



EFI Expands Textile Ecosystem

Acquires Optitex Ltd.

June 16, 2016



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Key Deal Terms

Electronics For Imaging Acquires Optitex

Purchase price	<ul style="list-style-type: none">• \$20M upfront cash payment• \$3M of upfront cash deposited into 2-year escrow account
Earnout Details	<ul style="list-style-type: none">• Up to \$32.8M earnout over 3 one-year periods based on revenue growth and operating margin expansion• Revenue targets in the three earnout periods exceed \$73 million in the aggregate to achieve the full earnout payment
Textile Synergies	<ul style="list-style-type: none">• Expanding portfolio within textile ecosystem• Opportunities to influence buying decisions for equipment and ink by gaining access to brands• Leverage global sales & marketing platform
Non-GAAP EPS Impact	<ul style="list-style-type: none">• No material impact on Q216 expected• Expected to contribute \$4 to \$6 million in revenue for 2H16• Neutral impact on EPS for 2H16
Closing Date	<ul style="list-style-type: none">• June 16, 2016

Optitex Overview

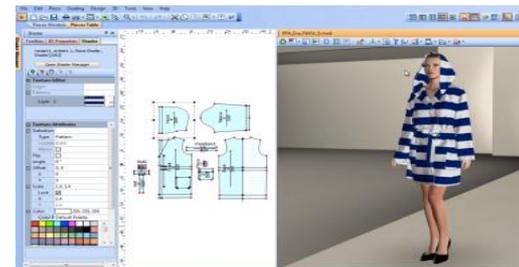
Business Overview

- Headquartered in Israel
- Market leader for integrated 3D design software for the textile industry
- Enabling digital transformation in textile and accelerating the adoption of fast fashion
 - Reduces product development cycle and accelerates time to market, enabling “fast fashion”
 - Dramatically reduces the number of physical samples and their associated costs



Key Products

- Integrated 3D design software
 - Enables turning flat 2D patterns into photorealistic 3D designs
 - Simulate and fit 3D samples on custom-fit avatars
- Traditional 2D design software
 - 2D CAD pattern making suite enables digitizing & editing patterns for a faster, more efficient process
- Production optimization software
 - Marker Making and Nesting suite to reduce material costs, Cutting Room Optimization Suite for efficient planning of cut orders
- Digital Collection App
 - Enables to develop and showcase designs as full collections with an online app



What Impact can 3D Have in Textile?

Supply chain Optimization

- Brands spend ~\$6B-\$9B per year on samples - up to 75% of samples can be virtualized, generating large savings

Fast Lines & Validation

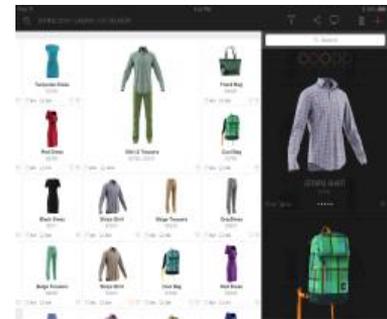
- Reduce product development cycle by 30%-70% by getting lines to market and validate them faster (“fast fashion”) – cuts development costs and increases sales through better trends alignment

Sales & Marketing

- Enable brands to market designs with an online platform that lets them manage, share and present entire collections to buyers anytime and anywhere without physical samples

Online Dressing Room

- Only around 12% online sales penetration in apparel, 30% return rate, with 65% of these returns due to fit
- 3D technology can help solve fit problems and potentially greatly increase online apparel sales





Sample Customers



- Over 600 customers using 3D – one of the largest installed base in the Fashion & Apparel industry
- Used by 300 universities worldwide

Levi's
Nike
Theory
Adidas
Harley Davidson
Kohl's
Lands' End
Patagonia
Academy
Chico's
Volcom
Perry Ellis
Asics
Topson Downs
Marc Jacobs
Gore
Decathlon
Destination Maternity
Johnson Controls
Disney
Cornell University
London College of Fashion

Strategic Rationale



- Expanding EFI textile ecosystem
 - Instant leadership position in fast growing 3D textile design
 - Integrated digital design-to-print process
 - Cross-selling opportunities with EFI Reggiani customers
- Access to brands
 - Opportunities to influence buying decisions for equipment and ink by gaining access to brands
- Synergies
 - EFI Global Sales & Service reach provides access to new geographies
- Technology
 - 3D design software prowess

Why Optitex



- 3D is a disruptive force in textiles, equivalent to the analog to digital transition central to EFI's strategy – Optitex is the market leader in 3D textile design tools
- New management team has dramatically accelerated growth, in particular penetration into large global brands
- Optitex has focused exclusively on software, in contrast to its main competitors in textile design software
- Working on exciting future online opportunities, for example digital collections and digital dressing room
 - Online apparel only around 12% of total market, 30% is returned and 65% of the time the reason is bad fit