



# FISCAL SECOND QUARTER FY2023 RESULTS

April 4, 2023



## FORWARD LOOKING STATEMENTS

This presentation and related conference call and webcast include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”). Forward-looking statements use words such as “expect,” “believe,” “intend,” “anticipate,” “indicative,” “projection,” “predict,” “plan,” “may,” “could,” “should,” “would,” “potential,” and words of similar meaning, as well as other words or expressions referencing future events, conditions, or circumstances. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Act. Statements that describe or relate to the Company’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. Examples of forward-looking statements in this presentation include, without limitation, statements relating to our full-year fiscal 2023 guidance and expected financial performance.

Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on our current beliefs, expectations, and assumptions, which may not prove to be accurate, and are subject to known and unknown risks and uncertainties, many of which are outside of our control. These risks and uncertainties could cause actual results to differ materially from our historical experience and management’s present expectations or projections. These risks and uncertainties are discussed in our filings with the U.S. Securities and Exchange Commission, including our most recent annual report on Form 10-K (including, but not limited to, Part I, Item 1a Risk Factors), quarterly reports on Form 10-Q, and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. You are cautioned not to place undue reliance on any forward-looking statements. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this presentation, conference call and webcast or to reflect the occurrence of unanticipated events, whether as a result of new information, future events, or otherwise.

# NON-GAAP FINANCIAL MEASURES



We disclose the following non-generally accepted accounting principles ("GAAP") financial measures: "adjusted operating profit" and "adjusted operating profit margin" for total company and by segment; "adjusted net income;" "adjusted diluted earnings per share ("EPS)" "earnings before interest, taxes, depreciation, and amortization ("EBITDA");" and "adjusted EBITDA." 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 acquisition-related items, amortization of acquired intangible assets, share-based payment expense, impairments of investments, special charges associated with continued efforts to streamline the organization and integrate recent acquisitions, and a loss on sale of business. 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 measures for adjusted operating profit and adjusted operating profit margin for total company and by segment are "operating profit" and "operating profit margin," respectively, for total company and by segment, which include

amortization of acquired intangible assets, acquisition-related items, share-based payment expense, and special charges. Adjusted operating profit margin is adjusted operating profit divided by net sales for total company and by segment. 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 acquisition-related items, amortization of acquired intangible assets, share-based payment expense, impairments of investments, special charges, and a loss on sale of business. Adjusted diluted EPS is adjusted net income divided by diluted weighted average shares outstanding. The most directly comparable GAAP measure for EBITDA is "net income", which includes the impact of net interest expense, income taxes, depreciation, and amortization of acquired intangible assets. The most directly comparable GAAP measure for adjusted EBITDA is "net income", which includes the impact of net interest expense, income taxes, depreciation, amortization of acquired intangible assets, acquisition-related items, share-based payment expense, special charges, and miscellaneous (income) expense, net. A reconciliation of each measure to the most directly comparable GAAP measure is available in this news release, except for forward-looking measures of adjusted diluted EPS where a reconciliation to the corresponding GAAP measure is not available without unreasonable effort due to the variability, complexity, and limited visibility of certain assumptions within, as well as the methodology used to estimate, the 2023 non-GAAP outlook measure. 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. Our presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that our future results will be unaffected by other unusual or non-recurring items.

# FISCAL 2023 SECOND QUARTER PERFORMANCE

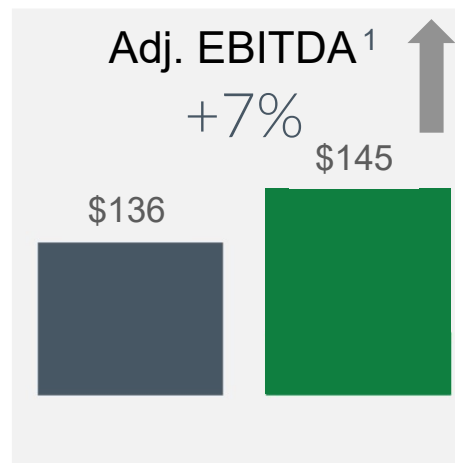
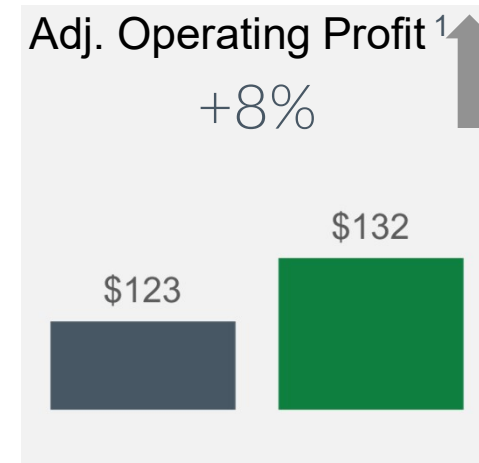
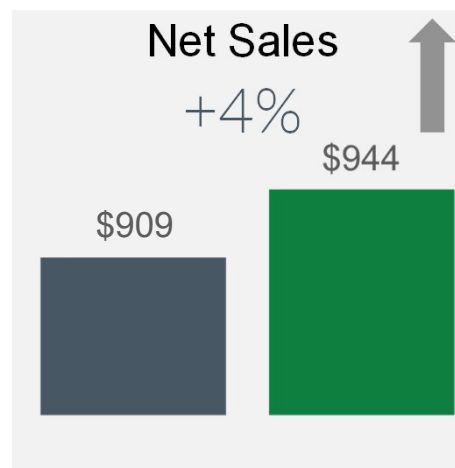
(\$ in Millions Except Per Share Data)

Solid Sales and Adj. Dil. EPS  
Performance in the Second Quarter

Net Sales Growth in Both Lighting and  
Spaces Businesses

Improved Adj. Operating Profit and Adj.  
Operating Profit Margin

Strong Cash Flow Generation



<sup>1</sup> Adjusted Operating Profit, EBITDA, Adjusted EBITDA and Adjusted Diluted EPS for the Second Quarter are Reconciled in the Appendix

# FISCAL 2023 SECOND QUARTER SEGMENT PERFORMANCE



## Lighting and Lighting Controls (ABL)

Providing sustainable, inspiring, and intelligent lighting solutions that enrich the communities where people live, learn, work, and play.

## Intelligent Spaces Group (ISG)

Using technology to make spaces smarter, safer, and greener.

Net Sales	\$891M 3% Growth VPY	\$58M 16% Growth VPY
Adj. Operating Profit <sup>1</sup>	\$133M 5% Growth VPY	\$11M +\$5M Growth VPY
Adj. Operating Profit Margin <sup>1</sup>	15.0% +30 Bps	18.6% +740 Bps
Select Brands		

<sup>1</sup> Adjusted Operating Profit, Adjusted Operating Profit Margin for the Second Quarter is Reconciled in the Appendix

# 2023 YEAR TO DATE CAPITAL ALLOCATION

**\$306M**

Operating Cash Flow

**\$36M**

CapEx

**\$124M**

Share Repurchases

## Capital Allocation Priorities

1. Growth in Current Businesses
2. Acquisitions
3. Maintain Dividend
4. Share Repurchases

# 2023 OUTLOOK

## 2023 Guidance<sup>1</sup>

**AYI Net Sales Range**

\$4.1B to \$4.3B

*ABL Net Sales Growth*

*Low-to-Mid Single-Digits*

*ISG Net Sales Growth*

*Low-to-Mid Teens*

**Adjusted Diluted EPS**

\$13.00 to \$14.50

<sup>1</sup> As of 4/4/2023. Management estimates are based on multiple quantitative and qualitative inputs

Note: Contains forward-looking information; please see Forward Looking Statements on slide 2

# FISCAL 2023 SECOND QUARTER IN SUMMARY

Solid Sales and Adj. Dil. EPS  
Performance in the Second Quarter

Net Sales Growth in Both Lighting and  
Spaces Businesses

Improved Adj. Operating Profit and Adj.  
Operating Profit Margin

Strong Cash Flow Generation







# APPENDIX

and Non-GAAP Reconciliations



# AYI: QUARTERLY TRENDS

Net Sales (\$ in Millions, Except Per Share Data)



	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Net Sales Growth	15.9%	11.4%	16.9%	17.1%	17.9%	11.8%	7.8%	3.8%
Gross Profit Margin	43.0%	42.2%	41.7%	41.7%	42.0%	41.7%	41.7%	43.1%
Operating Margin	13.1%	13.4%	12.4%	11.3%	13.5%	13.5%	10.9%	11.8%
Adjusted Operating Margin <sup>1</sup>	15.2%	15.8%	14.4%	13.5%	15.3%	15.3%	14.0%	14.0%
Diluted EPS	\$2.37	\$2.72	\$2.46	\$2.13	\$3.07	\$3.48	\$2.29	\$2.57
Adjusted Diluted EPS <sup>1</sup>	\$2.77	\$3.27	\$2.85	\$2.57	\$3.52	\$3.95	\$3.29	\$3.06

<sup>1</sup> Adjusted Operating Profit and Adjusted Diluted EPS are Reconciled in the Appendix



# ABL: QUARTERLY TRENDS

Net Sales (\$ in Millions)



	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Net Sales Growth	14.6%	11.0%	17.3%	17.1%	18.6%	11.4%	7.2%	3.2%
Operating Margin	14.9%	15.8%	14.5%	13.5%	14.8%	14.4%	12.5%	13.9%
Adjusted Operating Margin <sup>1</sup>	16.0%	16.8%	15.6%	14.7%	15.8%	15.3%	14.7%	15.0%

<sup>1</sup> Adjusted Operating Profit and Adjusted Operating Profit Margin for ABL are Reconciled in the Appendix



# ISG: QUARTERLY TRENDS

Net Sales (\$ in Millions)



	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Net Sales Growth	46.9%	23.5%	13.7%	15.5%	5.2%	21.6%	22.4%	16.4%
Operating Margin	13.0%	4.0%	4.3%	2.4%	15.8%	16.8%	13.6%	10.8%
Adjusted Operating Margin <sup>1</sup>	20.0%	11.9%	13.1%	11.2%	23.3%	23.8%	21.3%	18.6%

<sup>1</sup> Adjusted Operating Profit and Adjusted Operating Profit Margin for ISG are Reconciled in the Appendix



# AYI QUARTERLY RECONCILIATION OF NON-GAAP MEASURES:

## Adjusted Operating Profit and Adjusted Profit Margin

(\$ in Millions)

	Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Operating Profit (GAAP)</b>	<b>\$142.7</b>	\$118.1	<b>\$149.6</b>	\$132.8	<b>\$108.9</b>	\$115.1	<b>\$111.5</b>	\$102.3
<b>Operating Profit (GAAP) Margin</b>	<b>13.5%</b>	13.1%	<b>13.5%</b>	13.4%	<b>10.9%</b>	12.4%	<b>11.8%</b>	11.3%
+ Amortization of acquired intangible assets <sup>(1)</sup>	<b>10.2</b>	10.2	<b>10.2</b>	10.3	<b>13.6</b>	10.3	<b>9.3</b>	10.3
+ Share-based payment expense	<b>9.9</b>	7.1	<b>9.9</b>	10.2	<b>10.7</b>	7.6	<b>11.3</b>	10.0
+ Acquisition-related items <sup>(2)</sup>	—	0.9	—	1.3	—	—	—	—
+ Special charges	—	0.5	—	1.8	<b>6.9</b>	—	—	—
<b>Adjusted Operating Profit</b>	<b>\$162.8</b>	\$136.8	<b>\$169.7</b>	\$156.4	<b>\$140.1</b>	\$133.0	<b>\$132.1</b>	\$122.6
<b>Adjusted Operating Profit Margin</b>	<b>15.3%</b>	15.2%	<b>15.3%</b>	15.8%	<b>14.0%</b>	14.4%	<b>14.0%</b>	13.5%

<sup>1</sup> Amortization expense for the first quarter of fiscal 2023 includes accelerated amortization of \$4.0 million for certain discontinued brands

<sup>2</sup> Acquisition-related items include professional fees



# AYI QUARTERLY RECONCILIATION OF NON-GAAP MEASURES:

## Adjusted Net Income and Adjusted Earnings Per Share

(\$ in Millions Except Per Share Data)

	Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Net Income (GAAP)</b>	<b>\$105.7</b>	\$85.7	<b>\$115.4</b>	\$98.1	<b>\$74.9</b>	<b>\$87.6</b>	<b>\$83.2</b>	\$75.3
+ Amortization of acquired intangible assets <sup>(1)</sup>	<b>10.2</b>	10.2	<b>10.2</b>	10.3	<b>13.6</b>	10.3	<b>9.3</b>	10.3
+ Share-based payment expense	<b>9.9</b>	7.1	<b>9.9</b>	10.2	<b>10.7</b>	7.6	<b>11.3</b>	10.0
+ Acquisition-related items <sup>(2)</sup>	<b>—</b>	0.9	<b>—</b>	1.3	<b>—</b>	—	<b>—</b>	—
+ Loss on a sale of business	<b>—</b>	—	<b>—</b>	—	<b>11.2</b>	—	<b>—</b>	—
+ Special charges	<b>—</b>	0.5	<b>—</b>	1.8	<b>6.9</b>	—	<b>—</b>	—
+ Impairments of investments	<b>—</b>	—	<b>—</b>	2.0	<b>—</b>	—	<b>—</b>	—
<b>Total pre-tax adjustments to net income</b>	<b>20.1</b>	18.7	<b>20.1</b>	25.6	<b>42.4</b>	17.9	<b>20.6</b>	20.3
Income tax effects	<b>(4.5)</b>	(4.0)	<b>(4.7)</b>	(6.0)	<b>(9.8)</b>	(4.2)	<b>(4.8)</b>	(4.6)
<b>Adjusted net income</b>	<b>\$121.3</b>	\$100.4	<b>\$130.8</b>	\$117.7	<b>\$107.5</b>	\$101.3	<b>\$99.0</b>	\$91.0
Diluted weighted average number of shares outstanding	<b>34.4</b>	36.2	<b>33.2</b>	36.0	<b>32.7</b>	35.5	<b>32.4</b>	35.4
<b>Diluted Earnings Per Share</b>	<b>\$3.07</b>	\$2.37	<b>\$3.48</b>	\$2.72	<b>\$2.29</b>	\$2.46	<b>\$2.57</b>	\$2.13
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$3.52</b>	\$2.77	<b>\$3.95</b>	\$3.27	<b>\$3.29</b>	\$2.85	<b>\$3.06</b>	\$2.57

<sup>1</sup> Amortization expense for the first quarter of fiscal 2023 includes accelerated amortization of \$4.0 million for certain discontinued brands

<sup>2</sup> Acquisition-related items include professional fees



# AYI QUARTERLY RECONCILIATION OF NON-GAAP MEASURES:

## EBITDA and Adjusted EBITDA

(\$ in Millions)

	Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Net Income (GAAP)</b>	<b>\$105.7</b>	\$85.7	<b>\$115.4</b>	\$98.1	<b>\$74.9</b>	\$87.6	<b>\$83.2</b>	\$75.3
+ Interest expense, net	6.2	6.2	6.8	5.5	6.6	5.9	5.7	6.0
+ Income tax expense	32.3	23.5	33.4	27.5	18.3	21.3	26.3	22.9
+ Depreciation	13.3	14.8	13.2	14.8	12.9	14.0	12.7	13.3
+ Amortization <sup>(1)</sup>	10.2	10.2	10.2	10.3	13.6	10.3	9.3	10.3
<b>EBITDA (Non-GAAP)</b>	<b>167.7</b>	140.4	<b>179.0</b>	156.2	<b>126.3</b>	139.1	<b>137.2</b>	127.8
+ Share-based payment expense	9.9	7.1	9.9	10.2	10.7	7.6	11.3	10.0
+ Miscellaneous expense (income), net	(1.5)	2.7	(6.0)	1.7	9.1	0.3	(3.7)	(1.9)
+ Special charges	—	0.5	—	1.8	6.9	—	—	—
+ Acquisition-related items <sup>(2)</sup>	—	0.9	—	1.3	—	—	—	—
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$176.1</b>	\$151.6	<b>\$182.9</b>	\$171.2	<b>\$153.0</b>	\$147.0	<b>\$144.8</b>	\$135.9

<sup>1</sup> Amortization expense for the first quarter of fiscal 2023 includes accelerated amortization of \$4.0 million for certain discontinued brands

<sup>2</sup> Acquisition-related items include professional fees



# ABL QUARTERLY RECONCILIATION OF NON-GAAP MEASURES:

## Segment Breakdown (ABL)

(\$ in Millions)

	Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Operating Profit (GAAP)</b>	<b>\$149.6</b>	\$126.5	<b>\$151.4</b>	\$149.3	<b>\$118.1</b>	\$128.1	<b>\$123.6</b>	\$116.5
<b>Operating Profit (GAAP) Margin</b>	<b>14.8%</b>	14.9%	<b>14.4%</b>	15.8%	<b>12.5%</b>	14.5%	<b>13.9%</b>	13.5%
+ Amortization of acquired intangible assets <sup>(1)</sup>	<b>7.0</b>	6.9	<b>7.0</b>	7.1	<b>10.5</b>	7.1	<b>6.2</b>	7.1
+ Share-based payment expense	<b>3.2</b>	2.4	<b>3.3</b>	2.7	<b>3.3</b>	3.0	<b>3.5</b>	3.3
+ Special Charges	<b>—</b>	—	<b>—</b>	—	<b>6.9</b>	—	<b>—</b>	—
<b>Adjusted Operating Profit</b>	<b>\$159.8</b>	\$135.8	<b>\$161.7</b>	\$159.1	<b>\$138.8</b>	\$138.2	<b>\$133.3</b>	\$126.9
<b>Adjusted Operating Profit Margin</b>	<b>15.8%</b>	16.0%	<b>15.3%</b>	16.8%	<b>14.7%</b>	15.6%	<b>15.0%</b>	14.7%

<sup>1</sup> Amortization expense for fiscal 2023 includes accelerated amortization of \$4.0 million for certain discontinued brands





# ISG QUARTERLY RECONCILIATION OF NON-GAAP MEASURES:

## Segment Breakdown (ISG)

(\$ in Millions)

	Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Operating Profit (GAAP)</b>	<b>\$9.2</b>	\$7.2	<b>\$10.3</b>	\$2.0	<b>\$7.7</b>	\$2.0	<b>\$6.3</b>	\$1.2
<b>Operating Profit (GAAP) Margin</b>	<b>15.8%</b>	13.0%	<b>16.8%</b>	4.0%	<b>13.6%</b>	4.3%	<b>10.8%</b>	2.4%
+ Amortization of acquired intangible assets	3.2	3.3	3.2	3.2	3.1	3.2	3.1	3.2
+ Share-based payment expense	1.2	0.6	1.1	0.8	1.3	0.9	1.4	1.2
<b>Adjusted Operating Profit</b>	<b>\$13.6</b>	\$11.1	<b>14.6</b>	6.0	<b>12.1</b>	\$6.1	<b>10.8</b>	\$5.6
<b>Adjusted Operating Profit Margin</b>	<b>23.3%</b>	20.0%	<b>23.8%</b>	11.9%	<b>21.3%</b>	13.1%	<b>18.6%</b>	11.2%