



W E N D E L

PRESS RELEASE – OCTOBER 20, 2021

Wendel grants exclusivity to DuluxGroup for the sale of Cromology

Wendel received a firm offer from DuluxGroup to acquire 100% of the equity of Cromology (“The Company”), a European leader in decorative paints. The Company designs, manufactures, sells and distributes a wide range of decorative paints and products to professionals and consumers through its presence in eight European countries. 65% of its activity is in France, 35% in Southern Europe and in the rest of the world.

Given the industrial and financial quality of DuluxGroup’s proposal, Wendel has decided to enter into an exclusivity period with DuluxGroup to finalize the transaction.

DuluxGroup proposes to acquire 100% of the equity of the Company for an enterprise value of around €1,262M, which represents a multiple of 13.2 times LTM EBITDA¹ as of June 30, 2021. For Wendel, net proceeds² would amount to c.€907M. This would represent a multiple of 1.6 times Wendel’s total investment in Materis Group since 2006.

The closing of the transaction should take place during the first half of 2022, subject to customary regulatory approvals.

André François-Poncet, Wendel Group’s CEO, said: *“Cromology’s history within Wendel’s portfolio highlights the authenticity of our long-term investor model, which has allowed us to support the Company at critical times. When we made the decision early 2019 to reinvest €125M in the Company, we were confident that the new management team we had put in place the year before would be able to create sustainable value for its shareholders and stakeholders. Furthermore, all Cromology’s teams demonstrated their commitment and resilience during the Covid-19 crisis, allowing the Company to deliver outstanding operational as well as financial and extra financial performance.”*

Pierre Pouletty, Chairman of Cromology, commented: *“The proposal of DuluxGroup gives me the opportunity to thank Wendel on behalf of the entire Cromology team: during the significant difficulties which the group Cromology encountered in 2018, Wendel made the decision to totally refinance the Company in view of the proposed turnaround plan. This step has allowed Loïc Derrien, the Group’s CEO, and the entire Cromology team to achieve an exceptional job for the past 3 years. The offer from DuluxGroup should allow Cromology to continue its transformation and development.”*

Loïc Derrien, CEO of Cromology, commented: *“During the last 3 years, Cromology’s team has revealed the potential of the Company, its products and its brands. Being part of DuluxGroup should allow Cromology to continue its development in Europe, leveraging on DuluxGroup’s technologies and know-how, in perfect line with its CSR strategy.”*

¹ Enterprise value and EBITDA exclude the impact 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 adjustments

History of Wendel's Investment in Cromology

In 2006, Wendel acquired the Materis Group, which comprised four divisions: Aluminates (Kerneos), Mortars (ParexGroup), Admixtures (Chryso) and Paints (Materis Paints). In 2014, the Materis Group fully refocused its operations on its Paints business, selling Kerneos in March, ParexGroup in June and Chryso in October of that year for total net sales proceeds of €1.7 billion in order to reduce its debt. On July 7, 2015, Materis Paints, the last Group division, rebranded as Cromology and set its sights on new challenges.

On May 13, 2019, Wendel signed an agreement to renegotiate the financial debt of Cromology. End of May 2019, Wendel invested €125 million in equity alongside the new management team led by Pierre Pouletty, new Chairman of the company appointed in June 2018, and Loïc Derrien, appointed Chief Executive Officer in August of the same year. The new equity contributed by Wendel strengthened the company's financial structure, in particular by reducing its debt burden. The new equity also enabled the company to implement its transformation plan and finance its investments.

In total, Wendel made an investment of €550M in Materis Group, of which €125M in 2019 in Cromology. Supported by Wendel, the new management team has successfully conducted the company's strategic and operational refocusing since the end of 2018, enabling it to weather the Covid crisis outstandingly. As a result, the EBITDA margin has reached a record level of 19.7%¹, and financial leverage has been reduced to 0.05²x at the end of June 2021.

ESG achievements since 2006

Since Materis Group was acquired by Wendel in 2006, Cromology engaged a proactive approach to promote the environmental and social performance of the company and its products. Cromology puts ESG at the heart of its strategy, on par with profitable growth and operational excellence. In its ESG roadmap published in 2020, Cromology focuses on five priorities: human resources, business ethics, health and safety, respect for the environment, and the quality of paints.

Consequently, 100%³ of the Group's industrial sites today hold a health and safety certification⁴, and 70% hold an environmental management certification⁵, with a target coverage of 100% set for 2023. Cromology also works to engage its entire value chain in its corporate social responsibility strategy: 80% of the total volume of raw materials purchases comes from suppliers who have signed the responsible procurement charter of the company and undertake to respect its principles. Lastly, Cromology strives to continuously propose paints and colors which respect the user and the environment: in 2020, almost half of the company's revenues of paints were generated through the sale of paints holding a European environmental label.

¹ Include the impact of IFRS 16

² Based on bank documentation definition

³ All data as of December 31st, 2020

⁴ OHSAS 18001 or ISO 45001 certification

⁵ ISO 14 001 certification

Agenda

10.28.2021

Q3 2021 Trading update - Publication of NAV as of September 30, 2021 (pre-market release).

12.02.2021

2021 Investor Day - Meeting to take place in the afternoon

03.18.2022

2021 Full Year Results - Publication of NAV as of December 31, 2021 (pre-market release).

04.28.2022

Q1 2022 Trading update - Publication of NAV as of March 31, 2022 (pre-market release).

05.19.2022

Annual General Meeting

07.29.2022

H1 2022 results - Publication of NAV as of June 30, 2022, and condensed Half-Year consolidated financial statements (pre-market release).

10.28.2022

Q3 2022 Trading update - Publication of NAV as of September 30, 2022 (pre-market release).

12.01.2022

2022 Investor Day.

About Wendel

Wendel is one of Europe's leading listed investment firms. The Group invests in Europe and North America in companies which are leaders in their field, such as Bureau Veritas, Tarkett, Cromology, Stahl, IHS, Constantia Flexibles, and Crisis Prevention Institute. Wendel often plays an active role as a controlling or significant shareholder in its portfolio companies. Wendel seeks to implement long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions.

Wendel is listed on Eurolist by Euronext Paris.

Standard & Poor's ratings: Long-term: BBB, stable outlook – Short-term: A-2 since January 25, 2019

Moody's ratings: Long-term: Baa2, stable outlook – Short-term: P-2 since September 5, 2018

Wendel is the Founding Sponsor of Centre Pompidou-Metz. In recognition of its long-term patronage of the arts, Wendel received the distinction of "Grand Mécène de la Culture" in 2012.

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