



PRIVATE COMPANIES DAY

Tuesday, December 9, 2008

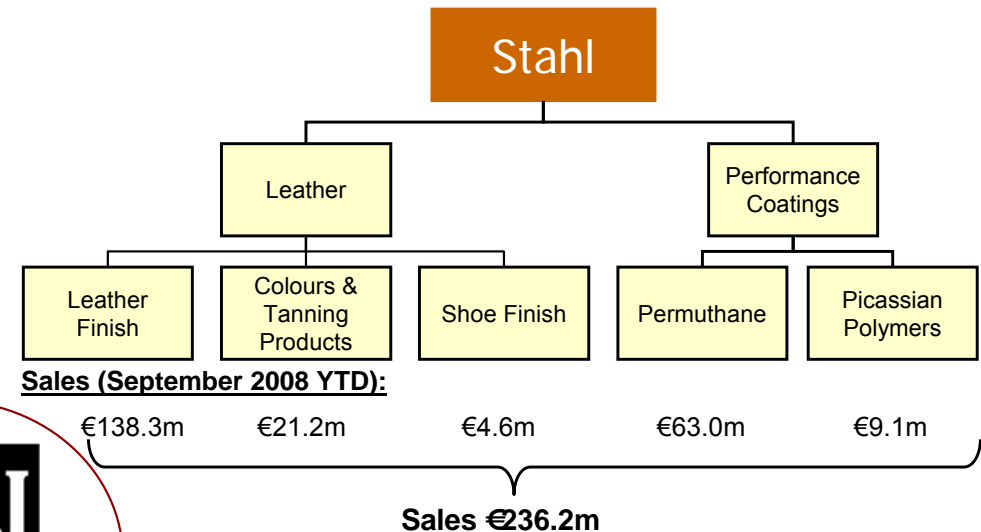


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Business Overview – Corporate profile



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



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

Key financial datas



<i>Millions of euros</i>	June 2007	June 2008	Change
Net sales	154.2	164.1	9.9
Adjusted operating income ⁽¹⁾	20	26	6
<i>% of net sales</i>	<i>13%</i>	16%	
Operating cash flow	15.8	14.3	(1.5)
Net financial debt	362	319	(43)

■ Strong H1 results

- ▶ Organic growth: +9% in the first half year
- ▶ Net financial debt reduction is mainly due to weaker dollar

■ Slow Q3

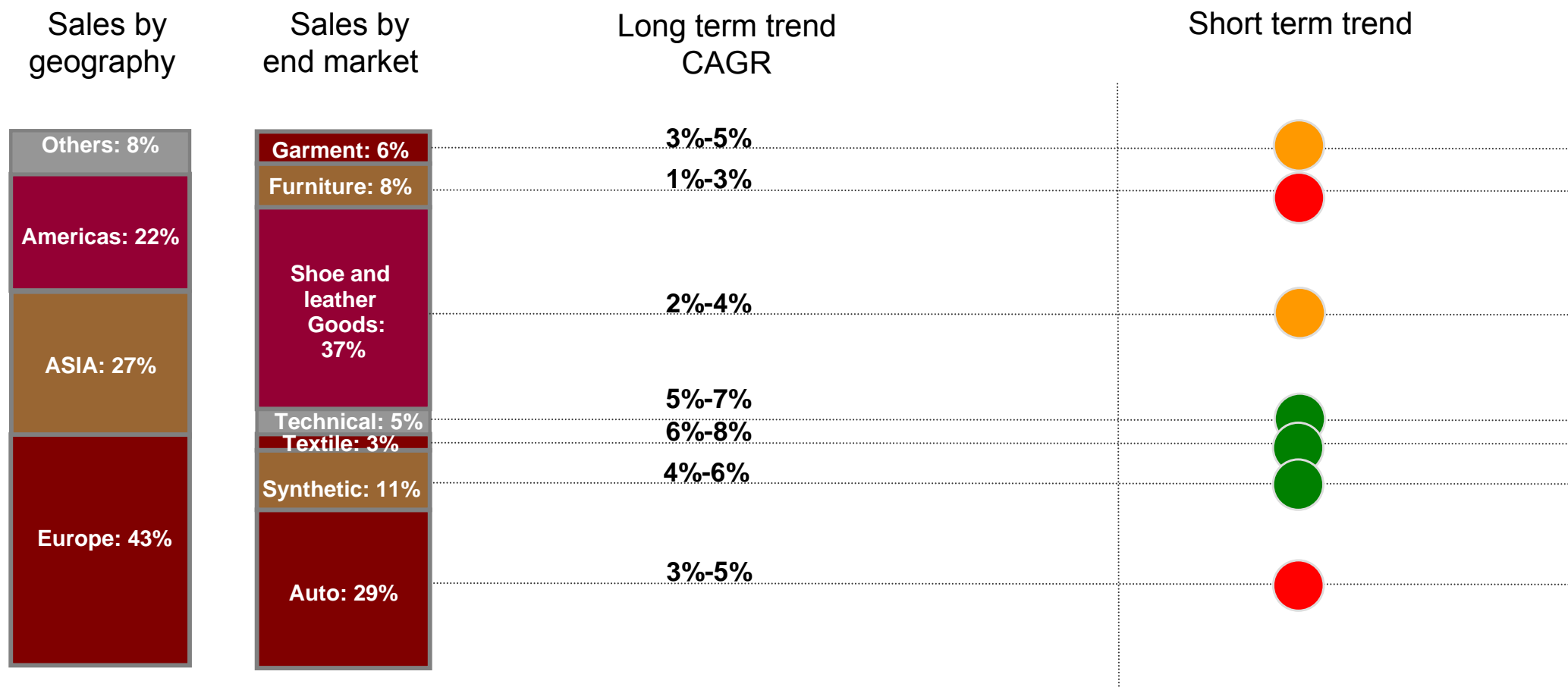
- ▶ General economic slowdown and contraction of some underlying markets
- ▶ Adjustment of cost base

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

- First half 2008 performance explained by:
 - ▶ Reorganisation in Q2 & Q3 2007
 - ▶ Successful New sales organisation
 - ▶ Cost cuttings in Q3 & Q4 2007
- In depth analysis of Chinese markets / reassessment of local go-to-market strategy
- Competitors with low single digit profitability when Stahl has double digit
 - ▶ Focus on weakest competitors clients and key talents

- Stahl is well positioned given its rationalized cost base and focuses on gain from the market recovery
- Long term growth:
 - ▶ Leather Finish: 2%-4%
 - Long term meat consumption expected to grow 2-3% per year
 - Declining hide quality driving increased need for leather finishing
 - Migration of leather production to low cost locations in Asia, Central Europe and Latin America largely completed
 - ▶ Performance coatings: 5%-10%
 - Underlying markets growth
 - Stahl innovation

Activities, end markets and growth prospects



- H2 key actions:
 - ▶ Opening of center of excellence
 - ▶ Potential for better capacity utilisation (currently 50%)
 - Sales growth delivers high margin growth
 - Value of the consolidation in the industry
 - LT plan for capacity adjustments
- More focus on customer (group) contribution / profitability optimisation
- Simplification of the organization
- Business re-engineering project

- Short term outlook is depressed due to current economic conditions
- Cost reduction action plan / Contingency plan
 - ▶ More than Eur 5M additional cost reduction
 - ▶ Product portfolio complexity reduction (30% by end of 2008)
- Working capital reduction action plan
- Sales:
 - ▶ Strong support from European fashion team to Chinese market
 - ▶ New C&TP business manager with strong drive to improve the business
- Price increase launched before summer 08
 - ▶ 10 M€ full year impact
 - ▶ Capacity to maintain price



Outperforming the industry with still a double digit profit level



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