

Ordinary General Meeting of 13 April 2010

Speech by Baron Frère

Ladies and Gentlemen,

At this same time one year ago, we were under the shock of the most severe economic recession to hit the developed countries since the 1930s. The situation finally stabilised towards the end of last year but economic activity is still fragile, shored up by an accommodating monetary policy and budget stimulation.

The banking system, which was seriously impacted by the crisis, is slowly getting back on its feet but is still not in top form and opinions diverge on the question of regulations to prevent any repeat of the recent catastrophe.

The high level of public debt, rising unemployment and low investment in a context of over-capacity also give cause for concern.

To use a medical analogy, the patient is alive but still on a drip and the convalescence is likely to be long.

Financial markets, quick to anticipate a brighter future, put on a healthy show with strong growth in share prices. The CAC 40 and BEL 20 indices rose by 60% and 75% respectively in one year from their lowest point in March 2009. GBL, whose share proved to be relatively more resilient on the Stock Exchange during 2008, registered a more limited impact from the market's recovery in 2009.

The emerging countries, particularly Brazil and the Asian states, are setting themselves apart by registering high growth rates in spite of the crisis, as a result of important stimulation measures. These economies are expected to continue expanding at a steady pace in the coming years.

GBL wishes to make the most of the prospects of these dynamic regions, but without directly investing there. Its portfolio is well positioned for that with investments in major European groups that are developing a large volume of business in these fast growing zones. This is particularly the case of the most recent acquisitions, namely Lafarge and Pernod Ricard.

The year 2010 began under mixed conditions, impacted in particular by unfavourable winter conditions for industrial operators. Construction in Europe and North America is still operating in low gear, which hampers the activity of companies like Imerys and Lafarge.

These two groups can nevertheless claim solid health, having vigorously reacted to the crisis, adapted the level of their activity and strengthened their financial situation, particularly by turning to shareholders. In the framework of its long-term relationships with these groups, GBL obviously supported these measures, which enable these groups to pursue their strategy and take advantage of opportunities.

The energy sector also felt the effects of the recession, to varying degrees.

Total's results in 2009 dropped by half, reflecting the slowdown in demand for hydrocarbons, but above all a difficult economic climate in its Downstream and Chemicals businesses. Despite this context, Total continues to invest in the future and is maintaining ambitious investment programmes that can be financed easily due to its privileged access to capital markets.

GDF Suez, with its more defensive profile and in spite of the brutal collapse in gas prices, registered results close to those of the previous year and is expected to cash in, in the future, on the important investments carried out recently. Its solid cash flows will enable it to pursue a policy of dynamic growth but selectivity in investing and productivity efforts will remain on the agenda.

Despite certain changes in consumers' practices resulting from the scope of the crisis, Pernod Ricard is continuing the promotion of its brands and their deployment at international level. The integration of Absolut vodka, which it acquired recently, remains a priority, together with cash generation to reduce debt.

I would like to thank the CEOs of all our investments for their efforts during this troubled period to ride out the storm and stay on course.

GBL also remains active in the field of private equity through Ergon and Sagard. In today's difficult context, the accent has been placed on management of existing assets rather than further acquisitions. Notwithstanding a cautious investment policy, the portfolio obviously suffered from the cyclical nature of industrial assets and the impact of leveraging. The outlook nevertheless remains rather encouraging and interesting investment opportunities are expected to come up in the future. To make the most of them, GBL has decided to launch Ergon III, an investment company supported wholly by GBL and with financial capacity of EUR 350 million.

In the midst of this turbulence, GBL has chosen to retain flexibility by limiting its investments to financial support for its holdings and a selective strengthening of its interest in Pernod Ricard. The company can avail itself of a particularly sound financial situation and has available cash of nearly EUR 600 million.

In spite of the lower distributions by Lafarge, Pernod Ricard and Imerys, as well as low interest rates, the group's cash earnings reached the comfortable level of EUR 602 million.

This result and the solidity of the portfolio allow us to propose payment of a gross dividend of EUR 2.42 per share, a 5.2% increase over last year.

In addition to our financial performance, we also continue to pay careful attention to matters of corporate governance and our annual financial report focuses in greater depth on this issue. For example, it already contains the remuneration report required by the new law, which has not yet entered into force. The Board's Committees work very effectively and our four independent Directors play a key role in this respect. I thank them for their efforts and am grateful that they have agreed to stand for election for another three-year term of office.

Some of you have written to us in this connection to express disagreement with the reappointment of Maurice Lippens for reasons unrelated to GBL, which it is not my role to comment on here. Personally, I attach importance to the contribution made by Maurice Lippens to the Board's work, a contribution my colleagues and I judge very positive. Maurice Lippens is a diligent, competent and responsible Director who also efficiently carries out his duties as Chairman of the Nomination and Remuneration Committee. It is on these criteria that his reappointment is proposed.

I also wish to express my gratitude to GBL's teams for the excellent work they have done this past year. Their professionalism, experience and devotion constitute a real asset for your group.

Ladies and Gentlemen,

GBL intends to remain true to its model of building long-term value based on a limited number of major industrial companies, in which it plays a role of professional shareholder, and of financing its investments largely through shareholders' equity. Next to these key assets and for the sake of flexibility and diversity, the group will consider complementing its portfolio on a selective basis by adding a few listed interests and gradually increasing the portion of unlisted investments. These activities will be carried out, as in the past, with caution and discipline, taking account of the still uncertain economic context.

Ladies and Gentlemen,

As always, I am particularly touched by your loyalty to our group and thank you sincerely for being here today.

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