



# EFI Q4 2005 Earnings Call

*January 31, 2006*

# Safe Harbor

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities and Exchange Act of 1934, as amended, and is subject to certain risks and uncertainties that could cause actual results to differ materially. Past performance is not necessarily indicative of future results. Forward Looking Statements are subject to certain risks and uncertainties that could cause actual future results to differ materially, including, but not necessarily limited to, the following: (1) Management's ability to forecast revenues and control expenses, especially on a quarterly basis, continues to be a challenge. Unexpected declines in revenue without a corresponding and timely decline in expenses could have a material adverse effect on results of operations; (2) current world wide financial/economic difficulties continue including variations in foreign exchange rates; (3) variations in growth rates or declines in the printing and imaging market across various geographic regions may cause a material impact in our results; (4) changes in historic customer order patterns, including changes in customer and channel inventory levels may cause a material impact in our results; (5) changes in the mix of products sold leads to variations in results; (6) market acceptance of new products and contribution to EFI's revenue cannot be assured; (7) delays in product delivery can cause quarterly revenues and income to fall significantly short of anticipated levels; (8) competition and/or market factors in the various markets may pressure EFI to reduce prices on certain products; (9) competition with products internally developed by EFI's customers may result in declines in EFI sales and revenues; (10) excess or obsolete inventory and variations in inventory valuation may cause a material impact in our results; (11) continued success in technological advances, including development and implementation of new processes and strategic products for specific market segments may not be assured; (12) timely and qualitative execution in the manufacturing of products may not be assured; (13) litigation involving intellectual property or other matters may cause a material impact in our results; (14) our ability to adequately service our debt and dilution of earnings if the company's convertible debenture is treated on an "as converted basis" for purposes of calculating diluted earnings per share; (15) our ability to successfully integrate VUTEK's business with our own without operational disruption to their business or ours, loss of sales, unexpected costs or adverse impact on relations with customers or suppliers and (16) other risk factors listed from time to time in the Company's SEC reports. EFI undertakes no obligation to update information contained in this presentation. For further information regarding risks and uncertainties associated with EFI's business, please refer to the Risk Factors section (entitled "Factors That Could Adversely Affect Performance") of EFI Corporation's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting EFI Corporation's Investor Relations Department at 650-357-3828 or email at [investor.relations@efi.com](mailto:investor.relations@efi.com) or EFI's Investor Relations website at <http://www.efi.com>.

# Q4 2005 Results Summary

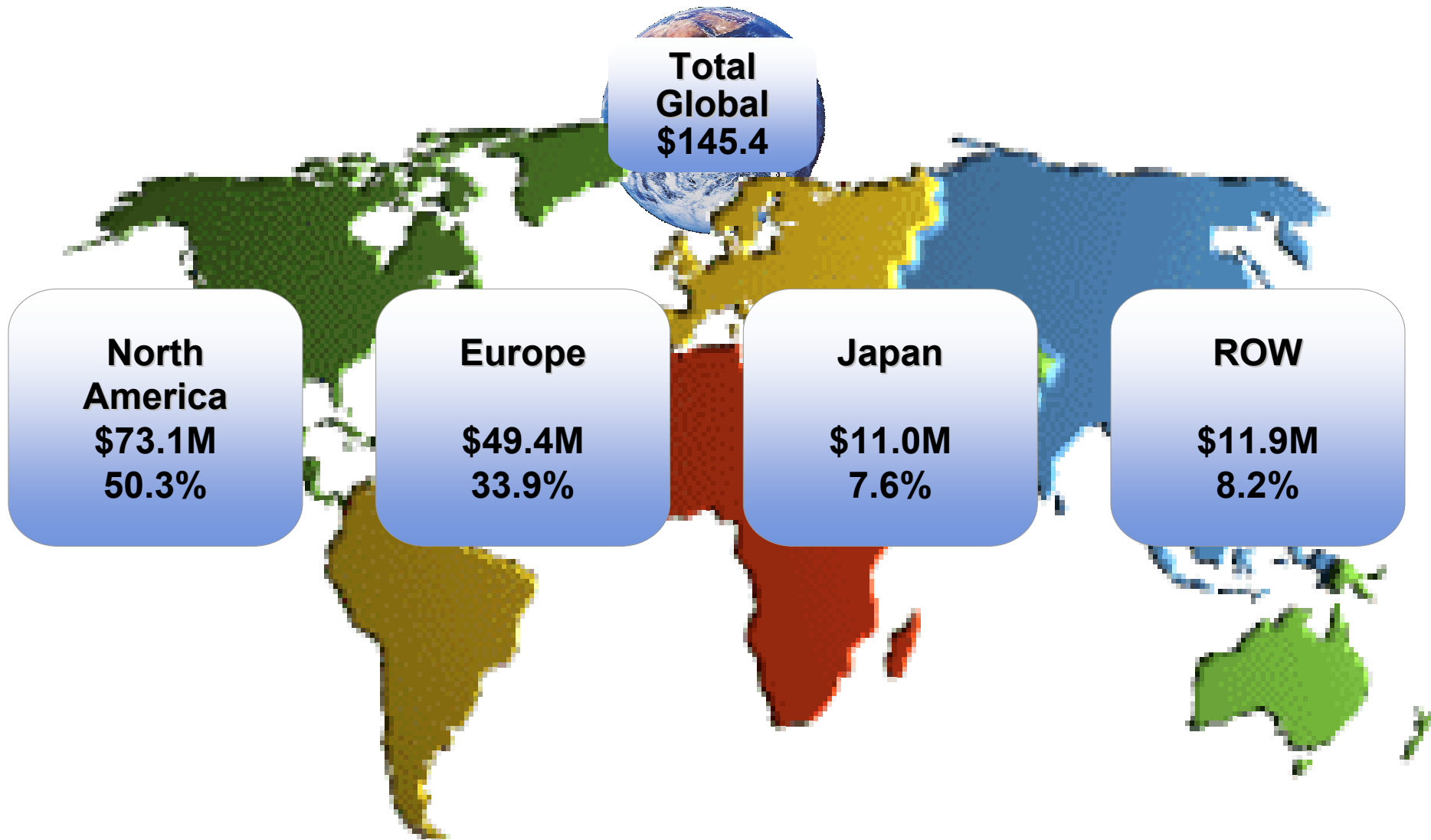
	<b>12/31/05</b>	<b>9/30/05</b>	<b>% Change</b>
Revenues	<b>\$145.4</b>	<b>\$142.1M</b>	<b>2.3%</b>
Pro forma Net Income	<b>\$23.1M</b>	<b>\$21.8M</b>	<b>6.3%</b>
Pro forma EPS	<b>\$0.36</b>	<b>\$0.35</b>	<b>2.9%</b>
GAAP Net Income*	<b>\$11.4</b>	<b>\$18.5</b>	<b>(38.5)%</b>
GAAP EPS*	<b>\$0.18</b>	<b>\$0.30</b>	<b>(40.0)%</b>

\*See GAAP to pro forma reconciliation on next slide

# Reconciliation of GAAP to Pro Forma Net Income Q4 2005

- An \$8.2 million charge from the amortization of acquisition-related intangibles;
- A \$7.1 million in-process R&D expense. As previously discussed, charges related to the VUTEk acquisition taken in earlier quarters were preliminary. This charge, and the \$8.2 million amortization charge, reflects the final adjustments to the valuation of in-process Research and Development and acquisition-related intangibles;
- A \$0.7 million stock-based compensation expense; and
- A \$4.2 million credit related to the tax effect from the pro forma adjustments.

# Geographical Breakdown



# Results by Business Categories:

## Q4 2005

Segment	Revenues (\$)	Revenue (%)	Volume (%)
Controllers	\$79.5M	55%	98%
Wide Format Inkjet	\$39.3M	27%	NM
PPA	\$17.8M	12%	NM
Misc.	\$8.8M	6%	2%
<b>Total</b>	<b>\$145.4M</b>	<b>100%</b>	<b>100%</b>

## Q3 2005

Revenues (\$)	Revenue (%)	Volume (%)
\$78.8M	55%	98%
\$36.0M	25%	NM
\$17.8M	13%	N/A
\$9.5M	7%	2%
<b>\$142.1M</b>	<b>100%</b>	<b>100%</b>

# 2005 Revenue By Product Categories

Segment	Q1 2005	Q2 2005	Q3 2005	Q4 2005	YTD 2005
<b>Controllers</b>	\$55.1M	\$60.6M	\$78.8M	\$79.5M	\$274.0M
<b>Wide Format Inkjet</b>	N/A	\$11.6M	\$36.0M	\$39.3M	\$86.9M
<b>Professional Printing Applications</b>	\$17.4M	\$18.5M	\$17.8M	\$17.7M	\$71.4M
<b>Miscellaneous</b>	\$9.5M	\$8.3M	\$9.5M	\$8.9M	\$36.2M
<b>Total Revenue</b>	\$82.0M	\$99.0M	\$142.1M	\$145.4	\$468.5M

# 2004 Revenue By Product Categories

Segment	Q1 2004	Q2 2004	Q3 2004	Q4 2004	YTD 2004
<b>Controllers</b>	\$81.9M	\$83.0M	\$73.1M	\$54.8M	\$292.8M
<b>Wide Format Inkjet</b>	N/A	N/A	N/A	N/A	N/A
<b>Professional Printing Applications</b>	\$15.4M	\$18.2M	\$16.8M	\$18.1M	\$68.5M
<b>Miscellaneous</b>	\$9.4M	\$7.9M	\$7.7M	\$8.3M	\$33.3M
<b>Total Revenue</b>	\$106.7M	\$109.1M	\$97.6M	\$81.2M	\$394.6M

This information is current as of January 31, 2006 and should be considered to be historical and not subject to update.

# Q4 Operating Expenses

	Q4 2005	Q3 2005
<b>GAAP Operating Expenses*</b>	<b>\$76.4M</b>	<b>\$71.1M</b>
<b>Pro forma Operating Expenses (excl. acq. related costs, and stock based compensation expense)</b>	<b>\$60.5M</b>	<b>\$60.7M</b>
<b>Research &amp; Development</b>	<b>\$28.7M</b> <b>(19.7% of revenues)</b>	<b>\$27.5M</b> <b>(19.3% of revenues)</b>
<b>Sales &amp; Marketing</b>	<b>\$22.8M</b> <b>(15.7% of revenues)</b>	<b>\$23.9M</b> <b>(16.8% of revenues)</b>
<b>General &amp; Administrative</b>	<b>\$9.0M</b> <b>(6.2% of revenues)</b>	<b>\$9.3M</b> <b>(6.5% of revenues)</b>

\*Including amortization of acquisition-related intangibles and stock based compensation expense

## Q4 2005 Key Balance Sheet Figures

<b>Cash generated during Q4</b>	<b>\$47.5 million</b>
<b>Total Cash and Investments*</b>	<b>\$469.6 million</b>
<b>Accounts Receivable, net**</b>	<b>\$67.9 million</b>
<b>DSO**</b>	<b>42.1 days</b>
<b>Inventory, net**</b>	<b>\$25.9 million</b>
<b>Total Assets</b>	<b>\$1.1 billion</b>

\*Excludes \$88.6 million long term restricted investments

\*\* Includes the impact of the acquired VUTEk balance sheet

# EFI Q1 Outlook

- Corporate overview (pro forma)
  - Q1 2006 revenue in the range of \$132 million to \$134 million
  - Pro forma EPS expected to be in the range of \$0.26 to \$0.28
  - Gross margins of 60.5% to 61.5%
  - Operating expenses between \$61 million and \$62 million
- Controller business momentum continues
  - Q1 Controller revenues down due to normal to seasonality
- PPA focus on growth areas
  - PPA down related to seasonality combined with the disposition of the Printellect product
- VUTEk maintains market dominance
  - Q1 even to slightly up from Q4 levels

# 2005 Highlights

- Revenue growth 19% year-over-year
- Pro-forma EPS growth 48% year-over-year
- Reduced reliance on OEM partners; non-OEM business 45% of total revenues at year end
- Increased annuity business to 12% of year end revenue
- Successful VUTEk acquisition, immediately accretive to pro forma earnings
- Introduced significant number of controller products

# 2006 Outlook

- Momentum in controller business continues, concentrated in the second half of 2006
- Continued investments in VUTEk to leverage growing market opportunity
- PPA enables cross selling opportunities
- Greater emphasis on design license deals
- Expansion of non-OEM revenue businesses
- Investments for 2007 pipeline