



WENDEL

LETTER TO SHAREHOLDERS



APRIL 2017

2016 Full-Year Results

KEY FIGURES

NAV at €162.0 per share

as of 3/10/2017,
up 26.3% over the last 12 months

€8.3 billion

in sales

Net income from operations,
Group share,

up **25.9%**
at **€199.4 million**

Ordinary dividend

up **9.3%** to
€2.35 per share*

*Proposed at the Annual Shareholder's Meeting
on May 18, 2017.

Dear Shareholders,

We will remember 2016 for the development of our unlisted investments and the validation of our strategic orientation toward internationalization and diversification. As a result of these major developments, the Group's Net Asset Value stood at €162.0 per share as of March 10, 2017.

Throughout the year, we continued our reorientation toward unlisted investments, expanding and diversifying our exposure to growth in Africa from a sectoral point of view, with our first investment in African commercial real estate and the finalization in February 2017 of our acquisition of Tsebo, the pan-African leader of corporate services. 2016 also saw strong external growth among our companies, which carried out 28 acquisitions, some of which were spectacular for their magnitude and their potential for value creation. In addition, by merging AlliedBarton and Universal Services of America, we created Allied Universal, the North American leader in security services with \$5 billion in revenue. More recently, Stahl, our leather finishing products company, announced a major new transaction with the acquisition of BASF's leather chemicals division, which will allow it to continue its remarkable value creation trend.

We continued to strengthen Wendel's financial situation by bringing our net debt well below €3 billion, to €2.04 billion, and by posting a loan-to-value ratio of 21.1% on March 10, 2017.

Having achieved all our 2013-16 objectives 18 months early, we will continue Wendel's development over the next four years, resolutely focused on international growth, unlisted investments and diversification. While remaining cautious and adapting to market conditions, our desire is to invest €3-4 billion in unlisted companies in regions that we know, possibly involving, on a case by case basis, partners who share our vision of the investments concerned and who have the ability to finance €500-1,000 million.

The aim of our 2017-20 plan and value creation objectives is to deliver, on average, a double-digit rate of return for our shareholders and to pay an increasing dividend, year after year as well as repurchase shares.

On the basis of our positive results in 2016, a dividend of €2.35 per share will be proposed to you at your next Shareholders' Meeting, an increase of 9.3% over the dividend paid in 2016. We look forward to welcoming you in person or via our website on May 18.

Frédéric Lemoine, Chairman of the Executive Board

RESULTS

On March 23, 2017, Wendel published its Full-Year 2016 earnings and Net Asset Value.

2016 Full-Year Results

The Wendel Group's consolidated sales totaled €8,283.6 million, up 7.8% overall and up 0.6% organically.

The contribution of all of the Group's companies to net income from operations was €720.2 million, up 6.0% from 2015. This increase came about in particular because Wendel's recent acquisitions entered the scope of consolidation—Constantia Flexibles since April 1, 2015 and AlliedBarton since December 1, 2015, now Allied Universal since August 1, 2016—and because Mecatherm returned to profitability. These increases more than offset the decline in Saint-Gobain's contribution to net income from operations resulting from the sale of shares in May 2016.

Financial expense, operating expenses and taxes totaled €203.3 million, down 6.4% from 2015 (€217.3 million). This reduction resulted from liability management transactions initiated by Wendel that reduced interest expense and reduced the cost of Wendel's debt and also from favorable exchange rate fluctuations.

Non-recurring net income was €-537.9 million vs. €-295.2 million in 2015. In 2015, the loss in Wendel's consolidated statements deriving from Saint-Gobain's sale of Verallia (€-96.5 million), IHS's currency translation loss following the devaluation of the Nigerian naira (€-56.1 million), asset impairment (€-235.1 million) and other non-recurring items (€-110.9 million) were partially offset by the revaluation of Saint-Gobain's shares in Wendel's balance sheet (€+203.4 million).

In 2016, non-recurring net income was principally comprised of the following items:

- an accounting loss of €229.6 million on the 30 million Saint-Gobain shares sold in May 2016;
- an accounting gain of €78.3 million ⁽¹⁾ realized on the sale of Parcour;
- a currency translation loss recognized by IHS following the devaluation of the Nigerian naira related to dollar-denominated debt (€-159.9 million impact);
- a €123.6 million expense related to debt repurchases in June and October 2016; and
- asset impairment in consolidated companies and other non-recurrent items (€-103.0 million).

Wendel's total net income, which was negative in H1 and turned positive in H2 (€172.1 million) was €-141.1 million in 2016, compared with €+24.5 million in 2015. Net income, Group share, was also positive in H2 and totaled €-366.8 million over the full year, vs. €-146.2 million in 2015.

(1) Adjusted for the discontinuation of depreciation as required by IFRS 5 "Non-current assets held for sale and discontinued operations". The capital gain on the investment totaled €129.3 million.

2016 consolidated earnings

In millions of euros	2015	H1 2016	H2 2016	2016
Contribution of consolidated subsidiaries	679.5	365.9	354.3	720.2
Operating expenses, management fees, and taxes	-217.3	-130.3	-73.0	-203.3
Net income from operations ⁽¹⁾	462.2	235.6	281.3	516.9
<i>Net income from operations ⁽¹⁾, Group share</i>	<i>158.3</i>	<i>83.7</i>	<i>115.7</i>	<i>199.4</i>
Non-recurring income	-295.2	-475.6	-62.3	-537.9
Impact of goodwill allocation	-142.5	-73.2	-46.9	-120.1
Total net income	24.5	-313.2	172.1	-141.1
<i>Net income, Group share</i>	<i>-146.2</i>	<i>-425.1</i>	<i>58.3</i>	<i>-366.8</i>

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

RESULTS

NAV at €162.0 per share as of March 10, 2017, up 26.3% over the last 12 months.

(in millions of euros)			12/31/2016	03/10/2017
Listed equity investments	<u>Number of shares</u>	<u>Share price</u> ⁽¹⁾	4,803	4,937
Bureau Veritas	179.9 million	€18.3	3,263	3,297
Saint-Gobain	35.8 million	€45.8	1,540	1,639
Unlisted investments and Oranje-Nassau Développement ⁽²⁾			4,473	4,614
Other assets and liabilities of Wendel and holding companies ⁽³⁾			129	115
Cash and marketable securities ⁽⁴⁾			1,319	1,430
Gross asset value			10,725	11,097
Wendel bond debt and accrued interest			-3,477	-3,470
Net Asset Value			7,248	7,627
<i>Of which net debt</i>			-2,158	-2,040
<i>Number of shares</i>			47,092,379	47,092,379
Net Asset Value per share			€153.9	€162.0
Average of 20 most recent Wendel share prices			€113.7	€108.3
Premium (discount) on NAV			-26.1%	-33.1%

⁽¹⁾ Average share price of the 20 trading days prior to March 10, 2017.

⁽²⁾ Unlisted equity investments (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal and Tsebo as of March 10, 2017) and Oranje-Nassau Développement (NOP, Saham, Mecatherm, exceet, CSP Technologies, SGI Africa, indirect investments and unlisted debt). As an exception to the NAV calculation methodology and to reflect the fast-growing nature of IHS's business, only the 2016 and 2017 EBITDA have been used in the calculation of IHS's valuation on the two dates. As previously reported, Allied Universal has been valued by peer-group multiples since the 12/31/2016 NAV.

⁽³⁾ Includes 1,406,966 Wendel shares held in treasury as of March 10, 2017 and 1,446,126 as of December 31, 2016.

⁽⁴⁾ Cash and marketable securities owned by Wendel and holding companies included €1,078 million in cash and €352 million in liquid and available financial investments as of March 10, 2017.

Assets and liabilities denominated in currencies other than the euro have been converted at exchange rate 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 when calculating NAV. See page 262 of the 2016 Registration Document.

New acquisition with strong value creation potential for Stahl

Stahl takes over BASF's leather chemicals business

On March 23, 2017, Stahl announced the signing of an agreement with BASF SE, one of the world's largest chemical companies, with a view to acquiring its leather chemicals business.

This acquisition will enable Stahl to benefit from the quality and reputation of BASF's product range. Stahl's position will be consolidated especially on the upstream part of the value chain of the leather chemical market, i.e. Beamhouse* and Wet-End*, while also gaining scale in Leather Finish*. Stahl will optimally leverage its R&D, golden hands employees and sales teams while welcoming ca. 210 employees from BASF, of which ca. 110 in Asia.



The combination of the two businesses generated pro forma ⁽¹⁾ net sales of c. €850 million and EBITDA of more than €200 million (on a 2016 basis). Stahl also expects to generate synergies at the EBITDA level, to be deployed over the 24 months following the closing of the transaction. This asset-light transaction will in addition further improve Stahl's cash generation profile.

In exchange for selling its assets to Stahl, BASF will receive 16% of Stahl's capital and a cash payment of around €150 million ⁽²⁾. Stahl will welcome BASF as a shareholder alongside Wendel who will remain the controlling shareholder of the company (c. 63%), Clariant (c. 19%) and other minority shareholders ⁽³⁾. The transaction is planned to be finalized in the fourth quarter of 2017, subject to the necessary regulatory approvals.

Huub van Beijeren, CEO of Stahl, said: "These are exciting and challenging times for our industry in terms of sustainability and innovation. We believe that with the BASF leather chemicals business we will work on a larger scale and make a new step forward after our previous successes. The signing of this agreement enables us to accelerate the process of creating a more transparent sustainable supply chain as we share the same vision on reducing the environmental footprint linked to our activities. By combining our forces, we will have an even stronger product portfolio with more innovative solutions enabling us to serve our global clients even better."



* Glossary

Beamhouse : First stages of the leather production process from a raw hide; it involves removing unwanted components from the hide and preparing the hide for tanning by soaking.

Wet-End : Includes processes to convert the raw hides into tanned hides by giving the leather specific properties (e.g. color, softness or waterproofness).

Leather Finish : Enhances the leather softness, improves aesthetics, removes any unpleasant odor or creates, if required, a non-slippery type surface.

⁽¹⁾ Excluding the pro-forma impact of the 2016 acquisitions (Eagle Performance Products and Viswaat Leather Chemicals).

⁽²⁾ Percentages will be adjusted at closing depending on leverage and working capital requirements.

⁽³⁾ Including management.

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The number of acquisitions
made by Wendel companies in 2016

COMMITMENTS

Centre Pompidou-Metz: “Infinite Garden. From Giverny to Amazonia”. Exhibition runs until August 28, 2017



Ernesto NETO, Flower Crystal Power, 2014

“Infinite Garden” is an exhibition featuring over 300 works by international artists including Ernesto Neto, Rebecca Horn and Yayoi Kusama based on the theme of the garden as a place of boundless creation. The exhibition takes visitors on a sensory journey that spans both eras and continents. With a scenography designed by Daniel Steegmann Mangrané, the Centre Pompidou-Metz has created a captivating universe within its galleries where subversion, refinement and exuberance coexist. Another characteristic of this exhibition is that it opens out into the city of Metz to include three gardens outside the walls of the Centre Pompidou Metz. The exhibition has already attracted many visitors.

For further information : www.centrepompidou-metz.fr >

Learn about the Wendel International Center for Family Enterprise’s activities

The Wendel International Center for Family Enterprise recently published a new brochure presenting its principal educational programs aimed at members of family enterprises and people actively involved in the field. The publication was also an opportunity for Insead to highlight its positioning as a business school of international standing.

The Wendel International Center for Family Enterprise is an international platform fostering the exchange of ideas so as to best support family businesses and the individuals and entities fundamentally linked to them. Wendel has supported Insead since 1996.

If you would like further information, you can download the brochure on Wendel’s website under:

<http://www.wendelgroup.com/en/patronage> >



Bureau Veritas supports professional equality and diversity



In partnership with Arborus, an endowment fund for professional equality, Bureau Veritas is promoting the “GEEIS-DIVERSITY”, a Gender and Diversity certification. On March 31, 2017, the certification was officially presented at the Economic Social and Environmental Council (ESEC) in Paris. The GEEIS certification was created in 2010 to promote equality between men and women. In 2017, at the request of multinationals, the professional equality initiative was broadened and stepped up to include other criteria such as age, disability and social origin, and the GEEIS-DIVERSITY certification was launched. As a partner, Bureau Veritas audits companies to create a common global culture based on equality and diversity, two central social issues.

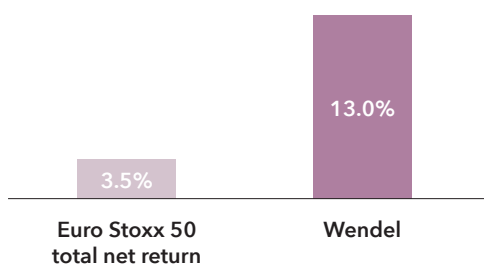
Shareholders' Meeting at Salons Hoche on May 18, 2017

This year, Wendel will hold its Ordinary and Extraordinary General Meeting at the Salons Hoche, 75008 Paris on May 18, roughly three weeks earlier than our previous years' meetings. The agenda includes a presentation of our 2017-20 strategic orientation, the vote of resolutions, including the payment of an ordinary dividend up 9.3% to €2.35 per share, and the proposed appointment of two new Board members: Nicholas Ferguson and Nicolas ver Hulst.

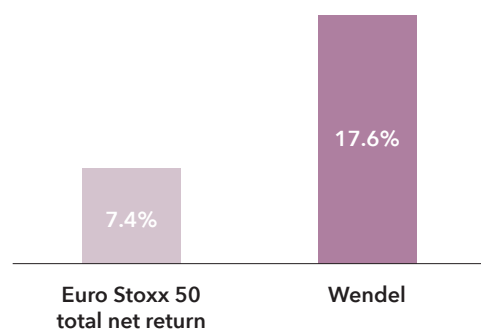


Total shareholder return as of March 10, 2017

Annualized TSR
since June 13, 2002



Annualized TSR
since January 1, 2009



Performance, dividends reinvested.
Source : FactSet

Next on the agenda

5/18/2017

Shareholders' Meeting at 3:30 PM, Salons Hoche, 9, avenue Hoche, 75008 Paris / Publication of NAV and trading update (before Shareholders' Meeting).
Ex-dividend date: May 23, 2017
Dividend payment: May 26, 2017

9/7/2017

Publication of first-half 2017 earnings and NAV (pre-market release) (by conference call).

11/30/2017

Investor Day, publication of NAV and trading update (pre-market release).

Contact us

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