

Press Release

Dornbirn, 27 June 2019

01

Year of transition 2018/19 (May 2018 to April 2019):

Zumtobel Group improves profitability and reduces net loss

Key figures for 2018/19 financial year (compared with previous year):

- Revenues decline by 2.9% (FX-adjusted minus 2.3%) to EUR 1,162.0 million
- Increase in revenues during Q4 2018/19 (plus 3.4%), for the first time in 13 quarters
- Improvement in profitability: Adjusted Group EBIT EUR 27.6 million, return on sales improved from 1.6% to 2.4%
- Announced target for FY 2018/19 delivered
- Net loss reduced from EUR 46.7 million to EUR 15.2 million
- No dividend distribution proposed for the 2018/19 financial year
- Outlook FY 2019/20: Slight sales growth, further improvement in adjusted EBIT margin

Dornbirn, Austria – The 2018/19 transition year developed as expected for the Zumtobel Group. It was characterised by urgently required restructuring measures to stabilise the operating business and improve the Group's profitability. This required fundamental strategic and organisational changes alongside targeted restructuring and cost-reduction measures in all areas.

„The 2018/19 financial year was a year of transition for the Zumtobel Group. We did our homework and, through the implementation of a restructuring course, improved profitability – which also means we met the guidance for this financial year. Now we are looking towards the future”, comments Zumtobel Group CEO Alfred Felder on the financial results and adds: „The 2019/20 financial year will be a period of transformation for the Zumtobel Group. We have put the past behind us and are on the way back to sustainable success. Our goal is to restart our growth course and further improve profitability.“

Decline in revenues due to weaker market environment, price pressure, political uncertainty and negative foreign exchange effects

Group revenues totalled EUR 1,162.0 million in 2018/19 (minus 2.9% year-on-year). The reasons for the decline included the aggressive price competition in the lighting industry and substantially lower revenues in Great Britain (roughly minus 11%). In Great Britain, revenue development has been negatively influenced by the BREXIT and the related reduction in orders for non-residential construction in that market. After an adjustment for foreign exchange effects – which resulted from the increase in the euro versus the Turkish lira, Australian dollar and Swedish krona – the year-on-year decline in revenues equalled 2.3%.

Year-on-year improvement in profitability: Outlook for FY 2018/19 delivered

Group EBIT adjusted for special effects rose by EUR 8.0 million to EUR 27.6 million in 2018/19, and the return on sales improved from 1.6% to 2.4%. We therefore met our goal for the 2018/19 financial year – which was to record a slight year-on-year improvement in Group EBIT (FY 2017/18: EUR 19.7 million). This improvement in the Group's profitability resulted, above all, from the efficiency and cost savings measures introduced by the Management Board. Selling and administrative costs fell by a substantial EUR 30.1 million (minus 8.3%) in 2018/19.

Earnings negatively influenced by one-off costs for restructuring measures

The negative special effects of EUR 25.0 million which resulted from restructuring measures led to a loss of EUR 15.2 million for the 2018/19 financial year. However, the net loss was substantially reduced in comparison with FY 2017/18 (minus EUR 46.7 million). Restructuring costs are primarily related to

the streamlining of the administrative and sales areas as well as the gradual shutdown of production at the components plant in Jennersdorf by November 2019. In view of the earnings development, the distribution of a dividend for the 2018/19 financial year is not planned.

02

Positive free cash flow and improvement in balance sheet structure

The growth in cash flow from operating activities and a lower level of investments supported an increase in free cash flow to EUR 3.4 million in 2018/19 (2017/18: minus EUR 23.9 million). The balance sheet structure was improved by a reduction in the balance sheet total to EUR 920.9 million during the past year (2017/18: EUR 986.1 million), which led to an increase in the equity ratio from 27.2% as of 30 April 2018 to 28.5% as of 30 April 2019. Net liabilities totalled EUR 148.7 million at the end of the 2018/19 financial year (2017/18: EUR 146.3 million), for an increase of EUR 2.4 million over the previous year.

Increase in revenues during Q4 2018/19 – new orientation shows positive results

Our fourth quarter results provide grounds for optimism over the 2019/20 financial year. For the first time in 13 quarters, the Zumtobel Group recorded an increase in revenues – this time with a plus of 3.4% to EUR 298.2 million.

Outlook for FY 2019/20 – medium-term goal confirmed

The Management Board of the Zumtobel Group sees 2019/20 as a year of transformation, in which the focus of activities will return to the continuous improvement of the operating business and growth – in spite of the weakening market environment. For the 2019/20 financial year, the Management Board expects a slight increase in revenues as well as an improvement in the adjusted EBIT margin to 3 to 5% (FY 2018/19: 2.4%). The medium-term goal to generate an EBIT margin of roughly 6% by the 2020/21 financial year remains intact.

FOCUS as the answer to revenue growth – consistent pursuit of strategy

In order to drive revenue growth, the Zumtobel Group intends to strengthen its positioning in the global lighting industry as part of its current reorientation. The strategy approved in September 2018 will be consistently pursued. Its goal for the Lighting Segment – with the core Zumtobel and Thorn brands – is to become the market leader in Europe with a focus on applications in industry, office & education, shop & retail and art & culture. Outdoor applications will concentrate on lighting for urban areas and roads as well as architectural lighting from the acdc brand. The Components Segment with its technology brand Tridonic will expand globally based on innovative hardware (drivers, LED modules) and software solutions for smart and integrated lighting and lighting systems. The Zumtobel Group will also increase its focus on the future field of digital lighting as well as services and turnkey solutions.

The 2018/19 financial year at a glance

in EUR million	2018/19	2017/18	Change in %
Revenues Zumtobel Group	1,162.0	1,196.5	-2.9
Lighting Segment	873.7	908.3	-3.8
Components Segment	348.3	352.7	-1.3
Adjusted EBIT	27.6	19.7	40.6
<i>as a % of revenues</i>	2.4	1.6	
EBIT	2.7	-7.3	>100
<i>as a % of revenues</i>	0.2	-0.6	
Net profit/loss for the period	-15.2	-46.7	67.4
<i>as a % of revenues</i>	-1.3	-3.9	

in EUR million	30 April 2019	30 April 2018	Change in %
Total assets	920.9	986.1	-6.6
Equity	262.8	268.3	-2.1
<i>Equity ratio in %</i>	28.5	27.2	
Net debt	148.7	146.3	1.6

Information

The Annual Financial Report 2018/19 can be downloaded at: <https://www.zumtobelgroup.com/en/7026.htm>

This press release and the accompanying high-resolution images can be downloaded at:

http://www.zumtobelgroup.com/en/press_center.htm

Pictures:



Zumtobel: Landesgalerie Niederösterreich

The new centre of the Kunstmeile Krems, the Landesgalerie Niederösterreich, invites on five levels and 3.000 m² exhibition space. The building, designed by the multiple award-winning Vorarlberg architects Marte.Marte, is reminiscent of a dancing cube and is set in scene by a Zumtobel lighting concept.



acdc, Thorn and Zumtobel: Tottenham Hotspur Stadium

The Zumtobel Group Lighting Brands, acdc, Thorn and Zumtobel have installed over 77,000 luminaires throughout the brand-new Tottenham Hotspur stadium.



Zumtobel Group: New Light Forum in Dornbirn

With the new Light Forum on an area of 4,000 square metres at the headquarters in Dornbirn, the Zumtobel Group is making a long-term investment in the success of the lighting group. The completion planned for March 2020 will mark the beginning of the '70 years of Zumtobel' anniversary year.



Zumtobel Group: Allianz Arena

The Zumtobel Group provides a complete lighting solution for both indoor and outdoor use in one of the world's most modern stadiums. With its all-in service, the Zumtobel Group provides one of the most comprehensive offerings in the entire lighting industry.



Zumtobel Group: New Software Competence Centre

On 11 June 2019, the Zumtobel Group officially opened its new group-wide software competence centre for lighting technologies in Porto, Portugal. Tridonic, the lighting technology company of the Zumtobel Group, operates the new software competence centre. With the new technology and innovation centre, the Zumtobel Group reacts to current market trends in the areas of smart lighting, connected solutions and IoT.

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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, Zumtobel, Thorn and Tridonic, 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 and Zumtobel brands, is one of the European market leaders. Through its lighting technology 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). The Zumtobel Group's service offering is one of the most comprehensive 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 hold a workforce of around 5,900 employees as of the balance sheet date 30 April 2019. In the 2018/19 financial year, the Group posted revenues of EUR 1,162.0 million. The Zumtobel Group is based in Dornbirn in the Vorarlberg region of Austria. For further information, please visit <http://www.zumtobelgroup.com/en>