

zumtobel group

**2nd Quarter Results
Zumtobel Group 2006/07**

December 7, 2006

Highlights Zumtobel Group 2006/07

Delivering on our promises - Milestones

Zumtobel Group

Strong market position

Zumtobel Group's Leading Role in major Projects:

- Peking Airport project
- Hearst Tower, NY
- NY Times building, NY
- Westpac-Bank Australia
- BMW-World in Munich
- Stadion Center Vienna (LED-Project)
- Government Project NCC in Hanoi
- "Museum of Muslemic Art" in Doha
- FIFA-Building (Switzerland)

Increasing profitability

Q2-EBIT-Margin/ROS improved from 11,0% to 11,3% (+30 bp)

H1-EBIT-Margin now on 10,6% (+40 bp)

- Outsourcing-/Offshoring-projects:
 - Start of production in Romanian plant
 - Tettnang plant closed
 - Opening new Australian factory in Q4
- Optimisation of Real Estate Portfolio: Project LITE
- Copper Price Increase: Effect largely compensated through sales price increase on magnetic products and project 'Future of Magnetics'

Growth

Improved Market Environment 2006:

- IWF Growth Forecast increased to 5.1%
- OECD still optimistic

Zumtobel Q2 growth of 7% based on:

- Strong growth in Asia (+49%), Eastern Europe (+43 %) and America (+15%)
- LED business continues growth path: +35%
- TridonicAtco Division: Substitution of magnetic by electronic ballasts and increased volumes

Key Figures

2nd quarter 2006/07: On track for continued growth

Revenues 321,1 million euros (PY: 300,1 million euros) + 7%	Operating EBIT *) 36,3 million euros (PY: 33,0 million euros) + 10%	
Net Profit 35,6 million euros (PY: 17,3 million euros) + 106%	ROS 11,3% (11,0%) + 30 bp	ROCE 16,3% (15,8%) + 50bp

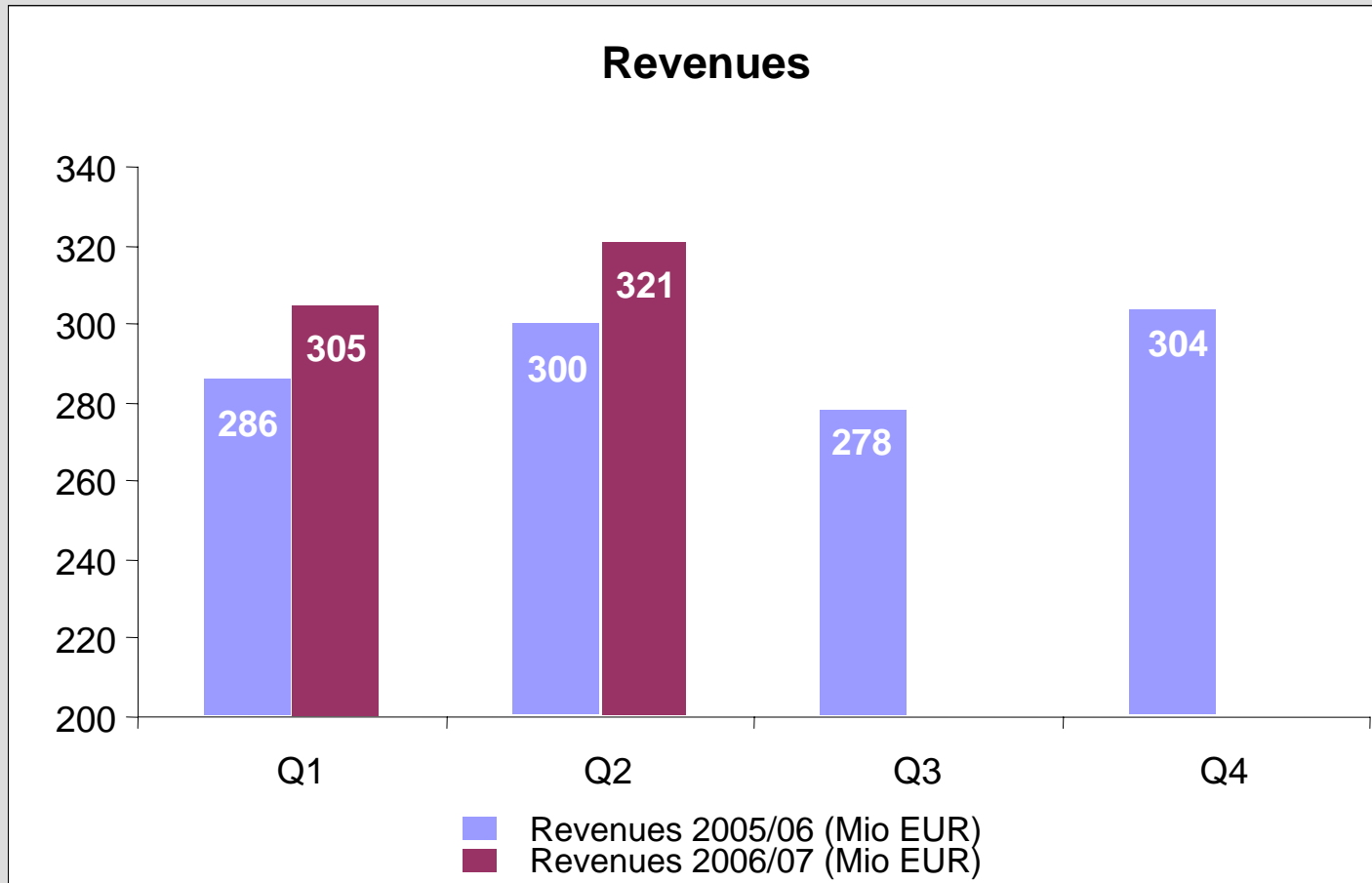
*) Reported EBIT adjusted from exceptional expense resulting from project 'LITE'
Prior Year EBIT adjusted from restructuring and one-time expenses

Data (Actual and Prior Year) adjusted for Airfield

Zumtobel's Business shows a pronounced seasonality

both in

Revenues ...

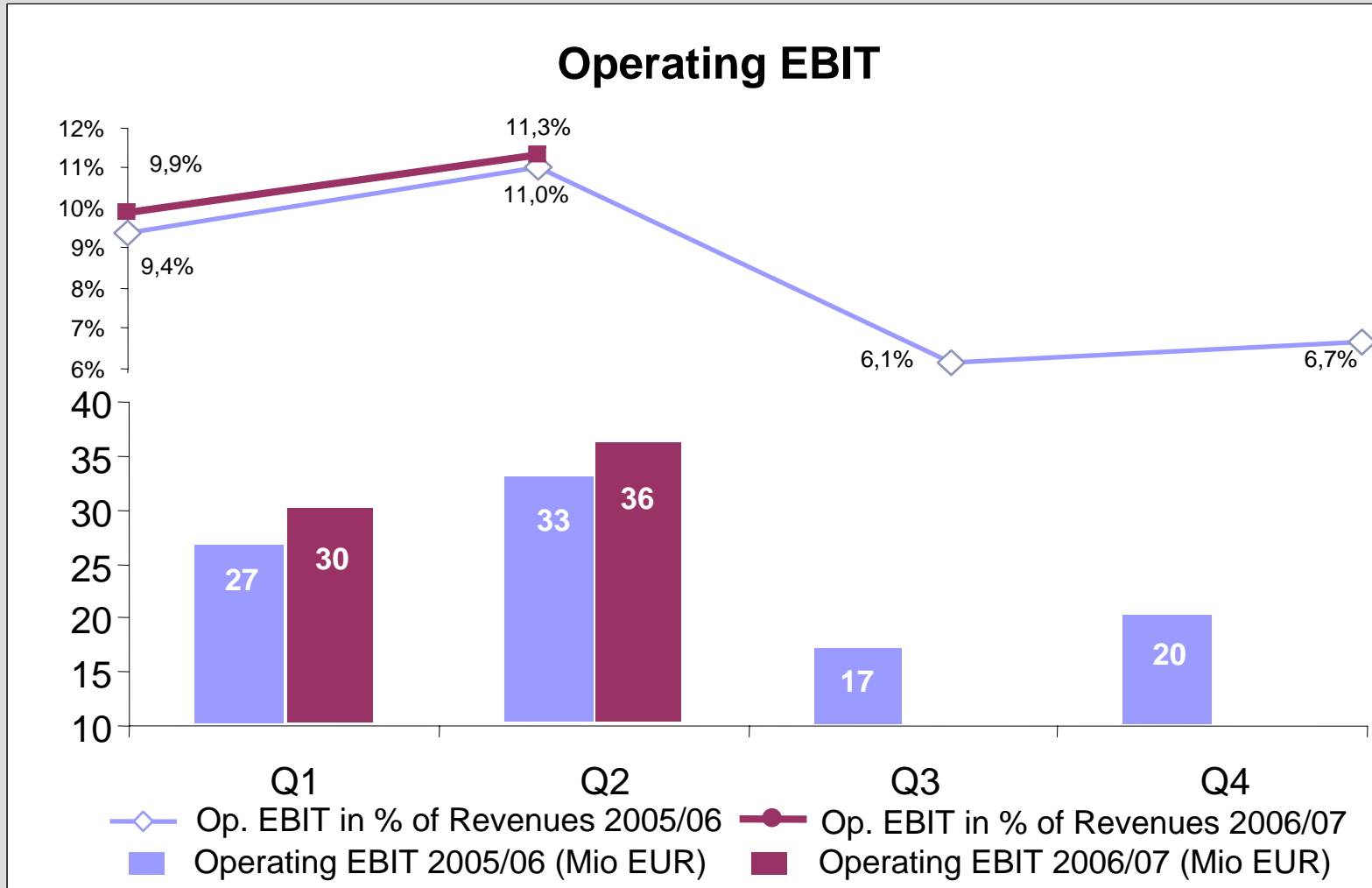


Data (Actual and Prior Year) adjusted for Airfield

Zumtobel's Business shows a pronounced seasonality

... and in

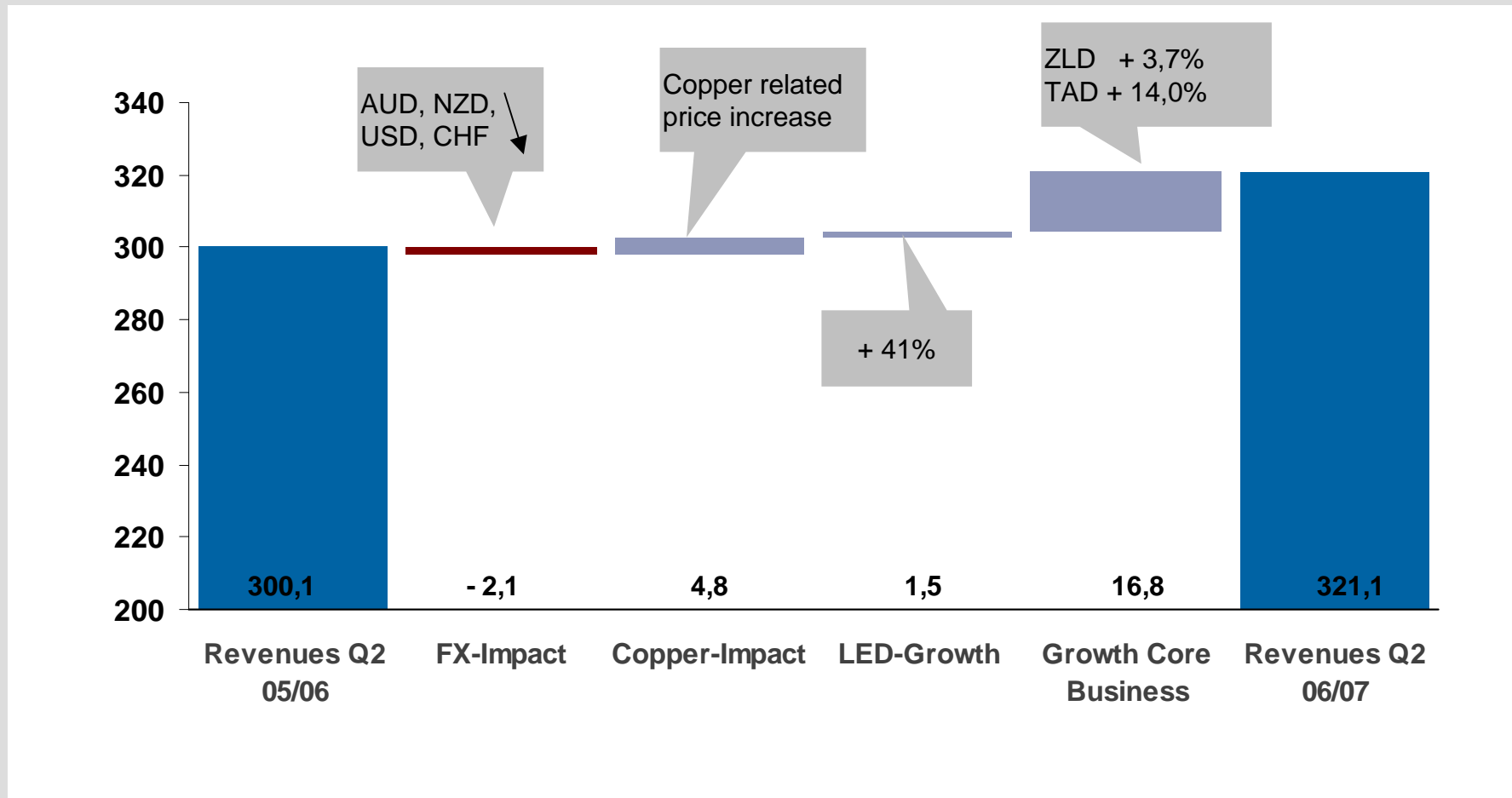
Operating EBIT



Data (Actual and Prior Year) adjusted for Airfield

Sales Growth Development

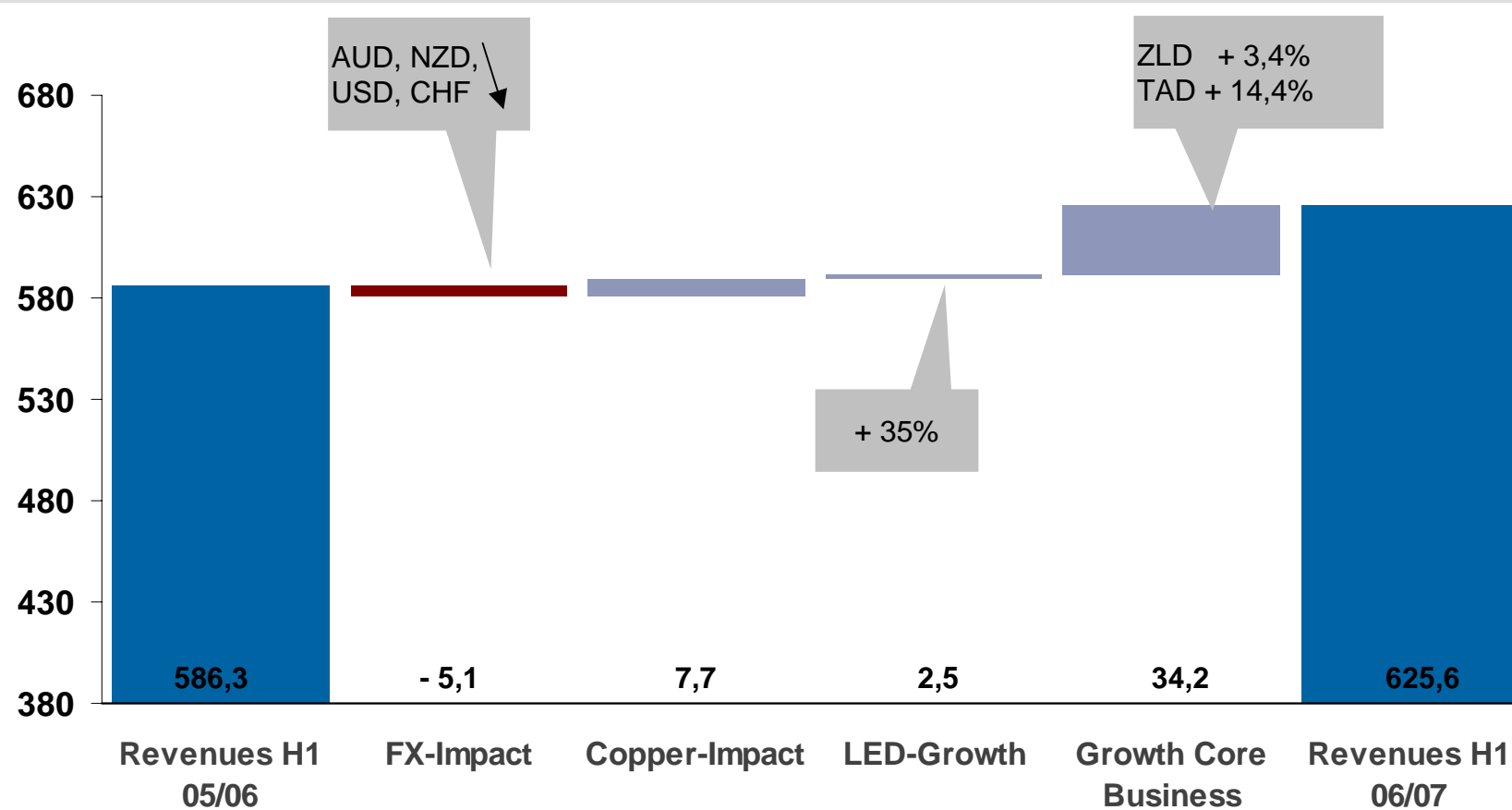
Q2 Revenues



Data (Actual and Prior Year) adjusted for Airfield

Sales Growth Development

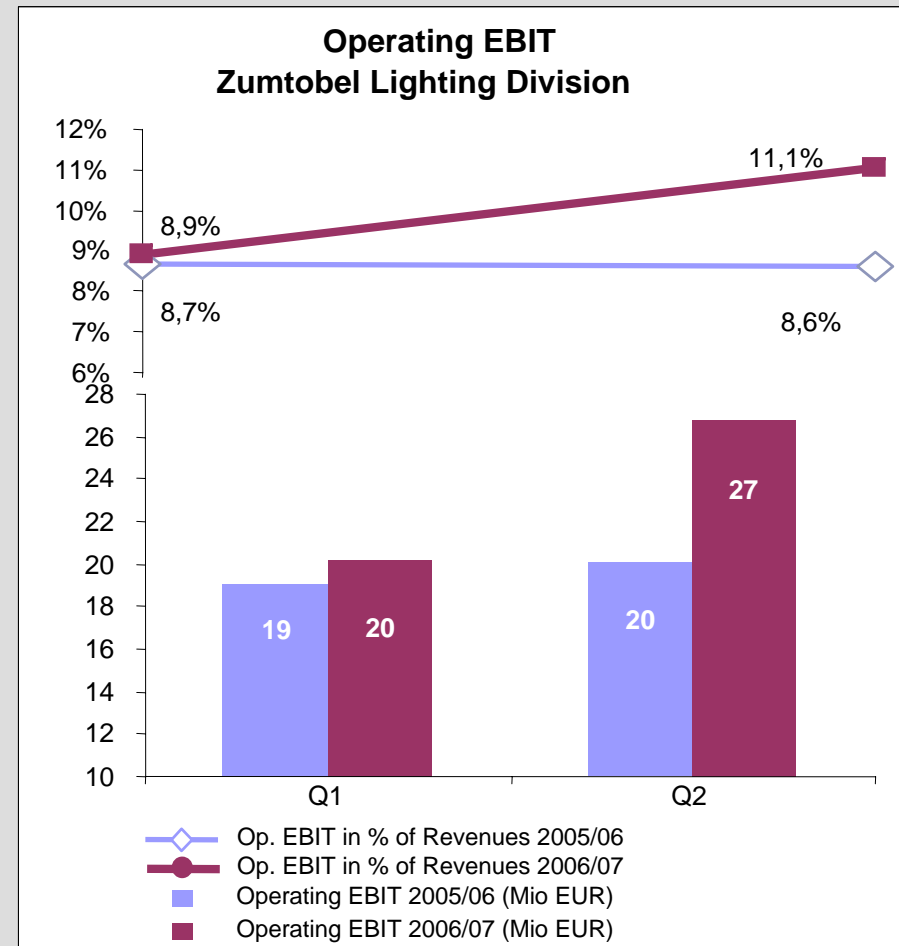
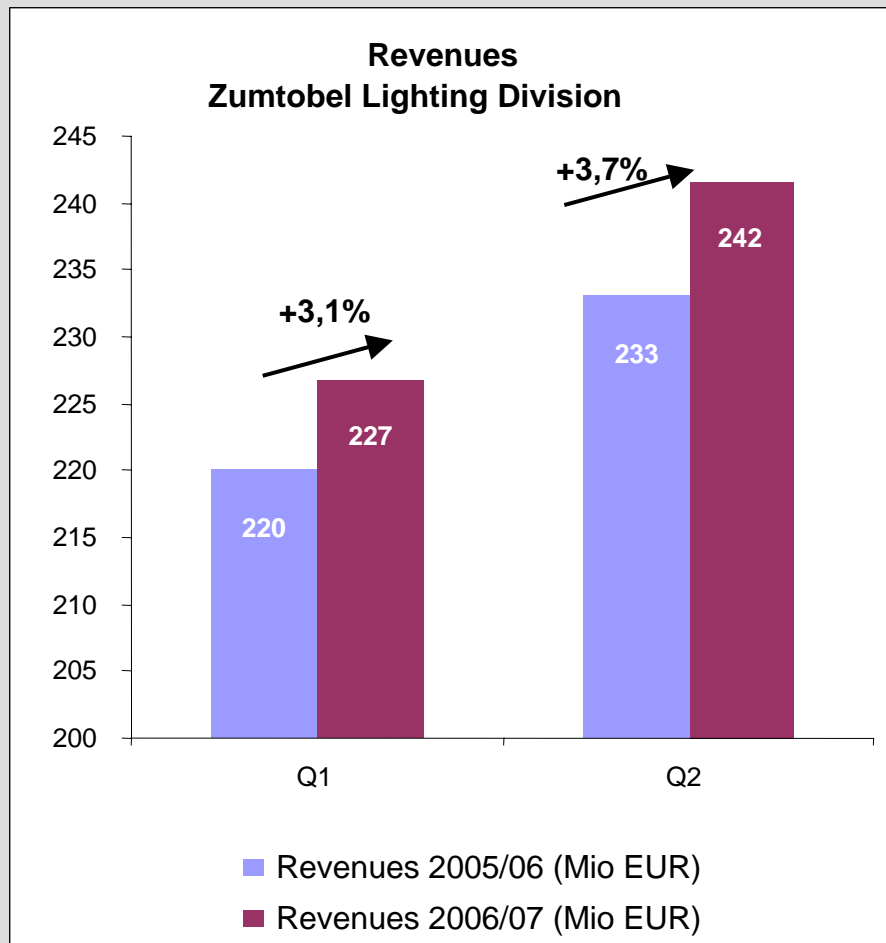
YTD Revenues



Data (Actual and Prior Year) adjusted for Airfield

Segment Reporting: Divisional Trends

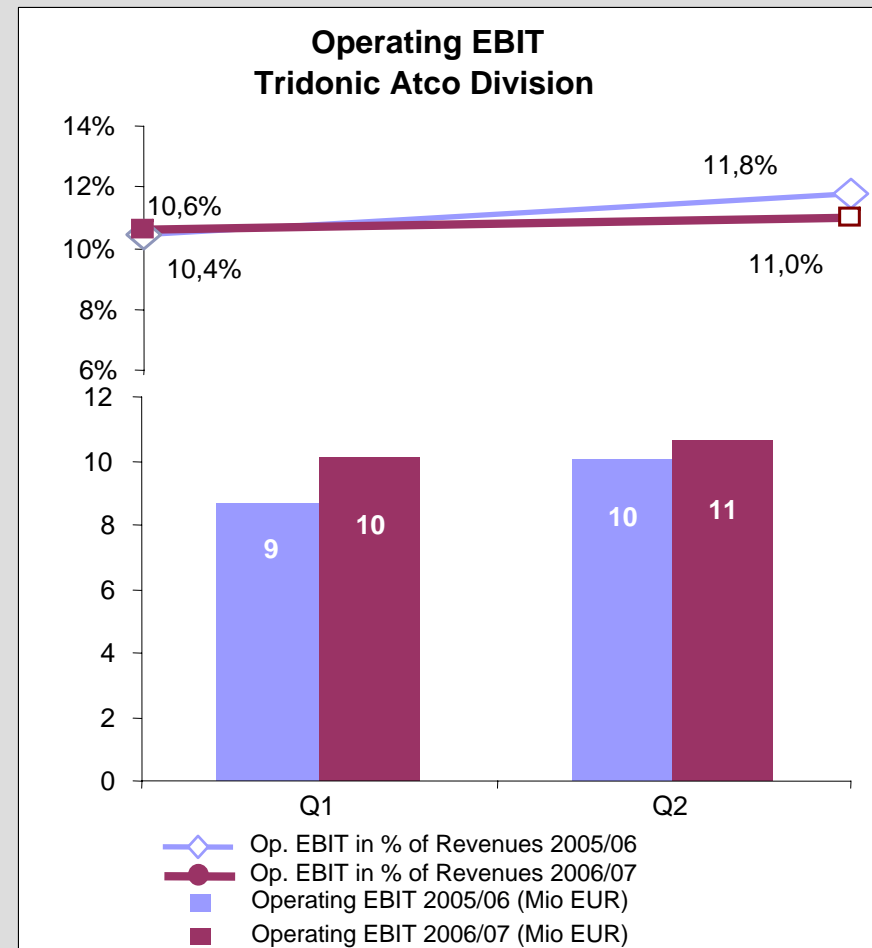
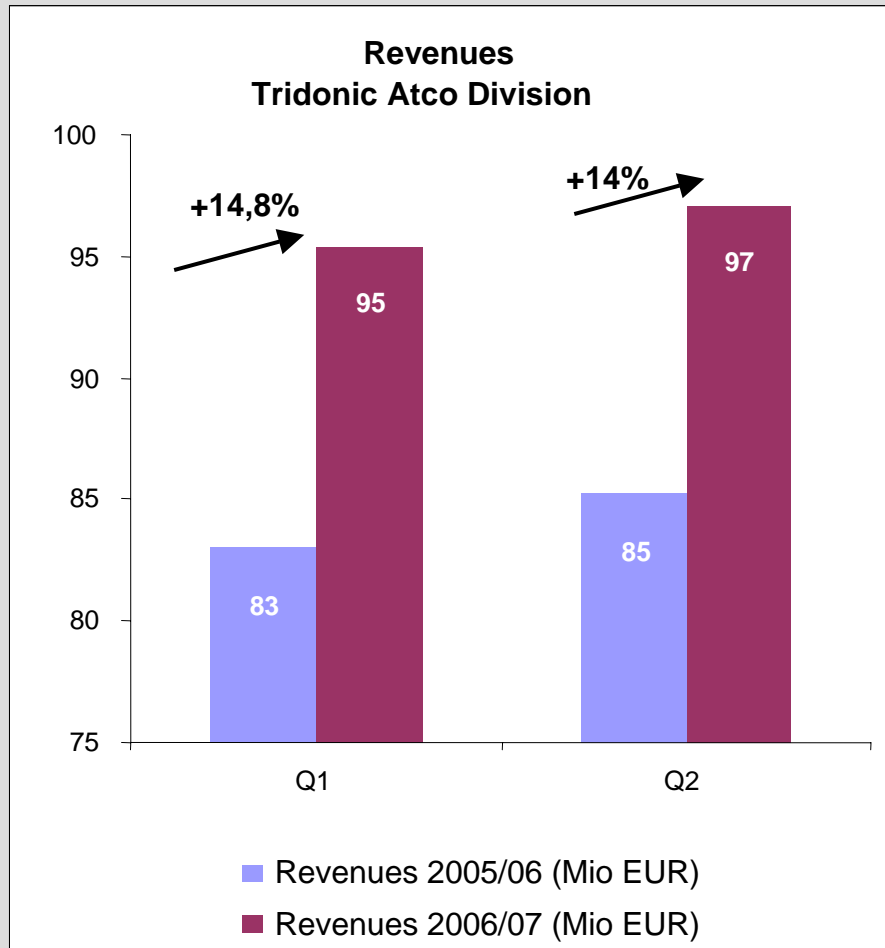
Zumtobel Lighting Division



Data (Actual and Prior Year) adjusted for Airfield

Segment Reporting: Divisional Trends

TridonicAtco Division

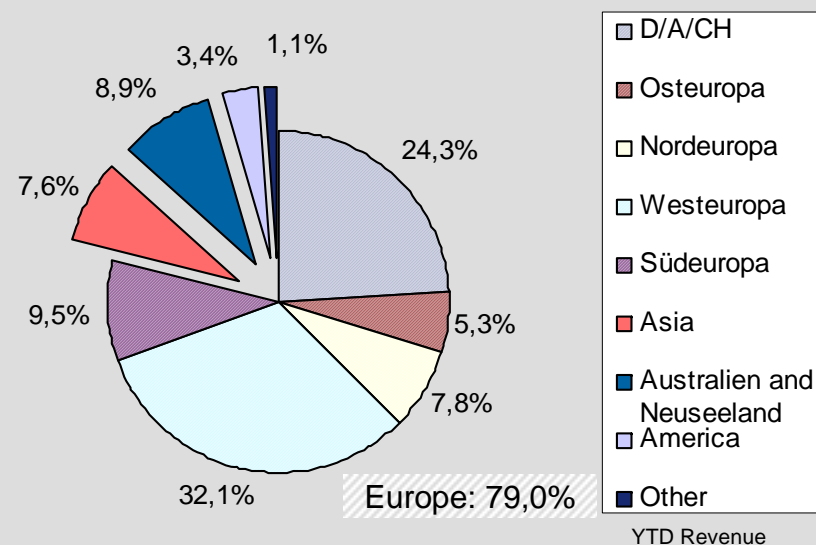


Data (Actual and Prior Year) adjusted for Airfield

Segment Reporting: Regional Trends

Stronger focus on Asian markets pays out

in Mio €	Q2 Growth	H1 Growth	H1 Sales
D/A/CH	-5,7%	-0,3%	151,8
Eastern Europe	43,1%	33,5%	33,4
Northern Europe	-9,7%	-8,3%	48,9
Western Europe	1,9%	0,5%	200,7
Southern Europe	29,1%	22,9%	59,3
Europe	2,6%	3,3%	494,2
Asia	49,0%	41,3%	47,4
Australia and New Zealand	9,3%	6,6%	55,6
America	14,6%	14,7%	21,6
Other	241,5%	114,8%	6,9



Growth drivers

- LED activities: +35% → EUR 9,7 m
- Continuing substitution of magnetic ballasts by electronic ballasts
- Recovery in Europe (Growth total Europe: +3,3%)
- Success in New Markets such as Asia and CEE
- Success in International Projects and Key Account Business

Growth issues

D/A/CH:

- temporary postponement of projects
- decrease in the delivery of large contracts during the second quarter of 2006/07 in comparison to the high previous year level

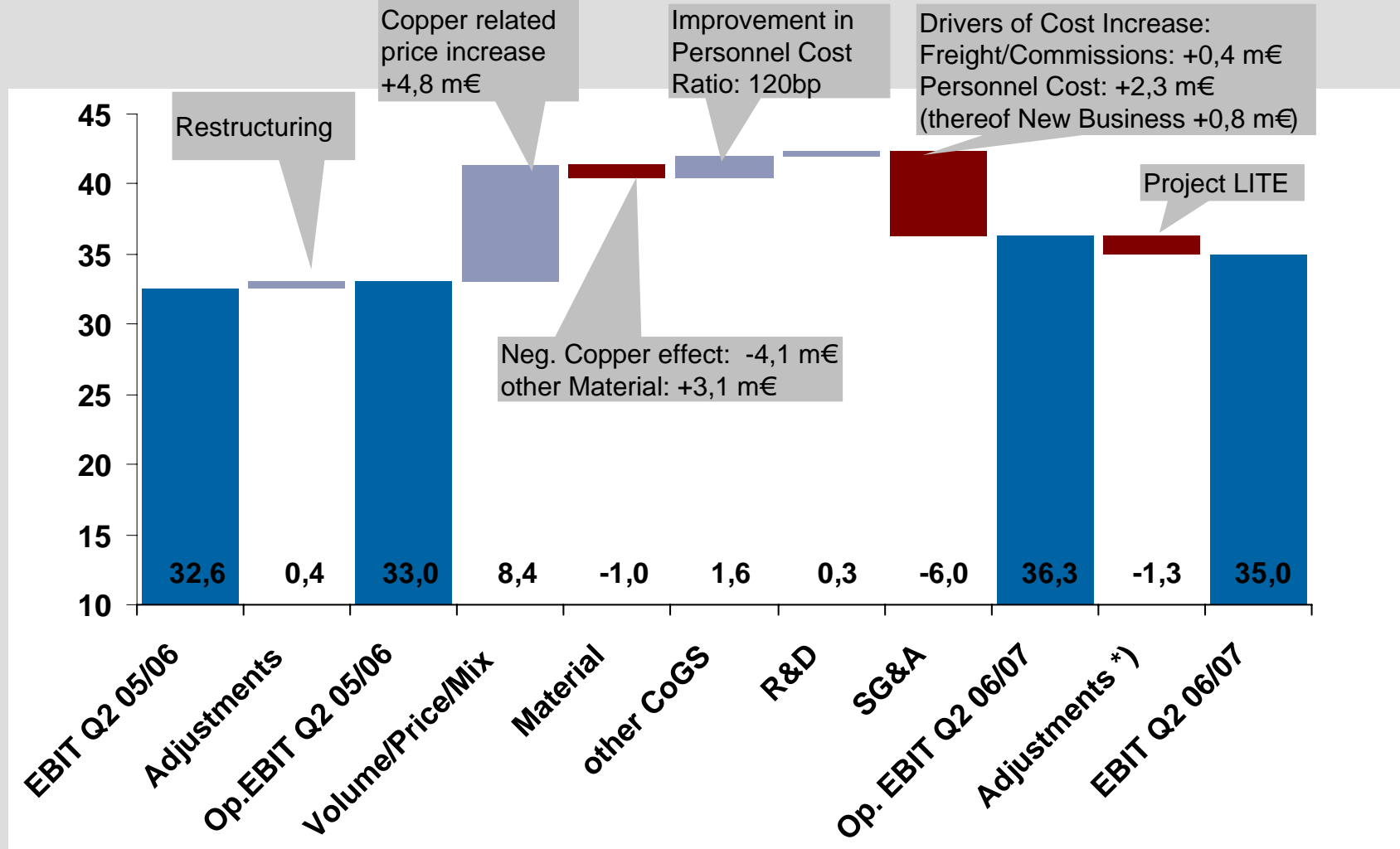
Norway:

- continues to suffer from sales reorganisation

Data (Actual and Prior Year) adjusted for Airfield

EBIT Development 2006/07

Strong earnings increase in Q2



*) Adjustments in 06/07 mainly from project LITE

Data (Actual and Prior Year) adjusted for Airfield

Income Statement

Improvement in EBIT and Net Profit

<i>in Mio €</i>	Q2 2006/07	Q2 2005/06	H1 2006/07	H1 2005/06	Delta in %
Revenues	321,1	300,1	625,6	586,3	6,7%
CoGS	- 192,1	- 180,1	- 373,9	- 351,1	-6,5%
<i>in % of Revenues</i>	59,8%	60,0%	59,8%	59,9%	
Gross Profit	129,0	120,0	251,7	235,2	7,0%
<i>in % of Revenues</i>	40,2%	40,0%	40,2%	40,1%	
R&D	- 5,3	- 5,5	- 12,2	- 10,9	-11,1%
<i>in % of Revenues</i>	1,6%	1,8%	1,9%	1,9%	
SG&A (w/o Exceptional acc. IFRS + one time effects)	- 87,4	- 81,5	- 173,0	- 164,4	-5,3%
<i>in % of Revenues</i>	27,2%	27,1%	27,7%	28,0%	
Operating EBIT	36,3	33,0	66,5	59,9	11,1%
<i>in % of Revenues</i>	11,3%	11,0%	10,6%	10,2%	
Exceptional (acc. IFRS) + one time effects	- 1,3	- 0,4	- 1,2	- 6,6	82,1%
<i>in % of Revenues</i>	0,4%	-0,1%	0,2%	1,1%	
EBIT	35,0	32,6	65,3	53,2	22,7%
<i>in % of Revenues</i>	10,9%	10,9%	10,4%	9,1%	
Financial Result	- 2,9	- 11,1	- 14,1	- 19,2	26,2%
EBT	32,0	21,4	51,2	34,1	50,2%
<i>in % of Revenues</i>	10,0%	7,1%	8,2%	5,8%	
Tax	- 5,0	- 4,6	2,8	- 4,9	>100
Net profit from discontinuing Operations	8,7	0,2	9,4	0,9	>100
Net profit (post Minorities)	35,6	17,3	63,2	30,4	>100
<i>in % of Revenues</i>	11,1%	5,8%	10,1%	5,2%	
EPS	0,80	0,47	1,44	0,83	73,5%

Data (Actual and Prior Year) adjusted for Airfield

Balance Sheet

Improvement of balance sheet structure

<i>in Mio €</i>	H1 2006/07	FY 2005/06
Total Assets	1.121,0	1.078,3
Net Debt	242,3	357,4
Equity	433,6	223,7
Equity Ratio in % of Assets	38,7%	20,7%
Capital Employed *)	628,2	621,9
Gearing	55,9%	159,8%
Capital Expenditure	23,7	18,1
Working Capital	299,7	241,3
in % of 12M rolling Sales	24,8%	25,7%

*) Capital Employed on 4 Quarters Average

Data (Actual and Prior Year) adjusted for Airfield

Cash flow Statement

Strong Cash flow from operating results

<i>in Mio €</i>	H1 06/07	H1 05/06	Delta in %
Cash flow from operating results	93,9	61,0	53,8%
Change in working capital	-59,4	-45,8	-29,8%
Change in other operating items	-12,4	18,4	<100
Taxes paid	-2,0	-2,4	13,6%
Cash flow from operating activities	20,0	31,3	-36,2%
Cash flow from investing activities	-27,7	-15,7	-76,1%
Free cash flow	-7,7	15,6	<100
Change in net borrowings	-147,4	-18,3	<100
Capital increase	148,7	0,0	
Share buyback	-13,9	0,0	
Interest paid	-12,6	-14,7	13,8%
Cashflow from financing activities	-25,1	-32,9	23,7%
Change in cash and cash equivalents	-32,3	-16,3	-97,9%

Data (Actual and Prior Year) adjusted for Airfield

Project ,LITE‘

Optimisation of Real Estate Portfolio

Scope of project LITE

- streamline balance sheet to pursue a more asset light approach
- free up cash from real estate assets not necessary for purpose of the company
- Eliminate facilities which are outdated or an ongoing cost burden

Use of Proceeds

- Deleveraging
- Funding of Acquisitions
- Funding of Dividends

Financial Impact spread over next 18 months

- cash generated: 30m€ with upside
- one time EBIT impact: 20m€ with upside

in Mio €	country	cash	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	2,3
Accounting Effect Q2		-2,1	-1,8
Somersby plant sold	AUS	3,0	1,7
Accounting Effect Q2 + Q3		0,9	-0,1

Project LITE was announced on October 27, 2006

Data (Actual and Prior Year) adjusted for Airfield

Discontinued Business

Thorn Airfield Lighting

THORN Airfield Lighting (THORN AFL)

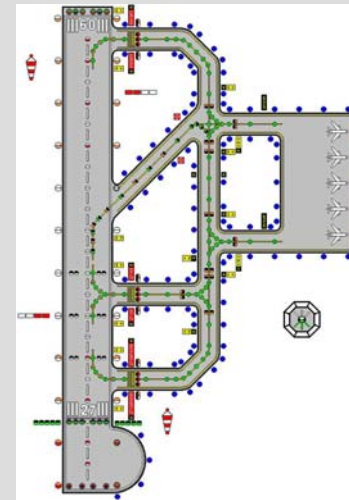
is specialised to design and manufacture complete ranges of lighting fittings for the Airport and Heliport applications. It also includes a large range of Aviation Obstruction Lighting and power and control system equipment.

THORN AFL can provide a full range airfield lighting systems from simple portable runway lighting systems for construction sites, military, emergency or temporary use to a complete.

Key Figures (in Mio€)	03/04	04/05	05/06
Revenues	16,2	18,5	21,2

Strategic Rationale

- Projects with even more share of installation services and system supply
- extremely cyclical nature of Thorn AFL's business
- airport guidance systems are not part of the core competencies of the Zumtobel Group
- Zumtobel Group keeps production as OEM supplier



EL-EAH



Zumtobel's Way Forward

Continued Sales Growth – Y-o-Y Margin Improvement

Y-o-Y Sales Growth

- Economic recovery supports growth
- Further recovery in European construction sector
- Harvesting the growth potential for Zumtobel Lighting Division in Asia and Eastern Europe
- Significant growth potential in our 3 LED-Companies LEDON, Lexedis and TridonicAtco Optoelectronics
- Third quarter will be traditionally the weakest of the year due to seasonality

Net Sales Fiscal year



Y-o-Y Margin Improvement

- Operating performance, site consolidation and production transfer on track:
 - Romanian Factory in Curtici opened
 - Last product transfers and closure of Tett nang plant in Q2
 - Australia: One plant sold and contract for new location agreed in Q2
- Target 2006/07:**
- Significant step towards double-digit EBIT margin in 2007/08
 - Overproportional increase in EBT and Net Income

EBIT-Margin Fiscal year



Financial Calendar

- **Thurs March 22, 2007** **Results Quarter 1-3 2006/07
(May – January)**
- **Thurs July 5, 2007** **Annual Results 2006/07**
- **Thurs July 26, 2007** **Annual Shareholders' Meeting**
- **Tues July 31, 2007** **Ex-dividend day**
- **Thurs August 2, 2007** **Dividend payout day**



Back-up

Plant Curtici (Romania)

Curtici will be integrated as fullfledged production plant within the ILT group

- Curtici is „low cost“ location within the European ILT network and
- will support also as regional location due to its geographical position the market penetration in Eastern Europe.
- The site covers a total of 12.500 square meters with the production itself covering approx. 8.000 m², the warehouse approx. 1.900m² and the two-storey office facility 1.600m².
- The workforce today numbers 150 employees, the expected headcount in 2009 will rise to approx. 350 employees.
- With the opening in Oct 2006 five product lines moved to Curtici with a total VOP of approx. 22m€ – further product transfers are in preparation.



Thorn Asia

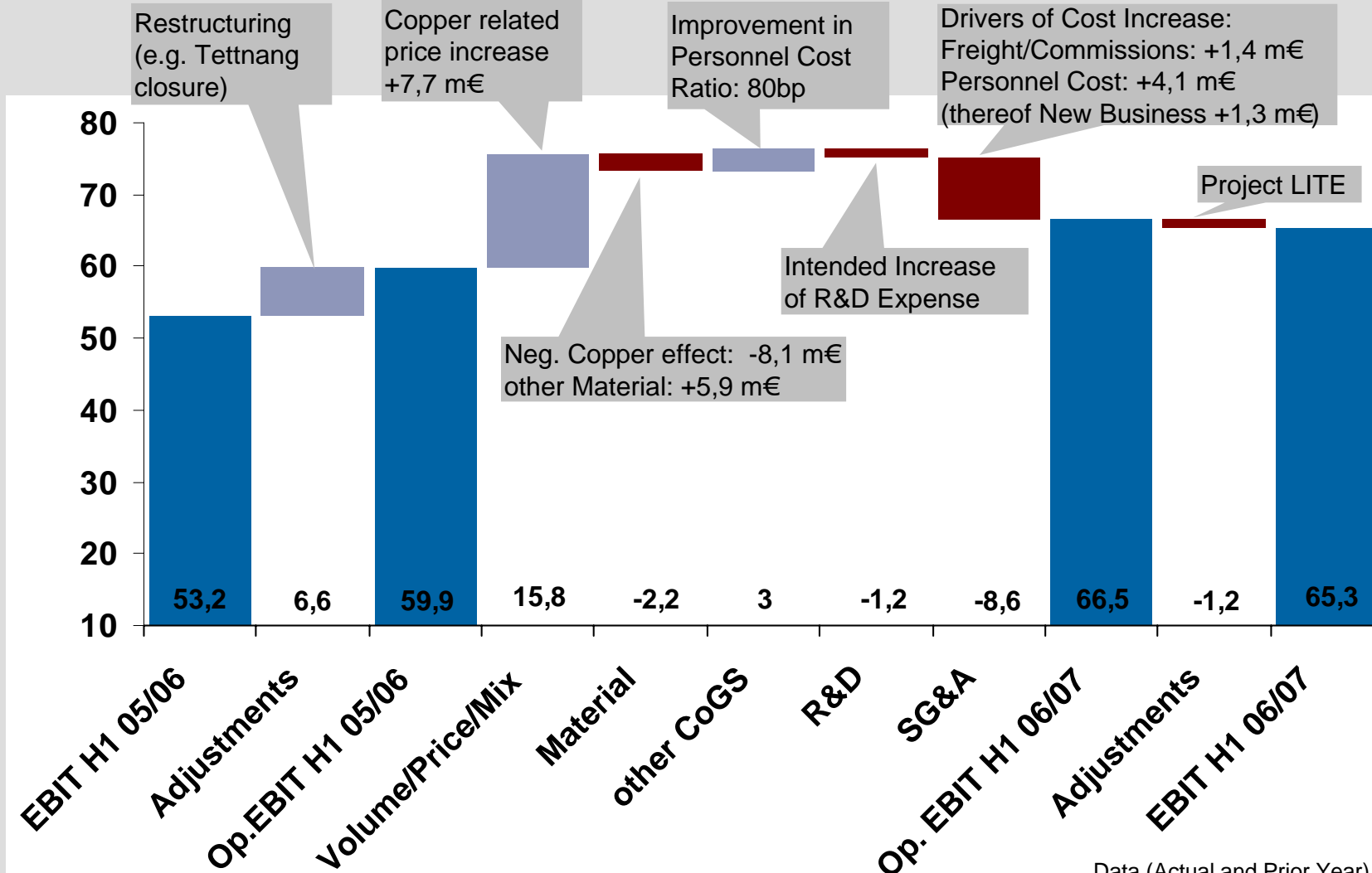
Thorn secures multi-million euro order for Beijing Airport Extension

- Thorn secures order for the undoubtedly most important infrastructure project in Beijing and one of the largest airport expansion projects in the world
- New terminal will become a modern and state-of-the-art building designed by highly renowned architects
- Largest single order that Thorn has ever secured in China
- Order confirms ongoing strategic growth: Total value about EUR 3 million
- Thorn's experience in major project business proves decisive
- Delivery completed in FY 2006/07



EBIT Development H1 2006/07

Strong earnings increase



Data (Actual and Prior Year) adjusted for Airfield

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