



**SECOND QUARTER FISCAL 2020**  
**NASDAQ: DAKT**

# SAFE HARBOR STATEMENT

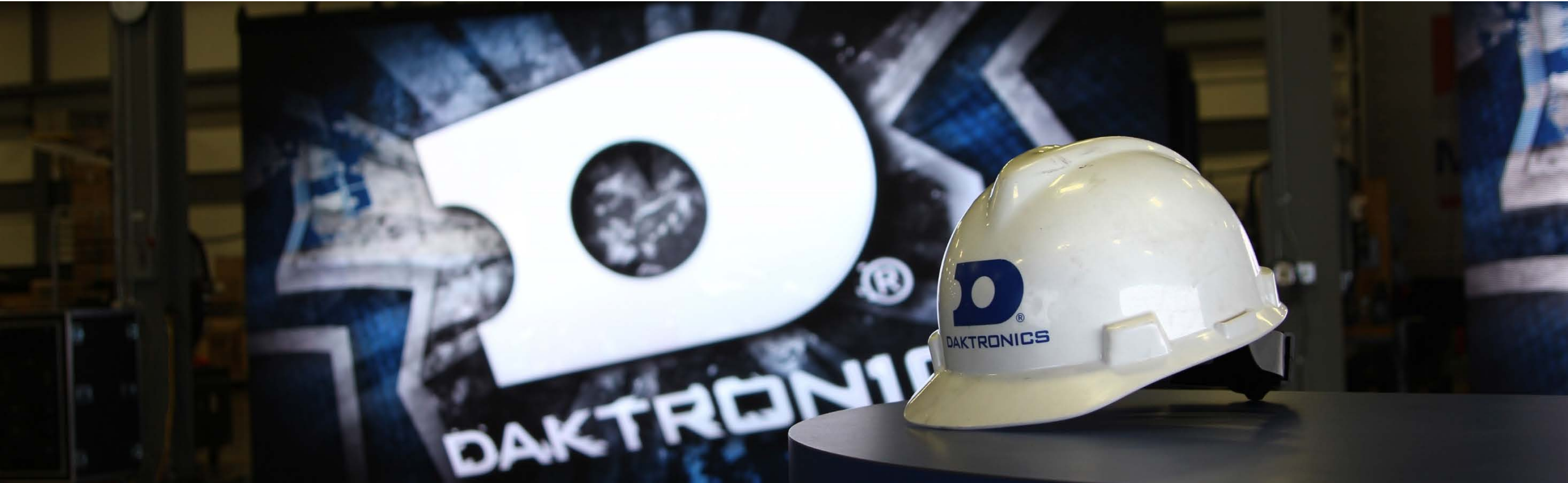
In addition to statements of historical fact, this news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and is intended to enjoy the protection of that Act.

These forward-looking statements reflect the Company's expectations or beliefs concerning future events. The Company cautions that these and similar statements involve risk and uncertainties which could cause actual results to differ materially from our expectations, including, but not limited to, changes in economic and market conditions, management of growth, timing and magnitude of future contracts and orders, fluctuations in margins, the introduction of new products and technology, the impact of adverse weather conditions, increased regulation and other risks described in the Company's SEC filings, including its Annual Report on Form 10-K for its 2019 fiscal year.

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.



# DAKTRONICS VISION



To be the world leader at informing and entertaining audiences through dynamic audio-visual communication systems.



# DAKTRONICS MISSION

Deliver industry leading value to our **customers**, by engaging:

- our **employees** through challenging and rewarding opportunities;
- developing strategic partnerships with our **suppliers**;
- leveraging our strengths in:  
**product innovation, manufacturing, and service**;
- while contributing to the betterment of our **communities**;  
and
- generating an attractive return for our **investors**.





★: Sales Office  
★: Manufacturing Facility

# OFFICES AROUND THE GLOBE

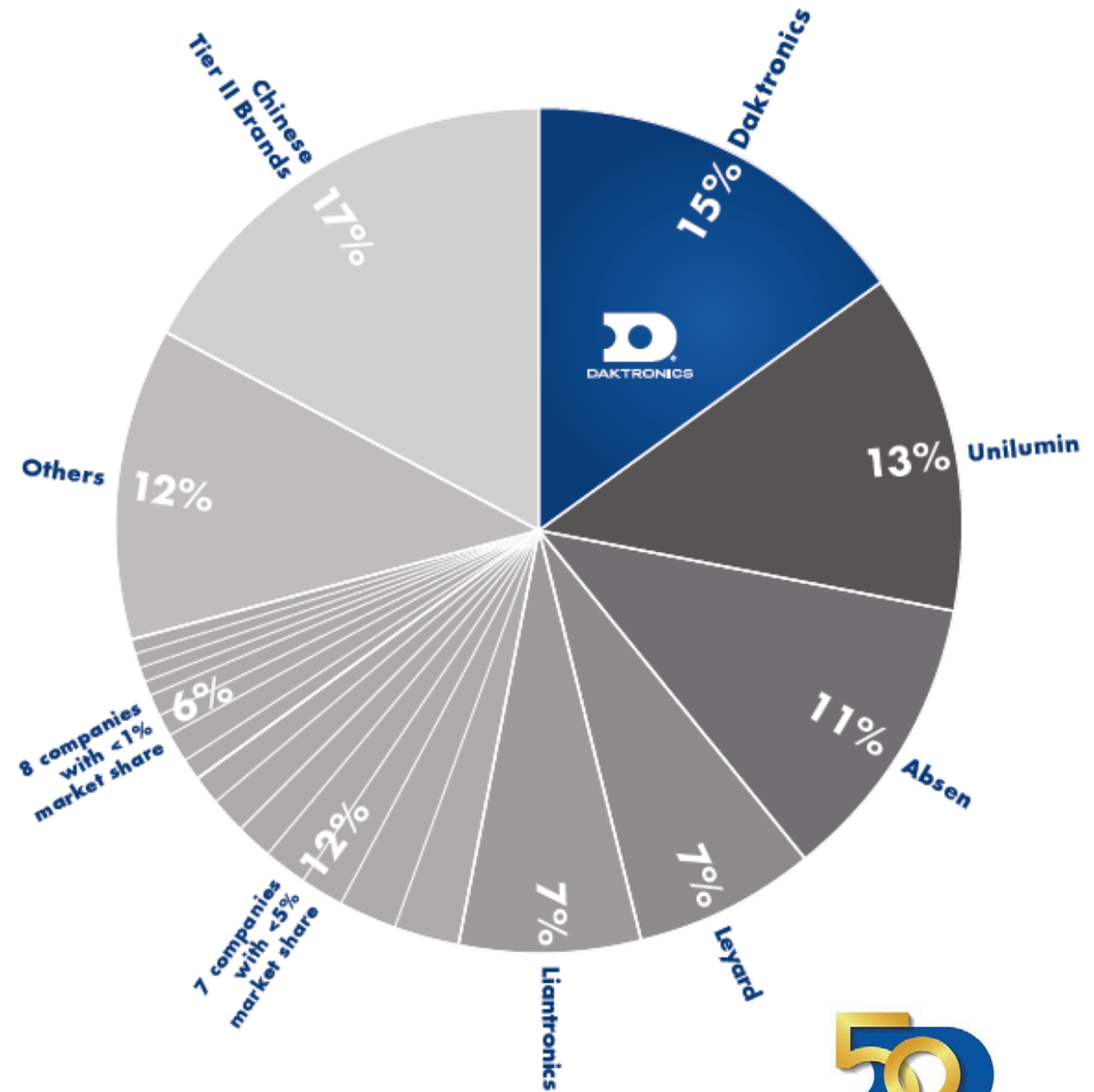
Products in **120+ Countries**  
throughout the world



# WORLD LEADER

Celebrating our 50<sup>th</sup> Year!

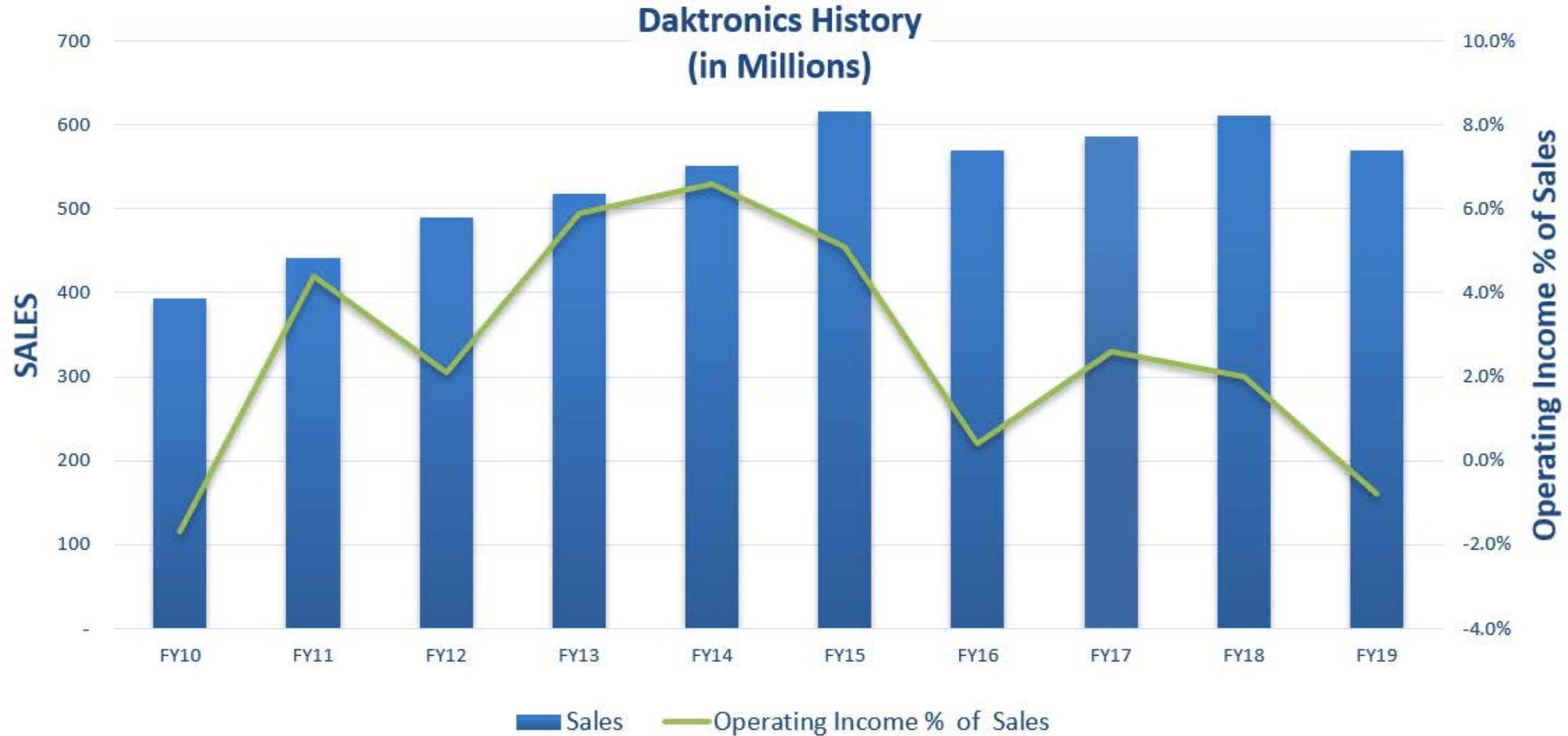
- ✓ Customer solutions
- ✓ Engineering & Creative talent
- ✓ Global and local focus of customer support
- ✓ Lean Manufacturing
- ✓ Financially strong



Source: IHS iSuppli Corporation - Signage and Professional Displays 2018, 2017, and 2016  
\*Numbers on this chart are averaged over the past 3 years.



# 10 YEAR HISTORY SALES & OPERATING INCOME %



# 10 Year History Free-Cash Flow\*

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Net cash from operations	\$ 43,784	\$ 41,346	\$ 20,038	\$ 50,749	\$ 36,199	\$ 54,702	\$ 13,354	\$ 39,407	\$ 30,361	\$ 29,546
Net capital expenditures	(15,940)	(9,148)	(16,293)	(9,476)	(13,281)	(24,830)	(23,963)	(8,304)	(15,948)	(16,661)
Free cash flow**	\$ 27,844	\$ 32,198	\$ 3,745	\$ 41,273	\$ 22,918	\$ 29,872	\$ (10,609)	\$ 31,103	\$ 14,413	\$ 12,885

\*\*A non-GAAP measure, please refer to our SEC filings for further definition.

\*\$ in thousands





# 10 Year History Return to Shareholders

- ✓ Long-term dividend history (see chart to the right)
- ✓ Share Repurchase program instituted 2017 for opportunistic stock purchases

Fiscal Year	Regular Dividend/ Share	Annualized Dividend Yield	Special Dividend/ Share	Total Dividend Payout (000's)
2011	0.100	2.5%	0.500	24,795
2012 <sup>(1)</sup>	0.220	1.9%	0.400	25,950
2013	0.230	3.6%	0.500	30,859
2014 <sup>(2)</sup>	0.390	3.0%	-	16,690
2015	0.400	3.7%	-	17,377
2016	0.400	5.1%	-	17,556
2017	0.270	2.8%	0.040	13,651
2018	0.280	3.1%	-	12,424
2019	0.280	3.8%	-	12,554
2020*	0.100	2.9%	-	4,500

\* - Year to date figures through October 2019

(1) - changed to semi-annual dividend

(2) - changed to quarterly dividend



# More about Daktronics

- ✓ 52/53 Week Fiscal Years ending in April
- ✓ Seasonality to results (Sports/Construction season)
- ✓ Video systems comprise a large portion of business with standard systems and services comprising the remaining
- ✓ Large video systems projects may include general contracting with lower margin %, but add margin \$
- ✓ Customer delivery schedules & sports season impact quarterly results
- ✓ Q3 Includes 2 major holidays

## 10 YEAR HISTORY DILUTED EARNINGS PER SHARE (after adjustment for splits)

Fiscal Year	Q1	Q2	Q3	Q4
2011	+ 0.06	+ 0.17	+ 0.04	+ 0.07
2012	+ 0.08	+ 0.09	+ 0.04	- 0.01
2013	+ 0.16	+ 0.27	+ 0.06	+ 0.04
2014	+ 0.13	+ 0.27	+ 0.07	+ 0.04
2015	+ 0.20	+ 0.18	+ 0.01	+ 0.08
2016	+ 0.09	+ 0.07	- 0.04	- 0.07
2017	+ 0.13	+ 0.20	- 0.12	+ 0.02
2018	+ 0.19	+ 0.16	- 0.14	- 0.09
2019	+ 0.10	+ 0.19	- 0.07	- 0.24
2020	+ 0.16	+ 0.16		



# FY2020 SECOND QUARTER RESULTS

(\$ in thousands, except per share data)

	Three Months Ended		Percent Change
	2-Nov 2019	27-Oct 2018	
Orders	\$ 151,122	\$ 151,355	-0.2%
Net sales	\$ 174,912	\$ 172,692	1.3%
Gross profit	40,088	42,757	
Gross margin	22.9%	24.8%	
Operating income	4,824	9,019	-46.5%
Operating margin	2.8%	5.2%	
Net income	\$ 7,275	\$ 8,605	-15.5%
% of sales	4.2%	5.0%	
Earnings per share (diluted)	\$ 0.16	\$ 0.19	



# FY2020 YTD RESULTS

(\$ in thousands, except per share data)

	Six Months Ended		Percent Change
	2-Nov 2019	27-Oct 2018	
Orders	\$ 338,585	\$ 310,966	8.9%
Net sales	\$ 355,168	\$ 326,880	8.7%
Gross profit	85,593	81,004	
Gross margin	24.1%	24.8%	
Operating income	12,440	13,059	-4.7%
Operating margin	3.5%	4.0%	
Net income	\$ 14,305	\$ 13,180	8.5%
% of sales	4.0%	4.0%	
Earnings per share (diluted)	\$ 0.32	\$ 0.29	



# FY2019 ANNUAL RESULTS

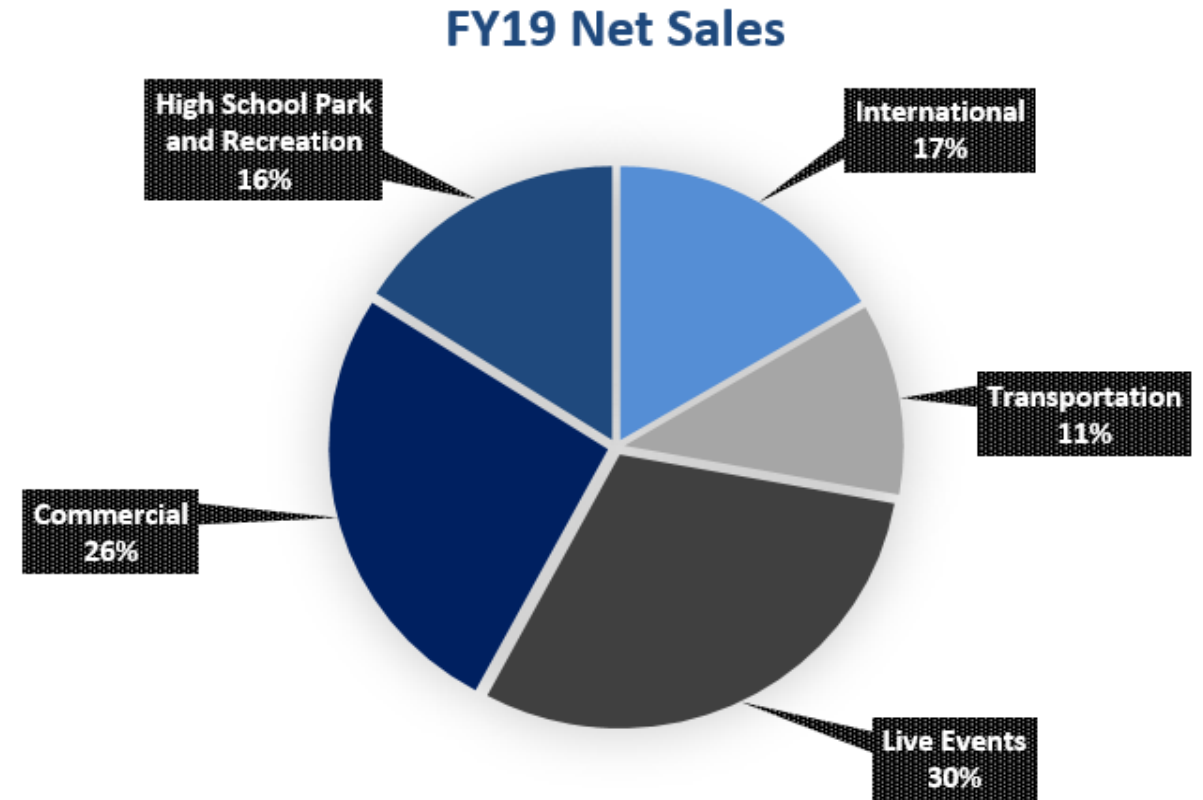
(\$ in thousands, except per share data)

	Twelve Months Ended		Percent Change
	27-Apr 2019	28-Apr 2018	
Orders	\$ 608,880	\$ 583,466	4.4%
Net sales	\$ 569,704	\$ 610,531	-6.7%
Gross profit	130,294	145,669	
Gross margin	22.9%	23.9%	
Operating income	(4,728)	12,460	-137.9%
Operating margin	-0.8%	2.0%	
Net income	\$ (958)	\$ 5,562	-117.2%
% of sales	-0.2%	0.9%	
Earnings per share (diluted)	\$ (0.02)	\$ 0.12	



# Business Unit Recap

- ✓ Live Events, Commercial, Transportation, and High School Park and Recreation, include net sales in the United States and Canada
- ✓ International net sales include rest of world and are primarily for solutions for large sports venues, spectacles, third-party advertising, and transportation type solutions



# LIVE EVENTS BUSINESS UNIT



Milwaukee Bucks



# LIVE EVENTS

» Video display solutions for large sports venues and live entertainment facilities

- Professional sports
- College and university
- Arenas

» Competition

- Mitsubishi, Lighthouse, Panasonic, Prismview (Division of Samsung) and others
- Asian competition through U.S. integrators



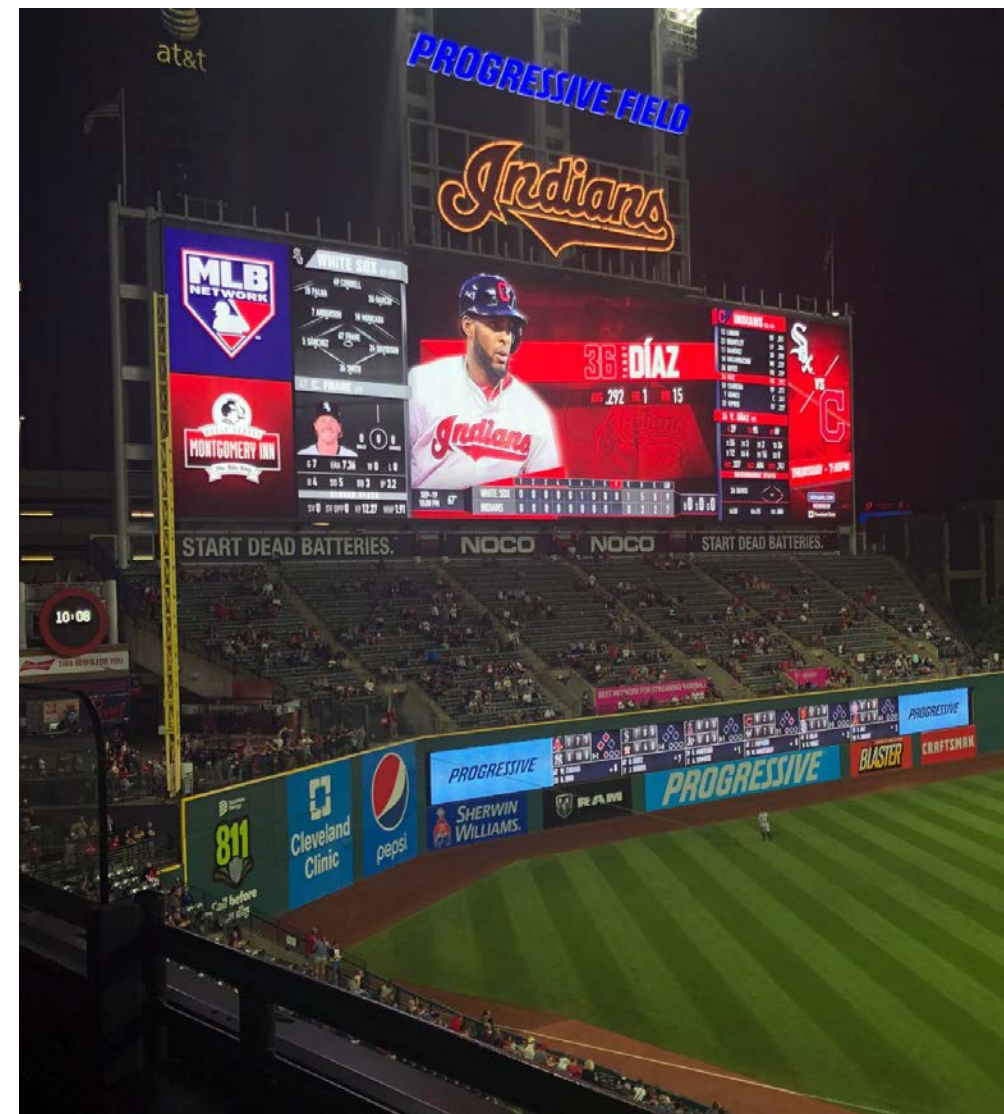
Mercedes-Benz Stadium



# LIVE EVENTS

## Demand Drivers

- » Facility increased spend to:
  - Enhance attendee event experience
  - Revenue source from advertising
  - Competitive nature to outperform other facilities
- » Lower product costs, driving expansion of marketplace
- » High definition product offering (HD)
- » Replacement cycle (systems can last from 8-12 years)



Cleveland, Indiana

# HIGH SCHOOL PARK AND RECREATION (HSPR)



Brookings High School, Brookings, SD

# HSPR

- » Video and scoring systems and message centers to
  - Elementary and high schools, junior colleges
  - Park and recreation departments
- » Primary funding is through local sponsors and advertisers



Mechanicville High School, Mechanicville, NY



Town of North Liberty, North Liberty, IN

# HSPR

## » Growth Drivers

- Larger more sophisticated displays in sports venues
- Revenue generation
- Communication medium
- New construction/replacement cycles
- Curriculum usage

## » Competitors

- Formetco, Scorevision, Translux, Nevco, other smaller company manufacturers



Ben Davis High School, Indianapolis, Indiana

# COMMERCIAL BUSINESS UNIT



First Federal Savings Bank  
Rochester, IN



Barclays Capital Time Square  
New York, NY

# COMMERCIAL

- » Sales channel focus
  - Third party advertising/Out of Home Advertising (OOH)
  - On-premise advertising (retail)
  - Spectacular (custom video)
- » Primary offerings
  - Digital billboards
  - Message centers
  - Video display systems/display walls
  - Petroleum displays
  - Dynamic messaging systems



Cenex, Wilton, ND



Adams Outdoor, Hampton, VA

# COMMERCIAL

## » Long-term growth drivers

- Market adoption, including National Accounts
- Spectacular use to entertain/advertise in unique locations
- Effective advertising medium (outdoor and indoor networks)
- Replacement cycle (7-10 years)
- Architectural lighting

## » Competitors

- Message Centers – Optec, Watchfire, Vantage
- Digital Billboards – Watchfire, Formetco, Optotech
- Video Projects – Sansai, Prismview, ANC, Integrators using Asian Manufacturers
- Video Walls – Sansai, Leyard, Absen, Unilumen



Midland Center, Midland, MI



Select Comfort,  
Manhattan, NY



# TRANSPORTATION BUSINESS UNIT



Parks Canada Agency Calgary, Alberta



Colorado Department of Transportation



# TRANSPORTATION

- » Three niches
  - Intelligent transportation systems (ITS)
  - Airports
  - Mass Transit
- » Competitors
  - Skyline, Ledstar, Telegra, SES-America, Imago, others



Intelligent Transit Systems (ITS)

*Penn Turnpike, Norristown Interchange, PA*

# TRANSPORTATION

## » Long-term growth drivers

- Transportation management - increasing traffic demands on constrained infrastructure
- Governmental funding and investment in infrastructure projects
- Infographic communication
- Advertising needs



Public Transportation  
Maryland Transit Administration



Pearson Airport, Toronto, Canada

# INTERNATIONAL BUSINESS UNIT



Tottenham Hotspur Football & Athletic Co Ltd  
London, UK

# INTERNATIONAL

## Main products

- » Commercial video systems
- » Sports video systems
- » Digital billboard (OOH)
- » Architectural lighting
- » Transportation systems

## Infrastructure

- » World-wide sales & service offices
- » International Manufacturing:
  - China- architectural lighting and video displays
  - Ireland – transportation products



Paramount Media Holden Close – Perth, Australia



Airports

Van Don international Airport  
Vietnam

# INTERNATIONAL

## » Growth opportunities

- 3<sup>rd</sup> party advertising/Out of Home Advertising
- Live Events facilities/sports
- European/Middle East transportation systems
- Increased geographical coverage

## » Competitors: Absen, Samsung, Aoto, Leyard, Unilumen, Mitsubishi, Lighthouse, Panasonic, Barco and other country-specific competitors



JCDecaux Media Frankfurt – Frankfurt, Germany

# LOOKING AHEAD



Ideas Faisalabad –  
Faisalabad, Pakistan



Tottenham Hotspur Football &  
Athletic Co Ltd – London, UK



Chicago Cubs – Chicago,  
Illinois, USA

# ACHIEVING LONG-TERM PROFITABLE GROWTH

## Continued Global Demand

- ✓ Continued global market adoption and expansion
  - Retail and public space
  - Out of Home Advertising
  - Venue competition/ HD video for sports
  - Global Transportation opportunities
- ✓ Replacement cycle
- ✓ Worldwide economic conditions



Skechers Shoe Store – Manhattan Beach, California, USA



Fiserv Forum, Milwaukee Bucks – Milwaukee, Wisconsin, USA



Beijing Indigo – Beijing, China

# ACHIEVING LONG-TERM PROFITABLE GROWTH

## Daktronics provided robust solutions meeting market demand:

- ✓ Market new product and solutions introductions:
  - Localized and customer focused products
  - Narrow Pixel Pitch (Ultra-high resolution) solutions
  - Enhanced product and control system platforms
  - New technology advancements and processing capabilities
- ✓ Professional services offerings

## Daktronics operational excellence to manage costs:

- ✓ Agile Capacity
- ✓ Continuous Process improvements
- ✓ Quality focus



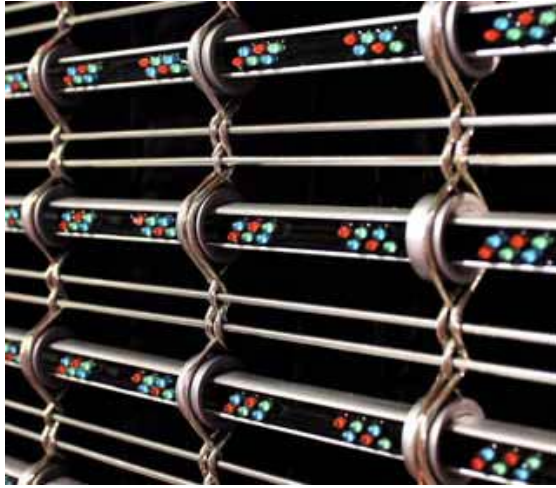


# OUTLOOK TO FISCAL 2020

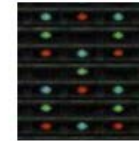
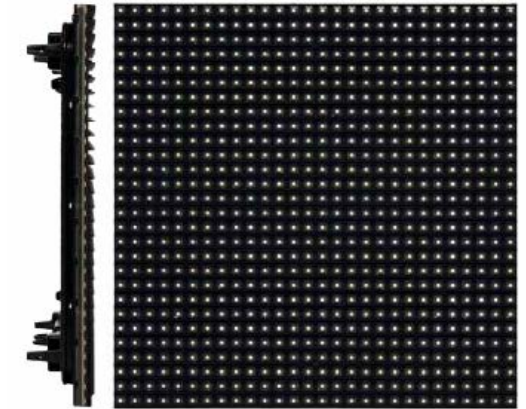
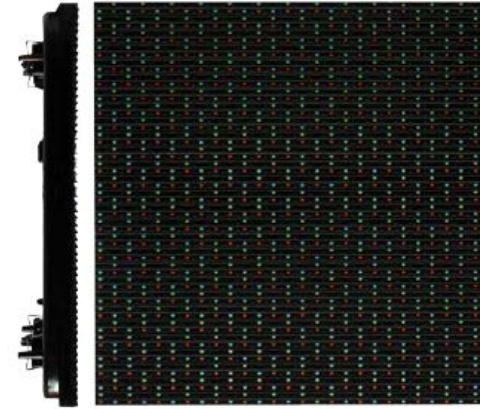
## Modest order growth

- ✓ **International** OOH, transportation, market development
- ✓ **Commercial** indoor solutions expansion, spectacular demand, replacement cycles, OOH similar demand levels
- ✓ **Transportation** similar, but opportunity due to funding/mass transit/advertising
- ✓ **HSPR** continued interest in larger video systems
- ✓ **Live Events** demand similar to prior years

# SOLUTION EXAMPLES



## MODULE COMPARISON THROUGH-HOLE VS. SURFACE-MOUNT LEDs



THROUGH-HOLE LED MODULE

SURFACE-MOUNT LED MODULE



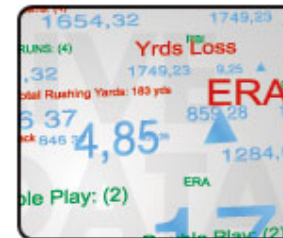
### Total Event Control

An integrated display control studio allows for flexible, intuitive display control and event management.



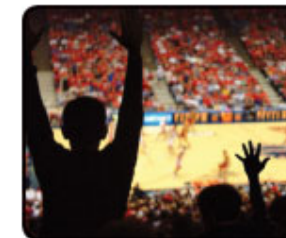
### Content Compositing

Powerful content compositing tools allow users to create broadcast-quality presentations.



### Live Data Integration

Streaming data integration makes it possible to enhance graphics with live stats and information.



### Media Players & Processors

Built-in media players and video processors allow for seamless delivery of a wide variety of digital media.



BLUE SERIES VIDEO DISPLAYS



DYNAMIC MESSAGE SIGNS



MESSAGE CENTERS



GOLD SERIES VIDEO DISPLAYS



CONTROL SYSTEMS



DIGITAL BILLBOARDS

# DAKTRONICS TECHNOLOGY



# QUESTIONS

# 10 YEAR HISTORY SUPPLEMENTAL INFORMATION

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Net sales	\$393,185	\$441,676	\$489,526	\$518,322	\$551,970	\$615,942	\$570,168	\$586,539	\$610,531	\$569,704
Gross profit	94,556	111,484	113,437	133,894	141,710	144,579	121,019	140,415	145,669	130,294
Operating expenses	101,286	91,957	103,162	103,294	105,153	113,294	118,524	124,994	133,209	135,022
Operating income	(6,730)	19,527	10,275	30,600	36,557	31,285	2,495	15,421	12,460	(4,728)
Net income	(6,989)	14,244	8,489	22,779	22,206	20,882	2,061	10,342	5,562	(958)
Gross profit percentage	24.0%	25.2%	23.2%	25.8%	25.7%	23.5%	21.2%	23.9%	23.9%	22.9%
Operating margin percentage	(1.7%)	4.4%	2.1%	5.9%	6.6%	5.1%	0.4%	2.6%	2.0%	(0.8%)
Weighted average diluted shares outstanding	40,908	42,277	42,304	42,621	43,762	44,443	44,456	44,303	44,873	44,926
Diluted earnings per share	(0.17)	0.34	0.20	0.53	0.51	0.47	0.05	0.23	0.12	(0.02)
Cash dividend per share	0.10	0.60	0.62	0.73	0.39	0.40	0.40	0.31	0.28	0.28
Working capital	\$118,625	\$128,160	\$119,833	\$125,456	\$140,532	\$149,075	\$123,714	\$127,130	\$132,824	\$119,600
Total assets	305,851	327,847	315,967	319,418	357,451	379,479	349,948	355,433	358,800	349,216
Shareholders' equity	207,053	203,102	190,805	188,246	203,119	212,039	201,067	198,286	197,616	187,663
Backlog	127,000	131,000	123,000	141,000	172,000	191,000	181,000	203,000	171,000	202,000
Product design and development expense	\$21,920	\$18,949	\$23,507	\$23,131	\$23,375	\$24,652	\$26,911	\$29,081	\$35,530	\$35,557
Capital expenditures	16,121	9,386	16,524	9,674	13,519	21,837	17,056	8,502	18,127	17,268
Depreciation and amortization expense	22,260	19,641	17,518	15,607	14,501	15,136	16,943	19,392	17,784	18,635
Cash flow from operations	43,784	41,346	20,038	50,749	36,199	53,513	13,581	39,407	30,361	29,546
Regular dividend per share	0.10	0.10	0.22	0.23	0.39	0.40	0.40	0.27	0.28	0.28
Special dividend per share	-	0.50	0.40	0.50	-	-	-	0.04	-	-
Employees as of year-end:										
Full-time	2,100	2,100	2,300	2,210	2,280	2,420	2,470	2,405	2,405	2,412
Part-time and students	400	500	520	410	390	330	315	304	308	310
Stock price during fiscal year:										
High	\$ 9.88	\$ 17.30	\$ 11.81	\$ 12.40	\$ 15.80	\$ 14.47	\$ 12.24	\$ 11.00	\$ 10.86	\$ 10.11
Low	7.00	7.30	7.68	6.39	9.63	10.03	6.90	6.00	8.54	7.14
Stock price at fiscal year-end	8.37	10.72	8.46	9.57	13.06	10.75	8.70	9.46	9.01	7.30
EBITDA	15,530	39,170	27,800	46,200	51,000	46,400	19,400	34,800	30,200	13,900

