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## **Zumtobel AG: Report on the 1st half-year 2013/14 (May - July 2013)**

Dornbirn (pta007/10.12.2013/07:30) - In the first half of the current financial year (May - October 2013) the Zumtobel Group was able to continue the positive development of its operating earnings, despite a drop in revenues and negative special effects.

### **Revenues**

In what remained a difficult business environment, first-half Group revenues fell 3.8% year-on-year to EUR 633.4 million (previous year: EUR 658.1 million). Revenues from the sale of LED products continued their very positive development, rising to EUR 191.5 million in the first six months (previous year: EUR 131.3 million). This equates to growth of 45.8% as the proportion of Group revenues accounted for by LED products rose to 30.2% (previous year: 20.0%).

### **Revenues by segment**

The downturn in revenues was above all incurred by the Lighting Segment (Zumtobel/Thorn) which remains impacted by the weak state of the construction sector. In the reporting period revenues fell 4.1% to EUR 476.7 million (previous year: EUR 497.1 million). Revenues in the Components Segment (Tridonic) were steady at the prior-year level, totalling EUR 197.9 million. Pleasing progress in the sale of LED converters and modules successfully offset the marked decline in demand for magnetic and electronic ballasts.

### **Adjusted EBIT**

Despite the decline in revenues, Group EBIT, adjusted for special effects, rose 30.9% from EUR 32.3 million in the prior-year period to EUR 42.2 million. This represents an improvement in the return on sales (adjusted EBIT margin) to 6.7% (previous year: 4.9%). Both segments benefited from the cost reduction measures introduced in previous quarters, which focused on aligning cost structures with the lower level of revenues. The Lighting Segment was also able to reduce material costs through lower procurement prices. In the Components Segment, the strong demand for LED modules and converters led to economies of scale.

### **EBIT / net profit**

In the first half of 2013/14 negative special effects of EUR 13.0 million were recorded (previous year: EUR 3.7 million). A large proportion of the special effects are related to expenses incurred in the exit from the magnetic ballast business. Despite the increase in special effects, EBIT was up 2.3% at EUR 29.2 million (previous year: EUR 28.6 million). Financial results declined by EUR 2 million year-on-year on account of foreign exchange effects. As a consequence, net profit for the period totalled EUR 18.4 million and nearly reached the prior-year level (EUR 19.0 million).

### **Working capital / balance sheet structure**

Thanks to systematic inventory and receivables management, working capital totalled EUR 221.6 million, which is substantially lower than the comparable prior-year level (EUR 241.0 million). Free cash flow was EUR 11.7 million lower than in the same period of the previous year at minus EUR 1.3 million, largely due to a higher level of capital expenditure and an increase in trade receivables. The quality of the balance sheet structure remains nearly unchanged. The equity ratio declined slightly from 35.9% on 30 April 2013 to 35.8%. The development of net liabilities reflected the seasonal pattern with an increase of EUR 15.3 million over the level on 30 April 2013 to EUR 128.5 million (previous year: EUR 139.2 million). This led to a deterioration in gearing - the ratio of net liabilities to equity - from 31.7% on 30 April 2013 to 35.5%.

### **Outlook**

At the present time only a vague forecast for the full 2013/14 financial year can be issued because of the ongoing tense economic environment and continued limited visibility. From the current point of view, the Management Board is expecting a slight year-on-

year decline in revenues for 2013/14 (2012/13: EUR 1,243.6 million). The previously implemented cost reduction measures should result in a slightly positive adjusted EBIT contribution even in the seasonally much weaker second half of the financial year. Consequently, adjusted EBIT for the full financial year should see an improvement compared to the previous year.

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