



PRIVATE COMPANIES DAY DEUTSCH ROUND TABLE

Tuesday, December 9, 2008



W E N D E L

Deutsch Acquisition: The Wendel difference

- ▶ The « Wendel » touch against 30 bidders amongst the « usual suspects » : private equity firms and industrials
 - Family to family (Carl Deutsch)
 - No synergy-related restructuring
 - Long term orientation
 - Management support

- ▶ Reasonable / cautious financing :
 - EV at 9x EBITDA (< market benchmark, i.e. Amphenol 12x)
 - Debt at 5,9x EBITDA vs 7x highly suggested
 - Debt 100% bullet
 - \$100m Acquisition line

5 years program ambition: Best and largest in class,

- ▶ Match and outperform the best in class:
 - Sales growth of + 15% /y (organic + small acquisitions)
 - EBITDA margin at 25%

- ▶ Grow up to critical mass to get access to public markets (between 2x and 3X):
 - Become undisputed leader in existing segments (DI/DAT)
 - Diversify on new segment/ organic growth in Off Shore
 - Diversify footprint to Asia and South America
 - Support strategy by targeted relative mid-size acquisitions

Working relationship: Fast action and trust

► Operationnal and strategic principles:

- Action plan driven reporting : « what gets measured gets done »
- Quest for over-delivering and over-performing
- No compromise on long term goals... but: « it all starts with short term performance »
- Time is critical, move always faster
- Incentive schemes and interest alignment

► Behavioural principles:

- open dialogue-transparency
- analytic and questioning: « so what », « what's next »
- demanding and positive tension
- trust and empowerment



SPARING PARTNERS

Working relationship: in practice

Board of directors

Independant Advisors	Independant Directors	Wendel Core Team	Wendel ressources
JY. Helmer D. Burt D. Ambrose	P. Levi E. Malone	JB. Lafonta B. Gautier D. Darmon P. Tanguy	JM Ropert (CFO) B. Drillaud (Controller) JY. Hemery (Tax) S. Besnier

JM. Painvin

- CFO : T. Louis
- HQ Team
- COOs :
 - J. Albers
 - G. Jachmich
 - D. Plantey

Quaterly board meetings

- Strategic committee
- Compensation committe
- Audit committee

Monthly reporting meetings

- Business review
- Selected strategic / operational in depth review



Frequent informal calls

First partnership phase (2006-2008)

- ▶ From 3 independant local multimarket companies to 3 integrated, worldwide and market focus divisions
- ▶ Design & implementation of multiyear major change programs :
 - Purchasing
 - Lean Manufacturing
 - Integrated / Updated finance team, tools and procedures
 - Marketing and sales uplift
- ▶ Key business perimeters adjustments :
 - Add : Ladd
 - Add : Servo
 - Less : Relays
- ▶ Growth and profitability quantum leap

Second partnership phase: going through crisis as a stronger leader

- ▶ Accelerate change programs
 - Industrial footprint → Asia
 - Make vs buy strategy to improve flexibility
 - Purchasing (cont'd)
 - Lean Manufacturing (cont'd)
- Focus on cash management
- ▶ Support long term perspective
 - R&D / innovation
 - Sales organisation enhancement
 - Long term key customer relationship
 - Acquisition / Industry consolidation



DEUTSCH

December 9, 2008

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



Operations

Deutsch Industrial
Jeff Albers



Deutsch Aerospace & Transportation
Jean-Marie Painvin



Deutsch Off-shore
Denis Plantey



Sales Marketing & Distribution
Wolfgang Stingel



Operations US
James Sanchez



Finance
AJ Wake



Sales
Romain Boesch



USA
Richard Niemi



Europe
Gilles Jachmich



Finance
Ghislain Alos



Support

Finance
Thierry Louis



HR & Quality
Frédéric Kleindienst



Audit & IT
Tom Sadusky



Strategy
Sébastien Givelet



Sourcing
Alex Monty



Business Overview – Corporate profile

A World leader in high-performance connectors



A diversified offer

- c. \$660M revenues in 2008 ; 3,500 employees
- Group revenues split equally between the Industrial market (DI) and the Aerospace market (DAT)
- Diversification : promising start of the 3rd division, focused on off shore products (DO)
- Group manufactures connectors, contacts and accessories : 80% of connectors are made on demand



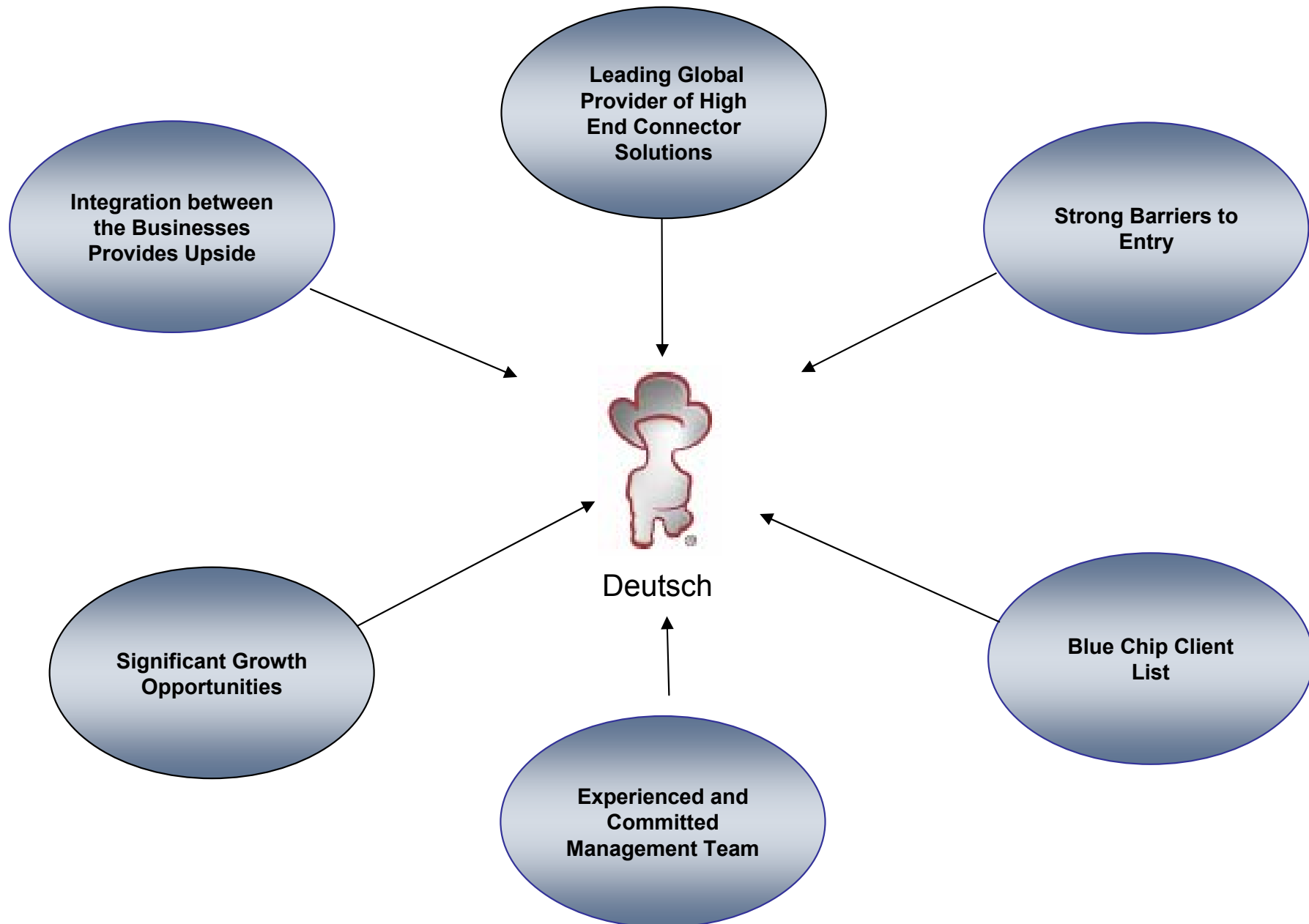
Key strengths

- 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, visibility on sales
- Leader in innovation & technology
- Entrepreneurial management

Growth & profit drivers

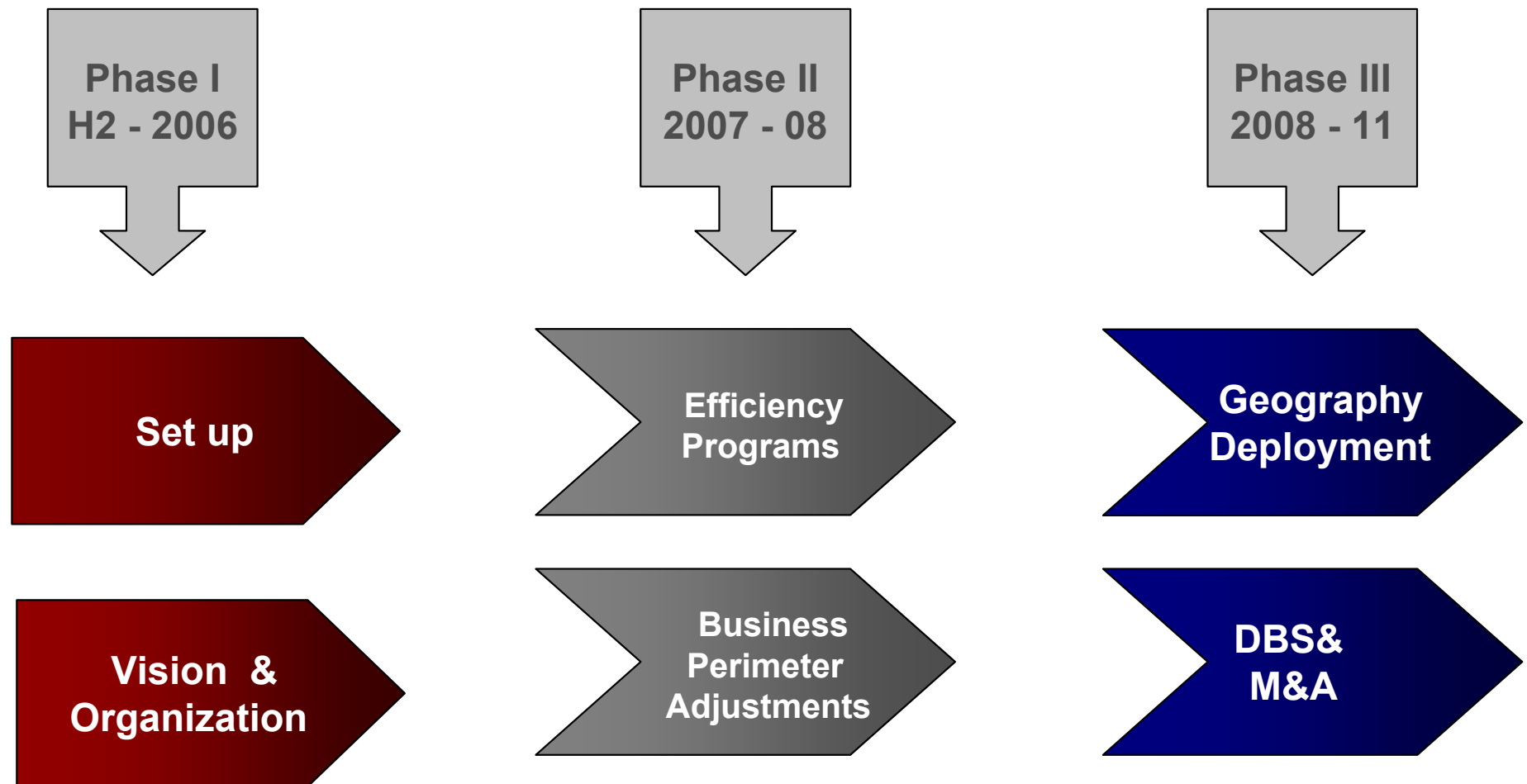
- Favorable end-market exposure : long term growing Mil Aerospace and off shore markets
- Improved penetration of Heavy Vehicles market in Europe and Asia
- Commercial synergies: cross-selling from new operating organization since 2007
- Optimization of procurement and lean manufacturing
- Progressive increase of Low Cost Countries workforce presence

Investment Highlights



- Transition from a family company to an integrated industrial group
- "One Firm" Strategy
 - ▶ One "High Performance" culture - protection of group's integrity and leadership
 - ▶ One organization supported by strong values
 - ▶ Cohesive leadership team sharing the same vision with clear priorities
- Remain best-in-class in terms of profitability and maintain operational excellence
- Pursue ambitious organic growth strategy
 - ▶ Strengthen clients' long-term relationships in core businesses
 - ▶ Implement value-creating commercial synergies
 - ▶ Access new profitable geographies
 - ▶ Invest in most promising adjacencies
- Be an active player in the industry consolidation

Integration & Development Plan

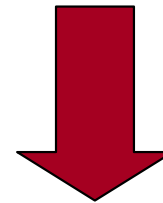


- The group did not exist as a consolidated entity: acquisition of 5 separate companies
 - ▶ Different IT and financial systems
 - ▶ Different reporting processes
 - ▶ Different legal scheme and different accounting rules
 - ▶ No audited accounts in the US nor group consolidated accounts
- 12 plants over the world, with distribution, marketing and sales channels in 25 countries
- Immediate actions :
 - ▶ Set up headquarters
 - ▶ Hire new corporate finance team
 - ▶ Tackle with urgent obligations (closing, audit, etc)
 - ▶ Select advisors
 - ▶ Perform diagnosis and prioritize list of initiatives
 - ▶ Empower management teams

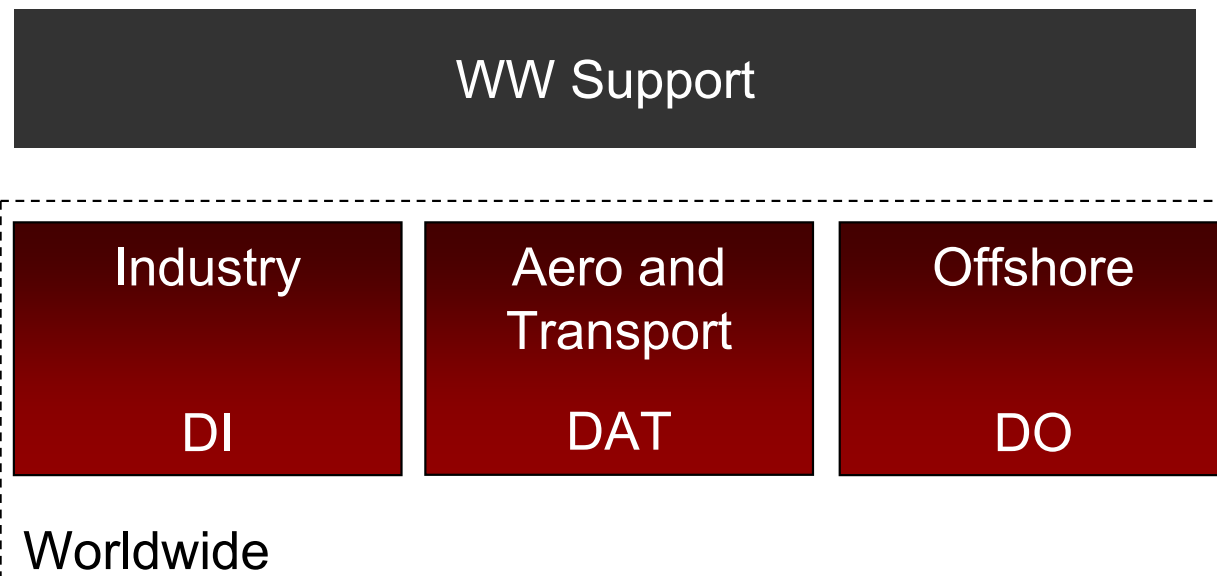
New Organization

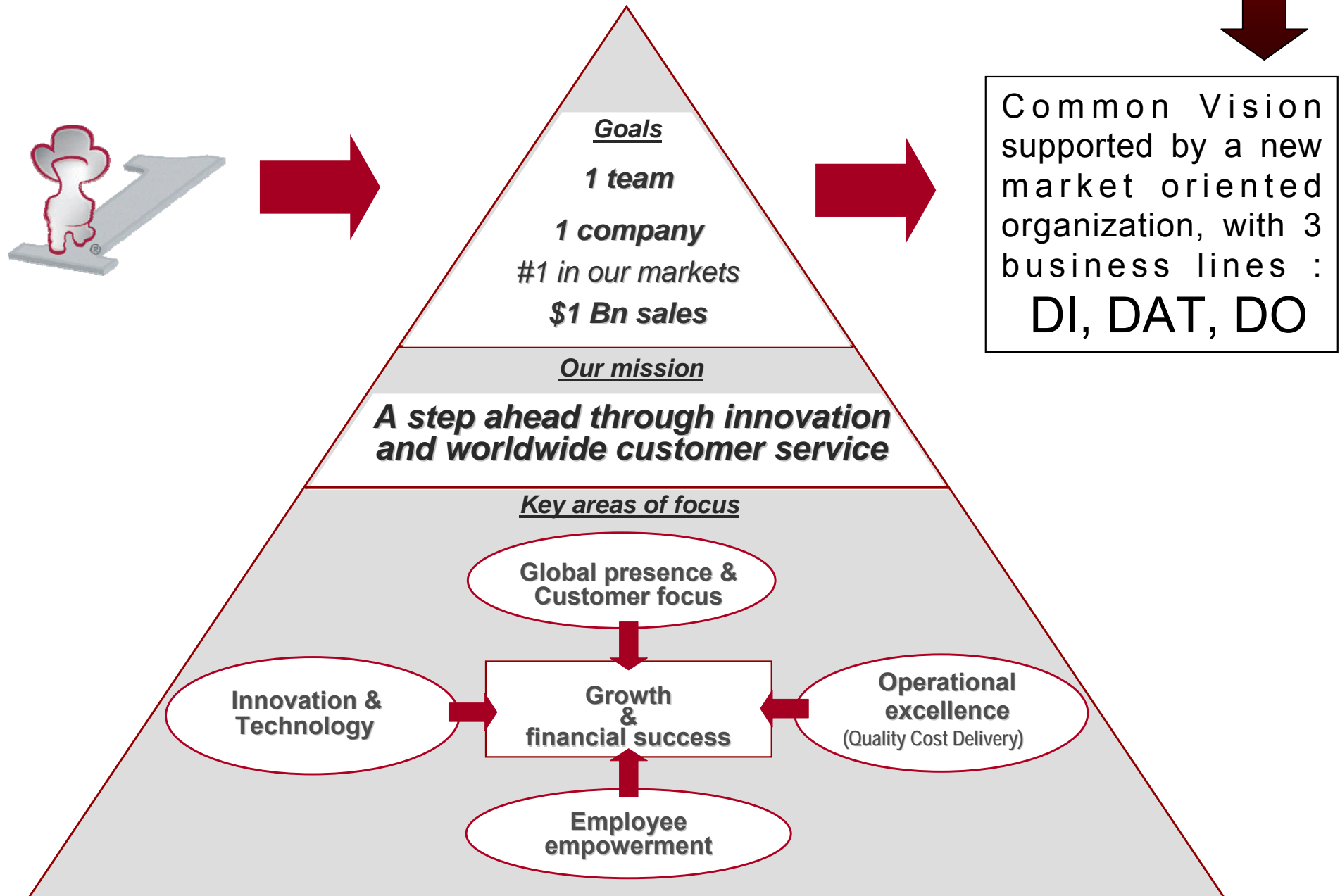
Phase I
Set up
Vision – org.

Organization by
market & geography




Worldwide organization
by market





Key Efficiency Programs Launched in 2007

Phase II
Efficiency –
Perimeter adj.



Programs	Objectives	Implementation status
Commercial Synergies	-Market penetration improvement, development - NBO Management	Key accounts planning First results for cross selling (Boeing)
Lean Manufacturing	Gross savings of \$10m/y	On track for 2008
Purchasing	Gross cash savings program launched in 2007	\$8.5m already in 2008 P&L
Reporting	Global automated reporting by early 2008	New common financial system and consolidation software

Sales

- Develop Worldwide Marketing plans by Product lines
- Develop KAM for main OEMs and a geographical Sales organization to be closer to the customers (Defense) and leverage resources (Europe)
- Strengthen Sales process and uplift through geographical NBO Management, worldwide coordination and CRM implementation

Distribution

- Develop Distribution Management in the US
- Develop internal Value add Distributing organization in Europe
- Develop synergies for stock management in Europe
- Develop Transfer pricing policy

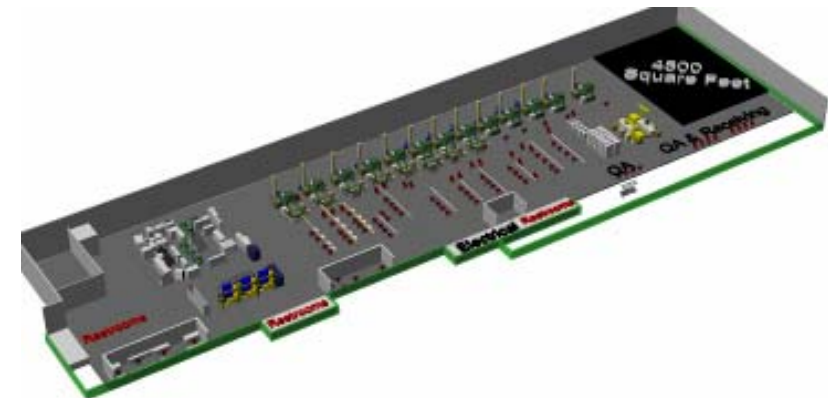
Sales

- Standardize prices around the world
- Leverage Product development at WW level
- Enlarge the product range offer
- Have one worldwide Sales & Distribution group to better address customers' requests (incl. market's shifts to Asia)
- Strengthen Key & Target account management strategy with our OEMs
- Have a global approach & policies to deal with regional specificities
- Manage the harness houses manufacturers to reduce margins' transfers

Distribution

- Better control distribution's channels
- Implement a worldwide inventory management
- Consolidate Ladd into DI Business
- Start development with Chinese customers
- Review all regions' coverage and evaluate own / outside distribution opportunities

- Deutsch Business System (DBS) regroups all the tools used by Deutsch for:
 - ▶ The efficiency improvement of each facility (flows and lines optimization) through systematic usage of best practices (Value Stream Mapping, 5S,...) to reduce internal costs by 5% each year
 - ▶ The optimization of the global industrial footprint (distribution of the product lines between US – Europe – Asia – Mexico) to take advantage of the Customers' location and low labor rates



- In 2008 Deutsch implemented a Global Sourcing team to:
 - ▶ Create of a common database across the 3 Divisions of the Group
 - ▶ Specialize the Sourcing team by commodity
 - ▶ Aggregate and leverage all prices with volumes on a worldwide basis
 - ▶ Develop outsourcing of non core technology (Make or Buy)
 - ▶ Increase LCC Sourcing (incl. Capex)
- In 2008 Global Sourcing team regroups 16 people incl. 3 in China and 3 in India.
- LCC spend target is to grow from \$2.9M in 2008 to more than \$50M in 2011.

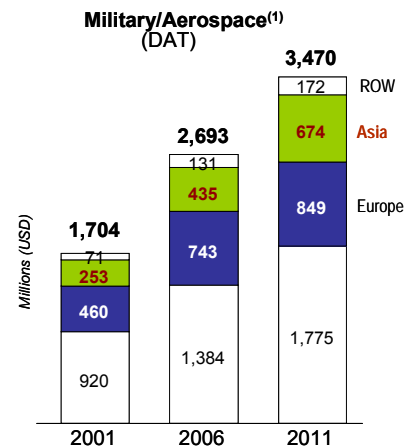
Products & Services	US volumes	Europe volumes	Total Budget	Renegotiation	Rapid sourcing	Strategic Sourcing	LCC Sourcing	Consolidation	Standardization	Make vs buy	Supply Chain	USA	EUROPE	Savings %		Savings (M\$)	
	M\$	M\$	M\$	Optimization Levers										Min	Max	Min	Max
Molds & Tools	9.9	7.1	17.0	●	●	●	○	○				●	●	12%	18%	2.0	3.1
Rubber Parts/Deflashing	9.6	0.5	10.1	●	●	●				○		●	●	10%	15%	1.0	1.5
Cabling		0.8	0.8	●	●	○					●	●	●	20%	25%	0.2	0.2
Machining (incl. Turned Contacts)	14.8	11.2	26.0	●	●	●	○			○		●	●	10%	15%	2.6	3.9
Stamping	15.0	5.3	20.2	●	●	●	○			○		●	●	8%	12%	1.6	2.4
Metal Raw Material	4.0	4.3	8.3	●			●	○		○		●	●	2%	5%	0.2	0.4
Plastic/Rubber Raw Material	20.2	2.8	23.0					○		○		●	●	1%	3%	0.2	0.7
Plastic Parts	2.3	1.0	3.4	●	●	○	○			○		●	●	15%	20%	0.5	0.7
Die Casting		3.7	3.7	●	●	●						●	●	15%	20%	0.6	0.7
Surface Treatment	11.0	1.2	12.2	●	●					○		●	●	8%	12%	1.0	1.5
Outsourced Assembly	TBD	5.3	5.3	●	●	○				○		○	○	10%	15%	0.5	0.8
Non critical Production Components	8.0		8.0	●	●							●	●	8%	10%	0.6	0.8
Offices Supplies	0.3		0.3	●	●	○						●	●	18%	25%	0.1	0.1
Freight	2.5	2.4	4.9	●	●	●		●				●	●	10%	15%	0.5	0.7
Packaging	1.9	0.9	2.8	●	●	●				●		●	○	6%	12%	0.2	0.3
Temporary Labor (mark up only)	1.1	1.0	2.1	●	●			●				●	●	15%	20%	0.3	0.4
Telecom	0.5		0.5	●	●	●		○				●	●	12%	20%	0.1	0.1
Small Parcel Shipping	1.2	0.1	1.2	●	●	●		○				●	○	20%	25%	0.2	0.3
TOTAL	102	48	150											12.4	18.7		



Uplift Management

Sourcing savings

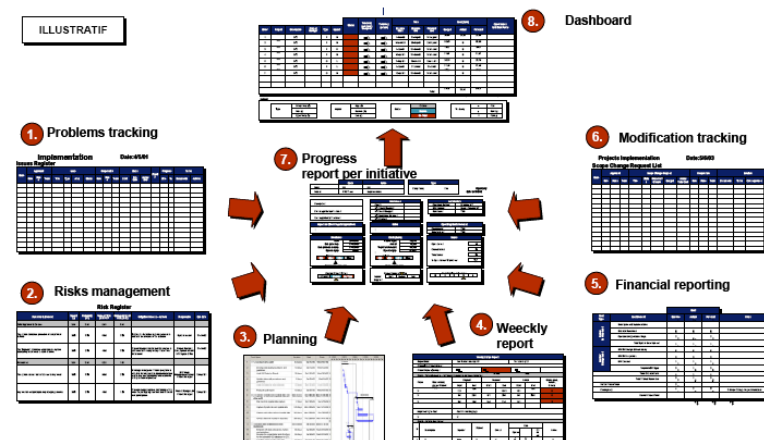
Products & Services	US volumes			Total Budget	Optimization Levers										Savings			
	MS	MS	MS		Renegotiation	Related sourcing	Strategic Sourcing	LCO Sourcing	Consolidation	Standardization	Supplier Change	Supplier Change	Supplier Change	Supplier Change	Min	Max	Min	Max
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Die Casting		3.7	3.7												15%	20%	0.6	0.7
Surface Treatment	11.0	1.2	12.2												8%	12%	1.0	1.6
Outsourced Assembly	7.80	5.3	5.3												10%	15%	0.5	0.8
Non critical Production Components	8.0		8.0												8%	10%	0.6	0.8
Offices Supplies	0.3		0.3												18%	25%	0.1	0.1
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TOTAL	102	48	150												12.4	18.7		



Internal cost reduction

GOALS	DCM	Auto	DCI	RELAYS	TOTAL
Productivity	550	148	155	52	905
Industrialization	390	10	135		535
Yield / non quality	400	30	10	93	533
Inventory turnover					0
Customer payment	60	15			60
Total by unit	1 400	203	300	145	2 048
	68%	10%	15%	7%	Euros

a PMO to realize



➤ **Weekly tracking**

➤ **Monthly reporting**

Business Perimeter Adjustments

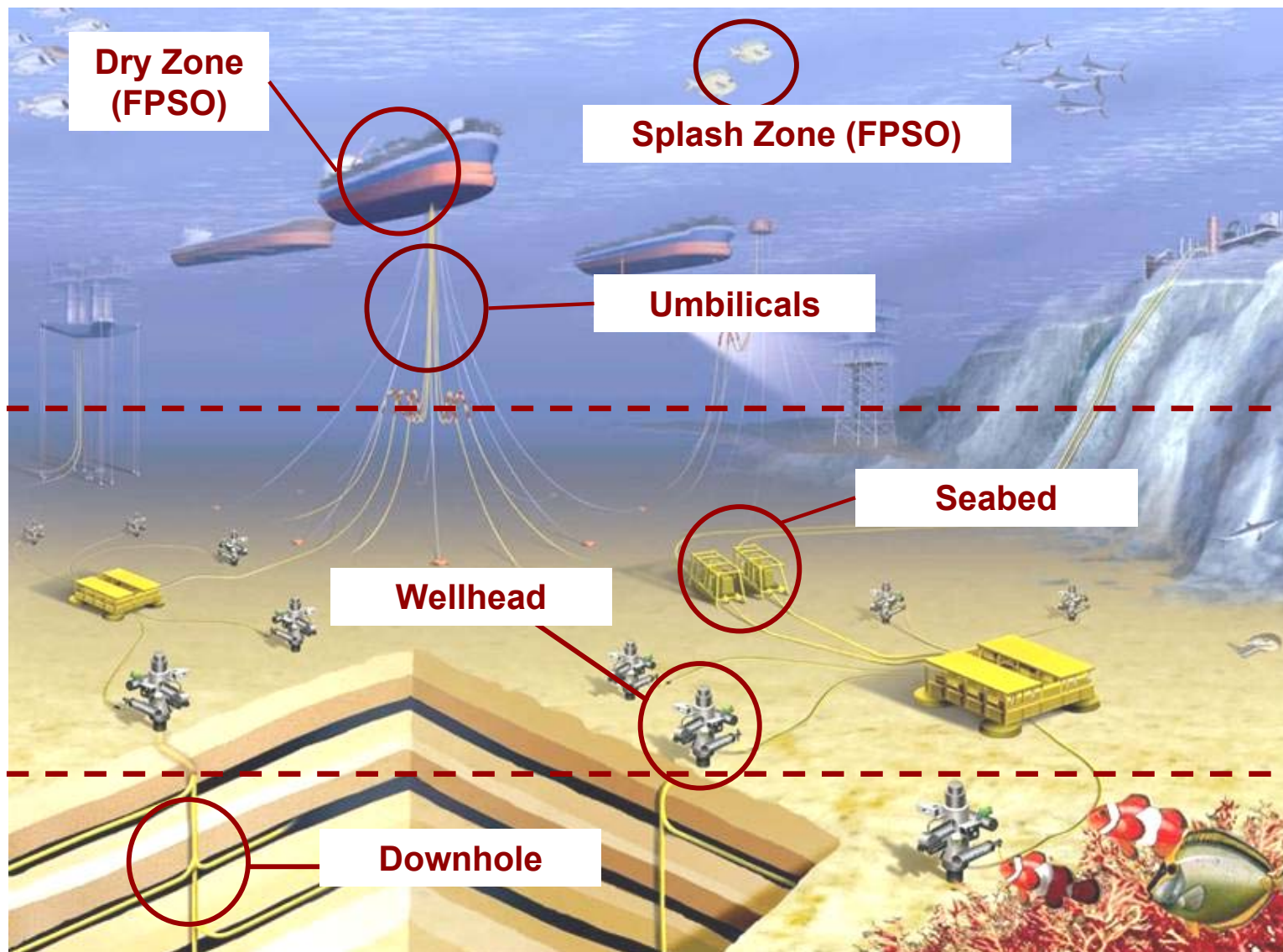
Phase II
Efficiency –
Perimeter adj.



	Business Line	Objective	Implementation Status
Exit or Fix	Relays	Disposal	Sale realized early 2008
	DAI (Telecom)	Reach Breakeven	Turn-around plan implemented to reduce overheads & sales force
Develop	Distribution: LADD, Servo	New integrated distribution strategy	Acquisition completed in January 2008
	Contacts	Increase the range of products and clients base	2007 : test year very conclusive 2008 : focus on prices & margin improvement
	Off shore	Build strong position	3rd division set up. Promising start

Focus on DO

Phase II
Efficiency –
Perimeter adj.



2008	2012
60 M\$	80 M\$
150 M\$	300 M\$
10 M\$	20 M\$

Markets size

(1) Offshore downhole technology could also be used onshore.



- Key strategic initiatives have been launched with targeted investments made, and will keep enhancing future performance

- Third phase should concentrate on :
 - ▶ Deutsch Business System (DBS)
 - ▶ Industrial Footprint redeployment to Asia
 - ▶ M&A

-



Key financial datas

m\$	June 2008	June 2007	Δ
Net sales	362	298	+21%
Adjusted operating income ⁽¹⁾ <i>% of net sales</i>	74.9 20.7%	44.6 15.0 %	+68%
Net income from business sector	27	1.7	
Net financial debt	764	693	

- Strong organic growth, particularly in the aerospace division
- Margin increase of 570bp, due to :
 - ▶ relative external growth (rapid integration of the two distributors acquired early 2008, Ladd and Servo)
 - ▶ Increase in selling prices and productivity gains offset increases in raw material costs
 - ▶ Impact of the cost reduction programs
- Increased in net financial debt largely induced by acquisitions

(1) Before allocation of goodwill, management fees and non recurring items

Deutsch Management team is focusing on Markets' evolution. Expectations are the followings:

- **Mil Aerospace:** strong backlog. Production will be maintained at same level except for specific programs (787, A380...).
- **Industrial:** slowdown in Q4 2008 partially due to inventory adjustments of the customers and end market significant downturn
- **Offshore:** strong backlog. Some future projects may be postponed if oil prices stay at low level for a long period.

- 2008 will be a solid year in terms of performance, with growth of the 3 Divisions and a significant improvement of MEBITDA margin.

- 2009 budget major guidelines :
 - ▶ Slowdown of end markets especially on the Industrial segment
 - ▶ More flexibility required to face market increased volatility
 - ▶ Strengthening of efficiency programs : purchasing, lean, pricing
 - ▶ Acceleration of low cost countries footprint implementation
 - ▶ Preparation of contingency plans if environment gets worse
(Ready for presentation to next board meeting on thursday)