

Zumtobel Group AG

H1 2017/18

5 December 2017

Weak revenues dynamic leads to lower profitability

Financials H1 FY 2017/18 at a glance

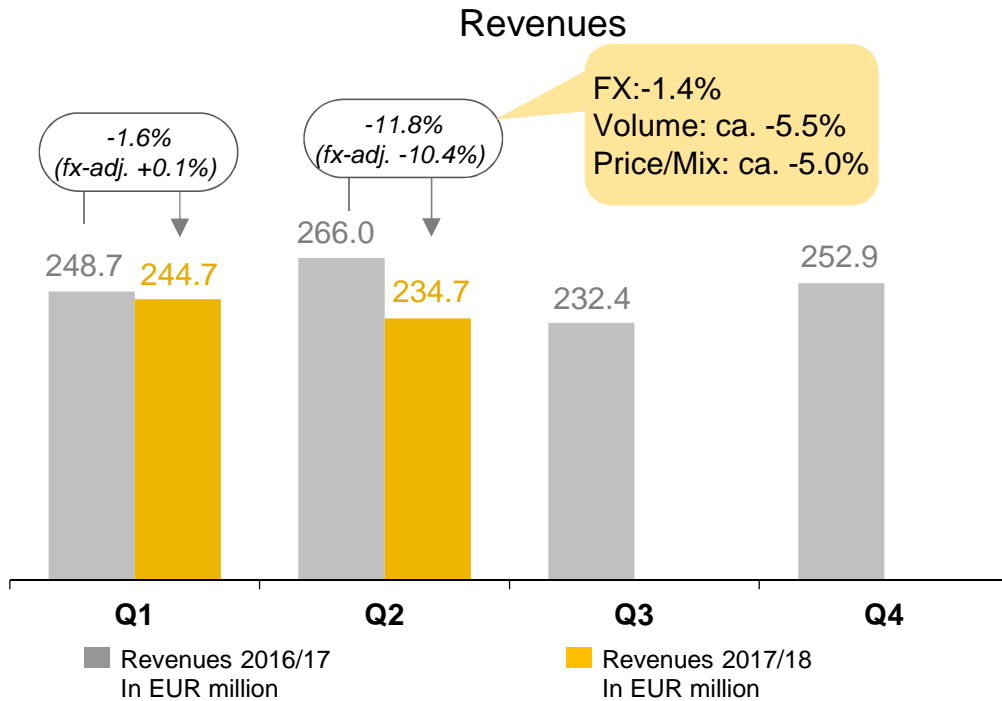
- Group revenues fx-adjusted 4.6% below prior year
- Revenues from the sale of LED products increase by 3.4% and the LED share of Group revenues stands now at 79.3%.
- Group adj. EBIT decreases from EUR 50.0 million to EUR 20.3 million driven by:
 - missing contribution from revenues growth
 - ongoing price pressure
 - negative FX transaction effect (GBP)
 - substantially higher warranty provisions
- Ground-breaking for the new production plant in Serbia
- Sale of Les Andelys (France) plant finalised
- Adjustment of revenue and earnings guidance for the full 2017/18 financial year in connection with the announcement of preliminary half-year results on 15 November 2017



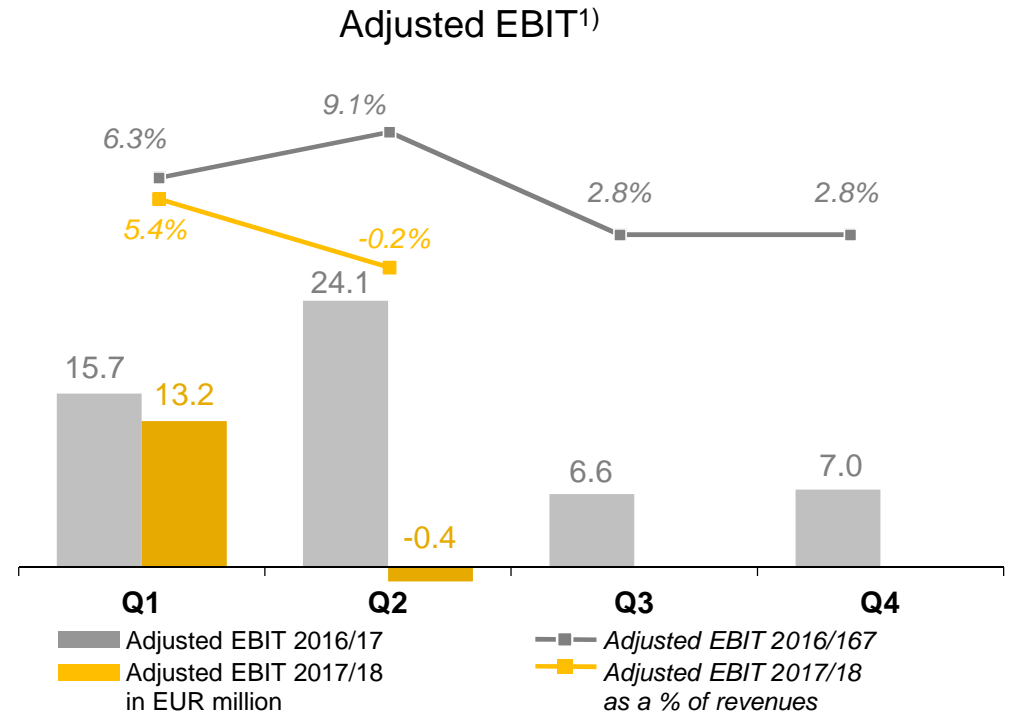
Significant decline in revenues as well as in adjusted EBIT

Lighting Segment – Revenue and EBIT development

Lighting Segment



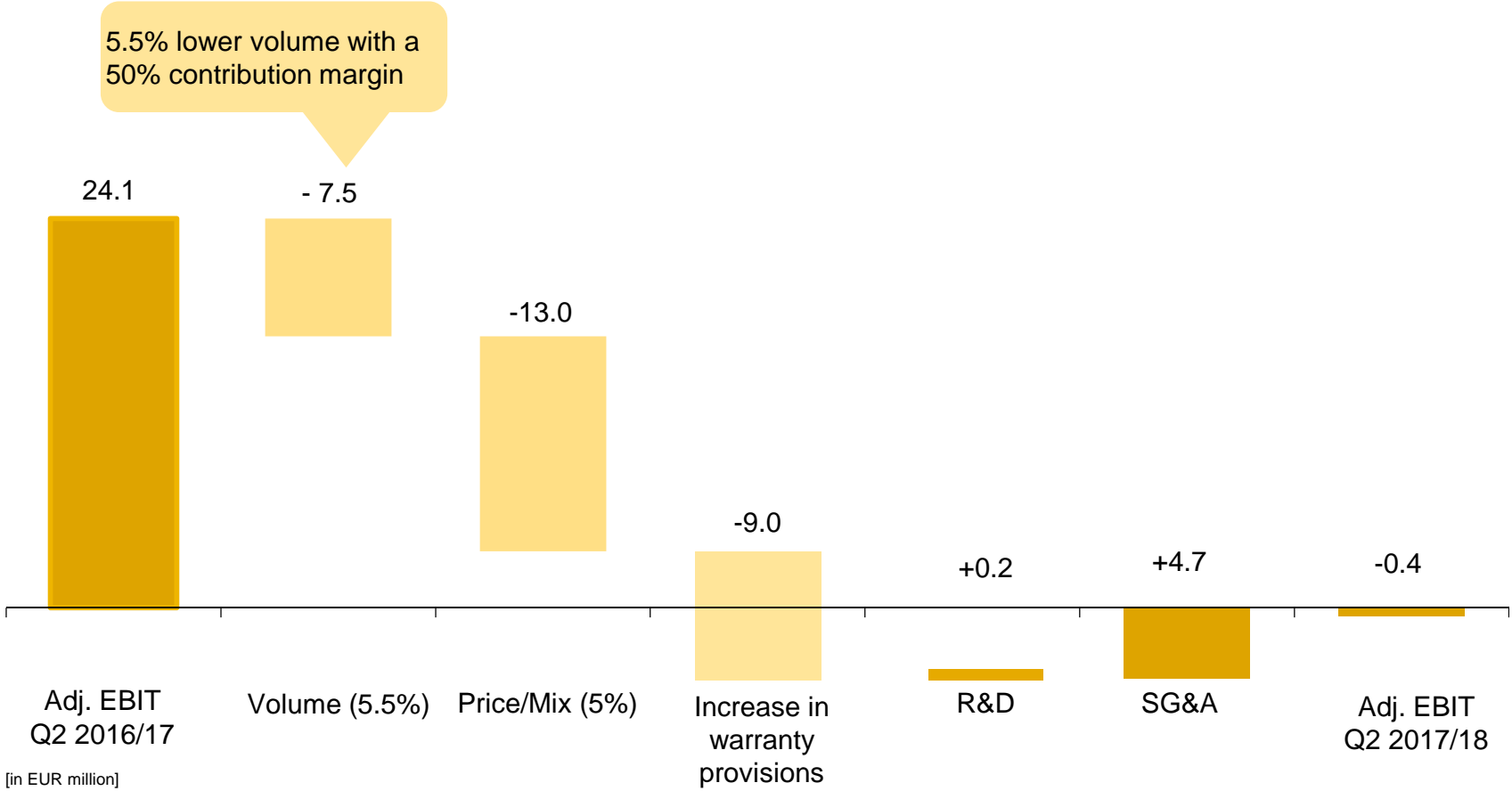
Revenues H1 FY 2017/18 EUR 479.4 million (minus 6.8%)
 Revenues H1 FY 2016/17 EUR 514.6 million



Adjusted EBIT H1 FY 2017/18 EUR 12.8 million (margin of 2.7%)
 Adjusted EBIT H1 FY 2016/17 EUR 39.9 million (margin of 7.7%)

1) Reported EBIT adjusted for special effects

Simplified illustration to highlight main building blocks of the adj. EBIT development Lighting Segment – adj. EBIT Q2 2016/17 vs. Q2 2017/18

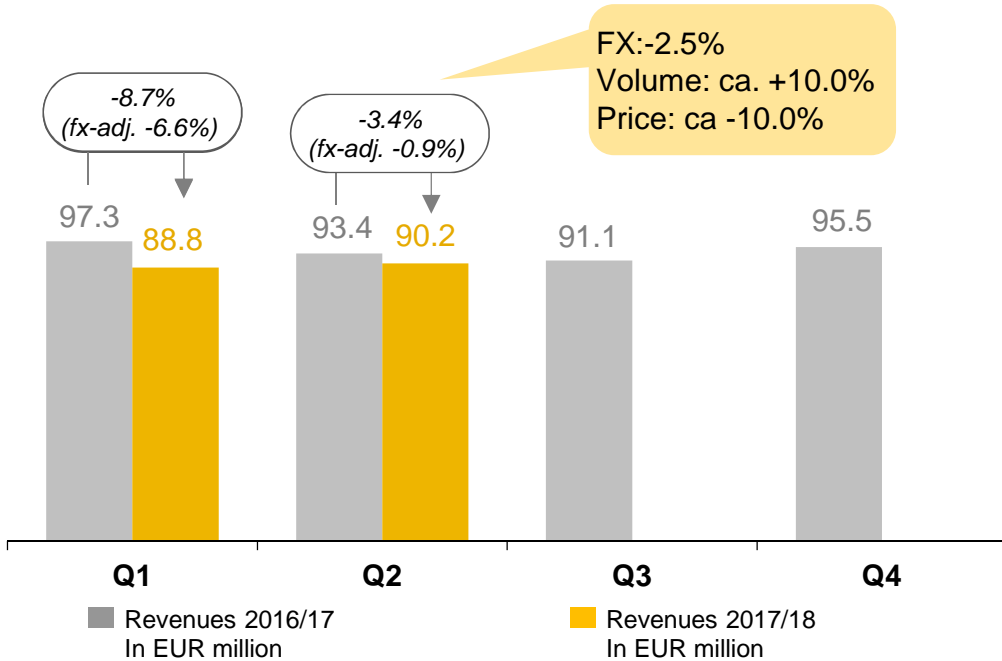


Stabilisation of revenues dynamic

Components Segment – Revenue and EBIT development

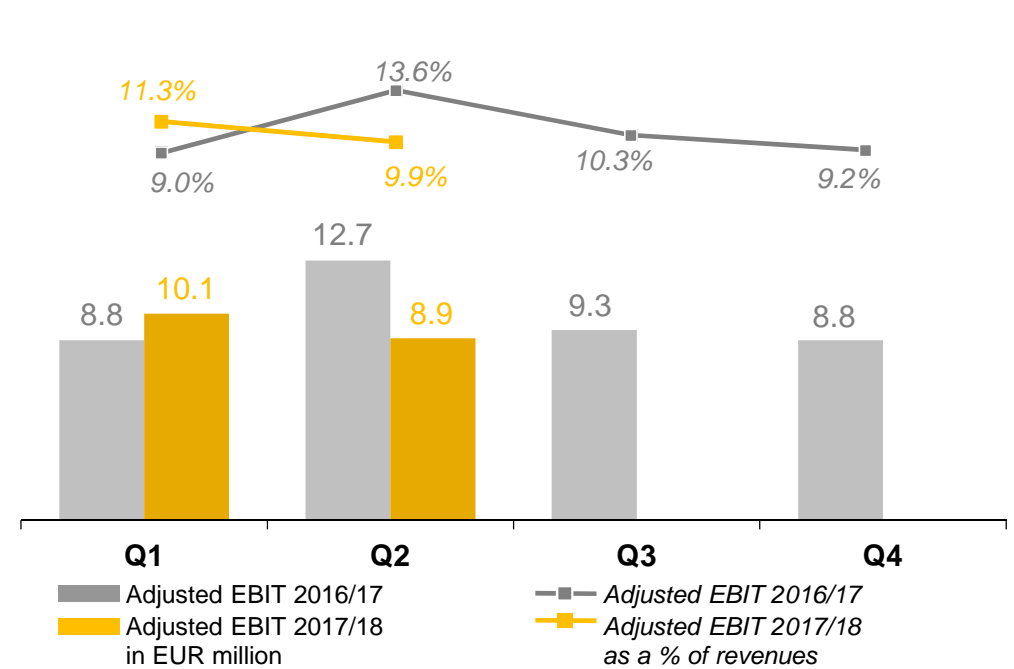
Components Segment

Revenues



Revenues H1 FY 2017/18 EUR 179.0 million (minus 6.1%)
 Revenues H1 FY 2016/17 EUR 190.7 million

Adjusted EBIT¹⁾



Adjusted EBIT H1 FY 2017/18 EUR 19.0 million (margin of 10.6%)
 Adjusted EBIT H1 FY 2016/17 EUR 21.5 million (margin of 11.3%)

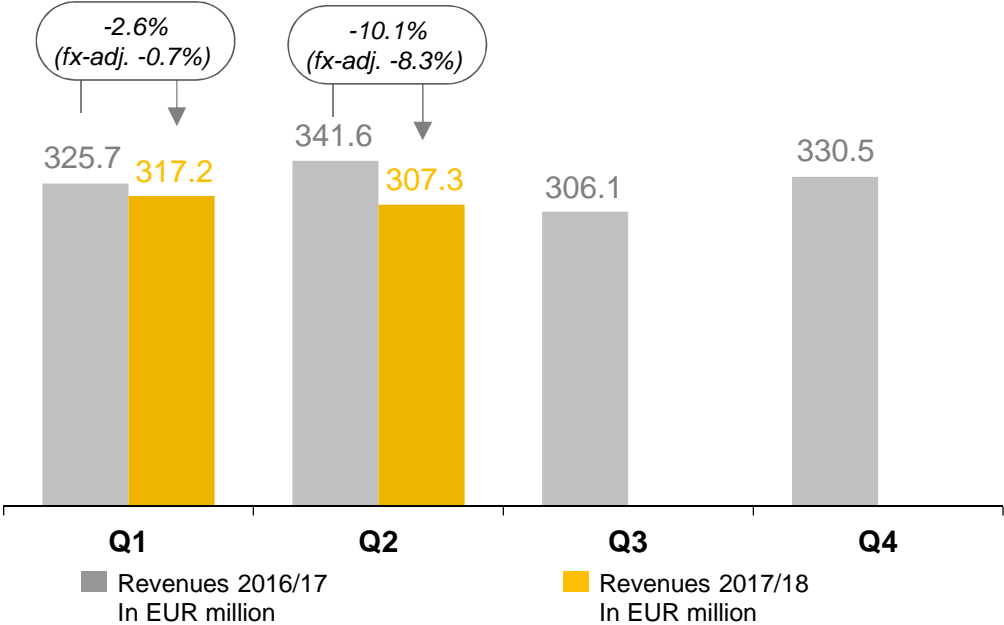
1) Reported EBIT adjusted for special effects

Lack of revenue growth leads to lower profitability

Zumtobel Group – Revenue and EBIT development

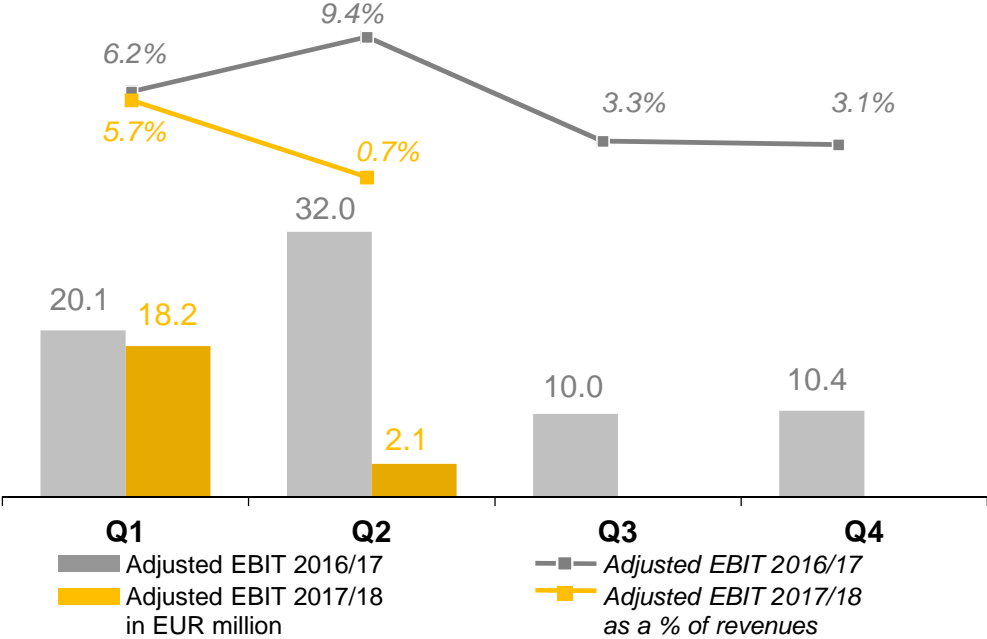
Zumtobel Group

Revenues



Revenues H1 FY 2017/18 EUR 624.4 million (minus 6.4%)
 Revenues H1 FY 2016/17 EUR 667.3 million

Adjusted EBIT¹⁾

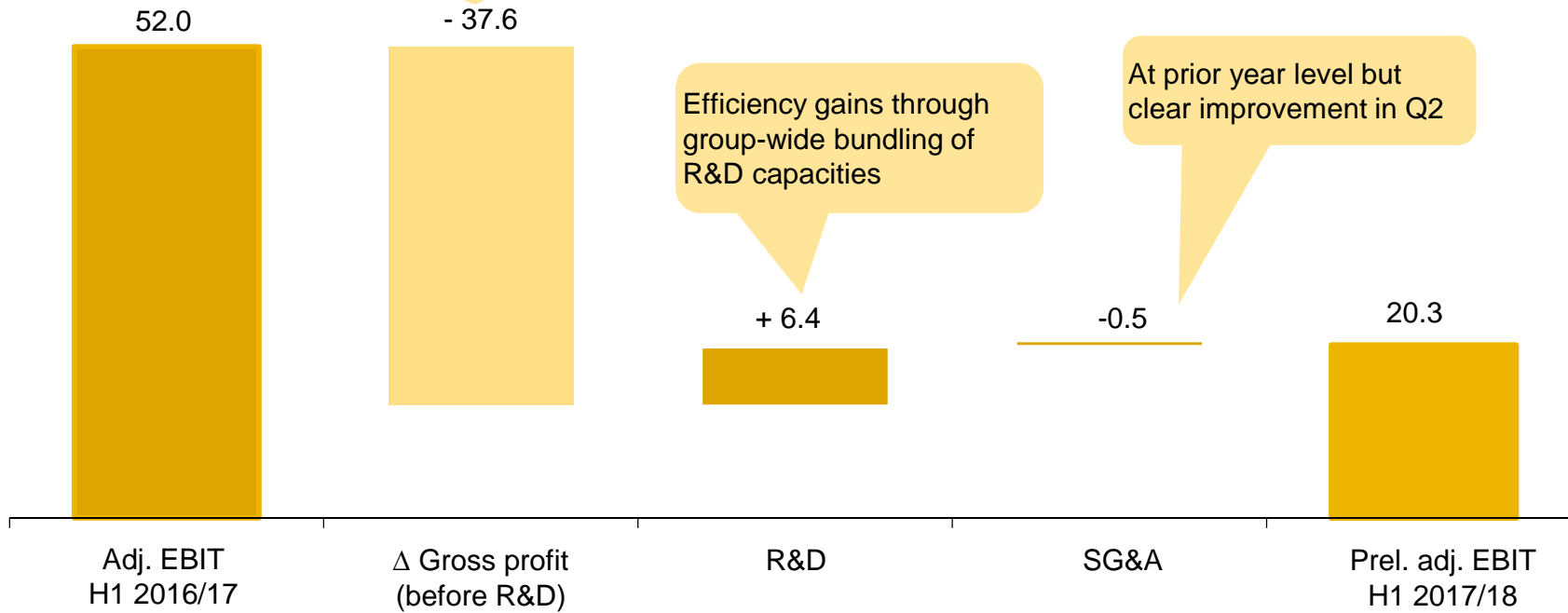


Adjusted EBIT H1 FY 2017/18 EUR 20.3 million (margin of 3.3%)
 Adjusted EBIT H1 FY 2016/17 EUR 52.0 million (margin of 7.8%)

1) Reported EBIT adjusted for special effects

Simplified illustration to highlight main building blocks of the adj. EBIT development Zumtobel Group – adj. EBIT H1 2016/17 vs. H1 2017/18

Lower volume, increasing price pressure (approx. 2.5% in Q2 and 5.0% in Q2 in the Lighting Segment) as well as increase in warranty provision lead to lower absolute Gross profit.



[in EUR million]

Net profit for the period at EUR 7.7 million

Zumtobel Group – Income statement

in EUR million	H1 2017/18	H1 2016/17	Change in %
Revenues	624.4	667.3	-6.4
Cost of goods sold	-390.3	-395.6	-1.3
Gross profit (w/o development)	234.1	271.7	-13.8
<i>as a % of revenues</i>	<i>37.5</i>	<i>40.7</i>	
R&D	-35.9	-42.3	-15.1
SG&A expenses	-177.9	-177.4	+0.3
Adjusted EBIT	20.3	52.0	-61.0
<i>as a % of revenues</i>	<i>3.3</i>	<i>7.8</i>	
Special effects	-4.1	-7.7	-45.7
EBIT	16.1	44.3	-63.6
<i>as a % of revenues</i>	<i>2.6</i>	<i>6.6</i>	
Financial results	-7.0	-8.3	-15.5
Profit before tax	9.1	36.0	-74.7
Income taxes	-1.4	-8.4	-83.0
Net profit for the period	7.7	27.6	-72.2
Earnings per share (in EUR)	0.18	0.64	

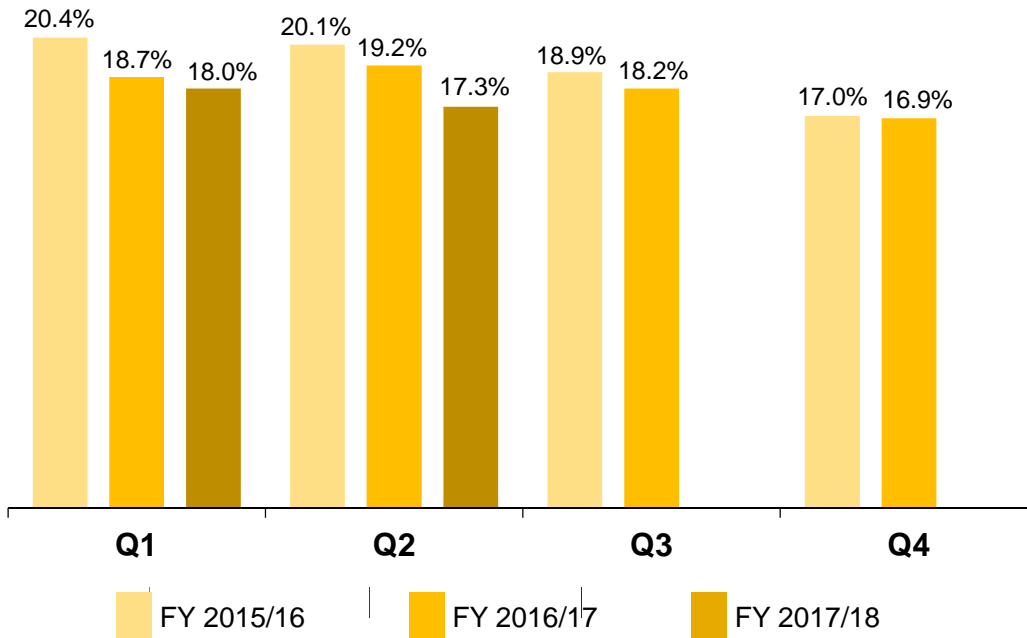
Special effects related to adjustments to the global plant network

Working capital below prior year level

Zumtobel Group – Working capital

Working capital

in % of rolling 12-month revenues



- Working capital at EUR 218.7 million as of 31 October 2017 (31 October 2016: EUR 254.0 million)
- In % of rolling 12-month revenues, working capital down to 17.3% (H1 PY: 19.2%)

Revenues decline in all major markets, particularly in UK

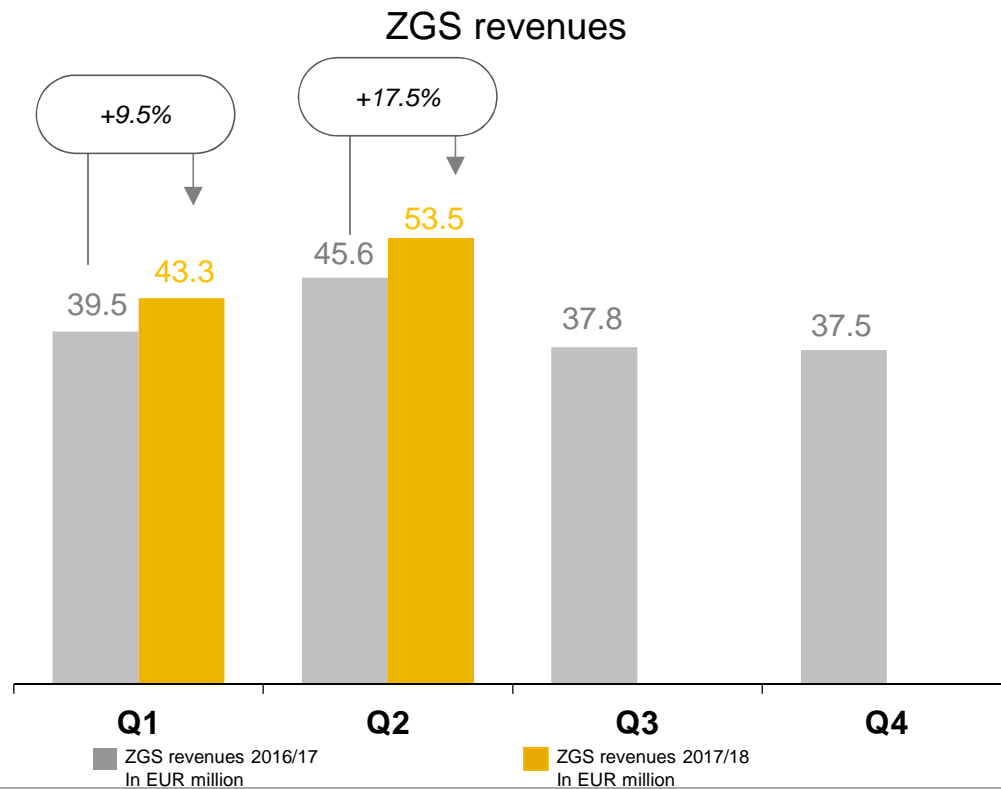
Zumtobel Group – Regional revenue distribution

	Q2 2017/18		H1 FY2017/18		
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	
				nominal	FX adjusted
D/A/CH	97.0	-7.6	190.7	-5.7	-4.9
Northern Europe	65.3	-26.2	142.9	-17.0	-13.0
Benelux & Eastern Europe	49.3	+7.5	92.8	+9.0	+10.2
Southern Europe	40.7	-8.8	89.4	-5.3	-5.3
Asia & Pacific	34.2	+5.7	65.1	0.3	+2.9
Middle East & Africa	12.3	-16.7	26.8	-7.3	-6.0
America	8.4	-20.2	16.7	-14.9	-12.4
Total	307.3	-10.1	624.4	-6.4	-4.6

ZGS revenues grow by 17.3% to EUR 53.5 million in Q2

Zumtobel Group – ZGS revenue development

Zumtobel Group



- Evolved customer needs drive new integral service offerings
- ZGS bundles all services of the Zumtobel Group within one business unit
- Turn Key solutions as well as connectivity systems (incl. emerging lighting) are the biggest revenues drivers within the ZGS offering

Adjustment of revenue and adjusted EBIT forecast for the 2017/18 financial year

Zumtobel Group Outlook

- The general development of the professional lighting industry still remains below our original expectations and there are no signs of the hoped-for recovery in the near future
- Intense price competition in the lighting and components businesses
- Growing number of project postponements in Great Britain, the most important single market for the Zumtobel Group
- Significant cost saving measures implemented to counteract the expected revenues shortfall
- Adjustment of revenue and earnings guidance for the full 2017/18 financial year in connection with the announcement of preliminary half-year results on 15 November 2017: The Management Board now expects operating results (adjusted EBIT) of EUR 50 to 60 million and a decline of approximately 5% in revenues for the 2017/18 financial year. The previous forecast showed a slight year-on-year improvement in revenues (FY 2016/17: EUR 1,303.9 million) and adjusted Group EBIT (FY 2016/17: EUR 72.4 million)

Financial Calendar

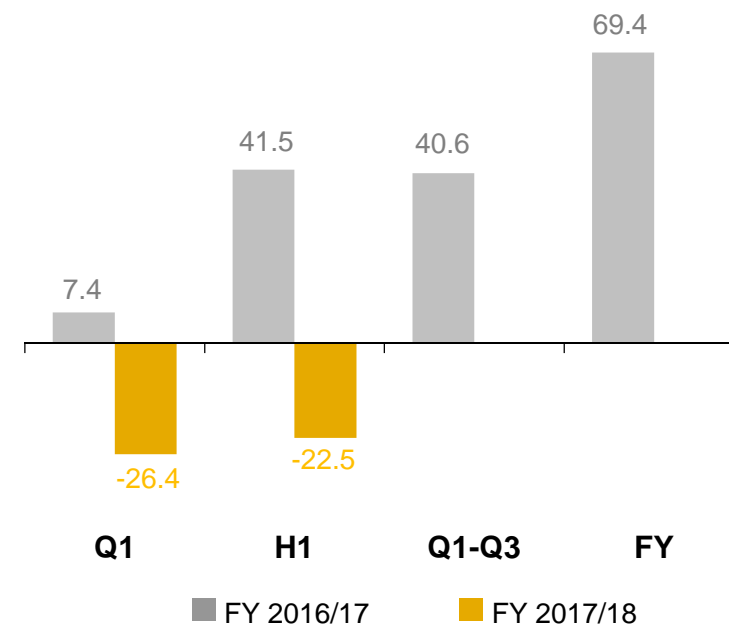
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|---------------------|--|--------------------------------|
| ▪ March 6, 2018 | Report on the First Three Quarters 2017/18 | (1 May 2017 – 31 January 2018) |
| ▪ June 28, 2018 | Annual Results 2017/18 | (1 May 2017 – 31 April 2018) |
| ▪ July 17, 2018 | Record Date for the Annual General Meeting | |
| ▪ July 27, 2018 | 42 nd Annual General Meeting | |
| ▪ July 31, 2018 | Ex-Dividend Day | |
| ▪ August 1, 2018 | Record Date Dividende | |
| ▪ August 2, 2018 | Dividend Payout Day | |
| ▪ September 4, 2018 | Report on the First Quarter 2018/19 | (1 May 2018 – 31 July 2018) |
| ▪ December 4, 2018 | Report on the First Half-year 2018/19 | (1 May 2018 – 31 October 2018) |
| ▪ March 5, 2019 | Report on the First Three Quarters 2018/19 | (1 May 2018 – 31 January 2019) |

Free cash flow at minus EUR 22.5 million Zumtobel Group – Cash flow statement

in EUR million	H1 2017/18	H1 2016/17
Cash flow from operating results	41.47	75.5
Change in working capital	-3.1	-27.8
Change in other operating items	-22.3	10.0
Taxes paid/received	-2.2	-2.8
Cash flow from operating activities	13.9	55.0
Proceeds from the sale of non-current assets	3.9	0.1
Capital expenditures on non-current assets	-33.3	-19.7
Change in current and non-current financial assets	-3.8	6.1
Change in liquid funds from changes in the consolidation range	-3.2	0
Cash flow from investing activities	-36.3	-13.5
Free cash flow	-22.5	41.5
Cash flow from financing activities	15.3	-37.8
Effects of exchange rate changes on cash and cash equivalents	-2.6	-0.2
Change in cash and cash equivalents	-9.8	3.4

Free cash flow development

(cumulative figures in EUR million)



Continued solid balance sheet structure and secured liquidity position

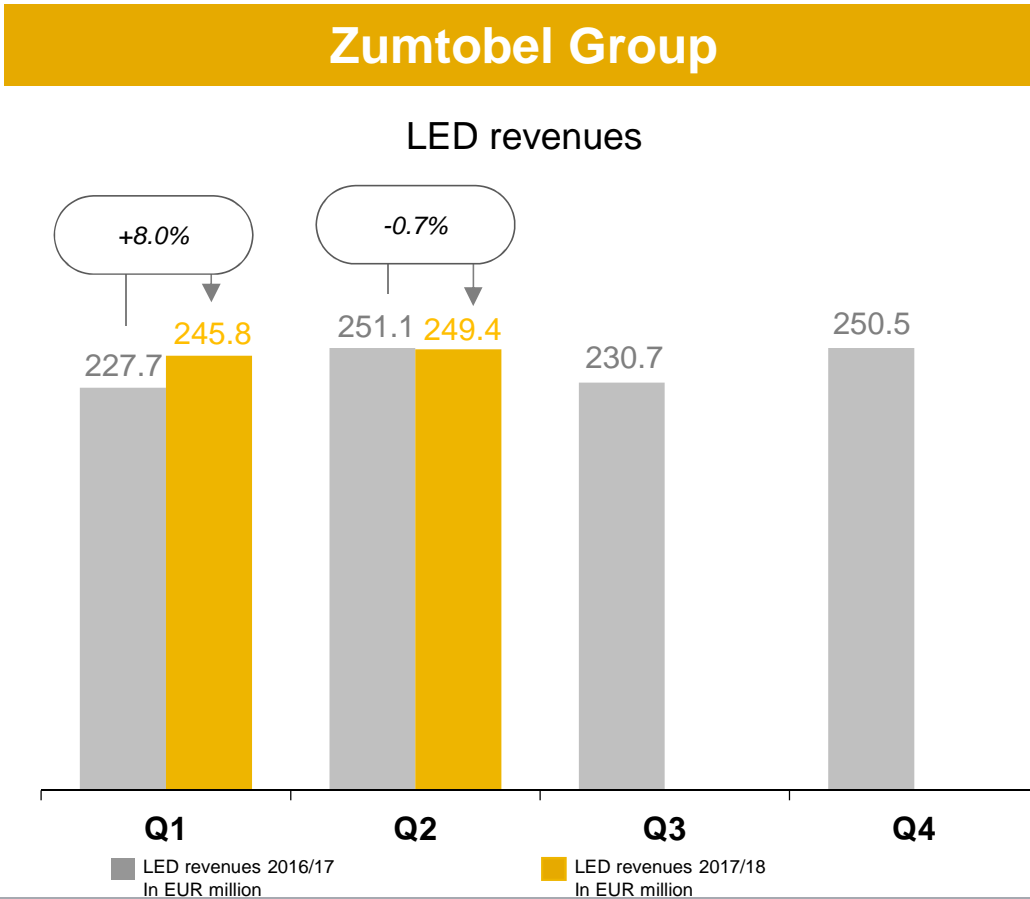
Zumtobel Group – Key balance sheet data

in EUR million	31 October 2017	30 April 2017
Total assets	1,005.7	1,019.6
Net debt	135.8	91.0
<i>Debt coverage ratio</i>	1.91	0.86
Equity	330.0	334.0
<i>Equity ratio in %</i>	32.8	32.8
<i>Gearing in %</i>	41.1	27.2
Investments	33.3	45.2
Working capital	218.7	220.1
<i>As a % of rolling 12 months revenues</i>	17.3	16.9

- Net debt totalled EUR 135.8 million as of 31 October 2017 (31 October 2017: EUR 119.9 million)
- Secure liquidity position backed by:
 - Syndicated credit facility with a term ending November 2022 and a current max. volume of EUR 300 million (EUR 95 million drawn by 31 October 2017)
 - Two bilateral bank credit agreements of EUR 40 million each with a term extending to September 2018 respectively January 2020 (fully drawn by 31 October 2017)
 - Uncommitted lines of credit totalling EUR 84.7 million as of 31 October 2017

LED share of group revenues increases to 79.3% (H1 PY: FY 2016/17: 71.8%)

Zumtobel Group – LED revenue development



- LED revenues in H1 FY 2017/18 grow by 3.4% to EUR 495.2 million
- LED share of group revenues increases to 79.3% (H1 PY: 71.8%)
- Lighting Segment increases sales with LED products by 2.6% to EUR 376.0 million (LED Penetration 78.4%)
- LED sales in Components Segment grow by 3.3% to EUR 150 million flat (LED Penetration 83.8%)

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

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Many thanks for your attention!

Disclaimer

The facts and information contained herein constitute forward-looking statements as of the date they were made and based upon assumptions as to future events or circumstances that may not prove to be complete or accurate. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and are difficult to predict. Therefore, actual outcomes or results may differ materially from what is expressed, implied or forecasted in these statements. Neither Zumtobel Group AG nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, expressed or implied, as to the accuracy or completeness of the facts and information contained in this document or the related oral presentation thereof, including responses to questions following the presentation. Neither Zumtobel Group AG nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document, the facts and/or information.

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