

FY 2019/20

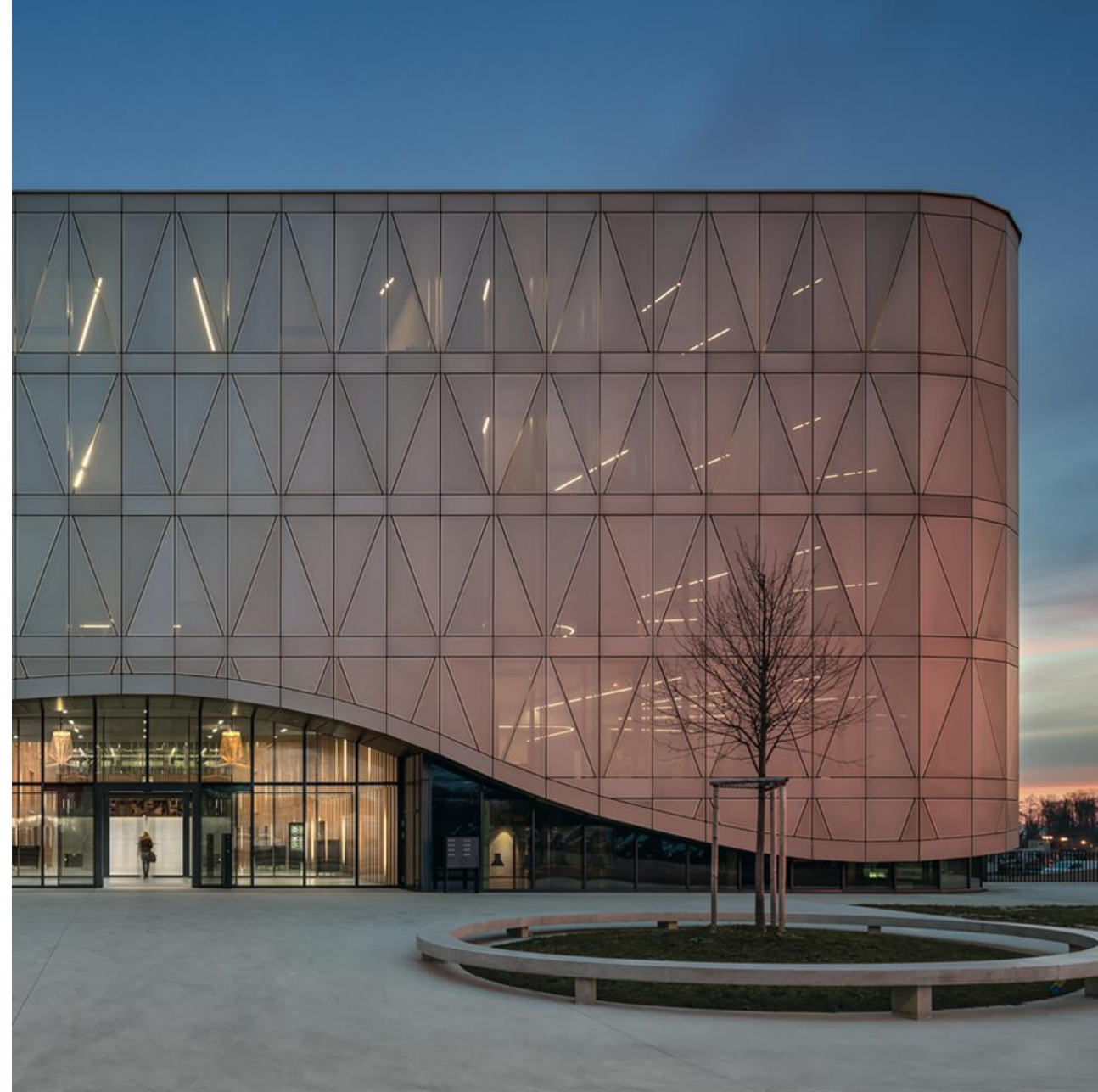
Management Presentation

25 June 2020



Financials FY 2019/20: Zumtobel Group results show improvement of profitability despite top line decline

- **Group revenues decline by 2.6% (FX-adj. minus 3.1%)**
 - Lighting Segment revenues 3.2% below PY (FX-adj. minus 3.8%)
 - Components Segment slightly below previous year level (minus 2.0%) – price pressure remains high at roughly 4%
 - Slight growth in core DACH-region (+1.5%) in spite of COVID-19 crisis
 - Fourth quarter of FY 2019/20 shows a COVID-19-driven revenue decline of minus 12.7% (FX-adj. minus 12.6%)
- **Adj. EBIT increase from EUR 27.6 million to EUR 53.9 million**
 - Improvement based on consequent cost management and relatively better business development in margin stronger countries (DACH region)
 - Gross profit before R&D EUR 8.4 million above PY
 - Selling & administrative costs EUR 17.8 million below PY
- **Net profit at EUR 14.5 million (PY: minus EUR 15.2 million)**
 - One-off costs of EUR 18.8 million (PY EUR 25.0 million)
 - Dividend proposal of 10 Eurocent per share
- **FY 2019/20 target achieved at margin (4.8%), missed at top line due COVID-19 impact in March and April**
- **Currently no guidance on the development of revenues and earnings in FY 2020/21**



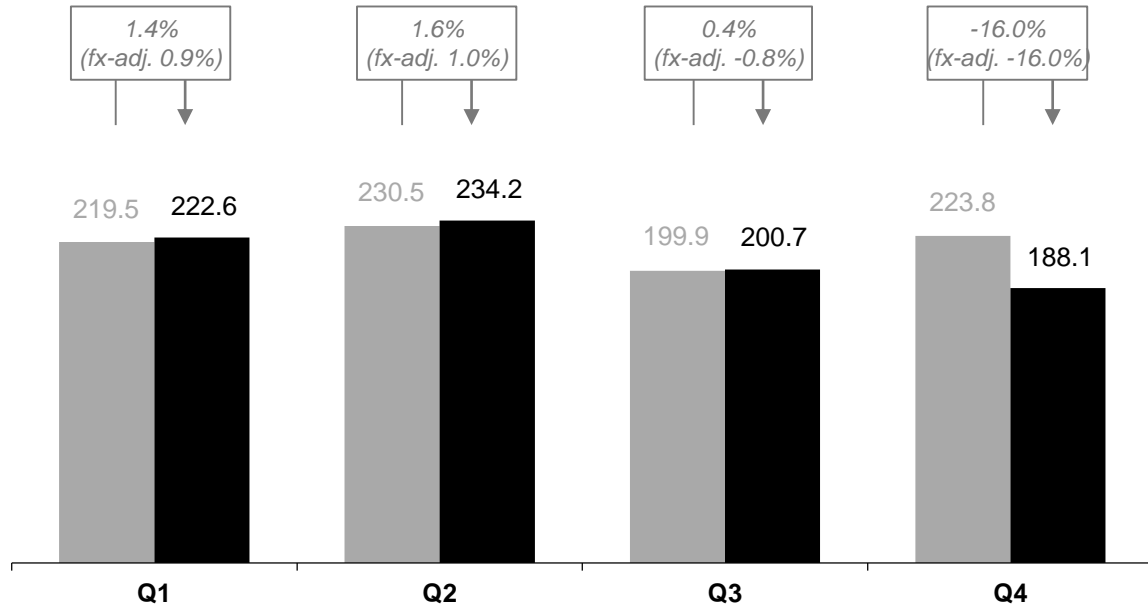
Scott Sports AG, Switzerland

Lighting Segment shows EBIT improvement in FY 2019/20

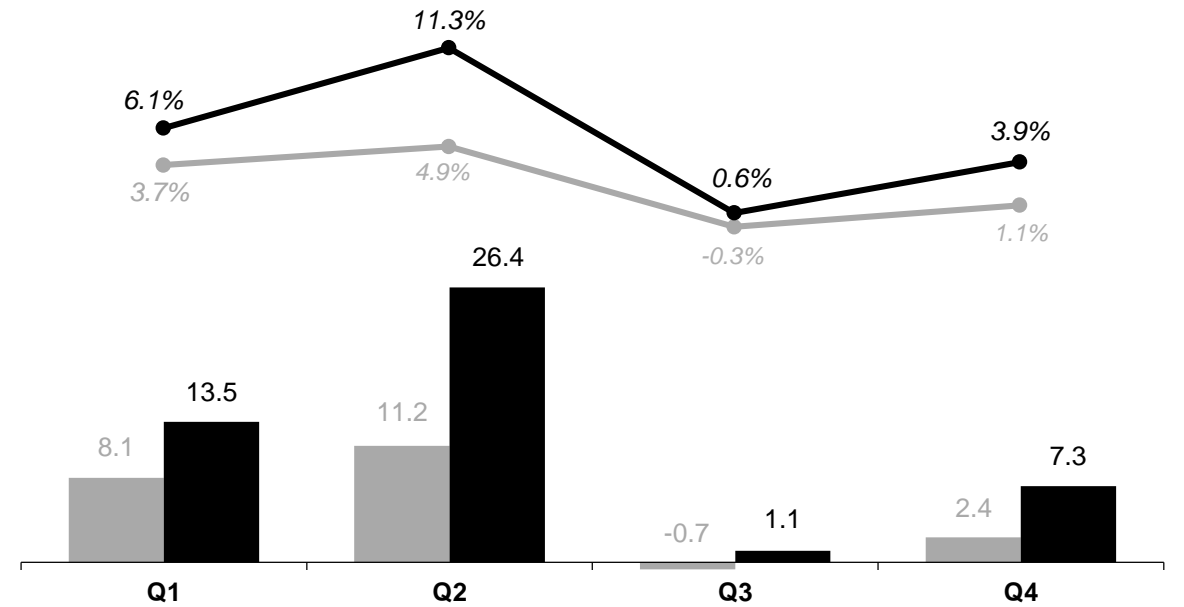
Lighting Segment – Revenue and EBIT development

LIGHTING SEGMENT

REVENUES



ADJUSTED EBIT¹⁾



■ Revenues 2018/19
In EUR million

■ Revenues 2019/20
In EUR million

■ Adjusted EBIT 2018/19
in EUR million

■ Adjusted EBIT 2019/20
in EUR million

—●— Adjusted EBIT 2018/19
as a % of revenues

—●— Adjusted EBIT 2019/20
as a % of revenues

1) Reported EBIT
adjusted for
special effects

Revenues FY 2019/20 EUR 845.5 million (minus 3.2%)
Revenues FY 2018/19 EUR 873.7 million

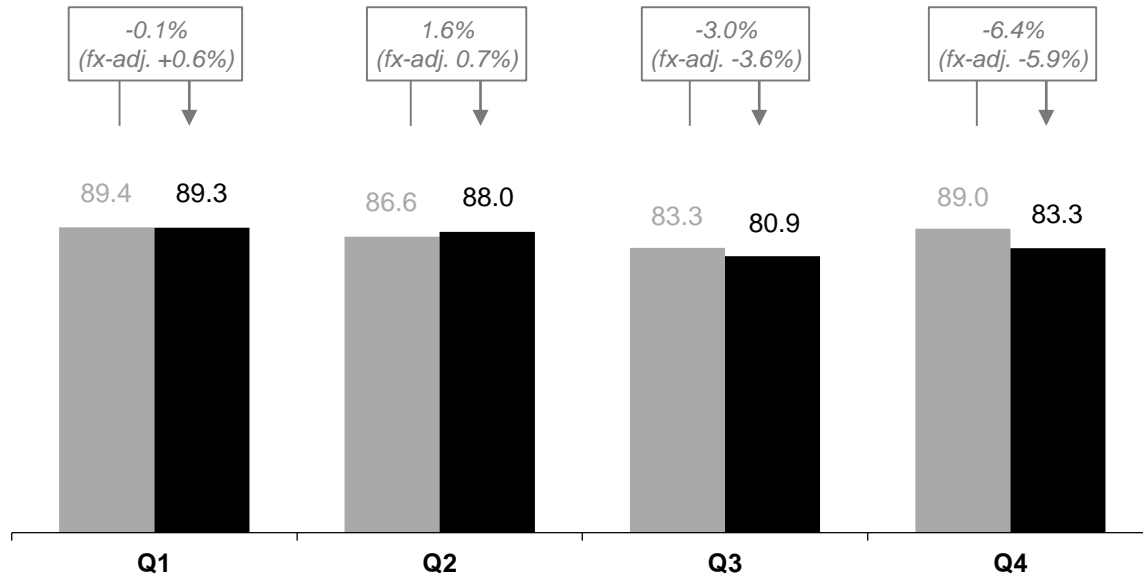
Adjusted EBIT FY 2019/20 EUR 48.3 million (margin of 5.7%)
Adjusted EBIT FY 2018/19 EUR 21.1 million (margin of 2.4%)

Deteriorated top-line burdens EBIT margin in fourth quarter

Components Segment – Revenue and EBIT development

COMPONENTS SEGMENT

REVENUES

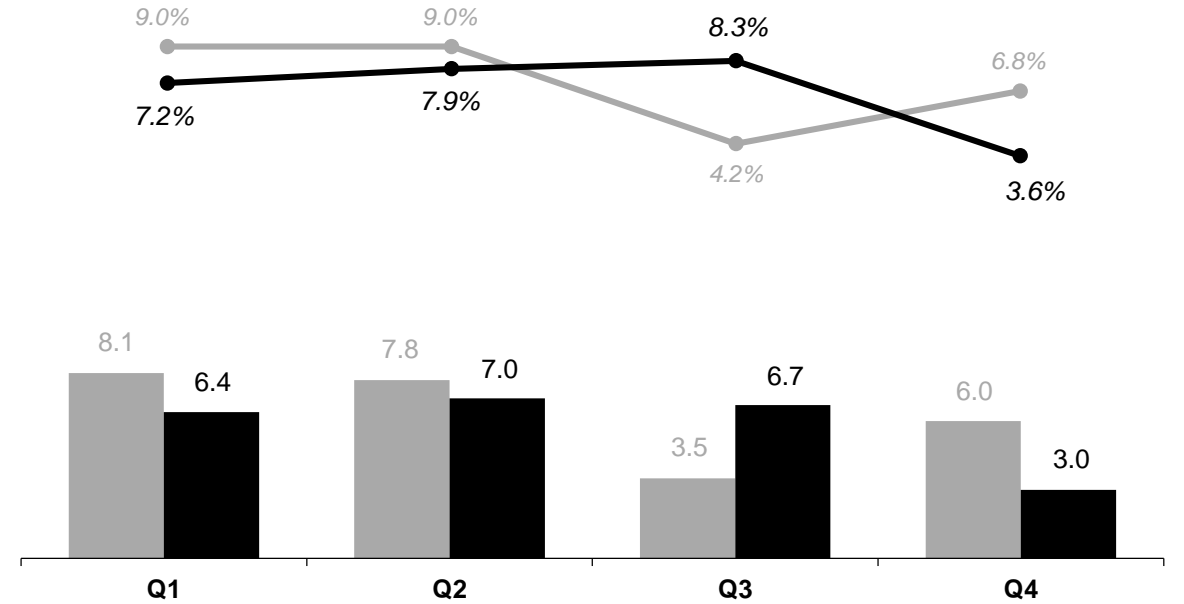


■ Revenues 2018/19
In EUR million

■ Revenues 2019/20
In EUR million

Revenues FY 2019/20 EUR 341.4 million (minus 2.0%)
Revenues FY 2018/19 EUR 348.3 million

ADJUSTED EBIT¹⁾



■ Adjusted EBIT 2018/19
in EUR million

■ Adjusted EBIT 2019/20
in EUR million

—●— Adjusted EBIT 2018/19
as a % of revenues

—●— Adjusted EBIT 2019/20
as a % of revenues

1) Reported EBIT
adjusted for
special effects

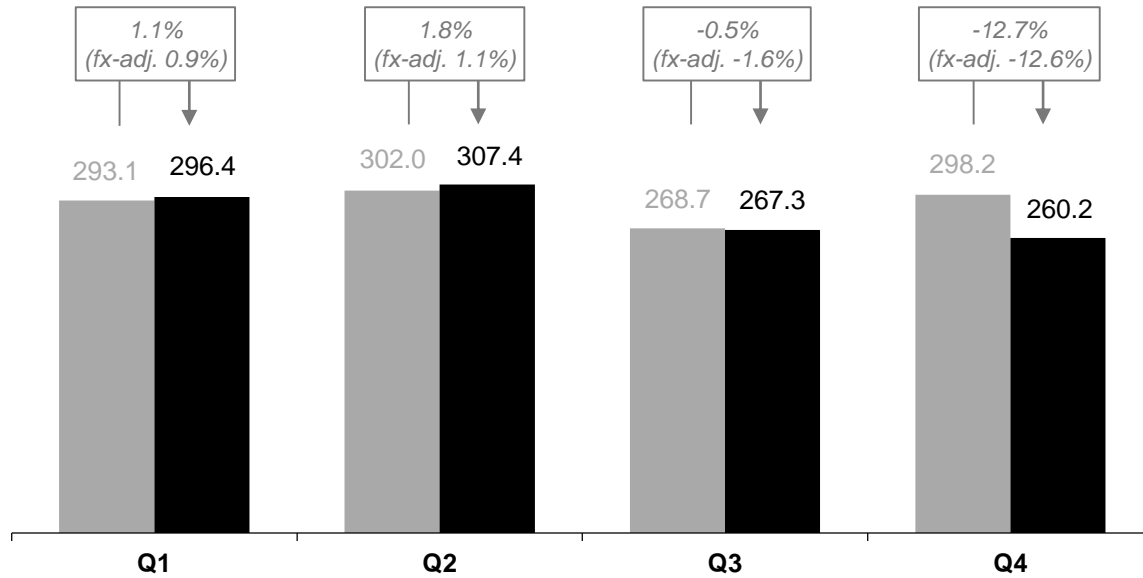
Adjusted EBIT FY 2019/20 EUR 23.0 million (margin of 6.8%)
Adjusted EBIT FY 2018/19 EUR 25.4 million (margin of 7.3%)

Saving measures lead to improved profitability, despite top line decline

Zumtobel Group – Revenue and EBIT development

ZUMTOBEL GROUP

REVENUES

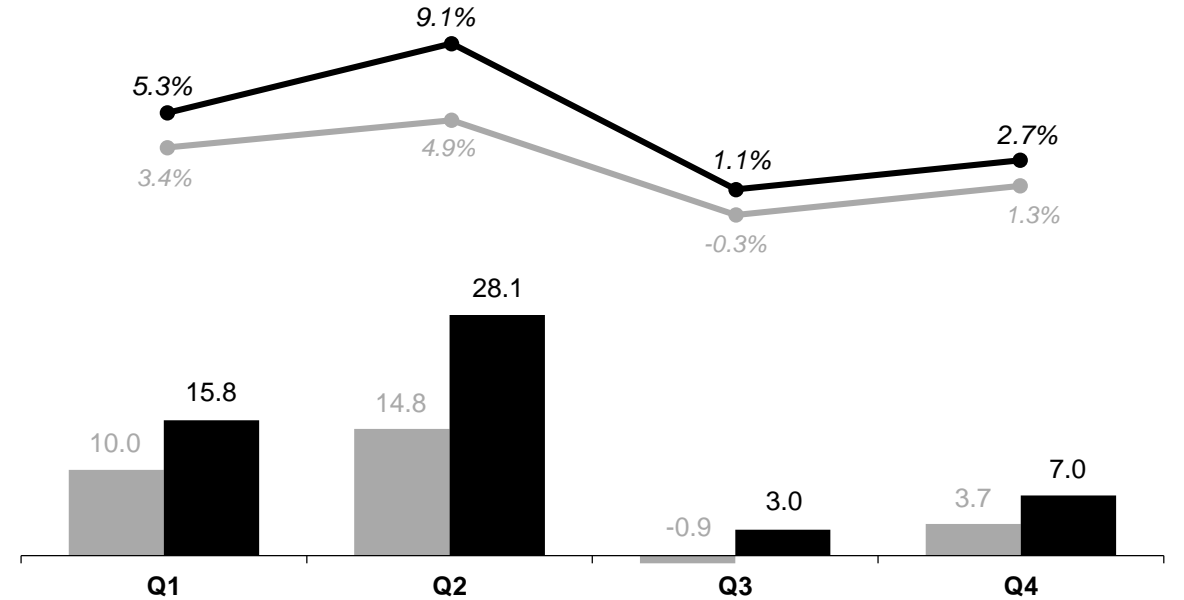


■ Revenues 2018/19
In EUR million

■ Revenues 2019/20
In EUR million

Revenues FY 2019/20 EUR 1,131.3 million (minus 2.6%)
Revenues FY 2018/19 EUR 1,162.0 million

ADJUSTED EBIT¹⁾



■ Adjusted EBIT 2018/19
in EUR million

■ Adjusted EBIT 2019/20
in EUR million

—●— Adjusted EBIT 2018/19
as a % of revenues

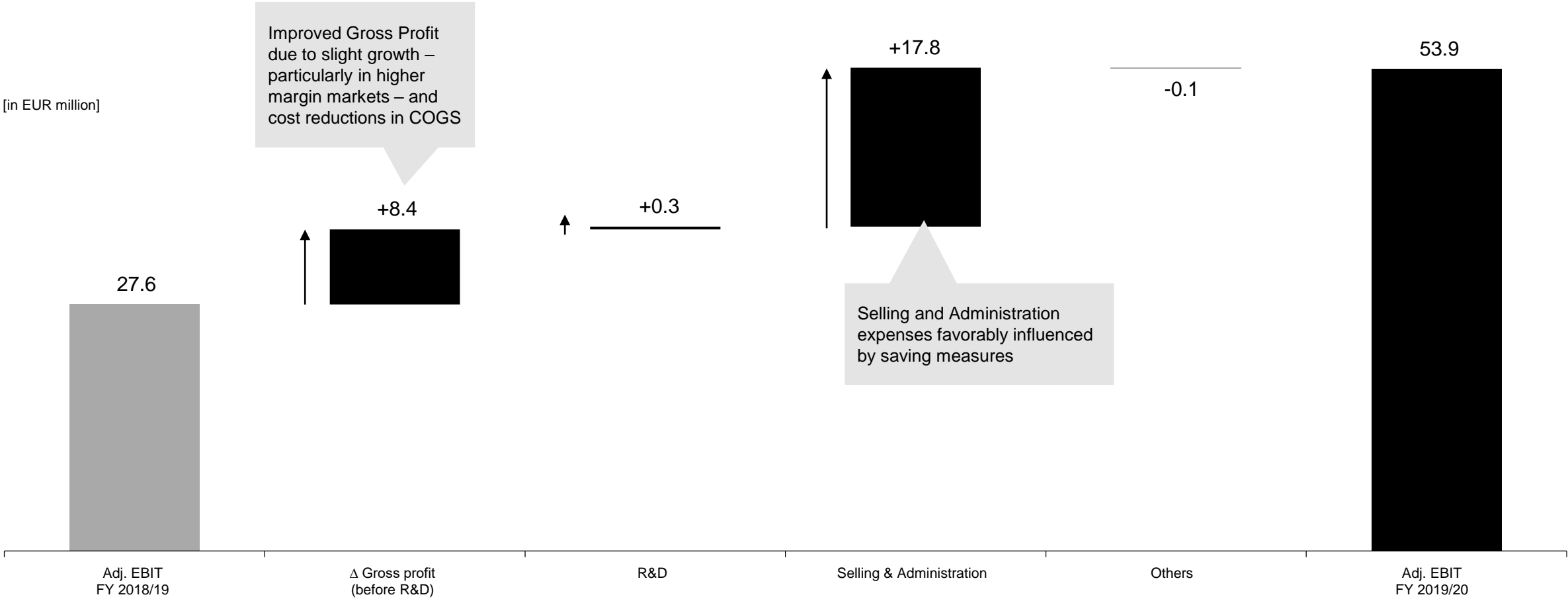
—●— Adjusted EBIT 2019/20
as a % of revenues

Adjusted EBIT FY 2019/20 EUR 53.9 million (margin of 4.8%)
Adjusted EBIT FY 2018/19 EUR 27.6 million (margin of 2.4%)

1) Reported EBIT
adjusted for
special effects

Main building blocks of the adj. EBIT development

Zumtobel Group – ADJ. EBIT Bridge



Net profit increased from minus EUR 15.2 million to plus EUR 14.5 million

Zumtobel Group – Income statement

in EUR million	FY 2019/20	FY 2018/19	Change in %
Revenues	1 131.3	1 162.0	-2.6
Cost of goods sold	-771.6	-810.2	-4.8
Gross profit (incl. development)	359.7	351.8	2.2
<i>as a % of revenues</i>	31.8	30.3	
SG&A expenses	-305.8	-324.2	-5.7
Adjusted EBIT	53.9	27.6	95.0
<i>as a % of revenues</i>	4.8	2.4	
Special effects	-18.8	-25.0	24.9
EBIT	35.1	2.7	>100
<i>as a % of revenues</i>	3.1	0.2	
Financial results	-12.4	-12.8	2.6
Profit before tax	22.7	-10.1	>100
Income taxes	-8.3	-5.2	60.2
Net profit for the period	14.5	-15.2	>100
Earnings per share (in EUR)	0.33	-0.35	>100

Free cash flow at EUR 53.3 million (PY EUR 3.8 million)

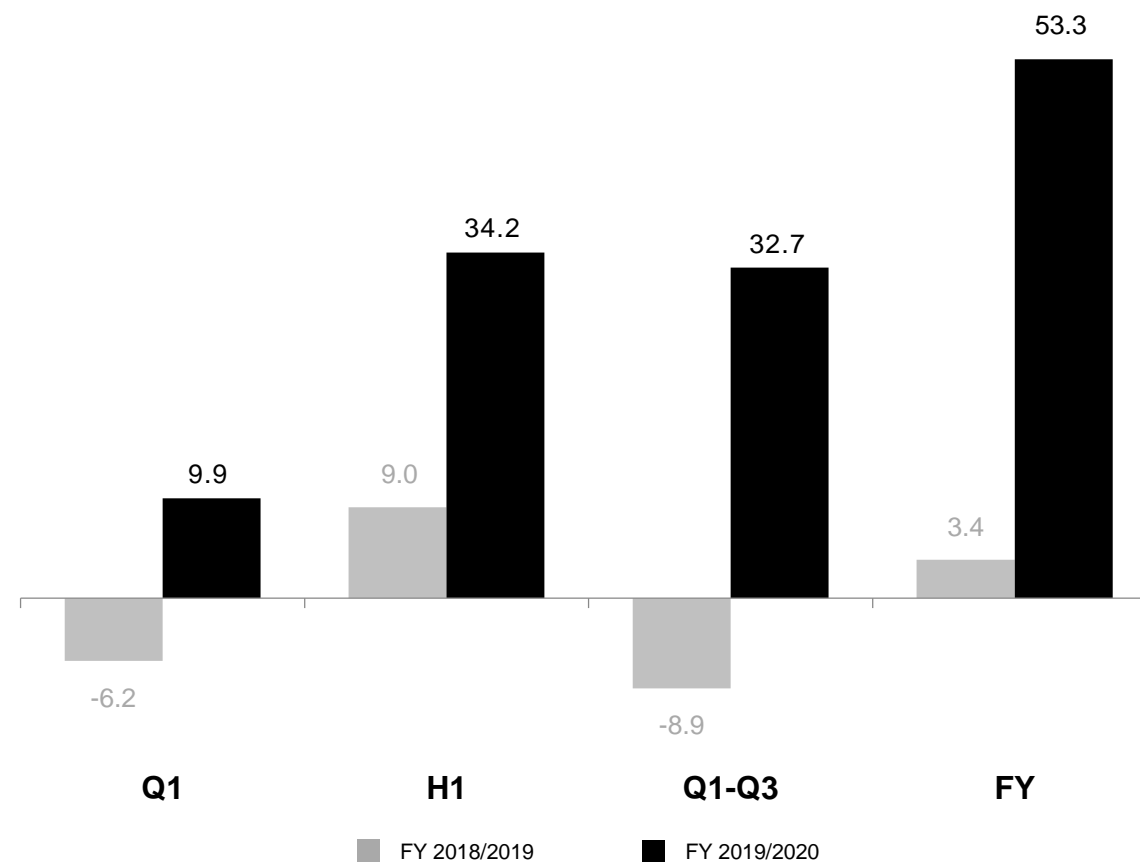
Zumtobel Group – Cash Flow Statement

in EUR million	FY 2019/20	FY 2018/19
Cash flow from operating results	101.3	56.8
Change in working capital	10.1	13.5
Change in other operating items	6.6	6.7
Taxes paid/received	-9.9	-4.2
Cash flow from operating activities	108.2	72.7
Proceeds from the sale of non-current assets	1.5	1.6
Capital expenditures on non-current assets	-57.9	-66.2
Change in current and non-current financial assets	0.5	-4.6
Change in liquid funds from changes in the consolidation range	0.8	
Cash flow from investing activities	-54.9	-68.9
Free cash flow	53.3*	3.8

*Free cash flow has been positively impacted by EUR 16.4 million due to implementation of IFRS16.

FREE CASH FLOW DEVELOPMENT

(cumulative figures in EUR million)



Solid balance sheet structure (increase of net debt due to IFRS 16)

Zumtobel Group – Key balance sheet data

in EUR million	30 April 2020	30 April 2019
Total assets	994.8	920.9
Net debt	165.7	148.7
<i>Debt coverage ratio</i>	1.55	2.66
Equity	280.7	262.8
<i>Equity ratio</i>	28.2%	28.5%
<i>Gearing</i>	59.0%	56.6%
Investments	57.9	66.2
Working capital	169.2	172.8
<i>As a % of rolling 12 months revenues</i>	15.0%	14.9%

Net debt totalled EUR 165.7 million as of 30 April 2020 (30 April 2019: EUR 148.7 million)

Solid liquidity position backed by:

- Consortium credit agreement with a term ending Nov. 2022 and a max. volume of EUR 200 million, whereof EUR 75 million drawn
- Two long-term credit agreements of EUR 40 million each with the European Investment Bank (EIB) (bullet repayment in September 2024, respectively February 2025; both fully drawn)
- Uncommitted lines of credit totalling EUR 63.3 million

Financial covenants attached to:

- Debt coverage ratio (=net debt/EBITDA) < 3.55
✓ **1.55 (PY 2.66)**
- Equity ratio > 23.5%
✓ **28.2% (PY 28.5%)**

→ Testing of covenants on 31 Oct as well 30 April

Implementation of IFRS 16 in FY 2019/20: EUR 16.4 million EBITDA effect

Zumtobel Group – Implementation of IFRS 16

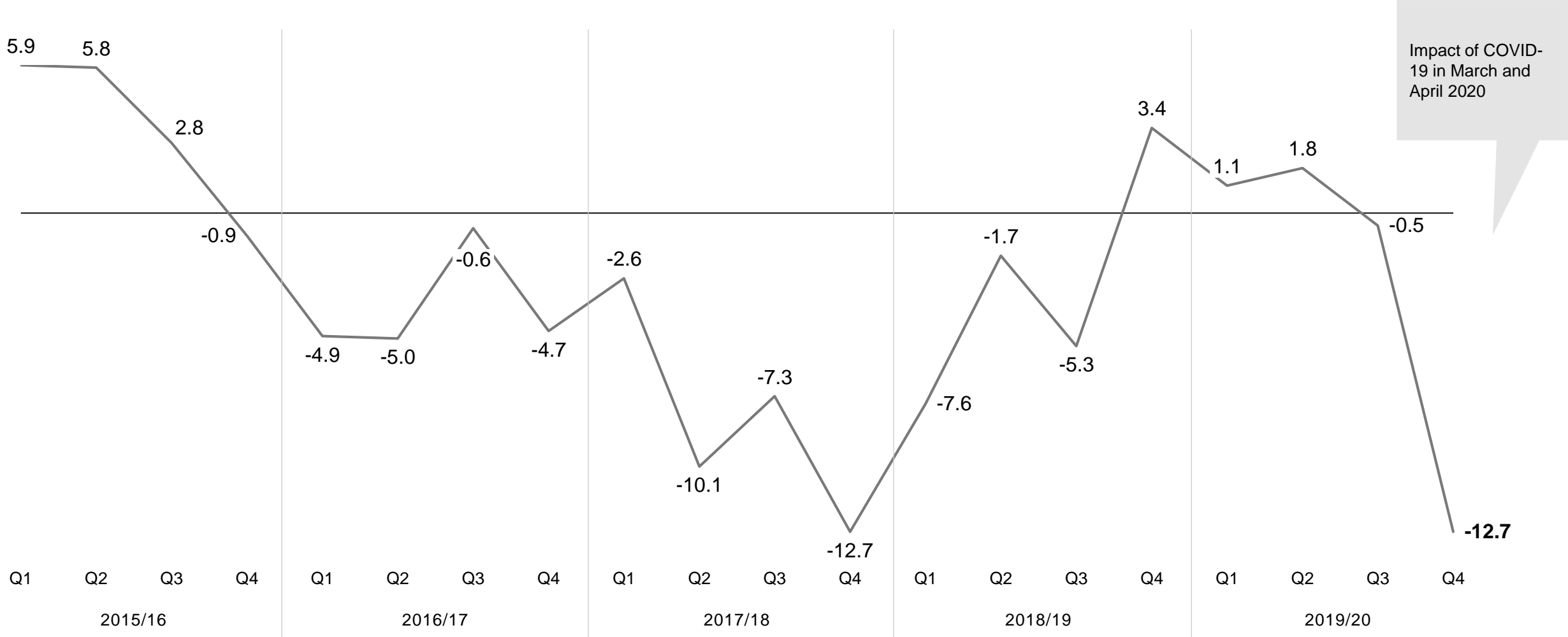
Income Statement	In EUR million
EBITDA	16.4
Depreciation	(15.2)
EBIT	1.2
Interest Result	(2.1)
Net Income	(0.9)

Balance Sheet	In EUR million
Change of net debt	45.7

- **Extension of the Balance Sheet**
 - Recognition of “Right of Use Asset“
 - Recognition of „Lease Liability“
- **Impact on Income Statement**
 - **Increase of EBITDA:** No expenses for rent / leasing
 - **Increase of EBIT:** Expenses for Rent / Leasing are broken down into depreciation of “Right of Use Asset” and interest on “Lease Liability”
 - **Decrease of interest result:** interest on “Lease Liability”
- Change in accounting standard has no impact on underlying cash flows

Fourth quarter 2019/20 drops significantly due to COVID-19

Zumtobel Group – Sales development by Quarter vs PY Period in %



Impact of COVID-19 in March and April 2020

Slight improvement of revenues despite challenging market environment

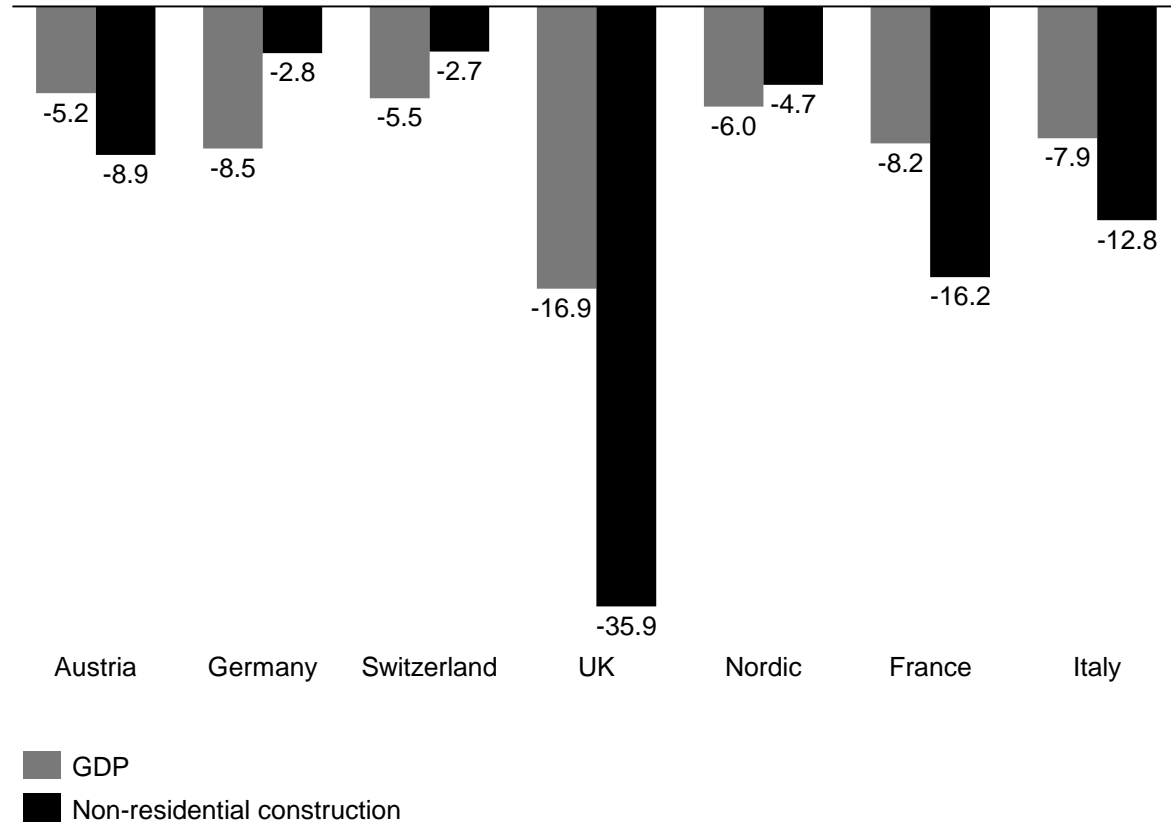
Zumtobel Group – Regional revenue distribution

in EUR million	Q4 2019/20	Change	FY 2019/20	Change	
				nominal	FX adjusted
D/A/CH	86.1	-3.2%	361.2	1.5%	-0.1%
Northern and Western Europe	68.0	-16.8%	292.3	-4.7%	-4.5%
Southern and Eastern Europe	64.1	-11.0%	288.5	-2.5%	-2.2%
Asia & Pacific	20.0	-33.6%	105.4	-12.8%	-12.2%
Rest of the World	22.1	-13.1%	83.9	1.5%	-0.6%
Total	260.2	-12.7%	1 131.3	-2.6%	-3.1%

Corona update: Deteriorating market environment in Europe in 2020

Zumtobel Group – Euroconstruct Forecast 2020

2020 Forecast GDP and Non-residential construction
Growth Rates in %



- Non-residential construction is expected to drop by 13.2% in 2020 in the Zumtobel Group’s core European markets
- Recovery is projected beginning in 2021 and non-residential construction in Europe is expected to grow again by roughly 5% annually
- Among the core markets, the UK will see the most severe hit as the Corona crisis coincides with the BREXIT; as a consequence, non residential construction will decline by around one-third in 2020
- France and Italy will also see a double-digit decline in non-residential construction
- More promising development in DACH region: Germany and Switzerland will survive the crisis with fewer problems → non-residential construction will decline by 2.8% and 2.7%, respectively.

Source: Euroconstruct Country Report June 2020

Corona update: Crisis as a chance

Zumtobel Group – COVID-19 status quo as well as mid- and long-term perspective

Status quo

- The primary objective is to **master the effects of the most severe economic crisis** in decades and limit the damage to the company
- We reacted quickly and took all necessary steps to ensure **effective crisis management** and steer the company safely through the crisis
- **All business functions are up and running** and product availability for customers is secure at a high service level
- **Countermeasures** to absorb top line decline are in place:
 - Consequent cost management in all functional areas (focus on must-have discretionary spending and CAPEX investments)
 - Global hiring freeze
 - Short time work in main countries combined with reduction of flextime hours and vacation

Mid and long-term perspective

- Despite the ongoing crisis we intend to direct our efforts to the **development of new and innovative lighting generations** in order to offer attractive product solutions
- **Continue to pursue new opportunities of efficient, cost-effective communication and collaboration** that proved successful during the crisis
 - Home-office solutions
 - Digital customer experiences (webinars, e-commerce, video-conferencing)
- **Benefit from lighting industry transformation** and utilization of new business opportunities

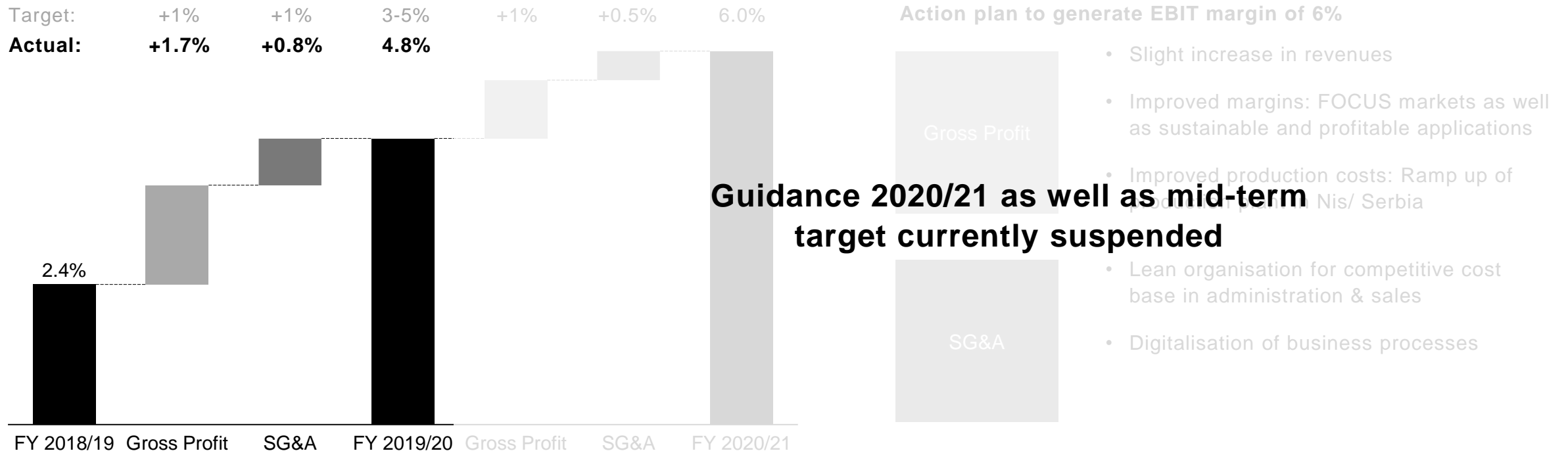


Our goal is to get out of the crisis stronger and continue the successful development prior to COVID-19

FY 2020/21 will be a year of trials in the middle of a worldwide crisis

Zumtobel Group Outlook: Currently no guidance for 2020/21

- The Corona pandemic has triggered an economic downturn whose development is difficult to estimate at the present time
- **Consequently, we are not in a position to issue any guidance on the development of revenues and earnings in 2020/21**
- **The medium-term goal to generate an EBIT margin of roughly 6%, which was originally planned for 2020/21, will be delayed**



Financial Calendar

Zumtobel Group

25 June 2020	Annual Results 2019/20	(1 May 2019 – 30 April 2020)
14 July 2020	Record Date for the Annual General Meeting	
24 July 2020	44th Annual General Meeting of Zumtobel Group AG	
28 July 2020	Ex-Dividend Day	
29 July 2020	Record Date Dividend	
31 July 2020	Dividend Payout Day	
1 September 2020	Interim Report Q1 2020/21	(1 May 2020 – 31 July 2020)
1 December 2020	Half-Year Financial Report 2020/21	(1 May 2020 – 31 October 2020)
2 March 2021	Interim Report Q1–Q3 2020/21	(1 May 2020 – 31 January 2021)

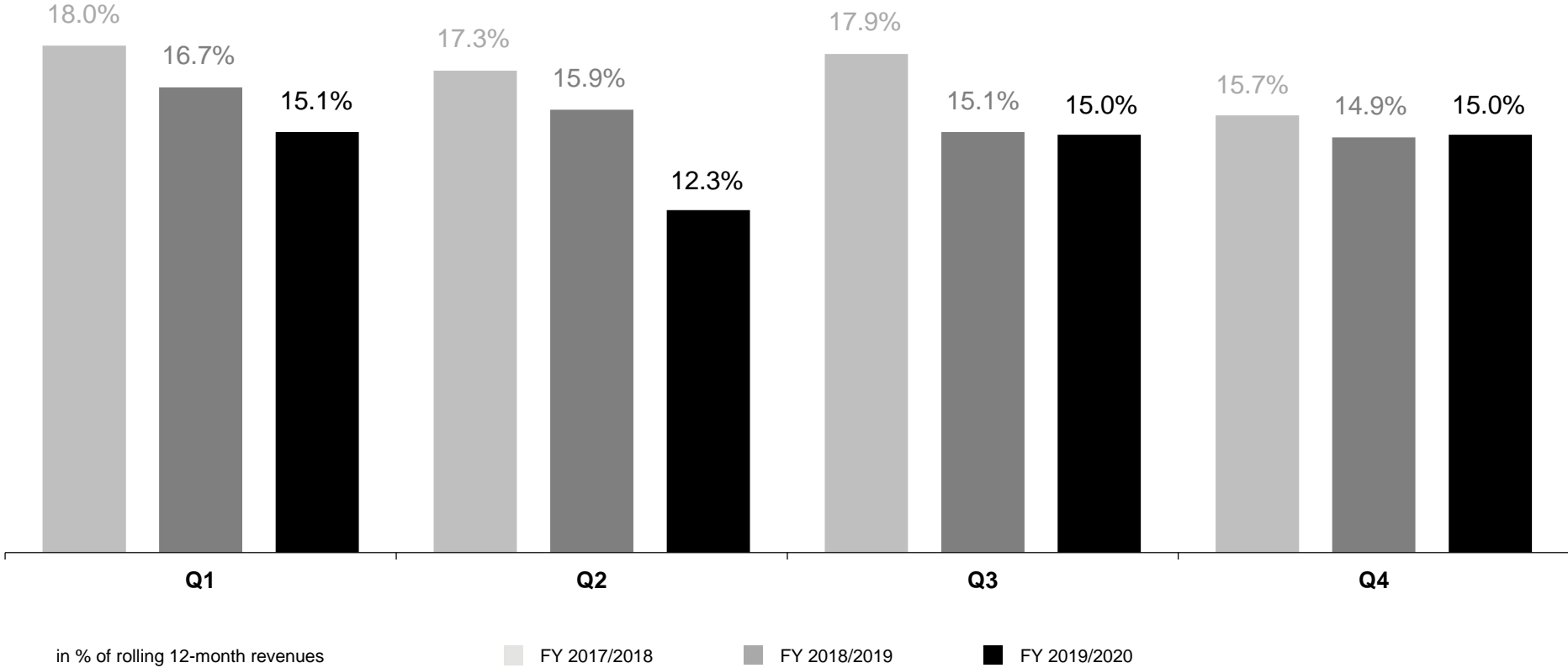


Back-up

ZUMTOBEL Group

Working capital on stable level

Zumtobel Group – Working capital



- Working capital at EUR 169.2 million as of 30 April 2020 (30 April 2019: EUR 172.8 million)
- In % of rolling 12-month revenues, working capital at 15.0% (PY: 14.9%)

Supplement data regarding Segment Reporting

Zumtobel Group

in TEUR	Lighting Segment		Components Segment		Reconciliation		Group	
	FY 2019/20	FY 2018/19	FY 2019/20	FY 2018/19	FY 2019/20	FY 2018/19	FY 2019/20	FY 2018/19
Net revenues	845 473	873 685	341 437	348 304	-55 611	-59 972	1 131 299	1 162 017
External revenues	845 088	869 811	285 066	292 178	1 146	30	1 131 299	1 162 017
Inter-company revenues	385	3 875	56 372	56 126	-56 757	-60 001	0	0
Adjusted EBIT	48 316	21 141	23 048	25 399	-17 465	-18 902	53 900	27 638
Special effects	-16 228	-16 954	-3 506	-7 500	978	-515	-18 756	-24 969
Operating profit/loss	32 088	4 543	19 542	17 899	-16 487	-19 772	35 144	2 670
Investments	29 411	35 864	17 440	26 352	11 059	4 911	57 909	67 127
Depreciation	-44 446	-36 331	-16 640	-12 557	-10 371	-4 273	-71 456	-53 161

Five-Year Overview

Zumtobel Group

in EUR million	2019/20	2018/19	2017/18	2016/17	2015/16
Revenues	1,131.3	1,162.0	1,196.5	1,303.9	1,356.5
Adjusted EBIT	53.9	27.6	19.7	72.4	58.7
<i>as a % of revenues</i>	4.8	2.4	1.6	5.6	4.3
Net profit/loss for the period	14.5	-15.2	-46.7	25.2	11.9
<i>as a % of revenues</i>	1.3	-1.3	-3.9	1.9	0.9
Total assets	994.8	920.9	986.1	1,019.6	1,068.6
Equity	280.7	262.8	268.3	334.0	333.2
<i>Equity ratio in %</i>	28.2	28.5	27.3	32.8	31.2
Net debt	165.7	148.7	146.3	91.0	134.8
Cash flow from operating results	101.3	56.8	53.5	114.1	84.8
Investments	57.9	66.2	69.0	45.2	58.4
<i>as a % of revenues</i>	5.1	5.7	5.8	3.5	4.3
R&D total	65.9	66.2	73.4	82.4	87.9
<i>as a % of revenues</i>	5.8	5.7	6.1	6.3	6.5
Headcount incl. contract worker (full-time equivalent)	6,039	5,878	6,224	6,562	6,761

Thank you

ZUMTOBEL GROUP AG

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ZUMTOBEL Group

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