



# INVESTOR PRESENTATION

ORIONLIGHTING.COM  
NASDAQ: OESX

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April 2017

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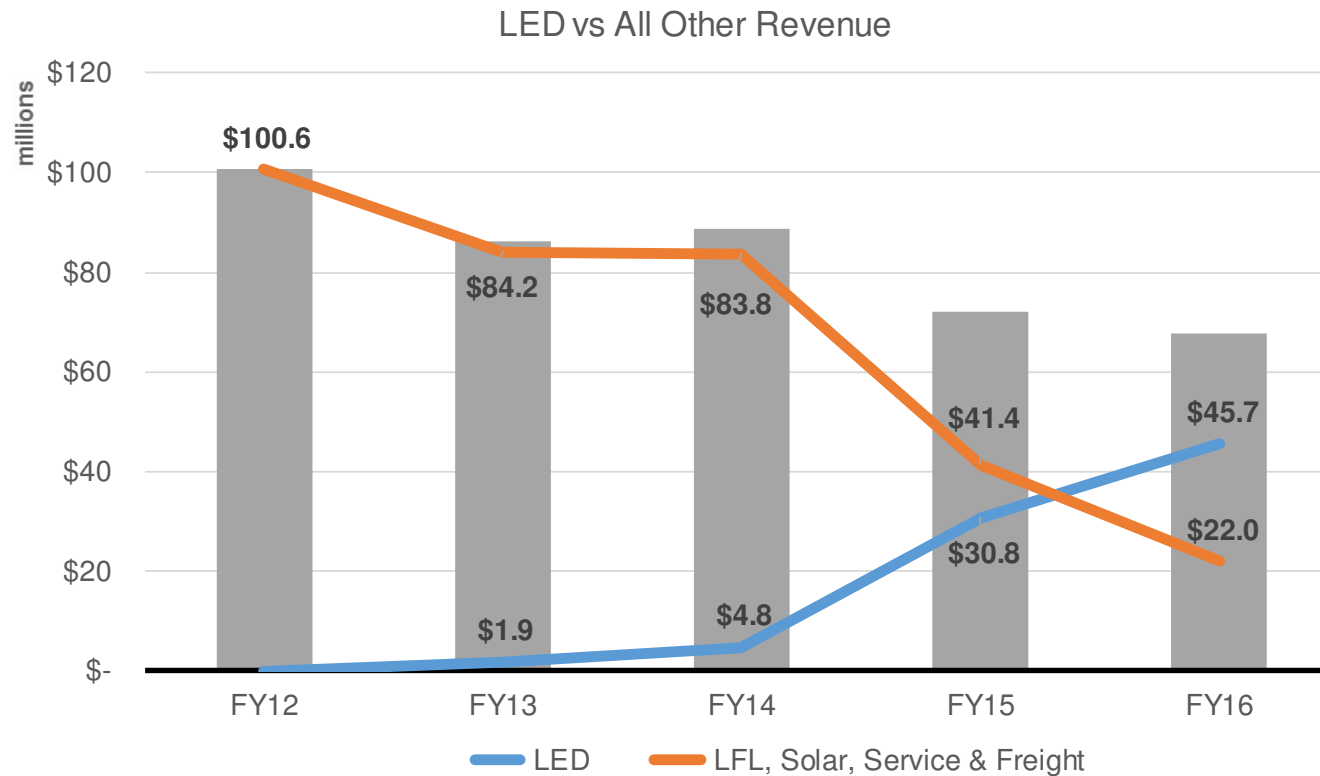
*Solving business problems for North American  
organizations using solid state lighting and  
connected ceiling applications*

# SAFE HARBOR



Certain matters discussed in this presentation are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or words of similar import. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected, including, but not limited to, the following: (i) our ability to achieve and sustain profitability and positive cash flows; (ii) our levels of cash and our limited borrowing capacity under our bank line of credit; (iii) the availability of additional debt financing and/or equity capital; (iv) our increasing reliance on third parties for the manufacture and development of products and product components; (v) our increasing emphasis on selling more of our products through third party distributors and sales agents; (vi) our lack of major sources of recurring revenue and the potential consequences of the loss of one or more key customers or suppliers, including key contacts at such customers; (vii) the deterioration of market conditions, including our dependence on customers' capital budgets for sales of products and services; (viii) our ability to complete and execute our strategy in a highly competitive market and our ability to respond successfully to market competition; (ix) our ability to successfully implement our strategy of focusing on lighting solutions using Light Emitting Diode ("LED") technologies in lieu of traditional High Intensity Fluorescent ("HIF") lighting upon which our business has historically relied; (x) the market acceptance of our products and services; (xi) our ability to realize expected cost savings from cost reduction initiatives; (xii) our development of, and participation in, new product and technology offerings or applications; (xiii) our ability to effectively manage the growth of our business, including expansion of our Orion Distribution Services division; (xiv) adverse developments with respect to litigation and other legal matters pursuant to which we are subject, including the ongoing litigation initiated against us by our former chief executive officer; (xv) our failure to comply with the covenants in our revolving credit agreement; (xvi) the increasing duration of customer sales cycles; (xvii) our fluctuating quarterly results of operations as we focus on new LED technologies and continue to focus investing in our third party distribution sales channel; (xviii) our ability to recruit, hire and retain talented individuals in all disciplines of our company; (xix) our ability to recruit and hire sales talent to increase our in-market sales and our ability to pursue an expanded third-party sales channel through distribution and sales agents; (xx) price fluctuations, shortages or interruptions of component supplies and raw materials used to manufacture our products; (xxi) our ability to effectively manage our product inventory to provide our products to customers on a timely basis; (xxii) our ability to defend our patent portfolio; (xxiii) a reduction in the price of electricity; (xxiv) the cost to comply with, and the effects of, any current and future government regulations, laws and policies; (xxv) potential warranty claims in excess of our reserve estimates; and (xvi) the other risks described in our filings with the SEC. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://www.orionlighting.com> in the Investor Relations section of the Company's Web site.

# REVENUE GROWTH



	Revenue				
	FY12	FY13	FY14	FY15	FY16
LED	\$ -	\$ 1.9	\$ 4.8	\$ 30.8	\$ 45.7
Non-LED	\$ 100.6	\$ 84.2	\$ 83.8	\$ 41.4	\$ 22.0
Total	\$ 100.6	\$ 86.1	\$ 88.6	\$ 72.2	\$ 67.6

	Rev Growth vs Prior Year				
LED		<i>nmf</i>	156.9%	538.8%	48.1%
Non-LED		-16.3%	-0.5%	-50.6%	-46.9%
Total		-14.4%	2.9%	-18.5%	-6.3%

# INVESTMENT THESIS



Orion provides smart and connected LED lighting for commercial, institutional, and industrial users to fund solutions to business problems.

## At a Glance

- Highest performing technology in market
- 82% LED lighting sales (18% fluorescent)
- \$200B addressable retrofit market
- Early developer of Industrial Internet of Things ("IIoT"); patents dating back to 2008

## Improving Fundamentals

	FYQ3 YoY	YTD through FYQ3
Sales Growth:	23%	12%
EPS Growth:	47%	47%
Gross Profit Margin:	30% (+180 bps)	30% (+670 bps)

## Strong Balance Sheet (12/31/16)

- \$19.1M Cash
- \$6.3M Debt
- 0.15X Debt to Equity

## Attractive Valuation (4/1/17)

- \$56M Market Cap
- \$42M Enterprise Value
- 0.58X Enterprise Value to Sales (TTM)
- 1.42X Industry EV to Sales\* (TTM)

\* Industry comps include: AYI, CREE, EFOI, LMP.TO, LYTS, & RVLT



# STRONG U.S. PRESENCE



## TECHNOLOGY CENTER

- Corporate Leadership, Sales Operations, Engineering, Accounting, IT, Marketing
- 70,000 square feet



## CORPORATE HEADQUARTERS Manitowoc, WI



## MANUFACTURING CENTER

- Fabrication, Coating, Assembly & Logistics
- 200,000 square feet



## ENGINEERED SERVICES / Jacksonville, FL

- Project Management, Engineering and New Product Development
- Essential to maintaining critical customer and partner relationships that will drive Orion's success and growth in the future



## INNOVATION HUB / Chicago, IL

- Procurement, Sales Operations, Innovation Talent
- Broadens Orion's access to a superior talent pool

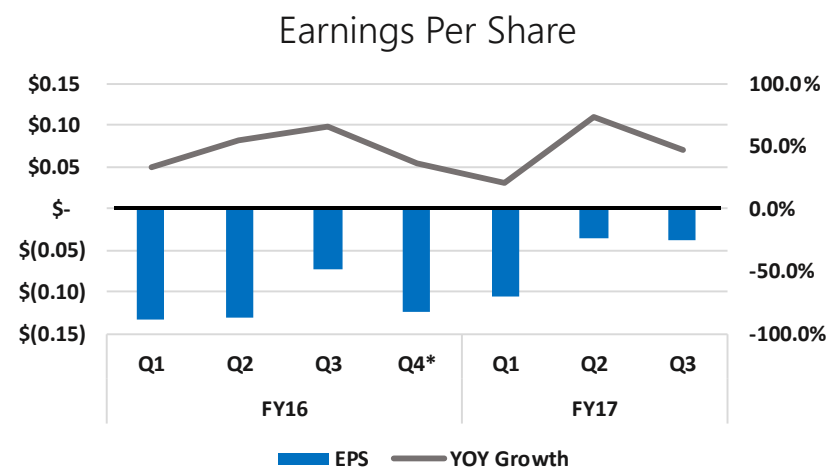
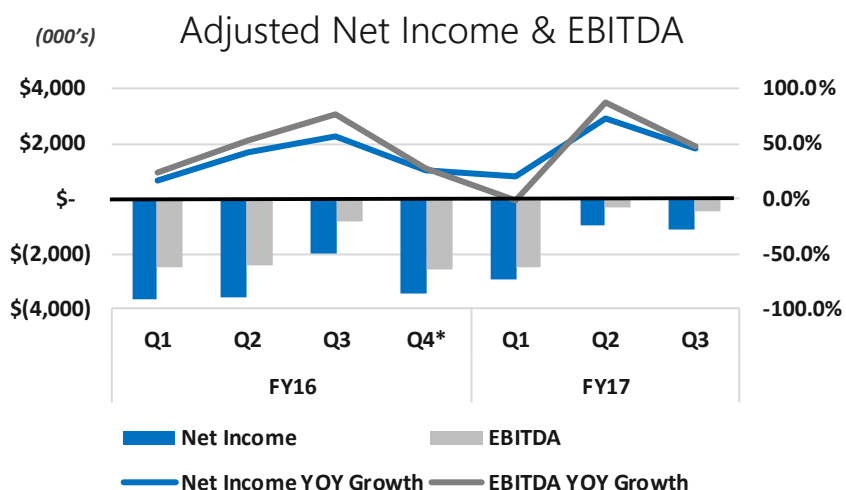
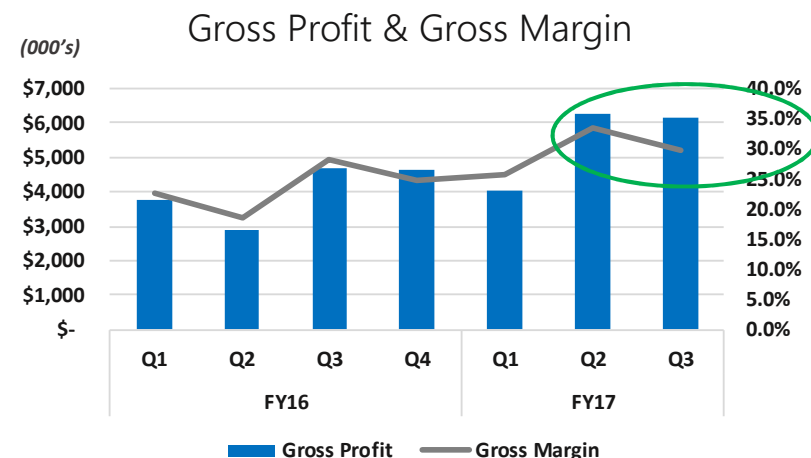
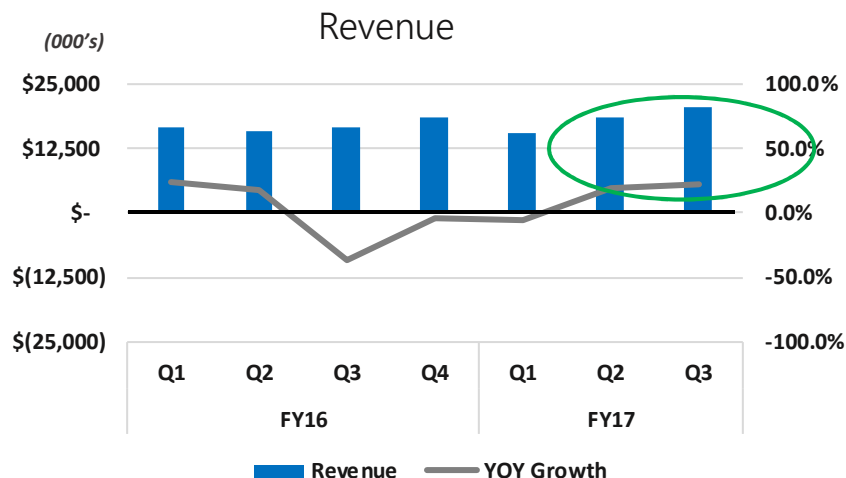


## REGIONAL DISTRIBUTION CENTER / Augusta, GA

- Hub for reducing lead times and transportation costs in getting products from shipping ports to the end user
- Particularly fast growing region due to recent acquisitions

# INVESTMENT HIGHLIGHTS

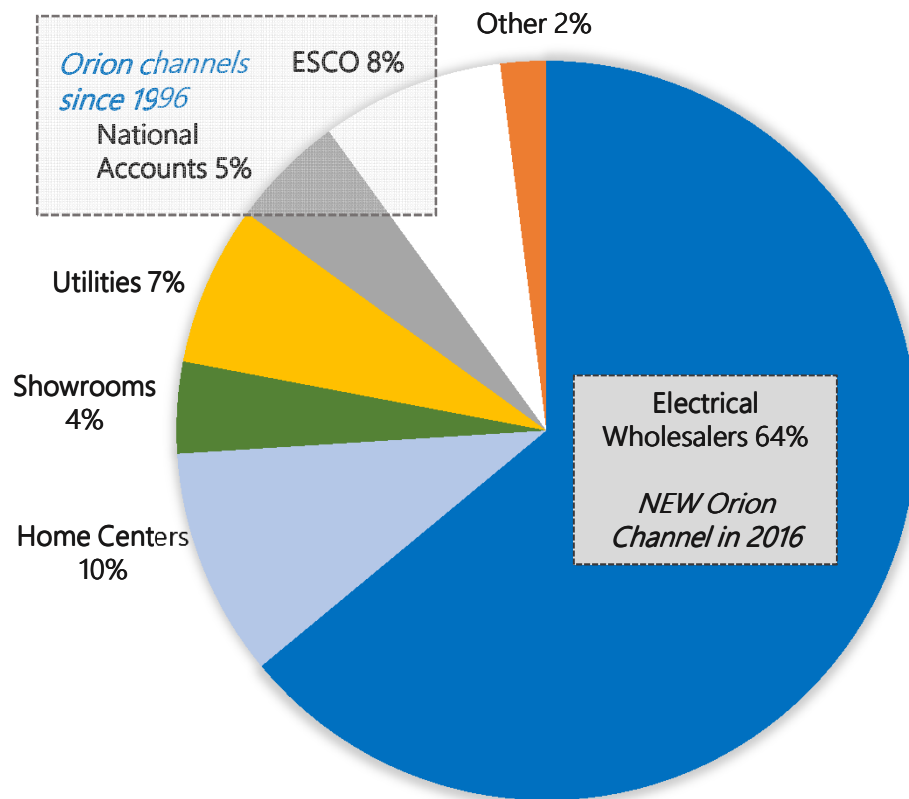
Improving business fundamentals, including quarterly YoY revenue growth of 23% and achievement of our stated gross margin goal at or near 30%



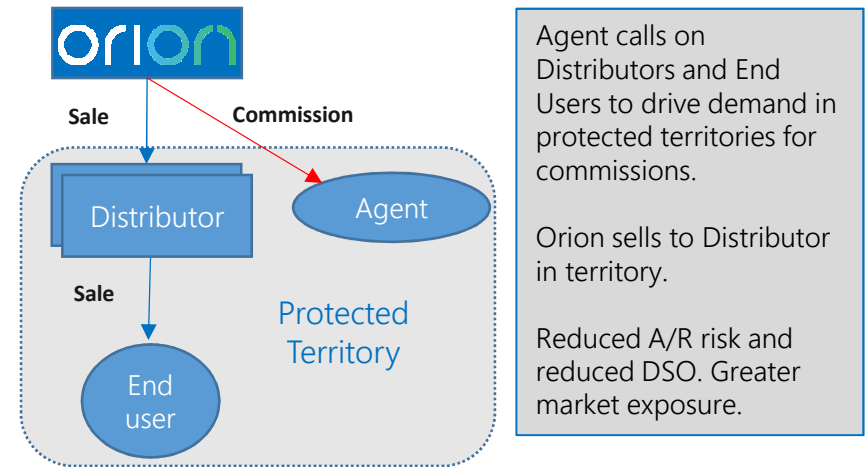
\*Q4 FY16 excludes \$1,614k impairment loss on a manufacturing facility, goodwill impairment charge of \$4,409k and loss contingency of \$1,400k; see Non-GAAP reconciliation at end of presentation

# SALES CHANNEL GROWTH

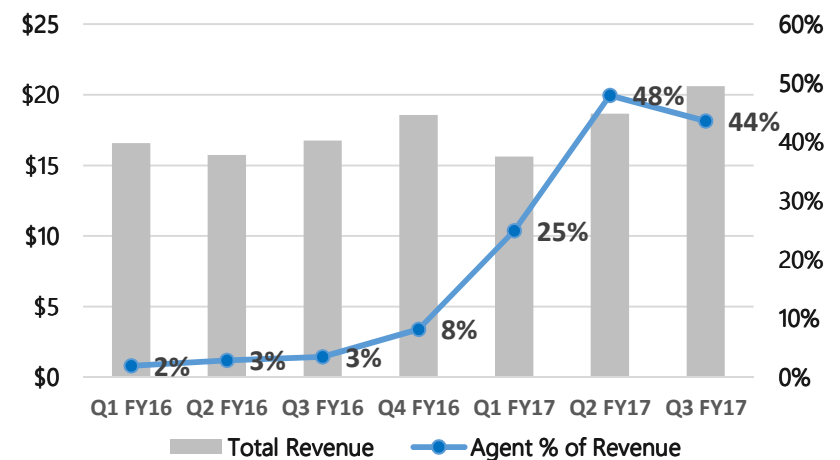
New agency partners open up the largest market segment



## Channel Sales Working Model



## Agent Revenue as % of Total Revenue



2016 Global LED Lighting Market Trends - LEDinside, Global Insight Construction, NEMA luminaires report, McGraw Hill Canadian Construction and company estimates

# CUSTOMER SAMPLING



49 Manufacturing  
Facilities



418 Bottling &  
Sales Facilities



3,000+  
Distribution &  
Retail Facilities

**Office DEPOT**  
**OfficeMax**

23 Distribution  
Facilities



183 Bottling &  
Sales Facilities



7 Manufacturing  
Facilities,  
723 Dealerships



2,000+  
Retail Facilities



400+  
Retail Facilities



316  
Retail Facilities



224  
Facilities



108 Bottling &  
Distribution  
Facilities



35  
Facilities



124 Cold & Dry  
Storage Facilities



111 Manufacturing &  
Distribution Facilities



**TOYOTA**

12 Manufacturing  
Facilities



**Winn-Dixie**

57  
Retail Facilities



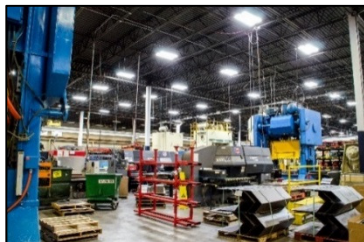
500+  
Retail Facilities



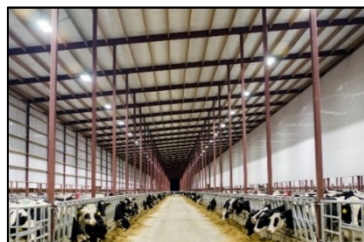
4,100+ Retail  
Facilities



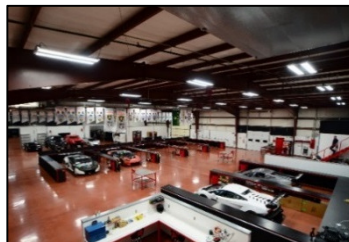
# SOLVING BUSINESS PROBLEMS WITH CONNECTED LIGHTING



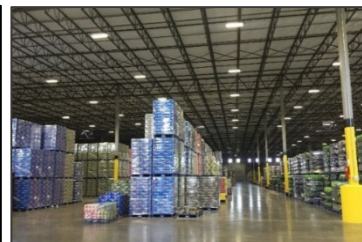
**Industrial**  
Vac-Con Inc.



**Agricultural**  
Kinnard Dairy



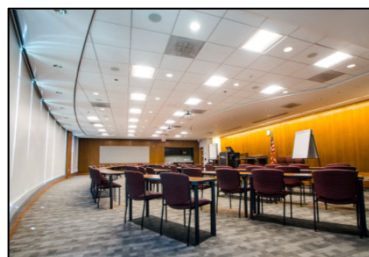
**Commercial**  
Change Racing



**Warehouse**  
Pepsi Co.



**Exterior**  
Lexus of Sacramento



**Office**  
Labor Union of Chicago



**Grocery**  
Winn Dixie



**Retail**  
Sears



**Healthcare**  
Jacksonville Surgery Center

**ASSET TRACKING** ... Locates movable assets like equipment, inventory, tools, or wheelchairs

**HEAT MAPPING** ... Maps workflow activity or retail customers for optimal traffic flow and space utilization

**WAYFINDING** ... Enables individuals to easily navigate to desired destinations

**BUILDING SECURITY** ... Provides safety for people and property

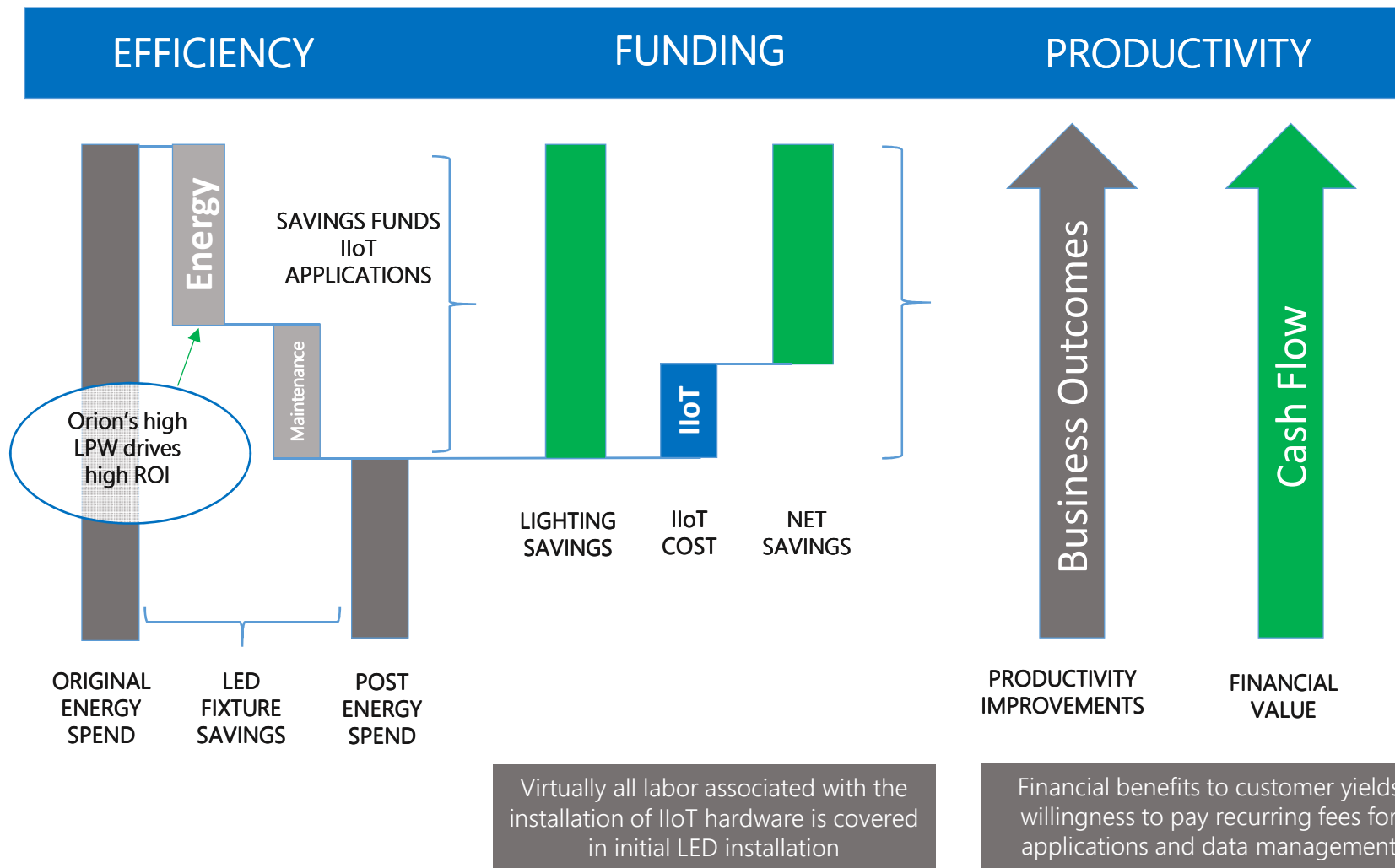
**ZONE CONTROL** ... Minimizes energy consumption, while maximizing comfort

**POWER MONITORING** ... Optimizes facility energy usage

**COLOR TUNING** ... Makes product more appealing to shoppers; creates therapeutic healing environment for hospitals

# BASIC PROPOSITION OF IIoT

The market is looking beyond energy management



# SUPERIOR PERFORMANCE MAXIMIZES CASH

Highest performing LED high bay fixture on the market

Start with the most efficient products in the world

Higher LPW means more light using less energy, ultimately saving more cash than competing fixtures

## ISON CLASS (Premium Price)

High Performance

High Output



214 LPW



177 LPW

## APOLLO CLASS (Middle Price)

Mid-Range Output



152 LPW



155 LPW

## HARRIS CLASS (Low Price)

Basic Options



148 LPW

## COMPETITORS



176 LPW



161 LPW



185 LPW



183 LPW

## COMPETITORS



113 LPW



125 LPW



142 LPW



119 LPW

## COMPETITORS



127 LPW



129 LPW

LPW = Lumens Per Watt: A measure of how much visible light is emitted by a source, divided by the power input to show an efficiency normalized across fixtures.

# COMPETITIVE ADVANTAGE

Fastest installation in the industry

Patented design significantly reduces facility disruption and installation cost

## ORION

LDR Troffer Retrofit



**0** components per fixture to assemble

- Fully assembled
- Patented design installs in under two minutes, *significantly reducing installation cost*
- Wireless controls are factory installed
- Reuses existing housing, requiring virtually no tools

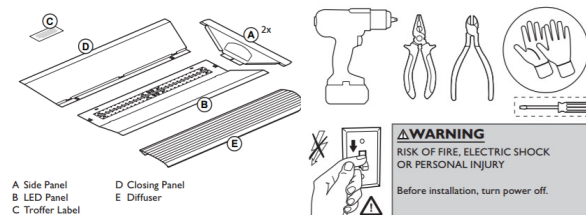
Typical Fixtures/Hour:	20
Labor Cost/Hour:	\$50.00
Labor Cost/Fixture:	\$2.50

## PHILIPS

Installation Philips EvoKit



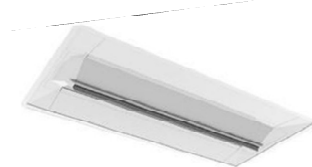
**6** components per fixture to assemble



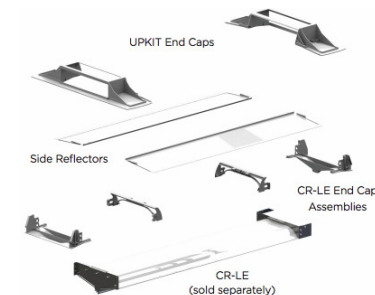
Typical Fixtures/Hour:	4
Labor Cost/Hour:	\$50.00
Labor Cost/Fixture:	\$12.50

## CREE

CPR24-UPKIT



**16** components per fixture to assemble



Typical Fixtures/Hour:	2
Labor Cost/Hour:	\$50.00
Labor Cost/Fixture:	\$25.00



# CONNECTED LIGHTING SOLVES BUSINESS PROBLEMS

Orion LED:      Better Lighting  
+      Less Energy  
+      Lower Install Cost  
=      Cash to fund new applications that solve business problems

Asset Tracking

Heat Mapping

Wayfinding

Building Security

Occupancy Control

Power Monitoring

Merchandising/Promotion

Space Utilization

Human Centric Lighting

Factory Optimization

Logistics

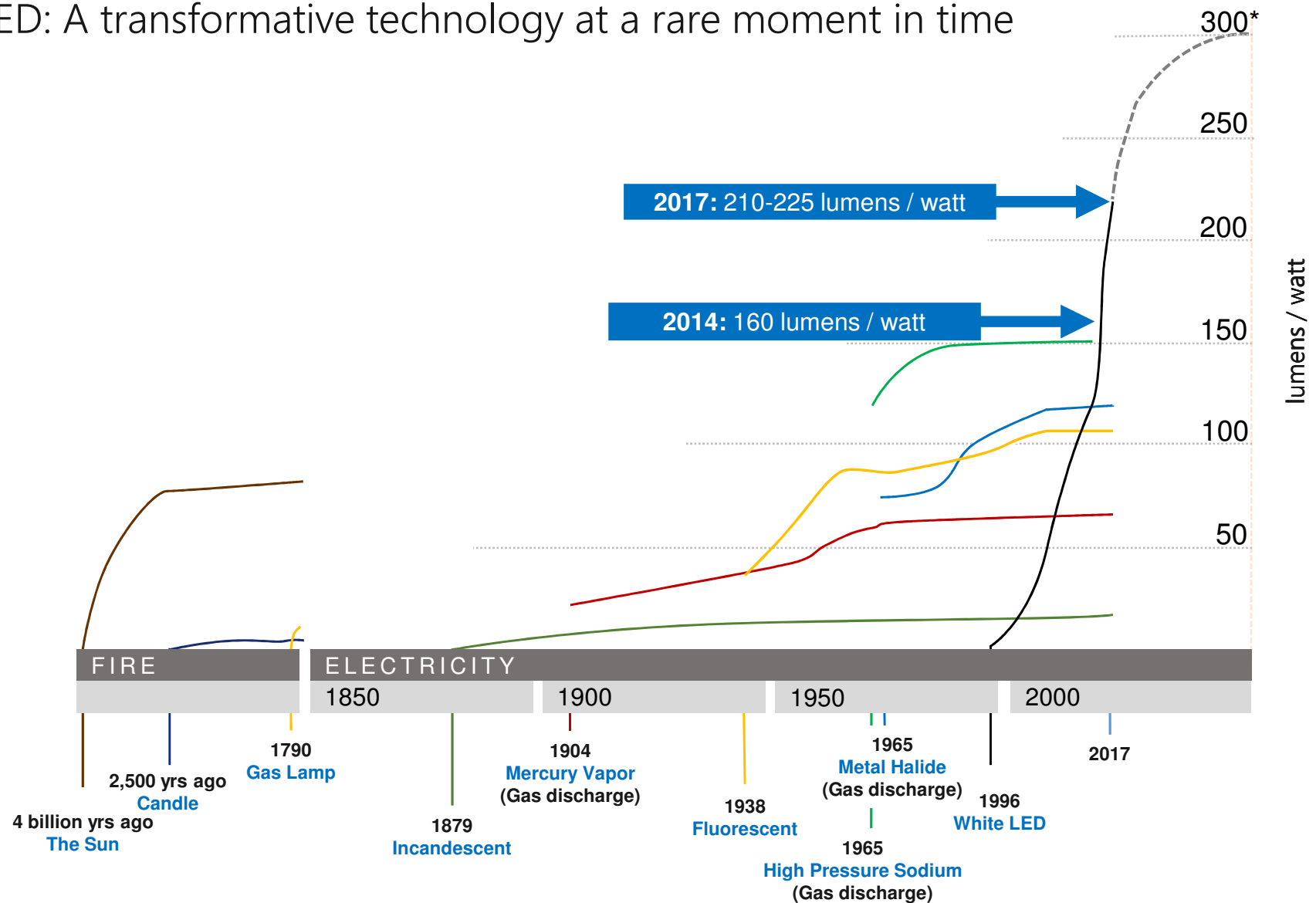
Site Traffic Flow





# HISTORY OF LIGHT

LED: A transformative technology at a rare moment in time

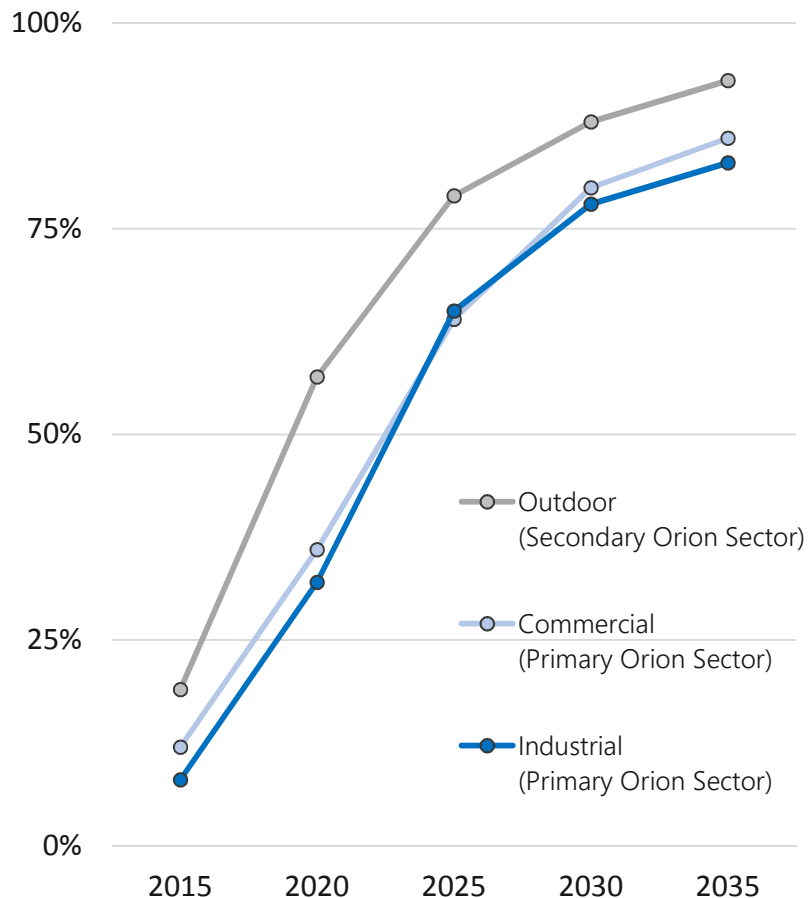


\*Theoretical maximum efficacy ~300 lm/w; Yukio Narukawa et al (Nichia), Journal of Physics.

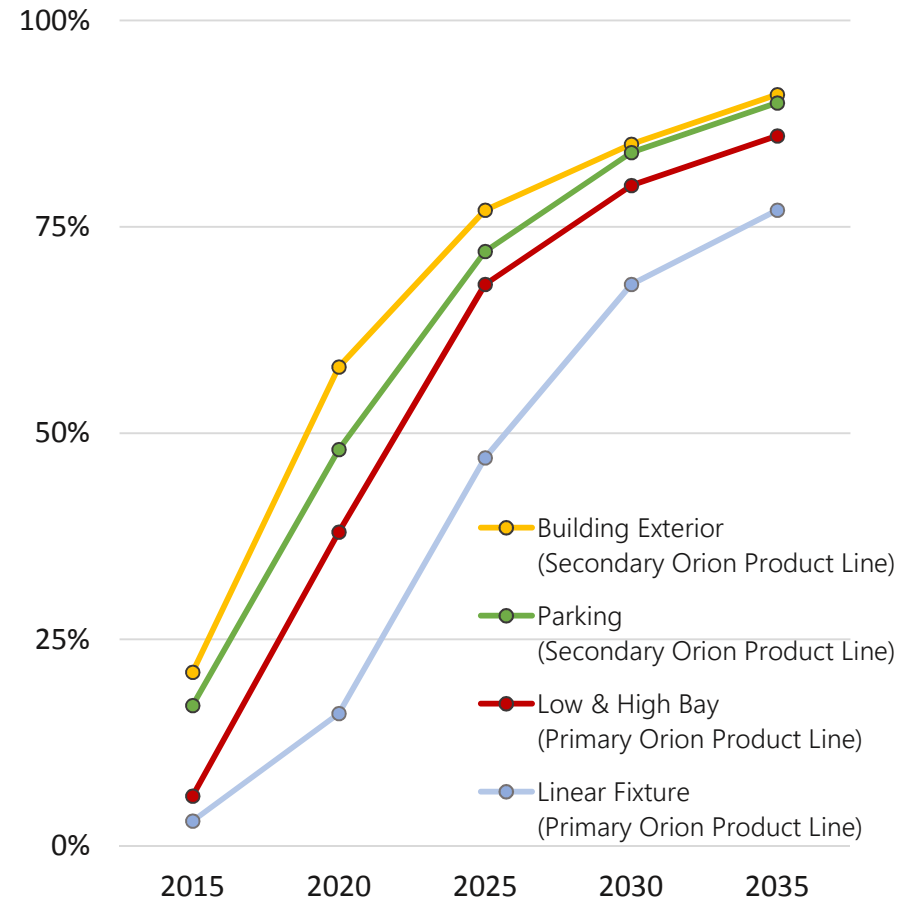
# U.S. DEPARTMENT OF ENERGY: FORECASTED LED LIGHTING GROWTH\*

Massive forecasted growth; particularly within Orion's core sectors and product lines

U.S. LED Installed Penetration  
Forecast (%) – by Sector



U.S. LED Installed Penetration  
Forecast (%) – by Product Line



\*U.S. Department of Energy: Energy Savings Forecast of Solid-State Lighting; Sept. 2016

## U.S. DEPARTMENT OF ENERGY: FORECASTED CONNECTED LIGHTING GROWTH\*

### Connected Lighting & IIoT

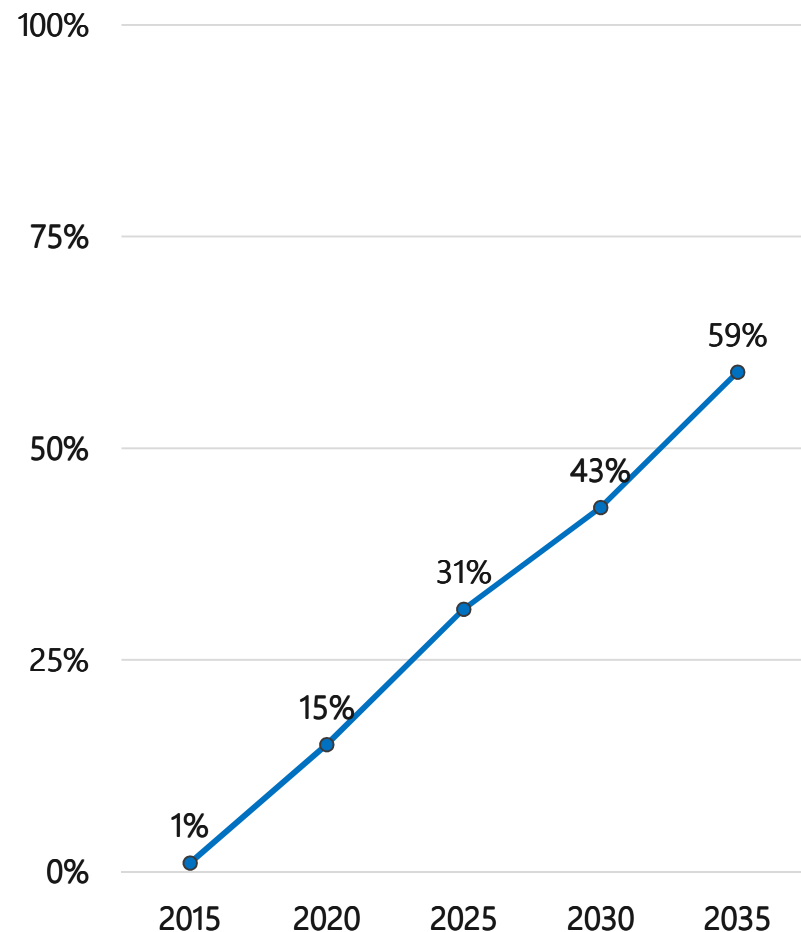
- Low penetration; yet propelled by ambitious DOE growth goals
- Massive LED adoption enabling new technologies; customer interest higher than ever

### Connected Lighting & IIoT

#### What does it mean for Orion?

- Building upon long legacy of lighting controls and automation patents
- Progress enabled by rapid development of leading fixture technology
- Charging towards the next growth frontier – connected lighting and IIoT

Installed Penetration of Connected LED Luminaires (%)



*\*U.S. Department of Energy: Energy Savings Forecast of Solid-State Lighting; Sept. 2016*

# SOLVING REAL WORLD BUSINESS PROBLEMS

Orion LED:

- + Better Lighting
- + Less Energy
- + Lower Install Cost
- = Cash to fund new applications that solve business problems



Power Monitoring

Asset Tracking

Factory Optimization

Site Traffic Flow



When Toyota selected Orion to retrofit 14 U.S. plants with industry leading Orion LED High Bay fixtures, **the resulting energy savings funded the addition of connected lighting applications**; enhancing plant operations, including data analytics for LEAN optimization, more efficient material handling, and improved safety.

# CORE STRATEGIES

## The Orion Experience



### = Customer Loyalty

- Increased repeat and referral revenue
- Reduced customer acquisition costs

## Growth



### = Performance

- IIoT platform creates recurring revenue streams
- Increased net income and earnings per share

## Product & Service



### = Pricing Power

- 95+ patents granted and pending
- New vertical applications drive margin growth
- Innovation drives margin stability

## Sales Channels



### = Increased Market Share

- Expanded market penetration in distribution
- Strong channels developed for future growth

## Build, Buy, & Partner



### = Capital Allocation

- Improved core competencies mitigate risk
- Optimized deployment of capital



## NEAR TERM STRATEGIES

Agency partnerships

- 40+ Agents
- Lighting & retrofit focused
- Continued rapid channel expansion

=

Exponential revenue growth

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Niche product development

=

Margin expansion

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Unmatched product lead time

- Made in U.S.A.
- 5 days vs typical 8 – 12 weeks

=

Quick shipments create competitive advantage

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Rapid product development cycle

- 4 – 6 mos vs typical 12+ mos

=

Speed to market & ROI

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High speed tooling opportunities

=

Lower production costs

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Competitive technology options

=

Compelling IIoT value proposition

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## Q3 FY17 HIGHLIGHTS

- Revenue rose 23% to \$20.6M
- Net loss narrowed to \$1.1M
- Gross margins rose to 30%; up from 28% in Q3 FY16
- LED revenue grew to 82% of Q3 FY17 lighting product revenue
- Shipped over 2,400 customer orders with an average revenue per transaction of \$8,457 (+32% YoY), including 43 (+65% YoY) orders over \$100,000
- Backlog increased 28% to \$9.6 million; up from \$7.5 million in Q3 FY16

# NON-GAAP RECONCILIATION

## Net Income (Loss) to Adjusted EBITDA

\$ in thousands	FY17 9m	FY16 9m
<b>GAAP Net Income (Loss)</b>	<b>\$(4,996)</b>	<b>\$(9,256)</b>
Interest	172	115
Taxes	(261)	28
Depreciation	1,103	2,320
Amortization	721	1,055
<b>EBITDA</b>	<b>(3,261)</b>	<b>(5,738)</b>
Stock-Based Compensation	1,252	1,166
<b>Adjusted EBITDA</b>	<b>(2,009)</b>	<b>(4,572)</b>

*The company has provided these non-GAAP measurements to help investors better understand its core operating performance. Among other things, management uses EBITDA and Adjusted EBITDA to evaluate performance of the business because it believes these measurements enable it to make better period-to-period evaluations of the financial performance of core business operations. These non-GAAP measurements are intended only as a supplement to the comparable GAAP measurements.*

# PROFIT & LOSS

*(Amounts in thousands, except share and per share data)*

	<b>Three Months Ended December 31</b>		<b>Nine Months Ended December 31</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Total revenue</b>	<b>\$ 20,617</b>	<b>\$ 16,751</b>	<b>\$ 54,921</b>	<b>\$ 49,067</b>
<b>Gross profit</b>	<b>6,155</b>	<b>4,709</b>	<b>16,425</b>	<b>11,379</b>
<b>Income (loss) from operations</b>	<b>(1,028)</b>	<b>(1,942)</b>	<b>(5,275)</b>	<b>(9,112)</b>
<b>Net income (loss)</b>	<b><u>(1,086)</u></b>	<b><u>(2,004)</u></b>	<b><u>(4,996)</u></b>	<b><u>(9,256)</u></b>
Diluted net income (loss) per share	(0.04)	(0.07)	(0.18)	(0.34)
Weighted-average common shares and share equivalents outstanding	28,258,742	27,671,633	28,106,209	27,584,288

# BALANCE SHEET

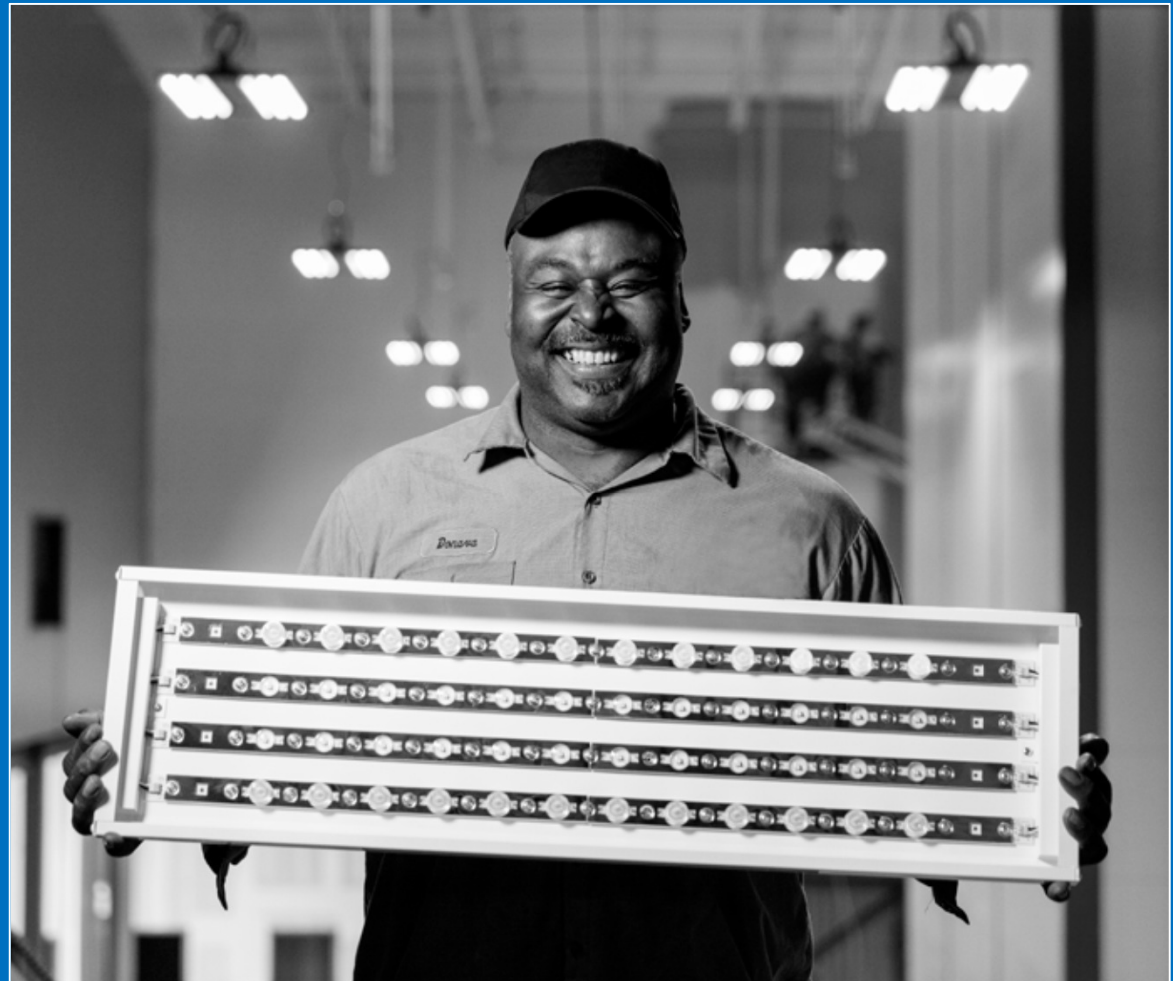
*(Amounts in thousands)*

	As of December 31, 2016	As of March 31, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 19,118	\$ 15,542
Other current	31,320	32,988
<b>Total current assets</b>	<b>50,438</b>	<b>48,530</b>
Property and equipment, net	13,850	17,004
Other intangible assets, net	4,579	5,048
Other	171	293
<b>Total assets</b>	<b>69,038</b>	<b>70,875</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	18,280	18,302
Other current	879	989
<b>Total current liabilities</b>	<b>19,159</b>	<b>19,291</b>
Revolving credit facility	5,882	3,719
Other	1,622	1,882
<b>Total liabilities</b>	<b>26,663</b>	<b>24,892</b>
<b>Total shareholders' equity</b>	<b>42,375</b>	<b>45,983</b>
<b>Total liabilities and shareholders' equity</b>	<b>69,038</b>	<b>70,875</b>



*Orion changes the way customers think about commercial and industrial lighting companies. We envision a world with full service offerings, friendly and competent staff, an unexpected customer experience, and the best performance around; providing solutions that make our customers heroes in their organizations.*

Customer Hero:  
Vac-Con, Inc.



orion