



## **Daktronics, Inc. announces record third quarter results**

February 19, 2003

Daktronics, Inc. announces record third quarter results Brookings, S.D. - Feb. 19, 2003 - Daktronics, Inc. (Nasdaq - DAKT), a worldwide leader in the design, manufacture, sales and service of large screen video displays, scoreboards and computer-programmable display systems, announced fiscal year 2003 third quarter net sales of \$38.2 million and net income of \$1.9 million or \$.10 per diluted share, compared with third quarter net sales of \$30.9 million and a net loss of \$293,000, or \$.02 per diluted share, one year ago. Both net sales and net income were records for the Company's third quarter.

Net sales, net income and earnings per share for the nine months ended Feb. 1, 2003 were \$130.4 million, \$9.0 million and \$.47 per diluted share, respectively, compared with \$112.7 million, \$3.3 million, and \$.17 per diluted share, respectively, for the same period one year ago.

Backlog at the end of the quarter was approximately \$51 million, compared with approximately \$30 million at the end of the third quarter one year ago. The timing of large orders can cause significant fluctuations in the Company's

backlog. The \$51 million backlog does not include the order for the Texas Rangers that was announced Feb. 11, 2003 and booked in the fourth quarter. "We are pleased with the strong quarterly results," said Jim Morgan, president and CEO of Daktronics. "The third quarter is historically our most challenging quarter for both booking orders and generating revenue, primarily because of lost work time due to the holidays and the fact that many of our potential customers, especially those in the school and college markets, are more difficult to reach during that time of year. The seasonality of the sports business may have an effect on third quarter results. In addition, weather sometimes affects the progress and completion of outdoor projects. "We booked significantly more business this quarter than one year ago and maintained a nice balance of sport, commercial and transportation bookings during the quarter, from both smaller standard orders as well as larger contract work. For the year to date, orders are up more than 16 percent with increases in each of the three major market areas of sport, commercial and transportation, including services related revenues.

"Net sales are up nicely as well, increasing nearly 24 percent for the quarter and more than 15 percent for the nine month period, compared with the same periods one year ago. Each of the major market areas of sport, commercial and transportation showed increases quarter over quarter, with our transportation market showing the greatest percentage increase. Year to date, our commercial market continues to show the greatest percentage increase, while sports accounts for the highest dollar increase year over year," Morgan said.

"We entered the fourth quarter with a solid backlog of more than \$51 million, a record for the end of the third quarter, which should help position us for strong fourth quarter results. However, we realize the importance of continuing to book quality orders and delivering on those orders. We estimate that net sales for the fourth quarter of fiscal year 2003 will be in the range of \$43 million to \$48 million, with earnings in the range of \$.10 to \$.17 per share," Morgan said.

"We continued to work on strengthening our financial position during what is typically our weakest quarter each year," said Bill Retterath, chief financial officer. "Our cash position was maintained during the quarter, while at the same time we reduced our debt by almost 20 percent. Year to date, cash from operations is in excess of \$14 million, including \$3.6 million in the third quarter.

"We also saw a decline in operating expenses from the previous quarters although we expect a slight rise in the coming quarters. Finally, as expected, gross margin percentage went down for the quarter but at 32.3 percent is still greater than prior year levels. We expect margins to go down slightly in the fourth quarter," Retterath said.

Noteworthy projects booked in the third quarter include display systems for the Houston Multi-Purpose Arena, Houston, Texas; Los Angeles Dodgers, Los Angeles, Calif.; Bank One Ballpark, Phoenix, Ariz.; Fenway Park, Boston, Mass.; National Training Center - L.A. Galaxy, Carson, Calif.; Frisco Professional Baseball, Frisco, Texas; Oklahoma State University, Stillwater, Okla.; University of Florida, Gainesville, Fla.; Chattanooga Convention Center, Chattanooga, Tenn.; University of Tennessee, Knoxville, Tenn.; Wichita State University, Wichita, Kan.; University of North Dakota, Grand Forks, N.D.; Indianapolis Indians, Indianapolis, Ind.; Dixie Stampede, Orlando, Fla. and Branson, Mo.; Grand Casino, Biloxi, Miss.; Tropicana Casino & Resort, Atlantic City, N.J.; Southwest Hospital, Lafayette, La.; PSA Peugeot Citroen, Paris, France; New Jersey Dept. of Transportation, Trenton, N.J.; MTA Long Island Railroad, Hollis, N.Y.; Caltrain, San Carlos, Calif.; Virginia Dept. of Transportation, Hampton, Va.; North Carolina Dept. of

Transportation, Raleigh, N.C.; Denver International Airport, Denver, Colo.; and Dallas Fort Worth International Airport.

The Company will webcast its quarterly conference call at 10:00 am (central) on Wednesday, Feb. 19. To listen to the webcast, go to the home page of [www.daktronics.com](http://www.daktronics.com), and click on the webcast 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 the investor relations section of [www.daktronics.com](http://www.daktronics.com). A replay of the teleconference accessible by telephone will be available for 24 hours starting at noon Central Time on Feb. 19. To access the replay, call toll-free in the U.S. and Canada 800-633-8284 and enter code 21119137. International callers can dial 402-977-9140 and enter code 21119137 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, and large screen video display 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](mailto: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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