



DEUTSCH

Jean-Marie Painvin
Chairman



I - Presentation of the Group

Sales by markets



#1 in Transportation and
Aerospace & Defense connectors



\$237M

\$53M



\$207M

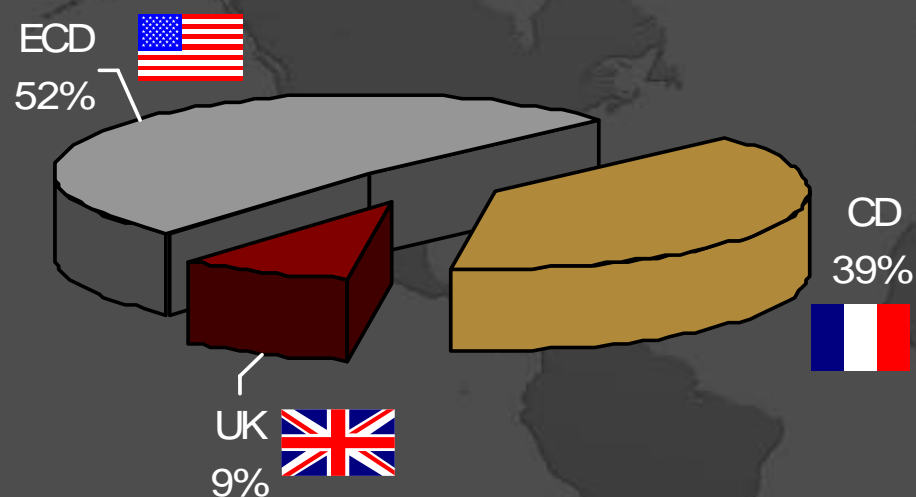


Sales 2005: \$497M

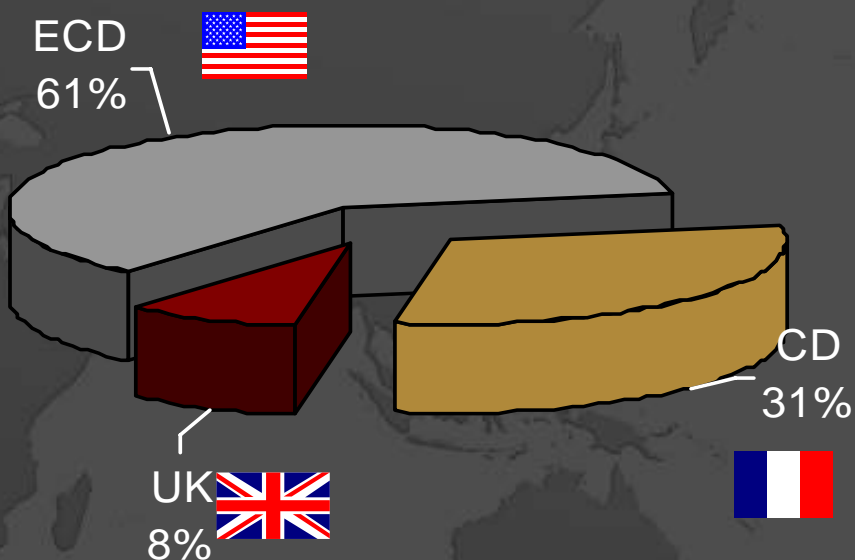
Sales and headcount by areas



● 2005 Consolidated sales:
\$497M



● Headcount 2005
3,482 employees



2,318p American presence



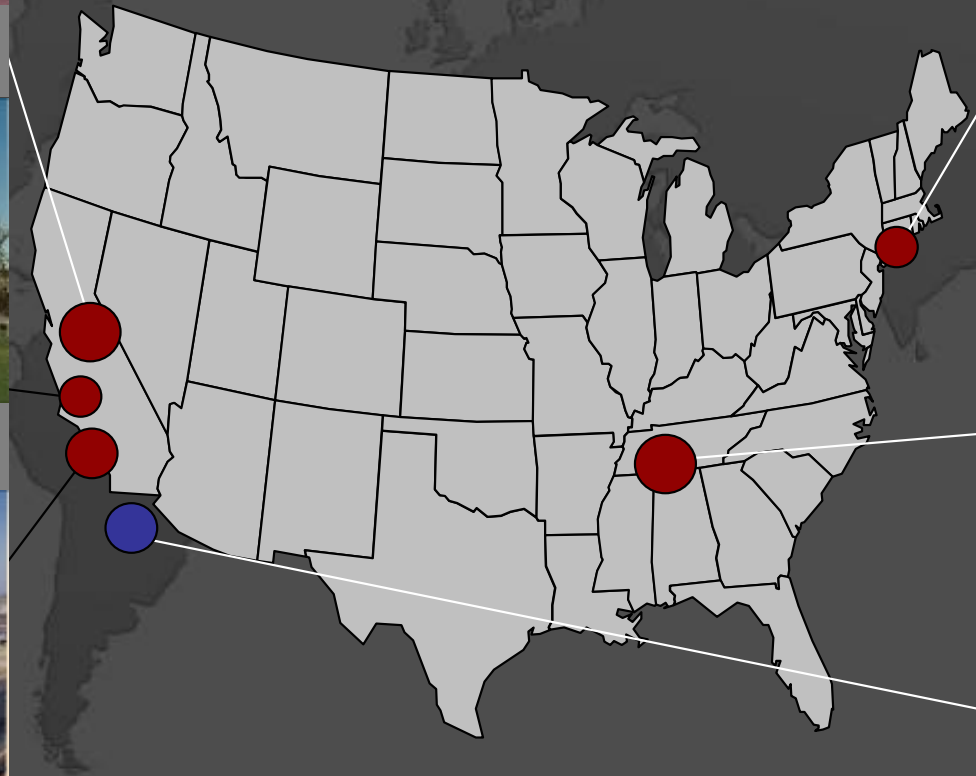
Deutsch Banning CA: 629p
IPD products



Deutsch Hemet CA: 437p
IPD products & Tech center



Deutsch Oceanside CA 439p
DAO EIS products



Deutsch Relays Inc LI: 132p
Mil Aerospace & Transport Relays



Deutsch Tullahoma TN 448p
IPD products



Tecate Mexico 233p
(Non Deutsch employees) DAO products

1,308p European presence



Deutsch Ltd Hastings: 286p
Mil Aerospace & Hermetics Connectors



Deutsch Evreux: 590p
Mil Aerospace & Hermetics Connectors



Deutsch Le Mans: 144p
Industrial Connectors & Offshore



Deutsch Rueil: 55p
Distribution in France



Deutsch GMBH Munich: 57p
Distribution in Germany



Deutsch Orléans: 165p
Automotive Connectors & Relays



Deutsch Italia Milano: 11p
Distribution in Italy



89p Asian presence



Deutsch Japan: 20p
Distribution in Japan



Deutsch Israël: 14p
Mil Aerospace & Hermetics Connectors



Deutsch India: 55p
Deutsch Connectors & Relays



Management team



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



Operations

**IPD
USA**
Jeff Albers



**Automotive
Europe**
Wolfgang Stingel



**MIL AERO
USA**
Richard Niemi



**MIL AERO
Europe**
Gilles Jachmich



Sales

MIL AERO
Romain Boesch



Support

Finance
Chris Farman



Strategy
Sébastien Givelet



Audit
Tom Sadusky



HR & Quality
Frédéric Kleindienst



Products classification



Accessories

\$36M



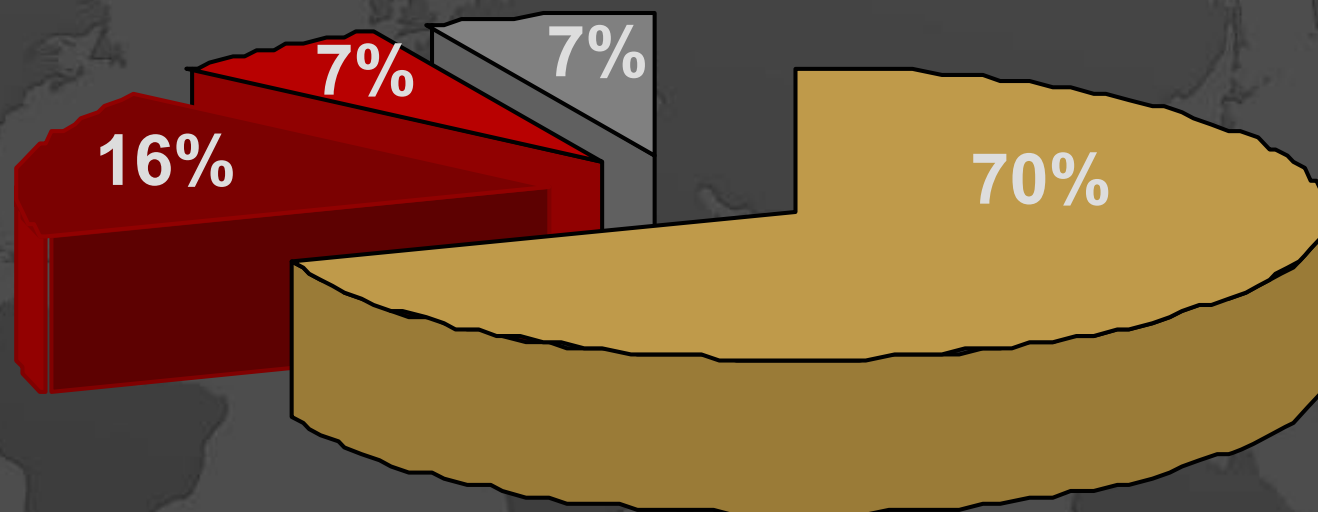
Relays

\$35M



Contacts

\$80M



Connectors

\$346M

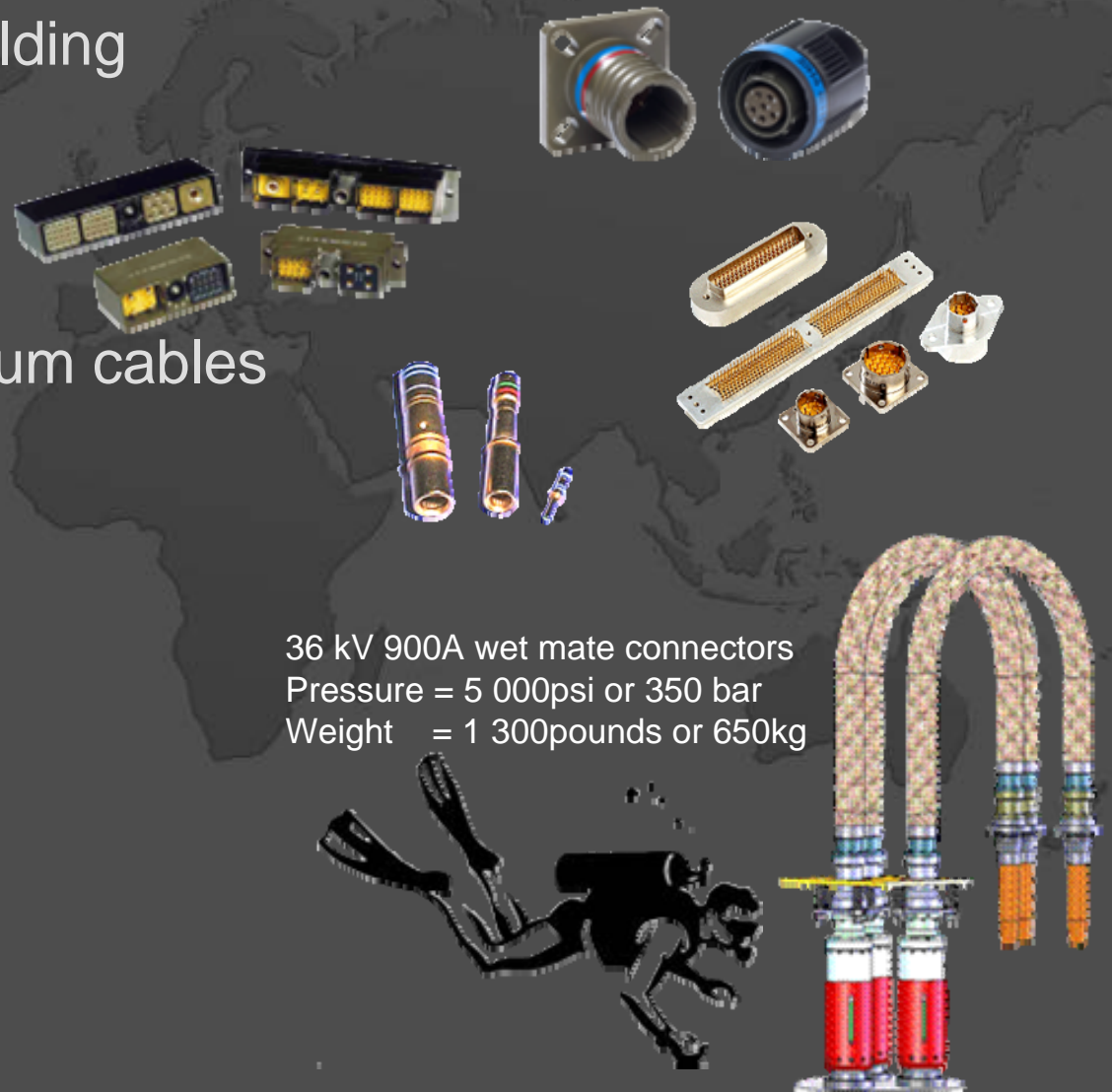


Driven by innovations



Latest innovations:

- Metal coated composite molding
- Modular connectors
- Aluminum / glass sealing
- Contact crimping on aluminum cables
- Flexible HF cables
- Filtered connections
- EMI / EMP protection
- High power
- High pressure
- High temperature



Market overview

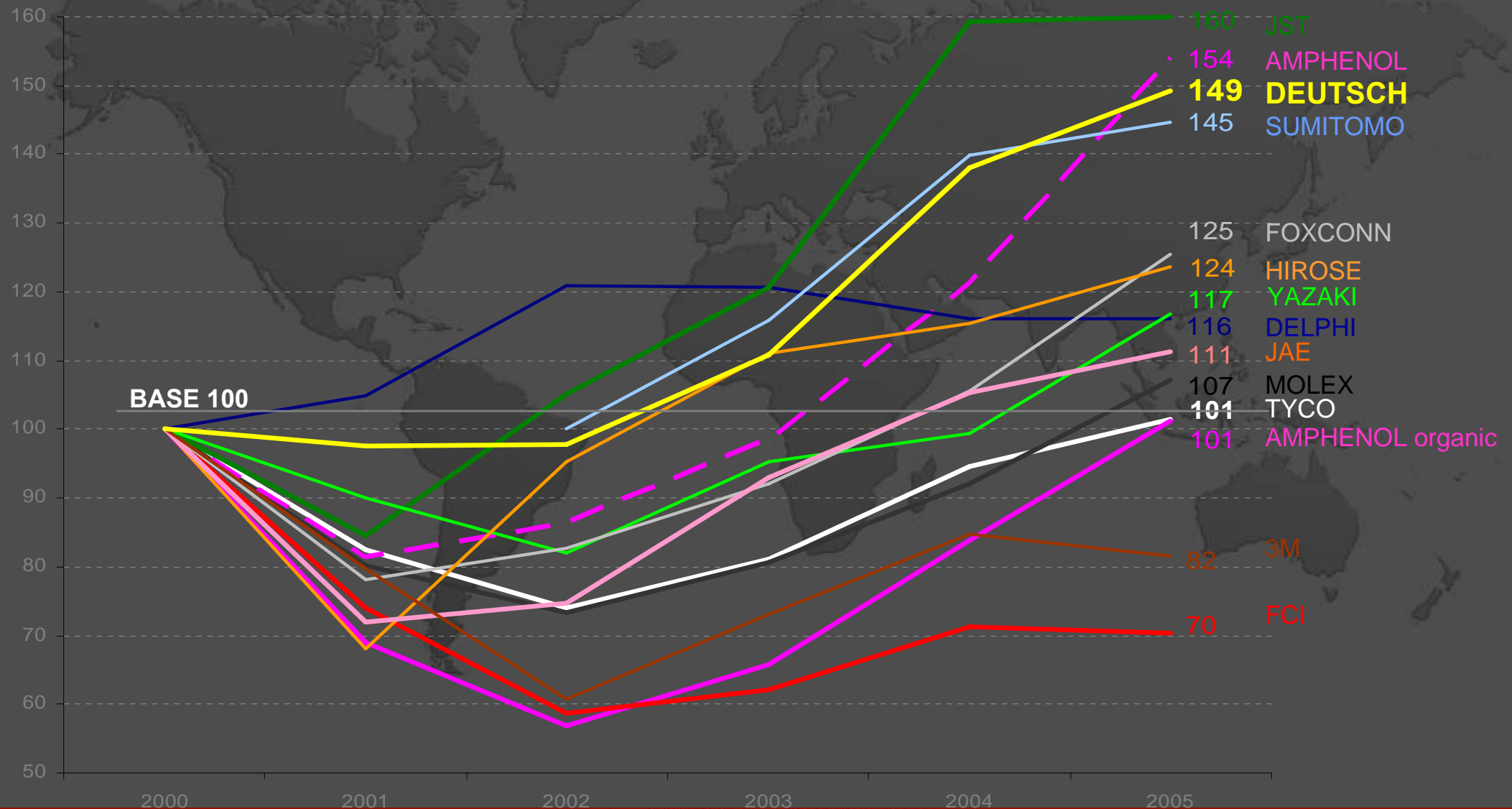


- Worldwide connector market: \$35bn
- Deutsch addresses \$4bn of this global market
 - Worldwide Mil Aero connectors sub market (\$2.5bn) is growing by **7%** p.a.
 - Worldwide Heavy Vehicles & Transportation connectors sub markets (\$1.5bn) is growing by **5%** p.a.
- Deutsch positioning on high growth sub markets
 - One of the world leader in high performance connectors
 - On fastest growing sub segments (Group sales grew over **13%** p.a. over last 5 years)



Deutsch versus Competitors trends

● 2000 / 2005 Competitor evolutions (2000= Base 100)





II – Achievements 2006

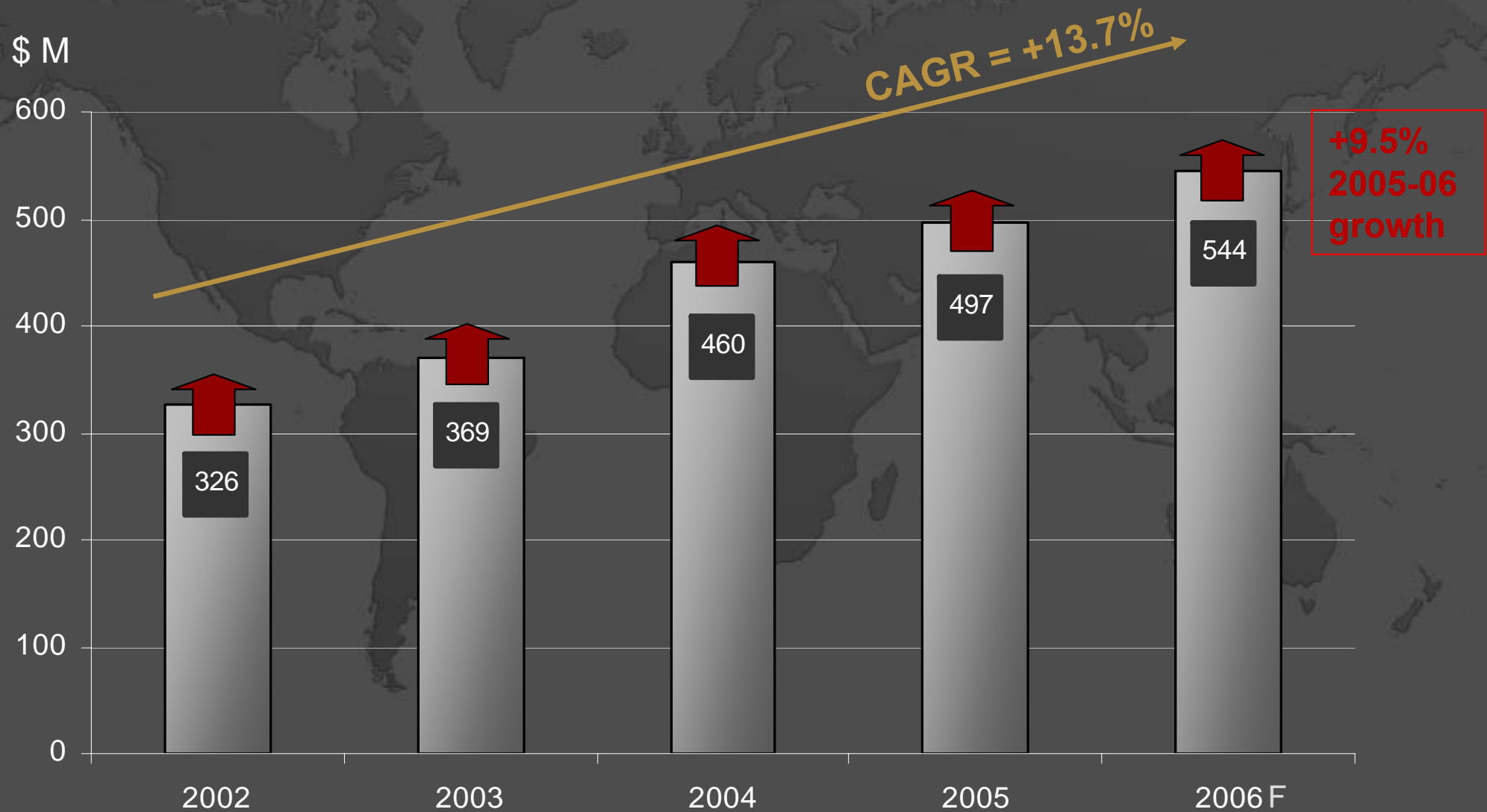
Deutsch Mid year Financial performance



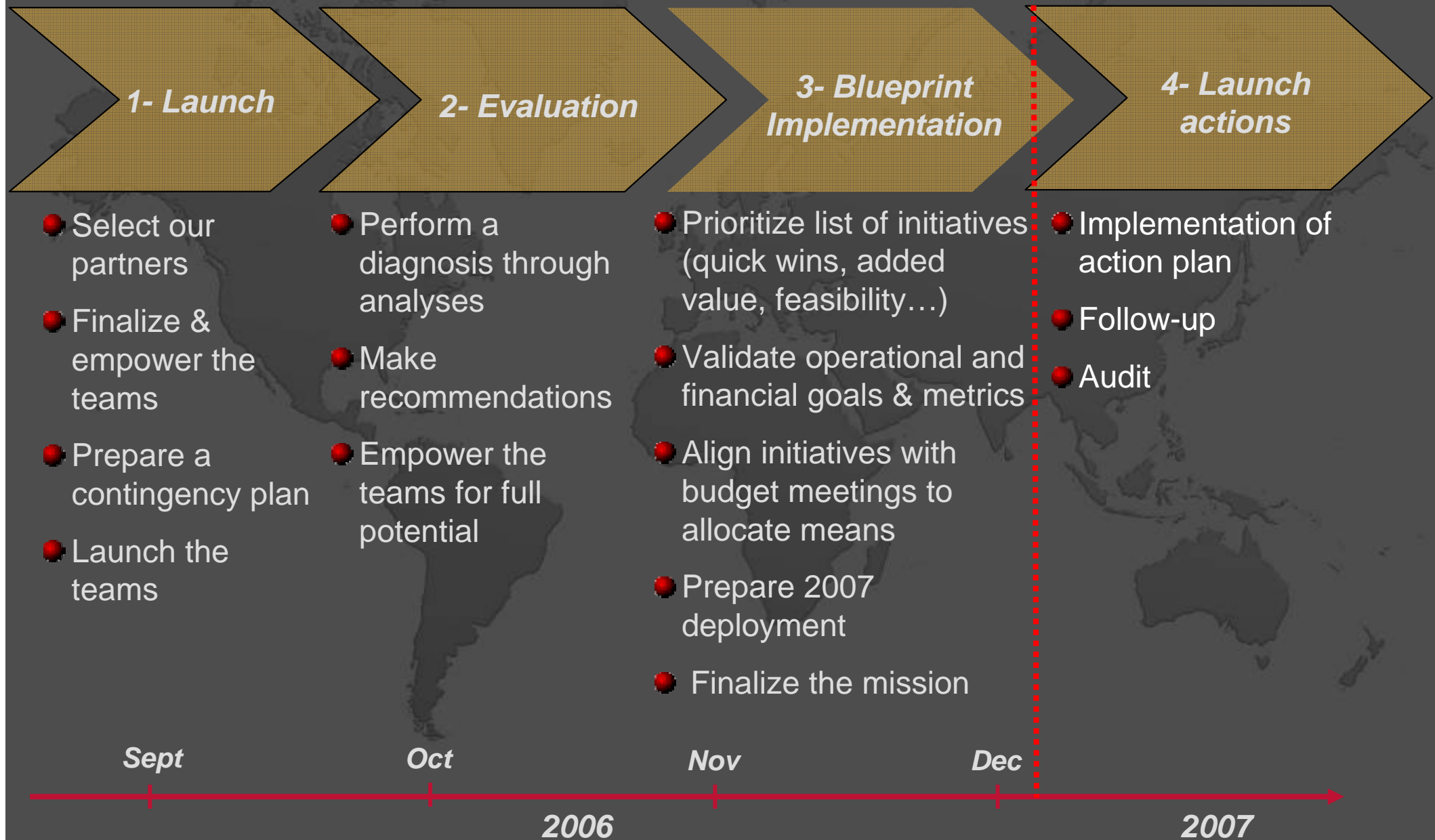
(millions of USD)	June 2006	June 2005	Δ
Net sales	271	257	+5%
Adjusted operating income*	44.8	41.9	+7%
% of net sales	16.5%	16.3%	
Net financial debt	660		

* Operating income adjusted to account for allocation of goodwill and non-recurring items

Our forecast for 2006



Action plan since acquisition





III – Improvements in productivity:



Example of “**Progress**” plan
developed at Cie Deutsch since 2004

Progress deployment in France: 2004 – 2008



- Implement a robust process named « Progress »
- Target: reduce costs by 25% in 5 years

Policy deployment

2004 ... 2008



What			How			Planning												In charge		
Actions	Indicators	Saving	Action plan			1	2	3	4	5	6	7	8	9	10	11	12			
			Control indicators																	
			Processes	Saving																
Manufacturing optimisation with new equipment acquisition	New equipment saving	115 k€	G 200 turning machine for DTEF-D	Number of pieces	85 k€	Indus													P. Moutier	
			Rod to contact assembling machine alu	OEE machine	15 k€	Indus													M. Vallois	
			Process optimisation for contacts	Yield	13 k€															C. Lamy
			C65 turning machine for DTS-K series	OEE machine	2 k€	Industrialisation														P. Moutier

...“easy” to steer

Completion of the deployment plan through the follow up of the indicators

A global deployment



1- Define the goals in each division

3- Identify the contributors to do the actions

2- Plan the actions to reach the goals

1		Déploiement de politique		Fréquence mise à jour : semestrielle		Date de mise à jour : 21/02/2005	
		DCM		Préparé par : G.JACHMICH		Page N° 1	
				Approuvé par : JM. PAINVIN		Diffusion : Confidentiel	

	Indicateurs 2005	Objectif 2005	
1. Innovation	CA généré par nx produits	8%	
2. Cost 5%	Achats de production	- 745 k Euros	Objectif = 2226 k€ hors amortissements Somme = 2228 k€ 419 pour AMS, 95 pour DBM, 0 pour DVH 140 pour AMS, 13 pour DBM, 68 pour DVH Loyer de l'argent : 3%
	Frais généraux	- 520 k Euros	
	Productivité	- 554 k Euros	
	Industrialisation	- 221 k Euros	
	Non-qualité	- 168 k Euros	
3. Deliveries	Retards de paiement clients	- 20 k Euros	
	Livraison Airbus	97%	
	Livraison tous clients	90%	
	Livraisons fournisseurs	85%	
4. RH	Réponse clients sous 48 h	85%	
	% personnes évaluées	100%	
	Note communication entreprise	4 / 5	

Orientations

- Atteindre les objectifs en conservant la qualité
- Absorber les montées en cadence de l'Aéro-civil (notamment Airbus)
- Privilégier les outils Progress (Hoshin, TPM, 5S, ...)
- Privilégier les actions courtes
- Accroître le nombre de personnes impliquées dans les actions du plan de déploiement

Quoi		Comment		Management transversal															
Axes stratégiques / Objectifs		Plan d'actions		Contributeurs															
Axes stratégiques	Objectifs			Indicateurs de contrôle	Mécanique	Moulage	DBM Câble	AMS (assemb.	AMS Cts	Ass Spéc.	Ingénierie AMS	DBM Ass	DVH ass	DVH ts	T de Surf	RH	Qualité	BSE (serv. Gén.	Mkt AMS
1. Innovation	CA sur nx produits	1.1 Réduire le time to market des nx produits		Respect des objectifs time to market - respect des jalons	●					○	○	○							
		1.2 Lancer 3 NBO de produits innovants par an		Nbre de DE produit innovant par an : - act = 0 obj = 3	●							○	○						○
2. Costs	Achats de production 745 K€	2.1 Définir par acheteur un nbre d'actions spécifiques pour réduction des coûts		Gains générés par les actions - act = 0 obj = 619	●														
		2.2.Mettre le panel fournisseur Progress sous contrôle		Gain lié au panel fournisseur - act = 0 obj = 126	●														

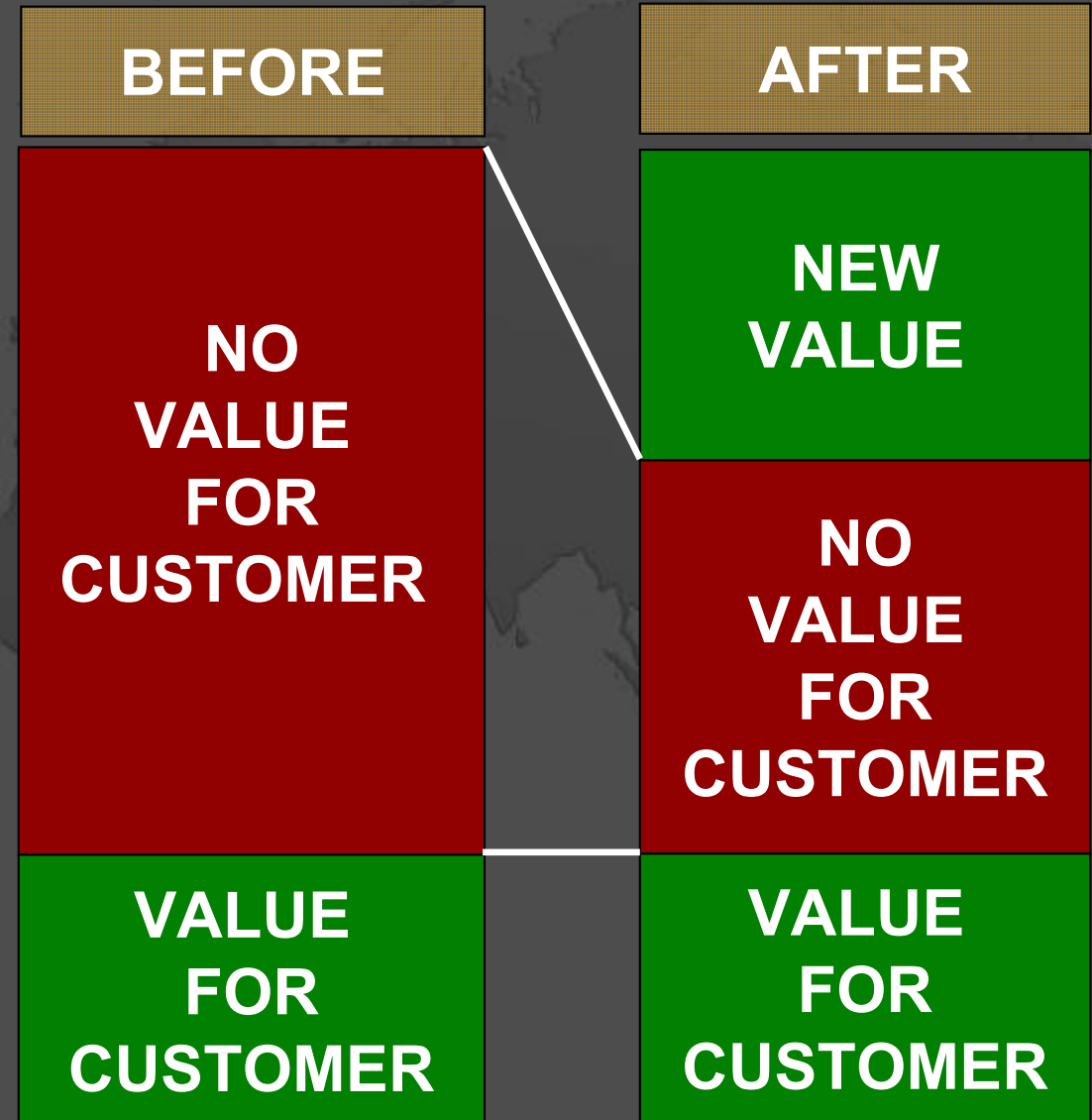
Empowerment and delegation: a management tool



- 2nd day Progress report
- Monthly review
- 2 CEO reviews per year



Tool example: Hoshin: Red / Green





IV – Next years development strategy: Full potential deployment

Main



- Purchasing
- Industrial excellence
- Marketing
- Human resources & Corporate image
- Finance
- Information technology



External growth



- Review of potential acquisitions based on professional approach:
 - A selected list of opportunities
 - Companies selling on the following domains:
 - Connectors
 - Accessories
 - Contacts
 - Tooling
 - Companies selling on the following markets:
 - Military, Civilian Aerospace or Space
 - Heavy vehicles
 - Offshore Oil and Gas activities



DEUTSCH
