



## NEWS

FOR IMMEDIATE RELEASE

### **Scitex Announces First Quarter 2003 Results**

*Tel Aviv, Israel – May 12, 2003.* Scitex Corporation Ltd. (NASDAQ & TASE: SCIX), a world leader in industrial inkjet digital printing solutions, today announced its financial results for the first quarter ended March 31, 2003.

Scitex's revenues for the first quarter of 2003 were \$62.6 million, an increase of 3.1% from \$60.7 million in the first quarter of 2002. Operating loss was \$0.2 million (before amortization of intangibles of \$1.7 million), compared to operating income of \$2.2 million in the first quarter of 2002 (before amortization of intangibles of \$0.8 million). Net loss for the quarter was \$6.8 million, compared to a net loss of \$1.0 million in the corresponding quarter of 2002. This is the first quarter in which Scitex includes the results of the combined entity of Scitex Vision Ltd. and Aprion Digital Ltd. Accordingly, Scitex's results were impacted by, among others, the combined entity's restructuring costs of \$1.2 million and \$2.5 million of tax expenses, mainly attributed to a write-off of a deferred tax asset. Scitex's financial results for 2002 did not include figures for Aprion Digital Ltd. on a consolidated basis, as Scitex then held only a minority interest in Aprion.

Geographically, Europe contributed 41% of the revenues in the first quarter of 2003, followed by the Americas with 37% of revenues, and the Far East trailed with 21% of revenues.

Commenting on the results, Mr. Yeoshua Agassi, President and CEO of Scitex, said: "The continuing slow down of the economy worldwide, especially in the United States and Japan, combined with the uncertainty preceding and during the war in Iraq, have contributed, among other things, to a tense market environment and the lengthening of sales cycles of capital equipment, in the primary markets in which Scitex, through its subsidiaries, operates."

Mr. Agassi added: "Nevertheless, Scitex Digital Printing continued to show improvement in several areas. It managed, after a prolonged process, to improve its gross profits and was recently selected by French social security system to supply high-speed business color printing systems. SDP met its earnings targets for the first quarter and improved its cash flow. The main challenges for SDP in the next quarters are to expand its customer base and to deepen its penetration into the Transactional Documents market."

"The combined entity of Scitex Vision and Aprion Digital has been focusing on completing the integration of the operations of these two entities. While it was able to maintain the planned level of sales in the graphic arts market, it did not meet the forecasted sales for the packaging market in the quarter. Accordingly, in addition to maintaining its leadership position in the graphic arts market, Scitex Vision is faced with several challenges for the next several quarters, such as completing the integration of the combined entities, increasing sales to the packaging market and improving its cash flow." Concluded Mr. Agassi.

## ***Scitex's Subsidiaries***

### **Scitex Digital Printing, Inc. (SDP)**

Revenues of Scitex Digital Printing, our wholly owned subsidiary based in Dayton, Ohio, for the first quarter of 2003 were \$39.6 million, almost unchanged from \$39.5 million in the first quarter of 2002 and a decrease of 12% from \$44.8 million in the fourth quarter of 2002. Operating income was \$3.0 million (7.6% of revenues), compared to \$2.8 million in the first quarter of 2002 and \$1.3 million in the fourth quarter of 2002 (figures are before amortization of intangibles).

As previously announced, Caisse Nationale d'Assurance Maladie des Travailleurs Salariés (CNAMTS), the health branch of the French social security system, has recently selected SDP to supply high-speed digital printing systems. This was their second selection of SDP since 1998, and has the potential to generate \$30 million in equipment and service revenue over a 5-year period.

Also during the first quarter, Siemens Dematic, a manufacturer and distributor of sorting equipment systems, announced its award to SDP for a mailing application using SDP's Dijit 5120 printer for addressing and labelling. Installations that would cover 54 sites throughout 2003 are expected to begin in June.

SDP continues its activities in the marketing of the value of color in transactional documents – which it believes will be an important foundation for sales in this segment in the coming quarters.

**Scitex Vision Ltd.** (the combined entity of Scitex Vision Ltd. and Aprion Digital Ltd., which currently holds the name of Aprion Digital Ltd., but it is in the process of adopting the name Scitex Vision Ltd.)

On January 1, 2003, Aprion Digital Ltd. acquired from Scitex all of the outstanding share capital of Scitex Vision Ltd. in exchange for shares in Aprion. Following the consummation of the transaction, Scitex holds approximately 75% of the combined entity's outstanding share capital. The financial results for the period ended March 31, 2003 are the first in which the transaction and the financial results of the combined entity are included. The first quarter of 2003 was marked by the integration of Scitex Vision's operations with those of Aprion Digital. During the quarter, most of Scitex Vision's activities were combined and aligned, including distribution and customer support, manufacturing and logistics, research and development and administrative functions. The new entity's headquarters have relocated to a modern 8,000 square meter facility in Netanya, housing all of its Israeli based activities.

In light of the acquisition of Scitex Vision by Aprion, of a certain reduction in the line of credit available to Scitex Vision, and Scitex Vision's cash needs, the Board of Directors of Scitex Vision has approved a rights offering of between \$6 million and \$10 million. Scitex and two other principal shareholders of Scitex Vision have expressed their agreement in principle to participate in the proposed rights offering.

Revenues of Scitex Vision for the first quarter of 2003 were \$23 million, an increase of 8.9% from \$21.2 million in the corresponding quarter of 2002 and an increase of 10% from \$20.9 million in the fourth quarter of 2002 (Aprion Digital, which had no revenues in the first quarter of 2002, recognized revenues of \$2.1 million in the fourth quarter of 2002). Operating loss was \$2.4 million, compared to operating income of \$0.2 million in the first quarter of 2002 and operating loss of \$0.3 million in the fourth quarter of 2002 (figures are before amortization of intangibles). As noted above, Scitex Vision's 2003 figures comprise the combined entity of Scitex Vision and Aprion Digital. Accordingly, Scitex Vision's results were impacted this quarter by, among other things, the combined entity's restructuring costs of \$1.2 million and \$2.5 million of tax expenses, mainly due to a write-off of a deferred tax asset (as it is not expected, after the transaction, to utilize it in the foreseeable future). Scitex Vision's 2002 figures did not include Aprion Digital's figures (the operating expenses of Aprion Digital in the first quarter of 2002 were \$4.6 million).

During the quarter, Scitex Vision renamed its Shaldag SP Industrial Digital Press for corrugated packaging as Scitex Vision Corejet. Twelve of such systems are now installed and operating at key packaging customer sites. Scitex Vision views the Packaging market as a growth opportunity for the future.

Recently, Scitex Vision received assessments from the Israeli Tax Authorities ("ITA") relating to certain matters in the years 1995-2000 of approximately NIS 30 million, including interest and index adjustment (currently, represents approximately US\$ 6.7 million). Scitex Vision appealed to the District Court in Tel Aviv against the ITA tax assessments, but the outcome of the appeal cannot be predicted at this time. Scitex Vision believes that its applicable reserves as at the end of the first quarter are sufficient.

### ***Major Investment***

#### **Creo Inc.**

For its second quarter of 2003 (ended March 31, 2003), Creo reported revenues of \$141.5 million compared to revenues of \$130 million in the second quarter of 2002 and \$142.8 in the previous quarter. Creo's net loss under US GAAP for the quarter was \$1.2 million. With effect from December 1, 2002, Scitex accounts for the Creo investment as "available for sale" and the changes in its share price value are recorded to shareholders' equity. Gain or loss from this investment will only be recognized in the event of a sale of its Creo shares or in the event of impairment that is not of a temporary nature. Accordingly, the change for the quarter in Scitex's investment in Creo was a decrease of \$15.6 million recorded to shareholders' equity due to the decrease in the market price of Creo's shares at quarter-end to \$5.68 per share, compared with \$8.17 at the end of the previous quarter (the last reported closing market price of Creo's share on NASDAQ was \$6.20). Scitex holds 12.7% in Creo's outstanding share capital.

## ***Explanatory Note to Financial Statements***

This quarter is the first one in which Scitex consolidates in its financial statements a majority-owned company – the combined Aprion Digital/Scitex Vision entity, in which it holds approximately 75% (compared to incorporating Scitex Vision’s results as a wholly-owned subsidiary). As a result, all assets and liabilities of the combined entity are included in Scitex’s balance sheet, with a deduction of the relative minority interest in the combined entity’s equity. Similarly, Scitex fully consolidates the combined entity’s Statement of Income, with a deduction of the relative minority interest in the combined entity’s Statement of Income.

### **Conference Call**

Scitex will be holding a conference call to discuss its first quarter 2003 results on Tuesday, May 13, 2003 at 10:00 a.m. EST (7:00 a.m. Pacific time, 3:00 p.m. GMT, 5:00 p.m. Israel time). Investors will have the opportunity to listen to a live simultaneous Webcast of the analyst conference call in connection with Scitex’s first quarter 2003. 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 during the seven days following the conference call (until midnight May 20, 2003) at the following numbers:

US:	1 800 475-6701
Intl:	1 320 365-3844
Access code:	683709

### **About Scitex Corporation Ltd.**

Scitex Corporation Ltd. is a world leader in industrial inkjet digital printing solutions. Through its subsidiaries and strategic investments, Scitex strengthens its market position in this specialized sector. Scitex 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).

*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, and (8) 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 service marks of Scitex Corporation Ltd. Scitex Vision, Aprion, Shaldag and Corejet are trademarks of Scitex Vision Ltd. or Aprion Digital Ltd. Dijit is a registered trademark of Scitex Digital Printing, Inc.**

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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 March 31	
	2003	2002*
	(Unaudited)	(Unaudited)
<b>Revenues</b>		
Sales	\$ 35,337	\$ 35,676
Service and supplies	27,288	25,023
<b>Total revenues</b>	<b>62,625</b>	<b>60,699</b>
<b>Cost of revenues</b>		
Cost of sales	17,661	19,441
Cost of service and supplies	18,891	17,963
<b>Total cost of revenues</b>	<b>36,552</b>	<b>37,404</b>
<b>Gross profit</b>	<b>26,073</b>	<b>23,295</b>
<b>Expenses</b>		
Sales and marketing	11,906	10,145
General & administrative	6,957	5,281
Research and development, net	7,407	5,715
Amortization of intangibles	1,698	783
<b>Operating income (loss)</b>	<b>(1,895)</b>	<b>1,371</b>
Financial income (expense) - net	(774)	(252)
Other income (expense) - net	(840)	(489)
<b>Income (loss) before taxes on income</b>	<b>(3,509)</b>	<b>630</b>
Taxes on income	4,081	644
	<b>(7,590)</b>	<b>(14)</b>
Share in losses of equity investments	(1,370)	(1,003)
Minority interest in losses of consolidated subsidiary	2,208	
<b>Net loss</b>	<b>(\$ 6,752)</b>	<b>(\$ 1,017)</b>
<b>Loss per share - basic and diluted:</b>	<b>(\$ 0.16)</b>	<b>(\$ 0.02)</b>
<b>Weighted average number of shares outstanding (in thousands) basic and diluted:</b>	<b>43,018</b>	<b>43,018</b>

\* Actual 2002 figures. Aprion is consolidated commencing January 1, 2003.

**CONSOLIDATED BALANCE SHEETS**

(U.S. Dollars in thousands)

	March 31 2003 (Unaudited)	December 31 2002* (Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 33,307	\$ 30,969
Short-term investments	1,572	2,561
Restricted deposits	19,000	20,203
	<u>53,879</u>	<u>53,733</u>
Total cash and short-term investments	53,879	53,733
Trade receivables - net	92,910	95,054
Other receivables	10,310	9,900
Inventories	57,881	51,561
Deferred income taxes	16,958	20,974
	<u>231,938</u>	<u>231,222</u>
Investments and other non-current assets	49,126	67,012
Property and equipment - net	40,031	36,857
Goodwill and other intangible assets - net	50,155	34,465
	<u>\$ 371,250</u>	<u>\$ 369,556</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short term debt and current maturities	\$ 37,922	\$ 37,184
Creo note	18,760	18,523
Trade payables	26,453	22,200
Accrued and other liabilities	60,773	57,011
	<u>143,908</u>	<u>134,918</u>
Long-term liabilities:		
Loans from banks	7,781	5,493
Deferred income taxes	1,838	5,033
Liability for employees	4,157	2,933
Convertible loan	5,678	13,459
	<u>19,454</u>	<u>13,459</u>
Minority interest	5,390	
Shareholders' equity:		
Share capital	6,205	6,205
Capital surplus	368,104	364,619
Accumulated other comprehensive income (loss)	(14,613)	801
Retained earnings (accumulated deficit)	(152,991)	(146,239)
Treasury stock at cost	(4,207)	(4,207)
	<u>202,498</u>	<u>221,179</u>
	<u>\$ 371,250</u>	<u>\$ 369,556</u>

\* Actual 2002 figures. Aprion is consolidated commencing January 1, 2003.

**Scitex Digital Printing, Inc.**

US Dollar in Thousands

	<b>Three months ended March 31</b>	
	<b>2003</b> Unaudited	<b>2002</b> Unaudited
<b>Revenues</b>		
Equipment	20,960	22,493
Service and Consumables	<u>18,616</u>	<u>17,042</u>
<b>Total Revenues</b>	<u>39,575</u>	<u>39,535</u>
<b>Gross Profit</b>	16,576	14,388
<b>Expenses:</b>		
S,G&A	9,429	7,551
Research and Development	4,141	4,017
<b>Operating Income before Amortization of Intangibles</b>	<b>3,006</b>	<b>2,820</b>
Amortization of Intangibles	<u>77</u>	<u>73</u>
<b>Operating Income</b>	<u><b>2,929</b></u>	<u><b>2,747</b></u>

**Scitex Vision Ltd. (combined with Aprion Digital Ltd.)**

US Dollar in Thousands

	<b>Three months ended March 31</b>	
	<b>2003</b> Unaudited	<b>2002*</b> Unaudited
<b>Revenues</b>		
Equipment	14,377	13,183
Service and Consumables	<u>8,673</u>	<u>7,981</u>
<b>Total Revenues</b>	<u>23,050</u>	<u>21,164</u>
<b>Gross Profit</b>	9,497	8,906
<b>Expenses:</b>		
S,G&A	8,661	7,028
Research and Development	3,265	1,670
<b>Operating Income before Amortization of Intangibles</b>	<b>(2,429)</b>	<b>208</b>
Amortization of Intangibles	<u>1,334</u>	<u>710</u>
<b>Operating (Loss) Income</b>	<b><u>(3,764)</u></b>	<b><u>(502)</u></b>

\* Actual results of Scitex Vision Ltd. Aprion is consolidated commencing January 1, 2003.

## Investments at March 31, 2003

US Dollars in Thousands

<b>Company</b>	<b>Total Investment</b>	<b>Holding at March 31, 2003</b>
Creo Products Inc.	196,915	12.7%
Scitex Vision Ltd.	18,238	75.5%
Jemtex Ink Jet Ltd.	7,800	49.8%
Objet Geometries Ltd.	8,667	23.0%
RealTimeImage Ltd.	5,300	14.9%
InfoBit Ltd.	1,000	21.3%
XMPie Inc.	500	8.6%
Dor Capital Ventures	2,400	