



DAKTRONICS INC. SECOND QUARTER FISCAL 2016 INVESTOR PRESENTATION

NASDAQ: DAKT



SAFE HARBOR STATEMENT

In addition to statements of fact, this presentation contains forward-looking 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 its expectations, including, but not limited to, 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 including its Annual Report on Form 10-K for its 2015 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



Our Vision

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



DAKTRONICS AS A WORLD LEADER

45+ Year Track Record

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

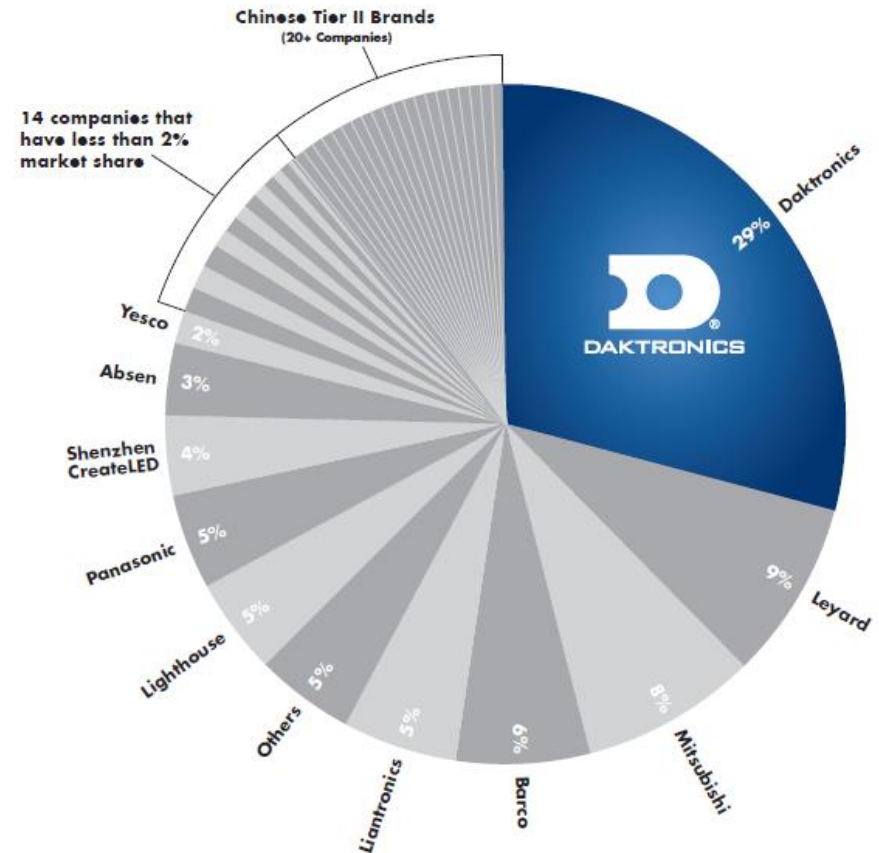


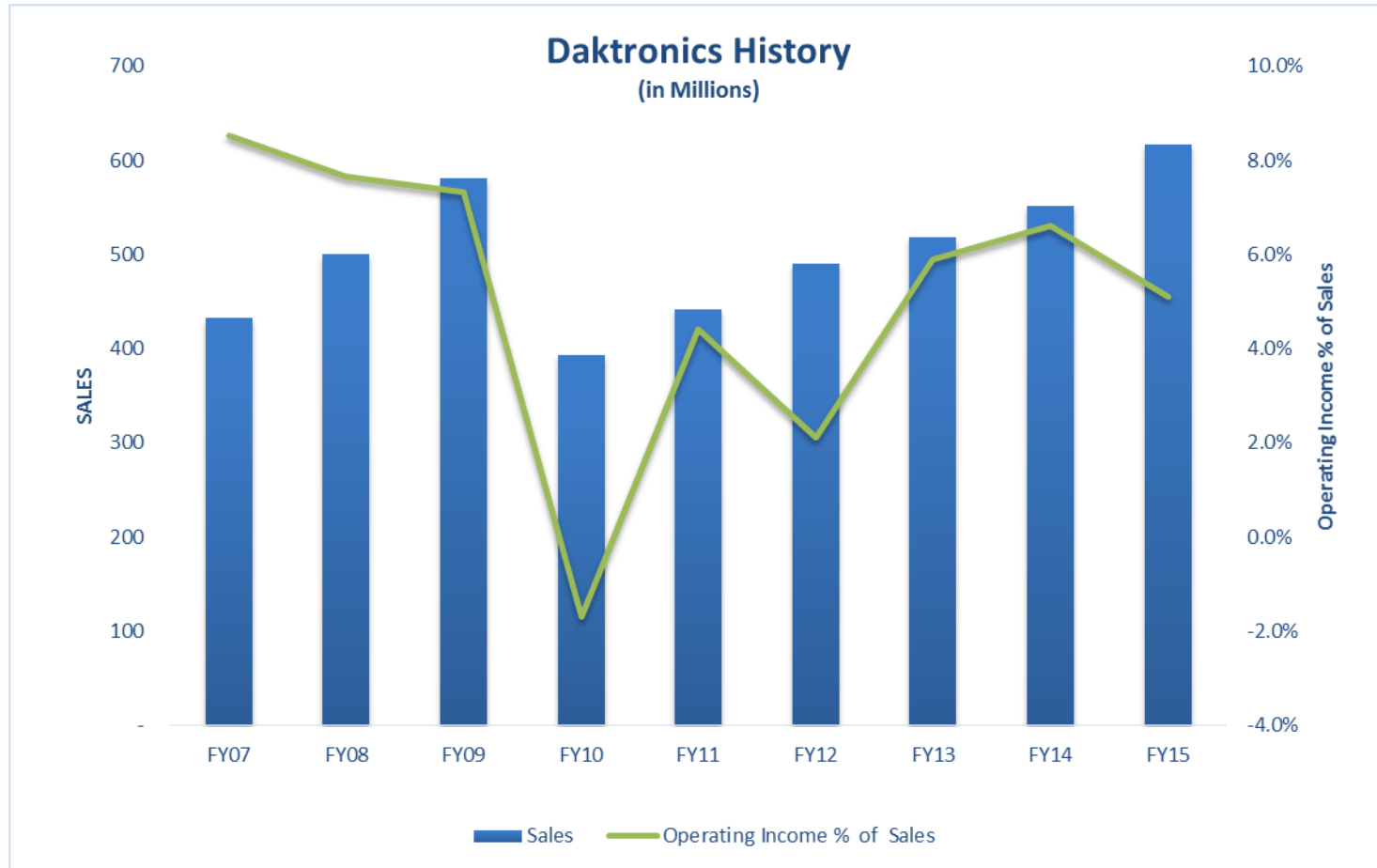
Chart Source: IHS iSuppli Corporation – Signage and Professional Displays
2014, Worldwide Market Share for LED Video Displays





FINANCIAL SUMMARY

Sales and Operating Income FY06-FY15



FY2016 SECOND QUARTER RESULTS

	Three Months Ended		Percent Change
	October 31, 2015	November 1, 2014	
Orders	\$ 135,595	\$ 149,102	-9.1%
Net sales	157,668	173,115	-8.9%
Gross profit	35,513	40,876	
Gross margin	22.5%	23.6%	
Operating income	5,597	12,242	-54.3%
Operating margin	3.5%	7.1%	
Net income	\$ 3,168	\$ 7,737	-59.1%
% of sales	2.0%	4.5%	
Earnings per share (diluted)	\$ 0.07	\$ 0.18	-61.1%

*(\$ in thousands, except per share data)



FY2016 YTD RESULTS – Q2

	Six Months Ended		Percent Change
	October 31, 2015	November 1, 2014	
Orders	\$ 300,667	\$ 309,781	-2.9%
Net sales	307,889	339,733	-9.4%
Gross profit	71,014	84,280	
Gross margin	23.1%	23.6%	
Operating income	11,696	25,859	-54.8%
Operating margin	3.8%	7.6%	
Net income	\$ 6,944	\$ 16,482	-57.9%
% of sales	2.3%	4.9%	
Earnings per share (diluted)	\$ 0.16	\$ 0.38	-57.9%

*(\$ in thousands, except per share data)



Free-Cash Flow & Capital Assets Investments*

	FY2011	FY2012	FY2013	FY2014	FY2015
Net cash from operations	\$ 41,346	\$ 20,088	\$ 50,706	\$ 36,199	\$ 53,301
Net capital expenditures	(9,148)	(16,293)	(9,476)	(13,281)	(17,800)
Free cash flow*	\$ 32,198	\$ 3,795	\$ 41,230	\$ 22,918	\$ 35,501

FY2016 Capital Expenditure Estimate: Less than \$25 million projected capital expenditures for manufacturing and quality equipment and IT infrastructure.

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

*(\$ in thousands, except per share data)



Cash Returned to Shareholders

Fiscal Year	Regular Dividend/ Share	Annualized Dividend Yield	Special Dividend/ Share	Total Dividend Payout (000's)
2008	0.07	0.3%	-	2,770
2009	0.09	1.1%	-	3,635
2010	0.095	1.2%	-	3,874
2011	0.10	2.5%	0.50	24,795
2012⁽¹⁾	0.22	1.9%	0.40	25,950
2013	0.23	3.6%	0.50	30,859
2014⁽²⁾	0.39	3.0%	-	16,690
2015	0.40	3.7%	-	17,378
2016YTD⁽³⁾	0.20	4.7%	-	8,760

(1) – changed to semi-annual dividend

(2) – changed to quarterly dividend

(3) – fiscal year to date through October 31, 2015



More about Daktronics

- ✓ 52/53 Week Fiscal Years ending in April – FY15 53 weeks (Q1 extra week), FY16 52 weeks
- ✓ Seasonality to results (Sports/Construction season)
- ✓ Large video systems projects may include general contracting with lower margin %, but add margin \$
- ✓ Customer delivery schedules & sports season impact quarterly results

DILUTED EARNINGS PER SHARE
(after adjustment for splits)

Fiscal Year	Q1	Q2	Q3	Q4
2016	+ 0.09	+ 0.07		
2015	+ 0.20	+ 0.18	+ 0.01	+ 0.09
2014	+ 0.13	+ 0.27	+ 0.07	+ 0.04
2013	+ 0.16	+ 0.27	+ 0.06	+ 0.04
2012	+ 0.08	+ 0.09	+ 0.04	- 0.01
2011	+ 0.06	+ 0.17	+ 0.04	+ 0.07
2010	+ 0.03	+ 0.12	- 0.20	- 0.12
2009	+ 0.24	+ 0.30	+ 0.10	+ 0.01
2008	+ 0.17	+ 0.19	+ 0.13	+ 0.14
2007	+ 0.12	+ 0.23	+ 0.17	+ 0.09
2006	+ 0.12	+ 0.12	+ 0.10	+ 0.18
2005	+ 0.13	+ 0.12	+ 0.06	+ 0.08
2004	+ 0.11	+ 0.16	+ 0.06	+ 0.10
2003	+ 0.08	+ 0.11	+ 0.05	+ 0.08
2002	+ 0.04	+ 0.06	- 0.01	+ 0.04

ORGANIZED BY BUSINESS UNITS

Business units provide customer focus

Key strategy is to leverage resources across the company

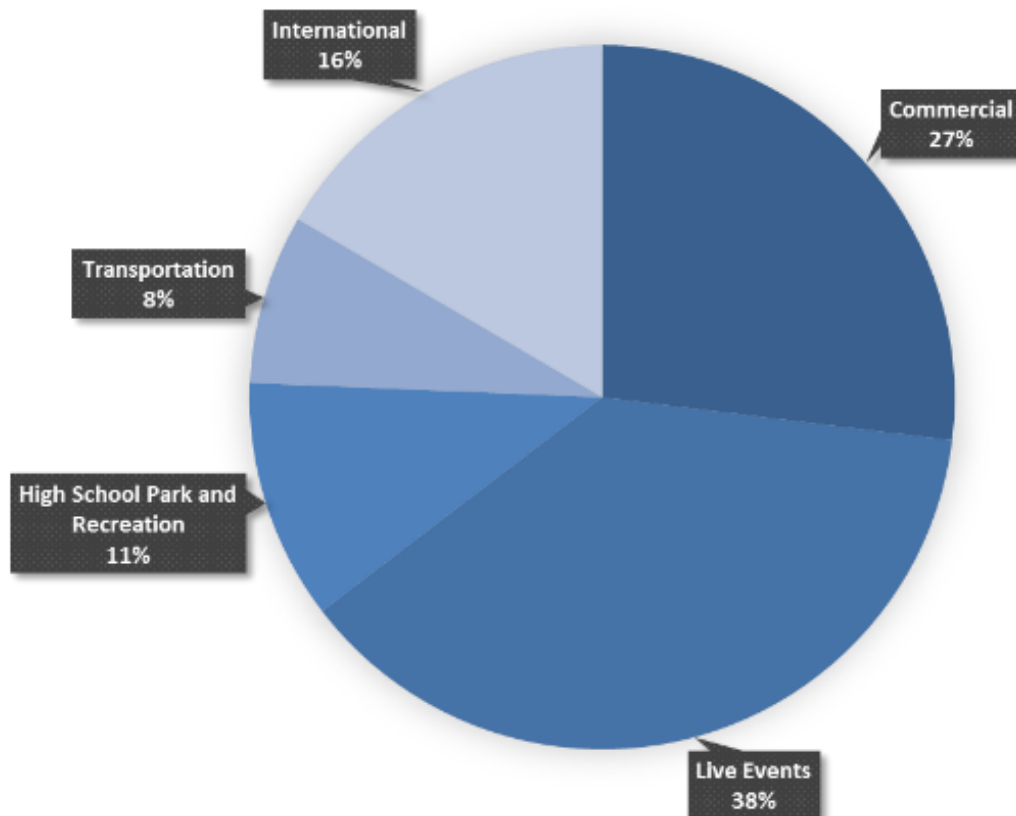


Chart indicates FY2015 business unit sales proportion

LIVE EVENTS BUSINESS UNIT



Texas A&M, College Station, TX

LIVE EVENTS

» Video displays solutions for Large sports venues and live entertainment facilities

- Professional sports
- College and university
- Arenas



South Dakota State University, Brookings, SD

» Competition

- » Mitsubishi, Lighthouse, Panasonic and others
- » Increasing Asian competition through U.S. integrators

LIVE EVENTS

Demand Drivers

- » Fan experience must exceed living room experience
- » High definition (HD)
- » Competition between venues
- » Improving price/performance of LED technology
- » Revenue generation
- » Replacement cycle (systems can last from 8-12 years)
- » New Stadium construction opportunities



Real Salt Lake – Sandy, Utah

HIGH SCHOOL PARK AND RECREATION (HSPR)



Sikeston High School, MO



Morgan High School, UT

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



St. Pius X High School, Houston, TX

HSPR

» Growth Drivers

- Video display adoption
- Revenue generation
- New construction

» Competitors

- Translux, Nevco, other smaller company manufacturers



New Braunfels High School, TX

COMMERCIAL BUSINESS UNIT



SLS Las Vegas – Las Vegas, NV



Westfield Mainplace Center, Santa Ana, CA

COMMERCIAL

- Three main areas
 - Third party advertising (outdoor)
 - On-premise advertising (retail)
 - Custom video (Spectacular)
- Main products
 - Digital billboards
 - Message centers
 - Video display systems
 - Petroleum displays



Walmart Neighborhood Market, Springdale, AR

COMMERCIAL

Long-term growth drivers

- » Greater acceptance & increasing use
- » Effective advertising medium
- » Demand for custom video application
- » Replacement cycle (7-10 years)

Competitors

- » Message Centers – Optec, Watchfire
- » Digital Billboards – Watchfire, Formetco, Optotech
- » Custom Video Projects – Panasonic, Mitsubishi, Sansai, Samsung/Yesco, Integrators using Asian Manufacturers



TRANSPORTATION BUSINESS UNIT



Miami-Dade International Airport



Oregon DOT, District 7

TRANSPORTATION

Three niches:

- Intelligent transportation systems (ITS)
- Airports
- Mass Transit

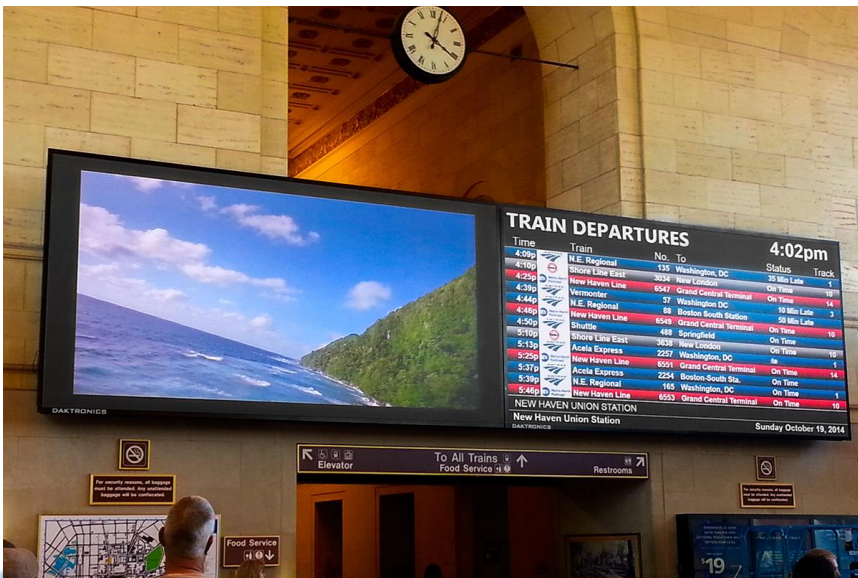
Competitors: Skyline, Ledstar, Telegra, SES-America, Imago, others



Vanguard Roadshow Demo Trailer

TRANSPORTATION

- Federal transportation bill – 2015 extension in progress
- Long-term growth drivers: increasing traffic demands on constrained infrastructure, infographic communication and advertising needs



Union Station, New Haven, CT



New Jersey Turnpike Authority

INTERNATIONAL BUSINESS UNIT



Jefferson Station, SEPTA



Wuxi Inter IKEA, Wuxi China

INTERNATIONAL

Main products

- » Commercial video systems
- » Sports video systems
- » Digital billboard
- » Architectural lighting
- » Transportation systems

Infrastructure

- » World-wide sales & service offices
- » International Manufacturing facilities:
 - China- architectural lighting and video displays for Asian market
 - Belgium – street furniture for Third Party/Out of Home Advertising
 - Ireland – transportation products



APN Australia, Melbourne, Australia

INTERNATIONAL

Growth opportunities

- » 3rd party advertising/Out of Home Advertising
 - » Live Events facilities/sports
 - » European/Middle East transportation systems
 - » Increased geographical coverage
-
- » Competitors: Mitsubishi, Lighthouse, Panasonic, Barco and other country-specific competitors



El Corte Ingles, Madrid, Spain

DAKTRONICS



LOOKING AHEAD



ACHIEVING LONG-TERM PROFITABLE GROWTH

Continued Demand

- Out-of Home Advertising demand
- Venue competition/ HD video for sports
- Increased geographic coverage and penetration
- New product introductions
- Continued market adoption and expansion
- Replacement cycle
- Worldwide economic conditions



ACHIEVING LONG-TERM PROFITABLE GROWTH

Robust solutions and operational excellence:

- New product introductions
 - Enhanced Transportation products
 - Localized and customer focused products
 - Ultra high resolution solutions
 - Enhanced product and control system platforms
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- Agile Capacity
 - Continuous Process improvements
 - Quality focus and warranty cost reduction

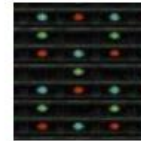
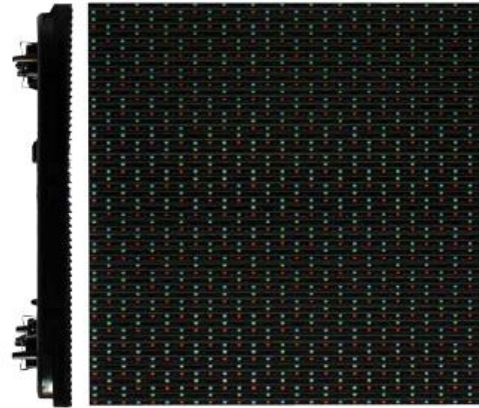
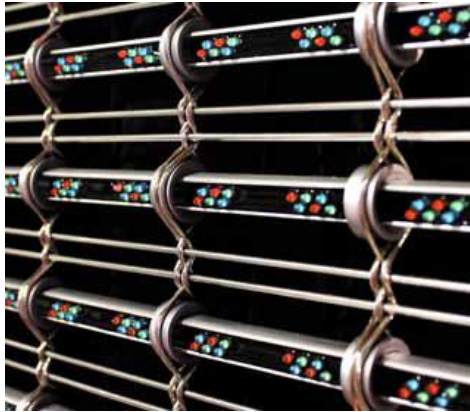
OUTLOOK TO FISCAL 16

Modest revenue growth

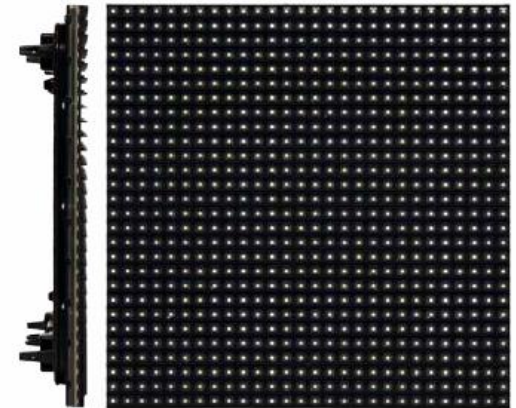
- ✓ **International** video display system pipeline is strong, in all regions. Transportation focus in EMEA
- ✓ **Live Events** demand seems similar to FY15
- ✓ **Commercial** higher demand expected in large video projects and modest demand increase in out of home advertising.
- ✓ **Transportation** opportunity for growth with funding
- ✓ **HSPR** continued interest in video

PRODUCTS

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.



QUESTIONS