



Corporate Backgrounder

Q1.2005

Company Background:

EFI (www.efi.com) is the world leader in digital imaging and print management solutions for commercial and enterprise printing. EFI's award-winning technologies offer document management tools from creation to print, including high fidelity color and black-and-white Fiery print servers that can output up to 2,000 pages per minute; powerful production workflow and print management information software solutions for increased performance and cost efficiency; and an array of business-critical enterprise and mobile printing solutions. EFI maintains over 21 offices worldwide.

Executive Officers:

Guy Gecht - CEO & Chairman of the Board
 Fred Rosenzweig - President
 Joseph Cutts - COO & CFO

EFI Headquarters:

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Worldwide Locations:

Australia	Germany	Mexico
Brazil	India	Netherlands
Canada	Italy	Singapore
China	Japan	Spain
Denmark	Korea	Sweden
France	Malaysia	United Kingdom

World Wide Web:

www.efi.com

Current Analyst Coverage:

Firm

Argus Research
 C.E. Unterberg Towbin
 Cross Research/ Soleil Securities
 Lehman Brothers
 Merrill Lynch
 Oppenheimer & Co.
 Smith Barney, Citigroup
 UBS Warburg

Analyst

Wendy Abramowitz
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EFI Snapshot:

NASDAQ Ticker Symbol:	EFI
Recent Price (April 25, 2005):	\$17.50
52-Week Range:	\$28.81 - \$15.00
Common Shares Outstanding:	54.1M
Market Capitalization:	\$0.9B
Fiscal Year End:	December 31
Employees:	Approximately 1,350

Financial Highlights:

About Pro Forma Adjustments

To supplement our consolidated financial results prepared under generally accepted accounting principles, or GAAP, we use a pro forma measure of net income that is GAAP net income adjusted to exclude certain costs, expenses, and gains. Our pro forma net income gives an indication of our baseline performance before gains, losses or other charges that are considered by management to be outside of our core operating results. In addition, pro forma net income is among the primary indicators management uses as a basis for planning and forecasting future periods. These measures are not in accordance with or an alternative for GAAP and may be materially different from pro forma measures used by other companies. We compute pro forma net income by adjusting GAAP net income with the impact of amortization of acquisition-related intangibles, and other non-recurring charges and gains. The presentation of this additional information should not be considered in isolation or as a substitute for net income prepared in accordance with GAAP.

	(unaudited) Three Months Ended 03/31/05	(unaudited) Three Months Ended 03/31/04	(unaudited) Year Ended 12/31/04
Revenue:	\$82M	\$106.7M	\$394.6M
GAAP Net income (loss)	(\$0.7M)	\$11.0M	\$38.0M
Dilutive EPS Calculation:			
Net income (loss)	(\$0.7M)	\$11.0M	\$38.0M
After tax adjustment of convertible debt related costs	-	0.8M	3.0M
Income (loss) for purposes of computing diluted net income (loss) per share	(\$0.7M)	\$11.8M	\$41.0M
Shares used in diluted share calculation	53.9M	65.1M	64.0M
Net income (loss) per diluted common share	(\$0.01)	\$0.18	\$0.64
Reconciliation of reported GAAP results to Pro forma Net Income:			
Net Income (loss)	(\$0.7M)	\$11.0M	\$38.0M
Benefit from tax settlement	-	-	(\$18.9M)
Loss on real estate refinancing activities	-	-	\$11.3M
Real estate impairment charge	-	-	\$3.1M
Headcount reduction expense	\$2.7M	-	\$1.0M
Amortization of acquisition related intangibles	\$3.2M	\$3.5M	\$13.7M
In process research and development expense	-	\$1.0M	\$1.0M
Litigation settlements and sale of product line	-	(\$3.1M)	(\$3.0M)
Tax effect of pro forma adjustments	(\$1.4M)	(\$0.1M)	(\$9.3M)
Pro forma net income	\$3.8M	\$12.3M	\$36.9M
After tax adjustment of convertible debt related interest	-	\$0.8M	\$3.0M
Income for purposes of computing diluted pro forma net income per share	\$3.8M	\$13.1M	\$39.9M
Shares used in per share calculation	54.2M	65.1M	64.0M
Pro forma net income per diluted common share	\$0.07	\$0.20	\$0.62
Cash, Cash Equivalents and Short-Term Investments	\$656.8M	\$613.8M	\$659.6M
Total Assets	\$1,014.1M	\$1,001.7M	\$1,017.9M
Total Liabilities	\$344.0M	\$351.8M	\$350.3M
Shareholders' Equity	\$670.1M	\$649.9M	\$667.6M

EFI's Growth Strategy

As the industry pioneer and market leader in the development of color imaging technology, EFI is well positioned to meet the growing demand for high quality digital color printing. EFI continues to generate strong demand for its digital imaging products across a broad base of OEM relationships as they recognize that our deep knowledge and specialization make us a valued partner in creating powerful, yet cost effective, solutions for their customers. In addition to EFI's core server and controller business, EFI has diversified into new markets and distribution channels by developing and acquiring software solutions for the commercial printing and enterprise markets. EFI's solutions range from job submission to proofing, pre-press, output and print MIS. Our software products and services help customers automate their print processes and streamline their workflow to increase productivity and profits. Our strategy is to offer best of breed, end-to-end solutions that are interoperable and conform to open standards to allow customers to choose the most efficient solutions for their business.

Initiatives include:

- Identify new applications for its core imaging technology;
- Develop end-to-end solutions to increase printing productivity, enhance customer satisfaction and expand the market for digital printing;
- Leverage significant R&D investment to expand technological expertise into complementary markets;
- Expand leadership through acquisitions. In the current economic environment EFI recognizes the opportunity to drive growth through strategic acquisitions of complementary technology companies.

EFI's Products and Services:

EFI Server & Controller Solutions: Headlined by EFI's flagship Fiery® brand, the company's core business transforms digital copiers and printers into networked printing devices. Once networked, EFI-powered printers and copiers can be shared across workgroups, departments, the enterprise and the Internet to quickly and economically produce high-quality color and black & white documents. Today's most powerful Fiery servers can print up to 2,000 color pages per minute—50 times faster than just four years ago.

EFI Production Workflow Solutions: New EFI software enhances productivity across the production printing job cycle, from pre-press to digital or offset print production. EFI's consistent, intuitive user interfaces reduce the potential for operator error, streamline complex job cycles, and decrease job completion time—all leading to maximum productivity and profitability.

EFI Proofing Solutions: EFI's proofing software with Best® technology allows professional printers to accurately and affordably proof color documents before sending them to an offset printing press. By skipping traditional proofing methods, professional printers save time and reduce costs—without sacrificing the quality of their final printed output.

EFI Print MIS Solutions: EFI's Enterprise Resource Planning (ERP) and collaborative supply chain software solutions enable printers and print buyers to improve productivity and reduce costs. Our Web-based procurement applications for print buyers facilitate collaboration across the print supply chain.

EFI Enterprise Solutions: EFI is leveraging its printing, scanning and workflow technology to offer an array of print solutions for enterprises, including mobile printing technology, scan-to-email software, and remote monitoring and management of printer and consumables usage. Each solution offers enterprises ways to reduce costs and improve printing efficiency.

Strategic Alliances:

EFI has established key strategic alliances with leading partners including 3Com, 3M, Adobe, Alphagraphics, Atlas, AT&T, Authentica, Axeda, BEI Services, Boone, Canon, Carlson Hospitality, Cisco Systems, DANKA, Datalogics, Digital Gateway, ENCAD, Enovation, Epson, Equitrac, Franchise Services, Fujifilm, Fuji Xerox, Garderos, GENICOM, Gestetner, Guest-Tek, Heidelberg, Hewlett-Packard, IBM, IKON, Indigo, Interlink Electronics, Kinko's, Konica Minolta, KPG, Lanier, Litho Supplies, Manhattan Associates, Marriott, Microsoft, Mita, Mitsubishi, Nashuatec, Objectif Lune, Océ, OfficeMax, Presstek, Research in Motion, Rex Rotary, Ricoh, Savin, Scitex, Screen USA, Sharp, Sir Speedy, STSN, Toshiba, Troy Systems, Virgin Mobile USA, Wayport, XANTE, Xerox, and Yahoo!, with thousands of sales locations worldwide.

New Products:

On Feb. 7, 2005, EFI and Canon U.S.A., unveiled an expansive array of new digital color platform technologies and related software solutions – the new ColorPASS-Z7500/Z7100/Z6100 servers designed to dramatically expand the range of graphics document and color workflow tools, services and options for Canon CLC users.

On Feb. 28, 2005, EFI announced it is shipping an enhanced version of PrinterSite Fulfillment, its web-based, client-facing module. Available for the Hagen OA, Logic SQL and PSI print management systems, the new EFI PrinterSite Fulfillment module helps printers streamline inventory management and offer value-added online fulfillment ordering services to customers.

On Mar. 7, 2005, EFI and Equitrac announced the integration of the companies' scan and cost recovery solutions to create a new, powerful, end-to-end document capture, distribution and accounting solution for legal and other professional firms. Equitrac Professional Connector now integrates EFI SendMe with the Equitrac Professional and Equitrac Professional Enterprise Edition document accounting solutions to make complete scan tracking and cost recovery functionality available in a single, integrated solution.

On Mar. 9, 2005, EFI announced the release of MicroPress ProSeries 7.0 production print software for multi-printer digital environments that will help customers, from corporate workgroups to high volume Print-on-Demand operations, realize greater workflow productivity and profits.

On Mar. 21, 2005, EFI released the most significant upgrade to EFI Auto-Count in three years, adding multi-language support, a simpler user interface, and enhanced integration with its Hagen, Logic and PSI print management systems.

On Mar. 29, 2005, EFI released an upgraded version of its Prograph publication planning software with enhancements aimed at streamlining the software for users while still enabling them to compare manufacturing processes to available equipment and resources.

New Business Relationships:

On Feb. 3, 2005, EFI announced its intent to work with BEI Services to deliver service benchmarking data through EFI's Automated Dispatch Systems. The intended objective of this joint effort is to deliver to ADS users, including field technicians, service management, dispatchers and others, real-time access to industry-wide service data to improve customer service quality and expediency.

On Feb. 4, 2005, EFI announced its intent to develop an interface between its Automated Dispatch Systems solution suite and Digital Gateway's e-automate, an industry-leading business management system for small and medium-sized businesses in the imaging market.

On Feb. 8, 2005, EFI announced that Cenveo, Inc. one of North America's leading providers of visual communications with one-stop services from design through fulfillment, has selected EFI Hagen OA as the standard print management system for its 38 commercial print facilities.

Recent Developments:

On April 14, 2005, EFI announced it signed an agreement to acquire privately held VUTEK, Inc., the leading provider of superwide format digital inkjet printers, for approximately \$281 million in cash. The acquisition is expected to be immediately accretive upon closing, adding approximately \$72 million in revenue and \$0.11 in pro forma diluted earnings per share in the second half of 2005. It is expected to close in the third quarter subject to Hart Scott Rodino review.

The Fiery-driven Xerox Phaser® EX7750 won a Macworld Best of Show Award at Macworld Conference & Expo in San Francisco, January 10-14, 2005. EFI collaborated with Xerox to introduce the Phaser EX7750, a color laser printer that delivers high-caliber color fidelity, image quality and performance for graphic arts professionals who need to quickly produce complex color documents such as brochures, mailers and other documents.

Ten of the top 12 honorees named to NAPL's "best managed graphic arts companies" list are EFI print management system customers. The NAPL 2004 Management Plus Awards recognize management excellence in all phases of operation, with companies judged on how they perform against industry standards in nine key areas. Each of the five Gold Award winners are EFI MIS users and EFI customers also dominated the Silver category, receiving five