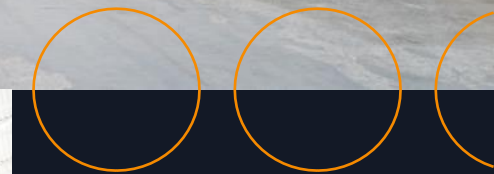




DIALIGHT PLC

FULL YEAR RESULTS 2021



Dialight

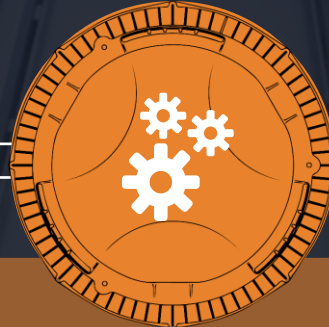
KEY HIGHLIGHTS

RETURN TO PROFITABILITY



- Stronger order intake - up 24% y-o-y
- Revenue recovery - up 17% y-o-y
- Gross margins at 36% from 29% in FY-20
- Underlying EBIT to £4.5m, more to come

ROBUST OPERATIONAL PERFORMANCE



- Delivered successfully to customers
- Increased capacity for future growth
- Additional operational excellence initiatives
- Supply chains performed well given circumstance

BUILDING THE PLATFORM FOR FUTURE SUCCESS



- Enhanced sales access
- Increased product development – in core and plugging gaps
- Embedded ESG in business



FINANCIAL REVIEW

CLIVE JENNINGS



INCOME STATEMENT

	FY-21	Actual FY-20	Constant currency FY-20
	£m	£m	£m
Revenue	131.6	119.0	112.5
Cost of sales	(84.6)	(85.0)	(80.3)
Gross profit	47.0	34.0	32.2
Gross margin %	35.7%	28.6%	28.6%
SG&A	(42.5)	(40.4)	(38.6)
Underlying EBIT	4.5	(6.4)	(6.4)
Non-underlying costs	(2.4)	(2.4)	(2.4)
EBIT	2.1	(8.8)	(8.8)

Non-underlying costs	FY-21	FY-20
	£m	£m
Redundancy costs	-	0.9
Loss on disposal of subsidiary	-	0.8
Costs relating to manufacturing partner	2.9	0.3
Release of warranty provision	(0.3)	-
Release of litigation provision	(0.2)	0.4
Total	2.4	2.4

REVENUE

- Revenue up 17% at constant currency
- Lighting up 16% and Signals & Components up 18%

GROSS MARGIN

- Improvement of 710bps driven by cost reduction programmes and operating leverage

SG&A

- 5% increase in costs as temporary salary reductions reversed, revenue generating activity increased and bonuses were accrued for

UNDERLYING EBIT

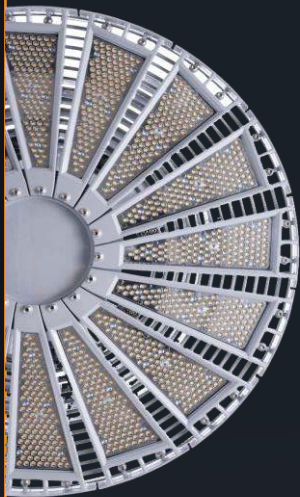
- Up £10.9m YoY

NON-UNDERLYING ITEMS

- On-going litigation costs with former manufacturing partner
- Release of surplus provisions

GROSS MARGIN IMPROVEMENT

GROSS PROFIT BRIDGE (€m)



MATERIAL COST REDUCTIONS

Significant benefits achieved from cost reduction programmes in key lighting products

Weight and height reductions helping to offset logistics increases

Benefits of efficiency programmes launched in the year, coupled with greater operating leverage

PRODUCTION EFFICIENCIES



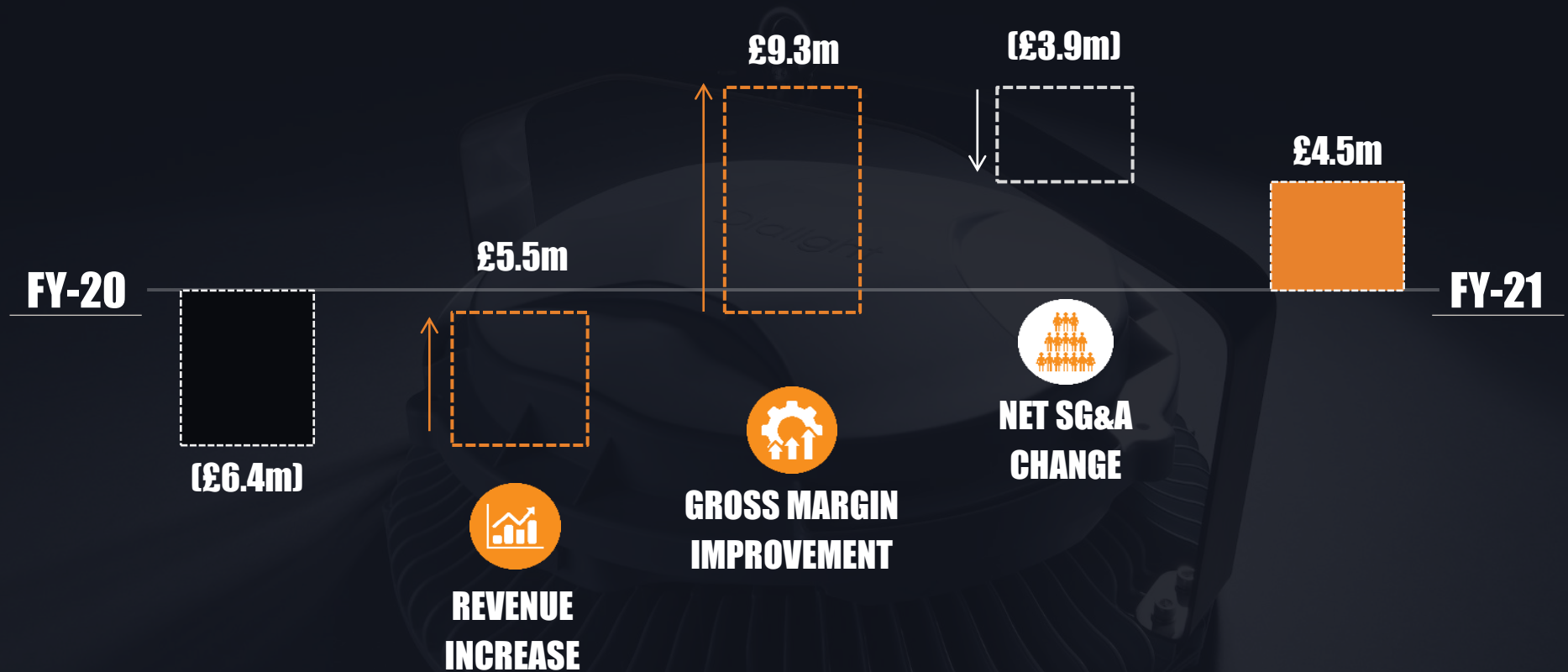
710 BPS IMPROVEMENT

FREIGHT CONSTRAINTS

Extended shipping lead times and significant increases in rates

Supply shortages requiring the use of expedited freight modes to ensure sales achievement

UNDERLYING EBIT BRIDGE [ccy]



SEGMENT PERFORMANCE

LIGHTING

£m (Actual)	FY-2021	FY-2020	Variance
Revenue	90.5	81.7	+11%
Gross Profit	33.7	23.7	+42%
Gross margin	37.2%	29.0%	+820bps
Overheads	(28.4)	(26.8)	(6%)
Underlying EBIT	5.3	(3.1)	+271%

SIGNALS & COMPONENTS

£m (Actual)	FY-2021	FY-2020	Variance
Revenue	41.1	37.3	+10%
Gross Profit	13.3	10.3	+29%
Gross margin	32.4%	27.6%	+480bps
Overheads	(7.8)	(7.7)	(1%)
Underlying EBIT	5.5	2.6	+112%

REVENUE

- Core US market seeing increased levels of project activity and continued growth in MRO orders
- High demand in the key mining vertical in Australia
- EMEA and Asia continued to be impacted by COVID-19 restrictions and customers delaying projects

GROSS MARGIN

- 820bps improvement predominantly through cost reduction launches and increased overhead leverage

REVENUE

- High demand drove OE revenue up 26%, supported by new product sales and new distribution partners
- Traffic saw continued high growth whilst Vehicle growth remained hampered by low bus ridership

GROSS MARGIN

- 480bps improvement with increased volumes improving production leverage in both facilities

NET DEBT

	£m	
Net debt at 31 December 2020	(11.4)	
Inflows		
Underlying EBITDA	11.1	
Net working capital (excl. inventory)	5.4	16.5
Outflows		
Increase in inventory	(9.6)	
Investment in new products	(3.5)	
Maintenance capex/others	(2.3)	
Non-underlying costs	(2.4)	
Provisions and other movements	(1.2)	
Interest paid	(1.4)	
FX	(0.4)	(20.8)
Net debt at 31 December 2021	(15.7)	

Underlying EBITDA

- Improved EBITDA generation, up £11m on 2020

WORKING CAPITAL

- Supply chain concerns drove short term increase in inventory of £9.6m
- Improved supplier relationships led to enhanced credit terms

CAPEX

- Increased investment into new products and production capacity

BORROWING CAPACITY

- £8m CLBILS - £4m repaid in FY-21, balance over next 18 months
- £25m RCF to Mar2025 - £16.9m undrawn,

2022 PLANNING ASSUMPTIONS

INCOME STATEMENT

NET INTEREST

Broadly in line with FY21

TAX RATE

Effective tax rate c.25%

CASH FLOW

CAPEX

**c.£6m production capex
c.£4m product development**

WORKING CAPITAL

**Targeting inventory reduction
for 2022***

* Subject to supply chain constraints easing

H2 weighting as in previous years

BUSINESS REVIEW

FARIYAL KHANBABI



THE INDUSTRIAL SECTOR ACCOUNTS FOR 1/3 OF GLOBAL EMISSIONS AND IS STILL LARGELY DEPENDENT ON INEFFICIENT, ENVIRONMENTALLY DAMAGING LIGHTING TECHNOLOGIES

WITH 2/3 FEWER CARBON EMISSIONS VS. LEGACY LIGHTING, LED LIGHTING REPRESENTS A MEANINGFUL SOLUTION TO HELP COMBAT CLIMATE CHANGE, WHILE IMPROVING SAFETY

OUR CUSTOMERS ARE INCREASINGLY SEEKING MORE ENVIRONMENTALLY FRIENDLY PRODUCTS TO HELP MEET THEIR NET ZERO COMMITMENTS

**AS MARKET LEADER WE ARE AT THE FOREFRONT OF PROVIDING
THEIR SOLUTION.**

OUR STRATEGY



GROWTH

Growing revenues ahead of our markets through expansion of our product offering and development of strategic partnerships, whilst protecting our core customer base



TECHNOLOGY

Pushing technological boundaries to support our environmental targets and maintain our market leading position

Launching the first, fully recyclable industrial LED fixture



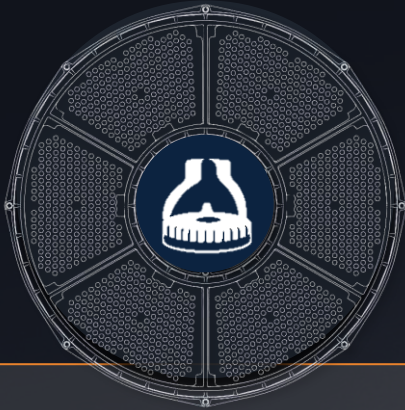
SUSTAINABILITY

Maintaining our proactive safety culture, supporting our communities and helping our customers reduce their carbon footprint

Our goal is zero harm

OUR GROWTH STRATEGY

INVEST IN OUR CORE



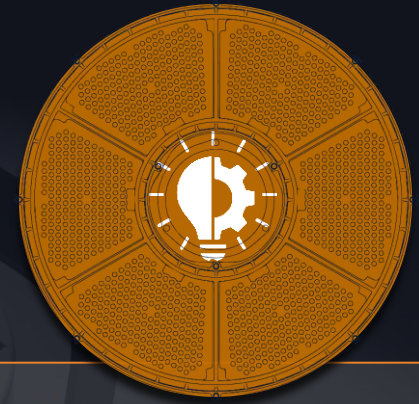
Increasing conversion to LED
in our core markets

EXPAND MARKET REACH



Expanding our market reach by
developing new routes to market
and new market verticals

DEVELOP STRATEGIC RELATIONSHIPS



Building strategic partnerships
with global customers

**OUR OVERALL STRATEGY IS FOCUSED ON ORGANIC
GROWTH, SUPPORTED BY PRODUCT INNOVATION AND
AN AGILE SUPPLY CHAIN**

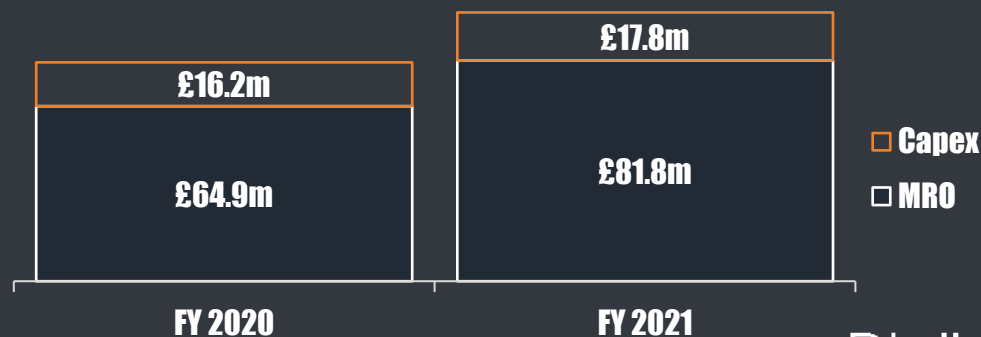
LIGHTING ORDER PERFORMANCE

SALES BY VERTICAL MARKET

	FY-21	FY-20
Oil & Gas	26%	22%
Heavy industrial	14%	14%
Mining	24%	12%
Power	6%	12%
Pulp & Paper	4%	10%
Food & Beverage	10%	7%
Obstruction & Other industrials	16%	23%

ORDER BOOK INCREASED BY 194%

ORDERS BY TYPE



AMERICAS



- +27% YoY growth
- Regaining MRO business
- Capex projects deferral
- Strategic accounts

EMEA



- +2% YoY growth
- Impact of repeated lockdowns and travel restrictions

APAC



- +17% YoY growth
- Buoyant Australian mining
- Asia lockdowns impacted performance

OBSTRUCTION



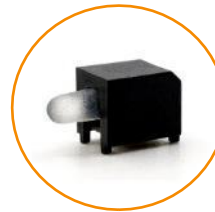
- +53% YoY order growth
- +44% YoY revenue
- Return to profitability

SIGNALS & COMPONENTS



ORDERS

- Diverse end customers with over 40,000 globally
- 27% increase over FY-20 (constant currency)
- Significant demand in higher margin OE market
- Strong traffic light demand



BUSINESS PERFORMANCE

- 77% increase in order book (constant currency)
- Revenue increased to £41.1m from £37.3m
- Expanded distributor network
- Gross margin +510bps to 32% (constant currency)
- Underlying EBIT doubled to £5.5m from £2.6m

Dialight

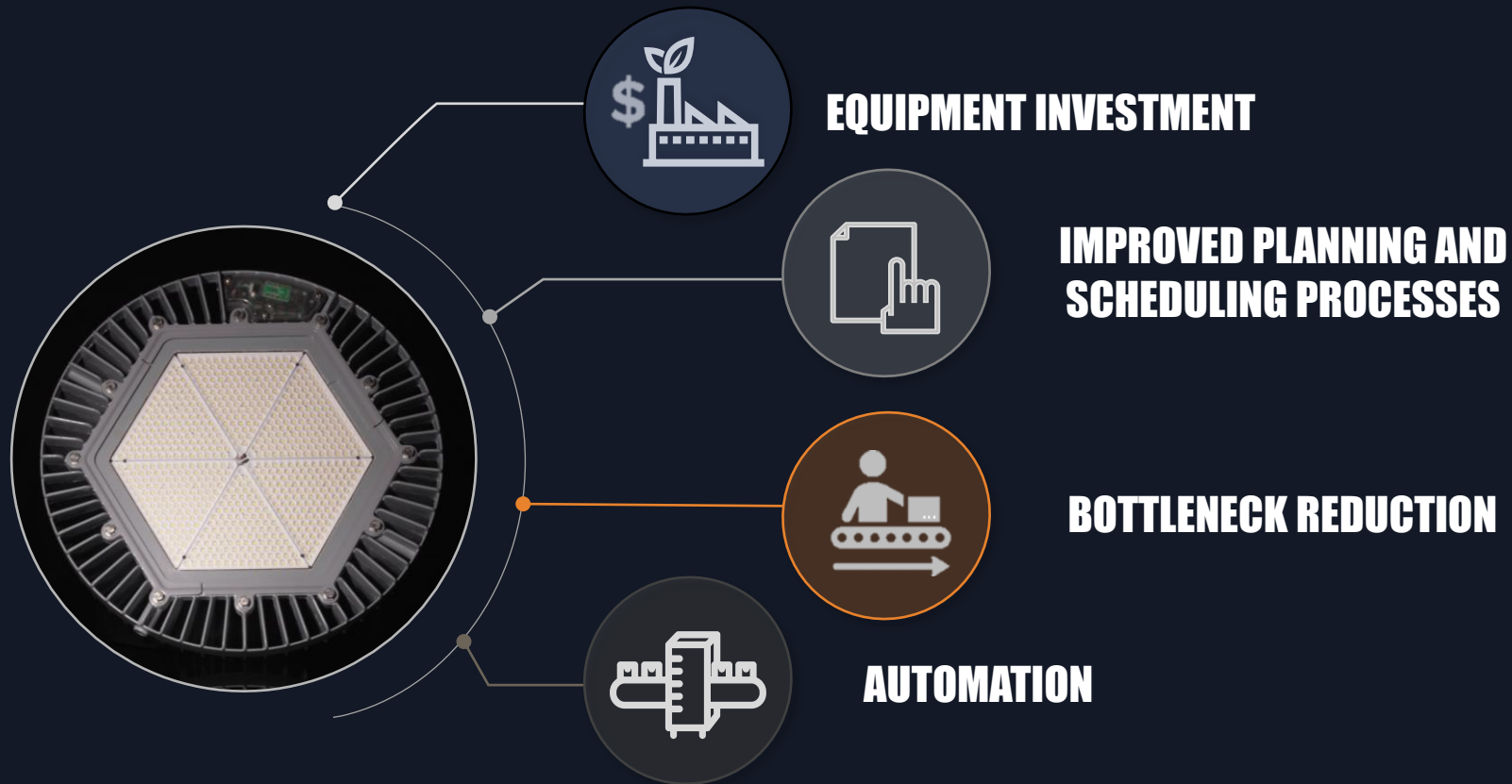


STRATEGIC GOALS

- Increase speed of NPD
- Target markets with higher volume LED usage
- Continue to expand sales channel, targeting EMEA/Asia



OPERATIONAL PERFORMANCE



**71%
On Time Delivery**

Above current industry standard



**3 week
Lead times**



**Strong H&S
record**

SUPPLY CHAIN



SKU reduction

Reducing complexity



VMI/Consignment inventory

Safeguarding against shortages



Localising supply

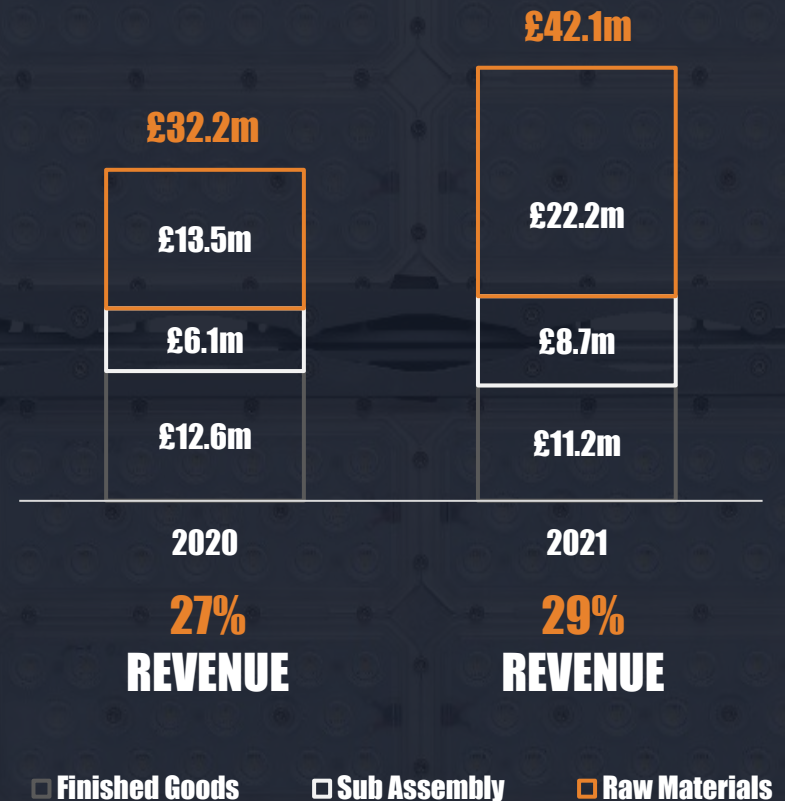
Utilising local suppliers to reduce lead times/risk



Improved planning systems

Refining process to drive targeted inventory reductions

INVENTORY £m



Excluding spare part inventory

TARGETING INVENTORY REDUCTION FOR 2022

PRODUCTS LAUNCHED



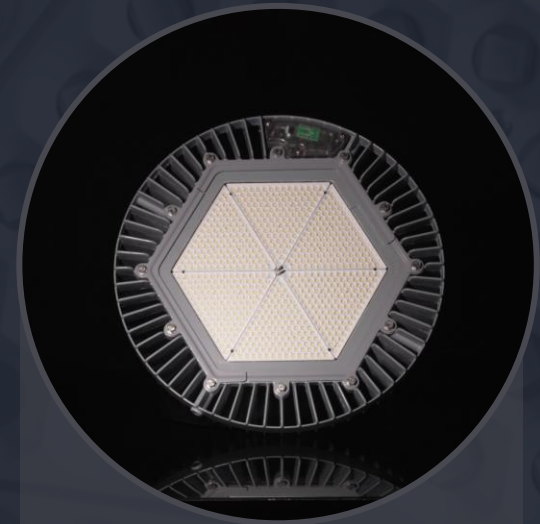
Vigilant® High Output High Bay

- 30% reduction in weight and 60% reduction in height
- Easier installation
- Up to 71,000 lumens of output for mounting heights of up to 100ft



ProSite Floodlight

- Chipscale LEDs and unique molded optics
- Modular design
- Wiring accessibility offers future-upgradeability



Ultra-Efficient Vigilant® High Bay

- 30% more efficient
- Higher lumen levels – bridging portfolio gap
- Integrated wireless controls
- Microwave sensor technology

ESG EMBEDDED IN THE ORGANISATION



ENVIRONMENT

- Net Zero by 2040
- Product recycling partners
- Move to recyclable materials



SOCIAL

- Developing our people to fulfil their potential
- Enhancing highest health & safety standards
- Embedded within the communities we operate in



GOVERNANCE

- Inaugural ESG report
- Environmental product declarations
- Supply chain monitoring

DIALIGHT FOUNDATION



Dialight

WEA PARTNERSHIP



SUMMARY



We have made a good start to the year with order intake ahead of the same period last year and a strong order pipeline. Our expectation for 2022, despite current headwinds including supply chain constraints and inflation, is for further strong progress driven by revenue growth and improved margins.

Our products meet the needs of our customers to enhance safety, reduce energy and maintenance costs and critically will help them achieve net zero carbon. The market opportunity is substantial and Dialight is well positioned to deliver its growth strategy.





APPENDIX



OVERVIEW

LED INDUSTRIAL LIGHTING

MARKET PENETRATION

- Cumulative penetration of industrial LED lighting is less than 10%, enabling strong growth potential for some years to come

THE LED ADVANTAGE

- Low energy consumption
- Long lifetime
- Enhanced versatility

MARKET ADOPTION DRIVERS

- Return on investment and total cost of ownership, utilising energy and maintenance cost savings
- Health, safety and wellbeing
- Increased government focus on climate change with evolving environmental policies
- Achieving ESG targets set by Corporates

MARKET SEGMENTS

- Direct specification sale to end users, transacting through distributors
- Distributor inclusion enables simplified contracting and increases customer reach as many distributors possess large supply contracts
- Projects are a mix of maintenance (MRO) spending characterised by small volume purchases over long periods of time, or capital projects



SIGNALS AND COMPONENTS

OVERVIEW

- Dialight has operated in these well established markets since 1938
- Sales channels comprise of six in-house sales staff and a well established web platform
- Greater visibility of sales pipeline with orders being placed up to six months in advance
- Significantly lower investment in R&D and capex

OPTOELECTRONICS

- Diverse end customers with over 40,000 globally
- Strong distribution network, operating with 7 of the top 10 distributors

VEHICLE

- Products designed for transit bus market in North America
- Dialight is the 'standard' at three largest OEMs

TRAFFIC

- Supply traffic signals in North America
- Highly commoditised, mature market with high LED adoption rate
- Sales focused on cyclical replenishment

SEGMENTS

Lighting £m	Actual currency			Constant currency	
	FY-2021	FY-2020	Variance	FY-2020	Variance
Revenue	90.5	81.7	+11%	77.7	+16%
Gross Profit	33.7	23.7	+42%	22.7	+48%
Gross margin	37.2%	29.0%	+820bps	29.2%	+800bps
Overheads	(28.4)	(26.8)	(6%)	(25.4)	(12%)
EBIT	5.3	(3.1)	+271%	(2.7)	+296%

Signal and Components £m	Actual currency			Constant currency	
	FY-2021	FY-2020	Variance	FY-2020	Variance
Revenue	41.1	37.3	+10%	34.8	+18%
Gross Profit	13.3	10.3	+29%	9.5	+40%
Gross margin	32.4%	27.6%	+480bps	27.3%	+510bps
Overheads	(7.8)	(7.7)	(1%)	(7.3)	(7%)
EBIT	5.5	2.6	+112%	2.2	+150%