



W E N D E L

PRESS RELEASE, March 23, 2017

BASF LEATHER CHEMICALS BUSINESS TO BECOME PART OF THE STAHL GROUP

Wendel SE announces today that Stahl has signed an agreement to acquire the leather chemicals assets of BASF SE, one of the world's largest chemical companies.

The transaction will include the leather chemicals production site of L'Hospitalet in Spain in addition to mid-term and long-term supply agreements under which BASF will supply significant volumes of leather chemicals products to Stahl from its current manufacturing facilities that will not be carved-out.

This acquisition of BASF's leather chemicals business, which posted sales of around €200 million in 2016, will enable Stahl to benefit from the high quality and reputation of BASF's product offering. Stahl's position will be consolidated especially on the upstream part of the value chain of the leather chemical market, i.e. Beamhouse* and Wet-End*, while also gaining scale in Leather Finish*. Thanks to this asset-light transaction structure, Stahl will optimally leverage its R&D, golden hands and marketing & sales teams while welcoming c.210 employees from BASF, of which c.110 in Asia.

The combination of the two businesses generated pro forma¹ net sales of c. €850 million and EBITDA of more than €200 million (on a 2016 basis). Stahl also expects to generate synergies at the EBITDA level, to be deployed over the 24 months following the closing of the transaction. This asset-light transaction will in addition further improve Stahl's cash generation profile.

In exchange for contributing its assets to Stahl, BASF will receive 16% of the equity of Stahl and a cash consideration of c. €150 million². Stahl will welcome BASF as a shareholder alongside Wendel who will remain the controlling shareholder of the company (c. 63%), Clariant (c. 19%) and other minority shareholders³.

Stahl will finance this cash consideration with a mix of own cash and additional debt. Since the refinancing of its balance sheet completed in December 2016, Stahl is currently leveraged at a ratio of 2.95x EBITDA, including c. €80 million of available cash. The current financing documentation offers the possibility to re-leverage to 3.5x pro forma combined EBITDA for selected permitted acquisitions.

The transaction is planned to be finalized in the fourth quarter of 2017, subject to the necessary regulatory approvals.

Huib van Beijeren, CEO of Stahl, said: "These are exciting and challenging times for our industry in terms of sustainability and innovation. We believe that with the BASF leather chemicals business we will work on a larger scale

¹ Excluding the pro-forma impact of the 2016 acquisitions (Eagle Performance Products and Viswaat Leather Chemicals)

² To be adjusted at closing depending on leverage and working capital

³ Including management

* See glossary

and make a new step forward after our previous successes. The signing of this agreement enables us to accelerate the process of creating a more transparent sustainable supply chain as we share the same vision on reducing the environmental footprint linked to our activities. By combining our forces, we will have an even stronger product portfolio with more innovative solutions enabling us to serve our global clients even better.”

Frédéric Lemoine, Chairman of Wendel’s Executive Board, said: “Wendel is very proud of the outstanding track record of Stahl over more than 10 years under its ownership. Wendel has supported Stahl in all phases of its development: After investing ca. €171 million with its initial investment in 2006 and reinvestment during the 2009 crisis, Wendel has upstreamed twice as much in dividends since 2014 (€341m in total) while focusing on the development of the company. After a first transforming and successful merger in 2014 with Clariant Leather Services, Stahl continues to take part in the consolidation of the global leather chemical market and acquires now a critical mass. This demonstrates the merits and validity of Wendel long term investment horizon for value creation.”

Glossary:

Beamhouse: First stages of the leather production process from a raw hide. Remove unwanted components (hair) and prepare hide for tanning by soaking

Wet-End: Includes processes to convert the raw material into tanned hides by giving to the leather specific properties (e.g. color, softness or waterproofness)

Leather Finish: Enhances the leather softness, improves aesthetics, removes any unpleasant odour or create, if required, a non-slippery type surface

About Wendel

Wendel is one of Europe’s leading listed investment firms. The Group invests internationally, in companies that are leaders in their field, such as Bureau Veritas, Saint-Gobain, Cromology, Stahl, IHS, Constantia Flexibles and Allied Universal. Wendel plays an active role as industry shareholder in these companies. It implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions. Through Oranje-Nassau Développement, which brings together opportunities for investment in growth, diversification and innovation, Wendel is also a shareholder of exceet in Germany, Mecatherm in France, Nippon Oil Pump in Japan, Saham Group, SGI Africa and Tsebo in Africa and CSP Technologies in the United States.

Wendel is listed on Eurolist by Euronext Paris.

Standard & Poor’s ratings: Long-term: BBB-, stable outlook – Short-term: A-3 since July 7, 2014. 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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