Dialight plc
2013 AGM

April 25th 2013
Highlights of 2012

- Profit before tax from continuing operations increases 26.7% to £19.7m (2011: £15.5m)
- 2012 Lighting Revenues increase 72.7% to £45.5m (2011: £26.4m)
- Lighting Contribution Margin increased by 8.6 points to 44.3%
- Disposal of Utility Switch business complete
- Operating cash flow of £22.6m leading to year-end net cash of £15.0m (2011: £13.7m)
- EPS 41.4p on continuing operations excluding £0.7m profit before tax on disposal of Utility Switch (2011: 31.3p)
- Final dividend of 9.5p giving a total dividend for the year of 13.5p an increase of 35%
<table>
<thead>
<tr>
<th></th>
<th>2012* £m</th>
<th>2011* £m</th>
<th>2010 £m</th>
<th>2009 £m</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>115.1</td>
<td>102.5</td>
<td>99.2</td>
<td>77.3</td>
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<tr>
<td><strong>Profit before tax</strong></td>
<td>19.7</td>
<td>15.5</td>
<td>11.3</td>
<td>5.3</td>
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<tr>
<td><strong>Operating Cash flow</strong></td>
<td>22.6</td>
<td>17.7</td>
<td>15.1</td>
<td>11.0</td>
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<tr>
<td><strong>Net Cash</strong></td>
<td>15.0</td>
<td>13.7</td>
<td>10.4</td>
<td>9.1</td>
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<tr>
<td><strong>Net Assets</strong></td>
<td>63.0</td>
<td>54.8</td>
<td>46.2</td>
<td>40.1</td>
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<tr>
<td><strong>Return on Sales %</strong></td>
<td>17.1</td>
<td>15.1</td>
<td>11.4</td>
<td>6.9</td>
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<tr>
<td><strong>Return on Capital % (Exc Cash)</strong></td>
<td>41.0</td>
<td>37.9</td>
<td>31.6</td>
<td>17.1</td>
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<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>Inc / (Dec)</td>
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<tr>
<td><strong>Signals</strong></td>
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</tr>
<tr>
<td>Revenue</td>
<td>48.1</td>
<td>52.5</td>
<td></td>
<td></td>
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<tr>
<td>Contribution</td>
<td>22.6</td>
<td>25.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>11.3</td>
<td>11.8</td>
<td>(4)%</td>
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<tr>
<td><strong>Lighting</strong></td>
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<tr>
<td>Revenue</td>
<td>45.5</td>
<td>26.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution</td>
<td>20.2</td>
<td>9.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>8.6</td>
<td>2.0</td>
<td>323%</td>
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<tr>
<td><strong>Components</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Revenue</td>
<td>21.5</td>
<td>23.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution</td>
<td>10.3</td>
<td>12.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>3.1</td>
<td>4.9</td>
<td>(37)%</td>
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</table>
Business Overview
- Niche with over 15,000 customers – strong profit and cash generator
- Revenues £21.5m compared with £23.7m
- Profitability impacted by mix and Malaysia start up costs expensed
- Business expected to be flat in 2013
- Fundamentals of the business unchanged
- Demand driven by Servers, Storage, Cellular Infrastructure and Internet Access
• Niche – strong profit and cash generator
• Revenues £48.1m compared with £52.5m with weak traffic down 19% and 2% obstruction growth
• Contribution margin percent flat
• Business expected to be flat to small growth in 2013
LED Obstruction Lighting
Signals - Obstruction

• 2% growth to £18.2m

• Growth drivers for the future are:-
  1. US Cell Tower market – 80,000 towers to light, around 10,000 done Remaining market worth over $200m. Competition arrived in 2012
  3. Offshore Wind Turbine market – much less than 1 and 2 above but increasing. As turbines get bigger, lights are becoming brighter and more important
  4. Business expected to be flat to small growth in 2013. Any significant growth dependent on award of contract with second largest tower operator. Further penetration of high intensity market expected but still at early stage of adoption
• Change in market dynamics
• Sales to major tower operators will be direct, not through resellers
• Product will be integrated system offering remote monitoring and control with hosting options
• System is common to both Medium (Cell Tower) and High Intensity (Broadcast Tower) systems
• Dialight now providing “one stop” option for LED tower lighting
Lighting – The Engine for Growth

Dialight

[Images of industrial settings illuminated by lighting]
How Big is the Market?

- Industrial Lighting Sales Globally estimated to be $5Bn annually (Freedonia study)
- Hazardous Lighting is estimated to be 20% of Industrial Lighting (Recent IHS study gives EMEA annual hazardous lighting market size as $425m in 2012)
- Dialight addresses the installed base not just new construction
- Hazardous Lighting addressable market is estimated to be in excess of $10bn
- Penetration is minimal

Source: Freedonia IMS
Vertically Focused – Hazardous & Industrial

**Oil, Gas & Petrochem $3bn**
- Upstream (exploring & drilling)
- Downstream (refining)
- Transportation (terminals & pipelines)

**Power Generation $3bn**
- Nuclear
- Fossil (coal, natural gas, petroleum)
- Renewable (wind, solar, geothermal)

**Mining $1bn**
- Surface mining

**Heavy Industrial $2.5bn**
- Steel processing
- Pulp & paper
- Auto plants
- Aircraft plants

**Chemical & Pharma $1.8bn**

**Food & Beverage $0.7bn**
- Food processing
- Agricultural
- Cold Storage
- Food grains
Application Review – Refinery Lighting

Scale of opportunity

~ 660 refineries worldwide
~ 6,700 lights per refinery

• Total opportunity: $2.5Bn
• Opportunity per refinery: $4M

How we calculate:
134,000 BPD = 6,700 light fixtures

Typical Lighting Applications:

- Process Areas
- Steam Rooms
- Catwalks

Our Customers:

- ExxonMobil
- Hess
- BP
- Chevron
- CITGO
- Shell
- Sunoco
- ConocoPhillips
Application Review – Power Gen Plants

Scale of opportunity

Total opportunity for coal and nuclear plants: $2.7Bn

~ 1,700 Coal plants worldwide
~ 2,000 lights per coal plant
  • Opportunity per coal plant: $1.5M

193 Nuclear plants worldwide
~ 1,100 lights per nuclear plant
  • Opportunity per nuclear plant: $625K

Typical Lighting Applications:

Conveyor Belts
Coal Bunkers
Turbine Decks

Our Customers:
Application Review – Steel Processing

Scale of opportunity

~ 2,300 steel mills worldwide
~ 1,500 lights per mill

- Total opportunity: $1.7Bn
- Opportunity per steel mill: $750K

How we calculate:
643,000 metric tonnes = 1,500 light fixtures

Typical Lighting Applications:

- Cranes
- Blast Furnaces
- Process Areas

Our Customers:

- ArcelorMittal
- USS
- GERDAU
- NUCOR
- Steel Dynamics, Inc.
- ThyssenKrupp
Scale of opportunity
75+ global plants
~ 8,000 fixtures per plant

- Total opportunity: $280M
- Opportunity per plant: $3.75M

Typical Lighting Applications:

- Stamping
- Engine
- Transmission
Prospect Review – Large Food Manufacturer

Scale of opportunity
~ 470 global facilities
~ 1,300 fixtures per facilities

- Total opportunity: $330M
- Opportunity per auto plant: $700K

Typical Lighting Applications:

- Process
- Cold Storage
- Quality
- Packaging
Identified EPC Global Capital Projects

Total Projects Estimate - $12,074Bn
Total Lighting Estimate - $1.20Bn
Why LED Lighting?

- Energy saving – up to 60% against conventional efficient lighting
- Maintenance – lasts more than ten years in service
- Safety – superior light with no failure
- Reliability – no need to plan shutdowns to replace lights
- Control – easy to turn on and off/down with no degradation or start up time
Energy Savings Example

New 300,000 sq ft facility Class II, Div 2

- (221) **50W** LED Linears replace (221) **75W** T8 Fluorescent
- (41) **100W** LED Linears replace (41) **150W** T8 Fluorescent
- (97) **146W** LED High Bay Fixtures replace (97) **480W** HID Fixtures
- (48) **153W** LED High Bay Fixtures replace (48) **480W** HID Fixtures
- (79) **100W** LED Area Lights replace (79) **300W** HID Fixtures
- (10) **8W** LED RTO Area Lights replace (10) **84W** HID Fixtures

Energy savings: **$80,000 / yr**

- Energy cost: **$0.136 / kWh**
- Energy savings: **$80,000 / yr**
- Maintenance savings: **$25,000+ / yr**
- Payback: < 2 years
Maintenance Savings

- Maintenance costs up to $2,000 per bulb!
- Traditional lamps often don’t reach full expected life due to vibration, excessive heat
- Hazardous areas require multiple personnel, permitting, scaffolding
- Production down time = $$$

Maintenance savings: $100,000 / yr

How does maintenance savings affect payback?

Expected life
- Metal halide bulb = 2 years
- LED fixture = 10+ years

Scenario
- $1,000 / yr
- (100) 153W LED High Bays replace (100) 480W HID High Bays

Annual Savings:
- Maintenance Savings $100,000 / yr
- ~1 year payback
Health & Safety Improvements

- Major push for safety improvement investments for industrial facilities
- Temperature rating (t-rating)
- Color quality improvements = safer at night
- No flash lights required
- No mercury / hazardous gases
LED Controls

Why are the lights on?

• No need for 24/7 lighting
• No warm up or restrike time
• Controls further reduce energy consumption
Why Dialight?

- LED only! Almost quarter of a million installed LED lights
- Superior lumens per Watt
- Unprecedented comprehensive 10 year warranty
- Designed for high shock and vibration environments
- Handle extremes of temperature
- Always state of the art products – short product lifecycle – always a generation ahead
- Vertically integrated manufacturing – control of all the process
Superior Lumens per Watt

- 2009 – 53 lumens per Watt
- 2012 – 100 lumens per Watt
- 2013 – 115 lumens per Watt goal
- Surpassed traditional technologies and LED competitors
- New power supply topology to increase efficiency by 7%

<table>
<thead>
<tr>
<th></th>
<th>Dialight LED High Bay</th>
<th>*Other LED Solutions (avg)</th>
<th>Metal Halide</th>
<th>High Pressure Sodium</th>
<th>T5HO Fluorescent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivered Lumens</td>
<td>17,500</td>
<td>17,250</td>
<td>36,000</td>
<td>47,500</td>
<td>17,064</td>
</tr>
<tr>
<td>Total Fixture Wattage</td>
<td>172W</td>
<td>202W</td>
<td>480W</td>
<td>480W</td>
<td>250W</td>
</tr>
<tr>
<td>Lumens per Watt</td>
<td>102 lm/W</td>
<td>85 lm/W</td>
<td>75 lm/W</td>
<td>99 lm/W</td>
<td>68 lm/W</td>
</tr>
</tbody>
</table>

*Average of all DesignLight Consortium qualified LED high bays as of 2/11/13 ranging from 15,000 to 20,000 lumens
Unprecedented Comprehensive 10 Year Warranty

• 10 year all inclusive warranty includes fixture housing, power supply, LEDs and finish
• Industry average 5 year (with stipulations)
• In the harshest environments, our customers can rely on our fixtures to continue operating

10 years of
✓ No sudden failures
✓ No spot re-lamping
✓ No bulb changes
✓ No component replacements
✓ No lights out
✓ No flickering
✓ No hassle
• Dialight fixtures expected to last 10+ years, traditional bulbs may last 1 month or less

• Fixtures designed for offshore & mining applications where continual shock and vibration present

• Our products pass vibration test of 3G vibration (2,000,000 cycles)

• Solid state lighting = no breakable parts - no bulb, no filament
Extreme Temperature Capable

From -50C..  ..to +70C

Dialight’s fixtures are extreme environment capable
State-of-the-Art Products

• Now have largest portfolio of LED lighting fixtures for hazardous environments
• Full system design for optimal performance and efficiency
• Wireless or powerline communication control options for accurate lighting and additional energy savings
• Controls monitoring and reporting
• Battery backup options for egress lighting applications
• Intelligent thermal management for long life insurance
• AC & DC voltage options to accommodate various industrial applications
Vertically Integrated

• In-house power supply design – full quality control over every single component

• Improved lead times – Dialight standard is 2 weeks, LED competitors are 4-8 weeks

• Full testing capability – mimic all 3rd party tests to ensure compliance and performance

• Superior speed to market time for new fixtures
How do we Continue to Sustain Growth?
Lighting Channel to Market

US, Canada, Mexico & Brazil
23 direct sales personnel

Europe / Middle East
17 direct sales personnel

Asia Pacific
19 direct sales personnel

2012 Lighting sales in 40+ countries and sales people in 20+ countries
Prospects

• Growth is all about Lighting
• Assume the other segments are broadly flat
• Our 30% leverage model is vindicated and exceeded in 2012 and still valid for the future
• Dialight recruitment and geographic expansion plans targeted to support Lighting sales growth in excess of market expectations
• Dialight product development plans target aggressive improvements in product cost and performance to sustain contribution margin and resist potential competitive pressure
• Management confident in 2013 and beyond with 2012 dividend up 35%
Dialight....

It’s all about Lighting!