

Dialight plc 2006 AGM
9th May 2006



Highlights of 2005

- Divested Solartron Businesses for gross proceeds of £72.1m
- Returned £46.5M to Shareholders (£90m since 2003)
- Renamed and Refocussed company : Dialight plc
- Appointed new Executive Management Team
- Year end cash position £9.8m
- Early 2006 acquisition of Lumidrives

Highlights - Continuing Businesses

- Strong increase in sales and profit in H2 over H1
- Profit before tax £4.5m versus £4.3m in 2004
- Operating Cash Flow £5.3m for Continuing Group before Capex and Pension Payment
- Strong year-end balance sheet
- Increased order intake in 2006

Proforma 2005 group profit and loss account £m

Turnover	56.1
Operating profit	5.0
Interest	0.4
Profit before tax	5.4
Taxation	(1.9)
	<u>3.5</u>
Dividend – say 4.5 pence full year	1.4
EPS	11p
Dividend Cover	2.46x

Dialight – continuing group cash flow

£m

2005

2004

Operating profit	3.9	4.4
Depreciation / amortisation	1.8	1.7
Movement in working capital	<u>(0.4)</u>	<u>(0.1)</u>
Cash from operations	5.3	6.0
Capital expenditure	(1.1)	(0.7)
Tax	<u>(1.6)</u>	<u>(1.5)</u>
	<u>2.6</u>	<u>3.8</u>

Before one-off pension contributions

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Reporting Segments

- Components- Traditional Indicator Business + Electromagnetic Based Products
- Signals/Illumination – High Brightness LED Business comprising Traffic Lights, Rail Signals, Obstruction Lights and Solid State Lighting

2005 Sales and Contribution by Segment

	2005		2004			
	Sales £m	Contribution £m	Sales £m	Contribution £m	%	%
Components	26.6	13.3	27.2	14.7	(2.2)	(9.5)
Signals/Illumination	29.6	9.9	28.0	9.2	5.5	7.3
Total	56.2	23.2	55.2	23.9	1.8	(2.9)

Components

- Orders up 4% on year and 18% on H2
- Sales down 2% on year
- H2 Sales up 5% on H2/04
- Contribution down on year
- Electromagnetic Components responsible for adverse swing in contribution year on year

Components

- North American Distributor Point of Sales 5% growth in 2005
- Continued strong Preferred Vendor Status at OEMs
- Awarded Wing Mirror Contract for major Japanese Auto Manufacturer- will ship in 2006
- Booked £1.5m+ orders for Meter Disconnects in January/February 2006
- 2006 to date Order Input up over H2/05

Signals /Illumination

- Orders up 4.6% on year
- Orders in H2/05 up 10% on H2/04
- Sales up 5.5% on year
- Sales in H2/05 up 13% on H2/04
- Contribution up 7.3% on year
- Obstruction showing good growth year on year
- Traffic flat in 2005

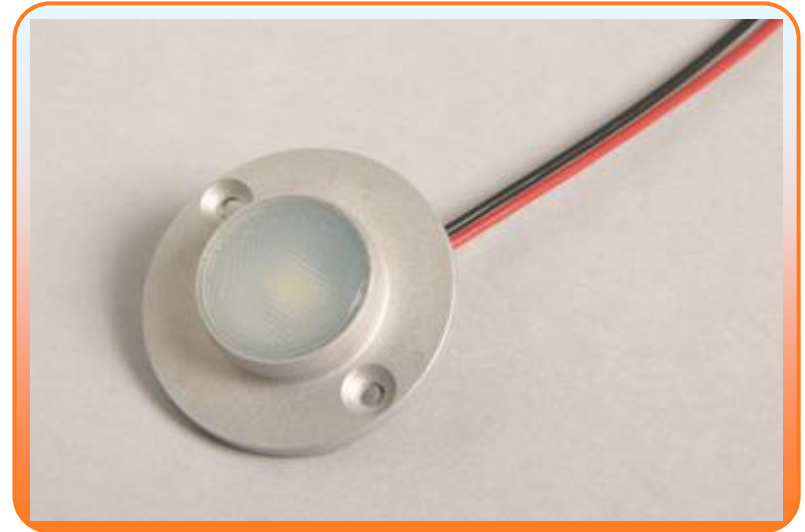
Drivers for Growth

- Components Segment expected to show mid single digit growth over time
- Signals/Illumination expected to demonstrate double digit growth through focus on
 1. European Traffic
 2. European/Asia Rail
 3. Obstruction Lights
 4. Niche opportunities in Industrial Applications for white light
 5. Architectural/Entertainment Lighting for coloured lights

Acquisition of Lumidrives Ltd.

- Completed on 11 January 2006 for £3m
 - £2.45m in cash
 - £0.55m in Dialight shares (223,578 shares)
- 2005 draft results show sales of £3.2m with a double digit return
- Consistent growth in sales from 2002 to 2005
- Net assets of approximately £0.5m at acquisition – fair value review to be completed
- Strong position in Architectural Lighting Markets

Architectural Lighting Products

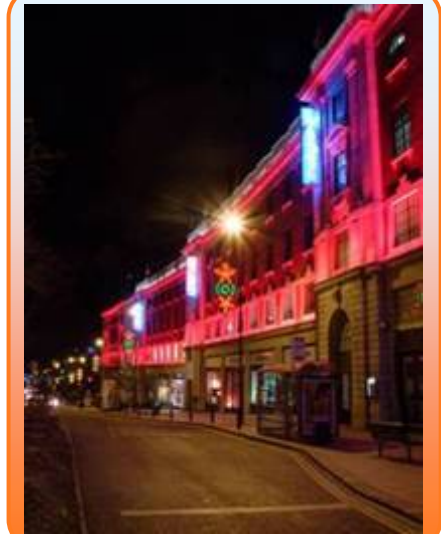


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Modules – Light Engines, Drivers and Optics

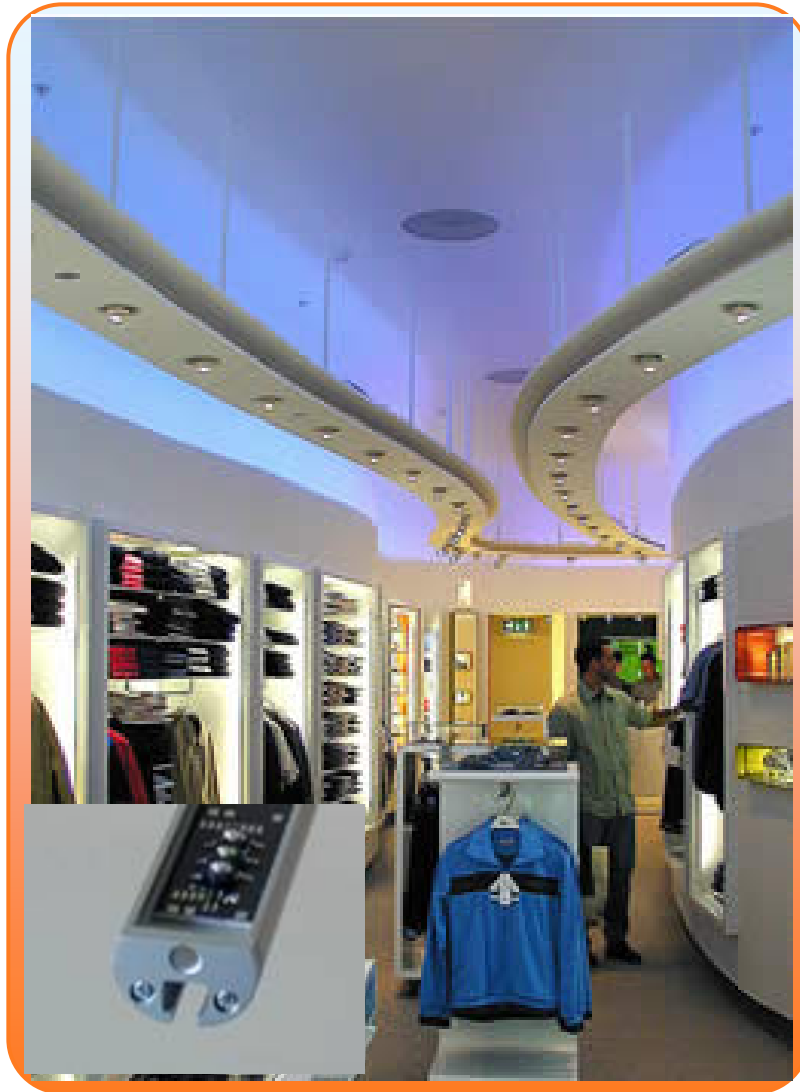


The Light – Leeds, UK



Diallight

Lacoste Retail Outlets – Nationwide UK



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Prospects for 2006

- European Traffic positioned to grow
- Obstruction continued growth with new products and more adoption
- White Light- hazardous location launched
- Coloured Light- exploitation of Lumidrive acquisition on a worldwide basis
- Promising signs in Components Segment

DIALIGHT

**Uniquely Positioned to Exploit
the Lighting Revolution**

 Dialight