

Zumtobel Group AG

Q1-Q3 2018/19

5 March 2019

zumtobel group

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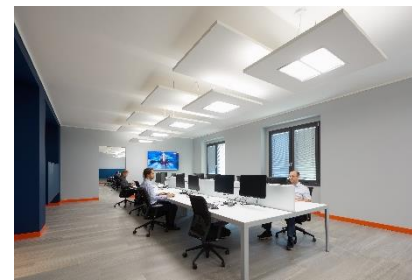
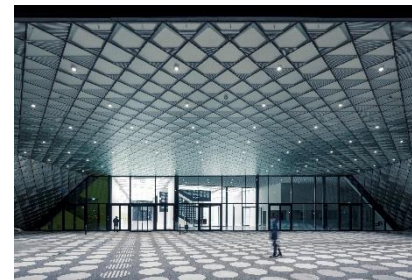
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 **ZUMTOBEL**

Reduction of fixed costs supports profitability improvement despite difficult market

Financials Q1-Q3 2018/19 at a glance

- Group revenues 4.9% below prior year, UK (minus 14%) and negative FX effects (FX adj. minus 3.8%) remain the biggest drag
- Components Segment revenues on previous year level (fx-adjusted plus 0.2%) but at lower margins
- Group adj. EBIT increase from EUR 20.5 million to EUR 23.9 million driven by:
 - Improved profitability despite decrease in revenues and continuing price pressure – selling, administrative & development expenses favorably influenced by saving measures
- Further restructuring measures in fourth quarter
 - Reduction of lighting plant Guangzhou to minimum scale for small-lot production
 - Selective adjustments in selling and administrative area
- Net loss at minus EUR 6.1 million (PY: minus EUR 7.7 million)
- Guidance confirmed - slight year-on-year improvement in adjusted Group EBIT

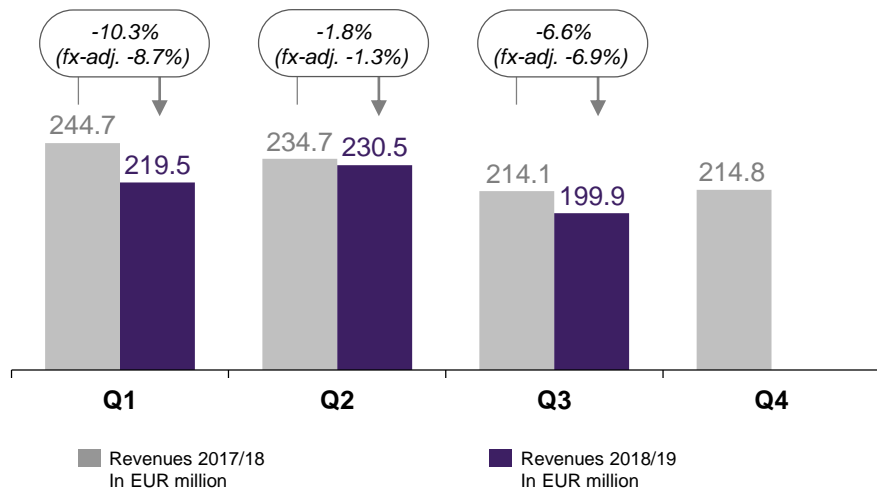


Further decline of net sales lead to negative adj. EBIT in third quarter

Lighting Segment – Revenue and EBIT development

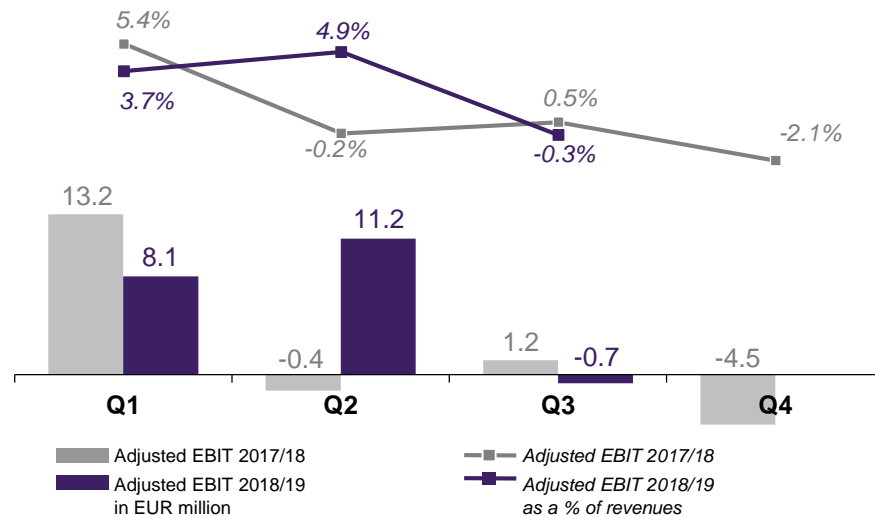
Lighting Segment

Revenues



Revenues Q1-Q3 2018/19 EUR 649.9 million (minus 6.3%)
 Revenues Q1-Q3 2017/18 EUR 693.5 million

Adjusted EBIT¹⁾



Adjusted EBIT Q1-Q3 2018/19 EUR 18.7 million (margin of 2.9%)
 Adjusted EBIT Q1-Q3 2017/18 EUR 14.0 million (margin of 2.0%)

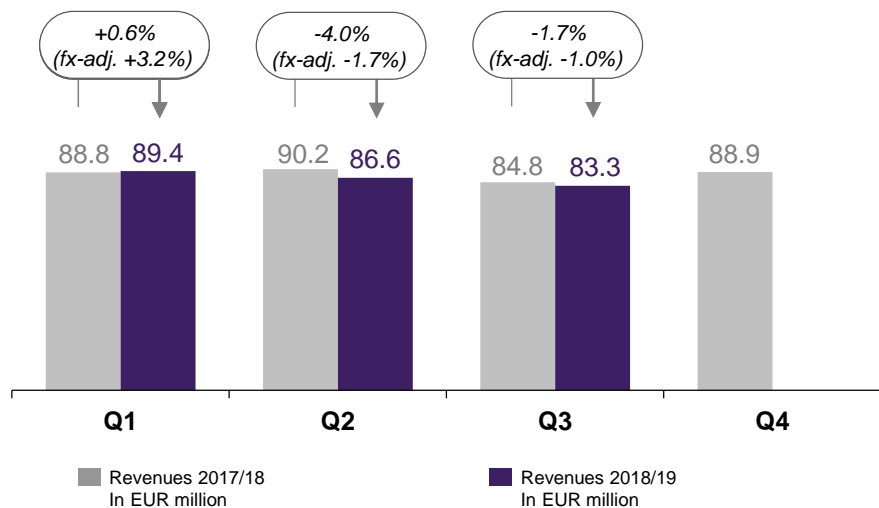
1) Reported EBIT adjusted for special effects

Price pressure remains biggest drag on EBIT margin

Components Segment – Revenue and EBIT development

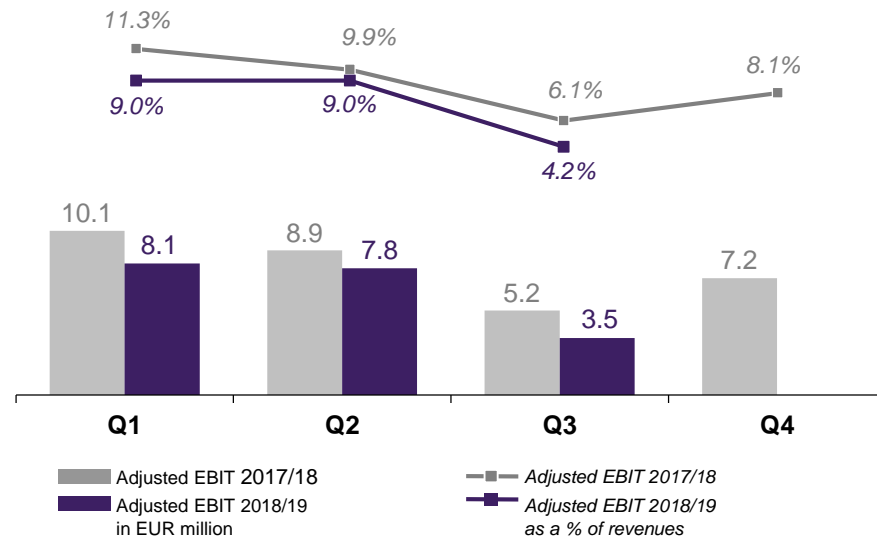
Components Segment

Revenues



Revenues Q1-Q3 2018/19 EUR 259.3 million (minus 1.7%)
 Revenues Q1-Q3 2017/18 EUR 263.8 million

Adjusted EBIT¹⁾



Adjusted EBIT Q1-Q3 2018/19 EUR 19.4 million (margin of 7.5%)
 Adjusted EBIT Q1-Q3 2017/18 EUR 24.2 million (margin of 9.2%)

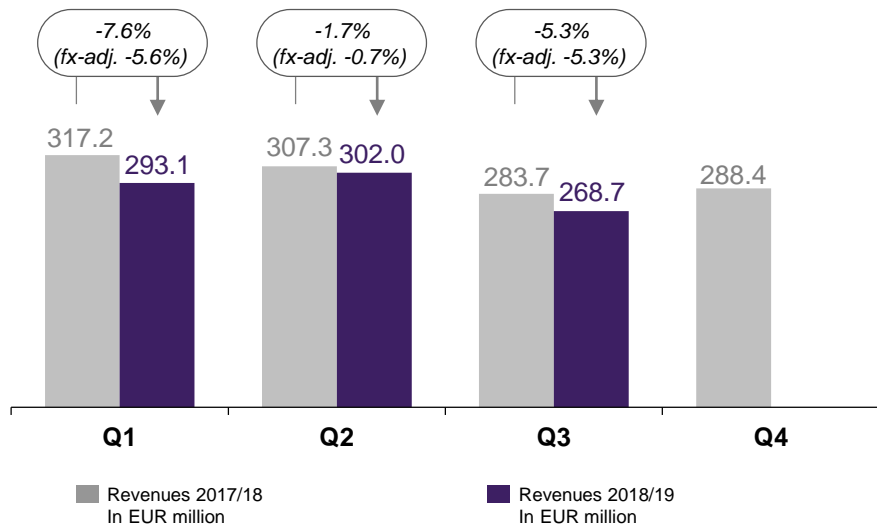
1) Reported EBIT adjusted for special effects

Saving measures offset shortfall of gross profit due to weak market

Zumtobel Group – Revenue and EBIT development

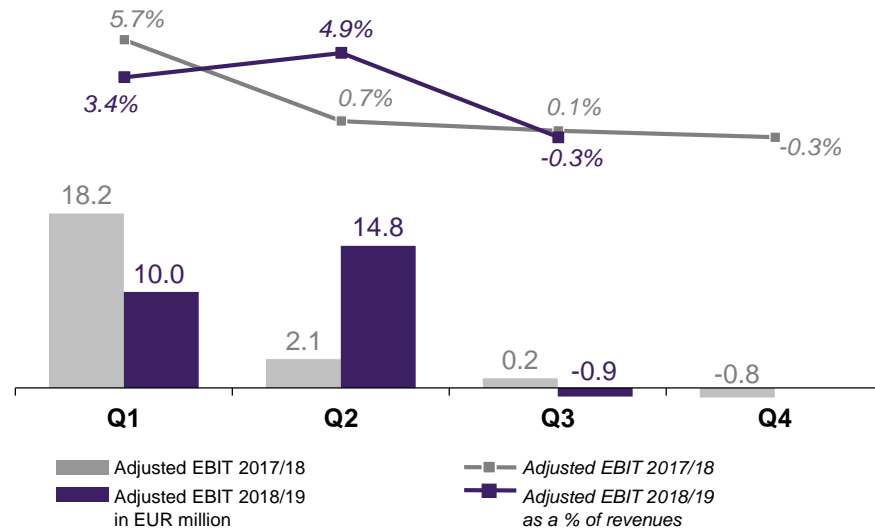
Zumtobel Group

Revenues



Revenues Q1-Q3 2018/19 EUR 863.8 million (minus 4.9%)
 Revenues Q1-Q3 2017/18 EUR 908.1 million

Adjusted EBIT¹⁾

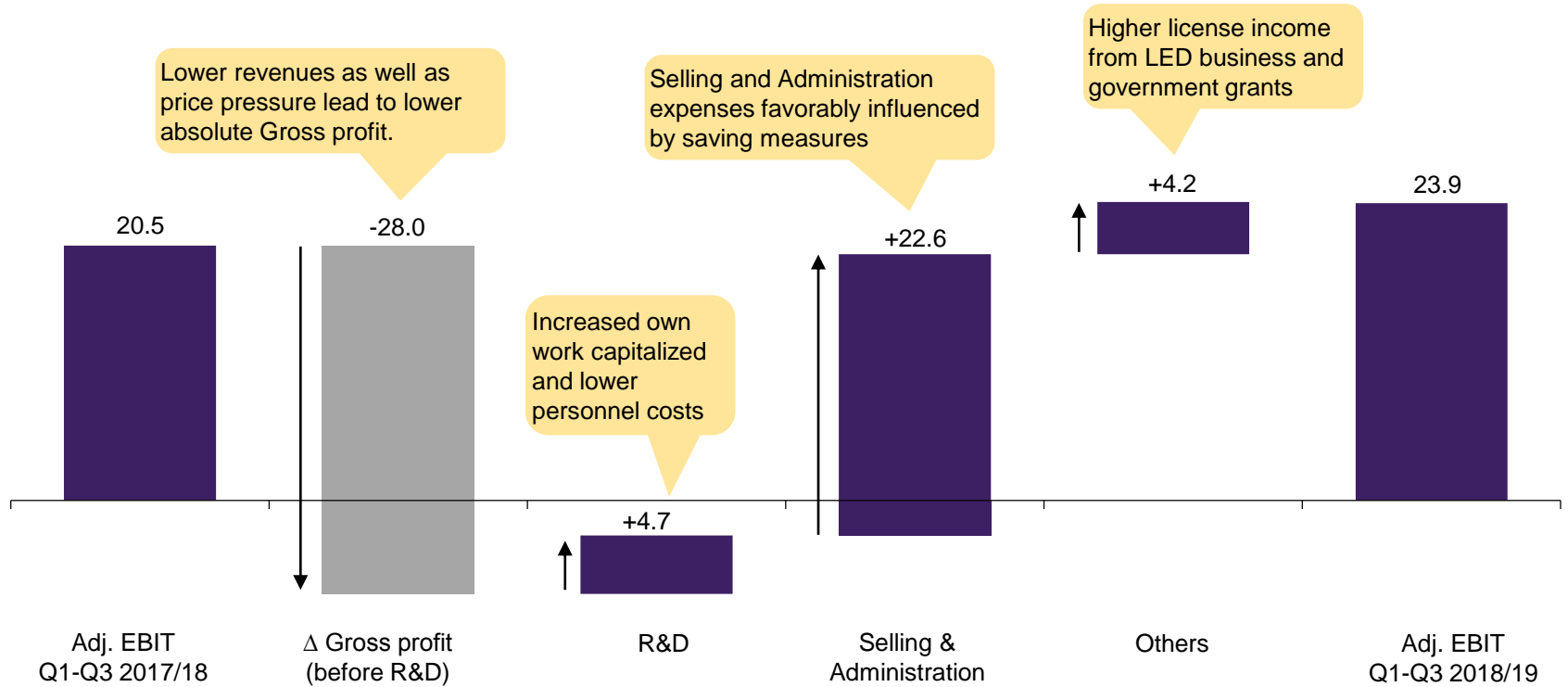


Adjusted EBIT Q1-Q3 2018/19 EUR 23.9 million (margin of 2.8%)
 Adjusted EBIT Q1-Q3 2017/18 EUR 20.5 million (margin of 2.3%)

1) Reported EBIT adjusted for special effects

Main building blocks of the adj. EBIT development

Zumtobel Group – adj. EBIT Q1-Q3 2017/18 to Q1-Q3 2018/19



[in EUR million]

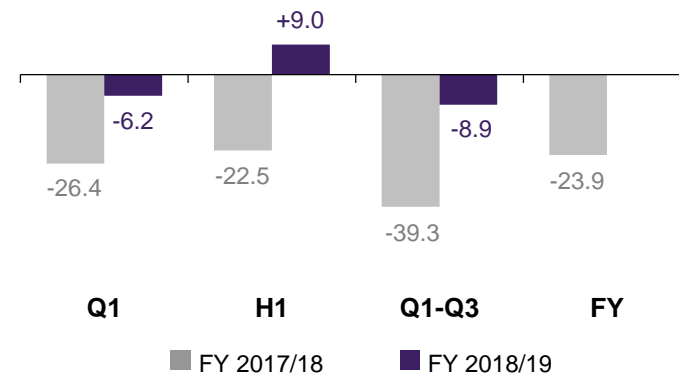
Free cash flow at minus EUR 8.9 million (Q1-Q3 PY minus EUR 39.3 million)

Zumtobel Group – Cash flow statement

in EUR million	Q1-Q3 2018/19	Q1-Q3 2017/18
Cash flow from operating results	45.8	53.1
Change in working capital	12.9	-7.2
Change in other operating items	-16.2	-29.2
Taxes paid/received	-2.4	-3.2
Cash flow from operating activities	40.2	13.5
Proceeds from the sale of non-current assets	0.7	4.2
Capital expenditures on non-current assets	-49.9	-48.6
Change in current and non-current financial assets	0.1	-5.7
Change in liquid funds from changes in the consolidation range	0.0	-3.2
Cash flow from investing activities	-49.1	-52.8
Free cash flow	-8.9	-39.3

Free cash flow development

(cumulative figures in EUR million)



Balance sheet structure unchanged

Zumtobel Group – Key balance sheet data

in EUR million	31 January 2019	30 April 2018
Total assets	952.5	986.1
Net debt	159.3	146.3
Equity	268.8	268.3
<i>Equity ratio in %</i>	28.2	27.2
<i>Gearing in %</i>	59.3	54.5
Investments	49.9	69.0
Working capital	174.0	188.1
<i>As a % of rolling 12 months revenues</i>	15.1	15.7

- Net debt totalled EUR 159.3 million as of 31 January 2019* (30 April 2018: EUR 146.3 million)
 - Solid liquidity position backed by:
 - Additional bilateral credit agreement of EUR 40 million by EIB made available in Feb. 2019 with a term extending to Feb. 2025
 - Consortium credit agreement with a term ending Nov. 2022 and a max. volume of EUR 220 million (reduced to EUR 200 million in Feb. 2019, whereof EUR 75 million drawn)
 - Two bilateral bank credit agreements of EUR 40 million each with a term extending to January 2020 and September 2024, respectively (both fully drawn)
 - Uncommitted lines of credit totalling EUR 63.6 million
 - Financial covenants attached to financing:
 - Debt coverage ratio (=net debt/EBITDA) < 3.5
 - Equity ratio > 25%
- ➔ Testing on 31 Oct as well 30 April

*all figures relate to balance sheet date of 31 January 2019 if not stated differently

Substantial decline in Great Britain (minus 14%) and USA

Zumtobel Group – Regional revenue distribution

in EUR million	Q3 2018/19	Change in %	Q1-Q3 2018/19	Change in %	
				nominal	FX adjusted
D/A/CH	83.3	-0.7	267.4	-2.6	-2.4
Northern Europe	56.1	-9.0	182.8	-10.7	-9.8
Benelux & Eastern Europe	38.8	-15.9	131.3	-5.5	-1.8
Southern Europe	41.3	-7.3	131.9	-1.5	-1.5
Asia & Pacific	30.4	4.4	92.1	-2.3	-0.1
Middle East & Africa	13.1	10.7	40.5	5.1	4.8
America	5.8	-12.3	17.9	-23.2	-23.8
Total	268.7	-5.3	863.8	-4.9	-3.8

Zumtobel Group Outlook – Guidance confirmed

Cautious optimism for the 2018/19 financial year

- We see 2018/19 as a year of transition in which we must do everything to stabilise the operating business and, at the same time, re-establish a stable foundation for profitable growth in the future.
- 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 revenue in the fourth quarter is connected with uncertainty.
- For the full 2018/19 financial year, the Management Board expects a slight year-on-year improvement in adjusted Group EBIT (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.

Back-up

Net loss for the period at minus EUR 6.1 million

Zumtobel Group – Income statement

in EUR million	Q1-Q3 2018/19	Q1-Q3 2017/18	Change in %
Revenues	863.8	908.1	-4.9
Cost of goods sold	-552.2	-568.5	-2.9
Gross profit (w/o development)	311.6	339.6	-8.2
<i>as a % of revenues</i>	36.1	37.4	
R&D	-48.8	-53.6	-8.8
SG&A expenses	-238.9	-265.6	-10.1
Adjusted EBIT	23.9	20.5	16.9
<i>as a % of revenues</i>	2.8	2.3	
Special effects	-16.8	-6.5	<-100
EBIT	7.2	13.9	-48.6
<i>as a % of revenues</i>	0.8	1.5	
Financial results	-10.3	-13.6	24.2
Profit before tax	-3.2	0.3	<-100
Income taxes	-2.9	-1.9	48.4
Net profit for the period	-6.1	-1.7	<-100
Earnings per share (in EUR)	-0.14	-0.04	

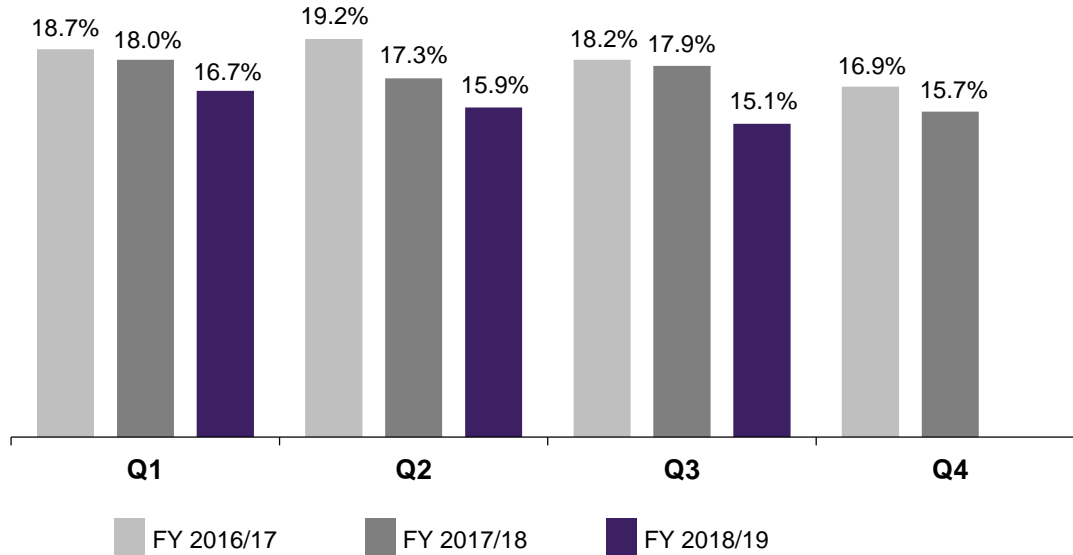
Special effects in Q1-Q3 2018/19 mainly related to reorganisation of management and closing of production Jennersdorf

Working capital below prior year level

Zumtobel Group – Working capital

Working capital

in % of rolling 12-month revenues



- Working capital at EUR 174.0 million as of 31 January 2019 (31 January 2018: EUR 221.6 million)
- In % of rolling 12-month revenues, working capital down to 15.1% (PY: 17.9%)

Supplement data regarding Segment Reporting

Zumtobel Group – Segment Reporting Q1-Q3

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	Q1-Q3 2018/19	Q1-Q3 2017/18	Q1-Q3 2018/19	Q1-Q3 2017/18	Q1-Q3 2018/19	Q1-Q3 2017/18	Q1-Q3 2018/19	Q1-Q3 2017/18
Net revenues	649,872	693,479	259,303	263,811	-45,337	-49,157	863,839	908,132
External revenues	647,167	693,406	216,644	214,695	27	30	863,837	908,132
Inter-company revenues	2,705	73	42,659	49,115	-45,364	-49,188	0	0
Adjusted EBIT	18,694	13,996	19,357	24,156	-14,141	-17,694	23,910	20,458
Special effects	-8,898	-5,610	-7,001	-815	-854	-108	-16,753	-6,532
Operating profit/loss	9,796	8,386	12,356	23,341	-14,994	-17,801	7,157	13,925
Investments	27,254	24,890	19,100	10,967	3,521	12,700	49,875	48,556
Depreciation	-26,057	-23,718	-9,183	-9,354	-3,160	-5,201	-38,400	-38,273

Five-Year Overview

in EUR million	2017/18	2016/17	2015/16	2014/15	2013/14
Revenues	1,196.5	1,303.9	1,356.5	1,312.6	1,246.8
Adjusted EBIT	19.7	72.4	58.7	66.5	47.6
<i>as a % of revenues</i>	1.6	5.6	4.3	5.1	3.8
Net profit/loss for the period	-46.7	25.2	11.9	11.9	-4.8
<i>as a % of revenues</i>	-3.9	1.9	0.9	0.9	-0.4
Total assets	986.1	1,019.6	1,068.6	1,086.3	1,006.6
Equity	268.3	334.0	333.2	322.6	327.6
<i>Equity ratio in %</i>	27.3	32.8	31.2	29.7	32.5
Net debt	146.3	91.0	134.8	148.2	126.2
Cash flow from operating results	53.5	116.8	84.8	103.1	79.5
Investments	69.0	45.2	58.4	76.6	65.6
<i>as a % of revenues</i>	5.8	3.5	4.3	5.8	5.3
R&D total	73.4	82.4	87.9	79.0	71.8
<i>as a % of revenues</i>	6.1	6.3	6.5	6.0	5.8
Headcount incl. contract worker (full-time equivalent)	6,224	6,562	6,761	7,234	7,291

Financial Calendar

- 27 June 2019 Annual Results 2018/19 (1 May 2018 – 30 April 2019)
- 16 July 2019 Record Date for the Annual General Meeting
- 26 July 2019 43rd Annual General Meeting
- 30 July 2019 Ex-Dividend Day
- 31 July 2019 Record Date Dividend
- 2 August 2019 Dividend Payout Day
- 3 September 2019 Report on the First Quarter 2019/20 (1 May 2019 - 31 July 2019)
- 3 December 2019 Report on the First Half-year 2019/20 (1 May 2019 - 31 October 2019)
- 3 March 2020 Report on the First Three Quarters 2019/20 (1 May 2018 - 31 January 2020)

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