

Revolution Lighting Technologies Reports Fourth Quarter and Full Year 2015 Financial Results

STAMFORD, CT -- (Marketwired) -- 03/10/16 -- Revolution Lighting Technologies, Inc. (NASDAQ: RVLT) ("Revolution Lighting"), a leading provider of advanced LED lighting solutions, today announced financial results for the fourth quarter (Q4) and full year (FY), ended December 31, 2015.

- *Revenues of \$44.3M for Q4, an increase of 61.3% over Q4 2014*
 - *Gross margin of 33.5%*
 - *Adjusted EBITDA of \$4.5M*
 - *Positive earnings per share and positive cash flow*
- *Revenues of \$129.7M for FY 2015, an increase of 68.7% over FY 2014*
 - *Gross margin of 33.4%*
 - *Adjusted EBITDA of \$8.6M*
- *2016 Revenue Guidance of \$170M representing 31% (23% proforma organic) growth and adjusted EBITDA of \$17M representing a 100% increase.*

"We are extremely pleased with our fourth quarter and full year 2015 operating and financial performance. We continue to strengthen our management team, including engineering, operations, marketing, finance, and sourcing, combined with enhanced sales support and customer service capabilities," said Robert V. LaPenta, Chairman, CEO and President of Revolution Lighting Technologies. "During 2015, we made great strides in establishing the Revolution Lighting brand as a staple throughout the commercial, industrial, education, healthcare, multifamily and government sectors. As we continue our momentum into 2016, Revolution Lighting remains focused as an invested partner to provide the most authoritative knowledge, the best products in the market place, the best technical expertise and seamless project experience, allowing our customers to maximize their economic performance, transforming lighting into a source of superior energy savings, quality light and well-being."

Market Outlook

As a primary replacement of linear fluorescent lighting, Revolution Lighting's core LED products address 70% of commercial & industrial, education, municipal and government sector requirements, totaling more than 2.6 billion light fixtures in the U.S. alone. According to the U.S. Department of Energy, [substantial headroom for increased market penetration still exists within untapped sectors, including commercial & industrial, as LED's made up only 3-5% of light fixture replacements in 2015. This penetration rate is expected to increase significantly, exceeding 42% of annual light fixture/lamp replacements in 2020.](#) forecasted to exceed \$72 billion globally. This significant growth opportunity over the next five years is fueled by LED's higher efficiency and superior lamp life, exceeding 70,000 hours, combined with continued material price compression to deliver outstanding returns on investment.

Business Highlights for FY 2015:

- Received the Marcum Tech Top 40 Award from the Connecticut Technology Council.
- Ranked 119th fastest growing company in North America on Deloitte's 2015 Technology Fast 500.
- Established a national distribution agreement with Rexel Holdings USA, offering our LED product to its industrial, residential and commercial customers throughout its U.S. stores and online.
- Established a distribution agreement with Fastenal to offer our LED products to its network of industrial and construction customers, including its U.S. stores and online.
- Introduced our industry leading T5 LED Uni-Fit replacement tubes, delivering market leading light output (123 lumens per watt) at only 13 watts per tube. T5's represent 12% of the entire U.S. retrofit market.
- Retained the services of the prestigious Cohen Group, headed by former Secretary of Defense, William S. Cohen, to pursue Navy and other domestic and international government opportunities.
- Acquired Energy Source, LLC, a provider of turnkey energy savings solutions within the commercial, industrial, hospitality, retail, education and municipal sectors with recognition and completed retrofits including:
 - Recognized by National Grid with five awards for energy efficiency, delivering greatest program energy savings among contract vendors for the eighth straight year.
 - 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.
- Value Lighting, continued its success within the multi-family sector with over 300 completed projects.
- Tri State LED completed LED Lighting projects for over 30 educational institutions/districts.

Quarter Ended December 31, 2015

For the quarter ended December 31, 2015, total revenues were \$44.3 million, compared to \$27.5 million in Q4 2014, an increase of 61% (23% proforma organic growth). Gross profit for the quarter was \$14.9 million representing a \$6.4 million increase, or 75%, over 2014. Gross margin for the quarter improved to 33.5% from 30.9% in Q4 2014.

Adjusted EBITDA (as defined below) for the three months ended December 31, 2015 was \$4.5 million compared to Adjusted EBITDA of \$1.0 million for the comparable period in 2014. The Company reported operating income of \$1.9 million in the three months ended December 31, 2015 as compared to \$3.5 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 \$2.6 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 \$4.5 million in 2014.

The Company reported net income for the three months ended December 31, 2015 of \$1.4 million as compared to a net loss of \$2.6 million for the same period in 2014. Net income for

2015 included the aforementioned charges and interest expense and other bank charges of \$0.5 million. The net loss for 2014 included the aforementioned charges, and interest expense and other bank charges of \$0.2 million, as well as a deferred income tax benefit of \$1.1 million.

Basic and diluted income/(loss) per share attributed to common stockholders was \$0.01 and (\$0.07), respectively, for the quarters ended December 31, 2015 and 2014, reflecting the aforementioned.

Full Year Ended December 31, 2015

For the full year ended December 31, 2015, total revenue was approximately \$129.7 million, as compared to \$76.8 million in the same period of 2014, an increase of 69% (18% proforma organic growth). Gross profit for the period was \$43.3 million, as compared to \$24.2 million during the same period in 2014. Gross margin improved to 33.4% from 31.5% for the same period in 2014.

Adjusted EBITDA for the full year ended December 31, 2015 was \$8.6 million compared to Adjusted EBITDA of negative \$1.1 million for the comparable period in 2014. The Company reported an operating loss of \$0.9 million in the full year ended December 31, 2015 as compared to an operating loss of \$10.9 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 \$9.5 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 \$9.8 million in 2014.

The Company reported a net loss for the full year ending December 31, 2015 of approximately \$2.4 million as compared to a loss of \$5.2 million for the same period in 2014. The net loss for 2015 included the aforementioned charges and interest expense and other bank charges of \$1.5 million. The net loss for 2014 included a non-recurring tax benefit of \$6.6 million and interest expense and other bank charges of \$0.8 million.

Basic and diluted loss per share attributable to common shareholders was \$0.02 and \$0.14, respectively, for the full years ended December 31, 2015 and 2014.

Liquidity Position

The Company had a cash balance of \$0.2 million and working capital of \$26 million as of December 31, 2015.

The Company will be able to access its revolving credit facility under certain conditions, and based on eligible levels of accounts receivable and inventory and subject to certain restrictive covenants. The company had availability of \$2.6M at December 31, 2015. Our outstanding debt under our revolving credit facility at December 31, 2015, was \$22.0 million.

Guidance

The Company expects Q1 2016 revenue in the \$26 - \$28 million range, representing an increase of approximately 33%, EBITDA of 3-5% and continued positive cash flow.

The Company expects 2016 revenue of \$170 million, with gross profit margin of 32-33% and

Adjusted EBITDA approximating 10% 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-K for the year ended December 31, 2015 filed with the U.S. Securities and Exchange Commission (SEC) and may be accessed on the SEC's website at www.sec.gov.

Q4/FY 2015 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 March 10, 2016. 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.

An audio replay of the call will also be available to investors by phone beginning at approximately 2 pm ET on March 10, 2016 until 11:59 p.m. ET on March 24, 2016 by dialing 1-877-344-7529 within the U.S. or 1-412-317-0088 for international callers and entering passcode # 10080580.

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 LED technologies, Revolution Lighting has created an innovative lighting company that offers a comprehensive advanced product platform. The company designs, engineers and manufactures an extensive line of high-quality interior and exterior LED lamps and fixtures, including signage and control systems, and is uniquely positioned to act as an expert partner, offering full service lighting solutions through our operating divisions including Energy Source, Value Lighting, Tri-State LED, E-Lighting and All-Around Lighting to transform lighting into a source of superior energy savings, quality light and well-being. Revolution Lighting Technologies markets and distributes its products through a network of regional and national 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.

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, 2015. 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 fourth quarter and full year ended December 31, 2015 and December 31, 2014 respectively follows:

(in thousands)
Fourth Quarter Ended

(in thousands)
Full Year Ended

(in thousands)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net income/(loss)	\$ 1,437	\$ (2,616)	\$ (2,382)	\$ (5,180)
Acquisition, severance and transition	480	1,550	1,950	2,488
Depreciation and amortization	1,477	1,786	4,868	5,644
Stock compensation	637	1,123	2,719	1,711
Interest expense and other bank charges	456	190	1,481	830
Deferred income tax benefit				
Stock compensation costs	-	(1,082)	-	(6,550)
Adjusted EBITDA	<u>\$ 4,487</u>	<u>\$ 951</u>	<u>\$ 8,636</u>	<u>\$ (1,057)</u>

RVLT Investor Relations Contact:
Amato and Partners, LLC
Investor Relations Counsel
212-430-0360
admin@amatoandpartners.com

Source: Revolution Lighting Technologies