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Zumtobel AG: 3rd Quarter Report 2010/11 (May - January)

Dornbirn (pta/07.03.2011/07:30) - The upturn that had begun to emerge in the first half of the current financial year at the Zumtobel Group lighting company continued in the third quarter. While the Group's Components Segment has been back in growth for the past year, the late-cyclical Lighting Segment has now followed suit and for the first time in two and a half years reports rising revenues in real terms (FX-adjusted). In total, the Zumtobel Group posted 10.2% growth for the first nine months (May 2010 to January 2011) as revenues rose to EUR 908.9 million (prior year: EUR 825.0 million). Adjusted for positive foreign exchange effects, the growth rate was 4.6%. This means that the Zumtobel Group has been able to buck the general trend in the commercial construction sector, which showed a marked downturn in calendar year 2010.

The positive impact of revenue growth was also reflected in the Group's earnings position. The Zumtobel Group was able to increase its operating profit (adjusted EBIT) for the first nine months by almost one third to EUR 64.4 million (PY: EUR 49.8 million). In the third quarter (November to January) alone, adjusted EBIT rose from EUR 2.0 million to EUR 15.9 million. This includes a non-recurring licence payment of EUR 3 million. The adjusted EBIT margin for the first nine months moved ahead to 7.1% (PY: 6.0%). Nine-month net profit more than doubled, reaching EUR 52.6 million (PY: EUR 21.3 million), with earnings per share showing a commensurate rise from EUR 0.49 to EUR 1.23.

With revenues up 20.2% (FX-adjusted: +15.0%) to EUR 321.2 million for the first three quarters (PY: EUR 267.3 million) the Components Segment (Tridonic brand) posted further dynamic growth. This segment continues to benefit from a higher-value product mix as a result of the ongoing replacement of magnetic ballasts by electronic ones and the expansion of the product portfolio to include additional LED products and lighting management systems. The late-cyclical Lighting Segment (Zumtobel and Thorn brands) also showed modest positive development in the first nine months, as revenues increased 6.1% (FX-adjusted: +0.8%) to EUR 646.0 million (PY: EUR 609.1 million). As a result, this segment has returned to real growth. This positive trend becomes clearer when the Q3 figures are taken in isolation: between November and January, the Lighting Segment reported revenue growth of 11.7% (FX-adjusted: 6.0%).

The Zumtobel Group has retained its solid position in terms of balance sheet structure and liquidity. The debt coverage ratio (net liabilities divided by EBITDA) was reduced to 1.36 as a result of the positive development of the Group's operations (30 April 2010: 1.57). The equity ratio improved against 30 April 2010 from 35.8% to 39.8%. At 19.0% of revenues, working capital was higher than in the prior year (18.4%), owing to the higher volume of business. Free cash flow at the end of January remained negative at EUR - 11.7 million, but showed an improvement of EUR 7.9 million in the third quarter.

The Management Board is raising its outlook for the full 2010/11 financial year (May 2010 to April 2011) based on the company's expected development and the more favourable economic environment. Although momentum in revenue growth in the Components Segment should slow and the respective earnings margin should weaken slightly during the fourth quarter, the Management Board is expecting revenues of approximately EUR 1.2 billion (prior year: EUR 1,114.6 million) and an adjusted EBIT margin of over six percent for the full year. Given the Group's strong market position, ongoing demand for energy efficient lighting systems and increasingly positive economic indicators, the company is confident that it will be able to sustain its profitable growth in the medium and long term.

emitter: Zumtobel AG
Höchster Straße 8
6850 Dornbirn
Austria

contact person: Harald Albrecht

phone: +43-(0)5572 509-1125

e-mail: harald.albrecht@zumbobel.com

website: www.zumbobelgroup.com

ISIN(s): AT0000837307 (share)

stock exchanges: official trade in Vienna

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