



# INVESTOR DAY



WENDEL



# DEUTSCH

December 18, 2007



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Jean-Marie Painvin  
Chairman



# Corporate Profile



## A World leader in high-performance connectors



- #1 in Transportation & Mil Aerospace connectors

## A diversified offer

- \$549m revenues in 2006; 3,500 employees
- Group revenues split equally between the Industrial market (DI) and the Aerospace market (DAT)
- Group manufactures connectors, contacts and accessories



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## Key strengths

- A first class offer in a \$40Bn worldwide connector market
- Balanced end markets and geographic exposure
- Strong barriers to entry
- Blue chip clients list
- Long life of platforms, high visibility on sales
- Leader in innovation

## Growth & profit drivers

- Fast growing Mil Aerospace market (>10% p.a.)
- Improved penetration of Heavy Vehicles market in Europe and Asia
- Commercial synergies: cross-selling from new operating organization since March 2007
- Optimization of procurement: potential saving of \$10m
- Progressive increase of low cost countries workforce presence

# Underlying Markets Exposure and Future Growth



## 50% Deutsch Industrial



DI

## 50% Deutsch Aerospace & Transportation



DAT

TOTAL

2006-07E Sales growth ..... +2%

+6%

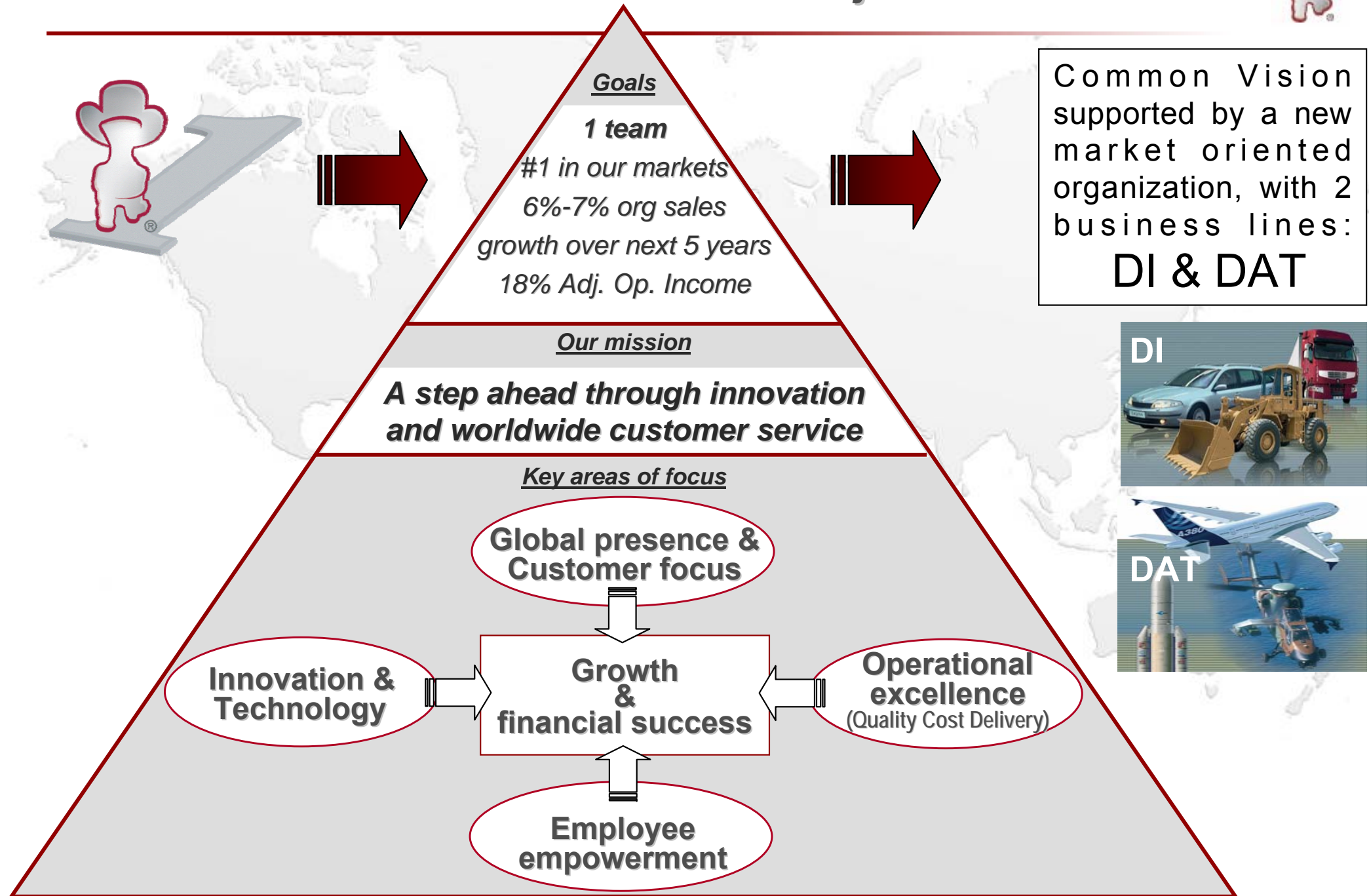
+3%

Long term growth ..... +5%-6%

+7%-8%

6%-7%

# Vision: 2011 Clear Achievable Objectives





# New Organization: Executive Committee



**Chairman & C.E.O.**  
Jean-Marie Painvin



## Operations

**Deutsch Industrial**  
Jeff Albers



**Deutsch AeroMil  
and Transportation**  
Mark Knaeps



**DI Sales Marketing  
& Distribution**  
Wolfgang Stingel



**DAT USA**  
Richard Niemi



**DAT Sales  
& Distribution**  
Romain Boesch



**DAT Europe**  
Gilles Jachmich



## Support

**Finance**  
Thierry Louis



**Audit**  
Tom Sadusky



**IT**  
Sylvio Duguay

**Supply Chain**  
John Barnett



**Strategy**  
Sébastien Givelet



**HR & Quality**  
Frédéric Kleindienst



Recruited in 2007

# DI Underlying Market Momentum



- **North American Heavy Trucks market**  
**12% of Group sales**

- North American truck downturn; builds down 50% from 2006 high pre-buys due to expected change in emissions standards
- Next truck up-cycle pushed out to 2008

- **European Heavy Trucks**  
**10% of Group sales**

- Strong demand from Europe, especially Eastern Europe, drives growth

- **Farm & Machinery Equipment**  
**16% of Group sales**

- Machinery Farm and Construction 16% of Group sales
- Replacement demand should drive farm equipment

- **Other (Recreational, Motos, Marine, etc.)**  
**12% of Group sales**



# 2007 DI Sales Development



- **DI 2007E sales growth of +2%**
- **In the US: -5%**
  - Good resilience of US Heavy Vehicles sales (-3%) despite expected market volumes drop
  - Weak telecom activity
- **In Europe: +17%**
  - Strong distribution activity with products introduced on new platforms
- **New Sales & Marketing Organization**
  - Worldwide vision
  - New products introduction to US customers







# DAT Underlying Market Momentum

- **Positive outlook thanks to**

- Strong market growth
- Optimal Deutsch positioning

- **Commercial Aerospace**  
**20% of Group sales**

- Strong activity YTD with c. **900 deliveries** projected in **2007 (+8% growth)** and c. **1000 in 2008 (+11% growth)**
- **Delays in the A380 and 787 programs**, deliveries up-cycle pushed from 2007 to 2008
- Re-emergence of the regional jet market, deliveries expected to grow 11% in 2007
- **Business jet** deliveries expected to grow 15% in 2007 and 12% in 2008 (after 18% in 2006)

- **Military, Space and Defence**  
**20% of Group sales**

- **Robust** military and defence outlay spending forecasted (+14% in 2008 and +13% in 2009)

- **Other (Railways, Offshore)**  
**10% of Group sales**



# 2007 DAT Sales Development



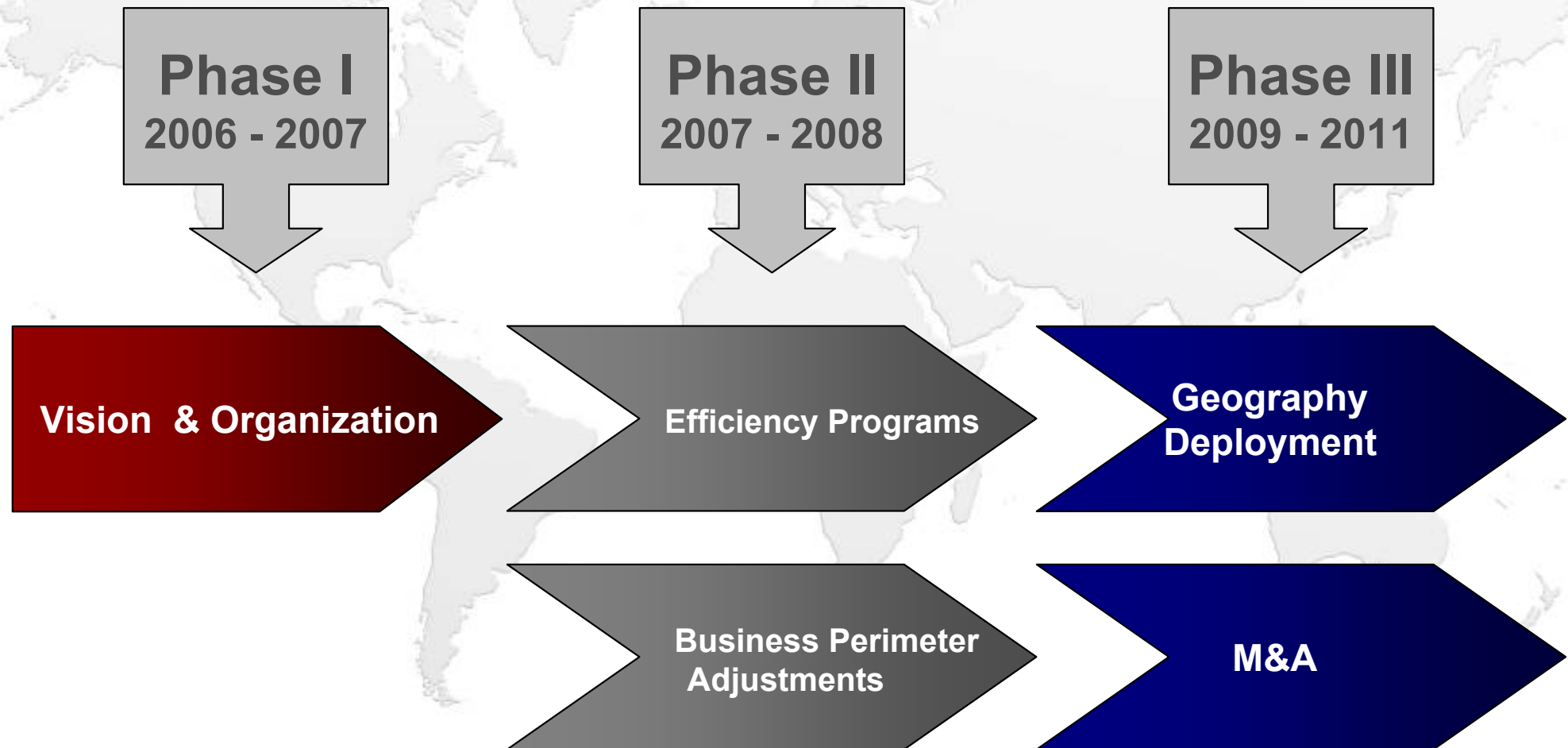
- **DAT 2007E sales growth of +6%**
- **US Mil-Aero: +19% 2007E growth driven by a new Sales & Marketing Organization**
  - Set up of a stand alone business unit selling contacts (\$35m 2007E sales)
  - 3 contracts concluded with new distributors
- **European Mil-Aero: +3% 2007E growth**
- **New Platforms won with over \$20m of sales impact in 2011**
  - New commercial relationship with Boeing on B787
  - Airbus A380
- **Soft results in Offshore**
  - Many projects postponed to 2008. Good pipeline of projects representing circa \$10m in potential orders



# 2007 A transition year in a 5-year development plan



## Integration & Development Plan





# Financial Performance (June 2007)



	June 2007 (millions of USD)	June 2006 <sup>(1)</sup> (millions of USD)	Δ
Net sales	298	271	+10%
Adjusted operating income <sup>(2)</sup> <i>% of net sales</i>	44.6 <b>15.0%</b>	44.8 <b>16.5%</b>	-
Net income from business sector		-	
Net financial debt	693	660	+5%

- Organic growth: **+5%**
- Operating profitability impacted by approximately **130-150 bp** due to operating costs linked to cross-division programs and the new organization by worldwide divisions
- Gain expected from cost optimization programs: **+300 bp** in two years
- Stable financial debt excluding foreign exchange impact

(1) Proforma, cumulated and unaudited data in USD

(2) Adjusted operating income excluding the allocation of goodwill, management fees and one-off items

# Key Efficiency Programs Launched in 2007 with realized benefits expected in 2008



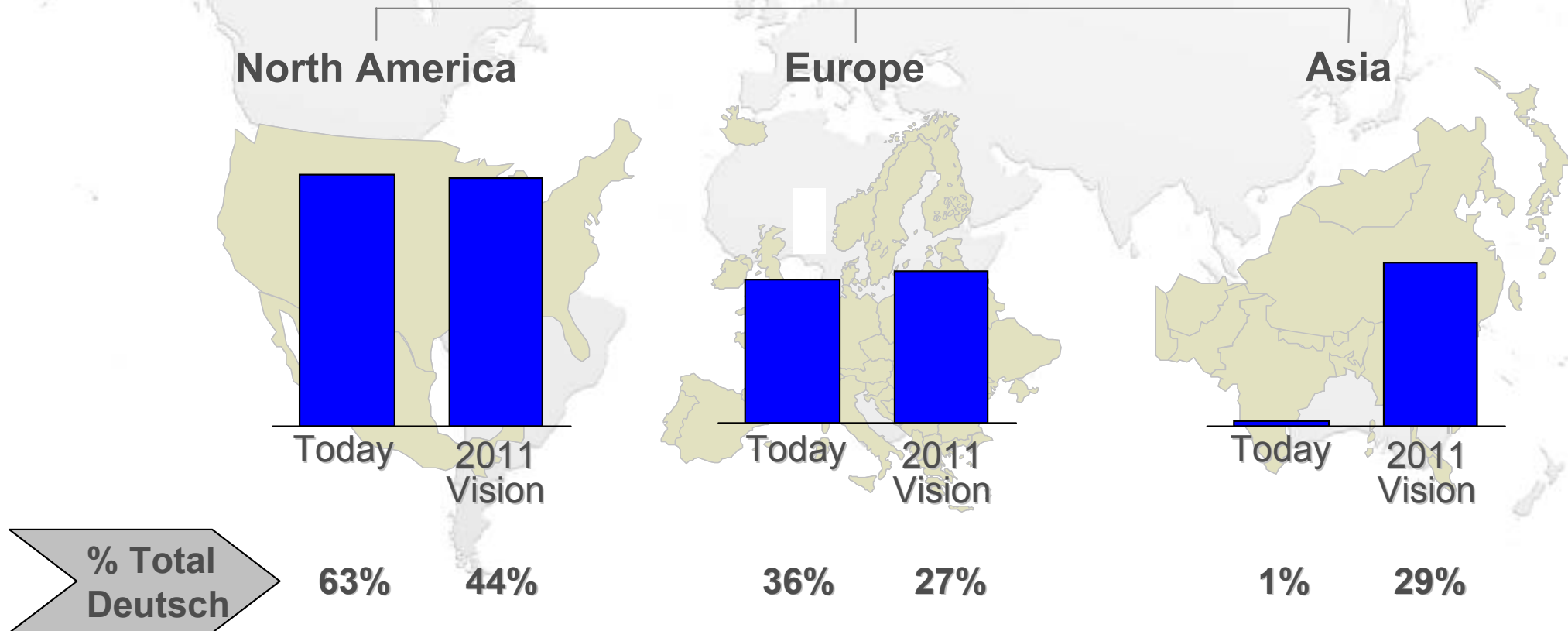
Programs	Objectives	Implementation Status
<b>Purchasing</b>	Gross cash savings of <b>\$19m</b> by 2009	<b>\$14m</b> expected in 2008 <b>\$10m</b> in P&L
<b>Commercial Synergies</b>	Market penetration improvement, development	Key accounts planning set up First results for cross selling (Boeing)
<b>Industrial footprint</b>	Develop a manufacturing footprint in Asia with a target of <b>29%</b> of headcount in China and India	Indian and Chinese team set up Target of 150 manufacturing staff in LCC in 2008 (new and transferred lines)



# Manufacturing Footprint Strategy

- Adapt to changing customers footprint
- Take advantage of labor cost differential

Headcount breakdown by region:







# Acquisition of 60% of LADD Industries

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- Acquisition agreement signed on December 14th
- LADD, acquired by WESCO in 2005, specializes in the distribution, marketing and sale of Deutsch IPD Products (exclusive US authorized distributor)
  - ➔ with a strategic control on its main distribution channel, Deutsch will be able to enhance cross selling and traditional / new markets penetration
- Structure of the proposed transaction:
  - Initial purchase of a controlling interest in LADD (60%) for \$60m cash and \$15m 2y-deferred payment (Vendor Note, bearing 6% PIK interest p.a.)
  - Deutsch will benefit from an option to acquire WESCO's remaining interest in 2-7 years for a price comprised between \$40m and \$50m
  - Total purchase price: \$115m-\$125m for 100% after call exercise (4,3x LTM EBITDA)

# Conclusion

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- Deutsch has exhibited strong resilience despite more than anticipated tough 2007 market conditions in US Heavy Vehicles market
- 2007 performance below expectations
- Decisions taken in 2007 will bear fruit in 2008
- Key strategic initiatives have been launched with significant investments made, which shall greatly enhance future performance



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