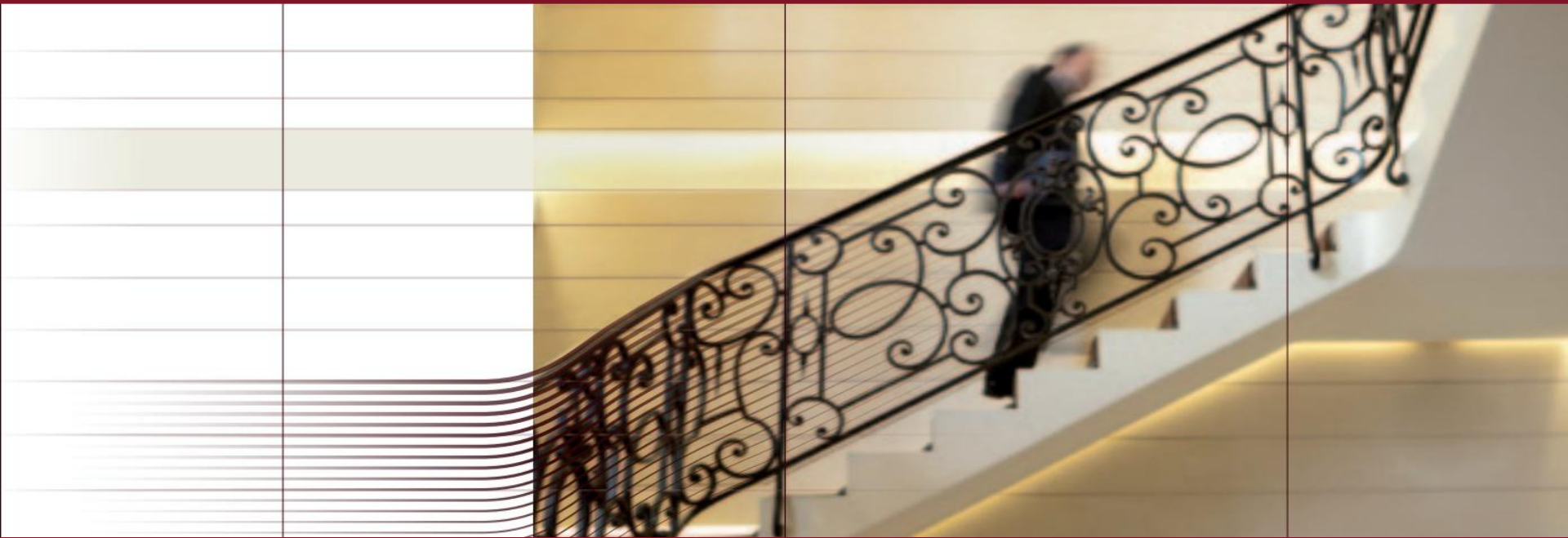




W E N D E L



Materis  
Wendel Investor Day  
2 December 2011

# Materis

## Company strengths profile

### Leading position

**Kerneos:** Worldwide leader  
**Chryso:** N 1 in France, N 4 Worldwide  
**Parex Group:** co-leader in France,  
N 4 Worldwide  
**Materis Paints:** N 1 in Southern Europe,  
N 4 in Europe

### Management quality

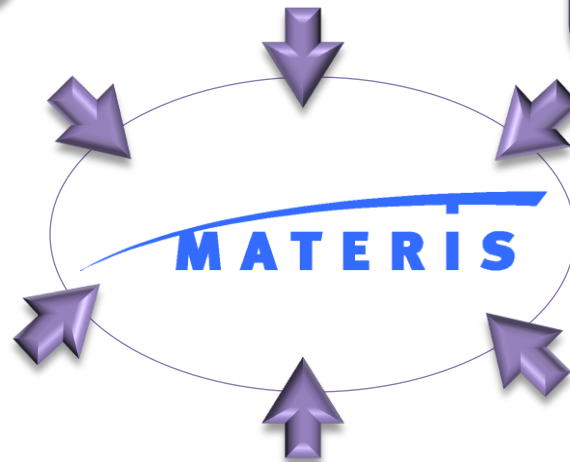
Experienced management team  
Proven track record of  
add-ons acquisitions

### Barriers to entry

True global market coverage (**Kerneos**)  
Innovative proprietary formulae (**Chryso**)  
Close relationship with clients (**Chryso**)  
High-value added products (**Parex Group**)  
Close relationship with clients (**Parex Group**)  
Premium brands (**Materis Paints**)  
Integrated distribution network (**Materis Paints**)

### Growth strategy

**Organic growth** fuelled by  
emerging markets positions  
**Innovation** driven by demand for  
more engineered, healthier, safer  
and easier to use products  
**Increased demand** for energy saving  
construction solutions  
Acceleration of product ranges  
**internationalisation**



### Resilience in turbulence

Limited sales decrease in 2009  
High margin % maintained during crisis  
Proven capacity to deliver action plans

### Strong brands

**Aluminates:** Secar®, Ternal®  
**Admixtures:** Chryso  
**Mortars:** ParexLanko, Davco, Klaukol  
**Paints:** Tollens, Zolpan,  
Max Meyer, Ducco, Robbialac

# Materis

## Key competitive advantages

	Market position	Key competitive advantage
Aluminates	<b>Worldwide leader</b>	<ul style="list-style-type: none"><li>▪ Only player with a true global market coverage (products and countries)</li></ul>
Admixtures	<b>N 1 in France</b> N 3 in Europe N 4 Worldwide	<ul style="list-style-type: none"><li>▪ Innovative proprietary formulae</li><li>▪ Close relationship with clients (co-development at the R&amp;D stage, onsite dispensers, local support)</li></ul>
Paints	<b>N 1 in France in distribution</b> N 1 in Italy N 2 in Portugal N 3 in Spain N 3 in Europe	<ul style="list-style-type: none"><li>▪ Premium paints &amp; brands</li><li>▪ Customer loyalty</li><li>▪ High density integrated distribution network</li></ul>
Mortars	<b>N 2 in France and Spain</b> N 1 in Argentina and Australia N 1 in stucco in the US N 4 worldwide	<ul style="list-style-type: none"><li>▪ Positioning on high-value added products</li><li>▪ High local market share</li><li>▪ Increased presence in high growth emerging markets</li></ul>

# Materis Organization

## Wendel Board Members



Bernard Gautier



Stéphane Bacquaert



Patrick Bendahan



Jean-Michel Ropert

## Management



Olivier  
Legrain  
CEO

## Support



Georges  
Nordmann  
Finances



Jean  
Curis  
Strategy



Arnaud  
Lay  
Legal

## Business Divisions



Chistian  
Sacchetti  
PSOM



Eric  
Bergé  
Chryso



Jean-Marc  
Bianchi  
Kerneos



Richard  
Seguin  
Parex Group



René  
Riu  
MaterisPaints

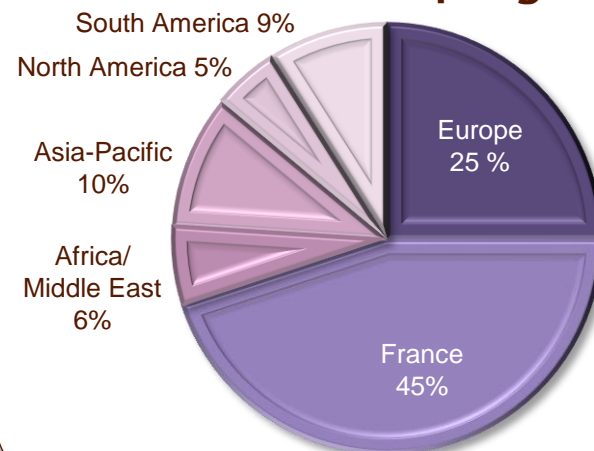
# Materis

## 6% EBITDA increase in H1 despite inflation in raw materials

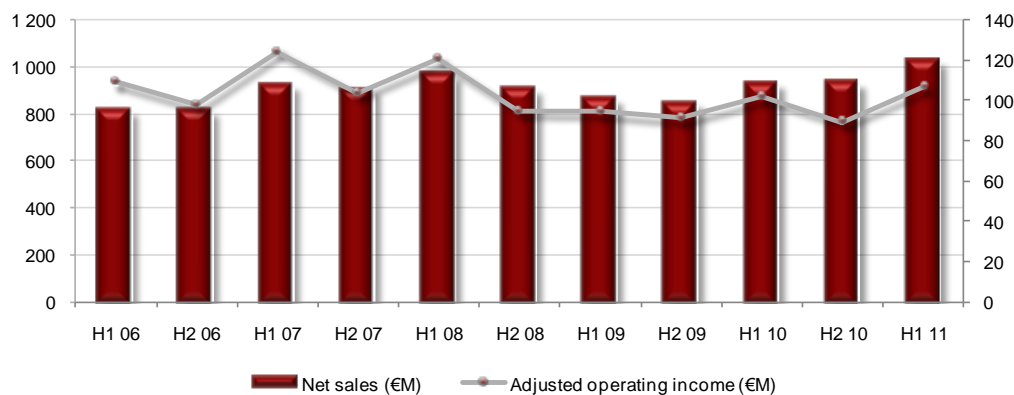
(€M)	H1 2010	FY 2010	H1 2011
Sales	925.3	1,854.7	1,022.5
EBITDA <sup>(1)</sup>	132.4	250.5	140.7
<i>As a % of sales</i>	14.3%	13.5%	13.8%
Operating income <sup>(1)</sup>	101.5	191.0	106.3
<i>As a % of sales</i>	11.0%	10.3%	10.4%
Net financial debt	1,832	1,803	1,872

<sup>(1)</sup> EBITDA and adjusted operating income before goodwill allocations, management fees and non-recurring items

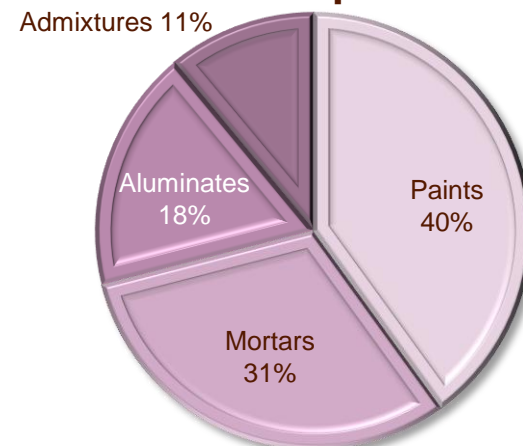
### H1 2011 sales by region



### Interim sales & operating results



### H1 2011 sales by division



# Materis

## 9-months activity

### Paints



- Sales 2011 YTD: 625 M€ (+ 5.8%)
- Organic growth of 4.3%
- Price effect: 5.6% to reflect drastic increase in titanium dioxide prices
- Negative impact of difficult market environments in Southern Europe mitigated by solid performance in France

### Mortars



- Sales 2011 YTD: 479 M€ (+ 11.9%)
- Organic growth of 12.1%
- Increasing contribution of emerging countries with organic growth above 20% (Asia, Latam)
- Solid performance in France

### Admixtures



- Sales 2011 YTD: 177 M€ (+ 21.8%)
- Organic growth of 11.7%
- Successful integration of ABE in South Africa
- Increasing contribution of emerging countries (India)
- Solid performance in France

### Aluminates



- Sales 2011 YTD: 275 M€ (+5.3%)
- Organic growth of 7.3%
- Robust growth in both Refractory and Building Chemistry markets
- High Refractory growth in emerging countries fuelled by steel production increase (China, India)

# Materis

## Current trading and short-term issues & actions

### Current Trading

- **Solid organic growth fuelled by both:**
  - ▶ Emerging countries with 15%
  - ▶ Mature countries with 6%
- **Confirmation of organic growth substantially above 5% for 2011**
- **Operating margin maintained at best-in-class level in the industry, despite raw materials cost increases**

### Short-term issues and actions

#### **Materis Paints:**

- New price increase policy to pass through unprecedented raw materials cost increase faced by the whole industry (Titanium dioxide)
- Launch of a performance improvement program to identify additional cost savings

**Parex:** Focused organic growth initiatives to outperform market index: ETICs <sup>(1)</sup>, Red Flag project in China (network of franchised retailers), new satellite plants in emerging countries

**Chryso:** Focus on growing Chryso from a regional to a national position in India (investment and recruitment program)

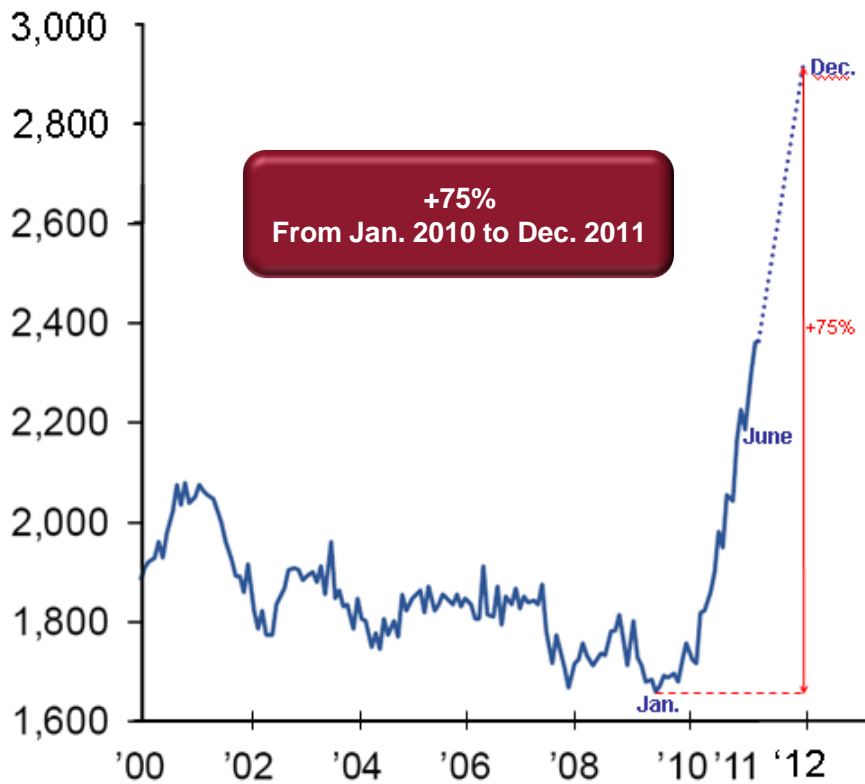
**Kerneos:** Sustained effort to reinforce the use of alternative raw materials and fuels. (4 M€ investment in a bricketing plant in Dunkirk)

<sup>(1)</sup> External Thermal Insulation Construction System

# Materis Paints

## Action plans to mitigate raw materials increase

### Titanium dioxide price



### Situation

- TiO<sub>2</sub> Capacity shortage in Europe
- Fast growing demand in Asia
- Worldwide issue affecting the whole industry
- Represents 20% of paint formulation cost with no known technical substitutes

### Strategy

- Implementation early 2011 of a new selling price increases policy:
  - ▶ From 1 annual price increase to 2 price increases of 5-6% each in 2011
  - ▶ New increase of 5 to 8% beginning 2012
- Operational review of European activities with external consultants to identify additional cost savings for 2012/2013



# Materis

## Managing the leverage

- **After having sounded its largest lenders, Materis, with the support of Wendel, has launched a formal “amend to extend” request to its pool in order to seek:**
  - ▶ Extension of senior debt maturities (currently ranging from April 2013 to October 2015) to early 2016
  - ▶ The ability to issue bonds to repay LBO debt
  - ▶ Ability to raise additional debt (factoring, leasing, undrawn facilities) to finance working capital needs and provide further liquidity
  
- **Proactive debt management process launched more than 18 months before the next maturities**

*Amendment request currently in process*

# Materis

## A business model with specific advantages to face uncertainties

### Growth

- Emerging markets exposure: from 15% in 2006 to 27% in 2011, fuelled by organic growth circa 15%
- Excellent pricing policy track record: average 2.4% growth since 2006
- Active mix management to generate growth with more value added products

### Resilience

- Significant weight of renovation
- Balanced portfolio in terms of end-markets and geographies
- Leading market shares, protected by strong barriers to entry

### Innovation

- Materis Paints: ETICs (\*) systems and cool roofing
- Parex: new unique distribution concept in China
- Chryso: new solution for concrete aesthetics favouring mix improvement
- Kerneos: new 'anti-ageing' solution for calcium aluminates cements

### Cost management

- Proven track record and strong resilience
  - ▶ Further costs savings in 2011 and 2012
  - ▶ Working capital optimisation programs in selected countries (e.g. Turkey, India, China)
- Launch of a performance improvement program in the Paint division with external consultants

(1) External Thermal Insulation Construction System

# Materis

## Long term growth story

### **Positive long term drivers for the business**

- Structural need for new housing
- Regular increase of housing stock to be renovated
- Increased renovation driven by new energy savings standards
- Continuous evolution of product mix driven by demand for healthier, safer and easier to place products
- Balanced portfolio, in terms of end-markets drivers and geographies
  - ▶ Resilient business model
  - ▶ Leading market shares

### **Focus on selected organic growth actions will continue in 2012**

- Increased exposure to growth markets will continue to feed growth
- Strong pricing policies to catch up on some raw materials cost increases
- Very strong costs monitoring