



# WENDEL

## LETTER TO SHAREHOLDERS

APRIL 2018

# 2017 Full-Year Results

### KEY FIGURES

**NAV of €167.3 per share**

as of 3/7/2018,  
up 3.3% over 12 months

Consolidated sales of

**€8.3 billion**

up 8.4%

Net income, Group share,  
of **€200.0 million**

Ordinary dividend

up **12.8%** to  
**€2.65 per share\***

\*Proposed at the Annual Shareholder's Meeting  
on May 17, 2018.

Dear Shareholder,

It is an honor for an investor like me to have joined the Wendel group last January 1, because Wendel is unique in the private equity universe. It is a long-term investor, a listed company with a sound balance sheet and a well-established reputation. Bernard Gautier and I wish to capitalize on the Group's strengths. Very few companies in our business can boast €11 billion in gross assets, and this is one of our strengths. It is a significant competitive advantage that enables us to seize opportunities at any moment.

We have highly skilled investment teams who have carried out a wide variety of investments. In the months to come, we will seek to develop our collective efficiency both in researching new investments and in supporting and developing our existing portfolio. Your company is a shareholder of 12 companies that indirectly employ 270,000 people, and for whom we wish to be both helpful and responsible. For this reason, it is particularly important to me that our companies include CSR principles in their strategy and growth planning.

We are also very determined to satisfy all of our shareholders: family, individual and institutional. We are therefore attentive to any market opportunities to repurchase shares. We also intend to pay an increasing dividend year after year. Consequently, at the May 17 Annual Shareholder's Meeting, we will propose a dividend of €2.65 per share, up 12.8% compared with the dividend paid in 2017.

I will be particularly pleased to meet you at this event, which you can also follow on our website.

**André François-Poncet, Chairman of the Executive Board**

## RESULTS

On March 22, 2018, Wendel published its 2017 Full-Year Results and Net Asset Value.

### 2017 Full-Year Results

The Wendel Group's consolidated sales totaled €8,329.1 million, up 8.4% overall and up 1.3% organically.

The overall contribution of the Group's companies to net income from operations was €703.6 million, down 2.3% from 2016. This slight decline came about largely because the changes in the scope of consolidation (deconsolidation of Saint-Gobain following the June 2017 sale and equity accounting for Allied Universal from August 2016) were not fully offset by IHS's positive contribution to recurring earnings and the improvement in the earnings of Constantia Flexibles and Bureau Veritas.

Financial expense, operating expenses and taxes totaled €198.6 million, down 2.3% from 2016 (€203.3 million). This reduction was concentrated in the financial expense line item and resulted from liability management transactions initiated by Wendel that reduced the cost of Wendel's debt. Specifically, borrowing costs declined by 36.0% between 2016 and 2017, from €148.4 million to €94.9 million. Nevertheless, the decline of the US dollar had a negative impact of €44.5 million on the Group's cash and financial investments in 2017 (€+20.2 million in 2016).

Non-recurring net income was €142.7 million in 2017 vs. a loss of €537.9 million in 2016. In 2016, the non-recurring loss in Wendel's consolidated statements derived principally from a loss on the sale of Saint-Gobain shares (€229.6 million), IHS's currency translation loss from the devaluation of the Nigerian naira (€159.9 million) and an accounting loss of €123.6 million on the repurchase of bond debt in June 2016, which was not offset by the accounting gain of €78.3 million<sup>(1)</sup> on the sale of Parcours.

In comparison, Wendel recorded a non-recurring gain in 2017, which resulted from the following items:

- a €318.9 million net gain on the sale of Constantia Flexibles' Labels division;
- an €84.1 million accounting gain following the sale of Saint-Gobain shares at the end of May and the beginning of June 2017, which applied to all shares held by Wendel, in line with IAS 28;
- a €68.3 million currency loss on IHS's financial debt;
- a €47.8 million expense related to the early repayment of Constantia Flexibles' debt following the sale of the Labels division;
- a €46.0 million currency gain on Stahl's financial debt;
- €190.2 million expense made up of asset impairment and other non-recurrent items.

Wendel's net income, Group share, was thus €534.1 million in 2017, compared with a loss of €141.1 million in 2016. Net income, Group share was €200.0 million, vs. a loss of €366.8 million in 2016.

### 2017 consolidated results

(in millions of euros)	2016	2017
Consolidated subsidiaries	720.2	703.6
Financing, operating expenses and taxes	-203.3	-198.6
<b>Net income from operations <sup>(1)</sup></b>	<b>516.9</b>	<b>505.0</b>
<i>Net income from operations <sup>(1)</sup>, Group share</i>	<i>199.4</i>	<i>169.0</i>
Non-recurring net income	-537.9	142.7
Impact of goodwill allocation	-120.1	-113.6
<b>Total net income</b>	<b>-141.1</b>	<b>534.1</b>
<i>Net income, Group share</i>	<i>-366.8</i>	<i>200.0</i>

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

## NET ASSET VALUE

NAV at €167.3 per share as of March 7, 2018, up 3.3% over 12 months.

(in millions of euros)			3/7/2018	12/31/2017
<b>Listed equity investments</b>	<u>Number of shares</u>	<u>Share price</u> <sup>(1)</sup>	<b>4,465</b>	<b>4,691</b>
Bureau Veritas	177.2 million	€21.7 / €22.7	3,837	4,024
Saint-Gobain	14.2 million	€44.4 / €47.1	629	667
Unlisted investments and Oranje-Nassau Développement <sup>(2)</sup>			4,365	4,532
Other assets and liabilities of Wendel and holding companies <sup>(3)</sup>			73	69
Cash and marketable securities <sup>(4)</sup>			1,665	1,730
<b>Gross asset value</b>			<b>10,569</b>	<b>11,021</b>
Wendel bond debt and accrued interest			-2,828	-2,863
<b>Net Asset Value</b>			<b>7,740</b>	<b>8,158</b>
<i>Of which net debt</i>			-1,163	-1,133
<i>Number of shares</i>			46,259,146	46,253,210
<b>Net Asset Value per share</b>			<b>€167.3</b>	<b>€176.4</b>
Average of 20 most recent Wendel share prices			€140.4	€142.8
<b>Premium (discount) on NAV</b>			<b>-16.1%</b>	<b>-19.1%</b>

<sup>(1)</sup> Average share price of the 20 trading days prior to March 7, 2018 and December 31, 2017.

<sup>(2)</sup> Unlisted equity investments (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal) and Oranje-Nassau Développement (Nippon Oil Pump, Saham, Mecatherm, exceet, CSP Technologies, PlaYce (formerly SGI Africa), Tsebo and indirect investments and debt). Similarly to the NAV calculation as of November 17, 2017, IHS's valuation as of December 31, 2017 and March 7, 2018 was calculated solely on the basis of EBITDA so as to take into account the special nature of this developing company. The Sanlam/Saham transaction was finalized on May 10, 2017 and was included in the NAV calculation as of November 17, 2017. The agreement to sell Saham was signed on March 7, 2018 and reflected in the NAV calculation as of December 31, 2017 and March 7, 2018. With the sale of Constantia Flexibles' Labels business having been finalized, the shares of MCC held by Constantia were valued at the average of the closing price of the last 20 trading days. In accordance with Wendel's methodology, Tsebo was valued at its acquisition price (in ZAR) as of December 31, 2017 and on the basis of peer-group multiples as of March 7, 2018.

<sup>(3)</sup> Includes 629,953 Wendel shares held in treasury as of March 7, 2018 and 669,402 as of December 31, 2017.

<sup>(4)</sup> Cash and marketable securities of Wendel and holding companies: €1.3 billion in cash on hand and €0.4 billion in liquid financial investments as of March 7, 2018.

Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates prevailing on the date of the NAV calculation.

If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. These items have been taken into account in the calculation of NAV. See page 262 of the 2016 Registration Document.

# Bureau Veritas

## solid 2017 full-year results

Revenue in FY 2017 reached €4,689.4 million, a 3.1% increase compared with FY 2016.

Group organic revenue growth achieved 2.2% in FY 2017, with an acceleration in H2 including +3.8% in the last quarter. This positive momentum resulted from strong growth for the five Growth Initiatives (a third of Bureau Veritas' revenue), up 6.9% organically and year-on-year (vs. 4.9% in FY 2016). High double-digit growth was achieved in both Automotive and SmartWorld and a mid-single digit for Agri-Food, Opex and Buildings & Infrastructure.

In 2017, Bureau Veritas completed nine acquisitions, representing around €150 million in annualized revenue (or 3.2% of 2016 Bureau Veritas' revenue) which supported four of the five Growth Initiatives: Currency fluctuations had a negative impact of 1.6% on total revenue, mainly due to the appreciation of the euro against USD as well as some emerging countries' currencies.

A dividend of €0.56 per share, up 9.8% over two years, will be proposed to Bureau Veritas' shareholders at its Annual Meeting on May 15, 2018.

For further information: [www.wendelgroup.com/fr/societe/bureau-veritas](http://www.wendelgroup.com/fr/societe/bureau-veritas) >



## Innovation is the watchword

2018 will be a year of change for Mecatherm. In the first place, the market leader in industrial bakery equipment has changed its visual identity to match its new innovation-oriented positioning. The launch of «The Baguette Factory» is one of the year's innovative projects. With this turnkey concept, Mecatherm is deploying its expertise in emerging market countries where bread consumption is on the rise as a growing middle class adopts new consumption habits. «The Baguette Factory» is also part of Mecatherm's international expansion strategy. The company has opened new offices, in Malasia and Mexico, and installed 24 production lines in the world in 2017. In another innovative move, Mecatherm is expanding its range of baking system lines, which can now deliver a more diversified range of products, from loaves of bread to pastries to soft bread products. Other innovations are in the cards for the coming months. The objective is to obtain more value from the expertise of Mecatherm, a company on the cutting edge of innovation!

For further information, please visit: [www.wendelgroup.com/fr/societe/mecatherm](http://www.wendelgroup.com/fr/societe/mecatherm) >

## CSP Technologies' website gets a facelift

CSP Technologies, a global provider of custom polymeric solutions and specialty protective packaging, has modernized its website. The new site is more user-friendly and presents the company's activities more clearly. It's the perfect place to learn about CSP's patented packaging solutions for the pharmaceutical industry.

For further information, please visit: [www.csptechnologies.com](http://www.csptechnologies.com) >





## Art Intimacy and **Modern couples**



1 / Brassai, Dora Maar  
in her studio, rue de  
Savoie, 1945  
© Centre Pompidou,  
MNAM-CCI/Dist. RMN-GP  
© Estate Brassai - RMN -  
Grand Palais



2 / Dorothea Tanning  
and Max Ernst with his  
sculpture, *Capricorn*,  
1947 - Photograph by  
John Kasnetsis  
© John Kasnetsis  
© Adagp, Paris 2017

From April 28 until August 20, the Centre Pompidou-Metz hosts an exhibition called "Modern couples" in partnership with London's Barbican Centre. Peer into the intimate space of famous artist couples, be they official, clandestine, exclusive or open, to understand the secrets of their artistic creation. Examples include Pablo Picasso and Dora Maar, Robert and Sonia Delaunay, Georgia O'Keeffe and Alfred Stieglitz, and Charles and Ray Eames. The exhibit explores the creative process generated by romantic relationships and looks at the work of these artists under a new light. Watch the video interview about this year's flagship exhibit with Emma Lavigne, Executive Director of the Centre Pompidou-Metz, on our Youtube channel.

For further information: <https://youtu.be/Dc-62poPqes> >

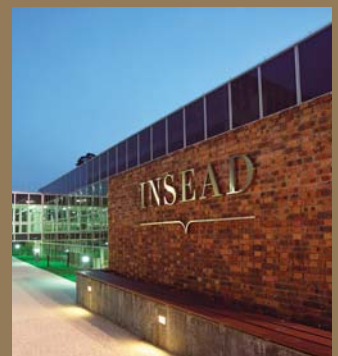
## The Wendel International Center for Family Enterprise (Insead)

The Wendel International Center for Family Enterprise at Insead is having a busy first half of the year. In early January, a Korean partner delegation visited Wendel's Paris headquarters to learn more about Wendel's exceptional history as a family-owned enterprise. Priscilla de Moustier, member of the Supervisory Board, participated in this event.

In March, the Center organized the second edition of the «Family Enterprise Days» around the following topic: «Country of origin: cradle or destiny of the family enterprise». Professors, experts, MBA students, and others took the floor, ensuring a rich and diverse dialogue. This event brought together 30 participants in Fontainebleau, Insead's original location.

Finally, in April the Center inaugurated a new course entitled «The family enterprise: strengths and challenges». The objective of this training program was to highlight the multitude of challenges these companies face. Through case studies, presentations and workgroups, the participants learned how to develop an action plan.

For further information, please visit: [www.wendelgroup.com/fr/avec-insead-le-centre-international-wendel-pour-l'entreprise-familiale](http://www.wendelgroup.com/fr/avec-insead-le-centre-international-wendel-pour-l'entreprise-familiale) >



### Did you know?

Stahl is a model for workplace safety,  
with an especially low average  
accident frequency rate:

less than **1.5**  
over the past five years.

# Save the date!

## Annual Shareholders' Meeting on May 17, 2018

Wendel's next Ordinary and Extraordinary Shareholders' Meeting will take place on Thursday May 17, 2018 at 3:30 PM in the Salle Wagram (39-41 Avenue de Wagram, 75017 Paris, France). As announced on March 22, François de Wendel will chair the Meeting, after which Nicolas ver Hulst will be the new elected Chairman of Wendel's Supervisory Board. Gervais Pellissier, an independent member since 2015, will be named Vice-Chairman. François de Wendel will remain a member of the Supervisory Board for the rest of his term, which will end with the close of the Annual Shareholders' Meeting to be held in 2020.



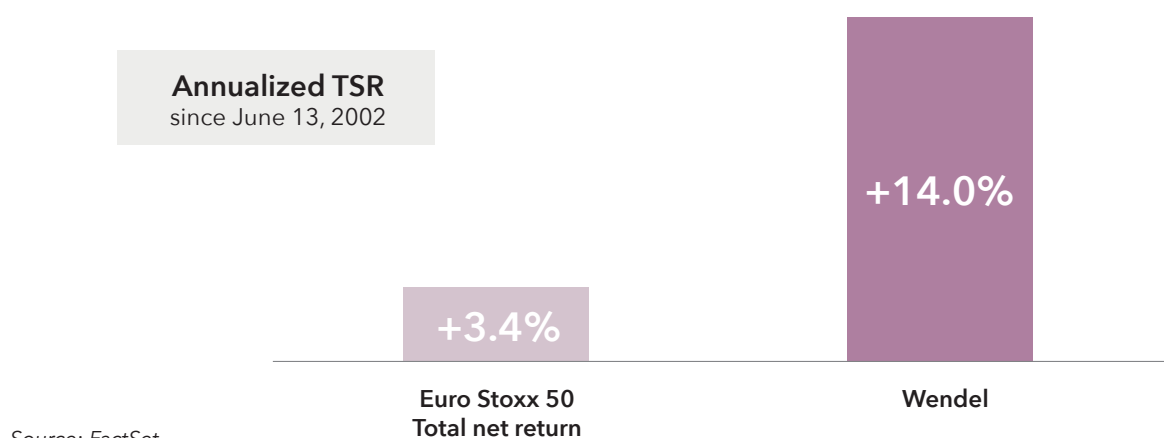
Nicolas ver Hulst



Gervais Pellissier

For further information, please visit: [www.wendelgroup.com/fr/assemblees-generales](http://www.wendelgroup.com/fr/assemblees-generales) >

### Total Shareholder Return as of March 7, 2018



### Next on the agenda

5/17/2018

Shareholders' Meeting / Publication of NAV and trading update (before Shareholders' Meeting)

9/6/2018

H1 2018 earnings / Publication of NAV (pre-market release)  
By conference call

11/29/2018

2018 Investor Day / Publication of NAV and trading update (pre-market release)

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