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Zumtobel Group AG: Preliminary results for the first half-year 2017/18

Adjustment of forecast for the 2017/18 financial year

Dornbirn, Austria (pta032/15.11.2017/22:00) - The first six months of the 2017/18 financial year were characterised by key strategic steps to improve the competitive position of the Zumtobel Group. Further important milestones to strengthen profitability over the medium-term included the start of construction on a new production facility in Serbia during July 2017 and the sale of the Zumtobel Group's Les Andelys (France) plant in October as well as the decision to gradually transfer the components production in Dornbirn (Austria) to Serbia over the coming years.

We must, however, note that the general development of the professional lighting industry still remains below our original expectations and there are no signs of the hoped-for recovery in the near future. Demand appears to be generally stable, but the Zumtobel Group has been negatively affected by increasingly aggressive price competition in both the lighting and the components business as well as revenue growth that has not yet been realised due to internal operating challenges and substantially higher warranty provisions for long-term road lighting projects. These effects were further amplified in past weeks by a growing number of project postponements in Great Britain, the most important single market for the Zumtobel Group. The resulting weaker business development will make it impossible for Zumtobel Group AG to reach the original earnings forecast.

These developments led to a decision by the Management Board of Zumtobel Group AG in a meeting today to adjust the forecast for the 2017/18 financial year (1 May 2017 to 30 April 2018). The Management Board now expects operating results (adjusted EBIT) of EUR 50 to 60 million and a decline of approximately 5% in revenues for the 2017/18 financial year. The previous forecast showed a slight year-on-year improvement in revenues (FY 2016/17: EUR 1,303.9 million) and adjusted Group EBIT (FY 2016/17: EUR 72.4 million).

Based on preliminary figures, Group revenues fell by 6.4% year-on-year (FX-adjusted: minus 4.6%) to EUR 624.4 million in the first half of 2017/18 (previous year: EUR 667.3 million). Group EBIT adjusted for special effects declined to EUR 20.3 million (H1 2016/17: EUR 52.0 million). An analysis of revenues for the first six months shows a decrease of 6.8% (FX-adjusted: minus 5.4%) to EUR 479.4 million (H1 2016/17: EUR 514.6 million) in the Lighting Segment and 6.1% (FX-adjusted: minus 3.8%) to EUR 179.0 million (H1 2016/17: EUR 190.7 million) in the Components Segment. Both segments failed to reach the prior year's results in the first half of the current financial year. Adjusted EBIT declined to EUR 12.8 million (H1 2016/17: EUR 39.9 million) in the Lighting Segment and to EUR 19.0 million (H1 2016/17: EUR 21.5 million) in the Components Segment.

Zumtobel Group AG will present detailed information on the development of business in connection with the presentation of six-month audited results for the 2017/18 financial year on 5 December 2017.

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