

zumtobel group

**Interim Financial Report
Zumtobel Group 2008/09**

December 9, 2008

Highlights 1st half-year 2008/09

Solid results in a challenging environment

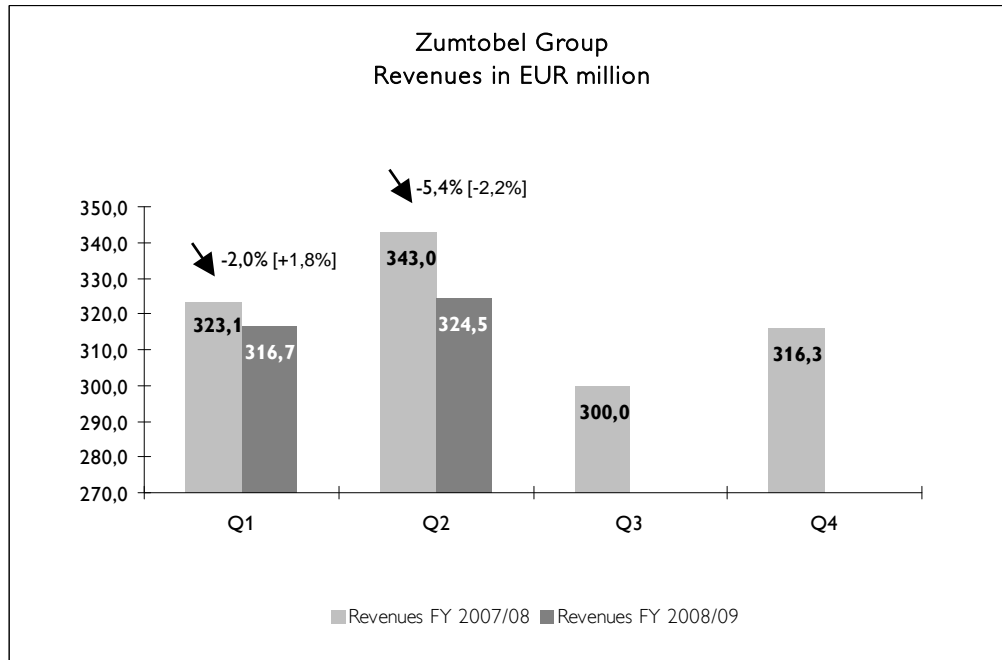
- FX adjusted revenues at previous year's level
- Strong Euro negatively affects revenues by more than 23 EUR million
- Adjusted EBIT margin at 9,4%
- Positive development of working capital continued
- Revenues of LED products increased by more than 30%
- Sale of former plant site in Spennymoor
- Deteriorating environment started to affect our business in 2nd quarter
- Extensive efficiency and cost reduction program launched



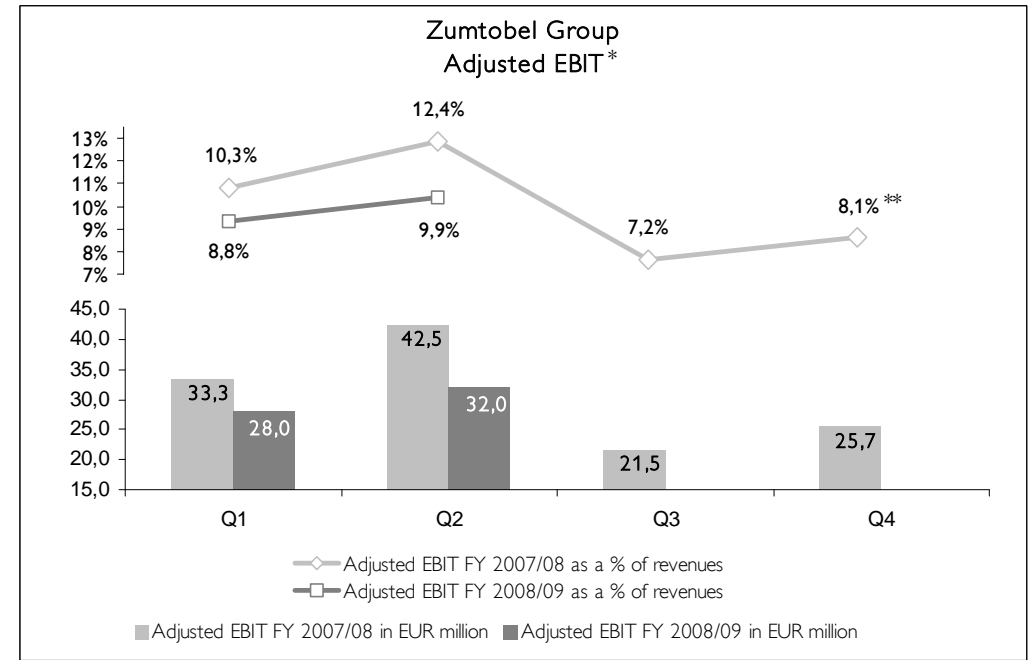
Photo: Zumtobel

Zumtobel Group

FX adjusted decline in revenues of 0,2% in the first six months 2008/09



[] = FX - adjusted

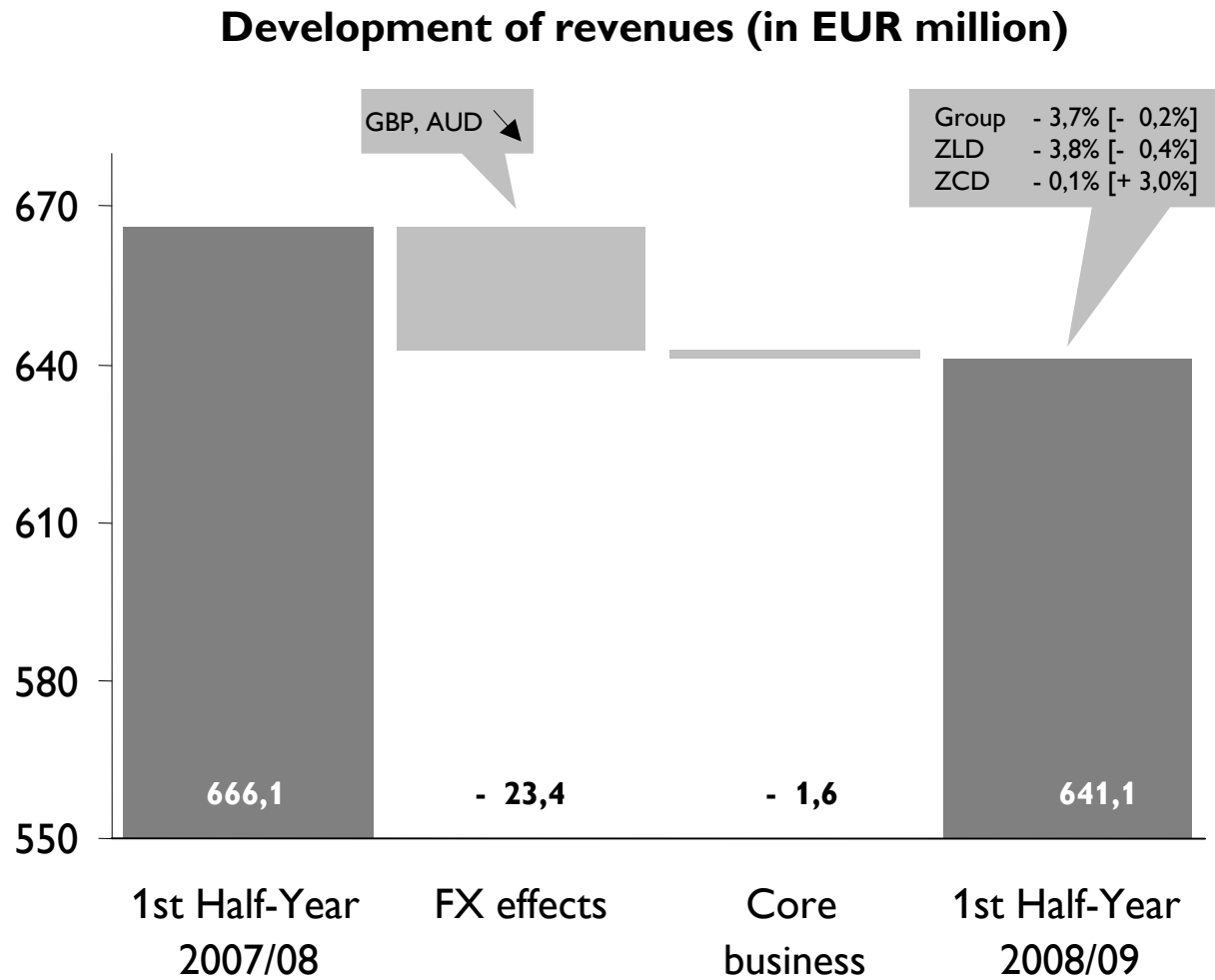


*) Reported EBIT adjusted for special effects

***) 9,6% adjusted EBIT margin FY 2007/08

Revenue development in 1st half-year 2008/09

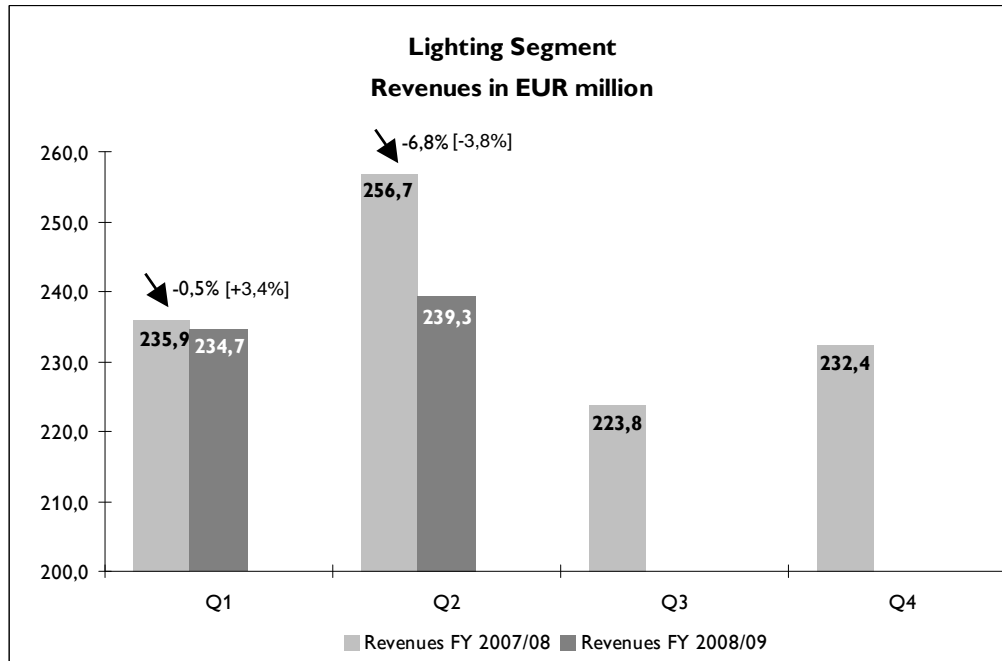
Strong Euro negatively affects revenue development by 23,4 EUR million



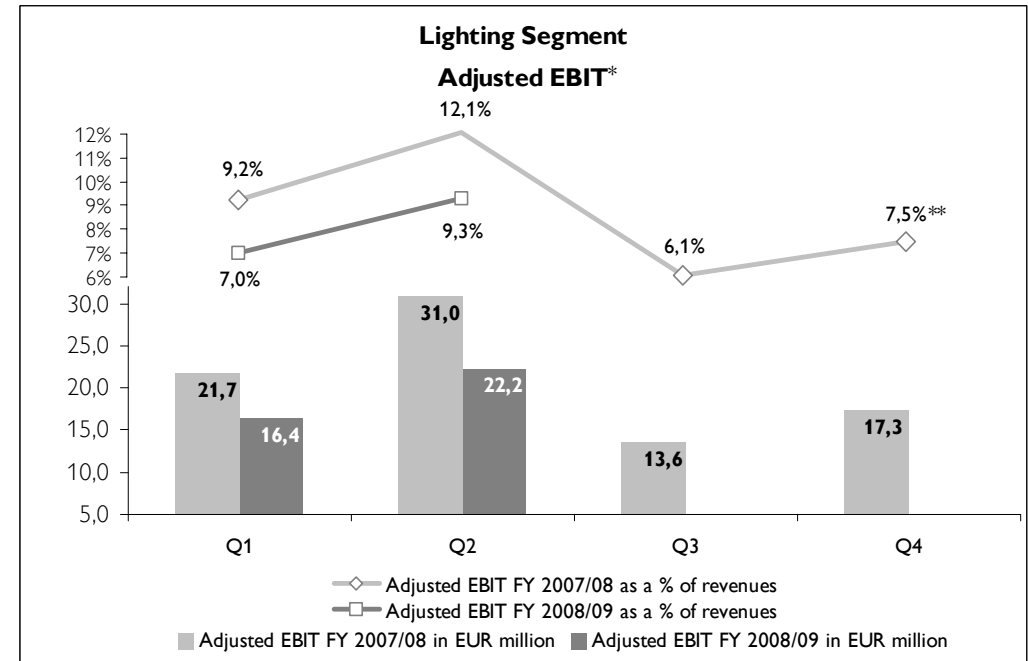
[] = FX - adjusted

Lighting segment

Noticeable decline in market demand in the Lighting segment



[] = FX - adjusted

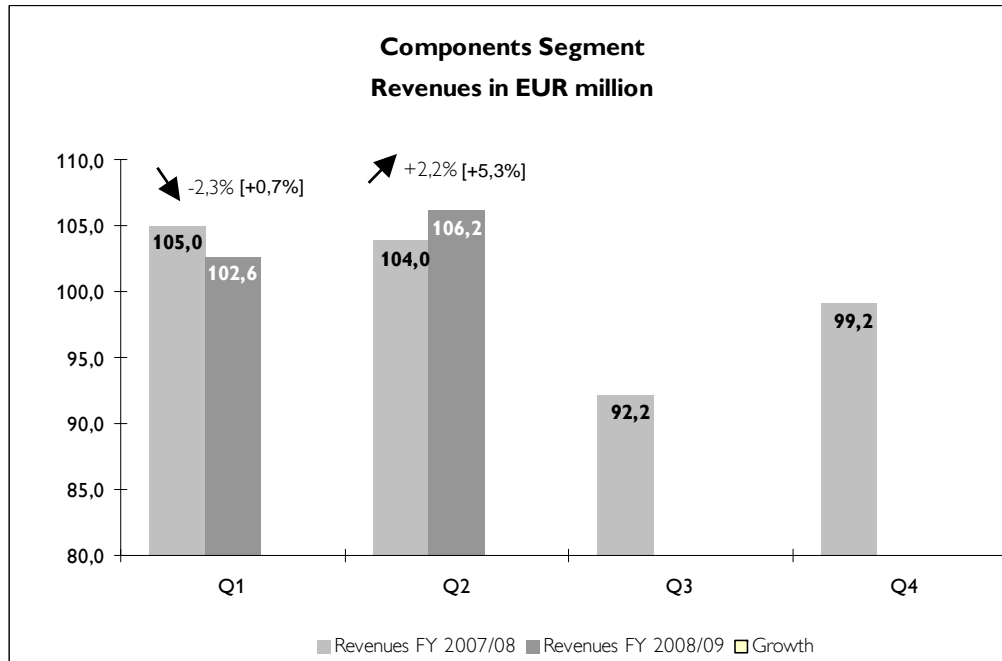


*) Reported EBIT adjusted for special effects

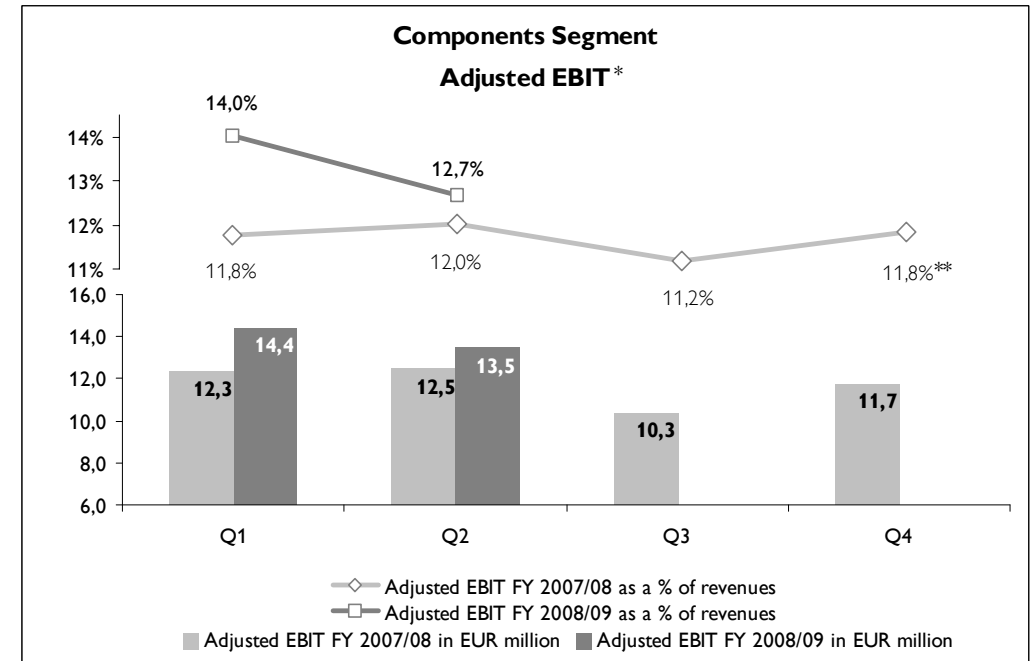
***) 8,8% adjusted EBIT margin FY 2007/08

Components segment

Further growth through substitution of magnetic ballast



[] = FX - adjusted



*) Reported EBIT adjusted for special effects

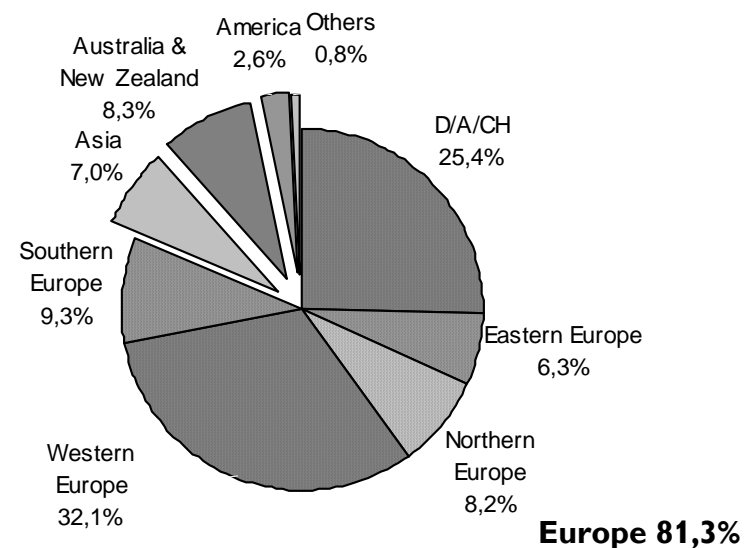
***) 11,7% adjusted EBIT margin FY 2007/08

Segment reporting: Regional trends

Solid growth in emerging markets

	Q2 2008/09	1st Half-Year 2008/09	
	Change in %	Change in %	Revenues in EUR million
D/A/CH	-2,0	0,3	162,9
Eastern Europe	2,0	13,6	40,5
Northern Europe	-3,2	0,9	52,6
Western Europe	-6,9	-8,0	205,7
Southern Europe	-17,5	-12,3	59,9
Europe	-5,5	-3,8	521,5
Asia	4,9	5,2	45,2
Australia & New Zealand	-11,3	-7,4	53,0
America	-4,2	-10,6	16,4
Others	-19,6	-8,1	5,0
Total	-5,4	-3,7	641,1

Distribution of regional revenues



Growth drivers

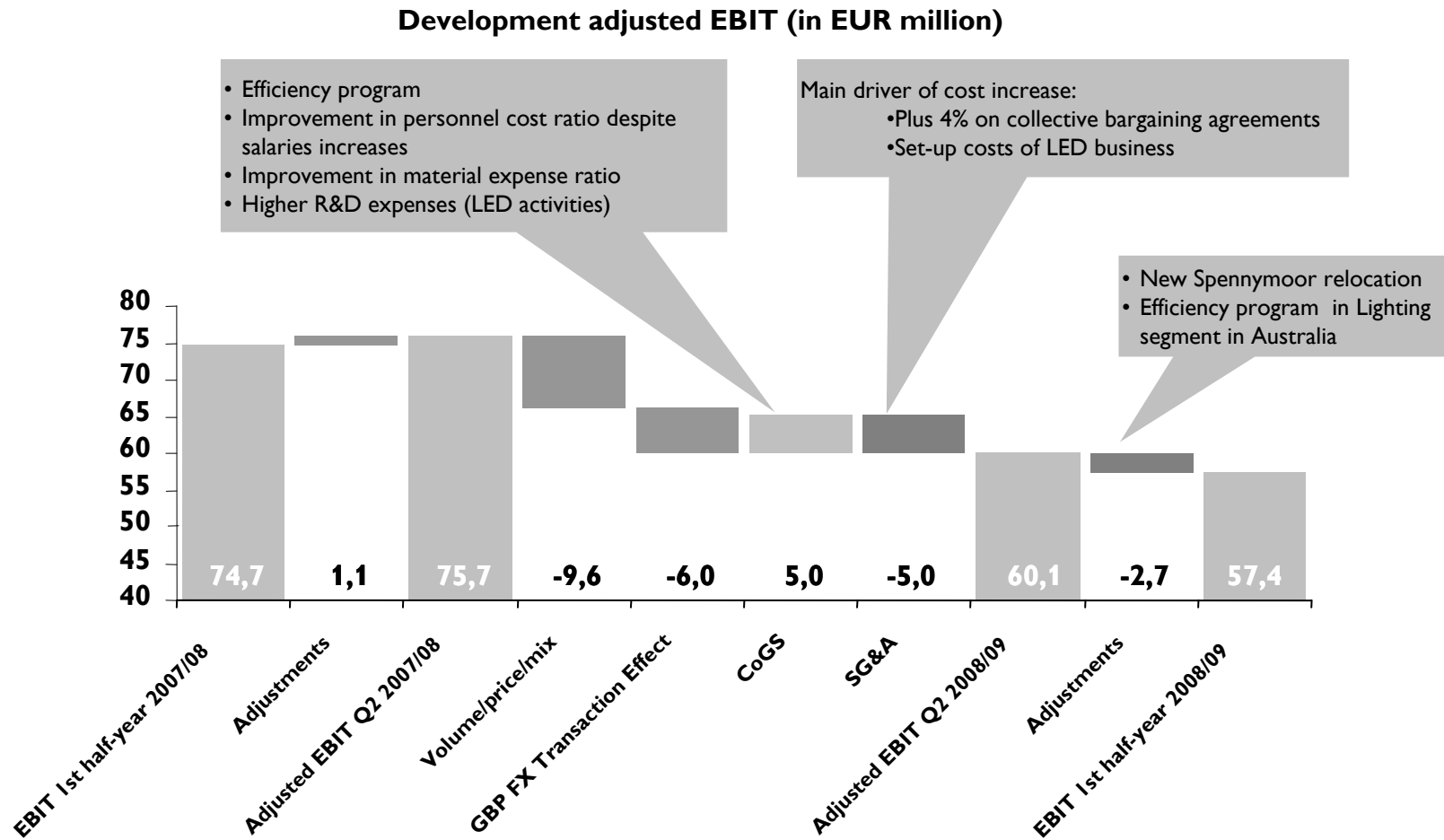
- Flat development in the core markets D/A/CH
- Ongoing structural improvements in Asia bear fruits
- Double-digit growth in Eastern Europe for the first six months
- Further increase of LED products (+30%)

Growth issues

- Market climate will continue to worsen during 2009
- Global recession will affect all areas of our business and markets
- Southern Europe, Western Europe, Australia & New Zealand and America already suffer severe market declines
- FX adjusted growth in UK still positive

EBIT development in 1st half-year 2008/09

Adjusted EBIT margin at 9,4%



Income statement in 1st half-year 2008/09

Stable gross margin

Income statement in EUR million	Q2 2008/09	Q2 2007/08	Change in %	1st half-year 2008/09	1st half-year 2007/08	Change in %
Revenues	324,5	343,0	-5,4	641,1	666,1	-3,7
Cost of goods sold	-199,5	-208,8	4,4	-394,9	-409,3	3,5
Gross profit	124,9	134,3	-7,0	246,2	256,8	-4,2
as a % of revenues	38,5	39,1		38,4	38,6	
SG&A expenses adjusted for special effects	-92,9	-91,8	-1,1	-186,1	-181,1	-2,8
Adjusted EBIT	32,0	42,5	-24,5	60,1	75,7	-20,7
as a % of revenues	9,9	12,4		9,4	11,4	
Special effects	-1,6	-0,5	<-100	-2,7	-1,1	<-100
EBIT	30,4	42,0	-27,6	57,4	74,7	-23,1
Financial results	3,0	-7,6	>100	-7,0	-12,3	43,1
Profit before tax	33,4	34,4	-2,9	50,4	62,4	-19,2
Income taxes	-4,3	-4,3	1,3	-7,3	-7,2	-1,9
Net profit for the period from discontinued operations	-1,3	-0,2	<-100	-1,0	-0,2	<-100
Net profit for the period	27,9	29,9	-6,9	42,1	55,1	-23,5
Depreciation and amortisation	10,9	9,5	15,3	21,2	19,5	8,3
Earnings per share (in EUR)	0,63	0,67	-6,0	0,95	1,23	-22,8

Income statement effects below EBIT

Financial result improved

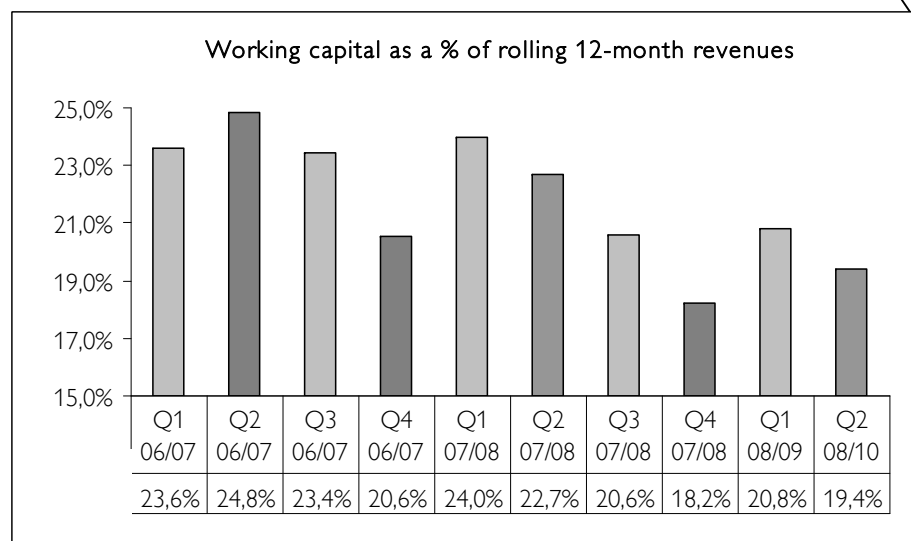
Financial result in EUR million	Q2 2008/09	Q2 2007/08	Change in %	1st half-year 2008/09	1st half-year 2007/08	Change in %
Interest expense	-5,4	-5,7	5,0	-14,3	-11,3	-26,7
Interest income	0,4	1,1	-62,0	1,5	1,9	-21,4
Net financing costs	-5,0	-4,6	-8,3	-12,8	-9,4	-36,4
Other financial income and expenses	7,4	-3,9	>100	4,8	-4,8	>100
Profit/(loss) from associated companies	0,6	0,9	-37,8	1,0	2,0	-46,9
Financial results	3,0	-7,6	>100	-7,0	-12,3	43,1

- Interest expenses impacted in Q1 by one-off effect of 4,4 EUR million due to arrangement costs for the credit agreement
- Compared to prior year, interest expenses are around 1,7 EUR million lower
- Other financial income positively influenced by market valuation effects of financial instruments

Balance sheet in 1st half-year 2008/09

Continued improvement of working capital

Balance sheet data in EUR million	31 October 2008	31 October 2007	30 April 2008
Total assets	1.133,6	1.160,8	1.105,9
Net debt	178,4	183,3	129,0
Equity	497,9	475,5	514,2
Equity ratio in %	43,9	41,0	46,5
Gearing in %	35,8	38,5	25,1
Average capital employed	661,3	650,1	650,2
ROCE in %	16,2	18,7	18,9
Investments	30,3	22,5	66,0
Working capital	244,1	289,9	232,9
As a % of rolling 12 month revenues	19,4	22,7	18,2

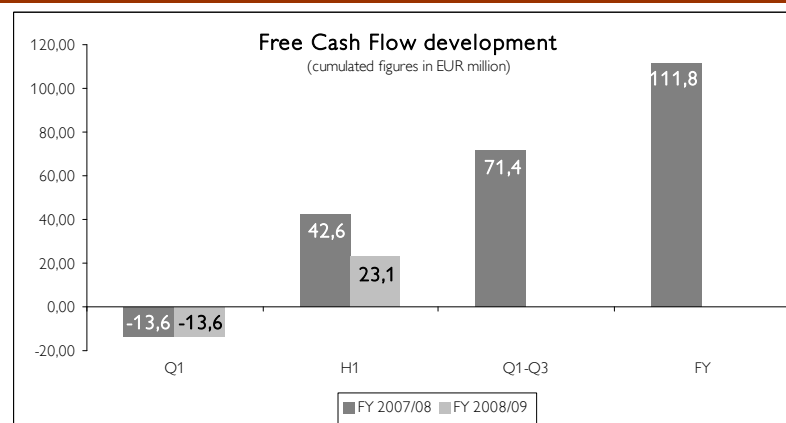


Includes 14,9 EUR million fit-out costs New Spennymoor

Cash flow statement in 1st Half-Year 2008/09

Sound operating cash flow despite lower operating results

Cash Flow Statement in EUR million	1st Half-Year 2008/09	1st Half-Year 2007/08
Cash flow from operating results	79,2	95,2
Change in working capital	-10,9	-42,1
Change in other operating items	-14,3	4,5
Taxes paid	-6,2	-4,4
Cash flow from operating activities	47,8	53,2
Proceeds from the sale of non-current assets	-0,1	7,5
Capital expenditures	-30,3	-22,5
Change in non-current and current financial assets	13,3	4,4
Change in liquid funds from changes in the consolidation range	-7,6	0,0
Cash flow from investing activities	-24,7	-10,6
FREE CASH FLOW	23,1	42,6
Cash flow from financing activities	-10,4	-8,9
CHANGE IN CASH AND CASH EQUIVALENTS	1,6	-0,9



'LITE' Project

Optimisation of real estate portfolio completed

Scope of LITE project (as announced in Oct. 2006)

- Streamline balance sheet to pursue a more asset-light approach
- Generate cash of min 30 EUR million → Target overachieved
- One time EBIT impact of min 20 Min EUR → Target overachieved





in EUR million	country	cash / receivable	one time EBIT
Romford warehouse bought to terminate onerous lease contract and sold	UK	-6,5	-4,1
Dornbirn empty land sold	AT	4,4	2,4
Somersby plant sold	AUS	3,0	1,3
Rome old office sold	IT	0,8	0,5
Oslo	NO	2,6	0,6
Accounting effect FY 2006/07		4,3	0,7
Lindau sold	D	0,7	0,4
Smithfield plant sold	AUS	5,8	3,0
Schlachthausstrasse sold	AT	3,8	1,4
Accounting effect FY 2007/08		10,3	4,8
Spennymoor plant sold	UK	24,0	18,7
Accounting effect Q3 2008/09		24,0	18,7
Total LITE effect		38,6	24,2

Strategy focused on long-term sustainable value creation

Facing the challenges in a tough market environment





Old Europe (w/o CEE)

Outgrow the market on a profitable basis by:

- Improving innovation leader position 
- Exploiting energy efficiency opportunities 
- Establishing process excellence based on Lean Six Sigma 
- Adjusting structural costs to business environment 




LED – Business

Strong growth in selected LED technology and LED applications by:

- Creating and exploiting new market opportunities 
- Focusing on IP generation 
- Leveraging existing sales channels within the Group 
- Exclusive co-operations & selected acquisitions 





Emerging markets

Sound growth in Eastern Europe, Asia and Middle East by:

- Strengthening management resources and sales force 
- Developing dedicated regional product portfolios 
- Selected acquisitions 

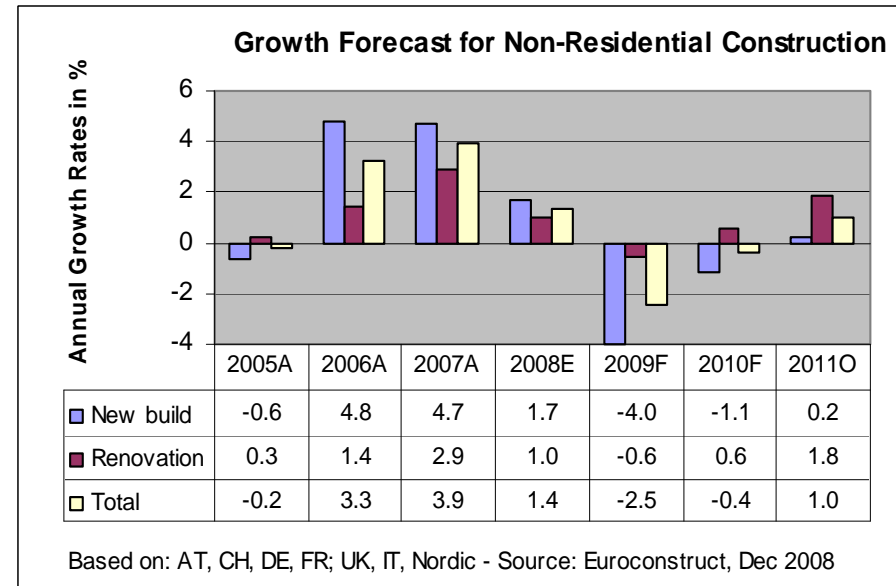
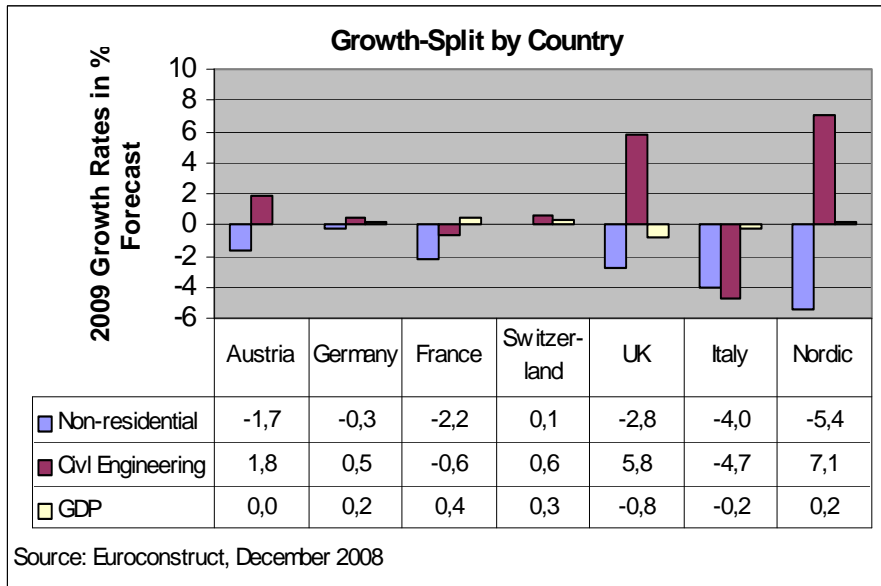
Portfolio issues / other activities

Profitable growth in selected global markets:

- Australia Lighting 
- Australia Components 
- Other activities:
 - New Spennymoor (UK) plant move 
 - Share buyback programme 

Market environment – Euroconstruct

Recession ahead in all our relevant markets



Declining growth in European core markets:

- Z-7 Countries 2008: Dec 08: +1,4% (June 08: +1,5%; Nov. 07: +3,0%)
- Z-7 Countries 2009: Dec 08: -2,5% (June 08: +0,6%; Nov. 07: +2,1%)

Adjusting structural costs to increasingly depressed economic climate

Extensive efficiency and cost reduction program launched

Objective: ~ 50 EUR million P&L related cost reductions by 2010/11 versus 2008/09

- Short term measures (already in place):
 - Strict cost discipline
 - Hiring freeze in all divisions
 - Reduction of temporary work force
 - Reduction of accrued overtime and holiday entitlement
 - Cutback of capital expenditures

- Medium term measures (over the next 2,5 years):
 - Systematic introduction of Lean Six Sigma in the Lighting segment
 - Adjustment of fix costs (personnel and operating costs) in operations, sales and admin in all divisions in order to match expected market demand

Strict focus on a sound free cash flow generation to secure dividends !

Financial calendar

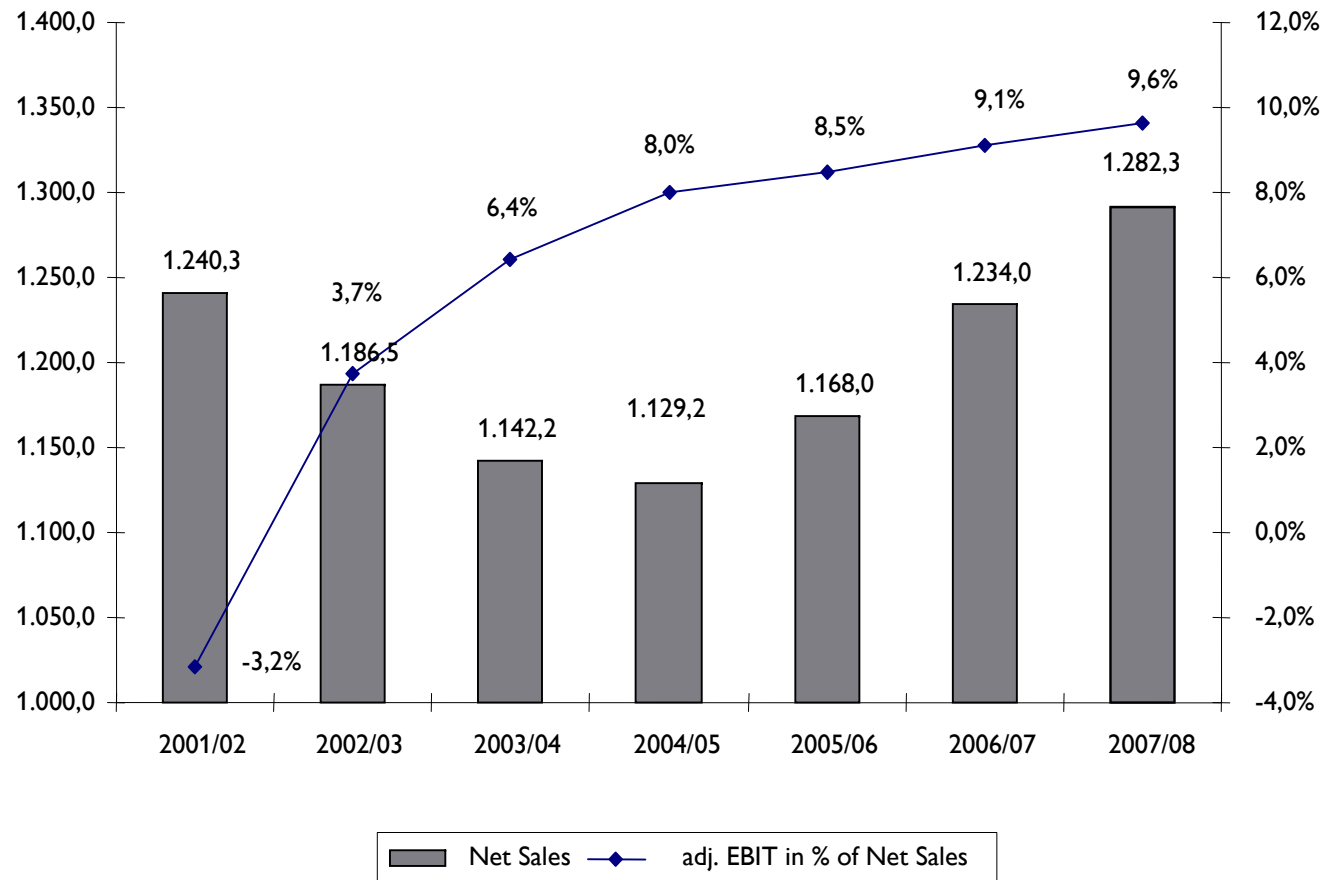
- Thurs. March 12, 2009 3rd Quarterly Report 2008/09
(1 May 2008 – 31 January 2009)
- Mon, June 29, 2009 Financial results 2008/09
- Fri, July 24, 2009 Shareholders' Meeting
- Tues, July 28, 2009 Ex-dividend day
- Fri, July 31, 2009 Dividend payout day
- Tues, Sept. 15, 2009 1st Quarterly Report 2009/10
(May 1 - July 31, 2009)
- Wed, Dec. 9, 2009 Interim Financial Report 2009/10
(May 1 – October 31, 2009)
- Tues, March 16, 2010 3rd Quarterly Report 2009/10
(May 1, 2009 – January 31, 2010)



Back-up

Zumtobel Group

Proven management track record



Solid financial foundations

New credit agreement secures long-term liquidity and financing capabilities

5-year credit period with bank syndicate, starting 30 June 2008

- Volume 480 EUR million
- Simplification of financial covenants, debt cover ratio and equity ratio only
- Release of former loan securities – negative pledge only
- Sound credit rating reduces credit margin to 65 basis points
- One-off negative effect of 4,4 EUR million on financial result for arrangement of the new financing

Usage of funds:

- Part 1: 186 EUR million for refinancing the remainder of the Thorn acquisition loan
- Part 2: 294 EUR million ‘stand by’ facility with free availability for

General financing purposes („war chest“)

Financing of acquisitions

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