



# EFI Expands Inkjet TAM

## Acquires Reggiani and Matan



July 1, 2015



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Safe Harbor for Forward Looking Statements Certain statements in this presentation 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 in this presentation that could be deemed forward-looking statements include, but are not necessarily limited to, statements regarding the impact of the acquisition on results, expansion of our product portfolio, our future product offerings to Reggiani or Matan customers, integration of Reggiani or Matan, future customer achievements, continuation of support to the existing Reggiani or Matan client bases, and any statements or assumptions underlying any of the foregoing.

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# EFI Acquires Reggiani Enters Digital Textiles Market



July 1, 2015



# Key Deal Terms

## Electronics For Imaging Acquires Reggiani Machine

<b>Purchase price</b>	<ul style="list-style-type: none"><li>• Up to 47.5M Euro (\$53.4M USD<sup>1</sup>) Cash Upfront (including 20.1M debt payoff)</li><li>• Up to 27.4M Euro (\$30.8M USD<sup>1</sup>) in EFI stock* (based on June 2015 price)</li></ul>
<b>Earnout Details</b>	<ul style="list-style-type: none"><li>• Up to 50M Euro (\$56.2M USD<sup>1</sup>) cash earnout over 2½ years based on revenue growth and profitability</li></ul>
<b>Synergies and Non-GAAP EPS Impact</b>	<ul style="list-style-type: none"><li>• Slightly accretive to 2015 Non-GAAP EPS</li><li>• TAM expansion into \$1.5B Textiles market</li><li>• Opportunities in Soft Signage market &amp; printing with water-based ink</li><li>• Technology &amp; manufacturing leverage – Inkjet R&amp;D, Ink, print heads, electronics, Fiery DFE</li></ul>
<b>Closing Date</b>	<ul style="list-style-type: none"><li>• July 1, 2015</li></ul>

\* Certain conditions may result in payment in cash rather than stock

<sup>1</sup> Euro-USD conversion based on closing June 30, 2015 exchange rate of 1.1235

# Reggiani Overview

## Business Overview

- Based in Italy
- Leading provider of textile printing equipment, established in 1948
- Managing a successful conversion to digital printing
  - One of two largest digital textile players with strong brand recognition
  - 2014 ~75% of revenues from digital
  - ~40% ink attach rate to printers & growing
- Strong agent channels with about 70 agents worldwide

## Key Products

- Digital Printing Machines
  - Adaptable printers supporting multiple substrates with high quality and low maintenance costs.
- Traditional Printing Machines
  - Rotary screen and flat bed printers
- Mezzera/Jaeggli
  - Treatment, Dyeing, and Mercerizing machines
- Integrated end-to-end offering
  - Single source for the processes needed for digital textiles



# Reggiani Complete Textile Process

★ Serving the complete textile finishing mill. From preparation of the fabric to the required drying and cleaning.

- Customer base of analog imaging equipment provides base for conversion to IJ.

Raw textile  
*Sent in roll*



★ Textile prep  
(bleach etc.)



★ IJ Pre-treatment



IJ Ink



★ Inkjet Print



★ Dry/Fix



★ Steam and/or Wash



★ Finished Print

★ Ready to be transferred to the cutting and sewing factory

# Strategic Rationale/Synergies



- Significant Potential TAM Expansion
  - Instant leadership position in fast growing industrial textile
- New Product Line
  - “Soft signage” - VUTEk clients can now print signs/displays on fabric
  - Opportunities to use water-based inks for new applications
- Efficiencies
  - EFI Global Sales & Service reach provides access to new geography
  - Operations & Supply Chain: Material purchases, manufacturing
- Technology
  - Textile material handling prowess
- EFI Ecosystem Opportunities
  - Reggiani already supplying Ink to many customers, but most are still buying directly from a 3<sup>rd</sup> party
  - Fiery Server can be integrated to provide better color, performance
  - EFI Productivity Software can be adapted to textile printing

# Why Reggiani

- Printed textiles is one of the largest and fastest growing adjacent markets for inkjet expansion
  - Volume of material printed is 4x ceramics as an example
- Digital textile printing adoption is accelerating, driven by demand from textile brands and enabled by technology advances
- Reggiani is a leader in digital textile printing, with a very well-established brand and reputation
- Creates instant opportunity for soft signage printing not currently being addressed by EFI
- Opens up additional opportunities for printing with water-based ink







# EFI Acquires Matan

## Solidifies Display Graphics Leadership



July 1, 2015



# Key Deal Terms

## Electronics For Imaging Acquires Matan Digital Printers

<b>Purchase price</b>	<ul style="list-style-type: none"><li>• \$29M Cash to sellers</li><li>• \$14M in escrow</li><li>• Assumption of ~\$5M Debt</li></ul>
<b>Synergies and Non-GAAP EPS Impact</b>	<ul style="list-style-type: none"><li>• Slightly accretive to 2015 Non-GAAP EPS</li><li>• Leverage global sales &amp; marketing and supply chain platforms</li><li>• Consolidation with only other company to have developed a production LED-based curing system</li><li>• Technology &amp; manufacturing leverage – Inkjet R&amp;D, LED, print heads, electronics, &amp; Fiery DFE</li></ul>
<b>Closing Date</b>	<ul style="list-style-type: none"><li>• July 1, 2015</li></ul>

# Matan Overview

## Business Overview

- Based in Israel
- Manufacturer of digital printers, with ~270 unit installed base, 20 years of R&D experience in printing technology
- Only other high speed LED-based curing supplier in the display graphics market
- Allows users to enjoy excellent productivity, top quality output, high durability, and low cost of ownership
- Sells 3- and 5-meter wide format inkjet printers
- Outsourced manufacturing of printers and ink; ink sales with direct and certain reseller deals

## Key Products

- Grand Format UV Printers
  - Hybrid 3- and 5-meter printers supporting both flexible and rigid media with a compelling cost of ownership



# Strategic Rationale



- Complementary Product Positioning
  - VUTEk line focused on highest print quality & LED
  - Matan focused on cost-sensitive segment that is often a solvent replacement with good print quality for banners & billboards
- Combined EFI line-up
  - Matan's lower cost roll-to-roll machines will give EFI a deeper line-up to address a larger portion of the sign and display market
  - Enables customers to grow with EFI as their business grows
  - Leverages EFI sales, software and ink platforms to drive operating margin efficiency

# Why Matan

- Creates the broadest production level roll-to-roll portfolio in the industry
  - Adds new products to grow our portfolio in low- and mid-markets
- Leverage our direct sales channel to drive additional volume
- Strong technology leverage with unique feature and functions specific to the roll-to-roll market
- Expert inkjet development center in Israel
- Deepens our reach into emerging markets
- Matan customers benefit from large EFI ecosystem

