First-quarter 2010 sales
6 May 2010

Wendel is recovering with first-quarter growth

- **Rebound in sales at unlisted companies**
- **Sharp recovery in construction businesses in emerging markets**
- **Consolidated first-quarter 2010 sales of €1,219 million**
- **Organic growth of 2.7% including the contribution from Stahl over three months**
- **Successful debt renegotiation at Deutsch and acquisition of 100% stake in its US retailer**

Frédéric Lemoine, Chairman of Wendel's Executive Board stated that:
"Following 2009's results which were characterised by operating margin resilience at Wendel Group's companies, as well as their ability to adapt to the crisis, the beginning of 2010 demonstrated a recovery in consolidated sales. Organic growth improved at all Group companies compared to the previous quarter. Extremely buoyant activity in emerging markets particularly justifies our strategy to increase the already strong presence of our companies in these regions.

The operational priority of the Group's companies, which are supported by our teams, is to seize every opportunity during this period of gradual recovery, particularly in terms of improving operating income and stepping up acquisitions.

Lastly, thanks to the successful financial restructuring of Deutsch, we are extremely satisfied to have fully completed the financial restoration of our unlisted companies under optimal conditions."

Contribution of Group companies to sales in Q1 2010

Consolidated sales (1) (2)

(in millions of euros)	Q1 2010	Q1 2009	*Change*	*Organic growth*
Bureau Veritas	628.9	648.2	*-3.0%*	*-2.6%*
Materis	402.3	387.0	*+4.0%*	*+2.8%*
Deutsch	95.9	92.8	*+3.4%*	*+6.7%*
Stallergenes	63.3	56.2	*+12.7%*	*+12.1%*
Stahl(2)	28.6	-	NS	NS
Consolidated sales	**1,219.0**	**1,184.1**	***+2.9%***	***+0.6%***
Stahl (contribution over three months)	74.7	47.7	*+56.6%*	*+55.0%*
Total including Stahl in Q1 2009 and 2010	**1,265.1**	**1,231.8**	***+2.7%***	***+2.7%***

(1) Excluding Oranje-Nassau Energie which was sold on 19 May 2009, in accordance with IFRS 5
(2) Stahl has been fully consolidated since March 2010, following Wendel's purchase of a controlling stake in the company.

Sales of companies consolidated using the equity method

(in millions of euros)	Q1 2010	Q1 2009	*Change*	*Organic growth*
Saint-Gobain	8,737	8,782	*-0.5%*	*-2.4%*
Legrand	911.7	901.4	*+1.1%*	*+0.5%*

Activity of Group companies in Q1 2010

Bureau Veritas – Activity reached a low point at the start of the year and organic growth will be gradually restored throughout 2010

As announced by the company, activity hit a low point at the start of the year. Q1 2010 revenue dropped by -3.0% compared to the same period last year to €628.9 million.
As expected, the Consumer Products business, for which comparison with the year-earlier period was particularly demanding, and the Marine & Construction businesses took a toll on growth while the Industry, Certification, Government Services and International Trade businesses posted respectable growth levels.

Bureau Veritas's organic growth improved slightly compared to the fourth quarter of 2009 (-2.6% vs. -3.3%). In terms of the scope of consolidation, the gradual implementation of the programme to sell-off non-strategic activities (representing around €50 million in revenue over the full year) had a negative impact on revenue of -1.1%. Lastly, exchange rates had a positive impact of +1.0%, primarily prompted by the beneficial Australian and Brazilian currencies.

New orders rose during the early part of 2010 in all sectors of activity, thereby enabling Bureau Veritas to anticipate a gradual restoration of organic growth over the second half of the year. Bureau Veritas is aiming to maintain operating margin over the full-year 2010, notably via streamlining of the business portfolio as well as the gradual roll-out of new automated production processes. High cash-flow generation should be used to actively resume its acquisitions.

Further out, structural growth factors in the sector remain intact. Bureau Veritas's strategy is to bolster its positions in market segments offering the highest potential while maintaining a high-level operating performance.

Materis – Highly robust in emerging markets

First-quarter 2010 sales totalled €402.3 million, up +4.0% on the same period in 2009.

Despite still sluggish construction markets in the United States, Spain and France, and unfavourable weather conditions in the majority of regions in January and February, organic growth came out at +2.8%. This figure is in comparison with an extremely hard hit first quarter in 2009, and was driven by robust performance in emerging markets (+22% growth), the recovery of the steel industry (benefiting the Aluminates business), the impact of price rises (+1.3%) and product mix improvements.

The impact of changes in scope amounted to +0.4% and is mainly the result of the acquisition of Fosroc France (Admixtures) in December 2009, which offset the disposal of non-strategic resin business in Spain (Paints) in the second quarter of 2009.

The impact of exchange rate fluctuations over the period amounted to +0.7%.

Deutsch – Strong organic growth – Sharp recovery of the Industrial Division – Successful debt renegotiation

Totalling €95.9 million in the first quarter of 2010, Deutsch's sales increased +3.4%. First-quarter organic growth amounted to +6.7%. Exchange rates had a negative impact of -3.3%.
Deutsch's organic growth is mainly attributable to the recovery of the Industrial Division (ID), more specifically a doubling of sales in the United States and sharp growth in the ID retailing branch in Europe, which recovered to levels close to those witnessed in 2008.
LADD also witnessed sharp growth thanks to the recovery in its agricultural, HGV and military activities. In contrast, the Aerospace and Transport division was down, but seemed to be stabilising over the last month of the quarter. The Offshore division was hit by substantial project deferrals by its clients. The order book growth trend remains highly robust, continuing on from the second half of 2009. In terms of sales, Deutsch posted a +29.8% increase in March 2010 compared to March 2009, and a +52.8% increase compared to the low point reached in May 2009.

Stallergenes – Sustained growth of +13% – Positive results for Oralair® phase III trial in the United States

Consolidated sales for the first quarter of 2010 grew by +12.7% to €63.3 million. Foreign exchange effects were positive by €0.3 million.

This growth confirms the supremacy of sublingual immunotherapy (SLIT) over subcutaneous immunotherapy (SCIT), which respectively posted growth of +17% and a decline of -8% over the first quarter. SLIT now accounts for 87% of the laboratory's sales.

The analysis by geographic region highlights satisfactory growth in all markets, with the "Other EU countries" region continuing to drive Group growth under the effect of the significant increase in Oralair® sales in Germany.

On 19 April, Stallergenes announced the positive results of its phase III clinical trial conducted in the United States on its sublingual grass pollen immunotherapy tablet, Oralair®. The company, which has passed an important milestone in its strategy for the US market with this trial, is actively preparing the registration file with a view to filing a Market Authorisation application in early 2011.

The good first quarter results confirmed the guidance for full-year sales growth in excess of +8%, featuring further improvement in profit margins.

Stahl – Sales up sharply compared to the low point reached in first-quarter 2009, underpinned by robust performances in emerging markets

(Fully consolidated since March 2010)

Stahl recorded sales growth of +56.6% in the first quarter of 2010 and benefited from the sharp recovery of its end markets and a favourable comparison base, as Q1 2009 was a low point in the company's activity.
As such, sales increased from €47.7 million in Q1 2009 to €74.7 million in Q1 2010, representing organic growth of +55%. The level of activity is a continuation of the recovery that has been underway since early 2009.
All of Stahl's businesses benefited from improvements in their end markets, with the sharp rebound in activity notably being generated by emerging economies, which represented 52% of Stahl's activity in 2009.
This sharp improvement in sales will generate profitable growth thanks to the combined impact of volumes and exchange rates, and the company's continued efforts to optimise purchases and control overhead costs.

Saint-Gobain – A good first quarter and encouraging outlook

(Equity method)

Saint-Gobain's consolidated sales for first-quarter 2010 came in at €8,737 million, versus €8,782 million in the first quarter of 2009, representing a decline of -0.5% on an actual structure basis and of -2.0% at constant exchange rates*. Like-for-like (comparable Group structure and exchange rates), consolidated sales were down -2.4%.
Volumes slipped -1.7%, while sales prices edged down -0.7% compared to the strong showing in first-quarter 2009 (+2.3% compared to first-quarter 2008). This slight drop in like-for-like consolidated sales conceals starkly contrasting performances across business sectors and geographical areas, in line with the economic scenario presented by Saint-Gobain at the end of February.

Trading was very upbeat in some of Saint-Gobain's businesses and areas. This was particularly the case in:
- activities linked to industrial output (representing the bulk of sales for the Innovative Materials Sector), which saw double-digit organic growth over the quarter;
- all of Saint-Gobain's businesses in Asia and Latin America, which confirmed their return to growth, delivering a +22% rise in sales over the three months to 31 March.

Businesses related to household consumption (Packaging Sector) continued to hold up very well, reporting like-for-like sales almost identical to the previous year.
Saint-Gobain's other businesses exposed to construction markets in Europe and North America continued to face tough conditions, amplified by a very cold winter in the first two months of the year.

For Saint-Gobain's businesses in general, March – which benefited from a return to "normal" weather conditions in the Northern hemisphere and an extra working day compared with 2009 – saw a sharp improvement in trading compared to the first two months of the year.

After persistently tough conditions in the first quarter, over the next few quarters, Saint-Gobain is expecting:
- consolidation of the relative improvement in residential construction observed in March in North America and Western Europe, although trading should continue to vary widely from one country to the next (upturn in the UK and US, further decline in Southern Europe). Industrial markets should continue to trend upwards in the short term, while household consumption should remain upbeat.
- further growth gains throughout 2010 in Asia and emerging countries, particularly in Asia and Latin America. In Eastern Europe, however, trading is expected to remain difficult over the next few months, although somewhat better than in the first three months of the year.

Saint-Gobain resolutely pursued its action plan priorities. In particular, as announced in February, further cost cutting measures were launched, targeting €200 million in additional cost savings for full-year 2010, while first-quarter operating income also received a boost from the cost savings already unlocked in the second half of 2009.
Saint-Gobain therefore confirms its targets for full-year 2010:
- strong growth in operating income at constant exchange rates (2009 exchange rates);
- free cash flow of above €1 billion;
- a persistently robust financial structure.

** Based on average exchange rates for first-quarter 2009.*

Legrand – Gains in emerging countries – Success of new products – 2010 target for adjusted operating margin raised to over 18%
(Equity method)

In the first quarter of 2010, Legrand's sales totalled €911.7 million, up +1.1% from the first quarter 2009 and rose by +0.5% at constant scope of consolidation and exchange rates. These trends reflect the combined impact of:

- a strong +13.4% rise in organic growth in emerging countries, with growth now back to a level comparable to that before the downturn, especially in Asia, Latin America and Africa/Middle East;
- the success of our new products. Legrand launched many new lines in the first quarter and plans to round out its existing offering between now and the end of the year. Legrand is actively pursuing roll-outs of new products backed by major investments in innovation, with R&D representing nearly 5% of sales in the first quarter and new products accounting for almost 72% of investments;
- improved trends in residential construction in most of the mature economies, especially for renovation businesses.

Adjusted operating income was up +38% in the first quarter of 2010. The steep rise in adjusted operating margin, which stood at 20.5% of sales in the first quarter, resulted notably from:

- the full impact of reorganisation already deployed, and ongoing efforts in countries where business continues to ease;
- a swift return to growth for emerging markets and resulting leverage on their profitability;
- the fact that rising raw material and component prices will only impact input costs in the months ahead.

On this basis and taking into account the unfavourable impact of seasonal trends in margins in the fourth quarter, plus the fact that the slowing trend in mature economies is taking time to taper off, Legrand has set its 2010 target for adjusted operating margin at over 18%.

In the medium term, by building on its capacity to innovate and its proven expertise in making targeted acquisitions, Legrand sees scope for an acceleration in profitable growth in two of its fundamental strengths: a strong presence at the very heart of the major changes affecting the buildings of tomorrow and in all major emerging countries.

First-quarter highlights – Helikos IPO on the Frankfurt Stock Exchange and finalising the restructuring of the Group's unlisted companies

At the beginning of February, Wendel announced the successful initial public offering of Helikos on the Frankfurt Stock Exchange, subscribed for €200 million. Helikos is a Special Purpose Acquisition Company (SPAC) whose sole purpose is to invest in a non-listed company in Germany. Through this innovative project, Wendel restarted its investment policy by focusing on German Mittelstand companies with a strong development potential, in an economy well-oriented to take part in the worldwide recovery.

The economic crisis has meant that the debt contracted in 2006 during the acquisitions of Stahl, Deutsch and Materis, according to the development plans at the time, had to be restructured. This programme was successfully initiated at Materis, with Wendel's active support, in 2009 and was completed in 2010 at Stahl and Deutsch.

Wendel carried out the following transactions, in collaboration with the managers of the relevant companies:

- In June 2009, for **Materis**: a contribution of €36 million by Wendel as part of the restructuring agreement with nearly unanimous lender support.
- On 26 February 2010, for **Stahl**: full control taken by Wendel, whose stake in the company increased from 48%* to 92% thanks to an equity contribution of €60 million. This transaction reduced Stahl's gross debt by close to 45%, from €350 million to €195 million. Stahl now benefits from an adapted financial structure that enables it to focus on the execution of its new sales strategy.
- On 30 April, Wendel successfully finalised the last debt renegotiation transaction for **Deutsch** with almost unanimous senior (99.9%) and mezzanine (100%) lender support, completing a process which began more than 12 months ago. This original process was carried out in two stages. The first phase was completed during the summer of 2009 through an agreement with lenders for a transition period, in order to stabilise capital and relations with the banks, pending improved economic visibility. The second stage has just been completed with the finalisation of a definitive agreement. Wendel and Deutsch obtained the following amendments from their lenders:
  - Improvement of Deutsch's financial flexibility with a complete reset of covenants based on a new business plan and transformation of mezzanine debt into an equity capital equivalent instrument.
  - Increased flexibility for future acquisitions with a raise in the amount of investments authorised in China, India and Brazil.

Wendel invested €27 million, coupled with a €3 million investment by its co-shareholder, the Painvin family, in order to shore up the company's financial structure. In truly innovative fashion, this renegotiation took place alongside an acquisition project: Wendel actually contributed €37 million, and the Painvin family, €4 million, for the imminent purchase of non-controlling interests (40%) in subsidiary LADD, Deutsch's exclusive industrial division retailer in the United States. This acquisition will enable Deutsch to increasingly benefit from the recovery in its businesses which is already well underway.

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, Deutsch, Stallergenes, Oranje-Nassau and Stahl. Wendel plays an active role as industry shareholder. It implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions.
Wendel's consolidated 2009 sales totalled €4.9 billion. Wendel is listed on Eurolist by Euronext Paris.
Standard & Poor's rating: Long term BB, negative outlook – Short term B since 12 February 2009.

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