

Press Release

Dornbirn, 28 June 2010

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Zumtobel Group announces results for 2009/10

Lighting group sets course for future growth after crisis year

- **Group revenues total EUR 1,117.3 million (- 4.8%); steady upward trend in Q4**
- **Adjusted EBIT: EUR 51.5 million (-34.7%); adjusted EBIT margin: 4.6% (2008/09: 6.7%)**
- **Free cash flow remains clearly positive at EUR 39.2 million**
- **Dynamic growth of 37% in LED revenues**
- **Slight increase in workforce**
- **Management and Supervisory Boards recommend resumption of dividend**
- **Outlook: cautious optimism for 2010/11 and positive long-term trend**

Dornbirn / Austria – The 2009/2010 Financial Year for the Zumtobel Group was shaped by the effects of the global economic crisis, but the development of revenues stabilised gradually during the course of the year. This Austrian lighting group, which is based in Dornbirn / Vorarlberg, recorded revenues of EUR 1,117.3 million for the reporting year (1 May 2009 to 30 April 2010). The decline in relation to the prior year (2008/09: EUR 1,174 million) equalled 4.8%. An analysis by quarter shows a decrease of only 1.5% in the third quarter with revenues of EUR 255.3 million and renewed strong growth of 6% in the following period with revenues of EUR 290.0 million.

In this economically difficult year, activities focused above all on cost efficiency and the protection of liquidity. Operating profit before special effects (adjusted EBIT) reached EUR 51.5 million (2008/09: EUR 78.9 million; - 34.7%). This represents an EBIT margin of 4.6% (2008/09: 6.7%). Free cash flow was clearly positive at EUR 39.2 million (2008/09: EUR 57.8 million), whereby this development was supported by steady and efficient inventory management as well as a reduction in investments.

EBIT amounted to EUR -45.2 million (2008/09: EUR 57.0 million) and was influenced by high negative special effects in 2009/10 of EUR -96,7 million (2008/09 EUR -21,9 million). These special effects were related primarily to impairment charges of EUR 68.3 million to goodwill that reduced profit for the year but did not lead to cash outflows, as well as exceptional restructuring costs. These non-recurring negative effects were responsible for a loss of EUR 67.0 million for the reporting year.

“Against the backdrop of this extremely difficult operating environment, the performance of the Zumtobel Group can be considered quite respectable. The challenge now – in spite of ongoing cost optimisation – is not to save in the wrong place, but to make specifically directed investments in the future,” summarised Harald Sommerer, who took over as Chief Executive Officer of the Zumtobel Group on 1 May 2010.

Segments: development at two speeds

An analysis by segment shows two different developmental patterns: the components business (Tridonic brand) profited from a favourable shift in the product mix to higher priced, electronic products as well as market share gains and an increase in customer inventories, but the lighting business

(Zumtobel / Thorn brands) was negatively affected by volume and price declines as well as foreign exchange effects. Revenues in the Components Segment totalled EUR 366.6 million and matched the prior year level (2008/09: EUR 365.8 million). A decrease of 13.5% in revenues during the first six months was offset by a plus of 13.9% in the second half-year. In contrast, revenues in the Lighting Segment fell by 6.0% to EUR 819.4 million (2008/09: EUR 871.4 million) – whereby a minus 10.0% was recorded in the first half-year and a minus of 1.2% in the second half-year.

In the future-oriented area of LED technology, the Zumtobel Group continued its dynamic growth. Revenues from LED-based products rose by 37.0% to EUR 65.9 million.

Development by region: a continued downturn in Europe, but growth signals from Asia

Developments were also very different on a regional basis during 2009/10. In Germany / Austria / Switzerland, a key region for the Zumtobel Group, revenues fell 5.5% below 2008/09 even though the downward trend flattened during the course of the year. Northern and Southern Europe reported revenue declines of 6.5% and 9.8%, respectively, but the fourth quarter exceeded the comparable prior year period in both regions. In Western Europe, the largest market for the Zumtobel Group, a weak operating environment and a decline in the value of the British pound (GBP) brought about a 7.9% drop in revenues. Positive signals were provided above all by the overseas business, with growth of 8.1% in Asia and a revenue increase of 11.9% in Australia / New Zealand.

Slight increase in workforce

The Zumtobel Group had 7,329 employees (full-time incl. contract workers, excl. apprentices) as of 30 April 2010. This represents a year-on-year increase of 164 full-time employees. The workforce expansion was directed primarily to production employees and contract workers, and resulted chiefly from insourcing* and rising production volumes towards the end of the year. The number of apprentices also rose during 2009/10, with a total of 147 employed as of 30 April 2010 (2008/09: 133).

Continued sound balance sheet structure

The balance sheet indicators underscore the solid position of the Zumtobel Group. The equity ratio equalled a satisfactory 35.8% as of 30 April 2010 despite massive non-recurring effects, above all from impairment charges to goodwill. Net financial liabilities were cut by one-fourth in year-on-year comparison to EUR 121.9 million and gearing, i.e. the ratio of net financial liabilities to equity, remained at a low 34.7%.

Recommended dividend of EUR 0.15 per share

Following the waiver of a dividend for the 2008/09 Financial Year, the Management Board and Supervisory Board will recommend that the Annual General Meeting on 23 July 2010 approve the distribution of a moderate EUR 0.15 per share dividend for the reporting year. This reflects the position of the Management and Supervisory Boards with regard to the solid development of earnings and liquidity in spite of the economic crisis. The dividend recommendation also underscores the positive expectations for the company's future development based on the stabilisation of revenues.

Focus on innovation and processes in 2010/11

The Management Board has defined organic growth and operating issues as its focal points for the coming year: *"2010/11 will not be an easy but rather a very important year, in which we intend to set*

course for the future. We will continue our above-average investments in LED technology and the modernisation of our product portfolio. Our new markets in China, India and the Middle East generated growth during the past year and have the potential for dynamic expansion”, explained CEO Harald Sommerer. Activities for the coming year will also concentrate on the further improvement of business processes. “Process quality and delivery performance are becoming more important due to the growing influence of electronics in lighting production – and in these areas we want to establish a leading position in our industry”, added Sommerer.

Outlook: cautious optimism for 2010/11, positive long-term trend

The late cyclical nature of the Group’s business – professional lighting is dependent on the construction industry and is one of the last steps before the completion of a new building – as well as the negative effects of the growing sovereign debt in several European countries on the current modest upturn make it difficult for the Management Board of the Zumtobel Group to estimate whether or when the business will begin a sustainable recovery. However, the positive signals for the coming months are increasing – above all for the components business. The Management Board consequently views the 2010/11 financial year with cautious optimism despite the limited visibility, and is forecasting an improvement in revenues and earnings for the Group as a whole. The long-term outlook for the Zumtobel Group remains positive. This optimism is supported by the expected continued dynamic expansion of LED-based products and the steady demand for energy-efficient lighting systems.

* Insourcing: the integration of services previously performed by suppliers into company production

Key Data on the 2009/10 Financial Year and the Fourth Quarter:

in EUR million	4th quarter 2009/10	4th quarter 2008/09	Change in %	2009/10	2008/09	Change in %
Revenues	290.0	273.5	6.0	1,117.3	1,174.0	-4.8
Adjusted EBIT	3.3	16.3	-80.1	51.5	78.9	-34.7
as a % of revenues	1.1%	6.0%		4.6%	6.7%	
EBIT	-84.2	-6.0	<-100	- 45.2	57.0	<-100
Profit/loss before tax	-85.9	-15.5	<-100	- 61.0	29.3	<-100
Net profit/loss for the period	-88.3	-24.8	<-100	- 67.0	13.3	<-100
Earnings per share (in EUR)	-2.1	-0.57	<-100	-1.57	0.31	<-100

in EUR million	30 April 2010	30 April 2009 (restated) ¹
Total Assets*	983.5	1,018.8
Equity*	351.6	420.9
Equity ratio as a %*	35.8	41.3
Net debt	121.9	163.5
Cash flow from operating results	77.6	107.3
Investments	49.4	64.7
Headcount incl. contract worker (full-time equivalent)	7,329	7,165

¹The comparative prior year figures marked with an asterisk (*) were adjusted to reflect the retrospective application of IAS 21 (The Effects of Changes in Foreign Exchange Rates) for the valuation of goodwill.

Information

This press release is available for download under: http://www.zumtobelgroup.com/de/presse_center.htm

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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 was founded as Elektrogeräte und Kunstharzpresswerk W. Zumtobel KG in 1950, employed a workforce of 7,329 as of 30 April 2010 and posted consolidated revenues of EUR 1,117.3 million for 2009/10. The financial year of the Zumtobel Group commences on 1 May and ends on 30 April. For further information, please visit www.zumtobelgroup.com