

## Press Release

Dornbirn, Austria, 09 December 2009

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Zumtobel AG interim financial report (May - October):

### **Zumtobel Group notes signs of easing in tense market environment**

- **Half-year revenues down 9% after adjustment for foreign exchange effects (Q2: -7.8%)**
- **Adjusted EBIT reaches EUR 47 million (PY: EUR 60.1 million; -21.7%)**
- **Adjusted EBIT margin at solid 8.2% (PY: 9.4%)**
- **Cost savings total EUR 47 million after 12 months**
- **LED business posts continuing strong growth at +57.6%**
- **Outlook: development of market demand still uncertain, Management Board reaffirms savings target of up to EUR 100 million**

Dornbirn, Austria – On completion of the first half of the 2009/10 financial year (May - October), the Zumtobel Group based in Dornbirn, Austria noted the first signs of an easing in the tense market environment. In the first six months of the current financial year, the international lighting group posted revenues of EUR 572 million, which equates to a decline of 10.8% over the comparable prior year period (EUR 641.1 million). Adjusted for negative foreign exchange effects, above all due to the weak British Pound, revenues were down by 9%. An analysis of the declines in percent compared with earlier quarters indicates an easing in the downward trend: While first-quarter revenues showed a downturn of 10.2% after adjustment for foreign exchange effects, in the second quarter the similarly adjusted fall in revenues amounted to just 7.8%.

The earnings picture reveals the effectiveness of the “Excellerate” efficiency improvement programme introduced roughly twelve months ago: first-half EBIT (earnings before interest and taxes) totalled EUR 40 million (PY: EUR 57.4 million; -30.4%) or EUR 47 million after adjustment for special effects (PY: EUR 60.1 million; -21.7%). Despite falling revenues, the adjusted EBIT margin reached a solid 8.2% (PY: 9.4%).

“In spite of the marked impact of the international economic crisis, we are satisfied with the way our business has developed in the first six months. In terms of earnings we were almost able to offset the downturn in revenues – a performance that reflects the rigorous implementation of our efficiency and cost-savings programme. Across the Group we have already achieved cost savings of EUR 47 million. That means we are well on our way to reaching our targeted savings volume of up to EUR 100 million by the end of the 2010/11 financial year,” said Zumtobel Group CEO Andreas Ludwig, commenting on the first-half figures.

### **Substantial declines in both segments and almost every region**

A breakdown by segment reveals that the substantial decline in revenues continues to affect both segments – Lighting and Components. However, towards the end of the second quarter, demand in the Components Segment (TridonicAtco) started to pick up as customers began to rebuild stocks. By contrast, the cyclically slower project business with luminaires and lighting solutions (Zumtobel / Thorn)

still has to contend with adverse market conditions and strong price competition. In the Lighting Segment, first-half revenues fell 10% to EUR 426.7 million (minus 8.1% after FX adjustments), while revenues in the Components Segment declined 13.5% to EUR 180.6 million (minus 12.2% after FX adjustments).

A breakdown of revenues by region reveals that in the first half-year the Zumtobel Group recorded marked double-digit year-on-year declines throughout Europe, in some cases due to foreign exchange effects (Western Europe -13.3%; Southern Europe -23.3%, Eastern Europe -21.5%). The exception here was the D/A/CH region (Germany, Austria, Switzerland), where revenues fell by only 8% compared to the prior year period, to EUR 149.8 million. Revenues in Asia rose by 7% to EUR 48.3 million (prior year: EUR 45.2 million), with strong growth recorded by the Lighting Segment in particular. America and Australia / New Zealand reported revenues down by 4.5% and 4.6% respectively.

The Group's LED business continued its positive development. First-half revenues from the sale of LED-based products rose 57.6% to EUR 34.4 million.

### **Development of the workforce**

Compared to the prior-year headcount on 31 October 2008, the size of the workforce (full-time equivalent including contract workers) declined by 556 to a total of 7,365. However, compared to the headcount on the balance sheet date of 30 April 2009, the workforce has increased by 200 full-time equivalent employees. This is largely explained by insourcing\* measures, growth-led recruitment in Asia and a rise in the number of contract workers, above all at the Dornbirn plant to cover seasonal peaks and the integration of production operations from Romania.

### **Solid balance sheet structure**

With respect to its balance sheet structure and liquidity, the foundation of the Zumtobel Group remains very solid. At 43.9% the equity ratio was at exactly the same robust level as in the prior year. Gearing – the ratio of equity to net liabilities – attained a healthy 30.1% in the first half of 2009/10 (PY: 35.9%). And as in the prior year, free cash flow was clearly positive at EUR 23 million at the end of October (PY: EUR 23.1 million).

### **Outlook: development of market demand still uncertain**

In view of the tense economic situation and limited forward visibility, the Management Board's outlook remains highly uncertain. Due to the late cyclical nature of the company's business – lighting being one of the last items to be installed in any new building – the Management Board is assuming that the Zumtobel Group will only reach the low point of the crisis in 2010: "In spite of isolated positive signals, we are unable to report a turnaround in demand. We expect to see a further decline in revenues for the full 2009/10 financial year, although this should be more moderate during the second six months because of the lower prior-year comparative values. Our ongoing cost savings efforts will help us generate positive operating results in the seasonally weaker second half of the year," said Andreas Ludwig, explaining the outlook of the Management Board.

*\*Insourcing: Bringing outsourced activities back into the Group's own production operations.*

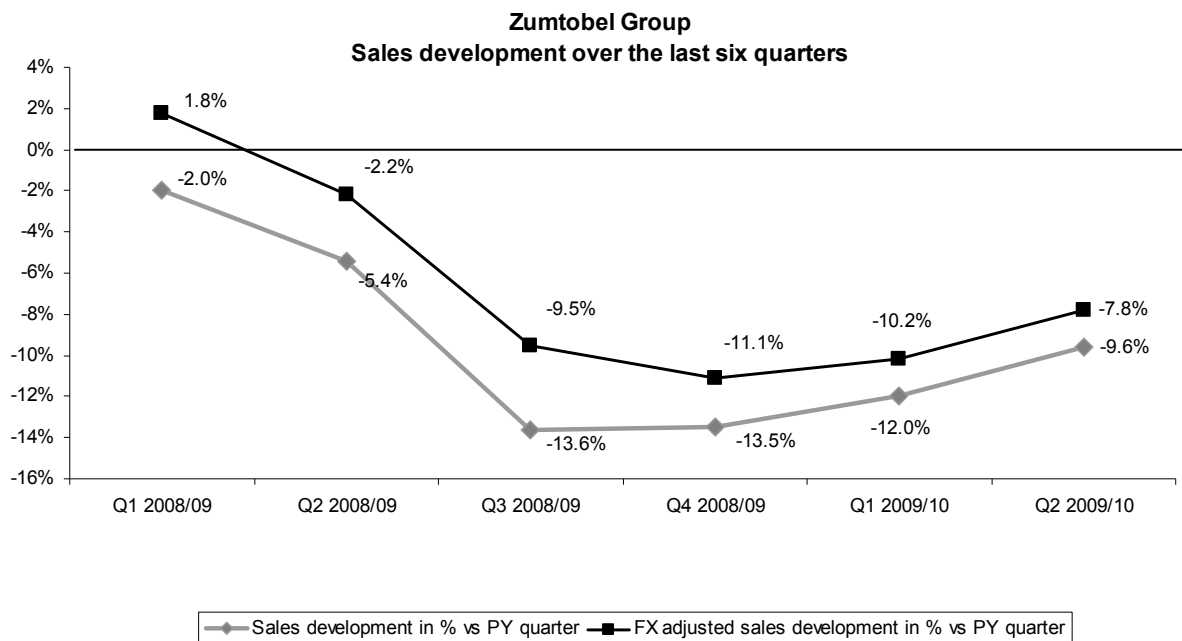
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## The interim financial figures at a glance:

| in EUR million              | Q2 2009/10 | Q2 2008/09 | Change in % | 1st HY 2009/10 | 1st HY 2008/09 | Change in % |
|-----------------------------|------------|------------|-------------|----------------|----------------|-------------|
| Revenues                    | 293.4      | 324.5      | -9.6        | 572.0          | 641.1          | -10.8       |
| Adjusted EBIT               | 24.2       | 32.0       | -24.4       | 47.0           | 60.1           | -21.7       |
| <i>as a % of revenues</i>   | 8.3%       | 9.9%       |             | 8.2%           | 9.4%           |             |
| EBIT                        | 20.8       | 30.4       | -31.7       | 40.0           | 57.4           | -30.4       |
| Profit before tax           | 16.4       | 33.4       | -50.9%      | 27.8           | 50.4           | -45.0%      |
| Net profit for the period   | 14.7       | 27.9       | -47.2%      | 24.9           | 42.1           | -41.0%      |
| Earnings per share (in EUR) | 0.35       | 0.66       | -44.4       | 0.59           | 0.97           | -40.2       |

| in EUR million   | 31 October 2009 | 31 October 2008 |
|--|-----------------|-----------------|
| Total assets   | 1.095.7         | 1.133.6         |
| Equity   | 480.5           | 497.9           |
| <i>Equity ratio in %</i>                               | 43.9            | 43.9            |
| Net debt   | 144.6           | 178.4           |
| Cash flow from operating results                       | 62.1            | 79.2            |
| Investments  | 17.1            | 30.3            |
| Headcount incl. contract worker (full-time equivalent) | 7.365           | 7.921           |



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[http://www.zumtobelgroup.com/en/press\\_center.htm](http://www.zumtobelgroup.com/en/press_center.htm)

## **About the Zumtobel Group:**

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, employed a workforce of 7,165 on the balance sheet date of 30 April 2009, and in the 2008/09 financial year posted consolidated revenues of EUR 1,174.0 million. The financial year of the Zumtobel Group commences on 1 May and ends on 30 April.

For further information, please visit [www.zumtobelgroup.com](http://www.zumtobelgroup.com)