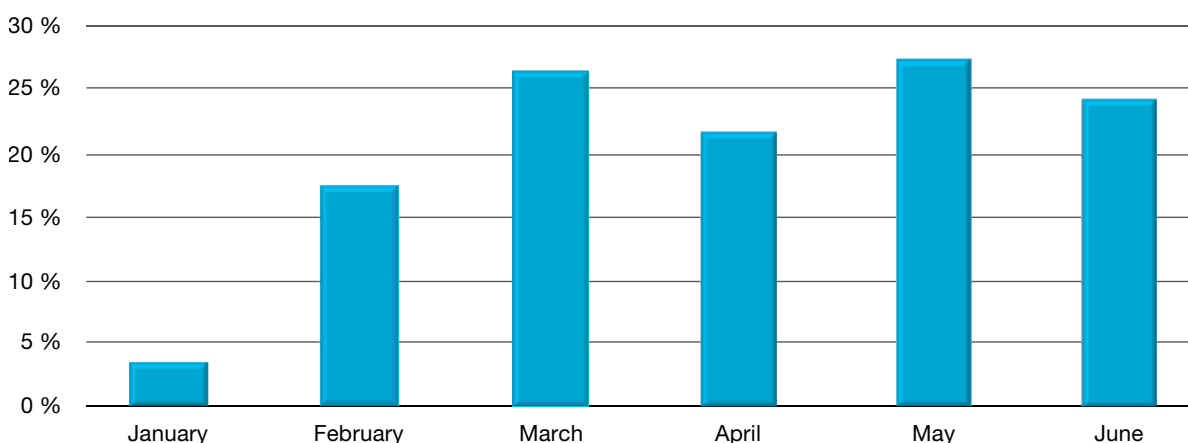


Further tightening on the procurement market is leading to more and more bottlenecks

Significant growth in sales in 2010

After the crisis year of 2009, Tridonic has again posted significant growth in sales in this calendar year. Thanks to long-term procurement and capacity planning, average increases of 20 % were achieved (see Fig. 1). After there was no positive impetus from construction activities in Europe, the increased came primarily from investment in energy-efficient lighting solutions. Furthermore Tridonic was also able to achieve above-average growth in the relevant emerging regions.

Fig. 1: Tridonic year-on-year percentage sales growth (2009–2010)



Exploding delivery times and allocations

A certain amount of fluctuation in delivery times and availability on the procurement market for components to manufacture ballasts has been normal for many years. The dynamics of the last 12 months, however, have been historically unusual in terms of their nature and intensity. In only a very short time, the procurement times have ballooned, and a large number of material groups have been affected (see table). What has made the situation more difficult is the fact that all sectors are affected globally. This situation has been brought about by a radical reduction in installed capacity during the crisis, a complete depletion of the value chain, a significant increase in demand for material-intensive products, such as consumer electronics (smart phones etc.) and the reluctance of the suppliers of such components to increase their production capacity. The increasing shortage has now led to allocations for certain materials.

Material group	Lead time (in weeks)
Transistors	35 – 50
Integrated Circuits	18 – 46
Electrolytic capacitors	15 – 35
Printed Circuit Boards	14 – 23
Diodes	8 – 52
Film capacitors	24 – 99
SMD capacitors	16 – 99
Resistors	13 – 25
Winding Goods	8 – 20

Short-term escalation and corrective measures

Whereas the situation up to the middle of 2010 was difficult but manageable, changes at short notice to the dates for confirmed raw material supplies have presented additional problems. With inadequate stocks along the value chain, these delays are having a direct adverse effect on our ability to deliver on time to our customers. Greater use of air freight, the purchase of raw materials through brokers (where available), weekend shifts and so on can only mitigate the problems, they cannot solve them. In the medium term, only a forward-looking planning and ordering procedure in close communication with the various players on the market will provide any sustainable remedy.

Trends in the prices of raw materials and exchange rates

The procurement situation has driven the prices of raw materials up very quickly. The rise on the value of the US dollar against the euro over the first six months of this year has made the predominantly dollar-based purchase volume even more expensive. Tridonic will be moderate and fair in adjusting its prices to keep the impact on our customers as small as possible.

We will continue to do everything in our power to supply our customers on time. Please contact your Tridonic consultant at any time for further information on the latest situation regarding supplies and prices.