

## Press Release

Dornbirn, Austria, October 27, 2006

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### Zumtobel Group to optimise its real estate portfolio

- **Numerous measures to generate cash proceeds of € 30 million by the end of 2007/08**
- **Extraordinary effect on EBIT of more than € 20 million**
- **Higher dividend and further debt reduction planned**

Dornbirn, Austria – Over the next 18 months the Zumtobel Group is planning a comprehensive programme of activities designed to optimise its real estate holdings. The measures, which together make up a project called LITE, will include the sale of numerous items of real estate in Europe and Australia that do not constitute necessary business assets, as well as the renegotiation of existing rental agreements and leases. In more concrete terms, the items of real estate to be sold are sites in the UK, Germany, Australia and Austria.

#### High positive impact on cash flow and earnings

The company is expecting these measures to generate cash proceeds of at least € 30 million. The cumulative extraordinary effect on earnings before interest and taxes (EBIT) should amount to more than € 20 million. The major part of these positive effects will probably be realised in the 2007/08 financial year (May 1 – April 30).

Initial concrete steps have already been taken. Effective in the second quarter of 2006/07, Zumtobel sold an undeveloped piece of land at its headquarters location in Dornbirn, Austria (cash flow € 4.4 million, impact on EBIT € 2.3 million) and brought about the premature termination of a rental agreement in the UK that would otherwise have run until 2023. This concerned premises acquired in the course of the takeover of Thorn, which have stood empty and disused for some time now. The impacts on cash flow and earnings from the premature termination of this rental agreement amount to - € 6.3 million and - € 3.9 million respectively. Compared to a cash value of future rent expenses of well over € 10 million, the termination of tenancy was effected on very attractive terms. Overall, these two measures will lead to one-time effects in Q2 of - € 1.9 million on cash flow and - € 1.6 million on EBIT. In addition, effective in the third quarter, a production facility in Somersby (Australia) has been sold (cash effect € 3 million, EBIT effect € 1.7 million). Initial preparatory steps have also been taken in respect of the sale of other items of real estate in the UK, Germany and Austria, with a view to the further optimisation of the real estate portfolio.

#### Attractive dividends and further debt reduction planned

Zumtobel is intending to use the proceeds to continue the debt reduction programme introduced in previous years. Thus, in the first quarter of the 2006/07 financial year, with funds from operational cash flow and the net proceeds of the capital increase effected in May 2006 in the amount of € 148 million, the company was already able to reduce net debt by approximately € 200 million year-on-year, to a total of € 234 million. The equity ratio improved from 18.2% to 38%.

# zumtobel group

With this financial structure, Zumtobel is well placed to build on its position as a global player in the lighting industry through further generic and possible external growth. In addition, the company is planning an attractive dividend for the 2006/07 financial year.

02 Further details on the Zumtobel Group can be found on the Internet at: [www.zumtobelgroup.com](http://www.zumtobelgroup.com)

## **Media Contacts**

### **Verena Stättner**

Corporate Communications

T +43 (0) 5572 509-575

[verena.staettner@zumtobel.com](mailto:verena.staettner@zumtobel.com)

[www.zumtobelgroup.com](http://www.zumtobelgroup.com)

### **Utta Tuttlies**

HERING SCHUPPENER Consulting

T +49 (0)69 921874-84

[ututtlies@heringschuppener.com](mailto:ututtlies@heringschuppener.com)

## **Investor Relations**

### **Christian Hogenmüller**

Head of Corporate Reporting

T +43 (0) 5572 509-506

F +43 (0) 5572 509-9506

[christian.hogenmueller@zumtobel.com](mailto:christian.hogenmueller@zumtobel.com)

[www.zumtobelgroup.com](http://www.zumtobelgroup.com)

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## **The Zumtobel Group – global market leader in the lighting industry**

The Zumtobel Group, based in Dornbirn in the Vorarlberg region of Austria, is one of the few global players in the lighting industry. The Group, which started life as Elektrogeräte und Kunstharzpresswerk W. Zumtobel KG in 1950, today employs a workforce of over 7,200 and in the 2005/06 financial year posted revenues of EUR 1,184.2 million. Under the leadership of its Executive Board of Dr. Andreas J. Ludwig (CEO) and Thomas Spitzenpfeil (CFO), the Group today comprises two subgroups. Zumtobel Lighting Division, the luminaire business, includes the Thorn and Zumtobel brands along with their shared production network, International Lighting Technologies. The TridonicAtco Division handles the lighting components side of the business. The financial year of the Zumtobel Group commences on May 1 and ends on April 30.