May 15, 2013

Revolution Lighting Technologies Reports Q1 2013 Financial Results

STAMFORD, Conn.--(BUSINESS WIRE)--

Revolution Lighting Technologies, Inc. (RVLT) ("Revolution Lighting"), a leader in advanced LED lighting technology, today announced financial results for the quarter ended March 31, 2013.

For the three months ended March 31, 2013, total revenue was approximately $6.3 million, as compared to $1.1 million in the same period of 2012, an increase of approximately 470%. Gross profit for the quarter was approximately $2.66 million, as compared to negative $39,000 during the same period in 2012. Gross margin was 42% as compared to negative 3% for the same period in 2012, including 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 Seesmart and organic growth in the combined company as a result of the shift in focus away from the lower ticket and lower margin consumer retail market to the larger and rapidly growing commercial, industrial and municipal (municipal, university, schools and healthcare) segments.

The Company reported an operating loss of $2.9 million in the first quarter of 2013 as compared to $1.7 million in the same period of 2012. Operating results for the first quarter were negatively impacted by non-operating costs, one-time and non-cash charges of $3.3 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 and stock-based compensation. Adjusted EBITDA (as defined below) for the quarter was approximately $400,000 excluding the aforementioned charges.

The Company reported a net loss for the quarter of approximately $5.3 million as compared to a net loss of $1.8 million for the same period in 2012. The net loss includes the aforementioned charges and additional one-time non-cash charge of $2.4 million related to the change in fair value of the embedded liability related to the Company's Series E convertible redeemable preferred stock, offset by a gain on a bargain purchase.

Basic and diluted earnings per share were negative $0.11, respectively, for the three months ended March 31, 2013 and 2012. Weighted basic and diluted shares outstanding were 71.7 million for the quarter ended March 31, 2013 and 16.5 million for the quarter ended March 31, 2012.

"We made significant progress this quarter by executing on our strategic plan to accelerate revenue, improve profitability and lay a foundation for long-term growth at Revolution

Lighting," said Robert V. LaPenta, Chairman and Chief Executive Officer of Revolution Lighting Technologies. "Our strategic focus on the commercial, industrial and municipal markets is working as evidenced by significant revenue growth and importantly, substantial operating margin improvement both sequentially and over the comparable quarter last year. The integration of Seesmart is proceeding well and we are already seeing positive results of this acquisition, including strong demand for our recently introduced 15-watt LED tube lamp, the most energy efficient tube lamp on the market today."

LaPenta concluded: "With a robust new business pipeline and several innovative new product introductions planned for the year, Revolution Lighting is well-positioned. We expect a continued acceleration in revenue and profitability as the year progresses."

Business Highlights from Q1 2013

- January 23rd: Appointed Robert LaPenta as Chief Executive Officer and Charles J. Schafer as President and Chief Financial Officer
- January 24th: Announced receipt of a $5 million order for Seesmart LED lighting products with a total potential value of $10 million
- February 21st: Announced the receipt of an additional $5 million investment from an affiliate of Aston Capital LLC, in the form of convertible preferred stock to fund customer orders and future growth
- March 11th: Announced the completion of a $5 million common stock investment from a new unaffiliated investor
- March 25th: Introduced the most energy efficient 15-watt tube lamp on the market today, producing a measured efficacy of 112 lumens per watt and more than 1,700 lumens of light

"We were pleased with our performance in the first quarter, particularly with the growth of our sales pipeline and our strong gross margin," said Charles J. Schafer, President and Chief Financial Officer of Revolution Lighting. "We believe we have adequate resources to meet our cash requirements in the near future as we continue to invest in the growth of the company."

Further information on Revolution Lighting Technologies' quarterly results can be found in the Company's form 10-Q for the quarter ended March 31, 2013 filed with the U.S. Securities and Exchange Commission (SEC) and may be accessed on the SEC's website at 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, Lumificient and Lighting Integration Technologies brands, each of which has an extensive line of high-quality interior and exterior LED lamps and fixtures that produce immediate energy savings and a rapid return on investment. 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.

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, 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, 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 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 transactions and acquisition related transaction 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 which 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. 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 is as follows:

	(in millions)		
Net Loss	$	(5.3	)
Change in fair value of embedded derivative		3.2	
Gain on bargain purchase of business		(0.7	)
Severance and transition costs		0.9	
Acquisition related costs		1.1	
Depreciation and amortization		1.0	
Stock compensation costs		0.2	
Adjusted EBITDA	$	0.4	