4	4.0	- 15.0

\* After depreciation of goodwill with effect on profit  
0,5 € (0,4) per share



# Breakdown of sales growth June 2000 until June 2001



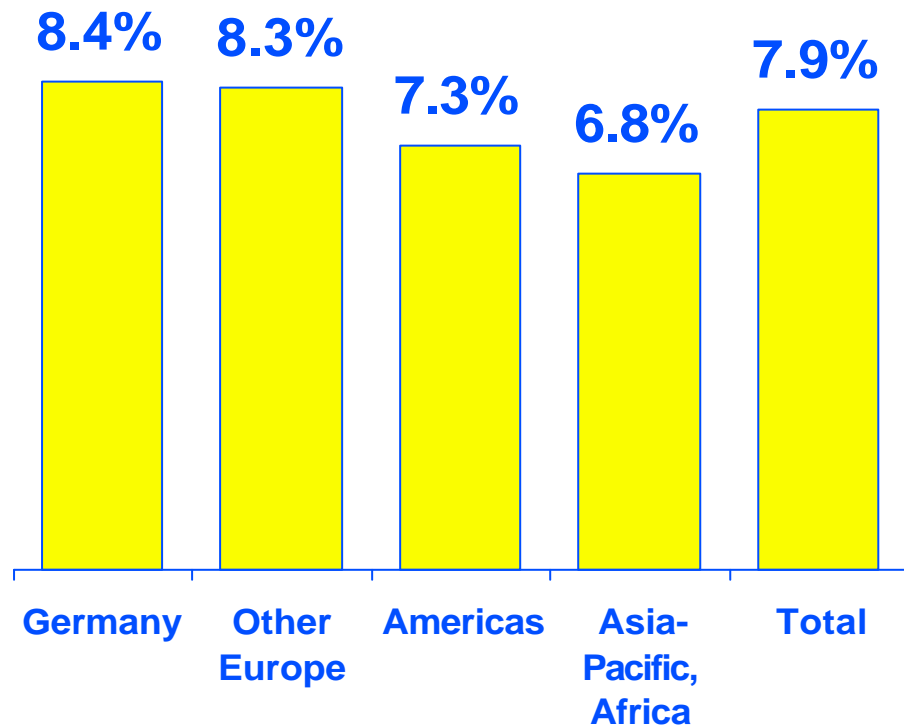
- Growth of net sales by 7.9 % from 34.9 mn € to 478 mn € (443.1)
- 5.5 % or 24.2 mn € internal growth of net sales
- 2.1 % or 9.5 mn € external growth of net sales
- small positive exchange rate effect (1.2 mn €):  
AUD -8.6%; GBP -2.0%;  
CNY +5.0%; USD +6.8%





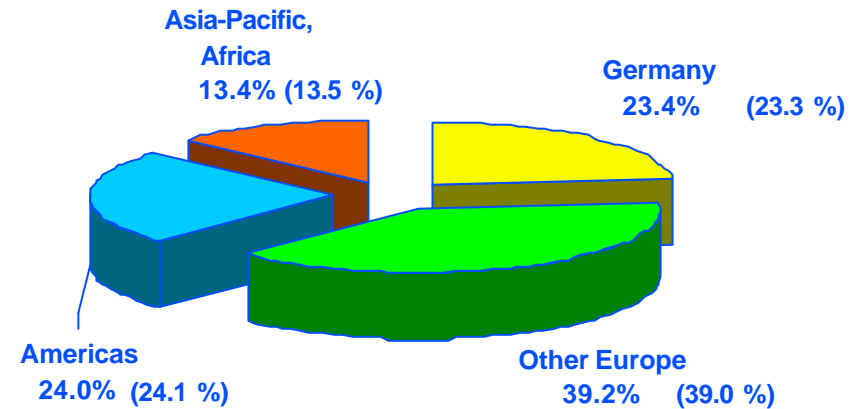
# Breakdown of group sales by regions

## Deviation to last year

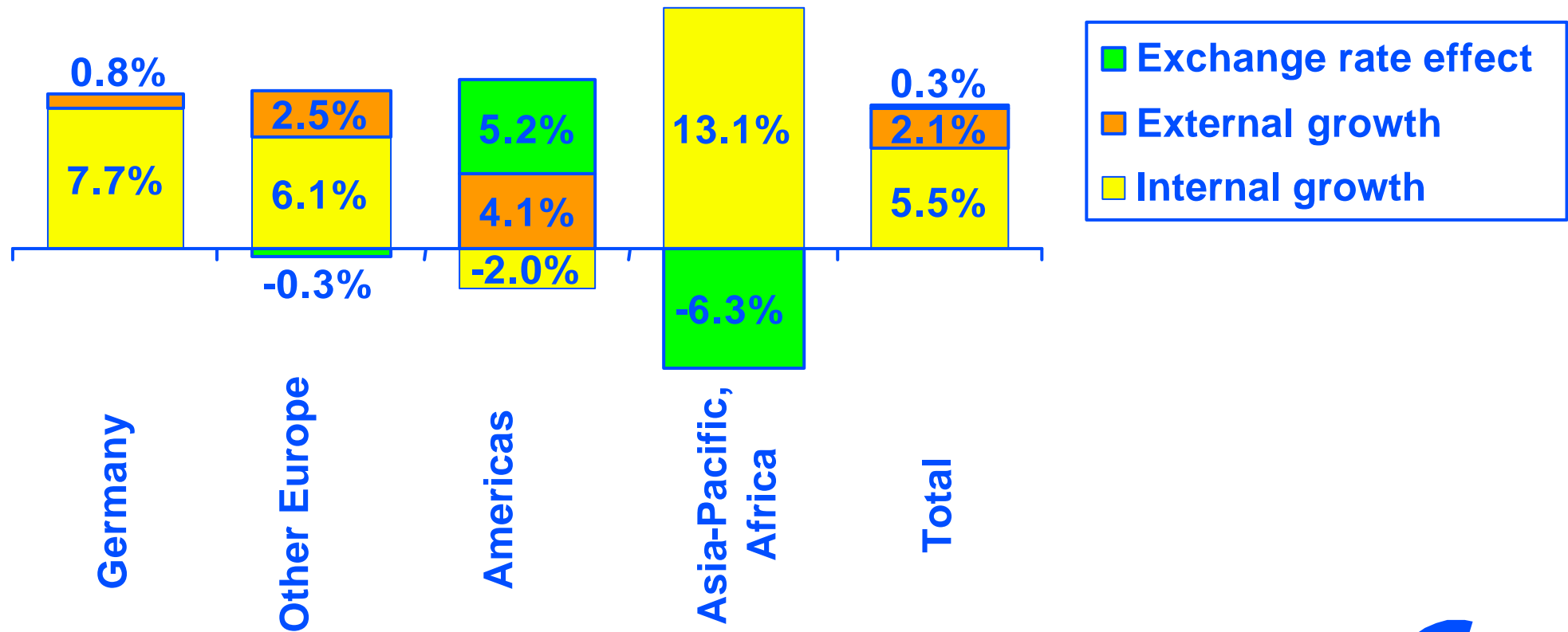


## Share of group sales 478.0 mn €

(Last year figures in brackets)



# Sales growth by region



# Consolidated Profit and Loss Statement

mn €	30.06. 2001	30.06. 2000	Dev. in %
Net Sales	478.0	443.1	+ 7.9
Material consumption	265,6	238,7	+ 11,3
<i>Net Contribution</i>	212,4	204,4	+ 3,9
Manufacturing costs	40,7	38,7	+ 5
<i>Gross Profit</i>	171,7	165,7	+ 3,6
Functional costs	- 141.0	- 134.3	+ 5.0
<i>Operating profit</i>	30.7	31.3	- 1.9
Other operating income	- 1.8	- 1.4	+ 28.6
Income from investments	0.7	0.4	+ 75.0
EBIT	29.6	30.4	- 2.6



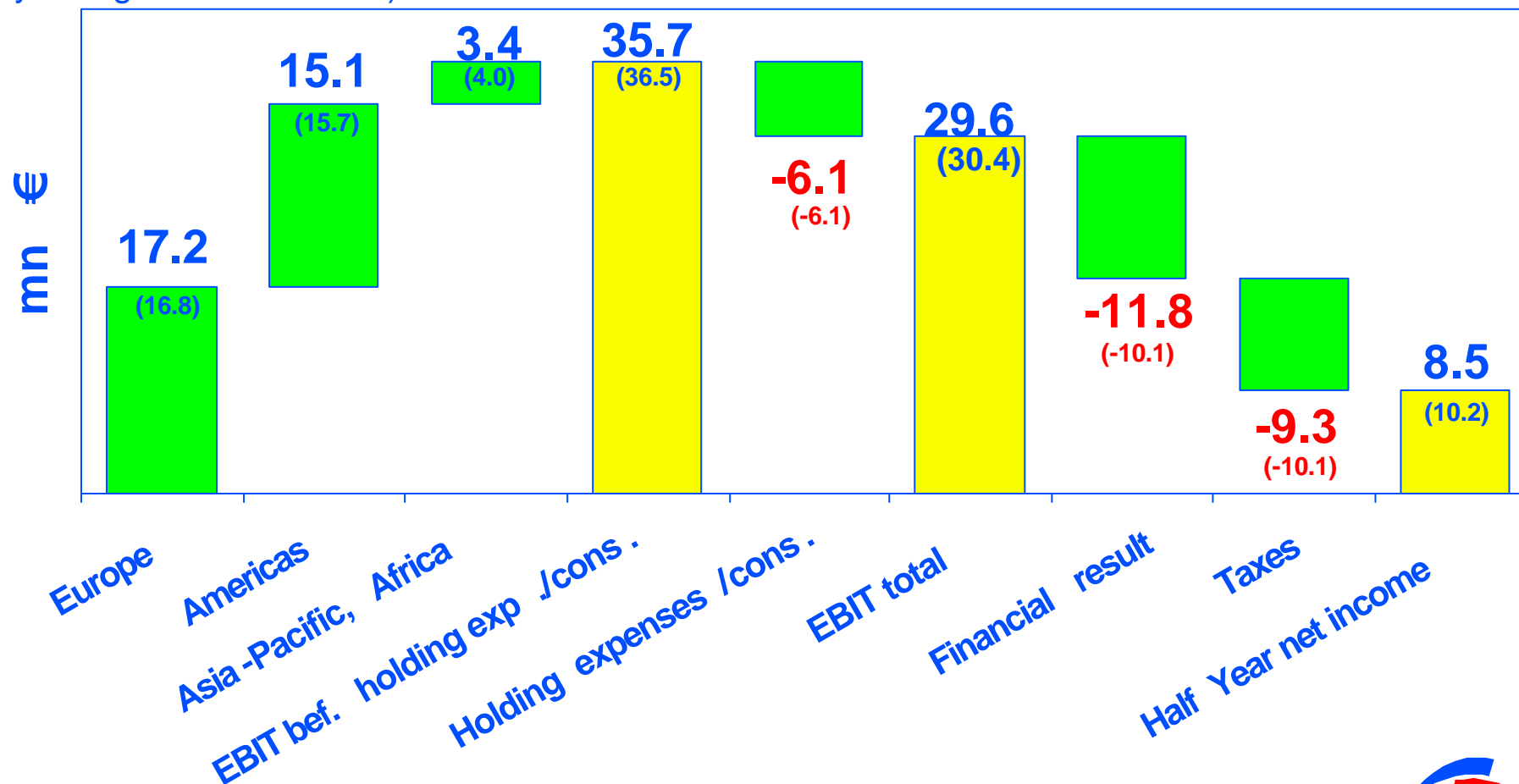
# Consolidated Profit and Loss Statement

mn €	30.06. 2001	30.06. 2000	Dev. in %
EBIT	29.6	30.4	- 2.6
Net financial result	- 9.9	- 8.2	+ 20.7
<i>Profit Before Tax</i>	19.7	22.2	-11.3
Income taxes	- 9.3	- 10.1	- 7.9
Participation Certificate dividends	- 1.9	- 1.9	0.0
Half Year net income	8.5	10.2	-16.7



# Geographical Breakdown of Half Years' Net Profit

(Last year figures in brackets)



# Consolidated Statement of Cash flows 2001

mn €	30.06. 2001	30.06. 2000
Gross Cash flow	24.4	23.9
Cash flow from operating activities	22.3	11.0
Cash flow from investing activities	- 31.0	- 16.6
Cash flow from financing activities	12.8	22.9



# Measures of Performance

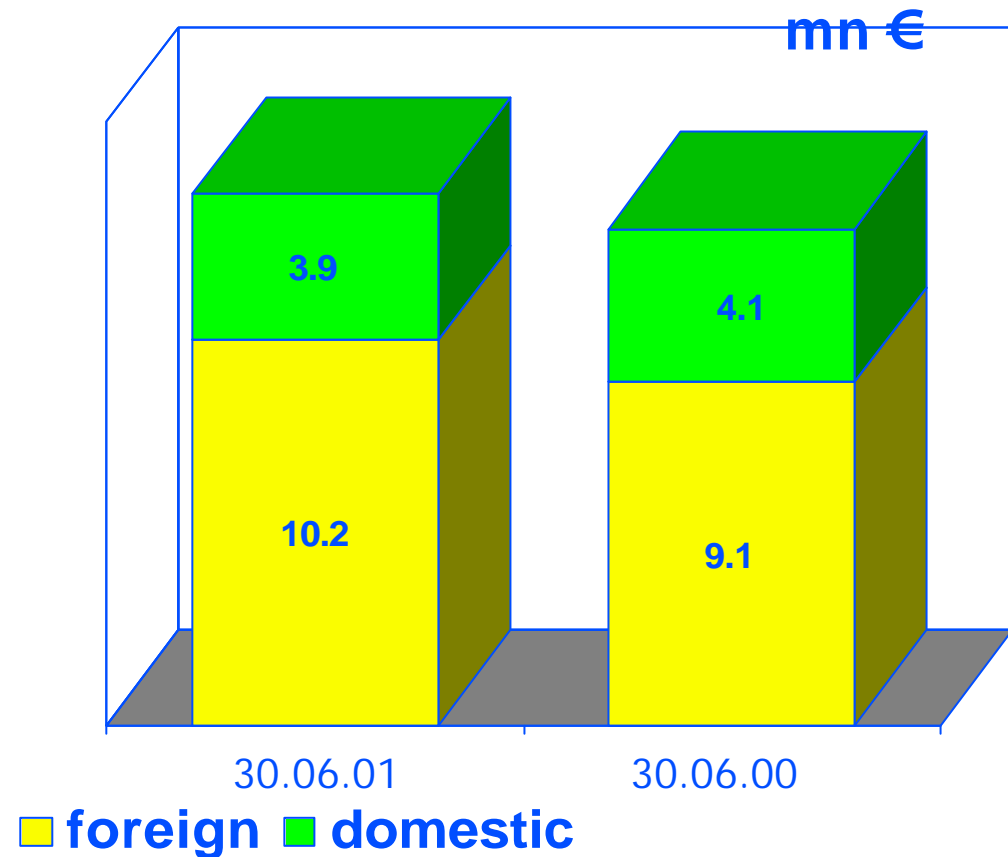
	<b>30.06. 2001</b>	<b>30.06. 2000</b>
Gross margin (Gross profit of sales)	35.9%	37.4%
Operating margin	6.4%	7.1%
EBIT – margin	6.2%	6.9%
Interest cover (EBITDA/interests)	4,5	5,4
Tax ratio	52.2%	49.8%
Return on sales	1.8%	2.3%
Gross Cash flow mn €	24.4	23.9
Gross profit per employee (k)€	53.9	53.3
Half-Year Earnings per share in €* 0,5 € (0,4) per share	3.4	4.0

\* After depreciation of goodwill with effect on profit  
0,5 € (0,4) per share



# Capital Expenditure

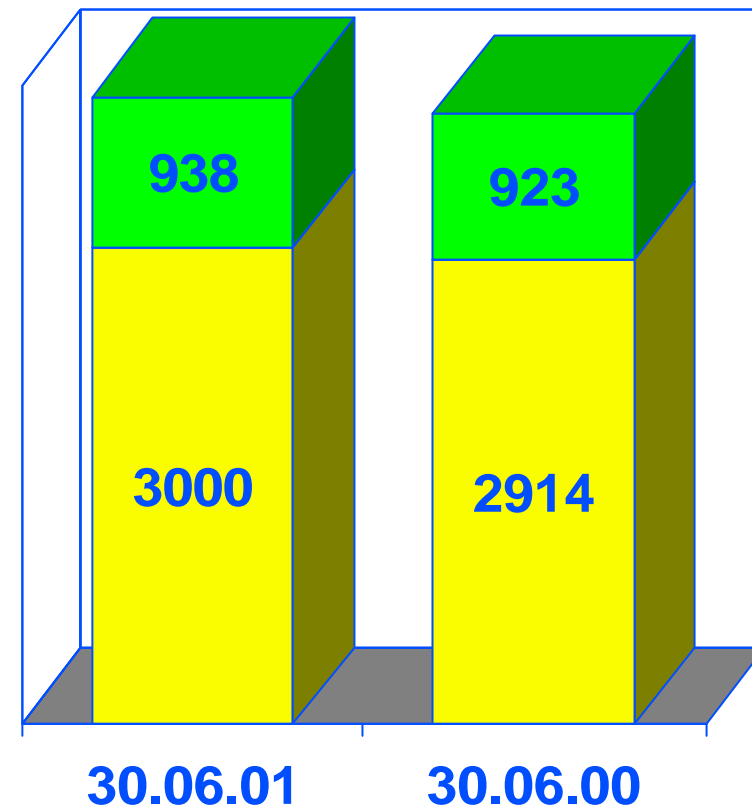
- Capex (14.1 mn €) increased by 0.9 mn € (+6.8 %)
- Expansion of plants in Indonesia, Argentina and USA, completion of logistic centre at FUCHS DEA
- Portion of foreign investments is 72.0 %





# Number of Employees

- Total number of employees (30.06.2001): 3938
- Increase of 101 persons or 2.6 % to prior year
- Increase of employees mostly due to acquisition of KS Paul



■ foreign ■ domestic



## Outlook for total year

**Our innovation and niche strategy, our global presence and our rationalization measures continue to give us cause for confidence, but from today's point of view the second half year 2001 will also be down in terms of last year profits. Currently we forecast full-year sales of €965 mn (902).**



# Our mission



# Our mission

1. Customer focus as the driving force.
2. A full product range policy including automotive lubricants but always at maximum specialisation degrees.
3. Innovation and specialisation strategies to generate customer benefits and profit opportunities and to stand out from competitors.
4. Improvement of the global portfolio to come to a more balanced spread of sales and profits between Europe, North and Latin America as well as Asia Pacific.
5. Enhancing global brand awareness: continuation of local and global efforts.
6. Further rationalisation and streamlining at the “FUCHS EUROPE” Business Unit and reduction of product complexity



# Why buy FUCHS Shares



# A Solid Investment with Strong Prospects

- One of the world's very few listed lubricants companies and thus a “speciality security”.
- High dividend yield (6 % for voting stocks, 7 % for non voting stocks).
- Very low P/E-ratios (8 - 9)
- Growth and synergy opportunities resulting from the global concentration and consolidation of a still very fragmented lubricants industry.
- Solid business portfolio, broadly diversified base leading to relatively low business risks.
- Shareholder friendly corporate and communication policies. Active investor relations.
- Shareholder value-oriented management.



