



Daktronics, Inc. announces record quarterly results

November 18, 2003

Daktronics, Inc. announces record quarterly results Brookings, S.D. - November 18, 2003 - Daktronics, Inc. (Nasdaq - DAKT), a worldwide leader in the scoreboard, electronic display and large screen video display industry, announced record fiscal 2004 second quarter net sales of \$58.3 million and net income of \$6.7 million or \$.34 per diluted share, compared with second quarter net sales of \$48.1 million and net income of \$4.0 million, or \$.21 per diluted share, one year ago. Both sales and net income were the highest of any quarter in the Company's history, the second consecutive period of record quarterly sales and net income.

Net sales, net income and earnings per share for the six months ended Nov. 1, 2003, were \$107.2 million, \$11.0 million, and \$.55 per diluted share, respectively, compared to \$92.2 million, \$7.2 million, and \$.37 per diluted share, respectively, for the same period one year ago. Backlog at the end of the quarter was approximately \$39 million, compared with a backlog of approximately \$51 million at the end of the second quarter last fiscal year. The timing of large orders can cause significant fluctuations in the Company's backlog.

"Our record performance on the top line for the quarter included double digit rates of growth in all three of our major markets, with the largest rate of increase in the commercial market, led by growth with our national account customers," said Jim Morgan, president and CEO of Daktronics. "Our international business also showed strong results, primarily in the sports markets. Finally, as a percent of sales, our standard order business was extremely strong, in both commercial and smaller sports facilities, which contributed to our record gross margin," Morgan stated.

"During the quarter, we completed a number of college and National Football League installations and continued work on some other major facilities including Glendale Arena, the future home of the Phoenix Coyotes; the Metrodome, home of the Minnesota Twins, Minnesota Vikings and the University of Minnesota; and Arena Monterrey in Mexico," Morgan said.

Gross profit margin for the quarter was 37.3 percent as compared to 32.8 percent for the second quarter of the prior year. The increase was the result of a number of factors, including a greater percentage of net sales in standard products, primarily in the commercial market; the continued effects of declines in raw materials pricing; product development efforts aimed at reducing product costs; and project management improvements which continue to realize significant savings on installation costs on multiple projects. As a result of the Company's ability to hold down operating costs for the quarter, it was able to add the benefits of gross margin improvement to the bottom line, creating an operating margin of approximately 19 percent and a net income margin of approximately 11 percent, both records for the Company.

"Our backlog at the end of the quarter was down compared to one year ago," Morgan said. "However, given the projects we have under letters of intent, which are not included in backlog at the end of the quarter, we are expecting higher sales in the third quarter of the current fiscal year than we had in the prior year. We are estimating net sales for the third quarter of fiscal year 2004 to range from \$40 to \$46 million, with earnings in the range of \$.09 to \$.16 per share, "We are affirming our fiscal year net sales estimates of \$195 million to \$210 million. Achievement of these results depends on a number of factors, such as a continuation of favorable order bookings and an expectation that economic conditions will continue to improve," stated Morgan.

"For the third quarter, we are estimating that gross profit margins will exceed the 32.3 percent we achieved in the third quarter of fiscal year 2003 but will be lower than the level of the second quarter of fiscal year 2004," said Bill Retterath, chief financial officer.

"As a result of the opportunities in the sports marketing area, we could also see a growth in long term receivables, continuing the trend during the most recent quarter. Finally, we made a number of key investments in manufacturing during the last quarter including an expansion of our manufacturing area into the building we purchased in fiscal year 2001 and purchases of equipment in our electronic assembly area," Retterath said.

Noteworthy sports projects booked in the second quarter include display systems for Springdale High School, Springdale, Ark.; St. Mary's University, San Antonio, Texas; City of Gary, Ind.; Florida State University, Tallahassee, Fla.; University of Tennessee, Knoxville, Tenn.; East Carolina University, Greenville, N.C.; Fresno State University, Fresno, Calif.; University of Arkansas, Fayetteville, Ark.; Marshall University, Huntington, W.V.; University of Montana, Missoula, Mont.; University of Missouri, Columbia, Mo.; Reading Phillies, Reading, Pa.; HP Pavilion, San Jose, Calif.; and four stadiums in Qatar. Noteworthy commercial and transportation orders booked in the second quarter include Gold Coast Hotel and Casino in Las Vegas, Nev.; Immke Auto Group,

Dublin, Ohio; Cumberland Gap Tunnel Authority, Middlesboro, Ky; North Carolina DOT, Raleigh, N.C.; Illinois State Tollway, Downers Grove, Ill.; New Jersey DOT, Trenton, N.J.; Cal Train, San Carlos, Calif.; Rhode Island DOT, Providence, R.I.; Connecticut DOT, Newington, Conn.; and Continental Airlines, Houston, Texas.

The Company will webcast its quarterly conference call at 10:00 am (central) on Wednesday, Nov. 19. To listen to the webcast, go to the home page of www.daktronics.com, and click on the icon at the bottom right corner of the screen. Completion of a short registration form, along with Windows® Media Player software, are required to hear the webcast. A replay of the teleconference via the internet will also be accessible shortly after the conclusion of the conference call through www.daktronics.com. A replay of the teleconference accessible by telephone will be available for one week starting at noon Central Time on Nov. 20. To access the replay, call toll-free in the U.S. and Canada 800-633-8284 and enter code 21164482. International callers can dial 402-977-9140 and enter code 21164482 to hear the replay by phone.

Daktronics has strong leadership positions in, and is one of the world's largest suppliers of electronic scoreboards, computer-programmable displays, large screen video displays, and control systems. The Company excels in the control of large display systems, including those that require integration of complex multiple displays showing real time information, graphics, animation and video. Daktronics designs, manufactures, markets and services display systems for customers around the world in sport, business and transportation applications, and celebrates its 35th year in business in 2003. 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 1-800-DAKTRONICS (800-325-8766) in the U.S., or write to the Company at 331 32nd Avenue, P.O. Box 5128, Brookings, SD 57006-5128.

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