

# Zumtobel Group

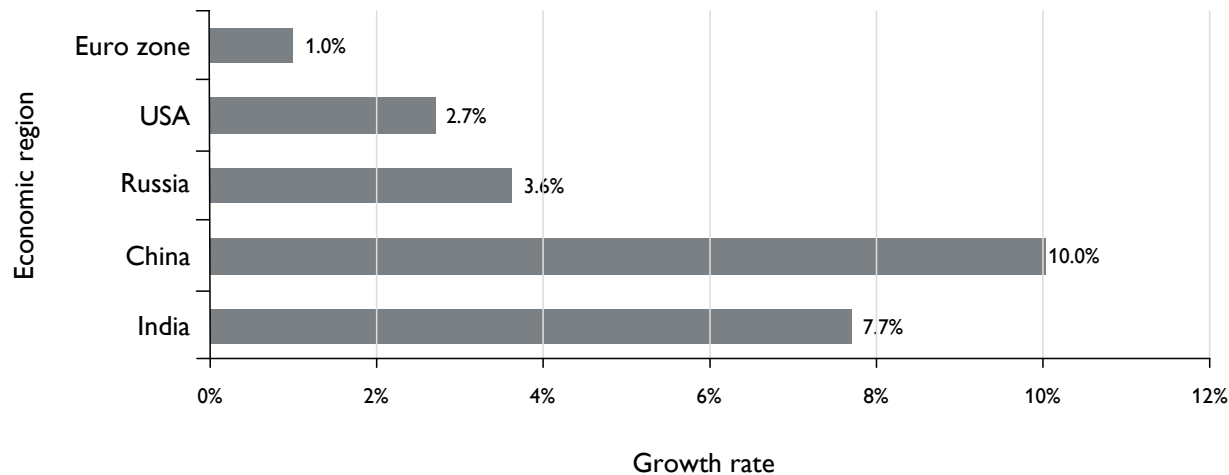
## Capital Markets Day 2010

**- Growth driver Emerging Markets -  
Martin Brandt**

# Emerging Markets

## Macroeconomic background

Economic growth outlook for 2010\*

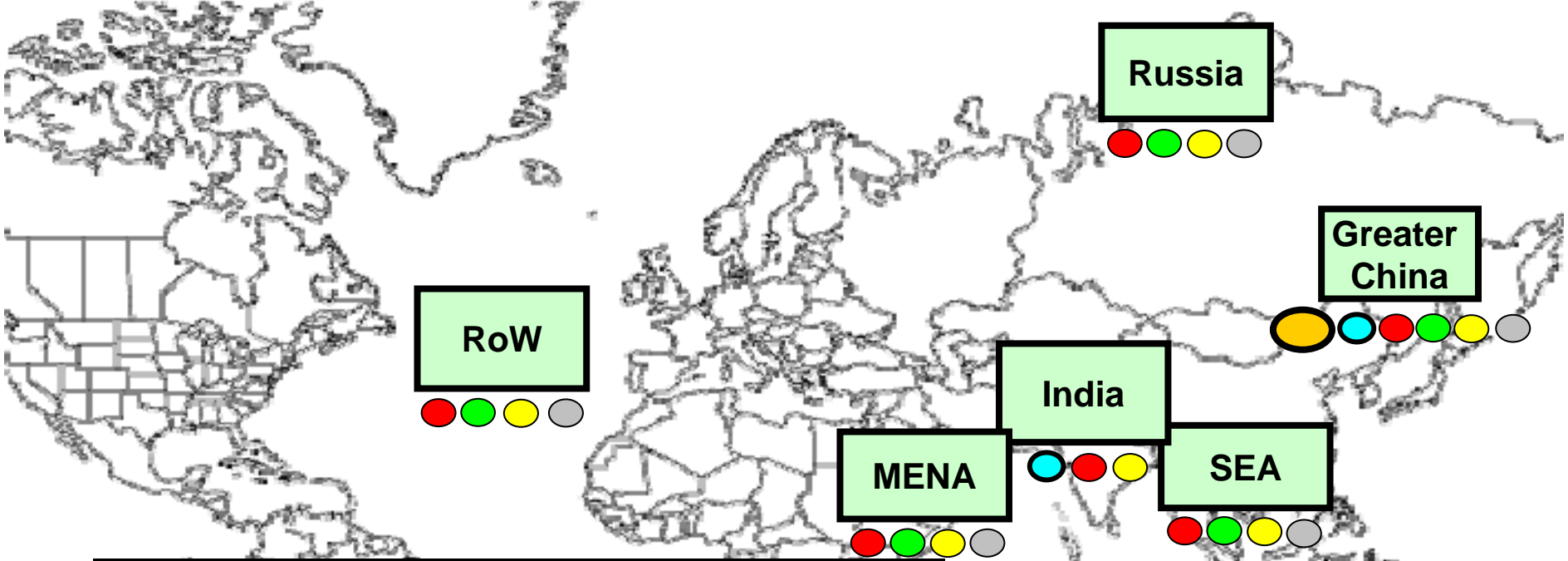


- Growth performance in 2010 is expected to vary considerably across countries and regions
- In most advanced economies, the recovery is expected to remain sluggish by past standards
- Growth in emerging countries is expected to rise to about 6 percent in 2010 with key markets in Asia (China and India) leading the global recovery

\*IMF Outlook, Jan 2010

# Emerging Markets Lighting Segment

## Regional coverage



	Factories	R&D facilities	Sales Network (locations)			
			Thorn (own)	Thorn (distributors)	Zumtobel (own)	Zumtobel distributors
Greater China	2	2	22	143	4	4
SEA			1	8	1	6
India		1	5		3	
MENA			4	11	1	5
Russia			2	28	2	9
RoW			2	41	2	43
<b>Total</b>	<b>2</b>	<b>3</b>	<b>36</b>	<b>231</b>	<b>13</b>	<b>67</b>

# Emerging Markets Lighting Segment

## Key facts, characteristics and drivers

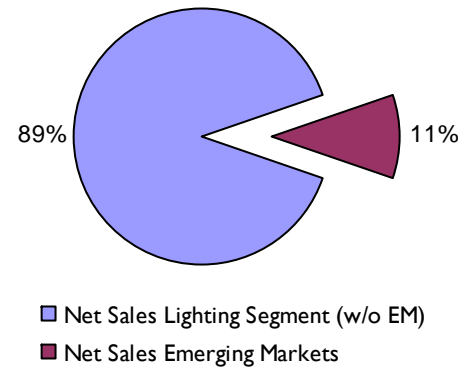
### Key Facts 09/10

- Market volume: 3,038 EUR million
- Market share: single digit \*)
- Total sales in 2008/09: 92,6 EUR million
- 2 factories
- 3 R&D centres
- 49 own sales locations
- 298 contracted distributors
- 2 Brands:  **ZUMTOBEL THORN**
- \*) various in different regions

### Market Characteristic

- 88% of world population
- Fragmented and underdeveloped but growing fast
- 5 clusters: “mature”, “dynamic”, “centrally planned”, “emerging” and “poor”
- Price sensitive, varying quality, imitation, limited standards, unstructured distribution

Sales Breakdown Lighting Segment in 2008/09 (in % of total sales)



Region	Sales development Q1-Q3 vs PY	Perspective 2010/11
Greater China*	↑	↑
SEA	↑	↑
India	↓	↑
MENA	↑	↑
Russia	↓	↑
RoW	↓	↑
Total	↑	↑

\* ca. 40% of EM sales

### Market Drivers

- Urbanization of huge amount of people drives residential construction
- Standards are developing step by step
- New technologies growing fast
- Increased wealth: organizations and private people

# Emerging Markets Lighting Segment

## Objectives

- **Systematic development of core emerging markets with strong regional management teams leading to strong market presence.**

- **Build leading position for Thorn as preferred partner for distribution, and establish Zumtobel as #1 premium brand in all core markets.**

- **Develop new markets and opportunities.**

### **Deliver sustainable high growth sales:**

- **> 10% p.a. on average (excl. acquisitions)**
- **Acquisitions/co-operations on a selective basis to strengthen technological competence, market and channel access.**

# Emerging Markets Lighting Segment

## Important initiatives/external factors in 2009/10

- Strengthened organization, processes, leadership in all core regions
- Improved management has led to excellent results in China, SEA (South-East Asia), MENA (excl. Dubai)
- India, Russia, Dubai badly hit by financial crisis
- Established Zumtobel commercial organizations in SEA, India, MENA (Thorn already well established)
- Increased investments in market communication and R&D
- Increase selling staff from ca. 230 FTEs to close to 300 FTEs as per end of 2009/10

# Emerging Markets Lighting Segment

## Initiatives 2010/11

- India: purchase remaining 30% shares of JV, manage turn-around
- Saudi-Arabia: establish commercial and manufacturing operations to achieve high growth
- Strengthen presence in Brazil, Turkey, South-Africa to improve market access
- Expand Tianjin factory (road & tunnel) to serve China and other EM
- Strengthen LED competency in China and India to develop and launch LED products throughout the EM
- Leverage strength in the specification business to expand presence in OTC channel: focus on product development, channel access



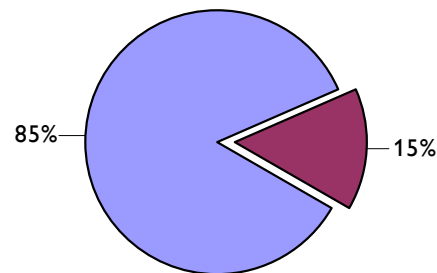
# Emerging Markets Components Segment

## Key Facts

### Key Facts 09/10

- Total sales in 2008/09: 54,4 EUR million, focus on high end project business
- 3 factories in Asia (Shenzhen/China, Ulu Tiram/MY, India)
- R&D centres in Shenzhen/China, Ulu Tiram/MY
- Sales office in Shanghai, Beijing and Guangzhou
- Set up of Turkey branch in 2008

Sales Breakdown Components Segment  
in 2008/09 (in % of total sales)



■ Net Sales Emerging Markets (w/o EM)

■ Net Sales Emerging Markets

Region	Sales development Q1-Q3 vs PY *	Perspective 2010/11
Greater China**	↓	↑
SEA	↑	↑
India	↓	↑
MENA	↓	↑
Russia	↓	↓
RoW	↓	↓
Total	↓	↑

\*\* ca. 20% of EM sales

\* Exports from Asian factories to Western European customers were strongly hit by the recession. This trend is expected to reverse in the near term





# Emerging Markets Zumtobel Group

## Summary

- The EM offer exciting opportunities for Zumtobel Group to expand the business and to assume the role of a truly global player.
- Diversity in EM is huge – markets (structure and penetration) are at different development levels.
- During the current FY 2009/10 we have made significant efforts to strengthen our foothold in the EM and to prepare for future growth.
- EM will significantly outperform mature markets and therefore gain in importance.