Wendel nine-month sales held up well, decline limited to 2.8%

- **Consolidated third-quarter 2009 sales: €1,188.9 million**
- **Month-by-month improvement in sales of companies exposed for one year to the recession**
- **Continued adaptation of Group's companies effective against the recession**
- **Active support for Wendel Group companies**
- **More steps to strengthen Wendel's financial structure and make it more flexible**

Frédéric Lemoine, Chairman of Wendel's Executive Board said, *"While the economic context remained uncertain, the Wendel Group put up strong resistance. Our subsidiaries and investments all showed high resilience. While some sectors are slowing down, we see signs of gradual recovery in several of our companies. Their management teams have implemented ambitious adaptation plans for their operations with responsiveness and determination, and this has proven very effective. The increase in Legrand's operating margin is the most striking example.*

In this phase of dynamic stabilization, Wendel's staff remain focused on two priorities: help companies get through the recession notably by giving them sufficient financial maneuvering room and increasing Wendel's own financial flexibility. We are playing our role as a long-term shareholder helping our companies to progressively recover their intrinsic value."

Contribution of Group companies to sales of the first nine months of 2009

Consolidated net sales (*)

(in € m)	9 months 2009	9 months 2008	*Change*	*Organic growth*
Bureau Veritas	1,968.0	1,835.0	*+7.2%*	*+3.9%*
Materis	1,303.0	1,449.4	*-10.1%*	*-9.8%*
Deutsch	240.0	344.9	*-30.4%*	*-35.2%*
Stallergenes	135.9	121.2	*+12.1%*	*+11.1%*
Total	**3,646.9**	**3,750.6**	***-2.8%***	

Sales of equity-method companies

(in € m)	9 months 2009	9 months 2008	*Change*	*Organic growth*
Saint-Gobain	28,435.0	33,435.0	*-15.0%*	*-14.5%*
Legrand	2,673.9	3,185.3	*-16.1%*	*-15.7%*
Stahl	178.0	236.2	*-24.6%*	*-24.8%*

(*) excl. Editis, sold on May 30, 2008 and Oranje-Nassau Energy, sold on May 19, 2009, in accordance with IFRS 5.

Activity of Group companies in the first nine months of 2009

Bureau Veritas: nine-month sales up 7.2%, with a stable third quarter, operating margin will be up in 2009 and debt paydown accelerated

Over the first nine months of 2009, sales totaled €1,968.0 million. The increase of 7.2% compared with the year-earlier period reflected organic growth of +3.9%, external growth of +2.4% and a positive impact of exchange rate fluctuations of 0.9%.

Sales in the third quarter of 2009 were €638.5 million, up by 0.4% on the same period in 2008 (organic growth: 0%; change in scope: +0.7%; exchange rate fluctuations: -0.3%). Excluding cyclical businesses (Construction, Mining & Minerals and HSE), organic growth in the third quarter stood at +4.8%.

The Consumer Products and Marine & Industrial divisions experienced the strongest nine-month organic growth in the Group: +17.0%, +13.0% and +6.7%, respectively.
Conversely, the cyclical divisions contracted organically. These declines ranged from 8.1% in Construction to 6.1% in Health, Safety and Environment (HSE).

On a like-for-like basis, the sales of Bureau Veritas should remain stable in the second half of the year, with the risk of a slight reduction in the last quarter.

The operating margin of 2009 will be up as a result of the cost-control programs and the gradual deployment of new, automated production processes. Cash flow generation will be up sharply, bringing leverage to around 1.5 times EBITDA.

Materis: Decline in sales continued to slow

Sales in the first nine months of the year were down 10.1% at €1,303.0 million. Organically, sales declined by 9.8%, held back by volumes (down 12.7%), which shrank in all businesses because the underlying construction and steel production markets also contracted and because of destocking. At the same time, negative organic growth in sales continued to slow, coming in at -7.5% in the third quarter vs. a -9.0% contraction in the second quarter and a -13.1% drop in the first quarter.

Sales in emerging market countries held up well, while price and product-mix optimization strategies implemented at the end of 2008 had a positive impact of 2.9%. These factors partially offset declines in the United States, Spain and to a lesser extent in France.
Changes in the scope of consolidation had a slightly negative impact because of the sale of non-strategic assets (industrial paints in France in October 2008). The impact of changes in the scope of consolidation was not significant during the period.

The cost adaptation and cash optimization programs were in line with expectations and are continuing.

Deutsch: Slight improvement in sales in the Industrial Division and in Ladd

Over the first nine months of 2009, Deutsch posted sales of €240.0 million, down 30.4%. Nine-month organic growth was -35.2%. This represented a slight improvement over the second quarter of 2009, deriving primarily from an improved contribution from the Industrial Division, in turn owing to better sales in the US and Japan. It also derived from better performance in Ladd. Organic growth in the Aerospace Division was -16.8%. The Offshore Division posted organic growth of +27.6%.
Concerning the renegotiation of its debt, Deutsch, supported by Wendel, signed an agreement with all of its lenders on August 12 (100% of senior and mezzanine lenders). The agreement includes terms regarding stabilization of capital and banking relationships until March 2010. During this period, interim covenants will apply, and a collateral account limited to €32 million will be created, including €29 million provided by Wendel. At the end of this initial phase, new long-term conditions will be negotiated.

Stallergenes: Continued dynamic growth

Stallergenes continued to grow at a rate in line with that of the first half (+12%), with sales reaching €38.2 million. Sales were driven by markets in northern Europe (up 20%), and by sublingual route allergy immunotherapy (or desensitization), which was up 16%. Over the nine-month period, Stallergenes posted sales of €135.9 million.

After correcting for fluctuations in exchange rates, organic growth both in the third quarter and for the first nine months totaled +11%. Net debt at the end of September 2009 was down 18% compared with end-September 2008.

Stallergenes is expecting to receive the results of the mutual recognition procedure for Oralair® (desensitizing tablet for grass pollen) in adult and pediatric indications in most European countries between now and the end of the year. The company's pipeline is well-stocked. Following positive results on the phase III clinical trial of Actair ® on adults, an application for a phase III clinical study on children has been filed. Finally, a confirmation phase III study on allergic rhinitis caused by birch pollen is set to be held in 2011.

Based on the positive sales figures as of end-September, Stallergenes forecasts sales growth equal to or slightly in excess of 10% over all of 2009 and full-year earnings near those of last year.

Saint Gobain *(equity method)*: Relative improvement in sales in the third quarter

Saint-Gobain's consolidated sales for the first nine months of 2009 came in at €28,435 million, vs. €33,435 million for the year-earlier period. This represented a decline of 14.5% like-for-like and -15% on a reported basis.

Changes in Group structure over the first nine months resulted in a 1.0% increase in sales, more than offset by the 1.5% negative currency effect.

Sales prices continued to prove resilient (up 1.2%), despite a 15.7% drop in volumes.

In the third quarter, Saint-Gobain's consolidated sales came in at €9,720 million, vs. €11,294 million in the year-earlier period, representing a decline of 13.9%. Organic growth stood at -12.7% (reflecting a 0.2% price increase and a negative 12.9% volume effect), following negative organic growth of 15.9% in the second quarter and -14.9% in the first.

After extremely tough conditions in all of Saint-Gobain's markets and geographic areas in the first half of the year, third-quarter figures showed relative improvement. Even so, the overall climate may no longer be deteriorating, but economic conditions remain depressed in most markets and signs of recovery are still weak.

Only Latin America and Asia reported a significant pick-up in sales (delivering organic growth of close to 9% between the second and third quarters) and appear to have put the recession behind them.

All of Saint-Gobain's business sectors and divisions except Packaging continued to report sharp declines in sales volumes over the nine-month period, although the pace of decline slowed compared with the first half.

With the exception of Flat Glass, sales prices remained upbeat across all sectors and divisions, even though price increases have slowed, as expected, compared with the first half of 2009. This came about mainly because the third quarter of 2008 constituted a high basis of comparison.

Saint-Gobain has confirmed that it is putting priority on generating cash. In particular, growth and maintenance capex are down €700 million. At the same time, R&D expenditures are being maintained so as to preserve Saint-Gobain's ability to introduce innovative solutions in the residential market.

Even though the third quarter was down significantly compared with the third quarter of 2008, the decline clearly slowed compared with the second quarter of this year. This relative improvement should gain momentum in the fourth quarter, thanks mainly to a much more favorable basis for comparison. Throughout the second half of the year, Saint-Gobain will also benefit from an acceleration in the cost-cutting program introduced and extended since the onset of the recession. It will also continue to enjoy a positive price/cost spread. Saint-Gobain has therefore confirmed that operating income and recurring net income for the second half will outperform first-half figures.

Legrand *(equity method):* **Upward revision in 2009 margin target close to 17%**

Net sales totaled €2,673.9 million, down 16.1% compared with the first nine months of 2008, and down 15.7% like-for-like. Consolidation of acquired business added 0.5%, while fluctuations in exchange rates reduced the total by 0.9%.

France. Sales fell 9.8% over the first nine months of 2009, reflecting a general drop in demand. Voice-data-image ranges continued to show favorable momentum and this, combined with the resilience of wiring device ranges, notably *Céliane*, partly offset deterioration in the non-residential market.
Italy. In the third-quarter, seasonal trends in distributors' inventory building were less out of line, and this was reflected in sales, which declined only 12.6% compared with -22.2% for the nine-month period. The decline corresponded to that of downstream sell-out from the distribution channel, indicating that business conditions were still difficult.
Rest of Europe. Total demand continued to decline in both eastern and western Europe. In countries where the economic downturn took hold early, e.g. Spain, year-on-year comparisons were more favorable, but this was offset by countries where deterioration started later. All told, sales in the region fell 23.0% in the first nine months of 2009.
United States/Canada. Sales continued to decline sharply, slipping 17.4% in the first nine months of 2009 due to worsening conditions in the commercial market. The main leading indicators for residential construction have continued to improve gradually over the past few months.
Rest of World. The encouraging signs we noted in the second quarter of 2009 have taken more definite shape, including in particular third-quarter sales on the rise in both India and China. While market conditions remain depressed, the improving trend could continue in the coming quarters, notably in Latin America. Sales in the first nine months of 2009 were down 8.3%.

Legrand's recurring adjusted operating margin was 17.9% over the first nine moths of the year, while sales contracted by 15.7% like-for-like.

Free cash flow amounted to €465 million in the first nine months of 2009, up from the same period of 2008, even after taking into account a 23% rise in investments in new products. Legrand is thus able to finance tomorrow's profitable growth and plans to take advantage of acquisition opportunities in emerging markets, where needs are still huge, *as well as* in the most promising sectors.

Given Legrand's full and continuing adaptation to the environment and the seasonality of the fourth quarter, the company is now targeting a recurring adjusted operating margin of nearly 17% in 2009.

Stahl *(equity method)*: **Sales still down sharply, but the gradual recovery since the start of the second quarter was confirmed in all divisions**

Sales were down 24.6% in the first nine months of 2009, at €178.0 million, vs. €236.2 million in the year-earlier period. Sales in the third quarter confirmed the gradual recovery observed last quarter, coming in at €67.2 million, up 6.6% sequentially. Recovery is visible in all of Stahl's divisions. Nevertheless, third-quarter sales remained down 6.6% compared with the third quarter of 2008.

Stahl is pursuing discussions with its creditor banks so as to optimize its financial structure. As a responsible, long-term shareholder, Wendel continued to provide tangible support to Stahl to help it weather the current recession. In the interest of all parties, the Group has submitted a proposal to strengthen Stahl's balance sheet structure.
The term sheet of the proposal has been approved by the senior lenders' coordination committee, and all lenders are now in the process of voting.

Q3 highlights and financial update:

Further strengthening of financial flexibility by extending the maturity of bank and bond debt

In addition to rescheduling the maturities of €1,255 million in bank debt during the third quarter, the Group has carried out an exchange of bonds and issued new bonds. Accordingly, the amount of bonds falling due in 2011 has been reduced from €584 million to €471.1 million and the amount falling due in 2014 has been increased from €400 million to €700 million.

Also in the context of expanding its financial flexibility, Wendel has announced the accelerated repayment of a €107 million bank line expiring in June 2011.

Consequently, whereas 2011 maturities of bonds and loans with margin calls totaled €1,491 million as of June 30, 2009, they now consist only of €471.1 million in bonds.

The Group has also reconstituted borrowing capacity of more than €1 billion in undrawn lines to finance or refinance its Saint-Gobain shares.

Voting rights disclosure threshold exceeded

Wendel has exceeded the threshold of 20% of the voting rights of Saint-Gobain and now holds 22.7% of the voting rights. This increase resulted solely from the acquisition of double voting rights, now that Wendel's Saint-Gobain shares have been held in nominative form for two years.

About Wendel
Wendel is one of Europe's leading listed investment firms. The Group invests in France and abroad, in companies that are leaders in their businesses: Bureau Veritas, Legrand, Saint-Gobain, Materis, Deutsch, Stallergenes, Oranje-Nassau and Stahl. Wendel plays an active role as industry shareholder. It implements long-term development strategies, which involve boosting growth and margins of companies of a significant size so to enhance their leading market positions.
Wendel's consolidated 2008 sales totaled €5.4 billion. Wendel is listed on Eurolist by Euronext Paris.

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