



W E N D E L



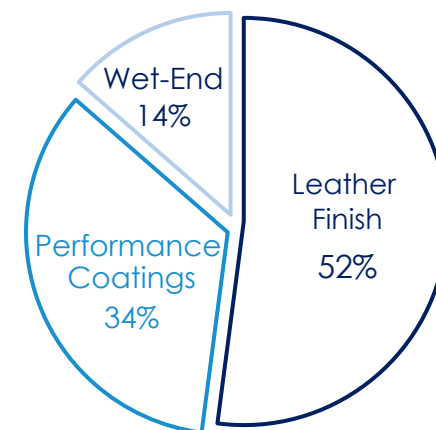
Stahl  
Huub van Beijeren  
Wendel's investor day  
December 5, 2013

# Group Overview

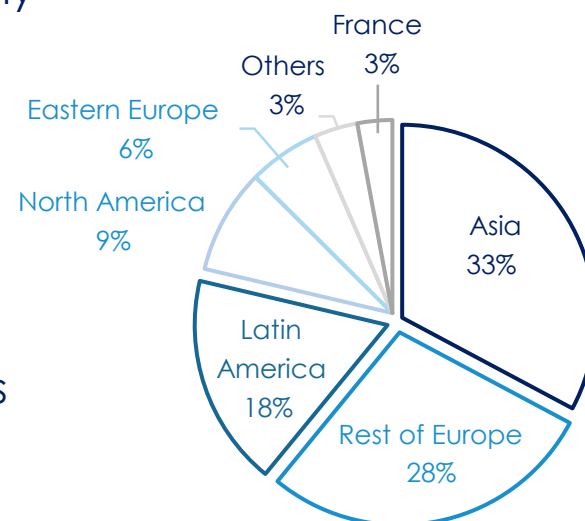
(In EUR million)	H1 2012	FY 2012	H1 2013
Sales	184.6	361.2	175.7
<b>EBITDA<sup>1</sup></b>	<b>27.8</b>	<b>54.9</b>	<b>30.3</b>
As % of sales	15.1%	15.2%	17.2%
<b>Operating income<sup>1</sup></b>	<b>23.7</b>	<b>45.8</b>	<b>24.8</b>
As % of sales	12.8%	12.7%	14.1%
<b>Net financial debt</b>	<b>187.6</b>	<b>160.1</b>	<b>154.7</b>

- Stahl is a highly specialized chemical company
- Stahl is a surface effects specialist, being a leading worldwide supplier of:
  - formulated products and services for leather
  - performance coatings for synthetic materials
- Five distinct businesses operating worldwide, with Leather Finish sales from Stahl and Pielcolor brands, representing 52% of the sales
- Focus on EBITDA and cash flow

## Sales by division



## Sales by Region



# Company strengths and profile

## Barriers to entry

- Product know-how
- Highly qualified sales technicians (“Golden Hands”)
- Longstanding customer relationships

## Leading position

- Worldwide presence
- Innovation / technology
- Market leader in Finishing

## Strong brands

- Stahl Leather Finish
- Stahl Wet-End
- Stahl Performance Coatings
- Pielcolor
- Picassian

## Financial discipline

- Pricing power
- Strong margins
- Strong cost control
- High cash conversion

## Growth strategy

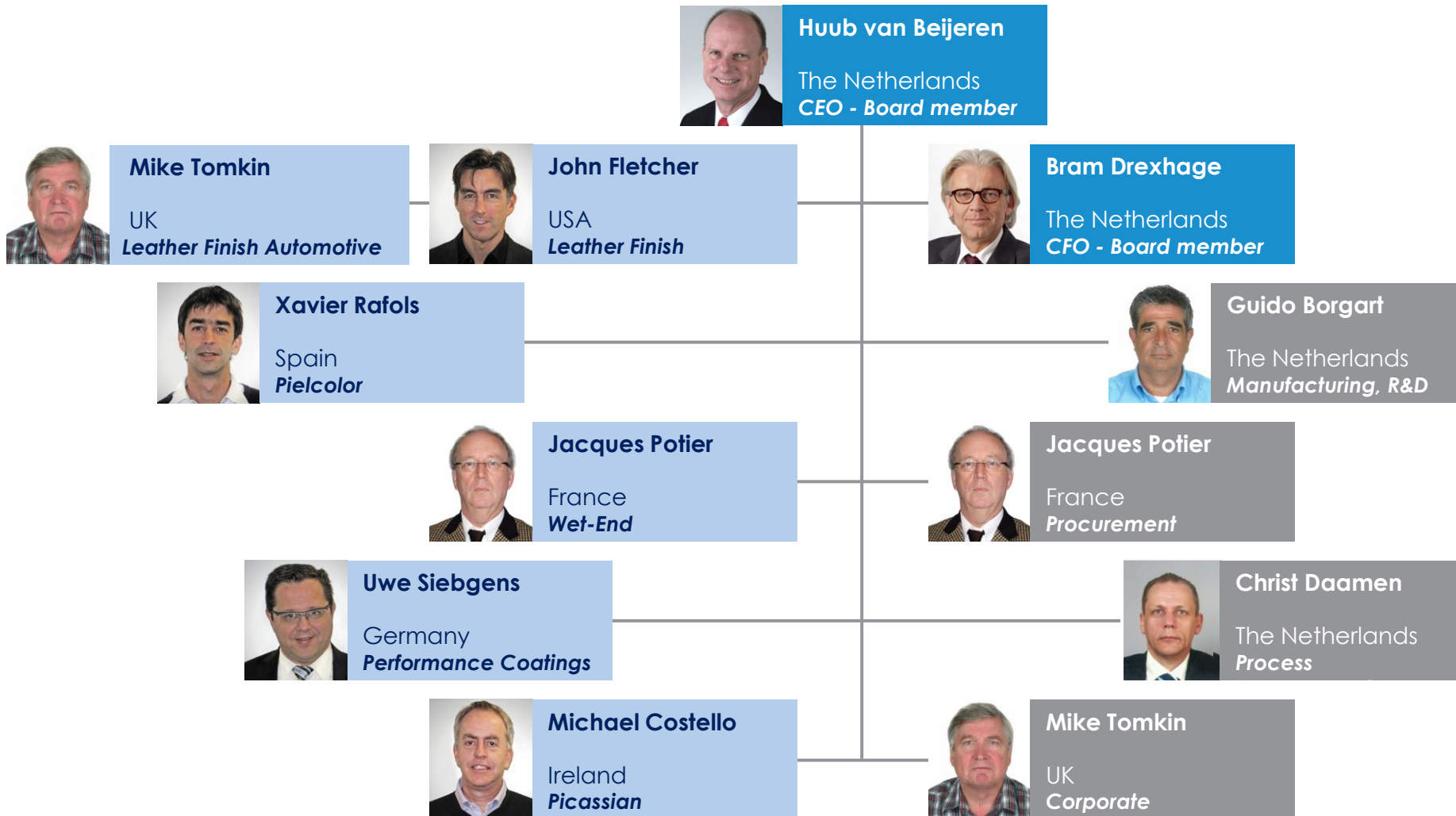
- Performance Coatings
- Picassian
- Wet-End

## Management quality

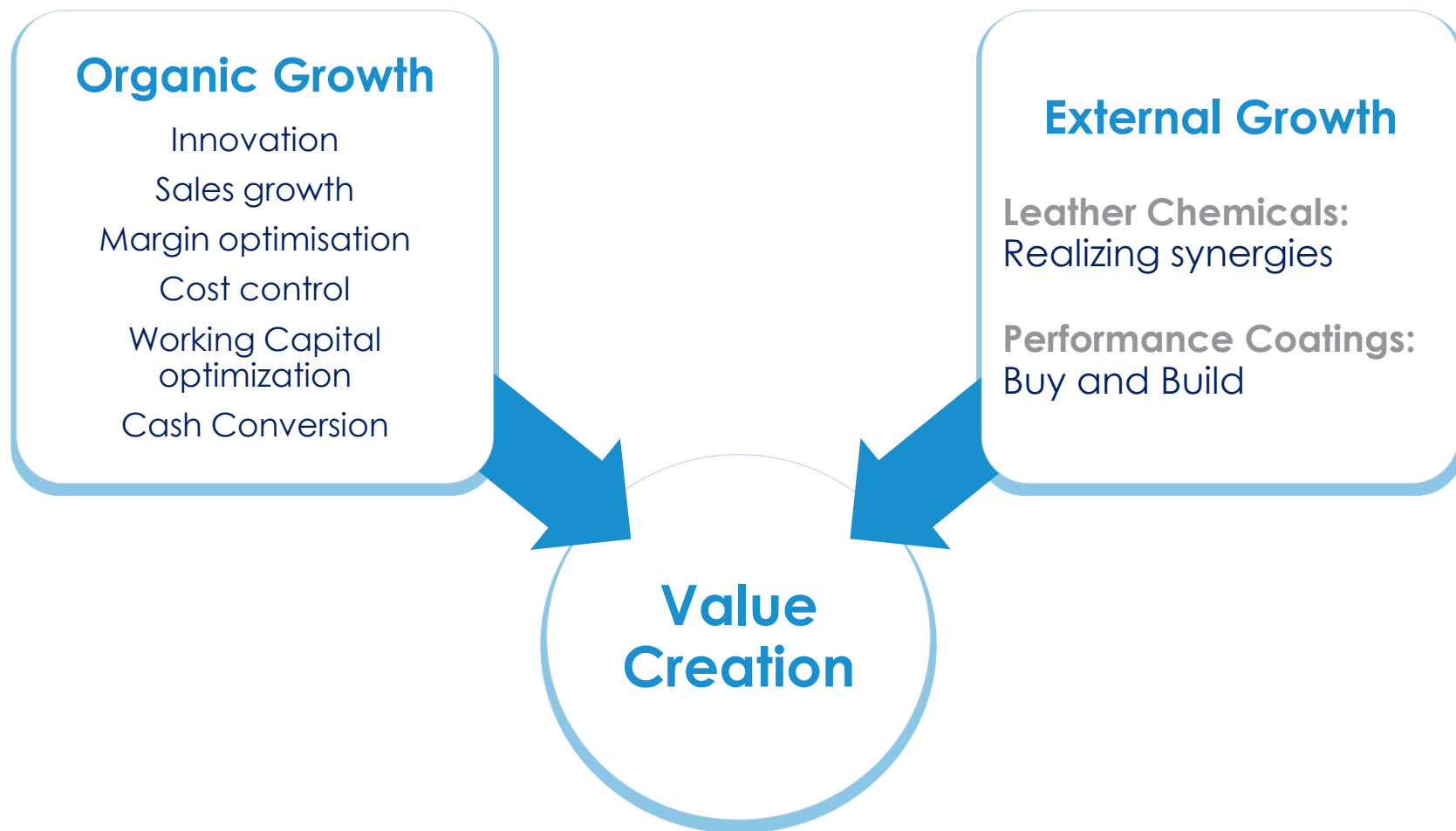
- Mature
- Decisive
- Entrepreneurial
- International



# Management team



# Vision Stahl from a financial perspective



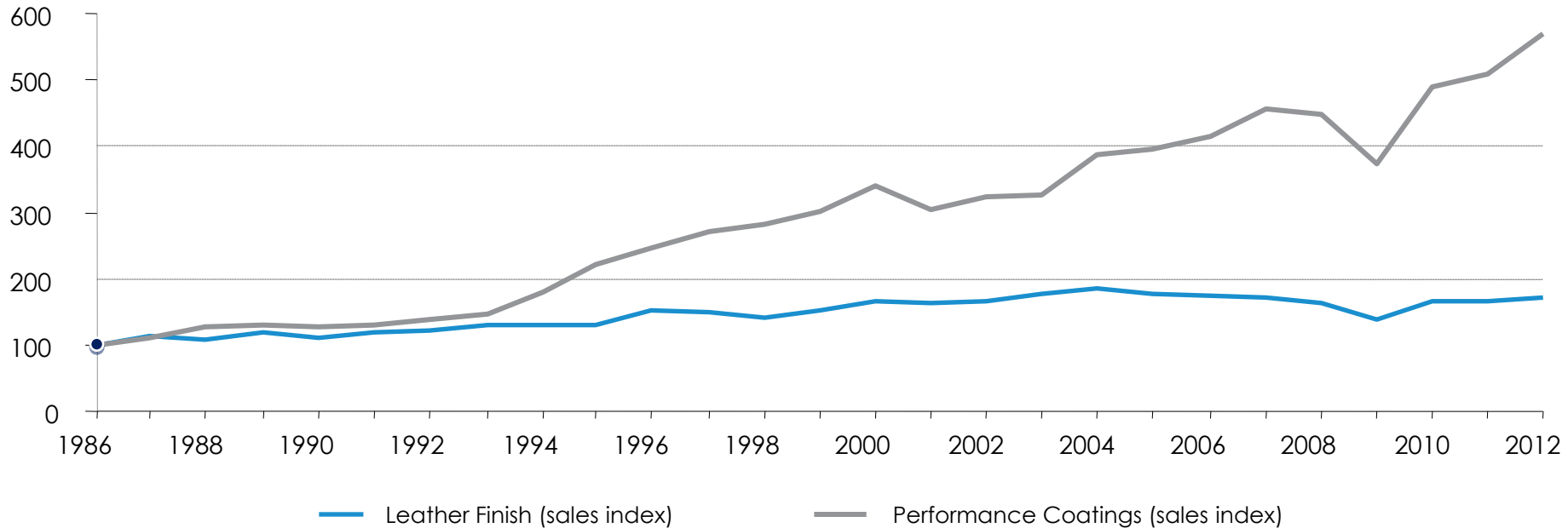
**EBITDA x Multiple -/- Net Debt**

# Vision Stahl from a balanced stakeholders perspective



# Stable long term sales track record

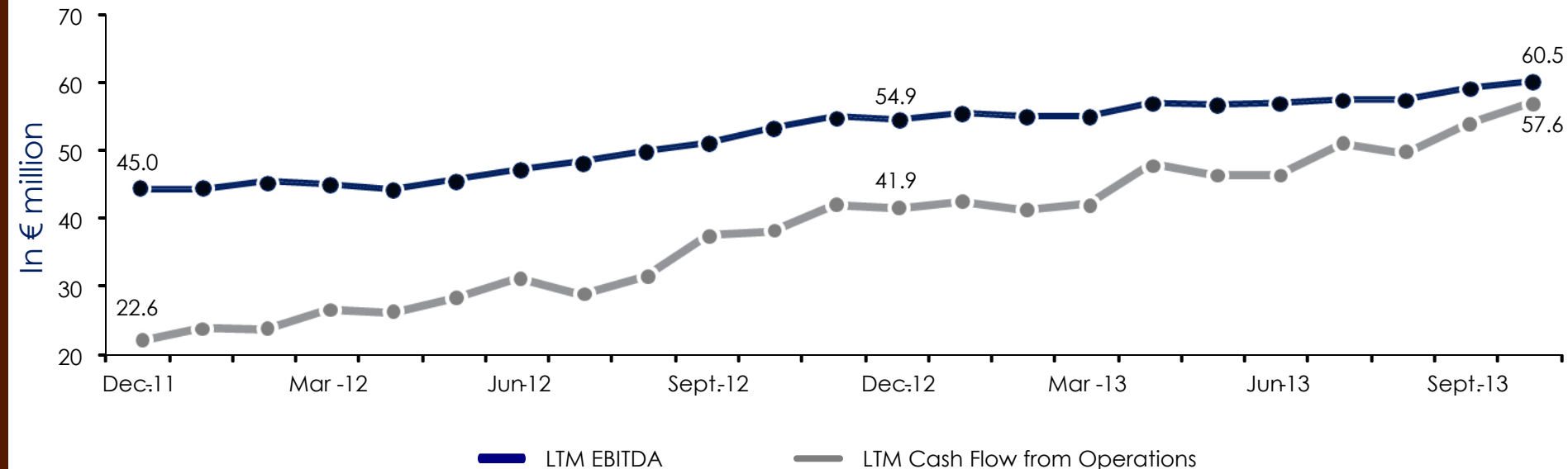
## Stahl's sales index



- Stable long term sales growth between 1986 and 2012
  - Performance Coatings: growth driver
  - Leather Finish: stable cash cow
- Very limited volatility

# Strong operational improvements

## LTM EBITDA & Cash Flow



- Strong EBITDA and cash flow growth during 2012 and 2013
  - EBITDA growth >35%
  - Cash flow growth >150%
- Significant de-leveraging during 2012 and 2013
  - Net debt / EBITDA decreased from 4.1 (Dec-11) to 2.1 (Oct-13)



# Key levers for future EBITDA and Cash Flow growth

## ■ Organically

- Continued focus on profitable sales growth
  - Performance Coatings – numerous opportunities
  - Leather Chemicals – selected customer approaches / working with worldwide brands
- Elimination of lower margin business
- Selective fixed cost reductions
- Working capital optimization

## ■ Acquisitions

- Potential acquisitions within Performance Coatings
- Successful integration of Clariant Leather Services

Subject to consultation with the employee representative bodies and to the necessary regulatory approvals.



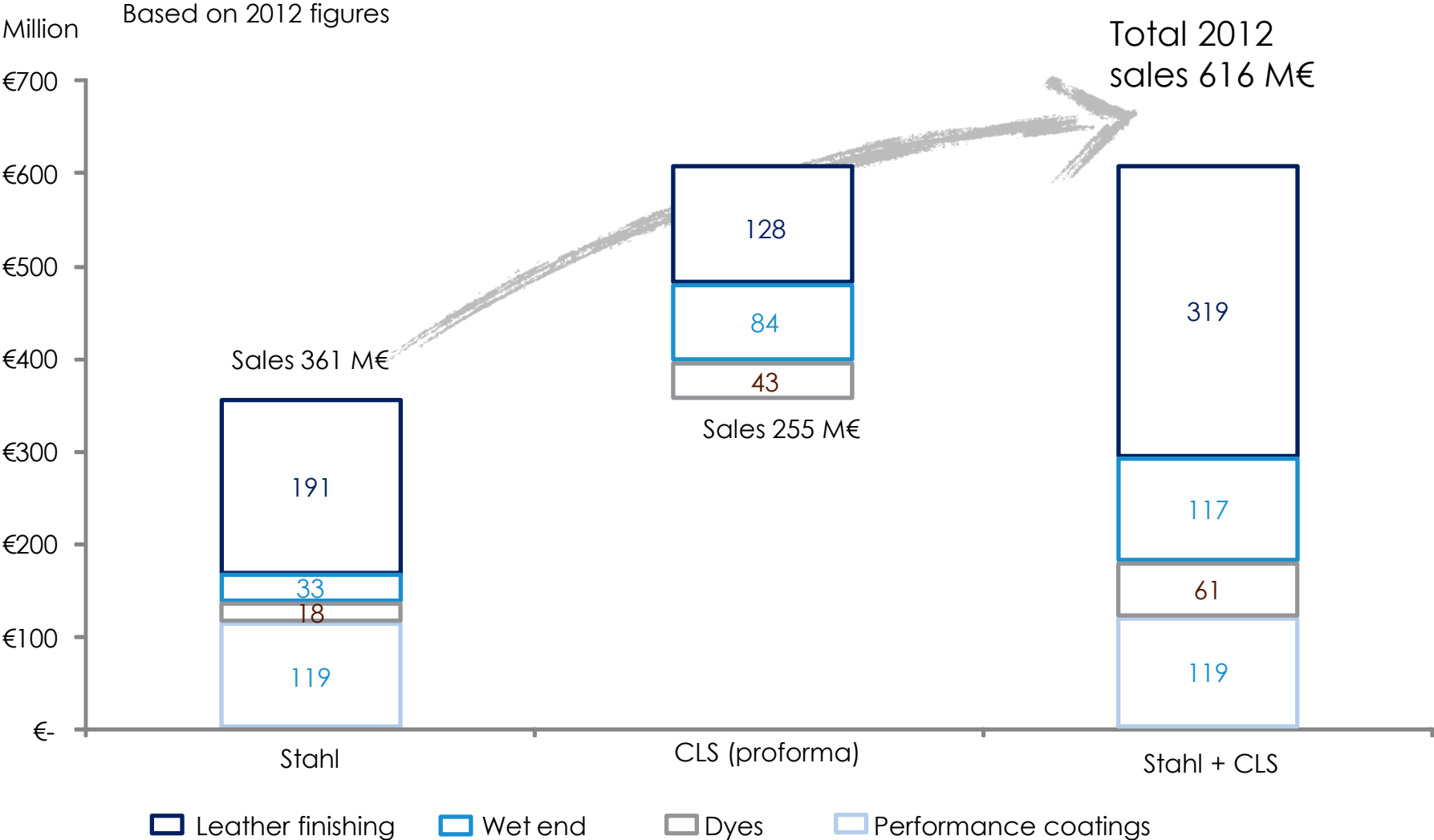
# Stahl and Clariant in exclusive negotiations regarding Clariant Leather Services

# Building a high potential combination

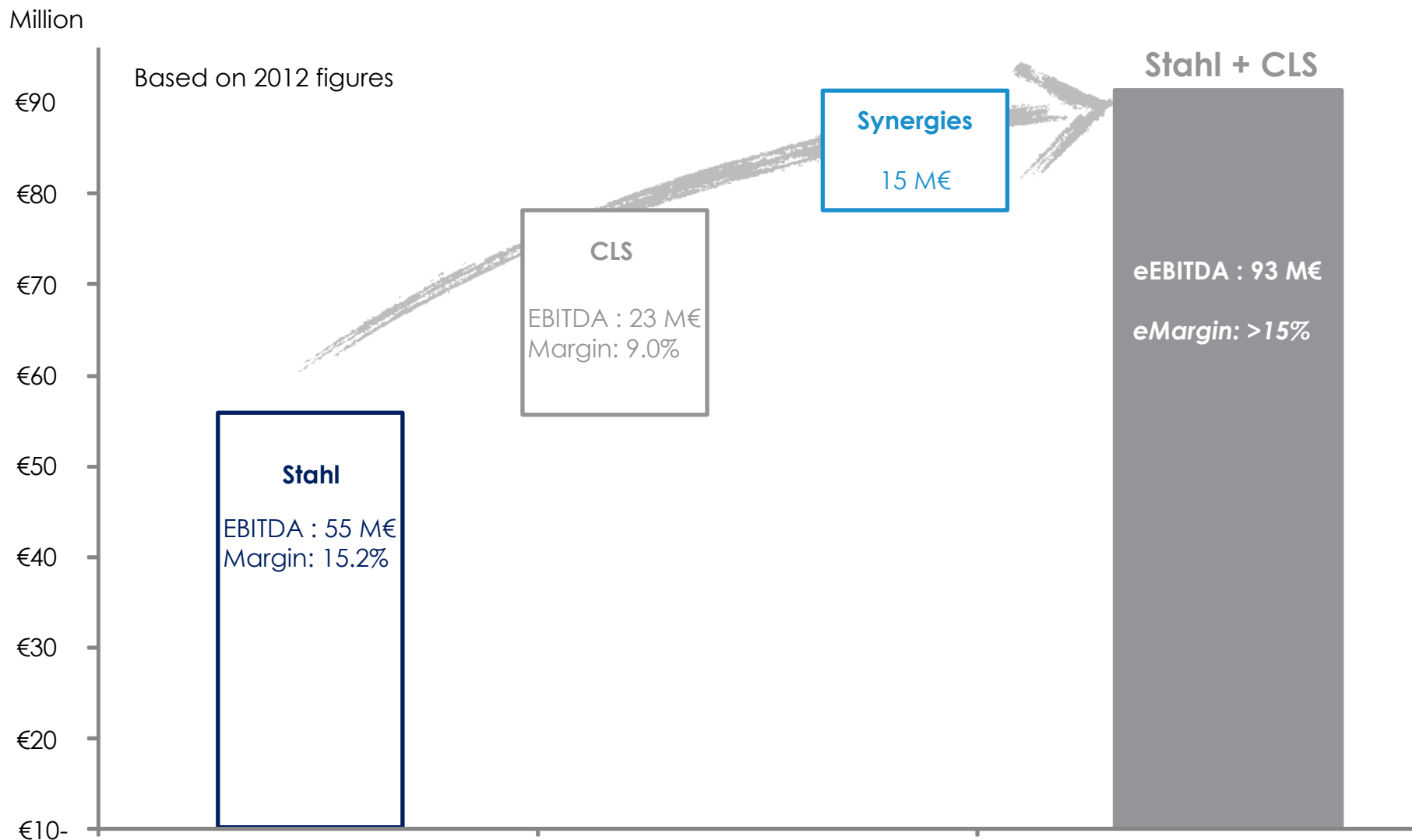
- Exclusive negotiations between Stahl and Clariant for the acquisition of Clariant's Leather Services Business Unit
- Creation of the worldwide market leader of leather chemicals
- Significant synergy potential of €UR 15m on the combined EBITDA level
  - Manufacturing / logistics
  - Support staff (Finance, HR, IT)
  - Application labs
  - Research and Development
  - Purchasing
- Larger growth profile for the combination

The transaction could be finalized in 2014, after consultation with the employee representative bodies and subject to the necessary regulatory approvals.

# Side-by-side : Stahl & Clariant Leather Services combination

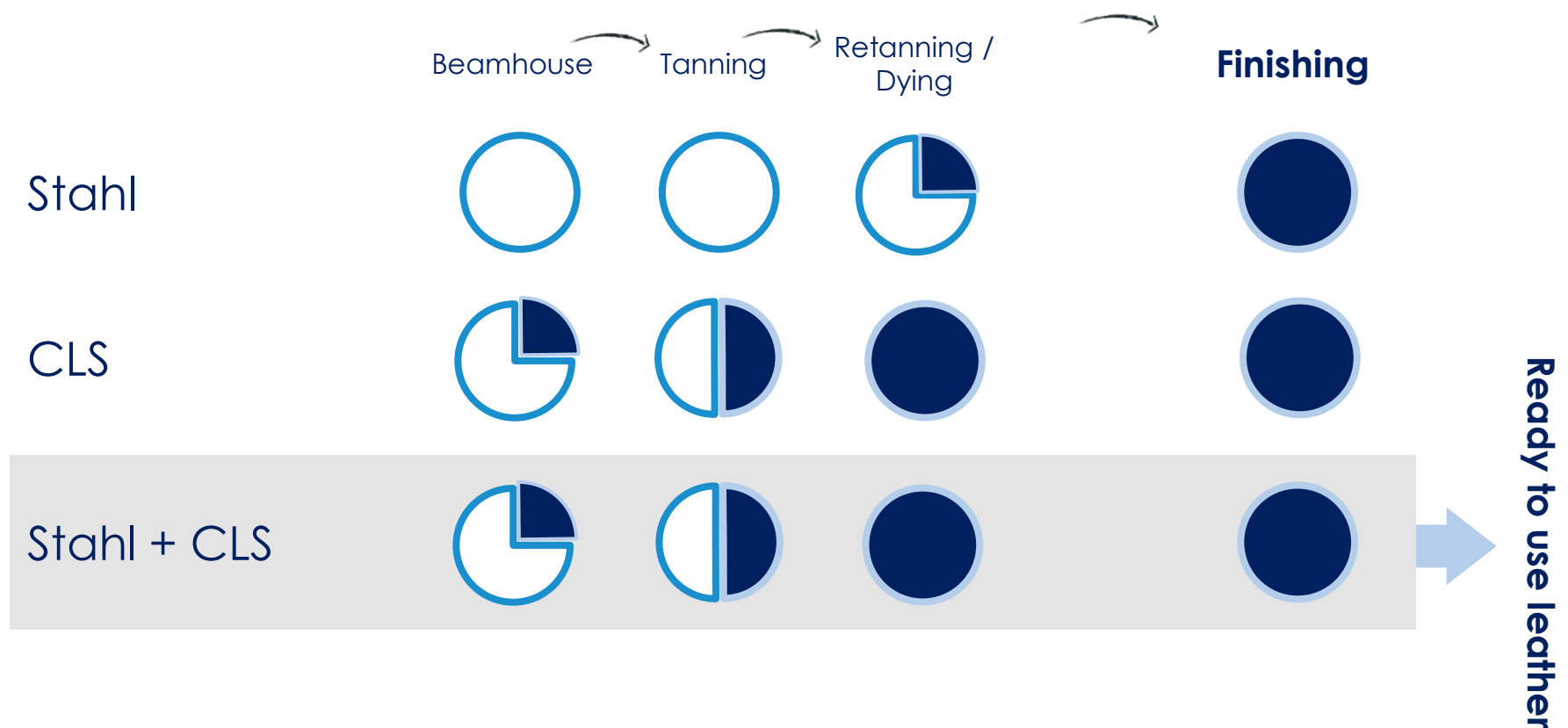


# Side-by-side : Stahl & Clariant Leather Services combination



# Position in the leather processing chain

## Wet end processing



- Stahl + CLS covers the full leather processing chain
- Focus will remain on the higher margin product groups

# Worldwide coverage



- HQ Stahl
- HQ CLS
- ◆ Plant Stahl
- ◆ Plant CLS
- Application Lab Stahl
- Application Lab CLS

- 57 application labs / sales offices (38 from Stahl; 19 from CLS)
- 11 plants (8 from Stahl; 3 from CLS)
- 2 Headquarters
- Approximately 1,850 employees

# Conclusions

- Strong fundamental values of Stahl remain unchanged
  - Leading premium brand
  - Technical know-how
  - Scale and worldwide presence
  - Down to earth
  - Empowerment of local management / back to basics
- Strong financial performance in 2012 and 2013 in terms of
  - EBITDA growth
  - Cash generation
  - Financial de-leveraging
- Healthy financial basis with still significant improvement potential
- Working together with Clariant will give additional boost to further improve operational and financial performance
  - Strongest player in the industry
  - Best in class product offering and service to the customer
  - Realize cost synergies
- Clear focus and 'down to earth' mentality will continue to be the key success drivers





# Appendix

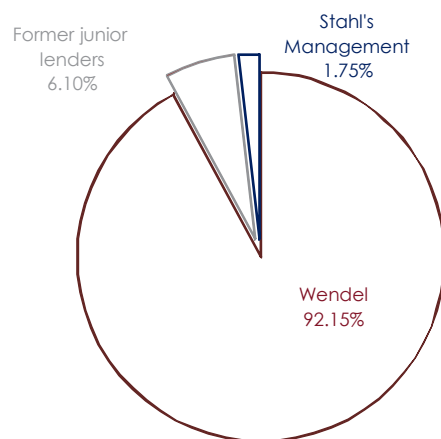
# Leather processing value chain

- **Beamhouse** - remove unwanted components from the animal hide
- **Tanning** - stabilize the hide, turning it into a standardized product ready for further leather preparation
- **Retanning / dyeing** – provide suitable functionalities including fullness, softness and color
- **Finishing** – surface treatment in light of customer specifications to provide required properties, both aesthetic and functional

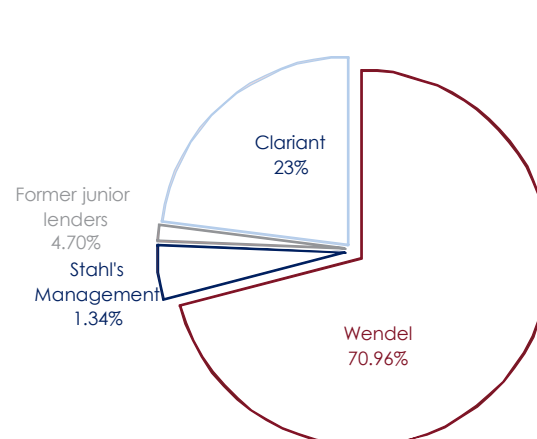
# Key transaction terms

- Transaction values Stahl at an EV/EBITDA multiple of over 9 x estimated and Clariant Leather Services at c. 7.5 x estimated EBITDA, thus a premium of c. 25% for Stahl
- Clariant would receive 23% of the shares of Stahl and a cash payment of c. €70million. Wendel would remain the principal shareholder with c. 70%
- Stahl would put in place new financing of up to c. 3 x combined EBITDA, which would allow it i) to continue developing, with priority on high-performance coatings, ii) to refinance its existing credit lines and iii) to redeem partially shareholder loans for up to c. €40 million in cash notably to Wendel

### Current ownership structure\*



### Combined group\*



\*There could be a dilutive impact of Wendel's ownership interest induced by the realization co-investments conditions. See 2012 registration document page 168.

Subject to consultation with the employee representative bodies and to the necessary regulatory approvals.

# Side-by-side: Stahl + Clariant Leather Services combination



**Clariant Leather Services**



**+ Clariant Leather Services**

**2012 sales**

361 M€

255 M€

616 M€

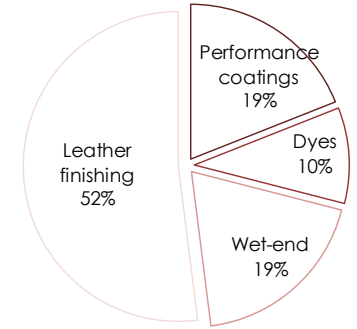
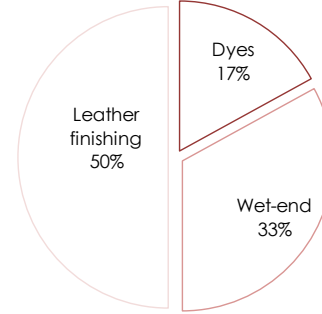
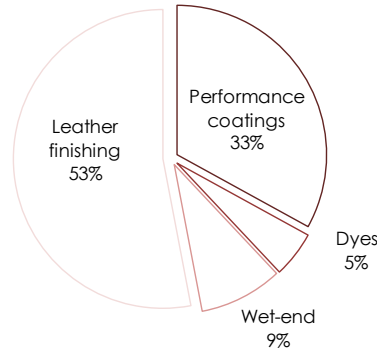
**2012 EBITDA Margin**

**55 M€**  
15.2%

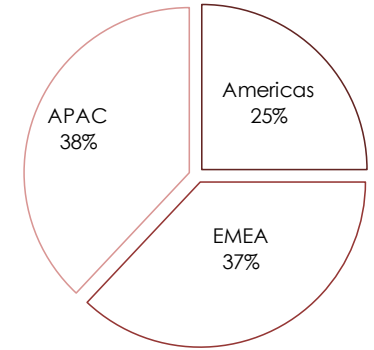
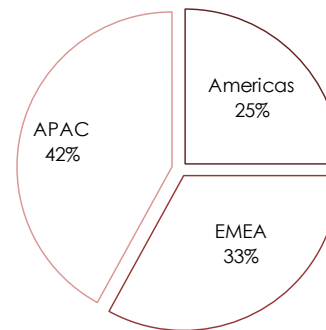
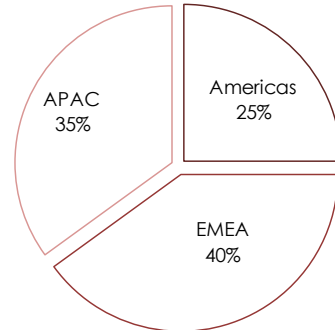
**23 M€**  
9.0%

**78 M€**  
12.6%

**Sales divisions (2012)**



**Sales geographies (2012)**



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