

H1 2020/21

Management Presentation

1 December 2020

liberty

Highlights of the Zumtobel Group amid challenging times

- **Successful management of Covid-19 crisis**
 - Adaption of business activities to changing demand as well as cost management protected satisfactory earnings
 - Using the knowledge gained from current situation to adjust corporate strategy: identify and utilise new opportunities for growth and emerge stronger from the crisis
- **Project highlights in Q2**
 - Major refurbishment project with Aldi Nord France
 - Amazon projects for distribution centers in UK, Spain and Australia
 - Illumination of Apple Tech Campus in California
- **Virtual opening of Light Forum Dornbirn and Campus concept with 6,000 participants**
 - 4,000 square meter Light Forum at founding location in Dornbirn
 - Unique setting to present wide-ranging light experiences for customers, partners and the general public
 - Launch of comprehensive campus concept based on experience, knowledge transfer and co-creation including keynotes, webinars and talks on light and related contemporary topics and future issues
 - Extensive hybrid approach: both digitally and physically to reach customers and partners around the world



New Light Forum, Dornbirn









INDUSTRY AND ENGINEERING

Financial Highlights H1 2020/21: Satisfactory earnings against strong Covid-19 headwind

- **Group revenues decline by 14.6% (FX-adj. minus 13.9%)**
 - Lighting Segment revenues 13.7% below PY
 - Components Segment clearly below previous year level (minus 17.8%) – price pressure dropped to approx. 1%
 - Strong revenue hit particularly in UK (minus 28%), but also in France almost 20% below PY
- **Adj. EBIT decrease from EUR 43.9 mn to EUR 25.3 mn**
 - Positive earnings supported by cost savings and the utilisation of short-time work options
 - Gross profit (before R&D) EUR 38.4 mn below PY
 - Selling & administrative costs EUR 19.9 mn lower than PY
- **Net profit at EUR 13.3 mn (PY: EUR 24.7 mn)**
 - One-off costs of EUR 2.3 mn (PY EUR 7.2 mn) mainly related to closure of acdc plant Barrowford, UK and relocation to Spennymoor, UK
- **Currently no guidance of revenues and earnings for FY 2020/21**
- **Strong balance sheet secures liquidity position in crisis**

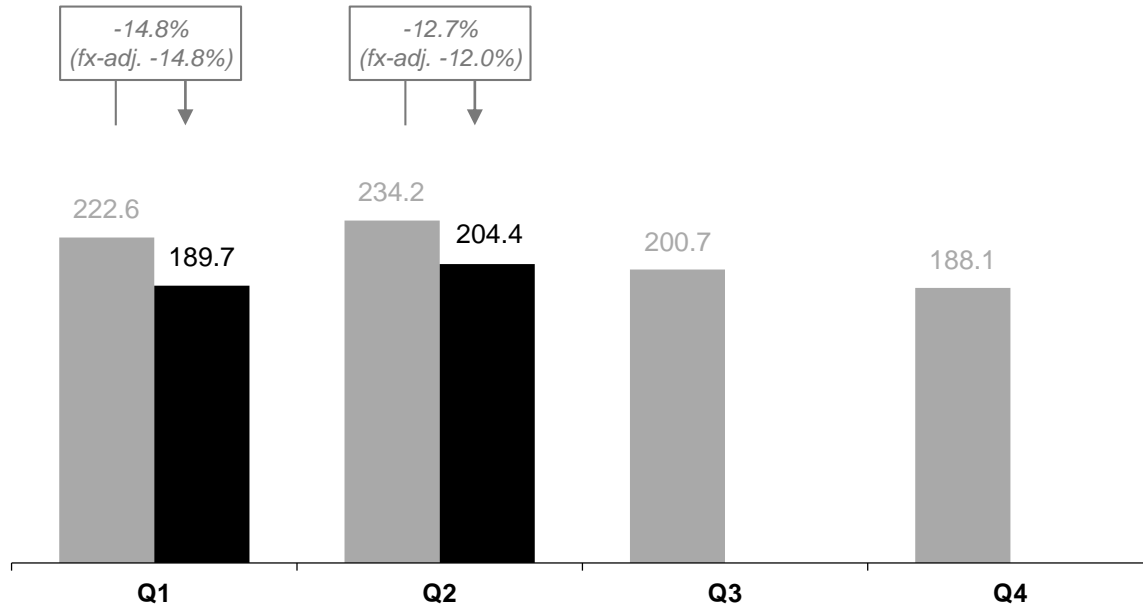


Satisfactory EBIT development given top-line decline

Lighting Segment – Revenue and EBIT development

LIGHTING SEGMENT

REVENUES

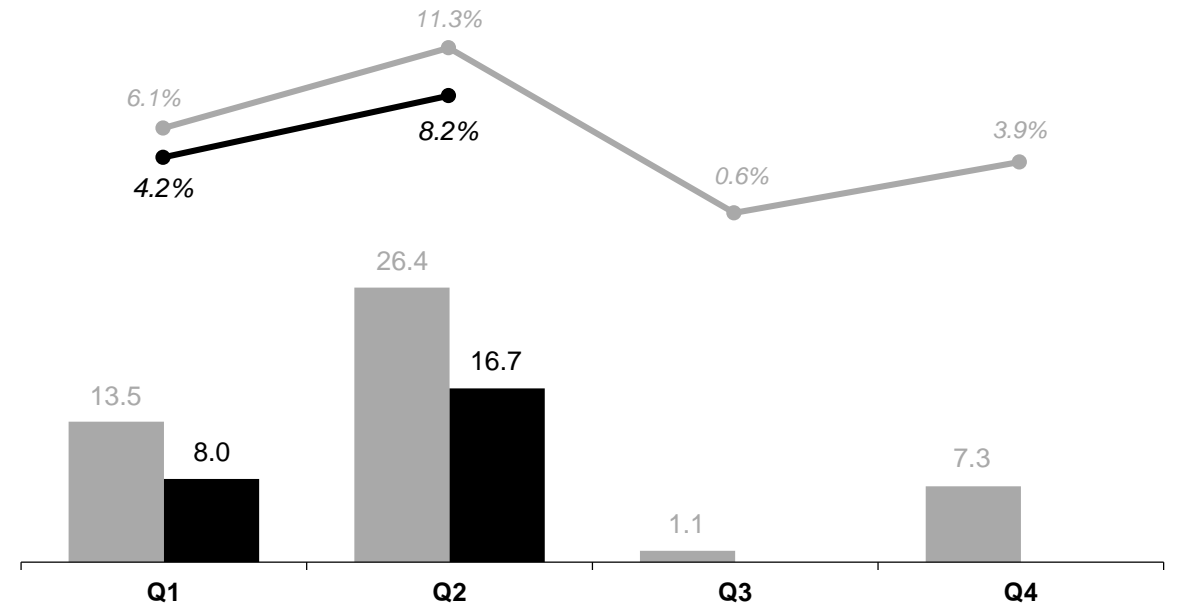


■ Revenues 2019/20
In EUR mn

■ Revenues 2020/21
In EUR mn

Revenues H1 2020/21 EUR 394.1 million (minus 13.7%)
Revenues H1 2019/20 EUR 456.7 million

ADJUSTED EBIT¹⁾



■ Adjusted EBIT 2019/20
in EUR mn

■ Adjusted EBIT 2020/21
in EUR mn

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

—●— Adjusted EBIT 2020/21
as a % of revenues

Adjusted EBIT H1 2020/21 EUR 24.7 million (margin of 6.3%)
Adjusted EBIT H1 2019/20 EUR 39.9 million (margin of 8.7%)

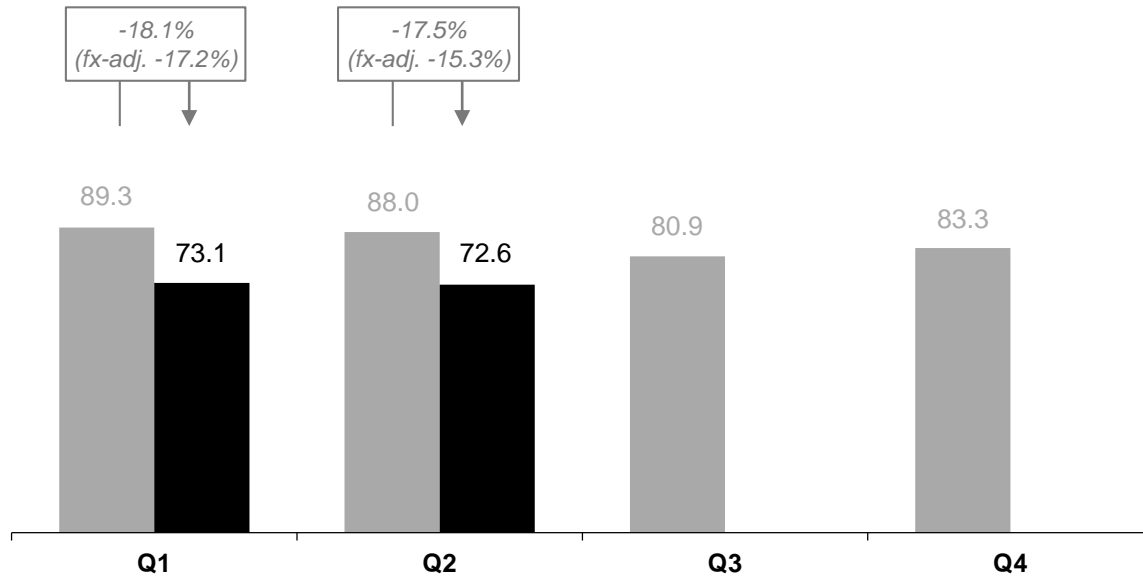
1) Reported EBIT adjusted for special effects

Revenue shortfall reduces EBIT margin to 5%

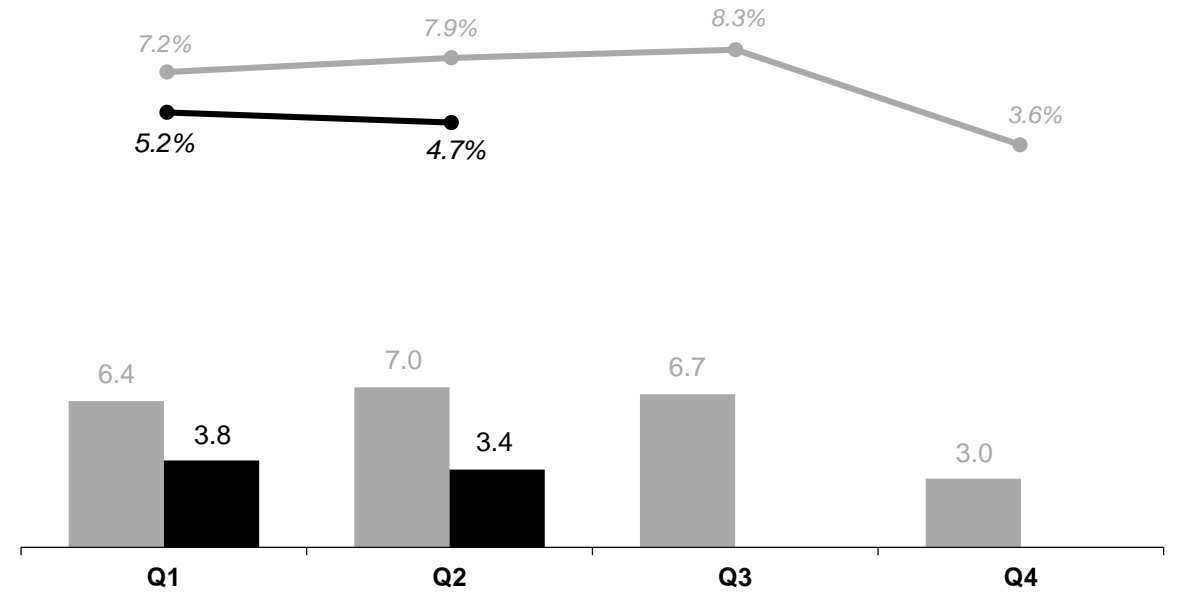
Components Segment – Revenue and EBIT development

COMPONENTS SEGMENT

REVENUES



ADJUSTED EBIT¹⁾



■ Revenues 2019/20 In EUR mn
 ■ Revenues 2020/21 In EUR mn

■ Adjusted EBIT 2019/20 in EUR mn
 ■ Adjusted EBIT 2020/21 in EUR mn
 —●— Adjusted EBIT 2019/20 as a % of revenues
 —●— Adjusted EBIT 2020/21 as a % of revenues

1) Reported EBIT adjusted for special effects

Revenues H1 2020/21 EUR 145.7 million (minus 17.8%)
 Revenues H1 2019/20 EUR 177.3 million

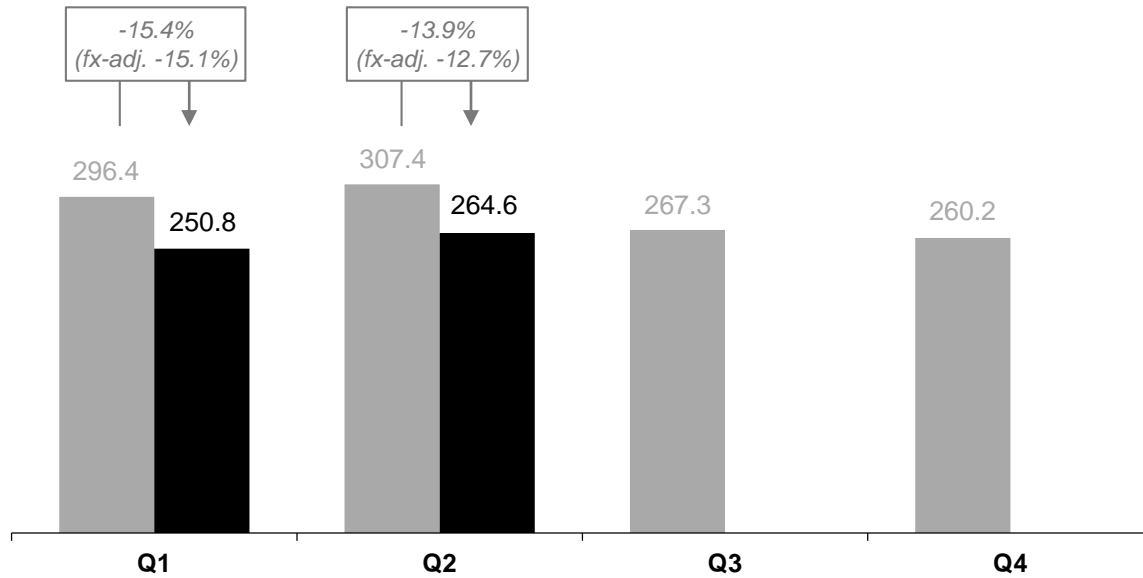
Adjusted EBIT H1 2020/21 EUR 7.3 million (margin of 5.0%)
 Adjusted EBIT H1 2019/20 EUR 13.4 million (margin of 7.5%)

Cost efficiency measures can only partially offset contribution loss

Zumtobel Group – Revenue and EBIT development

ZUMTOBEL GROUP

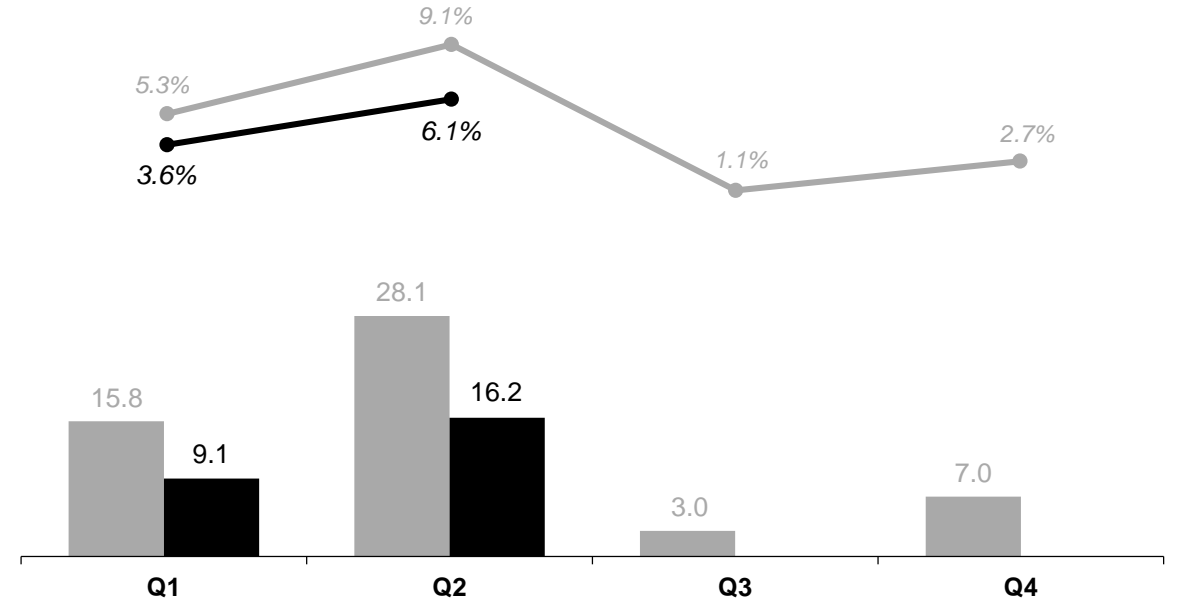
REVENUES



■ Revenues 2019/20 In EUR mn
 ■ Revenues 2020/21 In EUR mn

Revenues H1 2020/21 EUR 515.4 million (minus 14.6%)
 Revenues H1 2019/20 EUR 603.8 million

ADJUSTED EBIT¹⁾



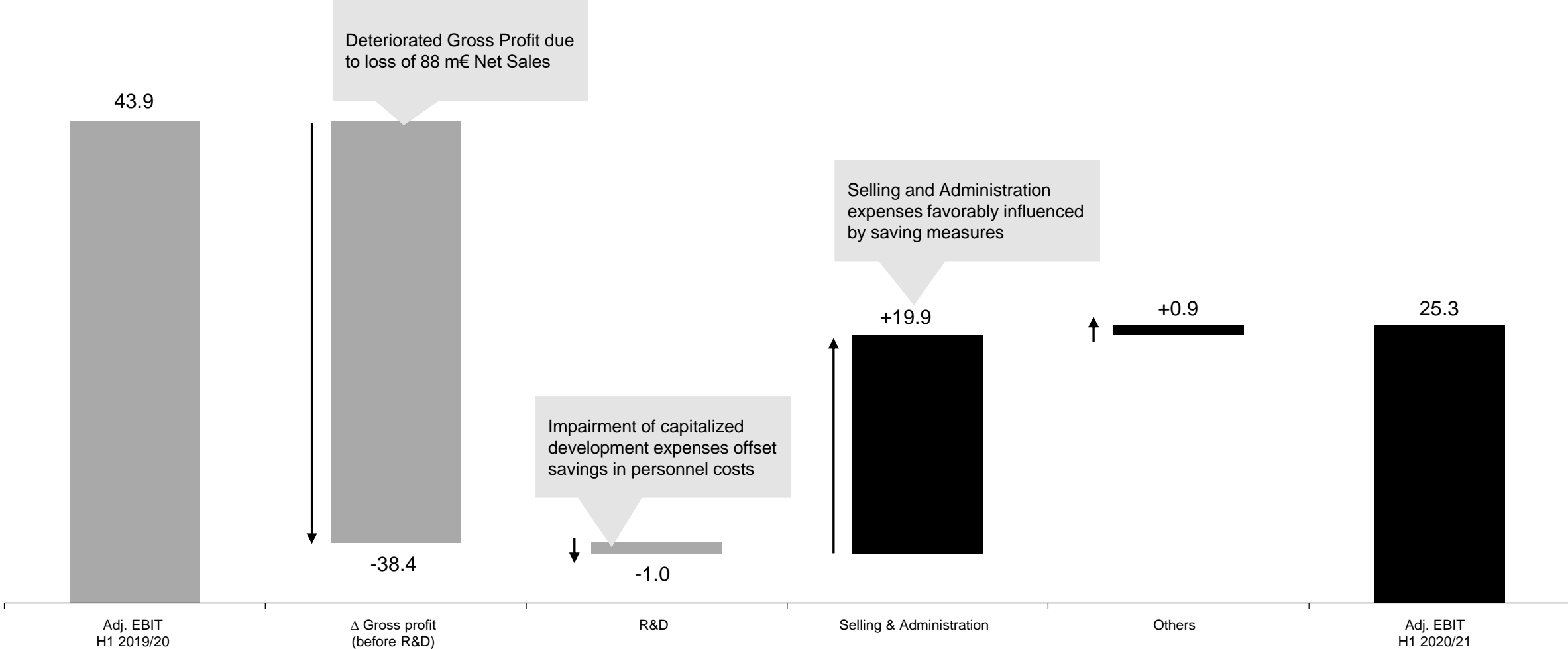
■ Adjusted EBIT 2019/20 in EUR mn
 ■ Adjusted EBIT 2020/21 in EUR mn
 —●— Adjusted EBIT 2019/20 as a % of revenues
 —●— Adjusted EBIT 2020/21 as a % of revenues

Adjusted EBIT H1 2020/21 EUR 25.3 million (margin of 4.9%)
 Adjusted EBIT H1 2019/20 EUR 43.9 million (margin of 7.3%)

1) Reported EBIT adjusted for special effects

Deteriorated Gross Profit resulted in lower adj. EBIT

Zumtobel Group – ADJ. EBIT Bridge



[in EUR mn]

Net profit decreased from EUR 24.7 mn to EUR 13.3 mn

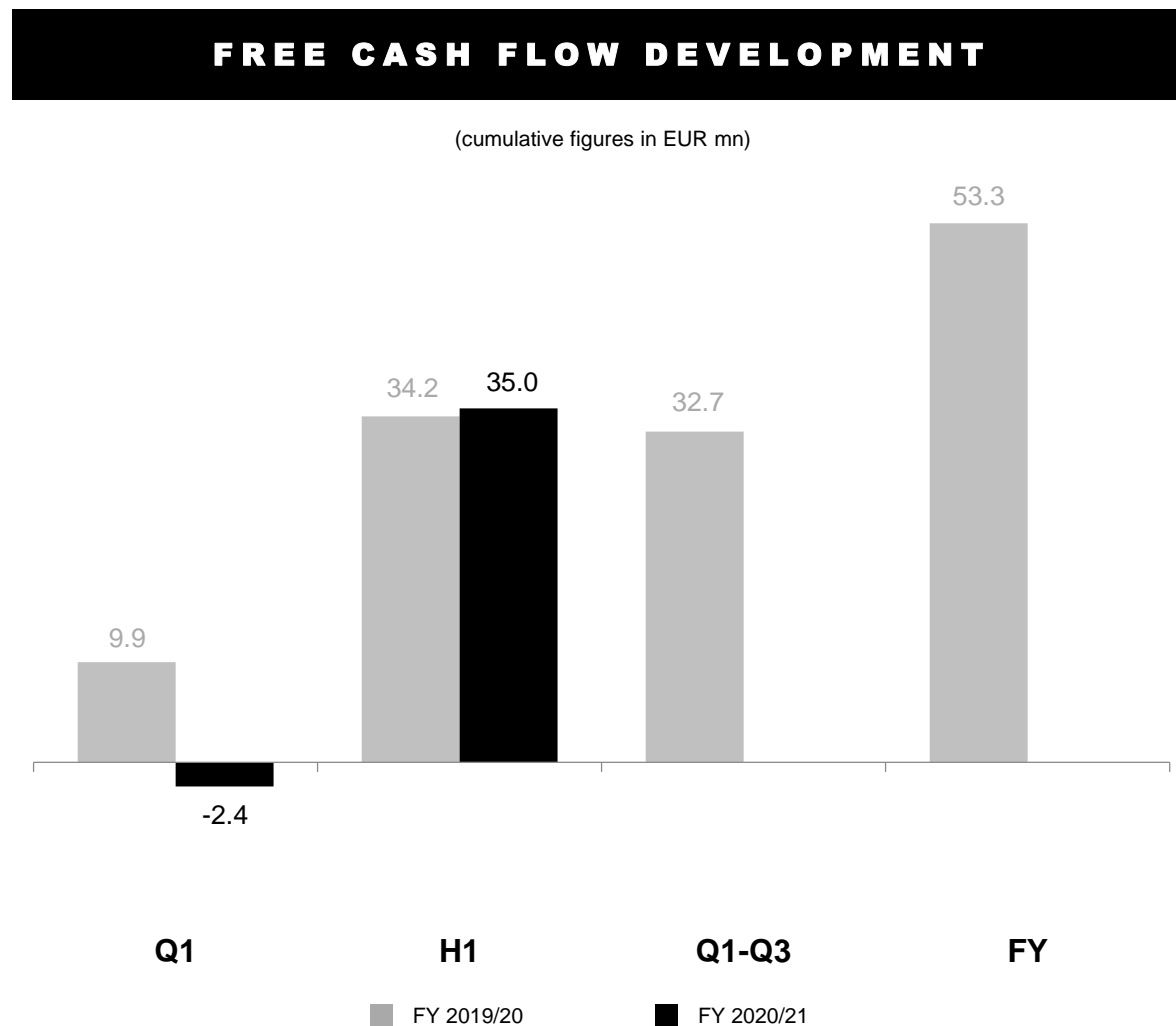
Zumtobel Group – Income statement

in EUR mn	H1 2020/21	H1 2019/20	Change in %
Revenues	515.4	603.8	-14.6
Cost of goods sold	-349.1	-397.5	-12.2
Gross profit (incl. development)	166.3	206.4	-19.4
<i>as a % of revenues</i>	32.3	34.2	
SG&A expenses	-141.1	-162.5	-13.2
Adjusted EBIT	25.3	43.9	-42.4
<i>as a % of revenues</i>	4.9	7.3	
Special effects	-2.3	-7.2	67.9
EBIT	22.9	36.7	-37.4
<i>as a % of revenues</i>	4.5	6.1	
Financial results	-5.9	-5.5	-5.6
Profit before tax	17.1	31.1	-45.1
Income taxes	-3.8	-6.4	-41.5
Net profit for the period	13.3	24.7	-46.0
Earnings per share (in EUR)	0.31	0.57	-46.0

Free cash flow slightly above previous year level (EUR 35.0 mn)

Zumtobel Group – Cash Flow Statement

in EUR million	H1 2020/21	H1 2019/20
Cash flow from operating results	57.8	68.3
Change in working capital	-13.5	-7.9
Change in other operating items	9.4	-0.5
Taxes paid/received	-3.1	-1.5
Cash flow from operating activities	50.6	58.4
Proceeds from the sale of non-current assets	0.5	0.5
Capital expenditures on non-current assets	-16.0	-24.6
Change in current and non-current financial assets	-0.2	0.0
Change in liquid funds from changes in the consolidation range	0.0	0.0
Cash flow from investing activities	-15.6	-24.0
Free cash flow	35.0	34.4



Solid balance sheet structure and secure liquidity position

Zumtobel Group – Key balance sheet data

in EUR million	31 October 2020	30 April 2020
Total assets	969,1	994,8
Net debt	145,9	165,7
<i>Debt coverage ratio</i>	1,52	1,55
Equity	275,3	280,7
<i>Equity ratio in %</i>	28,4	28,2
<i>Gearing in %</i>	53,0	59,0
Investments	16,0	57,9
Working capital	180,0	169,2
<i>As a % of rolling 12 months revenues</i>	17,3	15,0

Solid liquidity position backed by:

- Consortium credit agreement with a term ending Nov. 2022 and a max. volume of EUR 200 million, whereof EUR 25 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)
- OeKB special framework credit for large enterprises (KRR) of EUR 39.9 million, fully drawn
- Uncommitted lines of credit totalling EUR 63.0 million

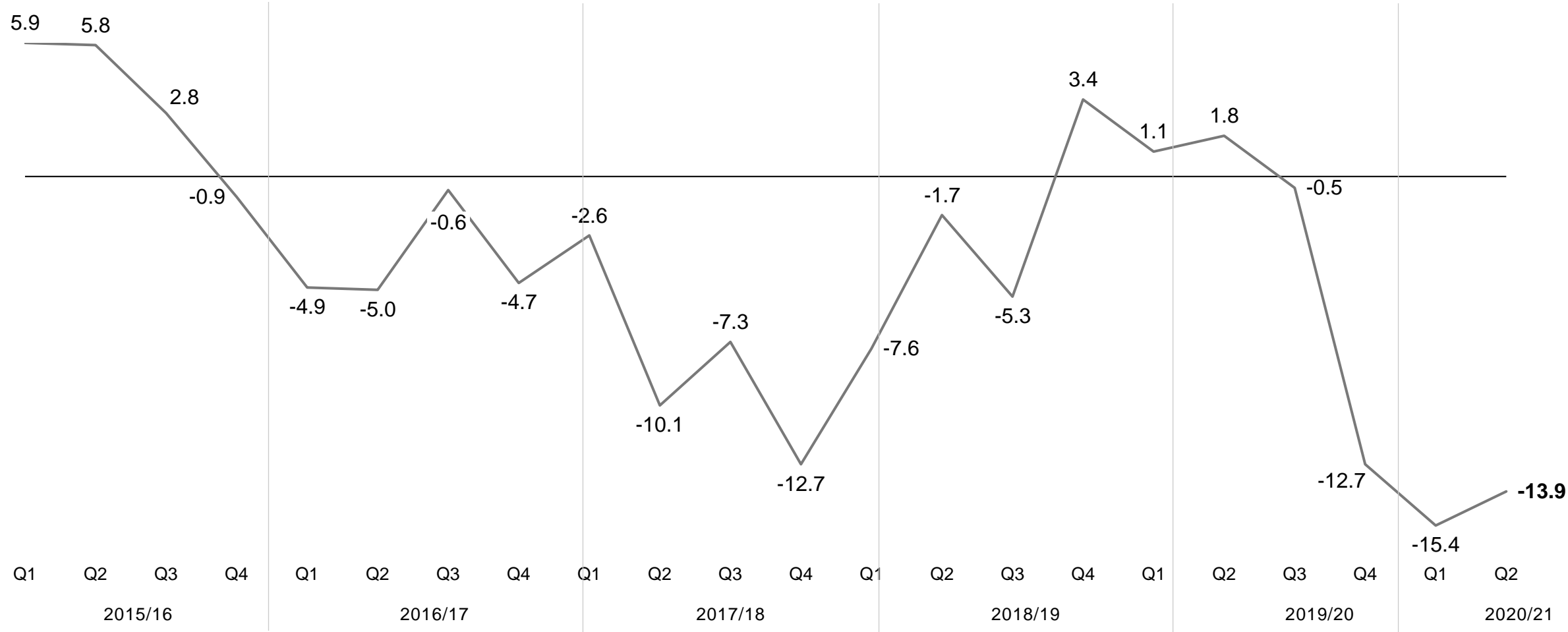
Financial covenants attached to:

- Debt coverage ratio (=net debt/EBITDA) < 3.55
✓ **1.52 as of 31 October 2020**
- Equity ratio > 23.5%
✓ **28.4% as of 31 October 2020**

→ Covenants stress tested on 31 Oct as well 30 April

Last 3 quarters have been significantly impacted by Covid-19

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



Group revenues decline by 14.6% in H1 2020/21

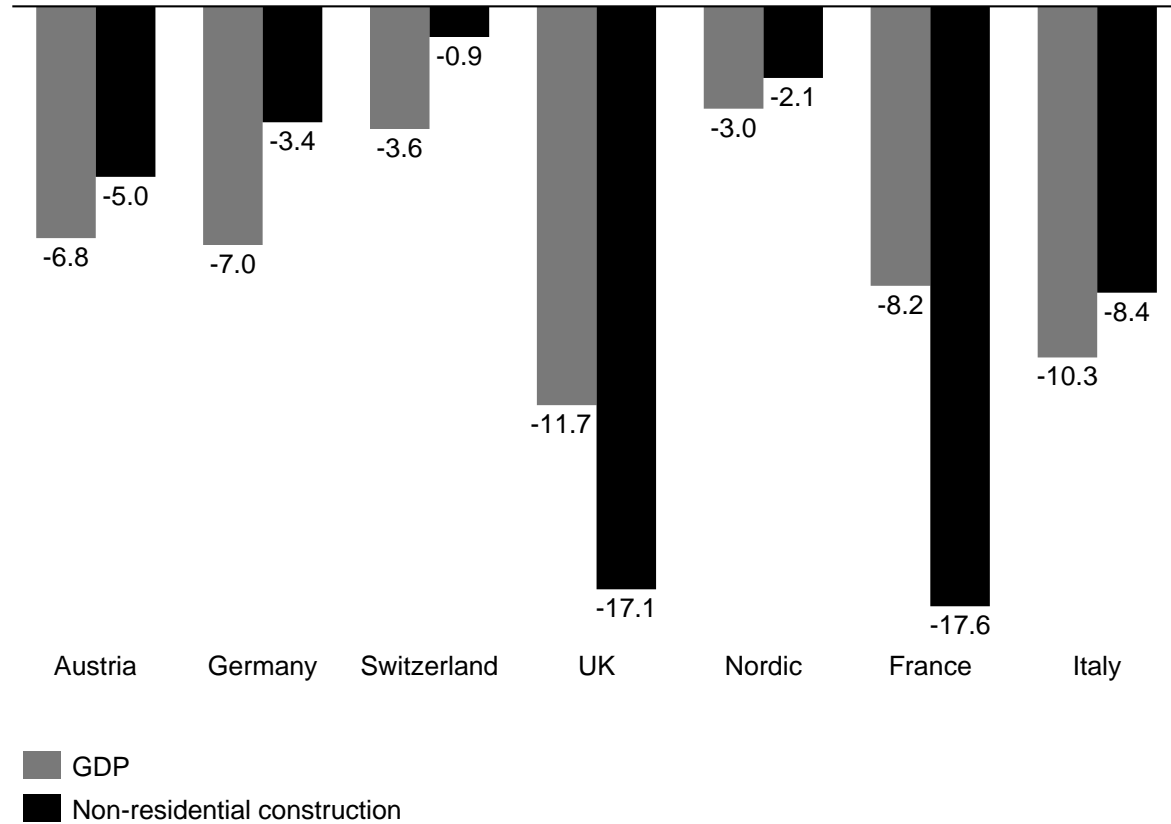
Zumtobel Group – Regional revenue distribution

in EUR million	Q2 2020/21	Change in %	H1 2020/21	Change in %	
				nominal	FX adjusted
D/A/CH	89.8	-11.6	177.0	-8.9	-10.0
Northern and Western Europe	65.0	-18.7	122.7	-20.5	-19.8
Southern and Eastern Europe	66.6	-9.5	128.0	-16.9	-15.0
Asia & Pacific	27.9	-6.0	51.9	-13.5	-11.7
Rest of the World	15.4	-32.0	35.8	-12.7	-9.5
Total	264.6	-13.9	515.4	-14.6	-13.9

Challenging market environment in Europe in 2020

Zumtobel Group – Euroconstruct Forecast 2020

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



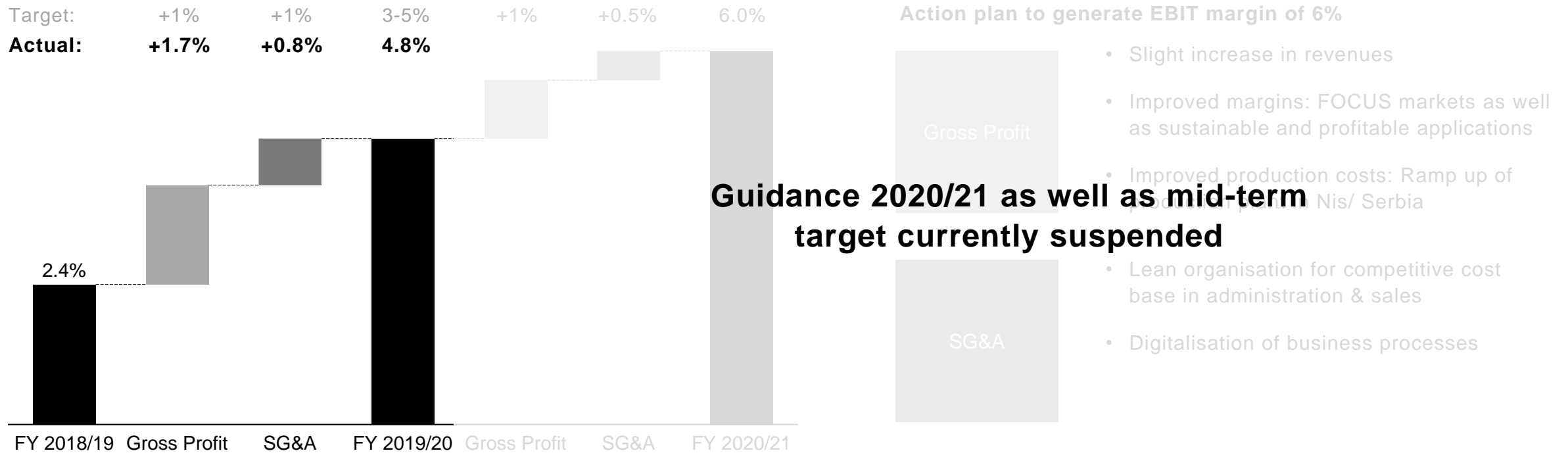
- Non-residential construction is expected to drop by 9.2% in 2020 in the Zumtobel Group’s core European markets.
- Recovery is projected beginning from 2021 and non-residential construction in Europe is expected to grow again by about 3-4% p.a.
- Pre-Covid output levels will be reached in 2023
- Among the core markets, the UK and France will see the most severe hits with declines of 17.1% and 17.6% respectively.
- More promising development in DACH region: in particular Switzerland very resilient to the impact of the crisis → non-residential construction will decline by only 0.9%.

Source: Euroconstruct Country Report November 2020

FY 2020/21 as a year of trial amid the corona pandemic

Zumtobel Group Outlook: Currently no guidance for 2020/21

- Revenue development gained momentum during the second quarter, but positive trend has been subdued by the renewed increase in corona cases. Consequently, it is impossible to issue a concrete forecast for the full 2020/21 financial year
- Activities focus on setting a strategic course that will allow the company to emerge stronger from this global crisis and support the identification and utilisation of growth opportunities.
- The medium-term goal to generate an EBIT margin of 6%, which was originally set for 2020/21, will be delayed



Financial Calendar

Zumtobel Group

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)
30 June 2021	Annual Results 2020/21	(1 May 2020 – 30 April 2021)
20 July 2021	Record Date for the Annual General Meeting	
30 July 2021	45 th Annual General Meeting	
3 August 2021	Ex-Dividend Day	
4 August 2021	Record Date Dividend	
6 August 2021	Dividend Payout Day	
7 September 2021	Interim Report Q1 2021/22	(1 May 2021 - 31 July 2021)
7 December 2021	Half-Year Financial Report 2021/22	(1 May 2021 - 31 October 2021)
8 March 2022	Interim Report Q1-Q3 2021/22	(1 May 2021 - 31 January 2022)

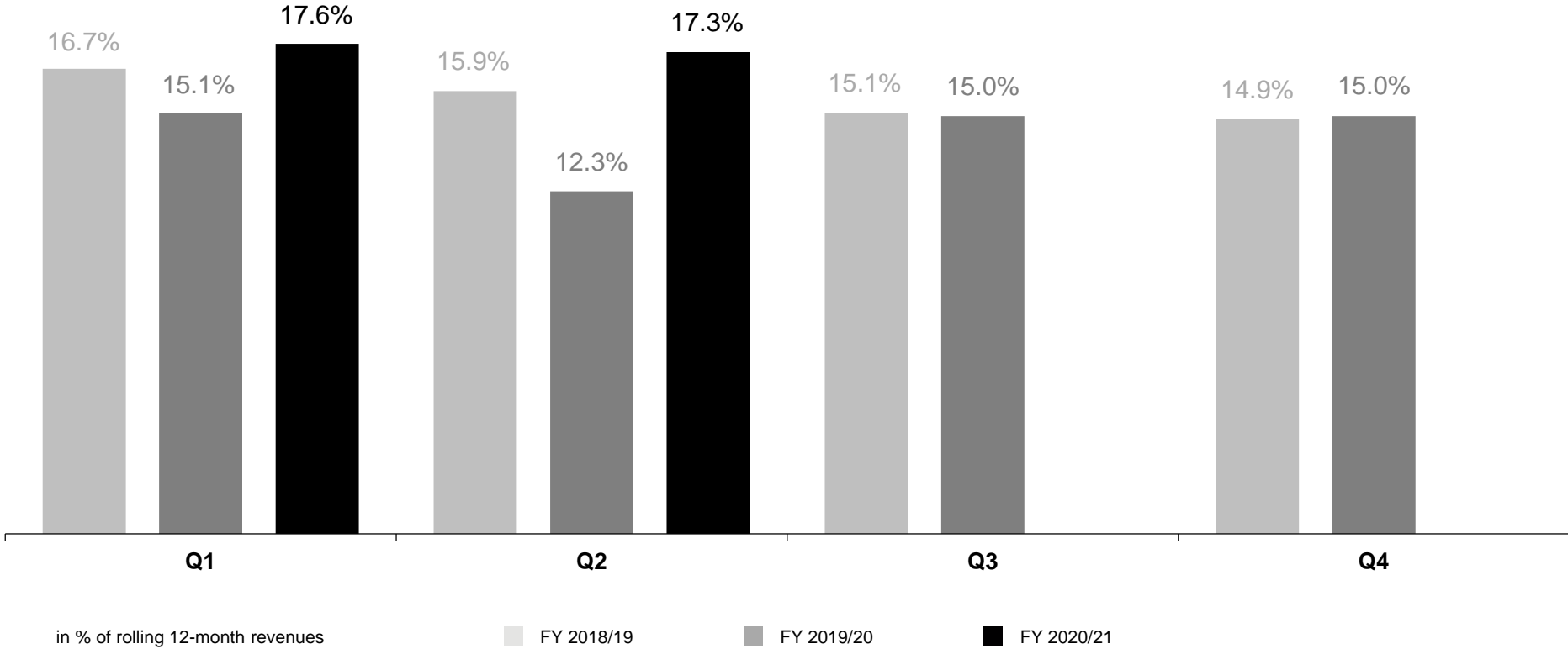


Back-up

ZUMTOBEL Group

Working capital on stable level

Zumtobel Group – Working capital



- Working capital at EUR 180.0 million as of 31 October 2020 (30 April 2020: EUR 169.2 million)
- In % of rolling 12-month revenues, working capital at 17.3% (PY: 12.3%)

Supplement data regarding Segment Reporting

Zumtobel Group

	Lighting Segment		Components Segment		Reconciliation		Group	
in TEUR	H1 2020/21	H1 2019/20	H1 2020/21	H1 2019/20	H1 2020/21	H1 2019/20	H1 2020/21	H1 2019/20
Net revenues	394 066	456 742	145 712	177 283	-24 340	-30 188	515 438	603 836
External revenues	393 619	456 635	121 719	146 904	100	297	515 438	603 836
Inter-company revenues	447	106	23 993	30 087	-24 440	-30 193	0	0
Adjusted EBIT	24 702	39 888	7 260	13 374	-6 694	-9 374	25 268	43 889
Special effects	-2 322	-9 517	0	318	0	1 970	-2 322	-7 229
Operating profit/loss	22 380	30 371	7 260	13 692	-6 694	-7 403	22 946	36 660
Investments	9 357	11 701	5 407	8 128	1 286	4 807	16 050	24 636
Depreciation	-21 641	-21 781	-10 487	-6 988	-2 411	-2 803	-34 539	-31 571

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

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