

# A Discount and a Catalyst

With a Timing Issue

Wendel Group (MF FP)

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## Historical family investment company

- 44.4 million shares outstanding/27.8 million shares float
- 6/14/24 price €82.65
- Market cap €3.7 billion
- Daily average volume 46,000 shares (~\$4 million/day)
- Trades on Euronext
- Current yield 4.8%
- Yield is set as a percentage of NAV as earnings are lumpy
- 54% discount to 3/31/24 NAV
- Family board representation but management is professional

There's a history:

Huge bet on Saint-Gobain went sour in 2008. NAV went from €109 to a low of €31

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## A large established investment organization

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- More diversified and more “GARPy” post Saint-Gobain
- €9.5 billion portfolio
- 98 employees
- 40 years of private equity/activist investing
- 7 primary investments: Largest is Bureau Veritas (BVI FP)

### NAV as of March 31, 2024 at €178.1 per share

(in millions of euros)			March 31, 2024
Listed equity investments	<u>Number of shares</u>	<u>Share price</u> <sup>(1)</sup>	4,628
Bureau Veritas	160.8/160.8 m	€27.4/€22.2	4,411
IHS	63.0/63.0m	\$3.0/\$4.4	176
Tarkett		€9.2/€9.1	41
<b>Investment in unlisted assets</b> <sup>(2)</sup>			<b>3,290</b>
Other assets and liabilities of Wendel and holding companies <sup>(3)</sup>			40
Net cash position & financial assets <sup>(4)</sup>			2,332
<b>Gross asset value</b>			<b>10,290</b>
Wendel bond debt			-2,378
<b>Net Asset Value</b>			<b>7,912</b>
<i>Of which net debt</i>			-46
Number of shares			44,430,554
<b>Net Asset Value per share</b>			<b>€178.1</b>



## Shift towards asset management can raise valuation

- Started to move into third party investment management in 2023
- Oct 2023 announced deal with IK Partners, a large Western European middle market PE manager in a staged buy-out. Moderate investment of Wendel Capital
- May 14, 2024 – Wendel finalizes the acquisition of 51% of the capital of IK Partners (€11.8 billion AUM), a major step in its strategic development in the management of private assets on behalf of third parties. Paid ~€400 million (€383 million will be paid by Wendel in two stages: €255 million at closing and €128 million on May 14, 2027)
- Remaining 49% of IK's capital will be acquired by Wendel in subsequent transactions, which will take place between 2029 and 2032

- Wendel is cheap. Mar 31, 2024 NAV was €178.1. Current discount ~50%
- Low leverage – Current portfolio LTV ~10%
- Current dividend policy is to distribute ~2.5% of NAV annually
- Long-term goal is to distribute 3.5% of NAV annually
- €100 million share buy-back authorization
- Double digit IRR goal on proprietary capital plus eventual contribution from third party funds
- Historical IRRs have been in ‘teens
- Continuing role for PE in small and smid-cap Europe
- Similar transitions towards less capital intensive models have been rewarded by the market (Eurazeo, KKR).



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