Wendel: third-quarter 2010 confirms first-half trend

- **Consolidated third-quarter sales: €1,463.3 million, +23.1% compared to third-quarter 2009, including +8.5% organic growth**
- **Nine-month consolidated sales: €4,174.4 million, +14.5%, compared to the first nine months of 2009, including organic growth of +5.1%**
- **All Group companies confirm their 2010 targets**
- **Wendel has sold its 46% stake in Stallergenes after 17 years with the company, generating a capital gain of circa €300 million**

Frédéric Lemoine, Chairman of Wendel's Executive Board, commented that:

"Wendel's companies continued their good operational performances in the third quarter and their overall growth rate increases, continuing to be driven by exposure to emerging markets. These solid performances have enabled Wendel's companies to confirm their full-year targets, or even revise them up in Legrand's case.
Wendel Group is speeding up the implementation of its roadmap as we indicated when publishing our half-year results. Over these last months, Wendel continued the restructuring of its debt and accelerated the rotation of its stakes.
After 17 years of development at Stallergenes, Wendel sold its stake in this global leader in immunotherapy. This transaction, which is fully in line with our policy of being a professional shareholder, materialises an exceptional value creation as Wendel generated more than 35 times its original investment and strengthened a highly convincing industrial project for Stallergenes, notably in terms of its international development."

Contribution from Group companies to third-quarter 2010 sales

Consolidated sales

in €m	Q3 2010	Q3 2009	Change	Organic growth
Bureau Veritas	739.1	638.5	15.8%	5.9%
Materis	489.5	442.3	10.7%	5.0%
Deutsch	113.3	69.9	62.0%	52.4%
Stallergenes	42.0	38.2	10%	10%
Stahl [(1)]	79.5	-	-	-
Consolidated sales	**1,463.3**	**1,189.0**	**23.1%**	**8.5%**
Stahl (Q3 contribution)	79.5	67.3	18.2%	9.9%
Total including Stahl over 3 months in 2009 and 2010	**1,463.3**	**1,256.2**	**16.5%**	**8.5%**

[(1)] *Stahl: full consolidation starting from 26 February 2010*

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Activity of Group companies over the first nine months of 2010

Bureau Veritas – Sales +15.8% in the third quarter with organic growth + 5.9%.

Sales totalled €2,088.2 million for the first nine months of 2010, +6.1% on the same period in 2009 is the result of organic growth of +1.8%, a negative impact from ac

In light of its operating performance over the first nine months of the year, Materis is forecasting a significantly better 2010 than what was expected at the end of 2009, both in terms of activity and operating income.

Deutsch – Extremely sharp third-quarter growth confirmed at 45.8% (in dollars).

Deutsch, a world leader in high-performance connectors, posted cumulative nine

The Leather Finish business posted growth of +35.2% for the first nine months of the year (including +27.8% organic growth) This trend was driven by sharp growth in the auto market (+57.8%), particularly in Asia, and the robust performances by the footwear and leather goods markets (+32.0%). In contrast, the furniture sector posted more moderate growth (+13.3%).

The Permuthane business (high-performance coatings) posted growth of +44.1% for the first nine months of the year (including +38.5% organic growth), also driven by product usage in the auto market (+59.6%), and several high-growth niches in the fashion, decor and packaging sectors.

These excellent performances recorded over the first nine months of the year enable Stahl to confirm better-than-expected full-year 2010 growth and a substantial improvement in operating margin.

Saint-Gobain – Organic growth continued to be driven by the emerging countries and Asia region and by the Innovative Materials Sector

(Equity method)

Saint-Gobain's consolidated sales for the first nine months of 2010 came in at €30,007 million, versus €28,435 million for the same period last year, representing a rise of +5.5% on an actual structure basis and an increase of +1.4% like-for-like (constant structure and exchange rates).

In the third quarter alone, consolidated sales surged +7.8% to €10,478 million from €9,720 million in the three months to 30 September 2009. Organic growth was +2.3% (reflecting a positive 0.7% volume impact and a positive 1.6% price effect). This followed organic growth of +3.9% in the second quarter and negative organic growth of -2.4% in the first three months of the year.
Based on a constant number of working days, this third-quarter trading performance confirms the upturn in sales volumes observed in the second quarter.

The upward trend in sales prices – which also began in the second quarter – intensified in the three months to 30 September 2010, reflecting the price increases implemented in all of Saint Gobain's Business Sectors and divisions over the past few months.
Along the lines of the second quarter, Saint Gobain's organic growth in the third quarter continued to be driven by the emerging countries and Asia region and by the Innovative Materials Sector, which both reported double-digit growth. The second-quarter recovery of Saint Gobain's businesses linked to European construction gathered pace, despite a tougher basis for comparison. In contrast, businesses related to North American construction markets were hit by the repercussions of over-optimistic expectations from distributors, whose restocking had inflated first-half figures. Household consumption market remained stable over the period.
Overall, the third quarter confirms the gradual improvement in Saint Gobain's main businesses observed in the second quarter, particularly in European Construction.

In the fourth quarter, despite a significantly tougher basis for comparison (especially for Innovative Materials), Saint Gobain should maintain positive momentum, with ongoing vigorous growth in Asia and emerging countries, consolidation of the relative improvement in Saint Gobain's businesses linked to construction markets across Western Europe and ongoing upbeat trading conditions in North America for Saint Gobain's businesses exposed to industrial output and household consumption.

Saint Gobain will continue to pursue its action plan priorities in the fourth quarter, amid a broadly improving but still fragile economic climate with persistently strong disparities from one country to the next.

Accordingly, for full-year 2010, Saint Gobain is confirming the objectives that it raised in July:

- strong growth in operating income at constant exchange rates (2009 exchange rates), with operating income for second-half 2010 slightly above the first half;
- free cash flow of €1.4 billion, despite an increase in capital expenditure in the second half.

Saint Gobain will also seek to maintain a robust financial structure.

Legrand – Target for 2010 adjusted operating margin raised again, to 20%
(Equity method)

Legrand's consolidated sales for the first nine months of 2010 came to €2,873.6 million, showing a rise of +7.5%. The rise at constant scope of consolidation and exchange rates was +3.7%.
This increase in sales reflects positive trends in Legrand's growth profile with:

- over 1/3 of sales now in new economies, where the group saw a +20.5% rise over the first nine months of 2010.
- nearly 20% of revenues now in new business segments (digital infrastructures, energy performance, residential systems, etc.), where sales since the beginning of the year have increased +8.5%.

Adjusted operating income amounted to €603 million, a +39% increase on the same period in 2009. The operational leverage resulting from sales growth and the full impact of reorganisation already in place led to a steep rise in adjusted operating margin, which reached 21.0% of sales in the first nine months of 2010.

Legrand's recent self-financed acquisitions in new economies – Inform, Turkey's number-one contender in Uninterruptible Power Supply and Indo Asian Switchgear, a key player on the Indian electrical protection market – should generate total annual sales of close to €90 million in 2010.

Despite the seasonality of fourth-quarter margins and gradual rises in raw-material prices, Legrand has again raised its target for full-year adjusted operating margin, to 20% versus over 19% previously.

Highlights

Successful bond issue benefiting from favourable market conditions
Wendel launched a bond transaction involving the issue of €300 million to be consolidated with existing bonds due in May 2016. The proceeds were used on 9 November to repay bank debts with margin calls due in 2012 and 2013. As such, it is contributing to extending the Group's debt maturity schedule and strengthening its

Calendar

- 2 December 2010: Investor Day and next NAV publication

- 23 March 2011: 2010 annual sales and results and NAV publication (before market close)

[(1)] As of the date that Ares' Offer was received and exclusivity was granted by Wendel, Stallergenes was considered for accounting purposes as an Asset Held for Sale in the Group's consolidated accounts pursuant to IFRS 5. As such, as of 28 October 2010, revenues generated by Stallergenes will no longer be presented under the Group's consolidated sales. These revenues will be reclassified under the