WENDEL

2019

Half-Year financial report

MORE THAN 310 YEARS OF HISTORY

Business overview

H1 2019 consolidated results

H1 2019 Consolidated sales

in million euros	H1 2019	H1 2018	Change	Organic change
Bureau Veritas	2476.6	2338.3	5.9%	4.0%
Constantia Flexibles	760.9	759.1	0.2%	-2.9%
Cromology	348.6	341.3	2.1%	2.3%
Stahl	416.6	452.4	-7.9%	-8.7%
Tsebo	259.2	258.5	0.3%	-2.0%
CONSOLIDATED NET SALES (1)	**4 261.9**	**4 149.5**	**2.7%**	**0.9%**

(1) Comparable sales for H1 2019 represent €4,149.5m vs. 2018 published sales of €4,175.4m. Difference of €-25.9m corresponds to the sale of company Nippon Oil Pump, sold in 2018. In accordance with IFRS 5, the contribution of this company has been reclassified in "Net income from discontinued operations and operations held for sale".

H1 2019 sales of equity-consolidated companies

in million euros	H1 2019	H1 2018	Change	Organic change
Allied Universal	3179.9	2250.1	41.3%	4.9% (2)
IHS	535.9	458.4	16.9%	12.0%

(2) As computed in financial statements. Including 2019 acquisitions and USSA on a pro forma basis, organic growth YTD was 2.4%.

H1 2019 consolidated results

in million euros	H1 2019	H1 2018
Contribution from subsidiaries	324.9	336.7
Financial & operating expenses and taxes	-72.6	-96.4
Net income from operations (1)	252.2	240.4
Net income from operations, Group share (1)	81.0	72.2
Non-recurring income	-68.6	-41.2
Impact of goodwill allocation	-85.0	-83.8
Total net income	98.6	115.3
Net income (loss), Group share	*-18.2*	*-0.9*

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

H1 2019 net income from operations

in million euros	H1 2019	H1 2018	Change
Bureau Veritas	222.8	203.9	9.2%
Stahl	51.4	57.7	-11.0%
Constantia Flexibles	23.8	40.9	-41.7%
Cromology	-14.2	-4.5	-212.2%
Allied Universal (equity method)	20.4	3.6	468.3%
Dividend from Saint-Gobain	4.1	18.4	-77.8%
IHS (equity method)	19.3	7.3	163.8%
Tsebo	-2.7	4.5	-160.3%
Mecatherm		1.9	N/A
CSP Technologies		2.5	N/A
Nippon Oil Pump		1.4	N/A
PlaYce (equity method)		-0.9	N/A
Total contribution from subsidiaries	**324.9**	**336.7**	-3.5%
Total contribution from subsidiaries Group share	*153.6*	*168.6*	-8.9%
Total operating expenses	**-31.9**	**-34.8**	8.3%
Total financial expenses	**-40.7**	**-61.6**	33.8%
Net income from operations (1)	**252.2**	**240.4**	**4.9%**
Net income from operations, Group share	*81.0*	*72.2*	*12.1%*

The Supervisory Board met on September 5, 2019, under the chairmanship of Nicolas ver Hulst, to review Wendel's condensed consolidated financial statements, as approved by the Executive Board on August 28, 2019. The interim financial statements were subject to a limited review by the Statutory Auditors prior to publication.

The Wendel Group's consolidated sales totaled €4,261.9 million, up 2.7% overall and 0.9% organically.

Contribution from subsidiaries is slightly down, at €324.9 million, mostly as a result of the lower contribution from dividends received from Saint-Gobain following the sale of shares since January 2019 and the sale of 4 small unlisted assets, undertaken as part of Wendel's portfolio rationalization.

Given the strong reduction in financial expenses achieved (€-20.9 million), net income from operations is up by 4.9% at €252.2 million.

Non-recurring net result before goodwill allocation entries was a loss of €68.6 million in H1 2019 vs. a loss of €41.2 million in H1 2018. In H1 2018, the non-recurring loss in Wendel's consolidated statements derived principally from a €32.7 million positive change in fair value of the embedded call options of the exchangeable bond into Saint-Gobain shares, a €17.6 million impairment on Italian division's intangible assets of Cromology and a €56.3 million expense made up of other non-recurring items, almost entirely attributable to portfolio companies.

In comparison, the non-recurring loss recognized in H1 2019 resulted mainly from the following items:

- a €19.8 million expense induced by the early repayment of Wendel bonds maturing in April 2020 and January 2021;
- asset impairments totaling €33.5 million at Constantia Flexibles and Tsebo; and
- a €23.0 million charge made up of other non-recurrent items, notably attributable to portfolio companies.

Wendel's consolidated total net income was thus €98.6 million in H1 2019, compared with €115.3 million in H1 2018. Net result, Group share was €-18.2 million, vs. €-0.9 million in H1 2018.

Results of Group companies

Bureau Veritas – Strong momentum in the first half, 2019 outlook confirmed by the company

(full consolidation)

Revenue in H1 2019 reached €2,476.6m, up 5.9% year-on-year. Acquisitions contributed +1.3% while the currency impact was +0.6%. Organic revenue growth was +4.0% over the period, of which +4.0% in the second quarter. This is explained by:

- Robust growth for the five Growth Initiatives (37% of Bureau Veritas revenue), up 5.1% organically year-on-year. High single-digit growth was achieved in both Agri-Food and Opex services, and mid-single-digit organic growth for Buildings & Infrastructure and SmartWorld. The Automotive Initiative recorded a high single digit decline due to the end of revision of standards in the Automotive industry.
- Improving growth for the Base Business (63% of Bureau Veritas revenue), up 3.4% organically in the first half, with organic growth of 4.2% in the second quarter. The Bureau Veritas activities performed well during the period. Solid growth was recorded by Marine & Offshore (7% of Bureau Veritas revenue) and Oil & Gas Capex related activities (4% of Bureau Veritas revenue) which recovered further during the first half of 2019 with organic growth of 5.4% and 7.8%, respectively. The underlying Certification business continued to develop, even if the headline numbers were down as expected, due to the year-on-year comparison with the one-off standards revision activity last year.

Net acquisition growth was 1.3%, combining the contribution of acquisitions made in the first half of 2019, notably in the Buildings & Infrastructure and Agri-Food businesses, acquisitions finalized in 2018 and minor divestments.

In H1 2019, Bureau Veritas completed four transactions in different countries to strengthen its footprint, representing around €45m in annualized revenue (or 0.9% of 2018 Bureau Veritas revenue). These supported two of the five Growth Initiatives. On June 28, 2019, Bureau Veritas completed the disposal of its non-strategic consulting business unit providing health, safety and environmental services in North America (HSE Consulting) to Apex Companies, LLC, a North American leader in HSE services.

Currency fluctuations had a positive impact of 0.6%, mainly due to the appreciation of the USD and pegged currencies against the euro partly offset by the depreciation of some emerging countries' currencies. In Q2 the positive impact eased at 0.3%.

Adjusted operating margin was up 25bps at constant exchange rates, to 15.1% (of which 20bps organic and 5 basis points from scope). On a reported basis, the adjusted operating margin improved by 30 basis points to 15.2%[1] compared to 14.9% in H1 2018.

Free cash flow (available cash flow after tax, interest expenses and capex) achieved €97.6m[2] compared to €62.9m in H1 2018, up 55.2% year-on-year and up 54.4% on a constant currency basis. On an organic basis, free cash flow increased by 59.2% in H1 2019.

At June 30, 2019, adjusted net financial debt was €2,128.1m, i.e., 2.25x trailing twelve-month EBITDA as defined in the calculation of the bank covenant, compared with 2.82x at June 30, 2018.

The take-up for payment in shares was a great success with a 78.47% subscription rate (66.45% excluding Wendel).

[1] Before applying IFRS 16. After applying IFRS 16, adjusted operating profit margin was 15.2%.
[2] Before applying IFRS 16. After applying IFRS 16, Free cash flow of €140.9m.

Outlook for 2019 confirmed

For the full-year 2019, Bureau Veritas expects:

- solid organic revenue growth
- continued adjusted operating margin improvement at constant currency
- sustained strong cash flow generation

For more information: https://group.bureauveritas.com

Stahl – Sales down 7.9% in the first half. Leather division impacted by difficult market conditions in the automotive and shoe markets. Profitability stable thanks to its management focus

(full consolidation)

Stahl's sales in the first half of 2019 totaled €416.6m, down 7.9% from 2018.

As in the first quarter, Stahl continued to be impacted by the downturn in global industrial production, which appears to have affected the wider chemical sector. A double-digit volume decline was partially compensated by a positive price and mix translating into a negative 8.7% organic growth. Challenging market conditions in the automotive segments weighed on Leather chemicals and Performance Coatings. Foreign exchange rate fluctuations had a slight favorable impact (+0.8%).

Despite this challenging context, thanks to its management focus and resilient business model, Stahl has quickly adapted its fixed cost base to market conditions. Profitability has been further supported by the synergies associated with the acquisition of BASF Leather Chemicals, such that EBITDA for the first half of 2019 totaled €94.0m, translating into a margin of 22.6% (down a moderate 60 bp year-on-year).

As of June 30, 2019, Stahl's net debt was €436.1m, down €84.5m from a year earlier. Leverage came at 2.3x EBITDA at the end of the first half, thanks to Stahl's significant capacity for cash generation unaffected by the challenging market conditions.

Constantia Flexibles – Total growth slightly up, organic growth down 2.9%. Profitability impacted by a difficult first quarter. Financial structure strengthened by the disposal of MCC shares

(Full consolidation)

In the first half of 2019, sales rose 0.2%, to €760.9m, compared with €759.1m in H1 2018. The consolidation of the Indian company Creative Polypack contributed positively to growth, with a scope effect of 2.7%. Organic growth declined 2.9 % in the first half, induced by lower volume in European markets for dairy products as well as processed meat products, and by a slowdown in Pharma business (especially in June due to an exceptionally strong month in 2018). Foreign exchange rates fluctuations had a slightly positive impact (+0.4%) driven by the US dollar, Vietnamese dong, the Indian rupee and the British pound.

As in the first quarter of 2019, lower volumes combined with higher prices for raw materials had a negative impact on profitability in the first half of the year. Improvement began to emerge in Q2, mainly due to cost-cutting measures.

Constantia Flexibles' EBITDA totaled €89.3m in the first half of 2019, compared with €96.0m in H1 2018. The margin declined by 90 bp, to 11.7%, affected by lower volumes and by the prices of certain raw materials not fully offset by cost-cutting measures implemented since the beginning of Q2.

Early July 2019, Constantia Flexibles completed the sale of its shares in Multi-Color Corporation, for €147.7m. Net debt (pro forma from this sale) as of June 30, 2019 (excl. capitalized transaction costs), totaled €404.1m, compared with €458.8m at June 30, 2018, i.e., a leverage of 2.1x EBITDA (LTM). In the first half of 2019, Constantia Flexibles finalized its takeover of 100% of Oai Hung Co., for €46.1m, and settled a minority shareholders' squeeze out litigation which resulted in a €45.4m net cash outlay (fully provisioned).

Constantia Flexibles is pursuing its strategy aiming for 100% fully recyclable packaging by 2025, with the opening of an innovative facility producing 100% of recyclable flexible packaging. Based in India, Constantia ecoflex Ahmedabad will become operational in Q3 2019.

Cromology – Total growth of +2.1% and strengthened financial structure

(full consolidation)

During the first half of 2019, Cromology's sales totaled €348.6m, up 2.1% compared with last year, despite an unfavorable average calendar effect of -0.9 days over the first six months of the year vs. 2018. Organic growth was up 2.3% over the period driven by France and international businesses. Changes in scope (primarily explained by the disposal of integrated stores in Italy in 2018) had a negative effect of 0.4 % while changes in exchange rates had a positive impact of 0.2 % on sales.

EBITDA totaled €22.3m, up 31.2% benefiting from a low basis of comparison. Margin stood at 6.4% benefiting from a positive volume effect, and the first effects of the cost reduction program, despite unfavorable mix effect.

In May, Wendel announced a €125m equity injection in conjunction with the renegotiation of Cromology's debt in order to strengthen its financial structure. The new equity will be used for the early repayment of €75m in senior debt and will support the operational and financial restructuring under the leadership of the new management team.

Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been considerably eased. Following this transaction, net leverage has been reduced from 7.2x to 3.4x and net debt was €131.3m as of June 30, 2019, down €119.2m.

IHS Towers – Total growth of 9.1% and strong increase in profitability in H1 2019

(equity method)

IHS sales for H1 2019 totaled $605.5m, up 9.1% versus the prior year. Organic growth was +12%, driven by the increase in the total number of owned and managed with license to lease towers – which reached 24,002[3] as of June 30, 2019 (+3.1% vs. H1 2018) – by new tenants, new lease amendments ("technology tenants") and price escalation mechanisms.

All markets are growing organically, with Nigeria and Rwanda posting double-digit organic growth rates. Changes in local exchange rates to the US dollar had a negative impact of -3% over total revenues.

[3] Tower count excluding managed services and WIP as of June 30, 2019

The Point-of-Presence lease-up rate increased to 1.54x while the technology tenancy ratio increased to 2.40x.

With regards to profitability, IHS continued the successful development and rationalization of its installed base of towers. The company also maintained a tight operating cost control policy and lower capital expenditure since the start of the year. EBIT for the year increased by 49.0% to $176.4m (vs. $118.7m in H1 2018[4]), representing a margin of 29.1% in H1 2019.

With regards to external growth, the acquisition of c. 1,600 towers from Zain in Kuwait is proceeding through regulatory authorizations. In Saudi Arabia, IHS has not been granted a license by CITC yet.

IHS is currently finalizing the recruitment of new independent members that could join its Board.

As of June 30, 2019, IHS' net debt was $1,248.5m.

Allied Universal – Strong revenue growth and successful refinancing

(equity method)

In H1 2019, Allied Universal generated revenues of $3,592m, representing a 31.9% increase over H1 2018. This growth is the result of completed acquisitions, including U.S. Security Associates ("USSA"), and 4.9% organic growth, which was driven by hourly bill rate increases, the net addition of new clients, and growth with existing clients. Including 2019 acquisitions and USSA on a pro forma basis, organic growth YTD was 2.4%.

Since the beginning of the year, Allied Universal has continued to consolidate its industry, acquiring four companies, generating c.$180m of annual revenues.

In April 2019, Allied Universal completed the acquisition of Securadyne Systems, a security system integration company based in Dallas, Texas. This acquisition added Securadyne's technology solutions platform to Allied Universal's security offering and led to the creation of Allied Universal Technology Services to provide integrated security technology solutions to clients.

Three additional acquisitions of manned guarding companies further increased Allied Universal's national scale and local density.

In May, the acquisition of Point 2 Point Global Security, a Dallas-based company that protects major corporations, high-profile executives and government entities from physical and reputational risk.

In June, the acquisition of Cypress Private Security, LP, a San Francisco-based company offering comprehensive security services

In July, the acquisition of Shetler Security Services, a Phoenix-based company offering the implementation of armed, unarmed and patrol security services

Adjusted EBITDA in H1 2019 increased by 36.4% year-over-year to $265.5m, a 7.4% margin, expanding +24 bps vs. H1 2018. The increase was driven by organic growth, acquisitions completed in 2018 and 2019, the realization of synergies from USSA and other acquisitions, and the realization of productivity improvement initiatives. This trend was partially offset by the impact of higher labor costs in a historically tight U.S. employment environment.

The integration of USSA is on track, and Allied Universal now expects to realize $70m of synergies, in excess of the initial target of $55m. $23m of synergies are within the LTM June 30, 2019, P&L and $61m of annualized run rate synergies have been realized as of June 30, 2019. The full annual effect of the synergies is expected to benefit FY 2020 results.

[4] As per Wendel's definition, EBIT excluding non-recurring items and excluding. IFRS 16 impact.

In July 2019, Allied Universal successfully refinanced its debt facilities, strengthening its financial position with:

- extended maturities by 4+ years to 2026 and 2027;
- improved liquidity by over $1.0bn, including new Asset Based Credit Facility ($750m) and new Delayed Draw Term Loan ($200m), in addition to a Revolving Credit Facility ($300m);
- enhanced share of fixed-rate debt (c. 50/50 split);
- neutral to total net leverage.

Wendel's $40m equity commitment line put in place at the time of the USSA acquisition expired with the refinancing.

As of June 30, 2019, Allied Universal's net debt totaled $4,104m, or c. 6.4x LTM EBITDA, on a preliminary basis as defined in the company's credit agreement, which includes only M&A completed prior to the end of Q2 2019.

Tsebo – Performance strongly impacted by FX and macro environment

(full consolidation)

Tsebo's H1 2019 sales reached $292.8m, down 6.4% year-on-year, of which -2.0% organic growth. External growth was +6.3%, driven by the integration of Servcor in 2018 and Compass Egypt in 2019. Unfavorable exchange rate fluctuations, in particular the weakening of the South African rand against the U.S. dollar, had an impact of -10.7%.

As announced in Q1 2019, a sluggish South African GDP growth combined with general elections held in May resulted in a depressed local business environment that impacted companies and consumers alike. This has led to increased local pricing pressure and cost pressure from clients, notably in the Catering, Cleaning and Protection business lines. This has had an effect on both organic growth and margin.

Tsebo's H1 2019 EBITDA was $14.1m, down 33% year-on-year (26% on a constant currency basis) and margin decreased to 4.8% in H1 (vs. 6.7% a year earlier).

As of June 30, 2019, Tsebo's net debt stood at $114.6m, down 1.6% versus June 30, 2018.

In addition, following the retirement of the Group's CEO, the company announced the appointment of CFO Tim Walters and COO Chris Jardine as co-CEOs. Tim and Chris together have more than 25 years of experience at the company.

Finally, Wendel has supported Tsebo in its development strategy by reinforcing its financial structure and contributing $12.1m to capital increases since the start of the year.

Other significant events since the beginning of 2019

Wendel reinvested €125 million in Cromology in conjunction with the renegotiation of Cromology's debt

On May 13, 2019, Wendel signed an agreement to renegotiate the financial debt of Cromology, successfully capping a process initiated in Q4 2018. End of May, Wendel reinvested €125m in equity alongside the new management team. The new equity contributed by Wendel will strengthen Cromology's financial structure, in particular by lightening its debt burden through the early repayment of €75m in senior debt. The new equity will also enable the company to implement its transformation plan and finance its investments. Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been eased considerably.

€300 million 7-year bond issue bearing interest at 1.375%

On April 23, 2019, Wendel successfully placed a €300 million bond issue maturing in April 2026 and bearing interest at 1.375%. The issue was very well received by investors and was more than 7 times oversubscribed. Proceeds of this issue were used for general corporate purposes and for full, early repayment of bonds maturing in April 2020 (€300m) and in January 2021 (€207m) pursuant to their make-whole redemption provisions. These two transactions enabled Wendel to extend its debt maturities while also reducing its gross debt and lowering its average cost.

Wendel's €200 million share repurchase

As part of the €200 million share repurchase agreement, Wendel made a €200 million payment to Goldman Sachs on April 23, 2019, and received thus far 1,169,399 of its own ordinary shares delivered by Goldman Sachs. These shares have been canceled on April 25, 2019.

Goldman Sachs, acting independently, may enter into transactions on Wendel's shares and related hedging activities for a period, that is not expected, in normal circumstances, to end later than December 17, 2019. Upon completion of the transaction, Wendel may receive from Goldman Sachs an additional number of Wendel's ordinary shares to be determined on the basis of the volume-weighted average price per share, less a discount, over the execution period, subject to potential adjustments. In doing so, the Company is taking advantage of its significant share price discount.

The program is ongoing and the balance will be received upon completion of the transaction.

Wendel and other existing shareholders to sell a large stake in Allied Universal

Wendel and other existing shareholders in Allied Universal ("AU" or the "Company") announced on February 20, 2019, that they had entered into an agreement to sell an approximately 40% equity stake in AU to Caisse de dépôt et placement du Québec ("CDPQ") at an enterprise value of more than $7 billion. Simultaneously, Allied Universal entered into an agreement whereby CDPQ will provide over $200 million of primary capital to support the Company's growth strategy and acquisition plans. Following this transaction, Wendel will retain an ownership stake of approximately 18% in the Company.

Following the transaction, CDPQ will become the largest shareholder in Allied Universal. The Company will continue to be majority-owned by its existing shareholders, including Wendel, Warburg Pincus, and the Company's management team, whose representatives will continue to constitute a majority of the Company's Board of Directors. The transaction is expected to close in the third quarter of 2019 subject to customary closing conditions, including regulatory approval.

Wendel is expected to receive approximately $350 million in cash proceeds as part of the transaction. Following the transaction, Wendel will have received cash proceeds, including prior distributions, in excess of its total initial investment in the Company.

Sale of PlaYce

Wendel has agreed to sell its 40% holding in PlaYce (formerly SGI Africa) to CFAO generating net proceeds of €32.2 million, following an initial investment of €25.3 million at the end of July 2016.

Sale of Saint-Gobain shares

Since January 2019, Wendel has sold 14.1 million Saint-Gobain shares in the market for a total of €468 million.

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 2018 registration document, on page 129.

Summary table of main aggregates before and after the application of IFRS 16

(in millions)	Sales		EBITDA (EBIT for IHS)			Net debt	
	H1-2018	H1-2019	H1-2018	H1-2019 before IFRS 16	H1-2019 after IFRS 16	H1-2019 before IFRS 16	H1-2019 after IFRS 16
IHS	$ 554.8	$ 605.5	$ 118.7	$ 176.4	$ 180.6	$ 1,248.5	$ 1,424.1
Stahl	€ 452.4	€ 416.6	€ 105.1	€ 94.0	€ 95.4	€ 436.1	€ 456.2
Constantia Flexibles	€ 759.1	€ 760.9	€ 96.0	€ 89.3	€ 93.9	€ 404.1 (1)	€ 436.6 (1)
Allied Universal	$ 2,723.0	$ 3,592.0	$ 194.7	$ 265.5	$ 278.2	$ 4104.5	$ 4168.1
Tsebo	$ 312.8	$ 292.8	$ 21.0	$ 14.1	$ 15.7	$ 114.6	$ 122.9
Cromology	€ 341.3	€ 348.6	€ 17.1	€ 22.3	€ 37.4	€ 131.3	€ 246.6

(1) Including MCC shares sale in July 2019

Bureau Veritas published its half year results on July 25, 2019. See https://group.bureauveritas.com/

NAV OF €165.4 PER SHARE AS OF JUNE 30, 2019

(in million euros)			**H1 2019**	**H1 2018**
Listed equity investments	**number of shares**	**Share price** (1)	**3,471**	**3,268**
Bureau Veritas	160.8 m / 156.3 m	€21.5 / €18.2	3,452	2,846
Saint-Gobain	0.6 m / 14.2 m	€33.7 / €29.8	20	422
Unlisted investments (2)			**4,369**	**3,908**
Other assets and liabilities of Wendel and holding companies (3)			152	89
Cash and marketable securities (4)			1,800	2,090
Gross asset value			**9,792**	**9,355**
Wendel bond debt and accrued interest			-2,325	-2,532
Net Asset Value			**7,467**	**6,823**
Of which net debt			*-525*	*-442*
number of shares			*45,158,247*	*46,280,641*
Net Asset Value per share			**165.4 €**	**147.4 €**
Average of 20 most recent Wendel share prices			118.2 €	103.2 €
Premium (discount) on NAV			**- 28.5 %**	**- 30.0 %**

(1) Last 20 trading days average as of December 31, 2018, and June 30, 2019.
(2) Investments in non-publicly traded companies (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal, PlaYce(2018), Tsebo, indirect investments and debts). As per previous NAV calculation as of March 31, 2019, IHS valuation as of June 30, 2019, was solely performed based on EBITDA, which is the most relevant sub-total. MCC shares owned by Constantia Flexibles are valued at their public offering price of 50$ per share. Stake in Allied Universal is valued after the CDPQ deal agreement. Aggregates retained for the calculation exclude the impact of IFRS16.
(3) Of which 967,705 treasury shares as of June 30, 2019 Vs 1,013,074 as of December 31, 2018.
(4) Cash position and financial assets of Wendel & holdings. As of June 30, 2019, this comprises € 1.5 bn of cash and cash equivalents and € 0.3 bn short term financial investments.

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 303 of the 2018 Registration Document.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
1ST HALF 2019

BALANCE SHEET – STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	06/30/2019	12/31/2018
Goodwill, net	6 & 7	3 374.2	3 339.8
Intangible assets, net	6	1 881.9	1 903.9
Property, plant & equipment, net	6	1 775.7	1 330.0
Non-current financial assets	6 & 10	323.9	717.0
Pledged cash and cash equivalents	6 & 9	0.5	0.5
Equity-method investments	6 & 8	387.8	551.7
Deferred tax assets	6	208.4	208.3
Total non-current assets		**7 952.4**	**8 051.2**
Assets of discontinued operations and operations held for sale	**14**	**248.8**	**118.0**
Inventories	6	504.6	452.9
Trade receivables	6	1 771.4	1 682.1
Contract Assets (net)	6	236.7	206.9
Other current assets	6	353.2	326.2
Current income tax payable	6	84.5	74.9
Other current financial assets	6 & 10	395.2	306.5
Cash and cash equivalents	6 & 9	2 500.6	3 098.4
Total current assets		**5 846.2**	**6 147.9**
Total assets		**14 047.4**	**14 317.1**

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

LIABILITIES

In millions of euros	Note	06/30/2019	12/31/2018
Share capital		180.6	185.1
Share premiums		53.3	50.9
Retained earnings& other reserv es		1 706.4	1 879.0
Net income for the period – Group share		-18.2	45.3
		1 922.1	**2 160.3**
Non-controlling interests		1 229.2	1 146.1
Total shareholders' equity	**11**	**3 151.3**	**3 306.4**
Prov isions	6 & 12	446.6	443.5
Financial debt	6 & 13	5 971.9	5 631.8
Other non-current financial liabilities	6 & 10	444.9	456.7
Deferred tax liabilities	6	497.3	510.2
Total non-current liabilities		**7 360.7**	**7 042.1**
Liabilities of discontinued operations and operations held for sale	**13**	**0.0**	**0.0**
Prov isions	6 & 12	6.7	64.3
Financial debt	6 & 13	1 301.3	1 667.8
Other current financial liabilities	6 & 10	154.3	212.4
Trade payables	6	973.2	902.6
Other current liabilities	6	921.4	1 014.4
Current income tax payable	6	178.5	107.0
Total current liabilities		**3 535.4**	**3 968.5**
Total equity and liabilities		**14 047.4**	**14 317.1**

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

CONSOLIDATED INCOME STATEMENT

In millions of euros	Note	1st half 2019	1st half 2018
Net sales	6 & 15	4 261.9	4 149.5
Other income from operations		7.4	6.6
Operating expenses		-3 883.8	-3 783.9
Gains/losses on div estments		7.1	-9.3
Asset impairment	6	-33.5	-24.4
Other income and expense	6	-7.2	-
Operating income	***5 & 15***	**351.9**	**338.5**
Income from cash and cash equiv alents		1.6	-11.6
Finance costs, gross		-140.5	-140.4
Finance costs, net	*6 & 17*	*-138.9*	*-152.0*
Other financial income and expense	6 & 18	-4.8	49.4
Tax expense	6 & 19	-112.7	-77.0
Net income (loss) from equity-method inv estments	6 & 20	-13.5	-39.2
Net income before income from discontinued operations and operations held for sale		**81.9**	**119.8**
Net income from discontinued operations and operations held for sale	14	16.6	-4.4
Net income		**98.6**	**115.3**
Net income - non-controlling interests		116.7	116.3
Net income, Group share		**-18.2**	**-0.9**

In euros	Note	1st half 2019	1st half 2018
Basic earnings per share	21	-0.38	-0.02
Diluted earnings per share	21	-0.39	-0.04
Basic earnings per share from continuing operations	21	-0.61	0.08
Diluted earnings per share from continuing operations	21	-0.62	0.06
Basic earnings per share from discontinued operations	21	0.23	-0.10
Diluted earnings per share from discontinued operations	21	0.23	-0.10

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the contribution of NOP to 2018 first semester's net income has been reclassified to a single line in the income statement: "Net income from discontinued operations and operations held for sale".

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

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	1st half 2019 Gross amounts	1st half 2019 Tax effect	1st half 2019 Net Amounts	1st half 2018 Gross amounts	1st half 2018 Tax effect	1st half 2018 Net Amounts
Items recyclable in net income						
Currency translation reserves[1]	46.1		46.1	-45.2		-45.2
Gains and losses on derivatives qualifying as hedges[2]	-1.8	0.2	-1.5	-23.8	0.1	-23.7
Items non-recyclable in net income						
Gains and losses on assets at fair value through other comprehensive income[3]	56.2		56.2	-136.9		-136.9
Actuarial gains and losses	-18.8	4.9	-14.0	3.3	-0.3	3.0
Income and expenses recognized directly in shareholders' equity (A)	**81.7**	**5.1**	**86.8**	**-202.6**	**-0.1**	**-202.8**
Net income for the period (B)			98.6			115.3
Total income and expenses recognized for the period (A) + (B)			**98.6**			**-87.4**
Attributable to:						
- shareholders of Wendel			48.6			-159.0
- non-controlling interests			136.7			71.6

(1) This item includes the contributions of Bureau Veritas and Tsebo for €32.9 million and €6 million respectively.
(2) Of which a negative amount of €4.7 million related to the change in the fair value of cross currency swaps recorded by Wendel (see note 5.1 "Managing currency risk – Wendel").
(3) The impact is related to change in fair value of Saint-Gobain shares.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings& other reserves	Cumulative translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
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)	-	-	-	-	-289.9	-16.6	-306.4	-67.7	-374.2
Net income for the period (B)	-	-	-	-	45.3	-	45.3	235.1	280.4
Total income and expenses recognized for the period (A)+(B)[(1)]					**-244.5**	**-16.6**	**-261.1**	**167.4**	**-93.7**
Dividends paid[(2)]					-120.5		-120.5	-169.3	-289.8
Movements in treasury shares	-343 672	-		-61.0			-61.0		-61.0
Capital increase							-		-
- exercise of stock options	7 276	-	0.4				0.4	-	0.4
- company savings plan	20 155	0.1	1.9				2.0	-	2.0
Share-based payments					18.8		18.8	15.0	33.8
Changes in scope of consolidation					238.5	14.1	252.6	76.5	329.1
Other[(3)]					171.2	-	171.2	-24.0	147.2
									-
Shareholders' equity as of December 31, 2018	**45 267 567**	**185.1**	**50.9**	**-355.8**	**2 512.3**	**-232.2**	**2 160.4**	**1 146.1**	**3 306.4**
IFRS 16 and IFRIC 23 first time application			-		-32.4	-	-32.4	-53.9	-86.3
Adjusted shareholders' equity as of January 1, 2019	**45 267 567**	**185.1**	**50.9**	**-355.8**	**2 479.9**	**-232.2**	**2 127.9**	**1 092.2**	**3 220.0**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	48	19	67	20	87
Net income for the period (B)		-	-	-	-18	-	-18	117	99
Total income and expenses recognized for the period (A)+(B) [(1)]					**29.4**	**19.2**	**48.6**	**136.7**	**185.3**
Dividends paid [(2)]					-123.7	-	-123.7	-159.7	-283.4
Movements in treasury shares [(3)]	-1 124 030	-5	-	-132	-	-	-136	-	-136
Capital increase	-	-	-	-	-	-	-	-	-
- exercise of stock options	20 950	0.1	-0.1	-	-	-	-	-	-
- company savings plan	26 055	0.1	2.4	-	-	-	2.5	-	2.5
Share-based payments	-	-	-	-	5.9	-	5.9	7.4	13.3
Changes in scope of consolidation and other movements [(4)]	-	-	-	-	3.2	-6.1	-2.9	152.5	149.7
Shareholders' equity as of June 30, 2018	**44 190 542**	**180.6**	**53.2**	**-487.4**	**2 394.7**	**-219.1**	**1 922.1**	**1 229.2**	**3 151.3**

(1) See "Statement of comprehensive income".
(2) In the first semester of 2019, Wendel paid a dividend of €2.80 per share, for a total of €123.7 million. In 2018, Wendel paid a dividend of €2.65 per share, for a total of €120.5 million.
(3) See note 11 "Equity".
(4) Other changes include the impact of puts held by non-controlling interests as well as the impact of the accretion in the equity of Bureau Veritas following the payment of dividend in shares (see note 2.3 "Bureau Veritas dividend paid in shares"). They also include the impact of the unwinding of Materis' co-investment (only on non-controlling interests).

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

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Note	1st half 2019	1st half 2018
Cash flows from operating activities			
Net income		98.6	115.3
Share of net income/loss from equity-method inv estments		13.5	39.2
Net income from discontinued operations and operations held for sale		-16.6	5.0
Depreciation, amortization, prov isions and other non-cash items		263.5	232.7
Expenses on inv estments and div estments		9.7	5.2
Cash flow from companies held for sale		-	17.9
Gains/losses on div estments		-6.7	8.3
Financial income and expense		143.7	102.8
Taxes (current & deferred)		112.8	78.2
Cash flow from consolidated companies before tax		618.4	604.5
Change in working capital requirement related to operating activ ities		-239.8	-265.0
Net cash flows from operating activities, excluding tax	**6**	**378.6**	**339.5**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	22	-124.6	-132.3
Disposal of property, plant & equipment and intangible assets		6.3	8.0
Acquisition of equity inv estments	23	-59.2	-143.4
Disposal of equity inv estments	23	49.5	5.7
Impact of changes in scope of consolidation and of operations held for sale		10.6	-2.3
Changes in other financial assets and liabilities and other	24	417.3	78.7
Div idends receiv ed from equity-method inv estments and unconsolidated companies	25	7.1	20.2
Change in working capital requirements related to inv estment activ ities		-59.1	-29.1
Net cash flows from investing activities, excluding tax	**6**	**248.0**	**-194.5**
Cash flows from financing activities, excluding tax			
Capital increase		2.5	2.3
Contribution of non-controlling shareholders		1.0	18.4
Share buybacks:			
- Wendel	11	-194.2	-45.1
- Subsidiaries		2.5	-31.7
Div idends paid by Wendel		-123.7	-120.5
Div idends paid to non-controlling shareholders of subsidiaries		-69.5	-147.6
New borrowings	26	634.7	362.6
Repayment of borrowings	26	-1 094.4	-425.0
Net finance costs		-122.4	-143.6
Other financial income/expense	27	-136.7	-9.5
Change in working capital requirements related to financing activ ities		8.4	-44.6
Net cash flows from financing activities, excluding tax	**6**	**-1 091.7**	**-584.3**
Cash flows related to taxes			
Current tax expense		-116.5	-119.6
Change in tax assets and liabilities (excl. deferred taxes)		-16.6	23.3
Net cash flows related to taxes	**6**	**-133.1**	**-96.3**
Effect of currency fluctuations		0.4	-8.1
Net change in cash and cash equivalents		**-597.9**	**-543.7**
Cash and cash equiv alents at beginning of period		3 098.4	1 905.9
Cash and cash equivalents at the end of the period	**6 & 9**	**2 500.6**	**1 362.2**

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

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, 2019, the Wendel group primarily comprised:

- fully consolidated operating companies: Bureau Veritas (36.0% net of treasury shares), Cromology (100%), Stahl (67.5%), Constantia Flexibles (60.7%) and Tsebo (66.5%);
- operating companies accounted for by the equity method: IHS (21.4%) and Allied Universal (33.7%);
- 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, 2019 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 6 "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 8 "Equity-method investments". An analysis of the Group's overall performance by business activity is provided in note 6 "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* 5-2.2 "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 5-2 "Managing Liquidity Risk".

These condensed consolidated half-year financial statements were adopted by Wendel's Executive Board on August 28, 2019.

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

These interim condensed consolidated financial statements for the six months to June 30, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These financial statements should be read in conjunction with the financial statements for the 2018 fiscal year included in the Registration Document filed with the AMF on April 17, 2019 under number D.19-0356.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2019, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2018, 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

Apart from IFRS 16 and IFRIC 23, described below, no new standards, interpretations or amendments with mandatory application for fiscal years beginning on or after January 1, 2019 had any impact on the Group's condensed consolidated financial statements of June 30, 2019.

Note 1 - 1. Standards, interpretations and amendments to existing standards not applied early in the 2018 financial statements

First-time application of IFRS 16 "Leases"

For lessees, the application of IFRS 16 "Leases" results in the recognition of leases in the balance sheet through an asset (representing the right to use the underlying asset during the lease term) and a corresponding liability (representing the obligation to pay fixed rents). The new standard eliminates the distinction between operating leases and finance leases.

The Group has applied the simplified retrospective method without restatement of the comparative periods. The cumulative impact of the first-time application of IFRS 16 is recognized as an adjustment of opening equity as of January 1, 2019.

In accordance with the simplification provided for in IFRS 16, the Group has applied the new standard to leases identified in accordance with the definition of the previous standards IAS 17 and IFRIC 4, without reassessing the qualification of contracts in progress at January 1, 2019.

The right of use of Bureau Veritas' main property leases is measured as if IFRS 16 had always been applied, except for the discount rate used in measuring the right of use, which is the rate used to measure debt as of January 1, 2019, excluding initial direct costs. The right of use of other leases is equal to the amount of the lease liability as of January 1, 2019 (adjusted for prepaid rent and rents payable).

The lease liability is the present value of remaining lease payments. Future payments have been discounted on the basis of the subsidiaries' incremental borrowing rates in accordance with the remaining lease terms as of January 1, 2019.

The Group opted for the exemption offered by IFRS 16 for short-term and low-value leases (assets with a unit value of less than €5,000). Rents on these leases are therefore still recognized as operating expenses. For the first time application, the Group also chose not to recognize leases with a remaining term of less than 12 months, in accordance with IFRS 16.

In assessing the lease term, the Group has taken the non-cancellable period of each contract and any extension option that the Group is reasonably certain to exercise and any termination option that the Group is reasonably certain not to exercise. Regarding commercial leases in France (3-6-9 years), the Group applied a term aligned with that used for the depreciation of the fittings of the leased properties, not exceeding 9 years in accordance with the opinion of the French Accounting Standards Authority. It should be noted that ESMA has applied to the IFRS Interpretations Committee for an opinion on the term to be used for indefinite leases that can be terminated at any time. Internationally, reasonably certain extension options were assessed with regard to the level of payments of the optional period in relation to market conditions, the track record of extensions of similar leases, management's intention and termination costs. For leases bearing on land, the Group has assumed a lease term aligned with that used for the depreciation of the buildings located on the land in question.

The Group recognizes the deferred taxes attached to the recognition of the right of use and the lease liabilities.

The impacts of the first time application of IFRS 16 are as follows:

In millions of euros	BV	CROMO	CONSTANTIA	STAHL	TSEBO	HOLDING COMPANIES
Property, plant & equipment, net	304.3	124.2	33.4	19.5	6.2	7.2
Deferred tax assets	9.4			0.1		
Trade receivables and other current assets	-0.8					
TOTAL ASSETS	**312.9**	**124.2**	**33.4**	**19.6**	**6.2**	**7.2**
Equity	-27.7			-1.2		
Non-current borrowings and financial debt	287.3	98.1	25.9			
Current borrowings and financial debt	65.8	26.2	7.5	20.8	6.2	7.2
Trade payables and other current liabilities	-12.5	-0.1				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**312.9**	**124.2**	**33.4**	**19.6**	**6.2**	**7.2**

The right of use is presented in the balance sheet under "Property, plant and equipment, net" and the lease liability under "Financial debt" in current and non-current liabilities. As of June 30, 2019, the right-of-use asset recognized in the balance sheet amounted to €479.6 million, and the lease liability to €416.6 million in "Non-current financial debt" and €106 million in "Current borrowings and financial debt".

1) Impacts on the income statement as of June 30, 2019

The impact of IFRS 16 on the consolidated income statement for the first half of 2019 concerns:

• Operating income for €6.6 million, corresponding to the difference between the amortization of the €-58.4 million right-of-use asset and canceled rents in the amount of €65 million;

• Net financial expense in the negative amount of €9.2 million corresponding to interests on the recognized debt.

2) Impacts on the cash flow statement

The cash-out related to operating leases transactions are from now on presented in the caption reimbursement of debts and paid interests among financing cash operations. It corresponds to an increase in operating activities' flows and a decrease in financing flows of €58.8 million as at June 30, 2019.

The reconciliation between the non-cancellable future payments reported in respect of leases as of December 31, 2018 and the increase in lease liabilities recognized in accordance with IFRS 16 as of January 1, 2019 is presented below:

In millions of euros	BV	CROMO	CONSTANTIA	STAHL	TSEBO
Off-balance sheet commitments as of 12/31/2018	**351.7**	**146.9**	**39.8**	**21.4**	**9.5**
Exemptions (less than 12 months and low value)		-3.2	-1.2	-1.3	
Discounting of lease liability payments	-71.1	-46.5	-4.6	-3.0	
Other (1)	72.5	26.1	-0.6	4.0	-0.7
Lease liabilities as of January 1, 2019	**353.1**	**123.3**	**33.4**	**21.1**	**8.8**

(1) The €72.5 million consist, for Bureau Veritas, on virtually certain payments net of payments under short-term leases.

First time application of IFRIC 23 “Uncertainty over Income Tax Treatments”.

IFRIC 23 “Uncertainty over Income Tax Treatments” complements the provisions of IAS 12 “Income Taxes”; it sets out the procedures for measuring and recognizing uncertainties relating to income taxes. The interpretation recommends that an entity determines whether it is likely that the tax administration will accept uncertain tax treatment, and that it takes into account the impact of this uncertainty in the determination of taxable income, tax loss carry-forward, unused tax credits and tax rates.

The Group applied the modified retrospective approach and noted the effect of the first-time application of IFRIC 23 as of January 1, 2019 without restatement of the comparative period.

As of January 1, 2019, the first-time application of IFRIC 23 resulted in:

- a negative impact of €58 million in the form of a reduction in retained earnings, of which €55.5 million concerned Bureau Veritas;
- a reclassification from provisions for tax risks relating to corporate income tax to “Other current liabilities”.

NOTE 2. CHANGES IN SCOPE OF CONSOLIDATION

The scope of consolidation of the Wendel group is presented under “General principles”.

Note 2 - 1. Agreement to sell 40% of the investment in Allied Universal

In February 2019, Wendel and its co-shareholders signed a contract with Caisse de Dépôt et Placement du Québec (CDPQ) for the sale of approximately 40% of their investment in Allied Universal, leader in security services in North America. The sale is expected to be based on an enterprise value of over $7 billion. Under the terms of the agreement, CDPQ is to invest more than $200 million in equity to support Allied Universal’s growth strategy and its acquisition plans. The transaction will make CDPQ Allied Universal’s largest shareholder. Wendel will retain an interest of approximately 18% in Allied Universal, and will continue alongside its current co-shareholder Warburg Pincus to have representatives on the Board of Directors, with veto rights over a number of strategic decisions. The transaction is expected to close in the third quarter of 2019, subject to the fulfillment of the usual conditions for this type of transaction and the receipt of regulatory authorizations. As a result of the transaction, Wendel is expected to receive approximately $350 million in cash, which, taking into account previous dividend payments, exceeds its total initial investment.

A share representing 40% of the Group’s interest in Allied Universal was accordingly reclassified as assets and operations held for sale as of December 31, 2018. In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, amortization relating to this portion was determined as of the date of reclassification. As of June 30, 2019, the book value of this interest was €72.3 million, which is less than the expected sale price for the divestment.

The remaining interest of Wendel in Allied Universal is still accounted under the equity method insofar as the Group continues to have significant influence over the investment.

Note 2 - 2. Cromology capital increase

As part of the financial restructuring of Cromology (see note 5 – 2.4 “Financial debt of operating subsidiaries – documentation and covenants”), Wendel invested €125 million in this investment, becoming its sole shareholder after the restructuring of the initial holding structure (Materis). In accordance with the Group’s policy of giving the managers of investments a stake in their value creation, Cromology’s management will invest between €4 million and €5 million alongside Wendel in the third quarter of 2019. The minority shareholders of the former holding structure will be asked to reinvest in Cromology in proportion to their interest. The net impact of the final unwinding of the co-investment of Materis’ former managers was recorded in the half-year financial statements in financial results of the income statement.

Note 2 - 3. Bureau Veritas dividend paid in shares

During the first half of 2019, Bureau Veritas paid a dividend of €0.56 per share in respect of the 2018 financial year, with the option for shareholders to receive the payment in cash or in new shares. The issue price of the new shares tendered to pay the dividend was set at €19.13, giving rise to the creation of 9,943,269 Bureau Veritas shares, while the payment of the dividend in cash amounted to €54 million.

The Wendel Group opted for the payment of the dividend in shares in the amount of €87.5 million for its share, in order to support the management’s strategy for this investment. The Group now holds 160,826,908 Bureau Veritas shares. Wendel’s percentage interest accordingly rose from 35.8% to 36.0% (net of treasury shares), with the percentage of its voting rights dropping slightly from 51.9% to 51.8%.

In accordance with IFRS 3 (revised) “Business Combinations”, the impact of this transaction (a negative €15.3 million) was recognized in consolidated equity as a transaction between shareholders.

Note 2 - 4. Tsebo capital increase

In view of the challenging economic environment facing Tsebo in South Africa, Wendel and its co-shareholder Capital Group reinvested a total of $21 million in this investment.

Note 2 - 5. Sale of the investment in PlaYce

In February 2019, Wendel sold its investment in PlaYce, with net proceeds from the sale totaling €32.2 million. The investment has been classified as assets and operations held for sale at December 31, 2018. A capital gain of €7.4 million was recognized in net income from discontinued operations.

Note 2 - 6. Sale of the investment in Saint-Gobain

As of the closing date, almost the entire investment in Saint-Gobain had been sold for €468 million (14.1 million shares sold). As of that date, the Group still holds an investment of approximately €1 million in Saint-Gobain shares.

As of June 30, 584,049 shares are still held and recorded as financial assets in the amount of €20 million. The gain on disposal for the period is recognized in consolidated equity in the amount of €56 million in accordance with the Group’s accounting principles and IFRS 9 “Financial Instruments”; cumulative changes in fair value recognized in consolidated reserves on this investment are not reclassified to the income statement.

Note 2 - 7. Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Bureau Veritas group

The main acquisitions made in the first half of 2019 are as follows:

- Capital Energy, a French energy savings certificate management company, with annual revenue of approximately €23 million in 2017;
- Owen Group, a regional leader in building and infrastructure compliance services in the United States, with annual revenue of approximately €7 million in 2018; and

- ShenzenTotal-Test Technology, a Chinese company specializing in food analysis, with annual revenue of approximately €10 million in 2018.

The total acquisition price of companies acquired by Bureau Veritas during the period was €52.5 million, and the total goodwill recognized on these companies was €24.6 million.

At the end of June 2019, Bureau Veritas sold its North American health, safety and environmental consulting business (HSE Consulting), generating a pre-tax capital gain of €8.0 million.

2. Changes in scope of consolidation of the Constantia Flexibles group

In February 2019, Multi-Color Corporation announced the signing of a definitive sale agreement in favor of a leading private equity firm. Under the terms of the agreement, which was approved unanimously by the Multi-Color Corporation's Board of Directors, shareholders received $50 in cash for each ordinary share they held in July 2019 (after the closing date).

As a result, the securities held by Constantia Flexibles were classified as assets and operations held for sale in the first half of 2019. As of both June 30, 2019 and December 31, 2018, they were valued at $50 per share, i.e. €148 million for the entire shareholding as of June 30, 2019.

NOTE 3. RELATED PARTIES

The Wendel Group's related parties are:
- IHS and Allied Universal, which are consolidated under the equity method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

In May 2019, the Group paid a dividend of €2.80 per share, i.e. €48.5 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 2018 consolidated financial statements.

NOTE 4. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

There was no other significant change over the period compared with the description of the mechanisms used to give the management teams of the Group's investments an interest in their value creation, as presented in note 4 "Participation of managers in Group investments" of the 2018 consolidated financial statements.

NOTE 5. 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 2018 consolidated financial statements. The principal financial risks as of June 30, 2019 are described in the following notes:

Note 5 - 1. Equity market risk

As of June 30, 2019, equity market risk relates chiefly to:

- consolidated and equity-method shares, whose "recoverable values" 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" (see impairment tests in note 7 "Goodwill");
- investments by Wendel Lab, whose total value was €54 million at the end of June 2019. They are recognized at fair value, with changes recognized through profit or loss; a +/-5% variation in their value would therefore result in an impact of approximately +/-€3 million in net financial expense;
- minority buy-out commitments (also referred to as minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin

less net debt. As of June 30, 2019, the total of these financial liabilities was €324.3 million, including the minority put granted by Stahl on BASF's interest in that company (see note 10 "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 relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. 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 €21.3 million. This change would be recognized mainly in retained earnings & other reserves. Other Group investments also granted minority puts (see note 10 "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 2018 consolidated financial statements. As of end-June 2019, 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 tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds. As of June 30, 2019, this ratio was at an all-time low, putting the Group in a position to make new investments while maintaining a sound financial structure.

Most of the Saint-Gobain shares were sold in the first half of 2019 (see note 2 "Changes in scope of consolidation"); the risk related to changes in their stock market price on the Group's financial statements is now immaterial. In addition, the bond exchangeable for Saint-Gobain securities matured at the end of July 2019 (after the closing date); it was redeemed in cash, meaning that there is no longer any equity risk attached to this instrument.

Note 5 - 2. Managing liquidity risk

Note 5 - 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 cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

1. Cash position and short-term financial investments

As of June 30, 2019, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,800 million and consisted mainly of €1,071 million in euro money market funds, €304 in financial institution funds and €425 million in bank accounts and deposits denominated mainly in euros.

2. Position of debt maturities and refinancing

In the first half of 2019, Wendel issued a new €300 million bond maturing in April 2026 with a coupon of 1.375%, and exercised the early redemption clause on the 2020 and 2021 maturities in a total nominal amount of €507 million (€527 million including the prepayment premium recognized in other financial income and expenses). These transactions served to extend the average maturity of Wendel's financing.

As of June 30, 2019, gross debt (excluding operating subsidiaries) consisted of bonds (including bonds exchangeable for Saint-Gobain securities maturing in July 2019 redeemed in cash after the closing date) in a total amount of €2,312 million. Bond maturities are spread between July 2019 and February

2027, and the average maturity is 4.2 years (6.0 years excluding the July and September 2019 maturities).
Wendel also has an undrawn €750 million syndicated loan maturing in October 2023. It comes with a one-year maturity extension option subject to the banks' agreement. Wendel was in compliance with its financial covenants as of June 30, 2019. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.
Moreover, in the context of currency risk management (see note 5-5 "Managing currency risk"), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).
At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned it a rating of Baa2 "stable" outlook with a short-term rating of P-2.

Note 5 - 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 it 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 made a cash injection of €125 million to Cromology in May 2019 on the renegotiation of the bank debt of this investment. This capital was used to strengthen Cromology's financial structure, notably through the partial repayment of debt in the amount of €75 million; it will also enable it to implement its transformation plan and finance its investments. Wendel also injected $13 million into Tsebo ($21 million in total with its co-shareholder Capital group) to strengthen its financial structure in view of the challenging macroeconomic situation facing the company in South Africa.
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 investments has an impact on their value; however, this value is taken into account in calculating Wendel's financial leverage (see note 5-1 "Equity market risk").

Note 5 - 3. Wendel's liquidity outlook

Significant financial maturities in the second half of 2019 will be repaid using Wendel's available cash (the bond exchangeable for Saint-Gobain shares, redeemed in cash in July 2019, after the closing date, for €500 million, and the September 2019 maturity of €212 million). The next significant financial maturity is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and the anticipated divestment of 40% of the investment in Allied Universal (see note 2 "Changes in scope of consolidation", and its available undrawn syndicated line of credit.

Note 5 - 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, 2019, Bureau Veritas' gross financial debt amounted to €2,926.5 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €804.8 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, 2019 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, 2019, this ratio was 2.25; and
- 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, 2019, this ratio was 10.28.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of June 30, 2019 (before the sale of the Multi-Color shares), the nominal amount of Constantia Flexibles' gross financial debt was €636.6 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €23.8 million (plus deposits pledged as collateral in the amount of €60.5 million).

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA 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, 2019, with a reading of 2.99.

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.

In the first half of 2019, Cromology renegotiated its bank debt by deferring its maturity to 2024 and obtaining an easing of its financial covenants. The covenants have been suspended for a period of three years, at the end of which the ratio of net debt to EBITDA must remain below 7. In exchange for these adjustments, Wendel reinvested €125 million, of which €75 million was used to partially repay the senior debt, with the balance used to implement its transformation plan and finance its investments.

As of June 30, 2019, Cromology's bank debt was €199 million (including accrued interest and excluding spreads, shareholder loans and financial liabilities related to the application of IFRS 16). Its cash balance was €67.8 million. The net debt-to-EBITDA ratio is 3.4.

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, 2019, Stahl's gross bank debt was €524.6 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €81.9 million.

The ratio of consolidated net debt to LTM EBITDA must be less than or equal to 3.5. The covenant was met as of June 30, 2019, with a reading of 2.3.

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. Tsebo's financial debt

This debt is without recourse to Wendel.

As of June 30, 2019, Tsebo's gross bank debt was €125.6 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). It is denominated chiefly in South African rands. The cash balance was €24.9 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-June and end-December. These are as follows:

- the ratio of LTM EBITDA to the amount of interest paid was required to be greater than or equal to 2.00 as of end-June 2019 (this minimum ratio will reach to 2.25 in December 2020);
- the ratio of consolidated net debt to LTM EBITDA was required to be less than or equal to 4.00 as of end-June 2019 (this maximum ratio will reach 3.5 in December 2019); and
- the ratio of operating cash flow to interest expense must be greater than 1.05;
- the ratio of operating cash flow (including a portion of the cash on the balance sheet) to interest expense must be greater than 1.25.

These covenants were met as of end-June 2019.

In view of the challenging economic environment facing Tsebo in South Africa, Wendel and its co-shareholder Capital Group injected a total of $21 million into this investment.

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 5 - 5. Managing interest rate risk

As of June 30, 2019, the exposure of the Wendel group (Wendel, its holding companies and fully consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	**Fixed rate**	**Capped rate**	**Floating rate**
Gross debt	5.3		1.5
Cash and short-term financial investments	-0.3		-2.5
Impact of derivatives	0.3	0.5	-0.8
Interest-rate exposure	**5.3**	**0.5**	**-1.8**
	134%	*13%*	*-46%*

The notional amount of derivative instruments was weighted by the portion of the 12 months following June 30, 2019 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 €16 million on financial income/expense before tax in the 12 months following June 30, 2019 (assumptions: net debt as of June 30, 2019, 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 effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

Note 5 - 6. 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 SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of June 30, 2019, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 5 - 7. Managing currency risk

Note 5 - 7.1 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 and Allied Universal. 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 Eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the Eurodollar 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 changes in the euro-dollar exchange rate are recognized in equity (negative impact of €5 million in the first half of 2019). A 5% increase in the value of the US dollar against the euro would have a negative impact of €39 million in equity in respect of cross-currency swaps. The impact of the interest rate differential between the euro and the dollar on the fair value of these instruments is recognized in financial income, as are the coupons of these foreign exchange hedges.

Note 5 - 7.2 Bureau Veritas

Due to the international nature of its activities, Bureau Veritas is exposed to currency risk arising from the use of 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.

Currency risk from operations

For activities in local markets, costs and revenues are mainly expressed in local currency. For activities related to global markets, a portion of revenue is denominated in US dollars. The share of US dollar-denominated consolidated revenue in the first half of 2019 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 9%. Accordingly, a 1% variation in the value of the US dollar against all currencies would have an impact of 0.09% on Bureau Veritas' consolidated revenue.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency. In the first half of 2019, over 72% of this investment's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 19.8% of revenue come from entities whose functional currency is the US dollar or a correlated currency (including the Hong Kong dollar);
- 11.4% of revenue comes from entities where the functional currency is the Chinese yuan;
- 3.9% of revenue come from entities where the functional currency is the pound sterling;
- 3.8% of revenue comes from entities where the functional currency is the Australian dollar;
- 3.6% of revenue comes from entities where the functional currency is the Canadian dollar; and
- 3.3% of revenue comes from entities where the functional currency is the Brazilian real.

No other currency taken individually represents more than 3% of Bureau Veritas' revenue. Accordingly, a 1% variation in the value of the euro against the US dollar or any correlated currencies would have had an impact of 0.198% on Bureau Veritas' consolidated revenue and 0.237% on its operating income over the period.

Note 5 - 7.3 Constantia Flexibles

In the first half of 2019, 35% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 10% in US dollars. A +/-5% variation in the value of the US dollar or the currencies correlated to it against the euro would have had an impact of around +/-1.1% on Constantia Flexibles' EBITDA for the period (excluding goodwill allocation and non-recurring expenses), or less than +/-€1 million.

Note 5 - 7.4 Stahl

In the first half of 2019, 56% of Stahl's revenue was generated in currencies other than the euro, including 32% in US dollars, 10% in Chinese yuan, 5% in Indian rupees and 3% in Brazilian reals. A +/-5% variation in the value of the US dollar or the currencies correlated to it against the euro would have had an impact of around +/-5% on Constantia Flexibles' EBITDA for the period (excluding goodwill allocation and non-recurring expenses), or +/-€5 million.

In addition, Stahl has financial debt of €525 million, the majority of which is 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 +/-€26 million in net finance income/expenses.

Note 5 - 7.5 Tsebo

Tsebo operates chiefly in South Africa, but its financial statements are presented in dollars. In the first half of 2019, 97% of Tsebo's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the dollar, of which 72% in South African rands. A +/-5% variation of in the value of the dollar against the South African rand would have had an impact of approximately -/+€0.5 million on EBITDA for the period.

Tsebo's bank debt is denominated in South African rands in the amount of €116 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 5 - 8. Managing raw material 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 and packaging purchases amounted to approximately €88 million in the first half of 2019. After several years of high rises, the raw material price has entered a stable period especially for TiO2. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products. In the first half of 2019, selling prices of paint products fell slightly.

Stahl's purchases of raw materials amounted to approximately €198 million in the first half of 2019. A 10% increase in the price of the raw materials used by Stahl would have resulted in a theoretical increase in the cost of these raw materials of around €20 million over 6 months. 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 €419 million in the first half of 2019. 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 €42 million over 6 months. Constantia Flexibles has a risk hedging policy 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 6. 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.

A description of each of these items is presented in note 6 "Segment information" of the 2018 consolidated financial statements.

Note 6 - 1. Income statement by operating segment for the first half of 2019

	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Equity associates: IHS	Equity associates: Allied Universal	*Wendel & holding companies*	Total Group
Net income from operations									
Net sales	**2 476.6**	**760.9**	**348.6**	**416.6**	**259.2**				**4 261.9**
EBITDA(1)	**N/A**	**93.9**	**37.5**	**95.5**	**13.9**				
Adjusted operating income(1)	**380.5**	**42.9**	**12.9**	**81.9**	**8.3**				**526.5**
Other recurring operating items	-	1.0	0.7	0.8	0.5				
Operating income	**380.5**	**43.9**	**13.6**	**82.7**	**8.8**			**-31.6**	**497.8**
Finance costs, net	-50.3	-9.8	35.8	-13.7	-8.7			-43.8	-90.5
Other financial income and expense	-7.2	-0.8	-50.9	0.3	-0.7			7.2 **(2)**	-52.3
Tax expense	-100.8	-9.4	-12.8	-17.5	-2.0			-0.3	-142.8
Share in net income of equity-method investments	0.5		0.2			19.3	20.4		40.4
Net income from discontinued operations and operations held for sale				-0.4					-0.4
Recurring net income from operations	**222.8**	**23.8**	**-14.2**	**51.4**	**-2.7**	**19.3**	**20.4**	**-68.5**	**252.2**
Recurring net income from operations - non-controlling interests	148.9	8.9	-1.2	16.5	-2.1	0.1	0.1		171.3
Recurring net income from operations - Group share	**73.9**	**14.9**	**-13.0**	**34.8**	**-0.7**	**19.2**	**20.3**	**-68.5**	**81.0**
Non-recurring income									
Operating income	-49.3	-38.6	-10.2	-19.3	-28.2			-0.4	-145.9
Net financial expense		14.5	-45.2	-12.8	-0.8			43.4**(3)**	-0.9
Tax expense	11.5	6.9	2.3	8.1	1.3				30.0
Share in net income of equity-method investments						-4.6	-49.2		-53.8
Net income from discontinued operations and operations held for sale		2.5					7.0	7.4	16.9
Non-recurring net income	**-37.7**	**-14.8**	**-53.1**	**-24.0**	**-27.8**	**-4.6**	**-42.2**	**50.4**	**-153.7**
of which:									
- Non-recurring items	-8.8	12.0	-52.9	-14.3	-2.8	-4.6	-14.1	50.4	-35.2
- Impact of goodwill allocation	-28.9	-15.0	-0.1	-9.7	-3.2		-28.0		-85.0
- Asset impairment		-11.8			-21.7				-33.5
Non-recurring net income - non-controlling interests	-25.2	-7.9	-5.5	-7.7	-9.8	-0.0	-0.3	1.8	-54.6
Non-recurring net income -Group share	**-12.5**	**-6.9**	**-47.6**	**-16.3**	**-18.0**	**-4.6**	**-41.9**	**48.6**	**-99.1**
Consolidated net income	**185.0**	**9.1**	**-67.3**	**27.4**	**-30.5**	**14.7**	**-21.7**	**-18.1**	**98.6**
Consolidated net income - non-controlling interests	123.7	1.0	-6.6	8.8	-11.9	0.1	-0.2	1.8	116.7
Consolidated net income - Group share	**61.4**	**8.0**	**-60.6**	**18.5**	**-18.6**	**14.6**	**-21.5**	**-20.0**	**-18.2**

(1) Before the impact of goodwill allocation, non-recurring items and management fee and after application of IFRS 16.
(2) Including €4.1 million corresponding to dividends received from Saint-Gobain.
(3) This item includes notably the impact of the unwinding of Materis' co-investment, a loss of €19.8 million related to the early buy-out of 2020 and 2021 bonds, a negative €10.7 million of change in fair value of the cross-currency swap (inefficient part of the hedge) and €50.6 million of intercompany interests income with Cromology.

Income statement by operating segment for the first half of 2018

	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Other subsidiaries	Equity associates: IHS	Equity associates: Allied Universal	*Wendel & holding companies*	Total Groupe
Net income from operations									
Net sales	**2 338.3**	**759.1**	**341.3**	**452.4**	**258.5**			**-**	**4 149.5**
EBITDA(1)	**N/A**	**96.0**	**17.1**	**105.1**	**N/A**				
Adjusted operating income(1)	**348.1**	**55.8**	**6.8**	**96.8**	**14.6**		**-**		
Other recurring operating items	-	-1.0	-0.9	-4.2	-1.3		-		
Operating income	**348.1**	**54.8**	**5.9**	**92.7**	**13.3**		**-**	**-34.6**	**480.1**
Finance costs, net	-40.9	-8.8	-8.0	-14.8	-8.1		-	-61.6	**-142.1**
Other financial income and expense	-4.3	-0.6	-1.2	-1.1	0.7		-	18.4 **(2)**	**11.9**
Tax expense	*-99.7*	*-6.5*	*-0.7*	*-19.0*	*-2.2*		*-2.3*	*-0.2*	*-130.6*
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	-	6.8	-	-	-	6.2
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	3.5	0.0	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**	**-5.1**	**-**	**-**	**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	1.4	-	10.4	-	**53.6**
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	-	-	-11.5	-	-	-	**-10.6**
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 corresponded to dividends received from Saint-Gobain.
(3) This item notably included a negative €8.4 million change in the fair value of financial instruments.
(4) This item notably included 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.

	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	PlaYce	Other subsidiaries
Net income from operations						
Net sales	**258.5**	**-**	**-**	**-**	**-**	**258.5**
EBITDA(1)	**17.1**	**-**	**-**	**-**	**-**	**N/A**
Adjusted operating income(1)	**14.6**	**-**	**-**	**-**	**-**	**14.6**
Other recurring operating items	-0.4	-0.3	-0.6	-	-	-1.3
Operating income	**14.2**	**-0.3**	**-0.6**	**-**	**-**	**13.3**
Finance costs, net	-8.1	-	-	-	-	**-8.1**
Other financial income and expense	0.7	-	-	-	-	**0.7**
				0		
Tax expense	-2.2	-	-	-	-	-2.2
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	1.4	-	**6.8**
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	-	-	-	-	**3.5**
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	-	-	-	-	**-5.1**
Net financial expense	1.3	-0.2	-	-	-	**1.1**
Tax expense	1.4	-	-	-	-	**1.4**
Share in net income of equity-method investments	-	-	-	-	-	**-**
Net income from discontinued operations and operations held for sale	-	-1.1	-9.6	-0.8	-	**-11.5**
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**	**-0.0**	**-**	**-5.4**
- Impact of goodwill allocation	**-3.4**	**-0.4**	**-3.8**	**-0.8**	**-**	**-8.5**
- Asset impairment	**-**	**-**	**-**	**-**	**-**	**-**
Non-recurring net income - non-controlling interests	-0.8	-0.0	-0.2	-0.0	-	**-1.1**
Non-recurring net income -Group share	**-1.6**	**-1.1**	**-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	-	-0.1	-	-	**2.6**
Consolidated net income - Group share	**-0.6**	**0.7**	**-6.9**	**0.6**	**-0.9**	**-7.2**

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

Note 6 - 2. Balance sheet by operating segment as of June 30, 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	IHS	Allied Universal	*Wendel & holding companies*	Total Group
Goodwill, net	2 428.6	468.7	176.4	130.7	169.8	-	-	-	3 374.2
Intangible assets, net	841.8	472.3	184.9	260.6	122.4	-	-	-	1 881.9
Property, plant & equipment, net	747.2	637.8	186.5	162.8	22.4	-	-	19.0	1 775.7
Non-current financial assets	115.1	69.0	9.7	1.6	2.1	-	-	126.4	323.9
Pledged cash and cash equiv alents	-	-	-	-	-	-	-	0.5	0.5
Equity-method inv estments	0.9	0.3	1.5	-	1.9	277.4	105.7	-	387.8
Deferred tax assets	135.4	23.2	34.3	13.4	1.6	-	-	0.5	208.4
Total non-current assets	**4 269.0**	**1 671.4**	**593.3**	**569.1**	**320.1**	**277.4**	**105.7**	**146.3**	**7 952.3**
Assets and operations held for sale	**0.0**	**148.6**	**-**	**1.5**	**-**	**-**	**98.7**	**-**	**248.8**
Inv entories and work-in-progress	29.9	256.7	84.4	126.1	7.5	-	-	-	504.6
Trade receiv ables	1 251.8	165.2	116.7	162.9	73.4	-	-	1.4	1 771.4
Contract assets (net)	236.7								236.7
Other current assets	211.2	34.2	61.9	20.1	16.0	-	0.3	9.6	353.2
Current income tax payable	56.5	17.0	-	10.3	0.6	-	-	0.1	84.5
Other current financial assets	25.1	0.6	-	0.4	-	-	-	369.0	395.2
Cash and cash equiv alents	804.8	23.8	69.4	81.9	24.9	-	0.8	1 495.0	2 500.6
		-	-	-	-	-	-	-	-
Total current assets	**2 616.0**	**497.5**	**332.4**	**401.6**	**122.4**	**-**	**1.1**	**1 875.1**	**5 846.2**
Total assets									**14 047.3**
Shareholders' equity – Group share									1 922.1
Non-controlling interests									1 229.2
Total shareholders' equity									**3 151.3**
Prov isions	286.7	69.5	52.5	24.1	-	-	-	13.9	446.6
Financial debt	2 968.9	525.4	279.6	475.3	119.0	-	-	1 603.7	5 971.9
Other current financial liabilities	105.1	23.3	-	108.9	4.3	-	-	203.3	444.9
Deferred tax liabilities	176.1	148.6	94.1	24.6	34.6	-	19.3	0.0	497.3
Total non-current liabilities	**3 536.8**	**766.7**	**426.2**	**632.9**	**157.9**	**-**	**19.3**	**1 820.9**	**7 360.7**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Prov isions	-	1.1	5.4	0.1	-	-	-	0.1	6.7
Financial debt	310.1	141.8	28.0	61.7	12.2	-	-	747.5	1 301.3
Other current financial liabilities	118.6	13.1	-	1.8	2.6	-	-	18.2	154.3
Trade payables	438.9	258.8	126.9	75.0	64.9	-	0.2	8.5	973.2
Other current liabilities	709.3	58.3	79.3	33.8	24.2	-	0.3	16.2	921.4
Current income tax payable	153.3	22.5	-	2.7	-0.0	-	-	0.1	178.5
Total current liabilities	**1 730.2**	**495.8**	**239.6**	**175.0**	**103.8**	**-**	**0.5**	**790.5**	**3 535.4**
Total equity and liabilities									**14 047.3**

Note 6 - 3. Balance sheet by operating segment as of December 31, 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	PlaYce	IHS	Allied Universal	Wendel & *holding companies*	Total Group
Goodwill, net	2 383.5	468.1	176.3	129.7	182.1	-	-	-	-	3 339.8
Intangible assets, net	832.1	493.4	185.7	269.5	123.2	-	-	-	-	1 903.9
Property, plant & equipment, net	471.1	613.1	75.4	143.0	14.6	-	-	-	12.7	1 330.0
Non-current financial assets	109.8	74.2	4.9	1.6	2.8	-	-	-	523.6	717.0
Pledged cash and cash equivalents	-	-	-	-	-	-	-	-	0.5	0.5
Equity-method investments	5.0	148.4	1.3	-	2.4	-	261.7	132.8	-	551.7
Deferred tax assets	135.3	21.8	34.0	14.9	1.8	-	-	-	0.4	208.3
Total non-current assets	**3 936.9**	**1 819.1**	**477.8**	**558.7**	**326.9**	**-**	**261.7**	**132.8**	**537.3**	**8 051.2**
Assets and operations held for sale	**0.0**	**-**	**-**	**1.2**	**-**	**24.8**	**-**	**92.0**	**-**	**118.0**
Inventories and work-in-progress	19.9	233.0	75.6	116.4	8.1	-	-	-	-	452.9
Trade receivables	1 201.9	161.1	108.2	151.1	59.4	-	-	-	0.4	1 682.1
Contract assets (net)	206.9									206.9
Other current assets	186.3	35.2	64.3	18.2	14.1	-	-	0.2	7.9	326.2
Current income tax payable	49.8	12.9	-	11.2	0.8	-	-	-	0.2	74.9
Other current financial assets	17.8	2.2	-	1.0	-	-	-	-	285.4	306.5
Cash and cash equivalents	1 046.3	16.4	84.7	127.3	16.8	-	-	0.9	1 806.1	3 098.4
Total current assets	**2 728.9**	**460.8**	**332.8**	**425.1**	**99.2**	**-**	**-**	**1.1**	**2 100.0**	**6 147.9**
Total assets										**14 317.1**
Shareholders' equity – Group share										2 160.3
Non-controlling interests										1 146.1
Total shareholders' equity										**3 306.4**
Provisions	290.7	64.6	48.8	24.0	-	-	-	-	15.4	443.5
Financial debt	2 655.8	503.9	14.1	475.3	109.0	-	-	-	1 873.8	5 631.8
Other current financial liabilities	131.7	28.4	-0.0	123.5	2.9	-	-	-	170.2	456.7
Deferred tax liabilities	178.4	153.9	96.7	27.2	34.8	-	-	19.1	-	510.2
Total non-current liabilities	**3 256.5**	**750.8**	**159.6**	**650.0**	**146.7**	**-**	**-**	**19.1**	**2 059.4**	**7 042.2**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	-	61.0	3.1	0.2	-	-	-	-	-	64.3
Financial debt	499.0	25.2	324.3	58.8	8.6	-	-	-	751.9	1 667.8
Other current financial liabilities	130.3	63.7	-	2.9	0.1	-	-	-	15.5	212.4
Trade payables	390.0	251.7	85.3	105.8	58.6	-	-	0.2	10.9	902.6
Other current liabilities	792.8	57.7	86.0	38.1	22.4	-	-	-	17.3	1 014.4
Current income tax payable	71.2	25.7	-	9.0	0.9	-	-	-	0.2	107.0
Total current liabilities	**1 883.2**	**485.1**	**498.7**	**214.7**	**90.7**	**-**	**-**	**0.2**	**795.8**	**3 968.5**
Total equity and liabilities										**14 317.1**

Note 6 - 4. Cash flow statement by operating segment for the first half of 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	*Wendel & holding companies*	Eliminations and not allocated	Total Group
Net cash flows from operating activities, excluding tax	318.3	63.4	33.7	0.7	2.6	-40.0		378.6
Net cash flows from investing activities, excluding tax	-147.1	-45.6	-15.2	-9.2	-11.7	476.7		248.0
Net cash flows from financing activities, excluding tax	-328.9	4.4	-46.1	6.5	20.0	-747.6		-1 091.7
Net cash flows related to taxes	-83.4	-15.1	-18.0	-13.3	-3.0	-0.3		-133.1

Note 6 - 5. Cash flow statement by operating segment for the first half of 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Other subsidiaries	*Wendel & holding companies*	Eliminations and not allocated	Total Group
Net cash flows from operating activities, excluding tax	245.4	49.1	-16.0	59.3	35.6	-33.8		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	-602.6		-584.3
Net cash flows related to taxes	-80.7	-9.7	-3.9	-7.9	-6.2	12.0		-96.3

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	Other subsidiaries
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

NOTES TO THE BALANCE SHEET

NOTE 7. GOODWILL

In millions of euros	06/30/2019 Gross amount	Impairment	Net amount
Bureau Veritas	2 569.8	-141.2	2 428.6
Constantia Flexibles	468.7	-	468.7
Cromology	403.8	-227.4	176.4
Stahl	130.7	-	130.7
Oranje-Nassau Dév eloppement	211.5	-41.7	169.8
Total	**3 784.5**	**-410.3**	**3 374.2**

In millions of euros	12/31/2018 Gross amount	Impairment	Net amount
Bureau Veritas	2 524.9	-141.3	2 383.5
Constantia Flexibles	468.1	-	468.1
Cromology	403.7	-227.3	176.3
Stahl	129.7	-	129.7
Tsebo	201.5	-19.4	182.1
Total	**3 727.9**	**-388.0**	**3 339.8**

The main changes during the period were as follows:

In millions of euros	1st half 2019
Net amount at beginning of period	3 339.8
Changes in scope of consolidation	28.9
Reclassification of CSP and Mecatherm under "Operations held for sale"	-3.4
Impact of changes in currency translation adjustments and other	30.6
Impairment for the period (1)	-21.7
Net amount at end of period	**3 374.2**

(1) It corresponds to the de depreciations of Catering and Protection divisions of Tsebo.

Note 7 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each Cash Generating Unit (CGU) 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 2018 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, 2019, the significant decline in Tsebo's revenue in the first half of 2019 was seen as an indication of impairment. Testing was therefore performed by Tsebo on its own CGUs; similarly, Wendel also tested Tsebo, 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 Tsebo on its own CGUs resulted in an impairment charge of €21.7 million on the assets of its Catering and Security divisions. In accordance with the Group's accounting principles, this loss is maintained in Wendel's consolidated financial statements.

By contrast, in Wendel's consolidation, the value in use of Tsebo calculated as of June 30, 2019 is greater than the net carrying amount; as such, no impairment was recognized other that recognized by Tsebo.

The business plan used for testing purposes was prepared by Tsebo and reviewed by Wendel. It covers a five-year period. A discount rate of 13% was used and a long-term growth rate of 5.5% 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 8. EQUITY-METHOD INVESTMENTS

In millions of euros	06/30/2019	12/31/2018
IHS	277.4	261.7
Allied Universal	105.7	132.8
Investments of Constantia Flexibles (1)	0.3	148.4
Investments of Bureau Veritas	0.9	5.0
Investments of Tsebo	1.9	2.4
Investments of Cromology	1.5	1.4
Total	**387.8**	**551.7**

(1) In 2018, this relates to the equity accounting of the Multi-Color securities reclassified in the first semester of 2019 as assets held for sale and discontinued operations (see note 2, "Changes in scope of consolidation").

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

In millions of euros	1st half 2019
Amount at beginning of the period	**551.7**
Share in net income for the period	
IHS	14.7
Allied Universal	-28.8
Other	3.0
Dividends for the period	-2.2
Impact of changes in currency translation adjustments	-0.4
Multi-Color IFRS reclassification	-147.7
Other	-2.6
Amount at June 30 2019	**387.7**

Note 8 - 1. Additional information on IHS

In millions of euros	06/30/2019	12/31/2018
Carrying values at 100%		
Total non-current assets	2 637.6	2 498.3
Total current assets	864.1	842.1
Goodwill *adjustment* (Wendel)	59.9	61.0
Total assets	**3 561.6**	**3 401.5**
Non-controlling interests	-	-
Total non-current liabilities	1 790.6	1 676.4
Total current liabilities	474.7	500.8
Total liabilities and shareholders' equity	**2 265.2**	**2 177.2**
including cash and cash equivalents	*526.0*	*553.2*
including financial debt	*1 623.1*	*1 657.4*

In millions of euros	1st half 2019	1st half 2018
Net sales	535.9	458.4
EBIT	156.1	98.1
Financial result, excluding foreign exchange	-75.9	-51.6
Currency impact on financial liabilities	2.7	-12.3
Net income – Group share	68.7	-39.1

Note 8 - 2. Additional information on Allied Universal

In millions of euros	06/30/2019	12/31/2018
Carrying values at 100%		
Total non-current assets	3 839.6	3 798.8
Total current assets	1 222.3	1 106.8
Goodwill adjustment (Wendel)	-249.3	-247.7
Impact of the rev aluation of acquired assets and liabilities and other (Wendel)	207.8	243.6
Total assets	**5 020.4**	**4 901.4**
Non-controlling interests	-	1.9
Total non-current liabilities	3 871.4	3 802.1
Total current liabilities	714.9	526.0
Total liabilities and shareholders' equity	**4 586.4**	**4 330.0**
including cash and cash equivalents	*21.3*	*25.9*
including financial debt	*3 682.0*	*3 445.9*

In millions of euros	1st half 2019	1st half 2018
Net sales	3 179.9	2 250.1
Operating income	44.7	119.6
Net income – Group share	-105.4	-53.4
Impact of the rev aluation of acquired assets and liabilities (Wendel) [1]	-37.5	-35.0

(1) Excluding the impact due to the fact that assets reclassified as assets held for sale are no longer amortized.

See note 2-1 "Agreement to sell 40% of the investment in Allied Universal".

Note 8 - 3. Impairment tests on equity-method investments

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

NOTE 9. CASH AND CASH EQUIVALENTS

In millions of euros	06/30/2019 Net amount	12/31/2018 Net amount
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	1 495.4	1 806.4
Cash and cash equivalents of Wendel and its holding companies	**1 495.4**	**1 806.4**
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets		
Bureau Veritas	804.8	1 046.3
Constantia Flexibles	23.8	16.4
Cromology	67.8	83.4
Stahl	81.9	127.3
Tsebo	24.9	16.8
Other holdings	2.4	2.2
Cash and cash equivalents of subsidiaries and other holding companies	**1 005.6**	**1 292.4**
TOTAL	**2 501.0**	**3 098.9**
of which non-current assets	***0.5***	***0.5***
of which current assets	***2 500.6***	***3 098.4***

NOTE 10. FINANCIAL ASSETS AND LIABILITIES (EXCLUDING FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Note 10 - 1. Financial assets

In millions of euros	Accounting method for variations	Level	06/30/2019	12/31/2018
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement	1	1 495.4	1 806.5
Wendel's short-term financial investments	Income statement	1	304.1	283.7
Cash and short-term financial investments of Wendel and its holding companies			**1 799.6**	**2 090.2**
Cash and cash equivalents of subsidiaries	Income statement	1	1 005.6	1 292.4
Financial assets at fair value through equity – A	Equity	1 and 3	21.2	414.1
Financial assets at fair value through profit or loss	Income statement	1	69.4	57.1
Loans	Amortized cost	N/A	1.0	2.2
Deposits and guarantees	Amortized cost	N/A	101.2	96.4
Derivatives - B	Income statement/Sh. Equity	See C	43.1	61.0
Other (1)			179.0	108.9
Total			**1 420.5**	**4 122.2**
of which non-current financial assets, including pledged cash and cash equivalents			***324.4***	***717.4***
of which current financial assets, including cash and cash equivalents			***2 895.7***	***3 404.9***

(1) Including €60.1 million related to treasury share buy-out (see note 11 “Equity”).

Note 10 - 2. Financial liabilities

In millions of euros	Accounting method for variations	Level	06/30/2019	12/31/2018
Deriv ativ es - B	Income statement/Sh. Equity	See C	26.6	25.7
Minority puts, earn-outs and other financial liabilities of subsidiaries - C	Income statement /Sh. Equity	3	353.7	457.7
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - D	Income statement /Sh. Equity	3	218.8	185.7
Total			**599.1**	**669.1**
of which non-current financial liabilities			***444.9***	***456.7***
of which current financial liabilities			***154.3***	***212.4***

Most of the changes in fair value are recognized through equity.

Note 10 - 3. Details of financial assets and liabilities

A- As of June 30, 2019, this item mainly includes the stake in **Saint-Gobain** in the amount of €20 million (see note 2 "Changes in scope of consolidation").

B- **Derivatives**:

		06/30/2019			12/31/2018	
In millions of euros	Lev el	Assets	Liabilities		Assets	Liabilities
Interest rate swaps - not qualifying for hedge accounting(1)	2	2.6	7.8		2.9	5.8
Cross-currency swaps - hedging of cash flows(1)	2	35.1	6.4		50.6	6.7
Optional component of bonds exchangeable for Saint-Gobain shares(2)	2	-	-		0.1	-
Other deriv ativ es – not qualifying for hedge accounting	2	5.4	12.5		7.4	13.2
Total		**43.1**	**26.6**	-	**61.0**	**25.7**
of which non-current portion		***39.0***	***14.1***		***53.2***	***12.6***
of which current portion		***4.1***	***12.5***		***7.8***	***13.1***

(1) See description of swaps in note 10-4 below.
(2) See note 13 "Financial debt".

C- **Minority puts, earn-outs and other financial liabilities of subsidiaries:** as of June 30, 2019, this amount corresponds notably to the other financial liabilities of Bureau Veritas, Constantia Flexibles and the minority put granted by Stahl to BASF.

D- **Minority puts, earn-outs and other financial liabilities of Wendel and its holding companies**: as of June 30, 2019, this amount corresponds mainly to liquidity commitment granted 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 28-6, "Off-balance sheet commitments – Shareholder agreements and co-investment mechanisms").

Note 10 - 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)	06/30/2019	12/31/2018
	sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
$885 / €800 million	Pay 2.23% in US dollars against 0.24% in euros(2)	Hedge	03-2016	11-2022	35.1	50.6
	Other					-
Hedging of subsidiaries' debt						
€80 million	0.15% cap on Euribor		pre-closing	2022-2023	0.2	-
$270 million	2.25% cap on Libor		pre-closing	12-2019	0.2	0.8
€180 million	Pay 0.75% against Euribor	Hedge	pre-closing	04-2022	-6.1	-5.1
€400 million	2.00% cap against Euribor		pre-closing	04-2020	2.2	2.0
ZAR 1,850 million	Pay 7.72% on Jibar		pre-closing	03/31/2021	-1.6	-0.7
	Other (3)				-6.4	-6.7
Total					**23.5**	**40.9**

(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 5-5 "Managing currency risk".

(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

NOTE 11. EQUITY

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
At 12/13/2018	4 €	46 280 641	1 013 074	45 267 567
At 06/30/2019	4 €	45 158 247	967 705	44 190 542

The variation of 1,122,394 in the number of securities comprising the capital reflects:

- the capital reduction of 1,169,399 shares approved on April 25, 2019. These securities were purchased at a price of €119.60 per share (i.e. €139.9 million) under a share buyback agreement representing a total amount of €200 million. Following the full performance of this agreement, the Company will receive an additional amount of securities. This additional number of shares will be determined on the basis of the weighted average price by the volume of shares, after applying a discount, during the period for the execution of the share buyback agreement. A current financial asset of €60.1 million is recognized in the balance sheet as of June 30, 2019, corresponding to the difference between the value of the securities already received and the total amount of the agreement; and
- the increase in the number of shares comprising the share capital resulted from the exercise of 20,950 stock options during the first half of 2019 and subscriptions to the company savings plan in the amount of 26,055 shares.

The number of shares held under the liquidity contract is 78,034 as of June 30, 2019, vs. 100,000 as of December 31, 2018, a reduction of 21,966 during the first half of 2019.

As of June 30, 2019, Wendel holds 889,671 of its shares in treasury outside of the context of the liquidity contract (913,074 as of December 31, 2018). These treasury shares are primarily allocated to cover the exercise of stock options and grants of performance shares (438,090 shares as of June 30, 2019), the remainder being held for prospective acquisitions. The net reduction of 23,403 shares is linked entirely to the sale of shares to cover the exercise of call options.

In total, shares held in treasury represent 2.14% of the share capital as of June 30, 2019.

NOTE 12. PROVISIONS

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

In millions of euros	**06/30/2019**	**12/31/2018**
Bureau Veritas	83.2	105.1
Constantia Flexibles	1.2	61.1
Stahl	1.3	1.4
Cromology	24.1	19.1
Operating subsidiaries	12.4	13.7
Total	**122.1**	**200.4**
of which non-current	***115.5***	***136.1***
of which current	***6.7***	***64.3***

The principal disputes, claims and risks identified for the operating subsidiaries and for Wendel and its holding companies are described in note 15 to the 2018 consolidated financial statements, "Provisions for risks and contingencies".

The litigation in respect of the squeeze-out of Constantia Packaging AG has been settled in the first half of 2019 for a net amount of €45 million. This amount is less than the provision that had been set aside.

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

In millions of euros	**06/30/2019**	**12/31/2018**
Bureau Veritas	203.5	185.6
Constantia Flexibles	69.5	64.6
Stahl	22.9	32.7
Cromology	33.8	22.8
Operating subsidiaries	1.6	1.7
Total	**331.2**	**307.4**

NOTE 13. FINANCIAL DEBT

In millions of euros	Currency	Coupon rate	Effective interest rate(1)	Maturity	Repayment	Total lines	06/30/2019	12/31/2018
Operating *subsidiaries*								
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		499.6	500.0
2020 bonds	EUR	1.875%	2.055%	04-2020	at maturity			300.0
2021 bonds	EUR	3.750%	3.833%	01-2021	at maturity			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
2026 bonds	EUR	1.375%	1.452%	04-2026	at maturity		300.0	
2027 bonds	EUR	2.500%	2.576%	02-2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor+margin		10-2022	rev olv ing	€750 million		
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-4.7	-7.4
Lease liabilities – IFRS 16							6.4	
Other borrowings and accrued interest							35.9	39.9
Loans from non-controlling shareholders							2.1	73.8
							2 351.2	**2 625.7**
Bureau Veritas								
2019 bonds	EUR			04-2019	at maturity			200.0
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
2025 bonds	EUR	1.875%		01-2025	at maturity		200.0	200.0
2026 bonds	EUR	2.000%		09-2026	at maturity		500.0	500.0
Lease liabilities – IFRS 16							342.2	
Borrowings and debt from lending institutions – fixed rate							762.1	944.3
Borrowings and debt from lending institutions – floating rate							474.7	310.4
							3 279.0	**3 154.7**
Constantia Flexibles								
Bank borrowings	EUR	Euribor+margin		04-2022	at maturity		126.0	126.0
Bank borrowings	EUR	Euribor+margin		04 and 10 – 2022	at maturity		306.0	306.0
Bank borrowings (EUR, RUB, INR, CNY)		Euribor+margin and fixed		2017 to 2022	amortizing		71.9	77.6
Lease liabilities – IFRS 16							32.0	
Deferred issuance costs							-1.4	-1.6
Rev olv ing Credit Facility		Euribor+margin and fixed		10-2022	amortizing		30.0	
Short-term loans Holdings		Fixed		08-2019	at maturity		75.0	
Other borrowings and accrued interest							27.7	21.2
							667.2	**529.1**
Cromology								
Bank borrowings	EUR	Euribor+margin		08-2021	at maturity		186.4	243.4
Deferred issuance costs								77.0
Materis shareholder loans								2.4
Deferred loan issue costs							-6.8	
Lease liabilities – IFRS 16							114.5	
Other borrowings and accrued interest							13.5	15.6
							307.6	**338.4**
Stahl								
Bank borrowings	USD	Libor + margin		12-2021	amortizing		210.4	234.2
Bank borrowings	USD	Libor + margin		06-2022	amortizing		300.5	292.8
Bank borrowings		Floating rate		2021 to 2022	amortizing	€20 million	13.7	16.0
Deferred issuance costs							-7.7	-9.0
Lease liabilities – IFRS 16							20.1	
Other borrowings and accrued interest								0.1
							537.0	**534.0**
Tsebo								
Bank borrowings	ZAR	Jibar + margin		2022	amortizing		118.1	112.5
Deferred issuance costs							-2.5	-2.8
Lease liabilities – IFRS 16							7.3	
Other borrowings and accrued interest	ZAR, GHS, ZMW, SLL						8.3	7.9
							131.2	**117.6**
Total							**7 273.3**	**7 299.6**
of which non-current portion							***5 971.9***	***5 631.8***
of which current portion							***1 301.3***	***1 667.8***

(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 bonds convertible into Saint-Gobain shares were reimbursed in cash in July 2019.

Note 13 - 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	-711,6	-277,4	-1 300,0	-2 289,0
- interest[1]	-62,3	-170,4	-55,4	-288,1
Investments:				
- notional amount	-409,4	-2 797,6	-1 186,9	-4 393,9
- interest[1]	-123,0	-315,5	-97,1	-535,7
Total	**-1 306,3**	**-3 560,9**	**-2 639,4**	**-7 506,7**

(1) Interest is calculated on the basis of the yield curve prevailing on June 30, 2019. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

NOTE 14. DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

Note 14 - 1. Net income from discontinued operations and operations held for sale

In millions of euros	1st half 2019	1st half 2018
Net income for the period from discontinued operations or operations to be recognized using the equity method		
Constantia Flexibles	2.6	0.9
Cromology, Colorin (Argentina)		-0.5
CSP Technologies - result for the period, excluding intragroup items (1)		-6.4
Mecatherm - result for the period, excluding intragroup items (1)		1.1
Nippon Oil Pump		0.6
Allied Universal	7.0	
Stahl	-0.4	
PlaYce	7.4	
Total	**16.6**	**-4.4**

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

Note 14 - 2. Net assets from discontinued operations and operations held for sale

	30.06.2019	31.12.2018
Multi-Color	148.6	-
Allied Universal	98.7	92.0
Stahl	1.5	1.2
PlaYce	-	24.8
TOTAL	**248.8**	**118.0**

NOTES TO THE INCOME STATEMENT

NOTE 15. REVENUE

In millions of euros	1st half 2019	1st half 2018
Bureau Veritas	2 476.6	2 338.3
Constantia Flexibles	760.9	759.1
Cromology	348.6	341.3
Stahl	416.6	452.4
Tsebo	259.2	258.5
Consolidated net sales	**4 261.9**	**4 149.5**

NOTE 16. OPERATING INCOME

In millions of euros	1st half 2019	1st half 2018
Bureau Veritas	331.2	291.0
Constantia Flexibles (1)	5.3	29.4
Cromology	3.4	-31.5
Stahl	63.4	71.9
Tsebo (2)	-19.4	9.1
CSP		-0.6
Mecathem		-0.3
Operating subsidiaries	-32.0	-30.4
Operating income	**351.9**	**338.5**

(1) Including the depreciation of Afripack for €11.8 million.
(2) Including the depreciation of the division Catering for €13.2 million and the depreciation of the division Protection for €8.5 million.

NOTE 17. FINANCE COSTS, NET

In millions of euros	1st half 2019	1st half 2018
Income from cash and cash equivalents(1)	1.6	-11.6
Finance costs, gross		
Interest expense	-122.0	-124.2
Interest expense on loans from non-controlling shareholders	-3.3	-4.7
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-15.2	-11.5
	-140.5	**-140.4**
Total	**-138.9**	**-152.0**

NOTE 18. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	1st half 2019	1st half 2018
Dividends received from unconsolidated companies[1]	4.9	18.8
Income on interest-rate, currency and equity derivatives[2]	-2.1	47.7
Interest on other financial assets	0.2	1.3
Net currency exchange gains/losses	-21.4	-12.0
Impact of discounting	-2.6	-2.3
Cost of 2020 and 2021 bonds buy-out	-19.8	-
Other [3]	36.0	-4.2
Total	**-4.8**	**49.4**

(1) Including €4.1 million of dividends received from Saint-Gobain.
(2) This item notably includes the fair value impact of the euro-dollar currency swaps for a negative amount of €10.7 million (see note 5-5.1 "Currency risk" relating to Wendel), the change in fair value of Wendel Lab's assets for €7.3 million and the variation of the earn-out Maxburg.
(3) This item incudes notably the impact of the unwinding of the co-investment in Materis.

NOTE 19. TAX EXPENSE

In millions of euros	1st half 2019	1st half 2018
Current income tax payable	-119.2	-116.2
Deferred taxes	6.5	39.3
Total	**-112.7**	**-77.0**

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 20. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	1st half 2019	1st half 2018
Net income including impact of goodwill allocation		
IHS	14.7	-10.8
Allied Universal	-28.8	-29.4
PlaYce		-0.9
Other companies	0.6	1.9
Total	**-13.5**	**-39.2**

NOTE 21. EARNINGS PER SHARE

In euros and millions of euros	1st half 2019	1st half 2018
Net income, Group share	-18.2	-0.9
Impact of dilutive instruments on subsidiaries	-0.3	-0.8
Diluted net income	**-18.5**	**-1.7**
Average number of shares, net of treasury shares	47 623 175	45 509 061
Potential dilution due to Wendel stock options(1)	N/A	N/A
Diluted number of shares	**47 623 175**	**45 509 061**
Basic earnings per share (in euros)	-0.38	-0.02
Diluted earnings per share (in euros)	-0.39	-0.04
Basic earnings per share from continuing operations (in euros)	-0.61	0.08
Diluted earnings per share from continuing operations (in euros)	-0.62	0.06
Basic earnings per share from discontinued operations (in euros)	0.23	-0.10
Diluted earnings per share from discontinued operations (in euros)	0.23	-0.10

(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 2019 is a loss, no dilution is taken into account on Wendel's share capital.

NOTES ON CHANGES IN CASH POSITION

NOTE 22. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	1st half 2019	1st half 2018
by Bureau Veritas	56.2	63.2
by Constantia Flexibles	45.8	35.4
by Cromology	5.4	9.0
by Stahl	12.8	12.7
by Tsebo	3.9	3.2
by Mecatherm		2.2
by CSP technologies		6.0
by Nippon Oil Pump		0.4
by Wendel and holding companies	0.4	0.2
Total	**124.6**	**132.3**

NOTE 23. DIVESTMENT AND ACQUISITION OF EQUITY INVESTMENTS

Note 23 - 1. Acquisition of equity investments

In millions of euros	1st half 2019	1st half 2018
By Bureau Veritas	51.6	103.6
By Stahl	0.4	0.7
By Constantia Flexibles	-	36.7
By Tsebo	7.1	1.7
Other securities	0.1	0.7
Total	**59.2**	**143.4**

Note 23 - 2. Divestment of equity investments

This item includes notably the selling price of PlaYce for an amount of €32.2 million (see note "Change in scope of consolidation".

NOTE 24. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES AND OTHER

In the first half of 2019, this item includes the sale of the shares of Saint-Gobain for €449 million (see note 10 "Financial assets").

NOTE 25. DIVIDENDS RECEIVED FROM EQUITY-METHOD INVESTMENTS AND UNCONSOLIDATED COMPANIES

The dividend received from Saint-Gobain represented an amount of €4.1 million.

The €87.5 million dividend received from Bureau Veritas was eliminated upon consolidation. It was paid in shares. (see note 2 "Change in scope of consolidation").

NOTE 26. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in note 13 "Financial debt".

In millions of euros	1st half 2019	1st half 2018
New borrowings by:		
Wendel & holding companies	300.0	-
Bureau Veritas	204.0	279.4
Constantia Flexibles	111.5	31.4
Cromology	-	48.4
Tsebo	19.2	3.4
	634.8	362.5
Borrowings repaid by:		
Wendel & holding companies	507.4	349.8
Stahl	33.6	22.6
Bureau Veritas	424.7	5.7
Constantia Flexibles	11.1	6.5
Cromology	108.6	32.7
CSP Technologies	-	1.9
Nippon Oil Pump	-	1.7
Tsebo	8.9	4.1
	1 094.4	**425.0**
Total	**-459.6**	**-62.5**

NOTE 27. OTHER FINACIAL INCOME AND EXPENSE

This caption includes notably the impact of the unwinding of a litigation (see note 12 “Provisions”) and the put on non-controlling interests being exercised by Constantia Flexibles. It also includes costs on borrowings and financial investments for respectively €20.9 million and €20 million both booked by Wendel.

OTHER NOTES

NOTE 28. OFF-BALANCE-SHEET COMMITMENTS

As of June 30, 2019, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 28 - 1. Collateral and other security given in connection with financing

In millions of euros	06/30/2019	12/31/2018
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	668.6	530.7
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by the Cromology Group.	314.4	334.1
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receiv ables and assets as collateral for the repayment of debt owed by the Stahl Group.	544.7	543.0
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receiv ables as collateral for the repayment of the debt owed by Tsebo Group.	133.6	120.4
TOTAL	**1 661.3**	**1 528.2**

Note 28 - 2. Guarantees given as part of asset sales

In connection with the sale of CSP Technologies, Mecatherm, Nippon Oil Pump and Parcours, and upon Clariant and BASF's acquisition of an equity stake in Stahl, the Group granted the usual guarantees within certain limits and over periods varying in accordance with the type of guarantee involved. ALD has made several claims relating to the disposal of the Parcours group; they were pending as of June 30, 2019 and their validity is currently being discussed. There are no outstanding claims in respect of other guarantees granted.

Note 28 - 3. Guarantees received in connection with asset acquisitions

In connection with the acquisitions of AlliedBarton (now Allied Universal following the merger with Universal Services of America), IHS and Tsebo, and in conjunction with the investment by BASF in Stahl's capital, the Group benefits from customary guarantees within certain limits and over variable periods depending on the type of guarantees involved.

Note 28 - 4. Off-balance sheet commitments given and received related to operating activities

In millions of euros	06/30/2019	12/31/2018
Market counter-guarantees and other commitments given		
by Bureau Veritas[(1)]	439.2	397.2
by Constantia	2.0	1.6
by Cromology	13.5	13.9
by Tsebo	8.8	3.5
by Stahl	3.7	
Total commitments given	**467.2**	**416.2**
Other commitments receiv ed	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**-**

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

Note 28 - 5. Acquisition and subscription commitments

As of June 30, 2019, the Group (Wendel Lab) undertook to invest approximately €21.6 million in private equity funds.

Moreover, in connection with the acquisition of U.S. Security Associates by Allied Universal, to ensure Allied Universal's liquidity needs, certain Allied Universal shareholders agreed to carry out an additional capital increase under certain conditions, where the Group share could reach $40 million. This commitment ended on July 12, 2019 at the closing of the refinancing of Allied Universal's debt.

Note 28 - 6. Shareholder agreements and co-investment mechanisms

As of June 30, 2019, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Allied Universal, Constantia Flexibles, Cromology, 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 choice. 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 (Wendel and Warburg Pincus) 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 which 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;
  Note that on February 20, 2019, Wendel and its co-shareholders in Allied Universal entered into an agreement with Caisse de Dépôt et Placement du Québec (CDQP) for the sale of approximately 40% of their investment in Allied Universal. As part of this transaction, Wendel and its affiliates entered into various agreements governing, among other aspects, the terms of a complementary sale of their securities, Allied Universal’s new governance and the conditions for the transfer of securities in the event of Allied Universal’s sale or IPO; and
- for Tsebo, Capital Group, Tsebo’s minority shareholder, has the right, beyond a certain investment period, to trigger an IPO, subject to performance, valuation and liquidity conditions; or, failing that, to sell its investment in Tsebo.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Cromology, Stahl and Tsebo) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period (between the 5th anniversary and 13th anniversary of the completion of the joint investment, depending on the relevant agreement); and
- 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 to the 2018 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 of the situation, Wendel’s holdings or the investments itself) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, 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, IHS and Tsebo (see note 4 relating to the “Participation of Wendel managers in Group investments” of the 2018 consolidated financial statements).

As of June 30, 2019, based on the value of the investments included 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 the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies is €30 million. The value of the portion of non-pari passu investments of co-investing managers of subsidiaries and managers of Wendel was €135 million.

In accordance with Group accounting principles, a portion of these amounts is recognized as liabilities of €7 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 2018 consolidated financial statements.With regard to *non*-controlling interests granted to joint shareholders, an overall amount of €307.8 million is recognized in financial liabilities for put granted by Wendel and its holdings 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 28 - 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 (representing only 0.5% of the capital at June 30, 2019) 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 €33.2 million as of June 30, 2019), which may be increased to ZAR 639 million (or €39.6 million as of June 30, 2019) in the event of the extension of the financing term.

NOTE 29. SUBSEQUENT EVENTS

No subsequent events were identified.

STATUTORY AUDITORS' REVIEW REPORT ON THE H1 2019 FINANCIAL INFORMATION

(For the period from January 1, 2019 to June 30, 2019)

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 half-year consolidated financial statements of WENDEL, for the period from January 1, 2019 to June 30, 2019;*
- *the verification of the information presented in the half-year management report.*

These condensed half-year consolidated 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 half-yearly consolidated 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 half-yearly consolidated financial statements, entitled "Accounting Principles", which describes the impacts of first-time adoption, as from January 1, 2019, of standard IFRS 16 "Leases" and interpretation IFRIC 23 "Uncertainty over Income Tax Treatments".

II- Specific verification

We have also verified the information presented in the half-year management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris-La Défense, September 5, 2019

The Statutory Auditors

French original signed by:

Deloitte & Associés	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

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, 2019

André François-Poncet

Chairman of the Executive Board

WENDEL

Societas Europea with an Executive Board and a Supervisory Board with capital of €180,632,988
89, rue Taitbout – 75312 Paris Cedex 09
Tél. : 01 42 85 30 00 – Fax : 01 42 80 68 67

September 2019

WWW.WENDELGROUP.COM

Wendel
@WendelGroup
WendelGroup