



Fiscal 2017 Second Quarter
Conference Call Presentation
November 2, 2016

INCOME STATEMENT

(\$ in millions except earnings per share)	FY17 – Q2	FY16 – Q2	Y/Y CHANGE
Revenue	\$ 18.7	\$ 15.7	18.7%
Gross Profit \$	\$ 6.2	\$ 2.9	114.4%
Gross Margin %	33.4%	18.5%	1490 bps
Operating Expenses	\$ 7.2	\$ 6.5	11.8%
Operating Loss	\$ (1.0)	\$ (3.6)	(72.1%)
Net Loss	\$ (1.0)	\$ (3.6)	(73.1%)
Earnings Per Share	\$ (0.03)	\$ (0.13)	(73.6%)
EBITDA*	\$ (0.3)	\$ (2.5)	(87.7%)

FISCAL 2017 – SECOND QUARTER HIGHLIGHTS

- Revenue grew 19% over the prior year's quarter
- LED product sales reach 81% of total lighting product revenues for the first time in Orion's history.
- Gross margin expanded by 1,490 basis points from Q2 FY16.
- Operating & Net Losses narrowed dramatically, putting Orion within reach of profitability.

* See Non-GAAP Reconciliation in Appendix for EBITDA.

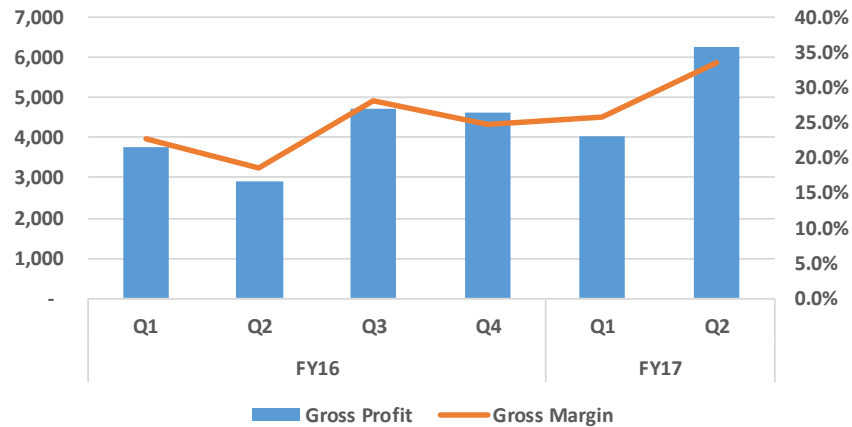
BALANCE SHEET & CASH FLOW STATEMENT

(\$ in millions)	BALANCE SHEET AS OF 9/30/16	BALANCE SHEET AS OF 9/30/15
Cash and cash equivalents	\$ 18.7	\$ 13.4
Total current assets	\$ 49.6	\$ 46.6
Total assets	\$ 68.6	\$ 77.0
Total current liabilities	\$ 19.0	\$ 14.5
Long-term debt	\$ 5.1	\$ 2.8
Total liabilities	\$ 25.5	\$ 18.9
Total equity	\$ 43.1	\$ 58.0
Total shares outstanding	28.2 m	27.6 m

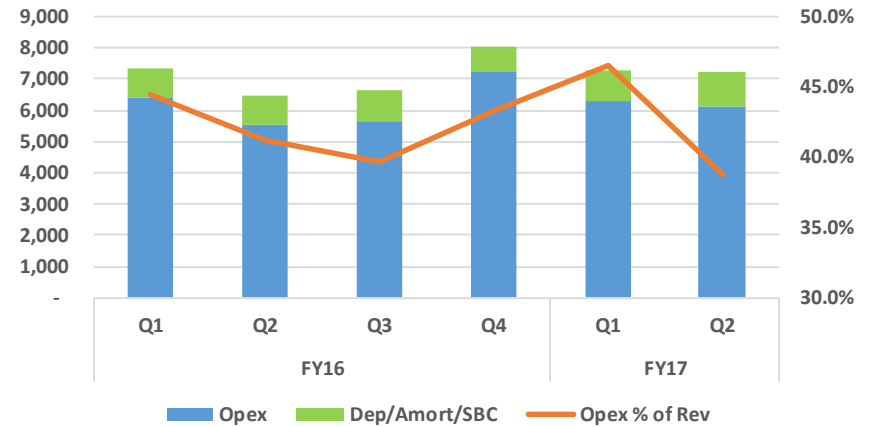
(\$ in millions)	CASH FLOW SIX MONTHS ENDING 9/30/16	CASH FLOW SIX MONTHS ENDING 9/30/15
Net loss	\$ (3.9)	\$ (7.3)
Depreciation and amortization	\$ 1.2	\$ 2.3
Stock-based compensation	\$ 0.9	\$ 0.7
Net cash provided by (used in) operating activities	\$ 0.6	\$ (5.3)
Net cash provided by (used in) investing activities	\$ 2.2	\$ (0.2)
Net cash provided by (used in) financing activities	\$ 0.4	\$ (1.0)
Net increase (decrease) in cash and cash equivalents	\$ 3.2	\$ (6.6)

FINANCIAL PERFORMANCE

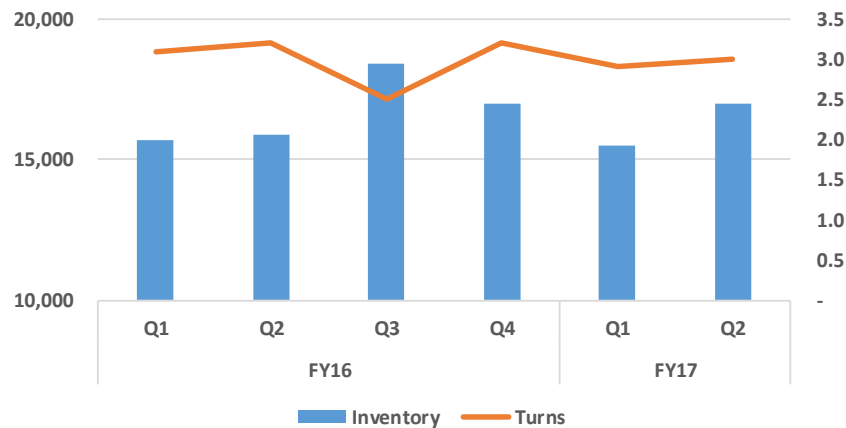
Gross Profit and Gross Margin



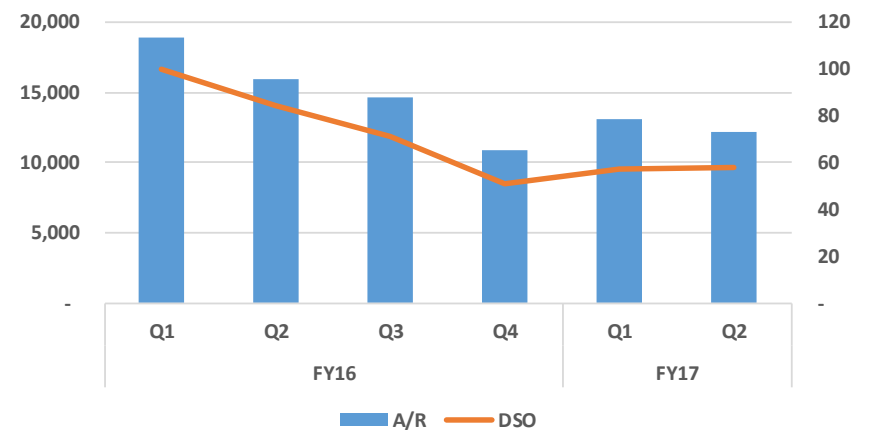
Operating Expenses*



Inventory and Turns



Accounts Receivable and DSO



*Q4 FY16 excludes \$1.6M impairment loss on a manufacturing facility, goodwill impairment change of \$4.4M and loss contingency of \$1.4M.

Q2-17 HIGHLIGHTS

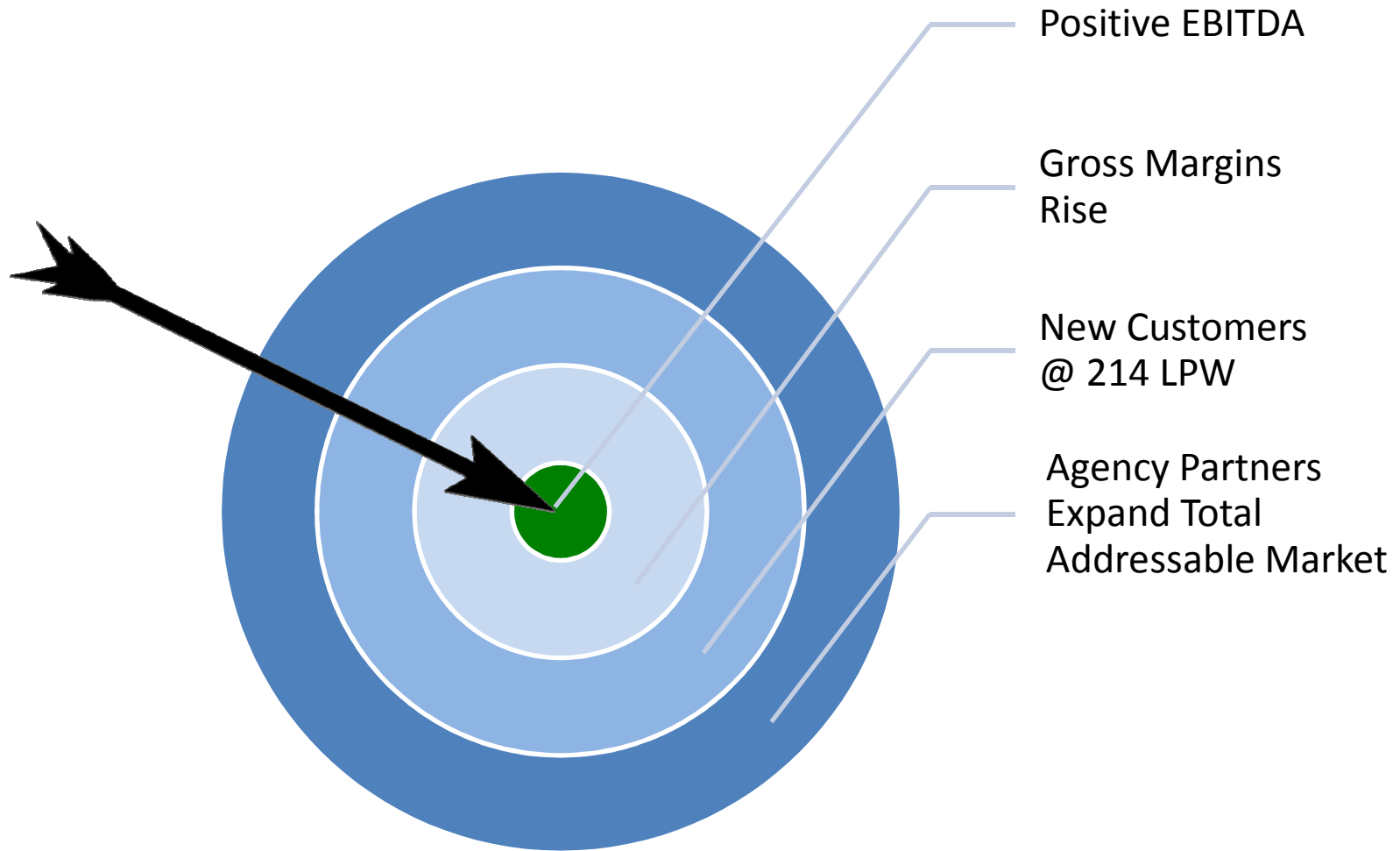
- LED revenue represented 81% of Q2-17 lighting product revenue and grew by 33% versus Q2-16.
- Gross margins increased to 33.4% in the second quarter of fiscal 2017 from 18.5% in the prior year quarter.
- High-bay fixtures are one of our highest margin product lines and grew much faster (+108%) than overall LED products (+33%) versus same time last year.
- Orion shipped over 2,200 customer orders, including 30 orders over \$100,000.
- Backlog increased from \$5.6 million in the year-ago period to \$14.6 million in the recent quarter.

2017 GUIDANCE

ACHIEVE REVENUE AND MARGIN GROWTH FOR FULL-YEAR 2017

- We expect total revenue to grow by 10-20 percent in fiscal 2017 versus the prior fiscal year.
- Gross margin is expected to remain at or near 30% for the balance of fiscal 2017.

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Non-GAAP

NON-GAAP RECONCILIATION

(\$ in millions)	THREE MONTHS ENDED	
	QTR 9/30/16	QTR 9/30/15
GAAP Revenue	\$ 18.7	\$ 15.7
GAAP Net Loss	\$ (1.0)	\$ (3.6)
Interest	\$ 0.1	\$ 0.0
Taxes	\$ 0.0	\$ 0.0
Depreciation & Amortization	\$ 0.6	\$ 1.1
EBITDA*	\$ (0.3)	\$ (2.5)
EBITDA % of Revenue	(1.6%)	(15.7%)

**Does not include non-cash stock based compensation expense adjustment of \$0.5m and \$0.4m for the quarters ended 9/30/16 and 9/30/15, respectively*

The company has provided this non-GAAP measurement to help investors better understand its core operating performance. Among other things, management uses EBITDA to evaluate performance of the business because it believes this measurement enables it to make better period-to-period evaluations of the financial performance of core business operations. This non-GAAP measurement is intended only as a supplement to the comparable GAAP measurements.