

# Investor Day

December 2, 2021



Investing *for the long term*

2021





# Agenda

**01**



**André François-Poncet**  
Group CEO

**David Darmon**  
Group Deputy CEO

**Jérôme Michiels**  
Executive Vice President  
& Group CFO

**Christine Anglade-Pirzadeh**  
Director of Sustainable  
Development and  
Communication

**02**



**Chris Witherspoon,**  
Fund of Funds leader

**David Darmon**  
Group Deputy CEO

**03**



**Pim Vervaat**  
CEO

**Richard Kelsey**  
CFO

**04**



**Fabrice Barthelemy**  
CEO

**Raphael Bauer**  
CFO

**05**



**Maarten Heijbroek**  
CEO

**06**



**Tony Jace**  
CEO

# — How to ask questions to our speakers?

## Over the phone



UK: +44 (0) 2071 928 338  
France: +33 (0)1 70 70 07 81  
US: +1 646 741 3167

English version only – For oral questions  
Access code : **58 51 859**

## Directly from the webinar



You can submit your questions  
in writing directly via the platform



# Wendel update

André François-Poncet, Group CEO

David Darmon, Group Deputy CEO

Jérôme Michiels, Executive Vice President and Group CFO



W E N D E L

# — 2021 – 2024 roadmap: Where do we stand?



## 2021 is the 1<sup>st</sup> year of our 2024 roadmap



### Already some major achievements in the portfolio:

- **Bureau Veritas' transformation is paying off: share price up c.+28.5%** year-to-date, Wendel stake up c.€1.2bn in value
- **Sale<sup>(1)</sup> of Cromology generating c.€750m gain (7.2x multiple** on our 2019 re-investment)
- **IHS Towers now listed on NYSE**, notwithstanding current valuation materially below expectations
- **Strong rebound of CPI:** EBITDA now expected to significantly outperform the level achieved at acquisition



**Solid financial structure allowing next moves:** virtually no leverage post closing of Cromology sale and available debt capacity at several companies

(1) Ongoing sale, closing expected for H1 2022.

# — 2021–2024 roadmap: investment activity & portfolio diversification



**5 firm offers to date / Tarkett acquisition closed**  
**Other bids underway before year end**



**Propak acquisition by Constantia Flexibles**  
**5 bolt-on acquisitions by Bureau Veritas**



**Strengthened Investment team:**  
**5 additional professionals recruited (+25%)**  
**over the last 12 months**



**Wendel Lab:**  
**New hires, commitments to new funds,**  
**deployment underway**

***Strong focus on  
capital deployment***

# Wendel's portfolio in 2024

€221.7m invested to  
acquire **Tarkett** shares

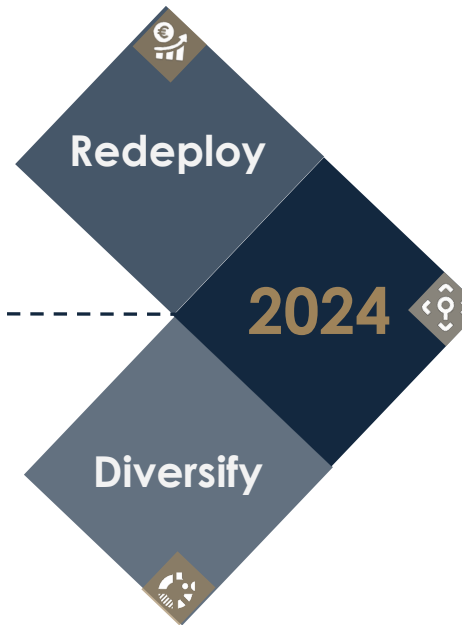
2021

2022

2023

Wendel Lab: €49m  
committed year to date

Focus on redeploying our  
capital towards **higher growth  
companies with a commitment  
to ESG**, while remaining  
reasonably opportunistic

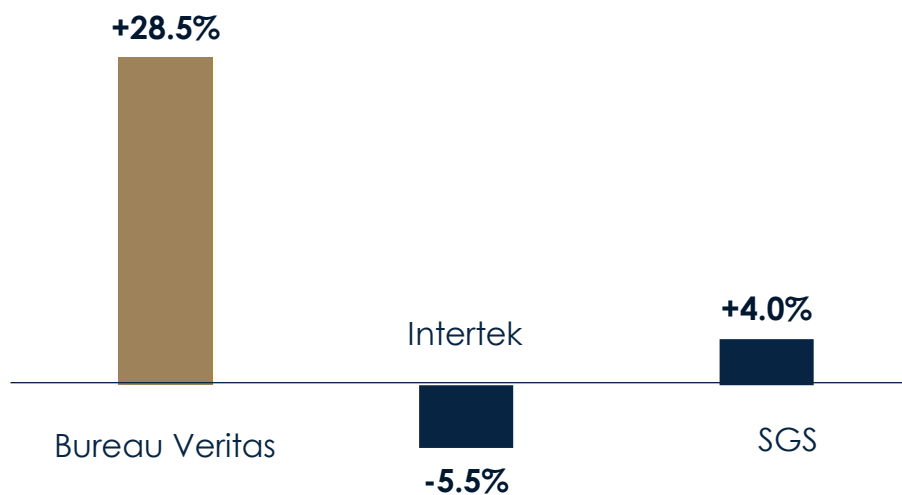


- Target portfolio of **7-10 companies** with **new investments in €150-€500M range**
- Reach **5-10% exposure in Wendel Lab** (funds & direct investments)

Diversify investment  
portfolio with **balanced  
exposure to listed and  
unlisted companies**

# — The market is beginning to recognize Bureau Veritas' transformation

## Share Price performance YTD



Source Factset  
As of November 30, 2021

## EV/NOPAT

|                           | 2021F | 2022F | 2023F |
|---------------------------|-------|-------|-------|
| Bureau Veritas            | 29.3x | 28.8x | 26.8x |
| (Disc.)/Prem. to Intertek | -2%   | 12%   | 11%   |
| (Disc.)/Prem. to SGS      | -12%  | -6%   | -6%   |

Source Bloomberg  
As of Nov. 30, 2021



# 9M 2021 Trading update

Jérôme Michiels, Executive Vice President & Group CFO



W E N D E L

# — 9 months trading update

A healthy situation and an improved performance both at Wendel & portfolio company levels

## Net Asset Value

Sept. 30, 2021



**+16.0%** year-to-date  
**+10.9%** vs. Dec. 31, 2019

## Consolidated revenues



**+12.0% organic** year-to-date  
**+9.0% organic** Q3

## Indebtedness



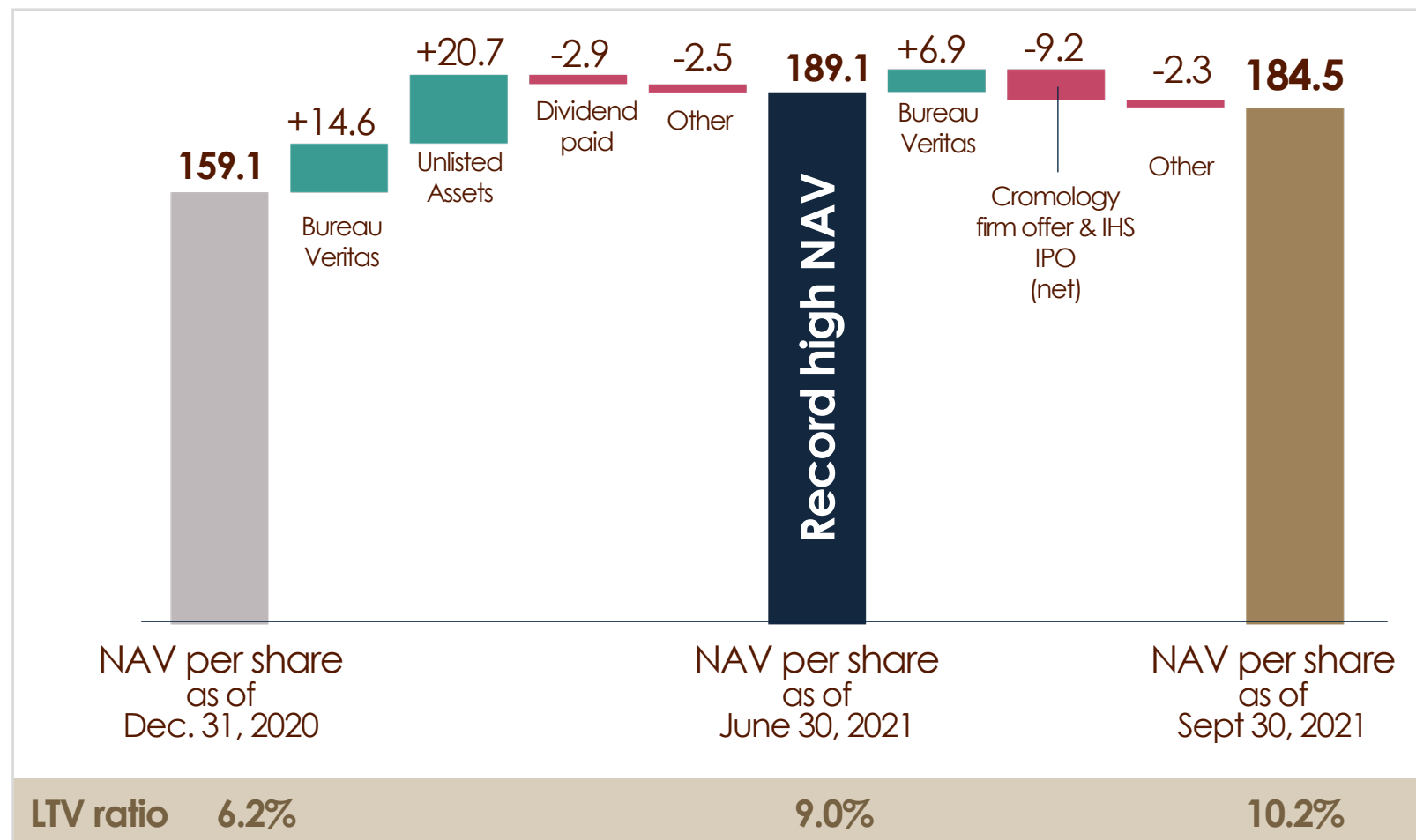
**LTV: ~0%** PF for Cromology disposal  
**Leverage ratios improved at all portfolio companies** (save for M&A)

# — Net Asset Value bridge & LTV ratio since December 2020

1. NAV as of Sep. 30 close to record high levels

2. Cromology offer from Dulux Group well above Wendel's latest NAV

3. Valuation of IHS below expectations



## Notes:

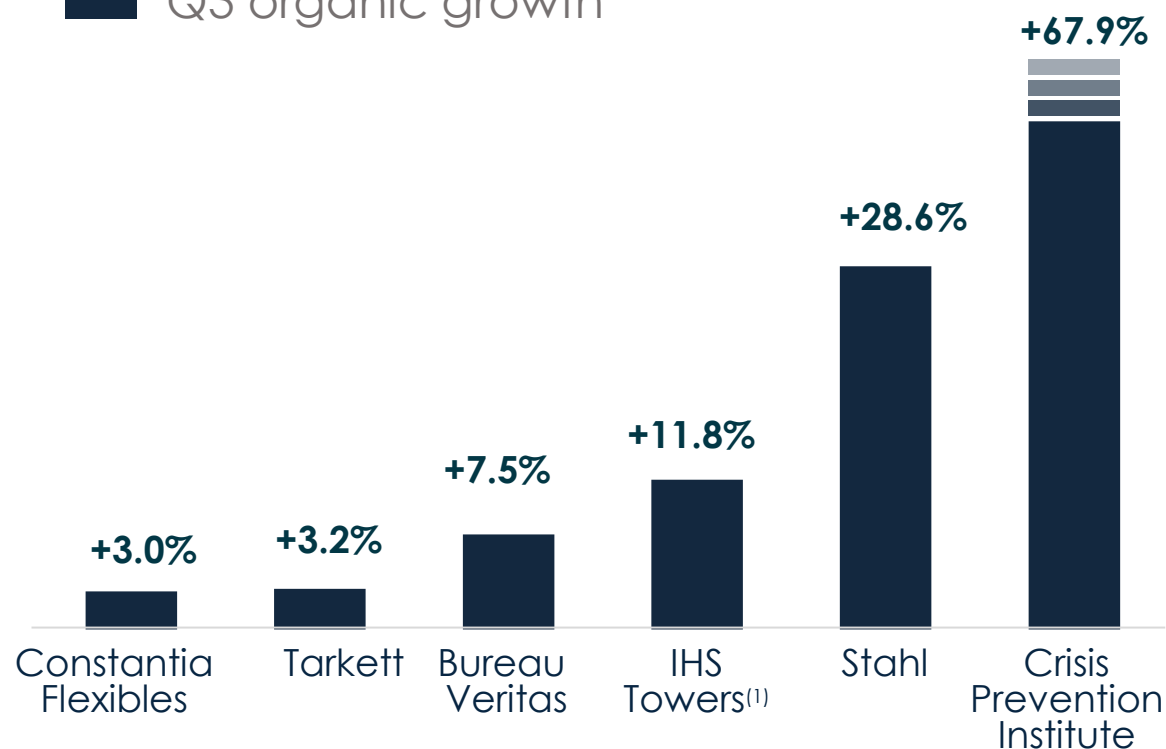
- Sept. 30, 2021 LTV ratio with Cromology valued at recently announced deal value. LTV would be close to 0% if deal cash proceeds were taken into account as of the calculation date.
- As a reminder, Net Asset Value is a short-term valuation of the Group's assets. It does not take into account any control premia, illiquidity or initial public offering discounts; similarly, aggregates used in the valuation of unlisted assets are not adjusted from potential additional costs arising from a stock market listing. According to the methodology, the peer samples of the publicly listed comparables are reviewed at least once a year or whenever required for relevance purpose.
- IHS is no longer consolidated. The company released its Q3 financial results on November 16th.

# — Solid organic growth across the portfolio in 2021 vs 2020

## Q3 consolidated sales

€1.9bn. up +11.1% o/w +9.0% organic growth

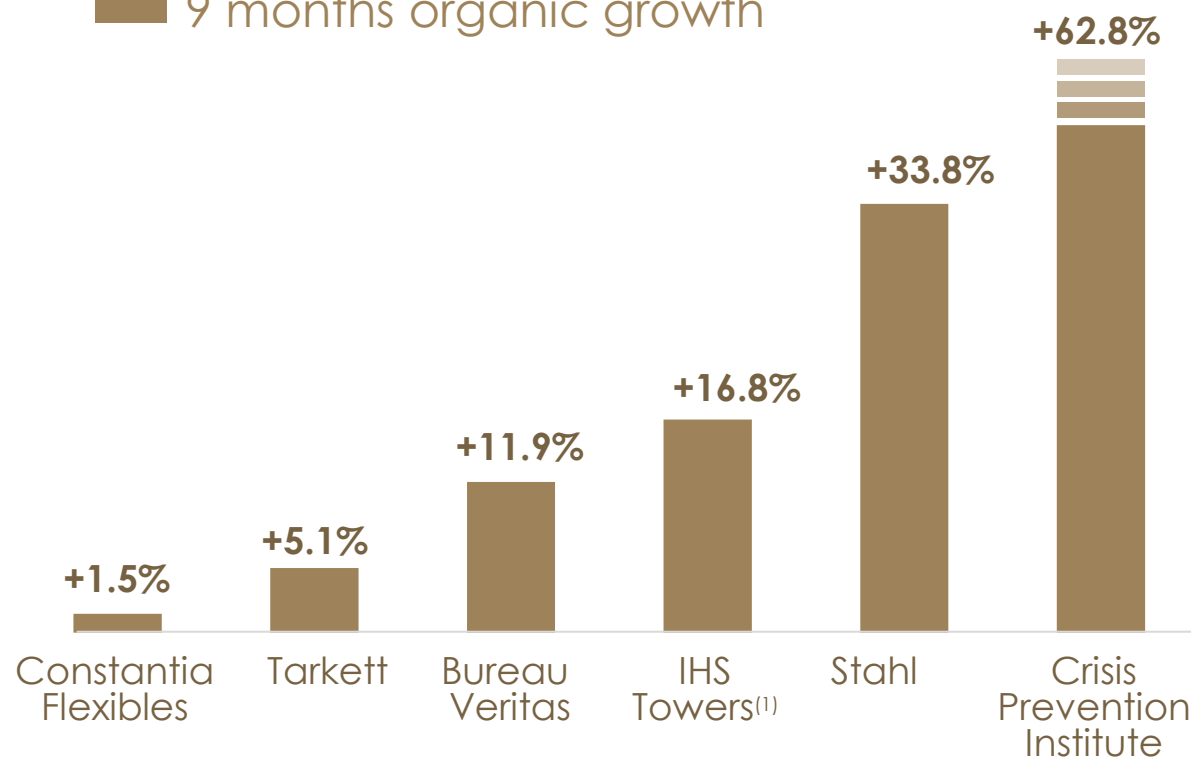
■ Q3 organic growth



## 9-month consolidated sales

€5.5bn. up +10.3% o/w +12.0% organic growth

■ 9 months organic growth



(1) The company released its Q3 financial results on November 16th. As of the IPO of IHS, IHS no longer meets the criteria for equity accounting. According to IFRS and even if Wendel did not sell any shares, the IHS IPO therefore resulted in an accounting gain recorded in the income statement that corresponds to the difference between the IPO price (\$21 per share) and the carrying value.

# Portfolio company EBITDA & leverage through COVID crisis



**EBITDA change**  
(H1 2021 vs. H1 2019)  
(Op. profit for BVI)

**+0.7%**

**Net debt to EBITDA**  
(end of 2019 and end of June 2021<sup>(1)</sup>)



**+10.6%**



Acquisition of Propak in H1 2021



**+20.6%**



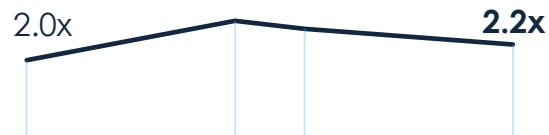
**+94.9%**



Sale to be completed in H1 2022



**+41.0%**



IHS is pursuing an active M&A strategy



**+16.3%**



**-11.0%**



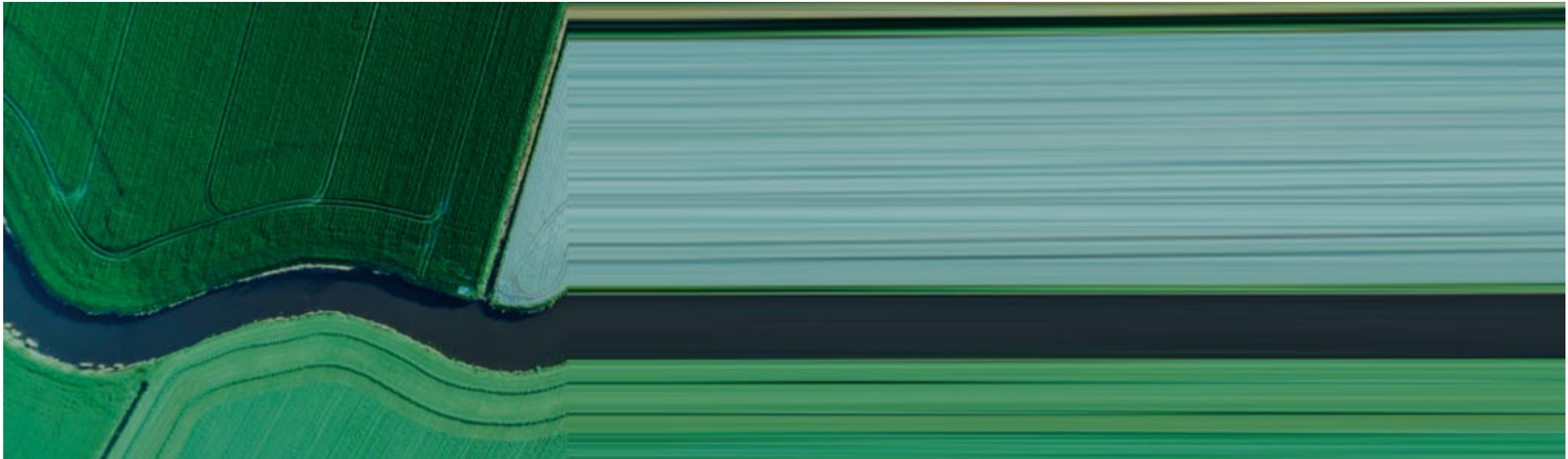
1.8x at Tarkett level  
(and 3.7x at Tarkett Participation as of end of September)

(1) Leverage is presented from December 31, 2019 to June 30, 2021, except for CPI and IHS which have been updated as of the end of September 2021.



# Developments in Wendel's portfolio

David Darmon, Group Deputy CEO



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## — Major milestones of 2024 roadmap to date



**IHS Towers listed on the New York Stock Exchange** on October 14, 2021

**cromology**



**Cromology sold to Dulux Group, with net proceeds for Wendel of €907M**

This valuation is **€369M above the Company's valuation in Wendel's NAV** as of June 30, 2021



**Wendel Lab strategy ramped up** with recruitment of new talent and new capital commitments

# — Roadmap milestones : Listing of IHS Towers on the New York Stock Exchange

1/2: The new status of IHS

IHS Towers ordinary shares are now traded on the New York Stock Exchange since October 14, 2021, under the ticker symbol “IHS”

IHS Towers is the **largest independent towerco in Africa & the Middle East, with a growing Latam business**

Wendel did not sell any shares in the offering



# — Roadmap milestones : Listing of IHS Towers on the New York Stock Exchange

2/2: current valuation

## Analysts' coverage

- **6 analysts** covering the stock, **all with BUY recommendations**
- **Average TP of \$24.5, vs current stock price of \$14**

## Valuation update

- IHS trades at c.7x 2021 E EV/EBITDA vs. c.12x for Helios Towers<sup>(1)</sup>
- At current share price, Wendel's stake's worth c. €0.8bn
- Wendel analysts consensus was c. €1.4bn for Wendel stake before the IPO

(1) Source Factset

# — Cromology – Wendel signed a definitive agreement for the sale of Cromology

Wendel signed a definitive agreement to sell 100% of Cromology to DuluxGroup for an **enterprise value of around €1.3bn , i.e. a multiple of 13.2x LTM EBITDA<sup>(1)</sup>** as of June 30, 2021

Net proceeds<sup>(2)</sup> would amount to c.€0.9 bn, i.e. a multiple of 1.6x Wendel's total investment in Materis Group since 2006, and 7.2x Wendel's rescue equity injection in early 2019

Closing should take place during H1 2022, subject to regulatory approvals



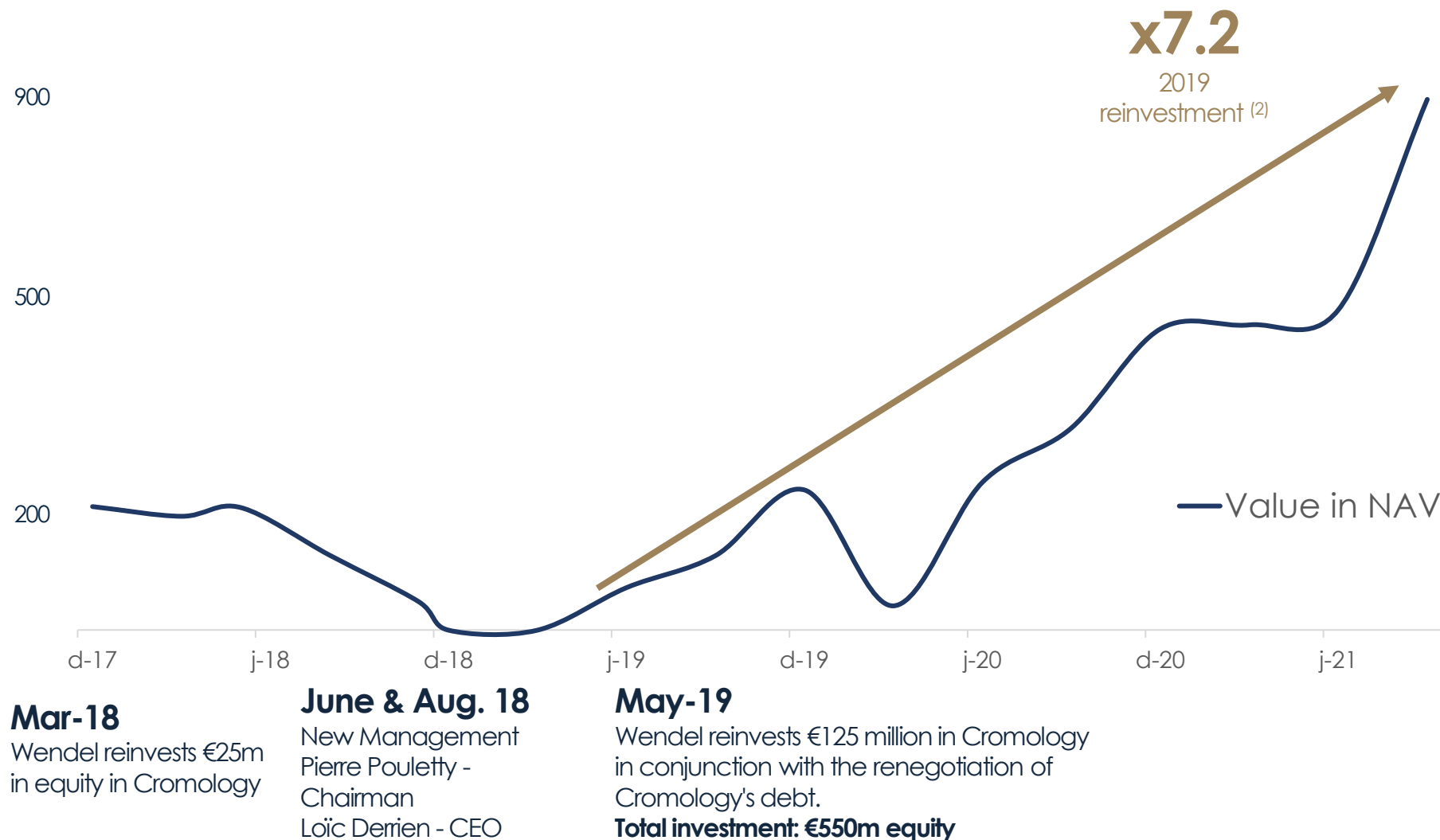
(1) Enterprise value and EBITDA exclude the impacts of IFRS 16

(2) Net proceeds after financial debt, dilution to the benefit of the company's minority investors, transaction costs and other debt-like items



# — Cromology – When being a long term investor makes the difference

Wendel sells Cromology to DuluxGroup  
Expected net proceeds : c.€907m <sup>(1)</sup>



(1) Ongoing sale, closing expected for H1 2022

(2) 1.6x Wendel's total investment in Materis Group since 2006

# Recent investment activity

David Darmon, Group Deputy CEO



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## — Deployment of c.€270m since the beginning of the year

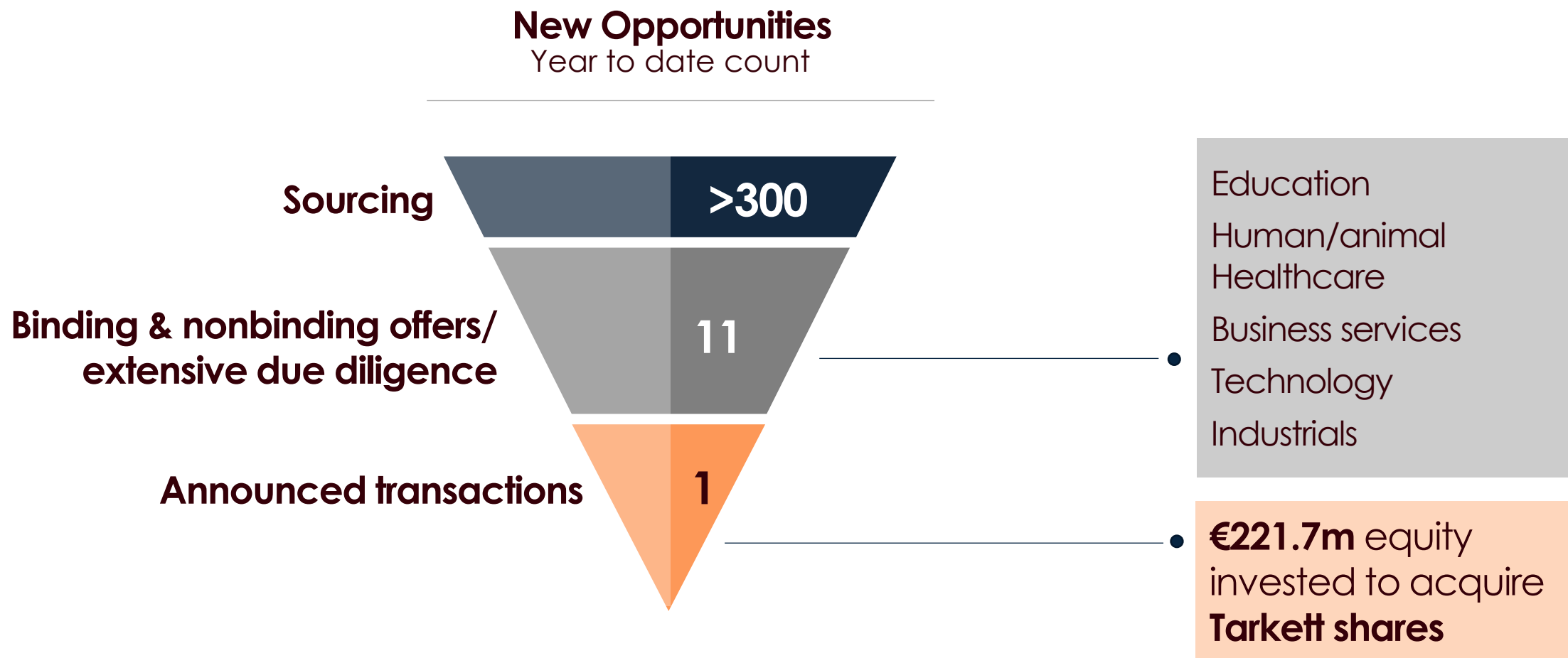


**€221.7m invested to acquire Tarkett's shares** in partnership with the Deconinck Family as of October 26, 2021



**Wendel Lab: €49m committed** in 2021 to date, reaching **€108m in cumulative** commitments

# — Sustained bidding activity in 2021

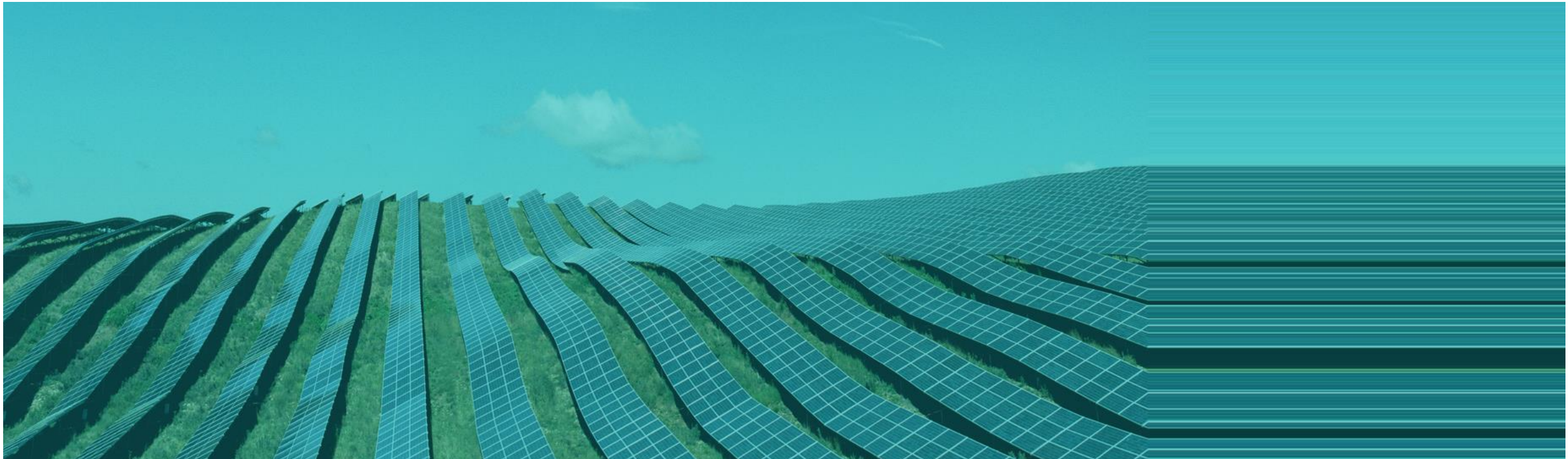


+ **build-up opportunities** solely financed by Group companies



# ESG

Christine Anglade Pirzadeh, Director of Sustainable Development and Communication



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# — Quality of ESG performance acknowledge through improved ratings & distinctions

## Extra-financial ratings



## Gender diversity & Transparency

**Ranked most transparent company of the SBF120 index at the 2021** Labrador Grand Prix de la Transparence (Top 3 for Chart of Ethics and ESG information)

**Won the AGEFI award** for Gender Diversity in Governing Bodies

# — ESG is fully embedded in management compensation and recent financing



For 2021, **100 % of our controlled company CEOs have an element of variable compensation** tied to the **achievement of ESG objectives**



**19% of Wendel's CEO total compensation is conditioned to ESG objectives**



**>20% of Wendel SE employees** have their variable compensation based on ESG objectives



**94% of Wendel's employees received stock-options plan indexed on an ESG performance criteria** (assessment of climate risk)



**ESG objectives embedded in the financial conditions of its €750 million undrawn syndicated loan** maturing in October 2024

# Conclusion

André François-Poncet, Group CEO



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# — Concluding remarks



**Most of our companies have performed well,**  
with sales exceeding 2019 levels on an organic basis



**Bureau Veritas has delivered outstanding operational performance and its share price rose substantially**



**We completed 3 major milestones** of our 2024 roadmap:  
**listing IHS, disposing of Cromology and ramping up Wendel Lab**



**Portfolio well exposed to sustainability trends**



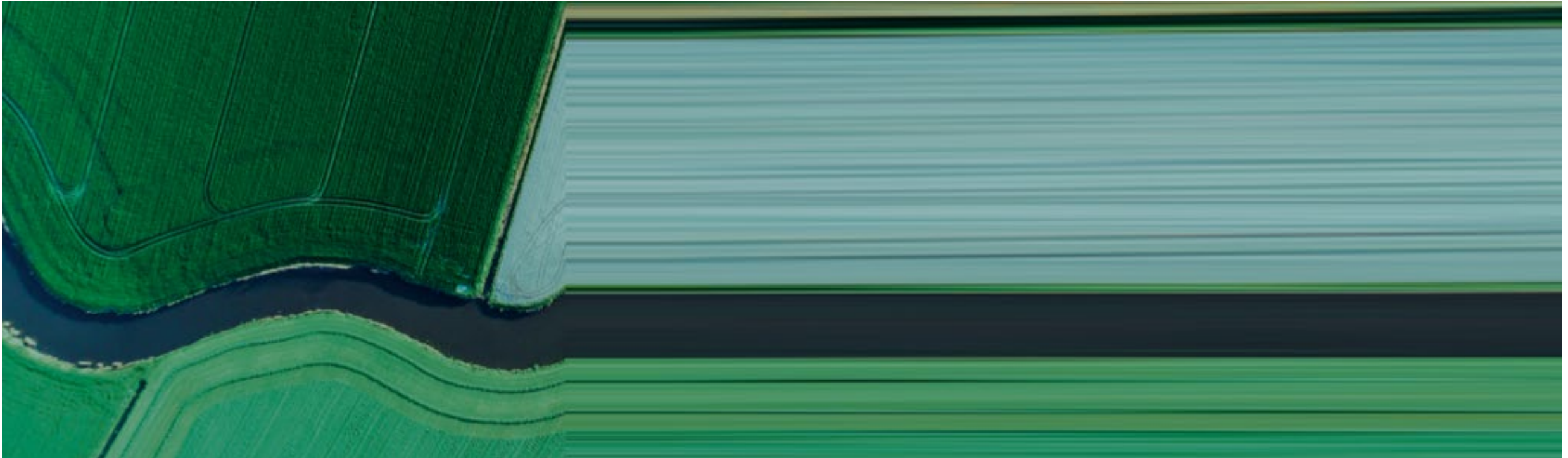
**We are strongly committed to redeploying capital,**  
**targeting companies with higher growth potential**

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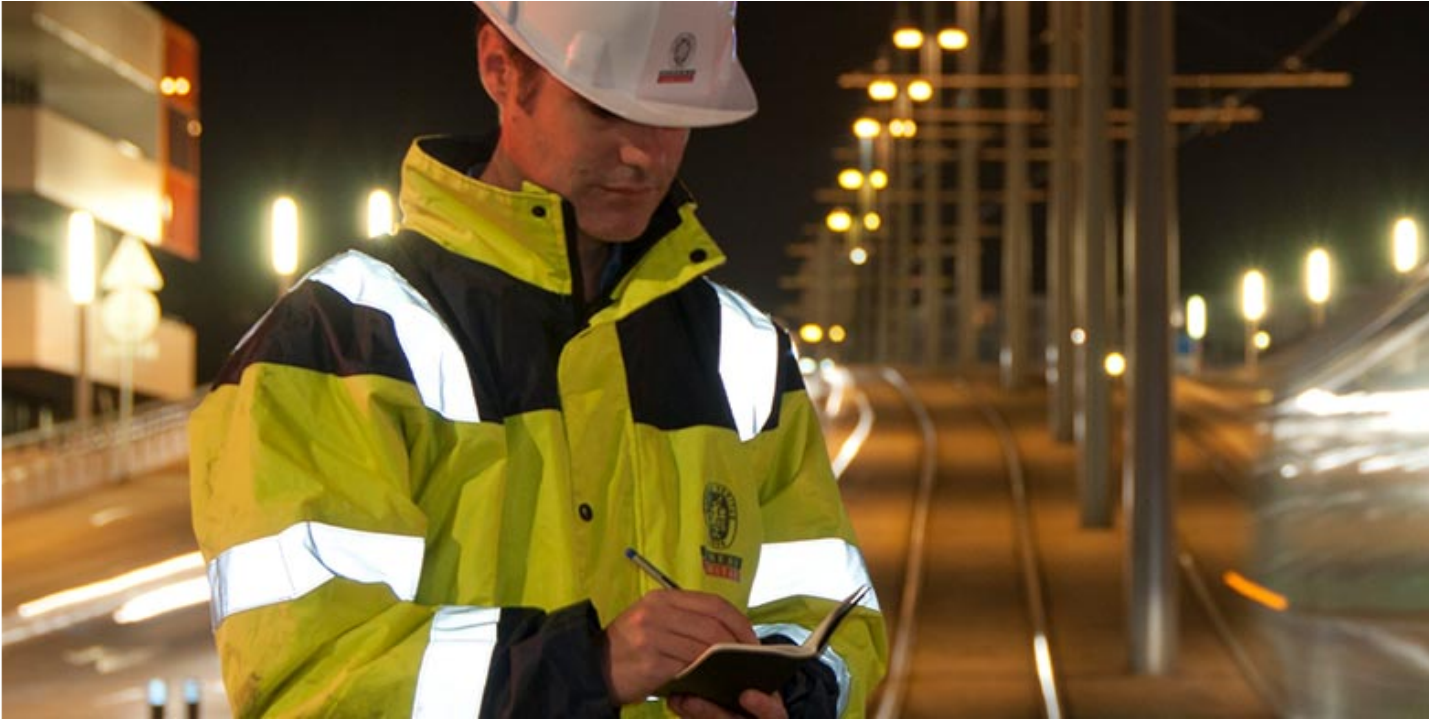


# Q&A session



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# Appendix



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# — Wendel's 2024 target portfolio & returns

|                                      | Listed Equity | Private Equity Buyout | Private Equity Growth Equity/ VC <sup>1</sup>            |
|--------------------------------------|---------------|-----------------------|--|
| % of NAV                             | Balanced %    |                       | c. 5 to 10% <sup>(2)</sup>                               |
| Target average annual return profile | Above c.7%    | Above c.10%           | c. 10-15% (for funds)<br>Above 25% in direct investments |

(1) Including funds

(2) Ambition to reach €500m exposure in the medium term (5 to 10% of NAV)

# — Wendel's Integration of ESG through the Investment Cycle

PRIOR TO INVESTMENT

OWNERSHIP PHASE

EXIT



In 2020

- **100% of all investment opportunities for which a firm offer was submitted were screened through the Investment exclusion list & an ESG Due Dilligence**
- **100% of our portfolio companies have formalized an ESG roadmap**  
(> 18 months acquisitions)

## — Exclusion list

In addition to refraining from investing in entities involved in the production, marketing or use of, or trade in, illegal products or activities, Wendel will also not invest in entities directly and significantly involved in the production, distribution, marketing or trading in:



- Tobacco;
- Pornography;
- Controversial weapons
- Gambling facilities or products;
- Coal mining and coal-based power generation;
- Drugs for recreational use.





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