

NAPCO Security Technologies, Inc.

NasdaqGS (Global Select): NSSC

Security.
Technology.
Opportunity.

Safe Harbor Statement



This presentation may contain forward-looking statements that involve numerous risks and uncertainties. Actual results, performance or achievements could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the Company's filings with the Securities and Exchange Commission.

Investor Highlights



Only 1-stop shop in Security

- Napco is the only publicly traded company that manufactures for all three security categories:
 - Alarm & Intrusion
 - Door Locking Devices
 - Access Control
- A unique “pure play” security company

Positive market dynamics

- Budget reductions and cuts in Police/Fire causing greater need for more security/alarm products
- Access control is fastest growing segment of the security industry (per Freedonia Group Inc. study)
- Napco sells to 15,000 security dealers, integrators, locksmiths and contractors in 40+ countries

Profitability by Leverage

- Due to relatively fixed costs a change in our revenue will result in a larger change in our operating income
- Historically \$20m revenue, yields \$1.4m net income
- Reduced debt by half in last 3 years,

New High Margin Products & Recurring Revenue

- GEM C product enters NAPCO into big commercial fire systems market
- Starlink 2 Wireless & iBridge join iSee Video products to add recurring revenue
- Shift business from cyclical to major cash flow model

Intrusion and Fire are Big Businesses



Annually, there are an estimated 2.2 million burglaries and 1.3 million fires reported, or one occurring every 14.3 and 23.4 seconds respectively.

These fires caused more than 3,000 civilian deaths and in excess of 17,000 civilian injuries.

Victims of burglary offenses and fires suffered annual estimates of \$4.6 billion and \$12.5 billion, respectively.

Burglary accounts for 23.6% of the estimated number of property crimes committed.

Sources: 2011 FBI Uniform Crime Report, Bureau of Justice Statistics and U.S. Department of Justice, and National Fire Protection Association.

Large & Growing Commercial Security Market



Source: Freedonia Group: Electronic Security Systems 2010 - 2015

- Intrusion \$2.4 billion market, 20 competing companies; no dominant player
- Video surveillance \$6.5 billion market 10-20% annual growth rate, one of the fastest growing segments within the security industry; 10 players controlling ~50%; no single company has an overriding share
- Access control \$4 billion, growing at 10-15% annually
- U.S. fire detection and monitoring market \$6 billion in size. Tyco is the largest provider other major competitors including Honeywell, Siemens, GE, and Johnson Controls

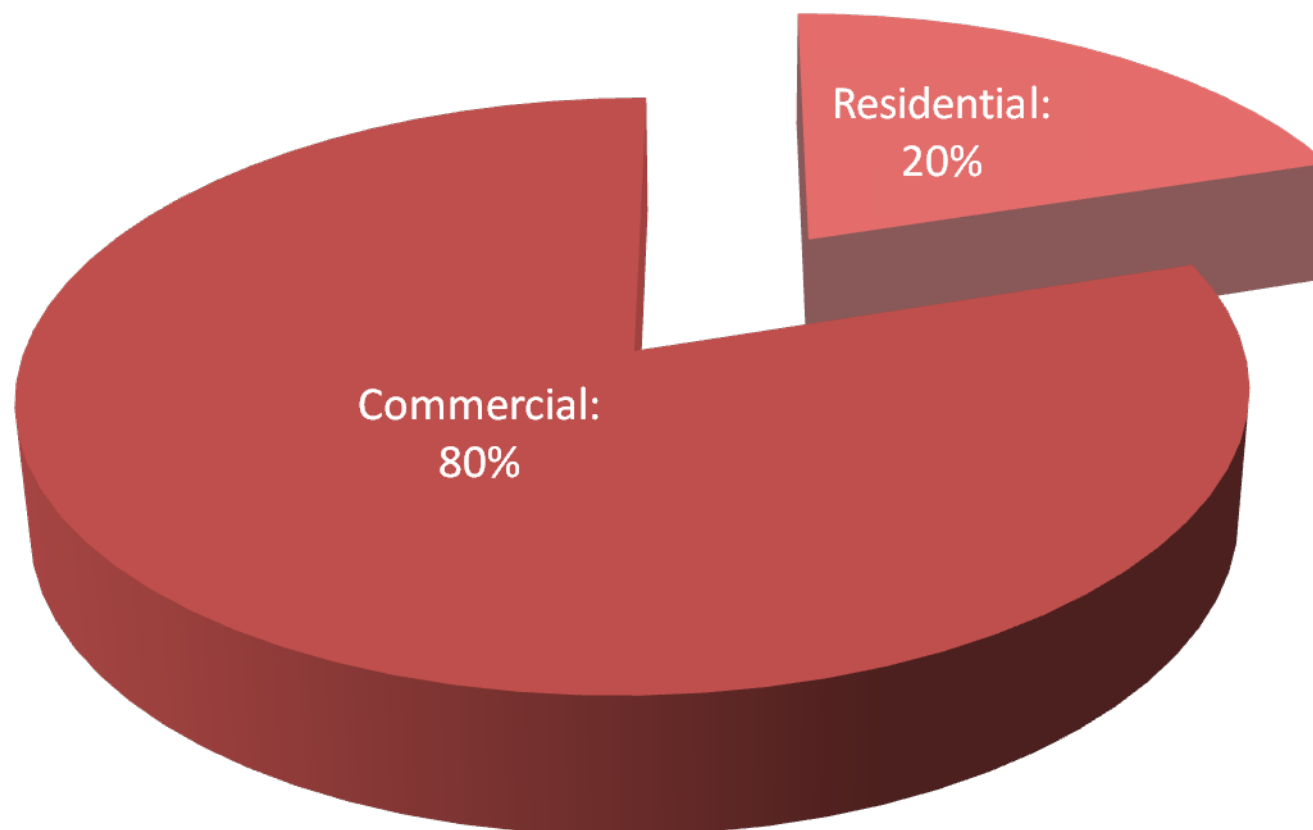
Fully Integrated Security Solutions



**Complete One-Stop Shop for Security Equipment
to the Growing Business-to-Business Network of Security Dealers**



Business Sales Mix



Product Lines



Intrusion, Fire and Video Alarm Division



Electronic Locks Division



Access Control Division



Door Locking Technologies Division



NAPCO's Worldwide Facilities

NAPCO Products Are Sold In 59 Countries Worldwide



Headquarters & Plant
1 Amityville, NY
100% owned by NAPCO

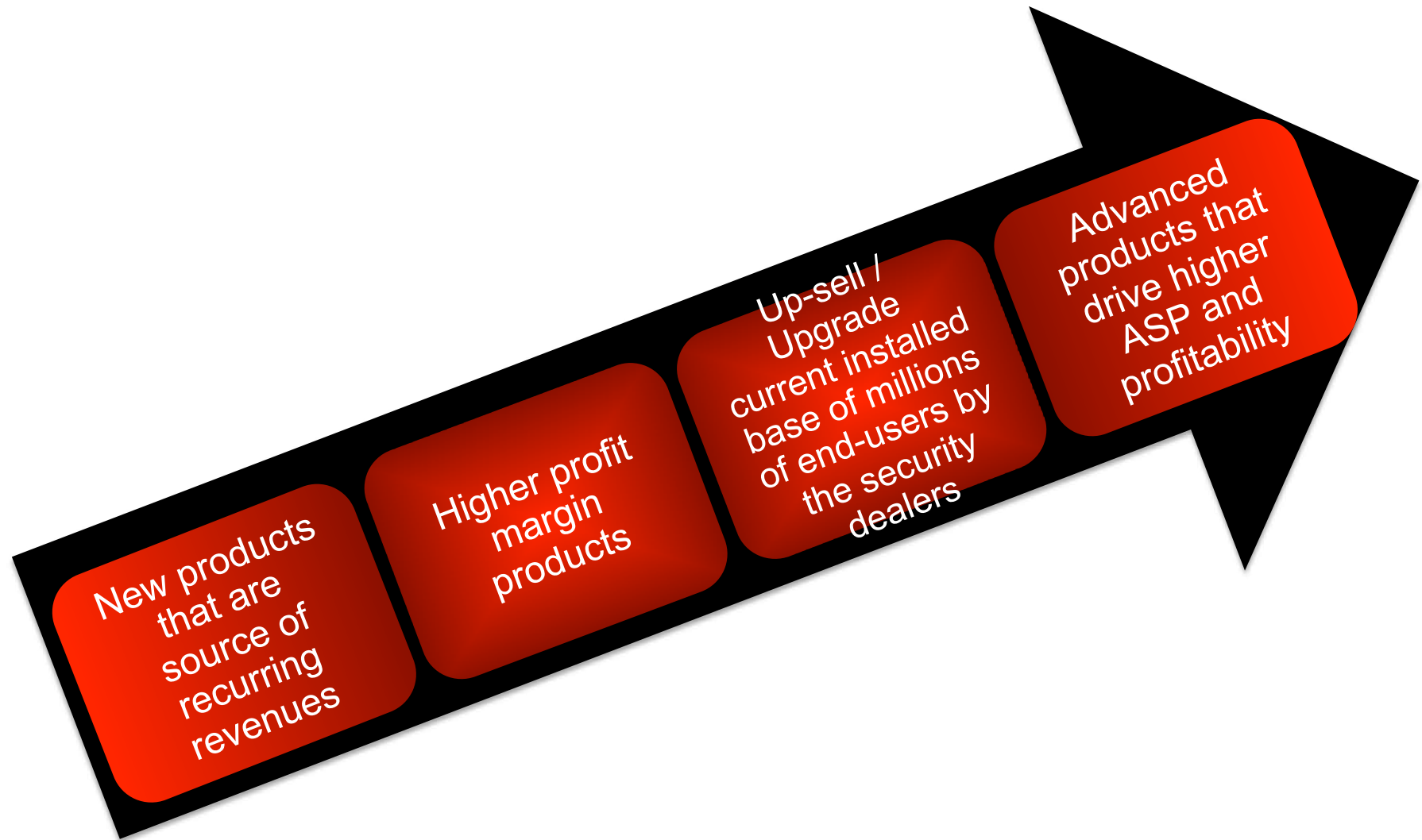


250,000 square
feet of space
with a \$200
million annual
production
capacity

Plant 2
Dominican Republic,
Caribbean
100% owned by NAPCO; ISO9001
certified



New Products/Recurring Revenues



Growing Recurring Revenue Business



iSeeVideo™

- iSee Video equipment approximately \$300.00 per installation
- Recurring monthly service revenue up to \$3.00 per month per account
- 25 million end users in USA currently monitored by alarm companies for burglary and fire without remote video access
- Easy upsell for dealers due to high quality, low cost & ease of installation
- Large market opportunity for Napco



New Product Introductions Targeted Toward Delivering Additional Recurring Revenue Stream



iBridge™
Remote Services



A suite of recurring revenue services allowing consumers to remotely control their security systems, video cameras, thermostats and lighting remotely from any smartphone or PC.

All services can also be managed locally by an iPad home controller.



Starlink 2 Wireless –

NAPCO's next generation of 2-way, uploading/downloading, GSM communicator, which will provide dealers with the ability to do away with the need for traditional phone lines to communicate alarms. Priced at \$99.95 to installers for the hardware and \$5.95/month for the service. Huge RMR potential.

Additional New Product Growth Drivers



NAPCO Commercial 24V Combo Burglary & Fire

**32, 128 or 255
Points of Analog,
Addressable,
Conventional,
Comm'l Wireless &
Hardwire**



Alarm Lock Networkx – Advanced wireless networking locks

**Up to 2000 locks
communicate
wirelessly,
providing cost-
effective, labor-
saving access
control**



Gemini BioReader

**Innovative indoor/
outdoor biometric
fingerprint reader**

- Controls your alarm system with the touch of a finger



Marks USA's new 'Triple Play'

**BHMA certified,
Grade 1 door
closers and Grade**

**1 and 2 exit
devices**



Unique, Integrated Commercial Solution



FUSION™

Total Integrated Solution
INTRUSION • FIRE • VIDEO
ACCESS • LOCKING



NAPCO



Continental **Access**



ALARM LOCK



MARKS USA

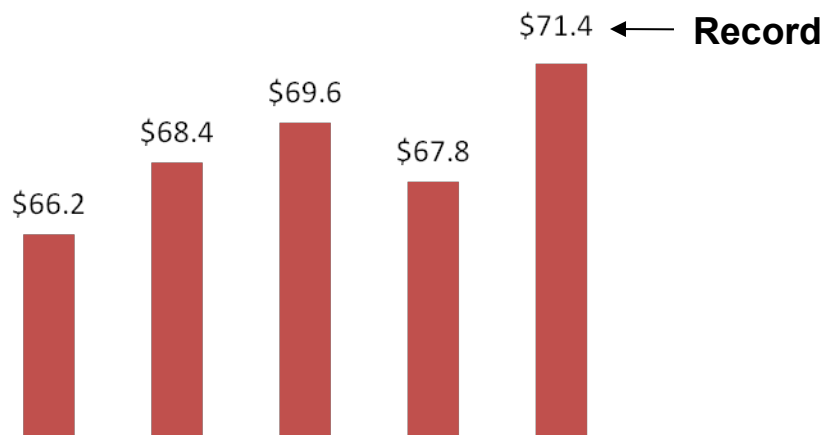
Integrated Intrusion • Fire • Access • Locking Technologies

Historical Financial Data

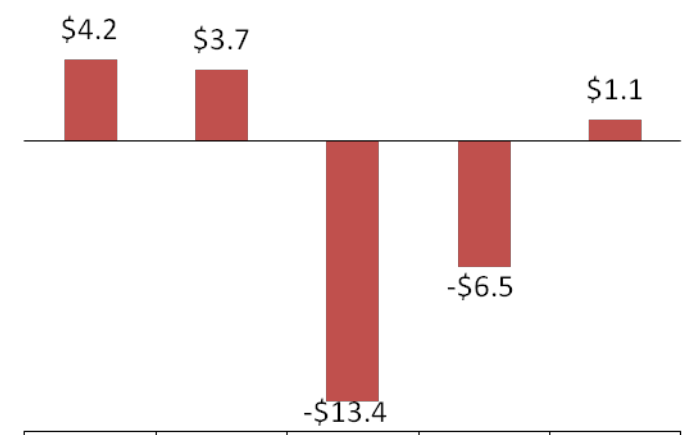
(FY June 30 – Millions of Dollars)



Annual Sales



Annual Net Income

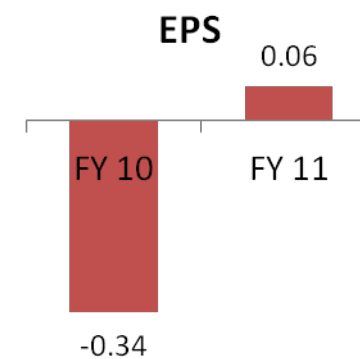
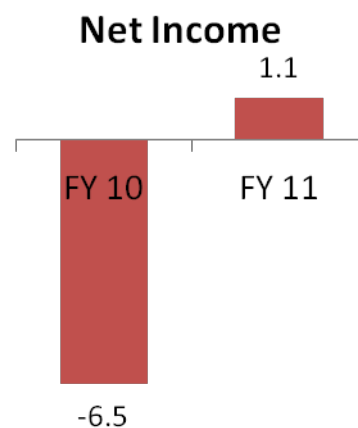
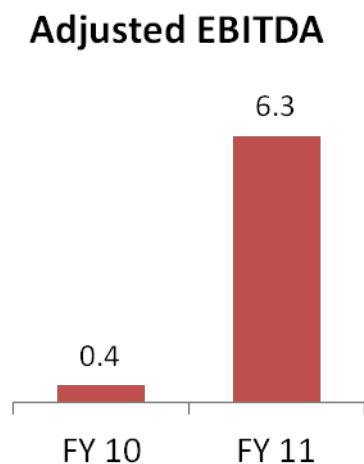
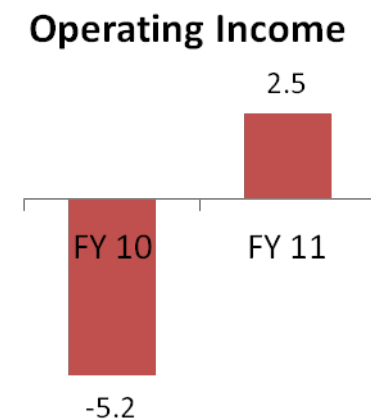
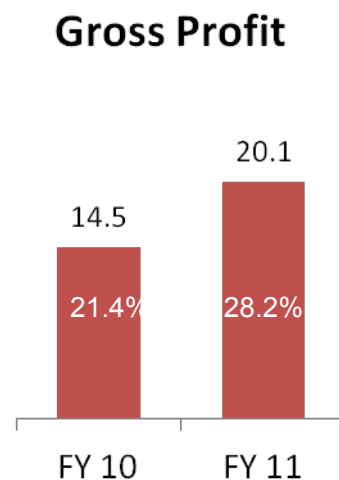
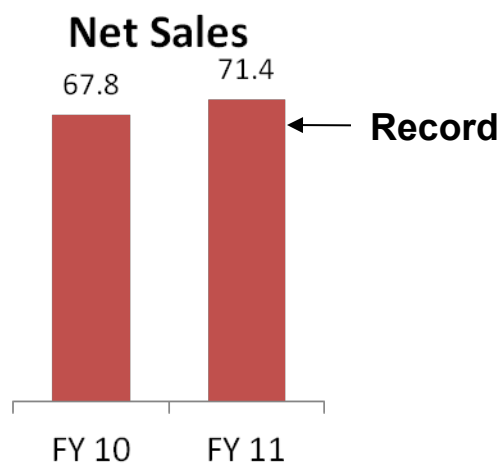


	2007	2008	2009	2010	2011
■ Annual Sales	\$66.2	\$68.4	\$69.6	\$67.8	\$71.4

	2007	2008	2009	2010	2011
■ Annual Net Income	\$4.2	\$3.7	-\$13.4	-\$6.5	\$1.1

Year End Financial Highlights

(Ended June 30, 2011)



In millions except per-share amounts

Q3:12 Financial Highlights

(Ended March 31, 2012)



Net Sales

17.8 17.2

FY 11 FY 12

Gross Profit

5.5 5.1

31% 29%

FY 11 FY 12

Operating Income

0.7 0.7

FY 11 FY 12

Adjusted EBITDA

1.2 1.2

FY 11 FY 12

Net Income

0.7 0.3

FY 11 FY 12

EPS

0.04 0.02

FY 11 FY 12

In millions except per-share amounts

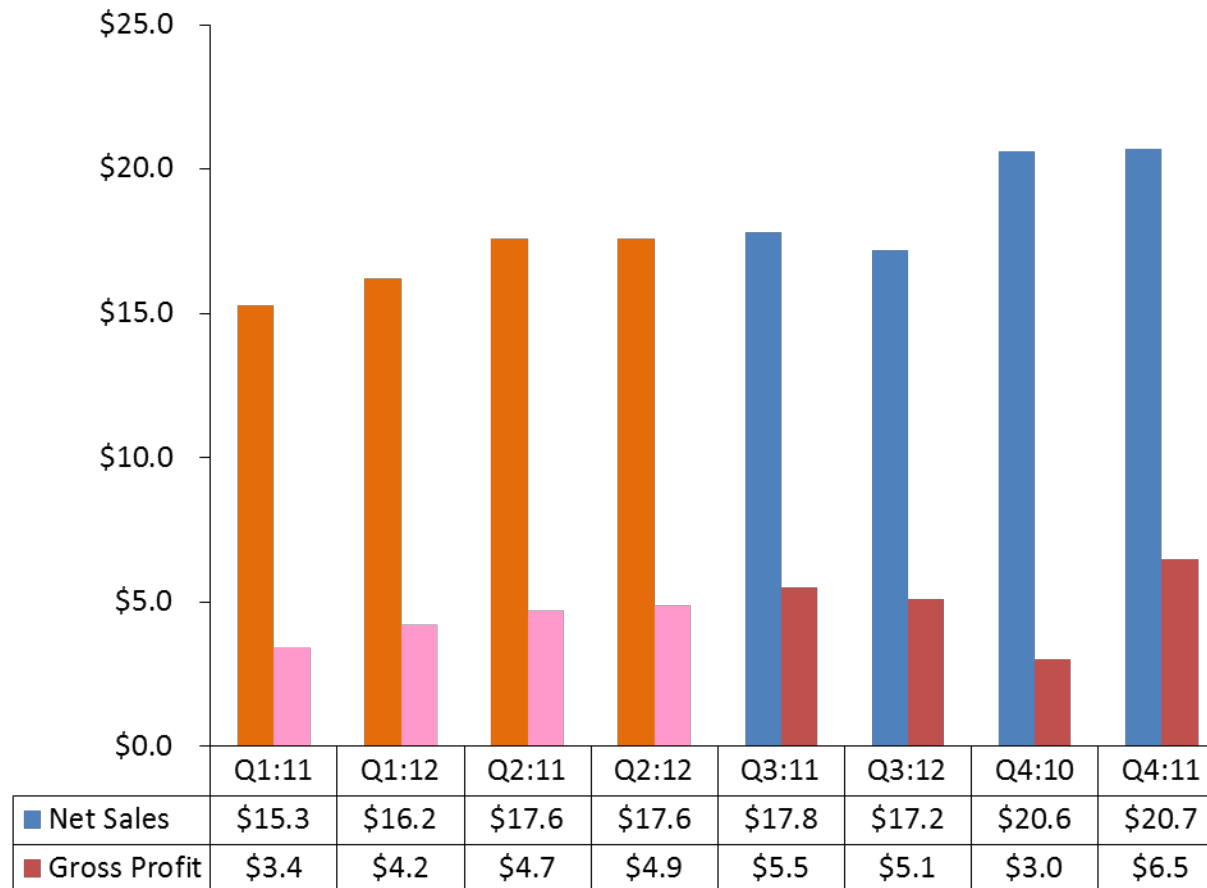
Q3:12 Financial Highlights cont'd



- \$1.9 million of cash generated by operating activities as compared to \$1.0 million for the same period a year ago.
- \$3.0 million of cash generated for the nine months ended March 31, 2012, as compared to \$2.3 million for the same period last year.
- Debt, net of cash, has been reduced by \$17.8 million from \$35.9 million to \$18.1 million since acquiring Marks USA in August of 2008.
- Term sheet with current bank to extend and restructure expiring credit facilities. Contemplated five-year agreement offers more advantageous payment and interest terms than the existing facilities.

Seasonality* Reflected Quarterly Analysis

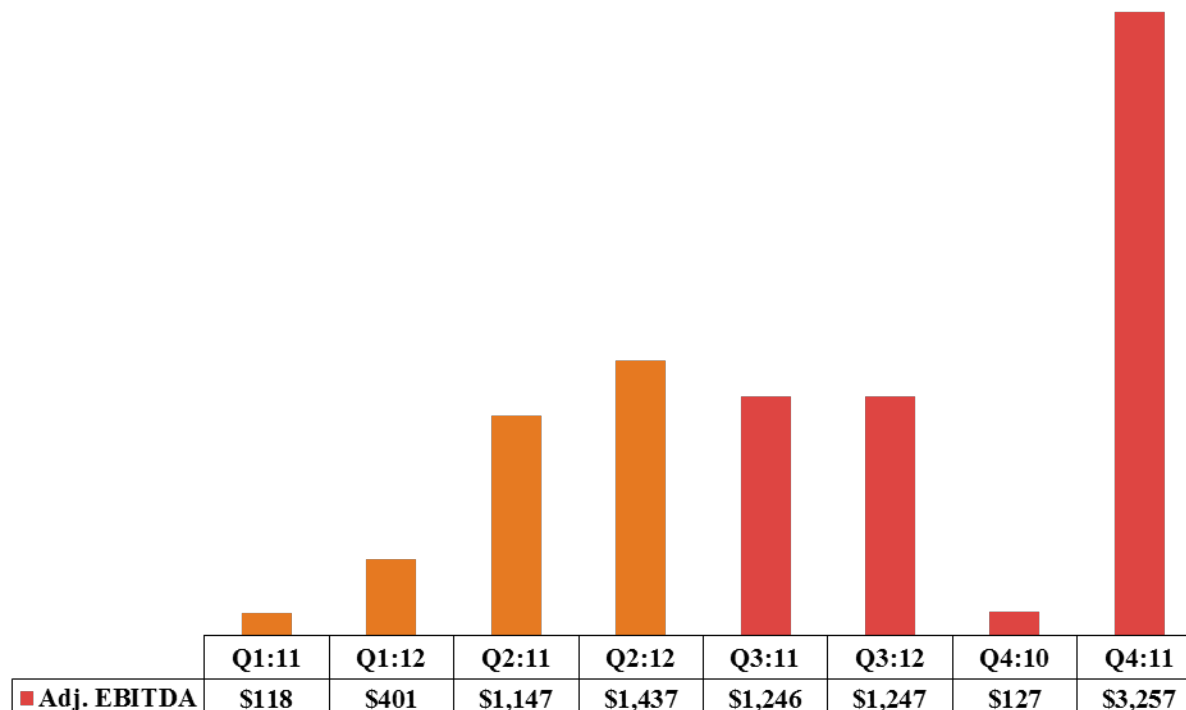
(Fiscal year ended June 30, figures in millions)



- * - Q1 is always the lowest
- Q2 & Q3 is higher and about the same
- Q4 is always the highest quarter

Adjusted EBITDA*

(Fiscal year ended June 30, figures in thousands)

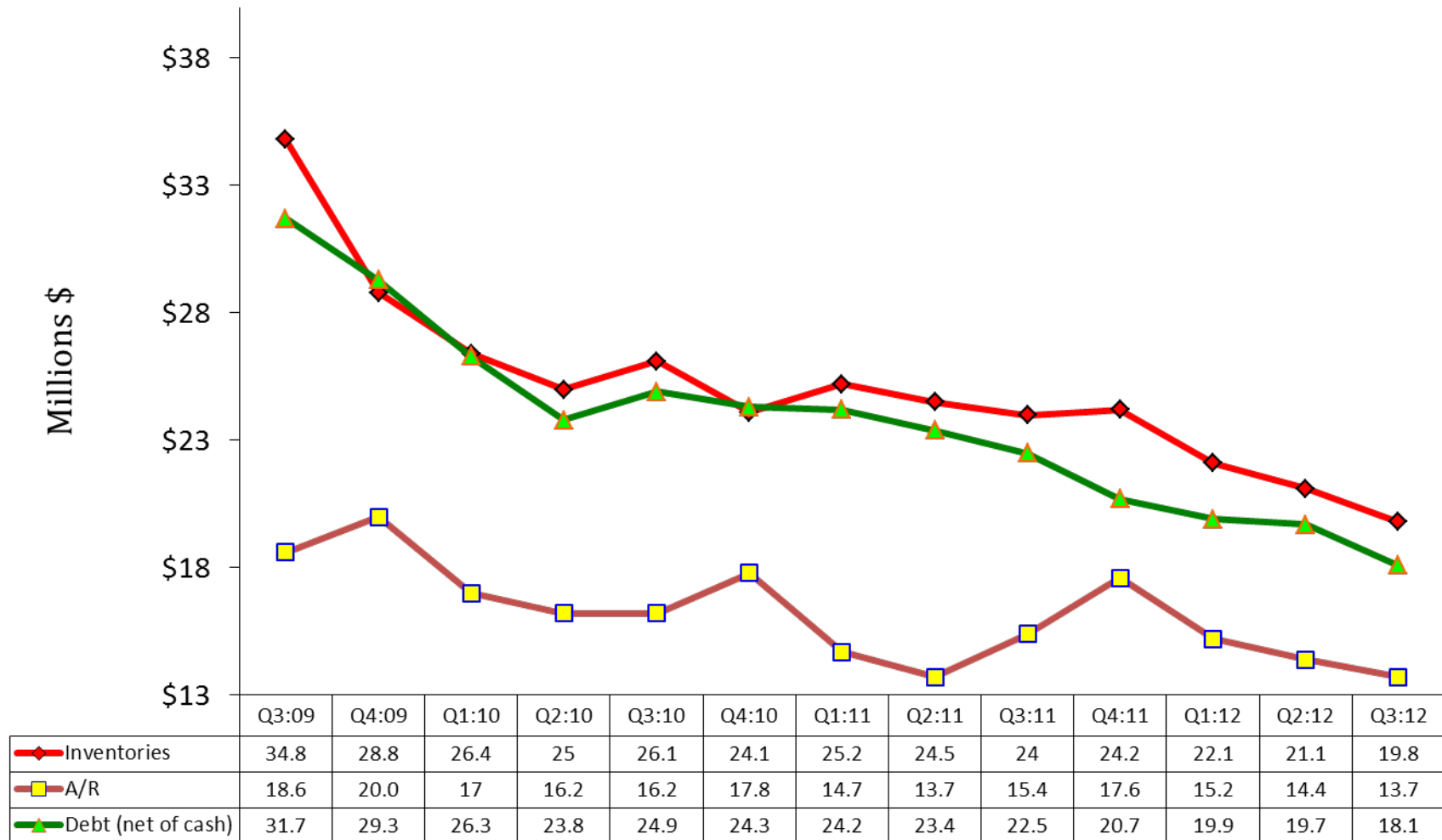


* Non-GAAP Information

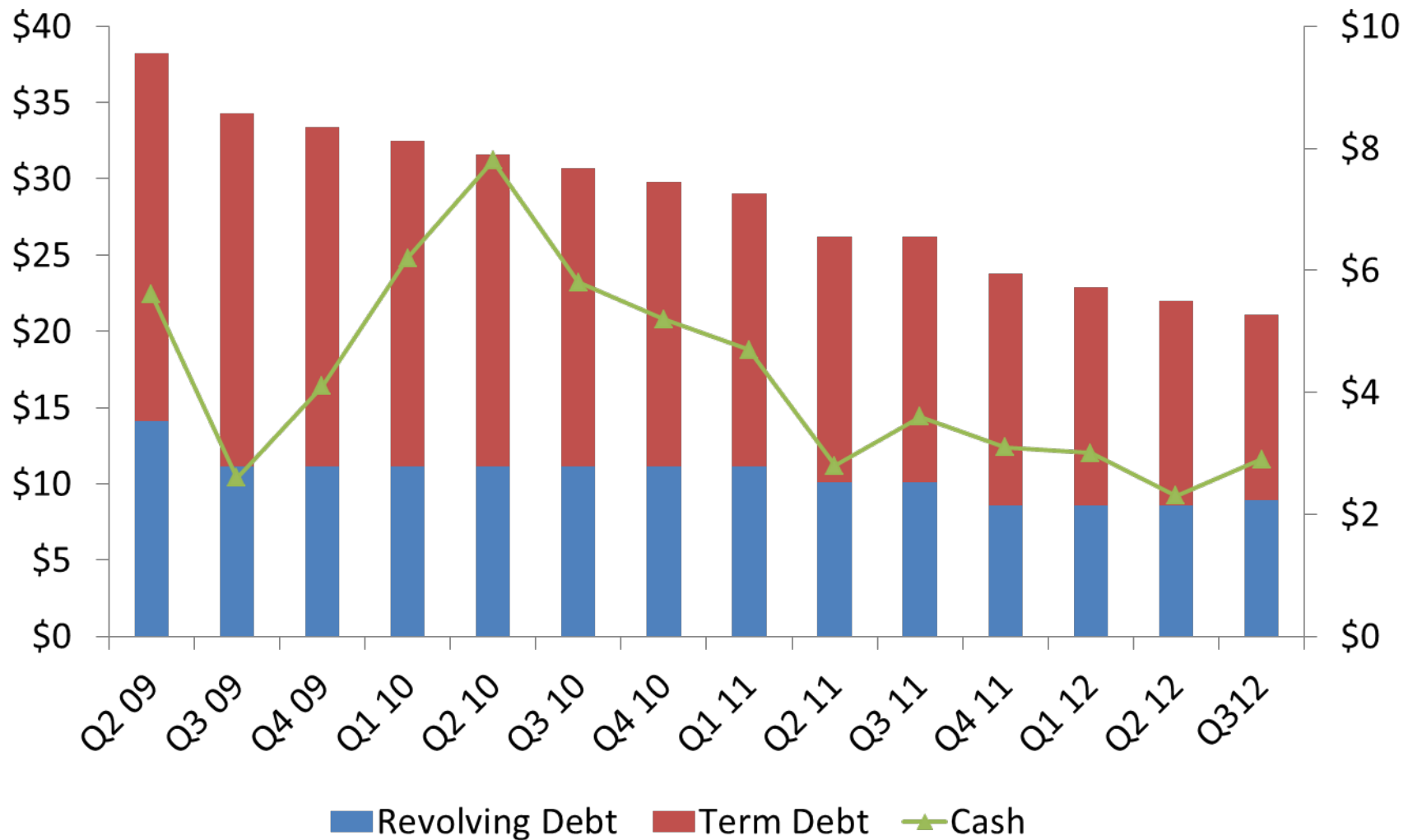
Certain non-GAAP measures are included in this press release, including EBITDA, non-GAAP operating income and Adjusted EBITDA. We define EBITDA as GAAP net income (loss) plus income tax expense (benefit), net interest expense and depreciation and amortization expense. Non-GAAP operating income does not include impairment of goodwill, amortization of intangibles, restructuring charges, stock-based compensation expense and other infrequent or unusual charges. These non-GAAP measures are provided to enhance the user's overall understanding of our financial performance. By excluding these charges our non-GAAP results provide information to management and investors that is useful in assessing NAPCO's core operating performance and in comparing our results of operations on a consistent basis from period to period. The presentation of this information is not meant to be a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Investors are encouraged to review the reconciliation of GAAP to non-GAAP financial measures included in the above.

Balance Sheet Analysis

For Last 13 Quarters with most recent ending 3/31/12

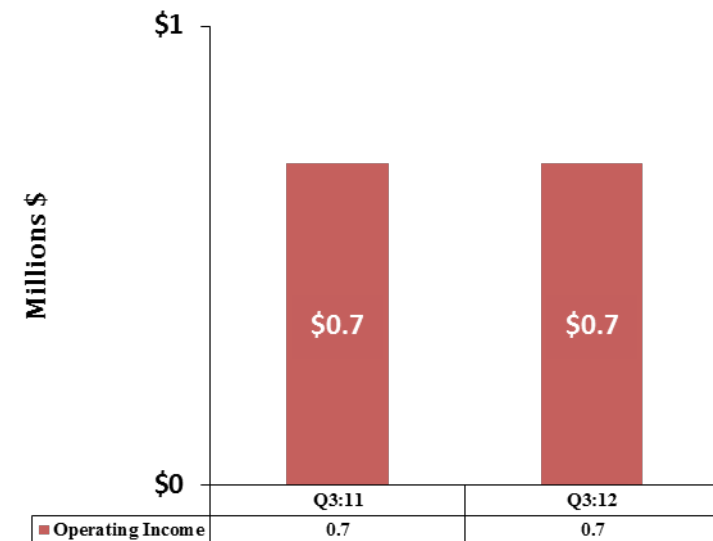
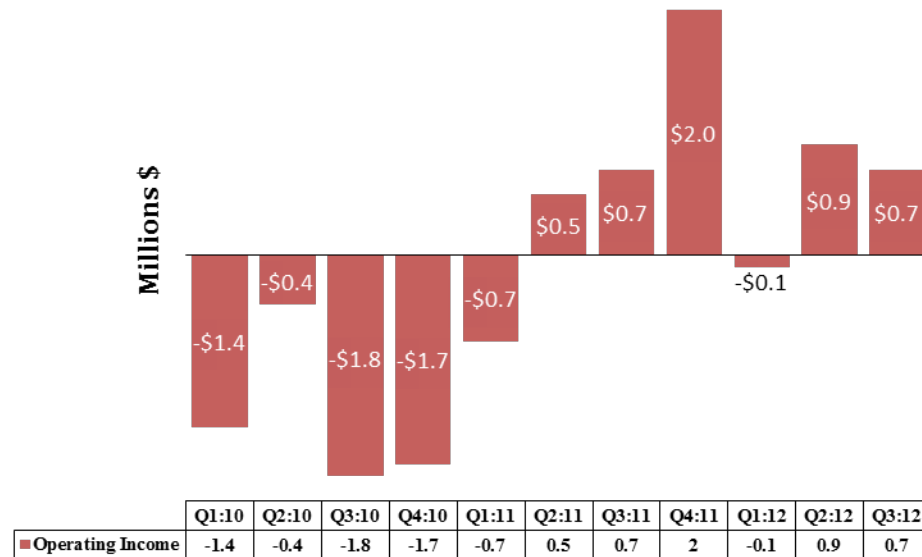


Reducing Debt Leading to Improved Cash Flow



Operating Income

(Historical and Recent Quarter)



Operating income is trending higher over last few quarters due to increase in sales and improved efficiencies, which should continue as Company moves into seasonally stronger quarters.

Senior Management Team

75 Years of Combined Experience in the Security Industry



Richard Soloway, Chairman and CEO

Founder, 30+ years security, electronics experience

Kevin Buchel, Senior Vice President Operations and Finance

20+ years with NAPCO, previously Coopers & Lybrand, CPA

Jorge Hevia, Senior Vice President Sales and Marketing

13+ years with NAPCO, previously Colgate Palmolive, Unilever, American Home Products, Diageo

Michael Carrieri, Senior Vice President Engineering

12+ years with NAPCO, previously Hazeltine, NCR/AT&T, Boundless Technologies, Chyron

Building Shareholder Value



- Global need for security products
- Broad product array addressing multi-billion dollar security marketplace
- New state of the art products with recurring revenue streams
- History of successful strategic accretive acquisitions
- Opportunities for growth, margin expansion and enhanced profitability
- We believe the timing is right for strong growth

Stock Market Snapshot



Common Stock Ticker:	NasdaqGS: NSSC
Recent Stock Price:	\$2.91
52 Week Range:	\$1.80 – 3.15
Market Capitalization	\$55.7 million
Shares Outstanding:	19.1

- No shareholder dilution since IPO
- Share count increased due to 9 stock split/dividends issued
- 38.5% insider ownership