

# Revolution Lighting Technologies Reports Third Quarter 2015 Financial Results

STAMFORD, CT -- (Marketwired) -- 11/05/15 --

- *Revenues of \$37.7M for Q3 2015*
- *Gross Margin of 32% with Adjusted EBITDA of \$3.0M*
- *2015 Revenue Guidance of \$128-132M representing 70% growth*

Revolution Lighting Technologies, Inc. (NASDAQ: RVLT) ("Revolution Lighting"), a leading provider of advanced LED lighting solutions, today announced financial results for the third quarter of 2015, ended September 30, 2015. Reported revenues were \$37.7 million as compared to \$26.9 million in the same period for 2014, an increase of 40%.

"The progress of our Company this year, through strategic acquisitions and organic growth, is in line with our expectations. We are extremely pleased with our business execution and look forward to continued growth in our sector," said Robert V. LaPenta, chairman, CEO and president, Revolution Lighting Technologies. "Revolution Lighting Technologies remains focused on providing the highest quality service and products to our customers spanning industries including commercial, industrial, education, healthcare, multifamily and government."

## **Market Outlook**

The global market for LED lighting solutions continues to grow at a rapid pace. According to a [report from ResearchMoz](#), entitled, "LED Lighting: Market Shares, Strategies, and Forecasts, Worldwide, 2014 to 2020", the global lighting market will grow from \$4.8 USD billion in 2012 to \$42 USD billion by 2019, registering growth at a CAGR of 45% over the period.

## **Recent Business Highlights**

- Year to date LED product sales through 3Q 2015 increased by 73% (19% proforma organic growth) over the same period in 2014.
- Received Washington Laboratories Certification for G3 12 watt LED tube for product utilized on navy ships and facilities.
- Recipient of the Marcum Tech Top 40 Award from the Connecticut Technology Council.
- Supplied LED tubes for Raleys grocery chain, addressing seven retail locations, with the potential expansion of twenty additional retail locations, totaling \$1.1M. Our Company has entered the grocery and supermarket sector totaling approximately 40,000 US stores (1.6 billion square feet), providing a high efficiency LED tube solution with the potential to save \$691M annually in reduced energy costs.
- Introduced our industry leading T5 LED Uni-Fit replacement tubes. Our 13 watt tubes

achieves an efficacy of 123 lumens per watt and comprises approximately 12% of the entire retrofit marketing totaling 80 million tubes and \$1.5 billion.

- On August 5th, the Company purchased Energy Source, LLC, a provider of turnkey energy savings solutions within the commercial, industrial, hospitality, retail, education and municipal sectors with recently performed retrofit projects including:
  - Completed a facility retrofit for TF Green Airport with LED lighting and control systems. The project totaled \$3.25M, achieving a 2.2 year return on investment after project incentives.
  - Completed an existing office LED lighting and control system retrofit for Amica. Project totaled \$1.6M and achieves a 3.3 year return on investment after project incentives.
  - Completed the retrofit of existing facility lighting for NECCO candy with LED lighting and control solutions, totaling \$1.2M. After incentives, this project achieved a return on investment of only one year.
  - Retrofit of existing campus facilities for Johnson & Wales University with LED lighting and control solutions, including 3,000 G3 LED tubes. After incentives, this project will achieve a return on investment of two years.
- The Company's division, Value Lighting, was awarded several significant contracts including:
  - Awarded a \$1M contract for Mill Creek Residential Trust project, providing lighting products, including \$500K in LED lighting solutions, for 366 luxury loft apartments in Jersey City, NJ.
  - Received a contract for both Phase III and IV of the Hebron project totaling \$900K
  - Value Lighting's Texas division was awarded a \$750K contract for Amli at the Ballpark, Frisco, TX.
  - Awarded an \$800K contract for Reston Station in conjunction with project developer Buzzoto, providing lighting fixtures for approximately 400 unit multi-family development in Reston, Virginia.
- The Company's division, Tri State LED, completed the following projects:
  - Expanded LED lighting retrofit opportunities throughout New Jersey & New York public school systems, providing more than 16,000 G3 LED tubes for Great Meadows and Upper Township. These lighting retrofit projects will achieve a three year return on investment.
  - In collaboration with Value Lighting, supplied G3 LED tubes to New Rochelle public school systems in New York totaling \$976K.
  - Expanded the LED lighting retrofit program at Iona College, providing LED lighting solutions for both interior & exterior applications to achieve a 23 month return on investment.
  - Provided LED lighting lamps and fixtures for the retrofit of Columbia Elevator Headquarters in Bridgeport, Connecticut. This project installed interior and exterior LED products, including 4,000 RVLT LED tubes, throughout warehouse and industrial production facilities.

### ***Quarter Ended September 30, 2015***

For the quarter ended September 30, 2015, total revenues were \$37.7 million, compared to \$26.9 million in Q3 2014, an increase of 40% (13% proforma organic growth). Gross profit for the quarter was \$12.2 million representing a \$3.6 million increase, or 42%, over 2014.

Gross margin for the quarter improved slightly to 32.3% from 31.8% in Q3 2014.

Adjusted EBITDA (as defined below) for the three months ended September 30, 2015 was approximately \$3.0 million compared to Adjusted EBITDA of \$1.5 million for the comparable period in 2014. The Company reported operating income of \$0.2 million in the three months ended September 30, 2015 as compared to \$0.7 million operating loss in the same period of 2014. Operating results for the current quarter were negatively impacted by non-operating costs, one-time and non-cash charges of \$2.8 million, including expenses related to acquisitions, severance and transition costs, and amortization of intangible assets related to acquisitions and stock-based compensation, compared to a corresponding amount of \$2.2 million in 2014.

The Company reported a net loss for the three months ended September 30, 2015 of approximately \$0.3 million as compared to net loss of \$1.4 million for the same period in 2014. The net loss for 2015 included the aforementioned charges (\$2.8 million) and interest expense and other bank charges of \$0.5 million. The net loss for 2014 included the aforementioned charges (\$2.2 million), and interest expense and other bank charges of \$0.2 million, as well as a deferred income tax provision of \$0.5 million.

Basic and diluted loss per share attributed to common stockholders was \$0.00 and \$0.02, respectively, for the quarters ended September 30, 2015 and 2014, reflecting the aforementioned.

#### ***Nine months ended September 30, 2015***

For the nine months ended September 30, 2015, total revenue was approximately \$85.3 million, as compared to \$49.3 million in the same period of 2014, an increase of approximately 73% (19% proforma organic growth). Gross profit for the period was approximately \$28.4 million, as compared to \$16.0 million during the same period in 2014. Gross margin improved slightly to 33.3% from 32.5% for the same period in 2014.

Adjusted EBITDA for the nine months ended September 30, 2015 was approximately \$4.2 million compared to Adjusted EBITDA of negative \$2.0 million for the comparable period in 2014. The Company reported an operating loss of \$2.8 million in the nine months ended September 30, 2015 as compared to an operating loss of \$7.4 million in the same period of 2014. Operating results for the recent period were negatively impacted by non-operating costs, one-time and non-cash charges of \$7.0 million, including expenses related to acquisitions, severance and transition costs, and amortization of intangible assets related to acquisitions and stock-based compensation, compared to a corresponding amount of \$5.4 million in 2014.

The Company reported a net loss for the nine months ended September 30, 2015 of approximately \$3.8 million as compared to a loss of \$2.6 million for the same period in 2014. The net loss for 2015 included the aforementioned charges and interest expense and other bank charges of \$1.0 million. The net loss for 2014 included a non-recurring tax benefit of \$5.5 million and interest expense and other bank charges of \$0.7 million.

Basic and diluted loss per share attributable to common shareholders was \$0.03 and \$0.06, respectively, for the nine months ended September 30, 2015 and 2014.

## ***Liquidity Position***

The Company had a cash balance of \$0.9 million and working capital of \$24.0 million as of September 30, 2015.

The Company will be able to access its revolving credit facility, which can be increased by an additional \$5 million (to \$30 million), under certain conditions, and based on eligible levels of accounts receivable and inventory and subject to certain restrictive covenants. Our outstanding debt under our revolving credit facility at November 4<sup>th</sup>, 2015, approximates \$21 million.

## ***Guidance***

The Company expects Q4 2015 revenue in the \$44-\$46 million (25% proforma organic growth) range, EBITDA of 10-12% and positive cash flow.

The Company expects to report 2015 revenue of \$128-\$132 million, with gross profit margin of 33-35% and Adjusted EBITDA approximating 8% with proforma organic growth in excess of 20%.

Further information on Revolution Lighting Technologies' quarterly and annual results can be found in the Company's Form 10-Q for the quarter ended September 30, 2015 filed with the U.S. Securities and Exchange Commission (SEC) and may be accessed on the SEC's website at [www.sec.gov](http://www.sec.gov).

## ***Q3 Conference Call***

Revolution Lighting Technologies will host a conference call and live audio webcast to discuss these financial results at 11 a.m. ET on November 5, 2015. To access the conference call by phone, dial 1-866-652-5200 for the U.S. and 1-412-317-6060 for international callers. All Participants should request to be joined into the Revolution Lighting Technologies Call. The webcast will be available on the Company's website at [www.rvlti.com](http://www.rvlti.com).

An audio replay of the call will also be available to investors by phone beginning at approximately 2 pm ET on November 5, 2015 until 11:59 p.m. ET on November 19, 2015 by dialing 1-877-344-7529 within the U.S. or 1-412-317-0088 for international callers and entering passcode # 10074534.

## ***About Revolution Lighting Technologies Inc.***

Revolution Lighting Technologies, Inc. is a leader in the design, manufacture, marketing, and sale of LED lighting solutions focusing on the industrial, commercial and government markets in the United States, Canada, and internationally. Through advanced technology and aggressive new product development, Revolution Lighting has created an innovative, multi-brand, lighting company that offers a comprehensive advanced product platform. The company goes to market through its Seesmart brand, which designs, engineers and manufactures an extensive line of high-quality interior and exterior LED lamps and fixtures; Lumificent, which supplies LED illumination for the signage industry; Relume Technologies, a leading manufacturer of outdoor LED products; Sentinel, a revolutionary, patented and

licensed monitoring and smart grid control system for outdoor lighting applications; and Energy Source, a full service turnkey solutions provider and installer of LED technology. Revolution Lighting Technologies markets and distributes its products through a network of independent sales representatives and distributors, as well as through energy savings companies and national accounts. Revolution Lighting Technologies trades on the NASDAQ under the ticker RVLT. For additional information, please visit [www.rvlti.com](http://www.rvlti.com).

### ***Cautionary Statement for Forward-Looking Statements***

Certain of the above statements contained in this press release are forward-looking statements that involve a number of risks and uncertainties, including statements relating to our business pipeline and sales opportunities, our revenue, Adjusted EBITDA and cash flow outlook. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Reference is made to Revolution Lighting's filings under the Securities Exchange Act for additional factors that could cause actual results to differ materially, including our history of losses, customer concentration risks, the potential for future dilution to our existing common stockholders, our status as a controlled company, the risk that demand for our LED products fails to emerge as anticipated, the availability of financing for our customers, competition from larger companies, and risks relating to third party suppliers and manufacturers, as well as the other Risk Factors described in Item 1A of our Form 10-K for the fiscal year ended December 31, 2014. Revolution Lighting Technologies, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

### ***Adjusted EBITDA***

We use Adjusted EBITDA as a non-GAAP measure of financial performance. Adjusted EBITDA is calculated by adding back to net income or loss interest and financing related costs, acquisition related charges, severance and transition costs, income taxes, depreciation and amortization, long lived asset impairments and stock based compensation charges. Adjusted EBITDA is provided to investors to supplement the results of operations reported in accordance with GAAP. Management believes that Adjusted EBITDA is useful to help investors analyze the operating trends in the business and to assess the relative underlying performance of businesses with different capital and tax structures. Management believes that Adjusted EBITDA provides an additional tool for investors to use in comparing our financial results with other companies that use Adjusted EBITDA in their communications with investors. By excluding non-cash charges such as amortization and depreciation, stock based compensation, long lived asset impairments as well as charges for income taxes, interest and financing charges, acquisition related and severance and transition costs, investors can evaluate our operations and compare our results with the results of other companies on a more consistent basis. Management also uses Adjusted EBITDA to evaluate potential acquisitions, establish internal budgets and goals and evaluate the performance of business units and management.

We consider Adjusted EBITDA to be an important indicator of our operational strength and

performance and a useful measure of historical and prospective trends. However there are significant limitations of the use of Adjusted EBITDA since it excludes interest income and expense, financing related and acquisition related charges, severance and transition costs, stock based compensation and income taxes, all of which impact profitability, as well as depreciation and amortization and impairments, related to the use of long lived assets that benefit future periods. We believe that these limitations are compensated by providing Adjusted EBITDA only with GAAP performance measures and clearly identifying the differences between the two measures. Consequently, Adjusted EBITDA should not be considered in isolation or as a substitute for net income or loss or operating income or loss presented in accordance with GAAP. Moreover, Adjusted EBITDA as defined by the Company may not be comparable to similarly titled measure provided by other entities.

A reconciliation of our GAAP net (loss) income to non-GAAP Adjusted EBITDA for the three and nine months ended September 30, 2015 and September 30, 2014 respectively follows:

(in millions)	(in millions) Three Months Ended		(in millions) Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net loss	\$ (0.3)	\$ (1.4)	\$ (3.8)	\$ (2.6)
Acquisition, severance and transition	0.7	0.3	1.5	0.9
Depreciation and amortization	1.2	1.7	3.4	3.9
Stock compensation	0.9	0.2	2.1	0.6
Interest expense and other bank charges	0.5	0.2	1.0	0.7
Deferred income tax provision (benefit)	-	0.5	-	(5.5)
Adjusted EBITDA	<u>\$ 3.0</u>	<u>\$ 1.5</u>	<u>\$ 4.2</u>	<u>\$ (2.0)</u>

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Source: Revolution Lighting Technologies