

# DATACOLOR AG

FISCAL 2017 / 18

Dear Shareholders

## **Further increase in sales and significant investment in the future – dividend of CHF 15 per share proposed**

In fiscal 2017/18, Datacolor continued its growth and increased sales by 11% to USD 81.1 million (fiscal 2016/17: USD 72.8 million), in local currency the increase was 8%. Datacolor achieved a high gross profit margin of 65.3% (67.1%). Operating income EBITDA decreased slightly to USD 8.4 million (USD 8.9 million) and EBITDA margin to 10.3% (12.2%) due to numerous product launches and two large orders with lower margins. EBIT of USD 6.2 million (USD 6.4 million) and an EBIT margin of 7.6% (8.8%) also slightly declined. Influenced by the lower financial result, net income of USD 4.1 million (USD 6.8 million) was lower than in the previous year. Earnings per share amounted to USD 25.29 (USD 42.78) in the year under review. Datacolor had high net liquidity, including financial assets, of USD 40.6 million (September 30th, 2017: USD 38.2 million) and a solid equity ratio of 62.6% (62.0%).

## **Single largest order in company history and strong growth in all regions**

Datacolor is an international leader in user-friendly digital color management solutions. In the year under review, Datacolor further expanded its strong market position with the launch of new, innovative products and its customer-focused, global sales and service organization. Just over a third (2016/17: 38%) of Datacolor's sales came from the Asia-Pacific region. Another third (35%) came from Europe, and sales to customers in North and South America increased from 27% to 32% due to two major orders in North America. Datacolor installed complete systems for accurate color matching, with the largest single order in the company's history to date, in all stores of the leading US retailer and received an exceptionally large order for color measurement instruments from one of the major North American paint manufacturers.

## **Leading-edge technology with innovative solutions**

In fiscal 2017/18, Datacolor again launched several innovative and technologically leading solutions for an efficient and accurate color management:

The latest release of Match Pigment 4.0 color formulation software uses the innovative SmartMatch technology to enable color professionals in paint, coatings and plastics production to efficiently, quickly and precisely determine any desired color. With the intelligent color formulation of Match Pigment 4.0, the number of physical matches can be reduced and the success rate of initial recipes can be increased by up to 80%. The optimized workflow and user-friendly control interfaces allow productivity to be enhanced by up to 50%.

ColorReader, a high-precision, cost-effective pocket colorimeter, complements the professional ColorReaderPRO color matching device. ColorReader is an extremely compact instrument that can be paired via Bluetooth with a smartphone app for color evaluation. With ColorReader, color can be measured professionally on any material in a matter of seconds and accurately defined with the ColorReader app.

With SpectraVision, Datacolor offers an innovative color measurement system enabling businesses to objectively

measure and digitally communicate the color of previously unmeasurable materials, including multi-color prints, trim, yarn, zippers and lace. SpectraVision shortens the time from the first concept sketch to the final product at the customer's site by up to 50%. This makes SpectraVision particularly attractive for international retail chains, for whom a quick response to the latest fashion and market trends is a decisive competitive advantage.

In addition, Datacolor once again provided several upgrades to the successful color measurement software packages Paint, Match Textile, Match Pigment and Tools, adding over 120 new functions to meet the highest customer requirements.

#### **Solid financial structure**

As per September 30th, 2018, cash and cash equivalents including financial assets amounted to USD 40.6 million (USD 38.2 million), corresponding to 58% (56%) of total assets of USD 70.4 million (USD 68.1 million). Consolidated net equity increased to USD 44.1 million (USD 42.2 million).

#### **Datacolor AG**

In fiscal 2017/18 the parent company Datacolor AG (holding company for Datacolor investments) posted a decrease in profit to CHF 1.4 million (CHF 3.3 million). After distribution of a dividend of CHF 2.4 million (representing 35% of the 2016/17 net profit), as at September 30th, the equity of Datacolor AG amounted to CHF 17.0 million, unchanged from the previous year.

#### **Further expansion of the organization to support long-term growth**

During fiscal 2017/18, Datacolor accelerated its recruitment in marketing, sales and support, as well as research and development. As part of the implementation of the growth strategy, the average number of employees increased from 382 to 417. The onboarding and training processes, employee training programs and activities to promote employee engagement were digitized and further optimized.

#### **Changes in management**

On December 7th, 2017, Dr. Jvo Grundler was elected as a new member of the Board of Directors of Datacolor AG by the Annual General Meeting. He replaced Dr. Peter Beglinger, who had been a commendable member of the Board of Directors since 1992. On November 1st, 2018, Philipp Hediger took over the function as CFO of Datacolor from previously responsible Annet van der Laan.

#### **Outlook**

In fiscal 2018/19, Datacolor is focusing on marketing its successful product range and on launching additional, new and innovative color measurement and color matching instruments and software. Provided the global economy is not further affected by protectionist measures and political disputes, and without new major orders, Datacolor aims to achieve sales within the range or slightly below the 2017/18 fiscal year while maintaining margins. In achieving this ambitious goal, Datacolor can also count on highly committed employees and its own global sales and support organization focused on customer needs.

Lucerne, November 2018

Datacolor AG



Werner Dubach  
Chairman of the Board of Directors

## DATACOLOR SHARE INFORMATION

### Stock exchange information

Expected dividend ex date (subject to approval by AGM)	December 7, 2018
Listing	SIX Swiss Exchange (Zurich)
Security ID	853 104
ISIN	CH0008531045
Reuters	DCN.S
Bloomberg	DCN
Investdata	DCN

Capital structure	30.09.2018	30.09.2017
Share capital in CHF	168 044	168 044
Conditional share capital in CHF	16 804	16 804
Number of registered shares	168 044	168 044
Nominal value per share in CHF	1	1
Registration restrictions	keine	keine
Voting restrictions	keine	keine
Opting out / opting up	keine	keine

Significant shareholders (in %)	30.09.2018	30.09.2017
Werner Dubach*	62.75%	61.68%
Anne Keller Dubach*	19.35%	19.07%

\* Shareholder Werner Dubach and Anne Keller Duach form a group of shareholders.

Shareholders by category (in %)	30.09.2018	30.09.2017
Significant shareholders	82.10%	80.75%
Private investors	95.15%	96.22%
Corporate investors	4.85%	3.78%
Non-registered shareholders	1.53%	1.59%

Share distribution	30.09.2018	30.09.2017
<b>Number of registered shares</b>	<b>Number of shareholders</b>	<b>Number of shareholders</b>
1 – 100	504	517
101 – 1 000	24	25
1 001 – 10 000	6*	6*
>10 000	2	2
Gesamt	536	550

\*including treasury shares of Datacolor AG

Share price data in CHF	2017/18	2016/17
First trading day	736.00 (09.10.2017)	559.50 (03.10.2016)
Low	735.50 (09.10.2017)	553.00 (18.10.2016)
High	900.00 (diverse Daten)	819.00 (16.08.2017)
Last trading day	830.00 (14.09.2018)	762.00 (18.09.2017)
Average share price	841.47	704.45
Market capitalization in CHF million as of September 30	134.6	121.0

## KEY FIGURES GROUP

in USD million	2017/18	2016/17
<b>Net sales</b>	<b>81.1</b>	<b>72.8</b>
Change relative to previous year in %	11.4%	5.0%
<b>EBITDA</b>	<b>8.4</b>	<b>8.9</b>
Change relative to previous year in %	-6.1%	2.0%
as a % of net sales	10.3%	12.2%
<b>EBIT</b>	<b>6.2</b>	<b>6.4</b>
Change relative to previous year in %	-3.6%	2.7%
as a % of net sales	7.6%	8.8%
<b>Profit for the year</b>	<b>4.1</b>	<b>6.8</b>
Change relative to previous year in %	-39.9%	13.0%
as a % of net sales	5.0%	9.4%
as a % of average shareholders' equity	9.5%	17.0%
<b>Cash flow from operating activities</b>	<b>6.2</b>	<b>8.5</b>
Change relative to previous year in %	-26.6%	-22.0%
as a % of net sales	7.7%	11.7%
<b>Cash flow from investing activities</b>	<b>-5.4</b>	<b>-2.9</b>
Change relative to previous year in %	90.2%	-53.7%
as a % of cash flow from operating activities	-87.2%	-33.6%
<b>Free Cash Flow</b>	<b>0.8</b>	<b>5.6</b>
Change relative to previous year in %	-85.8%	19.7%
as a % of net sales	1.0%	7.7%
<b>Average number of employees</b>	<b>417</b>	<b>382</b>
<b>Personnel expenses</b>	<b>37.7</b>	<b>32.0</b>
<b>Total assets</b>	<b>70.4</b>	<b>68.1</b>
<b>Shareholders' equity</b>	<b>44.1</b>	<b>42.2</b>
as a % of assets	62.6%	62.0%
<b>Net liquidity</b>	<b>40.6</b>	<b>38.2</b>
<b>Per share data <sup>1)</sup></b>		
Average number of shares	161 845	159 234
Earnings per share in USD (non-diluted)	25.29	42.78
Free Cash Flow per share in USD	5.28	35.55
Shareholders' equity per share in USD	272.35	265.92
Dividend per share in CHF <sup>2)</sup>	15.00	15.00
Share price data as of 30.09. in CHF	830.00	762.00
Yield in % <sup>3)</sup>	1.8%	2.0%

<sup>1)</sup> Calculation is based on the weighted average number of shares outstanding (issued shares less treasury shares).

<sup>2)</sup> According to the proposal of the Board of Directors on November 7, 2018.

<sup>3)</sup> Distribution in percentage of the share price as of September 30.