

Zumtobel Group AG

Annual Financial Results 2016/17

23 June 2017

zumtobel group

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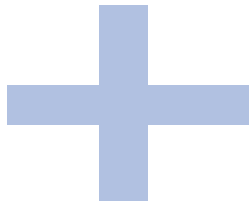
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ZUMTOBEL

Good progress in many areas in spite of difficult market environment

Highlights FY 2016/17



- Highest adj. EBIT since 2010/11
- Highest Net Income since 2010/11
- Highest Free Cashflow since 2007/08
- Lowest Net Debt since the IPO in 2006
- Launch of Zumtobel Group Services business unit
- Swift execution of cost adjustment measures (e.g. Usingen)
- Disposal process for plant in Les Andelys in a very advanced stage
- Decision for a low cost manufacturing site in Serbia

- Slight decline in Zumtobel Group's revenue development (Laggards: France, Australia, Switzerland, Middle East)
- Increasing price pressure in the Components Segment

Substantial increase in profitability

Financials FY 2016/17 at a glance

- Group revenues fx-adjusted 1.0% below prior year
- Group adj. EBIT increases by 23.4% to EUR 72.4.0 million (PY EUR 58.7 million) driven by improved cost structure in nearly all functional areas. The main contributions come from:
 - Increase in plant efficiency based on our restructuring measures
 - Good ramp-up of newly introduced products with better profitability
 - Synergy effects from the central bundling of R&D activities
- Net profit more than doubled from EUR 11.9 million EUR 25.2 million
- Significant positive free cash flow of EUR 69.4 million (PY EUR 49.8 million)
- In view of the solid operating development, the Management Board will make a recommendation calling for an increase in the dividend to EUR 0.23 per share for the 2016/17 financial year (FY 2015/16 EUR 0.20)

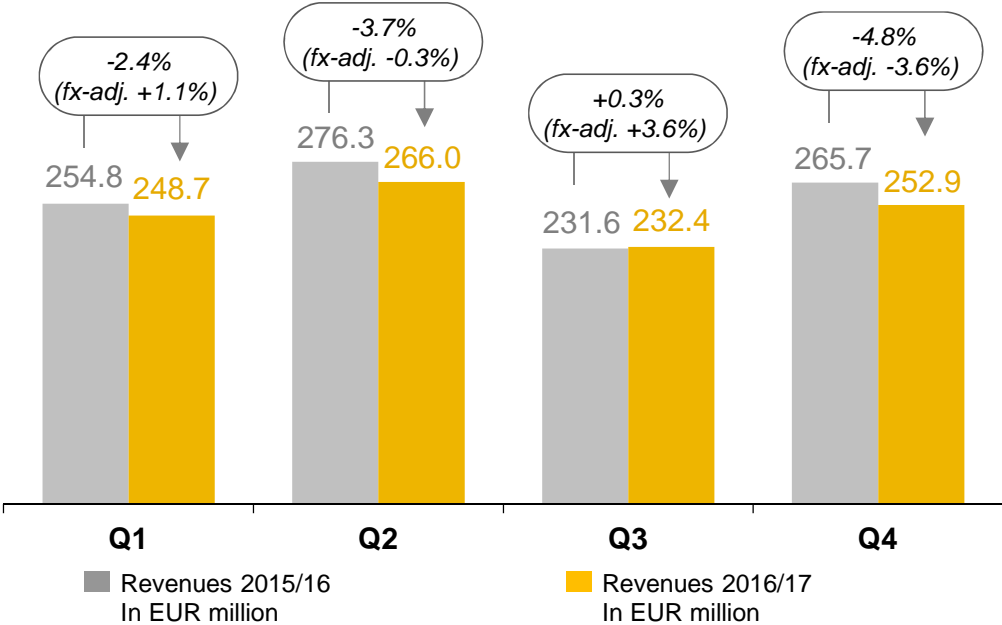


Substantial positive effects form restructuring and cost saving measures

Lighting Segment – Revenue and EBIT development

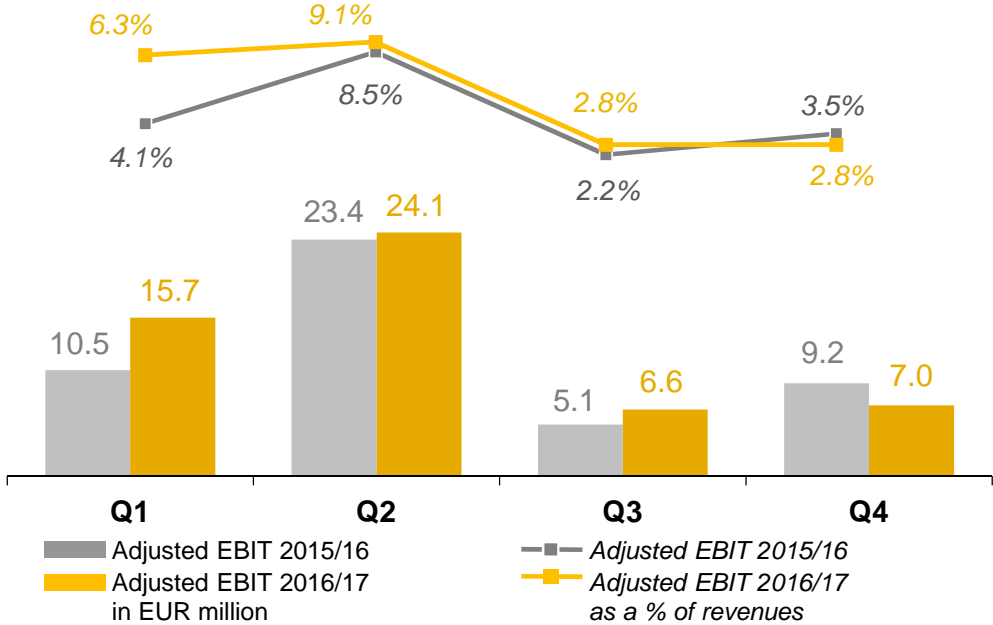
Lighting Segment

Revenues



Revenues FY 2016/17 EUR 999.9 million (minus 2.8%)
 Revenues FY 2015/16 EUR 1,028.4 million

Adjusted EBIT¹⁾



Adjusted EBIT FY 2016/17 EUR 53.5 million (margin of 5.3%)
 Adjusted EBIT FY 2015/16 EUR 48.2 million (margin of 4.7%)

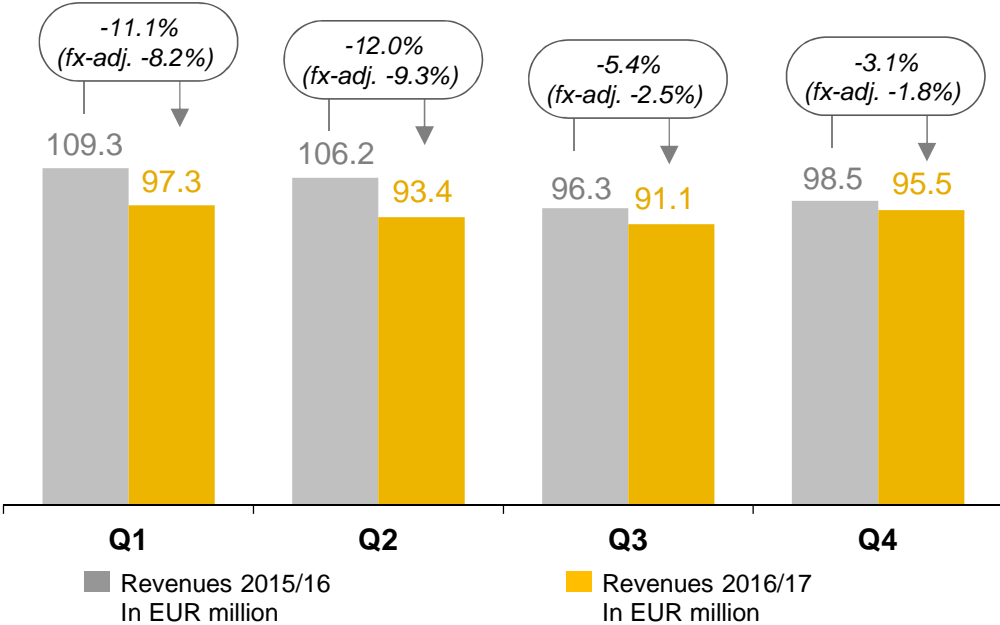
1) Reported EBIT adjusted for special effects

Higher profitability despite lower revenues

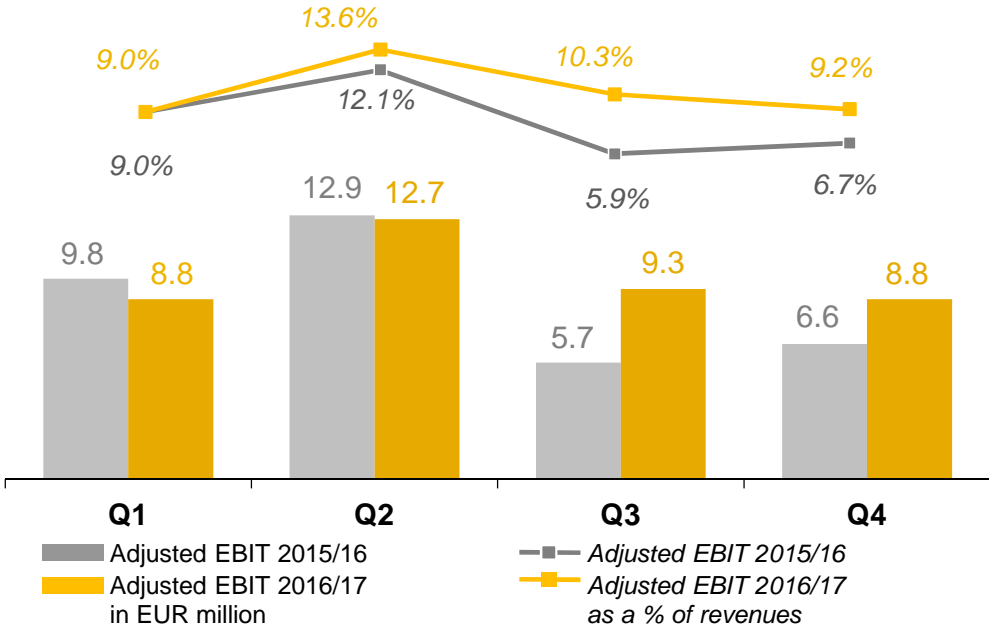
Components Segment – Revenue and EBIT development

Components Segment

Revenues



Adjusted EBIT¹⁾



Revenues FY 2016/17 EUR 377.3 million (minus 8.1%)
 Revenues FY 2015/16 EUR 410.4 million

Adjusted EBIT FY 2016/17 EUR 39.6 million (margin of 10.5%)
 Adjusted EBIT FY 2015/16 EUR 35.0 million (margin of 8.5%)

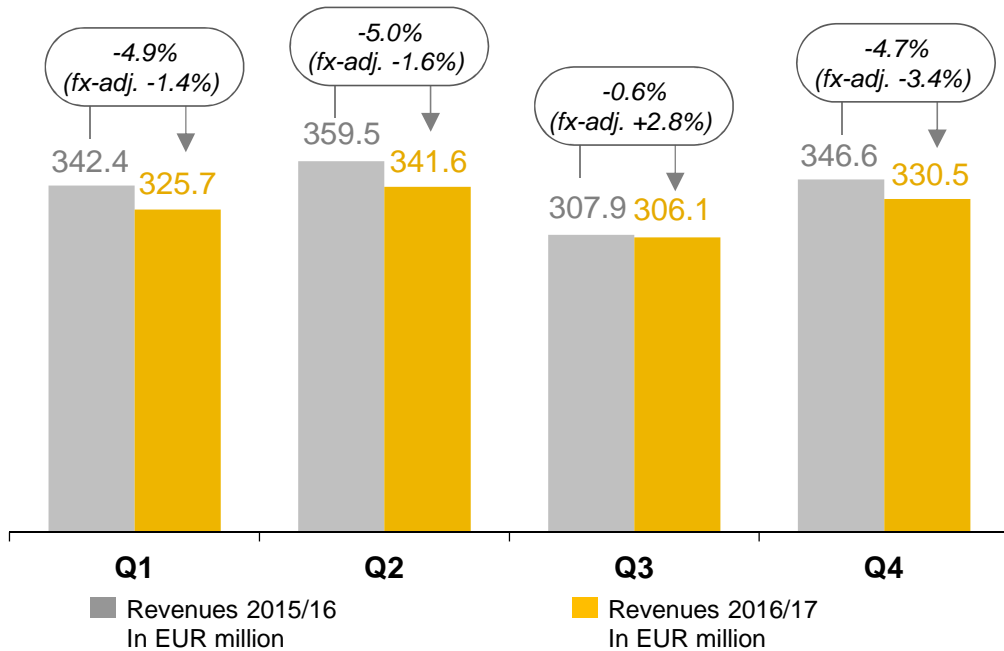
1) Reported EBIT adjusted for special effects

Adjusted EBIT margin improved from 4.3% to 5.6%

Zumtobel Group – Revenue and EBIT development

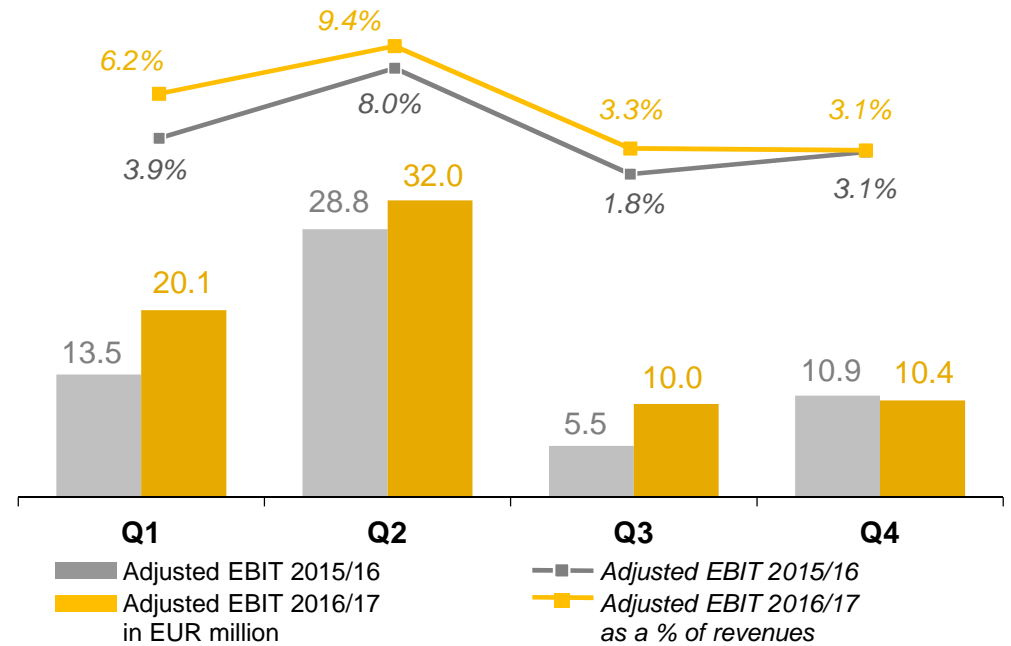
Zumtobel Group

Revenues



Revenues FY 2016/17 EUR 1,303,9 million (minus 3.9%)
 Revenues FY 2015/16 EUR 1,356.5 million

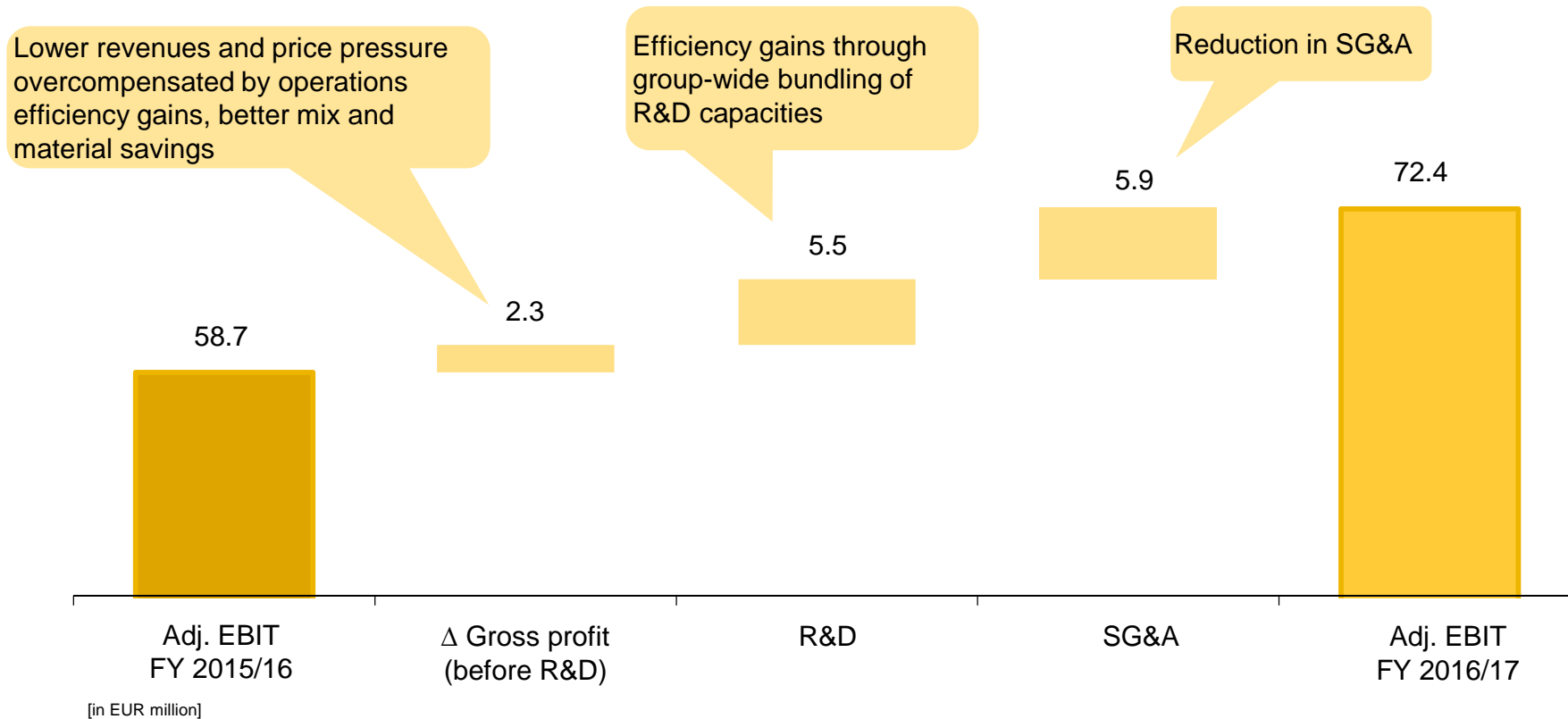
Adjusted EBIT¹⁾



Adjusted EBIT FY 2016/17 EUR 72.4 million (margin of 5.6%)
 Adjusted EBIT FY 2015/16 EUR 58.7 million (margin of 4.3%)

1) Reported EBIT adjusted for special effects

Simplified illustration to highlight main building blocks of the adj. EBIT development Zumtobel Group – adj. EBIT FY 2015/16 vs. FY 2016/17



Substantial higher net profit despite deteriorating financial results

Zumtobel Group – Income statement

in EUR million	FY 2016/17	FY 2015/16	Change in %
Revenues	1,303.9	1,356.5	-3.9
Cost of goods sold	-786.6	-841.5	-7.0
Gross profit (w/o development)	517.3	515.0	0.4
<i>as a % of revenues</i>	39.7	38.0	
R&D	-82.4	-87.9	-6.2
SG&A expenses	-362.5	-368.5	1.6
Adjusted EBIT	72.4	58.7	23.4
<i>as a % of revenues</i>	5.6	4.3	
Special effects	-26.6	-34.9	-60.5
EBIT	45.8	23.8	92.2
<i>as a % of revenues</i>	3.5	1.8	
Financial results	--15.7	-8.2	90.7
Profit before tax	30.1	15.6	93.0
Income taxes	-7.6	-3.7	< 100
Result from discontinued operations	2.7	0	
Net profit for the period	25.2	11.9	> 100
Earnings per share (in EUR)	0.58	0.28	

Special effects related to adjustments to the global plant network (Usingen; Les Andelys), restructuring of the R&D organisation as well as the Lledó litigation settlement costs

Deteriorating financial result caused by FX volatility (mainly GBP and USD)

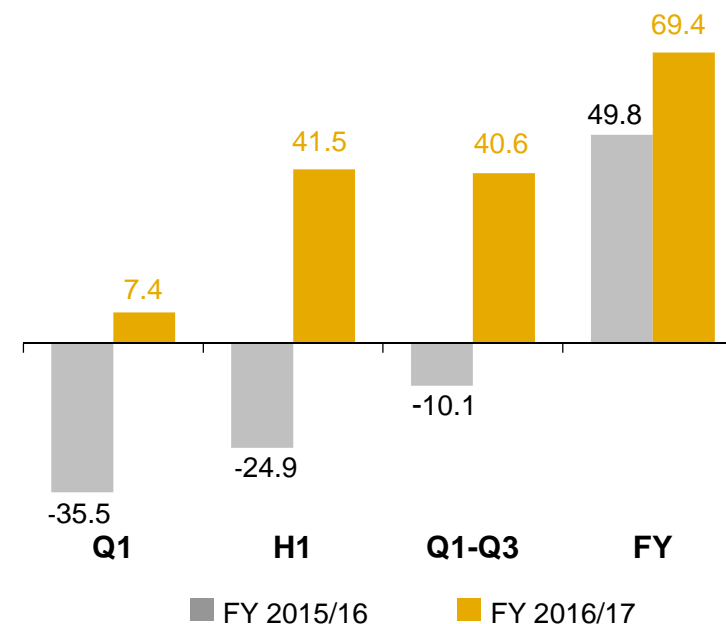
This reflects the release of a provision from the discontinuation of the event lighting business (Space Cannon VH SRL) in the second quarter of 2010/11.

Significant positive Free cash flow Zumtobel Group – Cash flow statement

in EUR million	FY 2016/17	FY 2015/16
Cash flow from operating results	116.8	84.8
Change in working capital	6.5	-4.1
Change in other operating items	-8.6	17.8
Taxes paid/received	-5.0	-5.9
Cash flow from operating activities	107.5	92.6
Proceeds from the sale of non-current assets	5.0	7.6
Capital expenditures on non-current assets	-45.2	-58.4
Change in current and non-current financial assets	2.0	3.3
Change in liquid funds from changes in the consolidation range	0	-2.6
Assets held for sale	0	7.4
Cash flow from investing activities	-38.1	-42.7
Free cash flow	69.4	49.8
Cash flow from financing activities	-66.7	-14.9
Effects of exchange rate changes on cash and cash equivalents	-0.8	-2.8
Change in cash and cash equivalents	1.9	32.1

Free cash flow development

(cumulative figures in EUR million)



Sound development in Benelux & CEE, Austria, UK, Italy and the USA

Zumtobel Group – Regional revenue distribution

	Q4 2016/17		FY 2016/17		
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in % nominal	FX adjusted
D/A/CH	93.0	-3.7	381.9	-2.8	-2.7%
Northern Europe	89.1	3.9	341.4	-4.3	6.7%
Benelux & Eastern Europe	40.0	0.9	165.7	7.8	8.8%
Southern Europe	45.0	-11.8	183.0	-4.7	-4.7%
Asia & Pacific	32.7	-5.7	127.0	-9,3	-10.2%
Middle East & Africa	16.9	-35.8	61.2	-24.2	-24.8%
America	13.9	9.0	43.7	8.7	7.3%
Total	330.5	-4.6	1,303.9	-3.9	-1.0%

Cautious Optimism for 2017/18

Zumtobel Group Guidance

- Industry environment remains in general positive – some countries remain challenging (France, Australia, Middle East)
- Extensive restructuring measures implemented in recent years have significantly strengthened our competitive position
- Disposal of luminaire plant in Les Andelys and groundbreaking for the new plant in Serbia is on track
- Focus in 2017/18 on further improving cost position (Les Andelys/Serbia), expansion of the service business and significant investments in IoT technology / IoT pilot projects
- Headwinds from pricing pressure in the Components Segment and negative currency effects (GBP/USD)
- Against the backdrop of limited visibility the Management Board of the Zumtobel Group expects a slight improvement in revenues (PY 1,303.9 Mio EUR) and adjusted EBIT (PY 72,4 Mio EUR)

Financial Calendar

- July 11, 2017 Record Date Annual General Meeting
- July 21, 2017 41st Annual General Meeting of Zumtobel Group AG
- July 31, 2017 Ex-Dividend Day
- August 1, 2017 Record Date Dividend
- August 2, 2017 Dividend Payout Day
- September 5, 2017 Report on the First Quarter 2017/18 (1 May 2017 – 31 July 2017)
- December 5, 2017 Report on the First Half-Year 2017/18 (1 May 2017 – 31 October 2017)
- March 6, 2018 Report on the First Three Quarters 2017/18 (1 May 2017 – 31 January 2018)

Continued solid balance sheet structure and secured liquidity position

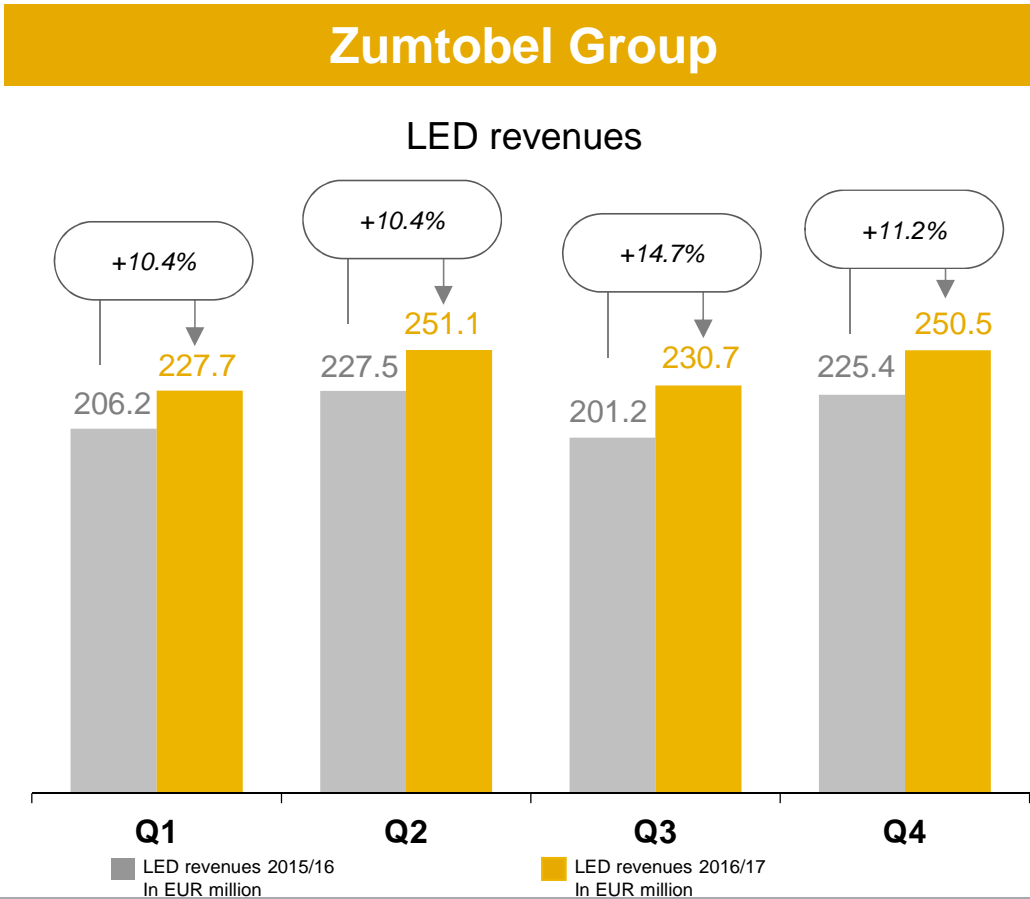
Zumtobel Group – Key balance sheet data

in EUR million	31 April 2017	30 April 2016
Total assets	1,019.6	1,068.6
Net debt	91.0	134.8
Equity	334.0	333.2
<i>Equity ratio in %</i>	<i>32.8</i>	<i>31.2</i>
<i>Gearing in %</i>	<i>27.2</i>	<i>40.5</i>
Investments	45.2	58.4
Working capital	220.1	231.2
<i>As a % of rolling 12 months revenues</i>	<i>16.9</i>	<i>17.0</i>

- Net debt totalled EUR 91.0 million as of 30 April 2017 (30 April 2016: EUR 134.8 million)
- Secure liquidity position backed by:
 - Syndicated credit facility with a term ending November 2021 and a max. volume of EUR 300 million (EUR 60 million drawn by 30 April 2017)
 - Two bilateral bank credit agreements of EUR 40 million each with a term extending to September 2018 respectively January 2020 (fully drawn by 30 April 2017)
 - Uncommitted lines of credit totalling EUR 88.1 million as of 30 April 2017

LED share of group revenues increases to 73.6% (FY 2015/16: 63.4%)

Zumtobel Group – LED revenue development



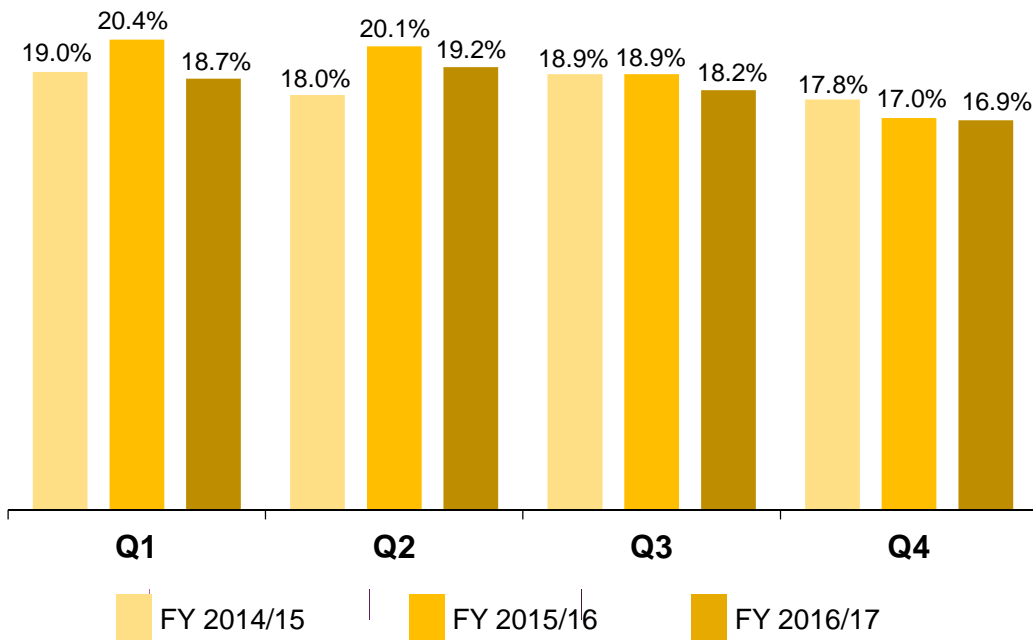
- LED revenues in FY 2016/17 grow by 11.6% to EUR 960.0 million
- LED share of group revenues increases to 73.6% (FY 2015/16: 63.4%)
- Lighting Segment increases sales with LED products by 14.6% to EUR 733.4 million (LED Penetration 73.3%)
- LED sales in Components Segment flat (plus 2.4%) due to sale of signage business (LED Penetration 77.1%)

Working capital below prior year level

Zumtobel Group – Working capital

Working capital

in % of rolling 12-month revenues



- Working capital at EUR 220.1 million as of 30 April 2017 (30 April 2016: EUR 231.2 million)
- In % of rolling 12-month revenues, working capital down to 16.9% (prior year: 17.0%)
- Increase in inventories (EUR 9.5 million), decrease in receivables (EUR 10 million), and increase in payables (~ EUR10million)

Supplement data on Special Effects

Zumtobel Group – Special Effects

Special Effects: EUR 26.6 million

Adjusted EBIT in EUR million	FY 2016/17	FY 2015/16	Change in %
Reported EBIT	45,8	23,8	92,2
Thereof special effects	-26,6	-34,9	-23,7
Adjusted EBIT	72,4	58,7	23,4

Major positions:

- (expected) Disposal of Les Andelys (EUR -10.8 million)
- Closing of Usingen (EUR -6.6 million)
- Lledó litigation settlement costs (EUR -6.9 million)
- Restructuring of R&D organisation (EUR -2.2 million)
- Property sale Ennenda (EUR +2.5 million)

Determined to unlock full potential in Global Operations

Progress Report

Restructuring measures

2013

- Closure of Fürstenfeld, AUT
- Closure of Melbourne, AUS

2014

- Closure of Tianjin, CN
- Closure of Landskrona, SWE
- Closure of Ennenda, CH
- Sale of connection technology business, Innsbruck, AUT

2015

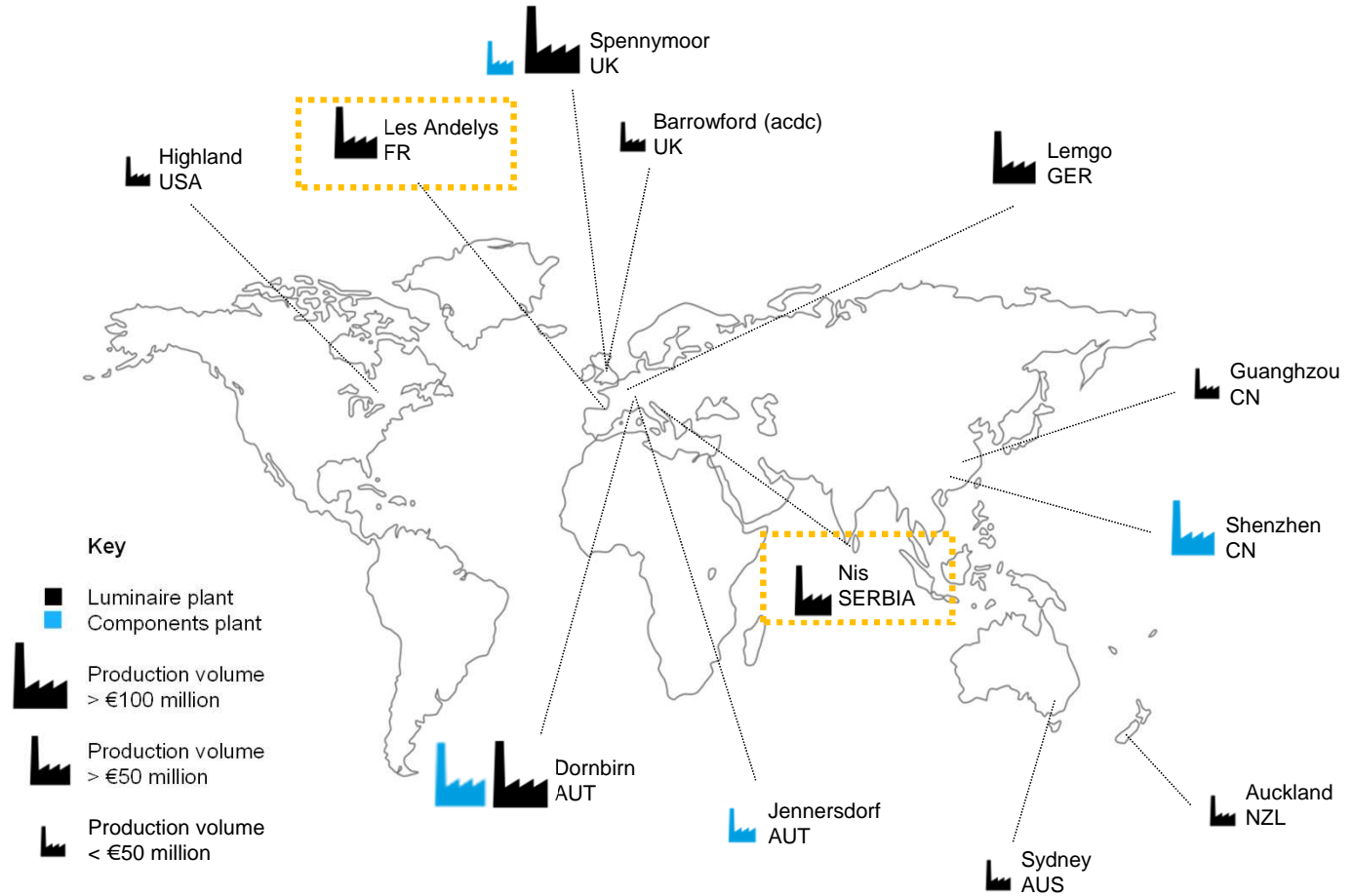
- Sale of magnetics business, Auckland, NZL
- Restructuring of Lemgo, GER

2016

- Closure of Usingen, GER as per 31 Dec

2017

- Expected Disposal of Les Andelys, F
- Construction of new plant in Serbia



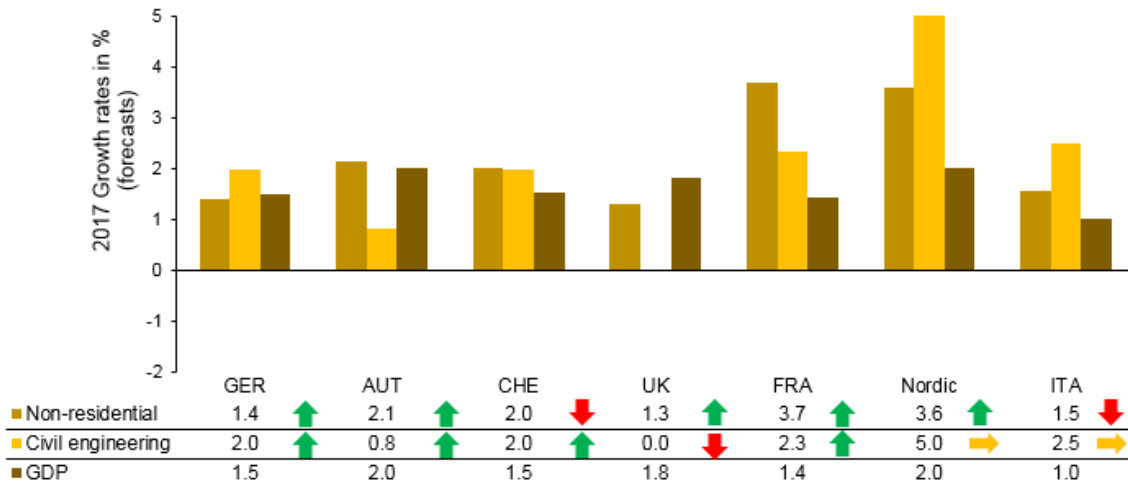
Zumtobel Group launches new Zumtobel Group Services (ZGS) business unit

Key facts

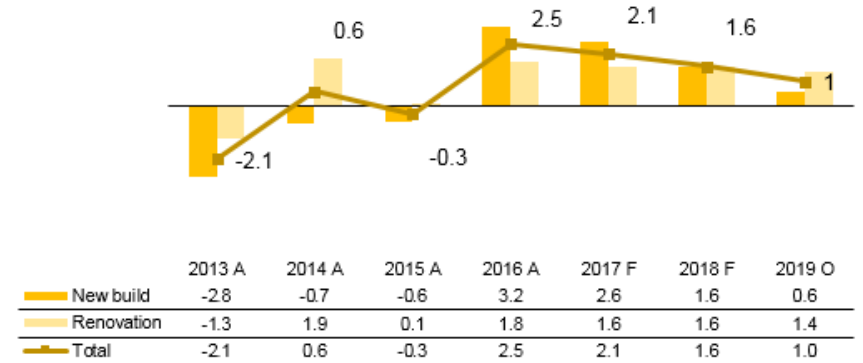
- Zumtobel Group is experiencing significant changing customer demands
- Bundling the complete range of services within the Zumtobel Group in a single business division (ZGS) as of March 1, 2017
- One stop shop for reaching and innovative solutions with integral project management competence (managing the complexity of technology and portfolio spectrum)
- Innovative service portfolio will be marketed under new ZGS brand
- Service offering: light contracting, design services, data based services (IoT), consultation on intelligent lighting controls, project management, turnkey lighting solutions, after sales services, emergency lighting systems, connectivity products, etc.
- No. of people (existing): 240 FTEs
- Current revenues: approx. 140 Mio EUR
- Target: Over proportional growth with accretive margin profile

Recovery is confirmed: NRC expectations improved for most of our core markets for 2017

Growth-Split by Country



Growth Forecast for
Non-Residential Construction



Based on: A, B, CH, D, F, I, NL, UK, Nordic
Source: Euroconstruct, June, 2017

- For 2017, NRC growth is confirmed for core markets.
- NRC outlook improved for our core markets except for Italy.
- Civil Engineering to grow in our core markets except for the UK, where a stagnation for this year is anticipated. Forecast improved for DACH and France.

- For our core markets, NRC outlook for 2017 improved: Forecast was revised upwards from +1.3% to +2.1%.
- For 2018 NRC forecast was confirmed: Growth around +1.6%.
- Most growth contribution comes from New-built

Five-Year Overview

in EUR million	2016/17	2015/16	2014/15	2013/14	2012/13
Revenues	1,303.9	1,356.5	1,312.6	1,246.8	1,243.6
Adjusted EBIT	72.4	58.7	66.5	47.6	35.7
<i>as a % of revenues</i>	5.6	4.3	5.1	3.8	2.9
Net profit/loss for the period	25.2	11.9	11.9	-4.8	6.1
<i>as a % of revenues</i>	1.9	0.9	0.9	-0.4	0.5
Total assets	1,019.6	1,068.6	1,086.3	1,006.6	994.8
Equity	334.0	333.2	322.6	327.6	357.4
<i>Equity ratio in %</i>	32.8	31.2	29.7	32.5	35.9
Net debt	91.0	134.8	148.2	126.2	113.2
Cash flow from operating results	116.8	84.8	103.1	79.5	79.8
Investments	45.2	58.4	76.6	65.6	59.5
<i>as a % of revenues</i>	3.5	4.3	5.8	5.3	4.8
R&D total	82.4	87.9	79.0	71.8	69.1
<i>as a % of revenues</i>	6.3	6.5	6.0	5.8	5.6
Headcount incl. contract worker (full-time equivalent)	6,562	6,761	7,234	7,291	7,162

Many thanks for your attention!

Disclaimer

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