



Dialight

24 JULY 2017

**HALF YEAR RESULTS 2017**

## Dialight becomes first industrial LED lighting supplier to reach 1 million installed fixtures

... 97% of the  
market  
opportunity  
remains

Scalable  
production  
capacity

Growth  
initiatives  
on-going

Strong  
balance  
sheet



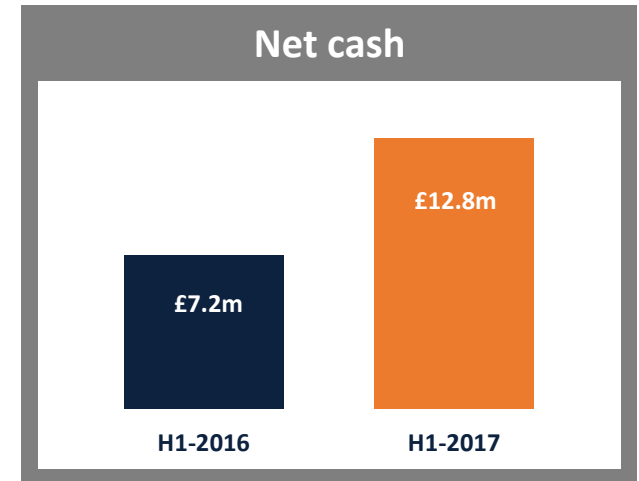
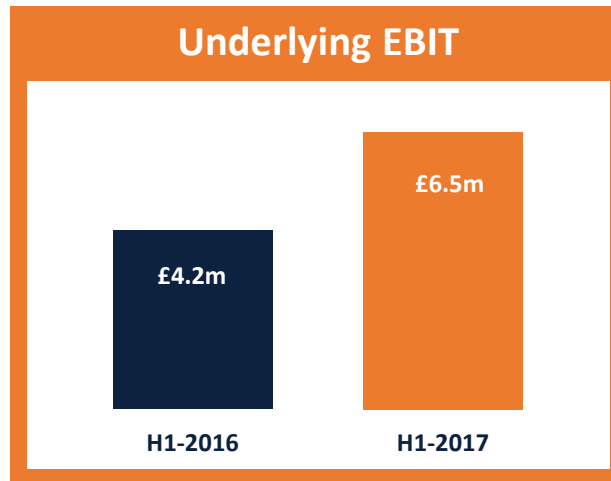
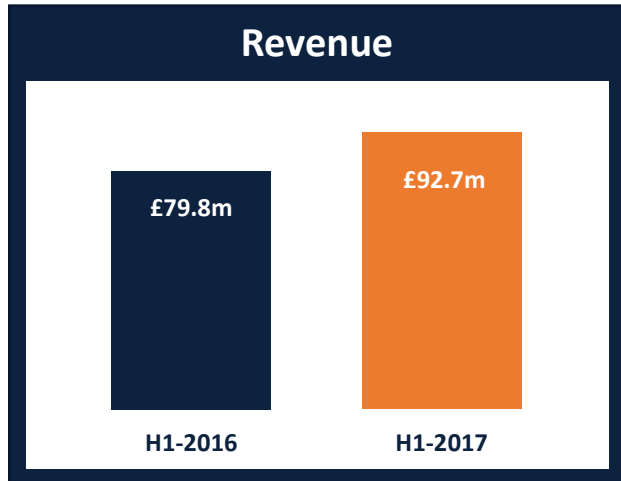
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# FINANCIAL REVIEW

FARIYAL KHANBABI



# FINANCIAL HIGHLIGHTS

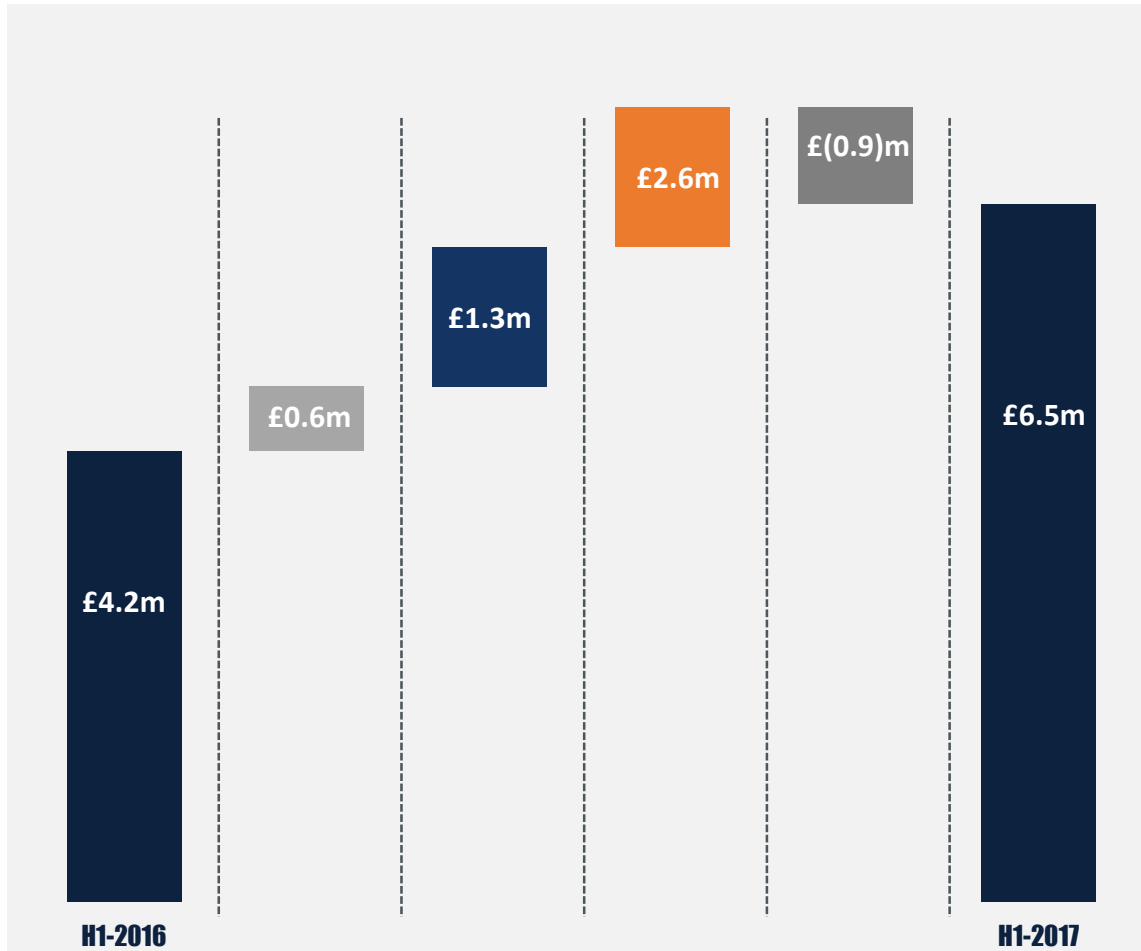


**39%**  
Underlying  
Gross margin

**55%**  
Underlying  
EBIT growth

**£4.0m**  
Profit before  
tax

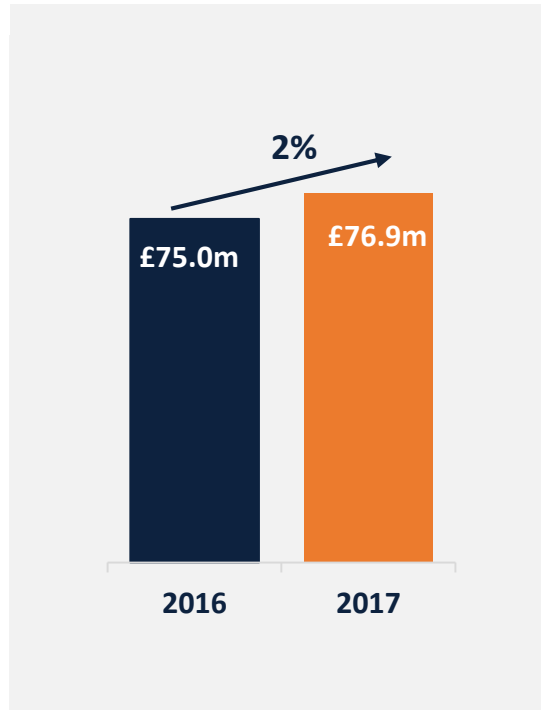
**12.8p**  
Underlying EPS



- Revenue increase
- Material cost savings
- Factory closure
- Investing in sales



## Lighting orders



Order growth at constant currency

## Lighting revenue



Oil & Gas

H1 2017: 18%  
H1 2016: 21%



Mining

H1 2017: 9%  
H1 2016: 7%



Power

H1 2017: 8%  
H1 2016: 6%

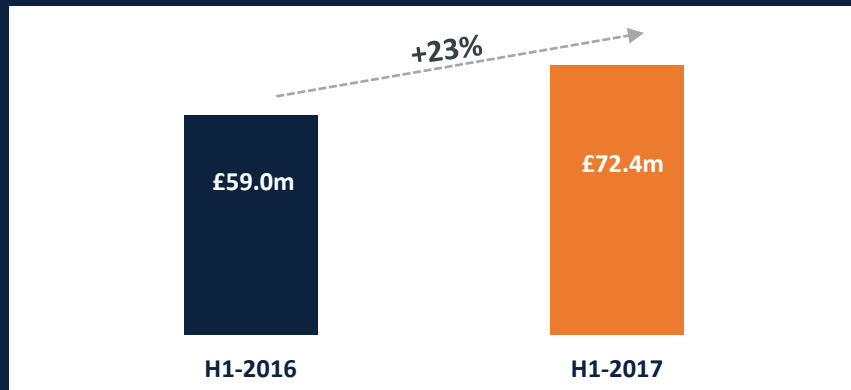


Pulp & Paper

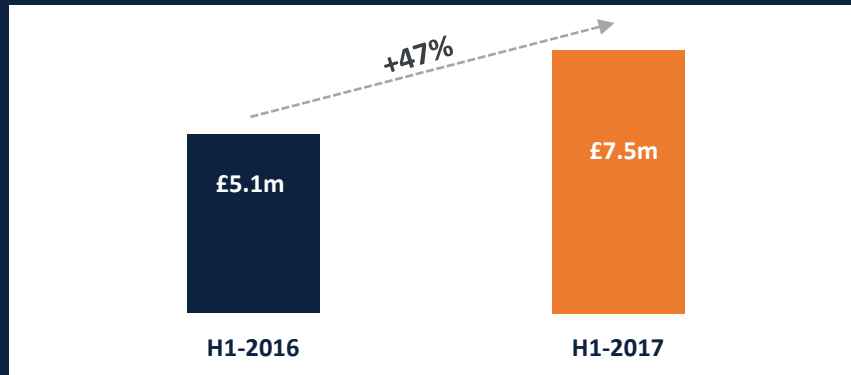
H1 2017: 8%  
H1 2016: 7%

## Lighting

### Revenue

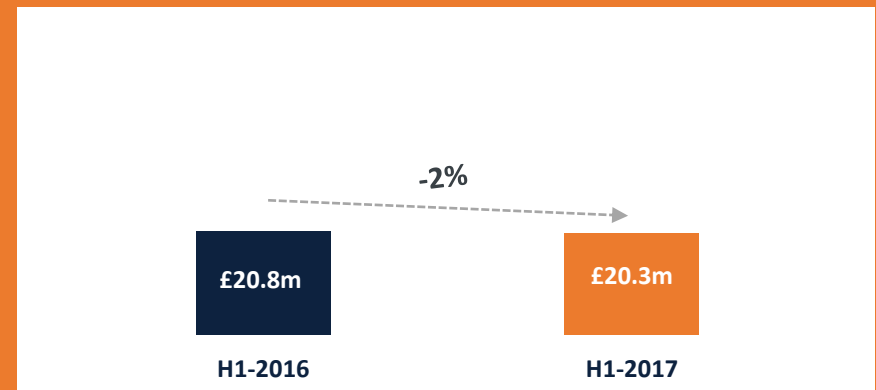


### Operating profit

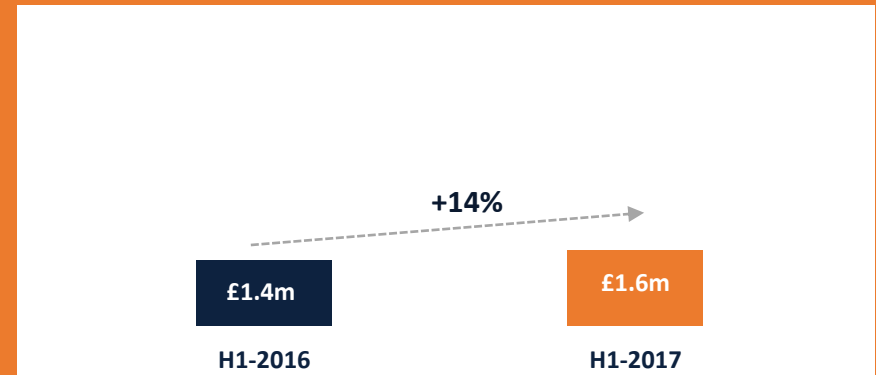


## Signals & Components

### Revenue



### Operating profit



# NON-UNDERLYING COSTS

£m	H1-2017	H1-2016
Employee severance and restructuring costs	-	5.1
Intangible/tangible asset impairment	-	5.1
Production transfer costs	2.4	0.7
Other	-	0.2
<b>Non-underlying costs</b>	<b>2.4</b>	<b>11.1</b>
<b>Total cash impact</b>	<b>2.4</b>	





£m	H1-2017
Net cash at 31 December 2016	8.0
EBITDA (underlying)	9.1
Net working capital	4.8
<b>Capex</b>	<b>(3.2)</b>
<b>Non-underlying</b>	<b>(2.4)</b>
<b>Taxes &amp; other</b>	<b>(3.6)</b>
<b>Net cash at 30 June 2017</b>	<b>12.7</b>

**Cash conversion: 148%**

**Trade working capital days reduced by 44 days**



## 1 | Sustaining capital

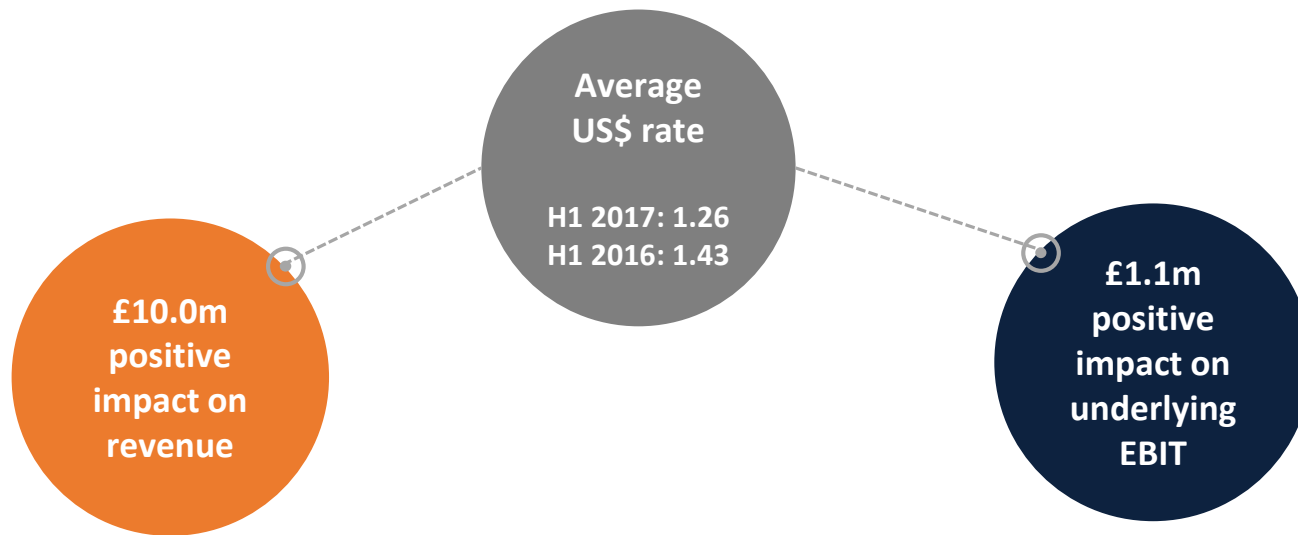
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## 2 | Cycle of

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# H2-2017 PLANNING ASSUMPTIONS



Income statement	Net interest	Broadly in line with H1-2017
	Tax rate	35%
Cash flow	Capex	c.£3m for plant upgrades, IT & product development
	Working capital	Broadly in line with H1 2017

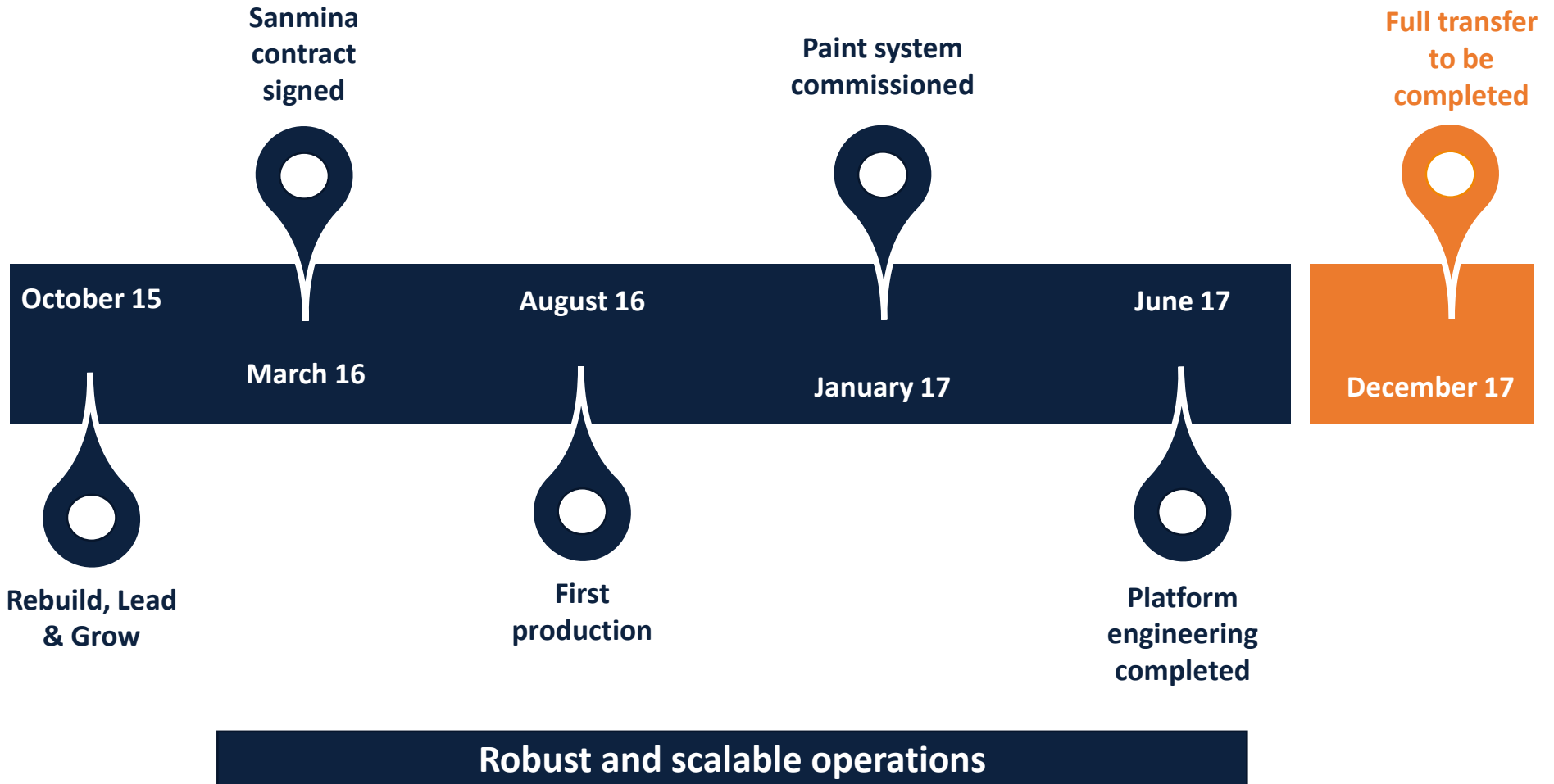
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# BUSINESS REVIEW

MICHAEL SUTSKO






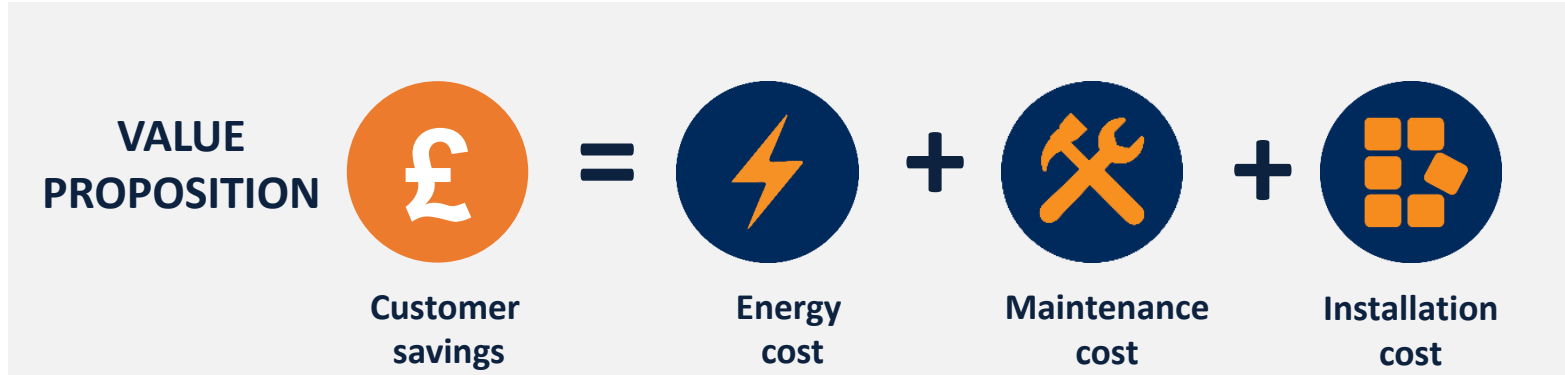
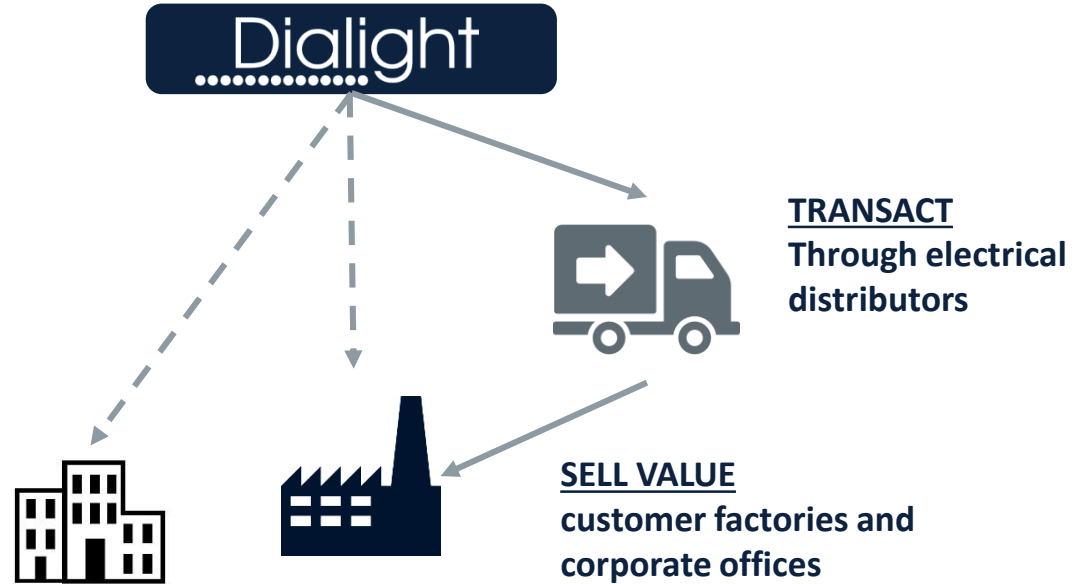
# REBUILD TIMELINE

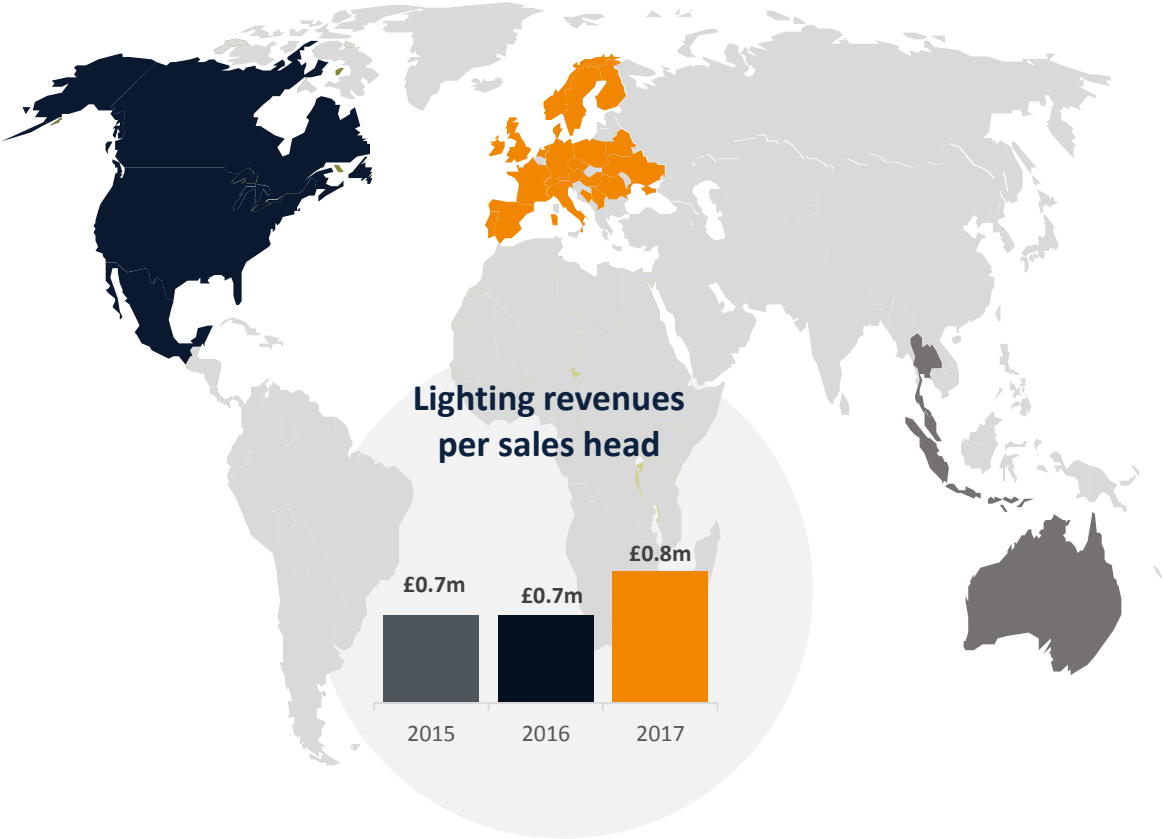




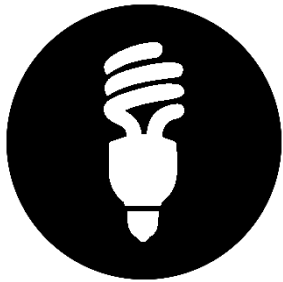


-  Energy, utilities & mining
-  Industrial manufacturing
-  Infrastructure



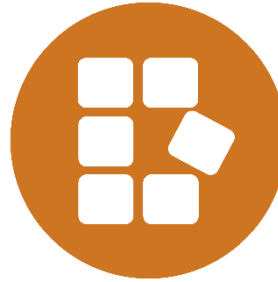


## Enable maintenance spend



- One year payback
- Lighting as a service

## Access different budgets



- Corporate sustainability & safety
- Design engineering
- Process productivity

## Awareness



- Expand market conversion through public awareness

## Superior fixture performance & longevity



Material cost savings - zero replacement parts



Reduced maintenance downtime



Optimise fixture quantities



Environmentally friendly & energy efficient

## Advanced controls



System wide control



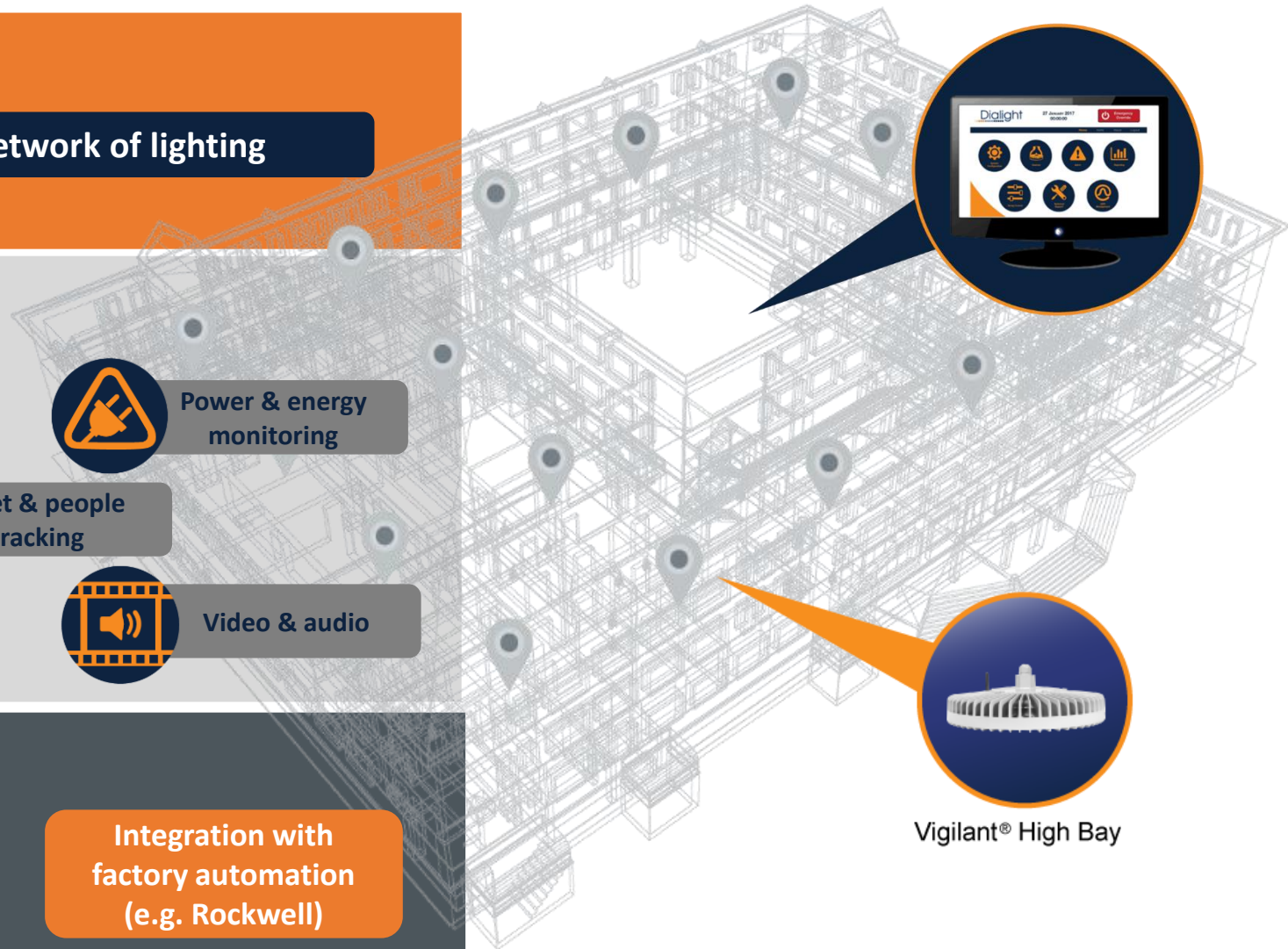
Data driven insights



Seamless integration with factory automation



Upgradeable



Vigilant® High Bay

## Level 3: Connecting the whole factory

Access to built in network of lighting

## Level 2: Enhancing productivity & safety



Environment monitoring



Power & energy monitoring



Asset & people tracking



Emergency & safety



Video & audio

## Level 1: Lighting control

Dialight DACS  
Basic lighting controls

Integration with  
factory automation  
(e.g. Rockwell)





## A clear strategy to deliver value



Growth businesses



Profit and cash



Financial flexibility

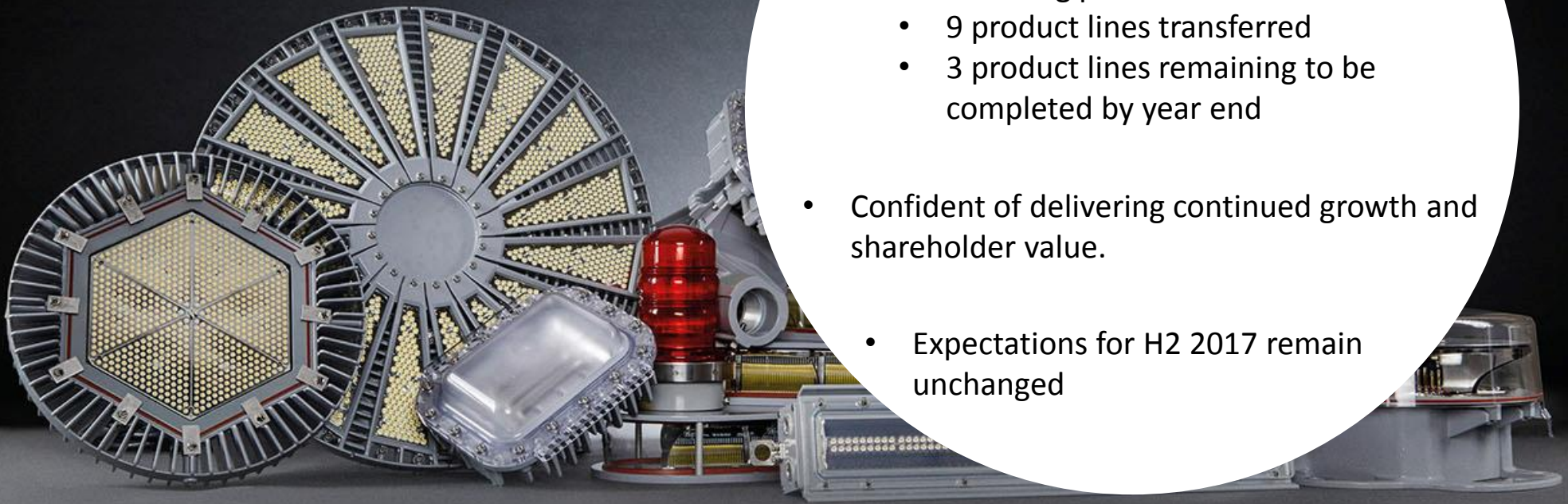
Capital allocation  
discipline

Balance sheet  
strength

Compelling  
growth

Shareholder  
returns





- Ambitious growth strategy to capture industrial LED market
- Transformation to a robust and scalable manufacturing platform
  - 9 product lines transferred
  - 3 product lines remaining to be completed by year end
- Confident of delivering continued growth and shareholder value.
  - Expectations for H2 2017 remain unchanged



# Questions

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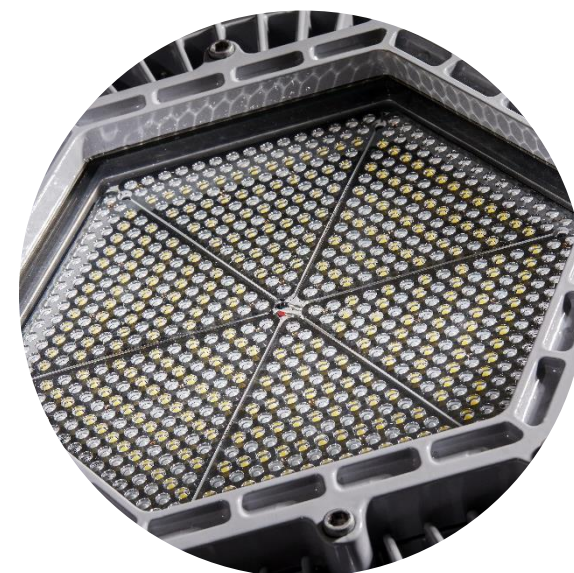
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# INCOME STATEMENT

## Variance

£m	H1-2017	H1-2016	Reported	Constant Currency
<b>Revenue</b>	<b>92.7</b>	<b>79.8</b>	<b>16%</b>	<b>3%</b>
Cost of goods sold	(56.5)	(51.0)		
<b>Gross Profit</b>	<b>36.2</b>	<b>28.8</b>	<b>26%</b>	<b>11%</b>
Distribution costs	(17.4)	(14.3)		
Administrative expenses	(12.3)	(10.3)		
<b>Underlying EBIT</b>	<b>6.5</b>	<b>4.2</b>	<b>55%</b>	<b>21%</b>
Non-underlying costs	(2.4)	(11.1)		
Finance expense	(0.1)	(0.2)		
<b>Profit/(Loss) before tax</b>	<b>4.0</b>	<b>(7.1)</b>		
Tax	(1.4)	2.4		
<b>Profit/(Loss) after tax</b>	<b>2.6</b>	<b>(4.7)</b>		
Underlying EPS	12.8p	7.8p		





# SEGMENTAL RESULTS

## Lighting

£m	H1-2017	H1-2016	Variance
Revenue	72.4	59.0	23%
Direct costs	(41.8)	(35.1)	(19%)
<b>Gross Profit</b>	<b>30.6</b>	<b>23.9</b>	<b>28%</b>
Gross margin	42%	41%	100bps
Overheads	(23.1)	(18.8)	(23%)
<b>EBIT</b>	<b>7.5</b>	<b>5.1</b>	<b>47%</b>

## Signals & Components

£m	H1-2017	H1-2016	Variance
Revenue	20.3	20.8	(2%)
Direct costs	(14.7)	(15.9)	(8%)
<b>Gross Profit</b>	<b>5.6</b>	<b>4.9</b>	<b>14%</b>
Gross margin	28%	24%	400bps
Overheads	(4.0)	(3.5)	(14%)
<b>EBIT</b>	<b>1.6</b>	<b>1.4</b>	<b>14%</b>

Note: Segmental EBIT excludes unallocated overheads of £2.6m.



£m	H1-2017	H1-2016
Obstruction	13%	13%
Food & Beverage	7%	9%
Heavy industrial	14%	17%
Mining	9%	7%
Oil & Gas	18%	21%
Power	8%	6%
Pulp & Paper	8%	7%
Other industrials	23%	21%
	<b>100%</b>	<b>100%</b>

