



# NEWS

FOR IMMEDIATE RELEASE

## **Scitex Announces Second Quarter 2004 Results**

- Scitex Vision achieves record quarterly revenues in excess of \$30 million

*Tel Aviv, Israel – August 3, 2004.* Scitex Corporation Ltd. (NASDAQ & TASE: SCIX) today announced its unaudited financial results for the second quarter ended June 30, 2004.

### **Results of Operations**

For the second quarter of 2004, Scitex's revenues were \$30.8 million, an increase of 25.2% from \$24.6 million in the second quarter of 2003. Operating income was \$0.2 million compared to an operating loss of \$2.2 million in the second quarter of 2003. Net loss for the second quarter of 2004 was \$1.2 million compared to a net loss of \$4.8 million in the second quarter of 2003.

Raanan Cohen, Interim President and CEO of Scitex, commented: "I am pleased with the performance of our principal operating subsidiary, Scitex Vision, achieving a sixth consecutive quarter of revenue growth, with record revenue of over \$30 million, net income of \$1.2 million and positive cash flow. During the quarter, Scitex Vision strengthened its leadership in the wide and super-wide format graphic arts markets, and its diversified product offering and advanced technologies attracted substantial attention and business at the May 2004 DRUPA trade fair in Germany. I congratulate management and employees of Scitex Vision for the impressive results."

### **Balance Sheet**

Scitex's cash, cash equivalents and short-term investments at the end of the second quarter of 2004, on a consolidated basis, were \$234.0 million (excluding a restricted deposit of \$18.1 million). This amount gives effect to the approximately \$28 million repurchase of shares by Scitex in the self tender offer that was completed in June 2004; however the approximately \$90.0 million cash distribution being effected in the third quarter of 2004 is not reflected in said item. Scitex's cash, cash equivalents and short-term investments balance is expected to be approximately \$135 million, excluding \$10 million retained in custodial accounts in connection with the transaction to sell the business of SDP to Eastman Kodak Company that was completed in January 2004, and after giving effect mainly to the approximately \$90 million cash distribution and to the estimated remaining tax payments relating to U.S. federal income tax audit of Scitex's U.S. subsidiaries for the years 1992 through 1996. Trade receivables at the end of the second quarter of 2004 increased to \$36.8 million from \$36.0 million at the end of 2003, and inventory increased to \$27.1 million from \$22.6 million, both primarily as a result of the increase in revenues and business activities.

### **Scitex Vision**

The second quarter of 2004 continues the solid quarter-to-quarter revenue growth demonstrated by Scitex Vision since the beginning of 2003. During the quarter, Scitex Vision's sales of its various

product lines were characterized by continuing demand for the XLjet and Grandjet super wide-format digital presses and sales of several wide-format Turbojet presses that were introduced in late 2003. Solid growth in ink sales reflecting stable Scitex Vision market share and increasing consumption by its customers also contributed to the increase in revenues compared to the previous quarters.

Scitex Vision's revenues for the second quarter of 2004 were \$30.8 million, an increase of 25.2% from \$24.6 million in the corresponding quarter of 2003 and an increase of 5.5% from \$29.2 million in the first quarter of 2004. Scitex Vision had operating income of \$2.0 million in the second quarter of 2004, compared to an operating loss of \$1.2 million in the second quarter of 2003, and operating income of \$2.6 million in the first quarter of 2004. Scitex Vision had net income of \$1.2 million in the second quarter of 2004, compared to a net loss of \$2.9 million in the second quarter of 2003, and net income of \$2.1 million in the first quarter of 2004. The decrease in operating and net income compared to the prior quarter is mainly attributable to the expenses relating to three major international trade shows in which Scitex Vision participated during the second quarter.

Scitex Vision's geographic distribution of business this quarter was led by Europe, contributing 46% of revenues, followed by the Americas with 32% of revenues, and the rest of the world (primarily the Far East) with 22% of revenues.

### **Conference Call**

Scitex will be holding a conference call to discuss its second quarter 2004 results on Wednesday, August 4, 2004 at 10:00 a.m. EST (7:00 a.m. Pacific time, 3:00 p.m. London, 5:00 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 August 11, 2004) at the following numbers:

US: 1 800 475-6701

Intl: 1 320 365-3844

Access code: 739941

### **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.*

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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 June, 30	
	2004	2003
	(Unaudited)	(Unaudited)
<b>Revenues</b>		
Sales	\$ 18,886	\$ 13,583
Service and supplies	11,910	11,042
<b>Total revenues</b>	<u>30,796</u>	<u>24,625</u>
<b>Cost of revenues</b>		
Cost of sales	11,029	8,032
Cost of service and supplies	6,260	7,127
<b>Total cost of revenues</b>	<u>17,289</u>	<u>15,159</u> *
<b>Gross profit</b>	13,507	9,466
<b>Expenses</b>		
Sales and marketing	5,431	4,549
General & administrative	4,065	3,312
Research and development, net	2,326	2,396
Amortization of intangible assets	1,523	1,370
<b>Operating income (loss)</b>	162	(2,161)
Financial expense - net	(233)	(1,389)
Other expenses - net	(489)	(3,293)
<b>Loss before taxes on income</b>	(560)	(6,843)
Taxes on income	(124)	(380)
	(684)	(7,223)
Share in losses of associated companies	(250)	(1,056)
Minority interest in losses (income) of a subsidiary	(224)	735
<b>Net loss from continuing operations</b>	(1,158)	(7,544)
<b>Net income (loss) from discontinued operation</b>	(78)	2,704
<b>Net loss</b>	<u>(\$ 1,236)</u>	<u>(\$ 4,840)</u>
<b>Loss per share - basic and diluted:</b>		
continuing operations	<u>(\$ 0.03)</u>	<u>(\$ 0.17)</u>
discontinued operation	<u>(\$ 0.002)</u>	<u>\$ 0.06</u>
<b>Weighted average number of shares outstanding (in thousands) basic and diluted:</b>	<u>42,193</u>	<u>43,018</u>

\* Reclassified



**Scitex Vision Ltd.**

US Dollar in Thousands

	<b>Three months ended June, 30</b>	
	<b>2004</b>	<b>2003</b>
	Unaudited	Unaudited
<b>Revenues</b>		
Equipment	18,886	13,583
Service and Consumables	11,910	11,042
<b>Total Revenues</b>	<u>30,796</u>	<u>24,625</u>
<b>Gross Profit</b>	13,507	9,466 *
<b>Expenses:</b>		
S,G&A	8,700	7,196 *
Research and Development	1,891	2,396
Amortization of Intangibles	932	1,083
	<u>11,523</u>	<u>10,675</u>
<b>Operating (Loss) Income</b>	<u><b>1,984</b></u>	<u><b>(1,209)</b></u>
Financial expenses	(651)	(1,385)
Other Income (expenses)	(39)	41
Tax on Income	(102)	(380)
<b>Net Income (Loss)</b>	<u><b>1,192</b></u>	<u><b>(2,933)</b></u>

\* Reclassified

