

zumtobel group

Zumtobel Capital Markets Day

Zumtobel Group – Strategic Update

Dr. Andreas Ludwig

Zumtobel is delivering on its corporate vision:

“We aim to be the world authority on lighting”

We remain focused on our targets to:

- **Accelerate growth: We want to outperform a robust cyclical market environment**

- Grow 2-3% above non-residential construction in European core markets
- Above average growth geographically (CEE & Asia) and in new technologies and applications
- Boost growth through acquisition opportunities

- **Further improve our profitability**

- Double-digit EBIT-margin target for 07/08
- Exploit cost optimisation from past restructuring
- Invest in upgraded manufacturing facilities

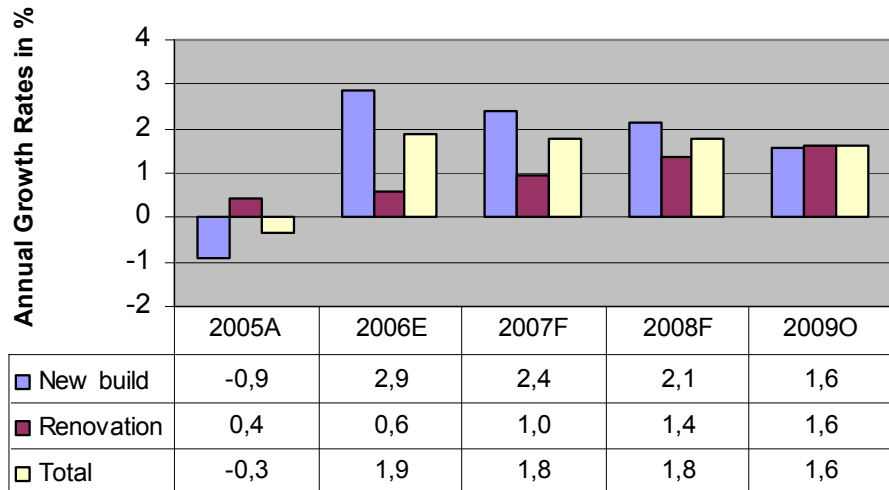
- **Further improve our market position**

- All our brands will increase their R&D spending and new product sales
- Continue investments in sales network

Accelerate growth: We want to outperform a robust cyclical market environment

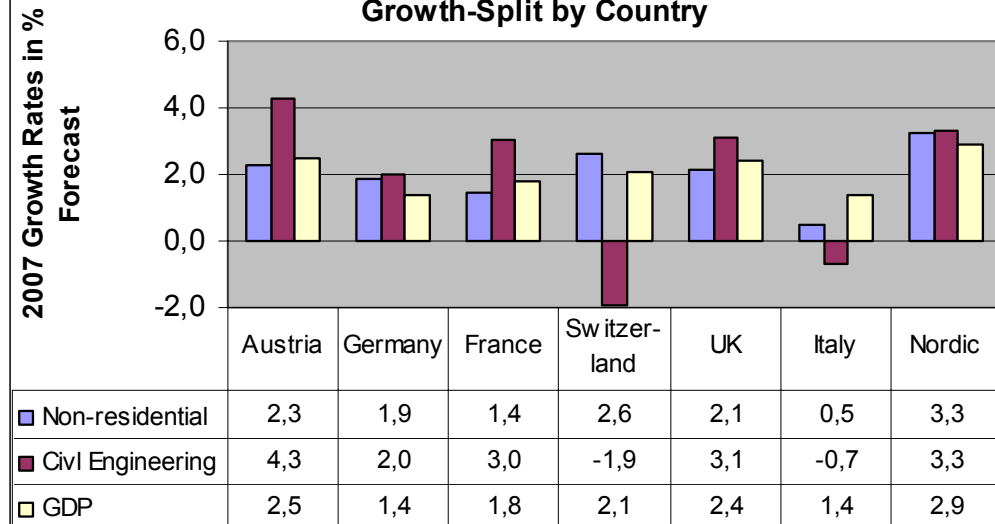
Return to robust cyclical growth in European core markets

Growth Forecast for Non-Residential Construction



Based on: AT, CH, DE, FR; UK, IT, Nordic - Source: Euroconstruct, Dec 2006

Growth-Split by Country



Source: Euroconstruct, December 2006

- Continuation of economic recovery in Western Europe (w/o CEE), which reflects approx. 74% of Zumtobel revenues
- Tangible recovery in the German non-residential market: +1.9% in 2007, compared to 20-25% decline between 2001 and 2005

Accelerate growth: We want to outperform a robust cyclical market environment

Geographical expansion

- **Eastern Europe (approx. 15-20% growth p.a.)**
 - **Start of manufacturing in Romania in October 2006**
 - **Invest in sales network**

- **Asia (approx. 25-30% growth p.a.)**
 - **Plants in Guangzhou & Tianjin offer indoor and outdoor product range**
 - **Beijing Airport: Biggest project ever**
 - **Stick to 'Value-added Network Selling' approach**



Accelerate growth: We want to outperform a robust cyclical market environment

New technologies and applications

- **Innovative applications drive growth potential in mature markets, e.g.**
 - **Lighteriors**
 - **Tempura spotlight**
 - **Shift from magnetic to electronic ballasts**
- **LEDs – the digital revolution in lighting**
 - **Investment in technical development**
 - **Lexedis Lighting and Ledon Lighting: First-time sales budgeted for 2007/08**
 - **Acquisition of LED control technology in German-based my-tronic GmbH**
 - **Cooperation with TIR, Canada**
 - **Sales target level: 100 m€ by 2010/11**



Accelerate growth: We want to outperform a robust cyclical market environment

Boost growth through acquisition opportunities

- **Focus on acquisitions:**
 - **We systematically screen the market for opportunities**
 - **Several targets have been and are under investigation**
- **Our targets:**
 - **New technologies (LEDs, electronic components, ...)**
 - **Regional expansion (India, Asia, Spain, Eastern Europe, ...)**
 - **New applications (outdoor, high-end residential, ...)**
- **Disciplined financial targets**

Further improve our profitability

Average double-digit EBIT- margin through the cycle

- **Current year 2006/07 operating EBIT- margin expected above 9%**
- **Targeting 10% for FY 2007/08**
- **Mid-term blue sky scenario: 12%**

Further improve our profitability

Exploit cost optimisation from past restructuring

Potential gross cost saving p.a. 15-20 m€ through:

- **Further transfer of product lines to offshore/low-cost factories in China and Romania**
- **Continuous improvement (e.g. 6-Sigma, VA/VE)**
- **Upgrading of existing facilities**
 - **Zumtobel Lighting Division**
 - Spennymoor:
New state-of-the-art factory to be built by Q4 07/08
 - Sydney:
Relocation to new factory to be completed in Q1 07/08
 - Dornbirn:
New powder-coating paint line Q1 07/08
 - **TridonicAtco:**
 - Dornbirn: Increase production capacity for electronic ballasts
 - Shenzhen (China): Expansion of production
- **Increasing share of third-party sourcing**

Further improve our profitability

Focus on margin quality

- **Zumtobel Lighting Division:**
 - Increase new product ratio to above 25%
 - Sales-force training on 'project selling' and price quality improvement
 - Additional upside from repositioning of Thorn brand:
 - Launch of new competitive wholesale products
 - Extend Thorn's ability to be the 'spec maker' in project business

- **TridonicAtco:**
 - "Future of Magnetic" project
 - Reduce cost of material
 - Increase productivity
 - Increase new product ratio to above 40%

Further improve our market position

The world recognises the increasing importance of light

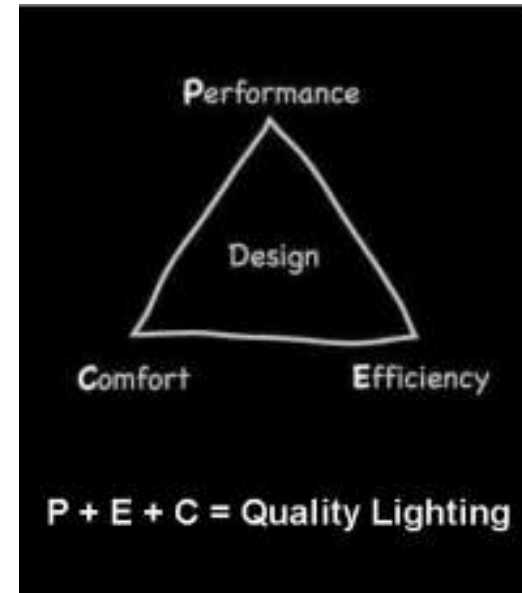
Zumtobel Brand: Humanergy Balance Campaign

- **Human aspects**
 - Visual functions
 - Emotions
 - Biological functions
- **Energy efficiency**
 - Economy
 - Social responsibility

Thorn Brand: PEC

- Performance
- Efficiency
- Comfort

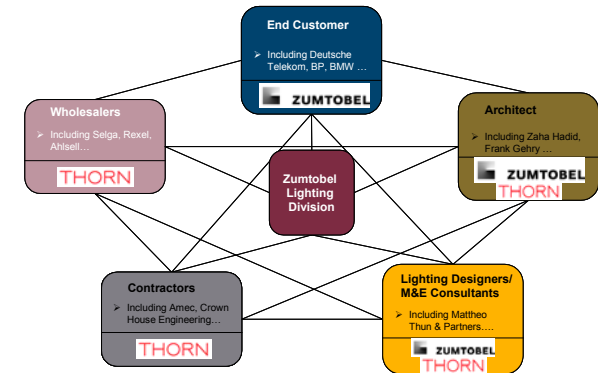
Tridonic Atco Division: a world of bright ideas



Further improve our market position

Zumtobel

- New “performance culture” project
- New products / applications
 - Z-Box for hotels
 - Porsche Design Luminaire for high end residential lighting
- Hospitality & Wellness campaign
- Electricians campaign
- Humanergy Balance campaign



Further improve our market position

Thorn

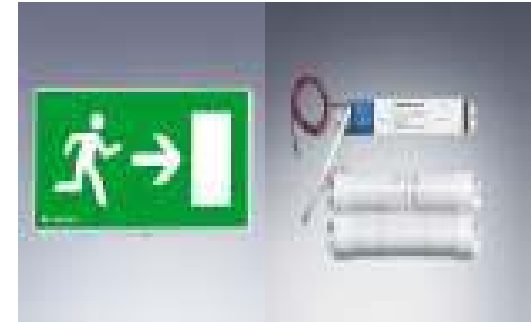
- **Truck road-show “Travelling Light“**
- **Thorn Academy of Light**
- **Boost new product launches**
- **Success in prestigious and brand-building projects, e.g.**
 - **Beijing Airport**
 - **International Commerce Centre (ICC) Hong Kong**
 - **Croke Park Stadium**
 - **Gotatunnel**



Further improve our market position

TridonicAtco

- New “Sales Architektur“ project
- Integrated emergency lighting
- Further roll-out of ASIC technology
- Strong growth in LED modules: Airbus projects
- First LED projects at our start-up companies:
 - Lexedis: DIEHL Aerospace
 - LEDON: Vienna Stadium Shopping Centre



Conclusions

Zumtobel Group

Key factors for our success:

- **Leverage our size and global market presence**
 - **Strong brands with a unique sales model**
 - **Leadership in technology and innovation**
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- **Zumtobel Group targets revenues of € 1.5 billion and a 12% EBIT margin in 2010/11**
 - **Zumtobel Lighting Division targets revenues of € 1.1 billion**
 - **TridonicAtco Division targets revenues of € 500 million**

Zumtobel is delivering on its corporate vision:

“We aim to be the world authority on lighting”