

Press Release

Dornbirn, 27 April 2011

01

Zumtobel AG medium-term planning

Lighting group targets annual growth of around 10 percent

- **LEDs to account for one third of revenues by 2014/15**
- **Significant investments in selling activities and new product development**
- **Continuous improvement of EBIT margin to >10% by 2014/15**
- **Organic growth to be funded by own cash flows**
- **No change in dividend policy: 30%-50% of recurring net profits**
- **Outlook for 2011/12: revenues to increase by approx. 10%, EBIT margin slightly above 2010/11 level due to significant upfront investment**

In its new medium-term planning the Zumtobel Group is targeting dynamic growth. The lighting group has set itself the goal of boosting revenues by an average of around 10% per annum for the next four years. With forecasts for the professional lighting industry showing annual growth of around 4%, this means the Zumtobel Group is aiming to clearly outperform the market. Plans envisage that LED products will account for one third of consolidated revenues by 2014/15 (LED share in FY 09/10: approx. 6%).

Over the next few years, LED technology and a trend towards intelligently controlled, energy-efficient lighting systems will be the major growth drivers for the professional lighting industry. These will be further enhanced by above-average demand from the emerging markets such as China, India, the Middle East and Eastern Europe.

CEO Harald Sommerer considers the Zumtobel Group strategically well placed in this dynamic business environment to drive the continuous expansion of its global market position: *“We have a clear vision in which we are out to secure a leading position in the global lighting market through our strong brands. We will be making significant upfront investments in selling activities and the development of new products with the aim of growing our global market shares. Our core strengths include our diverse market access channels, our strong technology position and our in-depth expertise in lighting applications.”*

Substantial increase in sales team

With a view to stepping up its marketing efforts and achieving a significant increase in market shares, the lighting group is planning a substantial increase in its sales team. At present, with a sales team of 133 employees the Lighting Brands (Zumtobel and Thorn) have cornered some 36% of the Group's home market in Austria. That compares with market shares of 7% in Germany or Italy, for example, achieved by smaller teams relative to the size of the market and revealing substantial potential for growth. The lighting group expects to benefit from exceptional opportunities for growth in Asia, the Middle East and Eastern Europe, where it remains underrepresented in terms of market presence. In the Components segment too (Tridonic and Ledon brands) a moderate increase in the sales organisation is planned.

Reinforcing technology position through greater capital expenditure and R&D spending

The Zumtobel Group's innovative capabilities remain a cornerstone of the Group's above-average growth. Consequently, the Executive Board has sent out a clear signal here too by approving an increase in capital expenditure: within the next two years the size of the development team is to increase substantially, bringing a rise in research & development expenditures in absolute terms. In view of the anticipated growth rate, however, these will continue to represent around 5% of revenues. The same applies to capital expenditure, which will amount to around 5.5% of revenues in the coming

years. The increase in innovation-related costs is due to shorter innovation cycles, as well as to the need to maintain parallel activities in the fields of LEDs and conventional lighting technology. Along with LEDs, the Zumtobel Group is also making targeted investments in intelligent lighting control systems.

In view of the significant upfront investments in growth, the company's profitability will improve only gradually. With this in mind, the Executive Board has set the target of continuously raising the EBIT margin (adjusted for special effects) to a level of over 10% by the 2014/15 financial year.

Growth to be mainly organic and funded by cash flows

The present medium-term planning envisages financing investments in new growth out of internally generated cash flows. The focus will be on organic growth, perhaps supported by acquisitions. Medium-term plans also include a substantial reduction in the net debt level of Zumtobel AG.

"In view of its good liquidity, low net debt level and solid balance sheet structure, the Zumtobel Group has the necessary financial foundations in place to undertake the planned global growth. We are out to offer our investors attractive long-term prospects. So our goal remains to distribute between 30% and 50% of recurring net profits in dividend payments," said CFO Mathias Dähn.

Outlook for the 2011/12 financial year

For the coming 2011/12 financial year (commencing 1 May 2011) the Executive Board expects to see growth of around 10%. The adjusted EBIT margin will be slightly above the 2010/11 level as a result of the significant upfront investments to drive the planned revenue growth.

Broken down by segment, the main focal points of the growth strategies of the Lighting and Components Segments are as follows:

Strategy & goals for the Lighting Segment

In the professional lighting sector (Zumtobel & Thorn brands) the company is banking not only on the more extensive penetration of its established markets in Europe but also on a marked increase in its presence in the emerging markets. A substantial increase in market share is targeted for Europe. In addition, the company is planning to increase its presence in North America. In the emerging markets the medium-term plans envisage doubling revenues in China, India and Southeast Asia. This road to growth will be underpinned by targeted marketing activities, including more training for employees and customers and the expansion of the Zumtobel Light Centres.

Strategy & goals for the Components Segment

In the components business (Tridonic brand) the coming years are expected to bring a marked shift in the portfolio in favour of energy-efficient electronic ballasts and innovative LED modules, drivers and systems. In the high-growth LED sector – where Tridonic's revenues are set to multiply five-fold in the next few years – the brand is banking on LED drivers (control gear) as well as on building up and expanding a range of LED light sources for use in general purpose lighting, as well as in illuminated signs and commercial refrigeration equipment. Business with LED retrofit lamps is expected to generate additional impetus for growth. Here the Group is setting up its own sales channel in the B2C sector under the Ledon Lamp brand.

Information

This press release and the presentation from the press conference can be downloaded from http://www.zumtobelgroup.com/en/press_center.htm

zumtobel group

Media contact

Astrid Kühn-Ulrich
Head of Corporate Communications
Tel. +43-(0)5572 509-1570
astrid.kuehn@zumtobel.com

Investor Relations

Harald Albrecht
Head of Investor Relations
Tel. +43-(0)5572 509-1125
harald.albrecht@zumtobel.com

03

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 7,329 employees on the balance sheet date (30 April 2010) and in the 2009/10 financial year posted consolidated revenues of EUR 1,117.3 million. Within its multi-brand strategy, in the professional luminaire and lighting solution business the Group is represented in the marketplace by the Thorn and the Zumtobel brands. The lighting components' business (control gear, lighting management, LED components / modules) is handled by the Tridonic brand. And since 2010 the Group has also been developing a B2C business with innovative LED lamps under the Ledon Lamp brand. The financial year of the Zumtobel Group commences on 1 May and ends on 30 April. For further information, please visit www.zumtobelgroup.com.