

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 30, 2020 (June 25, 2020)

Commission file number 001-16583.

ACUITY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

58-2632672

(I.R.S. Employer
Identification Number)

1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia 30309-7676
(Address of principal executive offices)

(404) 853-1400

(Registrant's telephone number, including area code)

None

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol | Name of each exchange on which registered |
|------------------------------------------|----------------|-------------------------------------------|
| Common stock, \$0.01 par value per share | AYI | New York Stock Exchange |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On June 30, 2020, Acuity Brands, Inc. (“we,” “our,” “us,” “the Company,” or similar references) issued a press release containing information about our results of operations for our fiscal quarter ended May 31, 2020. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K, which is incorporated herein by reference. The information contained in this paragraph, as well as Exhibit 99.1 referenced herein, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 25, 2020, the Board of Directors (the “Board”) of Acuity Brands, Inc. increased the size of the Board from eleven to twelve members and elected Laura O’Shaughnessy to the Board. Ms. O’Shaughnessy, whose term will expire at the next annual meeting of stockholders, was also appointed to the Governance and Audit Committees.

Ms. O’Shaughnessy, age 42, is co-founder of SocialCode, LLC (“SocialCode”), a technology company that manages digital and social advertising for leading consumer brands, and has served as its Chief Executive Officer since 2009. Prior to that Ms. O’Shaughnessy oversaw business development and product strategy for the Slate Group, an online publisher, where she specialized in advertising product development and strategic partnerships. Ms. O’Shaughnessy serves on the board of directors of Vroom, Inc.

There are no arrangements between Ms. O’Shaughnessy and any other person pursuant to which Ms. O’Shaughnessy was selected as a director. No family relationships exist between Ms. O’Shaughnessy and any of the Company’s directors or executive officers.

Ms. O’Shaughnessy’s husband serves as the Chief Executive Officer of Graham Holdings, Inc. (“Graham Holdings”), and her father is the Chairman of the Board of Graham Holdings. SocialCode, where Ms. O’Shaughnessy serves as Chief Executive Officer, is owned by Graham Holdings. The Company made arm’s length purchases in the ordinary course of approximately \$1.85 million in fiscal year 2019 and approximately \$108,000 during the current fiscal year from another business owned by Graham Holdings (the “Graham Subsidiary”). We ceased issuing new purchase orders to the Graham Subsidiary in the first month of our third fiscal quarter, and we do not expect to make purchases from the Graham Subsidiary in the future. The purchases from the Graham Subsidiary during each of the last three fiscal years represented substantially less than 1% of each of Graham Holdings’ and the Company’s consolidated revenues.

Other than the transactions described above, there are no other transactions to which the Company is or was a participant and in which Ms. O’Shaughnessy has a material interest subject to disclosure under Item 404(a) of Regulation S-K.

Ms. O’Shaughnessy will participate in the standard non-employee director compensation arrangements described under “Compensation of Directors” in the Company’s 2019 proxy statement filed with the Securities and Exchange Commission on November 22, 2019. In accordance with the standard compensation arrangements, the Board approved a one-time restricted stock award for Ms. O’Shaughnessy with a value of \$20,000 under the Company’s Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan. The stock award will vest ratably over three years. Additionally, the Company has entered into its standard form of Indemnification Agreement with Ms. O’Shaughnessy that provides for the Company to indemnify directors against all expenses (as defined in the agreement), judgments, fines and amounts paid in settlement actually and reasonably incurred by a director and arising out of the director’s service. The Form of Indemnification Agreement, filed as Exhibit 10.1 to this Current Report on Form 8-K, was previously filed with the Commission in a Form 8-K on February 9, 2010 and is incorporated herein by reference.

On June 30, 2020, the Company issued a press release announcing the appointment of Ms. O’Shaughnessy. A copy of this press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 8.01. Other Events.

On June 25, 2020, the Board declared a quarterly dividend of \$0.13 per share. A copy of the related press release is attached as Exhibit 99.3 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Form of Indemnification Agreement.
- 99.1 Press Release dated June 30, 2020.
- 99.2 Press Release dated June 30, 2020.
- 99.3 Press Release dated June 25, 2020.
- 104 Cover Page Interactive Data File (embedded within the inline XBRL document).

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 30, 2020

ACUITY BRANDS, INC.

By: /s/ Karen J. Holcom
Karen J. Holcom
Senior Vice President and Chief Financial
Officer

EXHIBIT INDEX

| | | |
|------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1 | Form of Indemnification Agreement. | Reference is made to Exhibit 10.1 to the registrant's Form 8-K filed with the Commission on February 9, 2010, which is incorporated herein by reference. |
| 99.1 | Press Release dated June 30, 2020. | (Filed with the Commission as part of this Form 8-K). |
| 99.2 | Press Release dated June 30, 2020. | (Filed with the Commission as part of this Form 8-K). |
| 99.2 | Press Release dated June 25, 2020. | (Filed with the Commission as part of this Form 8-K). |
| 104 | Cover Page Interactive Data File (embedded within the inline XBRL document). | (Filed with the Commission as part of this Form 8-K). |

Acuity Brands Reports Fiscal 2020 Third Quarter Results

ATLANTA, June 30, 2020 - Acuity Brands, Inc. (NYSE: AYI) ("Company") today announced results for the third quarter ended on May 31, 2020. Third quarter net sales were \$776 million, a decrease of 18.1% compared with the prior-year period. Gross profit margin of 42.2% increased 170 basis points compared with the prior-year period. Operating profit margin of 10.7% decreased 200 basis points and adjusted operating profit margin of 13.5% decreased 80 basis points compared with the prior-year period. Diluted earnings per share (EPS) of \$1.52 decreased by 31.5% and adjusted diluted EPS of \$1.94 decreased by 23.3% compared with the prior-year period. For the nine months ended May 31, 2020, cash generated from operations of \$378 million increased \$66 million, or 21.3%, compared with the prior-year period.

Neil Ashe, President and Chief Executive Officer of Acuity Brands, commented, "Our company performed well in this challenging market environment associated with the global COVID-19 pandemic. The combined strength of our go-to-market channels, product portfolio, and supply chain allowed us to effectively serve the needs of customers across many categories. Despite our lower revenues, we were able to expand gross margins and to generate cash through a combination of actions that we took both before and during the pandemic."

Fiscal 2020 Third Quarter Results

Fiscal 2020 third quarter net sales of \$776 million decreased 18.1% compared with the prior-year period due primarily to a 20% decrease in volume largely as a result of the negative impact on demand due to the COVID-19 pandemic, partially offset by the benefit from acquisitions of approximately 2%. The change in product prices and mix of products sold was flat year over year as a favorable shift in sales channel mix was offset by overall lower pricing.

Gross profit for the third quarter of fiscal 2020 decreased \$56 million to \$328 million compared with \$384 million in the prior-year period, due primarily to lower sales volume, partially offset by lower costs for certain inputs as well as the contributions from acquisitions. Fiscal 2020 third quarter gross profit margin of 42.2% increased 170 basis points compared with the prior-year period's gross profit margin. The improvement in gross profit margin was due primarily to lower costs for certain inputs, contributions from acquisitions, and favorable sales channel mix partially offset by lower average selling prices.

Selling, distribution, and administrative ("SD&A") expenses for the third quarter of fiscal 2020 totaled \$241 million, a decrease of \$22 million, or approximately 8.4%, compared with the prior-year period. The decrease in SD&A expense in the third quarter was due primarily to decreased freight and commissions associated with lower sales volume along with a reduction in costs across multiple expense categories as the Company adjusted spending in response to the lower net sales. The decrease in SD&A expenses was partially offset by the additional costs from recent acquisitions, including additional amortization of acquired intangibles, commissions, and employee costs. SD&A expenses for the third quarter of fiscal 2020 were 31.1% of net sales compared with 27.8% of net sales for the prior-year period. Adjusted SD&A expenses for the third quarter of fiscal 2020 totaled \$223 million (28.7% of net sales) compared with \$248 million (26.2% of net sales) in the prior-year period.

The Company recognized a pre-tax special charge of \$3 million during the third quarter of fiscal 2020, which consisted primarily of severance and employee-related charges for actions taken in response to reduced demand due to the COVID-19 pandemic.

Operating profit for the third quarter of fiscal 2020 was \$83 million, or 10.7% of net sales, compared with \$120 million, or 12.7% of net sales, for the prior-year period. The decrease in operating profit was due to lower gross profit and increased special charges, partially offset by lower SD&A expenses. Adjusted operating

profit for the third quarter of fiscal 2020 was \$105 million, or 13.5% of net sales, compared with \$136 million, or 14.3% of net sales, for the prior-year period.

Year-to-Date Results

Net sales for the first nine months of fiscal 2020 were \$2.4 billion compared with \$2.7 billion reported for the prior-year period, a decrease of \$300 million, or 11.0%. Operating profit for the first nine months of fiscal 2020 was \$248 million compared with \$333 million for the prior-year period, a decrease of \$85 million, or 25.4%. Operating profit margin for the first nine months of fiscal 2020 decreased 200 basis points to 10.2% of net sales compared with 12.2% of net sales in the year-ago period. Net income for the first nine months of fiscal 2020 was \$175 million, a decrease of \$60 million, or 25.5%, compared with \$234 million for the prior-year period. For the first nine months of fiscal 2020, diluted EPS decreased \$1.47, or 25.0%, to \$4.40 compared with \$5.87 reported in the year-ago period.

Adjusted operating profit decreased by \$56 million, or 14.8%, to \$326 million for the first nine months of fiscal 2020 compared with \$382 million for the prior-year period. Adjusted operating profit margin for the first nine months of fiscal 2020 decreased 60 basis points to 13.4% of net sales compared with 14.0% of net sales in the year-ago period. Adjusted net income for the first nine months of fiscal 2020 was \$235 million compared with \$272 million in the prior-year period, a decrease of \$38 million, or 13.9%. Adjusted diluted earnings per share for the first nine months of fiscal 2020 decreased \$0.92, or 13.5%, to \$5.91 compared with \$6.83 for the prior-year period.

Cash Flows

Net cash provided by operating activities totaled \$378 million during the nine months of fiscal 2020 compared with \$312 million in the prior-year period, an increase of \$66 million, or 21.3%. Cash and cash equivalents at the end of the third quarter of fiscal 2020 totaled \$521 million.

Outlook

Mr. Ashe commented, "We are demonstrating the durability of our business and our continued ability to generate cash. However, there is still great uncertainty around demand and the timing of any economic recovery. Also, we expect pricing pressure and continued costs related to tariffs in the fourth quarter of fiscal 2020. As we look forward, we plan to continue to balance the management of our costs with the investment in our transformation and we have a robust new product portfolio that is positioned to benefit from a recovery in demand."

Conference Call

As previously announced, the Company will host a conference call to discuss third quarter results today, June 30th, 2020, at 10:00 a.m. ET. Interested parties may listen to this call live today or hear a replay at the Company's Web site: www.acuitybrands.com.

About Acuity Brands

Acuity Brands, Inc. (NYSE: AYI) is a market-leading industrial technology company. The Company designs, manufactures, and brings to market products and services that make the world more brilliant, productive, and connected including building management systems, lighting, lighting controls, and location-aware

applications. Acuity Brands achieves growth through the development of innovative new products and services.

Through the Acuity Business System, Acuity Brands achieves customer-focused efficiencies that allow the Company to increase market share and deliver superior returns. The Company looks to aggressively deploy capital to grow the business and to enter attractive new verticals.

Acuity Brands is based in Atlanta, Georgia, with operations across North America, Europe, and Asia. The Company is powered by approximately 12,000 dedicated and talented associates. Visit us at www.acuitybrands.com.

Non-GAAP Financial Measures

This news release includes the following non-Generally Accepted Accounting Principles (GAAP) financial measures: “adjusted gross profit,” “adjusted gross profit margin,” “adjusted SD&A expenses,” “adjusted SD&A expenses as a percent of net sales,” “adjusted operating profit,” “adjusted operating profit margin,” “adjusted net income,” and “adjusted diluted EPS.” These non-GAAP financial measures are provided to enhance the reader’s overall understanding of the Company’s current financial performance and prospects for the future. Specifically, management believes that these non-GAAP measures provide useful information to investors by excluding or adjusting items for manufacturing inefficiencies, acquisition-related items, amortization of acquired intangible assets, share-based payment expense, and including special charges for actions taken in response to reduced demand due to the COVID-19 pandemic, and associated with efforts to streamline the organization to integrate acquisitions. Management typically adjusts for these items for internal reviews of performance and uses the above non-GAAP measures for baseline comparative operational analysis, decision making, and other activities. Management believes these non-GAAP measures provide greater comparability and enhanced visibility into the Company’s results of operations as well as comparability with many of its peers, especially those companies focused more on technology and software. Non-GAAP financial measures included in this news release should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with GAAP. The most directly comparable GAAP measure for adjusted gross profit and adjusted gross profit margin is “gross profit” and “gross profit margin,” respectively, which includes the impact of manufacturing inefficiencies and acquisition-related items. The most directly comparable GAAP measure for adjusted SD&A expenses and adjusted SD&A expenses as a percent of net sales is “SD&A expenses” and “SD&A expenses as a percent of net sales,” which include amortization of acquired intangible assets, share-based payment expense, and acquisition-related items. The most directly comparable GAAP measures for adjusted operating profit and adjusted operating profit margin are “operating profit” and “operating profit margin,” respectively, which include the impact of manufacturing inefficiencies, acquisition-related items, amortization of acquired intangible assets, share-based payment expense, and special charges. The most directly comparable GAAP measures for adjusted net income and adjusted diluted EPS are “net income” and “diluted EPS,” respectively, which include the impact of manufacturing inefficiencies, acquisition-related items, amortization of acquired intangible assets, share-based payment expense, and special charges. A reconciliation of each measure to the most directly comparable GAAP measure is available in this news release. The Company’s non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures used by other companies, have limitations as an analytical tool, and should not be considered in isolation or as a substitute for GAAP financial measures.

Forward-Looking Information

This release contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that may be considered forward-looking include statements incorporating

terms such as “expects,” “believes,” “intends,” “estimates,” “forecasts,” “anticipates,” “could,” “may,” “should,” “suggests,” “remain,” and similar terms that relate to future events, performance, or results of the Company and specifically include statements made in this press release regarding: statements on the Company’s continued ability to generate cash; on uncertainty around demand and the timing of any economic recovery; belief the Company expects pricing pressure and continued costs related to tariffs in the fourth quarter of fiscal 2020; management actions to manage costs with the investment in the Company’s transformation; and the belief the Company has a robust new product portfolio that is positioned to benefit from a recovery in demand. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management’s present expectations or projections. The risks and uncertainties that could cause actual results to differ materially from those expressed in our forward-looking statements are more fully described in the Company’s SEC filings including risks discussed in Part I, “Item 1a. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended August 31, 2019, and Part II, “Item 1a. Risk Factors” in the Company’s Form 10-Q for the quarterly period ended May 30, 2020. The discussion of those risks is specifically incorporated herein by reference. Management believes these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and management undertakes no obligation to update publicly any of them considering new information or future events.

ACUITY BRANDS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

| | May 31, 2020 <i>(unaudited)</i> | August 31, 2019 |
|---------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 520.6 | \$ 461.0 |
| Accounts receivable, less reserve for doubtful accounts of \$1.8 and \$1.0, respectively | 451.3 | 561.0 |
| Inventories | 355.3 | 340.8 |
| Prepayments and other current assets | 53.1 | 79.0 |
| Total current assets | 1,380.3 | 1,441.8 |
| Property, plant, and equipment, net | 275.1 | 277.3 |
| Operating lease right-of-use assets | 56.7 | — |
| Goodwill | 1,086.4 | 967.3 |
| Intangible assets, net | 612.9 | 466.0 |
| Deferred income taxes | 1.9 | 2.3 |
| Other long-term assets | 29.0 | 17.7 |
| Total assets | \$ 3,442.3 | \$ 3,172.4 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 331.3 | \$ 338.8 |
| Current maturities of debt | 17.8 | 9.1 |
| Current operating lease liabilities | 16.2 | — |
| Accrued compensation | 55.8 | 73.2 |
| Other accrued liabilities | 154.8 | 175.0 |
| Total current liabilities | 575.9 | 596.1 |
| Long-term debt | 385.8 | 347.5 |
| Long-term operating lease liabilities | 46.4 | — |
| Accrued pension liabilities | 94.7 | 99.7 |
| Deferred income taxes | 119.2 | 92.7 |
| Self-insurance reserves | 7.1 | 6.8 |
| Other long-term liabilities | 117.5 | 110.7 |
| Total liabilities | 1,346.6 | 1,253.5 |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued | — | — |
| Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,873,349 and 53,778,155 issued, respectively | 0.5 | 0.5 |
| Paid-in capital | 958.0 | 930.0 |
| Retained earnings | 2,454.8 | 2,295.8 |
| Accumulated other comprehensive loss | (161.6) | (151.4) |
| Treasury stock, at cost — 14,325,197 and 14,325,197 shares, respectively | (1,156.0) | (1,156.0) |
| Total stockholders' equity | 2,095.7 | 1,918.9 |
| Total liabilities and stockholders' equity | \$ 3,442.3 | \$ 3,172.4 |

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In millions, except per-share data)

| | Three Months Ended | | Nine Months Ended | |
|-------------------------------------------------------|--------------------|--------------|-------------------|--------------|
| | May 31, 2020 | May 31, 2019 | May 31, 2020 | May 31, 2019 |
| Net sales | \$ 776.2 | \$ 947.6 | \$ 2,435.1 | \$ 2,734.6 |
| Cost of products sold | 448.6 | 564.0 | 1,407.8 | 1,649.6 |
| Gross profit | 327.6 | 383.6 | 1,027.3 | 1,085.0 |
| Selling, distribution, and administrative expenses | 241.3 | 263.4 | 767.5 | 751.1 |
| Special charges | 3.3 | (0.1) | 11.8 | 1.3 |
| Operating profit | 83.0 | 120.3 | 248.0 | 332.6 |
| Other expense: | | | | |
| Interest expense, net | 5.4 | 8.3 | 19.4 | 25.6 |
| Miscellaneous (income) expense, net | (0.9) | 0.2 | 1.5 | 2.6 |
| Total other expense | 4.5 | 8.5 | 20.9 | 28.2 |
| Income before income taxes | 78.5 | 111.8 | 227.1 | 304.4 |
| Income tax expense | 18.1 | 23.4 | 52.5 | 70.1 |
| Net income | \$ 60.4 | \$ 88.4 | \$ 174.6 | \$ 234.3 |
| Earnings per share: | | | | |
| Basic earnings per share | \$ 1.53 | \$ 2.23 | \$ 4.42 | \$ 5.89 |
| Basic weighted average number of shares outstanding | 39.5 | 39.7 | 39.5 | 39.8 |
| Diluted earnings per share | \$ 1.52 | \$ 2.22 | \$ 4.40 | \$ 5.87 |
| Diluted weighted average number of shares outstanding | 39.7 | 39.8 | 39.7 | 39.9 |
| Dividends declared per share | \$ 0.13 | \$ 0.13 | \$ 0.39 | \$ 0.39 |
| Comprehensive income: | | | | |
| Net income | \$ 60.4 | \$ 88.4 | \$ 174.6 | \$ 234.3 |
| Other comprehensive income (loss) items: | | | | |
| Foreign currency translation adjustments | (13.8) | (8.7) | (15.6) | (12.6) |
| Defined benefit plans, net of tax | 1.8 | 1.3 | 5.4 | 5.3 |
| Other comprehensive loss items, net of tax | (12.0) | (7.4) | (10.2) | (7.3) |
| Comprehensive income | \$ 48.4 | \$ 81.0 | \$ 164.4 | \$ 227.0 |

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

| | Nine Months Ended | |
|-----------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| | May 31, 2020 | May 31, 2019 |
| Cash flows from operating activities: | | |
| Net income | \$ 174.6 | \$ 234.3 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | |
| Depreciation and amortization | 75.3 | 65.7 |
| Share-based payment expense | 32.5 | 22.9 |
| Loss on sale or disposal of property, plant, and equipment | 0.2 | 0.6 |
| Asset impairment | 1.4 | — |
| Deferred income taxes | 0.3 | 0.2 |
| Change in assets and liabilities, net of effect of acquisitions, divestitures, and exchange rate changes: | | |
| Accounts receivable | 119.9 | 72.1 |
| Inventories | 1.0 | 20.5 |
| Prepayments and other current assets | 13.2 | (23.6) |
| Accounts payable | (14.7) | (71.5) |
| Other current liabilities | (38.5) | (21.6) |
| Other | 13.1 | 12.4 |
| Net cash provided by operating activities | <u>378.3</u> | <u>312.0</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant, and equipment | (38.3) | (39.8) |
| Proceeds from sale of property, plant, and equipment | 0.2 | — |
| Acquisition of businesses, net of cash acquired | (303.0) | — |
| Other investing activities | (1.9) | 2.9 |
| Net cash used for investing activities | <u>(343.0)</u> | <u>(36.9)</u> |
| Cash flows from financing activities: | | |
| Borrowings on credit facility | 400.0 | 86.5 |
| Repayments of borrowings on credit facility | (2.5) | (86.5) |
| Repayments of long-term debt | (350.7) | (0.3) |
| Repurchases of common stock | — | (48.7) |
| Proceeds from stock option exercises and other | 0.7 | 0.5 |
| Payments of taxes withheld on net settlement of equity awards | (5.1) | (4.9) |
| Dividends paid | (15.6) | (15.6) |
| Net cash provided by (used for) financing activities | <u>26.8</u> | <u>(69.0)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (2.5) | (1.5) |
| Net change in cash and cash equivalents | 59.6 | 204.6 |
| Cash and cash equivalents at beginning of period | 461.0 | 129.1 |
| Cash and cash equivalents at end of period | <u>\$ 520.6</u> | <u>\$ 333.7</u> |

ACUITY BRANDS, INC.
Reconciliation of Non-U.S. GAAP Measures

The tables below reconcile certain GAAP financial measures to the corresponding non-GAAP measures:

(In millions except per share data)

| | Three Months Ended | | Increase (Decrease) | Percent Change |
|------------------------------------------------------------------|--------------------|-----------------|------------------------|----------------|
| | May 31, 2020 | May 31, 2019 | | |
| Net sales | \$ 776.2 | \$ 947.6 | \$ (171.4) | (18.1)% |
| Gross profit (GAAP) | \$ 327.6 | \$ 383.6 | \$ (56.0) | (14.6)% |
| Selling, distribution, and administrative (SD&A) expenses (GAAP) | \$ 241.3 | \$ 263.4 | \$ (22.1) | (8.4)% |
| <i>Percent of net sales</i> | | 31.1% | 27.8% | 330 bps |
| Less: Amortization of acquired intangible assets | (10.8) | (7.7) | | |
| Less: Share-based payment expense | (7.8) | (7.6) | | |
| Adjusted SD&A expenses (Non-GAAP) | <u>\$ 222.7</u> | <u>\$ 248.1</u> | \$ (25.4) | (10.2)% |
| <i>Percent of net sales</i> | | 28.7% | 26.2% | 250 bps |
| Operating profit (GAAP) | \$ 83.0 | \$ 120.3 | \$ (37.3) | (31.0)% |
| <i>Percent of net sales</i> | | 10.7% | 12.7% | (200) bps |
| Add-back: Amortization of acquired intangible assets | 10.8 | 7.7 | | |
| Add-back: Share-based payment expense | 7.8 | 7.6 | | |
| Add-back: Special charges | 3.3 | (0.1) | | |
| Adjusted operating profit (Non-GAAP) | <u>\$ 104.9</u> | <u>\$ 135.5</u> | \$ (30.6) | (22.6)% |
| <i>Percent of net sales</i> | | 13.5% | 14.3% | (80) bps |
| Net income (GAAP) | \$ 60.4 | \$ 88.4 | \$ (28.0) | (31.7)% |
| Add-back: Amortization of acquired intangible assets | 10.8 | 7.7 | | |
| Add-back: Share-based payment expense | 7.8 | 7.6 | | |
| Add-back: Special charges | 3.3 | (0.1) | | |
| Total pre-tax adjustments to net income | 21.9 | 15.2 | | |
| Income tax effects | (5.1) | (3.0) | | |
| Adjusted net income (Non-GAAP) | <u>\$ 77.2</u> | <u>\$ 100.6</u> | \$ (23.4) | (23.3)% |
| Diluted earnings per share (GAAP) | \$ 1.52 | \$ 2.22 | \$ (0.70) | (31.5)% |
| Adjusted diluted earnings per share (Non-GAAP) | \$ 1.94 | \$ 2.53 | \$ (0.59) | (23.3)% |

(In millions, except per share data)

| | Nine Months Ended | | | |
|------------------------------------------------------------------|-------------------|-------------------|------------------------|----------------|
| | May 31, 2020 | May 31, 2019 | Increase (Decrease) | Percent Change |
| Net sales | \$ 2,435.1 | \$ 2,734.6 | \$ (299.5) | (11.0)% |
| Gross profit (GAAP) | \$ 1,027.3 | \$ 1,085.0 | \$ (57.7) | (5.3)% |
| <i>Percent of net sales</i> | | 42.2% | 39.7% | 250 bps |
| Add-back: Manufacturing inefficiencies ⁽¹⁾ | — | 0.9 | | |
| Add-back: Acquisition-related items ⁽²⁾ | 1.2 | 1.2 | | |
| Adjusted gross profit (Non-GAAP) | <u>\$ 1,028.5</u> | <u>\$ 1,087.1</u> | \$ (58.6) | (5.4)% |
| <i>Percent of net sales</i> | | 42.2% | 39.8% | 240 bps |
| Selling, distribution, and administrative (SD&A) expenses (GAAP) | \$ 767.5 | \$ 751.1 | \$ 16.4 | 2.2 % |
| <i>Percent of net sales</i> | | 31.5% | 27.5% | 400 bps |
| Less: Amortization of acquired intangible assets | (30.8) | (23.1) | | |
| Less: Share-based payment expense | (32.5) | (22.9) | | |
| Less: Acquisition-related items ⁽²⁾ | (1.3) | — | | |
| Adjusted SD&A expenses (Non-GAAP) | <u>\$ 702.9</u> | <u>\$ 705.1</u> | \$ (2.2) | (0.3)% |
| <i>Percent of net sales</i> | | 28.9% | 25.8% | 310 bps |
| Operating profit (GAAP) | \$ 248.0 | \$ 332.6 | \$ (84.6) | (25.4)% |
| <i>Percent of net sales</i> | | 10.2% | 12.2% | (200) bps |
| Add-back: Amortization of acquired intangible assets | 30.8 | 23.1 | | |
| Add-back: Share-based payment expense | 32.5 | 22.9 | | |
| Add-back: Manufacturing inefficiencies ⁽¹⁾ | — | 0.9 | | |
| Add-back: Acquisition-related items ⁽²⁾ | 2.5 | 1.2 | | |
| Add-back: Special charges | 11.8 | 1.3 | | |
| Adjusted operating profit (Non-GAAP) | <u>\$ 325.6</u> | <u>\$ 382.0</u> | \$ (56.4) | (14.8)% |
| <i>Percent of net sales</i> | | 13.4% | 14.0% | (60) bps |
| Net income (GAAP) | \$ 174.6 | \$ 234.3 | \$ (59.7) | (25.5)% |
| Add-back: Amortization of acquired intangible assets | 30.8 | 23.1 | | |
| Add-back: Share-based payment expense | 32.5 | 22.9 | | |
| Add-back: Manufacturing inefficiencies ⁽¹⁾ | — | 0.9 | | |
| Add-back: Acquisition-related items ⁽²⁾ | 2.5 | 1.2 | | |
| Add-back: Special charges | 11.8 | 1.3 | | |
| Total pre-tax adjustments to net income | 77.6 | 49.4 | | |
| Income tax effect | (17.7) | (11.3) | | |
| Adjusted net income (Non-GAAP) | <u>\$ 234.5</u> | <u>\$ 272.4</u> | \$ (37.9) | (13.9)% |
| Diluted earnings per share (GAAP) | \$ 4.40 | \$ 5.87 | \$ (1.47) | (25.0)% |
| Adjusted diluted earnings per share (Non-GAAP) | \$ 5.91 | \$ 6.83 | \$ (0.92) | (13.5)% |

⁽¹⁾ Incremental costs incurred due to manufacturing inefficiencies directly related to the closure of a facility.

⁽²⁾ Acquisition-related items include profit in inventory and professional fees.

Acuity Brands Appoints Laura O'Shaughnessy to the Board of Directors

ATLANTA, June 30, 2020 - Acuity Brands, Inc. (NYSE: AYI) (the "Company") announced today that the Board of Directors (the "Board") approved an increase in the size of the Board from 11 to 12 members and elected Laura O'Shaughnessy as a Director for a term that will expire at the Company's next annual meeting of stockholders.

Ms. O'Shaughnessy is the co-founder and Chief Executive Officer of SocialCode, LLC, a technology company that manages digital and social advertising for leading consumer brands. She previously oversaw business development and product strategy for the Slate Group, an online publisher.

Neil Ashe, President and Chief Executive Officer, commented on behalf of the Board, "We are please that Laura has agreed to join the Board and look forward to accessing her digital knowledge and technology expertise as we continue to transform our business."

About Acuity Brands

Acuity Brands, Inc. (NYSE: AYI) is a market-leading industrial technology company. We design, manufacture, and bring to market innovative products and services that make the world more brilliant, productive, and connected including building management systems, lighting, lighting controls, and location-aware applications. Based in Atlanta, Georgia, with operations across North America, Europe, and Asia, we are powered by approximately 12,000 dedicated and talented associates. Visit us at www.acuitybrands.com.

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ACUITY BRANDS DECLARES QUARTERLY DIVIDEND

ATLANTA, June 25, 2020 - The Board of Directors of Acuity Brands, Inc. (NYSE: AYI; "Company") today declared a quarterly dividend of 13 cents per share. The dividend is payable on August 3, 2020 to shareholders of record on July 17, 2020.

About Acuity Brands

Acuity Brands, Inc. (NYSE: AYI) is the North American market leader and one of the world's leading providers of lighting and building management solutions. With fiscal year 2019 net sales of \$3.7 billion, Acuity Brands currently employs approximately 12,000 associates and is headquartered in Atlanta, Georgia with operations throughout North America, and in Europe and Asia. The Company's products and solutions are sold under various brands, including Lithonia Lighting®, Holophane®, Aculux®, A-Light™, American Electric Lighting®, Antique Street Lamps™, Atrius®, Cyclone™, DGLogik™, Distech Controls®, DTL®, eldoLED®, Eureka®, Gotham®, Healthcare Lighting®, Hydrel®, Indy™, IOTA®, Juno®, Lucid®, Luminaire LED™, Luminis®, Mark Architectural Lighting™, nLight®, Peerless®, RELOC® Wiring, ROAM®, Sensor Switch®, Sunoptics® and Winona® Lighting. Visit us at www.acuitybrands.com.

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