



W E N D E L

2013 CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEET - CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	12/31/2013	12/31/2012
Goodwill, net	6	2,595.6	2,889.1
Intangible assets, net	7	1,229.0	1,459.3
Property, plant & equipment, net	8	1,359.5	1,556.0
Non-current financial assets	13	215.9	114.6
Pledged cash and cash equivalents	12	6.4	3.4
Equity-method investments	9	4,249.2	4,434.1
Deferred tax assets	19	184.7	189.5
Total non-current assets		9,840.3	10,646.0
Assets of operations held for sale	20	805.5	10.6
Inventories	10	259.2	366.7
Trade receivables	11	1,433.7	1,412.8
Other current assets		207.4	205.0
Current income tax assets	19	66.1	87.4
Other current financial assets	13	355.1	455.5
Cash and cash equivalents	12	758.0	845.9
Total current assets		3,079.4	3,373.4
Total assets		13,725.1	14,030.0

The notes to the financial statements are an integral part of the consolidated statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros	Note	12/31/2013	12/31/2012
Share capital		194.5	198.2
Share premiums		114.6	184.4
Retained earnings & other reserves		1,892.7	2,070.7
Net income for the year - Group share		333.7	221.1
		<u>2,535.5</u>	<u>2,674.4</u>
Non-controlling interests		522.1	617.9
Total shareholders' equity	14	3,057.6	3,292.3
Long-term provisions	15	269.6	302.8
Financial debt (non-current portion)	16	6,751.3	7,483.1
Other non-current financial liabilities	13	230.3	129.2
Deferred tax liabilities	19	470.6	590.0
Total non-current liabilities		7,721.8	8,505.1
Liabilities of operations held for sale	20	375.2	1.0
Short-term provisions	15	9.4	7.0
Financial debt (current portion)	16	1,093.9	551.3
Other current financial liabilities	13	58.6	226.3
Trade payables	17	549.2	579.3
Other current liabilities	18	776.4	782.4
Current income tax liabilities	19	83.1	85.4
Total current liabilities		2,570.6	2,231.6
Total liabilities and shareholders' equity		13,725.1	14,030.0

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the assets and liabilities of Kerneos, the Aluminates business of Materis, have been reclassified in "Assets and liabilities of operations held for sale" as of December 31, 2013.

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED INCOME STATEMENT

In millions of euros	Note	2013	2012
Net sales	21	6,431.8	6,338.6
Other income from operations		4.3	6.3
Operating expenses	22	-5,700.1	-5,648.4
<i>Income from ordinary activities</i>	23	736.0	696.4
Other operating income and expenses	24	-61.2	-173.8
<i>Operating income</i>		674.8	522.6
Income from cash and cash equivalents		9.2	13.1
Finance costs, gross		-449.2	-469.0
<i>Finance costs, net</i>	25	-440.0	-455.9
Other financial income and expense	26	86.4	14.5
Tax expense	27	-189.6	-135.8
Net income (loss) from equity-method investments	28	346.7	-329.7
<i>Net income (loss) from continuing operations</i>		478.3	-384.3
Net income from discontinued operations and operations held for sale	29	11.7	721.3
<i>Net income</i>		490.0	337.1
Net income – non-controlling interests		156.3	115.9
<i>Net income – Group share</i>		333.7	221.1
In euros	Note	2013	2012
Basic earnings per share (in euros)	30	7.07	4.58
Diluted earnings per share (in euros)	30	6.79	4.36
Basic earnings per share from continuing operations (in euros)	30	6.87	-10.28
Diluted earnings per share from continuing operations (in euros)	30	6.60	-10.31
Basic earnings per share from discontinued operations (in euros)	30	0.19	14.86
Diluted earnings per share from discontinued operations (in euros)	30	0.19	14.67

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the contribution of Kerneos, the Aluminates business of Materis, has been reclassified to "Net income from discontinued operations and operations held for sale" for fiscal years 2013 and 2012.

The notes to the financial statements are an integral part of the consolidated statements.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	2013			2012		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Items recyclable into net income						
Currency translation reserves (1)	-448.9	-	-448.9	-46.5	-	-46.5
Gains and losses on qualified hedges	-2.1	-1.7	-3.9	-9.4	0.8	-8.6
Gains and losses on assets available for sale	-1.3	-	-1.3	-1.3	-	-1.3
Earnings previously recognized in shareholders' equity taken to the income statement	2.8	-	2.8	13.6	-	13.6
Items non-recyclable into net income						
Actuarial gains and losses (2)	130.1	-48.0	82.0	-198.9	64.1	-134.8
Other	-	-	-	-4.1	-	-4.1
Income and expenses recognized directly in shareholders' equity (A)	-319.4	-49.8	-369.2	-246.6	64.9	-181.7
Net income for the year (B)			490.0			337.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			120.8			155.4
Attributable to:						
- shareholders of Wendel			91.8			66.8
- non-controlling interests			29.0			88.6

(1) Includes -€239.4 million related to Bureau Veritas (-€22.0 million in 2012), -€39.4 million related to Materis (-€11.3 million in 2012), and -€156.0 million related to Saint-Gobain (-€8.0 million in 2012).

(2) The main impact is €118.3 million related to Saint-Gobain (before taxes, Wendel's share), vs. -€157.0 million in 2012.

The notes to the financial statements are an integral part of the consolidated statements.

CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Number of shares outstanding	Capital	Share premiums	Treasury shares	Retained earnings & other reserves	Currency translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
Shareholders' equity as of December 31, 2011	48,446,820	202.2	252.5	-130.2	2,292.1	77.2	2,693.9	604.0	3,298.0
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-122.2	-32.1	-154.4	-27.3	-181.7
Net income for the year (B)					221.1	-	221.1	115.9	337.1
Total income and expenses recognized during the period (A)+(B) (1)		-	-	-	98.9	-32.1	66.8	88.6	155.4
Dividends paid (2)					-87.1		-87.1	-73.8	-160.9
Movements in treasury shares	-702,356	-4.3	-70.3	14.2			-60.4	-	-60.4
Capital increase									
exercise of stock options	26,262	0.1	0.9				1.0		1.0
company savings plan	35,417	0.1	1.4				1.5		1.5
Share-based payments (including equity-method investments)					19.3		19.3	8.3	27.6
Changes in scope of consolidation					0.1	0.8	0.9	14.3	15.2
Other					38.5		38.5	-23.5	15.0
Shareholders' equity as of December 31, 2012, reported basis	47,806,143	198.2	184.4	-116.0	2,361.9	45.9	2,674.4	617.9	3,292.3
IAS 19 restatement (3)		-		-	-3.5	-	-3.5	-	-3.5
Shareholders' equity as of December 31, 2012 after IAS 19 restatement (3)	47,806,143	198.2	184.4	-116.0	2,358.5	45.9	2,670.9	617.9	3,288.8
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	79.7	-321.7	-241.9	-127.3	-369.2
Net income for the year (B)					333.7	-	333.7	156.3	490.0
Total income and expenses recognized during the period (A)+(B) (1)		-	-	-	413.5	-321.7	91.8	29.0	120.8
Dividends paid (2)					-83.0		-83.0	-109.8	-192.8
Movements in treasury shares	-1,004,091	-4.0	-74.2	-27.1			-105.2	-	-105.2
Capital increase									
exercise of stock options	50,706	0.2	2.6				2.8		2.8
company savings plan	28,854	0.1	1.8				1.9		1.9
Share-based payments (including equity-method investments)					17.2		17.2	8.7	25.9
Change in scope of consolidation (4)					-58.0	10.7	-47.3	-51.2	-98.5
Other					-13.7	0.0	-13.7	27.5	13.9
Shareholders' equity as of December 31, 2013	46,881,612	194.5	114.6	-143.0	2,634.5	-265.1	2,535.5	522.1	3,057.6

(1) See "Statement of comprehensive income".

(2) In 2013, the cash dividend paid by Wendel was €1.75 per share, for a total dividend of €83.0 million. In 2012, Wendel paid a cash dividend of €1.30 per share, plus one Legrand share for every 50 Wendel shares held, and a cash payment in lieu of fractional shares, if any, for a total dividend of €87.1 million.

(3) The impact of the amendment to IAS 19 "Employee Benefits" is described in note 1 "Accounting principles".

(4) Changes in scope included the impact of Bureau Veritas' net share buybacks (-€48.4 million, Group share), as well as a reversal of currency translation reserves when Legrand was sold (€10.8 million).

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros			
	Note	2013	2012
Cash flows from operating activities			
Net income		490.0	337.1
Share of net income/loss from equity-method investments		-346.7	329.7
Net income from discontinued operations and operations held for sale		-11.7	-721.3
Depreciation, amortization, provisions and other non-cash items		420.4	448.9
Non-cash income and expense related to stock options and similar items		25.8	22.4
Expenses on investments and divestments		3.4	3.4
Cash flow from companies held for sale		65.5	68.4
Gains/losses on divestments		11.8	40.1
Financial income and expense		353.6	441.4
Taxes (current & deferred)		189.6	135.8
Cash flow from consolidated companies before tax		1,201.7	1,105.8
Change in working capital requirement related to operating activities		-85.9	-48.7
Net cash flows from operating activities, excluding tax		1,115.8	1,057.1
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	31	-512.6	-472.5
Disposal of property, plant & equipment and intangible assets	32	85.9	86.6
Acquisition of equity investments	33	-495.3	-320.7
Disposal of equity investments	34	593.6	963.7
Impact of changes in scope of consolidation and of operations held for sale	35	-7.9	18.7
Changes in other financial assets and liabilities and other	36	27.0	-91.1
Dividends received from equity-method investments and unconsolidated companies	37	142.7	129.5
Change in working capital requirements related to investment activities		14.6	28.7
Net cash flows from investing activities, excluding tax		-152.1	342.9
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		4.7	2.5
Contribution of non-controlling shareholders		6.1	13.2
Share buybacks			
- Wendel		-105.2	-60.4
- Subsidiaries		-107.7	-66.1
Dividends paid by Wendel (1)		-83.0	-63.3
Dividends paid to non-controlling shareholders of subsidiaries		-110.6	-73.8
New borrowings	38	1,150.1	1,835.7
Repayment of borrowings	38	-1,220.0	-2,455.6
Net finance costs		-419.2	-437.6
Other financial income/expense		-10.3	-26.1
Change in working capital requirements related to financing activities		78.4	90.0
Net cash flows from financing activities, excluding tax		-816.6	-1,241.5
Cash flows related to taxes			
Current tax expense		-233.7	-211.8
Change in tax assets and liabilities (excl. deferred taxes)		39.3	-32.8
Net cash flows related to taxes		-194.4	-244.7
Effect of currency fluctuations		-37.6	-7.7
Net change in cash and cash equivalents		-84.9	-93.9
Cash and cash equivalents at the beginning of the year		849.3	943.3
Cash and cash equivalents at the end of the year	12	764.4	849.3

Consolidated cash flow statement

- (1) The cash dividend paid by Wendel in 2012 was accompanied by a dividend composed of Legrand shares (see "Changes in shareholders' equity"). Only the cash dividend of €62.9 million and the cash payment in lieu of fractional shares of €0.4 million are presented in the cash flow statement.

The principal components of the consolidated cash flow statement are detailed beginning with note 31.

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are provided in note 12 "Cash and cash equivalents". As of December 31, 2013, cash and cash equivalents were composed of €6.4 million in pledged cash recognized under non-current financial assets, and €758.0 million in available cash recognized under current financial assets.

For fiscal year 2013, the cash flows of Kerneos (the Aluminates business of Materis, which is to be divested during the first half of 2014, see note 2 "Changes in the scope of consolidation"), have been retained within each of the cash flow line items. As of December 31, 2013, the cash balance of €15.6 million was the only item to be reclassified to "Impact of changes in scope of consolidation and of operations held for sale". Kerneos' contribution to the main cash flow line items for 2013 and 2012 is as follows:

In millions of euros	2013	2012
Net cash flows from operating activities, excluding tax	61.2	59.3
Net cash flows from investing activities, excluding tax	-19.2	-27.8
Net cash flows from financing activities, excluding tax	-3.3	-29.2
Cash flows related to taxes	-15.9	-16.0

2012 cash flows do not include those of Deutsch, which was sold on April 3, 2012.

The notes to the financial statements are an integral part of the consolidated statements.

GENERAL PRINCIPLES

Wendel is a *société anonyme* (public limited company) with an Executive Board and a Supervisory Board. It is governed by French law and has the Paris commercial registry number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2013 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the notes to the financial statements.

These financial statements were finalized by Wendel's Executive Board on March 17, 2014 and will be submitted for shareholders' approval at their Annual Meeting.

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

Wendel's consolidated financial statements for the fiscal year ended December 31, 2013 have been drawn up in accordance with IFRS principles and methods as adopted by the European Union on December 31, 2013, in accordance with Regulation no. 1606/2002 of the European Council and the European Parliament pertaining to the application of accounting standards, adopted on July 19, 2002.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2013, these accounting principles are the same as those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2012. They correspond to the International Financial Reporting Standards as adopted by the European Union, which are available on the European Commission's website:

"http://ec.europa.eu/internal_market/accounting/ias/index_en.htm".

Notes

Note 1 - 1. Standards, interpretations, and amendments to existing standards that were mandatory in 2013

The following standards and interpretations became applicable to the Wendel Group on January 1, 2013:

- IAS 1 "Presentation of financial statements", applied in advance to the 2012 consolidated financial statements;
- Amendment to IFRS 7 "Disclosures — Offsetting Financial Assets and Financial Liabilities";
- Amendment to IAS 12 "Deferred tax: recovery of underlying assets";
- Amendment to IAS 19 "Employee benefits"; and
- IFRS 13 "Fair value measurement".

The application of the amendments to IFRS 7 and IAS 12 did not have a material impact on the 2013 consolidated financial statements.

The amendment to IAS 19, applied retrospectively, resulted in a net decrease of €3.5 million in shareholders' equity of the Group as of December 31, 2012. This impact was exclusively related to operating subsidiaries and associates and arose because:

- Past service costs resulting from changes in pension plans can no longer be amortized over the remaining service periods of the employees concerned; and
- The discount rates applied to employee-related liabilities are used to evaluate the expected yield on plan assets.

As the impact of this amendment is not material, no modifications were made to the presentation of the 2012 consolidated balance sheet and income statement.

The application of IFRS 13 required a disclosure of how the fair value of financial instruments is determined, presented in note 13-3.D on derivative instruments.

Note 1 - 2. Standards, interpretations, and amendments to existing standards for which early adoption was not applied in 2013

Wendel is currently assessing the potential impact of the application of these texts on its financial statements. In general, the Group has not opted for early adoption of standards and interpretations applicable from years beginning after December 31, 2013, whether or not they have been adopted by the European Commission. In particular, the Group has not applied the following texts to fiscal year 2013:

- IFRS 10 "Consolidated financial statements", published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012, subsequently modified by the IASB on June 28, 2012, and adopted by the European Commission on April 4, 2013. The standard redefines the notion of control on the basis of three criteria: power, exposure to principal returns, and the relationship between power and these returns. The scope of

subsidiaries to be fully consolidated will henceforth be defined on the basis of this standard. In October 2012, the IASB published further amendments designed to better reflect the business model of investment entities. These entities are required to measure their subsidiaries at fair value through profit or loss, rather than to consolidate them. Wendel does not consider itself to be an investment entity as defined by the standard, and will therefore not be affected by this standard. The amendments were adopted by the European Commission on November 20, 2013. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;

- IFRS 11 “Joint arrangements”, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012, subsequently amended by the IASB on June 28, 2012, and adopted by the European Commission on April 4, 2013. This standard replaces IAS 31 regarding accounting for investments in joint ventures. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- IFRS 12 “Disclosure of interests in other entities”, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012, subsequently amended by the IASB on June 28, 2012, and adopted by the European Commission on April 4, 2013. This standard defines the information to be disclosed about investments in subsidiaries, joint ventures and associated companies. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- IAS 28 “Investments in associates and joint ventures”, published by the IASB in May 2011 and adopted by the European Commission on December 11, 2012. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- Amendments to IAS 32 “Offsetting financial assets and liabilities”, published by the IASB on December 16, 2011 and adopted by the European Commission on December 13, 2012. The amendments clarify certain accounting provisions for offsetting financial assets and liabilities;
- Amendments to IAS 36 “Impairment of assets”, published by the IASB on May 29, 2013 and adopted by the European Commission on December 19, 2013. The objective is to clarify that the scope of information to be provided on the recoverable amount of impaired assets is limited to the recoverable amount of impaired assets when this amount is based on fair value less exit costs. Application of these amendments will be mandatory for fiscal years beginning on or after January 1, 2014;
- “Novation of Derivatives and Continuation of Hedge Accounting – amendments to IFRS 39”, published by the IASB on June 27, 2013 and adopted by the European Commission on December 19, 2013. The objective of these amendments is to provide an exemption in situations where a derivative designated as a hedging instrument is novated from the original counterparty to a central counterparty as a consequence of laws or regulations. This exemption offers the possibility of maintaining hedge accounting independently of the

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novation. Application of these amendments will be mandatory for fiscal years beginning on or after January 1, 2014.

Note 1 - 3. Consolidation methods

The companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel has significant influence have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date.

Note 1 - 4. Financial statements used as the basis for consolidation

Wendel's consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements of Bureau Veritas, Materis, Stahl, Saint-Gobain, except, Mecatherm, and Parcours for the 12-month fiscal year ended on December 31, 2013 (the last three companies are included in the Oranje-Nassau Développement subgroup);
- the consolidated financial statements of Legrand for the period during which it was held, until June 2013;
- the consolidated financial statements of IHS for the eight-month period following its acquisition, i.e. from May 1 to December 31, 2013;
- for all other companies, their individual accounts for the 12-month fiscal year ended December 31, 2013.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group's scope of consolidation for fiscal year 2013 are presented in note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2013 are presented in note 43 "List of principal consolidated companies".

Note 1 - 5. Business combinations

IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements", revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the assumption of control, or partial sales that lead to a loss of control. Specifically:

- ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss;

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- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests can now become negative because the net income or loss of a subsidiary is now allocated between the Group share and the non-controlling interests' share, according to their respective equity interests.

Note 1 - 6. Commitment to buy non-controlling interests in consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the present value of the purchase price.

As of December 31, 2013, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests;
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This heading is adjusted at the end of each accounting period to reflect the estimated value of the purchase commitment and the carrying amount of non-controlling interests. This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1 - 7. Intercompany asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1 - 8. Conversion of the financial statements of foreign companies

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of

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these exchange rates have been allocated to retained earnings and other reserves under “translation adjustments”. Translation adjustments related to subsidiaries are recognized on the income statement when those subsidiaries are divested.

Note 1 - 9. Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and judgments are based on Wendel’s and its subsidiaries’ appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are based on Group management’s past experience and various other factors deemed reasonable, such as market data or the work of an independent appraiser, and are reviewed on a regular basis. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be different from the forecasts.

In preparing these financial statements, the principal items involving estimates and judgments were goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, and treatment of co-investments.

Note 1 - 10. Measurement rules

Note 1 - 10.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group’s share of the fair value of its net assets, liabilities, and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 “Business combinations” provides that goodwill may be applied to non-controlling interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of a loss in value may include, for instance, a significant or prolonged decline in the share price of a listed company, a difference in net income compared with budget, or a deterioration in the economic sector in which a company operates. For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGU). Each of the Group’s operating entities (Bureau Veritas, Materis, Stahl, Parcours, and Mecatherm) represents a CGU. Goodwill impairment losses are recognized on the income statement under “Other operating income and expenses” and cannot be reversed.

Notes

Whenever an operating subsidiary identifies an impairment loss on goodwill within its scope of consolidation, this loss is maintained at the level of Wendel's consolidated accounts, even if Wendel's analysis of the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying value of these companies and therefore not presented separately (IAS 28 "Investments in associates and joint ventures", s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilutions are recognized in the income statement under "Net income from equity-accounted investments".

Impairment tests on goodwill and equity-method investments are described in notes 6 "Goodwill" and 9 "Equity-method investments".

Note 1 - 10.2 Intangible assets

1. Brands of the Bureau Veritas, Materis, and Mecatherm groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relationships of the Bureau Veritas, Materis, and Parcours groups

The value of these assets corresponds to the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewals where such renewals are considered probable based on historical statistical data. These contracts and client relationships are therefore amortized over the period used for the calculation of each contract category (up to 30 years, depending on the contract and subsidiary).

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Note 1 - 10.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1 - 10.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, i.e. the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The following useful lives are applied:

Buildings	10 to 40 years
Plant	3 to 10 years
Vehicles rented out (Parcours)	Depends on the term of the lease contract
Equipment and tooling	3 to 10 years

Assets that the Wendel group has acquired under long-term or other leases where the risks and rewards of ownership have been substantially transferred to the Group are accounted for as finance leases and are depreciated on a straight-line basis over their estimated useful life, as described above.

Note 1 - 10.5 Impairment of property, plant & equipment, and intangible assets

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant & equipment, and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value, or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Other operating income and expenses".

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Note 1 - 10.6 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, and operating liabilities. Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial instruments: recognition and measurement". In accordance with IFRS 13, "Fair value measurement", the value of financial assets and liabilities was adjusted for the impact of Wendel's own credit risk.

1. Financial assets at fair value through profit or loss

These assets include short-term financial investments without the characteristics of cash equivalents. These assets are measured at market value at the balance sheet date, and gains and losses arising from changes in value are recognized through the income statement.

2. Assets held until maturity and loans and receivables

These instruments are stated at amortized cost using the effective interest method. Their carrying amount represents outstanding principal, adjusted for any non-amortized acquisition costs, premiums or discounts. They are tested for recoverable value whenever there is an indication that their recoverable amount might be lower than their carrying value. Any impairment loss is recognized on the income statement.

3. Financial liabilities

With the exception of derivative instruments, all borrowings and other financial liabilities are stated at amortized cost using the effective interest method.

4. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow, or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates, or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates, and commodity prices;
- hedges of a net investment in a foreign business can be designated as hedging instruments, as long as they meet the criteria of IAS 39 "Financial instruments: recognition and measurement". These hedges help offset fluctuations in value due to conversion into the reporting currency used by the parent company in its consolidated financial statements. Financial debt

Notes

denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the outset;
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;
- for net investment hedges, the portion of a gain or loss that is considered effective in the hedge of a net investment in a foreign business is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using Wendel's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

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Note 1 - 10.7 Methods for measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial instruments: disclosures" (March 2009), the tables in note 13 present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- Level 1: unadjusted, listed prices of identical instruments on an active market;
- Level 2: observable data other than the listed prices referred to in Level 1, either directly (such as a price), or indirectly (calculated from another price);
- Level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2013, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Changes in level 3 financial instruments were not significant and are not presented.

Note 1 - 10.8 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor, and any operating costs that can reasonably be associated with production.

Note 1 - 10.9 Cash and cash equivalents (pledged and unpledged)

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1 - 10.10 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

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Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense".

Note 1 - 10.11 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. The obligation is determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recognized in shareholders' equity as soon as they appear (IAS 19 "Employee benefits", s. 93A).

Note 1 - 10.12 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on earnings in the next few fiscal years or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- the Group is able to control the date of the reversal of the timing difference; and
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are calculated by the variable carryforward method, based on the tax rates in effect at the balance sheet date. For French companies, this is 34.43% for income subject to standard assessment plus a 10.7% exceptional contribution which is applicable for fiscal years ending no later than December 30, 2015.

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Note 1 - 10.13 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1 - 10.14 Assets held for sale and businesses being divested

An asset or group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

A business is considered as being divested when it meets the criteria of assets held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Amounts recognized as assets, liabilities, net income or loss, and cash flow from operations held for sale are presented after elimination of intragroup operations.

Note 1 - 10.15 Revenue recognition

Revenue from the sale of goods is recognized under net sales when the risks and rewards of ownership are substantially transferred to the buyer.

At the Bureau Veritas group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

The Mecatherm group uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be readily determined. The increment in the percentage of completion, applied to the total forecast income from the contract, represents the profit margin recognized in the period.

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Note 1 - 10.16 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of transactions in currencies other than euros are recognized on the income statement under "Other financial income and expenses".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1 - 10.17 Stock subscription and purchase option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares, and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

Wendel uses the binomial model to determine the fair value of options and performance shares granted. In 2013, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1 - 10.18 Accounting treatment of participation of managers in Group investments

The co-investment mechanisms described in note 4 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, the investment gains are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a divestment or an IPO, or in cash under Wendel's commitment to buy them back after a pre-determined period has elapsed.

Until the redemption method is known, the investments are accounted for based on the method thought to be the most likely.

When the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment (Wendel + co-investors *pari passu* + management teams). On redemption, the dilution created by the sharing of the investments' value reduces Wendel's capital gain. If an initial advantage

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exists (i.e. a positive difference between the fair value of the co-investment and the managers' subscription or acquisition price), it is recognized as an operating expense and spread over the vesting period of the investment. The offsetting entry for this expense is an increase in shareholders' equity. This advantage would be determined on the grant date and would not be revalued thereafter. If, on the other hand, the beneficiaries have invested at the fair value of the subscribed or acquired instruments, there is no initial advantage and no expense is recognized, as was the case in 2013.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the lapse of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

As of December 31, 2013, the liquidity windows open in 2014 for the managers of certain subsidiaries resulted in the recognition of a financial liability. A profit or loss was also recognized for the difference between the value of this liability and the share of the corresponding non-controlling reserves. There is no guarantee that these liquidity positions will be exercised. Wendel believes that the majority of the Group's co-investments are most likely to be redeemed as part of a divestment of the investments concerned or as part of an IPO of these investments. Details of the commitments recognized for these liquidity positions and the puts of non-controlling interests are set out in note 40-5 "Shareholder agreements and co-investment mechanisms", alongside the valuation of the liquidity amounts not recognized in the liabilities section of the balance sheet given that they are expected to be redeemed as shares.

Note 1 - 11. Presentation rules

Note 1 - 11.1 Balance sheet presentation

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the balance sheet date; or
- it is cash or cash equivalent carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

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- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1 - 11.2 Income statement presentation

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

"Other operating income and expenses" corresponds to the impact of limited, unusual, abnormal, or infrequent events. These may include gains or losses on divestments of property, plant & equipment or intangible assets, impairment losses on property, plant & equipment or intangible assets, restructuring costs, and provisions for claims and litigation.

Financial income and expenses include "Finance costs, net" and "Other financial income and expense", which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of "financial assets at fair value through profit or loss", the impact of discounting receivables, liabilities or provisions, and foreign exchange differences.

1. Income taxes: treatment of the CVAE tax

According to Wendel's analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 "Income taxes". IFRIC has specified that to enter into the scope of IAS 12, a tax must be calculated on the basis of a net amount of revenue less expenses and that this net amount may be different from the net income figure on the income statement. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

2. Income taxes: treatment of the CICE tax credit

According to Wendel's analysis, the CICE tax credit does not meet the definition of an income tax, as defined in IAS 12.2 "Taxes based on taxable profits". Wendel therefore deducts the CICE tax credit from personnel costs.

The CICE tax credit is presented within "Income from ordinary activities".

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Note 1 - 11.3 Earnings per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to the "treasury stock" method, it is assumed that the cash received from the exercise of dilutive instruments would be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

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NOTE 2. CHANGES IN SCOPE OF CONSOLIDATION

Note 2 - 1. Changes in scope of consolidation in fiscal year 2013

As of December 31, 2013, the Wendel Group was composed of:

- fully-consolidated operating companies: Bureau Veritas (51.5% net of treasury shares), Materis (75.5%), Stahl (92.2%), and companies held by Oranje-Nassau Développement, i.e. Parcours (95.8%) and Mecatherm (98.1%);
- operating companies accounted for by the equity method: Saint-Gobain (16.3% net of treasury shares), IHS (38.4%), and except (28.4% net of treasury shares), which is held by Oranje-Nassau Développement; and
- Wendel and its holding companies.

Consolidation details are shown in note 43.

Note 2 - 1.1 Investment in IHS (mobile telephone infrastructure in Africa)

At the end of 2013, Wendel made its first direct investment in Africa, taking an equity stake in IHS Holding.

IHS is a fast-growing provider of telecom tower passive infrastructure for mobile phone operators in Africa. Its business consists in building, leasing, and managing telecommunications towers for its own account and on behalf of third parties. The members of its multicultural, entrepreneurial management team have extensive experience in the telecoms sector in Africa and around the world. IHS maintains long-term relationships with its customers. As of the closing date, the group managed 10,500 towers in Africa (including the acquisition of MTN Group towers in Zambia and Rwanda).

This \$276 million investment was part of several capital increases to support IHS in its pan-African expansion strategy. IHS acquired telecom towers in Côte d'Ivoire and Cameroon from MTN Group during the first half 2013 and entered an agreement with Orange in these same countries. The other shareholders that participated in the capital increases are top-tier private equity companies in Africa and an Asian sovereign fund.

After the December 2013 close, Wendel invested an additional \$152 million in February 2014 as part of a new capital increase in IHS. The total investment therefore amounted to \$428 million at the date the financial statements were finalized.

In accordance with the policy of Wendel managers participating in Group investments (see note 4), 0.5% of the investment was made by Wendel managers.

Wendel is now IHS's largest shareholder, owning over 35% of its capital, and with three seats on IHS's Board of Directors. The Wendel Group now has a significant influence over IHS, which has been consolidated by the equity method since the end of April 2013 (IHS's closing date nearest the date of the investment). Consequently, eight months of activity have been consolidated in the Group's 2013 consolidated income statement. The opening balance is being analyzed, and goodwill will be allocated to identifiable assets and liabilities and to contingent liabilities during the 12 months following the investment, in compliance with IFRS standards.

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Note 2 - 1.2 Sale of the Group's residual investment in Legrand (products and systems for low voltage installations)

On June 11, 2013, Wendel successfully sold all of the 14.4 million shares it still held in Legrand, representing 5.4% of the capital, at €36 per share. The proceeds of the transaction totaled €520 million, and Wendel realized a capital gain of €369 million (net of sales fees). This capital gain has been recognized in the income statement under "Net income from equity-accounted investments".

Over an 11-year period, Wendel's investment in Legrand generated an IRR of 19% and increased in value 3.9 times.

Due to the significant influence Wendel exercised over Legrand, with seats on the Board of Directors, the Strategy Committee, the Audit Committee and the Nominating and Compensation Committee, its investment was accounted for by the equity method until the date it sold its stake in the company. 5.4% of Legrand's earnings were therefore consolidated under "Equity-accounted investments" until the date Legrand was sold.

Note 2 - 1.3 Investment in Saint-Gobain (production, transformation and distribution of building materials)

As of December 31, 2013, Wendel held 89,812,635 Saint-Gobain shares, representing 16.3% of capital (net of treasury shares) and 25.8% of voting rights.

These shares are accounted for using the equity method. Wendel's significant influence over Saint-Gobain is shown by its representation on the Board of Directors (three seats out of 16), the Financial Statements Committee, the Strategic Committee and the Appointments, Compensation and Governance Committee. Wendel and Saint-Gobain published the principles and objectives of their 10-year cooperation agreement on May 26, 2011. Under the terms of this agreement, Wendel is guaranteed three seats on the Board of Saint-Gobain so long as it holds more than 10% of the voting rights of Saint-Gobain.

The percentage of Wendel's ownership represented by these equity-method investments fell by 0.8% during fiscal year 2013. This dilution derived from:

- the capital increase reserved for employees and stock-option exercises, which were partially offset by share buybacks carried out by Saint-Gobain; and
- the dividend paid by Saint-Gobain in 2013, with beneficiaries having the option of receiving the dividend in cash (€1.24 per share) or in shares (issue price: €28.12 per share). 72.5% of shareholders chose to receive the dividend in shares. Wendel opted to receive its dividends in shares and sold all of the shares thus received under the terms of a bank financing agreement. As a result of this sale, Wendel received the equivalent of a dividend in cash (€1.24 per share) on the shares it held, plus a premium of €12.5 million relating to the financing agreement.

Overall, these transactions led to a dilution loss of €97.0 million (including €64.3 million for the share dividends), which is recognized under "Net income from equity-accounted investments". The dilution

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loss relates to the difference between the carrying value of the shares on the Group's consolidated balance sheet and the subscription price of the shares issued by Saint-Gobain in these transactions.

Additionally, 1,910,000 Saint-Gobain shares purchased in August 2011 were recognized at their market price as current financial assets at the opening of the fiscal year. This treatment was related to the Group's initial, announced objective not to hold the shares over the long term. All of these shares were sold during the summer of 2013 for €68.3 million, with Wendel achieving a gain of 16% on this investment since August 2011 (including dividends received). The change in value between their opening value (market price) and their sale price resulted in a gain of €6.7 million in fiscal year 2013.

Note 2 - 1.4 Investment in Saham (insurance and customer relationship centers in Africa)

Wendel invested in the pan-African group, Saham, in November 2013. The Moroccan-based group, which is majority-owned by its founder, has in the past focused on two lines of business: insurance and customer relationship centers. It is also developing its activities in the real estate and healthcare sectors in order to benefit from the existing synergies with its insurance activities.

Wendel has decided to initially invest €100 million in exchange for 13.33% of the group's capital, in the form of a capital increase, to strengthen Saham's resources and to speed up its expansion in Africa and the Middle East. Wendel takes part in the governance of the group, having one director on Saham's board of directors. Given Wendel's percentage holding at the end of 2013, this investment is not accounted for by the equity method, but is recognized at fair value in non-current financial assets.

Shareholder agreements described in note 40-5 "Shareholder agreements and co-investment mechanisms" specify the way in which Wendel could increase its holding in this investment.

In accordance with the policy of Wendel managers participating in Group investments (see note 4), 0.5% of the investment was made by Wendel managers.

Note 2 - 1.5 Acquisition of Nippon Oil Pump (design and manufacture of pumps)

In December 2013, Wendel acquired 98% of Nippon Oil Pump for JPY 3.2 billion (around €23 million), subject to a price adjustment clause whose impact is expected to be limited. A Japanese company founded 94 years ago, NOP leads the Japanese market for the design, development and manufacture of trochoid pumps, water pumps, and hydraulic motors. It also has worldwide leadership positions in the trochoid pump segment. These pumps are used principally for oil circulation in machine tools, for the purposes of lubrication and cooling.

This investment will be fully consolidated only from 2014, given that the impact on the 2013 consolidated financial statements is not material, and that NOP's IFRS accounts were not yet available when Wendel's accounts were finalized. NOP achieved sales of JPY 4.8 billion in 2013, and an EBITDA of JPY 0.8 billion (Japanese accounting standards).

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Again, for this acquisition, 0.5% of the investment was made by Wendel managers (see note 4).

Note 2 - 1.6 Principal changes in scope of consolidation of subsidiaries and associates

1. Acquisition by Stahl (high-performance coatings and leather-finishing products) of the Leather Services division of Clariant

Stahl signed an agreement at the end of 2013 with Clariant to purchase its Leather Services business. This transaction will enable Stahl to strengthen its offering across the entire leather finishing value chain, notably downstream in Leather Finish and upstream in Wet End, and to further increase its exposure to the Asia Pacific zone. In exchange for the sale of its assets to Stahl, Clariant will receive 23% of the shares of Stahl and a cash payment in the region of €70 million. At the same time, Stahl will put in place new financing in order to continue its development, focusing particularly on its high-performance coatings business, and also to refinance its existing credit lines and partially repay its shareholder loans, with Wendel, in particular, to receive around €40 million. Wendel will remain the principal shareholder, with roughly 70% of Stahl's capital.

This transaction will be recognized in 2014 when it is finalized, after obtaining the necessary regulatory approvals.

2. Sale by Materis (specialty chemicals for construction) of its Aluminates division

Materis has signed an agreement with a view to selling the whole of its Aluminates division, Kerneos. This transaction values Kerneos at €610 million. Materis will use the proceeds of the sale to partially pay down debt. The sale is expected to close in the first half of 2014, subject to the necessary regulatory approvals. As part of this transaction, Wendel will reinvest €60 million in Kerneos in the form of subordinated debt earning interest at 10.5%.

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the contribution of Kerneos to the consolidated income of Wendel has been reclassified to "Net income from discontinued operations and operations held for sale" for fiscal year 2013 and fiscal year 2012 (presented for comparative purposes). Similarly, all of Kerneos' balance sheet items have been reclassified in the line items entitled "Assets of operations held for sale" and "Liabilities of operations held for sale" as of year-end 2013. The 2013 consolidated cash flow statement includes Kerneos' cash flows. Only the cash balance at the end of 2013 was reclassified as a result of the changes in the scope of consolidation.

3. Changes in scope of consolidation of the Bureau Veritas group (compliance evaluation and certification services)

In 2013, Bureau Veritas continued to follow its acquisition strategy, completing seven acquisitions and increasing its investment in three companies. The principal acquisitions during the year were as follows:

- 7Layers, a German company specialized in the testing and certification of mobile electronics devices and wireless technologies. Its head office is in Ratingen in Germany, and the company has accredited laboratories and engineering centers in Germany, China, South Korea, and the United States. It also has representative offices in Japan, Taiwan, and Southern Europe;
- Sievert Group, a leading company in non-destructive testing and industrial inspection in India and the Middle East. Based in Mumbai, Sievert has a strong presence in India, South-East Asia and the Middle East; and
- Carab Tekniva Group, a leading company in South Africa providing management services for assets destined for the electricity generation and petrochemicals sectors, based near Pretoria.

On December 20, 2013, Bureau Veritas signed a CAD 650 million agreement relating to the acquisition of Maxxam Analytics International Corporation, the Canadian market leader in analytical services. Founded more than 40 years ago, Maxxam is the Canadian "Testing, Inspection & Certification" (TIC) market leader. With more than 50 laboratories, warehouses, and offices across the country, Maxxam has the largest network of laboratories in Canada, testing around 2.5 million samples each year. Sales and EBITDA for the current fiscal year, which finishes end-March 2014, are estimated at €187 million and €42 million, respectively. This transaction will be recognized after its closing in 2014.

The cost of the transactions carried out during 2013 totaled €170.6 million (of which €28.7 million was to be paid after the close). The resulting goodwill amounted to €68 million. The goodwill amount will become definitive once valuation of the identifiable assets and liabilities and the contingent liabilities of the companies acquired is completed over the next 12 months, in line with accounting standards.

Annual sales in 2013 of all the companies and groups acquired by Bureau Veritas came to approximately €92.3 million, and their operating income before amortization of intangible assets from business combinations was in the region of €19.2 million.

Finally, in 2013 Bureau Veritas finalized the sale of operations in Brazil and Spain which were identified as assets and liabilities held for sale as of December 31, 2012.

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4. Changes in scope of consolidation by the Saint-Gobain group (production, transformation and distribution of building materials), an equity-accounted investment

On January 17, 2013, Saint-Gobain concluded an agreement with Ardagh for the sale of Saint-Gobain Containers, Inc. (Verallia North America). On July 1, 2013, the FTC (Federal Trade Commission) filed a complaint in Federal Court seeking to temporarily prevent the sale being consummated. Negotiations were commenced with the FTC in order to resolve the questions raised by the regulator. These negotiations being still ongoing on January 13, 2014, the Saint-Gobain group and Ardagh decided to extend the validity of the sales contract until April 30, 2014.

On March 7, 2013, Saint-Gobain signed an agreement for the sale of its U.S.-based PVC Pipe & Foundations business. The sale was finalized on May 1, 2013.

On December 19, 2013, Saint-Gobain signed an agreement for the sale of its fiber-cement coatings business in the United States, this business line being part of the Exterior Products division within the Construction Products sector. This transaction was finalized at the beginning of 2014.

Note 2 - 2. Changes in scope of consolidation in fiscal year 2012

The principal changes in scope during 2012 were as follows:

- the sale of Deutsch (high-performance connectors); and
- payment of a portion of Wendel's dividend in the form of Legrand shares (products and systems for low-voltage installations)

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NOTE 3. RELATED PARTIES

Wendel's related parties are:

- Saint-Gobain, except and IHS, which were accounted for by the equity method at the closing date, as was Legrand until the date it was sold;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 3 - 1. Saint-Gobain

During the 2013 fiscal year, Wendel received €113.7 million in dividends from Saint-Gobain in the form of Saint-Gobain shares. All of the shares received have been sold, see note 2 "Changes in the scope of consolidation".

Some Saint-Gobain subsidiaries undertake transactions with Wendel Group subsidiaries. These transactions are carried out at market prices.

Note 3 - 2. Legrand

During fiscal year 2013, Wendel received €14.4 million in dividends from Legrand.

Note 3 - 3. except

The shareholder loan accorded by the Group to except in 2011 amounted to €5.6 million as of December 31, 2013.

Note 3 - 4. Members of the Supervisory Board and Executive Board

Compensation paid by Wendel to the members of the Executive Board in respect of 2013 amounted to €3,819.3 thousand. The value of options and performance shares allocated to the members of the Executive Board in 2013 totaled €2,435.0 thousand as of the date they were granted.

Compensation paid to members of the Supervisory Board in 2013 totaled €762.0 thousand, including €655.8 thousand in Wendel director's fees and compensation paid to the Chairman of the Supervisory Board, €56.5 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board, and €27.5 thousand paid by Wendel's subsidiaries to certain members of the Supervisory Board for serving on their Boards.

In addition, Ernest-Antoine Seillière, retired since 2005 after 30 years of service to the Group, and Chairman of the Supervisory Board until the end of March 2013, benefits from a Wendel Group supplementary pension plan, described in note 15-2 "Employee benefits". He was to receive a net

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pensions allowance of €261,000 from the insurance company for his five months as member of the Supervisory Board. In addition, in 2006 he co-invested in Materis, Stahl and VGG (see note 4 "Participation of managers in Group investments").

The Company has committed to pay Frédéric Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and variable pay on achieved objectives, provided performance conditions have been met.

The Company's commitments to Bernard Gautier, member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board;
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to performance conditions.

The members of the Executive Board, and around 40 other people, have co-invested in Materis, Stahl, VGG, Parcours, Mecatherm, IHS, NOP and Saham (see note 4 "Participation of managers in Group investments").

Note 3 - 5. Wendel-Participations

Wendel-Participations is owned by approximately 1,050 Wendel family individuals and legal entities. Wendel-Participations owns 35.7% of Wendel's share capital.

There are no other significant economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "Wendel Investissement" brand; and
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

NOTE 4. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS**Note 4 - 1. Participation of Wendel managers in Group investments**

To involve its managers in the Group's value creation, Wendel has set up co-investment mechanisms to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several mechanisms co-exist depending on the date of Wendel's initial investment. However, certain rules are common to all mechanisms:

- (i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel; the co-investments correspond to the disbursements made by each manager, concurrent with the Wendel investments;
- (ii) if a liquidity event (as defined in paragraph (iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as Wendel in relation to the gain or the loss incurred (*pari passu* co-investment), or different rights and obligations. In the latter case, if Wendel achieves a predefined level of return, the managers have the right to a greater share of the gain; conversely, if the return is not achieved, the managers lose the whole of the corresponding investment, including their initial contribution;
- (iii) a liquidity event is defined as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by Wendel, or if the company concerned is listed on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold;
- (iv) co-investors' rights vest over a period of four years in five tranches of 20% each, including 20% at the investment date. In the event of their departure during this period, the managers agree to sell (and in certain cases have the option to sell) their unvested rights upon request at their initial value, and, in certain cases, to sell their vested rights under predefined financial conditions;
- (v) in the absence of a liquidity event several years after the initial investment, a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally-renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph (ii) above.

In addition, co-investments deriving from small investments can be aggregated and paid up at the end of the year. Accordingly, payment of co-investments that together represent less than €100,000 for all co-investor/managers (corresponding to Wendel investments of less than €20 million) can be

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deferred until a cumulative threshold of €250,000 is reached. If this threshold is not reached at least once a year, payment must nevertheless be made.

2006-08 period

Co-investments related to acquisitions Wendel made between 2006 and 2008 (and to subsequent reinvestments Wendel made in these companies) remain governed by the principles above, and the following specific rules:

- i) the co-investments confer a right to 10% of the capital gain (on 0.5% of the investments), provided that Wendel has obtained a minimum return of 7% p.a. and a cumulative return of 40% on its investment. Otherwise, the co-investors lose the amounts they have invested.
- ii) if no liquidity event occurs, a cash payment is offered to the co-investors after a period of 10 years.

Under these previously applied principles, managers invested personally alongside Wendel in:

- Saint-Gobain: this co-investment was unwound in 2010, prior to maturity, in light of the absence of prospects of a return for co-investors, who thereby lost the whole of their investment;
- Materis, Deutsch, Stahl, and Van Gansewinkel Groep (VGG): these co-investments were made through Winvest International SA SICAR, formed in 2006 and divided into four sub-funds corresponding to each of the investments; the co-investment in Deutsch was unwound when the company was sold to TE Connectivity in April 2012.

2011-12 period

In 2011, the co-investment principles evolved, in particular to include a pari passu share. Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of note 4-1 and by the following specific rules:

- i) 30% of the amounts invested by the co-investors are invested under the same terms and conditions as Wendel (pari passu co-investment);
- ii) the remaining 70% confer a right, should a liquidity event occur, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% p.a. and a cumulative return of 40% on its investment. Otherwise, the co-investors lose 70% of their investment;

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- iii) from eight years after Wendel's initial investment, if Wendel has not fully divested the company in question or listed it on a stock exchange, a three-stage payment is offered to co-investors: the potential capital gain is realized after eight years on one-third of the amounts invested by co-investors; similarly, the potential gain on the other two-thirds is realized after 10, then 12 years if no full divestment or IPO has taken place in the meantime.

Under these principles, the managers invested personally alongside Wendel in Parcours, Mecatherm, and IHS. These co-investments were made through Oranje-Nassau Développement SA SICAR, created in 2011, and currently divided into three sub-funds corresponding to each of the investments.

In 2013, as part of Wendel's reinvestments in IHS and Mecatherm, Wendel managers made supplementary co-investments in these companies (the rules of the supplementary co-investments follow those applicable to the initial co-investments).

As part of this operation, and on the prior authorization of the Supervisory Board, the Chairman and the other member of the Executive Board made respective supplementary co-investments of €322,740 and €215,160 in IHS, and €4,956 and €3,300 in Mecatherm.

2013-17 period

The co-investment mechanism was again amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's new term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 are therefore governed by the principles set out at the beginning of note 4-1 and by the following specific rules:

- i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% p.a. (carried interest deal by deal); a three-stage payment is offered to co-investors at eight, 10 and 12 years after Wendel's initial investment (see 2011-12 period), if Wendel has not fully divested the company in question or listed it on a stock exchange;
- ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% p.a. (pooled carried interest); if Wendel has not fully divested each of the investments of the period in question, or listed them on a stock exchange, the pooled capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- iii) the remaining 30% is co-invested pari passu with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis.

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- iv) the co-investors having freely made the commitment to participate in the 2013-17 at a certain proportion of total co-investments are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned will lose all of his/her rights to the pooled capital gain for the non-invested portion, except for cases of *force majeure* where the co-investor will simply be diluted;
- v) those co-investors who have met their commitment to co-invest in the pooled portion, may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation;
- vi) the four-year period necessary to acquire the rights to pooled carried interest is calculated from the date of the initial investment.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% from the Chairman of the Executive Board, and 40% from Bernard Gautier.

As a result of implementing these new principles, two new SICARs (Expansion 17 SA SICAR and Global Performance 17 SA SICAR) have been created and are currently in the process of being recognized by Luxembourg's financial regulator, the *Commission de Surveillance du Secteur Financier* (CSSF).

In compliance with these principles, Wendel managers co-invested alongside Wendel in the Moroccan company Saham, and in the Japanese company Nippon Oil Pump, in November and December 2013 respectively.

As part of this operation, and on the prior authorization of the Supervisory Board, the Chairman and the other member of the Executive Board made respective supplementary co-investments of €103,766 and €69,159 in Saham, and €23,310 and €15,636 in Nippon Oil Pump.

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Note 4 - 2. Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Group subsidiaries and associates to allow senior managers to participate in the performance of each entity.

For listed subsidiaries and associates (Bureau Veritas and Saint-Gobain), these mechanisms comprise subscription- and purchase-type stock option plans, and performance share plans.

For unlisted subsidiaries (Materis, Mecatherm, Parcours, Stahl, and NOP), the participation policy is based on a co-investment mechanism through which these executives may co-invest significant sums alongside Wendel. These mechanisms are generally comprised in part of a pari passu investment, which gives a return profile identical to that achieved by Wendel, and in part of a ratchet investment (or a bonus system) which offers a gain profile differentiated according to the internal rate of return (IRR) achieved by Wendel. This portion of the co-investors' investment only benefits from a return in excess of Wendel's when a certain profitability threshold has been met (ranging from 7% to 10%).

These investments present a risk for the co-investors in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These co-investment mechanisms and the sharing of risk between Wendel and the co-investors are represented by a variety of financial instruments held by Wendel and the co-investors. These instruments include ordinary shares, index-based or preferred shares, fixed-rate bonds, warrants, etc.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (depending on the company, between 2 and 14 years after the initial investment by Wendel).

Note 4 - 3. Impact of co-investment mechanisms for Wendel

If the business plans of the companies related to the co-investments of managers from Wendel and its subsidiaries are realized, there could be a dilutive impact of up to 15% on Wendel's ownership interest in these companies.

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NOTE 5. MANAGING FINANCIAL RISKS

Note 5 - 1. Managing equity market risks

Note 5 - 1.1 Value of investments

Wendel's assets are mainly investments in which it is the main or controlling shareholder. Some assets are listed (Saint-Gobain, Bureau Veritas, and excecet) and others are unlisted (Materis, Stahl, Parcours, Mecatherm, IHS and NOP). The Group also holds non-controlling interests, such as in Saham and VGG.

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment;
- equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, whose valuations may be influenced by market parameters.

Growth in Wendel's Net Asset Value (NAV) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting / financial, legal, tax and environmental analyses. These processes identify the operating, competitive, financial and legal opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth operational review meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of principal shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of competitive positioning and of the resilience of the companies to economic hardship.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations. This risk is significant amid the current high volatility on the financial markets and the after-effects of the global recession, which continues to generate much uncertainty about economic trends.

Additionally, the financial and debt structure of certain unlisted investments (Materis, Stahl, VGG, Mecatherm, IHS, and NOP) accentuates the valuation risk of these investments. While leverage makes high internal rates of return (IRR) possible on these investments, it also exacerbates financial

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difficulties in the event of a significant slowdown in economic activity by restricting their access to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see note 5-2 "Managing liquidity risk"). Moreover, the financial crisis has shown that banks' own difficulties (e.g. access to liquidity, prudential ratios) could create obstacles in refinancing the debt of these companies. To forecast and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements.

The value of these investments is therefore subject to the risk that their economic and financial performance and prospects for business development and profitability will be undermined by difficulties related to their organization, financial structure, economic sector and/or the global economic environment. It is also subject to financial market risk, and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 5 - 1.2 Equity derivatives

Wendel may use equity or index derivatives to manage or hedge the risk on its asset portfolio. Wendel issued (wrote) 6.1 million European puts on Saint-Gobain in 2007 (see note 13-4 "Put options issued (written) on Saint-Gobain shares").

These instruments are monitored regularly by the Finance department, which evaluates the associated risk and presents it to the Executive Board.

Note 5 - 1.3 Short-term financial investments indexed to equity markets

As part of its cash management (see note 5-2 "Managing liquidity risk"), Wendel uses liquid, short-term financial investments, a small portion of which are indexed to equity markets (equity funds). This small portion is therefore exposed to equity market risk. Such investments, which offer higher expected yields than cash instruments, but also greater risk of loss in value, are formally monitored on a regular basis by the Group Vice-President for Finance and the Executive Board.

Note 5 - 1.4 Equity market risk

Equity market risk relates to:

- Consolidated and equity-method securities, whose recoverable values used for impairment tests are based on market parameters, including the discount rate used in calculating “value in use” or the market price used in calculating “fair value”;
- The puts issued (written) on Saint-Gobain shares, which are recognized at their fair value on the balance sheet. When Saint-Gobain's share price declines, the liability related to these puts increases, generating a loss in the income statement, and vice-versa. As an indication, as of December 31, 2013, a +/-5% change in the price of Saint-Gobain's shares would have an impact of about +/-€10 million on the income statement (see note 13-4 “Put options issued (written) on Saint-Gobain shares”);
- Short-term financial investments indexed to the equity markets, the total value of which was €58 million as of December 31, 2013. Such investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of about +/-€3 million on the value of these investments and on the income statement;
- Margin calls on the financing of Saint-Gobain shares. There was no longer any risk of this type at the date the accounts were finalized; see note 5-2 “Managing liquidity risk”;
- The covenants under Wendel's syndicated credit facility. These covenants are based on ratios of financial debt to the value of assets and are described in note 5-2 "Managing liquidity risk". As of December 31, 2013, this credit was undrawn and Wendel was in compliance with the covenants;
- The degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond financing (and in some cases, bank financing), which Wendel may seek to access. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond borrowings (See note 5-2 "Managing liquidity risk").

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In millions of euros	Net carrying value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Balance sheet note	Impact on net income			
					of a +/-5% change in share price	of a -/+0.5% change in discount rate applied to the value of future cash flows	of a +/-0.5% change in perpetual growth rate used to calculate discounted future cash flows	of a 1% reduction in the normative margin used to discount cash flows in post-business-plan periods
Equity-method investments								
Saint-Gobain	4,004.8	3,590.3	-179.5	9	N/A (1)	+414/-400	+414/-283	-439
Oranje-Nassau Développement								
- except	55.7	31.4	-1.6	9	N/A (1)	0/0	0/0	0
- IHS	185.1	N/A	N/A	9		(2)		
Consolidated investments								
Bureau Veritas	1,036.1	4,783.8	-239.2	6	0	N/A (3)	N/A (3)	N/A (3)
Materis	-378.2	N/A	N/A	6				
Shareholder loan and Materis liquidity line (4)	329.6							
	-48.6				N/A	0/0	0/0	0
Stahl	30.2	N/A	N/A	6				
Stahl shareholder loan (4)	77.0							
	107.2				N/A	0/0	0/0	0
Oranje-Nassau Développement								
- Parcours	131.3	N/A	N/A	6	N/A	0/0	0/0	N/A (5)
- Mecatherm (incl. liquidity line (4))	122.9	N/A	N/A	6	N/A	0/0	0/0	0
Financial instruments								
Puts issued (written) on Saint-Gobain	-142.0	-142.0	-10.0	9	+/-10	N/A	N/A	N/A
Other financial assets								
Investment in Saham	100.0	N/A	N/A			(2)		
Investment in NOP	22.7	N/A	N/A			(2)		
Short-term financial investments indexed to the equity markets	58.1	58.1	-2.9		+/-2.9	N/A	N/A	N/A

(1) Impairment tests are based on value in use (discounted future cash flows). See note 9 "Equity-method investments".

(2) No impairment test was carried out because the investment is recent and there is no indication of impairment;

(3) The recoverable value retained for the Bureau Veritas impairment test is the market share price;

(4) Eliminated on consolidation;

(5) The reference accounting measure used for the Parcours impairment test is "Income (loss) before exceptional items and tax".

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Note 5 - 2. Managing liquidity risk**Note 5 - 2.1 Liquidity risk of Wendel and the holding companies**

Wendel needs cash to make investments, service debt, pay operating expenses and dividends and meet margin calls on Saint-Gobain financing. These needs are covered by asset rotation, bank and bond financing, and by dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments*1.1. Cash and short-term financial investments as of December 31, 2013*

As of December 31, 2013, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	Available <i>denominated in €</i>	Available <i>denominated in \$</i>	Pledged <i>denominated in €</i>	Total
Money-market mutual funds (1)	95			95
Bank accounts and bank certificates of deposit	260 (1)	73 (1)	6 (2)	339
Diversified, equity, and bond funds (3)	27	38		65
Funds managed by financial institutions (3)	258			258
Total	641	111	6	758
	752			

- (1) Classified under cash and cash equivalents within current assets;
- (2) Classified under pledged cash and cash equivalents;
- (3) Classified under other current financial assets.

1.2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart summarizing the changes during the month and the month-end position. This chart is presented to the Executive Board. It also includes a breakdown between pledged and unpledged cash, the detail of the various cash and short-term financial investment vehicles, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared and used to determine when financing needs will arise under various scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), funds managed by financial institutions, and equity, bond and diversified funds (classified under "Other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. Wendel has a formal procedure for monitoring the net asset values of these more

volatile funds on a weekly basis. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

2. Managing debt maturities and refinancing

2.1. Debt position as of December 31, 2013

As of December 31, 2013, gross debt with recourse to Wendel was composed of €3,286.7 million in Wendel bonds with maturities ranging from 2014 to 2019 (see details in note 16 "Financial debt"). In January 2014, Wendel placed an additional €400 million bond issue, maturing in 2021.

Moreover, bank debt financing of Saint-Gobain shares without recourse to Wendel totaled €425 million as of end-December 2013. This amount was repaid in advance at the beginning of 2014. This debt was subject to margin calls (see note 5-2.4.3 "Margin calls on Saint-Gobain financing").

Following the 2021 bond issue in January 2014, and the repayment of the bank debt at the beginning of 2014, the average financing maturity is 3.7 years and the next maturity date is in November 2014.

Available, undrawn lines are made up of:

- a new €600 million syndicated credit line maturing in May 2018, arranged in the first half of 2013 in replacement of the previous line of €1,200 million, maturing in 2013/14; and
- bank debt subject to margin calls for the financing of Saint-Gobain shares. At the beginning of 2014, the €875 million credit line with maturity 2016/17, drawn down by €425 million at the end of 2013, was fully repaid and replaced by a new €800 million credit line, currently undrawn, with a maturity of 2020. The total undrawn bank debt used to finance Saint-Gobain shares amounted to €1,500 million at the beginning of 2014, including €700 million maturing in 2017 and €800 million maturing in 2020.

2.2. Managing debt

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation, or new financing. This latter resource may be limited by:

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators (Basel III, Solvency II); and
- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets), which is a key credit risk indicator tracked by Wendel's lenders and by Standard & Poor's, which rates the Group's financial structure. Leverage depends in particular on asset values, and is thus subject to equity market risk (see note 5-2 "Managing equity market risk").

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and

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extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so.

Wendel also has available credit lines that enable it to ensure the repayment of the nearest maturities. Finally, Wendel can take the opportunity to sell assets so as to pay off some of its financial debt and reduce financial leverage.

Refinancing operations undertaken in 2013 to manage bank and bond maturities by strengthening the financial structure and extending the average debt maturity are set out in note 16-1.1 "Principal changes in the financial debt of Wendel and its holding companies during 2013". During the first half of 2013, Wendel announced its intention to further strengthen its financial structure so as to return to investment grade status in the next four years.

In April 2013, Standard & Poor's upgraded its long-term rating for Wendel from BB to BB+ with a stable outlook. The short-term rating is B.

3. Managing risk related to the financial covenants of the syndicated credit

The new syndicated credit, undrawn as of December 31, 2013, is subject to the same financial covenants as the preceding facility. The covenants are based principally on the market value of Wendel's assets and on the amount of net debt (see note 5-2.4.2 "Syndicated loan documentation and covenants"). As such, the covenants are sensitive to changes in the equity markets.

Wendel regularly carries out simulations to analyze the impact of fluctuations in the value of its assets, the level of collateral granted and the cash flow projections on the level of the syndicated credit covenants.

Wendel's bonds and financing benefitting from pledged Saint-Gobain shares are not subject to financial covenants.

4. Managing the risk related to margin calls on the Saint-Gobain investment financing

The mechanisms for margin calls on Saint-Gobain financing are described in note 5-2.4.3 "Margin calls on Saint-Gobain financing".

Note 5 - 2.2 Liquidity risk of operating subsidiaries

1. Managing liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

Cash and debt levels are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared several times a year and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are presented regularly to Wendel.

2. Impact of liquidity risk of subsidiaries on Wendel

Debt of operating subsidiaries and associates is without recourse to Wendel. As such, these subsidiaries' liquidity risk affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support those of its operating subsidiaries and associates that might experience cash flow difficulties. Similarly, they have no mutual support obligation between them. As a result, Wendel's liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. In 2012, Wendel provided Materis with a €50 million liquidity line (drawn down by €20 million as of December 31, 2013) as part of the renegotiation of the terms of Materis' bank debt. Wendel also extended a €5 million liquidity line to Mecatherm and provided a guarantee of €15 million to Mecatherm's lenders in return for the easing of its bank documentation covenants. Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial situation of subsidiaries affect their value. This is taken into account in calculating Wendel's financial leverage (see note 5-2.1.2.2 "Managing debt maturities" of Wendel and its holding companies).

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Note 5 - 2.3 Wendel's liquidity outlook

Wendel's liquidity risk for the 12 months following the 2013 closing is low, given the high level of cash and short-term financial investments, the undrawn available credit lines and because there is no debt repayment date before the end of 2014.

Note 5 - 2.4 Financing agreements and covenants of Wendel and its holding companies

1. Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc).

2. Wendel's syndicated credit (undrawn) – Documentation and covenants

The syndicated credit facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions (in particular the Saint-Gobain financing structure). As of December 31, 2013 the net debt taken into account corresponds to Wendel bonds less available cash (any pledged cash is lodged in the Saint-Gobain financing structure).

Net debt of the Saint-Gobain, Bureau Veritas, Materis, Stahl, Parcours, except, Mecatherm, IHS, Saham, and NOP groups, as well as the debt related to the acquisition of Saint-Gobain shares (less any cash pledged), is deducted from the gross revalued assets of these companies inasmuch as it is without recourse to Wendel.

The covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:
 - (i) unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and the financial holding companies;
 - to
 - (ii) the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow), must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. As of December 31, 2013 Wendel was in compliance with all covenants.

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The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

3. Margin calls on Saint-Gobain financing

Bank debt financing Saint-Gobain shares is subject to margin calls. The value of collateral given under these financing arrangements (Saint-Gobain shares, Bureau Veritas shares, and cash) must remain at the level required under bank agreement covenants, based in turn on the amount of debt. Should this value decline, the bank demands further collateral; should it increase, a portion of the collateral is freed up. As Wendel finances these margin calls, its liquidity may be affected by a decline in the price of shares given as collateral for this financing.

This debt is without recourse to Wendel. Wendel could therefore decide not to respond to these additional margin calls. This would put the related financing contract in default, and the bank could then exercise the collateral already provided.

These bank debts were repaid at the beginning of 2014. Therefore, there was no longer any collateral given at the date the accounts were finalized (at end-2013, the value of Saint-Gobain and Bureau Veritas shares pledged for the debt of €425 million still drawn at that date amounted to €923 million, and the pledged cash was €6 million).

Note 5 - 2.5 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas financial debt

This debt is without recourse to Wendel.

As of December 31, 2013, the gross face value of Bureau Veritas' financial debt was €1,511.3 million. Its cash balance was €190.6 million.

Bureau Veritas does not have significant repayment obligations on its debt in the short or medium term and has unused lines of credit amounting to €435.4 million (including an unconfirmed amount of USD 175 million) as follows:

- €308.5 million on the revolving credit line maturing in 2017: available amount of €320.0 million reduced for amounts used (€11.5 million via a commercial paper program);
- €72.5 million on the 2011 US private placement, with the use of this amount requiring the prior agreement of the investor; and
- €54.4 million on the 2013 US private placement, with the use of this amount requiring the prior agreement of the investor.

Certain Bureau Veritas financing arrangements require compliance with the following ratios, calculated on a rolling 12-month basis, twice per year, at June 30 and December 31:

- an interest cover ratio, i.e. EBITDA divided by net interest expense, of more than 5.5; and

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- a leverage ratio, i.e. the ratio between net consolidated debt and EBITDA, of less than 3.25. As of December 31, 2013, Bureau Veritas was in compliance with these ratios.

2. Materis financial debt

This debt is without recourse to Wendel.

As of December 31, 2013, the gross face value of Materis' bank debt, including Kerneos, was €2,023.7 million (including accrued interest and the €20 million liquidity line granted by Wendel, and excluding issuance costs and shareholder loans; see details on maturity dates in note 16 "Financial debt"). Its cash balance was €83.7 million (including Kerneos).

The sales proceeds from Kerneos (see note 2 "Changes in the scope of consolidation") will be used to reduce Materis' financial debt.

As part of the renegotiation with Materis' lenders in 2012, Wendel extended a €50 million interest-bearing cash facility to Materis, which may be repaid and canceled after the sale of Kerneos, in accordance with the lenders' agreements. As of December 31, 2013, €20 million was drawn down under this line.

The Materis group is subject to the following covenants:

- LTM EBITDA divided by net interest expense, must be greater than 1.85 as of December 31, 2013. This minimum rises to 2.11 in 2015. This ratio is calculated on a rolling 12-month basis;
- the ratio of consolidated net debt (excluding shareholders' loans) to LTM EBITDA must be below 7.63 as of December 31, 2013. This ceiling falls to 6.69 in 2015;
- the ratio of cash flow after capex and dividends (plus available cash up to €35 million) to total debt serviced (cash interest payable plus scheduled principal repayment) must be greater than 1. This ratio is calculated on a rolling 12-month basis;
- annual capex must not exceed 4.5% of consolidated sales (plus any capex roll-over) in fiscal years 2013 through 2016.

These covenants are tested quarterly and Materis was in compliance with them as of December 31, 2013.

The credit agreements entered into by Materis contain the standard restrictions for this type of credit line. Certain transactions, such as mergers, exiting from Wendel's tax consolidation group, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require the prior approval of the lending banks.

3. Stahl financial debt

This debt is without recourse to Wendel.

As of December 31, 2013, the gross face value of Stahl's bank debt was €168.7 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates under note 16 "Financial debt"). Its cash balance was €58.2 million.

As part of the acquisition of the Leather Services division of Clariant (see note 2 "Changes in the scope of consolidation"), Stahl intends to refinance its debt in order to continue its development, refinance its existing credit lines and partially repay its shareholder loans, with Wendel, in particular, to receive around €40 million.

The Stahl group is subject to the following covenants:

- the ratio of consolidated net debt (excluding shareholder loans) to LTM EBITDA must be less than or equal to 5.55 at December 31, 2013 (this ceiling falls to 5.00 on September 30, 2014). This ratio is tested quarterly;
- the ratio of LTM EBITDA to net interest expense paid had to be greater than or equal to 2.95 as of December 31, 2013. This minimum rises to 3.05 on September 30, 2014. This ratio is calculated on a rolling 12-month basis and is tested quarterly;
- the ratio of cash flow after capex and dividends to total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1.40 until December 31, 2014. This ratio is calculated on a rolling 12-month basis and is tested every six months.

In addition, 2013 capex expenditure must not exceed €13 million (this ceiling will rise to €14 million in 2014). This is tested annually.

As of December 31, 2013, Stahl was in compliance with these covenants.

The credit agreements entered into by Stahl contain the standard restrictions for this type of credit line. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lending banks.

4. Parcours financial debt

This debt is without recourse to Wendel.

As of December 31, 2013, the gross face value of Parcours' bank debt was €450.5 million. It consisted essentially of credit lines used to finance the vehicles leased to customers. These credit lines are provided by around 25 financial institutions and no single bank extends more than 25% of total outstandings. Every year, the Parcours group negotiates an annual drawdown limit with each of its banking partners, which it can use to finance the purchase of vehicles it leases under new contracts. Parcours draws down when it purchases the vehicles and repays the loans linearly over 36 months. Certain lines are fully or partially collateralized by the financed vehicles and/or by the lease payments. In addition, part of the debt is subject to annually-calculated financial ratios (net financial debt/shareholders' equity, financial debt/EBITDA, financial debt/cash flow, financial debt/PP&E, net

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interest expense/EBITDA). As of December 31, 2013 Parcours was in compliance with these financial ratios.

5. Mecatherm financial debt

This debt is without recourse to Wendel.

As of December 31, 2013, the gross face value of Mecatherm's debt was €62.3 million (including accrued interest, non-recourse discounting, and a €5m liquidity line granted by Wendel, and excluding issuance costs; see details on maturity dates in note 16 "Financial debt"). Its cash balance was €10.5 million.

Given the particularly volatile economic context, Mecatherm and its bank lenders agreed to extend the suspension of covenant tests until December 2014. As part of this agreement, Wendel has maintained its €5 million liquidity line, so as to enable Mecatherm to finance its general corporate needs, and the €15 million on-demand guarantee to the banks to cover the servicing of Mecatherm's bank debt until December 31, 2014.

6. NOP financial debt

This debt is without recourse to Wendel.

As of end-2013, the gross face value of NOP's bank debt was JPY 4.7 billion (i.e. €32.5 million). Its cash balance was JPY 0.5 billion (i.e. €3.7 million). Almost one-third of the bank debts will be amortized until 2019, and two-thirds are repayable at maturity in 2019. The financial covenants specify a minimum level of shareholders' equity and stipulate that net income cannot be negative for two consecutive years.

NOP was not consolidated as of December 31, 2013 (see note 2 "Changes in scope of consolidation").

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Note 5 - 3. Managing interest rate risk

Each subsidiary manages its interest-rate exposure by taking into account, among other things, the restrictions imposed by its financing agreements. Wendel tracks the Group's overall position. Simulations of sensitivity of financing costs to interest-rate trends are analyzed regularly and whenever an event occurs that is likely to have an impact on interest-rate exposure. On the basis of these analyses, Wendel and its subsidiaries may decide to set up swaps, caps, collars, or any other derivative for hedging purposes.

As of December 31, 2013, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.5		3.3
Cash and short-term financial investments (1)	-0.3		-0.8
Impact of derivatives	0.6	1.6	-2.2
Interest-rate exposure	4.8	1.6	0.4
	71%	23%	6%

(1) Excluding €0.1 billion in short-term financial investments not sensitive to interest rates.

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2013 during which they will hedge interest-rate risk.

As of December 31, 2012, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries, except for Deutsch which was classified under operations held for sale) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.2		3.8
Cash and short-term financial investments (1)	-0.3		-0.9
Impact of derivatives	0.9	0.9	-1.8
Interest-rate exposure	4.9	0.9	1.2
	70%	13%	17%

(1) Excluding €0.1 billion in short-term financial investments not sensitive to interest rates.

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2012 during which they hedged interest-rate risk.

The derivatives hedging interest-rate risk are set out in note 13 "Financial assets and liabilities".

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A +100 basis point change in the interest rates to which the Group's interest rate exposure is indexed would have an impact in the region of -€11 million (-€17 million as of December 31, 2012) on net finance costs before tax over the 12 months after December 31, 2013, based on net financial debt as of December 31, 2013, interest rates on that date and the maturities of interest-rate hedging derivatives. Given the historically low yield curve, the sensitivity of net finance costs before tax is presented in the scenario of an interest rate rise only.

Note 5 - 4. Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sectoral diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. For short-term investments in funds managed by financial institutions, or bond, equity or diversified funds, an analysis is carried out on the counterparty risk. By tracking cash and short-term financial investments, Wendel regularly measures its exposure to each counterparty. However, given the total amount of cash and short-term financial investments as of December 31, 2013 (see note 5-2 "Managing liquidity risk"), significant amounts could be placed with the same financial institution.

Derivative contracts are entered into with top-ranking financial institutions.

Note 5 - 5. Managing currency risk

Note 5 - 5.1 Wendel

As of December 31, 2013, Wendel owned €111 million in short-term financial investments denominated in US dollars. These financial assets are recognized at fair value. As such a 5% decline in the value of the US dollar compared with the euro would have a negative impact of -€6 million on Wendel's income statement.

In addition, Bureau Veritas, Stahl, and Materis operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, in particular the US dollar and currencies pegged to it. The other operating subsidiaries have little exposure to currency risk.

Note 5 - 5.2 Bureau Veritas

Bureau Veritas operates internationally and is consequently exposed to the risk of variations in several foreign currencies. This risk relates both to transactions undertaken by Bureau Veritas entities in currencies other than their functional currency (operating exchange rate risk), and to assets and liabilities denominated in foreign currencies (conversion risk).

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Regarding operating exchange risk, the majority of Bureau Veritas entities operate in their local currency, which is also their functional currency. For this reason, operating exchange risk is not covered by specific hedging operations.

No hedging is in place in terms of the risk related to converting the accounts of foreign entities to the accounts and reporting currency of Bureau Veritas.

If it deems it necessary, Bureau Veritas may undertake foreign currency borrowings and thereby hedge certain commitments by pegging its financing costs to operating revenues and cash flows in the currencies concerned. If financing is performed in a currency other than the functional currency of the country, Bureau Veritas may put in place currency hedges to protect against exchange rate risk. Additionally, the centralization of subsidiaries' cash surpluses and shortfalls in other currencies may be hedged via currency swaps.

In 2013, more than half of Bureau Veritas' net sales were in currencies other than the euro, including 12% in US dollars, 6% in Australian dollars, 7% in Chinese yuans, 4% in Brazilian reals, and 5% in Hong Kong dollars. No other currency individually accounted for more than 5% of Bureau Veritas' net sales. This trend is a result of the strong growth of Bureau Veritas' businesses outside the euro zone, in Asia and notably in the US and in dollar-zone currencies.

A 5% fluctuation in the euro against the US dollar would have had an impact of 0.6% on Bureau Veritas' 2013 operating income. A 5% fluctuation in the euro against the Australian dollar would have had a 0.1% impact; a 5% fluctuation in the euro against the Chinese yuan would have had a 0.75% impact; a 5% fluctuation in the euro against the Brazilian real would have had a 0.15% impact; and a 5% fluctuation in the euro against the Hong Kong dollar would have had a 0.25% impact.

Finally, the impact on income before tax of a +/-1% fluctuation in the US dollar on USD-denominated financial assets and liabilities held by entities having a non-USD operating currency is +/-€1.1 million.

Note 5 - 5.3 Stahl

In 2013, 57% of Stahl's net sales were in currencies other than the euro, including 16% in US dollars, 14% in Singapore dollars, 5% in Brazilian reals, and 6% in Indian rupees. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of +/-1.7% on Stahl's 2013 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €1 million. In addition, Stahl has financial debt of about €131 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, in the event of a +/-5% fluctuation in the US dollar's value against the euro, a translation impact of about -/+€7 million would be recognized in net financial expense.

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Note 5 - 5.4 Materis

A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of +/-2.5% on Materis' 2013 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or around -/+€5 million.

Note 5 - 6. Managing commodity risk

Certain of the Group's investments are exposed to the risk of changes in commodity prices.

Materis purchased around €771 million of raw materials in fiscal year 2013. A 10% increase in the price of the raw materials used by Materis would have led to a theoretical increase in the cost of these raw materials of around €77 million on a full-year basis. Materis nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such raw material price increases. Materis continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products.

Stahl purchased around €179 million of raw materials in fiscal year 2013. A 10% increase in the price of the raw materials used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €18 million. Stahl nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such raw material price increases. Stahl did not enter into any contracts to hedge movements in raw material prices in 2013.

NOTES TO THE BALANCE SHEET

NOTE 6. GOODWILL

In millions of euros	12/31/2013		
	Gross amount	Impairment	Net amount
Bureau Veritas	1,943.0	57.9	1,885.2
Materis	876.0	327.7	548.2
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
Total	2,981.2	385.6	2,595.6

In millions of euros	12/31/2012		
	Gross amount	Impairment	Net amount
Bureau Veritas	2,017.2	57.9	1,959.3
Materis	1,095.8	328.3	767.5
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
Total	3,275.2	386.2	2,889.1

The principal changes during the year were as follows:

In millions of euros	2013	2012
Net amount at beginning of year	2,889.1	2,787.8
Business combinations (1)	72.3	180.9
Reclassification of Kerneos under "Operations held for sale"	-211.2	-
Impact of changes in currency translation adjustments and other	-152.5	-22.4
Impairment for the year (2)	-2.0	-57.3
Net amount at end of year	2,595.6	2,889.1

(1) In 2013, this item includes €68.0 million of acquisitions by Bureau Veritas.

(2) Materis recognized an impairment loss in 2013 of €2.0 million on its CGUs.

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Note 6 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section).

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were finalized on situations existing at the end of December 2013. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2013 balance sheet date.

Note 6 - 1.1 Impairment test on Bureau Veritas goodwill (listed company)

The carrying value of the Bureau Veritas shares held (€4.6 per share, or €1,036 million) as of end-2013 was far below their fair value (closing share price: €21.245 per share, or €4,784 million). As a result, there was no need to apply value in use for the impairment test, and no impairment has been recognized.

Note 6 - 1.2 Impairment tests on the goodwill of Wendel's unlisted subsidiaries: Materis, Stahl, Parcours and Mecatherm

As Materis, Stahl, Parcours and Mecatherm each constitute a CGU in Wendel's consolidated statements, IAS 36 "Impairment of assets" tests were also performed on these subsidiaries. The values in use determined by Wendel for these tests were based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries, and using the latest information available on the underlying markets. For each subsidiary, the value so calculated for Wendel's share of the capital (including shareholder loans where appropriate) is compared to the carrying value (share of shareholders' equity increased, where appropriate, for shareholder loans eliminated on consolidation).

1. Materis

An impairment test was performed, although the carrying value of the Group's stake in Materis is negative.

A discount rate of 8% was used for Materis (8.3% in 2012) for the calculation of future discounted cash flows, and a long-term growth rate of 2% was applied to post-business plan cash flows (2.25% in 2012). The business plan covers a five-year period. The cash flows from the Aluminates business (Kerneos) have not been included in the business plan because the value retained for this division is the expected sales price (see note 2 "Changes in the scope of consolidation"). Materis' value in use, so calculated by Wendel, was above its carrying value as of December 31, 2013, and accordingly

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Wendel recognized no additional impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For the calculated value to be negative, the discount rate would have to exceed 11% or the long-term growth rate would have to be negative. Finally, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 basis point, no impairment would have to be recognized.

Materis also carried out an impairment test on its CGUs as of December 31, 2013. A total write-down of €11.5 million was recorded on assets in Southern European and Turkey, including €2 million relating to goodwill and €9 million relating to tangible and intangible assets. In accordance with the Group's accounting principles, this impairment loss was maintained in Wendel's consolidated statements.

2. Stahl

A discount rate of 9% was used for Stahl (vs. 10.5% in 2012), and a long-term growth rate of 2% was applied to post-business plan cash flows (same rate as in 2012). The business plan covers a five-year period, and does not include the impact of the merger with the Leather Services division of Clariant, which will take place in 2014 (see note 2 "Changes in the scope of consolidation"). Stahl's value in use, so calculated by Wendel, was above its carrying value as of December 31, 2013, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, the long-term growth rate would have to become negative, or the discount rate would have to change significantly (rate in the region of 20%). Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 basis point, no impairment would have to be recognized. Separately, no impairment loss was recognized in Stahl's financial statements in 2013.

3. Parcour

A discount rate of 10.5% (9.5% in 2012) was used for Parcour and a long-term growth rate of 2% was applied to post-business plan cash flows, as for 2012. The business plan covers a five-year period. Parcour's value in use, so calculated by Wendel, was above its carrying value as of December 31, 2013, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment charge to be recognized, the long-term growth rate would have to be negative, or the discount rate would have to exceed 14%. Separately, no impairment loss was recognized in Parcour's financial statements in 2013.

Notes

4. Mecatherm

A discount rate of 9% was used for Mecatherm (same rate as in 2012), and a long-term growth rate of 2% was applied to post-business plan cash flows (same rate as in 2012). The business plan covers a five-year period. Mecatherm's value in use, so calculated by Wendel, was above its carrying value as of December 31, 2013, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized, the long-term growth rate would have to be reduced to around 1.2%, or the discount rate would have to exceed 9.5%. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 basis point, no material impairment would have to be recognized. Separately, no impairment loss was recognized in Mecatherm's financial statements in 2013.

NOTE 7. INTANGIBLE ASSETS

In millions of euros	12/31/2013		
	Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Internally generated	32.5	9.6	22.9
Acquired			
Concessions, patents, and licenses	95.5	39.0	56.5
Customer relationships	1,126.0	719.5	406.5
Software	114.2	74.7	39.5
Other intangible assets	50.3	18.4	31.9
	1,386.0	851.5	534.5
Assets of indefinite useful life			
Acquired			
Brands	720.3	48.7	671.6
	720.3	48.7	671.6
Total	2,138.8	909.8	1,229.0

Notes

In millions of euros	Gross amount	12/31/2012 Amortization and provisions	Net amount
Amortizable assets			
Internally generated	24.4	6.2	18.1
Acquired			
Concessions, patents, and licenses	101.9	35.2	66.7
Customer relationships	1,208.4	704.0	504.3
Software	121.0	83.4	37.5
Other intangible assets	45.0	17.6	27.4
	1,476.3	840.3	636.0
Assets of indefinite useful life			
Acquired			
Brands	849.8	44.7	805.1
	849.8	44.7	805.1
Total	2,350.4	891.2	1,459.3

The principal changes during the year were as follows:

In millions of euros	2013	2012
Amount at beginning of year	1,459.3	1,489.4
Acquisitions	10.8	9.6
Internally generated assets	5.3	4.4
Reclassification of Kerneos under "Operations held for sale"	-169.4	-
Impact of business combinations (1)	73.6	121.0
Impact of currency translation adjustments and other	-38.3	0.7
Amortization and impairment losses for the year	-112.3	-165.8
Amount at end of year	1,229.0	1,459.3
<i>of which</i>		
Bureau Veritas	585.0	608.9
Materis	498.6	696.3
Stahl	64.2	69.1
Oranje-Nassau Développement	81.1	84.8
Wendel and holding companies	0.1	0.2
<i>Total</i>	1,229.0	1,459.3

(1) In 2013, the impact of business combinations included the €73.6 million in acquisitions undertaken by Bureau Veritas.

Notes

NOTE 8. PROPERTY, PLANT & EQUIPMENT

In millions of euros	Gross amount	12/31/2013 Depreciation and provisions	Net amount
Land	79.8	5.8	74.0
Buildings	247.6	131.3	116.3
Plant, equipment, and tooling	1,127.9	681.9	446.0
Other property, plant & equipment	1,184.4	515.0	669.4
Assets under construction	53.7	-	53.7
Total	2,693.5	1,334.0	1,359.5

In millions of euros	Gross amount	12/31/2012 Depreciation and provisions	Net amount
Land	97.7	5.7	92.0
Buildings	365.2	186.0	179.2
Plant, equipment, and tooling	1,847.7	891.0	956.7
Other property, plant & equipment	659.6	405.4	254.2
Assets under construction	73.9	-	73.9
Total	3,044.1	1,488.1	1,556.0

The principal changes during the year were as follows:

In millions of euros	2013	2012
Amount at beginning of year	1,556.0	1,434.9
Acquisitions (1)	496.4	458.6
Divestments	-10.9	-10.5
Reclassification of Kerneos under "Operations held for sale"	-246.2	-
Impact of business combinations (2)	19.2	62.1
Parcours: reclassification in inventory of used vehicles (net) (3)	-83.7	-89.0
Impact of currency translation adjustments	-64.1	-15.1
Depreciation, amortization, and provisions recognized during the year	-307.3	-285.0
Amount at end of year	1,359.5	1,556.0
<i>Bureau Veritas</i>	401.3	379.4
<i>Materis</i>	286.5	564.7
<i>Stahl</i>	84.5	91.4
<i>Oranje-Nassau Développement</i>	576.3	513.2
<i>Wendel and holding companies</i>	10.9	7.3
<i>Total</i>	1,359.5	1,556.0

The change in property, plant & equipment during 2013 derived principally from:

- (1) In 2013, this amount principally relates to €271.0 million in vehicles acquired by the Parcours group (Oranje-Nassau Développement), and internal investments made by Bureau Veritas and Materis for €139.6 million and €69.0 million respectively.
- (2) The impact of business combinations of €19.2 million relates to the acquisitions undertaken by Bureau Veritas.
- (3) Parcours' fleet of leased vehicles is recognized under property, plant & equipment. Second-hand vehicles returned by customers at contract termination are recognized on the balance

Notes

sheet under "Inventories" before being sold.

NOTE 9. EQUITY-METHOD INVESTMENTS

In millions of euros	12/31/2013	12/31/2012
Saint-Gobain	4,004.8	4,228.4
Legrand	-	145.3
IHS	185.1	-
exceet	55.7	53.8
Investments of Bureau Veritas	0.8	0.7
Investments of Materis	0.4	3.8
Investments of Stahl	2.4	2.1
Total	4,249.2	4,434.1

The change in equity-method investments broke down as follows:

In millions of euros	2013
Amount at beginning of year	4,434.1
Share in net income for the year	
Saint-Gobain	71.2
Legrand (1)	12.9
IHS (1)	-9.7
exceet	1.3
Other	0.2
Dividends paid by equity-method companies	-125.9
Impact of changes in currency translation adjustments	-175.2
Impact of dilution on the Saint-Gobain investment (1)	-97.0
Sale of Legrand shares (1)	-138.8
Investment in IHS (1)	211.6
Other (2)	64.3
Montant au 31 décembre 2013	4,249.2

(1) See note 2, "Changes in scope of consolidation".

(2) Includes €74.2 million in actuarial differences, net of tax, related to Saint-Gobain.

Notes

Note 9 - 1. Additional information on Saint-Gobain

In millions of euros	12/31/2013	12/31/2012 restated for IAS 19 (4)
Carrying values at 100%		
Total assets (Saint-Gobain) (1)	45,726	47,534
Impact of the revaluation of acquired assets and liabilities	3,884	4,052
Residual goodwill (excluding goodwill in Saint-Gobain's balance sheet) (2)	3,179	3,293
Non-controlling interests	344	412
Total liabilities (1)	27,856	29,704
	2013	2012 restated for IAS 19 (4)
Net sales (1) (3)	42,025	43,198
Operating income (1)	2,764	2,863
Business income (1)	1,891	1,966
Recurring net income, Group share (1)	1,027	1,053
Net income, Group share (1)	595	693
Impact of the revaluation of acquired assets and liabilities	-168	-470

(1) In Saint-Gobain's books, at 100%.

(2) Value of residual goodwill after impairment see note 9-4.1 "Impairment test on Saint-Gobain, accounted for by the equity method".

(3) In 2013, net sales declined by 2.7% and by 0.3% organically.

(4) The restatements derive from the IAS 19 amendment related to employee benefits.

Note 9 - 2. Additional information on IHS

In millions of euros	12/31/2013
Carrying values at 100%	
Total assets (IHS) (1)	879.9
Goodwill adjustment (Wendel) (2)	50.6
Non-controlling interests (1)	15.8
Total liabilities (1)	435.4
	8-month period to end-December 2013 (3)
Net sales (1)	97.3
EBITDA (1)	27.1
Net income, Group share (1)	-25.3
Impact of the revaluation of acquired assets and liabilities (2)	-

Notes

- (1) In IHS's books, at 100%.
- (2) See note 2 "Changes in scope of consolidation". The opening balance sheet is being analyzed and goodwill allocation to identifiable assets and liabilities and to contingent liabilities will be finalized in the 12 months following the investment.
- (3) The closing date of IHS closest to the investment date was April 30, 2013. Consequently, eight months of activity have been consolidated in the Group's consolidated income statement.

Note 9 - 3. Additional information on except

In millions of euros	12/31/2013	12/31/2012 restated for IAS 19 (2)
Carrying values at 100%		
Total assets (except) (1)	182.8	179.3
Goodwill adjustment (Wendel)	97.2	100.2
Non-controlling interests	-	-
Total liabilities (1)	84.1	88.9
	2013	2012 restated for IAS 19 (2)
Net sales (1) (3)	190.8	188.8
EBITDA (1)	18.3	16.5
Net income, Group share (1)	7.5	3.1
Impact of the revaluation of acquired assets and liabilities	-3.0	-12.9

- (1) In except's books, at 100%.
- (2) The restatements derive from the IAS 19 amendment related to employee benefits.
- (3) In 2013, sales were up 1.1%, with negative organic contribution of 2.2%.

Oranje-Nassau Développement's percentage interest (100% Wendel) in except Group SE is subject to the potentially dilutive effect of financial instruments issued by except.

In addition to the 20,073,695 listed shares in circulation (net of treasury shares), 5,708,427 of which are held by the Wendel Group, except has issued the following financial instruments:

- 20,000,000 listed warrants giving access to the capital of except under the following terms:
 - exercise price of €12/share; and
 - a cashless exercise: upon exercise, the holders will not pay the exercise price in cash, but will receive except shares equal in value to the intrinsic value of a number of warrants given in exchange for the shares.

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Ultimately, the maximum number of except shares to be issued is approximately 2.94 million. The Wendel Group holds 6.75% of these warrants, which are recognized as financial assets at their fair value;

- 5,210,526 unlisted promoters' shares, of which 1,000,000 will be converted into listed shares if the share price reaches €12/share; 2,105,263 will be converted into listed shares if the share price reaches €14/share; and 2,105,263 will be converted into listed shares if the share price reaches €16/share. They do not give dividend rights or rights to the net assets of except if they are not converted. These shares are held by the promoters of the Helikos project, including the Wendel Group, which holds 75.8% of the shares. These instruments are accounted for as shareholders' equity and are thus recognized in Wendel's financial statements as part of the value of except shares accounted for by the equity method; and
- 9,000,000 unlisted, earn-out shares that can be converted into listed shares in three equal tranches, if the listed share price reaches the thresholds of €12, €13 and €15 per share. These earn-out shares do not give dividend rights or rights to the net assets of except if they are not converted. They are held by Vorndran Mannheims Capital Advisors GmbH, the other main shareholder of the except group.

After July 2016, the promoters shares and earn-out shares will no longer be convertible and will be reimbursed at par (€0.0152 per share). The warrants are exercisable until the same date, and may be repurchased at €0.01 per warrant, provided the share price exceeds €17. Warrants not exercised will be automatically canceled.

Note 9 - 4. Impairment tests on equity-accounted investments

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were finalized on situations existing at the end of December 2013. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2013 balance sheet date.

No impairment test was performed on IHS as there is no indication that the value of this investment may be impaired.

Note 9 - 4.1 Impairment test on Saint-Gobain shares

An impairment test was performed on the Saint-Gobain shares, as their carrying amount in Wendel's consolidated financial statements, calculated according to the equity method, was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at the balance sheet date (€39.98 per share, or €3,590.3 million for the 89.8 million Saint-Gobain shares); and (2) value in use, i.e. the discounted value of future cash flows.

Notes

Wendel has performed this discounted cash flow valuation. The five-year business plan used in this calculation was prepared by Wendel using, among other things, research on the sector published by leading forecasters, Wendel's internal analyses and studies carried out by Wendel. The assumptions underlying the business plan (trends in underlying markets, price effects, etc.) were developed by sector and by country. The updated business plan used for the December 2013 calculation took into account the divestment of Verallia North America (valued at sales price in the value in use calculation), as it did at December 31, 2012. With the exception of Verallia North America, the business plan included no potential divestments relating to packaging activities; and in accordance with IAS 36, no strategic acquisitions were included. Finally, the assumptions used in calculating post-business plan cash flows (i.e. growth in sales and normative profitability) were based on an analysis of the historical performances of Saint-Gobain's activities over more than 20 years.

The long-term growth rate applied to post-business plan cash flows is the same as that used as of December 31, 2012: 2%. The discount rate used was also identical to that used as of December 31, 2012: 8%. It was based in particular on market parameters (risk-free rate, market premium, beta of comparables) and took into account risks specific to the business plan.

After the test was performed as of December 31, 2012, an impairment of €4.6 per share or €414 million was recognized on all of the Saint-Gobain equity-accounted shares. After taking into account 2013 earnings, changes in consolidated reserves, the payment of dividends and dilution effects (see the note on changes in scope of consolidation), the gross carrying value was €49.2 per share as of December 31, 2013 and the value net of the impairment recognized at end-2012 was €44.6 per share (€4,005 million for all consolidated shares). The value in use estimated as of the December 2013 closing was €45.3 per share, very close to the net carrying value. Given that no significant new information affecting Saint-Gobain's financial condition has called into question the impairment recognized as of December 31, 2012, this impairment has been maintained as of December 31, 2013. The difference between the market price and the carrying value reflects Wendel's investment horizon and the significant influence Wendel exerts over Saint-Gobain.

Sensitivity analysis shows that

- if the discount rate were 0.5% higher, an additional impairment of €400 million would have to be recognized;
- and if the long-term growth rate were 0.5% lower, an additional impairment of €283 million would have to be recognized; or
- if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, an additional impairment charge of €439 million would have to be recognized.

Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

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Note 9 - 4.2 Impairment test on except shares

An impairment test was performed on these equity-accounted shares, as their carrying value was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at the balance sheet date (€31 million for the 5.7 million shares held), and (2) value in use, i.e. the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The business plan used covers an eight-year period, and in accordance with IAS 36, no strategic acquisitions are included in its assumptions. As in 2012, the long-term growth rate applied to post-business plan cash flows was 2% and the discount rate was 10%. The impact of dilutive instruments in except's capital was taken into account.

The calculated value in use was higher than the carrying value of the shares held. As a result, no impairment was recognized.

Sensitivity analysis shows that if the discount rate were 0.5% higher, if the long-term growth rate were 0.5% lower, or if the normative margin used for cash flows after the end of the eight-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized. For an impairment charge to be recognized, the discount rate would have to exceed 10.7% or the long-term growth rate would have to be less than 0.5%.

NOTE 10. INVENTORIES

In millions of euros	12/31/2013		12/31/2012	
	Gross amount	Provisions	Net amount	Net amount
At:				
Bureau Veritas	12.6	-	12.6	8.6
Materis	183.3	12.5	170.8	274.7
Stahl	46.3	3.5	42.7	47.9
Oranje-Nassau Développement	34.3	1.3	33.0	35.6
Total	276.5	17.3	259.2	366.7

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NOTE 11. TRADE RECEIVABLES

In millions of euros	12/31/2013		12/31/2012	
	Gross amount	Provisions	Net amount	Net amount
At:				
Bureau Veritas	1,072.3	80.3	992.0	940.7
Materis	333.4	38.3	295.1	334.2
Stahl	72.5	4.4	68.1	66.2
Oranje-Nassau Développement	83.9	5.7	78.2	71.5
Wendel and holding companies	0.3	0.1	0.3	0.1
Total	1,562.4	128.7	1,433.7	1,412.8

Unprovisioned past-due trade receivables and related accounts for the largest subsidiaries were as follows:

- Bureau Veritas: €440.7 million as of December 31, 2013 vs. €423.1 million as of December 31, 2012, of which €119.9 million and €106.0 million, respectively, were more than three months past due;
- Materis: €84.3 million as of December 31, 2013 vs. €97.1 million as of December 31, 2012, of which €22.2 million and €26.8 million, respectively, were more than three months past due.

NOTE 12. CASH AND CASH EQUIVALENTS

In millions of euros	12/31/2013	12/31/2012
	Net amount	Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets (1)	6.4	3.4
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	427.6	486.1
Cash and cash equivalents of Wendel and its holding companies (2)	434.1	489.5
Bureau Veritas	190.6	243.5
Materis	68.1	71.4
Stahl	58.2	33.7
Oranje-Nassau Développement	13.4	11.3
Cash and cash equivalents of subsidiaries classified as current assets	330.3	359.8
Total	764.4	849.3
<i>of which non-current assets</i>	6.4	3.4
<i>of which current assets</i>	758.0	845.9

(1) Principally cash collateral granted to banks as part of the financing of the Saint-Gobain investment (see note 5-2 “Managing liquidity risk” and note 40 “Off-balance-sheet

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commitments”).

- (2) In addition to this cash, Wendel had €323.9 million in short-term financial investments as of December 31, 2013 and €340.5 million as of December 31, 2012, recognized in other current financial assets (see note 5-2.1 “Liquidity risk of Wendel and the holding companies”).

NOTE 13. FINANCIAL ASSETS AND LIABILITIES (EXCL. FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Note 13 - 1. Financial assets

In millions of euros	Method for recognizing changes	Level	12/31/2013	12/31/2012
Pledged cash and cash equivalents of Wendel and its holding companies - A	Income statement (1)	1	6.4	3.4
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	427.6	486.1
Wendel's short-term financial investments	Income statement (1)	1	323.9	329.2
Assets held until maturity	Amortized cost	N/A	-	11.2
Cash and short-term financial investments of Wendel and its holding companies			758.0	829.9
Cash and cash equivalents of subsidiaries	Income statement (1)	1	330.3	359.8
Assets available for sale - B	Shareholders' equity (2)	3	126.6	5.9
Financial assets at fair value through profit or loss - C	Income statement (1)	1	20.5	81.2
Loans	Amortized cost	N/A	8.8	20.3
Deposits and guarantees	Amortized cost	N/A	58.5	55.2
Derivatives – D	Income statement (1)/ Sh. equity (2)	See D	10.5	40.2
Other			22.1	26.8
Total			1,335.4	1,419.4
<i>of which non-current financial assets, including pledged cash and cash equivalents</i>			<i>222.3</i>	<i>118.0</i>
<i>of which current financial assets, including cash and cash equivalents</i>			<i>1,113.1</i>	<i>1,301.4</i>

- (1) Change in fair value through profit or loss.
 (2) Change in fair value through shareholders' equity.

Note 13 - 2. Financial liabilities

In millions of euros	Method for recognizing changes	Level	12/31/2013	12/31/2012
Derivatives – D	Income statement (1)/ Sh. equity (2)	See D	177.0	235.9
Other (incl. puts held by non-controlling shareholders) – E	N/A	N/A	111.9	119.6
Total			288.9	355.5
<i>of which non-current financial liabilities</i>			<i>230.3</i>	<i>129.2</i>
<i>of which current financial liabilities</i>			<i>58.6</i>	<i>226.4</i>

- (1) Change in fair value through profit or loss.
 (2) Change in fair value through shareholders' equity.

Notes

Note 13 - 3. Details of financial assets and liabilities

A – Cash and cash equivalents (pledged and unpledged): pledged cash and cash equivalents are presented as non-current financial assets as they are not immediately available (see note 12 "Cash and cash equivalents").

B – as of December 31, 2013, this item includes the Saham and NOP investments; see note 2, "Changes in scope of consolidation".

C – as of December 31, 2012, this item included 1.9 million unconsolidated Saint-Gobain shares that were divested in 2013; see note 2, "Changes in scope of consolidation".

D – Derivatives:

In millions of euros	Level	12/31/2013		12/31/2012	
		Assets	Liabilities	Assets	Liabilities
Saint-Gobain puts (written) (1)	2	-	141.9	-	182.4
Interest rate swaps - hedging of cash flows (2)	2	-	13.4	20.6	13.9
Interest rate swaps - not qualifying for hedge accounting (2)	2	9.7	15.9	14.7	37.6
Other derivatives – not qualifying for hedge accounting	2	0.8	5.8	4.9	2.0
Total		10.5	177.0	40.2	235.9
Of which:					
<i>Non-current portion</i>		9.7	168.8	37.1	83.2
<i>Current portion</i>		0.8	8.2	3.1	152.6

(1) See description of puts in the following note.

(2) See description of swaps in the following note.

E – Other financial liabilities: This item primarily relates to €52.7 million of earnouts in operating subsidiaries, minority puts, and liabilities related to liquidity commitments at the level of Wendel and the holding companies (see note 40–5 "Shareholder agreements and co-investment mechanisms").

Note 13 - 4. Put options issued (written) on Saint-Gobain shares

Wendel issued (wrote) 6.1 million puts on Saint-Gobain in 2007, whose value at the end of December 2013 was a liability of €144.0 million, vs. a liability of €182.4 million at the opening date. In accordance with IFRS 13, "Fair value measurement", these values were adjusted for the impact of Wendel's own credit risk, which reduced this liability by €2 million as of December 31, 2013 (see accounting principles). Accordingly, the net value of the puts was €142 million as of December 31, 2013. The change in value of these puts and the adjustment related to Wendel's credit risk are recognized on the income statement.

Their carrying value is based on a mathematical model used to value options, which takes into account the market parameters prevailing at the balance sheet date, including share price, volatility, and liquidity of the underlyings. A change of +/-5% in Saint-Gobain's share price would have led to a

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change in the carrying value as of the closing date of approximately +/- €10 million, recognized on the income statement.

The expiry dates of these puts were extended during fiscal year 2013. The new maturity dates are:

- September 2015 for 2,152,560 puts;
- December 2015 for 2,595,360 puts; and
- March 2016 for 1,341,858 puts.

Note 13 - 5. Interest rate swaps and foreign exchange hedges

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts. In accordance with IFRS 13, "Fair value measurement", the value of the swaps was adjusted for the impact of Wendel's own credit risk. This adjustment was not material (see accounting principles).

Notional amount	Characteristics (1)	Qualified as	Start (1)	Maturity (1)	12/31/2013	12/31/2012
sign convention: (+) asset, (-) liability						
Hedging of bonds carried by Wendel						
€100 million	Pay 3.98% against 4.21%		pre-closing	05-2016	0.6	0.8
€300 million	Pay 12-month Euribor+0.93% between 1.70% and 2.60%, 3.40% if < 1.70%, and 3.53% if > 2.60%. Coupon: 3.49%		pre-closing	08-2017	0.5	0.8
					1.1	1.5
Hedging of interest-rate risk of Wendel and the holding companies (2)						
€400 million	Pay 1.06% against Euribor	Hedge	01-2014	01-2016	-5.4	
€400 million	Pay 1.02% against Euribor		02-2014	02-2016	-4.8	
	Other interest-rate swaps expiring in first quarter 2013				-0.7	
					-10.8	-25.5
Hedging of subsidiaries' debt						
€450 million	0.88% cap on Euribor		pre-closing	03-2015	0.1	
€800 million	0.79% cap on Euribor		pre-closing	01-2015	0.1	
\$95 million	Pay 2.73% against Libor		pre-closing	12-2014	-1.7	
€37 million	Pay 1.38% against Euribor		pre-closing	01-2015	-0.5	
					-2.1	-9.0
	Cross currency swaps (3)	Hedge			-7.7	16.8
Total					-19.5	-16.2

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.

(2) These swaps cover the risk of fluctuation in interest rates paid on floating rate bank debt. The net value of all swaps as of December 31, 2013 was -€10.8 million, vs. -€25.5 million at end-2012. The change in value of all swaps qualified as hedges and recognized under shareholders' equity was €1.6 million for fiscal year 2013. De-designating certain hedging instruments led to a €1.8 million increase in hedging reserves in shareholders' equity. The change in the value of non-qualified instruments and partially-effective hedges recognized through profit or loss was €11.3 million.

(3) Bureau Veritas: as of December 31, 2013, a currency hedge was set up on the US private placement debt denominated in pounds sterling, so as to convert the debt into euros. Any

Notes

change in the value of these instruments is recognized in shareholders' equity and passed through profit or loss over the life of the loans.

NOTE 14. SHAREHOLDERS' EQUITY**Note 14 - 1. Number of shares outstanding**

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2012	\$4	49,543,641	1,737,498	47,806,143
As of 12/31/2013	\$4	48,631,341	1,749,729	46,881,612

The reduction of 912,300 shares is due to:

- the exercise of stock options (50,706 shares);
- subscriptions to the company savings plan (28,854 shares); and
- the cancellation of 991,860 shares.

Note 14 - 2. Treasury shares

As of December 31, 2013, 100,000 shares were held for the purposes of the liquidity contract (unit cost: €102.66 per share) vs. 150,000 shares as of December 31, 2012.

As of December 31, 2013, Wendel held 1,649,729 of its shares in treasury outside the context of the liquidity contract (1,587,498 as of December 31, 2012). These treasury shares are primarily allocated to cover stock option exercises and grants of bonus and performance shares, with the remainder being retained for potential acquisitions.

The net increase of 62,231 shares derived from:

- the purchase of 1,323,347 shares during the year;
- the cancellation of 991,860 shares; and
- the sale of 269,256 shares to meet options exercises under stock option plans.

In total, shares held in treasury represented 3.60% of the share capital as of December 31, 2013.

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Note 14 - 3. Non-controlling interests

In millions of euros	12/31/2013	12/31/2012
Bureau Veritas group	556.7	653.7
Deutsch group	-	-
Materis group	-45.7	-45.2
Stahl group	-1.4	-0.3
Parcours group	1.8	2.2
Mecatherm group	3.1	3.0
Other	7.5	4.5
Total	522.1	617.9

NOTE 15. PROVISIONS

In millions of euros	12/31/2013	12/31/2012
Provisions for risks and contingencies	115.5	116.9
Employee benefits	163.5	192.8
Total	279.0	309.8
<i>Of which non-current</i>	269.6	302.8
<i>Of which current</i>	9.4	7.0

Notes

Note 15 - 1. Provisions for risks and contingencies

In millions of euros	12/31/2012	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combinations/dive stments	Currency translation adjustments, reclassifications	12/31/2013
Bureau Veritas (1)								
Disputes and litigation	50.6	5.8	-4.3	-6.5	-0.8	-0.2	-1.4	43.2
Other	20.6	23.0	-11.8	-6.1	-	-1.9	4.4	28.2
Materis	16.7	6.3	-3.8	-0.9	-	0.2	-2.5	15.9
Stahl	0.8	0.2	-0.4	-	-	-	-	0.7
Oranje-Nassau Développement	4.8	5.7	-3.7	-0.1	-	-	-	6.7
Wendel and holding companies (2)	23.4	0.3	-1.1	-1.9	-	-	-	20.7
Total	116.9	41.3	-24.9	-15.6	-0.8	-1.9	0.5	115.5
- of which current	7.0							9.4

In millions of euros	12/31/2011	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combinations/dive stments	Currency translation adjustments, reclassifications	12/31/2012
Bureau Veritas (1)								
Disputes and litigation	55.5	6.0	-5.4	-6.9	0.9	1.4	-0.9	50.6
Other	25.6	13.0	-15.0	-3.9	-	-	0.9	20.6
Materis	15.7	5.2	-2.9	-0.8	-	0.9	-1.4	16.7
Stahl	1.5	0.1	-0.2	-0.5	-	-	-	0.8
Oranje-Nassau Développement	4.8	3.5	-3.2	-	-	-	-0.3	4.8
Wendel and holding companies (2)	26.1	3.1	-2.8	-3.0	-	-	-	23.4
Total	129.2	30.9	-29.5	-15.1	0.9	2.3	-1.7	116.9
- of which current	8.2							7.0

(1) In the normal course of its activities, Bureau Veritas is party to various disputes and legal actions that aim, among other things, to invoke its professional liability with regard to services it has provided. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties. Provisions have been recognized on the losses that may result from such litigation. The amount recognized is the best estimate of the amount necessary for extinguishing the debt, updated at the closing date. The costs that Bureau Veritas might be required to pay could exceed the amount of the provision for litigation due to a number of factors, in particular the uncertain outcome of litigation.

Provisions for risks and contingencies on the balance sheet as of December 31, 2013 related principally to the following disputes:

- a claim relating to the construction of a hotel and retail complex in Turkey; and
- a claim pertaining to the crash of a Gabon Express flight.

(2) The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- A provision is maintained for an environmental risk concerning polluted land which belonged

to a Group subsidiary whose operations were discontinued in 1967.

- In November 2012, the Court of Justice of the European Union upheld the September 13, 2010 judgment of the General Court of the European Union on the appeal by Éditions Odile Jacob, which annulled the European Commission's 2004 decision authorizing Lagardère to sell the publishing company Editis to Wendel. This authorization was granted in the context of commitments made by Lagardère to obtain the European Commission's approval for the Lagardère/VUP transaction.

In May 2011, the European Commission granted a new authorization to Wendel, as acquirer of Editis, with effect as of the date of the acquisition. In September 2011, Éditions Odile Jacob filed an appeal against this decision before the General Court of the European Union. The case remains pending.

Éditions Odile Jacob also brought an action against Wendel and other parties in October 2010 before the Paris Commercial Court, seeking the annulment of Wendel's acquisition of Editis in 2004 and its subsequent sale of Editis in 2008. In December 2011, the Paris Commercial Court issued a stay of proceedings, pending the EU decisions. Editions Odile Jacob has contested the stay of proceedings. Wendel considers that the claims of Éditions Odile Jacob are unfounded and has not recognized any provision related to this dispute.

- The European Commission notified Wendel in 2012 of a pending competition investigation regarding a company in which the Group was a shareholder and which was divested several years ago. As of the date the financial statements were finalized, Wendel had no information about the timing or potential next actions of this investigation. Accordingly, no provision has been recognized for this litigation.
- In its ruling of December 17, 2013, the Commercial Court dismissed the claims for compensation of a former management-level employee for the losses he was alleging to have suffered as a result of the unwinding of a mechanism under which Wendel executives benefited from the Group's performance. The Court also ordered this former manager to pay a token €1 in damages to compensate for the harm to Wendel's image. Two other legal proceedings, initiated by former managers against various defendants, including Wendel, are currently ongoing regarding the same issue. The total damages claimed are in the region of €28 million. In addition, the former manager whose claims were dismissed by the Commercial Court, and whose employment at Wendel was terminated in June 2009, has lodged a claim with the labor conciliation board (Conseil des Prud'hommes) for almost €5 million. Wendel has entered a counter-claim for €1 million. The ruling is expected on March 31, 2014. The Company considers the various claims of these former employees to be unfounded and has not recognized any provision against them.
- In 2012, Wendel and certain Group holding companies received proposed tax adjustments from the tax authority. These proposed adjustments have been almost entirely accepted by Wendel or abandoned by the authority, with the corresponding charge, which was in any case not material, being recognized in 2012. A disagreement remains, however, between Wendel and the tax authority regarding VAT and the calculation of late payment interest, for a total amount less than €1 million. None of the adjustments was either directly or indirectly

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related to Wendel's divestment of Solfur; the tax authority's examination of the terms of this transaction did not lead to any further action on its part.

Note 15 - 2. Employee benefits

In millions of euros	12/31/2013	12/31/2012
Defined-benefit plans	78.4	94.7
Retirement bonuses	64.4	64.4
Other	20.8	33.8
Total	163.5	192.8
<i>Of which non-current</i>	<i>163.5</i>	<i>192.8</i>
<i>Of which current</i>	<i>-</i>	<i>-</i>

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2013	12/31/2012
Bureau Veritas	125.6	124.6
Materis	25.3	50.8
Stahl	2.5	7.2
Oranje-Nassau Développement	2.4	2.3
Wendel and holding companies (1)	7.8	7.9
	163.5	192.8

(1) Including €6.7 million relating to Oranje-Nassau Groep as of December 31, 2013 (€7.0 million as of December 31, 2012).

Notes

The change in provisions for employee benefits broke down as follows for 2013:

In millions of euros									
	12/31/2012	Service costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Business combinations	Currency translation adjustments and other	12/31/2013
Commitments									
Defined-benefit plans	239.2	4.8	-2.1	-7.6	6.6	-12.2	-	-3.6	224.8
Retirement bonuses	126.5	8.8	-1.8	-10.4	3.0	0.6	0.6	-19.4	108.3
Other	40.0	1.5	-0.4	-1.7	0.7	0.3	0.0	-18.3	22.0
	405.7	15.1	-4.3	-19.7	10.3	-11.3	0.6	-41.3	355.2
Partially-funded plan assets									
	12/31/2012	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses		Business combinations	Currency translation adjustments and other	12/31/2013
Defined-benefit plans	178.1	5.0	4.1	3.0	-16.7		-	-3.7	169.8
Retirement bonuses	29.8	0.9	-0.1	1.2	-		-	-10.0	21.7
Other	4.9	0.3	-	-0.4	-0.1		-	-4.6	0.2
	212.8	6.1	4.0	3.7	-16.7		-	-18.3	191.7
Provision for employee benefits	192.8								163.5

The change in provisions for employee benefits broke down as follows for 2012:

In millions of euros									
	12/31/2011	Service costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Business combinations	Currency translation adjustments and other	12/31/2012
Commitments									
Defined-benefit plans	234.1	5.9	34.7	-8.1	9.9	-26.2	-0.0	-11.1	239.2
Retirement bonuses	100.3	7.0	18.1	-6.7	4.1	1.8	0.4	1.6	126.5
Other	32.7	3.0	3.2	-1.5	1.5	0.0	0.2	0.9	40.0
	367.1	15.9	56.1	-16.4	15.4	-24.4	0.5	-8.6	405.7
Partially-funded plan assets									
	12/31/2011	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses		Business combinations	Currency translation adjustments and other	12/31/2012
Defined-benefit plans	181.5	6.9	14.3	13.5	-4.4		-	-33.7	178.1
Retirement bonuses	27.7	1.4	0.6	-	-		-	-	29.8
Other	5.0	0.3	-	-	-0.4		-	-	4.9
	214.2	8.7	14.9	13.5	-4.8		-	-33.7	212.8
Provision for employee benefits	152.9								192.8

Liabilities on defined-benefit plans broke down as follows:

In millions of euros	12/31/2013	12/31/2012
Fully unfunded liabilities	84.6	82.6
Partially or fully-funded liabilities	270.6	320.0
Total	355.2	405.7

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Assets of defined-benefit plans broke down as follows as of December 31, 2013:

	2013	2012
Insurance company funds	47%	48%
Equity instruments	17%	17%
Debt instruments	9%	27%
Cash and other	26%	8%

Expenses recognized on the income statement broke down as follows:

In millions of euros	2013	2012
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	15.1	15.9
Interest costs	10.3	15.4
Expected return on plan assets	-6.1	-8.7
Past service costs	0.6	0.4
Impact of plan curtailments or settlements	1.0	3.3
Total	20.9	26.3
Expenses recognized on the income statement with respect to defined-contribution plans	68.8	67.3

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses;
- long-service awards.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate = 3.5%; average salary increase rate = 3.0% (Germany: 2.5%, France: 3.3%, Italy: 2.0%, Netherlands: 3.0%, United Kingdom: 2.5%).

2. Commitment characteristics and actuarial assumptions applied at Materis

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans essentially concern France (and to a lesser extent Portugal, Italy, Switzerland, Australia, and South Africa). Actuarial assumptions are determined in each country.

The main assumptions for Europe were as follows: discount rate of 3.3%, inflation rate of 2.0%, salary increase rate between 2.3% and 4.5%, and return on assets of 3.3%.

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3. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in the Netherlands, Italy, the United Kingdom, the United States, and Mexico concern the following defined-benefit plans, depending on the country:

- partially-funded retirement plans;
- retirement bonuses, in particular in Italy;
- long-service awards.

Its main actuarial assumptions were as follows: discount rate of 3.8% and average inflation rate of 2.2%.

4. Wendel's commitments

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel) set up a supplementary pension plan for all employees, regardless of their level, provided they retire while employed by the Group. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of the salary. The pension plan provides for a payout of 60% to a surviving spouse as of the date of the employee's retirement, and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. Since 2005, the company transfers the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

There are currently 47 retirees and 11 employees of the Company who benefit from the plan. One beneficiary was a member of the Supervisory Board in 2013.

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NOTE 16. FINANCIAL DEBT

For a description of the terms of financial debt and related covenants, see note 5-2 “Managing liquidity risk”.

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall line	12/31/2013	12/31/2012
Wendel								
2014 bonds	EUR	4.875%	6.579%	11-2014	at maturity		476.6	591.9
2015 bonds	EUR	4.875%	4.910%	09-2015	at maturity		368.5	400.0
2016 bonds	EUR	4.875%	5.501%	05-2016	at maturity		649.7	654.2
2017 bonds	EUR	4.375%	5.186%	08-2017	at maturity		692.0	692.0
2018 bonds	EUR	6.750%	5.727%	04-2018	at maturity		500.0	300.0
2019 bonds	EUR	5.875%	5.397%	09-2019	at maturity		600.0	400.0
Syndicated loan	EUR	Euribor+margin		05-2018	revolving credit	€600 M	-	-
Syndicated credit repaid and canceled in 2013							-	250.0
Amortized cost of bonds							-2.8	-56.7
Accrued interest							71.2	59.5
							3,355.2	3,291.0
Holding companies - financing of the Saint-Gobain investment								
Bank borrowings (1)	EUR	Euribor+margin		01-2016, 01-2017	amortizing	€875 M	425.0	425.0
Bank borrowings (1)	EUR	Euribor+margin		07-2017	revolving credit	€700 M	-	-
Bank borrowings repaid in 2013							-	200.0
Deferred issuance costs							-1.3	-1.6
Accrued interest							3.3	8.3
							427.1	631.7
Holding companies								
Loans from non-controlling shareholders							16.5	14.4
							16.5	14.4
Bureau Veritas								
2017 bonds	EUR	3.750%		05-2017	at maturity		500.0	500.0
Borrowings and debt from lending institutions maturing in less than 1 year – fixed rate							9.1	0.7
Borrowings and debt from lending institutions maturing in less than 1 year – floating rate							95.1	127.6
Borrowings and debt from lending institutions maturing in 1 to 5 years – fixed rate							176.5	41.0
Borrowings and debt from lending institutions maturing in 1 to 5 years – floating rate							211.2	123.2
Borrowings and debt from lending institutions maturing in more than 5 years – fixed rate							445.0	598.7
Borrowings and debt from lending institutions maturing in more than 5 years – floating rate							74.4	19.8
							1,511.3	1,411.0
Materis (3)								
Bank borrowings (maturity not extended)	EUR	Euribor+margin		04-2014 to 10-2015	amortizing		62.8	125.6
Bank borrowings (mezzanine PIK)	EUR	Euribor+margin		12-2016	at maturity		460.1	425.7
Bank borrowings (second lien)	EUR	Euribor+margin		03-2016	at maturity		139.7	138.3
Bank borrowings (senior A)	EUR	Euribor+margin		09-2015	at maturity		124.6	146.6
Bank borrowings (senior B)	EUR	Euribor+margin		01-2016	at maturity		296.2	338.1
Bank borrowings (senior C)	EUR	Euribor+margin		01-2016	at maturity		335.6	378.6
Bank borrowings	EUR	Euribor+margin		09-2015	at maturity	€133.2 M	63.4	62.7
Bank borrowings (revolving credit 2)	EUR	Euribor+margin		09-2015	revolving credit	€111.5 M	54.8	54.8
Bank borrowings (acquisition)	EUR	Euribor+margin		09-2015	at maturity		102.0	108.5
Bank borrowings (acquisition 2)	EUR	Euribor+margin		01-2016	at maturity	€100 M	86.6	88.8
Deferred issuance costs							-20.1	-33.0
Shareholder loans							68.3	60.6
Other debt and accrued interest							81.7	116.7
							1,855.6	2,011.9
Stahl								
Bank borrowings (second lien PIK)	USD	Fixed		12-2017	at maturity		47.5	57.1
Bank borrowings (senior A)	USD	Libor+margin		12-2014	amortizing		83.0	94.8
Bank borrowings (senior B)	EUR	Euribor+margin		12-2014	amortizing		36.8	40.2
Bank borrowings (revolving credit)	USD	Libor+margin		11-2014	revolving credit	\$36 M	-	-
Shareholder loans							5.1	4.7
Other borrowings and accrued interest							1.3	1.6
							173.7	198.5
Parcours								
Bank borrowings	EUR	Euribor+margin		2014 to 2016	amortizing		434.6	396.9
Other borrowings and accrued interest							15.9	12.2
							450.5	409.2
Mecatherm								
Bank borrowings (senior)	EUR	Euribor+margin		2014 to 2018	amortizing		55.2	62.7
Bank borrowings				09-2017	revolving credit	€5 M	-	2.6
Deferred issuance costs							-1.8	-2.4
Other borrowings and accrued interest							2.0	4.0
							55.4	66.9
Total							7,845.2	8,034.4
<i>of which non-current portion</i>							6,751.3	7,483.1
<i>of which current portion</i>							1,093.9	551.3

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- (1) These loans were granted by the banks in the form of combined financial instruments, contractually linked and indissociable so as to enable the repayment of the funds made available by the banks. The combination of these instruments is equivalent to a conventional bank loan.
- (2) The effective interest rate is calculated inclusive of the issue premiums/discounts and bank issuance fees. For bonds having been issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.
- (3) Debt held by the Kerneos (Aluminates) division of Materis has been reclassified into "Liabilities of operations held for sale". It amounts to €183.6 million (see note 2 "Changes in scope of consolidation").

Note 16 - 1.1 Principal changes in the financial debt of Wendel and its holding companies during 2013

The €250 million outstanding under the previous syndicated loan (maturity 2013/14) at the start of the fiscal year was repaid in May 2013 when it was replaced by a new syndicated loan of €600 million, maturing in May 2018. This new syndicated loan was undrawn as of end-2013.

In April 2013, Wendel carried out two simultaneous bond placements at favorable terms, totaling €300 million. Of this amount, €200 million forms a single series with the existing 2018 bonds, and €100 million forms a single series with the existing 2019 bonds. The implied yields of these placements were 3.768% and 4.098% respectively. In September 2013, Wendel also carried out a private bond placement maturing in 2019, accompanied by the repurchase of bonds maturing in 2014. To execute this operation, Wendel repurchased €80 million (par value) in bonds maturing in 2014 at market prices, and issued €100 million (par value) in bonds maturing in 2019 at a yield of 4.17%. They will form a single series with the existing 2019 bonds. Following this operation, the 2018 and 2019 series stand at €500 million and €600 million respectively. Finally, in January 2014 (post close), Wendel placed a €400 million bond issue maturing in 2021 with a coupon of 3.75%.

In addition, Wendel repurchased and canceled certain of its outstanding bonds during fiscal year 2013:

- €35.35 million (par value) of the 2014 bonds were repurchased, reducing the par value of these bonds still outstanding to €476.59 million as of end-2013;
- €31.5 million (par value) of the 2015 bonds were repurchased, reducing the par value of these bonds still outstanding to €368.5 million as of end-2013; and
- €4.5 million (par value) of the 2016 bonds were repurchased, reducing the par value of these bonds still outstanding to €649.65 million as of end-2013.

The difference between the par value and the repurchase price of -€6.7 million was recognized under financial income (the issuance costs of -€2.2 million were amortized).

Bond repurchases continued at the beginning of 2014, reducing the outstanding par value of the 2014 bonds to €460.59 million, and that of the 2015 bonds to €356.6 million as of end-2013.

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Regarding bank debt subject to margin calls, the full balance of €200 million of the debt maturing in 2015 was repaid in advance in 2013. In addition, the €875 million credit line with maturity 2016/17, drawn down by €425 million at the end of 2013, was repaid at the beginning of 2014 and replaced by a new €800 million credit line, currently undrawn, with a maturity of 2020. There were no other debts subject to margin calls drawn as of end-2013.

Overall, these transactions had the effect of extending the average maturity of the Group's financing and adjusting it to Wendel's future needs.

Note 16 - 1.2 Bureau Veritas

The gross debt of Bureau Veritas increased by €100.3 million in 2013, primarily due to the financing of acquisitions.

Note 16 - 1.3 Materis

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the financial debt of Kerneos, the Aluminates business of Materis, which is expected to be divested in the first half of 2014, has been reclassified to "Liabilities of operations held for sale" (€183.6 million).

As of December 31, 2013, the gross face value of Materis' bank debt, including Kerneos, was €2,023.7 million (including accrued interest and the €20 million liquidity line granted by Wendel, and excluding issuance costs and shareholder loans; see note 5-2.2 "Liquidity risk of operating subsidiaries").

The sales proceeds from Kerneos will be used to reduce Materis' financial debt by around €600 million see note 5-2.5.2. "Materis bank debt").

Note 16 - 2. Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel par value (1)	-476.6	-2,210.2	-600.0	-3,286.7
Par value of financing related to the acquisition of Saint-Gobain shares	-	-425.0	-	-425.0
Interest of Wendel and of financing related to the acquisition of Saint-Gobain shares (2)	-201.7	-493.7	-35.3	-730.7
Subsidiaries and associates				
- par value	-546.1	-2,863.4	-539.6	-3,949.2
- interest (2)	-132.7	-505.4	-33.7	-671.8
TOTAL	-1,357.1	-6,497.7	-1,208.6	-9,063.4

(1) The schedule showing the par values of Wendel's debt does not take into account the puts issued. The amount to be paid out on these puts depends on the Saint-Gobain share price at maturity. As of December 31, 2013, the market value of these puts was -€142.0 million for maturities between 2015 and 2016 (see note 13-4 "Puts issued (written) on Saint-Gobain

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shares”).

- (2) Interest is calculated on the basis of the yield curve prevailing on December 31, 2013. Interest on debt and interest-rate hedges does not reflect interest earned on invested cash.

Note 16 - 3. Market value of gross financial liabilities

The fair value of bond debt is the market price on December 31, 2013. LBO borrowings were valued on the basis of quotes received from top-tier banks, where available. For the debt financing the Saint-Gobain shares, the carrying value was considered representative of market value, given the variable interest-rate indexation and the level of collateral. The value of the syndicated loan (indexed on variable interest rates) is its carrying value. Accrued interest not yet due is also recorded at carrying value.

In millions of euros	12/31/2013	12/31/2012
Wendel	3,643.1	3,536.1
Financing of the investment in Saint-Gobain	428.3	633.3
Operating subsidiaries	4,098.5	3,705.7
Total	8,169.9	7,875.1

NOTE 17. TRADE PAYABLES

In millions of euros	12/31/2013	12/31/2012
At:		
Bureau Veritas	232.3	240.7
Materis	184.2	236.2
Stahl	38.1	28.1
Oranje-Nassau Développement	86.0	69.9
Wendel and holding companies	8.6	4.4
Total	549.2	579.3

Notes

NOTE 18. OTHER CURRENT LIABILITIES

In millions of euros	12/31/2013	12/31/2012
Other current liabilities at:		
Bureau Veritas	467.4	468.8
Materis	27.0	171.5
Stahl	144.1	25.9
Oranje-Nassau Développement	34.2	26.5
Wendel and holding companies	15.1	11.1
	687.9	703.8
Deferred revenue	88.5	78.6
Total	776.4	782.4

NOTE 19. CURRENT AND DEFERRED TAXES

Details of current taxes are as follows:

In millions of euros	12/31/2013	12/31/2012
Current tax assets		
Bureau Veritas	40.7	55.0
Stahl	4.3	3.9
Oranje-Nassau Développement	1.6	3.3
Wendel and holding companies	19.6	25.2
	66.1	87.4
Current tax liabilities		
Bureau Veritas	81.0	75.8
Materis	0.5	3.1
Stahl	1.3	4.4
Oranje-Nassau Développement	-	1.8
Wendel and holding companies	0.2	0.2
	83.1	85.4
	83.1	85.4

Notes

Details of deferred taxes are as follows:

In millions of euros	12/31/2013	12/31/2012
Deferred tax assets		
Bureau Veritas	122.1	110.4
Materis	41.3	50.3
Stahl	10.7	14.3
Oranje-Nassau Développement	8.7	11.6
Wendel and holding companies	1.8	2.9
	184.7	189.5
Deferred tax liabilities		
Bureau Veritas	158.6	166.6
Materis	260.5	370.1
Stahl	17.2	18.1
Oranje-Nassau Développement	34.3	35.2
Wendel and holding companies	0.0	-
	470.6	590.0
Net deferred tax liabilities	-286.0	-400.6

The change in deferred taxes is as follows:

In millions of euros	2013	2012
Amount at beginning of year	-400.6	-440.9
Changes through profit or loss	29.9	63.0
Changes through shareholders' equity	-1.7	14.6
Currency translation adjustments	3.8	1.5
Business combinations	76.8	-28.9
Other	5.8	-9.8
Amount at end of year	-286.0	-400.6

NOTE 20. ASSETS AND LIABILITIES OF OPERATIONS HELD FOR SALE

As of December 31, 2013, assets and liabilities held for sale were composed primarily of the assets and liabilities of the Aluminates business of Materis (Kerneos). Kerneos is expected to be divested in the first half of 2014 (see note 2 "Changes in scope of consolidation").

Notes

As of December 2013, the assets of Kerneos totaled €801.0 million, and liabilities excluding intragroup loans and debts totaled €375.2 million.

In millions of euros	Assets		Liabilities
Goodwill, net	215.1	Provisions	22.5
Intangible assets, net	169.4	Financial debt	183.6
Property, plant & equipment, net	246.4	Trade payables	41.1
Inventories	93.4	Deferred tax liabilities	94.7
Trade receivables	36.8	Other	33.4
Cash and cash equivalents	15.6		
Other	24.4		
Total	801.0		375.2

NOTES TO THE INCOME STATEMENT

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", income items relating to Kerneos, the Aluminates business of Materis, which is expected to be divested in the first half of 2014, have been reclassified to "Net income from discontinued operations and operations held for sale" for fiscal years 2013 and 2012.

NOTE 21. NET SALES

In millions of euros	2013	2012	% Change	Organic growth
Bureau Veritas	3,933.1	3,902.3	0.8%	3.5%
Materis	1,736.6	1,709.1	1.6%	4.3%
Stahl	356.3	361.2	-1.4%	1.3%
Oranje-Nassau Développement				
- Parcours	309.6	292.9	5.7%	5.7%
- Mecatherm	96.1	73.1	31.5%	31.5%
Consolidated net sales	6,431.8	6,338.6	1.5%	4.0%

Consolidated net sales broke down as follows:

In millions of euros	2013	2012
Sales of goods	2,264.4	2,578.8
Sales of services	4,167.4	3,759.8
Consolidated net sales	6,431.8	6,338.6

NOTE 22. OPERATING EXPENSES

In millions of euros	2013	2012
Purchases and external charges	2,712.3	2,698.3
Personnel costs	2,498.1	2,445.9
Taxes other than income taxes	79.1	93.7
Other operating expenses	22.4	27.8
Depreciation & amortization	378.2	364.4
Net additions to provisions	9.9	18.3
Total	5,700.1	5,648.4

Notes

Note 22 - 1. R&D costs recognized as expenses

In millions of euros	2013	2012
Materis	24.2	22.6
Stahl	2.4	2.7

Note 22 - 2. Average number of employees at consolidated companies

	2013	2012
Bureau Veritas	61,581	58,924
Materis (1)	8,509	8,521
Stahl	1,211	1,238
Oranje-Nassau Développement	607	578
Wendel and holding companies	77	74
TOTAL	71,985	69,335

(1) The average number of Materis' employees has been restated for Kerneos employees for fiscal years 2013 and 2012.

NOTE 23. INCOME FROM ORDINARY ACTIVITIES

In millions of euros	2013	2012
Bureau Veritas	574.2	563.5
Materis	135.2	115.5
Stahl	45.3	37.0
Oranje-Nassau Développement	35.4	27.4
Wendel and holding companies	-54.1	-47.0
Income from ordinary activities	736.0	696.4

NOTE 24. OTHER OPERATING INCOME AND EXPENSES

In millions of euros	2013	2012
Net gains on sale of intangible assets and property, plant & equipment	-0.7	7.1
Net gains (losses) on divestment of consolidated investments	1.3	-
Restructuring costs	-19.2	-23.0
Impairment of assets (1)	-11.5	-146.4
Other income and expenses	-31.1	-11.5
Total	-61.2	-173.8

(1) Includes asset impairment (goodwill, intangible assets, and property, plant & equipment) of -

Notes

€11.5 million at Materis in 2013. In 2012, the impairments essentially related to Materis and Bureau Veritas.

NOTE 25. FINANCE COSTS, NET

In millions of euros	2013	2012
Income from cash and cash equivalents (1)	9.2	13.1
Finance costs, gross		
Interest expense	-406.9	-429.9
Interest expense on shareholder loans from non-controlling interests	-10.4	-8.6
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-31.9	-30.5
	-449.2	-469.0
Total	-440.0	-455.9

(1) Includes €5.5 million at the level of Wendel and its holding companies. An additional €14.5 million in income on short-term financial investments is recognized under "Other financial income and expenses", leading to total income of €20.0 million 2013 (€23.7 million in 2012) on the cash and short-term financial investments of Wendel and its holding companies.

NOTE 26. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	2013	2012
Gains (losses) on disposals of assets available for sale	6.0	-
Dividends received from unconsolidated companies	4.3	3.6
Income on interest-rate, currency and equity derivatives (1)	59.5	10.9
Interest on other financial assets	9.2	8.2
Net currency exchange gains (losses)	-9.4	-6.3
Impact of discounting	-2.6	-7.9
Gain on buyback of debt	-2.4	-2.5
Other (2)	21.9	8.4
Total	86.4	14.5

(1) In 2013, this line item primarily included a +€42.6 million change in fair value of the put options on Saint-Gobain shares.

(2) In 2013, this amount included a €12.5 million premium on the sale of Saint-Gobain shares

Notes

received in 2013 as a dividend paid by Saint-Gobain. (see note 2 "Changes in scope of consolidation").

NOTE 27. TAX EXPENSE

In millions of euros	2013	2012
Current income tax	-219.5	-212.7
Deferred taxes	29.9	76.9
Total	-189.6	-135.8

The portion of CVAE (value added) tax is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French national accounting council) of January 14, 2010.

The difference between the theoretical tax based on standard rate of 34.43% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries broke down as follows:

In millions of euros	Wendel and holding companies	Operating subsidiaries	Total
Income before tax expense, net income from equity-method subsidiaries and net income from discontinued operations and operations held for sale	-156.5	477.7	321.2
Theoretical amount of tax expense calculated on the basis of a rate of 34.43%	53.9	-164.5	-110.6
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-54.6		
Uncapitalized tax losses at the operating subsidiary level		-35.6	
Reduced tax rates and foreign tax rates at the operating subsidiary level		51.6	
CVAE tax paid by operating subsidiaries		-18.3	
Exceptional contribution paid by operating subsidiaries		-18.8	
Tax on dividends	-2.5	-6.0	
Other, including benefit arising from tax consolidation for Wendel	7.2	-2.0	
Actual tax expense	4.0	-193.6	-189.6

Notes

NOTE 28. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	2013	2012
Net income including impact of goodwill allocation		
Saint-Gobain	71.2	50.5
Legrand (1)	12.9	28.7
except	1.3	-3.3
IHS (1)	-9.7	-
Other companies	0.2	0.7
Sale of Legrand shares (1)	369.0	14.6
Impact of Legrand dilution	-1.3	0.0
Impairment of equity-method Saint-Gobain shares (2)	-	-414.0
Impact of dilution on the Saint-Gobain investment (3)	-97.0	-6.8
Total	346.7	-329.7

(1) In 2013: see note 2 "Changes in scope of consolidation" with respect to Legrand and IHS.

(2) In 2012: impairment recognized on Saint-Gobain shares (see note 9-4.1 "Impairment test on Saint-Gobain shares, accounted for by the equity method").

(3) In 2013: the effects of dilution are detailed in note 2 "Changes in scope of consolidation" with respect to Saint-Gobain.

NOTE 29. NET INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

In millions of euros	2013	2012
Gain on divestments		
Deutsch	-	689.2
Oranje-Nassau Groep – oil & gas business	0.9	0.8
	0.9	690.0
Share in net income for the period from discontinued operations		
Materis – Kerneos division – share in net income for the period	10.8	13.8
Deutsch – share in net income for the period	-	6.7
Wendel and holding companies – interest income on loans to the Deutsch group	-	10.7
	10.8	31.3
Total	11.7	721.3

Notes

Kerneos income statement:

In millions of euros	2013	2012
Net sales	361.2	363.4
Operating income	34.1	36.9
Net income	10.8	13.8
Of which: Net income, Group share	8.7	10.6

NOTE 30. EARNINGS PER SHARE

In euros and millions of euros	2013	2012
Net income - Group share	333.7	221.1
Impact of dilutive instruments on subsidiaries	-9.0	-8.0
Diluted net income	324.7	213.1
Average number of shares, net of treasury shares	47,234,665	48,246,738
Potential dilution due to Wendel stock options (1)	605,137	599,362
Diluted number of shares	47,839,802	48,846,101
Basic earnings per share (in euros)	7.07	4.58
Diluted earnings per share (in euros)	6.79	4.36
Basic earnings per share from continuing operations (in euros)	6.87	-10.28
Diluted earnings per share from continuing operations (in euros)	6.60	-10.31
Basic earnings per share from discontinued operations (in euros)	0.19	14.86
Diluted earnings per share from discontinued operations (in euros)	0.19	14.67

(1) According to the "treasury stock" method, it is assumed that the cash received from the exercise of dilutive instruments would be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.

Basic earnings per share from continuing operations and diluted earnings per share from continuing operations include the gain on the sale of Legrand as well as the Group's share in Legrand's earnings during the period. These two items were recognized in the income statement under "Share of net income from equity-method investments".

NOTES ON CHANGES IN CASH POSITION**NOTE 31. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

In millions of euros	2013	2012
By Bureau Veritas	146.8	140.5
By Materis	72.2	78.2
By Stahl	8.3	9.7
By Oranje-Nassau Développement (1)	281.0	243.5
By Wendel and holding companies	4.3	0.6
Total	512.6	472.5

(1) Includes €271.0 million of vehicles purchased and leased out by Parcours in 2013, vs. €238.9 million in 2012.

NOTE 32. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Disposals of property, plant & equipment and intangible assets include principally €75.3 million in sales of Parcours' second-hand vehicles (€71.9 million in 2012).

NOTE 33. ACQUISITION OF EQUITY INVESTMENTS

The principal acquisitions undertaken in the period are detailed in note 2 "Changes in scope of consolidation".

In millions of euros	2013	2012
By Oranje-Nassau Développement:		
- NOP	22.7	-
- Saham	100.0	-
By Bureau Veritas	170.6	281.2
By Materis	5.0	39.5
IHS	191.2	-
Other securities	5.9	-
Total	495.3	320.7

Notes

NOTE 34. DIVESTMENTS

In millions of euros	2013	2012
Sale of Deutsch	-	959.6
Sale of Legrand shares (1)	518.6	-
Sale of Saint-Gobain shares (1)	68.3	-
Divestments by Bureau Veritas	4.0	3.3
Other	2.7	0.8
Total	593.6	963.7

(1) See note 2 "Changes in scope of consolidation".

NOTE 35. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION AND OF OPERATIONS HELD FOR SALE

The amount in 2013 was the balance of +€7.6 million related to the entry of subsidiaries of Bureau Veritas into the scope of consolidation and -€15.6 million related to the reclassification of cash and cash equivalents of the Kerneos business of Materis into "Assets and operations held for sale".

The amount in 2012 was the sum of +€12.7 million and +€6.0 million relating to the entry of subsidiaries of Bureau Veritas and Materis, respectively, into the scope of consolidation.

NOTE 36. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES AND OTHER

In 2013, this item consisted mainly of €31.2 million in net sales of Wendel's short-term financial investments (classified under current financial assets; see the section on Wendel's liquidity).

In 2012, this item consisted mainly of:

- Wendel's short-term financial investments, net of sales, of €55.9 million (classified under current financial assets; see the section on Wendel's liquidity).
- The €19.8 million (\$25 million) convertible loan granted to IHS.
- The €15.0 million guarantee given as part of the agreement between Mecatherm and its lenders (see note 5-2.5 "Financial debt of operating subsidiaries – documentation and covenants").

Notes

NOTE 37. DIVIDENDS RECEIVED FROM EQUITY-ACCOUNTED INVESTMENTS AND UNCONSOLIDATED COMPANIES

Dividends received in 2013 principally included €126.2 million from Saint-Gobain (including €12.5 million of premium, see note 2 “Changes in the scope of consolidation”) and €14.4 million from Legrand. In 2012, these figures were €113.7 million and €14.3 million, respectively.

The €103.0 million dividend received from Bureau Veritas was eliminated upon consolidation (€71.5 million in 2012).

NOTE 38. NET CHANGE IN BORROWING AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in note 16 “Financial debt”.

In millions of euros	2013	2012
New borrowings by:		
Wendel - bond issue	445.2	397.6
Bureau Veritas	275.4	937.9
Materis	117.6	216.8
Stahl	-	-
Oranje-Nassau Développement (1)	311.9	283.4
	1,150.1	1,835.7
Borrowings repaid by:		
Wendel – repurchase of 2014, 2015, and 2016 bonds	158.1	142.6
Wendel – syndicated credit facility	250.0	250.0
Debt financing the acquisition of Saint-Gobain shares	200.0	760.0
Bureau Veritas	155.0	810.8
Materis	150.6	231.2
Stahl	25.6	15.6
Oranje-Nassau Développement (1)	280.8	245.4
	1,220.0	2,455.6
Total	-69.9	-619.9

(1) These amounts essentially represented Parcours' operating loans, which finance the company's fleet of vehicles leased out to customers.

OTHER NOTES

NOTE 39. SEGMENT INFORMATION

Analysis of the income statement by operating segment is divided into two parts: "net income from business sectors" and non-recurring items.

Net income from business sectors

Net income from business sectors is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- "Net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Materis, and Stahl, as well as Parcours and Mecatherm held by Oranje-Nassau Développement); and Wendel's share in the net income of investments accounted for under the equity method (Saint-Gobain, Legrand, and IHS, as well as exceet, held by Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocations;
- Net income from holding companies includes the operating expenses of Wendel and the holding companies, the cost of net debt contracted to finance Wendel and its holding companies, the cost of financing the Saint-Gobain shares, and the related income tax items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating activity of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the structure of the financial instruments used to invest in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to

Notes

these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;

- changes in “fair value”;
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt;
- any other significant item unconnected with the Group’s recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes to these valuations within 12 months after the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts;
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies’ acquisition prices and not their business activities).

Note 39 - 1. Income statement by operating segment for fiscal year 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Equity-method investments			Holding	Total operations
					Saint-Gobain	Legrand	IHS		
Net income from business sectors									
Net sales	3,933.1	1,736.6	356.3	405.8					6,431.8
EBITDA	N/A	196.7	64.7	N/A					
Adjusted operating income (1)	656.9	152.4	56.0	43.4					
Other recurring operating items	-	-2.0	-1.2	-0.8					
Operating income	656.9	150.4	54.8	42.7				-50.4	854.3
Finance costs, net	-62.3	-129.4	-11.9	-10.3				-198.3	-412.1
Other financial income and expense	-1.6	-4.9	-	0.0				-	-6.5
Tax expense	-184.5	-26.5	-11.9	-12.9				4.7	-231.2
Share in net income of equity-method investments	-0.0	0.0	0.3	2.0	171.4	13.8	-5.8	-	181.7
Net income from discontinued operations and operations held for sale	-	23.4	-	-	-	-	-	-	23.4
Recurring net income from business sectors	408.4	13.0	31.3	21.5	171.4	13.8	-5.8	-244.0	409.7
Recurring net income from business sectors – non-controlling interests	204.8	2.6	2.5	0.7	-	-	-0.0	-	210.4
Recurring net income from business sectors - Group share	203.6	10.5	28.8	20.9	171.4	13.8	-5.7	-244.0	199.3
Non-recurring income									
Operating income	-80.2	-45.2	-14.4	-7.3	-	-	-	-32.3	-179.5
Net financial income	-0.0	-49.5	-8.1	0.5	-	-	-	122.1	65.0
Tax expense	19.4	12.1	8.4	2.3	-	-	-	-0.7	41.5
Share in net income of equity-method investments	-	-	-	-0.7	-197.2	-2.2	-4.0	369.0	164.9
Net income from discontinued operations and operations held for sale	-	-12.6	-	-	-	-	-	0.9	-11.7
Non-recurring net income	-60.8	-95.2	-14.2	-5.2	-197.2	-2.2	-4.0	459.1	80.3
of which:									
- Non-recurring items	-14.9	-66.9	-7.2	-0.2	(3) -89.0	-1.7	-4.0	(2) 459.1	275.1
- Impact of goodwill allocation	-45.9	-19.7	-7.0	-5.0	-28.1	-0.5	-	-	-106.2
- Asset impairment	-	-8.5	-	-	-80.1	-	-	-	-88.6
Non-recurring net income – non-controlling interests	-29.7	-23.3	-1.1	-0.2	-	-	-0.0	0.2	-54.1
Non-recurring net income – Group share	-31.1	-71.9	-13.1	-5.1	-197.2	-2.2	-4.0	458.9	134.4
Consolidated net income									
Consolidated net income	347.6	-82.1	17.1	16.3	-25.7	11.6	-9.7	215.1	490.0
Consolidated net income – non-controlling interests	175.1	-20.7	1.3	0.5	-	-	-0.0	0.2	156.3
Consolidated net income – Group share	172.5	-61.4	15.7	15.8	-25.7	11.6	-9.7	214.9	333.7

- (1) Before the impact of goodwill allocation, non-recurring items and management fees.
- (2) This amount includes the €369.0 million gain on the sale of Legrand shares and a €42.6 million increase in the fair value of Saint-Gobain puts (see note 13-4 “Put options issued (written) on Saint-Gobain shares”).
- (3) This amount principally included a €97.0 million dilution loss on Saint-Gobain shares (see note 2 “Changes in the scope of consolidation”).

Notes

The contribution of Oranje-Nassau Développement to the 2013 income statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Net income from business sectors				
Net sales	309.6	96.1	-	405.8
EBITDA	N/A	16.6	-	
Adjusted operating income (1)	N/A	15.3	-	
Other recurring operating items	-0.3	-0.5	-	-0.8
Operating income	27.9	14.8	-	42.7
Finance costs, net	-6.4	-3.9	-	-10.3
Other financial income and expense	0.0	0.0	-	0.0
Pre-tax income, including management fees	21.5	N/A		
Tax expense	-8.5	-4.4	-	-12.9
Share in net income of equity-method investments	-	-	2.0	2.0
Net income from discontinued operations and operations held for sale	-	-	-	-
Recurring net income from business sectors	13.0	6.5	2.0	21.5
Recurring net income from business sectors – non-controlling interests	0.5	0.1	-	0.7
Recurring net income from business sectors - Group share	12.4	6.4	2.0	20.9
Non-recurring income				
Operating income	-5.9	-1.4	-	-7.3
Net financial income	-0.0	0.5	-	0.5
Tax expense	2.0	0.3	-	2.3
Share in net income of equity-method investments	-	-	-0.7	-0.7
Net income from discontinued operations and operations held for sale	-	-	-	-
Non-recurring net income	-4.0	-0.6	-0.7	-5.2
of which:				
- Non-recurring items	-1.4	0.3	0.9	-0.2
- Impact of goodwill allocation	-2.6	-0.9	-1.6	-5.0
- Asset impairment	-	-	-	-
Non-recurring net income – non-controlling interests	-0.2	-0.0	-	-0.2
Non-recurring net income – Group share	-3.8	-0.6	-0.7	-5.1
Consolidated net income	9.0	5.9	1.3	16.3
Consolidated net income – non-controlling interests	0.4	0.1	-	0.5
Consolidated net income – Group share	8.6	5.8	1.3	15.8

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Note 39 - 2. Income statement by operating segment for fiscal year 2012

In millions of euros	Bureau Veritas	Materis	Deutsch	Stahl	Oranje-Nassau Développement	Equity-method investments		Holding	Total operations
						Saint-Gobain	Legrand		
Net income from business sectors									
Net sales	3,902.3	1,709.1	-	361.2	365.9	-	-	-	6,338.6
EBITDA	N/A	188.1	-	54.9	N/A	-	-	-	-
Adjusted operating income (1)	639.2	135.3	-	47.0	N/A	-	-	-	-
Other recurring operating items	-	-2.0	-	-1.2	-0.5	-	-	-	-
Operating income	639.2	133.3	-	45.8	32.8	-	-	-45.7	805.4
Finance costs, net	-57.8	-140.0	-	-13.4	-11.4	-	-	-205.5	-428.1
Other financial income and expense	-11.4	-0.8	-	-	0.1	-	-	-0.1	-12.2
Tax expense	-157.7	-27.8	-	-6.1	-8.1	-	-	6.3	-193.6
Share in net income of equity-method investments	0.0	0.4	-	0.3	2.1	192.0	31.1	-	225.8
Net income from discontinued operations and operations held for sale	-	25.2	24.9	-	-	-	-	0.3	50.5
Recurring net income from business sectors	412.3	-9.8	24.9	26.6	15.4	192.0	31.1	-244.7	447.8
Recurring net income from business sectors – non-controlling interests	206.2	-1.9	2.6	2.3	0.5	-	-	0.2	209.9
Recurring net income from business sectors - Group share	206.1	-7.9	22.3	24.3	14.8	192.0	31.1	-244.8	237.5
Non-recurring income									
Operating income	-133.9	-123.9	-	-10.3	-5.3	-	-	-9.3	-282.8
Net financial income	-0.0	-38.2	-	-2.2	-0.7	-	-	39.9	-1.1
Tax expense	20.3	25.8	-	7.6	2.0	-	-	2.0	57.8
Share in net income of equity-method investments	-	-	-	-	-5.4	-562.3	-2.4	14.6	-555.5
Net income from discontinued operations and operations held for sale	-	-11.4	-18.2	-	-	-	-	700.4	670.8
Non-recurring net income	-113.6	-147.6	-18.2	-4.9	-9.4	-562.3	-2.4	747.7	-110.8
of which:									
- Non-recurring items	-3.6	-57.5	-14.7	2.0	-0.4	-9.2	-1.4	(2) 747.7	662.8
- Impact of goodwill allocation	-47.5	-21.5	-3.5	-7.0	-9.0	-80.1	-1.0	-	-169.5
- Asset impairment	-62.5	-68.6	-	-	-	(3) -473.0	-	-	-604.1
Non-recurring net income – non-controlling interests	-55.5	-36.1	-1.9	-0.4	-0.1	-	-	-	-94.0
Non-recurring net income – Group share	-58.1	-111.5	-16.3	-4.5	-9.2	-562.3	-2.4	747.7	-16.8
Consolidated net income	298.7	-157.4	6.7	21.7	6.0	-370.3	28.7	503.0	337.1
Consolidated net income – non-controlling interests	150.7	-38.0	0.7	1.8	0.4	-	-	0.2	115.9
Consolidated net income – Group share	147.9	-119.4	6.0	19.8	5.6	-370.3	28.7	502.8	221.1

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) This amount includes:

- the €689.2 million gain on the sale of Deutsch;
- the €14.6 million gain on the sale of Legrand shares, which served to pay Wendel's dividend in kind.

(3) This amount includes a €414.0 million write-down in the value of Wendel's holding in Saint-Gobain

Notes

The contribution of Oranje-Nassau Développement to the 2012 income statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Net income from business sectors				
Net sales	292.9	73.1	-	365.9
EBITDA	N/A	7.8	-	
Adjusted operating income (1)	N/A	6.5	-	
Other recurring operating items	-	-0.5	-	-0.5
Operating income	26.8	6.0	-	32.8
Finance costs, net	-6.8	-4.6	-	-11.4
Other financial income and expense	-	0.1	-	0.1
Pre-tax income, including management fees	20.0			
Tax expense	-7.7	-0.4	-	-8.1
Share in net income of equity-method investments	-	-	2.1	2.1
Net income from discontinued operations and operations held for sale	-	-	-	-
Recurring net income from business sectors	12.3	1.0	2.1	15.4
Recurring net income from business sectors – non-controlling interests	0.5	0.0	-	0.5
Recurring net income from business sectors - Group share	11.8	1.0	2.1	14.8
Non-recurring income				
Operating income	-4.0	-1.4	-	-5.3
Net financial income	-	-0.7	-	-0.7
Tax expense	1.3	0.7	-	2.0
Share in net income of equity-method investments	-	-	-5.4	-5.4
Net income from discontinued operations and operations held for sale	-	-	-	-
Non-recurring net income	-2.7	-1.3	-5.4	-9.4
of which:				
- Non-recurring items	-	-0.4	0.1	-0.4
- Impact of goodwill allocation	-2.7	-0.9	-5.5	-9.0
- Asset impairment	-	-	-	-
Non-recurring net income – non-controlling interests	-0.1	-0.0	-	-0.1
Non-recurring net income – Group share	-2.5	-1.3	-5.4	-9.2
Consolidated net income	9.6	-0.3	-3.3	6.0
Consolidated net income – non-controlling interests	0.4	-0.0	-	0.4
Consolidated net income – Group share	9.2	-0.3	-3.3	5.6

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Notes

Note 39 - 3. Balance sheet by operating segment as of December 31, 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Wendel and holding companies	Consolidated
Goodwill, net	1,885.2	548.2	24.1	138.1	-	-	-	2,595.6
Intangible assets, net	585.0	498.6	64.2	81.1	-	-	0.1	1,229.0
Property, plant & equipment, net	401.3	286.5	84.5	576.3	-	-	10.9	1,359.5
Non-current financial assets	45.5	8.4	0.5	3.6	-	-	157.9	215.9
Pledged cash and cash equivalents	-	-	-	-	-	-	6.4	6.4
Equity-method investments	0.8	0.4	2.4	55.7	4,004.8	185.1	-	4,249.2
Deferred tax assets	122.1	41.3	10.7	8.7	-	-	1.8	184.7
Total non-current assets	3,039.9	1,383.4	186.4	863.5	4,004.8	185.1	177.2	9,840.3
Assets and operations held for sale	-	801.0	4.5	-	-	-	-	805.5
Inventories and work-in-progress	12.6	170.8	42.7	33.0	-	-	-	259.2
Trade receivables	992.0	295.1	68.1	78.2	-	-	0.3	1,433.7
Other current assets	117.8	61.8	8.4	13.8	-	-	5.5	207.4
Current income tax assets	40.7	-	4.3	1.6	-	-	19.6	66.1
Other current financial assets	6.9	0.2	-	0.0	-	-	348.0	355.1
Cash and cash equivalents	190.6	68.1	58.2	13.4	-	-	427.6	758.0
Total current assets	1,360.7	596.0	181.8	139.9	-	-	800.9	3,079.4
Total assets								13,725.1
Shareholders' equity - Group share								2,535.5
Non-controlling interests								522.1
Total shareholders' equity								3,057.6
Long-term provisions	197.0	38.7	2.9	2.5	-	-	28.6	269.6
Financial debt (non-current portion)	1,407.1	1,792.8	52.6	251.2	-	-	3,247.6	6,751.3
Other non-current financial liabilities	24.3	13.9	-	3.5	-	-	188.6	230.3
Deferred tax liabilities	158.6	260.5	17.2	34.3	-	-	0.0	470.6
Total non-current liabilities	1,787.0	2,105.8	72.6	291.6	-	-	3,464.8	7,721.8
Liabilities held for sale	-	375.2	-	-	-	-	-	375.2
Short-term provisions	-	2.5	0.3	6.6	-	-	-	9.4
Financial debt (current portion)	104.2	62.8	121.1	254.7	-	-	551.1	1,093.9
Other current financial liabilities	47.7	1.0	1.7	0.3	-	-	7.8	58.6
Trade payables	232.3	184.2	38.1	86.0	-	-	8.6	549.2
Other current liabilities	555.6	144.4	26.9	34.2	-	-	15.3	776.4
Current income tax liabilities	81.0	0.5	1.3	-	-	-	0.2	83.1
Total current liabilities	1,020.9	395.4	189.4	381.8	-	-	583.1	2,570.6
Total liabilities and shareholders' equity								13,725.1

Notes

The contribution of Oranje-Nassau Développement to the 2013 balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	-	138.1
Intangible assets, net	11.8	69.3	-	81.1
Property, plant & equipment, net	570.0	6.3	-	576.3
Non-current financial assets	3.1	0.5	-	3.6
Pledged cash and cash equivalents	-	-	-	-
Equity-method investments	-	-	55.7	55.7
Deferred tax assets	6.2	2.5	-	8.7
Total non-current assets	626.9	180.9	55.7	863.5
Assets and operations held for sale	-	-	-	-
Inventories and work-in-progress	24.8	8.2	-	33.0
Trade receivables	29.0	49.2	-	78.2
Other current assets	11.0	2.7	-	13.8
Current income tax assets	-	1.6	-	1.6
Other current financial assets	0.0	-	-	0.0
Cash and cash equivalents	2.9	10.5	-	13.4
Total current assets	67.7	72.2	-	139.9
Long-term provisions	0.3	2.2	-	2.5
Financial debt (non-current portion)	204.3	46.9	-	251.2
Other non-current financial liabilities	1.5	2.0	-	3.5
Deferred tax liabilities	9.8	24.6	-	34.3
Total non-current liabilities	215.9	75.7	-	291.6
Liabilities held for sale	-	-	-	-
Short-term provisions	2.3	4.3	-	6.6
Financial debt (current portion)	246.2	8.5	-	254.7
Other current financial liabilities	0.3	-	-	0.3
Trade payables	71.0	15.0	-	86.0
Other current liabilities	11.1	23.1	-	34.2
Current income tax liabilities	-	-	-	-
Total current liabilities	330.9	50.9	-	381.8

Notes

Note 39 - 4. Balance sheet by operating segment as of December 31, 2012

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	Legrand	Wendel and holding companies	Consolidated
Goodwill, net	1,959.3	767.5	24.1	138.1	-	-	-	2,889.1
Intangible assets, net	608.9	696.3	69.1	84.8	-	-	0.2	1,459.3
Property, plant & equipment, net	379.4	564.7	91.4	513.2	-	-	7.3	1,556.0
Non-current financial assets	68.1	9.0	-	3.0	-	-	34.5	114.6
Pledged cash and cash equivalents	-	-	-	-	-	-	3.4	3.4
Equity-method investments	0.7	3.8	2.1	53.8	4,228.4	145.3	-	4,434.1
Deferred tax assets	110.4	50.3	14.3	11.6	-	-	2.9	189.5
Total non-current assets	3,126.8	2,091.6	201.0	804.5	4,228.4	145.3	48.4	10,646.0
Assets and operations held for sale	5.4	-	5.3	-	-	-	-	10.6
Inventories and work-in-progress	8.6	274.7	47.9	35.6	-	-	-	366.7
Trade receivables	940.7	334.2	66.2	71.5	-	-	0.1	1,412.8
Other current assets	111.3	66.8	13.7	10.5	-	-	2.9	205.0
Current income tax assets	55.0	-	3.9	3.3	-	-	25.2	87.4
Other current financial assets	10.3	0.4	-	0.7	-	-	444.0	455.5
Cash and cash equivalents	243.5	71.4	33.7	11.3	-	-	486.1	845.9
Total current assets	1,369.4	747.4	165.4	132.9	-	-	958.4	3,373.4
Total assets								14,030.0
Shareholders' equity - Group share								2,674.4
Non-controlling interests								617.9
Total shareholders' equity								3,292.3
Long-term provisions	195.8	65.3	7.8	2.6	-	-	31.3	302.8
Financial debt (non-current portion)	1,282.7	1,916.0	173.8	241.3	-	-	3,869.2	7,483.1
Other non-current financial liabilities	24.2	-	3.4	3.4	-	-	98.1	129.2
Deferred tax liabilities	166.6	370.1	18.1	35.2	-	-	-	590.0
Total non-current liabilities	1,669.3	2,351.4	203.2	282.6	-	-	3,998.7	8,505.1
Liabilities held for sale	1.0	-	-	-	-	-	-	1.0
Short-term provisions	-	2.2	0.3	4.6	-	-	-	7.0
Financial debt (current portion)	128.3	95.9	24.6	234.7	-	-	67.8	551.3
Other current financial liabilities	52.2	22.8	-	1.8	-	-	149.5	226.3
Trade payables	240.7	236.2	28.1	69.9	-	-	4.4	579.3
Other current liabilities	547.0	171.3	25.9	26.9	-	-	11.1	782.4
Current income tax liabilities	75.8	3.1	4.4	1.8	-	-	0.2	85.4
Total current liabilities	1,043.9	531.6	83.4	339.7	-	-	233.0	2,231.6
Total liabilities and shareholders' equity								14,030.0

Notes

The contribution of Oranje-Nassau Développement to the 2012 balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	-	138.1
Intangible assets, net	16.0	68.8	-	84.8
Property, plant & equipment, net	507.1	6.1	-	513.2
Non-current financial assets	2.5	0.4	-	3.0
Pledged cash and cash equivalents	-	-	-	-
Equity-method investments	-	-	53.8	53.8
Deferred tax assets	6.9	4.7	-	11.6
Total non-current assets	568.4	182.4	53.8	804.5
Assets and operations held for sale	-	-	-	-
Inventories and work-in-progress	28.2	7.3	-	35.6
Trade receivables	33.1	38.4	-	71.5
Other current assets	8.3	2.2	-	10.5
Current income tax assets	-0.0	3.3	-	3.3
Other current financial assets	0.7	-	-	0.7
Cash and cash equivalents	1.6	9.7	-	11.3
Total current assets	72.0	60.9	-	132.9
Long-term provisions	0.3	2.3	-	2.6
Financial debt (non-current portion)	186.1	55.3	-	241.3
Other non-current financial liabilities	1.7	1.7	-	3.4
Deferred tax liabilities	10.6	24.6	-	35.2
Total non-current liabilities	198.7	83.9	-	282.6
Liabilities held for sale	-	-	-	-
Short-term provisions	0.6	3.9	-	4.6
Financial debt (current portion)	223.1	11.6	-	234.7
Other current financial liabilities	1.8	-	-	1.8
Trade payables	61.5	8.4	-	69.9
Other current liabilities	12.4	14.5	-	26.9
Current income tax liabilities	1.7	0.2	-	1.8
Total current liabilities	301.1	38.6	-	339.7

Notes

Note 39 - 5. Cash flow statement by business segment for 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	686.3	216.6	70.2	184.9	-42.2	-	1,115.8
Net cash flows from investing activities, excluding tax	-304.9	-89.2	-7.5	-192.7	545.1	-103.0	-152.1
Net cash flows from financing activities, excluding tax	-254.5	-85.9	-30.9	19.5	-567.9	103.0	-816.6
Net cash flows related to taxes	-154.4	-34.0	-6.1	-9.5	9.7	-	-194.4

The contribution of Oranje-Nassau Développement to the 2013 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	Total Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	166.1	18.8	184.9
Net cash flows from investing activities, excluding tax	-189.6	-3.1	-192.7
Net cash flows from financing activities, excluding tax	34.1	-14.6	19.5
Net cash flows related to taxes	-9.2	-0.3	-9.5

Note 39 - 6. Cash flow statement by business segment for 2012

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	684.5	203.2	49.7	159.5	-39.8	-	1,057.1
Net cash flows from investing activities, excluding tax	-377.4	-88.5	-9.0	-181.6	1,070.8	-71.5	342.9
Net cash flows from financing activities, excluding tax	-124.0	-90.5	-21.5	32.3	-1,109.4	71.5	-1,241.5
Net cash flows related to taxes	-180.0	-32.3	-5.7	-10.2	-16.4	-	-244.7

The contribution of Oranje-Nassau Développement to the 2012 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	Total Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	155.2	4.3	159.5
Net cash flows from investing activities, excluding tax	-178.8	-2.7	-181.6
Net cash flows from financing activities, excluding tax	30.2	2.2	32.3
Net cash flows related to taxes	-8.1	-2.1	-10.2

Notes

NOTE 40. OFF-BALANCE-SHEET COMMITMENTS

As of December 31, 2013, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 40 - 1. Collateral and other security given in connection with financing

	12/31/2013	12/31/2012
(i) Pledge by Materis group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Materis group.	1,807.3	1,984.3
(ii) Pledge by Stahl group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl group.	168.7	193.8
(iii) Security given by Parcour's group entities under its bank borrowing arrangements, including the financed vehicles and the lease payments received. Pledge of certain bank accounts and trade receivables.	430.5	388.4
(i) Joint and several guarantee and/or pledge by Mecatherm group entities of shares of the companies and of certain trade receivables as collateral for the repayment of the debt owed by the Mecatherm group. Wendel provided a first-demand guarantee of €15 million in favor of the banks (see note 5-2.5)	55.2	62.7
(v) Pledge of listed shares in connection with the Saint-Gobain investment financing structure (market value) (1)	923.4	1,215.7
(vi) Pledge of cash in connection with the Saint-Gobain investment financing structure (1)	6.4	3.4
Total	3,391.5	3,848.3

(1) These items are detailed in note 5-2 "Managing liquidity risk" relative to the Saint-Gobain investment financing structure.

Note 40 - 2. Guarantees given as part of asset sales

Guarantees given in connection with the sale of Deutsch cover a limited number of standard warranties (ownership and validity of the securities sold, operations during the period leading up to the sale, no fraudulent activity etc.). No claim with respect to these warranties has been received to date.

Notes

Tax guarantees given in connection with the divestment of Oranje-Nassau Groep's oil & gas activities in 2009 and expiring in May 2016 were limited to a theoretical maximum of €240.0 million as of December 31, 2013. There were no guarantees of environmental risk or site remediation costs connected with this divestment.

The Eeditis sale agreement signed in 2008 included standard limited guarantees and warranties, relating in particular to tax and employee-related costs. As of January 2012, claims may no longer be submitted relating to these guarantees. As of the date these financial statements were finalized, no amount had been paid out under these guarantees.

No provisions have been recognized for these guarantees.

Note 40 - 3. Guarantees received in connection with asset acquisitions

Guarantees received in connection with the acquisition of Parcours, Mecatherm, IHS, NOP, and Saham cover standard warranties as well as tax risks and risks of employee-related costs up to a total of €73.1 million as of December 31, 2013.

Note 40 - 4. Off-balance-sheet commitments given and received related to operating activities

	12/31/2013	12/31/2012
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	176.2	196.2
by Materis	22.6	11.6
by Stahl	0.6	0.4
by Oranje-Nassau Développement (Mecatherm)	9.4	4.0
Total commitments given	208.8	212.2
Other commitments received (2)	382.9	377.5
Total commitments received	382.9	377.5

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantees.

(2) Commitments received were composed principally of lease payments to be received by Parcours (Oranje-Nassau Développement) on its portfolio of lease contracts in force (€187.1 million with a term of less than one year and €195.6 million with a term of 1-5 years).

Note 40 - 5. Shareholder agreements and co-investment mechanisms

As of December 31, 2013, the Wendel Group was party to several agreements governing its relationships with other shareholders in its unlisted companies, including minority investors (Materis, Stahl, and IHS), majority investors (Saham), and subsidiary managers having taken advantage of programs enabling them to share in their company's performance (Materis, Stahl, Parcours, Mecatherm and NOP).

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO;

Shareholder agreements with senior managers of unlisted companies containing terms relating to:

- the handling of executive departures (commitment to sell shares to Wendel in the event of an executive departure from a subsidiary and/or commitment to buy shares in certain specific cases);
- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (2-14 years after the Wendel Group's investment, depending on the agreement).

Shareholder agreements with senior managers in unlisted companies are described in greater detail in note 4-2 relating to the participation of subsidiary managers in the performance of Group entities.

As part of the liquidity commitments under these agreements, if no liquidity event (divestment or IPO) has taken place before certain predetermined dates, the Wendel Group may be required to buy back the shares held by subsidiary managers in Materis, Stahl, Parcours, and Mecatherm. The value applied to these liquidity commitments would be market value, as determined by an appraiser, or a value calculated on the basis of a profitability multiple.

This would also be the case for Wendel managers holding shares under co-investment plans in Materis, Stahl, VGG, Parcours, Mecatherm, IHS, NOP, and Saham.

As of December 31, 2013, on the basis of the value of investments included in the calculation of Net Asset Value, the value of the *pari passu* portion of the investment made by co-investing managers (under the same risk and return conditions as Wendel) was €123 million, and the value of the portion of the managers' investments having dilutive effects on Wendel's ownership interest was €86 million. In accordance with accounting principles relating to non-controlling interest puts and to co-investment mechanisms, a portion of these amounts is recognized within financial liabilities (€92 million). A €5 million payment was made in 2013 relating to commitments made to co-investing managers of operating subsidiaries. A provision had been recognized for this amount as of December 31, 2012. Co-investment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Notes

The Stahl and Saham shareholder agreements also contain the following terms:

- in Stahl, minority financial investors (for example, second-lien and mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake, between 2015 and 2017;
- in Saham, the Wendel Group has an option to make a €150 million follow-on investment before end-December 2014 in addition to its initial €100 million investment, which would bring its holding to 27.78% of the company's capital (before implementation of an accretion mechanism benefitting the majority shareholder dependent on certain objectives being met, this accretion potentially leading Wendel Group's holding to change within the range of 24-26% of capital).

If this follow-on investment were to be carried out, the Wendel Group would benefit from:

- additional rights in Saham's governance in terms of representation on the Board of Directors, with two additional Directors and additional rights of veto, in particular on major strategic priorities and important operational decisions (with the option to exit in the case of major disagreement);
- the option of acquiring an additional 10% stake from the majority shareholder for €130 million, starting in January 2016 (with a two-year postponement option);
- liquidity rights from the tenth anniversary of the initial investment (IPO of the company, distribution, IPO or divestment of subsidiaries or put option to sell shares).

If no follow-on investment is made, the majority shareholder of Saham will have the option to buy back the whole of Wendel's investment in Saham (at a price guaranteeing a minimum IRR of 15% for Wendel) and, if no buy-back is carried out before the fifth anniversary of the investment, Wendel can ask for the liquidity process to be set in motion.

Other agreements

Subordinated (mezzanine and second-lien) lenders to Stahl who forfeited their claims as creditors during the 2010 restructuring received an earn-out right exercisable only upon the total or partial divestment of Wendel's stake in Stahl. This right is exercisable if Wendel's overall return is more than 2.5 times its 2010 re-investment, and is equivalent to the allocation of 1 to 2 bonus shares per share held by these ex-subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on Wendel's decision to divest.

Notes

Note 40 - 6. Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Note 40 - 6.1 Finance leases (contracts under which the Group retains the risks and rewards connected with ownership of the leased item)

Amount of future rents under finance leases:

In millions of euros	12/31/2013	12/31/2012
Due in more than 5 years	2.4	10.7
Due in 1 to 5 years	1.9	5.1
Due in less than 1 year and accrued interest	1.1	1.5
Total	5.4	17.4

These contracts give rise to a non-current asset and a financial debt on the balance sheet, in accordance with IAS 17 "Leases".

In 2013, the amounts relating to the Materis Aluminates division are not presented (impact of €13.9 million).

Note 40 - 6.2 Operating leases (contracts under which the Group does not retain the risks and rewards connected with ownership of the leased item)

Amount of future rents under operating leases:

In millions of euros	12/31/2013	12/31/2012
Due in more than 5 years	97.8	68.9
Due in 1 to 5 years	260.8	286.9
Due in less than 1 year and accrued interest	121.1	125.8
Total	479.7	481.6

Future rents principally include €317.4 million related to Bureau Veritas (€296.8 million in 2012), and €129.2 million related to Materis, excluding Kerneos (€166.4 million in 2012).

Notes

NOTE 41. STOCK OPTIONS, BONUS SHARES AND PERFORMANCE SHARES

The total expense related to stock options or other share-based compensation for fiscal year 2013 was €25.8 million vs. €21.2 million in 2012.

In millions of euros	2013	2012
Stock options at Wendel	3.1	4.5
Grant of performance shares at Wendel	1.8	1.2
Stock options at Bureau Veritas	2.5	2.2
Grant of performance shares at Bureau Veritas	18.1	14.4
Stock appreciation rights at Bureau Veritas	0.1	-0.2
Stahl	0.2	0.3
Total	25.8	22.4

Grants under new stock-option plans in 2013 were as follows:

Note 41 - 1. Wendel

Pursuant to the authorization given by shareholders at their May 28, 2013 Annual Meeting, options giving the right to subscribe to 252,182 shares were allocated on July 1, 2013 with a strike price of €82.90 and a 10-year life. These options have the following features:

- a service condition: the options are subject to a two-year vesting period during which the beneficiary must remain employed or appointed by Wendel; the first half vest after one year and the other half after two years;
- a performance-based condition: the full number of options granted vests if the increase in NAV over the 2013-15 period (adjusted for dividends) is greater than or equal to 10.25%. One-half vests if the increase in NAV over the 2013-14 period (adjusted for dividends) is greater than or equal to 5%. The NAV used as the point of reference for 2013 is the NAV calculated as of May 16, 2013, or €124.1 per share.

These options have been valued using a Monte-Carlo model, based on the following principal assumptions: a 6-year average rate of return of 2.4%; volatility of 27%; and staff turnover considered to be zero. The illiquid nature of the stock options has also been taken into account. These options have been valued at €13.9 each. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their May 28, 2013 Meeting, 64,595 performance shares were also granted on July 1, 2013. They are subject to the same service and performance-based conditions as the options granted in 2013 (see previous paragraph). They have been valued at €40.2 per share. This value takes into account the period of illiquidity of these performance shares.

Notes

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2012	Options granted in 2013	Options canceled in 2013	Options exercised in 2013	Number of options outstanding as of 12/31/2013	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Stock purchase options	123,107	-	-	-72,732	50,375	22.58 and 41.73	25.24	5.6 years	50,375
Stock purchase options indexed to NAV/share	1,154,197	252,182	-1,100	-196,524	1,208,755	22.58 to 82.90	66.32	7.8 years	843,390
Stock subscription options	105,880	-	-	-28,656	77,224	39.98 to 90.14	75.73	1.9 years	77,224
Stock subscription options indexed to NAV/share	778,660	-	-333,570	-22,050	423,040	18.96 to 132.96	63.38	4.6 years	216,040

Performance shares	Shares granted as of 12/31/2012	Awards during the fiscal year	Shares vested	Cancel-lations	Shares granted as of 12/31/2013	Grant date	Vesting date
Plan 4-1	75,754	-	-	-167	75,587	7/5/2012	7/5/2014
Plan 5-1	-	64,595	-	-	64,595	7/1/2013	7/1/2015
	75,754	64,595	-	-167	140,182		

Note 41 - 2. Bureau Veritas

By resolution of Bureau Veritas' Board of Directors on July 22, 2013, Bureau Veritas granted 1,240,800 stock purchase options with an exercise price of €21.01 to certain of its employees and to the corporate officer. For the options to vest, the optionee must complete three years of service, and a performance objective based on adjusted operating income must be achieved. The options have a term of eight years from the grant date.

The average unit fair value of options granted during the fiscal year was €2.6. They were valued using a Black & Scholes model, with the following assumptions: volatility of 19,7%, dividend return of 2.2%, risk-free rate of 0.67%, and an estimated life of four years.

In 2013, Bureau Veritas also granted 2,127,500 performance shares subject to certain service and/or performance conditions. The weighted average fair value of bonus shares granted in 2013 was €18.40 per share.

Notes

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2012	Options granted in 2013	Options canceled in 2013	Options exercised in 2013	Number of options outstanding as of 12/31/2013	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Bureau Veritas	5,370,140	1,240,800	-61,200	-814,380	5,735,360	3.79 to 21.01	14.33	5.3 years	2,229,100

Performance shares	Shares granted as of 12/31/2013	Grant date	Expiration date
	884,800	7/23/2010	7/23/2014
	1,375,760	7/18/2011	07/18/2014 - 2015
	94,176	12/14/2011	12/14/2014
	1,606,600	7/18/2012	07/18/2015 - 2016
	2,127,500	7/22/2013	07/22/2016-2017-2019
	6,088,836		

NOTE 42. SUBSEQUENT EVENTS

In January 2014, Wendel extended the maturity of its debt with a €400 million bond issue, maturing in January 2021. In addition, agreement was obtained to replace the €875 million bank credit line with margin calls maturing in 2016 and 2017, under which €425 million was drawn down, with a new, €800 million revolving line with margin calls maturing in 2020. The credit line was repaid as part of this operation.

On March 3, 2014, Wendel increased its investment in IHS Holding by taking part in a \$420 million capital increase. Wendel exercised all of its subscription rights and invested an additional \$152 million, thereby lifting its total investment in the pan-African telecom towers leader to \$428 million. With this transaction, Wendel remains IHS's largest shareholder, holding more than 35% of the capital of the company.

Notes

NOTE 43. LIST OF PRINCIPAL CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2013

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	100.0	Wendel	France	Management of shareholdings
FC	100.0	Coba	France	"
FC	100.0	Eufor	France	"
FC	100.0	Hirvest 1	France	"
FC	100.0	Hirvest 3	France	"
FC	100.0	Hirvest 4	France	"
FC	100.0	Oranje-Nassau Développement France	France	"
FC	100.0	Sofiservice	France	"
FC	98.6	Waldggen	France	"
FC	100.0	Winbond	France	"
FC	100.0	Wendel Japan	Japan	"
FC	99.5	Expansion 17	Luxembourg	"
FC	100.0	Froeggen	Luxembourg	"
FC	99.5	Global Performance 17	Luxembourg	"
FC	99.5	Globex Africa 1	Luxembourg	"
FC	100.0	Grauggen	Luxembourg	"
FC	100.0	Hourggen	Luxembourg	"
FC	100.0	Ireggen	Luxembourg	"
FC	100.0	Jeurggen	Luxembourg	"
FC	100.0	Karggen	Luxembourg	"
FC	97.3	Materis Investors	Luxembourg	"
FC	100.0	Mecatherm GarantCo	Luxembourg	"
FC	99.5	Oranje-Nassau Développement SA SICAR	Luxembourg	"

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FC	99.5	Oranje-Nassau Développement NOP	Luxembourg	"
FC	98.1	Oranje-Nassau Mecatherm	Luxembourg	"
FC	95.8	Oranje-Nassau Parcours	Luxembourg	"
FC	98.1	Stahl Lux 2	Luxembourg	"
FC	100.0	Trief Corporation	Luxembourg	"
FC	100.0	Truth 2	Luxembourg	"
FC	100.0	Winvest Conseil	Luxembourg	"
FC	99.5	Winvest International SA SICAR	Luxembourg	"
FC	100.0	Win Securitization 2	Luxembourg	"
FC	99.5	NOP Europe	Belgium	"
FC	100.0	Wendel North America	United States	"
FC	100.0	Wendel Africa	Morocco	"
FC	100.0	Oranje-Nassau Groep	Netherlands	"
FC	100.0	Oranje-Nassau Development	Netherlands	"
FC	100.0	Legron	Netherlands	"
FC	100.0	Wendel Singapore	Singapore	"
FC	100.0	Sofisamc	Switzerland	"
FC	51.5	Bureau Veritas and its subsidiaries	France	Certification and verification
FC	75.5	Materis Parent and its subsidiaries	Luxembourg	Specialty chemicals for construction
FC	92.2	Stahl Group and its subsidiaries	Netherlands	High-performance coatings and leather-finishing products
E	16.3	Saint-Gobain and its subsidiaries	France	Production, transformation, and distribution of building materials
E	38.4	IHS Holding and its subsidiaries	Mauritius	Mobile telephone infrastructure in Africa

Notes

Oranje-Nassau Développement includes:

FC	98.1	Mecatherm and its subsidiaries	France	Industrial bakery equipment
FC	95.8	Parcours and its subsidiaries	France	Long-term vehicle leasing to corporate customers
E	28.4	exceet and its subsidiaries	Switzerland	Design of embedded systems

FC: Full consolidation. Wendel exercises exclusive control over these companies.

E: Companies accounted for by the equity method. Wendel exercises significant influence over these companies.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A. au capital de € 2.510.460

Commissaire aux comptes
Membre de la compagnie
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Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

Wendel

Year ended December 31, 2013

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Wendel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 9-4 "Impairment tests of equity-method investments" to the consolidated financial statements. In a context of uncertainties with regard to the outlook for the global economy which makes forecasting difficult, this note describes the methods applied to test the interest held by Wendel in Saint-Gobain for impairment as at December 31, 2013, and in particular, the sensitivity of the result of this test, with regard

to changes in the discount rate, the long-term growth rate and normative profitability taken into account for the computation of cash flows beyond the five-year business plan.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, the value of certain assets, liabilities, income and expenses. The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2013 were made in a context in which uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in Note 1-9 "Use of estimates" to the consolidated financial statements.

It is in this specific context that at December 31, 2013 the Company carried out impairment tests on goodwill, intangible assets with indefinite useful lives and equity-method investments, in accordance with the methods described in the following notes to the consolidated financial statements: Note 1-10 "Measurement rules", Note 6-1 "Goodwill impairment tests" and Note 9-4 "Impairment tests of equity-method investments".

We reviewed the methods applied to implement these impairment tests and verified that the above-mentioned notes provide appropriate disclosure. In particular, with regard to the impairment test on the Saint-Gobain shares, we reviewed the assumptions and estimates applied by the Company to determine the value in use of the investment.

Accounting principles

We reviewed the accounting treatment applied by your Company in preparing its consolidated financial statements with respect to managers' participation in Group investments. We verified that Note 1-10.18 "Accounting treatment of participation of managers in Group investments" and Note 40-5 "Shareholder agreements and co-investment mechanisms" to the consolidated financial statements provide appropriate disclosure in this regard.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 26, 2014

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Etienne Boris

Jean Bouquot

English version: Traduction financière et économique sarl "Trafine"

"The English language version of this text is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation."