

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



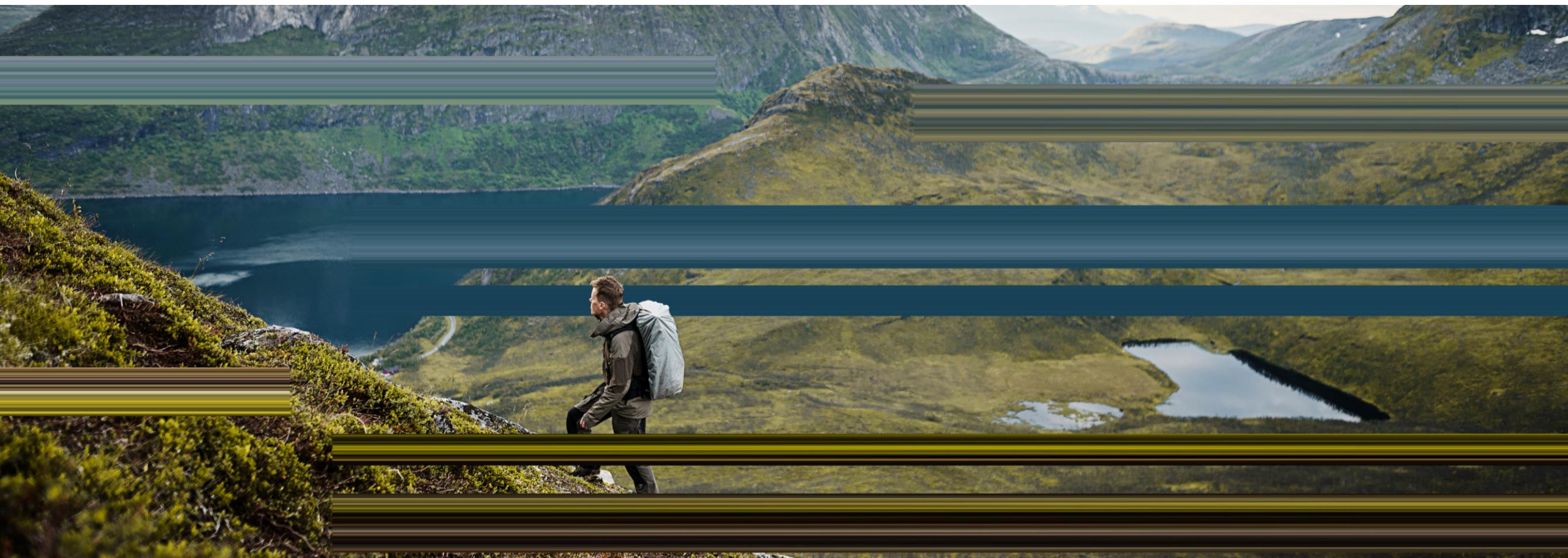
Maarten is in his second year as **Chief Executive Officer** at **Stahl**.

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.



W E N D E L

— 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%

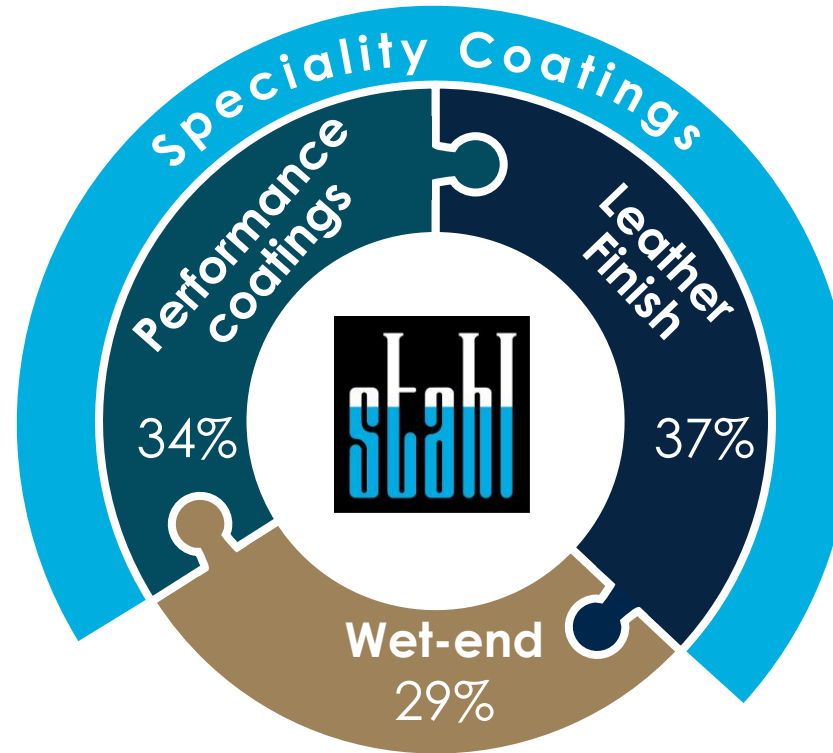
EBITDA margin

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

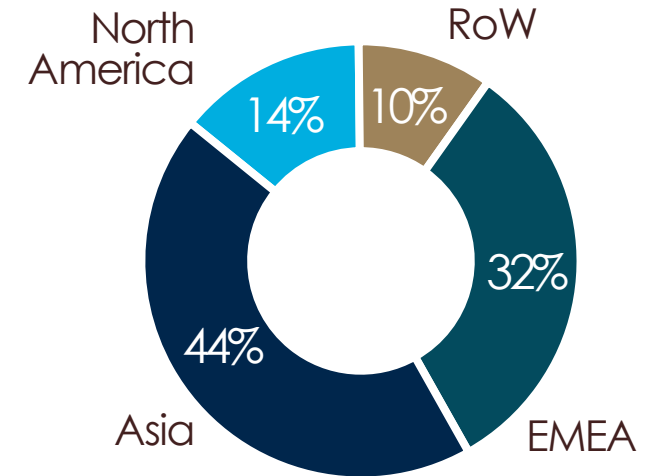
Sales by business

in 2021



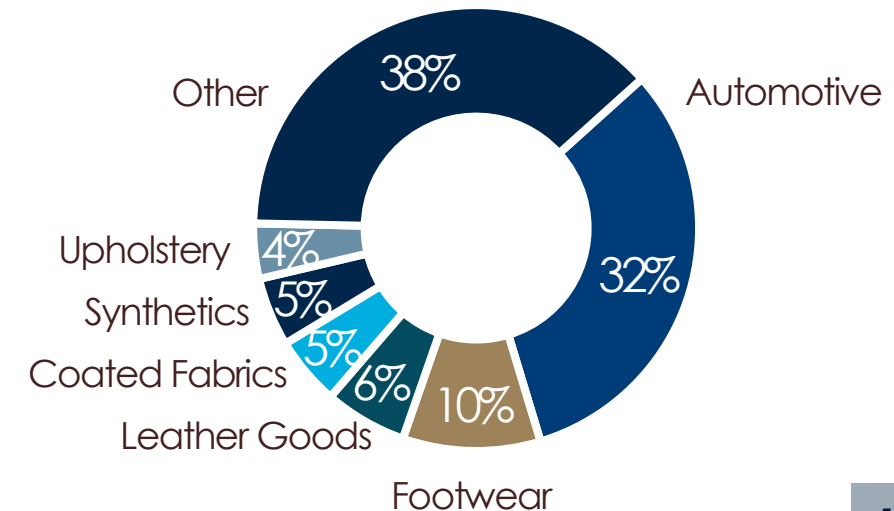
Sales by region

in 2021



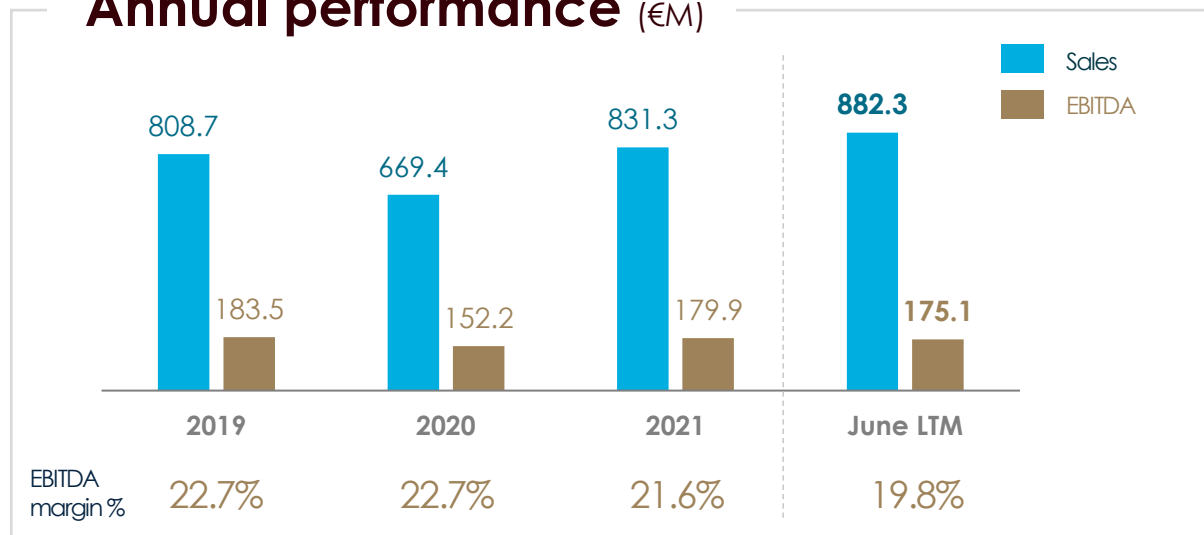
Sales by end markets

in 2021

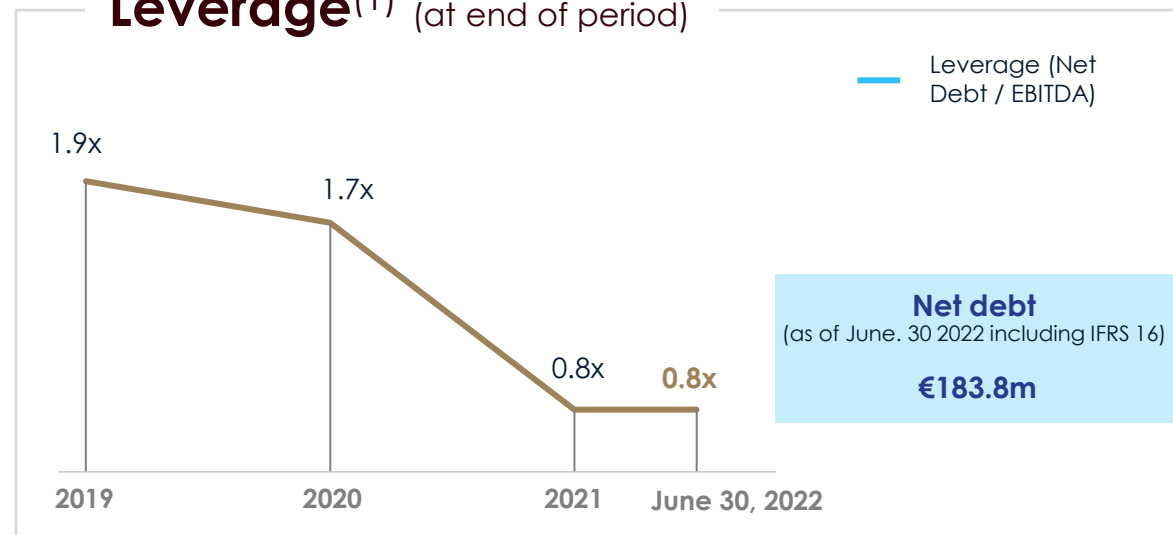


— Strong performance despite inflationary pressure

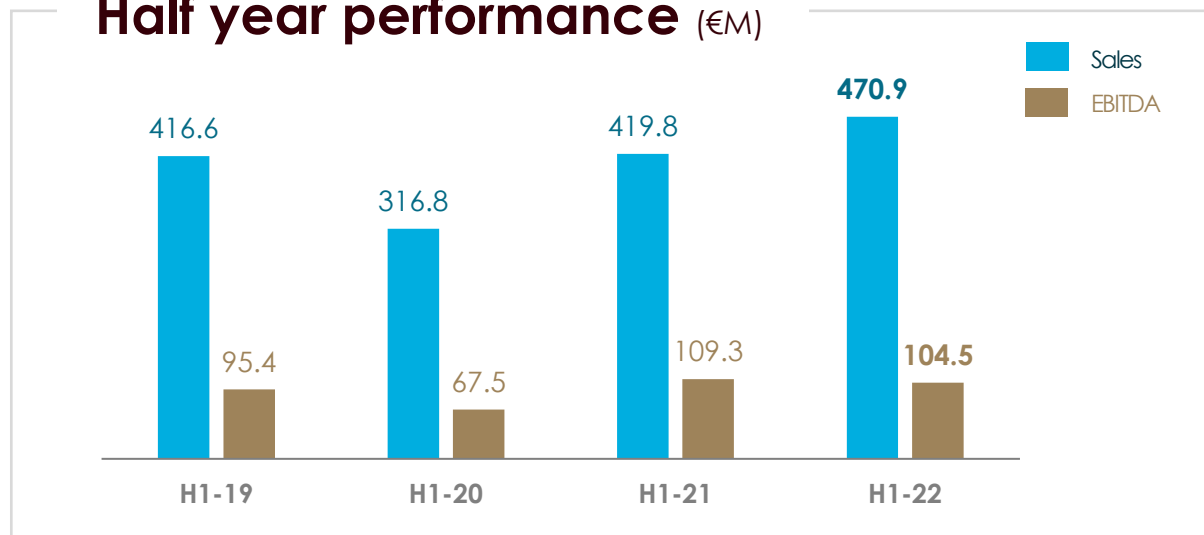
Annual performance (€M)



Leverage⁽¹⁾ (at end of period)



Half year performance (€M)



- 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⁽²⁾, 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⁽²⁾ (LCA), Biomass and ZDHC⁽³⁾
- 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⁽¹⁾

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⁽⁴⁾

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