

Stahl

Investor Day 2019



W E N D E L



€211m

equity invested since 2006⁽¹⁾

€341m

paid to Wendel in dividends and
loan repayments

67.5%

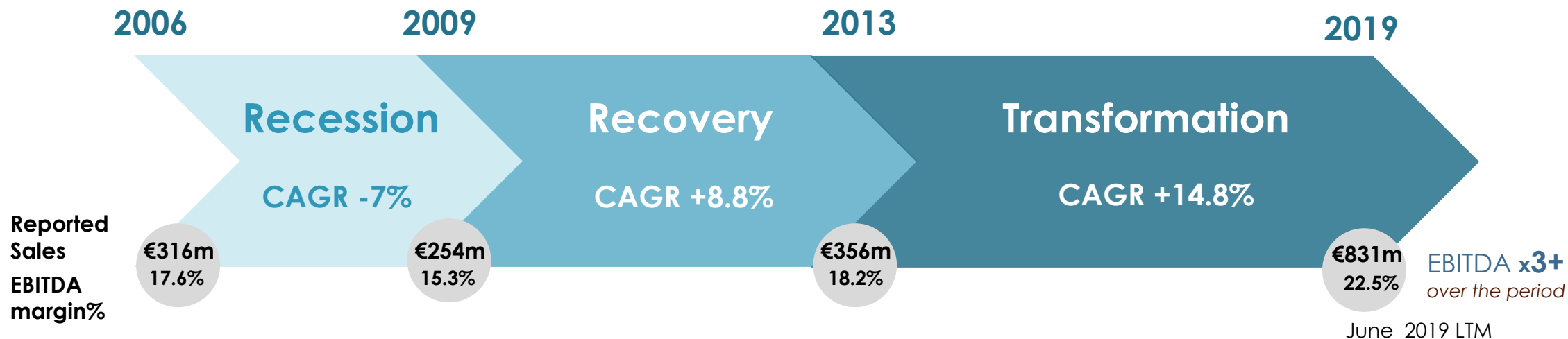
equity stake

**A leader in specialty chemicals
for leather products & services
& high-performance coatings**

- **Consolidator in its market**
- **Outstanding cash flow generation...**
- **... enabling external growth financing
or, dividend payment**
- **Current challenging market conditions,
but margin maintained thanks to strong
management focus**

(1) Amount of equity invested by Wendel as of September 30, 2019

Stahl's transformation story



Wendel invests €80m for 49%

Management change

Wendel reinvests €60m in Stahl and becomes controlling shareholder with 92%

Renegotiation of debt with €159m debt written-off

Acquisitions of Clariant Leather Services & BASF Leather Chemicals

€291m of cumulated dividends paid to Wendel in 2016/2017

Acquisition of a 4.8% additional stake from Clariant for €50m

— Huub van Beijeren – CEO of Stahl



Huub van Beijeren has been Stahl's Chief Executive Officer since 2007.

He has led the company through the financial crisis and succeeded **in making Stahl the world market leader in surface treatment and coating solutions for a wide variety of materials.**

Huub has **broad experience** in a variety of international manufacturing industries, **in public companies and in the private equity world.**

Prior to Stahl, he was Director of the Paper and Packaging Industry of DS Smith plc. and at British VITA plc., a polymer manufacturer. Huub holds a Bachelor degree in Law from the University of Utrecht and a MSc in Company Law from the University of Leiden, The Netherlands.

In 2016, Huub van Beijeren received Honorary Doctorate from University of Northampton, UK.

— Michael Costello – Director of Sustainability



Michael Costello is Stahl's Director of Sustainability since October 2015. Stahl strongly believes in taking a leading role in achieving a more transparent and sustainable supply chain by stimulating cooperation between its stakeholders.

In his position, **Michael plays a vital role in integrating sustainability into Stahl's corporate strategy. He works closely together with all departments within Stahl to ensure sustainable innovations and other related initiatives are on the daily agenda of his colleagues.**

Michael is a member of the Executive Committee of the Leather Working Group.

Michael has a broad experience in the chemical industry in a variety of positions. In 1988, he joined Stahl USA as a process chemist and later occupied a variety of commercial positions in coatings and polymers segments.

Michael holds a BSc in Chemistry from The University College, Dublin, Ireland, and an MBA from the University of Massachusetts, Boston.

Stahl – Company Overview

Huub van Beijeren

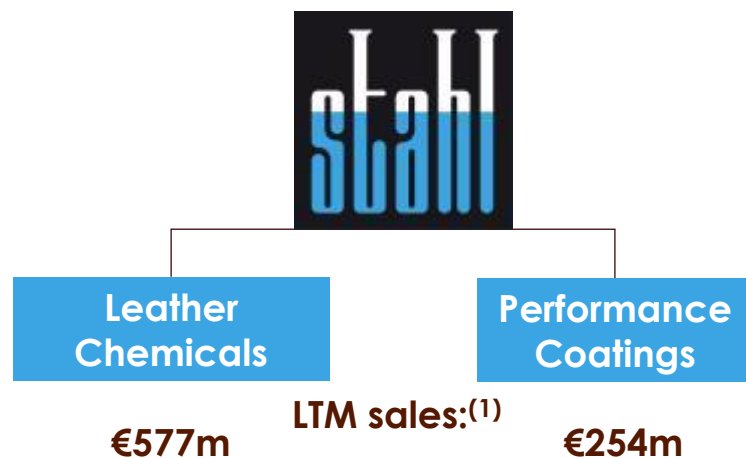


W E N D E L

Stahl is the world market leader in surface treatment and coating solutions for flexible materials:

#1 in leather process chemicals

Leader in high growth performance coatings



€831m LTM sales⁽¹⁾

€187m LTM EBITDA⁽¹⁾ & 22.5% Margin

>85% cash conversion ratio⁽²⁾

~1,900 people over 41 locations of whom 600 « Golden Hands »

Focus on EBITDA & cash flows

Strong R&D to develop future proof solutions

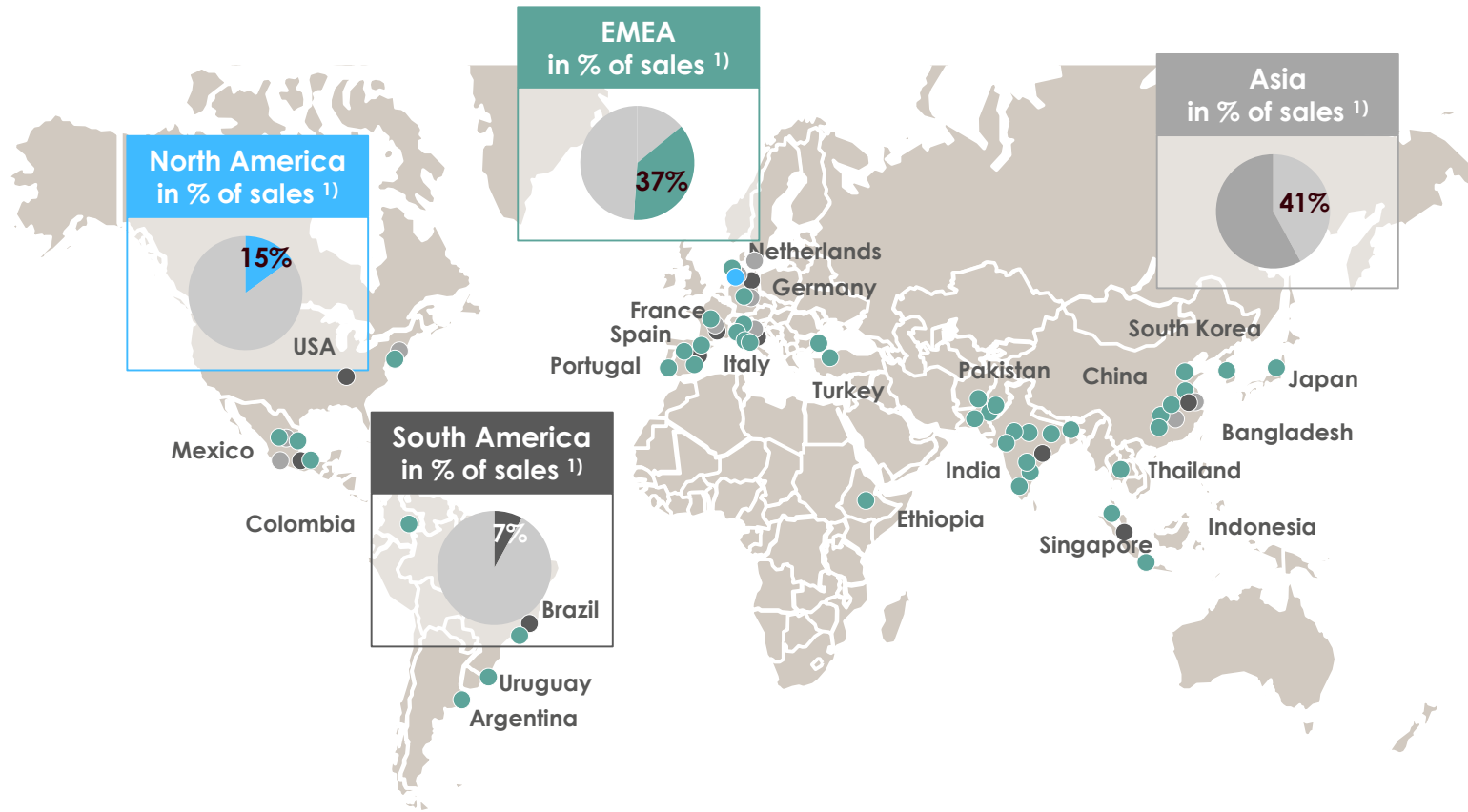
Sustainability at the core of strategy

Proven track record in generating synergies through bolt-on acquisitions

(1) Based on June-19 Last Twelve Months (LTM) results

(2) Cash Flow from Operations (ul) / EBITDA (ul)

— Truly global footprint to capture market trends



- 5 out of 11 manufacturing plants located in emerging markets to optimally capture growth opportunities in the world's major leather centers
- Regional setup required to:
 - Shorten lead times
 - Increase flexibility
 - Improve customers service

- **1** Headquarter (Waalwijk, Netherlands)
- **11** Manufacturing Plants
- **38** Application Centers/Laboratories and 6 Sales Offices
- **11** Centers of Excellence

— Strategic Pillars



Sustainability and Corporate Responsibility

- Maximize environmental protection through transparency and innovation
- Creating responsible chemistry for a better future



Strong customer focus

- Increase direct relationships with end-customers
- Benefit from our sustainability leadership position



Accelerate growth of Performance Coatings

- Ongoing organic growth in Performance Coatings
- Leverage natural hedge with leather activity



Further consolidate leading position in Leather Chemicals

- Leverage on strong positioning across our segments
- Continuously improve proven business model (innovation – high quality solutions – best in class technical service)

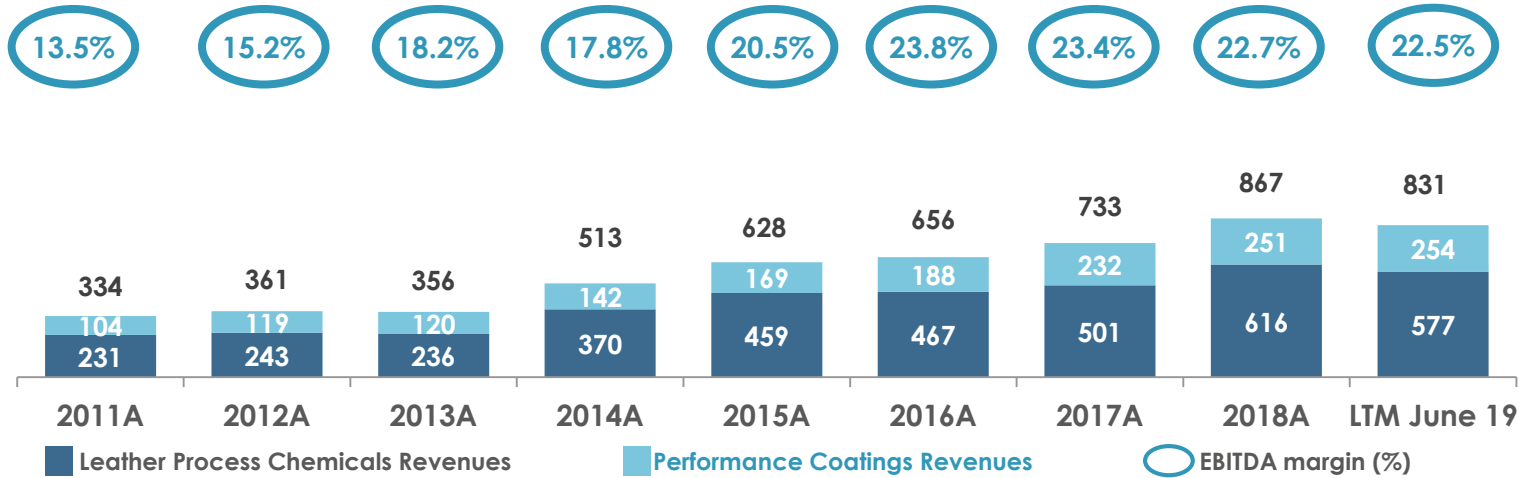


Further expand through acquisitions

- Ongoing scanning of the market for potential candidates
- Focus on specialty sectors with high margins and innovative technology
- Clear synergy potential is key

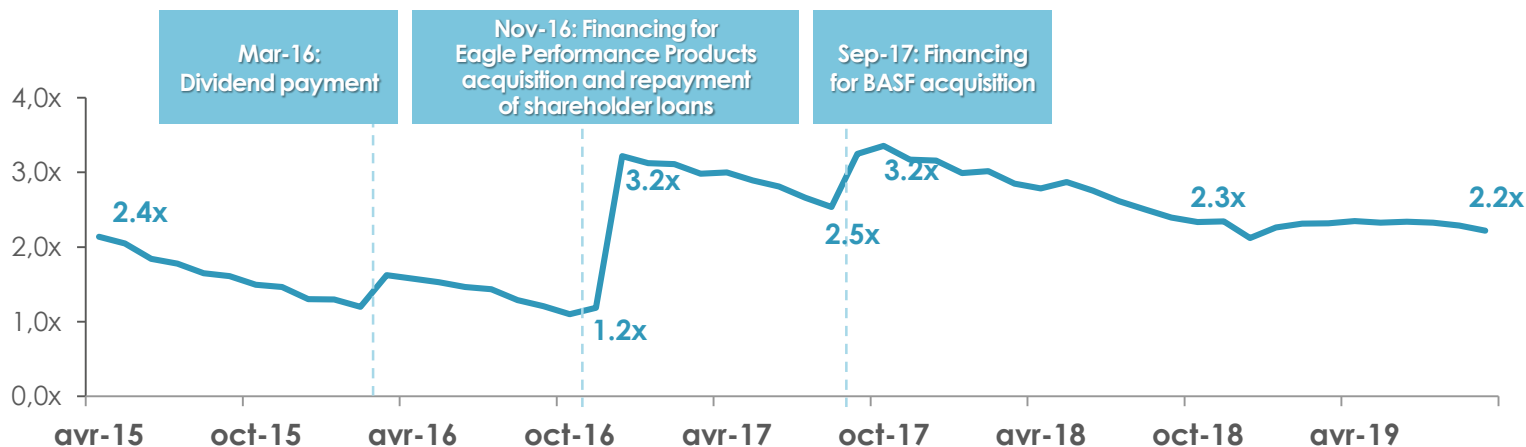
Strong financial track record

Consistently Strong Financial Performance with Healthy Margins (EURm)



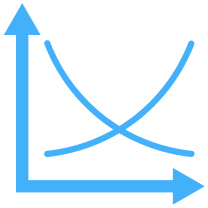
- Current tough market circumstances led to a temporary halt of strong sales growth in the past
- Maintained EBITDA margin % in spite of lower sales

Consistent and strong Deleveraging



- Healthy deleveraging profile thanks to low capex requirements and high cash conversion levels

— Managing a company in a challenging economic environment...



Macroeconomic environments are challenging, translating into soft end-market demand

- Weak end-market demand and volumes especially in the auto and shoe industry
- Overall macro-economic weakness in China linked to trade war
- Slowdown in global GDP, industrial and chemical production



Topline decline partially offset by

- Strict gross margin management
- Fast implementation of cost-cutting measures on top of synergies resulting from the acquisition of BASF Leather Chemicals
- Strong FTE reduction of 189 ⁽¹⁾ throughout the company
- Closure of 2 plants in 2019, with production moved to other Stahl plants
- As a result, fixed costs LTM September 2019 >EUR 30m lower compared to 2017

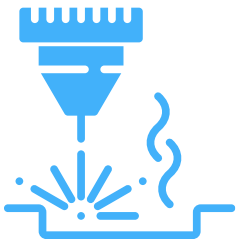
— ... & Stahl's vision for the future

Market outlook:



- Meat demand continues to grow, slaughter rate will increase
- Luxury segment growing and demanding more reliable, sustainable and high performance leather
- Performance Coatings remains organic growth engine (Coatings for Synthetic, Fabrics as well as Films and Papers expected to grow)
- Higher demand for water-based polyurethanes will stimulate further sales in Performance Coatings
- End-user is becoming more critical; drive toward more sustainable products will positively influence the sales of Stahl, also pushed by rising demand for cleaner process (legislation)

Stahl's initiatives for future sales growth:



- Focus on The Stahl Sustainability Standards: Raw materials, Responsible operations, Trusted partnerships, Innovative solutions and People & Society
- Foster and grow market leadership by:
 - Continuous development of new products
 - Take market share from competitors who are in a more difficult situation (financial, product development, sustainability) than Stahl
 - Benefit further from strong relationships with big brands and leading technology companies
 - Strong R&D pipeline and joint development programs

With these initiatives, Stahl strongly believes it can turn current sales decline into a sales growth



Stahl's sustainability initiative has accelerated since 2012

- Dedicated Sustainability Director and team ensuring sustainability is embedded throughout the organization
- Investing in special sustainability projects and collaborations with NGO's to improve industry practices
- Dedicated green chemistry team to improve overall environmental impact of our technologies



Our sustainability initiatives pay off:

- Contribute to a better world and a better future for Stahl
- Extra boost for R&D and innovation
- Opening new opportunities from clients (direct and indirect) for Stahl
- Better visibility for potential new partners (suppliers, universities, M&A)
- More attractive employer

Stahl – Sustainability policy

Michael Costello – Director of Sustainability



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— Sustainability & Corporate Social Responsibility

Stahl Vision

- A transparent supply chain that continuously reduces its environmental and social footprint

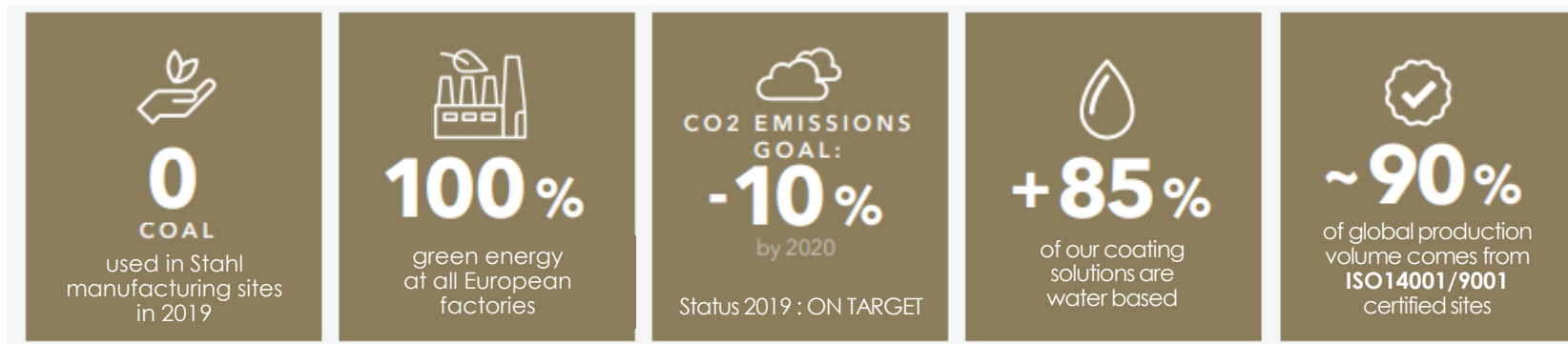
Strategy

- Alignment with the 17 UN Sustainable Development Goals
- Drive initiatives that promote transparency throughout the supply chain
- Invest in technology that reduces environmental footprint
- Educate the industry on sustainability and CSR
- Global standards for ESG reporting



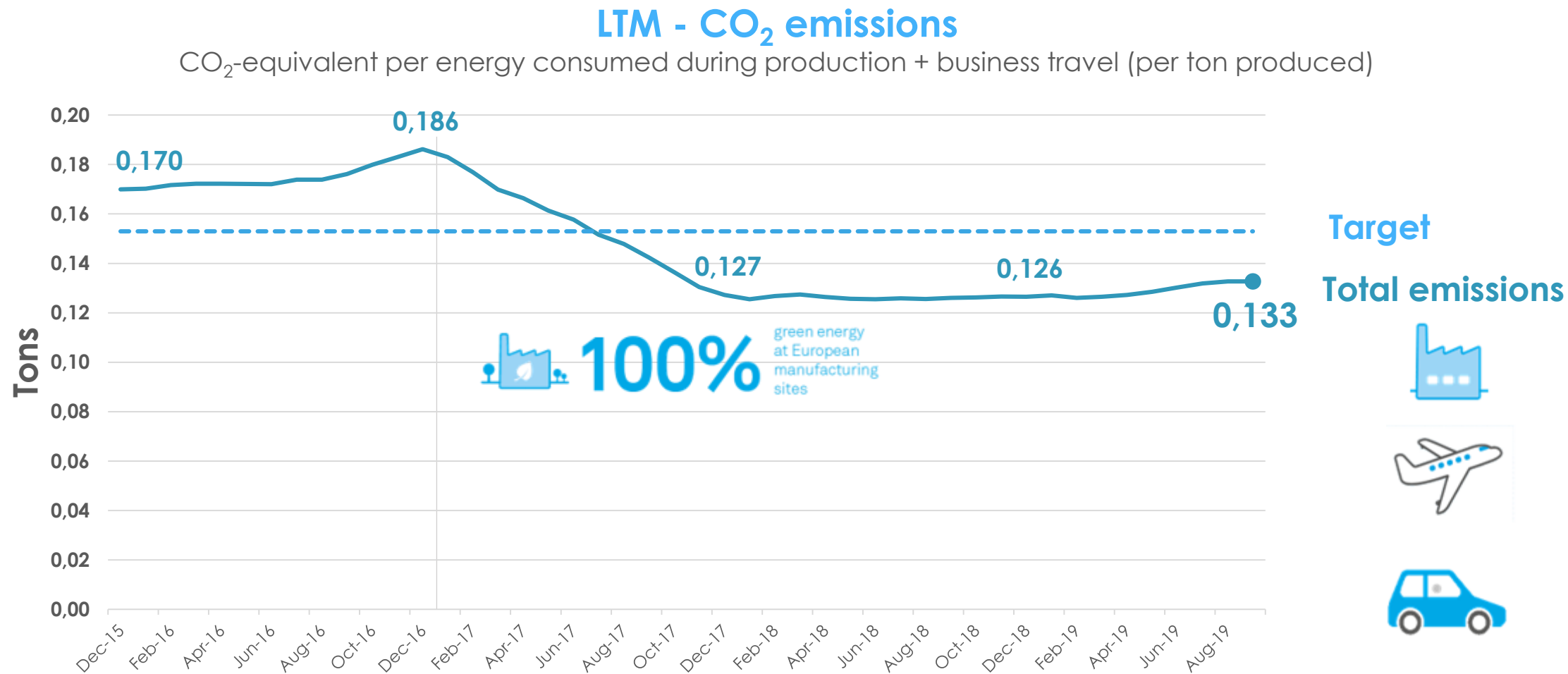
— Sustainability & Corporate Responsibility – Governance & commitment

- **Sustainability represents a significant opportunity, to gain competitive advantage and to drive operational excellence that creates sustainable value**
- Sustainability and Corporate Social Responsibility (CSR) **plays an important role to Stahl's executive management team**, which meets quarterly and sets the Company strategy
- Stahl is subject to (inter)national laws and regulations and industry initiatives and **has advanced its global coordination and reporting** since 2013.
- The **protection of health and safety of people and the preservation of the environment** is Stahl's highest priority. Stahl has defined a Zero Tolerance Policy for unsafe behavior.
- Environmental footprint: Stahl is continuously **upgrading its production sites and laboratory facilities in order to achieve energy, waste and water efficiencies** and to reduce its environmental footprint



CO₂ emissions - below target

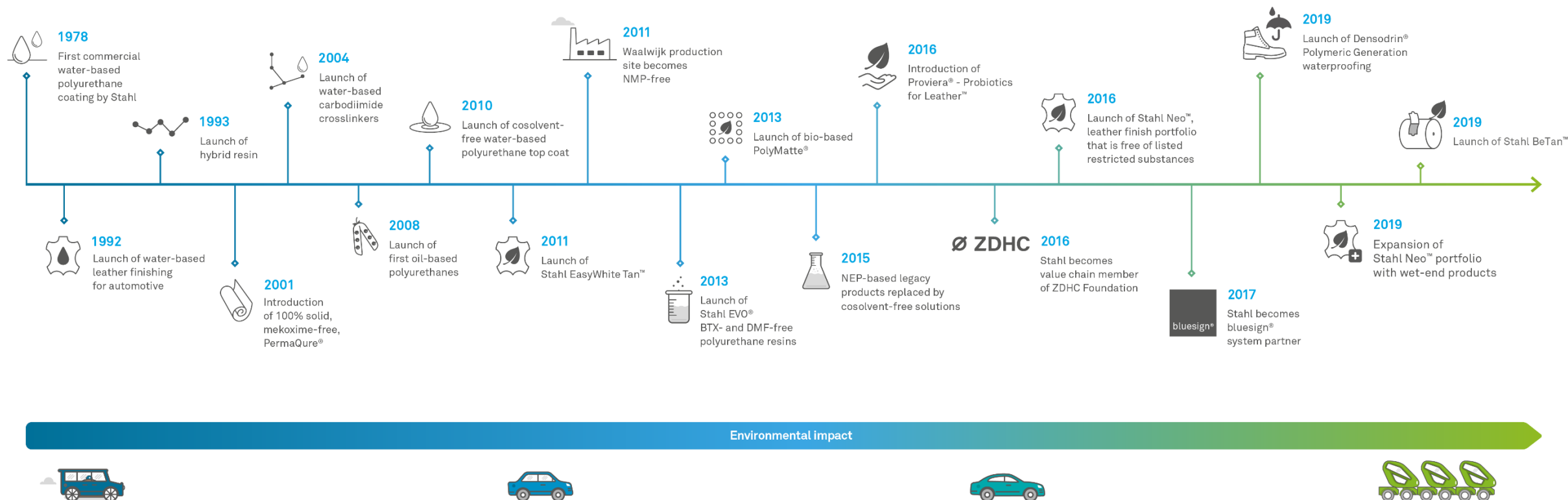
Benchmarked vs life-science industry leaders



Stahl's continuous commitment to Responsible Chemistry

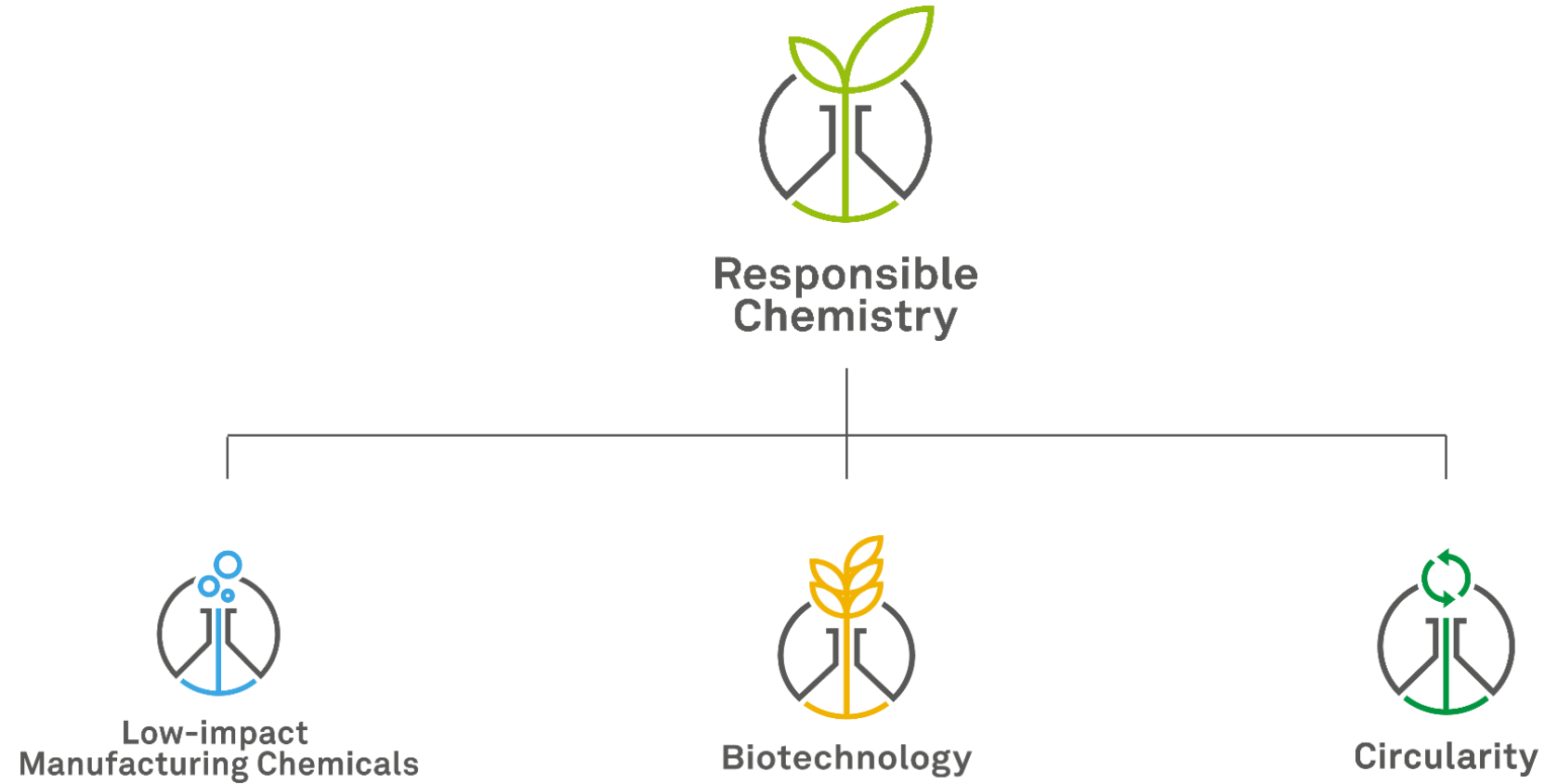


Responsible
Chemistry



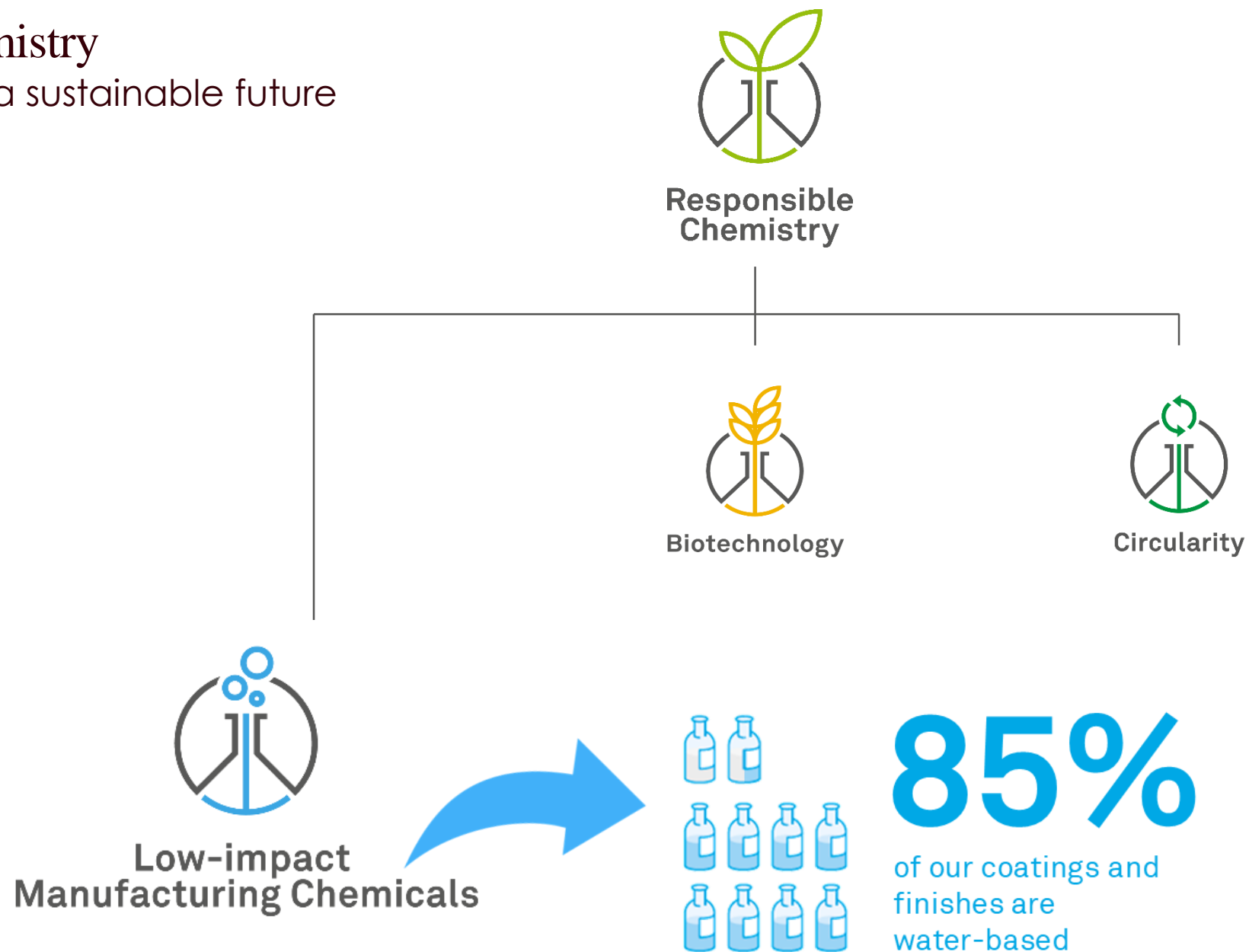
Responsible Chemistry

Paving the way to a sustainable future



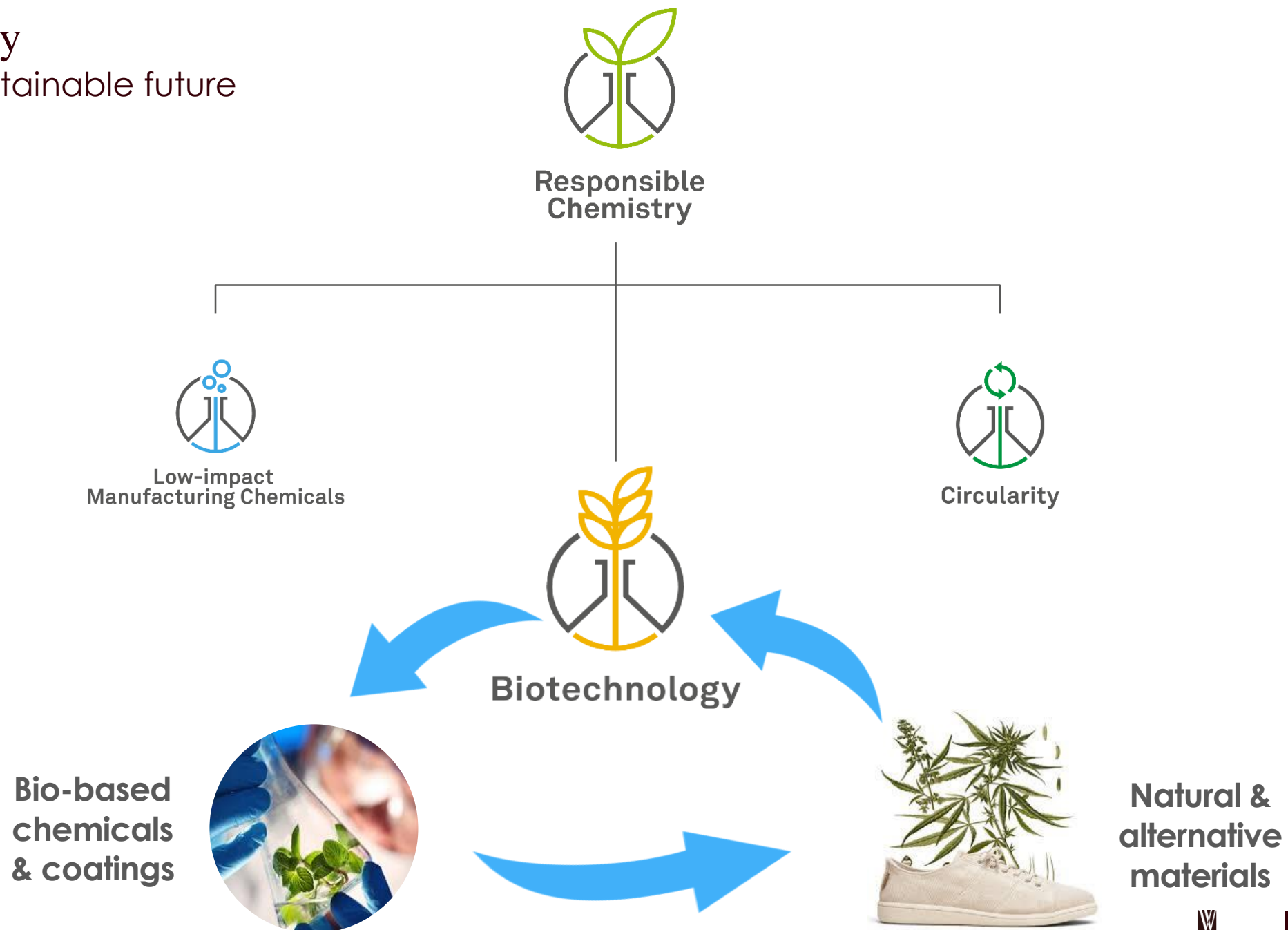
Responsible Chemistry

Paving the way to a sustainable future



Responsible Chemistry

Paving the way to a sustainable future



— Representative example(s) of how ESG/CSR creates sustainable value for all stakeholders



Industry governance

No other chemical competitor has invested as much in the promotion of responsible practices in the supply chain (eg: LWG, ZDHC, Life Cycle Analysis) via structured teaching (Stahl Campus) or by representing the industry in global initiatives.



Zero Discharge

Stahl was the first chemical company in our sphere to be a member of ZDHC (Zero Discharge of Hazardous Chemicals). The competitors followed & the initiative has been a success because of the high chemical industry engagement.



Brand engagement

Leading brands come to Stahl first for advice and knowledge on sustainability best practices, technology and restricted substances.



Alternative materials

Start-ups are approaching Stahl for the latest sustainable technology in developing alternative and traditional materials. Stahl is uniquely positioned to take advantage of innovations in new materials development. None of our competitors can match the depth and breadth of knowledge and technology in this sphere

Representative example(s) of how ESG/CSR creates sustainable value for all stakeholders

Stahl
14,498 followers
5mo

Globally, our Stahl Centers of Excellence offer places for cooperation, sharing knowledge and creating cutting edge innovation. Find out, how this stimulates transparency in our supply chain. [#centerofexcellence](#) [#stahl](#) [#responsiblechemistry](#)



because we believe that the combination of market knowledge and...

141 · 3 Comments

Like Comment Top Comments

Add a comment...


Arijit Misra · 1st
Dream is not what you see in sleep dream is something that doesn't let y... 4mo ...
This is why Stahl is the company of excellence today
2 Likes

Margaret Soares RENG · 2nd
Director of Continuous Improvement at Canadian General Tower Ltd (CGT) 4mo ...
Had an opportunity to be part of stahl campus with my team. Wonderful learning environment!
1 Like · 1 Reply

Stahl
14,498 followers
4mo ...
Glad to hear that you had a valuable experience!

Stahl
14,497 followers
3mo ·

"Stahl is a very modern and sustainable concern" was the reaction of these two students of the Fundació Collserola School in Barcelona. They visited our Stahl Campus® for a project on sustainability and were surprised about our ef ...see more



Campus Stahl
stahl.com

77 · 2 Comments

Like Comment Top Comments


Add a comment...

Gustavo Gonzalez-Quijano · 2nd
COTANCE-European Leather Association 3mo ...
Stahl is indeed a forward-looking concern, and this openness towards the [#younger](#) generation is again proof of it. The [#leather](#) industry needs to widely open its doors and show to the [#people](#) what we do. Reactions like the one received by our colleagues from Stahl are super beautiful and fill us all with pride.
2 Likes

Benjamin MALATRAIT
CEO de ICTYOS 3mo ...
More that interesting! It is a priority concern! Looking forward more green products! Thank you Stahl's team!

Stahl
14,497 followers
1mo · Edited

During the 6th annual European Biotech week, we will tell you about our latest efforts in creating chemistry based on renewable resources. Biotechnology is a core aspect of the overall focus at Stahl on Responsible chemistry. [#GBW2019](#) [#biotechweek](#) [#biotechnology](#) [#responsiblechemistry](#)



Biotechnology for sustainable product development
stahl.com

52 · 2 Comments

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Add a comment...

Aayaj Saho
Business Analyst 1mo ...
Exhaustive Research on Global Renewable Chemicals Market 2019 with Industry Share, Growth, Trends, Size and Forecast 2025
Get Sample Copy of this Report @ <http://bit.ly/2IBAaXR>
This report focuses on Renewable Chemicals volume and value ...see more

Tom Bley · 2nd
Leather Industry 1mo ...
Great news. Stahl leads in responsible chemistry and sustainability.

— Stahl Campus®

Educating the industry on responsible chemistry



- Promoting good practices and transparency
- Global cooperation with universities
- Training all kinds of stakeholders
- 780 people trained in Stahl Campus® yearly

Key takeaways

Huub van Beijeren



W E N D E L

— Key takeaways



EBITDA from €45m in 2011 to €187m⁽¹⁾ due to organic growth and successful acquisitions



Clariant Leather Services and BASF Leather Chemicals transactions have delivered significant synergies



Fast implementation of cost-cutting measures as a result of current tough market circumstances



Strong relationships and product development help to grow topline again



With the Responsible Chemistry policy, Stahl commits to filling its product and services portfolio with technology that reduces the environmental impact associated with their manufacture and final use



Stahl is uniquely positioned to take advantage of innovations in new materials development

(1) Based on June-19 Last Twelve Months (LTM) results