

# “Despite the extent of the shock, Wendel made it through 2020 unscathed.”

**2020 was a particularly difficult year due to its unprecedented nature. We hope that our shareholders and their families have been safe and healthy during the pandemic. At Wendel, the Executive Board, focused on the wellbeing of the employees and took all measures to limit the risk of infection.**

From an economic point of view, two observations are noteworthy at the end of FY 2020. The first is that we have been through a global crisis. This crisis was particularly intense because of the sudden lockdown; companies had very little time to adapt, and financial markets took a hard turn, more extreme than the subprime mortgage crisis which developed over a two-year period. The economic decline driven by the pandemic caused the French Gross Domestic Product (GDP) to drop by around 8%. In contrast, the financial crisis of 2007-2008 caused a decline in GDP in the euro zone of around 5% over two years.

The second observation is that, despite the extent of the shock, Wendel made it through 2020 unscathed. In July, we distributed a dividend of €2.80 per share, unchanged compared with the previous year. We are among the few French companies to have paid out a dividend last year.

We would have done more, as had been announced at the beginning of the year, but we felt that the context called for restraint.

Of course, we remained very vigilant. We had in-depth reviews of the situation in each of our portfolio companies, and we carried out numerous stress tests by modeling the effects of one or more strict lockdowns. Of our six investments, three were minimally affected, and three experienced more significant impact. Overall, for the Group, the impact remained fairly limited, and we were not required to put up additional funding. Why? Because we were very well prepared, and in an otherwise much stronger position than 13 years ago. In recent months, the Management Board had already taken many courageous decisions, and the work of refocusing on six significant companies has proven to be effective.

Over the past three years, the Group has been fundamentally transformed. Its philosophy has evolved. We have placed particular emphasis on the development of our companies. This has resulted in the recruitment of Operating Partners, strong support given to all our portfolio companies, and, in a number of cases, changes in top executive teams. Just before the crisis, we were focusing on strengthening our portfolio companies' balance sheets. Geographically, Wendel is now focusing on three offices: Paris, New York and Luxembourg.

Now, let's look to the future. Ideally, Wendel is a Group that aims to have seven to ten significant investments for the long term, supplemented by a small number of developing companies.





We want to remain a versatile investor and we are committed to mixing growth assets with more mature ones. Thus, we work in the interests of shareholders by seeking to strike the best balance between stock price appreciation and dividend distribution. This year, a dividend of €2.90 per share will be proposed to our shareholders at the next Shareholders' Meeting, representing a 3.6% increase.

We intend to revitalize our portfolio over the next four years. We are actively seeking opportunities to invest between €150 million and €500 million, in companies in Europe or North America. It is our ambition that these actions will help drive our share price to pre-crisis levels.

Lastly, Wendel's governance model, with a clear split of roles between the Management Board and the Supervisory Board, is state of the art. We are recognizing the work and accomplishments,

while expressing our full confidence in André François-Poncet and David Darmon by renewing their terms of office. Our commitments to transparency and ESG (Environment, Social, Governance) are also consistent with the times. We are entrepreneurs who are developing companies and creating value for the benefit of our shareholders. We are experienced and committed investors, with talented teams who are positioned for success.