



# NEWS

FOR IMMEDIATE RELEASE

## **Scitex Corporation Announces Third Quarter 2004 Results**

- Scitex Corporation achieves net income of over \$1 million
- Scitex Vision continues its growth trend for the seventh consecutive quarter and achieves record quarterly revenues of \$32.7 million

***Tel Aviv, Israel – November 7, 2004.*** Scitex Corporation Ltd. (NASDAQ & TASE: SCIX) today announced its unaudited financial results for the third quarter ended September 30, 2004.

### **Results of Operations**

For the third quarter of 2004, Scitex's revenues were \$32.7 million, an increase of 22% from \$26.7 million in the third quarter of 2003 and an increase of 6% from \$30.8 million in the second quarter of 2004. Operating income was \$1.7 million compared to an operating loss of \$0.6 million in the third quarter of 2003 and operating income of \$0.2 million in the second quarter of 2004. Net income for the third quarter of 2004 was \$1.1 million (which includes a one-time income of \$0.6 million derived from the waiver of an aged loan to a subsidiary) compared to net income of \$5.0 million in the third quarter of 2003 (which included net income of \$4.1 million from a discontinued operation) and a net loss of \$1.2 million in the second quarter of 2004.

### **Balance Sheet**

Scitex's cash, cash equivalents and short-term investments at the end of the third quarter of 2004, on a consolidated basis, were \$165.6 million (including a restricted deposit of \$17.0 million and excluding \$10.0 million retained in custodial accounts in connection with the transaction for the sale of the business of Scitex Digital Printing to Eastman Kodak Company). This amount is after giving effect to the approximately \$90.0 million cash distribution made in the third quarter of 2004. Trade receivables at the end of the third quarter of 2004 increased to \$39.4 million from \$36.0 million at the end of 2003, and inventory increased to \$32.1 million from \$22.6 million at the end of 2003, both primarily as a result of the increase in business activities.

### **Scitex Vision**

The third quarter of 2004 continues the solid quarter-to-quarter revenue growth demonstrated by Scitex Vision, a subsidiary of Scitex Corporation, since the beginning of 2003. During the quarter, the super wide format products (XLjet+, Grandjet and GOjet) continued to represent a substantial portion of revenue. In addition, Scitex Vision saw continuing growth in ink revenues due to an increased installed base of its machines and an increase in ink demand in the markets in which Scitex Vision operates. The third quarter was also characterized by the growth of sales to the screen printing market of Scitex Vision's recently launched TURBOjet machine. Scitex Vision demonstrated TURBOjet's exceptional high throughput drum technology at several Graphic Arts events around the world this quarter: ImageWorld in Mexico, SGIA in Minneapolis and Sign Spain.

Scitex Vision's revenues for the third quarter of 2004 were \$32.7 million, an increase of 22% from \$26.7 million in the corresponding quarter of 2003 and an increase of 6% from \$30.8 million in the second quarter of 2004. Gross margin for the third quarter of 2004 was 45.1%, compared to 40.5% in the corresponding quarter of 2003 and 43.9% in the second quarter of 2004. Scitex Vision had operating income of \$3.7 million in the third quarter of 2004, compared to operating income of \$0.3 million in the third quarter of 2003 and operating income of \$2.0 million in the second quarter of 2004. Scitex Vision had net income of \$2.3 million in the third quarter of 2004, compared to a net loss of \$0.4 million in the third quarter of 2003 and net income of \$1.2 million in the second quarter of 2004. The increase in operating and net income compared to the second quarter is mainly attributable to increased revenue levels and lower marketing expenses.

Scitex Vision's geographic distribution of business this quarter was led by Europe, contributing 44% of revenues, followed by the Americas with 34% of revenues, and the rest of the world (primarily the Far East) with 22% of revenues.

Raanan Cohen, Interim President and CEO of Scitex Corporation, commented: "Scitex continues to benefit from the improved performance of our main subsidiary, Scitex Vision. Scitex Vision's financial results shows continuing growth and enhancements on all fronts quarter-to-quarter, including revenues growth, gross margin improvement and positive cash flow, which, taken together, clearly demonstrate Scitex Vision's leading market position. Scitex Vision's line of digital printing products together with its high-quality ink and outstanding support services create a unique product offering in the market place."

### **Conference Call**

Scitex will be holding a conference call to discuss its third quarter 2004 results on Monday, November 8, 2004 at 9:00 a.m. EST (6:00 a.m. Pacific time, 2:00 p.m. London, 4:00 p.m. Israel). All interested parties will have the opportunity to listen to a live simultaneous Webcast of the conference call by connecting online through [www.scitex.com](http://www.scitex.com). A replay of the conference call will be available shortly after the call during the seven days following the conference call (until midnight November 15, 2004) at the following numbers:

US:	1 800 475-6701
Intl:	1 320 365-3844
Access code:	751566

### **Scitex Corporation Ltd.**

Scitex Corporation Ltd's shares trade on Nasdaq and The Tel Aviv Stock Exchange under the symbol "SCIX". For more information, please visit our Web site at [www.scitex.com](http://www.scitex.com).

## **Forward Looking Statements**

*Except for the historical information herein, the matters discussed in this news release include forward-looking statements within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements that are based on various assumptions (some of which are beyond the Company's control) may be identified by the use of forward-looking terminology, such as "may", "can be", "will", "expects", "anticipates", "intends", "believes", "projects", "potential", "are optimistic", "view" and similar words and phrases. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, (1) risks in product and technology development, (2) market acceptance of new products and continuing product demand, (3) the impact of competitive products and pricing, (4) changes in domestic and foreign economic and market conditions, (5) timely development and release of new products by strategic suppliers, (6) the impact of the Company's accounting policies, (7) risks relating to the integration of new businesses (8) uncertainty of outcome of shareholder litigation, and (9) the other risk factors detailed in the Company's most recent annual report and other filings with the US Securities and Exchange Commission. Except as may be required by law, the Company does not undertake, and specifically disclaims, any obligation to publicly release the results of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such forward-looking statements.*

Scitex and the Scitex logo are registered trademarks and registered service marks of Scitex Corporation Ltd. GOjet, Grandjet, TURBOjet and XLjet+ are trademarks of Scitex Vision Ltd.

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**(Tables to Follow)**

**SCITEX CORPORATION LTD. (AN ISRAELI CORPORATION) AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(U.S. Dollars in thousands, except per share data)

	Quarter ended September, 30	
	2004 (Unaudited)	2003 (Unaudited)
<b>Revenues</b>		
Sales	\$ 19,562	\$ 15,739
Service and supplies	<u>13,109</u>	<u>10,926</u>
<b>Total revenues</b>	<b><u>32,671</u></b>	<b><u>26,665</u></b>
<b>Cost of revenues</b>		
Cost of sales	11,200	9,476
Cost of service and supplies	<u>6,724</u>	<u>6,402</u>
<b>Total cost of revenues</b>	<b><u>17,924</u></b>	<b><u>15,878</u></b>
<b>Gross profit</b>	<b>14,747</b>	<b>10,787</b>
<b>Expenses</b>		
Sales & marketing	4,529	3,697
General & administrative	<u>3,929</u>	<u>3,807</u>
Research & development, net	3,042	2,474
Amortization of intangible assets	<u>1,522</u>	<u>1,446</u>
<b>Operating income (loss)</b>	<b>1,725</b>	<b>(637)</b>
Financial expense - net	(22)	(663)
Other Income - net	<u>586</u>	<u>3,711</u>
<b>Income before taxes on income</b>	<b>2,289</b>	<b>2,411</b>
Taxes on income	<u>(551)</u>	<u>0</u>
	1,738	2,411
Share in losses of associated companies	(145)	(1,690)
Minority interest in losses (income) of a subsidiary	<u>(494)</u>	<u>163</u>
<b>Net Income from continuing operations</b>	<b>1,099</b>	<b>884</b>
<b>Net Income from discontinued operation</b>	<b>-</b>	<b>4,079</b>
<b>Net Income</b>	<b><u>\$ 1,099</u></b>	<b><u>\$ 4,963</u></b>
 <b>Income per share - basic and diluted:</b>		
<b>continuing operations</b>	<b><u>\$ 0.03</u></b>	<b><u>\$ 0.02</u></b>
<b>discontinued operation</b>	<b><u>-</u></b>	<b><u>\$ 0.10</u></b>
<b>Weighted average number of shares outstanding (in thousands) basic and diluted:</b>	<b><u>38,066</u></b>	<b><u>43,018</u></b>

**CONSOLIDATED BALANCE SHEETS**

(U.S. Dollars in thousands)

	September 30 2004 (Unaudited)	December 31 2003 (Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 97,938	\$ 56,761 *
Short-term investments	50,584	8,235
Restricted deposits	<u>17,050</u>	<u>18,262</u>
Total cash and short-term investments	<b>165,572</b>	83,258
Trade receivables	39,375	36,002 *
Other receivables	7,000	6,990 *
Inventories	32,099	22,575
Current assets of discontinued operation	<u>0</u>	<u>161,602</u>
	<b>244,046</b>	310,427
Investments and other non-current assets	14,464	6,781
Property plant and equipment - net	8,831	9,204
Goodwill and other intangible assets - net	22,408	23,499
Non-Current assets of discontinued operation	<u>0</u>	<u>48,897</u>
	<b>\$ 289,749</b>	<b>\$ 398,808</b>

\* Reclassified

**Liabilities and Shareholders' Equity**

Current liabilities:		
Short term debt and current maturities	\$ 38,323	\$ 51,853 *
Trade payables	19,753	14,505
Taxes on income, net of advances	18,045	29,517
Accrued and other liabilities	31,121	22,672 *
Current liabilities related to discontinued operation	<u>838</u>	<u>31,935</u>
	<b>108,080</b>	150,482
Long-term liabilities:		
Loans from banks	9,554	6,623
Loans from other	3,711	3,623
Liability for employee rights upon retirement	3,786	3,022
Long-term liabilities related to discontinued operation	<u>0</u>	<u>5,431</u>
	<b>17,051</b>	18,699
Loans from related parties, convertible into subsidiary's shares	1,521	756
Minority interest	<u>5,455</u>	<u>4,173</u>
	<b>132,107</b>	174,110
Shareholders' equity:		
Share capital	6,205	6,205
Capital surplus	278,283	368,104
Accumulated other comprehensive income (loss)	154	(552)
Accumulated deficit	(94,700)	(144,852)
Treasury shares, at cost	<u>(32,300)</u>	<u>(4,207)</u>
	<b>157,642</b>	224,698
	<b>\$ 289,749</b>	<b>\$ 398,808</b>

\*Reclassified

**Scitex Vision Ltd.**

US Dollar in Thousands

	<b>Three months ended September, 30</b>	
	<b>2004</b> Unaudited	<b>2003</b> Unaudited
<b>Revenues</b>		
Equipment	19,562	15,739
Service and Consumables	<u>13,109</u>	<u>10,926</u>
<b>Total Revenues</b>	<u>32,671</u>	<u>26,665</u>
<b>Gross Profit</b>	14,747	10,787
<b>Expenses:</b>		
S,G&A	7,646	6,847
Research & Development	2,514	2,474
Amortization of Intangibles	932	1,161
	<u>11,092</u>	<u>10,482</u>
<b>Operating Income</b>	<u><u>3,655</u></u>	<u><u>305</u></u>
Financial expenses	(949)	(685)
Other Income (expenses)	95	(31)
Tax on Income	(531)	0
<b>Net Income (Loss)</b>	<u><u>2,270</u></u>	<u><u>(411)</u></u>

\* Reclassified