

zumtobel group

Annual Results
Zumtobel Group 2007/08

30 June 2008

FY 2007/08 key facts and figures

Solid 5.5% growth excluding foreign exchange effects

Zumtobel Group

Continuing growth

Zumtobel Group:

- Revenues: 1,282.3 EUR million (+3,9%)
- Negative FX impact of 20 EUR million
- LED activities + 80%

Zumtobel Lighting Division (+2,9%):

- Improved Thorn margins
- Continuing weakness in overseas regions

TridonicAtco Division (+5,7%):

- Ongoing substitution from magnetic to electronic ballasts
- Price increase on magnetic products

Increasing profitability

Zumtobel Group:

- Adj. EBIT: 123,0 EUR million (+9,5%)
- Adj. EBIT margin: 9,6% (+50bp)
- ROCE: 18,9% (+160bp)

Zumtobel Lighting Division:

- Thorn back on growth track in Europe
- New Spennymoor plant on time

TridonicAtco Division:

- Positive mix- and volume-effect
- Productivity increase on track

Strong market position

Continuous investment in our brands

Zumtobel Group Award on sustainability launched

Energy efficiency initiative

Introduction of a new Group structure

Zumtobel Lighting Division

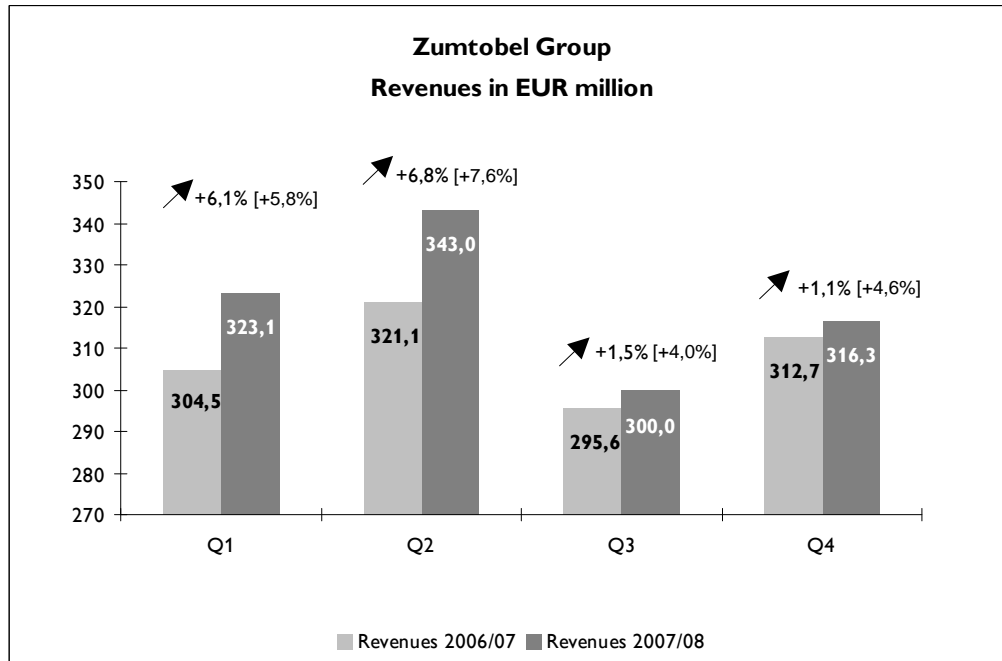
Zumtobel Components Division

Zumtobel LED Division

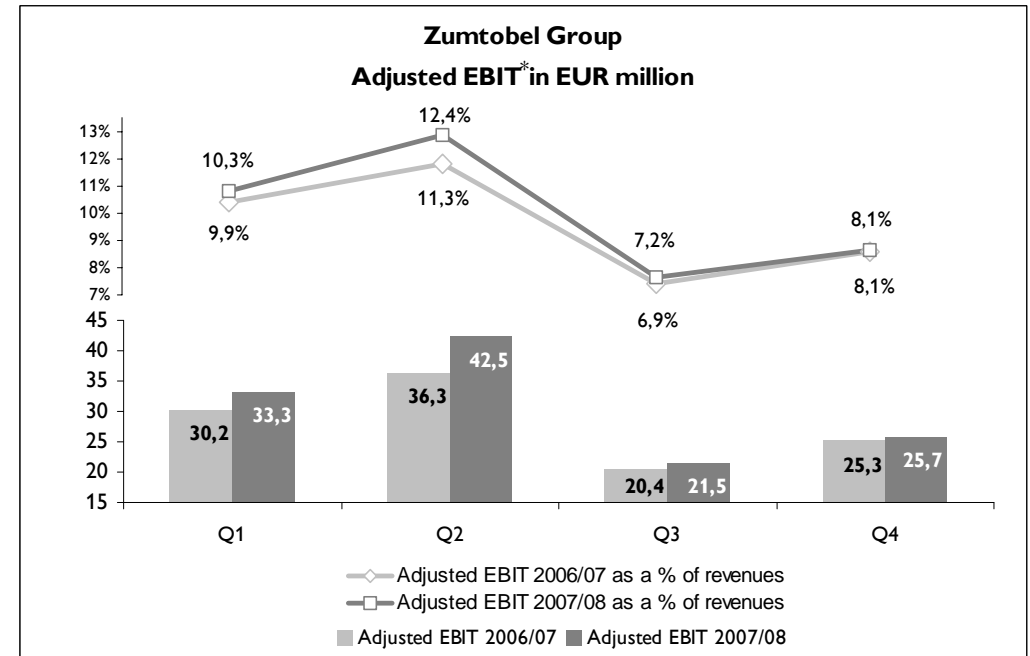
Zumtobel Residential Division

Zumtobel Group

Improvement in each quarter, slowdown of growth in H2



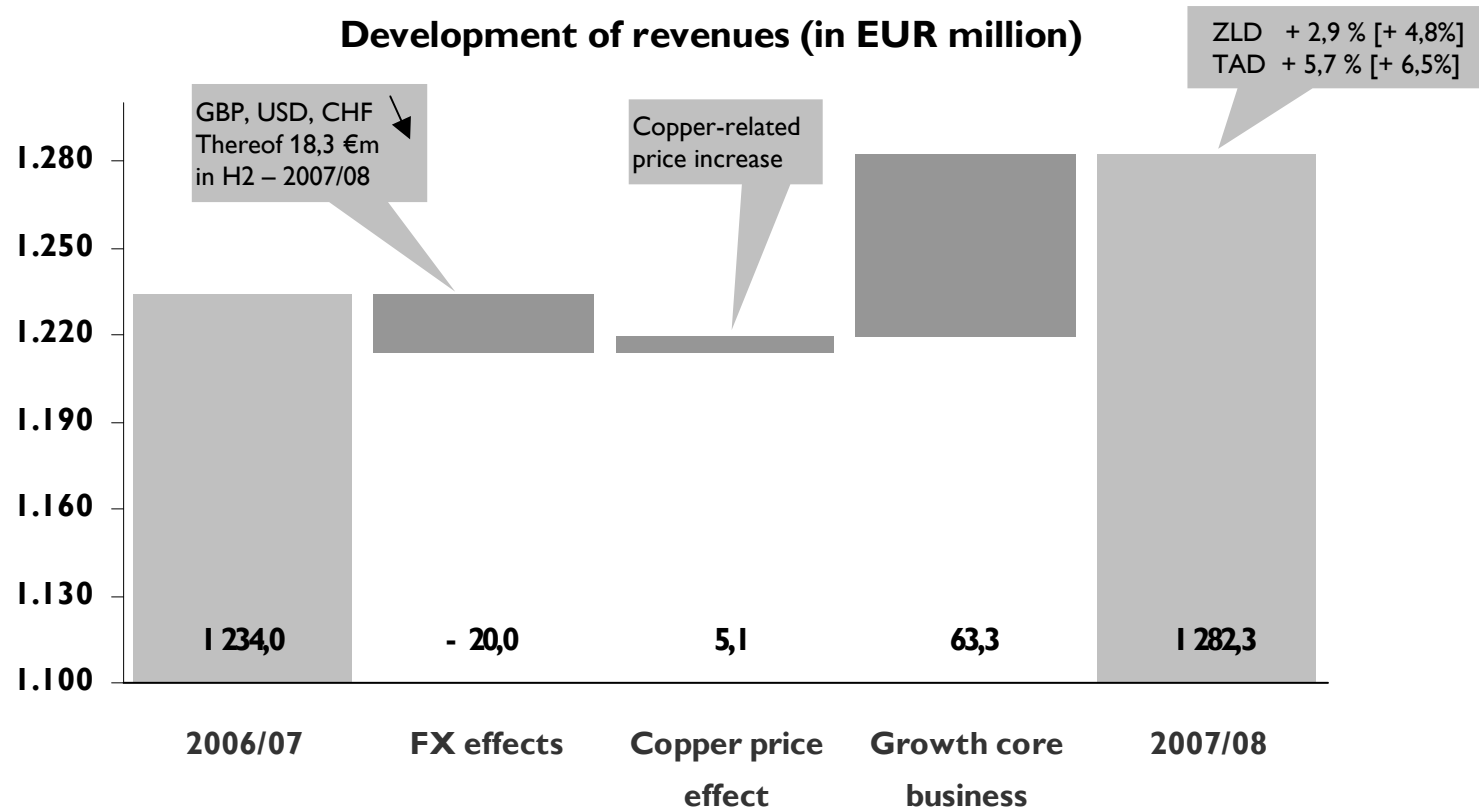
[] = FX - adjusted



*) Reported EBIT adjusted for special effects

Revenue development in FY 2007/08

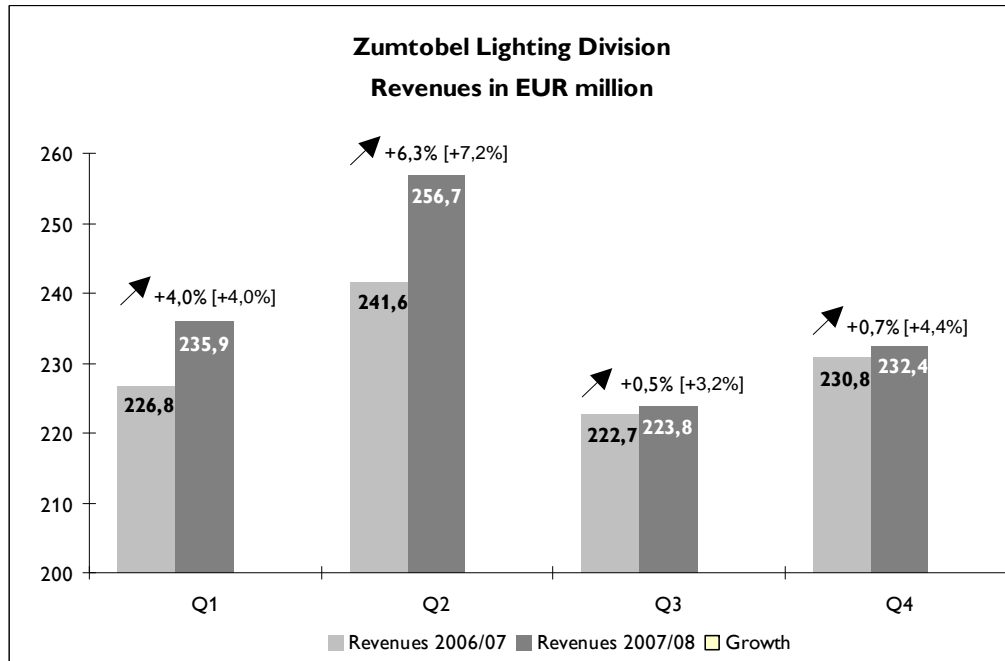
3,9% organic growth like-for-like, FX adjusted 5,5%



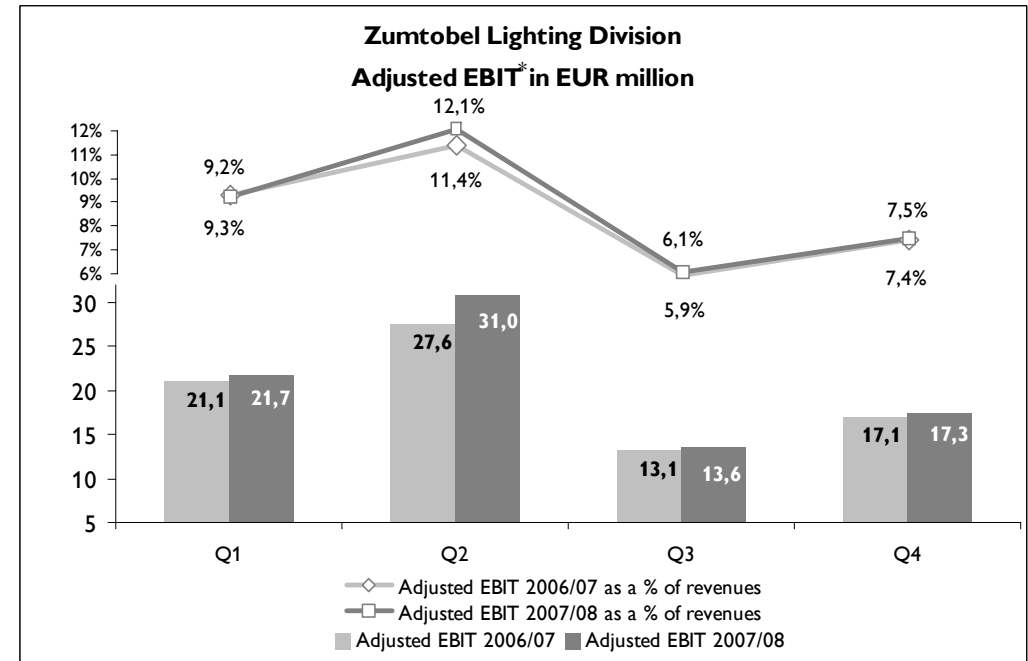
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Segment reporting

Zumtobel Lighting Division



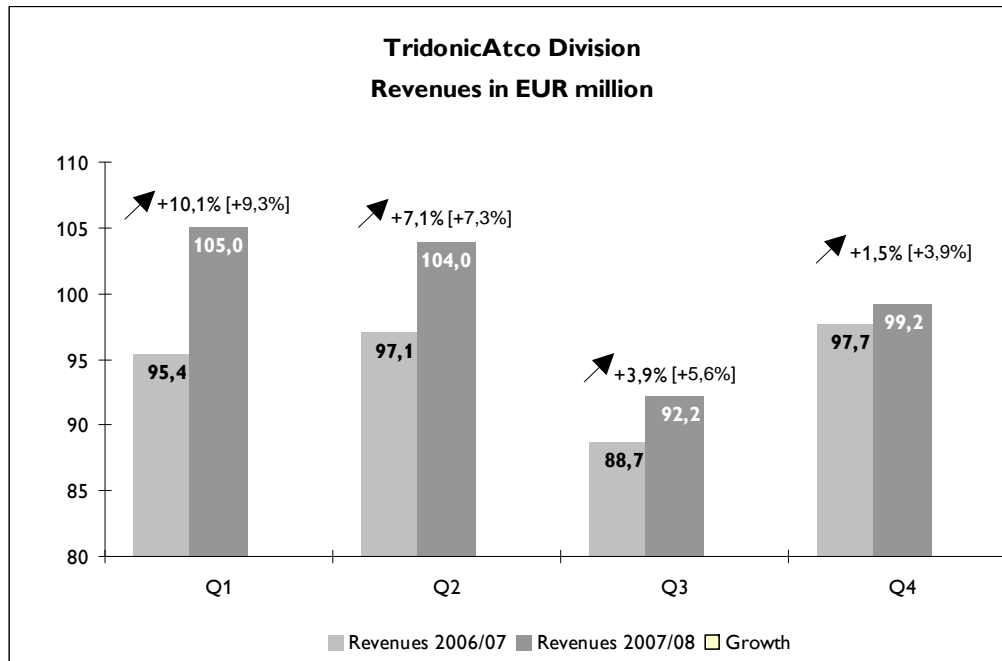
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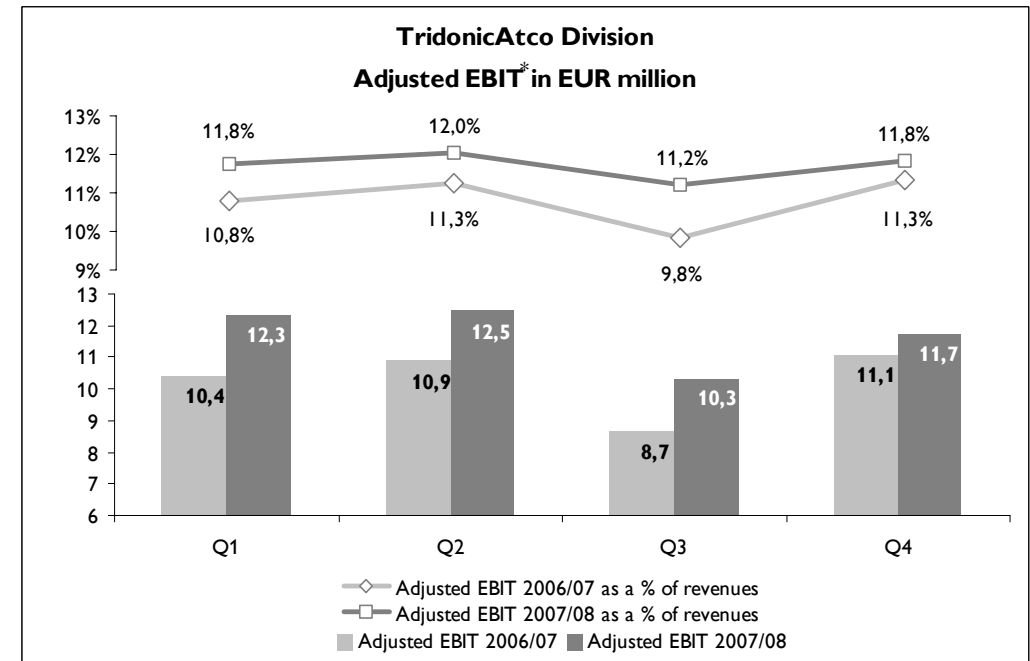
*) Reported EBIT adjusted for special effects

Segment reporting

TridonicAtco Division



[] = FX - adjusted



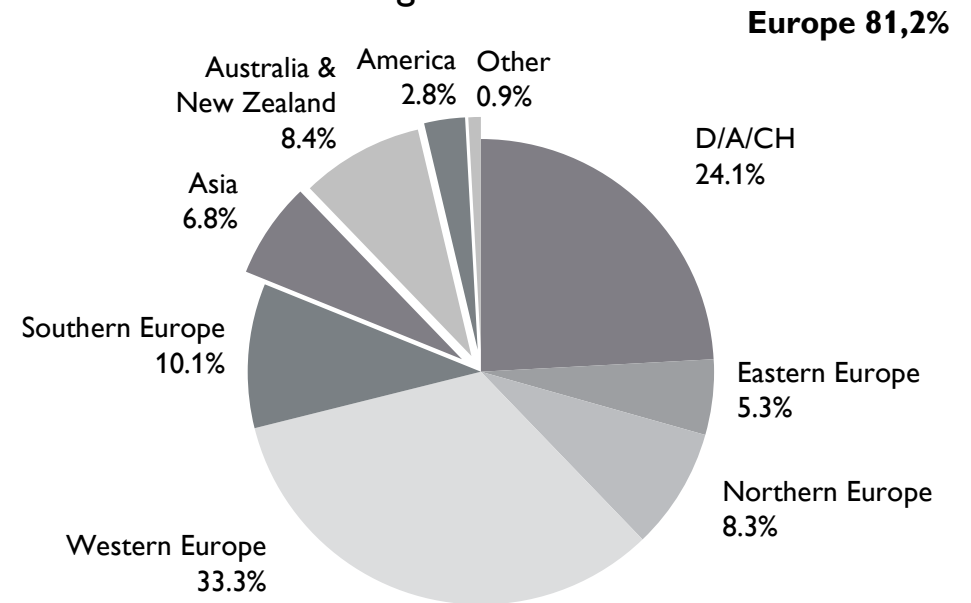
*) Reported EBIT adjusted for special effects

Segment reporting: Regional trends

Steady growth in Europe, revenues exceed EUR 1 billion for the first time

	4th Quarter 2007/08	2007/08	
	Growth +- in %	Growth +- in %	Revenues in EUR million
D/A/CH	4,9	5,7	308,9
Eastern Europe	16,1	9,9	67,9
Northern Europe	15,2	7,6	106,9
Western Europe	-5,5	4,2	427,4
Southern Europe	0,0	9,1	129,9
Europe	1,3	5,9	1041,0
Asia	1,2	-6,5	87,4
Australia & New Zealand	7,5	4,1	107,5
America	-15,5	-14,6	35,5
Others	-7,2	-16,7	10,9
Total	1,1	3,9	1282,3

Distribution of regional turnover



Growth drivers

- Solid growth in Europe, FX adjusted +7,6%
- Strong growth in Eastern Europe +9,9%
- Turnaround in Northern Europe: Sound +7,6% growth
- Increase of 80% in LED products

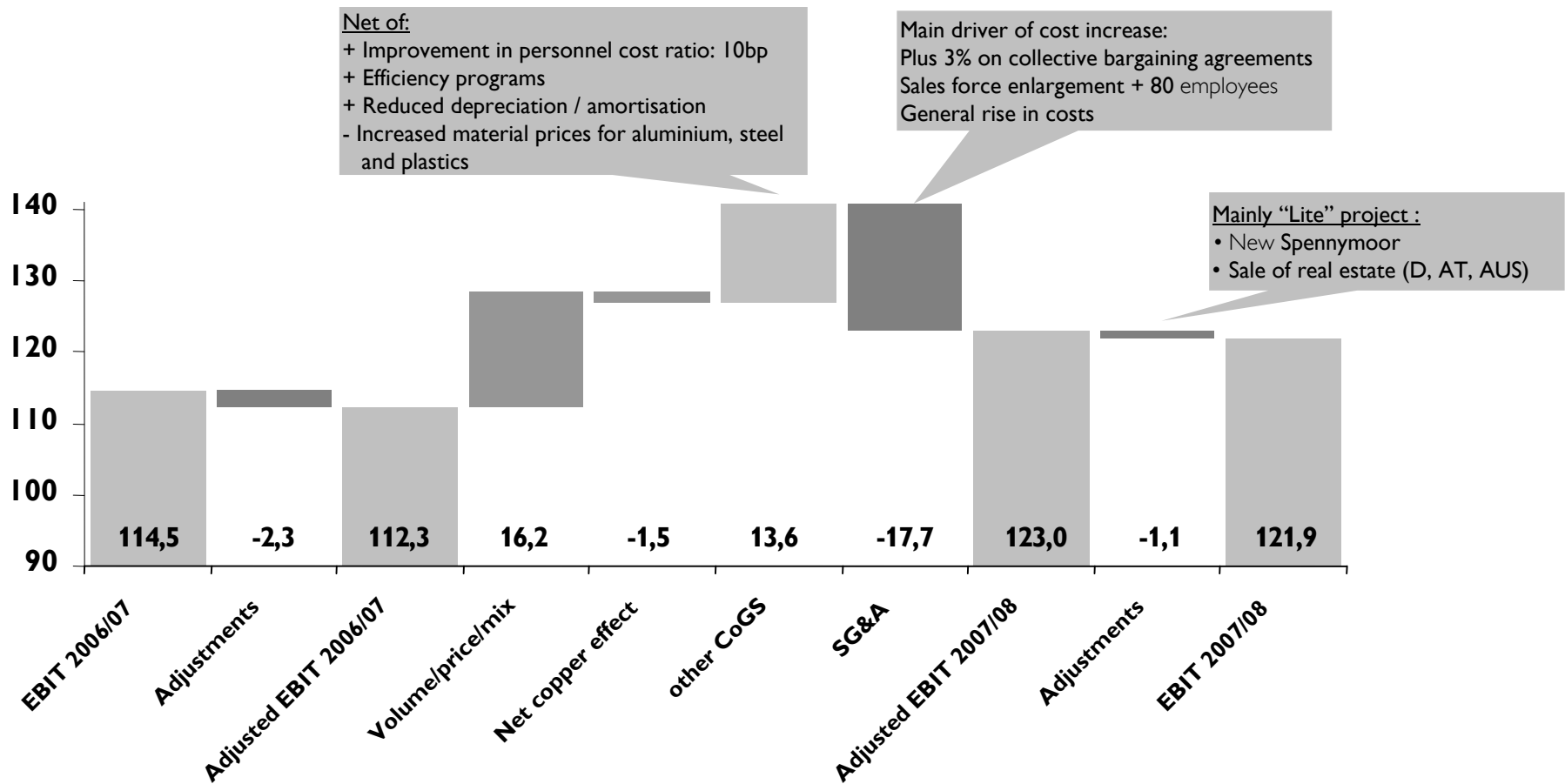
Growth issues

- Overseas regions below expectations
- Asia: slowdown in construction activities in Macao and Hong Kong and internal management issues
- USA: difficult economic environment and 10% drop in the value of the US dollar

EBIT development in FY 2007/08

9,6% adjusted EBIT margin

Development adjusted EBIT (in EUR million)



Income statement

Adjusted EBIT rises by 10.7 EUR million

Income Statement in EUR million	4th Quarter 2007/08	4th Quarter 2006/07	Change in %	2007/08	2006/07	Change in %
Revenues	316,3	312,7	1,1	1282,3	1234,0	3,9
Cost of goods sold	-193,9	-199,3	2,7	-792,9	-772,9	-2,6
Gross profit	122,4	113,5	7,8	489,5	461,1	6,2
as a % of revenues	38,7	36,3		38,2	37,4	0,0
SG&A expenses adjusted from special effects	-96,6	-88,1	-9,7	-366,5	-348,8	-5,1
Adjusted EBIT	25,7	25,3	1,5	123,0	112,3	9,5
as a % of revenues	8,1	8,1		9,6	9,1	0,0
Special effects	0,2	2,0	-0,9	-1,1	2,3	<-100
EBIT	25,9	27,4	-5,4	121,9	114,5	6,4
Financial results	-15,5	-5,2	<-100	-34,0	-24,2	-40,1
Profit before tax	10,4	22,2	-53,3	87,9	90,3	-2,7
Income taxes	14,7	2,0	>100	6,1	3,9	0,6
Net profit for the year from discontinued operations	-0,3	0,0	<-100	-0,5	9,4	<-100
Net profit for the year	24,8	24,2	2,5	93,5	103,6	-9,8
thereof due to shareholders of the parent company	24,7	23,9	3,3	93,0	103,2	-9,9
Depreciation and amortisation adjusted from special effects	10,1	11,5	-12,1	39,3	41,8	-6,1
Earnings per share (in EUR)	0,56	0,54	0,0	2,09	2,34	-10,7

Sale of Airfield business

Income statement effects below EBIT

Financial result, taxes and discontinued operations

- **Financial result affected by strong euro**

Financial result in EUR million	2007/08	2006/07
Interest expense	-22,6	-24,8
Interest income	4,4	2,4
Net financing costs	-18,2	-22,4
Other financial income and expenses	-15,7	-3,6
Profit/(loss) from associated companies	-0,1	1,8
Financial results	-34,0	-24,2

- **Income from deferred tax**

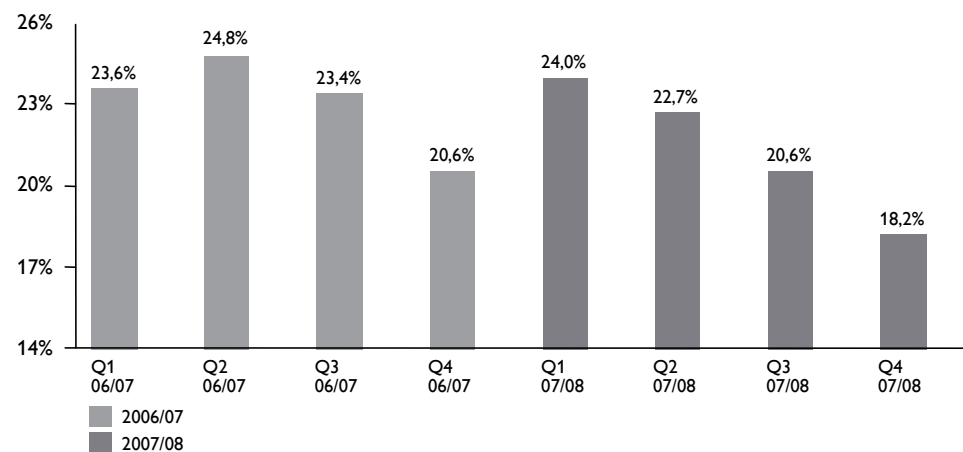
Tax in EUR million	2007/08	2006/07
Current taxes	-4,1	-9,1
Deferred taxes	10,2	13,0
Income taxes	6,1	3,9

Balance sheet

Positive development of working capital, equity ratio, net debt and ROCE

Balance sheet data in EUR million	30 April 2008	30 April 2007
Total assets	1.105,9	1.145,4
Net debt	129,0	185,7
Equity	514,2	441,6
Equity ratio in %	46,5	38,5
Gearing in %	25,1	42,1
Average capital employed	650,2	647,4
ROCE in %	18,9	17,3
Investments	66,0	54,3
Working capital	232,9	253,7
<i>As a % of rolling 12 month revenues</i>	18,2	20,6

Working capital as a % of rolling twelve-month revenues



Cash flow statement

Strong free cash flow generation

Cash Flow Statement in EUR million	2007/08	2006/07
Cash flow from operating results	166,0	173,8
Change in working capital	9,8	-13,4
Change in other operating items	-7,7	-30,1
Taxes paid	-12,1	-7,3
Cash flow from operating activities	156,0	122,9
Proceeds from the sale of non-current assets	11,6	3,1
Capital expenditures	-66,0	-54,3
Cash flow from investing activities	-44,1	-67,0
FREE CASH FLOW	111,8	55,9
Change in net borrowings	-101,5	-149,8
Capital increases	0,0	148,7
Dividends	-22,6	0,0
Cash flow from financing activities	-139,4	-33,8
CHANGE IN CASH AND CASH EQUIVALENTS	-32,8	21,6

Proposal for increase in dividend to EUR 0,70 (+40%)

Financial structure Zumtobel Group

New credit agreement secures long-term financing

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

Volume 480 EUR million

Simplification of financial covenants to 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

Usage of funds:

Part 1: 200 EUR million for refinancing of Thorn acquisition loan (603 EUR million originally granted in 2001)

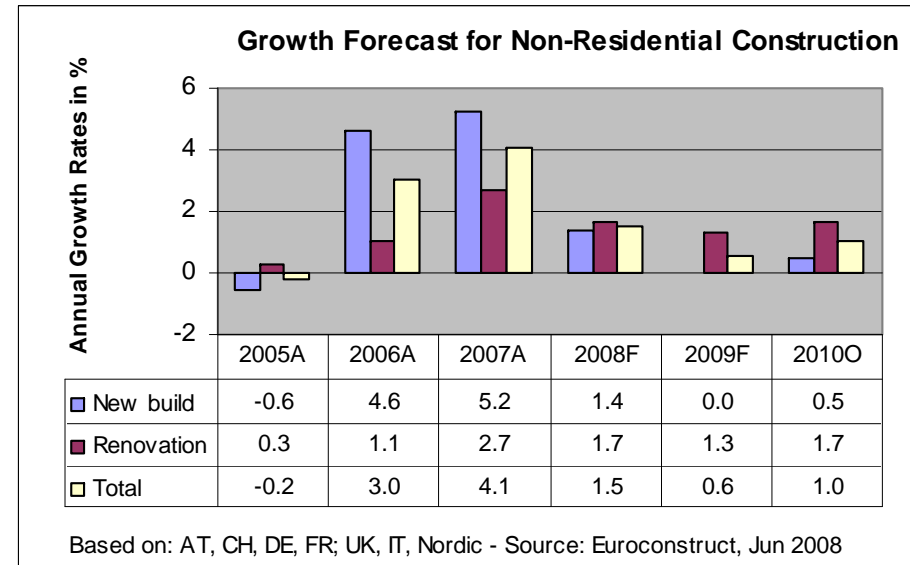
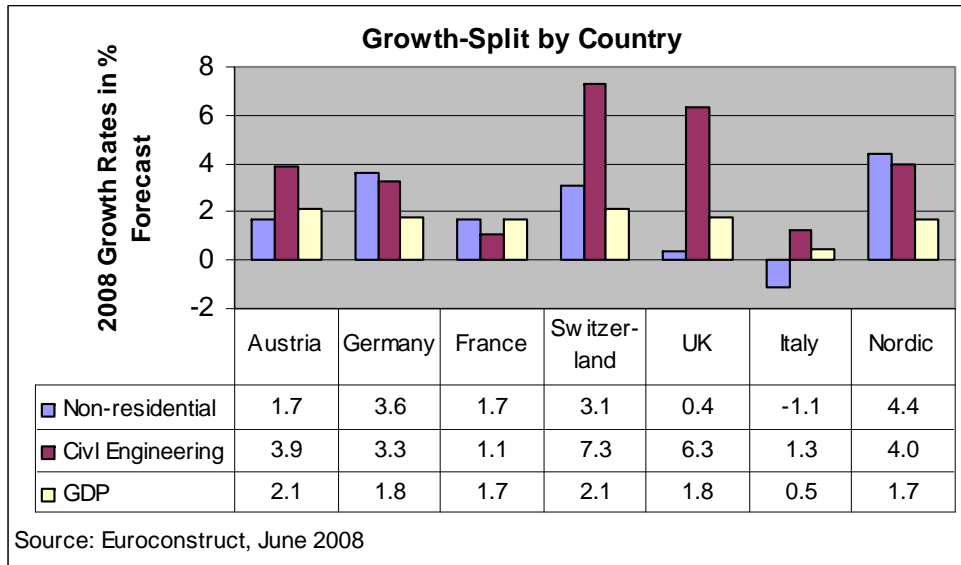
Part 2: 280 EUR million 'stand by' facility with free availability for

General financing purposes

Financing of acquisitions

Market environment – Euroconstruct

Weakening both in 2008 and 2009



Modest growth in European core markets :

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

Outlook 2008/09 – cautious optimism prevails

2-3% fx-adjusted growth above relevant European markets

EBIT margin of between 8% and 9% expected

Growth

- + Modest growth in European core markets
- + Participate in dynamic growth of emerging markets
- + Support from energy efficiency and reduction in CO₂ emissions
- + Dynamic LED growth

- Increased uncertainty in market environment
- Volatile demand pattern
- Further translation effects in the first six months of FY 08/09

Profitability

- + Continuation of rationalisation
- + Roll out Lean Six Sigma method in ZLD
- + Positive mix effect in TAD
- + Improvement of overseas performance
- + Spennymoor move

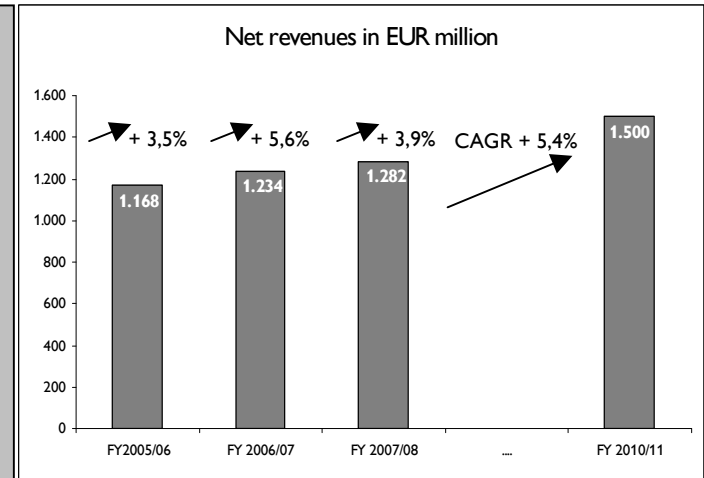
- Negative currency transaction effects approx. 11 million EUR
- Rising material prices
- 4% increase of payroll costs

Mid-term targets

We stick to our mid-term targets despite more difficult environment

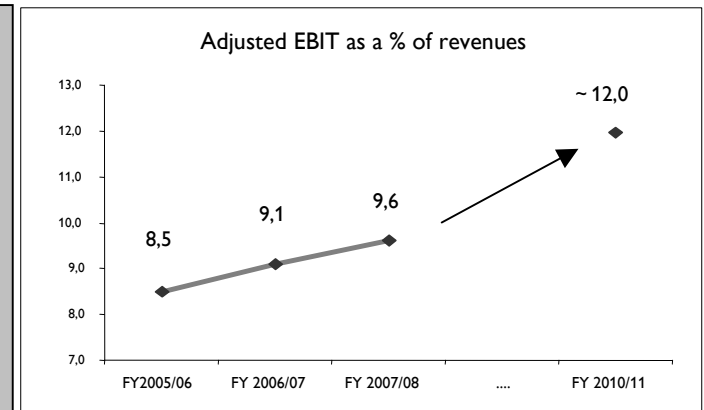
Growth targets

- **Mid-term (FY 2010/11) target of 1.5 € billion**
 - Zumtobel Lighting Division → 1.1 € billion
 - TridonicAtco Division → 500 € million (20% internal revenues)
- **Mid-term LED goal: > 100 EUR million revenues**
- **Additional upside from potential acquisitions**



ROS targets

- **FX and market conditions make margin expansion more difficult**
- **For the mid-term we strive to achieve a double-digit EBIT margin**
- **12% EBIT margin if favourable business environment returns ('blue sky' scenario)**



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