

First half 2006

New progress in results and sustained impetus in acquisitions

Net income, Group share (197 M€): +31%

Acquisitions: 740 M€

"In the first half of 2006, WENDEL's reporting indicated a new progress in its results having made four French and international acquisitions.

The prospects for the Company's subsidiaries are favorable and their good performance reflects a balance between organic growth and acquisitions.

Having increased its net asset value by 26% annually since its creation, the Group continues to exceed its objectives at an average annual growth rate of more than 15% in net asset value. The Group's development and investment capacity enable us to look forward to the future with confidence."

Jean-Bernard Lafonta, Chairman of the Executive Board

I – Net income from business sectors, Group share*: 150 M€, + 20%

In the first half of 2006, net income from business sectors, Group share*, totalled 150 M€ versus 125 M€ in the first half of 2005, representing an increase of 20%. All Group subsidiaries reported good performance levels.

Legrand

Net sales totalled 1,893 M€, up 20%, buoyed by strong organic growth (+8%) and the contribution of acquisitions (external growth +9%). Adjusted operating income rose 23%. This notable increase was due to sustained organic and external growth, which offset the cost of pursuing growth initiatives and the rise in the price of raw materials observed in recent months.

Bureau Veritas

The company reported sustained growth in net sales (+15%) to 888 M€. The business's organic growth was 6%, with marked success in Maritime and Oil and Gas Services. Conversely, and as anticipated, Government Services weighed on business. Net income from activities* rose by 15% to 71 M€.

* Net income before non-recurring income and impact of the allocation of goodwill

Oranje-Nassau

Net sales totalled 136 M€, up 14%, boosted by the rise in energy prices. This company's contribution to net income was 42 M€, despite an unfavorable impact of increased oil taxes in the United Kingdom. The “Buzzard” oil field, acquired in 2005, is expected to start production at the beginning of 2007.

Stallergènes

Net sales rose 14%, reflecting the strong growth in sublingual treatments. The expense associated with Research and Development rose by 37%, owing to the acceleration of the Oralair program, and slowed net income, which nevertheless was up 8% to 8 M€.

Editis

Net sales were stable at 319 M€ despite the termination of the distribution contract with Larousse. Excluding the Larousse contract, an 8% growth reflected the dynamism of Univers Poche, the success of the “Dictionnaire Culturel”, the strong performance of partner-publishers, and external growth operations. These favorable events generated a 6% rise in the operating margin. The contribution to the Group's net income was 1 M€ for the first half. Since publishing is a business that reports the better part of its income in the second half, this performance does not fully reflect the rise in profitability.

Materis

Acquired in the second quarter, the company was consolidated by WENDEL over a two months span. In this period, net sales were 311 M€ and the contribution to the Group's net income was 21 M€.

The Group's net share income totalled 197 M€, up 31% from the first half of 2005. It was mainly comprised of net income from business sectors, which takes into account the subsidiaries' contribution, as well as 34 M€ in non-recurring items.

Consolidated net income

(millions of euros)	June 2006	June 2005	Δ
Consolidated subsidiaries and dividends received	204.9	175.6	+17%
Financing, operating expense and tax	(43.8)	(44.4)	-1%
Net income from business sectors*	161.1	131.2	+23%
Net income from business sectors, Group share*	150.2	125.2	+20%
Non-recurring income	33.8	25.2	
Net income	194.9	156.4	+25%
Net income, Group share	197.4	150.4	+31%

Net income from business sectors*

(millions of euros)	June 2006	June 2005	Δ
Legrand	61.8	46.1	+34%
Bureau Veritas	71.1	62.0	+15%
Oranje-Nassau	41.6	45.5	-9%
Editis	0.9	(6.9)	n.m.
Stallergènes	7.7	7.1	+8%
Materis	20.8	-	n.m.
Wheelabrator	-	12.6	n.m.
Dividends	1.0	9.2	n.m.
Subtotal	204.9	175.6	+17%
Operating expense	(18.8)	(14.2)	
Financing	(31.6)	(32.7)	
Tax	6.6	2.5	
Subtotal	(43.8)	(44.4)	-1%
Net income from business sectors *	161.1	131.2	+23%
Net income from business sectors, Group share*	150.2	125.2	+20%

* Net income before non-recurring income and impact of the allocation of goodwill

II – Highlights

Development of WENDEL in France and internationally

a) 740 M€ in acquisitions in France and internationally

In line with the Company's declared diversification and international development strategy, WENDEL made four acquisitions, for a total of 740 M€, in the first half of 2006, including one in the United States (Deutsch) and two in the Netherlands via its fully owned subsidiary Oranje-Nassau (AVR and Stahl). The four were MATERIS, acquired in May, the European leader in specialty building materials; DEUTSCH, acquired at the end of June, a world leader in high-performance connectors; STAHL, a world leader in leather chemicals; and AVR, the largest Dutch waste management firm.

In conclusion, WENDEL now controls its subsidiaries, since it owns 100% of Bureau Veritas, Oranje-Nassau and Editis, 90% of Deutsch, 76% of Materis, almost 50% of Stahl and Stallergènes, and 30% of Legrand. Neuf Cegetel, in which WENDEL has only a 3% equity interest, has announced its intention to launch an IPO.

Subsequent to these acquisitions, WENDEL renegotiated its syndicated loan, increasing it from 500 M€ to 1,000 M€ for a period of 5 years. This loan has not yet been utilized. Altogether, with 600 M€** available in cash, WENDEL can mobilize a total of 1,600 M€ to finance new investments.

b) Growth of subsidiaries

In the first half of 2006, business at all of the Group's firms was characterized by continued organic growth and acquisitions. Legrand, Bureau Veritas, Editis and Oranje-Nassau had reported almost 1 billion € in acquisitions in 2005. During the first half of 2006, investments totalled 200 M€, of which almost 80% were made internationally. These acquisitions confirm the dynamic development of the Group's subsidiaries.

Legrand: In the first half, Legrand announced the company-financed acquisition of three new subsidiaries, all leaders in their markets: Shidean, the leader in audio and video door entry systems in China; Cemar, the leader in Brazil in consumer units and industrial enclosures; and RM Kabelbaner, the Danish leader in metal cabling systems. Legrand has pursued its policy of targeted acquisitions since June. It has just announced the takeover of Vantage, America's second largest top-of-the-range lighting controls company.

Bureau Veritas: reported external growth of 7% in the first half compared with the first half of 2005. The Group made nine acquisitions since January for a total of 50 M€, completely financed by the company. Bureau Veritas exceeded its external growth objectives (100 M€ per year) as defined in its 2005-2009 plan, with almost 250 M€ in acquisitions since the beginning of 2005.

** The available cash of 600 M€ includes an exceptional dividend of 150 M€ paid by Bureau Veritas in the second half of 2006.

Editis : having signed new distribution contracts (agreements with Dargaud and Le Lombard), and acquired Editions XO, Editis has effectively bought 100% of the DNL Group, thus becoming the leader in mass-market distribution. Acquisitions have totalled 73 M€, in the space of a year, generating external growth of 5%. Editis refinanced its debt, in the month of April 2006, in order to have the necessary resources to pursue its development policy. A new 700 M€ bank loan was arranged (the cost of which was reduced by 75 bp), of which 150 M€ are earmarked for future acquisitions.

Legrand IPO

Legrand's IPO on April 7 was a success, as the offering was oversubscribed almost 30 times, and the IPO price of 19.75 € per share corresponded to the maximum of the price range set. WENDEL's equity interest is now valued at 1,700 M€, almost three times the value of the investment made in 2002 (660 M€). Today, WENDEL holds approximately 30% of Legrand, in control with its partner KKR.

III – Continued increase in the Group's value and prospects

The Group's net asset value totals 5,190 M€ or 95 € per share. This sum, with the 2 € dividend paid last June, represents an increase of 29% compared to a net asset value of 75 € at the same period in the previous year.

The performance of the net asset value since WENDEL's creation in 2002 is +26% per year. With the favorable trend that characterizes its subsidiaries and development strategy, WENDEL should be able to continue to exceed its medium-term objective for growth in net asset value of 15% per year.

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