

**AcuityBrands.**

/ **2017** Annual Report

**WE'RE CREATING  
A WORLD OF  
POSSIBILITIES**



IN 2017 WE LAUNCHED

# ATRIUS™

CREATE **BRILLIANT**  
EXPERIENCES





**ATRIUS™**

Indoors or out, wherever there are people, there are lights.  
By leveraging this ubiquity, our new Atrius brand makes  
greater human interaction and productivity possible.



HOW IT WORKS

## **Unlock the power of a building's data.**

With its expansive network of intelligent luminaires, lighting, controls, and software, the Atrius IoT framework represents a major breakthrough in scalable technology infrastructure. Unlocking data such as occupancy and location, Atrius addresses a broad range of critical business challenges.



### **Atrius Navigator**

Delivers precise indoor positioning (IPS) and location-based services (LBS), enabling applications that redefine customer journeys and enhance business operations.



### **Atrius Assets**

Combines asset tracking services with Bluetooth® low energy technology tags to manage critical equipment and resources for easy, real-time location and status monitoring.



### **Atrius Insights**

Provides rich visualization of spatial analytics acquired from IPS data to gain understanding of how visitors interact with your space, optimize customer journeys, analyze and predict traffic and behavioral patterns, and improve conversions.



### **Atrius Spaces**

Transforms occupancy data into accurate insights into your space utilization to efficiently allocate and plan for your spatial requirements—optimizing facility operations, budgeting and life cycle management—across your building or campus portfolio.



# 01 / To Our Stakeholders

2017 was another year of record financial performance for Acuity Brands as we reported all-time highs for net sales, operating profit, net income, and diluted earnings per share. During the past year, 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.

## ACUITY BRANDS 2017 FINANCIAL RESULTS INCLUDE:

- Record net sales of \$3.5 billion, an increase of over 6% compared with fiscal 2016;
- Record operating profit of \$518.8 million, an increase of 9% compared with fiscal 2016;
- Record net income of \$321.7 million, an increase of 11% compared with fiscal 2016;
- Record diluted earnings per share of \$7.43, an increase of 12% compared with fiscal 2016;
- Net cash provided by operating activities of \$316.2 million, a decrease of 9% compared with fiscal 2016; and
- Fiscal 2017 year-end cash balance of \$311.1 million, while investing \$67.3 million in capital expenditures, repurchasing \$357.9 million of the Company's common stock, and paying \$22.7 million of dividends to stockholders.

On the strategic front, we accomplished several items during fiscal 2017. We extended our leadership position in North America through the continued expansion of our product portfolio of innovative and energy-efficient lighting and building management solutions, including software and services. As a result, we believe we generated net sales that meaningfully exceeded the growth rate of the overall lighting market in North America, our primary addressable market, which was estimated to be flat to modestly up during fiscal 2017. We created the Atrius™ brand, which encompasses the Company's portfolio of Internet of Things (IoT) business solutions and software platform. The transition to solid-state lighting provides the opportunity to expand our addressable market because lighting now provides an ideal platform for enabling IoT, which supports the advancement of smart cities and the smart grid.

Despite record financial performance in fiscal 2017, the share price of the Company's common stock declined year-over-year as our results were potentially below the expectations of investors. In fact, our results were below our own expectations due primarily to the lighting market being softer than originally forecast, as well as higher quality and customer service related costs. At August 31, 2017, the 1-year total return on the Company's common stock was meaningfully below that of the respective benchmark indexes, which include the S&P 500 Index, the Dow Jones U.S. Electrical Components & Equipment Index, and the Dow Jones U.S. Building Materials & Fixtures Index. However, the Company's 3-year annualized return exceeded all but the Dow Jones U.S. Building Materials & Fixtures Index, and for the 5-year period exceeded the annualized total returns of all the respective benchmark indexes as noted in the following table:

Annualized Total Returns	1-Year	3-Years	5-Years
Acuity Brands, Inc.	(36%)	13%	23%
Dow Jones U.S. Electrical Components & Equipment Index	25%	9%	15%
Dow Jones U.S. Building Materials & Fixtures Index	5%	15%	19%
Standard & Poor's 500 Index	16%	10%	14%

## Our Future: Growth, Innovation, Excellence

This is an extraordinary time to be in the lighting and building management industries, particularly for a company of the caliber of Acuity Brands. 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 profound 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 superior lighting solutions for virtually any application, a promise best captured in our tag line: "Expanding the Boundaries of Lighting™."

As we enter 2018, our mission is to continue to build on our rich legacy of excellence, growth, and innovation to provide great returns for our shareholders, 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. 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 by the use of intelligent lighting solutions are still being explored. Our associates are rapidly exploiting new technologies and aggressively expanding our industry-leading portfolio by developing intelligent lighting and building management solutions that represent significant advancements over traditional technologies and easily network with other systems, improving energy efficiency, health & safety, and productivity.

As the market leader in North America, we believe our deep expertise in technology, optics and thermal 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 the three mission-critical areas of operational excellence that we refer to as the 3 Cs.

#### THE 3 C'S

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

On behalf of Acuity's management team and its Board of Directors, I would like to thank our 12,500 associates for making possible the record success we experienced in 2017 and 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.

Sincerely,



Vernon J. Nagel  
Chairman, President, and Chief Executive Officer

# 02 / 2017 Financial Highlights

(in millions of dollars, except earnings per share)

for the year ended August 31

Operations	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	% Change
Net sales	\$ 3,505.1	\$ 3,291.3	6%
Gross profit %	42.3%	43.6%	
Operating profit	\$ 518.8	\$ 475.2	9%
Operating profit %	14.8%	14.4%	
Net Income	\$ 321.7	\$ 290.8	11%
Diluted earnings per share	\$ 7.43	\$ 6.63	12%
Diluted weighted average number of shares outstanding (in millions)	43.3	43.8	
Return on average shareholders' equity	19.2%	19.3%	(1%)
Cash provided by operating activities	\$ 316.2	\$ 345.7	(9%)
Depreciation and amortization	\$ 74.6	\$ 62.6	19%
Capital expenditures	\$ 67.3	\$ 83.7	(20%)

Financial Position	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	% Change
Total assets	\$ 2,900	\$ 2,948	(2%)
Total cash	\$ 311	\$ 413	(25%)
Total debt	\$ 357	\$ 355	1%
Total stockholders' equity	\$ 1,666	\$ 1,660	0%
Ratio of total debt to capital	17.6%	17.6%	
Operating working capital as a percentage of net sales <sup>(3)</sup>	14.5%	14.2%	

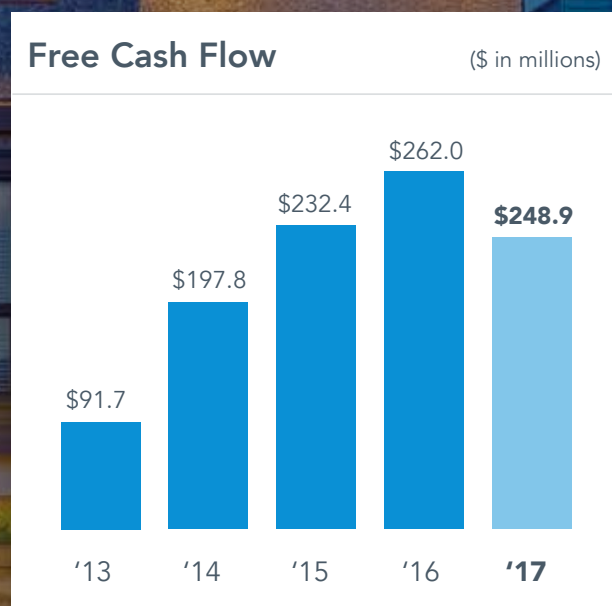
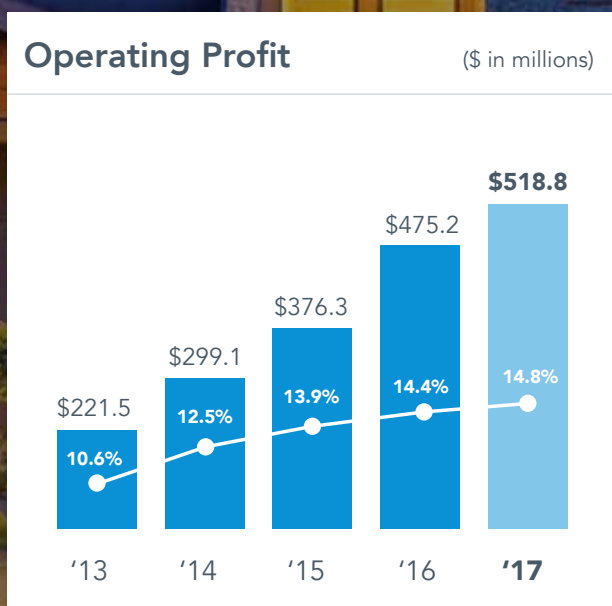
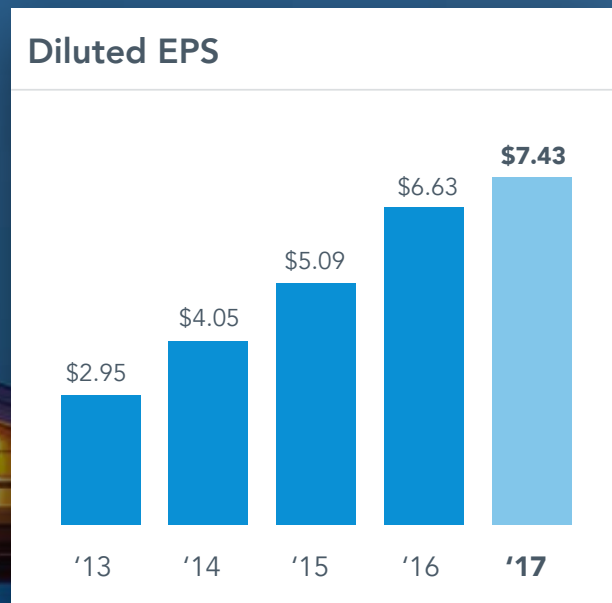
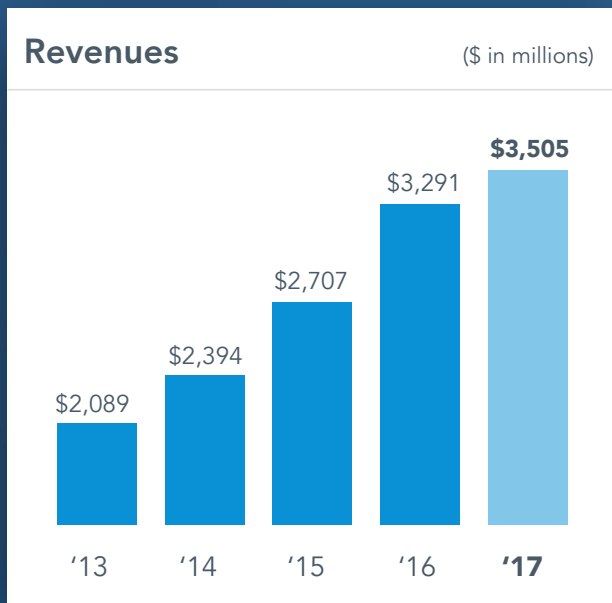
(1) 2017 results include pre-tax special charges associated with streamlining initiatives of \$11.3 million, pre-tax amortization of acquired intangible assets of \$28.0 million, pre-tax share-based payment expense of \$32.0 million, and pre-tax costs associated with manufacturing inefficiencies associated with the closing of a facility of \$1.6 million, and gain on sale of investment in an unconsolidated affiliate of \$7.2 million, totaling \$1.02 per share.

(2) 2016 results include pre-tax special charges associated with streamlining initiatives of \$15.0 million, pre-tax amortization of acquired intangible assets of \$21.4 million, pre-tax share-based payment expense of \$27.7 million, pre-tax acquisition-related items of \$10.8 million, and pre-tax impairment of intangible asset of \$5.1 million, totaling \$1.21 per share.

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



# 2017 At A Glance

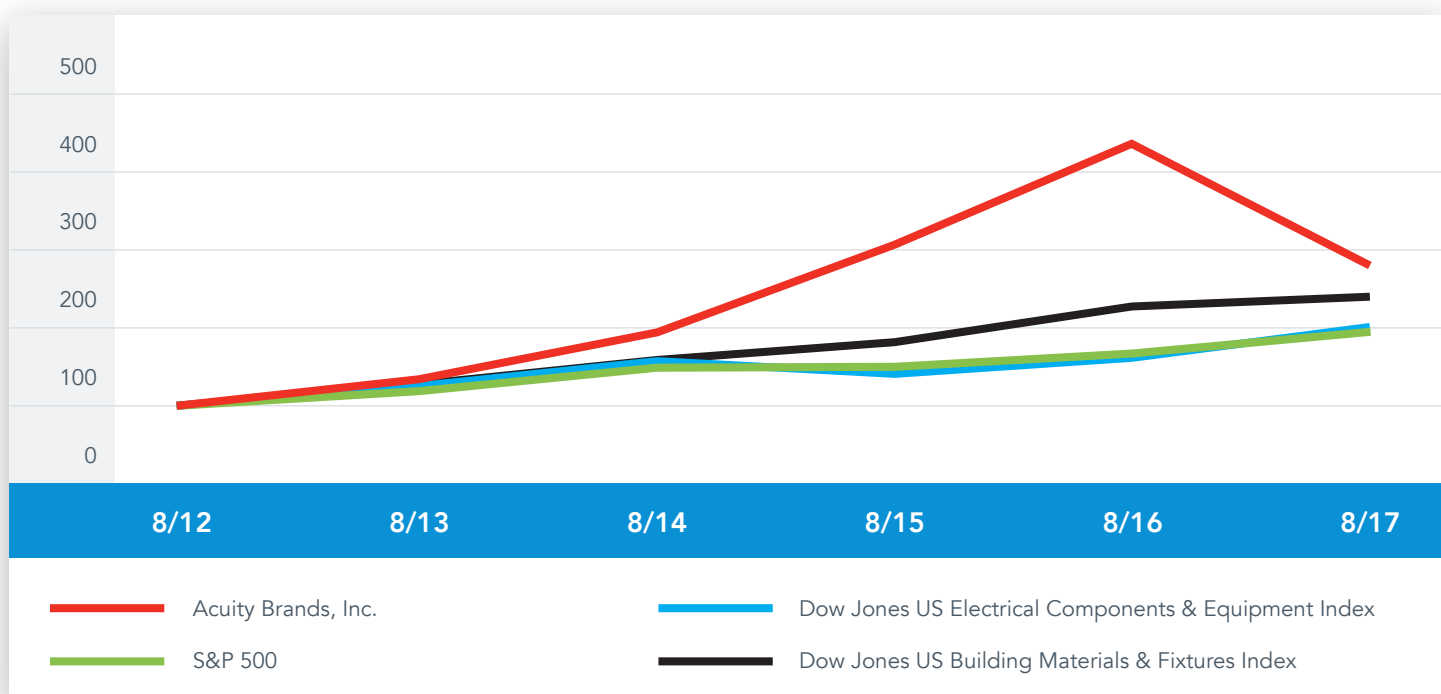


—●— Margins

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 500 Index, the Dow Jones US Electrical Components & Equipment Index, and the Dow Jones US Building Materials & Fixtures Index



	8/12	8/13	8/14	8/15	8/16	8/17
Acuity Brands, Inc.	\$100	\$134	\$195	\$308	\$436	\$281
S&P 500	\$100	\$119	\$149	\$149	\$168	\$195
Dow Jones US Electrical Components & Equipment Index	\$100	\$125	\$156	\$141	\$161	\$201
Dow Jones US Building Materials & Fixtures Index	\$100	\$127	\$159	\$183	\$228	\$239

\*Assumes \$100 invested on August 31, 2012 in stock or index, including reinvestment of dividends.

# 03 / Markets

## Commercial Office



Lighting solutions that enable financial incentives, stimulate worker productivity, ensure employee wellbeing and lower costs. Start mitigating risks and enjoying a more intelligent working space.

## Education



Smart solutions deliver beautifully-controlled lighting to address the unique needs of each space within the campus. From classroom to auditorium to corridor, and even outdoor, you'll find it here.

## Healthcare



Enhance the healing and nurturing environment with complete solutions that make it simple to deliver the right lighting for each space. Enable caregivers. Improve patient experience and outcomes.

## Hospitality



Lighting solutions that deliver comfortable, home-like, engaging spaces which improve ambiance, hospitality provider performance, and environmental sustainability.

## Industrial



Your industrial environments need advanced solutions that go beyond illumination. You need lighting and controls that improve your operations, and deliver savings that improve your bottom line.

## Infrastructure



Lighting solutions for municipalities, DOTs, and utilities, encompassing the industry's largest portfolio of smart lighting and controls solutions for roadways, bridges, and tunnels.

## Residential



Residential lighting solutions ensure residents and property managers have lighting that is functional, attractive, and energy-efficient.

## Retail



Lighting and controls that create dynamic and engaging lighting environments to help deliver on cost saving and revenue enhancing goals.

# 04 / Brands

ACULUX®

**AEL** American  
Electric  
Lighting®

ANTIQUE  
STREET LAMPS™



ATRIUS™

**CARANDINI**

DISTECH  
CONTROLS™

eldoLED®

 gotham®

**HEALTHCARE**  
LIGHTING®

  
**HOLOPHANE**®

HYDREL

  
indy™

**juno**®

 **LITHONIA**  
LIGHTING®

**MARK**  
ARCHITECTURAL  
LIGHTING™

  
**nLIGHT**

Peerless®

  
**ROAM**®

**sensorswitch**

 **SUNOPTICS**®

WINONA®

# 05 / Stockholder Information

## Board of Directors

<p><b>Vernon J. Nagel<sup>(1)</sup></b> Chairman, President, and Chief Executive Officer Acuity Brands, Inc.</p>	<p><b>W. Patrick Battle</b> Managing Partner Stillwater Family Holdings</p>	<p><b>Peter C. Browning<sup>(2)</sup></b> Managing Director Peter Browning Partners Board Advisory Services</p>	<p><b>G. Douglas Dillard, Jr.</b> Founder and Managing Director Slewgrass Capital, LLC</p>
<p><b>James H. Hance, Jr.</b> Operating Executive The Carlyle Group; Former Vice Chairman Bank of America Corporation</p>	<p><b>Gordon D. Harnett</b> Former Chairman, President and Chief Executive Officer Brush Engineered Materials, Inc. (now known as Materion Corp.)</p>	<p><b>Robert F. McCullough<sup>(3)</sup></b> Former Chief Financial Officer AMVESCAP PLC (now known as Invesco Ltd.)</p>	<p><b>Julia B. North</b> Former President and Chief Executive Officer VSI Enterprises, Inc.; Former President of Consumer Services BellSouth Corporation</p>
<p><b>Dominic J. Pileggi</b> Former Chairman and Chief Executive Officer Thomas &amp; Betts Corporation</p>	<p><b>Ray M. Robinson<sup>(4)</sup></b> Non-Executive Chairman Citizens Trust Bank; President Emeritus East Lake Golf Club</p>	<p><b>Norman H. Wesley</b> Former Chairman and Chief Executive Officer Fortune Brands, Inc.</p>	<p><b>Mary A. Winston</b> President Winsco Enterprises, Inc.; Former Executive Vice President and Chief Financial Officer Family Dollar Stores, Inc.</p>

(1) Chairman of Executive Committee (2) Chairman of Governance Committee, Lead Director (3) Chairman of Audit Committee (4) Chairman of Compensation Committee

## Executive Officers

<p><b>Vernon J. Nagel</b> Chairman, President, and Chief Executive Officer</p>	<p><b>Richard K. Reece</b> Executive Vice President and Chief Financial Officer</p>	<p><b>Mark A. Black</b> Executive Vice President and President of Acuity Brands Lighting</p>	<p><b>Laurent J. Vernerey</b> Executive Vice President</p>
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## Corporate Information

### Corporate Headquarters

Acuity Brands, Inc.  
1170 Peachtree Street, NE  
Suite 2300  
Atlanta, Georgia 30309-7676  
404-853-1400  
www.acuitybrands.com

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

### Reports Available to Stockholders

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

- 2017 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

### 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  
P.O. Box 30170  
College Station, Texas 77842

www.computershare.com/investor  
Toll Free: 866-234-1921  
(Inside the United States and Canada)  
201-680-6578  
(Outside the United States and Canada)

### Independent Registered Public Accounting Firm

EY  
55 Ivan Allen Jr. Boulevard  
Suite 1000  
Atlanta, Georgia 30308-3051  
404-874-8300

### Stock Listing

New York Stock Exchange  
Ticker Symbol: AYI

### 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.

### Annual Meeting

11:00 a.m. Eastern Time  
January 5, 2018  
Four Seasons Hotel  
75 Fourteenth Street, NE  
Atlanta, Georgia 30309



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