



# WENDEL GROUP UPDATE PRIVATE COMPANIES DAY

Tuesday, December 9, 2008



W E N D E L

## Long term industrial vision

- **300 years of industrial history and 30 years of long-term industrial and services build-up**
- **WENDEL focuses on**
  - international companies
  - ranked **no. 1** or **no. 2** in their markets
  - operating in sectors with high entry barriers
  - with solid fundamentals
  - visible and recurring cash flows
  - potential for profitable growth, achieved through top of the mark organic growth and relative acquisitions, notably in emerging markets

## Facts & Figures

- **Robust operating performance**
  - 2007 Revenues : **€5.5bn**
  - 2007 Net Income from subsidiaries: **€408m**
  - 2002-07: **+7%** average organic growth<sup>(1)</sup>
  - 9M 2008: **+9%** organic growth
- **Diversified global group<sup>(2)</sup>**
  - **70%** of sales outside France
  - Of which **17%** in emerging markets
  - **20** business segments
- **90,000 employees<sup>(2)(3)</sup>**
- **Dividend x2 over the last 5 years**

*(1) Organic growth is calculated excluding Oranje-Nassau (2) As of 31-Dec-07 (3) Majority owned or co-controlled companies*

- ▶ **Adaptability to a rapidly changing environment**

- ▶ Group companies' strong positioning

- ▶ WENDEL long-term business model

# Adaptability to a rapidly changing environment

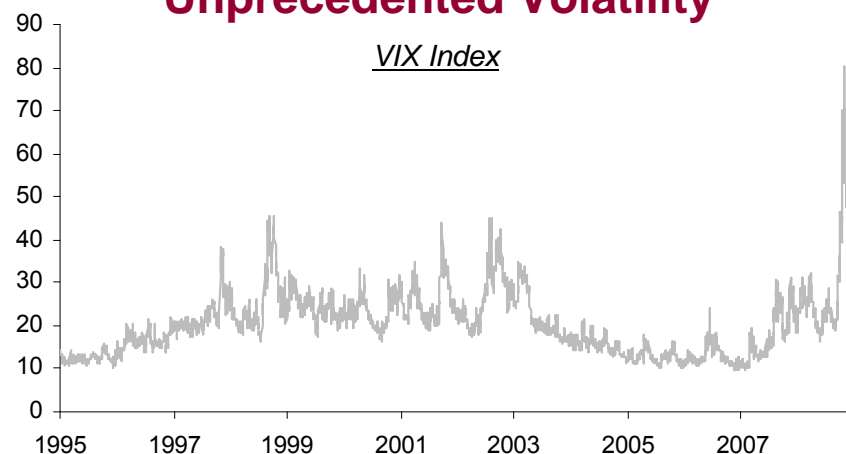
## Unique market conditions...



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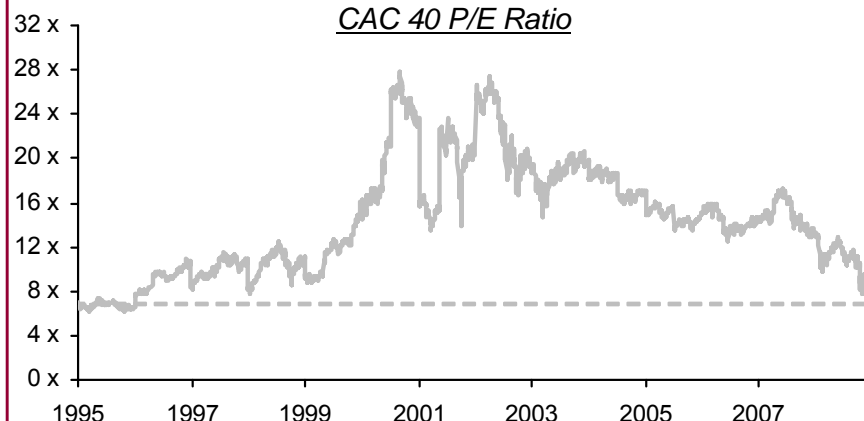
### Unprecedented Volatility

VIX Index

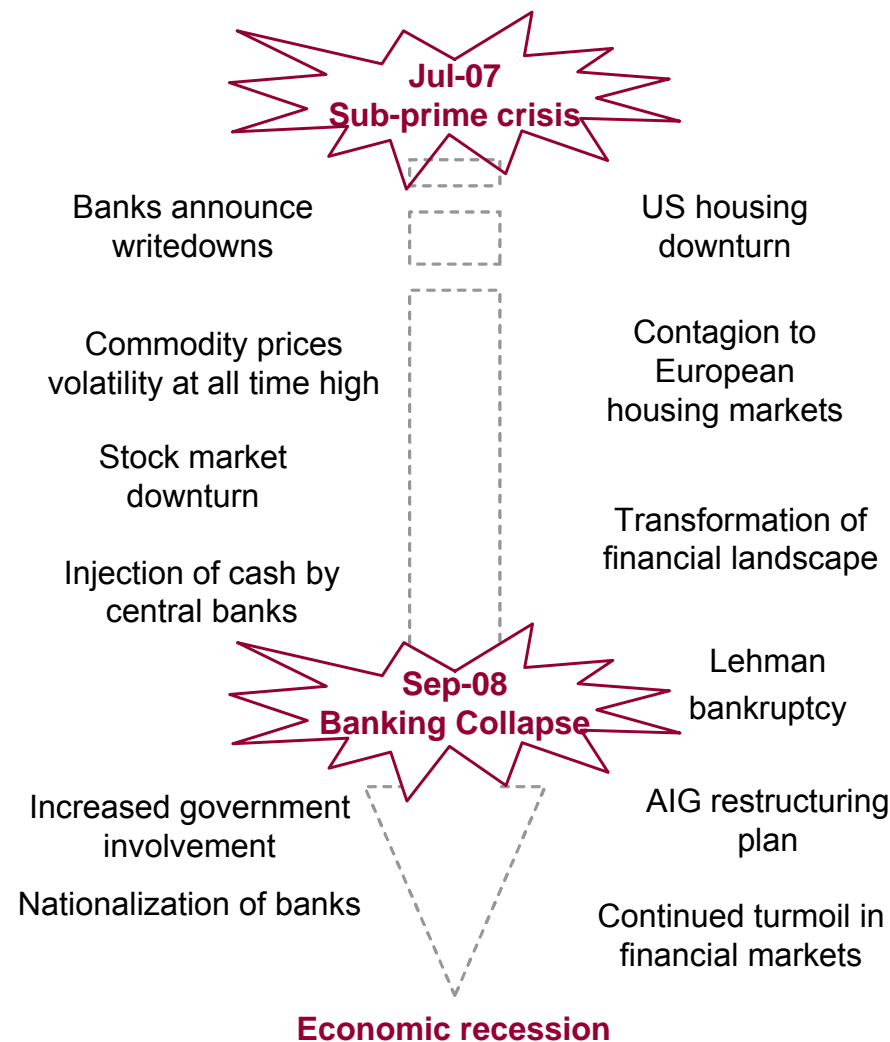


### Historically Low Valuations

CAC 40 P/E Ratio



### Global Crisis



**WENDEL  
continues to  
implement its  
long-term  
strategy...**

- ▶ Sale of Neuf Telecom and Oranje-Nassau real estate in Q3 07 (**€0.3bn**)
- ▶ IPO of Bureau Veritas in October 07 (**€1.2bn**)
- ▶ Corporate governance agreement with Saint-Gobain reached during Q1 08 in order to fully exercise its role as principal shareholder
- ▶ Sale of Editis to Planeta in May 08 (**€0.5bn**)
  - **Crystallizing shareholder value and increasing financial liquidity by €2.0bn**

**...and quickly  
reacted to  
changes in the  
economic  
environment**

- ▶ Close monitoring of Group companies' adaptation to a deteriorating economic environment
- ▶ Extension of debt maturities in line with WENDEL's long-term investment stance
  - Extension of non-recourse Saint-Gobain financing with margin calls to **2011-2013**
  - Extension of undrawn syndicated facility to **2012**

# Adaptability to a rapidly changing environment ...and so do Group companies

Initiatives	Saint-Gobain	Materis	Deutsch	Legrand	Stahl	BV
Cost streamlining	✓ (€435m in 2009)	✓ (€25m p.a.)	✓ (\$10m p.a.)	✓ (c.€25-30m p.a.)	✓ (€5m p.a.)	✓
Purchase optimization	✓	✓	✓ (\$10m p.a.)	✓	✓	
CAPEX adjustments	✓ (€500m in 2009)	✓	✓			
Working capital optimization	✓ (40 days of sales in 2010)	✓	✓	✓ (14.6% of sales as of Sep-08)	✓	✓



**Ongoing adaptation to more difficult economic conditions in 2009**

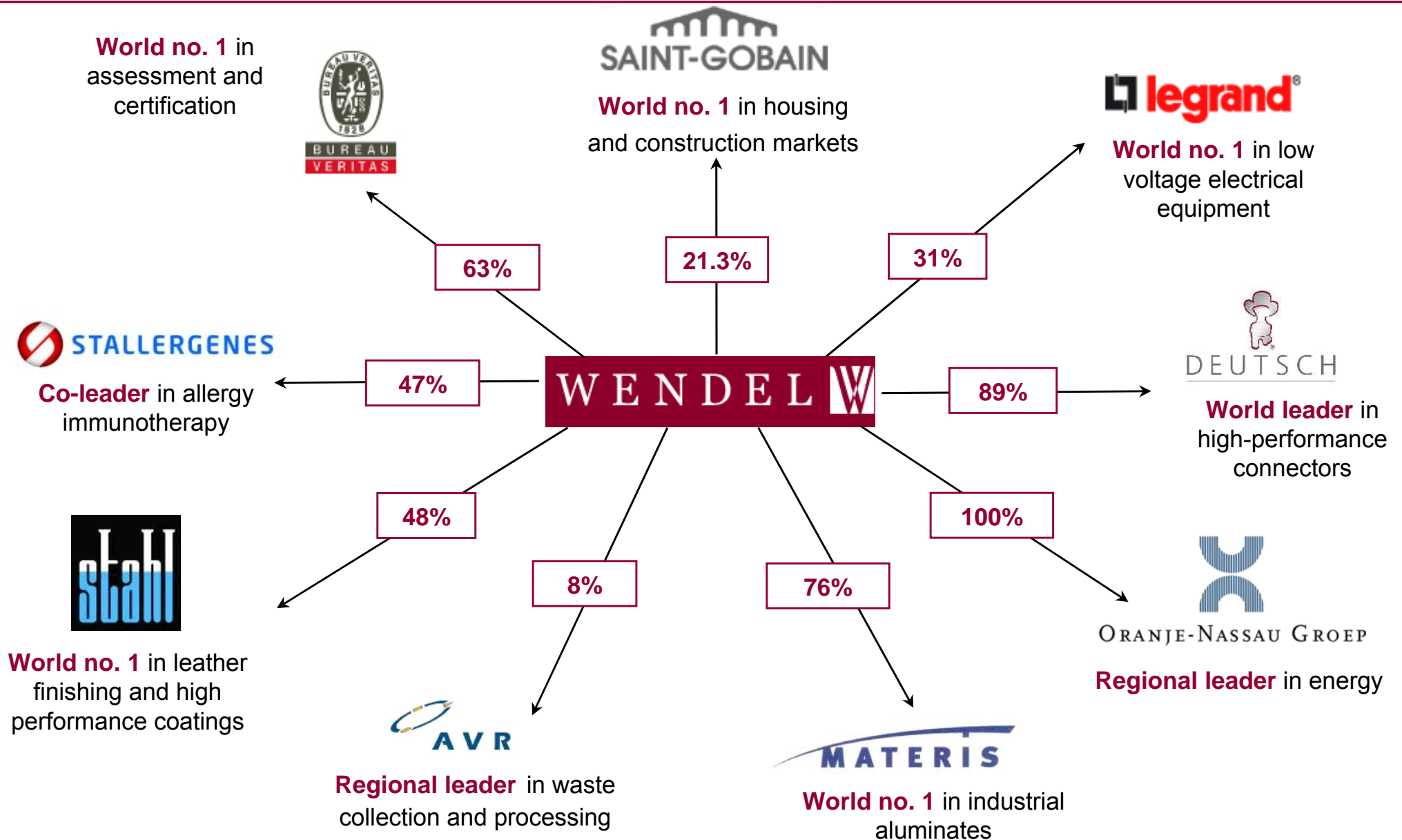
- ▶ Adaptability to a rapidly changing environment
- ▶ **Group companies' strong positioning**
- ▶ WENDEL long-term business model

# Group companies' strong positioning

## World leaders



WENDEL



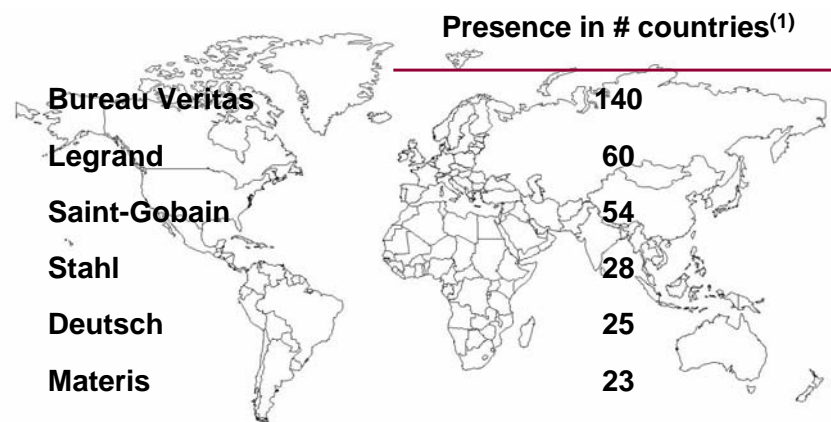
Percentages stated represent WENDEL's equity stake (capital and shareholders' loan) as of December 9, 2008



# Group companies' strong positioning

## Capitalizing on key competitive advantages

### Broad geographic scope



### Pricing Power

Ability to pass on increases in costs (raw materials, freight, fuel) through higher selling prices



High value-added services, highly fragmented customer base



### Barriers to entry

Global network with local footprint



Brand appeal



Portfolio of accreditations / authorizations, technical expertise



Investment in R&D



(1) As of 31-Dec-07

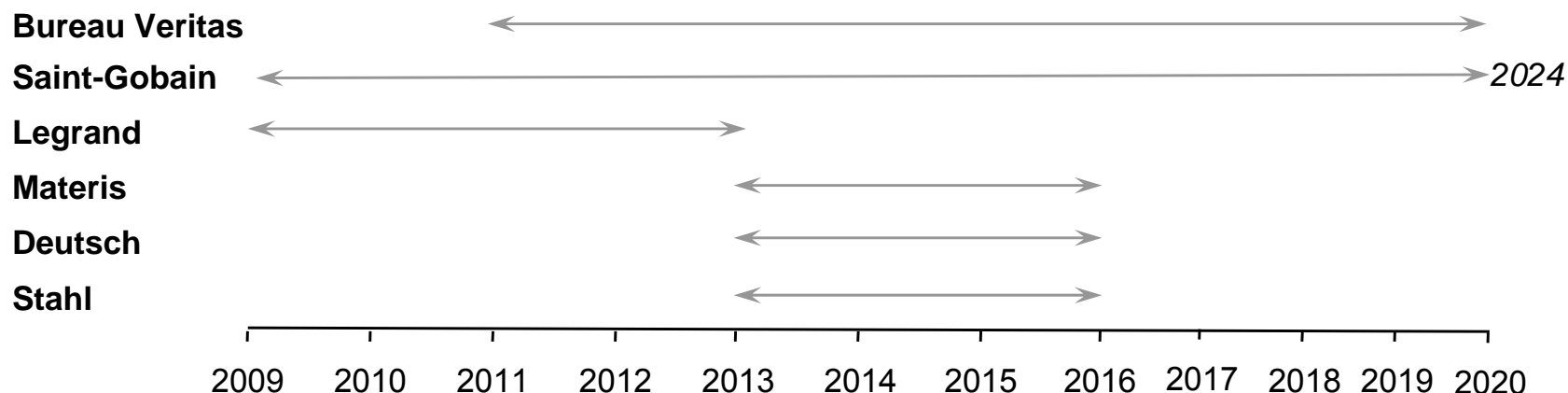
# Group companies' strong positioning

## Overall moderate leverage for Group companies

### Moderate financial leverage

- ▶ Net debt / EBITDA:
  - Between **0x to 6.4x** for Group companies
  - Private Equity companies: up to **~10x**
- ▶ Companies with low (*Bureau Veritas*) or nearly no leverage (*Oranje-Nassau* or *Stallergènes*)
- ▶ On average for Group companies
  - Net debt / EBITDA: **2.3x**
  - Private Equity companies : up to **~5-6x**

### Long-term maturities adapted to long term business model



# Group companies' strong positioning

## Continuing improvement over time...

### Illustrations

#### Improvement of Strategic Positioning

**Bureau Veritas:** Development of a global network of 8 business units in 140 countries, average spending on acquisitions of €100m per year since 2001

**Legrand:** Expansion since 2003 into China through organic growth and acquisitions to become the undisputed profitable market leader

**Materis:** Development in emerging markets and product innovation, 22 acquisitions over the last 2 years (€100m)

**Deutsch:** Acquisition of LADD and disposal of Relays

**Stallergènes:** Commercial launch of allergen tablets ORALAIR®, a major breakthrough therapeutic class

#### Operating improvements

**Bureau Veritas:** Operating margin increase from 7.8% in 1996 to 15.1% in 2007

**Legrand:** Operating margin increase from 14.7% in 2003 to 17.7% in 2007, working capital optimization and strict capex monitoring (from 9.0% to 4.5%)

**Deutsch:** US\$10m savings p.a. in purchasing costs, world-class manufacturing program

**Stahl:** €11m annual savings in 2007 on fixed costs (implemented in six months), working capital rationalization

**Saint-Gobain:** €500m capex savings in 2009

#### Integration / Restructuring

**Deutsch:** From a family-owned company to a worldwide group with international standards, merger of 3 geographical entities into 2 global divisions, consolidation of the financial accounts of all the subsidiaries

**Stahl:** Centralization of production, purchasing and logistics

**Saint-Gobain:** Additional €435m savings (€300m already planned in Jun-07)



### Performance of Group companies over the last 5 years (2002 – 2007)

#### Robust operating performance<sup>(1)</sup>

- ▶ Organic growth: **+7% CAGR**
- ▶ EBIT margin uplift: **350bp** on average
- ▶ **35,000** new jobs created
  - i.e. **+11%** per year
  - **25%** representing organic job creation

#### Outperformance vs peers

CAGR 2002-07	Bureau veritas	Peer Group <sup>(2)</sup>	Legrand	Peer Group <sup>(3)</sup>	Stallergenes	Peer Group <sup>(4)</sup>
Revenues	+13%	+10%	+7%	+5%	+14%	+10%
EBIT	+18%	+12%	+14%	+10%	+18%	NM <sup>(5)</sup>

Average growth rate per year – Based on figures in euros

(1) Bureau Veritas, Legrand, Stallergènes, Deutsch, Materis, ONG, Stahl and Editis

(2) SGS and Intertek (3) Cooper International, Eaton Corp, Hubbell, Schneider Electric, Gewiss (4) ALK Abello (5) Peer not profitable in 2002

# Group companies' strong positioning ...and more recently in a worsening environment

	9M 2008 Organic Growth <sup>(1)</sup>	H1 2008 Adj. Operating Income Margin
Bureau Veritas	+13%	15%
Materis	+4%	12%
Deutsch	+10%	21%
Stallergènes	+17%	37%
	<b>+9%</b>	
Legrand	+2%	19%
Saint-Gobain	+2%	9%
Stahl	+5%	15%

Note:

(1) Organic growth is calculated excluding Oranje-Nassau

# Group companies' strong positioning

## Significant long-term growth prospects ahead

### Presence in fast growing market segments

**Bureau Veritas:** Consumer products, industry services (power supply, mining and minerals)

**Saint-Gobain:** Energy efficiency (already **40%** of operating income)

**Legrand:** Voice Data Image (VDI) systems, home automation

**Stallergènes:** Immunotherapy market expected to **x 6** over the next **10** years

**Deutsch:** Rapidly growing markets in aerospace, military and offshore

### Expansion in emerging markets

#### Internal growth

- **Bureau Veritas:** Expansion of laboratory network (China, Vietnam, Bangladesh)
- **Saint-Gobain:** **€1** billion invested in 2007 in emerging markets, with 24 new plants opened

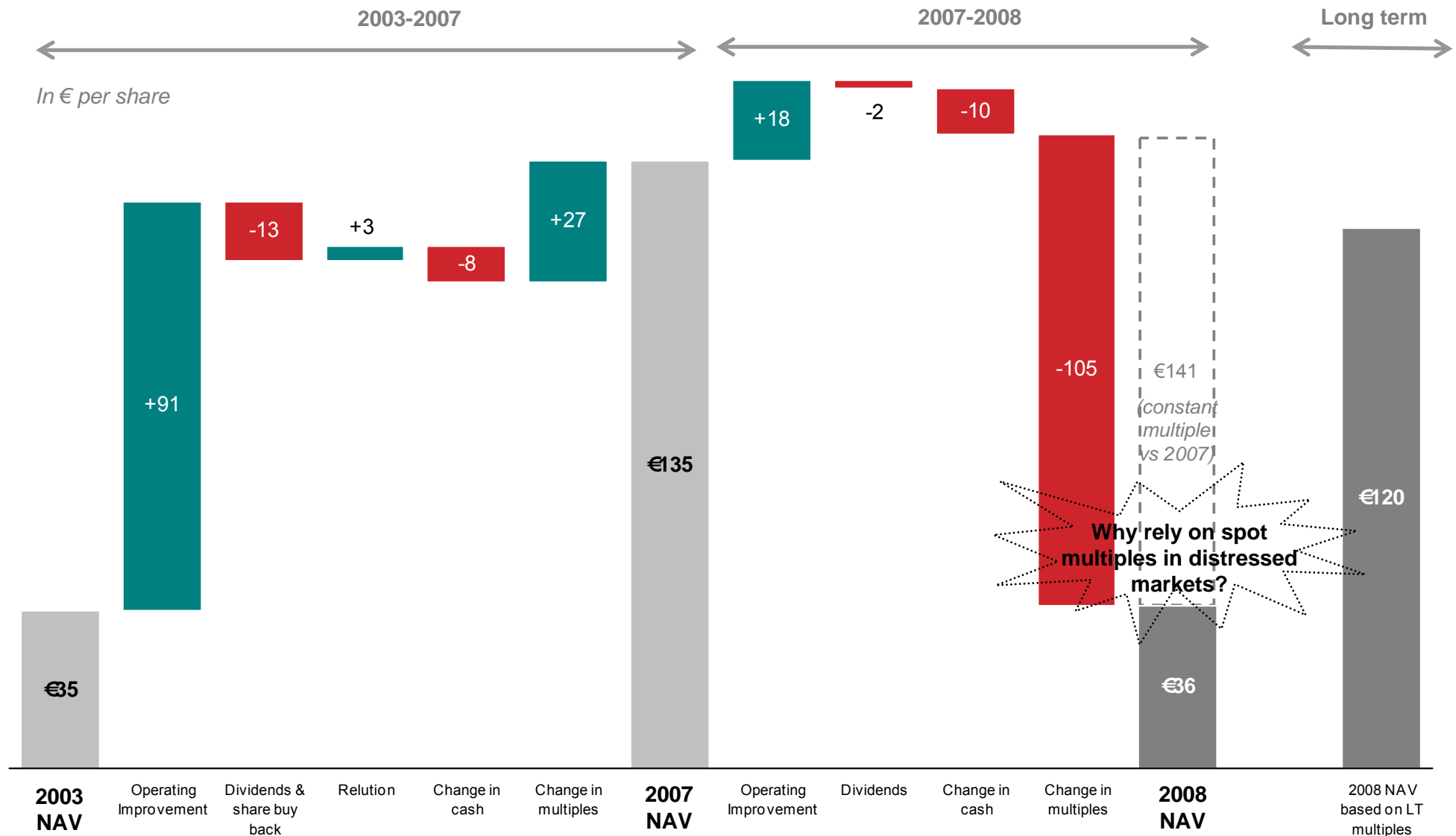
#### External growth

- **Bureau Veritas:** Acquisitions in the mining sector in Brazil and Chile
- **Legrand:** Acquisition of market leaders in Brazil and Turkey

# Group companies' strong positioning

## Performance of Group companies not reflected in current NAV

### WENDEL NAV mostly impacted by change in multiples



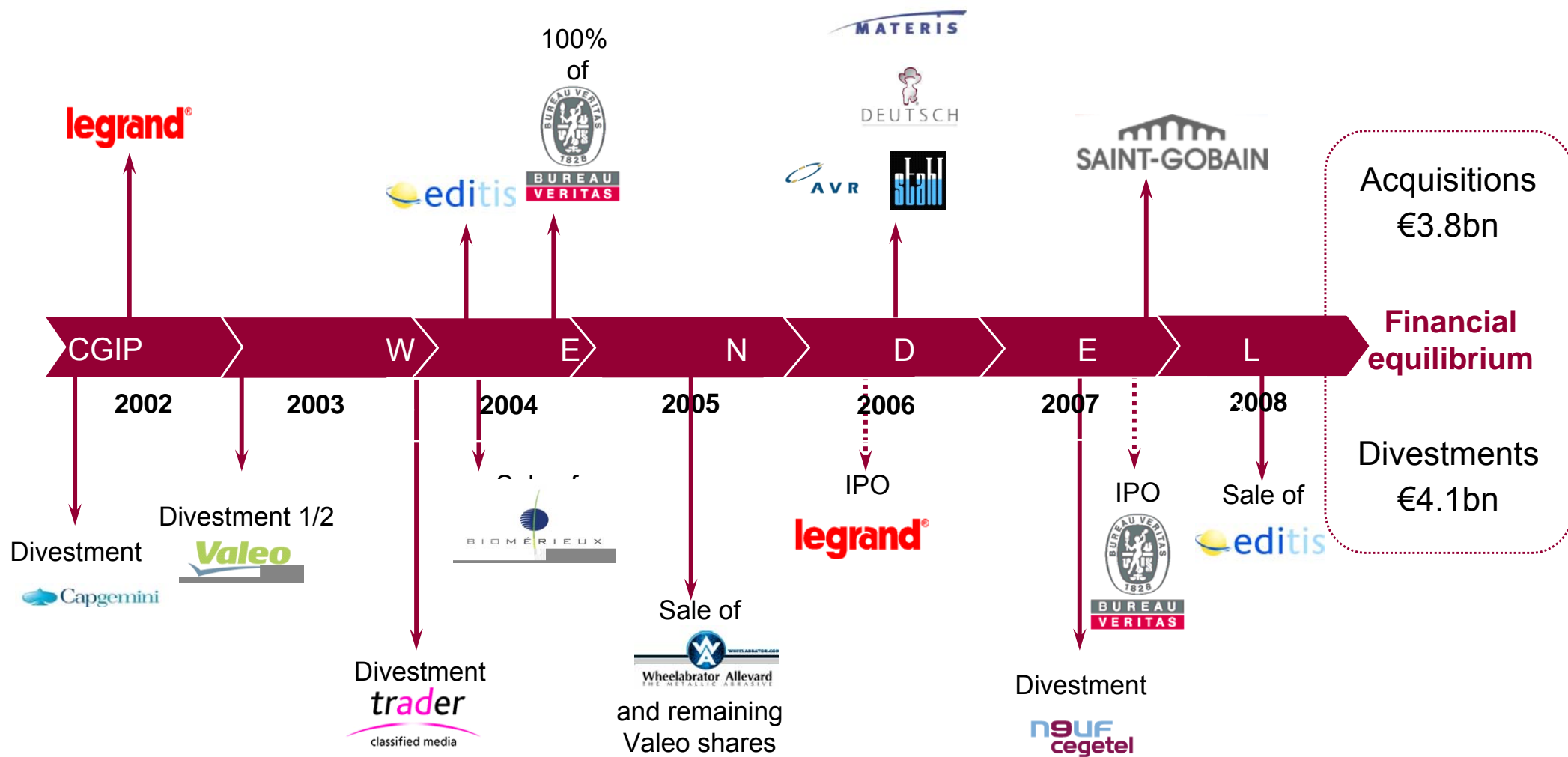
(1) NAV methodology: The unlisted subsidiaries are valued by applying comparable stock market capitalization multiples. The securities of listed companies are valued by taking the average of the closing prices of the last 20 business days.

- ▶ Adaptability to a rapidly changing environment
- ▶ Group companies' strong positioning
- ▶ **WENDEL long-term business model**



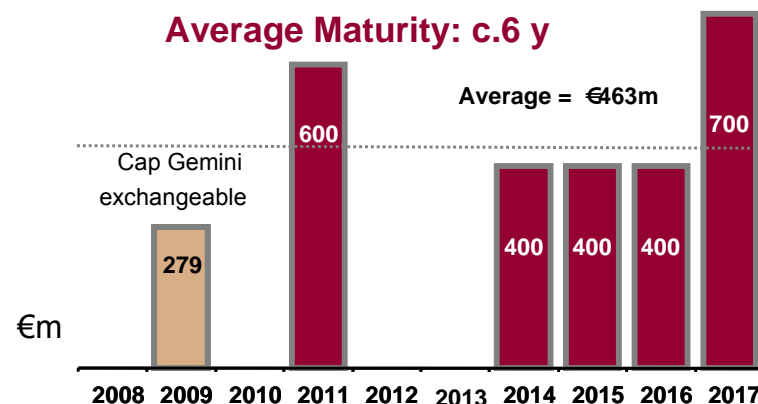
# WENDEL long-term business model

## From CGIP to WENDEL Group



### Main Characteristics

Average Maturity: c.6 y



- Low level of borrowing: **4.8%**
- **100%** debt fixed or capped

### Late maturities

- After repayment of Cap Gemini exchangeable bond in 2009, no bond maturity before **2011**
- **€1.2 bn** committed undrawn syndicated loan maturity extended from 2011 to **2012**

### Non Recourse debt on WENDEL (SGO)

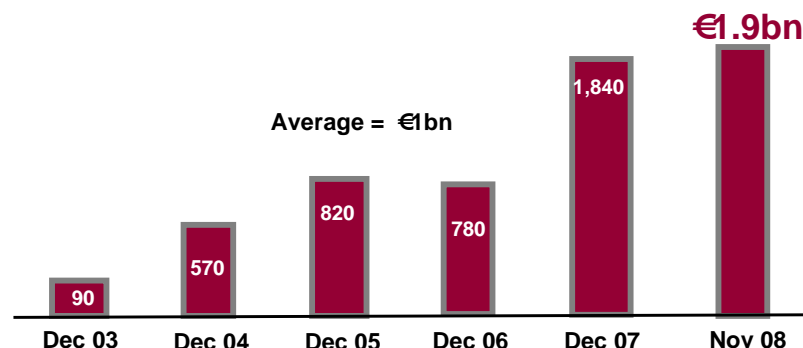
- **60%** of non-recourse financing with margin calls
  - Maturity: 2011 – 2013
- **40%** of non-recourse financing with no margin calls and downside protection
  - Maturity: 2010 – 2012
- Maturity of SGO debt with margin calls extended from 2010-2012 to **2011-2013**
- No maturity before end of **2010**

# WENDEL long-term business model

## Maintaining significant liquidity at all times

Liquidity<sup>(1)</sup> at  
record level

### Liquidity evolution



SGO Financings  
Margin calls

- Theoretical residual exposure<sup>(2)</sup>: **€0.5bn**
- Unpledged cash and listed securities (*excluding Saint-Gobain shares*): **€2.4bn**
- WENDEL available financial resources cover several times theoretical residual exposure






SGO Financings  
Margin calls -  
Recap of main  
characteristics

- No cash outflows, but warranties given to banks
- May occur in securities or cash at WENDEL's discretion according to contracts
- Pledged cash and shares remain within the Group which benefits from 100% of their revenues, dividends and voting rights
- Constant ratio between any change in the Saint-Gobain share price and increase in pledged cash and shares (no fastening mechanism)

Note: (1) Total cash (2) On a theoretical basis of SGO shares dropping to 0 and other share prices remaining unchanged

# WENDEL long-term business model

## Development on track

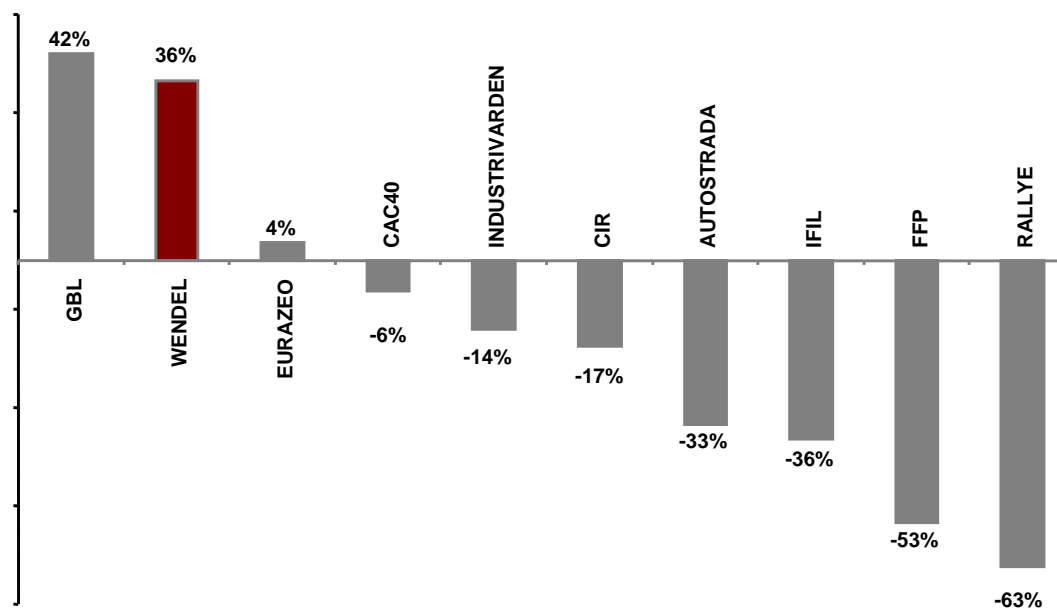
	Initial objectives planned for 2006-2012	Already achieved at end 2008	
Investments of WENDEL equity	€3.0bn	€1.6bn	
Acquisitions by Group companies	€2.0bn	€1.1bn	<div>  25 acquisitions (€540m)              10 acquisitions (€400m)              22 acquisitions (€100m)              2 acquisitions (€60m)         </div>
<b>Total</b>	<b>€5.0bn</b>	<b>€2.7bn</b>	



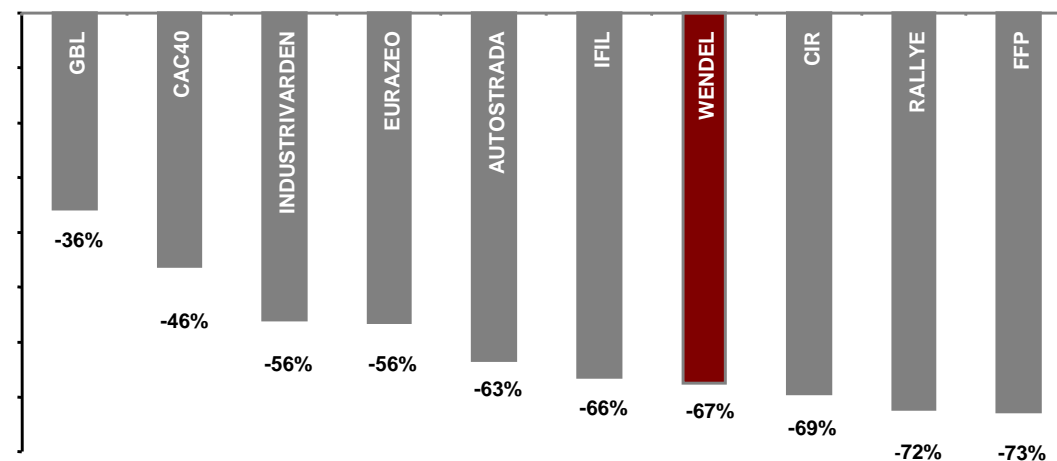
**Primary focus on building up existing group companies**

- Solid fundamentals
- Ability to react quickly in challenging market conditions
- Operating and financial business model well-suited to new environment
- Strong focus on 2009 / 2010 in order to achieve WENDEL's targets in stabilized economic and market conditions

Since 2003



Since 2008



As of December 5, 2008



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