

## CONSOLIDATED SALES UP 2.5% IN Q1 2014

- Consolidated sales of €1,347.3 million, up +2.5% overall and +4.6% organically
- All Group companies posted organic growth in Q1 2014
- Adjustment to the investment in Saint-Gobain
  - Sale proceeds: ca. €1 billion
- Changes in the scope of consolidation of Group companies
  - Materis: Kerneos sale finalized; exclusive negotiations initiated March 26 with CVC with a view to selling ParexGroup
  - Stahl: Acquisition of the Leather Services division of Clariant finalized
  - Bureau Veritas: acquisition of Maxxam in Canada

**Frédéric Lemoine, Chairman of Wendel's Executive Board, said,**

“All of the companies in the Group experienced sustained organic growth in Q1 2014. There were also many new developments in the beginning of the year: Bureau Veritas and Stahl each finalized a major acquisition and Materis stepped up its debt paydown by selling Kerneos as well as its advanced plan to sell Parex.

For its part, Wendel increased its investment in IHS to \$475 million through a new capital increase. This transaction increased IHS's valuation and further strengthened its shareholder structure. Concerning Saint-Gobain, we finished repaying the debt we incurred to acquire our investment, then recalibrated our investment by selling shares worth approximately €1 billion. We are in a position to achieve three objectives: take advantage of Saint-Gobain's growth by remaining its largest shareholder for the long term; diversify our investments by financing our €2 billion program between now and the end of 2016; strengthen our financial structure so as to return to investment grade.”

## Sales of consolidated companies in Q1 2014

(in millions of euros)	Q1 2013	Q1 2014	Growth	Organic growth
Bureau Veritas	930.6	929.4	-0.1%	+2.7%
Materis - Chryso <sup>(1)</sup>	50.8	53.8	+5.9%	+15.6%
Materis Paints <sup>(1)</sup>	165.1	171.5	+3.9%	+5.3%
Stahl	82.4	86.9	+5.6%	+9.7%
Oranje-Nassau Développement <sup>(2)</sup>	86.2	105.7	+0.7%	+12.3%
Parcours	74.5	79.7	+7.0%	+7.0%
Mecatherm	11.7	17.1	+46.4%	+46.4%
NOP		8.9	-	-
<b>Consolidated sales</b>	<b>1,315.0</b>	<b>1,347.3</b>	<b>2.5%</b>	<b>4.6%</b>

(1) Materis group excluding "Kerneos" Aluminates and "Parex" Mortars divisions, which are presented under Operations held for sale, in accordance with IFRS 5.

(2) Includes Parcours, Mecatherm and NOP from 2014

## Sales of companies accounted for by the equity method

(in millions of euros)	Q1 2013	Q1 2014	Growth	Organic growth
Saint-Gobain	9,622	9,874	+2.6%	+6.8%
OND: except	43.1	48.4	+12.3%	+12.4%
IHS	-	43.9	-	-

## Results of Group companies

### **Bureau Veritas – organic growth of 2.7% in Q1**

*(Full consolidation)*

Q1 2014 revenue totaled €929.4 million, down 0.1% compared to Q1 2013 and up 6.9% on a constant currency basis. Currency fluctuations had a negative impact of 7% due to the decline in the majority of currencies relative to the euro and especially those of emerging markets (Brazil, Argentina, South Africa, Colombia, Chile and India) as well as certain major countries (US, Australia and Japan).

Organic growth picked up to 2.7%, an improvement compared with 1.6% in Q4 2013, with better performances in the majority of businesses:

- Performances improved at the three businesses that incurred a sharp slowdown last year. The Marine business rebounded earlier than expected while Commodities restored a positive organic growth rate with a less marked slowdown in the Metals & Minerals segment, and sustained growth in Oil & Petrochemicals. Revenue improved in Government Services & International Trade (GSIT) albeit still in decline, given the reduced level of activity for two contracts (Angola and Ivory Coast).

- Revenue growth in the In-Service Inspection & Verification (IVS), Industry and Certification businesses was up slightly compared to the previous quarter.
- Growth in the Consumer Products business was robust, benefiting from its higher exposure to markets such as wireless/mobile technologies and automotive equipment.
- The Construction business benefited from strong growth in China but suffered from exceptional weather conditions in the US and weak business levels in France.

Bureau Veritas also continues to pursue its acquisition strategy:

- On January 31, 2014, Bureau Veritas completed the acquisition of Maxxam, the Canadian leader in the testing, inspection and certification sector. With this acquisition, Bureau Veritas is diversifying into laboratory testing in the food, petroleum and environmental segments.
- On April 7, 2014, Bureau Veritas announced the acquisition of Quiktrak, a US company specialized in vehicle and agricultural machinery stock audit. This operation is another step forward in Bureau Veritas' expansion in North America and provides high value-added services which round out its overall offering in vehicle inspection.
- On April 29, 2014, Bureau Veritas announced the acquisition of Andes Control S.A., a Chilean company specialized in chemical testing and analysis for food and environmental safety applications. The company is present in Chile, Peru, and Ecuador. Andes Control achieved sales of €3.5 million in 2013.

The consolidation of companies acquired contributed 4.2% of growth in the first quarter.

- Revenue at Maxxam during February and March stood at €25.5 million.
- The other companies contributing to acquisitions growth were Sievert and Carab Tekniva in the Industry business, CKM and KBI in Construction and OTI in Commodities.

### **Materis – Sales growth of 4.3% Sale of Kerneos finalized. Sale of Parex initiated on March 26, 2014**

*(Full consolidation – figures for both Parex and Kerneos have been reclassified, in accordance with IFRS 5, and are not included here)*

Materis posted sales of €225.3 million in Q1 2014, up 4.3% overall and 7.7% organically. Currency fluctuations had a negative impact of 3.9%. In Q1 2014 organic growth in emerging economies stood at 22%, while that of mature economies was 4%.

- Robust growth at **Chryso (Admixtures)** in virtually all geographic regions generated organic growth of 15.6% in Q1, owing to the performance of underlying markets and to market share gains. Sales remained very strong in emerging markets, in particular in the Africa / Middle East region, where organic growth was 25%, and in India (21%). In mature economies, business was very brisk, in particular in Spain (up 18%), in the USA (up 10%) and in France (up 7%). The currency effect was unfavorable over the quarter (-9.6%).
- **Materis Paints** performed well in Q1 2014 (up 4% overall and 5.3% organically), benefiting from improved markets, favorable weather, and numerous marketing initiatives intended to boost sales.

On March 26, 2014, Materis finalized the sale of the entire capital of its subsidiary Materis Aluminates, the holding company of Kerneos. This transaction values Kerneos at €610 million, representing a multiple of 8.4x 2013 EBITDA. Materis will use the proceeds of the sale to partially deleverage. Wendel took part in this transaction by reinvesting €60 million in a subordinated debt line bearing interest at 10.5%.

Also on March 26, Materis received a firm bid from funds advised by CVC for the acquisition of the entire capital of its subsidiary ParexGroup. Materis has decided to enter into exclusive negotiations with CVC to finalize the terms of this sale. This transaction would value ParexGroup at €880 million, representing a multiple of 8.4x 2013 EBITDA, and Materis would use the sale proceeds to significantly pay down debt. The sale is expected to close during summer 2014, subject to the necessary regulatory approvals.

### **Stahl – Strong growth in sales of 5.6% in Q1 and 9.7% organically. Acquisition of the Leather Services Business of Clariant finalized**

*(Full consolidation)*

In Q1 2014, Stahl posted a 5.6% rise in sales to €86.9 million. Stahl's organic growth came in at 9.7% over the first quarter, benefiting from robust performance in the automotive segment of the Leather Finish division, as well as from strong growth in Performance Coatings.

On May 1, 2014, Stahl announced that it had finalized the purchase of Clariant's Leather Services Business. In exchange for the sale of its assets to Stahl, Clariant received 23% of the shares of Stahl and a cash payment of €74 million.

To finance the transaction, Stahl has implemented new financing of €295 million, maturing in June 2019, in the form of a club deal. Of this amount, €260 million has been drawn down. Stahl has used this new financing to:

- i) refinance its existing lines of credit,
- ii) make the cash payment to Clariant, and
- iii) make a partial repayment (€56 million) of shareholder loans granted by Wendel (€50 million), Stahl's former lenders (2010 pre-restructuring) and Stahl's management team.

At closing, net debt represented around 3x combined LTM EBITDA, enabling Stahl to pursue its growth and development.

With this acquisition, Stahl's total sales will rise to €600 million and its EBITDA to €84 million before synergies (combined 2013 figures). After harnessing synergies, estimated at more than €15 million at the EBITDA level and to be deployed over 18 months once the transaction is closed, Stahl should achieve an EBITDA margin in excess of 15%.

Wendel will remain the principal shareholder, with roughly 70% of Stahl's capital.

## **IHS – The African leader in telecom tower infrastructure continues to post very strong growth**

*(Equity accounted since May 2013)*

The IHS tower portfolio has grown from 3,500 towers in January 2013 to over 10,500 towers under management (including the MTN towers acquired in Zambia and Rwanda), extending IHS Holding's leadership in the mobile telecom tower infrastructure market in Africa.

Sales for the first quarter of 2014 came in at \$60.2 million, vs. \$24.4 million in the first quarter of 2013, representing a surge of nearly 150%. This growth was driven by good business performance in Nigeria, the acquisition of MTN's towers in Cameroon and Côte d'Ivoire in April and May 2013, and the contract secured with Orange in the same two countries. IHS pursued its strategy to expand across Africa, completing the acquisition of 1,269 towers from MTN in Zambia and Rwanda in 2014. To finance this rapid growth, IHS carried out an equity increase of \$550 million in February 2014. Wendel took part in this transaction, bringing its total investment to \$475 million, and now holds around 35% of the company's capital.

## **Saint-Gobain – 2.6% increase in sales in Q1, with robust organic growth of 6.8%**

*(Equity method)*

Consolidated sales came in at €9,874 million, up 2.6%, or 6.8% like-for-like (constant exchange rates and Group structure). Exchange rates continued to have a negative impact (-3.7%), especially in industrial Business Sectors, due to the depreciation of certain currencies (mainly in Latin America, the US and Scandinavia). Changes in Group structure had a slightly negative impact of 0.5%.

Volumes climbed 5.6%, buoyed by upward trends on the company's markets and a very favorable basis for comparison in terms of weather conditions in Europe. Working days had a slightly positive impact of around 0.7%.

Thanks to Saint-Gobain's priority focus on sales prices, the price effect was a positive 1.2%, including 1.8% for industrial Business Sectors amid low raw material and energy cost inflation.

**Innovative Materials** sales advanced 4.9%.

- Flat Glass confirmed its recovery (up 4.5%), driven by brisk automotive markets in all regions. The construction market in Western Europe improved slightly in volume terms, although sales prices do not yet reflect the increases currently being implemented. Asia and emerging countries continued to enjoy very strong momentum.
- High-Performance Materials (HPM) delivered 5.4% organic growth powered by Asia and emerging countries as well as Western Europe, across all of its businesses. North America was down slightly due to the decline in Ceramics and the negative impact of harsh winter weather.

**Construction Products (CP)** sales rose 7.4%, buoyed by Europe and by Asia and emerging countries.

- **Interior Solutions** reported a 10.9% rise in sales and had a very good quarter in all of its regions. The US remained on an upward trend in terms of both prices (particularly for plasterboard) and volumes, spurred by good momentum in construction markets. Asia and emerging countries put in another very good performance. Volumes were up in all Western European countries, aided by favorable weather conditions.
- **Exterior Solutions** posted a 3.9% increase in sales, bolstered by strong growth in Industrial Mortars in all of its regions and healthy trading in Pipe. US Exterior Products reported gains in March, after a very tough start to the year caused by the harsh winter weather.

**Building Distribution** sales rallied strongly, up 8.1%, boosted by much better weather than in first-quarter 2013 and by the gradual improvement in most construction markets in Europe. The UK, Germany, Nordic countries and Eastern Europe delivered a strong first-quarter performance. France was up only slightly against weak first-quarter 2013 comparatives. Solid renovation activity offset the sharp contraction in new-builds. Brazil contributed to the Business Sector's good growth.

**Packaging (Verallia)** delivered 2.2% organic growth, driven mainly by volumes both in Europe and in Latin America. Sales prices are upbeat in Latin America in a highly inflationary environment but fell slightly in some European countries due to competitive pressure. The Group's North American business - whose sale was finalized on April 11, 2014 and which will be deconsolidated with effect from that date - performed in line with first-quarter 2013.

The first quarter confirms that the uptrends first seen in the second half of 2013 should continue throughout 2014:

- In Western Europe, after a first quarter boosted by very favorable weather conditions, Saint-Gobain's markets should continue to improve gradually, led by growth in the UK and Germany.
- In North America, after a first-quarter performance affected by harsh winter weather, Saint-Gobain will benefit from good momentum in the construction market and improved industrial markets.
- In Asia and emerging countries, its businesses should deliver solid organic growth.
- Lastly, household consumption markets, more challenging in Southern Europe, could continue to be affected by competitive pressure on prices.

Thanks to the roll-out of these measures and to the better trends in our various markets observed as from the second half of 2013, Saint-Gobain continues to expect a clear improvement in its operating income on a comparable structure and currency basis.

## **Oranje-Nassau Développement**

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation, and in particular has invested in France (Parcours and Mecatherm), Germany (exceet), Japan (NOP), and the Netherlands (Van Gansewinkel Groep), as well as in Africa (Saham), where it has unconsolidated holdings.

### **Parcours – Sales up 7.0%. 8.8% growth in vehicle fleet under management**

*(Full consolidation)*

Parcours reported sales of €79.7 million, up 7.0% compared with Q1 2013. Over the last 12 months, Parcours' fleet expanded by 8.8% to 51,711 vehicles. This rate of growth was once again faster than the French industry average.

Sales in the long-term leasing and maintenance businesses rose by +9.5%, while second-hand vehicle sales were stable in Q1 2014.

### **Mecatherm – 46.4% rise in sales and record order intake**

*(Full consolidation)*

Mecatherm's sales totaled €17.1 million in Q1 2014, up 46.4% from the year-earlier period.

Following on from 2013, the order book reached a new record of €124 million at the end of March 2014, on a 12-month rolling basis. Mecatherm is reaping the benefits of the new equipment it has developed as a result of its investment in R&D and its intensive sales & marketing efforts on new markets. It has landed numerous new contracts, not only in Africa (including North Africa) and the Middle East, but also in Europe and North America. In April 2014, Olivier Sergent was named chairman of the Mecatherm group. Bernard Zorn will step down from his operational responsibilities in June 2014 and continue to play a non-executive role in the company.

### **exceet – Good start to 2014, with sales growth of 12.3%**

*(Equity method)*

In Q1 2014, exceet posted a 12.3% upturn in sales to €48.4 million, and a 12.4% organic increase. The ECMS (Electronic Components, Modules & Systems) business, the largest contributor to total sales, grew by 5% to €33.7 million. Strong demand from the healthcare sector for intelligent electronic products drove this increase. exceet announced that it had signed an agreement to acquire the Romanian development activities of Valtronics Technologies Sarl, thereby strengthening its ability to innovate in medical electronics.

In addition, the IDMS (ID Management & Systems) business grew by 26.6% to €12.9 million, owing to increased demand and a better product mix.

For the rest of the year, exceet is optimistic about its ability to deliver growth both in sales and margins.

### **Nippon Oil Pump (NOP) – 19.4% rise in sales**

*(Full consolidation from 2014)*

NOP's sales totaled ¥1,253 million in Q1 2014, up 19.4% from ¥1,049 million in Q1 2013. This strong growth was driven by sales of trochoid and Procon pumps (vane pumps). Sales of Vortex pumps, a new product launched in 2013, also got off to a good start in Japan and Taiwan.



## **Significant events since the beginning of 2014**

- **Adjustment to the investment in Saint-Gobain**

On May 7, 2014, Wendel divested 4.3% of the capital of Saint-Gobain by selling 24 million shares in the market for around €1 billion. Following the transaction, Wendel holds around 12% of the shares and 20% of the voting rights of Saint-Gobain. Wendel's investment will stabilize for the long term at around 11.5% of the capital and 19% of the voting rights, taking into account the impact of expected capital increases related to the employee savings plan and to the payment of part of the dividend in shares.

With this stake, Wendel intends to remain Saint-Gobain's largest shareholder and to maintain the corporate governance structure successfully implemented several years ago. Looking into the future, this stake is compatible with Wendel's investment strategy, oriented towards new, unlisted companies and diversified by geography and by industry. Following on from the sale of Wendel's investment in Legrand and the sale of certain business activities at Materis – Kerneos (completed) and Parex (underway) – this adjustment serves to recalibrate Wendel's exposure to construction markets, while allowing it to continue benefiting from their growth.

Wendel will use the proceeds of the sale to bolster its cash holdings, which totaled €547 million as of March 17, 2014. As such, Wendel will have the flexibility it needs for its investment program, even while returning to investment-grade status. In the short and medium term, Wendel will be able to invest an additional €400 million in IHS and Saham. Furthermore, Wendel is actively seeking to invest part of the approximately €1.2 billion it has allocated to North America and Europe between now and the end of 2016. Lastly, Wendel will repay its €477 million bond due in November 2014.

Wendel has reaffirmed its long-term support for Saint-Gobain's strategy, announced on November 27, 2013. This strategy makes Saint-Gobain one of the strongest and best positioned companies in construction materials and technologies.

The transaction will result in an income statement loss of approximately €100m for Wendel.

Given its long term perspective in Saint-Gobain, Wendel has agreed with the bookrunners a particularly long lock-up commitment not to proceed with a similar transaction in the market for the next 12 months.

- **Wendel is IHS Holding's largest shareholder**

On March 3 and April 16, 2014, Wendel once again increased its exposure to IHS Holding by taking part in two tranches of a \$550 million capital increase. Wendel exercised all of its subscription rights and invested an additional US\$199 million, thereby lifting its total investment in the pan-African leader in telecom towers to \$475 million. Following this transaction, Wendel remains IHS's largest shareholder, with more than 35% of the capital of the company. Wendel has three representatives on the company's board of directors.

This most recent capital increase valued the company's equity at nearly \$1 billion before new financing, representing a premium of 30% compared with the previous capital increase in July 2013.

- **Successful bond issue in January 2014, maturity 2021**

On January 21, 2014, Wendel announced that it had successfully placed a €400 million bond issue maturing in January 2021, with a coupon of 3.75%. This is the lowest coupon Wendel has obtained on a seven-year maturity. The issue was very well received by investors and was 7.5 times oversubscribed.

- **€2.1 billion in bank lines available**

As of March 31, 2014, Wendel had €2.1 billion in undrawn credit lines maturing between 2017 and 2020:

- €600 million in a syndicated loan maturing in May 2018
- €700 million in bank debt with margin calls maturing in 2017
- €800 million in bank debt with margin calls maturing in 2020

- **Repayment of all debt related to the investment in Saint-Gobain**

During the first quarter of 2014, the remaining debt of €425 million related to the acquisition of Saint-Gobain shares, was fully repaid.

## 2014 Calendar

**Shareholders' Meeting and publication of NAV**  
**Publication of H1 2014 earnings** (pre-market release)  
**Publication of Q3 2014 net sales** (pre-market release)  
**Investor day** - publication of NAV (pre-market release)

Friday, June 6, 2014  
Thursday, August 28, 2014  
Friday, November 7, 2014  
Thursday, December 4, 2014

### About Wendel

Wendel is one of Europe's leading listed investment firms. The Group invests internationally, in companies that are leaders in their field, such as Bureau Veritas, Saint-Gobain, Materis and Stahl. Wendel plays an active role as industry shareholder in these companies. It implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions. Through Oranje-Nassau Développement, which brings together opportunities for investment in growth, diversification and innovation, Wendel is also a shareholder of Van Gansewinkel Groep in the Netherlands, except in Germany, Mecatherm and Parcours in France, Nippon Oil Pump in Japan and Saham Group in Africa. Wendel is listed on Eurolist by Euronext Paris.

Standard & Poor's ratings: Long term: BB+, stable outlook; short term: B since April 24, 2013.

Wendel is the Founding Sponsor of Centre Pompidou-Metz. In recognition of its long-term patronage of the arts, Wendel received the distinction of "Grand Mécène de la Culture" on March 23, 2012.



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