WENDEL

2020

Half-Year financial report

INVESTING FOR THE LONG TERM

Business overview

H1 2019 consolidated results

H1 2019 Consolidated sales

in million euros	H1 2020	H1 2019	Change	Organic change [3]
Bureau Veritas	2200.5	2476.6	-11.1%	-9.0%
Constantia Flexibles	761.4	760.9	+0.1%	-0.1%
Cromology	290.2	348.6	-16.8%	-17.2%
Stahl	316.8	416.6	-24.0%	-22.8%
CPI [1]	23.7	n/a	n/a	-31.6%
CONSOLIDATED NET SALES [2]	**3 592.6**	**4 002.8**	**-10.2%**	**-9.5%**

(1) CPI accounts have been consolidated since the 31st of December 2019. The scope effect corresponds to the H1 2020 sales of CPI compared to 2019 consolidated sales of Wendel Group, including a PPA restatement impact of -$1.5M. Indicative organic growth is calculated on six months activity.

(2) Comparable sales for H1 2019 represent €4 002.8M vs 2019 published sales of €4 261.9M. Difference of €259.1M corresponds to sales of TSEBO Group, classified as asset held for sale In accordance with IFRS 5, the contribution of this portfolio company has been reclassified in "Net income from discontinued operations and operations held for sale".

(3) The organic growth of sales is calculated at Group level and for each activity at a constant scope of companies and a constant exchange rates on comparable periods. The impact of scope changes is revised on a 12 month period basis. The sales of the period are restated using the exchange rates of the previous comparable period.

H1 2019 sales of equity-consolidated companies

in million euros	H1 2020	H1 2019	Change	Organic change
IHS	602.8	535.9	+12.5%	+11.6%

H1 2019 consolidated results

in million euros	H1 2020	H1 2019	Δ	%
Consolidated subsidiaries	141.2	324.9	-183.7	-56.5%
Financing, operating expenses and taxes	-57.9	-72.6	14.7	-20.3%
Net income from operations [1]	**83.4**	**252.2**	**-168.8**	**-66.9%**
Net income from operations, Group share [1]	*5.6*	*81.0*	*-75.4*	*-93.1%*
Non-recurring net income	-142.7	-35.1	-107.6	306.6%
Impairment and impact of goodwill allocation	-220.0	-118.5	-101.5	85.7%
Total net income	**-279.3**	**98.6**	**-377.9**	**-383.4%**
Net income (loss), Group share	*-203.7*	*-18.2*	*-185.5*	*NA*

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

H1 2019 net income from operations

in million euros	H1 2020	H1 2019	Change
Bureau Veritas	93.0	222.8	-58.3%
Stahl	35.3	51.4	-31.3%
Constantia Flexibles	27.3	23.8	+14.5%
Cromology	4.5	-14.2	+131.4%
Tsebo	-7.6	-2.7	-183.2%
CPI	-7.6	-	n/a
Allied Universal (equity method)	-	20.4	-100.0%
Dividend from Saint-Gobain	-	4.1	-100.0%
IHS (equity method)	-3.4	19.3	-117.9%
Total contribution from subsidiaries	**141.2**	**324.9**	**-56.5%**
Total contribution from subsidiaries Group share	*63.5*	*153.6*	*-58.6%*
Total operating expenses	**-30.8**	**-31.9**	**+3.3%**
Total financial expenses	**-27.0**	**-40.7**	**+33.7%**
Net income from operations	**83.4**	**252.2**	**-66.9%**
Net income from operations, Group share	*5.6*	*81.0*	*-93.0%*

On July 30, 2020, our Supervisory Board was held under the chairmanship of Nicolas ver Hulst and reviewed Wendel's half-year consolidated financial statements, as approved by the Executive Board on July 27, 2020. The interim financial statements were subject to a limited review by the Statutory Auditors prior to their publication.

Wendel Group's consolidated sales totaled €3,592.6 million, down 10.2% overall and down 9.5% organically.

The overall contribution of Group companies to net income from operations amounted to €141.2 million, down 56.5% from the first half of 2019. This decline largely resulted from the impact of COVID19 related lockdowns and resulting effects on portfolio companies, with the exception of Constantia Flexibles and Cromology which posted growth of their contribution over the first half. In addition, since the full sale of Allied Universal in April 2020, there is no more contribution of this company to Total contribution from Group companies.

Financial expenses, operating expenses and taxes incurred by Wendel totaled €57.9 million, down 20.3% from the €72.6 million reported in H1 2019. This decrease was concentrated in the financial expense line item, down 33.7% mainly as a result of the reduction in gross debt during the year.

Non-recurring net result was a loss of €142.7 million in H1 2020 vs. a loss of €35.1 million in H1 2019. This is largely due to non-recurring items at the level of portfolio companies (€95.2 million), as well as a €20.3 million mark-to-market loss on a cross-currency swap at the level of Wendel.

Wendel's net income, was thus a loss of €279.3 million in H1 2020, compared with a €98.6 million gain in H1 2019. Net income, Group share was a loss of €203.7 million, vs. a loss of €18.2 million in H1 2019.

Group companies' results

Figures are **after IFRS 16**, unless otherwise specified

Bureau Veritas: Resilient first half 2020 despite the crisis

(full consolidation)

Revenue in the first half of 2020 amounted to €2,200.5 million, a 11.1% decrease compared with

H1 2019. Organic decline was 9.0%, including an organic decline of 15.6% in the second quarter. Marine & Offshore delivered organic growth of 3.4%. Agri-Food & Commodities, Buildings & Infrastructure and Industry (representing around three quarters of the Group's revenue) showed a good level of resistance overall, down 6.6% organically on average. Conversely, Consumer Products and Certification, representing a fifth of the portfolio, declined sharply due to the impact of the COVID-19 shutdowns, down 21.2% organically on average.

External growth was a negative 0.5%, reflecting the impact from prior-year disposals (HSE consulting business in the US, in particular), the contribution of acquisitions made in 2019, and the absence of transactions year-to-date. Currency fluctuations had a negative impact of 1.6%, mainly due to the depreciation of some emerging countries' currencies against the euro partly offset by the appreciation of the USD and pegged currencies.

Consolidated adjusted operating profit decreased by 43.3% to €215.8 million; the half-year 2020 adjusted operating margin dropped 555 basis points to 9.8%, including a 12 basis points negative impact from foreign exchange. On an organic basis, it declined by 545 basis points to 9.9%.

All business activities apart from Marine & Offshore experienced lower margins due to the impact of the

COVID-19 shutdowns on activity. This was cushioned by strong cost containment measures (salary & recruitment freeze, reduction of travel costs and non-discretionary spend notably), government aids in some countries (especially the furlough scheme in France) and restructuring. The most affected divisional margins were those of Certification and Consumer Products, due to a sharp revenue shortfall associated with negative mix effects. Together, they represented around half of the organic decline in Bureau Veritas' margin in the first half of 2020.

"Restart your business with BV" delivers strong momentum

Since April, Bureau Veritas has been on hand to support business resumption with appropriate health, safety and hygiene conditions across all sectors of the economy. The "Restart Your Business with BV" suite of solutions is enhanced with a comprehensive digital ecosystem providing for traceability and transparency.

Bureau Veritas' geographical presence in 140 countries, unparalleled network of inspectors and auditors, and unrivalled experience in certification processes are considerable assets. They enable Bureau Veritas to provide companies, public authorities and society as a whole with services and in-depth knowledge of local specificities and regulations.

Strong free cash flow at €269.6 million thanks to optimization measures

Half year 2020 operating cash flow increased by 56.8% to €364.3 million vs. €232.3 million in H1 2019. Despite the decline in profit before income tax, the improvement came from a strong working capital requirement inflow of €113.7 million, compared to a €161.6 million outflow the previous year, as a result of the deferral of cash payments (related to social and tax charges notably) and a strong reduction in accounts receivables. The Move For Cash program continued to demonstrate positive effects on the operational working capital and is still ongoing with actions all across the organization.

Free cash flow (available cash flow after tax, interest expenses and capex) was €269.6 million compared to €140.9 million in H1 2019, up 91.4% year on year. On an organic basis, free cash flow reached €277.3m, up 96.8% year on year.

Cancellation of the dividend for the 2019 Financial year

In early April, Bureau Veritas' Board of Directors took the exceptional decision to cancel the dividend (€0.56 per share) due to be proposed to the June 26, 2020[1] Annual General Meeting called to approve the financial statements for the year ended December 31, 2019. As per the latest health recommendations, the Group held its AGM behind closed doors.

This decision maintained cash of around €250 million in the Group, and complies with the French regulatory requirement for the suspension of dividend payments in return for government support (temporary layoffs in France, and the deferral of certain employment contributions and tax payments). It also reiterates the Group's responsibility to all its stakeholders who are making considerable efforts or facing major challenges during this unparalleled crisis.

Solid Financial Position

Bureau Veritas' financing activity over the first half of 2020 demonstrates the strong support and confidence of the Group's banks and credit investor base in the context of COVID-19 pandemic.

On April 15, 2020, Bureau Veritas fully drawn its €600 million syndicated credit facility over a 6-month period. On April 30, 2020, the Group signed an additional liquidity credit line of €500 million, with a 1-year maturity and a 6-month extension option at Bureau Veritas' decision. This new credit line strengthens the Group's liquidity position, added to the €600 million syndicated credit facility maturing in May 2025.

At June 30, 2020, the adjusted net financial debt/EBITDA ratio was further reduced to 2.00x (from 2.25x last year) and the EBITDA/consolidated net financial expense ratio was 8.71x. Finally, Bureau Veritas obtained a waiver from its banks and USPP noteholders to relax its financial covenants at June 30, 2020, December 31, 2020 and June 30, 2021. As a consequence, the adjusted net financial debt/EBITDA ratio stands at 4.5x, 6.25x and 5.5x versus 3.25x previously at the test dates and for USPP only, the EBITDA/consolidated net financial expense ratio stands at 5.5x (unchanged), 2x and 3x versus 5.5x previously at the same dates.

Outlook for 2020

Given the uncertainty surrounding the COVID-19 pandemic still affecting many of the countries in which Bureau Veritas operates, Bureau Veritas is considering different scenarios for the full year 2020:

[1] In order to ensure the health and safety of its employees, service providers and shareholders, and also to preserve shareholders' rights to participate in the Annual General Meeting (AGM), Bureau Veritas announced on March 13, 2020, its decision to postpone the date of the AGM initially set on Thursday, May 14, 2020 to Friday, June 26, 2020.

"Slow & gradual recovery" scenario

Organic revenue	Adjusted operating margin	Net cash generated from operating activities
• Mid to high single-digit decline in 2020 • Improvement from H1 onwards	• Low double-digit margin	• Focus on cash generation • Capex of c. 2% of revenue • Working Capital Requirement (WCR) / revenue ratio of c. 9%

"Muted recovery" scenario

Organic revenue	Adjusted operating margin	Net cash generated from operating activities
• High single-digit decline in 2020 • H2 in negative territory	• Low double-digit margin	• Focus on cash generation • Capex of c. 2% of revenue • WCR / revenue ratio of c. 9%

"Worsening pandemic throughout H2" scenario

Organic revenue	Adjusted operating margin	Net cash generated from operating activities
• Double-digit decline in 2020 • H2 worse than H1	• Low double-digit margin	• Focus on cash generation • Capex below 2% of revenue • WCR / revenue ratio above 9%

For more information: https://group.bureauveritas.com

Stahl - Margin protected thanks to tight cost management, despite -22.8% organic decrease in sales. Cash generation profile remains solid, generating net debt reduction.

(full consolidation)

Stahl's sales totaled €316.8 million in H1 2020, representing a decrease of -24.0% vs. €416.6 million of sales in H1 2019. Organic growth was down -22.8% and foreign exchange rate fluctuations had a negative impact (-1.2%).

After a challenging 2019, due to headwinds in automotive end-markets, Stahl began 2020 with positive volume and sales trends. Nevertheless, the rapid spread of COVID-19 has derailed this early recovery and has shifted the company's focus away from growth towards containing the decline.

Over the first quarter, the impact of COVID-19 outbreak was mainly limited to China and the drop in sales was contained to -2.4%. The lockdown measures all over the world during Q2 however rapidly forced many of Stahl's customers (including tanneries, automotive OEMs and luxury goods producers – predominantly in Asia, Europe and North America) to shut down manufacturing facilities or operate at very low level of activity (despite virtually all Stahl facilities remaining open). As a result, sales decreased by 45% in Q2 compared to last year. June however showed the first signs of a recovery, with customers gradually reopening, and China returning to last year's sales levels.

Despite this challenging context and thanks to management's focus and resilient business model, Stahl took swift measures and quickly adjusted its fixed cost base to market conditions and optimized its cash flow generation such that EBITDA for the half-year totaled €67.5 million[2] , translating into a margin of 21.3% (only down a moderate 160 bps year-on-year). Stahl remained cash generative in both quarters, notably thanks to the strict management of working capital.

As of June 30, 2020, Stahl's net debt was €342.1[3] million , thus a €22.3 million reduction year-to-date, thanks to Stahl's good cash generation, despite a very difficult environment. Leverage was reported as 2.13x EBITDA[4] as of end of June 2020.

The company is closely monitoring the evolution of its underlying markets (automotive, footwear, leather goods, upholstery) in light of the virus outbreak and its economic consequences. Stahl has accelerated the implementation of digital customer engagement in order to extend its high technical service level. The automotive market is currently operating at c.50% capacity (with the exception of the recovering domestic Chinese market), and a gradual recovery is expected towards c.70% capacity post-summer. Most customers are reopening worldwide but demand and visibility remain low. The company is doing its utmost efforts to manage this exceptional situation in the most efficient way, across its sales, production, supply chain and cash collection functions with most customers managing deliveries carefully and some delaying payments.

Constantia Flexibles – Improved EBITDA margin in the first half following first effects of cost reduction initiatives. Stable total sales in the first half (+0.1% YoY), with a good performance in Europe, emerging countries being impacted by lockdowns.

(Full consolidation)

H1 2020 sales totaled €761.4 million, up +0.1% compared with H1 2019 (€760.9 million). Constantia's sales declined organically by -0.1% over the period, reflecting a robust performance from the Pharma end market, up +9.9 % but a steep decline in the Consumer end market (-3.2%) due to lockdowns' measures in India, South Africa and Mexico which partially paralyzed momentarily the local production. The peak in consumption from European consumer business benefiting from an increase in at-home food consumption was not sufficient to offset the difficulties in emerging markets. As a result, total growth in the second quarter was down -0.5%. For the record, Constantia had posted a total growth of +0.7% in Q1, boosted by a very strong demand in March both in Consumer and Pharma divisions, due to the essential nature of their respective products, within the context of COVID-19 outbreak in Europe.

Foreign exchange rate fluctuations had a negative impact of -0.4% over the semester, as the appreciation of the U.S. dollar did not entirely offset the weakening of the South African rand, Indian rupee, and Russian ruble. The consolidation of the Russian company Constantia TT contributed positively to growth, with a scope effect of +0.5%.

Despite the mixed sales trajectory, EBITDA was up +3.4% at €97.1 million[5] representing a 40 bps year-on-year increase in margin to 12.7%. This is mostly driven by the various cost reduction initiatives conducted over the past 12 months and a positive business/regional mix inducing higher margins from European and Pharma businesses.

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[2] €67.5 million post IFRS 16 thus a 29.2% decline in EBITDA year on year. Excluding IFRS 16 impacts, EBITDA stood at €66.0 million.
[3] Net debt post IFRS 16 impacts. Excluding IFRS 16 net debt stands at €325.5 million.
[4] As defined in the banking documentation.
[5] EBITDA post IFRS 16 impacts. Excluding IFRS 16 EBITDA stands at €92.7m. For Constantia Flexibles direct costs linked to Covid-19 pandemic (masks, alcoholic gel purchases and travels' cancellations) are excluded from the EBITDA presented above and monitored by management (€3.6 million).

At the end of June, net debt was at €403.0[6] million vs €394.9 on December 31, 2019, and leverage stood at 2.0x[7] LTM EBITDA. This leaves adequate headroom to its covenant level of 3.75x, and the Company had ample liquidity as of end of June.

Within the context of COVID-19 outbreak, Constantia Flexibles benefited in the first half of the year from the essential nature of its products and showed resilience in a volatile macro market. From historic peaks in March and April, the overall order intake is now softening, with book/bill slowing down, after having been at above the average in Q1. This more normalized ordering and stocking patterns will probably last as a number of markets where Constantia Flexibles operates are gradually exiting lockdowns.

The EcoLam sustainable technology, with superior recyclability than alternatives, was rolled out in India in November 2019. Due to the negative impact of COVID-19 in the region the ramp up phase is continuing and the expected sales will be delivered with delay. The arrival of a new Head of Commercial in the Consumer Division and a dedicated EcoLam leader should foster sales forces in the coming months subject to COVID-19 epidemic disruption.

End of June, Constantia Flexibles and Wendel announced the appointment of Pim Vervaat as CEO of the Company, starting July 1, 2020. Pim joins Constantia Flexibles after a successful career at RPC Group Plc, which he joined in 2007 as CFO and led as CEO between 2013 and 2019, quadrupling its sales to circa €4 billion. He will focus on further strengthening Constantia´s position as a leading flexible packaging player whilst improving the current business performance.

Cromology – Sales impacted by COVID-19 related lockdown in March. Recovery better than expected since lockdown ended, with an EBITDA margin higher than first half 2019

(full consolidation)

During the first half of 2020, Cromology sales totaled €290.2m, down 16.8% compared with H1 2019, impacted by the extreme COVID-19 lockdown measures in Europe. Despite increased activity during the first two months of the year vs. 2019 (and 2020 budget), business was virtually paralyzed during the following two months, with sales down approximately 70% between mid-March and mid-April. The drastic health, regulatory and safety measures forced Cromology to shut down a significant portion of its operations. Once the lockdown ended, however, the recovery was much quicker than expected, with a significant rebound in DIY paint sales in particular. Sales gradually improved after the lockdown was lifted, with greater activity in June than last year. Organic sales growth was down 17.2%. Changes in scope had a positive impact of 0.2% following the acquisition of Districolor in June 2019. Changes in exchange rates had a negative 0.3% impact.

Cromology's EBITDA was €40.4m[8], up +8% benefiting from the favorable customer and product mix effect, combined with the rapid implementation of cost-saving measures to address the extraordinary situation. The margin stood at 13.9%, higher than first half 2019, demonstrating the positive trajectory driven by company management. In addition, cost reductions continue, with savings achieved in various line items, particularly transportation, travel and marketing expenses.

Net debt at the end of June totaled €217.7m[9], up by only €3.6m compared to 31 December, due to the higher EBITDA and optimization of cash flow generation. As a reminder, in May 2019, at the time of Cromology's debt renegotiation and Wendel's €125m equity injection, Cromology received significant

[6] Post IFRS 16 impacts. Excluding IFRS 16 net debt is €370.9m as of end of June 2020.
[7] As per bank covenant definition
[8] EBITDA post IFRS 16. EBITDA before IFRS 16 was €24.7m. For Cromology direct costs linked to Covid-19 pandemic (masks, alcoholic gel purchases and travels' cancellations) are excluded from the EBITDA presented above and monitored by management (€0.6 million).
[9] Net Debt post IFRS 16. Excluding the impacts of IFRS 16, net debt was €116.1m.

concessions from its lenders, specifically the suspension of financial covenants until 2022 and an extension of the senior debt maturity to 2024.

Cromology continues to focus its efforts on the sales rebound since emerging from the lockdown, ongoing cost reduction measures, accelerating the shift to e-commerce and managing trade receivables which deteriorated somewhat during the crisis.

IHS Towers – Total growth of 9.7%10 reflecting the critical nature of IHS activity despite the Nigerian macro environment. Successful amendment of certain terms of its tower rental agreements with MTN Nigeria.

(equity method)

Given the critical nature of the telecommunications infrastructure, even more so in a context of local lockdowns during Q2, IHS's clients (i.e. MNOs) experienced an increase of voice and data consumption. As a result, IHS revenues held up well despite the challenging macro environment, as evidenced by H1 revenues which totaled $664.1 million, up 9.7% versus the prior year, with growth across all its markets. For the record, Q1 2020 sales totaled $328 million, up 8.2% from Q1 2019. IHS's sales accelerated in Q2 2020, totaling $336 million, up 11.1% from Q2 2019. Organic growth was at 11.6% over the first half of the year driven by new tenancies, new lease amendments ("technology tenants"), price escalation mechanisms as well as the positive impact of reset mechanisms related to the devaluation of Nigeria's CBN rate. The total number of owned & MLL towers (27,473[1] as of 30 June 2020) is up 14.1% since the start of the year following the acquisitions of Kuwait towers and CSS in South America. In fact, the consolidation of Kuwait towers and CSS in Q1 contributed 3.6% positively to revenue growth. The changes in local exchange rates to the U.S. dollar had a negative impact of 5.5% over total revenues. The Point-of-Presence lease-up rate increased to 1.54x.

IHS continued the successful development and rationalization of its installed base of towers. The company also maintained a tight operating cost control policy and lower capital expenditure since the start of the year. Impacted by a depreciation catch up following a change in battery useful life from 5 to 3 years and other impairment costs, EBIT[11] for the half year decreased by 11.0% to $160.7m[12] (vs. $180.6m in 2019), representing a margin of 24.2%, but EBITDA is up year-on-year.

As of June 30, 2020, IHS' net debt was $1,962.2 million[13] , up $620.6 million since the end of December 2019, driven by Kuwait and CSS acquisitions. As a reminder, in February 2020, IHS completed the acquisitions of c. 1,600 towers from Zain in Kuwait and c. 2,300 towers from Cell Site Solutions in Brazil, Peru and Columbia.

IHS supply chain and operations have proven to be resilient during the lockdown and faced limited disruptions over the past months despite the COVID-19 crisis. The macroeconomic environment, in Nigeria (c.70% of IHS's sales), has been impacted by the drop in oil prices and COVID-19. As a result, official CBN rate was devalued from 306 to 360 NGN for 1 USD and NAFEX moved from 360 to approximately 386. Another key challenge has been the varying access to USD over the past few months in the Nigerian market. IHS has been closely monitoring these developments and making sure it has enough liquidity in hard currency to meet its obligations and cover its expenses.

On July 23, 2020, IHS expanded and amended some key terms in its tower lease agreement with MTN Nigeria, its largest customer in the region. These include an increased focus on rural connectivity and fiber access and a new pricing structure for future technology upgrades and backhaul in the network.

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[10] H1 2020 sales, growth, tower count and lease-up rate include the contribution of the c.1,000 towers transferred to IHS in February 2020 following the Kuwait deal (approximately 600 additional towers remain to be transferred to IHS early 2021) and the contribution of the CSS towers in Latin America included from Q2 2020.
[11] Wendel's definition: EBIT excluding non-recurring items.
[12] Post IFRS 16, excluding IFRS 16 EBIT is $152.8m.
[13] Post IFRS 16, excluding IFRS 16 net debt is $1,676.7m.

Furthermore, IHS and MTN Nigeria have agreed to change the reference rate (used contractually for the USD-based indexation of a portion of IHS revenues) from the Central Bank of Nigeria's official rate ("CBN") to the Nigerian Autonomous Foreign Exchange rate ("NAFEX"). This amendment will have a positive impact on IHS's topline and bottom line – these are not reflected in H1 2020 financials - and will strengthen IHS's revenues by increasing the proportion of hard currency.

Crisis Prevention Institute – Revenue down 35.7% due to the impact of the COVID-19 crisis and associated economic shutdowns and social distancing restrictions. EBITDA margin stands at 27.2%

(full consolidation)

Crisis Prevention Institute reported revenue for the first half of 2020 of $26.1 million, down 35.7% compared to the same period in 2019. This decline reflects the impact of COVID-19 related lockdowns which began in mid-March and which persisted throughout the second quarter in most of the Company's markets and restricted its ability to hold in-person on-site training sessions. Prior to the beginning of the lockdowns, CPI's revenues increased nearly 10% compared to the same period in 2019. Despite the strong start to the year, the impact of the shutdown resulted in reported year-over-year revenue declines of –10.1% in the first quarter and –57.4% during the second quarter. The decline in business activity had a similarly negative impact on profitability during the first half. CPI generated an EBITDA of $7.1 million[14] , representing an overall decrease of c.60%[15] year on year, resulting in a margin of 27.2% over the period. The earnings decline was partially offset by cost management implemented shortly after the lockdown began.

The decline of activity reflects the prohibition on in-person training, which primarily impacted the Company's Initial Certification Program ("ICP") designed to train new Certified Instructors ("CIs"). This decline in ICP volumes was partially offset by revenue generated from the Company's installed base of CI's, who continued to renew their certifications and train their colleagues during this period, in part through the Company's e-learning offering. Management facilitated the delivery of the training during the shutdown period by introducing new digital and virtual programs for existing CIs and, more recently, a blended virtual and physical offering for ICPs.

CPI reported consistent month-over-month revenue growth since the low point in April and has benefited from sustained growth in ICP and renewal registrations more recently as the U.S. economy reopened, an early indication of an improved business environment although the pace and timing of continued recovery remains difficult to predict. While many customers continue to face challenging work environments, including those in healthcare and education, the Company is helping customers maintain their certifications, as required by regulation and needed to ensure a safe work environment. The recent introduction of new programs, including virtual learning, verbal de-escalation, and specialized renewals related to trauma and autism, expands the Company's offering to better serve existing customers while simultaneously expanding the addressable market to include customers working in lower acuity settings.

As of June 30, 2020, net debt totaled $342.1[16] million, or 10.0x EBITDA as defined in CPI's credit agreement. The Company's leverage level is expected to remain elevated until the depressed 2Q 2020 EBITDA is no longer included in the trailing twelve-month EBITDA calculation. While the leverage ratio has increased, the Company has continued to generate cash and net debt has remained largely stable over the past six months. As at the end of the second quarter, the Company was in compliance with all covenants required under its credit agreement. As of June 30, 2020, the Company had

[14] Post IFRS 16 impacts; pre IFRS 16, EBITDA is $6.6 million. For CPI direct costs linked to Covid-19 pandemic (masks, alcoholic gel purchases and travels' cancellations) are excluded from the EBITDA presented above and monitored by management.
[15] Year on year decline is calculated on a pre IFRS 16 basis due to data availability.
[16] Post IFRS 16 impacts; pre IFRS 16, net debt is $337.1 million.

$16.5 million in cash on hand, an amount that is expected to be sufficient to fund its near-term obligations.

Significant events since the beginning of 2020

Wendel sold its remaining stake in Allied Universal®

On April 29, 2020, Wendel has closed the sale of its remaining shares to an investor group controlled by Warburg Pincus for additional proceeds of c. $196 million.

As a reminder, on December 13, 2019, Wendel and Allied Universal's existing shareholders completed a sale of a majority stake in the company to Caisse de dépôt et placement du Québec (CDPQ), and to a new investment group led by Warburg Pincus and to an affiliate of the J. Safra Group (the "Transaction"). At the time, Wendel retained an approximately 6% ownership interest in the company after selling 79% of its total investment in Allied Universal for net cash proceeds of $721 million.

As in December, the Transaction values Wendel's combined proceeds, at approximately $918 million, or approximately 2.5x total invested capital in USD. The Transaction is subject to typical post-closing adjustments.

Tsebo

Wendel and Capital Group are advancing discussions with Tsebo's lenders to re-structure Tsebo's capital and find a solution which will enable the business to continue trading adequately in the face of the unprecedented challenges which it is facing. Such restructuring will lead Wendel to relinquish control of Tsebo in the short term. In accordance with IFRS 5, the contribution of Tsebo to Wendel has been reclassified as "Net income from discontinued operations and operations held for sale".

IHS Netherlands Holdco BV and MTN Nigeria announced amended service contract

On July 23, 2020, IHS has concluded a successful renegotiation of some key terms in its tower lease agreement with MTN Nigeria, its largest customer in the region. These include an increased focus on rural connectivity and fiber access and a new pricing structure for future technology upgrades and fiber backhaul. Furthermore, IHS and MTN Nigeria have agreed to change the reference rate (used contractually for the USD-based indexation of a portion of IHS revenues) to the "prevailing" market rate instead of the Central Bank of Nigeria's official rate ("CBN") which has been used so far. In an environment of multiple exchange rates in Nigeria, the prevailing market rate currently is the Nigerian Autonomous Foreign Exchange rate ("NAFEX"). This amendment will have a positive impact on IHS topline and bottom line – these are not reflected yet in H1 2020 financials- and will strengthen IHS' revenues by increasing the proportion of hard currency.

Pim Vervaat appointed CEO of Constantia Flexibles

Constantia Flexibles ("Constantia" or the "Company") announced on June 30, 2020, the appointment of Pim Vervaat as CEO of the Company, starting July 1st,2020.

He succeeded Alexander Baumgartner who has over the last 5 years refocused Constantia on its core flexible packaging business, strengthened its positions in key markets and developed highly innovative solutions such as EcoLam providing sustainable and recyclable packaging with maximum functionalities ensuring consumers safety.

Pim joins Constantia Flexibles after a successful career at RPC Group Plc, which he joined in 2007 as CFO, led as CEO between 2013 and 2019 and turned into a global design and engineering business in plastic products (the largest market being packaging), quadrupling its sales to circa €4 billion.

Other information

Financial risk management procedures, information on related parties and changes in the scope of consolidation are detailed in the notes to the condensed consolidated first half financial statements.

Operational risks are detailed in the 2019 Universal Registration Document, on page 135.

Summary table of main aggregates before and after the application of IFRS 16

(in millions)	Sales		EBITDA (EBIT for IHS)				Net debt	
	H1-2019	H1-2020	H1-2019 before IFRS 16	H1-2019 after IFRS 16	H1-2020 before IFRS 16	H1-2020 after IFRS 16	H1-2020 before IFRS 16	H1-2020 after IFRS 16
IHS	$ 605,5	$ 605,5	$ 176,4	$ 180,6	$ 152,8	$ 160,7	$ 1 676,7	$ 1962,2
Stahl	€ 416,6	€ 416,6	€ 94,0	€ 95,4	€ 66.00	€ 67.5	€ 325.50	€ 342.10
Constantia Flexibles	€ 760,9	€ 760,9	€ 89,3	€ 93,9	€ 92.70	€ 97.1	€ 370.90	€ 403
Cromology	€ 348,6	€ 348,6	€ 22,3	€ 37,4	€ 24.70	€ 40.4	€ 116.10	€ 217.70
CPI	$ 40,6	$ 26,1	$ 17,0	n/a	$ 6,6	$ 7,1	$ 337,1	$ 342,1

Bureau Veritas published its half year results on July 25, 2019. See https://group.bureauveritas.com/

NAV of €138.6 per share as of June 30, 2020

(in million euros)			06/30/2020	12/30/2019
Listed equity investments	**number of shares**	**Share price (1)**	**3 103**	**3 775**
Bureau Veritas	160.8 m / 160.8 m	€19.3 / €23.5	3103	3 775
Unlisted investments (2)			**3 369**	**4 026**
Other assets and liabilities of Wendel and holding companies (3)			42	101
Net cash positions & financial assets (4)			1 293	1 142
Gross asset value			**7 807**	**9 044**
Wendel bond debt and accrued interest			-1 616	-1 615
Net Asset Value			**6 191**	**7 429**
Of which net debt			*-323*	*-473*
number of shares			*44,682,308*	*44,682,308*
Net Asset Value per share			**€ 138.60**	**€ 166.30**
Average of 20 most recent Wendel share prices			€ 86.40	€ 120.80
Premium (discount) on NAV			**-37.6%**	**-27.3%**

(1) Last 20 trading days average as of December 31, 2019, and June 30, 2020

(2) Investments in non-publicly traded companies (Cromology, Stahl, IHS, Constantia Flexibles, Tsebo, Crisis Prevention Institute, indirect investments). As per its methodology, Wendel discarded companies in Stahl's and IHS's peer samples as their respective characteristics were deemed no more comparable in the post-COVID-19 financial markets environment. As per previous NAV calculation as of March 31, 2020, IHS valuation as of June 30, 2020, was solely performed based on EBITDA which is at this stage the most relevant sub-total. Aggregates retained for the calculation exclude the impact of IFRS16.

(3) Of which 897,919 treasury shares as of June 30, 2020, and 908,950 treasury shares as of December 31, 2019

(4) Cash position and financial assets of Wendel & holdings. As of June 30, 2020, this comprises € 0.9bn of cash and cash equivalents and € 0.3bn short term financial investment. Cash position considered for NAV calculation as of June 30, 2020, is before payment of dividend (€ 2.8 per share / € 123m). Proforma NAV stands at € 6,069m / € 135.8 per share

Net asset value was €6,191 million or €138.6 per share as of June 30, 2020 (see Appendix 1 below for details), an increase of 17.3% from €118.2 per share as of March 31, 2020, and down 16.7% year to date. Compared to the last 20-day average share price as of June 30, the discount to the June 30, 2020, NAV was of 37.6%.

The changes in Net Asset Value since March 31, 2020, are explained by:

- The increase of Bureau Veritas' share price by 6.0 %
- The increase of the value of unlisted assets by 20.3%, of which:
  - For approximately 80% of the increase: rebound in listed peers multiples used for valuation since the end of March 2020
  - For approximately 20% of the increase: increase in companies' aggregates following better than expected performance during H1 leading to some upward budget revisions

The Net Asset Value as of June 30, 2020 is before payment of the €2.80 per share dividend paid by Wendel on July 9, 2020 and does not take into account the positive impact of the MTN contract renegotiation by IHS in Nigeria.

In compliance with the Net Asset Value methodology, Wendel's investment in CPI will be held at the original transaction value ($569 million) until and including the September 30, 2020 NAV. After this date, the valuation will be based on a basket of listed peers. Wendel currently estimates that CPI's recent financial performance and uncertain outlook may mechanically reduce very significantly the value attributed to its investment in the company.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
1ST HALF 2020

BALANCE SHEET – STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	30.06.2020	31.12.2019
Goodwill, net	7 and 8	3 629.8	4 112.0
Intangible assets, net	7	1 930.2	1 769.0
Property, plant & equipment, net	7	1 182.1	1 291.3
Property, plant and equipment under operating leases	7	507.3	536.9
Non-current financial assets	7 and 11	253.2	480.4
Pledged cash and cash equivalents	7 and 10	0.5	16.6
Equity-method investments	7and 9	235.1	294.0
Deferred tax assets	7	232.6	217.2
Non-current assets		**7 970.8**	**8 717.5**
Assets and operations held for sale		**214.3**	**55.3**
Inventories	7	462.9	465.6
Trade receivables	7	1 478.1	1 697.4
Contract assets (net)	7	242.4	226.0
Other current assets	7	332.5	354.5
Current income tax payable	7	70.4	68.0
Other current financial assets	7 and 11	284.4	367.0
Cash and cash equivalents	7 and 10	3 609.6	2 624.7
Current assets		**6 480.3**	**5 803.3**
Total assets		**14 665.5**	**14 576.0**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" the investment in the Tsebo group has been reclassified as "Assets and liabilities of discontinued operations or operations held for sale" as of January 1, 2020. See Notes 3 "Changes in scope of consolidation" and 15 "Operations to be discontinued or sold."

LIABILITIES

In millions of euros	Note	30.06.2020	31.12.2019
Share capital		178.7	178.7
Share premiums		53.3	53.3
Retained earnings & other reserves		2 160.2	1 791.5
Net income for the period – Group share		-203.6	399.7
Shareholders' equity – Group share		**2 188.6**	**2 423.1**
Non-controlling interests		1 227.8	1 392.5
Total shareholders' equity	**12**	**3 416.3**	**3 815.6**
Provisions	7 and 13	475.9	456.1
Financial debt	7 and 14	5 940.0	5 896.7
Operating lease liabilities	7	435.1	458.2
Other non-current financial liabilities	7 and 11	413.6	454.9
Deferred tax liabilities	7	448.2	416.8
Total non-current liabilities		**7 712.8**	**7 682.6**
Liabilities held for sale		**199.2**	**15.4**
Provisions	7 and 13	9.3	5.1
Financial debt	7 and 14	1 023.6	627.4
Operating lease liabilities	7	127.8	132.8
Other current financial liabilities	7 and 11	112.9	112.5
Trade payables	7	842.5	937.0
Other current liabilities	7	1 066.6	1 091.9
Current income tax assets	7	154.5	155.6
Total current liabilities		**3 337.2**	**3 062.3**
Total equity and liabilities		**14 665.5**	**14 576.0**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Tsebo group has been reclassified as "Assets and liabilities of discontinued operations or operations held for sale" as of January 1, 2020.

See Notes 3 "Changes in scope of consolidation" and 15 "Operations to be discontinued or sold."

CONSOLIDATED INCOME STATEMENT

	Note	1st half 2020	1st half 2019
Net sales	7 and 16	3 592.6	4 002.8
Other income from operations		3.6	6.3
Operating expenses		-3 490.3	-3 626.1
Gains/losses on divestments		-21.3	7.3
Asset impairment	7	-10.1	-11.8
Other income and expense	7	-20.7	-7.2
Operating income	**7 and 17**	**53.8**	**371.3**
Income from cash and cash equivalents		4.9	1.1
Finance costs, gross		-133.2	-131.3
Finance costs, net	**7 and 18**	**-128.3**	**-130.2**
Other financial income and expense	7 and 19	-29.1	-3.2
Tax expense	7 and 20	-26.2	-111.9
Net income (loss) from equity-method investments	7 and 21	-62.2	-13.5
Net income before income from discontinued operations and operations held for sale		**-192.0**	**112.4**
Net income from discontinued operations and operations held for sale	15	-87.3	-13.9
Net income		**-279.3**	**98.6**
Net income – non-controlling interests		-75.6	116.7
Net income – Group share		**-203.7**	**-18.2**

	Note	1er semestre 2020	1st half 2019
Basic earnings per share	22	-4.65	-0.38
Diluted earnings per share	22	-4.65	-0.39
Basic earnings per share from continuing operations	22	-4.02	-0.36
Diluted earnings per share from continuing operations	22	-4.03	-0.37
Basic earnings per share from discontinued operations	22	-0.63	-0.02
Diluted earnings per share from discontinued operations	22	-0.63	-0.02

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the contribution of Tsebo to the first half 2019 net income has been reclassified to a single line in the income statement: "Net income from discontinued operations and operations held for sale." See Notes 3 "Changes in scope of consolidation" and 15 "Operations to be discontinued or sold."

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	1st half 2020 Gross amounts	1st half 2020 Tax effect	1st half 2020 Net Amounts	1st half 2019 Gross amounts	1st half 2019 Tax effect	1st half 2019 Net Amounts
Items recyclable in net income						
Currency translation reserves[1]	-162.0	-	-162.0	74.6	-	74.6
Gains and losses on derivatives qualifying as hedges[2]	-10.8	0.2	-10.6	-8.0	-1.1	-9.1
Earnings and losses on AFS securities	-	-	-	-	-	-
Transfer to income statement of income previously recorded as equity	5.5	-	5.5	-	-	-
Items non-recyclable in net income						
Gains and losses on financial assets through other comprehensive income(3)	-0.2	-	-0.2	56.4	-	56.4
Actuarial gains and losses	-1.1	-	-1.1	-16.6	4.4	-12.1
Income and expenses recognized directly in shareholders' equity (A)	**-168.6**	**0.2**	**-168.4**	**106.4**	**3.3**	**109.7**
Net income for the period (B)			-279.3			625.4
Total income and expenses recognized for the period (A)+(B)			**-447.7**			**735.2**
Attributable to:						
- Wendel shareholders			-266.5			473.0
- non-controlling interests			-181.2			262.1

(1) This item includes the contribution of Bureau Veritas for €123.9 million, of which €43.2 million in Group share.

(2) Of which a negative amount of €2.5 million related to the change in the fair value of cross currency swaps recorded by Wendel (see Note 6.5 "Managing currency risk – Wendel") and a negative amount of €7 million related to the change in value of investment hedging instruments.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Number of outstanding shares	Share capital	Share premiums	Treasury shares	Retained earnings & other	Cumulative translation adjustment	Group share	Non-controlling interests	Total shareholders' equity
Shareholders' equity as of December 31, 2018	**45 267 567**	**185.1**	**50.9**	**(355.8)**	**2 512.3**	**(232.2)**	**2 160.4**	**1 146.1**	**3 306.4**
Effects of the application of new IFRS 16 and IFRIC 23 standards and interpretations					(31.3)		(31.3)	(54.2)	(85.5)
Adjusted shareholders' equity as of January 1, 2019	**45 267 567**	**185.1**	**50.9**	**(355.8)**	**2 481.0**	**(232.2)**	**2 129.1**	**1 091.9**	**3 221.0**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	38.5	34.8	73.3	36.4	109.7
Net income for the period (B)					399.7		399.7	225.7	625.4
Total income and expenses recognized for the period (A)+(B)(1)		**-**	**-**	**-**	**438.2**	**34.8**	**473.0**	**262.1**	**735.1**
Dividends paid(2)					(123.7)		(123.7)	(175.0)	(298.7)
Movements in treasury shares	(1 541 214)	(6.6)		(190.3)			(196.8)		(196.8)
Capital increase							-		
exercise of stock options	20 950	0.1	(0.1)						-
company savings plan	26 055	0.1	2.4				2.5		2.5
Share-based payments					109.4		109.4	15.2	124.6
Changes in scope of consolidation					(14.0)	(0.7)	(14.6)	230.6	216.0
Other(3)					44.3		44.3	(32.4)	11.9
							-		
Shareholders' equity as of December 31, 2019	**43 773 358**	**178.7**	**53.3**	**(546.0)**	**2 935.3**	**(198.1)**	**2 423.1**	**1 392.5**	**3 815.6**
Adjusted shareholders' equity as of January 1, 2019	**43 773 358**	**178.7**	**53.3**	**(546.0)**	**2 935.3**	**(198.1)**	**2 423.1**	**1 392.5**	**3 815.6**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	(3.6)	(59.3)	(62.9)	(105.6)	(168.4)
Net income for the period (B)					(203.6)		(203.6)	(75.6)	(279.3)
Total income and expenses recognized for the period (A)+(B)(1)		**-**	**-**	**-**	**(207.2)**	**(59.3)**	**(266.5)**	**(181.2)**	**(447.7)**
Dividends paid(2)					-		-	(8.2)	(8.2)
Movements in treasury shares	11 031	-		(1.0)			(1.0)		(1.0)
Capital increase							-		
exercise of stock options	-	-	-						-
company savings plan	-	-	-				-		-
Share-based payments					15.6		15.6	8.3	24.0
Changes in scope of consolidation					0.2	-	0.2	5.2	5.4
Other(3)					18.3	(1.3)	17.0	11.1	28.1
							-		
Equity as of June 30, 2020	**43 784 389**	**178.7**	**53.3**	**(547.0)**	**2 762.2**	**(258.6)**	**2 188.6**	**1 227.8**	**3 416.3**

(1) See "Statement of comprehensive income."
(2) The 2019 dividend paid in 2020 was approved by the Shareholders' Meeting of July 2, 2020 (to be recorded in the accounts for the second half year – see Note 28 "Subsequent events"); it stands at €2.80 per share (as in 2019), i.e. a total of €122.6 million.
(3) Other variations include the impact of minority puts.

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

CONSOLIDATED CASH FLOW STATEMENT

	Note	1st half 2020	1st half 2019
Net result		-279.3	98.6
Share of net income/loss from equity-method investments		62.2	13.5
Net income from discontinued operations and operations held for sale		86.5	-16.6
Depreciation, amortization, provisions and other non-cash items		404.6	263.5
Expenses on investments and divestments		1.0	9.7
Cash flow from companies held for sale		-	
Gains/losses on divestments		14.9	-6.7
Financial income and expense		157.4	143.7
Income taxes (current and deferred)		26.2	112.8
Cash flow from consolidated companies before tax		**473.5**	**618.4**
Change in working capital requirement related to operating activities		56.0	-239.8
Changes in working capital requirements of discontinued operations or operations held for sale related to operating activities		0.8	
Net cash flows from operating activities, excluding tax	**7**	**530.3**	**378.6**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	23	-91.7	-124.6
Disposal of property, plant & equipment and intangible assets		6.2	6.3
Acquisition of equity investments	24	-	-59.2
Disposal of equity investments	24	205.7	49.5
Impact of changes in scope of consolidation and of operations held for sale		-26.5	10.6
Changes in other financial assets and liabilities and other	26	86.3	417.3
Dividends received from equity-method investments and unconsolidated companies	26	0.2	7.1
Change in working capital requirements related to investment activities		-29.0	-59.1
Net cash flows from investing activities, excluding tax	**7**	**151.1**	**248.0**
Capital increase		0.0	2.5
Contribution of non-controlling shareholders		2.2	1.0
Treasury share buybacks		-1.0	
- Wendel		-1.0	-194.2
- Subsidiaries		-0.0	2.5
Transaction with non-controlling interests			
Dividends paid by Wendel		0.0	-123.7
Dividends paid to non-controlling shareholders of subsidiaries		-8.2	-69.5
New borrowings	25	1 070.1	634.7
Repayment of borrowings	25	-561.0	-1 094.4
Net finance costs		-118.7	-122.4
Other financial income/expense	26	-2.0	-136.7
Change in WCR related to financing activities		2.8	8.4
Change in WCR from discontinued operations or operations held for sale related to financing activities		-	
Net cash flows from financing activities, excluding tax	**7**	**384.3**	**-1 091.7**
Current tax expense		-80.0	-116.5
Change in tax assets and liabilities (excl. deferred taxes)		-0.7	-16.6
Net cash flows related to taxes	**7**	**-80.7**	**-133.1**
Effect of currency fluctuations		-16.2	0.4
Reclassified cash and cash equivalents		-	
Cash flow from operations held for sale		-	
Net change in cash and cash equivalents		**968.7**	**-597.8**
Cash and cash equivalents at beginning of period		2 641.3	3 098.4
Cash and cash equivalents at the end of the period		**3 610.1**	**2 500.6**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the cash flows of companies sold are kept in each of the cash flow categories until these companies are reclassified to "Discontinued operations and operations held for sale." Cash as of the sale date was reclassified to "Impact of changes in scope of consolidation and of operations held for sale."

The Tsebo group was reclassified as "Discontinued operations and operations held for sale" on January 1, 2020 (see Note 3 "Changes in scope of consolidation"), it therefore does not contribute to the flows recorded over the period and any available cash resources were reclassified at the start of the period under "Impact of changes in scope of consolidation and to operations held for sale."

GENERAL PRINCIPLES

Wendel is a European company with a Management Board and a Supervisory Board, governed by prevailing European and French laws and regulations. The Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés*) under 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.

As of June 30, 2020, the Wendel group primarily comprised:

- fully consolidated operating companies: Bureau Veritas (35.8% net of treasury shares), Cromology (100%), Stahl (67.5%), Constantia Flexibles (60.8%) and CPI (96%);
- the Tsebo group reclassified under IFRS 5 (see Note 3 "Changes in scope of consolidation");
- an operating company accounted for by the equity method: IHS (21.4%);
- Wendel and its fully consolidated holding companies.

The Wendel group condensed consolidated half-year financial statements cover the six-month period from January 1 to June 30, 2020 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.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies (excluding those classified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"). However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities.
Aggregate accounting data for each fully consolidated subsidiary are presented in Note 7 "Segment information," which shows the contribution of each subsidiary to the income statement, balance sheet and cash flow statement. Aggregate accounting data for equity-method investments are set out in Note 9 "Equity-method investments." An analysis of the Group's overall performance by business activity is provided in Note 7 "Segment information," which details recurring net income by business activity and non-recurring net income. In addition, there is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel or its holding companies (see Note 6.2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in Note 6.2 "Managing liquidity risk."

These condensed consolidated half-year financial statements were adopted by Wendel's Management Board on July 27, 2020.

APPENDED NOTES

NOTE 1. ACCOUNTING PRINCIPLES

These interim condensed consolidated financial statements for the six months to June 30, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting." These financial statements should be read in conjunction with the financial statements for the 2019 fiscal year included in the Universal Registration Document filed with the AMF on April 16, 2020.

They have been prepared using the same accounting methods as those used for the 2019 year-end consolidated financial statements , with the exception of the new amendments to IFRS 3 "Definition of a business," to IFRS 9, IAS 39, IFRS 7 "Interest rate benchmark reform" and to IAS 1 and IAS 8 "Definition of material" which came into force on January 1, 2020 and have had no material impact on the condensed half-year consolidated financial statements.

As at June 30, 2020, the new standards, amendments or mandatory IFRIC interpretations for periods starting from July 1, 2021 have not been early applied as of June 30, 2020.
Especially, the amendment to IFRS 16 "Covid-19-related rent concessions" published by the IASB on May 28, 2020 but not yet adopted by the European Union, has not been applied in advance.

The accounting principles are available from the European Commission's website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/ acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Note 1 - 1. 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 assumptions 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 established on the basis of the past experience of the management of the Group or its subsidiaries and various other factors deemed reasonable (such as market data or the work of an independent appraiser, etc.) and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts.

Estimates and assessments made in order to prepare these financial statements concern in particular, for the most significant elements, goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of purchase commitments of non-controlling interests, and the treatment of co-investments.

NOTE 2. EFFECTS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS AS AT JUNE 30, 2020

Faced with the public health crisis which the world has been dealing with for several months now, Wendel and its operating subsidiaries have implemented action plans to protect the health and safety of their employees, their families and their service providers, to ensure all essential operations continue without interruption, to limit the financial impact and to preserve financial liquidity.

Voluntary measures have been adopted to protect employees by introducing remote working for all employees of Wendel SE and its offices outside of France, along with measures for the exceptional monitoring of outstanding amounts due in order to provide financial support to suppliers.

Certain operating subsidiaries such as Bureau Veritas have, moreover, put a worldwide austerity plan in place, including proactive adjustments to their cost structure. The decision has also been made to suspend all non-essential investments.

The Covid-19 health crisis is having a significant impact on the business activities of the Wendel group's operating subsidiaries. It has in fact been necessary to adapt working practices, including temporary site closures and the use of partial unemployment measures. These actions take the form both of a reduction in the level of business across most production sectors and of additional costs to combat and react to the pandemic (safety costs, crisis teams to ensure continuity of businesses and projects, etc.).

The additional costs generated by the pandemic have mainly been recorded in the income statement in the line item cost of sales. Cost of sales also includes any government aid received, excluding tax credits which are recorded in the accounts in accordance with the principles of IAS 20 "Accounting for government grants and disclosure of government assistance" and any insurance payouts received.

Moreover, for Wendel's operating subsidiaries, the effects of the pandemic, in particular the lack of efficiency generated, are spread across the income statement as a whole and have not been isolated as there is no reliable way in which to do this.

The noticeable drop in global business linked to the Covid-19 crisis constitutes one indication of loss of value, which has lead the Group to run impairment tests on its Cash Generating Units. These analyses led to total impairment of €103 million being recorded at the end of June 2020. (see Note 8.1 "Goodwill impairment tests").

The operational difficulties encountered by operating subsidiaries have also had a noticeable impact on the liquidity situation of certain operating subsidiaries. The liquidity situation with regard to Wendel and its operating subsidiaries is set out in Note 6.2. "Managing liquidity risk."

Due to the consequences of this crisis, the operating subsidiaries have even had cause to reconsider their forecast losses on customer receivables. In a large number of cases, this exercise has required the use of judgment calls given the current climate of uncertainty. However, this revision of losses on receivables has not led to any material impact on the operating subsidiaries' financial statements.

As of the date of the finalization of the financial statements, the Covid-19 crisis has not had any other known material impact on the financial statements.

NOTE 3. CHANGES IN SCOPE OF CONSOLIDATION

The scope of consolidation of the Wendel group is presented under "General principles."

Note 3 - 1. Sale of Wendel's residual investment in Allied Universal

Wendel sold 79% of its investment in Allied Universal on December 13, 2019. In this context, Wendel lost its significant influence over this group and its residual investment was re-categorized as a financial asset recorded at fair value in the accounts (the variations in which are recorded under other items within the consolidated statement of comprehensive income). This fair value was based on the December 2019 sale price. In accordance with IFRS accounting standards, this transaction had led to the recording of an accounting capital gain which covered the entire investment, including the residual part not yet sold.

On April 29, 2020, Wendel sold its residual stake in Allied Universal for $203.2 million, corresponding to the implicit valuation of the December 2019 transaction. This valuation having been accepted as the fair value of the residual stake as at the end of 2019, the divestment completed in April 2020 has no impact on the other aspects of Wendel's comprehensive income statement, but on cash flow only.

Note 3 - 2. Reclassification of the Tsebo group as a business held for sale

Tsebo and its shareholders began discussions with the company's creditors in order to find a solution to its problems in terms of the financial structure that would allow it to go about its business as usual, particularly after the Covid-19 pandemic. These restructuring efforts will most probably mean that Wendel will lose most of its investments in the share capital of this company. In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Tsebo group has been reclassified as "Net income from discontinued operations or operations held for sale" as of January 1, 2020. In addition, Tsebo's net assets in Wendel's consolidated financial statements have been reduced to zero via the recording of a €73.2 million impairment in the accounts (of which €18.5 million of Group share). As of the moment of the scope out of the portfolio, any cumulative translation adjustments will be recycled by result for an estimated amount of -€15 million. Please note that the Tsebo group's lenders have no means of recourse against Wendel. Moreover, a provision had been recorded in late 2019 for the guarantee relating to the financing of Tsebo's investor B-BBEE (see Note 27.7 "Other agreements entered into by the Wendel group in connection with its financing or acquisition or disposal transactions"). This provision has been maintained in the financial statements at the end of June 2020.

Note 3 - 3. Provisional allocation of the acquisition price to the Crisis Prevention Institute (CPI)

On December 23, 2019 Wendel completed the acquisition of the Crisis Prevention Institute ("CPI") for an enterprise value of $910 million. In the context of this transaction, Wendel invested approximately $572 million of its own equity. The Group therefore holds 96.34% of the company's share capital, alongside CPI management and other minority shareholders. Since this date, the Wendel group has therefore been exercising exclusive control over this company and has proceeded with its full consolidation.

As at June 30, 2020, the CPI purchase price was provisionally allocated as follows:

Brands:	$137.8 million, non-amortizable
Customer relationships:	$207.2 million amortized over 10 years
Training content:	$124.1 million amortized over 20 years
Deferred taxes relating to these restatements:	-$104.8 million
Goodwill:	$531.4 million
Net indebtedness:	-$332.6 million
Fixed assets:	$11.2 million
Other:	$16.7 million
Purchase price of the acquired shares:	$591.0 million

As of December 31, 2019, the full price has been recognized as goodwill and has been reclassified as of June 30 2020, following its allocation. In accordance with IFRS standards, this allocation is temporary and shall be completed within 12 months of the acquisition.

Note 3 - 4. Principal changes in scope of consolidation of subsidiaries and associates

In the first half of 2020, Constantia Flexibles acquired the remaining 15% of the Creative Polypack group for which it had recognized a put at end December 2019. This investment represents a value of €7 million.

NOTE 4. RELATED PARTIES

The Wendel group's related parties are:
- IHS, consolidated under the equity-method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

In July 2020 (post-closing), the Group paid a dividend of €2.80 per share, i.e. €48.8 million, to Wendel-Participations.
There were no other significant changes during the period in transactions with related parties as detailed in Note 3 "Related parties" to the 2019 consolidated financial statements.

NOTE 5. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

No material changes were recorded over the period in comparison with the description of the mechanisms for the participation of management teams in the Group's investments presented in Note 4 "Participation of management teams in the Group's investments" of the 2019 consolidated financial statements, other than as set out below in relation to the 2013-2017 co-investment plan for Wendel teams.

In April 2020, Wendel sold the remaining part of its stake in Allied Universal for $203.2 million, subject to any price adjustments. This sale, taken together with the partial sale completed in December 2019 (see Note 3 "Changes in scope of consolidation"), generated total liquidity triggering the following consequences (subject to any price adjustments applicable to the two sales):
- regarding the pooled portion of the co-investment in Allied Universal:
  - for the pari passu portion, the co-investors (including Mr. David Darmon, member of the Management Board), will receive in the course of 2020 the reimbursement of their contributions and their share of capital gains in proportion to their stake in the capital, and
  - for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and for all investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors;
- Regarding the deal-by-deal portion *of* the co-investment in Allied Universal, the disposals having made it possible to achieve the minimum expected return, the co-investors should receive approximately €14.1 million, €1.8 million of which will be for Mr. David Darmon.

In accordance with the Group's accounting principles (see Note 1.5 "Commitments to buy non-controlling interests of consolidated considerations" of the 2019 consolidated accounts), the financial liabilities were recorded in the accounts in 2019 as amounts due to the co-investor managers. The impact of these co-investments had been recorded in the accounts as capital losses recorded in 2019 on this investment.

In additional, financial liabilities were recorded in the first half of 2020 on the basis of the co-investment made by Wendel managers in IHS, in accordance with the Group's accounting principles. This liability is recognized in view of the first liquidity under this program due in March 2021 if no other liquidity event occurs before this date. This liability has been recognized in the financial statements as consideration for the income statement.

Finally, and again in accordance with the Group's accounting principles, the financial liabilities were recorded in the consolidated financial statements as of June 30, 2020 pursuant to the co-investment commitments granted to the co-investors managers having left the Group.
The impact of the co-investment of the Wendel management team that was recognized in the first half result is €17.9 million. In addition, an amount of €14.5 million has been paid.

NOTE 6. MANAGING FINANCIAL RISKS

The management of financial risks (equity, liquidity, interest-rate, credit, currency and raw materials risks) is presented in Note 5 to the 2019 consolidated financial statements. The principal financial risks as of June 30, 2020 are described in the following notes:

Note 6 - 1. Equity market risk

As of June 30, 2020, equity market risk relates chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see impairment tests in Note 8 "Goodwill");
- investments by Wendel Lab, whose total value was €61 million at the June 30, 2020. They are recognized at fair value, with changes recognized through profit or loss; a +/-5% variation in their value would therefore result in an impact of approximately +/-€3 million in net financial expense;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin less net debt. As of June 30, 2020, the total of these financial liabilities was €247.6 million, including the minority put granted by Stahl on BASF's interest in that company (see Note 11 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's 2019 annual financial report), i.e. the application of peer multiples to the operating margin of the relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by around €8 million. This fluctuation would be recognized mostly as other items on the comprehensive income statement;
- other Group investments also granted minority puts (see Note 11 "Financial assets and liabilities");
- the Wendel syndicated loan covenants, which are based on ratios of net financial debt to the value of assets, are described in Note 5 – 2.4 "Financing agreements and covenants of Wendel and its holding companies" of the 2019 consolidated financial statements. At the end of June 2020, this facility was not drawn and Wendel was in compliance with these 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 and bank financing, which Wendel may seek to access. This indicator is also tracked by the Moody's and Standard & Poor's rating agencies, which

Wendel has retained to rate its financial structure and bonds. Since the second half of the 2018 fiscal year, this ratio has been low, thereby enabling the Group to once again think about making new material investments and cope with the crisis generated by Covid-19, while at the same time maintaining a solid financial structure.

Note 6 - 2. Managing liquidity risk

Note 6 - 2.1 Liquidity risk of Wendel and the holding companies

Wendel needs cash to make investments, service debt and pay operating expenses, share buybacks and dividends. These needs are covered by cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

Cash position and short-term financial investments

As of June 30, 2020, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,293 million and consisted mainly of €487.5 million in euro money market funds, €258.2 in financial institution funds and €547.3 million in bank accounts and deposits denominated mainly in euros.

Debt situation

At June 30, 2020, gross debt (excluding operating subsidiaries) consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027 and the average maturity is 5 years.
Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of June 30, 2020. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.
Moreover, in the context of currency risk management (see Note 6.5 "Managing currency risk"), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).
At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

Note 6 - 2.2 Liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.
The financial debts of the operating subsidiaries are without recourse to Wendel. Thus, the liquidity risk of these subsidiaries only affects Wendel when Wendel decides or accepts it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if it decided 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 the context of the economic crisis triggered by Covid-19, Wendel and its operating subsidiaries have examined their liquidity position and any constraints connected to their financial covenants. As of the date of the finalization of the 2020 half-year financial statements, Wendel does not expect to re-invest any significant amounts in its subsidiaries to provide them with financial support.
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. Bureau Veritas has therefore not paid a dividend in 2020, given the crisis caused by Covid-19. Similarly, changes in the economic and financial position of investments has an impact on their value; however, this value is taken into account in calculating Wendel's financial leverage (see Note 6.5 "Equity market risk").

Note 6 - 2.3 Wendel's liquidity outlook

Wendel's next significant financial deadline is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its €750 million fully-undrawn syndicated credit line.

Note 6 - 2.4 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of June 30, 2020, Bureau Veritas' gross financial debt amounted to €3,731 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €2,120.5 million.

In April 2020, Bureau Veritas completed the drawdown of its entire €600 million syndicated loan facility. The Group also agreed a €500 million additional liquidity facility maturing at one year six-month extension option. This new facility therefore strengthens its liquidity position, coming in addition to the €600 million syndicated loan facility maturing in May 2025. Finally, as a precaution against a worsening of the pandemic, Bureau Veritas obtained exceptional consent from its banks and holders of private placements in the US (USPP) for the relaxation of its financial ratios as at June 30, 2020, December 31, 2020, and June 30, 2021 (adjusted net financial debt/EBITDA ratio of 4.5, 6.25 and 5.5 compared with 3.25 and, with effect in relation to the USPP only, to the respective EBITDA/net financial charges of 5.5 (unchanged), 2 and 3 compared with 5.5 previously). As at June 30, 2020, the adjusted net financial debt/EBITDA ratio was 2.00 and the EBITDA/net financial charges was 8.71.

Bureau Veritas has a solid financial structure with no maturity requiring refinancing before 2023. As at June 30, 2020, Bureau Veritas had cash and available cash equivalents of €2.1 billion plus a €500 million confirmed, but unused, credit facility.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As at June 30, 2020, the nominal amount of Constantia Flexibles' gross financial debt was €571.4 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €142 million (plus deposits pledged as collateral in the amount of €58.5 million). Constantia Flexibles also has a €125 million revolving credit facility which is undrawn and available. In addition, Constantia Flexibles was granted a loan by the Austrian government (under market conditions) worth €47 million, maturing in March 2022.

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of June 30, 2020, with a ratio of 2.0.

The effects of the Covid-19 crisis have not had any significant impact on Constantia Flexibles's financial solidity.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

At the end of June 2020, Cromology's bank debt was €256 million (including accrued interest and excluding spreads, shareholder loans and financial liabilities related to the application of IFRS 16). Its cash balance was €139.9 million. In the context of the Covid-19 crisis, Cromology has drawn almost all of its revolving credit facility for €58 million.

Cromology's financial covenants have been suspended until the first quarter of 2022. Then, the sole covenant ratio to be tested, the net debt-to-EBITDA ratio (banking definition), must remain below 7. The net debt-to-EBITDA ratio (banking definition) was 2.59 on June 30, 2020.

Despite the highly significant impact of the lockdown measures imposed by governments in the countries in which Cromology does business, the financial structure of this group remains solid.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt and payment of dividends are prohibited, restricted or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

As of June 30, 2020, Stahl's gross bank debt was €484.7 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €159.2 million. In the context of the Covid-19 crisis, Stahl has drawn all its revolving credit facility for €27 million.

The ratio of consolidated net debt to LTM EBITDA must be less than or equal to 3.5. This covenant was met at the end of June 2020, with a ratio of 2.1.

Despite the negative impacts of the Covid-19 crisis on Stahl's business, this operating subsidiary does not anticipate any liquidity problems in the next 12 months.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. 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 lenders.

5. CPI's financial debt

This debt is without recourse to Wendel.

As of June 30, 2020, the nominal amount of CPI's gross bank debt was $353.6 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $16.5 million. In the context of the Covid-19 crisis, CPI has drawn all of its revolving credit facility for $30 million.

As of June 30, 2020, the recurring ratio of net financial debt to EBITDA over the last 12 months (defined in accordance with the bank contract) must be less than 11.75 (the maximum limit is progressively reduced until December 8, 2025). The test is quarterly. This ratio reached 10 at the end of June 2020. The covenant was thus met as of that date.

Given the noticeable reduction in activity linked to Covid-19, the financial leverage should increase over the coming months. This increase in the financial leverage could then lead to CPI breaching its financial covenants. In this case, CPI could ask its lenders to relax the financial covenants over the coming quarters.

The documentation related to CPI's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, dissolutions, 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 lenders.

6. Tsebo's financial debt

This debt is without recourse to Wendel.

Tsebo was reclassified as an operation held for sale, see Note 3 "Changes in scope of consolidation."

Note 6 - 3. Managing interest rate risk

As of June 30, 2020, 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	4.7		2.3
Cash and short-term financial investments	-0.3		-3.6
Impact of derivatives	0.2	0.5	-0.6
Interest-rate exposure	**4.6**	**0.5**	**-2.0**
	150%	*15%*	*-64%*

The notional amount of derivative instruments was weighted by the portion of the 12 months following June 30, 2020 during which they will hedge interest rate risk.

A variation of +100 basis points in the interest rates on which the consolidated Group's interest rate exposure is indexed (excluding operations held for sale) would have a positive impact of approximately €16 million on the financial income/expense before tax in the 12 months following June 30, 2020 (assumptions: net debt as of June 30, 2020, interest rates recorded on that date and taking into account the maturities of the derivative instruments hedging the interest rate risk). This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

Note 6 - 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 sector diversification, there was no significant concentration of credit risk in trade receivables. The Covid-19 crisis has had no significant impact on a Group scale on the impairment of customer receivables recognized at June 30, 2020 (in particular on the level of the anticipated losses of credit).

The cash and financial investments of Wendel SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of June 30, 2020, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 6 - 5. Managing currency risk

Note 6 - 5.1 Wendel

Certain Group investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI and IHS. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in Eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the Eurodollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. As a result, changes in fair value related to changes in the Eurodollar exchange rate are recognized in equity (negative impact of €2.5 million in the first half of 2020). A 5% increase in the value of the US dollar against the euro would have a negative impact of €40 million in equity in respect of cross-currency swaps. The impact of the interest rate differential between the euro and the dollar on the fair value of these instruments is recognized in financial income, as are the coupons of these foreign exchange hedges.

Note 6 - 5.2 Bureau Veritas

Due to the international nature of its activities, Bureau Veritas is exposed to currency risk arising from the use of several foreign currencies even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

Currency risk from operations

For Bureau Veritas activities in local markets, costs and revenues are mainly expressed in local currency. For activities of this group related to global markets, a portion of revenue is denominated in US dollars. The share of US dollar-denominated consolidated revenue in the first half of 2020 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 8%. Accordingly, a 1% change in the value of the US dollar against all currencies would have an impact of 0.08% on Bureau Veritas' consolidated revenue.

Note 6 - 5.3 Constantia Flexibles

In the first half of 2020, 33% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 10% in US dollars. A +/-5% change in the value of the US dollar or the currencies correlated to it against the euro would have had an impact of around +/-1.2% on Constantia Flexibles' EBITDA for the period (excluding goodwill allocation and non-recurring expenses), or less than +/-€1 million.

Note 6 - 5.4 Stahl

In the first half of 2020, 57% of Stahl's revenue was generated in currencies other than the euro, including 35% in US dollars, 12% in Chinese yuan, 4% in Indian rupees and 3% in Brazilian reals. A +/-5% change in the value of the US dollar or the currencies correlated to it against the Euro would have had an impact of around +/-5% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), corresponding to €10 million.

In addition, Stahl has financial debt of €484 million, the majority of which is denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/-€23 million in net finance income/expenses.

Note 6 - 5.5 CPI

CPI operates chiefly in the United States and its financial statements are presented in US dollars. In the first half of 2020, 19% of CPI's revenue was generated in currencies other than the US dollar, including 9% in Canadian dollars, 7% in sterling and 2% in Australian dollars. A +/-5% change in the value of these currencies against the US dollar would have had an impact of around +/-5% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), i.e. an impact of +/-€0.1 million. In addition, a change of this kind in the value of the dollar against the euro would have an impact in the order of +/-0.3 € million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated accounts.

Note 6 - 6. Managing raw material price risk

The main Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

In 2020, at Cromology, purchases of raw materials and packaging were subject to tighter management. After several years of steep rises, raw materials prices have entered a stable period especially for TiO_2. Cromology is constantly working to optimize its purchases by listing new suppliers and raw materials. One of the key skills of Cromology's Research & Development department lies in the continuous reformulation of the product portfolio to adapt to changes in raw materials while optimizing and improving the added value of paints.

Stahl's purchases of raw materials amounted to approximately €142 million in the first half of 2020. A 10% increase in the price of the raw materials used by Stahl would have resulted in a theoretical increase in the cost of these raw materials of around €14 million over 6 months. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles' raw material purchases represented approximately €395 million in the first half of 2020. A 10% increase in the price of the raw materials used by Constantia Flexibles would have resulted in a theoretical increase in the cost of these raw materials of approximately €40 million over 6 months. Constantia Flexibles has a risk hedging policy against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 7. SEGMENT INFORMATION

The analysis of the income statement by business sector is split between net income from operations, non-recurring items and effects related to goodwill.

A description of each of these items is presented in Note 6 “Segment information” of the 2019 consolidated financial statements.

Note 7 - 1. Income statement by operating segment for the first half of 2020

							Equity associates		
In thousands of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Wendel & holding companies	Total Group
Net income from operations									
Net sales	**2 200.5**	**761.4**	**290.2**	**316.8**	**-**	**23.7**			**3 592.6**
EBITDA	**N/A**	**97.1**	**40.4**	**67.5**	**-**	**6.4**			
Adjusted operating income (1)	**215.8**	**41.2**	**15.0**	**53.7**	**-0.9**	**1.1**			**326.0**
Other recurring operating items		1.0	0.6	0.8	0.5	0.2			
Operating income	**215.8**	**42.2**	**15.6**	**54.5**	**-0.5**	**1.3**		**-30.4**	**298.6**
Finance costs, net	-58.5	-8.1	-60.7	-10.3	-	-13.3		-18.0	**-168.8**
Other financial income and expense	-7.6	-0.8	51.0	4.2	-0.3	-0.4		-9.0	**37.1**
Tax expense	-56.7	-6.1	-1.3	-12.3	-	4.7		-0.4	**-72.2**
Share in net income of equity-method investments	0.0	0.0	-0.2	-	-	-	-3.4	-	**-3.7**
Net income from discontinued operations and operations held for sale	-	-	-	-0.8	-6.9	-		-	**-7.6**
Recurring net income from operations	**93.0**	**27.3**	**4.5**	**35.3**	**-7.6**	**-7.6**	**-3.4**	**-57.9**	**83.4**
Recurring net income from operations – non-controlling interests	61.7	10.1	0.2	11.6	-5.5	-0.3	-0.0	0.0	**77.7**
Recurring net income from operations – Group share	**31.3**	**17.2**	**4.3**	**23.7**	**-2.1**	**-7.3**	**-3.4**	**-57.9**	**5.6**
Non-recurring income									
Operating income	-156.2	-38.0	-1.6	-11.9	-	-15.5		-23.2 (7)	**-246.4**
Net financial expense	-	-2.7	-	-3.4	-	-		-19.2 (2)	**-25.2**
Tax expense	32.5	6.4	0.1	4.0	-	3.3		-	**46.2**
Share in net income of equity-method investments	-	-0.1	-	-	-	-	-58.5 (6)	-	**-58.6**
Net income from discontinued operations and operations held for sale	-	-	-	-	-73.5	-		-5.2	**-78.7**
Non-recurring net income	**-123.7**	**-34.4**	**-1.5**	**-11.4**	**-73.5**	**-12.2**	**-58.5**	**-47.5**	**-362.7**
of which:									
- Non-recurring items	-24.4 (5)	-9.3	-1.4	-3.6	-	-0.4	-56.3	-47.5	**-142.7**
- Impact of goodwill allocation	-82.9 (4)	-14.9	-0.1	-7.8	-	-11.9		-	**-117.6**
- Asset impairment	-16.5 (3)	-10.1	-	-	-73.5	-	-2.2	-	**-102.4**
Non-recurring net income – non-controlling interests	-80.2	-13.5	-0.1	-3.9	-54.8	-0.5	-0.3	-0.1	**-153.3**
Non-recurring net income – Group share	**-43.5**	**-20.9**	**-1.4**	**-7.5**	**-18.7**	**-11.7**	**-58.2**	**-47.6**	**-209.6**
Consolidated net income	**-30.8**	**-7.1**	**3.0**	**23.9**	**-81.1**	**-19.9**	**-61.9**	**-105.4**	**-279.3**
Consolidated net income – non-controlling interests	-18.6	-3.4	0.1	7.7	-60.3	-0.8	-0.3	-0.1	-75.6
Consolidated net income – Group share	**-12.2**	**-3.7**	**2.8**	**16.2**	**-20.8**	**-19.1**	**-61.6**	**-105.3**	**-203.7**

(1) Before the impact of goodwill allocation, non-recurring items, and management fees and after application of IFRS 16. For Cromology and Constantia Flexibles, direct costs linked to Covid-19 pandemic are excluded from the EBITDA presented above and monitored by management. However, these costs which amount to -€0.6 million for Cromology and -€3.6 million for Constantia Flexibles, remain included in the recurrent operating income presented above.

(2) This figure includes any changes in the fair value linked to foreign exchange hedges (the ineffective portion of the hedge).

(3) Including -€22 million of scrapping of tangible and intangible assets and the impact of the revision of depreciation periods (see Note 8.1 "Goodwill impairment tests").

(4) Including -€71 million of excess of depreciation of intangible assets. (see Note 8.1 "Goodwill impairment tests").

(5) Including -€21 million for the impact of the restructuring at Bureau Veritas.

(6) This amount corresponds to -€45.7 million of foreign exchange expenses linked to HIS funding in U.S. dollar of subsidiaries for which functional money is Nigerian Naira.

(7) Including -€17.9 million linked to the recognition of commitments as part of Wendel’s managers co-investment mechanism (See Note 5 ”Participation of managers in Group investments”).

Note 7 - 2. Income statement by operating segment for the first half of 2019

In thousands of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Equity associates: IHS	Equity associates: Allied Universal	Wendel & holding companies	Total Group
Net income from operations									
Net sales	**2 476.6**	**760.9**	**348.6**	**416.6**					**4 002.7**
EBITDA (1)	**N/A**	**93.9**	**37.5**	**95.5**					
Adjusted operating income (1)	**380.5**	**42.9**	**12.9**	**81.9**					**518.2**
Other recurring operating items		1.0	0.7	0.8					
Operating income	**380.5**	**43.9**	**13.6**	**82.7**				**-31.6**	**489.1**
Finance costs, net	-50.3	-9.8	35.8	-13.7				-43.8	**-81.8**
Other financial income and expense	-7.2	-0.8	-50.9	0.3				7.2 (2)	**-51.5**
Tax expense	-100.8	-9.4	-12.8	-17.5				-0.3	**-140.7**
Share in net income of equity-method investments	0.5	-	0.2	-		19.3	20.4	-	**40.4**
Net income from discontinued operations and operations held for sale	-	-	-	-0.4	-2.7		-	-	**-3.1**
Recurring net income from operations	**222.8**	**23.8**	**-14.2**	**51.4**	**-2.7**	**19.3**	**20.4**	**-68.5**	**252.2**
Recurring net income from operations – non-controlling interests	148.9	8.9	-1.2	16.5	-2.1	0.1	0.1	-	**171.3**
Recurring net income from operations – Group share	**73.9**	**14.9**	**-13.0**	**34.8**	**-0.7**	**19.2**	**20.3**	**-68.5**	**81.0**
Non-recurring income									
Operating income	-49.3	-38.6	-10.2	-19.3	-			-0.4	**-117.7**
Net financial expense	-	14.5	-45.2	-12.8	-			43.4 (3)	**-0.1**
Tax expense	11.5	6.9	2.3	8.1	-			-	**28.8**
Share in net income of equity-method investments	-	-	-	-	-	-4.6	-49.2	-	**-53.8**
Net income from discontinued operations and operations held for sale	-	2.5	-	-	-27.8		7.0	7.4	**-10.9**
Non-recurring net income	**-37.7**	**-14.8**	**-53.1**	**-24.0**	**-27.8**	**-4.6**	**-42.2**	**50.4**	**-153.7**
of which:									
- Non-recurring items	-8.8	12.0	-52.9	-14.3	-2.8	-4.6	-14.1	50.4	**-35.2**
- Impact of goodwill allocation	-28.9	-15.0	-0.1	-9.7	-3.2		-28.0	-	**-85.0**
- Asset impairment	-	-11.8	-	-	-21.7	-		-	**-33.5**
Non-recurring net income – non-controlling interests	-25.2	-7.9	-5.5	-7.7	-9.8	-	-0.3	1.8	**-54.6**
Non-recurring net income – Group share	**-12.5**	**-6.9**	**-47.6**	**-16.3**	**-18.0**	**-4.6**	**-41.9**	**48.6**	**-99.1**
Consolidated net income	**185.0**	**9.1**	**-67.3**	**27.4**	**-30.5**	**14.7**	**-21.7**	**-18.1**	**98.6**
Consolidated net income – non-controlling interests	123.7	1.0	-6.6	8.8	-11.9	0.1	-0.2	1.8	116.7
Consolidated net income – Group share	**61.4**	**8.0**	**-60.6**	**18.5**	**-18.6**	**14.6**	**-21.5**	**-20.0**	**-18.2**

(1) Before the impact of goodwill allocation, non-recurring items and management fee and after application of IFRS 16.

(2) Including €4.1 million corresponding to dividends received from Saint-Gobain.

(3) This item included the impact of the unwinding of Materis' co-investment, a loss of €19.8 million related to the early buy-out of 2020 and 2021 bonds, a negative €10.7 million change in fair value of the cross-currency swap (inefficient part of the hedge) and €50.6 million in intercompany interest income with Cromology.

Note 7 - 3. Balance sheet by operating segment as of June 30, 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Wendel & holding companies	Total Group
Goodwill, net	2 381.1	468.0	176.9	129.1	-	474.6	-	-	3 629.8
Intangible assets, net	676.8	435.9	170.5	239.4	-	407.5	-	-	1 930.2
Property, plant & equipment, net	390.6	584.6	62.0	129.7	-	3.5	-	11.8	1 182.1
Property, plant and equipment under operating leases	356.4	29.7	98.9	14.8	-	4.3	-	3.2	507.3
Non-current financial assets	111.1	68.5	8.1	2.7	-	0.2	-	62.7	253.2
Pledged cash and cash equivalents	-	-	-	-	-	-	-	0.5	0.5
Equity-method investments	0.9	0.2	1.3	-	-	-	232.8	-	235.1
Deferred tax assets	156.6	20.6	34.4	20.5	-	0.0	-	0.4	232.6
Non-current assets	**4 073.5**	**1 607.5**	**552.2**	**536.3**	**-**	**890.1**	**232.8**	**78.6**	**7 970.8**
Assets and operations held for sale	**0.0**	**-**	**-**	**7.2**	**207.1**	**-**	**-**		**214.3**
Inventories and work-in-progress	36.9	242.9	69.0	113.0	-	1.0	-	-	462.9
Trade receivables	1 079.9	158.7	120.3	115.1	-	4.0	-	0.1	1 478.1
Contract assets (net)	242.4	-	-	-	-	-	-	-	242.4
Other current assets	223.4	31.8	52.9	15.9	-	2.2	-	6.2	332.5
Current income tax assets	45.4	16.6	-	2.8	-	5.4	-	0.2	70.4
Other current financial assets	21.1	3.2	-	0.2	-	-	-	259.9	284.4
Cash and cash equivalents	2 120.5	142.0	139.9	159.2	-	14.7	-	1 033.2	3 609.6
Current assets	**3 769.7**	**595.2**	**382.2**	**406.1**	**-**	**27.3**	**-**	**1 299.7**	**6 480.3**
Total assets									**14 665.5**
Shareholders' equity – Group share									2 188.6
Non-controlling interests									1 227.8
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 194.1**	**3 416.3**
Provisions	286.8	68.9	48.7	29.8	-	-	-	41.6	475.9
Financial debt	2 967.8	542.8	188.8	363.5	-	280.8	-	1 596.4	5 940.0
Operating lease liabilities	310.8	25.7	77.3	14.5	-	3.5	-	3.3	435.1
Other non-current financial liabilities	104.4	13.1	-	93.7	-	12.5	-	189.9	413.6
Deferred tax liabilities	147.7	133.1	54.0	27.2	-	86.1	-	0.1	448.2
Total non-current liabilities	**3 817.5**	**783.6**	**368.8**	**528.7**	**-**	**383.0**	**-**	**1 831.2**	**7 712.8**
Liabilities held for sale	**-**	**-**	**-**	**-**	**199.2**	**-**	**-**	**-**	**199.2**
Provisions	-	1.8	2.3	0.1	-	0.2	-	4.9	9.3
Financial debt	763.2	27.6	61.2	116.0	-	28.9	-	26.6	1 023.6
Operating lease liabilities	94.0	6.4	24.3	2.1	-	0.9	-	-	127.8
Other current financial liabilities	75.0	10.9	-	3.5	-	-	-	23.5	112.9
Trade payables	417.9	261.3	102.2	55.6	-	1.1	-	4.4	842.5
Contractual liabilities (net)	16.0	6.6	-	-	-	-	-	-	22.6
Autres passifs courants	263.8	7.1	19.7	28.8	-	8.2	-	2.0	329.6
Dettes sociales et fiscales (courant)	564.9	57.5	70.7	1.9	-	0.5	-	18.6	714.2
Other current liabilities	844.7	71.2	90.4	30.7	-	8.8	-	20.9	1 066.6
Current income tax assets	136.9	13.7	(1.9)	5.4	-	-	-	0.4	154.5
Total current liabilities	**2 331.7**	**393.0**	**278.5**	**213.6**	**(0.0)**	**40.0**	**-**	**80.6**	**3 337.2**
Total equity and liabilities									**14 665.5**

Note 7 - 4. Balance sheet by operating segment as of December 31, 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Wendel & holding companies	Total Group
Goodwill, net	2 447.1	472.7	168.9	130.2	95.7	797.5	-	-	4 112.0
Intangible assets, net	808.6	457.6	179.9	250.2	70.6	2.0	-	-	1 769.0
Property, plant & equipment, net	444.9	614.9	65.3	136.3	13.6	3.5	-	12.8	1 291.3
Property, plant and equipment under operating lea	369.0	32.6	102.6	15.9	5.8	4.5	-	6.4	536.9
Non-current financial assets	117.4	67.0	7.7	2.7	1.9	0.2	-	283.6	480.4
Pledged cash and cash equivalents	-	-	-	-	-	-	-	16.6	16.6
Equity-method investments	0.9	0.3	1.5	-	2.0	-	289.4	-	294.0
Deferred tax assets	132.1	21.1	35.3	21.0	3.8	3.4	-	0.4	217.2
Non-current assets	**4 319.9**	**1 666.2**	**561.3**	**556.4**	**193.4**	**811.0**	**289.4**	**319.8**	**8 717.5**
Assets and operations held for sale	**-**	**-**	**-**	**7.3**	**48.0**	**-**	**-**	**-**	**55.3**
Inventories and work-in-progress	56.0	227.4	74.3	100.6	6.2	1.0	-	-	465.6
Trade receivables	1 255.4	146.7	88.7	147.6	51.0	7.7	-	0.3	1 697.4
Contract assets (net)	226.0	-	-	-	-	-	-	-	226.0
Other current assets	208.6	27.1	50.1	18.6	20.1	4.7	-	25.3	354.5
Current income tax assets	47.0	15.8	-	4.3	0.7	-	-	0.2	68.0
Other current financial assets	27.8	1.1	-	0.2	-	-	-	337.9	367.0
Cash and cash equivalents	1 477.8	101.8	87.3	142.1	26.5	3.1	-	785.9	2 624.7
Current assets	**3 298.6**	**520.0**	**300.5**	**413.4**	**104.5**	**16.5**	**-**	**1 149.6**	**5 803.2**
Total assets									**14 576.0**
Shareholders' equity – Group share									2 423.1
Non-controlling interests									1 392.5
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 194.1**	**3 815.6**
Provisions	265.0	70.7	49.4	29.3	-	-	-	41.8	456.1
Financial debt	2 918.5	497.5	187.4	416.4	-0.0	280.8	-	1 596.0	5 896.7
Operating lease liabilities	326.0	27.1	79.0	16.2	-	3.5	-	6.5	458.2
Other non-current financial liabilities	115.7	14.4	-	115.7	2.2	18.8	-	188.0	454.9
Deferred tax liabilities	173.9	140.0	54.2	26.8	21.8	-	-	0.1	416.8
Total non-current liabilities	**3 799.1**	**749.7**	**369.9**	**604.4**	**24.0**	**303.2**	**-**	**1 832.4**	**7 682.6**
Liabilities held for sale	**-**	**-**	**-**	**-**	**15.4**	**-**	**-**	**-**	**15.4**
Provisions	-	1.2	3.3	0.1	-	-	-	0.4	5.1
Financial debt	369.0	25.3	4.1	66.0	124.4	10.9	-	27.8	627.4
Operating lease liabilities	92.6	6.5	24.5	1.4	6.8	0.9	-	-	132.8
Other current financial liabilities	84.1	9.1	-	3.8	2.3	-	-	13.3	112.5
Trade payables	441.3	263.5	91.2	78.8	48.2	1.2	-	12.8	937.0
Other current liabilities	854.5	63.8	84.8	41.9	18.5	3.3	-	25.1	1 091.9
Current income tax assets	137.4	14.4	-	3.4	0.0	-	-	0.5	155.6
Total current liabilities	**1 978.8**	**383.7**	**208.0**	**195.3**	**200.2**	**16.3**	**-**	**80.0**	**3 062.3**
Total equity and liabilities									**14 576.0**

Note 7 - 5. Cash flow statement by operating segment for the first half of 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	*Wendel & holding companies*	Total Group
Net cash flows from operating activities, excluding tax	426.6	54.2	26.4	49.6	-	8.0	-34.5	530.3
Net cash flows from investing activities, excluding tax	-59.5	-41.4	-6.5	-8.9	-26.5	-0.9	294.8	151.1
Net cash flows from financing activities, excluding tax	354.7	35.8	35.8	-17.1	-	4.0	-28.8	384.3
Net cash flows related to taxes	-66.8	-7.3	-2.9	-3.6	-	0.7	-0.7	-80.7

Note 7 - 6. Cash flow statement by operating segment for the first half of 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	*Wendel & holding companies*	Total Group
Net cash flows from operating activities, excluding tax	318.3	63.4	33.7	0.7	2.6	-40.0	378.6
Net cash flows from investing activities, excluding tax	-147.1	-45.6	-15.2	-9.2	-11.7	476.7	248.0
Net cash flows from financing activities, excluding tax	-328.9	4.4	-46.1	6.5	20.0	-747.6	-1 091.7
Net cash flows related to taxes	-83.4	-15.1	-18.0	-13.3	-3.0	-0.3	-133.1

NOTES TO THE BALANCE SHEET

NOTE 8. GOODWILL

In millions of euros	30.06.2020 Gross amount	Impairment	Net amount
Bureau Veritas	2 521.8	-140.7	2 381.1
Constantia Flexibles	468.0	-	468.0
Cromology	404.0	-227.0	176.9
Stahl	129.1	-	129.1
Tsebo	0.0	-	0.0
CPI	474.6	-	474.6
Total	**3 997.5**	**-367.7**	**3 629.8**

In millions of euros	31.12.2019 Gross amount	Impairment	Net amount
Bureau Veritas	2 589.6	-142.5	2 447.1
Constantia Flexibles	472.7	-	472.7
Cromology	404.0	-235.1	168.9
Stahl	130.2	-	130.2
Tsebo	185.6	-89.9	95.7
CPI	797.5	-	797.5
Total	**4 579.6**	**-467.6**	**4 112.0**

The main changes during the period were as follows:

In millions of euros	1st half 2020	31.12.2019
Net amount at beginning of period	4 112.0	3 339.8
Changes in scope of consolidation	1.1	814.7
Reclassification under “Operations held for sale”(1)	-97.6	-27.7
Impact of changes in currency translation adjustments and other	-54.9	60.9
Goodwill allocation of CPI (2)	-330.9	
Impairment for the period	-	-75.8
Net amount at end of period	**3 629.8**	**4 112.0**

(1) See Note 3 “Changes in scope of consolidation” for Tsebo.
(2) At December 31, 2019, the difference between the purchase price and the net asset value of CPI was recorded as goodwill. During the first half of 2020 this estimation has been reviewed as part of the goodwill allocation. See Note 3 “Changes in scope of consolidation”.

Note 8 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each Cash Generating Unit (CGU) 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, Note 1-9.1 "Goodwill" of the 2019 consolidated financial statements). Wendel's CGUs are the fully consolidated investments. The principal indicators of a loss in value are adherence to the budget and business plan and for Bureau Veritas, which is listed, market price compared with the carrying value.

In the first half of 2020, the significant decline in global activity linked to the health crisis was seen as an indication of impairment. Testing was therefore performed by the portfolio companies on their own CGUs; similarly, Wendel also tested each company which forms a CGU in Wendel's consolidation.

For the portfolio companies, Constantia Flexible recorded a €10 million impairment on the assets of its Afripack division.
Similarly, a loss in value was recorded by Bureau Veritas on a limited number of its intangible assets obtained through acquisitions, for a total of €71.0 million. In addition, during the first half of 2020, Bureau Veritas continued with the capacity modification plan launched in 2019 for certain of its laboratories belonging to the Agri-farming and Raw Materials division (mainly in the United States, Australia and in Indonesia) and has launched a similar program for those of its laboratories within the Consumer Goods segment (mainly in China, the United States, Thailand and Germany). These modification plans have led to the acknowledgment of the end-of-life of certain property, plant and equipment or intangible assets as well as a revision of the impairment plans for a total value of €22.0 million.

At the Wendel level, on the basis of the tests and sensitivities carried out, no additional impairment was recorded at June 30, 2020, other than Tsebo (see Note 3 "Changes in scope of consolidation").

€m	CPI	Stahl	Cromology	Constantia Flexibles
Net Book value before test (Group Share)	486	142	275	634
Impairment	-	-	-	-
Net Book value after test (Group Share)	486	142	275	634
Business Plan length (years)	5 years	5 years	5 years	5 years
Discount rate				
as of June 30, 2020	9.00%	9.00%	8.00%	7.50%
as of Dec 31, 2019	n.a.	9.00%	8.00%	8.00%
impact on central case value in case of a 0.5% increase	- 73	-	- 1	- 67
impact on central case value in case of a 0.5% decrease	-	-	-	-
threshold at w hich value becomes inferior to the Net Book Value	9.00%	18.54%	8.48%	7.61%
Perpetual grow th				
as of June 30, 2020	+ 4.00%	+ 2.00%	+ 1.50%	+ 2.00%
as of Dec 31, 2019	n.a.	+ 2.00%	+ 1.50%	+ 2.00%
impact on central case value in case of a 0.5% increase	-	-	-	-
impact on central case value in case of a 0.5% decrease	- 61	-	- 5	- 54
threshold at w hich value becomes inferior to the Net Book Value	+ 4.00%	- 30.55%	+ 1.09%	+ 1.94%
impact on central case value in case of a 1.0% decrease in operational margin	- 20	-	- 31	- 102

The business plans used for the tests were prepared by the companies and reviewed by Wendel. If Wendel so wishes it may also use a business plan prepared in-house to support and/or re-assess the results obtained.

The business plans all cover a period of five years, from June 30, 2020 through June 30, 2025, and do not include an assumption of a second wave of lockdowns in the geographical areas in which the portfolio of companies are active.

CPI

The business plan assumes that CPI's financial performance in 2021 will be identical to the performance initially budgeted for 2020. The following years are put together on the assumption of a level of growth identical to that used for the business plan established when the company was first acquired.

Stahl

The business plan assumes a progressive recovery of business activity and a return to 2019 EBITDA levels in 2023.

Cromology

The business plan assumes an average annual growth rate of 1.7% over the period and a progressive increase in the EBITDA margin.

Constantia Flexibles

The business plan assumes that Constantia Flexibles will grow at the same pace as its market for the duration of the plan. The EBITDA margin increases progressively over the term of the plan, returning to its historic level as a percentage of net sales in 2025.

NOTE 9. EQUITY-METHOD INVESTMENTS

As at June 30, 2020, the equity-method investments amount to €235.1 million, corresponding mainly to IHS for €235.1 million versus €289.4 million at year end December 2019.

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

In millions of euros	1st half 2020
Amount at beginning of the period	**294.0**
Share in net income for the period	
IHS	-61.9
Other	-0.3
Impact of changes in currency translation adjustments	4.0
Other	-0.6
Amount at end of period	**235.1**

Note 9 - 1. Additional information on IHS

In millions of euros	30.06.2020	31.12.2019
Carrying values at 100%		
Total non-current assets	2 947.6	2 617.9
Total current assets	654.6	1 089.3
Goodwill *adjustment* (Wendel)	62.4	66.7
Total assets	**3 664.5**	**3 774.0**
Total non-current liabilities	2 014.0	1 929.8
Total current liabilities	557.0	504.2
Total liabilities and shareholders' equity	**2 570.9**	**2 434.0**
including cash and cash equivalents	*320.7*	*800.1*
including financial debt	*1 818.0*	*1 830.0*

In millions of euros	1st half 2020	1st half 2019
Net sales	603.0	535.9
EBIT	99.8	151.5
Financial result, excluding foreign exchange	-118.5	-75.9
Currency impact on financial liabilities	-212.1	2.7
Net income	-278.5	66.4

In February 2020, the IHS group completed the acquisition and leasing of around 1,620 telecom towers in Kuwait from Mobile Telecommunications Company KSCP (Zain), the leading cellphone operator in Kuwait.

In the same month, the IHS group also completed the acquisition of the Cell Site Solutions – Cessão De Infraestruturas SA group, a supplier of telecommunications infrastructure solutions having its registered office in Brazil. This company has around 2,300 towers and other telecommunications infrastructure sites in Brazil, Peru and Colombia.

On July 23, 2020, the IHS group announced that it had signed an agreement with MTN Nigeria Communications Plc "MTN Nigeria" to expand the scope of its current services agreement. This new agreement provides for the re-negotiation of certain conditions of the agreement, including the updating of the prices for future technological upgrades, as well as a change in reference rates for conversions to the Naira from the Central Bank of Nigeria's (CBN) official rate to the Nigeria Autonomous Foreign Exchange Rate ("NAFEX").

Note 9 - 2. Impairment tests on equity-method investments

IHS' value of €232.8 million in the Group's consolidated financial statements is significantly lower than the estimated recoverable value. There is therefore no impairment to be recorded in the accounts as of June 30, 2020 for this operating subsidiary.

NOTE 10. CASH AND CASH EQUIVALENTS

in millions of euros	30.06.2020 Net amount	31.12.2019 Net amount
Pledged cash and cash equivalents of Wendel and holding companies classified as non-current assets	0.5	16.6
Unpledged cash and cash equivalents of Wendel and holding companies, classified as current assets	1 033.2	786.1
Cash and cash equivalents of Wendel and holding companies	**1 033.7**	**802.7**
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets		
Bureau Veritas	2 120.5	1 477.8
Constantia Flexibles	142.0	101.8
Cromology	139.1	86.5
Stahl	159.2	142.1
Tsebo	0.0	26.5
CPI	14.7	3.1
Other holding companies	0.8	0.8
Total cash and cash equivalents from investments	**2 576.4**	**1 838.6**
Total cash and cash equivalents	**3 610.0**	**2 641.3**
of which non-current assets	**0.5**	**16.6**
of which current assets	**3 609.6**	**2 624.7**

NOTE 11. FINANCIAL ASSETS AND LIABILITIES (EXCLUDING FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Financial assets

In millions of euros	Method of accounting for variation	Level	30.06.2020	31.12.2019
Pledged cash and cash equivalents of Wendel and holding companies	Income statement	1	0.5	16.6
Unpledged cash and cash equivalents of Wendel and holding companies	Income statement	1	1 033.2	785.8
Wendel's short-term financial investments	Income statement	1	258.9	356.6
Cash and short-term financial investments of Wendel and holding companies			**1 292.6**	**1 159.0**
Cash and cash equivalents of subsidiaries	Income statement	1 and 3	2 576.4	1 838.8
Financial assets at fair value through equity - A	Equity	1	2.1	183.1
Financial assets at fair value through profit or loss	Income statement	N/A	64.6	90.2
Loans	Amortized cost	N/A	-	0.9
Deposits and guarantees	Amortized cost	N/A	104.8	111.6
Derivatives - B	Income statement and Equity	see B	7.3	22.2
Other			99.8	82.9
Total			**4 147.7**	**3 488.7**

Financial liabilities

In millions of euros	Method of accounting for variation	Level	30.06.2020	31.12.2019
Derivatives - B	Income statement(1) equity(2)	see B	30.8	12.3
Minority puts, earn-outs and other financial liabilities of subsidiaries - C	Income statement(1) equity(2)	3	290.7	353.8
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - D	Income statement(1) equity(2)	3	204.9	201.3
Total			**526.5**	**567.4**
of which non-current financial liabilities			**413.6**	**454.9**
of which current financial liabilities			**112.9**	**112.5**

(1) The fair value adjustment is recorded through the income statement
(2) The fair value adjustment is recorded through the equity

A- The residual investment in the Allied Universal group was sold during the first half of 2020, see Note 3 "Changes in scope of consolidation."

B- **Derivatives**

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.

Notional amount	Characteristics[(1)]	Qualified as	Start [(1)]	Maturity[(1)]	30.06.2020	31.12.2019
In millions of euros	Sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
USD 885m/USD 800m	Pay 2.23% in US dollars against 0.24% in euros[(2)]	Hedge	03/2016	11/2022	-8.5	15.6
	Other					
Hedging of subsidiaries' debt						
EUR 80m	0.15% cap on Euribor		pre-closing	2022-23	-	0.1
EUR 200m	2% cap on Libor		pre-closing	06/2022	-	
EUR 180m	Pay 0.75% against Euribor	Hedge	pre-closing	04/2022	-4.1	-4.6
EUR 200m	2.00% cap against Euribor		pre-closing	04/2022	0.7	2.2
ZAR 1,850m	Pay 7.72% on Jibar		pre-closing	03/31/2021	-	-1.4
	Other[(3)]				-6.4	-3.5
Total					**-18.2**	**8.3**

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

(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see Note 6.5 "Managing currency risk."

(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

C- **Minority puts, earn-outs and other financial liabilities of subsidiaries:** as of June 30, 2020, this amount corresponds to the other financial liabilities of Bureau Veritas, Constantia Flexibles and the minority put granted by Stahl to BASF.

D- **Minority puts, earn-outs and other financial liabilities of Wendel and its holding companies**: as of June 30, 2020, this amount corresponds mainly to the liquidity commitment granted by Wendel to the H. Turnauer Foundation on 50% of its stake in Constantia Flexibles. It also includes liabilities related to certain liquidities granted as part of co-investments (see Notes 5, "Participation of managers in Group investments" and 28-6 "Off-balance sheet commitments – Shareholder agreements and co-investment mechanisms").

NOTE 12. EQUITY

	Par value	Total number of shares	Treasury shares	Number of outstanding shares
au 31/12/2019	€4	44 682 308	908 950	43 773 358
au 30/06/2020	€4	44 682 308	897 919	43 784 389

The number of shares held under the liquidity contract was 58,492 on June 30, 2020, vs. 78,300 on December 31, 2019, a reduction of 19,808 shares during the first half of 2020.

On June 30, 2020, Wendel held 839,427 treasury shares outside of the framework of the liquidity contract, vs. 835,150 on December 31, 2019.

In total, treasury shares represented 2.01% of the share capital on June 30, 2020.

NOTE 13. PROVISIONS

The detail of provisions for risks and contingencies is as follows:

In millions of euros	30.06.2020	31.12.2019
Bureau Veritas	90.8	72.2
Cromology	17.8	20.4
Stahl	1.2	1.2
Constantia Flexibles	1.9	1.3
Wendel et holdings	45.5	41.0
TOTAL	**157.2**	**136.2**
dont courant	***9.3***	***5.1***

The principal disputes, claims and risks identified for the operating subsidiaries and for Wendel and its holding companies are described in Note 15 to the 2019 consolidated financial statements, "Provisions for risks and contingencies."

Provisions for retirement commitments and other long-term benefits are as follows:

In millions of euros	30.06.2020	31.12.2019
Bureau Veritas	196.0	192.8
Constantia Flexibles	68.8	70.7
Cromology	33.2	32.3
Stahl	28.7	28.2
Wendel and holding companies	1.2	1.2
Total	**328.0**	**325.0**

NOTE 14. FINANCIAL DEBT

In millions of euros	Currency	Coupon rate	Effective interest rate[(1)]	Maturity	Repayment	Total lines	30.06.2020	31.12.2019
Wendel & holding companies								
2023 bonds	EUR	1.000%	1.103%	04-2023	at maturity		300.0	300.0
2024 bonds	EUR	2.750%	2.686%	10-2024	at maturity		500.0	500.0
2026 bonds	EUR	1.375%	1.452%	04-2026	at maturity		300.0	300.0
2027 bonds	EUR	2.500%	2.576%	02-2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor+margin		10-2022	revolving	750 MEUR	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-3.6	-4.0
Other borrowings and accrued interest							26.6	27.8
Bureau Veritas								
2021 bonds	EUR	3.125%		01/2021	at maturity		500.0	500.0
2023 bonds	EUR	1.250%		09/2023	at maturity		500.0	500.0
2025 bonds	EUR	1.875%		01/2025	at maturity		500.0	500.0
2026 bonds	EUR	2.000%		09/2026	at maturity		200.0	200.0
2027 bonds	EUR	1.125%		01/2027	at maturity		500.0	500.0
Liquidity credit line						500 MEUR	-	-
Borrowings and debt from lending institutions – fixed rate							910.8	963.9
Borrowings and debt from lending institutions – floating rate							620.2	123.7
Constantia Flexibles								
Bank borrowings	EUR	Euribor+margin		04/2022	at maturity		126.0	126.0
Dette bancaire	EUR	Euribor+Marge		03, 04 et 10-2022	in fine		58.0	308.0
Dette bancaire	EUR	Euribor+Marge		10-2022	in fine		250.0	-
Bank borrowings	EUR	floating rate		03/2022	at maturity		47.0	-
Bank borrowings (EUR, RUB, INR, CNY)							60.7	62.0
Credit Revolving	EUR	Euribor+Marge		10-2022	in fine	125 MEUR	-	-
Credit Revolving	EUR	taux variable				40 MEUR	-	-
Other borrowings and accrued interest							25.8	22.8
Finance lease liabilities							3.9	5.1
Deferred issuance costs							-1.0	-1.1
Cromology								
Bank borrowings	EUR	Euribor+margin		08/2021	at maturity		186.4	186.4
Other borrowings and accrued interest							10.5	10.6
Finance lease liabilities							0.6	0.7
Revolving credit facility	EUR	3.75%+EUR1M		03/2024	at maturity	59 MEUR	58.0	-
Deferred issuance costs							-5.5	-6.2
Stahl								
Bank borrowings	USD	Libor+margin		12/2021	amortizable		149.5	179.1
Bank borrowings	USD	Libor+margin		06/2022	amortizable		299.0	298.4
Revolving credit facility	EUR					27 MEUR	27.0	-
Bank borrowings (USD, CNY, INR)		floating rate		2021 to 2022	amortizable		8.9	11.3
Deferred issuance costs							-4.9	-6.3
Tsebo								
Bank borrowings							-	124.3
CPI								
Bank borrowings	USD	Libor+6%		10/2026	amortizable		285.9	286.4
Revolving	USD	Libor+6%		11/2020	at maturity		26.8	8.9
Bank borrowings							-3.0	-3.6
Total							**6 963.6**	**6 524.1**
of which non-current portion							**5 940.0**	**5 896.7**
of which current portion							**1 023.6**	**627.4**

(1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.

Note 14 - 1. Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies				
- notional amount	-	-790.0	-800.0	-1 590.0
Operating subsidiaries				
- notional amount	-942.0	-2 764.0	-1 647.0	-5 352.9
Total	**-942.0**	**-3 554.0**	**-2 447.0**	**-6 942.9**

NOTE 15. OPERATIONS TO BE DISCONTINUED OR SOLD

Note 15 - 1. Net income from discontinued operations and operations held for sale

In millions of euros	1st half 2020	1st half 2019
Divestment result		
PlaYce	-	7.4
Stahl	-0.8	-0.4
Constantia Flexibles	-	2.6
Allied Universal	-6.2	7.0
Tsebo	-80.4	-30.5
Total	**-87.3**	**-13.9**

(1) This amount includes the net income of the period (after cancellation of amortizations of assets according to IFRS 5 "Non-current assets held for sale and discontinued operations") as well as the full depreciation of the carrying value of Tsebo (see Note 3 "Changes in scope of consolidation"). It includes -€20.4 million for Group share and -€60.0 million for the minority share.

Note 15 - 2. Tsebo balance sheet and income statement (excluding depreciation cancellation)

In millions of euros	06/30/2020
Goodwill	26.1
Intangible assets	67.0
Property, plant & equipment	20.4
Non-current financial assets	2.4
Inventories	7.3
Trade receivables	47.5
Other assets	18.6
Cash and cash equivalents	17.8
Total assets from operations held for sale	**207.1**
Provisions	
Trade payables	26.4
Income taxes	20.1
Other liabilities	152.7
Total liabilities from operations held for sale	**199.2**

In millions of euros	06/30/2020
Net sales	191.6
Operating income	-3.3
Net income[(1)]	**-15.5**

(1) Amount before finalization of depreciation/amortization, applied in the Wendel consolidated financial statements, in accordance with the application of IFRS 5 “Operations to be discontinued or sold.”

This restatement generates net income of -€6.8 million, reclassified in total as income from operations discontinued or sold (see above).

NOTES TO THE INCOME STATEMENT

NOTE 16. NET SALES

In millions of euros	1st half 2020	1st half 2019
Bureau Veritas	2 200.5	2 476.6
Constantia Flexibles	761.4	760.9
Cromology	290.2	348.6
Stahl	316.8	416.6
CPI	23.7	-
Total	**3 592.6**	**4 002.8**

NOTE 17. OPERATING INCOME

In millions of euros	1st half 2020	1st half 2019
Bureau Veritas(1)	59.6	331.2
Constantia Flexibles(2)	4.2	5.3
Cromology	14.7	3.4
Stahl	42.5	63.4
CPI	-14.2	-
Wendel and holding companies (3)	-53.0	-32.0
Total	**53.8**	**371.3**

(1) This item includes impairment of €71 million on customer relationships, €22 million on end-of-life management and the revision of the depreciation plans for property, plant and equipment (see Note 8.1 "Goodwill impairment tests") and €21 million in restructuring costs.

(2) This item includes €10 million of impairment on Afripack.

(3) This item includes -€17.9 million linked to co-investments of managers of Wendel (See Note 5 "Participation of managers in group investments").

NOTE 18. FINANCE COSTS, NET

In millions of euros	1st half 2020	1st half 2019
Income from cash and cash equivalents[1]	**4.9**	**1.1**
Finance costs, gross		
Interest expense	-120.1	-113.2
Interest expense on loans from non-controlling shareholders	0.1	-3.3
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)[2]	-13.2	-14.8
Total finance costs, gross	**-133.2**	**-131.3**
Total	**-128.3**	**-130.2**

(1) This item includes -€1.5 million for Wendel et its holding companies in addition to €6.4 million linked to the yield of financial investments of operational subsidiaries.
(2) This item includes -€10.1 million of financial expenses linked to lease debts recognized in application of IFRS 16, and for the remaining amount, calculated elements with no cash impacts.

NOTE 19. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	1st half 2020	1st half 2019
Dividends received from unconsolidated companies	0.3	4.9
Income on interest-rate, currency and equity derivatives [1]	-25.9	-2.1
Interest on other financial assets		0.2
Net currency exchange gains/losses	-0.5	-20.7
Impact of discounting	0.6	-2.6
Cost of 2020 and 2021 bonds buy-out		-19.8
Other	-3.5	36.8
Total	**-29.1**	**-3.2**

(1) This item includes the fair value impact of the Eurodollar Currency Swaps for -€20.3 (see Note 6 - 5 "Currency risk" in relation to Wendel).

NOTE 20. TAX EXPENSE

In millions of euros	1st half 2020	1st half 2019
Current income tax assets	-83.2	-117.2
Deferred taxes	57.0	5.3
Total	**-26.2**	**-111.9**

The portion of CVAE (value added) tax was recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National Accounting Council) of January 14, 2010.

NOTE 21. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	1st half 2020	1st half 2019
IHS	-61.9	14.7
Allied Universal	-	-28.8
Other companies	-0.3	0.6
Total	**-62.2**	**-13.5**

NOTE 22. EARNINGS PER SHARE

In euros and millions of euros	**1st half 2020**	**1st half 2019**
Net income - Group share	-203,7	-18,2
Impact of dilutive instruments on subsidiaries	-0,0	-0,3
Diluted net income	**-203,7**	**-18,5**
Average number of shares, net of treasury shares	43 792 436	47 623 175
Potential dilution due to Wendel stock options(1)	-	-
Diluted number of shares	**43 792 436,3**	**47 623 175,0**
Basic earnings per share (in euros)	-4,65	-0,38
Diluted earnings per share (in euros)	-4,65	-0,39
Basic earnings per share from continuing operations (in euros)	-4,02	-0,36
Diluted earnings per share from continuing operations (in euros)	-4,03	-0,37
Basic earnings per share from discontinued operations (in euros)	-0,63	-0,02
Diluted earnings per share from discontinued operations (in euros)	-0,63	-0,02

(1) In accordance with the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. As the result for the first half of 2019 is a loss, no dilution is taken into account for Wendel's share capital.

NOTES ON CHANGES IN CASH POSITION

NOTE 23. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	1st half 2020	1st half 2019
By Bureau Veritas	44.9	56.2
By Constantia Flexibles	31.8	45.8
By Cromology	5.1	5.4
By Stahl	8.3	12.8
By Tsebo	0.9	3.9
By Wendel and holding companies	0.6	0.4
Total	**91.7**	**124.6**

NOTE 24. DIVESTMENT AND ACQUISITION OF EQUITY INVESTMENTS

Note 24 - 1. Acquisition of equity investments

In millions of euros	1st half 2020	1st half 2019
by Bureau Veritas	-	51.6
by Tsebo	-	7.1
by Stahl	-	0.4
Other securities	-	0.1
Total	**-**	**59.2**

Note 24 - 2. Divestment of equity investments

In the first half 2020, this item includes the residual investment in Allied Universal (see Note 3 "Changes in scope of consolidation").

NOTE 25. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in Note 13 "Financial debt."

In millions of euros	1st half 2020	1st half 2019
New borrowings by:		
Wendel & holding companies	-	300.0
Bureau Veritas	782.6	204.0
Constantia Flexibles	184.3	111.5
Cromology	58.0	-
Stahl	27.0	-
Tsebo	-	19.2
CPI	18.2	
	1 070.1	**634.8**
Borrowings repaid by:		
Wendel & holding companies	0.7	507.4
Stahl	33.0	33.6
Bureau Veritas	373.2	424.7
Constantia Flexibles	139.2	11.1
Cromology	13.2	108.6
CPI	1.6	-
Tsebo	-	8.9
	561.0	**1 094.4**
Total	**509.1**	**-459.6**

NOTE 26. OTHER FINANCIAL INCOME/EXPENSE

Other financial income/expense for the first half 2020 corresponds mainly to:

- disbursements of puts held by non-controlling interests;
- €98.9 million in short-term cash investments made on financial instruments that do not meet the accounting definition of cash.

OTHER NOTES

NOTE 27. OFF-BALANCE-SHEET COMMITMENTS

As of June 30, 2020, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 27 - 1. Collateral and other security given in connection with financing

In millions of euros	**30.06.2020**	**31.12.2019**
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	567.5	523.9
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the Cromology Group.	255.5	197.8
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receiv ables and assets as collateral for the repayment of debt owed by the Stahl Group.	484.4	488.8
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the Tsebo Group.	122.2	126.7
Pledge by CPI Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the CPI Group.	312.7	295.3
Total	**1 742.2**	**1 632.4**

Note 27 - 2. Guarantees given as part of asset sales

In connection with the sale of Allied Universal, CSP Technologies, Mecatherm and Parcours as well as BASF's acquisition of an equity stake in Stahl, the Group granted the usual guarantees within certain limits and over periods varying in accordance with the type of guarantee involved. ALD has made several claims relating to the disposal of the Parcours group; certain of them were pending as of June 30, 2020 and their validity is currently being discussed. There are no outstanding claims in respect of other guarantees granted.

Note 27 - 3. Guarantees received in connection with asset acquisitions

In connection with the acquisitions of IHS and Tsebo, and in conjunction with the investment by BASF in Stahl's capital, the Group benefits from customary guarantees within certain limits and over variable periods depending on the type of guarantees involved, some of which may still be invoked. There are no outstanding claims in respect of these guarantees received.

Note 27 - 4. Off-balance sheet commitments given and received related to operating activities

In millions of euros	30.06.2020	31.12.2019
Market counter-guarantees and other commitments given		
by Bureau Veritas[1]	434.9	434.9
by Constantia	2.0	2.0
by Cromology	14.0	13.7
by Tsebo	-	4.0
by Stahl	4.8	4.3
Total commitments given	**455.7**	**458.9**
Other commitments receiv ed	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**-**

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

Note 27 - 5. Subscription commitments

As of June 30, 2020, the Group (Wendel Lab) undertook to invest approximately €17 million in private equity funds.

Note 27 - 6. Shareholder agreements and co-investment mechanisms

As of June 30, 2020, the Wendel group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl).

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, ban on selling to certain individuals);
- 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; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, Stahl and Tsebo shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel group's choice. As of June 30, 2020, this right had not been exercised by the H. Turnauer Foundation. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel group in an amount determined on the basis of a predefined margin multiple. These commitments have been recognized in financial liabilities in accordance with accounting principles applicable to minority puts.

The agreements with the management teams (managers or former managers) of subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period (between the 6th anniversary and 12th anniversary of the completion of the joint investment, depending on the agreement in question); and
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 4-2 to the 2019 consolidated financial statements relating to the "Participation of subsidiaries' managers in the performance of their companies."

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Allied Universal, Constantia Flexibles, IHS, Tsebo and CPI (see Note 4-1 relating to the "Participation of Wendel managers in Group investments" of the 2019 consolidated financial statements and Note 13 "Participation of Wendel managers in Group investments" attached to these condensed consolidated financial statements.)

As of June 30, 2020, based on the value of the investments included in the net asset value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the pari passu investments made under the same risk and return conditions as Wendel by all the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies was €34 million. The value of the portion of non pari-passu investments of co-investing managers of subsidiaries and managers of Wendel was €49 million. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold.

In accordance with Group accounting principles, a portion of these amounts is recognized as a liability of €26 million. The accounting principles applicable to co-investments are described in Note 1-9.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments" of the 2019 consolidated financial statements.

With regard *to* non-controlling interests granted to joint shareholders, an overall amount of €248 million is recognized in financial liabilities for put granted by Wendel and its holdings to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 27 - 7. Other agreements concluded by the Wendel group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital (representing only 0.5% of the capital at June 30, 2020) notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel group's stake in Stahl. This right is exercisable by Stahl's mezzanine and second-lien shareholders in the event of the divestment by the Wendel group if Wendel's overall return is more than 2.5 times greater than its 2010 re-investment. It is equivalent to the allocation of one to two bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel group's decision to divest.

As part of the syndication with Maxburg of a minority investment in the Constantia Flexibles group, the Wendel group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Maxburg of minimum profitability thresholds over the duration of its investment in Constantia Flexibles in case of divestment. This right is recognized within financial assets whose change in value is recognized on the income statement.

As part of the initial investment in Tsebo group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. Exposure on the basis of this guarantee from Wendel represented, at June 30, 2020, a total guaranteed amount of about ZAR 462 million (i.e. €23.8 million), with it being specified that in the case of the guarantee being invoked against Wendel, the latter will be able to call on Capital group to bear the percentage of the cost corresponding *to* its stake in Tsebo. In accordance with accounting rules, there was a provision in the accounts for this guarantee.

NOTE 28. SUBSEQUENT EVENTS

Note 28 - 1. Wendel SE dividend

On July 2, 2020, the Wendel Shareholders' Meeting approved a dividend of €2.80 per share for the fiscal year 2019, stable in comparison with 2018, i.e. nearly €123 million. This dividend will be recorded in the financial statements for the second half 2020.

STATUTORY AUDITORS’ REVIEW REPORT ON THE 2020 INTERIM FINANCIAL INFORMATION

(Half year ended June 30, 2020)

This is a free translation into English of the Statutory auditors’ review report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information relating to the specific verification of information given in the interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders’ Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (code monétaire et financier), we hereby report to you on:
-the review of the accompanying condensed interim consolidated financial statements of Wendel, for the six-month period ended June 30, 2020;
-the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements have been prepared under the responsibility of the Executive Board on July 27, 2020 based on the information available on that date in an evolving context of the crisis linked to COVID-19 and difficulties in understanding its impacts and prospects. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review primarily consists of inquiries with members of the management responsible for accounting and financial aspects and implementing analytical procedures. A review is substantially less in scope than an audit carried out in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, do not contain any significant anomalies, obtained within the framework of a review is a moderate assurance, lower than that obtained within the framework of an audit.

Based on our review, we did not identify any significant anomalies likely to call into question the compliance of the condensed interim consolidated financial statements with IAS 34, the IFRS standard as adopted in the European Union relating to interim financial information.

II – Specific verification

We have also verified the information given in the interim management report prepared on July 27, 2020 commenting on the condensed interim consolidated financial statements on which our review was based.

We have no matters to report as to its fairness and its consistency with the condensed interim consolidated financial statements.

Paris-La Défense, July 30, 2020

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit	DELOITTE & ASSOCIES
Jacques Pierres	Mansour Belhiba

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify, that to the best of my knowledge, the condensed consolidated financial statements for the first half of the year have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the accompanying interim management report presents a true and fair picture of the important events that occurred during the first half of the year, their impact on the financial statements and the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, July 30, 2020

André François-Poncet

Chairman of the Executive Board

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, the original French language version of the document takes precedence over the translation.

WENDEL

Societas Europea with an Executive Board and a Supervisory Board with capital of €178,729,232

89, rue Taitbout – 75312 Paris Cedex 09
Tél. : 01 42 85 30 00 – Fax : 01 42 80 68 67

July 2020

WWW.WENDELGROUP.COM

Wendel
@WendelGroup
WendelGroup