EFI Q1 2009 Earnings Call

efi print to win.

Safe Harbor For Forward Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Statements other than statements of historical fact including words such as “anticipate”, “believe”, “estimate”, “expect”, “consider” and “plan” and statements in the future tense are forward looking statements. The statements in this press release that could be deemed forward-looking statements include statements regarding our cost reduction efforts, steps to be taken to mitigate the impact of the current environment, and any statements or assumptions underlying any of the foregoing.

Forward-looking statements are subject to certain risks and uncertainties that could cause our actual future results to differ materially, or cause a material adverse impact on our results. Potential risks and uncertainties include, but are not necessarily limited to, inaccurate data or assumptions; unforeseen expenses; the difficulty of aligning expense levels with revenue changes; execution of actions to reduce our operational costs and ability to maintain effective costs control measures; unexpected declines in revenues or increases in expenses; management’s ability to forecast revenues, expenses and earnings, especially on a quarterly basis; the market prices of the Company’s common stock during the term and after the ASR Agreement; the uncertainty regarding the completion of the ASR within the proposed timing; the uncertainty regarding the amount and timing of future share repurchases by the Company and the origin of funds used for such repurchases; current world-wide financial, economic and political difficulties and downturns, including the rapidly changing credit markets, and adverse variations in foreign exchange rates, that could affect demand for our products, and increase the volatility of our profitability, as well as the risk of bank failures, insolvency or illiquidity of other financial institutions and other adverse conditions in financial markets that could cause a loss of our cash deposits and invested cash and cash equivalents; failure to retain key employees; a significant decline or delay in demand for our products by any of our important OEM partners; the unpredictability of development schedules and commercialization of the products manufactured and sold by our OEM partners; variations in growth rates or declines in the printing and imaging markets across various geographic regions; changes in historic customer order patterns, including changes in customer and channel inventory levels; changes in the mix of products sold leading to variations in operating results; the uncertainty of market acceptance of new product introductions; delays in product deliveries that cause quarterly revenues and income to fall significantly short of anticipated levels; competition and/or market factors, which may adversely affect margins; competition in each of our businesses, including competition from products internally developed by EFI’s customers; excess or obsolete inventory and variations in inventory valuation; intense competition in the industrial and commercial digital inkjet market; the uncertainty of continued success in technological advances, including development and implementation of new processes and strategic products; the challenges of obtaining timely, efficient and quality product manufacturing; litigation involving intellectual property rights or other related matters; our ability to successfully integrate acquired businesses, without operational disruption to our existing businesses; the potential that investments in new business strategies and initiatives could disrupt the Company’s ongoing businesses and may present risks not originally contemplated; the potential loss of sales, unexpected costs or adverse impact on relations with customers or suppliers as a result of acquisitions; differences between the financial results as filed with the SEC and the preliminary results included in our earnings or other press releases due to the complexity in accounting rules; and any other risk factors that may be included from time to time in the Company’s SEC reports.

The statements in this press release are made as of the date of this press release. EFI undertakes no obligation to update information contained in this press release. For further information regarding risks and uncertainties associated with EFI’s businesses, please refer to the section entitled “Factors That Could Adversely Affect Performance” in the Company’s SEC filings, including, but not limited to, its annual report on Form 10-K, as amended, and its quarterly reports on Form 10-Q, copies of which may be obtained by contacting EFI’s Investor Relations Department by phone at 650-357-3828 or by email at investor.relations@efi.com or EFI’s Investor Relations website at www.efi.com.

Q1 2009 Results Summary

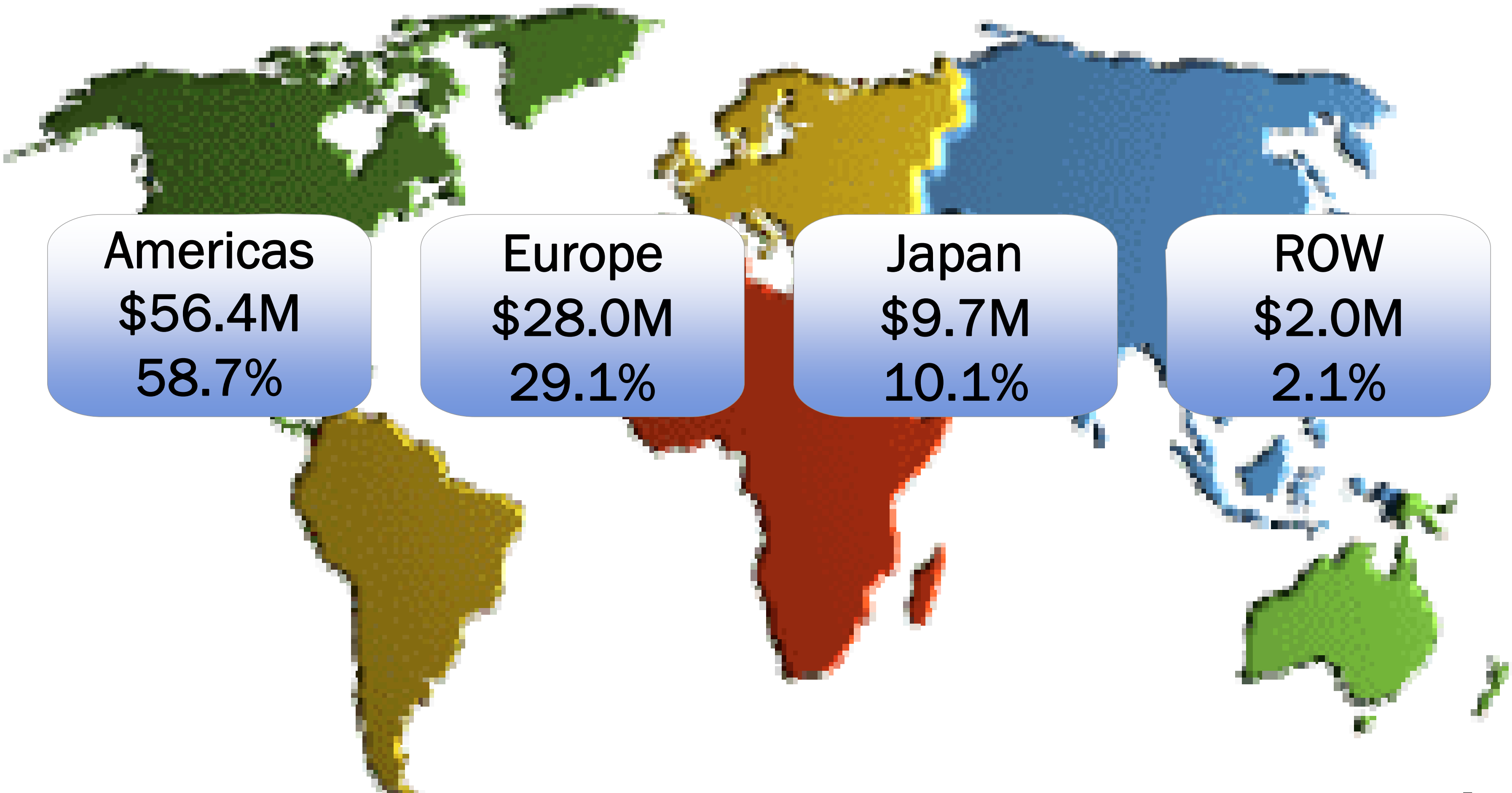
	3/31/09	12/31/08	% Change	3/31/08	% Change
Revenues	$96.1M	$135.3M	(28.9%)	$136.6M	(29.6%)
Non GAAP Net Income (Loss)	$(4.3M)	$6.7M	N/M	$12.8M	N/M
Non GAAP EPS	$(0.08)	$0.13	N/M	$0.20	N/M
GAAP Net Income (Loss) *	$26.7M	$(104.5M)	N/M	$(5.2M)	N/M
GAAP EPS*	$0.52M	$(2.03)	N/M	$(0.10)	N/M

*See GAAP to Non GAAP reconciliation on later slide.

Reconciliation of Estimated GAAP to Non GAAP Net Income Q1 2009

- $6.9 million charge related to amortization of identified intangibles
- $3.5 million stock based compensation charge
- $6.3 million charge related to restructuring and other
- $79.4 million gain on sale of building and land
- $31.5 million charge related to the tax effect of the non-GAAP adjustments

Geographical Revenue
Q1 2009: $96.1M



2009 Revenue By Business Segment

Business Segment	Q1 2009	Q2 2009	Q3 2009	Q4 2009	YTD 2009
Controllers	$49.1M				$49.1M
Inkjet	$32.1M				$32.1M
APPS (Advanced Professional Print Software)	$14.9M				$14.9M
Total Revenue	$96.1M				$96.1M

This information is current as of April 29, 2009 and not subject to update

2008 Revenue By Business Segment

Business Segment	Q1 2008	Q2 2008	Q3 2008	Q4 2008	YTD 2008
Controllers	$68.3M	$72.2M	$68.0M	$70.2M	$278.7M
Inkjet	$53.4M	$58.0M	$60.8M	$47.8M	$220.0M
APPS (Advanced Professional Print Software)	$14.9M	$13.7M	$15.8M	$17.3M	$61.7M
Total Revenue	$136.6M	$143.8M	$144.7M	$135.3M	$560.4M

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2007 Revenue By Business Segment

Business Segment	Q1 2007	Q2 2007	Q3 2007	Q4 2007	YTD 2007
Controllers	$86.6M	$91.6M	$86.3M	$66.9M	$331.4M
Inkjet	$48.1M	$54.8M	$57.1M	$69.3M	$229.3M
APPS (Advanced Professional Print Software)	$13.1M	$16.0M	$14.9M	$15.8M	$59.9M
Total Revenue	$147.8M	$162.4M	$158.3M	$152.0M	$620.6M

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Gross Margin by Business Segment

	Q1 2009	Q4 2008	Q1 2008
Fiery	68.5%	68.2%	67.1%
Inkjet *	29.1%	34.5%	42.7%
APPS	68.1%	70.9%	64.1%
EFI Consolidated	55.3%	56.6%	57.2%

* Includes Vutek, Jetrion and Rastek product lines

Non-GAAP Operating Expenses

	Q1 2009	Q4 2008	Q1 2008
Non GAAP Operating Expenses*	$59.4M	$67.6M	$68.8M
Research & Development	$28.0M (29.1% of rev.)	$31.8M (23.5% of rev.)	$32.6M (23.9% of rev.)
Sales & Marketing	$23.5M (24.4% of rev.)	$27.5M (20.4% of rev.)	$26.9M (19.7% of rev.)
General & Administrative	$7.9M (8.2% of rev.)	$8.3M (6.1% of rev.)	$9.3M (6.8% of rev.)

* Non-GAAP operating expenses exclude the impact of amortization of acquisition-related intangibles, stock based compensation expense, project abandonment costs, certain tax charges, as well as non-recurring charges and gains, such as asset impairment charges and our sale of certain real estate assets.

Q1 2009 Key Balance Sheet Figures

Net cash used for operations (before sale of excess real estate assets, ASR and restructuring activities)	$(4.8) million
Total Cash and Investments *	$ 287.4 million
Accounts Receivable, net	$ 68.6 million
DSO	64 days
Inventory, net	$ 46.2 million
Total Assets	$ 755.2 million

* Excludes $56.9 million long term restricted investments

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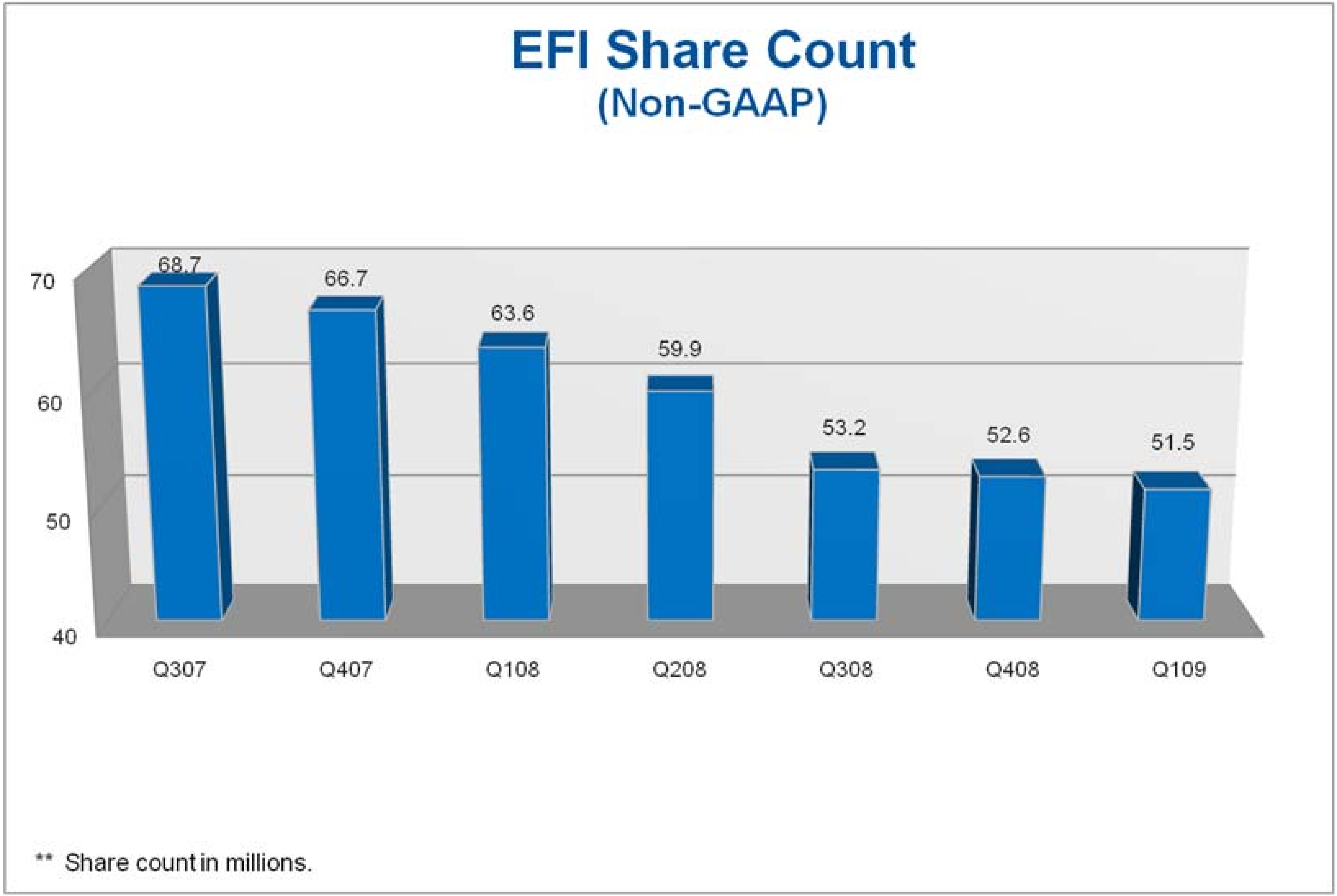

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Key Takeaways

- Weak global economy continues to impact results
- Significant cost reductions to match reduced revenue levels
- Strategic steps to reduce share count provides leverage as earnings power returns
- Minimal digital conversion to-date in key market segments
- Focus on expanding industry leading product portfolio to emerge from economic slowdown as even stronger competitor