

Zumtobel Group AG

Roadshow presentation

December 2016

zumtobel group

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TRIDONIC

 ZUMTOBEL

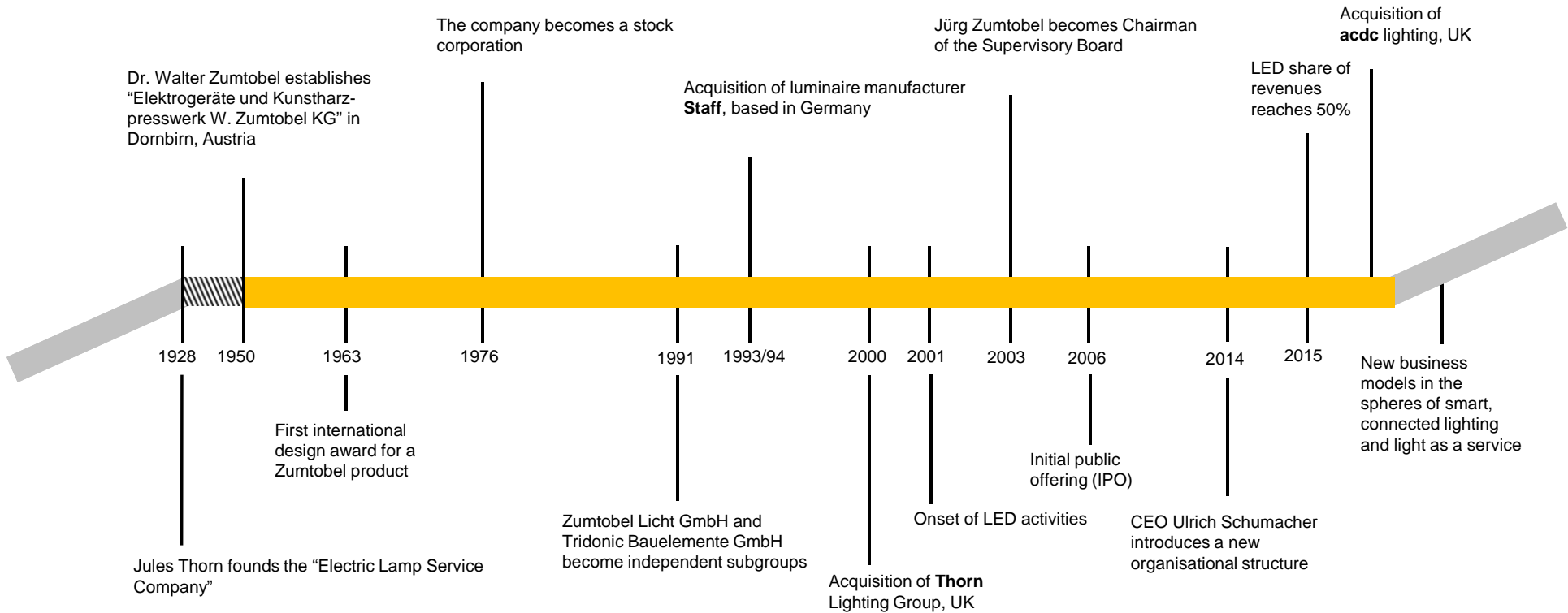
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REISS

AGENDA

- Company description & Positioning of the Zumtobel Group
- Growth drivers & Lighting market dynamics
- Corporate Strategy & Financial targets

Timeline: from family firm to global lighting group



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A portrait

The Zumtobel Group: A global player in the lighting industry

- Brands: Thorn, Tridonic, Zumtobel, acdc and Reiss
- A leading position in the European professional lighting market
- Sales in over 100 countries
- € 1,356.5 million in annual revenues *
- € 58.7 million in operating earnings (adjusted EBIT) *
- 13 production plants on four continents
- Around 6,800 employees

* FY 2015/16



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The Zumtobel Group covers a major part of the value chain

Strong brands with broad market access



Premium Segment*

Performance Segment

Budget Segment

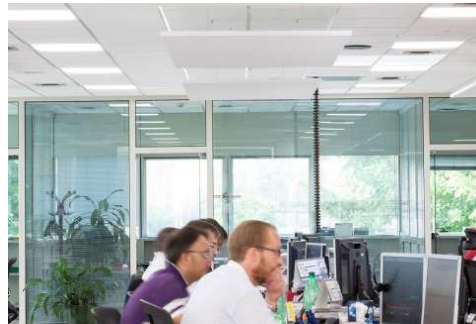


* Market segmentation Europe

Thorn – the performance brand for international volume business



Wembley Stadium
London, UK



Office lighting
Automarocchi Transport, Italy



Toven Tunnel
Nordland, Norway



Emilia School
Sweden

- **Quality supplier** delivering cost effective solutions = value for money.
- Luminaires with **excellent functionality** and proven technology, **easy** to install and use
- Comprehensive portfolio of **indoor and outdoor** lighting (applications include offices, retail, industry, schools, roads, tunnels, sports facilities)
- **Target groups:** electricians and electrical consultants, wholesalers and contractors, businesses and municipalities
- **Strongest market presence:** UK & Ireland, Scandinavia, France, Australia & New Zealand, Hong Kong; **revenues** ca. €400 million
- **Strongest growth potential:** D-A-CH region, Middle East, China

Tridonic – the electronic heart of intelligent, connected lighting

- Tridonic is the **Group-wide specialist** in innovative lighting components and systems
- **Product portfolio:** LED modules, LED drivers, electronic control gear, sensors, lighting control & management, software solutions
- **Complete solutions** for lighting operation and control
- New business potential in IoT – the Internet of Things: **communication, data management and additional services via the lighting infrastructure**
- **Target group:** OEM supplier to luminaire manufacturers worldwide, wholesalers
- **Revenues:** around €400 million thereof approx 80% with customers outside the Zumtobel Group

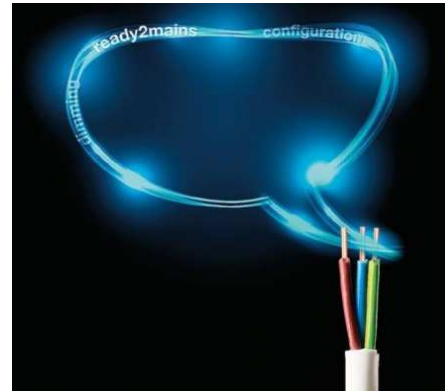


connecDIM

Intelligent lighting management solution for > 250 DALI devices

Configured via the cloud

Accessible online – any time, anywhere



ready2mains

Luminaires can be digitally dimmed via the existing mains system.

An efficient solution for retrofitting existing installations

Zumtobel – the premium brand for architectural lighting



Museo Jumex
Mexico City, Mexico



Spar flagship store Budapest,
Hungary



Façade and ambient lighting
Lech am Arlberg, Austria



Audi production lighting
Győr, Hungary

- **Integrated lighting solutions** including lighting management – with the focus on project business
- **Outstanding design**, innovative technology and comprehensive **applications expertise**
- Working in close **collaboration** with leading international architects, lighting designers and artists
- **Portfolio** covers all applications in and around buildings; currently expanding into the outdoor and residential sectors
- **Target groups:** lighting designers and electrical consultants, architects, electricians, major businesses, private and public investors
- **Strongest market presence:** Austria, Switzerland, UK & Ireland, Benelux and Italy; **revenues** ca. €550 million
- **Strongest growth potential:** Germany, USA, Middle East, Asia

acdc – the innovative, dynamic brand for high-end LED projects



Knightsbridge Estate London, UK



The Woodland Spa Burnley, UK



The Regent Bridge Edinburgh, UK



Atlantis Palm Hotel Dubai, UAE

- Supplier of **LED** luminaires – specialising in **façade lighting** and lighting solutions for hotels and restaurants
- Creative, **dynamic** architectural lighting for high-prestige settings; specialist in colour change and dynamic lighting
- Established in the UK in 2001, acquired by the Zumtobel Group in 2015: the ideal addition to the Group's brand and product portfolio, for the project business in particular
- **Outstanding client relationships** with lighting designers, architects and interior designers
- Strongest **market presence**: UK, Middle East; **revenues** €17 million in 2015
- Strongest **growth potential**: international, via the Zumtobel Group sales organisation

Reiss – the specialist for luminaires with higher protection

- Supplier of luminaires and luminaire components, primarily for industrial applications
- **Product portfolio:** moisture-proof luminaires and battens, compact luminaires, surface-mounted and recessed luminaires, trunking systems and diffusers
- Focus on modern lighting technology, **higher protection**
- **International OEM supplier** to luminaire manufacturers worldwide; **revenues** approx. €20 million in 2015

FAD LED
Moisture-proof luminaire



LIP-E
Recessed luminaire



RCO
Compact surface- and wall-mounted luminaire

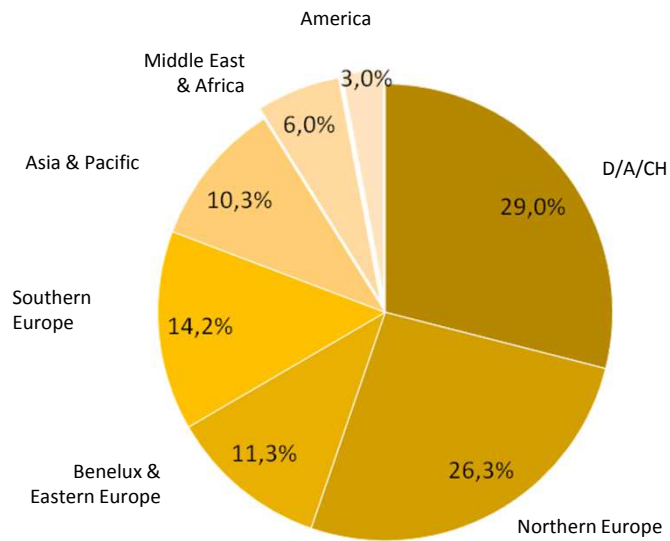


RLS
Surface-mounted luminaire

Market share analysis - Lighting Segment of Zumtobel Group:

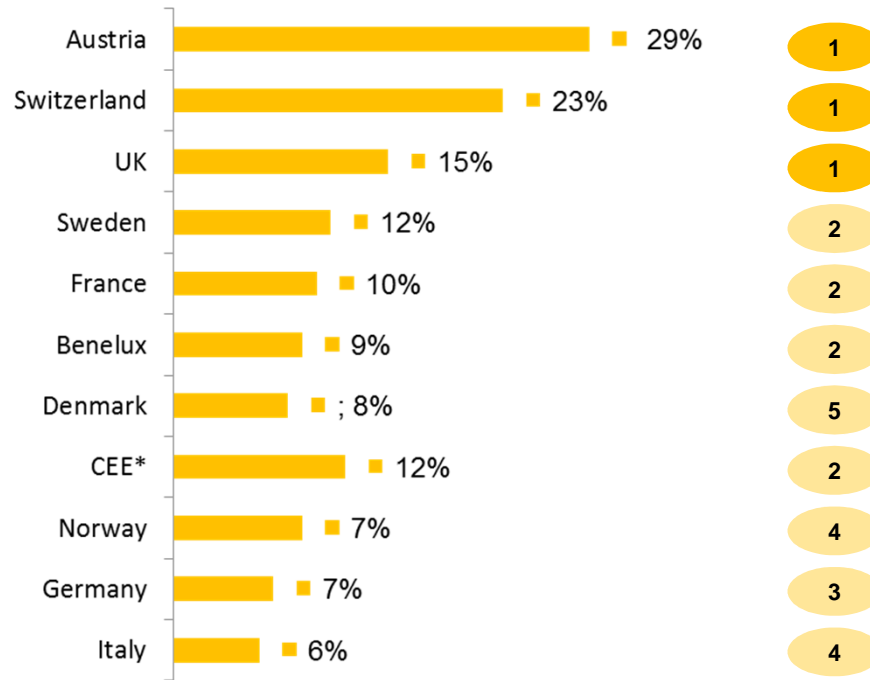
Leading shares in European markets (ca 80% of Lighting Brand revenues)

Regional revenue distribution*



* FY 2015/16 figures

Market Share



* CEE includes PL, CZ, SK, HU, CRO, SI, RO

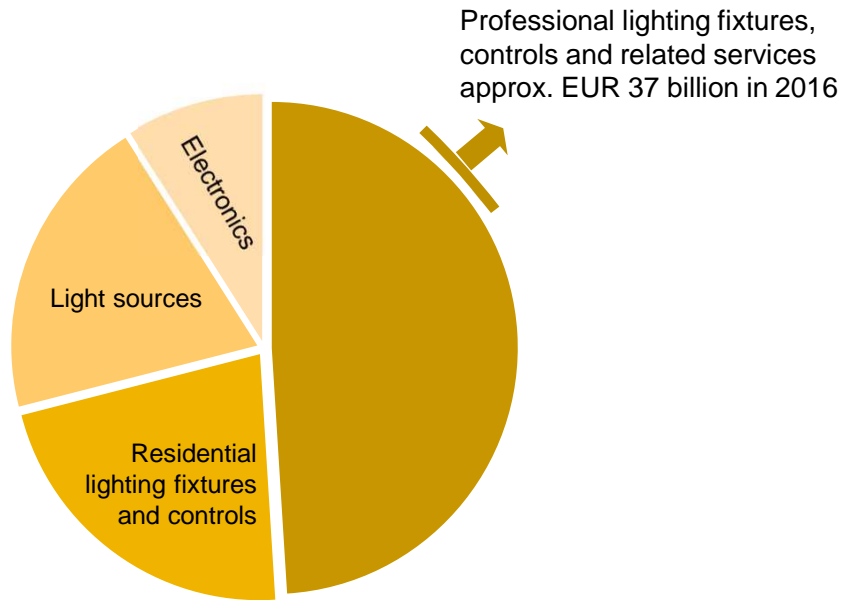
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- Corporate Strategy & Financial targets
- Half-year results FY 2016/17

The professional lighting market is experiencing growth throughout 2020

Strong brands cover all customer segments

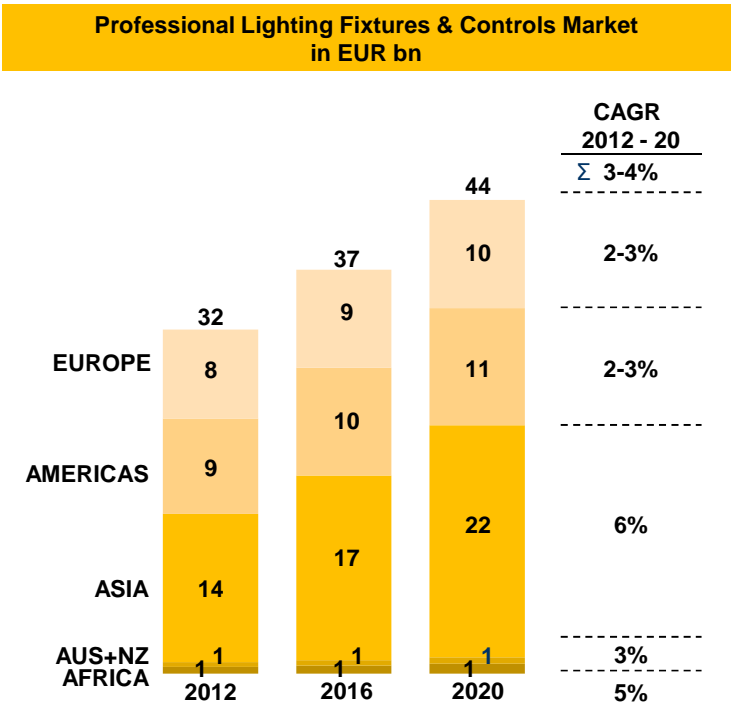
Global general lighting market*:
EUR 70-80 billion



- Total global general lighting market estimated at EUR 70-80 billion
 - Zumtobel Group is focused in the market for professional lighting fixtures and controls (exception: Tridonic LED modules)
 - Global market size for professional lighting fixtures and controls and related services is estimated at approx. EUR 37 billion in 2016
- **This market (professional lighting fixtures & controls & services) is estimated to grow globally by 3-4% from 2015 to 2020**

*Global general lighting market excluding Automotive and Backlighting
Source: Growth expectation and market size based on BCG and Zumtobel Group market intelligence 2015

Regional development of global lighting market: Asia is the fastest growing market, driven by high LEDization



- In Europe and Americas modest growth expected
- Asia is strengthening its position as the largest regional market

→ **The Asian market is vital for global players' growth**

→ **Competitive players (local and international) increasingly developing in Asia, leading to cost pressure globally**

Source: Zumtobel Group Market Research (based on BCG and McKinsey reports) & Investor Relations

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Key trends

Major developments through 2020

- Global professional lighting market is expected to **grow** by 3-4% through 2020
- **Cost pressure** globally expected due to increasingly competitive players, e.g., from the cost-sensitive Asian markets
- By 2020, at least 80% of professional luminaires sold will be **LED**
- By 2020, 25% of professional luminaires sold will be part of a connected lighting system
- The growth of professional connected-lighting systems will create new opportunities for high-end professional **services**

What it takes to stay competitive ...

Competitive cost base

Continuous work on the cost base is required to stay competitive

Speed

Strong need to substantially reduce the time from product idea to concrete offering (“time to market”)

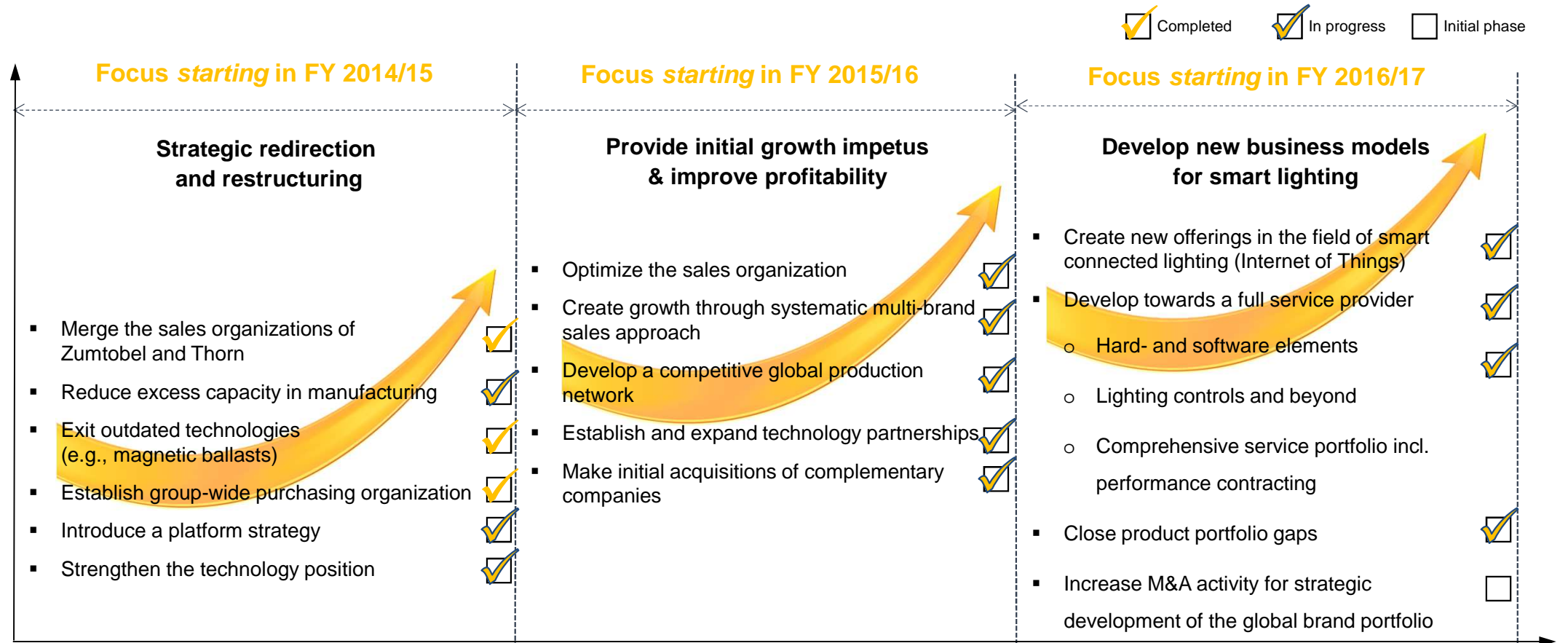
Innovation

Innovation is a key driver to stay ahead of commoditization

Connectivity and Services

Connected lighting systems and services increasingly become game changer in the industry

Corporate strategy: 3 phases for profitable growth



Strategic focus topics

- 1 Multi-brand strategy / Sales channels aligned with customer target groups
- 2 Global, competitive production network
- 3 Establishment of innovative business models in the area of Internet of Things
- 4 Establishment of a service business: Light as a service
- 5 Efficient, lean corporate structures

Success factor multi-brand projects

Greater customer satisfaction and larger-volume projects

1



MICHELIN URBALAD
Ladoux, France

Thorn for offices and conference rooms

Zumtobel for corridors and foyer

Total volume: EUR 390,000



ARAB CENTER FOR RESEARCH AND POLICY STUDIES (ACRPS)
Qatar

Thorn for back office, car park and outdoor areas

Zumtobel for offices and classrooms

Total volume: EUR 2.4 million



ACADEMIC HOSPITAL MARIA MIDDELARES
Ghent, Belgium

Thorn for offices, treatment rooms and corridors

Zumtobel for recreation rooms, underground car park and corridors

Total volume: EUR 1.28 million



SKYLAB
Geneva, Switzerland

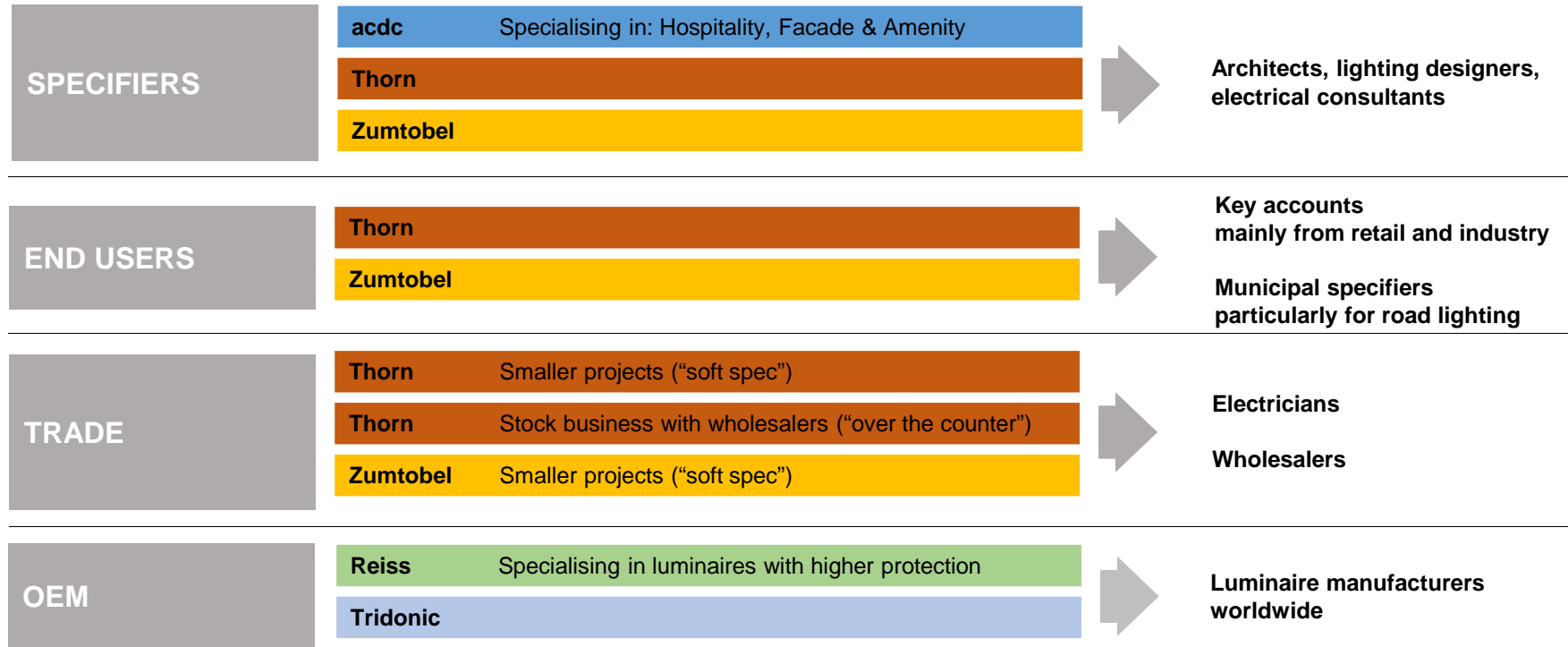
Thorn for corridors, sanitary facilities and utility rooms

Zumtobel for foyer, corridors, underground car park, emergency lighting, conference rooms and offices

Total volume: EUR 578,000

Clear customer focus through 4-channel sales

1



Determined to further unlock full potential in Global Operations

Progress report Global Operations

2

Restructuring measures

2013

- Closure of Fürstenfeld, AUT
- Closure of Melbourne, AUS

2014

- Closure of Tianjin, CN
- Closure of Landskrona, SWE
- Closure of Ennenda, CH
- Sale of connection technology business, Innsbruck, AUT

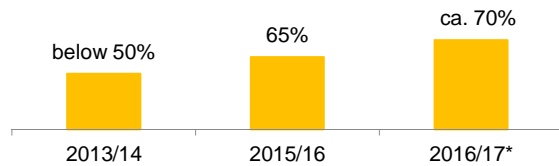
2015

- Sale of magnetics business, Auckland, NZL
- Restructuring of Lemgo, GER

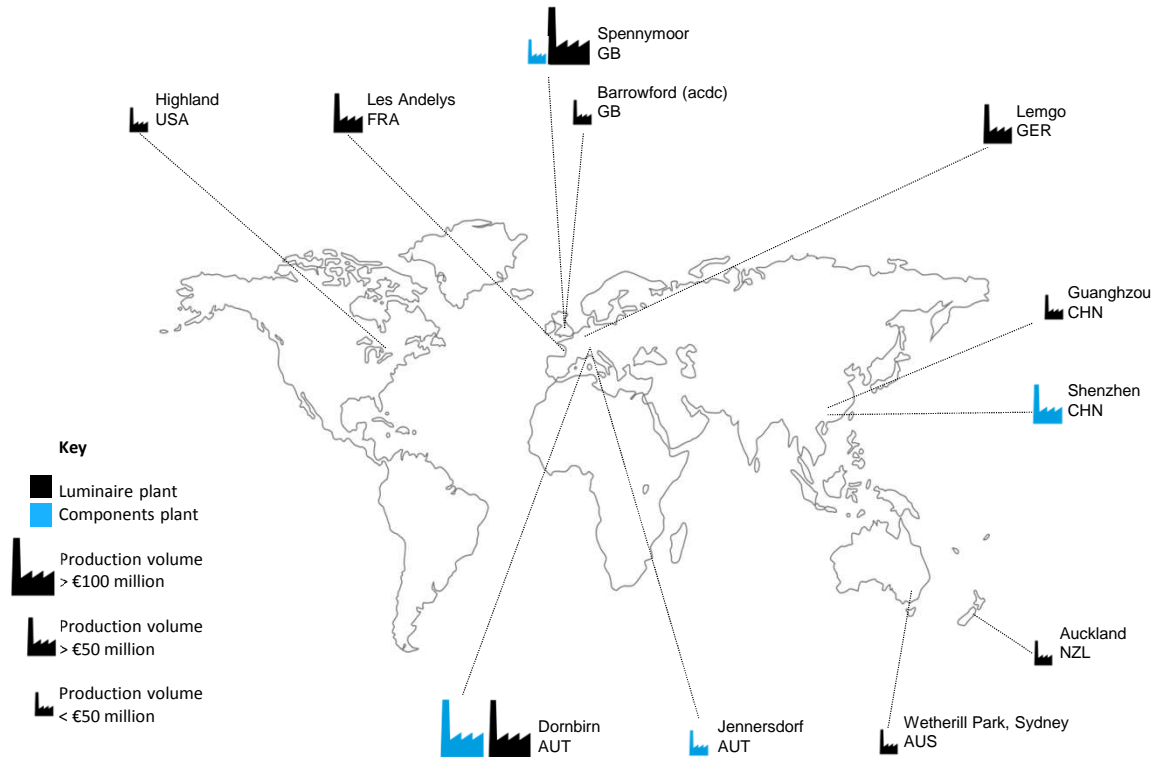
2016

- Closure of Usinger per 31 Dec 2016

Utilization rate in Luminaire plants

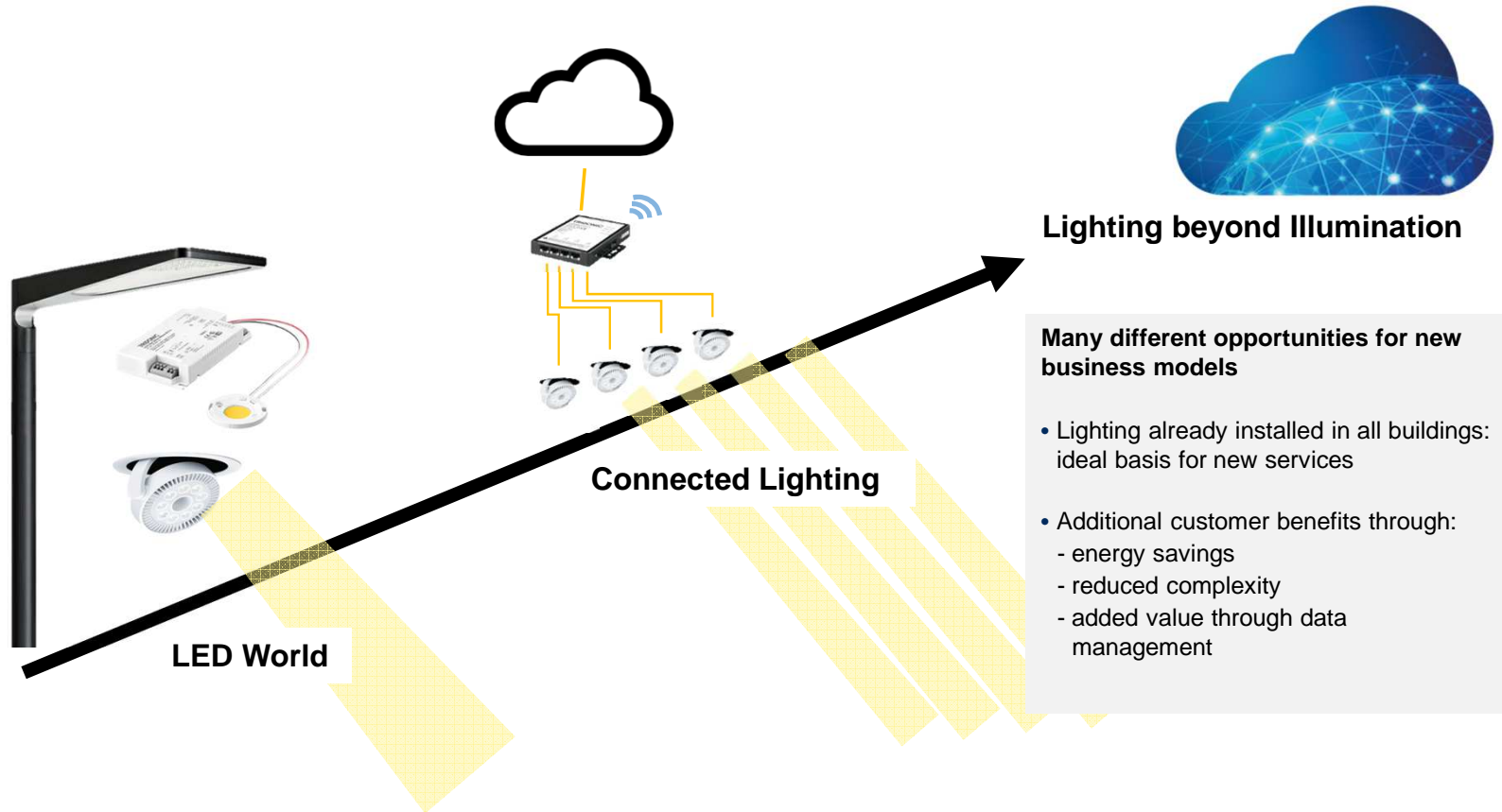


* Estimated figures



Establishing innovative business models in the Internet of Things

3



Three core application areas for smart, connected lighting

3

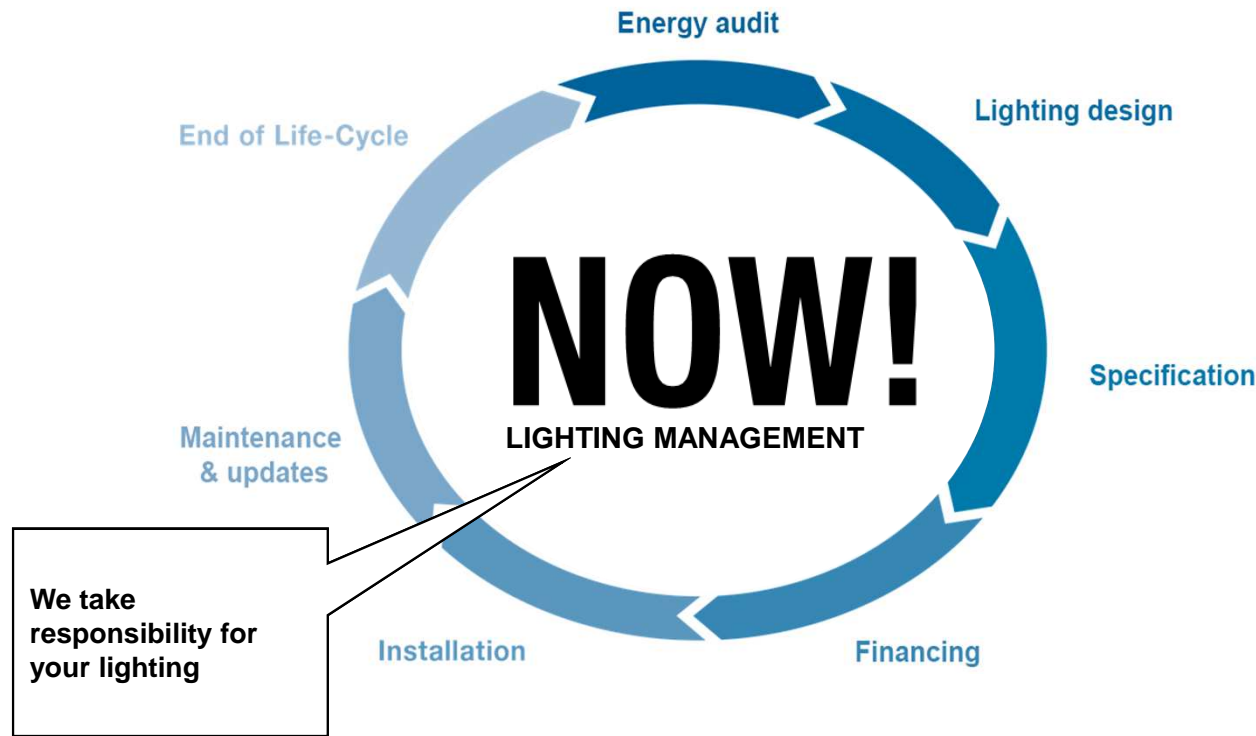
		
Connected Commerce	Connected Building	Connected City
 	 	  
<p>Indoor Navigation Easily guide user to selected area via the user's mobile device</p> <p>People Tracking Track customer shopping behaviour and presence in-store</p>	<p>Remote Monitoring Monitor the performance of the lighting infrastructure</p> <p>Space Management Track building user behaviour and presence in building</p>	<p>Dynamic Lighting Optimised street lighting in line with traffic and weather conditions</p> <p>Advanced Parking Lighting infrastructure used to guide drivers to free parking spaces</p>

- In phase one the Zumtobel Group is concentrating on Connected Commerce and Connected Building
- Cross-brand project group:
 - Technology development via Tridonic
 - Applications expertise and pilot projects via Thorn and Zumtobel

Becoming a full service provider: Light as a service



4



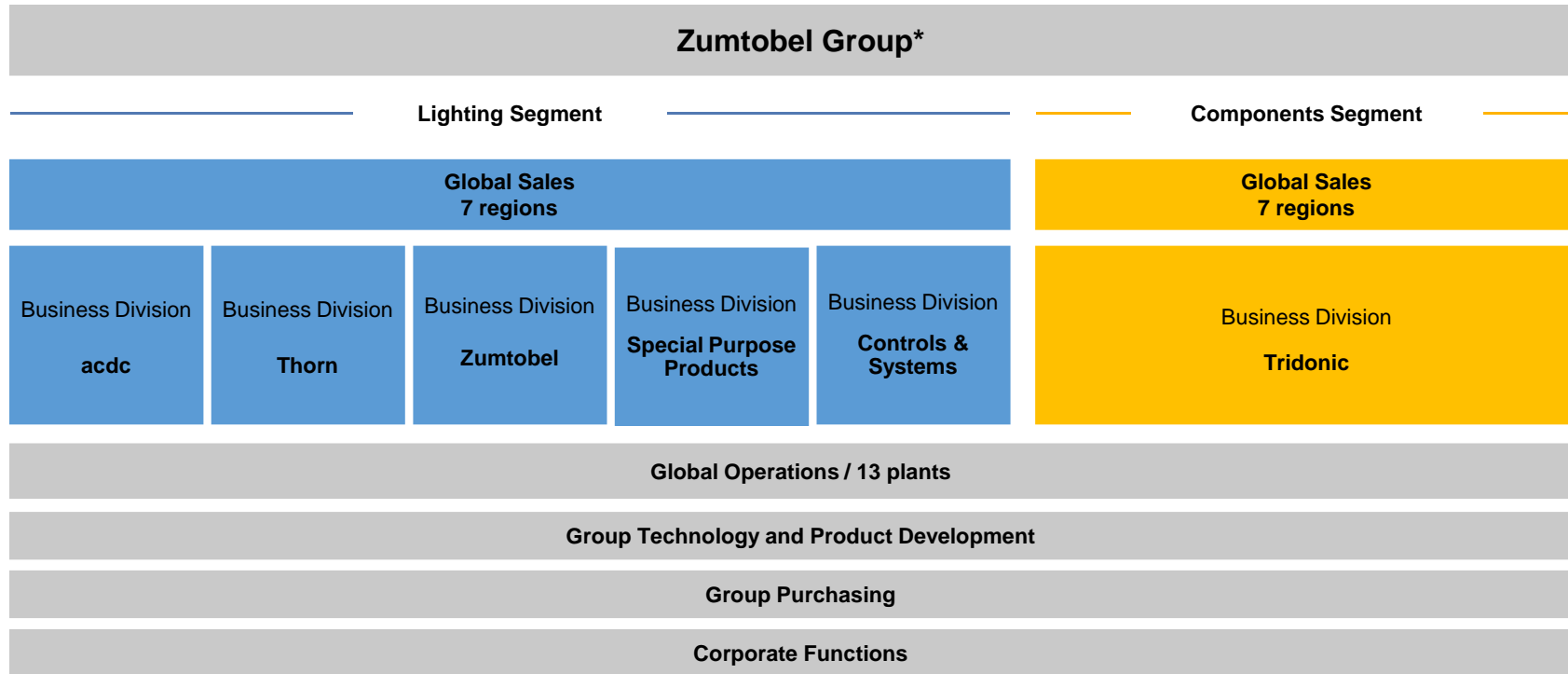
Benefits for the customer

- Benefit from **energy savings** from the outset
- **Financing** extends over full term of contract
- Zumtobel Group looks after all aspects
- Benefit from technological progress through **regular updates** in the lighting solution
- Flexibility through **service upgrade** option within existing contract

Efficient structures - Clearly defined brand profiles, max. synergies

Zumtobel Group organizational structure

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*simplified illustration

Medium term EBIT target confirmed but more time and effort needed

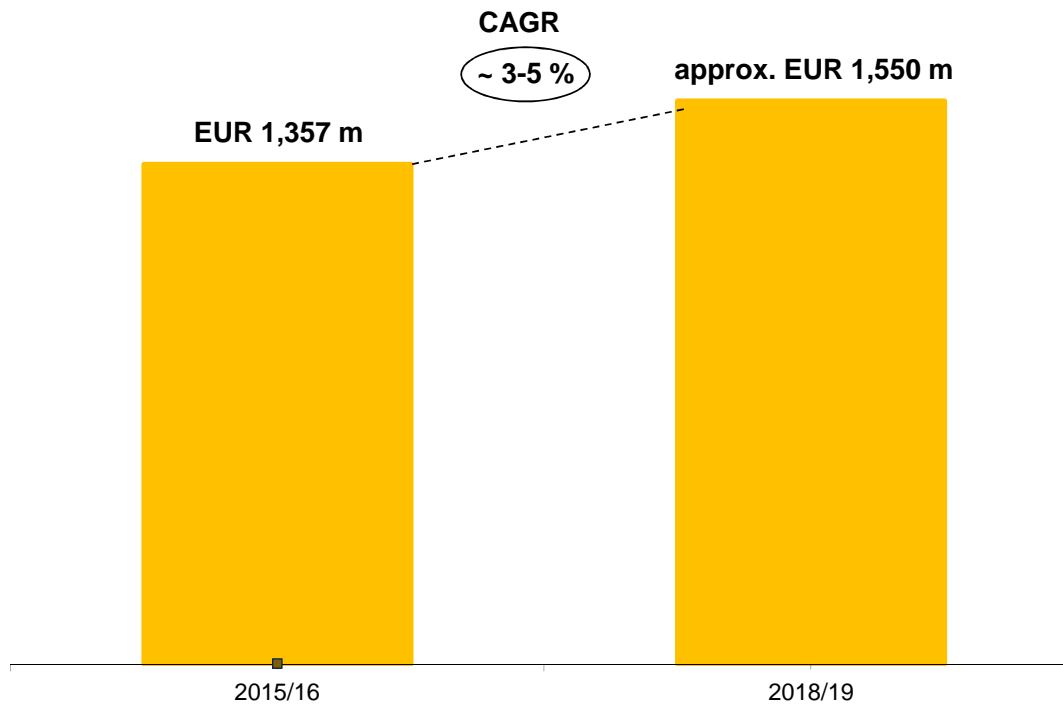
Further increase in profitability driven by additional efficiency improvements in Operations and Sales

EBIT adj. margin 2015/16		4.3%
	Categories & Measures	Targeted margin impact
Costs of Goods sold	<ul style="list-style-type: none"> • Further adjustments in manufacturing footprint (2nd phase) • Harvesting full benefits from 1st phase of restructuring • Platform approach (standardisation & modularisation) 	+ 2-2.5%
R&D	<ul style="list-style-type: none"> • R&D spending (through P&L) as % of sales will remain at similar level 	
SG&A	<ul style="list-style-type: none"> • Increasing sales efficiency (France, Australia, Asia, etc.) – operating leverage by topline growth 	+ 2-3%
EBIT margin medium term target		8 -10%

EBIT margin medium term target assuming sales growth CAGR of 3-5% p.a (fx adjusted).

Organic sales growth target of approx. 3-5% p.a. (fx adjusted)

Zumtobel Group: Medium-term revenue objectives



- Construction activity in Europe is improving
- Market share gains through
 - Multi-brand & multi channel sales approach
 - Closing of product portfolio gaps
 - Innovations in controls & system

Key takeaways

Uniquely positioned

A global player with a leading position in the fragmented professional lighting and components market. We leverage our multi-brand portfolio to create unique value for our customer.

Restructuring Story

In response to the lost decade: complete reset of the Group's strategy and structure to realise maximum synergies between all brands and functions. Extensive restructuring & transformation program in final phase.

European Recovery Story

Cycle bottom in European construction is touched as well as concept for multi-brand approach gains momentum.

Digitalisation & Connectivity

New business opportunities created by the uptake of connected lighting.

Management Incentivisation

Share price development is key performance indicator.

EBIT margin target of 8-10%

Mid-term EBIT margin target of 8-10% provides significant upside potential in shareholder value.

Thank you for your attention!

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Five-Year Overview

in EUR million	2015/16	2014/15	2013/14	2012/13	2011/12
Revenues	1,356.5	1,312.6	1,246.8	1,243.6	1,280.3
Adjusted EBIT	58.7	66.5	47.6	35.7	35.0
<i>as a % of revenues</i>	4.3	5.1	3.8	2.9	2.7
Net profit/loss for the period	11.9	11.9	-4.8	6.1	15.2
<i>as a % of revenues</i>	0.9	0.9	-0.4	0.5	1.2
Total assets	1,068.6	1,086.3	1,006.6	994.8	1,036.3
Equity	333.2	322.6	327.6	357.4	370.6
<i>Equity ratio in %</i>	31.2	29.7	32.5	35.9	35.8
Net debt	134.8	148.2	126.2	113.2	141.4
Cash flow from operating results	84.8	103.1	79.5	79.8	88.1
Investments	58.4	76.6	65.6	59.5	57.2
<i>as a % of revenues</i>	4.3	5.8	5.3	4.8	4.5
R&D total	87.9	79.0	71.8	69.1	58.7
<i>as a % of revenues</i>	6.5	6.0	5.8	5.6	4.6
Headcount incl. contract worker (full-time equivalent)	6,761	7,234	7,291	7,162	7,456

Disclaimer

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