



# EFI Expands Textile Ecosystem

## Acquires Optitex Ltd.

June 16, 2016



# Forward-Looking Statements Disclaimer



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 Optitex customers, integration of Optitex, future customer achievements, continuation of support to the existing Optitex client bases, 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, unforeseen expenses; the difficulty of aligning expense levels with revenue; management's ability to forecast revenues, expenses and earnings; any world-wide financial and economic difficulties and downturns; adverse tax-related matters such as tax audits, changes in our effective tax rate or new tax legislative proposals; the unpredictability of development schedules and commercialization of products by the leading printer manufacturers and declines or delays in demand for our related products; changes in the mix of products sold; the uncertainty of market acceptance of new product introductions; intense competition in each of our businesses, including competition from products developed by EFI's customers; challenge of managing asset levels, including inventory and variations in inventory levels; the uncertainty of continued success in technological advances; the challenges of obtaining timely, efficient and quality product manufacturing and supply of components; litigation involving intellectual property rights or other related matters; our ability to successfully integrate acquired businesses; the uncertainty regarding the amount and timing of future share repurchases by EFI and the origin of funds used for such repurchases; the market prices of EFI's common stock prior to, during and after the share repurchases; any disruptions in our operations, the difficulty to retain employees; the compliance with the new requirements regarding the "conflict minerals," if they are found to be used in our products, and any other risk factors that may be included from time to time in the Company's SEC reports.

The statements in this presentation are made as of the date of this presentation. EFI undertakes no obligation to update information contained in this presentation. For further information regarding risks and uncertainties associated with EFI's businesses, please refer to the sections entitled "Risk Factors," "Factors That Could Adversely Affect Performance," and other similar sections in our SEC filings and reports, including, but not limited to, EFI's annual report on Form 10-K 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](mailto:investor.relations@efi.com) or EFI's Investor Relations website at <http://www.efi.com>.



# Key Deal Terms

## Electronics For Imaging Acquires Optitex

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

# Optitex Overview

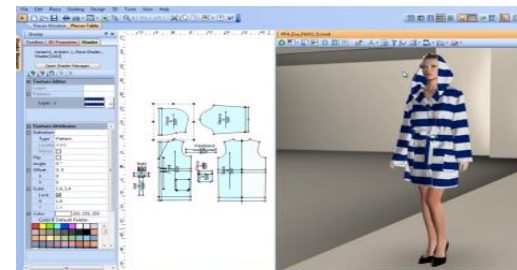
## Business Overview

- 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

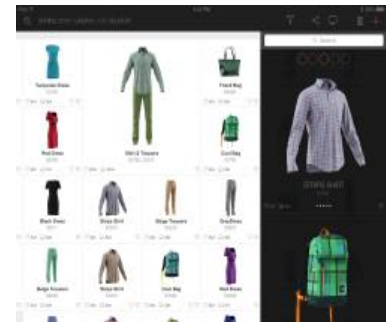
- Reduce product development cycle by 30%-70% by getting lines to market and validate them faster (“fast fashion”) – cuts development costs and increases sales through better trends alignment

## 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