Dialight plc
AGM
20th April 2011
Highlights of 2010

- Profit before tax of £11.3m (2009: £5.3m)
- Full year Revenues grew 28.3% to £99.2m (2009: £77.3m)
- Signals/Illumination segment revenues increased to £61.1m (2009: £46.4m)
- Lighting sales more than doubled to £11.6m (2009: £5.5m)
- Two international initiatives completed
- Strong operating cash flow leading to net cash of £10.4m (2009: £9.1m)
- Final dividend of 5.2 pence (2009 Second Interim: 4.3 pence)
<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
<th>2008 £m</th>
<th>2007 £m</th>
<th>2006 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>99.2</td>
<td>77.3</td>
<td>77.9</td>
<td>63.4</td>
<td>52.3</td>
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<tr>
<td>Profit before tax</td>
<td>11.3</td>
<td>5.3</td>
<td>5.6</td>
<td>4.5</td>
<td>5.8</td>
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<tr>
<td>Operating Cash flow</td>
<td>15.1</td>
<td>11.0</td>
<td>6.0</td>
<td>5.8</td>
<td>2.2</td>
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<tr>
<td>Net Cash</td>
<td>10.4</td>
<td>9.1</td>
<td>4.1</td>
<td>4.4</td>
<td>2.2</td>
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<tr>
<td>Shareholders Funds</td>
<td>46.2</td>
<td>40.1</td>
<td>37.5</td>
<td>30.8</td>
<td>29.7</td>
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<tr>
<td>Return on Sales %</td>
<td>11.4</td>
<td>6.9</td>
<td>7.2</td>
<td>7.1</td>
<td>11.1</td>
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<tr>
<td>Return on Capital % (Exc Cash)</td>
<td>31.6</td>
<td>17.1</td>
<td>17.7</td>
<td>17.0</td>
<td>21.1</td>
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<tr>
<td>Component</td>
<td>2010</td>
<td>2009</td>
<td></td>
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<td>------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>£99.2m</td>
<td>£77.3m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signals/Illumination</td>
<td>£61.1m</td>
<td>£46.4m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electromagnetic Components</td>
<td>£14.6m</td>
<td>£13.3m</td>
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<td></td>
</tr>
<tr>
<td>LED Indication Components</td>
<td>£23.5m</td>
<td>£17.6m</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Component</td>
<td>2010</td>
<td>2009</td>
<td></td>
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<td>---------------------------------</td>
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</tr>
<tr>
<td>Signals/Illumination</td>
<td>42.2%</td>
<td>38.8%</td>
<td></td>
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<tr>
<td>Electromagnetic Components</td>
<td>17.2%</td>
<td>23.8%</td>
<td></td>
<td></td>
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<tr>
<td>LED Indication Components</td>
<td>52.9%</td>
<td>52.7%</td>
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</tr>
</tbody>
</table>
LED Indication Components

- Niche with over 15,000 customers – strong profit and cash generator
- Revenues increase over 33% versus 2009
- Strong growth in H1 with consequent inventory build up
- Slower H2 as predicted
- Fundamentals of the business unchanged
- Margins good
- Expect flat performance in 2011 with sales to rise or fall with the general market
Electromagnetic Components

- Revenues up £1.3m versus 2009 with growth coming from US smart meter manufacturers selling to US utilities
- New contract win expected to drive higher future growth with 100m US homes still to adopt smart meters
- Rest of the world is also moving towards mass conversion to smart metering
- Prospects for Disconnect still promising but on thin margins and lumpy by nature
Signals/Illumination

- Traffic
- Obstruction
- Transportation
- Lighting
## Signals / Illumination Five Year History

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
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<th>2007 £m</th>
<th>2006 £m</th>
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<tr>
<td>Turnover</td>
<td>61.1</td>
<td>46.4</td>
<td>43.3</td>
<td>33.4</td>
<td>28.6</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>8.7</td>
<td>3.3</td>
<td>1.7</td>
<td>0.1</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Return on Sales %</td>
<td>14.2</td>
<td>7.1</td>
<td>3.9</td>
<td>0.3</td>
<td>n/a</td>
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<tr>
<td>% of Group Profit</td>
<td>77.7</td>
<td>62.2</td>
<td>30.4</td>
<td>2.2</td>
<td>n/a</td>
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## Signals/Illumination Revenue

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<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2009</th>
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<tbody>
<tr>
<td>Revenue:</td>
<td>£61.1m</td>
<td>£46.4m</td>
</tr>
<tr>
<td>Traffic</td>
<td>£27.4m</td>
<td>£23.6m</td>
</tr>
<tr>
<td>Obstruction</td>
<td>£12.3m</td>
<td>£7.0m</td>
</tr>
<tr>
<td>Transportation</td>
<td>£9.8m</td>
<td>£10.2m</td>
</tr>
<tr>
<td>Lighting</td>
<td>£11.6m</td>
<td>£5.5m</td>
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</table>
● Dialight is the world’s largest manufacturer of LED Traffic Lights

● European traffic up 34% with strong performance both in the UK and the rest of Western Europe

● US Traffic up 9% in spite of no large projects

● Margins improved

● Some interest in street lights from customers in both US and Europe
Obstruction Lighting
Global Markets Served

**Telecom Markets**
- Cellular
- Private Microwave networks
- Private Pager networks

**Wind Markets**
- Onshore
- Offshore

**Broadcast Market**
- 500-2,200 Ft. Towers

**Utilities**
- Stacks, Chimneys & Cooling Towers
- Catenary Systems

**Marine**
- Offshore Platforms
- Fixed & Seasonal Aids

**Tall Structures**
- Buildings
- Bridges
- Cranes
- Dialight is the world leader in LED based Obstruction Lighting
- 76% year on year growth – 50% excluding BTI acquisition
- Margin improvement driven by new Beacon and Strobe designs
- More than 2400 White Strobes supplied to US Cell Tower market in 2010 – 76000 to go!
- Sales to 8 of the top 10 tower operators in 2010
- Acquisition of BTI to address European Offshore Wind Market
Dialight is first to market with LED based lighting for Hazardous and Industrial applications

Revenues up over 100%

20,000 Industrial White Lights shipped

High Bay Light major success

Winner of Techmark and Elektra awards

Sales to over 300 customers in 2010

Pipeline of new/improved products

2011 starting strongly
LED Performance

- Cree, Philips and Nichia all supplying high performance devices
- Typical lumens/watt 135
- Device output possible to 235 lumens
- LED cost per fixture reduced by 50% in the year
- More LED suppliers entering the market
Evolution of Energy Efficient Lighting

<table>
<thead>
<tr>
<th>Year</th>
<th>REBEL 100 LPW</th>
<th>XPE 114 LPW</th>
<th>XPG 130 LPW</th>
<th>XM 161 LPW</th>
<th>186 LPW</th>
<th>200+ LPW</th>
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</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
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<td>2011</td>
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<td>2012</td>
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</tbody>
</table>

- LED
- T8 Fluorescent
- T5 HO Fluorescent
- High Pressure Sodium
- Metal Halide Pulse Start
- Metal Halide
What that means for Dialight

- More lumens/watt means
  1. Less LEDs
  2. Less power
  3. Less heat
  4. Smaller power supply
  5. Less thermal management
  6. More applications for our products…
  7. Constant development – constant change!

...lots of new opportunities!
2010 Global Projection: $75 billion

- Residential: 23%
- Portable: 18%
- Commercial: 21%
- Outdoor: 17%
- Parts & Accessories: 18%
- Industrial: 7%

2010 Global Industrial Sales: $5.25 billion

Source: Freedonia / IMS
Market Sizing: Hazardous Lighting

- Oil & Gas: 32%
- Chemical & Pharmaceutical: 21%
- Other Industries: 16%
- Building Automation: 2%
- Automotive: 2%
- Utilities: 4%
- Textile Machinery: 0%
- Rubber & Plastics: 7%
- Pulp & Paper: 3%
- Defence: 3%
- Food & Beverage: 7%
- Machine Tools: 2%
- Metals: 1%

2010 Estimated Global Sales: $900+ Million
Growth projections 7%+ CAGR 2011 - 2015

Source: Freedonia
## Americas – Markets Currently Served

### Industrial Hazardous Markets
- Oil & Gas
- Pipelines
- Petrochemical & Chemical
- Pharmaceuticals
- Mining (Surface)
- Waste Treatment
- Pulp & Paper
- Food Processing

### Industrial Markets
- Water Treatment
- Power Plants & Utilities
- Manufacturing
- Automotive Facilities
- Freezers, Cold Storage
- Food Processing
- Specialty – Nuclear

### Public Infrastructure
- Military
- Government–Federal/Municipal
- Prisons

### Other Markets
- Warehousing
World Lighting Demand by Region

- Western Europe: 24%
- US: 25%
- Other Asia/Pacific: 11%
- Other: 14%
- Canada & Mexico: 4%
- China: 11%
- Japan: 10%

Source: Freedonia
Worldwide Expansion

- Majority of Industrial Lighting sales in 2010 were in North America
- H2 2010 invested in R & D Centre in UK to address IEC Specifications
- Sales Managers now in UK, Germany, France, Dubai, Singapore, Australia
- Recruitment planned for Korea, Japan, Eastern Europe
2011 Outlook

- Signals/Illumination positioned for continued growth with stronger margins
- Improved LED efficiency and cost is moving the adoption point
- Pipeline of new and improved White Lighting products
- Continued reengineering and cost reduction
- Executive confident in further Revenue Growth and Profitability
Challenging the status quo in the Lighting Industry!