

DATACOLOR AG

HALF-YEAR REPORT OCTOBER 1, 2018 TO MARCH 31, 2019

Dear shareholders

In the first half of fiscal 2018/19, Datacolor AG posted sales of USD 39.7 million (previous year: USD 41.0 million). With a decline of 3.1%, in local currency 1.3%, sales were only slightly below the high level of the previous year, which was significantly influenced by a large order of a major North American retail company. The new, portable colorimeters from the ColorReader family and the latest generation of the SpyderX display calibration system contributed in particular to the good sales development in the first half of 2018/19.

In the first half of 2018/19, the gross margin increased to a very good 67.4% (previous year: 64.0%) despite higher tariffs in the important US market. On the one hand, this significant increase is due to the successful continuation of the exchange program for high-end instruments during the first half of the year. On the other hand, the prior-year figure was influenced by a below-average margin on the major order in North America due to the exceptionally high proportion of hardware. With an EBIT of USD 3.3 million (previous year: USD 3.1 million), an EBITDA margin of 10.9% (previous year: 10.4%) and an EBIT margin of 8.4% (previous year: 7.7%) the operating result was above previous year's result.

After a very successful development in recent years, the financial result was negative at USD -1.9 million (previous year: USD 0 million), mainly due to the disruptions on the capital markets at the end of the first quarter of fiscal 2018/19. Accordingly, net income fell to USD 1.1 million (previous year: USD 2.3 million). Following a significant recovery in the markets in recent months, the financial result has also improved again.

Solid growth with new products

The success of Datacolor's substantial long-term investments in research and development was also reflected in the solid sales figures for the new ColorReader product family in the first half of 2018/19. ColorReader is a highly precise, cost-effective, small and portable colorimeter that can be connected via Bluetooth to a smartphone app for color evaluation.

In February, the Company also launched the new SpyderX, Datacolor's fastest, most accurate and user-friendly color calibration solution for monitors to date. SpyderX is Datacolor's latest contribution to the ongoing development of accurate color management solutions for photographers, video producers and creative professionals worldwide.

Launched in May 2018, the SpectraVision system, which for the first time enables accurate color analysis of multi-color, patterned materials, provides Datacolor with an efficient color measurement solution for customers who previously had no way to accurately measure and communicate color digitally.

In the second half of 2018/19, Datacolor will launch two new products for the textile and apparel industry that will significantly improve color management from design to point of sale.

High investments strengthen market position in Asia

The company focused on improving the efficiency of the substantial geographical expansion during the last years, especially in the Asia region. Vietnam, in particular, performed very well, and despite a slowdown in growth in China, the share of sales contributed by Asia increased significantly to 34.8% (previous year: 31.1%). With a 35.5% share of sales (previous year: 36.1%), Europe remains Datacolor's largest market. The negative

currency impact due to the weakening of the EUR against the USD was offset by a positive sales increase in the European pigment industry. In the North and South America region, the decline in the share of sales to 29.7% (previous year: 32.8%) is fully attributable to the impact of a large order from a major retailer in the previous year.

Sound financial structure

After a dividend payment of USD 2.5 million and the buyback of own shares, Datacolor had cash and cash equivalents including financial assets of USD 37.7 million on March 31, 2019 (September 30, 2018: USD 40.6 million). Net liquidity includes financial assets of USD 23.7 million (previous year: USD 23.5 million). Equity amounted to USD 43.7 million (September 30, 2018: USD 44.1 million) and the equity ratio was 63.5% (September 30, 2018: 62.6%). Datacolor AG continues to be debt-free.

Changes in the Board of Directors

The Annual General Meeting elected Hanno Elbraechter as a new member of the Board of Directors of Datacolor AG on December 5, 2018. Hanno Elbraechter has been a member of the Executive Committee and Head of Business Unit Technology at DKSH since 2014, mainly in Asia, and will contribute his extensive experience in this important market to Datacolor's strategic management. He succeeded Fritz Gantert, who had been a member of the Board of Directors since 2004.

Outlook

In the second half of fiscal 2018/19, Datacolor will continue to launch newly developed, innovative color measurement and color matching solutions to strengthen its long-term growth potential. The solid financial structure and high liquidity will allow Datacolor to continue to invest substantially in the development of pioneering products, intensifying marketing activities, particularly in the online business, and the focused further expansion and increase in efficiency of the global sales, service and support organization. Provided the general economic conditions remain stable, the Board of Directors and Executive Committee aim to achieve sales and earnings for the fiscal year in the range of or slightly below the previous year, even without a major order as in the previous fiscal year.

Lucerne, May 6, 2019

Datacolor AG



Werner Dubach
Chairman of the Board of Directors

KEY FIGURES DATACOLOR

in USD million	Half-year 2018/19	Half-year 2017/18
Net sales	39.7	41.0
Change relative to previous period in %	-3.1%	17.4%
EBIT	3.3	3.1
Change relative to previous period in %	6.6%	-8.3%
as a % of net sales	8.4%	7.7%
Net profit	1.1	2.3
Change relative to previous period in %	-52.9%	-30.4%
as a % of net sales	2.8%	5.7%
as a % of average shareholders' equity	2.5%	5.5%
Cash flow from operating activities	1.7	3.2
Change relative to previous period in %	-47.4%	-22.2%
as a % of net sales	4.2%	7.8%
Cash flow from investing activities	-3.2	-4.9
Change relative to previous period in %	-34.7%	708.6%
as a % of cash flow from operating activities	-191.0%	-153.5%
Free cash flow	-1.5	-1.7
Change relative to previous period in %	-11.4%	-149.3%
as a % of net sales	-3.8%	-4.2%
Average number of employees	417	413
Personnel expenses	18.8	18.8
	31.03.2019	31.03.2018
Total assets	68.8	71.0
Shareholders' equity	43.7	43.5
as a % of total assets	63.5%	61.2%
Net liquidity including financial assets	37.7	39.7
	Half-year 2018/19	Half-year 2017/18
Per outstanding share data ¹⁾		
Average number of shares	163 636	161 794
Earnings per share in USD (non-diluted)	6.73	14.61
Free cash flow per share in USD	-9.31	-10.56
Shareholders' equity per share in USD	266.92	268.76

¹⁾ Weighted average number of shares outstanding (issued shares less treasury shares).

ADDITIONAL GEOGRAPHIC INFORMATION

in TUSD	Half-year 2018/19	in % of total	Half-year 2017/18	in % of total
Net sales to third parties	39 739	100.0%	41 000	100.0%
Europe	14 111	35.5%	14 792	36.1%
America	11 807	29.7%	13 457	32.8%
Asia/Pacific	13 821	34.8%	12 751	31.1%
	31.03.2019	in % of total	31.03.2018	in % of total
Assets	68 758	100.0%	71 049	100.0%
Europe	39 999	58.1%	38 757	54.5%
America	15 098	22.0%	15 203	21.4%
Asia/Pacific	13 661	19.9%	17 089	24.1%
	Half-year 2018/19	in % of total	Half-year 2017/18	in % of total
Average number of employees	417	100.0%	413	100.0%
Europe	85	20.4%	90	21.8%
America	138	33.1%	139	33.7%
Asia/Pacific	194	46.5%	184	44.5%

Key dates

October 24, 2019	Publication annual result 2018/19
November 15, 2019	Publication annual report 2018/19
December 5, 2019	Annual general meeting of shareholders 2018/19