



ORION ENERGY SYSTEMS, INC.

ANNUAL SHAREHOLDER MEETING

SEPTEMBER 6, 2018

Orion Energy Systems Headquarters, Manitowoc WI



ORION ANNUAL SHAREHOLDER MEETING

Mike Altschaefl
CEO & Board Chair

ABOUT ORION ENERGY SYSTEMS

Orion provides enterprise-grade LED lighting and energy project solutions

Value proposition:

- 50% or greater reduction in energy costs
- Overall improvement in both quantity and quality of light
- Typical 1 – 4 year payback
- Industry leading technology including highest Lumen per Watt ISON™
- Quality service, unmatched lead times and US-based manufacturing
- Single point of accountability



*Orion's manufacturing facility,
Manitowoc WI*

ABOUT ORION ENERGY SYSTEMS

Main Products

- High bay
- Troffer (suspended ceiling)
- Linear
- Enclosed
- Exterior
- IoT Controls



Paths to Market

- National accounts
- Agent driven distribution
- Energy Service Companies (ESCOs) and resellers

Markets

- Industrial
- Commercial
- Retail
- Automotive
- Food storage
- Healthcare
- Agriculture
- Public sector

STRONG U.S. PRESENCE



TECHNOLOGY CENTER

- Corporate Leadership, Sales Operations, Engineering, Accounting, IT, Marketing



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

COMPETITIVE POSITION & GROWTH STRATEGIES



Focus on Industry Leading Technology

- Product performance, energy efficiency and thought leadership deliver more rapid ROI and future proof lighting options



Focus on Customer Experience

- Genuine, high quality, high touch service that larger competitors cannot provide
- Quality and reliability statistics are front and center on website
- Unique capability to perform turnkey projects including custom engineering, design and project management services



Nimble, Rapid Response, Fast Shipments

- Unmatched product lead times; typically 10 days or less
- 99% on-time shipping
- Made in U.S.A.



Rapid Product Development = Greater Speed to Market

- 4 – 6 months vs. typical 12+ months
- Designed to reduce installation and maintenance costs
- Rapid market adaptability utilizing continuous advancements in LED technology



Broad Sales Reach Across North America

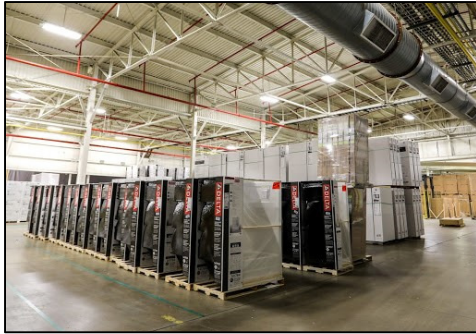
- National accounts
- Energy Service Companies (ESCOs) and resellers
- Agent driven distribution network



Leverage Strong Customer Base from 20+ Years in Industry for Orion and 50+ Years for Harris

- Past customer install base provides significant LED retrofit opportunity
- Massive LED adoption provides platform for enabling new technologies
- Connected ceiling and IoT systems offer future growth potential and added ROI for Orion solutions

BROAD MARKET ACCEPTANCE



Commercial: Delta Faucet



Healthcare: Jacksonville Surgery Ctr



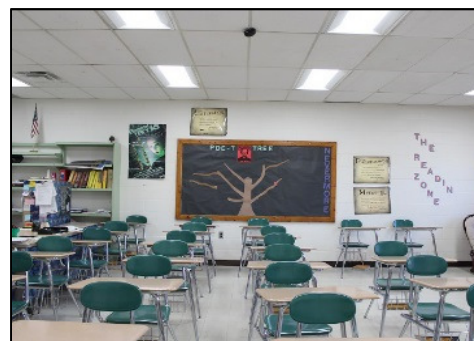
Office: Chicagoland Laborers



Exterior: Lexus of Sacramento



Agricultural: Kinnard Dairy

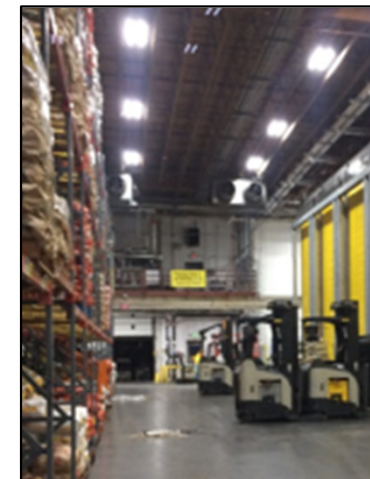


Education: Spencer School District

Industrial: Toyota



Grocery: Kroger Distribution



LONG TERM CUSTOMERS



40+ Manufacturing
Facilities



400+ Bottling &
Sales Facilities



3,000+
Distribution &
Retail Facilities

Office DEPOT
OfficeMax

20+ Distribution
Facilities



180+ Bottling &
Sales Facilities



14 Manufacturing
Facilities and 700+
Dealerships



2,000+
Retail Facilities



400+
Retail Facilities



400+
Retail Facilities



3
Distribution Centers



100+ Bottling &
Distribution
Facilities



30+
Facilities



140+ Distribution
Facilities



100+ Manufacturing &
Distribution Facilities



TOYOTA

12+ Manufacturing
Facilities



Winn-Dixie

50+
Retail Facilities



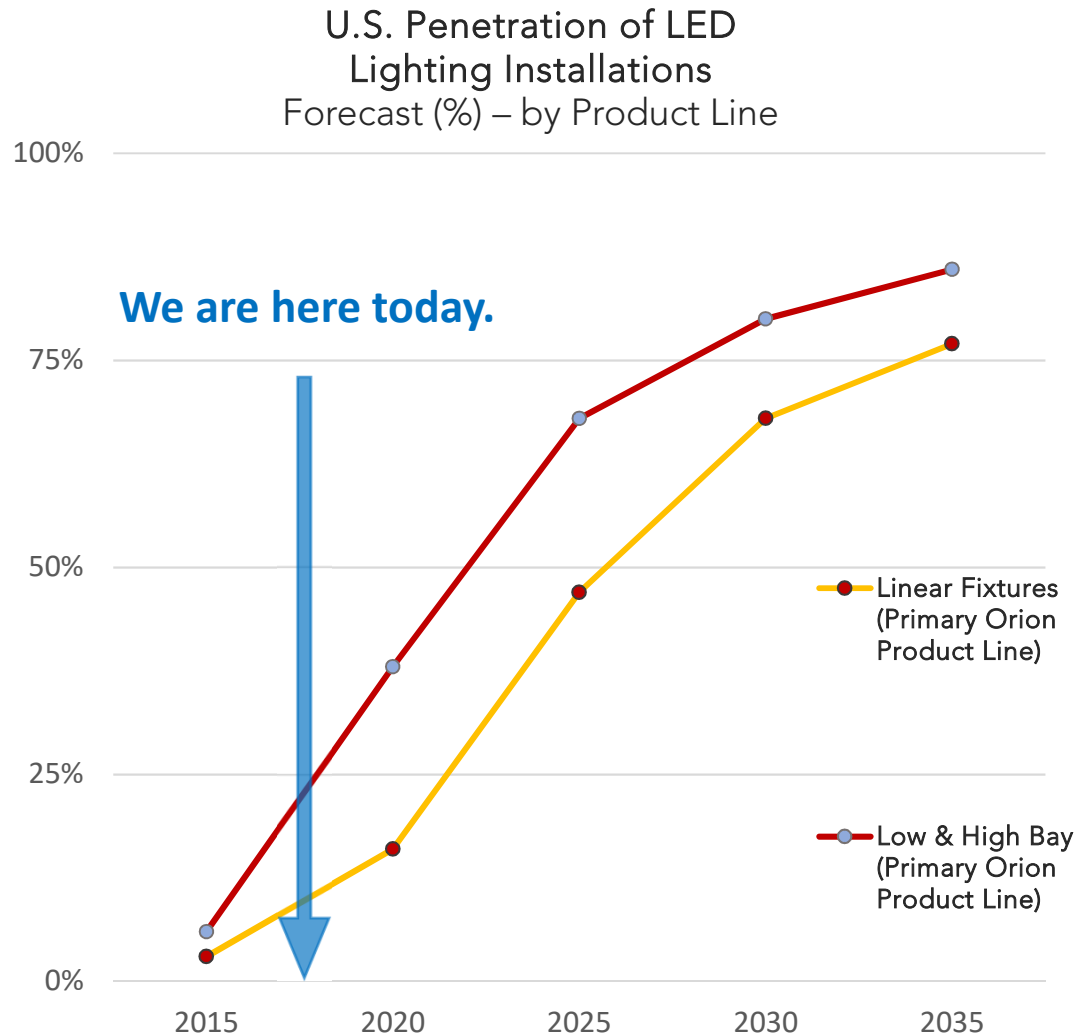
500+
Retail Facilities



5,000+
Retail Facilities

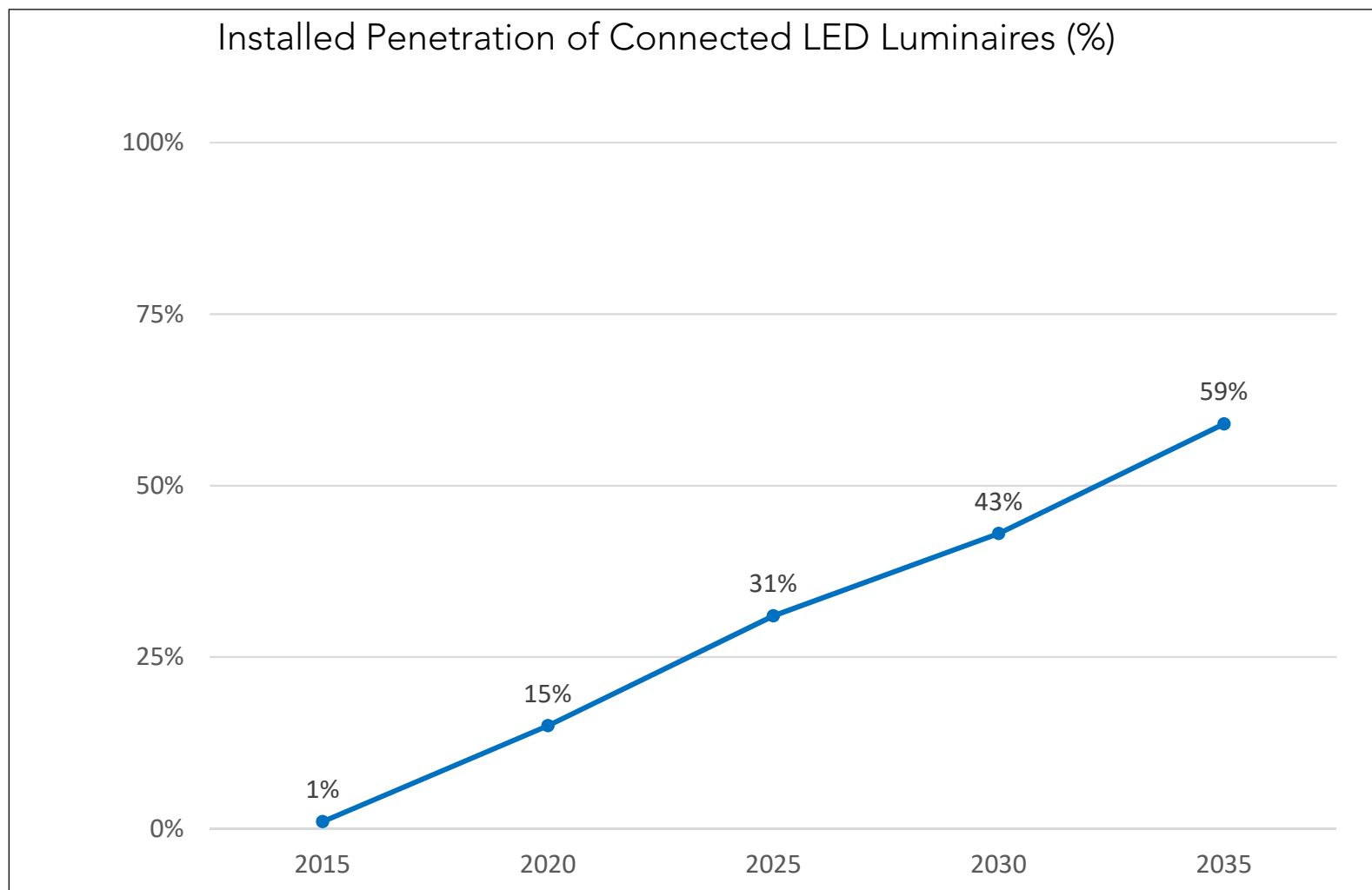
LED LIGHTING GROWTH FORECAST

LED market projected to grow to >75% of installed lighting in key Orion segments:



*U.S. Department of Energy: *Energy Savings Forecast of Solid-State Lighting in General Illumination Applications*; September 2016

CONNECTED LED LIGHTING GROWTH FORECAST



*U.S. Department of Energy: *Energy Savings Forecast of Solid-State Lighting in General Illumination Applications*; September 2016

FISCAL 2019 REVENUE PROGRESS

1. Revenue growth of 10.1% in Q1 of fiscal 2019
2. Automotive revenue for fiscal 2019 estimated to exceed \$15,000,000
3. Continued progress on significant retail and healthcare national account opportunities
4. Public sector activity strong with the award of over 30 U.S. Post Offices year to date
5. Fiscal 2019 bookings through August 31 are approximately 30% ahead of fiscal 2018

ORION ANNUAL SHAREHOLDER MEETING

Bill Hull
Chief Financial Officer

YEAR END SUMMARY

(\$ in millions, except loss per share)	TWELVE MONTHS ENDED	
	3/31/18	3/31/17
Revenue	\$ 60.3	\$ 70.2
Gross Margin %	24.3%	24.7%
Operating Expenses	\$ 27.7	\$ 29.9
Operating Loss	\$ (13.0)	\$ (12.5)
Net Loss	\$ (13.1)	\$ (12.3)
Loss per share	\$ (0.46)	\$ (0.44)
EBITDA*	\$ (10.7)	\$ (10.0)

*See Non-GAAP Reconciliation

FISCAL 2018 HIGHLIGHTS

- A \$6 million cost reduction plan was implemented in FY 2018 of which the full benefit will be realized in FY 2019.
- Continued focus on cash management resulted in improved inventory turns and accounts receivable days.

(1) FY18 includes \$1.3 million of COGS inventory adjustments/reserves and \$.7 million of operating expenses related to an intangible asset impairment

(2) FY17 includes \$2.2 million of COGS inventory adjustments/reserves and \$0.3 million of operating expense related to an intangible asset impairment

NON-GAAP RECONCILIATION

(\$ in millions, except loss per share)	TWELVE MONTHS ENDED	
	3/31/18	3/31/17
GAAP Revenue	\$ 60.3	\$ 70.2
GAAP Net Loss	\$ (13.1)	\$ (12.3)
ITDA	\$ 2.4	\$ 2.3
EBITDA	\$ (10.7)	\$ (10.0)
Impairments/Adjustments *	\$ 2.0	\$ 2.5
Adj EBITDA	\$ (8.7)	\$ (7.5)
Adj EBITDA %	(14.4%)	(10.7%)

- FY18 includes \$1.3 million of COGS inventory adjustments/reserves and \$0.7 million of operating expenses related to an intangible asset impairment; FY17 includes \$2.2 million of COGS inventory adjustments/reserves and \$0.3 million of operating expense related to an intangible asset impairment.

BALANCE SHEET AND CASH FLOW

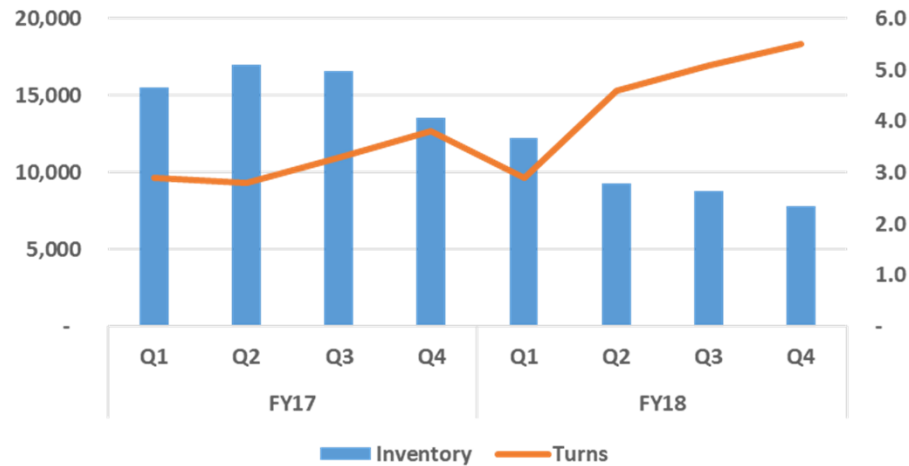
(\$ in millions)	BALANCE SHEET AS OF 3/31/18	BALANCE SHEET AS OF 3/31/17
Cash & Equivalents	\$ 9.4	\$ 17.3
Receivables	\$ 8.7	\$ 9.2
Inventory	\$ 7.8	\$ 13.6
Total Assets	\$ 45.3	\$ 62.1
Debt	\$ 4.1	\$ 7.0
Total Liabilities	\$ 21.9	\$ 26.6
Total Equity	\$ 23.4	\$ 35.5

(\$ in millions)	CASH FLOW FY ENDING 3/31/18	CASH FLOW FY ENDING 3/31/17
Net Loss	\$ (13.1)	\$ (12.3)
EBITDA*	\$ (10.7)	\$ (10.0)
Cash Flow From Operations	\$ (4.4)	\$ (1.9)
Cash Flow From Investing	\$ (0.6)	\$ 1.6
Cash Flow From Financing	\$ (2.9)	\$ 2.0
Net Cash Flow	\$ (7.9)	\$ 1.8

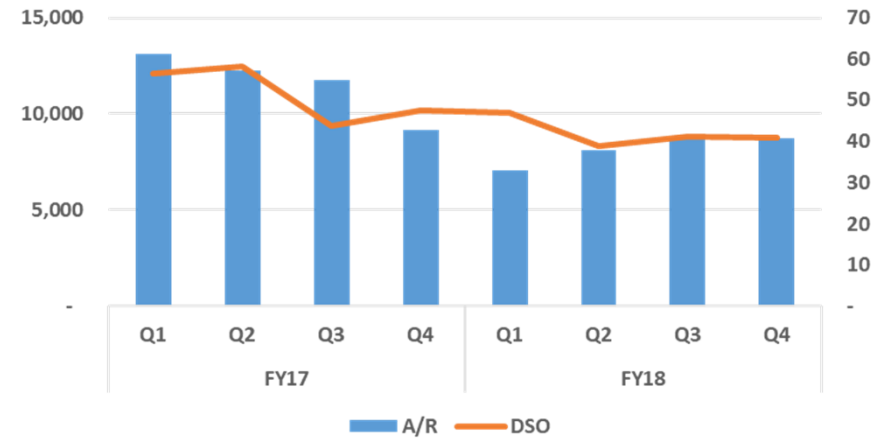
*See Non-GAAP Reconciliation

PERFORMANCE

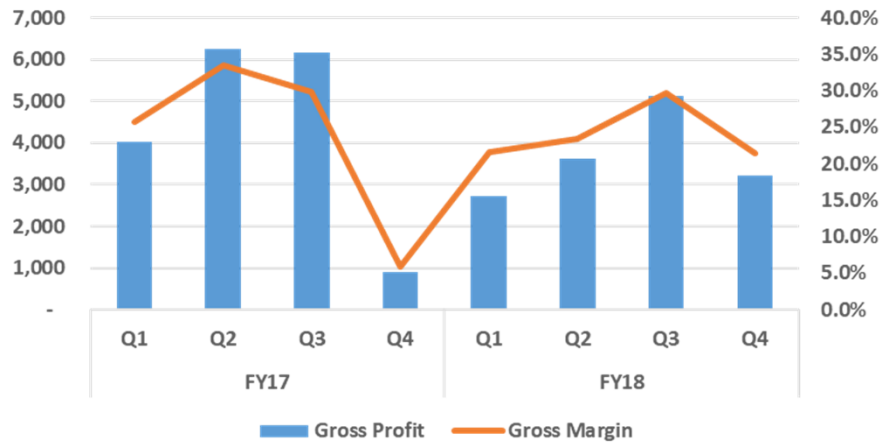
Inventory and Turns



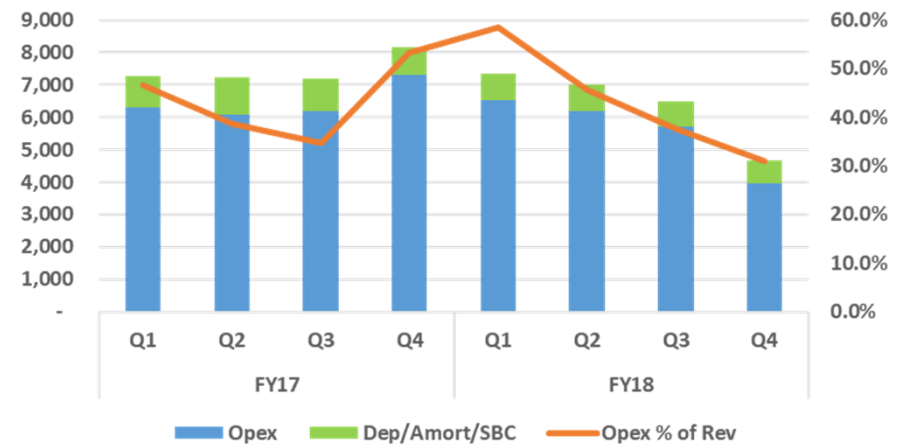
Accounts Receivable and DSO



Gross Profit and Gross Margin



Operating Expenses



- FY17 includes \$2.2 million of inventory adjustments/reserves and \$0.3 million asset impairment
- FY18 includes \$1.3 million of inventory adjustments/reserves and \$0.7 million asset impairment
- FY 2018 OPEX excludes \$2.1 million in severance expense

FY 2019 Q1 HIGHLIGHTS

- Q1'19 revenue improved 10.1% to \$13.8M versus Q1'18, principally reflecting stronger than anticipated performance from Orion's agent driven distribution channel.
- Gross margin improved 340 basis points to 25.0% in Q1'19 versus 21.6% in Q1'18.
- EBITDA loss improved by \$3.9M to (\$2.1M) in Q1'19 from (\$6.0M) in Q1'18.
- Positive cash flow from operating activities of \$0.1M in Q1'19 versus (\$5.8M) in Q1'18 and cash at the end of Q1'19 was \$7.8M.
- Total operating expenses declined to \$6.1M in Q1'19 versus \$9.2M in Q1'18, reflecting the benefit of cost cutting in FY 2018 as well as \$1.9M in non-recurring restructuring costs in Q1'18.

ORION ANNUAL SHAREHOLDER MEETING

Scott Green
Chief Operating Officer

TECHNOLOGY LEADERSHIP

Higher Lumen Per Watt performance = less energy consumption and lower operating costs

ORION ISON™ CLASS

Our premium LED light product line, **ISON™**, has the highest performing LPW output in the market.

214 LPW



COMPETITION



171 LPW



177 LPW



172 LPW

ORION APOLLO® CLASS

Mid-priced **APOLLO®** LED fixtures offer enhanced technology and performance compared to similarly priced competitors.

173 LPW



COMPETITION



153 LPW



142 LPW



152 LPW

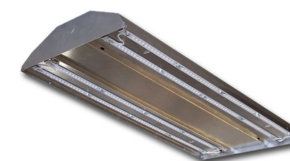
ORION HARRIS CLASS

HARRIS is our value-priced LED lighting line.

140 LPW



COMPETITION



127 LPW



127 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.

DESIGNED TO REDUCE INSTALLATION COST



LDR® TROFFER RETROFIT



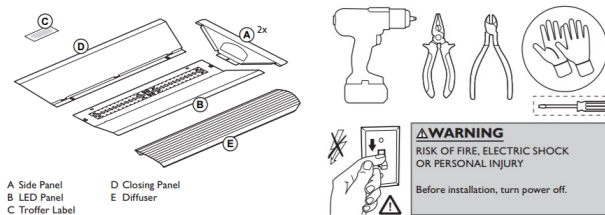
0 components to assemble

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

COMPETITOR OFFERING



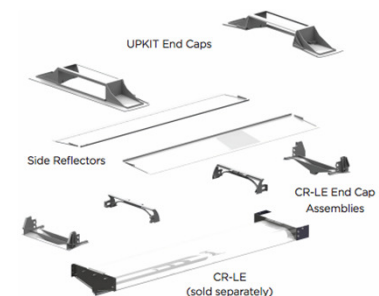
6 components per fixture to assemble



COMPETITOR OFFERING



16 components per fixture to assemble



Installation Comparison*

Fixtures installed per hour:	20
Total days to install:	2
Labor cost to install:	\$3,750

Installation Comparison*

Fixtures installed per hour:	4
Total days to install:	10
Labor cost to install:	\$18,750

Installation Comparison*

Fixtures installed per hour:	2
Total days to install:	20
Labor cost to install:	\$37,500

*Based on 1,000 fixture installation; \$75 per hour labor cost; 25 man hours per day.

DIVERSIFIED PRODUCT OFFERING

Over 20,000 configured products and countless customizable options

COMMERCIAL AND OFFICE



Commercial, retail,
hospitality



Office, hospital,
retail

ENCLOSED



Food prep, brewery,
cooler and freezer,
wash down applications



Agricultural, exterior,
high impact environment
(gymnasiums, warehouses)

LIGHT AND HEAVY INDUSTRIAL



Industrial, warehouse, manufacturing, commercial,
wholesale and distribution centers



EXTERIOR



Parking garage, surface lot,
auto dealership

FY18 NOTABLE LAUNCHES COMPLETED



Apollo high bay series
upgrades to 173 LPW



Wireless and IoT enabled
system options



Patriot contractor grade
series of high bays



LDR modular medical series



Harris 2x2 high bay series

Q1 '19 LAUNCHES



Integrated Lutron Vive Sensor



8ft MP



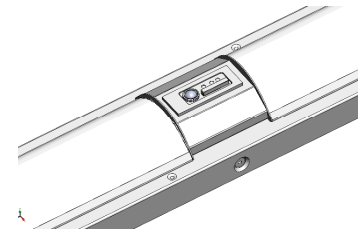
LTHE



T5 LED Tube



LSAR



SF w/sensor

New Offerings or Expansions Include:

- Lutron Vive for LDR
- Expansion of our popular MP series to include 8ft versions
- LTHE New Construction LED Troffer
- T5 LED Tube
- LSAR Retail Strip Family with IoT capabilities
- SF Strip Series controls integration expansion

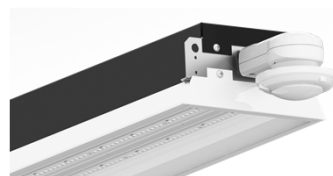
NOTABLE ON-DECK RELEASES – FALL 2018



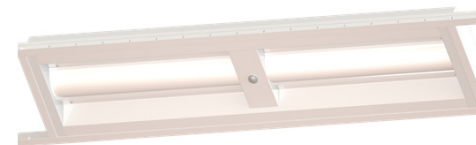
Gen 2 LSAR



Harris HP 2x2



Patriot with
Sensor Upgrade



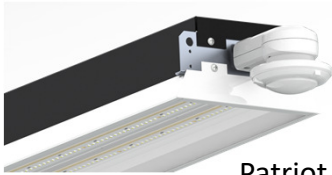
Retail Recessed
Row Retrofit

Projects On Deck	Benefit
LSAR Retrofit Gen 2	Retail application with IoT systems imbedded
Harris 2x2 High Performance	Price competitive higher LPW offerings
Patriot High Bay Sensor Upgrade	Simplification of controls integration
Recessed Row Retrofit	Retail retrofit application

EXPANSION OF IOT ENABLED DEVICES



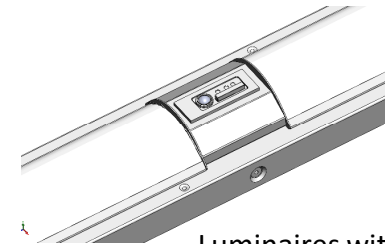
LSAR with state of the art IoT control integration



Patriot low bay with wireless Web based integration



Recessed luminaire with wireless Bluetooth systems



Luminaires with embedded wireless IoT enabled controls

All luminaires are now designed and offered with connected device compatibility

Sales of IoT connected luminaires continue to increase

Lighting systems are integrated with IoT systems to solve business concerns and provide big data to customers

ORION CASE STUDIES

GOVERNMENT

NAVAL AIR STATION

Jacksonville, Florida

LDR® (LED Door Retrofit) high bays, exteriors

\$2.1m project

2,421,145 kWh saved annually. 20+ U.S. Navy projects since 2006, 8th project at this base.

Taxpayers will save >\$260k annually on energy dollars.



RETAIL

COSTCO

Morris, Illinois

Apollo® NSF VaporTight high bays

\$230k project

Customer originally specified a large competitor but was unhappy with quality and performance.

Orion exceeded specification and delivered in an accelerated time period.



HEALTHCARE

VETERAN'S ADMINISTRATION

Puget Sound, Washington

LDRE® (LED Door Retrofit Edge)

\$199k project

Made in U.S.A., the VA designed and specified Orion from the start.

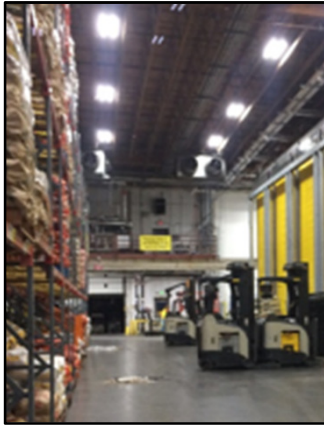
This is the 6th VA facility completed to date.



ORION CASE STUDIES

MANUFACTURING

TOYOTA Georgetown, KY



ISON™ high bay, Apollo® high bay,
LED strip retrofit kits

\$4.3m project
9,559,726 kWh saved annually
3.7 year return on investment

Resulting energy savings funded connected ceiling IoT applications, providing data analytics for LEAN optimization and translating into more efficient material handling and improved safety.

GOVERNMENT

US POSTAL SERVICE Distribution Center



Apollo® high bays, LED tubes,
LDR® (LED Door Retrofit),
exterior parking lot lighting

\$768k project
4,978,987 kWh saved annually
2.03 year return on investment

Awarded over 30 USPS locations to date for completion in FY19.

COLD STORAGE

US FOODS Alcoa, TN



Apollo® high bay
and parking lot lighting

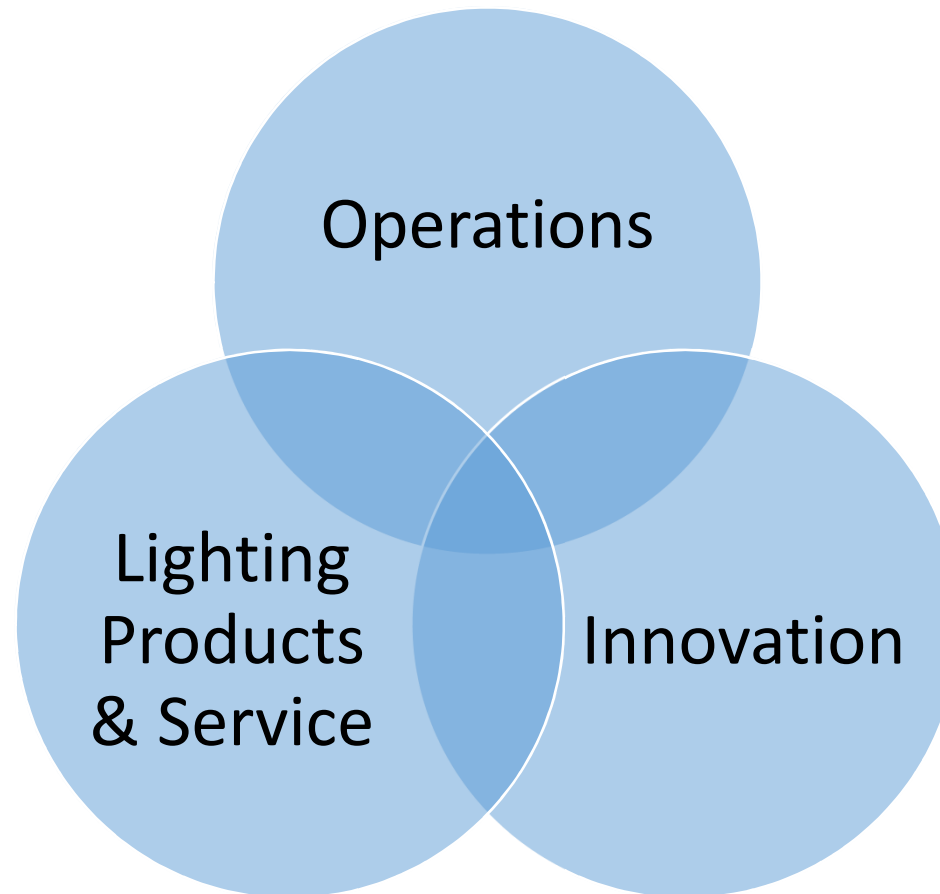
\$257k project
815,094 kWh saved annually
3 year return on investment

Won over multiple competitors based upon design and complete turnkey abilities including audit, manufacturing, installation and project management.

ORION ANNUAL SHAREHOLDER MEETING

Marc Meade
Executive Vice President

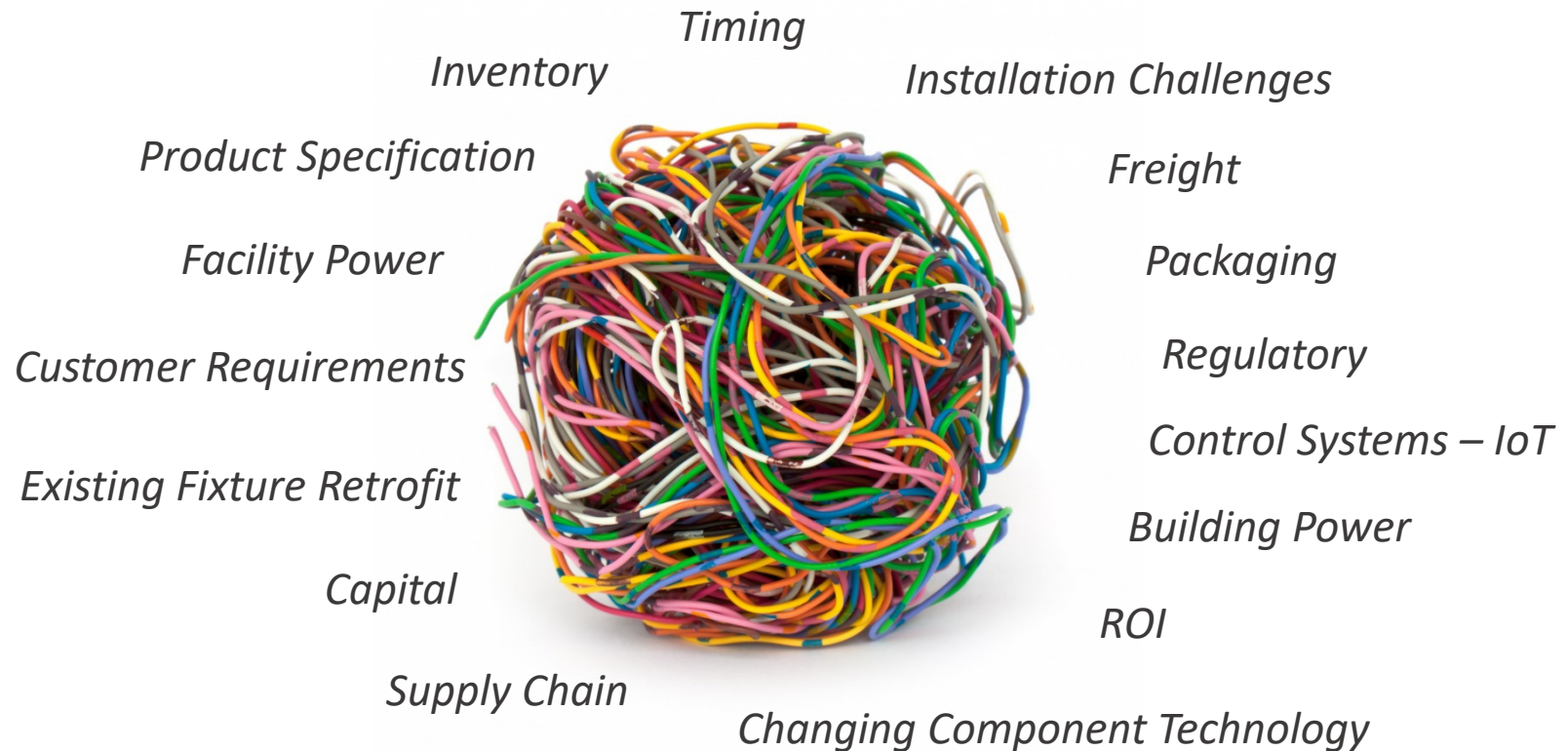
ORION OPERATIONS – ALIGNED FOR SUCCESS



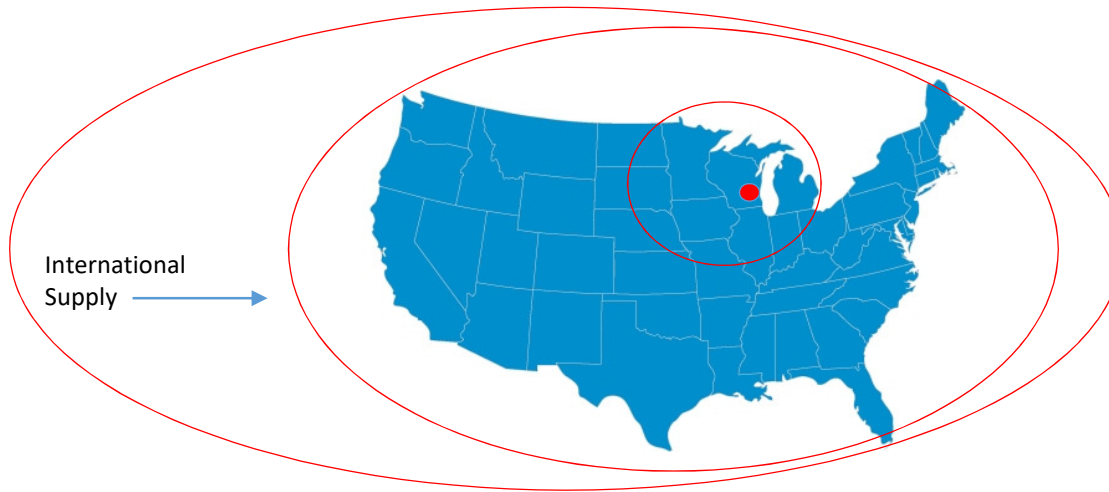
Safely and reliably deliver on-time at the cost and quality the customer expects.

WHY IT MATTERS – FLEXIBILITY AND PREPARATION

“I need lights...”



OUR OPERATIONS APPROACH



- Flexible “Local-to-Local” build-to-order production operations
- A supply chain backed by experience and integrity
- Nationwide lighting project execution coverage built on local sales and integrator partnerships

orion

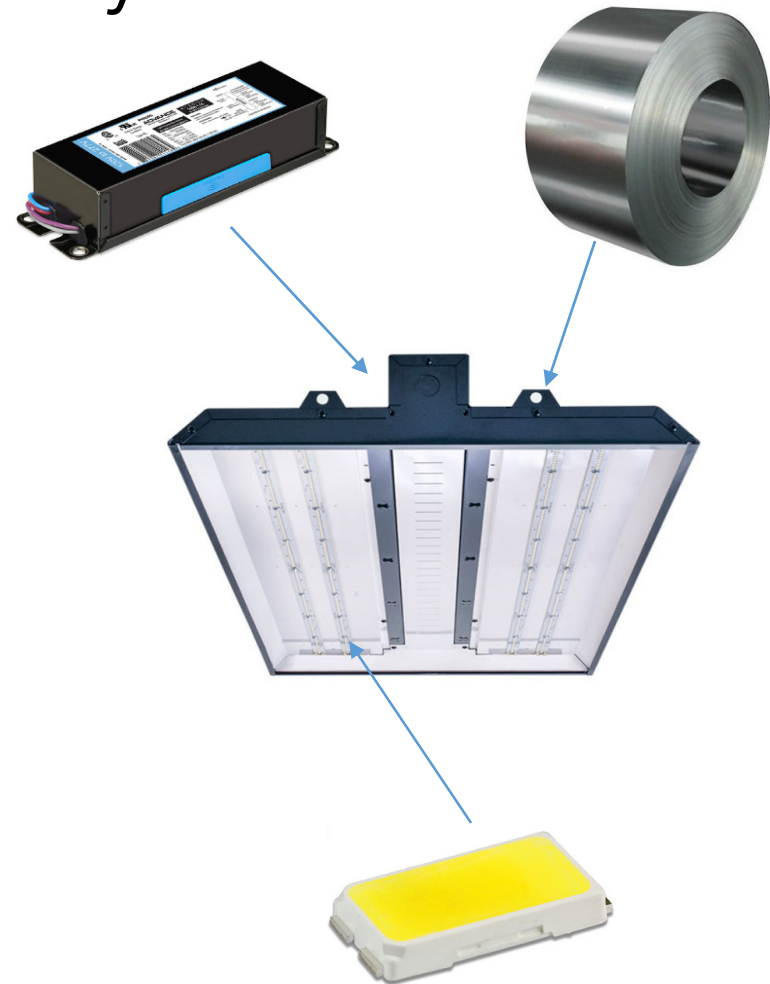


Made in the USA

SUPPLY CHAIN MANAGEMENT

Priority: Quality and Availability

- Multiple Sources
- Flexible Options
- Regulatory Management
- Inventory
- Vendor Partnerships



OPERATIONS & PRODUCT INNOVATION

- Customer Inspired
- Performance Platforms
- Features & Components
- New Markets
- Project Execution



ORION OPERATIONS - TRANSPARENCY

Quality and Reliability

<http://www.orionlighting.com/>

- On Time Shipment
- Days Out Past 10 Day Promise
- Order Quality Yield
- Product Quality

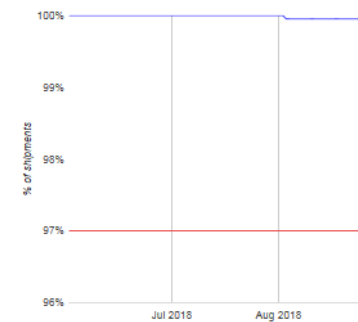
We are our customer's ally in accountability.

Orion Operations – American Made Performance

On-Time Shipment

On-time to committed customer shipment date from Orion's facility.

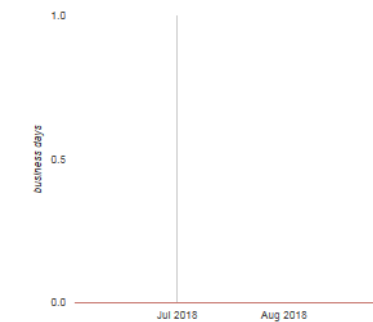
99.95 % On-Time Shipments



Days Out Past Standard Lead-Time

Number of business days past standard 10 business day lead-time promise, average for all orders.

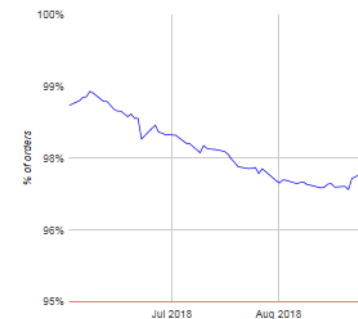
0.00 days Days-Out Past Standard Lead-Time



Order Quality Yield

"End-to-end" order quality throughout the life of the order which includes everything from order-entry to shipping.

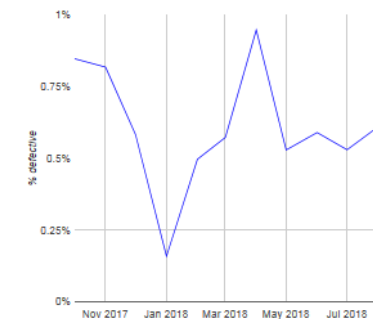
97.3 % Order Quality Yield



Product Quality

Product defect rate including production defects and component failures upon installation.

0.6089 % Product Defect Rate



ORION ANNUAL SHAREHOLDER MEETING

Mike Altschaefl
CEO & Board Chair

VISION AND MISSION

Vision

Orion provides enterprise-grade LED lighting and energy project solutions.

Mission

Be reliable.

CORE VALUES

1. Integrity: We have the courage to do the right thing. We maintain a strict adherence to honesty, ethics and equality.
2. Respect: We value the relationships with our customers, partners, suppliers and each other. We act in the same way that we want to be treated. We respect our customers and partners by keeping our promise to get their energy projects done with high quality, on schedule and on budget.
3. Flexibility: We foster a culture that supports nimbleness and timely decision making to meet the ever-changing needs of our customers and partners. We learn from our mistakes to support continuous improvement. We need to add value to everything we do.
4. Customer Promise:
 - A prompt response to your inquiry, no later than sundown the day you contacted us.
 - Full transparency of your order, inquiry or claim status.
 - Knowledgeable and courteous staff with accurate and prompt answers.
 - A full commitment to continuous improvement to achieve an exceptional customer experience.

FISCAL 2019 PRIORITIES AND KEY INITIATIVES

1. Achieve revenue growth of at least 10%
2. Achieve breakeven EBITDA by Q4 of fiscal 2019
3. Achieve gross margins of 30% by Q4 of fiscal 2019
4. Exercise cost discipline
5. Continue focus on cash management

THANK YOU



LIGHTFAIR International 2018