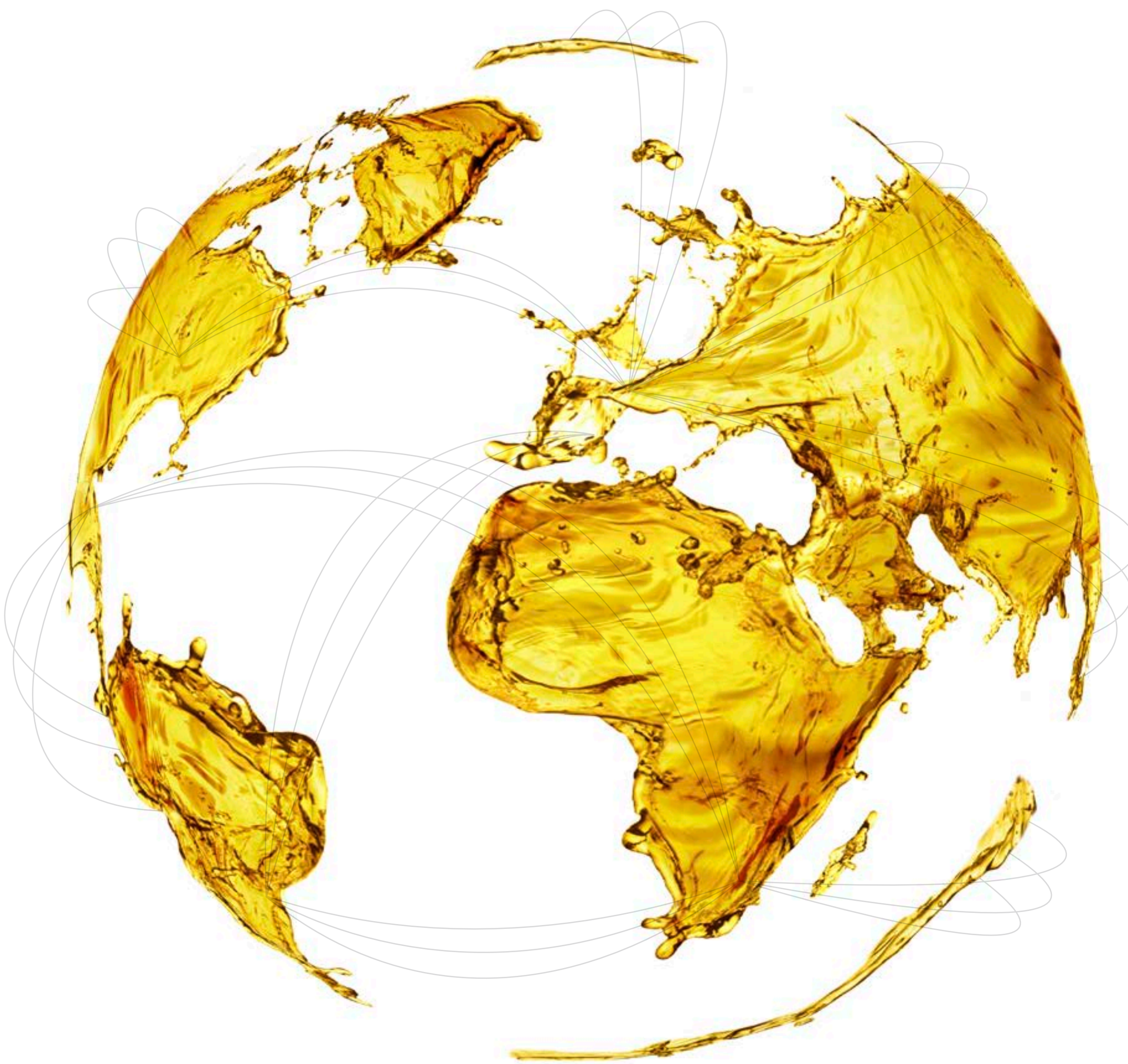
2014 Networking Strengths

ANNUAL REPORT



LUBRICANTS.
TECHNOLOGY.
PEOPLE.

FUCHS

FUCHS PETROLUB is a global Group that is based in Germany. It develops, produces, and distributes lubricants and related specialties across the globe. The Group, which was founded in 1931 and has its HQ in Mannheim, Germany, ranks number one among the world's independent lubricant providers.

The Group has a workforce of 4,000 employees in 50 operating companies worldwide.

The most important markets for FUCHS in terms of sales revenues are Western Europe, Asia and North America.

For 84 years we have been dedicating all of our activities and research efforts to the development of INNOVATIVE LUBRICANTS. We supply customized solutions for hundreds of applications and operate local offices in the world's GROWTH COUNTRIES. Our local presence at 30 production sites around the world and the exceptional expertise of our employees represent our key strength and the basis of our success. To place an even greater focus on the individual REQUIREMENTS OF OUR CUSTOMERS in future, we are committed to further networking our knowledge. In a GLOBAL EXCHANGE we generate sustainable added value for customers, suppliers, employees, shareholders, our company, and as a way to continue growing organically.

FUCHS at a glance

FUCHS PETROLUB GROUP

Amounts in € million	2014	2013	Change in %
Sales revenues[1]	**1,865.9**	**1,831.6**	**1.9**
Europe	1,112.9	1,104.2	0.8
Asia-Pacific, Africa	516.5	497.9	3.7
North and South America	316.0	307.3	2.8
Consolidation	–79.5	–77.8	2.2
Earnings before interest and tax and income from companies consolidated at equity	**292.6**	**298.8**	**–2.1**
in % of sales revenues	15.7	16.3	
Earnings before interest and tax (EBIT)	**313.0**	**312.3**	**0.2**
Profit after tax	**219.9**	**218.6**	**0.6**
in % of sales revenues	11.8	11.9	
Investments in long-term assets	**52.6**	**72.8**	**–27.7**
in % of scheduled depreciation[2]	173	253	
Free cash flow	**187.9**	**149.9**	**25.4**
Shareholders' equity	**915.6**	**853.5**	**7.3**
in % of balance sheet total	71.7	73.5	
Balance sheet total	**1,276.1**	**1,162.0**	**9.8**
Employees as at December 31	**4,112**	**3,888**	**5.8**
Earnings per share (in €)[3]			
Ordinary share	1.57	1.53	2.6
Preference share	1.58	1.54	2.6
Proposed dividend / dividend (in €)[3]			
per ordinary share	0.76	0.69	10.1
per preference share	0.77	0.70	10.0

[1] By company location.
[2] Capital expenditure excluding financial assets.
[3] Previous year's figures adjusted for reasons of better comparability.

GROUP STRUCTURE

FUCHS PETROLUB SE, Mannheim, is the parent company of the FUCHS Group. Arranged in three segments, 50 operating companies make a contribution to the further development of our business on a local level, while also helping identify and utilize market potential. Most of the companies are 100% controlled.

The consolidated financial statements also include non-operating holding companies, management companies and real-estate companies, which together increase the number of consolidated companies to 55. In addition to this, five associated companies/joint ventures were included using the equity method. Of the 50 operating companies, five conduct their business activities in Germany and 45 abroad.

The organizational and reporting structure is divided into the following regions: Europe, Asia-Pacific, Africa, as well as North and South America.

Group companies and production locations

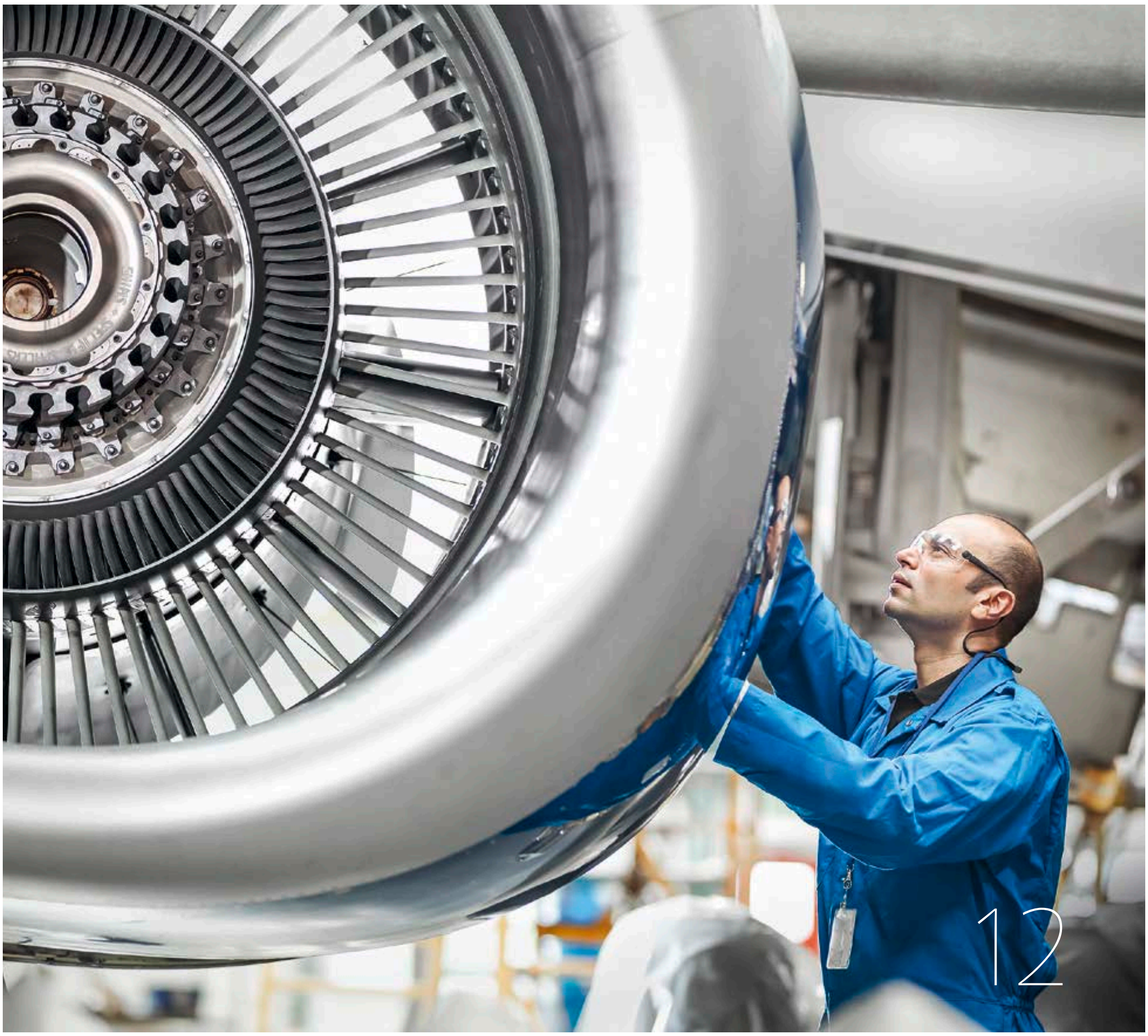
PRODUCTION LOCATIONS

GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2014	Group companies[1]	Production locations
Germany	5	6
Other European countries	22	7
Asia-Pacific	17	8
Africa	1	1
North America	3	6
South America	2	2
Total	**50**	**30**

[1] Operating companies.

Content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CLOSE TO CUSTOMERS

2014 was another successful year for FUCHS PETROLUB. Chairman of the Executive Board, Stefan Fuchs, explains what global steps the company took to achieve this, the importance of research and development, and the role of employees in a business that is becoming increasingly networked – both now and in the future.

Mr. Fuchs, how would you assess the financial year 2014?
With sales revenues of just under €1.9 billion, we were able to successfully continue our growth story and repeat the previous year's excellent results – despite volatility in terms of raw material costs, severe exchange rate fluctuations and uncertain political framework conditions.

At the end of 2014, however, more worries began to surface as to whether the global economy might start to decline. How is FUCHS PETROLUB reacting to this trend?
First of all, we have a very broad basis, both geographically and in terms of our product portfolio. Based on that we launched our growth initiative seven years ago. Since this time, we have made significant investments into research and development, expanded and increased the efficiency of our facilities in key markets, constructed new facilities in growth markets such as China and Russia, and recruited more experts in the areas of research and sales. Our growth initiative, coupled with our keen focus on customer requirements and expansion of our technological leadership, is bearing fruit.

Could you give us a few examples to highlight this?
Yes, I would be happy to do so for the field of research and development, which symbolizes our long-term thinking and actions. This report presents an excellent product in the form of the ECOCOOL GLOBAL 10 coolant. In addition to this, we successfully brought an efficiency-optimized axle fluid to market in cooperation with a leading premium vehicle manufacturer. This product supports the automotive industry in its efforts to improve fuel consumption and reduced emissions. The focus in the "Advanced Biomass" project is on sustainability, whereby algae-based oils are used as components in environmentally friendly lubricants. We are also delighted whenever we receive recognition directly from customers, so we were truly honored to be presented with the "Volkswagen Group Award 2014", which is awarded to companies providing exceptional services in the field of research and development.

The motto of this annual report is "Networking Strengths". So where in the company is this being implemented and how?
This is a seamless transition from last year's "Growing Together" motto. We have established a culture of trust and collaborative teamwork in the various groups of specialists and experts. We share knowledge worldwide. Finding the best idea is what counts – regardless of where it comes from in the world. With our network of research laboratories and application consulting, as well as 2,000 sales and technical specialists, we are a recognized partner to our global customers.

Let's stay with the question of employees, who have always played a very important part at FUCHS PETROLUB. In your opinion, what makes the corporate culture so special?
At FUCHS both sides are committed and benefit from each other. We offer the security of a company that is family-run,

» We still have significant development potential. Our goal is to tap this potential worldwide through customer proximity, quality products and technical expertise. «

Stefan Fuchs, Chairman of the Executive Board

and combine this with the openness and transparency required by our stock market listing. Our employees certainly benefit from this. When recruiting for new positions, we also make every effort to give opportunities to young people from within the company. Our employees appreciate this, as underlined by the performance of our excellent and loyal team and our low staff turnover rate. Our collaborations are characterized by fairness, as well as respectful and trusting interactions.

FUCHS PETROLUB is a prestigious name in the global lubricant markets. To what extent do you believe that brand awareness needs to be raised further?

FUCHS is the number 1 player among the independent lubricant suppliers and number 9 among the major mineral oil companies. Our 100% focus on lubricants is what gives us our key edge. With our current global market share of 2%, we still have a great deal of development potential. Our goal is to tap this potential worldwide through customer proximity, quality products and technical expertise. To this end, we will significantly raise awareness of FUCHS as an umbrella brand, both internally and externally. Our objective is to be a company within the world of lubricants that both our employees and our customers can identify with when thinking of lubricants.

Let us look forward to the coming financial year and beyond. What does the future hold for FUCHS PETROLUB?

We are keen to achieve sustainable and profitable growth and will press ahead with our growth initiative. However, one challenge that we must face in this regard is finding and developing good specialists and managers who take on responsibility. Over the last five years we have welcomed more than 600 new employees to our company and thereby increased our global workforce by around 20%. It is with this powerful team that we look forward to a good 2015 – and beyond. ■

By Marc-Stefan Andres

WORLDWIDE GROWTH

Seven years ago, FUCHS launched a growth initiative to secure and continuously build on the company's global position. A glance at the world's three production and sales regions shows how the Group is consistently expanding its business with targeted investments.

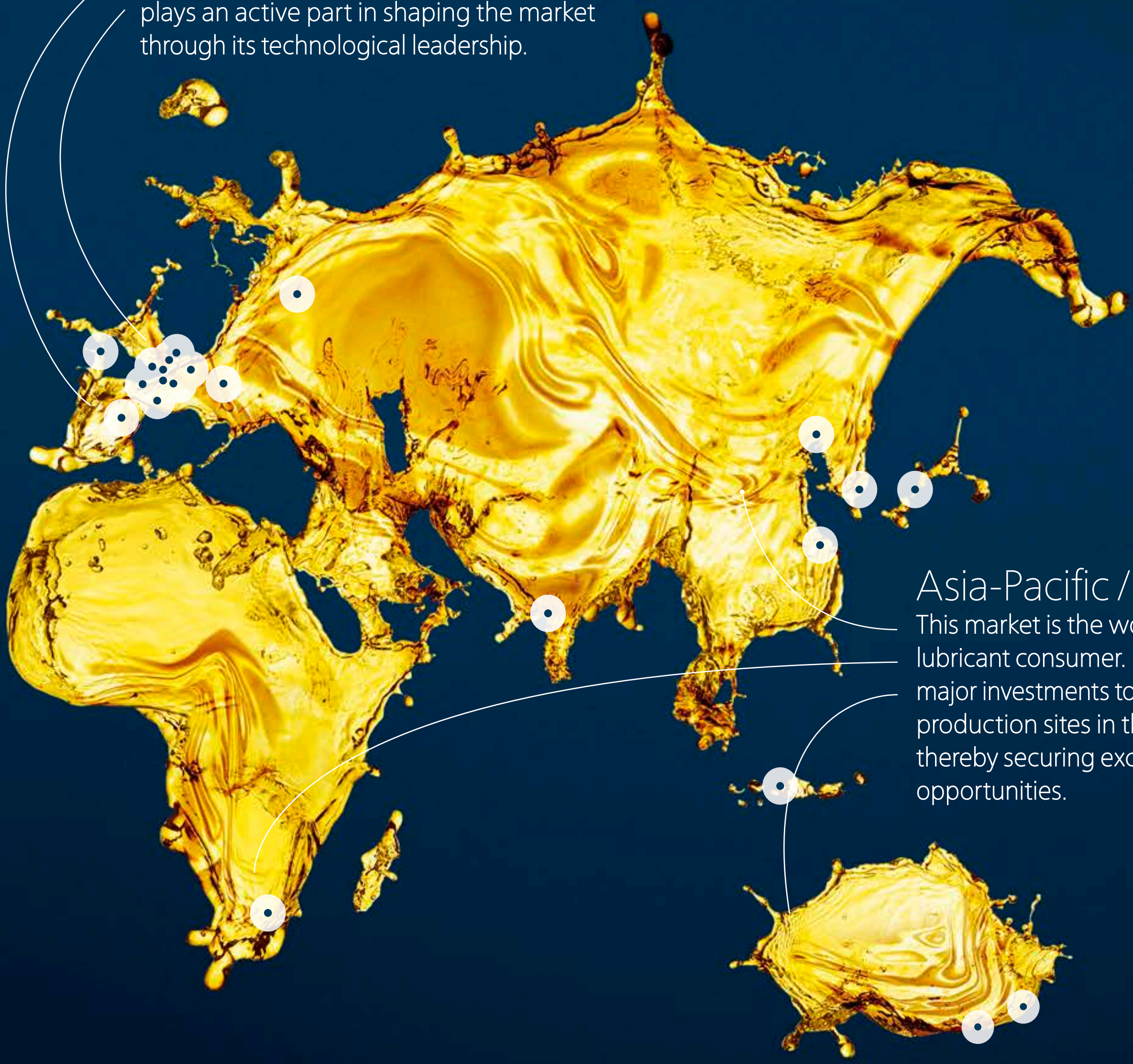
By Marc-Stefan Andres

North and South America

The US represents the largest national market for the lubricant industry in North and South America. As is the case throughout the Americas, FUCHS is represented here and is also building on its commitment for the future.

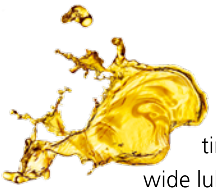
Europe

This sales region not only places the strictest demands on FUCHS in terms of quality, but also with regard to the degree of speciali-zation and speed of innovation. The Group plays an active part in shaping the market through its technological leadership.



Asia-Pacific / Africa

This market is the world's greatest lubricant consumer. FUCHS is making major investments to establish local production sites in the region and is thereby securing excellent growth opportunities.



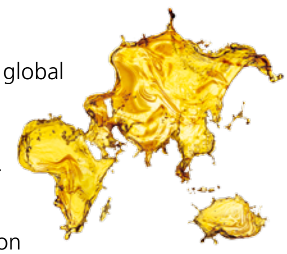
EUROPE

Europe is FUCHS's large, technically sophisticated domestic market. Although the continent only accounts for around 20% of worldwide lubricant demand, which puts it in third place globally, the companies in this region have the highest standards in terms of quality, degree of specialization and speed of innovation. As is the case in many industries, Germany also ranks among the technological leaders in this field.

By changing its corporate form from FUCHS PETROLUB AG to FUCHS PETROLUB SE, the lubricant specialist, which operates lubricant plants and subsidiaries in most European countries, now also expresses its commitment to its domestic market in legal terms. Investments and acquisitions have led to an unusually dense network of mixing and filling plants, grease plants, development and service stations, as well as distribution facilities. The strong position in the European market forms the basis that allows the Group to internationalize its business. With its extensive product portfolio, FUCHS is catering to the increasing specialization requirements in the mature markets. This position of strength also enables the company to utilize growth potential in Asia, Africa, South America and Eastern Europe in two different ways. First FUCHS supports key customers in entering new markets and winning over local customers with tailor-made solutions. Second, this diversification across regions and sectors makes it easier to compensate economic and industry cycles.

Yet despite its global alignment, FUCHS is also making major investments in Europe as a way of maintaining its technological leadership. At its main facility in Mannheim, Germany, the company is constructing a new, ultra-modern test bench building. With total floor space in excess of 1,000 square meters, this new building will add a significant amount of additional test bench capacity for various fields of application when it commences operations in 2015. In addition a storage facility for raw materials, additives and finished products is also being constructed. The capital expenditure associated with this project is approximately €13 million. More than 700 people work at the Group's largest location, and the total number of employees throughout Europe is 2,543.

ASIA-PACIFIC / AFRICA



Accounting for more than 40% of global lubricant demand, Asia-Pacific/Africa is the largest lubricant market in the world. However, it is far from reaching its limits in terms of growth. The per capita consumption of lubricants is extremely low and there is still massive potential. In all probability, around two thirds of the world's population will be living in Asia by the year 2050. This will be accompanied by a general increase in wealth, which in turn will lead to a need for industrial manufacturing and the type of products that FUCHS offers.

This forecast is based on developments recorded during the last ten years, during which time the region's share of Group sales revenues rose continually from 20% to more than 30%. In fact, this region has been able to increase its sales revenues by an average of more than 10% per year. Following Europe, Asia-Pacific/Africa is therefore the second most important sales market for FUCHS, whereby China represents around 50% of all sales, Australia 25% and South Africa 10%. The company generates the rest of its revenues in this region with its companies in South Korea, India, and with small local subsidiaries.

South Africa represents an important strategic market and indispensable springboard for the company in the region. With its subsidiary in this country, FUCHS believes that it has a solid basis for exporting to the surrounding countries in Sub-Saharan Africa, ensuring that business development goes hand in hand with proximity to customers and excellent service. Another important point that underlines the Group's sustainability is the fact that FUCHS today operates its own production facilities in many of the region's countries and is consistently expanding local manufacturing operations. For example, the company has opened a facility in Yingkou, China. As one of the Group's largest production sites this new facility supplies the Chinese market, together with the facility in Shanghai. 345 employees work in China, and FUCHS employs a total of 1,027 people throughout the Asia-Pacific/Africa region.

top // A modern test rig building is taking shape in Mannheim. bottom left // The Yingkou site, one of the largest production sites of the FUCHS Group. bottom right // The capacities for OEM lubricating grease production are expanded on a global level.

NORTH AND SOUTH AMERICA

Following Asia-Pacific / Africa, North and South America represent the world's second largest lubricant region, ahead of Europe in third place. This region accounts for approximately 28% of global lubricant demand. With a total annual volume of around 6 million tons, the US remains the industry's largest national market. In this market, a specialist provider such as FUCHS is able to thrive on the niche business alone, which for example includes metal-working fluids, lubricants for the underground coal mining and automotive sectors, as well as greases.

FUCHS can reflect on many successes in this region. The US business has grown from sales revenues of just €9 million in 1982 to well in excess of €200 million today, while maintaining a very good return. Approximately half of this growth was organic, while the other half was achieved through acquisitions. The company has consistently integrated the companies it has acquired into its operations

In 2014, FUCHS invested around

€33 million worldwide in research and development.

and has thereby been able to exploit positive synergy effects and establish a single corporate identity.

More than 500 people are currently employed at the eight facilities in North and South America. An important aspect of the corporate culture is that the management and workforce at the FUCHS companies in the US, Canada, Mexico, Brazil and Argentina each come from the respective country.

The following example of an investment shows how FUCHS conducts its business in the region. The Group invested approximately €23 million to extend and modernize the facility at its central location in Harvey near Chicago. The US subsidiary expanded its mixing plant, installed a fully automated high-bay warehouse system, and set up new, ultra-modern LUBRODAL production facilities.

An important aspect in this regard is that the new processes reduce airborne emissions and thereby help the company achieve its environmental protection targets. In addition to this, there are plans for a production facility for high performance greases used by OEMs. In fact, OEM applications represent a key area for the FUCHS PETROLUB Group, in which lubricants for passenger, commercial and agricultural vehicles, as well as equipment for the construction industry, are developed. This project provides an indication of just how important international collaboration has become at FUCHS over the years. In the future, the Harvey location will also benefit from the expertise and many years of experience at the company's location in Kiel, Germany. In the mid term, a similar plant is also to be established in China. The Group would then be represented with OEM-quality production in all three important global regions. ■

UPDATE

Yingkou

FUCHS invested more than €24 million in its new facility in the Chinese port city of Yingkou. Lubricants for automotive manufacturers/suppliers, as well as the steel, mining, transport and agriculture sectors are produced at this FUCHS Group site. The facility, which employs 145 people, is highly automated and technologically state-of-the-art.

Kaluga

In 2013, FUCHS opened an ultra-modern production facility in the Russian city of Kaluga that successfully supplies both local and international customers such as in the automotive, steel, mining, transport and agriculture sectors. Growth is in the double-digit percentage range. The company invested more than €15 million in the facility, which employs approximately 20 people.

5 questions for
Dr. Alexander Selent
Vice Chairman of the Executive Board and CFO

Dr. Selent, what do you consider to be the core of your global growth initiative?

We operate in a market that consumes approximately 35 million tons of lubricant per year. The potential for growth is significant. As a global company that stands for high-performance technology, innovation leadership, market proximity and service focus, we can and will continue to grow. We are therefore investing significantly in new production sites, and in research and development as a way of preparing ourselves for the future.

Could you give us a few examples of this?

FUCHS invested in excess of €25 million in the new Development Center in Mannheim. More than 100 experts research and develop lubricants and related specialties here. We are also strengthening our worldwide infrastructure by investing heavily in growth markets such as China and Russia and, with a more long-term perspective, Brazil. In addition to this, we are optimizing and modernizing our existing facilities, such as in Chicago and at our Group HQ in Mannheim.

Are there any other success factors?

Yes, we are helping our customers set up their own processes more efficiently. Our tailor-made solutions preserve value, for example protecting or extending the useful life of valuable machines. To this end, we are further strengthening our position as a technology-driven company with a strong focus on sales. At the same time, we also benefit from the fact that more and more specialized lubricants are being used and we are able to offer products for many different applications. As a specialized lubricants manufacturer, the ever stricter environmental regulations in the respective local markets are also playing into our hands, for example the requirement to use pollutant-free substances and adhere to strict safety standards.

What part do acquisitions such as of LUBRITENE in South Africa and Australia, and BATOYLE in Great Britain play?

With these acquisitions, FUCHS has been able to successfully expand its specialty business and its global niche strategy, while at the same time strengthening its market position in both Great Britain and South Africa. With its automotive and industrial lubricants, the business of the BATOYLE FREEDOM Group complements our existing portfolio, which is in addition complemented by lubricants for the glass industry. It is a similar story with the LUBRITENE business, which we are using to expand our portfolio with lubricants for the mining industry. The LUBRASA business complements the FUCHS portfolio for food grade lubricants in Southern Africa.

In which markets are you primarily looking to grow?

Wherever it makes economic sense. We already enjoy a relatively high market share in the double-digit percentage range in mature markets such as Germany, so achieving further growth in these is obviously not easy. However, since we can cover such a broad range of applications, there is still potential to be tapped here. Since 2007 alone, we have invested approximately €150 million more than the depreciation charges recognized for property, plant and equipment. So as you can see, we are expanding rapidly – and are keen to continue in this vein.

TOTALLY BESPOKE

FUCHS developed its ECOCOOL GLOBAL 10 cooling lubricant specifically for the aerospace industry. It is the result of intensive research and development work by a Global Key Working Group (GKWG) and sets new standards. In the future, the lubricant can be used in aircraft production operations worldwide.

By Silke Wernet

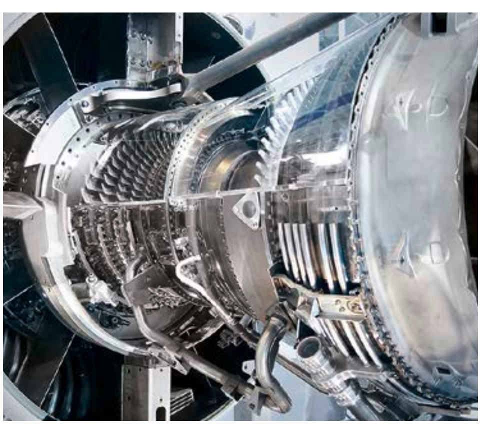
The atmosphere is relaxed, open and friendly. It quickly becomes clear that there is excellent chemistry among the members of this group – in more ways than one. During two and a half years of extensive research and development work, the GKWG and its local teams developed a new cooling lubricant for the aerospace industry which allows FUCHS to set new standards worldwide. ECOCOOL GLOBAL 10 premiered in the US in September 2014 and was then launched in the European market. It is also the first patent-pending product in the new "GLOBAL" technology platform.

Operating under the leadership of Paul Littley from the UK, the GKWG faced a tough task in the development of the ECOCOOL GLOBAL 10. Whether manufacturing and machining fuselage sections, engines, turbines or wings from aluminum, steel, iron or titanium – these totally different materials place exacting requirements on cooling lubricants. The real challenges here lie in securing the requisite material compatibility, foaming characteristics, high-pressure stability and general lubricating performance. Set against this background, the team of international experts at FUCHS were keen to develop something completely new. "Our objective was to produce a product that would make customers say: That's exactly what I need," explains Global Product Manager Cono Balbo, who works at the HQ of the family business in Mannheim.

INDIVIDUAL SKILLS, COLLECTIVE EXPERTISE

This was to be a bespoke development and would require colleagues with international experience to bring together all of the strengths and knowledge from their respective fields, teams and national markets. "The specific areas of expertise of individual laboratories were merged to create collective expertise," summarizes the spokesman of the GKWG.

After more than two years of extensive research and development work, intensive dialog and knowledge exchange via e-mail, teleconferences and in face-to-face meetings, ECOCOOL GLOBAL 10 was ready. A product with this chemical composition has never before been developed for metalworking, as Paul Littley is keen to stress. The product excels through top level performance and productivity, boasting exceptional cooling lubricant durability thanks to its



top left // The new lubricant can also be used in the manufacturing of aircraft engines. bottom left // Bespoke research activities. right // Experts from four nations: the Global Key Working Group.

» Anyone choosing ECOCOOL GLOBAL 10 can relax, safe in the knowledge that they are ready for future challenges. «

The members of the Global Key Working Group are proud of the new product for the aerospace industry.

excellent pH stability, frugal consumption in the production process, as well as low operating and maintenance costs. Originally developed for machining aluminum and titanium alloys, ECOCOOL GLOBAL 10 also offers good results when machining cast iron and steel, which makes it suitable for use with all common metals. In addition to this, Littley is keen to emphasize how the water-miscible cooling lubricant and its substances represents only a minimal hazard for users and the environment.

INCIDENT-FREE TESTING PHASE

Another truly impressive fact about this new development by FUCHS is that the theoretical expectations were fulfilled 100% in practice. The new cooling lubricant was subjected to extensive testing for twelve months at ten selected customers in Europe and the US – on a wide range of machines under quite different conditions. "We did not encounter a single issue or problem during this time," comments the colleague from the US proudly. "Our product works perfectly." Customer expectations are therefore also likely to be met in full. "Anyone who chooses our product can relax, safe in the knowledge that they are ready for future challenges," adds Mark Howe. Everyone else around the table nods with much approval. In this light, the "future-proved" marketing claim being used for the new cooling lubricant seems more than justified.

The remarkable results recorded by the test customers were no accident, as they were preceded by extensive, application-based internal testing phases. "We extended our capacities, optimized our standards and performed hundreds of tests, which allowed us to make very accurate predictions regarding practical applications," reports the Spaniard from the microbiology lab. All these tests as well as the performance tests carried out with new equipment in Great Britain proved to be very successful. In the future, ECOCOOL GLOBAL 10 can be used in the production operations of large and small aircraft manufacturers in 19 countries, including China, India, Brazil, Russia and Australia. The new water-miscible lubricant complies with local legislation and labeling requirements in all of these countries – which is of key global importance for FUCHS in a market of the future. Ever increasing fuel costs and pressure to reduce carbon dioxide output are forcing the industry to reduce the weight of aircraft. This demands new materials and the right cooling lubricants.

NEW IDEAS IN THE PIPELINE

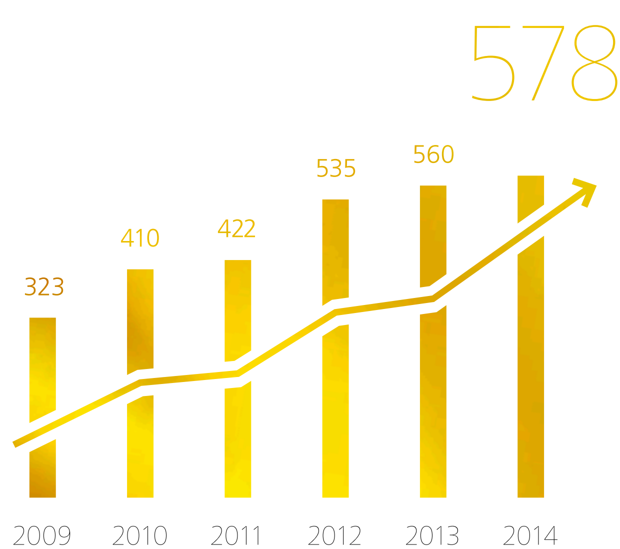
Having scarcely been launched on the market, the ECOCOOL GLOBAL 10 project has already begun to make its mark, also in the Group itself. At the global R&D meeting in November 2014, the GKWG was presented with the FUCHS Innovation Award for its GLOBAL 10 technology. "Our successful cooperation helped convince the Executive Board to extend collaborations of this type to other fields," comments the German Head of Development with a sense of pride. But there is still plenty of work to do, also for him and his colleagues. "We still have more goals for the future and also new ideas for the metalworking industry in the pipeline," comments the Group Laboratory Head. Although greater attention is now being paid to the automotive sector, the experts at FUCHS do not wish to give any more away. However, we should not be surprised if the project proves to be just as successful as the development of ECOCOOL GLOBAL 10, as this group of experts clearly has the right chemistry. ■

FUCHS PETROLUB IN FIGURES

100,000 CUSTOMERS

in more than 150 countries

Sales Revenue
Asia-Pacific / Africa Region
in € million



4,112

employees worldwide
2009: approximately 3,500

75%

growth in EBIT since 2009

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LANGUAGES

are spoken in the
FUCHS PETROLUB GROUP

EXPERTS

FUCHS' global network is the basis of its success. Skilled employees from all over the world are engaged in constant dialog. Experts from different fields of activity regularly meet up to exchange knowledge. Together, they want to have success in the market and for the customer.

By Silke Wernet

Dr. Jutta Heckenkamp didn't have to think twice. It was back in 2007 that the first global network meeting for procurement took place on a rather small scale at the FUCHS headquarters in Mannheim. The chemist had joined the lubricant specialist two years previously as Head of Procurement and already had experience in networking. In her new circle of colleagues, the idea of an organized worldwide exchange of knowledge was still in its infancy.

MEETINGS AS MOTIVATION

The concept has become widespread. Indeed, global networking is now an inherent part of the FUCHS corporate culture. The Heads of Procurement from all over the world also meet regularly – at the Global Purchasing Meeting in Mannheim in spring, and again in fall at varying locations in Europe. FUCHS in Italy was the host in 2014. This year it will be the turn of the colleagues in Spain and in 2016 the event will take place in Belgium. "We always have around 20 participants," comments Dr. Jutta Heckenkamp. "The global meetings are attended by the Heads of Procurement from up to 14 different countries." She is the main organizer of the meetings and has received a lot of positive feedback. According to Dr. Heckenkamp, who has been Vice President Global Procurement since 2008, these gatherings are an enormous motivation for numerous participants. "In exchange with their international colleagues they gather tips and ideas, particularly when it comes to difficult tasks." All involved realized early on that in the end they all had to deal with the same kind of issues, no matter which country they were working in. In the field of procurement, this primarily means gathering profound knowledge of the global raw material situation as well as being precisely aware of the structures and processes of the supplier in order to evaluate the market situation and position the company accordingly.

"IT IS INTERESTING TO GET TO KNOW THE CULTURES OF MY COLLEAGUES AND THE COUNTRY SPECIFICS IN THE FIELD OF HR. WE CAN TAKE SUCCESSFUL STRATEGIES AND ADOPT THEM AT OUR OWN LOCATION."

RAQUEL MIGUEL | BRAZIL

Meeting people, getting to know them and helping them develop professionally – all this fascinates Raquel Miguel. The Brazilian has been working as a Coordinator in Human Resources (HR) at FUCHS since August 2013. After less than a year in the role, the 32-year-old took part in her first global meeting and is thrilled by the experience. "I am really keen to take part in another one soon," says Raquel Miguel, "and find out even more about global HR processes and efficient communication between the various departments."

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different Global Network Meetings take place regularly at FUCHS.

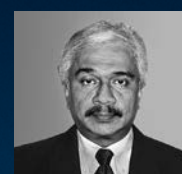
RÉMY ANGÉNIEUX | FRANCE

As Head of Procurement at FUCHS LUBRIFIANT in France and Lead Buyer in Global Procurement, Rémy Angénieux has been working together with international colleagues for more than ten years. "This has enabled me to make close contacts, indeed in some cases almost friendships," explains the 48-year-old, who has been working for the lubricant supplier since back in 1991. For the father of two boys, professional success in the field of procurement – above all as Lead Buyer – very much depends on a worldwide network: "The permanent exchange of knowledge and best practices within our Global Procurement organization is of central importance for negotiating successfully and building up long-term relationships with our global suppliers."

"THANKS TO THE CONSTANT EXCHANGE OF KNOWLEDGE, WE ARE ABLE TO MEET AND EVEN EXCEED OUR CUSTOMERS' EXPECTATIONS."

HENDRIK H. NOTH | USA

Hendrik H. Noth calls himself a "global thinker". And no wonder: The Düsseldorf-born Manager of the LUBRITECH division in Chicago has already lived in four different countries, culminating in his current base in the USA. And his customers, which come from the wind power and food production sectors among others, are also global players. This makes it all the more important for the 46-year-old to maintain an exchange with his international colleagues with regard to developments, strategies and solutions. "As a result, our customers can expect our quality and service to be spot-on – all over the world."



ARUN RAU | INDIA

For many years Arun Rau, Vice President Sales & Marketing at FUCHS India, has been observing the development of a global market in which international customers expect outstanding technologies and superior performance, perfectly matched to the stringent needs of their production facilities and the end products that these customers place in their markets.

"We want to increase the efficiencies and reliability of our customers' value chain as a competitive advantage," stresses the Lubricant Industry veteran. "And our international network allows us to do this, successfully".

"WE GAIN NEW KNOWLEDGE, INSPIRATION AND THE MOTIVATION TO CONTINUOUSLY DEVELOP OUR WORK AND OURSELVES."

SABINA ZIMNY | POLAND

A passion for mathematics and her aptitude for analytical thinking brought Sabina Zimny to her job. The 48-year-old Chief Financial Officer (CFO) works in financial and personnel management at FUCHS. She values the personal contacts all over the world that come about thanks to the network meetings as well as the mutual trust and support of her colleagues. Sabina Zimny shares her new knowledge in regular meetings with the department heads at her location and has initiated a project that is aimed at increasing the competitiveness of FUCHS in the Polish market. She is convinced: "Through our international networking, we are also seen as a successful company whose competent employees are a joy to work with."

Around 80 FUCHS employees are involved in procurement worldwide. Every production site has its own procurement organization, which purchases all the raw materials and components needed at that site. Global Procurement, managed by Dr. Jutta Heckenkamp, deals with most of the raw materials, which are negotiated centrally for the European FUCHS companies and also on a global basis. The Lead Buyers are each responsible for certain material groups (for example base oils). During the network meetings the Lead Buyers regularly present these material groups and their special properties to their colleagues. In addition to this, the participants focus on joint strategies and rules of procedure. For example, a standardized global complaints management system was recently agreed. Dr. Jutta Heckenkamp is convinced: "Only when we work together can we ensure our success in the market."

GLOBAL NETWORKING

That's why international teamwork is an important part of the successful strategy of the FUCHS Group. And in order to respond even more closely to customer needs, the global staff network is to be expanded further over the coming years. Alongside the Global Purchasing Meeting, the world's leading independent supplier of lubricants holds six other network meetings at regular intervals: the Global Management Meetings of FUCHS LUBRITECH and the FUCHS Group, the Global Networking Meeting and the expert meetings of the Human Resources (HR), Research & Development (R&D) and OEM division.

Carsten Meyer has headed Global OEM, a Group division with more than 80 employees all over the world, since 2004 and is also responsible for the OEM Meetings. In this core field of the Group, lubricants are developed for original equipment of cars, trucks and machinery for agriculture and the construction industry. The OEM business and the specially developed ranges of lubricants for customers from the target groups listed above account for more than 20% of the FUCHS Group's worldwide sales. Whereas ten years ago 15 employees attended the first Global OEM Meeting, there were around 70 colleagues from across the globe who attended the most recent meeting. "We have grown into a large group," comments the Executive Vice President of the OEM Division, who has also been a member of the Group Management Committee of FUCHS since 2011. Unlike in the past, when the worldwide OEM business used to be conducted centrally by a small number of people, for many years now it has been organized by Key Account Managers.They utilize the global sales structures of FUCHS as well as the Group's central product management and development resources and maintain direct communication with the customer. "This structure works very well and has significantly improved the flow of information," explains the 44-year-old industrial clerk, who has worked for FUCHS since 1991. The customers are looked after jointly by the Key Account Managers and the application engineers, who maintain regular communication with each other. "In doing so we can call on our wealth of international experience. This allows customers from every corner of the world to benefit," says Meyer.

INTERACTING COMPETENCIES

Meyer and his colleagues also draw on the expertise of other divisions, for instance for the planning of the new production facilities for OEM high-performance greases in Chicago, USA and Yingkou, China. Global product management is involved in this process, representatives of which also regularly take part in the OEM Network Meetings alongside experts from Research & Development and Procurement. So it's logical that there are now also cross-division projects in progress, such as buyer training on the premises of customers all over the world in cooperation with Dr. Jutta Heckenkamp's Global Procurement. "The competencies of sales and procurement directly interact here," says the Head of Procurement, describing the key advantage.

"If we want to achieve the best results, our different fields of work must become even more closely networked," she stresses. And her colleague Carsten Meyer adds: "Communication is absolutely crucial and is something we support and focus on. People are key. They are our most important asset." ■

1 MANAGEMENT & SHARES

2 COMBINED MANAGEMENT REPORT

→ mobile.fuchs-oil.com

Reference to our mobile website.
Scan the QR code with your smartphone
for information on FUCHS in just
a few clicks when you are on the go.

3 FINANCIAL REPORT

FURTHER INFORMATION

→ a–z Glossary reference

→ 123 Page reference

→ www Internet link

1 MANAGEMENT & SHARES

Letter to our shareholders

Dear shareholders,

In 2014, the Group was able to repeat its previous year's record earnings. Its high earning power, solid balance sheet and growth initiative have motivated the Executive Board and Supervisory Board to propose to you a 10% dividend increase. This would represent a rise in dividends of 50% within just three years. The proposal is based on our confidence in continuing to record profitable growth in future.

The growth initiative launched in 2008 is bearing fruit. Sales revenues rose organically by 3% in 2014. Negative exchange rate effects dampened this dynamic in the first half of the year. Thanks to a positive development in Europe, it was possible to repeat the previous year's record earnings before interest and taxes (EBIT). Due to the share buyback program, earnings per share increased by almost 3%.

To support the growth initiative, FUCHS has increased its workforce by 10% over the last three years and made major investments. One such investment in 2014 was the construction and expansion of test bench facilities in Mannheim. More than half of the over 200 positions newly created in 2014 can be attributed to our two acquisitions of BATOYLE in England and LUBRITENE in South Africa, which were promptly integrated into our existing companies. We are making use of the expertise we have acquired for applications in the glass industry and mining sector in our worldwide network. The interaction among employees in the FUCHS PETROLUB team throughout the world is what makes the difference here. Our five core values of "trust, creating value, respect, reliability, and integrity" are recognized standards in the Group.

Our motto for this year's annual report, "Networking strengths", also reflects an important factor of our growth initiative. We have made significant progress in globally networking our capacities, particularly in the areas of research and development, purchasing and human resources. In terms of our research activities, it is of little importance who has an idea, when and where. Finding the best idea is what counts, and the main focus is on learning from and communicating with one another. Strengthening the FUCHS brand with a newly defined brand identity and structure will represent another key issue in terms of bundling resources.

Stefan Fuchs, Chairman of the Executive Board

For 2015, we are planning to increase sales revenues and earnings in all world regions. We have planned additional investments to support our growth initiative, focusing on Germany and the US. The plans for 2015 are based on further generally positive development of the world economy despite the known risks, particularly in Eastern Europe and the Middle East. The volatility of both raw material costs and currencies will also make 2015 a challenging year. We will continue to monitor the ongoing consolidation of the lubricants industry and exploit this to create value.

On behalf of my colleagues on the Executive Board, I would like to thank you, the shareholders of FUCHS PETROLUB SE, for your trust in our company, its management, and its global team. In addition, I would like to take this opportunity to thank all employees for their personal contributions in 2014, without which we would not have been able to achieve such exceptional results. I would also like to express sincere thanks to my former colleague on the Executive Board, Dr. Georg Lingg, who left FUCHS PETROLUB on June 30, 2014, for his loyalty and exemplary contributions during his 19 years of service to our company.

Mannheim, March 24, 2015

Yours

Stefan Fuchs
Chairman of the Executive Board

Organization

CORPORATE BOARDS

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Information on the Corporate Boards

SUPERVISORY BOARD

Dr. Jürgen Hambrecht Neustadt an der Weinstraße	Chairman Former Chairman of the Executive Board of BASF SE
Dr. Dr. h.c. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB SE
Ines Kolmsee Tutzing	Entrepreneur at Smart Hydro Power GmbH
Horst Münkel* Mannheim	Chairman of the Group Works Council (since June 30, 2014) and Deputy Chairman of the SE Works Council (since November 12, 2014) at FUCHS PETROLUB SE Chairman of the Joint Works Council of FUCHS EUROPE SCHMIERSTOFFE GMBH
Lars-Eric Reinert* Chicago	Grease Plant Manager in Harvey, FUCHS LUBRICANTS CO. Chairman of the Group Works Council (until June 30, 2014) Chairman of the SE Works Council (until November 12, 2014) at FUCHS PETROLUB SE
Dr. Erhard Schipporeit Hanover	Former member of the Executive Board of E.ON SE

COMMITTEES OF THE SUPERVISORY BOARD

Personnel Committee
Dr. Jürgen Hambrecht (Chairman)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Ines Kolmsee

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Dr. Dr. h.c. Manfred Fuchs
Ines Kolmsee

Nomination Committee
Dr. Jürgen Hambrecht (Chairman)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Ines Kolmsee
Dr. Erhard Schipporeit

EXECUTIVE BOARD DIVISIONS, REGIONS AND SEGMENTS

EXECUTIVE BOARD

Stefan R. Fuchs Age 47, 18 years at FUCHS	Chairman ■ Corporate Development, Senior Management ■ Public Relations ■ Sustainability (until June 30, 2014) ■ Region Asia-Pacific (since July 1, 2014) ■ Region North America ■ FUCHS LUBRITECH Group (until June 30, 2014)
Dr. Alexander Selent Age 62, 16 years at FUCHS	Deputy Chairman of the Executive Board and CFO ■ Finance, Controlling ■ Investor Relations, Compliance ■ Internal Audit ■ Legal, Taxes, Human Resources ■ Region Africa and Middle East (since July 1, 2014)
Dr. Lutz Lindemann Age 54, 16 years at FUCHS	Member ■ Technology ■ Supply Chain Management ■ Sustainability (since July 1, 2014) ■ International Mining Business (since July 1, 2014) ■ International OEM Business ■ Region South America
Dr. Georg Lingg Age 50, 19 years at FUCHS	Member (until June 30, 2014) ■ Region Asia-Pacific and Africa ■ International Mining Business
Dr. Ralph Rheinboldt Age 47, 16 years at FUCHS	Member ■ IT ■ FUCHS LUBRITECH Group (since June 30, 2014) ■ Region Europe

* Employee representative.

THE EXECUTIVE BOARD

DR. LUTZ LINDEMANN
Kerzenheim
MEMBER

DR. ALEXANDER SELENT
Limburgerhof
DEPUTY CHAIRMAN AND CFO

STEFAN R. FUCHS
Hirschberg
CHAIRMAN

DR. RALPH RHEINBOLDT
Heddesheim
MEMBER

GROUP MANAGEMENT COMMITTEE

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Allocation of duties

Stefan R. Fuchs

Dr. Alexander Selent

Dr. Lutz Lindemann

Dr. Georg Lingg (until June 30, 2014)

Dr. Ralph Rheinboldt

Bernhard Biehl	▪ FUCHS LUBRITECH Group
Klaus Hartig	▪ Region East Asia
Stefan Knapp	▪ Region Germany
Carsten Meyer	▪ International OEM Business
Steve Puffpaff	▪ Region North America
Dr. Timo Reister (since July 1, 2014)	▪ Region Asia-Pacific
Reiner Schmidt	▪ Finance and Controlling
Alf Untersteller	▪ Region Turkey, Middle East, Central Asia, Africa

Report of the Supervisory Board

Dear shareholders,

The FUCHS PETROLUB Group can once again reflect on a very successful financial year 2014. The Group was able to repeat its previous year's record values in terms of both sales revenues and earnings. The strategy of organic growth is being successfully continued. The acquisitions undertaken in 2014 are starting to make positive contributions to the Group.

Work performed by the Executive Board and Supervisory Board
The Supervisory Board performed its monitoring and advisory duties with care and conscientiousness in accordance with the requirements of law, the company's Articles of Association, and the rules of procedure.

The Supervisory Board and Executive Board cooperated fully and effectively in fiscal year 2014. The Chairman of the Executive Board regularly and immediately informed the Chairman of the Supervisory Board of all significant and important events. In addition to this, the Supervisory Board and Executive Board also remained in close contact outside scheduled meetings to ensure a constant exchange of information and opinions.

In its December 2014 meeting, the Supervisory Board also examined the efficiency of its own activities and did not determine any significant need for improvement in this regard. The Supervisory Board included a sufficient number of independent members. No conflicts of interest occurred among members of either the Executive Board or the Supervisory Board.

There were no changes in personnel on the Supervisory Board in fiscal year 2014. The members of the Supervisory Board complied with the wish of Dr. Georg Lingg to prematurely revoke his appointment as member of the Executive Board at FUCHS PETROLUB SE as of June 30, 2014. With his departure, the Executive Board was reduced from five to four members. The allocation of duties was revised. The Supervisory Board expressed special thanks to Dr. Georg Lingg for the long-standing good cooperation.

Reports and board meetings
Five Supervisory Board meetings were held in 2014. With the exception of one meeting where one member was unable to attend, all meetings were attended by all members of the Supervisory Board.

The Supervisory Board was regularly, timely, and comprehensively informed, both in writing and orally, about the company's corporate policy, business developments, profitability, liquidity and risk situation, as well as all relevant questions regarding strategic enhancements in accordance with the duties set out in the rules of procedure. Further regular items on the agenda included budget supervision, all significant investment and acquisition projects, further development of the

Dr. Jürgen Hambrecht, Chairman of the Supervisory Board

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CORPORATE GOVERNANCE code, and the legal dispute with our joint venture partners in the Middle East, which has since been settled. Following thorough examination and consultation, the Supervisory Board approved the proposed resolutions of the Executive Board, insofar as this was necessary based on applicable legislation or the company's Articles of Association.

In the balance sheet meeting on March 19, 2014, the annual and consolidated financial statements of FUCHS PETROLUB SE, the Executive Board's proposal on the appropriation of profits, and the dependent company report were reviewed, discussed, and approved in the presence of the auditor. In this meeting, the Supervisory Board also approved the agenda for the Annual General Meeting of FUCHS PETROLUB SE with the proposed resolutions, focusing in particular on the proposed resolution to perform a capital increase from corporate funds by issuing new shares.

In the meeting held directly before the Annual General Meeting on May 7, 2014, the Executive Board reported on the business performance of the Group after the end of the first quarter, as well as on acquisition projects.

In the meeting held on July 29, 2014, the Supervisory Board examined the 2014 half-year financial statements together with the accompanying interim management report. In addition to this, investment and acquisition projects were discussed in detail and the topics of management forecasts, analyst opinions and communication with the capital market were addressed. The Supervisory Board also received information on strategy and structure in the field of research and development. This was followed by a keynote speech by Jacques Delmoitiez on the topic of "Africa – Potential and Experience" with subsequent discussion on possible implications for FUCHS PETROLUB SE.

Beside the current Group Management Report submitted by the Executive Board, the Supervisory Board also reviewed the sustainability concept at FUCHS PETROLUB and acquisition projects in its meeting on October 15, 2014. The focus of the meeting was to provide detailed reporting and hold discussions on the development and growth strategy of the whole Asia and China region.

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The focus of the meeting held on December 9, 2014 was the 2015 budget, including earnings, the balance sheet, cash flow, investments, and the continuation of the growth initiative including acquisitions for the years 2015 and 2016. Beside this, the Supervisory Board also reviewed the risk management and compliance report, as well as the 2014 **DECLARATION OF COMPLIANCE**. In addition, the Supervisory Board laid down the performance factor for calculating the variable compensation of the members of the Executive Board for the 2014 financial year based on the calculated target achievement.

Following intensive preparations by the Personnel Committee, the Supervisory Board furthermore decided to revise Executive Board compensation. Caps were defined for both the variable and overall compensation of the Executive Board. The fixed compensation components were increased. 25% of the variable compensation components must be invested in FUCHS PETROLUB preference shares with a three-year holding period. A vertical and horizontal review of the compensation system confirmed its appropriateness. In addition to this, the Supervisory Board recommends that the Annual General Meeting to be held on May 6, 2015 should also revise Supervisory Board compensation (see page 49).

Work of the committees in the Supervisory Board
The Supervisory Board has formed three committees: the Audit Committee, the Personnel Committee and the Nomination Committee. Information on the activities of the committees was provided at the start of each Supervisory Board meeting. All committee members took part in the committee meetings. The composition of the three Committees is presented on page 28.

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Corporate Boards

The **Audit Committee** held four meetings in the reporting year. The CFO and heads of the Finance, Controlling and Accounting departments regularly attended the meetings. The auditors were present at two meetings. The Committee focused on the annual and consolidated financial statements and Group management report, supervision of the financial accounting process, the effectiveness of the internal control system, of the risk management system, and of the internal audit system, as well as the audit of the financial statements. The interim financial reports were always discussed in detail prior to publication. The Audit Committee also provided the Supervisory Board with a recommendation for the Supervisory Board's proposal to the Annual General Meeting regarding selection of the auditor. In addition to this, the Audit Committee defined the key areas of the audit for the reporting year, awarded the audit assignment to the auditor, and addressed both the new accounting regulations and current compliance issues.

The **Personnel Committee** supports the Supervisory Board in reaching personnel decisions. Four meetings were held in the reporting year. The Personnel Committee focused in depth on preparing the decisions regarding compensation for the Supervisory Board and Executive Board, the allocation of duties, and the drafting of Executive Board contracts. In addition to this, the topics of diversity and appropriate involvement of women in management positions at the company, personnel development throughout the Group, and further development of junior managers in the FUCHS PETROLUB Group were discussed.

The **Nomination Committee** did not meet in the reporting year. With a view to the scheduled election of the Supervisory Board, which is to take place at the Annual General Meeting on May 6, 2015, the nomination committee has drawn up and submitted election nominations to the Supervisory Board for its resolution on May 23, 2015.

Audit of annual and consolidated financial statements

The Audit Committee of the Supervisory Board awarded the audit assignment to KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim as per the resolution passed by the Annual General Meeting on May 7, 2014. The auditor submitted and explained his declaration of independence.

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The financial statements for the financial year 2014, prepared pursuant to the German Commercial Code (HGB), as well as the combined management report, the consolidated financial statements prepared pursuant to the **IFRS** international accounting standards to be applied in the EU, and the combined management report of FUCHS PETROLUB SE were audited and granted an unqualified auditor's opinion by KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim. The focuses of the audit defined for the reporting period by the Audit Committee upon the appointment of the auditors were examined in more detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable risk monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for early identification of any developments which might endanger the company as a going concern. During the audit, the auditor did not determine any issues/facts that would contradict the Declaration of Compliance or any issues that might give rise to statements of exclusion or reservation in the auditors' report. The Supervisory Board conducted its own thorough examination of the annual and consolidated financial statements, the company and the Group management reports and the proposal on appropriation of profits. The audit reports of KPMG were submitted to all members of the Supervisory Board in good time and were discussed comprehensively in the Audit Committee as well as in the balance sheet meeting on March 23, 2015. The auditor who took part in both meetings reported on the main results of the audit and was available to answer any questions or provide extra information. The

Supervisory Board took note of and approved the results of the audit performed by the independent auditors. There are no objections based on the final results of the audit of the Audit Committee and of our own audit. The Supervisory Board approved the financial statements submitted by the Executive Board and thereby also the annual financial statements of FUCHS PETROLUB SE. We agreed with the proposal regarding the appropriation of profits.

The Executive Board reported on its relationship to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and submitted this report to the Supervisory Board. The external auditors examined the report, submitted in writing the results of this examination and issued the following audit opinion: “We have audited in accordance with our professional duties and confirm that

1. the actual statements made in the report are correct and
2. the payments or other contributions made by the company in connection with the legal transactions listed in the report were not unreasonably high.”

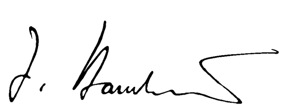
The Supervisory Board took note of and approved the results of the audit performed by the independent auditors. In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board.

Thanks

The Supervisory Board would like to thank the members of the Executive Board, all employees world-wide and the employee representatives for their dedicated commitment, personal contributions and constructive cooperation for the benefit of the company.

Mannheim, March 23, 2015

The Supervisory Board



Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

Corporate Governance Report

In the following chapter, the Executive Board reports – also on behalf of the Supervisory Board – on corporate governance at FUCHS PETROLUB SE in line with Section 3.10 of the German Corporate Governance Code. The chapter also contains the Declaration of Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB).

Corporate governance at FUCHS PETROLUB SE is predominantly based on the regulations of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The Corporate Governance Code contains important regulations on managing and monitoring listed companies and also formulates both nationally and internationally recognized standards for sound and responsible corporate governance.

FUCHS PETROLUB SE sees corporate governance as a central prerequisite for achieving its company targets and increasing company value. We believe that sound and responsible management and supervision geared towards sustainable added value in particular include

- close and trusting cooperation between Executive Board and Supervisory Board
- respect for shareholders' interests
- open corporate communication
- transparency in accounting
- responsible handling of opportunities and risks
- sustainable business activities.

We are convinced that effective and transparent corporate governance is a key factor in the success of FUCHS PETROLUB SE. Corporate governance therefore plays an important part in how we see ourselves and is a standard that covers all departments and divisions within the company. Investors, financial markets, business partners, employees and the general public put their trust in us. We are keen to confirm this trust long-term and also continuously further develop corporate governance in the Group.

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Text of the Declaration of Compliance

On multiple occasions throughout the last financial year, the Executive Board and Supervisory Board at FUCHS PETROLUB SE once again examined and addressed the stipulations of the Corporate Governance Code in detail, paying particular attention to the requirements regarding the independence of members of the Supervisory Board and taking into account the concepts of diversity and giving appropriate consideration to women when filling management positions in the company. On this basis, the Executive Board and Supervisory Board together submitted the updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on March 16, 2015 and made this available to shareholders on the company's website – together with the declarations of previous years (see page 47 in this report).

DECLARATION OF CORPORATE GOVERNANCE*

MANAGEMENT AND CONTROL STRUCTURE – WORKING PRACTICES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

As a European corporation (Societas Europaea – “SE”), FUCHS PETROLUB SE, with its registered office in Mannheim, is subject in particular to the provisions of the SE Regulation and of the German Stock Corporation Act (AktG), on the basis of which the German Corporate Governance Code was also developed. A basic principle in German stock corporation law is the two-tier board system with the Executive Board and Supervisory Board bodies, each of which has independent responsibilities. This two-tier board system was also retained following the conversion to an SE. Sound corporate governance requires continuous further development of this two-tier board system, with all divisions being included. This begins with independent and responsible corporate management by the Executive Board which is monitored and advised by the Supervisory Board.

CORPORATE MANAGEMENT BY THE EXECUTIVE BOARD

The Executive Board holds responsibility to act as the management body and is bound both to the company’s interests and to sustainably increasing company value. The members of the Executive Board together hold responsibility for the entire company management. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Board resolutions. Rules of procedure specify in more detail the work of the Executive Board. The distribution of responsibilities to the individual members of the Executive Board is set out in the schedule of responsibilities. For key business processes – such as specifying annual planning or major acquisitions – the rules of procedures for the Executive Board include gaining approval of the Supervisory Board for its actions.

The Executive Board reaches decisions on key issues regarding corporate policy and strategy, as well as annual and multi-year planning. The Executive Board ensures appropriate opportunity & risk management and risk controlling in the company, working towards compliance with legal regulations, regulatory stipulations and internal company guidelines (compliance). It also pays attention to diversity and ensuring appropriate consideration is given to women when filling management positions at the company. At FUCHS, 22% of management positions within the Group are held by women. There are currently no women on the Executive Board. FUCHS strives for systematic and targeted promotion of qualified women considering them appropriately when filling Executive Board and management positions.

* Part of the combined management report.

In 2014, the Executive Board at FUCHS PETROLUB SE comprised five members up to and including June 30, and then four persons from July 1 onward. The composition of the Executive Board and the allocation of duties within the Executive Board (organization of responsibilities, regions and segments) are shown in detail on pages 29 of this annual report.

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The Executive Board

MONITORING OF CORPORATE MANAGEMENT BY THE SUPERVISORY BOARD

The Supervisory Board appoints the members of the Executive Board, defines the responsibilities of the members of the Executive Board and both advises and monitors the Executive Board in its management of the company. It is included in strategy and planning, as well as in all questions of fundamental importance for the company. The Chairman of the Executive Board maintains regular contact with the Chairman of the Supervisory Board. The continuous dialog between the Executive Board and Supervisory Board, which is based on mutual trust, forms an important foundation for the company’s success.

The Supervisory Board at FUCHS PETROLUB SE is made up of four shareholder members, who are elected by the Annual General Meeting, as well as two members who are elected by the employees. The terms of office are identical.

The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote.

The Supervisory Board at FUCHS PETROLUB SE is composed in a way that ensures qualified monitoring and advising of the Executive Board by the Supervisory Board. Based on their knowledge, skills and specialist experience, the candidates to be proposed for election to the Supervisory Board should be capable of performing the duties required of a member of the Supervisory Board at an international Group such as FUCHS PETROLUB SE and preserve the reputation of the FUCHS PETROLUB Group in the public arena. In its composition, the Supervisory Board primarily focuses on qualifications and diversity, striving also for appropriate involvement of women. In this context “diversity” is understood to mean diversity in terms of internationality (not in the sense of citizenship, but rather origin, upbringing, training and career), gender and age. Based on Section 5.4.1 of the Code, the Supervisory Board has set the following targets for its composition:

- The required knowledge, skills and specialist experience refer in particular to the management of an international company
- Special economic knowledge and experience is to be considered
- Special knowledge and experience in the application of financial accounting principles and internal control procedures
- Technical expertise, in particular in the field of (special) chemicals is to be considered
- Appropriate involvement of women in the Supervisory Board for new appointments
- An appropriate number of independent members of the Supervisory Board; of the four shareholder representatives on the Supervisory Board, at least two should be independent in the sense of Section 5.4.2 of the Code
- Prevention of significant and not only temporary potential conflicts of interest
- The (standard) age limit of 70 years at the time of election is to be considered

The Supervisory Board is of the opinion that it complies with the diversity requirements, as a female ratio of 25% of shareholder representatives or 17% of members of the Supervisory Board has been achieved and the internationality criterion was also fulfilled. The Supervisory Board also believes that it includes an appropriate number of independent shareholder representatives.

Dr. Dr. h.c. Manfred Fuchs is the only member of the Supervisory Board that holds an appreciable number of shares in the company and that has a personal relationship both to the company and its Executive Board. According to the Supervisory Board's rules and procedures, shareholder representatives on the Supervisory Board must always be independent. The members of the Supervisory Board hold or used to hold executive positions at other companies. However, any and all business conducted between FUCHS PETROLUB SE and these companies has always taken place under the same conditions as with third parties (arm's length transactions). In our opinion, these transactions do not have any impact on the independence of the affected members of the Supervisory Board.

The term of office of the Supervisory Board is five years. The next term of office starts with the end of the Regular Annual General Meeting 2015.

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Organization and Report of the Supervisory Board

Information on the composition of the Supervisory Board and its Committees is also provided on page 28 of this annual report. The report by the Supervisory Board on pages 33 ff. onwards provides further details of the work performed by the Committee in the reporting year.

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Corporate Governance and Consolidated financial statements

The main features of the company's compensation system for members of the Executive Bodies are described on pages 48 and 49 of this report. The compensation for members of the Executive Board and the compensation for the individual members of the Supervisory Board in accordance with Section 314 (1) No. 6 of the German Commercial Code (HGB) are disclosed in the notes to the consolidated financial statements on page 202 ff.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board at FUCHS PETROLUB SE has formed three professionally qualified committees, which prepare and also supplement its work. The duties, responsibilities and work processes are all aligned with the requirements of the Corporate Governance Code and also take into account the binding regulations of the German Stock Corporation Act (AktG).

The Personnel Committee and Audit Committee meet several times a year, while the Nomination Committee only convenes for meetings when these are necessary based on its allocation of duties. The respective Chairmen of the Committees regularly report to the Supervisory Board on the work of the Committees.

OWNERSHIP OF SHARES IN THE COMPANY BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS

As at December 31, 2014, Stefan Fuchs held directly and indirectly 9,535,391 ordinary shares. The other members of the Executive Board together held 276 ordinary shares and 10,670 preference shares on December 31, 2014.

As at December 31, 2014, Dr. Dr. h.c. Manfred Fuchs held directly and indirectly 1,837,547 ordinary shares. The other members of the Supervisory Board together held 931 ordinary shares and 7,000 preference shares on December 31, 2014.

→ www
Further information at www.fuchs-oil.com / directorsdealing.html

As per Section 15 a of the German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board are legally obliged to declare any acquisition or sale of shares in FUCHS PETROLUB SE or any other related financial instruments if the value of these transactions conducted by the members or persons related to them reaches or exceeds the sum of €5,000 within one calendar year. The transactions reported to FUCHS PETROLUB SE in the reporting year were duly published and can be viewed on the company's website at www.fuchs-oil.com/directorsdealing.html.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

FUCHS PETROLUB SE has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting reach decisions on all tasks assigned to them by law (for example appropriation of earnings, amendments to the Articles of Association, election of members of the Supervisory Board, approval of the Executive Board and the Supervisory Board, measures affecting the capital structure and selection of the auditor). Each ordinary share authorizes the holder to one vote. The Schutzgemeinschaft Familie Fuchs holds around 53% of the ordinary shares. While the preference shares only grant voting rights in the cases prescribed by law, they grant the holders a preference right on the distribution of unappropriated profit and entitle them to an additional dividend (preference).

The holders of ordinary and preference shares exercise their codetermination and control rights at the Annual General Meeting held at least once a year. In compliance with the statutory and legal conditions, every shareholder is entitled to participate in the Annual General Meeting. Shareholders who do not wish to or are unable to attend the Annual General Meeting in person can have their voting right exercised by a voting representative (proxy), such as a bank, a shareholders' association or a voting representative appointed by the company, by granting a power of attorney.

The Regular Annual General Meeting typically takes place in May. The reports, documents and information required by the law on Annual General Meetings, including the annual report, can be accessed on the Internet, where the agenda of the Annual General Meeting and any countermotions or nominations of shareholders to be made public can also be found.

In accordance with the Articles of Association, the Chairman of the Supervisory Board chairs the Annual General Meeting. He determines the order in which proceedings are conducted as well as the type and form of voting. He is also authorized to limit the shareholders' rights to pose questions and to speak for a reasonable period of time.

CORPORATE GOVERNANCE GUIDELINES

→ www

Further information at www.fuchs-oil.com / corporate_govern1.html

The Articles of Association of FUCHS PETROLUB SE, all Declarations of Compliance, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further documentation on corporate governance, such as the Anti-Corruption Directive, the Anti-Trust Directive or the FUCHS Sustainability Guide, can be accessed on the Internet at www.fuchs-oil.com/corporate_govern1.html.

COMPLIANCE

→ a–z
Glossary page 214

We understand **COMPLIANCE** to mean observing rights, laws and the company's Articles of Association, adhering to internal rules and standards, as well as making voluntary personal commitments. The main guideline for the actions of all employees is observing applicable law. The management and employees are called upon without exception to observe applicable laws, directives and social standards within the scope of their duties, regardless of whether these are international or local regulations. Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.

The Corporate Governance and Compliance divisions report directly to the Executive Board. These include a Chief Compliance Officer and a Compliance Organization, which together further develop, guide and implement the Compliance Program, as well as supporting and advising employees all over the world. There is a Compliance Officer for each national unit, who is also available to local staff as a contact for individual questions. All FUCHS employees are required to actively contribute to implementing the Compliance Program in their area of responsibility. The compliance system is regularly reviewed and, if necessary, modified.

The FUCHS Code of Conduct, which was laid down as early as 2004 and most recently updated in October 2012, represents a binding framework for ensuring lawful and social-ethical behavior in the Group. The Code of Conduct is supplemented by information and training measures, the consistent processing and sanctioning of compliance infringements, a compliance hotline for reporting criminal or anti-cartel infringements against laws or provisions, regular compliance reporting, as well as a special compliance audit performed by the internal audit department. Since September 15, 2014, FUCHS has also offered access to a digital whistleblower portal via the company website. The portal fulfills the strictest IT security requirements and offers users the opportunity to enter into dialog with the Compliance Officer.

CODE OF RESPONSIBLE CONDUCT FOR BUSINESS – COMMITMENT TO SUSTAINABLE, SUCCESS-DRIVEN AND VALUE-ORIENTED CORPORATE GOVERNANCE

The new FUCHS Code expresses a common leadership position and thereby offers general orientation for responsible actions. This common basic understanding is in line with the five central values practiced at FUCHS: Trust, creating value, respect, reliability, and integrity. These values are considered to be a benchmark for internal objectives and form the basis for individual actions.

FUCHS PETROLUB SE also participated in an initiative of German economic leaders that presented a Code of Responsible Conduct for Business in November 2010 under the patronage of the Wittenberg Center for Global Ethics. The Code explicitly addresses critical points that have been the subject of public debate, such as profits and morals, job cuts, manager remuneration and violation of rules. By signing this Code, the Executive Board has underlined its commitment to a success-driven and value-oriented system of corporate governance in the sense of the social market economy. In accordance with the Code, this includes fair competition, social partnership, the performance principle and sustainability.

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Sustainability report

In November 2012, we summarized our basic principles for sustainable business activities in the FUCHS Group in the form of a comprehensive Sustainability Guide. The Executive Board bears overall responsibility for sustainability at FUCHS. The Chief Sustainability Officer supports all activities relevant to sustainable business activities throughout the company as well as our social commitment. Since the organizational further development of our sustainability management system, we have established a Local Sustainability Officer at every national unit with production operations. In future, these sustainability officers will act as the interface for the Chief Sustainability Officer at the Group HQ and be available as a point of contact for any specific questions that might arise in this regard. Further information on the topic of sustainability at FUCHS can be found in the sustainability report on page 50.

OPPORTUNITY AND RISK MANAGEMENT

→ 104
Opportunity and risk report

Sound corporate governance also includes responsible handling of opportunities and risks by the company. The Executive Board ensures appropriate opportunity and risk management in the company. The Supervisory Board is informed regularly by the Executive Board of existing opportunities and risks, their development and any measures that have been taken in this regard. The Audit Committee, set up by the Supervisory Board, monitors the financial accounting process and examines the effectiveness of the internal control system, risk management system and audit system, as well as monitoring the audit. The internal control system, the risk management system and the internal audit system are continuously further developed and brought in line with the ever changing framework conditions. Details on this can be found in the opportunity and risk report (separate chapter in the combined management report).

HIGH DEGREE OF TRANSPARENCY THROUGH COMPREHENSIVE INFORMATION

FUCHS PETROLUB SE places great emphasis on keeping capital market participants up-to-date on the economic situation of the Group and key events through regular, prompt, uniform and comprehensive information. This reporting takes the form of an annual report and interim financial reports. In addition to this, FUCHS PETROLUB SE also provides information through scheduled and ad-hoc press releases. All information can be viewed on the Internet (website: www.fuchs-oil.com). The website also offers a financial calendar that contains the scheduled dates and times of all important events and publications.

mobile.fuchs-oil.com

FUCHS PETROLUB SE has created the mandatory insider directory in accordance with Section 15b of the German Securities Trading Act (WpHG) and informed the affected persons, for whom access to insider information is essential to be able to perform their duties at FUCHS PETROLUB SE, of their legal obligations and the potential sanctions faced by anyone failing to comply with the regulations. Where directors' dealings are to be reported, these are published on the website.

The members of the Executive Board and Supervisory Board are committed to the interests of the company. In reaching their decisions, they must neither pursue any personal interests nor business opportunities available to the company for their own personal gain. Any conflicts of interest must be declared to the Supervisory Board immediately. If applicable, the Annual General Meeting is also to be informed of conflicts of interest that have occurred and how they are being handled. There were no such conflicts of interest in the reporting year.

ACCOUNTING AND AUDIT

The consolidated financial statements and interim financial reports of FUCHS PETROLUB SE are prepared in accordance with the International Financial Reporting Standards (IFRS) in the way in which they are to be applied in the European Union. The statutory annual financial statements of FUCHS PETROLUB SE, relevant for the distribution of dividends are prepared in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Executive Board, the annual and consolidated financial statements, as well as the combined management report, are audited by the auditor appointed at the Annual General Meeting and approved by the Supervisory Board on the basis of its own examination. The annual financial statements are then adopted.

An agreement is reached with the auditor that he will inform the Chairman of the Supervisory Board and the Chairman of the Audit Committee shall be advised immediately of any issues uncovered during the audit that might give rise to statements of exclusion or reservation in the auditors' report, unless these issues can be resolved forthwith . The auditor is also to immediately report on all findings or conclusions important for the duties of the Supervisory Board that become apparent when performing the audit. The auditor is also to inform the Supervisory Board or make a note in the auditor's report if he detects any facts while performing the audit that render any part of the Declaration of Compliance submitted by the Executive Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) inaccurate.

TEXT OF THE DECLARATION OF COMPLIANCE

Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of FUCHS PETROLUB SE declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that with effect from January 1, 2015 it has fully complied with and will continue to comply with all recommendations of the Government Commission on the German Corporate Governance Code in the version of September 30, 2014. Up to December 31, 2014 no maximum limits were in place as to the amount of variable compensation and thus the Executive Board's compensation. As of January 1, 2015, this exception to the Code no longer exists.

Mannheim, March 16, 2015

Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

Further information at www.fuchs-oil.com / declarationcompliance.html

The current and all previous Declarations of Compliance, can be accessed at any time on the Internet at www.fuchs-oil.com/declarationcompliance.html.

Mannheim, March 23, 2015

FUCHS PETROLUB SE

The Executive Board

MAIN FEATURES OF FUCHS PETROLUB SE'S COMPENSATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BODIES*

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

The compensation of the members of the Executive Board is based on the following criteria:

- duties of the individual board members,
- performance of the entire Executive Board,
- economic situation of the company,
- success and future perspectives of the company,
- reasonableness of the compensation, taking into account comparable external and internal data

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FUCHS Value Added

The performance-related compensation components are aligned with FUCHS Value Added (FVA), which forms the general basis for variable compensation components throughout the Group. As an indicator of sustainable company development, the FVA is based both on annual profit and capital employed, which itself is based on long-term decisions (capital expenditure, research and development, etc.). Sustainable economic success as a parameter for compensation has been and remains at the heart of the management philosophy in place at FUCHS.

To better incorporate the need for a more comprehensive assessment basis which extends over several years when assessing the variable compensation component, the FVA 2010 has been extended to include a performance factor. The long-term performance of the Executive Board is determined by the Supervisory Board on the basis of achievement of medium and long-term targets. These targets are aligned to the strategic guidelines at FUCHS and are agreed for the entire Executive Board.

The members of the Executive Board also receive additional benefits in the form of remuneration in kind, which essentially comprises private use of company cars and payment of insurance premiums. This remuneration in kind is likewise available to all members of the Executive Board.

The pension of Executive Board members is based on a percentage of the average fixed salary received by said members over the last three years prior to termination of their employment contract. This percentage increases successively with the duration of service of the Executive Board member. Pensions are paid to former members of the Executive Board who have reached the pension age.

* Part of the combined management report.

The previous compensation system, which has been in place since January 1, 2010, has undergone thorough revision. The fixed compensation components, which represented a very small percentage relative to the variable compensation components, were increased with effect from January 1, 2015. This led to a rise in pension entitlements, although the streamlining of the percentage-based entitlement then had a compensatory effect. 25% of the variable compensation components must be invested in FUCHS PETROLUB preference shares with a 3-year holding period. Caps were defined for both variable and total compensation. In the interests of ensuring acceptance, the Executive Board and Supervisory Board sought the consent of the shareholders for the Executive Board compensation system at the Annual General Meeting on May 5, 2010. The approval quota of this consultative AGM resolution was 94.87%. The Executive Board and Supervisory Board will ask shareholders for their consent regarding the revised compensation system at the Annual General Meeting on May 6, 2015.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board is specified in the Articles of Association of FUCHS PETROLUB SE. These state that each member of the Supervisory Board shall receive fixed compensation of €30,000 for the last year, in addition to expenses, and a variable compensation linked to the success of the company of €100 for every €0.005 by which the disclosed average earnings per share exceed €0.29. The level of variable compensation may not exceed that of the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Furthermore, each member of the Supervisory Board shall receive an attendance allowance of €1,000 per Supervisory Board meeting. Members of the Supervisory Board who also sit on the Audit Committee receive additional fixed compensation of €15,000, while those who also sit on the Personnel Committee receive additional fixed compensation of €5,000. An attendance allowance of €1,000 is paid for committee meetings. The Committee Chairman receives double these compensations, the Deputy Chairman one and a half times. The overall compensation of the Supervisory Board has been revised and a draft resolution drawn up for approval by the Annual General Meeting to be held on May 6, 2015. The key changes are an increase in the proportion of fixed compensation and a further lowering of variable compensation caps, which in the past could reach the same level as fixed compensation but are now limited to two thirds of said fixed compensation, as well as the abolition of attendance allowances. Half of the variable compensation is to be invested in preferance shares of the company with a holding period of five years; the holding period no longer applies for members of the Supervisory Board upon tearing their position.

Sustainability report

Further information at www.fuchs-oil.com/sustainabilityguideline0.html

We consider sustainability to be a core element of sound corporate management. The FUCHS Sustainability Guideline contains stipulations for responsible business practices and provides a binding sustainability framework for the Group's global business operations.

Sustainability at FUCHS means continuous improvement. We constantly work on improvements in the three sustainability dimensions economy, ecology and social and achieved further key milestones in those areas in the year 2014. These involve on particular:

- Getting written confirmation from our local suppliers of their compliance with our ethical corporate requirements and minimum social standards, either pursuant to the FUCHS Sustainability Guide or other dedicated guidelines they themselves have put in place. This requirement was already established in 2013 for all key FUCHS suppliers across the globe and concluded with a 100% return quota.

- Provision of active support and advice to our local manufacturing companies by the Chief Sustainability Officer with regard to improving ecological and social efficiency, reducing the carbon footprint, optimizing the energy mix, etc. In addition to this, regular information exchange was established with the Local Sustainability Officers, ensuring that the measures for sustainable business activities are tracked at company level.

- Introduction of CO_2 limits for vehicle fleets operated by FUCHS companies in Europe. The applicable CO_2 limits set out for vehicle manufacturers by the European Union (EU) are to serve as a guideline for all new vehicle orders placed throughout Europe and should not be exceeded as an annual average by each country's entire fleet of vehicles. The country-specific, individual FUCHS emission limits are reviewed annually to determine their appropriateness and gradually reduced. FUCHS strives to achieve the 2020 target value for fleet CO_2 emissions of 95 g/km, passed by the EU Parliament for European vehicle manufacturers. For FUCHS' fleet of vehicles in Germany we managed to achieve the EU target limit for CO_2 emissions of vehicle manufacturers (2015 limit: 130g/km) at the end of 2014.

Further information at www.fuchs-europe.com/brochures.html

- Expansion of the FUCHS product program for sustainable solutions by our largest manufacturing company, FUCHS EUROPE SCHMIERSTOFFE GMBH. The product program is geared towards improving the ecological balance and supporting our customers with their own sustainability initiatives. These products are based on the newest technology, which is illustrated through the inclusion of renewable raw materials and recyclable base oils.

- Regular update to our management systems and certifications, which in 2014 reached a coverage of approximately 60% in the category of environment (ISO14001) and 100% in the category of quality (ISO 9001) relative to our respective worldwide production locations

- Signing of the Responsible Care Global Charter, which was newly published by the International Council of Chemical Associations (ICCA) in mid-2014 and focuses on the following six aspects:
  - Corporate Leadership Culture
  - Safeguarding People and the Environment
  - Strengthening Chemicals Management Systems
  - Influencing Business Partners
  - Engaging Stakeholders
  - Contributing to Sustainability (sustainable development)

The ICCA focuses in particular on sustainable development. They key issues here are greenhouse gases, waste management, as well as the economic use of raw materials, water, and energy. FUCHS identifies with and supports all of the items included in the Charter. Having signed the Responsible Care Global Charter, we are committed to continuously improving our own processes and performances in the fields of environmental protection, climate protection, product responsibility, quality, health, and safety. In 2014, CEOs at around 150 globally operating and leading companies – including FUCHS – were requested to sign the new Responsible Care Global Charter, which is to be unveiled to the global public in June 2015 at the International Conference on Chemicals Management (ICCM-4) held by the United Nations Environment Programme (UNEP).

ECONOMIC SUSTAINABILITY

FUCHS considers economic sustainability as long-term alignment of its business with the objective of continually increasing company value, as well as creating shareholder value. Its business activities are therefore founded on the following basic principles:

- FUCHS bases its corporate decisions on realistic, economically sound, and long-term objectives.
- FUCHS pursues a dividend policy that targets constantly rising or at the very least stable dividend payouts to shareholders.

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Overall position and performance indicators

The Group's central key performance indicator is the FUCHS Value Added (FVA). As economic profit, FVA embodies a holistic approach that takes into account both earnings (EBIT) and capital employed. An essential component of the capital employed is the net operating working capital (NOWC). For further information refer to the Group Management Report on pages 96 and 100 ff.

The Executive Board and Supervisory Board propose increasing the total dividend payout for shareholders in FUCHS PETROLUB SE by 10.0% to €106.3 million (96.6).

ECONOMIC INDICATORS

	2014	2013	2012	2011	2010
FUCHS Value Added (FVA) in € million	229.7	221.9	208.2	186.0	182.7
Earnings before interest and tax (EBIT) in € million	313.0	312.3	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.0	19.9	21.0	21.1	19.0
Total dividend payout in € million*	106.3	96.6	91.6	70.3	63.2

* Dividend proposal for 2014.

ECOLOGICAL SUSTAINABILITY

Due to the low level of vertical integration that we employ as a blender at the end of the process and added value chain, our direct ecological impact in lubricant manufacturing is relatively low, compared to the chemical industry. Yet despite this, FUCHS has still set itself the objective of continually reducing its ecological footprint through targeted product-related and process-based measures. We invest in modern and secure plants, as well as in continuous process optimization as a way of reducing our energy and water consumption, and our production waste.

Since 2010 we have been reducing the specific amount of energy consumed year on year. The specific water consumption had increased in 2013 due to portfolio changes, but it was possible to reduce this back to the average level recorded between 2010 and 2012 in the reporting year through optimization processes. Our specific volume of waste generated remained relatively constant between 2010 and 2013. The increase in 2014 can be attributed to construction work at a major production site.

Direct CO_2 emissions – so-called Scope 1 Emissions according to the Greenhouse Gas (GHG) Protocol – stem from sources or operations that can be directly assigned to or are originated by the company. Scope 1 emissions at FUCHS emerge from the own energy generation from purchased fossil energy sources (mainly through combustion of gas and fuel) and from the fuel consumption of company owned vehicles. We calculated our CO_2 footprint for FUCHS' global fleet for the first time for the reporting year 2014. Indirect, energy related CO_2 emissions – so-called Scope 2 Emissions according to the GHG Protocol – originate from the external energy generation, which is bought in for own usage. At FUCHS the bought in energy primarily consist of electricity and steam. The specific CO_2 footprint as per Scope 1* and Scope 2 at FUCHS declined between 2010 and 2014.

* Without company owned vehicles.

In 2013, management at FUCHS' major production plants, which account for around 90% of total production in the Group, set itself annual reduction target values for the period till 2016 for energy and water consumption, as well as the volume of waste generated. In terms of energy and water consumption, the stipulated reduction target values set for the year 2014 were achieved in total.

ECOLOGICAL INDICATORS

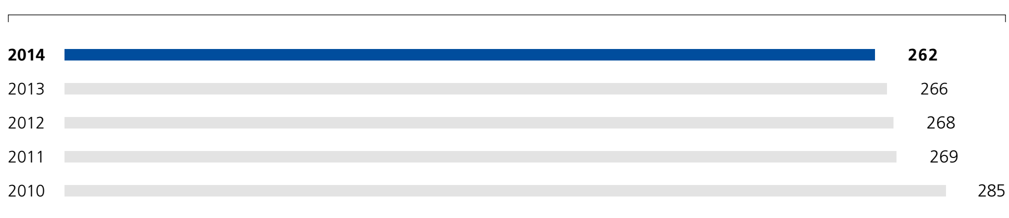
	2014	2013	2012	2011	2010
Energy consumption in kilowatt hours per ton produced	262	266	268	269	285
Water consumption in liters per ton produced	467	507	440	450	454
Waste generated in kilograms per ton produced	35	30	30	31	31
CO_2 Emissions Scope 1 in kilograms per ton produced*	40	39	42	42	44
CO_2 Emissions Scope 2 in kilograms per ton produced	54	56	53	53	56

Basis: FUCHS production locations.

* Without company owned vehicles.

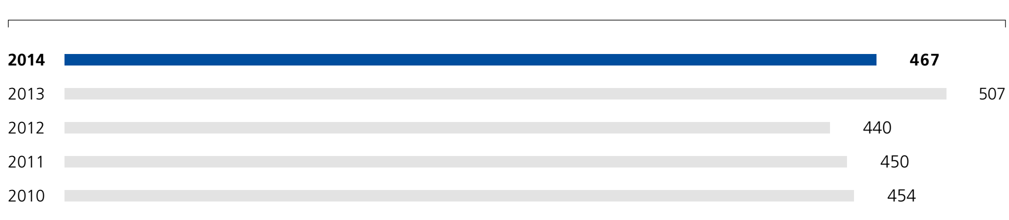
DEVELOPMENT OF ENERGY CONSUMPTION

(in kilowatt hours per ton produced)



DEVELOPMENT OF WATER CONSUMPTION

(in liters per ton produced)



SOCIAL SUSTAINABILITY

For FUCHS, social sustainability means to take over (external) responsibility for the social environment and (internal) responsibility for the Group's employees.

The following information refer to the FUCHS production locations, which represent around 90% of the Group's employees.

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Employees

In the reporting year, the average age of employees both worldwide and at the German production sites was 43 and has remained constant since 2010. This corresponds to the average age of the workforces in the German chemical industry. With a share of below 30% each, the age group of FUCHS employees over 50 globally and in Germany displays a fairly typical structure for an industrial enterprise. The corresponding quota is around 33% in the German chemicals industry.

The average length of service and the employee fluctuation are indicators of the satisfaction and the high degree of loyalty of our employees with FUCHS. The average length of service of FUCHS employees remained constant between 2010 and 2014 at eleven years. The employee fluctuation increased slightly to around 4.1% in the reporting year, however it still remains just below the highest level previously reported in the business year 2011 and at a low level overall.

FUCHS is committed to promoting health and safety at the workplace. The number of work-related accidents with more than three days lost per 1,000 employees at FUCHS has remained at a constant level of 16 since 2012, two less than in 2011 and 2010. The corresponding work-related accident rate at FUCHS' German production sites, which reported an average of 20 accidents in 2010, was reduced to 17 in 2014 and is therefore only slightly above the standard level of the chemicals industry in Germany. The number of days lost due to sickness per employee worldwide has remained constant at an average of seven days since 2010.

FUCHS fills key positions in the company with a balanced mix of specialists and all-rounders. Wherever possible, FUCHS fills positions that become vacant with experienced employees from within the company. The proportion of women in management positions at production locations worldwide has remained stable at 20% since 2012 and is therefore 1% point above the level recorded in 2010 and 2011. The percentage of women working at the other non-production company locations is higher for structural reasons. As such, in 2014 22% of management positions within the FUCHS PETROLUB Group were held by women. The percentage of women in the overall FUCHS workforce is at 26% in the reporting year.

FUCHS invests in training, developing and promoting high-potential employees. We have been able to increase the average number of further education hours per FUCHS employee continuously since 2010. In the reporting year, each FUCHS employee attended an average of around 18 hours of further education. This value therefore doubled relative to 2010.

Within the frame of our social responsibility (corporate citizenship), we support the social and voluntary commitment in various ways at our global company locations and promote academic, cultural and social projects both, nationally and internationally. FUCHS is getting involved already since many years at the Group's headquarters in Mannheim as well as in the Rhine-Neckar metropolitan region and in this way has made corporate citizenship to an integral and successful part of its company culture over there. But also around two-thirds of our global production locations are socially active with at least one project, mainly in the areas of education, health and environment. The implementation of our corporate citizenship activities is effected mainly by means of donations. FUCHS is convinced, that corporate citizenship should continue to remain a voluntary initiative, while its meaningfulness, investment value and project type must be decided locally. In the context of the regular information exchange between the chief sustainability officer and the respective Local Sustainability Officer the global FUCHS companies receive suggestions and impulses on how country-specific corporate citizenship activities can be put into shape.

SOCIAL INDICATORS

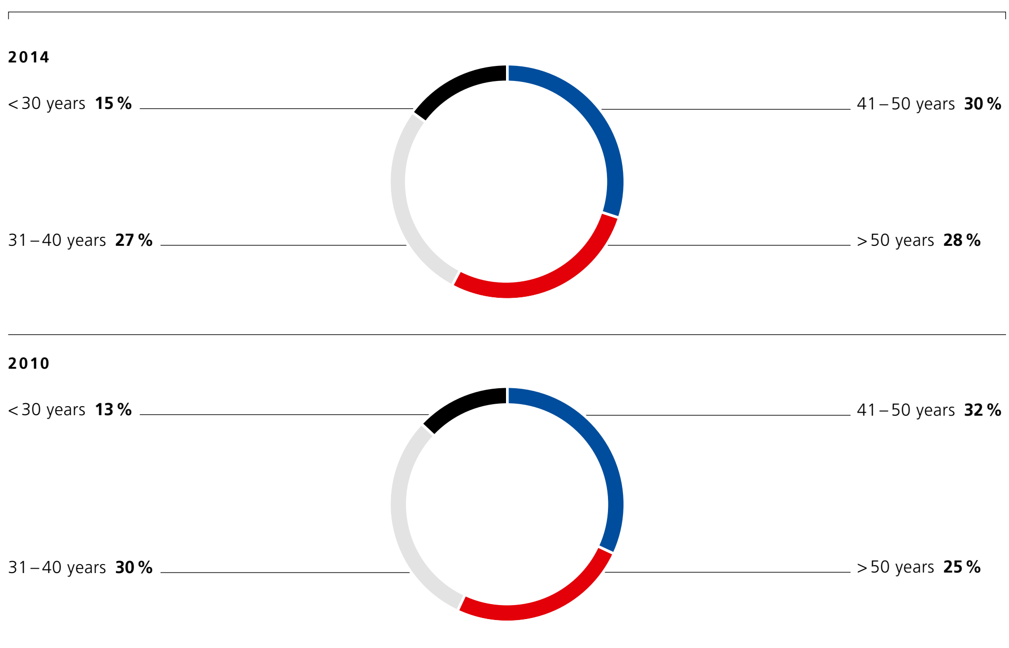
	2014	2013	2012	2011	2010
Average age of employees in years	43	43	43	43	43
Age structure of employees in %					
< 30 years	15	14	15	14	13
31 – 40 years	27	27	27	29	30
41 – 50 years	30	32	32	31	32
> 50 years	28	27	26	26	25
Average length of service of employees in years	11	11	11	11	11
Employee turnover rate[1] in %	4.1	3.2	3.5	4.2	3.8
Work-related accidents[2] per 1,000 employees	16	16	16	18	18
Days lost due to sickness per employee	7	7	7	7	7
Proportion of women in management positions in %	20	20	20	19	19
Average further training and education per employee in hours	18	17	16	12	9

Basis: FUCHS production locations (Group representativeness: 90%).

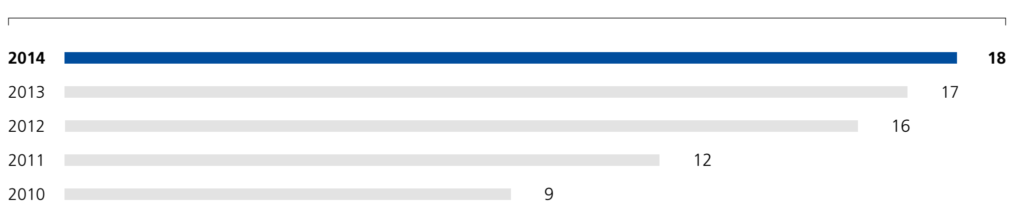
[1] Proportion of employees that voluntarily leave the company.

[2] Number of accidents requiring more than three days off work.

AGE STRUCTURE OF EMPLOYEES



AVERAGE FURTHER TRAINING AND EDUCATION PER EMPLOYEE
(in hours)



Disclosure required under takeover law*

Section 315 (4) of the German Commercial Code (HGB) stipulates additional disclosures in the management report regarding specific features of the capital and shareholder structure as well as specific agreements that might be significant in a takeover situation.

COMPOSITION OF THE SHARE CAPITAL

As at December 31, 2014, the company's subscribed capital was €139,000,000. The share capital is divided into 69,500,000 bearer ordinary shares with no par value and 69,500,000 bearer preference shares with no par value. The percentage of share capital in the company is therefore 50% per share class. Each share is assigned a nominal value of €1 on the balance sheet date. The ordinary shares grant the rights provided for by the German Stock Corporation Act (AktG). The preference shares grant the same rights, with the exception of the voting right. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act (AktG), in particular Sections 12, 53 a et seq., 118 et seq. and 186 of the German Stock Corporation Act (AktG).

In accordance with the company's Articles of Association, the unappropriated profit is used in the following order:

a. for payment of any remaining profit shares on the non-voting shares from previous years
b. for payment of a preference profit share of €0.03 per preference share of no par value
c. for payment of an initial profit share of €0.02 per ordinary share of no par value
d. for equal payment of further profit shares on the ordinary shares and the non-voting shares, unless the Annual General Meeting decides on another use.

LIMITATIONS THAT AFFECT VOTING RIGHTS OR THE TRANSFER OF SHARES

Together with members of the Fuchs family, RUDOLF FUCHS GMBH & CO KG, Mannheim forms the Schutzgemeinschaft Fuchs. Within the Schutzgemeinschaft Fuchs there are limitations with regard to the exercising of voting rights and the transfer of shares. The voting rights of all members in the Schutzgemeinschaft Fuchs are exercised uniformly by the management of the Schutzgemeinschaft. In the case of paid and free of charge transfer of shares from members of the Fuchs family or RUDOLF FUCHS GMBH & CO KG to third parties, the shares must first be offered internally within the Schutzgemeinschaft.

In addition to this, RUDOLF FUCHS GMBH & CO KG and several members of the Schutzgemeinschaft Fuchs also concluded a voting trust and escrow agreement. Based on this, shares may only be transferred to signatories of this voting trust and escrow agreement.

* Part of the combined management report.

INVESTMENTS IN THE CAPITAL THAT EXCEED 10% OF VOTING RIGHTS

The following direct or indirect investments in the company's capital exceed 10% of the voting rights.

The Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG holds 48.6% of the voting rights. The individuals who are members of the Fuchs family hold a further 4.7%. The Schutzgemeinschaft Fuchs therefore holds 53.3% of the voting shares in total.

SHARES WITH SPECIAL RIGHTS WHICH CONFER SUPERVISORY POWERS

There are no shares with special rights which confer supervisory powers.

TYPE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES PARTICIPATE IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

As is the case with other shareholders, those employees that participate in the company's capital can exercise their control rights directly pursuant to the legal requirements and terms of the company's Articles of Association.

LEGAL REQUIREMENTS AND TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION REGARDING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION

The company's Articles of Association in their current form comply with the legal requirements pursuant to Article 39 of the SE Regulation, Section 16 of the SE Implementation Act, as well as Sections 84 and 85 of the German Stock Corporation Act (AktG) with regard to the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association.

AUTHORITY OF THE EXECUTIVE BOARD TO ISSUE AND BUY BACK SHARES

The Executive Board is authorized, with the Supervisory Board's consent, to acquire own shares up to a value of 10% of the existing share capital at the date of the resolution until May 5, 2014 for the purpose of redemption. Within the scope of a share buyback program, 740,000 ordinary shares and 740,000 preference shares were bought back – prior to corporate actions– in the period from November 27, 2013 up to and including April 28, 2014 for a total purchase price (including all costs) of €98.4 million. In the financial year 2014, a total of 570,765 ordinary shares were acquired at an average price of €62.29 and 570,765 preference shares were acquired at an average price of €71.35. FUCHS therefore spent a total of €76.3 million on buying back own shares in the financial year 2014 (€35.6 million on ordinary shares; €40.7 million on preference shares).

SIGNIFICANT COMPANY AGREEMENTS THAT ARE IN PLACE IN THE EVENT OF A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company reached agreements with two banks that enable the termination or repayment of lines of credit/loans granted with a total value of up to €60 million in the event of a change in control, insofar as no agreement can be reached on the continuation of credit facilities following the changes in ownership and control.

COMPANY AGREEMENTS FOR COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

At FUCHS, there are no agreements for compensation of the members of the Executive Board or employees in the event of a takeover bid.

FUCHS shares[1]

FUCHS PETROLUB SE issued two different share classes: ordinary shares (Security ID No. 57940) and preference shares (Security ID No. 579043).

Pursuant to the resolution of the Annual General Meeting from May 7, 2014, FUCHS PETROLUB SE increased its share capital by €70,980,000 to €141,960,000 by converting retained earnings. In this context, new ordinary and preference shares were issued to the company's shareholders (so-called bonus shares). This led to an increase in the number of shares to 70,980,000 ordinary shares and 70,980,000 preference shares, meaning that the share prices were halved accordingly.

Within the scope of the share buyback program, ordinary and preference shares were acquired from November 2013 to April 2014 for a total purchase price of €98.4 million (2.1% of share capital). The own shares were redeemed in June 2014 and the share capital reduced to €139,000,000.

PRICE TREND OF THE FUCHS SHARES

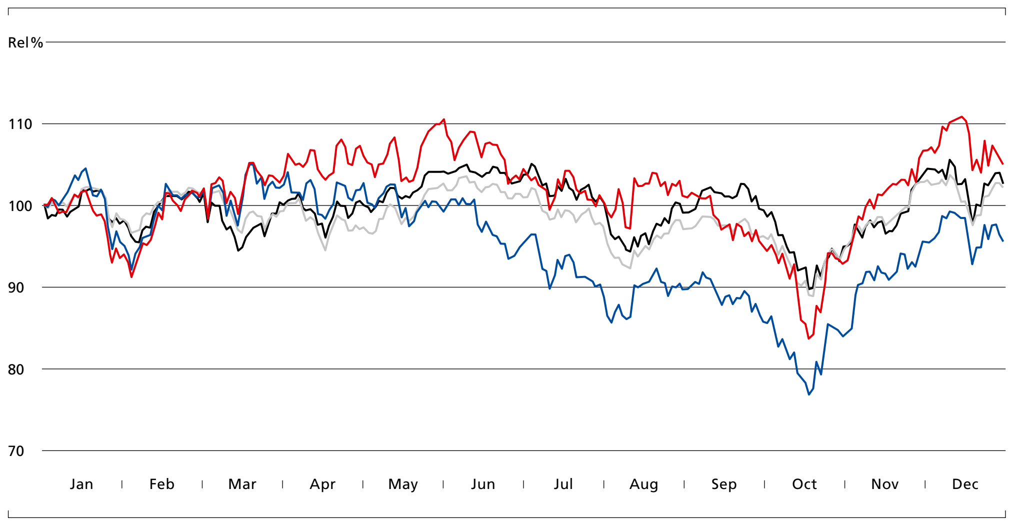
The ordinary share closed at €31.74 in XETRA trading on December 30, 2014 and was therefore 2.7% above the 2013 year-end price. The preference share recorded a year-end price of €33.30 on December 30, 2014 and therefore declined by 6.3% in the financial year 2014.

→ a–z
Glossary page 215

The prices of the ordinary and preference shares displayed better development than the overall market in the first quarter of 2014 and therefore gained some ground. The preference share reached its annual high of €37.29 on March 19, 2014. In the second quarter of 2014, the prices of both share classes declined slightly, and were unable to achieve the performance recorded by the benchmark indices. In the period from April to June, the preference share declined by 9.3%, while the ordinary share decreased by 2.5%. This in turn reduced the price differential between the two share classes. The downward trend continued throughout the market in the third quarter. The FUCHS shares were also unable to escape this trend, recording greater losses in comparison with the DAX and **MDAX**. The market reached its annual low in October 2014. The ordinary and preference shares recorded their lowest closing price of €25.30 and €26.76 respectively on October 15, 2014. The markets then started to show signs of recovery at the end of 2014. The performance of the ordinary and preference shares in the last few months of 2014 was considerably better than the performance recorded by the benchmark indices. The ordinary share reached its annual high of €33.50 on December 10, 2014. Assuming reinvestment of dividends, the performance of the ordinary share for 2014 was 5.0%. The ordinary share therefore outperformed both the DAX (+2.7%) and the MDAX (+2.2%). Over the whole year, the preference share declined slightly with a performance of −4.4%.

[1] Disclosures adjusted to include capital increases for the purpose of meaningful comparison.

PERFORMANCE TREND OF ORDINARY AND PREFERENCE SHARES IN COMPARISON WITH DAX AND MDAX (JANUARY 1, 2014 – DECEMBER 31, 2014)



■ Preference share ■ Ordinary share ■ DAX ■ MDAX

* Price trend including dividends.

→ mobile.fuchs-oil.com

FUCHS SHARE TRADING

The shares in FUCHS PETROLUB SE are primarily traded on the XETRA platform, although they are also traded on all German regional stock exchanges. The ordinary shares recorded an average daily trading volume (XETRA and Frankfurt) of 39,410 units in 2014 (2013: 55,580). The average daily traded volume of the ordinary share increased from €1.5 million in 2013 to €1.2 million in the reporting year. The average daily volume traded (XETRA and Frankfurt) of the significantly more liquid preference shares decreased by 29% to 185,901 units (2013: 263,522). This means that €6.2 million (2013: 8.1) traded each trading day on the stock exchanges in 2014. At the end of the financial year 2014, the market capitalization of the ordinary and preference shares was €4.5 billion (€4.7).

FUCHS SHARES REPRESENTED IN IMPORTANT INDICES

The ordinary share is included in the DAXplus Family Index on the German Stock Exchange. This index represents the development of 118 German and international family companies listed in the Prime Standard on the Frankfurt Stock Exchange. In addition to this, the ordinary share is included in the DAXplus Family 30, which comprises the 30 largest and most liquid family companies.

The preference share is listed in the MDAX, the second largest German share index, which comprises 50 companies, while 30 companies are included in the largest German share index, the DAX. At the end of 2014, the market capitalization of the preference shares was €2.3 billion. This put FUCHS in 18th place (2013: 16th) or 35th place in terms of trading volume (2013: 22th). The weighting in the MDAX is 1.74% (2013: 2.09). The international significance of the FUCHS preference share is reflected by the fact that it is included in STOXX Europe. The STOXX Europe 600 represents the shares of 600 companies from 18 European countries.

ANNUAL GENERAL MEETING 2014

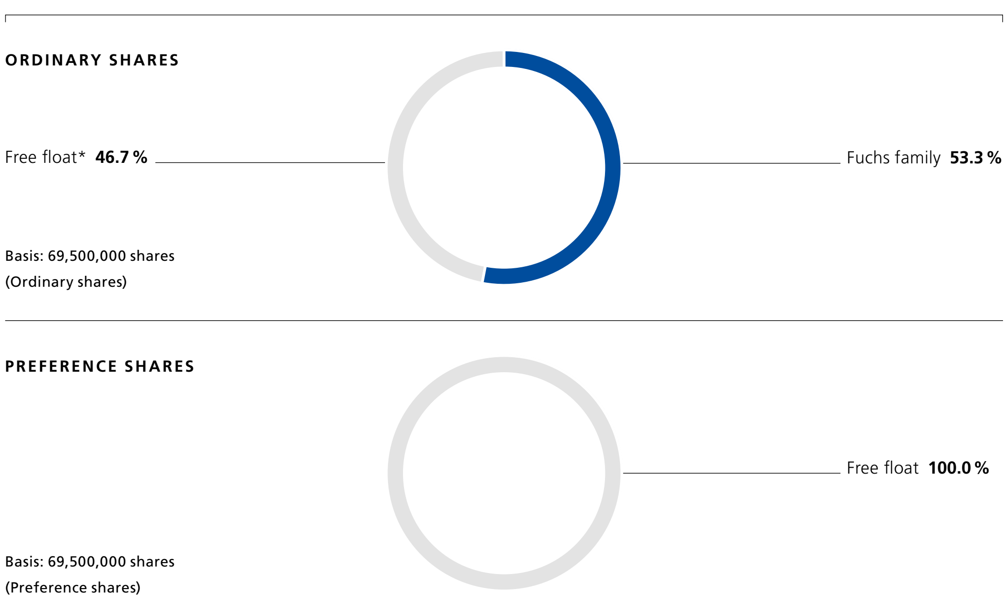
At the Annual General Meeting on May 7, 2014 in Mannheim, 71.12% of the share capital secured in ordinary shares and 6.67% of the share capital secured in preference shares were represented. The shareholders agreed to the management's proposals with clear majorities (99.99%).

SHAREHOLDER STRUCTURE

The subscribed capital of FUCHS PETROLUB SE of €139 million is divided into 69,500,000 ordinary shares and 69,500,000 preference shares with a nominal value of €1.00 per share. The ordinary and preference shares have been listed in the Prime Standard on the German Stock Exchange since January 1, 2003.

Each ordinary share carries one vote at the Annual General Meeting. As per the definition of Deutsche Börse AG, 53.3% of shares are attributable to the Fuchs family, while 46.7% are in free circulation on the balance sheet date 2014.

SHAREHOLDER STRUCTURE AS AT DECEMBER 31, 2014



* Voting rights announcement: DWS Investment, Frankfurt, 5.2% (Dec. 15, 2003).

As per the definition of Deutsche Börse AG, 100% of non-voting preference shares are in free circulation. Due to the legal form of the shares (bearer shares), FUCHS does not have access to any share register, as would for example be the case with registered shares. The notification requirement pursuant to Section 21 ff. of the German Securities Trading Act (WpHG) refer exclusively to shares with voting rights and thereby not to the preference shares, which are without voting rights. This report therefore does not contain any detailed information regarding the shareholder structure of the FUCHS preference shares.

NOTIFICATION ON VOTING RIGHTS

No voting rights announcements were made in the financial year 2014. DWS Investment, Germany, had submitted a statement by the 2014 balance sheet date (voting rights announcement from December 15, 2003) declaring that it held 5.2% of ordinary shares.

INTENSIVE CAPITAL MARKET COMMUNICATION

FUCHS PETROLUB places great emphasis on open and continuous communication with all capital market players. Institutional investors, funds managers and financial analysts had the opportunity to talk directly with management at the 19 capital market conferences and roadshows held in Europe and North America. In addition to this, numerous individual meetings and telephone conferences were held. Our 15th Capital Market Day proved a real highlight of 2014. Those attending this event had the opportunity to gain an insight into the cavity protection processes employed by Porsche. Other important dates on the investor relations calendar included the Analysts' Conferences/telephone conferences on the respective publication dates. The business and financial press were kept continuously up-to-date through press conferences, telephone conferences, and press releases. Beside this, there was great interest in interviewing the company management. The Annual General Meeting offers an opportunity for an open dialog with private investors. In addition, private investors also frequently contact the Investor Relations Team by phone, letter or e-mail with their questions.

The FUCHS Annual Report 2013, entitled "Growing Together", received numerous internationally recognized awards in 2014. The FUCHS Annual Report 2013 received a GOOD DESIGN Award in the category "Graphics/Packaging". The GOOD DESIGN Award is one of the oldest and internationally recognized design competitions. It is hosted annually by the Chicago Athenaeum Museum of Architecture and Design. In 2014, several thousand projects from 48 countries were submitted. At the Vision Awards, the FUCHS Annual Report was able to fend off strong international competition from more than 24 countries and was awarded silver in the category "Other". In addition to this, the FUCHS Annual Report also received silver at the FOX AWARDS, which rated some 422 submissions in various categories, including quality of content and dialog competence.

ANALYSTS

→ www
Further information at www.fuchs-oil.com/analystscoverage0.html

Over the course of 2014, 19 analysts from various institutions regularly observed and rated the company development at FUCHS (2013: 18). The "Investor Relations" section of the website operated by FUCHS PETROLUB SE provides information on current recommendations.

EMPLOYEE SHARES

FUCHS has been offering employees at its German companies ordinary shares with preferential conditions since 1985. In 2014, 473 employees (2013: 402) took up the offer to purchase a maximum of 30 shares (2013: 40) with a discount of €5.00 per share (2013: €3.75). The newly acquired shares have a holding period of one year.

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Combined management report

EARNINGS PER SHARE

The earnings per FUCHS ordinary share were €1.57 for the reporting year (1.53). Due to the €0.01 higher dividend entitlement, earnings per preference share were €1.58 (1.54).

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Proposal on the appropriation of profits

DIVIDEND PROPOSAL

The Executive Board and Supervisory Board will therefore propose a dividend payout of €0,76 per ordinary share and €0,77 per preference share to the Annual General Meeting. This represents a dividend payout ratio of 48%. With this proposal, we are continuing FUCHS PETROLUB's stable dividend policy.

→ www
Further information at www.fuchs-oil.com / stock_current.html

KEY FIGURES FOR FUCHS PETROLUB SHARES[6]

	Dec. 31, 2014		Dec. 31, 2013	
	ORDINARY SHARES	PREFERENCE SHARES	ORDINARY SHARES	PREFERENCE SHARES
Number of no-par-value shares at €1	69,500,000	69,500,000	70,980,000	70,980,000
Number of own shares	0	0	338,470	338,470
Shares outstanding	69,500,000	69,500,000	70,641,530	70,641,530
Dividends (in €) (2014: proposal)	0.76	0.77	0.69	0.70
Dividend yield (in %)[1]	2.5	2.3	2.5	2.3
Earnings per share (in €)[2]	1.57	1.58	1.53	1.54
Gross cash flow per share (in €)[3]	1.85	1.85	1.62	1.62
Book value per share (in €)[4]	6.58	6.58	6.03	6.03
XETRA closing price (in €)	31.74	33.30	30.90	35.52
XETRA highest price (in €)	33.50	37.29	31.13	35.97
XETRA lowest price (in €)	25.30	26.76	24.62	27.75
XETRA average price (in €)	30.94	33.35	27.18	30.90
XETRA and Frankfurt average daily turnover (in € thousand)	1,219	6,199	1,510	8,143
Market capitalization (in € million)[5]	4,520		4,692	
Price-to-earnings ratio	19.7	21.1	17.8	20.1

[1] Ratio of dividend to average annual share price.
[2] Ratio of earnings after deduction of minority interests to average number of shares.
[3] Relative to the average number of shares.
[4] Ratio of shareholders' equity to number of shares outstanding.
[5] Stock exchange values at the end of the year.
[6] Figures adjusted for capital measures to provide better comparability.

We are a strong partner to our customers and suppliers. Shareholders' equity at FUCHS increased to €916 million.

EQUITY RATIO AT

72%

IN THE LAST THREE YEARS, DIVIDENDS HAVE RISEN BY

50%

2 COMBINED MANAGEMENT REPORT [1]

[1] The figures in parentheses refer to the same period of the previous year.

Corporate profile

BUSINESS MODEL

FUCHS PETROLUB is a Group based in Germany with a total of 50 companies operating worldwide and more than 4,000 employees. The Group's business model can be described in just a few words based on its mission statement: LUBRICANTS.TECHNOLOGY.PEOPLE. FUCHS focuses entirely on lubricants and related specialties, whereby its technological orientation represents a special characteristic of its product portfolio. The business model is implemented by highly qualified, specialized, and motivated employees.

By focusing on the development, production, and sale of lubricants and related specialties, FUCHS differs from the vertically integrated mineral oil companies, whose business model is aimed largely at broad sales channels. FUCHS concentrates on technological leadership in important niches and premium business segments. Within the scope of this strategy, tailor-made products with high customer benefit are developed and manufactured. This product portfolio is rounded off by intensive customer support. Additional advantages of FUCHS are the independence, size, international presence and the strength of resources.

The portfolio encompasses around 10,000 products for all applications and industries, including mining, steel production, agriculture, the automotive industry, transport, mechanical engineering, everyday consumers and more. The broad range of products on offer covers the entire lubricant requirements of more than 100,000 customers and enables supply and support to come from a single source.

The high level of innovative power is a key driver in the business model. Around one in ten employees works in research and development. FUCHS engages in applied developments directly at customer locations. This allows lubricants to be adapted to customer processes or new lubricants to be developed at the same time as new machines and systems, in partnership with the customer.

Around 75% of sales revenues are generated through direct sales. The customer relationships, most of which have been in place for many years, allow offers that are tailored specifically to customer requirements. The specialists working in sales have specific industry knowledge, which enables them to find solutions to specific issues both quickly and professionally.

An important factor for our success is our responsiveness to market fluctuations. As we supply our customers on a short-term and service-oriented basis the development of revenue cannot be derived from orders in hand. Simple, transparent processes and a high level of system flexibility make it easier to actively respond to fluctuations in the market by making short-term adjustments to capacities.

GLOBAL POSITION

A strong position in the European market forms the basis for the internationalization of FUCHS' business. The comprehensive product portfolio allows the ever more complex specialization requirements in mature markets to be met, while also enabling the Group to participate in the growth potential in Asia, Africa, South America, and Eastern Europe. FUCHS not only supports important customers seeking to enter new markets, but at the same time also wins new local customers with its tailor-made solutions. The diversification in regions and industries ensures that economic and industry cycles can be compensated.

The FUCHS PETROLUB Group bases its growth objectives on assuming the role of a technology and service partner, as well as a solution provider for niche applications. The Group is keen to grow further using this approach both through organic growth and, if possible, also acquisitions.

On the balance sheet date, there were 27 operating companies active in Europe and five operating companies active on the American continent. Customers in the Asia-Pacific, Africa region were supported by 18 operating companies.

The organization of the Group follows the principles of transparency and simple structures. The companies are generally held at 100% by FUCHS PETROLUB SE in Mannheim. This allows reporting paths to be kept short and also ensures efficient division of operational leadership and managerial duties under corporate law. We have 50% stakes in companies in Switzerland, Turkey and the Middle East, as well as one minority holding in Saudi Arabia.

The organizational and reporting structure at FUCHS is grouped according to the three geographic regions of Europe, North and South America, and Asia-Pacific, Africa.

On the sales side, business is characterized by local customer care that incorporates customer group-specific specialists. Functions such as production and administration are generally performed locally. Where prudent and feasible, purchasing and research & development activities are bundled in addition to the local presence.

CONTROLLING SYSTEM

INCREASING COMPANY VALUE

The goal of FUCHS PETROLUB is to increase its company value. By doing this, we generate value for our customers, employees, and shareholders. The basis for this is to both secure and strengthen our market position in mature markets and also to sustainably build on the market position in emerging markets. To this end, the Group relies on organic and – where prudent and possible – external growth. Securing the leading technological position of the FUCHS PETROLUB Group is of particular strategic importance in this regard.

Another factor of strategic importance is to maintain the independence of the FUCHS PETROLUB Group. This enables the Group to focus on lubricants and related specialties in an efficient environment, while providing scope to further increase company value.

FUCHS VALUE ADDED AS A CENTRAL KEY PERFORMANCE INDICATOR

FUCHS pursues a value-driven growth strategy to increase its company value. The central key performance indicator (financial performance indicator) employed is FUCHS Value Added (FVA), which is based on income and capital investment. Only when the recorded earnings are higher than the costs of capital employed has value been added.

A key earnings performance indicator and control variable for the operating business in the Fuchs PETROLUB Group is earnings before interest and tax (EBIT), which in turn is largely determined by the drivers of sales revenues, raw material costs, as well as personnel and material expenses. The development of sales revenues is particularly important and, in connection with the sometimes volatile raw material costs and inflation-based increases in personnel and overhead costs, affects the earnings position. Local, regional and global management therefore focuses on these drivers.

As earnings before interest and tax, EBIT has the advantage of making the operating performance of companies comparable without being influenced by differences in local financing and taxation rates.

Capital expenditure is largely influenced by investments in property, plant and equipment, investments in intangible assets, as well as the development of net operating working capital (NOWC). Property, plant and equipment is therefore controlled on the basis of investment appraisals, while net operating working capital is monitored through targeted control of inventories, as well as accounts receivables and trade payables.

FUCHS calculates the capital tied up in the company, i.e. the annual average capital employed as the sum of shareholders' equity, financial liabilities and pension provisions, as well as the accumulated scheduled goodwill amortization of former years (up to 2004: €85.2 million). Cash and cash equivalents, and any asset surplus from outsourced pension liabilities, are deducted from this figure.

The costs of invested capital are calculated using the weighted interest rate (WACC), the level of which is reviewed annually at the end of each year applying the Capital Asset Pricing Model (CAPM) and financial market data.

This WACC also provides the basis for the annual impairment test. When determining the performance of subsidiaries, the cost of capital is adjusted on a country-specific basis to incorporate the differences in inflation rates and country risks.

Successes in revenue management and in controlling capital expenditure are reflected in the summarized performance indicator FVA. For this reason all bonus payments to local, regional, and global management are based on the FVA indicator. Only when positive added value has been generated in a financial year will an entitlement to bonus payment arise. The level of this bonus can depend on additional individual agreements and performance factors.

The instruments for operational management of the companies include a detailed system that monitors any deviation between actual figures and target figures in the budget. In the course of the annual budgeting process, goals are defined for companies and regions with regard to growth, net contribution or gross margin and development of other personnel and operating costs. A monthly target/actual comparison ensures that compliance with the budget goals is continuously tracked. When targets are not achieved, the causes are promptly investigated, potential compensatory factors examined and corresponding measures introduced.

FREE CASH FLOW AND DEBT-EQUITY RATIO AS FURTHER PERFORMANCE INDICATORS

Its independence enables the FUCHS PETROLUB Group to concentrate on the lubricant business. Financial stability and good liquidity form the basis for this independence. The focus on FVA, and thereby on controlling earning power while at the same time monitoring capital expenditure, is already making a significant contribution to meeting these important framework conditions. In addition to this, questions of financial stability and liquidity also play an important part when considering acquisitions or the dividend policy.

Development of free cash flow is therefore also used as a measure of liquidity in management decisions, beside the debt-equity ratio (gearing), which is used as a parameter to measure the stability of the financial position.

Free cash flow comprises the financial resources that are available to the Group from its business operations after financing net operating working capital, capital expenditures and acquisitions. It is used specifically to pay off debts, make dividend payments and to top up cash and cash equivalents.

Gearing is understood to mean the ratio of financial liabilities plus pension provisions less cash and cash equivalents (net financial debt) to shareholders' equity. The debt-equity ratio allows statements to be made regarding the stability of the company in the environment of potential crises.

RESEARCH AND DEVELOPMENT

The amount of research and development work undertaken by FUCHS PETROLUB SE increased significantly last year. In the course of extending and improving the quality of the portfolio, new activities were added which required testing capacities and laboratory support to be greatly expanded. A total of approximately 600 projects are currently in process worldwide, involving 416 (398) employees. Research and development expenses increased to €32.9 million (30.6).

A complete and thorough examination of our products is increasingly requiring more complex and application-based test bays or even testing in complete test aggregates. FUCHS EUROPE SCHMIERSTOFFE GmbH therefore invested in a new test bay. The system is capable of simulating diverse aspects of sheet metal forming, such as might be encountered in the field of chassis production or in a rolling mill. The test bay, which is unrivaled worldwide, covers a particularly large range of draw speeds, pressing processes, tool geometries and tool temperatures, allowing a large number of customer-specific issues to be examined. Besides this, work on extending the test bay in Mannheim also got underway in 2014. With total usable floor space in excess of 1,000m², the modern test rig building should be ready for use by Q4 2015. Once completed, it will offer space for new test rigs for various applications.

The increasing harmonization of international standards, particularly within the EU, has led to a new generation of biodegradable products. All products comply with the standards of the European environmental label. New series of biodegradable hydraulic and gear oils based on saturated ester oils were developed within the PLANTO range. The proportion of renewable raw materials is above 50% and the products offer excellent performance.

In its development work, the automotive industry is currently focusing on reducing the fuel consumption and emissions of vehicles. Particularly in the field of automotive research and development, a high percentage of projects are focusing on the development of low-friction oils for use in all conceivable transmission applications. For example, at the start of the year FUCHS was able to successfully launch an efficiency-optimized differential oil to market in cooperation with a leading premium vehicle manufacturer. Besides increased efficiency, the key here was to achieve the best possible performance and service life of this low-friction oil for the application.

In the course of these activities and thanks to its successful development work, FUCHS was chosen as a preferred supplier by a leading Scandinavian commercial vehicle manufacturer.

In its Advance Development department, FUCHS constantly searches for new lubricant technologies to cover both current and future applications.

These also include projects in the field of electromobility. FUCHS is working on a fluid for transmissions components which, besides its lubrication function, will also serve to cool the system. The operating medium is an aqueous fluid that provides lubrication and cooling at the same time.

Securing the availability of special raw materials represents another important field. The ever stricter demands being placed on lubricants require the use of complex molecules, which are very costly to produce using classic methods. This is where the fields of biology and biochemistry come into play, generating complex molecules via enzymatic modifications of renewable raw materials for use as base fluids or additives. We have also already taken our first successful steps in a large project involving several industrial partners. The benefits of this approach include lower system costs and fast, reliable synthesis.

These individual highlights show that the research and development work conducted by FUCHS is covering an ever larger bandwidth of technological challenges. The cross-application disciplines of tribology and lubrication engineering are being confronted by new materials and work methods that require us to extend our knowledge and skills.

EMPLOYEES

Modern technologies know no boundaries in terms of location, time, culture or language. This presents our employees with many different challenges. Organizational expertise, linguistic skills and intercultural flexibility are the key topics here. The five values of our mission statement – trust, creating value, respect, reliability, and integrity – support our employees in taking on and successfully mastering these challenges. Companies are increasingly being called upon to establish working environments “without borders” that make all resources available to everyone involved as a way of ensuring successful completion of duties. However, companies are also required to set boundaries as a way of protecting their staff. With our sustainable system of personnel management, as well as our targeted and requirements-based staff development program, we set the conditions for mastering both current and future challenges.

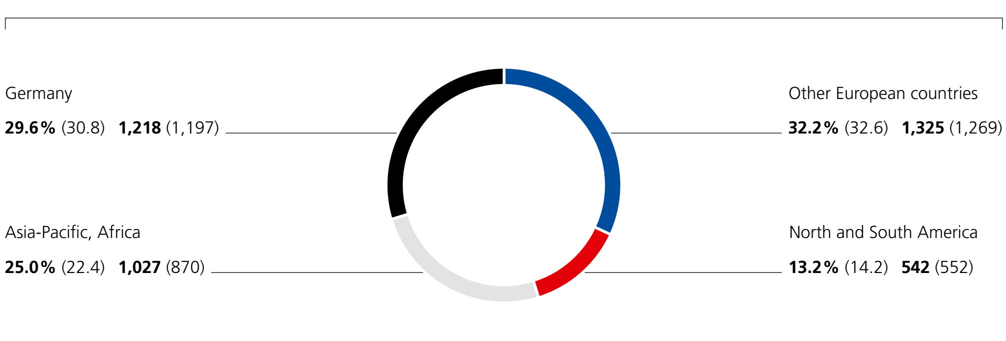
INCREASE IN NUMBER OF EMPLOYEES

In 2014, we successfully extended our global team to include 224 new entry level staff and experienced specialists.

The Group employed 4,112 employees (3,888) worldwide as at December 31, 2014. The total workforce therefore increased by 224 persons or 6% year on year, of which 122 are attributable to acquisitions in South Africa (+99) and Great Britain (+23).

The number of employees in the Asia-Pacific/Africa region increased by 157 (+18%), while the Europe region added 77 new employees (+3%). In North and South America, the number of employees declined by 10 (–2%) as at December 31, 2013.

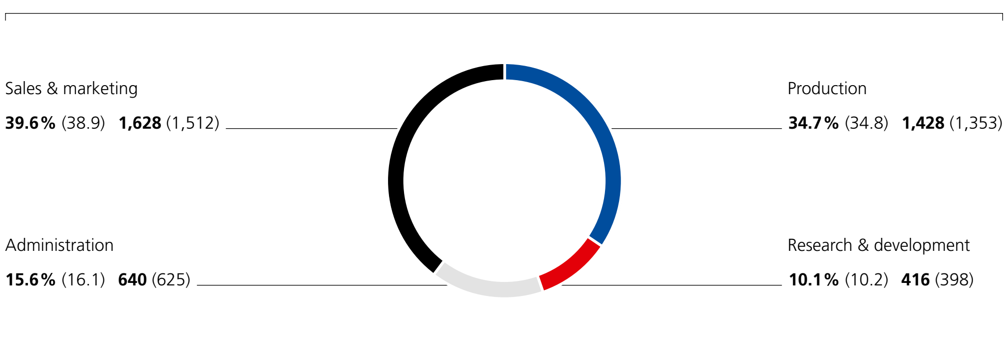
GEOGRAPHICAL WORKFORCE STRUCTURE
Numbers 2014 (previous year numbers in brackets)



2,894 (2,691) people or 70 % (69) of staff were employed abroad (outside Germany) and 1,218 (1,197) were employed in Germany.

In the last five years, the total workforce has increased by approximately 600 employees. In line with our focus on technology and sales, as well as our aim to strengthen our global networks, more than half of all new employees recruited since 2009 (347 persons) work in Sales and Marketing. The total number of employees in this department has therefore increased by 27 % and now represents 40 % of the total workforce, up from 37 % in 2009. More than 100 new employees have also joined the research and development department over the course of the last five years. This corresponds to an increase of 32 % in that department and an increase in the proportion of the total workforce from 9 % to 10 %. Despite the fact that new positions were created, the proportion of employees working in production actually declined from 37 % to 35 % and the proportion employed in administration declined from 17 % to 15 %.

FUNCTIONAL WORKFORCE STRUCTURE
Numbers 2014 (previous year numbers in brackets)



→ 50 Sustainability report

Further KPIs, such as the age structure, average term of service or further training hours of our employees, are presented in the sustainability report on page 50 ff.

As was already the case in the last few years, the integration and qualification of our new colleagues, as well as the targeted development and promotion of our existing employees had high priority for us.

STRENGTHENING THE EMPLOYER BRAND

In 2014, FUCHS continued its efforts to be recognized as an attractive employer, focusing in particular on expanding its presence at university career fairs. In the coming year, we will undertake a number of internal and external measures to further strengthen our employer brand:

Schools
Within the scope of school cooperations, we offer in-house career forums. These allow graduates to get a better picture of the training we offer and our operational procedures.

Universities
We collaborate with universities at various levels to increase awareness of FUCHS as an attractive employer among students, graduates and junior scientists starting out on their career. We particularly focus on establishing contacts with students with exceptional academic achievements. Besides scholarships, we regularly offer internships and provide support for those writing their bachelor's or master's thesis.

Experienced specialists
Winning qualified specialists is a real challenge, particularly in the growth markets such as Brazil, Russia, India and China, but also in mature markets such as the USA. The range of applicants in these countries can be both limited and rather daunting, but FUCHS copes with this through professional selection procedures and attractive offers to ensure the recruitment of suitable and qualified employees. We significantly strengthened our position with internal qualification measures for employees in HR and by improving direct cooperation among those with local personnel responsibility. Establishment of a regional HR office in Singapore for the Southeast Asia region represents another important step in targeting the job markets in the countries of this region. Our goal is to find the best talents in the respective areas of expertise and to motivate them for our company and products.

TRAINING

On December 31, 2014, 69 young people at our German subsidiaries were attending dual training programs. 20 trainees completed their training in the reporting year.

We provide training in eight different commercial and technical job profiles. In addition to this, we offer goal-oriented and qualified high-school graduates the opportunity to attend a dual study program in cooperation with the Baden-Wuerttemberg Cooperative State University (DHBW) and gain a bachelor's degree.

Dual study programs have been a central pillar of junior staff development at FUCHS for many years. Besides the various training institutes and DHBW courses, we also offer study-related internships at our subsidiaries in Germany and abroad. We also support students in doing research for their thesis. Many of our high performers are former trainees, interns or diploma students. Encouraging these potential future FUCHS employees is an important investment in our future.

SUSTAINABLE PERSONNEL POLICY

Within the context of a sustainable personnel management, projects in the fields of health management, further training and reconciliation of family and working life were consistently further developed. We consistently pursue the objective of finding the optimal balance between the business interests of FUCHS and the private and family needs of our employees. FUCHS therefore places great emphasis on helping employees combine a career with a family. Highly flexible working-hour models are an important factor in this regard. Besides typical flexitime models, part-time models are also offered, ranging from 15 to 32 hours per week. Where possible, job sharing models or shift work can also be set up. With this family-oriented personnel policy, we are able to send out a positive message when competing for the best employees. In this vein, we continue to examine and look for ways in which we can further develop our family-oriented offers to cater even more effectively to the various life phases of our employees.

Company health management is no longer limited just to classic training courses on load handling, skin protection or ergonomics when working with monitors. At the Mannheim site, for example, programs are regularly held for early detection of colon cancer and addiction prevention. Beside this, we also support initiatives established by employees to partake in sporting activities together.

STAFF DEVELOPMENT

Targeted, requirements-based personnel development forms the basis for the development of specialists and employees with high potential. We consider mixed management teams to be a particularly effective way of significantly strengthening our company. For this reason we place particular emphasis on the dedicated support of women and ensure that appropriate consideration is given to them when filling management positions in the company. Women currently account for 26% of the total workforce. The proportion of females in management positions remained unaltered at the same high level of 22% recorded at the end of the reporting year.

Our company-owned educational establishment, the FUCHS ACADEMY, ensures continuous training and the further education of our employees at a high level. As a global training instrument, the FUCHS ACADEMY offers regular seminars on the most diverse of technical subjects or provides our sales experts with sound background knowledge through sales training events. The FUCHS ACADEMY also offers a very popular learning platform for junior staff and employees with high potential, which helps secure continuous and targeted further development of our employees. Individual training measures are supplemented by specialist area-specific network meetings that support collaboration across physical, cultural and linguistic boundaries.

Due to the global structure of our organization, intercultural competence is an important success factor for our staff. We promote this competence through the knowledge and commitment of our employees – including trainees and interns – as well as targeted deployment of specialists and managers at FUCHS subsidiaries around the world.

With our language courses, we ensure that the Group language of English forms a reliable basis for knowledge exchange. With worldwide internal placements, FUCHS also ensures optimum transfer of expertise from our knowledge holders to new employees. Whenever necessary and sensible, we organize both short "training placements" and long-term deployments at our subsidiaries throughout the world.

Our global talent management program is used to identify and consistently promote talent at all of our subsidiaries. Talents from all global regions came together in 2014 at an event held over several days in the Mannheim area to discuss topics such as leadership or internal organization with members of the Executive Board. The important impulses from this event not only proved beneficial for the participants in terms of their personal development, but also for the company. The global talent management concept is also supported by local programs to promote talent.

EUROPEAN WORKS COUNCIL

Following the successful change of corporate form to FUCHS PETROLUB SE, the European works council elected by the employees has developed into a permanent instrument for employee involvement in cross-border interactions within Europe. In November 2014, Mr. Lars-Eric Reinert and Mr. Horst Münkel were re-elected by the European works council as employee representatives to sit on the SE's Supervisory Board for the next term. The committee comprises 10 members, whereby the German companies have four representatives and Great Britain, Belgium, Poland, France, Italy and Spain each have one representative.

SUSTAINABILITY

→ 50
Sustainability report

The main features of the company's system of sustainability management, as well as the development of selected sustainability indicators are presented in the annual report on pages 50 ff.

Economic framework: general and sectoral

DEVELOPMENT IN 2014 AND FORECASTS FOR 2015

GLOBAL ECONOMY DISPLAYS MODERATE GROWTH

The global economic recovery began to flounder in 2014. As reported by the International Monetary Fund (IMF) in its updated economic forecast from January 2015, at 3.3% the increase in global gross domestic product (GDP) was the same in 2014 as in the previous year. Growth of 3.7% had been forecast at the start of 2014. There were several factors influencing this lower growth, not least the geopolitical uncertainties associated with the Ukraine crisis and developments in the Middle East, which can now be felt in the form of subdued economic indicators and a troubled investment and consumer climate. Despite the 0.3% drop in oil price, which actually had an economic stimulus effect, the IWF therefore revised its 2015 forecast from October 2014 and now expects the global economy to grow at a rate of 3.5%.

LOW DYNAMIC GROWTH IN THE EMERGING MARKETS / POSITIVE IMPULSES IN THE US / MODERATE IMPROVEMENT IN THE EUROZONE

Based on information provided by the IMF, at 4.4% economic growth in the emerging markets was lower in 2014 than in the previous year (4.7%). As anticipated, China recorded a slight decrease in growth (7.4% following 7.8% in 2013), while Russia was only able to increase GDP by 0.6% in 2014 (1.3%). Due to the ongoing investment recession, the IMF is forecasting growth of 6.8% for China in 2015, while Russia is expected to record negative GDP of –3.0%. Yet despite this, a stable growth rate of 4.3% is still being forecast for the emerging and developing markets in 2015. The Indian economy, which improved slightly in the reporting year as a result of positive impulses in overseas demand, is also likely to contribute to this.

Following a rather weak start to the year due to harsh weather conditions, the US economy picked up sharply over the course of 2014. GDP increased by 2.4% in the reporting year (2.2%). The forecast figure was 2.8%. A growth rate of 3.6% is anticipated for 2015.

Economic recovery in the eurozone is continuing at a rather sedate pace and is characterized by stagnating or even negative developments in some cases. Yet despite this, the IWF reports that GDP growth in the eurozone was 0.8% in 2014 (forecast 1.0%), having recorded a decline of –0.5% in the previous year. A growth rate of 1.2% is anticipated for 2015.

GDP growth in Germany is essentially driven by domestic demand. Following only marginal growth of 0.2% in 2013, German GDP increased by 1.5% in the reporting year as expected. The IMF also anticipates a similar increase in German economic activity for the coming year and is forecasting growth of 1.3%.

GLOBAL STEEL PRODUCTION INCREASED DUE TO GROWTH IN ASIA AND NORTH AMERICA / STAGNATION IN EUROPE

According to data published by the World Steel Association (WSA), world crude steel production recorded a 1.2% year-on-year increase in 2013. This represents a new record level. The growth was primarily generated in North America (2.0%), and Asia (1.4%) while production in Europe (–0.1%) stagnated. Based on data published by the German Steel Trade Association (WV Stahl), German steel production developed as expected in 2014, increasing by 0.7%. The German steel sector is expected to grow at a stable rate of 1% again in 2015. This development will primarily be driven by improved economic prospects among German steel processors. The 2015 forecast for Europe, however, is for a decline in production of around –0.5%, since the economic crisis in Russia represents a considerable risk for the European steel market. Asia is likely to increase production by around 1% in 2015, while North America is once again expected to provide the greatest growth impulses at approximately 3%. Global steel production is expected to increase by around 1% in 2015.

MACHINERY PRODUCTION ON THE RISE IN ASIA AND THE US, ALTHOUGH NOT IN EUROPE / GERMANY SETS NEW PRODUCTION RECORD

Based on estimates provided by Commerzbank Research, worldwide machinery production increased by around 3% in 2014. Among the important production nations, the highest growth rates were recorded by China (7%) and the US (5%), while machinery production in the eurozone stagnated (0%). According to the German Engineering Federation (VDMA), production in Germany in the first nine months of 2014 was 1.0% higher than in the previous year. For 2015, the German Engineering Federation (VDMA) has confirmed its production forecast of 2% for Germany (December 2014). Machinery production is likely to increase by 2% in the eurozone, 3% in the US, and 8% in China. The global increase in production is estimated at 4% for 2015.

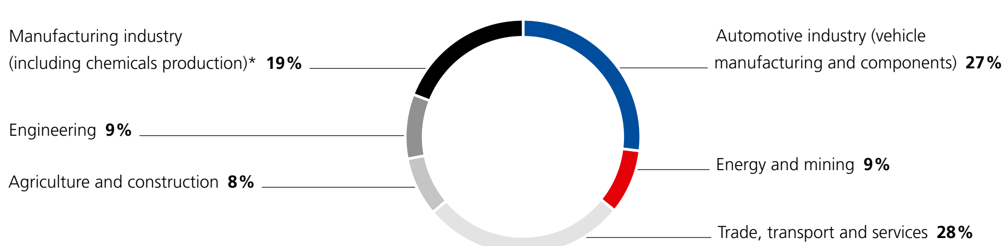
PASSENGER CAR PRODUCTION UP 4% WORLDWIDE / GREATEST PRODUCTION INCREASE RECORDED IN CHINA

According to Euler Hermes, worldwide car production increased by around 4% in the reporting year. China once again reported the strongest growth. According to the China Association of Automobile Manufacturers (CAAM), the increase in production in 2014 was around 10%. On the basis of semi-annual figures provided by the International Organization of Motor Vehicle Manufacturers (OICA), we expect the US to record an increase in production of around 5% for 2014. According to PWC Autofacts, the same growth rate was also recorded in the EU in the reporting year. Based on data published by the German Association of the Automotive Industry (VDA), passenger car production in Germany increased by 3%. For 2015, the VDA anticipates a 2% increase in production among car manufacturers in Germany. According to LMC Automotive, car production in the USA is to increase by 3% over the same period, while IHS Automotive anticipates a rise of 8% in China. Global car production is once again expected to increase by 4% in 2015.

GLOBAL CHEMICALS PRODUCTION SLIGHTLY ACCELERATED / STRONG REGIONAL GROWTH IN ASIA-PACIFIC

According to the American Chemistry Council (ACC), global chemicals production increased by 2.8% in 2014. As reported by the European Chemical Industry Council (CEFIC), the main drivers of growth in chemicals production in the reporting year were Asia-Pacific (5.3%), and China in particular (+9.5%), yet also the US (2.0%) and the EU (+0.9%). According to data published by the Association of the German Chemical Industry (VCI), global chemicals production increased by 1.5% in 2014. The VCI is also forecasting a 1.5% increase in production in the German chemical industry for 2015. In the EU, the European Chemical Industry Council (CEFIC) anticipates a 1% increase in chemicals production for 2015. In the same year, the American Chemistry Council (ACC) is forecasting a 3.7% increase in production in the US and a 3.6% increase globally.

BREAKDOWN OF GROUP SALES REVENUES BY CUSTOMER SECTOR 2014



* Manufacturing industry = producer goods, capital goods, consumer goods.

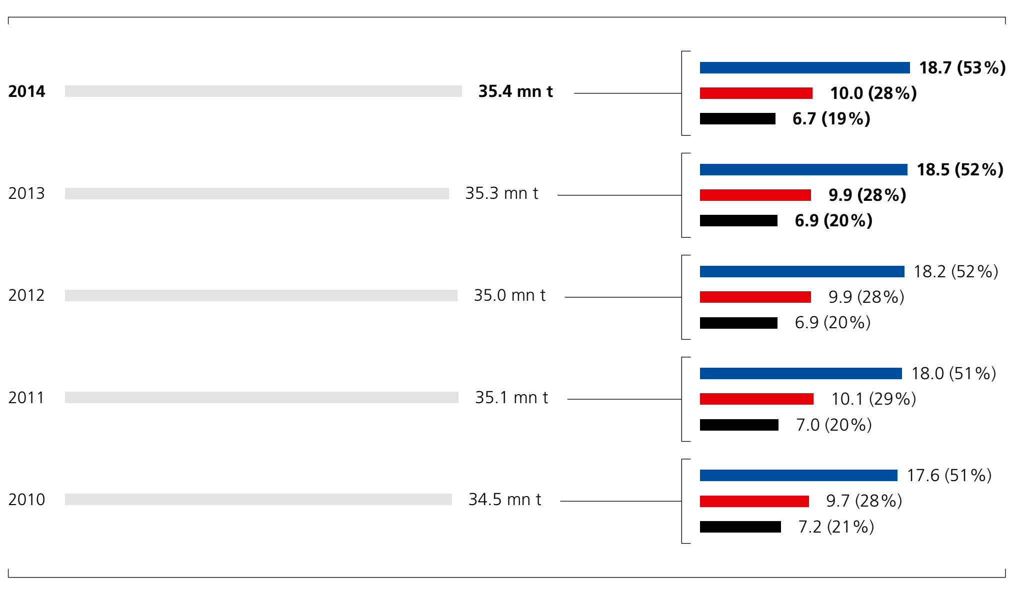
MODERATE INCREASE IN GLOBAL LUBRICANT DEMAND / REGIONAL GROWTH IN ASIA-PACIFIC AND NORTH AMERICA / PRONOUNCED DECLINE IN EUROPE

Based on our market analyses, global lubricant demand increased by around 0.5% in 2014 to a volume of just under 35.4 million tons. While demand in both the Asia-Pacific and North America regions rose by 1.5%, the volume consumed throughout Europe declined by around 2%. Among other things, this was due to disproportionately high falls in volumes in Russia and the Ukraine. Based on data provided by Germany's Federal Office of Economics and Export Control (BAFA) that covers up to November 2014, FUCHS is now also anticipating a decline in lubricant demand in Germany for the financial year. In our forecast at the start of the year, we had originally anticipated recording volume growth in all regions. We had only anticipated a very slight increase in lubricant consumption for Europe and forecast growth of around 1% in the other regions.

Based on the economic forecast of the IMF for the global economy, which remains positive, we expect the global lubricant market to replicate the moderate growth rate of 2014 in the financial year 2015. In Europe, however, lubricant consumption is likely to decrease further, whereas it may increase by around 1% in the other regions.

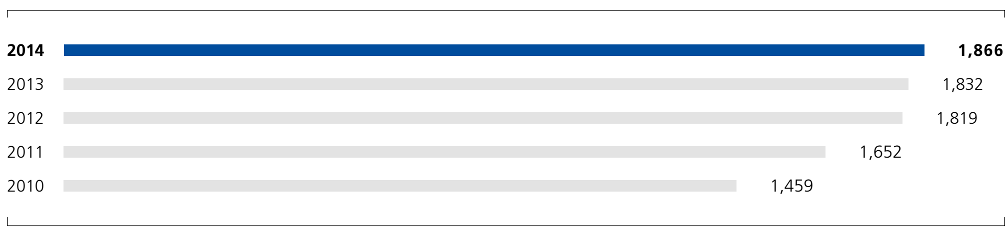
DISTRIBUTION OF THE GLOBAL LUBRICANT MARKET

By regions



Sales revenues (performance)

DEVELOPMENT OF GROUP SALES REVENUES
(in € million)



SALES REVENUES UP BY 1.9%

In 2014, FUCHS PETROLUB increased Group sales revenues by €34.3 million or 1.9% to €1,865.9 million (1,831.6). Sales revenues increased organically by 2.7%, due in particular to volume-related factors and were therefore in line with our forecast, which anticipated single-digit organic growth in both sales volumes and sales revenues. Beside this, the two unpredictable growth factors of external growth and currency translation effects also had an impact.

Growth factors	in € million	in %
Organic growth	49.0	2.7
External growth	13.8	0.8
Currency translation effects	–28.5	–1.6
Growth in sales revenues	**34.3**	**1.9**

Due to the nature of our business model, it is not possible to reliably assess future business development based on existing orders on hand. This is because only a few days typically elapse between orders being received and revenue being generated. We therefore report exclusively on sales revenues.

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	**2014**	2013	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	1,112.9	1,104.2	3.8	9.5	–4.6	8.7	0.8
Asia-Pacific, Africa	516.5	497.9	30.0	4.3	–15.7	18.6	3.7
North and South America	316.0	307.3	16.9	–	–8.2	8.7	2.8
Consolidation	–79.5	–77.8	–1.7	–	–	–1.7	–
Total	**1,865.9**	**1,831.6**	**49.0**	**13.8**	**–28.5**	**34.3**	**1.9**

ORGANIC GROWTH IN ALL THREE GLOBAL REGIONS

FUCHS continued its organic growth in all three global regions in 2014. This organic growth was primarily driven by increases in sales volumes, accompanied by minor mix and price effects.

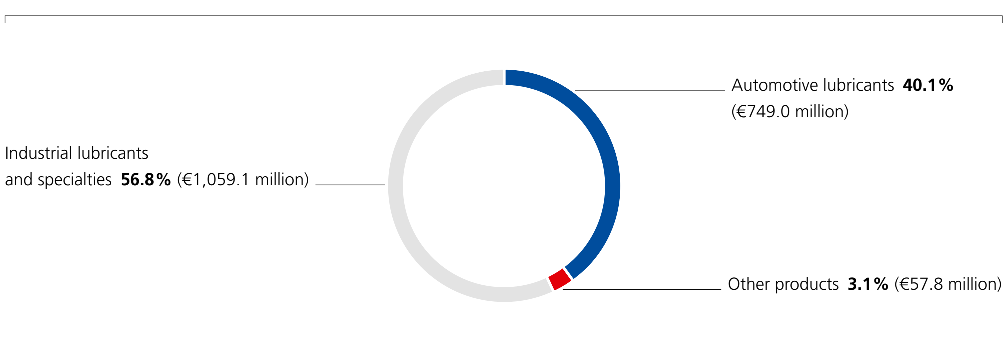
The Asia-Pacific, Africa region generated impressive growth in 2014. At +€30.0 million (+6.0%), it represented over half of the €49.0 million organic increase in sales revenues recorded (+2.7%). North and South America also recorded appreciable organic growth of €16.9 million (+5.5%). A slight gain of €3.8 million (+0.3%) was recorded in Europe.

The Executive Board had forecast slight organic growth in sales revenues across all regions for 2014. With the 2.7% increase recorded, the upper ceiling of the Group forecast was reached. Growth outside Europe was slightly more dynamic than anticipated and forecast. In particular China, yet also North America, recorded impressive gains. Even Europe, the largest Group region, was able to generate a slight increase, despite operating in a weak economic environment and having to contend with the crisis in Russia and the Ukraine.

Currency effects had quite a varying impact on sales revenues over the course of the year. In the first half of the year, the euro was significantly stronger than in the same period of the previous year. This led to negative conversion effects for many currencies. In the second half of the year, the euro then started to weaken. The negative conversion effects of 4% accumulated in the first six months of the year then fell to just 1.6% by the end of the year. The currency translation effects for the financial year 2014 were therefore –€28.5 million.

The external growth of €13.8 million or 0.8% can primarily be attributed to two minor acquisitions in Great Britain and South Africa/Australia.

BREAKDOWN OF GROUP SALES REVENUES BY PRODUCT GROUPS



EUROPE ROBUST IN A DIFFICULT ENVIRONMENT

The European companies generated sales revenues of €1,112.9 million (1,104.2) in the reporting year. This corresponds to a year-on-year increase of 0.8% or €8.7 million. Sales volumes remained at the previous year's level overall. The organic growth in sales revenues was €3.8 million or 0.3%. In terms of foreign currencies, the strength of the Pound Sterling and the weakness of the Ukrainian and Russian currencies had an impact. The overall currency effect was –€4.6 million or –0.4%. Due to the initial consolidation of two small companies in Norway and Macedonia, as well as one acquisition in England, external sales revenues increased by €9.5 million or 0.9%.

CHINA MAINTAINS HIGH GROWTH RATE

Asia-Pacific, Africa generated the greatest increase in sales revenues of all regions. China in particular recorded a considerable increase in volume. The region generated organic growth in sales revenues of €30.0 million (6.0%). Primarily caused by the weakness of the Australian dollar and the South African rand, currency translation effects of –€15.7 million or –3.2% eroded around half of this increase. An acquisition in South Africa/Australia made a positive contribution of €4.3 million or 0.9%. Overall, the region increased its sales revenues by €18.6 million or 3.7% to €516.5 million (497.9).

STRONG ORGANIC GROWTH IN NORTH AMERICA

The North and South America region also recorded significant organic growth of €16.9 million or 5.5%. Considerable increases in volume were in particular observed in North America. However, economic downturns and weak currencies in Argentina and Brazil eroded some of this growth. After taking into account currency translation effects of –€8.2 million or –2.7%, the region increased its sales revenues by €8.7 million or 2.8% to €316.0 million (307.3).

SALES REVENUES IN THE FUCHS PETROLUB GROUP BY CUSTOMER LOCATION

Amounts in € million	**2014**	Share in %	2013	Share in %	Change	in %
Europe	968.4	51.9	958.5	52.3	9.9	1.0
Asia-Pacific, Africa	578.1	31.0	560.3	30.6	17.8	3.2
North and South America	319.4	17.1	312.8	17.1	6.6	2.1
Total	1,865.9	**100.0**	**1,831.6**	**100.0**	**34.3**	**1.9**

The proportion of sales revenue generated by customers domiciled in the Asia-Pacific, Africa region increased to 31.0% (30.6). The business volume in this important future market is continuously increasing and thereby reducing the Group's dependence on Europe. 51.9% of sales revenues were generated with European customers (52.3%), while North and South America contributed 17.1% to Group sales revenues (17.1%).

Results of operations

CONSOLIDATED RESULTS OF OPERATIONS

EARNINGS AT PREVIOUS YEAR'S LEVEL

→ a–z
Glossary page 214

In 2014, the FUCHS PETROLUB Group generated earnings at the same level as the previous year. Earnings before interest and taxes (**EBIT**) were €313.0 million (312.3), earnings after tax were €219.9 million (218.6).

These figures confirm the forecast from the interim report for the first six months, based on which EBIT for 2014 was expected to repeat the previous year's excellent result. At the start of the year, the Executive Board had still anticipated a slight increase in earnings. However, in the light of significant changes to exchange rates in the first six months, which led to unfavorable effects when converting local earnings and when purchasing raw materials in several countries, the Executive Board elected to revise its forecast mid-year.

The 1.9% increase in Group sales revenues to €1,865.9 million (1,831.6) was generated with 2.7% higher production costs. These higher costs were due to increased raw material prices, an anticipated rise in personnel costs and greater depreciation and amortization costs as a result of the commissioning of new facilities and equipment. The cost of sales was €1,172.7 million (1,141.7).

Gross profit therefore only increased slightly by €3.3 million or 0.5% to €693.2 million (689.9). The gross margin, initially forecast to reach the previous year's level, declined to 37.2% (37.7).

At 398.5 million (385.1), expenses for selling and distribution, administration, as well as research and development, were €13.4 million higher than in the previous year. The cost increases of 3.5% were in line with the planned level.

As a result of our growth offensive and the increased number of employees associated with this in both research and development, as well as sales, personnel expenses increased beyond the inflation-based adjustments. At 7.5%, the increase in research and development expenses was significant.

The balance of other operating income and expenses is –€2.1 million (–6.0). Income from the sale of real estate no longer required for operations was offset against the risk provisions put in place. In the light of the continuing weakness of the Brazilian economy, FUCHS impaired goodwill of €4.9 million in connection with its investment in the country.

At €292.6 million (298.8), EBIT before income from companies consolidated at equity is €6.2 million or 2.1% below the previous year. This represents 15.7% of sales revenues. Initially we had expected the margin to reach the level of the previous year (16.3%). The earnings of companies consolidated at equity, which were higher than anticipated, had a compensating effect. Due to the reversal of a value adjustment following the resolution of the shareholder dispute in the Middle East, these earnings increased to €20.4 million (13.5). The Group therefore recorded a total EBIT of €313.0 million (312.3), which is roughly the same as in the previous year.

The financial result was –€2.9 million (–1.6). Despite healthy net liquidity in the Group, the interest on pensions and the differences in the interest rate between various currencies led to net interest expenses for the Group. The interest rates in funding currencies such as the Russian ruble, Brazilian real, or Indian rupee were much higher than the interest rates in the investment currencies such as the Euro or US dollar.

In 2014, income taxes of €90.2 million (92.1) were accrued. This corresponds to 2.1% less than in the previous year. At 31.1% (31.0), the rate of taxation (income taxes relative to earnings before tax, excluding income from companies consolidated at equity) remained at the previous year's level .

At €219.9 million (218.6), the Group's earnings after tax followed on from the previous year's record figure. The net profit margin was 11.8% (11.9).

→ 60 FUCHS shares

Earnings per ordinary and preference share increased by 2.6% or €0.04 year-on-year to €1.57 (1.53) and €1.58 (1.54) respectively. The share buyback completed in the first half of 2014 had a positive effect, and the slightly higher forecast for earnings per share proved accurate.

RESULTS OF OPERATIONS OF THE REGIONS

Segment reporting is performed in line with the Group's internal organization and reporting structure, which is grouped according to the three geographic regions of Europe, North and South America, and Asia-Pacific, Africa, and also takes into account the companies' registered offices.

The internal assessment of the success recorded by the regions is performed on the basis of earnings before interest and tax (EBIT). Unlike subsidiaries or indeed the whole Group, no FVA key performance indicator is calculated for the geographical regions. The reason for this is that for determining the capital employed, we use a simplified system based on the carrying amounts in the balance sheet, which can vary greatly due to the often quite different history of the various companies.

EUROPE

→ 134 Segments

Segment information (in € million)	**2014**	2013
Sales revenues by customer location	968.4	958.5
Sales revenues by company location	1,112.9	1,104.2
Depreciation and amortization	17.8	17.6
EBIT before inclusion of companies consolidated at equity	160.5	151.3
Income from companies consolidated at equity	1.5	1.2
Segment earnings (EBIT)	162.0	152.5
Additions to property, plant and equipment, financial assets and intangible assets	40.0	32.0
Employees (average number)	2,434	2,356
Key performance indicators (in %)		
Ratio of EBIT before income from companies consolidated at equity to sales revenues	14.4	13.7

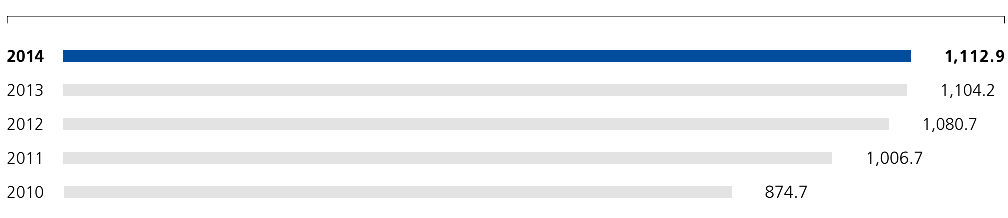
The Europe segment achieved the slight organic growth in sales revenues forecast for 2014 at the start of the year and was also able to generate the greatest increases in earnings of all regions in both absolute and relative terms. In our forecast, we anticipated a sub-proportional increase in earnings.

Sales revenues displayed good development in Poland, Italy, Belgium and the Czech Republic, satisfactory development in Germany, and weaker development than in the previous year in several other countries, including Spain. Two smaller companies in Norway and Macedonia were consolidated for the first time, while in Great Britain the sales revenues of a small business acquired were also incorporated from the mid-year point onward. On the other hand, the crisis in Russia and the Ukraine led to significant decreases in sales revenues as a result of the decline of local currencies. It was only possible to partially compensate for this with a strong Pound Sterling.

In this environment, segment earnings (EBIT) in Europe recorded an encouraging increase of €9.5 million or 6.2 % to €162.0 million (152.5). The companies in Germany and Poland achieved pleasing results, while the Russian and the Ukrainian companies in particular were unable to reach the previous year's level as a result of the crisis. EBIT before income from companies consolidated at equity in relation to sales revenues increased to 14.4 % (13.7).

The region secured its business model with investments in new test bench capacities, as well as tank and storage systems. These measures were supplemented by the integration of customer lists and expertise in the glass business following an acquisition in England in mid-2014. Beside this, the number of employees was increased to allow more effective market cultivation. This new recruitment focused primarily on Germany, England, and Central and Eastern Europe.

DEVELOPMENT OF SALES REVENUES IN EUROPE BY COMPANY LOCATION
(in € million)



ASIA-PACIFIC, AFRICA

→ 134 Segments

Segment information (in € million)	2014	2013
Sales revenues by customer location	578.1	560.3
Sales revenues by company location	516.5	497.9
Depreciation and amortization	6.5	5.9
EBIT before inclusion of companies consolidated at equity	86.7	91.1
Income from companies consolidated at equity	18.9	12.3
Segment earnings (EBIT)	105.6	103.4
Additions to property, plant and equipment, financial assets and intangible assets	25.6	21.2
Employees (average number)	978	866
Key performance indicators (in %)		
Ratio of EBIT before income from companies consolidated at equity to sales revenues	16.8	18.3

The companies in the region generated organic growth of 6.0%, with a disproportionately high contribution from Asia. As anticipated, our two Chinese companies made a particular contribution to this. For 2014, we had forecast a continuation of the high organic growth in sales revenues in Asia, as well as increased earnings throughout the Asia-Pacific, Africa region.

The region was able to increase its EBIT by €2.2 million or 2.1% to €105.6 million (103.4). In terms of operations, our Chinese companies displayed the greatest success and exceeded their targets. The companies in Australia and South Africa, on the other hand, felt the pressure of weak local currencies. This resulted in significant price increases on the procurement side which could not be fully and directly compensated and had a negative effect on the sales revenues and earnings disclosed in the Group currency. As was already the case in the previous year, the business with mining customers was also influenced by weaker demand for crude materials.

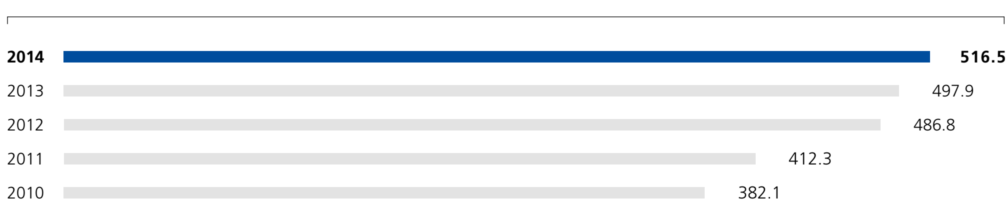
EBIT before income from companies consolidated at equity was therefore below the previous year. The margin decreased to 16.8% (18.3).

Resolution of the shareholder dispute in the Middle East had a positive effect. Following the reversal of a value adjustment, the earnings of companies consolidated at equity increased by €6.6 million to €18.9 million (12.3).

In Northern China, our production operations have now all been moved to the new location in Yingkou. Thanks to the sound business development, extensions to production facilities that were originally intended for the second expansion phase have already been implemented. The old site was sold. In Australia, scheduled capital investment was made at the Melbourne location to facilitate expansion of the facility. In addition to this, progress was made in the preparations for construction of a new facility at the Newcastle location.

In South Africa and Australia, we made an acquisition in the reporting year that caters to the mining business. In the course of this acquisition, the South African company also acquired a neighboring plot of land at our facility in Johannesburg. With the acquisition, both companies have further extended their customer base in the mining business, which represents an important sector for us.

DEVELOPMENT OF SALES REVENUES IN ASIA-PACIFIC, AFRICA BY COMPANY LOCATION
(in € million)



NORTH AND SOUTH AMERICA

→ 134 Segments

Segment information (in € million)	2014	2013
Sales revenues by customer location	319.4	312.8
Sales revenues by company location	316.0	307.3
Depreciation and amortization	9.9	4.2
EBIT before inclusion of companies consolidated at equity	51.6	62.2
Income from companies consolidated at equity	0.0	0.0
Segment earnings (EBIT)	51.6	62.2
Additions to property, plant and equipment, financial assets and intangible assets	5.7	17.1
Employees (average number)	549	540
Key performance indicators (in %)		
Ratio of EBIT before income from companies consolidated at equity to sales revenues	16.3	20.2

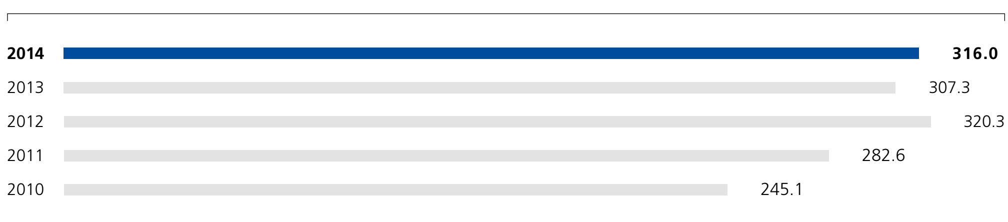
In North America, a considerable increase in both sales volumes and sales revenues was achieved as a result of improvements in the OEM business with customers from the automotive industry. At an organic growth of 5.5%, sales revenues in North and South America rose at a pleasing rate. The forecast was for slight organic growth and stable to slightly rising earnings for the region.

It was not possible to maintain the traditionally high EBIT margins in the North American industrial and mining business in the period under review. In Brazil, pronounced economic weakness impaired developments at our local company. For this reason we recorded a goodwill impairment loss. This impairment amounts to half of the region's decline in earnings. Our Argentinian company held up well, despite operating in a difficult economic environment that is characterized by high rates of inflation and devaluation.

EBIT in the segment declined to €51.6 million (62.2). The margin of EBIT before income from companies consolidated at equity relative to sales revenues declined to 16.3% (20.2).

We did not continue the previous year's high investments in property, plant and equipment in North America in the reporting year. Construction of a new facility in Brazil was postponed to await the further economic development in the country.

DEVELOPMENT OF SALES REVENUES IN NORTH AND SOUTH AMERICA BY COMPANY LOCATION
(in € million)



Net assets and financial position

BALANCE SHEET STRUCTURE

BALANCE SHEET TOTAL INCREASED

The balance sheet total increased year-on-year by 9.8% to €1,276.1 million (1,162.0). Additional investments in property, plant, equipment, and intangible assets, higher cash and cash equivalents, and a positive conversion effect due to a comparatively weak euro at balance sheet date were the main reasons behind this.

The balance sheet structure remains largely unchanged. At 59.0% (59.8)of the balance sheet total, short-term assets are the dominant factor, while long-term assets increased slightly to 41.0% (40.2) and represent €521.5 million (468.2).

INVESTMENTS INCREASE PROPERTY, PLANT AND EQUIPMENT

The increase in long-term assets can primarily be attributed to investments in new and existing facilities. The carrying amount of property, plant and equipment increased by €27.9 million to €312.4 million (284.5). As was also the case in the previous year, this item represented 24.5% of total assets.

Intangible assets increased by €20.5 million to €128.7 million (108.2) or 10.1% (9.3) of total assets. This was largely due to acquisitions made. Around 70% thereof can be attributed to goodwill.

The shares in companies consolidated at equity concern five companies. The change to €41.5 million (43.3) represents the balance of earnings generated, dividend payments made, and exchange rate fluctuations.

CASH AND CASH EQUIVALENTS EXCEED € 200 MILLION

The FUCHS PETROLUB Group requires fewer long-term assets than short-term assets for its business model. In the interest of maintaining a high degree of supply availability, the short-term assets are dominated by inventories and trade receivables. Both items together increased by €34.0 million to €526.8 million in the reporting year (492.8). This corresponds to 41.2% (42.4) of the balance sheet total. Just under half of the increase recorded (€15.5 million) is attributable to currency effects.

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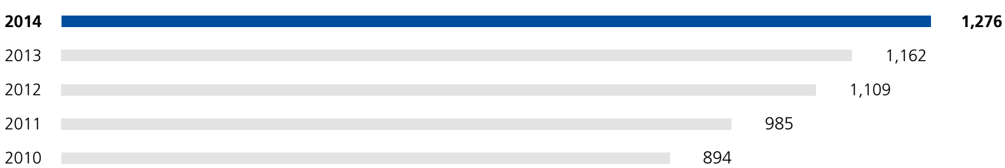
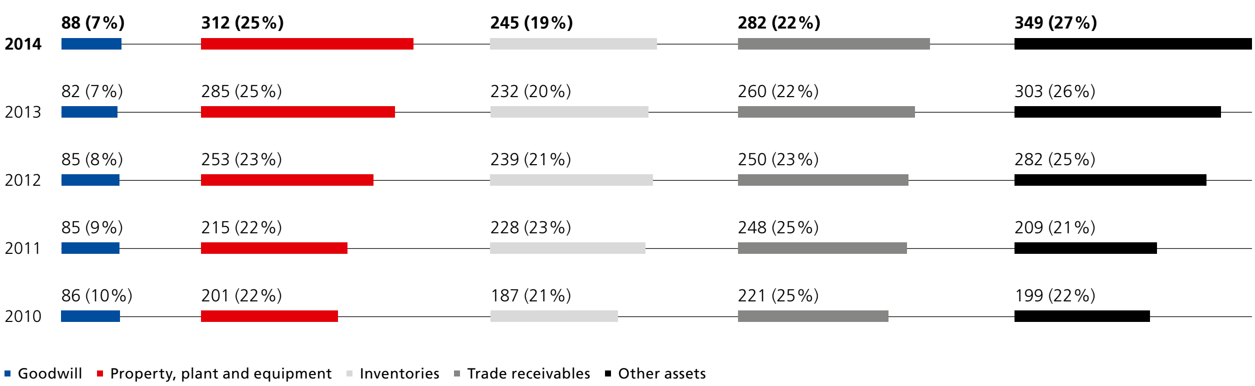
NET OPERATING WORKING CAPITAL (NOWC) represents an important Group KPI within the scope of value-oriented corporate control in the sense of the FVA concept. Besides inventories and receivables, the NOWC KPI takes into account trade payables. As at the 2014 balance sheet date, the Group had increased the net amount of inventories plus trade receivables less trade payables to €389.5 million (360.5). As at December 31, 2014, the ratio of NOWC to annualized sales revenues in the fourth quarter was 21.0% (19.9). The average capital tie-up period increased to 77 days (73) due to currency effects. As a result of this, the Group did not reach the target value of 20% of sales revenues that was set at the start of the year.

STRUCTURE OF ASSETS AND CAPITAL

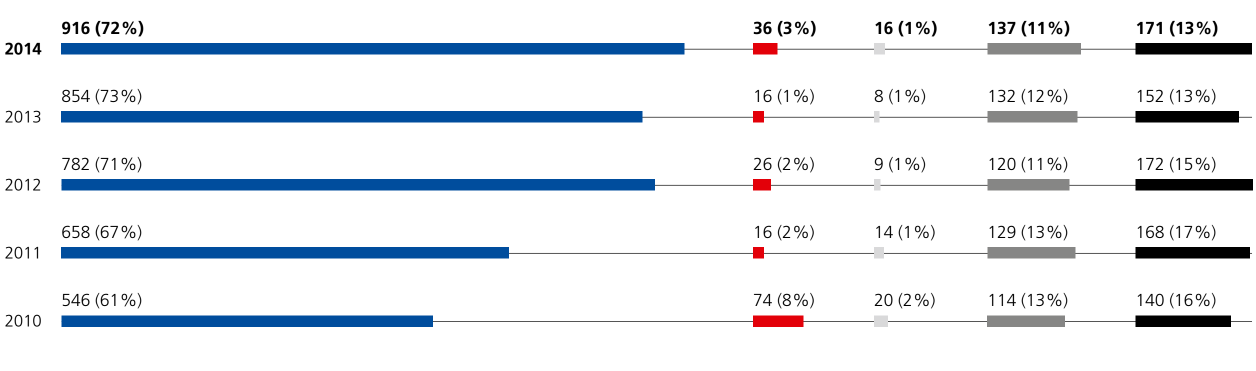
BALANCE SHEET TOTAL IN € MILLION



ASSETS IN € MILLION



EQUITY AND LIABILITIES IN € MILLION



Liquid funds represented 15.8 % of total assets (15.1 %). Cash and cash equivalents were €202.1 million (175.2).

SHAREHOLDERS' EQUITY CONTINUES TO RISE

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The FUCHS PETROLUB Group remains largely financed by shareholders' equity. With an increase of €62.1 million to €915.6 million (853.5), the **EQUITY RATIO** was 71.7 % (73.5). Besides the dividend payments of €97.1 million, this takes into account the fact that the Group also paid €76.4 million in equity back to the shareholders within the scope of a share buyback.

FUCHS measures return on equity (ROE) on the basis of the ratio of earnings after tax relative to average shareholders' equity (determined on the basis of interim quarterly reports). Earnings after tax recorded a 0.6 % year-on-year increase, while average equity capital increased by 4.2 %. The ROE therefore decreased by one percentage point in 2014 to 25.7 % (26.7).

The Group's long-term liabilities increased to €64.3 million (41.0). The drop in interest rate in the eurozone primarily led to an increase in pension provisions, which rose by €20.2 million to €36.0 million (15.8). Thanks to the early action taken by the Group to reduce its pension provisions, however, these only represent 2.8 % (1.4) of total equity and liabilities.

At €296.2 million (267.5), short-term liabilities represent less than a quarter of total equity and liabilities (23.2 % following 22.9 % in the previous year). Trade payables made up a significant portion of these and increased to €137.3 million (132.3).

Financial liabilities were €16.4 million (7.8). The increase can be attributed to a leasing liability as a result of exercising an option to buy a high-bay stacking storage system. €142.5 million is attributed to other short-term liabilities (127.4) – including tax liabilities and provisions.

The Group's net liquidity, i. e. following deduction of short-term financial liabilities of €16.4 million (7.8), was €185.7 million (167.4) on the balance sheet date.

In light of the current financial position, external ratings are still not necessary.

FUCHS REMAINS A STRONG PARTNER TO CUSTOMERS AND SUPPLIERS

With its high equity ratio and good level of liquid funds available, FUCHS not only remains a reliable supplier, but also a solvent customer. Our technical performance is complemented by economic and financial stability.

DEVELOPMENT OF THE KEY DRIVERS OF CAPITAL EMPLOYED*

in € million	2014	2013	Change absolute	Change relative in %
Property, plant and equipment*	292.4	267.8	24.6	9.2
Intangible assets*	119.3	111.7	7.6	6.8
Net operating working capital (NOWC)*	393.5	376.5	17.0	4.5
Sum of significant drivers*	**805.2**	**756.0**	**49.2**	**6.5**
Other items*	27.4	30.3	–2.9	–9.6
Capital employed*	**832.6**	**786.3**	**46.3**	**5.9**

* Average figures, each based on five quarterly values.

In 2014, FUCHS PETROLUB continued its program of comprehensive investments in new and existing facilities. Property, plant and equipment therefore increased by 9.2% over the previous year. Intangible assets also increased by 6.8% primarily due to acquisitions. Net operating working capital increased by 4.5%.

All three of these driving forces had a significant impact on the FUCHS Value Added KPI. Together, they represent 96.7% of capital employed, which increased by 5.9% in the reporting year.

The investments were made on schedule, and the acquisitions were in line with our objective of selective external growth. Net operating working capital was forecast to rise for business-related reasons only. However, the actual increase recorded was more significant and was reinforced by currency effects.

Based on investments in property, plant and equipment, as well as increased net operating working capital (NOWC) for business-related reasons, we had forecast an increase in capital employed. However, due to acquisitions made which were not incorporated in the planning and a greater increase in NOWC having been recorded, capital employed rose more sharply than we had originally forecast.

CAPITAL EXPENDITURES AND ACQUISITIONS

CAPITAL EXPENDITURES

With the exception of postponing construction work for a new facility in Brazil, the budgeted amount of €52.6 million (72.8) was for the most part invested in the construction of new facilities and modernization of existing facilities in the reporting year. This represents around 30% less than in each of the two previous years.

Investments exceeding depreciation and amortization were made in 2014, in particular at locations in Germany, China, South Africa and Australia.

In Germany, an agreement was reached regarding the acquisition of a high-bay stacking storage system that had previously been rented on an operating lease basis. Beside this, large sums were invested in a new test bay and tank storage facilities, as well as the roll-out of SAP software at a subsidiary.

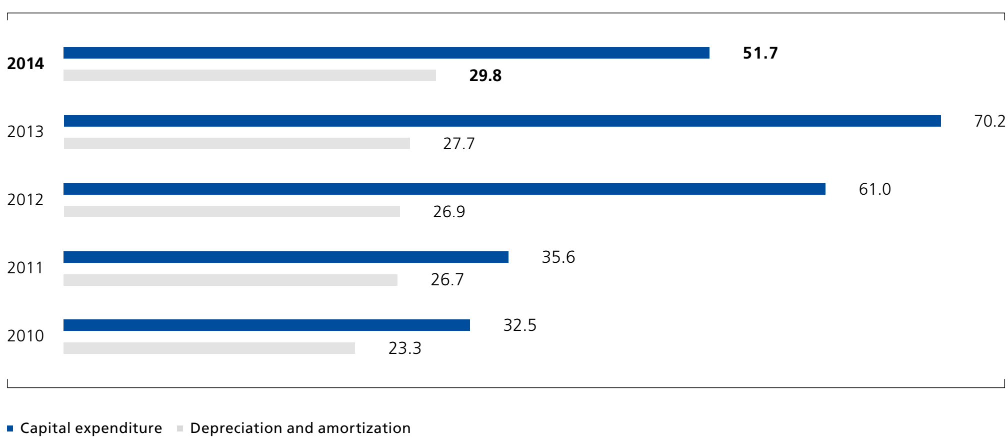
In China, follow-up investments were made in the new facility in Yingkou. Based on the sound business development recorded, initial investments were also made in systems originally intended for a second construction phase. The former location was completely cleared and the land use rights sold to the local authorities.

In South Africa, we acquired a neighboring plot of land. This will allow us to integrate the acquired business in our existing location. In Australia, investments were made to expand our facility in Melbourne, and progress was made in a construction project to replace the old site in Newcastle.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization of property, plant and equipment, intangible assets and financial assets increased to €35.0 million (28.2). This figure includes impairments of €5.2 million attributable in particular to goodwill write-downs in Brazil.

CAPITAL EXPENDITURE AND DEPRECIATION AND AMORTIZATION – TANGIBLE AND INTANGIBLE ASSETS
(excluding acquisitions) in € million



→ 130 Statement of changes in long-term assets

ACQUISITIONS

→ 141 Anhang

In the reporting year, FUCHS made acquisitions with total procurement costs of €23.0 million. In June, the lubricant business of the BATOYLE FREEDOM Group was acquired in England and in September this was followed by the acquisition of the business of LUBRITENE and LUBRASA in South Africa and Australia.

STATEMENT OF CASH FLOWS

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In 2014, FUCHS PETROLUB increased its free **CASH FLOW** to €187.9 million (149.9).

INCREASED GROSS CASH FLOW ALLOWS INTERNAL FINANCING OF GROWTH

This was based on the increase in gross cash flow to €257.9 million (230.0). Earnings after taxes of €219.9 million (218.6), as well as depreciation and amortization of €35.0 million (28.2) represented the main driving forces behind the increased gross cash flow.

Net funds of €2.6 million (9.5) were required to finance operating activities. Adjusted for currency effects, net operating working capital rose by €14.0 million (8.6) due to increased inventories and accounts receivable. In return, committed funds for the remaining assets and liabilities declined by €16.6 million net. Following deduction of the income from disposal of long-term assets, cash flow from operating activities increased to €255.3 million (220.5).

Total capital investment required financial resources of €67.4 million (70.6). €52.6 million (72.8) was invested in property, plant and equipment, while acquisitions with cash requirements of €21.8 million (0.0) were made. Proceeds from the disposal of long-term assets as well as change in cash equivalents due to change in the scope of consolidation amount to €7.0 million (2.2).

INCREASED FREE CASH FLOW ENABLES HIGHER DIVIDEND PAYOUTS AND SHARE BUYBACK

Our forecast from the start of the year predicting that gross cash flow would allow net operating working capital, all investments, and the dividends to be financed internally was confirmed. The mid-year revisions to our forecast, based on which free cash flow would at least reach the previous year’s level of €149.9 million, were also confirmed. Free cash flow increased to €187.9 million (149.9) in the reporting year, which represents more than 70% of gross cash flow.

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Statement of cash flows

The free cash flow from 2014 was used to pay dividends of €97.1 million (92.0), while funds of €76.4 million (22.0) were used for share buybacks. The remaining €14.4 million (35.9) was used to help increase cash and cash equivalents by €26.9 million (31.5 million) to €202.1 million (175.2).

LIQUIDITY SITUATION, FINANCING STRUCTURE, AND DIVIDEND POLICY

LIQUIDITY DEVELOPMENT AND FINANCING STRATEGY

The Group has significant cash and cash equivalents. These secure its flexibility and independence. At the same time, they also support a continuous dividend policy, which targets constant increases or at the very least stable dividend payouts to shareholders in FUCHS PETROLUB SE. The Group, i.e. the controlling holding company, pursues a continuous dividend policy and does not apply a fixed distribution rate to the earnings generated in the respective year.

Cash and cash equivalents also enable FUCHS to act quickly should suitable acquisition opportunities arise. In addition to this, the Group has access to free lines of credit of €136 million (140) at banks. The company also has the option to raise funds from the capital market.

Overall position and performance indicators

The Executive Board is convinced that the FUCHS PETROLUB Group is in an excellent economic position: the company's earning power, stability, and liquidity show this.

EARNING POWER AS A PERFORMANCE INDICATOR

→ 69
Controlling system

FUCHS employs a uniform KPI for the purposes of value-oriented corporate control in the form of FUCHS Value Added (FVA). The earnings position as well as the net assets and financial position are included in FVA. Earnings before interest and tax (EBIT) is the key performance indicator for the earnings position. The costs for average capital employed represent the benchmark for net assets and the financial position. Only when the recorded EBIT is higher than the costs of capital employed is value added.

THE WEIGHTED INTEREST RATE (WACC)

The costs of capital employed are calculated using the Weighted Average Cost of Capital formula (WACC), the level of which was reviewed and revised at the end of each year using the Capital Asset Pricing Model (CAPM) and financial market data.

Basic data at the end of 2014:

- Shareholders' equity costs[1] = 7.4% (8.4) after and 10.8% (12.0) before taxes
- Borrowing costs[2] = 1.7% (2.5) after and 2.5% (3.6) before taxes
- Financing structure[3] = 88% (88) shareholders' equity and 12% (12) borrowed capital
- Typical Group rate of taxation = 31% (30)

[1] Risk-free interest + market risk premium x sectoral risk in the form of the beta factor.
[2] Risk-free interest + sector-specific risk surcharge.
[3] Sectoral or target financing structure at market values.

Determining the WACC pursuant to CAPM on the basis of the financial market data as at the end of 2014 produces values of 9.8% (11.0) before and 6.8% (7.7) after taxes. As a result of the pronounced downward trend in market interest rates, these values are significantly below the previous year's figures. This motivated us to reduce the WACC to 10.0% before taxes (11.5%) and to 7.0% (8.0) after taxes for 2014.

The WACC is used for measuring internal performance and calculating figures for the profit-sharing scheme, both for management and the employees of the holding company.

The WACC is incorporated in the FVA calculation as a pre-tax interest rate, since the earnings component is also incorporated as a pre-tax figure (EBIT) in the value determination process.

FVA UP IN 2014 AS A RESULT OF REDUCED CAPITAL COSTS

in € million	2014	2013	Change absolute	Change relative in %
EBIT	313.0	312.3	0.7	0.2
Capital employed				
Equity*	854.0	819.7	34.3	4.2
+ Financial liabilities*	11.1	7.4	3.7	50.0
+ Net pension provisions*	19.8	20.1	−0.3	−1.5
+ Amortized goodwill*	85.2	85.2	–	–
– Cash*	137.5	146.1	−8.6	−5.9
Capital employed total	832.6	786.3	46.3	5.9
Pre-tax WACC (in %)	10.0	11.5		−13.0
Cost of capital	83.3	90.4	−7.1	−7.9
FVA	**229.7**	**221.9**	**7.8**	**3.5**

* Average figures, each based on five quarterly values.

As a key indicator of earnings, EBIT remained at the previous year's level in the reporting year (+0.2%). This is contrary to our original forecast. Capital employed, another key indicator, increased by 5.9%. In the light of a reduced WACC, capital costs decreased by 7.9% overall. Based on this, the Group recorded economic gains (FVA) of €229.7 million (221.9), which were 3.5% higher than in the previous year.

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The return on capital employed (**ROCE** = EBIT relative to average capital employed) is 37.6% (39.7) and thereby significantly exceeds the weighted capital costs before tax of 10.0% (11.5).

FIVE-YEAR REPORT OF FVA AND ITS DRIVERS

in € million	2014	2013	2012	2011	2010
EBIT	313	312	293	264	250
Capital Employed	833	786	737	674	586
Cost of capital	83	90	85	78	67
WACC in %	10.0	11.5	11.5	11.5	11.5
FVA	230	222	208	186	183

STABILITY AS A PERFORMANCE INDICATOR

The FUCHS PETROLUB Group assesses its net assets and financial position on the basis of the debt-equity ratio or “gearing” KPI (see page 70). The ratio of financial liabilities less cash and cash equivalents plus pension liabilities relative to shareholders’ equity displayed continuous improvement. In the light of its excellent liquid funds and low financial liabilities and pension liabilities, the Group is essentially debt-free. Indeed, a value of less than zero was once again calculated for the reporting year. The development described in the following confirms the ongoing financial stability of the Group.

FIVE-YEAR REPORT ON GEARING AND ITS DRIVERS

in € million	2014	2013	2012	2011	2010
Financial liabilities	16	8	9	14	20
Pensions (net)	36	16	26	12	74
Cash and cash equivalents	–202	–175	–144	–79	–92
Total[1]	–150	–151	–109	–53	2
Equity	916	854	782	658	546
Net gearing[1]	–0.2	–0.2	–0.1	–0.1	0.0

[1] Value negative in the event of surplus cash and cash equivalents due to financial and pension liabilities.

LIQUIDITY AS A PERFORMANCE INDICATOR

Free cash flow represents a KPI for assessing the ability of a company to distribute dividends and repay debts. In 2014, FUCHS PETROLUB Group generated free cash flow of €187.9 million (149.9). €173.5 million (114) was spent on dividend payments and the repurchasing of own shares. After taking into account other changes, €26.9 million (31.5) was available for increasing cash and cash equivalents. The liquidity situation was good throughout 2014.

The following overview shows the development of free cash flow. The Group has continuously excelled at generating liquidity. Despite making appreciable investments to secure the Group’s future, this still provided sufficient scope for increased dividend payments. In addition to this, share buybacks were performed in various years

FIVE-YEAR REPORT ON FREE CASH FLOW AND DIVIDEND PAYMENTS

in € million	2014	2013	2012	2011	2010
Free cash flow	188	150	140	59	78
Dividend distribution*	106	97	92	70	63
Share buyback	76	22	–	–	–

*In the respective subsequent year, dividend proposal for 2014.

Supplementary report

No transactions of particular importance with an appreciable bearing on the results of operations, net assets, or financial position of the FUCHS PETROLUB Group occurred after the end of the financial year.

Opportunity and risk report

Our opportunity and risk policy focuses primarily on securing the continued existence and increasing the company value of the FUCHS PETROLUB Group. Our business objectives require early detection and utilization of opportunities, as well as early identification of the risks associated with business operations, followed by assessment and appropriate response to these. The diverse opportunities for the Group result from its technological leadership in important business areas, the broad scope of its product portfolio, cooperations with local and international customers, as well as its global positioning. On the basis of this, we see potential for cultivating further sectors and niches, as well as for stable and continuous company development.

The following outlines our understanding of opportunities and risks:

- Opportunities represent possible future developments or events that could lead to positive deviations from the company's forecasts or targets.
- Risks represent possible future developments or events that could lead to negative deviations from the company's forecasts or targets.

Unless stated otherwise or explicitly referred to, the opportunities and risks listed affect all segments.

The Executive Board at FUCHS PETROLUB SE sets out the risk policy guidelines and endeavors to achieve a balance between opportunities and risks on the basis of the business model. Weighing up opportunities and risks forms part of all corporate decisions. Opportunity and risk management is a component of day-to-day business management activities and is anchored in all operating units. Our system of opportunity and risk management is based on strategic and planning processes, as well as regular opportunity and risk inventories. The identification of opportunities and risks takes place on the basis of trend observations and analyses, as well as macroeconomic, sectoral, regional and local developments. Opportunities and risks that are identified are assessed and translated into strategic and operating measures. The Executive Board, the Group Management Committee (GMC) and management at the local units all work together closely to identify, assess and control opportunities and risks. The analysis and assessment of the Group's opportunity and risk position are subject to continuous examination by the Executive Board and the GMC.We employ countermeasures as a way to avoid, reduce or – where possible and economically justifiable – transfer risks to third parties, for example by signing insurance contracts.

OPPORTUNITY REPORT

THE GROUP'S OPPORTUNITY MANAGEMENT SYSTEM

Within a dynamic market environment, the FUCHS PETROLUB Group's global business operations continuously present new opportunities, the systematic detection and utilization of which are key components of our sustainable growth policy. Opportunities are identified within the scope of annual business planning and target agreement. The measures for utilizing opportunities are coordinated between the Executive Board/GMC and the management at the subsidiaries.

The Group employs planning, governance, and reporting processes to ensure early detection of opportunities. On the basis of economic analyses by recognized institutes, market information, and our own monitoring systems, we endeavor to react appropriately and early to the latest developments. The global information is regularly compressed within the scope of budget and general projections. This focuses primarily on the analysis of opportunities within the scope of strategic planning, market analysis or product development. Opportunities are also reviewed when assessing investment projects or when seeking to identify cost cutting measures.

In addition to the evaluation of opportunities within the scope of drawing up budgets and projections, an assessment of potential opportunities which have not yet been taken into account is performed twice a year at both company and divisional level.

MACROECONOMIC OPPORTUNITIES

The global presence of the FUCHS PETROLUB Group in all industrial markets of the established and emerging economies allows us to participate in growth impulses. Our goal is to participate in dynamic developments, acquire new customers, and win additional orders. Based on the business model, diverse opportunities arise across the various regions, sectors, products, and customers.

CORPORATE STRATEGY OPPORTUNITIES

On the basis of our mission statement LUBRICANTS.TECHNOLOGY.PEOPLE., our focus on lubricants, our capacity for innovation, our technological leadership in important business segments, our pronounced quality consciousness and our qualified employees represent important pillars for our corporate success. These strengths, in combination with the proven business model and early detection of future product, environmental protection, legal and regulatory requirements, support further expansion of our position in the global lubricant markets and the development of optimum lubricant solutions for our customers.

Our sustainability activities combine the economic, ecological, and social aspects of our management approach. The activities focus in particular on utilizing existing potential as a way of further increasing company value and continuously reducing the exploitation of resources, as well as fulfilling the social requirements demanded from a responsible company.

SECTOR-SPECIFIC AND MARKET-SPECIFIC OPPORTUNITIES

The physical and organizational structure of our efficient and global network of sales staff, application engineers, and commercial partners is aligned with the sector-specific and market-specific requirements of our customers. The corporate strategy stipulations resulting from our mission statement are operatively implemented at the subsidiaries and in the central functions.

We see opportunities in promoting the expertise and capacities of our employees and managers and making use of this in further developing the business. The same applies to early anticipation and implementation of trends in the field of energy-saving and environmentally-friendly products.

OPPORTUNITIES FROM RESEARCH AND DEVELOPMENT

To strengthen our customer structure and further diversify our product portfolio, the FUCHS PETROLUB Group engages in joint research and development activities in a network with universities, associated research institutes, and customers.

We underline our technological leadership in important business areas by making targeted investments in research and development for high-grade lubricants. We develop customized product solutions that offer our customers sustainable added value. Our innovations make an important contribution to supporting profitable organic growth and further strengthening both our added value and competitive position.

RISK REPORT

THE GROUP'S RISK MANAGEMENT SYSTEM

The risk management system (RMS) stipulated by the Executive Board of FUCHS PETROLUB SE and implemented in all Group units governs the way in which risks are handled within FUCHS via the risk management guideline and defines a uniform methodology to be employed throughout the Group, which is integrated into the planning, governance, and reporting processes of all operating units and central functions. In this endeavor, we target comprehensible and transparent presentation of the risks associated with all business activities/procedures via a structured process that identifies, assesses, and then formulates countermeasures, as well as providing regular reporting and tracking. The practical implementation of this objective takes place via strategic planning, mid-term planning, budgeting, reporting, permanent controlling, risk reporting, the Internal Control System (as a constituent of the RMS), the compliance management system, and the Internal Audit department.

The generally recognized COSO II framework of the Committee of Sponsoring Organizations of the Treadway Commission forms the systematic basis of the RMS and the internal control system (ICS), the scope and alignment of which are set out and if necessary revised by the Executive Board, taking into account company-specific requirements.

The RMS is set out in a directive that is binding throughout the Group. Budgets and forecasts, as well as risk inventories performed by the management of the operating units every six months and the central units once a year, form the basis of global risk control in the Group. The risk inventories at the subsidiaries or in the specialist departments are performed by the persons involved in the reporting process within the scope of a structured procedure. Suitable risk categories are available for risk identification on the basis of defined corporate goals, as well as the environment in which the business operates. Sudden or unexpected risks with significant effects are reported to the Executive Board on an ad-hoc basis.

The risk management process is supported by an intranet-based IT solution. Those responsible for risk elimination are also responsible for the identification and monitoring of risks. The completeness of the risk reports can be assessed and secured using a risk catalog. When assessing risks, their respective likelihood of occurrence and potential losses are taken into account. In terms of potential losses, we differentiate between gross losses and net losses following risk mitigation measures. Risk mitigation measures are defined, implemented, and assessed locally to determine their effectiveness. Further validation of the reports is then performed by the Internal Audit department.

The individual risks reported by the Group companies and specialist departments are bundled at Group level to create aggregated risks.

To determine which risks could most likely pose a real threat to the FUCHS PETROLUB Group, the aggregated risks are classified based on the likelihood of their occurrence and their effects. The scaling and accompanying explanations are shown in the table below:

Likelihood of occurrence	Description	Effect	Description
0 to 10%	Low	Insignificant	Negligible negative effects
11 to 25%	Medium	Low	Several negative effects
26 to 50%	Medium–high	Moderate	Considerable negative effects
51 to 100%	High	Significant	Harmful negative effects

The combination of the likelihood of occurrence and effect determines which risk categories are considered significant from the Group's perspective. This is presented in a table below. Risks are grouped as low (L = green), medium (M = yellow), and high (H = red) risks. In line with our risk methodology, only high risks are classed as significant.

Effect	Likelihood of occurrence: Low (0–10%)	Medium (11–25%)	Medium–high (26–50%)	High (51–100%)
Significant (>€15 million)	Medium	Medium	High	High
Moderate (>€10 million and ≤€15 million)	Low	Medium	Medium	High
Low (>€5 million and ≤€10 million)	Low	Low	Medium	Medium
Insignificant (≤€5 million)	Low	Low	Low	Low

The information is prepared by the Internal Audit department, which reports to the Executive Board. The results of the entire process are presented to the Supervisory Board at least once a year.

It must be taken into account that even appropriately designed and fully functional systems cannot offer absolute security with regard to the identification and controlling of risks. Based on our current knowledge and the information available to us, we have appropriately taken into account and presented the risks associated with business operations. On the basis of the risk classification presented above, the FUCHS PETROLUB Group is currently not subjected to any aggregated risks defined as high or medium.

SIGNIFICANT FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

The Internal Control System (ICS) established and further developed by the Executive Board of FUCHS PETROLUB SE is used to secure the effectiveness and profitability of business operations, guarantee true and fair accounting, as well as to ensure compliance with the key legal and internal regulations for the company.

The instruments used for managing the entire company are the Code of Conduct, the Corporate Governance Report, the Group Guidelines, Risk Reporting, the Supervisory Board's Audit Committee, the Compliance Committee, the IT Steering Committee and the Internal Audit department.

The systems in place for monitoring the entire company comprise a comprehensive control system for monitoring operational and financial processes in the form of periodical financial reports, projections, budgets, compliance reports, and audit reports. In addition to these, stipulations are in place at the level of the individual companies that govern the dual-control principle, segregation of duties, and compliance with authorization levels.

The Group accounting process is designed in such a way that uniform reporting of all business transactions is guaranteed throughout the Group in line with legal requirements, generally accepted accounting principles, international accounting standards (IFRS), and internal Group guidelines. All companies included in the scope of consolidation report to the parent company in a standard form. In addition to this, consolidation is performed based on uniform principles throughout the Group.

The decentralized organization of the Group accounting process starts in the Group’s subsidiaries and encompasses reporting with comprehensive monthly key figures, as well as detailed quarterly interim and annual financial statements. These are regularly analyzed and reviewed within the Group to ensure completeness, accuracy and plausibility. The technical handling of the reporting processes is performed via a uniform, Group-wide intranet-based reporting application.

The set of guidelines employed by the FUCHS PETROLUB Group contains a FUCHS Accounting Manual (FAM), a Financial Guideline, an Investment Guideline, a Receivables Guideline and a Guideline for Inter-Company Payments. Any amendments to existing accounting regulations with effects on the annual financial statements of FUCHS PETROLUB SE are analyzed in prompt and timely manner and, where applicable, communicated to the Group companies for implementation. The professional competence of the staff involved in the financial accounting process is ensured through careful selection, initial training and continuous further training of the employees involved. The largely standardized IT systems and corresponding security concepts provide the EDP systems employed in the field of accounting with the best possible protection from unauthorized access. Within the scope of its annual audits, Group Audit examines the effectiveness of the Internal Control System and Risk Management System with regard to the accounting process. Beside this, Group Accounting (balance sheet) and the Internal Audit department (ICS) are informed of the results of the financial statement audits of the subsidiaries. Both of these departments report directly to the Chief Financial Officer at FUCHS PETROLUB SE.

The activities performed within the scope of the internal control system and risk management system (particularly with regard to the Group accounting methodology) at FUCHS PETROLUB SE are specifically designed to detect potential risks and undesirable developments as early as possible. However, even our systems cannot provide absolute security against potential issues. Within the scope of the annual audit, the auditor confirmed that the early risk detection system applied by FUCHS PETROLUB is suitable for early detection of risks that threaten the existence of the Group. Up to this point in time no significant weaknesses with regard to the internal controls over financial reporting were detected within the scope of the audit.

Regular risk reporting is submitted to the Supervisory Board.

INDIVIDUAL RISKS

On the basis of the risk classification presented above, the FUCHS PETROLUB Group is currently not subjected to any aggregated risks defined as high or medium. The aggregation across all risks is not significant from the Group's perspective. Yet despite this, the following section presents the risks which need to be constantly monitored due to their importance for the Group and its subsidiaries.

Macroeconomic risks

It is impossible to completely avert risks that occur due to economic cycles. Any worsening of economic framework conditions in the sales regions can potentially impact the sales revenue and earnings position of the FUCHS PETROLUB Group. Geopolitical and economic crises can have effects on regional markets. Consistent alignment of business activities with the large economic areas of Europe, North and South America, as well as Asia-Pacific, Africa limits dependency in individual customer countries and serves to spread the risks. The diversified product portfolio also allows temporary economic fluctuations, for example caused by more favorable developments in other regions or markets, to be at least partially compensated.

The economic and political situation in Russia, the crisis in the Ukraine, and the ongoing sovereign debt crisis in Southern Europe represent risks for macroeconomic development and for the development of the FUCHS companies affected.

Weak development of the economy and currency in both Russia and the Ukraine could have negative effects on the earnings position. Furthermore, customer payment behavior can potentially deteriorate. Additional potential risks are associated with the fact that the Russian economy could weaken even further. In the Ukraine, the need to procure foreign currencies to pay for goods deliveries can make the situation more difficult.

We reduce risks for the FUCHS PETROLUB Group by constantly monitoring political and economic developments and employing a strict system of receivables management, tight cost monitoring, as well as intensive communication with our foreign subsidiaries. To minimize currency losses, the Russian company is anxious to increase the percentage of sales made in euros. Liabilities from intra-Group invoices are paid promptly on delivery. By establishing local procurement and production operations, we are constantly reducing our dependency on cross-border deliveries to Russia.

Sector risks

The Group's business operations are influenced by the various sectors in which our companies support customers and sell products. Our observations are focused on the intensive competition on sales markets, increasing customer quality standards, technological progress, as well as default and inventory risks. We constantly strive to maintain and further build on our position as technological leader in strategically important business fields and niches directly with customers through continuous innovation activities, partnership-based research and development work, as well as application-based support.

Procurement risks

On the procurement side, we see key risks in the availability of raw materials, market changes, suppliers taking advantage of oligopoly positions, and the price fluctuations this entails. In terms of organization, central departments and the various departments at our foreign subsidiaries monitor the procurement markets within the Group to detect any unfavorable developments early on and ensure rapid reactions. Further counter-measures include securing our supply of base oils and important chemicals via a broad procurement basis, continuously searching for alternative suppliers, and collaboration on technical committees to help secure a greater substitutability of base oils.

→ a–z Glossary page 214

The use of raw materials at FUCHS PETROLUB is divided into chemical raw materials and base liquids. The base liquids also include base oils. Many of the chemical raw materials are originally based on oil and do not reach FUCHS until they have undergone numerous stages of refinement, i.e. following a significant increase in **ADDED VALUE**. The price erosion of crude oil also has an impact on the procurement prices of several raw materials, although not directly and not to the same extent. However, long-term declines in raw material prices can lead to a reduction in our sales prices, which in turn can have a negative impact on our earnings position.

Regulatory and legal risks

The FUCHS PETROLUB Group's global business operations are influenced by the legal and regulatory environment. We address these influences with the expertise of dedicated specialists, as well as appropriate legal and insurance advice.

Legislation governing chemicals in the EU member states is to be fundamentally harmonized and simplified with the REACH European Chemicals Regulation (Registration, Evaluation, and Authorization of Chemicals). We have implemented all staff-related and organizational measures in order to comply with the regulatory requirements and monitor further development.

With its GHS (Globally Harmonized System), the United Nations is seeking to introduce a uniform worldwide system for classification and labeling of chemicals. The introduction of GHS requires the toxicity properties of materials and formulations to be re-evaluated. Products from the FUCHS portfolio may require new labeling based on this, and could potentially no longer be suitable for sale. We support introduction of GHS worldwide by establishing corresponding organizational structures and have already developed alternative formulations for any products affected. Our research and development departments are also working on further alternatives.

Our 50% partner in FUCHS OIL MIDDLE EAST LTD. initiated legal proceedings against FUCHS PETROLUB SE in December 2010 due to violation of duties based on corporate law. In addition to this, the ownership structure of said partner was the object of a separate legal dispute. In July 2014, the Privy Council in London then ultimately reached a decision regarding the ownership structure of our partner. The new owner of the stake in FUCHS OIL MIDDLE EAST LTD then withdrew the legal proceedings against FUCHS PETROLUB SE. Since all legal disputes with regard to this issue have now been settled, the Group should no longer be exposed to any further risks in this regard.

Compliance risks

Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.

To ensure lawful and social-ethical behavior, the Executive Board at FUCHS PETROLUB SE implemented a Compliance Management System (CMS). The prevention and detection of infringements, as well as reaction to these infringements, represent key components of the CMS. We do not tolerate any violations against legal provisions, the FUCHS Code of Conduct or other internal directives.

The CMS is presented in more detail in the Declaration of Corporate Governance, which is part of the Corporate Governance Report.

IT risks

With the organizational and technical networking of locations and systems, the complexity of our IT systems is increasing. The risk of data loss/theft and the risk of operational disruptions are increasing. We are addressing the risks by collaborating with established IT service providers, implementing detailed backup and recovery procedures, and using both virus scanners and firewalls. Employees are kept up-to-date with current practices, developments, and technologies through training events and guidelines. To secure uniform IT safety standards worldwide, regular IT safety tests are performed. Based on the results of these tests, short-term and long-term measures are initiated to increase IT safety.

Risks from research and development

The opportunities of a major capacity for innovation and high degree of specialization also lead to risks of high complexity and limited predictability of research and development projects. To govern these risks, most products are developed in collaboration with our customers and also in joint research projects with universities or other research institutions. The development of new and innovative products requires effective intellectual property protection, which we secure internally through our organization and appropriate processes.

Production, product and environmental risks

The production, filling, storage and transport of chemical raw materials, products and waste includes potential product and environmental risks, which can present themselves in the form of malfunctions with direct effects on persons, the environment and production processes. We therefore work to high technical (safety) standards when building, running, and maintaining production equipment. The use of raw materials and our product manufacturing process are both subject to consistent worldwide monitoring of quality requirements and standards. We also employ targeted measures to comply with soil and water protection regulations. Insurance programs which are in place throughout the Group cover the risks of damage to property, liability risks, transport risks, as well as risks posed by potential interruptions in business. We also address the effects of unplanned disruptions to operations through inventory buffers, as well as use of our global production network.

Investment and acquisition risks

Acquisition and investment projects are associated with complex risks. For example, unforeseeable changes to economical or legal framework conditions can potentially lead to higher acquisition and investment costs. The processes involved when setting up an investment or integrating companies which have been acquired can be delayed. Investment decisions are therefore subject to careful examination in a multi-stage process and, if a predefined value limit is exceeded, the matter is presented to the Executive Board for a final decision. In the case of acquisitions, the Executive Board is regularly involved in the acquisition process. Investment and acquisition projects are implemented on the basis of defined processes and procedures.

Currency risks

In regard to currency risks, we distinguish between transaction and translation risks. Transaction risks occur as a result of income and expenditure in foreign currency, such as in the procurement of raw materials. Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, no long-term hedging of currency positions is performed in the operating business. Exchange rate risks resulting from the issue of Group-internal foreign currency loans, on the other hand, are generally hedged.

The translation risk is due to currency conversion of balance sheets and income statements into euros. Since the FUCHS PETROLUB Group includes many companies which are not based in the eurozone, exchange rate fluctuations can influence Group profit. Transaction and translation risks therefore have a compensatory effect at Group level.

Pension risks

The occupational pension plans in the Group are largely financed by funds. The pension risks for entitlements and retired staff are easily controlled and, since they are so minor relative to the total assets held by the Group, do not represent any appreciable risk. We also make reference to the descriptions of the pension provisions in the notes to the consolidated financial statements.

OVERALL ASSESSMENT OF THE GROUP'S OPPORTUNITIES AND RISKS

The way in which the Group presents opportunities represents a consolidated assessment of all significant opportunities resulting from the aggregated examination of all reports on the subsidiaries and divisions for the year 2015. There were no important changes relative to the previous year.

The way in which risks are presented throughout the Group represents a consolidated assessment of all significant risks derived from the budget reports and risk reports submitted both by the subsidiaries and central functions which are applicable to the forecast period. The overall risk profile of the FUCHS PETROLUB Group has not changed relative to the previous year.

The Group's balanced system of opportunity and risk management, stable financial situation with an equity ratio of 71.8%, debt-equity ratio of zero, increasing net profits and cash flows, as well as solid business model, limit the risks associated with business operations and also provide further opportunities for development of both sales revenues and earnings.

The opportunity and risk management system set up by the Executive Board and implemented worldwide is appropriately aligned with the FUCHS PETROLUB Group's opportunity and risk profile and is also subject to constant further development, taking into account new opportunities and risks where appropriate. The results of this course of action are reflected in an adequate general risk situation.

From the Executive Board's current perspective, however, there are no discernible risks that jeopardize the company as a going concern. We believe the systems currently in place to be appropriate and consider simultaneous occurrence of all individual risks unlikely.

Forecast report

GROUP ALIGNMENT AND ECONOMIC FRAMEWORK

The business model of the FUCHS PETROLUB Group is based on broad regional use of business opportunities spread across many sectors. The business portfolio is aligned with products that place great demands on technology and are associated with high service costs. Particular emphasis is placed on the development of niche and regional market segments here. FUCHS PETROLUB is therefore broadly diversified. There are no plans to expand the Group's activities to business areas outside the field of lubricants.

The sales markets for the technological solutions and processes available in the FUCHS PETROLUB Group include both mature markets and markets in global growth regions displaying particularly fast economic development.

The Group constantly reviews new business opportunities through continuous development of new products that reduce costs and solve technical issues in complex processes. At the same time, existing products are centrally and regionally modified to match the ever changing requirements. In the latter case, this involves a large number of detailed solutions rather than technical enhancements.

GENERAL ECONOMIC DEVELOPMENT FORECASTS

In January 2015, the International Monetary Fund (IMF) is forecasting growth in the global economy of around 3.5% for 2015. The anticipated growth is thereby slightly higher than the 3.3% recorded in the same period of the previous year. On this basis, we expect the global lubricant market to record similarly moderate growth as in 2014 (0.5%).

For details on the forecasts for the various global regions and sectors, please refer to the section entitled "Economic framework: General and sectoral; Development in 2014 and forecasts for 2015" on page 78.

EFFECTS ON OUR BUSINESS MODEL

The anticipated growth in both the global economy and global lubricant consumption, as well as the market position enjoyed by FUCHS, provide a solid basis for continuing our successful business model. The development of raw material costs plays an important part. Overall, we expect to encounter greater volatility than in the previous year in terms of raw material costs.

There are many risks for global economic development, and thereby also for our business model. Besides the current political risks in Eastern Europe and the Middle East, the economic problems such as the national debt crises of various countries, the difficult situation being encountered by many banks and the imbalances in currency exchange rates are either ongoing or becoming even more acute. No solutions should be expected in the short term.

ANTICIPATED RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

On the basis of the framework conditions described, the FUCHS PETROLUB Group is planning further growth in sales volumes and revenues for 2015. Organic sales revenues are likely to remain at the same level or increase slightly compared to the previous year. The planned sales growth could be eroded by passing on reduced raw material costs. In addition to this, further external growth through acquisitions is possible. Should the weakness in the euro experienced at the start of 2015 continue over the course of the year, additional positive currency conversion effects should also be anticipated. It is not possible to provide a well-founded forecast regarding the impact of changes in currency exchange rates on sales revenues and earnings in the absence of reliable currency forecasts.

So far, the drop in the crude oil price observed in the last few weeks is only having an effect on a small number of the processing intensive raw materials we use. Although the prices for several crude oil-related raw materials have reduced in US dollars, no appreciable price reductions are in sight for more refined base oils, which require numerous processing steps, or for additives and other chemical components. In addition to this, crude oil prices play only a minor part in the pricing of such products due to the fact that some of the materials are only available in limited quantities.

Overall, we anticipate raw material costs to decline slightly. However, in the case of oil-related products sales prices are likely to be adjusted accordingly.

Over the last few years, the Group has increased its efforts in recruiting additional employees and in investing in new and existing facilities and equipment. Taking into account the various influencing factors, the Executive Board expects the gross margin to increase slightly and the costs for research and development, sales and distribution, as well as administration to increase in the mid-single-figure percentage range.

As regards EBIT, this means an increase in the low single digit percentage range. The EBIT margins before companies consolidated at equity should go up slightly. Earnings after tax and earnings per share are also likely to increase in the low single-digit percentage range.

Should the global economy and global lubricant consumption record significantly stronger growth than forecast, above-average EBIT growth in the upper single-digit percentage range is to be anticipated. In the event of weaker growth, however, it would be more difficult to absorb the cost increases caused both by inflation and establishment of additional technical and personnel capacities. In unfavorable circumstances, a decline in EBIT in the low single-digit percentage range is also conceivable.

A decline in EBIT should also be anticipated in the event that sales prices suffer deflation that exceeds the savings made due to falling raw material prices.

We expect the sales revenue dynamics displayed to date by the regions to continue, led by Asia-Pacific, Africa and followed by North and South America. In terms of EBIT, we forecast increases in the low single-digit percentage range for the two growth regions and anticipate EBIT to remain at the previous year's level in Europe.

We expect capital employed to increase further. This is due to planned investments in plants and equipment that exceed the previous year's level and tie on to the investment levels in the year 2012 and 2013. As a result of increased business volumes, net operating working capital (NOWC) may continue to rise. Our objective of maintaining NOWC at a level corresponding to no more than 20% of sales revenues remains unchanged. The anticipated growth in EBIT should exceed the expected increase in the costs of capital employed. As a result of this, we are anticipating an FVA increase in the low single-digit percentage range – subject to the weighted capital costs remaining unchanged.

Free cash flow, i.e. the financial resources available after financing of net operating working capital and planned investments, is likely to exceed €150 million once again. This figure does not take into account acquisitions.

The Group has access to significant liquid funds from previous years. This provides additional backing for our consistent, shareholder-friendly dividend policy.

If additional financial resources are required for acquisitions, supplementary lines of credit are in place and available at banks.

In terms of the net assets and financial position or balance sheet structure, we do not anticipate any significant changes, especially since no changes of strategic or business policy nature are expected.

The statements made assume that the positive overall framework conditions for FUCHS remain in place and that the various company-specific and economic risks do not materialize in any appreciable form.

FUCHS PETROLUB SE (HGB)

FUCHS PETROLUB SE is the parent company and strategic management holding of the FUCHS PETROLUB Group. The company is a stock corporation under European law. The situation at FUCHS PETROLUB SE is essentially determined by the business success of the Group.

The annual financial statements of FUCHS PETROLUB SE are drawn up in line with the regulations of the German Commercial Code (HGB) and German Stock Corporation Act (AktG).

The company operates direct subsidiaries and affiliated companies, and secures both the continued existence and further development of the Group with its employees. Beside business management duties, the development and transfer of technical expertise, as well as marketing activities and protecting the FUCHS brand represent further important functions. Most of the income generated by FUCHS PETROLUB SE takes the form of dividend income, income from investments, as well as royalties for technical expertise and trademarks. The expenses accrued by FUCHS PETROLUB SE primarily relate to administration, technical development, and brand management. In addition, financing expenses might also be incurred in certain circumstances. Furthermore, tax payments are to made for the scope of consolidation and dividends paid to the shareholders.

RESULTS OF OPERATIONS

In 2014, FUCHS PETROLUB SE generated profit after tax of €167.0 million (161.1). This corresponds to an increase of 3.7% compared to the previous year.

Income from investments represented the main source of income. At €203.4 million (203.6), it remained at the previous year's level. Foreign stock corporations contributed €97.8 million to this (103.4). Income of €105.6 million (100.2) was received from profit and loss transfer agreements in place with German subsidiaries.

At 31.3 million (31.7), administration expenses represented the largest pool of costs, whereby more than 60% of these costs were attributable to personnel expenses. The level of personnel and overhead costs scarcely changed in the reporting year over the previous year.

Besides income from investments, FUCHS PETROLUB SE in particular generated license income. Other operating income of €44.9 million was recorded (31.5), €26.2 million of which (24.9) was due to income from licenses. Write-ups had a positive effect of €8.5 million (0.0).

Other operating expenses of €6.5 million (4.9) in particular include research and development cost subsidies paid by the holding company to subsidiaries.

Earnings before interest and tax (EBIT) increased to €210.5 million (198.5). Due to the low interest rate environment, the financial result of –€8.5 million (–4.9) contains net interest income of just €0.4 million (0.4). Depreciation of two (in the previous year three) investments in companies had a negative effect on earnings of €8.9 million (5.3).

Earnings from ordinary business activities therefore increased by 4.3% to €202.0 million (193.6). After deduction of income taxes for the tax consolidation group of €35.0 million (32.5), profit after tax amounts to €167.0 million (161.1), which exceeds the previous year's profit by €5.9 million or 3.7%.

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Income statement

Taking into account retained earnings brought forward from the previous year of €32.9 million (49.0) and after allocating €83.5 million (80.6) to retained earnings, unappropriated profit as at December 31, 2014 is €116.4 million (129.5).

NET ASSETS AND FINANCIAL POSITION

Due to its holding function, the financial position of FUCHS PETROLUB SE is largely determined by its management of investments in companies. This is primarily expressed in the level of investment holdings, as well as the receivables due from Group companies.

On the balance sheet date, financial assets and receivables due from affiliated companies together represented 89.9% (90.4) of the €701.7 million (709.7) of total assets. Beside this, FUCHS PETROLUB SE held €60.0 million (56.5) or 8.6% (8.0) of its assets in the form of cash and cash equivalents.

Financial assets in the form of shares and investments in subsidiaries and affiliated companies remained virtually unchanged at €425.8 million (425.3). Write-ups of €8.5 million were offset by write-downs of €8.9 million at two subsidiaries. The transfer of four German operating subsidiaries to FUCHS FINANZSERVICE GMBH as an intermediate holding for the German companies was performed at the carrying amount. In addition to this, capital increases in the scope of €0.9 million were realized.

Receivables due from affiliated companies were €205.3 million (216.6) on the balance sheet date. €197.1 million (209.0) of this was attributable to domestic companies, and €119.1 million (133.8) thereof was in turn attributable to receivables due from the Group's financing company, which lends these financial resources within the Group. Receivables due from other domestic Group companies – primarily due to profit/loss transfer agreements – were €78.0 million (75.2).

Since only limited financial resources were required within the Group, short-term monetary investments with a value of €60.0 million (56.5) were made up to December 31, 2014.

At €678.2 million (684.1), shareholders' equity represents 96.7% (96.4)) of the financing of FUCHS PETROLUB SE. This corresponds to a decrease of €5.9 million. Profit after tax of €167.0 million recorded in the financial year was reduced by €96.6 million due to the dividend payment for 2013, as well as by €76.3 million for the share buyback. Further details on the share buyback program can be found in the notes to the consolidated financial statements.

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Balance sheet

Provisions of €20.7 million (21.1) were in place for taxes, profit-sharing schemes and other uncertain liabilities.

FORECAST REPORT

The development of the FUCHS PETROLUB Group has direct effects on the development of FUCHS PETROLUB SE. The assumptions and statements made in the Group's forecast report are therefore equally relevant for FUCHS PETROLUB SE.

In comparison with the previous year, greater income from investments is budgeted for 2015. Profit after tax is expected to exceed slightly double digit previous year's level.

In addition to this, considerable retained earnings at foreign subsidiaries, as well as lines of credit at home and abroad are available to cover any additional capital and liquidity requirements.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors.

UNAPPROPRIATED PROFIT AND DIVIDEND PROPOSAL

Based on the result according to the German Commercial Code, in which unappropriated profit of €116.4 million is disclosed, the Executive Board and Supervisory Board will submit a proposal to the Annual General Meeting that the dividends should be increased by €0.07 per share over the previous year

- to €0.76 (0.69) per ordinary share entitled to dividend and
- to €0.77 (0.70) per preference share entitled to dividend

Previous year's figures were adjusted for the purpose of comparability. According to this, dividend payments will amount to €106 million (96.6). The remaining portion will be carried forward.

Legal disclosures

DEPENDENT COMPANY REPORT / REPORT ON INVESTMENTS IN AFFILIATED COMPANIES

The Fuchs family holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG, via which most of the Fuchs family's ordinary stock is held, is the controlling enterprise for FUCHS PETROLUB SE, which is a dependent company.

A dependent company report has therefore been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company nor any company associated with it."

KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim, the independent auditors of FUCHS PETROLUB SE, have audited this dependent company report and provided it with an unqualified audit opinion.

DECLARATION OF CORPORATE GOVERNANCE

→ www
Further information at www.fuchs-oil.com/dcg.html

The Declaration of Corporate Governance to be submitted pursuant to Section 289 a of the German Commercial Code (HGB) can be found in the Corporate Governance Report on pages 39 to 47 and is part of the combined management report. It is also available online at www.fuchs-oil.com/dcg.html.

MAIN FEATURES OF THE COMPENSATION SYSTEM OF FUCHS PETROLUB SE FOR MEMBERS OF THE EXECUTIVE BODIES

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Corporate Governance Report

The main features of the compensation system of the company for members of the Executive Bodies are presented on pages 48 to 49 of the Corporate Governance Report and form part of the combined management report.

INFORMATION REQUIRED UNDER TAKEOVER LAW PURSUANT

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Disclosure required under takeover law

The relevant disclosures required pursuant to Section 289 (4), 315 (4) of the German Commercial Code (HGB) are presented on pages 57 to 59 and form part of the combined management report.

Our business model continues to pay off: FUCHS has recorded organic growth in all three world regions and has repeated the record result of the previous year.

GROUP SALES REVENUES UP €34 MILLION IN 2014 TO

€1,866 MILLION

EBIT AT RECORD LEVEL OF

€313 MILLION

3 FINANCIAL REPORT

* Part of the notes.

Consolidated financial statements of FUCHS PETROLUB SE

INCOME STATEMENT

in € million	Notes	2014	2013
Sales revenues	(1)	1,865.9	1,831.6
Cost of sales	(2)	−1,172.7	−1,141.7
Gross profit		**693.2**	**689.9**
Selling and distribution expenses	(3)	−272.7	−263.3
Administrative expenses	(4)	−92.9	−91.2
Research and development expenses		−32.9	−30.6
Other operating income and expenses	(5)	−2.1	−6.0
EBIT before income from companies consolidated at equity		**292.6**	**298.8**
Income from companies consolidated at equity	(6)	20.4	13.5
Earnings before interest and tax (EBIT)		**313.0**	**312.3**
Financial result	(7)	−2.9	−1.6
Earnings before tax (EBT)		**310.1**	**310.7**
Income taxes	(8)	−90.2	−92.1
Earnings after tax		**219.9**	**218.6**
Thereof			
Non-controlling interests	(9)	0.4	0.5
Profit attributable to shareholders of FUCHS PETROLUB SE		219.5	218.1
Earnings per share in € [1]	(10)		
Ordinary share		1.57	1.53
Preference share		1.58	1.54

[1] Basic and diluted in both cases; previous year's figures adjusted for comparative purposes.

STATEMENT OF COMPREHENSIVE INCOME

in € million	2014	2013
Earnings after tax	**219.9**	**218.6**
Income and expenses recognized in equity		
Amounts of other comprehensive income that may be reclassified to profit or loss in future periods		
Change in foreign currency translation adjustments		
Foreign subsidiaries	26.3	−24.7
Shares in companies consolidated at equity	4.2	−5.3
Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods		
Remeasurements of defined benefit pension commitments[1]	−21.7	−1.1
Deferred taxes on these amounts[1]	6.2	0.1
Total income and expenses recognized directly in equity	**15.0**	**−31.0**
Total income and expenses for the period	**234.9**	**187.6**
Thereof		
Non-controlling interests	0.4	0.5
Shareholders of FUCHS PETROLUB SE	234.5	187.1

[1] For further information, please refer to the notes under item 26.

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Note 26

BALANCE SHEET

in € million	Notes		**Dec. 31, 2014**		Dec. 31, 2013
Assets					
Intangible assets	(15)		128.7		108.2
Property, plant and equipment	(14)		312.4		284.5
Shares in companies consolidated at equity	(16)		41.5		43.3
Other financial assets	(17)		5.8		6.2
Deferred tax assets	(18)		32.7		25.5
Other receivables and other assets	(19)		0.4		0.5
Long-term assets	(13)		**521.5**		**468.2**
Inventories	(20)		244.8		232.4
Trade receivables	(21)		282.0		260.4
Tax receivables	(22)		5.1		5.3
Other receivables and other assets	(23)		20.6		20.5
Cash and cash equivalents	(24)		202.1		175.2
Short-term assets			**754.6**		**693.8**
Total assets			**1,276.1**		**1,162.0**
Equity and liabilities					
Subscribed capital		139.0		71.0	
Group reserves		556.2		563.4	
Group profits		219.5		218.1	
Equity of shareholders of FUCHS PETROLUB SE			914.7		852.5
Non-controlling interests			0.9		1.0
Total equity	(25)		**915.6**		**853.5**
Pension provisions	(26)		36.0		15.8
Other provisions	(27)		2.3		3.1
Deferred tax liabilities	(18)		22.0		18.7
Financial liabilities			0.0		0.0
Other liabilities	(28)		4.0		3.4
Long-term liabilities			**64.3**		**41.0**
Trade payables	(29)		137.3		132.3
Provisions	(30)		29.3		27.4
Tax liabilities	(31)		31.2		23.4
Financial liabilities	(32)		16.4		7.8
Other liabilities	(33)		82.0		76.6
Short-term liabilities			**296.2**		**267.5**
Total equity and liabilities			**1,276.1**		**1,162.0**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € million	Outstanding shares (units)[1]	Subscribed capital SE	Capital reserves SE
As of December 31, 2012	70,980,000	71.0	94.6
Share buy-back	–338,470		
Purchase of non-controlling interests			
Dividend payments			
Earnings after tax 2013			
Change in income and expenses recognized directly in equity			
As of December 31, 2013	70,641,530	71.0	94.6
Share buy-back	–1,141,530		
Capital increase from company funds	70,980,000	71.0	
Capital increase from company funds – thereof attributable to own shares	–1,480,000		
Redemption of own shares/Reduction of share capital		–3.0	3.0
Dividend payments			
Earnings after tax 2014			
Change in income and expenses recognized directly in equity			
Other changes			
As of December 31, 2014	139,000,000	139.0	97.6

[1] The capital increase from company funds was entered in the Commercial Register on May 16, 2014.
The reduction of share capital due to redemption of own shares was entered in the commercial register on June 27, 2014.

[2] Income and expenses recognized in equity of shareholders of FUCHS PETROLUB SE.

[3] Amounts of other comprehensive income that will not be reclassified to profit or loss in future periods solely consist of remeasurements of defined benefit pension commitments.
These amounts are included in the equity capital generated in the Group.

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Changes in shareholders' equity are illustrated in the notes under item 25.

Reserve for own shares	Equity capital generated in the Group	Differences arising from currency translation[2]	**Equity of shareholders of FUCHS PETROLUB SE**	Non-controlling interests	**Total equity**
0.0	605.4	9.1	**780.1**	1.6	**781.7**
−22.0			**−22.0**		**−22.0**
	−1.1		**−1.1**	−0.7	**−1.8**
	−91.6		**−91.6**	−0.4	**−92.0**
	218.1		**218.1**	0.5	**218.6**
	−1.0[3]	−30.0	**−31.0**		**−31.0**
−22.0	729.8	−20.9	**852.5**	1.0	**853.5**
−76.4			**−76.4**		**−76.4**
	−71.0		**0.0**		**0.0**
			0.0		**0.0**
98.4	−98.4		**0.0**		**0.0**
	−96.6		**−96.6**	−0.5	**−97.1**
	219.5		**219.5**	0.4	**219.9**
	−15.5[3]	30.5	**15.0**		**15.0**
	0.7		**0.7**		**0.7**
0.0	668.5	9.6	**914.7**	0.9	**915.6**

STATEMENT OF CHANGES IN LONG-TERM ASSETS [1]

in € million	GROSS AMOUNTS ACQUISITION AND MANUFACTURING COSTS						
2013	Dec. 31, 2012	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2013
Intangible assets							
Licenses, industrial property rights and similar values	79.2	–1.6	0.0	3.8	0.2	0.4	81.6
Goodwill [2]	94.4	–2.9	0.0	0.0	0.0	0.0	91.5
Other intangible assets	0.3	0.0	0.0	0.2	0.0	–0.4	0.1
	173.9	**–4.5**	**0.0**	**4.0**	**0.2**	**0.0**	**173.2**
Property, plant and equipment							
Land, land rights and buildings	193.4	–7.3	0.0	12.6	0.7	8.9	206.9
Technical equipment and machinery	205.2	–6.9	0.0	13.4	2.2	11.4	220.9
Other equipment, factory and office equipment	108.3	–2.9	0.0	7.4	2.3	2.6	113.1
Work in progress	39.3	–3.1	0.0	32.8	0.2	–22.9	45.9
	546.2	**–20.2**	**0.0**	**66.2**	**5.4**	**0.0**	**586.8**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	1.3	0.0	0.0	1.3
Shares in companies consolidated at equity [3]	40.4	–4.4	0.0	12.7	5.4	0.0	43.3
Investment in companies	2.3	0.0	0.0	0.0	0.1	0.0	2.2
Other loans	2.4	0.0	0.0	1.3	0.2	0.0	3.5
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	45.4	**–4.4**	**0.0**	**15.3**	**5.7**	**0.0**	**50.6**
Long-term assets (excluding deferred taxes and other receivables and other assets)	**765.5**	**–29.1**	**0.0**	**85.5**	**11.3**	**0.0**	**810.6**

2014	Dec. 31, 2013	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2014
Intangible assets							
Licenses, industrial property rights and similar values	81.6	1.4	1.0	16.2	0.1	0.2	100.3
Goodwill [2]	91.5	4.0	0.0	6.9	0.0	0.0	102.4
Other intangible assets	0.1	0.0	0.0	1.9	0.0	–0.2	1.8
	173.2	**5.4**	**1.0**	**25.0**	**0.1**	**0.0**	**204.5**
Property, plant and equipment							
Land, land rights and buildings	206.9	7.5	0.0	9.3	7.6	25.2	241.3
Technical equipment and machinery	220.9	8.9	0.0	19.5	3.4	17.5	263.4
Other equipment, factory and office equipment	113.1	2.9	0.0	6.4	3.1	1.3	120.6
Work in progress	45.9	–0.9	0.0	13.3	0.0	–44.0	14.3
	586.8	**18.4**	**0.0**	**48.5**	**14.1**	**0.0**	**639.6**
Financial assets							
Shares in affiliated companies	1.3	0.0	–1.3	0.0	0.0	0.0	0.0
Shares in companies consolidated at equity [3]	43.3	3.3	0.0	21.9	27.0	0.0	41.5
Investment in companies	2.2	0.0	0.0	0.0	0.0	0.0	2.2
Other loans	3.5	0.0	0.0	0.9	0.0	0.0	4.4
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	50.6	**3.3**	**–1.3**	**22.8**	**27.0**	**0.0**	**48.4**
Long-term assets (excluding deferred taxes and other receivables and other assets)	**810.6**	**27.1**	**–0.3**	**96.3**	**41.2**	**0.0**	**892.5**

[1] Part of the notes.
[2] The amortization on goodwill accumulated by December 31, 2004 was balanced with historical acquisition costs.
[3] The inflows to the financial assets also contain proportionate proceeds of the shares in companies consolidated at equity.
[4] Thereof from acquisition €14.1 million licenses, industrial property rights and similar values, €6.9 million goodwill, €0.7 million technical equipment and machinery and €0.1 million other equipment and office equipment.

DEPRECIATION AND AMORTIZATION								NET AMOUNTS	
Dec. 31, 2012	Currency differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
51.6	−1.0	0.0	5.1	0.0	0.2	0.0	55.5	26.1	27.6
9.6	−0.6	0.0	0.0	0.5	0.0	0.0	9.5	82.0	84.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3
61.2	**−1.6**	**0.0**	**5.1**	**0.5**	**0.2**	**0.0**	**65.0**	**108.2**	**112.7**
75.0	−3.1	0.0	5.8	0.0	0.1	0.0	77.6	129.3	118.4
142.4	−4.7	0.0	9.2	0.0	1.5	0.0	145.4	75.5	62.8
75.8	−2.1	0.0	7.6	0.0	2.0	0.0	79.3	33.8	32.5
0.1	−0.1	0.0	0.0	0.0	0.0	0.0	0.0	45.9	39.2
293.3	**−10.0**	**0.0**	**22.6**	**0.0**	**3.6**	**0.0**	**302.3**	**284.5**	**252.9**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.3	40.4
1.2	0.0	0.0	0.0	0.0	0.1	0.0	1.1	1.1	1.1
−0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	3.6	2.5
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
1.2	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**1.1**	**49.5**	**44.2**
355.7	**−11.6**	**0.0**	**27.7**	**0.5**	**3.9**	**0.0**	**368.4**	**442.2**	**409.8**

Dec. 31, 2013	Currency differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013
55.5	1.0	0.0	4.7	0.0	0.1	0.1	61.2	39.1	26.1
9.5	0.3	0.0	0.0	4.9	0.0	0.0	14.7	87.7	82.0
0.0	0.0	0.0	0.0	0.0	0.0	−0.1	−0.1	1.9	0.1
65.0	**1.3**	**0.0**	**4.7**	**4.9**	**0.1**	**0.0**	**75.8**	**128.7**	**108.2**
77.6	2.9	0.0	6.5	0.3	6.4	0.0	80.9	160.4	129.3
145.4	6.8	0.0	10.7	0.0	3.4	0.0	159.5	103.9	75.5
79.3	2.3	0.0	7.9	0.0	2.7	0.0	86.8	33.8	33.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.3	45.9
302.3	**12.0**	**0.0**	**25.1**	**0.3**	**12.5**	**0.0**	**327.2**	**312.4**	**284.5**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.5	43.3
1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1	1.1
−0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	4.5	3.6
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
1.1	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.1**	**47.3**	**49.5**
368.4	**13.3**	**0.0**	**29.8**	**5.2**	**12.6**	**0.0**	**404.1**	**488.4**	**442.2**

STATEMENT OF CASH FLOWS

in € million	2014	2013[1]
Earnings after tax	**219.9**	**218.6**
Depreciation and amortization of long-term assets	35.0	28.2
Change in long-term provisions and in other non-current assets (covering funds)	−4.0	−12.7
Change in deferred taxes	1.0	4.0
Non-cash income from shares in companies consolidated at equity	−20.4	−13.5
Dividends received from companies consolidated at equity	26.4	5.4
Gross cash flow	**257.9**	**230.0**
Gross cash flow	257.9	230.0
Change in inventories	−3.2	−5.2
Change in trade receivables	−11.5	−21.0
Change in other assets	3.0	7.8
Change in trade payables	0.7	17.6
Change in other liabilities (excluding financial liabilities)	13.6	−8.7
Net gain/loss on disposal of long-term assets	−5.2	0.0
Cash flow from operating activities	**255.3**	**220.5**
Investments in long-term assets	−52.6	−72.8
Cash paid for acquisitions[2]	−21.8	0.0
Proceeds from the disposal of long-term assets	6.8	2.2
Change in cash and cash equivalents due to change in the scope of consolidation	0.2	0.0
Cash flow from investing activities	**−67.4**	**−70.6**
Free cash flow[3]	**187.9**	**149.9**
Dividends paid for previous year	−97.1	−92.0
Purchase of own shares	−76.4	−22.0
Changes in financial liabilities	8.1	0.5
Purchase of non-controlling interests	−1.1	−0.7
Cash flow from financing activities	**−166.5**	**−114.2**
Cash and cash equivalents at the end of the previous period	**175.2**	**143.7**
Cash flow from operating activities	255.3	220.5
Cash flow from investing activities	−67.4	−70.6
Cash flow from financing activities	−166.5	−114.2
Effect of currency translations	5.5	−4.2
Cash and cash equivalents at the end of the period[4]	**202.1**	**175.2**

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Note 36

[1] The dividends received from companies consolidated at equity were reclassified from cash flow from investing activities into operating activities. Previous year´s figures adjusted for comparative purposes.
[2] The total purchase price of €23.0 million includes purchase price liabilities in an amount of €1,2 million. The acquired net assets concern the acquisitions of the lubricant business of the BATOYLE FREEDOM-Group in Great Britain and LUBRITENE and LUBRASA in South Africa and Australia.
[3] Total of cash flow from operating activities and cash flow from investing activities.
[4] Cash and cash equivalents comprise total liquid funds of the Group.

The paid taxes on income total €81.3 million (96.0). They are included in the cash flow from operating activities.

€3.3 million (2.3) was paid for interest. Interest payments received totaled €0.8 million (1.0).

SEGMENTS [1]

in € million	EUROPE 2014	EUROPE 2013	EUROPE Change	ASIA-PACIFIC, AFRICA 2014	ASIA-PACIFIC, AFRICA 2013	ASIA-PACIFIC, AFRICA Change	NORTH AND SOUTH AMERICA 2014	NORTH AND SOUTH AMERICA 2013	NORTH AND SOUTH AMERICA Change
Sales revenues by customer location	968.4	958.5	9.9	578.1	560.3	17.8	319.4	312.8	6.6
Sales revenues by company location	1,112.9	1,104.2	8.7	516.5	497.9	18.6	316.0	307.3	8.7
thereof with other segments	77.3	75.6	1.7	0.0	0.0	0.0	2.2	2.2	0.0
Scheduled amortization and depreciation [2]	17.8	17.1	0.7	6.5	5.9	0.6	4.7	4.2	0.5
Impairment losses [2]	0.0	0.5	−0.5	0.0	0.0	0.0	5.2	0.0	5.2
EBIT before income from companies consolidated at equity	160.5	151.3	9.2	86.7	91.1	−4.4	51.6	62.2	−10.6
Income from companies consolidated at equity	1.5	1.2	0.3	18.9	12.3	6.6	0.0	0.0	0.0
Segment earnings (EBIT)	162.0	152.5	9.5	105.6	103.4	2.2	51.6	62.2	−10.6
Financial result									
Income taxes									
Earnings after tax									
Segment assets [3]	551.7	537.6	14.1	365.0	278.7	86.3	245.9	223.6	22.3
thereof shares from companies consolidated at equity	2.9	2.6	0.3	38.6	40.7	−2.1	0.0	0.0	0.0
Segment liabilities [4]	143.4	148.5	−5.1	90.4	72.4	18.0	33.9	30.7	3.2
Financial liabilities									
Pension provisions									
Cash and cash equivalents									
Group liabilities [5]									
Additions to property, plant and equipment and intangible assets [6]	39.1	30.7	8.4	25.6	21.2	4.4	5.7	17.1	−11.4
Additions to financial assets	0.9	1.3	−0.4	0.0	0.0	0.0	0.0	0.0	0.0
Employees (average numbers)	2,434	2,356	78	978	866	112	549	540	9
Key performance indicators									
Ratio of EBIT before income from companies consolidated at equity to sales revenues in %	14.4	13.7		16.8	18.3		16.3	20.2	

[1] Part of the notes.
[2] Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
[3] Including shares in companies consolidated at equity, excluding income tax receivables and financial receivables.
[4] Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities, excluding income tax liabilities; Group value including tax liabilities.
[5] Segment liabilities, financial liabilities, pension provisions, minus cash and cash equivalents.
[6] Including aquisitions.

	TOTAL FOR OPERATING COMPANIES			HOLDING INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
	2014	2013	Change	**2014**	2013	Change	**2014**	2013	Change
	1,865.9	1,831.6	34.3	0.0	0.0	0.0	1,865.9	1,831.6	34.3
	1,945.4	1,909.4	36.0	−79.5	−77.8	−1.7	1,865.9	1,831.6	34.3
	79.5	77.8	1.7	−79.5	−77.8	−1.7	0.0	0.0	0.0
	29.0	27.2	1.8	0.8	0.5	0.3	29.8	27.7	2.1
	5.2	0.5	4.7	0.0	0.0	0.0	5.2	0.5	4.7
	298.8	304.6	−5.8	−6.2	−5.8	−0.4	292.6	298.8	−6.2
	20.4	13.5	6.9	0.0	0.0	0.0	20.4	13.5	6.9
	319.2	318.1	1.1	−6.2	−5.8	−0.4	313.0	312.3	0.7
							−2.9	−1.6	−1.3
							−90.2	−92.1	1.9
							219.9	**218.6**	**1.3**
	1,162.6	1,039.9	122.7	113.5	122.1	−8.6	1,276.1	1,162.0	114.1
	41.5	43.3	−1.8	0.0	0.0	0.0	41.5	43.3	−1.8
	267.7	251.6	16.1	40.4	33.3	7.1	308.1	284.9	23.2
							16.4	7.8	8.6
							36.0	15.8	20.2
							202.1	**175.2**	**26.9**
							158.4	133.3	25.1
	70.4	69.0	1.4	3.1	1.2	1.9	73.5	70.2	3.3
	0.9	1.3	−0.4	0.0	1.3	−1.3	0.9	2.6	−1.7
	3,961	3,762	199	91	84	7	4,052	3,846	206
							15.7	16.3	

Notes on the consolidated financial statements

BASIS OF PREPARATION

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB SE, Mannheim, as of December 31, 2014 have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, to be applied within the EU, and in accordance with the supplementary regulations to be applied as specified by Section 315a (1) of the German Commercial Code (HGB), as applicable on the balance sheet date. All of the International Financial Reporting Standards (**IFRS**), formerly International Accounting Standards (IAS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), applicable in the EU and that were required for the 2014 financial year have been applied.

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The currency used in this report is the Euro (€). All amounts are stated in millions of euros (€ million), unless otherwise indicated. The previous year's figures are stated in parentheses. In order to simplify the presentation, some individual items have been grouped together in the balance sheet and the income statement; however, these items are listed separately and explained in the notes. The income statement has been prepared in accordance with the cost-of-sales method.

The Executive Board at FUCHS PETROLUB SE prepared the consolidated financial statements on March 16, 2015 and discussed them with the Supervisory Board's Audit Committee. The consolidated financial statements will be presented to the Supervisory Board for approval and then released for publication during the meeting on March 23, 2015.

APPLICATION OF NEW ACCOUNTING STANDARDS

The accounting standards relevant to the FUCHS PETROLUB Group and which are to be adopted for the first time for the financial year 2014 are outlined in the following. The effects on the net assets, financial position and results of operations of the FUCHS PETROLUB Group are insignificant.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 governs which companies are to be included in consolidated financial statements on the basis of a comprehensive control concept. The first-time adoption of this standard had no effect on the scope of consolidation.

IFRS 11 "Joint Arrangements"

IFRS 11 changes the accounting process for joint arrangements. Joint ventures must be consolidated at equity. The option to incorporate these joint ventures in the consolidated financial statements on a pro rata basis has been eliminated. The FUCHS PETROLUB Group has already included all joint ventures in its consolidated financial statements using the **EQUITY METHOD** since the financial year 2012.

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IFRS 12 "Disclosure of Interests in Other Entities"
This standard governs the disclosure requirements regarding stakes held in other companies. The necessary disclosures for the consolidated financial statements are significantly more extensive than the former requirements as per IAS 27, IAS 28, and IAS 31, and are disclosed as of December 31, 2014.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
The amendments include clarification and additional simplifications for transitioning to IFRS 10, IFRS 11, and IFRS 12. Adjusted comparison information now only needs to be provided for the previous period. The initial adoption of IFRS 10 and 11 did not lead to any effects on the FUCHS PETROLUB Group. With regard to IFRS 12, use was made of the simplifications to the transitional regulations.

Amendment to IAS 36 – "Recoverable Amount Disclosures"
Among other things, this amendment leads to additional notes to the consolidated financial statements regarding determination of the recoverable amount when an impairment has been made and the recoverable amount was determined on the basis of fair value. There are no additional disclosures required for the FUCHS PETROLUB Group, since the recoverable amount is defined by the value in use, which itself is determined using a discounted cash flow method.

Amendments to IAS 32 – Offsetting Financial Instruments
This amendment to IAS 32 clarifies the prerequisites for offsetting financial instruments. The first-time adoption of this standard did not have any effects on the FUCHS PETROLUB Group's net assets, financial position, or results of operations.

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
Regulations regarding continuation of an existing hedging relationship within the scope of novation of **DERIVATIVES** have changed as a result of the amendment. This did not have any impacts upon the FUCHS PETROLUB Group, since it uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates. All hedging instruments are recognized in the income statement. The hedge accounting rules were not applied.

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The following standards and amendments to standards/interpretations, some of which have already been adopted by the EU and some of which are still pending, are relevant to the FUCHS PETROLUB Group. Subject to their pending endorsement by the EU, they will only become binding from the financial year 2015 or later, and were not adopted early.

The FUCHS PETROLUB Group is currently still investigating the effects of these amendments, but from today's perspective does not expect any significant effects on the Group's net assets, financial position or results of operations.

STANDARDS ADOPTED BY THE EU

IFRIC 21 – "Levies"

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". It primarily provides clarification to the question of when a current obligation arises with levies raised by public authorities and a provision or liability is to be recognized. The amendments are to be applied for the first time for financial years starting on or after June 17, 2014.

Improvements to IFRS 2011–2013

Four standards were revised within the scope of the annual improvement project. The amendments are to be applied for the first time for financial years starting on or after January 1, 2015.

STANDARDS NOT YET ADOPTED BY THE EU

IFRS 9 "Financial Instruments"

The IFRS 9 method for recognition and measurement of financial instruments will replace IAS 39. Subject to endorsement by the EU, IFRS 9 is to be applied for the first time for financial years starting on or after January 1, 2018.

IFRS 15 – Revenue from contracts with customers

IFRS 15 stipulates a comprehensive framework for determining whether, at what level, and at what time sales revenues are recognized. It replaces the existing guidelines for recognition of sales revenues. Subject to endorsement by the EU, IFRS 15 is to be applied for the first time for financial years starting on or after January 1, 2017. Early adoption is also permitted.

Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"

These amendments address a known inconsistency between the regulations of IFRS 10 and IAS 28 (2011) for the event that assets are to be sold to or invested in an associated company/joint venture. Subject to endorsement by the EU, the amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

Amendments to IAS 1 – Disclosure Initiative

The amendments affect various disclosure questions, providing clarification that notes to consolidated financial statements are only necessary when their content is significant. This also explicitly applies in case where an IFRS demands a list of minimum disclosures. In addition to this, notes on aggregation and disaggregation of items in the balance sheet and the statement of comprehensive income are included. Clarification is also provided as to how shares in other comprehensive income of companies measured at equity are to be presented in the statement of comprehensive income. Ultimately, notes to the consolidated financial statements must no longer follow a required order but can be restructured to improve company-specific relevance. Subject to endorsement by the EU, the amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendments clarify the regulations addressing the allocation of employee premiums or third party premiums to periods of service if the premiums are linked to years of service. Subject to endorsement by the EU, which is still pending, the amendments are to be applied for the first time for financial years starting on or after July 1, 2014

Improvements to IFRS 2010–2012

Seven standards were revised within the scope of the annual improvement project. Subject to endorsement by the EU, which is still pending, the amendments are to be applied for the first time for financial years starting on or after July 1, 2014

Improvements to IFRS 2012–2014

Four standards were revised within the scope of the annual improvement project. The goal of the revised formulations in individual IFRS/IAS standards is to clarify the existing regulations. Subject to endorsement by the EU, the amendments are to be applied for the first time for financial years starting on or after January 1, 2016.

SCOPE OF CONSOLIDATION

Number	Europe	Asia-Pacific, Africa	North and South America	Total
Fully consolidated companies (incl. parent company)				
January 1, 2014	29	15	8	52
Additions	2	1	0	3
Disposals	0	0	0	0
December 31, 2014	**31**	**16**	**8**	**55**
Companies consolidated at equity				
January 1, 2014/**December 31, 2014**	**1**	**4**	**0**	**5**
Non-consolidated companies				
January 1, 2014	2	3	0	5
Additions	0	0	0	0
Disposals	2	2	0	4
December 31, 2014	**0**	**1**	**0**	**1**

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Subsidiaries

Fundamentally, all German and international subsidiaries are included in the consolidated financial statements of FUCHS PETROLUB SE, Mannheim, Germany. The year-end financial statements of the subsidiaries are prepared with the same balance sheet date as the consolidated financial statements (December 31). As was also the case in the previous year, the subsidiaries are largely held as 100% investments. A disclosure of shareholdings is to be found in note 43.

The financial results of certain subsidiaries which individually and taken together are of only minor importance for presenting a true and fair view of the Group's net assets, financial position, results of operations and cash flow have not been included in FUCHS PETROLUB's consolidated financial statements. One foreign company was not included. The non-consolidated company did not record any sales revenues or earnings, as it is a dormant company without active business operations.

The scope of consolidation includes a total of 55 (52) companies. The changes to the scope of consolidation in 2014 are stated in the following section.

CHANGES IN THE SCOPE OF CONSOLIDATION

Additions at fully consolidated companies	in %
FUCHS LUBRICANTS NORWAY AS	100
FUCHS LUBRICANTS VIETNAM COMPANY LIMITED	100
FUCHS MAK DOOEL	100

Disposals at non-consolidated companies	in %
FUCHS LUBRICANTS NORWAY AS	100
FUCHS LUBRICANTS VIETNAM COMPANY LIMITED	100
FUCHS MAK DOOEL	100

One non-consolidated company was liquidated in 2014.

In the first quarter of 2014, the Macedonian subsidiary FUCHS MAK DOOEL, the Norwegian subsidiary FUCHS LUBRICANTS NORWAY AS, as well as the Vietnamese subsidiary FUCHS LUBRICANTS VIETNAM COMPANY LTD were included in the consolidated financial statements for the first time. The subsidiaries in Macedonia and Vietnam are company foundations from previous years, while the acquisition of a 100% stake in the Norwegian company was primarily performed to take over the customer base of our former trade partner. The initial consolidation of the three subsidiaries had no significant effects on the net assets, financial position, or results of operations of the FUCHS PETROLUB Group.

With reference to Section 264 (3) of the German Commercial Code (HGB), the following domestic companies dispensed with disclosure of their annual financial statements:

- BREMER & LEGUIL GMBH, Duisburg,
- FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim,
- FUCHS FINANZSERVICE GMBH, Mannheim,
- FUCHS LUBRITECH GMBH, Kaiserslautern,
- PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg, and
- WISURA GMBH, Bremen.

The large and medium-sized corporations were also exempted from preparing a management report.

ACQUISITIONS

With effect from June 20, 2014, FUCHS acquired the lubricant business of the BATOYLE FREEDOM Group in Great Britain. The business of the BATOYLE FREEDOM Group, which generated sales revenues of around €15 million, complements FUCHS' existing portfolio.

With effect from September 1, 2014, FUCHS acquired the lubricant business of LUBRITENE and LUBRASA in South Africa and Australia. LUBRITENE and LUBRASA extend FUCHS' existing portfolio of lubricants for the field of mining and the food industry. The annual sales revenues generated with these activities were around €15 million.

The purchase price for both acquisitions of €23.0 million can essentially be attributed to the acquisition of intangible assets of €21.0 million. The intangible assets are attributable to the customer base and product technology of €14.1 million, goodwill of €6.9 million, which represents the anticipated synergy effects, as well as the non-separable expertise of the workforce. The businesses acquired contributed €10.8 million to the sales revenues of the FUCHS PETROLUB Group in 2014. Taking into account the effects of the purchase price allocation and the integration costs, the contribution to Group EBIT is marginally negative. Assuming that the two acquisitions had already been made by January 1, 2014, the FUCHS PETROLUB Group would have generated approximately €19 million higher sales revenues, which would have resulted in a slightly positive contribution to Group EBIT.

CONSOLIDATION PRINCIPLES

Pursuant to IFRS3, all business combinations are accounted for with the purchase method of accounting at the acquisition date. Initially, all assets, liabilities and intangible assets that are to be capitalized are valued at fair value. The acquisition costs are then compared with the proportional share of the net assets acquired at fair value. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in profit or loss. The incidental acquisition costs of a business combination are recognized in the income statement. Pursuant to IAS 36, the recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment. For details on this, please refer to the section entitled "Accounting and valuation methods" and note 15.

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Accounting and valuation methods

Changes to the percentage of shares held which do not lead to a loss of control are treated as a transaction between shareholders and recognized directly under shareholders' equity. Transactions of this nature do not result in the recognition of goodwill or the realization of disposal proceeds.

The consolidation principles apply accordingly to the joint ventures and associated companies consolidated at equity. In the event of losing joint control or a key influence, the remaining shares are remeasured at fair value through profit and loss.

The shares in companies consolidated at equity are measured at acquisition costs plus or less the accumulated changes in net assets, whereby goodwill is recognized in the carrying amount of the investment.

Inter-company sales, expenses and income as well as receivables and liabilities between consolidated companies are netted off. Inter-company profits resulting from sales and services rendered between consolidated companies are eliminated. This does not apply to profits or losses which in total are of minor importance for presenting a true and fair view of the Group's net assets, financial position, results of operations.

Non-controlling interests in the consolidated equity and consolidated net profit are shown separately from the parent company's ownership interest.

FOREIGN CURRENCY TRANSLATION

The translation of financial statements prepared in foreign currencies by consolidated companies is accounted for in accordance with IAS 21 on the basis of the functional currency concept. The functional currency is the currency of the primary economic environment in which a company operates. All subsidiaries use their local currency as their functional currency. For the companies included in the consolidated financial statements, a foreign currency transaction will be valued in its functional currency and converted by the spot rate valid on the day of the business transaction.

In the financial statements of FUCHS PETROLUB SE and its subsidiaries, assets and liabilities in foreign currencies are translated at the exchange rates on the balance sheet date. Any exchange rate gains or losses not yet realized on the balance sheet date are recognized in the income statement.

For consolidation purposes, the financial statements of the subsidiaries prepared in a foreign currency have been translated to euros as follows:

Expenses and income are recognized at the average annual exchange rate in line with the simplification rule of IAS 21.40; shareholders' equity at historical exchange rates and assets and liabilities at the exchange rate applicable on the balance sheet date. The resulting translation adjustments are recognized directly in equity. The year-on-year change is presented in the statement of comprehensive income. The respective cumulative translation differences are released to income at the time of disposal of subsidiaries.

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Note 5

The currency differences resulting from the consolidation of inter-company debts are also recognized in the income statement under Other operating income and expenses.

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Statement of changes in long-term assets

In the statement of changes in long-term assets, the starting and closing balances have been translated at the exchange rate on the balance sheet date, and the other items have been translated at average exchange rates. Any differences arising from exchange rate movements are shown in a separate column as exchange rate differences within acquisition and manufacturing costs and with depreciation and amortization adjustments.

Currency translation for the pro rata equity capital of associated companies is performed at the respective exchange rates on the balance sheet date. Translation of the annual results concerned is carried out at the average exchange rate on the balance sheet date. Dividend payments by associated companies are translated at the exchange rate on the date of the distribution.

The exchange rates with a significant influence on the consolidated financial statement have moved against the euro as follows:

Closing rate (€1)	**Dec. 31, 2014**	Dec. 31, 2013	Change in foreign currency in %
US dollar	1.217	1.377	13.1
Pound Sterling	0.782	0.833	6.5
Chinese renminbi yuan	7.555	8.331	10.3
Australian dollar	1.484	1.540	3.8
South African rand	14.058	14.504	3.2
Polish zloty	4.290	4.151	−3.2
Brazilian real	3.241	3.252	0.3
Argentinean peso	10.404	8.974	−13.7
Russian ruble	67.59	45.26	−33.0
South Korean won	1,337.35	1,452.97	8.6

Average annual exchange rate (€1)	**2014**	2013	Change in foreign currency in %
US dollar	1.329	1.328	−0.1
Pound Sterling	0.807	0.849	5.2
Chinese renminbi yuan	8.174	8.233	0.7
Australian dollar	1.474	1.377	−6.6
South African rand	14.422	12.833	−11.0
Polish zloty	4.189	4.199	0.2
Brazilian real	3.127	2.873	−8.1
Argentinean peso	10.784	7.289	−32.4
Russian ruble	50.96	42.35	−16.9
South Korean won	1,403.10	1,459.27	4.0

ACCOUNTING AND VALUATION METHODS

The financial statements of FUCHS PETROLUB SE and its subsidiaries in Germany and abroad are prepared in accordance with uniform accounting and valuation principles. Valuations that deviate from uniform Group standards in the annual financial statements of associated companies and joint ventures are retained where they are of negligible significance.

The primary assessment concept is the inclusion of historical purchasing or manufacturing costs. Applicable exceptions are indicated accordingly.

The consolidated financial statements are prepared in accordance with the principles of IFRS, as applied in the EU. The recognition, measurement and disclosure methods, as well as the notes and disclosures regarding the consolidated financial statements for the financial year 2014 are all made on the same consistent basis.

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General information

Exceptions arise from changes made due to the adoption of new/revised accounting principles (see "General disclosures") and in the sense of conveying relevant information. Insofar as adjustments are made to the previous year's figures, these are documented and explained in the corresponding notes to the consolidated financial statements.

In addition to the Group's earnings before interest and tax (EBIT), the EBIT before income from companies consolidated at equity is disclosed in the income statement. When comparing this KPI in relation to sales revenues, only those amounts generated from the fully consolidated companies are taken into account in the relative value, both for income and sales revenues. EBIT also contains the earnings of companies consolidated at equity, while the sales revenues on which these earnings are based do not form part of Group sales revenues.

SIGNIFICANT DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires estimates and assumptions to be made for some items that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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. Future-related assumptions and estimates are necessary, in particular for the assessment, recognition, and measurement of assets and liabilities as listed below:

Goodwill

Pursuant to IAS 36, the recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment loss. An asset's recoverable amount is the higher of the fair value of the asset minus selling costs and the value in use. For the purpose of testing impairment, the cash generating units to which goodwill is assigned are measured.

A cash-generating unit is generally formed by a subsidiary. If the recoverable amount is lower than the carrying amount of the reporting unit, goodwill will be amortized in the income statement to the recoverable amount. The recoverable amount is defined by the value in use, which itself is determined using a discounted cash flow method. The mid-term planning of the subsidiaries, which comprises the planning for the following year and two subsequent planning years, serves as the basis for planning.

Besides the underlying cash flow plans, the determination of the discount rate is also of significance for the impairment test calculations. The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). The borrowing costs correspond to the risk-free interest rate plus a premium for the credit risk. To present the sustainable growth of the companies in the years following mid-term planning, a deduction from the growth rate was taken into account in the discount rate for the terminal value. Please refer to note 15 for further information.

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Note 15

Provisions for pensions and defined benefit assets

The expenses of defined benefit plans and pension provisions, as well as assets from pension plans, are determined using actuarial calculations. An actuarial assessment is made on the basis of various assumptions, which can deviate from actual future developments. These include determination of discount rates, future salary and wage increases, future pension increases and the mortality rate. Due to the complexity of the measurement, the basic assumptions made and the long-term nature of the investments involved, defined benefit obligations are extremely sensitive to changes in these assumptions. All parameters are reviewed up to the balance sheet date. Actuarial gains and losses are offset against the Group's retained earnings directly in shareholders' equity. They occur due to deviations in the actual development of pension obligations and pension plan assets from assumptions made at the start of the year, as well as updates in actuarial assumptions. Please refer to note 26 for further information.

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Realizability of deferred tax assets

The realizability of deferred tax assets depends on the future taxable profits of the respective Group company. If there are any doubts regarding realizability, corresponding impairments are made to the deferred tax assets in individual cases. Please refer to note 18 for further information.

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Other important future-related assumptions and estimates are also necessary, particularly for valuation, recognition, and measurement of:

- impairments of intangible assets and property, plant and equipment,
- impairments and write-ups to trade receivables,
- other provisions, such as environmental obligations and costs for legal proceedings,
- purchase price allocations (fair values of identified assets and liabilities).

Future actual developments may deviate from these assumptions and estimates due to a variety of factors. The estimates and assumptions used are regularly reviewed. Changes will be recognized in the income statement at a time when better estimates are available. The estimates for the previous year did not need to be adjusted.

SALES REVENUES

Sales revenues comprise revenues from the sale of goods or services within the scope of ordinary business operations. They are disclosed without sales tax or any other taxes accrued in the context of sales revenues, as well as net of sales deductions and after the elimination of intra-group transactions. Sales revenues are realized upon delivery of the products and services, when all essential risks and opportunities have been transferred to the buyer. Sales revenues from services are realized as soon as the respective service has been provided. The sales revenues also include fees for chemical process management services. FUCHS PETROLUB does not engage in any business that requires realization of sales revenues in the form of long-term production orders in line with the percentage-of-completion method.

COST OF SALES

Cost of sales includes the manufacturing costs associated with products, merchandise and services sold. In accordance with IAS 2, they contain not only directly attributable costs such as cost of material, personnel and energy, but also direct manufacturing costs and indirect production-related overheads. These overheads also include depreciation of production buildings and equipment, write-downs of inventories, etc.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses include the costs of the sales organization and application support and advice for our customers, as well as advertising expenses, commission expenses, and shipping costs.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise the personnel and related costs for management and administration duties, if these have not been allocated to other functional areas as internal services.

RESEARCH & DEVELOPMENT EXPENSES

Research expenses include costs for identifying alternative materials/products for technical processes.

Development work includes application of research results for the purpose of developing new products and/or processes prior to their commercial use. Development expenses are only recognized as intangible assets when all of the following criteria are met:

- the expenses attributable to the development of the intangible asset can be reliably determined,
- technical and economic completion is feasible
- future economic benefit is probable and
- there is an intention and possibility of bringing the intangible asset to completion in order to use or sell it.

The criteria for recognition of intangible assets created in-house are only met in full in our product segments shortly before the products reach market maturity. Development costs that occur after the recognition criteria have been met are insignificant. The development costs are therefore recognized as expenses at the time when they occur.

FINANCIAL RESULT

Financing costs will be differentiated in the income statement and accounted for using the effective interest method, provided they are not capitalized as part of the historical cost of the asset in line with IAS 23.8.

Interest income will be differentiated in the income statement and accounted for using the effective interest method. Dividends will be recorded at the time of the payment claim.

Interest expenses from pension obligations are netted against the interest income from plan assets and disclosed in the financial result.

INTANGIBLE ASSETS

Acquired intangible assets are measured and recognized at cost in accordance with IAS 38. It must be determined whether the useful life of an asset is finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Intangible assets with indefinite useful lives and goodwill are not subject to scheduled amortization, but undergo an impairment test at least once a year and also whenever there are indications of an impairment. Intangible assets with definite useful lives will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

For software, a useful life of three to five years is scheduled within the Group. Other intangible assets, such as patents and licenses, are amortized as per their respective, contractually agreed useful lives. The amortization will be recorded in the income statement under the department costs for manufacturing, administration, distribution, as well as research and development.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are recognized at their cost of acquisition or manufacture, less accumulated depreciation and impairment. Government grants are offset against acquisition costs. No remeasurement of property, plant and equipment is performed on the basis of the provisions of IAS 16. Straight-line depreciation is applied over the useful life of the property, plant and equipment.

Within the Group, property, plant and equipment are amortized on the basis of the following estimated useful lives:

Useful life	
Buildings	20 to 40 years
Plant and machinery	5 to 20 years
Vehicles	5 years
Factory and office equipment	3 to 10 years

IMPAIRMENTS FOR DEFINITE-LIVED INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

As per IAS 36, the carrying value of definite-lived intangible assets is evaluated whenever circumstances or events dictate this. The recoverable amount of assets is compared to their carrying value if there are indications of a potential impairment. An impairment loss is recognized if the recoverable value of an asset (defined as the higher of the asset's net selling price or its value in use) is lower than the carrying amount. If the reason for a previously recognized impairment no longer exists, the impairment is reversed at its brought-forward depreciated or amortized cost of purchase or manufacture.

LEASING

Long-term assets also include leased assets. Pursuant to IAS 17, assets leased under financial lease conditions (lessee (Group company) is the economic owner of the asset, as substantially all the risks and rewards of ownership are transferred to the lessee) are recognized at the beginning of the leasing agreement at the lower of the leased object's fair value and the present value of the minimum lease payments. Leased assets are depreciated on a straight-line basis over their expected useful lives, or the shorter term of the underlying lease. The payment obligations resulting from the future leasing installments are recognized at their present values as financial liabilities. The lease payments should be apportioned between the finance charge and the reduction of the outstanding liability.

If economic ownership remains with the lessor (operating lease), the lease payments are recognized as expenses over the financial year.

SHARES IN COMPANIES CONSOLIDATED AT EQUITY AND OTHER FINANCIAL ASSETS

Companies upon which FUCHS can exercise significant influence, which is generally assumed in the case of investments between 20% and 49% (associated companies), are consolidated using the equity method. Joint ventures are also consolidated using the equity method. Besides the investment held, any voting rights distribution in place is also taken into account. Companies are consolidated using the equity method with their proportional shareholders' equity. Proportionate earnings are recognized in the income statement and added to the carrying amount. Dividend payments of joint ventures and associated companies reduce their shareholders' equity and are deducted from the carrying amount without affecting net income. Proportionate earnings are recognized as an addition in the statement of changes in fixed assets and dividend payments are shown as disposals.

Pursuant to IAS 39, shares and investments in non-consolidated subsidiaries and affiliated companies are disclosed under "Other financial assets" at cost less any impairments, as these assets are unlisted shares in corporations for which the fair value to be attributed cannot be reliably determined.

Loans are shown at cost or, in the case of non-interest-bearing loans, at their present value. Identifiable risks are taken into account by recognizing impairment losses.

For securities held as long-term assets, according to IAS 39 a distinction must be made between securities which are held for trading purposes, available-for-sale securities and held-to-maturity securities. The FUCHS PETROLUB Group does not hold any securities for trading purposes. Available-for-sale securities are recorded at their fair values if these exist; if not, they are recorded at amortized costs. If they are recorded at fair value, unrealized profits and losses are recognized in shareholders' equity net of deferred taxes. Held-to-maturity financial assets are measured at the lower figure of either cost or fair value. This fair value is equal to the market value on the balance sheet date without deduction of transaction costs.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recorded if the company is a contractual party in relation to a financial instrument. Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized if the contractual obligations have been settled, extinguished or have expired. Regular-way purchases and sales of financial instruments are generally recognized in the balance sheet on their settlement date. Derivatives are recorded on their day of trading.

Pursuant to IAS 39, financial instruments are divided into the following measurement categories:

Financial assets

- Financial assets to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a positive fair value. They are disclosed under Other assets.

- Held-to-maturity investments consist of non-derivative financial assets with fixed or determinable payments. These financial instruments have a fixed term, for which the company has the ability and intent to hold until maturity, and they do not fall under other measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

- Loans and receivables: These comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale. In addition to trade receivables this category includes financial assets contained in other long-term financial assets and in Other receivables and other assets. Initial measurement is done at fair value, which generally matches the nominal value of the receivable or loan. Interest-free and low-interest long-term loans and receivables are recorded at present value. Subsequent measurements are generally done at amortized cost under consideration of the effective interest method.

- Available-for-sale financial assets comprise financial assets which are not derivatives and do not fall under any of the previously stated measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

Financial liabilities

- Financial liabilities to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a negative fair value. They are disclosed under other short-term liabilities.

- Other financial liabilities: among other things, these include trade payables, bank liabilities and customer advance payments. They are carried at amortized costs, which generally correspond to the repayable amount.

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Pursuant to IAS 39, **DERIVATIVE FINANCIAL INSTRUMENTS**, such as the forward exchange transactions used by the Group are recognized in the balance sheet at their fair market values. Market values correspond to the expenses or income from a (theoretical) termination of the derivative agreements with effect from the balance sheet date. The valuation of these financial instruments is based on generally recognized evaluation models and mathematical processes (present value method for forward exchange transactions) on the basis of current market data.

As derivatives are used solely within the framework of risk limitation or hedging strategies, the regulations for hedge accounting could be applied provided that the measures are documented properly.

The FUCHS PETROLUB Group uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates. All hedging instruments are recognized in the income statement. The hedge accounting rules were not applied, thus no hedging instruments are recognized directly in equity.

Revenue from interest-bearing assets is recognized on the outstanding receivables at the reporting date using the interest rates calculated under the effective interest method.

If there is objective evidence for an impairment of a receivable or loan, an individual valuation adjustment is undertaken. When assessing the need for an impairment, regional, sector and company-specific conditions are considered. In addition, use is made of external ratings as well as the assessments of debt collection agencies and credit insurers when available. In this way, it can be ensured that all receivables and loans which are not of excellent credit quality are immediately impaired. Receivables and loans are derecognized when their uncollectibility is finally determined. If the reason for an impairment no longer exists, a write-up is recognized in profit or loss totaling not more than the amortized cost. Impairment losses on financial instruments are booked separately in an allowance account.

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Note 35

Detailed information on financial instruments can be found in the notes to the balance sheet under note 35.

DEFERRED TAXES

In accordance with IAS 12, deferred taxes should be recognized for all taxable temporary differences between tax base and IFRS-compliant accounting methods at the consolidated companies, and for consolidation measures with an effect on the income statement. Deferred tax assets essentially relate to tax effects on eliminated intercompany profits within the Group, particularly in the category of inventories, and to pension provisions. They also include tax credits which result from the expected use of losses carried forward over subsequent years and which are likely to be realized with sufficient certainty. Deferred tax assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group’s uniform depreciation rules and applicable tax laws. Deferred taxes are determined on the basis of tax rates to be applied or expected to be applied on the date of realization pursuant to the legislation in the countries involved. Deferred tax assets and liabilities are netted to the extent that they are handled by a single tax authority. The changes in deferred tax assets and liabilities are recognized through profit or loss. In cases where gains and losses are recognized directly under shareholders’ equity, any tax assets and liabilities to be deferred in this context are also recognized directly as equity.

INVENTORIES

Inventories comprise raw materials and supplies, work in progress and services, as well as finished products and merchandise. Inventories are measured at their cost of acquisition or manufacture. If the market price or fair value of the sales product which forms the basis for the net realizable value is lower, then this is applied and an impairment charge recorded with respect to the lower value. The majority of inventory is valued using the weighted average cost method. The manufacturing costs comprise production-related full costs, determined on the basis of standard capacity utilization. In accordance with IAS 2, they include direct costs of materials and supplies in addition to special direct costs of production. In addition, all overheads related to the production process, taxes on consumption, and depreciation of production equipment are included. General administrative expenses and the expenses of company welfare institutions, voluntary welfare benefits and company pension plans that are not attributable to manufacturing as well as financing costs (IAS 23) are not included in the cost of manufacture.

Write-downs are effected to cover risks resulting from inventory coverage or reduced salability. Uniform write-down stipulations are in place throughout the Group for any cases in which certain shelf lives are exceeded.

RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivables and other assets are accounted for at amortized costs. Credit risks are accounted for by appropriate valuation allowances. Individual allowances are recognized if receivables cannot be collected or if collection is unlikely. Non-interest-bearing receivables with terms of more than one year are discounted. Receivables in foreign currencies are translated at exchange rates on the balance sheet date. In line with the business model, there are no receivables from long-term production orders in the FUCHS PETROLUB Group.

CASH AND CASH EQUIVALENTS

The liquid funds include cash at banks with a maturity of less than three months, checks not yet tendered, drafts and cash in hand. They are measured at cost of acquisition. Assets denominated in foreign currencies are converted at the exchange rates on the balance sheet date.

The development of liquid funds, which, pursuant to IAS 7, correspond to cash and cash equivalents, is shown in the consolidated statement of cash flows.

SHAREHOLDERS' EQUITY

Costs for procuring the shareholders' equity are deducted directly from the shareholders' equity.

Preference share capital is shown in the balance sheet as shareholders' equity because the requirements of IAS 32 for an equity instrument are fulfilled. Dividends on both preference shares and ordinary shares are shown as shareholders' equity expenses.

PENSION PROVISIONS AND SIMILAR OBLIGATIONS

The provisions for pensions are recognized using the projected-unit-credit method in accordance with IAS 19. This method covers not only the pensions and acquired entitlements known on the balance sheet date, but also future anticipated increases in pensions and salaries, with the relevant input factors being estimated. The calculation is based on actuarial expertise taking into account the relevant biometric factors. In Germany, the biometric data is based on the 2005G mortality tables by Prof. Dr. Klaus Heubeck.

Pension obligations are disclosed net of plan assets at their fair values. Any asset surplus is recognized under long-term assets.

The charges from forming pension provisions at the level of current service expenses are recognized under personnel costs in the function categories. The interest on pension obligations and the interest income from plan assets are disclosed in the financial result.

The results of re-measurements of pension obligations/plan assets in the form of actuarial gains and losses are recognized under other comprehensive income in the statement of comprehensive income.

Premiums paid into defined contribution plans, for which no obligations other than the payment of premiums to assigned pensions funds apply, are recognized in the income statement in the year in which they occur.

OTHER PROVISIONS

Pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", other provisions are formed insofar as there is an obligation to third parties resulting from a previous event which can be expected to lead to outflows of funds the level of which cannot be reliably determined. They represent uncertain obligations, which are recognized at best estimate levels to meet the respective obligation.

The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Possible price and cost increases are included in the measurement. Insofar as the level of the provision can only be determined within a certain bandwidth, the most likely value is taken. In the case of equal probability, the average value is recognized. Long-term provisions with a remaining term of more than one year are discounted at market interest rates which correspond to the risk and the time period up to completion. Claims for reimbursement against third parties are not offset against the provisions, but rather recognized as a separate asset, insofar as their realization is virtually certain.

LIABILITIES

Liabilities are stated in the balance sheet at their acquisition costs brought-forward. Derivatives that are recorded at negative fair value in the balance sheet represent the exception to this. Liabilities from finance leases are stated at the present value of the future lease payments and shown under Other financial liabilities.

NOTES TO THE INCOME STATEMENT

1

SALES REVENUES

Sales revenues by product groups are broken down as follows:

in € million	2014	Share in %	2013	Share in %	Change absolute	Change in %
Automotive lubricants*	749.0	40.1	740.8	40.4	8.2	1.1
Industrial lubricants and specialties*	1,059.1	56.8	1,025.2	56.0	33.9	3.3
Other Products	57.8	3.1	65.6	3.6	–7.8	–11.9
	1,865.9	**100.0**	**1,831.6**	**100.0**	**34.3**	**1.9**

* and related products

The main areas of the automotive lubricants product group are engine oils, gear oils, and shock-absorber oils. At €749.0 million (740.8), sales revenues in this group increased by 1.1 %. The share in Group sales revenues declined to 40.1 % (40.4).

The industrial lubricants and specialties product group mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. Sales revenues generated with this product group rose by 3.3 % to €1,059.1 million (1,025.2). At 56.8 % (56.0), this group represents the largest share of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. The share decreased by 7.8 % or €11.9 million to €57.8 million (65.6).

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segment reporting

The development of sales revenues by geographic region can be seen under segment reporting on pages 134 to 135.

2 COST OF SALES

in € million	2014	2013
Cost of purchased raw materials, supplies, goods for resale and purchased services	1,063.5	1,038.6
Cost of materials	**1,063.5**	**1,038.6**
Personnel costs	57.6	54.5
Depreciation of property, plant and equipment and intangible assets	15.1	13.3
Third party services	12.6	12.4
Energy costs	9.9	9.7
Maintenance costs	8.8	7.5
Other costs	5.2	5.7
	1,172.7	**1,141.7**

3 SELLING AND DISTRIBUTION EXPENSES

in € million	2014	2013
Personnel costs	109.5	104.2
Freight	63.3	63.4
Commission payments	35.6	35.0
Travel expenses	12.2	11.8
Marketing costs	9.8	9.1
Rental and lease expenses	10.3	10.3
Third party services	11.8	10.0
Depreciation of property, plant and equipment and intangible assets	6.4	6.1
Maintenance costs	3.0	2.8
Other taxes	1.4	1.5
Other costs	9.4	9.1
	272.7	**263.3**

Marketing costs also include expenses for car and motorbike sponsoring, participation in trade fairs, advertising materials, promotional gifts, and advertisements. Third party services comprise services commissioned for laboratory work, distribution services, trademark management and the operation of the computer center. Other costs include costs of communication and pro rata insurance premiums.

4 ADMINISTRATIVE EXPENSES

in € million	**2014**	2013
Personnel costs	53.1	52.5
Audit and consultancy costs	5.3	5.6
Third party services	6.4	5.6
Depreciation of property, plant and equipment and intangible assets	6.0	6.0
Other taxes	3.1	3.1
Rental and lease expenses	2.8	2.8
Travel expenses	3.0	2.8
Maintenance costs	2.8	2.5
Other costs	10.4	10.3
	92.9	**91.2**

Third party services also comprise the costs of trademark and brand management, as well as pro rata costs for the operation of the computer center. Other costs include communication costs and pro rata insurance premiums.

5 OTHER OPERATING INCOME AND EXPENSES

This item includes all operating income and expenses that cannot be allocated directly to the functions.

in € million	**2014**	2013
Income from the		
Disposal of fixed assets	5.5	0.6
Reversal of provisions	5.0	1.0
Reversal of write-downs	3.0	3.0
Licenses and capitalized own work	2.4	1.4
Rents and leases	0.1	0.1
Currency exchange gains	7.2	6.4
Miscellaneous operating income	7.3	5.9
Other operating income	**30.5**	**18.4**
Losses from the disposal of fixed assets	0.3	0.6
Write-downs of receivables	6.1	6.5
Currency exchange losses	7.5	5.5
Restructuring costs and severance payments	1.4	3.1
Impairments of goodwill	4.9	0.5
Impairments of property, plant and equipment	0.3	0.0
One-off expenses for pension obligations	2.2	1.6
Miscellaneous operating expenses	9.9	6.6
Other operating expenses	**32.6**	**24.4**
Other operating income and expenses	**–2.1**	**–6.0**

Income from the disposal of fixed assets essentially comprises accounting profits from the sale of land in Great Britain and China.

Income from the reversal of provisions essentially results from lower plan settlements of pensions in the UK, as well as the resolution of legal disputes.

Miscellaneous operating income also includes subsidies, compensation payments received, refund claims, and income from other sales and services.

Write-downs of receivables include irrecoverable receivables of €2.4 million (1.1).

Impairments of goodwill are attributable to our subsidiary in Brazil.

Among other things, miscellaneous operating expenses include the purchase costs for other sales, as well as provisions for risks from non-operating items, e. g. environmental commitments.

6 INCOME FROM COMPANIES CONSOLIDATED AT EQUITY

The income from companies consolidated at equity encompasses the proportionate income from joint ventures and associates.

in € million	2014	2013
Income from companies consolidated at equity	20.4	13.5

For 2014, the earnings of companies consolidated at equity contain income of €7.3 million from the reversal of a value adjustment at one of our associated companies in the Middle East.

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Note 16

Further disclosures are made under note 16 Shares in companies consolidated at equity method.

7 FINANCIAL RESULT

in € million	2014	2013
Other interest and similar income		
Others (mainly banks)	0.8	1.0
Interest income	**0.8**	**1.0**
Interest and similar expenses		
Others (mainly banks)	–3.3	–2.3
Pension obligations		
Interest expense	–3.9	–4.0
Interest income from plan assets	3.5	3.7
Interest expenses	**–3.7**	**–2.6**
Net interest income	**–2.9**	**–1.6**
Investment income	0.0	0.0
Financial result	**–2.9**	**–1.6**

The net interest expenses from defined pension obligations are the balance resulting from interest expenses of €3.9 million (4.0) from the interest accrued on pension obligations less interest income of €3.5 million (3.7) from the return on plan assets.

8 INCOME TAXES

Taxes on income comprise income taxes paid or payable in the various countries, plus deferred taxes. Calculation of deferred taxes are based on the tax rates expected to apply in the various countries at the time of realization, based on the tax laws applicable or passed at the balance sheet date.

in € million	2014	2013
Current taxes	88.9	88.4
thereof Germany	35.1	32.6
thereof international	53.8	55.8
Deferred taxes	1.3	3.7
thereof Germany	0.1	–1.5
thereof international	1.2	5.2
Total	**90.2**	**92.1**

Current taxes comprise €0.2 million in tax expenses (0.3) for previous financial years.

The German tax rate is based on the corporation tax rate of 15.83% and includes the solidarity surcharge of 5.5%. Including trade tax, the total tax burden in Germany is about 31.0% (30.9).

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries for calculating deferred taxes range from 10.0% (12.2) to 38.9% (38.9).

Tax assets and liabilities are netted to the extent that they relate to the same taxation authority and may be offset.

The difference between anticipated and recognized income tax expense is attributable to the following:

in € million	**2014**	in %	2013	in %
Earnings before tax (EBT)	310.1		310.7	
Expected tax expense	96.0	31.0	96.0	30.9
Taxation rate differences	−4.5	−1.5	−3.0	−1.0
Non-deductible expenses	3.7	1.2	2.7	0.9
Tax-free income	−2.4	−0.8	−1.3	−0.4
Income from companies consolidated at equity	−6.3	−2.0	−4.2	−1.4
Effect of tax losses carried forward, for which no deferred tax assets had been recognized	0.1	0.0	0.0	0.0
Taxes for prior periods	−0.2	−0.1	−0.5	−0.2
Withholding taxes	2.0	0.7	3.4	1.1
Other	1.8	0.6	−1.0	−0.3
Actual tax expense	**90.2**	**29.1**	**92.1**	**29.6**

The “Other” item contains effects of €1.5 million on the impairment of goodwill of €4.9 million, for which no latent taxes were initially formed.

The actual tax expense relative to earnings before tax (EBT) leads to a rate of taxation of 29.1% (29.6). The Group’s rate of taxation adjusted by the income from companies consolidated at equity is 31.1% (31.0).

9 MINORITY INTEREST

Profits attributable to minority interests of €0.4 million (0.5) relate to shareholders in Greece, Austria and France.

10 EARNINGS PER SHARE

in € million	2014	2013
Profit attributable to shareholders of FUCHS PETROLUB SE	**219.5**	**218.1**
Earnings per ordinary share in €		
Earnings per share	1.57	1.53
Weighted average number of ordinary shares	69,671,524	70,961,958
Earnings per preference share in €		
Earnings per share	1.58	1.54
Weighted average number of preference shares	69,671,524	70,961,958

Pursuant to IAS 33, the additional dividend of €0.01 per share to be distributed to the preference shareholders is allocated in advance. The remainder of the Group's profit after taxes and minority interests is distributed on a weighted basis among the two share classes.

In accordance with IAS 33.20, own shares bought back within the scope of the share buyback program are not included in the calculation of earnings per share.

Diluted earnings per share are the same as basic earnings per share.

FUCHS PETROLUB SE completed its share buyback program in the second quarter of 2014. This was followed by a capital increase from corporate funds on the basis of issuing new shares (bonus shares). The own shares were then redeemed. The number of ordinary and preference shares increased as a result of the capital increase from corporate funds. The previous year's earnings per share figures have been adjusted accordingly to offer better comparability.

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Note 25

Detailed information on this is provided under note 25.

11

OTHER TAXES

The disclosed figure of €5.3 million (5.5) concerns non-income taxes, which are included in the operating function costs. €3.7 million (4.3) of this amount is attributable to foreign Group companies in Argentina, China, France, Great Britain and the USA.

12

PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	**2014**	2013
Wages and salaries	226.8	218.2
Social security contributions and expenses for pensions and similar obligations	40.5	37.5
thereof for pensions	5.0	4.2
	267.3	**255.7**

Pension expenses do not include the interest expense arising from pension provisions, which is included in the net financial result, nor do they include any income from plan assets for financing pension obligations.

Number of employees (annual average)	**2014**	2013
Salaried staff	2,984	2,854
Wage earners	1,068	992
	4,052	**3,846**

NOTES TO THE BALANCE SHEET

13

LONG-TERM ASSETS

→ 130
Statement of changes in long-term assets

The composition of the items recognized in the balance sheet as intangible assets, property, plant and equipment, shares in companies consolidated at equity, and other financial assets, as well as their development in 2014, are disclosed in the statement of changes in long-term assets on pages 130 and 131.

14

PROPERTY, PLANT AND EQUIPMENT

The additions recorded in 2014 essentially concerned the construction of new facilities and production equipment at the locations in Australia, China, Russia and the US, as well as investments in Germany and the USA. Property, plant and equipment include finance lease assets at carrying amounts totaling €7.0 million (0.4). These are attributable to real estate and buildings of €2.1 million (0.2), technical equipment and machinery of €4.9 million (0.0), as well as office equipment and fixtures of €0.0 million (0.2). By exercising an option to buy, a high-bay stacking storage system previously classified as an operating lease is now classified as a finance lease.

The impairment tests carried out for the subsidiaries resulted in impairments of €0.3 million in the reporting year.

15 INTANGIBLE ASSETS

Development of goodwill

in € million	2014	2013
Historical acquisition costs		
Balance on January 1	91.5	94.4
Currency translation effects	4.0	–2.9
Additions	6.9	0.0
As of December 31	**102.4**	**91.5**
Accumulated amortization		
Balance at January 1	–9.5	–9.6
Currency translation effects	–0.3	0.6
Impairment losses	–4.9	–0.5
As of December 31	**–14.7**	**–9.5**
Carrying amount as of December 31	**87.7**	**82.0**

→ 141 Acquisitions

Further disclosures regarding additions of €6.9 million (0.0) can be found under the note “Acquisitions”.

Goodwill of the cash-generating units

Total goodwill of €70.5 million (67.0) is attributable to the sub-group FUCHS CORPORATION, USA. The remaining goodwill is due to seven (five) further cash-generating units.

in € million	2014	2013
FUCHS CORPORATION, USA	70.5	67.0
Seven further (in the previous year, five) cash-generating units	17.2	15.0
Goodwill	**87.7**	**82.0**

Goodwill is not subject to any scheduled amortization, but undergoes an impairment test at least once a year in line with IAS 36 and also whenever there are indications of an impairment. Impairment losses are recognized as and when appropriate.

An impairment is to be recognized if the carrying amount of the cash-generating unit's net assets, including assigned goodwill, exceeds the recoverable amount. A cash-generating unit is generally formed by a subsidiary. The recoverable amount was determined using the concept of value in use. A discounted cash flow method is used to determine the value in use. The subsidiaries' mid-term planning, which consists of the budget plan for 2015 and the plans for the years 2016 and 2017, serves as the basis for cash flow planning. The planning is based on past experience, the current operating results, and the best possible estimate of corporate management regarding future developments. The projected figures are based on detailed individual budgets and their extrapolation. These incorporate growth rate assumptions, which take into account the conditions on the local sales markets at the time of budget drafting, current expectations regarding price trends in the procurement markets and inflation expectations. Alongside inflation and country risks, local taxation rates are also considered in the discount rate.

For the time period following mid-term planning, a terminal value is extrapolated based on the last detailed planning year. When determining the terminal value, country-specific growth rates of between 0.5% (0.5) and 1.0% (1.0) are taken into account as inflation-based growth. The impairment tests performed by the FUCHS CORPORATION, USA are based on the assumption of a long-term, country-specific growth rate of 0.5% (0.5).

The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). When determining the value in use of the individual cash-generating units, discount rates of between 7.0% (8.0) and 13.0% (14.0) after taxes were applied, taking into account country-specific risks. A weighted cost of capital of 7.0% (8.0) after taxes was taken into account in the impairment tests performed at FUCHS CORPORATION, USA.

In the financial year 2014, goodwill impairments of €4.9 million (0.5) were recognized at a Brazilian (previous year: European) subsidiary in the light of the persistent weaknesses of the Brazilian economy. A weighted cost of capital of 13.0% (14.0) after taxes was taken into account in the impairment tests of FUCHS DO BRASIL. Impairments are disclosed under "Other operating expenses".

To take into account potential deviations in the key assumptions, sensitivities were calculated and a 20% reduction in future cash flows assumed. Based on previous experience we believe that larger variations are unlikely. If actual cash flows were 20% lower than cash flows assumed in impairment tests, this would not lead to any impairment loss in the Group's goodwill.

Industrial property rights and similar values

Intangible assets also include industrial property rights and similar rights and assets. These consist mainly of capitalized licenses for computer software, acquired formulas and product technologies, restraints on competition, and acquired customer lists. These rights and assets amount to €39.1 million (26.1) in total. The increase can essentially be attributed to the customer lists and product technologies acquired in connection with the two acquisitions. The item Intangible assets comprises advance payments of €1.9 million (0.1).

16 SHARES IN COMPANIES CONSOLIDATED AT EQUITY

This item is made up of five companies consolidated at equity. For the measurement using the equity method, the proportionate equity was determined on the basis of financial statements as of December 31, 2014 prepared in accordance with the respective national legislation and adapted in line with the requirements of IFRS.

Please refer to the list of shareholdings under note 43 for information on the composition of joint ventures and associated companies.

The following table shows summarized earnings data and the carrying amount for the two joint ventures, which are insignificant when taken separately:

in € million	**2014**	2013
Carrying amount of joint ventures consolidated at equity	**16.6**	**13.9**
Earnings after tax	6.8	6.8
Pro rata earnings after tax	3.4	3.4
Pro rata other comprehensive income	0.5	−2.7
Pro rata comprehensive income after tax	**3.9**	**0.7**

The following table shows summarized earnings data and the carrying amount for the three associated companies, which are insignificant when taken separately:

in € million	2014	2013
Carrying amount of associated companies consolidated at equity	**24.9**	**29.4**
Earnings after tax	31.6	32.7
Pro rata earnings after tax	17.0	10.1
Pro rata other comprehensive income	3.7	–2.6
Pro rata comprehensive income after tax	**20.7**	**7.5**

The pro rata earnings after tax of €17.0 million (10.1) contain income of €7.3 million (previous year 0.0) from the reversal of a value adjustment at one of our associated companies in the Middle East.

17 OTHER FINANCIAL ASSETS

→ a–z Glossary page 215
→ 130 Statement of changes in long-term assets

This item includes investments in and loans to **SUBSIDIARIES**, long-term securities, and other loans. In accordance with their financing nature, the long-term portion of the receivables relating to delivery agreements in France of €4.3 million (3.4) is disclosed under Other loans.

The statement of changes in long-term assets on pages 130 and 131 shows the changes in and the amount of the individual items.

18 DEFERRED TAX ASSETS AND LIABILITIES

The deferred taxes recognized in the balance sheet result from the following temporary differences and items:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
in € million	2014	2013	2014	2013
Property, plant and equipment	1.3	1.2	13.7	10.9
Other long-term assets	2.9	3.5	10.1	8.0
Inventories	7.5	6.9	0.1	0.2
Other short-term assets	2.2	2.0	0.9	0.6
Long-term provisions	16.4	11.4	0.6	0.6
Other long-term liabilities	0.5	0.4	4.5	4.1
Short-term provisions and liabilities	10.5	6.4	0.7	0.6
Expected use of losses carried forward	0.0	0.0	0.0	0.0
Sum of deferred taxes asset/liability	**41.3**	**31.8**	**30.6**	**25.0**
Tax offset	–8.6	–6.3	–8.6	–6.3
Total assets/liabilities	**32.7**	**25.5**	**22.0**	**18.7**

The total deferred tax assets of €32.7 million (25.5) are essentially attributable to measurement differences between the carrying amounts of inventories (elimination of intercompany profits), other short-term assets, pension obligations, and short-term provisions and liabilities in the IFRS balance sheet and their tax base. The deferred tax liabilities essentially result from temporary differences between the carrying amounts of long-term assets in the IFRS balance sheet and their tax base (different depreciation methods and useful lives).

Tax losses carried forward in the Group amount to €3.0 million (2.6). The deferred tax assets of €0.9 million (0.8) recognized in this connection are impaired as it is not probable that losses carried forward will be utilized in the foreseeable future.

A deferred tax liability of €4.5 million (4.1) is recorded for future tax charges from planned dividend payments from foreign subsidiaries. In addition, there are further retained earnings at the subsidiaries of €352.7 million (303.4) which are to remain invested permanently and consequently will not result in a deferred tax debt.

The change in the net amount of deferred taxes is €3.9 million (–4.0) in the year under review. Taking into account the deferred taxes for the financial year 2014 recognized directly in equity and resulting essentially from the allocation of pension obligations of €6.2 million (0.1), the deferred tax expense reported in the income statement amounts to €1.3 million (3.7) after allowing for currency effects and acquisitions.

19 LONG-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	**Dec. 31, 2014**	Dec. 31, 2013
Other assets	0.4	0.5
	0.4	**0.5**

20 INVENTORIES

Inventories comprise the following:

in € million	**Dec. 31, 2014**	Dec. 31, 2013
Raw materials and supplies	95.7	94.5
Work in progress	14.5	11.7
Finished goods and merchandise	134.6	126.2
	244.8	**232.4**

Write-downs of inventories totaling €0.7 million (0.7) were recognized in the income statement in the year under review due to reduced salability. On the balance sheet date, the residual carrying amount of inventories that were written down amounted to €3.5 million (2.5).

21 TRADE RECEIVABLES

in € million	Dec. 31, 2014	Dec. 31, 2013
Receivables due from customers	280.8	257.9
Receivables due from joint ventures and associated companies	1.2	2.3
Receivables due from non-consolidated affiliated companies	0.0	0.2
	282.0	**260.4**

Changes in write-downs of trade receivables during the year are detailed below:

in € million	2014	2013
Impairments as of January 1	**14.5**	**13.9**
Currency translation effects	0.2	−0.4
Additions (impairment expenses)	3.1	4.1
Utilization	−0.6	−1.1
Reversals	−2.1	−2.0
Change in the scope of consolidation	0.1	0.0
Impairments as of December 31	**15.2**	**14.5**

In the year under review, write-downs of receivables recognized in the income statement totaled €3.1 million (4.1). The income from the reversal of write-downs is €2.1 million (2.0). Trade receivables include write-downs totaling €15.2 million (14.5) reflecting identifiable risks.

The table below reflects the extent of credit risks connected with trade receivables:

Receivables by maturity (in € million)	**Dec. 31, 2014**	Dec. 31, 2013
Receivables neither overdue nor impaired	**239.1**	**224.3**
Overdue receivables that are not impaired:		
Less than 30 days	30.3	28.6
30 to 60 days	8.0	5.5
61 to 90 days	3.1	2.0
91 to 180 days	2.1	1.0
181 to 360 days	2.6	0.9
more than 360 days	0.7	0.8
Total of overdue receivables	**46.8**	**38.8**
Minus collectively assessed allowances	–5.0	–4.2
Impaired receivables, gross	**11.3**	**11.8**
Minus individually assessed allowances	–10.2	–10.3
Trade receivables	**282.0**	**260.4**

22

SHORT-TERM TAX RECEIVABLES (INCOME TAX)

This item comprises tax refund claims which are mainly attributable to Argentinian, Brazilian, Italian and American income taxes.

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SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	**Dec. 31, 2014**	Dec. 31, 2013
Receivables due from joint ventures and associated companies	0.3	0.2
Other taxes	2.9	3.8
Sundry other assets	17.4	16.5
	20.6	**20.5**

At €2.0 million (3.0), other taxes predominantly concern VAT receivables.

→ 170 Note 17

The Group’s sundry other assets include short-term customer loans of €2.4 million (2.6) in connection with delivery agreements in France. The long-term part of this loan is disclosed under Other long-term financial assets. In addition to this, other assets include forward currency transactions with positive fair values of €4.2 million (1.3). Other assets also include advance rental payments, prepaid expenses, refund claims, and other customer loans, and receivables from other sales. Total impairments of €4.2 million (4.5) are taken into account here.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €202.1 million (175.2) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

25 SHAREHOLDERS' EQUITY

A solid equity capital backing is indispensable for the continued existence of the company. Gearing (the ratio of financial liabilities and pension provisions less cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators of the capital structure.

Subscribed capital

The subscribed and fully paid capital of FUCHS PETROLUB SE changed as follows during the reporting year:

in € million	2014	2013
As of January 1	71.0	71.0
Capital increase from corporate funds	71.0	0.0
Accounting par value of redeemed shares	−3.0	0.0
As of December 31	**139.0**	**71.0**

As of December 31, 2014, it comprises the following:

35,490,000 (previous year 35,490,000) ordinary shares	at €1 =	€35,490,000
35,490,000 ordinary shares (capital increase from company funds)	at €1 =	€35,490,000
169.235 buyback of ordinary shares 2013	at €1 =	−€169,235
570.765 buyback of ordinary shares 2014	at €1 =	−€570,765
740.000 thereof attributable to capital increase	at €1 =	−€740,000
69,500,000 ordinary shares	**at €1 =**	**€69,500,000**

35,490,000 (previous year 35,490,000) preference shares	at €1 =	€35,490,000
35,490,000 preference shares (capital increase from company funds)	at €1 =	€35,490,000
169.235 buyback of preference shares 2013	at €1 =	−€169,235
570.765 buyback of preference shares 2014	at €1 =	−€570,765
740.000 thereof attributable to capital increase	at €1 =	−€740,000
69,500,000 preference shares	**at €1 =**	**€69,500,000**

The shares of FUCHS PETROLUB SE are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. As per the Articles of Association, each preference share receives a premium of €0.01 per share compared to an ordinary share.

Share buyback program and capital increase from corporate funds by issuing new shares (bonus shares)

FUCHS PETROLUB SE completed its share buyback program in the second quarter of 2014.

In the period from November 27, 2013 up to and including April 28, 2014, a total of 1,480,000 own shares were bought back for a total purchase price (including all costs) of €98.4 million. 740,000 ordinary shares with a total value of €45.8 million and 740,000 preference shares with a total value of €52.6 million were acquired. 570,765 of these ordinary shares with a total value of €35.6 million and 570,765 of these preference shares with a total value of €40.8 million are attributable to the year 2014. The €98.4 million spent (2.1% of subscribed capital) including transaction costs has been deducted from shareholders' equity. Pursuant to IAS 33.20, the shares bought back are no longer taken into account when calculating the earnings per share.

The resolution approved by the Annual General Meeting of FUCHS PETROLUB SE on May 7, 2014 to perform a capital increase from corporate funds by issuing new shares (bonus shares) at a ratio of 1:1 was entered into the commercial register on May 16, 2014. Capitalization of reserves caused subscribed capital to increase by €71.0 million to €142.0 million. The number of ordinary and preference shares doubled to 70,980,000 shares each, following the issue of new ordinary and preference shares (35,490,000 shares in each category).

By issuing the bonus shares in the course of the capital increase, the number of own shares was doubled from a total of 1,480,000 to 2,960,000 – comprising 1,480,000 ordinary shares and 1,480,000 preference shares. The own shares were then redeemed.

Following the capital reduction due to the redemption of own shares, which was entered into the commercial register on June 27, 2014, the subscribed capital of FUCHS PETROLUB SE thus comprises 69,500,000 ordinary shares and 69,500,000 preference shares with a total combined value of €139.0 million.

The number of outstanding shares is therefore:

Number of shares	**Dec. 31, 2014**	Dec. 31, 2013
Ordinary shares	69,500,000	35,320,765
Preference shares	69,500,000	35,320,765
Total	**139,000,000**	**70,641,530**

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB SE (agio), the unappropriated profits and currency reserves as well as the remeasured net debt resulting from the defined pension obligations of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. Differences arising from translation of the financial statements of foreign subsidiaries as well as joint ventures and associated companies consolidated at equity are taken directly to equity and carried under currency reserves.

Group profits

Group profits correspond to the Group's net profits after taxes and minority interests.

Proposal for the appropriation of profits at FUCHS PETROLUB SE

The Executive Board will recommend to the Supervisory Board that it presents the following dividend proposal at the 2015 Annual General Meeting: €0.76 per ordinary share entitled to dividend and €0.77 per preference share entitled to dividend. For the financial year 2013, dividends of €0.69 were paid for the ordinary share (€1.38 prior to the issue of bonus shares) and dividends of €0.70 were paid for the preference share (€1.40 prior to the issue of bonus shares).

Minority interest

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. The €0.9 million (1.0) attributable to minority interests relate to shareholders in Austria, Greece, and France;

26 PENSION PROVISIONS

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS PETROLUB Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans.

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The defined benefit obligation is reduced by the fair value of the plan assets. Changes resulting from the remeasurement of net debt are recognized directly in equity in the period in which they occur and are offset against Group reserves. These adjustments are set out in the statement of changes in equity of the Group on page 128.

In Germany, measurement is based on the following assumptions:

in %	2014	2013
Discount rate	1.8	3.5
Salary trend	2.5	2.5
Pension trend	1.5	1.8

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters. The mean values are calculated on a weighted basis.

in %	2014	2013
Discount rate	0.9 to 8.5	2.5 to 9.0
Average discount rate	3.2	4.3
Salary trend	0.6 to 8.0	2.0 to 8.0
Average salary level trend	2.4	2.9
Pension trend	1.8 to 3.0	2.0 to 3.3
Average pension level trend	2.9	3.2

Taking into account the basis of measurement described above, the funding status of the pension obligations is as follows:

Funding status (in € million)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Present value of benefit obligations financed by funds in Germany	73.7	58.1	60.1	51.4	0.0
Present value of benefit obligations financed by funds outside Germany	47.1	62.5	56.4	46.2	65.5
Present value of benefit obligations financed by provisions in Germany	1.1	0.9	0.9	0.7	52.0
Present value of benefit obligations financed by provisions outside Germany	4.8	4.0	4.2	3.1	3.9
Total pension benefits	**126.7**	**125.5**	**121.6**	**101.4**	**121.4**
Fair value of plan assets in Germany	56.9	57.1	55.5	54.8	0.0
Fair value of plan assets outside Germany	34.2	52.9	40.0	34.5	47.7
Funding status	**35.6**	**15.5**	**26.1**	**12.1**	**73.7**
Similar obligations	0.4	0.3	0.2	0.2	0.7
Net obligation as of December 31	36.0	15.8	26.3	12.3	74.4
Balance sheet disclosure:					
Defined benefit assets	**0.0**	**0.0**	**0.1**	**3.5**	**0.0**
Pension provision	**36.0**	**15.8**	**26.4**	**15.8**	**74.4**

The key pension plan provisions are described in the following:

In Germany, defined benefit occupational pension provision plans are in place for some of the employees working for German Group companies. The benefits are generally based on the term of employment and fixed amounts or the final salary of the beneficiary. The benefits comprise an old-age pension, disability pension and survivors' pension. The domestic defined benefit pension plans have in principle been closed since 1983. In 2011, these German pension obligations financed by provisions were transferred almost entirely to the external pension provider ALLIANZ. Since this time, they have been disclosed under pension obligations funded by pension plans. The remaining amount is funded by provisions. The transfer comprises a combined model, made up of transferal of already vested benefits in the ALLIANZ pension fund and future benefits still to be vested in the ALLIANZ relief fund.

In addition to this, employee-financed benefit obligations from the so-called "deferred compensation program" are also in place in Germany. As of December 31, 2014, benefit obligations amount to €6.1 million (5.3), which are offset against assets of €5.7 million (5.0) in the consolidated balance sheet. The €0.4 million balance (0.3) of obligations and asset values is disclosed under "Similar obligations".

Where occupational pension plans are in place at Group companies outside Germany, these are fund-financed provision systems with "defined benefit" commitments and, in some cases, "defined contribution" commitments.

Meanwhile, contribution-based plans have been introduced for new pension commitments in the USA and Great Britain. Existing defined benefit obligations in the US were frozen in 2009 and transferred to a defined contribution system. The plan termination and payment of these balances in the USA took place in 2011.

The pension obligations financed by funds outside Germany concern our companies in Great Britain. The occupational pension provision schemes based on defined benefit obligations arise from a performance-based provision plan based on years of service and final salary, which is now closed. The benefits comprise an old-age pension and survivors' pension. These are financed via a fund which is independent from the company. The fund manager is legally obliged to act in the interests of the beneficiaries and specifies the goals and strategies of the fund, for example the investment policy, premium contributions or indexing. Both employer and employee pay premiums into the fund.

The following table shows the development in the present value of benefit obligations:

Benefit obligations (in € million)	**2014**	2013
Present value as of January 1	125.5	121.6
Currency effects	4.2	–1.4
Current service cost	1.8	1.7
Past service cost	2.2	0.0
Interest expense	3.9	4.0
Remeasurements		
Actuarial losses due to financial assumptions	20.0	1.2
Actuarial gains (losses) due to demographic assumptions	–2.0	1.2
Actuarial losses due to experience adjustments	1.5	0.4
Outsourcing to external pension provider (Great Britain)	–25.2	0.0
Benefits paid	–4.0	–4.8
Income (expenses in the previous year) from settlements (Great Britain)	–1.2	1.6
Present value as of December 31	**126.7**	**125.5**
Netting with plan assets	91.1	110.0
Funding status	**35.6**	**15.5**
Similar obligations	0.4	0.3
Net obligation as of December 31	**36.0**	**15.8**
Thereof		
Pension provision	**36.0**	**15.8**
Defined benefit assets	**0.0**	**0.0**

The outsourcing to an external pension provider concerns the transfer of a portion of pension obligations in Great Britain to an insurance company. FUCHS LUBRICANTS UK decided last year to transfer the pension obligations attributable to pensioners to an insurance company.

Sensitivity analyses

If all other assumptions remained constant, a 0.5% change to the discount rate and a 0.25% change to the wage/salary or pension developments would have the following effects on the present value of benefit obligations at December 31, 2014 (December 31, 2013):

Effects (in € million)	Germany	International	**Total**
Effects on the present value of defined benefit obligations due to			
changes in the discount rate			
Increase by 0.5% points	−5.3 (−3.7)	−4.3 (−3.7)	−9.6 (−7.4)
Decrease by 0.5% points	6.1 (4.2)	4.8 (4.2)	10.9 (8.4)
Change in anticipated wage/salary developments			
Increase by 0.25% points	0.9 (0.7)	0.5 (1.0)	1.4 (1.7)
Decrease by 0.25% points	−0.9 (−0.5)	−0.5 (−1.0)	−1.4 (−1.5)
Change in anticipated pension developments			
Increase by 0.25% points	1.5 (1.4)	1.1 (1.4)	2.6 (2.8)
Decrease by 0.25% points	−1.4 (−1.2)	−1.4 (−1.4)	−2.8 (−2.6)

As of December 31, 2014, the weighted average term of defined benefit obligations was 12.4 years (12.3) to plans in Germany and 20 years (22) to plans outside Germany.

Additional life expectancy of one year would lead to an increase in the present value of the benefit obligations of €2.6 million (1.9), €1.5 million (1.0) thereof is attributable to plans in Germany and €1.1 million (0.9) is to plans outside Germany.

Changes to plan assets during the year are detailed below:

Plan assets (in € million)	2014	2013
Fair value as of January 1	110.0	95.5
Currency effects	3.2	−0.8
Interest income from plan assets	3.5	3.7
Current contributions	5.8	6.4
Special payments to the funds outside Germany	0.0	8.3
Outsourcing to external pension provider (Great Britain)	−25.2	0.0
Benefits paid	−4.0	−4.8
Remeasurements		
Actuarial losses (gains) due to financial assumptions	−0.9	2.2
Actuarial losses due to experience adjustments	−1.3	−0.5
Market value as of December 31	**91.1**	**110.0**

The outsourcing to an external pension provider concerns the transfer of a portion of plan assets in Great Britain to an insurance company. To finance the transfer of defined benefit obligations at the companies in Great Britain to an insurance company, special payments of €8.3 million were made into plan assets in the previous year.

The fair value of the plan assets is spread over the following asset classes:

	DEC. 31, 2014			DEC. 31, 2013		
in € million	Market price quotation in an active market	No market price quotation in an active market	Total	Market price quotation in an active market	No market price quotation in an active market	Total
Insurance policies		56.9	56.9		80.5	80.5
Equity instruments	27.2		27.2	23.5		23.5
Debt instruments	6.7		6.7	5.8		5.8
Cash and cash equivalents		0.3	0.3		0.2	0.2
Fair value of plan assets	**33.9**	**57.2**	**91.1**	**29.3**	**80.7**	**110.0**

The German plan assets are financed solely by insurance policies with ALLIANZ life insurance. The return on plan assets for the year 2014 was based on the discount rate of 3.5% (3.3). The actual return on plan assets calculated was 2.9% (2.8). A limited risk of a supplementary financing requirement can occur due to the selected ALLIANZ insurance tariff (risk-opportunity portfolio) in the event of a decrease in the overall interest rate.

The plan assets in Great Britain comprise equity instruments, debt instruments, cash and cash equivalents and, in the previous year, also insurance policies. The return on plan assets was based on an average rate of 3.6% (4.6). The average actual return on plan assets was 2.8% (13.9).

Total current contributions of €4.5 million (3.6) are budgeted for 2015 in Germany and abroad. Statutory minimum funding requirements are taken into account in Great Britain. FUCHS LUBRICANTS UK has made a commitment to make annual payments of at least €1.6 million, with an annual rate of increase of 3%, into the funds as of December 31, 2013 for a period of 7 years and 10 months.

Asset-liability matching strategy

The asset-liability matching strategy deployed at FUCHS aims for the most congruent financing of pension obligations possible. Key elements are a comparable maturity profile of assets and liabilities, as well as (where technically feasible and financially prudent) coverage of longevity risks. This explains the high proportion of insurance policies. These allow the longevity risk to be covered, coupled with reduced **VOLATILITY** of the assets.

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62% (73) of plan assets are invested in insurance policies. There are no market price quotations for these in an active market. The asset-liability matching strategy for the funded pension obligations is reviewed annually by the fund manager.

Market prices are available for equity and debt instruments. Around 31% (22) of plan assets is invested in equity instruments, while a further 7% (5) is invested in debt instruments. The fund managers pursue risk reduction strategies through use of swaps and index-linked instruments. The mix of equity and debt instruments takes into account the maturity profile of the pension obligations. A regular review of the asset-liability matching strategy can potentially also lead to a revision of the asset mix.

Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €11.2 million (10.6) and are made up of the following components:

Total pension expenses (in € million)	**2014**	2013
Current service cost	1.8	1.7
Past service cost	2.2	0.0
Interest expense	3.9	4.0
Interest income from plan assets	–3.5	–3.7
Income (expenses in the previous year) from settlements (Great Britain)	–1.2	1.6
Expenses for defined benefit pension plans	**3.2**	**3.6**
Expenses for defined contribution pension plans	8.0	7.0
Total pension expenses	**11.2**	**10.6**

The net interest expenses from defined pension obligations amounting to €0.4 million (0.3) are the balance resulting from interest expenses of €3.9 million (4.0) from the interest accrued on pension obligations less interest income of €3.5 million (3.7) from the return on plan assets.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans. At €4.0 million (3.8), the share of pension contributions paid by the employer in Germany has been included in defined contribution pension plans.

27 OTHER LONG-TERM PROVISIONS

in € million	Dec. 31, 2013	Currency exchange differences	Variance in the scope of consolidation	Additions	Utilization	Reversals	**Dec. 31, 2014**
Other long-term provisions	3.1	0.0	0.0	0.4	−1.2	0.0	2.3

This includes provisions for partial retirement obligations of €0.5 million (1.8). Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from four to six years. The term remaining to maturity on the balance sheet date is up to two years. The discount rate is 1.0% (1.5).

In addition to this, further long-term provisions for employee benefit obligations such as anniversary bonuses are recognized under this item.

Employees have the option to invest balances in lifetime working accounts. For the long-term accounts set up, the provisions measured at their settlement value of €3.4 million (2.3) are netted against the corresponding fair value of assets of €3.4 million (2.3) (acquisition costs of €3.4 million – previous year €2.2 million). In the income statement, expenses and income of €1.1 million (1.0) each were offset against each other.

28 OTHER LONG-TERM LIABILITIES

Other long-term liabilities essentially comprise liabilities to employees at a French subsidiary. These liabilities are based on a statutory employee profit-sharing scheme and are due no earlier than 12 months after the end of the financial year.

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TRADE PAYABLES

Trade payables are considered to be current liabilities, as they are generated by operating business. As a rule, they are recognized at amortized costs. Foreign-currency liabilities are translated at the closing rate.

in € million	Dec. 31, 2014	Dec. 31, 2013
Trade payables	134.1	129.8
Bills payable	2.8	2.2
Advance payments received	0.4	0.3
	137.3	**132.3**

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SHORT-TERM PROVISIONS

Short-term provisions mainly consist of the following:

in € million	Dec. 31, 2014	Dec. 31, 2013
Warranty	0.8	0.8
Costs for preparing the annual financial statements	1.1	1.5
Credit notes and bonuses	3.0	2.6
Restructuring work and redundancy payments	1.1	1.2
Environmental obligations	6.5	6.0
Compensation of the Supervisory Board	0.5	0.5
Other obligations	16.3	14.8
	29.3	**27.4**

Changes to short-term provisions during the year are detailed below:

in € million	Dec. 31, 2013	Currency exchange differences	Additions	Utilization	Reversals	Dec. 31, 2014
Warranty	0.8	0.0	0.2	0.0	0.2	0.8
Costs for preparing the annual financial statements	1.5	0.0	1.1	1.5	0.0	1.1
Credit notes and bonuses	2.6	0.2	2.8	2.6	0.0	3.0
Restructuring work and redundancy payments	1.2	0.0	0.2	0.3	0.0	1.1
Environmental obligations	6.0	0.1	0.6	0.2	0.0	6.5
Compensation of the Supervisory Board	0.5	0.0	0.5	0.5	0.0	0.5
Other obligations	14.8	0.6	17.8	13.4	3.5	16.3
	27.4	**0.9**	**23.2**	**18.5**	**3.7**	**29.3**

The provisions for restructuring work and redundancy payments contain redundancy payments for employees leaving the company.

The provisions for environmental obligations focus on rehabilitation work at contaminated sites and cover costs associated with the elimination of soil contamination.

Among other things, other obligations also include provisions for contractual risks, premium payment obligations, costs of legal proceedings, as well as other obligations and accruals arising from transactions with suppliers and customers.

Interest has not been accrued for any short-term provisions.

31 SHORT-TERM TAX LIABILITIES

This item includes total liabilities for income taxes of €31.2 million (23.4). The increase compared to the previous year is mainly attributable to the rise in provisions for corporation and trade tax in Germany.

32 SHORT-TERM FINANCIAL LIABILITIES

All interest-bearing obligations of the FUCHS PETROLUB Group with a maturity of up to one year are disclosed under Short-term financial liabilities. They break down as follows:

in € million	**Dec. 31, 2014**	Dec. 31, 2013
Liabilities due to banks	9.8	7.6
Other financial liabilities	6.6	0.2
	16.4	**7.8**

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Note 14

Other financial liabilities concern finance lease liabilities with up to one year remaining to maturity. Further disclosures are made under note 14: Property, plant and equipment.

33 OTHER SHORT-TERM LIABILITIES

The following is a breakdown of Other liabilities:

in € million	Dec. 31, 2014	Dec. 31, 2013
Obligations for personnel and social expenses	42.2	44.8
Fair value of derivative financial instruments	1.2	0.3
Social security	5.4	4.8
VAT liabilities	10.5	8.3
Other tax liabilities	5.1	3.9
Liabilities due to associated companies	0.0	0.0
Other liabilities	17.6	14.5
	82.0	**76.6**

The obligations for personnel and social expenses mainly relate to ex gratia payments, profit-sharing schemes, commissions, bonuses, outstanding holiday and overtime, settlements, as well as premiums for the employers' liability insurance association.

Other tax liabilities include excise taxes, payroll taxes, etc.

Other liabilities include financing liabilities of €4.3 million (4.7) related to the delivery agreements in France that are disclosed under Other assets. This item also includes commission obligations and customers with credit balances.

34 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

At €11.9 million (12.8), the item Securing third party liabilities refers mainly to "garagiste" loans. Under this business model, which is common in France, our subsidiary guarantees repayment of loans granted directly by the bank to our contracting partner. This guarantee is part of our supply and financing agreements with our partners.

Contractual obligations for the purchase of property, plant and equipment amount to €8.8 million (10.0) as of December 31, 2014. The decline essentially affects one of our subsidiaries in China.

Operating lease agreements

The Group mainly utilizes rental or operating lease agreements for a production plant, warehouses, vehicles, fork-lift trucks, IT equipment and software.

The nominal value of future minimum lease payments for operating leases as of December 31, 2014 structured by maturity terms are as follows:

Maturities (in € million)	Dec. 31, 2014	Dec. 31, 2013
Up to 1 year	8.8	9.7
1 to 5 years	7.5	9.7
More than 5 years	0.2	0.1
Total of minimum leasing payments	**16.5**	**19.5**

Total rental and leasing expense for the reporting year was €12.3 million (14.2). We have a right to purchase the production facility once the present contract expires in 2017.

In addition to the operating lease obligations, there were other financial obligations (IT maintenance, etc.) totaling €1.6 million (1.0).

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FINANCIAL INSTRUMENTS

a) Carrying amounts and fair values of financial instruments

The fair value of a financial instrument is the price at which a party would be willing to assume the rights and/or obligations arising from this financial instrument from an independent third party. Due to varying factors, fair values can only be regarded as indicators for values actually realizable on the market.

The fair values of all financial instruments were determined based on the market data available at the balance sheet date and on the methods and premises specified below.

The figures disclosed in the consolidated balance sheet under Other receivables and other assets or Other liabilities do not fully meet the IFRS 7 criteria with regard to the amount. In particular, tax receivables and tax liabilities are not based on contractual agreements and are therefore not regarded as financial instruments.

For trade receivables, Other receivables and other assets, Cash and cash equivalents and Financial liabilities, Trade payables and Other liabilities the carrying amount of the financial instrument largely corresponds to the fair value.

Regarding the measurement categories of IAS 39, the category of loans and receivables includes the carrying amounts of the balance sheet items of trade receivables and in part other receivables and other assets.

Carrying amounts of trade payables, financial liabilities and miscellaneous other financial liabilities belong to the category of financial liabilities measured at amortized cost.

Cash and cash equivalents and liabilities from finance leases are not included in the classification by categories as these financial instruments are not assigned to a measurement category of IAS 39.

b) Net profit or loss from financial instruments
The table below states the net profit or loss arising from financial instruments recorded in the income statement:

in € million	2014	2013
Financial assets and financial liabilities at fair value through profit and loss	3.0	1.2
Loans and receivables	–3.1	–3.5
Financial liabilities measured at their cost of acquisition	0.6	0.3

Net profit and loss from loans and receivables comprises the balance of allowances for bad debts recognized and reversed, as well as the derecognition of irrecoverable receivables. They are disclosed under Other operating expenses and income.

c) Total interest income and expense
Total interest income and expense for financial assets and financial liabilities which were not measured at fair value through profit and loss are as follows:

in € million	2014	2013
Total interest income	0.8	1.0
Total interest expenses	–3.3	–2.3

The interest from these financial instruments is recognized in the Group's financial result.

d) Information on derivative financial instruments

The objective of using derivative financial instruments is to hedge interest rate and currency risks. In light of the Group's low level of gross financial debt – taking cash and cash equivalents into account, the Group is indeed in a net cash position – the Group's strategy does not involve entering into fixed interest rate agreements or making use of any other interest hedging methods. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal values (in € million)	DEC. 31, 2014				DEC. 31, 2013			
Instrument	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	34.6	0.0	0.0	34.6	23.1	0.0	0.0	23.1
Nominal volume of derivatives	**34.6**	**0.0**	**0.0**	**34.6**	**23.1**	**0.0**	**0.0**	**23.1**

The nominal volume is the total of all buying and selling amounts of currency derivatives. The nominal amounts generally correspond with the volumes of the underlying hedged transactions.

Forward currency contracts employed by the FUCHS PETROLUB Group are exclusively used to hedge assets and liabilities. The change in the derivative's fair value is recognized in the income statement. The same applies to the changes in the fair value of assets or liabilities hedged by this. Both changes equalize each other.

On the balance sheet date there were forward currency transactions solely for the purpose of securing existing hedged items (essentially receivables and liabilities from inter-company loans). The inter-company loans were eliminated in the consolidated financial statements through consolidation entries. Beside this, a small volume of forward currency transactions was also in place for the purpose of hedging firm commitments. Future (anticipative) transactions were not hedged.

The fair values of the derivative financial instruments were as follows:

Fair value as of December 31, 2014

Instrument (in € million)	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	34.6	3.0	3.0	0.0
Total derivatives	**34.6**	**3.0**	**3.0**	**0.0**

Fair value as of December 31, 2013

Instrument (in € million)	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	23.1	1.2	1.2	0.0
Total derivatives	**23.1**	**1.2**	**1.2**	**0.0**

MANAGEMENT OF RISKS FROM FINANCIAL INSTRUMENTS

Due to its international business activities, the FUCHS PETROLUB Group is exposed to numerous risks from financial instruments. In particular, these include credit risks, e. g. those inherent to trade receivables, and market risks, e. g. changes in foreign exchange rates, interest rates and raw material prices. In addition, liquidity risks may arise due to these risks, due to the operating business and because of sudden fluctuations in the financial markets.

Major financial risks are monitored and controlled by the central treasury department of FUCHS PETROLUB SE. There are detailed guidelines and requirements, approved by the Executive Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by entering into term and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only. The fair value of the forward currency transactions is calculated on the basis of recognized valuation models and current market data. The models are assigned to tier 2 in the fair value hierarchy. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing.

Credit risks

A credit risk arises if one party to a financial instrument causes a financial loss thereby damaging the other party by not fulfilling an obligation. Credit risks may result from the investment of liquid funds and the granting of payment terms for goods and services as well as from other agreements to be fulfilled by the counterparty only at a later date.

CASH AND CASH EQUIVALENTS

The Group usually limits its cash and cash equivalents to the extent required for its operating business. The Group's finance directive also requires that liquid funds may only be placed at banks with an excellent credit standing (Standard & Poor's / Moody's / Fitch short-term rating of A1 / P1 / F1 or higher).

TRADE RECEIVABLES

Due to its business relations maintained with more than 100,000 customers worldwide, the FUCHS PETROLUB Group is permanently confronted by significant trade receivables. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment – which is based on external credit information reveals that a credit risk is too high, credit collaterals must be provided, e. g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. On the balance sheet date, receivables totaling €3.8 million (3.9) were secured.

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Note 21

For the remaining credit risks bad debt allowances are recorded as soon as they exceed certain limits (see note 21).

DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER RECEIVABLES AND OTHER ASSETS

When selecting banks with which derivative transactions are concluded, FUCHS PETROLUB ensures that the counterparty is sufficiently creditworthy. All derivative transactions are concluded only with banks carrying a Moody's long-term rating in the investment sector. Through these processes, the default risk by contracting parties (credit risk) is minimized.

The maximum credit risk regarding the above-mentioned positions is the carrying amount of the receivable or of the financial asset – also if the asset concerns derivative financial instruments or liquid funds. The FUCHS PETROLUB Group is only exposed to limited credit risks thanks to a natural diversification and its successful credit risk management. No concentration risks can currently be ascertained.

Liquidity risks

A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS PETROLUB Group mainly come from its operating business. Occasionally revolving funds are employed in the form of bonds or bank loans, for example, primarily to finance working capital and investment projects.

Beside the €9.8 million (7.8) in lines of credit already utilized, the Group also had access to other free lines of credit of €136.5 million (140.3). Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements or bonds.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as of December 31, 2014 affect the Group's liquidity situation (non-discounted):

MATURITIES OF CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES AS OF DECEMBER 31, 2014

Financial liabilities (in € million)	Total	2015	2016	2017	2018	2019	≥ 2020
Financial liabilities incl. interest	16.4	16.4	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	1.2	1.2	0.0	0.0	0.0	0.0	0.0
Trade payables	137.3	137.3	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	16.6	16.6	0.0	0.0	0.0	0.0	0.0
Total	**171.5**	**171.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

MATURITIES OF CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES AS OF DECEMBER 31, 2013

Financial liabilities (in € million)	Total	2014	2015	2016	2017	2018	≥ 2019
Financial liabilities incl. interest	7.8	7.8	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Trade payables	132.3	132.3	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	11.6	11.6	0.0	0.0	0.0	0.0	0.0
Total	**152.0**	**152.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

In comparison to the previous year (152.0), financial liabilities rose by €19.5 million to €171.5 million. All financial liabilities are of a short-term nature.

The FUCHS PETROLUB Group considers its liquidity situation to be stable and not subject to any significant liquidity risk. The Group has access to cash and cash equivalents of €202.1 million (175.2) and €136.5 million in free lines of credit (140.3). Beside this, the Group has short-term trade receivables of €282.0 million from operating activities (260.4).

Market risks
As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities. The assets held by pension funds to meet pension obligations are explained in note 26.

→ 176
Note 26

Exchange rate risks
In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency which differs from the one in which sales proceeds are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third party customers are exposed to transaction risks.

Because of dividend and license income of the holding company, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies so that a natural hedge is in place which leads to the minimization of the transaction risks existing across the entire Group.

Exchange rate risks arising from the granting of intra-group foreign currency loans are generally hedged by concluding forward currency transactions or other original or derivative hedging instruments such as foreign currency borrowing or interest rate and currency swaps.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS PETROLUB Group includes a large number of Group companies located outside the Euro Zone. Therefore so-called translation risks arise due to fluctuating exchange rates when converting the sales proceeds and the results for the Group’s income statement. They may have a considerable influence on the Group’s income statement.

For FUCHS significant translation risks exist due to its activities in North and South America, the Asian-Pacific area and Africa. To the extent that these risks are directly or also indirectly linked to the US dollar, they represent a natural hedge of the above-mentioned US dollar transaction risk. Transaction and translation risks thus have a compensatory effect at Group level.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by equity. The changes in the equity position are continuously monitored, but normally not hedged against fluctuations in the exchange rate.

The Group has financial liabilities in the following currencies:

Financial liabilities (in € million)	**2014**	in %	2013	in %
Euro	6.8	41.5	0.2	2.6
Indian rupee	4.0	24.4	4.4	56.4
South African rand	2.3	14.0	1.5	19.2
Indonesian rupiah	1.2	7.3	0.9	11.5
Brazilian real	0.0	0.0	0.5	6.4
Other currencies	2.1	12.8	0.3	3.9
	16.4	**100.0**	**7.8**	**100.0**

Interest rate risks

In the light of the Group's sound liquidity situation, there are currently no appreciable interest rate risks that require hedging using derivative instruments.

The financial liabilities break down by interest rate agreement as follows. With the exception of the finance leasing transactions no collateral was provided.

Financial liabilities (in € million)	Effective interest rate	Fixed interest rate	Carrying amount Dec. 31, 2014	Carrying amount Dec. 31, 2013
EUR finance leasing	Fixed interest rate 5.85%	2015	6.6	0.0
Short-term loans in EUR	Variable interest rate	< 1 year	0.2	0.2
Short-term loans in INR	Variable interest rate	< 1 year	4.0	4.4
Short term loans in ZAR	Variable interest rate	< 1 year	2.3	1.5
Short-term loans in IDR	Variable interest rate	< 1 year	1.2	0.9
Short-term loans in BRL	Variable interest rate	< 1 year	0.0	0.5
Short-term loans in other currencies	Respective variable interest rates	< 1 year	2.1	0.3
			16.4	**7.8**

Summary of interest rate hedging periods

Interest rate hedging periods (in € million)	2014	in %	2013	in %
Up to 1 year	16.4	100.0	7.8	100.0
1 to 5 years	0.0	0.0	0.0	0.0
More than 5 years	0.0	0.0	0.0	0.0
	16.4	100.0	7.8	100.0

Other price risks

The FUCHS PETROLUB Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in the prices of raw materials are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Based on certain underlying assumptions sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- an increase of the market interest rates of all currencies by one percentage point (parallel shift of the yield curves);
- a concurrent devaluation of the euro relative to all foreign currencies by 10%.

When determining the interest rate risk for FUCHS at the balance sheet date, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized costs do not entail interest rate risks pursuant to IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate as disclosed on December 31, 2014 would have reduced the financial result by €0.1 million (0.1) – assuming that the higher interest rate had been valid during the entire year.

The **foreign currency risk** is determined based on all net foreign currency positions not hedged at the balance sheet date. A simultaneous devaluation of the Euro by 10% in comparison to all foreign currencies would have reduced the financial result by €0.4 million (0.3).

FURTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows how the liquid funds of the FUCHS PETROLUB Group have changed in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows are classified into cash flows from, or into, operating, investing and financing activities. Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents recognized in the balance sheet. Beside cash and cash equivalents in the more literal sense, i.e. checks, cash on hand and bank deposits, this item also includes short-term investments which can be converted to cash amounts at any time and are only subject to insignificant changes in fair value. Cash and cash equivalents are measured at amortized costs.

Cash flow from operating activities is calculated indirectly based on earnings after tax. With this method, the underlying changes in balance sheet items are adjusted for currency translation effects and for changes in the scope of consolidation. These changes in the balance sheet items, therefore, do not directly correspond to the amounts shown in the balance sheet. The dividends received from companies consolidated at equity are disclosed in the cash flow from operating activities (previously investing activities). In the income statement, too, the profit contribution of companies consolidated at equity is included in the EBIT. This provides a better insight into the results of operations and financial position. The previous year's figures have been adjusted accordingly.

The cash flows from/into investing and financing activities are determined on the basis of actual payments, adjusted by effects from currency translation and from the change in the scope of consolidation. Insofar as subsidiaries or business activities are acquired or disposed of, the influences of these transactions are disclosed in dedicated items in the statement of cash flows.

Free cash flow is calculated from the cash flow from operating activities and the cash outflow from investing activities.

37 NOTES TO THE SEGMENT REPORTING

Within the scope of segment reporting, the operating segments are made up of the geographical regions reflecting the FUCHS PETROLUB Group's internal organization and reporting structure. In line with the principles of IFRS 8 "Operating segments", this structure is aligned to the Group's internal control system and reflects segment reporting in the Group management committees. Accordingly, the primary reporting format is the regions. These are defined as Europe, Asia-Pacific, Africa and North and South America. The individual companies are allocated to the segments according to the regions in which they are located.

The segment information is based on the same recognition and valuation methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column "Holding companies including consolidation". This includes not only the depreciation, earnings, assets and liabilities of the Group companies, but also the inter-segment eliminations with regard to sales revenues. Intra-group revenues and transfers are transacted at prices and terms of independent business partners.

Segment data includes all direct segment costs as well as indirect costs to a limited degree. The segment assets and segment liabilities include only those assets and liabilities that have contributed towards the achievement of the segment earnings before interest and tax (EBIT). €516.9 million (532.4) of the total sales revenues of €1,865.9 million (1,831.6) are attributable to German companies and €1,349.0 million (1,299.2) to companies outside Germany, whereby €268.3 million (254.0) of sales revenues generated by foreign companies are attributable to North America (mainly the USA) and €254.2 million (237.0) to China. In Germany, long-term assets (intangible assets and property, plant and equipment) are €185.5 million (175.0). €255.6 million (217.7) is attributable to foreign countries, of which North America (mainly the USA) accounts for €80.9 million (72.1) and China accounts for €44.1 million (35.3).

→ 134 Segments

The overall development of segments is disclosed on pages 134 and 135 stating the figures for the reporting year and the corresponding figures of the previous year. The statement shows sales revenues, depreciation and amortization expenses and the respective segment earnings (EBIT) as central key performance indicators for each geographic region. The total of segment earnings is transferred to the net profit after tax. Additionally, segment assets and liabilities of the individual segments are disclosed, with the latter being transferred to Group liabilities. The statement also contains investments in intangible assets, property, plant, equipment, and financial assets, as well as the average number of employees and the respective EBIT margins achieved relative to EBIT before inclusion of companies consolidated at equity.

→ 158 Note 1

Sales revenues by product are disclosed in note 1 to the income statement.

38 RELATIONSHIPS WITH RELATED PARTIES

The related parties of the FUCHS PETROLUB Group as defined according to IAS 24 are:

- Directly and indirectly held subsidiaries, and FUCHS PETROLUB SE companies consolidated at equity,
- Executive Board and Supervisory Board of FUCHS PETROLUB SE,
- RUDOLF FUCHS GMBH & CO KG, through which most of the Fuchs family's ordinary stock is held,

- its full partner FUCHS INTEROIL GMBH and its management
- and pension funds benefiting the Group's employees.

The controlling company is RUDOLF FUCHS GMBH & CO KG.

FUCHS PETROLUB SE provides services to the related companies RUDOLF FUCHS GMBH & CO KG and FUCHS INTEROIL GMBH, for which it is compensated with a contribution to its administrative costs. The scope of these services is not material.

Furthermore, there are intercompany transactions (such as loans, provision of goods and services) between the holding company, FUCHS PETROLUB SE, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related companies and persons are charged on the same basis as those for independent business partners.

The FUCHS PETROLUB Group has receivables of €1.2 million (2.3) relating to supplies and services, as well as other receivables of €0.3 million (0.2) due from companies consolidated at equity. The liabilities are €0.0 million (0.0). The value of goods delivered in 2014 to companies consolidated at equity was €15.6 million (15.5), while other operating income was €1.1 million (1.3). In the previous year, the FUCHS PETROLUB Group had trade receivables due from two non-consolidated associated companies of €0.2 million, other receivables of €0.2 million, and other liabilities of €0.1 million. The value of goods delivered in the previous year was €1.3 million. These two companies will be included in the scope of consolidation from 2014 on.

No consultant contracts are in place with any members of the Executive Board or Supervisory Board.

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Note 26

For information on pension plans please refer to note 26.

A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Law (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company nor any company associated with it." KPMG AG Wirtschaftsprüfungsgesellschaft, the independent auditors of FUCHS PETROLUB SE, have audited this dependent company report and provided it with an unqualified audit opinion.

39 EXECUTIVE BODIES

SUPERVISORY BOARD

Dr. Jürgen Hambrecht
Neustadt an der Weinstraße

Chairman
Chairman of the Supervisory Board at BASF SE (since May 2, 2014)

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)
- Daimler AG
- Deutsche Lufthansa Aktiengesellschaft (until April 29, 2014)
- Berthold Leibinger GmbH (general partner of TRUMPF GmbH + Co. KG), Chairman

Dr. Dr. h.c. Manfred Fuchs
Mannheim

Deputy Chairman
Former Chairman of the Executive Board of FUCHS PETROLUB SE

Ines Kolmsee
Tutzing

Entrepreneur at Smart Hydro Power GmbH

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)
- SUEZ ENVIRONNEMENT S.A. (since May 22, 2014)
- Deutsche Telekom AG (since January 31, 2015)
- UMICORE S.A.

Horst Münkel*
Mannheim

Chairman of the Group works council (since June 30, 2014)
and Deputy Chairman of the SE Works Council
(since November 12, 2014) at FUCHS PETROLUB SE
Chairman of the Joint Works Council of
FUCHS EUROPE SCHMIERSTOFFE GMBH

Lars-Eric Reinert*
Chicago

Grease Plant Manager in Harvey, FUCHS LUBRICANTS CO.
Chairman of the Group Works Council (until June 30, 2014)
Chairman of the SE Works Council (until November 12, 2014)
at FUCHS PETROLUB SE

Dr. Erhard Schipporeit
Hanover

Former member of the Executive Board of E.ON SE

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)
- BDO AG Wirtschaftsprüfungsgesellschaft
- Deutsche Börse Aktiengesellschaft
- Hannover Rückversicherung SE
- Rocket Internet Aktiengesellschaft (since August 22, 2014)
- SAP SE
- Talanx Aktiengesellschaft

Comparable German and international supervisory bodies:
- Fidelity Funds SICAV (Luxembourg)
- TUI Travel Plc. (Great Britain) (until December 11, 2014)

* Employee representative.

EXECUTIVE BOARD

Stefan R. Fuchs
Hirschberg

Chairman

Group mandates
- FUCHS CORPORATION
- FUCHS LUBRICANTS CO.
- FUCHS OIL MIDDLE EAST LTD. (until July 16, 2014)
- OPET FUCHS MADENI YAG SANAYI VE TICARET A.S. Chairman (since June 30, 2014)

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)
- Berthold Leibinger GmbH (general partner of TRUMPF GmbH + Co. KG)

Dr. Alexander Selent
Limburgerhof

Deputy Chairman, CFO

Group mandates
- FUCHS CORPORATION
- FUCHS LUBRICANTS (CHINA) LTD. (until June 30, 2014)
- FUCHS OIL MIDDLE EAST LTD. (since July 16, 2014)
- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD.

Other directorships as per Section 100 (2) of the German Stock Corporation Act (AktG)
- Vossloh AG, Vice Chairman (until September 14, 2014)

Dr. Lutz Lindemann
Kerzenheim

Member

Dr. Georg Lingg
Mannheim

Member (until June 30, 2014)

Group mandates (until June 30, 2014)
- FUCHS LUBRICANTS (YINGKOU) LTD.
- FUCHS LUBRICANTS (KOREA) LTD.
- FUCHS LUBRICANTS (CHINA) LTD.
- FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD.
- FUCHS LUBRICANTS TAIWAN CORP.
- FUCHS OIL MIDDLE EAST LTD.
- OPET FUCHS MADENI YAG SANAYI VE TICARET A.S.

Dr. Ralph Rheinboldt
Heddesheim

Member

Group mandates
- FUCHS LUBRICANTS BENELUX N.V./S.A., Chairman
- FUCHS HELLAS S.A.
- FUCHS LUBRICANTES S.A.U., Chairman
- FUCHS LUBRICANTS (UK) PLC
- FUCHS LUBRIFIANT FRANCE S.A., Chairman
- FUCHS LUBRIFICANTI S.P.A., Chairman
- FUCHS OIL FINLAND OY
- MOTOREX AG LANGENTHAL

COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD

Compensation of the Executive Board (in € thousand)	2014	2013
Compensation of the Executive Board	6,841	7,164
thereof fixed compensation	1,440	1,549
thereof variable compensation	5,401	5,615
Current service cost for pension commitments to active members of the Executive Board	2,738	496
Former member of the Executive Board		
Total compensation of former board members	1,602	433
Balance of pension obligations and plan assets	2,309	239

The compensation of the Executive Board is made up of a fixed and a variable component. The fixed compensation was paid in the last financial year, while the variable compensation will be paid in the subsequent year. With the departure of Dr. Georg Lingg with effect from June 30, 2014, the number of Executive Board members was reduced from 5 to 4. Total compensation decreased as a result of this.

The fixed compensation portions for each member increased slightly due to an inflation increase.

The variable compensation of the Executive Board is based on an incentive agreement geared toward sustainable company success. This agreement tracks the FUCHS Value Added (FVA) concept and is linked to a performance factor. FVA represents the earnings before interest and tax (EBIT) less the capital costs. The performance factor measures on an annual basis the achievement of the long-term goals set for the entire Executive Board. The variable compensation of the Executive Board for each member increased slightly as a result of a change to FVA.

Benefits arising from the occasion of the ending of the working relationship of the Executive Board are not provided for, nor are there any share-based payments.

The service cost for pension commitments to active members of the Executive Board contains a past service cost of €2.250 thousand.

The balance of pension obligations and plan assets of €2.309 thousand (239) for former members of the Executive Board results from the existing plan assets of €5.690 thousand (5,303), minus pension obligations of €7.999 thousand (5,542). The increased net obligation is a result of the reduction in the discount rate, as well as the departure of one member of the Executive Board.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB SE on May 11, 2011 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation received by the individual members of the Supervisory Board break down as follows:

Figures (in € thousand)	Fixed compensation		Variable compensation		Compensation for committee work		Attendance allowance/ ancillary payments		Total	
Members of the Supervisory Board	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Dr. Jürgen Hambrecht	60	60	51	50	10	10	18	18	139	138
Dr. Dr. h. c. Manfred Fuchs	45	45	38	38	22	22	18	18	123	123
Dr. Erhard Schipporeit	30	30	26	25	30	30	12	14	98	99
Ines Kolmsee	30	30	26	25	20	20	13	13	89	88
Horst Münkel	30	30	26	25	0	0	5	6	61	61
Lars-Eric Reinert	30	30	26	25	0	0	5	6	61	61
Gesamt	**225**	**225**	**193**	**188**	**82**	**82**	**71**	**75**	**571**	**570**

The compensation rules for the Supervisory Board are presented in Section 16 of the company's Articles of Association.

The fixed compensation and compensation for committee work is paid after the end of the financial year, while the attendance allowance is paid after the respective Supervisory Board or committee meeting. The variable compensation for the completed financial year is paid out in the year following the Annual General Meeting.

→ 38 Corporate governance report

The main features of the compensation system for members of the Executive Board and Supervisory Board at FUCHS PETROLUB SE are disclosed in the Group's combined management report and corporate governance report in accordance with Section 315 (2) No. 4 of the German Commercial Code (HGB). The previous compensation system was fundamentally revised with effect from January 1, 2015.

40 DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE AS PER SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

→ 47
Text of the declaration of compliance

The Executive Board and Supervisory Board at FUCHS PETROLUB SE submitted the Declaration of Compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG). The wording of this Declaration of Compliance is printed on page 47 and is publicly available on the website at www.fuchs-oil.com/declarationcompliance.html.

41 FEES AND SERVICES OF THE AUDITOR PURSUANT TO SECTION 315A IN CONJUNCTION WITH SECTION 314 (1) NO. 9 OF THE GERMAN COMMERCIAL CODE (HGB)

Companies in the FUCHS Group used the following services of KPMG worldwide:

in € thousand	**2014**
Audit	1,455
Other services and expenses	32
Tax advisory services	115
Other benefits	37
Total	**1,639**

Within this total, fees of €396 thousand (414) were recorded as expenses in Germany for the annual audit performed by the balance sheet auditor. €14 thousand (15) of this was in turn recorded as expenses for services relating to the previous year, while €11 thousand (11) was recorded for other audit services. There were no tax consulting services or expenses for other services.

42 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date there have been no events that would materially affect the financial condition or results of operations of the Group.

43 SHAREHOLDING PURSUANT TO SECTION 315A IN CONJUNCTION WITH SECTION 313 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

As of December 31, 2014

I. AFFILIATED COMPANIES

GERMANY

Name and registered office of the company (in € thousand)	Share of equity capital (in %) [1]	Shareholders' equity [2]	Sales revenues 2014 [2]	Consolidation [3]
BREMER & LEGUIL GMBH, Duisburg[4]	100	324	32,806	F
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim[4]	100	60,000	515,706	F
FUCHS FINANZSERVICE GMBH, Mannheim[4]	100	85,311	0	F
FUCHS LUBRITECH GMBH, Kaiserslautern[4]	100	5,021	107,989	F
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg[4]	100	628	14,453	F
WISURA GMBH, Bremen[4]	100	1,100	14,490	F

EUROPE (EXCLUDING GERMANY)

Name and registered office of the company (in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2014[2]	Consolidation[3]
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen/Belgium	100	10,093	31,895	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	667	2,940	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre Cedex/France	99.7	17,104	109,125	F
FUCHS LUBRITECH S.A.S., Ensisheim/France	100	2,451	9,179	F
FUCHS HELLAS S.A., Athens/Greece	97.4	722	4,319	F
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/Great Britain	100	720[7]	0[7]	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/Great Britain (subgroup)	100	43,477	157,857	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., London/Great Britain	100	329	0	F
FUCHS LUBRITECH (UK) LTD., London/Great Britain	100	293	0	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	17,328	62,630	F
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	2,396	4,873	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	902	1,505	F
FUCHS LUBRICANTS NORWAY AS, Bergen/Norway	100	189	1,527	F
FUCHS AUSTRIA SCHMIERSTOFFE GMBH, Thalgau/Austria	70	2,614	16,282	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	100	14,558	56,321	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	2,814	8,956	F
OOO FUCHS OIL, Moscow/Russia	100	6,543	32,665	F
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100	172	2,727	F
FUCHS OIL CORPORATION (SK) SPOL. S.R.O., Brezno/Slovak Republic	100	1,574	6,107	F
FUCHS MAZIVA LSL D.O.O., Brezice/Slovenia	100	963	2,451	F
FUCHS LUBRICANTES S.A.U., Castellbisbal/Spain	100	20,449	51,536	F
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Stráncice/Czech Republic	100	3,119	9,932	F
TOV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	100	2,496	8,166	F
FUCHS OIL HUNGARIA KFT, Budaörs/Hungary	100	481	4,559	F

ASIA-PACIFIC / AFRICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %) [1]	Shareholders' equity [2]	Sales revenues 2014 [2]	Consolidation [3]
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia (subgroup)	100	41,439	130,421	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	69,095	162,338	F
FUCHS LUBRICANTS REGIONAL HEADQUARTERS (EAST ASIA) LTD., Shanghai/People's Republic of China	100	1,636	512	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/People's Republic of China	100	62,958	117,779	F
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai/India	100	5,736	15,670	F
PT FUCHS INDONESIA, Jakarta/Indonesia	100	1,958	7,944	F
FUCHS JAPAN LTD., Tokyo/Japan	100	2,178	8,377	F
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	6,521	22,772	F
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Shah Alam/Malaysia	100	1,695	5,845	F
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland/New Zealand	100	3,691 [8]	15,097 [8]	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	3,504	14,610	F
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg/South Africa	100	17,392	49,872	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	1,514	5,260	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	490	0	F
FUCHS LUBRICANTS (THAILAND) CO., LTD., Bangkok/Thailand	100	1,549	5,724	F
FUCHS LUBRICANTS VIETNAM COMPANY LIMITED, Ho Chi Minh City/Vietnam	100	362	310	F

NORTH AND SOUTH AMERICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %) [1]	Shareholders' equity [2]	Sales revenues 2014 [2]	Consolidation [3]
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina (subgroup)	100	3,857	10,054	F
FUCHS DO BRASIL S.A., City of Barueri, State of São Paulo/Brazil	100	6,989	35,748	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	10,841 [5]	26,095 [5]	F
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Querétaro/Mexico	100	6,346 [5]	18,385 [5]	F
PROMOTORA FUCHS S.A. DE C.V., Querétaro/Mexico	100	102 [5]	1,471 [5]	F
FUCHS URUGUAY S.A., Montevideo/Uruguay	100	40 [6]	0 [6]	F
FUCHS CORPORATION, Dover, Delaware/USA (subgroup)	100	148,894	270,578	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	133,191 [5]	232,634 [5]	F

II. JOINT VENTURES

Name and registered office of the company (in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2014[2]	Consolidation[3]
MOTOREX AG LANGENTHAL, Langenthal/Switzerland	50	5,816	25,137	E
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Cigli-Izmir/Turkey	50	28,208	89,733	E

III. ASSOCIATED COMPANIES

Name and registered office of the company (in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2014[2]	Consolidation[3]
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	51.949	178.972	E
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran/Iran	50	3.395	10.142	E
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50	30.041	24.882	E

IV. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD >5%)

Name and registered office of the company (in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2014[2]	Consolidation[3]
NIPPECO LTD., Tokyo/Japan	11			

[1] Share of FUCHS PETROLUB SE, including indirect holdings.

[2] Shareholders' equity and sales revenues are disclosed at 100%. For domestic companies, the values are based on the German annual financial statements (HB I), while at companies domiciled outside Germany they are generally based on the tried and tested or certified IFRS financial statements (HB II) prior to consolidation. The conversion of shareholders' equities to the Group currency of euros was performed using the closing rate as of December 31, 2014, while the accumulated average annual exchange rate of 2014 was used when converting sales revenues.

[3] Inclusion in the consolidated financial statements:
F = full consolidation as per IFRS 10,
E = equity method as per IAS 28

[4] Company with profit/loss transfer agreement.

[5] Included in the subgroup financial statements (HB II) FUCHS CORPORATION, USA.

[6] Included in the subgroup financial statements (HB II) FUCHS ARGENTINA S.A., Argentina.

[7] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (UK) PLC., Great Britain.

[8] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Australia.

Declaration of the Executive Board

AND ASSURANCE PURSUANT TO SECTION 297 (2), SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group. The management report, which is combined with the management report of FUCHS PETROLUB SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, March 16, 2015
FUCHS PETROLUB SE

Executive Board

S. Fuchs

Dr. A. Selent

Dr. L. Lindemann

Dr. R. Rheinboldt

Independent auditor’s report

TO FUCHS PETROLUB SE

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of FUCHS PETROLUB SE, Mannheim, and its subsidiaries which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements-- for the financial year from January 1 to December 31, 2014.

Management’s Responsibility for the Consolidated Financial Statements

The management of FUCHS PETROLUB SE is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Executive Board is also responsible for the internal controls which the Executive Board deems to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW), and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor’s professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity’s preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

According to Section 322 (3) sentence 1 of the German Commercial Code (HGB) we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets and financial position of the Group as of December 31, 2014 as well as the results of operations for the financial year then ended, in accordance with these requirements.

REPORT ON THE COMBINED MANAGEMENT REPORT

We have audited the accompanying Group management report of FUCHS PETROLUB SE, Mannheim, for the financial year from January 1 to December 31, 2014 which is combined with the management report. The Executive Board of FUCHS PETROLUB SE is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to Section 315a (1) of German Commercial Code (HGB). We conducted our audit in accordance with Section 317 (2) of the German Commercial Code (HGB) and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to Section 322 (3) sentence 1 of the German Commercial Code (HGB) we state that our audit of the combined management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, March 16, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Krauß
Auditor

Herbel
Auditor

FUCHS PETROLUB SE (HGB)

INCOME STATEMENT

in € million		2014		2013
Investment income		203.4		203.6
Administrative expenses		−31.3		−31.7
Other operating income	44.9		31.5	
Other operating expenses	−6.5		−4.9	
		38.4		26.6
Earnings before interest and tax (EBIT)		**210.5**		**198.5**
Financial result		−8.5		−4.9
Earnings from ordinary business activities		**202.0**		**193.6**
Income taxes		−35.0		−32.5
Profit after tax		**167.0**		**161.1**
Retained earnings brought forward from the previous year		32.9		49.0
Transfer to other retained earnings		−83.5		−80.6
Unappropriated profit		**116.4**		**129.5**

BALANCE SHEET

in € million		Dec. 31, 2014		Dec. 31, 2013
Assets				
Intangible assets		5.3		3.1
Property, plant and equipment		3.8		3.8
Financial assets		425.8		425.3
Property, plant and equipment		**434.9**		**432.2**
Receivables due from affiliated companies	205.3		216.6	
Other receivables and other assets	0.6		3.5	
Receivables and other assets		205.9		220.1
Cash and cash equivalents		60.0		56.5
Short-term assets		**265.9**		**276.6**
Prepaid expenses		**0.9**		**0.9**
Total assets		**701.7**		**709.7**
Equity and liabilities				
Subscribed capital	139.0		71.0	
Accounting par value of shares purchased for redemption purposes	0.0		−0.4	
		139.0		70.6
Capital reserves		98.7		95.7
Retained earnings		324.1		388.3
Unappropriated profit		116.4		129.5
Shareholders' equity		**678.2**		**684.1**
Pension provisions and similar obligations	0.2		0.1	
Other provisions	20.5		21.0	
Provisions		**20.7**		**21.1**
Liabilities		**2.8**		**4.5**
Total equity and liabilities		**701.7**		**709.7**

Proposal for the appropriation of profits

The Executive Board will recommend to the Supervisory Board that it proposes the following appropriation of profits to the 2014 Annual General Meeting:

Proposal on the appropriation of profits (in €)	
Distribution of a dividend of €0.76 for each ordinary share entitled to dividend on the balance sheet date; these were 69,500,000 shares	52,820,000.00
Distribution of a dividend of €0.77 for each preference share entitled to dividend on the balance sheet date; these were 69,500,000 shares	53,515,000.00
	106,335,000.00
Balance carried forward	10,083,634.58
Unappropriated profit (HGB) of FUCHS PETROLUB SE	**116,418,634.58**

Glossary

A

ADDED VALUE
The added value is the sequence of refining processes in the production process, starting with the raw materials and ending at the finished end product via various stages including production and transport.

ASSOCIATED COMPANY
Company, upon the corporate and financial policies of which significant influence can be exercised (shareholding at least 20%) and that is not a subsidiary.

C

CAPITAL EMPLOYED
Average capital employed consists of shareholders' equity, financial liabilities, pension provisions and historical goodwill amortization, after the deduction of cash and cash equivalents.

CASH FLOW
The difference between income and expenditure in a reporting period. The gross cash flow presented by the FUCHS PETROLUB Group in the Annual Report is calculated indirectly on the basis of

  Profit after tax
+ Depreciation and amortization of long-term assets
± Change in long-term provisions
± Change in deferred taxes
± Non-cash income from companies consolidated at equity
+ Dividends received from companies consolidated at equity.

The gross cash flow is an indication of a company's internal financial resources available for financing net current assets, investments, debt repayment and dividend payments.

COMPLIANCE
Compliance with all legal requirements, guidelines and ethical standards relevant to the company.

CORPORATE GOVERNANCE
Internationally used term for responsible corporate management and supervision with a view to long-term value creation. Corporate governance comprises the entire system of managing and supervising a company and includes its organization, business policy principles and guidelines, as well as all internal and external controlling and monitoring mechanisms.

D

DECLARATION OF COMPLIANCE
Declaration by the Supervisory Board and Executive Board pursuant in accordance with Section 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.

DERIVATIVE FINANCIAL INSTRUMENTS
Financial products whose own value is primarily derived from the price, price fluctuations and price expectations of the underlying hedged transaction. Derivatives are used by the FUCHS PETROLUB Group solely to limit exchange rate and interest-rate risks from the operating business.

E

EBIT
Abbreviation for earnings before interest and tax.

EBITDA
Abbreviation for earnings before interest, tax, depreciation and amortization. EBIT before amortization and depreciation of intangible assets and property, plant and equipment.

EBIT MARGIN
Earnings before interest and tax (EBIT) in relation to sales revenue.

EBT
Abbreviation for earnings before tax.

EFFECTIVE TAX RATE
Corporate income tax expense relative to EBIT before income from companies consolidated at equity minus financial result.

EQUITY METHOD
Method of consolidation for including joint ventures and associated companies in the consolidated financial statements. The Group's ownership interest is entered as its share of these companies' equity capital. Changes in the equity capital of these companies have an effect on the valuation of the Group balance sheet item "Shares in companies accounted for using the equity method"; proportionate net profits are shown under "Income from companies consolidated at equity" in the consolidated income statement.

EQUITY RATIO
Proportion of capital resources (= subscribed capital, reserves and accumulated other capital) to the balance sheet total.

I

IAS
Abbreviation for International Accounting Standards. Accounting principles intended to guarantee international harmonization and comparability of financial statements and disclosure. They are prepared by an international committee, the "International Accounting Standards Board" (IASB).

IFRS
Acronym for „International Financial Reporting Standards": They have replaced the „International Accounting Standards" (IAS) since 2001. FUCHS PETROLUB has compiled its consolidated financial statements in line with IAS/IFRS since 2002.

INCOME FROM COMPANIES CONSOLIDATED AT EQUITY
Proportional net profit from joint ventures and associated companies that are included in the consolidated financial statements using the equity method.

J

JOINT VENTURES
Enterprises managed jointly with other companies, where each company has an equal share.

M

MDAX
Share index of German companies with a medium market capitalization. The MDAX, which comprises 50 companies, is the second value segment after the DAX (30 companies with a high market capitalization). The FUCHS PETROLUB preference share has been approved for the Prime Standard section of the German Stock Exchange since January 1, 2003 and has been included in the MDAX segment since June 2008.

N

NET OPERATING WORKING CAPITAL
Net operating working capital (NOWC) is made up of inventories and trade receivables minus trade payables. It defines the capital needed directly for the generation of sales revenues.

P

PARTICIPATION INTEREST
Company upon which no significant influence is exercised (shareholding less than 20%).

R

RETURN ON SALES
Profit after tax in relation to sales revenues.

ROCE
Abbreviation for "return on capital employed".

S

SUBSIDIARY
Company controlled by another company.

V

VOLATILITY
Volatility is the measure of how much the price of securities or exchange rates has moved around the mean price over a certain period of time.

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Financial Calendar

DATES 2015

March 24	Annual report 2014
April 30	Interim report as at March 31, 2015
May 6	Annual General Meeting in Mannheim
May 7	Swiss information event in Zurich
August 4	Interim report as at June 30, 2015
November 3	Interim report as at September 30, 2015

ANNUAL GENERAL MEETING 2015

The Annual General Meeting will take place on Wednesday, May 6, 2015 at 10.00 a.m. in the Mozart Room of the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will also receive an invitation and the agenda via their depository banks. The payment of dividends to be approved by the Annual General Meeting will be made from May 7, 2015 onwards.

DISCLAIMER

This annual report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB SE. 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 in the overall economic climate, changes to procurement prices, exchange rate and interest rate fluctuations, as well as 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 annual report and assumes no liability for such.

Ten-year overview

FUCHS PETROLUB GROUP

Amounts in € million	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Results of operations										
Sales revenues (by company location)	1,865.9	1,831.6	1,819.1	1,651.5	1,458.6	1,178.1	1,393.7	1,365.3	1,323.3	1,192.2
Germany	516.9	532.4	517.5	490.6	417.9	346.2	428.8	414.8	385.6	336.6
International	1,349.0	1,299.2	1,301.6	1,160.9	1,040.7	831.9	964.9	950.5	937.7	855.6
Cost of sales	1,172.7	1,141.7	1,153.1	1,046.9	891.6	721.0	905.6	856.1	856.4	767.4
Gross profit	693.2	689.9	666.0	604.6	567.0	457.1	488.1	509.2	466.9	424.8
in % of sales revenues	37.2	37.7	36.6	36.6	38.9	38.8	35.0	37.3	35.3	35.6
Earnings before interest and tax (EBIT)	313.0	312.3	293.0	263.5	250.1	179.9	171.7	195.2	161.2	128.8
in % of sales revenues	16.8	17.0	16.1	16.0	17.1	15.3	12.3	14.3	12.2	10.8
Earnings after tax	219.9	218.6	207.0	183.1	171.6	121.4	110.3	120.3	97.2	74.2
in % of sales revenues	11.8	11.9	11.4	11.1	11.8	10.3	7.9	8.8	7.3	6.2
Assets / equity and liabilities										
Balance sheet total	1,276.1	1,162.0	1,108.7	985.3	894.2	745.7	703.8	714.9	680.7	691.3
Shareholders' equity	915.6	853.5	781.7	658.2	545.9	392.9	315.3	325.9	303.2	232.6
Equity ratio	71.7	73.5	70.5	66.8	61.0	52.7	44.8	45.6	44.5	33.6
Cash and cash equivalents	202.1	175.2	143.7	79.0	92.1	89.9	19.5	64.2	40.2	26.0
Financial liabilities	16.4	7.8	8.9	14.1	19.7	58.2	124.1	71.9	98.5	157.3
Net liquidity	185.7	167.4	134.8	64.9	72.4	31.7	–104.6	–7.7	–58.3	–131.3
Pension provisions	36.0	15.8	26.4	15.8	74.4	83.8	70.6	67.1	51.3	54.9
Net gearing (ratio of pensions less net liquidity to shareholders' equity)	–0.2	–0.2	–0.1	–0.1	0.0	0.1	0.6	0.2	0.4	0.8
FUCHS Value Added (FVA)										
FUCHS Value Added (FVA)	229.7	221.9	208.2	186.0	182.7	116.8	110.1	136.5	100.3	71.4
Cash flow / investments / research and development										
Cash flow from operating activities[1]	255.3	220.5	203.1	89.2	133.2	206.3	59.6	152.2	90.7	77.8
Cash flow from investing activities[1]	–67.4	–70.6	–62.7	–30.2	–55.5	–25.5	–52.1	–23.8	–4.3	–26.1
Free cash flow	187.9	149.9	140.4	59.0	77.7	180.8	7.5	128.4	86.4	51.7
Investments in property, plant and equipment and intangible assets	51.7	70.2	61.0	35.6	32.4	29.9	46.6	24.4	18.1	28.8
Depreciation of property, plant and equipment and intangible assets (scheduled)	29.8	27.7	26.9	26.4	22.5	20.1	18.8	18.8	19.7	21.9
Research & development expenses	32.9	30.6	29.2	27.5	25.1	22.2	22.7	23.7	22.1	20.6

FUCHS PETROLUB GROUP

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Employees										
Number of employees (annual average)	4,052	3,846	3,754	3,646	3,534	3,587	3,864	3,807	3,909	4,149
Germany	1,213	1,180	1,143	1,086	1,010	1,003	1,073	1,044	1,077	1,101
in %	29.9	30.7	30.4	29.8	28.6	28.0	27.8	27.4	27.6	26.5
International	2,839	2,666	2,611	2,560	2,524	2,584	2,791	2,763	2,832	3,048

FUCHS SHARES

Amounts in €		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Earnings per share [2]	Ordinary	1.57	1.53	1.45	1.28	1.20	0.85	0.74	0.77	0.62	0.47
	Preference	1.58	1.54	1.46	1.29	1.21	0.86	0.75	0.78	0.63	0.48
Dividend per share [2,3]	Ordinary	0.76	0.69	0.64	0.49	0.44	0.28	0.26	0.24	0.16	0.11
	Preference	0.77	0.70	0.65	0.50	0.45	0.29	0.27	0.25	0.17	0.12
Dividend distribution (in € million) [3]		106.3	96.6	91.6	70.3	63.2	39.5	37.1	37.0	25.2	17.4
Share buyback (in € million)		76.4	22.0	0.0	0.0	0.0	5.8	67.1	50.8	0.0	0.0
Stock exchange prices on December 31 [2]	Ordinary	31.7	30.9	26.5	15.1	16.5	10.1	6.5	10.5	8.7	5.3
	Preference	33.3	35.5	28.1	16.9	18.5	10.8	5.7	10.1	9.7	5.5

[1] From 2013 on dividends received from companies consolidated at equity are shown under cashflow from operating activities (previous investing activities).
[2] Prior-year figures adjusted for capital measures (bonus shares, share splits, increases in capital stock) to provide better comparability.
[3] Dividend proposal for 2014.