



NEWS RELEASE

Daktronics, Inc. Announces Fourth Quarter and Fiscal 2014 Results

Brookings, S.D. – May 28, 2014 - Daktronics, Inc. (NASDAQ - DAKT) today reported fiscal 2014 fourth quarter net sales of \$136.2 million and net income of \$1.8 million, or \$0.04 per diluted share, compared to net sales of \$124.5 million and a net income of \$1.8 million, or \$0.04 per diluted share, for the fourth quarter of fiscal 2013. Fiscal 2014 fourth quarter orders were \$137.7 million compared to \$113.8 million for the fourth quarter of fiscal 2013. Backlog at the end of the fiscal 2014 fourth quarter was \$171.6 million compared to a backlog of \$141.3 million a year earlier and \$169.8 million at the end of the third quarter of fiscal 2014.

Net sales, net income and earnings per diluted share for the fiscal year ended April 26, 2014 were \$552.0 million, \$22.2 million and \$0.51 per diluted share, respectively. This compares to \$518.3 million, \$22.8 million and \$0.53 per diluted share, respectively, for fiscal 2013. The 2014 fiscal fourth quarter and annual earnings per share was negatively impacted by \$0.05 due to the recognition of a \$2.3 million valuation allowance against our deferred tax asset for our equity in investments.

Free cash flow, defined as cash provided by operations less net purchases of property and equipment, was \$22.9 million for fiscal 2014 compared to \$41.3 million for fiscal 2013. Cash and marketable securities at the end of the fourth quarter of fiscal 2014 were \$71.0 million, which compares to \$64.7 million at the end of the fiscal 2013 fourth quarter.

“We are pleased with our 8.5 percent growth in orders for the year. We were able to secure a number of multi-million dollar orders in the Live Events business unit, including six of the seven NFL stadium bids. Our International unit increased orders primarily in the sports arena and on-premise advertising areas. Our reseller and national account areas grew for the year while spectacular and billboard orders remained relatively flat in our Commercial business unit. Schools and Theatres orders decreased for the year due to a decrease in demand and a decrease in the size of the products, which lowered the average dollar size of the orders. Transportation business unit orders decreased for the year due to a large non-repeating order in fiscal 2013. The overall increase in orders contributed to our sales growth of 6.5 percent. For the 2014 fiscal year, operating income increased by over 19 percent and operating income as a percent of sales rose to 6.6 percent as compared to 5.9 in the prior fiscal year.” said Reece Kurtenbach, president and chief executive officer.

Order volume for the 2014 fiscal fourth quarter was up 20.9% compared to the fourth quarter of fiscal 2013 due to order increases in the Live Events business unit and International business unit which offset a decrease in the Commercial business unit for the period. Fourth quarter sales increased over fiscal 2013 fourth quarter sales due to the increase in orders and a larger beginning backlog at the beginning of the quarter. Operating income for the 2014 fourth quarter was 5.0 percent of sales as compared to 1.6 percent of sales in the same period last year. Operating income increased due to a decrease in warranty expense and an increase in sales volume. The effective tax rate prior to the tax valuation charge was 34.2%. We estimate our effective tax rate to be 35 to 36 percent for fiscal 2015.

Outlook

Kurtenbach added, “We continue to see opportunities to profitably grow our business. Internationally, these opportunities are in sports and commercial video projects, architectural lighting, and third party advertising display solutions. Domestically, we see modest growth potential in the Commercial business unit, mainly in the spectacular display niche and digital billboard market. In Live Events, we expect to maintain sales levels based on estimated sport stadium renovations in the coming year. Transportation and Schools and Theatres business units are expected to both maintain similar sales levels in the coming year.

While we are the world leader in video system design and delivery, the world-wide market place remains competitive. The marketplace has stabilized over the past few years since the recession, but the price per square

foot (or square meter) of display has decreased during this time. For our large video projects business, a significant percentage of the project costs can be associated with subcontracting, such as physical structure and display installation, which are quoted at lower general contracting margins. Our account based business for large regional and world-wide customers also remains competitive. Due to these factors, the amount of physical product we produce has increased to achieve the same revenue dollars.

While the competitive nature of our business pressures margins, we continue to focus on profitable growth. Our teams work to continually improve through lean initiatives to cost effectively build, install, and service our products. We design through product platforms to improve operational efficiency and reduce warranty costs. Our product development teams are also focused on additional LED module platforms for both Through Hole and Surface Mount Device products, as well as continued enhancements of our control system software. We invest in and will continue to expand our quality systems for our product designs, reliability testing, and manufacturing controls to continue to offer our customers high performing and reliable products. Operational areas such as sales and administration continue to focus on efficient methods to conduct their work to lower costs as a percentage of sales over the long-term.

To support our flexible capacity initiatives, we will finish our \$4 million manufacturing expansions in fiscal 2015. We anticipate additional capital expenditures to be approximately \$25 million. The most significant capital additions include manufacturing equipment to support new product production lines, quality initiatives, continued automation, and machine replacements. We continue to invest in new information technology hardware and software to keep the systems operational, reliable, and secure.

Fiscal 2015 will be a 53-week year. The extra week will fall within the first quarter, resulting in a 14-week quarter versus a 13-week quarter. We look forward to a successful fiscal 2015."

Dividend

As previously announced in a Current Report on Form 8-K filed with the Securities and Exchange Commission on May 23, 2014, the company approved a regular quarterly dividend of \$0.10 per share payable June 13, 2014 to holders of record at the close of business on June 2, 2014.

Webcast Information

The company will host a conference call and webcast to discuss its financial results today at 10:00 am (Central Time). This call will be broadcast live at <http://investor.daktronics.com> and available for replay shortly after the event.

About Daktronics

Daktronics has strong leadership positions in, and is the world's largest supplier of, large screen video displays, electronic scoreboards, LED text and graphics displays, and related control systems. The company excels in the control of display systems, including those that require integration of multiple complex displays showing real-time information, graphics, animation, and video. Daktronics designs, manufactures, markets and services display systems for customers around the world in four domestic business units: Live Events, Commercial, Schools and Theatres and Transportation, and one International business unit. For more information, visit the company's World Wide Web site at: <http://www.daktronics.com>, e-mail the company at investor@daktronics.com, call (605) 692-0200 or toll-free (800) 843-5843 in the United States or write to the company at 201 Daktronics Dr., PO Box 5128, Brookings, S.D. 57006-5128.

Safe Harbor Statement

Cautionary Notice: 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, fluctuations in margins, the introduction of new products and technology, the impact of adverse weather conditions and other risks noted in the company's SEC filings, including its Annual Report on Form 10-K for its 2013 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.

-- END --

For more information contact:

INVESTOR RELATIONS:

Sheila Anderson, Chief Financial
Officer

(605) 692-0200

Investor@daktronics.com

Daktronics, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended | | Twelve Months Ended | |
|--------------------------------------|--------------------|-------------------|---------------------|-------------------|
| | April 26, 2014 | April 27, 2013 | April 26, 2014 | April 27, 2013 |
| Net sales | \$ 136,240 | \$ 124,482 | \$ 551,970 | \$ 518,322 |
| Cost of goods sold | 102,486 | 96,379 | 410,260 | 384,428 |
| Gross profit | <u>33,754</u> | <u>28,103</u> | <u>141,710</u> | <u>133,894</u> |
| Operating expenses: | | | | |
| Selling expense | 13,684 | 13,231 | 53,794 | 52,759 |
| General and administrative | 7,196 | 7,256 | 27,984 | 27,404 |
| Product design and development | 6,045 | 5,654 | 23,375 | 23,131 |
| | <u>26,925</u> | <u>26,141</u> | <u>105,153</u> | <u>103,294</u> |
| Operating income | <u>6,829</u> | <u>1,962</u> | <u>36,557</u> | <u>30,600</u> |
| Nonoperating income (expense): | | | | |
| Interest income | 349 | 357 | 1,294 | 1,523 |
| Interest expense | (66) | (204) | (255) | (355) |
| Other (expense) income, net | (4) | (615) | (355) | (839) |
| | <u>7,108</u> | <u>1,500</u> | <u>37,241</u> | <u>30,929</u> |
| Income before income taxes | <u>7,108</u> | <u>1,500</u> | <u>37,241</u> | <u>30,929</u> |
| Income tax expense (benefit) | 5,282 | (344) | 15,035 | 8,150 |
| Net income | <u>\$ 1,826</u> | <u>\$ 1,844</u> | <u>\$ 22,206</u> | <u>\$ 22,779</u> |
| Weighted average shares outstanding: | | | | |
| Basic | 43,228 | 42,553 | 42,886 | 42,280 |
| Diluted | 43,749 | 42,777 | 43,762 | 42,621 |
| Earnings per share: | | | | |
| Basic | <u>\$ 0.04</u> | <u>\$ 0.04</u> | <u>\$ 0.52</u> | <u>\$ 0.54</u> |
| Diluted | <u>\$ 0.04</u> | <u>\$ 0.04</u> | <u>\$ 0.51</u> | <u>\$ 0.53</u> |
| Cash dividends declared per share | \$ 0.09 | \$ — | \$ 0.39 | \$ 0.73 |

Daktronics, Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands)

| | <u>April 26, 2014</u> | <u>April 27, 2013</u> |
|--|---------------------------|---------------------------|
| | <u>(unaudited)</u> | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash, cash equivalents and restricted cash | \$ 45,568 | \$ 40,676 |
| Marketable securities | 25,398 | 24,052 |
| Accounts receivable, net | 82,500 | 63,227 |
| Inventories, net | 62,228 | 49,045 |
| Costs and estimated earnings in excess of billings | 33,400 | 39,355 |
| Current maturities of long-term receivables | 5,235 | 4,807 |
| Prepaid expenses and other assets | 6,758 | 6,185 |
| Deferred income taxes | 12,548 | 12,755 |
| Income tax receivables | 2,459 | 46 |
| Total current assets | <u>276,094</u> | <u>240,148</u> |
| | | |
| Long-term receivables, less current maturities | 7,877 | 11,325 |
| Goodwill | 4,558 | 3,306 |
| Intangibles, net | 2,680 | 1,181 |
| Advertising rights, net and other assets | 826 | 772 |
| Deferred income taxes | 146 | 1,061 |
| | <u>16,087</u> | <u>17,645</u> |
| PROPERTY AND EQUIPMENT: | | |
| Land | 2,539 | 1,497 |
| Buildings | 59,363 | 57,012 |
| Machinery and equipment | 72,787 | 65,600 |
| Office furniture and equipment | 15,754 | 16,118 |
| Computer software and hardware | 45,329 | 41,745 |
| Equipment held for rental | 868 | 868 |
| Demonstration equipment | 7,532 | 8,400 |
| Transportation equipment | 4,823 | 4,026 |
| | <u>208,995</u> | <u>195,266</u> |
| Less accumulated depreciation | 143,725 | 133,641 |
| | <u>65,270</u> | <u>61,625</u> |
| TOTAL ASSETS | <u>\$ 357,451</u> | <u>\$ 319,418</u> |

Daktronics, Inc. and Subsidiaries Consolidated Balance Sheets (continued)

(in thousands)

| | <u>April 26, 2014</u> | <u>April 27, 2013</u> |
|--|---------------------------|---------------------------|
| | <u>(unaudited)</u> | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 45,913 | 38,651 |
| Accrued expenses | 23,462 | 24,331 |
| Warranty obligations | 14,476 | 13,933 |
| Billings in excess of costs and estimated earnings | 22,483 | 14,245 |
| Customer deposits (billed or collected) | 17,654 | 12,375 |
| Deferred revenue (billed or collected) | 7,722 | 9,112 |
| Current portion of other long-term obligations | 809 | 356 |
| Income taxes payable | 1,162 | 1,689 |
| Deferred income taxes | 27 | — |
| Total current liabilities | <u>133,708</u> | <u>114,692</u> |
| Long-term warranty obligations | 12,774 | 11,213 |
| Long-term deferred revenue (billed or collected) | 4,978 | 4,424 |
| Other long-term obligations, less current maturities | 2,871 | 843 |
| Deferred income taxes | 1 | — |
| Total long-term liabilities | <u>20,624</u> | <u>16,480</u> |
| TOTAL LIABILITIES | <u>154,332</u> | <u>131,172</u> |
| SHAREHOLDERS' EQUITY: | | |
| Common stock | 43,935 | 37,429 |
| Additional paid-in capital | 29,923 | 27,194 |
| Retained earnings | 129,266 | 123,750 |
| Treasury stock, at cost | (9) | (9) |
| Accumulated other comprehensive income (loss) | 4 | (118) |
| TOTAL SHAREHOLDERS' EQUITY | <u>203,119</u> | <u>188,246</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 357,451</u> | <u>\$ 319,418</u> |

Daktronics, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)
(unaudited)

| | Year Ended | |
|---|-------------------|-------------------|
| | April 26, 2014 | April 27, 2013 |
| | (unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 22,206 | \$ 22,779 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 14,137 | 15,379 |
| Amortization | 364 | 228 |
| Amortization of premium/discount on marketable securities | 221 | 190 |
| (Gain) Loss on sale of property and equipment | (72) | 42 |
| Share-based compensation | 2,897 | 3,037 |
| Excess tax benefits from share-based compensation | (119) | — |
| Provision for doubtful accounts | (190) | 331 |
| Deferred income taxes, net | 1,543 | (4,340) |
| Change in operating assets and liabilities | (4,788) | 13,103 |
| Net cash provided by operating activities | 36,199 | 50,749 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (13,519) | (9,674) |
| Proceeds from sales of property and equipment | 238 | 198 |
| Purchases of marketable securities | (15,550) | (16,506) |
| Proceeds from sales and maturities of marketable securities | 13,953 | 17,451 |
| Acquisition, net of cash acquired | (1,480) | — |
| Net cash used in investing activities | (16,358) | (8,531) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on notes payable | — | (1,459) |
| Proceeds from exercise of stock options | 4,954 | 1,316 |
| Excess tax benefits from share-based compensation | 119 | — |
| Principal payments on long-term obligations | (3,704) | — |
| Dividends paid | (16,690) | (30,859) |
| Net cash used in financing activities | (15,321) | (31,002) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (94) | (11) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,426 | 11,205 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of period | 40,628 | 29,423 |
| End of period | \$ 45,054 | \$ 40,628 |

Daktronics, Inc. and Subsidiaries Net Sales and Orders by Business Unit

(in thousands)
(unaudited)

| | Three Months Ended | | Twelve Months Ended | |
|--------------------|--------------------|-------------------|---------------------|-------------------|
| | April 26, 2014 | April 27, 2013 | April 26, 2014 | April 27, 2013 |
| Net Sales: | | | | |
| Commercial | \$ 37,064 | \$ 35,469 | \$ 154,754 | \$ 144,596 |
| Live Events | 50,566 | 36,921 | 197,246 | 158,562 |
| Schools & Theatres | 11,781 | 14,489 | 59,531 | 66,128 |
| Transportation | 13,050 | 15,557 | 54,861 | 73,270 |
| International | 23,779 | 22,046 | 85,578 | 75,766 |
| | \$ 136,240 | \$ 124,482 | \$ 551,970 | \$ 518,322 |
| Orders: | | | | |
| Commercial | \$ 32,318 | \$ 38,406 | \$ 155,840 | \$ 152,028 |
| Live Events | 51,329 | 29,317 | 225,331 | 161,602 |
| Schools & Theatres | 15,143 | 16,690 | 59,812 | 64,796 |
| Transportation | 15,009 | 13,922 | 49,057 | 73,426 |
| International | 23,856 | 15,491 | 87,094 | 80,158 |
| | \$ 137,655 | \$ 113,826 | \$ 577,134 | \$ 532,010 |

Reconciliation of Cash Flow Provided by Operating Activities to Free Cash Flow (in thousands) (unaudited)

| | Twelve Months Ended | |
|---|---------------------|-------------------|
| | April 26, 2014 | April 27, 2013 |
| Net cash provided by operating activities | \$ 36,199 | \$ 50,749 |
| Purchases of property and equipment | (13,519) | (9,674) |
| Proceeds from sales of property and equipment | 238 | 198 |
| Free cash flow | \$ 22,918 | \$ 41,273 |

In evaluating its business, Daktronics considers and uses free cash flow as a key measure of its operating performance. The term free cash flow is not defined under U.S. generally accepted accounting principles ("GAAP") and is not a measure of operating income, cash flows from operating activities or other GAAP figures and should not be considered alternatives to those computations. Free cash flow is intended to provide information that may be useful for investors when assessing period to period results.