

Half-year financial report as at June 30, 2020

H1/2020

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1

Half-year management report

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FUCHS at a glance

FUCHS Group

Amounts in € million	H1 2020	H1 2019	Change in %
Sales revenues¹	1,120	1,296	-14
Europe, Middle East, Africa (EMEA)	690	799	-14
Asia-Pacific	320	355	-10
North and South America	181	212	-15
Consolidation	-71	-70	-
Earnings before interest and tax (EBIT)	112	157	-29
Earnings after tax	79	112	-29
Capital expenditure	58	76	-24
Free cash flow before acquisitions	15	16	-6
Earnings per share (in €)			
Ordinary share	0.56	0.80	-30
Preference share	0.57	0.81	-30
Employees as at June 30	5,792	5,573	4

¹ By company location.

- Development of sales revenues and earnings heavily impacted by COVID-19 pandemic
- Sales revenues down by 14 % (€ – 176 million) at € 1,120 million
- Earnings (EBIT) decline disproportionately by 29 % to € 112 million, EBIT margin of 10 % (12,1)
- New outlook for the current financial year: earnings decline in the range of 25 %

“The COVID-19 pandemic has also heavily impacted the FUCHS Group’s business. All global regions have seen significant declines in sales revenues and earnings in the past months. In the first half of the year, sales revenues decreased by 14 % year-on-year, while earnings were down by 29 %. Despite these material differences, we were able to generate a profit each month, an overall EBIT margin of 10 %, and a positive free cash flow before acquisitions in these difficult times.

FUCHS once again benefited from its global presence: When the crisis began in China in February and continued there in March, the EMEA and North and South America regions were not yet affected or were only slightly affected at the end of the first quarter. By contrast, when the wave fully hit the western world in April and May, a clear upward trend was already emerging in Asia, which then continued with a strong June.

Our widely diversified product portfolio was also helpful: In many countries, FUCHS was classified as a system-critical company, resulting in only temporary plant closures in a few smaller plants. Significant declines were observed among customers in the automotive industry, however, the areas of specialty applications and aftermarket business benefited from the changed conditions.

Finally, the high share of material costs and the relatively low share of fixed costs provided some breathing room regarding sales revenues. By using short-time work or similar work models, introducing a hiring and travel freeze, and systematically implementing further cost-saving measures, the effects of the crisis on our earnings were further mitigated. All this was achieved without having to consider structural adjustments among our loyal permanent staff.

We also still have a sound balance sheet structure and a secure financial position. Our equity ratio remains at a very high level of 75 %.

In this context, we have intensified our activities around our FUCHS2025 initiative and achieved important milestones. Our investment program continues: We thus invested around € 58 million in the first six months of this year alone.

The effects of the crisis on supply chains, production and customer demand cannot be reliably estimated currently. A second pandemic wave and an associated further decline in demand due to a recession could have a negative impact on the economic development of FUCHS.

Based on today’s assessment of the effects of the COVID-19 pandemic, we have determined a new forecast for the financial year 2020 and expect a drop in earnings in the range of 25 %.”

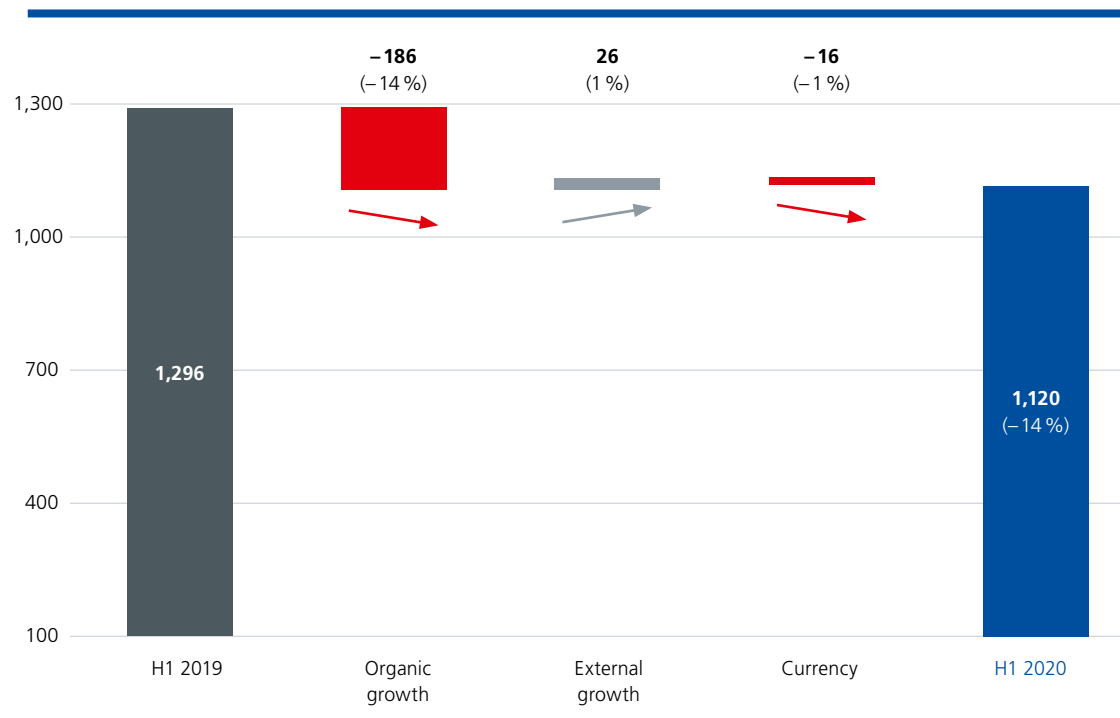
Stefan Fuchs, Chairman of the Executive Board of FUCHS PETROLUB SE

1 Half-year management report

1.1 Development of sales revenues in the Group

Development of sales revenues in the Group

(in € million)



Group sales revenues down by 14 % (€ – 176 million) at € 1,120 million

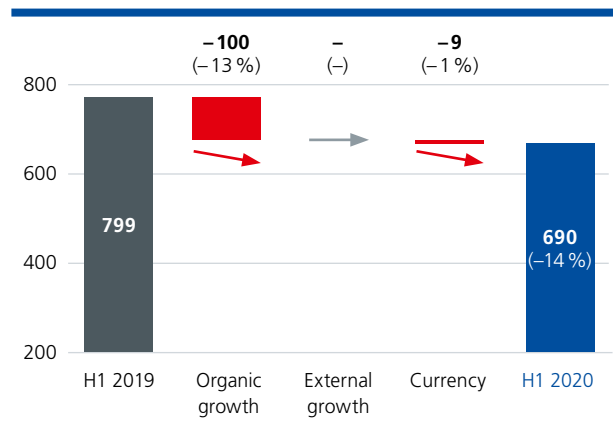
- COVID-19 pandemic spreads to EMEA and North and South America in the second quarter, reducing Group sales revenues by € 176 million or 14 % to € 1,120 million
- External growth of € 26 million from acquisitions in North America and Australia
- Slightly negative currency effects

1.2 Development of sales revenues by regions/segments

1.2 Development of sales revenues by regions / segments

Europe, Middle East, Africa (EMEA)

(in € million)

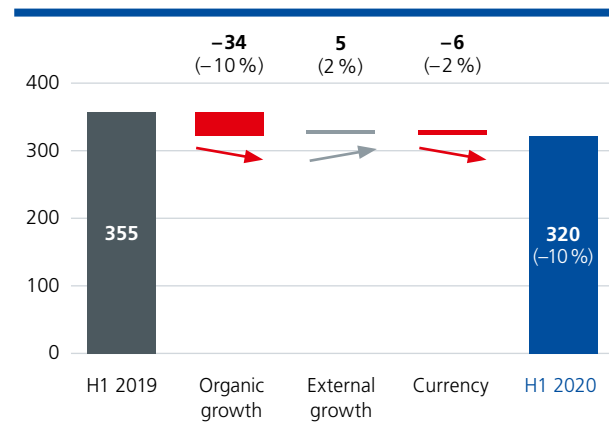


EMEA records decline in sales revenues of 14 % to € 690 million (799)

- Decline in sales revenues mainly driven by the COVID-19 pandemic, which also spread to the EMEA region in the second quarter
- All major companies affected by decreasing sales revenues; Germany, Spain, France, Italy, and the UK are most affected
- Negative currency effects mainly due to weak South African rand

Asia-Pacific

(in € million)

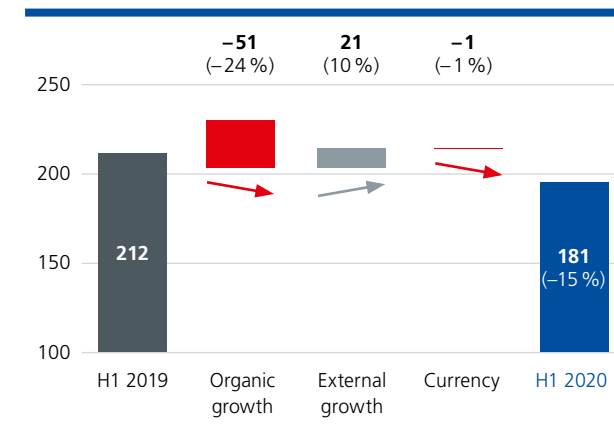


Asia-Pacific down 10 % year-on-year at € 320 million (355)

- Effects of the COVID-19 pandemic lessen in the second quarter. June at pre-crisis level thanks to China
- External growth from the acquisition of a manufacturer of lubricants for the automotive retail sector in Australia in April of the previous year
- Negative currency effects largely attributable to weak Australian dollar

North and South America

(in € million)



North and South America posts decline in sales revenues of 15 % to € 181 million (212)

- COVID-19 pandemic intensifies organic decreases in the first quarter
- External growth of € 21 million mainly due to the acquisition of a manufacturer of synthetic high-performance lubricants in the US in January 2020
- Negative currency effects in South America more than compensate for positive effects in North America

1.3 Group results of operations

Income Statement

in € million	H1 2020	H1 2019	Change	
			absolute	relative in %
Sales revenues	1,120	1,296	-176	-14
Cost of sales	-730	-855	125	-15
Gross profit	390	441	-51	-12
Selling and distribution expenses	-180	-191	11	-6
Administrative expenses	-71	-70	-1	1
Research and development expenses	-27	-28	1	-4
Other operating income and expenses	-4	0	-4	0
EBIT before income from companies consolidated at equity	108	152	-44	-29
Income from companies consolidated at equity	4	5	-1	-20
Earnings before interest and tax (EBIT)	112	157	-45	-29
Financial result	-3	-2	-1	50
Earnings before tax (EBT)	109	155	-46	-30
Income taxes	-30	-43	13	-30
Earnings after tax	79	112	-33	-29
Thereof				
Non-controlling interests	0	0	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE	79	112	-33	-29
Earnings per share in €¹				
Ordinary share	0.56	0.80	-0.24	-30
Preference share	0.57	0.81	-0.24	-30

¹ Basic and diluted in both cases.

- COVID-19 pandemic has significant impact: Sales revenues down € 176 million (-14 %) at € 1,120 million compared to € 1,296 million in the previous year
- Gross profit down by € 51 million at € 390 million (441), representing a slower decrease than for sales revenues of 12 % thanks to an improved gross profit margin
- Slight decrease in gross margin in second quarter due to product mix. Cumulative gross margin of 34.8 % (34.0) higher than in first half of 2019
- Cost savings take effect: Other function costs reduced by € 7 million year-on-year despite increased cost base as a result of investments and acquisitions
- At equity income € 1 million lower than in first half of 2019
- EBIT marks significant decline of 29 % despite improved gross margin and cost savings, falling by € 45 million from € 157 million to € 112 million; EBIT margin down 2.1 percentage points at 10.0 %
- Earnings after tax down € 33 million or 29 % year-on-year at € 79 million (112)
- Earnings per ordinary share decrease from € 0.80 to € 0.56 (-30 %), earnings per preference share decrease from € 0.81 to € 0.57 (-30 %)

1.4 Results of operations of the regions/segments

in € million	EMEA	Asia-Pacific	North and South America	Holding/consolidation	FUCHS Group
H1 2020					
Sales revenues by company location	690	320	181	-71	1,120
EBIT before income from companies consolidated at equity	52	41	14	1	108
<i>in % of sales</i>	7.5%	12.8%	7.7%	-	9.6%
Income from companies consolidated at equity	4	-	-	-	4
Segment earnings (EBIT)	56	41	14	1	112
Investments in non-current assets	37	9	8	4	58
Number of employees as at June 30 ¹	3,815	934	907	136	5,792
H1 2019					
Sales revenues by company location	799	355	212	-70	1,296
EBIT before income from companies consolidated at equity	75	44	29	4	152
<i>in % of sales</i>	9.4%	12.4%	13.7%	-	11.7%
Income from companies consolidated at equity	5	-	-	-	5
Segment earnings (EBIT)	80	44	29	4	157
Investments in non-current assets	49	16	10	1	76
Number of employees as at June 30 ¹	3,799	949	701	124	5,573

¹ Including trainees.

EBIT in **EMEA** down roughly a third year-on-year at € 56 million (80)

- Earnings declines in almost all countries, with only a few exceptions
- Countries particularly affected by the COVID-19 pandemic – France, Spain, and the UK – record the strongest decreases; Germany also significantly impacted as a result of lockdown
- Decreases in Turkey in particular negatively impact at equity income
- Hardly any currency effects

Asia-Pacific records comparatively small decline in EBIT of € 3 million or 7 % to € 41 million (44)

- Impact of the COVID-19 pandemic lessens over the course of the half-year period, with China in particular posting a significant upward trend in June
- Declines at all companies except in Singapore and Japan
- Only minor currency effects, mostly from China

North and South America posts biggest percentage decline in earnings; EBIT halved to € 14 million (29)

- After a weak first quarter, COVID-19 intensifies earnings decline in the US
- South America particularly heavily impacted by effects of COVID-19
- Currency effect not significant

1.5 Employees

1.6 Net assets and financial position

1.5 Employees

As of June 30, 2020, the global workforce has grown by 165 employees compared to December 31, 2019, mainly due to acquisitions.

Compared to March 31, 2020, the workforce has decreased by 81 employees worldwide.

1.6 Net assets and financial position

- Despite decline in sales revenues and earnings, net assets and financial position remains stable and extremely sound
- Intangible assets up € 68 million compared to December 31, 2019, due to acquisition in North America
- Property, plant and equipment posts an increase of € 25 million due to acquisitions and as part of the ongoing investment program
- Cash and cash equivalents reduced by € 134 million to € 85 million, particularly as a result of dividend payment and acquisition

- The financing of the dividend payment and the acquisition in North America causes current financial liabilities to banks to rise significantly by € 87 million to € 91 million
- Net debt adjusted for lease liabilities amounts to € 6 million. Free lines of credit of more than € 140 million available in the Group. Current liabilities rise by € 29 million overall to € 402 million, thus increasing from 18 % to 20 % of total assets
- Decline in sales revenues reflected in lower trade receivables and trade payables. Inventories increase by € 19

million, partly due to preparations for plant relocations and increases in safety stocks of raw materials

- Equity ratio slightly lower than at the end of previous year, but still at a very high level of 75 % (77 % on December 31, 2019)
- Increase in non-current liabilities acquisition-related, primarily due to rise in deferred tax liabilities

	June 30, 2020		Dec 31, 2019	
	in € million	in %	in € million	in %
Assets				
Non-current assets	1,105	56	1,001	49
Current assets	874	44	1,022	51
Total assets	1,979	100	2,023	100
Equity and liabilities				
Total equity	1,477	75	1,561	77
Non-current liabilities	100	5	89	5
Current liabilities	402	20	373	18
Total assets	1,979	100	2,023	100

1.6 Net assets and financial position

Cash flow

in € million	H1 2020	H1 2019
Earnings after tax	79	112
Depreciation and amortization	40	36
Change of NOWC	-39	-20
Other changes	-7	-36
Investments in non-current assets	-58	-76
Free cash flow before acquisitions¹	15	16
Acquisitions	-95	-10
Free cash flow	-80	6

¹ Free cash flow before cash paid for acquisitions and before cash acquired through acquisitions.

- Free cash flow before acquisitions at previous year's level
- Negative impact from decline in earnings and increase in Net Operating Working Capital, positive impact from reduced other cash outflows and lower investments

1.7 Opportunities and risks

On pages 45 to 55 of the 2019 annual report, FUCHS PETROLUB provided a detailed report on the opportunities and risks resulting from its international business operations. The statements made there still apply. In addition, there are new risks resulting from the COVID-19 pandemic. These cannot be reliably quantified at present. The sum of all risks or combinations of risks also do not threaten the continued existence of the Group.

1.8 Outlook

In view of the severe impact of the global COVID-19 pandemic, in mid-March the IMF had anticipated a 3 % contraction of the global economy in 2020. This would already have represented the worst recession since the Great Depression in the 1930s. But at the end of June, the IMF adjusted its expectations again, stating that the negative consequences for the global economy would be more severe and the recovery slower than anticipated. According to the IMF, the global economy will thus shrink by 4.9 % in 2020.

In April 2020, FUCHS PETROLUB SE suspended the outlook for the current year as a result of the considerable impact of the COVID-19 pandemic.

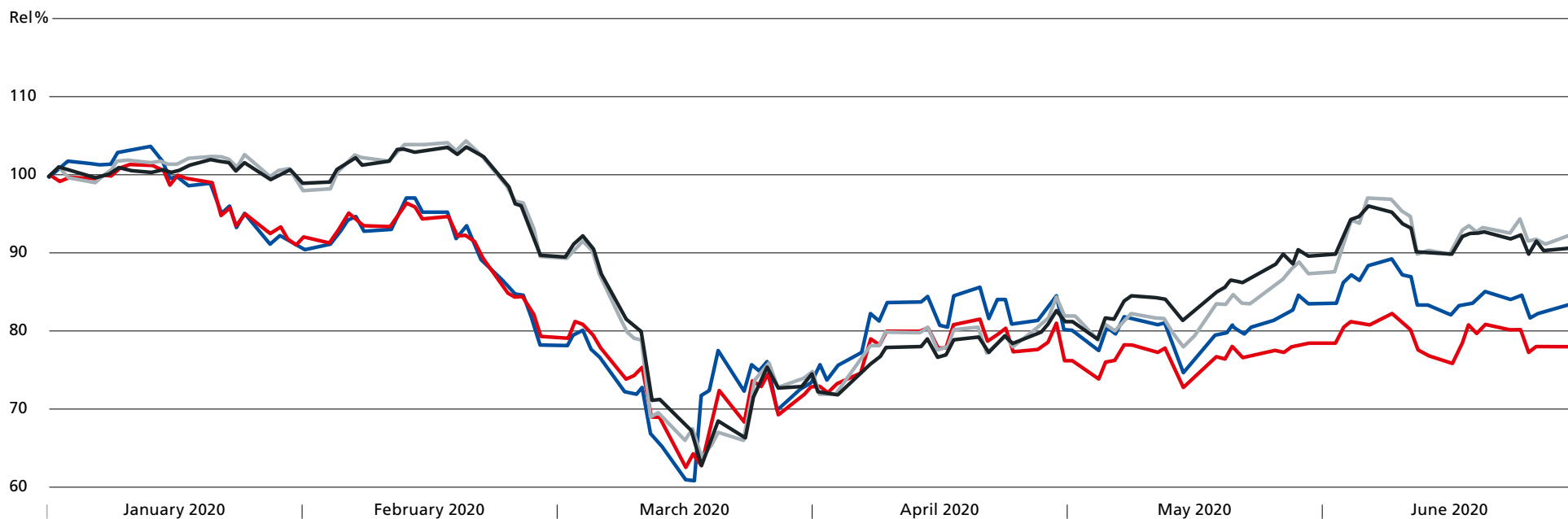
Based on today's assessment of the effects of the COVID-19 pandemic, FUCHS has determined a new forecast for the financial year 2020 and expects a drop in earnings in the range of 25 %.

The effects of the crisis on supply chains, production and customer demand cannot be reliably estimated currently. A second pandemic wave and an associated further decline in demand due to a recession could have a negative impact on the economic development of FUCHS and is not taken into account in the current forecast for the full year.

1.9 Share price development of FUCHS shares

Performance* of ordinary and preference shares in comparison with DAX and MDAX

(January 1 – June 30, 2020)



■ Preference share ■ Ordinary share ■ DAX ■ MDAX

*Price trend including dividends.

Source: Bloomberg

2 Half-year financial statements

2.1 Consolidated financial statements

Income statement

in € million	H1 2020	H1 2019	Change	
			absolute	relative in %
Sales revenues	1,120	1,296	-176	-14
Cost of sales	-730	-855	125	-15
Gross profit	390	441	-51	-12
Selling and distribution expenses	-180	-191	11	-6
Administrative expenses	-71	-70	-1	1
Research and development expenses	-27	-28	1	-4
Other operating income and expenses	-4	0	-4	0
EBIT before income from companies consolidated at equity	108	152	-44	-29
Income from companies consolidated at equity	4	5	-1	-20
Earnings before interest and tax (EBIT)	112	157	-45	-29
Financial result	-3	-2	-1	50
Earnings before tax (EBT)	109	155	-46	-30
Income taxes	-30	-43	13	-30
Earnings after tax	79	112	-33	-29
Thereof				
Non-controlling interests	0	0	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE	79	112	-33	-29
Earnings per share in €¹				
Ordinary share	0.56	0.80	-0.24	-30
Preference share	0.57	0.81	-0.24	-30

¹ Basic and diluted in both cases.

Statement of comprehensive income

in € million	H1 2020	H1 2019
Earnings after tax	79	112
Other comprehensive income		
Amounts of other comprehensive income that may be reclassified to profit or loss in future periods		
Change in foreign currency translation adjustments		
Foreign subsidiaries	-29	7
Shares in companies consolidated at equity	0	0
Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods		
Remeasurements of defined benefit pension commitments	0	-8
Deferred taxes on these amounts	0	2
Total other comprehensive income	-29	1
Total income and expenses for the period	50	113
Thereof		
Non-controlling interests	0	0
Profit attributable to shareholders of FUCHS PETROLUB SE	50	113

Balance sheet

in € million	June 30, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Assets				
Intangible assets	337	269	68	25
Property, plant and equipment	672	647	25	4
Shares in companies consolidated at equity	58	47	11	23
Other financial assets	8	8	0	0
Deferred tax assets	29	29	0	0
Other receivables and other assets	1	1	0	0
Non-current assets	1,105	1,001	104	10
Inventories	400	381	19	5
Trade receivables	348	381	-33	-9
Tax receivables	10	9	1	11
Other receivables and other assets	31	32	-1	-3
Cash and cash equivalents	85	219	-134	-61
Current assets	874	1,022	-148	-14
Total assets	1,979	2,023	-44	-2

2.1 Consolidated financial statements

in € million	June 30, 2020	Dec 31, 2019	Change	
			absolute	relative in %
Equity and liabilities				
Subscribed capital	139	139	0	0
Group reserves	1,258	1,193	65	5
Group profits	79	228	-149	-65
Equity of shareholders of FUCHS PETROLUB SE	1,476	1,560	-84	-5
Non-controlling interests	1	1	0	0
Total equity	1,477	1,561	-84	-5
Pension provisions	36	36	0	0
Other provisions	5	5	0	0
Deferred tax liabilities	40	32	8	25
Financial liabilities	13	14	-1	-7
Other liabilities	6	2	4	200
Non-current liabilities	100	89	11	12
Trade payables	174	219	-45	-21
Other provisions	25	24	1	4
Tax liabilities	22	27	-5	-19
Financial liabilities	97	12	85	708
Other liabilities	84	91	-7	-8
Current liabilities	402	373	29	8
Total equity and liabilities	1,979	2,023	-44	-2

Statement of cash flows

in € million	H1 2020	H1 2019
Earnings after tax	79	112
Depreciation and amortization of non-current assets	40	36
Change in non-current provisions and in other non-current assets (covering funds)	0	0
Change in deferred taxes	0	0
Non-cash income from shares in companies consolidated at equity	-4	-5
Dividends received from companies consolidated at equity	1	0
Gross cash flow	116	143
Gross cash flow	116	143
Change in inventories	-26	2
Change in trade receivables	30	-29
Change in trade payables	-43	7
Change in other assets and other liabilities (excluding financial liabilities)	-4	-31
Net gain/loss on disposal of non-current assets	0	0
Cash flow from operating activities	73	92
Investments in non-current assets	-58	-76
Proceeds from the disposal of non-current assets	0	0
Cash paid for acquisitions	-96	-11
Cash acquired through acquisitions	1	1
Cash flow from investing activities	-153	-86
Free cash flow before acquisitions ¹	15	16
Free cash flow	-80	6
Dividends paid for previous year	-134	-131
Changes in financial liabilities	83	3
Cash flow from financing activities	-51	-128
Cash and cash equivalents as at Dec 31 of the previous year	219	195
Cash flow from operating activities	73	92
Cash flow from investing activities	-153	-86
Cash flow from financing activities	-51	-128
Effect of currency translations	-3	1
Cash and cash equivalents at the end of the period	85	74

¹ Free cash flow before cash paid for acquisitions and before cash acquired through acquisitions.

Statement of changes in equity

in € million	Outstanding shares (units)	Subscribed capital	Capital reserves	Equity capital generated in the Group	Currency translation ¹	Shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2018	139,000,000	139	97	1,255	-36	1,455	1	1,456
Dividend payments				-131		-131	0	-131
Earnings after tax H1 2019				112		112	0	112
Change in other comprehensive income				-6 ²	7	1		1
As at June 30, 2019	139,000,000	139	97	1,230	-29	1,437	1	1,438
As at December 31, 2019	139,000,000	139	97	1,347	-23	1,560	1	1,561
Dividend payments				-134		-134	0	-134
Earnings after tax H1 2020				79		79	0	79
Change in other comprehensive income				0 ²	-29	-29		-29
As at June 30, 2020	139,000,000	139	97	1,292	-52	1,476	1	1,477

¹ Income and expenses recognized in equity of shareholders of FUCHS PETROLUB SE.

² Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods consist of remeasurements of defined benefit pension commitments and from year 2018 onwards of fair value changes of equity instruments.

These amounts are included in the equity capital generated in the Group.

Segments

in € million	EMEA	Asia-Pacific	North and South America	Holding/consolidation	FUCHS Group
H1 2020					
Sales revenues by company location	690	320	181	-71	1,120
EBIT before income from companies consolidated at equity	52	41	14	1	108
<i>in % of sales</i>	7.5%	12.8%	7.7%	-	9.6%
Income from companies consolidated at equity	4	-	-	-	4
Segment earnings (EBIT)	56	41	14	1	112
Investments in non-current assets	37	9	8	4	58
Number of employees as at June 30 ¹	3,815	934	907	136	5,792

in € million	EMEA	Asia-Pacific	North and South America	Holding/consolidation	FUCHS Group
H1 2019					
Sales revenues by company location	799	355	212	-70	1,296
EBIT before income from companies consolidated at equity	75	44	29	4	152
<i>in % of sales</i>	9.4%	12.4%	13.7%	-	11.7%
Income from companies consolidated at equity	5	-	-	-	5
Segment earnings (EBIT)	80	44	29	4	157
Investments in non-current assets	49	16	10	1	76
Number of employees as at June 30 ¹	3,799	949	701	124	5,573

¹ Including trainees.

2.2 Notes to the consolidated financial statements

The half-year financial statements of FUCHS PETROLUB SE, Mannheim, are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS). They take account of the standards and interpretations of the International Accounting Standards Board (IASB), London, applicable at the end of the reporting period, as adopted by the EU. The half-year financial statements have been prepared in accordance with the rules of International Accounting Standard 34 (IAS 34) in abridged form. The accounting policies and calculation methods applied remained unchanged from the consolidated financial statements for 2019, except for the application of new accounting standards outlined; we therefore refer to the notes to the consolidated financial statements made there.

The half-year financial statements and the half-year management report were not subject to examination by the auditor.

Application of new accounting standards

The accounting standards relevant to the FUCHS Group that are to be applied for the first time in the financial year 2020 have no effects on the FUCHS Group's net assets, financial position and results of operations.

Acquisitions

With effect from January 24, 2020, FUCHS CORPORATION, Delaware, USA, acquired all shares in NYE LUBRICANTS INC., Fairhaven, Massachusetts, USA. With this

acquisition, the FUCHS Group has expanded its product portfolio in the field of specialty lubricants and gained 183 new employees in the current financial year.

The purchase price of € 92 million (of which € 87 million was settled in cash; the remaining € 5 million is due over a period of two years) is attributable to acquired intangible assets (€ 26 million), particularly to the customer relationships; property, plant and equipment (€ 8 million); net operating working capital (€ 10 million); bank balances (€ 1 million); deferred tax liabilities (€ 8 million) and other liabilities (€ 6 million), as well as goodwill (€ 56 million). This goodwill, which is not tax-deductible, arises from the synergy and income potential expected from the integration of operating business in the FUCHS Group. For the period from January 24 to June 30, 2020, sales revenues amounted to € 19 million and EBIT to € 2 million after taking account of the effects from the purchase price allocation. The purchase price allocation is based on estimates and should be regarded as provisional.

With effect from January 1, 2020, FUCHS PETROLUB SE acquired a share of 50 % each in three distributors based in Zimbabwe, Zambia, and Mozambique for a purchase price totaling approximately € 9 million, which is recognized under shares in companies consolidated at equity in the FUCHS consolidated financial statements starting from the financial year 2020. Following the establishment of a FUCHS company in Tanzania in June 2019, these acquired shares strengthen FUCHS' presence in Africa. The three

new joint ventures have 94 employees and generated sales revenues of around € 21 million in the financial year 2019.

Significant discretionary decisions, estimates and assumptions

The general statements made in the notes to the consolidated financial statements as at December 31, 2019, continue to apply, according to which the preparation of the consolidated financial statements requires judgments to be made regarding accounting policies for some items, which affect recognition and measurement in the balance sheet and the income statement. The estimates and assumptions are based on experience values, the current level of knowledge, information currently available, as well as other factors which the Executive Board deems to be applicable under the respective circumstances. Due to the currently unforeseeable global effects of the COVID-19 pandemic, these estimates and judgments are subject to increased uncertainty. The amounts that actually arise may differ from the estimates and judgments.

As a result of the worldwide decline in demand, the COVID-19 pandemic had a negative impact on the FUCHS Group's financial position and results of operations in the first half of 2020. As the Executive Board currently expects the pandemic to be a temporary event that will not have a sustained negative impact on the FUCHS Group's long-term business development, no impairment losses have been recognized in relation to the recoverability of non-current assets, particularly goodwill.

2.2 Notes to the consolidated financial statements

Sales revenues

Sales revenues can be broken down by product group and geographic region as follows:

Sales revenues

H1 2020	EMEA		Asia-Pacific		North and South America		FUCHS Group	
	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	279	45	187	58	31	17	497	45
Industrial lubricants and specialties	310	50	130	41	147	82	587	52
Other products	31	5	3	1	2	1	36	3
	620	100	320	100	180	100	1,120	100

H1 2019	EMEA		Asia-Pacific		North and South America		FUCHS Group	
	in € million	in %	in € million	in %	in € million	in %	in € million	in %
Automotive lubricants	336	46	209	59	36	17	581	45
Industrial lubricants and specialties	357	49	145	41	173	82	675	52
Other products	37	5	1	0	2	1	40	3
	730	100	355	100	211	100	1,296	100

The automotive lubricants category particularly includes engine oils, gear oils and shock-absorber fluids. The industrial lubricants and specialties product group mainly com-

prises metalworking fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties.

Other operating income and expenses

Other operating income and expenses include the following items:

in € million	H1 2020	H1 2019
Net amount of currency gains/losses	-1	0
(Net) write-downs of receivables	-2	-2
Net amount of miscellaneous items	-1	2
Other operating income and expenses	-4	0

Financial result

The financial result includes the following items:

in € million	H1 2020	H1 2019
Interest income	0	0
Interest expense (excluding pensions)	-3	-2
Net interest expense from defined benefit plans	0	0
Interest expense from leases	0	0
Financial result	-3	-2

The net interest expenses from defined pension plans are the balance of

- interest expenses from the interest accrued on pension obligations of € 2 million (1)
- interest income from the return on plan assets of € 2 million (1).

Income taxes

Income taxes break down as follows:

in € million	H1 2020	H1 2019
Germany	-13	-18
International	-17	-25
Income taxes	-30	-43
Adjusted rate of taxation (in %)¹	29	29

¹ Actual tax expense relative to earnings before tax (EBT) adjusted by the income from companies consolidated at equity.

Dividend distribution

In accordance with the resolution of the Annual General Meeting on May 5, 2020, FUCHS PETROLUB SE distributed the following dividend from the unappropriated profit for the financial year 2019:

in €	
Distribution of a dividend of € 0.96 for each ordinary share entitled to dividend payments on the balance sheet date; these are 69,500,000 shares	66,720,000
Distribution of a dividend of € 0.97 for each preference share entitled to dividend payments on the balance sheet date; these are 69,500,000 shares	67,415,000
Total distribution	134,135,000

Contingent liabilities and other financial obligations

Contractual obligations of around € 48 million for the purchase of property, plant and equipment are in place on June 30, 2020 (€ 64 million as at December 31, 2019). These essentially relate to our companies in Germany, the US, Russia, and China. Besides this, there were no significant changes as compared to the contingent liabilities described and disclosed in the 2019 annual report.

Financial instruments

The FUCHS Group's financial assets and financial liabilities measured at fair value through profit and loss consist exclusively of forward currency transactions, which are used to hedge foreign currency receivables and liabilities. Their valuation is based on generally recognized valuation models using the latest market data. As of June 30, 2020, the forward currency transactions display positive fair values of € 0 million (as of December 31, 2019: 0), which are disclosed under other short-term assets, and negative fair values of € 2 million (as of December 31, 2019: 1), which are disclosed under other short-term liabilities.

The non-current financial liabilities of € 13 million (December 31, 2019: 14) result from leases.

Current financial liabilities break down as follows:

in € million	June 30, 2020	Dec 31, 2019
Financial liabilities to banks	91	4
Financial liabilities from leases	6	8
Current financial liabilities	97	12

The financing of the dividend payment and the acquisition in North America in the first half of 2020 caused current financial liabilities to banks to rise significantly by € 87 million to € 91 million. For information on net debt and free lines of credit, please refer to the section on the net assets and financial position in the half-year management report.

Relationships with related parties

The FUCHS Group has trade receivables of € 4 million (December 31, 2019: 2) and other receivables of € 0 million (December 31, 2019: 0) from companies consolidated at equity. The nonconsolidated portion of sales revenues from deliveries of goods to companies consolidated at equity was € 10 million (7) in the first half of 2020. The corresponding portion of other operating income was € 0 million (0) in the first half of 2020.

2.2 Notes to the consolidated financial statements

Exchange rate development

The exchange rates that have a significant impact on the consolidated financial statements have moved against the euro as follows:

Closing rate

1 €	June 30, 2020	Dec 31, 2019
US dollar	1.120	1.121
British pound	0.912	0.846
Chinese renminbi yuan	7.922	7.808
Australian dollar	1.634	1.599
South African rand	19.443	15.695
Polish zloty	4.456	4.253
Brazilian real	6.112	4.507
Argentinean peso	79.074	67.138
Russian ruble	79.630	69.503
South Korean won	1,345.830	1,295.150
Swedish krona	10.495	10.497

Average exchange rate

1 €	H1 2020	H1 2019
US dollar	1.102	1.130
British pound	0.875	0.873
Chinese renminbi yuan	7.748	7.667
Australian dollar	1.678	1.600
South African rand	18.357	16.034
Polish zloty	4.414	4.291
Brazilian real	5.420	4.340
Argentinean peso	71.111	46.846
Russian ruble	76.683	73.659
South Korean won	1,328.850	1,294.380
Swedish krona	10.657	10.518

Events after the reporting period

No significant events occurred after the reporting period.

Responsibility statement

To the best of our knowledge we declare that, in accordance with the applicable accounting principles for half-year financial reporting, the half-year financial statements give a true and fair view of the net assets, financial position, and results of operations of the FUCHS Group, and the half-year management report of the FUCHS Group

includes a fair view of the development and performance of the business and the position of the FUCHS Group, together with a description of the principal opportunities and risks associated with the expected development of the FUCHS Group for the remaining months of the financial year.

Mannheim, July 29, 2020

FUCHS PETROLUB SE
The Executive Board

S. Fuchs

D. Steinert

Dr. L. Lindemann

Dr. R. Rheinboldt

Dr. T. Reister

Financial calendar

Dates 2020

July 30	Half-year financial report 2020
November 3	Quarterly statement Q3 2020

Dates 2021

March 9	Annual report 2020
May 4	Annual General Meeting in Mannheim

The financial calendar is updated regularly. You can find the latest dates on the webpage at

→ www.fuchs.com/financial-calendar

Note regarding the half-year financial report

In case of deviations between this English translation and the original German version of this half-year financial report, the original German version takes precedence.

Note on rounding

Due to rounding, numbers presented in this half-year financial report may not add up precisely to totals provided, and percentages stated may not precisely reflect the absolute figures to which they refer.

Disclaimer

This half-year financial report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB SE. Statements about future developments are all statements that do not refer to historical facts and events and contain

such forward-looking formulations as “believes,” “estimates,” “assumes,” “expects,” “anticipates,” “forecasts,” “intends,” “could,” “will,” “should,” or similar formulations. 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, for example, include changes in the overall economic climate, changes in procurement prices, changes to exchange rates and interest rates, and changes within the lubricants industry. FUCHS PETROLUB SE provides no guarantee that future developments and the results actually achieved in the future will match the assumptions and estimates set out in this half-year financial report and assumes no liability for such. We do not assume any obligation to update the future-oriented statements made in this half-year financial report.

Contact and imprint

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