



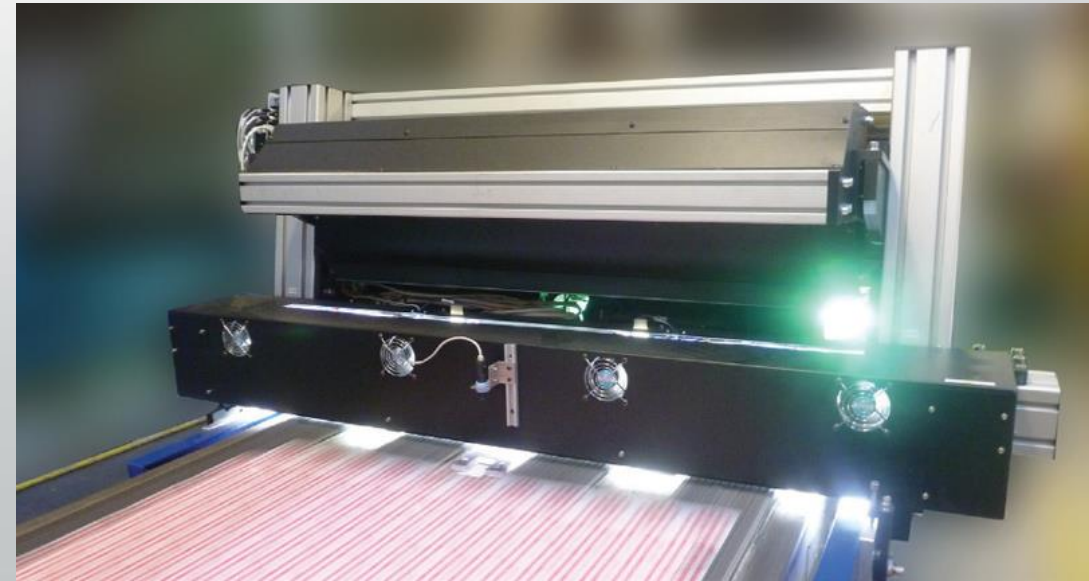
When Plans Meet Reality

Or, When Reality Ignores the plan...

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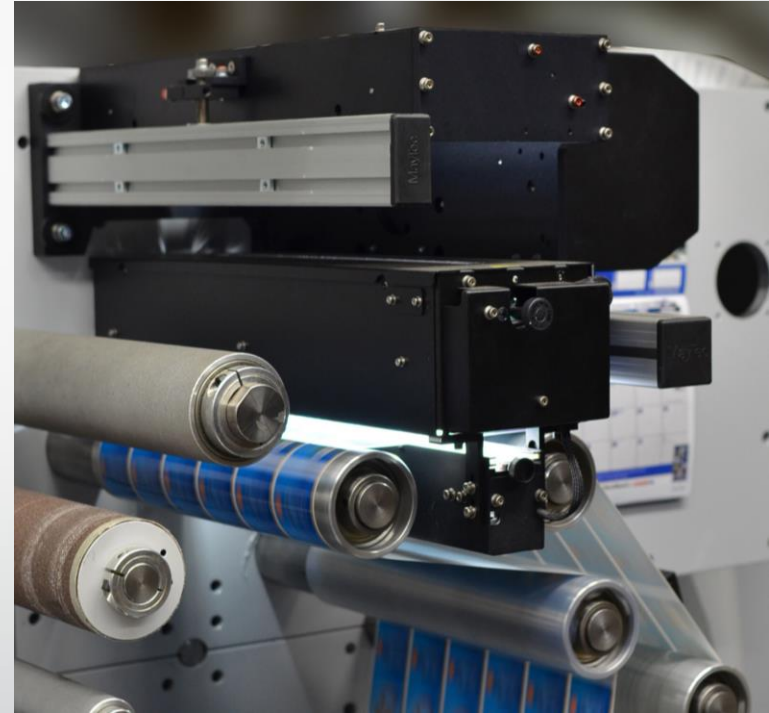
Advanced Vision Technology (AVT)

- Based in Israel
- Market leader in Automatic Print Process & Quality Control solutions
- Serving the Packaging, Labels, and Commercial print markets
- European, US and Asian subsidiaries
- Public company in the Deutsche-Bourse



AVT Company Evolution

- Established 1992
- Developed AOI technology for package printing
- Restructured in 1997
 - Founders ousted by VC funds
- Went Public in February 28th, 2000
- Acquired Geiger Vision Systems (GVS) in 2003
- VCs sold holdings in 2004
- Acquired Graphic Microsystems (GMI) in October 1st, 2007



GMI in 2007

- US based company, fully owned by DOVER
- Market leader in spectrophotometer color monitor and ink control solutions
- Serving commercial, newspaper, and specialty print markets
- Offices in Rockwall, TX and Sunnyvale, CA
- European subsidiary, and R&D center in India





AVT in 2007, Towards GMI Acquisition

- Market leader in AOI solutions for the Packaging & Labels print markets
- Labels market entrance enabled by GVS acquisition in 2003
- Organic growth rate slows to 20%
- Strong financials
 - 20% EBIT
 - \$50 million cash on-hand
- In search for new growth engines, organic and inorganic

Why Acquire GMI ?

- Expand AOI market reach to new print segments
- Cross selling opportunities
 - GMI strong presence in commercial & specialties print markets
 - A target market for AVT AOI solutions
 - GMI unique in-line spectrophotometer technology
 - Expand AVT's offering to core markets
- Attractive operational synergies
 - Sales & Marketing
 - CAPEX products, with similar support profile
- Larger platform with diversified technologies, enabling faster growth

AVT & GMI @ 2007

		
Revenues	\$30 M	\$30 M
Employees	135	175
Distribution subsidiaries	US, Europe, China	US, Europe
R&D centers	Israel	Rockwall, Sunnyvale, Bangalore
Markets addressed	Packaging, Labels	Comm., NP, Special
System price	\$70 - 200K	\$50 - 250K
Average deal size	\$150K	\$300K
Number of customers	1,000	5,000

Before Closing – Integration Planning

- Established an integration team two months before closing
 - Assigned AVT VP Marketing as team leader
 - Included most management team members
 - Contracted an M&A consultant to support the process
- Created a long term vision of the merged company
 - With detailed plans and timeline
 - Sharpened potential merger business upside

Integration Process Kickoff

- First joint integration meeting held October 2007, immediately after closing
 - Held at GMI HQ in Rockwall, TX
 - Group split to task-oriented teams to set detailed plan
 - Process established
- AVT integration team leader relocated to Dallas
- Second integration meeting held December 2007
 - Held in AVT HQ in Hod-Hasharon
 - Finalized plans created by the teams
 - 2008 OP concluded
- DRUPA 2008 set as short-term focus, and as a quick-win opportunity

"Together We Make the Difference"



2008 – A Year of High & Low

- Business developed as planned during first half of 2008
- DRUPA @ May 2008 was a showcase of the merged company
 - Unified company, with coherent message
 - Strong offering for all addressed markets
 - One team working in harmony
- Business took a sharp downturn in summer 2008
 - First quarter OB: \$17.4 million
 - Fourth quarter: \$5.8 million
 - Profits turned to deep losses
- Felt like the floor is dropping below my feet...

Integration Status @ summer 2008

- Cross selling activities on-going
- New products R&D in process
 - New project teams created
- Unified sales, marketing & support organizations planed for mid-2009
- Sunnyvale R&D center consolidation into Rockwall planed for end of 2009
 - A process of knowhow transfer established

Old Plans Trashed, New Plans Set

- September 2008 – AVT releases earning warning
 - 2008 revenues will be \$60 million, down from \$70 million
 - Q3/2008 financials slips into the red
- December 2008 – 2009 work plans & budget approved
- February 2009 – a new 2009 budget is set
 - Accelerating the integration process
 - Scaling down overall operations

2009 – Integration Under Pressure

- Revenues were \$37 million, down from \$60 million in 2008
- Unified sales, marketing and support organization by March
 - Marginal H/C reduction
- Closed Sunnyvale R&D center on July
 - Only one engineer agreed to relocate to Dallas
- Closed Bangalore R&D center on November
 - Five engineers relocated to Dallas

Major Concerns

- Customers attention
 - Field organization and management team
- Employee motivation
 - Key personnel attention, and constant communication
- Financials resources
 - Attention to cash burn-rate / breakeven point
- Recession accelerated market shifts
 - Strategy realignment

Epilog

- Integration completed in 2009
- Company scaled down to 200 employees
- Returned to profitability and growth in 2010
- New strategy to address prevailing market structure
- Today AVT is successful company

Lessons Learned

- Detailed integration plan is key
 - ... and it will most probably change in the process more than once
- Plan for FAST integration
 - ... and be prepared to accelerate
- Use external events to support integration process
 - DRUPA, recession
- Quick-wins on the road to a long-term target
- Communicate, communicate, communicate
 - There is no “too much” communication while integrating



Thank You

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