



W E N D E L

PRESS RELEASE - OCTOBER 17, 2023

Wendel launches its expansion in third-party private asset management and enters into exclusive negotiations with IK Partners

Six months after presenting its new strategic orientations, Wendel announces today that it has entered into exclusive negotiations with a view to acquiring a controlling stake in IK Partners (“IK” or “the Company”) from its partners who would also reinvest a portion of their proceeds in future IK funds as part of the envisaged transaction. IK Partners is a leading European private equity (“PE”) firm specializing in European mid-market buy-outs. For Wendel, this transaction will constitute the foundation its new third-party asset management business, which is aimed at generating additional sources of recurring income and intrinsic value creation.

Subject to consultation with the relevant works council and satisfaction and finalization of negotiations as well as the conditions for completion (including regulatory approvals), the acquisition of a controlling stake in IK is expected to be completed in the first half of 2024.

A European private equity leader

Founded in 1989, IK is one of Europe's most recognized PE firms, with teams across a number of Northern European countries focusing on the mid-market segment. The Company invests in the Business Services, Healthcare, Consumer and Industrials sectors in Benelux, DACH, France, Nordics and the UK.

IK manages 11.8¹ billion euros of private assets on behalf of third-party investors and since inception, has invested in over 180 companies.

IK supports high-potential companies, working closely with management teams to build strong, well-positioned businesses with outstanding long-term prospects. The Company's Investment teams have an excellent track record, having collectively achieved an average gross IRR of around 26%² with a tradition of generating consistently strong DPI to its investors.

By 2024, IK Partners' activities are expected to generate around 150 million euros in management fees and around 60 million euros in pre-tax Fee Related Earnings (FRE).

A transaction aligning strategic interests of all stakeholders, over the long-term

The proposed transaction is a strategic partnership in which IK Partners' teams — who remain committed for the long term — will continue to operate autonomously in the same markets and strategies, under the same brand. A key feature of the envisaged partnership will be the commitment of significant capital by Wendel to support IK's present and future platform funds as well as the development of new strategies. The envisaged transaction would lead to the full acquisition of IK over time.

¹ Including co-invest direct investments from significant LPs, and from third-party co-control co-investment.

² Across fully exited companies in the IK VII and IK VIII funds.

The transaction would encompass (i) an initial transaction and (ii) subsequent transactions structured to ensure alignment of interests of all stakeholders:

(i) Initial transaction

As part of the initial transaction (expected to be finalized in the first half of 2024), Wendel would invest 383 million euros, or 12.5 times the estimated 2024 pre-tax Fee Related Earnings (“FRE”), to acquire 51% of IK Partners’ shares and rights to 20% of the *carried interest* generated on all future funds raised by IK Partners.

The 383 million euros would be paid by Wendel in two stages:

- 255 million euros at the time of closing,
- 128 million euros 3 years after closing, subject to certain conditions.

(ii) Subsequent transactions

The remaining 49% of IK Partners’ capital would be acquired by Wendel in subsequent transactions, which would take place between 2029 and 2032. These subsequent acquisitions of IK Partners shares by Wendel would be payable in cash or in Wendel shares, at Wendel's discretion. The price of these additional transactions would depend on the growth of FRE over the period.

In addition, Wendel would participate in future fundraising activities up to a maximum of 10% of the capital raised, thus diversifying its investments in asset classes whose past performance has regularly exceeded 20% IRR, thereby further accelerating IK’s growth. IK Partners' team would remain autonomous in its day-to-day management and its Investment Committee would remain fully independent.

Wendel's development objectives

Wendel's ambition is to build a sizeable platform managing multiple private asset classes, alongside its historical permanent capital investment activity. The development of this platform will provide Wendel with recurring cashflows and exposure to the performance of multiple asset classes. This objective will be achieved both organically and through new targeted acquisitions.

This evolution of Wendel's business model is designed to enable the development, over time, of a value-creating platform with the potential to generate operational synergies.

The third-party asset management platform will be developed alongside the permanent capital strategy of Wendel, with the objective to generate double-digit Total Shareholder Return.

The present negotiations pertaining to the acquisition of IK announced today are part of Wendel’s 2 billion euros investment target over 24 months announced on March 16, 2023.

Launch of a €100 million share buyback program

Wendel also announces today that it intends to launch a 100 million euros share buyback program. The shares repurchased under this program will be used to cover Wendel's long-term incentive plans and to finance potential strategic acquisitions paid with Wendel shares.

Laurent Mignon, Wendel Group CEO, commented:

"We are very proud to embark on this new entrepreneurial stage in Wendel's development with a high-quality company like IK Partners, sharing the same values and investment philosophy. Wendel and IK Partners are strongly committed to creating value in their portfolio companies, with a strong focus on establishing solid governance and supporting their operational and external growth.

The acquisition of IK Partners will be a major step in the deployment of the strategy we announced on March 16. It will be the foundation of the private asset management division we are building. Given its financial strength, Wendel will have the resources to support IK Partners' development over the long term, as well as to invest in its funds to gain access to the highly value-creating strategies implemented by its teams.

Implementing this ambitious strategy will accelerate Wendel's diversification, boost recurring cash flow generation and enhance our attractiveness as an investor and as a listed company. These first six months demonstrate our determination to deploy Wendel's new strategy.

We look forward to working with Chris Masek, Dan Soudry and their teams to ensure the success of this value-creating partnership. I would like to thank the Wendel teams for their contribution to this new milestone in our development. I am convinced that in the years to come, we will find new opportunities for external growth and direct investments that will create value for Wendel's shareholders while preserving our company's strong financial profile."

Christopher Masek, CEO of IK Partners, commented:

"We are excited at the prospect of partnering with Wendel, whose investment will support our existing strategies, while also creating the opportunity for us to accelerate growth in other areas. The envisaged partnership will allow our Company to achieve its three strategic objectives which are to: access significant permanent capital; secure a long-term solution for our leadership team to grow; and maintain our autonomy and identity.

In an industry that is seeing an increasing number of alliances being formed, we believe that this transaction sets the foundation for continued growth and strengthening of the IK platform. It offers a unique and attractive model that benefits our Company, employees and investor for years to come."

Agenda

Thursday October 26, 2023

Q3 2023 Trading update – Publication of NAV as of September 30, 2023 (post-market release).

Tuesday December 12, 2023

2023 Investor Day

Wednesday February 28, 2024

FY 2024 results – Publication of NAV as of December 31, 2023, and Full-Year consolidated financial statements (post-market release).

Thursday April 25th, 2024

Q1 2024 Trading update – Publication of NAV as of March 31, 2024 (post-market release)

Thursday May 16th, 2024

Annual General Meeting

Wednesday July 31, 2024

H1 2024 results – Publication of NAV as of June 30, 2024, and condensed Half-Year consolidated financial statements (post-market release).

Thursday October 24, 2024

Q3 2024 Trading update – Publication of NAV as of September 30, 2024 (post-market release).

Thursday December 5th, 2024

2024 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 ACAMS, Bureau Veritas, Constantia Flexibles, Crisis Prevention Institute, IHS Towers, Stahl and Tarkett. 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. With Wendel Growth (formerly known as Wendel Lab), Wendel also invests via funds or directly in innovative, high-growth companies.

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 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.

For more information: wendelgroup.com

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