

ACUITY BRANDS INC  
Form 10-Q  
January 08, 2016  
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended November 30, 2015.

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from to .  
Commission file number 001-16583.

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ACUITY BRANDS, INC.  
(Exact name of registrant as specified in its charter)

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|   |  |
|---|--|
| Delaware<br>(State or other jurisdiction of<br>incorporation or organization)<br>1170 Peachtree Street, N.E., Suite 2300,<br>Atlanta, Georgia<br>(Address of principal executive offices)<br>(404) 853-1400<br>(Registrant's telephone number, including area code) | 58-2632672<br>(I.R.S. Employer<br>Identification Number)<br>30309-7676<br>(Zip Code) |
|---|--|

None  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock — \$0.01 par value — 43,793,143 shares as of January 5, 2016.

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Table of Contents

ACUITY BRANDS, INC.

Table of Contents

|   | Page No.  |
|---|-----------|
| <u>Part I. FINANCIAL INFORMATION</u>  |           |
| <u>ITEM 1. FINANCIAL STATEMENTS</u>   |           |
| <u>CONSOLIDATED BALANCE SHEETS -- NOVEMBER 30, 2015 (Unaudited) AND AUGUST 31, 2015</u>                             | <u>3</u>  |
| <u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited) -- THREE MONTHS ENDED NOVEMBER 30, 2015 AND 2014</u> | <u>4</u>  |
| <u>CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) -- THREE MONTHS ENDED NOVEMBER 30, 2015 AND 2014</u>           | <u>5</u>  |
| <u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)</u>   | <u>6</u>  |
| <u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>                | <u>22</u> |
| <u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>   | <u>28</u> |
| <u>ITEM 4. CONTROLS AND PROCEDURES</u>  | <u>28</u> |
| <u>Part II. OTHER INFORMATION</u>   |           |
| <u>ITEM 1. LEGAL PROCEEDINGS</u>  | <u>30</u> |
| <u>ITEM 1a. RISK FACTORS</u>  | <u>30</u> |
| <u>ITEM 5. OTHER INFORMATION</u>  | <u>30</u> |
| <u>ITEM 6. EXHIBITS</u>   | <u>31</u> |
| <u>SIGNATURES</u>   | <u>32</u> |
| EX-31.A   |           |
| EX-31.B   |           |
| EX-32.A   |           |
| EX-32.B   |           |
| EX-101.INSTANCE DOCUMENT  |           |
| EX-101.SCHEMA DOCUMENT  |           |
| EX-101.CALCULATION LINKBASE DOCUMENT  |           |
| EX-101.LABELS LINKBASE DOCUMENT   |           |
| EX-101.PRESENTATION LINKBASE DOCUMENT   |           |

Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statement

## ACUITY BRANDS, INC.

## CONSOLIDATED BALANCE SHEETS

(In millions, except share and per-share data)

|   | November 30,<br>2015<br>(unaudited) | August 31, 2015 |
|---|-------------------------------------|-----------------|
| <b>ASSETS</b>   |                                     |                 |
| Current Assets:   |                                     |                 |
| Cash and cash equivalents   | \$560.2                             | \$756.8         |
| Accounts receivable, less reserve for doubtful accounts of \$1.4 and \$1.3 as of November 30, 2015 and August 31, 2015, respectively  | 415.7                               | 411.7           |
| Inventories   | 242.3                               | 224.8           |
| Prepayments and other current assets  | 37.0                                | 20.1            |
| Total Current Assets  | 1,255.2                             | 1,413.4         |
| Property, Plant, and Equipment, at cost:  |                                     |                 |
| Land  | 7.7                                 | 6.7             |
| Buildings and leasehold improvements  | 141.2                               | 128.4           |
| Machinery and equipment   | 404.6                               | 391.9           |
| Total Property, Plant, and Equipment  | 553.5                               | 527.0           |
| Less — Accumulated depreciation and amortization  | 362.2                               | 352.4           |
| Property, Plant, and Equipment, net   | 191.3                               | 174.6           |
| Other Assets:   |                                     |                 |
| Goodwill  | 728.0                               | 565.0           |
| Intangible assets, net  | 303.0                               | 223.4           |
| Deferred income taxes   | 3.4                                 | 3.5             |
| Other long-term assets  | 25.4                                | 27.1            |
| Total Other Assets  | 1,059.8                             | 819.0           |
| Total Assets  | \$2,506.3                           | \$2,407.0       |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                                     |                 |
| Current Liabilities:  |                                     |                 |
| Accounts payable  | \$329.1                             | \$311.1         |
| Accrued compensation  | 34.0                                | 78.2            |
| Other accrued liabilities   | 149.6                               | 131.6           |
| Total Current Liabilities   | 512.7                               | 520.9           |
| Long-Term Debt  |                                     |                 |
| Accrued Pension Liabilities, less current portion   | 81.7                                | 83.9            |
| Deferred Income Taxes   | 57.3                                | 31.7            |
| Self-Insurance Reserves, less current portion   | 7.4                                 | 6.9             |
| Other Long-Term Liabilities   | 59.9                                | 51.2            |
| Total Liabilities   | 1,071.4                             | 1,047.0         |
| Commitments and Contingencies (see Commitments and Contingencies footnote)  |                                     |                 |
| Stockholders' Equity:   |                                     |                 |
| Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued  | —                                   | —               |
| Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,229,382 issued and 43,510,127 outstanding at November 30, 2015; 53,024,284 issued and 43,305,029 outstanding at August 31, 2015 | 0.5                                 | 0.5             |
| Paid-in capital   | 812.1                               | 797.1           |

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|  |           |           |   |
|--|-----------|-----------|---|
| Retained earnings  | 1,155.7   | 1,093.0   |   |
| Accumulated other comprehensive loss   | (113.2    | ) (110.4  | ) |
| Treasury stock, at cost, 9,719,255 shares at November 30, 2015 and August 31, 2015 | (420.2    | ) (420.2  | ) |
| Total Stockholders' Equity   | 1,434.9   | 1,360.0   |   |
| Total Liabilities and Stockholders' Equity   | \$2,506.3 | \$2,407.0 |   |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

## ACUITY BRANDS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In millions, except per-share data)

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | November 30, 2015  | November 30, 2014 |
| Net Sales   | \$736.6            | \$647.4           |
| Cost of Products Sold                                 | 417.2              | 374.4             |
| Gross Profit  | 319.4              | 273.0             |
| Selling, Distribution, and Administrative Expenses    | 206.6              | 176.3             |
| Special Charge  | 0.4                | 10.0              |
| Operating Profit                                      | 112.4              | 86.7              |
| Other Expense (Income):                               |                    |                   |
| Interest Expense, net                                 | 7.9                | 7.9               |
| Miscellaneous Income, net                             | (0.7               | ) (0.9            |
| Total Other Expense                                   | 7.2                | 7.0               |
| Income before Provision for Income Taxes              | 105.2              | 79.7              |
| Provision for Income Taxes                            | 36.8               | 28.6              |
| Net Income  | \$68.4             | \$51.1            |
| Earnings Per Share:                                   |                    |                   |
| Basic Earnings per Share                              | \$1.58             | \$1.18            |
| Basic Weighted Average Number of Shares Outstanding   | 43.3               | 43.0              |
| Diluted Earnings per Share                            | \$1.57             | \$1.17            |
| Diluted Weighted Average Number of Shares Outstanding | 43.6               | 43.3              |
| Dividends Declared per Share                          | \$0.13             | \$0.13            |
| Comprehensive Income:                                 |                    |                   |
| Net Income  | \$68.4             | \$51.1            |
| Other Comprehensive Income (Expense) Items:           |                    |                   |
| Foreign currency translation adjustments              | (4.2               | ) (7.2            |
| Defined benefit pension plans, net of tax             | 1.4                | (0.1              |
| Other Comprehensive Expense, net of tax               | (2.8               | ) (7.3            |
| Comprehensive Income                                  | \$65.6             | \$43.8            |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

ACUITY BRANDS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(In millions)

|   | Three Months Ended<br>November 30, |         |
|---|------------------------------------|---------|
|   | 2015                               | 2014    |
| Cash Provided by (Used for) Operating Activities:   |                                    |         |
| Net income  | \$68.4                             | \$51.1  |
| Adjustments to reconcile net income to net cash provided by (used for) operating activities:                        |                                    |         |
| Depreciation and amortization   | 14.3                               | 11.3    |
| Share-based compensation expense  | 6.4                                | 4.1     |
| Excess tax benefits from share-based payments   | (13.9)                             | (9.2)   |
| Gain on the sale or disposal of property, plant, and equipment  | (1.1)                              | —       |
| Deferred income taxes   | —                                  | 0.4     |
| Change in assets and liabilities, net of effect of acquisitions, divestitures, and effect of exchange rate changes: |                                    |         |
| Accounts receivable   | 12.4                               | (0.7)   |
| Inventories   | (13.6)                             | (2.9)   |
| Prepayments and other current assets  | (13.6)                             | (8.8)   |
| Accounts payable  | 10.8                               | (8.8)   |
| Other current liabilities   | (15.8)                             | 6.7     |
| Other   | (3.2)                              | 3.5     |
| Net Cash Provided by Operating Activities   | 51.1                               | 46.7    |
| Cash Provided by (Used for) Investing Activities:   |                                    |         |
| Purchases of property, plant, and equipment   | (23.1)                             | (18.5)  |
| Proceeds from sale of property, plant, and equipment  | 2.1                                | —       |
| Acquisition of business, net of cash acquired   | (239.2)                            | —       |
| Net Cash Used for Investing Activities  | (260.2)                            | (18.5)  |
| Cash Provided by (Used for) Financing Activities:   |                                    |         |
| Proceeds from stock option exercises and other  | 6.0                                | 4.9     |
| Excess tax benefits from share-based payments   | 13.9                               | 9.2     |
| Dividends paid  | (5.7)                              | (5.6)   |
| Other financing activities  | —                                  | (3.2)   |
| Net Cash Provided by Financing Activities   | 14.2                               | 5.3     |
| Effect of Exchange Rate Changes on Cash   | (1.7)                              | (3.0)   |
| Net Change in Cash and Cash Equivalents   | (196.6)                            | 30.5    |
| Cash and Cash Equivalents at Beginning of Period  | 756.8                              | 552.5   |
| Cash and Cash Equivalents at End of Period  | \$560.2                            | \$583.0 |
| Supplemental Cash Flow Information:   |                                    |         |
| Income taxes paid during the period   | \$11.4                             | \$17.1  |
| Interest paid during the period   | \$11.4                             | \$10.7  |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Amounts in millions, except per-share data and as indicated)

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1. Description of Business and Basis of Presentation

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”) and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the “Company”). The Company’s lighting and energy management solutions include devices such as luminaires, lighting and building controls, lighting components, power supplies, prismatic skylights, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption. Additionally, the Company continues to expand its solutions portfolio for both indoor and outdoor applications in an effort to capitalize on the evolving and growing market for intelligent networked systems that collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics to better enable smart buildings and smart cities. The transition to solid-state lighting provides the opportunity for lighting to be integrated with other building automation systems to create an optimal platform for enabling the “Internet of Things” (IoT), which will support the advancement of smart buildings, smart cities, and the smart grid. The Company has one reportable segment serving the North American and select international markets.

The Consolidated Financial Statements have been prepared by the Company in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries. References made to years are for fiscal year periods. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the Company’s consolidated financial position as of November 30, 2015, the consolidated statements of comprehensive income for the three months ended November 30, 2015 and 2014, and the consolidated cash flows for the three months ended November 30, 2015 and 2014. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. However, the Company believes that the disclosures included herein are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the three years ended August 31, 2015 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on October 27, 2015 (File No. 001-16583) (“Form 10-K”). The results of operations for the three months ended November 30, 2015 and 2014 are not necessarily indicative of the results to be expected for the full fiscal year because the net sales and net income of the Company historically have been higher in the second half of its fiscal year and because, among other reasons, the continued uncertainty of general economic conditions that may impact the key end markets of the Company for the remainder of fiscal 2016.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation. No material reclassifications occurred during the current period, except for the reclassification of current deferred income tax assets resulting from the adoption of Accounting Standards Update (“ASU”) No. 2015-17, Balance Sheet Classification of Deferred Taxes, which is discussed further in the New Accounting Pronouncements footnote.





Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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3. Acquisitions and Investments

Distech Controls Acquisition

On September 1, 2015, using cash on hand, the Company acquired for approximately \$240 all of the outstanding capital stock of Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, HVAC, access control, closed circuit television, and related systems. Distech Controls is headquartered in Quebec, Canada. Distech Controls generates annual revenues of approximately \$80 Canadian Dollars. The operating results of Distech Controls have been included in the Company's consolidated financial statements since the date of acquisition. Preliminary amounts related to the acquisition accounting are reflected in the Consolidated Balance Sheets as of November 30, 2015. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible and other acquired assets and liabilities.

Other Acquisitions and Investments

During the quarter ended May 31, 2015, using cash on hand, the Company acquired substantially all of the assets and assumed certain liabilities of ByteLight, Inc. ("ByteLight"), a provider of indoor location software for light-emitting diode ("LED") lighting. The operating results of ByteLight have been included in the Company's consolidated financial statements since the date of acquisition. Management finalized the acquisition accounting for ByteLight during the fourth quarter of fiscal 2015 and the amounts are reflected in the Consolidated Balance Sheets.

In addition, during fiscal 2015, the Company made a strategic, non-controlling investment in a company specializing in light sensory networks. This investment was accounted for using the cost method and is reflected in Other long term assets on the Consolidated Balance Sheets.

Acquisitions Subsequent to Quarter-end

Juno Lighting Acquisition

On December 10, 2015, using cash on hand, the Company acquired for approximately \$380 all of the equity interests of Juno Lighting LLC ("Juno Lighting"), a leading provider of downlighting and track lighting fixtures for both residential and commercial applications. Juno Lighting is headquartered in Des Plaines, Illinois. Juno Lighting generates annual revenues of approximately \$250.

Geometri Acquisition

On December 9, 2015, using cash on hand, the Company acquired all of the equity interests of Geometri, LLC ("Geometri"), a provider of a software and services platform for mapping, navigation, and analytics.

4. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2016

In November 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"), requiring that all tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for annual reporting periods beginning after December 15, 2016. The Company early adopted ASU 2015-17, which resulted in the reclassification of \$23.1 from current deferred income taxes to noncurrent deferred income taxes on the Consolidated Balance Sheets as of August 31, 2015.

Accounting Standards Yet to Be Adopted

In July 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"), which simplifies the accounting for measurement-period adjustments to provisional amounts recognized in a business combination. ASU 2015-16 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The provisions of ASU 2015-16 are not expected to have a material effect on the Company's financial condition, results of operations, or cash flows.

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In April 2015, the FASB issued ASU No. 2015-05, Customer's Accounting For Fees Paid In A Cloud Computing Arrangement ("ASU 2015-05"), which provides guidance for a customer's accounting for cloud computing costs. ASU 2015-05 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2015. The provisions

7

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Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

of ASU 2015-05 are not expected to have a material effect on the Company's financial condition, results of operations, or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The Company is currently evaluating the impact of the provisions of ASU 2014-09.

## 5. Fair Value Measurements

The Company determines fair value measurements based on the assumptions a market participant would use in pricing the asset or liability. Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures ("ASC 820"), establishes a three level hierarchy making a distinction between market participant assumptions based on (i) unadjusted quoted prices for identical assets or liabilities in an active market (Level 1), (ii) quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability (Level 2), and (iii) prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (Level 3).

The following table presents information about assets and liabilities required to be carried at fair value and measured on a recurring basis as of November 30, 2015 and August 31, 2015:

|                           | Fair Value Measurements as of: |                  |                 |                  |
|---------------------------|--------------------------------|------------------|-----------------|------------------|
|                           | November 30, 2015              |                  | August 31, 2015 |                  |
|                           | Level 1                        | Total Fair Value | Level 1         | Total Fair Value |
| Assets:                   |                                |                  |                 |                  |
| Cash and cash equivalents | \$560.2                        | \$560.2          | \$756.8         | \$756.8          |
| Other                     | 0.5                            | 0.5              | 0.5             | 0.5              |
| Liabilities:              |                                |                  |                 |                  |
| Other                     | \$0.5                          | \$0.5            | \$0.5           | \$0.5            |

The Company utilizes valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of "exit price" and the fair value hierarchy as prescribed in ASC 820. All valuation methods and assumptions are validated at least quarterly to ensure the accuracy and relevance of the fair values. There were no material changes to the valuation methods or assumptions used to determine fair values during the current period.

The Company used quoted market prices to determine the fair value of Level 1 assets and liabilities. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence.

Disclosures of fair value information about financial instruments (whether or not recognized in the balance sheet), for which it is practicable to estimate that value, are required each reporting period in addition to any financial instruments carried at fair value on a recurring basis as prescribed by ASC Topic 825, Financial Instruments ("ASC 825"). In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at November 30, 2015 and August 31, 2015:

|   | November 30, 2015 |            | August 31, 2015 |            |
|---|-------------------|------------|-----------------|------------|
|   | Carrying Value    | Fair Value | Carrying Value  | Fair Value |
| Assets:   |                   |            |                 |            |
| Investment in noncontrolling affiliate  | \$8.0             | \$8.0      | \$8.0           | \$8.0      |
| Liabilities:  |                   |            |                 |            |
| Senior unsecured public notes, net of unamortized discount and deferred costs | \$348.4           | \$378.0    | \$348.4         | \$386.4    |
| Industrial revenue bond   | 4.0               | 4.0        | 4.0             | 4.0        |

Investment in noncontrolling affiliate represents a strategic investment accounted for using the cost method. The Company estimates that the historical cost of the acquired shares represents the fair value of the investment (Level 3). The senior unsecured public notes are carried at the outstanding balance, net of bond discounts, as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2).

The tax-exempt industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a variable-rate instrument that resets on a weekly basis; therefore, the Company estimates that the face amount of the bond approximates fair value as of November 30, 2015 based on bonds of similar terms and maturity (Level 2).

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value to the Company. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating the Company's management of liquidity and other risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

## 6. Goodwill and Intangible Assets

Through multiple acquisitions, the Company acquired intangible assets consisting primarily of trademarks and trade names associated with specific products with finite lives, definite-lived distribution networks, patented technology, non-compete agreements, and customer relationships, which are amortized over their estimated useful lives.

Indefinite-lived intangible assets consist of trade names that are expected to generate cash flows indefinitely.

The Company recorded amortization expense of \$5.0 and \$2.9 during the three months ended November 30, 2015 and 2014, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$19.6 in fiscal 2016, \$19.3 in fiscal 2017, \$19.3 in fiscal 2018, \$19.3 in fiscal 2019, and \$18.9 in fiscal 2020. Since the Juno and Geometri acquisitions were not completed as of November 30, 2015, these projections exclude any impact to amortization expense related to potential intangible assets associated with those transactions. During the three months ended November 30, 2015, as a result of the Distech Controls acquisition, the Company recorded a customer relationships intangible asset of approximately \$39.5, with a weighted-average useful life of 12 years, and a patented technology intangible asset of approximately \$32.0, with a weighted-average useful life of approximately 7 years. The Company also recorded an indefinite-lived tradename intangible asset of approximately \$14.1. The acquisition accounting and the related useful lives and amortization expense are preliminary as the Company continues to gather information related to the identification and valuation of intangible assets acquired.



Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The change in the carrying amount of goodwill during the three months ended November 30, 2015 is summarized as follows:

|  |         |   |
|--|---------|---|
| Balance at August 31, 2015               | \$565.0 |   |
| Addition from acquired business          | 163.9   |   |
| Foreign currency translation adjustments | (0.9    | ) |
| Balance at November 30, 2015             | \$728.0 |   |

Further discussion of the Company's goodwill and other intangible assets is included within the Significant Accounting Policies footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

## 7. Inventories

Inventories include materials, labor, in-bound freight, and related manufacturing overhead, are stated at the lower of cost (on a first-in, first-out or average cost basis) or market, and consist of the following:

|   | November 30,<br>2015 | August 31, 2015 |
|---|----------------------|-----------------|
| Raw materials, supplies, and work in process <sup>(1)</sup> | \$ 131.1             | \$ 125.7        |
| Finished goods  | 127.7                | 113.9           |
|   | 258.8                | 239.6           |
| Less: Reserves  | (16.5                | ) (14.8         |
| Total Inventory   | \$242.3              | \$224.8         |

Due to the immaterial amount of estimated work in process and the short lead times for the conversion of raw

<sup>(1)</sup> materials to finished goods, the Company does not believe the segregation of raw materials and work in process to be meaningful information.

## 8. Earnings Per Share

Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding, which has been modified to include the effects of all participating securities (unvested share-based payment awards with a right to receive nonforfeitable dividends) as prescribed by the two-class method under ASC Topic 260, Earnings Per Share ("ASC 260"), during the period. The equity plan approved by stockholders in January 2013 changed the dividend provisions causing share-based payment awards to lose the right to receive nonforfeitable dividends. Due to this change, any shares granted after January 2013 are not participating securities as prescribed by the two-class method under ASC 260 and are accounted for in the diluted earnings per share calculation described below.

Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised, restricted stock awards (unvested share-based payment awards without a right to receive nonforfeitable dividends) were vested, and other distributions related to deferred stock agreements were incurred. Stock options of approximately 28,133 and 76,617 for the three months ended November 30, 2015 and 2014, respectively, were excluded from the diluted earnings per share calculation as the effect of inclusion would have been antidilutive. Restricted stock shares of 45,555 and 37,429 were excluded from the diluted earnings per share calculation for the three months ended November 30, 2015, and 2014, respectively, as the effect of inclusion would have been antidilutive. Further discussion of the Company's stock options and restricted stock awards is included within the Common Stock and Related Matters and Share-Based Payments footnotes of the Notes to Consolidated Financial Statements within the Company's Form 10-K.





Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The following table calculates basic earnings per common share and diluted earnings per common share for the three months ended November 30, 2015 and 2014:

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | November 30, 2015  | November 30, 2014 |
| Basic Earnings per Share:                             |                    |                   |
| Net income  | \$68.4             | \$51.1            |
| Less: Income attributable to participating securities | (0.1               | ) (0.3            |
| Net income available to common shareholders           | \$68.3             | \$50.8            |
| Basic weighted average shares outstanding             | 43.3               | 43.0              |
| Basic earnings per share                              | \$1.58             | \$1.18            |
| Diluted Earnings per Share:                           |                    |                   |
| Net income  | \$68.4             | \$51.1            |
| Less: Income attributable to participating securities | (0.1               | ) (0.3            |
| Net income available to common shareholders           | \$68.3             | \$50.8            |
| Basic weighted average shares outstanding             | 43.3               | 43.0              |
| Common stock equivalents                              | 0.3                | 0.3               |
| Diluted weighted average shares outstanding           | 43.6               | 43.3              |
| Diluted earnings per share                            | \$1.57             | \$1.17            |

## 9. Comprehensive Income

Comprehensive income represents a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners. Other comprehensive income for the Company includes foreign currency translation and pension adjustments.

The following table presents the changes in each component of accumulated other comprehensive loss:

|  | Foreign<br>Currency<br>Items | Defined<br>Benefit<br>Pension Plans | Accumulated<br>Other<br>Comprehensive<br>Loss Items |
|--|------------------------------|-------------------------------------|---|
| Balance at August 31, 2015                                       | \$(42.1                      | ) \$(68.3                           | ) \$(110.4  |
| Other Comprehensive Expense before reclassifications             | (4.2                         | ) —                                 | (4.2  |
| Amounts reclassified from accumulated other comprehensive income | —                            | 1.4                                 | 1.4   |
| Net current-period Other Comprehensive Income (Expense)          | (4.2                         | ) 1.4                               | (2.8  |
| Balance at November 30, 2015                                     | \$(46.3                      | ) \$(66.9                           | ) \$(113.2  |

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The following table presents the tax expense or benefit allocated to each component of other comprehensive income (expense) for the three months ended November 30, 2015 and 2014:

|  | Three Months Ended      |                                |                         |                         |                                |                         |
|--|-------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------|-------------------------|
|  | November 30, 2015       |                                |                         | November 30, 2014       |                                |                         |
|  | Before<br>Tax<br>Amount | Tax<br>(Expense)<br>or Benefit | Net of<br>Tax<br>Amount | Before<br>Tax<br>Amount | Tax<br>(Expense)<br>or Benefit | Net of<br>Tax<br>Amount |
| Foreign Currency Translation Adjustments       | \$(4.2 )                | \$ —                           | \$(4.2 )                | \$(7.2 )                | \$ —                           | \$(7.2 )                |
| Defined Benefit Pension Plans:                 |                         |                                |                         |                         |                                |                         |
| Actuarial gain or loss                         | —                       | —                              | —                       | (1.3 )                  | 0.3                            | (1.0 )                  |
| Amortization of defined benefit pension items: |                         |                                |                         |                         |                                |                         |
| Prior service cost                             | 0.8                     | <sup>(1)</sup> (0.2 )          | 0.6                     | 0.2                     | <sup>(1)</sup> (0.1 )          | 0.1                     |
| Actuarial losses                               | 1.2                     | <sup>(1)</sup> (0.4 )          | 0.8                     | 1.1                     | <sup>(1)</sup> (0.3 )          | 0.8                     |
| Total Defined Benefit Pension Plans, net       | 2.0                     | (0.6 )                         | 1.4                     | —                       | (0.1 )                         | (0.1 )                  |
| Other Comprehensive Expense                    | \$(2.2 )                | \$(0.6 )                       | \$(2.8 )                | \$(7.2 )                | \$(0.1 )                       | \$(7.3 )                |

These accumulated other comprehensive income components are included in net periodic pension cost. See

<sup>(1)</sup> Pension and Profit Sharing Plans footnote within the Notes to Consolidated Financial Statements for additional details.

## 10. Debt

## Lines of Credit

On August 27, 2014, the Company executed a \$250.0 revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility will mature and all amounts outstanding will be due and payable on August 27, 2019. The Revolving Credit Facility contains financial covenants, including a minimum interest coverage ratio (“Minimum Interest Coverage Ratio”) and a leverage ratio (“Maximum Leverage Ratio”) of total indebtedness to EBITDA (earnings before interest, taxes, depreciation, and amortization expense), as such terms are defined in the Revolving Credit Facility agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50 and a Minimum Interest Coverage Ratio of 2.50, subject to certain conditions defined in the financing agreement. As of November 30, 2015, the Company was in compliance with all financial covenants under the Revolving Credit Facility. At November 30, 2015, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 issued under the Revolving Credit Facility. As of November 30, 2015, the Company had outstanding letters of credit totaling \$11.0, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and providing credit support for the Company’s industrial revenue bond, including \$6.1 issued under the Revolving Credit Facility.

Generally, amounts outstanding under the Revolving Credit Facility bear interest at a “Eurocurrency Rate.” Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the London Inter Bank Offered Rate (“LIBOR”) for the applicable currency plus a margin as determined by the Company’s leverage ratio (“Applicable Margin”). The Applicable Margin is based on the Company’s leverage ratio, as defined in the Revolving Credit Facility, with such margin ranging from 1.000% to 1.575%.

The Company is required to pay certain fees in connection with the Revolving Credit Facility, including administrative service fees and an annual facility fee. The annual facility fee is payable quarterly, in arrears, and is determined by the Company’s leverage ratio as defined in the Revolving Credit Facility. This facility fee ranges from

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0.125% to 0.300% of the aggregate \$250.0 commitment of the lenders under the Revolving Credit Facility.

Notes

At November 30, 2015, the Company had \$350.0 of publicly-traded, senior unsecured notes outstanding at a 6% interest rate that are scheduled to mature in December 2019 (the "Notes") and \$4.0 of tax-exempt industrial revenue bonds that are scheduled to mature in 2021. Further discussion of the Company's debt is included within the Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## Interest Expense

Interest expense, net, is comprised primarily of interest expense on long-term debt, obligations in connection with non-qualified retirement benefits, and Revolving Credit Facility borrowings partially offset by interest income on cash and cash equivalents.

The following table summarizes the components of interest expense, net:

|                       | Three Months Ended |                   |
|-----------------------|--------------------|-------------------|
|                       | November 30, 2015  | November 30, 2014 |
| Interest expense      | \$8.3              | \$8.1             |
| Interest income       | (0.4               | ) (0.2            |
| Interest expense, net | \$7.9              | \$7.9             |

## 11. Commitments and Contingencies

In the normal course of business, the Company is subject to the effects of certain contractual stipulations, events, transactions, and laws and regulations that may, at times, require the recognition of liabilities, such as those related to self-insurance reserves and claims, legal and contractual issues, environmental laws and regulations, guarantees, and indemnities. The Company establishes reserves when the associated costs related to uncertainties or guarantees become probable and can be reasonably estimated. For the period ended November 30, 2015, no material changes have occurred in the Company's reserves for self-insurance, litigation, environmental matters, guarantees and indemnities, or relevant events and circumstances, from those disclosed in the Commitments and Contingencies footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

## Trade Compliance Matter

Prior to the close of the acquisition, Distech Controls discovered shipments by it and its subsidiaries during the past five years of standard commercial building control products directly or indirectly to customers in a country that may constitute violations of U.S. and Canadian sanctions or export regulations, including those administered by the U.S. Office of Foreign Asset Control ("OFAC") and the Export Controls Division of the Canadian Department of Foreign Affairs, Trade and Development ("DFATD"). Distech estimates that it received total revenue of approximately \$0.3 from these shipments. Distech Controls has voluntarily self-reported the potential violations to OFAC and DFATD and retained outside counsel that conducted an investigation of the matter and filed a full voluntary disclosure with these agencies. Now that the Company has acquired Distech Controls, the Company has greater access to information regarding Distech Controls' prior operations and will continue to assess the matter and implement related ongoing compliance and remediation efforts.

The Company intends to fully cooperate with respect to any investigations by governmental agencies of the potential violations. The former shareholders of Distech Controls have jointly agreed to indemnify the Company for damages, if any, as a result of, in respect of, connected with or arising out of the potential violations or any inaccuracy or breach of the representations made by Distech Controls to the Company related thereto, up to a specified aggregate amount, which is not material to the Company's consolidated financial statements. These indemnity obligations are supported by an escrow account containing proceeds from the transaction equal to the specified aggregate amount. The Company currently believes that this indemnity will be sufficient to cover any damages related to the potential violations and the costs and expenses related to the investigation thereof and any related remedial actions. The Company therefore does not expect this matter to have a material adverse effect on the business, financial condition, cash flow, or results of operations of the Company. There can be no assurance, however, that actual damages, costs and expenses will not be in excess of the indemnity or that the Company and its affiliates will not be subject to other damages, including but not limited to damage to the Company's reputation or monetary or non-monetary penalties as permitted under applicable trade laws, that may not be fully covered by the indemnity. Estimated liabilities for legal fees as well as potential fines or penalties related to this matter are included in Other accrued liabilities within the Consolidated Balance Sheets.

Product Warranty and Recall Costs

Acuity Brands records an allowance for the estimated amount of future warranty costs when the related revenue is recognized. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. Estimated future warranty and recall costs are primarily based on historical experience of identified warranty and recall claims. However, there can be no assurance that future warranty or recall costs will not exceed historical amounts or new technology products, which may include extended warranties, may not generate

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

unexpected costs. If actual future warranty or recall costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company's results of operations and cash flows. Reserves for product warranty and recall costs are included in Other accrued liabilities and Other long-term liabilities on the Consolidated Balance Sheets. The changes in the reserves for product warranty and recall costs during the three months ended November 30, 2015 and 2014 are summarized as follows:

|                               | Three Months Ended |        |
|-------------------------------|--------------------|--------|
|                               | November 30,       |        |
|                               | 2015               | 2014   |
| Beginning of period           | \$9.6              | \$8.5  |
| Warranty and recall costs     | 6.9                | 3.0    |
| Payments and other deductions | (4.9               | ) (3.3 |
| End of period                 | \$11.6             | \$8.2  |

**Litigation**

The Company is subject to various legal claims arising in the normal course of business, including patent infringement and product recall claims. Based on information currently available, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows of the Company in future periods. The Company establishes reserves for legal claims when associated costs become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

**12. Share-Based Payments**

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based payment awards made to employees and directors of the Company, including stock options and restricted shares (all part of the Company's equity incentive plan), and share units representing certain deferrals into the Company's director deferred compensation plan or the Company's supplemental deferred savings plan. Each of these award programs is more fully discussed within the Company's Form 10-K. The Company recorded \$6.4 and \$4.1 of share-based expense for the three months ended November 30, 2015 and 2014, respectively. Benefits of tax deductions in excess of recognized share-based compensation cost are reported as a financing cash flow and were \$13.9 and \$9.2 for the three months ended November 30, 2015 and 2014, respectively. New shares issued upon exercise of stock options were 117,289 and 123,857 for the three months ended November 30, 2015 and 2014, respectively.

Further details regarding the Company's share-based payments are included within the Share-Based Payments footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

**13. Pension and Profit Sharing Plans**

The Company has several pension plans, both qualified and non-qualified, covering certain hourly and salaried employees. Benefits paid under these plans are based generally on employees' years of service and/or compensation during the final years of employment. Plan assets are invested primarily in equity and fixed income securities.



Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Net periodic pension cost for the Company's defined benefit pension plans during the three months ended November 30, 2015 and 2014 included the following components before tax:

|                                    | Three Months Ended |                   |
|------------------------------------|--------------------|-------------------|
|                                    | November 30, 2015  | November 30, 2014 |
| Service cost                       | \$0.9              | \$0.8             |
| Interest cost                      | 2.3                | 2.1               |
| Expected return on plan assets     | (2.7               | ) (2.8            |
| Amortization of prior service cost | 0.8                | 0.2               |
| Recognized actuarial loss          | 1.2                | 1.1               |
| Net periodic pension cost          | \$2.5              | \$1.4             |

**14. Special Charge**

During fiscal 2015, the Company continued efforts to streamline the organization by realigning certain responsibilities primarily within various selling, distribution, and administrative departments and the consolidation of certain production activities. The Company expects that these actions to streamline its business activities, in addition to those taken in previous fiscal years, will allow it to reduce spending in certain areas while permitting continued investment in future growth initiatives, such as new products, expanded market presence, and technology and innovation. During fiscal 2015, the Company recorded a pre-tax special charge of \$12.9, consisting primarily of severance and employee-related costs of \$11.9 as well as production transfer costs of \$0.5 and lease termination costs of \$0.5.

During fiscal 2016, the Company recognized additional severance and employee-related costs of \$0.4.

As of November 30, 2015, remaining severance reserves were \$2.3 and are included in Accrued Compensation on the Consolidated Balance Sheets. The changes in the reserves related to these programs during the three months ended November 30, 2015 are summarized as follows:

|                                 |       |
|---------------------------------|-------|
| Balance at August 31, 2015      | \$4.9 |
| Special charge                  | 0.4   |
| Payments made during the period | (3.0  |
| Balance at November 30, 2015    | \$2.3 |

**15. Supplemental Guarantor Condensed Consolidating Financial Statements**

In December 2009, ABL, the 100% owned and principal operating subsidiary of the Company, refinanced the then current outstanding debt through the issuance of the Notes. See Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K for further information.

In accordance with the registration rights agreement by and between ABL and the guarantors to the Notes and the initial purchasers of the Notes, ABL and the guarantors to the Notes filed a registration statement with the SEC for an offer to exchange the Notes for an issue of SEC-registered notes with identical terms. Due to the filing of the registration statement and offer to exchange, the Company determined the need for compliance with Rule 3-10 of SEC Regulation S-X ("Rule 3-10"). In lieu of providing separate audited financial statements for ABL and ABL IP Holding, the Company has included the accompanying Condensed Consolidating Financial Statements in accordance with Rule 3-10(d) of SEC Regulation S-X since the Notes are fully and unconditionally guaranteed by Acuity Brands and ABL IP Holding. The column marked "Parent" represents the financial condition, results of operations, and cash flows of Acuity Brands. The column marked "Subsidiary Issuer" represents the financial condition, results of operations, and cash flows of ABL. The column entitled "Subsidiary Guarantor" represents the financial condition, results of operations, and cash flows of ABL IP Holding. Lastly, the column listed as "Non-Guarantors" includes the financial condition, results of operations, and cash flows of the non-guarantor direct and indirect subsidiaries of Acuity Brands, which consist primarily of foreign subsidiaries. Eliminations were necessary in order to arrive at consolidated amounts. In addition, the equity method of accounting was used to calculate investments in subsidiaries. Accordingly, this basis of



presentation is not intended to present our financial condition, results of operations, or cash flows for any purpose other than to comply with the specific requirements for parent-subidiary guarantor reporting.

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING BALANCE SHEETS

|   | November 30, 2015 |                      |                         |                    |                              |              |
|---|-------------------|----------------------|-------------------------|--------------------|------------------------------|--------------|
|   | Parent            | Subsidiary<br>Issuer | Subsidiary<br>Guarantor | Non-<br>Guarantors | Consolidating<br>Adjustments | Consolidated |
| <b>ASSETS</b>                                       |                   |                      |                         |                    |                              |              |
| Current Assets:                                     |                   |                      |                         |                    |                              |              |
| Cash and cash equivalents                           | \$518.8           | \$—                  | \$—                     | \$ 41.4            | \$ —                         | \$ 560.2     |
| Accounts receivable, net                            | —                 | 358.6                | —                       | 57.1               | —                            | 415.7        |
| Inventories   | —                 | 220.4                | —                       | 21.9               | —                            | 242.3        |
| Other current assets                                | 11.5              | 11.0                 | —                       | 14.5               | —                            | 37.0         |
| Total Current Assets                                | 530.3             | 590.0                | —                       | 134.9              | —                            | 1,255.2      |
| Property, Plant, and Equipment, net                 | 0.3               | 149.6                | —                       | 41.4               | —                            | 191.3        |
| Goodwill  | —                 | 523.3                | 2.7                     | 202.0              | —                            | 728.0        |
| Intangible assets, net                              | —                 | 85.9                 | 116.2                   | 100.9              | —                            | 303.0        |
| Deferred income taxes                               | 45.5              | —                    | —                       | 3.4                | (45.5 )                      | 3.4          |
| Other long-term assets                              | 0.1               | 23.1                 | —                       | 2.2                | —                            | 25.4         |
| Investments in and amounts due from<br>subsidiaries | 972.0             | 426.9                | 175.4                   | —                  | (1,574.3 )                   | —            |
| Total Assets  | \$1,548.2         | \$1,798.8            | \$294.3                 | \$ 484.8           | \$ (1,619.8 )                | \$ 2,506.3   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>         |                   |                      |                         |                    |                              |              |
| Current Liabilities:                                |                   |                      |                         |                    |                              |              |
| Accounts payable                                    | \$0.4             | \$304.3              | \$—                     | \$ 24.4            | \$ —                         | \$ 329.1     |
| Other accrued liabilities                           | 25.4              | 123.1                | —                       | 35.1               | —                            | 183.6        |
| Total Current Liabilities                           | 25.8              | 427.4                | —                       | 59.5               | —                            | 512.7        |
| Long-Term Debt                                      | —                 | 352.4                | —                       | —                  | —                            | 352.4        |
| Deferred Income Taxes                               | —                 | 74.9                 | —                       | 27.9               | (45.5 )                      | 57.3         |
| Other Long-Term Liabilities                         | 87.5              | 41.9                 | —                       | 19.6               | —                            | 149.0        |
| Amounts due to affiliates                           | —                 | —                    | —                       | 70.5               | (70.5 )                      | —            |
| Total Stockholders' Equity                          | 1,434.9           | 902.2                | 294.3                   | 307.3              | (1,503.8 )                   | 1,434.9      |
| Total Liabilities and Stockholders' Equity          | \$1,548.2         | \$1,798.8            | \$294.3                 | \$ 484.8           | \$ (1,619.8 )                | \$ 2,506.3   |

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING BALANCE SHEETS

August 31, 2015

|   | Parent    | Subsidiary<br>Issuer | Subsidiary<br>Guarantor | Non-<br>Guarantors | Consolidating<br>Adjustments | Consolidated |
|---|-----------|----------------------|-------------------------|--------------------|------------------------------|--------------|
| <b>ASSETS</b>                                       |           |                      |                         |                    |                              |              |
| Current Assets:                                     |           |                      |                         |                    |                              |              |
| Cash and cash equivalents                           | \$479.9   | \$—                  | \$—                     | \$276.9            | \$ —                         | \$ 756.8     |
| Accounts receivable, net                            | —         | 365.5                | —                       | 46.2               | —                            | 411.7        |
| Inventories   | —         | 208.6                | —                       | 16.2               | —                            | 224.8        |
| Other current assets                                | 1.6       | 11.6                 | —                       | 6.9                | —                            | 20.1         |
| Total Current Assets                                | 481.5     | 585.7                | —                       | 346.2              | —                            | 1,413.4      |
| Property, Plant, and Equipment, net                 | 0.3       | 139.8                | —                       | 34.5               | —                            | 174.6        |
| Goodwill  | —         | 524.2                | 2.7                     | 38.1               | —                            | 565.0        |
| Intangible assets, net                              | —         | 87.4                 | 117.3                   | 18.7               | —                            | 223.4        |
| Deferred income taxes                               | 41.9      | —                    | —                       | 5.2                | (43.6 )                      | 3.5          |
| Other long-term assets                              | 1.3       | 23.8                 | —                       | 2.0                | —                            | 27.1         |
| Investments in and amounts due from<br>subsidiaries | 934.7     | 333.5                | 168.5                   | —                  | (1,436.7 )                   | —            |
| Total Assets  | \$1,459.7 | \$1,694.4            | \$288.5                 | \$444.7            | \$ (1,480.3 )                | \$ 2,407.0   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>         |           |                      |                         |                    |                              |              |
| Current Liabilities:                                |           |                      |                         |                    |                              |              |
| Accounts payable                                    | \$0.9     | \$291.6              | \$—                     | \$18.6             | \$ —                         | \$ 311.1     |
| Other accrued liabilities                           | 20.4      | 162.7                | —                       | 26.7               | —                            | 209.8        |
| Total Current Liabilities                           | 21.3      | 454.3                | —                       | 45.3               | —                            | 520.9        |
| Long-Term Debt                                      | —         | 352.4                | —                       | —                  | —                            | 352.4        |
| Deferred Income Taxes                               | —         | 75.3                 | —                       | —                  | (43.6 )                      | 31.7         |
| Other Long-Term Liabilities                         | 78.4      | 42.7                 | —                       | 20.9               | —                            | 142.0        |
| Amounts due to affiliates                           | —         | —                    | —                       | 77.5               | (77.5 )                      | —            |
| Total Stockholders' Equity                          | 1,360.0   | 769.7                | 288.5                   | 301.0              | (1,359.2 )                   | 1,360.0      |
| Total Liabilities and Stockholders' Equity          | \$1,459.7 | \$1,694.4            | \$288.5                 | \$444.7            | \$ (1,480.3 )                | \$ 2,407.0   |

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

|  | Three Months Ended November 30, 2015 |                   |                      |                |                           |              |
|--|--------------------------------------|-------------------|----------------------|----------------|---------------------------|--------------|
|  | Parent                               | Subsidiary Issuer | Subsidiary Guarantor | Non-Guarantors | Consolidating Adjustments | Consolidated |
| Net Sales:   |                                      |                   |                      |                |                           |              |
| External sales   | \$—                                  | \$651.4           | \$—                  | \$85.2         | \$—                       | \$ 736.6     |
| Intercompany sales                                     | —                                    | —                 | 10.8                 | 32.0           | (42.8 )                   | —            |
| Total Sales  | —                                    | 651.4             | 10.8                 | 117.2          | (42.8 )                   | 736.6        |
| Cost of Products Sold                                  | —                                    | 366.0             | —                    | 82.2           | (31.0 )                   | 417.2        |
| Gross Profit   | —                                    | 285.4             | 10.8                 | 35.0           | (11.8 )                   | 319.4        |
| Selling, Distribution, and Administrative Expenses     | 11.0                                 | 180.4             | 1.0                  | 26.0           | (11.8 )                   | 206.6        |
| Intercompany charges                                   | (0.8 )                               | 0.3               | —                    | 0.5            | —                         | —            |
| Special Charge   | —                                    | 0.4               | —                    | —              | —                         | 0.4          |
| Operating Profit (Loss)                                | (10.2 )                              | 104.3             | 9.8                  | 8.5            | —                         | 112.4        |
| Interest expense, net                                  | 2.6                                  | 4.0               | —                    | 1.3            | —                         | 7.9          |
| Equity earnings in subsidiaries                        | (76.7 )                              | (7.1 )            | —                    | 0.1            | 83.7                      | —            |
| Miscellaneous expense (income), net                    | —                                    | 0.1               | —                    | (0.8 )         | —                         | (0.7 )       |
| Income before Provision for Income Taxes               | 63.9                                 | 107.3             | 9.8                  | 7.9            | (83.7 )                   | 105.2        |
| Provision (Benefit) for Income Taxes                   | (4.5 )                               | 35.4              | 4.0                  | 1.9            | —                         | 36.8         |
| Net Income   | \$68.4                               | \$71.9            | \$5.8                | \$6.0          | \$ (83.7 )                | \$ 68.4      |
| Other Comprehensive Income (Expense)                   |                                      |                   |                      |                |                           |              |
| Items:   |                                      |                   |                      |                |                           |              |
| Foreign Currency Translation Adjustments               | (4.2 )                               | (4.2 )            | —                    | —              | 4.2                       | (4.2 )       |
| Defined Benefit Pension Plans, net                     | 1.4                                  | 0.4               | —                    | 0.3            | (0.7 )                    | 1.4          |
| Other Comprehensive (Expense) Income Items, net of tax | (2.8 )                               | (3.8 )            | —                    | 0.3            | 3.5                       | (2.8 )       |
| Comprehensive Income (Expense)                         | \$65.6                               | \$68.1            | \$5.8                | \$6.3          | \$ (80.2 )                | \$ 65.6      |

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

|  | Three Months Ended November 30, 2014 |                   |                      |                |                           |              |
|--|--------------------------------------|-------------------|----------------------|----------------|---------------------------|--------------|
|  | Parent                               | Subsidiary Issuer | Subsidiary Guarantor | Non-Guarantors | Consolidating Adjustments | Consolidated |
| Net Sales:   |                                      |                   |                      |                |                           |              |
| External sales                                     | \$—                                  | \$580.8           | \$—                  | \$66.6         | \$ —                      | \$ 647.4     |
| Intercompany sales                                 | —                                    | —                 | 9.7                  | 26.7           | (36.4 )                   | —            |
| Total Sales  | —                                    | 580.8             | 9.7                  | 93.3           | (36.4 )                   | 647.4        |
| Cost of Products Sold                              | —                                    | 332.1             | —                    | 68.7           | (26.4 )                   | 374.4        |
| Gross Profit                                       | —                                    | 248.7             | 9.7                  | 24.6           | (10.0 )                   | 273.0        |
| Selling, Distribution, and Administrative Expenses | 7.6                                  | 158.6             | 1.0                  | 19.1           | (10.0 )                   | 176.3        |
| Intercompany charges                               | (0.8 )                               | 0.4               | —                    | 0.4            | —                         | —            |
| Special Charge                                     | —                                    | 10.0              | —                    | —              | —                         | 10.0         |
| Operating Profit (Loss)                            | (6.8 )                               | 79.7              | 8.7                  | 5.1            | —                         | 86.7         |
| Interest expense (income), net                     | 2.6                                  | 5.4               | —                    | (0.1 )         | —                         | 7.9          |
| Equity earnings in subsidiaries                    | (57.2 )                              | (4.4 )            | —                    | —              | 61.6                      | —            |
| Miscellaneous income, net                          | —                                    | (0.5 )            | —                    | (0.4 )         | —                         | (0.9 )       |
| Income before Provision for Income Taxes           | 47.8                                 | 79.2              | 8.7                  | 5.6            | (61.6 )                   | 79.7         |
| Provision (Benefit) for Income Taxes               | (3.3 )                               | 27.2              | 3.5                  | 1.2            | —                         | 28.6         |
| Net Income   | \$51.1                               | \$52.0            | \$5.2                | \$4.4          | \$ (61.6 )                | \$ 51.1      |
| Other Comprehensive Income (Expense)               |                                      |                   |                      |                |                           |              |
| Items:   |                                      |                   |                      |                |                           |              |
| Foreign Currency Translation Adjustments           | (7.2 )                               | (7.2 )            | —                    | —              | 7.2                       | (7.2 )       |
| Defined Benefit Pension Plans, net                 | (0.1 )                               | 0.4               | —                    | (0.5 )         | 0.1                       | (0.1 )       |
| Other Comprehensive Expense Items, net of tax      | (7.3 )                               | (6.8 )            | —                    | (0.5 )         | 7.3                       | (7.3 )       |
| Comprehensive Income (Expense)                     | \$43.8                               | \$45.2            | \$5.2                | \$3.9          | \$ (54.3 )                | \$ 43.8      |



Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

|  | Three Months Ended November 30, 2015 |                   |                      |                |                           |              |
|--|--------------------------------------|-------------------|----------------------|----------------|---------------------------|--------------|
|  | Parent                               | Subsidiary Issuer | Subsidiary Guarantor | Non-Guarantors | Consolidating Adjustments | Consolidated |
| Net Cash Provided by Operating Activities            | \$24.7                               | \$ 21.0           | \$ —                 | \$ 5.4         | \$ —                      | \$ 51.1      |
| Cash Provided by (Used for) Investing Activities:    |                                      |                   |                      |                |                           |              |
| Purchases of property, plant, and equipment          | —                                    | (21.7 )           | —                    | (1.4 )         | —                         | (23.1 )      |
| Proceeds from sale of property, plant, and equipment | —                                    | 0.1               | —                    | 2.0            | —                         | 2.1          |
| Investment and acquisition of business               | —                                    | —                 | —                    | (239.2 )       | —                         | (239.2 )     |
| Net Cash Used for Investing Activities               | —                                    | (21.6 )           | —                    | (238.6 )       | —                         | (260.2 )     |
| Cash Provided by (Used for) Financing Activities:    |                                      |                   |                      |                |                           |              |
| Proceeds from stock option exercises and other       | 6.0                                  | —                 | —                    | —              | —                         | 6.0          |
| Excess tax benefits from share-based payments        | 13.9                                 | —                 | —                    | —              | —                         | 13.9         |
| Dividends paid                                       | (5.7 )                               | —                 | —                    | —              | —                         | (5.7 )       |
| Net Cash Provided by Financing Activities            | 14.2                                 | —                 | —                    | —              | —                         | 14.2         |
| Effect of Exchange Rate Changes on Cash              | —                                    | 0.6               | —                    | (2.3 )         | —                         | (1.7 )       |
| Net Change in Cash and Cash Equivalents              | 38.9                                 | —                 | —                    | (235.5 )       | —                         | (196.6 )     |
| Cash and Cash Equivalents at Beginning of Period     | 479.9                                | —                 | —                    | 276.9          | —                         | 756.8        |
| Cash and Cash Equivalents at End of Period           | \$518.8                              | \$ —              | \$ —                 | \$ 41.4        | \$ —                      | \$ 560.2     |

Table of Contents

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

|   | Three Months Ended November 30, 2014 |                   |                      |                |                           |              |
|---|--------------------------------------|-------------------|----------------------|----------------|---------------------------|--------------|
|   | Parent                               | Subsidiary Issuer | Subsidiary Guarantor | Non-Guarantors | Consolidating Adjustments | Consolidated |
| Net Cash Provided by Operating Activities         | \$23.7                               | \$ 12.2           | \$—                  | \$ 10.8        | \$ —                      | \$ 46.7      |
| Cash Provided by (Used for) Investing Activities: |                                      |                   |                      |                |                           |              |
| Purchases of property, plant, and equipment       | —                                    | (8.3 )            | —                    | (10.2 )        | —                         | (18.5 )      |
| Investments in subsidiaries                       | (9.4 )                               | —                 | —                    | —              | 9.4                       | —            |
| Net Cash Used for Investing Activities            | (9.4 )                               | (8.3 )            | —                    | (10.2 )        | 9.4                       | (18.5 )      |
| Cash Provided by (Used for) Financing Activities: |                                      |                   |                      |                |                           |              |
| Proceeds from stock option exercises and other    | 4.9                                  | —                 | —                    | —              | —                         | 4.9          |
| Excess tax benefits from share-based payments     | 9.2                                  | —                 | —                    | —              | —                         | 9.2          |
| Intercompany capital                              | —                                    | —                 | —                    | 9.4            | (9.4 )                    | —            |
| Dividends paid                                    | (5.6 )                               | —                 | —                    | —              | —                         | (5.6 )       |
| Other financing activities                        | —                                    | —                 | —                    | (3.2 )         | —                         | (3.2 )       |
| Net Cash Provided by Financing Activities         | 8.5                                  | —                 | —                    | 6.2            | (9.4 )                    | 5.3          |
| Effect of Exchange Rate Changes on Cash           | —                                    | (0.8 )            | —                    | (2.2 )         | —                         | (3.0 )       |
| Net Change in Cash and Cash Equivalents           | 22.8                                 | 3.1               | —                    | 4.6            | —                         | 30.5         |
| Cash and Cash Equivalents at Beginning of Period  | 516.0                                | 3.1               | —                    | 33.4           | —                         | 552.5        |
| Cash and Cash Equivalents at End of Period        | \$538.8                              | \$ 6.2            | \$—                  | \$ 38.0        | \$ —                      | \$ 583.0     |



Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(\$ in millions, except per-share data and as indicated)

The following discussion should be read in conjunction with the Consolidated Financial Statements and related notes included within this report. References made to years are for fiscal year periods.

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands, Inc. and its subsidiaries as of November 30, 2015 and for the three months ended November 30, 2015 and 2014. For a more complete understanding of this discussion, please read the Notes to Consolidated Financial Statements included in this report. Also, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2015, filed with the Securities and Exchange Commission (the "SEC") on October 27, 2015 ("Form 10-K").

Overview

Company

Acuity Brands, Inc. ("Acuity Brands") is the parent company of Acuity Brands Lighting, Inc. ("ABL") and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the "Company"). The Company, with its principal office in Atlanta, Georgia, employed approximately 8,000 people worldwide as of November 30, 2015.

The Company is one of the world's leading providers of lighting and energy management solutions for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company's lighting and energy management solutions include devices such as luminaires, lighting and building controls, lighting components, power supplies, prismatic skylights, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption. Additionally, the Company continues to expand its solutions portfolio for both indoor and outdoor applications in an effort to capitalize on the evolving and growing market for intelligent networked systems that collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics to better enable smart buildings and smart cities. The transition to solid-state lighting provides the opportunity for lighting to be integrated with other building automation systems to create an optimal platform for enabling the "Internet of Things" (IoT), which will support the advancement of smart buildings, smart cities, and the smart grid. As of November 30, 2015, the Company operates 17 manufacturing facilities and seven distribution facilities along with three warehouses to serve its extensive customer base.

The Company continues to expand and enhance its portfolio of lighting solutions, including the following transactions:

On December 10, 2015, using cash on hand, the Company acquired all of the equity interests of Juno Lighting LLC ("Juno Lighting"), a leading provider of downlighting and track lighting fixtures for both residential and commercial applications. Juno Lighting is headquartered in Des Plaines, Illinois.

On December 9, 2015, using cash on hand, the Company acquired all of the equity interests of Geometri, LLC ("Geometri"), a provider of a software and services platform for mapping, navigation, and analytics.

On September 1, 2015, using cash on hand, the Company acquired all of the outstanding capital stock of Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, HVAC, access control, closed circuit television, and related systems. Distech Controls is headquartered in Quebec, Canada.

On April 15, 2015, the Company acquired for cash substantially all of the assets and assumed certain liabilities of ByteLight, Inc. ("ByteLight"), a provider of indoor location software for LED lighting. ByteLight is headquartered in Boston, Massachusetts.

In addition, during fiscal 2015, the Company made a strategic, non-controlling investment in a company specializing in light sensory networks.

Please refer to the Description of Business and Basis of Presentation footnote of the Notes to Consolidated Financial Statements for more information.

Liquidity and Capital Resources

The Company's principal sources of liquidity are operating cash flows generated primarily from its business operations, cash on hand, and various sources of borrowings. The ability of the Company to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to fund its operations and capital expenditures, pay dividends, meet its obligations as they become due, and maintain compliance with covenants contained in its financing agreements.

Table of Contents

Based on its cash on hand, availability under existing financing arrangements and current projections of cash flow from operations, the Company believes that it will be able to meet its liquidity needs over the next 12 months. Short-term needs are expected to include funding operations as currently planned, making anticipated capital investments, paying quarterly stockholder dividends as currently anticipated, paying principal and interest on borrowings as currently scheduled, making required contributions to its employee benefit plans, funding potential acquisitions, and potentially repurchasing shares of its outstanding common stock as authorized by the Board of Directors (the "Board"). Two million shares of the Company's common stock are currently authorized and available for repurchase under an existing repurchase program. The Company expects to repurchase these shares on an opportunistic basis. The Company currently expects to invest approximately two and a half percent of net sales during fiscal 2016, of which \$23.1 had been invested as of November 30, 2015, primarily for equipment, tooling, facility enhancements, as well as new and enhanced information technology capabilities. Additionally, management believes that the Company's cash flows from operations and sources of funding, including, but not limited to, borrowing capacity, will sufficiently support the long-term liquidity needs of the Company.

Cash Flow

The Company uses available cash and cash flow from operations, as well as proceeds from the exercise of stock options, to fund operations and capital expenditures, repurchase common stock of the Company, fund acquisitions, and pay dividends. The Company's cash position at November 30, 2015 was \$560.2, a decrease of \$196.6 from August 31, 2015. The decrease was due primarily to cash used to fund acquisitions of \$239.2 and capital expenditures of \$23.1 as well as pay dividends to stockholders of \$5.7. These decreases were partially offset by cash flow generated from operations and stock issued under employee compensation plans.

The Company generated \$51.1 of cash flow from operating activities during the three months ended November 30, 2015 compared with \$46.7 in the prior-year period, an increase of \$4.4, due primarily to higher net income and lower operating working capital requirements partially offset by increased variable incentive compensation payments. Operating working capital (calculated by adding accounts receivable plus inventories, and subtracting accounts payable-net of acquisitions and the impact of foreign exchange rate changes) decreased by approximately \$9.6 during the first three months of fiscal 2016 compared to an increase of approximately \$12.4 during the first three months of fiscal 2015.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$23.1 and \$18.5 in the first three months of fiscal 2016 and 2015, respectively, primarily related to investments in new equipment, tooling, facility enhancements, and information technology. As noted above, the Company expects to invest approximately two and a half percent of net sales primarily for equipment, tooling, facility enhancements, and new and enhanced information technology capabilities during fiscal 2016.

On September 1, 2015, the Company acquired for cash totaling approximately \$240 all of the outstanding capital stock of Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, HVAC, access control, closed circuit television, and related systems. Subsequent to quarter end, the Company used approximately \$386 cash on hand to acquire Juno Lighting and Geometri.

Capitalization

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. As of November 30, 2015, total debt outstanding of \$352.4 remained substantially unchanged from August 31, 2015 and consisted primarily of fixed-rate obligations.

On August 27, 2014, the Company executed the Revolving Credit Facility with a borrowing capacity of \$250.0. The Revolving Credit Facility will mature and all amounts outstanding thereunder will be due and payable on August 27, 2019.

The Company was in compliance with all financial covenants under the Revolving Credit Facility as of November 30, 2015. At November 30, 2015, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 issued under the Revolving Credit Facility. As of November 30, 2015, the Company had outstanding letters of credit totaling \$11.0, primarily for securing collateral

requirements under the casualty insurance programs for Acuity Brands and providing credit support for the Company's industrial revenue bond, including \$6.1 issued under the Revolving Credit Facility. See the Debt footnote of the Notes to Consolidated Financial Statements.

During the first three months of fiscal 2016, the Company's consolidated stockholders' equity increased \$74.9 to \$1,434.9 at November 30, 2015 from \$1,360.0 at August 31, 2015. The increase was due primarily to net income earned in the period, as well as amortization of stock-based compensation, stock issuances resulting primarily from the exercise of stock options, and amortization of pension plan prior service costs and actuarial losses partially offset by dividend payments and foreign currency translation adjustments. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum of total

Table of Contents

debt and total stockholders' equity) was 19.7% and 20.6% at November 30, 2015 and August 31, 2015, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was (16.9)% at November 30, 2015 and (42.3)% at August 31, 2015.

**Dividends**

Acuity Brands paid dividends on its common stock of \$5.7 and \$5.6 (\$0.13 per share) during the three months ended November 30, 2015 and 2014, respectively. All decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Board and are evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

**Results of Operations****First Quarter of Fiscal 2016 Compared with First Quarter of Fiscal 2015**

The following table sets forth information comparing the components of net income for the three months ended November 30, 2015 and 2014:

|  | Three Months Ended   |                      | Increase<br>(Decrease) | Percent<br>Change |    |
|--|----------------------|----------------------|------------------------|-------------------|----|
|  | November 30,<br>2015 | November 30,<br>2014 |                        |                   |    |
| Net Sales  | \$736.6              | \$647.4              | \$89.2                 | 13.8              | %  |
| Cost of Products Sold                              | 417.2                | 374.4                | 42.8                   | 11.4              | %  |
| Gross Profit                                       | 319.4                | 273.0                | 46.4                   | 17.0              | %  |
| Percent of net sales                               | 43.4                 | % 42.2               | % 120                  | bps               |    |
| Selling, Distribution, and Administrative Expenses | 206.6                | 176.3                | 30.3                   | 17.2              | %  |
| Special Charge                                     | 0.4                  | 10.0                 | (9.6)                  | (96.0)            | )% |
| Operating Profit                                   | 112.4                | 86.7                 | 25.7                   | 29.6              | %  |
| Percent of net sales                               | 15.3                 | % 13.4               | % 190                  | bps               |    |
| Other Expense (Income)                             |                      |                      |                        |                   |    |
| Interest Expense, net                              | 7.9                  | 7.9                  | —                      | —                 | %  |
| Miscellaneous Income, net                          | (0.7)                | ) (0.9)              | ) 0.2                  | (22.2)            | )% |
| Total Other Expense                                | 7.2                  | 7.0                  | 0.2                    | 2.9               | %  |
| Income before Provision for Income Taxes           | 105.2                | 79.7                 | 25.5                   | 32.0              | %  |
| Percent of net sales                               | 14.3                 | % 12.3               | % 200                  | bps               |    |
| Provision for Taxes                                | 36.8                 | 28.6                 | 8.2                    | 28.7              | %  |
| Effective tax rate                                 | 35.0                 | % 35.9               | %                      |                   |    |
| Net Income   | \$68.4               | \$51.1               | \$17.3                 | 33.9              | %  |
| Diluted Earnings per Share                         | \$1.57               | \$1.17               | \$0.40                 | 34.2              | %  |

Net sales were \$736.6 for the three months ended November 30, 2015 compared with \$647.4 reported for the three months ended November 30, 2014, an increase of \$89.2, or 13.8%. For the three months ended November 30, 2015, the Company reported net income of \$68.4, an increase of \$17.3, or 33.9%, compared with \$51.1 for the three months ended November 30, 2014. For the first quarter of fiscal 2016, diluted earnings per share increased 34.2% to \$1.57 compared with \$1.17 reported in the year-ago period.

The following table reconciles certain U.S. GAAP financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquired profit in inventory, acquisition-related professional fees, amortization of acquired intangible assets, share-based compensation expense, and special charges associated primarily with continued efforts to streamline the organization. Although special charges, amortization of acquired intangible assets, and share-based compensation expense have been recognized in prior periods and could recur in future periods, management typically excludes these charges during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted selling, distribution, and administrative expenses, adjusted operating profit and margin, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding

of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide

Table of Contents

greater comparability and enhanced visibility into the results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

|  | Three Months Ended |                   |                        |                   |   |
|--|--------------------|-------------------|------------------------|-------------------|---|
|  | November 30, 2015  | November 30, 2014 | Increase<br>(Decrease) | Percent<br>Change |   |
| Gross Profit   | \$319.4            | \$273.0           |                        |                   |   |
| Add-back: Acquired profit in inventory                     | 0.6                | —                 |                        |                   |   |
| Adjusted Gross Profit                                      | \$320.0            | \$273.0           | \$47.0                 | 17.2              | % |
| Percent of net sales                                       | 43.4               | % 42.2            | % 120                  | bps               |   |
| Selling, Distribution, and Administrative Expenses         | \$206.6            | \$176.3           |                        |                   |   |
| Less: Acquisition-related professional fees                | (1.1               | ) —               |                        |                   |   |
| Less: Amortization of acquired intangible assets           | (5.0               | ) (2.9            | )                      |                   |   |
| Less: Share-based compensation expense                     | (6.4               | ) (4.1            | )                      |                   |   |
| Adjusted Selling, Distribution and Administrative Expenses | \$194.1            | \$169.3           | \$24.8                 | 14.6              | % |
| Percent of net sales                                       | 26.4               | % 26.2            | % 20                   | bps               |   |
| Operating Profit   | \$112.4            | \$86.7            |                        |                   |   |
| Add-back: Acquired profit in inventory                     | 0.6                | —                 |                        |                   |   |
| Add-back: Acquisition-related professional fees            | 1.1                | —                 |                        |                   |   |
| Add-back: Amortization of acquired intangible assets       | 5.0                | 2.9               |                        |                   |   |
| Add-back: Share-based compensation expense                 | 6.4                | 4.1               |                        |                   |   |
| Add-back: Special charge                                   | 0.4                | 10.0              |                        |                   |   |
| Adjusted Operating Profit                                  | \$125.9            | \$103.7           | \$22.2                 | 21.4              | % |
| Percent of net sales                                       | 17.1               | % 16.0            | % 110                  | bps               |   |
| Net Income   | \$68.4             | \$51.1            |                        |                   |   |
| Add-back: Acquired profit in inventory                     | 0.6                | —                 |                        |                   |   |
| Add-back: Acquisition-related professional fees            | 1.1                | —                 |                        |                   |   |
| Add-back: Amortization of acquired intangible assets       | 5.0                | 2.9               |                        |                   |   |
| Add-back: Share-based compensation expense                 | 6.4                | 4.1               |                        |                   |   |
| Add-back: Special charge                                   | 0.4                | 10.0              |                        |                   |   |
| Total pre-tax adjustments to Net Income                    | \$13.5             | \$17.0            |                        |                   |   |
| Income tax effect  | (4.5               | ) (6.3            | )                      |                   |   |
| Adjusted Net Income  | \$77.4             | \$61.8            | \$15.6                 | 25.2              | % |
| Diluted Earnings per Share                                 | \$1.57             | \$1.17            |                        |                   |   |
| Adjusted Diluted Earnings per Share                        | \$1.77             | \$1.43            | \$0.34                 | 23.8              | % |
| Net Sales  |                    |                   |                        |                   |   |

Net sales for the three months ended November 30, 2015 increased 13.8% compared with the prior-year period due primarily to a 14% increase in sales volume and approximately 3% favorable impact of revenues from acquisitions partially offset by unfavorable foreign currency rate changes of approximately 2% and unfavorable price/mix of approximately 1%. Sales volume was higher across most product categories and key sales channels as the Company realized greater demand for LED-based luminaires. Sales of LED-based products increased over 40% compared to the year-ago period and represented 52% of total net sales. The change in price/mix was due primarily to unfavorable pricing on LED luminaires, reflecting the decline in certain LED component costs, as well as a change in sales channel mix. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting solutions as well as the proliferation of new products due to the adoption of solid-state lighting, it is not

possible to precisely quantify volume or differentiate the individual components of price/mix.



Table of Contents**Gross Profit**

Gross profit for the first quarter of fiscal 2016 increased \$46.4, or 17.0%, to \$319.4 compared with \$273.0 in the prior-year period. Gross profit margin increased 120 basis points to 43.4% for the three months ended November 30, 2015 compared with 42.2% in the prior-year period. Gross profit was higher than the prior-year period due primarily to additional contribution on higher net sales as well as lower material and component costs. These benefits were partially offset by the unfavorable impact of acquired profit in inventory and price/mix. Adjusted gross profit for the three months ended November 30, 2015 was \$320.0 (43.4% of net sales) compared with gross profit of \$273.0 (42.2% of net sales) in the prior-year period.

**Operating Profit**

Selling, Distribution, and Administrative (“SD&A”) expenses for the three months ended November 30, 2015 were \$206.6 compared with \$176.3 in the prior-year period, an increase of \$30.3, or 17.2%. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including freight and commissions, higher employee-related costs, including share-based incentive compensation, and increased amortization expense of acquired intangible assets. SD&A expenses for the first quarter of fiscal 2016 were 28.0% of net sales compared with 27.2% for the prior-year period. Adjusted SD&A expenses for the three months ended November 30, 2015 were \$194.1 (26.4% of net sales) compared with \$169.3 (26.2% of net sales) in the prior-year period.

During the three months ended November 30, 2015, the Company recognized pre-tax special charges of \$0.4, compared with \$10.0 during the three months ended November 30, 2014, related primarily to the Company's continued efforts to streamline the organization by realigning certain responsibilities primarily within various selling, distribution, and administrative departments and the consolidation of certain production activities. Further details regarding the Company's special charges are included in the Special Charge footnote of the Notes to Consolidated Financial Statements.

Operating profit for the first quarter of fiscal 2016 was \$112.4 compared with \$86.7 for the prior-year period, an increase of \$25.7, or 29.6%. The increase in operating profit was due primarily to higher gross profit and lower special charges, partially offset by increases in costs to support greater sales volume, higher employee-related costs, including share-based incentive compensation, and increased amortization expense due to the acquisition of Distech Controls. Adjusted operating profit increased by \$22.2, or 21.4%, to \$125.9 for the first quarter of fiscal 2016 compared with \$103.7 for the first quarter of fiscal 2015. Adjusted operating profit margin increased 110 basis points to 17.1% for the first quarter of fiscal 2016 compared with 16.0% for the year-ago period.

**Other Expense (Income)**

Other expense (income) consists principally of net interest expense and net miscellaneous income/expense, which includes gains and losses associated with foreign currency-related transactions. Interest expense, net, was \$7.9 for both the three months ended November 30, 2015 and 2014. The Company reported net miscellaneous income of \$0.7 and \$0.9 for the three months ended November 30, 2015 and 2014, respectively.

**Provision for Income Taxes and Net Income**

The Company's effective income tax rate was 35.0% and 35.9% for the three months ended November 30, 2015 and 2014, respectively. The prior-year effective tax rate was impacted by unfavorable discrete items which did not recur in the current year. The Company estimates that the effective tax rate for fiscal 2016 will be approximately 35.5% before any discrete items and if the rates in its taxing jurisdictions remain generally consistent throughout the year.

Net income for the first quarter of fiscal 2016 increased \$17.3 to \$68.4 from \$51.1 reported for the prior-year period. The increase in net income resulted primarily from higher operating profit partially offset by a higher provision for income taxes. Diluted earnings per share for the three months ended November 30, 2015 increased \$0.40 to \$1.57 compared with diluted earnings per share of \$1.17 for the prior-year period.

Adjusted net income for the first quarter of fiscal 2016 was \$77.4 compared with \$61.8 in the prior-year period, which represented an increase of \$15.6, or 25.2%. Adjusted diluted earnings per share for the three months ended November 30, 2015 increased \$0.34, or 23.8%, to \$1.77 compared with \$1.43 for the prior-year period.



## Table of Contents

### Outlook

Management believes that the execution of the Company's strategy will provide opportunities for continued profitable growth. The Company's strategy is to capitalize on market growth opportunities by continuing to expand and leverage its industry-leading lighting product and energy management solutions portfolio combined with its extensive market presence and financial strength. Management continues to position the Company to optimize short-term performance while investing in and deploying resources for long-term profitable growth opportunities.

In September 2015, the Company completed the acquisition of Distech Controls, a provider of building automation solutions. Distech Controls generated net sales in excess of \$80 Canadian dollars during the fiscal year ended August 31, 2015, and achieved a five-year annual growth rate of over 25%. Additionally, the Company acquired Juno Lighting and Geometri in mid-December 2015. Juno Lighting generated revenues of approximately \$250 in the recent trailing 12-month period. Geometri, a small yet fast growing business intelligence company, will enhance the Company's growing portfolio of intelligent networked lighting and building automation solutions. Management expects these acquisitions to be accretive to the Company's fiscal 2016 consolidated financial results.

The growth rate for the North American lighting market, which typically benefits from new construction as well as renovation and retrofit activity, is projected to be in the mid-to-upper single digit range for fiscal 2016 with continued growth over the next several years. In addition to the projected growth in the Company's primary end-markets, management currently believes that the Company should benefit from recent acquisitions, further growth from the introduction of new lighting and building automation solutions, and expansion in underpenetrated geographies and channels.

From a longer term perspective, management expects that the Company's addressable markets will experience solid growth over the next decade, particularly as energy and environmental concerns come to the forefront along with emerging opportunities for digital lighting to play a key role in the "Internet of Things" (IoT) through the use of intelligent networked lighting and building automation systems that can collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics. Management remains positive about the future prospects of the Company and its ability to outperform the markets it serves.

### Critical Accounting Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in the Company's Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. As discussed in the Description of Business and Basis of Presentation footnote of the Notes to Consolidated Financial Statements, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition; accounts receivable; inventory valuation; depreciation, amortization and the recoverability of long-lived assets, including goodwill and intangible assets; share-based compensation expense; medical, product warranty and recall, and other reserves; income taxes; retirement benefits; litigation; and environmental matters. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Management discusses the development of accounting estimates with the Company's Audit Committee of the Board.

Excluding the impact of the Distech Controls acquisition, there have been no material changes in the Company's critical accounting estimates during the current period. For a detailed discussion of significant accounting policies that may involve a higher degree of judgment, please refer to the Company's Form 10-K.

The Distech Controls acquisition will impact the Company's critical accounting estimates related to goodwill and indefinite-lived intangibles. The Company was previously comprised of one reporting unit for the purposes of testing goodwill for impairment. Subsequent to the acquisition of Distech Controls, the Company is comprised of two reporting units, which will be separately tested for goodwill impairment at least annually. The preliminary carrying

value of Distech Controls' goodwill is \$163.9. The Company also acquired another indefinite-lived trade name with the Distech Controls acquisition with a preliminary carrying value of \$14.1. Although management currently believes that the estimates used in the preliminary valuation of Distech Controls' goodwill and indefinite-lived intangibles are reasonable and utilize similar methodologies, discount rates, long-term growth rates, and assumptions to evaluate the Company's other goodwill and indefinite-lived intangible assets, differences between Distech Controls' actual and expected net sales, operating results, and cash flows and/or changes in the discount rate or theoretical royalty rate could cause these assets to be deemed impaired. If this were to occur, the Company would be required to record a non-cash charge to earnings for the write-down in value of such assets, which could have a material adverse effect on the Company's results of operations and financial position, but not its cash flows from operations.

## Table of Contents

### Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as “expects”, “believes”, “intends”, “anticipates” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company’s behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the SEC or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company’s projections regarding financial performance, liquidity, capital structure, capital expenditures, and dividends; (b) expectations about the impact of volatility and uncertainty in general economic conditions; (c) external forecasts projecting the North American lighting market growth rate and growth in the Company’s addressable markets; (d) the Company’s ability to execute and realize benefits from initiatives related to streamlining its operations, capitalize on growth opportunities, expand in key markets as well as underpenetrated geographies and channels and introduce new lighting and building automation solutions; (e) the Company’s estimate of its fiscal 2016 annual tax rate; (f) the Company’s estimate of future amortization expense; (g) the Company’s ability to achieve its long-term financial goals and measures and outperform the markets it serves; (h) the Company’s expectations about the Distech Controls, Juno Lighting, and other acquisitions; and (i) the Company’s expectations about the resolution of the trade compliance matter. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. The Company’s forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management’s present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company’s actual results to differ materially from those expressed in the Company’s forward-looking statements are discussed in Part I, “Item 1a. Risk Factors” of the Company’s Form 10-K, and are specifically incorporated herein by reference.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

**General.** The Company is exposed to market risks that may impact its Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows due primarily to fluctuations in interest rates, foreign exchange rates, and commodity prices. There have been no material changes to the Company’s exposure from market risks from those disclosed in Part II, Item 7a of the Company’s Form 10-K.

### Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to reasonably ensure that information required to be disclosed in the reports filed or submitted by the Company under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably ensure that information required to be disclosed by the Company in the reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of November 30, 2015. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company’s disclosure controls and procedures are effective at a reasonable assurance level as of November 30, 2015. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization,

such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

On September 1, 2015, the Company completed its acquisition of Distech Controls Inc. ("Distech Controls"). SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. Accordingly, management has not assessed Distech Controls' internal control over financial reporting as of November 30, 2015.

Table of Contents

Excluding the Distech Controls acquisition, there have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. On September 1, 2015, the Company completed its acquisition of Distech Controls and effective from that date, the Company began integrating Distech Controls into its existing control procedures. The Company does not anticipate the integration of Distech Controls to result in changes that would materially affect its internal control over financial reporting.

Table of Contents

## PART II. OTHER INFORMATION

## Item 1. Legal Proceedings

Acuity Brands is subject to various legal claims arising in the normal course of business, including, but not limited to, patent infringement, product liability claims, and employment matters. Acuity Brands is self-insured up to specified limits for certain types of claims, including product liability, and is fully self-insured for certain other types of claims, including environmental, product recall, and patent infringement. Based on information currently available, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition, results of operations, or cash flows of Acuity Brands. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows of Acuity Brands in future periods. Acuity Brands establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

Information regarding reportable legal proceedings is contained in Part I, “Item 3. Legal Proceedings” in the Company’s Form 10-K. Information set forth in this report’s Commitments and Contingencies footnote of the Notes to Consolidated Financial Statements describes any legal proceedings that became reportable during the quarter ended November 30, 2015, and updates any descriptions of previously reported legal proceedings in which there have been material developments during such quarter. The discussion of legal proceedings included within the Commitments and Contingencies footnote of the Notes to Consolidated Financial Statements is incorporated into this Item 1 by reference.

## Item 1a. Risk Factors

There have been no material changes in the Company’s risk factors from those disclosed in Part I, “Item 1a. Risk Factors” of the Company’s Form 10-K.

## Item 5. Other Information

## Results of Annual Shareholders Meeting

At the Company’s annual meeting of stockholders held on January 6, 2016, in Atlanta, Georgia, the shareholders considered and voted on the following proposals.

PROPOSAL 1 — Votes regarding the persons elected to serve as Directors of the Company were as follows:

|                     | Term Expiring at<br>the Annual<br>Meeting for | Votes For  | Votes Withheld | Broker<br>Non-Votes |
|---------------------|---|------------|----------------|---------------------|
| James H. Hance, Jr. | 2018  | 30,134,248 | 7,691,623      | 2,678,079           |
| Vernon J. Nagel     | 2018  | 36,179,732 | 1,646,139      | 2,678,079           |
| Julia B. North      | 2018  | 36,979,063 | 846,808        | 2,678,079           |

In addition to the above elected directors, the directors whose term of office continued after the meeting are as follows:

W. Patrick Battle, Peter C. Browning, Gordon D. Harnett, Robert F. McCullough, Dominic J. Pileggi, Ray M. Robinson, and Norman H. Wesley.

PROPOSAL 2 — Votes cast regarding the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm were as follows:

| Votes For  | Votes Against | Votes Abstained |
|------------|---------------|-----------------|
| 40,031,938 | 414,293       | 57,719          |





Table of Contents

PROPOSAL 3 — The results of the advisory vote on the compensation of the named executive officers of the Company were as follows:

| Votes For  | Votes Against | Votes Abstained | Broker Non-Votes |
|------------|---------------|-----------------|------------------|
| 36,306,642 | 1,358,488     | 160,741         | 2,678,079        |

Pursuant to the foregoing votes, the Company's stockholders: (i) elected three directors nominated by the Board of Directors and listed above for three-year terms; (ii) approved the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm; and (iii) approved, on an advisory basis, the Company's named executive officer compensation.

Size of Board

On January 6, 2016, the Board of Directors reduced the size of the Board from eleven (11) members to ten (10) members following the retirement of George C. Guynn from the Board.

Declaration of Dividend

On January 6, 2016, the Board of Directors of the Company declared a quarterly dividend of \$0.13 per share. The dividend is payable on February 1, 2016 to stockholders of record on January 20, 2016.

Item 6. Exhibits

Exhibits are listed on the [Index to Exhibits](#).

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACUITY BRANDS, INC.

Date: January 8, 2016

By: /S/ VERNON J. NAGEL  
VERNON J. NAGEL  
CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE  
OFFICER

Date: January 8, 2016

By: /S/ RICHARD K. REECE  
RICHARD K. REECE  
EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER (Principal Financial and  
Accounting Officer)

Table of Contents

INDEX TO EXHIBITS

|             |  |  |
|-------------|--|--|
| EXHIBIT 3   | <p>(a) Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.</p> <p>(b) Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.</p> <p>(c) Amended and Restated Bylaws of Acuity Brands, Inc., dated as of October 2, 2015.</p>   | <p>Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.</p> <p>Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.</p> <p>Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on October 7, 2015, which is incorporated herein by reference.</p> |
| EXHIBIT 31  | <p>(a) Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</p> <p>(b) Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</p>  | <p>Filed with the Commission as part of this Form 10-Q.</p> <p>Filed with the Commission as part of this Form 10-Q.</p>  |
| EXHIBIT 32  | <p>(a) Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</p> <p>(b) Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</p>  | <p>Filed with the Commission as part of this Form 10-Q.</p> <p>Filed with the Commission as part of this Form 10-Q.</p>  |
| EXHIBIT 101 | <p>The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2015, filed on January 8, 2016, formatted in XBRL (Extensible Business Reporting Language):</p> <p>(i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements.</p> | <p>Filed with the Commission as part of this Form 10-Q.</p>  |