

Press Release

Dornbirn, 4 December 2018

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First half-year of 2018/19: Zumtobel Group improves profitability

Repositioning is progressing

Development in H1 2018/19 (in comparison with the prior-year period)

- **Difficult industry environment leads to decline in revenues by 4.7% to EUR 595.1 million**
- **Adjusted Group EBIT rises by 22% to EUR 24.8 million**
- **Net profit for the period clearly positive at EUR 8.8 million (+14.3%)**

Dornbirn, Austria – The first six months of the 2018/19 financial year were marked by strategic milestones for the repositioning of the Zumtobel Group. The continuous ramp-up of our plant in Niš, Serbia, to strengthen the global production network and the ongoing implementation of restructuring, efficiency improvement and cost saving measures represent important steps to improve our profitability over the medium-term.

“We are on the right track to make the company shine again. During the first half of our 2018/19 financial year, we managed to improve profitability despite declining revenues,” says **Alfred Felder, CEO Zumtobel Group**, and adds, *“However, we have not reached a competitive cost base yet. Therefore, we will continue to push measures to strengthen our competitiveness throughout the Group in order to generate profitable growth in the long-term.”*

In addition to improving the cost base and in line with the strategic repositioning, the Zumtobel Group relies on Services and Turnkey Solutions as the driver of future growth, on the components business as a response to intelligent lighting systems as well as on strong core brands for a clear positioning in focus markets and applications.

Decline in revenues due to price competition, foreign exchange effects and BREXIT

Group revenues totalled EUR 595.1 million in the first half-year of 2018/19 (minus 4.7% compared with the previous year). After an adjustment for foreign exchange effects – which resulted from the increase of the euro versus the Swiss franc, Turkish lira and British pound – revenues declined by 3.2%. Further reasons for this decline are the intense price competition in the lighting industry and substantially lower revenues in Great Britain (roughly minus 15%), the Zumtobel Group’s most important single market. In Great Britain, the development of revenues is negatively impacted by the uncertain outcome of the BREXIT negotiations as well as the resulting decline in incoming orders in the British non-residential construction sector.

Efficiency and cost saving measures show effect: profitability improved

The measures introduced by the new Management Board for the strategic repositioning resulted in an improved earnings situation despite a decline in revenues in the first half-year of 2018/19. This development is primarily attributable to a significantly streamlined management team and strict cost management. Adjusted Group EBIT increased by 22% to EUR 24.8 million (H1 2017/18: EUR 20.3 million). Net profit for the period improved by 14.3% compared with the first half of 2017/18 to EUR 8.8 million.

Outlook financial year 2018/19 & medium-term goal

The Management Board of the Zumtobel Group considers 2018/19 as a year of transition and confirms the previously issued guidance. In view of the ongoing low visibility as well as the generally intensive price competition in the lighting industry and numerous macroeconomic issues (e.g. BREXIT, trade conflicts), a statement on the development of revenues in the second half-year is connected with substantial uncertainty. For the full year of 2018/19, adjusted Group EBIT is expected to improve slightly

year-on-year (FY 2017/18: EUR 19.7 million). The company has set a medium-term target to generate an EBIT margin of approx. 6% by the 2020/21 financial year.

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Q2 and the first half-year 2018/19 at a glance

| in EUR million | Q2 2018/19 | Q2 2017/18 | Change in % | 1 HY 2018/19 | 1 HY 2017/18 | Change in % |
|---------------------------|------------|------------|-------------|--------------|--------------|-------------|
| Revenues Zumtobel Group | 302,0 | 307,3 | -1,7 | 595,1 | 624,4 | -4,7 |
| Lighting Segment | 230,5 | 234,7 | -1,8 | 450,0 | 479,4 | -6,1 |
| Components Segment | 86,6 | 90,2 | -4,0 | 176,0 | 179,0 | -1,7 |
| Adjusted EBIT | 14,8 | 2,1 | >100 | 24,8 | 20,3 | 22,0 |
| <i>as a % of revenues</i> | 4,9 | 0,7 | | 4,2 | 3,3 | |
| EBIT | 11,9 | -0,9 | >100 | 19,1 | 16,1 | 18,9 |
| <i>in % vom Umsatz</i> | 3,9 | -0,3 | | 3,2 | 2,6 | |
| Periodenergebnis | 6,0 | -2,0 | >100 | 8,8 | 7,7 | 14,3 |
| <i>in % vom Umsatz</i> | 2,0 | -0,7 | | 1,5 | 1,2 | |

| in EUR million | 31 Oct 2018 | 30 April 2018 | Change in % |
|--------------------------|-------------|---------------|-------------|
| Total assets | 977,3 | 986,1 | -0,9 |
| Equity | 283,3 | 268,3 | 5,6 |
| <i>Equity ratio in %</i> | 29,0 | 27,2 | |
| Net debt | 142,1 | 146,3 | -2,9 |

Information

The half-year report can be downloaded from: <https://www.zumtobelgroup.com/en/7026.htm>

This press release can be downloaded from: http://www.zumtobelgroup.com/en/presse_center.htm

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About the Zumtobel Group

The Zumtobel Group is an international lighting group and a leading supplier of innovative lighting solutions, lighting components and associated services. With its core brands, Thorn, Tridonic and Zumtobel, as well as acdc, ThornEco, and Zumtobel Group Services (ZGS), the Group offers its customers around the world a comprehensive portfolio of products and services. The Group's know-how about the effects of light on people, acquired over decades, forms the basis for the development of innovations and for accessing new fields of business. In the lighting business, the Group with its Thorn, Zumtobel and acdc brands is the European market leader. The ThornEco brand serves the electrical wholesale sector with a tailored portfolio of products. Through its lighting components brand, Tridonic, the Zumtobel Group plays a leading role worldwide in the manufacture of hardware and software for lighting systems (LED light sources and LED drivers, sensors and lighting management). Zumtobel Group Services offers one of the most comprehensive service offerings in the entire lighting industry, including consultation on smart lighting controls and emergency lighting systems, light contracting, design services and project management of turnkey lighting solutions, as well as new, data-based services focused on delivering connectivity for buildings and municipalities via the lighting infrastructure. The Group is listed on the Vienna Stock Exchange (ATX Prime) and on the balance sheet date (April 30, 2018) employed a workforce of 6,224 employees. In the 2017/18 financial year, the Group posted revenues of EUR 1,196.5 million. The Zumtobel Group is based in Dornbirn in the Vorarlberg region of Austria. For further information, please visit www.zumtobelgroup.com