

# Stahl

2022 Investor Day



WENDEL

*Investing for the long term*

2022





**€221m**

equity invested since 2006

**€341m**

paid to Wendel in dividends  
and loan repayments

**67.8%**

equity stake

**The global leader in specialty formulations for coatings and surface treatments with a distinctive focus on innovation and sustainability**

- A successful growth story, notably through market consolidation
- A global player with leading positions across all its end-markets and geographies
- At the forefront of ESG innovation with unmatched R&D capabilities, strong sustainability goals and best-in-class ratings
- Proven ability to protect margins coupled with highly cash generative business model

## — Maarten Heijbroek, CEO of Stahl



**Maarten** is in his second year as **Chief Executive Officer** at **Stahl**.

He has delivered **solid financial performance** in his first year whilst defining a **new strategic** direction for Stahl

Prior to Stahl he worked at **Croda International for 16 years**, was on their Executive Committee member for almost 10 years and established an **excellent track record for both financial and strategic transformations**.

Maarten has **broad international experience** having worked and lived in several countries in Europe, North-America and Asia and has **run businesses in a variety of markets** like polymers, coatings, cosmetics, lubricants and textiles.

Maarten holds an **MSc in Chemistry** from the University of Leiden and an **MBA** from the Rotterdam School of Management.



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# Stahl at a glance

The global leader in specialty coatings & surface treatments for flexible materials

**Distinctive focus on innovation and sustainability**

**€831m**

sales in 2021

**21.6%**

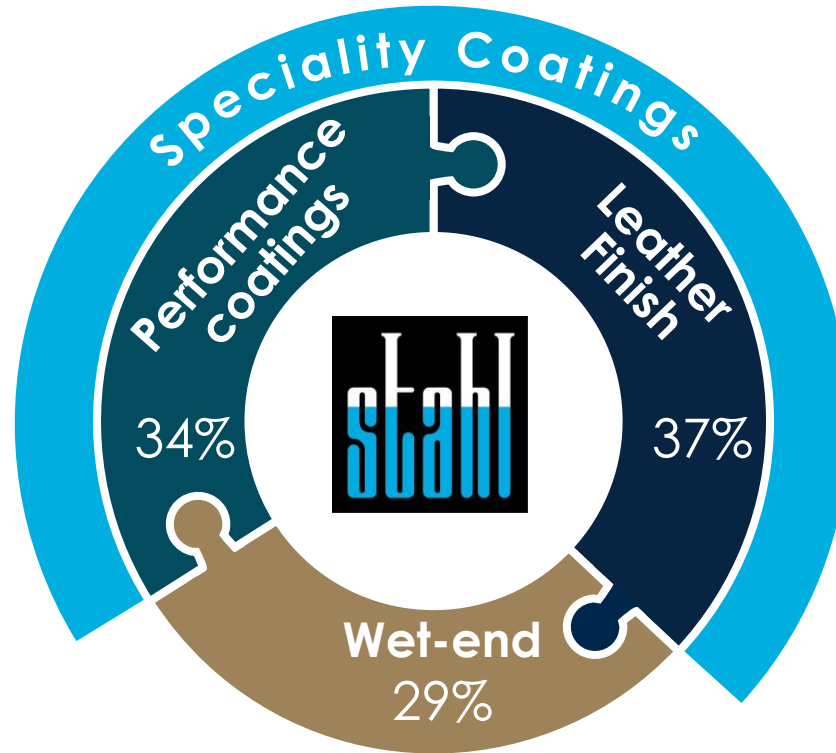
EBITDA margin

**Enhancing the properties of everyday materials,** like footwear, car interiors, clothing and home furnishing...

... making them last longer, feel softer, scratch & chemical resistant, **and increasingly more sustainable**

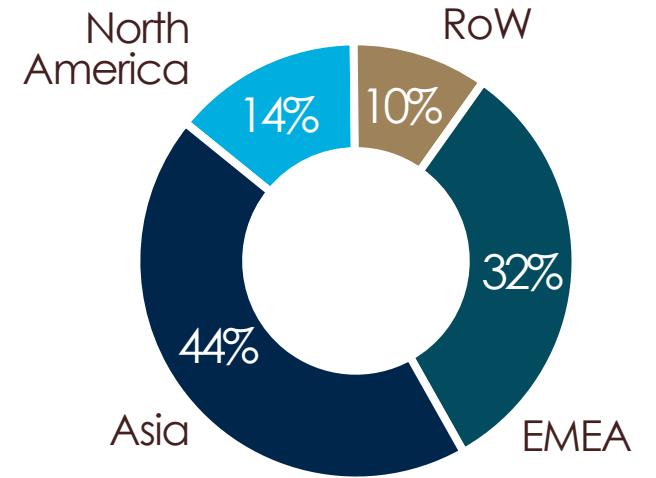
## Sales by business

in 2021



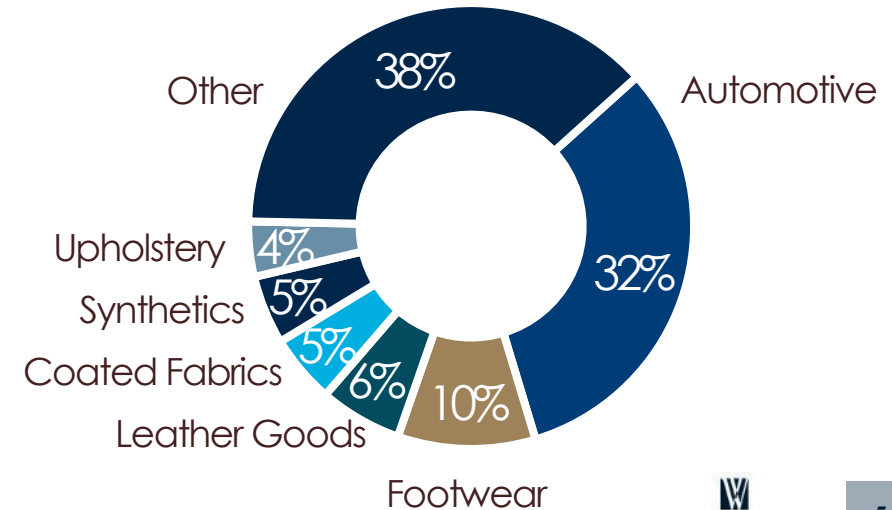
## Sales by region

in 2021

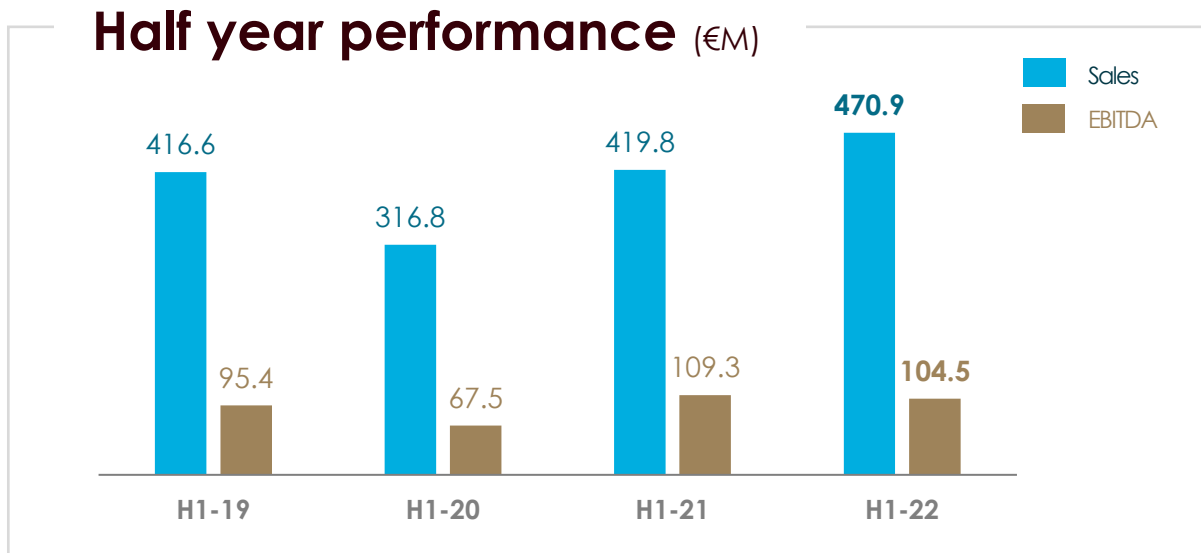
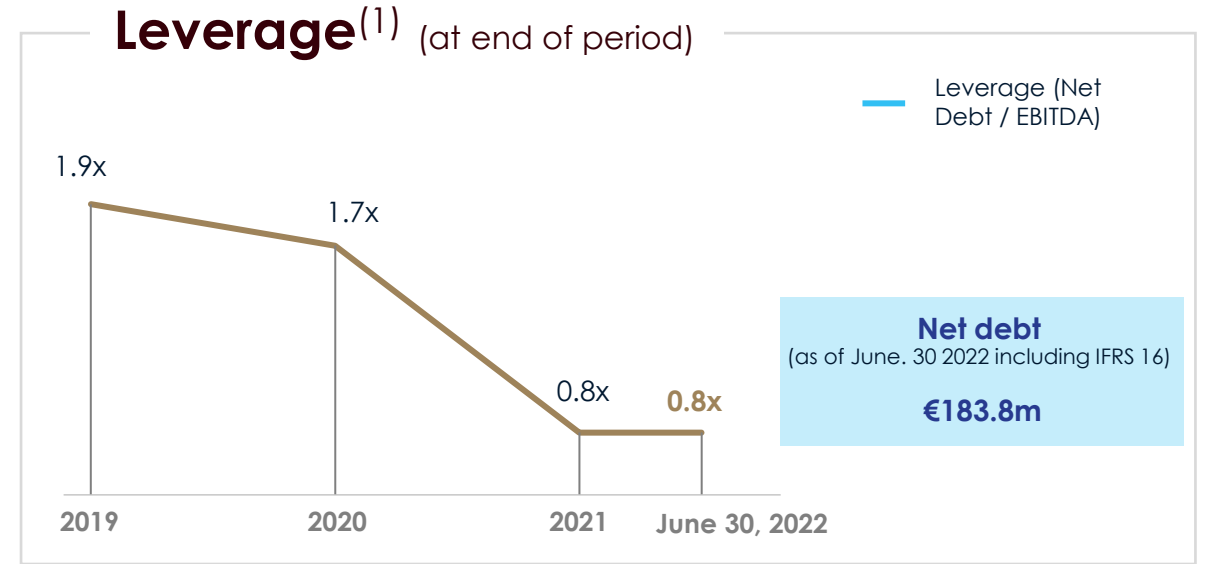
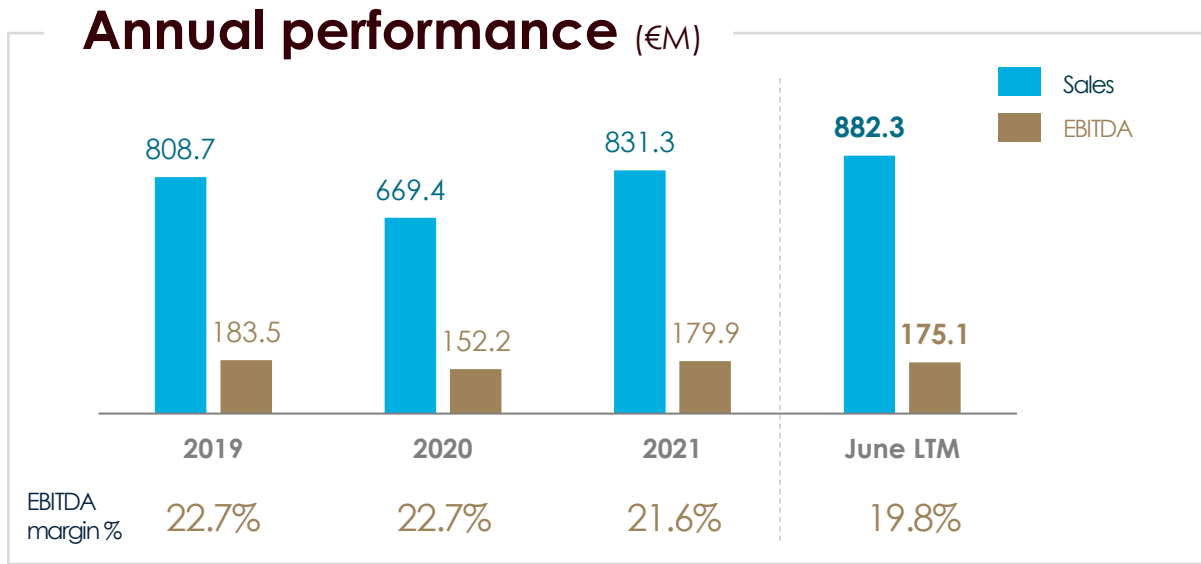


## Sales by end markets

in 2021



# Strong performance despite inflationary pressure



- 9M2022 activity above expectations, with a strong growth in Coatings and Leather.
- Growth largely driven by price/mix effects, with a positive contribution from FX, as volumes declined due to (i) slowdown in certain end-markets, (ii) China lockdowns, and (iii) continued supply disruptions in automotive.
- Across all segments, price increases were successfully implemented to mitigate the strong impact of rising input costs.
- Strong cash generation, ~80% on average<sup>(2)</sup>, resulting in net debt reduced to a historically low level.

EBITDA before goodwill allocation entries, management fees and non-recurring items. EBITDA is post IFRS 16 impacts.  
 (1) As per financing documentation. (2) Free cash flow conversion rate: (Adjusted EBITDA-CAPEX-Working capital)/ Adjusted EBITDA

# What is Stahl today ?

Stahl addresses **attractive markets with positive growth trends**

**Undisputed leading positions** in select end-markets protected by high barriers to entry

Exposure to **diversified end-markets and geographies** with strong focus on **premium/luxury applications**

**Efficient and asset-light production model** with an optimized geographical footprint

High customer intimacy is driving **proven innovation model**

**Recognised ESG leader** well ahead of environmental legislation

**Highly cash generative** business model and deleveraging profile



## CEO vision – Medium term plan

Further expansion of our core **Specialty Coatings franchise** is the **central pillar** in our new **strategic plan**

Offering **high performing surface technology** for **different types of flexible materials**

Increasing levels of **premiumization & specialization**

**ESG driving our innovation and portfolio development**

- Enhanced renewable carbon content
- Water based formulations



# — What will make us stand out in the market

To support our strategy, we continue to develop our differentiating competencies and professionalize our company through:

- **Deep levels of (technical) customer intimacy**
- **Accelerated Innovation**
- **Targeted specialty coatings acquisitions**
- **Further development of our geographical footprint**
- **Attraction and retention of (technical talent)**
- **Enhanced ESG Leadership**

We strive to remain the most agile company in our industry in an ever more unpredictable and faster changing world.



# — Stahl is the clear ESG leader in its industry



## ESG leader

What are customers looking for?



Suppliers who can help them **mitigate** their products' **environmental impact** whilst maintaining strict performance requirements



Suppliers with full **supply chain transparency** data to support sustainability claim substantiation

## Stahl's ESG Leadership

- **EcoVadis Platinum** is awarded to the top 1% of the 90k assessed companies in the world
- Stahl has a **very public and transparent commitment to ESG** with information accessible through annual reporting
- Stahl is **actively engaged with customers to educate on ESG topics** such as Life Cycle Assessment<sup>(2)</sup> (LCA), Biomass and ZDHC<sup>(3)</sup>
- Stahl is focusing on LCA and has **full LCA data for over 150 strategic products available to customers**



## Ahead of regulation

### Key Regulatory Developments

#### EU REACH<sup>(1)</sup>

Protection of human health & the environment from chemical risks

#### EU Green Deal

Transition of the EU economy towards a more sustainable economic model

#### EU Taxonomy

Prevents "greenwashing" & promotes green investments

## Stahl's Solutions

- **Stahl is ahead of Reach legislation** on toxic products , proactively introducing of eco-friendly alternatives
- **Stahl's NuVera® line** is a leading biomass-based portfolio aimed at meeting low carbon requirements under the EU Green Deal
- Stahl is **fully aligned with EU Taxonomy** thanks to its high percentage of low carbon technology

35%

Scope 1 & 2  
GHG reduction<sup>(4)</sup>

77%

Performance  
Coatings sales are  
water-based

93%

Leather Finish sales  
are water-based

# — Stahl has mitigated the consequences of inflation



Stahl has recently experienced macro-economic headwinds and **unprecedented raw material cost increases**



Stahl has successfully implemented **a series of price increases**, compensating for volume reduction and **protecting profitability**, across our business lines



A stabilization of most of raw material prices has started in Q4-2022, with **stable outlook for H1 2023**



Stahl has several **levers to mitigate** raw material cost increases, and has proven its ability to **adjust fixed cost in times of economic adversity**



**Energy price impact not significant** for Stahl  
(direct utilities costs represent c.4% of total fixed costs)



**Gas supply constraints properly managed** for 2022/23 and working with the industry on further mitigation plans for 2023/2024

# — Key takeaways



**Robust market leading business** and **strong cash conversion**, well positioned to be a winner in a more sustainable world



We will seek to **further expand our core specialty coatings franchise**, by **investments and acquisitions**



Customer intimacy and **continuous innovation** are driving the development of our business



**Ability to withstand complex market conditions**, as demonstrated by recent performance



**Recognized as the ESG leader** in our space, with novel products that help make our customers more sustainable



We will retain our **highly agile operating model** to address an increasingly unpredictable world