

Components Segment - Strategy Update

Capital Markets Day 2012

Harald Sommerer, Interim CEO Tridonic



A brief portrait of the Components Segment

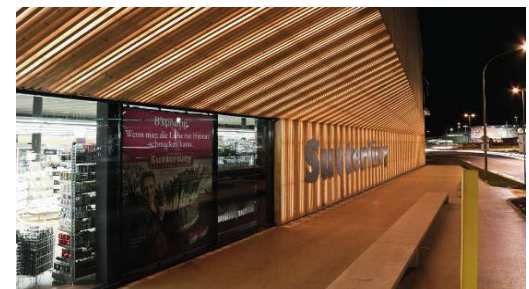
Components Segment

Tridonic is a specialist in operating, controlling and managing light

- Manufacturer of conventional lighting components, lighting management systems, LED modules and LED converters
- Established strong market access into a highly fragmented customer base
- Outstanding market position and major player in the ballast business in Europe
- 30 sales representations worldwide and partners in more than 70 countries
- Broad product portfolio / high number of variants catered to the specific needs of luminaire makers (one-stop-shop opportunity for OEM clients)

Current strategic challenges

- Short term: Launch of new generations of electronic ballasts
- Long term: Positioning in LED components

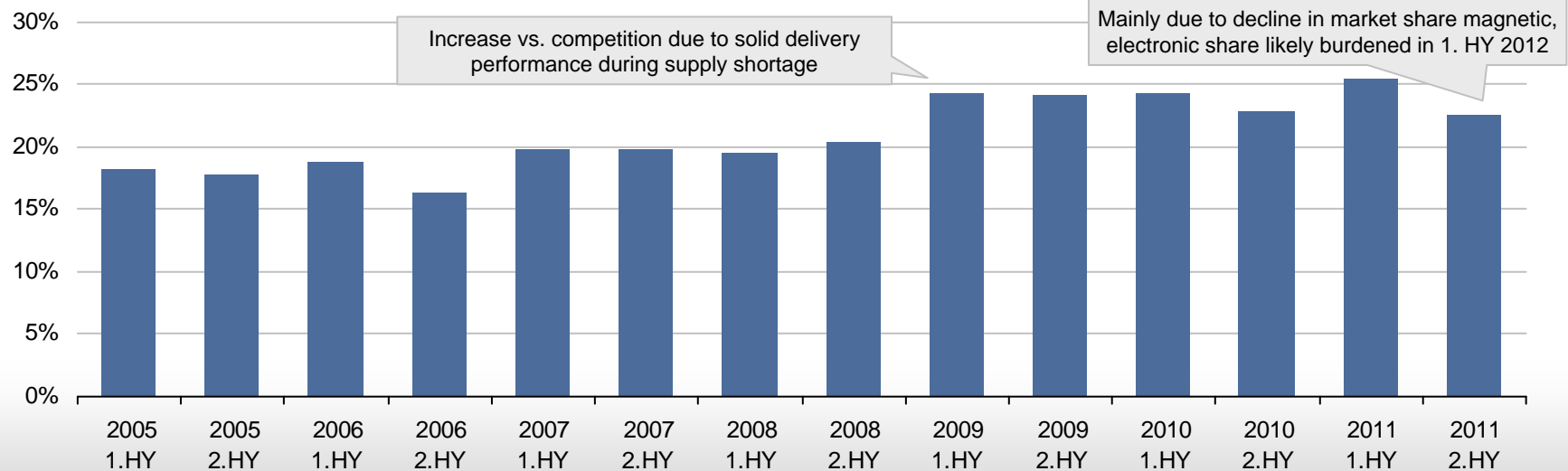


One of major player in European conventional ballast business

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- Reliable market statistics exist for the conventional European market only
- LED components business has heterogeneous product portfolio (incl. the light source) and higher number of market participants
→ no reliable market statistics yet

Market share development in Europe (conventional components)

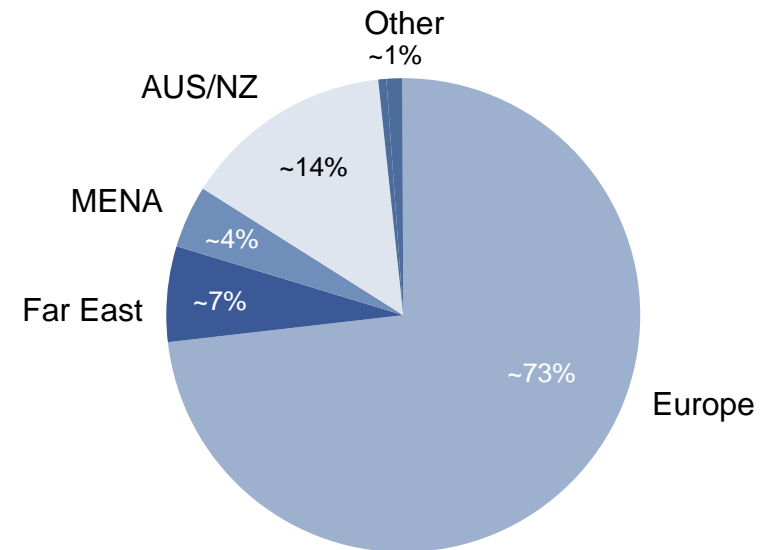


Tridonic with a strong position in Europe and Australia

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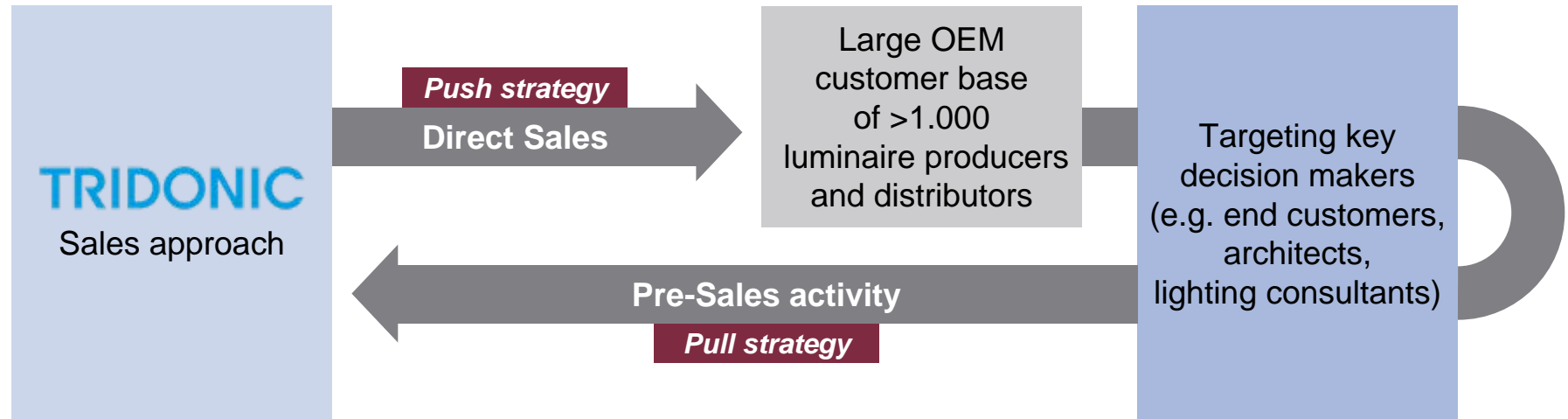
- Tridonic holds strong position in Europe > 20% market share
- High exposure to weak UK market and South European countries (incl. Turkey) burdened development of Tridonic in the past quarters
- Australia/NZ as second largest market > 40% market share

Regional revenue distribution



Tridonic is an OEM manufacturer with a strong established sales network

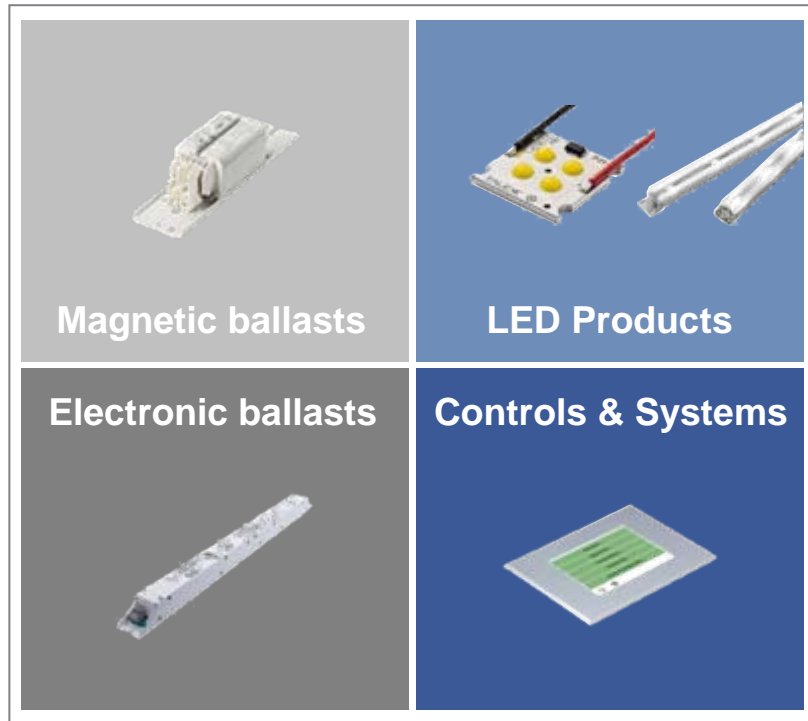
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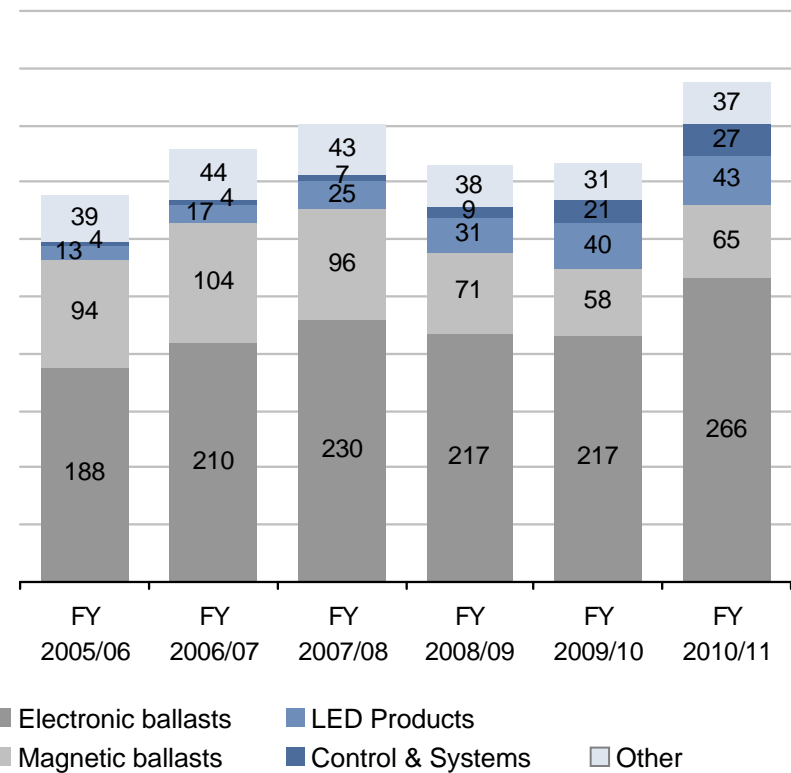
- Tridonic employs sales staff (incl. logistics) of over 320 people
- Unique market access through long-established client relationships
- Professional luminaire business is likely to remain fragmented and local
- Many variants and small batch sizes
- Strong consulting and service expertise

Ongoing mix shift in the product portfolio

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Revenue development (in EUR million)



Magnetic ballasts remain in portfolio as long as it generates cash flow

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Magnetic ballasts



- 12% of Components Segment revenues
- Over 30% decline in demand in Q1-Q3 2011/12
- Magnetic ballasts is a non efficient technology dating back to the 1950's
- In Europe magnetic ballasts will be phased out by regulation (2015 for fluorescent and 2017 partly for HID)
- Today, approx. 35% of ballasts sold in Europe are still magnetic (share is massively higher in Asia and Australia)

Strategy for magnetic ballasts

- Capacities are being gradually reduced (Q3 2011/12 shut down of Malaysia plant)
- Magnetic is evaluated on an ongoing basis, currently still cash flow positive
- Competitiveness of technology is highly dependent on copper price
- Currently Magnetic is additional business with little additional costs
- Customer conversion to electronic ballasts and/or LED converter

Production footprint

- Currently still 2 production plants for Magnetic ballasts are in operation
 - Tullamarine, Australia (approx. 100 employees)
 - Fürstenfeld, Austria (approx. 105 employees)

Weakness in electronic ballasts is counteracted by new product launches

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Electronic ballasts



- 55% of Components Segment revenues and major profit contributor
- Good historic track record in keeping profitability by managing pricing pressure (i.e. harvesting economies of scale, cost reductions through design changes and/or adding new product features)
- Q1-Q3 indicate weakness in performance and portfolio - strong price pressure and volume decline
- Recovery of electronic ballasts business is key for short-term success
... volume growth still expected over next years due to decline in magnetic

Strategy for electronic ballasts

- Complete overhaul of existing electronic product portfolio (around 200 variants)
 - fixed output: new generation with focus on cost down - ~20% already launched
 - dimming: new generation with focus on cost down / new features - ~85% already launched
 - Introduction of layer strategy to serve broader range of customer groups and regions

➔ Positive initial feedback from OEM clients

➔ Launch process finished by end of 2012

Global production footprint for best solutions

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Electronic ballasts



- Electronic ballasts follow international production footprint for best cost structure per product and minimum delivery times to customer
- Capacities were increased last year and are currently underutilized
- In the medium term most production equipment can be used to produce LED converters
- Production footprint is evaluated on an ongoing basis



Dornbirn, AT

- Largest factory for electronic ballasts
- High volume
- High automation
- High quality assembly



Shenzhen, PRC

- High volume products
- Low level of automation
- Lowest cost of labour



Spennymore, UK

- Low to mid volume
- High complexity
- Mid-level automation
- Lower cost of labour

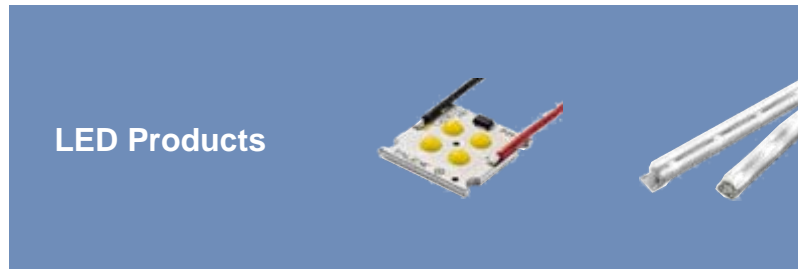


Ennenda, CH

- Low volume products
- High complexity
- Mid-level automation
- Specials

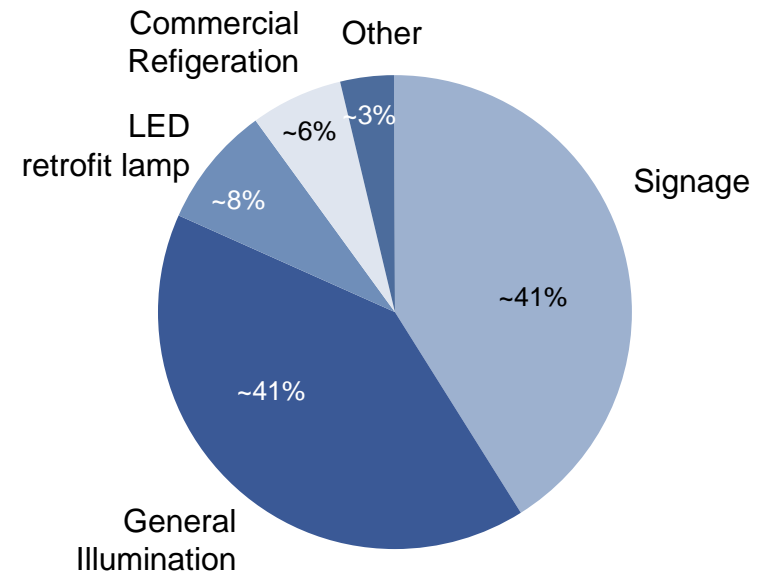
Growth and focus in LED components business insufficient

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- 13% of Components Segment revenues but constantly and rapidly growing
- Sales increase by 38.1% in Q1-Q3 2011/12 (clearly below lighting segment)
- Sector of light sources becomes part of the portfolio (LED modules)
- Loss making (based on low volume), lack of focus, delay in product development, new competitors
- LED strategy is key for medium-term success in components business

LED revenue distribution by product group



Tridonic has broad offering of LED components

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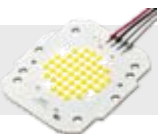
Broad product portfolio



LED converters: LED equivalent of a conventional ballast

- Customer group is equal to conventional customers

General illumination



LED modules: serves a light source for professional lighting (incl. bulb modules)

- Customer group is equal to conventional customers



LEDON retrofit lamp: replacement for traditional lamps

- LEDON Lamp is consumer brand – different customer group



LED signage products: used for advertising (e.g. company signs)

- Customers differ from conventional customer group (luminaire producers)



LED products for commercial refrigeration applications

- Customers differ from conventional customer group (luminaire producers)

Full focus on General Illumination

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Strategy for LED components

- Clear focus of resources on products for general illumination (in particular LED converters)
 - operating, controlling and regulating professional luminaires remains core competency
 - Leverage established strong customer relationships into highly fragmented luminaire market
- Full integration of LED activities into the existing Tridonic organisation
- Launch new generation of LED converters through 2012
- Exit commercial refrigeration business (ca. EUR 3-4 million sales in 2011/12)
- Carve-out Signage business as independent legal entity with separate management
- Make or buy decision concerning LED-modules for general illumination
 - Make: Chip on Board Technology and Dam & Fill
 - Buy: SMT, area lighting
- Strengthen position as a solutions provider
- Further development of partnerships (e.g. LG Innotek, Schneider)

Current production footprint

- LED module production in Jennersdorf, Austria
- LED signage and commercial refrigeration products in Jennersdorf and Fürstenfeld (Austria)
- LED converter production in Spennymoor, Dornbirn and Ennenda
- Capacities for electronic ballast production can be used for LED converter production

Change in competitive landscape with LED technology

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- New suppliers, above all the Asian LED chip producers, are entering the LED lighting components market
- Challenges to maintain high market share from conventional business also in LED
- Fragmentation of end market and high number of variants will continue
- Many new competitors lack application know-how and sales network

Conventional competitors

(magnetic and electronic ballasts)

TRIDONIC

PHILIPS

OSRAM

Panasonic

Helvar

Players in LED components industry

(not exhaustive)

LG Innotek

SAMSUNG

SHARP

TOSHIBA

CREE TRIDONIC

Panasonic

Helvar

OSRAM

PHILIPS

NICHIA

Strategy Update LEDON lamps

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Product offering

- LED “Retrofit“ lamps to replace incandescent as well CFL (energy saving) lamps
- Extremely long lifetime (25 years) and energy savings of up to 85% provide an attractive payback

Challenges

- Price reductions of the LED lamp to overcome consumer sensitivity to initial cost
- Competition from the large, established lamp manufacturers as well as low price, low quality products from far East.
- Short and fast development cycles to maintain attractive product offering

Brand positioning & sales strategy

- Since its start in 2010 LEDON Lamp has developed and launched 50 very competitive products
- LEDON is positioned in the premium brand sector with superior light quality: **LEDON** *my light*
- Sold thru traditional retail channels as well as via projects (unions, utility companies etc.)

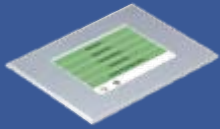


Components for light management systems have increasing importance

Components Segment



Controls & Systems



- 7% of Components Segment revenues and profitable
- Sales increase by 14 % in Q1-Q3 2011/12
- Components for light management systems are essential for luminaire producers to improve energy efficiency and provide best quality of light
- Know-how of luminaire technology as a key to sophisticated controls

Product portfolio overview



Sensors

for intelligent lighting solutions (e.g. presence detectors, daylight controls)



Control units

electronic user interfaces to control light management in a room or building



Interfaces

Connection devices to link software to hardware



Actuators

Enables constant status feedback between luminaires and controls

Tridonic enlarges product offering for light management systems

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Strategy for Controls & Systems

- Energy efficiency arguments will make light management a key element in lighting solutions
- Use synergies in the Zumtobel Group for R&D, production and market access
- Tridonic has a detailed understanding of the best operation of a luminaire
 - Leverage this know how for controls of light solutions
 - Offer full range:
 - single luminaire controls/sensors
 - controls for single rooms
 - controls for multiple rooms
 - controls for entire buildings (up to 50,000 luminaires)
 - Products developed and partly already introduced
 - Market access through projects and distributor listings already established
 - Tridonic will acquire projects through pre-sales activities (directly at project owner), OEM customers (luminaire manufacturer/light solution provider) and system partners (e.g. electricians and system integrators)

Partnerships strengthen Tridonic's competitive position

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Partnerships and cooperations support development and expansion of product portfolio

→ **No single player can cover entire complexity and broadness of value chain**

Tridonic is a competent technology partner with unique sales access into professional lighting

Examples of cooperations:

LG Innotek (concluded Dec 2010)

- The cooperation successfully broadens Tridonic product portfolio through LED modules for area lighting and other applications
- Various products already in product offering, development of further products ongoing



Schneider (concluded April 2012)

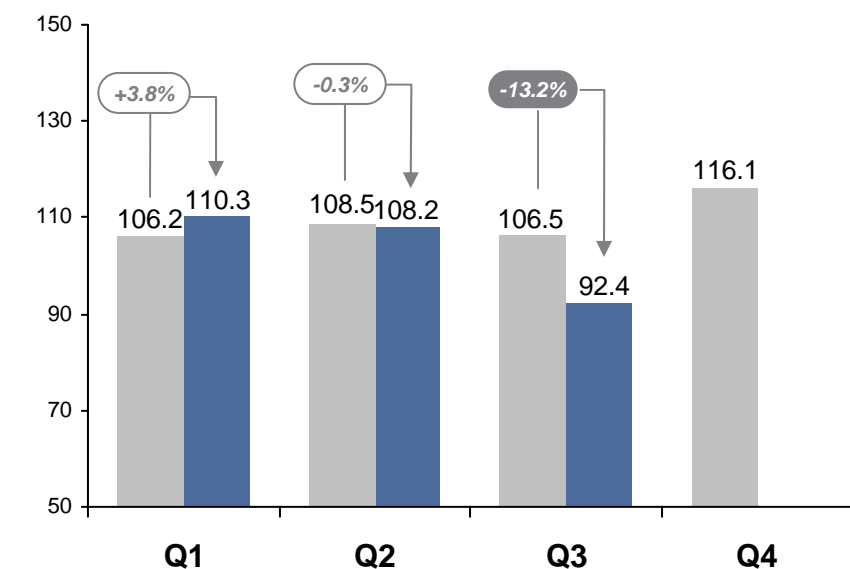
- Tridonic and Schneider launch strategic cooperation to promote energy efficient lighting control solutions to customers in project business, combining
 - Schneider's strong access into project business through lighting control solutions
 - Tridonic's deep know-how in electronic ballasts and other innovative products

Demand fell due to weak market environment and delay in product launches

Components Segment – Revenue and EBIT development

Components Segment

Revenues in EUR million

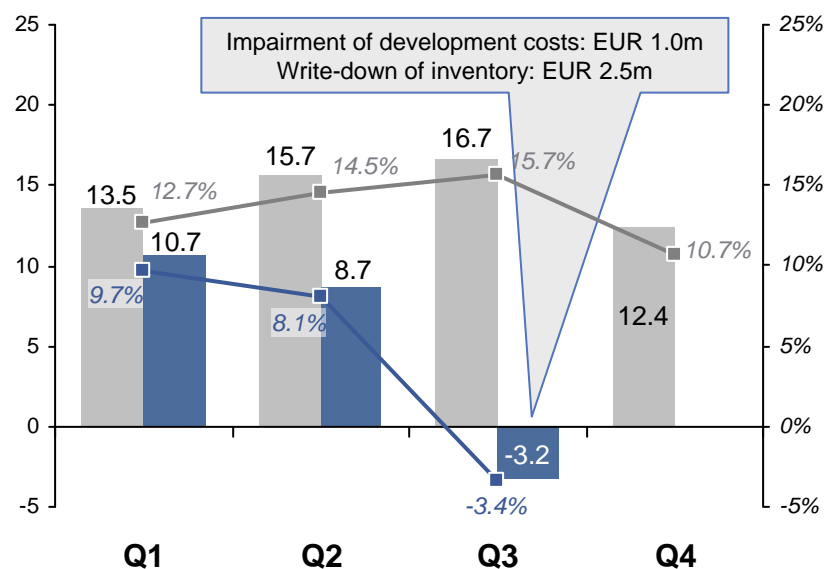


■ Revenues FY 2010/11 ■ Revenues FY 2011/12

Revenues Q1-Q3 2011/12 EUR 310.9 million (minus 3.2%)
 Revenues Q1-Q3 2010/11 EUR 321.2 million

1) Reported EBIT adjusted for special effects

Adjusted EBIT¹⁾



■ Adjusted EBIT FY 2010/11, ■ Adjusted EBIT FY 2010/11,
 ■ Adjusted EBIT FY 2011/12 ■ Adjusted EBIT FY 2011/12
 in EUR million as a % of revenues

Adjusted EBIT Q1-Q3 2011/12 EUR 16.2 million (margin of 5.2%)
 Adjusted EBIT Q1-Q3 2010/11 EUR 45.9 million (margin of 14.3%)

Outlook and Challenges

Components Segment strategy

Tridonic is a specialist in operating, controlling and managing light with established strong market access into a highly fragmented customer base

Due to current uncertainties no guidance on medium-term development possible
(previous mid-term goals: average annual growth of approx. 10% and EBIT Margin of 10%)



Measures to address strategic challenges are defined and in execution:

Measures for strategic challenges

- Phase out of magnetic ballast production while converting customer base to non-magnetic
- Successfully launch new generation of electronic ballasts
- Work on successful positioning in LED Components
 - Focus resources on General Illumination (LED converter, LED modules)
 - Full integration of LED activities into existing Tridonic organisation
 - LED module: Make-or-buy decision
 - Partnerships in LED industry
- Targeting regional growth outside of Europe (CEE, Middle East, Asia)

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Contacts:

Investor Relations

Tel.: +43 (5572) 509-1510

investorrelations@zumtobel.com

www.zumtobelgroup.com