



OPENGATE CAPITAL

A GLOBAL PRIVATE EQUITY FIRM



Weekly Ops Update

September 9, 2019



OPENGATE CAPITAL

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1. North America Portfolio Updates:

- Duraco
- Energi
- Hufcor
- PPI
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- S&G
- InRule

2. Europe Portfolio updates

- Alfatherm
- Bois & Matériaux
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3. Legacy Portfolio Updates:

- Aluminium France Extrusion
- Alphacan
- Profialis



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North American portfolio update

Executive Summary: Week of 09-3-2019

- August results not finalized; however, revenue will be behind plan and last year; consistent with July performance
- Pushing forward with filling open positions for VP of sales, RSMs, inside sales and all other positions.
- Manufacturing bottleneck looming for fast growth fingerlift. Pushing team to move quickly to order equipment
- Carve-out activities remain on track; IT will be long lead time item—scheduled to complete in May of 2020
- CEO has spent considerable time with customers over past 30 days
- Add-ons in focus for Q4

Period	Jul MTD		Jul YTD	
	Rev	EBITDA	Rev	EBITDA
19A	0.0M	000K	0.0M	0.0M
19B	0.0M	000K	0.0M	0.0M
19A % of 19B	000%	000%	000%	000%
18A	0.0M	000K	0.0M	0.0M
19A % of 18A	000%	000%	000%	000%

Status Update: Project Details




Project		Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
A: Sales Force effectiveness (Smart Ventures, Long)		<ul style="list-style-type: none"> • Improve sales reporting, controls, organizational structure, coverage, and strategy • Project kicked-off • Sales reporting underway 	• Sep-Nov 2019	TBD	TBD
B: Pricing (Long)		<ul style="list-style-type: none"> • Improve pricing through targeted pricing analytics • On hold for ERP implementation 	• Q2 2020	TBD	TBD
C: Sourcing		<ul style="list-style-type: none"> • Identified key vendors and spend have been identified. 	• Q4 2019	TBD	TBD
D: Freight (Smart Ventures, Long)		<ul style="list-style-type: none"> • Optimize Duraco small parcel and LTL spend • Anticipate savings 	• Jul-Sept	\$125k	TBD
E: Continuous Improvement (Phil, Randy Aardema)		<ul style="list-style-type: none"> • Labor and Overhead productivity • Kaizen event scheduled September- Randy Aardema to lead • Focus on eliminating finger-lift constraint 	• Oct-Nov	TBD	TBD

Executive Summary: Week of 09-05

- **August: \$15.5M sales vs. \$18.6M target (83%)**
- Q2 vs. AOP: Sales down 14% to AOP (\$42,202 vs. \$49,285) and EBITDA down 25% to AOP (\$3,125 vs. \$4,178);
- Q2 vs. PY: Sales down 11% (\$42,202 vs. \$47,503); EBITDA down 1% (\$3,125 vs. \$3,168)
- July sales were behind plan by \$1.5M due to lower demand from all plants in all geographies; EBITDA impacted by lower sales volume and lower absorption due to reduced production and also production challenges in WB and EV (lower regrind usage and production yields and high scrap)
- Current FY Fcst (Actual + Rem. Budget): \$166M Revenue (\$12M or 7% unfavorable to AOP), \$9.7M EBITDA (\$1.7M or 15% unfavorable to AOP)
- **Plant Consolidation 3.5 indicates \$3.5-5.3mm in yr 3 EBITDA if HD and the Woodbridge tool room are preserved. Damian/Kyle to brief Chris on 3.5 Monday.**
- SmartVentures study underway as of 8/21 in Woodbridge

	Jul MTD		Jul YTD	
Period	Rev	EBITDA	Rev	EBITDA
19A	14.7M	687K	90.0M	4.58M
19B	16.2M	1326K	102M	6.27M
19A % of 19B	90.7%	51.8%	88.2%	73.0%
18A	0.0M	000K	0.0M	0.0M
19A % of 18A	000%	000%	000%	000%

Status Update: Project Details

Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A: Plant consolidation (Patterson, Addorasio) 	<ul style="list-style-type: none">• Analysis complete but concerns around management support exist• Project attractiveness hinges on successful relocation of WB tooling shop, incremental indirect labor required, and standing up of Hunter-Douglas JV operation	9/9	Y0 Cost: \$3.25M Y2 EBITDA: \$3.2-\$3.4M	TBD
B: Commercial/GTM study (SmartVentures) 	<ul style="list-style-type: none">• In process	Start: 8/21 End: TBD	TBD	TBD
C: Pricing 	<ul style="list-style-type: none">• On Hold		TBD	TBD

Executive Summary: Week of 09-05

- Scott Dobak completed first week as the new CEO. Overall moral and feedback from the employees and union are extremely positive.
- Immediate concern around production. Previous team had scheduled the rest of the year at 180 panels per line per day. Historical capacity is 135. 289 projects were moved out 3-4 months.
 - Three major projects are scheduled for the first week of Oct with LD's in the ~\$75k/day. Some volume has been moved offshore to licensees; but production capacity is being increased in the plant with full shift Saturdays, and 30 workers will extend 1st shift by 2 hours
 - Union was supportive, we gave radios, clocks, and \$100 per week per employee in additional compensation if we meet targets (\$10k/week)
- 27 roles were identified to be hired, 17 of them net new. 12 roles were identified as critical and the search will begin immediately
- Draft statement of cashflows has been completed, and a three-statement model is being developed. **Production boards are being installed Monday**, and we will be tracking hourly output of each line, and sub assembly area.
- Critical part shortages are putting Janesville production at risk, current inventory is sufficient through Monday morning.
- Kyle has assumed plant manager role, Randy has assumed COO title, and Tom Gioia has expressed desire to make CFO role permanent.

	Jul MTD		Jul YTD	
Period	Rev	EBITDA	Rev	EBITDA
19A	16.5M	1.77M	85.8M	6.48M
19B	13.0M	1.57M	84.5M	7.70M
19A % of 19B	128%	113%	102%	84.2%
18A	0.0M	000K	0.0M	0.0M
19A % of 18A	000%	000%	000%	000%

Status Update: Project Details

Project		Current Status & Next Steps	Project Timing	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
A. Quality (Patterson, Aardema, Olmstead)	●	<ul style="list-style-type: none"> • Targeting 20% reduction in TCAR warrantee costs (~\$1mm/yr) • Working to identify internal quality costs, currently this is included in COGS 	Kicking off now	\$200k	
B: Production Efficiency (Patterson, Aardema, Olmstead)	●	<ul style="list-style-type: none"> • Plant productivity and lead times are poor, lose over 50 bids a week to lead times • Projecting 10% efficiency gain, and units per day; units per man hour 	Kicking off now	\$1.5mm	
C: Germany Pricing (Long)	●	<ul style="list-style-type: none"> • Pricing targets have been revised to 16% TGM • 2 Mega projects are impacting negatively due to labour and installation • Projecting \$200k realized by end of 2019 	Underway, complete mid Sep. P&L impact by end of 2019	\$650k	\$0
D: Logistics / Supply chain (Blazy, SCS)	●	<ul style="list-style-type: none"> • SCS has 17 projects in flight • Two trucks are not currently being used • Realized savings in international freight 	Q3/Q4	\$400k	\$140k




Project		Current Status & Next Steps	Project Timing	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
E: Scheduling (Blazy, Hoover)	●	<ul style="list-style-type: none"> Max capacity of 135 units per day on 600 vs. historical scheduling of 180 Liquidated damages are being quantified but are likely to be ~\$100k in October Redesign and implementation of new processes is needed 	Sep / Oct	TBD	
F: Safety (Aardema, Patterson)	●	<ul style="list-style-type: none"> Safety record is limiting ability to bid on some jobs 	Nov/Dec	TBD	
G: Lead times (Aardema, Patterson, Olmstead)	●	<ul style="list-style-type: none"> Currently missing ~30-50 bids per week due to 18 week lead time Competitors ~10 weeks. 	Sep-Dec	\$250	
H: Asia turn around and strategy (Long, Blazy)	●	<ul style="list-style-type: none"> Value stream Asia, map out commercial drivers, and develop a manufacturing and go to market strategy for the region PQD USA has been engaged to provide materials for Malaysia rather than moving the Athens equipment to test out the market demand for the HX product 	Nov-2020	TBD	
I: Sourcing / Purchasing (Blazy, Howard)	●	<ul style="list-style-type: none"> Kicked off Sourcing initiative, working to quantify spend by category, and focusing first on Gyp/Dimensional lumber Category specific RFPs will be issued 1 Oct Critical part inventory tracking will be established Joes / Kuduma has been terminated; Itec has been terminated 	Sep-Nov	\$200k	~\$130k
J: Inventory/Stock room (Darrow, Budworth)	●	<ul style="list-style-type: none"> Identifying current state processes; reduced expediting fees, lost time and reordering of product Taskforce has been deployed for inventory and stockroom 	Sep-Nov	\$100k	
K: HX Athens (Dobak, Southern, Blazy)	●	<ul style="list-style-type: none"> Targeting completion of remaining HX projects and closure of Athens plant by the end of November Working to identify location of equipment and timing of a new US facility 	Nov	\$200	

Executive Summary: Week of 09-02

- **August: 91% of planned units produced; 96% of planned sales achieved in August**
- July sales: Original budget accounted for build ahead to cover July shut down week, unable to execute build ahead due to PG&E line hardening order in Q1/Q2 and other “firm” orders (executed actual demand vs. build ahead for July)
 - ASP starting to “drop” based on mix of orders coming in for summer
 - Last 20 day Avg \$1,092 vs. YTD \$1,210
 - July ASP on units shipped: \$1,145 (lowest all year) based on summer order mix
- Single Phase Padmount:
 - 1st Order shipped 8/5 to Anixter
 - Total Orders YTD: \$103,653 / 78 units, ASP: \$1,329
- Southern Company feedback not expected to end of September now; SoCo did not want to jeopardize summer or storm demand
- ABB Inside Sales Separation, EDI Set up behind schedule due to customer interaction delays; ABB coverage through Sep if needed

	Jul MTD		Jul YTD	
Period	Rev	EBITDA	Rev	EBITDA
19A	9.5M	601K	74.9M	6.5M
19B	11.4M	1026K	68.0M	3.7M
19A % of 19B	83%	59%	110%	173%
18A	0.0M	000K	0.0M	0.0M
19A % of 18A	000%	000%	000%	000%

Status Update: Project Details

Project		Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
A. Project Bulldog (OGC/Lincoln)		<ul style="list-style-type: none"> • Refresh bids due end of week of 9/2 	Close in Mid-Oct	n/a	n/a
B. Product development (Smith)		<ul style="list-style-type: none"> • RUS Certification Received • 1st order progressing (Anixter) with July delivery, Additional Orders received from Anixter & Wesco • Total Orders: \$70K Revenue / ASP: \$1,262 	1 st Delivery – Mid-July	TBD	TBD
C. ABB separation (Smith)		<ul style="list-style-type: none"> • [see above] 	End of Sep	TBD	TBD

Executive Summary: Week of 09-02

- Aug 2019 ended with \$4.1M of invoiced sales (95% of Plan) and \$4.6M of bookings (106% of Plan)
- At 9/4 (10% through the month), Aug MTD invoiced sales were at \$0.4M (9% of Plan) and bookings were at \$0.8M (17% of Plan)
 - Sep 2019 invoiced sales and bookings target of \$4.5M, up from \$4.3M in Aug, \$4.0M in Jul, \$3.9M in Jun, \$3.5M in May, and \$3.2M in Apr
- Management has begun interviewing for VP Customer Ops role with consolidated customer-facing responsibilities to improve communications, economies of scale, and accountability
- Management continuing to work through historical maintenance revenue recognition issues related to the audit; management has implemented an approach that doesn't require manually analyzing each individual transaction, and expects to complete data collection/analysis by September, with Deloitte finalizing the audit by September
 - Data collection/analysis will enable comprehensive historical reporting of recurring revenue metrics beginning Jan 2017 (may not pursue 2016 analysis, due to messy data)
- Based on Wed 5/29 call with Deloitte, management and OGC believe subscription model may not create the opportunity for recurring GAAP revenue, despite recurring cashflow; we have decided to pause exploring this effort until completion of the 2018 audit

	Jul MTD		Jul YTD	
Period	Rev	EBITDA	Rev	EBITDA
19A	3.8M	184K	22.1M	810K
19B	3.6M	133K	20.7M	(650K)
19A % of 19B	103%	139%	107%	(125%)
18A	2.5M	330K	14.9M	2,922K
19A % of 18A	148%	56%	148%	28%

Status Update: Project Details



Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A: Expand Product Offering (Chris Jaynes, Jon Burns) 	Gen 3 hardware and Solstice 4.0 has launched; G3 pods were ~30% of Apr sales, >55% of May sales, 60% of Jun sales, and 70% of Jul sales; mgmt examining a low-cost Enterprise version of Solstice based on the G2i HW platform	<ul style="list-style-type: none"> Gen 3 / v4.0 complete Low-cost Enterprise timing TBD 	TBD	TBD
B: Develop VTC Strategy (Chris Jaynes) 	Solstice Room Link (aka VTC integration) underway; prototype demo'd June 12-14 at Infocom, with very positive feedback	<ul style="list-style-type: none"> Release timing TBD 	TBD	TBD
C: Expand Sales Coverage (Rick Emery) 	Recent hires in US and EMEA; Mountain States RSD resigned; interviews ongoing in US and EMEA	<ul style="list-style-type: none"> Ongoing 	TBD	TBD
D: Drive Recurring Revenue (Rick Emery) 	Kepler engagement up >25% YTD from <2.0 sessions/user/wk in Jan to >2.5 sessions/user/wk in Apr; Mgmt has paused exploring full subscription offering	<ul style="list-style-type: none"> Ongoing 	TBD	TBD
E: Enable Recurring Revenue Reporting (Dan Hudspeth) 	NetSuite contract management module ready for deployment, but delayed until collection and analysis of historical maintenance revenue completed as part of the audit; deployment expected in Sep, with initial reporting on recurring revenue within ~2 months thereafter	<ul style="list-style-type: none"> Initial reporting by Oct 2019, full reporting by year-end 	Enabler	Enabler

Executive Summary: Week of 09-02

- **Aug 2019 ended with \$3.0M of sales (78% of Plan) and \$2.5M of bookings (62% of Plan)**
 - Weak performance in the North American gun safe market due in part to lack of competitive product in key product segments; management beginning process of developing business case for low-cost electronic gun safe lock, low-cost biometric lock, and high-end smart lock; management believes these products may enable them to win back lost Liberty electronic business (~\$2.5-4M annual revenue) and significantly improve overall competitive position within the domestic gun safe market
- **At 9/4 (11% through the fiscal month), Sep MTD sales were at \$0.1M (2% of Plan), bookings were at \$0.6M (14% of Plan), and backlog was at \$7.4M (6% below Sep 2018 ending backlog of \$7.9M)**
- As of Jul 2019 (Jan-Jul Actuals + Aug-Dec Revised AOP), management forecasts full-year revenue of \$46.5M (97% of Plan, 106% of PY Actual) and EBITDA of \$11.5M (94% of Plan, 114% of PY Actual)
- Email domain names have moved to first initial last name @sargentandgreenleaf.com (e.g., mlemire@sargentandgreenleaf.com); emails sent to @sbdinc.com will forward to the new email addresses for the next 6 months, but please make the change now to avoid any issues down the line
- **India BD Mgr started Tue 9/3; Jerry Shapaka (Quality Mgr) resigned ~2 weeks after he started on 8/14, due to personal issues; BeckWay engaged on searches for Quality Mgr and Customer Relationship Director (to which Product Mgmt, Marketing, and Customer Service will report)**

	Jul MTD		Jul YTD	
Period	Rev	EBITDA	Rev	EBITDA
19A	4.3M	1.1M	27.0M	6.7M
19B	4.3M	1.2M	28.6M	7.4M
19A % of 19B	100%	86%	95%	91%
18A	3.8M	1.0M	26.4M	6.0M
19A % of 18A	113%	116%	102%	113%

Status Update: Project Details

Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Establish globally consistent pricing strategy <i>(Matt Williams, Steve Tonkel)</i> 	<ul style="list-style-type: none"> • Had initial discussion with Simon-Kucher about pricing optimization project on Fri 8/23 • Targeting Thu 9/12 for follow-up call to confirm the scope and align on approach 	<ul style="list-style-type: none"> • Announcement to market by 2/1/2020 • New pricing implemented as of 4/1/2020 	TBD	TBD
B. Launch refreshed brand and digital market presence (i.e., website) <i>(Kelly Edney, OGx)</i> 	<ul style="list-style-type: none"> • Kelly is testing hypotheses on current brand and competitive position to inform future state brand vision and related elements (marketing collateral and product design) • Prioritizing digital media customer-facing elements; in process of defining strategy and scope for digital media roll-out 	<ul style="list-style-type: none"> • New website and rebranding launch on 2/3/2020 	<i>Enabler</i>	<i>Enabler</i>

Status Update: Project Details

Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
C. Develop new industrial design aesthetic for existing and new products <i>(Patrick Cunningham, Devon Ratliff, Kelly Edney, OGx)</i> 	<ul style="list-style-type: none"> Engaging focus group to test final round and square design concepts, which incorporate common visual brand elements in family (base-to-premium) of lock products Expect to finalize industrial design by Sep (delayed past original July timeline) 	<ul style="list-style-type: none"> Q4 2019 	Enabler	Enabler
D. Improve installation instructions for key product lines <i>(Patrick Cunningham, Kelly Edney, OGx)</i> 	<ul style="list-style-type: none"> Mgmt decided not to pursue AR installation instructions, which would be cost prohibitive (>\$25K for initial development, plus follow-on costs) Will instead use videos and QR codes 	<ul style="list-style-type: none"> Q4 2019 	TBD	TBD
E. Modularize core product lines <i>(Patrick Cunningham, Devon Ratliff, OGx)</i> 	<ul style="list-style-type: none"> Completed high-level review to identify key requirements and product candidates (Ideation phase) Management to compare current design platform to requirements, identify gaps and opportunities, and develop SKU rationalization strategy (Discovery phase) 	<ul style="list-style-type: none"> 3/31/2020 	TBD	TBD
F. Develop new core products <i>(Patrick Cunningham, Devon Ratliff)</i> 	<ul style="list-style-type: none"> Prioritized product development pipeline through Q2 2020, focused on opportunities that are highly strategic (e.g., winning back Liberty electronic business), large and highly certain, and high ROI Management applying Stage Gate process to optimize project delivery and results, finalize NPD project plans, and kick-off development (Design phase) 	<ul style="list-style-type: none"> Commercialization dates from Nov 2019 through Jun 2020 	Yr 1: \$2.3M Yr 4: \$3.8M	\$0
G. Develop SIOP process using historical data analytics <i>(Michael Rose, Craig Saunders, OGx)</i> 	<ul style="list-style-type: none"> OGx performed historical data review, scrubbing, and algorithm development, resulting in forecasted demand accuracy similar to current tool (Demand Solutions); working to make further improvements 	<ul style="list-style-type: none"> 9/20/2019 	TBD	TBD
H. Deploy Artificial Intelligence vision inspection system to improve quality <i>(Craig Saunders, OGx)</i> 	<ul style="list-style-type: none"> Identified production areas with high ROI and potential customer satisfaction improvement opportunity from application of AI vision inspection system OGx to conduct feasibility / design proposal and ROI analysis 	<ul style="list-style-type: none"> Q3 2019 	TBD	TBD

Executive Summary: Week of 09-02

- AM conducted Strategic Planning kickoff sessions on Tue 8/27 and Wed 8/28 with full senior executive team, Rob Levy, RY, and MS; management in process of finalizing strategic initiatives and will begin developing workplans the week of Mon 9/9
- Formalized engagement of Rob Levy to provide support around product strategy, internal product management and engineering, and engineering outsourcing setup
- Finalized MOR and QOR schedule; Aug MOR scheduled for Thu 9/19
- In process of recruiting for Controller; Beth Worthem (VP Finance & HR) is currently the only finance HC
- BeckWay finance transition support kicked off on Thu 8/22
- AM kicked off transition efforts with mgmt. on Thu 8/15
- Employee townhall held Thu 8/15 to announce transaction; employee reaction was very positive

	Jul MTD			Jul YTD	
Period	ARR	Rev	EBITDA	Rev	EBITDA
19A	9.3M	857K	55K	\$6.1M	\$407K
19B	9.2M	833K	33K	\$6.0M	(\$47K)
19A % of 19B	101%	103%	167%	102%	(972%)
18A	6.7M	670K	(154K)	\$5.2M	(\$808K)
19A % of 18A	138%	128%	(136%)	118%	(150%)

Status Update: Project Details

Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. TBD <i>(TBD)</i>	To be updated based on Strategic Planning process		TBD	TBD
B. TBD <i>(TBD)</i>			TBD	TBD

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European portfolio update

**Executive Summary: Week of 09-09**

- August Sales reached 2.5M€ which is -3.7% below budget and -2.2% below PY. EBITDA is expected to be in line with Budget
- On going recruitment of a Sales Director (Korn Ferry) and appointment of Barry Berman, formally Marketing consultant, as Surface decoration segment sales & marketing manager, based in UK
- Cash situation still extremely stretched. The management team asked for a cash injection of €3M in September 19 which would split into €0.5M for Alixpartners and €2,5 for tax & suppliers' payments
- AlixPartners started their mission on 2nd September. We should receive a draft report by the 3rd week of September
- Schatt visit plan in September 19
- Profit Velocity: 1st draft outcome expected 12th September
- Factoring: FactorFrance committee to review Alfatherm before mid September with Duval support

Status Update: Project Details



Project		Current Status & Next Steps	Annualized EBITDA Impact (€MM)	
			Projected	Actual
A. Sales Director recruitment	●	<ul style="list-style-type: none"> • Mandate with Korn Ferry • Interim decision to nominate consultant Barry Berman as Surface decoration segment sales & marketing manager 	tbd	
B. Business Turnaround	●	<ul style="list-style-type: none"> • AlixPartners appointed to assess business turnaround options • Mission started 2nd September 		
C. Factoring	●	<ul style="list-style-type: none"> • FactoFrance committee to review Alfatherm week starting 9th Sep. with Duval support • If favorable decision: target implementation by end of September 	N/A	N/A
D. Production efficiency	●	<ul style="list-style-type: none"> • Kaizen institute to look at the whole material flow before end of September • Calenders scrap reducing steadily but offset with printing scrap in July 	0,5	
E. Profitability analysis	●	<ul style="list-style-type: none"> • Profit Velocity 1st draft report planned for 12th September 		



Executive Summary: Week of 09-09

- August Performance:
 - €27.2M, -3.3% below PY due to 1 days less of sales (+1.8% like-for-like) and -2.8% above budget;
 - margin rate at 21.1% versus 20.7% in PY and 20.2% in budget
 - EBITDA at expected at a loss of -€4.5M in line with budget, PY at -2.3M
 - FY EBITDA forecast at €19M versus €15.7M in PY and €18.1M in budget
- Carve out of PanoFrance network: next milestone meeting on September 13th with management
- Exit: Re-engage with Blackstone and St Gobain in September

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Exit process		<ul style="list-style-type: none"> • Re-engage with Blackstone and St Gobain in September 	TBD	TBD
B. Split of PanoFrance network to increase exit options		<ul style="list-style-type: none"> • First brainstorming on network split (PanoFrance) held on June 17 • Next step is to prepare 2 main scenarios with its respective tax implications by law firm BDGS and split of financials (P&L and Balance Sheet) by end July • Prepare step plan until September to be executed until Q1-2020 • next milestone meeting on September 13th with management 	TBD	TBD

Lower volumes continue to affect the business. Refinancing discussions progressing with Lincoln and local banks

Executive Summary: Week of 09-09

- August volumes at the level of 15.1k tons, versus 18.6k in budget and 14.5k LY, with the deteriorated performance still in place in September, with an outlook of 15.5k tons versus 18.4 in budget and 14.3k LY. Further information on EBITDA for the month and the year will be available later in the week, but the current trend might lead to a downwards review of the €34.4m forecast
- Refinancing discussions progressing well with Lincoln and local banks. Materials and list of new lenders to be approached were validated with Lincoln and the management team. RFP to be sent by the end of the week and term sheets are expected for the end of the month, with closing targeted for the end of November
- Potential Group CFO candidate identified. References being obtained prior to confirming decision and extending an offer. Back-up candidates to be interviewed during the week
- Organizational restructuring scenarios under discussion with management team. Headcount reduction started at plant level and decision about management organization to be made during the next business review

Status Update: Project Details



Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
Finance Function Strengthening	●	• Potential candidate identified. Waiting for references check to decide on next steps	...	...
Inventory Reduction	●	• 22% reduction by year-end is on track	...	...
DB Debt Refinancing	●	• RFP to be sent by Sept 13 th with TS expected for the end of the month and closing in Nov/19	...	...
Zano Carve-Out	●	• Legal carve-out completion expected for Q3 with retroactive effect to July 1 st 2019	...	...
Volumes Recovery	●	• FZP volumes continue to diminish, whereas other product lines are on track with plan	...	...
Fixed Cost and SG&A Reduction	●	• HC reduction started at plants. Decision on management structure to take place at next BR	...	...

Slow start of the season runup in August; YTD sales in line with PY and budget

Executive Summary: Week of 09-09

- August Performance:
 - Sales: NOK73.2M, -15% below PY and +5% above budget; all markets below PY but mainly phasing of sales; YTD in line with PY and budget
 - Order Intake: NOK74.8M, -13% above PY; slow start up the runup for the winter season
- Keys for Polish factory received beginning of September, installation of new equipment starts immediately; OGC site visit planned for beginning of October

Status Update: Project Details



Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Relocation of production from Norway & Denmark to Poland		<ul style="list-style-type: none"> • Keys for Polish factory received beginning of September, installation of new equipment starts immediately; OGC site visit planned for beginning of October 	0 in 2019 NOK 50M in 2020	0
B. Development of Jotul branded pellet stoves		<ul style="list-style-type: none"> • 3 AICO stoves have been redesigned for Jotul and will be launched in France in September 2019 for the winter season • Additional models to be presented in February 2020 at the Verona fair TBD 	TBD	0

Turnaround actions in progress; August trading impacted by 3 week of factory shutdown

Executive Summary: Week of 09-09

- August Performance:
 - Sales: €1.5M, -28% below PY and -39% below budget; shipments only for one week due to summer shutdown and comprehensive stock count
 - Low sales performance in line with FC, trend reversal only expected as of September
- Comprehensive summer stock count did not reveal major deviations to book values
- New CFO started on September 2nd
- Claim letter response sent to seller On September 1st

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Headcount reduction progress		<ul style="list-style-type: none"> • Headcount reduction of 28 people between September and December 	TBD	TBD
B. Prepare refinancing discussion with Italian banks		<ul style="list-style-type: none"> • No response yet from banks due to summer holidays in August in Italy 	TBD	TBD

Executive Summary: Week of 09-09

- August sales reached 7.4M€ which is -11% below budget but +1% vs PY. Ebitda is expected to be in line with Budget
- France Sales Director dismissed 2nd September
- Nomination of transformation PMO with external consulting support of OP2 and external CTO. Kick-off meeting 17th September to implement recommendations from RB
- Meeting organised with S&G EMEA Sales Director on 30th August to target specific countries. Next call 3rd October
- Group reorganisation/redundancy plan:
 - FSSF (63 jobs at stake). Green light received from French administration end of July. Process completion by end of October
 - FB (16 jobs) agreement not reached, unilateral agreement submitted to French Administration. Answer expected Mid September
 - Overall 93 roles at stake representing a net saving of 5.6M€ and for a redundancy plan costs of maximum 8.2M€, being finalized before end of the year

Status Update: Project Details






Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Backlog cleansing	●	<ul style="list-style-type: none"> • 3.0M€ identified to be reviewed (7% of the backlog) including 1.6M€ prior to 2018 		
B. Group Sales Director and Benelux Sales manager recruitment	●	<ul style="list-style-type: none"> • Korn Ferry appointed for both positions • France Sales Director dismissed 2nd September 		
C. Cost reduction and cash program	●	<ul style="list-style-type: none"> • Mainly cash impact with overdue reduction target (from €6M down to €4M) 	0.3	
D. New commercial strategy implementation / Transformation	●	<ul style="list-style-type: none"> • Nomination of a CTO and PMO with external consulting support of OP2 • Transformation kick-off meeting 17th September to implement recommendations from RB • Transversal workshops launched on productivity 		
E. Restructuring Plan	●	<ul style="list-style-type: none"> • FSSF plan entering voluntary period, completion end of October • FB: French administration postponed by 2 weeks the starting date 	0.7	
F. S&G-Fichet distribution synergy	●	<ul style="list-style-type: none"> • Selection of target countries for distribution: 30th August • Next meeting 3rd October 	tbd	

Executive Summary: Week of 09-09

- Net consolidated Sales expected to be around 38 m€ in August 2019 (under review, first draft), and 35.6 m€ in August 2018, and 41.6 m€ in Budget 2019.
- 21 business days in August 2019 vs. 22 in 2018. Compared to 2018, trend would continue to be favourable
- EBITDA of the month not yet closed. EBITDA IFRS expected at 1.6 m€ in budget.

Status Update: Project Details







Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Bitumen supply on Industry Business (Axter)		<ul style="list-style-type: none"> • No stop in production during August 2019 due to shortage of supply of bitumen. • Lack of mid term put or pay contracts with main suppliers (Shell / Total / Esso) Alternative supply from Rotterdam launched + talks initiated to secure supply 	NA	NA
B. Social Roadmap		<ul style="list-style-type: none"> • Discussions ongoing with unions to implement new framework agreement on internal mutual fund, social benefits and working time management. 	+ [2] m€ min	NA
C. Operational excellence implementation		<ul style="list-style-type: none"> • First presentation done on Sept 2 of operational standards to be implemented for Works activity. Work in progress. 	+ [x] m€-TBD	NA
D. IT Carve-Out and definition of new ERP		<ul style="list-style-type: none"> • First output of ERP benchmark done on Sept 2. No leading ERP on the market for SMAC business. Intelligence on competition and inspiring companies does not provide clear leading ERP. 2 options on the table FULL ERP or Finance (Sage as example) + ERP business (different software adapted to business needs). Next steps in September and October. • RFI and RFP sent to consultancy companies. 	TBD	NA
E. Disposal of Industry Division		<ul style="list-style-type: none"> • Presentation prepared by M&A for strategy to be implemented. 	NA	NA

 Complete
  Just started
  On Track
  At Risk
  Behind Schedule

Executive Summary: Week of 09-09

- Net sales of August 2019 at 9 m€ vs. 10.4 m€ LY, 11.1 m€ in Budget and 11.2 m€ in reforecast
- Vs. 2018, main reason for variation comes from Norway, -1.6m€ as a result of decreasing activity stated since the beginning of the year (see DPF market) + sales expected in August that will be pushed to September
- EBITDA not yet available for August. Consolidation of August ongoing. Reminder of EBITDA levels : 2018 € 1.8 m, Budget : € 1.7 m and Reforecast € 1.4 m
- First reporting to bondholders done end of August
- Securities (shares, assets, insurance pledge) implemented in Norway, Belgium, Germany and Brazil

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Closing Accounts		<ul style="list-style-type: none"> • OGC answer sent July 25 to SG. Supporting documentation sent to SG last week. Waiting now for SG feedback for next steps. 	TBD	NA
B. Management and HQ		<ul style="list-style-type: none"> • CFO : New CFO, Stein Erik Odmussen, arrived on Sept 2. • Finance team : Business controller and chief accountant recruited. Arrival Nov 1. new Finance Manager for Venezuela arrived end of August. • COO : New COO, Martin Detje, arrived on Sept 2. => Management team is complete now 	NA	NA
C. Factoring		<ul style="list-style-type: none"> • Successful implementation for Norway with Facto-France. Done for Belgium as well. • Brazil to come by September. 	NA	NA
D. IT Carve-Out		<ul style="list-style-type: none"> • Project launched with Net System. Reminder : TSA in place with Saint Gobain until may 2020 the latest. No red flag so far on the project. 	TBD	NA
E. Strategic Roadmap		<ul style="list-style-type: none"> • Decision to go with Nexant that led the commercial and operational Due Diligence for OGC • Kick-off of project in September. 	+ <i>[x]</i> M€	NA
F. Venezuela		<ul style="list-style-type: none"> • Decision taken in July with the management of Fiven to resume production. 2000 tons produced in July and 2800 tons in August (no major shutdown stated) • New US sanctions in Venezuela in August against Local government. 	+ <i>[x]</i> M€	-1.m€

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Legacy portfolio update

Production resumed with no issues and August performance in line with expectations

Executive Summary: Week of 09-09

- Following the summer break period, production at the two sites was resumed with no technical issues, securing performance in line with expectations for the month of August
- Aluminium supplier RTA confirmed the stabilization of their production process after the contamination verified in previous weeks. Volumes confirmed for Q4 2019
- Meeting with Pandolfo scheduled for September 19th, but the foundry project is likely to be aborted and the dedicated consultant disengaged
- New CFO, Philippe Beghin started

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Foundry Project	●	• Likely to be aborted by the end of finance due to the lack of financing	...	...
B. CFO Recruitment	●	• New CFO started	...	...

Production resumed with no issues. Discussions with Reed/Vista progressing on the combination of Alphacan/Profialis

Executive Summary: Week of 09-09

- Production restarted at all sites following the summer break, but volumes remain below expectations in France
- Discussions with Reed/Vista for the acquisition of Profialis and Alphacan are progressing but proving challenging on the Alphacan side. Reed/Vista motivated to pursue the transaction with or without a joint project with Alphacan CEO as shareholder
 - Site visit to Sable took place on September 5th
 - Visit to Alphacan Italy scheduled for September 24th

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Arco Building Sale	●	• Live update	...	...
B. Profialis / Alphacan Combination	●	• Discussions progressing with Alphacan CEO. Buyer motivated to pursue the project w/ or w/o CEO	...	...

Executive Summary: Week of 09-09

- Site resumed production after the summer break
- Exit process is progressing well and with good traction
 - Visit of Veka took place on September 2nd and 3rd >> Positive feedback from CEO, who confirmed his support and motivation to pursue the transaction. Major interest lies in the logistics and manufacturing synergies to be realized with one of their subsidiaries (Gealan, acquired in 2014)
 - Visit of Reed/Vista took place on September 6th >> Interest confirmed to pursue the acquisition of both Profialis and Alphacan. Discussion at OGC office scheduled for September 16th to align expectations and next steps
 - Visits of Arcole and Profine scheduled for September 12th and 13th
 - Binding offers expected for September 30th
 - Closing expected for October/November

Status Update: Project Details

Project		Current Status & Next Steps	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
A. Profialis NV Liquidation	●	• Live update	...	...
B. Exit Process	●	• Live update	...	...