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# Revolution Lighting Technologies Reports Q2 2013 Financial Results

- *Reported Revenues of \$7.4 million* –
- *Gross Margin at 49%* –
- *Positive Adjusted EBITDA of \$1.0 million* –
- *Cash Balance of \$5.3 million at Quarter End* –

STAMFORD, Conn.-- Revolution Lighting Technologies, Inc. (NASDAQ: RVLT) ("Revolution Lighting"), a leader in advanced LED lighting technology, today announced financial results for the quarter ended June 30, 2013.

"We are pleased with our second quarter results and the significant progress we've made this year demonstrated by strong sequential results, as we execute on our growth strategy," said Robert V. LaPenta, Chairman and Chief Executive Officer of Revolution Lighting Technologies. "We continue to see a steady increase in LED adoption and believe that customers in the commercial, industrial and municipal markets recognize the significant energy and cost reduction benefits of our LED lighting technologies. Our new business pipeline is robust and we expect a continued acceleration in revenue and profitability as the year progresses."

## **Quarter ended June 30, 2013**

For the quarter ended June 30, 2013, total revenue was approximately \$7.4 million, as compared to \$1.1 million in the same period of 2012, an increase of approximately 598%. Gross profit for the quarter was approximately \$3.6 million, as compared to negative \$0.7 million during the same period in 2012. Gross margin was 49% as compared to negative 62% for the same period in 2012, which included a provision for the liquidation of surplus and discontinued inventory related to the retail consumer markets.

Revenue and gross margin for the Company were positively impacted by the acquisition of the Seesmart business, which generated revenues of \$6.5 million that are more than three times the revenue generated by the acquired companies for the corresponding pre acquisition period in the prior year. That result reflects the shift in focus away from the lower ticket and lower margin consumer retail market to the rapidly growing commercial, industrial and municipal (municipal, university, schools and healthcare) segments, which we believe offer higher margin opportunities.

The Company reported an operating loss of \$1.3 million in the second quarter of 2013 as compared to \$5.6 million in the same period of 2012. Operating results for the second quarter were negatively impacted by non-operating costs, one-time and non-cash charges of

\$2.3 million, including expenses related to acquisitions, severance and facility transition costs attributed to the closing of the former Nexxus Lighting corporate office in North Carolina and the amortization of intangible assets resulting from the acquisitions and stock-based compensation. Positive Adjusted EBITDA (as defined below) for the quarter was approximately \$1.0 million excluding the aforementioned charges.

The Company reported a net loss for the quarter of approximately \$5.1 million as compared to a net loss of \$5.7 million for the same period in 2012. The net loss includes the aforementioned charges and additional one-time non-cash charge of \$3.8 million related to the change in fair value of the embedded liability related to the Company's Series E convertible redeemable preferred stock. The Company will not incur charges or income from this non-cash item going forward.

Basic and diluted earnings per share were negative \$0.07 and \$0.35, respectively, for the quarters ended June 30, 2013 and 2012. Weighted basic and diluted shares outstanding were 77.3 million for the quarter ended June 30, 2013 and 16.5 million for the quarter ended June 30, 2012. The per share amounts reflect accrual of dividends on preferred stock.

### **Six months ended June 30, 2013**

For the six months ended June 30, 2013, total revenue was approximately \$13.7 million, as compared to \$2.2 million in the same period of 2012, an increase of approximately 521%. Gross profit for the quarter was approximately \$6.2 million, as compared to negative \$0.7 million during the same period in 2012. Gross margin was 46% as compared to negative 31% for the same period in 2012 which included charges from the liquidation of surplus and discontinued inventory related to the retail consumer markets.

Revenue and gross margin for the Company were positively impacted by the acquisition of the Seesmart business, which generated revenues of \$11.9 million that are more than three times the revenue generated for the corresponding pre acquisition period in the prior year. That result reflects the shift in focus away from the lower ticket and lower margin consumer retail market to the commercial, industrial and municipal (municipal, university, schools and healthcare) segments.

The Company reported an operating loss of \$4.2 million in the six months ended June, 30 2013 as compared to \$7.4 million in the same period of 2012. Operating results for the six months were negatively impacted by non-operating costs, one-time and non-cash charges of \$5.4 million, including expenses related to acquisitions, severance and facility transition costs attributed to the closing of the former Nexxus lighting corporate office in North Carolina and the amortization of intangible assets related to acquisitions and stock-based compensation. Adjusted EBITDA (as defined below) for the six months was approximately \$1.3 million excluding the aforementioned charges.

The Company reported a net loss for the six months ended June 30, 2013 of approximately \$10.5 million as compared to a net loss of \$7.5 million for the same period in 2012. The net loss includes the aforementioned charges and additional one-time non-cash charge of \$7.0 million related to the change in fair value of the embedded liability related to the Company's Series E Senior Convertible Redeemable Preferred Stock (the "Series E Preferred Stock"), as well as a gain of \$0.7 million on a bargain purchase. The Company does not expect these items to reoccur going forward.

Basic and diluted loss per share were negative \$0.18 and \$0.46, respectively, for the six months ended June 30, 2013 and 2012. Weighted basic and diluted shares outstanding were 74.5 million for the six months ended June 30, 2013 and 16.5 million for the six months ended June 30, 2012. The per share amounts reflect the accretion to the redemption value of the Series E Preferred Stock of \$2.2 million, as well as the accrual of dividends on preferred stock.

### **Business Highlights since March 31, 2013**

- July 3<sup>rd</sup>: Announced retrofits gasolineras Don Justo, subdivision of the largest gas station chain in Mexico
- July 11<sup>th</sup>: Announced partnership agreement with GB Energie LED to drive LED adoption across multiple markets
- July 15<sup>th</sup>: Aston Capital, a limited partnership private equity firm, announced that it will create LightCap I Fund to finance LED lighting purchases and installations for Revolution Lighting Technologies customers

### **Liquidity position**

The Company's liquidity position remains adequate with a cash balance of \$5.3 million as of June 30th.

"We have further strengthened our financial position with the growth of our sales pipeline and our strong gross margin, as well as the elimination of charges that have contributed to previous quarterly net losses," said Charles J. Schafer, President and Chief Financial Officer of Revolution Lighting. "We have adequate resources and are continuing to invest in the growth of Revolution Lighting."

Schafer continued: "In addition, Aston Capital's recently announced formation of LightCap I Fund will provide Revolution Lighting customers with an alternative source of capital to purchase and install LED products, a challenge that has historically kept certain customers out of the LED market. We expect this financing option for our customers to contribute positively to Revolution Lighting's financial performance."

Further information on Revolution Lighting Technologies quarterly results can be found in the Company's form 10-Q for the quarter ended June 30, 2013 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).

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

Revolution Lighting Technologies, Inc. is a leader in the design, manufacture, marketing, and sale of light emitting diode (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; Lighting Integration Technologies Inc., which sells and installs Seesmart products; and Lumificent, which supplies LED illumination for the signage industry. Revolution Lighting Technologies markets and distributes its product 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 the anticipated benefits of the Seesmart acquisition and statements relating to the anticipated future growth and profitability of our business. 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, 2012. 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 transactions, acquisition related transactions, income taxes, depreciation and amortization, asset impairments, stock based compensation charges, and severance and transition costs. 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, asset impairments as well as non operating charges for income taxes, interest and financing charges, acquisition related and severance and transition costs charges 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 budget 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 expenses, financing related and acquisition related transactions and severance and

transition costs, income taxes, all of which impact profitability, as well as depreciation and amortization related to the use of long lived assets that benefits future periods. We believe that 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 to non-GAAP Adjusted EBITDA for the three and six months ended June 30, 2013, respectively follows:

	(in millions)	
	For the 3 months ended June 30, 2013	For the 6 months ended June 30, 2013
Net Loss	\$ (5.1 )	\$ (10.5 )
Change in fair value of embedded derivative	3.8	7.0
Gain on bargain purchase of business		(0.7 )
Severance and transition costs	0.2	1.1
Acquisition related costs	0.5	1.6
Depreciation and amortization	1.1	2.1
Stock compensation costs	0.5	0.7
Adjusted EBITDA	\$ 1.0	\$ 1.3

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Source: Revolution Lighting Technologies, Inc.