



PRIVATE COMPANIES DAY

Tuesday, December 9, 2008



W E N D E L

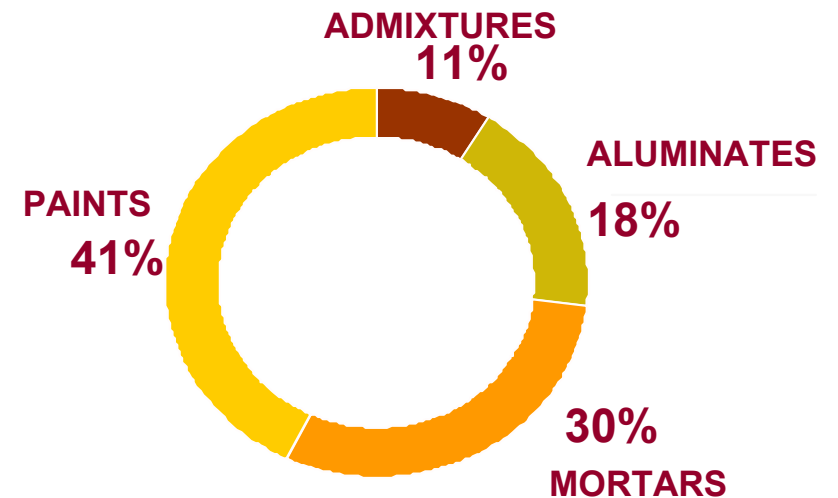
Business Overview – Corporate profile



A leading manufacturer of specialty products for the construction industry

- 4 divisions with a worldwide coverage
- 90 production sites
- 9000 employees
- A large spectrum of high value-added specialties

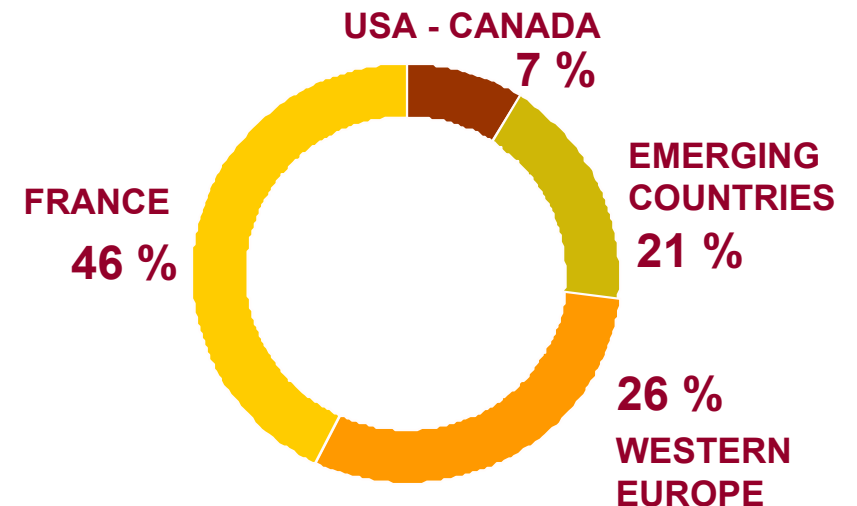
A diversified portfolio



Key strengths

- High local market shares
- Strong brands and customer loyalty
- Innovation providing more engineered products
- Proven track record of add-ons acquisitions
- Experienced management

Sales geography



	Market position	Key competitive advantage
Aluminates	Worldwide leader	<ul style="list-style-type: none"> • Only player with a true global market coverage (products and countries)
Admixtures	N° 3 in Europe N° 4 Worldwide N° 1 in France	<ul style="list-style-type: none"> • Innovative proprietary formulae • Close relationship with clients (co-development at the R&D stage, onsite dispensers, local support)
Paints	N° 3 in Europe N° 1 in France & Portugal N° 1 in Italy N° 3 in Spain	<ul style="list-style-type: none"> • Premium paints / brands • High density integrated distribution network
Mortars	N° 4 worldwide Co-leader in France N° 1 in Argentina and Australia N° 3 in Spain	<ul style="list-style-type: none"> • Positioning on high-value added products • High local market share

Key financial data

	June 2008	June 2007	Δ
Net sales	964	918	+5%
Adjusted operating income ⁽¹⁾ <i>% of net sales</i>	120 12.4%	124 13.5%	-3%
Net income from business sector	32.6	32.0	-
Net financial debt	1,793	1,779	+1%

- **Growth in sales: 5% / organic growth: 4%**
 - Stable Paints business in line with the market in France and Southern Europe
 - Sustained growth in the other divisions, sharp growth in emerging markets and robust European markets offsetting the slowdown in the USA and Spain
- **Sustained operating income at a strong level: €120 million**
 - Margin level broadly in line with FY2008 expectations as well as FY2007 margin thanks to the company's ability to pass on price increases to offset (in absolute value) increasing raw materials, energy and logistics costs
- **Net debt down €51 million** excluding **€65 million of acquisitions** over the last 12 months

(1) Before allocation of goodwill, management fees and non-recurring items

- ▶ Creation of a “thermal insulation” working group with Paints and Mortars divisions
 - ▶ “Grenelle de l’environnement” reinforces construction insulation requirements in France to reduce energy consumption and CO² emissions
 - ▶ Exterior Insulation Systems are the best solution for renovation of existing housing
 - ▶ Action plan on going to leverage Materis strong positions on façade markets

- ▶ Creation of a “construction chemicals” working group with Mortars and Admixtures divisions
 - ▶ Implement new developments in selected emerging countries
 - ▶ Develop high value specialty niches adjacent to Materis existing positions (waterproofing, concrete repair)

- ▶ Creation on January 1st 2008 of a Specialty Pole with Aluminates and Admixtures divisions
 - ▶ Launching of new products associating organic and mineral technologies
 - ▶ Development of alliances to integrate selected key technologies in new value added offers

- ▶ Creation of Materis “Innovation days”
 - ▶ For R&D and marketing managers from all Materis divisions
 - ▶ To generate more cross-fertilization and accelerate innovation process

- ▶ **More difficult economic environment**
 - ▶ Lower volumes in new construction in mature markets
 - ▶ Weaker renovation
 - ▶ However strong resilience to date (3% organic growth) due to emerging markets exposure, balanced portfolio, pricing power and product mix improvements
- ▶ **Partly offset by recent decline in interest rates**
- ▶ **Exercise of the option in our financing agreements to capitalize part of the interest on subordinated debt to lighten cash interest**

- ▶ **Successful asset disposal programme**
 - ▶ Grey mortars plant in Brazil
 - ▶ Non-operational land in the UK
 - ▶ Sale and leaseback of commercial real estate in France

- ▶ **Significant price increases** in all business units

- ▶ **Cost reduction measures (€25m p.a.)**
 - ▶ Optimisation of industrial processes (reformulations)
 - ▶ Adaptation of headcount
 - ▶ Wage freeze and reduction of top executive bonuses
 - ▶ Reduction of G&A expenses (travel, promotion, etc)

- ▶ **Strict monitoring of working capital**
(bad debt/collection, inventories) and capex



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