

Presentation of results

as of June 30, 2006

I. Introduction

Ernest-Antoine Seillière, Chairman of the Supervisory Board

Ladies and Gentlemen, before Jean-Bernard Lafonta reports on the half-year results of WENDEL Investissement, I would like to inform you of the three comments made by the Supervisory Board after it met yesterday to learn of these results. First of all, it congratulated the Executive Board and the WENDEL Investissement team for their relatively considerable work, which generated good results. Next, it underlined that the rise in results from Group activities was based on organic growth in the subsidiaries and tightly reined management, thereby providing a solid base for future development. Lastly, it observed that at the level of both the subsidiaries and the Group itself, the acquisition policy is very dynamic, and therefore that prospects do not seem to be unfavorable.

II. Highlights

Jean-Bernard Lafonta, Chairman of the Executive Board

The first six months of 2006 were marked by significant events, especially in terms of development. We wanted to test the efficiency of our model in France and also internationally. WENDEL Investissement ranks among Europe's largest investment firms, but it has a distinguishing characteristic – the fact that it is a long-term investor. In the first half, we demonstrated the efficiency of our model, since three out of our four acquisitions were international: Deutsch in the United States and Stahl and AVR in the Netherlands. We also acquired the French company Materis, a leader in its sector. At the end of 2004, our objective for the next five years was to invest 1.5 billion euros in acquisitions at the level of the Group and 1.3 billion euros at the level of the subsidiaries. Today, we are rather ahead of schedule, and may decide to raise the sum.

Since the beginning of the year, Legrand acquired four companies, in particular an industry leader in China. Legrand now has very strong positions in this country, but also in India, Mexico and eastern Europe. Bureau Veritas also pursued its expansion, after significant acquisitions in 2005. The same was true for Editis, with the acquisition of the publishing house XO and of DNL.

The first half also saw Legrand's IPO, which was eminently successful since demand totaled 31 billion euros when the offering was 1 billion euros. On the basis of Legrand's current value, the investment we made four years ago has grown threefold, but as you are aware, we do not intend to dispose of this investment in the short term.

Today, the Group has broadened its consolidation base as Materis, Deutsch, Stahl and AVR have been consolidated. We have a controlling interest in all of WENDEL Investissement's subsidiaries, except for Neuf Cegetel. The first-half results are satisfactory. Net sales rose 16% on a constant basis to 1.7 billion euros. Net income, Group share, was up 31% to 197 million euros, twice the amount of annual income four years ago. We invested 740 million euros in shareholders' equity in four acquisitions without significantly reducing our investment capacity, since our S&P credit rating is 21%. The ordinary dividend increased by 22%, and there was an exceptional dividend of 0.60 euro.

III. Consolidated results

All of the Group's subsidiaries reported an average of 17% growth in results. They all made a greater contribution to Group income except for Oranje-Nassau. Operating expense and financing costs were under control since they remained stable. Non-recurring items were slightly higher than in the previous year, and there was a 31% increase in net income, Group share.

Legrand reported a 34% rise and Bureau Veritas a 15% improvement, while Oranje-Nassau was down 9%, basically because of the increase in taxes on oil fields in the United Kingdom. The results reported by Editis in the first half were not significant, since most of its results are generated in the second half. Stallergènes made modest progress, reflecting a considerable rise in its R&D investments. Materis was consolidated in the accounts for the first time, and Wheelabrator was deconsolidated. Dividends were down sharply as a result of the sale of the Group's equity interest in Valeo.

Operating expense was up, primarily reflecting increased costs related to the study of projected acquisitions. Financing costs declined slightly, and taxes increased since net income grew as a result of the tax consolidation of Bureau Veritas and Editis.

Non-recurring income included:

- capital gains in the amount of 133 million euros, mainly at the accounting level, on the occasion of Legrand's IPO;
- the impact of the allocation of goodwill, for a negative 62.5 million euros;
- 54 million euros corresponding to the cost of early redemption of Legrand and Editis bonds.

IV. Performance of subsidiaries

1. Legrand

Legrand regained its investment grade rating following the capital increase. Its recent acquisitions enabled the company to achieve leadership positions in China, in all branches of the electrical equipment and door entry systems sector, and in Brazil and Denmark in metal cabling systems. Legrand also acquired the second largest residential automation firm in the United States, thereby assuring itself of a strong position in this top-of-the-market segment.

Legrand's financial performance was excellent. The operating margin improved as pressure increased on the cost of raw materials, demonstrating that the company still has significant potential for gains productivity, as in the past. All of the acquisitions made in 2005 and 2006 were

completely paid for by company funds. Net income was practically stable as a result of non-recurring charges linked to the early redemption of bonds.

Legrand's development strategy is based on four cornerstones:

- product innovation;
- investments in segments with high potential;
- development in emerging markets;
- external growth.

2. Bureau Veritas

Bureau Veritas pursued its acquisitions with a view to construct geographic or sector platforms. The company reported organic growth of 6%, with business in the maritime sector up 16%, reflecting the expansion of international trade and new multi-year contracts in the oil and gas industry.

Bureau Veritas refinanced its debt to take advantage of the lower borrowing costs, increase its acquisition lines and extend maturities. Net sales increased by 15%. Operating income rose more modestly since it was a difficult year for government services. In addition, the acquisitions, which had been made at a sustained pace, were consolidated with relatively narrow margins. The rise in financial expense was partially linked to the fact that a major part of the debt is denominated in U.S. dollars. All acquisitions were financed by the company, and financial debt decreased.

Bureau Veritas's growth has two driving forces – organic growth and acquisitions. Our average growth objective for 2004 to 2009 is 15%, a rate that will enable the company to double in size by 2009, while improving its profitability. Government services had a negative impact of 20%, and organic growth in other sectors lay between 6% and 17%.

Bureau Veritas's strategy is supported by several factors. First of all, the certification market is highly fragmented and has strong consolidation potential. In this regard, Bureau Veritas is far ahead of the competition. Secondly, new regulations are drawn up constantly, creating growth opportunities. Finally, the size and network make it possible to achieve gains in productivity.

3. Editis

Editis continued its forward advance by making two acquisitions: XO and DNL. XO is a very dynamic publishing house with best sellers making up 90% of the books published in recent years. Through the acquisition of DNL, Editis has strengthened its strategic position in distribution. In addition, the integration of First and Le Cherche-Midi has gone very well. Editis and Interforum continued to sign new contracts, concentrating on those with high value added. Editis completely refinanced its debt to take advantage of the improvement in the company's fundamentals, thereby generating yearly savings of approximately 10 million euros. Moreover, acquisition lines were tripled and boosted to 150 million euros.

Editis's results are not very significant since it earns most of its money in the second half. Net sales were stable, in spite of the termination of the Larousse contract. At the termination of the contract, growth was calculated at +8.4%. The operating margin grew slightly, but we believe that Editis can

generate greater growth through the new business balance it has identified since the loss of the Larousse contract. The debt is constant, in spite of its refinancing cost and the acquisitions made.

Acquisitions and organic growth are the two driving forces in Editis's development, which depends on investment projects and acquisitions, but also on the dynamic created by publishers. Editis has publishing houses with very strong positions in the French market. We wish to amplify current growth by investing in new promising segments and realizing investments in adjacent segments. In addition, the optimization of the distribution platform makes it possible to create major synergies in terms of the generation of cash flow.

4. Oranje-Nassau

Oranje-Nassau's production declined. The oil field of the Edinburgh Oil Group, located in the North Sea, is expected to begin operations at the end of 2006 or the beginning of 2007, thereby giving new impetus to growth in production in 2007. In the first half of 2006, the temporary decline in production, which had been planned, was offset to a great extent by the rise in the price of oil in euros. Oranje-Nassau's net income decreased slightly, mainly owing to increased taxes in the United Kingdom and provisions.

5. Stallergènes

Stallergènes continued to report strong growth in net sales. The company's objective is to accelerate market development through the launch of a tablet designed to treat grass pollen allergies. Other products are being developed for mite allergies. The higher development costs explain the limited rise in net income.

Authorization to market the tablet has been requested in Germany and is expected to be granted in the next 12 months. Stallergènes can then rely on rules of reciprocity among European nations to generalize the authorization obtained in Germany. There will be a considerable investment in staff and equipment over the next three years.

V. Wendel's development in France and internationally

1. Materis

Materis is a world leader in specialty building materials, with strong positions in Europe (especially southern Europe) and throughout the world in aluminates. In admixtures, a sector in which it has less strong positions, the company reports particularly dynamic growth. Its end-users are very diversified, with the result that its customer portfolio is well balanced in terms of risk.

The bank loan negotiated at acquisition includes a debt with no recourse on WENDEL Investissement in the amount of approximately 1.7 billion euros. The price paid was 8.5 times EBITDA 2005. Materis reported a sustained increase in net sales, reflecting strong organic growth, as well as the acquisition of the paint company Zolpan. Since margins in this sector are lower than in the mortar and aluminates sectors, Materis's overall margin contracted mechanically.

Olivier Legrain

Materis is a former subsidiary of the Lafarge Group, which was spun off seven years ago. After two LBOs, we were looking for a partner for the medium and long term. We found our match in WENDEL Investissement last April. We are very happy to have found a French investor with an international reputation. We have many projects that will enable us to expand in our four basic businesses – admixtures, calcium aluminates, mortars and decorative paints.

Our strategy is based on three targets:

- leadership in our four businesses;
- continued implementation of our strategy based on a balance between organic and external growth;
- possible acquisition of large companies in order to strengthen our position and become a leader in specialty building materials.

2. Deutsch

Deutsch was originally founded in the United States in 1938 and taken over by the son of the founder, who at the same time created other companies with the same name in different countries without ever consolidating them in a group. For example, Deutsch France works with Airbus, but Deutsch U.S. has practically no supplier arrangement with Boeing, which is of course a natural target for a company based in the United States. We believe that combining these companies in a group could generate significant commercial synergies.

Deutsch is a leader in the market for high performance connectors for use in heavy vehicles, aerospace and defense. This type of connector is able to resist and continue to perform under any circumstances. These are products whose consumer price tag reflects the total absence of risk more than its cost price. This business offers high entry barriers and relatively attractive margins.

We estimate Deutsch's overall growth at roughly 5% per year over a long period. The Group's net sales are divided between North America and Europe. Products developed to meet customer specifications account for 80% of all Deutsch's products.

The acquisition of Deutsch took place at the end of June, with a debt of USD 660 million with no recourse on WENDEL Investissement. Most of this debt was designed to be repaid *in fine* so as not to weigh on the company's cash flow. The Group holds 90% of Deutsch's capital, with the balance belonging to management. The price paid was 9.2 times EBITDA in the last 12 months, whereas comparable companies are traded on the stock exchange at multiples of 11 to 13.

Deutsch's net sales increased by 5% in the first half, with organic growth of 8%. Operating income rose faster than net sales and the margin improved. Company subsidiaries reported excellent performances, and most of the action plans we wanted to introduce with management have been defined and are being implemented. Deutsch's strategy is based, first, on the creation of an integrated group, and secondly, on growth.

3. Stahl

Stahl is a world leader in leather chemicals, offering high value-added products to customers producing top-of-the-line items. Stahl therefore generates very significant margins and has sizable potential for growth in Asia. The company also produces permuthane, high-performance coatings that account for 28% of its net sales and represent a major development focus.

This acquisition was finalized at the end of June. We invited Carlyle to acquire 49% of the capital, since this investment fund has broad experience in the field of chemicals. The price paid was 8.2 times EBITDA. Stahl's net sales rose 8%, with organic growth of 2.4%, slightly less than its potential, which we believe lies between 3% and 5%. Operating income rose significantly.

4. Net asset value and investment capacity

WENDEL Investissement's net asset value was 95 euros per share in August 2006. The Group controls 87% of its gross assets, in addition to the 9% in cash it holds. We believe it is important to invest in companies in which we can play a real role as a majority shareholder. To our mind, the distinction between listed and unlisted subsidiaries makes it possible to have a better appreciation of our liquidity risk as well as of our future performance.

In appreciating the Group's investment capacity, two indicators are important:

- the ratio of net debt to gross asset value, which was 21%, for a ceiling of 30%, allowing us room to maneuver;
- available cash, which totals 1.6 billion euros.

Most of our debt is capped or fixed rate.

Our objective is to increase the Group's value by an average of 15% per year. To achieve this objective, we generate growth of 7.5% on cash flow alone, in addition to organic growth of approximately 4% per year, whose impact is amplified through leverage. The companies in which we have an equity interest have both a profile of sustained organic growth and a defensive profile.

In the last four years, we have multiplied the Group's share price by four. At 95 euros per share, net asset value is up 29% in a year and an average of 26% in the last four years. Today, WENDEL Investissement ranks among the major European investment firms and intends to remain competitive as far as its rivals are concerned, especially those specialized in private equity.

VI. Conclusion

We continue to build a model investment firm. We invest over the long term to accompany our subsidiaries in their development. Management is dynamic and industrial in character, and we focus on growth. Our atypical profile allows us to lock in significant business deals.

In addition, we have permanent capital resources. For this reason, we do not have to sell our assets to reimburse our shareholders. We have strong investment capacity, comparable to the possibilities market leaders enjoy. We are ahead of schedule in achieving the objectives we set two years ago.

Our success in the first half confirms the wisdom of our decision to develop internationally. We will make sure we have the resources to accomplish this goal.

Questions / Answers

From the floor

Could Sequana's disengagement from the capital of SGS modify Bureau Veritas' competitive environment? With regard to Stallergènes, you spoke of the end of 2007 for the marketing of Oralair. Is that also your investment horizon?

Jean-Bernard Lafonta

As to the first point, we have a major position to consolidate the world market, and we are pursuing a development strategy without thinking of an alliance between SGS and Bureau Veritas, since we have no specific need, to the extent that we are at the beginning of the consolidation process.

As for the second point, Stallergènes has major development prospects, and we do not intend to cut our ties with this solid company.

From the floor

Do the problems concerning government services point up the premises of a structural change in your strategy for Bureau Veritas? How would you estimate the risks and costs of the irradiation of certain Bureau Veritas employees? Concerning Materis, who are the third parties involved in addition to management, and what share of the capital do they hold?

Jean-Bernard Lafonta

Bureau Veritas's government services business is not the sector we believe is the most promising. The percentage of government services in the company's total is less than 10%. We see no significant growth in traditional activities in the government services sector.

The accident to which you refer affected Bureau Veritas employees who accidentally handled equipment with a source of weak radioactivity. The affected parties were immediately cared for and will continue to be so over time, as will their families. Before any other considerations, this accident has human consequences, and for this reason is a source of concern for us. On the other hand, it has no material impact for Bureau Veritas or WENDEL Investissement.

As shareholders of Materis, the third parties that have joined forces with management mainly include BNP-Paribas, ICG, and perhaps Goldman Sachs. Management holds approximately 20% of the capital.

From the floor

The WENDEL Investissement Group is relatively indebted. This debt is mainly lodged at the level of the subsidiaries, whereas the parent company has a very sound financial base. Isn't there a risk of

a major strategic shift at the level of the parent company to the detriment of external growth in the subsidiaries?

Jean-Bernard Lafonta

Every time we structure a debt when an acquisition is made, we proceed in such a way that the debt does not weigh on the cash flows required for the company to develop. This is what we have always done. For example, for Deutsch, we structured the debt so that it is completely reimbursable *in fine*. We are on the lookout for long-term debt, which best matches equity. In the event of a significant external growth transaction, we can naturally mobilize the financing capacity of WENDEL Investissement, which is sizeable. Even so, we expect each of our subsidiaries to develop to its best advantage, since the WENDEL Investissement team is as small as possible.

From the floor

Wendel Investissement's portfolio has been significantly diversified in the last 18 months. Isn't there a risk that this drive to internationalization will increase structural costs?

Jean-Bernard Lafonta

The Group is organized with a private equity structure, but the cost of its central structures is approximately six times less (0.3% of the gross asset value). To develop internationally, we must obviously invest, first in manpower, but I do not believe that such an investment can have a major impact on our future results.

From the floor

With your increased holdings in the industrial sector, have you evaluated the risk a cyclical slowdown might have on the Group? Do you plan to make further acquisitions to balance your portfolio from a sector point of view?

Jean-Bernard Lafonta

We have obviously integrated the risk of an economic slowdown in all our acquisitions. We are relatively prudent as far as economic trends are concerned. The Group's value is equally divided between services, on the one hand, and industrial activities on the other, but the end-user markets targeted by our subsidiaries are extremely diversified. In addition, experience demonstrates that our subsidiaries show relatively good resistance to economic slowdowns.

From the floor

Do you plan to distribute free shares or split the stock?

Jean-Bernard Lafonta

We have not really thought about that, but we have no problem with liquidity or our share price that would justify planning a stock split.