

# Datacolor 40 Years of Color Innovation

**Swiss Equity Conference 2010**

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- Company Overview
- Financial Key Figures
- Outlook
- Q&A

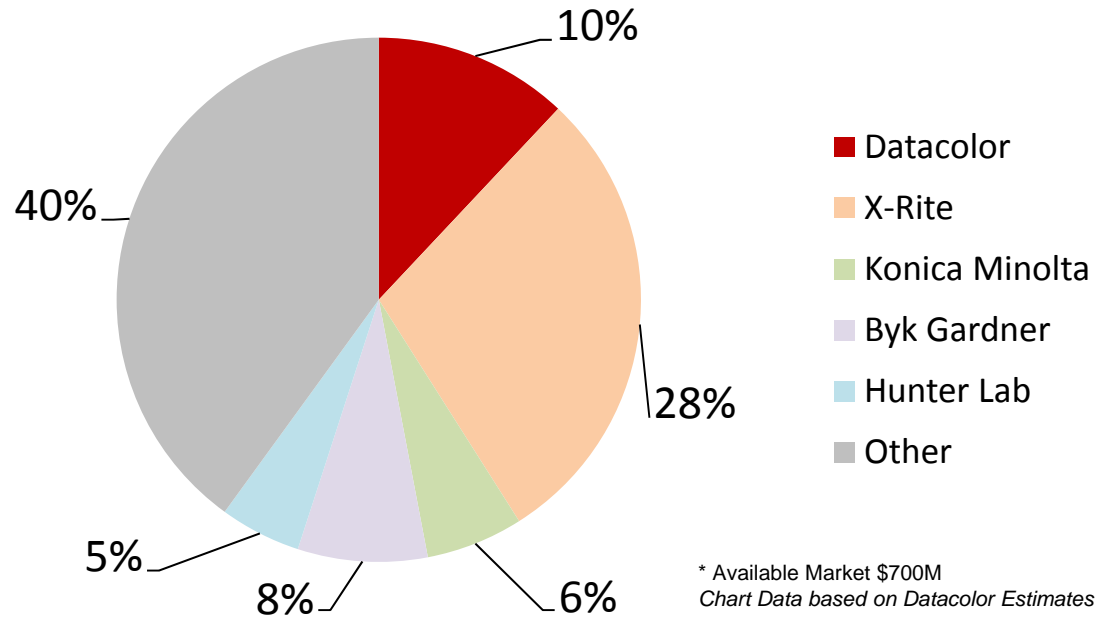
- For over 40 years, we've combined color science and insight to enable the business and creativity of our customers.
- We use the world's most sophisticated technology and long experience with our clients to create the most accurate and useful color management solutions found anywhere in the world.

## A World Where Color is Mission-Critical Key Market Characteristics



- Growing awareness to color as a differentiator
- Globalization and constant movement of the supply chains
- Continuing shift towards digital workflows
- Customer oriented technology-driven and easy to use solutions
- High technological barriers to entry
- Low capital investment and high margins

- **Color Management Solutions**
  - Hardware, software and services that solve the complex challenges to achieve intended color
- **Customer Value of Color Management**
  - Speed: Reduce time to market
  - Quality: Consistent color
  - Efficiency: Lower costs by reducing waste
- **Offering solutions to B2B and B2C markets**
  - Industrial Color Solutions 76%
  - Imaging & Photography Color Solutions 24%
- **Balanced geographical sales with strong growth in Asia**
  - Europe 43%, Asia 27%, Americas 30%



## Our Competitive Advantage:

- Undisputed Market Leader in Fashion & Footwear
- Unrivaled Product Brand recognition for photography
- Unique Global Presence in Manufacturing, Sales, Service & R&D



- Representation – 65 countries
- Employees – 270 in 25 countries

Corporate functions

Sales and Service office

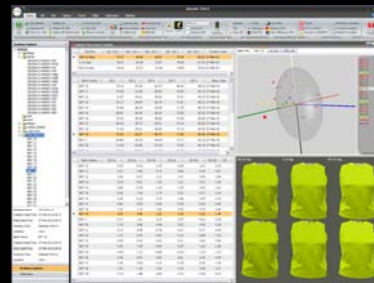
- Managing suppliers, materials and processes across complex supply chains and workflows
- Ever more sophisticated algorithms and color science
- Continuous advancements in color measurement technology to improve precision and range of use

Specify

Measure

Formulate

Control



# Brands Rely on our Color Management Solutions



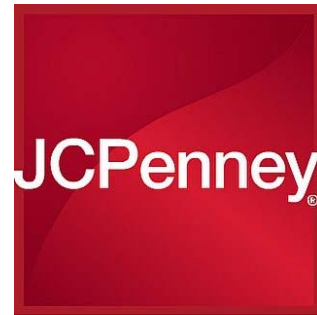
PORSCHE



VICTORIA'S SECRET



**WAL★MART®**



**Sears**  




MARKS &  
SPENCER

★ macy's



- 80 of the top 100 Retailers have selected Datacolor
- Over 3,500 Apparel Suppliers rely on Datacolor equipment
- Over 1,000 Apparel Suppliers are Accredited by Datacolor

## ■ HARDWARE

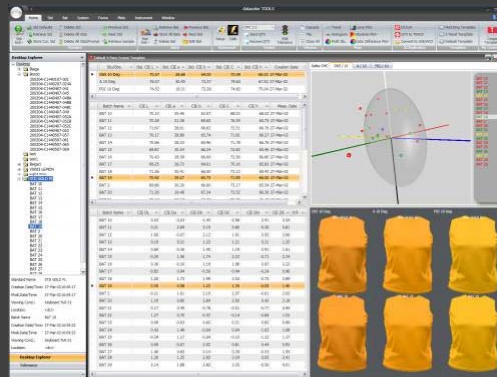
- High-precision
- Close-tolerance
- Desktop & Portable models

## ■ SOFTWARE

- State-of-the-art algorithms
- Unrivalled ease of Use
- Configurable

## ■ SERVICE

- Training
- Consulting
- Maintenance



- **Entry level**

- Datacolor 110

- **High End**

- Datacolor 300/500/650

- **Handheld**

- Datacolor Check II



## ▪ Datacolor Tools

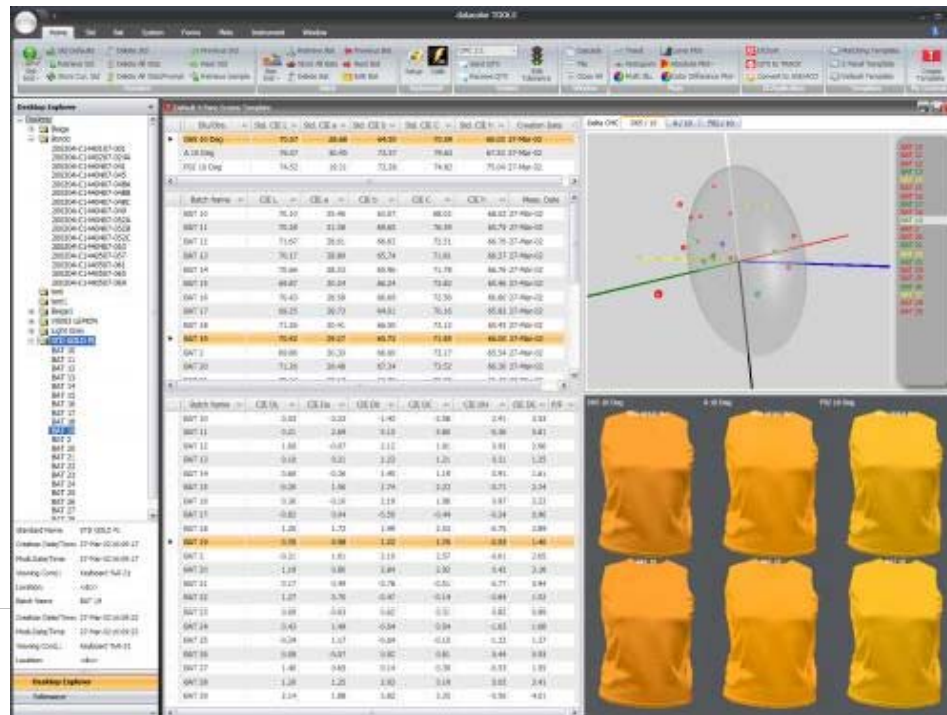
- Easy to use quality control and color visualization software

## ▪ Datacolor MatchPigment

- State of the art color matching software for paints, plastics and other pigment based materials

## ▪ Datacolor MatchTextile

- The standard in color matching software for textiles



## ▪ Datacolor Assured

- Global equipment repair and maintenance

## ▪ Datacolor Guardian

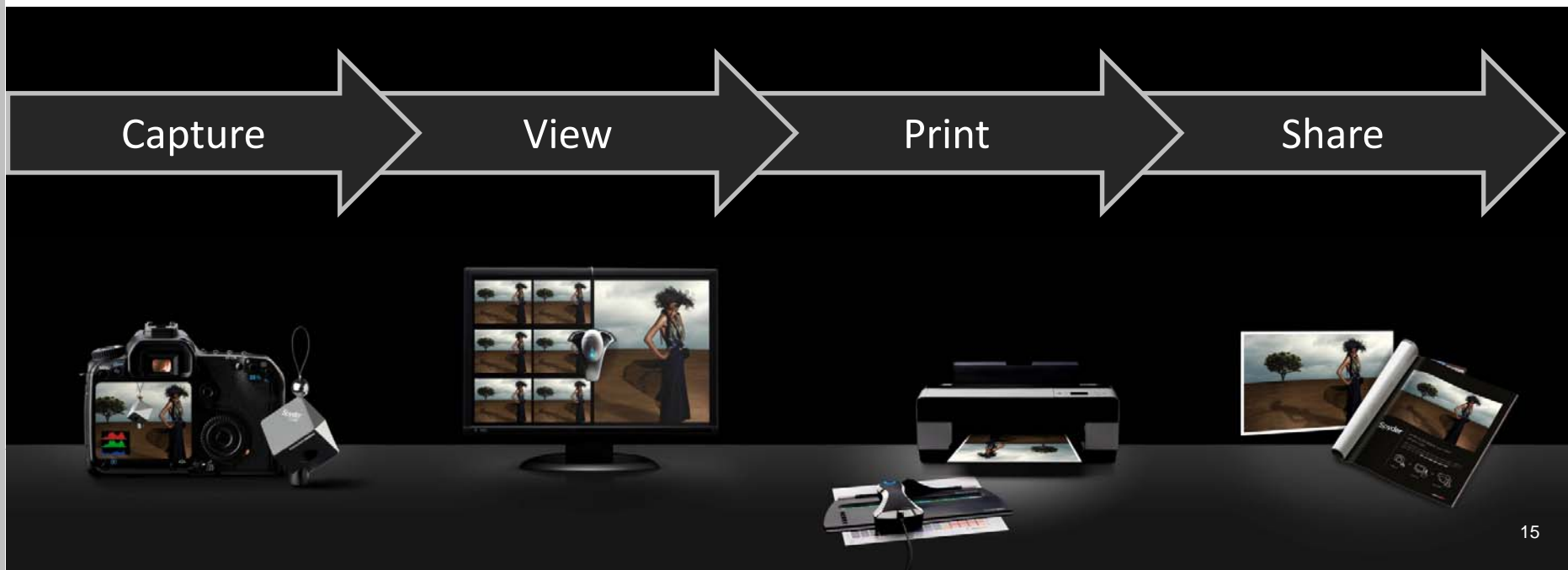
- Predictive remote diagnostic maintenance of instruments

## ▪ Datacolor Consulting

- Training programs
- Color seminars
- Color consulting



- An range of essential tools for anyone who is working in a digital work-flow using cameras, monitors and digital color output devices
- Intuitive, easy to use software solutions coupled with state of the art colorimeter technology
- Solutions for novice, amateur & professionals designed to meet their needs



## ▪ CAPTURE

- Innovative Camera Calibration Tools

## ▪ VIEW

- Display Calibration devices & software

## ▪ PRINT

- Print Calibration device & Software

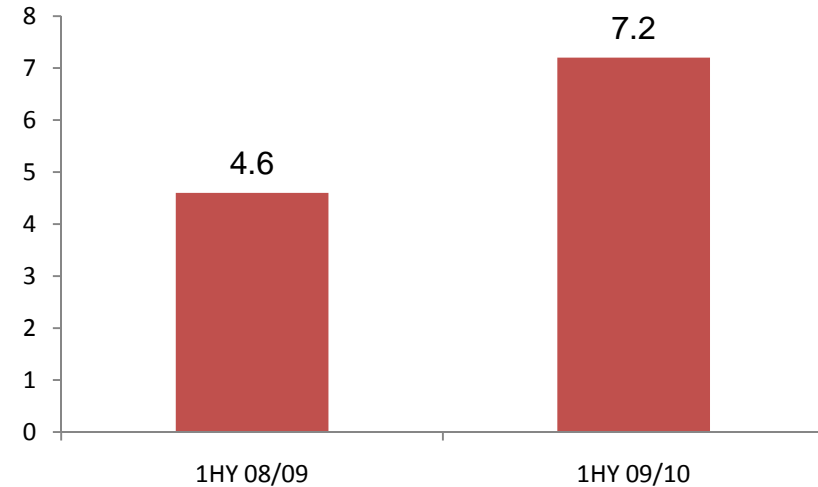


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## Financial highlights 1HY 09/10

- Net sales of CHF 30.9m 17% ahead of 1HY 08/09 (Local currency: 26%)
- Gross profit margin substantially improved (63.4% vs 56.7%)
- EBIT of CHF 2.5m | EBIT margin at 8.1%
- Free cash flow increased by 56% to CHF 7.2m
- Strong cash and financial asset position of CHF 19.4m (42% of balance sheet) and debt free \*
- Equity ratio at 55% after dividend payment CHF 0.5m and share buy back CHF 1.1m
- EPS substantially improved: 1HY 09/10: CHF 10.61 (1HY 08/09: -25.01)

## Free cash flow (in CHF m)

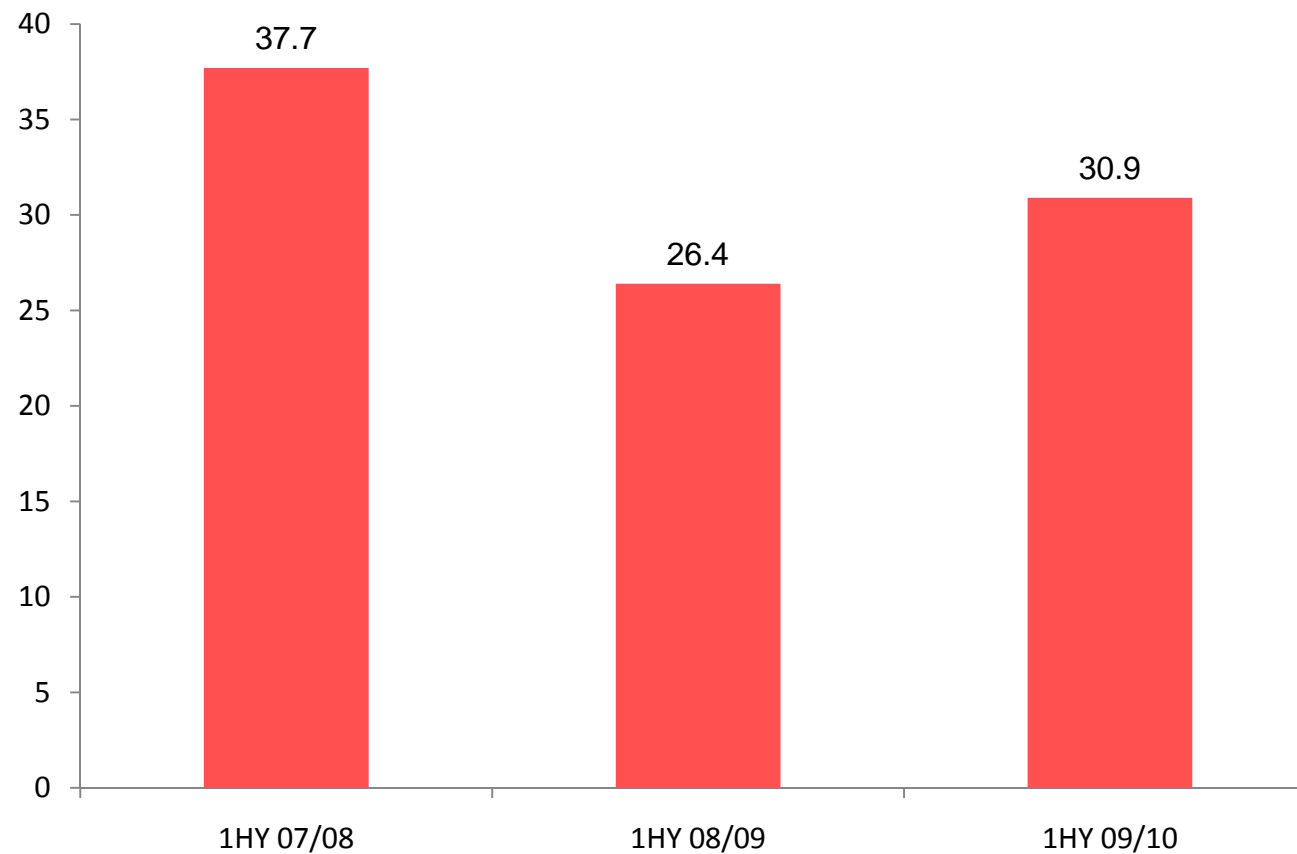


\* Interest rate swap recorded under financial debt expired April 1, 2010.

# Substantial Sales Recovery in all Relevant Markets



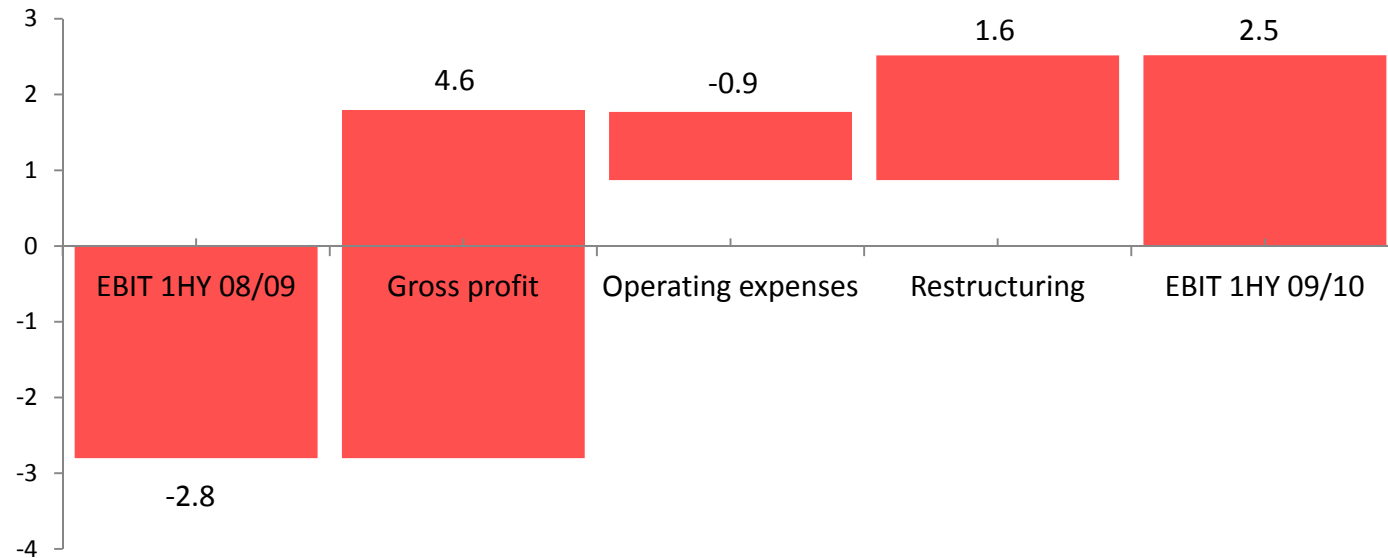
## Net sales evolution (in CHF m)



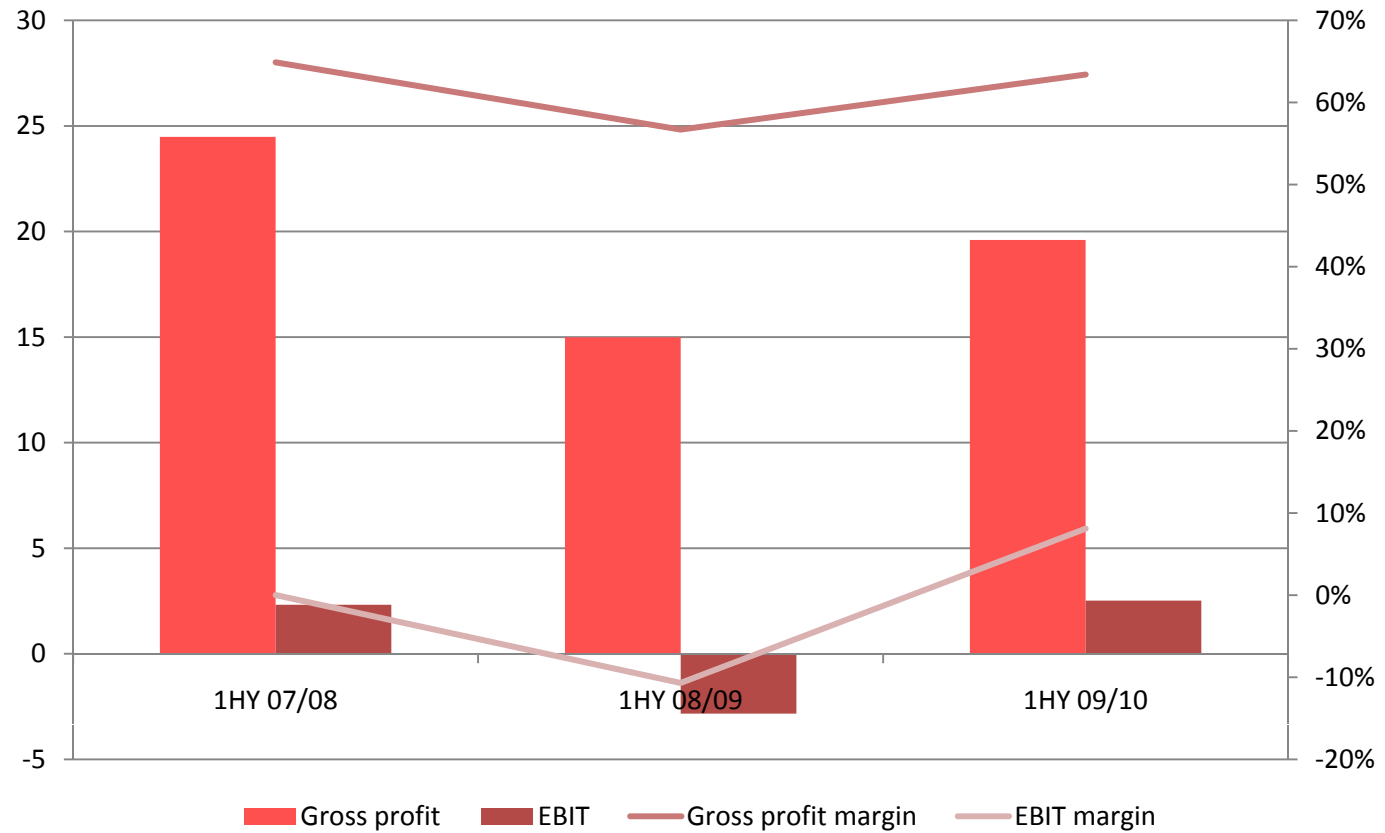
# EBIT Increase of CHF 5.3m Driven by Top Line Growth and Strict Cost Management



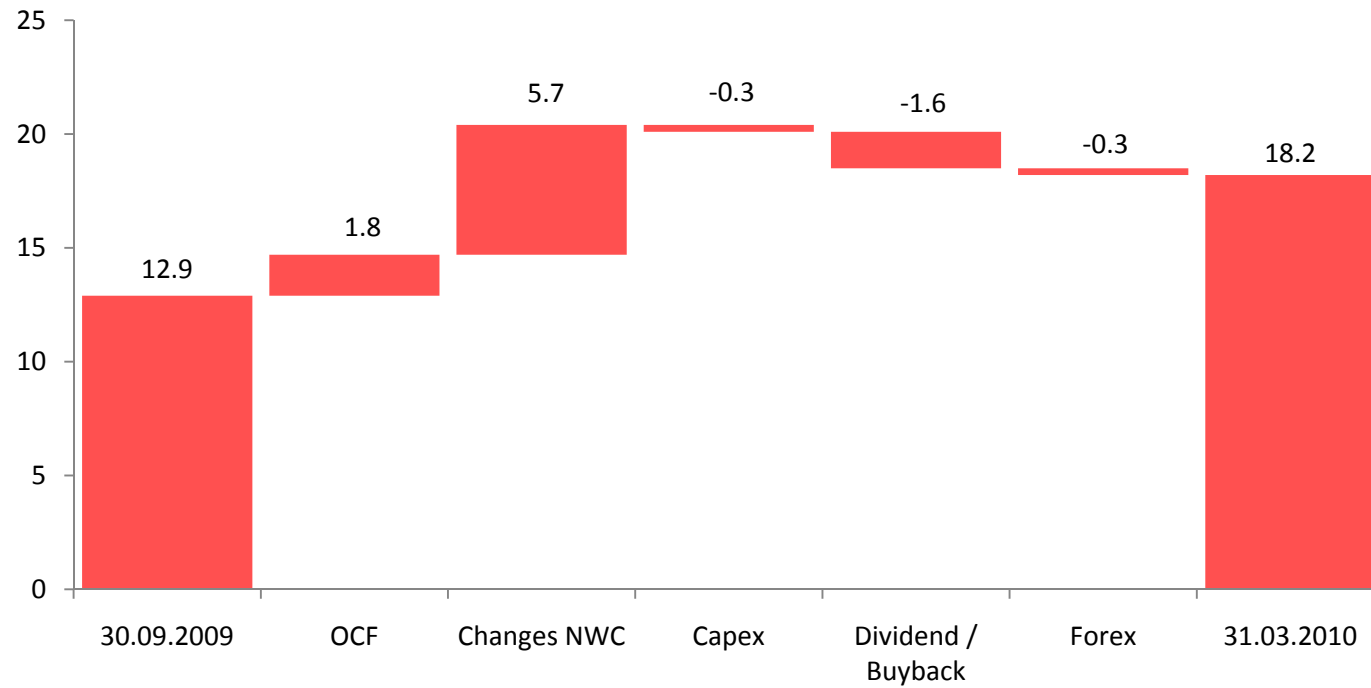
## EBIT Bridge 1HY 08/09 – 1HY 09/10 (CHF m)



### Gross profit and EBIT development (in CHF m)



## Cash flow bridge (CHF m)



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## STRATEGIC ACTIONS

- Investment in Research & Development
  - Tae Park hired as CTO – *April 2010*
  - Expansion of the global R&D organization
  - Investing in new products
- Regional Expansion in Key Markets
- Launching new products at a high pace
  - Release 9 new products during the last 12 months
- Extension and Optimization of Distribution Channels
  - Closer to customers
- Investment in New Business Development
  - Niraj Agarwal hired as Director of New Business Development – *August 2010*
  - Projects identified
- Entered into 4 strategic relationships to realize new sales and development opportunities

- New Product Innovation & Geographic Expansion

SOLUTIONS	NEW			
	MODIFIED		<p>Spyder3   の改善点</p>	
	EXISTING	<p>Spyder3</p>	<p>Spyder3   は高精度</p>	<p>OEMSpyder3</p>
		EXISTING	GEOGRAPHIC EXPANSION	NEW
		MARKETS		

- Synergistic acquisitions

- Dynamic market space driven by technology innovations with high technological and market entry barriers
- Investing strongly in new product innovation and geographical expansion to drive organic growth
- Geographically well balanced revenues with strong growth in Asia
- Unique global set up assuring cost effective operations and R&D
- Strong balance sheet and high liquidity allow for acquisitions to drive growth