



# **Orion Energy Systems**

## **Southwest IDEAS Conference**

**November 17, 2011**

NYSE Amex: OESX  
[www.oesx.com](http://www.oesx.com)



# Forward Looking Statements

This presentation contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

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# Orion Energy Systems, Inc.

## *A Power Technology Enterprise*



**Technology Center and Manufacturing Operations  
Manitowoc, WI**

# A Power Technology Enterprise

## Experts in delivering

- Scalable & sustainable electrical load reduction/shifting
- Renewable generation for commercial/industrial end-users
- Exceptional ROIs
- Least cost per megawatt





## Permanent Distributed Load Reduction/Generation

Apollo® Solar Light  
Pipes: **122 kW**

Compressed Air:  
**60 kW**



Wind:  
**50 kW**

Wind:  
**20 kW**

Lighting: **134 kW**

Solar PV: **250 kW**

### Life Cycle Costs:

w/ Incentive(\$402,618): \$0.04/kWh  
w/o Incentive: \$0.0434/kWh

Base Line Usage	596 kW
PDLR	316 kW
Renewable Generation	320 kW
Load Shifting	30 kW
CO <sub>2</sub> Offsets	1,424 tons

## Significant Installed Base of Customers



**95 Completed**



**OfficeMax®**  
WORK WITH US™

**20 Completed**



**360 Completed**



**42 Completed**



**106 Completed**



**9 Completed**



**PEPSICO**

**149 Completed**



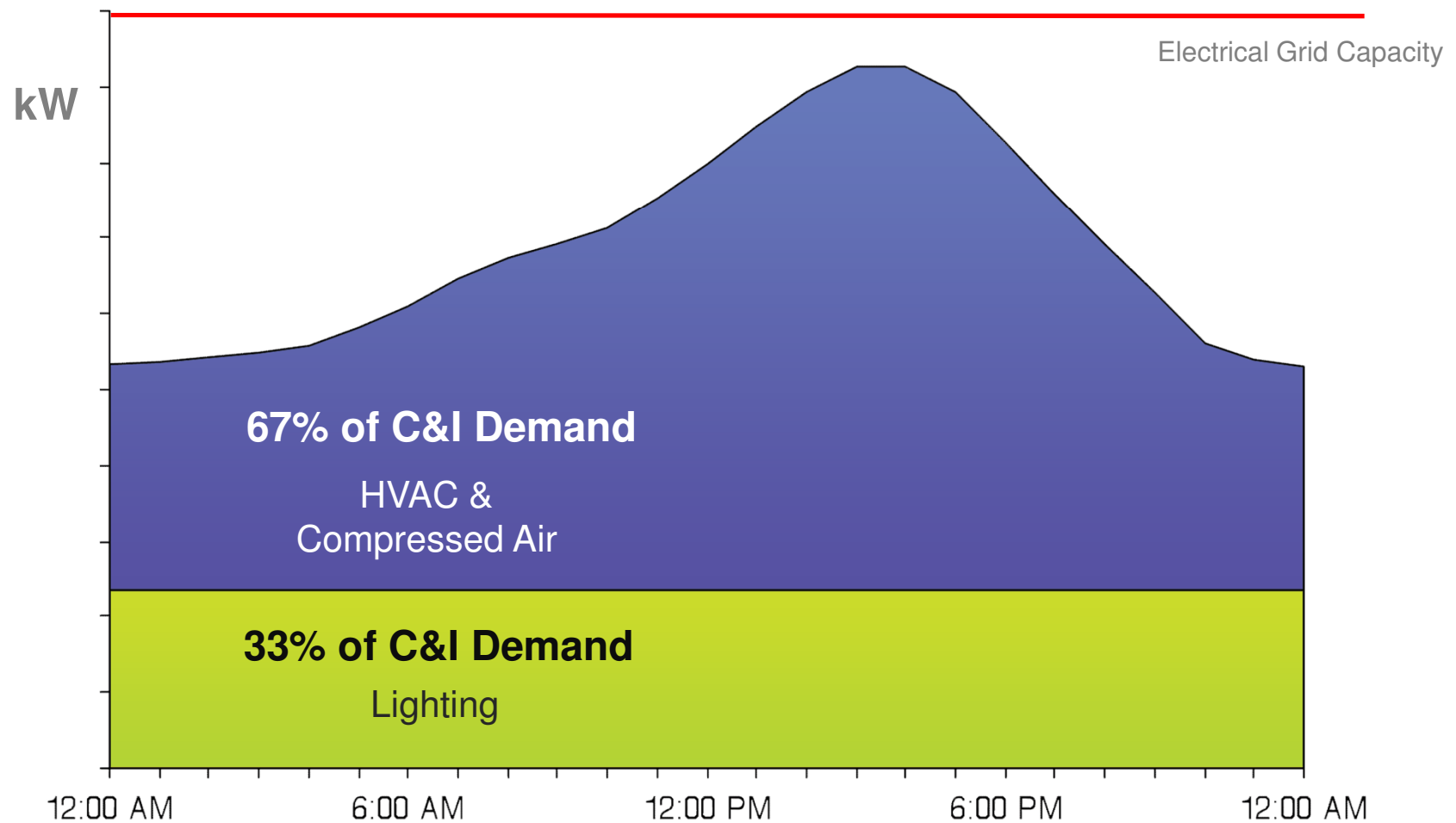
**87 Completed**

As of September 30, 2011



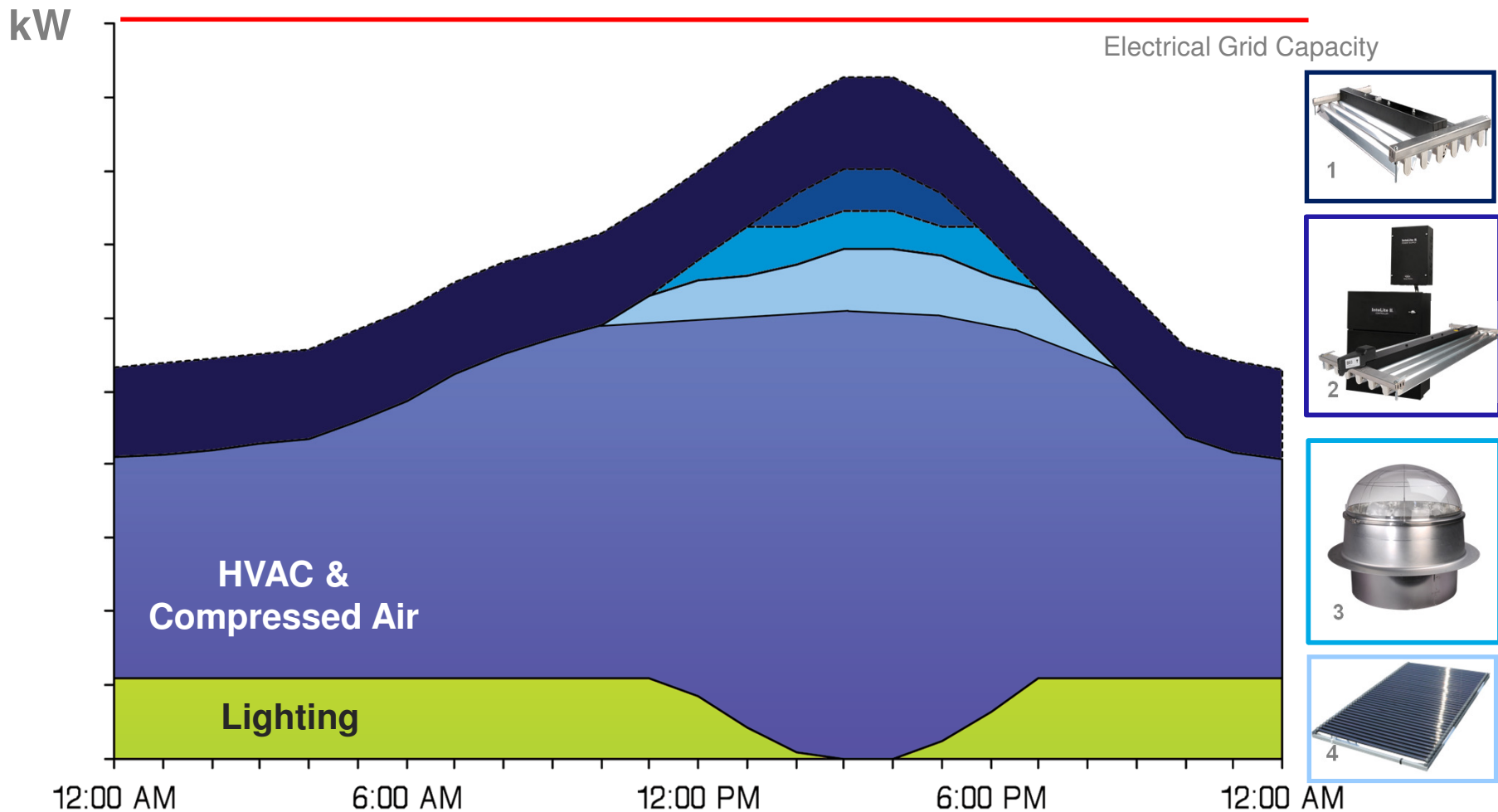
# The Opportunity

# Electricity Usage in Commercial & Industrial Buildings





# Daily Base and Peak Load Reduction: Integrated Energy Management System



## Large Market Opportunity: Integrated System

<b>Rooftop Surface Area*</b>	<b>85 billion sq. ft.</b>
<b>Compact Modular/InteLite® Units</b>	<b>170 million (56,270 MW)</b>
<b>Apollo® Solar Light Pipe Units</b>	<b>34 million (4,556 MW)</b>
<b>Gross Turnkey Market Potential</b>	<b>\$100 billion</b>
<b>Annual Energy Savings</b>	<b>\$50 billion</b>

### Assumptions:

Average Fixtures ( <i>aggregate</i> )	500 sq ft/fixture
Cost of Orion Int. System ( <i>Compact Modular w/ wireless</i> )	\$450
Existing Fixtures	465 W
Orion Fixture ( <i>w/ 60% step down</i> )	134 W
Hours of Operation	6,000 hrs
kWh Rate (avg.)	\$0.10

*\* Derived from United States Department of Energy*

**2002**

Input 465 Watts  
40,000 Lumens  
24/7 Hours



30 Foot-candles

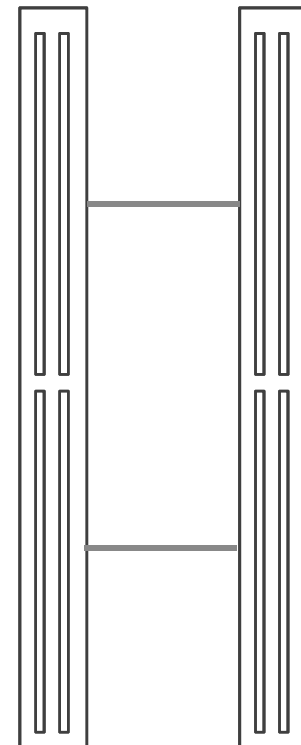
Input 221 Watts  
20,000 Lumens  
24/7 Hours



6T8

30 Foot-candles

Input 302 Watts  
24,000 Lumens



8T8

35 Foot-candles

# 2003

## “THE BETTER MOUSETRAP”

Input 465 Watts

40,000 Lumens

24/7 Hours



30 Foot-candles

*Illuminator*

Input 221 Watts

24/7 Hours



35 Foot-candles

# The Orion Advantage: Mastering Thermodynamics & Optical Design

## Thermal

## COMPACT MODULAR™

## Optical

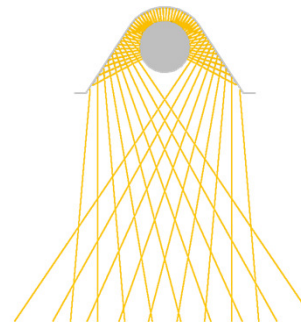
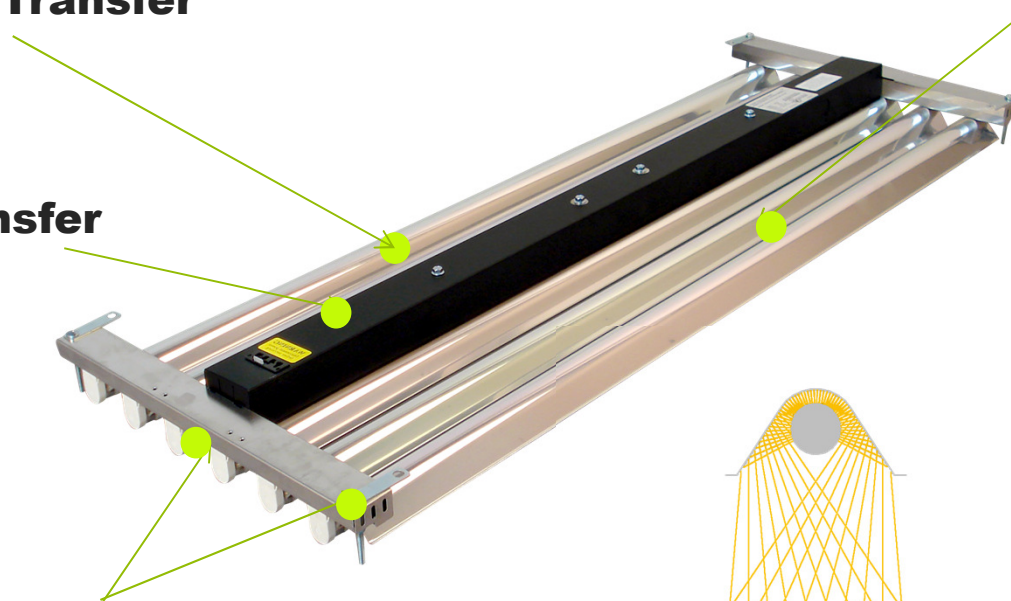
### Conductive Heat Transfer

### Radiant Heat Transfer

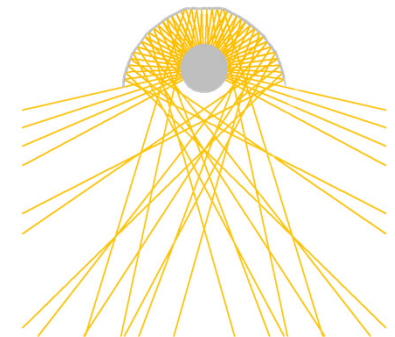
- Ballast, Lamp

### Convective Heat Transfer

### Patented Reflector Geometry



Our Patented  
Reflector Geometry



Competitors' Reflector  
Geometry



## The COMPACT MODULAR™

Input 465 Watts

40,000 Lumens

24/7 Hours



30 Foot-candles

Input 221 Watts

24/7 Hours



40-50 Foot-candles

Input 221 Watts

12/7 Hours



40-50 Foot-candles



**Bright was easy.**

**Smart**

**is where the  
money is.**

# Sustainable Product Differentiation

Patented Thermal and Optical Design Dynamic Control



Legacy High Intensity  
Discharge (HID)

465 Watts  
8,760 hours



30 Foot-candles

**\$407**

operating cost

Traditional High Intensity  
Fluorescent (HIF)

224 Watts  
8,760 hours



30 Foot-candles

**\$196**

operating cost

134 Watts  
8,760 hours



30 Foot-candles

**\$117**

operating cost

134 Watts  
4,380 hours  
InteLite® Controls

30 Foot-candles

**\$58**

operating cost

Based on a \$0.10/ kWh electricity rate

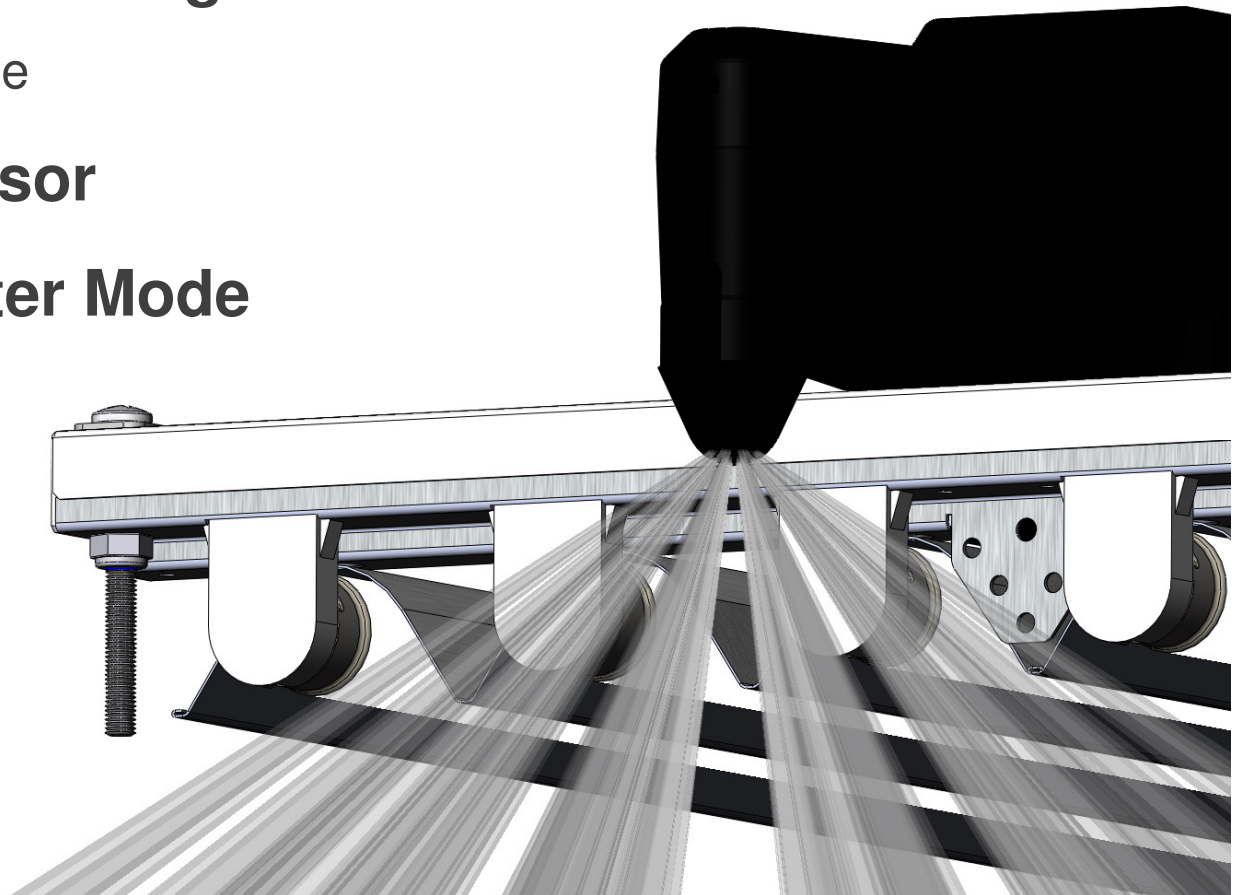
# Intelite®

**An Integrated Energy  
Management Platform**



## InteLite® Dynamic Control Device (DCD)

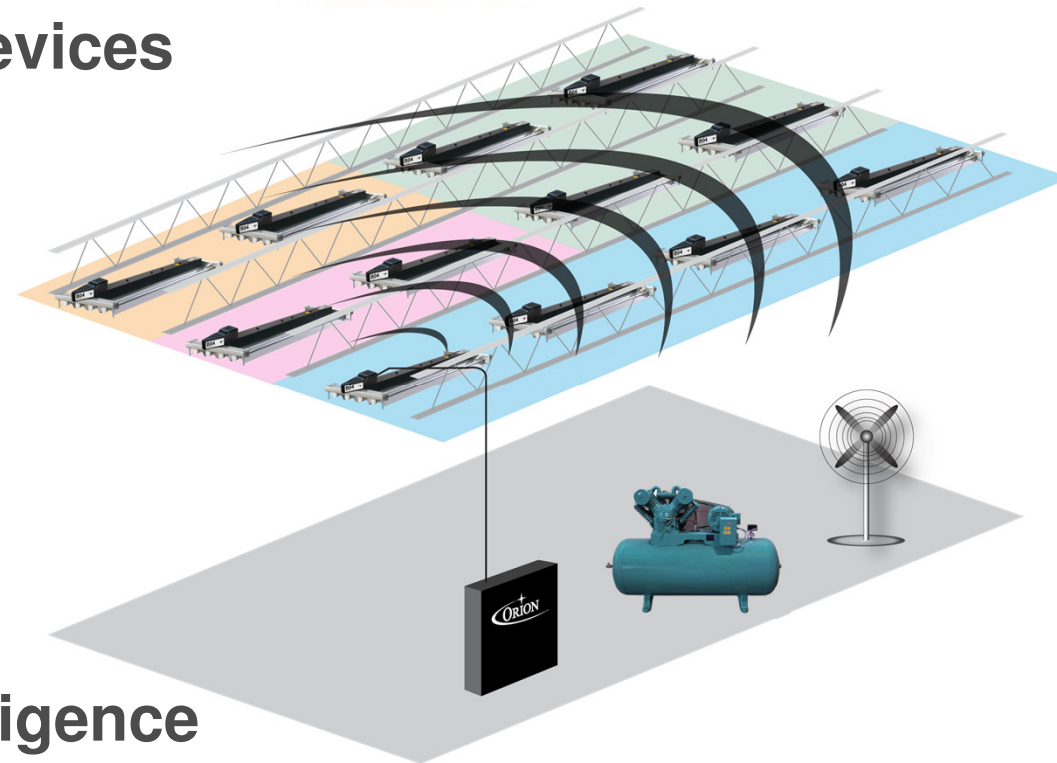
- Wireless RF Communication
- Stand Alone Control Algorithm:
  - General, Task, Aisle
- PIR Thermal Sensor
- Proprietary Blaster Mode
- Dual Relays





## Intelite® - Building Automation with I<sub>2</sub> Interface

- Simple GUI
- Standardized Software Platform
- “Off the Shelf” Peripheral Devices
- Daylight Harvesting
- Time of Day
- Change of State
- Demand Response
- Cloud-based Business Intelligence



# CASE STUDY: Compelling ROI / Recurring Revenue

Concept Proposals | GAP – Fishkill, NY

## Initial Project – Compact Modular

Total System and Installation Costs	\$913,812.16
Estimated State or Local Rebate	<u>(\$282,878.34)</u>
Investment After Rebate	\$630,933.82
System 1 <sup>st</sup> Year Return	\$1,248,563.12
Average Project ROI	197.9%

## Follow-On Project – Wireless Controls and 28w Re-Lamp

Total System and Installation Investment	\$423,244.15
Estimated State or Local Rebate	<u>(\$188,859.00)</u>
Investment After Rebate	\$234,385.15
System 1 <sup>st</sup> Year Return	\$240,845.64
Average Project ROI	102.8%

Delay	Cost of Delay	% of Total Investment Delayed
Delay for 1 Month	\$20,070	8.6%
Delay for 2 Months	\$40,140	17.1%
Delay for 3 Months	\$60,210	25.7%
Delay for 4 Months	\$80,280	34.3%
Delay for 5 Months	\$100,350	42.8%
Delay for 6 Months	\$120,420	51.4%

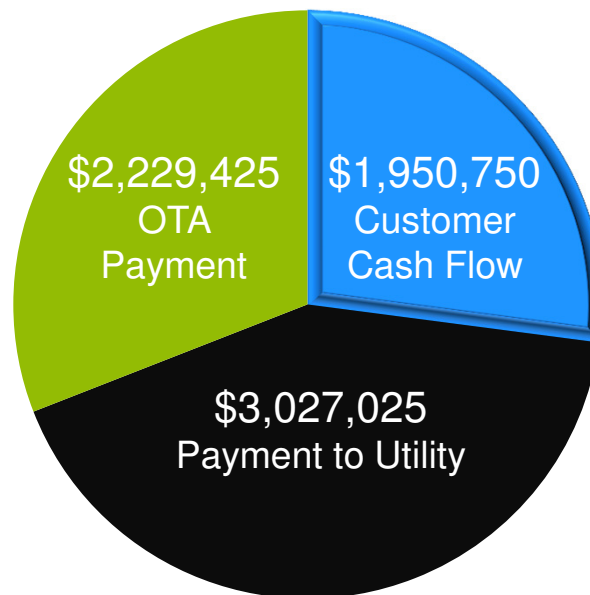
## CASE STUDY: Orion Throughput Agreement (OTA)

Concept Proposal | Quad/Graphics – five sites in WI – Lighting Retrofit and Wireless Controls

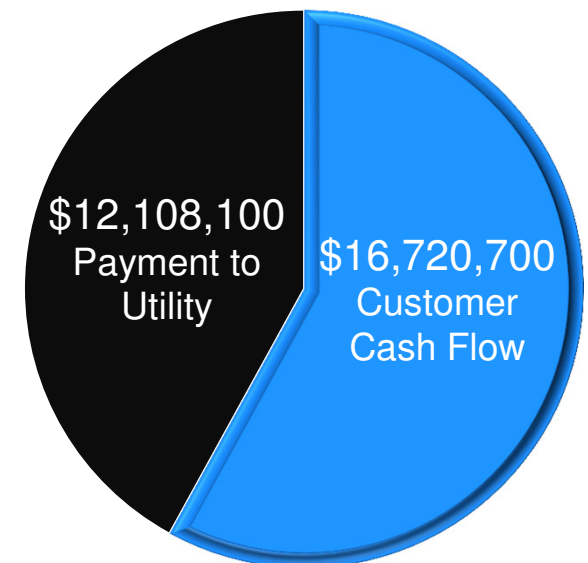
**BEFORE**



**DURING 5-YEAR TERM**



**LIFECYCLE**  
(20 year total)



- ✓ Replaced Orion HIF technology installed six years ago
- ✓ Added Intelite® Wireless Controls
- ✓ Net cash flow positive to Orion through project funding

**Customer Benefit – Immediate Positive Cash Flow  
with No Upfront Capital Investment**



# Execution

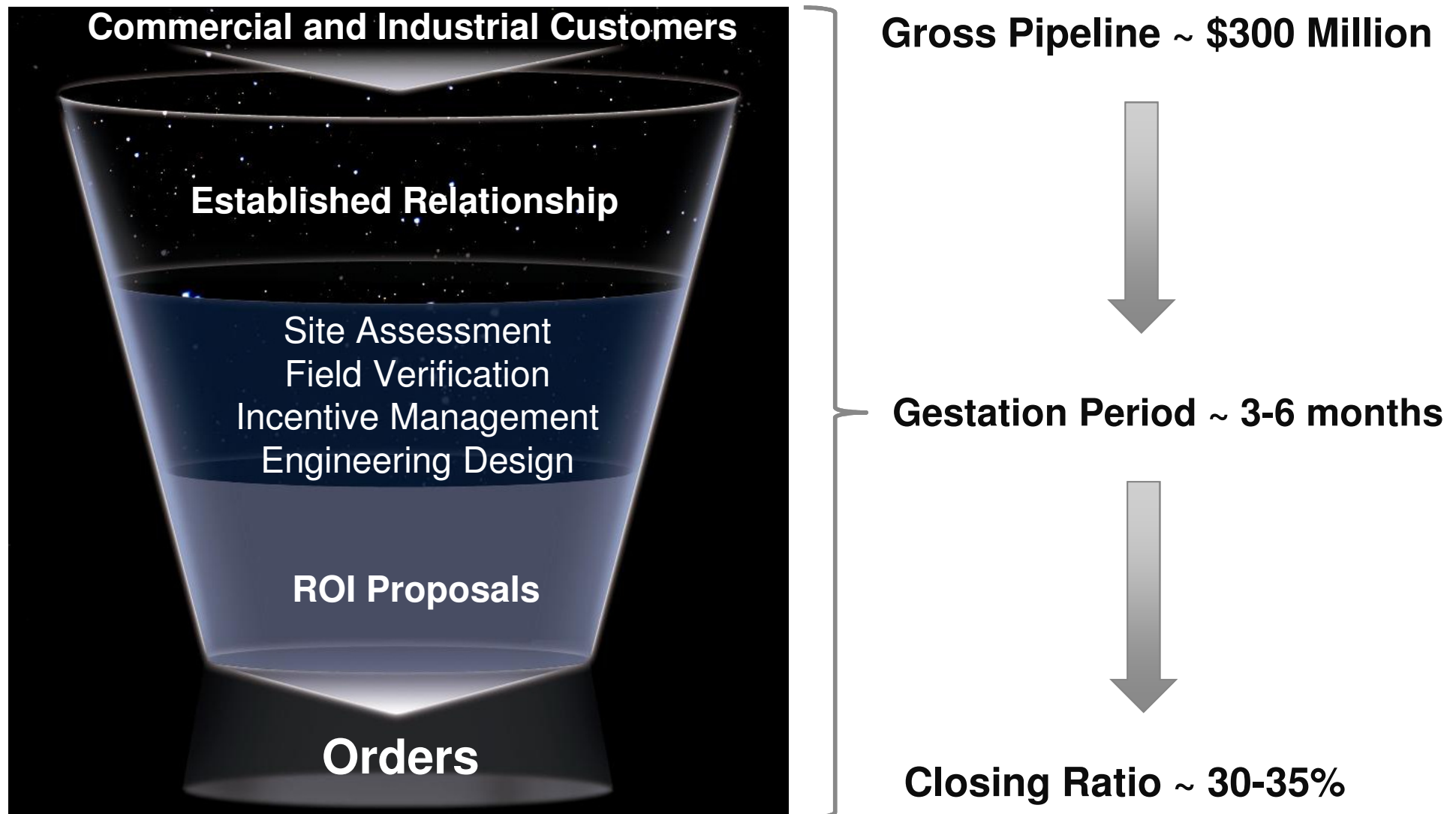
## Orion Energy Systems, Inc.

# 5 Year Operating Plan

- A Comprehensive Portfolio of Patented Products
- Vertically Integrated Manufacturing Plant
- Build Out Infrastructure
- Appropriate Capital Structure
- Systemized, Repeatable Sales Process
- Geographic Expansion
- Refined Orion Throughput Agreement



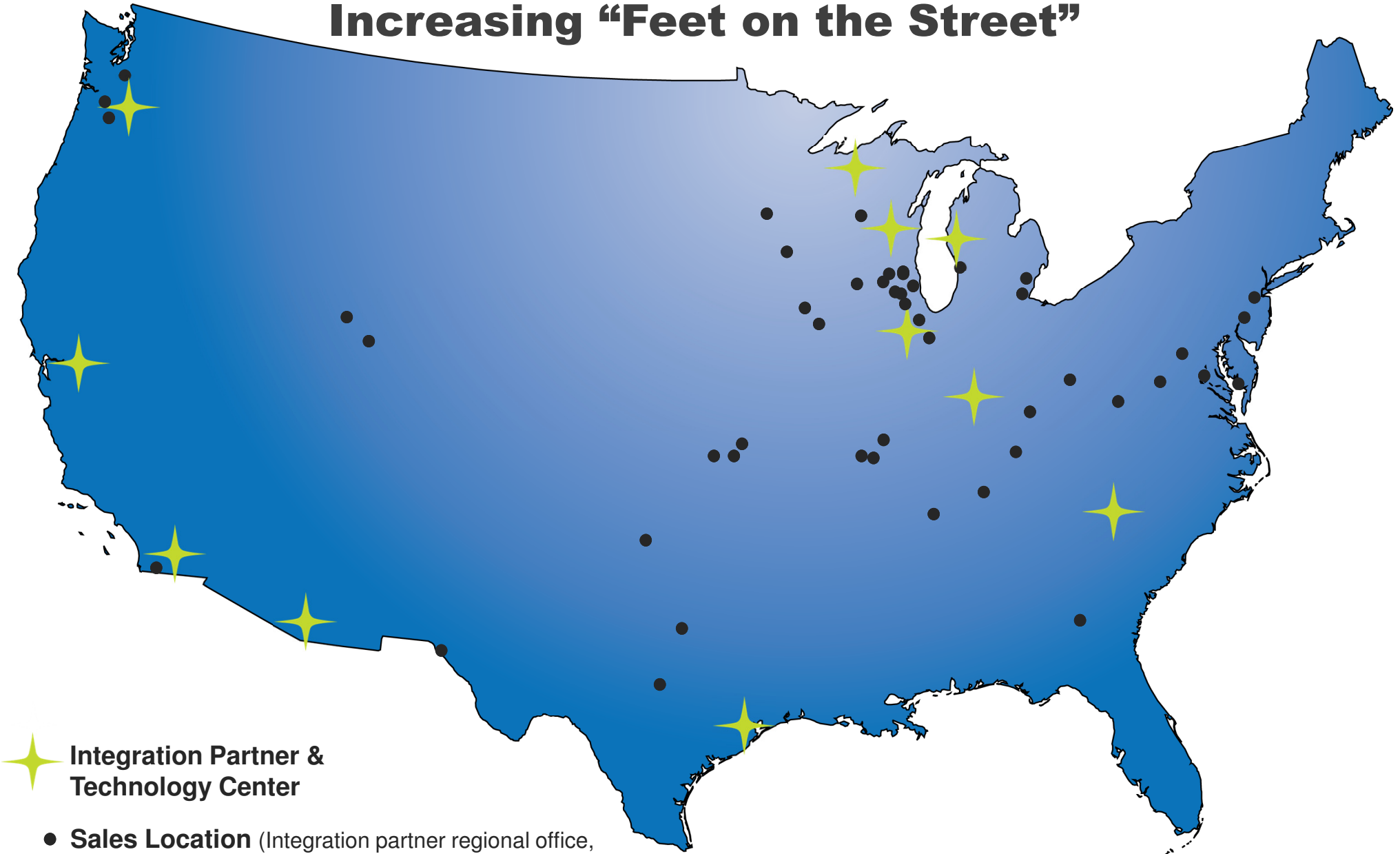
## Significant Investment in Sales “Pipeline”



Sales & Marketing Costs = 15% of LTM Revenues



## Increasing “Feet on the Street”

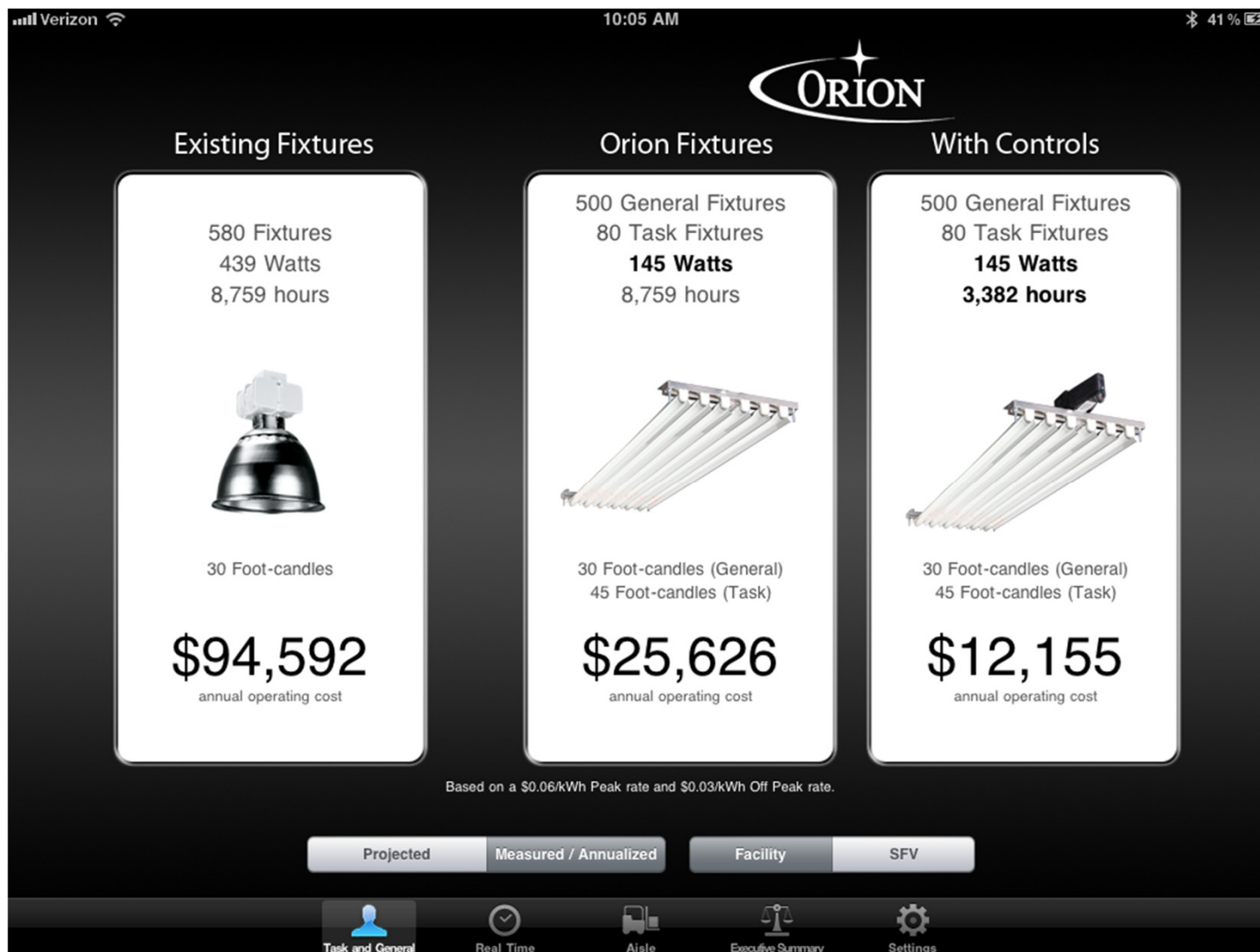


**Integration Partner &  
Technology Center**

- **Sales Location** (Integration partner regional office,  
VAR partner location, Orion in-market sales office)

# Orion Energy Systems, Inc.

## Site Field Verification Tool

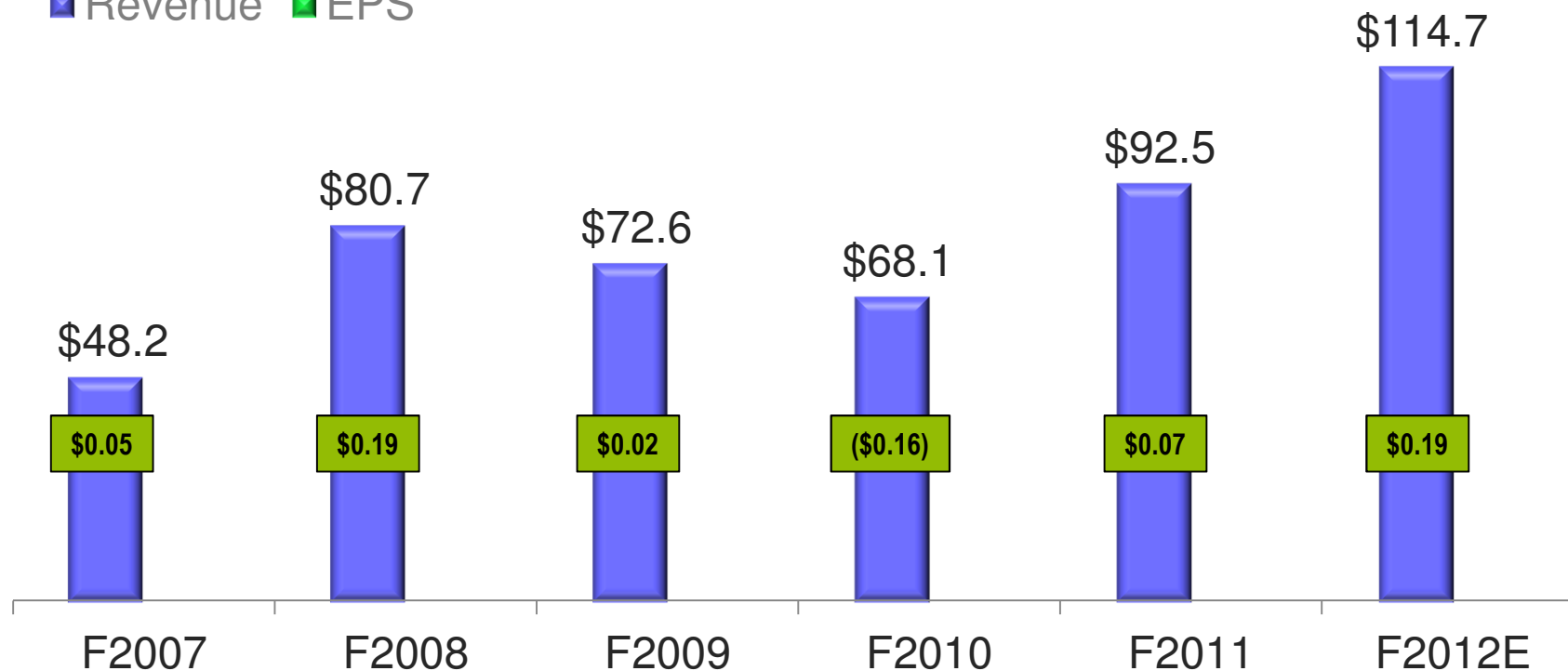


# Performance History

## Fiscal Year End March 31

(\$ in millions)

■ Revenue ■ EPS



**Note 1:** F2012 figures represent the average of most-recent revenue and EPS estimates published by analysts covering Orion.

**Note 2:** F2010 and F2011 results include the impact of the financial statement restatement related to OTA revenue recognition accounting change.

## Fiscal 2012 First Half Operating Results

(\$ in Millions)	Six Months Sept 2010 (1)	Six Months Sept 2011	Change
Revenue	\$32.8	\$42.0	28%
Gross Margin %	34.6%	33.0%	(160) bp
Operating Expenses	\$14.0	\$14.5	(4)%
Operating Loss	\$(2.6)	\$(0.7)	73%
Net Income (Loss)	\$0.0	\$(0.3)	NM
Earnings (Loss) per Share	\$0.00	\$(0.01)	NM

(1) Operating results for First Half F2011 include the impact of the financial statement restatement related to OTA revenue recognition accounting change.



# FY2012 Outlook

	Guidance provided by Orion	Range of Analyst Estimates	Consensus Analyst Estimates
GAAP Revenues	\$112 to \$118 million	\$111 to \$115 million	\$113 million
GAAP EPS	\$0.18 to \$0.22	\$0.18 to \$0.20	\$0.19

## Cash, Debt and Liquidity Position

(\$ in Millions)	As of March 31, 2011	As of September 30, 2011
Cash	\$11.6	\$15.6
Short-term investments	\$1.0	\$1.0
Total debt	\$5.4	\$9.3
Revolving credit facility – availability	\$13.3	\$13.3
OTA credit facility - availability	\$0.0	\$3.2

# Thank You

## Questions & Answers

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