



Fiscal 2016 Fourth Quarter  
Conference Call Presentation  
June 2, 2016

# SAFE HARBOR

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# FY 2016 ACCOMPLISHMENTS

## GROW LED SALES & REVENUE

- FY 2016 LED sales up 49%
- FY 2016 LED sales 71% of total lighting product revenue; 76% in Q4
- Built out distribution and agency sales platform
- Pipeline doubled YTD; demand generation at all-time high

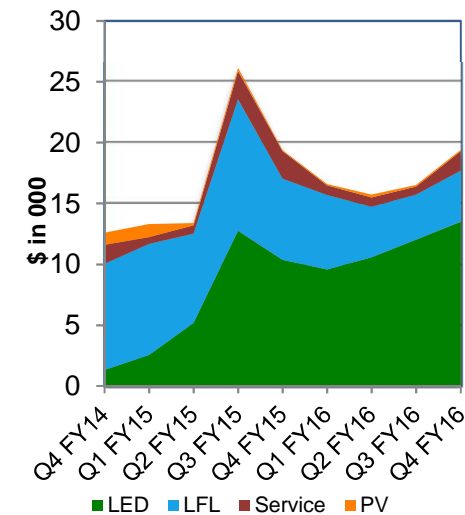
## DRIVE INNOVATION

- Opened innovation hub in Chicago
- Launched 32 new LED product families; 1,100 new skus
- Gen II High-Bay fixture line with industry-leading performance & efficiency
- Released wide range of sensors and control options

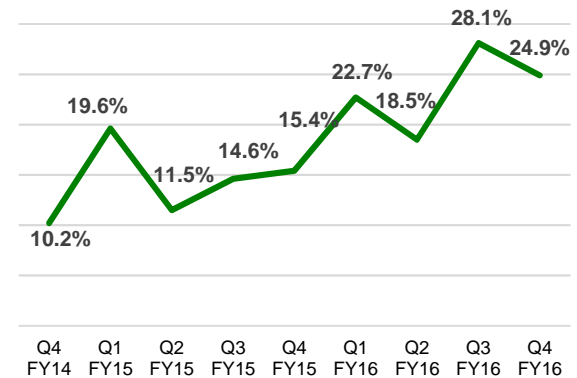
## IMPROVE MARGINS

- FY 2016 gross margin expanded by more than 850 bps to 23.7%
- LDR, High-Bay LED margins climbed to all-time highs
- LEAN initiatives and cost rationalization efforts paying off
- Shift to variable cost manufacturing model

## SALES BY PRODUCT QUARTERLY



## GROSS MARGINS



# EXPANDING DISTRIBUTION CHANNEL

CASEY ELECTRIC SALES  
MANUFACTURERS REPRESENTATIVE



# ORION HIGH BAY VS. MARKET TOP PERFORMERS

## COMPETITORS

**PREMIUM PRICE**  
MOST OPTIONS



orion  
**ISON 179 LPW**



151 LPW



142 LPW

**MID PRICE**  
MANY OPTIONS



orion  
**APOLLO 152 LPW**



113 LPW



103-108 LPW

**LOW PRICE**  
FEW OPTIONS



orion  
**HARRIS 148 LPW**



127 LPW



129 LPW

# KNOWLEDGE LEADER

## EXPERTISE DRIVES INNOVATION AND LEADERSHIP



### UNIQUELY RETROFIT

- \$200B retrofit lighting market\*
- Deep expertise in more than 12,000 projects



### INNOVATION DRIVES IP

- Industry-leading breakthroughs
- Nearly 100 patents granted / pending



### MARKET LEADER

- Highest performing high bays
- Industry's first LED troffer retrofit

\* Estimated Orion replacement value for LED in Low/High Bay, Exterior and Troffer applications.

# QUARTERLY SUMMARY

(\$ in millions)	FY16 – Q4		FY15 – Q4		QTR CHANGE FAV (UNFAV)
Revenue	\$	18.6	\$	19.4	(4.1)%
Gross Profit \$	\$	4.6	\$	3.0	54.8%
Gross Margin %		24.9%		15.4%	950 bps
Operating Expenses	\$	15.4 <sup>+</sup>	\$	7.6	(103.5)%
Operating Loss	\$	(10.8) <sup>+</sup>	\$	(4.6)	(135.1)%
Net Loss	\$	(10.9) <sup>+</sup>	\$	(4.7)	(131.6)%
Earnings Per Share	\$	(0.39) <sup>+</sup>	\$	(0.19)	(105.3)%
EBITDA*	\$	(9.9) <sup>+</sup>	\$	(3.5)	(182.9)%

## FISCAL 2016 – FOURTH QUARTER HIGHLIGHTS

- LED product sales reaches 76% of total lighting product revenues
- Gross profit reaches \$4.6 million an increase of 55% over the prior period last year

\* See Non-GAAP Reconciliation in Appendix for Adjusted EBITDA.

+ Includes goodwill impairment charge of \$4.4M, loss on pending sale of manufacturing facility of \$1.6M, and the recognition of a loss contingency and associated expenses of \$1.8 million.

# FISCAL YEAR SUMMARY

(\$ in millions)	FY16	FY15	FY CHANGE FAV (UNFAV)
Revenue	\$ 67.6	\$ 72.3	(6.3)%
Gross Profit \$	\$ 16.0	\$ (1.1) <sup>(1)</sup>	N/A
Gross Margin %	23.7%	(1.6)% <sup>(1)</sup>	N/A
Operating Expenses	\$ 35.9 <sup>(2)</sup>	\$ 30.8	(16.6)%
Operating Income (Loss)	\$ (19.9) <sup>(2)</sup>	\$ (31.9) <sup>(1)</sup>	37.6%
Net Income (Loss)	\$ (20.1) <sup>(2)</sup>	\$ (32.1) <sup>(1)</sup>	49.0%
Earnings (Loss) per share <sup>(3)</sup>	\$ (0.73) <sup>(2)</sup>	\$ (1.43) <sup>(1)</sup>	39.7%

## FISCAL 2016 HIGHLIGHTS

- LED product sales up 49%, reaching 71% of total lighting product revenues
- Gross profit reaches \$16 million an increase of 46% over the adjusted prior fiscal year
- Gross margin of 23.7% up 850 basis points over the adjusted prior fiscal year

(1) FY15 includes \$12.1 million in impairment charges in Q4 F15

(2) Q4 FY16 operating expenses include a \$4.4 million goodwill impairment charge, \$1.6 million impairment loss on assets held for sale relating to the sale/leaseback of a manufacturing facility, and the recognition of a loss contingency and associated expenses of \$1.8 million.



# BALANCE SHEET AND CASH FLOW

(\$ in millions)	BALANCE SHEET AS OF 3/31/16	BALANCE SHEET AS OF 3/31/15
Cash	\$ 15.5	\$ 20.0
Total inventory	\$ 17.0	\$ 14.3
Total current assets	\$ 51.1	\$ 55.0
Total debt	\$ 4.8	\$ 5.1
Total liabilities	\$ 24.9	\$ 23.3

(\$ in millions)	CASH FLOW TWELVE MONTHS ENDING 3/31/16	CASH FLOW TWELVE MONTHS ENDING 3/31/15
Net Loss	\$ (20.1)	\$ (32.1)
ITDA	\$ (4.5)	\$ (4.4)
EBITDA*	\$ (15.6)	\$ (27.7)
Cash flow from operations	\$ (3.4)	\$ (12.8)
Cash flow from investing	\$ (0.4)	\$ (0.7)
Cash flow from financing <sup>+</sup>	\$ (0.6)	\$ 16.0
Net cash flow <sup>+</sup>	\$ (4.5)	\$ 2.4

\* See Non-GAAP Reconciliation in Appendix for Adjusted EBITDA.  
+ FY15 includes proceeds from sale of stock of \$17.5M.

## 2017 ROADMAP

**CONTINUE TO GROW LED SALES & REVENUE**

**REMAIN THE LEADER IN PRODUCT PERFORMANCE**

**PROGRESS TOWARDS 35% GROSS MARGIN,  
10% EBITDA LONG-TERM TARGETS**

## FY 2017 GUIDANCE

- Generate a minimum of \$80 million in sales in fiscal 2017
- Gross margin expansion leading to just over 30% by the end of fiscal Q4 2017
- EPS and EBITDA to trend positively

# APPENDIX

# NON-GAAP RECONCILIATION

(\$ in millions)	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	QTR 3/31/16 GAAP	QTR 3/31/15 GAAP	QTR 3/31/16 GAAP	QTR 3/31/15 GAAP
GAAP Revenue	\$ 18.6	\$ 19.4	\$ 67.6	\$ 72.2
GAAP Net Loss	\$ (10.9)	\$ (4.7)	\$ (20.1)	\$ (32.1)
ITDA	\$ 0.9	\$ 1.2	\$ 4.5	\$ 4.4
EBITDA	\$ (9.9)	\$ (3.5)	\$ (15.6)	\$ (27.7)
Impairments *	\$ 6.0	\$ -	\$ 6.0	\$ 12.1
Loss Contingency †	\$ 1.4	\$ -	\$ 1.4	\$ -
Adj EBITDA	\$ (2.5)	\$ (3.5)	\$ (8.2)	\$ (15.6)
Adj EBITDA %	(13.4%)	(18.0%)	(12.1%)	(21.6%)

\* Twelve months ended 3/31/15 elimination of \$12.1M impairment charges related to wireless controls. Twelve months and three months ended 3/31/16 elimination of \$1.6M impairment loss on pending sale of manufacturing facility and goodwill impairment change of \$4.4M

† Twelve months and three months ended 3/31/16 loss contingency of \$1.4M.

orion

