

zumtobel group

**3rd Quarterly Report  
Zumtobel Group 2009/10**

**March 16, 2010**

# Highlights Q1-Q3 2009/10

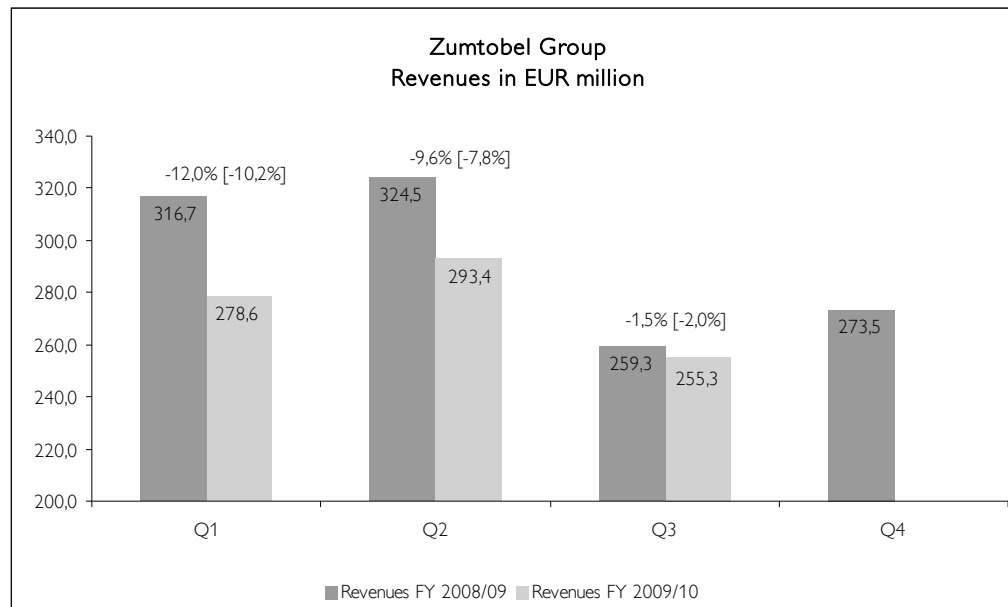
## Revenues bottoming out, increasing price pressure

- Easing of tense market environment in the seasonally weak Q3
- Decelerating revenue decline with -1.5% in Q3 (FX adjusted -2.0%)
- Components Segment back on growth path
- Still weak market conditions and increasing price pressure in the Lighting Segment
- “Excellerate” programme leads to gross cost savings of EUR 43 million in Q1-Q3 2009/10, savings still offset by negative FX and volume/pricing effects
- Adjusted EBIT margin of 5.8%, reported EBIT margin of 4.7%
- Positive development of working capital continued
- Revenues of LED based products increased by around 48% in Q1-Q3

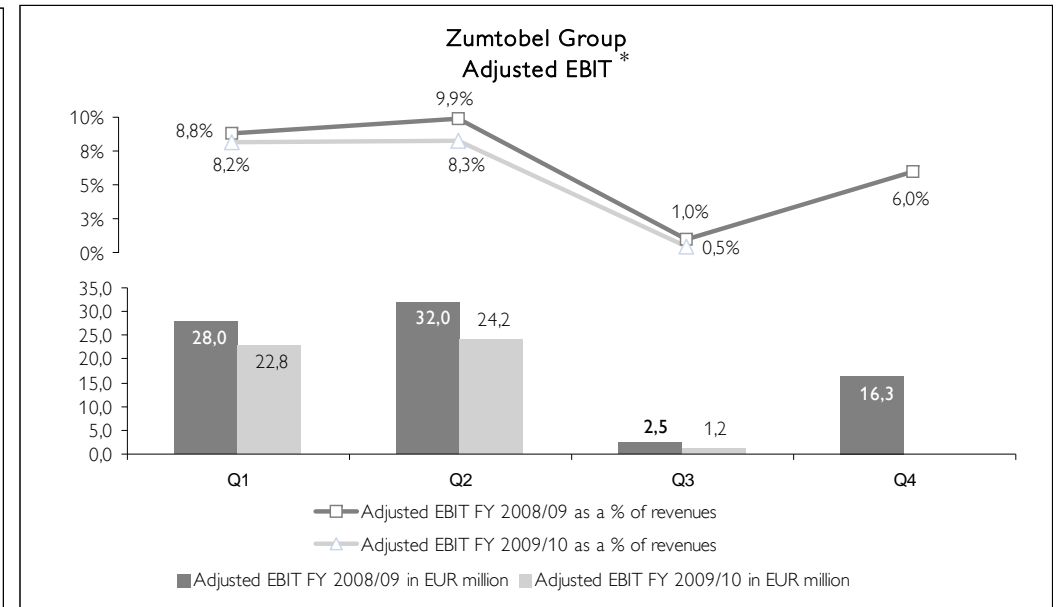


# Zumtobel Group

**FX adjusted decline of 7.0% in Q1-Q3 (minus 2.0% in Q3)**



Revenues FY 2008/09 1.174,0 EUR million (-8,4% [-5,1%])



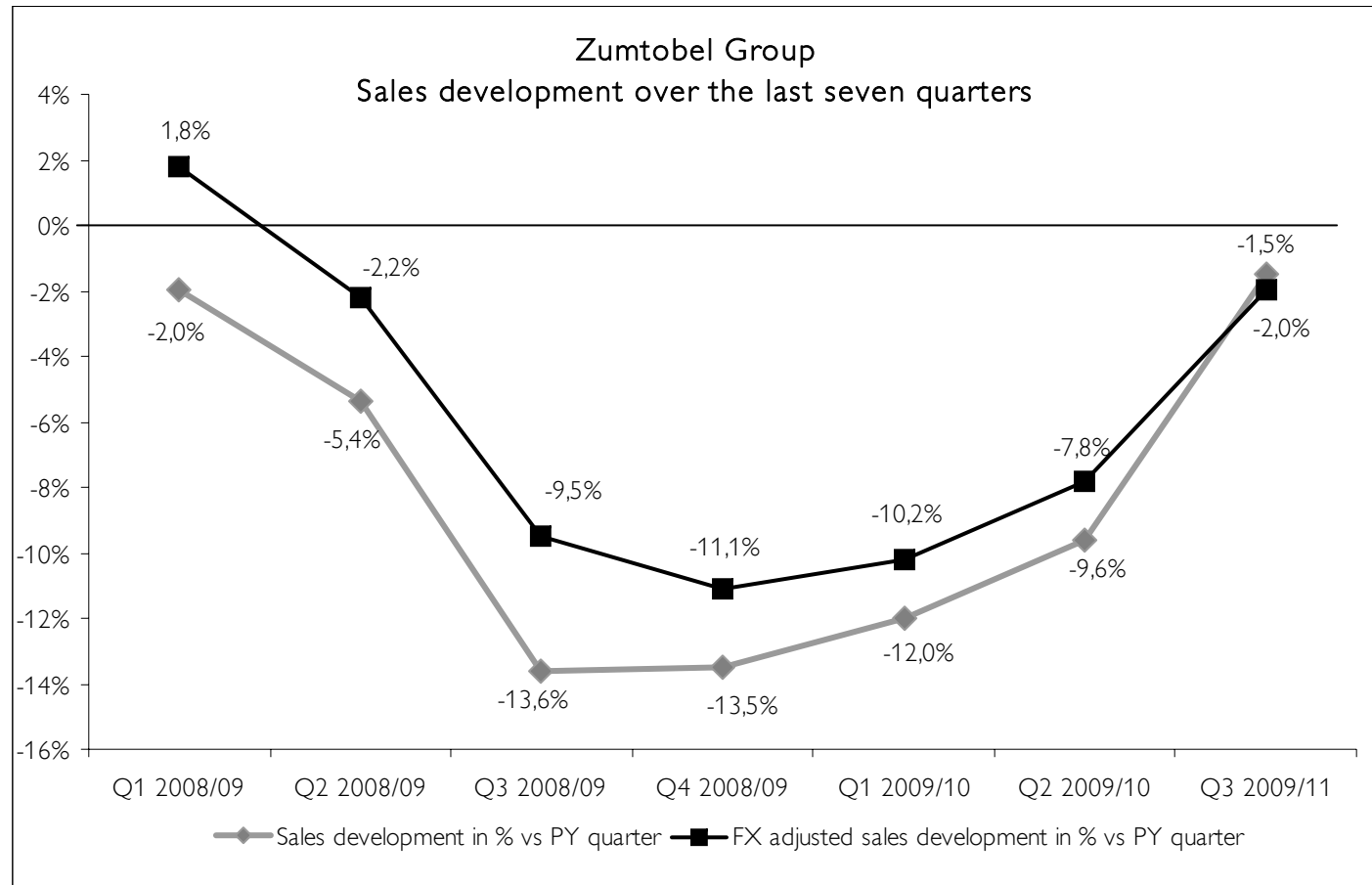
Adjusted EBIT FY 2008/09 78,9 EUR million (adj. EBIT margin of 6,7%)

[ ] = FX – adjusted figures

\*) Reported EBIT adjusted for special effects

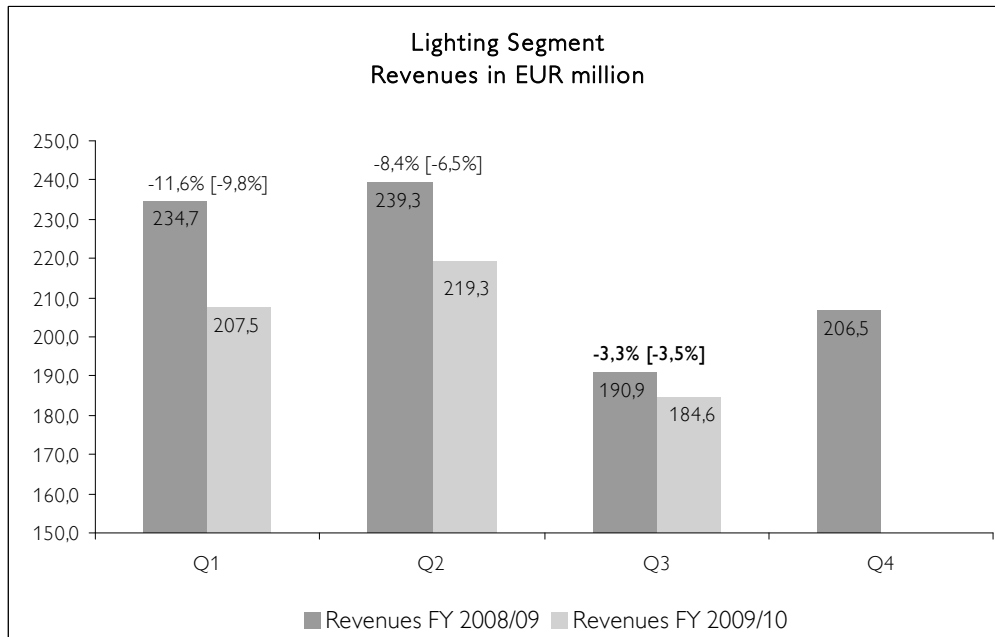
# Revenue Development in Q1-Q3 2009/10

## Further slow down of the downward trend

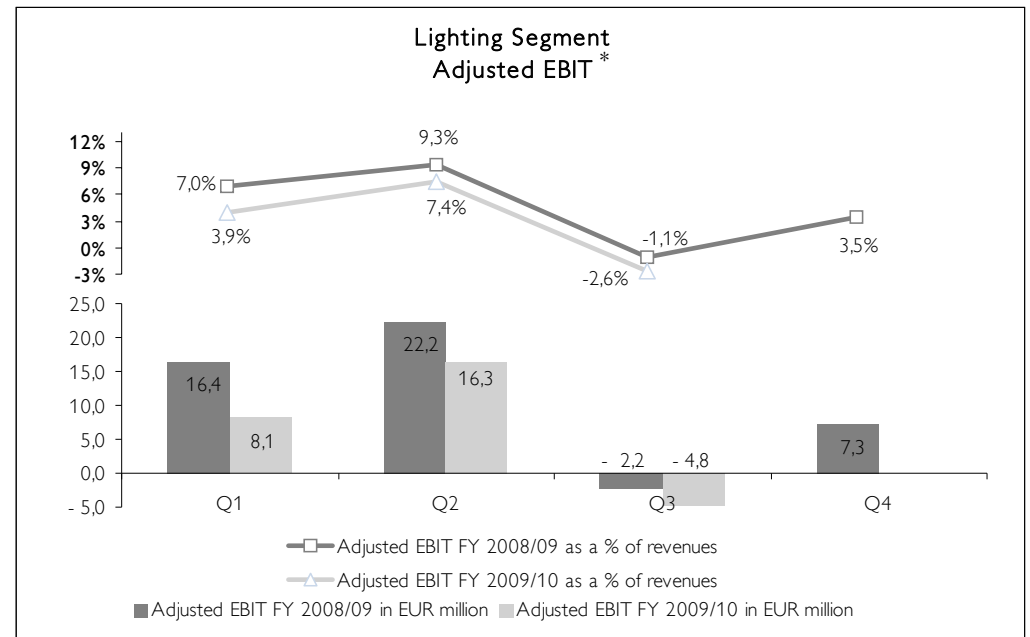


# Lighting Segment

Shift to smaller projects and increasing price/mix pressure



Revenues FY 2008/09 EUR 871,4 million (-8,2% [-4,8%])



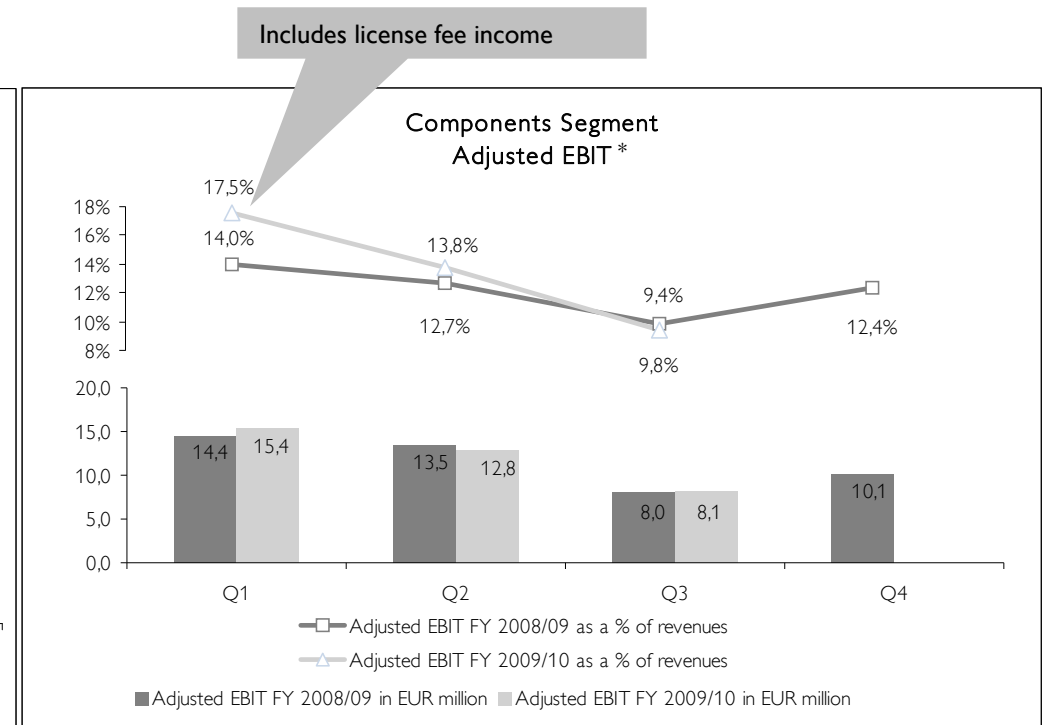
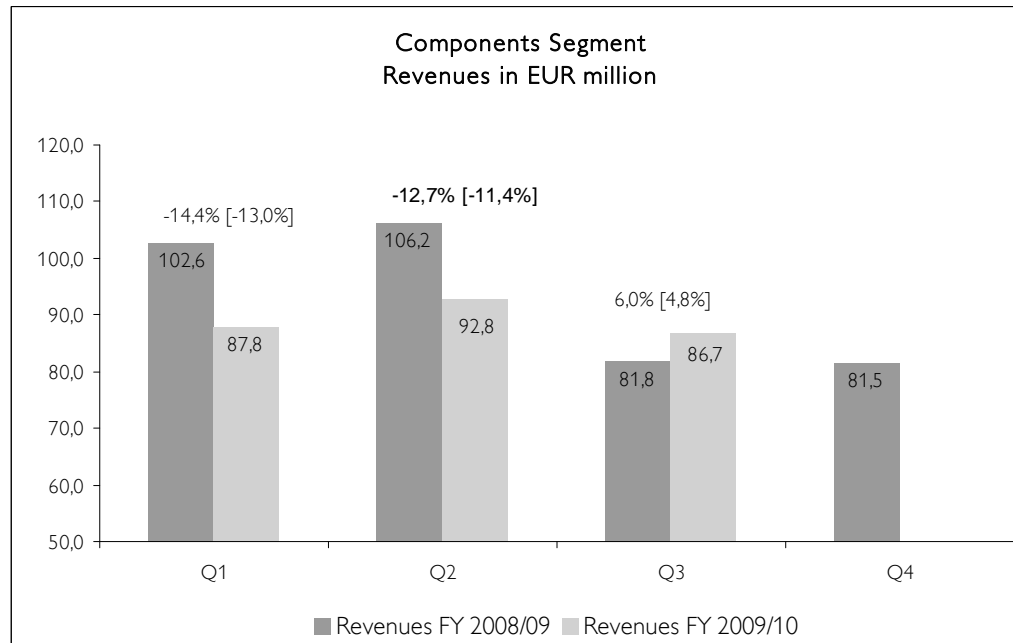
Adjusted EBIT FY 2008/09 EUR 43,7 million (adj. EBIT margin of 5,0%)

[ ] = FX – adjusted figures

\*) Reported EBIT adjusted for special effects

# Components Segment

Revenue development reached inflection point, strong order intake



Revenues FY 2008/09 EUR 365,8 million (-8,7% [-5,1%])

Adjusted EBIT FY 2008/09 EUR 46,0 million (margin of 12,6%)

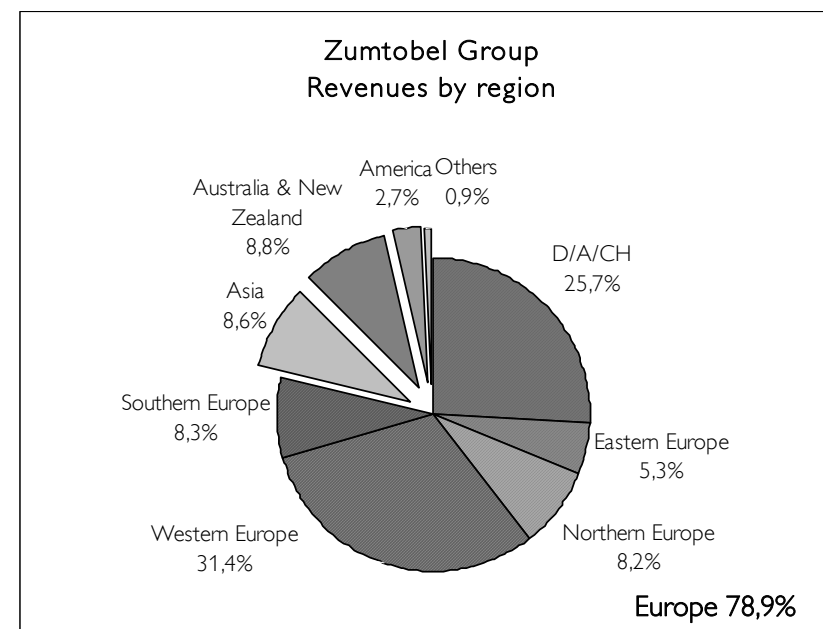
[ ] = FX – adjusted figures

\*) Reported EBIT adjusted for special effects

# Segment Reporting: Regional Trends

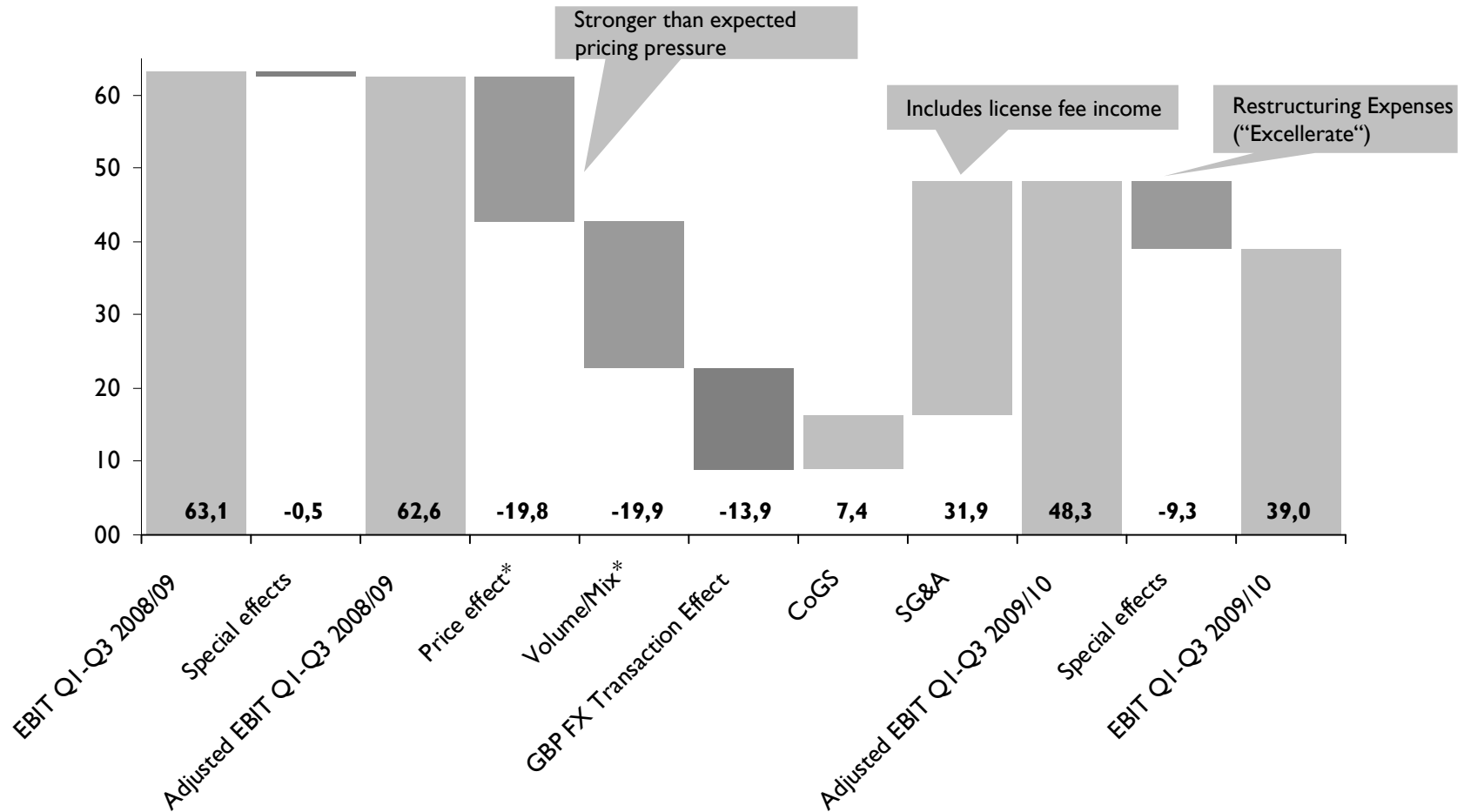
Some markets show stabilization, D/A/CH region remains difficult

Distribution of regional revenues	Q3 2009/10		Q1-Q3 2009/10		in % of Group
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	
D/A/CH	63,2	-7,8	213,0	-8,0	25,7
Eastern Europe	12,4	-10,5	44,2	-18,7	5,3
Northern Europe	22,1	-1,0	68,1	-9,0	8,2
Western Europe	81,2	0,0	259,5	-9,6	31,4
Southern Europe	22,7	-0,2	68,7	-17,0	8,3
<b>Europe</b>	<b>201,6</b>	<b>-3,4</b>	<b>653,4</b>	<b>-10,5</b>	<b>79,0</b>
Asia	23,2	9,0	71,5	7,6	8,6
Australia & New Zealand	22,3	22,5	72,9	2,4	8,8
America	6,2	-11,2	21,9	-6,6	2,7
Others	2,0	-52,1	7,6	-17,2	0,9
<b>Total</b>	<b>255,3</b>	<b>-1,5</b>	<b>827,3</b>	<b>-8,1</b>	<b>100,0</b>



# EBIT Development in Q1-Q3 2009/10

Excellerate savings compensated by unfavourable currency/volume/pricing effects



\* Calculated @ gross profit which implies that indirect CoGS are treated as 100% variable.

Figures in EUR million

# Income Statement

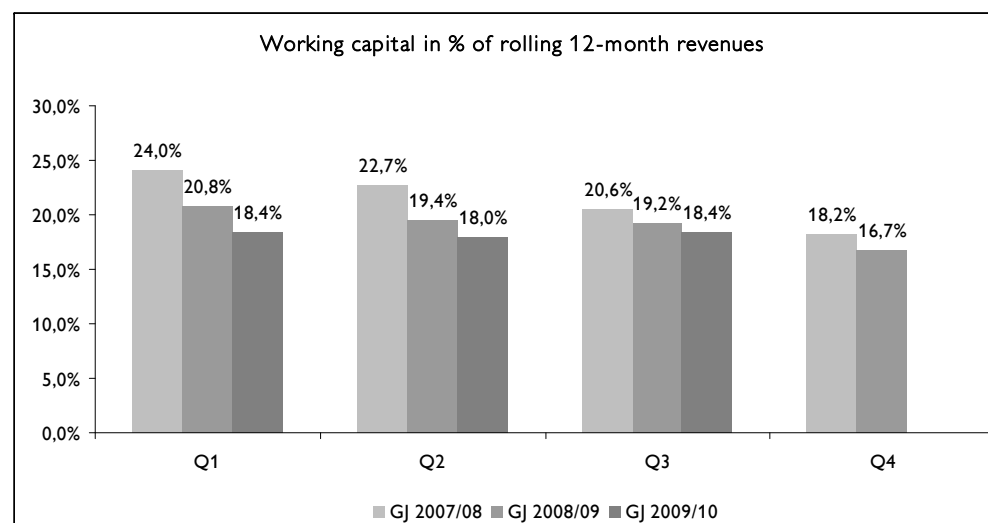
## Gross profit margin falls to 35.1%, improvement in financial results

Income statement in EUR million	Q3 2009/10	Q3 2008/09	Change in %	Q1-Q3 2009/10	Q1-Q3 2008/09	Change in %
Revenues	255,3	259,3	-1,5	827,3	900,5	-8,1
Cost of goods sold	-171,1	-169,0	-1,3	-537,0	-563,9	4,8
Gross profit	84,2	90,3	-6,8	290,3	336,5	-13,7
as a % of revenues	33,0	34,8		35,1	37,4	
SG&A expenses adjusted for special effects	-83,0	-87,8	5,5	-242,0	-273,9	11,7
Adjusted EBIT	1,2	2,5	-51,2	48,3	62,6	-22,9
as a % of revenues	0,5	1,0		5,8	6,9	
Special effects	-2,2	3,1	<-100	-9,3	0,5	<-100
EBIT	-1,0	5,6	<-100	39,0	63,1	-38,2
as a % of revenues	-0,4	2,2		4,7	7,0	
Financial results	-1,8	-11,3	83,7	-14,0	-18,2	23,0
Profit before tax	-2,8	-5,6	49,8	24,9	44,8	-44,3
Income taxes	-1,1	1,6	<-100	-3,5	-5,7	37,8
Net profit for the period from discontinued operations	0,4	0,0		-0,1	-1,0	88,8
Net profit for the period	-3,6	-4,0	10,4	21,3	38,1	-44,2
Depreciation and amortisation	11,5	17,0	-32,4	33,5	38,2	-12,2
Earnings per share (in EUR)	-0,09	-0,09	3,9	0,49	0,88	-44,2

# Balance Sheet

## Improvement in Working Capital continues

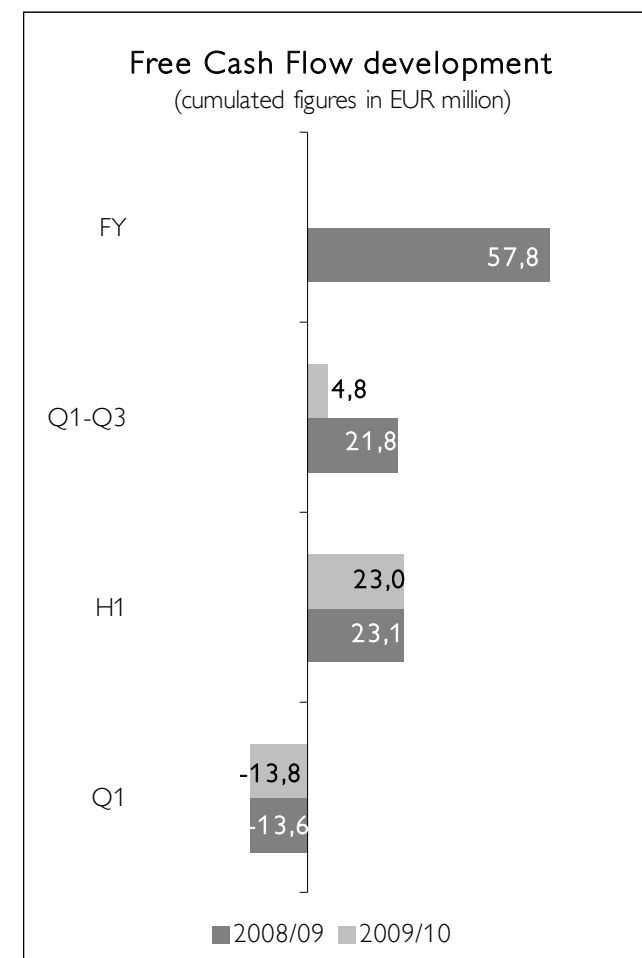
Balance sheet data in EUR million	31 January 2010	31 January 2009	30 April 2009
Total assets	1.041,3	1.071,2	1.053,9
Net debt	161,1	205,5	163,5
Equity	447,8	479,0	456,0
Equity ratio in %	43,0	44,7	43,3
Gearing in %	36,0	42,9	35,9
Average capital employed	618,7	666,7	664,0
ROCE in %	10,4	13,3	11,9
Investments	29,3	45,4	64,7
Working capital	202,3	230,4	196,4
As a % of rolling 12 month revenues	18,4	19,2	16,7



# Cash Flow Statement

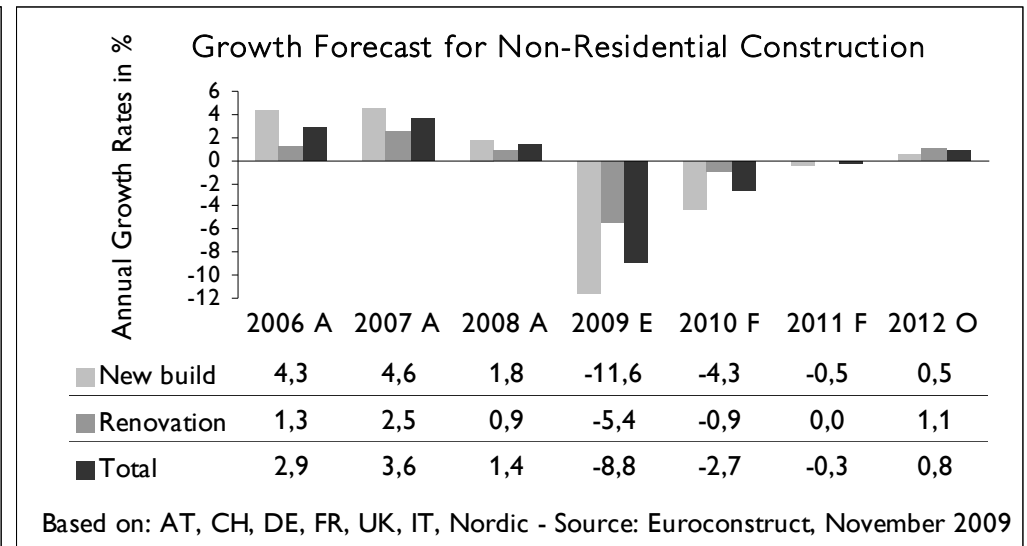
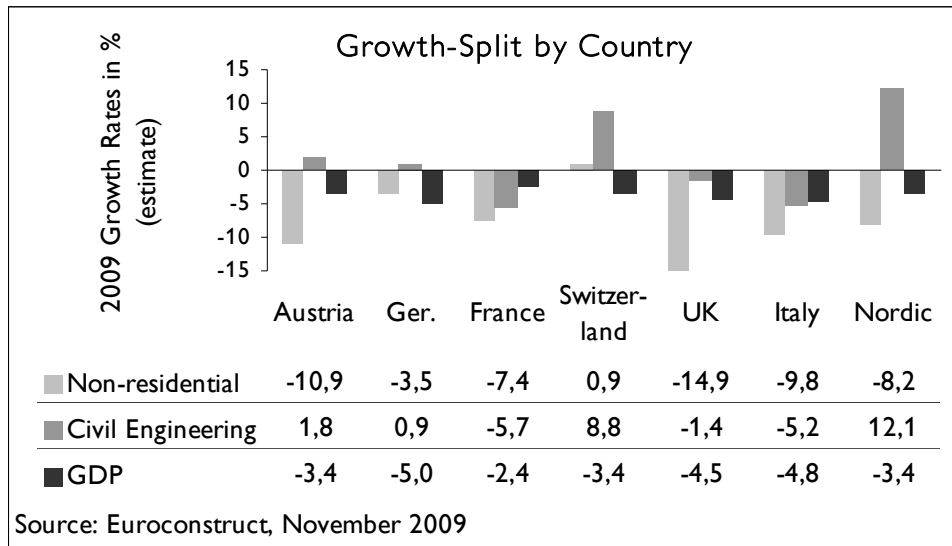
## Positive free Cash Flow despite difficult economic situation

Cash Flow Statement in EUR million	Q1-Q3 2009/10	Q1-Q3 2008/09
Cash flow from operating results	71,3	101,4
Change in working capital	4,2	-5,4
Change in other operating items	-35,2	-31,2
Taxes paid	-4,7	-9,6
Cash flow from operating activities	35,5	55,1
Proceeds from the sale of non-current assets	1,9	0,5
Capital expenditures	-29,3	-45,4
Change in non-current and current financial assets	-3,2	19,1
Change in liquid funds from changes in the consolidation range	0,0	-7,6
Cash flow from investing activities	-30,7	-33,3
<b>FREE CASH FLOW</b>	<b>4,8</b>	<b>21,8</b>
Cash flow from financing activities	-2,5	-65,2
Effects of exchange rate changes on cash and cash equivalents	3,1	-1,7
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>5,4</b>	<b>-45,1</b>



# Market Environment – Euroconstruct

## November update: Outlook lowered for several markets



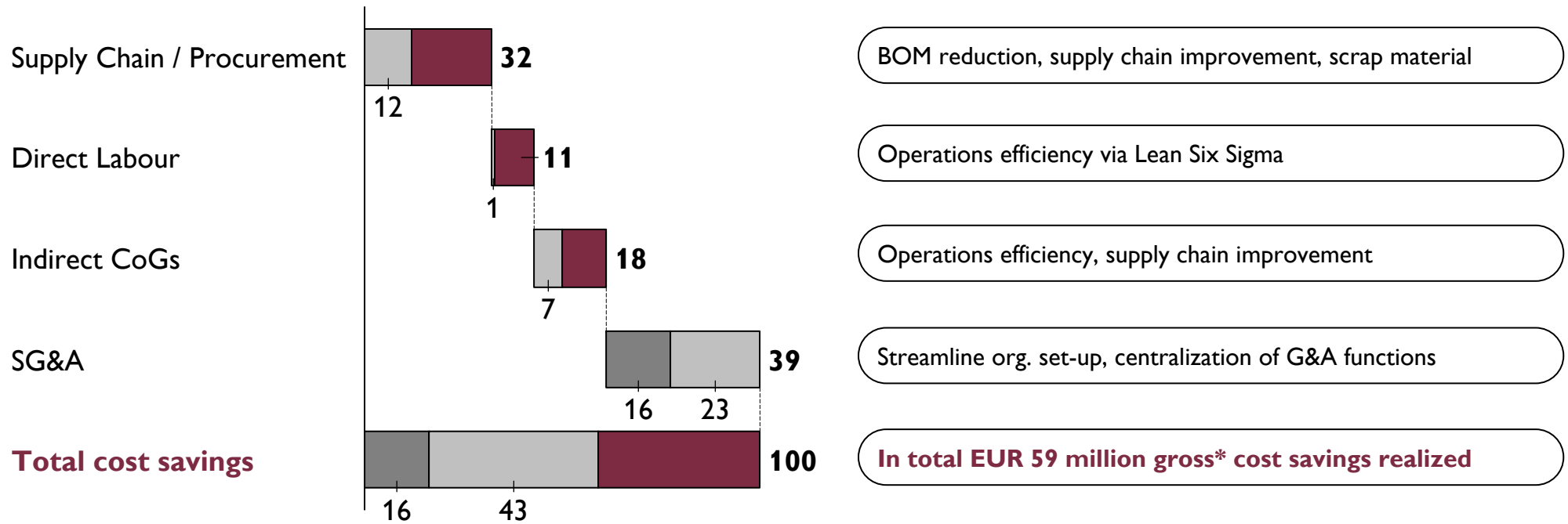
➔ Further decline in commercial construction sector projected

- Z-7 countries 2009: - 8,8% (-6,3% in June FC)
- Z-7 countries 2010: - 2,7% (-2,6% in June FC)
- Z-7 countries 2011: - 0,3% (-0,2% in June FC)

➔ Outdoor and renovation less affected

# “Excellerate” Efficiency Improvement Programme

On track to reach EUR 100 million gross cost savings by FY 2010/11



- Gross cost savings identified by FY 2010/11
- Achieved in Q1-Q3 FY 2009/10
- Achieved in 2<sup>nd</sup> HY 2008/09

\* Adjusted for FX effects, 2,2% price effect and 2,5% salary increases. Indirect CoGS are treated as fix costs.

Figures in EUR million

# Chances and Risks for upcoming quarters

## Moderate rise in optimism

### Upside

- Flattening out of revenue decline for the Group
- Components Segment returns to growth path
- Dynamic growth in LED business
- Exploiting energy efficiency opportunities
- Continue growth in Emerging Markets (Asia)
- Further savings from “Excellerate”
- Opportunities from global economic stimulus packages and renovation cycle

### Downside

- Further decline in non-residential construction
- Sales price pressure/unfavorable mix shift, especially in Lighting segment
- Continuing low visibility and high volatility
- Supply Chain bottlenecks (especially electronic components)
- Raw material pricing (e.g. Steel, Plastics, Copper)
- Continuing negative FX transaction impact (GBP, USD)

# Outlook and Goals

## Stabilization of revenues but pressure on profitability

- Further volatile and challenging market conditions expected over the next quarters
- Bottoming out of revenues on Group level
  - Components segment expected to return to sustainable growth path
  - Lighting segments continues to suffer from late cyclicity of business and price pressure
- LED products to continue dynamic growth
- Continuation of “Excellerate” programme to deliver remainder of EUR 41 million by 2010/11 (EUR 100 million gross savings by 2010/11)
- Q4 earnings: positive “Excellerate” effects overcompensated by
  - Pricing pressure and FX effects (GBP, USD)
  - Light+Building one-off costs
- Long-term goals:
  - Gain market share
  - Generate double-digit EBIT margins after the crisis

# Financial Calendar

- Tues, 16 March 2010 3rd Quarterly Report 2009/10  
(1 May 2009 – 31 January 2010)
- Mon, June 28, 2010 Financial Results 2009/10
- Fri, July 23, 2010 Shareholders' Meeting
- Tues, July 27, 2010 Ex-dividend day
- Fri, July 30, 2010 Dividend payout day
- Tues, Sept. 14, 2010 1st Quarterly Report 2010/11  
(1 May 2010 – 31 July 2010)
- Thur, Dec. 9, 2010 Interim Financial Report 2010/11  
(1 May 2010 – 31 October 2010)
- Wed, March 16, 2011 3rd Quarterly Report 2010/11  
(1 May 2010 – 31 January 2011)
- Mon, June 27, 2011 Financial Results 2010/11



# Back-up

# Financial results

## Non-cash FX valuation impact

Financial result in EUR million	Q3 2009/10	Q3 2008/09	Change in %	Q1-Q3 2009/10	Q1-Q3 2008/09	Change in %
Interest expense	-2,4	-5,4	55,1	-7,9	-19,7	*60,0
Interest income	0,3	0,4	-40,8	0,8	1,9	-58,7
Net financing costs	-2,2	-5,0	56,4	-7,1	-17,8	60,1
Other financial income and expenses	0,5	-6,6	>100	-5,9	-1,8	<-100
Profit/(loss) from associated companies	-0,2	0,3	<-100	-1,0	1,4	<-100
<b>Financial results</b>	<b>-1,8</b>	<b>-11,3</b>	<b>83,7</b>	<b>-14,0</b>	<b>-18,2</b>	<b>23,0</b>

- Net financing costs improved due to lower Euribor and PY one-off charge
- Other financial income and expenses impacted by non-cash FX valuation impact (USD, GBP)

\* Includes 4,4 EUR million setup costs for new financing agreement

# Disclaimer

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