

Q1 2022/23

Interim Report (May 2022 – July 2022)

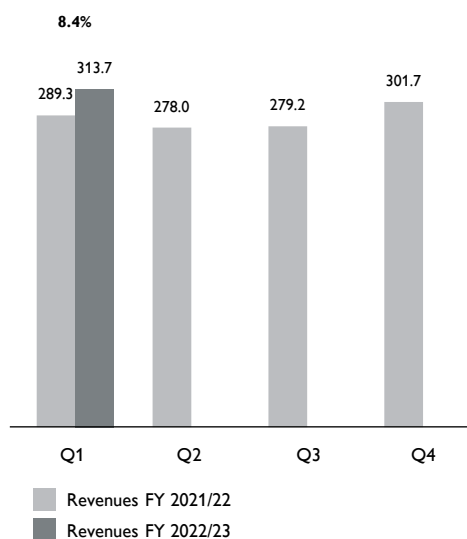


Overview of the First Quarter of 2022/23

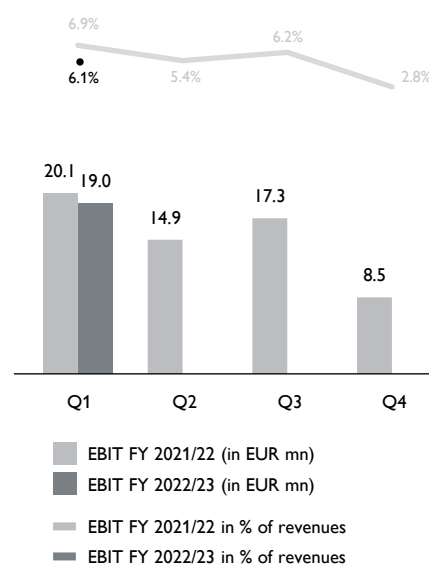
Key Data in EUR million	Q1 2022/23	Q1 2021/22	Change in %
Revenues	313.7	289.3	8.4
EBITDA	32.9	33.5	(1.9)
<i>as a % of revenues</i>	10.5	11.6	
EBIT	19.0	20.1	(5.2)
<i>as a % of revenues</i>	6.1	6.9	
Net profit/loss for the period	10.9	13.4	(19.1)
<i>as a % of revenues</i>	3.5	4.6	
Cash flow from operating results	32.8	33.7	(2.7)
CAPEX	16.0	12.8	24.7
	31 July 2022	30 April 2022	Change in %
Total assets	1,010.2	1,005.4	0.5
Equity	396.0	382.8	3.5
<i>Equity ratio in %</i>	39.2	38.1	
Net debt	114.1	95.1	20.0
Headcount incl. contract worker (full-time equivalent)	5,806	5,782	0.4

Development of business by quarter

Revenues development (EUR mn)



EBIT development



Letter to Shareholders

Dear Shareholders,

The Zumtobel Group also recorded stable growth in revenues during the first quarter of the current 2022/23 financial year. Compared to the same quarter of the previous year, turnover increased by 8.4% to EUR 313.7 million, or by 6.6% adjusted for currency effects. This growth was, however, contrasted by a further increase in prices of input factors that was intensified by the high US dollar exchange rate.

As a consequence, the result of EUR 19 million in the first quarter is around EUR 1 million below the last year's quarter. However, this performance can still be considered quite good in view of the upward trend in prices and disrupted supply chains that have negatively affected both the Zumtobel Group and the global economy. We have been increasingly able to pass on these higher prices to our customers but, of course, there are limits to this strategy.

One of the central tasks of the Executive Board is to develop our company in a sustainable manner. As you know, we have set very ambitious goals that also include climate neutrality (Scope 1 & 2) for our own production locations by 2025. The fact that we are on the right track with regard to sustainability is confirmed by our continuing inclusion in Austria's VÖNIX sustainability index. The Zumtobel Group is one of the 20 listed companies in Austria which could demonstrate their leadership through their ecological and social activities.



Ladies and Gentlemen, you are certainly aware that our 46th general meeting approved a dividend of EUR 0.35 per share for the 2021/22 financial year. At this point, I would like to recall that this is the third dividend in succession – and the Zumtobel Group has been able to increase the distribution per share every year. This demonstrates clearly how important it is to us that our investors participate in the company's success. Based on the closing price for the 2021/22 financial year, the dividend yield equalled an impressive 5.1%.

The Management Board is convinced that the Zumtobel Group is well positioned to master the ongoing challenges. We continue to see the present geopolitical and economic situation as tense, with consequences that are difficult to foresee. Developments in Ukraine, the prices for energy, raw materials and transport as well as the availability of semiconductors will have a major impact on the course of the global economy as well as inflation and, in turn, on the development of the Zumtobel Group. Major concerns are focused, above all, on the uncertainties connected with stable gas supplies and the development of energy prices.

Given this situation, we confirm the previous outlook and expect an increase of 3% to 6% in revenues and an EBIT margin of 4% to 5% for the 2022/23 financial year. This outlook is, however, dependent on continued sufficient gas supplies for Europe, an end to the constant increase in energy prices, and no further deterioration in the availability of input products for the production of our luminaires and components as well as the stabilisation of all other current risks at a manageable level.

We also want to thank you, the shareholders of Zumtobel Group AG, for your confidence.

Alfred Felder
Chief Executive Officer (CEO)

Group Management Report

Performance in the first quarter of 2022/23

- >> Group revenues rise by 8.4% (FX-adjusted: 6.6%) with positive development in the Lighting Segment (6.6%) and sound improvement in the Components Segment (11.9%)
- >> Group EBIT declines to EUR 19.0 million

Income statement in EUR million	Q1 2022/23	Q1 2021/22	Change in %
Revenues Lighting Segment	226.5	212.4	6.6
Revenues Components Segment	103.2	92.2	11.9
Reconciliation	(16.0)	(15.3)	4.5
Revenues	313.7	289.3	8.4
Cost of goods sold	(208.6)	(189.1)	10.3
Gross profit	105.0	100.2	4.8
<i>as a % of revenues</i>	33.5	34.6	
SG&A expenses	(86.0)	(80.2)	7.3
Special effects	0.0	0.0	
EBIT Lighting Segment	16.7	15.9	4.6
<i>as a % of segment revenues</i>	7.4	7.5	
EBIT Components Segment	7.6	8.6	(10.6)
<i>as a % of segment revenues</i>	7.4	9.3	
Reconciliation	(5.3)	(4.4)	19.7
EBIT	19.0	20.1	(5.2)
<i>as a % of revenues</i>	6.1	6.9	
Financial results	(5.1)	(2.9)	(77.3)
Profit before tax	13.9	17.2	(19.1)
Income taxes	(3.1)	(3.8)	(19.1)
Net profit/loss for the period	10.9	13.4	(19.1)
Earnings per share (in EUR)	0.25	0.31	(19.1)

For information: EBITDA (EBIT plus depreciation and amortisation) totalled EUR 32.9 million in Q1 2022/23.

Group revenues rose by 8.4% year-on-year to EUR 313.7 million in Q1 2022/23 (Q1 2021/22: EUR 289.3 million). Positive foreign exchange effects of EUR 5.1 million in comparison with the first quarter of the previous financial year resulted primarily from the revaluation of the Swiss franc, Hong Kong dollar and Chinese yuan. In contrast, the Turkish lira was affected by a major devaluation. After an adjustment for foreign exchange effects, revenues increased by 6.6% for the reporting period.

8.4% increase in Group revenues

Revenues in the Lighting Segment rose by 6.6% to EUR 226.5 million in Q1 2022/23 (Q1 2021/22: EUR 212.4 million), chiefly as the result of price increases and positive foreign exchange effects.

Lighting Segment revenues rise by 6.6%

The Components Segment recorded a sound improvement of 11.9% in revenues to EUR 103.2 million in Q1 2022/23 (Q1 2021/22: EUR 92.2 million). In addition to the general economic recovery, this growth was supported by higher sales volumes and price increases.

Components Segment revenues with clear plus of 11.9%

In the D/A/CH region, strong growth was recorded in Switzerland and especially in Germany but revenues in Austria were lower than the previous year. Revenues were also higher in most of the countries assigned to the Northern and Western Europe region, above all Great Britain and Sweden. Southern and Eastern Europe reported more moderate revenue growth. The development of revenues in Italy and Spain was positive, but declines were recorded in France and Hungary. The major impulses in the Asia & Pacific region were generated in Hong Kong. The substantial improvement in the Americas & MEA region resulted primarily from a reversal of the below-average development in the USA during Q1 2021/22.

Revenues in EUR million	Q1 2022/23	Change in %	in % of Group
D/A/CH	99.7	9.1	31.8
Northern and Western Europe	77.1	7.0	24.6
Southern and Eastern Europe	86.6	6.0	27.6
Asia & Pacific	35.8	8.8	11.4
Americas & MEA	14.5	27.9	4.6
Total	313.7	8.4	100.0

The cost of goods sold was negatively influenced by a sharp rise in material, energy, transport and personnel costs as well as write-downs to materials. The revaluation of the USD had an added negative effect. Development costs rose by EUR 1.8 million to EUR 16.9 million in the first quarter of 2022/23 (Q1 2021/22: EUR 15.0 million), in particular due to higher personnel expenses, an increase in license fees and a reduction in capitalised expenses. Costs were also increased by a software conversion at the Dornbim lighting plant as part of the digitalisation strategy. As a result, the gross profit margin (after development costs) declined to 33.5% (Q1 2021/22: 34.6%).

Selling and administrative expenses (incl. research) rose by EUR 5.8 million to EUR –86.0 million (Q1 2021/22: EUR –80.2 million), whereby the main drivers were higher costs for personnel, marketing, and travel as well as an increase in consulting fees.

Group EBIT declined slightly from EUR 20.1 million (Q1 2021/22) to EUR 19.0 million in Q1 2022/23, and the EBIT margin equalled 6.1% (Q1 2021/22: 6.9%). The sound growth in revenues was unable to completely offset the increase in costs.

Group EBIT totals EUR 19.0 million

EBIT in the Lighting Segment increased from EUR 15.9 million to EUR 16.7 million. However, higher material and fixed costs in this segment eroded most of the increase in revenues. EBIT in the Components Segment declined due to higher material costs, especially as a result of the higher US dollar, despite an increase in revenues from EUR 8.6 million to EUR 7.6 million.

Financial result in EUR million	Q1 2022/23	Q1 2021/22	Change in %
Interest expense	(1.2)	(1.3)	(9.6)
Interest income	0.1	0.1	52.7
Net financing costs	(1.1)	(1.2)	13.5
Other financial income and expenses	(4.1)	(1.7)	<-100
Result from associated companies	0.0	0.0	
Financial results	(5.1)	(2.9)	(77.3)

Financial results below previous year

Financial results fell by EUR 2.2 million to EUR –5.1 million (Q1 2021/22: EUR –2.9 million), primarily due to the negative development of hedges. Interest expense, which consists almost entirely of the interest expense for current credit agreements and finance leases, amounted to EUR –1.1 million (Q1 2021/22: EUR –1.2 million). Other financial income and expenses of EUR –4.1 million include, in particular, the interest expense on pension obligations and the earnings effects from changes in exchange rates and the valuation of hedges.

Year-on-year decline in net profit to EUR 10.9 million

Profit before tax totalled EUR 13.9 million in the first quarter of 2022/23 (Q1 2021/22: EUR 17.2 million), and income taxes equalled EUR –3.1 million (Q1 2021/22: EUR –3.8 million). Net profit declined to EUR 10.9 million (Q1 2021/22: EUR 13.4 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled EUR 0.25 (Q1 2021/22: EUR 0.31).

Cash flow

Cash Flow Statement in EUR million	Q1 2022/23	Q1 2021/22	Change in %
Cash flow from operating results	32.8	33.7	(2.7)
Change in working capital	(18.7)	(22.6)	16.9
Change in other operating items	(14.2)	(11.7)	(21.4)
Income taxes paid	(1.3)	0.0	<-100
Cash flow from operating activities	(1.4)	(0.5)	<-100
Cash flow from investing activities	(14.4)	(8.6)	(66.7)
FREE CASH FLOW	(15.8)	(9.1)	(72.7)
Cash flow from financing activities	24.1	10.4	>100
CHANGE IN CASH AND CASH EQUIVALENTS	8.3	1.3	>100

Cash flow from operating results declined slightly by EUR 0.9 million year-on-year from EUR 33.7 million to EUR 32.8 million.

Cash outflows from the changes in other operating positions amounted to EUR –14.2 million (Q1 2021/22: EUR –11.7 million) and resulted mainly from an increase in bonus and holiday allowance payments. Cash flow from operating activities therefore declined from EUR –0.5 million to EUR –1.4 million in Q1 2022/23.

Cash flow from investing activities totalled EUR –14.4 million (Q1 2021/22: EUR –8.6 million). In addition to investments in property, plant and equipment, this position also includes cash outflows of EUR 1.8 million for capitalised development costs (Q1 2021/22: EUR 3.0 million).

Free cash flow declined to EUR –15.8 million in the reporting period, chiefly as a result of cash outflows for working capital and other operating positions (Q1 2021/22: EUR –9.1 million).

**Free cash flow at
EUR –15.8 million**

Cash flow from financing activities amounted to EUR 24.1 million (Q1 2021/22: EUR 10.4 million) and is principally attributed to the increased use of the consortium credit agreement.

Asset position

Balance sheet data in EUR million	30 July 2022	30 April 2022
Total assets	1,010.2	1,005.4
Net debt	114.1	95.1
<i>Debt coverage ratio</i>	<i>0.95</i>	<i>0.79</i>
Equity	396.0	382.8
<i>Equity ratio in %</i>	<i>39.2</i>	<i>38.1</i>
<i>Gearing in %</i>	<i>28.8</i>	<i>24.8</i>
CAPEX	16.0	54.1
Working capital	231.1	211.3
<i>As a % of rolling 12 month revenues</i>	<i>19.7</i>	<i>18.4</i>

The balance sheet structure has remained nearly unchanged since 30 April 2022. The equity ratio improved to 39.2% as of 31 July 2022. Net debt rose by EUR 19.0 million over the level on 30 April 2022 to EUR 114.1 million. The balance sheet total increased slightly by EUR 4.8 million. The increase of EUR 5.8 million in inventories continues to reflect the sharp rise in raw material prices and the build-up of raw material and merchandise inventories to maintain production and delivery capability.

**Solid balance sheet
structure**

Working capital totalled EUR 231.1 million as of 31 July 2022 and represents an increase of EUR 55.5 million over the level on 31 July 2021 (EUR 175.6 million). As a per cent of rolling 12-month revenues, working capital increased from 16.2% in the previous year to 19.7%. The main drivers compared with the previous year include price-and volume-based increases of EUR 51.8 million in inventories.

Outlook for the 2022/23 financial year

- >> Increase of 3% to 6% in revenues
- >> EBIT margin of 4% to 5%

The management of the Zumtobel Group continues to see the current geopolitical and economic situation as stressed, with consequences that are difficult to estimate. Further developments in Ukraine, the prices for energy, raw materials and transport as well as the availability of semiconductors will have a major impact on the course of the global economy and inflation and, in turn, on the development of the Zumtobel Group. Major concerns are focused on the uncertainties connected with secure gas supplies and the development of energy prices.

Outlook for 2022/23: Increase of 3–6% in revenues and EBIT margin of 4–5%

The Management Board of the Zumtobel Group confirms the previous outlook and expects an increase of 3% to 6% in revenues and an EBIT margin of 4% to 5% for the 2022/23 financial year. This outlook is, however, dependent on continued sufficient gas supplies for Europe, an end to the constant increase in energy prices, and no further deterioration in the availability of input products for the production of luminaires and components as well as the stabilisation of all other current risks at a manageable level.

Dornbirn, 6 September 2022

The Management Board

Alfred Felder
Chief Executive Officer (CEO)

Thomas Erath
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. Financial information presented in the interim report for the first quarter of 2022/23 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Zumtobel Group AG for the 2021/22 financial year.

Consolidated Income Statement

in TEUR	Q1 2022/23	Q1 2021/22
Revenues	313,663	289,324
Cost of goods sold	(208,630)	(189,084)
Gross profit	105,033	100,240
Selling expenses	(74,977)	(69,285)
Administrative expenses	(11,253)	(11,346)
Other operating income	358	474
Other operating expenses	(124)	0
Operating profit	19,037	20,083
Interest expense	(1,171)	(1,295)
Interest income	118	77
Other financial income and expenses	(4,070)	(1,671)
Result from associated companies	0	0
Financial results	(5,123)	(2,889)
Profit before tax	13,914	17,194
Income taxes	(3,061)	(3,783)
Net profit/loss for the period	10,853	13,411
<i>thereof due to non-controlling interests</i>	(5)	(23)
<i>thereof due to shareholders of the parent company</i>	10,858	13,434
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
Earnings per share (in EUR)		
Earnings per share (diluted and basic)	0.25	0.31

Consolidated Balance Sheet

in TEUR	30 July 2022	30 April 2022
Goodwill	197,124	195,357
Other intangible assets	37,187	37,817
Property, plant and equipment	258,571	255,905
Shares in associated companies	4,079	4,079
Financial assets	5,304	5,297
Other assets	3,652	3,633
Deferred taxes	36,902	38,707
Non-current assets	542,819	540,795
Inventories	218,908	213,118
Trade receivables	147,747	153,737
Financial assets	3,648	3,728
Other assets	39,502	33,592
Liquid funds	57,564	60,461
Current assets	467,369	464,636
ASSETS	1,010,188	1,005,431
Share capital	108,750	108,750
Additional paid-in capital	335,316	335,316
Reserves	(49,530)	(62,717)
Capital attributed to shareholders of the parent company	394,536	381,349
Capital attributed to non-controlling interests	1,488	1,452
Equity	396,024	382,801
Provisions for pensions	56,082	55,595
Provisions for termination benefits	39,870	40,048
Provisions for other employee benefits	8,931	9,016
Other provisions	22,843	22,869
Borrowings	150,973	123,300
Other liabilities	17,527	18,101
Deferred taxes	1,873	1,847
Non-current liabilities	298,099	270,776
Provisions for taxes	19,433	19,305
Other provisions	21,619	24,333
Borrowings	22,835	34,455
Trade payables	104,292	120,275
Other liabilities	147,886	153,486
Current liabilities	316,065	351,854
EQUITY AND LIABILITIES	1,010,188	1,005,431

Consolidated Cash Flow Statement

in TEUR	Q1 2022/23	Q1 2021/22
Profit before tax	13,914	17,194
Depreciation and amortisation	13,816	13,408
Gain/loss on the disposal of property, plant and equipment and intangible assets	(10)	255
Other non-cash financial results	4,070	1,671
Interest income/ Interest expense	1,053	1,218
Cash flow from operating results	32,843	33,746
Inventories	(5,228)	(8,235)
Trade receivables	7,317	(11,496)
Trade payables	(16,334)	(4,935)
Prepayments received	(4,497)	2,101
Change in working capital	(18,742)	(22,565)
Non-current provisions	(1,412)	(1,852)
Current provisions	(2,807)	(4,015)
Other assets	(5,871)	19
Other liabilities	(4,088)	(5,832)
Change in other operating items	(14,178)	(11,680)
Income taxes paid	(1,349)	(29)
Cash flow from operating activities	(1,426)	(528)
Cash inflows from the disposal of property, plant and equipment and other intangible assets	192	89
Cash outflows for the purchase of property, plant and equipment and other intangible assets	(14,971)	(8,948)
Change in non-current and current financial assets	304	170
Interest received	119	77
Cash flow from investing activities	(14,356)	(8,612)
FREE CASH FLOW	(15,782)	(9,140)
Cash proceeds from non-current and current borrowings	30,000	16,998
Cash repayments of non-current and current borrowings	(4,883)	(5,364)
Interest paid	(1,058)	(1,191)
Cash flow from financing activities	24,059	10,443
CHANGE IN CASH AND CASH EQUIVALENTS	8,277	1,303
Cash and cash equivalents at the beginning of the period	41,418	54,818
Cash and cash equivalents at the end of the period	49,667	56,339
Effects of exchange rate changes on cash and cash equivalents	(28)	218
Change absolute	8,277	1,303

Service

General Information

The use of automatic data processing equipment can lead to rounding differences.

Financial Terms

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
Labour productivity	= Adjusted EBIT as a percentage of personnel expenses
Net debt	= Non-current borrowings + current borrowings – liquid funds – current financial receivables from associated companies – receivables from credit institutions from a continuing involvement based on the factoring agreement
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables – trade payables – prepayments received – customer bonuses, discounts and rebates

Financial Calendar

Half-Year Financial Report 2022/23 (1 May 2022 – 31 October 2022)	07 December 2022
Interim Report Q1–Q3 2022/23 (1 May 2022 – 31 January 2023)	08 March 2023

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Financial Reports

Our financial reports are available in English and German for download under: <https://z.lighting/>.

More Information

on Zumtobel Group AG and our brands can be found on the Internet under: <https://z.lighting/>

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