

Presentation of Wendel's results for the first half of 2007 ¹ Summary

Ernest-Antoine Seillière, Chairman, Supervisory Board

Ladies and Gentlemen,

Before asking Jean-Bernard Lafonta to present the first half results I would like to mention that the Supervisory Board has approved these financial statements and was pleased with them. The improvement recorded in the first half should be satisfying to shareholders. We have therefore given our backing to the Executive Board to continue on the same path. The Wendel Group's structure seems perfectly suited to these times of financial turbulence.

Jean-Bernard Lafonta, Chairman, Executive Board

The results of our businesses in the first half were excellent and we are reasonably confident about our ability to repeat them in the second half. Our businesses continue to be favorably positioned. The current situation in the markets offers investment opportunities. We shall maintain an eagle eye on this. The fact that we are an investment company as opposed to a private equity fund gives us more flexibility that we intend taking advantage of.

Net sales improved during the first half. Organic growth was 7%. The net income from business sectors, Group share, was up by 21%. This is the fifth year running in which our first half year net income has increased by over 20%. Finally, the net asset value has increased by 20% on an annualized basis since the beginning of the year and by 30% in the last twelve months. In terms of intrinsic value Wendel has held up better than the market so far this summer.

This first half has allowed us to make a number of decisions in continuation of the strategic direction we announced to the market at the end of last year.

For example, in order to focus in the long term on Japan and South Korea, we have opened an office in Singapore. We have also strengthened our investment and business support teams with top-class people who have all had operational experience.

We have decided to continue with the stock exchange listing of Bureau Veritas between now and the end the year provided market conditions allow it. Our work in preparation for this continues. It is a very important point in the development of Bureau Veritas. Our ambition remains to

¹ This document is a summary of the discussions that took place during the presentation of the first-half results on September 4, 2007. It is not a word-for-word transcript of these discussions. - This is a free translation into English of synthesis of the debates issued in the French language and is provided solely for the convenience of English speaking readers.

double the net sales of this business – which today has nearly 30,000 employees – over the next five years. Similarly, we would like to increase its profitability and net income quite significantly. Bureau Veritas has made some major acquisitions at reasonable prices. The Australian operations, notably, were strengthened in the energy and mining sectors. An acquisition was also made in Spain, and Bureau Veritas is now ahead of target in its external growth program. Its organic growth since the beginning of the year was 9%.

Among our subsidiaries Legrand also experienced exceptional organic growth of 9%, even though the North American market has not grown in the last year. Materis realized an excellent performance. Since we acquired this business it has realized significant external growth. Stallergènes also experienced strong growth. Editis posted growth superior to that of the market. Finally, Deutsch posted growth in line with forecasts. This was not the case for Stahl.

I. Strategy and achievements

The Wendel model and our development focus are based on a long-term approach. This enables us to take positions in top-quality investments and manage their associated risks. Financial discipline is also a key issue. Finally, we are looking to increase Wendel's ability to reproduce its model outside France with the priority being Germany, the Netherlands, Japan and South Korea.

Since 2002 we have significantly strengthened our shareholdings in Group companies in which we have a controlling interest. This control may take various forms. In each case it is important for us to talk about strategy with the management of the company.

In terms of value creation the results are satisfactory with annual growth of 31%.

The Group's structure has not changed in the last year as we did not make any acquisitions during the first half.

II. Consolidated results for the first half of 2007

The net income, Group share, was up by 23%, to 243 million euros. The net income from business sectors grew by 21%, to 182 million euros. The Group is in a healthy financial position: income from subsidiaries is increasing more than financing costs, general and administrative expenses, and taxes, producing positive leverage on the net income, Group share.

Details of the contribution from each company to our net income show that Materis and Editis made substantial improvements. Oranje-Nassau is the only company whose contribution has fallen, but this is solely because the major part of its income is denominated in US dollars.

Non-recurring income showed a capital gain in 2006 resulting from the stock market listing of Legrand that will not recur in 2007. Similarly there will be no recurrence of debt restructuring costs for Editis and Legrand.

III. Subsidiaries

Bureau Veritas has had an excellent track record since we became shareholders in 1995. This business has become a first class leader. Our strategic objectives have already been realized. The prospects remain the same. Net sales are expected to double by 2011. Seven acquisitions were made during the first half, equivalent to 215 million euros in sales in a full year. We shall retain a controlling interest in this business after its listing on the stock market which should take place before the end of the year, if market conditions permit it.

The financial performance of Bureau Veritas was excellent with, notably, growth of 19% in adjusted operating income and 8% in net sales. Financial debt remained stable despite the acquisitions.

Legrand posted extremely impressive organic growth of 9% in the first half. In France and Italy Legrand's growth proved to be much higher than that of its markets. In the United States business remained stable. Emerging countries accounted for 22% of its sales. Legrand posted growth in net income superior to that of its sales and the improvements in margins is quite significant. New product range launches continue, which implies reinforcement of sales and marketing resources. Finally, free cash flow generation is very high.

Materis achieved organic growth of 8% in the first half with good performances by all business sectors. This business has very strong fundamentals. In terms of external growth, Materis was active in the paints sector. Financially there was a slight improvement in operating margins despite the impact of acquisitions and increases in raw material and energy costs. Finally, financial debt was more or less stable after 75 million euros of acquisitions undertaken in the last 12 months.

Stallergènes posted very good results with increases in sales and operating income before R&D of 17% and 23 % respectively. Net income grew by 32%. The objective now consists of enhancing this growth with the market introduction of ORALAIR® tablets.

Editis posted organic growth of 1%, superior to that of the market. Significant acquisitions were made for the first time outside France. Overall the education sector is growing very fast. The development opportunities are very significant, notably in e-commerce. Editis turned in a brilliant operating performance in a context of weak growth. All acquisitions were self-financing. The greater part of operating income will be realized in the second half.

Since becoming owners, we have initiated the process of making **Deutsch** a unified and integrated group. For example, we have created two global divisions: Aeronautics and Manufacturing. The CEO of the Aeronautics division has just been recruited. In addition a new CFO has been appointed and a more appropriate reporting process has been put in place. Finally, we have launched various projects intended to identify potential growth opportunities for Deutsch, which entails certain costs. We expect these potential opportunities to come to fruition in the near future. Growth in Deutsch's divisions is quite dissimilar: it is strong in aeronautics and stable in manufacturing – which is no mean achievement in a rapidly shrinking market. Finally, operating profitability will be impacted by the operating costs in relation to the cross-functional projects and the new organization into global divisions. We are expecting a 300-basis-point gain within two years. We would be disappointed if this was not the case.

When we acquired **Stahl**, the situation was worse than we had thought. We replaced the CEO at the end of last year. The new CEO is doing a good job. Head office staff numbers were reduced and managers were recruited to fill identified gaps. The actions undertaken by Stahl to reduce its fixed costs represent 9 million euros in a full year. Inventory optimization initiatives were undertaken to manage cash assets. Other initiatives should be undertaken in the medium term, notably in the area of procurement. In this context underlying sales remained unchanged, operating income declined and operating cash flow improved. Finally, borrowings have been reduced. The key issue in the medium term for Stahl is to return to growth, particularly in China.

Finally, **Oranje-Nassau** recorded an 11% reduction in sales and a 28% reduction in net business income. This reflects stable production and the impact of converting dollar-denominated oil prices into euros for the energy sector. Borrowings were reduced substantially while cash flow generation continued to be very high. Current reserves are estimated to be 14 million barrels.

IV. Performance of Wendel

The stock price was down on the high point reached in May, with a premium/discount level that has remained stable at around 0 to 5%. The most recent net asset value published at the end of August was 121 euros per share. The decrease compared with May was 5%, whereas the market has fallen by 10%. Wendel's stock price has thus held up relatively well. Wendel has outperformed the market by an annual average of 16 percentage points over the last five years and undoubtedly deserves a positive premium. We have not yet been able to convince the market of this. A significant part of this outperformance relates directly to the development of companies in which we have an interest. Another part arises from the improvement of market multiples. The last part, which is more difficult for the market to grasp, is due to the decisions we make in relation to developments in the composition of the Group. Today Wendel is Europe's second-largest investment company by market capitalization.

V. Wendel's position and objectives

It seems to us that the credit markets are undergoing a necessary correction. Debt levels were relatively stretched. This correction was therefore inevitable. We are not overly pessimistic as the economy remains very sound and stock market prices are not excessive. Actually, the current market conditions offer opportunities. We have the good fortune of being relatively flexible. We are interested in businesses with potential, whether listed or not. We therefore have leanings towards this area.

Q& A session

From the floor

What were the prices of the two acquisitions by Editis in Belgium and France? What are the expected returns? Also, what is Wendel's current debt position?

Jean-Bernard Lafonta

From memory the acquisitions by Editis were based on average multiples after synergies of less than ten times operating income. Our gross debt² is around 2.8 billion euros and we also have an unused syndicated loan facility of around 1 billion euros.

From the floor

I don't have any worries about the investment opportunities that the current situation offers to Wendel. Nevertheless, the market shakeout raises questions for me. Where will it stop?

Jean-Bernard Lafonta

It is difficult for me to give you an answer. From experience, I would say that the more rapid the purge the more rapid is the recovery also. In fact, everything will depend on the way in which the banks depreciate the loans on their balance sheets. The next few weeks will provide some interesting clarifications on this issue. The idea that risks are diluted when they are spread among a significant number of participants is not true. It is therefore logical that at some moment the banks will return to their primary role of risk takers. The current crisis is not just a cyclical one.

From the floor

Who owns Wendel's share capital?

Jean-Bernard Lafonta

From memory, SLPS owns 33.5%, management in the broad sense of the term holds around 4.5% and Arnhold & Bleichroeder around 6%. The rest of the capital is spread throughout the market with 45,000 individual shareholders and institutional shareholders of whom 75% are outside France.

² Additional note from the company: gross debt with recourse to Wendel. Net debt at June 30 was around €1.4 billion.

From the floor

Is the reinforcement of your teams a sign of increased aggressiveness in the coming months? In Asia why do you want to concentrate upon Japan and South Korea? Does Editis seem to you a satisfactory acquisition despite growth performances and margins lower than those of the other subsidiaries? Finally, will the collapse of credit markets relieve the pressure from private equity participants?

Jean-Bernard Lafonta

In terms of employee numbers we were certainly under-staffed. Personnel have been recruited with the objective of preparing for our international development. Three to four years from now we should have an investment team of 20 to 30 people, which is still a small-sized team.

In Asia we believe that Japan will gradually open up for investment. We are in it for the long term and ours is a family-based culture: these are two valuable advantages in this market. The challenge is to become a significant participant in Japan over ten to fifteen years. We therefore have time. In other countries in Asia, notably China and India, there are numerous opportunities but the price conditions do not always make sense. This does not prevent us from being very active in these markets through our subsidiaries. We are already a significant participant in China where we have around 7,000 employees. We are really involved in a long-term approach in Asia.

We are satisfied with Editis. Operating income has grown by 60% in three years. The value of this business has grown by more than 30%. We would have to be very finicky to be dissatisfied.

Acquisitions are a significant component in the development of Wendel subsidiaries. As far as we are concerned, we think that there will be no further transactions initiated by funds in the coming quarters. The adaptability and flexibility of Wendel are very valuable advantages. We are not compelled to remain confined to the unlisted LBO market. Our business does not consist of doing LBOs and financial engineering.

From the floor

How do you explain the reduction in general and administrative costs when staff numbers have increased?

Do you intend to establish a truly international investment team?

Jean-Bernard Lafonta

Our general and administrative expenses declined by 4 million euros because we had nearly 6 million euros in consulting fees in the first half of 2006. This year these expenses amounted to 1 million euros for the first half. At the same time general and administrative expenses related to the reinforcement of the Wendel investment teams have grown but the balance remains very positive. Naturally, we will recruit personnel with an international profile into our teams. For the moment we are laying the foundations of this strategy. In the coming quarters we shall add to our team.

From the floor

It appears you have decided to divest your holding in Stallergènes. This is surprising.

Jean-Bernard Lafonta

We have not made any divestment decision. Our analysis has established that the development potential is very significant. It requires finding third parties who have the sales and distribution capacities, particularly in the United States. We are in the middle of a review of how best to exploit the growth and development potential of Stallergènes. We have no preconceived ideas.

From the floor

Could you give us some details about the fields you are tracking as a matter of priority for acquisitions?

Jean-Bernard Lafonta

We have no preconceived ideas in terms of sector. As to size we look for businesses whose value is in excess of a billion euros.

From the floor

The listing of Bureau Veritas on the stock market will reduce your very significant weighting in service companies. Is your intention to redress the balance of your portfolio?

Jean-Bernard Lafonta

The allocation of our assets is fairly well balanced. I just wish to say that we have no preconceived ideas in terms of sector. In our acquisition transactions we analyze the effects of the impact of globalization and delocalization. We have a specific viewpoint on each business.

From the floor

What is the estimated share of acquisitions in your objective to double the size of Wendel in the next five years?

Jean-Bernard Lafonta

We are prudent. We have developed this objective excluding aggressive assumptions on the subject of acquisitions. Nevertheless we have an ambition: to do better. Actually our objective consists in investing 3 billion euros of Wendel's equity and 2 billion euros through subsidiaries.

From the floor

Will there be a capital increase as a result of the listing of Bureau Veritas?

Jean-Bernard Lafonta

As this is an operation currently underway, I am obliged to adhere to the rules of confidentiality.

From the floor

What will the amount of the free float be?

Jean-Bernard Lafonta

We shall ensure that there is adequate liquidity.

From the floor

Do you consider that Bureau Veritas' leverage is sufficient?

Jean-Bernard Lafonta

It is in line with our ambitions. We are reasonably comfortable with the current levels.

From the floor

To what extent is your willingness to invest in listed companies compatible with your wish to remain a controlling shareholder? Do you really think there will no transactions initiated by funds in the forthcoming quarters?

Jean-Bernard Lafonta

Last year we made it clear that we could invest in listed or unlisted companies. Everything depends on the potential of the companies. We are still totally in line with this logic. Obviously we do not wish to be passive shareholders standing in the wings.

From the floor

You have not made any acquisitions of listed companies in the last year.

Jean-Bernard Lafonta

We are patient. We take our time. The fact that unlisted investments should be unavailable for a few quarters is anecdotal.

From the floor

What is the potential for ORALAIR® tablets? In which countries will it be launched? What is the amount of the investment allocated for its production in the Antony factory?

Jean-Bernard Lafonta

This product is a tablet that enables the causes of the allergy to be treated on a long-term basis. This is what makes it new and significant. It is very difficult to determine the potential market that this product creates for Stallergènes. Besides, you should remember that Stallergènes is a listed company.

Thank you to everyone for coming to this meeting.