



NEWS

FOR IMMEDIATE RELEASE

Scitex Announces Third Quarter 2002 Results

Tel Aviv, Israel – November 17, 2002. Scitex Corporation Ltd. (NASDAQ & TASE: SCIX), a world leader in industrial inkjet digital printing solutions, today announced results for the third quarter ended September 30, 2002.

Scitex's revenues for the third quarter of 2002 were \$57.7 million, a decrease of 13% from \$66.6 million in the third quarter of 2001. Operating income was \$2.1 million (before amortization of intangibles of \$0.8 million), compared to \$3 million in the third quarter of 2001 (before amortization of intangibles of \$3.1 million). Net loss for the quarter was \$0.8 million, compared to a loss of \$41.4 million in the third quarter of 2001. Geographically, the Americas contributed 38% of the revenues followed by Europe with 36% of revenues, and the Far East (including Japan) trailed with 23% of revenues.

Mr. Yeoshua Agassi, President and CEO of Scitex commented: "In spite of the slowdown in US capital equipment purchases and the similar trends in Japan, we have experienced some improvement in sales bookings. In this quarter, Scitex managed to continue improving its operating income as compared to the previous quarter, in spite of a slightly lower revenues level. However, our detailed results show mixed performance, with Scitex Vision demonstrating in this quarter strong revenue, margins and profitability performance while Scitex Digital Printing's results suffered due to a slippage of a few transactions into the fourth quarter. Consequently, SDP reported a weak revenue quarter affecting its profitability as well. As for the coming quarters, visibility continues to be limited and markets are expected to remain tough. We are nevertheless optimistic that SDP's revenues will pick-up with at least an additional \$10 million in revenues in the fourth quarter compared to this quarter, resulting in their revenues for the second half of 2002 being higher than those for the first half of the year."

Mr Agassi concluded: "In line with our focus and commitment to the Digital Printing market we have recently announced the planned merger between Scitex Vision and Aprion Digital, which we believe will substantially strengthen the market position of both entities. We have committed as well, to make a further investment in Jemtex and support their continued development. We believe these moves will further enhance our position as the leading provider of industrial inkjet solutions".

Scitex's Subsidiaries

Scitex Digital Printing, Inc. (SDP)

Revenues for the third quarter of 2002 were \$34.8 million, a decrease of 17% from \$41.8 million in the third quarter of 2001 and of 8.5% from \$38.0 million in the previous quarter. Operating income was \$0.5 million (1.3% of revenues) as compared to \$1.7 million in the third quarter of 2001 and \$1.5 million in the previous quarter (figures are before amortization of intangibles).

SDP's decline in revenues for the quarter is mainly attributed to the continued weakness and lengthy sales cycles in the US market as well as substantial softness in the Japanese market.

As part of SDP's focus on the Scitex VersaMark product line, the company announced an agreement with Electronics For Imaging (EFI), following which EFI will develop a new high speed version of its Fiery controller to drive the next generation of SDP's color technology. This relationship will allow SDP to address multiple workflows incorporating full high quality color images in the data center industry and will, in the longer term, enable SDP to offer its products to a wider range of mainstream commercial printing customers.

At the Xplor digital event for industrial document production, attended by many of SDP's target VersaMark prospects, SDP attracted substantial interest being the only company to present a high speed, low printing cost, color printing solution suitable to the needs of the transaction printing market.

Scitex Vision Ltd.

Revenues for the third quarter of 2002 were \$22.9 million, a decrease of 8% from \$24.8 million in the third quarter of 2001 but an increase of 10% from \$20.8 million in the previous quarter. Operating income was \$2.3 million (10% of revenues) as compared to \$3.1 million in the third quarter of 2001 and \$0.2 million in the previous quarter (figures are before amortization of intangibles).

Following the end of the quarter, Scitex announced a Summary of Terms agreement to merge Scitex Vision with Aprion Digital at an approximate one to one basis. Scitex holds today a 42.5% interest in Aprion and will hold more than 70% in the merged company. The merger is subject to the conclusion of due diligence, regulatory approvals and definitive agreements. It is the intent of the parties to complete the transaction by year-end. In connection with the merger, the capital structure of the merged entity will be strengthened, including by infusion of additional funds by Scitex. The merger clearly matches the customer facing strength of Scitex Vision and the stability of its ongoing business, with the new business opportunities generated by Aprion's unique product and technology assets.

At the SGIA show in St. Louis, the main marketing event for the year in the US, Scitex Vision presented its new products, the Veejet, a flatbed system for printing on rigid substrates and the Aprion developed Scitex Superjet, an advanced roll-to-roll high-end digital printer. Both products generated strong attention.

Industrial Ink Jet Companies

Aprion Digital Ltd.

Aprion develops Drop-On-Demand inkjet technologies and systems for a variety of end user digital printing applications. In the third quarter, Aprion continued to recognize revenues and make progress in the packaging market with several Shaldag systems now fully operational. Hundreds of prospective customers attended an open house event demonstrating the packaging solution organized by Aprion's distributor in Italy, Castaldini Group S.R.I..

Jemtex Ink Jet Printing Ltd.

Jemtex develops heavy-duty digital printing systems, based on its novel continuous inkjet technology. The company is specifically targeted at providing solutions to the textile printing market, as well as to the tile printing market. During the third quarter, Scitex and Jemtex concluded the terms of an additional investment which will increase Scitex's equity stake in the company. The investment will primarily support Jemtex's continued R&D efforts.

Objet Geometries Ltd.

Objet develops and manufactures inkjet printers for the creation of three-dimensional models. Objet continues to penetrate additional geographic and application markets with special progress made in the third quarter in the Far East. During the quarter, Scitex invested an additional amount of \$0.4 million in Objet and holds 17.4% of Objet's outstanding share capital.

Other Holdings

Creo Inc.

For its fourth quarter of 2002 (ended September 30, 2002), Creo reported revenues of \$138.4 million compared to revenues of \$143.2 million in the fourth quarter of 2001. Creo's net income under US GAAP for the quarter was \$0.2 million or breakeven per share (diluted). With effect from December 1, 2001, 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 which is not of a temporary nature. Accordingly, the change for the quarter in Scitex's investment in Creo was a decrease of \$31.5 million recorded to shareholders' equity due to the decrease in the market price of Creo's shares at quarter-end to \$5.01 per share (the current market price of Creo's share on NASDAQ is \$6.99). Scitex holds 12.7% in Creo's outstanding share capital.

Balance Sheet and Cash Flow

Scitex's cash and cash equivalents, on a consolidated basis, were down by \$9 million compared to the previous quarter, primarily due to reduction of bank loans of \$2 million and negative operating cash flow of \$6.4 million for the quarter. During the third quarter receivables were increased mainly due to extended payments terms, and VAT returns. Inventory remained stable.

During the quarter, an Impairment Examination Study of Scitex's Long-lived Assets, based on the requirements of FASB Nos. 142 and 144, was performed, as at June 30, 2002, by a non-related firm of leading financial consultants. This study found that no impairment of such assets exists.

Conference Call

Investors will have the opportunity to listen to a live simultaneous webcast of the analyst conference call in connection with Scitex's third quarter 2002. The call is scheduled for 10:00 a.m. EST (7:00 a.m. Pacific, 3:00 p.m. GMT, 5:00 p.m. Israel time) on November 18, 2002. You can connect online through www.scitex.com.

A replay of the conference call will be available during the following seven days at the following numbers:

US: 1 800 475-6701
Intl: 1 320 365-3844
Access code: 656085

The replay will be available until midnight on November 25, 2002.

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About Scitex Corporation Ltd.

Scitex Corporation Ltd., is a world leader in digital industrial inkjet printing solutions. Through its wholly owned 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.

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" 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, and (7) 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 COMPANY) AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(U.S. Dollars in thousands, except per share data)

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---------------------------------|---------------------------|--------------------------------|----------------------------|
| | 2002 (Unaudited) | 2001(*) (Unaudited) | 2002(**) (Unaudited) | 2001(*) (Unaudited) |
| Revenues | | | | |
| Sales | \$ 31,197 | \$ 41,483 | \$ 101,757 | \$ 126,672 |
| Service and supplies | 26,473 | 25,133 | 75,411 | 70,425 |
| Total revenues | <u>57,670</u> | <u>66,616</u> | <u>177,168</u> | <u>197,097</u> |
| Cost of revenues | | | | |
| Cost of sales | 14,948 | 19,473 | 51,997 | 59,874 |
| Cost of service and supplies | 18,669 | 19,256 | 54,307 | 51,978 |
| Total cost of revenues | <u>33,617</u> | <u>38,729</u> | <u>106,304</u> | <u>111,852</u> |
| Gross profit | <u>24,053</u> | <u>27,887</u> | <u>70,864</u> | <u>85,245</u> |
| Expenses | | | | |
| Sales and marketing | 10,432 | 11,601 | 31,788 | 35,172 |
| General & administrative | 5,610 | 6,666 | 16,552 | 18,309 |
| Research and development, net | 5,924 | 6,627 | 17,493 | 19,362 |
| Amortization of intangibles | 814 | 3,091 | 2,431 | 8,875 |
| Operating income (loss) | <u>1,273</u> | <u>(98)</u> | <u>2,600</u> | <u>3,527</u> |
| Financial expense - net | (395) | (588) | (1,508) | (1,837) |
| Writedown of equity investment | | | | (149,704) |
| Other expense - net | (465) | (563) | (827) | (6,537) |
| Income (loss) before taxes on income | <u>413</u> | <u>(1,249)</u> | <u>265</u> | <u>(154,551)</u> |
| Taxes on income | 227 | 1,112 | 1,199 | 2,454 |
| Loss after taxes on income | <u>186</u> | <u>(2,361)</u> | <u>(934)</u> | <u>(157,005)</u> |
| Share in losses of equity investments | (952) | (39,049) | (3,070) | (59,413) |
| Net income (loss) | <u><u>(\$ 766)</u></u> | <u><u>(\$ 41,410)</u></u> | <u><u>(\$ 4,004)</u></u> | <u><u>(\$ 216,418)</u></u> |
| Loss per share - basic and diluted: | <u><u>(\$ 0.02)</u></u> | <u><u>(\$ 0.96)</u></u> | <u><u>(\$ 0.09)</u></u> | <u><u>(\$ 5.03)</u></u> |
| Weighted average number of shares outstanding (in thousands) - basic | <u>43,018</u> | <u>43,018</u> | <u>43,018</u> | <u>43,018</u> |
| - diluted | <u>43,018</u> | <u>43,018</u> | <u>43,018</u> | <u>43,018</u> |

(*) In January 2002, the Company changed its method of accounting for an investment from cost to equity, as required by generally accepted accounting principles. The prior year financial statements reflect the retroactive adoption of the equity method.

(**) An amount of \$50 was reclassified between sales revenues and service and supplies revenues.

CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in thousands)

| | September 30 2002 (Unaudited) | December 31 2001 (*) (Audited) |
|--|--|--------------------------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 30,956 | \$ 61,592 |
| Short-term investments | 2,550 | 2,517 |
| Restricted deposit | <u>20,103</u> | |
| Total cash and short-term investments | 53,609 | 64,109 |
| Trade receivables - net | 81,914 | 76,783 |
| Other receivables | 14,057 | 7,262 |
| Inventories | 49,824 | 52,911 |
| Deferred income taxes | <u>20,754</u> | <u>20,765</u> |
| | 220,158 | 221,830 |
| Investments and other non-current assets | 48,998 | 99,044 |
| Property and equipment - net | 37,194 | 41,654 |
| Goodwill and other intangible assets - net | <u>35,675</u> | <u>35,262</u> |
| | <u>\$ 342,025</u> | <u>\$ 397,790</u> |
| <u>Liabilities and Shareholders' Equity</u> | | |
| Current liabilities: | | |
| Short term debt and current maturities | \$ 35,404 | \$ 33,649 |
| Current maturity of Creo note | 18,287 | |
| Trade payables | 16,607 | 18,668 |
| Accrued and other liabilities | <u>50,905</u> | <u>55,804</u> |
| | 121,203 | 108,121 |
| Long-term liabilities: | | |
| Banks | 6,268 | 4,500 |
| Creo note | | 17,579 |
| Deferred income taxes | 4,835 | 4,835 |
| Other | <u>2,964</u> | <u>2,593</u> |
| | 14,067 | 29,507 |
| Shareholders' equity: | | |
| Share capital | 6,205 | 6,205 |
| Capital surplus | 364,619 | 364,619 |
| Accumulated other comprehensive income (loss) | (41,649) | 7,754 |
| Accumulated deficit | (118,213) | (114,209) |
| Treasury stock at cost | <u>(4,207)</u> | <u>(4,207)</u> |
| | 206,755 | 260,162 |
| | <u>\$ 342,025</u> | <u>\$ 397,790</u> |

(*) In January 2002, the Company changed its method of accounting for an investment from cost to equity, as required by generally accepted accounting principles. The prior year financial statements reflect the retroactive adoption of the equity method.

Scitex Digital Printing, Inc.

US Dollar in Thousands

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|--|---------------------------|---|---------------------------|
| | 2002 Unaudited | 2001 Unaudited | 2002 Unaudited | 2001 Unaudited |
| Revenues | | | | |
| Equipment | 16,864 | 25,433 | 60,845 | 79,047 |
| Service and Consumables | <u>17,932</u> | <u>16,354</u> | <u>51,517</u> | <u>46,514</u> |
| Total Revenues | <u>34,796</u> | <u>41,787</u> | <u>112,362</u> | <u>125,561</u> |
| Gross Profit | 12,800 | 15,466 | 40,755 | 49,043 |
| Expenses: | | | | |
| S,G&A | 8,245 | 8,911 | 23,450 | 25,814 |
| Research and Development | 4,093 | 4,898 | 12,512 | 14,516 |
| Operating Income before Amortization of Intangibles | 462 | 1,657 | 4,793 | 8,713 |
| Amortization of Intangibles | <u>73</u> | <u>882</u> | <u>220</u> | <u>2,646</u> |
| Operating Income | <u>389</u> | <u>775</u> | <u>4,573</u> | <u>6,067</u> |

Scitex Vision Ltd.

US Dollar in Thousands

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|--|--------------------------|---|--------------------------|
| | 2002 Unaudited | 2001 Unaudited | 2002 Unaudited | 2001 Unaudited |
| Revenues | | | | |
| Equipment | 14,333 | 16,050 | 40,911 | 47,625 |
| Service and Consumables | <u>8,541</u> | <u>8,779</u> | <u>23,895</u> | <u>23,911</u> |
| Total Revenues | <u>22,874</u> | <u>24,829</u> | <u>64,806</u> | <u>71,536</u> |
| Gross Profit | 11,253 | 12,420 | 30,109 | 36,201 |
| Expenses: | | | | |
| S,G&A | 7,123 | 7,696 | 22,460 | 23,014 |
| Research and Development | 1,831 | 1,671 | 4,954 | 4,683 |
| Operating Income before Amortization of Intangibles | 2,300 | 3,053 | 2,695 | 8,504 |
| Amortization of Intangibles | <u>741</u> | <u>2,208</u> | <u>2,212</u> | <u>6,229</u> |
| Operating (Loss) Income | <u>1,559</u> | <u>845</u> | <u>483</u> | <u>2,275</u> |

Investments at September 30, 2002

US Dollars in Thousands

| Company | Total Investment | Holding at September 30, 2002 |
|-----------------------|-----------------------------|--|
| Creo Inc. | 196,915 | 12.7% |
| Aprion Digital Ltd. | 3,238 | 42.5% |
| Jemtex Ink Jet Ltd. | 5,400 | 36.6% |
| Objet Geometries Ltd. | 8,667 | 17.4% |
| RealTimeImage Ltd. | 5,300 | 14.9% |
| InfoBit Ltd. | 1,000 | 21.3% |
| XMPie Inc. | 500 | 19.4% |
| Dor Capital Ventures | 2,400 | |