

## WENDEL: NET INCOME, GROUP SHARE ROSE SHARPLY, AND DEBT DECLINED IN H1 2012

- **H1 2012 sales: €3,259.9 million, up 12.9% overall and 5.1% organically**
- **Net income, Group share: €724.8 million, up 60.2%**
- **Financial structure further strengthened:**
  - **Reduction in gross debt of €889 million since January 1, 2012 and cumulative reduction of €4.6 billion since the beginning of 2009**
  - **Sound cash position of €874 million as of August 21, 2012**
  - **€960 million in proceeds from sale of Deutsch**
  - **Wendel's rating (S&P) upgraded to BB on April 11, with a stable outlook**
- **NAV as of August 21, 2012: €4.6 billion, or €90.7 per share, up 20.9% year-on-year (up 22% since January 1, 2012)**
- **Wendel has repurchased 450,000 shares since January 1, 2012; the Company now holds 4.4% of its shares in treasury**

### Frédéric Lemoine, Chairman of Wendel's Executive Board said:

"Against today's very uncertain economic and financial context, the Group's companies showed their responsiveness and their ability to adapt in H1 2012, with some of them, such as Bureau Veritas, Stahl and Parcour, posting strong growth. In the construction sector, where Saint-Gobain, Legrand and Materis are active, the recovery observed in the United States and rapid growth in emerging markets partially offset the contraction in Europe.

For Wendel, the first half of 2012 was characterized above all by the sale of Deutsch, our US subsidiary specialized in connectors, at very favorable terms. In April 2012, two years after recapitalizing the company, we sold it at excellent financial and industrial terms. This transaction enabled us to strengthen our financial structure even further, in line with the strategy we have followed since 2009. We reduced our gross debt by nearly €900 million, lifted our shareholders' equity to more than €4 billion and maintained a high cash balance. Owing to these developments, as well as S&P's upgrade of our rating, we were able to extend the maturity of our bank debt with an undrawn line<sup>(1)</sup> of €700 million, maturing in 2017.

We also helped two of our companies take important steps in their corporate development. Firstly, we took an active part in Bureau Veritas's acquisition program, which led to 12 transactions during the period, and played a role in strengthening its corporate governance. A new CEO, Didier Michaud-Daniel, arrived on March 1 and has taken the reins of the company with ease and efficiency. Secondly, we worked on the successful renegotiation of Materis's €1.9 billion in debt and on the acquisition of two companies, in mortars and bauxite, which will enhance Materis's international expansion.

We decided to step up our share buyback program. We owed it to our shareholders to take advantage of the opportunities that market conditions and the discount on Wendel shares have opened up, and we won't hesitate to pursue and expand this program in the months to come, when market conditions permit. Naturally, we will continue to deploy Oranje-Nassau Développement, at the same time as we actively search for new direct investments, both in Europe and North America."

(1) Revolving credit financing Saint-Gobain shares

## Consolidated results

(in millions of euros)	H1 2011	H1 2012	Δ
<b>Consolidated subsidiaries</b>	429.3	364.8	-15.0%
<b>Financing, operating expenses and taxes</b>	(159.4)	(123.8)	-22.4%
<b>Net income from business sectors<sup>(1)</sup></b>	269.9	241.0	-10.7%
<b>Net income from business sectors<sup>(1)</sup> Group share</b>	174.8	139.0	-20.5%
<b>Non-recurring income<sup>(2)</sup></b>	250.0	559.6	
<b>Total net income</b>	519.9	800.7	
<b>Net income – Group share</b>	452.5	724.8	+60.2%

1. Net income before goodwill allocation entries and non-recurring items

2. Including goodwill allocation entries

## Net income from business sectors

(in millions of euros)	H1 2011	H1 2012	Δ
<b>Unchanged scope</b>			
Bureau Veritas	168.6	194.5	+15.3%
Materis	26.3	-0.8	
Stahl	6.7	13.1	+93.7%
Saint-Gobain (equity-accounted)	153.7	111.0	-27.8%
<b>Sub-total</b>	<b>355.4</b>	<b>317.8</b>	<b>-10.6%</b>
<b>Changed scope</b>			
Deutsch	33.9	24.9	
Oranje-Nassau Développement <sup>(2)</sup>	2.1	5.2	
Parcours	2.1	6.5	
Mecatherm	-	-1.5	
exceet (equity-accounted)	-	0.2	
Legrand (equity-accounted)	37.9	16.8	
<b>Sub-total</b>	<b>73.9</b>	<b>47.0</b>	
<b>Total business sector contribution</b>	<b>429.3</b>	<b>364.8</b>	<b>-15.0%</b>
Operating expenses	(18.8)	(22.8)	
Management fees and taxes	1.7	4.5	
Sub-total	(17.1)	(18.3)	+7.3%
Amortization, provisions and stock-option expenses	(3.1)	(3.7)	
<b>Total operating expenses</b>	<b>(20.2)</b>	<b>(22.1)</b>	<b>+9.3%</b>
<b>Total net financial expense<sup>(3)</sup></b>	<b>(139.2)</b>	<b>(101.7)</b>	<b>-27.0%</b>
<b>Net income from business sectors<sup>(1)</sup></b>	<b>269.9</b>	<b>241.0</b>	<b>-10.7%</b>
<b>Net income from business sectors, Group share<sup>(1)</sup></b>	<b>174.8</b>	<b>139.0</b>	<b>-20.5%</b>

1. Net income before goodwill allocation entries and non-recurring items

2. Includes Parcours, fully-consolidated from April 1, 2011, Mecatherm from October 4, 2011 and exceet (equity-accounted) from August 1, 2011

3. Includes currency impact on short-term financial investments

The Supervisory Board met on August 29, 2012 to review Wendel's consolidated financial statements, as finalized by the Executive Board on August 23. The financial statements were subject to a limited review by the Statutory Auditors prior to publication.

Wendel's consolidated sales rose 12.9% to €3,259.9 million, with organic growth of 5.1%.

The overall contribution of the Group's companies to net income from business sectors was €364.8 million, reflecting a 15.0% decrease compared with H1 2011. This decrease came about for two reasons. Firstly, the scope of consolidation changed (decrease in Wendel's percentage holding in Legrand and sale of Deutsch in H1 2012); secondly, the earnings of Saint-Gobain and Materis declined. Given the acquisitions and sales carried out in 2011 and 2012, the decline in net income from business sectors was limited to 10.6% on the unchanged scope.

Expenses related to the financial structure and to operations declined for the seventh consecutive half-year period. At €123.8 million, they were 22.4% lower as a result of significantly reduced debt and positive currency effects.

Non-recurring income totaled €559.6 million vs. €250.0 million in H1 2011. In the first half of 2012, non-recurring income was boosted by the sale of Deutsch, which generated an accounting gain of €689.2 million. In the first half of 2011, non-recurring income had been buoyed by €426.7 million resulting from the sale of a block of Legrand shares.

As a result, Wendel's total attributable net income was €724.8 million in H1 2012, compared with €452.5 million in H1 2011.

H1 2012 earnings brought consolidated shareholders' equity to €4,028 million as of June 30, 2012, vs. €3,298 million as of December 31, 2011.

## **Results of Group companies**

### **Bureau Veritas – sales up 14.7% over the six months and adjusted operating income up 13.9%**

*(Full consolidation)*

H1 2012 revenue rose 14.7% to €1,861.6 million. The increase broke down as follows:

- Organic growth of 8.1% including:
  - double-digit growth in Industry, Commodities and Government Services & International Trade businesses (around 50% of Group revenue),
  - healthy growth levels in the Consumer Products, Certification and In-Service Inspection & Verification businesses (around 30% of revenue),
  - and a more difficult environment, as expected, in the Marine and Construction businesses (20% of revenue).
- A 3.4% positive impact from exchange rate fluctuations due to the strength of the majority of currencies against the euro, and especially the US and Australian dollars and the Chinese Yuan,
- A 3.2% positive impact from changes in the scope of consolidation prompted by the consolidation of acquisitions, primarily AcmeLabs (Commodities), TH Hill (Industry), Tecnicontrol (Industry) and HuaXia (Construction).

Since the beginning of the year, the group made 12 acquisitions based on attractive valuations, enabling it to consolidate its technical expertise in buoyant market segments (oil drilling, geochemical testing of minerals, electronics products testing, automotive segment) and to increase the size of its network in key regions such as North America, Latin America and Germany. These acquisitions are set to provide combined revenue of more than €200 million on the basis of full-year 2012 estimates and represent additional growth of around 6% relative to the group's 2011 revenue.

Adjusted operating profit rose by 13.9% to €295.6 million in H1 2012 compared with €259.5 million in H1 2011. Adjusted operating margin expressed as a percentage of revenue totaled 15.9% in H1 2012, compared with 16.0% in H1 2011. As expected, the slight 10bp narrowing stemmed from changes in the mix with an increase in the weight of businesses with margins still below the group average (Industry and Commodities).

Considering H1 achievements and despite a challenging economic environment, Bureau Veritas should deliver strong growth in 2012 revenue and operating profit, in line with the targets set out in the *BV2015 strategic plan*<sup>(1)</sup>.

(1) 2012-2015 financial targets in the "BV2015: Moving forward with confidence" strategic plan:

- Revenue growth: 9-12% on average per year, on a constant currency basis:
  - Two-thirds from organic growth: 6-8% on average per year
  - One-third from acquisitions: 3-4% on average per year
- Improvement in adjusted operating margin: 100-150bps relative to 2011
- Growth in adjusted EPS: 10-15% on average per year between 2011 and 2015

## **Materis – Favorable first half, owing to emerging markets, amid difficult economic conditions. Two strategic acquisitions**

*(Full consolidation)*

Against a difficult economic backdrop, Materis posted sales of €1,043.1 million in the first half of 2012, up 2.0%. 0.2% of growth was organic (volume/mix effects: -4.5%; price effects: +4.7%). Changes in scope generated a positive impact of 0.7%, essentially from the integration of Elite in the United States and PK in Thailand in the Mortars division, as well as the acquisition of independent paints distributors in France and Italy. Currency fluctuations had a positive impact of 1.0%.

Organic growth was driven by upbeat business conditions in emerging market countries (up 10%) and significant price increases, which offset lackluster volumes in mature economies. Over the past few years, Materis's strategy of targeted acquisitions and its emphasis on sales and marketing have enabled the company's various divisions to figure among the best performers in their respective sectors:

- Growth at **Kerneos (Aluminates)** (1.9% and 2.1% contraction organically) was driven by significant price increases, favorable currency effects and robust volumes in chemicals for the building industry in the United States, the United Kingdom, Germany, Scandinavia, and China. These factors offset the slowdown in steel production in Europe;
- Favorable growth at **Chryso (Admixtures)** (3.1% and 5.2% organically), was due to brisk business in emerging market countries (India, South Africa, Morocco, Turkey, Eastern Europe) and a relaunch of the business in the United States. It was also boosted by price increases, which offset a contraction in end markets in Southern Europe and an unfavorable currency effect;
- **Parex Group (Mortars)** continued to post robust growth (8.5% and 5.2% organically), benefiting from healthy business growth in emerging economies and the beginnings of a recovery in the United States, price increases, favorable scope and currency fluctuations. These increases more than offset a sharp decline in Spain and a slight contraction in France (with an unfavorable base of comparison in terms of rainfall);
- **Materis Paints** contracted in the first half of the year (2.8% and 3.6% organically), as the difficult economic climate in Southern Europe took its toll and sales were flat in France. These factors partially offset vigorous price increases intended to pass on the sharp rise in titanium dioxide costs in 2011, good performance in Argentina, and the consolidation of independent distributors. The Paints division has implemented a high impact action plan that should generate savings of €19 million in 2012 and €35 million by 2014.

Materis carried out two strategic acquisitions: Suzuka, leader in the Chinese market for organic texture coatings, which enables Parex Group to round out its significant presence in that country (800 points of sale), and the Greek company Elmin, Europe's leading exporter of monohydrate bauxite, which ensures Kerneos long-term access to one of its key raw materials.

Materis's EBITDA totaled €129.7 million (12.4% of sales) and its adjusted operating income was €95.9 million (9.2% of sales).

In May 2012, Wendel announced the successful rescheduling of Materis's bank debt, capping negotiations with a pool of 199 lenders launched in September 2011, 18 months before the first repayment dates. The agreement postponed the 2013-15 maturities to 2015-16 and increased the company's sources of liquidity. 90% of senior loans, 99% of second-lien maturities and 100% of mezzanine debt were postponed under the agreement. Concurrently, Wendel and its co-shareholders injected €25 million in equity to finance Materis's expansion (acquisitions and capital expenditures), and made an interest-bearing, €25 million credit facility available. This facility could be increased in 2013 to €50 million under certain conditions.

Finally, Wendel and Materis have received proposals from potential acquirers for several of Materis's businesses, but because of the economic context in Europe, it was not possible to complete a transaction at satisfactory terms.

## **Stahl – Good first half, with strong growth in sales**

*(Full consolidation)*

In H1 2012, Stahl posted a 7.2% rise in sales to €184.6 million. Organic growth came in at 6.2%, after stepping up in the second quarter to 7.3%.

Sales of the "Leather products" activities rose 4.6%, benefiting from increased activity within the automotive segment, North America in particular. The non-automotive segments continued to suffer from the high hide prices, with sales growth in South America and India being offset by lower activity in North America and in some areas in Asia. "High-performance coatings" activities posted strong performance in all geographic regions, with overall growth of 13.1%.

Adjusted operating income came to €24.4 million, up 15.2%, with a margin of 13.2% (vs. 12.3% in H1 2011). Operating margin is benefiting from the higher sales levels, a favorable currency effect and a plan to selectively reduce fixed costs in some regions.

Stahl's net financial debt stood at €187.7 million as of the end of June 2012.

## Saint-Gobain – Sales down 0.8% like-for-like in H1 2012

(Equity method)

After a broadly satisfactory first quarter in line with the economic scenario anticipated by Saint-Gobain early in the year, the second quarter was hit by a deterioration in the economic climate in Western Europe. This was particularly pronounced from May onwards, and was exacerbated by fewer working days than in 2011 (one day less; three days less in France in May), and by very average weather conditions. Sales were down 2.3% on a like-for-like basis (down 4.2% in terms of volumes and up 1.9% in terms of prices). With the exception of High-Performance Materials (HPM) and Packaging (Verallia), all of Saint-Gobain's Business Sectors and Divisions suffered from a slowdown in the residential new-build and automotive markets in Western Europe. In addition, Asia and emerging countries showed no tangible signs of recovery in this second quarter. Flat Glass – which generates almost all of its sales in Western Europe and in Asia and emerging countries – was particularly hard hit by these adverse market conditions.

On a more positive note, the gradual recovery in residential construction across North America continued apace, while industrial output and capital spending performed well.

Amid a tougher economic environment than at the beginning of 2012, and in view of the hike in raw material and energy costs in this first half, sales prices remained a clear priority for Saint-Gobain throughout the six months to June 30, and gained 2.2% (2.6% excluding Flat Glass).

Overall, like-for-like sales for Saint-Gobain slipped 0.8% in the first six months of 2012, with volumes down 3.0% and prices up 2.2%.

Despite profitability gains in North America, Saint-Gobain's operating margin narrowed to 7.0% for first-half 2012 compared to 8.2% for the same period in 2011, due mainly to sluggish sales volumes (chiefly in Western Europe) and to a price/cost spread in Flat Glass.

- Along the lines of the first quarter, **Innovative Materials** sales fell 3.1% on a like-for-like basis over the first half, reflecting challenging market conditions in Flat Glass. High-Performance Materials delivered timid growth gains amid robust trading on most industrial markets worldwide - except automotive in Western Europe and solar power. Hit by slack profitability in Flat Glass, the operating margin for the Business Sector narrowed to 8.4% from 12.5% one year earlier.
- **Construction Products (CP)** sales inched down 0.3% on a like-for-like basis, hit by the slowdown in sales volumes in Western Europe and in Asia, particularly in the second quarter. As a result, the operating margin fell to 8.8% from 9.7% in first-half 2011.
- **Building Distribution** reported a slight 0.6% decrease in like-for-like sales as organic growth retreated in the second quarter (2.5%), with sales growth in Germany, Scandinavia and the US more than offset by sluggish trading in France and the UK along with persistent difficulties in Southern Europe and Benelux. The operating margin for the Business Sector improved, up to 3.9% from 3.6% in first-half 2011.
- **Packaging (Verallia)** delivered 3.0% organic growth over the first half, spurred by bullish trends in sales prices in its main markets. Trading remained robust in the US, France and Germany, but slackened in Southern and Eastern Europe. The operating margin fell to 10.8% of sales versus 12.4% in first-half 2011, mainly reflecting difficulties in Southern Europe and the time lag before higher costs were reflected in prices.

To address the deterioration in the economic environment observed in the second quarter of 2012, Saint-Gobain:

- continued to give priority to sales prices, which rose 2.2% over the first half (and 2.6% excluding Flat Glass),
- rolled out new cost cutting measures (particularly in Flat Glass), with cost savings in the first half totaling €170 million in Western Europe and in Asia and emerging countries (chiefly in Flat Glass and Pipe), For the year as a whole, this program will lead to cost savings of €500 million, and its full-year impact (in 2013) will be €750 million (calculated on the 2011 cost base),
- slashed its operating working capital requirements (WCR), with a gain of 5.1 days (€340 million) over the last 12 months, representing an improvement of 21% in cash generated (free cash flow + change in operating WCR) over the past 12 months, at €1,367 million,
- put any new acquisition projects on hold (after having completed the acquisitions signed in late 2011 during the first half of 2012, for example Brossette).

This action plan will be pursued and firmly reinforced throughout the second half of 2012.

Given the deterioration in the global economy since the start of the year, for full-year 2012 Saint-Gobain is now expecting:

- a measured rise in its sales prices;
- a limited decline in its volumes;
- second-half operating income to be moderately down on operating income for first-half 2012;
- continuing high levels of free cash flow and a strong balance sheet.

## **Legrand – 5.5% total growth in sales. Adjusted operating margin at 20.5%** (Equity method)

Reported figures set sales for the first half at €2,223.7 million, a year-on-year rise of 5.5%.

At constant scope of consolidation and exchange rates, the change in sales was -1.3%, impacted by a high basis for year-on-year comparison, notably in France.

The impact of changes in the scope of consolidation in the first half of 2012 was +5.4% and exchange rates had a positive effect of 1.5%.

Adjusted operating income came to 20.5% of sales or 20.8% excluding acquisitions.

This good operating performance reflects:

- the quality and soundness of Legrand's market positions,
- the responsiveness of teams to highly differentiated changes in business trends,
- Legrand's ability to keep pricing management under control.

These strong operating results, combined with careful management of capital employed, enabled Legrand to generate solid free cash flow up 17.2% compared to the first half of 2011.

In line with its growth strategy, based on innovation and acquisition, Legrand devoted close to 5% of sales to R&D spending, and new products accounted for more than half of its investments. This has led to the launch of numerous new products since the beginning of the year, including:

- The Mingzhi surface-mounted wiring-device range in China,
- Home Network communication systems for home multimedia networks,
- New Sfera door-entry systems in Italy, soon to be deployed internationally,
- CCTV electronic security systems for the international market,
- Platinum floor sockets for European markets,
- The new generation of Practice flush-mounted emergency lighting units in France.

Legrand has also continued to expand its existing offer by adding new functions, in particular to wiring device ranges that include Céliane and Arteur, and energy distribution offers such as Puissance3.

In addition and in keeping with its strategy of targeted, self-financed acquisitions of small and mid-size companies offering growth potential and strong market positions, Legrand announced three acquisitions during the first half:

- Numeric UPS, India's market leader in low- and medium-power uninterruptible power supply systems,
- Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands, and a front-running European contender in this market,
- Daneva<sup>(1)</sup>, Brazil's leader in connection accessories.

Legrand is thus continuing to strengthen its market positions, notably in new economies and new business segments. Allowing for different dates for consolidation in Legrand's accounts, businesses acquired since July 2011 should boost 2012 sales by around 4.5%.

Based on these achievements and in the absence of marked worsening in the economic environment, Legrand confirms its targets for 2012:

- organic growth<sup>(2)</sup> in sales of about zero
- adjusted operating margin equaling or exceeding 19% of sales including acquisitions<sup>(3)</sup>.

(1) A joint venture has been signed and is subject to the approval of Brazil's competition authorities

(2) At constant scope of consolidation and exchange rates.

(3) Small and mid-size bolt-on acquisitions

## **Oranje-Nassau Développement**

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation, and in particular has invested in Parcours (France), except (Germany), Mecatherm (France) and Van Gansewinkel Groep (Netherlands).

### **Parcours – Robust growth in sales**

*(Full consolidation since April 2011)*

Parcours reported sales of €141.0 million, up 6.3% compared with H1 2011. Between end-June 2011 and end-June 2012, Parcours' fleet expanded by 7.3% to 46,431 vehicles. This rate of growth was once again faster than the French industry average (2.6%). Parcours' vehicle leasing and maintenance businesses (73% of sales) advanced by 5.9%, while sales of used vehicles rose by 7.7%. Pre-tax ordinary income rose 12.7%<sup>(1)</sup> to €9.7 million over the period, representing a margin of 6.9%.

<sup>(1)</sup> H1 2011 pre-tax ordinary income restated and including volume bonuses spread out over the year so as to ensure comparability.

### **except – Sales growth of 16.1%**

*(Equity method since July 2011)*

Even though the economic context was more challenging and delivery of a significant order was delayed in H1 2012, except saw its sales advance by 16.1%. Sales during the period rose to €90.6 million, while EBITDA contracted to €6.8 million as a result of €1.4 million in non-recurring items and negative effects related to the integration of acquired companies. During the first half of the year, except acquired two companies: Inplastor in Austria and AS Electronics in Germany.

For the remainder of 2012, except projects that visibility on its order book for the second half combined with efforts to reduce costs will lead to sales growth in excess of 20% and a return to a double-digit EBITDA margin, barring any further deterioration in the economy.

### **Mecatherm – Sharp decline in sales in H1 2012 resulting from the volatile economic environment**

*(Full consolidation since 4<sup>th</sup> quarter of 2011)*

The Mecatherm group's sales totaled €29.6 million in the first half of 2012, down significantly from the year-earlier period, before it was acquired by Wendel and adopted IFRS. As expected, the volatile economic context prompted certain customers in mature economies to postpone their investments, even though a large volume of business was already in the pipeline. Emerging markets, meanwhile, continued to post growth.

At €0.8 million, EBITDA registered the impact of the group's dip in sales.

Wendel and Mecatherm have launched an ambitious, long-term growth plan called "Mecatherm 2020". This plan aims to build upon Mecatherm's R&D-driven technical leadership, render its sales efforts more efficient, in particular by launching new products and services and carrying out targeted acquisitions, and improve its industrial performance.

## **Wendel further strengthened its financial structure and reduced its net financial expense, by reducing gross financial debt by €889 million since the start of the year and by a cumulative €4.6 billion since 2009**

### **▪ Sale of Deutsch**

The sale of Deutsch to TE Connectivity, a world leader in connectivity solutions, was finalized in early April 2012 after all the necessary regulatory approvals were received. Deutsch's enterprise value was approximately \$2.1 billion, based on this transaction, and Wendel's net proceeds from the sale totaled €960 million, or 2.5 times its total investment. Wendel thus achieved a cash-on-cash capital gain of €583 million on its investment. Taking into account depreciation and cumulative earnings recognized during the time Wendel held Deutsch, the accounting gain on the sale of the Deutsch group totaled €689.2 million.

### **▪ Early repayment of bank debt**

Since the beginning of the year, Wendel has repaid €560 million in debt with margin calls prior to maturity, of which €500 million in June 2012. On March 21, 2012, Wendel repaid the €250 million tranche of the syndicated loan in advance of the September 2013 maturity date. As a result, Wendel no longer has any repayment obligations before September 2014.

### **▪ Transactions on bond debt**

Since the beginning of the year, Wendel has repurchased €79 million of its bonds on the market, with maturity dates in November 2014 (€49 million) and May 2016 (€30 million).

### **▪ New line of credit with margin calls, maturity 2017**

The €1,100 million line of credit available with margin calls and maturing in 2013-14 was replaced during the summer (after the closing date) by a new, €700 million, undrawn revolving line maturing in July 2017, financing Saint-Gobain shares. Through this transaction, Wendel extends the average maturity of its available lines and will reduce interest costs. Undrawn lines of credit with margin calls now total €1,150 million. Of this amount, €225 million mature in 2016 and €925 million in 2017.

### **▪ Maturity extended on 2.2 million puts issued on Saint-Gobain**

The 2.2 million puts issued (written) on Saint-Gobain and maturing in September 2012 have been extended to September 2013. The 6.1 million outstanding puts issued now have maturity dates in December 2012 (2.6 million), March 2013 (1.3 million) and September 2013 (2.2 million).

### **▪ €800 million interest rate swap extended**

Wendel has entered into interest rate swaps totaling €800 million so as to hold the cost of its bank debt at a low level. These swaps will cover interest rate fluctuations in 2014 and 2015.

### **▪ Improved S&P rating**

On April 11, 2012, Standard & Poor's announced that it had upgraded its credit rating for Wendel from "BB-" to "BB", with a stable outlook. This decision was motivated by Wendel's announcement that it had finalized the sale of Deutsch, the specialist in high-performance connectors, and by improvement in Wendel's financial structure.

In its April 11 press release, S&P said: "The positive rating action reflects management's continuous efforts to reduce debt since late 2009, and the more recent, significant drop in Standard & Poor's loan-to-value (LTV) ratio for Wendel to below 45%, a level commensurate with a 'BB' rating. This follows the completion of the sale of electronic connections provider Deutsch Group SAS (Deutsch) to Swiss electronics firm TE Connectivity Ltd."

## **Wendel's Net Asset Value**

Net Asset Value came to €4,583 million or €90.7 per share on August 21, 2012 (see detail in appendix 2 below), compared with €75.0 on August 22, 2011, representing an increase of 20.9%. Since the beginning of the year, NAV has advanced by 22%. The discount to NAV was 33.6% as of August 21, 2012.

The calculation methodology was detailed on August 31, 2009 and remains unchanged. It conforms to the recommendations of the European Venture Capital Association.

## **Additional buyback of Wendel shares**

Since the beginning of the year, Wendel has repurchased 450,000 of its own shares, and held 2,244,561 Wendel shares as of August 21, 2012, representing 4.4% of its share capital.

The Company plans to cancel 1% of its share capital between now and the end of the year and to pursue its buyback strategy, based on market opportunities.



## 2012 Calendar

**November 13** – Third-quarter 2012 sales (post-market release)

**December 6** – Investor Day – Publication of Net Asset Value

### About Wendel

Wendel is one of Europe's leading listed investment firms. The Group invests in France and abroad, in companies that are leaders in their businesses: Bureau Veritas, Legrand, Saint-Gobain, Materis and Stahl. Wendel plays an active role as industry shareholder in these companies. It implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions. Through Oranje-Nassau Développement, which brings together opportunities for investment in growth, diversification and innovation, Wendel also invests in Van Gansewinkel Groep in the Netherlands, except in Germany, and Mecatherm and Parcours in France.

Wendel is listed on Euronext Paris and is included in the Next 20 index.

Standard & Poor's rating: Long term: BB, stable outlook; short term: B since April 11, 2012.



Wendel is the founding sponsor of the Centre Pompidou-Metz. Owing to its long-standing commitment to the arts, Wendel was awarded the title of "Grand Mécène de la Culture" ("Grand patron of the arts") on March 23, 2012.



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## Appendix 1: Contribution of Group companies to first-half 2012 sales

### H1 2012 sales (excl. Deutsch in accordance with IFRS 5)

(in millions of euros)	H1 2011	H1 2012	Growth	Organic growth
Bureau Veritas	1,622.8	1,861.6	14.7%	8.1%
Materis	1,022.5	1,043.1	2.0%	0.2%
Stahl	172.1	184.6	7.2%	6.2%
Oranje-Nassau Développement <sup>(1)</sup>	69.4	170.6	N/S	N/S
<b>Consolidated sales</b>	<b>2,886.7</b>	<b>3,259.9</b>	<b>12.9%</b>	<b>5.1%</b>

### H1 2012 sales of companies consolidated using the equity method

(in millions of euros)	H1 2011	H1 2012	Growth	Organic growth
Saint-Gobain	20,875	21,590	3.4%	-0.8%
Legrand	2,108	2,224	5.5%	-1.3%
except (Oranje-Nassau Développement) <sup>(2)</sup>	78.0	90.6	16.1%	

(1) Oranje-Nassau Développement: includes Parcours, acquired on April 15, 2011, and Mecatherm, acquired on October 4, 2011.

(2) except, equity-accounted from July 26, 2011: contribution over six months in 2011 and in 2012.

## Appendix 2: NAV at August 21, 2012 of €90.7 per share, up 20.9% over 12 months

(in millions of euros)			5/24/2012	8/21/2012
<b>Listed equity investments</b>	<u>Number of shares (millions)</u>	<u>Share price<sup>(1)</sup></u>	<b>7,021</b>	<b>6,898</b>
• Bureau Veritas	56.3	€72.9	3,795	4,103
• Saint-Gobain	91.7	€26.3	2,828	2,409
• Legrand	14.4 (August 2012) / 15.4 (May 2012)	€26.7	398	385
Unlisted equity investments (Materis, Stahl) and Oranje-Nassau Développement <sup>(2)</sup>			819	757
Other assets and liabilities of Wendel and holding companies <sup>(3)</sup>			89	106
Cash and marketable securities <sup>(4)</sup>			1,358	874
<b>Gross assets, revalued</b>			<b>9,287</b>	<b>8,635</b>
Wendel bond debt			(2,790)	(2,758)
Syndicated loan			(250)	(250)
Bank debt related to Saint-Gobain financing			(1,331)	(830)
Value of puts issued on Saint-Gobain <sup>(5)</sup>			(191)	(214)
<b>Net asset value</b>			<b>4,725</b>	<b>4,583</b>
Number of shares			50,502,019	50,540,902
<b>Net asset value per share</b>			<b>€93.6</b>	<b>€90.7</b>
Average of 20 most recent Wendel share prices			€56.3	€60.2
Premium (discount) on NAV			(39.8%)	(33.6%)

(1) Average of 20 most recent closing prices, calculated as of August 21, 2012

(2) Mecatherm, Parcours, VGG, except and indirect investments.

(3) Includes 2,244,561 shares held in treasury as of August 21, 2012

(4) Cash and financial investments of Wendel and Saint-Gobain acquisition holding companies, including €0.74 billion in unpledged cash (€0.42 billion in short-term cash positions and €0.32 billion in liquid financial investments) and €0.14 billion in pledged cash.

(5) 6.1 million puts issued (written) as of August 21, 2012

### Appendix 3: Conversion from accounting presentation to economic presentation

	Bureau Veritas	Materis	Deutsch	Stahl	Oranje-Nassau	Equity method		Holdings	Total Opérations
						Saint-Gobain	Legrand		
<b>Net income from business sector</b>									
Net sales	1,861.6	1,043.1	-	184.6	170.6			-	3,259.9
EBITDA	N/A	129.7	-	27.8	N/A				
Adjusted operating income (1)	295.6	95.9	-	24.4	13.9				
Other recurring operating items	-	(1.0)	-	(0.7)	(0.4)				
Operating income	295.6	94.9	-	23.7	13.5			(24.6)	403.0
Finance costs, net	(25.9)	(73.4)	-	(6.6)	(5.7)			(101.7)	(213.3)
Other financial income and expenses	(2.3)	(0.6)	-	-	0.3			-	(2.6)
Tax expenses	(72.9)	(21.5)	-	(4.1)	(3.1)			2.2	(99.5)
Share of net income from equity-method investments	(0.0)	-	-	0.1	0.2	111.0	16.8	-	128.1
Net income from discontinued operations and operations held for sale	-	-	24.9	-	-	-	-	0.3	25.3
<b>Net income from business sector</b>	<b>194.5</b>	<b>(0.8)</b>	<b>24.9</b>	<b>13.1</b>	<b>5.2</b>	<b>111.0</b>	<b>16.8</b>	<b>(123.8)</b>	<b>241.0</b>
Net income from business sectors - Minority interests	97.8	0.3	2.6	1.1	0.2	-	-	-	102.0
<b>Net income from business sector - Group share</b>	<b>96.7</b>	<b>(1.1)</b>	<b>22.3</b>	<b>12.0</b>	<b>5.0</b>	<b>111.0</b>	<b>16.8</b>	<b>(123.8)</b>	<b>139.0</b>
<b>Non-recurring income</b>									
Operating income	(42.4)	(22.3)	0	(4.9)	(2.8)	-	-	(2.1)	(74.5)
Net financial income	0.0	(18.2)	0	(3.4)	(0.5)	-	-	9.7	(12.3)
Tax expense	9.8	6.4	-	7.3	1.1	-	-	-	24.6
Share of net income from equity-method investments	-	-	-	-	(3.3)	(69.0)	(1.7)	14.6	(59.5)
Net income from discontinued operations and operations held for sale	-	-	(18.2)	-	-	-	-	699.6	681.4
<b>Non-recurring net income</b>	<b>(32.6)</b>	<b>(34.1)</b>	<b>(18.2)</b>	<b>(1.0)</b>	<b>(5.5)</b>	<b>(69.0)</b>	<b>(1.7)</b>	<b>721.7</b>	<b>559.6</b>
of which:									
- Eléments non récurrents	(0.1)	(23.3)	(14.7)	2.5	(0.5)	5.1	(1.2)	(2)	721.7
- Effets liés aux écarts d'acquisition	(24.5)	(10.7)	(3.5)	(3.5)	(5.0)	(39.8)	(0.5)	-	(87.5)
- Dépréciations d'actifs	(8.0)	-	-	-	-	(34.3)	-	-	(42.3)
Non-recurring net income - Minority interests	(15.9)	(8.3)	(1.9)	(0.1)	(0.1)	-	-	0.1	(26.1)
<b>Non-recurring net income - Group share</b>	<b>(16.7)</b>	<b>(25.7)</b>	<b>(16.3)</b>	<b>(0.9)</b>	<b>(5.4)</b>	<b>(69.0)</b>	<b>(1.7)</b>	<b>721.6</b>	<b>585.8</b>
<b>Consolidated net income</b>									
Consolidated net income	161.9	(34.8)	6.7	12.1	(0.3)	42.0	15.1	598.0	800.7
Consolidated net income - Minority interests	81.9	(8.0)	0.7	1.0	0.2	-	-	0.1	75.9
<b>Consolidated net income - Group share</b>	<b>80.0</b>	<b>(26.8)</b>	<b>6.0</b>	<b>11.0</b>	<b>(0.4)</b>	<b>42.0</b>	<b>15.1</b>	<b>597.8</b>	<b>724.8</b>

(1) Before impact of goodwill allocations, 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 in-kind dividend.