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Zumtobel AG: Results for FY 2012/13 (May 2012 - April 2013)

Dornbirn (pta008/26.06.2013/07:30) - For the Zumtobel Group the 2012/13 financial year was marked by a difficult economy and significant challenges arising from the technological shift to LEDs. The market environment for the professional lighting industry weakened substantially, above all during the second six months. Against this backdrop, Group revenues for the reporting year fell by 2.9% to EUR 1,243.6 million (2011/12: EUR 1,280.3 million).

LED products make up 22.1% of revenues, R&D expenditures hit new high of 5.6% of revenues

At the same time, sales of innovative LED products continued their gratifying growth, with revenues rising 49.8% against the prior year to EUR 274.5 million. As a result, the LED share of Group revenues rose from 14.3% in 2011/12 to 22.1% in the reporting year. This confirms the Zumtobel Group's strategy of continuing its targeted investments in the expansion of its innovative product portfolio in spite of the difficult economic environment. The accompanying research & development expenditures (including customized product development) rose to EUR 69.1 million in the reporting year (2011/12 EUR 58.7 million), reaching a new high of 5.6% of revenues.

Restructuring to adapt cost structures and sharpen strategic focus on LEDs

In order to put the Zumtobel Group on solid foundations for the future, various restructuring measures were introduced in the reporting year to bring cost structures into line with the lower revenues and also to meet the challenges of the technology shift. All of these restructuring measures led to negative special effects of EUR 14.0 million in 2012/13.

Adjusted EBIT improves despite decline in revenues and high R&D expenditures

As a result of the prompt introduction of these structural measures, at EUR 35.7 million the adjusted operating result (adjusted EBIT) showed a minor improvement over the previous year (EUR 35.0 million) in spite of the decline in revenues and higher development costs. This represents a return on sales (adjusted EBIT margin) of 2.9%, up from 2.7% in the prior year. As a result of the negative special effects, net profit for the year fell to EUR 6.1 million (2011/12: EUR 15.2 million). This equates to earnings per share of EUR 0.14 (2011/12: EUR 0.35). The Management Board and Supervisory Board will recommend to the annual general meeting of Zumtobel AG on July 26, 2013 that a dividend of EUR 0.07 be paid for the 2012/13 financial year (2011/12: EUR 0.20).

Major differences in development patterns in the two segments

Once again a breakdown of developments by segment reveals two very different patterns. The Lighting Segment (Zumtobel / Thorn) was unable to continue the sound growth recorded during the past two years. In an increasingly challenging economic environment, segment revenues fell slightly by 1.4% to EUR 935.7 million (2011/12: EUR 949.2 million). The earnings picture in the Lighting Segment showed that the Zumtobel brand was more than able to compensate for the losses at Thorn, so that adjusted EBIT moved ahead by 27.6% year-on-year to reach EUR 33.2 million (2011/12: EUR 26.0 million). The shift to LEDs continues to represent a major challenge for the Components Segment (Tridonic) in particular. Progress in LED converters and LED modules was still unable to offset the decline in demand for conventional components during the reporting year. Consequently, revenues showed a further 7.4% downturn to EUR 377.7 million (2011/12: EUR 408.1 million). The adjusted EBIT of the Components Segment fell 29.8% to EUR 13.7 million (2011/12: EUR 19.6 million).

Positive development of working capital and free cash flow continued

The Zumtobel Group recorded positive developments in both working capital and free cash flow. In recent quarters, both segments made notable progress in terms of inventory and receivables management. Compared to 30 April 2012 working capital fell from 17.8% to 15.8% of rolling 12-month revenues, leading to a soundly positive free cash flow of EUR 44.8 million (2011/12: EUR 22.3

million).

Solid balance sheet structure retained

The quality of the balance sheet structure remains virtually unchanged. The equity ratio rose from 35.8% on 30 April 2012 to 35.9%. Net debt was reduced to 113.2 million (2011/12: EUR 141.4 million) so that gearing, the ratio of net debt to equity, improved from 38.1% to 31.7%.

Outlook

The macroeconomic environment deteriorated significantly during the 2012/13 financial year. There are currently no signs of an easing in economic tensions and visibility remains very low, above all in the Zumtobel Group's key European market. Against the backdrop of growing forecast uncertainty, a reliable forecast for revenues and earnings is not possible at the present time.

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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