



W E N D E L

SHAREHOLDERS' MEETING – 02.07.2020

Executive Board's answers to the Shareholders' written questions

Questions from Active Ownership Capital S.à.r.l

« We are small shareholders of the Wendel Group at the moment, but are convinced of the attractiveness of Wendel's portfolio. In particular, Wendel's heritage in long-term value creation and entrepreneurial attitude strongly resonates with our core investment philosophy as investment firm ourselves as well as shareholders. We hope our questions can contribute to an insightful dialogue about the long-term strategic direction and we would appreciate if those are answered on the AGM.»

1. *« IHS valuation changes: We remain impressed by the operational performance of IHS and agree with management on its attractive long-term prospects. We understand you changed IHS' valuation methodology twice over the last 6 months and the premium to emerging market peers which was previously applied vanished. Numerically, HSBC estimates that these changes have reduced the NAV by €18 per share. Could you elaborate on the reasons for this decision? Can you also describe what policy on peer group valuation you will apply going forward for IHS? »*

Wendel: We have not changed our valuation method for IHS or any other asset in our portfolio and we have adhered to every aspect of our NAV valuation methodology as described on page 317 of Wendel's Universal Registration Document.

Our April 30 2020 press release indicated the following : « With regard to IHS Towers, the weighting of peer sample is now 100%-based on emerging markets comparable companies in order to account for current heightened concerns by stock market investors for emerging market risks ».

Our approach is based on stock market multiples and for each company we use a basket of broadly comparable companies in terms of business model, geography, macroeconomic exposure and risk profile. The recent crisis has impacted tower companies to varying degrees and multiples of US and European companies have significantly diverged from those of emerging markets players. IHS is solely exposed to emerging markets and we have deemed it reasonable to now use a 100% weighting of emerging market comparables.

2. *« IHS valuation approach: In our view, IHS should demand a premium to emerging market players due to its higher-quality nature. Especially the Chinese and Indian peers are less comparable as they are not fully independent limiting their commercial strength. Do you share this view and, if so, can you describe why you haven't reflected that in your valuation?_»*

Wendel: We agree that IHS is a high quality company. Nevertheless, our NAV methodology does not generally allow for quality premia relative to comparable companies.

3. « Private equity strategy: Given that you are closing down the London and Casablanca offices, could you provide the background around this decision? Has there been any change to the long-term strategy of the Wendel private equity operation or can we expect you to retain the targeted pace of doing deals, the deployed investment sizes and the type of investment (company stage, size, valuation discipline)? »

Wendel: For the foreseeable future, we plan to continue to position Wendel's portfolio towards markets which exhibit sustained growth and to operate more efficiently. This will lead us to regroup our teams in three offices Paris, New York and Luxembourg and to pursue new investment opportunities in Europe and in North America in a disciplined manner (we already said previously that we do not have targets, i.e. no specific investment envelopes). We have no firm target for deployment. Individual deal size should generally fall in the range which we indicated previously, other than for Wendel Lab.

4. « Management alignment: We understand that the previous management team was strongly engaged via own shareholdings and through carry investments. This seems to be less the case in the current leadership team. Could you outline the reasons for the changes in incentive structure and how aligned management interests are with its shareholders? »

Wendel: Wendel's management team is aligned with shareholders through the Wendel share price via our LTIP (stock options and performance shares). Our professionals also co-invest in unlisted portfolio companies through specially designed programs. This situation has not changed from past practice although our management board is more incentivized via LTIP and thus better aligned with shareholders. Details are provided in our Universal Registration Document, page 343.

5. « Group structure: we appreciate that Bureau Veritas has been an outstanding investment for Wendel for many years. However looking forward, to what extent do you think it creates concentration risk for Wendel shareholders and enlarges the NAV discount due to an imbalanced hybrid portfolio of public and private investments? What is your investment case to further hold onto it rather than monetizing or distributing it to the shareholders? »

Wendel: Roughly 40% of our Gross Assets are comprised of unlisted shares, while another 40% is invested in listed shares. The balance is in cash or cash equivalents. Over the long term we intend to build a portfolio of approximately 10 companies, split 50/50 between listed and unlisted securities. Regarding Bureau Veritas (« BV »), we concur that the company is a high quality business with leadership positions. Wendel controls BV and this explains why our stake accounts for such an important share of our NAV. Our investment thesis rest upon BV multiple profitable growth opportunities, its cash generation and consolidation opportunities through acquisitions of smaller players.

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