

Zumtobel Group AG

H1 2018/19

4 December 2018

Improvement of profitability despite challenging market environment

Financials H1 2018/19 at a glance

- Group revenues 4.7% below prior year, UK (minus 15%) and negative FX effects (FX adj. minus 3.2%) remain the biggest drag
- Components Segment on previous year level (fx-adjusted plus 0.7%) but weakening order intake
- Group adj. EBIT increase from EUR 20.3 million to EUR 24.8 million driven by:
 - Improved profitability despite decrease in revenues and continuing price pressure – selling, administrative & development expenses favorably influenced by saving measures
 - PY was negatively impacted by substantially higher warranty provision
- Net profit at EUR 8.8 million (PY: EUR 7.7 million)
- Financial covenants tested successfully:
 - Debt coverage ratio: 2.42 (requirement <3.5)
 - Equity ratio: 29.0% (requirement >25%)
- Guidance confirmed - slight year-on-year improvement in adjusted Group EBIT

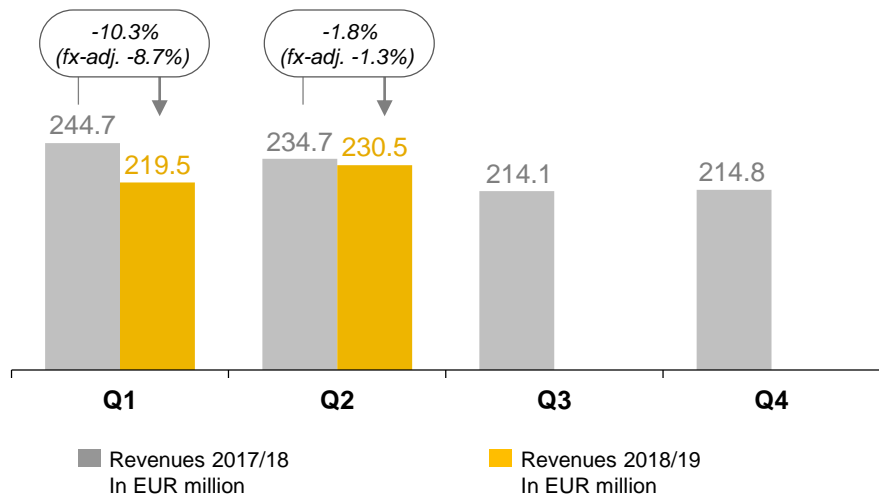


Improved profitability despite continuing decrease of revenues

Lighting Segment – Revenue and EBIT development

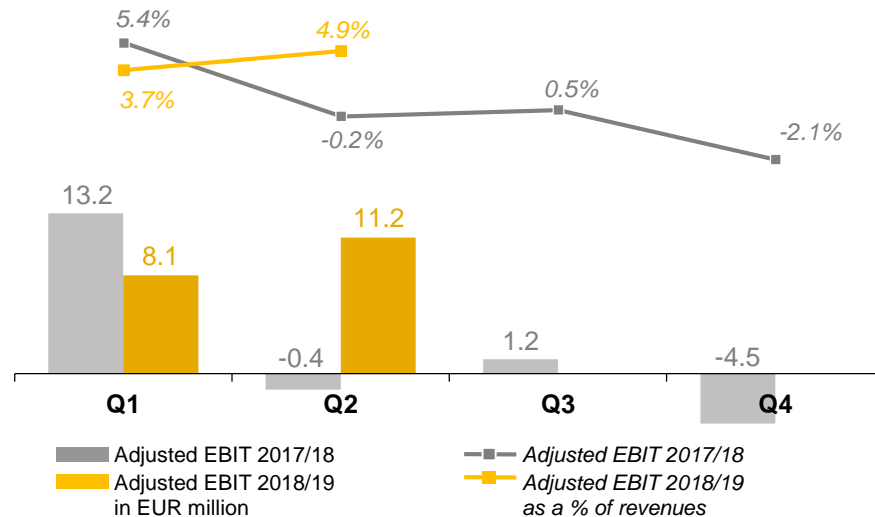
Lighting Segment

Revenues



Revenues H1 2018/19 EUR 450.0 million (minus 6.1%)
 Revenues H1 2017/18 EUR 479.4 million

Adjusted EBIT¹⁾



Adjusted EBIT H1 2018/19 EUR 19.4 million (margin of 4.3%)
 Adjusted EBIT H1 2017/18 EUR 12.8 million (margin of 2.7%)

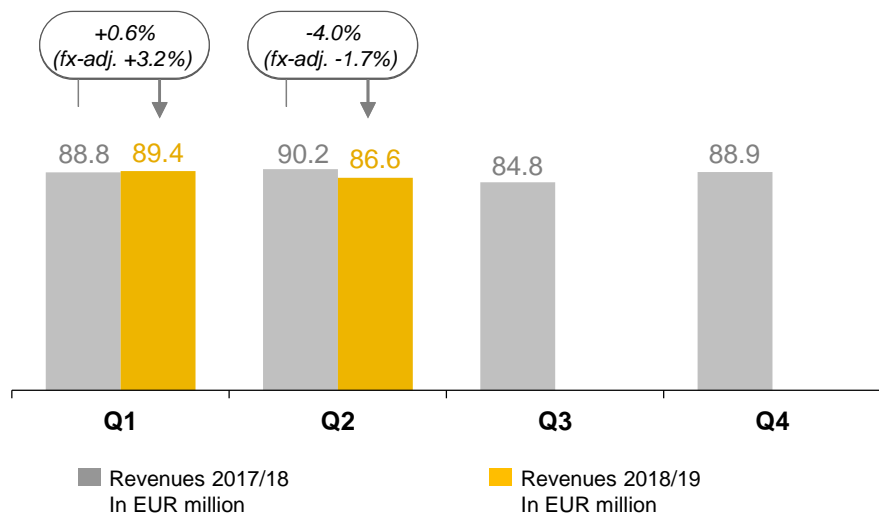
1) Reported EBIT adjusted for special effects

Stabilization of adjusted EBIT development

Components Segment – Revenue and EBIT development

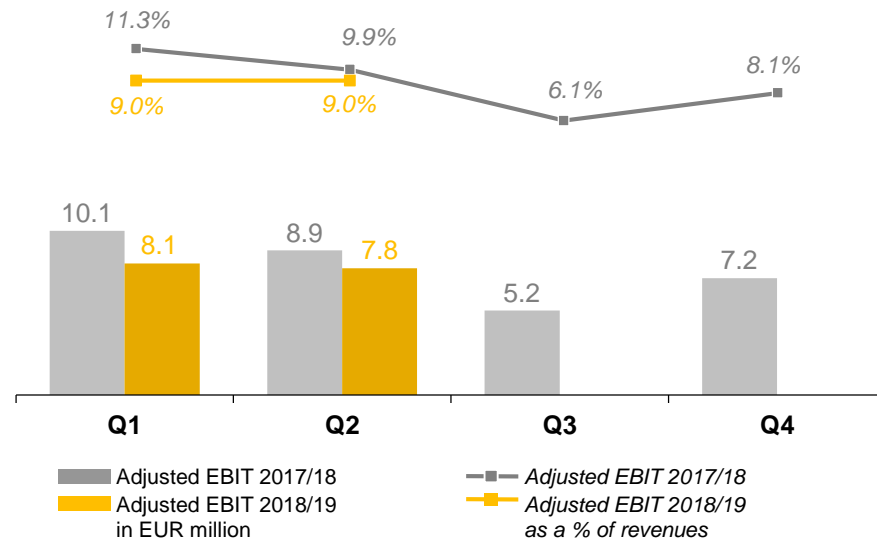
Components Segment

Revenues



Revenues H1 2018/19 EUR 176.0 million (minus 1.7%)
 Revenues H1 2017/18 EUR 179.0 million

Adjusted EBIT¹⁾



Adjusted EBIT H1 2018/19 EUR 15.9 million (margin of 9.0%)
 Adjusted EBIT H1 2017/18 EUR 19.0 million (margin of 10.6%)

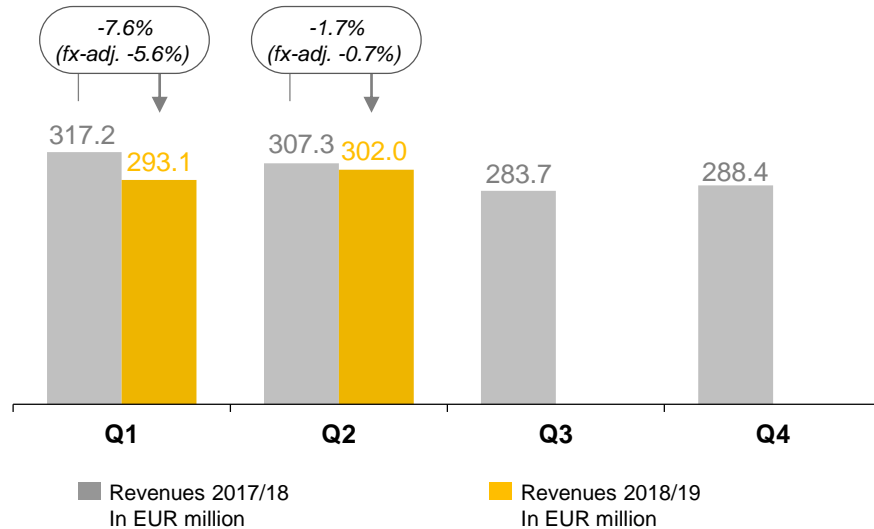
1) Reported EBIT adjusted for special effects

Profitability favorably influenced by saving measures

Zumtobel Group – Revenue and EBIT development

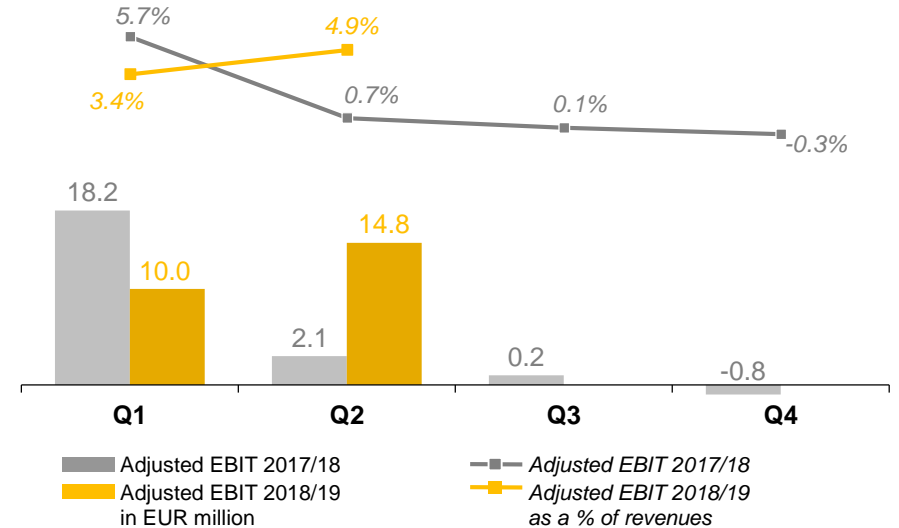
Zumtobel Group

Revenues



Revenues H1 2018/19 EUR 595.1 million (minus 4.7%)
 Revenues H1 2017/18 EUR 624.4 million

Adjusted EBIT¹⁾

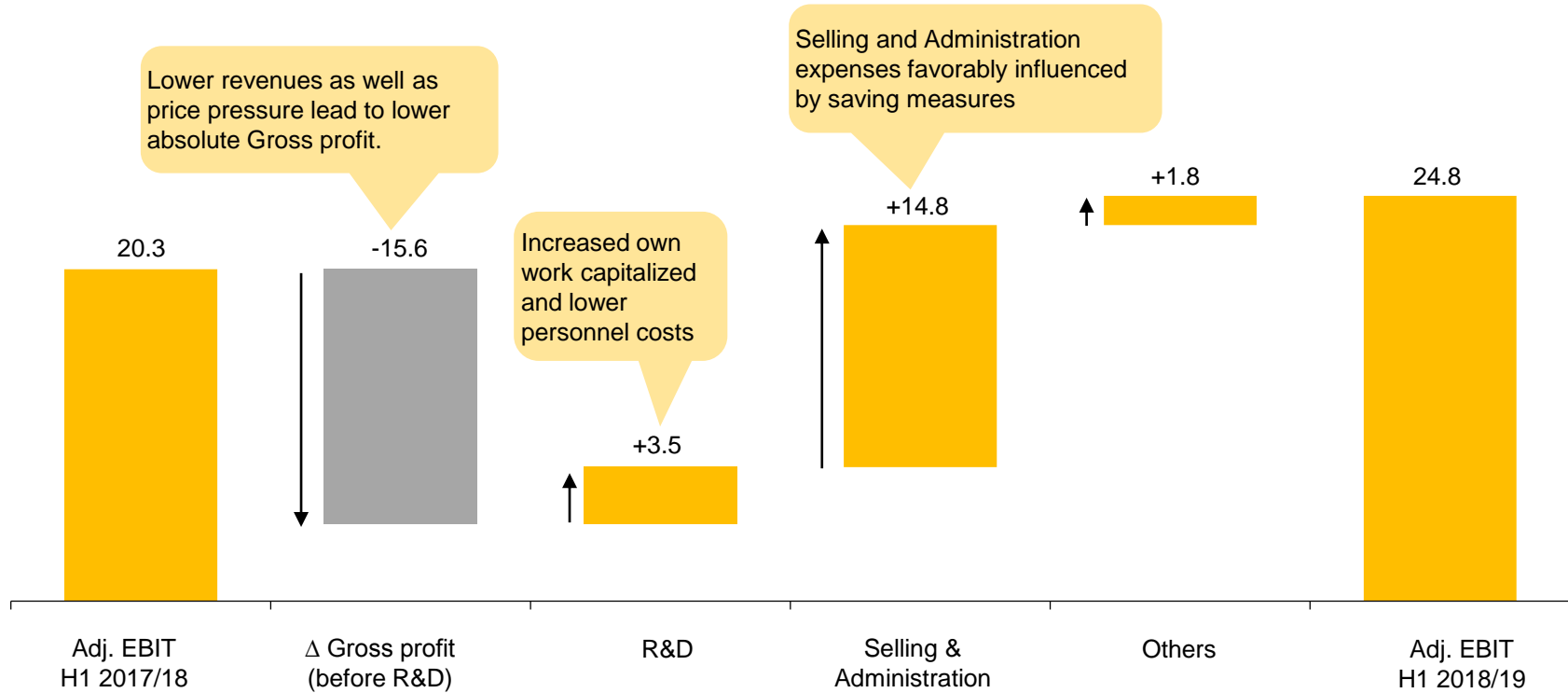


Adjusted EBIT H1 2018/19 EUR 24.8 million (margin of 4.2%)
 Adjusted EBIT H1 2017/18 EUR 20.3 million (margin of 3.3%)

1) Reported EBIT adjusted for special effects

Main building blocks of the adj. EBIT development

Zumtobel Group – adj. EBIT H1 2017/18 to H1 2018/19



[in EUR million]

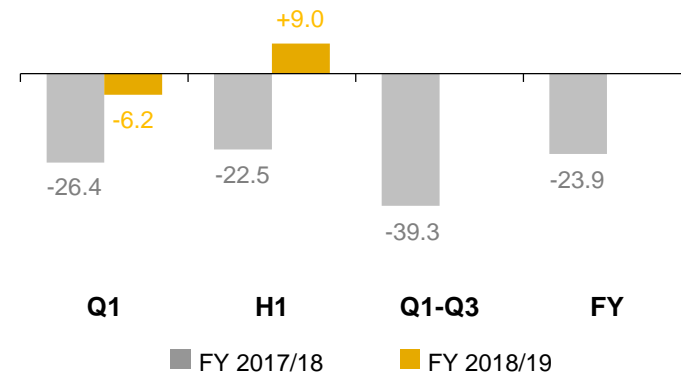
Free cash flow at plus EUR 9.0 million (H1 PY minus EUR 22.4 million)

Zumtobel Group – Cash flow statement

in EUR million	H1 2018/19	H1 2017/18
Cash flow from operating results	45.3	41.4
Change in working capital	0.5	-3.1
Change in other operating items	-2.7	-22.3
Taxes paid/received	-1.6	-2.2
Cash flow from operating activities	41.6	13.9
Proceeds from the sale of non-current assets	0.6	3.9
Capital expenditures on non-current assets	-33.3	-33.3
Change in current and non-current financial assets	0.1	-3.8
Change in liquid funds from changes in the consolidation range	0.0	-3.2
Cash flow from investing activities	-32.6	-36.3
Free cash flow	9.0	-22.5

Free cash flow development

(cumulative figures in EUR million)



Balance sheet structure unchanged – Financial covenants fully met on 31. October

Zumtobel Group – Key balance sheet data

in EUR million	31 October 2018	30 April 2018
Total assets	977.3	986.1
Net debt	142.1	146.3
<i>Debt coverage ratio</i>	<i>2.42</i>	<i>2.70</i>
Equity	283.3	268.3
<i>Equity ratio in %</i>	<i>29.0</i>	<i>27.2</i>
<i>Gearing in %</i>	<i>50.2</i>	<i>54.5</i>
Investments	33.3	69.0
Working capital	185.5	188.1
<i>As a % of rolling 12 months revenues</i>	<i>15.9</i>	<i>15.7</i>

- Net debt totalled EUR 142.1 million as of 31 October 2018 (30 April 2018: EUR 146.3 million)
 - Solid liquidity position backed by:
 - Consortium credit agreement with a term ending November 2022 and a current max. volume of EUR 220 million (EUR 90 million drawn by 31 October 2018)
 - Two bilateral bank credit agreements of EUR 40 million each with a term extending to January 2020 and September 2024, respectively (fully drawn by 31 October 2018)
 - Uncommitted lines of credit totalling EUR 67.7 million as of 31 October 2018
 - Financial covenants attached to financing:
 - Debt coverage ratio (=net debt/EBITDA) < 3.5
 - Equity ratio > 25%
- ➔ Testing on 31 Oct as well 30 April

Substantial decline in Great Britain and USA

Zumtobel Group – Regional revenue distribution

in EUR million	Q2 2018/19	Change in %	H1 2018/19	Change in %	
				nominal	FX adjusted
D/A/CH	96.1	-0.9	184.1	-3.5	-2.6
Northern Europe	63.7	-2.5	126.7	-11.4	-10.7
Benelux & Eastern Europe	47.3	-4.1	92.4	-0.4	1.6
Southern Europe	41.9	2.9	90.7	1.4	1.4
Asia & Pacific	31.6	-7.7	61.7	-5.3	-3.7
Middle East & Africa	14.8	20.5	27.4	2.5	3.8
America	6.7	-20.7	12.1	-27.4	-26.4
Total	302.0	-1.7	595.1	-4.7	-3.7

Zumtobel Group Outlook – Guidance confirmed

Cautious optimism for the 2018/19 financial year

- We see 2018/19 as a year of transition in which we must do everything to stabilise the operating business and, at the same time, re-establish a stable foundation for profitable growth in the future.
- In view of the ongoing low visibility as well as the generally intensive price competition in the lighting industry and numerous macroeconomic issues (e.g. BREXIT, trade conflicts), a statement on the development of revenue in the second half-year is connected with substantial uncertainty.
- For the full 2018/19 financial year, the Management Board expects a slight year-on-year improvement in adjusted Group EBIT (FY 2017/18: EUR 19.7 million).
- The company has set a medium-term target to generate an EBIT margin of approx. 6% by the 2020/21 financial year.

Back-up

Net profit for the period at EUR 8.8 million

Zumtobel Group – Income statement

in EUR million	H1 2018/19	H1 2017/18	Change in %
Revenues	595.1	624.4	-4.7
Cost of goods sold	-376,6	-390,3	13,7
Gross profit (w/o development)	218,5	234,1	-15,6
<i>as a % of revenues</i>	36,7%	37,5%	
R&D	-32,4	-35,9	3,5
SG&A expenses	-161,3	-177,9	16,6
Adjusted EBIT	24,8	20,3	22,0
<i>as a % of revenues</i>	4,2	3,3	
Special effects	-5,6	-4,2	-100,0
EBIT	19,1	16,1	18,9
<i>as a % of revenues</i>	3,2	2,6	
Financial results	-7,6	-7,0	-7,9
Profit before tax	11,6	9,1	27,3
Income taxes	-2,8	-1,4	97,2
Net profit for the period	8,8	7,7	14,3
Earnings per share (in EUR)	0.20	0.18	

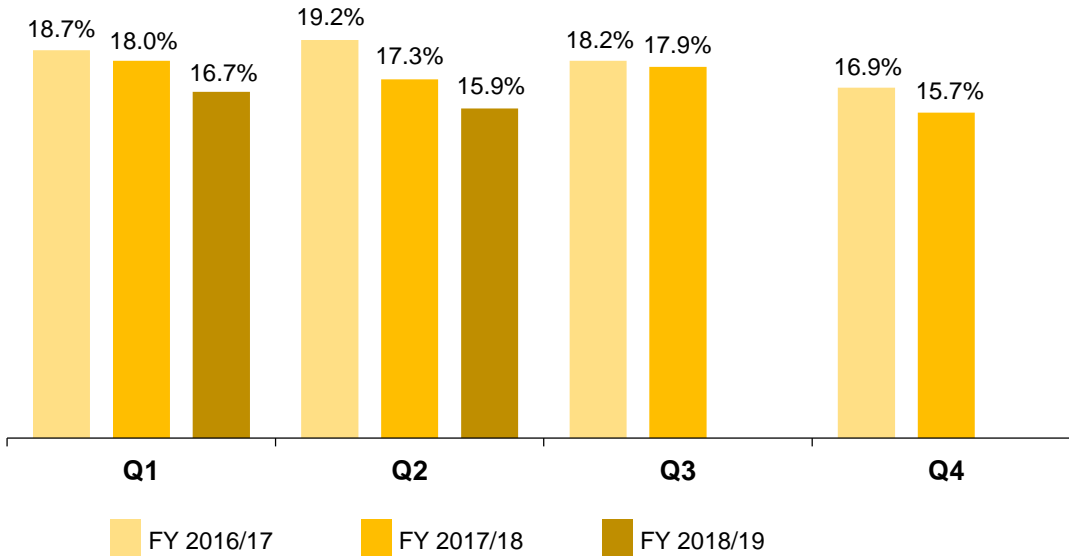
Special effects mainly related to reorganisation of management

Working capital below prior year level

Zumtobel Group – Working capital

Working capital

in % of rolling 12-month revenues



- Working capital at EUR 185.5 million as of 31 October 2018 (31 October 2017: EUR 218.6 million)
- In % of rolling 12-month revenues, working capital down to 15.9% (PY: 17.3%)

Supplement data regarding Segment Reporting

Zumtobel Group – Segment Reporting H1

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	1 HY 2018/19	1 HY 2017/18	1 HY 2018/19	1 HY 2017/18	1 HY 2018/19	1 HY 2017/18	1 HY 2018/19	1 HY 2017/18
Net revenues	449.998	479.424	175.957	179.041	-30.832	-34.051	595.122	624.414
External revenues	448.127	479.362	146.981	145.033	15	19	595.121	624.414
Inter-company revenues	1.871	62	28.976	34.008	-30.847	-34.070	0	0
Adjusted EBIT	19.382	12.842	15.889	18.997	-10.490	-11.532	24.781	20.307
Special effects	-4.791	4.171	-407	0	-435	28	-5.632	4.199
Operating profit/loss	14.591	8.671	15.481	18.997	-10.923	-11.560	19.149	16.108
Investments	18.663	15.058	12.409	7.242	2.238	10.968	33.309	33.268
Depreciation	-17.766	-15.238	-6.163	-6.426	-2.053	-2.704	-25.982	-24.368

Five-Year Overview

in EUR million	2017/18	2016/17	2015/16	2014/15	2013/14
Revenues	1,196.5	1,303.9	1,356.5	1,312.6	1,246.8
Adjusted EBIT	19.7	72.4	58.7	66.5	47.6
<i>as a % of revenues</i>	1.6	5.6	4.3	5.1	3.8
Net profit/loss for the period	-46.7	25.2	11.9	11.9	-4.8
<i>as a % of revenues</i>	-3.9	1.9	0.9	0.9	-0.4
Total assets	986.1	1,019.6	1,068.6	1,086.3	1,006.6
Equity	268.3	334.0	333.2	322.6	327.6
<i>Equity ratio in %</i>	27.3	32.8	31.2	29.7	32.5
Net debt	146.3	91.0	134.8	148.2	126.2
Cash flow from operating results	53.5	116.8	84.8	103.1	79.5
Investments	69.0	45.2	58.4	76.6	65.6
<i>as a % of revenues</i>	5.8	3.5	4.3	5.8	5.3
R&D total	73.4	82.4	87.9	79.0	71.8
<i>as a % of revenues</i>	6.1	6.3	6.5	6.0	5.8
Headcount incl. contract worker (full-time equivalent)	6,224	6,562	6,761	7,234	7,291

Financial Calendar

- | | | |
|--------------------|--|--------------------------------|
| ▪ March 5, 2019 | Report on the First Three Quarters 2018/19 | (1 May 2018 – 31 January 2019) |
| ▪ 27 June 2019 | Annual Results 2018/19 | (1 May 2018 – 30 April 2019) |
| ▪ 16 July 2019 | Record Date for the Annual General Meeting | |
| ▪ 26 July 2019 | 43 rd Annual General Meeting | |
| ▪ 30 July 2019 | Ex-Dividend Day | |
| ▪ 31 July 2019 | Record Date Dividend | |
| ▪ 2 August 2019 | Dividend Payout Day | |
| ▪ 3 September 2019 | Report on the First Quarter 2019/20 | (1 May 2019 - 31 July 2019) |
| ▪ 3 December 2019 | Report on the First Half-year 2019/20 | (1 May 2019 - 31 October 2019) |
| ▪ 3 March 2020 | Report on the First Three Quarters 2019/20 | (1 May 2018 - 31 January 2020) |

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Contacts:

Investor Relations

Tel.: +43 (5572) 509-1125

emanuel.hagspiel@zumtobelgroup.com

www.zumtobelgroup.com