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Zumtobel AG: Medium-term planning and outlook for 2011/12

Dornbirn (pta/27.04.2011/07:30) - In its new medium-term planning the Zumtobel Group is targeting dynamic growth. The lighting group has set itself the goal of boosting revenues by an average of around 10% per annum for the next four years. With forecasts for the professional lighting industry showing annual growth of around 4%, this means the Zumtobel Group is aiming to clearly outperform the market. Plans envisage that LED products will account for one third of consolidated revenues by 2014/15 (LED share in FY 09/10: approx. 6%).

With the aim of growing its global market shares the company will be making significant investments in selling activities and the development of new products. Thus, the lighting group is planning a substantial increase in its sales team. In this respect, the company is banking not only on the more extensive penetration of its established markets in Europe but also on a marked increase in its presence in the emerging markets. A substantial increase in market share is targeted for Europe, while the company is also planning to increase its presence in North America. In the emerging markets, medium-term plans envisage doubling revenues in China, India and Southeast Asia.

In addition, the Zumtobel Group is also planning the marked reinforcement of its innovative capabilities. This will mean an increase in research & development expenditures in absolute terms. In view of the anticipated growth rate, however, these will continue to represent around 5% of revenues. The same applies to capital expenditure, which will amount to around 5.5% of revenues in the coming years.

In view of the significant upfront investments in growth, the company's profitability will improve only gradually. With this in mind, the Executive Board has set the target of continuously raising the EBIT margin (adjusted for special effects) to a level of over 10% by the 2014/15 financial year.

The present medium-term planning envisages financing investments in new growth out of internally generated cash flows. The focus will be on organic growth, perhaps supported by acquisitions. Medium-term plans also include a substantial reduction in the net debt level of Zumtobel AG. The company further plans to retain its current dividend policy of distributing between 30% and 50% of recurring net profits.

For the coming 2011/12 financial year (commencing 1 May 2011) the Executive Board expects to see growth of around 10%. The adjusted EBIT margin will be slightly above the 2010/11 level as a result of the significant upfront investments to drive the planned revenue growth.

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