



Fiscal 2017 Third Quarter
Conference Call Presentation
February 8, 2017

INCOME STATEMENT

(\$ in millions except earnings per share)

	FY17 – Q3		FY16 – Q3		Y/Y CHANGE
Revenue	\$	20.6	\$	16.8	23.1%
Gross Profit \$	\$	6.2	\$	4.7	30.7%
Gross Margin %		29.9%		28.1%	180 bps
Operating Expenses	\$	7.2	\$	6.7	8.0%
Operating Loss	\$	(1.0)	\$	(1.9)	(47.1%)
Net Loss	\$	(1.1)	\$	(2.0)	(45.8%)
Earnings Per Share	\$	(0.04)	\$	(0.07)	(47.0%)
EBITDA*	\$	(0.4)	\$	(0.9)	(48.7%)

FISCAL 2017 – THIRD QUARTER HIGHLIGHTS

- Revenue grew 23% over the prior year's quarter
- LED product sales reach 82% of total lighting product revenues, a new record for Orion
- Gross margin expanded by 180 basis points from Q3 FY16
- Operating & Net Losses narrowed dramatically, putting Orion within reach of profitability

* See Non-GAAP Reconciliation for EBITDA.

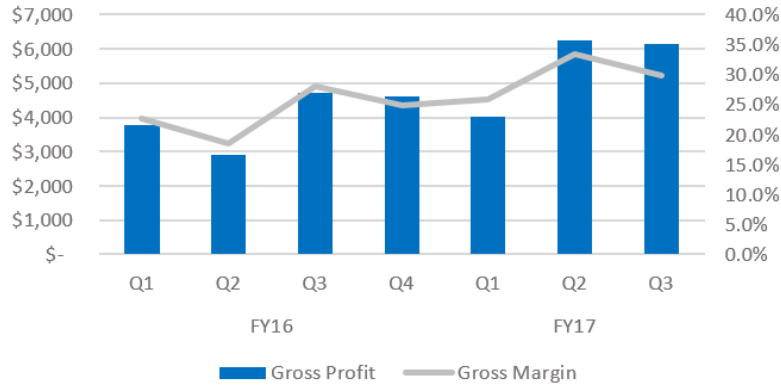
BALANCE SHEET & CASH FLOW STATEMENT

(\$ in millions)	BALANCE SHEET AS OF 12/31/16	BALANCE SHEET AS OF 12/31/15
Cash and cash equivalents	\$ 19.1	\$ 17.5
Total current assets	\$ 50.4	\$ 51.1
Total assets	\$ 69.0	\$ 80.4
Total current liabilities	\$ 19.2	\$ 17.0
Long-term debt	\$ 6.1	\$ 5.3
Total liabilities	\$ 26.7	\$ 23.9
Total equity	\$ 42.4	\$ 56.6
Total shares outstanding	28.3 m	27.7 m

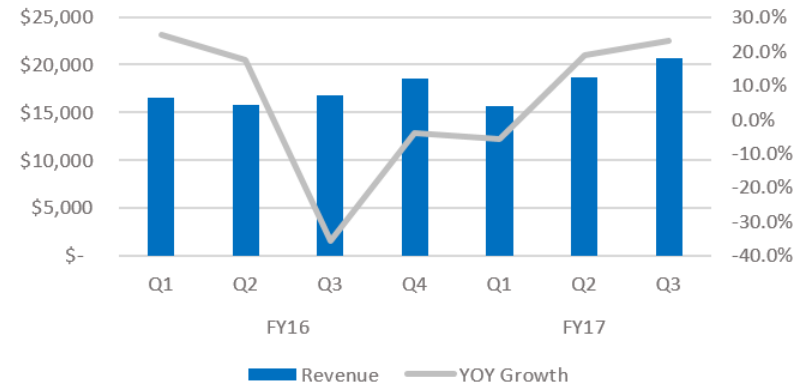
(\$ in millions)	CASH FLOW NINE MONTHS ENDING 12/31/16	CASH FLOW NINE MONTHS ENDING 12/31/15
Net loss	\$ (5.0)	\$ (9.3)
Depreciation and amortization	\$ 1.8	\$ 3.4
Stock-based compensation	\$ 1.3	\$ 1.2
Net cash provided by (used in) operating activities	\$ 0.3	\$ (3.3)
Net cash provided by (used in) investing activities	\$ 2.0	\$ (0.3)
Net cash provided by (used in) financing activities	\$ 1.3	\$ 1.1
Net increase (decrease) in cash and cash equivalents	\$ 3.6	\$ (2.6)

FINANCIAL PERFORMANCE

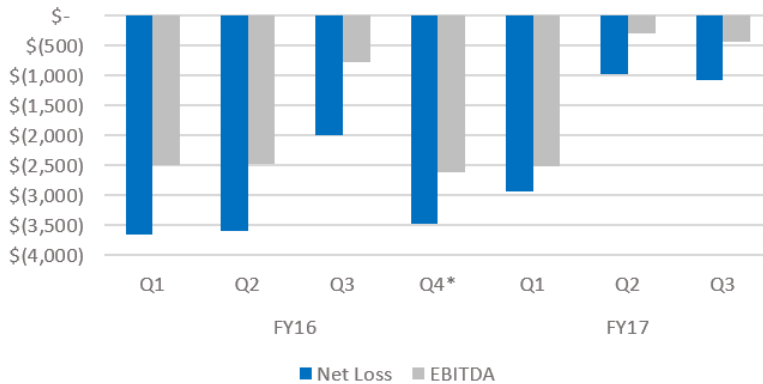
Gross Profit and Gross Margin



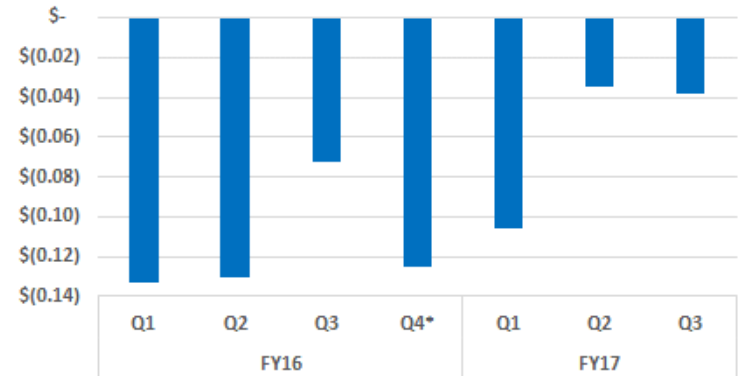
Revenue



Net Loss & EBITDA



Earnings Per Share



*Excludes \$1.6m impairment loss on a manufacturing facility, goodwill impairment charge of \$4.4m and a loss contingency of \$1.4m

Note: See Non-GAAP Reconciliation for EBITDA.

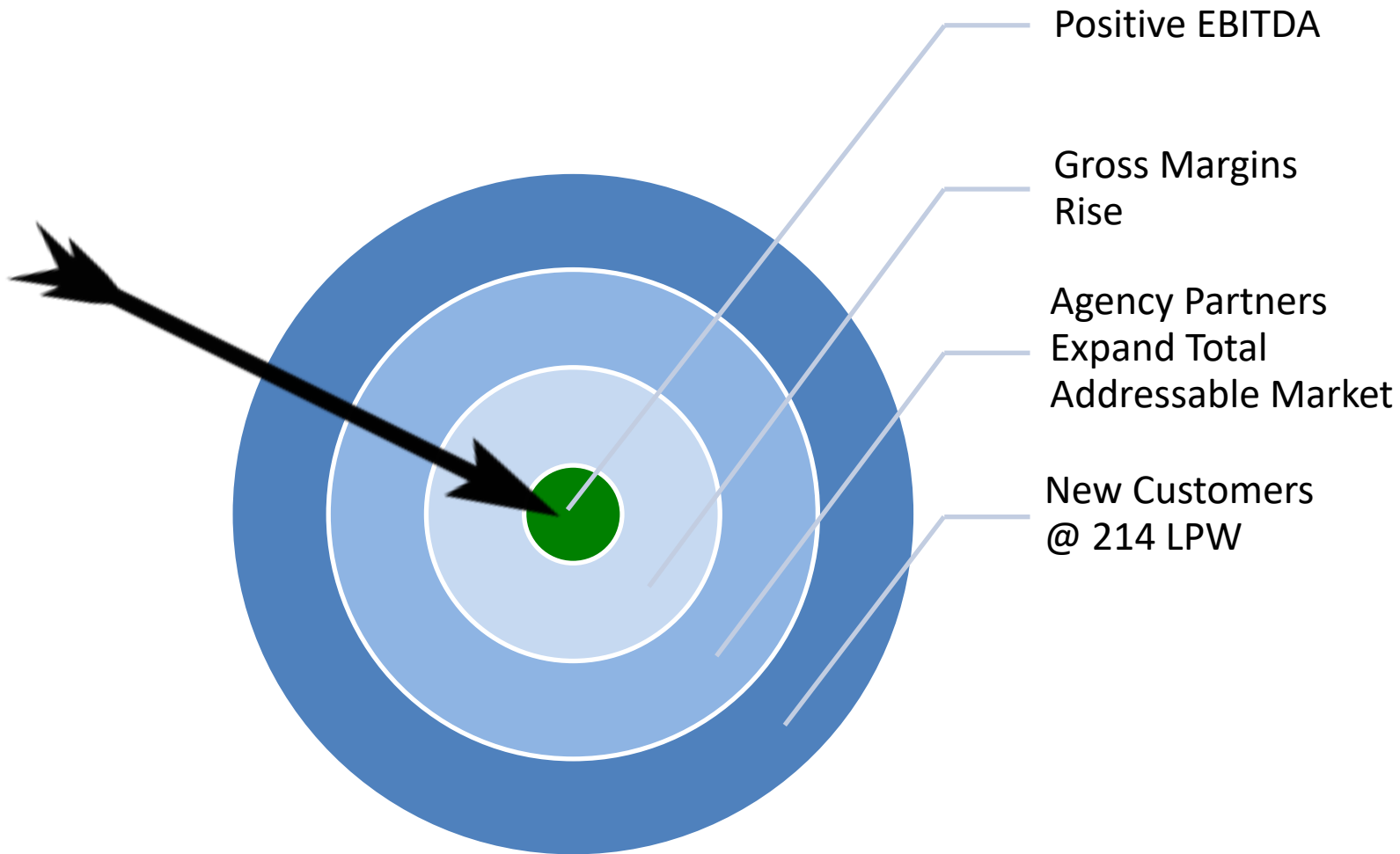
Q3-17 HIGHLIGHTS

- LED revenue represented 82% of Q3-17 lighting product revenue and grew by 29% versus Q3-16
- Gross margins increased to 29.9% in the third quarter of fiscal 2017 from 28.1% in the prior year quarter
- Net loss improved to \$1.1 million in Q3 '17 versus a net loss of \$2.0 million in Q3 '16
- Backlog increased from \$7.5 million in the year-ago period to \$9.6 million in the recent quarter

ACHIEVE REVENUE AND MARGIN GROWTH FOR FULL-YEAR 2017

- We expect total revenue to grow by 10-15 percent in fiscal 2017 versus the prior fiscal year.
- Gross margin is expected to remain at or near 30% for the balance of fiscal 2017.

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NON-GAAP RECONCILIATION

(\$ in millions)	THREE MONTHS ENDED	
	QTR 12/31/16	QTR 12/31/15
GAAP Revenue	\$ 20.6	\$ 16.8
GAAP Net Loss	\$ (1.1)	\$ (2.0)
Interest	\$ 0.1	\$ 0.0
Taxes	\$ 0.0	\$ 0.0
Depreciation & Amortization	\$ 0.6	\$ 1.1
EBITDA*	\$ (0.4)	\$ (0.9)
EBITDA % of Revenue	(2.1%)	(5.1%)

**Does not include non-cash stock based compensation expense adjustment of \$0.4m and \$0.4m for the quarters ended 12/31/16 and 12/31/15, respectively*

The company has provided this non-GAAP measurement to help investors better understand its core operating performance. Among other things, management uses EBITDA to evaluate performance of the business because it believes this measurement enables it to make better period-to-period evaluations of the financial performance of core business operations. This non-GAAP measurement is intended only as a supplement to the comparable GAAP measurements.