

Zumtobel Brand - Strategy Update

Capital Markets Day 2012

Harald Sommerer, CEO Zumtobel Group

A brief portrait of Zumtobel

Passion for Light

Zumtobel is an International premium brand for complex lighting solutions

- One of the largest players in professional lighting in Europe
- More than 60 years of experience in professional lighting
- One of the innovation leaders in the industry with leading edge solutions for conventional and LED lighting
- Strong direct sales network
- Deep understanding of lighting applications
- 50 sales companies and representatives in over 70 countries

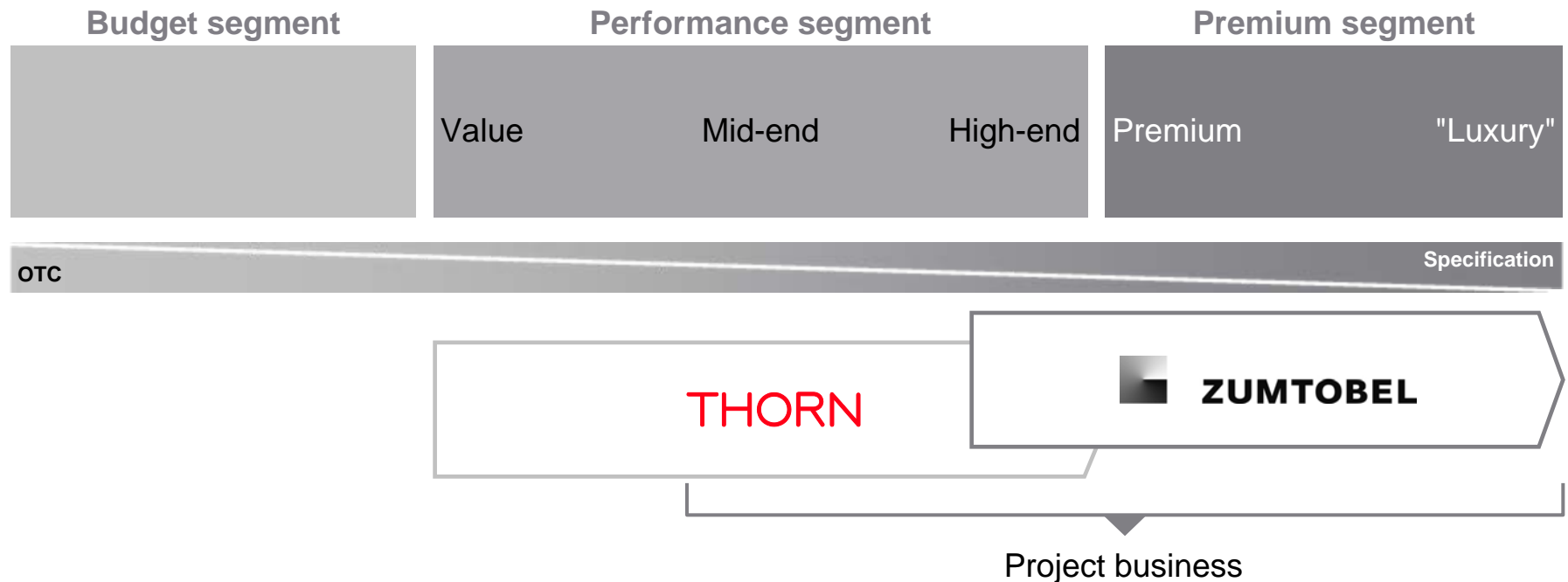
Main strategic challenges

- Translate investments in R&D and sales into profitable growth
- Expand successful European business model



Zumtobel is clearly a premium brand serving the upper end of the market

Zumtobel brand positioning



Zumtobel aims to get involved in projects at a very early stage

→ Become specifier for entire lighting solutions (not compete on price and product only)

→ Create unique solution for specific projects and applications

Simplified illustration

Brand essence of Zumtobel: Knowledge driven performance

Zumtobel brand positioning

Zumtobel is regarded as one of the highest positioned brand in professional lighting in Europe

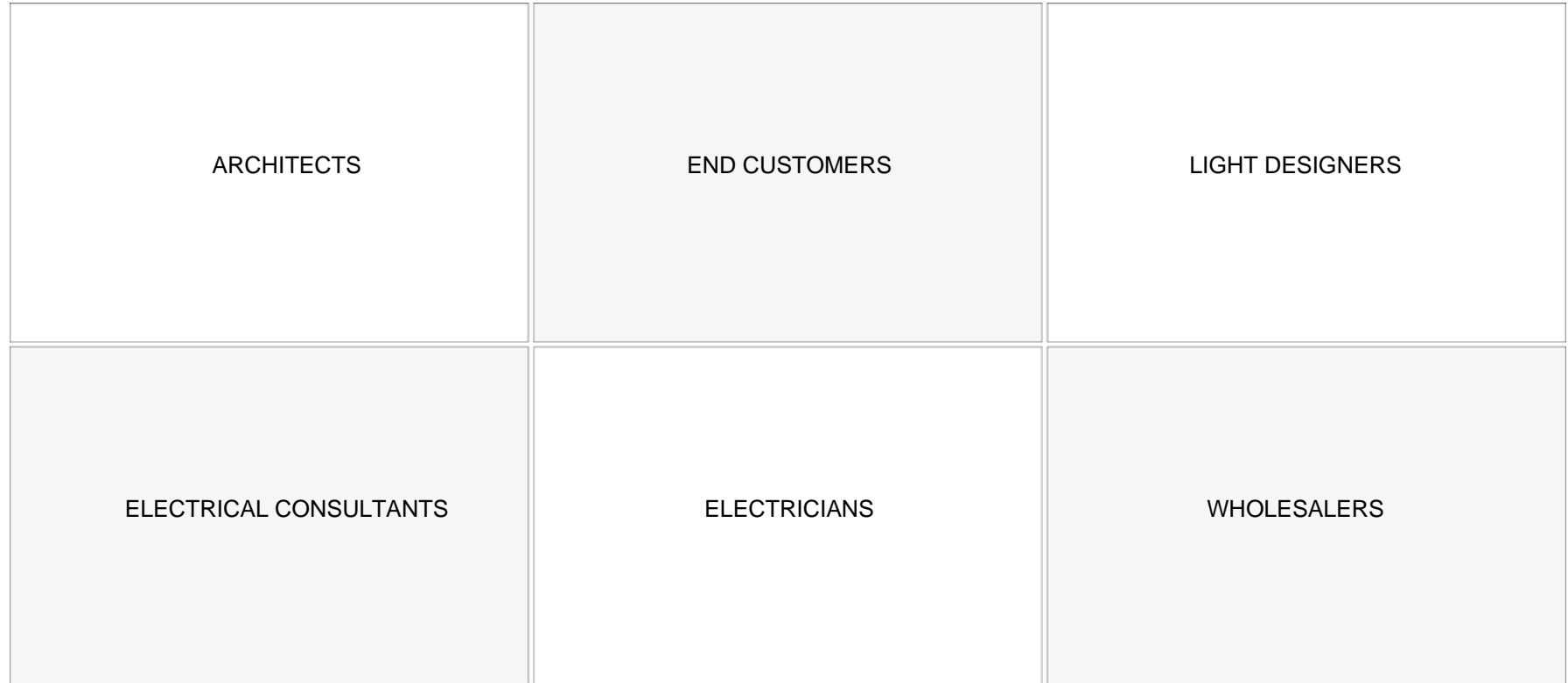
Core values of the Zumtobel brand:

- Applied innovation
- Architectural design
- Premium quality
- Added value



Our partners for unique lighting solutions

Zumtobel brand



Application know-how – the right light to meet every requirement

Zumtobel brand



Our network of inspiration – architecture, design, art and culture

Zumtobel brand



3DELUXE, NIK SCHWEIGER
A.G LICHT
ATELIER BRÜCKNER GMBH
ATELIERS JEAN NOUVEL AJN
ASYMPTOTE ARCHITECTURE
BAUMSCHLAGER EBERLE
BEHNISCH ARCHITECTS
BILLINGS JACKSON LIMITED
CH. KELLER DESIGN AG
COOP HIMMELB(L)AU
DAVID CHIPPERFIELD ARCHITECTS, BERLIN
DELUGAN MEISSL ASSOCIATED ARCHITECTS
DOMINIQUE PERRAULT ARCHITECTURE
E00S
FOSTER & PARTNERS
GRIMSHAW & PARTNERS
HADI TEHERANI AG
HANS HOLLEIN & PARTNER ZT GMBH
HARTMUT S. ENGEL DESIGN STUDIO
HENNING LARSEN ARCHITECTS
HERZOG & DE MEURON
INGENHOVEN ARCHITECTS
KAZUYO SEJIMA + RYUE NISHIZAWA / S A N A A
KUEHN MALVEZZI GMBH ARCHITEKTEN
LICHT KUNST LICHT AG
MARTE.MARTE ARCHITEKTEN ZT GMBH
MASSIMO IOSA GHINI
MATTHEO THUN & PARTNERS
NPK INDUSTRIAL DESIGN
ON INDUSTRIEDESIGN
RENZO PIANO BUILDING WORKSHOP (RPBW)
SAUERBRUCH HUTTON
SCHNEIDER + SCHUMACHER ARCHITEKTURGESELLSCHAFT MBH
SOTTASS ASSOCIATI
STUDIO & PARTNERS
STUDIO AMBROZUS
STUDIO DANIEL LIBESKIND
STUDIO OLAFUR ELIASSON
TADAO ANDO
TORSTEN FRITZE & MATTHIAS BURHENNE
TROPP LIGHTING DESIGN
UNSTUDIO
WILMOTTE & ASSOCIÉS SA
ZAHA HADID ARCHITECTS, LONDON

Zumtobel with its core strengths in DACH-region

Market share analysis

Market position in European markets

RANK	Austria	Germany	Switzerland	Benelux	Italy	UK	Denmark	Sweden	Norway	France	Europe 10	CEE*
Zumtobel	1	3	2	2	5	6	9	10			2	6
Thorn	15					1	6	2	4	2	4	11
Lighting Brands	1	3	2	2	3	1	5	2	4	2	1	3

Lighting Segment – global market shares in professional lighting (Zumtobel + Thorn)

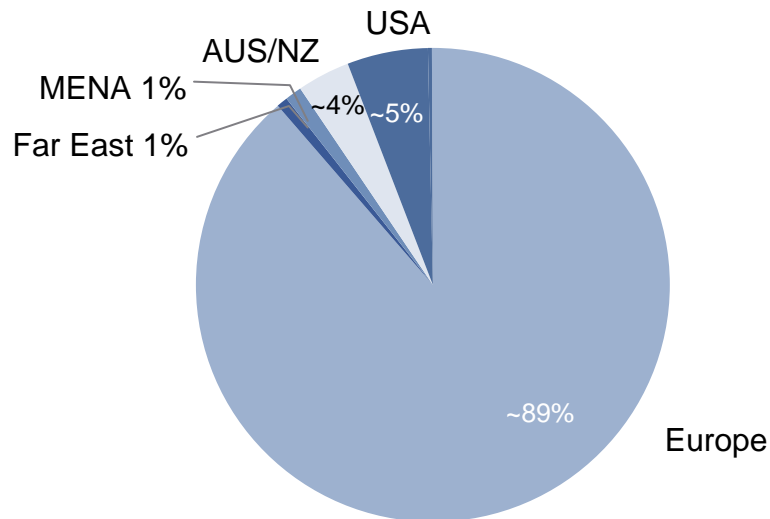


1) CEE includes PL, CZ, SK, HU, CRO, SI, RO

Zumtobel is primarily a European brand with small positions in US, Asia and Australia

Geographical scope of Zumtobel brand

Regional revenue distribution (Q1-Q3 2011/12)

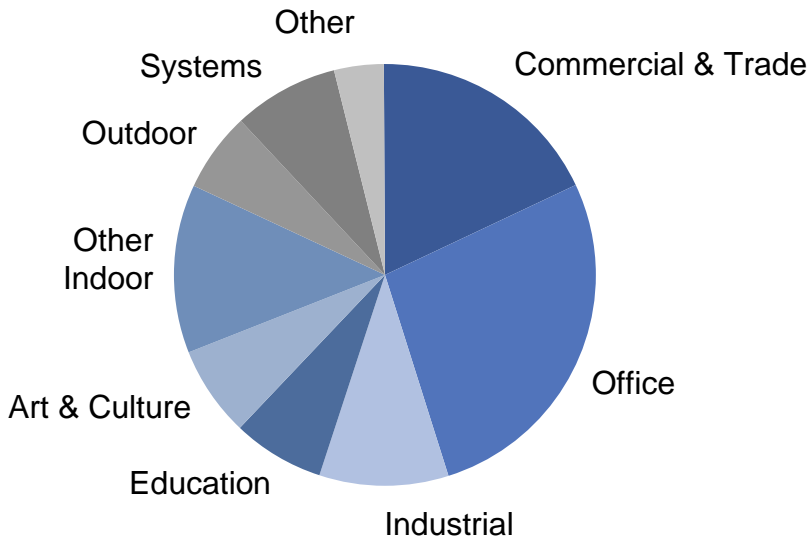


- The D/A/CH region is the core market for the Zumtobel brand, accounting for >50% of brand revenues
- Zumtobel considerably increased its presence in Italy, UK, Belgium and CEE over the last years
- Unique sales approach is focused on Europe
- Base for roll-out of European success model into markets outside Europe needs to be strengthened
- In the Asian markets (MENA and Far East) as well as in AUS/NZ and the US Zumtobel brand holds only small positions

Strong position in indoor lighting, especially office and commercial lighting

Zumtobel brand by application

Revenue distribution by application



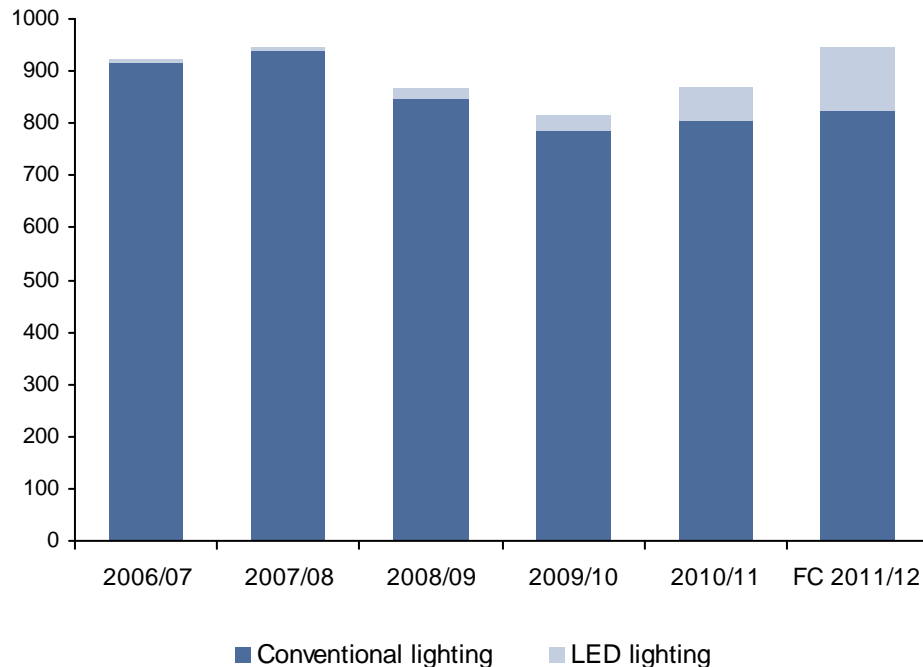
Total Zumtobel revenue by application:

- Indoor lighting solutions account for >80% with highest share in Office and Commercial
- Outdoor lighting solutions refer to building surroundings (e.g. façade lighting)
- Systems account for approx. 4%

Leading innovation with superior LED product portfolio

Lighting Segment

Lighting Segment – revenue development



- LED revenue penetration in Lighting Segment has increased considerably over the last six years
 - from <1% in 2006/07 to >13% in 2011/12 (FC)
 - Zumtobel brand LED penetration: 19.5%
 - Thorn brand LED penetration: 5.8%
- Conventional business is still growing
- CAGR of LED revenues in Lighting Segment is +85%
- Zumtobel brand is driving force of high penetration
 - Early adopter customer base
 - Innovation driven brand
- LED is a major growth driver despite temporary burden on margins (decline in LED input costs expected)

Expand successful European business model

Zumtobel brand strategy

- **Global organisational set-up**
- **Translate investments in R&D and sales into profitable growth**
- **Further enhance product portfolio for global markets with an emphasis on LED and energy efficiency**

Expand successful European business model

Zumtobel brand strategy

- **Global organisational set-up**
 - Global matrix functions were established in May 2011 (e.g. product management, R&D)
 - Currently working on enhancing global awareness in organisation
 - Management changes implemented where necessary (US, production plants)

- Translate investments in R&D and sales into profitable growth

- Further enhance product portfolio for global markets with an emphasis on LED and energy efficiency

Expand successful European business model

Zumtobel brand strategy

- Global organisational set-up

- **Translate investments in R&D and sales into profitable growth**
 - Capitalise on extensive direct sales network, brand and global product portfolio
 - Manage sales productivity (time lag between hiring, training and full productivity)
 - Increase in sales personnel since Strategy set-up (March 2011):
 - Over 90 additional sales people (> 1,000 selling staff) with majority of additions in Europe
 - Given macroeconomic uncertainty further headcount additions only in selective locations

- Further enhance product portfolio for global markets with an emphasis on LED and energy efficiency

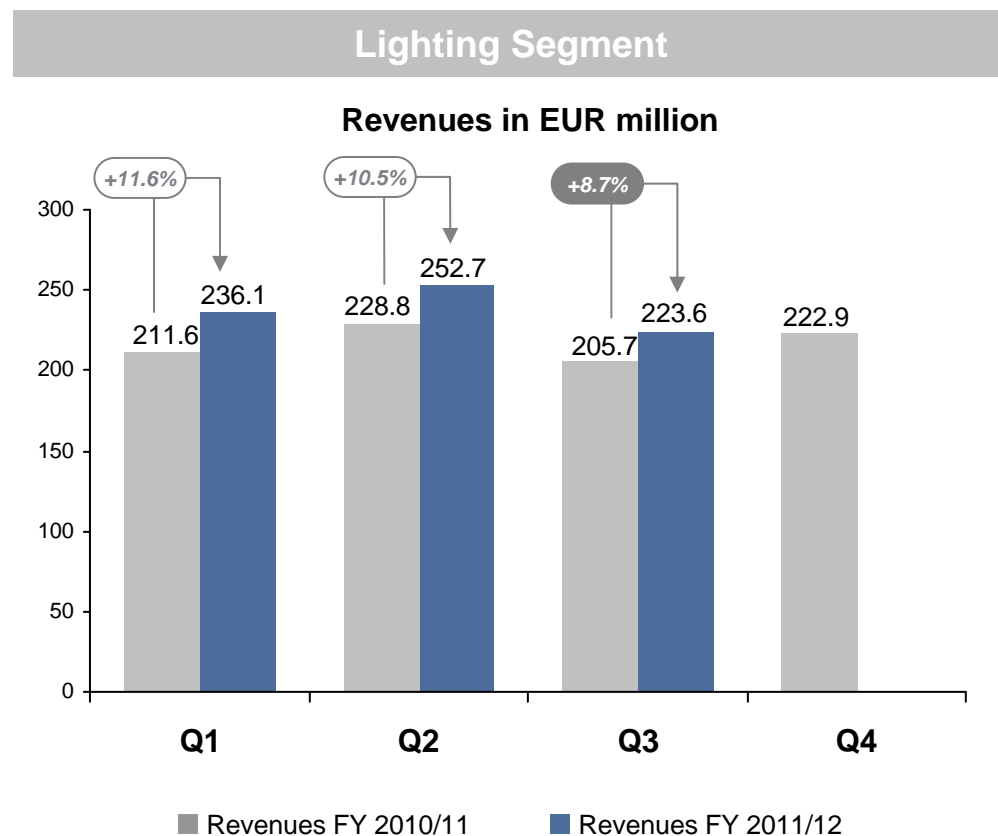
Expand successful European business model

Zumtobel brand strategy

- Global organisational set-up
- Translate investments in R&D and sales into profitable growth
- **Further enhance product portfolio for global markets with an emphasis on LED and energy efficiency**
 - New Product Rate increased significantly: > 30% today vs. 25% in 2009/10
 - LED luminaires are clear focus point of new product development (>90%)
 - New light management system currently in development pipeline
 - Application/solution selling to optimize energy efficiency proposition

Zumtobel: First successes of implementation of growth strategy in Europe

Lighting Segment – Revenue development



Revenues Q1-Q3 2011/12 EUR 712.4 million (plus 10.3%)
 Revenues Q1-Q3 2010/11 EUR 646.0 million

1) Reported EBIT adjusted for special effects

Zumtobel brand accounts for more than 50% of Lighting Segment revenues

Zumtobel achieved revenue growth above Segment average of 10.3% in Q1-Q3 mainly based on strong growth in Europe

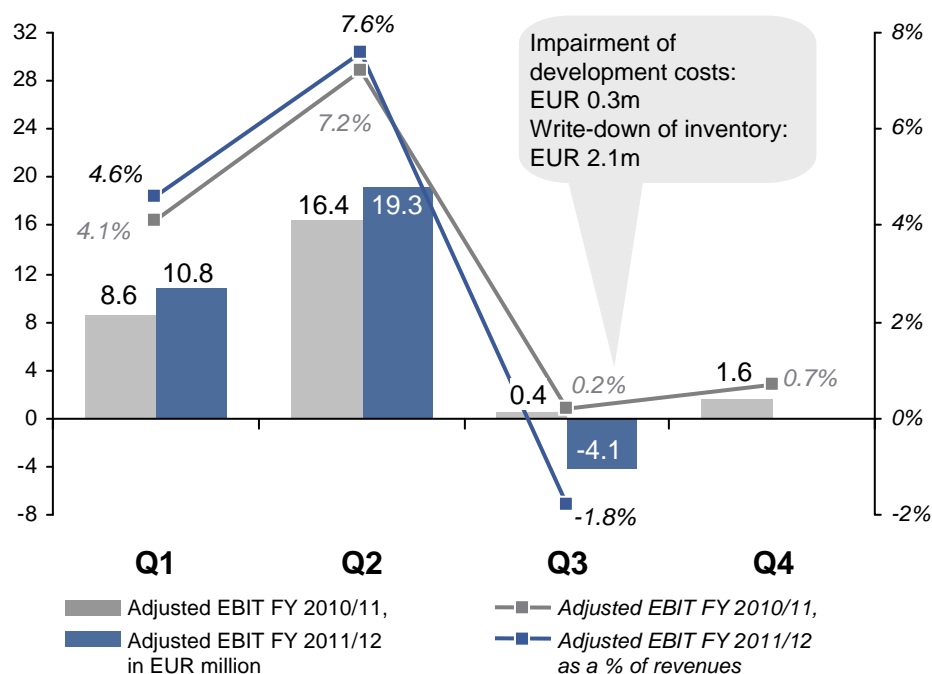
- positive effect from investments of growth strategy
 - Markets with growth >15%:
Austria, Switzerland, UK, Belgium
 - US business showed revenue decline

Short-term profitability is burdened by growth investments & technology shift

Lighting Segment – EBIT development

Lighting Segment

Adjusted EBIT



Adjusted EBIT Q1-Q3 2011/12 EUR 25.9 million (margin of 3.6%)
Adjusted EBIT Q1-Q3 2010/11 EUR 25.4 million (margin of 3.9%)

Zumtobel brand accounts for majority of adj. EBIT in Lighting Segment:

- Short-term profitability is burdened by high investments into global growth and innovation
- Increased expenditures related to LED technology shift due to parallel investments in LED and conventional technology (R&D, marketing, sales)
- Non-profitable US business
- Focus on margin improvements

Excursion: Lighting Segment in the US is served by Zumtobel brand

Zumtobel brand strategy

US activities (Zumtobel) have not developed to our satisfaction

Strategic measures

- Next steps: Leverage global matrix organization to strengthen basis for profitable growth in the US
 - Bring production process to European standards (align with lean-6-sigma philosophy)
 - global production responsibility has been established in early 2012
 - Product development needs stronger support from global Product Management
 - Introduce standardized products and limit currently high number of customized products
- Extension of sales approach only to be launched after production and product development are aligned

Target

Improve revenue growth and restore profitability in the upcoming business year



Outlook and Challenges

Zumtobel brand strategy

Zumtobel holds strong position in professional lighting to benefit from the changes in the industry

Uncertainties remain such as

- General market development
- Pricing environment
- Higher fixed cost base
- Development of profitability with LED revenues

→ Measures for profitable growth are defined:

Measures for growth and margin improvement

- Expand successful European business model
- Capitalise on extensive direct sales network, brand and global product portfolio
- Restore profitability in the US
- Leverage new light management system portfolio
- Harvest price decrease in LED components

→ Focus on execution

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Contacts:

Investor Relations

Tel.: +43 (5572) 509-1510

investorrelations@zumtobel.com

www.zumtobelgroup.com