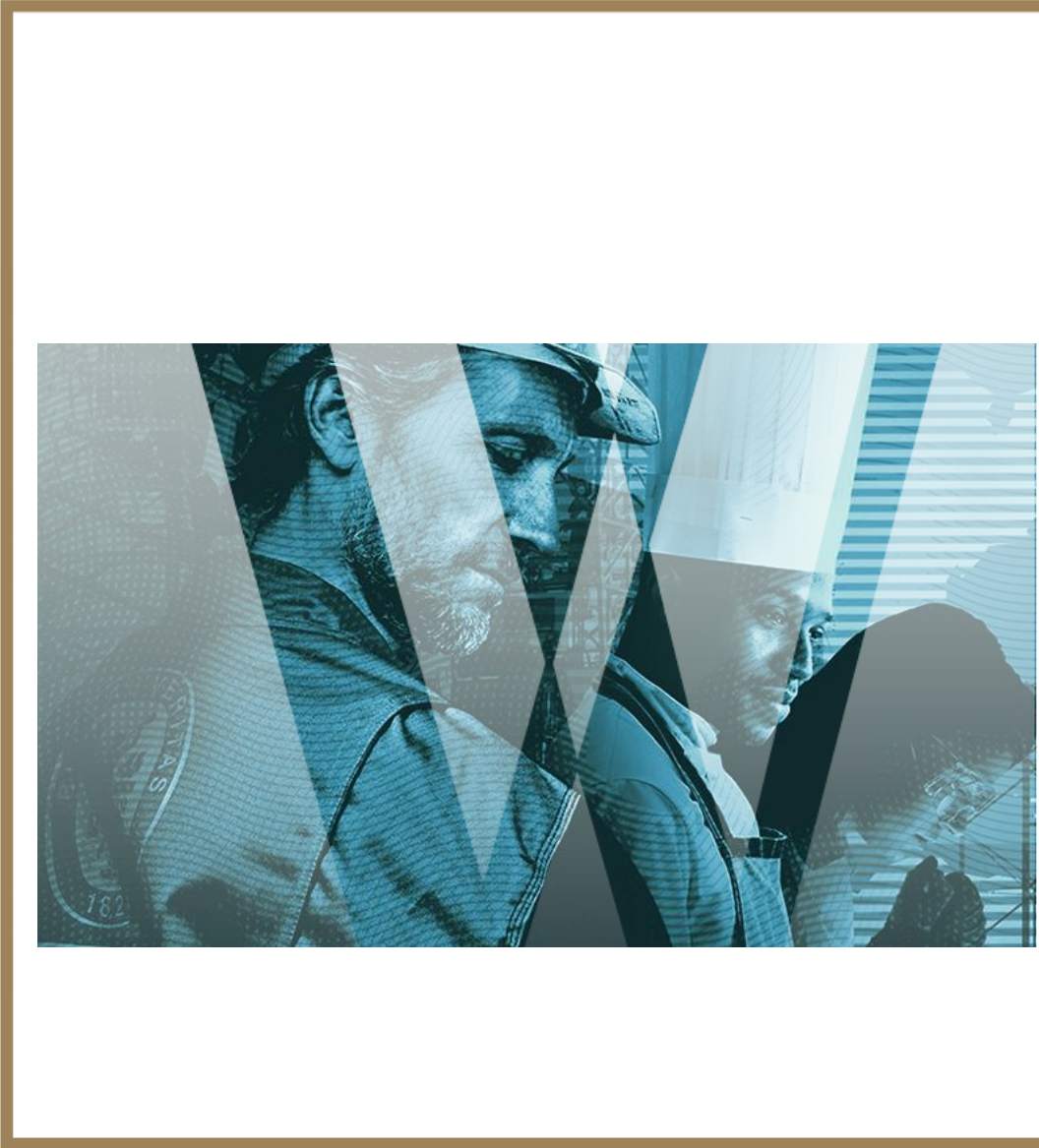


# Acquisition of Crisis Prevention Institute ("CPI")

October 15, 2019



## Transaction overview

On October 14, Wendel signed binding transaction documentation to acquire Crisis Prevention Institute ("CPI" or the "Company"), the leading provider of behavior management and crisis prevention training programs. CPI's offerings help professionals respond to anxious, hostile and violent behaviors with safe and effective methods

- Founded in 1980, **CPI specializes in "train the trainer" programs** that teach and certify individuals to instruct staff at their organizations **to assess, manage, and safely resolve instances of high-risk, disruptive or aggressive behavior in the workplace**
- The Company **primarily serves customers in the healthcare and education end-markets in the US** with c.20% of sales outside the US. CPI is **expanding its reach in other areas of behavioral and home health care**, as well as industries with similarly high incident rates of workplace violence, including **retail and security services**
- CPI is **the US leader and recognized as the industry "gold standard" among healthcare providers and many educators**
- The Company's training has been **proven to lead to fewer disruptive incidents and injuries, and improved staff retention**
- CPI helps customers comply with regulatory requirements and meaningfully reduce the collateral costs of crisis situations

### Deal's key figures

- **Enterprise value of \$910 million**
- **Equity invested by Wendel of up to \$590M**, for c.98% of the capital, alongside management
- **\$325 million of funded debt financing**

### Timing

- The transaction is expected to close in the fourth quarter of 2019 or first quarter 2020, subject to necessary consultations and authorization



## Company snapshot (1/2)



The philosophy underpinning CPI's core training, **Nonviolent Crisis Intervention®**, is to first, **prevent violence from occurring**, then **de-escalate crisis situations** that could lead to violence, and finally, to **use safe physical interventions but only as a last resort**

### Leadership position

- The **US market leader significantly larger than the next competitor**
- **316** employees, of which c.60 are company employed trainers (Global Professional Instructors "GPIs")
- **Over 9,000 customers**, an installed base of **38,000+ Certified Instructors** who train over **1.4 million individuals** who hold a **CPI Blue Card™**

### Very strong track record of growth, almost entirely organic

- LTM August 2019 revenues of **\$86m (+13% CAGR 2008 -18)**
- **Resilient business model** that has demonstrated growth through all economic cycles
- **Strong customer loyalty** with average customer retention rate of 98%

### Attractive margins & free cash flow generation

- LTM August 2019 EBITDA **\$39m<sup>(1)</sup>**
- **Very low capital expenditures and working capital requirements**
- **Predictable and resilient** cash flows
- **Strong cash flow conversion ratio (>90%<sup>(2)</sup>)**

### Significant long term growth prospects

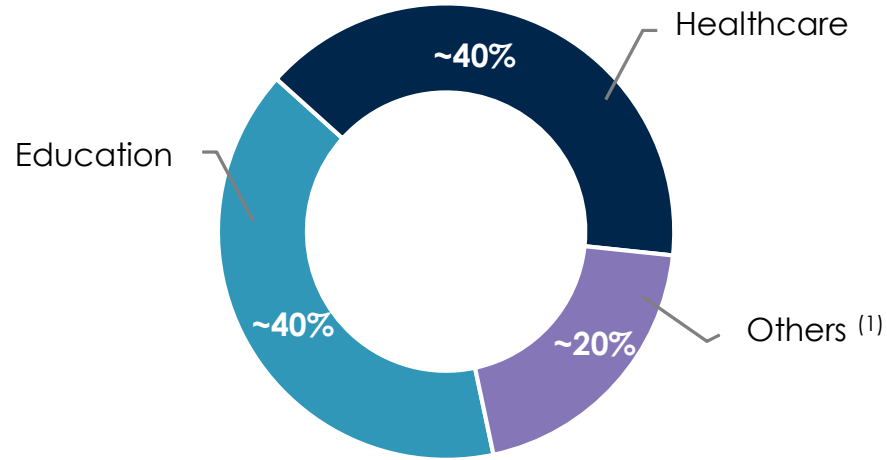
- **Continued growth runway within existing core markets**
- Underlying **market growth** from strong demand drivers and regulatory tailwinds
- **Significant growth opportunities** from expansion in new end markets, new product development and continued international expansion
- **Ongoing growth of digital / e-learning offerings**

(1) Adjusted EBITDA as per quality of earnings analysis

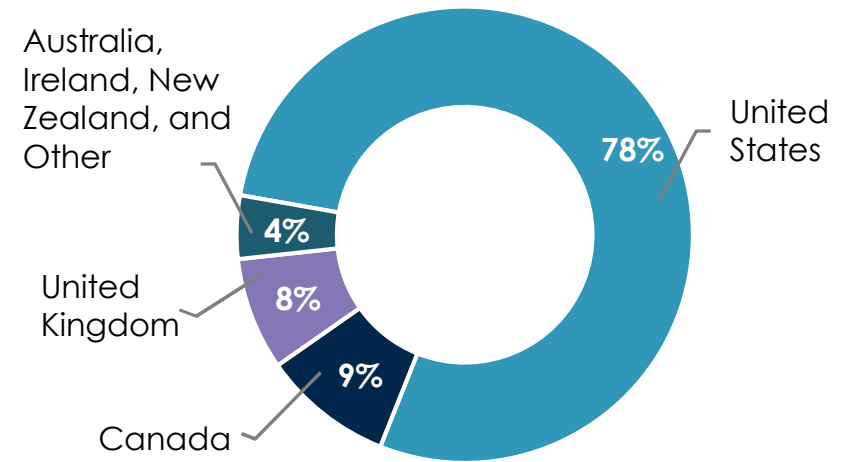
(2) Free cash flow conversion rate: (Adjusted EBITDA-CAPEX)/ Adjusted EBITDA

# Company snapshot (2/2)

### 2018 FY sales by sector



### 2018 FY sales by geography



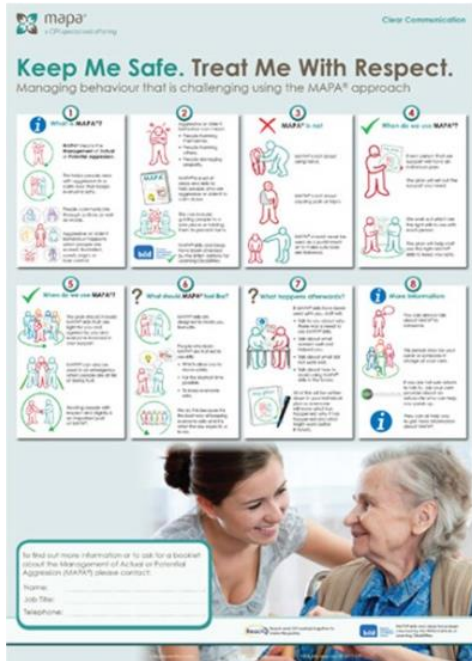
(1) Retail, customer service, security and law enforcement

# CPI fits well with Wendel CSR commitments and policies



CPI is a mission-driven organization that promotes workplace safety for all members of its clients' communities – including their employees and the populations they serve

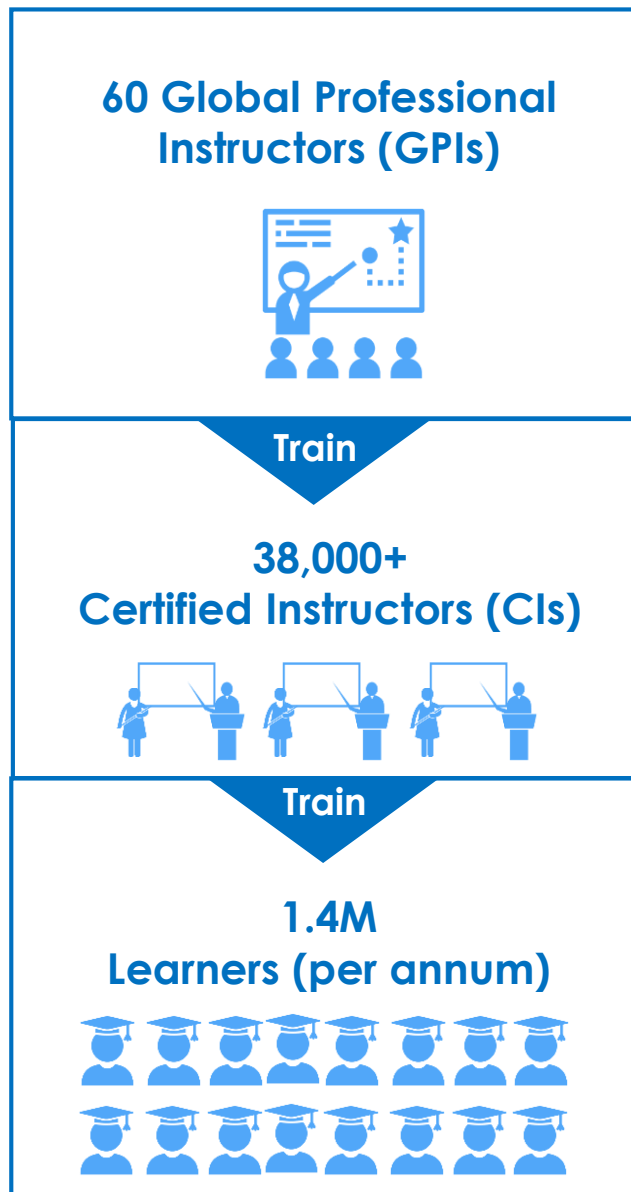
- CPI's services enable its instructors and learners to keep their workplaces safer. The Company has a reputation for teaching effective ways to prevent and de-escalate potentially dangerous situations using safe techniques, which is particularly important when **caring for fragile populations like children with special needs or patients with behavioral challenges**
- As incidents of school and workplace violence continues to rise, **CPI plays a critical role in ensuring the consequences of these events are mitigated**



# A “train the trainer” business model of a recurring nature

## WHO ARE THE KEY CONSTITUENCIES ?

- **Global Professional Instructors (GPIs)** are trainers employed by CPI who use CPI’s proprietary, “gold standard” curriculum to train designated employees of client organizations (Certified Instructors)
- **Highly skilled subject matter experts** who often have decades of experience, frequently as former nurses and teachers
- **Certified Instructors (CIs)** are teachers, nurses, and other professionals in client organizations selected by their employer to receive instruction from CPI and, then train their colleagues
- **CIs** act as evangelists for CPI within their organizations
- CIs and Learners earn the proprietary **Blue Card certification** after completing CPI’s training



## HOW DO THEY IMPACT CPI ECONOMICS?

- **CPI's 60 GPIs** are full-time employees of the Company with an average tenure of 6 years with CPI
- Approximately 1,900 training sessions hosted per year
- **CIs receive instruction on a recurring basis:** initial certification course and bi-annual certification renewals
- **Learners use workbooks and online training content** required for Blue Card certification **on an annual basis.** These materials are purchased by their employer from CPI

## — CPI addresses growing need for training as crisis incidents rise



### Increasing demand for safety at work to:

- keep employees safe
- improve job satisfaction
- improve standard of care / education
- avoid liability

### Strong regulatory tailwinds fueling demand:

- state, local and agency regulations and accreditation standards

**Top 500 customers** have an **average tenure of 20 years**

**95% of organizations** agree that CPI **improved staff de-escalation skills and their overall safety**

2/3 school customers see a **50%+ reduction in the frequency of the use of restraints / seclusions**

**Strong ROI for customers** as CPI's solutions substantially reduce collateral costs of crisis mismanagement

Helps customers to **comply with increasingly stringent regulatory requirements**

1

Attractive and growing market

2

Leading player of scale in crisis prevention

3

Cash generative financial profile with resilience to economic cycles

4

Abundant adjacent growth opportunities to drive future performance


5

Leading management team enhanced by recent key hires





# CPI addressable market is growing and contains significant whitespace


 **\$130 billion** in annual losses are attributed to workplace assaults

 **Over 17,000** U.S employees affected by workplace violence; **more than 20%** of incidents require **1+ month** away from work

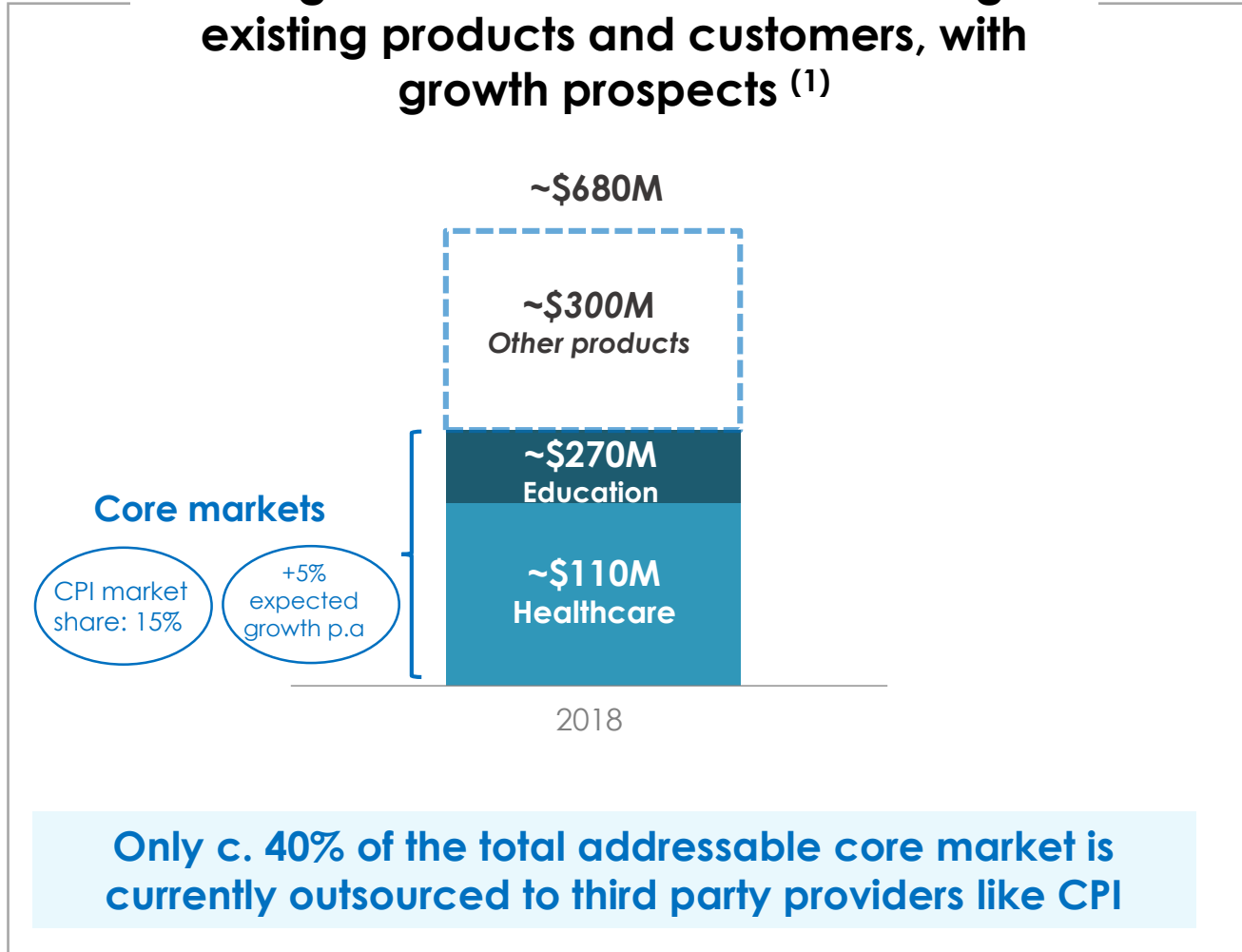
 **< 20%** of nurses feel safe at work

 **Lawsuits for workplace violence** cost companies an average of **\$500k** per settlement; the average jury award is **\$3M**

 **25%** of workplace violence goes unreported

 **44%** of teachers have been assaulted

## A large US addressable market through existing products and customers, with growth prospects <sup>(1)</sup>



**Only c. 40% of the total addressable core market is currently outsourced to third party providers like CPI**

(1) Source: Third party market due diligence study commissioned by Wendel

— The largest player in the US, with unrivalled reputation and brand

CPI is **meaningfully larger than the closest competitor** and has the scale to serve both national and local customers on a real time basis with ongoing support, a key competitive advantage relative to its smaller direct competitors

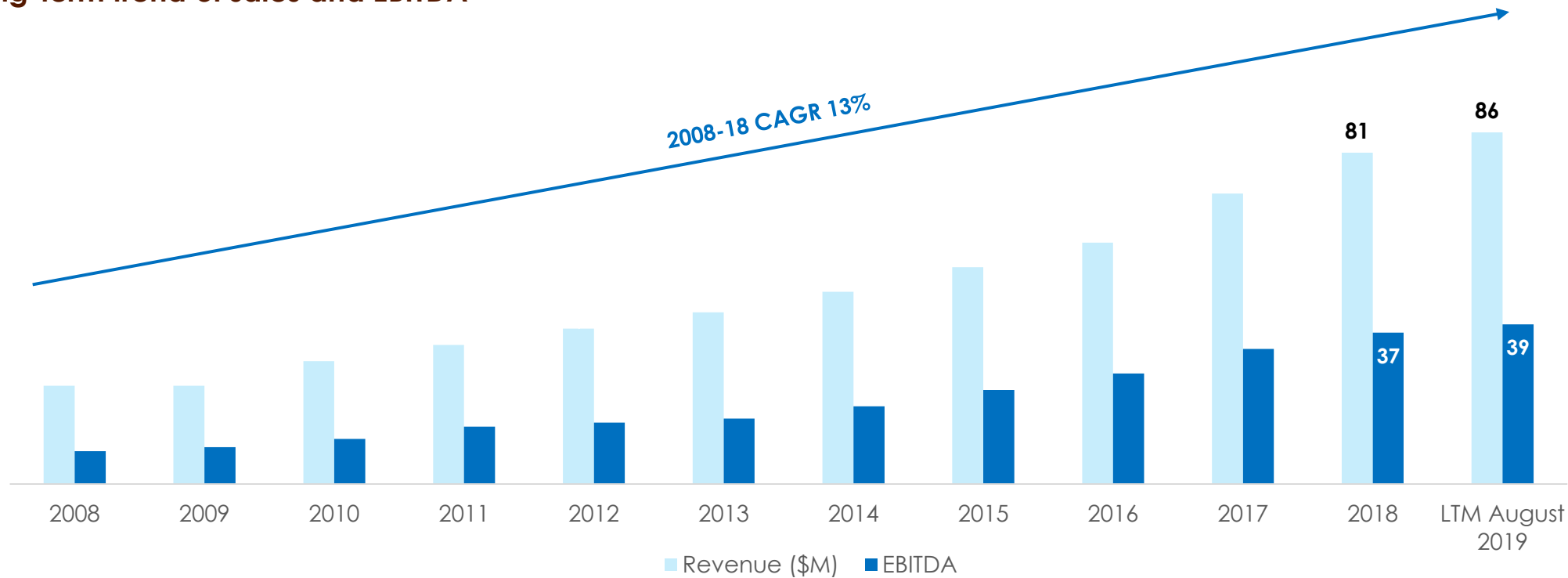
The “train the trainer” model creates **inherent customer loyalty**, and CPI has a **long track record of > 95% customer retention**

As an industry leader, **CPI is at the forefront of regulatory compliance best practices and ensures that its curriculum is aligned** with evolving legislative, regulatory, certification, and accreditation requirement



# Very strong financial performance even through recession

## Long-term trend of sales and EBITDA



➔ **An impressive track record of growth that is almost entirely organic  
3 small acquisitions completed since 2009**

➔ **A very high cash flow conversion (>90% FCF conversion rate<sup>(1)</sup>)**

(1) Free cash flow conversion rate: (Adjusted EBITDA-CAPEX)/ Adjusted EBITDA

# Abundant opportunities to drive incremental growth

## Core Market Expansion

- Ample room for continued growth **within its existing core customer base of hospitals and K-12 schools**
- **Expansion of CPI's footprint** and capture of whitespace within the addressable market, leveraging on recent investment in sales infrastructure
- Recently and to-be launched products **expand the addressable employee base** within existing customers to reach employees working in environments where the risk of workplace violence is lower

## New Products

- **Develop complementary solutions** to address the **specific needs of new caregiver groups**, vulnerable populations and risk conditions, including:
  - Autism caregivers
  - Dementia treatment professionals
  - Home health workers

## International Expansion

- **Capture immediate UK growth opportunities arising from historical acquisitions** and benefiting from stringent regulatory environment for customers
- Drive **further market penetration within other priority markets** in existing international footprint (i.e. Canada, Australia, New Zealand)

## Adjacent Market Expansion

- **Opportunity to market to and serve new end-markets** (e.g., retail, corporate, security services, law enforcement, etc.) **with existing product offering**
- Explore potential **strategic partnerships** and additional new end-markets opportunistically

## Digital Development

- **Core nonviolent intervention required to be in person**, but recent innovations incorporate a blended offering that involves **e-learning** and minimizes disruption to the customers' workforces
- Continued development and marketing of **value-added digital content** and specialized renewal modules

Strong management team, supplemented with key recent hires



**Tony Jace**  
*Chief Executive Officer*

Industry: 25 years  
CPI: 10 years



**Susan Driscoll**  
*President*

Industry: 25 years  
CPI: 2 years





**Lori Eppel**  
*Chief Financial Officer*

Industry: 20 years  
CPI: 6 years



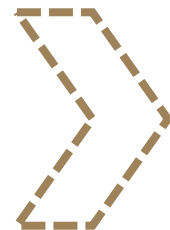
## CPI fits Wendel's capital deployment strategy

	Well established business model benefiting from strong barriers to entry and limited substitution risk	✓	<ul style="list-style-type: none"> <li>Over 9,000 customers</li> <li>Top 500 customers have tenure of 20+ years on average</li> <li>CPI's scale translates into "best-in-class" content and services provided</li> </ul>
	Existing or potential leadership	✓	<ul style="list-style-type: none"> <li>Clear #1 market leader in North America (significantly larger than closest competitor) with an international presence</li> </ul>
	Growing end markets with consolidation potential	✓	<ul style="list-style-type: none"> <li>Growth within core end markets (Healthcare and Education) supported by increasing prevalence of mental health and behavioral disorders and increasing regulatory scrutiny</li> </ul>
	Moderate exposure to business cycles	✓	<ul style="list-style-type: none"> <li>Grew revenue and EBITDA and expanded margins during the 2007 to 2011 period</li> </ul>
	Robust cash flow generation and moderate leverage	✓ ✗	<ul style="list-style-type: none"> <li>&gt;90% FCF conversion <sup>(1)</sup></li> <li>High leverage relative to EBITDA, but cash generation provides sufficient cushion to service debt</li> </ul>
	Balanced governance mechanisms that enable us to fully assume our role as shareholder	✓	<ul style="list-style-type: none"> <li>Wendel to be controlling shareholder</li> <li>Management to make significant rollover investment in CPI, creating alignment</li> </ul>
	Where Wendel can uniquely contribute and with long term perspectives	✓	<ul style="list-style-type: none"> <li>Wendel intends to support CPI's initiatives to scale the Company's sales and service organization, to expand geographically (incl. In Europe) and into new industries, and to invest in technology / digital / e-learning solutions</li> </ul>
	Businesses which fit with Wendel's values and ethics	✓	<ul style="list-style-type: none"> <li>CPI is a mission-driven organization that promotes the workplace safety for the employees and the populations they serve</li> </ul>

# CPI is a unique asset with many attractive characteristics

## Size

- \$86M revenue
- \$39M EBITDA



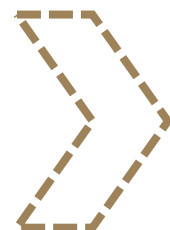
## Valuation

- 23.4x LTM EBITDA<sup>(1)</sup>



## Leverage

- \$325M Funded Debt
- 7.5x 2019 PF EBITDA<sup>(2)</sup>



## CPI Characteristics

- **Sales CAGR 13%** since 2008
- A **scalable business model** with attractive growth potential

CPI is a unique asset that has a number of attractive characteristics

- **Train the trainer model** with **an installed base** of Certified Instructors that **provide a stable and recurring revenue base**
- **Very high-margin & cash flow conversion**
- An **industry leader**
- **Strong growth** quickly reduces ownership multiple
- **In line with comparable** private deals multiples

- **Highly cash flow generative**
- **Fast deleveraging potential**

(1) Adjusted EBITDA for LTM August 2019 period as per quality of earnings analysis

(2) Pro Forma Adjusted EBITDA as of the LTM August 2019 period per the credit documentation





## Wendel Net Asset Valuation methodology (extracts)

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- **New, unlisted investments are valued at cost for the first 12 months following their acquisition.** After this period, the company is valued on listed peer-group multiples' method
- For small portfolio companies whose average revenue (over the reference periods used for the NAV calculation) is less than €500 million, **the enterprise value is the smaller** of (i) the **value based on peer-group multiples**, calculated according to the usual method (discounted in the event of disappointing financial performance) **and (ii) the value based on the acquisition multiple** applied to the EBITDA or EBIT of the current year.
- **Comparable listed companies are chosen based on independent data and studies, information available from Wendel's subsidiaries, and research carried out by Wendel's investment team.** Certain peer-group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in the sample