

Zumtobel Group

Strategy & Outlook



Harald Sommerer
CEO Zumtobel Group

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zumtobel group

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Passion for Light

A brief portrait of the Zumtobel Group

The Zumtobel Group is one of the few global players in the lighting industry

- Lighting Segment: A leading position in the European professional lighting market
- Components Segment: No. 2 in Europe and No. 4 worldwide in lighting components

Worldwide presence

- 22 production sites on four continents
- Sales companies and representatives in over 100 countries
- More than 7,700 employees worldwide

4 strong, established brands

THORN



ZUMTOBEL

TRIDONIC

LEDON



The Zumtobel Group has a unique position in the professional lighting and components industry

Core strengths of the Zumtobel Group

Lighting Segment

B2B Business model focused on professional lighting:

- Direct sales network targeting decision makers for non-residential construction projects (“controlling the last mile to the client”)
- Application know-how covering all relevant fields of indoor and outdoor lighting
- Strong brand position (two strong brands segmenting the market)
- Lighting solution competence that integrates conventional and LED lighting

Components Segment

OEM Business Model (more than 80% of revenues are generated with external luminaire manufacturers):

- Market access: long-term client relationships in a highly fragmented market
- Strong proprietary patent portfolio (ECGs, phosphorus conversion) & good IP position through cross-licensing
- Strong brand position in Europe, AUS and Middle East
- Network of co-operations (e.g. LG Innotek, CREE, Toyoda Gosei, Dialog Semiconductor)
- One-stop-shop opportunity for OEM clients

Passion for Light

Our mission

Light is our passion and profession. Light enables us to experience space. Our role is to use light to create spaces for people to live in whilst taking responsibility for our environment. This means delivering optimum light quality with optimum energy efficiency.

The key factors in achieving our mission are innovation, outstanding quality and, above all, the knowledge, creativity and enthusiasm of our people.

Our passion for the fascinating medium of light drives everything we do and how we think. This is the foundation on which we aim to create maximum customer satisfaction and secure a leading position in the global lighting market.



Zumtobel Group – Strategy & Outlook

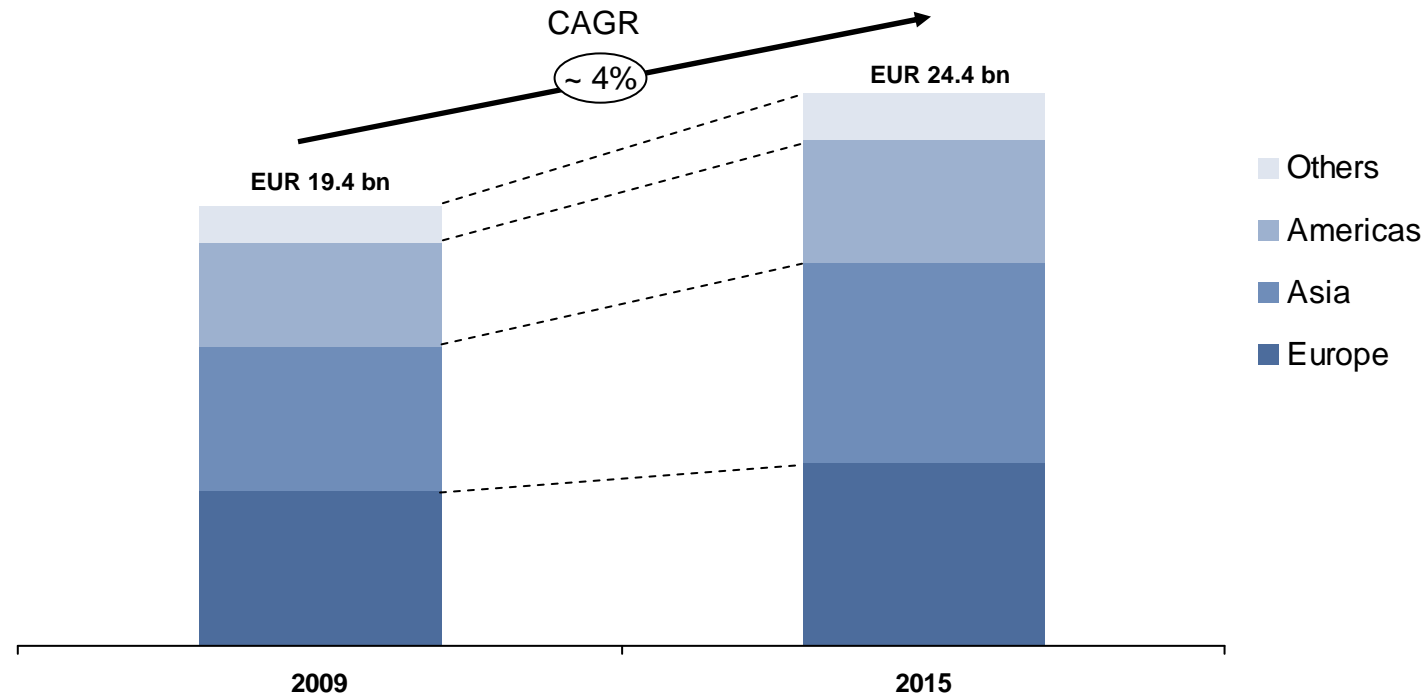
Executive Summary

- Energy efficiency, LED technology and emerging markets will drive growth in the professional lighting market above historical levels
- Zumtobel Group aims to grow well above the market; average annual organic growth target is approx. 10%
- Significant upfront investments in sales network and product development
- Continuous EBIT margin improvement; target EBIT margin is >10% over the medium term (2014/15)
- Organic growth funded by internally generated cash flows
- Selected acquisitions may be added to support growth strategy



Global professional lighting market is expected to grow at 4% CAGR

Global professional lighting market growth



Source: Zumtobel Group

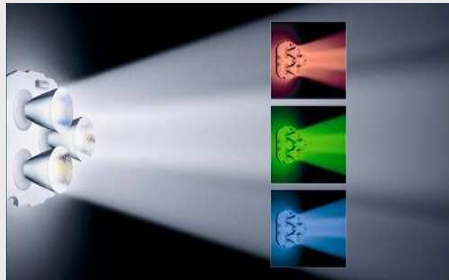
- Energy efficiency, LED technology and economic development in emerging markets will drive growth in the professional lighting business above historical levels
- The importance of non-residential construction as a growth driver is declining

Energy efficiency, LED technology and a global approach are the key growth drivers for the Zumtobel Group

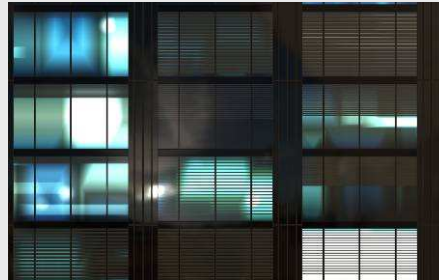
Strategy drivers for Zumtobel Group

Our Mission:
A leading position in the global lighting market

LED



Energy efficiency



Global market opportunities



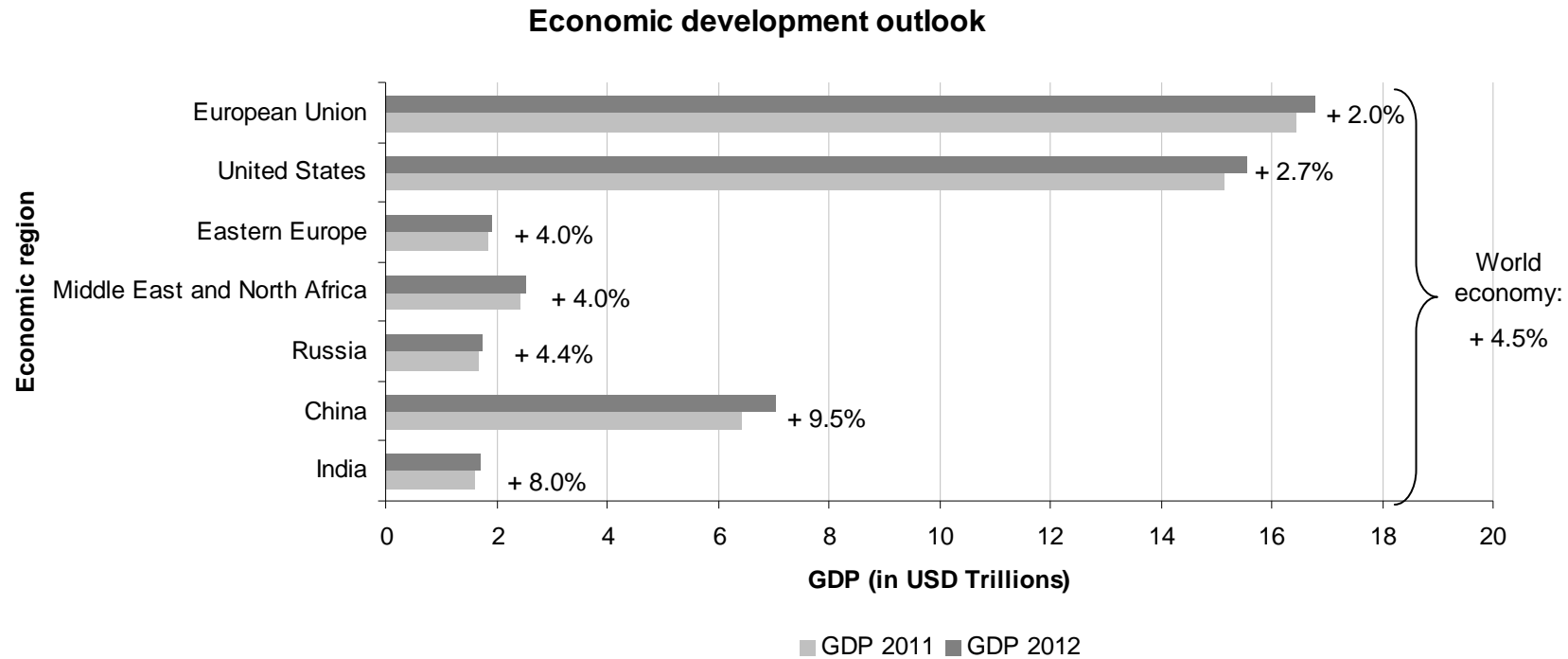
Highest quality, innovation and performance

Global structure and processes

Passion for Light: highly qualified employees and strong corporate culture

Global approach to benefit from growth in mature and emerging markets

Growth driver Global market opportunities

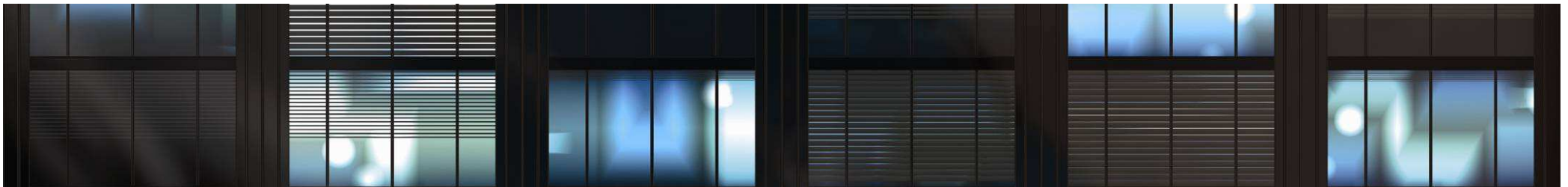


Source: IMF projections, Jan 2011

Attractive paybacks have significantly improved market acceptance

Growth driver: Energy Efficiency

- Lighting consumes 19% of the electricity generated worldwide
 - Growing worldwide awareness for energy savings and sustainability over the past decade (e.g. global CO₂ reduction targets)
 - Regulatory framework supports reasons to improve energy efficiency
 - Commercial considerations are the key driver for lighting solution decisions (improved economy in total cost of ownership calculation)
- Demand for energy efficient lighting solutions is becoming mainstream
- Zumtobel Group is one of only a few players with the necessary know-how for complex energy efficient lighting solutions



Up to 80% savings potential with modern professional lighting solutions

Growth driver: Energy Efficiency

Light source/ LED module



LEDs offer energy savings potential of:

- 30 - 50% compared to fluorescent
- 20 - 40% compared to HID
- Up to 85% compared to incandescent bulbs

TRIDONIC
LEDON

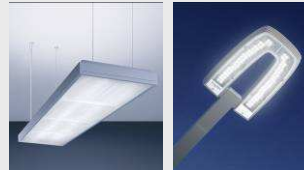
Ballasts/ LED converter



Electronic ballast/LED converter technology is a prerequisite for intelligent lighting management systems.

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Luminaire



Strong optimisation potential for greater energy efficiency, for example:

- Glare-free optics
- Thermal management
- Luminaire design
- Application specific light distribution

Savings vs. standard of up to 25%

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Light management



Lighting management energy savings potential of:

- Daylight linking: 40 - 60%
- Presence detection: 15 - 30%
- Time management: 5 - 15%
- Maintenance control: 10 - 25%

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Lighting concept



Modern lighting concepts can achieve savings of up to 20%.

Project sequence:

- Consulting
- Ecocalc
- Visualisation of dynamic lighting scenarios using the Vivaldi software package

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LED lighting is gaining traction; penetration is driven by reduction in LED chip costs and increased efficiency

Growth driver: LED

- Importance of LED in professional lighting is growing rapidly
- Zumtobel Group estimates that one-third of group revenues will be LED-based in 2014/15
- Application know-how, electronic know-how and controls technology are the key success factors in LED lighting
- Main drivers for LED penetration in lighting are
 - LED chip cost reduction / increased efficiency of LED chips
 - Economies of scale with volume growth (chip, module, luminaire)
 - Higher luminaire efficacy through improved luminaire design
 - Standardisation initiatives (e.g. Zhaga)



Focus on operational execution to realise attractive growth opportunities

Zumtobel Group: Measures for growth strategy

- Create global organisational set-up (organisational structure and human resource development)
- Strengthen sales network in mature as well as emerging markets
- Further enhance product portfolio for global markets with an emphasis on LED and energy efficiency

Creation of a global organisation is key for international growth

Zumtobel Group: Measures for growth strategy

- **Implement global organisational structure**

New global matrix organisation for lighting segment will be implemented as of 1 May 2011:

- Ensure global roll-out of the European success model
- Maintain flexibility for differentiated local approach

- **Global human resource approach**

- Global recruitment to support cultural diversity and international orientation
- Global and cross-functional human resource development



Significant expansion of sales network in mature and emerging markets

Zumtobel Group: Measures for growth strategy

Strong potential for Lighting Segment sales network*

Country	Market size in EUR million	Number of sales people	Market share	Sales/sales person in EUR
Austria	200	133	36%	~ 550,000
Germany	1,315	164	7%	~ 550,000
Switzerland	305	113	22%	~ 590,000
UK	842	240	16%	~ 570,000
Italy**	531	54	7%	~ 740,000
China	1,645	148	2%	~ 220,000
India	592	58	1%	~ 90,000

Source: Zumtobel Group

* Market size for professional lighting/share for calendar year 2009, sales force as of 30 April 2010

** Combination of agency model and direct sales network

- Market access and direct sales approach is the core of our business model
 - Strong difference in size of sales force in various markets
- Significant expansion of sales force planned to accelerate growth in mature and emerging markets

Strengthen technology position through increase in R&D and Capex

Zumtobel Group: Measures for growth strategy

R&D expenses

- Parallel investments into conventional lighting and LED lighting require higher R&D spending (~ 5% of revenues)
- Focus on Controls & Systems, LED and luminaire efficiency
- Faster innovation cycles as well as increasing product and system complexity (electronic and controls know-how)
- Substantial headcount increase (+ 20% more R&D staff from 2009/10 to 2011/12)

Capex development

- Higher capex in absolute figures over the next years
- Capex as % of revenues will reflect the average range of recent years at approx. 5.5%
- Due to a cautious investment strategy throughout the crisis, capex will be higher in FY 2011/12 (> EUR 80 million)

Investments to achieve targeted organic growth will be financed by internally generated cash flows

Zumtobel Group: Balance sheet and liquidity position

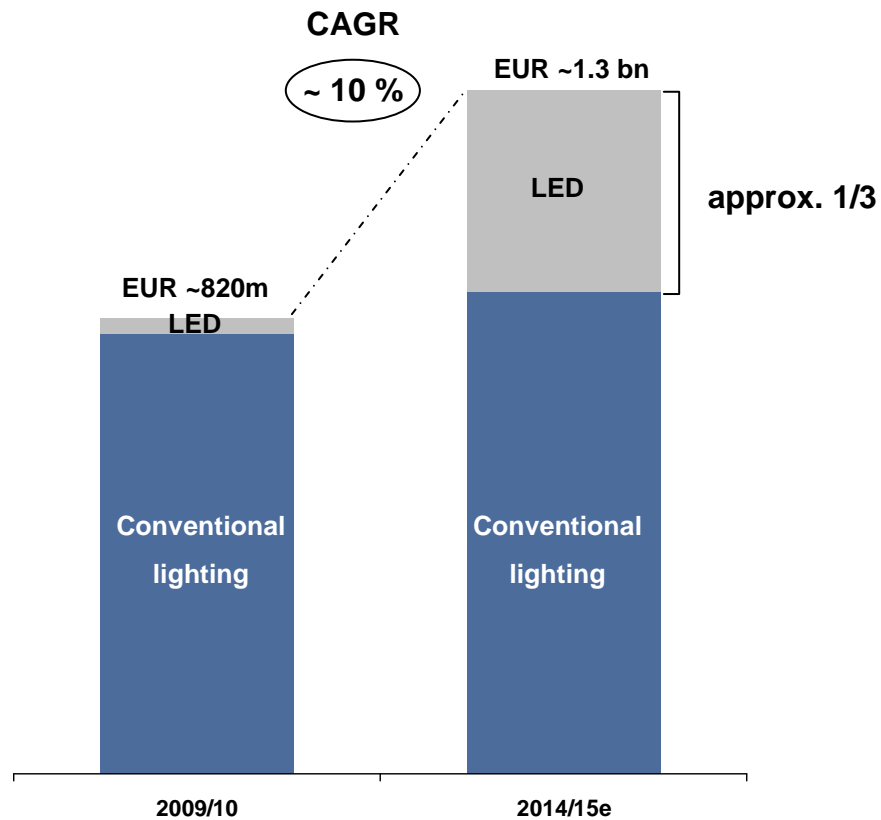
Balance sheet structure

Balance sheet data in EUR million	31 January 2011	30 April 2010
Total assets	1,009.5	983.5
Net debt	144.6	121.9
<i>Net debt/EBITDA</i>	1.36	1.57
Equity	401.9	351.6
<i>Equity ratio in %</i>	39.8	35.8
<i>Gearing in %</i>	36.0	34.7
Average capital employed	537.6	587.5
<i>ROCE in %</i>	12.6	8.8
Investments	33.0	49.4
Working capital	227.8	176.2
<i>As a % of rolling 12 month revenues</i>	19.0	15.8

- Upfront investments to meet organic growth target will be fully financed by internally generated cash flows
- Net debt will be reduced substantially over the medium term
- Full compliance with financial covenants for EUR 480 million financing agreement (equity ratio > 25%, net debt/EBITDA < 3.5)

Organic sales growth target of approx. 10% p.a.

Lighting Segment: Medium-term revenue objectives

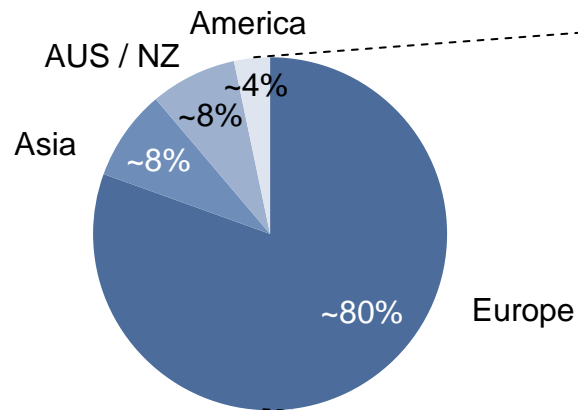


Source: Zumtobel Group

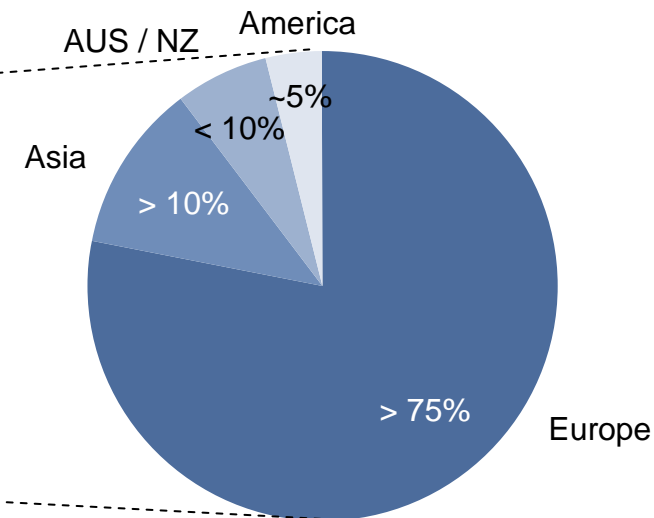
Substantial growth initiatives in mature and emerging markets

Lighting Segment: Growth driver Global Approach

**Worldwide distribution of revenues
– Lighting Segment 2009/10**



**Worldwide distribution of revenues
– Lighting Segment 2014/15**

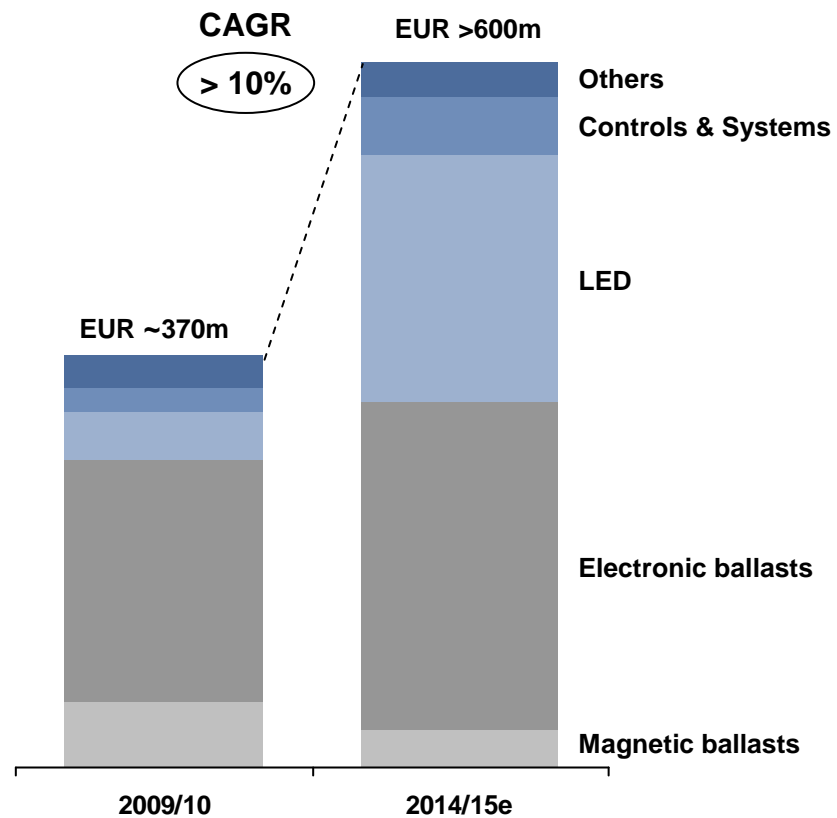


Growth initiatives in all relevant markets:

- Double revenues in Greater China, India and South East Asia by 2014/15
- Increase foothold in the USA
- Substantially increase market share in mature European markets

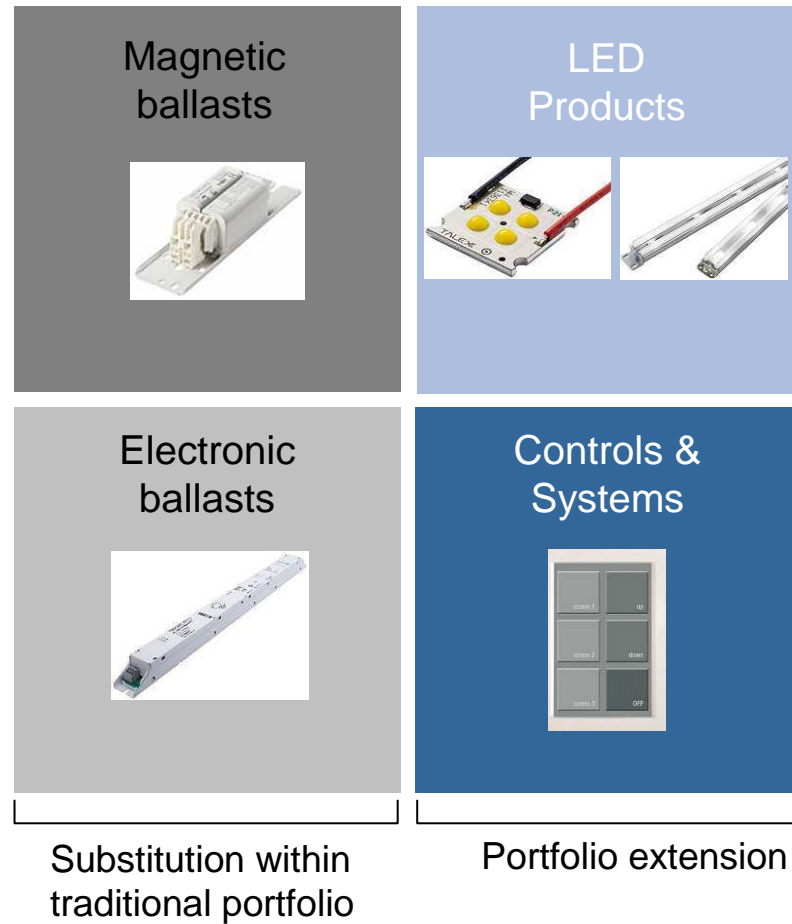
Components Segment targets top-line growth of over 10% p.a.

Components Segment: Medium-term revenue objectives



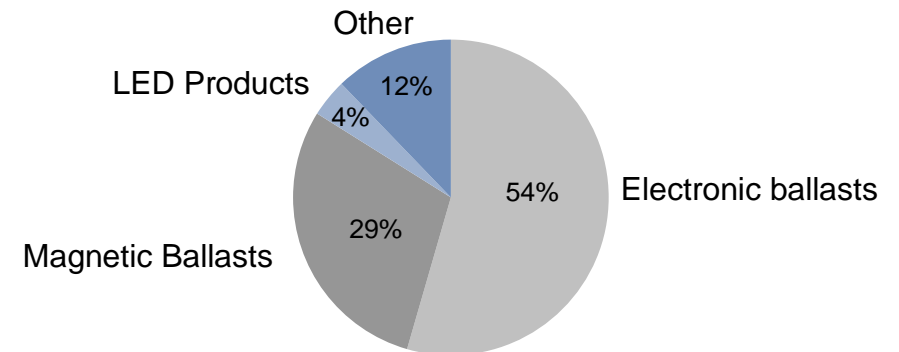
Over the last 5 years, the revenue and product mix has changed substantially

Revenue mix in Components Segment

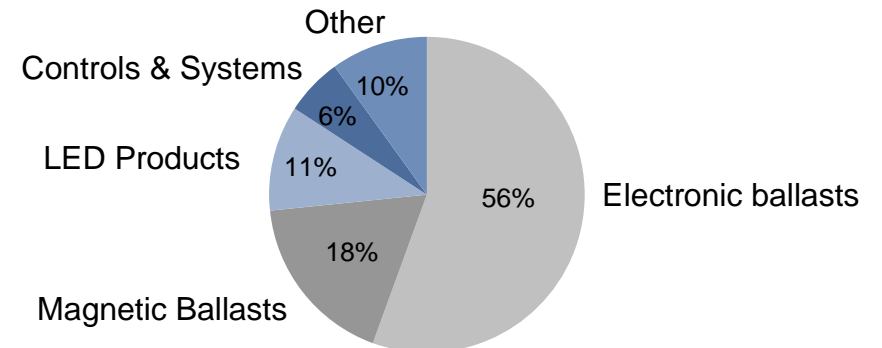


Revenue share development

FY 2005/06:



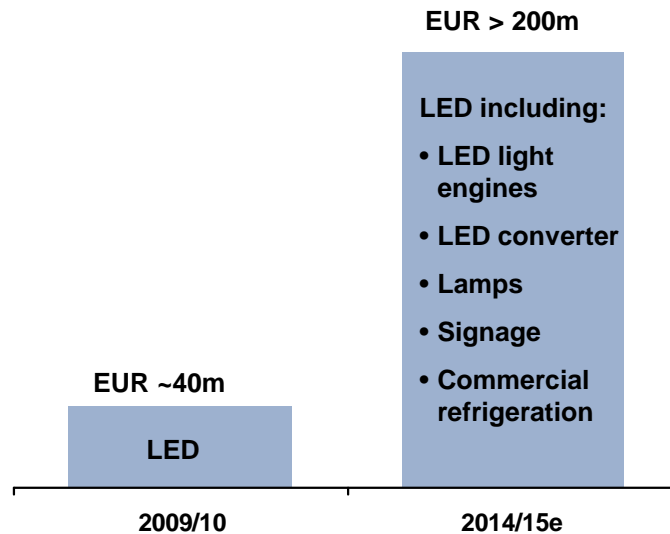
FY 2009/10:



Accelerated portfolio extension with LED products

Components Segment: Growth driver LED Business

LED revenue development – Components Segment



LED Lighting: value enhancing portfolio extension

- Technological transformation process to LED requires new control gear – LED converters (dimming, fixed output) – to run a LED-based luminaire
- LED light source becomes part of the portfolio
- Tridonic expands business/portfolio towards LED systems (LED module + LED converter + Controls)
- LED products for Signage (since 2003) and commercial refrigeration (since 2008)
- Product portfolio to be complemented with strategic co-operations (e.g. LG Innotek)

Entry into LED retrofit lamp business

Components Segment: Growth driver LED products

Two business channels

- Tridonic offers retrofit bulb modules for OEM customers
- LEDON Lamp launched in 2010 as a consumer brand with a full LED lamp portfolio

Product offering

- LED “Retrofit” lamps as a replacement for incandescent lamps as well CFL energy saving lamps
- Lifetime: 10-25 years; energy savings of up to 85% provide an attractive payback
- Sold through retailers and projects (e.g. co-operations with utility companies)

Challenges

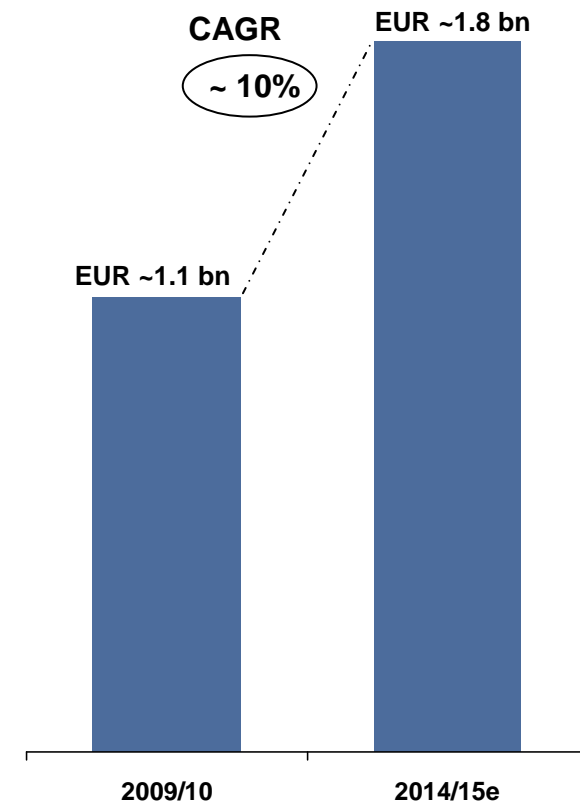
- Reduce the price of the LED retrofit lamp and overcome consumer sensitivity to initial costs



Zumtobel Group – Strategy & Outlook

Summary and Outlook

- Zumtobel Group aims to grow well above the market, average annual organic growth target approx. 10%, selective add-on acquisitions possible
- Continuous EBIT margin improvement, target EBIT margin is >10% over the medium term (2014/15)
- Organic growth funded by internally generated cash flows
- Dividend policy remains unchanged: distribute 30% to 50% of recurring net profit to shareholders
- **Outlook FY 2011/12 of Zumtobel Group:**
 - Revenue growth of approx. 10%
 - EBIT margin slightly above 2010/11 level, influenced by significant upfront investments in growth



Passion for Light



Thank you for your attention!

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Contacts:

Investor Relations

Tel.: +43 (5572) 509-1510

investorrelations@zumbobel.com

www.zumbobelgroup.com