

Press Release

Dornbirn, 25 June 2020

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Zumtobel Group doubles operating profit

- **Adjusted Group EBIT doubles to nearly EUR 53.9 million**
- **Covid-19 leads to revenue decline of 2.6% to EUR 1,131.3 million**
- **Return on sales increases to 4.8% and reaches upper end of target range**
- **After two years of losses, net profit rises by almost EUR 30 million to EUR 14.5 million**
- **Dividend recommendation: 10 euro cents per share**
- **No concrete guidance on the 2020/21 financial year at the present time**

Dornbirn, Austria – The Zumtobel Group reached several important milestones during the 2019/20 financial year in spite of the noticeable effects of the Covid-19 pandemic. After two years of losses, the company is again generating solid earnings. Adjusted Group EBIT nearly doubled to EUR 53.9 million despite a slight decline in revenues due to the Covid-19 crisis.

“The improvement in earnings shows that we are on the right course and can now enjoy the first fruits of the strategy we have consistently followed since 2018”, emphasised Alfred Felder, CEO of the Zumtobel Group. “The Zumtobel Group now has a considerably stronger position, which represents an advantage, especially under the current exceptional circumstances.” However, the company has been in an extreme situation since the beginning of March due to the global spread of Covid-19. *“We reacted quickly to the decline in revenues and put effective crisis management in place. Our central goal at the present time is to steer the company safely through the crisis”, added Felder.*

Operating profit doubles despite decline in revenues

The Zumtobel Group generated revenue growth of 1.5% up to and including February, meaning the first 10 months of 2019/20, but the worldwide restrictions to contain the pandemic led to a year-on-year decline of 2.6% to EUR 1,131.3 million (FX-adjusted: minus 3.1%) for the full financial year. The Group's most important markets – Great Britain, France and Italy – were particularly hard hit by the crisis. The Lighting segment, in particular, was faced with a foreign exchange-adjusted revenue decline of 3.8%. However, the results for 2019/20 clearly show the positive effects from the continued pursuit of restructuring measures which also included the reorganisation of sales in the European core markets.

Revenue growth was substantially slowed by the recent crisis, but the company reached an important milestone in the development of operating profit: Group EBIT, adjusted for special effects, rose by 95% to EUR 53.9 million in 2019/20 (2018/19: EUR 27.6 million). The adjusted EBIT margin increased from 2.4% to 4.8% and now lies at the upper end of the forecast 3% to 5% target range. The earnings improvement was also achieved by successful cost savings measures; for example, selling and administrative costs were reduced by 5.6% during the past financial year.

Substantial profit confirms successful reorganisation

The Zumtobel Group recorded a substantial profit after two years of losses. Net profit rose by nearly EUR 30 million to EUR 14.5 million in 2019/20 despite negative special effects of EUR 18.8 million (2018/19: EUR 25.0 million), which were mainly related to restructuring costs for the implementation of the new strategy.

After two years without dividends, the Zumtobel Group wants shareholders to participate again in the successful development of the past financial year. The Management Board will therefore recommend a dividend of 10 euro cents per share for the 2019/20 financial year to the Supervisory Board and subsequently to the Annual General Meeting.

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Clearly positive free cash flow

Given the positive development of earnings during the reporting year, higher cash flow from operating results and a reduction in investment activity led to a significant improvement in free cash flow from EUR 3.8 million in the previous year to EUR 53.3 million. The balance sheet total rose to EUR 994.8 million (2018/19: EUR 920.9 million) due to the initial application of IFRS 16, and the equity ratio subsequently declined from 28.5% as of 30 April 2019 to 28.2% at the end of the reporting year. Net liabilities totalled EUR 165.7 million as of 30 April 2020 (2018/19: EUR 148.7 million) and – also due to the initial application of IFRS 16 – were EUR 17.0 million higher than the previous year.

Forward with a clear FOCUS

The Management Board of the Zumtobel Group continued to work on the systematic implementation of the FOCUS strategy in 2019/20. The three core brands – Zumtobel, Thorn and Tridonic – were substantially strengthened and sales activities were positioned even closer to customers. The goal was, and is, to establish the Zumtobel Group as the market leader for luminaires in Europe. Administrative costs were also reduced during the past year through a cutback in central functions, and the product portfolio was streamlined. In addition, the systematic optimisation of operating processes led to a decline in production costs.

Management has strengthened the competitive ability of the Zumtobel Group step by step and created the basis for the development of additional market opportunities. This strategy will also be consistently pursued in the future, even though the current focus is on overcoming the effects of the Corona pandemic.

Currently no guidance for 2020/21

In view of the visible negative effects of Covid-19 on the global economy, the Management Board sees 2020/21 as a “year of trials in the midst of a worldwide crisis”. The primary challenge is to master the negative effects of the most severe economic crisis in decades.

At the same time, the Management Board intends to use this time to strengthen the basis for future profitable growth. Together with the second management level, the Management Board is working to identify opportunities for further cost savings in all functional areas and directing efforts towards the development of new and innovative lighting generations. The Zumtobel Group’s goal is to return as quickly as possible to the sound operating development recorded before the start of the Covid-19 pandemic.

The Corona pandemic has triggered an economic downturn whose extent and duration are currently difficult to estimate. Consequently, the Management Board will not issue any guidance on the development of revenues and earnings in 2020/21 at the present time.



Zumtobel: Guggenheim Museum, Bilbao

The Guggenheim Museum in Bilbao now shines in an entirely new light: The LED lighting solution by Zumtobel sets new standards for efficiency and lighting quality. In order to meet the museum's requirements, Zumtobel developed a special design. More than 1,000 luminaires were installed in the museum.

Photographer: Faruk Pinjo



Thorn: Borussia Dortmund Stadion

SIGNAL IDUNA PARK, the legendary Borussia Dortmund (BVB) stadium, was outfitted by Thorn with a new, state-of-the-art LED floodlight system. Borussia Dortmund benefited from turnkey service by the Zumtobel Group – a complete package that covered all steps from light planning to project management during implementation and start-up.

Photographer: Marcel Mayer



Tridonic: Peking Airport

The Zumtobel Group's technology subsidiary is also on board here: Tridonic supplied the new mega-airport, Beijing Daxing International Airport in Peking, with over 5,000 LED drivers: "light on demand" with daylight-dependent controls.



acdc: Hotel Kempinski, Vienna

This hotel, built by the famous Danish architect Theophil Edvard Hansen in 1873, is one of the most historic buildings in Vienna. acdc transformed the façade using 300 luminaires to provide better light distribution and colour while revealing the architectural details inspired by ancient Greece.



Zumtobel Group: New Light Forum in Dornbirn

The Light Forum represents an investment by the Zumtobel Group in the company's long-term success. The originally planned official opening of the new Light Forum in Dornbirn in March 2020 was postponed due to the Corona pandemic. A new date will be defined.

Photographer: Faruk Pinjo

Information

This press release and the accompanying high-resolution images can be downloaded at:
<https://z.lighting/en/group/news-insights/>

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About the Zumtobel Group:

The Zumtobel Group is an international lighting group and a leading supplier of innovative lighting solutions, lighting components and associated services. With its brands, acdc, Thorn, Tridonic and Zumtobel, the Group offers its customers around the world a comprehensive portfolio of products and services. The Group's know-how about the effects of light on people, acquired over decades, forms the basis for the development of innovations and for accessing new fields of business. In the lighting business, the Group with its Thorn and Zumtobel brands, is one of the European market leaders. Through its lighting technology brand, Tridonic, the Zumtobel Group plays a leading role worldwide in the manufacture of hardware and software for lighting systems (LED light sources and LED drivers, sensors and lighting management). The Zumtobel Group's service offering is one of the most comprehensive in the entire lighting industry, including consultation on smart lighting controls and emergency lighting systems, light contracting, design services and project management of turnkey lighting solutions, as well as new, data-based services focused on delivering connectivity for buildings and municipalities via the lighting infrastructure. The Group is listed on the Vienna Stock Exchange (ATX Prime) and currently holds a workforce of around 6,000 employees. In the 2019/20 financial year, the Group posted revenues of EUR 1,131.3 million. The Zumtobel Group is based in Dornbirn in the Vorarlberg region of Austria. For further information, please visit z.lighting/group