

Cromology

2020 Wendel Investor Day



cromology

2020

LONG-TERM INVESTOR



WENDEL



€125m

new equity invested in 2019
in Cromology

*(Amount of cumulated equity invested
in Materis and Cromology is €550m
as of June 30, 2020)*

95.9%

equity stake

One of Europe's deco paints leaders

- Resilient underlying decorative paints market
- Fragmented industry across most geographies
- Strong brands and positions in every country
- Ongoing turnaround with potential for further operational improvements

— Loïc Derrien – CEO of Cromology



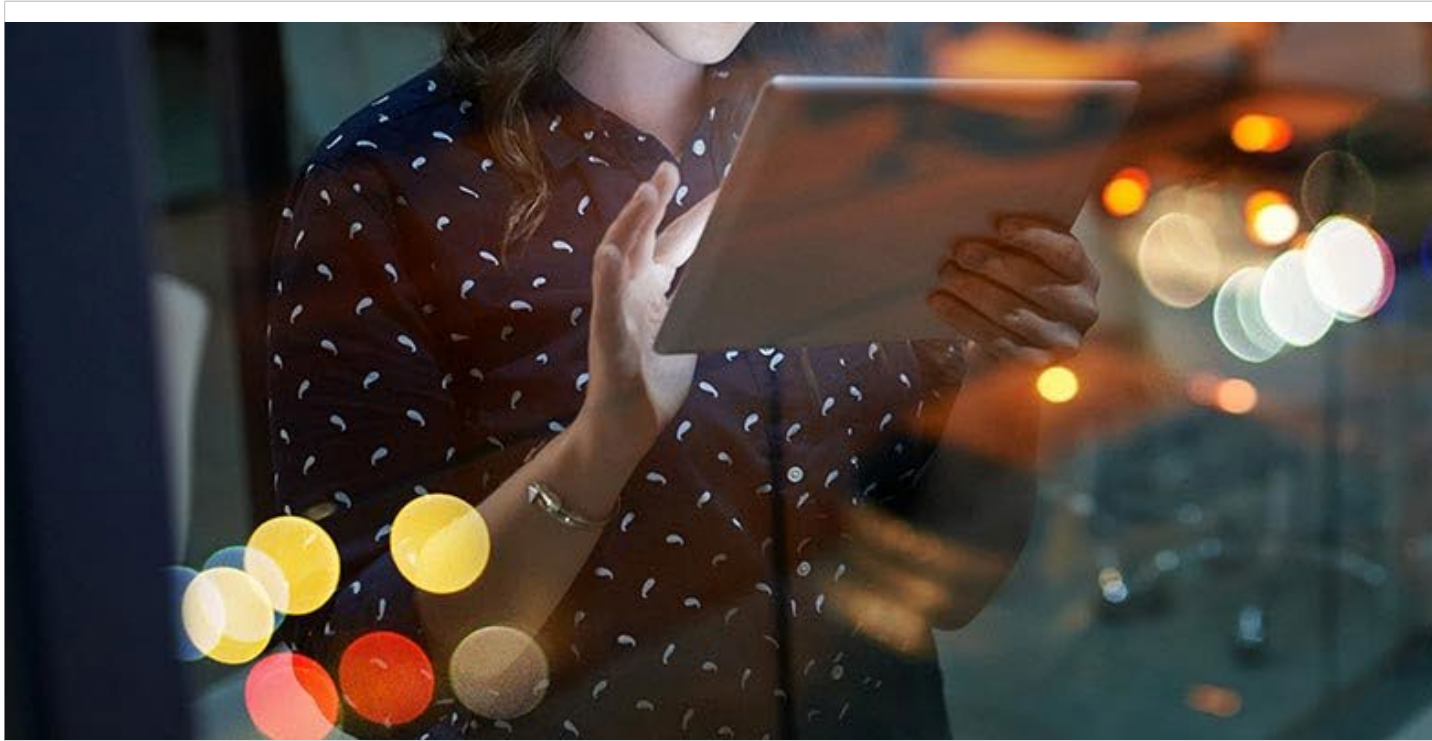
Loïc Derrien was appointed Cromology's Chief Executive Officer in August 2018.

Prior to Cromology, Loïc was **General Manager of PPG's Architectural Coatings** business for Southern Europe and Africa as well as Chairman of the Board of PPG AC France from 2010.

Loïc has **broad experience in the building industry** as a Project and Sales Engineer. He was Marketing Director for Hilti and SigmaKalon before its acquisition in 2008 by PPG.

He has an engineering degree in Materials and Structures from Centrale Marseille (ESIM), an engineering degree in Building and Civil Works from ISBA and a MBA from HEC.

Loïc Derrien is a Board member, a founding member and first President of EcoDDS, a French non-profit company in charge of collecting and processing households' hazardous wastes and a Board member of CEPE, the European Paint Association.



W E N D E L

CROMOLOGY

TOLLENS

ZOLPAN

MaxMeyer

Robbialac

Revetón

ARCOL

JALLUT

Designs, produces and distributes a wide range of paints and decorative products for professional applicators and DIYers

€668m sales
in 2019

10.8% EBITDA margin
in 2019

70% Paint

Interior Paints,
Decorative Paints,
Facade Paints,
Technical Paints

30% Non Paint

Sundries, Floor &
Wall Covers, Ext.
Thermal Insulation
Comp. Systems

A leading player in Southern Europe with ~10% segment share in covered geographies

Balanced routes to market with Integrated Stores (60% of sales, ~400 stores), Independent and DIY (40%)

A portfolio of strong local brands



Sales by region

65% France
35% South. Europe
and RoW



End markets

80% Renovation
20% New construction

— How COVID19 impacted the company



Ready adaptation to lockdown on an ad hoc basis: full shutdown for 2 weeks in France and Switzerland, partial or no shutdown in other geographies

Activity halved in March and April

Demand bounced back strongly as of Mid-May



Passed the first shutdown phase, all markets behaved according to the same pattern:

- Independent channel restarted first, then integrated stores and finally DIY distribution
- Demand from DIYers stepped-up rapidly as stores re-opened
- Professional painters' activity resumed progressively



Top priorities since beginning of the crisis:

- Health and safety
- Compliance with demands and regulations from national and local authorities
- Preservation of customer relationships, business and company assets

Business transformation to adapt to the situation

Defined new interaction rules and implemented training to secure employees' health: hygiene protocols, team rotations, home office, customer facing rules ...

Adapted operating processes from plants to stores to restore productivity

Set-up new communication/management routines to keep cohesion and morale up

Upheld customer relationships remotely

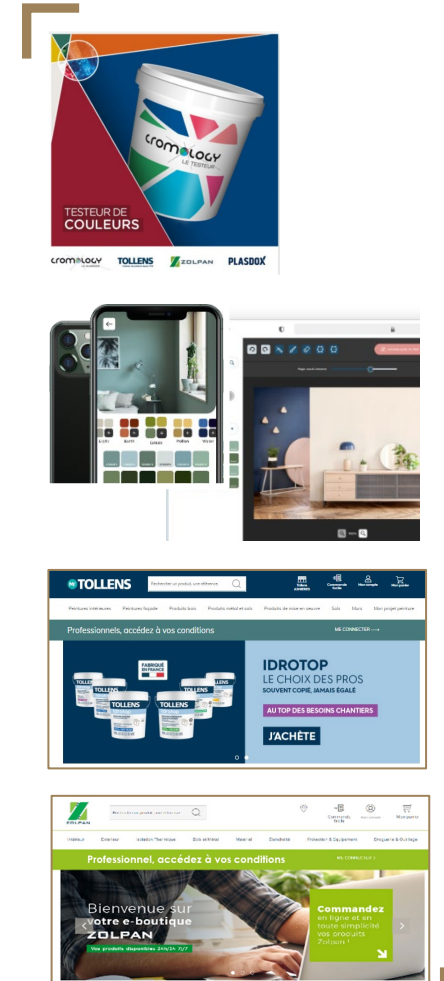
Leveraged and enhanced existing BtoB ecommerce websites

Launched BtoC websites, digital color selection tools and color samples' delivery

Improved IT platforms: mobile office, data mgt., CRM, BI, e-learning, e-recruitment

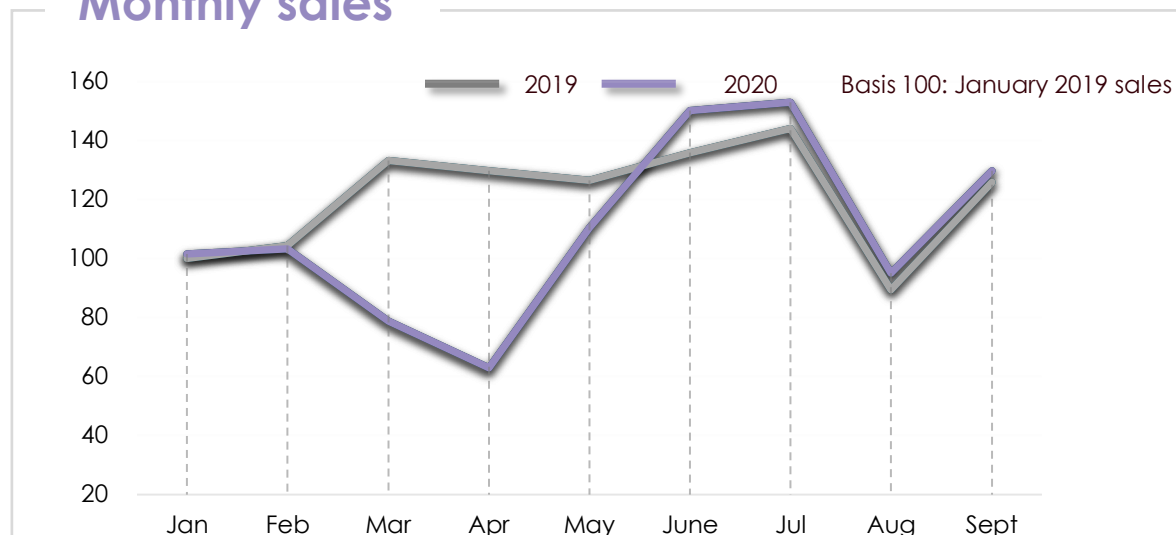
Invested heavily in Sales skills and Sales Management training

Moved production across plants and countries to face demand peaks

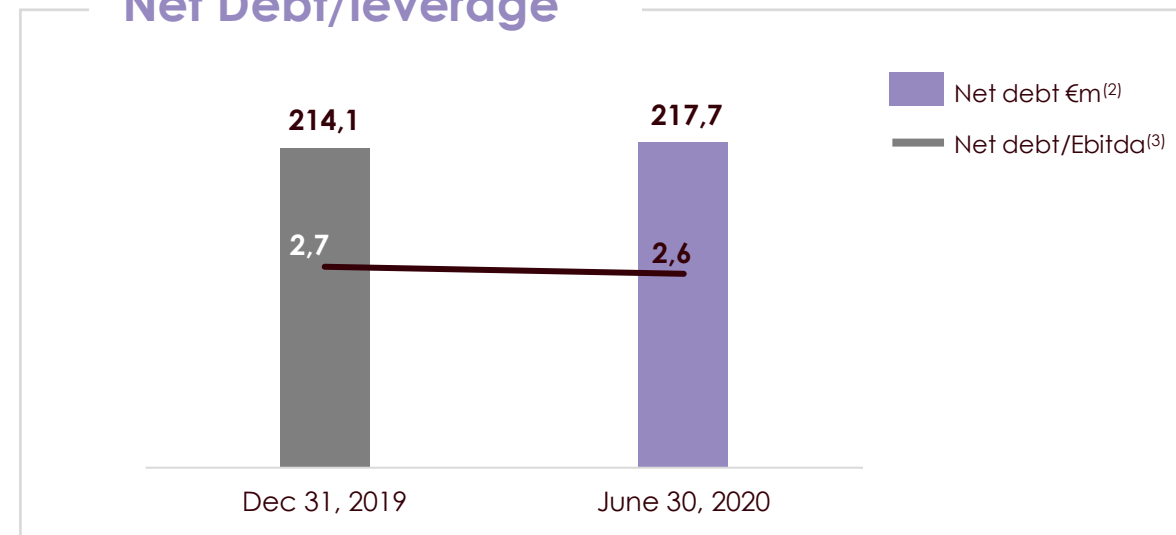


Financial impact following the crisis

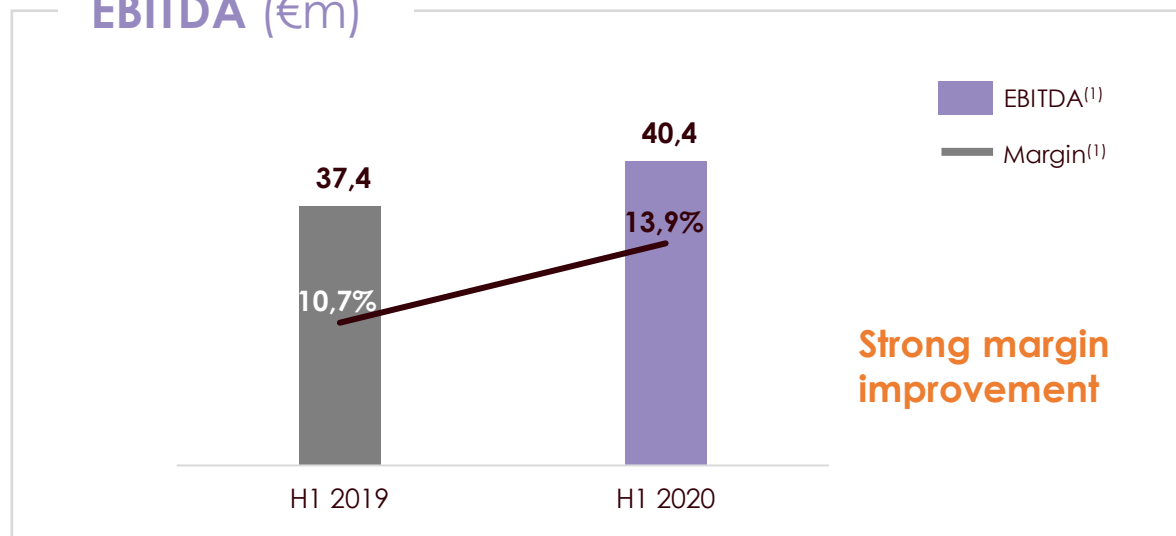
Monthly sales



Net Debt/leverage



EBITDA (€m)



- Strong demand rebound since mid-May together with favorable customer and product mix
- Implemented immediately contingency cost savings
- Continued structural actions on the cost base
- EBITDA up +8%, margin up 320bps YoY
- Cash flow conversion ratio: c.65% ⁽¹⁾

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

(2) After IFRS 16

(3) As per credit documentation

How we prepare for a rebound

Demand outlook:

- Bumpy demand expected in all geographies until COVID-19 pandemic recedes
- Home improvement foreseen to remain high on consumer agenda with less travel

Next months' focus:

- Cope with resurging COVID pandemic
- Execute on transformation programs and reduction of non-value-adding costs
- Allocate more sales and marketing resources to promising segments
- Further build-up our digital capabilities all along our supply chain
- Beef-up product development activities
- Look for bolt-on acquisitions in Europe



Revised CSR priorities and Mission



“Sustainably protect and color living spaces to brighten-up everyone’s lives”

Key takeaways



Improved ebitda in value and margin thanks to dynamic end-user demand, price discipline and tight cost management.



Strong cash flow generation from improved profitability and close steering of account receivables and inventory.



Swift implementation of contingency plan to face market downturn while rolling-out business plans' structural cost reduction initiatives.



Refocused supply chain, marketing and sales efforts on hot topics: safe working and shopping, product availability, e-commerce, click-and-collect, digital color tools.



More than ever acted in line with our health and safety values during crisis. CSR strategic priorities for the next 3 years defined and kicked-off.



Ahead of BP thanks to highly engaged teams. Working on the next phase of Cromology transformation.