

Cromology

Investor Day 2019



2019

LONG-TERM INVESTOR



WENDEL

Investor Day | 2019



€125m

new equity invested in 2019
in Cromology

*(Amount of cumulated equity invested
in Materis and Cromology is €550m
as of June 30, 2019)*

100%*

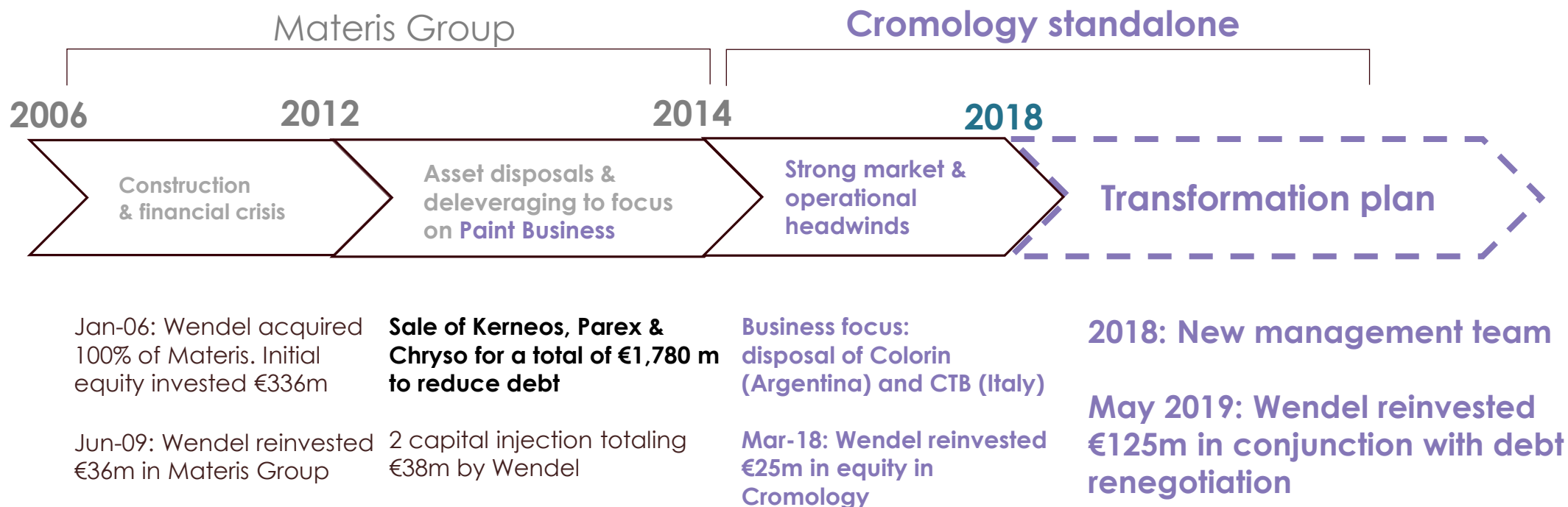
equity stake

**before management co investment*

One of Europe's deco paint leaders

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

Cromology's transformation story



— Pierre Pouletty – Chairman



Pierre Pouletty was appointed Chairman in June 2018 to successfully transition the company and to provide for its long-term success.

In his 17 years with the IPH group, Mr. Pouletty **built a European leader in the distribution of industrial supplies** from sales of €200m to €1.4bn. He also recently presided over the merger with Brammer, the company's UK counterpart, taking the newly formed company RUBIX to €2.2 billion.

He started his career at ELF in the United States, then moved into consulting at Bain & Co in London and Paris. Thereafter, Mr. Pouletty worked 10 years at Steelcase Strafor, where he held a series of positions at the Strasbourg head office and in London, until becoming CEO of UK operations.

Pierre Pouletty is a graduate of Ecole Centrale Paris and holds an MBA from HEC / Stanford.

— 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.

Cromology

Company Overview



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— Cromology at a glance

- 1 Cromology designs, produces and distributes a wide range of paints and decorative materials to the professional applicators and DIYers
- 2 ~3,500 people, ~€665m in sales
- 3 A **leading player in Southern Europe** with ~10% market share in countries where it operates
- 4 Operating all along the industry value chain, from **design** to **manufacturing** and **distribution**
- 5 A **balanced channel mix** with company-owned stores (60% of sales, ~400 stores), Independent and DIY stores (40%)
- 6 **Strong brands** in their respective countries

TOLLENS

ZOLPAN

MaxMeyer

Robbialac

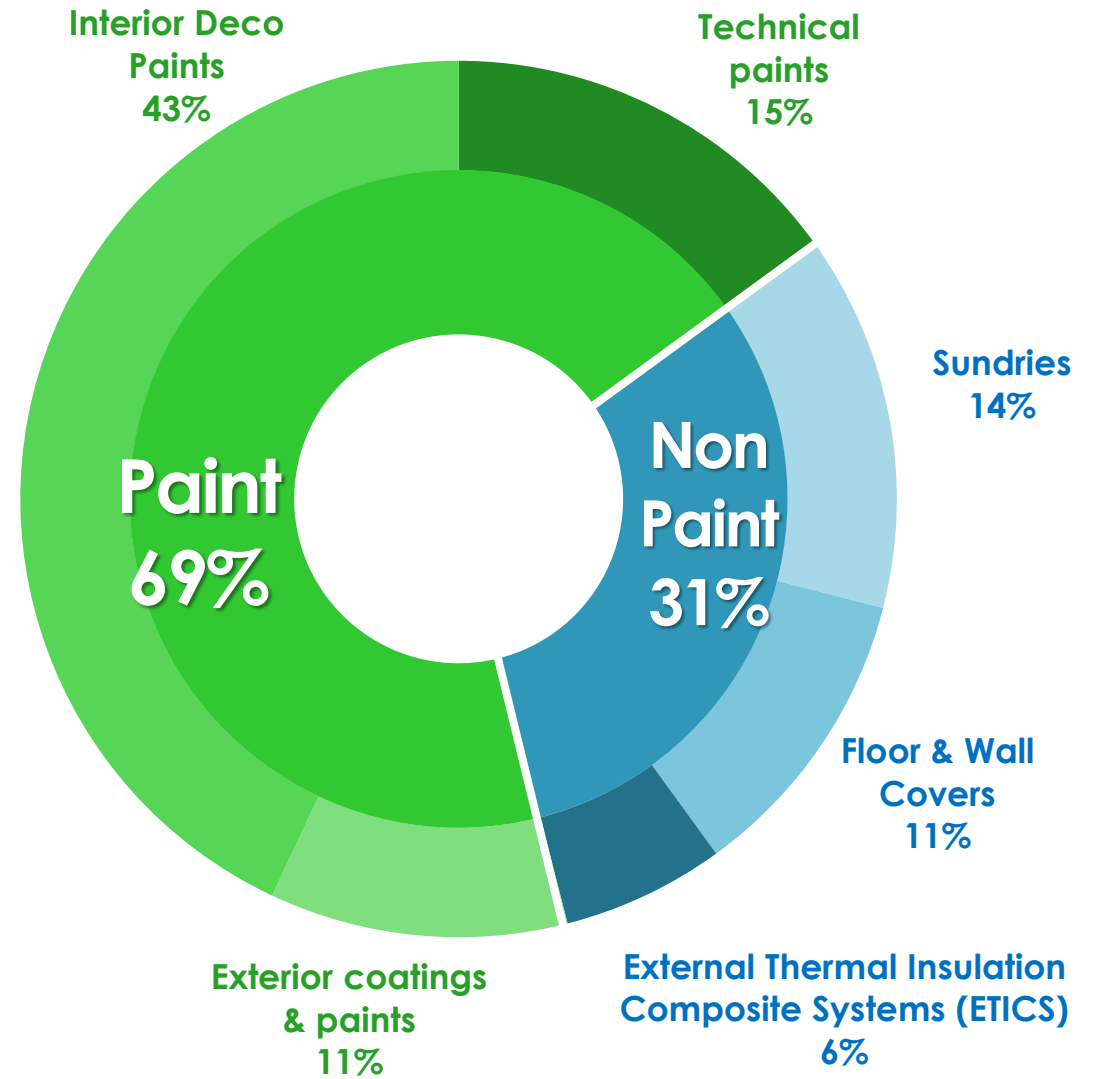
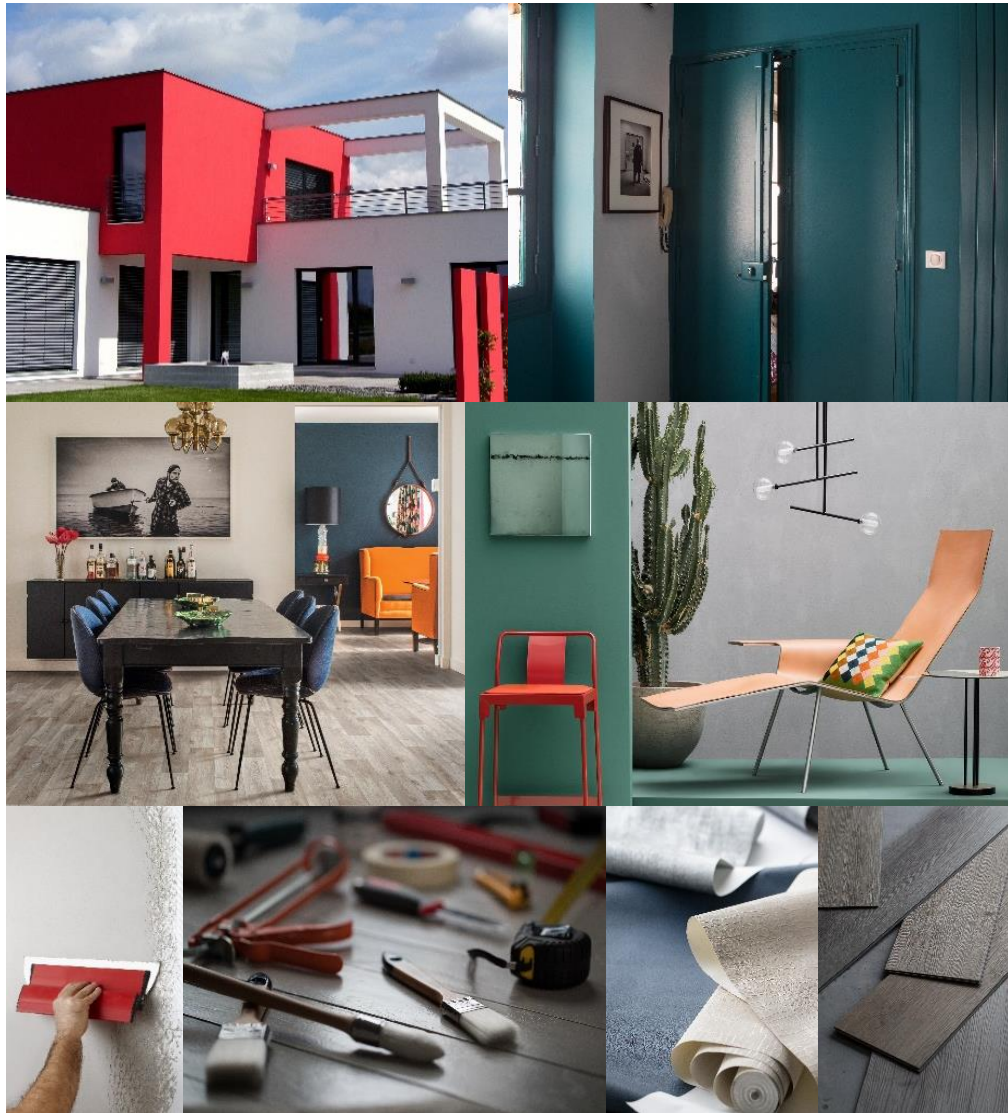
Revetón
PINTURAS

JALLUT by Classens

ARCOL
PINTURAS



Products Overview



Strong local positions



9 countries with a direct presence
396 company-owned stores

8 laboratories
11 production sites
9 logistics platforms

France

65%



FRANCE #2

2 laboratories
4 production sites
4 logistics platforms
320 company-owned stores



ITALY #1

1 laboratory
2 production sites
1 logistics platform



PORTUGAL #2

1 laboratory
1 production site
1 logistics platform
59 company-owned stores



SPAIN #4

1 laboratory
1 production site
1 logistics platform

Southern Europe

25%

Rest of the world

10%



BELUX



2 company-owned stores



SWITZERLAND

1 laboratory
1 production site
1 logistics platform
15 company-owned stores



MOROCCO #3

1 laboratory
1 production site
1 logistics platform



TURKEY (50% JV)

1 laboratory
1 production site

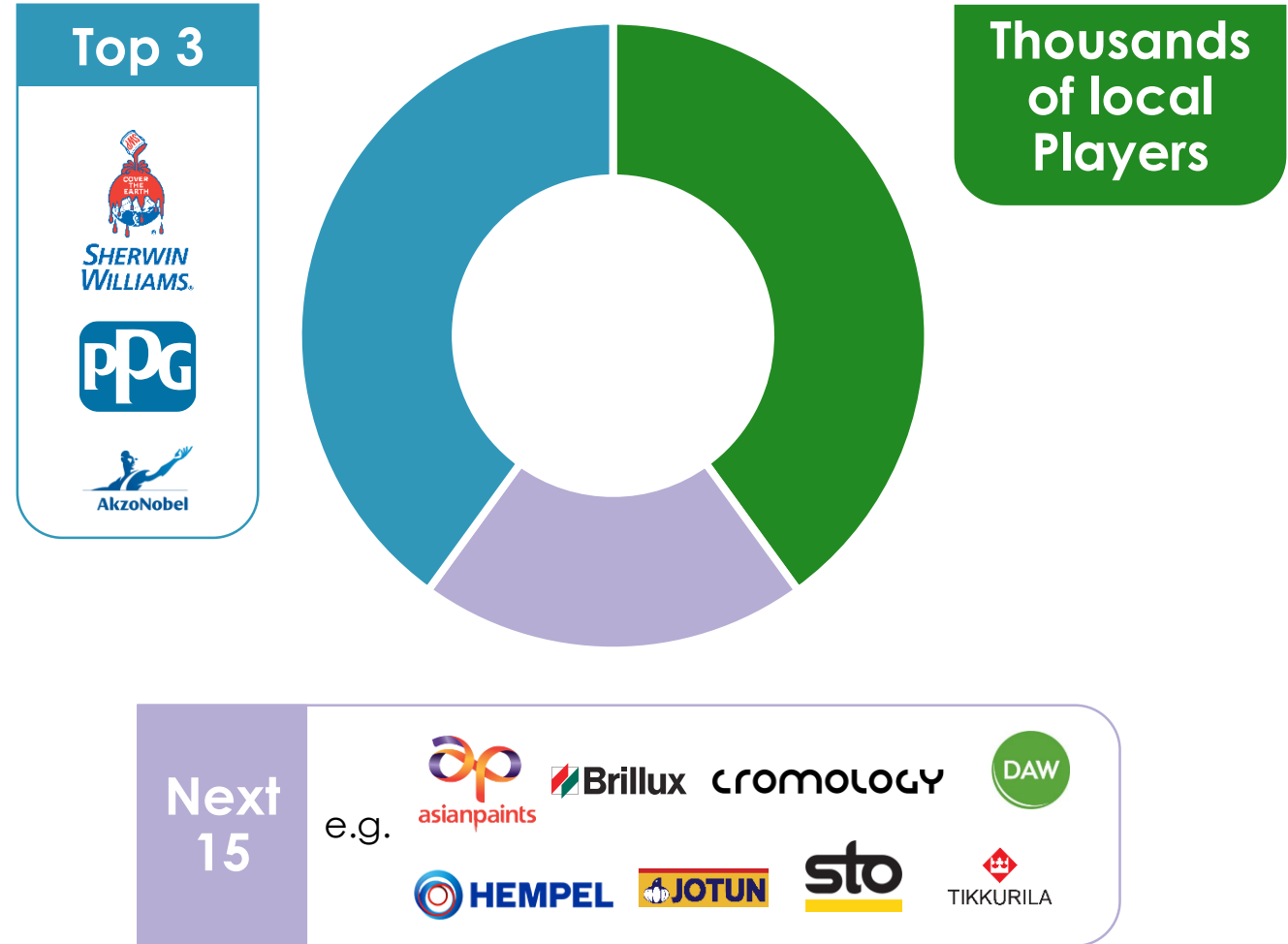
— A highly fragmented market

Worldwide Deco Paints
€56bn

European Deco Paints
€13.5bn

European countries where
Cromology operates
€4.5bn

Worldwide Industry



Cromology

Transformation plan



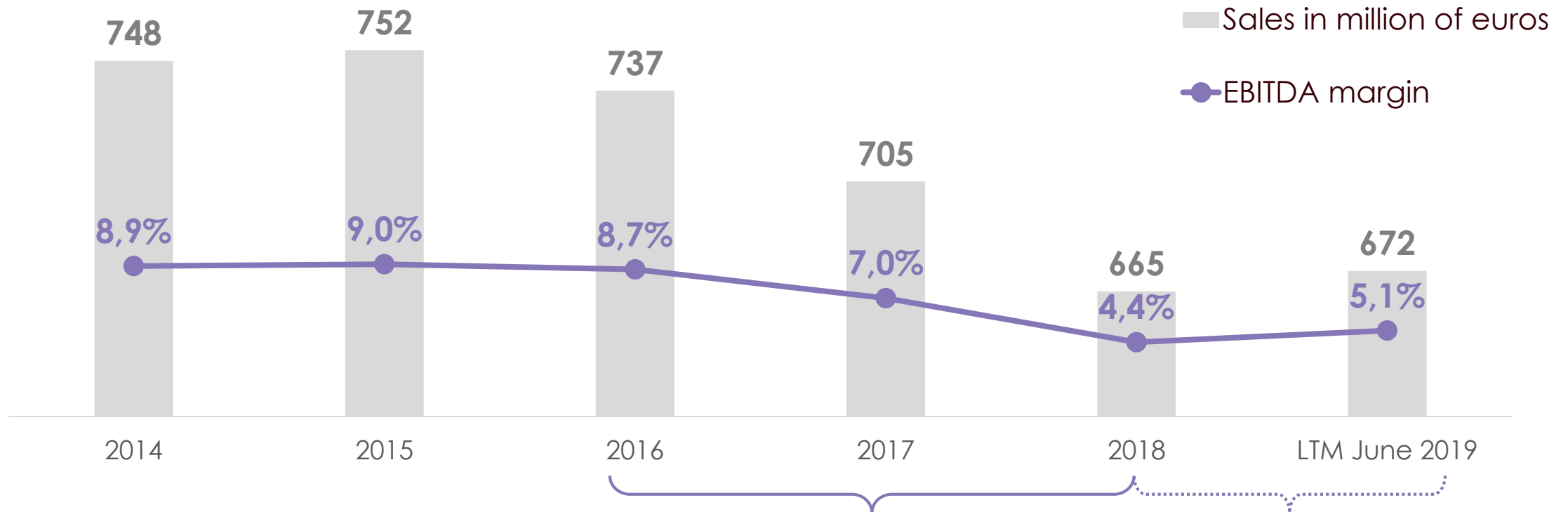
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Cromology: historical numbers



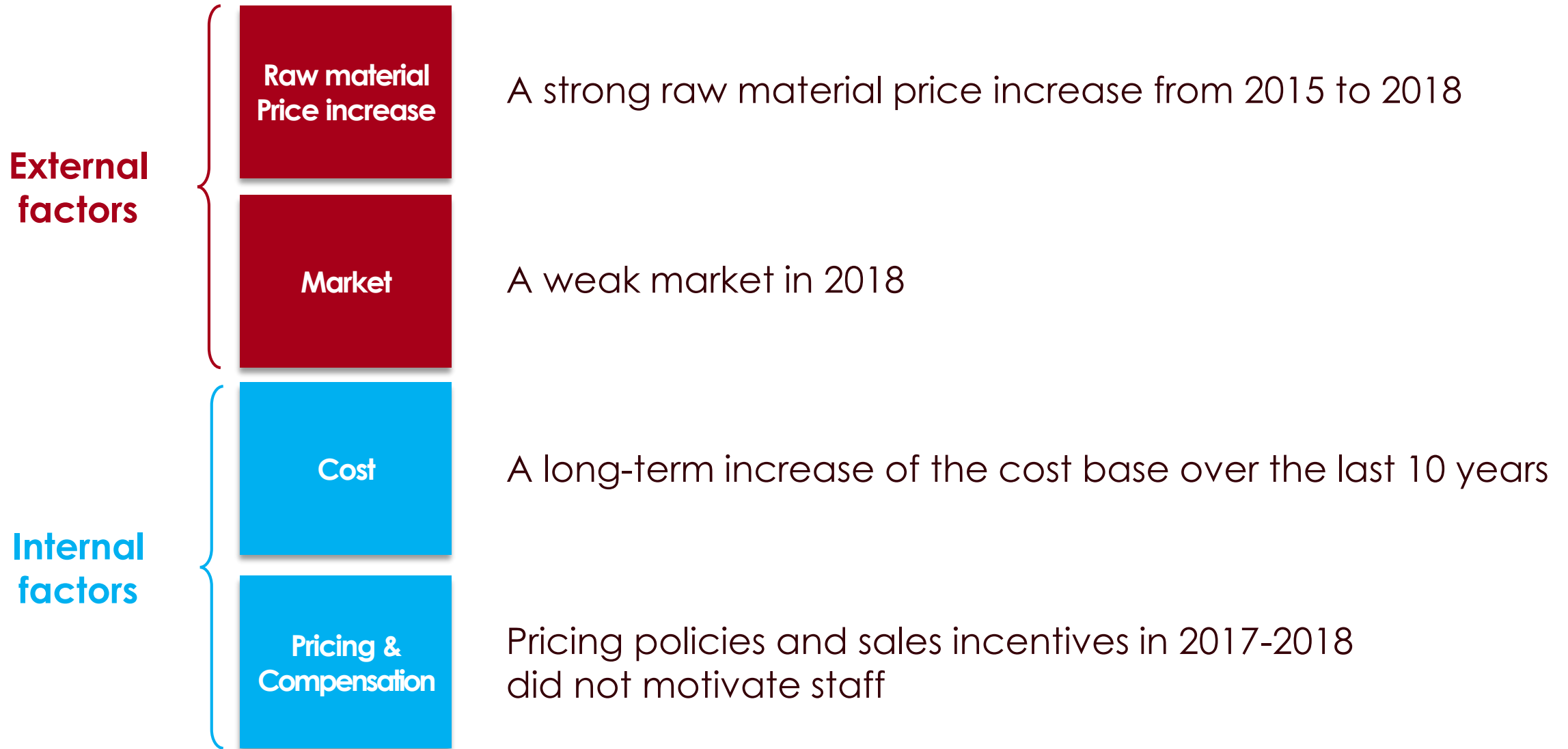
Strong market and Operational headwinds

- Increase in raw material prices
- Structurally high cost base
- Low sales performance in France & Italy

New management team

Launch of a transformation plan
Performance in line with expectations

— Main reasons behind 2018 underperformance

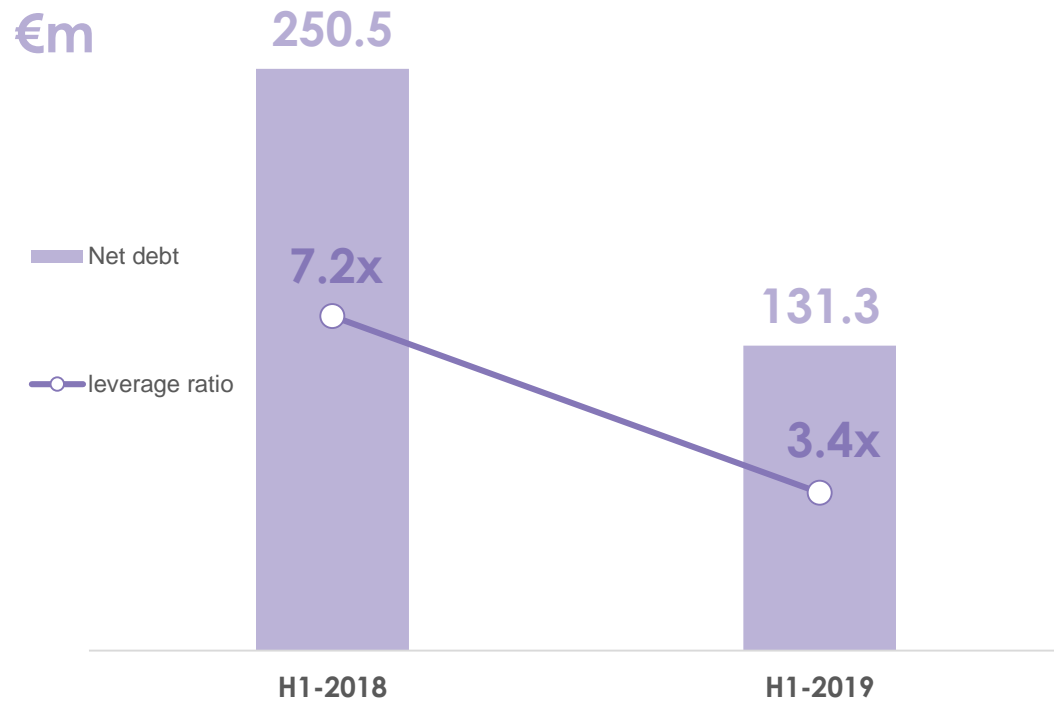


— 2018: Transformation plan launch on track, supported by Wendel's recent capital injection

- At this stage, the management believes that EBITDA can be brought back to near 10% over time
- As a comparison, in 2017, main worldwide competitors operated between 13% and 17% EBITDA margin with an average around 15% (source Bain&Co)
- The new management has built a 4-year turnaround plan
- The plan is supported by a €125M cash injection from Wendel...
- ...allowing to significantly reduce debt and leaving enough liquidity to finance the turnaround / exceptional costs
- The performance is currently in line with expectations

Strengthened Financial Structure

Net Debt & leverage ratio



Debt successfully renegotiated, with Wendel reinvesting €125m in equity

- Reimbursement of €75m of senior debt in May following Wendel's equity injection
- Flexibility on the capital structure obtained from the pool of lenders:
 - maturity extended to 2024,
 - covenants eased – including 3-year covenant holidays
- Pro forma the new injection, net leverage has been reduced from 7.2x to 3.4x as of end of June 2019
- Management to invest c. €5m additional equity

— The transformation plan



Stabilize / Improve Top line

Focus on key, top-line priorities

- **Implement a new incentive program** for sales workforce in France
- **Apply a more aggressive sales policy**
- **Recruit additional salesforce**
- **Change pricing approach**
- **New sales management France and Italy**
- **Revamp product and service offer**



Reduce Costs

Major focus towards cost control over the medium term

- **Renegotiate all supplier contracts**
- **Execute personnel reduction in Italy and France**
- **Reduce all “other costs”**

CSR

A key differentiator for Cromology



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— Commitment for a Responsible Enterprise

Safety and Environment always come first

- 100% of plants and central warehouses are OHSAS 18001 certified
- EHS culture constantly reinforced e.g. 5S deployment from offices to stores
- 100% of French plants are ISO 9001 and 14001

Committed to developing teams

- Long term track record of investment in people training (80% /yr.)
- Internal mobility as key development leverage
- Diversity fostered to create better working environment and spur performance

Supporting Associates' local initiatives in favor of associations, social economy and solidarity



SAFETY	Health	LTA		MCC		LTA/MCC		TFF		TFF		VA		MCC + UK				
		Compliance TFF	13 months rolling	Compliance TFF	13 months rolling	Compliance TFF	13 months rolling	Compliance TFF	13 months rolling	Compliance TFF	13 months rolling	Compliance TFF	13 months rolling	Compliance TFF	13 months rolling			
Total France	2	34	33	2	11	6	20	40	6	4	11	17	84	313	474	420	6424	2790
Germany	0	2	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Germany (excl. Carbo)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
France	0	12	10	0	2	1	10	10	1	1	1	1	11	11	11	11	11	11
UK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UK (Supply and Mkt)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Poland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USA (Supply and Mkt)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CROMOLOGY	0	14	14	0	10	14	4	41	52	6	4	11	16	104	140	144	270	2024



OHSAS 18001: Int'l standard for occupational health and safety mgmt systems

— Sustainable product development

Delivering tangible value to our customers

- **Our products are designed to protect our customers' assets and improve their living environment**
- **We design, produce and deliver high-value for money products meeting their technical and quality expectations**

Sustainable portfolio of formulas

- Partnerships with several key suppliers
- 90% of our paints are water-based
- 50% of R&D dedicated to reformulation to cope with regulations or customer needs
- 25% of paint sales made with less than 3-year old formulas
- 90% of raw materials not classified as hazardous

Sustainable production and delivery

- 75% of industrial sites are ISO 14001
- 95% of products sold in region of production
- 18% reduction in fuel consumption (16-18)
- 33% reduction in VOC emissions (16-18)

VOC: Volatile Organic Compounds

Product innovation and after-market

- 65% of new products are with eco-labels and A-class environmental standards
- €3M invested in end-customer waste management services



Sustainable product performance



Eco-labelled paints

- Water-based
- Low VOC content
- Low VOC air-emission

High protective interior lacquer

- Water-based
- Eco labelled:   
- Outstanding protection for walls, ceilings, wood substrates
- High abrasion resistance
- High durability
- Air depollution function



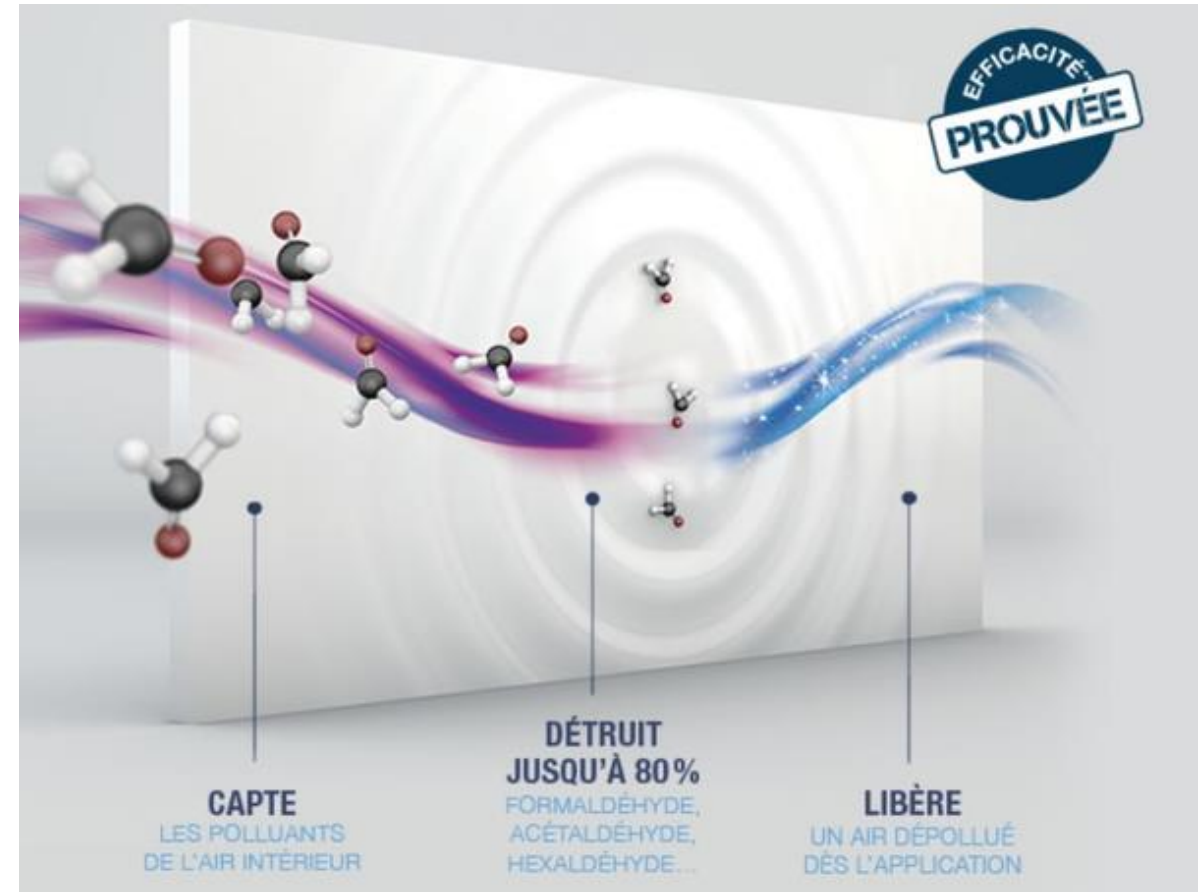
EU Ecolabel : FR/044/016



— Sustainable product performance

Air depolluting paint

- Water-based
- VOC < 1g/l
- Depolluting air of:
 - Formaldehyde
 - Acetaldéhyde
 - Hexaldehyde



— Key takeaways

- Cromology is a leading European player in decorative paint with strong brands and strong routes to market
- Action plans are launched to stabilize topline and restore profitability
- Stronger balance sheet provided by Wendel gives room for maneuver
- Management strongly believes in the turnaround of the business and in Cromology's quality (products, position and teams)
- 2019 shows promising early results thanks to first effects of transformation plan, and favorable raw materials' prices.