



Fimalac

Letter to Shareholders

Message from the Chairman

Dear Shareholders

I am delighted to be able to give you the preliminary results for 2000 which reflected further very strong growth across all markets and in all businesses.

◆ 2000 HIGHLIGHTS

As you know, over the past 2 years we have followed a selective investment strategy that has enabled us, step by step, to transform the Company into a **business support services specialist**.

With this logic firmly in mind, we have focused our growth and development into two main businesses, FACOM in tools and FITCH in rating. These companies now represent 65% of Group sales and 70% of operating income.

Our strategy has come into play with the continued development of our ratings business with **FITCH**, which, backed by the **DUFF AND PHELPS** and **BANKWATCH** acquisitions has become a prominent world player in this rapidly expanding sector.

All FACOM's activities turned in excellent performances in 2000, both in hand tools and garage equipment. **FACOM** is ahead of schedule with its business plan, implemented after our successful takeover of the company in 1999.

Following the same logic of transformation, and as I stated previously, we have continued to withdraw from non-strategic activities with the sale of **CLESTRA** (temporary partitions), as well as **ANFA** (office supplies), which in view of its primarily French-focused business and relatively small scale presence worldwide was unable to develop sufficiently quickly at FIMALAC. This latter divestment, as you are aware, took place under excellent conditions, raising € 50.6 million, since ANFA was sold at five times its cost price. The net capital gain generated by this operation was **€ 29.4 million**.

In addition, in accordance with our commitments, we have sold off nearly 45% of the **ENGELHARD-CLAL** businesses (jewelry and electrical contact activities) and FIMALAC now holds just 49% of this company. The company is therefore no longer proportionally consolidated as of January 1, 2000 and 49% of its income is now accounted for on a separate line in the income statement.

FIMALAC INTERACTIVE has been set up in order to consolidate the Group's presence in the Internet business and reaffirm our desire to provide the Group with technological expertise and research capabilities.



The Group is now ideally positioned to step up growth and international expansion based on its two core businesses: ratings with **FITCH**, the number 3 agency in this sector and tools with **FACOM** as well as 3 other leaders, **LBC**, world n°. 2 in chemicals storage and **SECAP TECHNOLOGIES**, a European leader in franking and office equipment for mail, along with **CASSINA**, the worldwide leader in designer furniture.

◆ PROVISIONAL 2000 RESULTS: STELLAR 48.5% GROWTH IN NET EARNINGS PER SHARE (BEFORE GOODWILL)

The provisional accounts reviewed by the Board of Directors at its March 7, 2001 meeting again showed very strong growth due to the solid operating results recorded by the Group's subsidiaries and high exceptional gains.

The Group more than met the operating income after minority interests and tax objective of € 82.3 million (FRF 540 million), announced at the last Annual General Meeting. On a comparable presentation basis, including employee-profit sharing 2000 operating income was **€ 84.3 million**

(FRF 553 million) up **33%** on the 1999 figure of € 63.4 million (FF 416 million).

Since January 1, 2000, employee profit-sharing has been included in personnel costs and deducted from operating income, in line with the new French accounting standards. In 2000, operating income after interest, tax and minority interests would have been **€ 74.6 million** (FRF 489 million), a **30.4%** rise on € 57.2 million (FF 375 million) the previous year.

Before amortization of goodwill, provisional net income was **€ 108.5 million** (FRF 712 million), up **52.2%** on € 71.3 million (FRF 468 million) for 1999. Net income before goodwill per share grew by **48.5%**.

Including goodwill, net income is forecast at **€ 100 million** (FRF 656 million), a **40.1%** increase compared with € 71.4 million (FRF 468 million) in 1999. Net income after amortization of goodwill per share was up 37%.

This surge reflected two particularly large exceptional gains:

- The sale of ANFA, office supplies which was viewed as not presenting strategic fit over the long-term, in an amount of € 50.6 million (FRF 332 million) generated a net capital gain of **€ 29.4 million** (FRF 193 million).
- The acquisition of BANKWATCH by FITCH in the ratings business led to exceptional income of **€ 25 million** (FRF 164 million).

In view of the excellent performances recorded in 2000, a dividend of **€ 0.90** per share excluding tax credit will be proposed to the Board of Directors, representing a **21%** increase compared with the previous year.

◆ FIMALAC SHARES INCREASE BY A SHARP 47% OVER 2000

FIMALAC shares grew by **47%** in 2000 from € 24.40 on January 3, 2000 to € 35.88 at the end of the year on December 29, 2000. This noteworthy performance is even more significant when compared with the 0.5% decrease in the CAC 40 over the year.

As you are aware, the five-for-one stock split on June 7 has improved the shares' liquidity. Since the abolition of the monthly settlement market on the Paris Bourse, FIMALAC is one of the leading companies eligible for the deferred settlement system (*Systeme de Règlement Différé - SRD*).

It is worth noting that the shares are currently trading at only **15.7** times 2000 operating income after interest and tax and at only **11.7** times 2000 net income including capital gains. Consequently, the stock offers significant upside potential, especially in view of the Group's businesses and their development prospects.

This upside potential is further enhanced by the fact that the transformation of FIMALAC over the past two years into a business support services specialist means that we have changed category on the stock market. Instead of a holding company, Euronext's new classification system terms us as a "business-support-services" player alongside Groups with PERs far superior to FIMALAC's current levels.

◆ 2001 OBJECTIVES

2001 augurs well and we should achieve growth of approximately 25% of consolidated operating income, barring unforeseen events and on a current consolidation basis.



Marc Ladreit de Lacharrière

STRONG GROWTH FOR **FACOM** IN 2000

◆ At FACOM, both hand tools and garage equipment turned in an excellent performance in 2000, gaining substantial market share against competitors and reinforcing FACOM's leadership status in Europe.

◆ FACOM reported sales of € 631.6 million (FRF 4,143 million) in 2000, an increase of nearly 13% compared with 1999. Hand tools accounted for approximately 77% of total revenues, with the remaining 23% attributable to garage equipment.

Operating income grew by a robust 15% to € 69.6 million (FRF 456 million). The company is therefore ahead of the targets set in the business plan implemented following the FIMALAC's successful tender offer.

(in € millions)	2000	1999	1998
Sales	631.6	560.8	526
Hand tools	483.8	462.1	450
Garage equipment	147.8	98.7	76
% sales outside France	59.8%	60.2%	59.8%
Operating income*	69.6	60.9	54.2
Hand tools	63.5	54.4	50.2
Garage equipment	6.1	6.5	4.0
Operating margin	11.1%	10.9%	10.3%

* net of employee profit-sharing (new French accounting standards)

**HAND TOOLS
(FACOM TOOLS)**

◆ In 2000, sales came to € 483.8 million, up by some 5% compared with 1999. Operating income rose by a strong 16% to € 63.5 million.

This significant increase is primarily attributable to a solid performance on the French market by the FACOM, VIRAX, BOST and PAROLAI brands. Business in Europe has been generally brisk, though to a lesser extent in Germany and the United Kingdom.

2000 also saw a continued drive for regular product renewal. More efficient and ergonomic new ranges of pliers and screwdrivers were successfully launched.

**GARAGE EQUIPMENT
(BEISSBARTH AUTOMOTIVE GROUP)**

◆ **Garage equipment sales** surged by 50% to € 147.8 million in 2000, generating operating income of € 6.1 million.

Significant momentum was provided by the acquisition of three companies specialized in vehicle hoist systems - FOG in France, TECALEMIT in the United Kingdom and ZIPPO in Germany.

The strong growth in sales led to market share gains and also strengthened FACOM's position with key customers, including European automakers, vehicle inspection chains and quick-fit chains.

**Acquisition of DUFF & PHELPS and
BANKWATCH: FITCH becomes a world
leader in the credit rating sector.**

The newly renamed FITCH, FIMALAC's specialist credit rating subsidiary, completed two major acquisitions in 2000:

◆ In April 2000, following a friendly takeover bid, it acquired the entire capital of NYSE-listed DUFF & PHELPS, the world's fourth largest rating agency.

◆ In October 2000, FITCH acquired the entire capital of BANKWATCH, which specializes in delivering credit ratings to banks. In connection with the acquisition, BANKWATCH's former shareholder, THOMSON FINANCIAL, acquired a 3.4% minority interest in FITCH.

Via its holding in FITCH, FIMALAC has become a top-ranking player world-wide in the rapidly expanding credit rating market. These two acquisitions, which mark the final stage in the reorganization of the global rating indus-

(in € millions)	2000	1999	1998
Sales	241.4	158.5	140.6
% sales outside France	97.8%	97.6%	98.5%
EBITDA	64.0	38.5	
Operating margin	26.5%	24.3%	

try, have firmly anchored FITCH among the world's top three agencies, with very strong positions in several segments including asset-backed securities, bank and insurance ratings. FIMALAC's alliance with Canadian Group THOMSON FINANCIAL, a world leader in financial information, paves the way for a string of cooperation opportunities in this area.

FITCH performed extremely well in 2000, with revenues of more than \$ 222 million and EBITDA representing a margin of more than 26%. After a year of transition in 2000, in 2001, D&P and BANKWATCH will contribute to revenues and earnings over the full year, while declining US

interest rates should have a positive impact on the rating business.

At December 31, 2000 FITCH was valued at \$ 1,165 million excluding debt and including BANKWATCH. This valuation is in line with the multiples for the MOODY's listing and reflects the parities adopted for the acquisition of BANKWATCH. The issuance of shares by FITCH to THOMSON FINANCIAL in payment for BANKWATCH gave rise to a dilution gain of € 25 million (FRF 164 million) in the 2000 consolidated financial statements of FIMALAC.

LBC further extends its international network

◆ At the end of first-half 2000, the US subsidiary of LBC, PetroUnited, acquired the CELANESE terminal. With a storage capacity of over 800,000 cubic meters, including 500,000 cubic meters in Houston, PetroUnited is now a force to be reckoned with in the bulk chemicals storage market. Including capacity created by organic growth operations carried out in previous years, LBC's storage capacity now totals 2.1 million cubic meters.

(in € millions)	2000	1999	1998
Sales	114.8	93.1	66.2
% sales outside France	68.8%	50.5%	37.9%
Operating income*	28.0	22.5	15.1
Operating margin	24.4%	24.2%	22.8%

* net of employee profit-sharing (new French accounting standards)

◆ LBC performed well in 2000, achieving results fully in line with budget. Revenues expanded by 23% to € 114.8 million (FRF

753 million) and operating income rose 24% to € 28 million (FRF 184 million).

CASSINA moves up a gear in its international development:

◆ For CASSINA, 2000 was a year of remarkably strong international growth. The company now operates in 50 countries and has a very active international expansion policy.

◆ On the whole, 2000 was an excellent year for CASSINA's two core businesses, furniture and lighting. Brand awareness became even stronger. Sales came to € 101.2 million (FRF 664 million) and

(in € millions)	2000	1999	1998
Sales	101.2	90.1	76.2
% sales outside France	91.4%	90.0%	91.3%
Operating income	13.1	11.3	8.2
Operating margin	12.9%	12.5%	10.8%

operating income reached € 13.1 million (FRF 86 million), an increase of more than 15% on the previous year.

SECAP sets foot in the international market:

◆ SECAP entered the international market in late 1999 with the acquisition of SECAP POSTHANTERING AB in Sweden and in 2000, it stepped up its international expansion by acquiring ASI, which has now become its U.K. marketing subsidiary. At the end of the year, SECAP acquired DATATECH, an addressing specialist in the United States.

◆ SECAP reaffirmed its commitment to innovation by launching franking products and systems incorporating web-based technologies. The company also changed its name to SECAP TECHNOLOGIES, in order to present an image in keeping with its potential in this area.

(in € millions)	2000	1999	1998
Sales	92.5	82.5	79.6
% sales outside France	13.2%	7.7%	7.2%
Own work capitalized	6.0	4.5	6.4
Operating income	16.2	15.9	16.7
Operating margin	17.5%	19.6%	21%

◆ 2000 saw an increase in business volumes for both the rental and sale of franking machines and office supplies. SECAP ended the year with sales of € 92.5 million (FRF 607 million). Margins

remained strong, as evidenced by the company's operating income of € 16.2 million (FRF 106 million).

2

2000 FINANCIAL HIGHLIGHTS

Two new factors are reflected in the 2000 results:

◆ Employee profit-sharing is included in operating income, under personnel costs, in accordance with the new French accounting standards applicable as from January 1, 2000. To permit meaningful comparisons, figures for 1999 have been adjusted to reflect the new standards

◆ ENGELHARD-CLAL is now 49% owned and is presented separately in the consolidated accounts for 2000. The company was previously proportionally consolidated. In the following tables 1999 figures have been restated to reflect this change in the scope of consolidation.

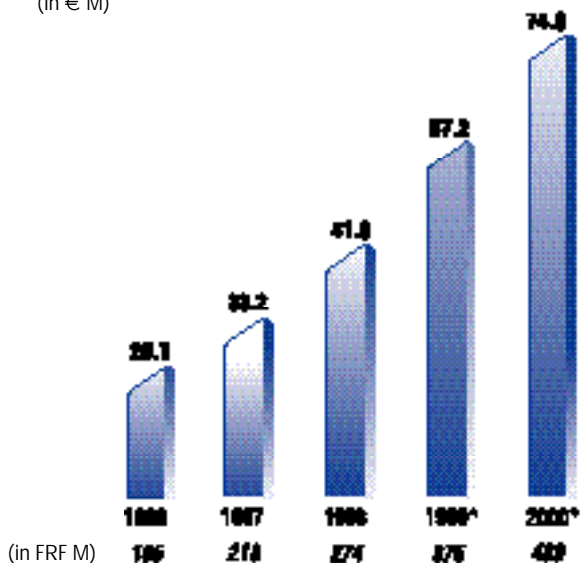
Operating income after interest, tax and minority interests (net of employee profit sharing)	€ 74.6 M FRF 489 M	+ 30.4%
Net income before amortization of goodwill	€ 108.5 M FRF 712 M	+ 52.2%
Net income	€ 100 M FRF 656 M	+ 40.1%
Recommended dividend per share (excluding tax credit)	€ 0.90 FRF 5.90	+ 21%
Increase in share price		
Share price at December 29, 2000	€ 35.88	+ 47%
Share price at January 3, 2000	€ 24.40	

3

OPERATING INCOME AFTER TAX UP THREEFOLD SINCE 1996, SHARP RISE IN DIVIDEND AND FIMALAC SHARE PRICE IN 2000

a Growth in operating income after interest, tax and minority interests since 1996

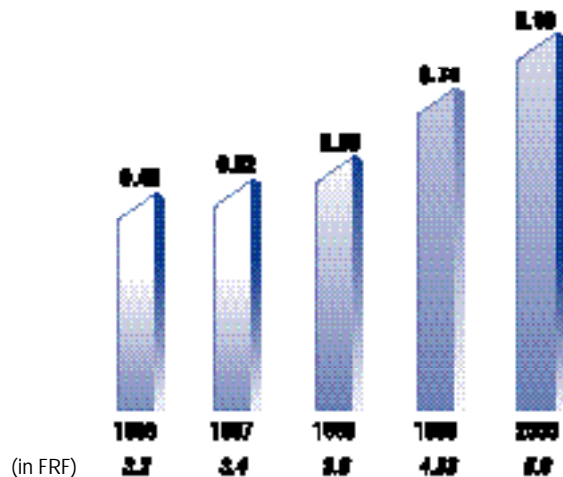
(in € M)



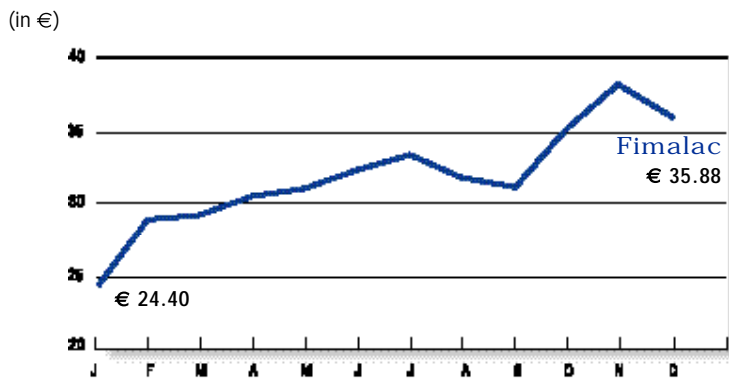
* net of employee profit-sharing (new French accounting standards)

b Growth in dividend per share (excluding tax credit) since 1996

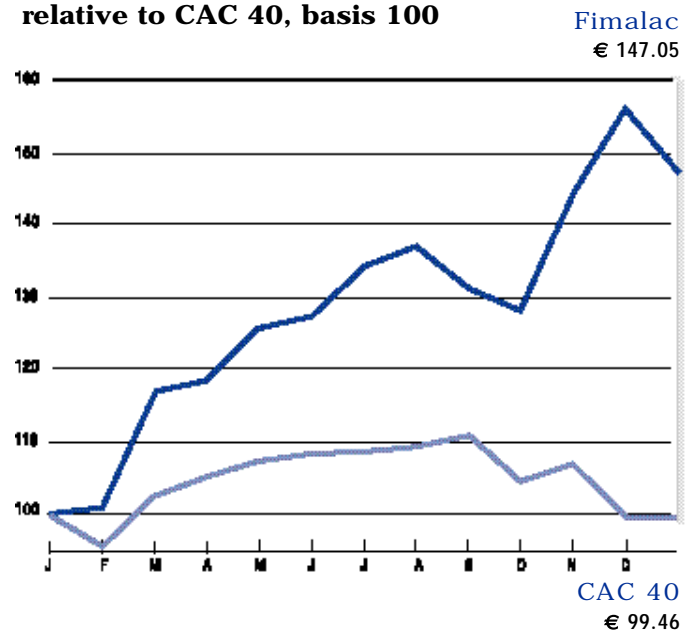
(in €)



c Fimalac share price - 2000



d 2000 Movement in Fimalac share price relative to CAC 40, basis 100



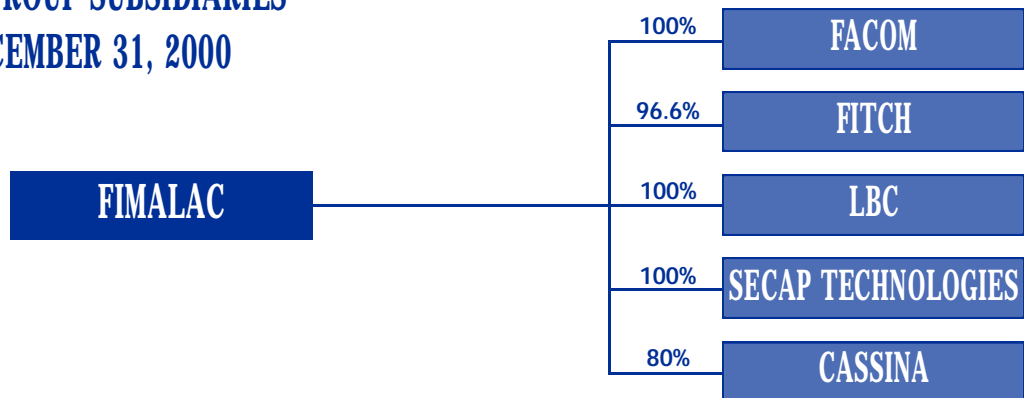
4 FIMALAC STOCK MARKET INFORMATION

Return	
Operating income after interest, tax and minority interests PER/€ 37.4 share price (December 2000)*	€ 74.6 M 15.7
Net income 2000 PER/€ 37.4 share price (December 2000)*	€ 100 M 11.7
Yield	
2000 dividend before tax credit	€ 0.90
Yield (including tax credit)/€ 37.4 share price (December 2000)*	3.6%

* Average monthly rates

5

MAIN GROUP SUBSIDIARIES AT DECEMBER 31, 2000

**6**

DATES FOR YOUR CALENDAR

- ◆ April 24, 2001:
Board of Directors meets to review the final 2000 financial statements
- ◆ June 5, 2001:
Combined General Shareholders Meeting,
Pavilion Gabriel, 5 avenue Gabriel – 75008 Paris
- ◆ As of June 7, 2001:
dividend payable
- ◆ September 25, 2001:
Board of Directors meets to review the 2001 interim financial statements



Fimalac

97, rue de Lille - 75007 Paris

www.fimalac.com