Results in line with revised expectations

All product assembly now back in-house, full exit from Former manufacturing partner by end of H1 2019

Expanded market opportunity, 3 new products in 2019

Regional development centres

Two new manufacturing facilities

Board’s expectations of further progress in 2019 unchanged, with usual H2 weighting
FINANCIAL REVIEW

Fariyal Khanbabi
Financial Summary

Revenue

- 2017: £181.0m
- 2018: £169.6m

Underlying EBIT

- 2017: £9.7m
- 2018: £8.0m

Statutory PBT

- 2017: £3.0m
- 2018: £7.4m

36%
Underlying gross margin (2017: 37%)

£2.9m
Net debt (2017: Net cash £12.8m)

16.4p
Statutory EPS (2017: 4.8p)
### UNDERLYING EBIT BRIDGE

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Impact of revenue decrease</th>
<th>Gross margin</th>
<th>Operating costs</th>
<th>Foreign exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£9.7m</td>
<td>(£2.0m)</td>
<td>£3.1m</td>
<td>(£2.1m)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>£8.0m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Lighting

## Reported Currency

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>125.0</td>
<td>137.5</td>
<td>(9%)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>47.1</td>
<td>54.3</td>
<td>(13%)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>37.6%</td>
<td>39.5%</td>
<td></td>
</tr>
<tr>
<td>Overheads</td>
<td>(38.6)</td>
<td>(43.1)</td>
<td>11%</td>
</tr>
<tr>
<td>EBIT</td>
<td>8.5</td>
<td>11.2</td>
<td>(24%)</td>
</tr>
</tbody>
</table>

## Constant Currency

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>133.0</td>
<td>(6%)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>52.4</td>
<td>(10%)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>39.4%</td>
<td></td>
</tr>
<tr>
<td>Overheads</td>
<td>(41.7)</td>
<td>8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>10.7</td>
<td>(21%)</td>
</tr>
</tbody>
</table>

## Gross Margin Bridge

- **Raw Material Handling Fees**: (110bps)
- **Increased Freight Charges**: (20bps)
- **Skilled Labour Force Retention**: (150bps)
- **Duplicate Plant Running Costs**: 90bps
LIGHTING ORDER INTAKE

Order intake

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>£142m</td>
<td></td>
<td>£124m</td>
</tr>
</tbody>
</table>

The Americas
- Operational issues impacted lead times
- Large projects not bid for
- Lower distributor inventory due to supply constraints

(14%)

EMEA
- Narrow product range served from inventory on hand
- Project driven business
- Increased distribution partners

(15%)

APAC
- Narrow product range served from inventory on hand
- Strong sales team
- Increased distribution partners

+21%

OBSTRUCTION
- Project driven business
- Large customers deferred orders
- Updates to product line

(31%)
**SIGNALS AND COMPONENTS**

### Revenue

- **2017:** £43.5m
- **2018:** £44.6m

**3% Revenue growth**

**6% At constant currency**

### Gross margin

- **2017:** 29%
- **2018:** 30%

**100 bps Improvement in gross margin**

### Underlying EBIT

- **2017:** £3.9m
- **2018:** £4.5m

**15% Improvement in EBIT**

**23% At constant currency**
Inventory increase, mainly raw material, due to termination of manufacturing partnership

Expect to unwind in 2019 as utilised
2019 PLANNING ASSUMPTIONS

**INCOME STATEMENT**
- Net interest: Broadly in line with 2018
- Tax rate: c25%

**CASH FLOW**
- Capex: c.£8-10m new facilities, c.£8-9m product development
- Working capital: Inventory levels to unwind in 2019

H2 weighting as in previous years
BUSINESS REVIEW

Marty Rapp
OUR PRIORITIES

SCALEABLE OPERATIONS

MARKET EXPANSION

INCREASED CAPACITY FOR NEW PRODUCT DEVELOPMENT
OPERATIONAL HIGHLIGHTS

% improvement in level of late orders

54%

All final assembly in house
Manufacturing partnership terminated on 27 September 2018
Machinery to be transferred by end of H1 2019
New plants in Mexico and Malaysia
Remaining inventory at former manufacturing partner under negotiation
Targeting 95% on time delivery

On time delivery

* On time delivery includes overdue order backlog transferred from former manufacturing partner

1 Lighting on time delivery at the end of the year

2017 2018
48% 70% *

* On time delivery includes overdue order backlog transferred from former manufacturing partner

1 Lighting on time delivery at the end of the year
New plant in Tijuana, Mexico, augmenting Ensenada

New plant in Penang, Malaysia

Upgraded leadership

Hybrid model - local sub-assembly supply, internal assembly

Enhanced global supply chain management

Establish new plant and distribution centre in Europe in the future
HYBRID MANUFACTURING IN PLACE

**External/Internal**
- Cables
- PCBAS
- Machining & painting

**Regional suppliers to support sub-assembly requirements:**
- Suppliers expertise in specific process/products
- Competitive prices
- Risk Managed supply chain

**Internal**
- Final assembly & supply chain
- Distribution

- Regional assembly facilities
- Global purchasing with local delivery
- Fulfilment from regional hubs
- Regional customer service

**Reduced lead times**

**Competitive pricing**

**Improved margins**
**Roxboro, US**
Injection molding
- 79,000 sq ft
All products

**Tijuana, Mexico**
Distribution, molding, CNC & Painting
100,000 sq ft
All products

**Ensenada, Mexico**
Final assembly
162,000 sq ft
All products

**Copenhagen, Denmark**
Obstruction and wind systems

**Europe (proposed)**
New facility for final assembly, molding, CNC & painting & distribution

**Penang, Malaysia**
New facility for final assembly, molding, CNC & painting
90,000 sq ft
All products
OUR PRIORITIES

MARKET EXPANSION
EXPANDED MARKET OPPORTUNITY

Current market
£0.5 bn

Expanded market
£2.0 bn

Leverage existing sales channel
Existing channel partners to support

Target current customer base
Focus on lighter duty applications in current customer facilities

New products for large niches
Reduce need to discount price of established high performance products

Product customisation
Improved alignment of pricing with features
EXPANDED ADDRESSABLE MARKET

Potential expanded market – per annum

Current market size

- Americas
- APAC
- EMEA

Market size by major product

- High bay
- Linear
- Flood light
- Area light

3rd Party Market Data

Competitive Results Reporting

Channel Results Reporting

Internal SAM Workshops
OUR PRIORITIES

INCREASED CAPACITY FOR NEW PRODUCT DEVELOPMENT
REGIONAL FOCUS

Engineering
- Global technology leadership deployed regionally
- Dialight design rules
- Increase speed to market

Product management
- Globally coordinated
- Regionally focused
- Regionally specified products

Increase capacity for new product development
NEW PRODUCT DEVELOPMENT CAPACITY

**Current team**
Improve efficiency and output by process optimisation

**New regional teams**
New teams set up in London and Penang

**External support**
Use of ODMs and design firms

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**22 new platform products targeted over the medium term**
Investment funded through growth

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Private and confidential
SUMMARY

- Primary focus on improving service levels to our customers
- New facilities in Mexico and Malaysia
- Improved go to market approach centred on technical and product innovation regionally
- Upgrade of existing products and new product launches to significantly expand served market
OUTLOOK

2018 was a challenging year for Dialight but one in which we made considerable progress to address the operational issues we faced at the start of the year, reducing late orders significantly during the year. This improvement is primarily due to moving manufacturing under our hybrid model back in-house and terminating the relationship with our manufacturing partner. Further improvement in our operations remains a priority for us.

With a strong focus on product development and expansion of the available market, we have laid the foundations to drive growth and restore market share. We are planning to launch three major products in 2019 that will significantly expand the Group’s served market. We have two new facilities, in Mexico and Malaysia, to provide us with sufficient capacity to meet our growth aspirations.

Our market proposition remains compelling, with the sustainability benefits of reduced energy usage, lower carbon emissions, reduced maintenance and improved safety offering real value to our customers. We remain excited by the Group’s prospects over the medium to long term and are confident of delivering future growth. The Board’s expectations of further progress in 2019 remain unchanged, again with a second half weighting.
Certain statements included or incorporated by reference within this presentation may constitute “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition.

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TECHNOLOGY DIFFERENTIATION

CUSTOM POWER SUPPLIES
• Long-life drivers
• Optimised thermal dissipation
• Protection against environmental contaminants
• Protection from vibration related failures

INTEGRATED DESIGN
• Longevity in harsh environments
• Simple installation
• Advanced protective coatings
• No replacement parts
• Eliminating maintenance for up to 10 years

INTELLIGENT CONTROLS
• Flexibility to group, dim and schedule lights
• Maximise energy savings
• Seamless integration with existing factory automation

LATEST LEDS AND ADVANCED OPTICS
• Highly efficient
• Uniform
• Low-glare illumination. Lighting where you need it
# Income Statement

<table>
<thead>
<tr>
<th>£m</th>
<th>2018</th>
<th>2017</th>
<th>Reported</th>
<th>Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>169.6</td>
<td>181.0</td>
<td>(6%)</td>
<td>(3%)</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>(109.3)</td>
<td>(114.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>60.3</td>
<td>66.7</td>
<td>(10%)</td>
<td>(6%)</td>
</tr>
<tr>
<td><strong>Distribution costs</strong></td>
<td>(30.4)</td>
<td>(34.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(21.9)</td>
<td>(23.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying EBIT</strong></td>
<td>8.0</td>
<td>9.7</td>
<td>(18%)</td>
<td>(11%)</td>
</tr>
<tr>
<td><strong>Non-underlying costs</strong></td>
<td>(0.4)</td>
<td>(6.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finance expense</strong></td>
<td>(0.2)</td>
<td>(0.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>7.4</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>(2.1)</td>
<td>(1.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>5.3</td>
<td>1.7</td>
<td></td>
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</tr>
<tr>
<td><strong>Underlying EPS</strong></td>
<td>17.3p</td>
<td>17.9p</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment</td>
<td>2018</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obstruction</td>
<td>10%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>6%</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heavy industrial</td>
<td>16%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>11%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>22%</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>9%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>13%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other industrials</td>
<td>13%</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SIGNALS AND COMPONENTS

<table>
<thead>
<tr>
<th>Signal &amp; components</th>
<th>Actual currency</th>
<th>Constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>44.6</td>
<td>43.5</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(31.4)</td>
<td>(31.1)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>13.2</td>
<td>12.4</td>
</tr>
<tr>
<td>Gross margin</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>Overheads</td>
<td>(8.7)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>EBIT</td>
<td>4.5</td>
<td>3.9</td>
</tr>
</tbody>
</table>
### CASH FLOW

<table>
<thead>
<tr>
<th>£m</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash at 31 December 2017</td>
<td>12.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12.6</td>
</tr>
<tr>
<td>Net working capital excluding inventory</td>
<td>0.6</td>
</tr>
<tr>
<td>Increase in inventory</td>
<td>(19.6)</td>
</tr>
<tr>
<td>Capex</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Provisions and other movements</td>
<td>(0.8)</td>
</tr>
<tr>
<td><strong>Net debt at 31 December 2018</strong></td>
<td><strong>(2.9)</strong></td>
</tr>
</tbody>
</table>
FIVE YEAR TRACK RECORD

Revenue

- 2014: £159.8m
- 2015: £161.4m
- 2016: £182.2m
- 2017: £181.0m
- 2018: £169.6m

Gross margin %

- 2014: 37.9%
- 2015: 34.8%
- 2016: 38.1%
- 2017: 36.8%
- 2018: 35.6%

Statutory profit before tax

- 2014: £15.5m
- 2015: (£3.9)m
- 2016: (£3.8)m
- 2017: £3.0m
- 2018: £7.4m

Cash/(net debt)

- 2014: £(3)m
- 2015: £8.0m
- 2016: £12.8m
- 2017: £(2.9)m
- 2018: £(3)m