

zumtobel group

# Q1 (May–July 2018)

Report on the 1<sup>st</sup> Quarter 2018/19 of Zumtobel Group AG

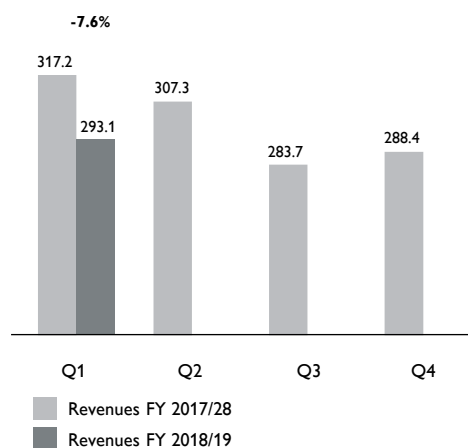


## Overview of the First Quarter 2018/19

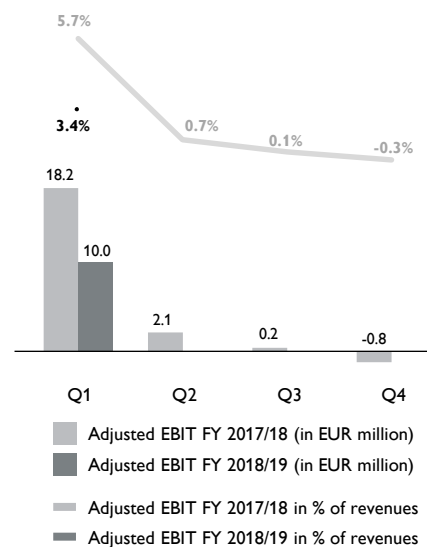
Key Data in EUR million	Q1 2018/19	Q1 2017/18	Change in %
Revenues	293.1	317.2	(7.6)
Adjusted EBIT	10.0	18.2	(45.0)
<i>as a % of revenues</i>	3.4	5.7	
EBIT	7.3	17.0	(57.4)
<i>as a % of revenues</i>	2.5	5.4	
Net profit/loss for the period	2.8	9.7	(71.2)
<i>as a % of revenues</i>	1.0	3.1	
Cash flow from operating results	21.0	29.7	(29.2)
Investments	15.5	20.6	(24.9)
	31 July 2018	30 April 2018	Change in %
Total assets	997.8	986.1	1.2
Equity	271.8	268.3	1.3
<i>Equity ratio in %</i>	27.2	27.2	
Net debt	156.3	146.3	6.8
Headcount incl. contract workers (full-time equivalent)	6,073	6,224	(2.4)

### Development of business by quarter

Revenues (in EUR million)



Adjusted EBIT



# Letter to Shareholders

Dear Shareholders,

Results for the first quarter of the current 2018/19 financial year show that the Zumtobel Group has taken the right strategic steps to stabilise the business and restore its radiance. We recorded a profit for the first time in three quarters in spite of the ongoing intensive price competition. This positive development was based, above all, on the efficiency and cost savings measures introduced by the new Management Board team, which led to a significant improvement in our cost structure.

The difficult industry environment, intense price competition and substantial declines in Great Britain, the most important single market for the Zumtobel Group, continue to have a negative effect on revenues. Group revenues declined by 7.6% year-on-year (FX-adjusted: 5.6%) to EUR 293.1 million. However, business development in the Components Segment was promising: for the first time in ten quarters, revenues increased slightly by 0.6% (FX-adjusted: plus 3.2%) over the previous year in the first quarter of 2018/19. The strong demand for Tridonic's intelligent LED components more than offset the declining sales of conventional electronic ballasts. The measures introduced by the new Management Board team in spring 2018 to stabilise the business led to a significant improvement in the cost basis for sales and administration during the first quarter of 2018/19. This cost reduction resulted, in particular, from the streamlining of the management teams as well as strict cost management. Against this background, adjusted Group EBIT amounted to EUR 10.0 million (previous year: EUR 18.2 million). The cost saving measures reduced fixed costs and again led to clear positive net profit of EUR 2.8 million (previous year: EUR 9.7 million).



Alfred Felder

## **Zumtobel Group strategy: Focus as the key principle for repositioning**

The first quarter of 2018/19 shows that we have returned to the right course. This is, however, only the start of a stable foundation for future profitable growth. We have set a goal with our new strategy to become the market leader in our target markets and application areas. In order to do this, we must increase our concentration on our core expertise. The key to our repositioning is: Focus. The Zumtobel Group's strategy comprises five strategic elements, all of which are derived from this strategic core term:

**Focus on Markets & Applications:** We will concentrate on our target markets and on sustainable, profitable applications. The focus for the Lighting Segment is on Europe, in the Components Segment we see our growth in the global market.

**Operational & Process Excellence:** In line with our Lean Management approach, we will continue to improve our cost basis in all areas (production, administration and sales). This will also include the increasing digitalisation of our business processes.

**Components:** We believe in the seamless interplay of components and lighting as the driver for digitalisation and innovation. Therefore, Tridonic represents an integral part of the Zumtobel Group.

**Unique Brands:** The Zumtobel Group has three strong core brands: Zumtobel, Thorn and Tridonic. In the Lighting Segment, we will follow a dual brand strategy (Zumtobel and Thorn) and a clearly differentiated portfolio to establish a successful market position.

**Services & Turnkey Solutions:** Services & Solutions are an integral part of the Zumtobel Group's Lighting and Components Segments and an important driver for future growth. Innovation takes place in all our products, technologies, services and business processes.

The clear goal of the Zumtobel Group is to create sustainable added value for all stakeholders (shareholders, customers and employees) with this new strategy. The company has set a medium-term target to generate an EBIT margin of approx. 6% by the 2020/21 financial year.

**Cautious optimism for the 2018/19 financial year**

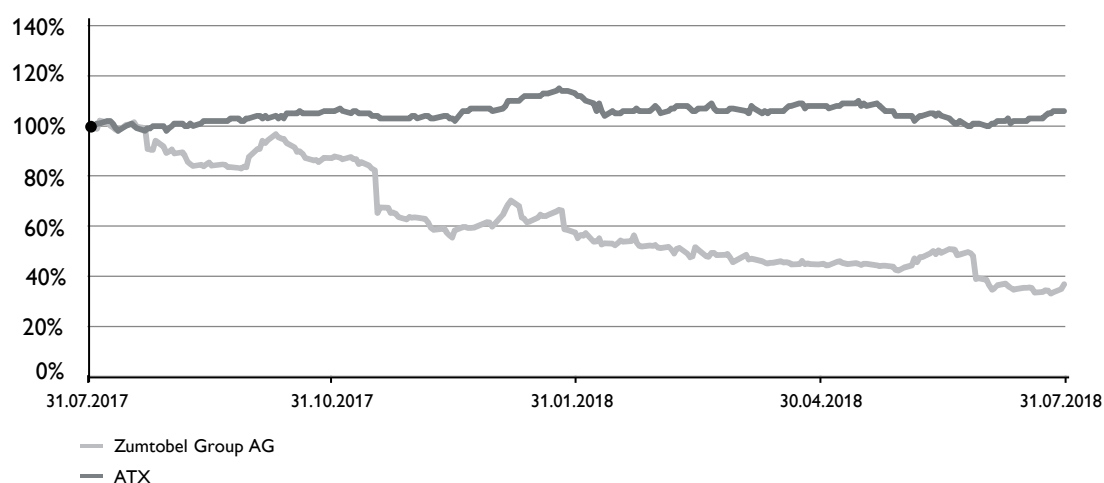
We see 2018/19 as a year of transition and confirm our previously issued guidance. In view of the challenging market conditions, we expect revenue declines in the first half-year. Our goal for the full 2018/19 financial year is to record a slight year-on-year improvement in adjusted Group EBIT (FY 2017/18: EUR 19.7 million).

Alfred Felder  
Chief Executive Officer (CEO)

## The Zumtobel Group Share

Based on an unchanged number of 43,5 million common shares outstanding, the market capitalisation of Zumtobel Group AG totalled EUR 268 million at the end of July 2018. There have been no major changes in the shareholder structure since the end of the 2017/18 financial year. The Zumtobel family has remained the stable core shareholder of Zumtobel Group AG since the initial public offering with a stake of over 35.0%. The stakes held by institutional investors as of 31 July 2018 were as follows: Lazard Freres Gestion SAS with an investment of over 5% and Erste Asset Management GmbH and Wellington Management Group LLP each with an investment of over 4%. The remaining shares are held primarily by other institutional investors. The average daily turnover on the Vienna Stock Exchange amounted to 297,452 shares in the first quarter of 2018/19 (double-count, as published by the Vienna Stock Exchange). The company held an unchanged number of 353,343 treasury shares as of 31 July 2018.

Development of the Zumtobel Group Share



### Key Data on the Zumtobel Group Share for the 1st quarter 2018/19

Closing price at 30.04.2018	EUR 7.500	Currency	EUR
Closing price at 31.07.2018	EUR 6.165	ISIN	AT0000837307
Performance Q1 2018/19	(17.8)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 31.07.2018	EUR 268 million	Market segment	ATX Prime
Share price - high at 18.06.2018	EUR 8.520	Reuters symbol	ZUMV.VI
Share price - low at 26.07.2018	EUR 5.550	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	297,452	Number of issued shares	43,500,000

# Group Management Report

## Development of revenues in the first quarter 2018/19

- >> Group revenues decline by 7.6% (FX-adjusted: minus 5.6%)
- >> LED share of Group revenues rises to 81.4% (Q1 2017/18: 77.5%)
- >> Lighting Segment revenues (FX-adjusted) 8.7% below previous year:
- >> Components Segment with first revenue increase in 10 quarters (FX-adjusted: plus 3.2%)

### FX-adjusted decline of 5.6% in Group revenues

In the first quarter of the 2018/19 financial year (1 May 2018 to 31 July 2018), Group revenues fell by 7.6% year-on-year to EUR 293.1 million (previous year: EUR 317.2 million). Revenue development was influenced by strong negative currency translation effects EUR 6.2 million, which resulted primarily from the increase in the euro versus the Swiss franc, Turkish lira and British pound. After an adjustment for these effects, the revenue decline equalled 5.6% for the reporting period. The LED share of Group revenues increased from 77.5% auf 81.4% during the past 12 months.

Segment development in EUR million	Q1 2018/19	Q1 2017/18	Change in %	FX adjusted in %
Lighting Segment	219.5	244.7	(10.3)	(8.7)
Components Segment	89.4	88.8	0.6	3.2
Reconciliation	(15.7)	(16.4)	(3.9)	
Zumtobel Group	293.1	317.2	(7.6)	(5.6)

### Lighting Segment- FX-adjusted revenues 8.7% below previous year

In the Lighting Segment, the industry trend still remains difficult. Revenue development was negatively influenced, above all, by significant weakness in Great Britain, the most important single market for the Zumtobel Group, as well as very aggressive price competition. In this environment, revenues in the Lighting Segment fell by 10.3% to EUR 219.5 million (previous year: EUR 244.7 million). After an adjustment for negative foreign exchange effects, revenues were 8.7% lower than the first quarter of the previous year.

### Components Segment returns to moderate growth course

Development in the Components Segment was positive, with the first slight year-on-year revenue growth in ten quarters. Revenues rose by 0.6% (FX-adjusted: plus 3.2%) in the first three months of 2018/19. The strong demand for Tridonic's intelligent LED components more than offset the continuing decline in sales of conventional electronic ballasts.

## Distribution of regional revenues

Q1 2018/19	Revenues in EUR million	Change in %	in % of Group
D/A/CH	88.0	(6.1)	30.0
Northern Europe	63.0	(18.9)	21.5
Benelux & Eastern Europe	45.1	3.9	15.4
Southern Europe	48.8	0.2	16.6
Asia & Pacific	30.1	(2.7)	10.3
Middle East & Africa	12.7	(12.6)	4.3
Americas	5.5	(34.2)	1.9
<b>Total</b>	<b>293.1</b>	<b>(7.6)</b>	<b>100.0</b>

The trends from the previous quarters generally continued during the first quarter of 2018/19. The D/A/CH region, the strongest market in the Zumtobel Group, recorded a 6.1% decline (FX-adjusted: minus 4.1%) in revenues to EUR 88.0 million. Revenues in Switzerland were moderately higher year-on-year (FX-adjusted), but declined slightly in Austria and Germany. Revenues in Northern Europe fell by 18.9% to EUR 63.0 million. A further sharp drop in revenues was recorded in Great Britain, especially in the Lighting Segment (circa minus 25%). The Benelux & Eastern Europe region also continued the sound trend from previous years during the reporting period with an increase of 3.9% in revenues (FX-adjusted: plus 8.0%) to EUR 45.1 million. The Southern European region consists primarily of Italy, Spain and France. Italy continued the solid growth from the previous year during the reporting period, but revenue development in France and Spain was slightly lower than the previous year. Revenues in this region rose by 0.2% to EUR 48.8 million. In the Asia & Pacific region, revenues reached the previous year's level (FX-adjusted: plus 0.7%). The difficult political and economic environment in several Middle East countries led to revenue weakness in the Middle East & Africa region, with a decline of 12.6% to EUR 12.7 million in the first three months of 2018/19. The America region reported a decline of 34.2% (FX-adjusted: minus 32.2%) to EUR 5.5 million.

**Substantial declines in Great Britain and the USA**

### **Development of earnings in the first quarter 2018/19**

- >> Adjusted Group EBIT falls to EUR 10.0 million
- >> Profitability negatively affected by substantial decline in revenues and increasingly aggressive price competition
- >> Fixed costs favourably influenced by efficiency improvement and savings measures
- >> Net profit clearly positive at EUR 2.8 million

Group EBIT adjusted for special effects fell to EUR 10.0 million in the first three months of 2018/19 (Q1 2017/18: EUR 18.2 million). This decline was also reflected in the return on sales, which dropped from 5.7% to 3.4%. The deterioration in the Group's profitability during the reporting period is, for the most part, attributable to the Lighting Segment, where adjusted EBIT declined from EUR 13.2 million to EUR 8.1 million. Adjusted EBIT in the Components Segment amounted to EUR 8.1 million EUR (Q1 2017/18: EUR 10.1 million). The Lighting Segment, in particular, was negatively influenced by revenue declines and ongoing aggressive price competition.

**Adjusted Group EBIT falls to EUR 10.0 million**

As a result, the gross profit margin (after development costs) for the Zumtobel Group declined to 31.9% for the reporting period (previous year: 35.4%). Development costs included in the cost of goods sold fell by EUR 1.1 million to EUR 16.6 million (Q1 2017/18: EUR 17.6 million).

**Decline in development costs**

Income statement in EUR million	Q1 2018/19	Q1 2017/18	Change in %
Revenues	293.1	317.2	(7.6)
Cost of goods sold	(199.7)	(205.0)	(2.6)
Gross profit	93.4	112.2	(16.7)
as a % of revenues	31.9	35.4	
SG&A expenses adjusted for special effects	(83.4)	(94.0)	(11.3)
Adjusted EBIT	10.0	18.2	(45.0)
as a % of revenues	3.4	5.7	
Special effects	(2.7)	(1.1)	
EBIT	7.3	17.0	(57.4)
as a % of revenues	2.5	5.4	
Financial results	(2.8)	(4.3)	34.1
Profit/loss before tax	4.4	12.7	(65.2)
Income taxes	(1.6)	(3.0)	(45.8)
Result from discontinued operations	0.0	0.0	
Net profit/loss for the period	2.8	9.7	(71.2)
Earnings per share (in EUR)	0.06	0.22	(71.2)

Note: EBITDA (EBIT plus depreciation and amortisation) amounted to EUR 20.9 million in the first quarter of 2018/19.

#### Substantial decline in selling and administrative costs

The efficiency improvement and cost savings measures implemented in spring 2018 led to a substantial reduction in selling and administrative expenses during the reporting period. Selling expenses (incl. research) fell by EUR 7.4 million to EUR 74.2 million in the first quarter (Q1 2017/18: EUR 81.6 million), and administrative expenses declined by EUR 2.3 million to EUR 10.7 million (Q1 2017/18: EUR 13.0 million). This reduction was supported, above all, by the substantial streamlining of the management team and strict cost management. Other operating results, excluding special effects, rose to EUR 1.5 million (Q1 2017/18: EUR 0.6 million) due to higher license income from the LED business.

#### Negative special effects from transformation process

Negative special effects of EUR 2.7 million were recorded in the first quarter of 2018/19 (Q1 2017/18 EUR 1.1 million). These effects are related primarily to costs for management restructuring measures and the write-off of a previously capitalised development project following the adjustment of the product portfolio.

Adjusted EBIT in EUR million	Q1 2018/19	Q1 2017/18	Change in %
Reported EBIT	7.3	17.0	(57.4)
thereof special effects	(2.7)	(1.1)	
Adjusted EBIT	10.0	18.2	(45.0)
as a % of revenues	3.4	5.7	

#### Improvement in financial results

Financial results improved by EUR 1.5 million year-on-year to minus EUR 2.8 million (Q1 2017/18: minus EUR 4.3 million). Interest expense is attributable primarily to the current credit agreement and to finance leases. Other financial income and expenses totalled minus EUR 1.2 million (Q1 2017/18: minus EUR 2.6 million). The fluctuations in the fair value measurement of financial instruments reflect the high volatility on the foreign exchange market, above all in connection with the Swiss franc, Turkish lira, British pound and US dollar.



Financial result in EUR million	Q1 2018/19	Q1 2017/18	Change in %
Interest expense	(2.1)	(1.7)	23.8
Interest income	0.1	0.1	60.8
Net financing costs	(1.9)	(1.6)	(21.7)
Other financial income and expenses	(1.2)	(2.6)	(52.3)
Result from companies accounted for at-equity	0.3	(0.1)	>100
Financial results	(2.8)	(4.3)	34.1

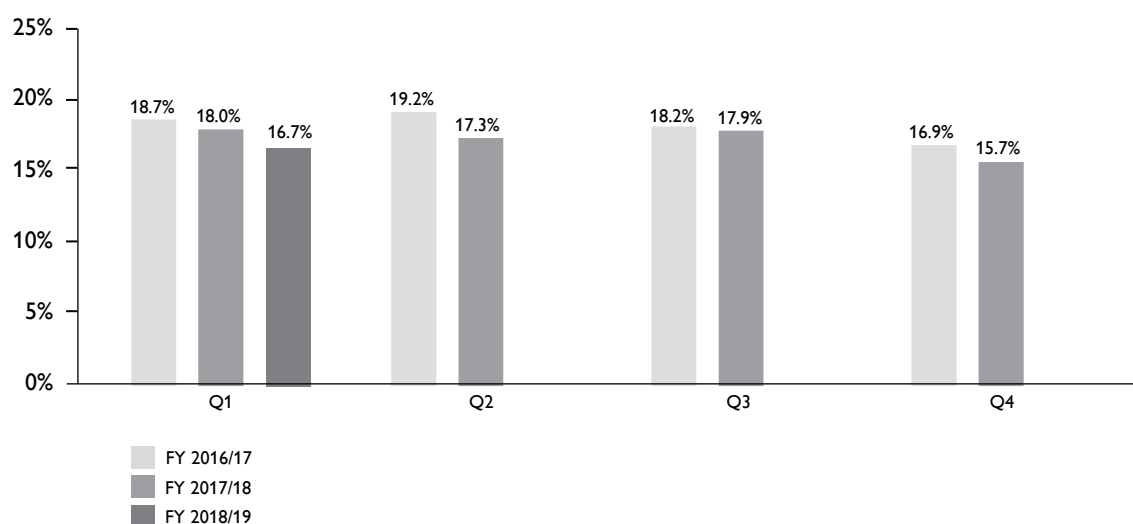
Profit before tax amounted to EUR 4.4 million in the first quarter of 2018/19 (Q1 2017/18: 12.7 million EUR), and income taxes totalled EUR 1.6 million (Q1 2017/18: EUR 3.0 million). Net profit therefore fell to EUR 2.8 million (Q1 2017/18: EUR 9.7 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled plus EUR 0.06 (Q1 2017/18: plus EUR 0.22).

## Cash flow and asset position

Cash flow from operating results fell from EUR 29.7 million in the first quarter of the previous year to EUR 21.0 million due to the decline in profitability. Working capital totalled EUR 195.7 million as of 31 July 2018 and was EUR 37.9 million below the level on 31 July 2017. As a percent of rolling 12-month revenues, working capital declined from 18.0% to 16.7% year-on-year. The seasonal increase in working capital during the reporting period was substantially lower than the previous year due to the decline in revenues and strict receivables management. The receivables sold through factoring amounted to EUR 71.0 million as of 31 July 2018 (30 April 2018: EUR 57.9 million). Cash outflows from the changes in other operating positions totalled EUR 3.4 million (Q1 2017/18: minus EUR 16.5 million). Cash flow from operating activities therefore improved from minus EUR 6.5 million to plus 8.3 million during the reporting period.

**Positive development  
of working capital**

Working Capital as % of rolling 12-month revenues



Investments in non-current assets were substantially lower year-on-year at EUR 15.5 million in the first quarter of 2018/19 (Q1 2017/18: EUR 20.6 million). These expenditures consisted mainly of tools and equipment for new products, expansion and maintenance investments as well as capitalised research and development costs (EUR 3.2 million). A total of EUR 6.5 million was spent on the new production plant in Serbia during the first quarter of 2018/19. The increase in cash flow from operating activities and the

**Free cash flow at  
minus EUR 6.2 million**

reduction in capital expenditure led to improvement in free cash flow to minus EUR 6.2 million in the reporting period (Q1 2017/18: minus EUR 26.4 million).

Balance sheet data in EUR million	31 July 2018	30 April 2018
Total assets	997.8	986.1
Net debt	156.3	146.3
Equity	271.8	268.3
Equity ratio in %	27.2	27.2
Gearing in %	57.5	54.5
Investments	15.5	69.0
Working capital	195.7	188.1
As a % of rolling 12 month revenues	16.7	15.7

**Balance sheet structure remains unchanged**

The quality of the balance sheet structure remains nearly unchanged. The equity ratio equalled 27.2% as of 31 July 2018. Net debt followed the normal seasonal pattern with an increase of EUR 10.0 million to EUR 156.3 million (31 July 2017: EUR 128.0 million).

**Cautious optimism for the 2018/19 financial year – Guidance confirmed**

We see 2018/19 as a year of transition and confirm our previously issued guidance. In view of the challenging market conditions, we expect revenue declines in the first half-year. Our goal for the full 2018/19 financial year is to record a slight year-on-year improvement in adjusted Group EBIT (FY 2017/18: EUR 19.7 million).

Dornbirn, 4 September 2018

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Tschol  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)

Zumtobel Group AG has adjusted the scope of the interim reports due to the changed requirements of the “Prime Market Rules“ of the Vienna Stock Exchange for first and third quarter interim reporting. The adjustment particularly relates to the notes to the consolidated financial statements as required by IAS 34. Financial information presented in the interim report for the first quarter of 2018/19 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Zumtobel Group AG for the 2017/18 financial year, with the exception from first time application of IFRS 9 Financial instruments and IFRS 15 Revenues from contract with customers. There was no material impact on the presentation of the financial statement.

## Consolidate Income Statement

in TEUR	Q1 2018/19	Q1 2017/18	Change in %
Revenues	293.109	317.163	-7,6
Cost of goods sold	-199.708	-205.006	-2,6
<b>Gross profit</b>	<b>93.401</b>	<b>112.157</b>	<b>-16,7</b>
<i>as a % of revenues</i>	31,9	35,4	
Selling expenses	-74.194	-81.551	-9,0
Administrative expenses	-10.740	-13.049	-17,7
Other operating income	1.525	762	>100
<i>thereof special effects</i>	0	21	-100,0
Other operating expenses	-2.738	-1.304	<-100
<i>thereof special effects</i>	-2.738	-1.171	<-100
<b>Operating profit/loss</b>	<b>7.254</b>	<b>17.015</b>	<b>-57,4</b>
<i>as a % of revenues</i>	2,5	5,4	
Interest expense	-2.077	-1.678	23,8
Interest income	143	89	60,7
Other financial income and expenses	-1.235	-2.590	-52,3
Result from companies accounted for at-equity	348	-101	>100
<b>Financial results</b>	<b>-2.821</b>	<b>-4.280</b>	<b>34,1</b>
<i>as a % of revenues</i>	-1,0	-1,3	
<b>Profit/loss before tax</b>	<b>4.433</b>	<b>12.735</b>	<b>-65,2</b>
Income taxes	-1.640	-3.029	-45,8
<b>Net profit/loss for the period</b>	<b>2.793</b>	<b>9.706</b>	<b>-71,2</b>
<i>as a % of revenues</i>	1,0	3,1	
<i>thereof due to non-controlling interests</i>	-58	25	<-100
<i>thereof due to shareholders of the parent company</i>	2.851	9.681	-70,5
Average number of shares outstanding – basic (in 1,000 pcs.)	43.147	43.147	
Average number of shares outstanding – diluted (in 1,000 pcs.)	43.147	43.147	
<b>Earnings per share (in EUR)</b>			
Earnings per share (diluted and basic)	0,06	0,22	

## Consolidated Statement of Comprehensive Income

in TEUR	Q1 2018/19	Q1 2017/18	Change in %
Net profit/loss for the period	2.793	9.706	-71,2
Currency differences	2.274	-1.709	>100
Currency differences arising from loans	-1.667	-5.650	70,5
Hedge accounting	135	298	-54,7
Deferred taxes due to hedge accounting	-34	-74	54,3
<b>Total of items that will be reclassified ("recycled") subsequently to the income statement</b>	<b>708</b>	<b>-7.135</b>	<b>&gt;100</b>
<b>Subtotal other comprehensive income</b>	<b>708</b>	<b>-7.135</b>	<b>&gt;100</b>
<i>thereof due to non-controlling interests</i>	66	-210	>100
<i>thereof due to shareholders of the parent company</i>	642	-6.925	>100
<b>Total comprehensive income</b>	<b>3.501</b>	<b>2.571</b>	<b>36,2</b>
<i>thereof due to non-controlling interests</i>	8	-185	>100
<i>thereof due to shareholders of the parent company</i>	3.493	2.756	26,7

## Consolidated Balance Sheet

in TEUR	31 July 2018	in %	30 April 2018	in %
Goodwill	188.840	18,9	187.895	19,1
Other intangible assets	47.196	4,7	47.824	4,8
Property, plant and equipment	223.859	22,3	222.159	22,4
Financial assets accounted for at equity	4.155	0,4	3.807	0,4
Financial assets	1.018	0,1	1.012	0,1
Other assets	4.161	0,4	4.468	0,5
Deferred taxes	25.462	2,6	25.597	2,6
<b>Non-current assets</b>	<b>494.691</b>	<b>49,4</b>	<b>492.762</b>	<b>49,9</b>
Inventories	207.390	20,8	198.735	20,2
Trade receivables	159.080	16,0	157.694	16,0
Financial assets	782	0,1	1.664	0,2
Other assets	53.879	5,5	50.161	5,1
Liquid funds	82.005	8,2	85.090	8,6
<b>Current assets</b>	<b>503.136</b>	<b>50,6</b>	<b>493.344</b>	<b>50,1</b>
<b>ASSETS</b>	<b>997.827</b>	<b>100,0</b>	<b>986.106</b>	<b>100,0</b>
Share capital	108.750	10,9	108.750	11,0
Additional paid-in capital	335.316	33,6	335.316	34,0
Reserves	-178.883	-17,9	-132.835	-13,5
Net profit/loss for the year	2.851	0,3	-46.690	-4,7
Capital attributed to shareholders of the parent company	268.034	26,9	264.541	26,8
Capital attributed to non-controlling interests	3.810	0,3	3.802	0,4
<b>Equity</b>	<b>271.844</b>	<b>27,2</b>	<b>268.343</b>	<b>27,2</b>
Provisions for pensions	82.860	8,3	83.313	8,4
Provisions for severance compensation	49.433	5,0	49.330	5,0
Provisions for other employee benefits	9.682	1,0	9.534	1,0
Other provisions	8.822	0,9	8.717	0,9
Borrowings	180.090	18,0	175.656	17,8
Other liabilities	1.828	0,2	2.544	0,3
Deferred taxes	3.045	0,3	3.087	0,3
<b>Non-current liabilities</b>	<b>335.760</b>	<b>33,7</b>	<b>332.181</b>	<b>33,7</b>
Provisions for taxes	22.878	2,3	22.096	2,2
Other provisions	45.055	4,5	39.996	4,1
Borrowings	57.517	5,8	55.763	5,7
Trade payables	150.221	15,0	153.758	15,6
Other liabilities	114.552	11,5	113.969	11,5
<b>Current liabilities</b>	<b>390.223</b>	<b>39,1</b>	<b>385.582</b>	<b>39,1</b>
<b>EQUITY AND LIABILITIES</b>	<b>997.827</b>	<b>100,0</b>	<b>986.106</b>	<b>100,0</b>

## Consolidated Cash Flow Statement

in TEUR	Q1 2018/19	Q1 2017/18
Profit/loss before tax	4.433	12.735
Depreciation and amortisation	13.683	12.726
Gain/loss on the disposal of property, plant and equipment and intangible assets	102	-28
Other non-cash financial results	1.233	2.585
Interest income/ Interest expense	1.934	1.594
Share of profit or loss in companies accounted for at equity	-348	101
<b>Cash flow from operating results</b>	<b>21.037</b>	<b>29.713</b>
Inventories	-10.012	-2.634
Trade receivables	-1.175	-1.754
Trade payables	-2.703	-17.005
Prepayments received	5.529	3.813
<b>Change in working capital</b>	<b>-8.361</b>	<b>-17.580</b>
Non-current provisions	-528	-1.168
Current provisions	5.112	-9.536
Other current and non-current assets and liabilities	-7.964	-5.691
<b>Change in other operating items</b>	<b>-3.380</b>	<b>-16.395</b>
<b>Income taxes paid</b>	<b>-964</b>	<b>-2.264</b>
<b>Cash flow from operating activities</b>	<b>8.332</b>	<b>-6.526</b>
Cash inflows from the disposal of property, plant and equipment and other intangible assets	167	70
Cash outflows for the purchase of property, plant and equipment and other intangible assets	-15.465	-20.583
Change in non-current and current financial assets	754	641
<b>Cash flow from investing activities</b>	<b>-14.544</b>	<b>-19.872</b>
<b>FREE CASH FLOW</b>	<b>-6.212</b>	<b>-26.398</b>
Cash proceeds from non-current and current borrowings	6.496	52.876
Cash repayments of non-current and current borrowings	-5.000	-30.000
Interest paid	-2.041	-1.651
Interest received	143	89
<b>Cash flow from financing activities</b>	<b>-402</b>	<b>21.313</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-6.614</b>	<b>-5.085</b>
Cash and cash equivalents at the beginning of the period	72.446	77.205
Cash and cash equivalents at the end of the period	65.943	69.981
Effects of exchange rate changes on cash and cash equivalents	111	-2.139
<b>Change absolute</b>	<b>-6.614</b>	<b>-5.085</b>

# Consolidated Statement of Changes in Equity

Q1 2018/19

in TEUR	Attributed to shareholders of the parent company						Non-controlling interests	Total equity	
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
<b>30 April 2018</b>	108.750	335.316	-10.900	-42.987	-432	-125.206	264.541	3.802	268.343
+/- Net profit/loss for the year	0	0	2.851	0	0	0	2.851	-58	2.793
+/- Other comprehensive income	0	0	0	541	101	0	642	66	708
<b>+/- Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2.851</b>	<b>541</b>	<b>101</b>	<b>0</b>	<b>3.493</b>	<b>8</b>	<b>3.501</b>
+/- Dividends	0	0	0	0	0	0	0	0	0
<b>31 July 2018</b>	<b>108.750</b>	<b>335.316</b>	<b>-8.049</b>	<b>-42.446</b>	<b>-331</b>	<b>-125.206</b>	<b>268.034</b>	<b>3.810</b>	<b>271.844</b>

Q1 2017/18

in TEUR	Attributed to shareholders of the parent company						Non-controlling interests	Total equity	
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
<b>30 April 2017</b>	108.750	335.316	45.714	-27.419	-1.040	-131.990	329.331	4.659	333.990
+/- Net profit/loss for the year	0	0	9.681	0	0	0	9.681	25	9.706
+/- Other comprehensive income	0	0	0	-7.149	224	0	-6.925	-210	-7.135
<b>+/- Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>9.681</b>	<b>-7.149</b>	<b>224</b>	<b>0</b>	<b>2.756</b>	<b>-185</b>	<b>2.571</b>
+/- Dividends	0	0	-9.924	0	0	0	-9.924	0	-9.924
<b>30 July 2017</b>	<b>108.750</b>	<b>335.316</b>	<b>45.471</b>	<b>-34.568</b>	<b>-816</b>	<b>-131.990</b>	<b>322.163</b>	<b>4.474</b>	<b>326.637</b>

The balance sheet position "reserves" comprises other reserves as well as the currency reserve, the reserve for hedge accounting and the IAS 19 reserve for "employee benefits".

# Service

## Financial Terms

Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
CAPEX	Capital expenditure
Debt coverage ratio	Net debt divided by EBITDA
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Equity ratio	= Equity as a percentage of assets
Gearing	= Net debt as a percentage of equity
Net debt	= Non-current borrowings + current borrowings - liquid funds - current financial receivables from associated companies
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables - trade payables - prepayments received



## Financial Calendar

Report on the First Quarter 2018/19 (1 May 2018 - 31 July 2018)	4 September 2018
Report on the First Half-year 2018/19 (1 May 2018 - 31 October 2018)	4 December 2018
Report on the First Three Quarters 2018/19 (1 May 2018 - 31 January 2019)	5 March 2018

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## Financial Reports

Our financial reports are available in English and German for download under: <http://www.zumtobelgroup.com>.

## More Information

on Zumtobel Group AG and our brands can be found on the Internet under:

[www.zumtobelgroup.com](http://www.zumtobelgroup.com)

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## Disclaimer

This quarterly financial report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. Moreover, they are based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates, as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Other risks may arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. The Zumtobel Group does not plan to update these forward-looking statements. This interim financial report is also presented in English, but only the German text is binding.

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