



### First half 2009 results affected by the recession and non-recurring accounting losses

- Net income from business sectors: €61.8M, reflecting excellent resilience in the Group's companies
- Net loss of €901.3M, affected by significant reductions in book values
- Improvement in the Group's financial condition through €781M in asset sales
- Sound cash position of €2,553M at June 30, 2009
- Extension of €1,255M in bank debt and of an undrawn credit line for €600M achieved in July-August 2009
- Support for unlisted subsidiaries through successful negotiation with lenders
- Net asset value: €37.2 per share as of August 26, 2009

As announced on July 29, H1 2009 earnings reflected the impact of the recession on all of the companies in the Group. They were also characterized by a significant reduction in the book value of Saint-Gobain shares in Wendel's books and by dilution losses related to Saint-Gobain's capital increases. Nevertheless, these non-recurring items had no impact on Wendel's very sound cash position nor on its NAV.

Frédéric Lemoine, Chairman of Executive Board, said: *"In this period of major economic disruption, Wendel, conscious of its responsibility as shareholder, supported all of its subsidiaries' operational and financial adaptation plans and continued to improve its financial flexibility. This constant vigilance will enable the Group to take full advantage of the economic recovery when it takes place, given the quality of its companies and of their prospects for growth."*

### Consolidated H1 2009 results

(in €M)	H1 2008	H1 2009	Δ
Consolidated subsidiaries	507.4	261.5	-48.5%
Financing, operating expenses and taxes	(204.1)	(199.7)	-2.2%
Net income from business sectors <sup>(1)</sup>	303.2	61.8	-79.6%
Net income from business sectors, Group share	238.4	(10.8)	NS
Non-recurring items	62.3	(963.1)	NS
Total net income	365.3	(901.3)	NS
Net income, Group share	313.8	(959.8)	NS

(1) Net income before goodwill and non-recurring items, in accordance with the method described in the 2008 annual report (page 76)

## Net income from business sectors

	(in €M)	H1 2008	H1 2009	Δ
Full consolidation	Bureau Veritas	111.0	141.3	+27.3%
	Materis	32.6	10.5	-67.9%
	Deutsch	17.7	(10.1)	NS
	Stallergenes	12.0	13.4	+12.1%
	Editis	(5.3)	-	NS
	Oranje-Nassau	42.3	13.8	-67.4%
Equity-accounted	Saint-Gobain	217.9	41.6	-80.9%
	Legrand	75.6	51.1	-32.5%
	Stahl	3.6	0	NS
	<b>Sub-total</b>	<b>507.4</b>	<b>261.5</b>	<b>-48.5%</b>
	Operating expenses	(21.2)	(22.0)	+3.8%
	Other	2.0	(0.9)	NS
	Net interest expense	(34.3)	(56.0)	+63.3%
	Saint-Gobain financing structure <sup>(2)</sup>	(150.7)	(120.7)	-19.9%
	<b>Sub-total</b>	<b>(204.1)</b>	<b>(199.7)</b>	<b>-2.2%</b>
	<b>Net income from business sectors <sup>(1)</sup></b>	<b>303.2</b>	<b>61.8</b>	<b>-79.6%</b>
	<b>of which Group share <sup>(1)</sup></b>	<b>238.4</b>	<b>(10.8)</b>	<b>NS</b>

(1) Net income before goodwill and non-recurring items, in accordance with the method described in the 2008 annual report (page 78)

(2) The finance costs of the investment in Saint-Gobain, previously deducted from the contribution to Wendel's net income, is now presented in a separate line.

In a context of financial and economic crisis, the Group's consolidated sales held steady during the first half of 2009, dipping only 1.2% to €2,458 million, owing in particular to the excellent performance of Bureau Veritas and Stallergenes. Associated companies (equity-accounted) experienced much more significant declines in sales.

The economic contribution of all companies in the Group totaled €261.5 million, down 48.5% compared with the year-earlier period. The contributions of Bureau Veritas and Stallergenes to Wendel's earnings rose by 27.3% and 12.1%, respectively. Conversely, the contribution of companies positioned in various segments of the construction industry (Materis, Saint-Gobain, Legrand) as well as that of Deutsch and Stahl, faced with massive destocking on the part of their customers, contracted sharply. Finally, the oil & gas business of Oranje-Nassau was only included for the first four months of 2009 until it was sold, explaining, together with the decline in oil prices, why its contribution declined. In this context, all of the expenses related to the financial structure and operations remained under control, at a level slightly below that of the previous year. Net income from business sectors totaled €61.8 million, and the Group share thereof was a loss of €10.8 million.

### Non-recurring income

Non-recurring items represented a net loss of €963.1 million. On the one hand, they included positive items, principally gains on asset sales, in particular €464 million deriving from the sale of the oil & gas business of Oranje-Nassau and a block of Bureau Veritas shares, €65.5 million in proceeds from the sale of Saint-Gobain share warrants, and €136.4 million from the revaluation of Saint-Gobain hedges. On the other hand they included very significant reductions in book values: €748.5 million in asset impairment losses (incl. €705 million on Saint-Gobain) and €741.6 million in dilution losses caused by Saint-Gobain's capital increases. These impairments and losses had no impact on the Group's cash position nor on its net asset value.

## **Wendel's subsidiaries and affiliates were affected differently by the economic recession.**

### **Bureau Veritas: Growth in operating margin**

Sales of Bureau Veritas totaled €1,330 million in H1 2009, up 10.9% over H1 2008. Organic growth came in at 6.0%, resulting from strong advances in the Consumer Products, Marine and Industry divisions.

In the first half of 2009, the adjusted operating margin widened by 110 basis points to 16.1% of sales. These favorable performances reflected the effectiveness of cost control programs and process improvement implemented over the past year in response to deterioration in the economic environment. Owing to successful efforts to reduce debt, interest expense rose only slightly, and Bureau Veritas' overall contribution to Wendel's net income from business sectors posted a robust rise of 27.3% to €141.3 million.

Bureau Veritas' business will continue to grow throughout 2009, but at a slower rate in the 2<sup>nd</sup> half, because the slowdown in the Construction and Mining & Minerals businesses will impact negatively, and because the Marine and Consumer Products divisions will perform more moderately. Bureau Veritas is now projecting that its operating margin will widen in 2009, compared with the 15.2% margin achieved in 2008.

### **Materis: Adjusted operating margin held up very well.**

Sales of Materis in the first half of 2009 totaled €861 million, down 10.7% compared with the year-earlier period. Organically, sales contracted by 10.9%, held back by a sharp decline in volume (14.0%) deriving from the underlying construction and steel production markets and amplified by destocking.

Adjusted operating income was resilient at €94 million, or 10.9% of sales. A price/mix effect as well as the impact of programs to reduce fixed costs (production, logistics and overheads), implemented in 2008, led to an improvement in the gross profit. The contribution to net income from business sectors was €10.5 million.

With the support of Wendel, Materis strengthened its balance sheet with a capital increase of €45 million subscribed by Wendel and Materis' executive-investors, enabling it to restructure its bank debt successfully. As a result, Materis has protected its cash position until 2013, adjusted its bank covenants to the economic environment and obtained an additional credit line of €100 million. Materis is actively pursuing its adaptation plans (optimizing the product mix, adjusting the cost structure and managing cash flow).

### **Deutsch: Very adaptable to difficult markets**

Deutsch's sales for the first half of 2009 declined by 28.1% to €170.1 million. Deutsch suffered a sharp decline in its business, with organic growth down 33.7% compared with H1 2008, principally because of the significant decline in industrial activity.

The sharp decline in sales translated into lower adjusted operating income of €20.7 million. Deutsch accentuated its efforts to adapt to the recession, implementing restructuring plans with, in particular, a reduction in working time and the closing of two production sites. As a result, it managed to limit the contraction in its operating margin from 20.7% to 12.1% of sales.

After taking interest expense into account, Deutsch's contribution to Wendel's net income from business sectors was €-10 million.

Signs of stabilization have appeared, and since June 2009, there has been a gradual recovery in industrial orders.

### **Stallergenes: Excellent performance and objectives exceeded**

Stallergenes' sales for the first half of 2009 totaled €97.6 million. Organic growth was 11% and resulted from regular increases in sublingual route therapy and from the successful launch of Oralair® in Germany. During the first half, five years of research were rewarded with positive results in the phase IIb/III adult clinical trial on Stallergenes' sublingual dust mite desensitization tablet. In addition, the mutual recognition procedure for Oralair® was launched and should enable Stallergenes to rapidly obtain registration in most European countries.

Operating income before R&D advanced by 16% to €37.3 million. Stallergenes' contribution to Wendel's net income from business sectors rose 12.1% to €13.4 million.

Stallergenes continued to strengthen its leadership in Europe. For 2009, the company maintains its 10% growth target and against a background of high R&D expenditure, aims to maintain its operating income at the high level achieved in 2008.

### **Saint-Gobain: Acceleration and strengthening of cost-reduction plan**

*(Equity method)*

In the first half of 2009, Saint-Gobain posted consolidated sales of €18,715 million, down 15.5% compared with the year-earlier period. This decline reflected a 17.2% contraction in sales volumes, partially offset by favorable trends in prices, which rose 1.7%. In this difficult environment, the business of the Packaging division was remarkably resilient.

Operating income declined by 53.6% and stood at 5.0% of sales. Pre-tax income came to €210 million, down 80.9% compared with the first half of 2008. The contribution from Saint-Gobain to Wendel's net income from business sectors declined by €217.9 million to €41.6 million.

Faced with this unprecedented slowdown, Saint-Gobain has implemented a strengthened version of the action plan it announced at the start of the year. For all of 2009, this plan aims to achieve €1.1 billion in savings compared with 2008, bringing the total of cost savings over 2008 and 2009 to €1.5 billion. This action plan further optimizes cash generation, by controlling operating working capital requirements, significantly reducing capital expenditures and suspending acquisition projects. By implementing these plans and increasing capital by €1.5 billion, Saint-Gobain was able to reduce its debt by €2.4 billion compared with a year earlier.

Saint-Gobain will continue to pursue this plan and to grow in emerging market countries. These factors, together with its sound financial structure, will enable Saint-Gobain to take full advantage of its leadership positions when the recovery takes hold.

### **Legrand: Adjusted operating margin held up remarkably well**

*(Equity method)*

Legrand's first-half sales totaled €1,812.1 million, down 16.7% like-for-like compared with H1 2008. This resulted from sharp deterioration in end-user markets and because of destocking in certain regions. Despite a very difficult environment, there was a favorable trend toward higher quality products, and pricing was well managed. In all geographic areas, the new product ranges were very well received.

Adjusted, recurring operating income was €306.6 million, or 16.9% of sales, vs. 18.7% in the first half of 2008. This represented good resilience in the face of a sharp business slowdown. Excluding R&D, costs were reduced by 17%<sup>(1)</sup> in the first half, in line with the trend in sales.

As a percentage of sales, R&D, composed essentially of development costs, represented nearly 5% of sales during the period. The contribution to net income from business sectors was €51.1 million.

In addition to maintaining margins, Legrand controlled capital expenditures and was rigorous in its management of working capital requirements, which declined by €27 million compared with the end of last year. Working capital requirements were particularly low at June 30, 2009. Generating a high level of cash in this manner enabled Legrand to reduce its net debt by €428 million compared with end-June 2008.

### **Stahl: Stepped-up effort to adjust to a very adversely affected market** *(Equity method)*

Stahl posted sales of €111 million for the first half of 2009, down 32.5% compared with the year-earlier period, which had been particularly robust. The first quarter constituted the nadir, with weakness in all end-user markets. Stahl has experienced a progressive recovery in sales since April 2009. The group's adjusted operating margin was nevertheless narrower than in H1 2008 and represented 6.4% of sales.

### **Increased financial flexibility for Wendel**

Since the start of the year, Wendel has mobilized €781 million from strategic asset sales (oil & gas assets of Oranje-Nassau) and from adjusting its investment in Bureau Veritas (sale of a 10% block). In addition, Wendel has repaid or repurchased €187 million in debt prior to maturity and €279 million in Capgemini exchangeable bonds. In addition, the company drew down €107M under one of its lines of credit to finance its participation in Saint-Gobain's rights issue.

As a result, during the first half of 2009, Wendel increased its financial flexibility. Its cash position rose from €2,311 million as of December 31, 2008, of which €1,400 million was pledged, to €2,553 million as of June 30, 2009, of which €1,241 million was pledged.

Since June 30, 2009, Wendel has successfully pursued a strategy aimed at extending the maturity of its financing, renewing its unused bank lines and optimizing its risk management.

In this way, the maturity of two Saint-Gobain financing tranches totaling €1,255 million was extended for an average of three years, as follows:

- €800 million in bank debt maturing in June 2011 was extended for four years to June 2015;
- €145 million of a €600 million bank borrowing maturing in December 2013 was repaid at the beginning of the year, and the balance of €455 million was extended in equal portions to June 2014 and June 2015<sup>(2)</sup>.

In addition, Wendel extended an undrawn line of credit maturing on June 30, 2009 for €600 million<sup>(2)</sup>. This line, which can be used to manage and refinance Wendel's investment in Saint-Gobain, can now be drawn down until December 2013 and will mature in equal portions in June 2014 and June 2015.

As of August 26, 2009, Wendel's cash position totaled €2,562 million, of which €1,119 million was pledged.

<sup>(1)</sup> sum of production and sales & administrative costs (excl. R&D) on a like-for-like basis

<sup>(2)</sup> subject to approval of contractual documentation

### **Renegotiation of financing continues in an effort to accompany subsidiaries**

After Materis obtained an agreement on June 25 to renegotiate its debt, Deutsch, supported by Wendel, signed an agreement with all of its lenders on August 12 (100% of senior and mezzanine lenders), with two main features:

- Until March 2010, stabilization of capital and bank relationships. During this transition period, interim covenants will be applied, and a collateral account will be created, limited to €32 million, of which €29 million will be provided by Wendel;
- At the end of this initial phase, new long-term conditions will be negotiated.

In view of its current level of indebtedness, Stahl is in discussions with its creditor banks so as to optimize its financial structure. As a responsible, long-term investor, Wendel intends to provide support to Stahl also to help it weather the current recession.

### **Wendel's net asset value**

As of August 26, 2009, Wendel's net asset value stood at €37.2 per share. A detailed breakdown of NAV is presented at the end of this press release.

The calculation methodology is in compliance with the recommendations of the European Venture Capital Association.

For all future NAV publications, Wendel has decided to:

- tighten control by asking the Statutory Auditors to verify compliance with the methodology;
- increase transparency by providing a more detailed presentation of the various investment and financing line items and by specifying valuation dates;
- publish a calendar annually.

### **Calendar**

- November 5, 2009: Third quarter 2009 sales

- December 3, 2009: Information meeting about Group companies and next NAV publication

All documents related to the presentation of H1 2009 earnings and NAV are available on Wendel's web site ([wendelgroup.com](http://wendelgroup.com)).

### **Changes in Wendel's communications team**

A new director of financial communication, Laurent Marie has joined the communications team headed by Anne-Lise Bapst. Mr. Marie succeeds Gérard Lamy, now director of research, and will be seconded by Olivier Allot. Christèle Lion has joined the team and will be in charge of Wendel's media relations.

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(in €M)			August 26, 2009	May 31, 2009 <sup>4</sup>
Listed investments by company <sup>1</sup>	<u>Number of shares <sup>1</sup></u>	<u>Price <sup>1</sup></u>		
Saint-Gobain	89,812,635	€29.83	6,243	5,838
Bureau Veritas	56,293,260	€33.17	2,679	2,408
Legrand	80,583,964	€17.31	1,867	1,910
Stallergenes	6,081,392	€49.61	1,395	1,228
			302	292
Unlisted investments			180	166
Cash <sup>2</sup>			2,562	2,824
Gross Asset Value			8,985	8,828
Wendel bonds			(2,531)	(2,833)
Bank debt related to Saint-Gobain financing			(5,418)	(5,417)
Net value of protection related to Saint-Gobain financing <sup>3</sup>			839	984
Net Asset Value			1,875	1,562
Number of shares			50,436,175	50,366,600
Net Asset Value per share			€37.2	€31.0
Wendel share price: average of 20 most recent closing prices			€29.89	€30.46

(1) Number of shares and average of share prices calculated as of August 26, 2009

(2) Cash of Wendel and Saint-Gobain acquisition holding company, including €1,443M in unpledged cash as of August 26, 2009

(3) The hedges (purchases and sales of puts) cover 36% of Saint-Gobain shares held.

(4) NAV presented at June 5, 2009 shareholders meeting

## Conversion from accounting presentation to economic presentation

	Income from equity investments	Holding co. costs	Non-recurring income				Consolidated net income
			Non-recurring	Impact of goodwill allocation	Asset impairment	Total	
Net sales	2,457.9	-	-	-	-	-	2,457.9
Operating income	352.2	(26.0)	95.0 <sup>(a)</sup>	(53.6)	(64.4) <sup>(b)</sup>	(23.0)	303.2
Finance costs, net	(119.9)	(167.4)	(3.7)	-	-	(3.7)	(291.0)
Other financial income and expenses	(4.3)	(6.2)	185.8 <sup>(e)</sup>	-	-	185.8	175.4
Tax expense	(74.9)	(0.1)	6.0	16.2	25.9	48.1	(26.8)
Share of net income from equity-method investments	92.7	-	(756.3) <sup>(c)</sup>	(50.1)	(710.0) <sup>(d)</sup>	(1,516.4)	(1,423.7)
Net income from continuing operations	245.8	(199.7)	(473.1)	(87.4)	(748.5)	(1,309.0)	(1,262.9)
Net income from discontinued operations and operations held for sale	15.7	-	346.0 <sup>(f)</sup>	-	-	346.0	361.7
Net income	261.5	(199.7)	(127.2)	(87.4)	(748.5)	(963.1)	(901.3)
Net income - minority interests	72.4	0.1	(2.6)	(10.8)	(0.6)	(14.0)	58.6
Net income - Groupshare	189.0	(199.8)	(124.6)	(76.6)	(747.9)	(949.1)	(959.8)

(a) Includes gain on sale of block of Bureau Veritas shares (€118.4M).

(b) Includes Materis (€-33.0M) and Deutsch (€-31.4M).

(c) Saint-Gobain dilution loss (€-741.6M).

(d) Includes impairment losses on Saint-Gobain assets (€-691.9M) and at Saint-Gobain (€-13.1M).

(e) Includes changes in fair value of Saint-Gobain puts (€+136.4M), gain on sale of Saint-Gobain share warrants (€+65.5M) and change in fair value of interest rate swaps (€-13.9M).

(f) Includes gain on sale of Oranje-Nassau's oil & gas business (€+345.6M).