HALF-YEAR
FINANCIAL REPORT

2018

MORE THAN 310 YEARS OF HISTORY

WENDEL

Contents

WENDEL at a glance

HALF-YEAR FINANCIAL REPORT		1
1	Business overview	2
2	Other information	11
NET ASSET VALUE		13
	NAV of €172.7 per share as of August 24, 2018	14
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1ST HALF 2018		15
1	Balance sheet – Statement of consolidated financial position	16
2	Consolidated income statement	18
3	Statement of comprehensive income	19
4	Statement of changes in shareholders'equity	20
5	Consolidated cash flow statement	21
6	General principles	22
7	Notes	24
8	Notes on the balance sheet	43
9	Notes on the income statement	58
10	Notes on changes in cash position	61
11	Other notes	63
12	Statutory auditors' review report on the 2018 half-year financial information	67
CERTIFICATION BY THE CHAIRMAN OF THE EXECUTIVE BOARD		69

HALF-YEAR FINANCIAL REPORT

1	BUSINESS OVERVIEW	2
2	OTHER INFORMATION	11

1 Business overview

H1 2018 consolidated results

H1 2018 consolidated sales

In millions of euros	H1 2018	H1 2017	Change	Organic change
Bureau Veritas	2,338.3	2,360.1	-0.9%	+3.5%
Constantia Flexibles[(1)]	759.1	734.3	+3.4%	+3.0%
Cromology[(2)]	341.3	367.3	-7.1%	-5.1%
Stahl	452.4	354.3	+27.7%	+4.2%
Oranje-Nassau Développement[(3)]	284.4	234.7	+21.2%	+10.9%
■ Nippon Oil Pump	25.9	24.0	+7.8%	+17.3%
■ Tsebo[(4)]	258.5	210.7	+22.7%	+8.9%[(5)]
CONSOLIDATED NET SALES	**4,175.4**	**4,050.7**	**+3.1%**	**+3.1%**

The Group has adopted IFRS 15 "Revenue from Contracts with Customers", the effect of initially applying this standard is recognized at the date of initial application (i.e. January 1, 2018). The information presented for 2017 has not been restated, as this standard is not considered to have a material impact.

(1) Following the sale of Labels division and in accordance with IFRS 5, 2017 results of this division are included in "Net income from discontinued operations and operations held for sale" in Constantia Flexibles's consolidated financial statements. Restated for the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is +4.4%.
(2) Following the sale of Colorin and in accordance with IFRS 5, 2017 results of this division are included in "Net income from discontinued operations and operations held for sale" in Cromology's consolidated financial statements. Restated for the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is at -6.2%.
(3) Following the signature of agreements to sell CSP Technologies and Mecatherm and in accordance with IFRS 5, the contribution of these two portfolio companies to H1 2017 and H1 2018 earnings has been reclassified in "Net income from discontinued operations and operations held for sale".
(4) Company consolidated from February 2017.
(5) 6-months organic growth computed on the reporting currency (USD) converted figures. Organic growth of Tsebo for the 5-months period of February to June is 10.2%.

H1 2018 sales of equity-accounted companies

In millions of euros	H1 2018	H1 2017	Change	Organic change
Allied Universal	2,250.1	2,393.3	-6.0%	+3.6%
IHS	458.4	504.6	-9.1%	+14.0%
Oranje-Nassau Développement				
■ PlaYce (formerly SGI Africa)	3.9	3.5	+13.4%	n.a.

H1 2018 consolidated results

In millions of euros	H1 2018	H1 2017
Contribution from subsidiaries	336.7	357.0
Financing, operating expenses and taxes	-96.4	-120.0
Net income from operations[(1)]	**240.4**	**237.1**
Net income from operations[(1)], Group share	*72.2*	*85.7*
Non-recurring net income	-41.2	-24.4
Impact of goodwill allocation	-83.8	-86.8
TOTAL NET INCOME	**115.3**	**125.8**
Net income, Group share	*-0.9*	*31.3*

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

H1 2018 net income from operations

In millions of euros	H1 2018	H1 2017	Change
Bureau Veritas	203.9	197.8	+3.1%
Stahl	57.7	42.6	+35.6%
Constantia Flexibles	40.9	35.4	+15.6%
Cromology	-4.5	7.9	-157.6%
Allied Universal (equity method)	3.6	5.7	-37.3%
Saint-Gobain (equity method until May 31, 2017)	-	40.7	n.a.
Saint-Gobain dividend	18.4	17.8	+3.2%
IHS (equity method)	7.3	2.7	+170.3%
Oranje-Nassau Développement	9.4	6.4	+46.6%
■ Tsebo	4.5	1.8	+151.6%
■ Mecatherm	1.9	-0.4	n.a.
■ CSP Technologies	2.5	2.4	+6.7%
■ Nippon Oil Pump	1.4	2.2	-38.0%
■ exceet (equity method)	-	0.4	n.a.
■ PlaYce (equity method)	-0.9	0.0	n.a.
Total contribution from subsidiaries	**336.7**	**357.0**	**-5.7%**
Total contribution from subsidiaries, Group share	*168.6*	*205.7*	*-18.0%*
Total operating expenses	**-34.8**	**-35.8**	**-2.9%**
Total financial expense	**-61.6**	**-84.1**	**-26.8%**
NET INCOME FROM OPERATIONS	**240.4**	**237.1**	**+1.4%**
Net income from operations, Group share	*72.2*	*85.7*	*-15.7%*

The Supervisory Board met on September 5, 2018, under the chairmanship of Nicolas ver Hulst, to review Wendel's condensed consolidated financial statements, as approved by the Executive Board on August 29, 2018. The interim financial statements were subject to a limited review by the Statutory Auditors prior to publication.

The Wendel Group's consolidated sales totaled €4,175.4 million, up 3.1% overall and organically.

At the net income from operations level, the deconsolidation of Saint-Gobain following the June 2017 sale of shares and the sale of the Labels division of Constantia Flexibles have not been fully offset by the improvement in the earnings of the main Group companies. As a result, the overall contribution of the subsidiaries to net income from operations was €336.7 million, down 5.7% from H1 2017.

Financial expenses, operating expenses and taxes were down 19.7%, totaling €96.4 million (€120.0 million in H1 2017). This reduction was concentrated in the financial expense line item and mostly resulted from gross debt reduction. Specifically, borrowing costs declined by 32.7% between H1 2017 and H1 2018, from €52.1 million to €35.0 million. However, the decline of the US dollar had a negative impact of €14.1 million on the Group's cash and financial investments in 2017 (€-28.0 million in H1 2017).

Non-recurring net result was a loss of €41.2 million in H1 2018 *vs*. a loss of €24.4 million in H1 2017. In H1 2017, the non-recurring loss in Wendel's consolidated statements derived principally from a dilution loss on IHS (€-31.7 million) as well as asset impairment and other non-recurring items (€-76.8 million), which were not entirely offset by the accounting gain of €84.1 million following the deconsolidation of Saint-Gobain at the end of H1 2017.

In comparison, the non-recurring loss recognized in 2018 resulted from the following items:

- €32.7 million positive change in fair value of the embeded call options of the exchangeable bond into Saint-Gobain shares;
- €17.6 million impairment on Italian division's intangible assets of Cromology; and
- €56.3 million expense made up of other non-recurrent items, almost entirely attributable to portfolio companies.

Wendel's consolidated net income was thus €115.3 million in H1 2018, compared with €125.8 million in H1 2017. Net result, Group share was €-0.9 million, *vs*. €31.3 million in H1 2017.

Results of Group companies

Bureau Veritas – Organic growth of 3.5% in H1 2018. Full-year outlook confirmed by the company

(Full consolidation)

The full press release detailing Bureau Veritas's H1 2018 revenue is available at www.bureauveritas.fr

Revenue in H1 2018 reached €2,338.3 million, a 0.9% decrease compared with H1 2017. Bureau Veritas achieved 3.5% organic revenue growth in H1 2018, with an acceleration in Q2 to 4.4%. This is explained by:

- strong growth of the 5 Growth Initiatives (one-third of Bureau Veritas revenue), up 6.6% organically year-on-year (+7.0% in Q2 2018). High single-digit growth was achieved in both Buildings & Infrastructure and Automotive, and low to mid-single digit organic growth for Agri-Food and Opex services. In the meantime, SmartWorld grew double-digit. In Opex Oil & Gas, the Group has won a global contract with Qatargas, the world's largest LNG producer, as the primary supplier of Inspection, NDT [1] and Asset Management services for all their assets in Qatar. This contract, the largest ever in Opex services for Bureau Veritas, will run for 5 years with an option for 2 additional years. It has an estimated total value of €64 million and represents a major step forward for Bureau Veritas Opex Strategic Initiative. It has been awarded as a result of the newly developed Integrated Solution Approach (ISA). The aim is to replicate ISA across Bureau Veritas globally;
- improving growth of the Base Business (two-thirds of revenue), up 2.0% organically and with organic growth of 3.1% in the second quarter. Most activities performed well in the period, notably Certification which recorded strong growth thanks to revisions of standards (ISO 9001, 14001, AS 9100 and IATF standards). The exceptions were Marine & Offshore (7% of revenue) and Oil & Gas Capex-related activities (less than 4% of revenue) which, whilst experiencing improving markets, remained under cyclical pressure (down 5% and 15% respectively in H1 2018).

Net acquisition growth was 2.6%, combining the contribution of acquisitions made in 2018, acquisitions finalized in 2017 and the reduction from disposal of non-strategic NDT[1] activities in Europe (€19.7 million of annualized revenue or -0.4% to Group revenue).

In H1 2018[2], Bureau Veritas completed six acquisitions, representing around €85 million in annualized revenue (or 1.8% of 2017 revenue), which supported 3 of the 5 Growth Initiatives. On July 4, Bureau Veritas acquired Permulab Sdn. Bhd., a leading player in Food, Water and Environment laboratory testing services in Malaysia. Founded in 1996 and headquartered in Kuala Lumpur, Permulab will enable Bureau Veritas to reinforce its footprint notably in the Food space in Asia-Pacific. Permulab generated revenue of around €4 million in 2017.

Currency fluctuations had a negative impact of 7.0%, mainly due to the appreciation of the Euro against the US dollar and pegged currencies as well as most emerging countries' currencies.

Adjusted operating margin was up 10 bps organically at 15.3% and up 20 bps at constant exchange rates at 15.4%. Two thirds of the portfolio have stable or improving margins, adding 40 basis points to Bureau Veritas organic margin: this is led by a significant improvement in Certification and to some extent Consumer Products. This improvement is the result of a combination of operating leverage, strict cost management, lean efforts and restructuring pay back.

A third of the portfolio has a minus 30 basis points impact on organic margin with: i) -10 basis points coming from Marine & Offshore, due to lower volume of activity, notably for new construction and Offshore Services; ii) -20 basis points resulting from negative mix and price effects in Buildings & Infrastructure.

For full-year 2018, Bureau Veritas confirms its expectations of:

- an acceleration in organic revenue growth compared to full-year 2017;
- a slightly improved adjusted operating margin at constant currency compared to full-year 2017;
- an improved cash flow generation at constant currency compared to full-year 2017.

(1) NDT: nondestructive testing.
(2) Including Permulab signed on June 27, 2018 and closed on July 4, 2018.

Constantia Flexibles – Good organic growth of 3.0% driven by good momentum in the Pharma division

(Full consolidation – In accordance with IFRS 5, H1 2017 figures for Labels are presented in the income statement under "Net income from discontinued operations and operations held for sale".)

H1 2018 sales totalled €759.1 million, up 3.4% compared with H1 2017 (€734.3 million), of which 3.0% was organic growth. Fluctuations in exchange rates had a negative impact of 2.7%, mainly deriving from the weakening of US dollar, Russian ruble and Indian rupee, 4.1% resulted from changes in scope (mainly from the acquisition of Creative Polypack). and the application of IFRS 15 had a 1.1% negative impact.

Organic growth was mainly driven by positive mix effects from the very strong organic growth in high value Pharma products (+7.0% organic growth) as well as a decline in certain lower value Consumer products (particularly plain foil). Organic growth also benefited from price increases implemented across all markets to pass on raw material price increases.

On April 27, 2018, Constantia Flexibles announced the closing of the acquisition of a majority shareholding in Creative Polypack Limited in India. The company contributed with consolidated sales of €24.2 million in H1 2017. Through this acquisition, Constantia Flexibles will become India's third largest flexible packaging player and is expecting to double its sales by 2022, through market growth and ongoing investments, including a significant expansion of Constantia Flexibles' existing plant in India that is currently under construction. The flexible packaging market in India is expected to grow by more than 10 percent per annum in the next five years.

Constantia Flexibles' H1 2018 EBITDA[1] was €96.0 million, representing a 30-bps year-on-year increase in margin to 12.6%. Constantia Flexibles' profitability benefited from the positive effects mentioned above and in particular the strong growth in the higher margin Pharma business. Rising material and production costs continue to put margin under pressure, however their impact has been mitigated by price increases and lower SG&A.

As of June 30, 2018, Constantia Flexibles' net debt was €458.8 million, i.e. 2.3x LTM EBITDA (excluding MCC shares). This low leverage level gives Constantia Flexibles' firepower to pursue its external growth strategy and play a significant role in the flexible packaging market consolidation.

Cromology – Organic decrease in sales of 5.1% reflecting poor performance in particular in France and Italy

(Full consolidation - in accordance with IFRS 5, the H1 2017 contribution from Colorín's activities is included in "Net income from discontinued operations and operations held for sale".)

In H1 2018, Cromology posted sales of €341.3 million, down €26 million, *i.e.* 7.1% compared to H1 2017. Cromology's business was down 5.1% organically for H1, primarily the result of low performance in France (-4.9%) and Italy (-15.0%). The application of IFRS 15 had a negative 0.9% impact. Changes in scope had a slightly negative impact of 0.7%, while changes in exchange rates had a negative 0.5% impact on sales.

Cromology's activities suffered mainly from very poor market conditions in France and Italy, which represent 67% and 13% respectively of Cromology's sales. DIY market in France was also very poor.

Titanium Dioxide's price, the main covering component in the paint manufacturing, increased sharply since Q2 2016, and remained high in H1 2018, thus penalizing the production costs. It started declining for the first time during the summer. Nevertheless, emulsion prices have kept increasing. To compensate for this increase in raw materials, Cromology revised its pricing policy and increased the sales prices for its products by 3.4%.

Cromology also strictly controls all its costs, which enabled the company to reduce its general and administrative expenses by €10.9 million compared to H1 2017.

Despite these measures, Cromology's EBITDA fell by 39.6% to €17.1 million, or a margin of 5.0%.

On February 6, 2018, Cromology finalized the sale of Colorin, its Argentinian subsidiary, which represented around 4% of sales.

On March 14, 2018, Wendel supported Cromology through a €25 million cash injection, increasing Cromology's financial flexibility to pursue its plans for operational improvement. The company's net debt was €250.5 million as of June 30, 2018.

Wendel brought in a new Chairman, Pierre Pouletty, who joined Cromology on June 12, and a new CEO, Loïc Derrien, who took office on August 27.

(1) EBITDA before non-recurring items.

Stahl – Robust organic growth of 4.2% and BASF Leather Chemicals business integration on track

(Full consolidation)

Stahl's sales totaled €452.4 million in H1 2018, representing an increase of 27.7% versus €354.3 million of sales in H1 2017. This increase in sales resulted from a combination of robust organic growth (+4.2%) and a scope effect (+28.4%), deriving from the integration of BASF Leather Chemicals business having a positive impact of €96.3 million, partly offset by fluctuations in exchange rates (weakening of the US dollar versus the euro) which had a negative impact of 4.9% on sales.

Organic sales growth was mainly driven by ongoing double-digit growth within Performance Coatings, partially offset by somewhat weaker performance in the Leather Chemicals divisions due to more challenging market circumstances.

Stahl's EBITDA rose 20.3% in H1 2018 compared with H1 2017, to €105.1 million, representing a margin of 23.2%. EBITDA growth was driven by further successful consolidation of the BASF's Leather Chemicals business, organic sales growth and solid cost control. Synergy roll out in relation to the BASF Leather Chemicals acquisition is well on track with estimated annual synergies and cost savings currently at a level of €25 million and more to come.

As of June 30, 2018, Stahl's net debt was €520.6 million, up €67.2 million year-on-year due to the cash consideration of €111 million paid by the company for BASF's leather chemicals business in 2017 and initial working capital build-up following the closure of the transaction. Stahl's decreasing leverage ratio (below 2.5x EBITDA) shows ongoing improvement as a consequence of the strong cash flow generation.

Lastly, on August 28, 2018 Stahl announced the appointment of a new CFO and member of the Board of Stahl Holdings B.V. at the start of 2019. Frank Sonnemans (57) will take over the responsibilities of the current CFO, Bram Drexhage, who has decided to retire from Stahl mid-2019. Frank Sonnemans is currently employed at Kendrion N.V., where he has served as CFO since February 2013.

IHS – Strong organic growth of 14%, offset by FX conversion rate in Nigeria. Some accounts released by EFCC

(Equity method)

IHS' H1 2018 sales totalled $554.8 million, up 14% organically from H1 2017. Organic growth was driven by the increase of total number of owned & MLL towers that reached 23,276[(1)] as of June 30, 2018, up 2.4% Y-o-Y, and by price escalation mechanisms. H1 2017 Nigerian revenues were translated at the CBN rate (NGN 305 for US$1) whereas H1 2018 Nigerian revenues, which represent c.70% of total sales, are translated at the NAFEX rate (c. NGN 360 for US$1) thereby negatively impacting reported USD revenues. As a result, total revenue growth is up 2.5%.

With regards to profitability, IHS' EBIT for the half-year decreased by 12.8% to $118.7 million (*vs.* $136.1 million in H1 2017), representing a margin of 21.4% in H1 2018. The decrease was largely driven by the new conversion rate (NAFEX) and higher central SG&A costs. EBIT growth in constant currency grew 1.9% in H1 2018 Y-o-Y.

The EFCC released restrictions on some affected bank accounts after June 30: Restricted cash at the end of June 2018 was $196.5 million but declined to approximately $83.9 million as of August 20, 2018.

IHS continues to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of its actions in respect of IHS' accounts. To IHS' knowledge, no formal allegation or investigation against IHS has been notified to them as part of the EFCC's enquiries. IHS currently expects that "post no debit" orders on the still affected accounts will be released once the EFCC's enquiries are completed; it is still not possible at this time to predict the matter's likely duration or outcome

As of June 30, 2018, IHS' net debt was $1,475.8 million.

Allied Universal – Organic growth of 3.6% in the first half of 2018, acquisition of USSA

(Equity method)

In H1 2018, Allied Universal generated revenue of $2.7 billion, representing a 5.2% increase over the prior year. This growth includes the benefit of completed acquisitions and 3.6% organic growth, driven by a favorable mix shift in the business, higher rates and net new business wins when compared to the first half of 2018. Since the start of the year, Allied Universal has continued to pursue its acquisition strategy, purchasing Covenant Security, a Philadelphia-based security firm, on February 5, 2018. With 1,900 employees and a presence throughout the US, Covenant generates approximately $80 million of annual revenue.

Adjusted EBITDA for H1 2018 increased by 8.5% year-over-year to $201.9 million, representing a margin equal to 7.4% of revenue. The improvement was driven by organic growth, acquisitions completed in 2017 and 2018, and the realization of synergies from the merger and subsequent acquisitions, partially offset by the impact of the labor costs in the historically tight US employment environment. As of the end of June 2018, nearly 100% of the $100 million synergy target from the merger had been implemented, and the complete annual effect of these synergies is expected to benefit full-year 2018 results.

(1) Tower count excluding managed services and WIP.

As of June 30, 2018, Allied Universal's net debt totaled $3,078 million, or 6.8 times *pro forma* adjusted EBITDA as defined in the company's credit agreement.

Allied Universal announced on July 16, 2018 an agreement to acquire US Security Associates ("USSA") for approximately $1 billion. Based in Roswell, Georgia, USSA is one of the leading providers of security and related services in the United States, employing more than 50,000 security professionals serving several thousand clients across a wide range of industries. USSA generated *pro forma* revenues and Adjusted EBITDA of approximately $1.5 billion and $95 million, respectively.

Allied Universal intends to fund the transaction with a combination of additional indebtedness and up to $200 million of equity from existing shareholders, including up to $80 million from Wendel, increasing its total investment to $380 million. Wendel and Warburg Pincus are expected to each maintain approximately one-third economic ownership.

Pro forma for the transaction, Allied Universal will employ over 200,000 security professionals and generate combined *pro forma* revenues of approximately $7 billion and EBITDA (per the company's financing documentation) of approximately $600 million including anticipated synergies. As a result of the transaction, the company's leverage ratio on the basis of this EBITDA metric is expected to improve over current levels.

The transaction is expected to close by the end of 2018, subject to customary regulatory approvals.

Saint-Gobain – Organic growth of 4.9% (including 8.0% in the second quarter), with volumes up 2.4%. Acceleration of strategy

(Not consolidated)

The full press release detailing Saint-Gobain's H1 2018 revenue is available at www.saint-gobain.com

First-half consolidated sales were €20,787 million, an increase of 1.9% year-on-year on a reported basis and of 4.9% like-for-like. Organic growth was driven both by volumes (up 2.4%) and by prices (up 2.5%) with a progression in all Business Sectors and all regions. Price rises accelerated in the second quarter, up 3.0% in a context of continued raw material and energy cost inflation. The growth in Saint-Gobain's main markets, aided by a weak prior-year comparison basis (June 2017 cyber-attack) and a positive 1% calendar effect, also contributed to the 5.0% uptick in volumes in the second quarter. The calendar effect had a slightly negative impact of around 0.5% over the half-year period as a whole. Saint-Gobain structure impact added 1.4% to overall growth, essentially reflecting the consolidation of acquisitions in Asia and emerging countries (KIMMCO, Megaflex, Tumelero, Isoroc Poland), in new niche technologies and services (TekBond, Scotframe, Maris) and to consolidate Saint-Gobain's strong positions (Glava, Kirson, Biolink, Wattex, SimTek, bolt-on acquisitions in Building Distribution such as Per Strand). Overall growth was affected by a 4.4% negative currency impact however, mainly due to the depreciation of the US dollar, Brazilian real, Nordic krona and other Asian and emerging country currencies against the euro. Saint-Gobain's operating income remained stable on a reported basis (up 0.3%) and increased 1.7% like-for-like. The operating margin[1] came in at 7.1% compared to 7.2% in first-half 2017.

Net debt rose from €6.8 billion to €9.3 billion at June 30, 2018, with in particular the Sika transaction for €933 million and €389 million in share buybacks over the period. Net debt represents 48% of consolidated equity compared to 36% at June 30, 2017. The net debt to EBITDA ratio over the last 12-month rolling period was 2.2 at end-June 2018 compared to 1.7 at end-June 2017

After having agreed a transaction with Sika on excellent financial terms, Saint-Gobain will continue and accelerate the roll-out of its strategy:

- acceleration in divestments by the end of 2019, representing sales of at least €3 billion, with a positive impact of around 40 basis points on the operating margin;
- ongoing value-creating acquisitions policy representing over €500 million per year on average through to 2020, with three focuses: Asia and emerging countries, new niche technologies and services, and the consolidation of the Saint-Gobain's strong positions;
- launch of a review of the company's organizational structure to give greater priority to the regional dimension of construction businesses in order to: increase market proximity, enhance agility in order to drive growth, leverage new opportunities from digital transformation programs and reinforce competitiveness, while maintaining business synergies. The new organizational structure that results from this review will be unveiled before the end of 2018. In line with its culture of social dialog, employee representative bodies will be kept informed.

Saint-Gobain confirms its objective for full-year 2018 of a like-for-like increase in operating income and for the second half expects the like-for-like increase to be clearly above the level achieved in the first half.

(1) Operating margin = operating income expressed as a percentage of sales.

Oranje-Nassau Développement

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation. In particular, it has invested in Japan (Nippon Oil Pump) as well as in Africa (Tsebo and PlaYce).

Tsebo – Organic growth of 8.9% driven by the strong growth of Cleaning, Facilities Management, and Catering

(Full consolidation since February 1, 2017)

Tsebo's H1 2018 sales reached $312.8 million, up 16.2% from H1 2017. Tsebo benefited from strong organic growth (+8.9%) driven by its Cleaning, Facilities Management and Catering businesses, and favorable exchange rate fluctuations (+6.5%), in particular the South African Rand's appreciation against the US dollar. Growth was also supported by a positive scope change (+0.8%) resulting from the acquisitions of Superclean and Rapid FM.

Tsebo's EBITDA was $21.0 million in H1 2018, an increase of 12.7% compared to H1 2017. EBITDA margin decreased slightly to 6.7% compared to 7.0% in the previous half-year, partly due to the integration of newly acquired businesses, a subdued South African economy and progressive ramp up of new pan-African facility management contracts.

As of June 30, 2018, Tsebo's net debt stood at $116.5 million.

Tsebo reached an agreement to amend, upsize and extend its debt facilities with its existing lending group, taking advantage of the strengthening debt market conditions in South Africa. The main enhancements of this agreement are an increase in debt commitments from ZAR 2.3 billion to ZAR 2.8 billion (including ZAR 150 million WC facilities), a decrease in margin of up to 50bps, and a one-year maturity extension for all facilities (until March 2023).

This agreement, to be closed in the coming weeks, will provide Tsebo with additional covenant headroom as well as enhanced financing flexibility for potential acquisitions.

Nippon Oil Pump ("NOP") – Strong organic growth in sales of 17.3% over the first half

(Full consolidation)

NOP posted sales of ¥3,410 million in H1 2018, up 16.6% overall. Organic growth was 17.3% mainly driven by a buoyant machine tools market and the successful integration of Streamware in Europe. While revenues exceeded previous year for all regions and products, they were particularly good for the Trochoid segment (up 15.9%) and Vortex pumps continued to exhibit a high sales growth of 52% due to a higher degree of market penetration in Japan and Europe. Exchange rate fluctuations had a slightly negative impact of 0.7%

On the back of strong topline growth and benefiting from the impact of the strict cost control policy and selective price increases launched in 2016, NOP achieved a significantly improved level of profitability: EBITDA has increased by 20.2% since last year and EBITDA margin went up 70 bps to 22.4%.

As of June 30, 2018, NOP's net debt totaled ¥2,156 million.

Other significant events since the beginning of 2018

Portfolio simplification

Disposal of CSP Technologies completed

On August 27, 2018, after obtaining the necessary authorizations, Wendel announced it completed the sale of CSP Technologies to AptarGroup, Inc. For Wendel, the transaction generated net proceeds of $342 million or $140 million above CSP's valuation in Wendel's net asset value as of May 2, 2018.

Sale of Wendel's stake in Saham Group

On March 3, 2018, Wendel announced the sale of its shares in the Saham Group's holding company for $155 million. Wendel will also have the right to receive 13.3% of the capital gains Saham realizes in the event it sells the Group's other activities (Customer service centers, Real estate, Healthcare and Education) during the next 24 months at valuations in excess of certain pre-defined thresholds. Settlement of the transfer price for Wendel's stake in Saham is accompanied by a conditionality clause related to the effective completion of the transaction between the Saham Group and Sanlam, which is expected to take place in the second half of 2018.

Exclusivity granted to Unigrains for sale of Mecatherm

On July 31, 2018, Wendel announced that it has received a firm offer from Unigrains to acquire 100% of Mecatherm's share capital for an enterprise value of €120 million, or about 10 times expected EBITDA for year-end 2018. Wendel subsequently entered into exclusive negotiations with Unigrains to finalize the transaction, which should close in the fourth quarter of 2018, subject to obtaining the necessary regulatory and legal authorizations.

Based on this offer, Wendel would receive net proceeds of around €83 million, or about €40 million above Mecatherm's valuation in Wendel's net asset value at May 2, 2018.

Improved debt profile

€350 million bond debt repayment on April 20, 2018

Wendel has repaid its 6.75% bonds maturing on April 20, 2018. This repayment further improves Wendel's debt profile even further. The average cost of Wendel's bond debt now stands at 2.19%, *vs.* 2.74% previously. This will reduce Wendel's bond interest expense by more than €20 million p.a.

Acquisition of call options on Saint-Gobain shares

In August 2018, Wendel purchased call options on Saint-Gobain shares whose characteristics are identical to the optional component of the exchangeable bond into Saint-Gobain shares issued on May 12, 2016. The risk of having to deliver Saint-Gobain shares as part of the exchangeable bond is thus fully covered by these options. As a result of this transaction, the bond exchangeable into Saint-Gobain shares effectively became a straight bond.

Moody's assigns Baa2 rating to Wendel with a stable outlook

On September 5, 2018 Moody's assigned Baa2 long term issuer rating to Wendel. As stated in Moody's credit opinion, this rating, 2 notches above the investment grade threshold, reflects the company's consistent and prudent investment strategy as well as its conservative financial policy as exemplified by a very low point-in-time market value leverage and a commitment to maintain a low market value leverage through market cycles.

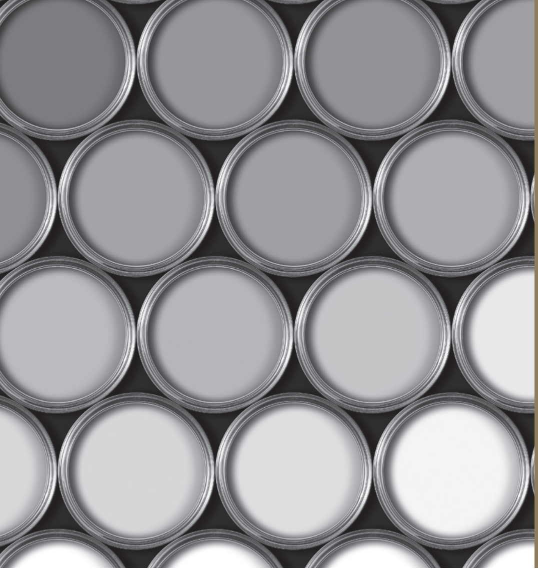
Share buybacks

Since the start of the year, Wendel has repurchased 424,197 of its shares in the market, amounting to €51.6 million, and now holds 873,479 of its shares in treasury, or 1.9% of its share capital. In doing so, the Company took advantage of the significant share price discount.

2 Other information

Financial risk management procedures, information on related parties and changes in the scope of consolidation are detailed in the notes to the condensed consolidated firsthalf financial statements.

Operational risks are detailed in the 2017 registration document, on page 122.



NET ASSET VALUE

NAV of €172.7 per share as of August 24, 2018

Net asset value was €7,993 million or €172.7 per share as of August 24, 2018, representing a 12-month rise of 4.2% from €165.8 per share as of August 25, 2017. The discount to NAV was 28.0% as of August 24, 2018.

In millions of euros			8.24.2018	8.25.2017
Listed equity investments	*Number of shares*	*Share price*(1)	4,456	**4,162**
Bureau Veritas	177.2 M	€19.7 / €22.2	3,937	3,497
Saint-Gobain	14.2 M	€46.9 / €36.7	519	664
Unlisted investments and Oranje-Nassau Développement(2)			4,726	4,535
Other assets and liabilities of Wendel and holding companies(3)			94	146
Cash and marketable securities(4)			1,251	1,863
Gross asset value			**10,526**	**10,706**
Wendel bond debt and accrued interest			-2,533	-2,882
Net Asset Value			**7,993**	**7,824**
Of which net debt			*-1,282*	*-1,019*
Number of shares			*46,280,641*	*47,195,153*
Net Asset Value per share			**€172.7**	**€165.8**
Average of 20 most recent Wendel share prices			€124.4	€129.8
Premium (discount) on NAV			**-28.0%**	**-21.7%**

(1) Average share price of the 20 trading days prior to August 25, 2017 and August 24, 2018.
(2) Unlisted equity investments (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal) and Oranje-Nassau Développement (Nippon Oil Pump, Saham, Mecatherm, exceet, CSP Technologies, PlaYce, Tsebo and indirect investments and debt). As per previous NAV calculation as of May 2, 2018, IHS Towers valuation as of August 24, 2018 was solely performed based on EBITDA to account for dynamism / early-stage development structure. Saham (signed in March 2018), CSP Technologies and Mecatherm (both signed in July 2018) deals were taken into account in the August 24, 2018 NAV calculation. MCC shares owned by Constantia Flexibles are valued at their last 20 trading days average.
(3) Includes 1,495,057 Wendel shares held in treasury as of August 25, 2017 and 873,479 as of August 24, 2018.
(4) Cash position and financial assets of Wendel & holdings. As of August 24, 2018, this comprises €0.9 billion of cash and cash equivalents and €0.3 billion short term financial investment.

Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates 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 in the calculation of NAV. See page 274 of the 2017 Registration Document.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1ST HALF 2018

1 Balance sheet – Statement of consolidated financial position

Assets

In millions of euros	Note	06.30.2018	12.31.2017
Goodwill, net	5 and 6	3,405.7	3,575.0
Intangible assets, net	5	1,978.3	2,181.8
Property, plant & equipment, net	5	1,318.5	1,406.1
Non-current financial assets	5 and 9	889.9	1,383.3
Pledged cash and cash equivalents	5 and 8	0.4	0.7
Equity-method investments	5 and 7	686.6	534.3
Deferred tax assets	5	196.5	195.2
TOTAL NON-CURRENT ASSETS		**8,475.9**	**9,276.4**
Assets of discontinued operations and operations held for sale	**13**	**563.0**	**20.5**
Inventories	5	514.0	481.1
Trade receivables	5	2,051.6	1,897.5
Other current assets	5	460.9	347.7
Current income tax payable	5	71.0	85.0
Other current financial assets	5 and 9	381.9	422.5
Cash and cash equivalents	5 and 8	1,361.8	1,905.3
TOTAL CURRENT ASSETS		**4,841.2**	**5,139.1**
TOTAL ASSETS		**13,880.1**	**14,435.9**

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of the Mecatherm and CSP Technologies investments have been reclassified as "Assets and liabilities of operations held for sale" as of June 30, 2018 (see note 2 "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

Liabilities

In millions of euros	Note	06.30.2018	12.31.2017
Share capital		185.1	185.0
Share premiums		50.9	48.7
Retained earnings & other reserves		1,761.5	1,730.5
Net income for the period – Group share		-0.9	200.0
		1,996.6	**2,164.2**
Non-controlling interests		981.3	1,092.5
TOTAL SHAREHOLDERS' EQUITY	**10**	**2,977.9**	**3,256.7**
Long-term provisions	5 and 11	457.8	465.1
Financial debt (non-current portion)	5 and 12	6,190.3	6,416.2
Other non-current financial liabilities	5 and 9	520.6	575.9
Deferred tax liabilities	5	537.5	595.6
TOTAL NON-CURRENT LIABILITIES		**7,706.3**	**8,052.8**
Liabilities of discontinued operations and operations held for sale	**13**	**289.5**	**17.1**
Short-term provisions	5 and 11	53.8	59.4
Financial debt (current portion)	5 and 12	719.3	712.7
Other current financial liabilities	5 and 9	154.6	289.9
Trade payables	5	942.2	900.7
Other current liabilities	5	931.6	1,039.1
Current income tax payable	5	105.0	107.5
TOTAL CURRENT LIABILITIES		**2,906.5**	**3,109.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,880.1**	**14,435.9**

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of the Mecatherm and CSP Technologies investments have been reclassified as "Assets and liabilities of operations held for sale" as of June 30, 2018 (see note 2 "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

2 Consolidated income statement

In millions of euros	Note	1st half 2018	1st half 2017
Net sales	5 and 14	4,175.4	4,050.7
Other income from operations		6.6	7.2
Operating expenses		-3,807.8	-3,708.1
Gains/losses on divestments		-9.3	-0.4
Asset impairment	6	-24.4	-
Other income and expense	5	-	-9.3
OPERATING INCOME	**5 AND 15**	**340.5**	**340.0**
Income from cash and cash equivalents		-11.6	-23.6
Finance costs, gross		-140.5	-180.9
Finance costs, net	*5 and 16*	*-152.1*	*-204.4*
Other financial income and expense	5 and 17	49.4	13.2
Tax expense	5 and 18	-78.2	-111.4
Net income (loss) from equity-method investments	5 and 19	-39.2	88.1
NET INCOME FROM CONTINUING OPERATIONS		**120.4**	**125.4**
Net income from discontinued operations and operations held for sale	13	-5.0	0.5
NET INCOME		**115.3**	**125.8**
Net income – non-controlling interests		116.3	94.6
NET INCOME – GROUP SHARE		**-0.9**	**31.3**

In euros	Note	1st half 2018	1st half 2017
Basic earnings per share	20	-0,02	0,69
Diluted earning per share	20	-0,04	0,55
Basic earnings per share from continuing operations	20	0,09	0,82
Diluted earning per share from continuing operations	20	0,08	0,69
Basic earnings per share from discountinued operations	20	-0,11	-0,14
Diluted earning per share from discountinued operations	20	-0,11	-0,14

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

- Mecatherm's contribution is reclassified on a single line of the income statement under "Net income from discontinued operations and operations held for sale" for the first half of 2017 and the first half of 2018;
- CSP Technologies' contribution has been reclassified on a single line of the income statement under "Net income from discontinued operations and operations held for sale" for the first half of 2017 and the first half of 2018.

The notes to the financial statements are an integral part of the consolidated statements.

3 Statement of comprehensive income

In millions of euros	1st half 2018 Gross amounts	1st half 2018 Tax impact	1st half 2018 Net amount	1st half 2017 Gross amounts	1st half 2017 Tax impact	1st half 2017 Net amount
Items recyclable in net income						
Currency translation reserves[1]	-45.2	-	-45.2	-238.5	-	-238.5
Gains and losses on derivatives qualifying as hedges[2]	-23.8	0.1	-23.7	69.9	-0.5	69.4
Gains and losses on assets available for sale				-38.3	-	-38.3
Earnings previously recognized in shareholders' equity taken to the income statement	-	-	-	-5.2	1.4	-3.9
Items non-recyclable in net income						
Gains and losses on assets at fair value through other comprehensive income[3]	-136.9	-	-136.9			
Actuarial gains and losses	3.3	-0.3	3.0	6.6	-1.2	5.4
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-202.6**	**-0.1**	**-202.8**	**-205.6**	**-0.3**	**-205.9**
Net income for the period (B)			115.3			125.8
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)			**-87.4**			**-80.1**
Attributable to:						
▪ shareholders of Wendel			-159.0			-84.8
▪ non-controlling interests			71.6			4.7

(1) *This item includes the contributions of Bureau Veritas and Tsebo in the negative amounts of €41.7 million and €15.7 million respectively.*
(2) *Of which €-21.2 million related to the change in the fair value of cross currency swaps recorded by Wendel (see note 4-5.1 "Managing currency risk – Wendel").*
(3) *The main impacts relate to changes in the fair value of Saint-Gobain shares in the negative amount of €109.1 million and the Multi-Color shares held by Constantia Flexibles in the negative amount of €29.8 million corresponding to 1st quarter 2018 (see note 9-3 "Details of financial assets and liabilities"). This item results from the application of IFRS 9 (see note 1-1 "IFRS 9 Financial instruments").*

The notes to the financial statements are an integral part of the consolidated statements.

4 Statement of changes in shareholders'equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Currency translation adjust-ments	Group share	Non-controlling interests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2016	**45,646,253**	**188.4**	**36.3**	**-249.3**	**2,249.5**	**32.9**	**2,257.7**	**1,039.4**	**3,297.2**
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	23.1	-289.6	-266.5	-157.1	-423.5
Net income for the period (B)	-	-	-	-	200.0	-	200.0	334.1	534.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)(1)	**-**	**-**	**-**	**-**	**223.2**	**-289.6**	**-66.5**	**177.0**	**110.6**
Dividends paid(2)	-				-107.3	-	-107.3	-163.3	-270.6
Movements in treasury shares	-167,219	-3.8	-	-45.5	-	-	-49.3	-	-49.3
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-
▪ exercise of stock options	89,275	0.4	10.8	-	-	-	11.2	-	11.2
▪ company savings plan	15,499	0.1	1.6	-	-	-	1.7	-	1.7
Other	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	16.1	-	16.1	10.4	26.5
Changes in scope of consolidation	-	-	-	-	137.8	27.0	164.8	201.8	366.6
Other(3)	-	-	-	-	-64.2	-	-64.2	-172.9	-237.1
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2017	**45,583,808**	**185.0**	**48.7**	**-294.8**	**2,455.1**	**-229.8**	**2,164.2**	**1,092.5**	**3,256.7**
First-time application of IFRS 9					-6.2		-6.2	-12.0	-18.2
ADJUSTED SHAREHOLDERS' EQUITY AS OF JANUARY 1, 2018	**45,583,808**	**185.0**	**48.7**	**-294.8**	**2,448.9**	**-229.8**	**2,157.9**	**1,080.5**	**3,238.5**
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	-146.9	-11.2	-158.1	-44.7	-202.8
Net income for the period (B)	-	-	-	-	-0.9	-	-0.9	116.3	115.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)(1)					**-147.8**	**-11.2**	**-159.0**	**71.6**	**-87.4**
Dividends paid(2)					-120.5		-120.5	-147.6	-268.1
Movements in treasury shares	-354,351	-		-45.1			-45.1		-45.1
Capital increase									-
▪ exercise of stock options	5,936	-	0.4				0.4	-	0.4
▪ company savings plan	20,155	0.1	1.8				1.9	-	1.9
Share-based payments					11.3		11.3	8.5	19.8
Changes in scope of consolidation					-0.6	4.6	4.0	-2.7	1.3
Other(3)					145.6	-	145.6	-29.0	116.6
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2018	**45,255,548**	**185.1**	**50.9**	**-339.9**	**2,336.9**	**-236.4**	**1,996.6**	**981.3**	**2,977.9**

(1) See "Statement of comprehensive income".
(2) In H1 2018, Wendel paid a dividend of €2.65 per share, for a total of €120.5 million. In 2017, Wendel paid a dividend of €2.35 per share, for a total of €107.3 million.
(3) Other changes include the impact of puts held by non-controlling interests.

The notes to the financial statements are an integral part of the consolidated statements.

5 Consolidated cash flow statement

In millions of euros	Note	1st half 2018	1st half 2017
Cash flows from operating activities			
Net income		115.3	125.8
Share of net income/loss from equity-method investments		39.2	-88.1
Net income from discontinued operations and operations held for sale		5.0	-21.4
Depreciation, amortization, provisions and other non-cash items		232.7	267.2
Expenses on investments and divestments		5.2	8.1
Cash flow from companies held for sale		17,9	29.6
Gains/losses on divestments		8.3	0.5
Financial income and expense		102.8	197.5
Taxes (current & deferred)		78.2	111.8
Cash flow from consolidated companies before tax		604.5	631.0
Change in working capital requirement related to operating activities		-265.0	-239.8
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**5**	**339.5**	**391.2**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	21	-132.3	-133.9
Disposal of property, plant & equipment and intangible assets		8.0	3.4
Acquisition of equity investments	22	-143.4	-282.4
Disposal of equity investments	23	5.7	1,145.1
Impact of changes in scope of consolidation and of operations held for sale		-2.3	19.3
Changes in other financial assets and liabilities and other		78.7	24.6
Dividends received from equity-method investments and unconsolidated companies	24	20.2	19.4
Change in working capital requirements related to investment activities		-29.1	-3.2
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**5**	**-194.5**	**792.3**
Cash flows from financing activities, excluding tax			
Capital increase		2.3	11.0
Contribution of non-controlling shareholders		18.4	1.0
Share buybacks:			
▪ Wendel		-45.1	-23.4
▪ Subsidiaries		-31.7	-16.7
Dividends paid by Wendel		-120.5	-107.3
Dividends paid to non-controlling shareholders of subsidiaries		-147.6	-150.2
New borrowings	25	362.6	272.2
Repayment of borrowings	25	-425.0	-726.7
Net finance costs		-143.6	-158.1
Other financial income/expense		-9.5	-99.0
Change in working capital requirements related to financing activities		-44.6	-19.2
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**5**	**-584.3**	**-1,016.4**
Cash flows related to taxes			
Current tax expense		-119.6	-135.9
Change in tax assets and liabilities (excl. deferred taxes)		23.3	-11.9
NET CASH FLOWS RELATED TO TAXES	**5**	**-96.3**	**-147.8**
Effect of currency fluctuations		-8.1	1.5
Net change in cash and cash equivalents		-543.7	20.8
Cash and cash equivalents at beginning of period		1,905.9	2,562.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5 AND 8**	**1,362.2**	**2,582.8**

In accordance with IFRS 5, the cash flows of the Mecatherm and CSP Technologies subsidiaries were kept in each of the cash flow categories until June 30, 2018, when these subsidiaries were reclassified to “Discontinued operations and operations held for sale”.

The notes to the financial statements are an integral part of the consolidated statements.

6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by prevailing European and French laws and regulations. The Company is registered in the Paris trade and Company Register (*Registre du commerce et des sociétés*) under number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of June 30, 2018, the Wendel Group primarily comprised:

- fully consolidated operating companies: Bureau Veritas (40.7% net of treasury shares), Cromology (87.9%) which in turn is composed of the holding companies Materis and Cromology, Stahl (62.6%), Constantia Flexibles (60.6%) and the companies grouped under Oranje-Nassau Développement: Mecatherm (98.6%), CSP Technologies (98.3%), Nippon Oil Pump (98.5%) and Tsebo (64.7%) (see note 2 "Changes in scope of consolidation");
- operating companies accounted for by the equity method: IHS (21.3%), Allied Universal (33.0%) and PlaYce (40.0%), with the latter being group under Oranje-Nassau Développement, and Multi-Color (16.6%), owned by Constantia Flexibles; and
- Wendel and its fully consolidated holding companies.

The Wendel Group condensed consolidated half-year financial statements cover the 6-month period from January 1 to June 30, 2018 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the notes to the financial statements.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies (excluding those classified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"). However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities.

Aggregate accounting data for each fully consolidated subsidiary are presented in note 5 "Segment information", which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Aggregate accounting data for equity-method investments are set out in note 7 "Equity-method investments". An analysis of the Group's overall performance by business activity is provided in note 5 "Segment information", which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel or its holding companies (see note 4-2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in note 4-2 "Managing liquidity risk".

These condensed consolidated half-year financial statements were adopted by Wendel's Executive Board on August 29, 2018.

7 Notes 24

NOTE 1 Accounting principles 24

NOTE 2 Changes in scope of consolidation 26

NOTE 3 Related parties 27

NOTE 4 Managing financial risks 28

NOTE 5 Segment information 33

8 Notes on the balance sheet 43

NOTE 6 Goodwill 43

NOTE 7 Equity-method investments 44

NOTE 8 Cash and cash equivalents 48

NOTE 9 Financial assets and liabilities (excluding financial debt and operating receivables and payables) 49

NOTE 10 Shareholders' equity 51

NOTE 11 Provisions 52

NOTE 12 Financial debt 53

NOTE 13 Discontinued operations and operations held for sale 55

9 Notes on the income statement 58

NOTE 14 Net sales 58

NOTE 15 Operating income 58

NOTE 16 Finance costs, net 59

NOTE 17 Other financial income and expense 59

NOTE 18 Tax expense 59

NOTE 19 Net income (loss) from equity-method investments 60

NOTE 20 Earnings per share 60

10 Notes on changes in cash position 61

NOTE 21 Acquisition of property, plant & equipment and intangible assets 61

NOTE 22 Acquisition of equity investments 61

NOTE 23 Changes in other financial assets and liabilities and other 62

NOTE 24 Dividends received from equity-method investments and unconsolidated companies 62

NOTE 25 Net change in borrowings and other financial liabilities 62

11 Other notes 63

NOTE 26 Off-balance-sheet commitments 63

NOTE 27 Subsequent events 66

7 Notes

NOTE 1 Accounting principles

This set of condensed consolidated financial statements for the first half of 2018 has been prepared in accordance with IAS 34 "Interim financial reporting". These financial statements should be read in conjunction with the financial statements for the 2017 fiscal year included in the registration document filed with the AMF on April 12, 2018 under number D.18-0322.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2018, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2017, corresponding to the IFRS reference as adopted by the European Union, which is available on the EU Commission website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

With the exception of IFRS 9 and IFRS 15 described below, no new standards, interpretations or amendments with mandatory application for fiscal years beginning on or after January 1, 2018 have been adopted by the European Union as of June 30, 2018.

Note 1-1 IFRS 9 Financial instruments

IFRS 9 "Financial instruments" was adopted by the European Union on November 22, 2016, and replaces IAS 39. It has primarily the following three components:

- **classification and measurement of financial assets and liabilities**: the standard requires financial assets to be classified in accordance with their nature, the characteristics of their contractual cash flows and the business model followed for their management;
- **impairment**: IFRS 9 establishes the principles and methodology to be applied in measuring and recognizing expected credit losses on financial assets, loan commitments and financial guarantees;
- **hedge accounting**: the new standard aims to achieve a better alignment between hedge accounting and risk management by ushering in a more risk-based approach.

The Group has retrospectively applied IFRS 9 as of January 1, 2018 without restating the comparative data for 2017.

The main effects on the consolidated financial statements are summarized as follows for each of the three components of the new standard:

Classification and measurement of financial assets and liabilities

As regards the classification and measurement of equity instruments not held for trading purposes, the Group has chosen to recognize them at fair value through profit or loss or other comprehensive income, reflecting their strategic and long-term nature.

Securities not meeting the definition of an equity instrument, such as units held in funds, have been reclassified as financial assets at fair value through profit or loss.

The impacts as of January 1, 2018 are as follows:

In millions of euros	In accordance with IAS 39	In accordance with IFRS 9
Assets available for sale	1,023.2	
Financial assets at fair value through profit or loss		36.8
Financial assets at fair value through other comprehensive income		986.4

Securities recorded at fair value in other comprehensive income mainly concern Wendel's stake in Saint-Gobain (€650.8 million), Constantia Flexibles stake in Multi-Color (€211.2 million) (consolidated using the equity method from April 1, 2018) and Saham (€121.6 million) (investment sold in March 2018) .

Moreover, the IASB clarified the accounting treatment of changes in debts not resulting in derecognition in October 2017. The original effective interest rate (EIR) must now be maintained and the adjustment of the amortized cost of the debt is recognized through profit or loss. Analysis of all outstanding debts having undergone one or more immaterial changes in the past led the Group to note an impact of €2.6 million in opening shareholders' equity in respect of the clarification of the IASB.

Impairment

The impact of the change to the standard is an increase in impairment. This increase is attributable to the recognition of anticipated impairment losses for credit risk as of the initial recognition of the receivables, or from the effective date of loans or financial guarantees. The main items concerned are trade receivables, with an additional impairment loss of €27.6 million as of January 1, 2018, out of a total gross amount of €1,990.7 million. The impact is recognized in opening shareholders' equity.

Hedge accounting

The principles relating to hedge accounting have not been substantially modified by the new standard, and accordingly no impact has been recorded in this respect.

Summary of the main effects of IFRS 9 on the consolidated financial statements as of January 1, 2018

In millions of euros	**12.31.2017**	**IFRS 9 impacts**	**01.01.2018**
Non-current assets	9,276.4		9,276.4
Inventories	481.1		481.1
Trade receivables	1,897.5	-27.6	1,869.9
Other current assets	875.7	6.8	882.5
Cash and cash equivalents	1,905.3		1,905.3
TOTAL ASSETS	**14,435.9**	**-20.8**	**14,415.1**
Shareholders' equity – Group share	2,164.2	-6.2	2,157.9
Non-controlling interests	1,092.5	-12.0	1,080.5
TOTAL SHAREHOLDERS' EQUITY	**3,256.7**	**-18.2**	**3,238.5**
Provisions	524.6		524.6
Financial debt	7,128.9	-3.5	7,125.4
Other liabilities	3,525.7	0.9	3,526.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,435.9**	**-2.6**	**14,433.3**

Note 1-2 IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued a new standard governing revenue recognition. Under the new standard, revenue must be recognized when the customer obtains control of the goods or services sold for an amount that reflects what the entity expects to receive for such goods and services.

For activities comprising the sales of goods and services of the Group's subsidiaries, the transfer of control occurs at the same time as the transfer of the risks and rewards of ownership. Moreover, the analysis conducted by Bureau Veritas of contracts benefiting from an enforceable right to payment or meeting the non-reperformance condition for the services rendered as of the closing date did not call into question the application of the percentage-of-completion method.

The Group opted for the retrospective method with a cumulative effect as of the date of first application.

The analysis conducted by the Group's various subsidiaries did not reveal any significant divergence with the Group's policies applied in the financial statements for the fiscal year. Futhermore, the impacts of the application of this standard do not have a material impact on Wendel's consolidated financial statements.

Note 1-3 IFRS 16 Leases

In January 2016, the IASB issued a new standard on lease accounting. The application of this standard will result in the recognition in the balance sheet of all lease commitments, without distinction between "operating leases" and "finance leases".

The work relating to the first-time application of this standard, mandatory as of January 1, 2019, have continued in the first half of 2018. The detailed terms for the application of the standard at the transition date are currently being finalized.

NOTE 2 Changes in scope of consolidation

The scope of consolidation of the Wendel Group is presented under "General principles".

Note 2-1 Sale of the investment in Saham Group recognized in financial assets

On March 8, 2018, Wendel sold its shares in the Saham Group holding company for $155 million (*i.e.* €133 million at the exchange rate prevailing on June 30, 2018). The sale coincides with an agreement under which the Saham Group sold its insurance business to Sanlam, a leading South African Group in financial services in Africa. Settlement of the transfer price for Wendel's stake in Saham is accompanied by a resolutive clause related to the effective completion of the transaction between the Saham Group and Sanlam, which is expected to take place in the second half of 2018. A receivable of $155 million has therefore been recognized in current assets pending receipt of the funds. Wendel also has a right to 13.3% of the capital gains realized in the event of Saham selling the other group business lines (Customer Relationship Centers, Real Estate, Health and Education) at valuations exceeding certain pre-defined thresholds during the 24 months following the effective conclusion of the sale. As reminder, in 2013, Wendel invested €100 million in this group holding for 13.3% of the capital. This investment was recognized in financial assets with changes in fair value recognized in equity; in accordance with IFRS 9 "Financial Instruments", the cumulative changes in fair value since the investment are not reclassified to the income statement, and the sale therefore has no impact on profit or loss despite the capital gain realized on the investment.

Note 2-2 Sale of the investment in CSP Technologies was finalized on 27 August (high-performance plastic packaging)

On July 27, 2018, Wendel announced that it had received a binding offer from Aptar Group to acquire the entire capital of CSP Technologies for an enterprise value of $555 million, *i.e.* 13 times adjusted EBITDA. The sale was finalized on August 27th, 2018. This transaction generated net cash for Wendel of $342 million.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", this investment has been classified as held for sale since June 30, 2018. Its contribution to Wendel's consolidated income has been reclassified on a single line of the income statement under "Net income from discontinued operations and operations held for sale" for the first half of 2018 and the first half of 2017 and is additionally presented as a comparison on this same line. The contribution to the balance sheet as of June 30, 2018 is presented on two distinct lines, "Assets of operations held for sale" and "Liabilities of operations held for sale". In the cash flow statement, the amount of CSP Technologies' cash has been reclassified to "Impact of changes in scope of consolidation" as of June 30, 2018, the date on which this company was classified as an operation held for sale.

In the first half of 2018, CSP Technologies' net sales amounted to $72 million and its adjusted operating income to $17 million ($136 million and $27 million respectively for the 12 months of fiscal year 2017).

Note 2-3 Signature in July 2018 of an exclusive agreement for the sale of the entire capital of Mecatherm (industrial bakery equipment)

On July 31, 2018, Wendel announced that it had received a binding offer from Unigrains to acquire the entire capital of Mecatherm for an enterprise value of €120 million. Wendel has entered into a period of exclusive negotiations with Unigrains in order to complete the transaction, which should be finalized in the fourth quarter of 2018, subject to the necessary regulatory and legal authorizations.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", this investment has been classified as held for sale since June 30, 2018. Its contribution to Wendel's consolidated income has been reclassified on a single line of the income statement under "Net income from discontinued operations and operations held for sale" for the first half of 2018 and the first half of 2017 and is presented as a comparison on this same line. The contribution to the balance sheet as of June 30, 2018 is presented on two distinct lines, "Assets of operations held for sale" and "Liabilities of operations held for sale". In the cash flow statement, the amount of Mecatherm's cash has been reclassified to "Impact of changes in scope of consolidation" as of June 30, 2018, the date on which the company was reclassified as an operation held for sale.

In the first half of 2018, Mecatherm's net sales amounted to €45 million and its recurring EBITDA to €4 million (€84 million and €7 million respectively for the 12 months of fiscal year 2017).

Note 2-4 Principal changes in scope of consolidation of subsidiaries and associates

Note 2-4.1 Changes in scope of consolidation of the Bureau Veritas Group (certification and verification services)

During the first half of 2018, Bureau Veritas made six acquisitions, including :

- Lubrication Management SL, a Spanish lubricant oil analysis company that reported net sales of approximately €4 million in 2017;
- EMG Corporation, a firm specializing in technical valuation, construction project management, asset management assistance and real estate transaction management in the United States. It reported net sales of approximately €70 million in 2017.

The total acquisition price of companies acquired by Bureau Veritas in the first half of 2018 was €103.6 million, and the total goodwill recognized on these companies was €69.6 million.

Note 2-4.2 Changes in scope of consolidation of the Constantia Flexibles Group (flexible packaging)

In the first half of 2018, Constantia Flexibles acquired Indian company Creative Polypack, a specialist in flexible film-based packaging for the food and domestic hygiene industries. The net sales of this company for the 2017-2018 fiscal year are estimated at approximately €75 million.

Furthermore, in March 2018, Constantia Flexibles' representation on Multi-Color's Board of Directors was increased from one to two members out of a total of nine, which gives Constantia Flexibles significant influence. The Multi-Color securities have accordingly been accounted for using the equity method since April 1, 2018.

NOTE 3 Related parties

The Wendel Group's related parties are:

- investments accounted for under the equity method : Allied Universal, IHS, Multi-Color and PlaYce;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

In May 2018, the Group paid a dividend of €2.65 per share, *i.e.* €45.9 million, to Wendel-Participations.

There were no other significant changes during the period in transactions with related parties as detailed in note 3 "Related parties" to the 2017 consolidated financial statements.

NOTE 4 Managing financial risks

The management of financial risks (equity, liquidity, interest-rate, credit, currency and raw materials risks) is presented in note 5 to the 2017 consolidated financial statements. The principal financial risks as of June 30, 2018 are described in the following notes:

Note 4-1.1 Equity market risk

As of June 30, 2018, equity market risk related chiefly to:

- consolidated and equity-method shares, whose "recoverable value" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value";
- Saint-Gobain shares recognized in financial assets are carried at the market price on the reporting date. Changes in the fair value of these securities are recognized in equity; in accordance with IFRS 9 "Financial instruments", cumulative changes in value recognized in equity are never reclassified to the income statement. As of June 30, 2018, the value of these securities was €541.7 million and a loss of €109.1 million was recognized in equity over the period. A +/-5% variation in the share price of this investment would have an impact of +/-€27.1 million in equity;
- financial investments indexed to the equity markets, the total value of which was €56.3 million as of end-June 2018. These investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of approximately +/-€3 million on the value of these investments, which would be recognized on the income statement;
- investments by Wendel Lab, whose total value was €40 million at the end of June 2018. They are recognized at fair value, with changes recognized on profit or loss; a +/-5% variation in their value would therefore result in an impact of +/-€2 million in net financial expense;
- the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain shares (see note 12 "Financial debt"). As of June 30, 2018, this component was carried at fair value under liabilities at less than €1 million, compared with €33 million as of December 31, 2017. The difference is attributable chiefly to the decline in Saint-Gobain's share price; it is recognized in net financial expense. A +/-5% variation in the Saint-Gobain share price would have an impact of -/+ €0.9 million in profit or loss. In August 2018 (after the closing date), Wendel purchased a call option from a bank, with the same characteristics as the optional component of the bond exchangeable for Saint-Gobain shares, thereby neutralizing in full the risk associated with the optional component of the exchangeable bond. This bond thus became a straight bond in the amount of €500 million, maturing at end-July 2019 ;
- minority buy-out commitments (also referred to as minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, is determined by a contractual formula based on a fixed multiple of operating margin. As of June 30, 2018, the total of these financial liabilities was €311.7 million, including the minority put granted by Stahl on BASF's interest in that company (see note 9 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for Net Asset Value (as described in the Group's annual financial report), *i.e.* the application of peer multiples to the operating margin of the investments in question in order to estimate the entreprise value. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by €22 million. This change would be recognized mainly in retained earnings & other reserves. Other Group investments also granted minority puts (see note 9 "Financial assets and liabilities");
- the Wendel syndicated loan covenants, which are based on ratios of financial debt to the value of assets, are described in note 5-2.4 "Financing agreements and covenants of Wendel and its holding companies" of the 2017 consolidated financial statements. As of end-June 2018, this facility was not drawn and Wendel was in compliance with these covenants;
- the degree of financial leverage of Wendel and its holding companies (*i.e.* net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bonds.

Note 4-2 Managing liquidity risk

Note 4-2.1 Liquidity risk of Wendel and the holding companies

Wendel needs cash to make investments, service debt and pay operating expenses and dividends. These needs are covered by asset rotation, bank and bond financing, and by dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments

As of June 30, 2018, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,266 million and consisted mainly of €572 million in euro money market funds, €56 million in equity funds, €280 million in financial institution funds and €358 million in bank accounts and deposits denominated chiefly in euros.

2. Position and management of debt maturities and refinancing

As of June 30, 2018, gross debt (excluding operating subsidiaries) consisted of bonds (including bonds exchangeable for Saint-Gobain shares) in a total amount of €2,519.4 million after repayment of €350 million at maturity in April 2018. Bond maturities are spread between July 2019 and February 2027, and the average maturity is 4.3 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2022, with additional maturity deferral options of up to two years, subject to the banks' agreement. Wendel was in compliance with its financial covenants as of June 30, 2018 (see note 5 – 2.4.2 to the 2017 consolidated financial statements, "Wendel's syndicated loan – documentation and covenants"). This undrawn line of credit notably enables Wendel to secure the repayment, if necessary, of the closest maturities and to have enough flexibility to take advantage of investment opportunities.

Moreover, in the context of currency risk management (see note 4-5 "Managing currency risk"), €800 million in bond debt was converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).

At the closing date of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB- with a "stable" outlook. The short-term rating is A-3.

Note 4-2.2 Liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

Debt of operating subsidiaries is without recourse to Wendel. As such, the liquidity risk of these subsidiaries affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if Wendel decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. In this context, Wendel extended a €15 million liquidity line to Mecatherm (€5 million of which had been drawn as of end-June 2018) and provided a guarantee of €11 million to Mecatherm's lenders in return for the easing of financial covenants and banking documentation relating to the Mecatherm debt. As part of the agreement announced by Wendel in late July 2018, the liquidity line and guarantee provided are due to be returned to Wendel in full when the sale of Mecatherm becomes effective, which is expected to be in the fourth quarter 2018.In March 2018, Wendel also injected €25 million in cash into Cromology, enabling it to gain financial leeway, in particular vis-à-vis its bank borrowings, in order to recover its profitability. Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial position of subsidiaries has an impact on their value, however, this value is taken into account in calculating Wendel's financial leverage (see note 4 "Equity market risk").

Note 4-2.3 Wendel's liquidity outlook

The next significant financial maturity is the repayment of the bond exchangeable for Saint-Gobain shares in July 2019 in the amount of €500 million; depending on the level of the Saint-Gobain share price, it may be partially or totally redeemed with the Saint-Gobain shares held by the Group. This is followed by the maturity of September 2019 in the amount of €212 million. Wendel's liquidity risk over the 12 months following the reporting date is low given its high level of cash and short-term financial investments, and its available undrawn syndicated credit line.

Note 4-2.4 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of June 30, 2018, Bureau Veritas' gross financial debt was €2,740.0 million, and its cash balance was €286.7 million. Bureau Veritas also has a confirmed and undrawn line of credit in a total amount of €600 million.

The financial covenants applicable as of June 30, 2018 were met:

- the ratio of adjusted net financial debt to consolidated EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and Provisions) adjusted for the last 12 months of any acquired entity must be less than 3.25. As of June 30, 2018, this ratio was 2.82;
- the ratio of adjusted consolidated EBITDA of the last 12 months of any acquired entity to net finance costs must be greater than 5.5. As of June 30, 2018, this ratio was 10.78.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of June 30, 2018, the nominal amount of Constantia Flexibles' gross financial debt was €554.2 million (including accrued interest and excluding issuance costs). Its cash balance was €33.7 million (plus deposits pledged as collateral in the amount of €61.5 million).

The ratio of net financial debt to EBITDA for the last 12 months must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of June 30, 2018.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

As of June 30, 2018, Cromology's bank debt was €279.1 million (including accrued interest and excluding deferred issuance costs and the shareholder loan). Its cash balance was €28.6 million.

Cromology benefited from a cash injection of €25 million from Wendel in March 2018, allowing its banks to ease the covenants on its borrowings.

The debt is subject to the following covenants:

- adjusted LTM EBITDA divided by net cash interest expense must be greater than 2.41 (this minimum rises to 2.70 in 2019). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- consolidated net debt (excluding shareholder loan) divided by adjusted LTM EBITDA must be less than 5.78 (this maximum ratio falls to 3.75 in 2020). The test is performed quarterly.

These covenants were met as of June 30, 2018.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt, and payment of dividends are prohibited, restricted, or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

As of June 30, 2018, Stahl's gross bank debt was €576.2 million (including accrued interest, and excluding issuance costs). Its cash balance was €55.4 million.

The ratio of consolidated net debt to LTM EBITDA must be less than or equal to 4.2. This covenant was met as of June 30, 2018.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

5. Nippon Oil Pump's financial debt

This debt is without recourse to Wendel.

As of end-June 2018, the nominal amount of Nippon Oil Pump's gross bank debt was JPY 3.4 billion (€26.1 million). Its cash balance was JPY 1.1 billion (€8.9 million).

The financial covenants specify a minimum level of shareholders' equity and stipulate that net income cannot be negative for two consecutive years. These covenants were met as of December 31, 2017, when the annual test was performed.

6. Tsebo's financial debt

This debt is without recourse to Wendel.

As of June 30, 2018, Tsebo's gross bank debt was €120 million (including accrued interest and excluding issuance costs). It is denominated in South Africain rand. Its cash balance was €17.7 million. The financial covenants apply to the Mauritian parent company, to the South African scope and to a limited number of other African companies. They are tested twice annually, at end-March and end-September. These are as follows:

- the ratio of LTM EBITDA to the amount of interest paid must be greater than or equal to 2.00 as of end-March 2018 (this minimum ratio rises to 3.00 in 2021);
- the ratio of consolidated net debt to LTM EBITDA must be less than or equal to 4.00 as of end-March 2018 (this maximum ratio falls to 2.25 in 2021); and
- the ratio of operating cash flow to interest expense must be greater than 1.25 (a banking agreement reduced this to 1.05 in August 2018, after the closing date).

These covenants were met at end-March 2018.

The documentation related to Tsebo's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

Note 4-3 Managing interest-rate risk

As of June 30, 2018, the exposure of the Wendel Group (Wendel, its holding companies and fully consolidated operating subsidiaries outside the IFRS 5 classifications) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	5.0		1.9
Cash and short-term financial investments	-0.3		-1.4
Impact of derivatives	0.3	0.7	-1.0
INTEREST-RATE EXPOSURE	**5.0**	**0.7**	**-0.5**
	95%	*14%*	*-9%*

The notional amount of derivative instruments is weighted by the portion of the 12 months following June 30, 2018 during which they will hedge interest-rate risk.

A variation of +100 basis points in the interest rates on which the Group’s interest rate exposure is indexed would have a positive impact of approximately €1.8 million on financial income/expense before tax in the 12 months following June 30, 2018 (assumptions: net debt as of June 30, 2018, interest rates raised from that date and taking into account the maturities of derivative instruments hedging the interest rate risk). This positive impact on a rate increase is the result of a very significant Group cash position (which is exposed to floating rates) and a number of financing measures incorporating floor rates that make this financing insensitive to part of the rate increase.

Note 4-4 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group’s geographical and sector diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. However, given the high amount of cash and short-term financial investments as of June 30, 2018 (see note 4-2 “Managing liquidity risk”), significant amounts could be placed with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 4-5 Managing currency risk

Note 4-5.1 Wendel

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal and CSP Technologies (which was classified as held for sale as of June 30, 2018, see note 2 “Changes in scope of consolidation”). Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in euro-dollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the euro-dollar exchange rate on the Group’s net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. As a result, changes in fair value related to change in the euro-dollar exchange rate are recognized in equity (negative impact of €21 million in the first half of 2018). A 5% increase in the value of the US dollar against the euro would have a negative impact of €38 million in equity in respect of cross-currency swaps. Changes in the spread noted between European an Americain interest rates are recognized in net financial income (expense), together with the cost of these foreign exchange hedges (see note 16 "Finance costs, net")

Note 4-5.2 Bureau Veritas

Bureau Veritas operates internationally and is consequently exposed to the risk of fluctuations in several foreign currencies, even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

For Bureau Veritas' activities exposed to global markets, part of revenue is denominated in US dollars or influenced by the level of that currency. This revenue is therefore indirectly exposed to fluctuations in the US currency.

In H1 2018, over 71% of Bureau Veritas' net sales were the result of the consolidation of the financial statements of entities with functional currencies other than the euro, including 19.0% in US dollars or currencies correlated to the US dollar (including the Hong Kong dollar), 11.1% in Chinese yuan, 4.0% in pounds sterling, 3.7% in Australian dollars, 3.6% in Canadian dollars and 3.4% in Brazilian reals. No other currency individually accounted for more than 3% of Bureau Veritas' net sales. Accordingly, a 1% variation in the euro against the US dollar and the currencies correlated to it would have had an impact of around 0.19% on Bureau Veritas' consolidated net sales in H1 2018 (*i.e.* approximately €4 million), and an impact of 0.208% on its operating income (*i.e.* less than €1 million) during the same period.

In addition, the share of US dollar-denominated consolidated net sales in countries with a functional currency other than that currency or its correlated currencies was 9% in H1 2018.

Note 4-5.3 Constantia Flexibles

In H1 2018, 35% of Constantia Flexibles' net sales were generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.5% on Constantia Flexibles' H1 2018 income from ordinary activities before depreciation, amortization and impairment (excluding goodwill allocation and non-recurring expenses), or less than +/-€1.4 million.

Note 4-5.4 Stahl

In H1 2018, 55% of Stahl's net sales were generated in currencies other than the euro, including 30% in US dollars, 11% in Chinese yuan, 6% in Indian rupees and 3% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's H1 2018 income from ordinary activities before depreciation, amortization and impairment (excluding goodwill allocation and non-recurring expenses), or +/-€5 million.

In addition, Stahl has financial debt of €576 million, entirely denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about -/+€27 million in net finance income/expenses. A foreign exchange impact of €16.6 million was accordingly recognized in the first half-year.

Note 4-5.5 Tsebo

Tsebo operates chiefly in South Africa, but its financial statements are presented in dollars. In H1 2018, over 97% of Tsebo's net sales were the result of the consolidation of the financial statements of entities with a functional currency other than the dollar, of which 81% in South African rand. A +/-5% fluctuation in the value of the dollar against the South African rand would have had an impact of less than €1 million in income from ordinary activities before depreciation, amortization and impairment for H1 2018 (excluding goodwill allocation and non-recurring expenses) in Wendel's financial statements in euros.

Tsebo's bank debt is denominated in South African rand in the amount of €117 million. It is carried by a company whose functional currency is the South African rand. As such, changes in exchange rates have no effect on the net income.

Note 4-6 Managing raw materials price risk

The main Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

Cromology's raw material purchases represented approximately €73 million in H1 2018. Over the period under review, raw materials purchased by Cromology increased by an average of 7.2%, chiefly due to a 30% increase in titanium dioxide prices between the first halves of 2018 and 2017. Titanium dioxide accounts for approximately one-quarter of Cromology's purchases. Over the same period, Cromology's selling prices rose by an average of 3.4%, offsetting the rise in raw material prices in absolute terms. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products. Moreover, for the first time in more than a year, titanium dioxide prices have begun to fall.

Stahl purchased around €214 million of commodities in H1 2018. A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €21 million on a half-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles' raw material purchases represented approximately €398 million in the first half of 2018. A 10% increase in the price of the raw materials used by Constantia Flexibles would have resulted in a theoretical increase in the cost of these raw materials of approximately €40 million on an annual basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 5 Segment information

The analysis of the income statement by business sector is split between "net income from operations", non-recurring items and effects related to goodwill.

Net income from operations

Net income from operations is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- "net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Nippon Oil Pump and Tsebo, as well as CSP Technologies and Mecatherm, both classified as "Assets and liabilities of operations held for sale" as of June 30, 2018), and Wendel's share in the net income of investments accounted for under the equity method (Allied Universal, IHS, and PlaYce housed under Oranje-Nassau Développement) before non-recurring items and effects related to the allocation of goodwill;
- the net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net borrowings put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized by Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating or ordinary activities of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the structure of the financial instruments used to invest in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;
- changes in "fair value";
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt; and
- any other significant item unconnected with the recurring operations of the Group.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes in allocation within 12 months of the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts; and
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 5-1 Income statement by business sector for H1 2018

	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Equity-method investments		Wendel & holding companies	Total Group
						IHS	Allied Universal		
Net income from operations									
Net sales	**2,338.3**	**759.1**	**341.3**	**452.4**	**284.4**			**-**	**4,175.4**
EBITDA[(1)]	**N/A**	**96.0**	**17.1**	**105.1**	**N/A**				
Adjusted operating income[(1)]	**348.1**	**55.8**	**6.8**	**96.8**	**19.6**		**-**		
Other recurring operating items	-	-1.0	-0.9	-4.2	-3.1		-		
Operating income	**348.1**	**54.8**	**5.9**	**92.7**	**16.5**		**-**	**-34.6**	**483.2**
Finance costs, net	-40.9	-8.8	-8.0	-14.8	-8.2		-	-61.6	-142.3
Other financial income and expense	-4.3	-0.6	-1.2	-1.1	0.7		-0.0	18.4[(2)]	11.9
Tax expense	-99.7	-6.5	-0.7	-19.0	-3.9		-2.3	-0.2	-132.3
Share in net income of equity-method investments	0.7	2.1	-0.1	-	-1.0	7.3	5.9	-	14.9
Net income from discontinued operations and operations held for sale	-0.0	-	-0.5	-	5.4	-	-	-	4.8
RECURRING NET INCOME FROM OPERATIONS	**203.9**	**40.9**	**-4.5**	**57.7**	**9.4**	**7.3**	**3.6**	**-78.0**	**240.4**
Recurring net income from operations – non-controlling interests	126.8	16.5	-0.5	21.6	3.6	-	0.1	-	168.1
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**77.1**	**24.4**	**-4.1**	**36.1**	**5.8**	**7.3**	**3.5**	**-78.0**	**72.2**
Non-recurring income									
Operating income	-57.1	-25.4	-37.4	-20.8	-6.3	-	-	4.3	-142.8
Net financial expense	-	-7.0	-49.1	-14.8	1.1	-	-	97.4	27.6
Tax expense	15.3	6.6	11.0	9.0	1.9	-	10.4	-	54.1
Share in net income of equity-method investments	-	-0.7	-	-	-	-18.1[(3)]	-35.3	-	-54.1
Net income from discontinued operations and operations held for sale	-	0.9	-	-	-10.7	-	-	-	-9.8
NON-RECURRING NET INCOME	**-41.8**	**-25.7**	**-75.6**	**-26.6**	**-14.0**	**-18.1**	**-24.8**	**101.7**	**-125.0**
of which:									
■ Non-recurring items	-15.0	-10.4	-57.8	-15.8	-5.4	-17.7	-2.6	101.7[(4)]	-23.1
■ Impact of goodwill allocation	-26.8	-15.3	-0.2	-10.7	-8.5	-	-22.3	-	-83.8
■ Asset impairment	-	-	-17.6	-	-	-0.4	-	-	-18.0
Non-recurring net income – non-controlling interests	-25.6	-10.1	-7.2	-9.9	-1.0	-0.1	-0.2	2.3	-51.9
NON-RECURRING NET INCOME – GROUP SHARE	**-16.2**	**-15.6**	**-68.4**	**-16.6**	**-13.0**	**-18.0**	**-24.7**	**99.4**	**-73.1**
CONSOLIDATED NET INCOME	**162.1**	**15.3**	**-80.1**	**31.2**	**-4.6**	**-10.8**	**-21.2**	**23.7**	**115.3**
Consolidated net income – non-controlling interests	101.2	6.4	-7.7	11.6	2.6	-0.1	-0.1	2.3	116.3
CONSOLIDATED NET INCOME – GROUP SHARE	**60.9**	**8.9**	**-72.5**	**19.5**	**-7.2**	**-10.8**	**-21.1**	**21.4**	**-0.9**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This €18.4 million corresponds to dividends received from Saint-Gobain.
(3) This item notably includes a negative €8.4 million change in the fair value of financial instruments.
(4) This item notably includes proceeds of €32.7 million from the revaluation of the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain shares (see note 12 "Financial debt") and a €17.1 million gain in the fair value of the euro-dollar cross-currency swap component (see note 4-5 "Managing currency risk") relating to Wendel.

The detail of Oranje-Nassau Développement's contribution to the H1 2018 income statement by business sector is as follows:

	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	PlaYce	Oranje-Nassau Développement
Net income from operations						
Net sales	**258.5**	**-**	**-**	**25.9**	**-**	**284.4**
EBITDA(1)	**17.1**	**-**	**-**	**5.8**	**-**	**N/A**
Adjusted operating income(1)	**14.6**	**-**	**-**	**5.0**	**-**	**19.6**
Other recurring operating items	-0.4	-0.3	-0.6	-1.8	-	-3.1
Operating income	**14.2**	**-0.3**	**-0.6**	**3.2**	**-**	**16.5**
Finance costs, net	-8.1	-	-	-0.1	-	-8.2
Other financial income and expense	0.7	-	-	-	-	0.7
Tax expense	-2.2	-	-	-1.6	-	-3.9
Share in net income of equity-method investments	-0.1	-	-	-	-0.9	-1.0
Net income from discontinued operations and operations held for sale	-	2.2	3.2	-	-	5.4
RECURRING NET INCOME FROM OPERATIONS	**4.5**	**1.9**	**2.5**	**1.4**	**-0.9**	**9.4**
Recurring net income from operations – non-controlling interests	3.5	-	-	-	-	3.6
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**1.0**	**1.9**	**2.5**	**1.4**	**-0.9**	**5.8**
Non-recurring income						
Operating income	-5.1	-	-	-1.2	-	-6.3
Net financial expense	1.3	-0.2	-	-	-	1.1
Tax expense	1.4	-	-	0.5	-	1.9
Share in net income of equity-method investments	-	-	-	-	-	-
Net income from discontinued operations and operations held for sale	-	-1.1	-9.6	-	-	-10.7
NON-RECURRING NET INCOME	**-2.4**	**-1.3**	**-9.6**	**-0.8**	**-**	**-14.0**
of which:						
■ Non-recurring items	1.0	-0.7	-5.7	-	-	-5.4
■ Impact of goodwill allocation	-3.4	-0.4	-3.8	-0.7	-	-8.5
■ Asset impairment	-	-	-	-	-	-
Non-recurring net income – non-controlling interests	-0.8	-0.0	-0.2	-0.0	-	-1.0
NON-RECURRING NET INCOME – GROUP SHARE	**-1.6**	**-1.3**	**-9.4**	**-0.8**	**-**	**-13.0**
CONSOLIDATED NET INCOME	**2.1**	**0.7**	**-7.0**	**0.6**	**-0.9**	**-4.6**
Consolidated net income – non-controlling interests	2.7	0.0	-0.1	0.0	-	2.6
CONSOLIDATED NET INCOME – GROUP SHARE	**-0.6**	**0.6**	**-6.9**	**0.6**	**-0.9**	**-7.2**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Note 5-2 Income statement by business sector for H1 2017

	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Equity-method investments: Saint-Gobain	Equity-method investments: IHS	Equity-method investments: Allied Universal	Wendel & holding companies	Total Group
Net income from operations										
Net sales	**2,360.1**	**734.3**	**367.3**	**354.3**	**234.7**				**-**	**4,050.7**
EBITDA(1)	**N/A**	**90.5**	**28.3**	**87.4**	**N/A**					
Adjusted operating income(1)	**359.4**	**52.1**	**18.1**	**79.5**	**17.3**			**-0.1**		
Other recurring operating items	-	-1.0	-0.9	-4.2	11.0			-		
Operating income	**359.4**	**51.1**	**17.2**	**75.3**	**15.4**			**-0.1**	**-32.3**	**486.0**
Finance costs, net	-46.6	-35.5	-8.4	-12.2	-6.9			-	-84.1	-193.9
Other financial income and expense	-14.0	-0.9	-0.3	-4.8	-1.1			-	17.8	-3.2
Tax expense	-101.5	-10.2	1.0	-15.8	-4.7			0.6	-3.5(2)	-134.1
Share in net income of equity-method investments	0.5	-0.1	-	-	0.8	40.7	2.7	5.3	-	50.0
Net income from discontinued operations and operations held for sale	-	31.1	-1.6	-	2.9	-	-	-	-	32.4
RECURRING NET INCOME FROM OPERATIONS	**197.8**	**35.4**	**7.9**	**42.6**	**6.4**	**40.7**	**2.7**	**5.7**	**-102.1**	**237.1**
Recurring net income from operations – non-controlling interests	120.8	17.2	0.6	10.9	1.8	-	-	-	-	151.4
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**77.0**	**18.2**	**7.3**	**31.6**	**4.6**	**40.7**	**2.7**	**5.7**	**-102.1**	**85.7**
Non-recurring income										
Operating income	- 73,2	-37.0	-6.4	-13.8	-15.5	-	-	-	-0.1	-146.0
Net financial expense	-	-1.7	-37.2	36.0	-3.0	-	-	-	11.8	5.8
Tax expense	21.5	6.0	2.0	-5.5	-1.3	-	-	-	-	22.7
Share in net income of equity-method investments	-	-	-	-	-3.9	-4.7	-10.3(4)	-27.1	84.1(5)	38.1
Net income from discountinued operations and operations held for sale	-5.7	-4.0	-0.5	-	-21.7	-	-	-	-	-31.9
NON-RECURRING NET INCOME	**-57.4**	**-36.7**	**-42.0**	**16.7**	**-45.5**	**-4.7**	**-10.3**	**-27.1**	**95.8**	**-111.2**
of which:										
▪ Non-recurring items	-27.9	-14.1	-41.7	22.6	-15.9	-4.7	-4.2	-7.4	95.8	2.5
▪ Impact of goodwill allocation	-29.5	-22.6	-0.3	-5.9	-8.7	-	-	-19.7	-	-86.8
▪ Asset impairment	-	-	-	-	-20.9(3)	-	-6.0	-	-	-26.9
Non-recurring net income – non-controlling interests	-33.9	-14.5	-4.1	4.4	-8.8	-	0.1	-0.1	0.1	-56.8
NON-RECURRING NET INCOME - GROUP SHARE	**-23.6**	**-22.2**	**-37.8**	**12.3**	**-36.7**	**-4.7**	**-10.4**	**-27.0**	**95.7**	**-54.4**
CONSOLIDATED NET INCOME	**140,4**	**-1,3**	**-34,1**	**59,3**	**-39,0**	**36,0**	**-7,6**	**-21,4**	**-6,3**	**125,8**
Consolidated net income - non-controlling interests	86,9	2,7	- 3,5	15,3	- 6,9	-	0,1	- 0,1	0,1	94,6
CONSOLIDATED NET INCOME - GROUP SHARE	**53,5**	**-4,0**	**-30,6**	**44,0**	**-32,1**	**36,0**	**-7,7**	**-21,3**	**-6,5**	**31,3**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This €17.8 million corresponds to dividends received from Saint-Gobain after the date of deconsolidation.
(3) This item notably includes negative €17.8 million in impairment on Mecatherm.
(4) This item includes a negative €31.7 million dilution loss on IHS.
(5) This negative €84.1 million resulted from the sale of Saint-Gobain shares.

The detail of Oranje-Nassau Développement's contribution to the H1 2017 income statement by business sector is as follows:

	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	SGI Africa	Oranje-Nassau Développement
Net income from operations							
Net sales	**210.7**	**-**	**-**	**24.0**	**-**	**-**	**234.7**
EBITDA(1)	**14.7**	**-**	**-**	**5.2**	**-**	**-**	**-**
Adjusted operating income(1)	**12.9**	**-**	**-**	**4.4**	**-**	**-**	**17.3**
Other recurring operating items	12.5	-0.3	-0.7	-0.6	-	-	11.0
Operating income	**12.5**	**-0.3**	**-0.7**	**3.8**	**-**	**-**	**15.4**
Finance costs, net	-6.8	-	-	-0.2	-	-	-6.9
Other financial income and expense	-1.2	-	-	-	-	-	-1.1
Tax expense	-3.3	-	-	-1.4	-	-	-4.7
Share in net income of equity-method investments	0.5	-	-	-	0.4	-	0.8
Net income from discontinued operations and operations held for sale	-	-0.1	3.1	-	-	-	2.9
RECURRING NET INCOME FROM OPERATIONS	**1.8**	**-0.4**	**2.4**	**2.2**	**0.4**	**-**	**6.4**
Recurring net income from operations – non-controlling interests	1.8	-	-	-	-	-	1.8
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**0.0**	**-0.4**	**2.3**	**2.2**	**0.4**	**-**	**4.6**
Non-recurring income							
Operating income	-14.1	-	-	-1.4	-	-	-15.5
Net financial expense	-3.0	-	-	-	-	-	-3.0
Tax expense	-1.8	-	-	0.5	-	-	-1.3
Share in net income of equity-method investments	-	-	-	-	-3.9	-	-3.9
Net income from discontinued operations and operations held for sale	-	-19.8	-1.9	-	-	-	-21.7
NON-RECURRING NET INCOME	**-19.0**	**-19.8**	**-1.9**	**-0.9**	**-3.9**	**-**	**-45.5**
of which:							
■ Non-recurring items	-16.0	-1.6	1.7	-0.1	0.1	-	-15.9
■ Impact of goodwill allocation	-3.0	-0.4	-3.6	-0.8	-0.9	-	-8.7
■ Asset impairment	-	-17.8	-	-	-3.1	-	-20.9
Non-recurring net income – non-controlling interests	-8.7	-	-	-	-	-	-8.8
NON-RECURRING NET INCOME – GROUP SHARE	**-10.3**	**-19.8**	**-1.9**	**-0.9**	**-3.9**	**-**	**-36.7**
CONSOLIDATED NET INCOME	**-17.2**	**-20.2**	**0.5**	**1.3**	**-3.6**	**-**	**-39.0**
Consolidated net income – non-controlling interests	-6.9	-	-	-	-	-	-6.9
CONSOLIDATED NET INCOME – GROUP SHARE	**-10.3**	**-20.1**	**0.5**	**1.3**	**-3.6**	**-**	**-32.1**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Note 5-3 Balance sheet by business sector as of June 30, 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromo-logy	Stahl	Oranje-Nassau Dévelop-pement	IHS	Allied Universal	Wendel & holding companies	Total Group
Goodwill, net	2,393.9	466.3	211.7	128.7	205.0	-	-	-	3,405.7
Intangible assets, net	847.1	512.4	187.0	281.0	150.8	-	-	-	1,978.3
Property, plant & equipment, net	477.0	583.2	79.5	140.3	25.4	-	-	13.1	1,318.5
Non-current financial assets	112.4	73.2	5.4	2.8	4.6	-	-	691.6	889.9
Pledged cash and cash equivalents	-	-	-	-	-	-	-	0.4	0.4
Equity-method investments	5.0	185.0	1.3	-	27.0	277.6	190.7	-	686.6
Deferred tax assets	137.6	14.5	28.2	13.0	2.7	-	-	0.4	196.5
Total non-current assets	**3,973.0**	**1,834.7**	**513.1**	**565.7**	**415.6**	**277.6**	**190.7**	**705.6**	**8,475.9**
Assets of discontinued operations and operations held for sale	**0.3**	**-**	**-**	**1.2**	**561.5**	**-**	**-**	**-**	**563.0**
Inventories and work-in-progress	19.8	253.5	103.0	122.0	15.6	-	-	-	514.0
Trade receivables	1,445.3	175.4	154.1	196.0	79.4	-	-	1.4	2,051.6
Other current assets	191.7	33.5	57.0	24.1	11.5	-	1.1	142.1	460.9
Current income tax payable	48.9	9.0	-	11.4	1.7	-	-	0.1	71.0
Other current financial assets	34.0	9.6	-	0.3	-	-	-	338.1	382.0
Cash and cash equivalents	286.7	33.7	29.8	55.4	26.5	-	0.2	929.3	1,361.8
Total current assets	**2,026.4**	**514.7**	**344.0**	**409.2**	**134.6**	**-**	**1.3**	**1,411.0**	**4,841.2**
TOTAL ASSETS									**13,880.1**
Shareholders' equity – Group share									1,996.6
Non-controlling interests									981.3
Total shareholders' equity									**2,977.9**
Provisions	293.7	64.4	42.2	23.7	7.3	-	-	26.5	457.8
Financial debt	2,195.3	507.0	281.0	513.8	107.7	-	-	2,585.6	6,190.3
Other current financial liabilities	121.8	77.4	-0.1	114.2	6.6	-	-	200.7	520.6
Deferred tax liabilities	193.5	159.0	93.6	29.7	44.5	-	17.2	0.1	537.5
Total non-current liabilities	**2,804.4**	**807.8**	**416.7**	**681.4**	**166.0**	**-**	**17.2**	**2,812.9**	**7,706.3**
Liabilities of discontinued operations and operations held for sale	**0.2**	**-**	**-**	**-**	**289.3**	**-**	**-**	**-**	**289.5**
Provisions	-	52.4	1.4	-	-	-	-	-	53.8
Financial debt	544.7	45.4	1.5	52.1	36.1	-	-	39.5	719.3
Other current financial liabilities	130.0	19.4	-	2.2	0.5	-	-	2.5	154.6
Trade payables	371.8	271.1	135.1	91.0	63.3	-	0.1	9.8	942.1
Other current liabilities	708.4	60.9	87.1	36.3	26.5	-	0.9	11.4	931.6
Current income tax payable	69.6	22.4	-	9.1	3.5	-	0.0	0.3	105.0
Total current liabilities	**1,824.5**	**471.6**	**225.1**	**190.9**	**129.9**	**-**	**1.0**	**63.5**	**2,906.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY									**13,880.1**

As of June 30, 2018, the detail of Oranje-Nassau Développement's contribution to the balance sheet by business sector is as follows:

In millions of euros	Tsebo	CSP Technologies	Mecatherm	Nippon Oil Pump	PlaYce	OranjeNassau Développement
Goodwill, net	187.6	-	-	17.5	-	205.0
Intangible assets, net	130.2	-	-	20.5	-	150.8
Property, plant & equipment, net	13.6	-	-	11.9	-	25.4
Non-current financial assets	2.9	-	-	1.7	-	4.6
Pledged cash and cash equivalents	-	-	-	-	-	-
Equity-method investments	2.3	-	-	-	24.8	27.0
Deferred tax assets	2.6	-	-	0.2	-	2.7
Total non-current assets	**339.1**	**-**	**-**	**51.8**	**24.8**	**415.6**
Assets of discontinued operations and operations held for sale	**-**	**388.7**	**172.8**	**-**	**-**	**561.5**
Inventories and work-in-progress	7.6	-	-	8.0	-	15.6
Trade receivables	61.0	-	0.3	18.1	-	79.4
Other current assets	11.1	-	-	0.4	-	11.5
Current income tax payable	1.7	-	-	-	-	1.7
Other current financial assets	-	-	-	-	-	-
Cash and cash equivalents	17.7	-	-	8.9	-	26.5
Total current assets	**98.9**	**388.7**	**173.1**	**35.4**	**-**	**134.6**
Provisions	-	-	-	7.3	-	7.3
Financial debt	107.3	-	-	0.4	-	107.7
Other current financial liabilities	3.0	-	-	3.6	-	6.6
Deferred tax liabilities	37.1	-	-	7.4	-	44.5
Total non-current liabilities	**147.4**	**-**	**-**	**18.6**	**-**	**166.0**
Liabilities of discontinued operations and operations held for sale	**-**	**197.7**	**91.6**	**-**	**-**	**289.3**
Provisions	-	-	-	-	-	-
Financial debt	10.3	-	-	25.8	-	36.1
Other current financial liabilities	0.5	-	-	-	-	0.5
Trade payables	57.8	-	-	5.5	-	63.3
Other current liabilities	23.0	-	-	3.5	-	26.5
Current income tax payable	1.6	-	-	1.9	-	3.5
TOTAL CURRENT LIABILITIES	**93.3**	**197.7**	**91.6**	**36.6**	**-**	**129.9**

Note 5-4 Balance sheet by business sector as of December 31, 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromo-logy	Stahl	Oranje-Nassau Dévelop-pement	IHS	Allied Universal	Wendel & holding companies	Total Group
Goodwill, net	2,337.0	460.4	211.6	128.6	437.4	-	-	-	3,575.0
Intangible assets, net	837.7	508.6	212.2	290.8	332.4	-	-	-	2,181.8
Property, plant & equipment, net	486.3	574.0	81.9	141.3	109.3	-	-	13.5	1,406.1
Non-current financial assets	119.7	281.7	6.2	2.4	5.8	-	-	967.6	1,383.3
Pledged cash and cash equivalents	-	-	-	-	0.2	-	-	0.4	0.7
Equity-method investments	4.6	0.8	1.4	-	30.4	281.2	215.9	-	534.3
Deferred tax assets	138.4	11.8	28.6	13.5	2.4	-	-	0.5	195.2
Total non-current assets	**3,923.8**	**1,837.2**	**541.8**	**576.6**	**917.8**	**281.2**	**215.9**	**982.0**	**9,276.4**
Assets of discontinued operations and operations held for sale	**1.2**	**-**	**17.9**	**1.3**	**-**	**-**	**-**	**-**	**20.5**
Inventories and work-in-progress	19.8	215.4	91.1	107.4	47.3	-	-	-	481.1
Trade receivables	1,364.9	152.3	116.3	158.4	103.4	-	-	2.3	1,897.5
Other current assets	188.3	40.2	61.4	28.2	16.2	-	3.8	9.6	347.7
Current income tax payable	52.7	5.0	-	12.0	2.8	-	-	12.6	85.0
Other current financial assets	24.2	14.3	-	0.3	-	-	-	383.7	422.5
Cash and cash equivalents	364.3	64.7	43.3	41.1	44.4	-	0.3	1,347.2	1,905.3
Total current assets	**2,014.2**	**491.9**	**312.2**	**347.3**	**214.1**	**-**	**4.1**	**1,755.3**	**5,139.1**
TOTAL ASSETS									**14,435.9**
Shareholders' equity – Group share									2,164.2
Noncontrolling interests									1,092.5
Total shareholders' equity									**3,256.7**
Provisions	299.7	64.0	41.9	23.8	11.4	-	-	24.4	465.1
Financial debt	2,240.0	505.4	309.5	528.7	288.1	-	-	2,544.5	6,416.2
Other current financial liabilities	126.8	60.1	0.2	118.6	14.2	-	-	256.0	575.9
Deferred tax liabilities	194.3	156.5	107.9	31.4	80.3	-	25.2	0.1	595.6
Total non-current liabilities	**2,860.9**	**785.9**	**459.5**	**702.4**	**394.0**	**-**	**25.1**	**2,825.0**	**8,052.8**
Liabilities of discontinued operations and operations held for sale	**1.0**	**-**	**16.1**	**-**	**-**	**-**	**-**	**-**	**17.1**
Provisions	-	52.7	0.8	0.1	5.6	-	-	0.1	59.4
Financial debt	209.0	18.9	2.6	42.1	34.4	-	-	405.8	712.7
Other current financial liabilities	123.9	18.9	-	2.7	3.4	-	-	141.1	289.9
Trade payables	372.6	254.3	104.9	78.2	85.6	-	0.1	5.1	900.7(1)
Other current liabilities	747.0	70.0	98.4	40.6	57.4	-	3.7	21.9	1,039.1
Current income tax payable	73.6	21.9	0.0	7.5	4.1	-	0.0	0.4	107.5
Total current liabilities	**1,526.0**	**436.8**	**206.6**	**171.2**	**190.6**	**-**	**3.8**	**574.3**	**3,109.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY									**14,435.9**

(1) As of December 31, 2017 this amount included deferred revenue of €151.2 million.

As of December 31, 2017, the detail of Oranje-Nassau Développement's contribution to the balance sheet by operating segment was as follows:

In millions of euros	Mecatherm	CSP Technologies	Tsebo	Nippon Oil Pump	PlaYce	Oranje-Nassau Développement
Goodwill, net	66.3	152.4	202.1	16.7	-	437.4
Intangible assets, net	65.1	101.3	145.1	20.8	-	332.4
Property, plant & equipment, net	5.7	77.2	14.5	11.8	-	109.3
Non-current financial assets	0.8	0.3	3.0	1.7	-	5.8
Pledged cash and cash equivalents	-	0.2	-	-	-	0.2
Equity-method investments	-	-	5.1	-	25.3	30.4
Deferred tax assets	-	-	2.4	-	-	2.4
Total non-current assets	**137.9**	**331.3**	**372.3**	**51.0**	**25.3**	**917.8**
Assets of discontinued operations and operations held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Inventories and work-in-progress	8.4	23.7	7.7	7.5	-	47.3
Trade receivables	11.4	16.2	59.9	15.9	-	103.4
Other current assets	2.8	2.0	11.2	0.3	-	16.2
Current income tax payable	-	0.4	2.4	-	-	2.8
Other current financial assets	-	-	-	-	-	-
Cash and cash equivalents	7.2	6.9	21.7	8.6	-	44.4
Total current assets	**29.7**	**49.2**	**103.0**	**32.2**	**-**	**214.1**
Provisions	4.3	0.2	-	6.9	-	11.4
Financial debt	-	145.0	119.8	23.4	-	288.1
Other current financial liabilities	0.8	7.1	4.5	1.7	-	14.2
Deferred tax liabilities	14.4	17.1	41.2	7.6	-	80.3
Total non-current liabilities	**19.5**	**169.4**	**165.5**	**39.6**	**-**	**394.0**
Liabilities of discontinued operations and operations held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	5.6	-	-	-	-	5.6
Financial debt	22.9	1.3	7.0	3.2	-	34.4
Other current financial liabilities	-	-	3.4	-	-	3.4
Trade payables	8.6	6.9	64.1	6.0	-	85.6
Other current liabilities	20.6	9.9	24.1	2.8	-	57.4
Current income tax payable	-	2.2	0.2	1.7	-	4.1
Total current liabilities	**57.8**	**20.4**	**98.8**	**13.6**	**-**	**190.6**

Note 5-5 Cash flow statement by business sector for H1 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Universal	Wendel & holding companies	Eliminations and not allocated	Group Total
Net cash flows from operating activities, excluding tax	245.4	49.1	-16.0	59.3	35.6	3.0	-36.8		339.5
Net cash flows from investing activities, excluding tax	-286.5	-71.4	-9.0	-15.7	-18.3	-	206.4		-194.5
Net cash flows from financing activities, excluding tax	51.4	0.9	15.4	-21.1	-28.4	-2.8	-597.6		-582.1
Net cash flows related to taxes	-80.7	-9.7	-3.9	-7.9	-6.2	-0.2	12.2		-96.3

The detail of Oranje-Nassau Développement's contribution to the H1 2018 cash flow statement by operating segment was as follows:

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	9.8	7.5	13.5	4.7	35.6
Net cash flows from investing activities, excluding tax	-4.0	-3.6	-9.5	-1.3	-18.3
Net cash flows from financing activities, excluding tax	-8.5	-10.6	-7.6	-1.8	-28.4
Net cash flows related to taxes	-0.4	-0.4	-3.6	-1.8	-6.2

Note 5-6 Cash flow statement by business sector for H1 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Universal	Wendel & holding companies	Eliminations and not allocated	Group Total
Net cash flows from operating activities, excluding tax	252.5	96.6	8.4	43.0	20.8	-0.9	-29.2	-	391.2
Net cash flows from investing activities, excluding tax	-138.2	-114.5	-11.3	-13.0	55.8	-	1,110.9	-97.4	792.3
Net cash flows from financing activities, excluding tax	-825.0	-63.6	3.5	-255.2	-11.3	0.0	37.8	97.4	-1,016.4
Net cash flows related to taxes	-100.9	-15.3	-5.4	-14.3	-9.2	0.7	-3.4	-	-147.8

The detail of Oranje-Nassau Développement's contribution to the H1 2017 income statement by business sector is as follows:

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	-1.3	1.3	14.3	6.4	20.8
Net cash flows from investing activities, excluding tax	65.9	-0.4	-9.2	-0.5	55.8
Net cash flows from financing activities, excluding tax	-4.7	0.1	-4.8	-1.9	-11.3
Net cash flows related to taxes	-7.1	-0.3	0.1	-1.9	-9.2

8 Notes on the balance sheet

NOTE 6 Goodwill

	06.30.2018		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,537.5	-143.6	2,393.9
Constantia Flexibles	466.3	-	466.3
Cromology	403.4	-191.8	211.7
Stahl	128.7	-	128.7
Oranje-Nassau Développement	225.0	-20.0	205.0
TOTAL	**3,761.0**	**-355.3**	**3,405.7**

	12.31.2017		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,483.0	-146.0	2,337.0
Constantia Flexibles	460.4	-	460.4
Cromology	403.3	-191.7	211.6
Stahl	128.6	-	128.6
Oranje-Nassau Développement	494.9	-57.6	437.4
TOTAL	**3,970.3**	**-395.3**	**3,575.0**

The principal changes during the period were as follows:

In millions of euros	1st half 2018
Net amount at beginning of period	**3,575.0**
Changes in scope of consolidation	76.4
Reclassification of CSP and Mecatherm under "Operations held for sale"	-218.6
Impact of changes in currency translation adjustments and other	-27.0
Impairment for the period	-
NET AMOUNT AT END OF PERIOD	**3,405.7**

Note 6-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the accounting principles section, note 1-10.1 "Goodwill" of the 2017 consolidated financial statements). Wendel's CGUs are the fully consolidated investments. The principal indicators of a loss in value are adherence to the budget and business plan and for Bureau Veritas, which is listed, market price compared with the carrying value.

As of June 30, 2018, the significant decline in Cromology's net sales in the first half of 2018 was seen as an indication of impairment. Testing was therefore performed by Cromology on its own CGUs; Wendel also tested Cromology, which is a CGU in Wendel's consolidation. No indication of impairment was identified on Wendel's other CGUs. Testing will therefore be performed at the year-end.

The impairment testing performed by Cromology on its own CGUs resulted in an impairment loss of €24.4 million on the intangible assets of its Italian division; the impact net of deferred taxes was €-17.6 million recognized in profit or loss. In accordance with the Group's accounting principles, this loss is maintained in Wendel's consolidation.

By contrast, in Wendel's consolidation, the value in use of Cromology calculated as of June 30, 2018 is greater than the net carrying amount; as such, no impairment was recognized other that recognized by Cromology. The business plan used for testing purposes was prepared by Cromology and reviewed by Wendel. It covers a five-year period. A discount rate of 8% was used and a long-term growth rate of 2% was applied to post-business plan cash flows. Sensitivity analysis shows that no impairment would need to be recognized in the event of a 0.5-point increase in the discount rate, a 0.5-point reduction in the long-term growth rate or a 1-point reduction in the normative margin used for the post-business plan cash flows.

NOTE 7 Equity-method investments

In millions of euros	06.30.2018	12.31.2017
IHS	277.6	281.2
Allied Universal	190.7	215.9
PlaYce	24.8	25.3
Investments of Constantia Flexibles[1]	185.0	0.8
Investments of Bureau Veritas	5.0	4.6
Investments of Tsebo	2.3	5.1
Investments of Cromology	1.3	1.4
TOTAL	**686.6**	**534.3**

(1) This relates to the equity accounting of the Multi-Color securities (see note 2, "Changes in scope of consolidation").

The change in equity-method investments broke down as follows:

	1st half 2018
Amount at beginning of the period	**534.3**
Share in net income for the period	
IHS	-10.8
Allied Universal	-29.4
PlaYce	-0.9
Other	1.9
Dividends for the period	-1.5
Impact of changes in currency translation adjustments	10.5
Divestments	-
Consolidation of Multi-Color	181.3
Changes in scope of consolidation	-
Other	1.2
AMOUNT AS OF JUNE 30, 2018	**686.6**

Note 7-1 Additional information on IHS

In millions of euros	06.30.2018	12.31.2017
Carrying values at 100%		
Total non-current assets	2,490.1	2,418.9
Total current assets	912.9	931.5
Goodwill adjustment (Wendel)	59.9	58.2
Total assets	**3,462.9**	**3,408.6**
Noncontrolling interests	-	-
Total non-current liabilities	1,706.8	1,753.5
Total current liabilities	457.4	339.4
Total liabilities and shareholders' equity	**2,164.2**	**2,092.8**
including cash and cash equivalents	*408.1*	*538.8*
including financial debt	*1,677.6*	*1,651.7*

In millions of euros	1st half 2018	1st half 2017
Net sales	458.4	504.6
EBIT	98.1	123.9
Financial result, excluding foreign exchange	-51.6	-9.2
Currency impact on financial liabilities	-12.3	12.0
Net income – Group share	-39.1	62.7
Other	-	42.1

Wendel has been informed that certain accounts belonging to IHS Nigeria Limited, INT Towers Limited and IHS Towers NG Limited domiciled in Nigerian banks have been blocked at the end of 2017. These measures relate to certain "post no debit" instructions received by some IHS banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC).

IHS has indicated that, to its knowledge, there has been no formal allegation made or investigation against it as part of the EFCC's inquiries, and that it will continue to fully co-operate with the

EFCC's information requests, while working with them to understand the basis of their actions in respect of IHS accounts.

As of June 30, 2018, the amount held in those bank accounts that are blocked was US$196.5 million over a total cash amount held by IHS of US$672 million. As of 20 August,this amount has been reduced down to US$83.9 million.

While IHS management currently expects that the affected accounts will be released once the EFCC's inquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome. All necessary governance measures are taken by the IHS board of directors to closely monitor this matter.

Based on these elements, Wendel considers that this investigation has no impact on the value of IHS shares accounted for using the equity method as of June 30, 2018.

Note 7-2 Additional information on Allied Universal

In millions of euros	06.30.2018	12.31.2017
Carrying values at 100%		
Total non-current assets	2,961.7	2,916.7
Total current assets	795.3	790.7
Goodwill adjustment (Wendel)	-243.3	-178.6
Impact of the revaluation of acquired assets and liabilities and other (Wendel)	353.9	321.4
TOTAL ASSETS	**3,867.6**	**3,850.3**
Noncontrolling interests	1.8	1.5
Total non-current liabilities	2,797.2	2,732.1
Total current liabilities	491.6	466.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,290.6**	**3,200.0**
including cash and cash equivalents	*4.9*	*3.8*
including financial debt	*2,641.6*	*2,517.9*

In millions of euros	1st half 2018	1st half 2017
Net sales	2,250.1	2,393.3
Operating income	119.6	131.9
Net income – Group share	-53.4	-87.4
Impact of the revaluation of acquired assets and liabilities (Wendel)	-35.0	-37.2

Note 7-3 Additional information on PlaYce

In millions of euros	06.30.2018	12.31.2017
Carrying values at 100%		
Total non-current assets	62.3	62.9
Total current assets	15.9	10.8
Impact of the revaluation of acquired assets and liabilities (Wendel)	8.7	8.7
TOTAL ASSETS	**87.0**	**82.4**
Total non-current liabilities	17.8	-
Total current liabilities	7.3	19.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25.1**	**19.2**
including cash and cash equivalents	*12.1*	*11.9*
including financial debt	*19.2*	*19.2*

In millions of euros	1st half 2018	1st half 2017
Net sales	3.9	3.5
Operating income	-1.3	0.2
Net income – Group share	-2.4	-0.2

Note 7-4 Additional information on Multi-Color

In millions of euros	06.30.2018
Carrying values at 100%	
Total non-current assets	1,908.2
Total current assets	509.9
Impact of the revaluation of acquired assets and liabilities (Wendel)	500.5
TOTAL ASSETS	**2,918.6**
Noncontrolling interests	1.2
Total non-current liabilities	1,546.2
Total current liabilities	259.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,806.3**
including cash and cash equivalents	*51.4*
including financial debt	*1,376.5*

Multi-Color has been consolidated since the second quarter of 2018.

In millions of euros	2nd quarter 2018
Net sales	382.8
Operating income	37.9
Recurring net income – Group share	15.2
Impact of the revaluation of acquired assets and liabilities (Wendel)	-4.3

Note 7-5 Impairment tests on equity-method investments

As no indication of loss of value was identified on these investments, no impairment testing was performed.

NOTE 8 Cash and cash equivalents

In millions of euros	06.30.2018 Net amount	12.31.2017 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.4	0.4
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	929.3	1,347.2
Cash and cash equivalents of Wendel and its holding companies(1)	**929.8**	**1,347.6**
Pledged cash and cash equivalents of subsidiaries and other holding companies, classified as non-current assets	-	0.2
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets		
Bureau Veritas	286.7	364.3
Constantia Flexibles	33.7	64.7
Cromology	28.6	41.5
Stahl	55.4	41.1
Oranje-Nassau Développement	26.5	44.4
Other holding companies	1.5	2.0
Cash and cash equivalents of subsidiaries and other holding companies	**432.4**	**558.3**
TOTAL	**1,362.2**	**1,905.9**
of which non-current assets	***0.4***	***0.7***
of which current assets	***1,361.8***	***1,905.3***

(1) *In addition to this cash, Wendel had €336.4 million in short-term financial investments as of June 30, 2018 and €381.9 million as of December 31, 2017 (see note 4-2.1 "Liquidity risk of Wendel and its holding companies").*

NOTE 9 Financial assets and liabilities (excluding financial debt and operating receivables and payables)

Note 9-1 Financial assets

In millions of euros	Method for recognizing changes	Level	06.30.2018	12.31.2017
Pledged cash and cash equivalents of Wendel and its holding companies	Income statement	1	0.4	0.4
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement	1	929.3	1,347.2
Wendel's short-term financial investments	Income statement	1	336.4	381.9
Cash and short-term financial investments of Wendel and its holding companies			**1,266.2**	**1,729.5**
Pledged cash and cash equivalents of subsidiaries	Income statement	1	-	0.2
Cash and cash equivalents of subsidiaries	Income statement	1	432.4	558.1
Financial assets at fair value through equity – A	Equity	1 and 3	544.3	1,023.2
Financial assets at fair value through profit or loss	Income statement	1	63.2	0.1
Loans – B	Amortized cost	N/A	2.9	64.9
Deposits and guarantees	Amortized cost	N/A	116.0	125.6
Derivatives – C	Income statement/Sh. Equity	See C	86.4	92.2
Other			122.7	117.8
TOTAL			**2,634.1**	**3,711.6**
of which non-current financial assets, including pledged cash and cash equivalents			***890.4***	***1,383.9***
of which current financial assets, including cash and cash equivalents			***1,743.7***	***2,327.7***

Note 9-2 Financial liabilities

In millions of euros	Method for recognizing changes	Level	06.30.2018	12.31.2017
Derivatives – C	Income statement/Sh. Equity	See C	25.1	59.1
Minority puts, earn-outs and other financial liabilities of subsidiaries – D	Income statement/Sh. equity	3	447.6	442.9
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies – E	Income statement/Sh. Equity	3	202.6	363.8
TOTAL			**675.3**	**865.8**
of which non-current financial liabilities			***520.6***	***575.9***
of which current financial liabilities			***154.6***	***289.9***

Most items are recognized through equity.

Note 9-3 Details of financial assets and liabilities

A – As of June 30, 2018, this item mainly includes the stake in **Saint-Gobain** in the amount of €541.7 million.

The Saham Group securities were sold in the first half of 2018, see note 2 "Changes in scope of consolidation" (€121.6 million as of December 31, 2017).

The change in fair value recognized during the year is recorded in consolidated reserves under "Gains and losses on assets available for sale" in the negative amount of €109.1 million for Saint-Gobain, in accordance with accounting principles. A negative variation of €29.8 million in the value of the Multi-Color securities held by Constantia Flexibles was recognized until April 1, the date on which these securities were accounted for using the equity method.

B – **Loans**: Most of the loans held at December 31, 2017 were transferred during the period.

C – **Derivatives**:

In millions of euros	Level	06.30.2018 Assets	06.30.2018 Liabilities	12.31.2017 Assets	12.31.2017 Liabilities
Interest rate swaps – hedging of cash flows(1)	2	-	6.7	-	6.7
Interest rate swaps – not qualifying as hedges(1)	2	3.1	5.7	2.4	7.1
Cross currency swaps – hedging of cash flows(1)	2	71.9	-	76.0	-
Optional component of bonds exchangeable for Saint-Gobain shares(2)	2	-	0.7	-	33.3
Other derivatives – not qualifying as hedges	2	11.4	11.9	13.8	12.0
TOTAL		**86.4**	**25.1**	**92.2**	**59.1**
of which non-current portion		***76.0***	***13.2***	***80.4***	***47.1***
of which current portion		***10.4***	***11.9***	***11.8***	***12.0***

(1) See description of swaps in note 9-4 below.
(2) See note 12 "Financial debt".

D – **Minority puts, earn-outs and other financial liabilities of subsidiaries**: As of June 30, 2018, this amount notably reflects the other financial liabilities of Bureau Veritas, Constantia Flexibles and the minority put granted by Stahl to BASF.

E – **Minority puts, earn-outs and other financial liabilities of Wendel and its holding companies**: As of June 30, 2018, this amount corresponds notably to liquidity quarantee by Wendel to H. Turnauer Foundation on 50% of its stake in Constantia Flexibles. It also includes liabilities related to certain liquidities granted as part of co-investments (see note 26-6, "Off-balance-sheet commitments – Shareholder agreements and co-investment mechanisms"). The minority put granted by the Group to Clariant in respect of its interest in Stahl expired on June 30, 2018, and the liability recognized in this respect was therefore canceled against equity.

Note 9-4 Interest rate swaps and foreign exchange hedges

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics(1)	Qualified as	Start(1)	Maturity(1)	06.30.2018	12.31.2017
	sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
$885m/€800m	Pay 2.23% in US dollars against 0.24% in euros(2)		pre-closing	11-2022	71.9	76.0
	Other					
Hedging of subsidiaries' debt						
€165m	Caps and tunnels on Euribor with maturities between 10/2017 and 02/2019				-	-0.1
$281m	2.25% cap on Libor		pre-closing	12-2019	1.1	0.5
€180m	Pay 0.75% against Euribor	Hedge	pre-closing	04-2022	-5.1	-4.8
€400m	2.00% cap against Euribor		pre-closing	04-2020	1.9	1.9
ZAR1,850m	Pay 7.72% on Jibar		pre-closing	03-2021	-0.8	-2.1
	Other(3)				-6.5	-6.8
TOTAL					**62.5**	**64.6**

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.
(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see note 4-5 "Managing currency risk".
(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

NOTE 10 Shareholders' equity

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12.31.2017	4 €	46,253,210	669,402	45,583,808
AS OF 06.30.2018	**4 €**	**46,279,301**	**1,023,753**	**45,255,548**

The increase of 26,091 in the number of shares comprising the share capital resulted from the exercise of 5,936 stock options during the first half of 2018 and subscriptions to the company savings plan in the amount of 20,155 shares.

The number of shares held under the liquidity contract was 96,247 as of June 30, 2018, *vs.* 100,000 as of December 31, 2017, a reduction of 3,753 during H1 2018.

As of June 30, 2018, Wendel held 927,506 of its shares in treasury outside of the context of the liquidity contract (569,402 as of December 31, 2017). These treasury shares are primarily allocated to cover the exercise of stock options and grants of performance shares (322,202 shares as of June 30, 2018), the remainder being held for prospective acquisitions.

The net increase of 358,104 shares was due to:

- the purchase of 424,197 shares during the first half for a total of €51,6 million) ; and
- the sale of 66,093 shares to meet the exercise of stock options.

In total, shares held in treasury represented 2.2% of the share capital as of June 30, 2018.

NOTE 11 Provisions

In millions of euros	06.30.2018	12.31.2017
Provisions for risks and contingencies	191.7	203.0
Employee benefits	319.9	321.6
TOTAL	**511.6**	**524.6**
of which non-current	***457.8***	***465.1***
of which current	***53.8***	***59.4***

The detail of provisions for risks and contingencies is as follows:

In millions of euros	06.30.2018	12.31.2017
Bureau Veritas	104.3	109.6
Constantia Flexibles	52.5	52.8
Stahl	0.8	1.3
Cromology	8.9	8.6
Oranje-Nassau Développement	0.3	7.7
Wendel and its holding companies	24.9	22.9
TOTAL	**191.7**	**203.0**
of which non-current	***137.8***	***143.6***
of which current	***53.8***	***59.4***

The principal disputes, claims and risks identified for the operating subsidiaries and for Wendel and its holding companies are described in note 15-1 to the 2017 consolidated financial statements, "Provisions for risks and contingencies".

Provisions for retirement commitments and other long-term benefits are as follows:

In millions of euros	06.30.2018	12.31.2017
Bureau Veritas	189.4	190.1
Constantia Flexibles	64.3	63.9
Stahl	23.0	22.6
Cromology	34.6	34.1
Oranje-Nassau Développement	7.0	9.3
Wendel and its holding companies	1.6	1.6
TOTAL	**319.9**	**321.6**

NOTE 12 Financial debt

In millions of euros	Currency	Coupon rate	Effective interest rate[1]	Maturity	Repayment	Total lines	06.30.2018	12.31.2017
Wendel and its holding companies								
2018 bonds	EUR	6.750%	5.727%	04-2018	at maturity		-	349.8
2019 bonds	EUR	5.875%	5.397%	09-2019	at maturity		212.0	212.0
2019 Saint-Gobain exchangeable bonds[2]	EUR	0.000%	1.342%	07-2019	at maturity		500.0	500.0
2020 bonds	EUR	1.875%	2.055%	04-2020	at maturity		300.0	300.0
2021 bonds	EUR	3.750%	3.833%	01-2021	at maturity		207.4	207.4
2023 bonds	EUR	1.000%	1.103%	04-2013	at maturity		300.0	300.0
2024 bonds	EUR	2.750%	2.686%	10-2024	at maturity		500.0	500.0
2027 bonds	EUR	2.500%	2.576%	02-2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor+margin		10-2022	revolving	€750 million	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-10.9	-13.3
Other borrowings and accrued interest							39.5	56.0
Loans from non-controlling shareholders							77.1	38.3
							2,625.1	**2,950.2**
Bureau Veritas								
2021 bonds	EUR	3.125%		01-2021	at maturity		500.0	500.0
2023 bonds	EUR	1.250%		09-2023	at maturity		500.0	500.0
2026 bonds	EUR	2.000%		09-2026	at maturity		200.0	200.0
Borrowings and debt from lending institutions – fixed rate							1,159.0	947.5
Borrowings and debt from lending institutions – floating rate							381.0	301.5
							2,740.0	**2,449.0**
Constantia Flexibles								
Bank borrowings	EUR	Euribor+margin		04-2022	at maturity		126.0	126.0
Bank borrowings	EUR	Fixed			amortizing		26.0	-
Bank borrowings	EUR	Euribor+margin		04 and 10-2022	amortizing		306.0	306.0
Bank borrowings (EUR, RUB, INR, CNY)		Euribor+margin and fixed		2017 to 2022	amortizing		81.5	81.1
Deferred issuance costs							-1.8	-2.0
Other borrowings and accrued interest							14.8	13.2
							552.4	**524.3**
Cromology								
Bank borrowings	EUR	Euribor+margin		08-2021	at maturity		267.4	267.0
Deferred issuance costs							0.7	-6.9
Materis shareholder loans							2.7	37.9
Other borrowings and accrued interest							11.7	14.1
							282.6	**312.1**

In millions of euros	Currency	Coupon rate	Effective interest rate(1)	Maturity	Repayment	Total lines	06.30.2018	12.31.2017
Stahl								
Bank borrowings refinanced in the second half of 2016								
Bank borrowings	USD	Libor+margin		12-2021	amortizing		252.5	265.6
Bank borrowings	USD	Libor+margin		06-2022	amortizing		288.6	279.5
Bank borrowings		Floating rate		2021 to 2022	amortizing	€20 million	34.9	36.9
Deferred issuance costs							-10.3	-11.6
Other borrowings and accrued interest							0.2	0.3
							565.9	**570.8**
Mecatherm								
Bank debt (senior)								17.9
Bank borrowings								5.0
Deferred issuance costs								-0.2
Other borrowings and accrued interest								0.2
							-	**22.9**
CSP Technologies								
Bank borrowings								146.8
Bank borrowings								0.8
Deferred issuance costs								-7.3
Other borrowings and accrued interest								5.9
							-	**146.3**
Nippon Oil Pump								
Bank borrowings	JPY	Tibor+margin		2015 to 2019	amortizing		2.3	3.7
Bank borrowings	JPY	Tibor+margin		02-2019	at maturity		23.2	22.2
Deferred issuance costs							0.6	0.7
Other borrowings and accrued interest							-0.1	-0.1
							26.1	**26.5**
Tsebo								
Bank borrowings	ZAR	Jibar + margin		2022	amortizing		114.3	125.6
Deferred issuance costs							-2.4	-2.9
Other borrowings and accrued interest	ZAR, GHS, ZMW, SLL						5.7	4.1
							117.6	**126.7**
TOTAL							**6,909.7**	**7,128.9**
of which non-current portion							***6,190.3***	***6,416.2***
of which current portion							***719.3***	***712.7***

(1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.

(2) The holders of bonds exchangeable for Saint-Gobain shares have the right to exchange them for 9,636,399 Saint-Gobain shares, covering the total €500 million in bonds issued. Wendel would then have the option of delivering the securities or their counter-value in cash. This option for bondholders would be used primarily in the event of the Saint-Gobain share price being higher than the price of €51.89 per share. The optional component of the exchangeable bond is recognized as a financial liability at fair value; see note 9-2 "Financial liabilities". In August 2018 (after the closing date), Wendel purchased call options on Saint-Gobain shares whose characteristics are identical to the bond's optional component. The risk of having to deliver Saint-Gobain shares as part of the exchangeable bond is accordingly covered by these options. The transaction carried out in August 2018 means that the bond exchangeable for Saint-Gobain shares effectivelybecame a straight bond.

Note 12-1 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies:				
■ notional amount	-	-1,478.2	-1,000.0	-2,478.2
■ interest[(1)]	-80.8	-206.1	-77.5	-364.3
Investments:				
■ notional amount	-644.4	-2,727.8	-873.8	-4,245.9
■ interest[(1)]	-130.9	-333.6	-68.1	-532.6
TOTAL	**-856.1**	**-4,745.6**	**-2,019.4**	**-7,621.1**

(1) Interest is calculated on the basis of the yield curve prevailing on June 30, 2018. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

NOTE 13 Discontinued operations and operations held for sale

Note 13-1 Net income from discontinued operations and operations held for sale

In millions of euros	1st half 2018	1st half 2017
Net income for the period from discontinued operations or operations to be recognized using the equity method		
Constantia Flexibles	0.9	27.0
Bureau Veritas: Non-destructive Testing business		-5.7
Cromology, Colorin (Argentina)	-0.5	-2.1
CSP Techn. – net income for the period, excluding intragroup items[(1)]	-6.4	1.2
Mecatherm – net income for the period, excluding intragroup items[(1)]	1.1	-20.0
	-5.0	**0.5**
TOTAL	**-5.0**	**0.5**

(1) See note 2 "Changes in scope of consolidation".

Note 13-2 Information on CSP Technologies

The nature of the assets and liabilities of the CSP Technologies subsidiary, reclassified as "Assets and liabilities of discontinued operations and operations held for sale" (see note 2 "Changes in scope of consolidation"), is as follows:

In millions of euros	06.30.2018
Goodwill	156.7
Intangible assets	94.4
Property, plant and equipment	78.8
Financial assets	0.5
Inventories	27.7
Trade receivables	22.8
Other assets	3.5
Cash and cash equivalents	4.3
TOTAL ASSETS OF OPERATIONS HELD FOR SALE	**388.7**
Provisions	0.5
Financial debt	146.2
Trade payables	5.4
Taxes	18.1
Other liabilities	27.5
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE	**197.7**

The main income statement aggregates of this subsidiary are presented below:

In millions of euros	1st half 2018	1st half 2017
Net sales	59.1	59.6
EBITA	21.8	15.6
Operating income	2.4	5.3
NET INCOME	**- 6.4**	**0.5**

CSP Technologies' contribution to the main cash flows for the period is as follows:

In millions of euros	1st half 2018
Net cash flows from operating activities, excluding tax	14.1
Net cash flows from investing activities, excluding tax	-5.3
Net cash flows from financing activities, excluding tax	-7.8
Net cash flows related to taxes	-3.7

Note 13-3 Information on Mecatherm

The nature of the assets and liabilities of the Mecatherm subsidiary, reclassified as "Assets and liabilities of discontinued operations and operations held for sale" (see note 2 "Changes in scope of consolidation"), is as follows:

In millions of euros	06.30.2018
Goodwill	66.3
Intangible assets	64.0
Property, plant and equipment	7.3
Financial assets	0.8
Inventories	7.9
Trade receivables	21.3
Other assets	3.8
Cash and cash equivalents	1.4
TOTAL ASSETS OF OPERATIONS HELD FOR SALE	**172.8**
Provisions	9.0
Financial debt	23.1
Trade payables	9.4
Taxes	14.0
Other liabilities	36.2
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE	**91.6**

In millions of euros	1st half 2018	1st half 2017
Net sales	45.3	42.8
EBITDA	4.4	2.7
Operating income	-1.4	-20.9
NET INCOME	**1.1**	**-20.1**

The contribution of the Mecatherm subsidiary to the main cash flows for the period is as follows:

In millions of euros	1st half 2018
Net cash flows from operating activities, excluding tax	7.5
Net cash flows from investing activities, excluding tax	-3.6
Net cash flows from financing activities, excluding tax	-10.6
Net cash flows related to taxes	-0.4

9 Notes on the income statement

NOTE 14 Net sales

In millions of euros	1st half 2018	1st half 2017
Bureau Veritas	2,338.3	2,360.1
Constantia Flexibles	759.1	734.3
Cromology	341.3	367.3
Stahl	452.4	354.3
Oranje-Nassau Développement		
■ Tsebo	258.5	210.7
■ Nippon Oil Pump	25.9	24.0
CONSOLIDATED NET SALES	**4,175.4**	**4,050.7**

NOTE 15 Operating income

In millions of euros	1st half 2018	1st half 2017
Bureau Veritas	291.0	286.2
Constantia Flexibles	29.4	14.1
Cromology(1)	-31.5	10.9
Stahl	71.9	61.6
Oranje-Nassau Développement	10.2	-5.8
Wendel and its holding companies	-30.4	-26.9
OPERATING INCOME	**340.5**	**340.0**

(1) *This item includes €24.4 million in impairment (see note 6 "Goodwill")*

NOTE 16 Finance costs, net

In millions of euros	1st half 2018	1st half 2017
Income from cash and cash equivalents[(1)]	-11.6	-23.6
Finance costs, gross		
Interest expense	-124.2	-164.6
Interest expense on loans from non-controlling shareholders	-4.7	-4.3
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-11.6	-12.0
	-140.5	-180.9
TOTAL	**-152.1**	**-204.4**

(1) This item includes currency loss of €28.0 million in the first half of 2017 and €14 million in the first half of 2018 related to dollar-denominated cash held by Wendel, see note 4-2.1 "Liquidity risk of Wendel and its holding companies".

NOTE 17 Other financial income and expense

In millions of euros	1st half 2018	1st half 2017
Gains/losses on disposal of assets available for sale	-	1.6
Dividends received from unconsolidated companies[(1)]	18.8	19.3
Income on interest-rate, currency and equity derivatives[(2)]	47.7	-23.6
Interest on other financial assets	1.3	1.5
Net currency exchange gains/losses	-12.0	17.0
Impact of discounting	-2.3	-5.3
Other	-4.2	2.8
TOTAL	**49.4**	**13.2**

(1) Including €18.4 million in dividends received from Saint-Gobain.
(2) This item notably includes the fair value impact of the euro-dollar currency swaps in the amount of €17.1 million (see note 4-5 "Currency risk" relating to Wendel) and a €32.7 million change in the value of the option embedded in the Saint-Gobain exchangeable bond (see note 12 "Debt").

NOTE 18 Tax expense

In millions of euros	1st half 2018	1st half 2017
Current income tax payable	-117.4	-125.5
Deferred taxes	39.3	14.1
TOTAL	**-78.2**	**-111.4**

The portion of CVAE (value added) tax was recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National Accounting Council) of January 14, 2010.

NOTE 19 Net income (loss) from equity-method investments

In millions of euros	1st half 2018	1st half 2017
Net income including impact of goodwill allocation		
Saint-Gobain	-	41.0
IHS	-10.8	24.1
exceet	-	-3.6
Allied Universal	-29.4	-21.8
PlaYce	-0.9	-
Other companies	1.9	0.9
Sale of Saint-Gobain shares	-	84.1
Impact of dilution on the Saint-Gobain investment	-	-5.0
Impact of dilution on the IHS investment	-	-31.7
TOTAL	**-39.2**	**88.1**

NOTE 20 Earnings per share

In euros and millions of euros	1st half 2018	1st half 2017
Net income – Group share	-0.9	31.3
Impact of dilutive instruments on subsidiaries	-0.8	-5.8
Diluted net income	**-1.7**	**25.5**
Average number of shares, net of treasury shares	45,509,061	45,656,285
Potential dilution due to Wendel stock options(1)	N/A	557,705
Diluted number of shares	**45,509,061**	**46,213,990**
Basic earnings per share *(in euros)*	-0.02	0.69
Diluted earnings per share *(in euros)*	-0.04	0.55
Basic earnings per share from continuing operations *(in euros)*	0.09	0.82
Diluted earnings per share from continuing operations *(in euros)*	0.08	0.69
Basic earnings per share from discontinued operations *(in euros)*	-0.11	-0.14
Diluted earnings per share from discontinued operations *(in euros)*	-0.11	-0.14

(1) In accordance with the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. As the result for the first half of 2018 is a loss, no dilution is taken into account on Wendel's share capital.

10 Notes on changes in cash position

NOTE 21 Acquisition of property, plant & equipment and intangible assets

In millions of euros	1st half 2018	1st half 2017
By Bureau Veritas	63.2	60.2
By Constantia Flexibles	35.4	43.4
By Cromology	9.0	8.0
By Stahl	12.7	11.0
By Oranje-Nassau Développement	11.8	10.9
By Wendel and holding companies	0.2	0.3
TOTAL	**132.3**	**133.9**

NOTE 22 Acquisition of equity investments

In millions of euros	1st half 2018	1st half 2017
Tsebo	-	162.3
By Bureau Veritas	103.6	85.4
By Stahl	0.7	-0.5
By Constantia Flexibles	36.7	19.8
By Oranje-Nassau Développement	1.7	1.5
By Cromology	-	1.2
Other securities	0.7	12.7
TOTAL	**143.4**	**282.4**

NOTE 23 Changes in other financial assets and liabilities and other

In the first half of 2018, this item includes the sale of part of the portfolio of debt instruments for €41.2 million and the disposal of a portion of Wendel's financial investments (see note 9 "Financial assets and liabilities").

NOTE 24 Dividends received from equity-method investments and unconsolidated companies

The dividend received from Saint-Gobain represented an amount of €18.4 million.

The €99.2 million dividend received from Bureau Veritas was eliminated upon consolidation.

NOTE 25 Net change in borrowings and other financial liabilities

Details of financial debt are shown in note 12 "Financial debt".

In millions of euros	1st half 2018	1st half 2017
New borrowings by:		
Wendel – Other borrowings	-	4.5
Bureau Veritas	279.4	77.7
Constantia Flexibles	31.4	167.3
Cromology	48.4	15.1
Oranje-Nassau Développement	3.4	7.5
AlliedBarton	-	-
	362.6	**272.2**
Borrowings repaid by:		
Wendel – 2016 bonds	349.8	-
Stahl	22.6	-
Bureau Veritas	5.7	574.2
Constantia Flexibles	6.5	140.3
Cromology	32.7	2.7
Oranje-Nassau Développement	7.7	9.5
	425.0	**726.7**
TOTAL	**-62.5**	**-454.5**

11 Other notes

NOTE 26 Off-balance-sheet commitments

As of June 30, 2018, there were no commitments liable to have a significant impact on the Group's financial position other than the leases mentioned below (see note 33-7 to the 2017 consolidated financial statements on leasing).

Note 26-1 Collateral and other security given in connection with financing

In millions of euros	06.30.2018	12.31.2017
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	554.2	526.4
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group.	281.1	279.9
Pledge by CSP Technologies Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the CSP Technologies Group.	146.2	148.1
Joint and several guarantee and/or pledge by Mecatherm Group entities of shares of the companies and of certain trade receivables as collateral for the repayment of the debt owed by the Mecatherm Group.	18.1	23.1
Pledge by Nippon Oil Pump Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Nippon Oil Pump Group.	25.5	25.8
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl Group.	576.2	582.3
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by Tsebo Group.	120.1	129.6
TOTAL	**1,721.4**	**1,715.2**

Note 26-2 Guarantees given as part of asset sales

In connection with the sale of the Parcours Group and Clariant and BASF's receiving an equity stake in Stahl, the Group has provided the usual guarantees within certain limits and over variable periods depending on the type of guarantee involved. ALD has made a number of claims relating to the disposal of the Parcours Group; they were pending as of June 30, 2018 and their validity is currently being discussed. There are no outstanding claims in respect of the guarantees granted to Clariant and BASF.

Note 26-3 Guarantees received in connection with asset acquisitions

In connection with the acquisitions of AlliedBarton (merged into Allied Universal), Constantia Flexibles, IHS, PlaYce and Tsebo, and in conjunction with the investments by Clariant and BASF in Stahl's capital, the Group benefited from the customary guarantees within certain limits and over variable periods depending on the type of guarantee involved.

Note 26-4 Off-balance-sheet commitments given and received related to operating activities

In millions of euros	06.30.2018	12.31.2017
Market counter-guarantees and other commitments given		
by Bureau Veritas[1]	393.6	356.8
by Constantia	1.4	0.9
by Cromology	13.1	10.5
by Oranje-Nassau Développement:		
■ Mecatherm	12.8	8.2
■ CSP Technologies	0.4	0.4
■ Tsebo	3.0	3.1
TOTAL COMMITMENTS GIVEN	**424.3**	**379.9**
Other commitments received	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**-**

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantees.

Note 26-5 Acquisition and subscription commitments

In connection with the investment in PlaYce, the Group has agreed to make gradual investments, based on the company's development projects, in an amount of up to €120 million over the next few years (including an investment of €25 million in July 2016).

As of June 30, 2018, the Group (Wendel Lab) undertook to invest approximately €20.7 million in certain private equity funds.

Lastly, for the purposes of financing Allied Universal's acquisition of U.S. Security Associates, the Group has undertaken to provide Allied Universal with up to $80 million in equity when the acquisition is completed, which is expected in the second half of 2018. (See note 29 "Subsequent events".)

Note 26-6 Shareholder agreements and co-investment mechanisms

As of June 30, 2018, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its subsidiaries or unlisted holding companies (Allied Universal, Constantia Flexibles, Cromology, IHS, PlaYce, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at involving them in their respective company's performance (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo).

These agreements contain various clauses related to:

- Corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, Stahl, Allied Universal and Tsebo shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel Group's option. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. These commitments have been recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Allied Universal, the company and its two major shareholders have made various commitments to the US Department of Defense under the US regulations on Foreign Investment and National Security, primarily bearing on the governance of the company (with two "independent" directors approved by the US authorities, the majority of the members of the Board of Directors being appointed by the two main shareholders who also have reciprocal veto rights over key decisions, some of which can only be exercised with the prior approval of these two independent directors). In the event of a situation resulting in the imposition of

additional restrictions under this regulation, Wendel has undertaken to take additional measures (dilution of its investment or restriction of its governance rights) aimed at diluting the influence of foreign interests in Allied Universal.

In addition, with regard to the disinvestment terms, Warburg Pincus and Wendel each have the right to prompt an IPO or a forced sale of all shareholders in a private sale, subject to (in the early years) achieving minimum valuations; and

- for Tsebo, Capital Group, a minority shareholder in Tsebo, has the right beyond a certain investment period to trigger an IPO process subject to performance, valuation and liquidity conditions or, if those are not met, to sell its stake in Tsebo.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo) also contain stipulations relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 5th anniversary and 13th anniversary of the completion of the co-investment, depending on the relevant agreement);
- the handling of executive departures (commitment to sell shares to the Wendel Group in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in note 4-2 to the 2017 consolidated financial statements relating to the “participation of subsidiaries' managers in the performance of their companies”.

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buy back of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser, or a value calculated on the basis of an earnings multiple.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Allied Universal, Constantia Flexibles, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump and Tsebo (see note 4-1 in the 2017 consolidated financial statements relating to the “participation of Wendel managers in Group investments”).

As of June 30, 2018, based on the value of the investments retained in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the pari passu investments made under the same risk and return conditions as Wendel by all co-investing managers of subsidiaries or Wendel benefiting from liquidity rights is €43 million. The value of the portion of non-pari passu investments of co-investing managers of subsidiaries and managers of Wendel was €154 million.

The accounting principles applicable to co-investments are described in note 1-10.18 “Accounting treatment of mechanisms for the participation of management teams in the Group’s investments” of the 2017 consolidated financial statements.

With regard to non-controlling interests granted to joint shareholders, an overall amount of €304 million is recognized in financial liabilities for Wendel and its holding companies in respect of the put granted to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 26-7 Other agreements concluded by the Wendel Group in connection with acquisitions, divestments or restructuring of investment financing

Subordinated (mezzanine and second-lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel Group’s stake in Stahl. This right is exercisable by Stahl’s mezzanine and second-lien shareholders in the event of the divestment by the Wendel Group if Wendel’s overall return is more than 2.5 times greater than its 2010 re-investment. It is equivalent to the allocation of 1 to 2 bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group’s decision to divest.

As part of the syndication with Capital Group of a minority investment in the Tsebo Group, the Wendel Group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Capital Group of minimum profitability thresholds over the duration of its investment in Tsebo in case of divestment. The Group has a similar right to the investment made by Maxburg in Constantia Flexibles. These rights were recognized within financial assets whose change in value is recognized on the income statement.

As part of the initial investment in Tsebo Group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. Wendel's guarantee represents an amount of approximately ZAR 536 million (or €33.4 million as of June, 2018), which may be increased to ZAR 639 million (or €39.8 million as of June 30, 2018) in the event of the extension of the financing term.

NOTE 27 Subsequent events

Note 27-1 Announcement of an agreement to acquire U.S. Security Associates ("USSA") by Allied Universal

On July 16, 2018, after the closing date, Allied Universal announced the signing of an agreement for the acquisition of U.S. Security Associates ("USSA") for approximately $1.0 billion. Headquartered in Roswell, Georgia, USSA is a leading provider of security and related services in the United States, with more than 50,000 security professionals working on behalf of thousands of customers operating in a large number of sectors. In 2017, USSA generated *pro forma* net sales of approximately $1.5 billion and *pro forma* adjusted EBITDA of approximately $95 million. The transaction is expected to close in the second half of 2018, subject to the standard regulatory approvals.

Allied Universal will fund the transaction through additional debt and equity capital from its current shareholders in the maximum amount of $200 million. Wendel's contribution will be capped at $80 million, bringing the Group's total investment in the company to $380 million. Wendel and Warburg Pincus will each hold approximately one-third of the company's capital.

Note 27-2 Announcement of an exclusive agreement with Aptar Group for the sale of CSP Technologies

In accordance with the Group's accounting principles, the CSP Technologies subsidiary is now presented in accordance with the recommendations of IFRS 5 (see note 2 "Changes in scope of consolidation").

Note 27-3 Announcement of an exclusive agreement with Unigrains for the sale of Mecatherm

In accordance with the Group's accounting principles, the Mecatherm subsidiary is now presented in accordance with the recommendations of IFRS 5 (see note 2 "Changes in scope of consolidation").

12 Statutory auditors' review report on the 2018 half-year financial information

(Period from January 1, 2018 to June 30, 2018)

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed consolidated half-year financial statements of WENDEL, for the period from January 1, 2018 to June 30, 2018;
- the verification of the information presented in the half-year management report.

These condensed consolidated half-year financial statements are the responsibility of the Executive Board. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in Note 1 to the condensed consolidated half-year financial statements, entitled "Accounting Principles", which describes the impacts of first-time adoption, as from 1 January 2018, of standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers".

II – Specific verification

We have also verified the information presented in the half-year management report on the condensed consolidated half-year financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, September 5, 2018

The Statutory auditors

French original signed by:

PricewaterhouseCoopers Audit	Ernst & Young Audit
Françoise Garnier	Jacques Pierres

CERTIFICATION BY THE CHAIRMAN OF THE EXECUTIVE BOARD

Certification by the person responsible for the half-year financial report

I hereby certify, that to the best of my knowledge, the condensed consolidated financial statements for the first half of the year have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the accompanying interim management report presents a true and fair picture of the important events that occurred during the first half of the year, their impact on the financial statements and the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, September 5, 2018

André François-Poncet
Chairman of the Executive Board

Photo credits: Bureau Veritas, Stahl, Tsebo Solutions Group, IHS Towers, Saint-Gobain, Wendel, Ellen Coopers Paris.

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