



Daktronics, Inc. announces first quarter results

August 21, 2002

Daktronics, Inc. announces first quarter resultsBrookings, S.D. - Aug. 21, 2002 - Daktronics, Inc. (Nasdaq -DAKT), a worldwide leader in the design, manufacture and sales of large screen video displays, scoreboards and computer-programmable display systems, announced fiscal year 2003 first quarter net sales of \$44.1 million and net income of \$3.1 million or \$.16 per diluted share, compared with first quarter net sales of \$40.2 million and net income of \$1.6 million, or \$.08 per diluted share, one year ago.

Backlog at the end of the first quarter ended August 3, 2002, was approximately \$50 million, compared with \$37 million at the end of the first quarter one year ago, and \$51 million at the end of fiscal year 2002. The timing of large orders can cause significant fluctuations in the Company's backlog. The announced \$50 million backlog does not include a \$6 million pending order for a new display system for Soldier Field in Chicago that was announced by the Company on July 31, 2002, and a \$2.8 million order announced August 20, 2002, for equipment at the new baseball park under construction in San Diego.

"We are pleased with the first quarter results," said Jim Morgan, president and CEO of Daktronics. "We were able to maintain a strong backlog with the booking of quality orders. The pipeline for future business also looks promising. Based on those factors, we estimate net sales for the second quarter of fiscal year 2003 will be in the range of \$43 million to \$48 million, with earnings in the range of \$.11 to \$.18 per share. These are the same ranges that were estimated for the first quarter of fiscal 2003. We also expect the third quarter to be stronger than the same period last year due to projects already booked or that will be booked and are scheduled for delivery in the spring of 2003.

"We've been busy designing, manufacturing and installing new football systems over the summer and are turning them on this fall at facilities across the country, including the University of Illinois, Iowa State University, Texas Christian University, the Naval Academy, Baylor University, and Southern University. The New England Patriots, Detroit Lions and Dallas Cowboys of the NFL are also firing up new Daktronics systems in their facilities for the upcoming football season.

"Recent significant contract orders for sports customers include scoring and display systems for the San Diego Padres, Fargodome, and Southern University and A&M College, as previously announced. Additional orders included in the stated backlog are systems for the New Orleans Arena, University of Miami, San Jose State University, Old Dominion University, Laredo Arena, Cricket Arena, USTA National Tennis Center, Saginaw Events Center and additional high school football facilities in Texas that together total more than \$6.4 million. Sales and orders of products to smaller institutions, including high schools, were also strong in the quarter compared with the first quarter of last year.

"Sales of products for business applications were higher in the first quarter of this year than the same period last year. We've also received some nice contracts including systems for casinos and auto dealerships. Our gross margins on sales to business customers were also higher than the first quarter of last year as sales of standard products grew.

"We have a strong backlog of transportation orders including orders from the City of Dallas, New York State Bridge Authority, New York DOT, Washington State DOT, Connecticut DOT, Pennsylvania DOT and Virginia DOT as announced on July 22, 2002. Previously unannounced orders that were booked during the first quarter include systems for the Dallas Area Rapid Transit and Calgary Airport Authority," Morgan said.

"Our net income as a percent of revenues was in excess of seven percent, a level we have not seen since the second quarter of fiscal year 2001," said Bill Retterath, chief financial officer. "For the quarter, we saw a significant rise in gross margins with which we are especially pleased. Gross profit percent was 34.7 percent and resulted from a number of factors, including overall efforts of our sales staff, engineering efforts to reduce costs, further improvements in raw materials pricing, improved product mix between our standard and custom products, and improved absorption of overhead costs in the plant. We expect that gross margins for the year will be lower than this quarter's levels, but slightly higher than last fiscal year.

"Offsetting the increase in margin, operating expenses rose during the quarter as a result of a number of factors, primarily the extra week in the quarter resulting from a 53-week fiscal year. In addition, we incurred write-downs of equipment used for demonstration purposes, and a rise in bad debt expense.

"For the quarter, we generated approximately \$6.8 million in EBITDA, also the highest level since the second quarter of fiscal year 2001. Although cash flow from operations was positive for the quarter, we expect it to improve in the second quarter as the receivables and inventory tied up in current business are converted to cash," Retterath said.

The company will web cast its quarterly conference call at 10:00 am (CDT) this morning. The conference call can be accessed through <http://www.daktronics.com> or <http://www.vcall.com/EventPage.asp?ID=82231>. The company's annual meeting of shareholders is scheduled for this evening beginning at 7:00 pm at Daktronics headquarters in Brookings, S.D. Tours of the facility are available from 5:00 - 6:30 pm and are open to the public.

Daktronics, a manufacturer and technical contractor, is one of the world's largest suppliers and marketers of electronic scoreboards, computer-programmable displays and large screen video boards. The company has strong leadership positions in electronic scoreboards; outdoor programmable display systems available in LED, incandescent and reflective technologies; and large screen video display and control. Daktronics has installed displays in more than 70 countries. For more information, visit the company's worldwide web site at <http://www.daktronics.com>, email the company at sales@daktronics.com, call toll-free 1-888-325-8766 in the U.S., or write to the company at 331 32nd Avenue, P.O. Box 5128, Brookings, SD 57006-5128.

Cautionary Notice: In addition to statements of historical fact, this news release contains forward-looking statements reflecting the company's expectations or beliefs concerning future events which could materially affect company performance in the future. The company cautions that these and similar statements involve risk and uncertainties including changes in economic and market conditions, management of growth, timing and magnitude of future contracts, and other risks noted in the company's SEC filings which may cause actual results to differ materially. Forward-looking statements are made in the context of information available as of the date stated. The company undertakes no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.