



# **ANNUAL FINANCIAL RESULTS 2018/19**

**ZUMTOBEL GROUP**

27.06.2019

**ZUMTOBEL** Group

# ZUMTOBEL GROUP IMPROVES PROFITABILITY AND REDUCES NET LOSS

## FINANCIALS FY 2018/19 AT A GLANCE

- **Group revenues decline by 2.9% (FX-adj. minus 2.3%)**
  - Lighting Segment: minus 3.8% - substantial decline in UK (-15%) and aggressive price competition (2-3%)
  - Components Segment revenues slightly below previous year level (-1.3%)
  - Q4 2018/19: recorded a growth for the time in 13 quarters (plus 3.4%)
- **Adj. EBIT increase from EUR 19.7 million to EUR 27.6 million**
  - Decline in gross profit of EUR 22 million (incl. R&D / decrease in revenues and continuing price pressure)
  - Improvement based on cost saving measures – selling and administrative costs fell by EUR 30.1 million (minus 8.3%)
- **Net loss at minus EUR 15.2 million (PY: minus EUR 46.7 million)**
  - Negatively influenced by one-off costs for restructuring measures (EUR 25.0 million)
- **No dividend** planned for FY 2018/19
- **Guidance 2019/20:** Slight increase in revenues & adj. EBIT margin of 3-5%

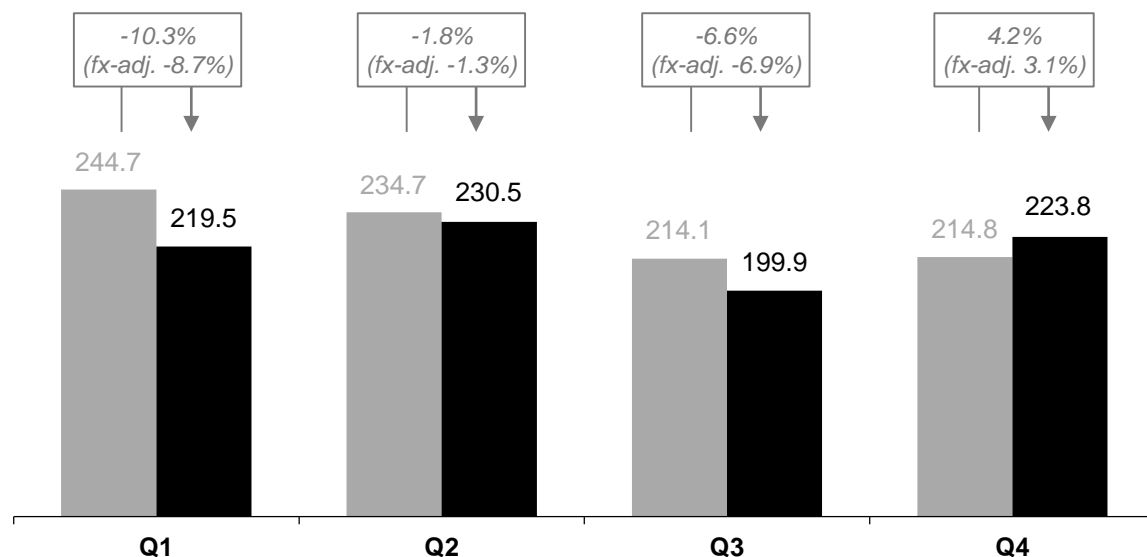


# LIGHTING SEGMENT SHOWS STRONG REVENUE RECOVERY IN Q4

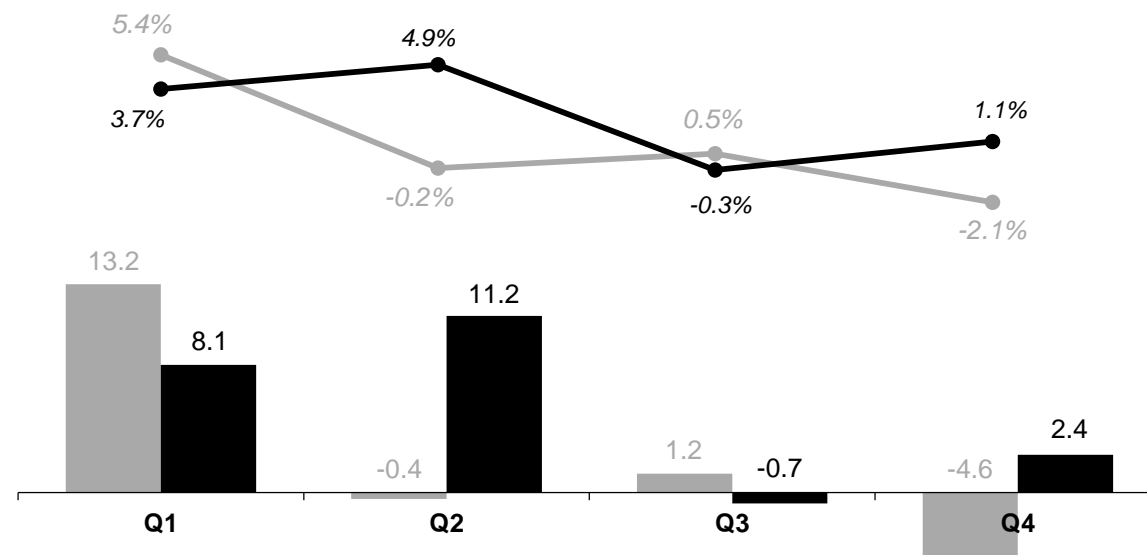
LIGHTING SEGMENT – REVENUE AND EBIT DEVELOPMENT

## LIGHTING SEGMENT

### REVENUES



### ADJUSTED EBIT<sup>1)</sup>



■ Revenues 2017/18  
In EUR million

■ Revenues 2018/19  
In EUR million

■ Adjusted EBIT 2017/18  
in EUR million

■ Adjusted EBIT 2018/19  
in EUR million

—●— Adjusted EBIT 2017/18  
as a % of revenues

—●— Adjusted EBIT 2018/19  
as a % of revenues

1) Reported EBIT  
adjusted for  
special effects

Revenues FY 2018/19 EUR 873.7 million (minus 3.8%)  
Revenues FY 2017/18 EUR 908.3 million

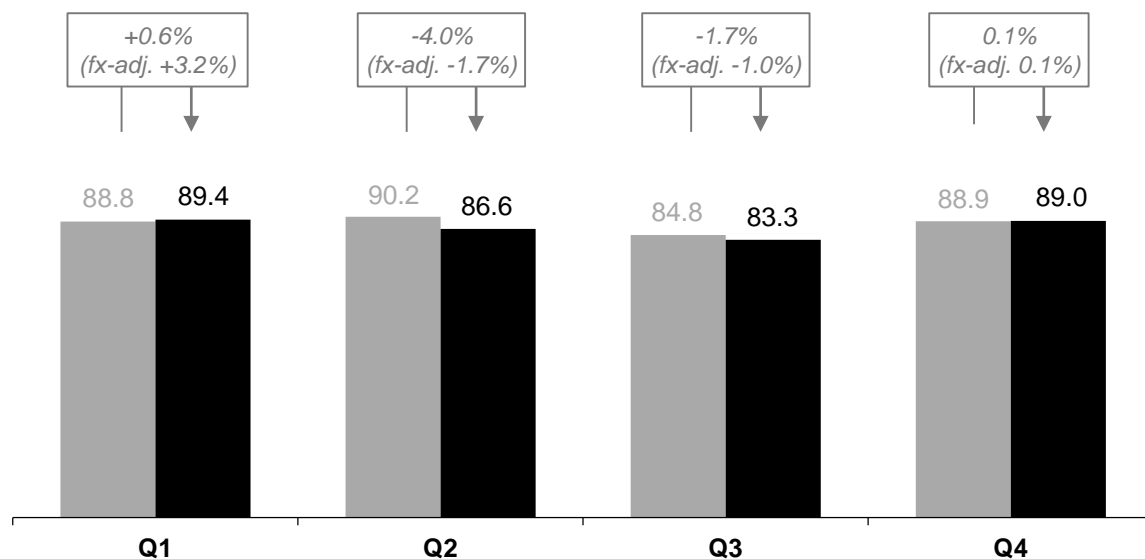
Adjusted EBIT FY 2018/19 EUR 21.1 million (margin of 2.4%)  
Adjusted EBIT FY 2017/18 EUR 9.4 million (margin of 1.0%)

# FLAT VOLUME DEVELOPMENT; PRICE PRESSURE REMAINS BIGGEST DRAG ON EBIT MARGIN

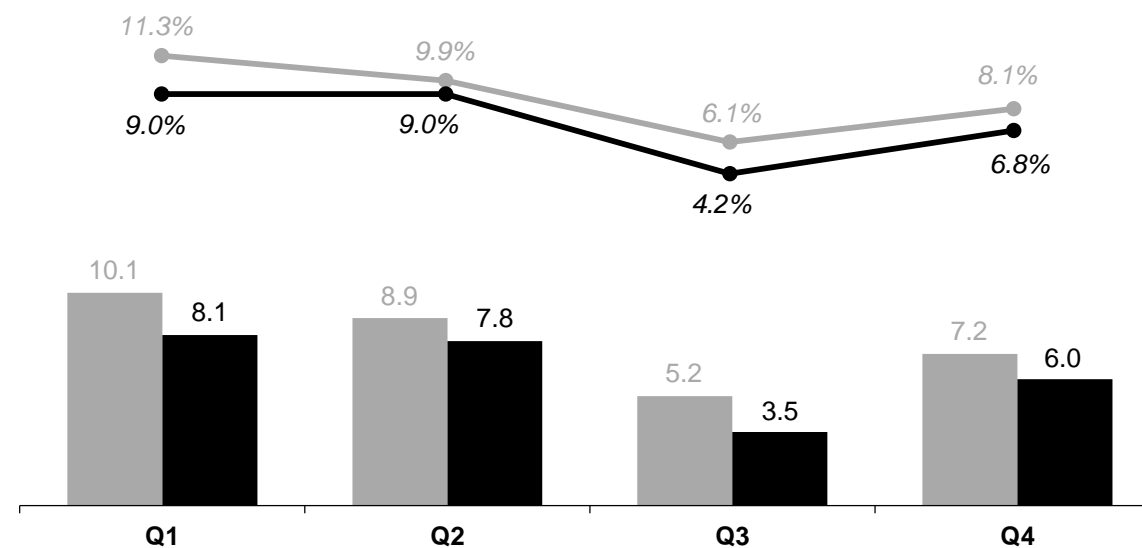
COMPONENTS SEGMENT – REVENUE AND EBIT DEVELOPMENT

## COMPONENTS SEGMENT

### REVENUES



### ADJUSTED EBIT<sup>1)</sup>



■ Revenues 2017/18  
In EUR million

■ Revenues 2018/19  
In EUR million

■ Adjusted EBIT 2017/18  
in EUR million

■ Adjusted EBIT 2018/19  
in EUR million

—●— Adjusted EBIT 2017/18  
as a % of revenues

—●— Adjusted EBIT 2018/19  
as a % of revenues

1) Reported EBIT  
adjusted for  
special effects

Revenues FY 2018/19 EUR 348.3 million (minus 1.3%)  
Revenues FY 2017/18 EUR 352.7 million

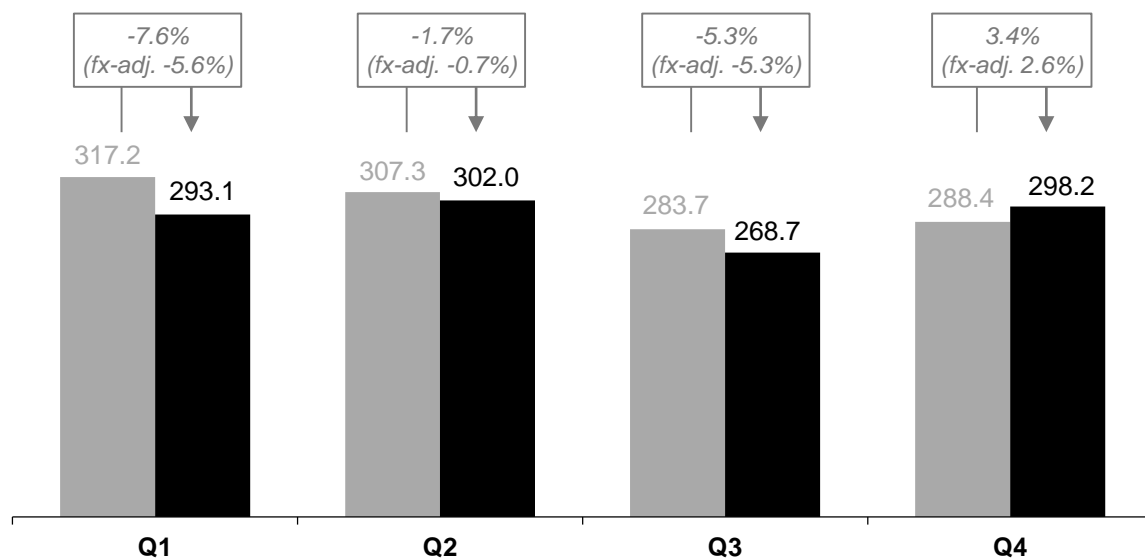
Adjusted EBIT FY 2018/19 EUR 25.4 million (margin of 7.3%)  
Adjusted EBIT FY 2017/18 EUR 31.4 million (margin of 8.9%)

# SAVING MEASURES OFFSET SHORTFALL OF GROSS PROFIT

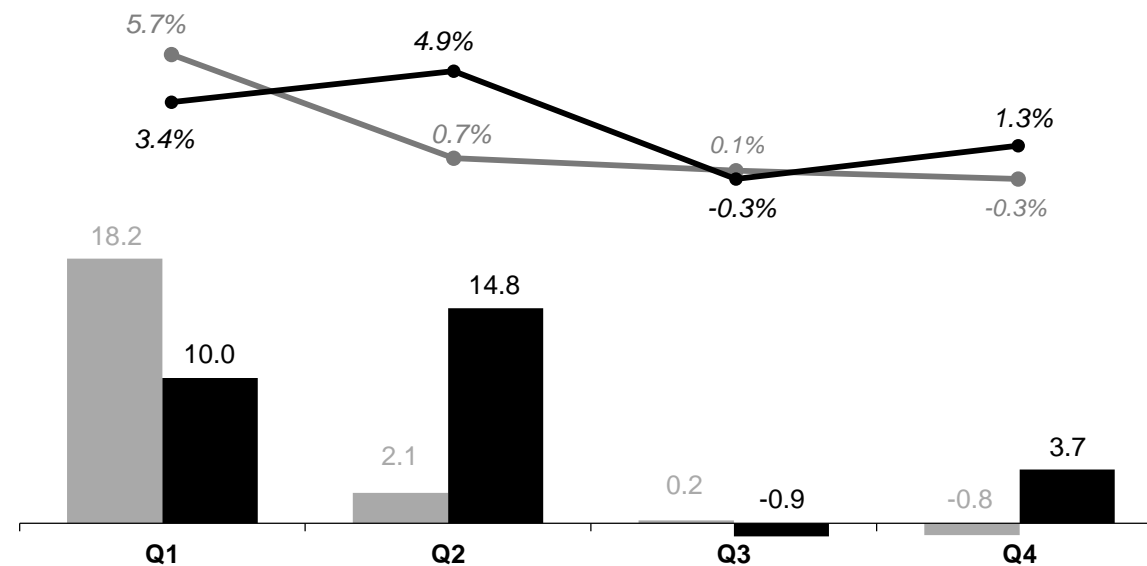
ZUMTOBEL GROUP – REVENUE AND EBIT DEVELOPMENT

## ZUMTOBEL GROUP

### REVENUES



### ADJUSTED EBIT<sup>1)</sup>



■ Revenues 2017/18  
In EUR million

■ Revenues 2018/19  
In EUR million

■ Adjusted EBIT 2017/18  
in EUR million

■ Adjusted EBIT 2018/19  
in EUR million

—●— Adjusted EBIT 2017/18  
as a % of revenues

—●— Adjusted EBIT 2018/19  
as a % of revenues

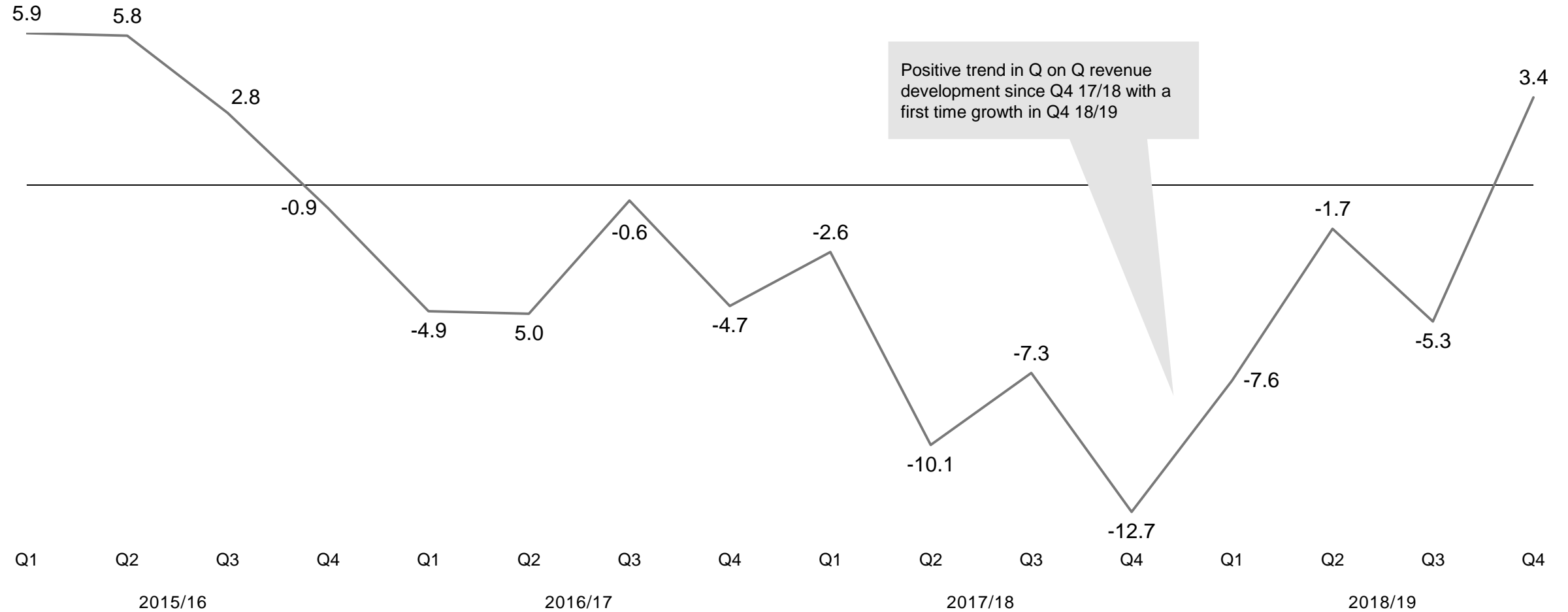
1) Reported EBIT  
adjusted for  
special effects

Revenues FY 2018/19 EUR 1,162.0 million (minus 2.9%)  
Revenues FY 2017/18 EUR 1,196.5 million

Adjusted EBIT FY 2018/19 EUR 27.6 million (margin of 2.4%)  
Adjusted EBIT FY 2017/18 EUR 19.7 million (margin of 1.6%)

# Q4 SHOWS AN INCREASE IN REVENUES – FOR THE FIRST TIME IN 13 QUARTERS

ZUMTOBEL GROUP – SALES DEVELOPMENT BY QUARTER VS PY PERIOD IN %



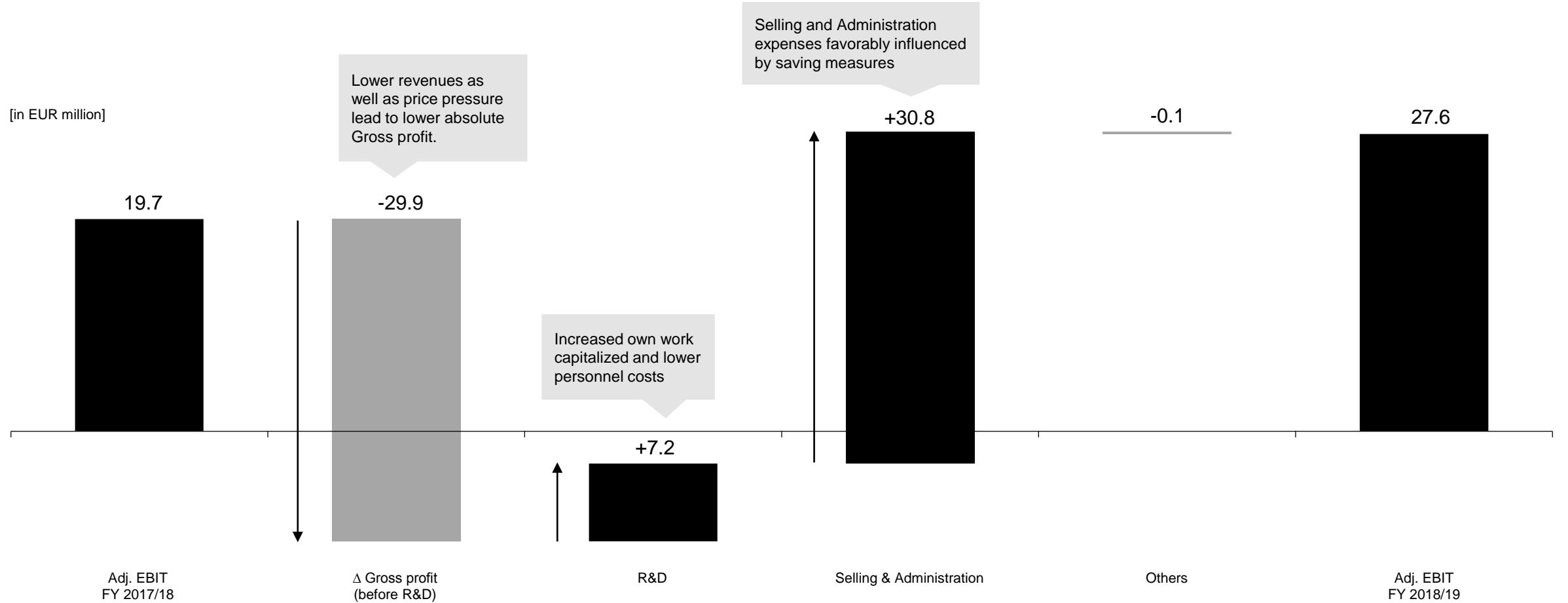
## SUBSTANTIAL DECLINE IN GREAT BRITAIN (MINUS 11%) AND USA

ZUMTOBEL GROUP – REGIONAL REVENUE DISTRIBUTION

in EUR million	Q4 2018/19	Change in %	FY 2018/19	Change in %	
				nominal	FX adjusted
D/A/CH	88.5	6.4	355.9	-0.5	-0.6
Northern Europe	67.9	1.1	250.7	-7.8	-7.3
Benelux & Eastern Europe	42.4	-3.5	173.6	-5.0	-1.7
Southern Europe	46.3	2.9	178.2	-0.4	-0.4
Asia & Pacific	28.8	10.2	120.9	0.4	1.5
Middle East & Africa	17.9	7.5	58.5	5.8	4.3
America	6.4	0.1	24.3	-18.2	-20.0
<b>Total</b>	<b>298.2</b>	<b>3.4</b>	<b>1,162.0</b>	<b>-2.9</b>	<b>-2.3</b>

# MAIN BUILDING BLOCKS OF THE ADJ. EBIT DEVELOPMENT

ZUMTOBEL GROUP – ADJ. EBIT BRIDGE





## NET LOSS FOR THE PERIOD AT MINUS EUR 15.2 MILLION

ZUMTOBEL GROUP – INCOME STATEMENT

in EUR million	FY 2018/19	FY 2017/18	Change in %
<b>Revenues</b>	<b>1,162.0</b>	<b>1,196.5</b>	<b>-2.9</b>
Cost of goods sold	-810.2	-822.7	-1.5
<b>Gross profit (w/o development)</b>	<b>351.8</b>	<b>373.8</b>	<b>-5.9</b>
<i>as a % of revenues</i>	30.3	31.2	
SG&A expenses	-324.2	-354.2	-8.5
<b>Adjusted EBIT</b>	<b>27.6</b>	<b>19.7</b>	<b>40.6</b>
<i>as a % of revenues</i>	2.4	1.6	
Special effects	-25.0	-27.0	7.4
<b>EBIT</b>	<b>2.7</b>	<b>-7.3</b>	<b>&gt;100</b>
<i>as a % of revenues</i>	0.2	-0.6	
Financial results	-12.8	-16.4	22.1
<b>Profit before tax</b>	<b>-10.1</b>	<b>-23.7</b>	<b>57.4</b>
Income taxes	-5.2	-23.0	-77.6
<b>Net profit for the period</b>	<b>-15.2</b>	<b>-46.7</b>	<b>67.4</b>
<b>Earnings per share ( in EUR)</b>	<b>-0.35</b>	<b>-1.08</b>	<b>67.4</b>

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

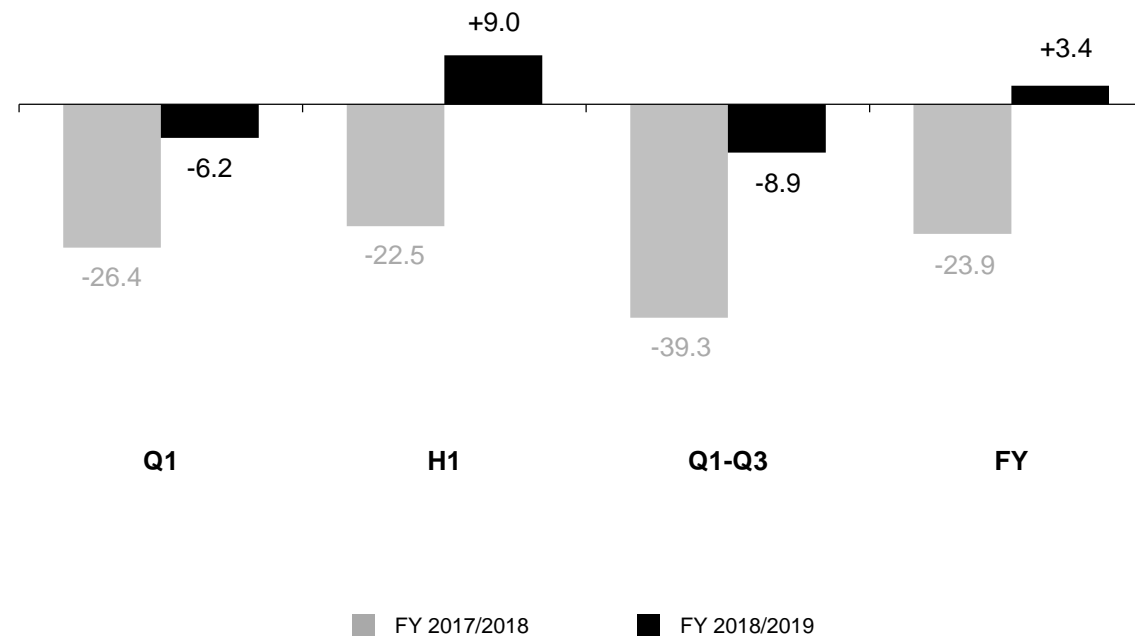
## FREE CASH FLOW AT EUR 3.4 MILLION (PY MINUS EUR 23.9 MILLION)

ZUMTOBEL GROUP – CASH FLOW STATEMENT

in EUR million	FY 2018/19	FY 2017/18
Cash flow from operating results	56.8	53.5
Change in working capital	13.5	18.8
Change in other operating items	6.7	-16.8
Taxes paid/received	-4.2	-5.8
<b>Cash flow from operating activities</b>	<b>72.7</b>	<b>49.7</b>
Proceeds from the sale of non-current assets	1.6	4.2
Capital expenditures on non-current assets	-66.2	-69.0
Change in current and non-current financial assets	-4.6	-2.7
Change in liquid funds from changes in the consolidation range	0.0	-3.2
<b>Cash flow from investing activities</b>	<b>-69.3</b>	<b>-73.6</b>
<b>Free cash flow</b>	<b>3.4</b>	<b>-23.9</b>

## FREE CASH FLOW DEVELOPMENT

(cumulative figures in EUR million)



## REDUCTION OF THE BALANCE SHEET TOTAL TO EUR 920.9 MILLION

ZUMTOBEL GROUP – KEY BALANCE SHEET DATA

in EUR million	30 April 2019	30 April 2018
Total assets	920.9	986.1
Net debt	148.7	146.3
<i>Debt coverage ratio</i>	2.66	2.70
Equity	262.8	268.3
<i>Equity ratio in %</i>	28.5	27.2
<i>Gearing in %</i>	56.6	54.5
Investments	66.2	69.0
Working capital	172.8	188.1
<i>As a % of rolling 12 months revenues</i>	14.9	15.7

Net debt totalled EUR 148.7 million as of 30 April 2019 (30 April 2018: EUR 146.3 million)

### Solid liquidity position backed by (as of 30 April):

- Consortium credit agreement with a term ending Nov. 2022 and a max. volume of EUR 200 million, whereof EUR 25 million drawn
- Short-term bilateral credit agreement with a volume of EUR 40 million (bullet repayment in January 2020; fully drawn)
- Two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB) (bullet repayment in September 2024, respectively February 2025; both fully drawn)
- Uncommitted lines of credit totalling EUR 61.4 million

### Financial covenants attached to financing fully met as of 30 April 2019:

- Debt coverage ratio (=net debt/EBITDA) < 3.5  
✓ **2.66 (PY 2.70)**
- Equity ratio > 25%  
✓ **28.5% (PY 27.2%)**

→ Testing on 31 Oct as well 30 April

## PRO-FORMA EFFECTS OF IFRS 16 IMPLEMENTATION IN FY 2019/20

ZUMTOBEL GROUP – IMPLEMENTATION OF IFRS 16

Income Statement	In EUR million
EBITDA	14.6
Depreciation	(13.4)
EBIT	1.1
Interest Result	(1.9)
Net Income	(0.8)

Balance Sheet	In EUR million
Change of net debt	52.9

- **Extension of the Balance Sheet**

- Recognition of “Right of Use Asset“
- Recognition of „Lease Liability“

- **Impact on Income Statement**

- **Increase of EBITDA:** No expenses for rent / leasing
- **Increase of EBIT:** Expenses for Rent / Leasing are broken down into depreciation of “Right of Use Asset” and interest on “Lease Liability”
- **Decrease of interest result:** interest on “Lease Liability”

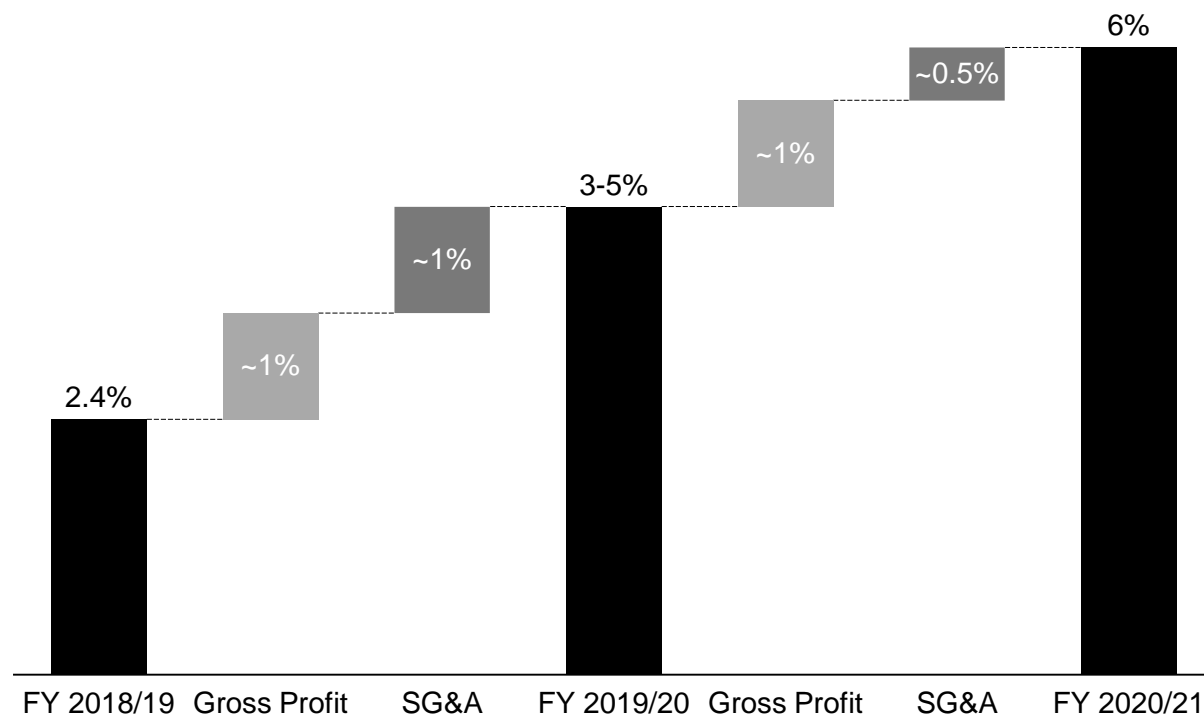
- Change in accounting standard has no impact on underlying cash flows

→ **Implementation as of 1 May 2019**

# ZUMTOBEL GROUP OUTLOOK: 2019/20 WILL BE A PERIOD OF TRANSFORMATION

GUIDANCE 2019/20 AND MEDIUM-TERM GOAL

- 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 challenging 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 3-5% (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.



## Action plan to generate EBIT margin of 6%

Gross Profit

- Slight increase in revenues
- Improved margins: FOCUS markets as well as sustainable and profitable applications
- Improved production costs: Ramp up of production plant in Nis/ Serbia

SG&A

- Lean organisation for competitive cost base in administration & sales
- Digitalisation of business processes

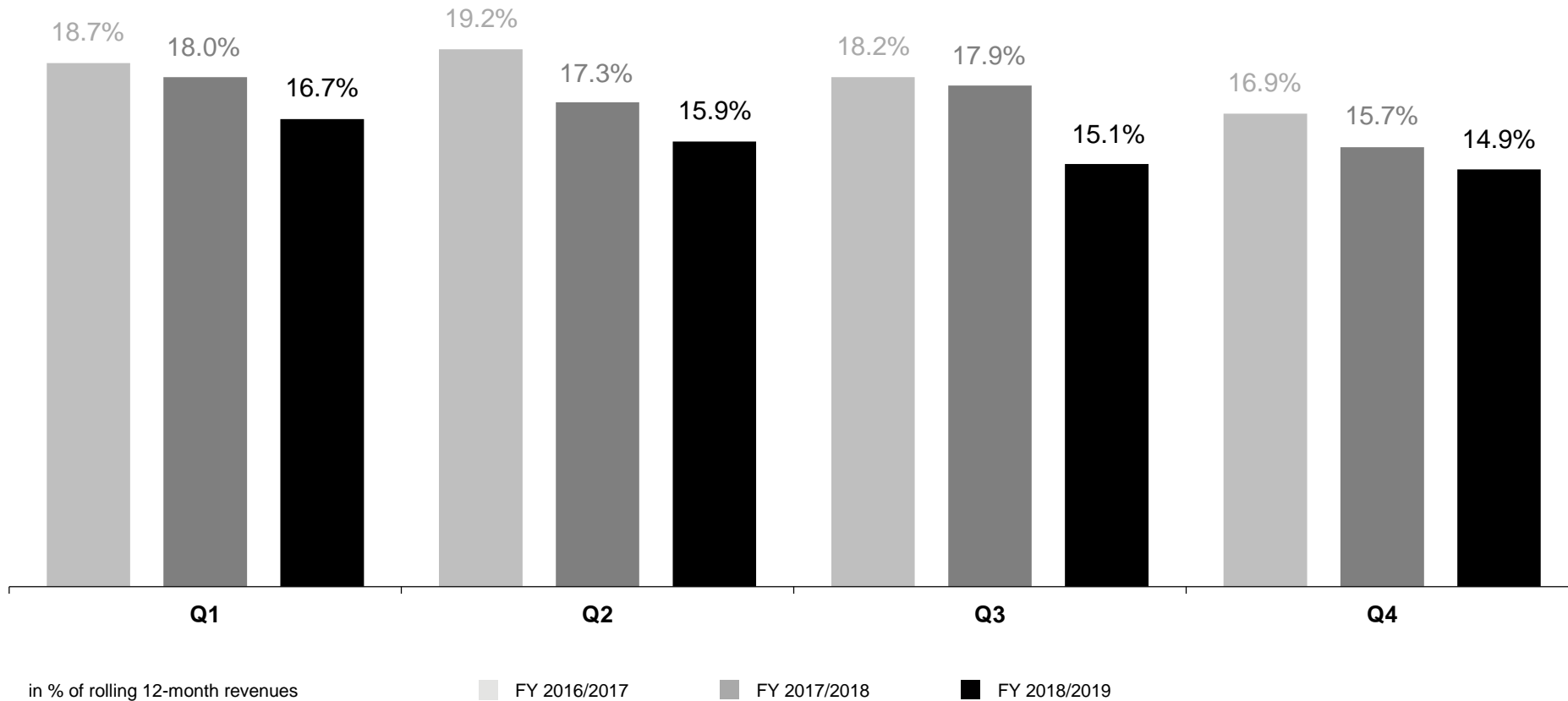


# BACK-UP

FY 2018/19

# WORKING CAPITAL BELOW PRIOR YEAR LEVEL

ZUMTOBEL GROUP – WORKING CAPITAL



- Working capital at EUR 172.8 million as of 30 April 2019 (30 April 2018: EUR 188.1 million)
- In % of rolling 12-month revenues, working capital down to 14.9% (PY: 15.1%)

## SUPPLEMENT DATA REGARDING SEGMENT REPORTING

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18	FY 2018/19	FY 2017/18
<b>Net revenues</b>	<b>873,685</b>	<b>908,315</b>	<b>348,304</b>	<b>352,733</b>	<b>-59,972</b>	<b>-64,532</b>	<b>1,162,017</b>	<b>1,196,516</b>
External revenues	869,811	908,155	292,178	288,310	30	51	1,162,017	1,196,516
Inter-company revenues	3,875	160	56,126	64,423	-60,001	-64,583	0	0
<b>Adjusted EBIT</b>	<b>21,141</b>	<b>9,443</b>	<b>25,399</b>	<b>31,375</b>	<b>-18,902</b>	<b>-21,163</b>	<b>27,638</b>	<b>19,655</b>
Special effects	-16,954	-21,602	-7,500	-3,056	-515	-2,292	-24,969	-26,951
<b>Operating profit/loss</b>	<b>4,543</b>	<b>-12,160</b>	<b>17,899</b>	<b>28,319</b>	<b>-19,772</b>	<b>-23,455</b>	<b>2,670</b>	<b>-7,296</b>
<b>Investments</b>	<b>35,864</b>	<b>49,889</b>	<b>26,352</b>	<b>12,720</b>	<b>4,911</b>	<b>14,493</b>	<b>67,127</b>	<b>77,103</b>
<b>Depreciation</b>	<b>-36,331</b>	<b>-41,633</b>	<b>-12,557</b>	<b>-12,406</b>	<b>-4,273</b>	<b>-7,416</b>	<b>-53,161</b>	<b>-61,456</b>



## FIVE-YEAR OVERVIEW

in EUR million	2018/19	2017/18	2016/17	2015/16	2014/15
Revenues	1,162.0	1,196.5	1,303.9	1,356.5	1,312.6
Adjusted EBIT	27.6	19.7	72.4	58.7	66.5
<i>as a % of revenues</i>	2.4	1.6	5.6	4.3	5.1
Net profit/loss for the period	-15.2	-46.7	25.2	11.9	11.9
<i>as a % of revenues</i>	-1.3	-3.9	1.9	0.9	0.9
Total assets	920.9	986.1	1,019.6	1,068.6	1,086.3
Equity	262.8	268.3	334.0	333.2	322.6
<i>Equity ratio in %</i>	28.5	27.3	32.8	31.2	29.7
Net debt	148.7	146.3	91.0	134.8	148.2
Cash flow from operating results	56.8	53.5	116.8	84.8	103.1
Investments	66.2	69.0	45.2	58.4	76.6
<i>as a % of revenues</i>	5.7	5.8	3.5	4.3	5.8
R&D total	66.2	73.4	82.4	87.9	79.0
<i>as a % of revenues</i>	5.7	6.1	6.3	6.5	6.0
Headcount incl. contract worker (full-time equivalent)	5,878	6,224	6,562	6,761	7,234

## FINANCIAL CALENDAR

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

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# **THANK YOU**

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