

# Hybrid manufacturing model

## Our inputs

### Financial

Strong financial performance through innovation, cost control and high returns on capital.

### Sustainability

Developing products to reduce maintenance and improve safety and environmental efficiency.

### Product innovation

Developing market-leading products at the forefront of technology within industrial markets. In 2018 we invested £7.3m in research and development to extend our product portfolio.

### Intellectual assets

Protecting our product innovation by patents, trademarks and intellectual property licences.

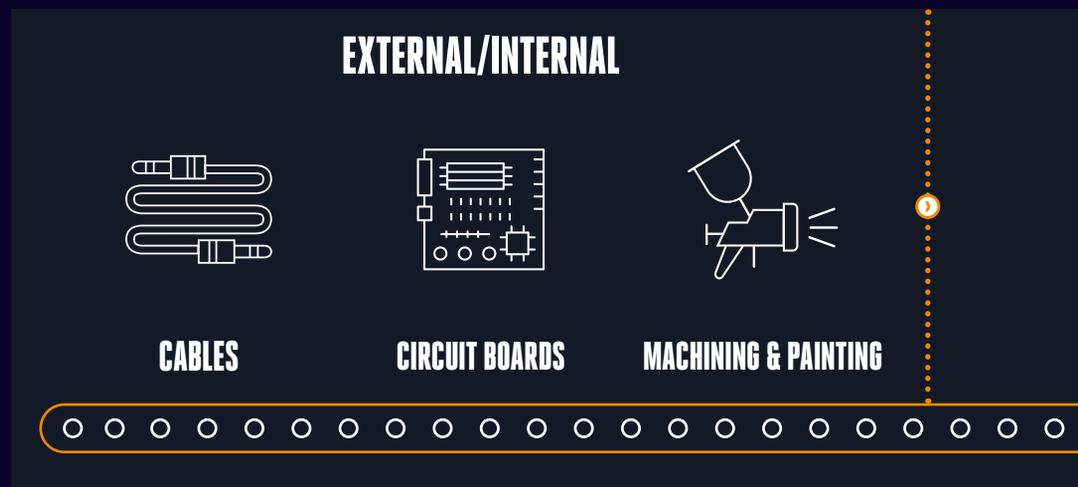
### Human capital

We hire and develop innovative engineers who, together with supporting teams and senior management, can develop and deploy Dialight's sustainable, energy efficient and intelligent LED lighting solutions.

### Relationships

Dialight has multiple routes to market through established distribution networks and selling directly to the end customer. Our sales approach targets plant managers as well as corporate decision makers.

## How it works



## Our outputs

### Revenue

Our revenue is mainly derived from the sale of lighting fixtures (74%). We sell via distribution channels and direct to the customer using our own sales force. Fixtures are installed by the customer or by third-party contractors.



## The value we share

### Shareholders

Our goal is to deliver long-term value for shareholders. We do this by developing products that are sustainable and stimulating demand in a market with very low penetration. We use our capital allocation discipline to balance between investment, balance sheet management and shareholder returns.

### Employees

We offer opportunities for personal development and competitive rewards linked to performance. We believe in a creative working environment with scope for individual responsibility and personal achievement.

## Our purpose

Our purpose is to improve the world we live in through sustainable, energy efficient and intelligent LED lighting technologies. We enable industrial customers operating in demanding environments to reduce their energy costs, maintenance costs and carbon footprint while maximising the safety and productivity of their facilities. We do this by offering the largest

selection of rugged, cutting-edge products to suit virtually any industrial application. Additionally, our controls solutions can seamlessly integrate with existing factory automation and building management systems to deliver granular control and system-wide visibility that reduce lighting energy costs by as much as 60%.

**60%**

**Potential reduction in lighting energy costs for our customers**

### INTERNAL



**FINAL ASSEMBLY AND SUPPLY CHAIN MANAGEMENT**

### CUSTOMERS



**REDUCED LEAD TIME**



**IMPROVED TIME ON DELIVERY**



**COMPETITIVE PRICING**

### Cash flow

Revenue is turned into cash flow, with a very small amount of bad debt, reflecting the quality of the customer base. This is used to fund the operating costs of the business, working capital requirements and re-investment.

### Re-investment

Cash generated from operations is re-invested in three main ways: to pay for research and development to keep our product offering up to date; to expand our manufacturing capacity; and, in accordance with our capital allocation methodology, the return of capital to shareholders via dividend.

### Customers

We add value to our customers' businesses. Our staff work closely with our customers in order to understand their requirements and help them achieve their objectives.

### Communities

Our operations create jobs for local communities in 15 countries around the world. By supporting local supplier development, where possible, we drive sustainable value for shareholders and further economic benefits for local communities.

### Governments

We support local economies by creating employment and paying local taxes. We stimulate local economic prosperity which contributes to the maintenance of public infrastructure and services.