

Media Information

Datacolor in the first half 2019/20

Continued focus on product development and new workflows - Importance of the Asian region has increased further

The economic downturn, triggered by the global spread of the pandemic, adversely impacted Datacolor AG's business performance in the first half of fiscal 2019/20. Incoming orders reduced significantly towards the end of the reporting period, and the order backlog was substantially reduced by the end of the period. Net sales declined by -11.8% (-11.3% in local currency) to USD 35.1 million (previous year: USD 39.7 million). Due to the lockdown imposed by the Chinese government for four weeks in January and February 2020 to limit the spread of the virus, deliveries of products from Datacolor's plant in Suzhou, China, were temporarily delayed. The production facility is currently fully operational and can deliver without restriction.

Despite a further increase in import tariffs on supplies from Datacolor's production facilities in China to the USA and lower sales volumes, the gross profit margin reached a high 65.9% (67.4%) in the first half of fiscal 2019/20. EBIT amounted to USD 2.8 million (USD 3.3 million). Thanks to strict cost control and reductions in variable compensation in line with the adverse business trend, the EBITDA margin of 10.5% (10.9%) and the EBIT margin of 8.0% (8.4%) were maintained almost at the prior-year's level. This despite the fact that costs associated with a necessary reduction in personnel were incurred in the reporting period and will only begin to have a cost-benefit in the second half of the fiscal year. Although the financial markets have recovered slightly in the second half of the reporting period from the turbulence caused by the pandemic, the financial result for the first half of fiscal 2019/20 was negative at USD -3.8 million (USD -1.9 million), leading to a net loss of USD -1.5 million (USD 1.1 million).

Importance of the Asian region has increased

Asia was Datacolor's largest market in the period under review, accounting for 36% of sales. Europe's sales contribution remained unchanged at 35%. The share of sales from North and South America slightly declined to 29% as delivery for two major orders in prior fiscal year came to an end.

Continued focus on product development and new workflows

In the first half of fiscal 2019/20, Datacolor invested again in the further development of its successful product range for industrial and retail customers as well as in the expansion of its product pipeline. In particular, Cloud solutions for decentralized color control and the digitization of service solutions were moved forward. Datacolor launched two new products at the beginning of the reporting period: ColorHub, a web-based software solution for color analysis and real-time online communication of color between brands and suppliers, and specific assessment services, which enable customers in the textile and apparel industry to reduce development costs and certify high color quality in the supply chain. In addition, the marketing of ColorReader products was intensified. Moreover, the number of online sales channels was significantly increased, and the range of new solutions for industry and retail customers was considerably broadened. The two new launches have attracted serious interest among customers. Datacolor expects, the two new solutions to make a significant contribution to sales as soon as the expected economic upswing emerges.

Outlook

The pandemic has created great uncertainty in global markets and the economic downturn is expected to intensify. Datacolor is therefore refraining from providing an assessment of its business performance at present. Thanks to the organizational realignment and the substantial cost-reduction measures that have been implemented, as well as its sound balance sheet, Datacolor is well prepared to effectively overcome the negative consequences of the economic downturn. In addition, further development of the successful product range and strengthening of the product pipeline will continue to be intensively moved ahead in order to be able to benefit from the expected economic upswing.

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For further information

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Agenda

October 27, 2020

Publication Key Figures 2019/20

November 17, 2020

Publication Annual Report 2019/20

December 9, 2020

Annual General Meeting of Shareholders 2019/20

About Datacolor

Datacolor, a global leader in color management solutions, provides software, instruments and services to assure accurate color of materials, products and images. The world's leading brands, manufacturers and creative professionals have used Datacolor's innovative solutions to consistently achieve the right color for 50 years. The company provides sales, service and support in over 100 countries throughout Europe, the Americas and Asia. Industries served include textile and apparel, paint and coatings, automotive, plastics, photography and videography. For more information visit www.datacolor.com.