



Lakeland
INDUSTRIES, INC
NASDAQ: LAKE



28th Annual Roth Capital Conference

Christopher J. Ryan, President and Chief Executive Officer
March 14, 2016



Emerging Markets Exposure...

...Western Markets Expertise



Safe Harbor Statement

With the exception of historical information, the statements set forth in this presentation include forward-looking statements that involve risk and uncertainties. The company wishes to caution that a number of important factors could cause actual results to differ materially from those forward-looking statements. These and other factors could cause actual results to differ materially from those in any forward-looking statements which are discussed in this presentation. Please see Lakeland Industries' SEC filings on Forms 10-K and 10-Q for important information about the Company and related risks. The Company disclaims any obligation to update its forward-looking statements.

Lakeland At A Glance



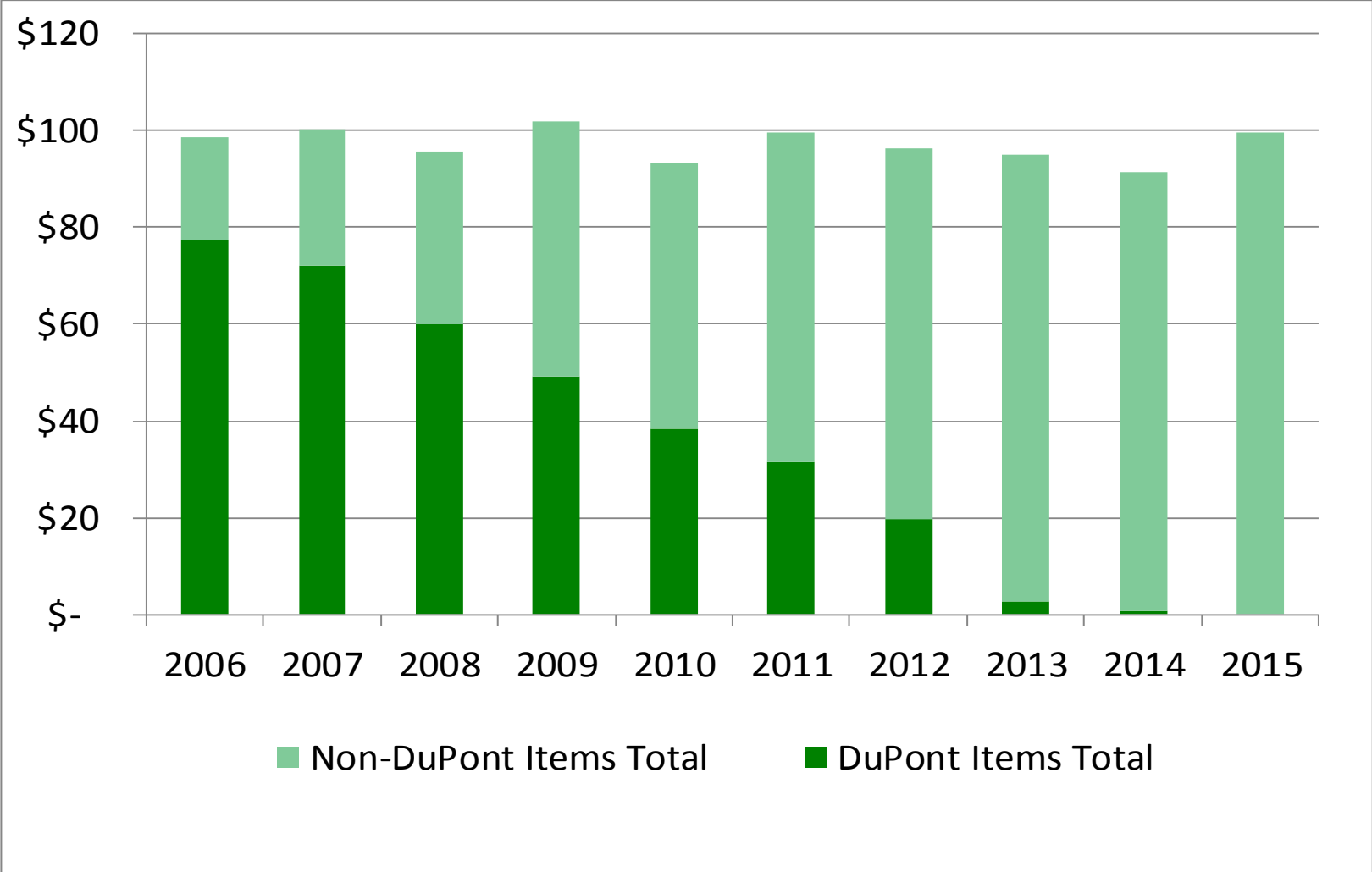
- Leading Manufacturer of Industrial Protective Clothing
- Serving All Major Markets
 - Chemical/Petrochemical
 - Basic Industry: Auto, Steel, Construction, Electric & Gas Utilities
 - Health Care & Food Chain; High Tech
 - Government, Fire Department, Public Safety, DoD, CDC, etc.
- Supplier to U.S. Distributors Since 1982
- Major International Expansion, New Direct Sales Approach in 2008
- Completed Turn Around of Nearly 3 Years
- Driven by Domestic and International Operations; Margin Expansion
- Positioned for Long Term Growth with Strengthened Balance Sheet and Significant “Opportunity Gap”
- History: Lost \$80 million of DuPont Licensed product sales between 2006-2014 and nearly \$10 million in Brazil revenue from 2012-2015
 - *Drag on Revenues while Organic Growth of over \$70 million was Not Apparent*



HOBBLED BY PRIOR DEPENDENCE ON DUPONT FABRICS

Tyvek/Tychem Sales History by Fiscal Year

(\$ Millions)



Tyvek/Tychem Sales History



FISCAL YEAR (\$ 000)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total North American Sales of DuPont Items	\$ 0	\$ 672	\$ 2,778	\$ 19,875	\$ 31,354	\$ 38,423	\$ 49,092	\$ 60,028	\$ 72,069	\$ 77,446
All Other International Sales - Non-DuPont	\$ 49,668	\$ 34,255	\$ 49,451	\$ 39,433	\$ 33,517	\$ 26,824	\$ 19,926	\$ 7,382	\$ 5,988	\$ 2,955
Total Sales	\$ 99,734	\$ 91,385	\$ 95,117	\$ 96,327	\$ 99,518	\$ 93,317	\$ 101,778	\$ 95,608	\$ 100,171	\$ 98,740
DuPont Items Total	\$ 0	\$ 672	\$ 2,778	\$ 19,875	\$ 31,354	\$ 38,423	\$ 49,092	\$ 60,028	\$ 72,069	\$ 77,446
Non-DuPont Items Total – Sales from Organic Growth	\$ 99,734	\$ 90,713	\$ 92,339	\$ 76,452	\$ 68,164	\$ 54,894	\$ 52,686	\$ 35,580	\$ 28,102	\$ 21,294

CAGR for Sales from Organic Growth of 18.7% from 2006-2015

Note: Fiscal year 2016 ends January 31, 2016; to be reported in May 2016

Financial Issues Through 2014

Company In A Sharp Turn Around Mode



- Brazil pulled the Company down so completely with \$34 million of losses over a 3 year period to the point where a “Going Concern Opinion” was a very short term reality in May 2013.
- As a result, stock hit all time low below \$4.00 in May 2013.
- First quarter of fiscal 2015 Adjusted EBITDA, excluding Brazil, was \$1.8 million.
- Company completed its financing with AloStar Bank which gave it a 3 year bank loan in June 2013 through June 2016. The “Going Concern Opinion” was then removed 16 days later. The attractiveness and efficacy of this loan was that it had no covenants regarding the future performance of Brazil

Proof Of Turn Around from FY2014-FY2016



New Financings and Return to Growth

- New financing of \$15.0 million Senior debt and \$3.5 million Junior debt during 2QFY14
- PIPE common stock issuance for \$11.1 million completed in 3QFY15
- April 2015: Announced determination to exit Brazil through transfer of shares in a management buyout and adopted discontinued operations
- Financial Results Highlights – Fiscal 2016 Nine Months Ended 10/31/16 (Continuing Operations)
 - **Revenue Growth**
 - Sales were \$79.2 million (“M”) this year and \$68.1M last year, an increase of 16.2%
 - **Margin Improvement and Expense Management**
 - Gross profit increased by 36.5% as compared to last year
 - Gross margin was 38.3%, compared to 32.5% last year
 - Operating expenses worldwide as a percent of sales decreased to 23.0% from 26.8% last year
 - **Significant Increases in Operating Income, Adjusted EBITDA and Free Cash Flow***
 - Operating income increased to \$12.1M from operating income of \$3.9M last year.
 - Operating income as a percentage of sales increased to 15.3% this year vs. 5.8% last year
 - Adjusted EBITDA worldwide this year was \$12.8M vs. \$2.6M last year.
 - Free cash flow (adjusted EBITDA less cash taxes and capex) increased from \$5.1M last year to \$11.1M this year
 - **Net Income Growth***
 - Net income from continuing operations of \$7.9M or \$1.10 per share vs net loss of \$(839,000) and \$(0.14) per share last year
 - Net income this year of \$5.4M or \$0.75 per share vs. net loss of \$(2.9)M and \$(0.49) per share last year
 - **Balance Sheet Strengthened**
 - Cash/equivalents decreased by \$2.4M from \$6.7M at end of Q4 last year to \$4.3M at end of Q3 with the payment of the Brazil arbitration settlement of \$3.4M in cash
 - Total liabilities declined by 26% or \$7.9M from beginning of fiscal year
 - Shares Transfer Agreement for Lakeland Brazil to be acquired
 - Stockholders’ equity increased by nearly 10% or \$6.1 million since beginning of the fiscal year
- Stock price of \$12.32 at 3/2/16; trading at 5.5x Adjusted EBITDA for TTM, excluding Brazil, and as compared to book value per share of \$9.58 at 10/31/15

*Includes non-GAAP measures and other adjustments – see tables included herein for reconciliations.

Lakeland Product Overview



Limited Use/Disposable Protective Clothing



Chemical Suits



High Visibility Clothing



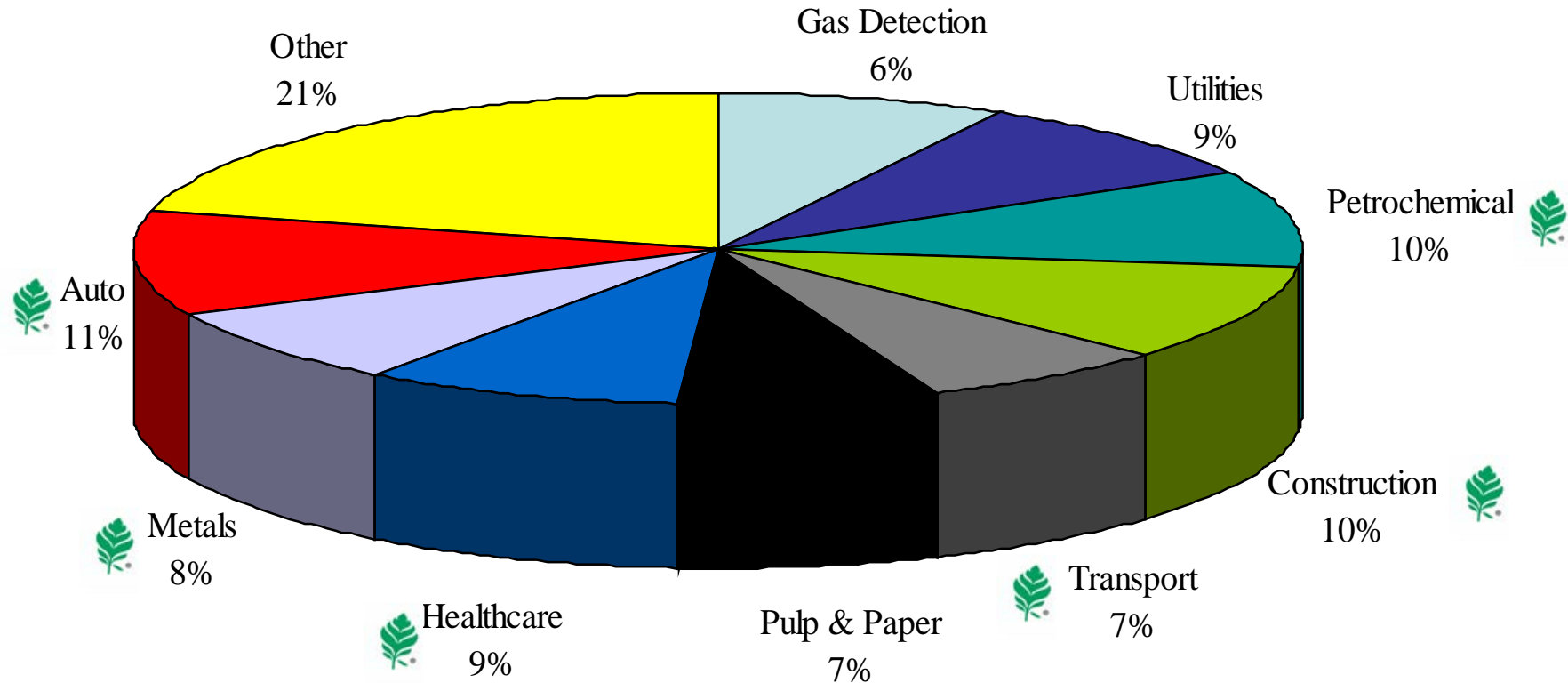
Fire Fighting & Heat Protective Apparel/Reusable Woven Garments



Gloves & Arm Guards

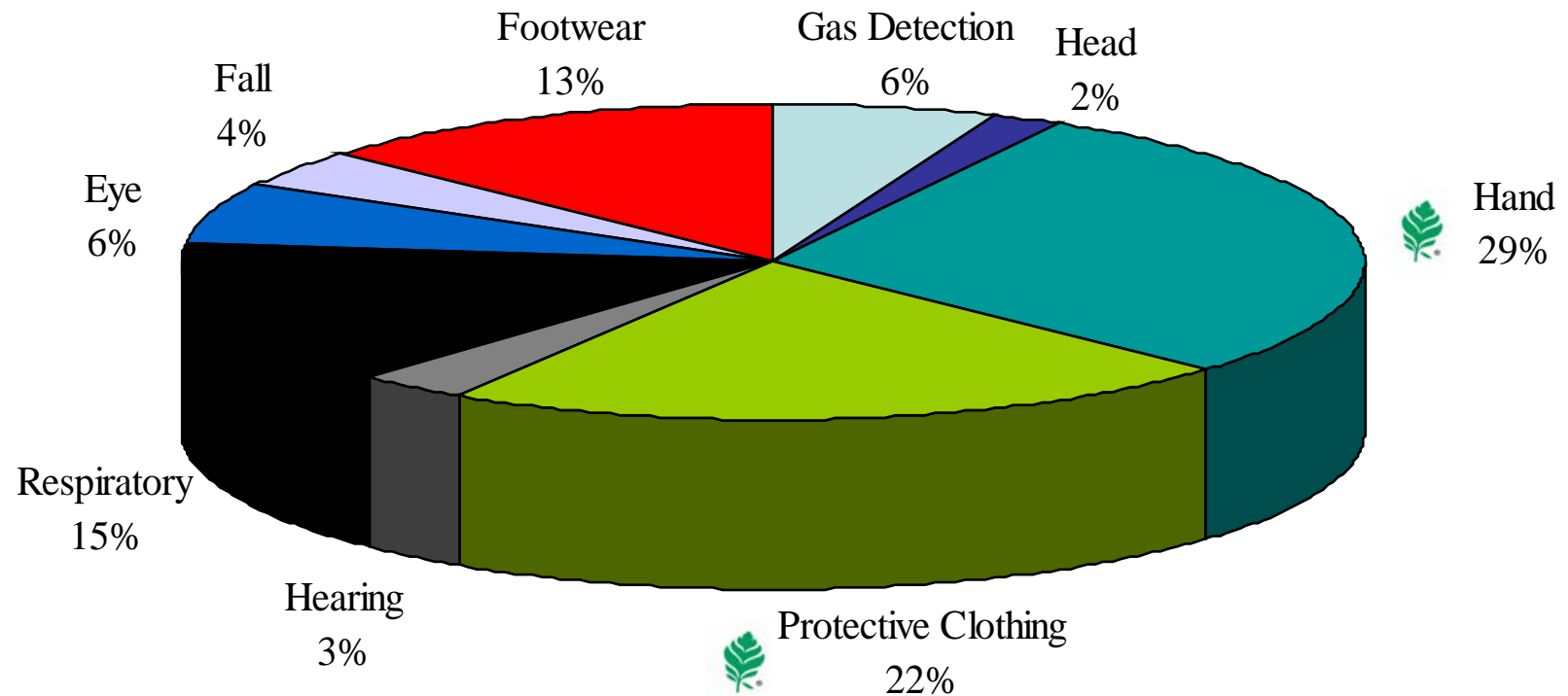


End-user Segments for Personal Protective Equipment



 Lakeland End-user Segments Address Over 55% of Total Market but the Company Possesses Less Than 1%

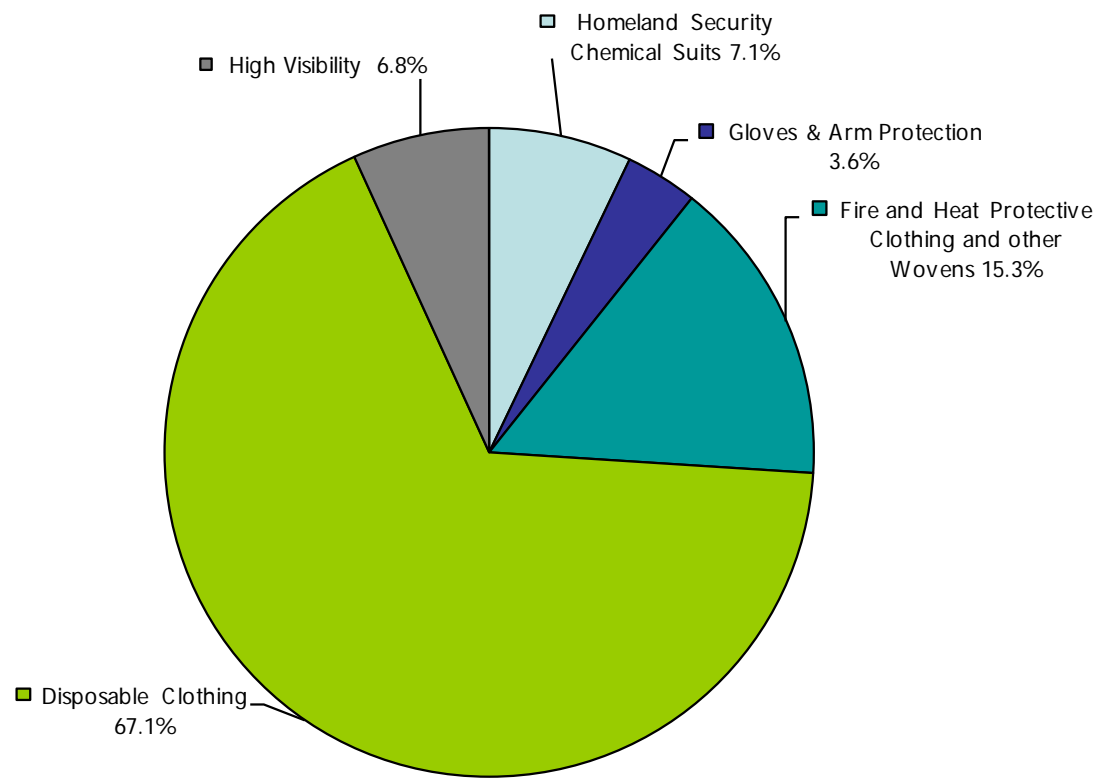
Personal Protective Equipment Market



Lakeland Product Segments Address Over 50% of \$23 Billion Market but the Company Presently Represents Less Than 1% of the Total Addressable Market (TAM)



Product Mix (FY2015)



- Homeland Security Chemical Suits
- Gloves & Arm Protection
- Fire and Heat Protective Clothing and other Wovens
- Disposable Clothing
- High Visibility

Domestic	50.2%
International	49.8%

*Revenue from continuing operations

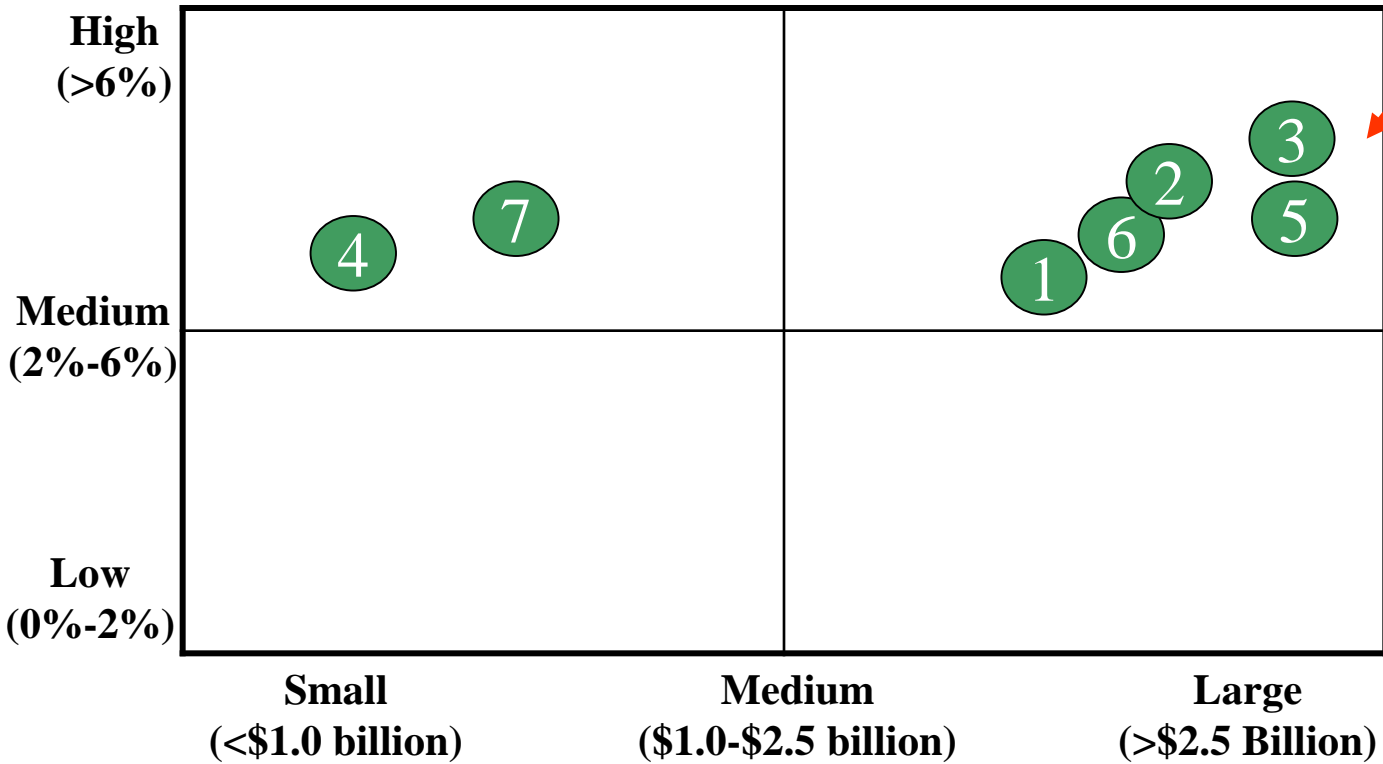


Growth Opportunities



Lakeland Target Markets Among Largest and Fastest Growing

CAGR for Market Segments



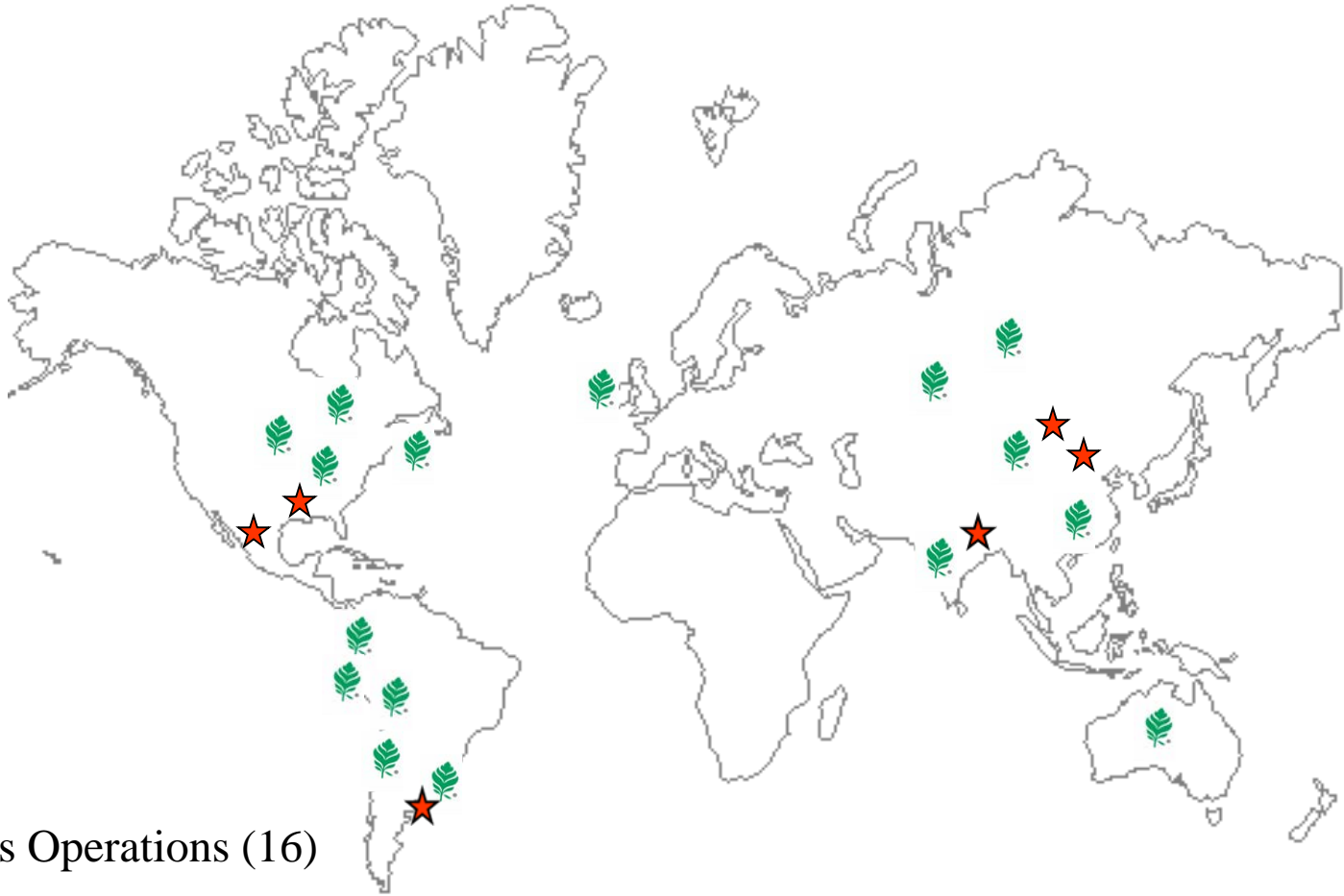
- ① Head/Eye/Face
- ② Respiratory
- ③ Hand
- ④ Hearing
- ⑤ Prot. Apparel
- ⑥ Foot
- ⑦ Fall Prot.

Market Size of Market Segments

Source: Frost & Sullivan; CAGR is calculated from 2008-2015



Global Presence



Sales Operations (16)



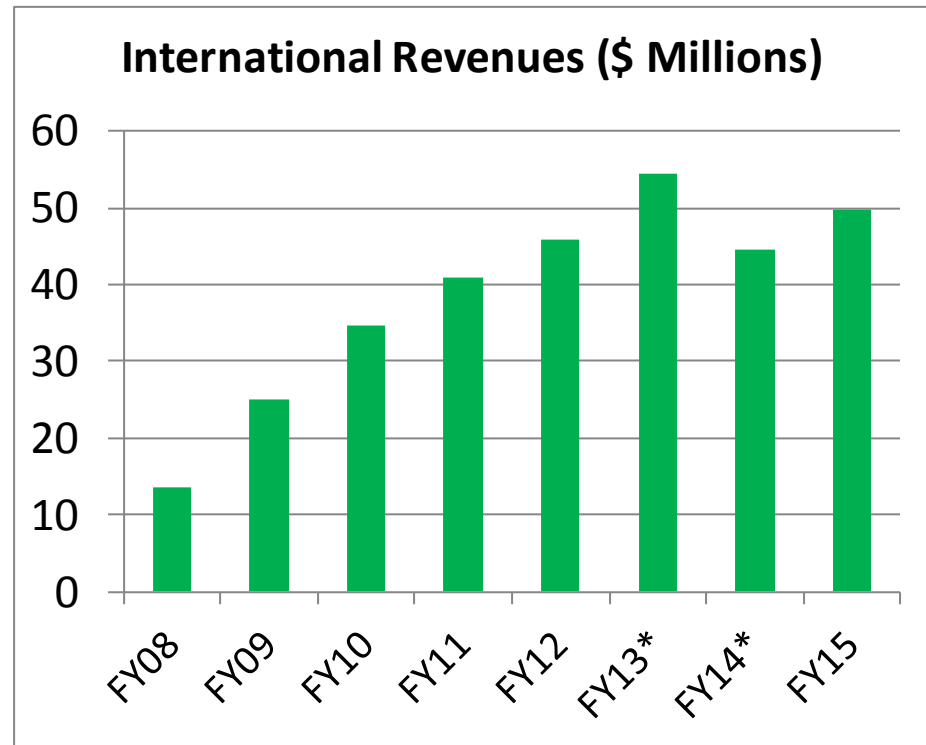
Manufacturing Location (6)

Headquarters: Ronkonkoma, New York

International Traction



- **International Growth – Foreign Revenues Comprised 49.8% of Total in FY15**
- **Manufacturing Locations**
 - Facilities in US consolidated
 - New, more efficient plant in Mexico
 - Expansion in China
 - India sewing operations, 2014
 - Argentina added 2015/2016
- **Sales Efforts Accelerating Since 2007/08**
 - China in-country sales commenced
 - Russia/Kazakhstan
 - Argentina and Chile subsidiaries formed
 - Mexico/Chile/Argentina sales offices, expansions underway
 - Australia in-country sales, 2016
- **Target Break Even in 2+ Years**
 - China sales, 2008
 - Chile sales, 2008
 - Argentina sales 2009
 - UK sales expanded, 2009
 - Mexico expansion, 2012



* Direct container shipments from China to USA reclassified to USA sales in 4QFY13

Lakeland Mexico

INDUSTRIAS LAKELAND S.A. DE C.V.







Diversification Strategy & Transition

(Continuing Operations through the nine months ended 10/31)



Area	FY2005	FY2016
COGS/Raw Materials	Tied to DuPont	Multi-sourced, lower priced fabrics than DuPont
Pricing Power: Gross Margin	Approx. 22%	29.2% in F14, 32.5% in F15 and 38.3% in F16 (excluding Brazil)
Sales Channel	Distributors	Direct Sales and Key Distributors
Customer Concentration	Focused: Auto	Diversified: Fire, Glove, Petro, Food, Healthcare, Auto, Mining
Number of Products	<100	>800
Country Sales Offices	3	16
Geographic Coverage	North America	Global
Manufacturing Locations	U.S., China	China, Mexico, U.S., Argentina, India
Manufacturing Capacity	\$95 Million	\$130+ Million
Profit Power: EBITDA Margin	Approx. 9%	Approx. 16%



Growth Catalysts



- Concentration on High Growth: CHINA, RUSSIA, PACIFIC ALLIANCE & MERCOSUR TRADE PACTS
- Focus on Countries or Industries Benefiting from Industrial and GDP Growth, Global Adoption of OSHA-like Regulations
- Expand/Introduce New Products
 - Reflective line and other higher margin products
 - Turn-out Gear/Fire Coats
 - Chemical Protective Suits-Gov't & Private Industry
 - Disposable clothing: food processing, chicken/fishery farms
 - Gloves and related garments
 - New materials to improve product quality
 - Environmentally friendly disposable garments (to be launched)
- Investments to Improve Output, Quality and Margins; ERP
- Direct Sales Channels for Improved Control/Bidding (International)
- Leverage Global Brand and Worldwide Manufacturing Facilities
- Benefiting from Industry-wide Manufacturing Capacity Shortages
- Incremental Growth: Ebola & Virus/Flu Outbreaks, Oil Spills, Homeland Defense, Natural Disasters, Secondary Area of Nuclear Fallout, Clean Rooms

Unique Operating Platform



- Our Unique Operating Platform Highlighted by Ebola and Avian Flu as Latest of Crises that Positively Impact Business
- Ebola Crisis Case Study
 - Significant Global Demand for ChemMAX® and MicroMAX® Protective Suits
 - ISO 9001 Standards; Certified to Pass Specific Tests Based on Industry Guidelines and Applications, Including ASTM and EN
 - Manufacturing of Select Lines of These Garments Involves Proprietary Processes for Specialized Seam Sealing, a Far Superior Technology for Protecting Against Viral Hazards Including Infected Body Fluids than Non-sealed Products
 - Increased Monthly Production Capacity for Sealed Seam ChemMAX and MicroMAX
 - Nearly 50% from August 2014 to October 2014
 - 100% increase at January 2015
 - Shipments for Crisis Requirements and Organic Growth of Traditional Industrial Customer Orders
- Validation of Product Quality, Design and Manufacturing Expertise
- Improved Global Capabilities, Enhanced Global Brand
- Effectively Compete with Larger Players Leveraging Lakeland's Control of Manufacturing and Scalable Production of High Quality Garments
- Unparalleled Ability to Satisfy Demand During Crisis and Emergency Situations
- Opens Access to Direct/Indirect Sales Channels to New Public/Private Sector Customers, Particularly Healthcare and Government Agency Sectors
- Conversion of Crisis Customers to Traditional, Recurring Customers

Attractive Investment Merits

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- Turn Around Strategy Yielding Results
- Potential for Long Term Domestic and International (excluding Brazil) Sales Growth Driven by Increasing Demand for Lakeland Brands
- Incremental Demand: Anticipate Significant Spending in 2017/2018 for Ebola Preparedness (Pres. Obama's \$1.6B bill)
- Significant Contribution Margin Benefits and Expansion Catalysts Due to Unique Operating Platform
- Enhanced Global Recognition in \$7 Billion Worldwide Market for Purely Protective Apparel
- Strong Balance Sheet; Access to Credit Facilities
- Exit from Brazil, Early Payoff of Liability; Tax Benefit of Over \$9M Credit Expected; Non-cash adjustments possible
- Substantial Insider Ownership

LAKE Stock Information

Share Price	\$12.32
Shares <small>(FD Issued & O/S)</small>	7.2 million
Market Cap	\$88.7 million
Price/Sales	0.81
Price/Earnings	5.4

Stock price as at 3/2/16; includes warrant shares and October 2014 private placement of common stock. Ratios use consolidated TTM information from continuing operations.



Appendix

Balance Sheet

LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands except share data)



	ASSETS	
	October 31, 2015	January 31, 2015*
	(\$000's)	(\$000's)
Current assets		
Cash and cash equivalents	\$4,288	\$6,709
Accounts receivable, net of allowance for doubtful accounts of \$434 and \$484 at October 31, 2015 and January 31, 2015, respectively	14,566	13,277
Inventories, net of reserves of \$2,519 and \$2,454 at October 31, 2015 and January 31, 2015, respectively	43,501	37,092
Deferred income taxes	2,978	1,144
Assets of discontinued operations in Brazil	-----	6,335
Prepaid VAT tax	1,695	1,717
Other current assets	<u>2,818</u>	<u>2,361</u>
Total current assets	69,846	68,635
Property and equipment, net	9,614	10,144
Assets held for sale	1,101	-----
Deferred income tax, noncurrent	9,700	13,101
Prepaid VAT and other taxes	173	173
Security deposits	94	113
Intangibles, prepaid bank fees and other assets, net	118	171
Goodwill	<u>871</u>	<u>871</u>
Total assets	<u>\$91,517</u>	<u>\$93,208</u>
	LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities		
Accounts payable	\$7,417	\$7,763
Accrued compensation and benefits	817	1,120
Other accrued expenses	1,738	1,462
Liabilities of discontinued operations in Brazil	532	6,574
Current maturity of long-term debt	50	50
Current maturity of accrued arbitration award	-----	1,000
Short-term borrowing	2,325	2,611
Borrowings under revolving credit facility	<u>8,391</u>	<u>5,642</u>
Total current liabilities	21,270	26,222
Accrued arbitration award, less current portion	-----	2,870
Long-term portion of Canada loan	747	800
Deferred taxes long term	<u>112</u>	<u>60</u>
Total liabilities	22,129	29,952
Stockholders' equity		
Preferred stock, \$.01 par; authorized 1,500,000 shares (none issued)	-----	-----
Common stock, \$.01 par; authorized 10,000,000 shares, Issued 7,597,355 and 7,414,037; outstanding 7,240,914 and 7,057,596 at October 31, 2015 and January 31, 2015, respectively	76	74
Treasury stock, at cost; 356,441 shares at October 31, 2015 and January 31, 2015	(3,352)	(3,352)
Additional paid-in capital	64,336	64,594
Retained earnings	10,037	4,654
Accumulated other comprehensive loss	<u>(1,709)</u>	<u>(2,714)</u>
Total stockholders' equity	<u>69,388</u>	<u>63,256</u>
Total liabilities and stockholders' equity	<u>\$91,517</u>	<u>\$93,208</u>

* Restated for discontinued operations; numbers may not add due to rounding

Annual Income Statement

LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands except share data)
 (Unaudited)



	Years Ended	
	January 31,	
	<u>2015</u>	<u>2014</u>
Net sales	\$99,734	\$91,385
Cost of goods sold	<u>66,022</u>	<u>66,551</u>
Gross profit	33,712	24,833
Operating expenses		
Selling and shipping	13,460	11,798
General and administrative	<u>15,295</u>	<u>13,395</u>
Total operating expense	<u>28,755</u>	<u>25,192</u>
Operating profit (loss)	4,957	(359)
Foreign exchange loss in Brazil	(125)	(476)
Other income (loss), of which \$2,302,400 is from early extinguishment of debt	(2,419)	50
Interest expense	<u>(2,352)</u>	<u>(2,186)</u>
Income (loss) before income taxes	<u>61</u>	<u>(2,971)</u>
Benefit from income taxes	<u>(8,337)</u>	<u>(2,851)</u>
Net income (loss)	<u>\$8,399</u>	<u>\$(120)</u>
Net income (loss) per common share:		
Basic	\$1.35	\$(0.02)
Diluted	<u>\$1.33</u>	<u>\$(0.02)</u>
Weighted average common shares outstanding:		
Basic	6,214,303	5,689,230
Diluted	6,325,525	5,689,230

Numbers may not add due to rounding.

Quarterly/9 Month Income Statement



LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands except share data)
 (Unaudited)

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	(\$000's) except for share information		(\$000's) except for share information	
	2015	2014*	2015	2014*
Net sales from continuing operations	\$24,888	\$23,543	\$79,172	\$68,114
Cost of goods sold from continuing operations	15,640	15,320	48,850	45,949
Gross profit from continuing operations	9,248	8,223	30,322	22,165
Operating expenses from continuing operations	6,056	6,940	18,211	18,226
Operating profit from continuing operations	3,192	1,283	12,111	3,939
Other income (loss), from continuing operations	(7)	(2,245)	9	(2,282)
Interest expense from continuing operations	183	511	576	1,515
Income (loss) before taxes from continuing operations	3,002	(1,473)	11,544	142
Income tax expense from continuing operations	882	282	3,676	981
Net income (loss) from continuing operations	\$2,120	\$(1,755)	\$7,868	\$(839)
Non-cash reclassification of Other Comprehensive Income to Statement of Operations (no impact on stockholder's equity)	\$----	\$----	\$(1,286)	\$----
Loss from operations from discontinued operations	----	(745)	(1,253)	(2,047)
Loss from disposal of discontinued operations	----	----	(515)	----
Loss before taxes for discontinued operations	----	(745)	(3,054)	(2,047)
Income tax benefit from discontinued operations	----	----	(569)	----
Net loss from discontinued operations	\$----	\$(745)	\$(2,485)	\$(2,047)
Net income (loss)	\$2,120	\$(2,500)	\$5,383	\$(2,886)
Net income (loss) per common share – Basic:				
Income (loss) from continuing operations	\$0.29	\$(0.29)	\$1.10	\$(0.14)
Loss from discontinued operations	\$----	\$(0.13)	\$(0.35)	\$(0.35)
Net income (loss)	\$0.29	\$(0.42)	\$0.75	\$(0.49)
Net income (loss) per common share – Diluted:				
Income (loss) from continuing operations	\$0.29	\$(0.29)	\$1.08	\$(0.14)
Loss from discontinued operations	\$----	\$(0.13)	\$(0.34)	\$(0.35)
Net income (loss)	\$0.29	\$(0.42)	\$0.74	\$(0.49)
Weighted average common shares outstanding:				
Basic	7,234,914	5,951,613	7,148,430	5,933,229
Diluted	7,300,435	5,951,613	7,235,252	5,933,229

*Restated for discontinued operations;
 numbers may not add due to rounding

Quarterly Operating Earnings and Adjusted EBITDA Reconciliation



Operating Results Restated for Discontinued Operations (\$ 000)
Reconciliation to GAAP Results

	<u>Quarter Ended</u> <u>October 31, 2015</u>	<u>Quarter Ended</u> <u>October 31, 2014</u>
Net sales from continuing operations	\$24,888	\$23,543
Year over year growth	5.7%	-----
Gross profit from continuing operations	9,248	8,223
Gross profit %	37.2%	34.9%
Operating expenses from continuing operations	6,056	6,940
Operating expenses as a percentage of sales	24.3%	29.5%
Operating income from continuing operations	3,192	1,283
Operating income as a percentage of sales	12.8%	5.4%
Interest expense from continuing operations	183	511
Other (income) expense from continuing operations	<u>(7)</u>	<u>(2,245)</u>
Pretax income (loss) from continuing operations	3,002	(1,473)
Income tax expense from continuing operations	<u>882</u>	<u>282</u>
Net income from continuing operations	2,120	(1,755)
Loss from discontinued operations	-----	<u>(745)</u>
Net (loss) from discontinued operations	-----	<u>(745)</u>
Net income (loss)	<u>\$2,120</u>	<u>\$(2,500)</u>
Weighted average shares for EPS-Basic	7,234,914	5,951,613
Income (loss) per share from continuing operations	\$0.29	\$(0.29)
Loss per share from discontinued operations	\$-----	\$(0.13)
Income (loss) per share	\$0.29	\$(0.42)
Operating income from continuing operations	\$3,192	\$1,283
Depreciation and amortization	232	276
Other income (loss) from continuing operations	(7)	(2,245)
EBITDA from continuing operations	3,417	(686)
Equity Compensation	165	1,024
Severance and recruiter charges in the USA	-----	103
Early extinguishment of debt	-----	2,295
Adjusted EBITDA	3,582	2,736
Cash paid for taxes (foreign)	382	426
Capital expenditures	<u>241</u>	<u>157</u>
Free cash flow	<u>\$2,959</u>	<u>\$2,153</u>

9 Month Operating Earnings and Adjusted EBITDA Reconciliation



Operating Results Restated for Discontinued Operations (\$ 000)
Reconciliation to GAAP Results

	Nine-Months Ended October 31, 2015	Nine-Months Ended October 31, 2014
Net sales from continuing operations	\$79,172	\$68,114
Year over year growth	16.2%	-----
Gross profit from continuing operations	30,322	22,165
Gross profit %	38.3%	32.5%
Operating expenses from continuing operations	18,211	18,226
Operating expenses as a percentage of sales	23.0%	26.8%
Operating income from continuing operations	12,111	3,939
Operating income as a percentage of sales	15.3%	5.8%
Interest expense from continuing operations	576	1,515
Other (income) expense from continuing operations	9	(2,282)
Pretax income (loss) from continuing operations	11,544	142
Income tax expense from continuing operations	<u>3,676</u>	<u>981</u>
Net income (loss) from continuing operations	7,868	(839)
Non-cash reclassification of Other Comprehensive Income to Statement of Operations with no impact on stockholder's equity	(1,286)	-----
Loss from operations from discontinued operations	<u>(1,253)</u>	<u>(2,047)</u>
Loss from disposal of discontinued operations	<u>(515)</u>	-----
Loss before taxes for discontinued operations	<u>(3,054)</u>	<u>(2,047)</u>
Income tax expense (benefit) from discontinued operations	<u>(569)</u>	-----
Net (loss) from discontinued operations	<u>(2,485)</u>	<u>(2,047)</u>
Net income (loss)	\$5,383	\$(2,886)
Weighted average shares for EPS-Basic	7,148,430	5,933,229
Net income (loss) per share from continuing operations	\$1.10	\$(0.14)
Net loss per share from discontinued operations	\$(0.35)	\$(0.35)
Net income (loss) per share	\$0.75	\$(0.49)
Operating income from continuing operations	\$12,111	\$3,939
Depreciation and amortization	704	851
Other (income) expense from continuing operations	(24)	(2,193)
EBITDA from continuing operations	12,791	2,597
Equity Compensation	420	1,073
Inventory reserve in USA and China – discontinued product lines raw material/finished goods	-----	300
PA plant shutdown costs	-----	235
Severance and recruiter charges in the USA	-----	103
Early extinguishment of debt	-----	2,295
Adjusted EBITDA	13,211	6,603
Cash paid for taxes (foreign)	1,377	1,098
Capital expenditures	<u>715</u>	<u>397</u>
Free cash flow	<u>\$11,119</u>	<u>\$5,108</u>

Strategic Initiatives



- Analytics and Market Information Development
- Capitalize and Expand International Markets
- Build the Brand to Increase Profitability
- Cost reduction/Control
- Easy to do Business With