

zumtobel group

Q1 (May–July 2017)

Report on the 1st Quarter 2017/18 of Zumtobel Group AG

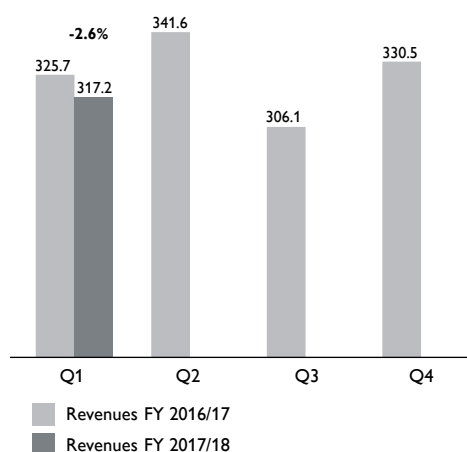


Overview of the First Quarter 2017/18

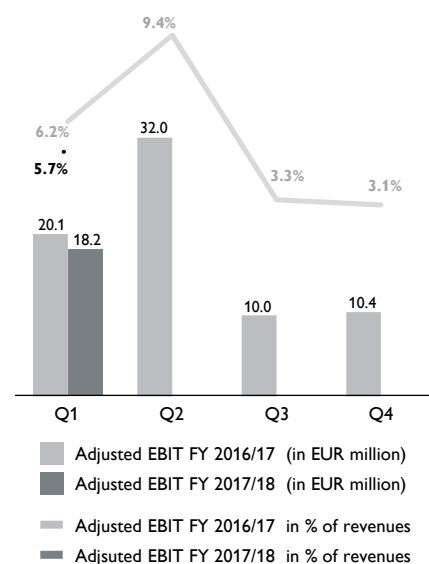
Key Data in EUR million	Q1 2017/18	Q1 2016/17	Change in %
Revenues	317.2	325.7	(2.6)
Adjusted EBIT	18.2	20.1	(9.5)
<i>as a % of revenues</i>	5.7	6.2	
EBIT	17.0	17.8	(4.5)
<i>as a % of revenues</i>	5.4	5.5	
Net profit/loss for the period	9.7	12.6	(22.9)
<i>as a % of revenues</i>	3.1	3.9	
Cash flow from operating results	29.7	33.4	(10.9)
Investments	20.6	9.4	>100
	31 July 2017	30 April 2017	Change in %
Total assets	1,018.7	1,019.6	(0.1)
Equity	326.6	334.0	(2.2)
<i>Equity ratio in %</i>	32.1	32.8	
Net debt	128.0	91.0	40.7
Headcount incl. contract worker (full-time equivalent)	6,453	6,562	(1.7)

Development of Business by Quarter

Revenues (in EUR million)



Adjusted EBIT



Letter to Shareholder

Dear Shareholders,

We continued the strategic reorientation of the Zumtobel Group with our full commitment during the first three months of the new financial year. Our work was focused on the further sustainable improvement of our cost position, among others through the start of construction on a new production plant in Serbia during July 2017. Based on the medium-term growth perspectives, we also increased investments to strengthen our market position and to support our newly founded service unit.

The improved economic outlook for the European construction sector did not have the expected positive effects on many of our competitors in the professional lighting industry or on the Zumtobel Group during the first quarter of 2017/18. This is a result, in particular, of the late cyclical nature of our business. Our growth was also slowed by developments on key markets like France, which have been influenced by an ongoing difficult market environment and internal challenges from the restructuring process. Group revenues declined by 2.6% year-on-year to EUR 317.2 million in the first quarter of 2017/18. Revenue development was influenced by strong negative currency translation effects of EUR 6.2 million, above all from the appreciation of the euro versus the British pound. After an adjustment for currency translation effects, revenues declined by 0.7% for the reporting period. Our newly established Zumtobel Group Services business division – which bundles our entire project and software offering under a single roof – recorded sound development during the reporting period with an increase of 9.5% in revenues to EUR 43.3 million.

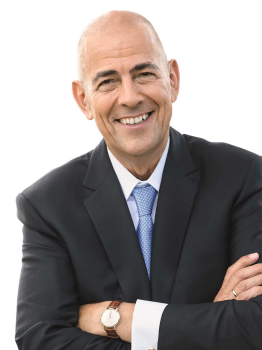
Despite the lack of revenue growth, Group EBIT adjusted for special effects declined only slightly to EUR 18.2 million in the first quarter of 2017/18 (previous year: EUR 20.1 million). The continuing pressure on prices, negative currency transaction effects (GBP) and investments in future growth through higher sales expenditures to strengthen our market position were offset for the most part by our efforts to improve the cost position.

Outlook: Revenue and earnings guidance for the full 2017/18 financial year confirmed

As in the previous quarters, the visibility in our business remains low and the regional differences are substantial. We are currently unable to predict with certainty whether the improved economic outlook will be strong enough for demand to regain the necessary and expected momentum during the second half-year. Negative currency effects should gradually decline, and we assume the Components Segment will return to a moderate growth course over the coming months. Against this backdrop, we can confirm our communicated guidance for the 2017/18 financial year with a slight improvement in revenues (FY 2016/17: EUR 1,303.9 million) and adjusted Group EBIT (FY 2016/17: EUR 72.4 million).



Ulrich Schumacher
Chief Executive Officer (CEO)

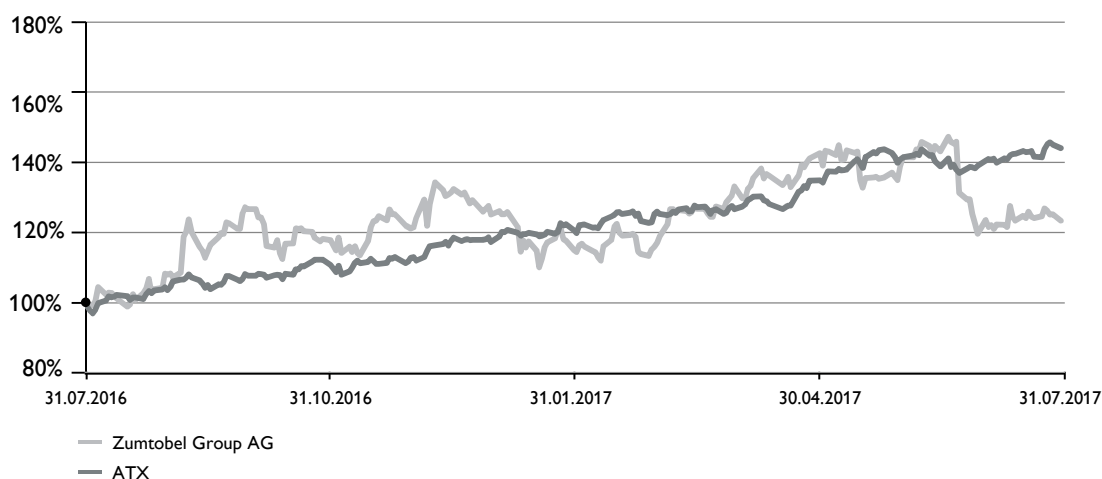


Ulrich Schumacher

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 729 million at the end of July 2017. There have been no major changes in the shareholder structure since the end of the 2016/17 financial year. The Zumtobel family has remained the stable core shareholder of Zumtobel Group AG since the initial public offering with a stake of roughly 35.5%. As of 31 July 2017, the institutional investors Lazard Freres Gestion SAS and Erste Asset Management GmbH each held an investment of over 5%. The remainder of the shares is held predominately by other institutional investors. In the ATX, the leading index of the largest listed companies in Austria, the Zumtobel Group share ranked 22nd based on market capitalisation and 16th based on trading volume as of 31 July 2017. The average daily turnover on the Vienna Stock Exchange totalled 191,165 in the first quarter of 2017/18 (double-count, as published by the Vienna Stock Exchange). The company held 353,343 treasury shares as of 31 July 2017.

Development of the Zumtobel Group Share



Key Data on the Zumtobel Group Share for the 1st quarter 2017/18

Closing price at 28.04.2017	EUR 19,150	Currency	EUR
Closing price at 31.07.2017	EUR 16,750	ISIN	AT0000837307
Performance Q1 2017/18	(12.5)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 31.07.2017	EUR 729 million	Market segment	Prime Market
Share price - high at 19.06.2017	EUR 19,990	Reuters symbol	ZUMV.VI
Share price - low at 30.06.2017	EUR 16,240	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	191,165	Number of issued shares	43,500,000

Group Management Report

Significant Events since 30 April 2017

The 41st annual general meeting on 21 July 2017 authorised the payment of a EUR 0.23 dividend per share for the 2016/17 financial year. This dividend was distributed to shareholders on 2 August 2017.

Dividend of EUR 0.23 for 2016/17

The ground-breaking ceremony for the new production plant in Serbia took place on 28 July 2017. This plant will be located in the southern industrial zone of Niš and will be built at a cost of EUR 30 million over the next two and one-half financial years. It will cover 40,000 square metres when completed. The first products are scheduled to come off the production line in 2018/19.

Zumtobel Group starts construction on a new plant in Serbia

No other significant events occurred after the balance sheet date on 30 April 2017.

Development of revenues in the first quarter of 2017/18

- >> Group revenues decline by 2.6% (FX-adjusted: minus 0.7%)
- >> LED share of Group revenues rises to 77.5% (previous year: 69.9%)
- >> Lighting Segment revenues at prior year level FX-adjusted – revenues in new Zumtobel Group Services business division increase by 9.5%
- >> Further substantial decline in Components Segment revenues (FX-adjusted: minus 6.6%)

In the first quarter of the 2017/18 financial year (1 May 2017 to 31 July 2017), Group revenues declined by 2.6% year-on-year to EUR 317.2 million (previous year: EUR 325.7 million). Revenue development was influenced by strong negative currency translation effects of EUR 6.2 million, which resulted primarily from the increase in the euro versus the British pound. After an adjustment for these effects, the revenue decline equalled 0.7% for the reporting period. The dynamic growth with LED products remains unbroken: revenues from the sale of LED products rose by 8.0% year-on-year to EUR 245.8 million and the LED share of Group revenues increased from 69.9% to 77.5% within 12 months.

FX-adjusted decline of 0.7 in Group revenues

Segment development in EUR million	Q1 2017/18	Q1 2016/17	Change in %	FX adjusted in %
Lighting Segment	244.7	248.7	(1.6)	0.1
Components Segment	88.8	97.3	(8.7)	(6.6)
Reconciliation	(16.4)	(20.3)	(19.2)	
Zumtobel Group	317.2	325.7	(2.6)	(0.7)

Business in the Lighting Segment was influenced by substantial regional differences, whereby the industry trends remain below original expectations. Revenues in this segment declined by 1.6% to EUR 244.7 million (previous year: EUR 248.7 million) but, after an adjustment for negative foreign exchange effects, matched the prior year with a slight plus of 0.1%. Sound development was recorded by Zumtobel Group Services, which is allocated to the Lighting Segment. This business division, which bundles all project- and software-oriented services under a single roof, recorded a year-on-year increase of 9.5% in revenues to EUR 43.3 million.

Lighting Segment- FX-adjusted revenues at prior year level

Revenues in the Components Segment fell by 8.7% (FX-adjusted: minus 6.6%) in the first quarter of 2017/18. It is obvious that the concentration on margins in an increasingly competitive environment not only generates high earnings contributions, but also leads to substantial revenue declines. Active steps were taken in recent months to counter this trend through appropriate price and product portfolio adjustments in order to return the Components Segment to a growth course. The effects of these adjustments should be visible in the coming quarters.

Further revenue decline Components Segment

Distribution of regional revenues

Q1 2017/18	Revenues in EUR million	Change in %	in % of Group
D/A/CH	93.7	(3.5)	29.5
Northern Europe	77.6	(7.3)	24.5
Benelux & Eastern Europe	43.4	10.7	13.7
Southern Europe	48.7	(2.1)	15.3
Asia & Pacific	30.9	(5.1)	9.8
Middle East & Africa	14.5	2.5	4.6
Americas	8.3	(8.6)	2.6
Total	317.2	(2.6)	100.0

Very different regional trends

The reporting period was characterised by widely different developments in the segments as well as the regions. The D/A/CH region, the strongest market in the Zumtobel Group, recorded a 3.5% decline (FX-adjusted: minus 3.5%) in revenues to EUR 93.7 million. Revenues reflected the previous year in Austria, but were slightly lower in Switzerland and Germany. Revenues in Northern Europe fell by 7.3% to EUR 77.6 million, whereby this development was influenced by strong negative foreign exchange effects from the British pound. After an adjustment for these foreign exchange effects, revenues reflected the high prior year level with a small decline of 0.5%. The Benelux & Eastern Europe region also continued the sound trend from previous years during the reporting period with an increase of 10.7% in revenues (FX-adjusted: plus 11.6%) to EUR 43.4 million. The Southern European region consists primarily of Italy, Spain and France. Italy and Spain continued the sound revenue growth from the previous year during the first quarter, but business development in France remained disappointing with a nearly double-digit minus. Revenues in this region fell by 2.1% to EUR 48.7 million. In the Asia & Pacific region, improved revenue growth in Asia was unable to completely offset the continuing negative development in Australia. Revenues in this region fell by 5.1% (FX-adjusted: minus 4.5%). The Middle East & Africa region was characterised by the stabilisation of the difficult political and economic environment in several Middle East countries during recent months. The substantial revenue declines in 2016/17 were followed by an increase of 2.5% (FX-adjusted: 1.8%) in the first quarter of 2017/18. The America region reported a decline of 8.6% (FX-adjusted: 8.2%) in revenues to EUR 8.3 million.

Development of earnings in the first quarter of 2017/18

Despite the lack of revenue growth, Group EBIT adjusted for special effects was only slightly lower year-on-year at EUR 18.2 million in the first quarter of 2017/18 (previous year: EUR 20.1 million). This decline was also reflected in the return on sales, which fell from 6.2% to 5.7%. In contrast, the gross profit margin (after development costs) for the Zumtobel Group rose to 35.4% in the reporting period (previous year: 34.5%). The continuing pressure on prices and negative currency transaction effects (GBP) were offset by efforts to strengthen the cost position, for example through an improvement in the efficiency of development costs. Development costs included in the cost of goods sold fell by EUR 3.3 million to EUR 17.6 million (previous year: EUR 20.9 million).

Adjusted Group EBIT declines to EUR 18.2 million

Income statement in EUR million	Q1 2017/18	Q1 2016/17	Change in %
Revenues	317.2	325.7	(2.6)
Cost of goods sold	(205.0)	(213.3)	(3.9)
Gross profit	112.2	112.4	(0.2)
<i>as a % of revenues</i>	35.4	34.5	
SG&A expenses adjusted for special effects	(94.0)	(92.3)	1.8
Adjusted EBIT	18.2	20.1	(9.5)
<i>as a % of revenues</i>	5.7	6.2	
Special effects	(1.2)	(2.3)	<(100)
EBIT	17.0	17.8	(4.5)
<i>as a % of revenues</i>	5.4	5.5	
Financial results	(4.3)	(1.4)	<(100)
Profit/loss before tax	12.7	16.4	(22.3)
Income taxes	(3.0)	(3.8)	(20.1)
Net profit/loss for the period	9.7	12.6	(22.9)
Earnings per share (in EUR)	0.22	0.29	(22.9)

Note: EBITDA (plus depreciation and amortisation) amounted to EUR 29.7 million in the first quarter of 2017/18.

Medium-term growth perspectives have been reflected in increased investments by the Zumtobel Group to strengthen its market position in recent months. Selling expenses therefor rose from EUR 79.2 million to EUR 81.6 million in the first quarter of 2017/18. Administrative expenses were slightly lower than the previous year at EUR 13.0 million (previous year: EUR 14.0 million). Other operating results, excluding special effects, amounted to EUR 0.6 million (previous year: EUR 0.9 million) and included, among others, license income from the LED business and government grants.

Selling expenses above previous year

Negative special effects of EUR 1.2 million were recorded in the first quarter of 2017/18 (previous year: EUR 2.3 million). These effects are related, above all, to adjustments in the global production network.

Negative special effects from transformation process

Adjusted EBIT in EUR million	Q1 2017/18	Q1 2016/17	Change in %
Reported EBIT	17.0	17.8	(4.5)
thereof special effects	(1.2)	(2.3)	<(100)
Adjusted EBIT	18.2	20.1	(9.5)
<i>as a % of revenues</i>	5.7	6.2	

Financial results below prior year

Financial results declined by EUR 2.8 million to minus EUR 4.3 million in the first quarter of 2017/18 (previous year: minus EUR 1.4 million). Interest expense is attributable primarily to the current credit agreement and to a finance lease. Other financial income and expenses totalled minus EUR 2.6 million (previous year: plus EUR 0.5 million). The fluctuations in the fair value measurement of financial instruments reflected the high volatility on the foreign exchange market, above all in connection with the BREXIT. The negative effect in comparison with the previous year resulted primarily from the realisation of foreign exchanges transactions with a previously positive market value.

Financial result in EUR million	Q1 2017/18	Q1 2016/17	Change in %
Interest expense	(1.7)	(2.0)	(14.8)
Interest income	0.1	0.1	(10.3)
Net financing costs	(1.6)	(1.9)	15.1
Other financial income and expenses	(2.6)	0.5	<(100)
Financial results	(4.3)	(1.4)	<(100)

Net profit totals EUR 9.7 million

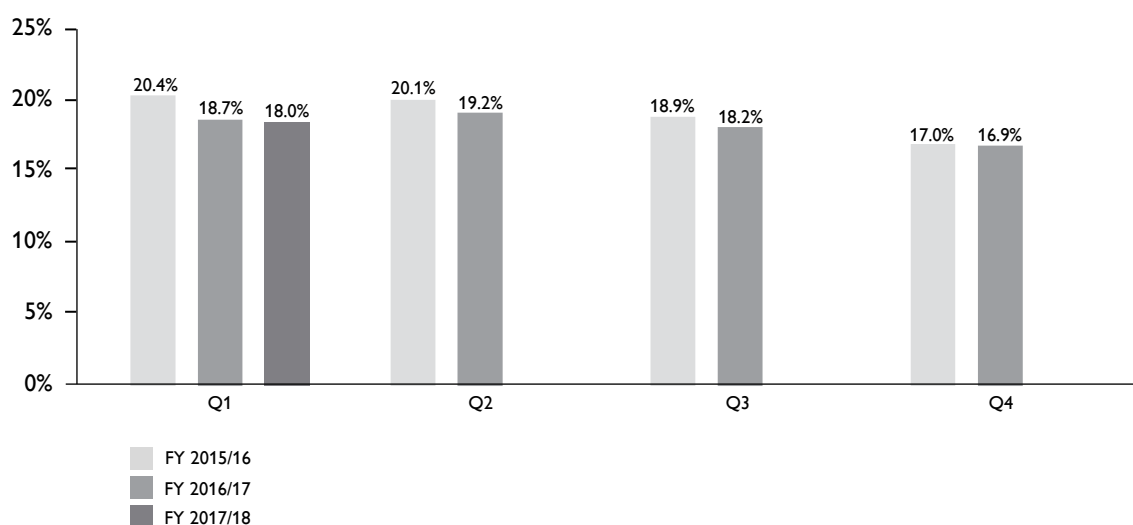
Profit before tax amounted to EUR 12.7 million for the reporting period (previous year: EUR 16.4 million), and income taxes totalled EUR 3.0 million (previous year: EUR 3.8 million). Net profit therefore declined to EUR 9.7 million (previous year: EUR 12.6 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled EUR 0.22 (previous year: EUR 0.29).

Cash flow and asset position

Positive development of working capital

Working capital totalled EUR 233.7 million as of 31 July 2017 and was EUR 16.5 million lower than on 31 July 2016. That represents a year-on-year decline from 18.7% to 18.0% of rolling 12-month revenues. The seasonal increase in working capital was lower than the previous year, in particular due to strict inventory management. In spite of this positive development, cash flow from operating activities fell from EUR 12.9 million to minus EUR 6.5 million. The decline is attributable, above all, to cash outflows from changes in other operating positions: The change in current provisions resulted primarily from the use of the restructuring provision, while the change in other non-current and current assets and liabilities was related to a decline in other employee-related liabilities.

Working Capital in % of rolling 12-month revenues



Investments in non-current assets increased substantially to EUR 20.6 million in the first quarter of 2017/18 (previous year: EUR 9.4 million). These expenditures consisted mainly of tools for new products, expansion and maintenance investments as well as capitalised research and development costs (EUR 3.3 million). In addition, the previously rented CIT building in Dornbirn (Austria) was purchased for EUR 7.1 million in May 2017. The decline in cash flow from operating activities and higher investments led to a reduction in free cash flow to minus EUR 26.4 million for the reporting period (previous year: plus EUR 7.4 million).

**Free cash flow
at minus
EUR 26.4 million**

The EUR 0.23 dividend per share for the 2016/17 financial year, which was approved by the annual general meeting on 21 July 2017, was distributed to shareholders on 2 August 2017 and is therefore not reported as a cash expense in the first quarter of the current financial year.

Balance sheet data in EUR million	31 July 2017	30 April 2017
Total assets	1,018.7	1,019.6
Net debt	128.0	91.0
Equity	326.6	334.0
Equity ratio in %	32.1	32.8
Gearing in %	39.2	27.2
Investments	20.6	45.2
Working capital	233.7	220.1
As a % of rolling 12 month revenues	18.0	16.9

The quality of the balance sheet structure remains nearly unchanged. The equity ratio equalled 32.1% as of 31 July 2017. Net debt followed the normal seasonal pattern with an increase of EUR 37.0 million to EUR 128.0 million.

**Continued solid
balance sheet
structure**

Outlook: Revenue and earnings guidance for the full 2017/18 financial year confirmed

As in the previous quarters, the visibility in our business remains low and the regional differences are substantial. We are currently unable to predict with certainty whether the improved economic outlook will be strong enough for demand to regain the necessary and expected momentum during the second half-year. Negative currency effects should gradually decline, and we assume the Components Segment will return to a moderate growth course over the coming months. Against this backdrop, we can confirm our communicated guidance for the 2017/18 financial year with a slight improvement in revenues (FY 2016/17: EUR 1,303.9 million) and adjusted Group EBIT (FY 2016/17: EUR 72.4 million).

Dornbirn, 5 September 2017

Ulrich Schumacher
Chief Executive Officer (CEO)

Karin Sonnenmoser
Chief Financial Officer (CFO)

Alfred Felder
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 2017/18 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Zumtobel Group AG for the 2016/17 financial year.

Consolidated Income Statement

in TEUR	Q1 2017/18	Q1 2016/17	Change in %
Revenues	317,163	325,656	(2.6)
Cost of goods sold	(205,006)	(213,290)	(3.9)
Gross profit	112,157	112,366	(0.2)
<i>as a % of revenues</i>	35.4	34.5	
Selling expenses	(81,551)	(79,181)	3.0
Administrative expenses	(13,049)	(14,027)	(7.0)
Other operating results	(542)	(1,341)	(59.6)
<i>thereof special effects</i>	(1,150)	(2,257)	(49.0)
Operating profit/loss	17,015	17,817	(4.5)
<i>as a % of revenues</i>	5.4	5.5	
Interest expense	(1,678)	(1,970)	(14.8)
Interest income	89	99	(10.3)
Other financial income and expenses	(2,590)	470	<(100)
Result from companies accounted for at-equity	(101)	(34)	<(100)
Financial results	(4,280)	(1,435)	<(100)
<i>as a % of revenues</i>	(1.3)	(0.4)	
Profit/loss before tax	12,735	16,382	(22.3)
Income taxes	(3,029)	(3,789)	(20.1)
Net profit/loss from continuing operations	9,706	12,593	(22.9)
Net profit/loss for the period	9,706	12,593	(22.9)
<i>as a % of revenues</i>	3.1	3.9	
<i>thereof due to non-controlling interests</i>	25	(9)	>100
<i>thereof due to shareholders of the parent company</i>	9,681	12,602	(23.2)
Average number of shares outstanding – basic (in 1,000 pcs.)	43,147	43,147	
Average diluting effect (stock options) (in 1,000 pcs.)	0	0	
Average number of shares outstanding – diluted (in 1,000 pcs.)	43,147	43,147	
Earnings per share (in EUR)			
<i>Basic earnings per share</i>	0.22	0.29	
<i>Diluted earnings per share</i>	0.22	0.29	
Earnings per share from continuing operations (in EUR)			
<i>Basic earnings per share</i>	0.22	0.29	
<i>Diluted earnings per share</i>	0.22	0.29	
Earnings per share from discontinued operations (in EUR)			
<i>Basic earnings per share</i>	0.00	0.00	
<i>Diluted earnings per share</i>	0.00	0.00	

Consolidated Statement of Comprehensive Income

in TEUR	Q1 2017/18	Q1 2016/17	Change in %
Net profit/loss for the period	9,706	12,593	(22.9)
Currency differences	(1,709)	6,200	<(100)
Currency differences arising from loans	(5,650)	(5,215)	8.3
Hedge accounting	298	167	78.4
Deferred taxes due to hedge accounting	(74)	(42)	77.6
Total of items that will be reclassified ("recycled") subsequently to the income statement	(7,135)	1,110	<(100)
Subtotal other comprehensive income	(7,135)	1,110	<(100)
<i>thereof due to non-controlling interests</i>	<i>(210)</i>	<i>60</i>	<i><(100)</i>
<i>thereof due to shareholders of the parent company</i>	<i>(6,925)</i>	<i>1,050</i>	<i><(100)</i>
Total comprehensive income	2,571	13,703	(81.2)
<i>thereof due to non-controlling interests</i>	<i>(185)</i>	<i>51</i>	<i><(100)</i>
<i>thereof due to shareholders of the parent company</i>	<i>2,756</i>	<i>13,652</i>	<i>(79.8)</i>

Consolidated Balance Sheet

in TEUR	31 July 2017	in %	30 April 2017	in %
Goodwill	194,174	19.1	197,810	19.4
Other intangible assets	52,127	5.1	52,947	5.2
Property, plant and equipment	209,020	20.5	203,526	20.0
Financial assets accounted for at equity	1,717	0.2	1,818	0.2
Financial assets	1,101	0.1	1,243	0.1
Other assets	4,591	0.4	4,875	0.5
Deferred taxes	39,424	3.9	42,707	4.2
Non-current assets	502,154	49.3	504,926	49.6
Inventories	196,670	19.3	197,012	19.3
Trade receivables	195,571	19.2	198,230	19.4
Financial assets	1,558	0.2	1,590	0.2
Other assets	34,549	3.4	35,016	3.4
Liquid funds	86,736	8.5	81,352	8.0
Available-for-sale assets	1,501	0.1	1,503	0.1
Current assets	516,585	50.7	514,703	50.4
ASSETS	1,018,739	100.0	1,019,629	100.0
Share capital	108,750	10.7	108,750	10.7
Additional paid-in capital	335,316	32.9	335,316	32.9
Reserves	(131,584)	(12.9)	(140,139)	(13.7)
Net profit/loss for the period	9,681	1.0	25,404	2.4
Capital attributed to shareholders of the parent company	322,163	31.7	329,331	32.3
Capital attributed to non-controlling interests	4,474	0.4	4,659	0.5
Equity	326,637	32.1	333,990	32.8
Provisions for pensions	90,216	8.9	93,805	9.2
Provisions for severance compensation	47,900	4.7	47,801	4.7
Provisions for other employee benefits	10,091	1.0	10,266	1.0
Other provisions	608	0.1	646	0.1
Borrowings	196,990	19.3	168,267	16.5
Other liabilities	1,286	0.1	4,628	0.4
Deferred taxes	446	0.0	547	0.1
Non-current liabilities	347,537	34.1	325,960	32.0
Provisions for taxes	21,497	2.1	23,093	2.3
Other provisions	28,791	2.8	38,753	3.8
Borrowings	17,073	1.7	4,539	0.4
Trade payables	137,646	13.5	157,074	15.4
Other liabilities	129,853	12.7	126,795	12.4
Liabilities held for Sale	9,705	1.0	9,425	0.9
Current liabilities	344,565	33.8	359,679	35.2
EQUITY AND LIABILITIES	1,018,739	100.0	1,019,629	100.0

Consolidated Cash Flow Statement

in TEUR	Q1 2017/18	Q1 2016/17
Profit/loss before tax	12,735	16,382
Depreciation and amortisation	12,726	15,545
Gain/loss on the disposal of property, plant and equipment and intangible assets	(28)	(3)
Interest income/ Interest expense	1,594	1,911
Other non-cash financial results	2,686	(476)
Cash flow from operating results	29,713	33,359
Inventories	(2,634)	(17,275)
Trade receivables	(1,754)	105
Trade payables	(17,005)	619
Prepayments received	3,813	(5,046)
Change in working capital	(17,580)	(21,597)
Non-current provisions	(1,168)	(1,052)
Current provisions	(9,536)	(1,628)
Other current and non-current assets and liabilities	(5,691)	5,789
Change in other operating items	(16,395)	3,109
Income taxes paid	(2,264)	(1,996)
Cash flow from operating activities	(6,526)	12,875
Cash inflows from the disposal of property, plant and equipment and other intangible assets	70	60
Cash outflows for the purchase of property, plant and equipment and other intangible assets	(20,583)	(9,351)
Change in non-current and current financial assets	641	3,848
Cash flow from investing activities	(19,872)	(5,443)
FREE CASH FLOW	(26,398)	7,432
Change in net borrowings	22,876	(15,106)
Interest paid	(1,651)	(1,947)
Interest received	88	94
Cash flow from financing activities	21,313	(16,959)
Effects of exchange rate changes on cash and cash equivalents	(2,139)	(300)
CHANGE IN CASH AND CASH EQUIVALENTS	(7,224)	(9,827)
Cash and cash equivalents at the beginning of the period	77,205	75,305
Cash and cash equivalents at the end of the period	69,981	65,478
Change absolute	(7,224)	(9,827)

Consolidated Statement of Changes in Equity

Q1 2017/18

in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
30 April 2017	108,750	335,316	45,714	(27,419)	(1,040)	(131,990)	329,331	4,659	333,990
+/- Net profit/loss for the period	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)
+/- Total comprehensive income	0	0	9,681	(7,149)	224	0	2,756	(185)	2,571
+/- Dividends	0	0	(9,924)	0	0	0	(9,924)	0	(9,924)
31 July 2017	108,750	335,316	45,471	(34,568)	(816)	(131,990)	322,163	4,474	326,637

Q1 2016/17

in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
30 April 2016	108,750	335,316	30,210	(23,167)	(2,046)	(120,791)	328,272	4,973	333,245
+/- Net profit/loss for the period	0	0	12,602	0	0	0	12,602	(9)	12,593
+/- Other comprehensive income	0	0	0	925	125	0	1,050	60	1,110
+/- Total comprehensive income	0	0	12,602	925	125	0	13,652	51	13,703
+/- Dividends	0	0	(8,629)	0	0	0	(8,629)	0	(8,629)
31 July 2016	108,750	335,316	34,183	(22,242)	(1,921)	(120,791)	333,295	5,024	338,319

The balance sheet position "reserves" comprises other reserves as well as the currency reserve, the reserve for hedge accounting, the reserve for stock options 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 Half-year 2017/18 (1 May 2017 - 31 October 2017)	5 December 2017
Report on the First Three Quarters 2017/18 (1 May 2017 - 31 January 2018)	6 March 2018
Annual Results 2017/18	28 June 2018
Record Date for the Annual General Meeting	17 July 2018
42 nd Annual General Meeting	27 July 2018
Ex-Dividend Day	31 July 2018
Record Date Dividende	1 August 2018
Dividend Payout Day	2 August 2018
Report on the First Quarter 2018/19 (1 May 2018 - 31 July 2018)	4 September 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
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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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