



Orion Energy Systems, Inc.

Investor Relations

December 2013 . NYSE MKT: OESX

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.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in Orion Energy Systems' filings with the Securities and Exchange Commission. If any of these risks or uncertainties materializes, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statements that you see or hear during this presentation, including our "Target Model", reflect our current views with respect to future events and are subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

Orion Energy Systems
Our Mission

**To be our customer's
#1 provider
of value driven
energy solutions**

Leadership



John H. Scribante

Chief Executive Officer

- 9 years at Orion
- Bachelor of Science in Finance with emphasis on Economics – Creighton University



Michael J. Potts

President and Chief Operating Officer

- 12 years at Orion
- Bachelor of Science in Mechanical Engineering Technology – Milwaukee School of Engineering
- Bachelor of Arts in Business Administration – Lakeland College



Scott R. Jensen, C.P.A.

Chief Financial Officer

- 9 years at Orion
- Bachelor of Business Administration with emphasis on Accounting – University of Wisconsin-Milwaukee
- Licensed Certified Public Accountant



Marc E. Meade

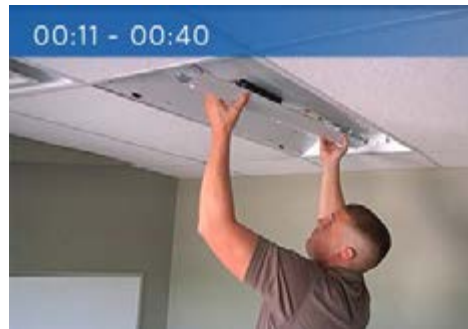
Executive Vice President

- 4 years at Orion
- Bachelor of Science in Accounting with emphasis on Tax and minor in Economics – Lakeland College

BUSINESS UPDATES

July 2013

Completed acquisition of Harris Manufacturing, Inc. and Harris LED, LLC. Harris engineers, designs, sources and manufactures energy efficient lighting systems, including fluorescent and LED lighting solutions, and day-lighting products.



*Pictured – Orion LED LDR (LED Door Retrofit) office retrofit product

- * Lower installation costs versus competition
- * Minimal office space disruption
- * Arrives ready to install
- * Installs in under 2 minutes

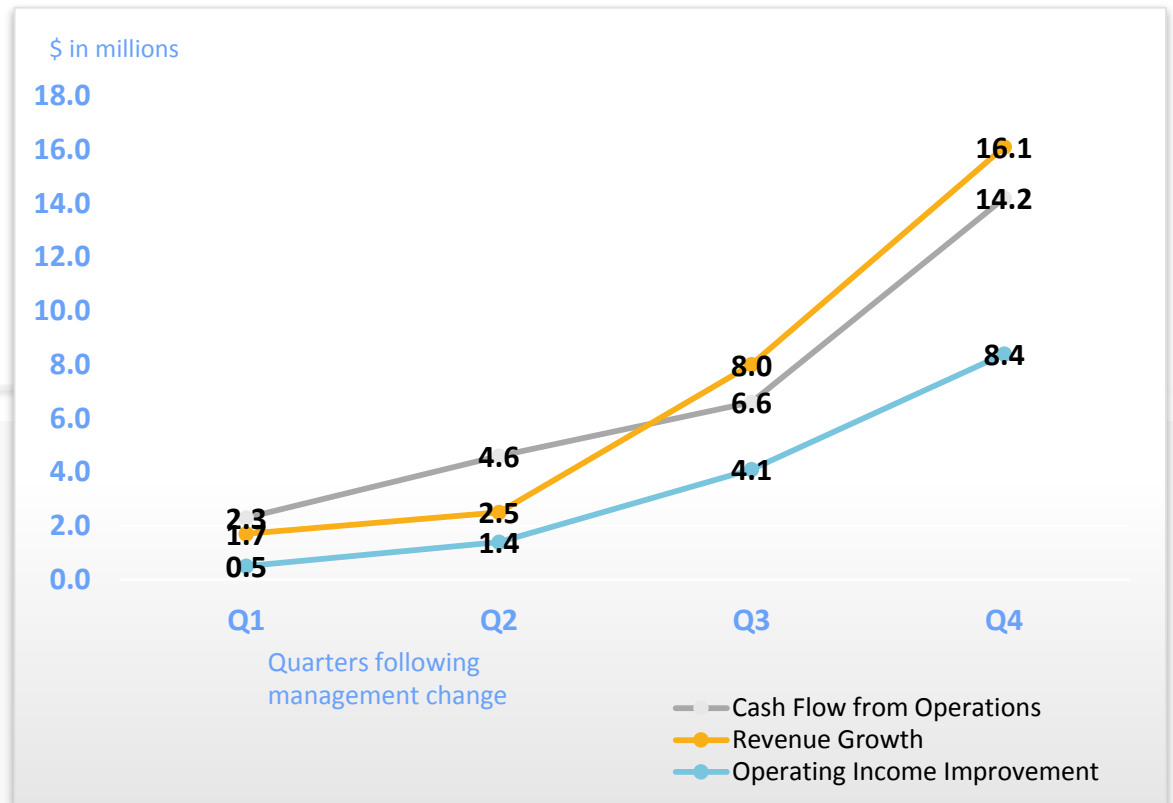
BUSINESS UPDATES

September 2013

New leadership one year milestone. Over 4 most recent reported quarters, execution evidenced by:

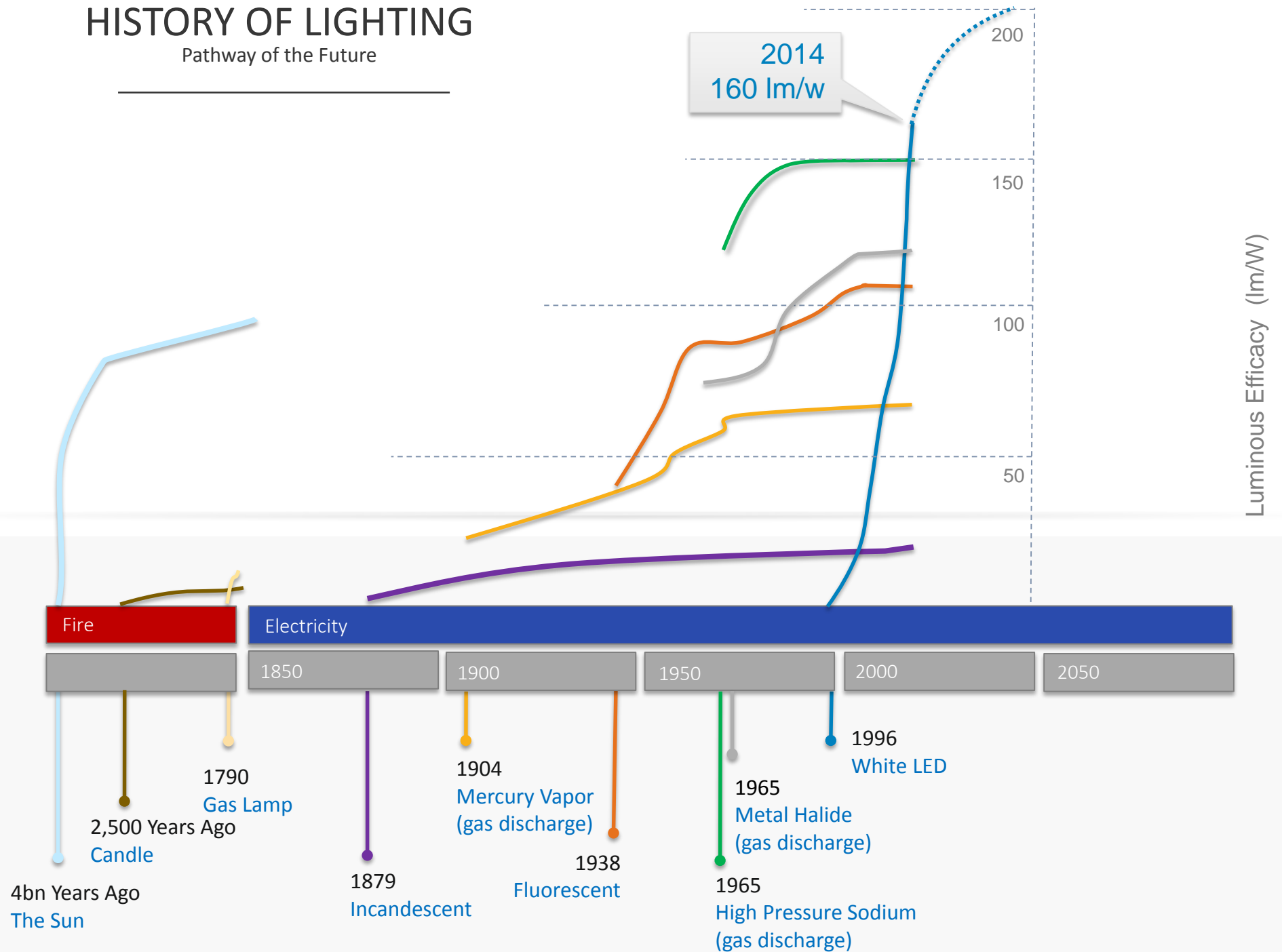
- Revenue increase of 19.3% year over year
- Profitable with operating income improvement of \$8.4 million year over year
- Operating cash flow generated of \$14.2 million
- Stock price more than 4x versus prior year

(Dec 2013)



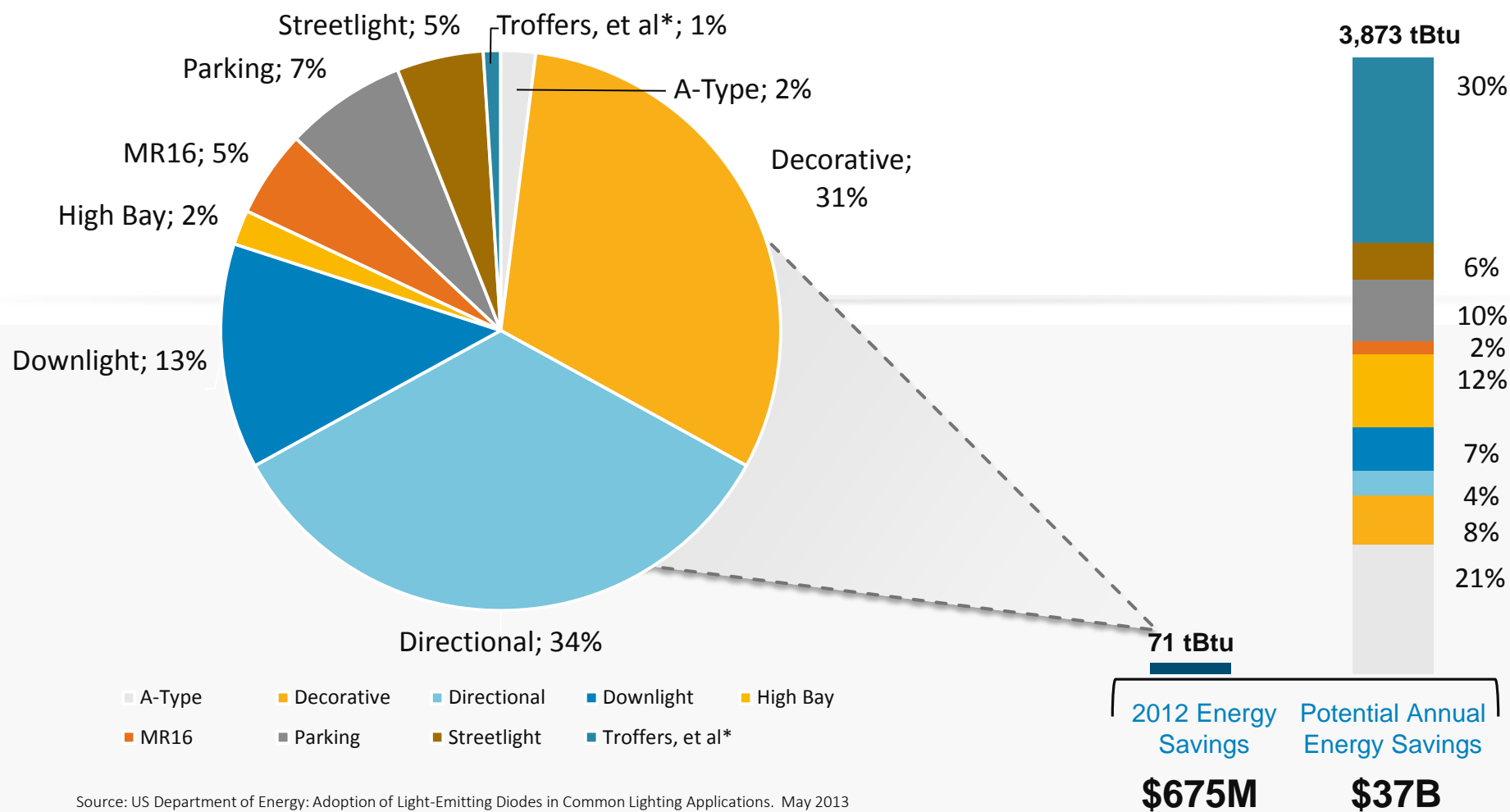
HISTORY OF LIGHTING

Pathway of the Future



Market Potential

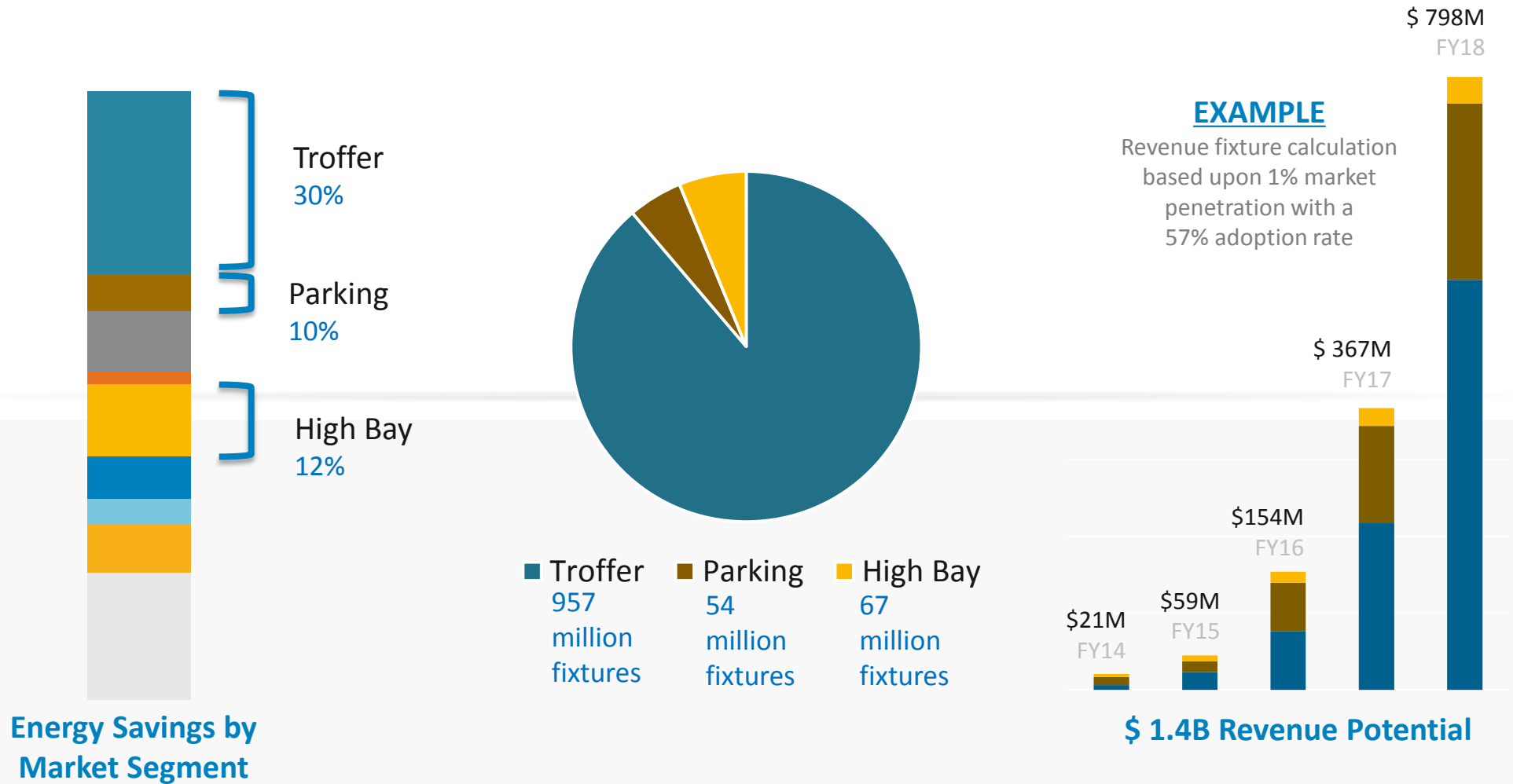
Potential Energy Savings



Source: US Department of Energy: Adoption of Light-Emitting Diodes in Common Lighting Applications. May 2013

LONG TERM GROWTH OPPORTUNITIES

Orion Market Segment Potential



Source: US Department of Energy: Adoption of Light-Emitting Diodes in Common Lighting Applications. May 2013

Integrated Solution



CAMPUS TOUR

World Headquarters – Manitowoc, WI



ORION ENERGY SYSTEMS

The Impact We Make	The Company We Keep	Validation
<p>\$2.3 Billion Saved</p> <p>162 Fortune 500 Companies</p> <p>9,735 Facilities</p> <p>19.0 Million Tons CO₂ Removed</p> <p>22.2 Solar PV MW under contract</p> 	<div>   </div> <div> <p>45 Facilities</p> <p>391 Facilities</p> </div> <div>   </div> <div> <p>20 Facilities</p> <p>116 Facilities</p> </div> <div>   </div> <div> <p>174 Facilities</p> <p>9 Facilities</p> </div> <div>   </div> <div> <p>104 Facilities</p> <p>97 Facilities</p> </div>	<ul style="list-style-type: none"> ▪ Inc. 500 Magazine as one of the fastest growing companies ▪ National Society of Professional Engineers' Product of the Year ▪ MIT Club of Wisconsin Technology Achievement Award ▪ President of the United States Endorsement (2010, 2011) ▪ Coca-Cola Supplier of the Year ▪ Sysco Corp. Facility Supplier of the Year (2x)

Strategies

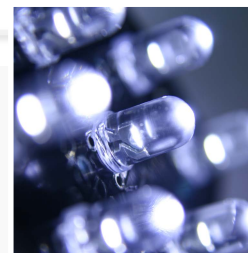


MARKETING

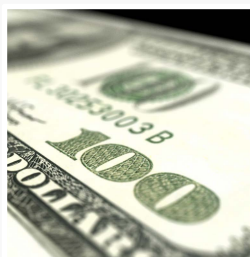
Innovating and being the market leader in product performance and return on investment



PRODUCT



Providing premium products in markets with significant growth opportunity



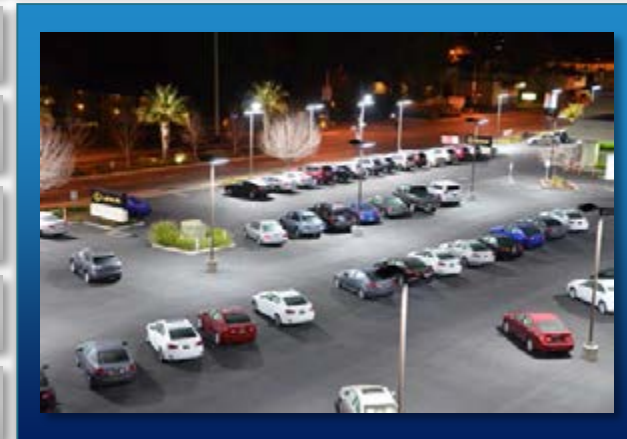
FINANCIAL

Increasing shareholder value through growth in Earnings Per Share and Return on Capital

MARKETING STRATEGIES

Markets We Serve

	Distribution and Warehouses
	Manufacturing
	Automobile Dealerships
	Surface Lots and Parking Garages
	Agricultural
	Hospitality
★	New Construction
★	Government and Educational Institutions
★	Commercial Office Space
★	Retail Stores






★ Harris acquisition creates new markets


Channels of Distribution



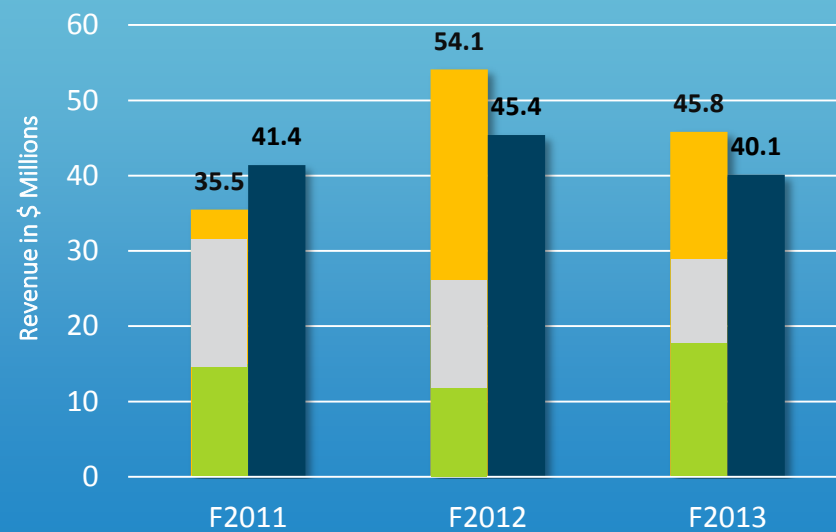
Retail – Engineered Systems

-  In Market Sales
Forecasting Accuracy
Higher Gross Margin
-  National Accounts
Lower Gross Margin
-  Solar and Third Party Products

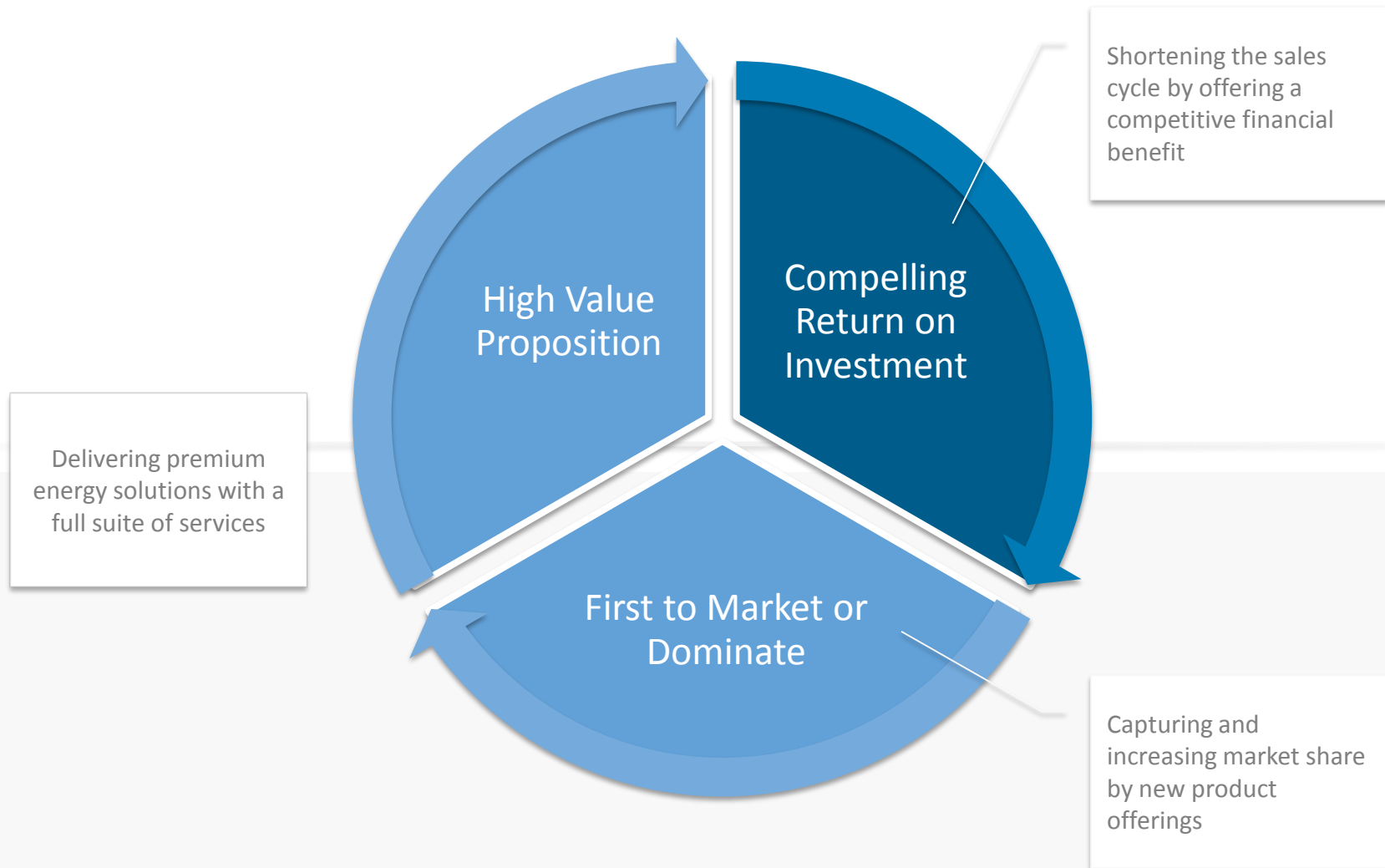
Wholesale

-  Buy Orion and resell to End User
Reduced Revenue
Lower Gross Margin

History of Channel



PRODUCT STRATEGIES



Your own footer

Your Logo



IP STRATEGIES

Intellectual Property

LIGHT FIXTURE

ELECTRONICS

COMMODITY

Non Proprietary

- Lamps
- Ballasts
- LED Chips
- LED Drivers



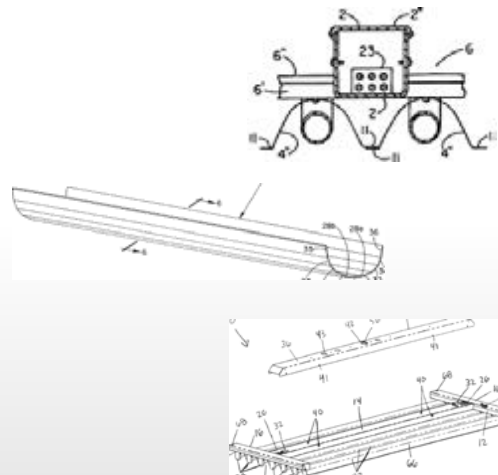
DESIGN

PROPRIETARY

72 Design or Utility Patents

Held or pending

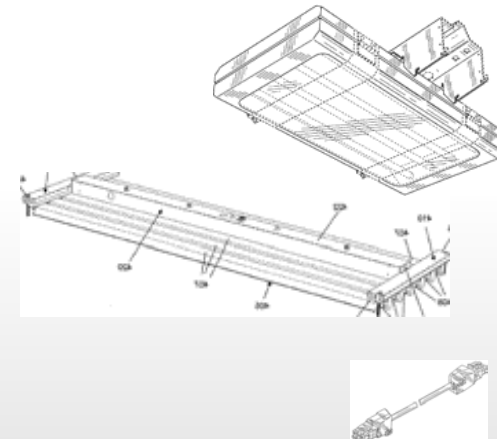
- Optical Performance
- Thermal Management



APPLICATION

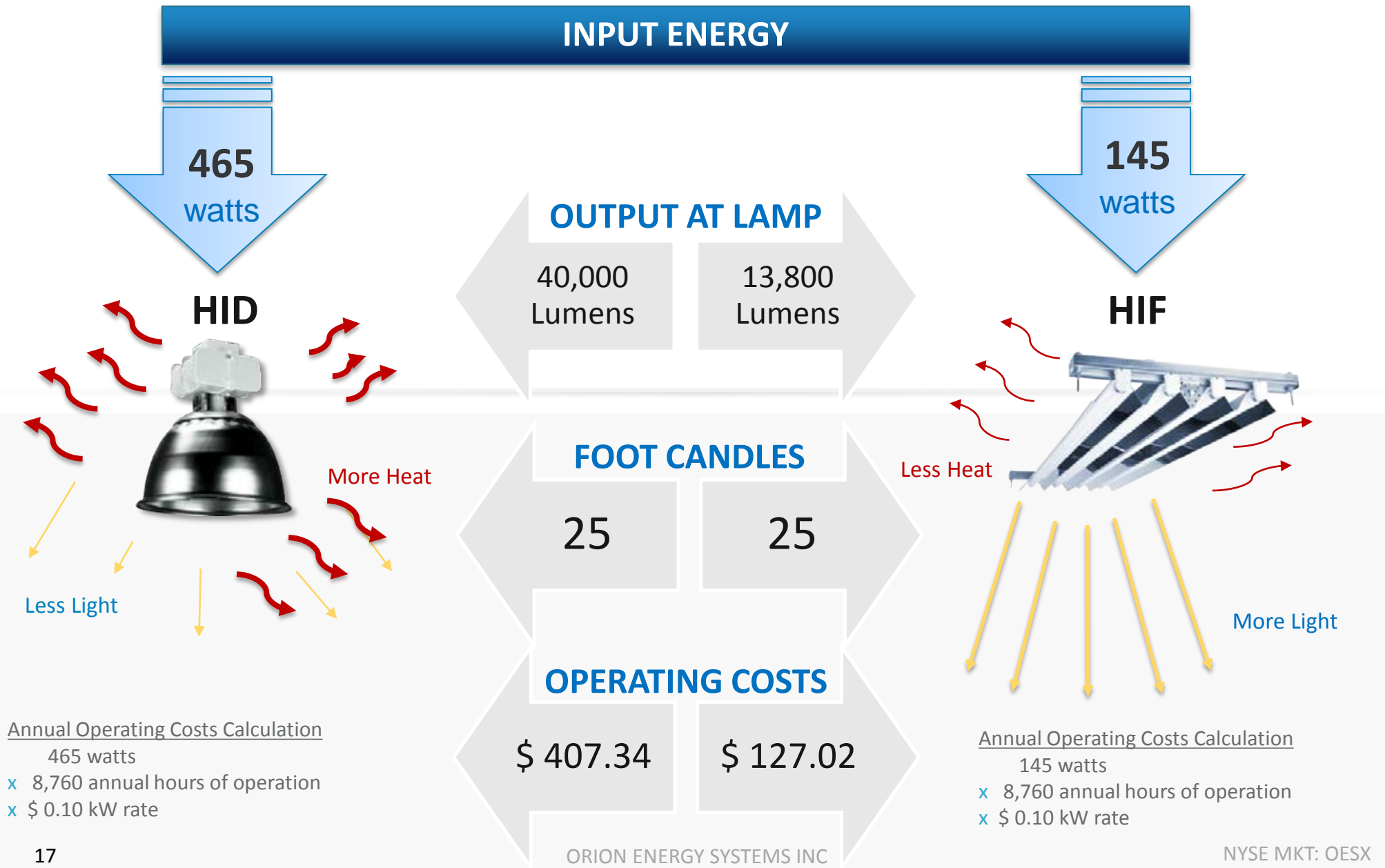
VALUE PROPOSITION

- Application Specific Design
- Controllable Technology
- Conformable



PRODUCT STRATEGIES

High Intensity Discharge versus Fluorescent



PRODUCT STRATEGIES

Competitor versus Orion

INPUT ENERGY

221
watts

Competitor

Fluorescent 6 Lamp

145
watts

Orion

Fluorescent 4 Lamp

- Conductive Heat Transfer
- Convective Heat Transfer
- Patented Reflector Geometry

OUTPUT AT LAMP

20,000
Lumens

13,800
Lumens

FOOT CANDLES

25

25

OPERATING COSTS

\$ 193.60

\$ 127.02

 **Intel**Lite.
Smart
Controls

approximate
\$ 63.51
on 50% of time

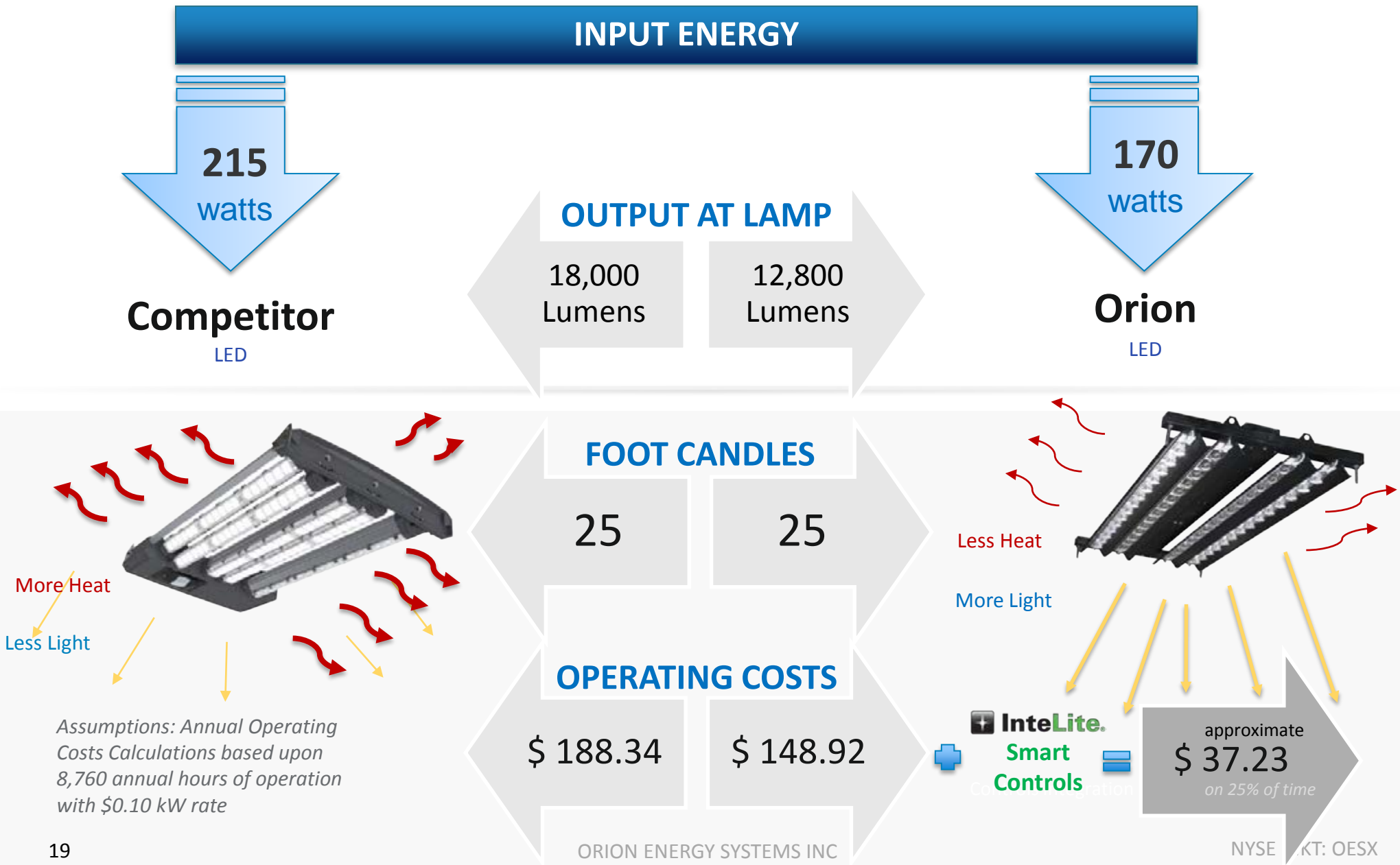
Assumptions: Annual Operating Costs Calculations based upon 8,760 annual hours of operation with \$0.10 kW rate

ORION ENERGY SYSTEMS INC

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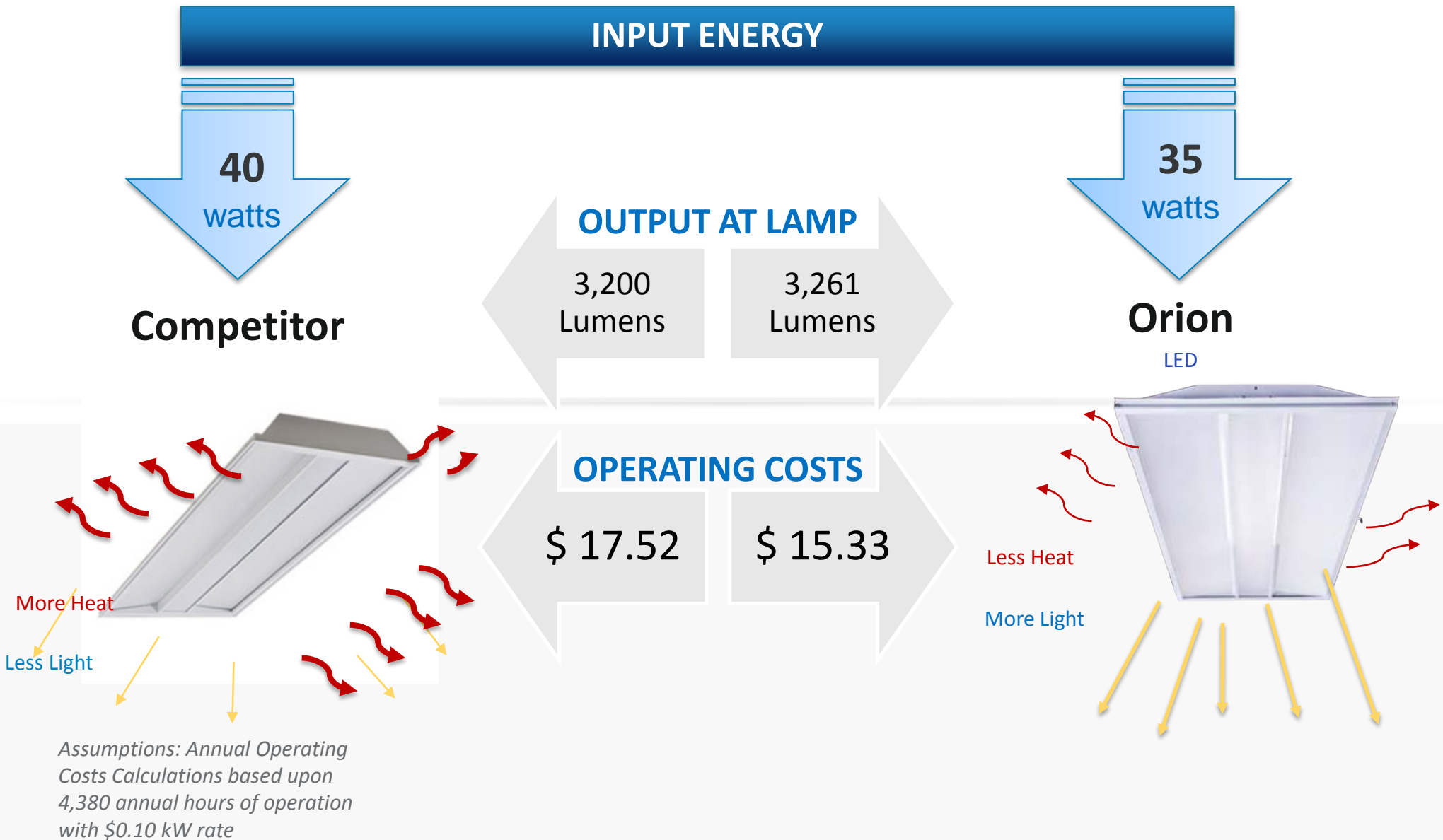
PRODUCT STRATEGIES

Competitor versus Orion



PRODUCT STRATEGIES

Competitor versus Orion



Product Strategies

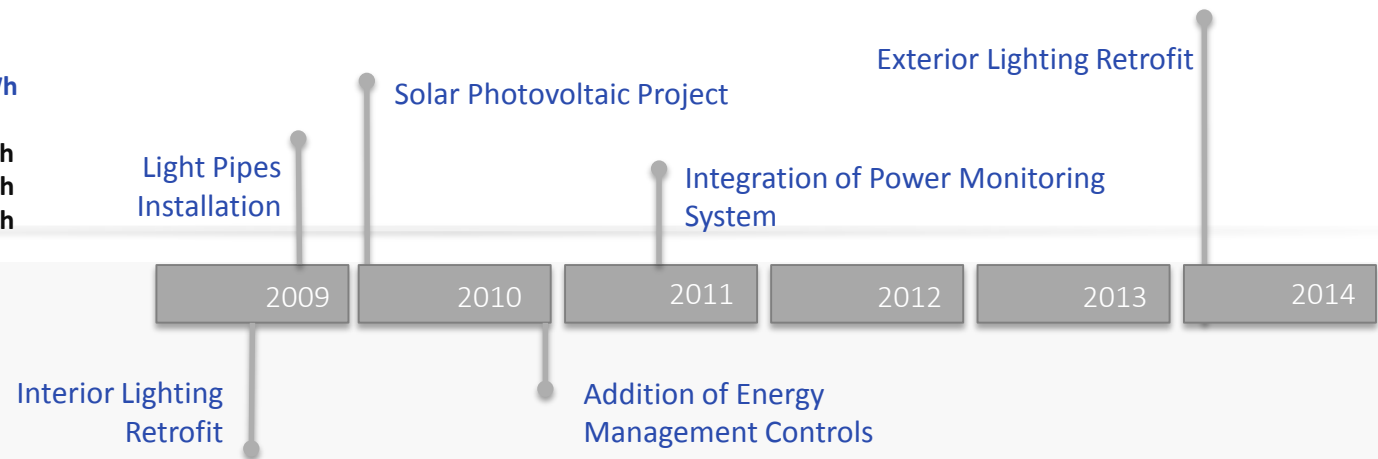
Compelling Return on Investment



Example Site

Original Total Load	743,000 kWh
Lighting Load Reduction	- 376,600 kWh
Wind Generation	- 194,000 kWh
Solar Generation	- 105,100 kWh

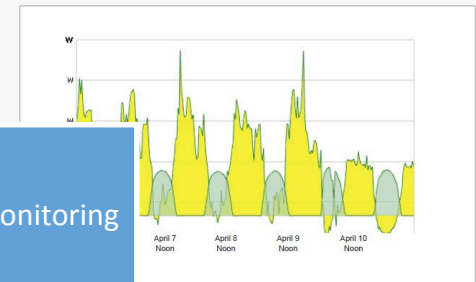
By retrofitting the lighting system with an integrated system, Orion was able to cut the lighting load by more than 70 percent. A 50 kW wind turbine at 6.5 m/s wind speed provides for nearly 60 percent of the modified load level. Coupled with a 90 kW solar system at an annual generation of 1,390 kWh/m²/year, a significant portion of the remaining load is provided for, leaving only the customer charge.



Lighting,
Controls
and Light
Pipes



Solar



Monitoring

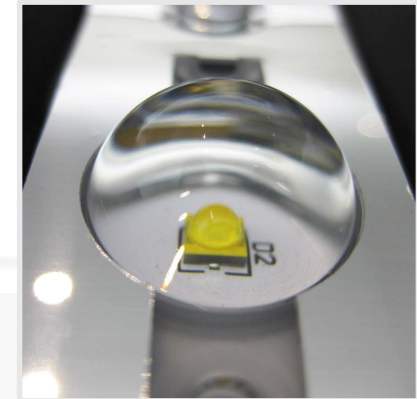
Product Strategies

First to Market or Dominate



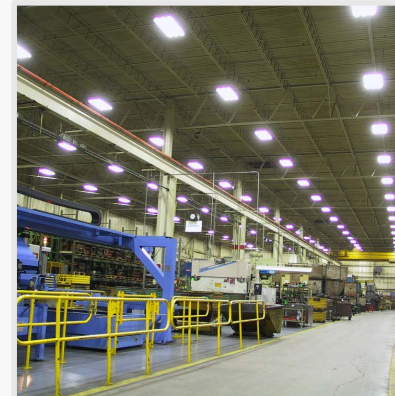
First to Market

- LED door retrofit system for troffers
- LED for cold storage applications
- Application specific fluorescent high bays
- Wireless energy management system for C&I market



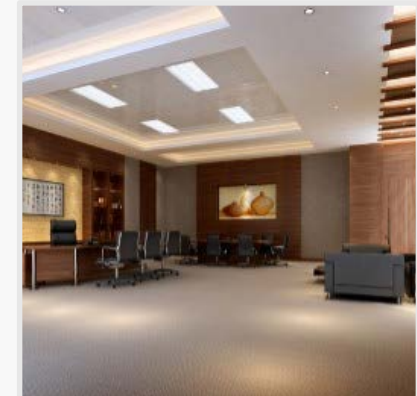
Market Domination

- High bay applications
- Parking applications

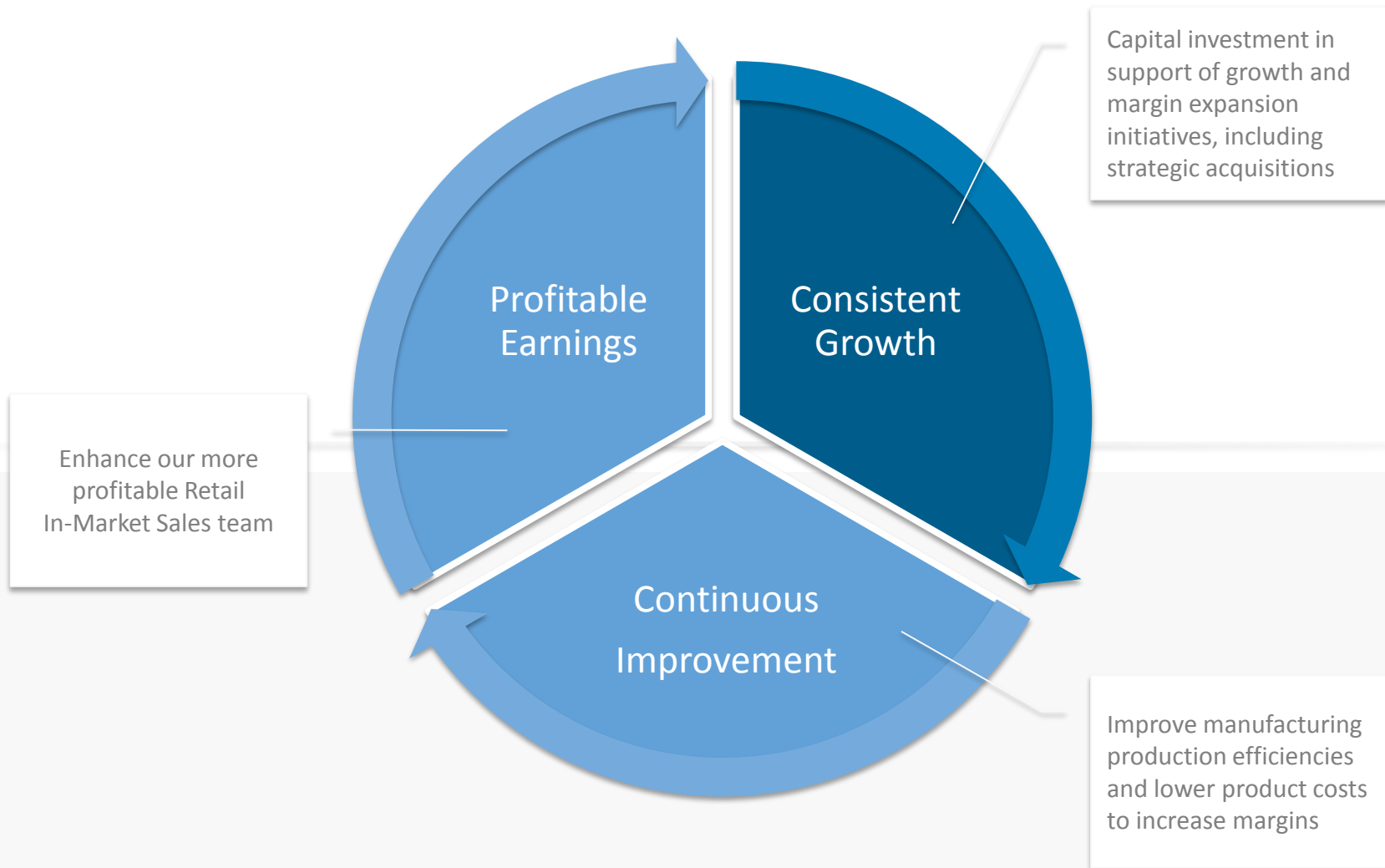


New Market Penetration

- General Office and High-rise
- Hospitality
- Government
- Educational Institutions



FINANCIAL STRATEGIES

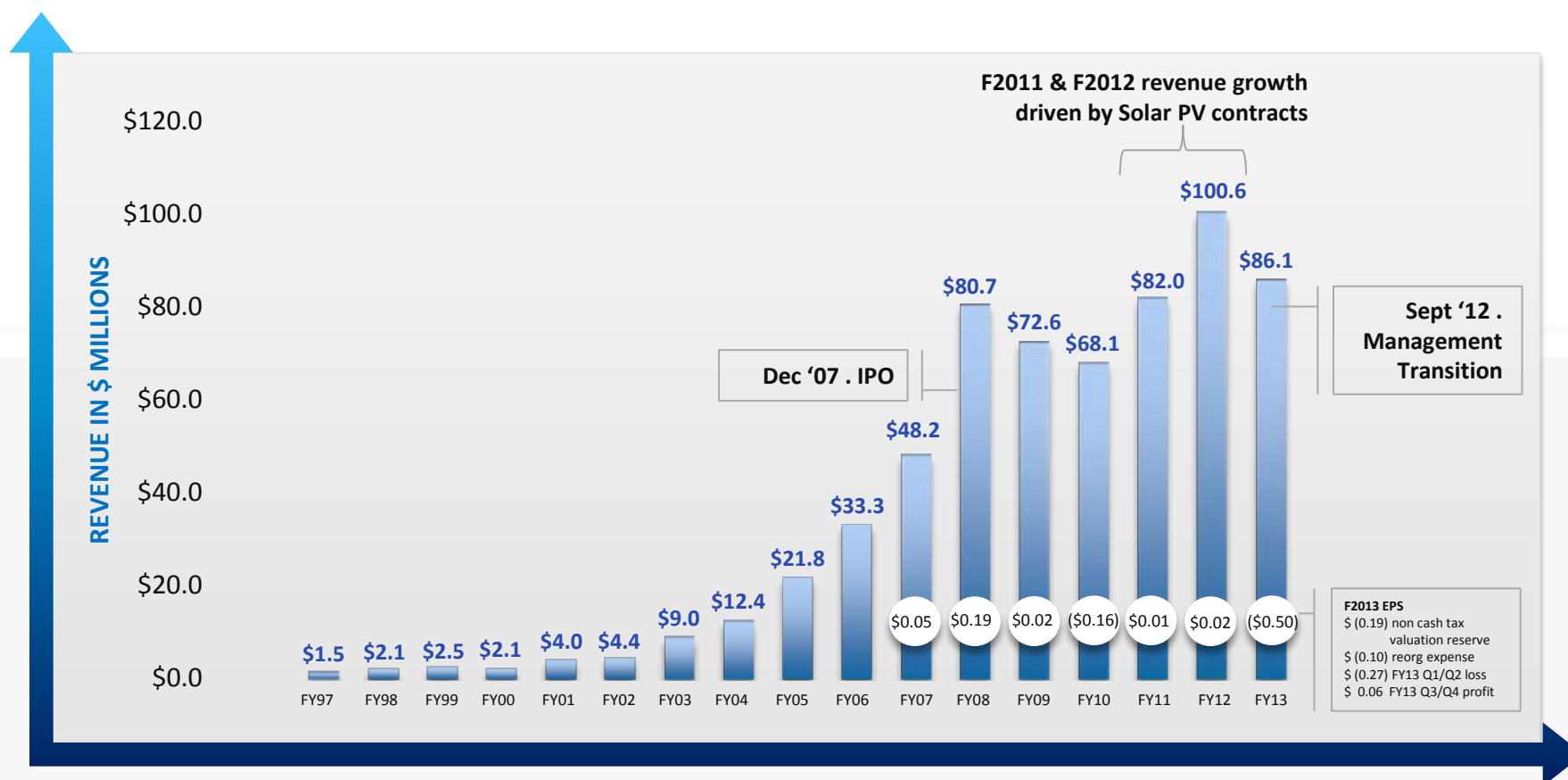


Your own footer

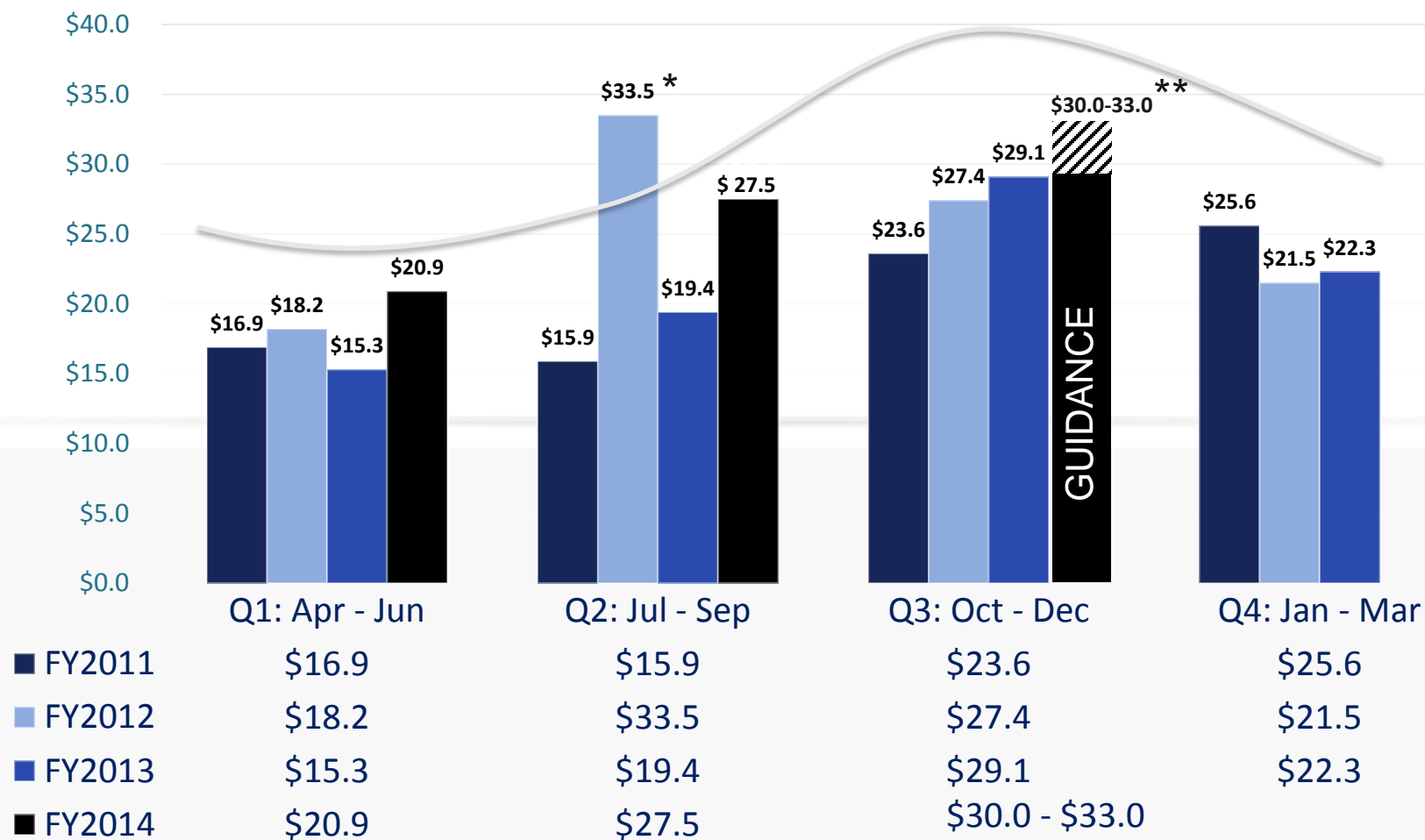
Your Logo

Financial Performance

Fiscal Year End March 31



Revenue Track Record



* FY2012 Q2 Revenue includes atypical \$16m in Solar PV revenue

** FY2014 Q3 Revenue guidance range

Three and Twelve Months

Ending September 30, 2013



	10.01.11 through 09.30.12*	10.01.12 through 09.30.13*	FY13Q2	FY14Q2	FYQ2Δ
Revenue	\$ 83.6	\$ 99.7	\$ 19.4	\$ 27.5	42 %
Gross Margin %	29.7%	30.1%	29.9%	28.5%	(140)bp
Operating Expenses	\$ 35.2	\$ 29.6	\$ 9.9	\$ 7.6	(23) %
Operating Income (Loss)	\$ (7.9)	\$ 0.4	\$ (4.1)	\$ 0.2	105 %
Net Income (Loss)	\$ (11.7)	\$ 2.8	\$ (9.7)	\$ 2.4	125 %
Earnings (Loss) per share	\$ (0.55)	\$ 0.13	\$ (0.46)	\$ 0.11	124 %

(\$ in millions)

* Comparable period due to management change

Balance Sheet and Liquidity



	As of September 30, 2012	As of March 31, 2013	As of September 30, 2013	Change From FYE
Cash	\$ 13.2	\$ 14.4	\$ 17.6	22 %
Short-term Investments	\$ 1.0	\$ 1.0	\$ 1.0	
Total Inventory	\$ 30.7	\$ 26.7	\$ 25.1*	(6) %
Total Debt	\$ 8.2	\$ 6.7	\$ 8.4**	25 %
Revolving credit facility - availability	\$ 13.3	\$ 13.3	\$ 13.3	

(\$ in millions)

* Includes \$1.4 million of acquired Harris inventory

** Includes \$3.2 million to help fund Harris acquisition

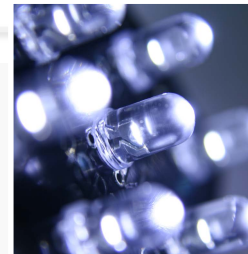
Acquisition Criteria



MARKETING

Expanded and new market share, experienced sales force, distribution

PRODUCT



Manufacturing and assembly to increase utilization in Manitowoc manufacturing operations. LED product focus.



FINANCIAL

Accretive to earnings, nominal maintenance cap-ex. No turnaround scenarios.

Target Model



	20 % CAGR – 5 YEARS 		
	Trailing 12 months	Growth	Capacity
Revenue	\$ 99.7	\$ 150.0	\$ 250.0
Gross Margin %	30.1 %	35.0 %	43.0 %
Operating Expenses	\$ 29.6	\$ 37.0	\$ 60.0
Operating Income	\$ 0.4	\$ 15.5	\$ 47.5
*Net Income	\$ 0.3	\$ 9.8	\$ 30.0
**Earnings per share	\$ 0.01	\$ 0.44	\$ 1.20

(\$ in millions)

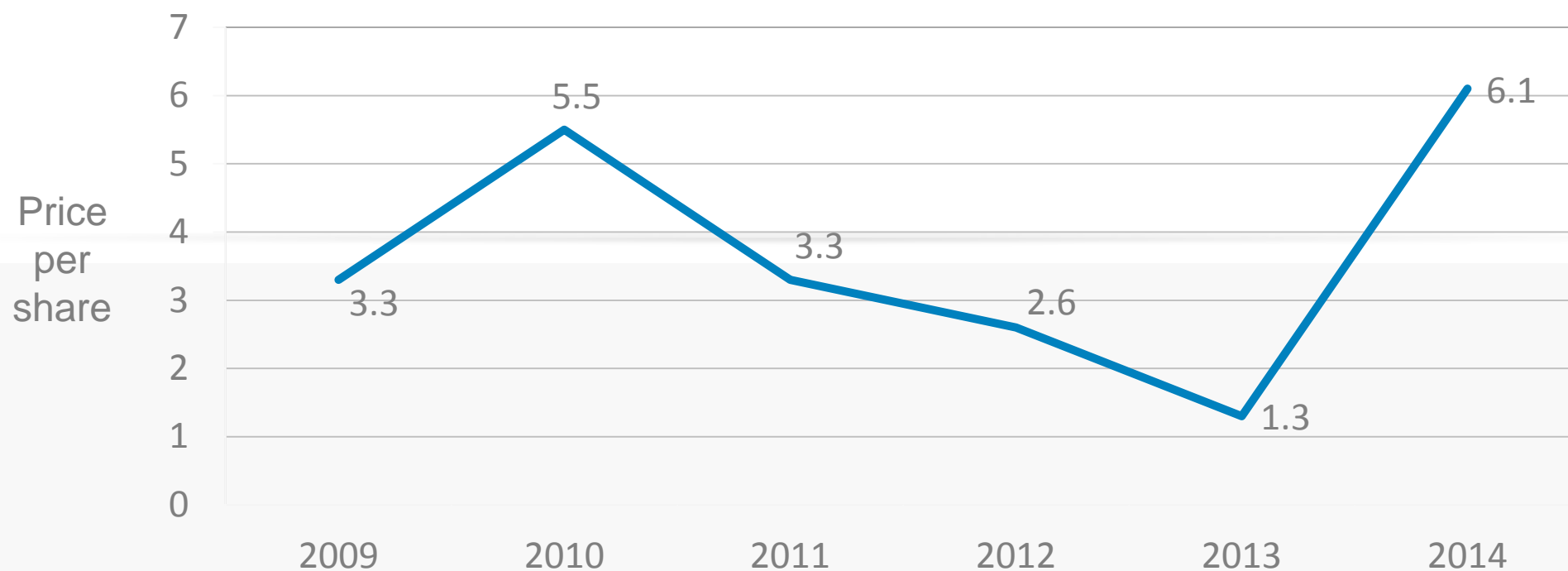
* Assumes tax rate of 37 %

**Assumes 22.0 million shares outstanding organic + 25.0 million acquisitions

Creating Value for Shareholders



\$100,000 invested in:



December 2012 is worth \$470,000 today

December 2011 is worth \$236,000 today

December 2008 is worth \$185,000 today



www.oesx.com

Investor Relations Contact
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