



INVESTOR DAY



WENDEL

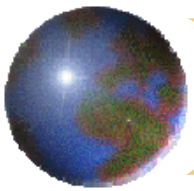


STAHL

December 18, 2007



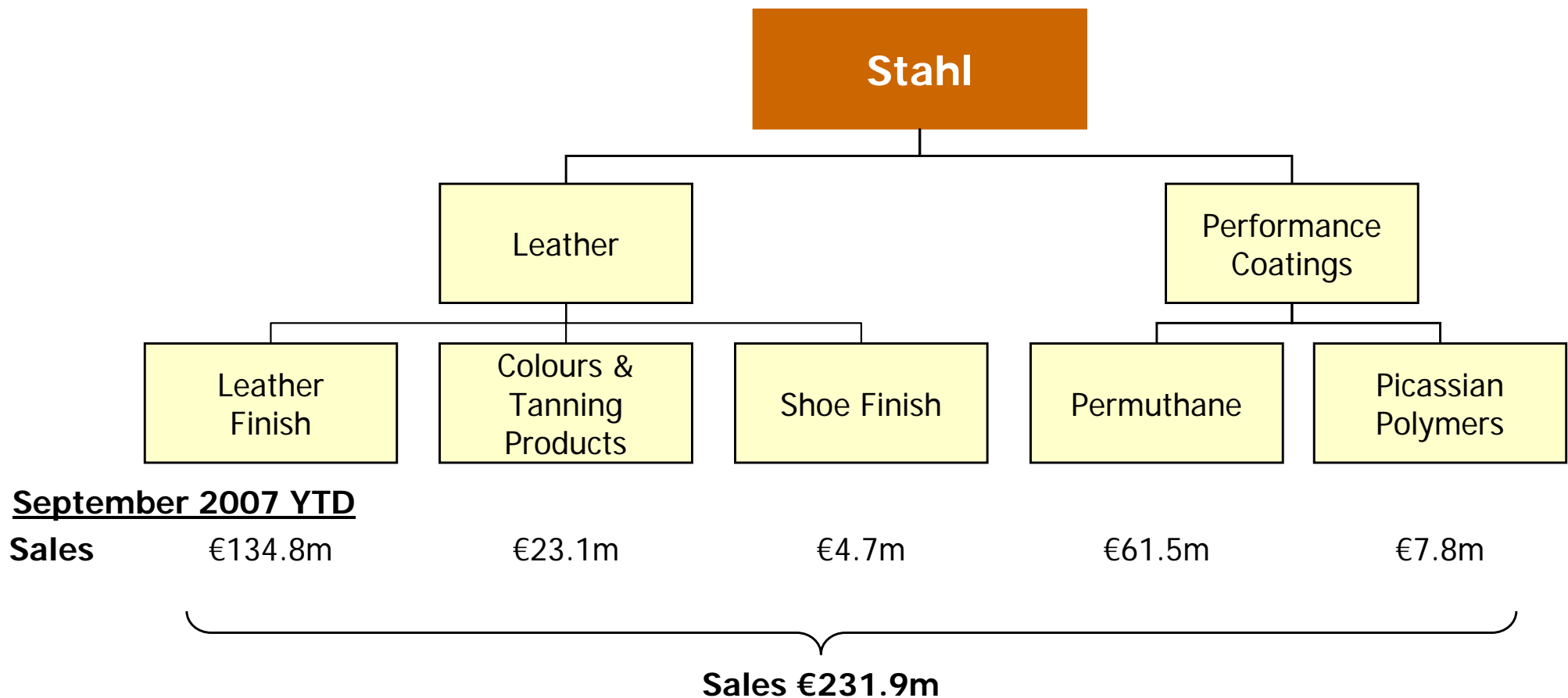
Huub van Beijeren
Chairman

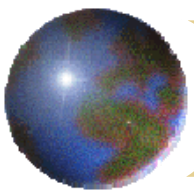


Overview



- Stahl is a surface effects specialist, a leading global supplier of high value-added formulated products and services for leather and high performance coatings





Overview



Leather



Customers:

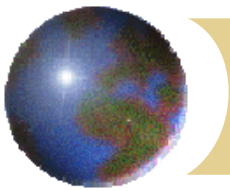
- Limited number of global automotive tanneries
- Thousands of local or regional tanneries
- Distributors/Agents (mainly Asia)

Performance Coatings



Customers:

- Coaters supplying the following end use applications: Automotive interior, Synthetic leather (garment, footwear, etc), Textile, Flooring, Technical

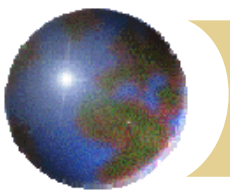


Introduction New CEO



New CEO of Stahl since February 2007: Huub van Beijeren

- Age 52
- Dutch Nationality
- Bachelors Law (University of Utrecht) & MSc Company Law (University of Leiden)
- 2005-2007, Director of the Paper and Packaging Division of DS Smith, responsible for a €1 billion turnover business with 5,500 employees and 39 factories.
- 1996-2005, Main Board Director at British Vita, a polymer manufacturer, responsible for two of the three divisions – Nonwovens and Cellular Foam – with a total of over €900 million turnover, employing 5,000 people
- 1986-1996, Director of several companies of Gamma Holding N.V.
- 1981-1986, Various positions at Cargill
- 1979-1981, Company lawyer for the Dutch Employers' Organisation



Financial performance



(millions of euros)	June 2007	June 2006	Change (M€)
Net sales	154.2	161.0	(6.8)
Adjusted operating income ⁽¹⁾	20	25.2	(5.2)
% of net sales	13%	15.6%	
Operating cash flow	16	12	+4
Net financial debt	362	380	(18)

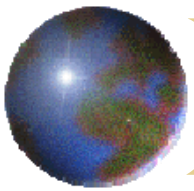
(1) Adjusted operating income excluding the allocation of goodwill and non-recurring items

● Soft H1 results

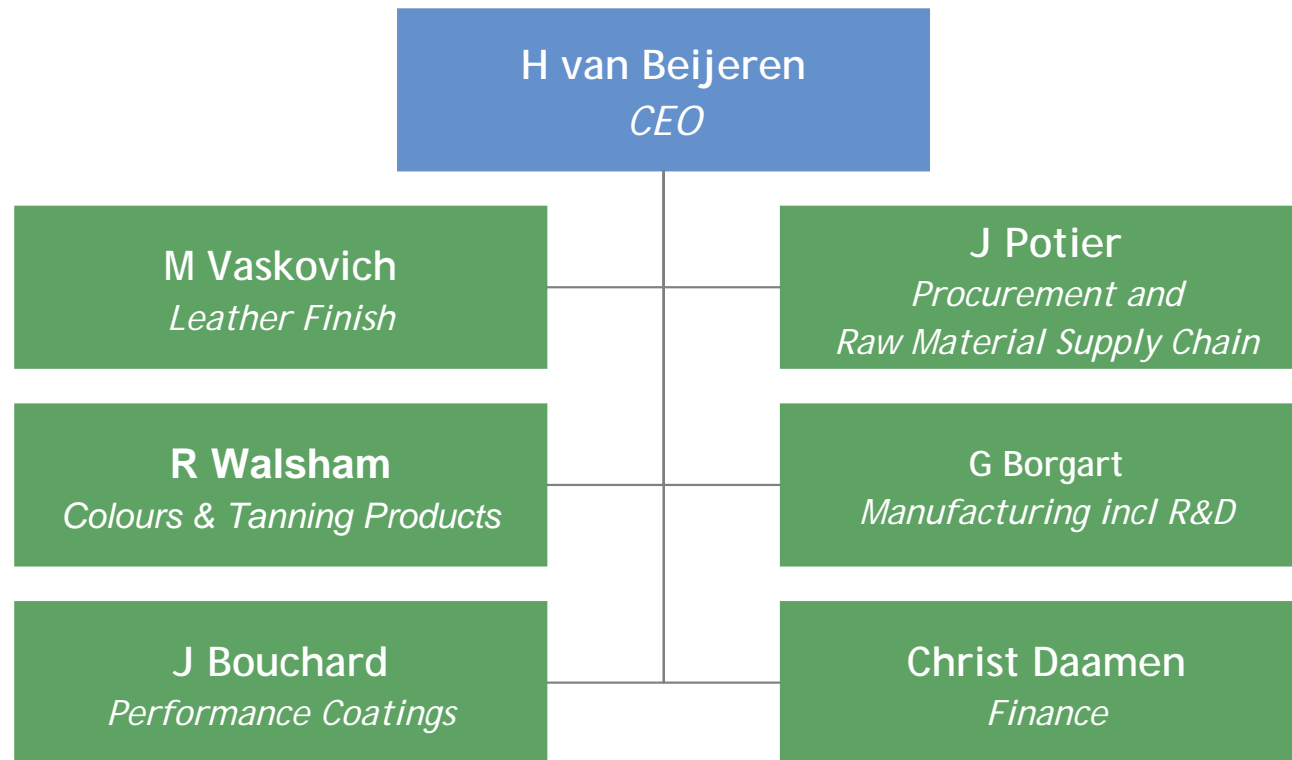
- Growth: -1% in the first half, with net sales stabilized in the second quarter
- ▣ Increase operating cash flow by +33%, from 12 M€ to 16 M€, in particular by optimizing inventories

● Strong Q3

- ▣ Organic growth: 4%
- ▣ Operating income: +26% (margin uplift: +250 bp)
- Continuous strong operating cash flow generation

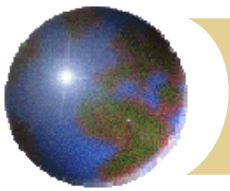


Organization



● Organization:

- Simplified, strengthened and focused
- Three divisional heads – accountable for sales and marketing, product development & technical support
- Production, purchasing and logistics centralized
- Leather finish Asia Pacific responsibility consolidated under Global LF Manager – separate / dedicated management in China and Singapore



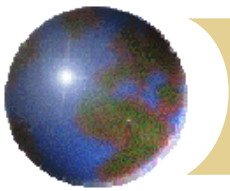
Key initiatives in 2007



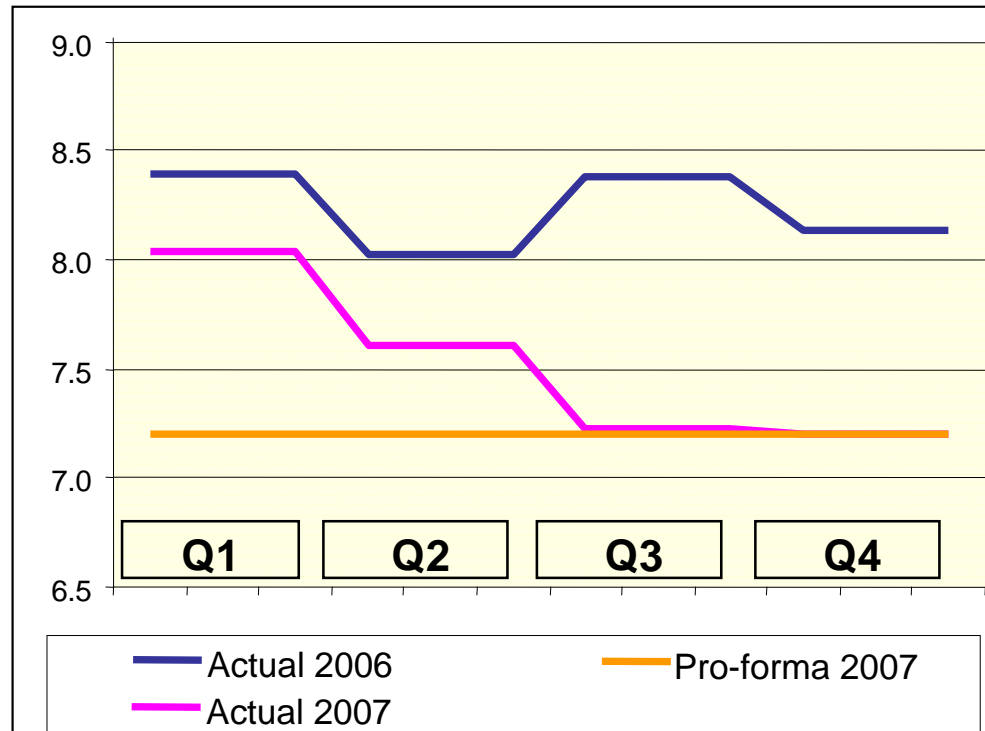
- Fixed cost reduction:
 - Reduction of headcount: 130 people (net)
 - Annualized savings of €11m

- Working capital improvement:
 - Reduction of stocks: €11m vs. September 2006
 - Total working capital reduction: €22m vs. September 2006

- Sales:
 - Strong pick up in Q2 and Q3 versus the 3 quarters before
 - Growing Performance Coatings pipeline (+10% YTD)
 - Internal issues are being addressed in China

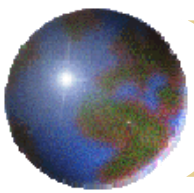


Fixed cost reductions

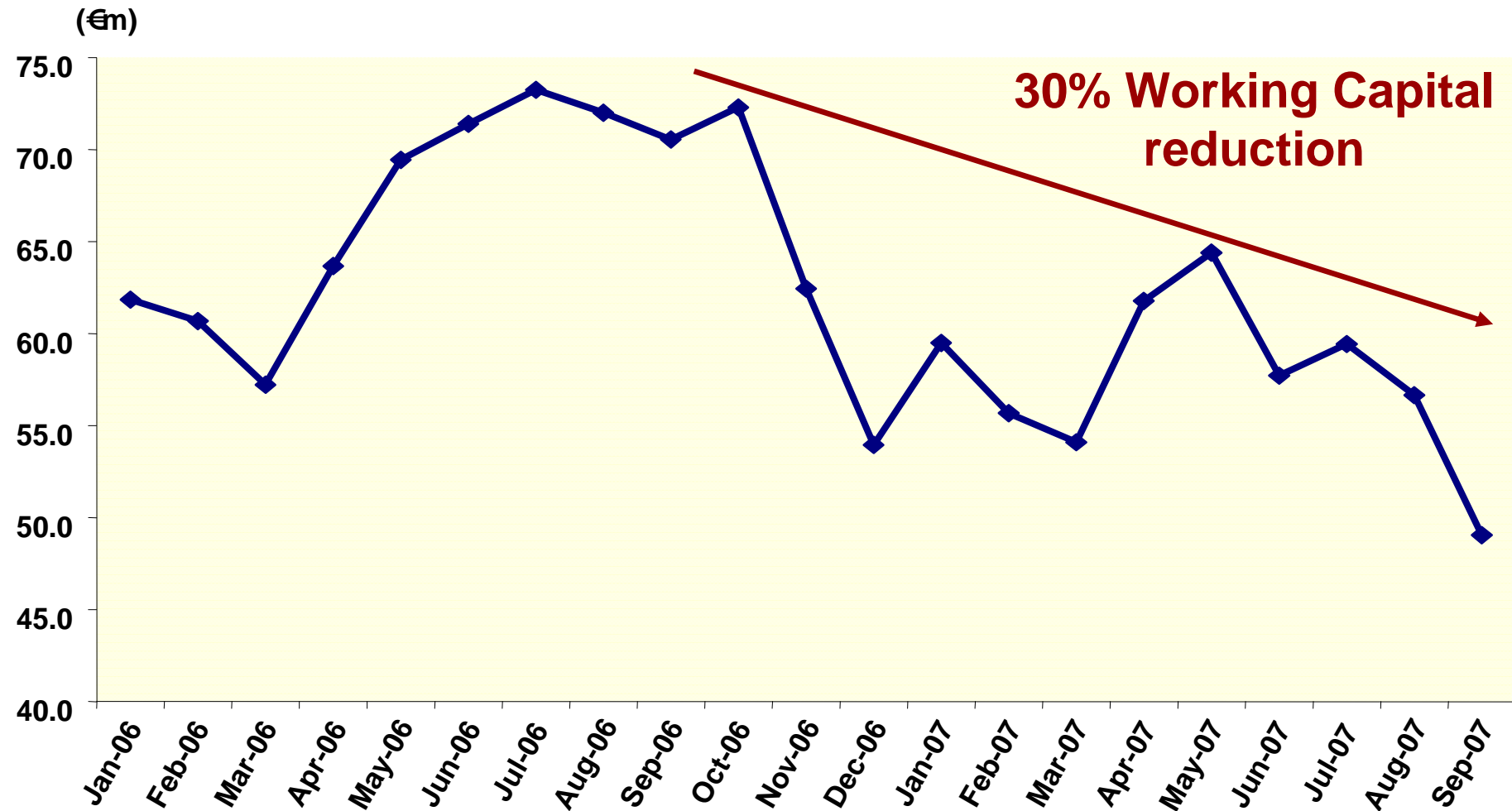


<u>Total annual fixed cost</u> (€m)	
Actual 2006	97.8
Cost savings initiative- impact in 2007	<u>(7.6)</u>
Actual 2007 fixed cost	90.2
Full year effect of cost savings	<u>(3.8)</u>
Pro-forma 2007	<u><u>86.4</u></u>

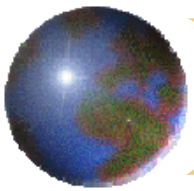
- Improvement of staff productivity: 8% headcount reductions YTD, mainly excess staff in administrative functions and production – no impact on operations or future growth
- Expense policies / travel
- Admin / IT costs
- Renegotiating service / outsourced contracts



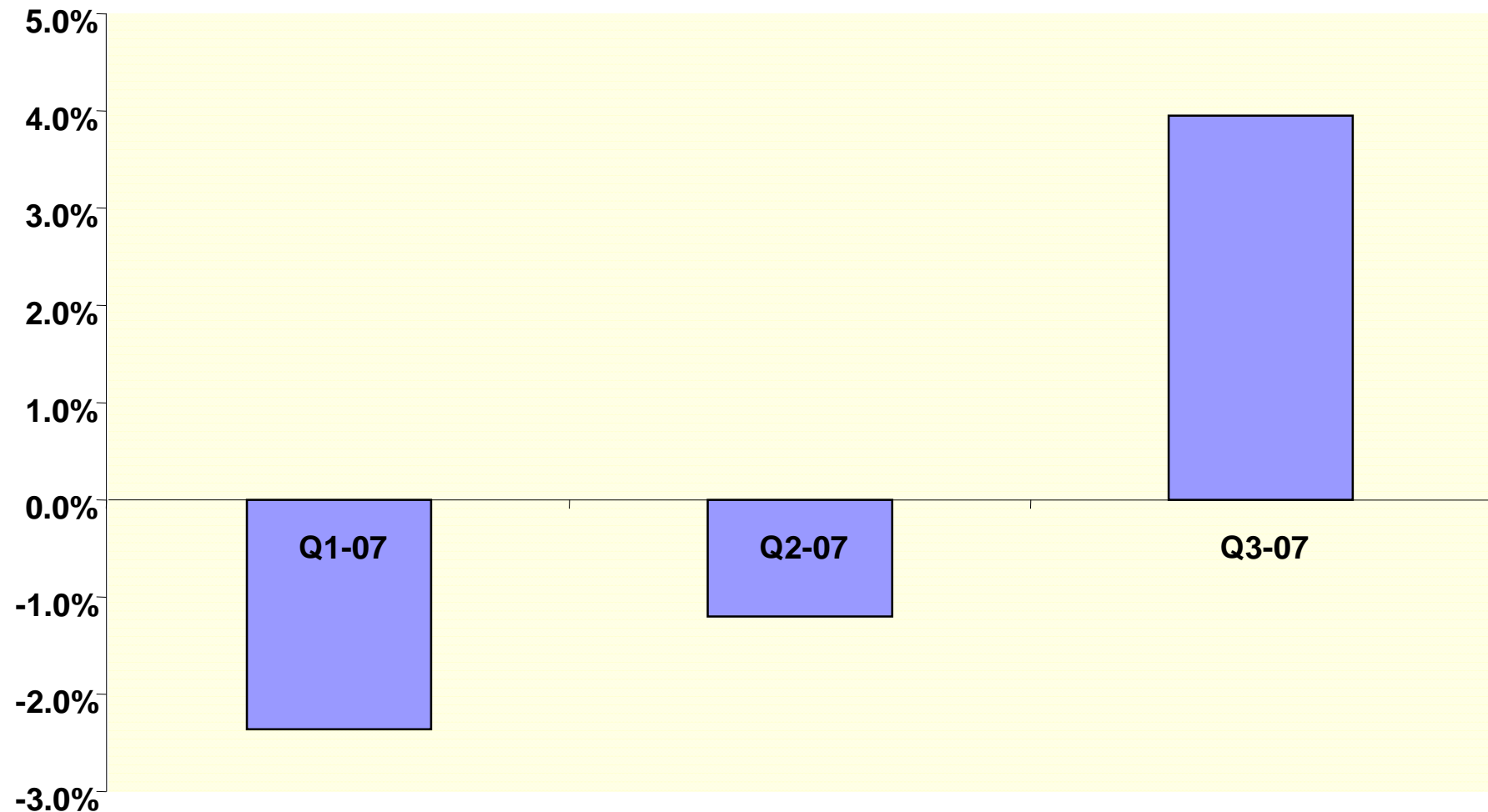
Working Capital reduction



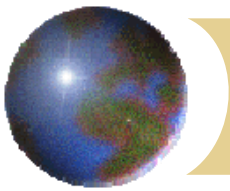
- Working Capital end September was €22m lower than September 2006 (-30%)
 - €11m stock reduction program initiated in March a project
 - €11m other initiatives, including improved creditor payment terms with 15 days and reduction of customer overdues



Sales growth by quarter vs last year



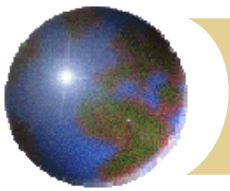
- Strong sales growth pick up: **+4%** in Q3 after -1% in Q2 and -2% in Q1
 - Strong growth in Performance Coatings notably in Europe
 - Leather Finish Asia Pacific is key shortfall versus prior year



Leather Finish sales



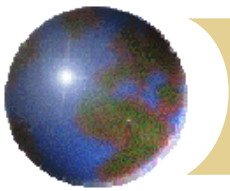
- Stahl is global market leader with 21% market share
- Leather Finish markets have a recurring growth of +3 to 4%
 - Growth driven by meat consumption
 - Continued shift from Western countries to developing countries, notably China
- Stahl underperformance in 2006/H1 2007 mainly due to poor execution of Asia strategy (which is being addressed) and temporary market down cycle since 3Q 2006
- Stahl should progressively return to outperformance of underlying markets as it has consistently done over the past 20 years benefiting from its leadership position
- Internal LF Asia issues are being addressed
 - Improving client pipeline
 - Sales team reorganized with re-emphasis on selling locally manufactured products
 - Volumes out of the new China plant are finally ramping up (were almost half of the plan in H1)
 - New pricing strategy being implemented



Performance Coatings sales



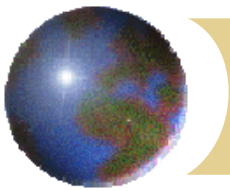
- Performance Coatings underlying markets historically growing around 5% to 7%
- Stahl 2007 Performance Coatings growth outpace underlying markets (+10% YTD) driven by
 - Ramp up of existing customer sales
 - Automotive segment where Stahl is winning share (new platforms launched in 2H06/1H07)
 - Synthetic leather



Other key initiatives



- Increase of selling prices per 1 January 2008 was announced in November
- Purchasing savings :
 - 3% savings objective
 - Total purchasing cost of €139m in 2006, i.e. 44% of revenues
 - Procurement savings program led by Jacques Potier, new global purchasing officer who joined end of May, and supervised by CEO
 - Worldwide renegotiations with major suppliers
 - Development of multi-sourcing
 - New sourcing opportunities in Eastern Europe, China and India
 - Raw material substitution
 - Integration of purchasing team into business (product development)
- Further working capital improvement:
 - Further stock reductions mainly due to product rationalization
 - Focus on further reducing customer overdues
 - Completing increase of payment to suppliers



Conclusions



- Team has successfully executed initiatives on costs and stock reduction—further progress to be made—significant upside opportunities identified in purchasing
- Company back to a sales growth pattern
 - +4% growth in Q3 after -1% in Q2 and -2% in Q1
 - Strong results of Performance Coatings (+10% YTD)
 - Internal issues are being addressed in China —management strengthened and strategy/organization realigned to capture growth
- We expect strong profit growth in 2008 as higher exit run rate of sales combined with a lower fixed cost base should result in significant EBITDA uptick

