

zumtobel group

Q1 – Q3 (May 2017 – January 2018)

Report on the 3rd Quarter 2017/18 of Zumtobel Group AG

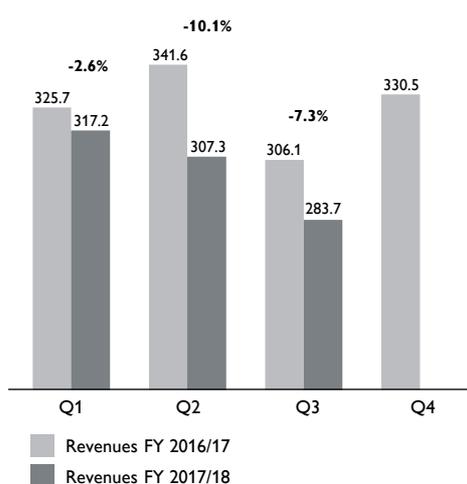


Overview of the Third Quarter 2017/18

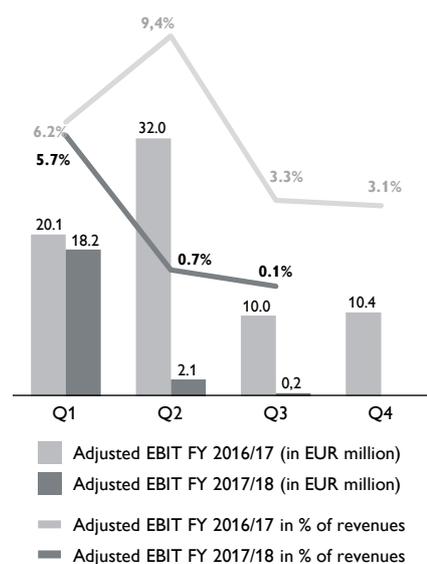
Key Data in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Revenues	283.7	306.1	(7.3)	908.1	973.4	(6.7)
Adjusted EBIT	0.2	10.0	(98.5)	20.5	62.0	(67.0)
<i>as a % of revenues</i>	0.1	3.3		2.3	6.4	
EBIT	(2.2)	5.6	<(100)	13.9	49.9	(72.1)
<i>as a % of revenues</i>	(0.8)	1.8		1.5	5.1	
Net profit/loss for the period	(9.3)	2.2	<(100)	(1.7)	29.8	<(100)
<i>as a % of revenues</i>	(3.3)	0.7		(0.2)	3.1	
Cash flow from operating results	11.7	20.2	(42.0)	53.1	95.7	(44.5)
Investments	15.3	11.0	38.6	48.6	30.7	58.2
				31 January 2018	30 April 2017	Change in %
Total assets				991.6	1,019.6	(2.8)
Equity				316.8	334.0	(5.1)
<i>Equity ratio in %</i>				32.0	32.8	
Net debt				157.1	91.0	72.6
Headcount incl. contract worker (full-time equivalent)				6,497	6,761	(3.9)

Development of Business by Quarter

Revenues (in EUR million)



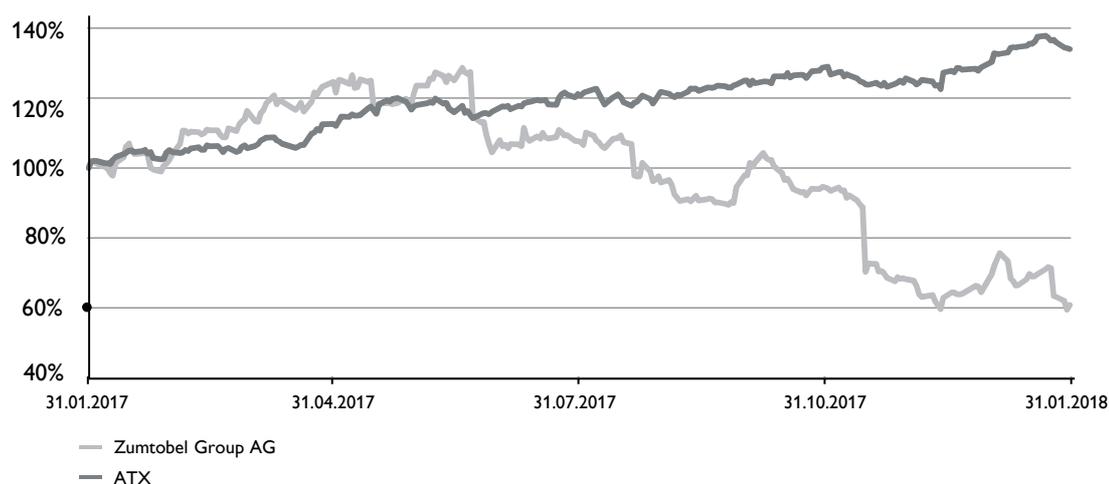
Adjusted EBIT



The Zumtobel Group Share

Based on an unchanged number of 43.5 million common shares outstanding, the market capitalisation of Zumtobel Group AG totalled EUR 411 million at the end of January 2018. There have been no major changes in the shareholder structure since the end of the 2016/17 financial year. The Zumtobel family has remained the stable core shareholder of Zumtobel Group AG since the initial public offering with a stake of roughly 35.5%. The stakes held by institutional investors as of 31 January 2018 were as follows: Lazard Freres Gestion SAS with an investment of over 5% and Erste Asset Management GmbH, Wellington Management Group LLP and SYZ Asset Management (OYSTER SIVAV) each with an investment of over 4%. The remaining shares are held primarily by other institutional investors. In the ATX, the leading index of the largest listed companies in Austria, the Zumtobel Group share ranked 30th based on market capitalisation and 17th based on trading volume as of 31 January 2018. The current weakness in the share price could result in the removal of the Zumtobel Group share from the ATX due to low market capitalisation at the scheduled semi-annual review of the index composition in March 2018, even though the market turnover would justify continued inclusion. The average daily turnover on the Vienna Stock Exchange amounted to 268,328 shares in the first nine months of 2017/18 (double-count, as published by the Vienna Stock Exchange). The company held 353,343 treasury shares as of 31 January 2018.

Development of the Zumtobel Group Share



Key Data on the Zumtobel Group Share Q1-Q3 FY 2017/18

Closing price at 29.04.2017	EUR 19.150	Currency	EUR
Closing price at 31.01.2018	EUR 9.455	ISIN	AT0000837307
Performance Q1-Q3 FY 2017/18	(50.6)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 31.01.2018	EUR 411 Mio	Market segment	Prime Market
Share price - high at 19.06.2017	EUR 19.990	Reuters symbol	ZUMV.VI
Share price - low at 30.01.2018	EUR 9.240	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	268,328	Number of issued shares	43,500,000

Group Management Report

Significant Events since 30 April 2017

EUR 0.23 dividend for 2016/17	The 41st annual general meeting on 21 July 2017 authorised the payment of a EUR 0.23 dividend per share for the 2016/17 financial year. This dividend was distributed to shareholders on 2 August 2017.
Zumtobel Group starts construction on a new plant in Serbia	The ground-breaking ceremony for the new production plant in Serbia took place on 28 July 2017. This plant will be located in the southern industrial zone of Niš and will be built at a cost of EUR 30 million over the next two and one-half financial years. It will cover 40,000 square metres when completed. The first products are scheduled to come off the production line in 2018/19.
Zumtobel Group sells Les Andelys plan	The contract for a long-term partnership between the Zumtobel Group and the French industrial group Active'Invest was signed on 28 September 2017. This agreement also covers the sale of the Zumtobel Group's plant in Les Andelys (France) with more than 200 employees. The Zumtobel Group will remain a 10% minority shareholder in the new company.
Gradual transfer of Tridonic production to Serbia	The Zumtobel Group took another step to optimise its production network and improve its competitive position with a decision in October 2017 to combine the two lighting and components plants in Dornbirn (Austria). Plans call for the company to focus on the production of luminaires at the corporate headquarters in the future, while the Tridonic production equipment will be gradually relocated to the Group's new location in Niš (Serbia) over the coming years.
Increased expertise for Management Board	In October 2017 the Supervisory Board of Zumtobel Group AG announced the expansion of the Managing Board to include an additional member. Bernard Motzko will take on the position of Chief Operating Officer (COO) in February 2018. Alfred Felder, the COO, will remain on the Management Board with responsibility for luminaire sales.
Resignations from the Supervisory Board	On 21 December 2017, the Zumtobel Group announced the resignation of Stephan Hutter, Vice-Chairman of the Supervisory Board of Zumtobel Group AG, and Hans Peter Metzler, member of the Supervisory Board of Zumtobel Group AG, from the Supervisory Board as of 31 January 2018.
Offer for discussions to agree on the mutual termination of Management Board contracts	The Supervisory Board of Zumtobel Group AG announced the receipt of a letter from CEO Ulrich Schumacher on 15 January 2018, in which he stated his preparedness to begin discussions over a mutual termination of his Management Board contract if this is desired by Supervisory Board. A similar offer from CFO Karin Sonnenmoser was rejected by the Supervisory Board. The Supervisory Board expressed its full support for Ms. Sonnenmoser and asked her to continue her work on behalf of the company.
Zumtobel Group reorganises Management Board	On 1 February 2018, the Supervisory Board of Zumtobel Group announced that CEO Ulrich Schumacher had left the company as of that date and Alfred Felder has taken over responsibilities as Acting President of the Executive Board in addition to his function as Chief Sales Officer. Moreover, CFO Karin Sonnenmoser will leave the company by mutual agreement at the end of June 2018.

No other significant events occurred after the balance sheet date on 30 April 2017.

Development of revenues in the first three quarters of 2017/18

- >> Group revenues decline by 6.7% (FX-adjusted: minus 4.6%)
- >> LED share of Group revenues rises to 79.2% (Q1-Q3 2016/17: 72.9%)
- >> Lighting Segment revenues (FX-adjusted) 5.4% below previous year – revenues in new Zumtobel Group Services business division increase by 15.2%
- >> Further decline in Components Segment revenues (FX-adjusted: minus 3.8%)

In the first nine months of the 2017/18 financial year (1 May 2017 to 31 January 2018), Group revenues fell by 6.7% to EUR 908.1 million (previous year: EUR 973.4 million). Revenue development was influenced by strong negative currency translation effects of EUR 20.7 million, which resulted primarily from the increase in the euro versus the British pound and the Swiss franc. After an adjustment for these effects, the revenue decline equalled 4.6% for the reporting period. The dynamic growth with LED products remains unbroken: revenues from the sale of LED products rose by 1.3% to EUR 719.0 million and the LED share of Group revenues increased from 72.9% to 79.2% within 12 months.

FX-adjusted decline of 4.6% in Group revenues

Segment development in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %	FX adjusted in %
Lighting Segment	214.1	232.4	(7.9)	693.5	747.0	(7.2)	(5.4)
Components Segment	84.8	91.1	(7.0)	263.8	281.8	(6.4)	(3.8)
Reconciliation	(15.1)	(17.4)	(13.2)	(49.2)	(55.4)	(11.3)	
Zumtobel Group	283.7	306.1	(7.3)	908.1	973.4	(6.7)	(4.6)

In the Lighting Segment, the industry trend still remains below original expectations. Revenue development was negatively influenced, above all, by significant weakness in Great Britain, the most important single market for the Zumtobel Group, as well as very aggressive price competition and revenue growth that has not yet been realised due to internal operating challenges, especially in logistics. Revenues in the Lighting Segment therefore fell by 7.2% to EUR 693.5 million (previous year: EUR 747.0 million). After an adjustment for negative foreign exchange effects, revenues were 5.4% lower than the first three quarters of the previous year. Sound development was recorded by the recently established Zumtobel Group Services, which is allocated to the Lighting Segment. This business division, which bundles all project- and software-oriented services under a single roof, recorded a year-on-year increase of 12.1% to EUR 137.8 million and generated 15.2% of Group revenues in the first nine months of 2017/18.

**Lighting Segment-
FX-adjusted revenues
5.4% below previous
year**

Revenues in the Components Segment fell by 6.4% (FX-adjusted: minus 3.8%) in the reporting period. The concentration on margins in an increasingly competitive environment obviously generates satisfactory earnings contributions, but is also accompanied by substantial revenue declines. However, price adjustments in the first half-year helped the Group to recover in certain markets part of the previously lost market shares.

**Further revenue
decline in
Components Segment**

Distribution of regional revenues

	Q3 2017/18		Q1-Q3 2017/18		
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	in % of Group
D/A/CH	83.9	(3.4)	274.5	(5.0)	30.2
Northern Europe	61.7	(23.0)	204.6	(18.9)	22.5
Benelux & Eastern Europe	46.2	13.8	138.9	10.6	15.3
Southern Europe	44.5	1.8	133.9	(3.0)	14.7
Asia & Pacific	29.1	(0.6)	94.2	0.0	10.4
Middle East & Africa	11.8	(23.5)	38.6	(12.9)	4.2
Americas	6.6	(35.6)	23.3	(22.0)	2.6
Total	283.7	(7.3)	908.1	(6.7)	100.0

Substantial declines in Great Britain and the USA

The trend from the previous quarters generally continued during the third quarter of 2017/18. The D/A/CH region, the strongest market in the Zumtobel Group, recorded a 5.0% decline (FX-adjusted: minus 3.6%) in revenues to EUR 274.5 million. Revenues in Switzerland were slightly higher year-on-year (FX-adjusted), but remained constant in Austria and were slightly lower in Germany. Above all in Switzerland, there are growing signs of an improvement during the coming months. Revenues in Northern Europe fell by 18.9% to EUR 204.6 million, also due to strong negative foreign exchange effects from the British pound. After an adjustment for these foreign exchange effects, revenues were 15.6% below the high prior year level. Lighting Segment sales in Great Britain were substantially lower during the second and third quarters due to a more difficult market environment and an exceptionally good previous year. The Benelux & Eastern Europe region also continued the sound trend from previous years during the reporting period with an increase of 10.6% (FX-adjusted: plus 11.9%) to EUR 138.9 million. The Southern European region consists primarily of Italy, Spain and France. Italy and Spain continued the solid revenue growth from the previous year, but France remained disappointing despite a gradual easing of the negative trend during the first nine months of 2017/18. Revenues in this region fell by 3.0% to EUR 133.9 million. In the Asia & Pacific region, improved revenue growth in Asia more than offset the continuing negative development in Australia. Revenues in this region reflected the previous year (FX-adjusted: plus 4.4%). The Middle East & Africa region saw a slight stabilisation of the difficult political and economic environment in several Middle East countries during recent months. The substantial revenue declines in 2016/17 were followed by a decline of 12.9% (FX-adjusted: minus 10.1%) in the first nine months of 2017/18. The America region reported a largely market-based decline of 22.0% (FX-adjusted: 18.0%) to EUR 23.3 million.

Development of earnings in the first three quarters of 2017/18

- >> Adjusted Group EBIT falls to EUR 20.5 million
- >> Profitability negatively affected by substantial decline in revenues, an aggressive price competition and higher warranty provisions
- >> Fixed costs favourably influenced by savings measures
- >> Net profit slightly negative at minus EUR 1.7 million

Group EBIT adjusted for special effects fell to EUR 20.5 million in the first nine months of 2017/18 (previous year: EUR 62.0 million). This decline was also reflected in the return on sales, which dropped from 6.4% auf 2.3%. The deterioration in the Group's profitability during the reporting period is, for the most part, attributable to the Lighting Segment, where adjusted EBIT declined from EUR 46.4 million to EUR 14.0 million. Adjusted EBIT in the Components Segment amounted to EUR 24.2 million (Q1-Q3 2016/17: EUR 30.8 million). The profitability in both segments was negatively influenced by substantial revenue declines and an aggressive price competition. The Lighting Segment also recorded higher warranty provisions in the second quarter, above all in connection with long-term road lighting projects in Great Britain.

Adjusted Group EBIT falls to EUR 20.5 million

As a result, the gross profit margin (after development costs) for the Zumtobel Group declined to 31.8% (previous year: 34.1%). Development costs included in the cost of goods sold fell by EUR 6.6 million to EUR 50.9 million (previous year: EUR 57.5 million). The central bundling of R&D activities and the streamlining of the plant landscape supported the realisation of additional synergy effects.

Decline in development costs

Income statement in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Revenues	283.7	306.1	(7.3)	908.1	973.4	(6.7)
Cost of goods sold	(194.8)	(205.5)	(5.2)	(619.4)	(641.3)	(3.4)
Gross profit	89.0	100.6	(11.6)	288.7	332.1	(13.1)
as a % of revenues	31.4	32.9		31.8	34.1	
SG&A expenses adjusted for special effects	(88.8)	(90.6)	(1.9)	(268.3)	(270.1)	(0.7)
Adjusted EBIT	0.2	10.0	(98.5)	20.5	62.0	(67.0)
as a % of revenues	0.1	3.3		2.3	6.4	
Special effects	(2.3)	(4.4)	(47.1)	(6.5)	(12.1)	(46.2)
EBIT	(2.2)	5.6	<(100)	13.9	49.9	(72.1)
as a % of revenues	(0.8)	1.8		1.5	5.1	
Financial results	(6.6)	(6.2)	(7.4)	(13.6)	(14.5)	5.7
Profit/loss before tax	(8.8)	(0.6)	<(100)	0.3	35.4	(99.2)
Income taxes	(0.5)	0.1	<(100)	(1.9)	(8.3)	(76.7)
Result from discontinued operations	0.0	2.7	<(100)	0.0	2.7	
Net profit/loss for the period	(9.3)	2.2	<(100)	(1.7)	29.8	<(100)
Earnings per share (in EUR)	(0.22)	0.05	<(100)	(0.04)	0.69	<(100)

Note: EBITDA (plus depreciation and amortisation) amounted to EUR 52.2 million in the first three quarters of 2017/18.

Selling expenses (including research) amounted to EUR 234.3 million in the first nine months of 2017/18 (Q1-Q3 2016/17: EUR 240.1 million) and were substantially lower than the previous year in spite of salary increases required by collective agreements. The cost reduction measures implemented during the year were reflected in a reduction of EUR 5.8 million in selling expenses. Administrative expenses were stable at EUR 38.2 million (Q1-Q3 2016/17: EUR 38.1 million). Other operating results, excluding special effects,

Reduction in selling expenses

declined to EUR 4.2 million (previous year: EUR 8.1 million) due to lower license income from the LED business and a reduction in government grants.

Negative special effects from transformation process

Negative special effects of EUR 6.5 million were recorded in the first three quarters of 2017/18 (previous year: EUR 12.1 million). These effects are related primarily to adjustments in the global production network, e.g. the sale of the Zumtobel Group's plant in Les Andelys (France) which has since been finalised.

Adjusted EBIT in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Reported EBIT	(2.2)	5.6	<(100)	13.9	49.9	(72.1)
thereof special effects	(2.3)	(4.4)	(47.1)	(6.5)	(12.1)	(46.2)
Adjusted EBIT	0.2	10.0	(98.5)	20.5	62.0	(67.0)
<i>as a % of revenues</i>	0.1	3.3		2.3	6.4	

Improvement in financial results

Financial results improved by EUR 0.8 million year-on-year to minus EUR 13.6 million (previous year: minus EUR 14.5 million). Interest expense is attributable primarily to the current credit agreement and to finance leases. Other financial income and expenses totalled minus EUR 8.6 million (previous year: minus EUR 8.7 million). The fluctuations in the fair value measurement of financial instruments reflect the high volatility on the foreign exchange market, above all in connection with the British pound, Swiss franc and US dollar.

Financial result in EUR million	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Interest expense	(1.8)	(2.0)	(8.8)	(5.0)	(5.7)	(11.9)
Interest income	0.1	0.1	6.8	0.3	0.3	0.9
Net financing costs	(1.7)	(1.9)	9.8	(4.7)	(5.4)	12.6
Other financial income and expenses	(4.9)	(4.1)	(17.9)	(8.6)	(8.7)	(2.0)
Result from companies accounted for at-equity	(0.1)	(0.2)	50.4	(0.3)	(0.3)	(7.7)
Financial results	(6.6)	(6.2)	(7.4)	(13.6)	(14.5)	5.7

Net profit drops to minus EUR 1.7 million

Profit before tax amounted to EUR 0.3 million in the first nine months of 2017/18 (previous year: EUR 35.4 million), and income taxes totalled EUR 1.9 million (previous year: EUR 8.3 million). Net profit therefore fell to minus EUR 1.7 million (previous year: EUR 29.8 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled minus EUR 0.04 (previous year: plus EUR 0.69).

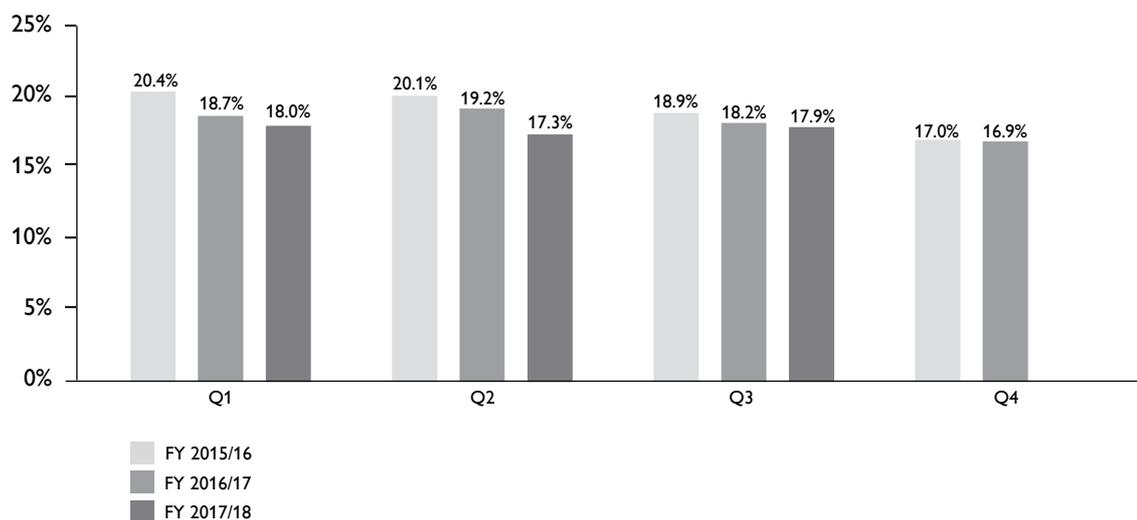
Cash flow and asset position

Positive development of working capital

Cash flow from operating results fell from EUR 95.7 million in the first three quarters of the previous year to EUR 53.1 million in the first three quarters of 2017/18 due to the decline in profitability and lower depreciation and amortisation. Working capital totalled EUR 221.6 million as of 31 January 2018 and was EUR 18.4 million below the level on 31 January 2017. As a percent of rolling 12-month revenues, working capital declined from 18.2% to 17.9% year-on-year. The seasonal increase in working capital during the reporting period was substantially lower than the previous year due to the decline in revenues and strict receivables management. Cash outflows from the changes in other operating positions totalled EUR 29.2 million (Q1-Q3 2016/17: cash outflows of EUR 18.2 million). The change in current provisions resulted primarily from the use of the provision for restructuring. Cash outflows for other non-current and current assets and liabilities resulted from a decrease in other obligations to employees, above all following

bonus payments for the 2016/17 financial year. Cash flow from operating activities therefore dropped from EUR 63.2 million to EUR 13.5 million in the first nine months of 2017/18.

Working Capital in % of rolling 12-month revenues



Investments in non-current assets rose substantially to EUR 48.6 million in the first three quarters of 2017/18 (Q1-Q3 2016/17: EUR 30.7 million). These expenditures consisted mainly of tools and equipment for new products, expansion and maintenance investments as well as capitalised research and development costs (EUR 8.4 million). A total of EUR 6.6 million was spent on the new production plant in Serbia during the first nine months of 2017/18. In addition, the previously rented CIT building in Dornbirn (Austria) was purchased for EUR 7.1 million in May 2017. The positive effect recorded under cash inflows from the disposal of property, plant and equipment consisted chiefly of the proceeds from the sale of property in Usingen (Germany) following the termination of production at this location in 2016/17. The negative cash flow effect reported under changes in non-current and current financial assets for the first three quarters of 2017/18 included the payments for 48% of the shares in Inventron AG, Switzerland. The change in cash and cash equivalents from changes in the scope of consolidation involve the reduction in liquid funds following the sale of Europhane SAS, France, which was founded for the sale of the plant in Les Andelys. The decline in cash flow from operating activities and increase in capital expenditure led to a decrease in free cash flow, which fell to minus EUR 39.3 million (previous year: plus EUR 40.6 million).

**Free cash flow at
minus EUR 39.3
million**

Cash flow from financing activities consists primarily of the increased use of the facilities provided by the consortium credit agreement and interest paid during the first three quarters of the reporting year. The EUR 0.23 dividend per share for the 2016/17 financial year, which was approved by the annual general meeting on 21 July 2017, was distributed to shareholders on 2 August 2017.

Balance sheet data in EUR million	31 January 2018	30 April 2017
Total assets	991.6	1,019.6
Net debt	157.1	91.0
Debt coverage ratio	2.49	0.86
Equity	316.8	334.0
Equity ratio in %	32.0	32.8
Gearing in %	49.6	27.2
Investments	48.6	45.2
Working capital	221.6	220.1
As a % of rolling 12 month revenues	17.9	16.9

**Continued solid
balance sheet
structure**

The quality of the balance sheet structure remains nearly unchanged. The equity ratio equalled 32.0% as of 31 January 2018. Net debt followed the normal seasonal pattern with an increase of EUR 66.1 million to EUR 157.1 million (31 January 2017: EUR 120.3 million), and gearing – the ratio of net debt to equity – therefore deteriorated from 27.2% to 49.6%.

Outlook for 2017/18: operating results (adjusted EBIT) of EUR 15 to 25 million and a decline of roughly 8% in revenues

The general development of the professional lighting industry still remains below original expectations and there are no signs of the hoped-for recovery in the near future. Similar to the previous quarters, visibility is low and the pressure on prices is high. The continued substantial revenue decline in Great Britain, the most important single market for Zumtobel Group AG, led the Management Board to further adjust the guidance for the 2017/18 financial year (1 May 2017 to 30 April 2018) on 24 January 2018. The Zumtobel Group now expects operating results (adjusted EBIT) of EUR 15 to 25 million and a decline of roughly 8% in revenues for the full 2017/18 financial year.

The recently reorganised Management Board of the Zumtobel Group has defined a clear agenda for the coming months and set a goal to stabilise operating development and consistently pursue the implemented cost savings measures. In addition, a streamlined management team will develop a strategic roadmap with clear measures and goals which will be presented to the capital market in June 2018 together with the announcement of results for the 2017/18 financial year. Given the necessity of further reducing structural costs, these activities will include a thorough evaluation of all structures, corporate processes, markets and product portfolios. This will lead to additional restructuring costs in the fourth quarter of 2017/18. The overriding goal is to return the company to a sustainable profitable growth course as quickly as possible.

Dornbirn, 6 March 2018

Alfred Felder
Acting President of the Executive Board

Karin Sonnenmoser
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. The adjustment particularly relates to the notes to the consolidated financial statements as required by IAS 34. Financial information presented in the interim report for the first three quarters of 2017/18 is fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements of the Zumtobel Group AG for the 2016/17 financial year.

Income Statement

in TEUR	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Revenues	283,718	306,112	(7.3)	908,132	973,379	(6.7)
Cost of goods sold	(194,765)	(205,533)	(5.2)	(619,383)	(641,270)	(3.4)
Gross profit	88,953	100,579	(11.6)	288,749	332,109	(13.1)
as a % of revenues	31.4	32.9		31.8	34.1	
Selling expenses	(76,882)	(81,925)	(6.2)	(234,294)	(240,080)	(2.4)
Administrative expenses	(13,096)	(11,409)	14.8	(38,239)	(38,113)	0.3
Other operating results	(1,159)	(1,638)	(29.2)	(2,292)	(4,012)	(42.9)
thereof special effects	(2,334)	(4,413)	(47.1)	(6,532)	(12,140)	(46.2)
Operating profit/loss	(2,184)	5,607	<(100)	13,924	49,904	(72.1)
as a % of revenues	(0.8)	1.8		1.5	5.1	
Interest expense	(1,812)	(1,986)	(8.8)	(5,016)	(5,696)	(11.9)
Interest income	126	118	6.8	285	282	0.9
Other financial income and expenses	(4,857)	(4,121)	17.9	(8,576)	(8,747)	(2.0)
Result from companies accounted for at-equity	(96)	(194)	(50.5)	(334)	(310)	7.7
Financial results	(6,639)	(6,183)	(7.4)	(13,641)	(14,471)	5.7
as a % of revenues	(2.3)	(2.0)		(1.5)	(1.5)	
Profit/loss before tax	(8,823)	(576)	<(100)	283	35,433	(99.2)
Income taxes	(505)	132	<(100)	(1,938)	(8,317)	(76.7)
Loss/Profit from continuing operations	(9,328)	(444)	<(100)	(1,655)	27,116	<(100)
Result from discontinued operations	0	2,662	(100.0)	0	2,662	(100.0)
Net loss/profit for the period	(9,328)	2,218	<(100)	(1,655)	29,778	<(100)
as a % of revenues	(3.3)	0.7		(0.2)	3.1	
thereof due to non-controlling interests	(124)	(41)	<(100)	(146)	(42)	<(100)
thereof due to shareholders of the parent company	(9,204)	2,259	<(100)	(1,509)	29,820	<(100)
Average number of shares outstanding – basic (in 1,000 pcs.)	43,147	43,147		43,147	43,147	
Average diluting effect (stock options) (in 1,000 pcs.)	0	0		0	0	
Average number of shares outstanding – diluted (in 1,000 pcs.)	43,147	43,147		43,147	43,147	
Earnings per share (in EUR)						
Basic earnings per share (diluted and basic)	(0.22)	0.05		(0.04)	0.69	
Earnings per share from continuing operations (in EUR)						
Basic earnings per share (diluted and basic)	(0.22)	(0.01)		(0.04)	0.63	
Earnings per share from discontinued operations (in EUR)						
Basic earnings per share (diluted and basic)	0.00	0.06		0.00	0.06	

State of Comprehensive Income

in TEUR	Q3 2017/18	Q3 2016/17	Change in %	Q1-Q3 2017/18	Q1-Q3 2016/17	Change in %
Net loss/profit for the period	(9,328)	2,218	<(100)	(1,655)	29,778	<(100)
Actuarial gain/loss	0	0		4,789	(20,672)	>100
Deferred taxes due to actuarial loss/gain	0	0		(198)	1,890	<(100)
Total of items that will not be reclassified ("recycled") subsequently to the income statement	0	0		4,591	(18,782)	>100
Currency differences	(3,092)	(1,427)	<(100)	(6,237)	11,449	<(100)
Currency differences arising from loans	(333)	2,665	<(100)	(3,866)	(6,397)	(39.6)
Hedge accounting	248	425	(41.6)	644	1,026	(37.2)
Deferred taxes due to hedge accounting	(63)	(106)	40.5	(161)	(257)	(37.3)
Total of items that will be reclassified ("recycled") subsequently to the income statement	(3,240)	1,557	<(100)	(9,620)	5,821	<(100)
Subtotal other comprehensive income	(3,240)	1,557	<(100)	(5,029)	(12,961)	61.2
<i>thereof due to non-controlling interests</i>	<i>(152)</i>	<i>47</i>	<i><(100)</i>	<i>(340)</i>	<i>144</i>	<i><(100)</i>
<i>thereof due to shareholders of the parent company</i>	<i>(3,088)</i>	<i>1,510</i>	<i><(100)</i>	<i>(4,689)</i>	<i>(13,105)</i>	<i>64.2</i>
Total comprehensive income	(12,568)	3,775	<(100)	(6,684)	16,817	<(100)
<i>thereof due to non-controlling interests</i>	<i>(276)</i>	<i>6</i>	<i><(100)</i>	<i>(486)</i>	<i>102</i>	<i><(100)</i>
<i>thereof due to shareholders of the parent company</i>	<i>(12,292)</i>	<i>3,769</i>	<i><(100)</i>	<i>(6,198)</i>	<i>16,715</i>	<i><(100)</i>

Balance Sheet

in TEUR	31 January 2018	in %	30 April 2017	in %
Goodwill	193,300	19.5	197,810	19.4
Other intangible assets	52,035	5.2	52,947	5.2
Property, plant and equipment	206,947	20.8	203,526	20.0
Financial assets accounted for at equity	3,764	0.4	1,818	0.2
Financial assets	2,488	0.3	1,243	0.1
Other assets	4,361	0.4	4,875	0.5
Deferred taxes	41,200	4.2	42,707	4.2
Non-current assets	504,095	50.8	504,926	49.6
Inventories	203,073	20.5	197,012	19.3
Trade receivables	163,463	16.5	198,230	19.4
Financial assets	1,188	0.1	1,590	0.2
Other assets	39,887	4.0	35,016	3.4
Liquid funds	79,872	8.1	81,352	8.0
Available-for-sale assets	0		1,503	0.1
Current assets	487,483	49.2	514,703	50.4
ASSETS	991,578	100.0	1,019,629	100.0
Share capital	108,750	11.0	108,750	10.7
Additional paid-in capital	335,316	33.8	335,316	32.9
Reserves	(129,348)	(13.0)	(140,139)	(13.7)
Net loss/profit for the period	(1,509)	(0.2)	25,404	2.4
Capital attributed to shareholders of the parent company	313,209	31.6	329,331	32.3
Capital attributed to non-controlling interests	3,617	0.3	4,659	0.5
Equity	316,826	31.9	333,990	32.8
Provisions for pensions	82,202	8.3	93,805	9.2
Provisions for severance compensation	48,117	4.9	47,801	4.7
Provisions for other employee benefits	9,634	0.9	10,266	1.0
Other provisions	8,055	0.8	646	0.1
Borrowings	218,818	22.1	168,267	16.5
Other liabilities	4,503	0.5	4,628	0.4
Deferred taxes	450	0.0	547	0.1
Non-current liabilities	371,779	37.5	325,960	32.0
Provisions for taxes	21,583	2.2	23,093	2.3
Other provisions	27,781	2.8	38,753	3.8
Borrowings	18,587	1.9	4,539	0.4
Trade payables	129,884	13.1	157,074	15.4
Other liabilities	105,138	10.6	126,795	12.4
Liabilities held for sale	0		9,425	0.9
Current liabilities	302,973	30.6	359,679	35.2
EQUITY AND LIABILITIES	991,578	100.0	1,019,629	100.0

Cash Flow Statement

in TEUR	Q1-Q3 2017/18	Q1-Q3 2016/17
Profit/loss before tax	283	35,433
Depreciation and amortisation	38,273	45,515
Gain/loss from disposal of fixed assets	880	(2,397)
Interest income/ Interest expense	4,731	5,450
Other financial income and expenses	8,576	9,021
Results from discontinued operations	0	2,662
Share of profit or loss in companies accounted for at equity	334	0
Cash flow from operating results	53,077	95,684
Inventories	(2,327)	(25,111)
Trade receivables	29,477	31,546
Trade payables	(32,788)	(6,768)
Prepayments received	(1,583)	(10,293)
Change in working capital	(7,221)	(10,626)
Non-current provisions	(1,788)	(3,572)
Current provisions	(12,803)	(16,736)
Other current and non-current assets and liabilities	(14,621)	2,107
Change in other operating items	(29,212)	(18,201)
Income taxes paid	(3,185)	(3,657)
Cash flow from operating activities	13,459	63,200
Cash inflows from the disposal of property, plant and equipment and other intangible assets	4,183	4,451
Cash inflows from the sale of non-current financial assets	500	0
Cash outflows for the purchase of property, plant and equipment and other intangible assets	(48,556)	(30,702)
Change in non-current and current financial assets	(5,723)	3,687
Change in liquid funds from changes in the consolidation range	(3,179)	0
Cash flow from investing activities	(52,775)	(22,564)
FREE CASH FLOW	(39,316)	40,636
Change in non-current and current financial assets	44,442	(26,190)
Loss absorption for non-controlling interests	0	(631)
Capital increases	0	631
Dividends	(10,480)	(8,629)
Interest paid	(4,924)	(5,640)
Interest received	285	282
Cash flow from financing activities	29,323	(40,177)
CHANGE IN CASH AND CASH EQUIVALENTS	(9,993)	459
Cash and cash equivalents at the beginning of the period	77,205	75,305
Cash and cash equivalents at the end of the period	63,347	75,659
Effects of exchange rate changes on cash and cash equivalents	(3,865)	(105)
Change absolute	(9,993)	459

Statement of Changes in Equity

Q1 – Q3 2017/18

in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
30 April 2017	108,750	335,316	45,714	(27,419)	(1,040)	(131,990)	329,331	4,659	333,990
+/- Net profit/loss for the period	0	0	(1,509)	0	0	0	(1,509)	(146)	(1,655)
+/- Other comprehensive income	0	0	0	(9,763)	483	4,591	(4,689)	(340)	(5,029)
+/- Total comprehensive income	0	0	(1,509)	(9,763)	483	4,591	(6,198)	(486)	(6,684)
+/- Dividends	0	0	(9,924)	0	0	0	(9,924)	(556)	(10,480)
31 January 2018	108,750	335,316	34,281	(37,182)	(557)	(127,399)	313,209	3,617	316,826

Q1 – Q3 2016/17

in TEUR	Attributed to shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve IAS 19			
30 April 2016	108,750	335,316	30,210	(23,167)	(2,046)	(120,791)	328,272	4,973	333,245
+/- Net profit/loss for the period	0	0	29,820	0	0	0	29,820	(42)	29,778
+/- Other comprehensive income	0	0	0	4,907	770	(18,782)	(13,105)	144	(12,961)
+/- Total comprehensive income	0	0	29,820	4,908	769	(18,782)	16,715	102	16,817
+/- Capital increases	0	0	0	0	0	0	0	631	631
+/- Change in non-controlling interests	0	0	(631)	0	0	0	(631)	0	(631)
+/- Dividends	0	0	(8,629)	0	0	0	(8,629)	0	(8,629)
31 January 2017	108,750	335,316	50,769	(18,259)	(1,277)	(139,573)	335,727	5,707	341,434

The balance sheet position “reserves” comprises other reserves as well as the currency reserve, the reserve for hedge accounting, the reserve for stock options and the IAS 19 reserve for “employee benefits”.

Service

Financial Terms

Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
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
Net debt	= Non-current borrowings + current borrowings - liquid funds - current financial receivables from associated companies
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables - trade payables - prepayments received

Financial Calendar

Annual Results 2017/18	28 June 2018
Record Date for the Annual General Meeting	17 July 2018
42 nd Annual General Meeting	27 July 2018
Ex-Dividend Day	31 July 2018
Record Date Dividende	1 August 2018
Dividend Payout Day	2 August 2018
Report on the First Quarter 2018/19 (1 May 2018 - 31 July 2018)	4 September 2018
Report on the First Half-year 2018/19 (1 May 2018 - 31 October 2018)	4 December 2018
Report on the First Three Quarters 2018/19 (1 May 2018 - 31 January 2019)	5 March 2018

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Financial Reports

Our financial reports are available in English and German for download under: <http://www.zumtobelgroup.com>.

More Information

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