

## Press Release

Dornbirn, 6 March 2018

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Report on the first three quarters (May 2017 to January 2018)

### **Declining revenues and aggressive price competition impact on Zumtobel Group's profitability**

- **Development of revenues influenced by negative currency translation effects and sharp downturn in Great Britain: Group revenues fell by 6.7 percent (minus 4.6 percent after adjustment for currency translation effects)**
- **Double-digit growth (plus 12.1 percent) at new Zumtobel Group Services business division**
- **Aggressive price competition and sharp drop in revenues impact on development of earnings: adjusted EBIT falls to EUR 20.5 million (previous year: EUR 62.0 million)**
- **Net profit for the period slightly negative at minus EUR 1.7 million**
- **New Executive Board is working on the stabilization of operational developments and on a growth strategy for the Group**

Dornbirn, Austria – As announced in an ad hoc information already, the third quarter of the current financial year at the Zumtobel Group was again marked by a clear decline in revenues, in particular in Great Britain, as well as by negative currency translation effects, aggressive price competition and operational challenges. Despite a 4.6 percent decline in revenues after adjustment for currency translation effects, in the traditionally weak third quarter the cost cutting measures already introduced enabled the Group to post balanced operating earnings of EUR 0.2 million. The new Zumtobel Group Services business division showed very positive development.

The newly formed Executive Board is sparing no effort to define a strategy for the future and deal with operational challenges. **Alfred Felder, Acting President of the Executive Board, explains:** *“For the new Executive Board, the developments we see in the third quarter spur us on more than ever to overcome the challenges we face. For the coming months we have defined a clear agenda, aimed at stabilizing operational developments and consistently pursuing the cost savings measures already introduced.”*

*“At the same time, together with a leaner management team we are working on a strategic roadmap for the future of the Zumtobel Group. In this respect we will be defining clear measures and targets and at the same time reviewing all our structures and procedures, as well as our markets and product portfolios without any fixed expectations regarding the results. ,”* **says Alfred Felder** and announces results for June 2018 already, when the annual financial statements are published..

## **Negative currency translation effects and downturn in Great Britain**

In the first nine months of the current 2017/18 financial year, Group revenues fell by 6.7% year on year to EUR 908.1 million (previous year: EUR 973.4 million). This revenue development was influenced by strong negative currency translation effects of EUR 20.7 million, which resulted primarily from the increase in the value of the euro versus the British pound and the Swiss franc. After adjustment for these effects, revenue declined by 4.6% for the reporting period. In regional terms, the decline in revenues was particularly marked in Great Britain, the most important single market for the Zumtobel Group, where revenues were down by more than 20%. Growth with LED products remains unbroken. Revenues from the sale of LED products rose by 1.3% year on year to EUR 719.0 million, which means that the LED share of Group revenues increased from 72.9% to 79.2% within 12 months.

## **Services business division posts double-digit growth – Trade fair Light + Building**

Sound development was recorded by the new Zumtobel Group Services (ZGS) business division, which was successfully positioned in the marketplace in the spring of 2017. Within the ZGS brand, the lighting group bundles all project- and software-oriented services under a single roof. In this sector, revenues showed a 12.1% increase compared to the first nine months of the previous year to reach EUR 137.4 million, which corresponds to 15.2% of Group revenues. The service offering will also be a focal point of the Zumtobel Group's presence at this year's Light + Building, the world's largest lighting trade fair which takes place in Frankfurt in March. With a stand covering 1,280 square metres, the Zumtobel Group will be one of the main exhibitors.

## **Profitability in the first three quarters well down on previous year**

Group EBIT adjusted for special effects fell to EUR 20.5 million in the first nine months of 2017/18 (previous year: EUR 62.0 million). This was also reflected in the return on sales, which dropped from 6.4% to 2.3%. Profitability in both the Lighting and Components segments was negatively influenced by substantial revenue declines and aggressive price competition. Net profit for the first three quarters was down at minus EUR 1.7 million (previous year: EUR 29.8 million).



Alfred Felder, Acting President of the Executive Board, Zumtobel Group

## Information

This press release and the quarterly report can be downloaded from:

[http://www.zumtobelgroup.com/en/press\\_center.htm](http://www.zumtobelgroup.com/en/press_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 the associated services. With its 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) and on the balance sheet date (April 30, 2017) employed a workforce of 6,562 employees. In the 2016/17 financial year, the Group posted revenues of EUR 1,303.9 million. The Zumtobel Group is based in Dornbirn in the Vorarlberg region of Austria. For further information, please visit <http://www.zumtobelgroup.com/en>

## **Q3 and the first nine months at a glance**

in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Revenues Zumtobel Group	283,7	306,1	-7,3	908,1	973,4	-6,7
Lighting Segment	214,1	232,4	-7,9	693,5	747,0	-7,2
Components Segment	84,8	91,1	-7,0	263,8	281,8	-6,4
Adjusted EBIT	0,2	10,0	-98,5	20,5	62,0	-67,0
as a % of revenues	0,1%	3,3%		2,3%	6,4%	
EBIT	-2,2	5,6	<-100	13,9	49,9	-72,1
as a % of revenues	-0,8%	1,8%		1,5%	5,1%	
Net Profit/Loss	-9,3	2,2	<-100	-1,7	29,8	<-100

in EUR million	31 January 2018	30 April 2017	Change in %
Total assets	991,6	1.019,6	-2,8
Equity	316,8	334,0	-5,1
Equity ratio in %	32,0	32,8	
Net debt	157,1	91,0	72,6
Headcount incl. contract worker (full-time equivalent)	6.497	6.761	-3,9

## Revenues by region

	Q3 2017/18		Q1-Q3 2017/18		
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	in % of Group
D/A/CH	83,9	-3,4	274,5	-5,0	30,2
Northern Europe	61,7	-23,0	204,6	-18,9	22,5
Benelux & Eastern Europe	46,2	13,8	138,9	10,6	15,3
Southern Europe	44,5	1,8	133,9	-3,0	14,7
Asia & Pacific	29,1	-0,6	94,2	0,0	10,4
Middle East & Africa	11,8	-23,5	38,6	-12,9	4,2
Americas	6,6	-35,6	23,3	-22,0	2,6
<b>Total</b>	<b>283,7</b>	<b>-7,3</b>	<b>908,1</b>	<b>-6,7</b>	<b>100,0</b>