

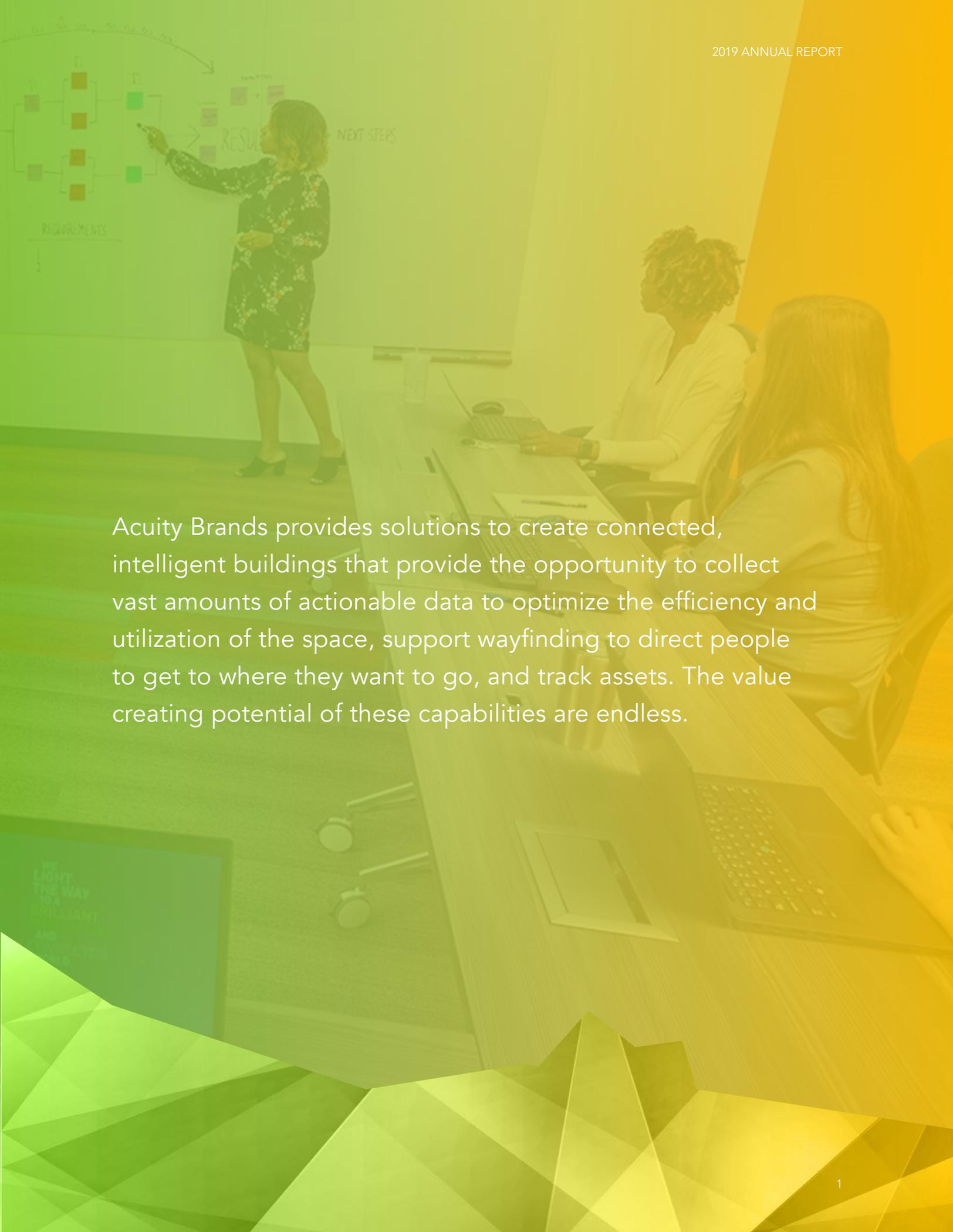


# PUSHING THE POSSIBILITIES OF WHAT WE CAN DO.

2019 ANNUAL REPORT

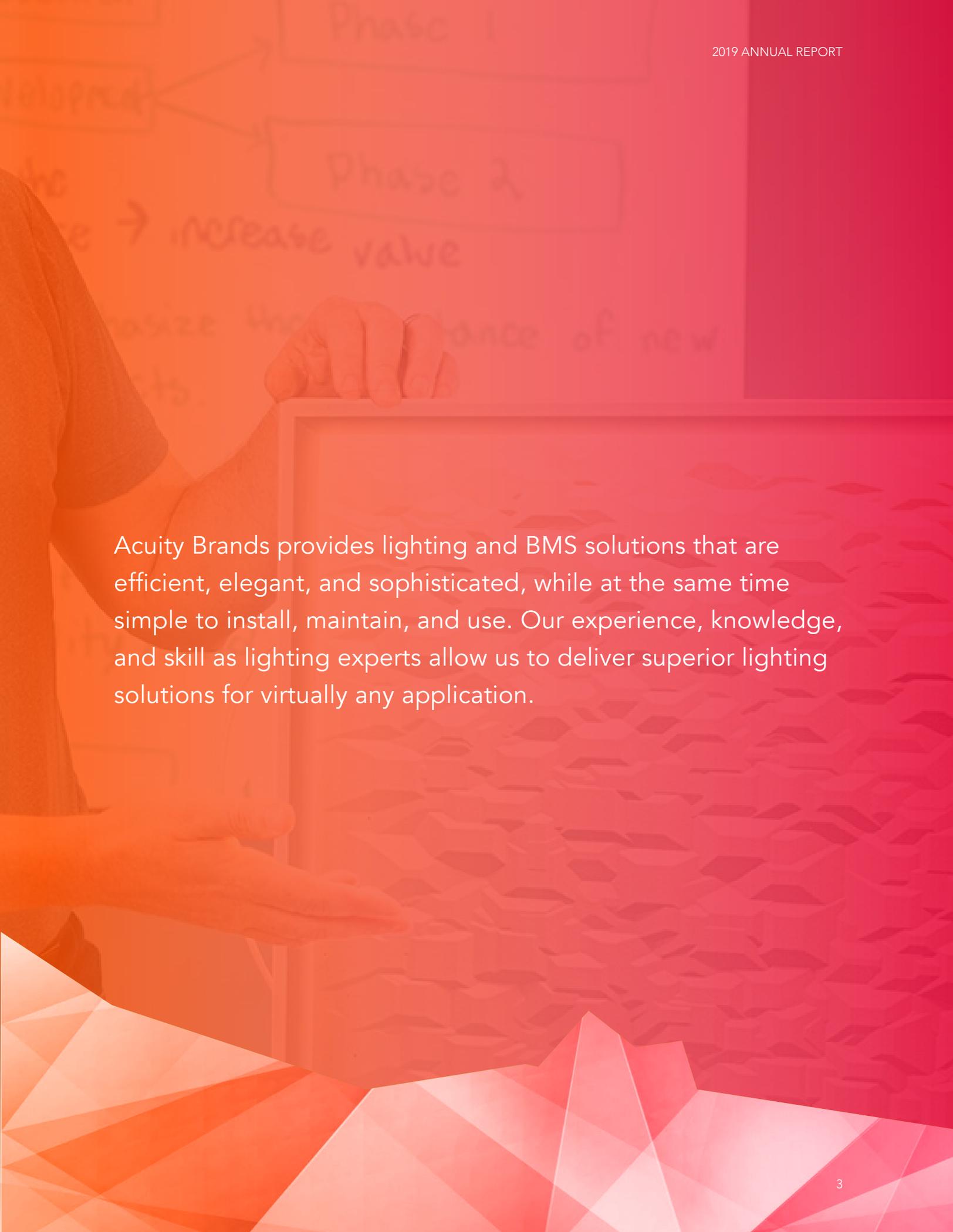


**PUSHING THE  
POSSIBILITIES OF  
WHAT WE CAN DO.**



Acuity Brands provides solutions to create connected, intelligent buildings that provide the opportunity to collect vast amounts of actionable data to optimize the efficiency and utilization of the space, support wayfinding to direct people to get to where they want to go, and track assets. The value creating potential of these capabilities are endless.

**NEW IDEAS.  
NEW APPLICATIONS.  
NEW METHODS.**



Acuity Brands provides lighting and BMS solutions that are efficient, elegant, and sophisticated, while at the same time simple to install, maintain, and use. Our experience, knowledge, and skill as lighting experts allow us to deliver superior lighting solutions for virtually any application.

# DISCOVERING NEW WAYS TO MAKE OUR LIVES BETTER.

With its leading portfolio of intelligent lighting and building management solutions, Acuity Brands improves our lives in countless ways, from the classroom where you learn, to the store where you shop, or the office where you work. The light we create empowers others to create a better world and a brighter future.

A MESSAGE FROM VERNON J. NAGEL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

# TO OUR STAKEHOLDERS

In fiscal 2019, we continued to successfully execute our strategy to extend our leadership position in the North American lighting and building management solutions market by providing our customers with differentiated value from our industry-leading portfolio of innovative products and solutions along with superior service. From a market perspective, fiscal 2019 was another challenging year due to continued sluggish growth in construction spending and issues associated with U.S. trade policies, including tariffs on Chinese imports and overall uncertainty regarding the resolution of such matters. However, in the face of such conditions, Acuity Brands was able to hold its fiscal 2019 net sales relatively flat with fiscal 2018, while modestly improving operating profit and generating record net cash provided by operating activities.

Acuity Brands 2019 financial results included:

- Net sales of \$3.67 billion, flat compared with fiscal 2018;
- Operating profit of \$462.9 million, an increase of \$2.1 million compared with fiscal 2018;
- Net income of \$330.4 million and diluted earnings per share of \$8.29, a decrease of 5% and 3%, respectively, compared with fiscal 2018 as prior year's earnings benefited from \$34.6 million, or \$0.84 per share, of discrete income tax benefits associated with the passage of the Tax Cuts and Jobs Act of 2017;
- Record net cash provided by operating activities of \$494.7 million, an increase of 41% compared with fiscal 2018;
- Fiscal 2019 year-end cash balance of \$461.0 million, after investing \$53.0 million in capital expenditures, repurchasing \$81.6 million of the Company's common stock, and paying \$20.8 million of dividends to stockholders; and
- Return on stockholders' equity of 18.2%.

On the strategic front, we had many significant accomplishments in fiscal 2019, including the following:

- Introduced almost 100 new product families, expanding our industry leading portfolio, partially offsetting the impact of our pruning efforts to reduce the sale of lower margin products sold primarily in the retail channel, where price capture was a challenge;
- Increased the net sales of our Contractor Select value-oriented portfolio of basic, lesser featured products, which now makes up approximately 10% of our net sales;
- Expanded our industry-leading *nLight* lighting controls platform, as well as our Distech Controls' building management solutions, which both grew double digits in 2019. We believe Acuity Brands has the most comprehensive and feature rich wired and wireless lighting control solutions available, which are connected to our growing building management solutions to provide customers with even greater functionality;
- Grew our networked lighting solutions approximately 15%, which now make up approximately 20% of our total net sales;
- Increased the sales of our connected lighting, Atrius IoT-enabled solutions, which we believe are now deployed in over 5,000 retail stores in North America encompassing over 500 million square feet of sales floor space under our connected lighting sensory network. Increasingly, we see data analytics and data science opportunities generated by our connected lighting Atrius platforms as critical areas of investment allowing retailers to garner valuable insights about their business from our services;
- Continued to execute and make progress on our multi-year Cultural "Break-Through-Objectives," which include increasing our scores in customer satisfaction, associate engagement, and environmental, social and governance ("ESG");
- Launched the EarthLIGHT program, the Company's comprehensive approach to ESG, through which we coordinate our efforts to lighten our own environmental footprint and those of our customers, benefit the lives of our associates and our communities and hold ourselves and our partners to high ethical standards; and
- Expanded our technology portfolio with the acquisition of White Optics, LLC.

“Rapid advancements in technology, along with the need for greater energy efficiency, changes in public policy, and demand for environmental sustainability, continue to drive profound changes in our industry creating exciting opportunities.”

### **OUR FUTURE: GROWTH, INNOVATION, EXCELLENCE**

Rapid advancements in technology, along with the need for greater energy efficiency, changes in public policy, and demand for environmental sustainability, continue to drive profound changes in our industry creating exciting opportunities. Acuity Brands is capitalizing on these changes to provide lighting and building management solutions that are efficient, elegant, and sophisticated, while at the same time simple to install, maintain, and use. We are at the forefront of transforming the lighting and building management industries. Our experience, knowledge, and skill as lighting experts allow us to deliver lighting solutions for virtually any application in our served markets.

Advancements in digital technologies has afforded Acuity Brands the opportunity to create and provide customers with connected, intelligent building solutions that allow them to transform their buildings into strategic assets. Our company is uniquely positioned to accelerate the adoption of connected, intelligent buildings because of our unique collection of hardware and software assets along with our multiple channel access to market that are unmatched in the industry today. Our solutions, which contain embedded sensors and software, are ubiquitous, dense, and powered, affording the opportunity to collect vast amounts of actionable data to optimize the efficiency and utilization of the space, support wayfinding to direct people to get to where they want to go, and track assets, among other activities. The value creating potential of these capabilities are endless as customers are finding out.

We know that superior quality of light enhances how we live and interact, whether it is increasing students' learning ability in schools, improving worker productivity and comfort in offices and industrial facilities, enhancing the shopping experience in retail establishments, or accelerating patient healing in hospitals. The possibilities of what can be achieved using intelligent lighting and building management solutions are still being explored.

As we enter 2020, our mission is to continue to build on our rich legacy of excellence, growth, and innovation to provide great returns for our stockholders, superior value for our customers, and growth opportunities for our associates. Our passion and intense focus continue to be centered on creating lighting and building management solutions that deliver superior quality, energy efficiency and performance, as well as IoT solutions. As the market leader in North America, we believe our deep expertise in lighting and building management; our understanding of the art and science of lighting; and our ability to provide tailored lighting and building management solutions for numerous applications have positioned the company to excel.

Our key strategies and tactical focus have remained consistent over the last few years. We expect to continue to execute our profitable growth strategy by focusing on three mission-critical areas of operational excellence that we refer to as the 3 Cs:

- Providing unparalleled **customer service**;
- Pursuing world-class **cost efficiency** by eliminating non value-added activities and transaction costs; and
- Creating a **culture** that demands excellence in everything we do through continuous improvement.

On behalf of Acuity Brands' management team and its Board of Directors, I would like to thank our 12,000 associates for their continued contributions and dedication to our vision. I would also like to thank our customers for their business, our suppliers for their support, and our stockholders for the partnership we share in our enterprise.



**Vernon J. Nagel**  
*Chairman and Chief Executive Officer*





EarthLIGHT  
WE LIGHT THE WAY  
TO A **BRILLIANT,**  
**PRODUCTIVE,** AND  
**CONNECTED** WORLD.

As a leading provider of innovative lighting fixtures, lighting controls and building management solutions, we engage closely with our customers to help them reduce their energy usage and costs, and improve their businesses, residential spaces and communities.

We have a long and successful history of managing the health and safety of our operations, complying with environmental regulations and requirements, supporting the lives of our associates and our local communities, and operating with a high level of integrity. We continue to look for ways to add value to the lives of all of our stakeholders.

# EarthLIGHT OUR APPROACH TO ESG

EarthLIGHT is our all-encompassing approach to ESG. We launched it to coordinate our efforts around Environmental, Social and Governance factors, measure our performance in key areas and communicate about those efforts to our various stakeholders.

EarthLIGHT reflects our belief that it is our responsibility to help lighten our impact on the Earth in ways that benefit our company, associates, customers and communities.

EarthLIGHT is also about driving our culture around a common purpose of continuous improvement. It is key to our efforts to attract, develop and retain an engaged, connected and inspired workforce — all while operating with a focus on honesty and integrity.

## ENVIRONMENT

# OUR FAVORITE COLOR IS GREEN

We develop and manufacture lighting and building management solutions that are enabling energy efficiency and providing other benefits for customers across North America and around the world. As we seek to reduce our company's environmental impact, we do so across the entire value chain.

Acuity Brands LED fixtures sold in fiscal 2019 had the potential to save customers an estimated **9.2 billion kWh annually, an increase of 11.7%** compared to the previous year.

SOCIAL

# WE'RE PEOPLE PEOPLE

We are dedicated to helping build a better, more connected world by positively impacting the health, well-being and safety of our associates and the communities in which we operate. We aspire to do more than just avoid harm—we want to improve, enrich and transform the lives of our people.



At Acuity Brands, the health and safety of our associates is a core value. That is why we drive associate safety by providing a work environment that incorporates world-class health and safety management practices.

GOVERNANCE

# DOING IT RIGHT

Simply put, our focus is on doing the right things, in the right way. We expect each of our associates, suppliers and business partners to do the same.

EarthLIGHT metrics for fiscal 2020 will form a portion of the personal performance factor for all of our associates, including senior leadership, and will influence compensation and other decisions.

# STAKEHOLDER ENGAGEMENT

We engage with our stakeholders throughout the year to improve our understanding of the types of environmental, social and governance issues that are most important to them.

## ASSOCIATES

## CUSTOMERS

## INVESTORS

## COMMUNITY

### HOW WE ENGAGE

Annual EH&S Conference  
Periodic Surveys  
Professional Development and Affinity Groups  
Quarterly Town Halls  
Social Media

Industry Conferences  
Ongoing Continuing Education  
Onsite Customer Events  
Product Demonstrations  
Social Media  
Trade Shows  
Voice of the Customer Roundtables

Annual Stockholders Meeting  
Conference Calls  
On-Site and Off-Site Meetings  
Quarterly Earnings Calls

Philanthropy  
Volunteering

### KEY ISSUES

Associate Engagement  
Career Development  
Recognition and Appreciation  
Safety and Well-being  
Training

Innovative Designs/Solutions  
Outstanding Service  
Privacy and Data Security  
Product Quality  
Warranty

Capital Allocation  
ESG Matters  
Executive Compensation  
Financial Performance

Environmental Stewardship  
Financial Support  
Vibrant Communities  
Volunteering

# THE FULL SPECTRUM OF INTELLIGENT SOLUTIONS

ACULUX®

 EUREKA

*Luminaire Led*

**AEL** American Electric Lighting®

 gotham®

LUMINIS®

a·light

**HEALTHCARE**  
 LIGHTING®

**MARK**  
ARCHITECTURAL  
LIGHTING™

**ANTIQUE**  
STREET LAMPS™

 HOLOPHANE®

 nLIGHT

 ATRIUS™

 HYDREL™

Peerless®

 cyclone

 indy™

 RELOC®  
WIRING SOLUTIONS

**DG**  
LOGIK

**IOTA**  


 ROAM®

**DISTECH**  
CONTROLS™

**JUNO**®

 sensorswitch

**DTL**  
DARK TO LIGHT

 LITHONIA  
LIGHTING.

 SUNOPTICS®

eldoLED®

lucid.

WINONA®

# AcuityBrands. BY THE NUMBERS

**\$3.7B**

Fiscal 2019 Net Sales

**98%**

North American Net Sales

**30**

Brands

**2M+**

SKUs

**23**

Manufacturing Facilities

**12K**

Associates

# FINANCIAL PERFORMANCE

*(dollars in millions except for diluted earnings per share)*

Net Sales

**\$3,673**

Diluted EPS

**\$8.29**

Net Income

**\$330**

Total Cash

**\$461**

Total Assets

**\$3,172**

Total Debt

**\$357**

# 2019 FINANCIAL PERFORMANCE

(in millions of dollars, except earnings per share)

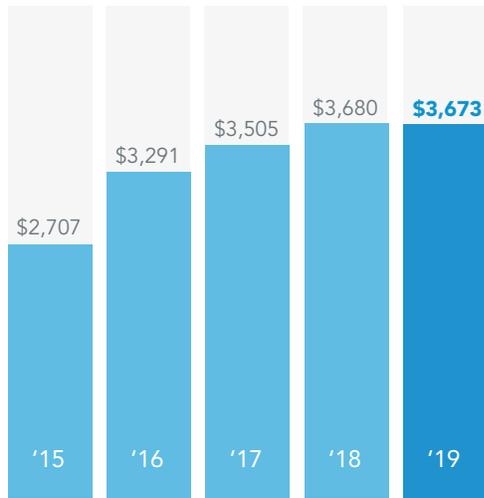
for the year ended August 31

OPERATIONS	2019 <sup>(1)</sup>	2018 <sup>(2)</sup>	% Change
Net sales	\$ 3,672.7	\$ 3,680.1	(0%)
Gross profit %	40.3%	40.4%	
Operating profit	\$ 462.9	\$ 460.8	0%
Operating profit %	12.6%	12.5%	
Net Income	\$ 330.4	\$ 349.6	(5%)
Diluted earnings per share	\$ 8.29	\$ 8.52	(3%)
Diluted weighted average number of shares outstanding (in millions)	39.8	41.0	
Return on stockholders' equity	18.2%	20.9%	
Cash provided by operating activities	\$ 494.7	\$ 351.5	41%
Depreciation and amortization	\$ 88.3	\$80.3	10%
Capital expenditures	\$ 53.0	\$43.6	22%
<b>FINANCIAL POSITION:</b>			
	<b>2018</b>	<b>2018</b>	<b>% Change</b>
Total assets	\$ 3,172	\$ 2,989	6%
Total cash	\$ 461	\$ 129	257%
Total debt	\$ 357	\$ 357	(0%)
Total stockholders' equity	\$ 1,919	\$ 1,717	12%
Ratio of total debt to capital	15.7%	17.2%	
Operating working capital as a percentage of net sales <sup>(3)</sup>	15.3%	16.3%	

(1) 2019 results include pre-tax special charges associated with streamlining initiatives of \$1.8 million, pre-tax amortization of acquired intangible assets of \$30.8 million, pre-tax share-based payment expense of \$29.2 million, pre-tax manufacturing inefficiencies related to the closure of a facility of \$0.9 million, and pre-tax acquisition-related items of \$2.5 million, totaling \$1.28 per share.

(2) 2018 results include pre-tax special charges associated with streamlining initiatives of \$5.6 million, pre-tax amortization of acquired intangible assets of \$28.5 million, pre-tax share-based payment expense of \$32.3 million, pre-tax acquisition-related items of \$3.8 million, excess inventory related to the closure of a facility of \$3.1 million, gain on sale of a business of \$5.4 million, and discrete income tax benefits of the U.S. Tax Cuts and Jobs Act of \$34.6 million, totaling \$0.32 per share.

(3) Operating working capital is defined as net receivables plus inventories minus accounts payable.



**REVENUES**  
(\$ IN MILLIONS)



**OPERATING PROFIT**  
(\$ IN MILLIONS)

Margin —●—



**DILUTED EPS**

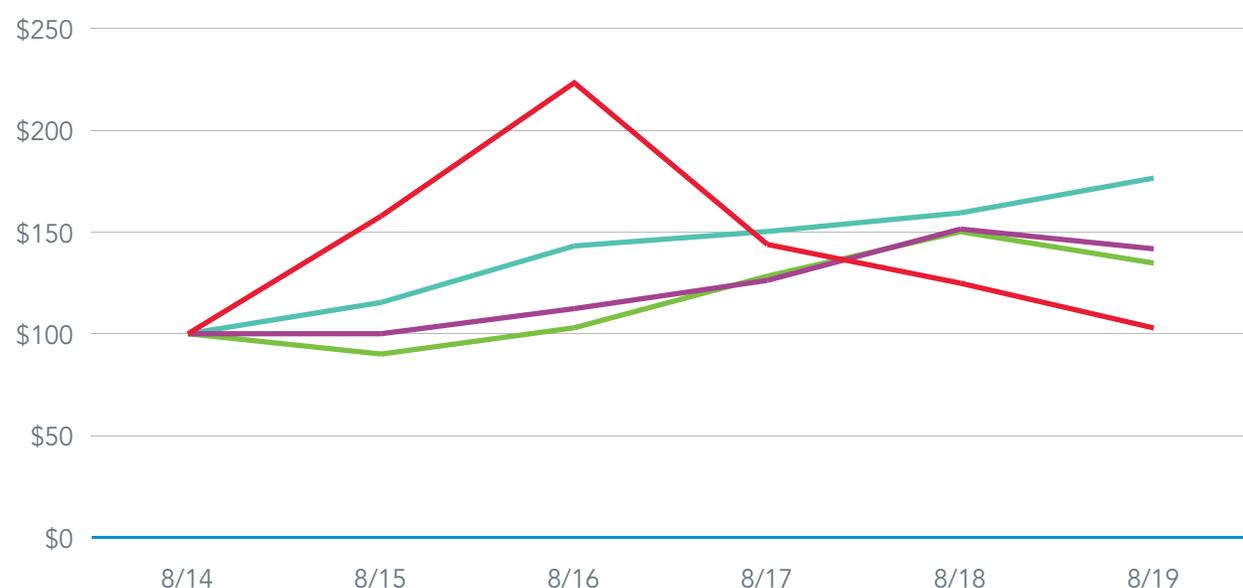


**FREE CASH FLOW**  
(\$ IN MILLIONS)

Free Cash Flow is defined as cash provided by operating activities minus purchases of property, plant, and equipment.

# 5-YEAR CUMULATIVE TOTAL RETURN\*

Among Acuity Brands, Inc., the S&P Midcap 400, the Dow Jones U.S. Electrical Components & Equipment, and the Dow Jones U.S. Building Materials & Fixtures.



	8/14	8/15	8/16	8/17	8/18	8/19
Acuity Brands Inc.	\$100	\$158	\$223	\$144	\$125	\$103
S&P Midcap 400	\$100	\$100	\$112	\$126	\$151	\$142
Dow Jones U.S. Electrical Components & Equipment	\$100	\$90	\$103	\$128	\$150	\$135
Dow Jones U.S. Building Materials & Fixtures	\$100	\$115	\$143	\$150	\$159	\$177

\*\$100 invested on 8/31/14 in stock or index, including reinvestment of dividends. Fiscal year ending August 31.

# STOCKHOLDER INFORMATION

## BOARD OF DIRECTORS

**Vernon J. Nagel<sup>(1)</sup>**

Chairman and  
Chief Executive Officer  
Acuity Brands, Inc.

**James H. Hance, Jr.**

Operating Executive  
The Carlyle Group;  
Former Vice Chairman  
Bank of America Corporation

**Dominic J. Pileggi<sup>(3)</sup>**

Retired Chairman and  
Chief Executive Officer  
Thomas & Betts Corporation

**W. Patrick Battle**

Managing Partner  
Stillwater Family Holdings

**Robert F. McCullough**

Retired Chief Financial Officer  
AMVESCAP PLC  
*(now known as Invesco Ltd.)*

**Ray M. Robinson<sup>(4)</sup>**

Retired President,  
Southern Region  
AT&T

**Peter C. Browning<sup>(2)</sup>**

Managing Director  
Peter Browning Partners  
Board Advisory Services

**Julia B. North**

Former President and  
Chief Executive Officer  
VSI Enterprises, Inc.;  
Former President of  
Consumer Services  
BellSouth Corporation

**Mary A. Winston**

President  
Winsco Enterprises, Inc.;  
Former Executive Vice President  
and Chief Financial Officer  
Family Dollar Stores, Inc.

**G. Douglas Dillard, Jr.**

Founder and Managing Director  
Slewgrass Capital, LLC

(1) Chairman of Executive Committee

(2) Chairman of Governance Committee, Lead Director

(3) Chairman of Audit Committee

(4) Chairman of Compensation Committee

## EXECUTIVE OFFICERS

**Vernon J. Nagel**

Chairman and  
Chief Executive Officer

**Richard K. Reece**

President

**Karen J. Holcom**

Senior Vice President and  
Chief Financial Officer

# CORPORATE INFORMATION

## CORPORATE HEADQUARTERS

Acuity Brands, Inc.  
1170 Peachtree Street, NE  
Suite 2300  
Atlanta, Georgia 30309-7676  
404-853-1400  
[www.acuitybrands.com](http://www.acuitybrands.com)

Acuity Brands Lighting  
One Lithonia Way  
Conyers, Georgia 30012-3957  
770-922-9000

## TRANSFER AGENT AND REGISTRAR

Computershare Shareowner Services is the transfer agent, registrar, dividend disbursing agent and dividend reinvestment agent for the Company. Stockholders of record with questions about lost certificates, lost or missing dividend checks, direct deposit of dividends, or notification of change of address should contact:

Acuity Brands, Inc.  
c/o Computershare

*By Regular Mail*  
PO BOX 505000  
Louisville, Kentucky 40233-5000

*By Overnight Delivery*  
462 South 4th Street, Suite 1600  
Louisville, Kentucky 40202

[www.computershare.com/investor](http://www.computershare.com/investor)

Toll Free: 866-234-1921  
(Inside the United States and Canada)

201-680-6578  
(Outside the United States and Canada)

## STOCK LISTING

New York Stock Exchange  
Ticker Symbol: AYI

## ANNUAL MEETING

11:00 a.m. Eastern Time  
January 8, 2020  
Four Seasons Hotel  
75 Fourteenth Street, NE  
Atlanta, Georgia 30309

## REPORTS AVAILABLE TO STOCKHOLDERS

Copies of the following Company reports may be obtained, without charge:

- 2019 Annual Report to the Securities and Exchange Commission, filed on Form 10-K
- Quarterly Reports to the Securities and Exchange Commission, filed on Form 10-Q

*Requests should be directed to:*

Acuity Brands, Inc.  
Attention: Investor Relations  
1170 Peachtree Street, NE  
Suite 2300  
Atlanta, Georgia 30309-7676  
404-853-1400  
[www.acuitybrands.com](http://www.acuitybrands.com)

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
55 Ivan Allen Jr. Boulevard  
Suite 1000  
Atlanta, Georgia 30308-3051  
404-874-8300

## DIRECT STOCK PURCHASE PLAN

Computershare Shareowner Services offers a direct stock purchase and sale plan for investors wishing to purchase Acuity Brands stock. Dividends can be automatically reinvested. The Plan is not sponsored or administered by Acuity Brands. Inquiries should be directed to: Computershare Shareowner Services.



1170 Peachtree Street, NE

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Atlanta, GA 30309-7676

404-853-1400

[acuitybrands.com](http://acuitybrands.com)