

# Fairness Opinion

Assessment of the financial adequacy of the offer by **X-Rite Inc., Grandville, Michigan/USA** for the attention of the Board of Directors of **Amazys Holding AG, Regensdorf/Switzerland**

**This is a translation of the original German document and for convenience purposes only. Only the German version may prevail. *The Swiss Takeover Board considers the original German version of the Fairness Opinion and the French and English translations as being equivalent.***



**SARASIN**

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Zurich, January 30<sup>th</sup>, 2006 / *Takeover Board Version*

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**Note**

*The present Fairness Opinion, dated January 30<sup>th</sup>, 2006 / Takeover Board Version, is a subsequent version of the original version of the Fairness Opinion, likewise dated January 30<sup>th</sup>, 2006, amended at the request of the Takeover Board. All changes are italicized.*

*The basis upon which the Board of Directors of Amazys Holding AG, Regensdorf/Switzerland made its decision prior to the publication of the pre-announcement on January 31, 2006 was the original Fairness Opinion.*



# 1. Introduction

## 1.1. Starting Point

Amazys Holding AG, Regensburg, ("Amazys") is a listed company with a stock-market capitalization of approximately CHF 255 million as of January 26<sup>th</sup>, 2006. Amazys stems from the 1997 merger between the Color Control Systems Division of Gretag AG and Macbeth, which created the Gretag Macbeth Holding AG. This holding company was renamed Amazys Holding AG in 2001. Amazys and its GretagMacbeth subsidiaries are leading manufacturers and suppliers of innovative color measuring and color management systems.

According to information provided by Amazys, X-Rite Inc., Grandville, Michigan/USA ("X-Rite"), intends to launch a public tender offer for all publicly traded Amazys registered shares, each having a par value of CHF 2.4. The offer price given at the time of the pre-announcement, to be paid in the form of a cash payment of CHF 77.- per Amazys share and in the form of X-Rite shares with an equivalent value of CHF 29.50, is said to correspond to a total sum of CHF 106.50 when the public tender offer is announced. The relevant value of X-Rite shares is based on *the average closing price of X-Rite shares on NASDAQ during the 10 consecutive trading days up to and including the second trading day immediately preceding the pre-announcement of the Tender Offer*. The Board of Directors of Amazys considers the offer by X-Rite a friendly offer.

X-Rite is listed on NASDAQ and is a direct competitor of Amazys. X-Rite's stock-market capitalization amounted to approximately USD 233 million as of January 26<sup>th</sup>, 2006. There are plans to have X-Rite shares traded on the SWX Swiss Exchange in the future through a secondary listing.

## 1.2. Mandate of the Board of Directors of Amazys to Bank Sarasin & Co. Ltd

The Board of Directors of Amazys has mandated Bank Sarasin & Co. Ltd, Zurich ("Sarasin") to provide a fairness opinion assessing the financial adequacy of X-Rite's proposed offer price of a total of CHF 106.50 per Amazys registered share, of which CHF 77.0 is to be paid in cash and the equivalent of CHF 29.50 in the form of X-Rite shares. The total value of the offer price based on the cash and share components will change after the public announcement owing to the change in X-Rite's share price and the US\$/CHF exchange rate.

This fairness opinion is solely intended for the Board of Directors of Amazys for use in preparing the report of the Board of Directors in compliance with the Ordinance of the Takeover Board on Public Takeover Offers. The Board of Directors of Amazys intends to publish its report on the same date the offer prospectus is published.

**The fairness opinion by Sarasin does not constitute a recommendation for the public shareholders of Amazys to accept or to reject the tender offer made by X-Rite. Sarasin's fairness opinion is also not in any way addressed to X-Rite or its shareholders nor is it intended for use in assessing the transaction from the standpoint of X-Rite or its shareholders.**



This fairness opinion is based on our assessment of information that we assumed to be accurate and complete and upon which we relied without having it audited or confirmed by third parties. We assumed that the details, information and data we were provided with had been properly compiled and prepared. *As explained in greater detail in section 5.2., Plausibility and Consistency of the Financial Forecasts, the most important factors influencing the enterprise value ("value drivers") were assessed by Sarasin with respect to their plausibility and consistency.* This fairness opinion by Sarasin is solely intended as a basis for assessment for use by the Board of Directors of Amazys and with regard to the preparation of the report of the Board of Directors pursuant to the Stock Exchange Act. With the exception of the publication in connection with the report of the Board of Directors of Amazys, this fairness opinion is not to be used for any other purpose without the permission of Sarasin.



## 2. Assessment Basis

Sarasin made use of the following information for its assessment:

- Draft of X-Rite's pre-announcement concerning the public tender offer to Amazys shareholders dated January 24<sup>th</sup>, 2006
- Public information on Amazys that we consider to be relevant for the valuation and the assessment of the fairness of the tender offer. This includes in particular the annual reports (2002, 2003 and 2004) and interim reports as of June 30, 2004 and 2005 (unaudited)
- Amazys' business plan for 2006-2009 (incl. potential acquisitions), expected financial results 2005, 2006 budget, adjusted business plan for 2006-2009 (excl. acquisitions)
- Amazys' strategy plan, prepared in the summer of 2005
- Discussions with the CEO and CFO of Amazys focusing on the company's financial and earnings situation, business prospects, and value drivers, the assumptions made in the business plan, and the market and competitive environment
- Capital market data and financial data on selected listed companies (peer group)
- Analyses of the historical prices and trading volumes of Amazys and X-Rite shares
- Multiples of other acquisition transactions
- Control premiums paid in the past for listed industrial companies in Switzerland
- Current and historical financial market analyses to derive parameters of relevance to the valuation

This fairness opinion by Sarasin is based on current market, corporate and financial conditions and takes into account the capital market environment as well as other factors which existed or were anticipated at the time of assessment and that could be evaluated.

As explained in section 5.1., Sarasin did not undertake a valuation of X-Rite. Sarasin did not tour any production sites and facilities belonging to Amazys. Sarasin did not estimate or value the assets and liabilities of Amazys nor did it have any such calculations performed by third parties.

In preparing this fairness opinion, Sarasin assumed that the financial information and other data on Amazys were accurate and complete and it relied on said information without accepting any responsibility for the independent verification of such information.

In addition, Sarasin has relied on the assurance given by Amazys management to the effect that the latter is not aware of any facts or circumstances that would render the given information incomplete, inaccurate or misleading.



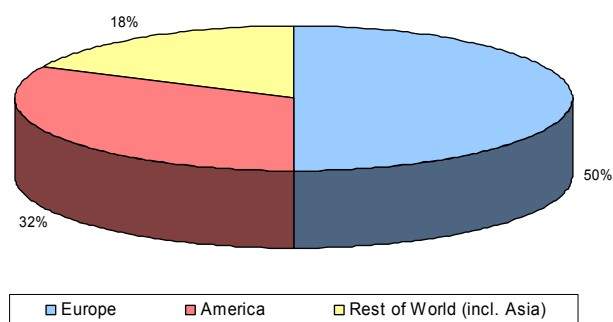
### 3. An Overview of Amazys

#### 3.1. The Amazys Group

Amazys is a manufacturer and supplier of innovative color measuring and color management systems. It reported consolidated net sales of CHF 131.6 million in 2004 (CHF 69.8 million in the first half of 2005), EBITA of CHF 19.4 million (CHF 10.5 million in H1 2005), EBIT of CHF 18.0 million (CHF 10.5 million in H1 2005) and a net profit of CHF 15.8 million (CHF 8.8 million in H1 2005). Its hardware and software solutions enable companies large and small to consistently communicate and control color across different industries, processes, locations and devices.

Amazys employs approximately 400 people worldwide. Its distribution channels span more than 50 countries and it has sales offices in the US, Germany, the UK, France, Italy, Hong Kong, China and Japan.

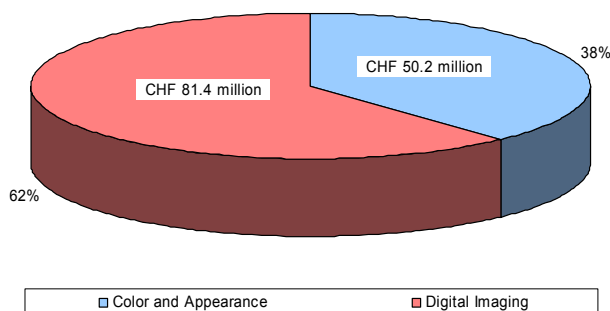
Below is a geographic breakdown of its 2004 sales:



#### 3.2. Business Units and Market Overview

##### Business Units

Amazys has two Business Units; their contribution to 2004 sales is depicted in the chart below:



## **Digital Imaging Business Unit (DI)**

Digital Imaging helps companies, professionals and consumers achieve precise color reproduction of images across a wide range of devices and workflows. DI's product range includes solutions for designers, photographers, graphic artists and printers and manufacturers themselves often integrate GretagMacbeth technology into products such as flat panel displays, digital printing systems and conventional printing presses.

The DI unit offers solutions for printed advertisements and brochures, websites, multimedia presentations and conventional as well as digital photography and concentrates on meeting the needs of the designers, photographers, prepress specialists, printers and photo processing labs that create these images. Digital Imaging also does business with the manufacturers of hardware and software products that actually produce images, for example, the manufacturers of digital cameras, large-format printers, flat panel displays or digital projectors.

The results of the Professional Services (PS) activity are included in the DI business unit. Professional Services provides training, hotline and online support and consulting services to major manufacturers of color technology products and users of color management solutions.

## **Color & Appearance Business Unit (CA)**

The Color & Appearance business unit is specialized in addressing color management problems in a wide range of industries where the color of end products plays a critical role. Amazys products and solutions help users in industries as diverse as paints, plastics, textiles, paper and automobiles to achieve color consistency throughout the entire value chain, from design and specification to final production. Color & Appearance includes bench-top and laboratory equipment, online and portable spectrophotometers as well as software for quality control and color formulation. Furthermore, its web-based solutions reduce the need for exchanging physical samples thanks to the digital color communication.

## **Market Overview**

There are no generally accepted market studies for this industry that have been prepared by third parties. Amazys estimates its total addressable market is approximately CHF 700-800 million. The market is highly fragmented and very price-sensitive. Intense competitive pressure among the market players led to a downward pricing trend in past years. It is expected that this pricing pressure will persist in the future. The market is generally exposed to rapid technological change, making continuous innovation an imperative for color management suppliers.

Opportunities for Amazys lie in its ability to increase its market share in less professional markets and in its home market by leveraging its position in the professional market, where color management is critical, and in entering new markets. Particularly important areas of growth are digital photography/photo processing, home entertainment and embedded applications.

Amazys' major competitors are X-Rite (number one in terms of revenues, with the pole position in the US) and Datacolor, a subsidiary of the Eichhof Group (number 3 in terms of revenues). Amazys is number two sales-wise but claims market leadership in Europe. Amazys says it ranks number 2 in the US, behind X-Rite. As for the Asian market, Amazys





believes that none of the three aforementioned companies has established a clear leadership position there. The market position of these three companies varies depending on the product segment. Datacolor, for example, is relatively strong in the textile segment, X-Rite in the automobile industry and Amazys in the pre-press segment.



## 4. An Overview of X-Rite

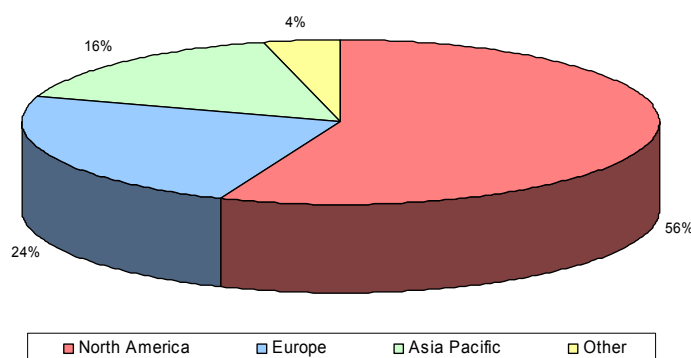
### 4.1. The X-Rite Group

X-Rite went public in April 1986 through an IPO. It is a company focused on color measuring and color management solutions with a workforce of more than 650 serving customers in more than 80 countries.

In 2004 X-Rite generated net sales of USD 126.2 million (USD 89.0 million in the first 9 months of 2005), operating income of USD 15.8 million (USD 5.4 million in the first 9 months of 2005) and net income of USD 12.4 million (USD 3.6 million in 9M 2005).

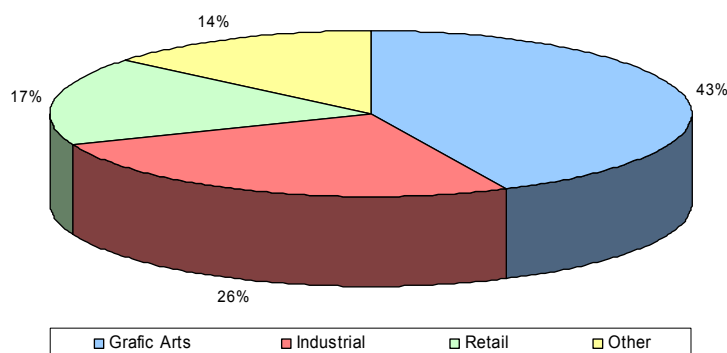
X-Rite offers hardware, software, and support solutions that ensure color accuracy and data communication when color output is critical to business. X-Rite's customers are active in graphic arts, printing, packaging, digital and on-demand printing, manufacturing and retail color matching.

Below is a geographic breakdown of its 2004 sales:



### 4.2. Product Overview

A breakdown of 2004 sales by product line is given in the chart below:



The **Graphic Arts** product lines provide solutions for the printing, prepress, photography and graphic design segments. The photography segment, among others, is viewed as a market with high growth potential, driven to a large extent by the migration from analog to digital photography.

The **Industrial** products group provides color measurement solutions for the automotive, printing inks, textile, paints and plastics segments. It is assumed that this market will grow roughly in line with the respective gross domestic product.

The **Retail** products group produces paint matching systems and home décor color systems as well as color applications. Market growth opportunities in this segment are generally considered to be good.

The **Other** product lines comprise products for measuring light and color and for use in the medical and dental industries. This area is projected to have low to average growth potential.

According to X-Rite's presentation for investors dated August 1, 2005, X-Rite has a 13-17 % share of its total served market. X-Rite bases its estimate on a higher total market volume than Amazys, however.



## 5. Valuation Analyses

### 5.1. Scope of Valuation

#### Stand-alone / Synergies

The valuation conducted by Sarasin pertains solely to Amazys as a target company. Amazys is evaluated on a stand-alone basis, i.e., the valuation is based upon the autonomous development of the business in the future. Business development prospects arising from the intended takeover of Amazys by X-Rite were not taken into consideration.

Taking over Amazys can allow an acquiring company to exploit synergy potential in various areas. Industrial buyers will attach prime importance to synergies on the technology side, in research and development and with regard to market access. An acquiring company might also be able to benefit from cost synergies.

The stand-alone valuation of Amazys based on the DCF method does not take this synergy potential into account because it cannot be realized by Amazys on a stand-alone basis.

That said, comparisons can be made with the prices paid in other transactions based on the comparable transactions analysis (section 5.6.) and the premium analysis (section 5.7.). This data can give an indication of the consideration the shareholders of the target company received for the future synergy potential.

#### Assessment of the Share Component of the Tender Offer

A business valuation of the acquirer, X-Rite, was not performed for the following reasons:

- As given in the starting situation, close to three-quarters (72 %) of the purchase price at the time of the announcement will consist of a cash payment, which is not subject to any fluctuation in value.
- The remaining one-quarter (28 %) of the purchase price will be paid in shares of the acquiring company, X-Rite. The number of shares offered will be determined according to the average market price (average price) of X-Rite shares during a certain period immediately prior to the announcement of X-Rite's tender offer. The effect of fluctuations in X-Rite's share price and exchange-rate movements on the value of the tender offer will be limited since the share component of the tender offer only corresponds to approximately one-quarter of the purchase price (see also section 6).

The historical price and volume trends for X-Rite shares are depicted in Appendix 8.6. The following observations can be made:

- **Liquidity / Free float:** There was no significant increase in the trading volumes of X-Rite shares during the preceding 6 months. Average daily trading turnover during the preceding 6 months<sup>1</sup> amounted to approximately US\$ 0.76 million, which corre-

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<sup>1</sup> The observation period of 6 months was selected because during this period there was more intensive contact between X-Rite and Amazys and ultimately the present transaction was negotiated

sponds on a daily basis to about 0.33 % of X-Rite's current stock-market capitalization. *Sarasin considers the stock's liquidity to be adequate.*

X-Rite does not have any major shareholder imposing a significant constraint on the stock's free float either. According to Bloomberg, there are 7 different institutional investors who each hold between 5 % and 10 % of all outstanding shares (together approx. 46.1 %), *i.e. Sarasin concludes that the free float is at least 53.9 %.*

- **Share price movements:** X-Rite's share price has been relatively stable during the past 6 months. An important observation is that X-Rite's share price has been stable during the month of January 2006. *X-Rite's share price has performed slightly more moderately than Amazys' share price (see Appendix 6)<sup>2</sup>.* Compared to the high and low prices for the past 5 years, X-Rite's current share price is slightly above the average price.

Taking into consideration the stock's liquidity, free float, and historical price movements, we conclude that X-Rite's share price does reflect the intrinsic value of the shares. A valuation of the share component of the tender offer based on the share price of X-Rite seems therefore justified.

## Organic Growth

Amazys' business plan foresees not only organic growth but also external growth, *i.e.* growth generated through acquisitions. This business plan was revised for the purpose of this valuation by omitting the acquisition-led growth ("adjusted business plan"). The elimination of the acquisition-driven effects is necessary in Sarasin's opinion because, from today's viewpoint, an evaluation of the operating and financial ramifications of potential acquisitions lacks the requisite substance and is subject to excessive uncertainty (for example uncertainty with regard to acquisition date and target, feasibility, purchase price, integration costs and resulting effects on business growth and cost structure).

Amazys' business plan foresees, in addition to the active defense and exploitation of the business potential in the company's core markets, the generation of additional growth through the systematic development of new markets via new products and solutions. New products and applications enable Amazys to address existing markets which had previously been inaccessible to the company due to the lack of appropriate products and applications and the launch of new products and applications in itself can create new markets (e.g. digital image processing).

## Control Premiums

In the context of takeover bids buyers typically pay a premium over the market price in order to acquire the shares of the target company. From the buyer's point of view these premiums can be justified, among other things, by synergy potential, opportunity risks, financing structures or the difference between a target company's (lower) stock market valuation and its intrinsic value. However, there is usually a limit on how high the premium can go because

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<sup>2</sup> Performance of Amazys and X-Rite shares, compared over the preceding 6 months

ultimately the acquiring company's shareholders will expect a takeover transaction to create added value and they will also have to shoulder the risks of any takeovers.

It is quite difficult to quantify the justifiable premium because premiums will always vary depending on the specific circumstances of each transaction. The analyses in sections 5.6. and 5.7. highlight the multiples that buyers have paid in comparable transactions and the premiums to market prices that were offered to acquire listed industrial companies in the Swiss market in recent years.

## **Valuation Date and Subsequent Events**

January 1, 2006 was fixed as the valuation date. The management of Amazys assured Sarasin that no events have occurred since the valuation date that would have a material impact on the valuation.

## **5.2. Financial Forecasts Applied**

The value of a company is determined by the economic benefits the company can realize in the future based on the company-specific factors of success present at the time of valuation – which includes its tangible assets, innovation skills, products, market position, internal organization and its workforce and management team. Under the assumption that a company's objectives are ultimately purely financial in nature, the value of a company is derived from its capacity to generate a financial surplus for the company's shareholders through the interaction of all the factors influencing its earnings power. In order to calculate the future financial surpluses, Sarasin has referred to Amazys' historical data, interim results for 2005, projected results for 2005 as a whole, the 2006 budget and the adjusted business plan for 2006 – 2009 as its starting point for the valuation.

## **Planning Period and Residual Value**

The valuation model developed by Sarasin is based on the projected results for 2005, the budget for 2006 and the adjusted business plan for 2006 – 2009 (together referred to as "financial forecasts"). Results for 2010, the final year of detailed projections, are normalized, i.e. a transition to long-term sustainable growth, profitability and investment levels (in particular sales & marketing costs and research and development expenditure) is assumed. In the years 2006 to 2009 the company's business plan envisages a rate of growth in excess of the organic growth rate of the core markets, driven in part by the penetration or creation of new markets via new products and applications. Against this background, the assumption of a normalization of the business performance in the final year of the detailed projections is of significance. This normalization is underpinned by comparison with the company's historical growth and profitability figures.

The financial surplus for the year 2010, which, as stated above, was normalized with regard to growth, profitability and capital expenditure, also serves as a basis for determining the residual value using a multiple-based method. In this method, the residual value is calculated by multiplying the EBITDA generated during the final forecast year with an EBITDA exit multiple, which was derived through our analysis of comparable companies. The result of this valuation was tested for plausibility by determining the implicit terminal growth rate.



## Plausibility and Consistency of the Financial Forecasts

In the course of our valuation analyses we assessed the most important factors influencing the enterprise value ("value drivers") with respect to their plausibility and consistency. Historical figures (incl. first-half results for 2005), the projected results for 2005, the budget for 2006, and the adjusted business plan were also evaluated and discussed with company management. Besides the historical results, particular importance was attached to the assumptions, thoughts and the corporate measures already initiated as well as planned (e.g. product initiatives, marketing initiatives, R&D projects, etc.) upon which the financial forecasts were based.

Modifications to the financial forecasts were made when deemed justifiable from Sarasin's standpoint. The table that follows gives an overview of the assumptions made by Sarasin in its valuation concerning the most important value drivers.

Value Drivers	2006 – 2010
<b>Inflation</b>	<b>1.25 % p.a.</b>
<p><b>Adjusted, nominal sales growth (excluding acquisitions)</b></p> <p>Looking at historical data (1997 – 2004), Amazys achieved an average sales growth rate of 5.8 % p.a. Amazys assumes that the traditional markets in which it is currently active will expand at an average rate ranging from 2-3 % to 4-5 % depending on the particular sub-segment in the medium term. In some market segments growth will also be subject to cyclical fluctuations, as has been evident in the past. Sales growth will additionally be marked by the highly competitive environment, which erodes selling prices and imposes certain limits on potential growth achieved through market share gains in the traditional markets. Besides these traditional markets Amazys is also active in new markets with faster growth rates.</p> <p>In order to grow faster than the natural growth rate of the traditional markets, Amazys intends to further penetrate its emerging markets on the back of new products and applications or to create new markets by launching new products and applications (e.g. digital imaging; embedded applications, digital supply chain).</p> <p>Sarasin believes it is plausible that the penetration of new growth markets can lift the growth rate significantly above the organic growth rate of the traditional markets over a short to medium-term period.</p>	<p>Average sales growth: <b>8.0 % p.a.</b></p>
<p><b>Gross margin</b></p> <p>Historically (1997 – 2004), Amazys has operated with an average gross margin of 54.1 %. It managed to steadily improve the gross margin from 50.6 % in 1997 to 57.9 % in 2004.</p>	<p>Average gross margin: <b>55.5 %</b></p>



<p><b>Gross margin (continued)</b></p> <p>The gross margin is influenced on one side by manufacturing costs and on the other by sales revenues. Intense competition, which is also being waged on the pricing front, has lead to a steady decline in sales per product. In order to offset this price decline, a company must, among other things, constantly endeavor to lower its manufacturing costs.</p> <p>Amazys is convinced that the company will manage to reduce its manufacturing costs at a pace similar to the decline in selling prices. The company assumes that the development of new markets on the back of new products and applications will not have a significant impact on the gross margin.</p> <p>Sarasin assumes that the gross margin will be slightly above the historical level (i.e. 54.1 % for the period from 1997 to 2004) over the medium term yet gradually fall back towards the historical level by 2010. The assumption that the gross margin will be higher than the historical margin in the medium term is additionally upheld by the steady improvement in the gross margin achieved by the company between 1997 and 2004.</p>	
<p><b>EBITA margin</b></p> <p>Historically (1997-2004), Amazys has earned an average EBITA margin of 10.9 %. The difficult year of 2001 has a marked impact on the historical margin. Factoring out the highest and lowest full-year EBITA margins achieved during the historical period gives an adjusted average margin of 12 %. Amazys achieved an EBITA margin of 14.7 % in 2004.</p> <p>Sarasin assumes that the EBITA margin will recede somewhat from the exceptional 2004 level.</p> <p>The EBITA margin is influenced by the gross margin on the one side and by operating cost developments on the other. One can assume that the penetration of new markets will entail corresponding investment outlays, especially in the field of research and development and sales and marketing, which, in turn, will have an impact on the attainable EBITA margin.</p> <p>In addition, Sarasin assumes that Amazys is willing to “sacrifice” some of its EBITA margin in the short to medium term in order to accelerate the company’s growth and to ensure that its entry into new markets moves forward as expeditiously as possible.</p> <p>Against this setting Sarasin assumes that the EBITA margin will be close to the adjusted average during the initial part of the forecast period and then steadily improve going forward to 2009.</p>	<p>Average EBITA margin:</p> <p><b>13.9 %</b></p>





<p><b>Capital expenditure</b></p> <p>Capital expenditure at Amazys is basically of secondary importance because its “investments” primarily entail outlays for research and development and sales and marketing.</p> <p>Investment needs primarily involve obtaining the tools and machinery required to build prototypes and subsequently manufacture the products as well as obtaining the testing equipment required for quality control purposes. There is, therefore, a direct connection between the amount of such expenditure and the development and market launch of new products.</p> <p>The company assumes that its capital expenditure will increase slightly from the historical level of CHF 3 million to CHF 4 million a year to CHF 4 million to CHF 5 million a year.</p>	<p>Average capital expenditure: <b>CHF 4.5 million</b></p>
<p><b>Residual value: Exit Multiple (EBITDA) in the year 2010</b></p> <p>The growth rate in the calculation of residual value has a significant impact on the valuation outcome because the residual value is usually given a considerable weighting in DCF-based valuation methods.</p> <p>The range of EBITDA multiples applied in our valuation is based on the EBITDA multiples of comparable companies for the years 2005E and 2006E. Reference is made to section 5.5., Appendices 8.1. and 8.2. for information on the calculation of the EBITDA multiple.<sup>3</sup></p> <p>In order to take due account of the fact that Amazys has a significantly lower stock-market capitalization and smaller corporate size than the majority of its “International Selected Peers”, the EBITDA Multiples derived from the “Swiss Selected Peers” and from X-Rite served primarily as the basis for deriving the exit multiple. The multiples obtained for X-Rite, i.e. for the company most comparable with Amazys, are similar to the multiples obtained for the Swiss Selected Peers.</p>	<p>Exit Multiple: <b>9.25x – 9.75x</b></p>
<p><b>Tax rate</b></p> <p>The company assumes that its currently relatively low tax rate (13.2 % in 2004) will climb to approximately 28 % during the course of the forecast period (after making use of all deferred tax assets).</p> <p>The assumptions made by the company seem plausible to Sarasin.</p>	<p>Average tax rate: <b>26.1 %</b></p>

<sup>3</sup> The outcome of the calculation of terminal value implies a perpetual growth rate of 2.3% to 2.9%. The high EBITDA multiples compared to historical levels and the expected terminal growth rates reflect the rise in valuations during the past several months.



### 5.3. Valuation Methods Applied

Sarasin had two weeks' time to conduct its valuation work and was able to discuss the company's business strategy and financial forecasts with the CEO and CFO on several occasions. The valuation by Sarasin is based on the financial forecasts made by Amazys. The financial forecasts were, when deemed justifiable by Sarasin based on its own analyses, the perusal of the documentation it was provided with and its discussions with the company's management, adjusted and the assumptions described in section 5.2. applied for the purpose of the discounted cash flow valuation.

We consider the DCF method the most appropriate method for assessing the financial adequacy of X-Rite's tender offer. In addition, an analysis of comparable companies (COMPCO Analysis), an analysis of comparable transactions (COMPAC Analysis) and an analysis of the control premiums paid in transactions on the Swiss stock market were conducted to test the plausibility of the result of the DCF valuation.

### 5.4. Discounted Cash Flow Method

In the DCF method, the present cash value of the financial surpluses from the operationally necessary assets is calculated in a first step. Eligible tax assets were taken into consideration by using a reduced tax rate in the initial years of the financial forecast period. The free cash flows available for shareholders and creditors were used as the financial surpluses. The total present cash value of the free cash flows (incl. the residual value) corresponds to the enterprise value of the company. Interest-bearing debt less excess cash is deducted from this sum in order to ascertain the net company value, i.e. the value of the company's equity. The circumstance that the tender offer permits Amazys employees to tender employee stock options was likewise taken into account.

We used the Weighted Average Cost of Capital as the discount rate in calculating the present cash value of the financial surpluses and the Capital Asset Pricing Model in calculating the components of the cost of capital.

The following input variables were applied in determining the discount rate:

#### Risk-free Interest Rate

The risk-free interest rate is derived from the CHF interest rate for a (virtually) risk-free investment. In this context we used the long-term attainable yield of bonds issued by the Swiss government as a guide. However, because the life of these bonds is limited, an assumption has to be made with respect to interest rates at the time of reinvestment. As an approximation we referred to historical yield data.

Bonds issued by the Swiss government with 30 years to maturity were yielding 2.5 %<sup>4</sup> as of January 23, 2006, and have yielded an average of 3.7 %<sup>5</sup> over the past 5 years. Viewed over

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<sup>4</sup> Source: Datastream

<sup>5</sup> Source: Datastream

a period of several decades, however, the yield is clearly above the 4 % mark.<sup>6</sup> Taking into account present and historical yields, we consider an expected long-term interest rate of 4 % appropriate.

## Risk Premium

An entrepreneurial engagement is always associated with risks. For this reason, future financial surpluses cannot be forecast with certainty. Market participants demand risk premiums as compensation for taking on entrepreneurial risk. Since investors take on a special risk when investing in a company, a risk premium on top of the risk-free rate must be factored in. In order to establish the adequate rate for discounting future cash flows, the risk structure of the underlying company has to be taken into account when calculating the risk premium.

In the context of determining the risk premium one can rely on pricing models used in today's capital markets. The most widely used model in theory and practice is the Capital Asset Pricing Model (CAPM). It was also applied in this valuation.

The company-specific risk premium is derived by multiplying the company-specific beta factor by the market risk premium. The beta factor measures company-specific risk in relation to market risk. A beta of more than one implies that the stock value of the company in question will tend to display proportionally greater sensitivity to market movements, while a beta of less than one suggests that the value will rise or fall proportionally less than the corresponding market movements.

The market risk premium is given by the difference in the returns of stocks and risk-free investments. Capital market studies over long periods of observation have shown that investing in stocks has yielded a higher return than investments in debt securities with low risk. Taking into consideration the long-term stock market returns in Switzerland of between 8 % and 10 %<sup>7</sup> and deducting the assumed risk-free rate of 4 % we arrived at a market risk premium of about 5 %, which served as the basis for the valuation.

To derive the beta factor for Amazys we made use of the betas of comparable companies (see Appendix 8.5.). In order to render the beta factors of the comparable companies effectively comparable, betas were adjusted for the company specific leverage. The comparable companies' average unlevered (debt-free) beta is 1.13. This unlevered beta derived from the comparable companies must, in turn, be adjusted to the company-specific leverage of Amazys in order to derive the corresponding levered beta factor for Amazys. In calculating the beta for Amazys we used a target ratio of 35 % net financial debt to 65 % equity (i.e. a gearing of 0.54). Amazys currently has no interest-bearing debt. Since its cost of capital can be optimized by having a certain degree of leverage, we assume that Amazys will strive to reach the targeted leverage ratio given above in the medium to long term.

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<sup>6</sup> Source: Pictet & Cie, *The Performance of Shares and Bonds in Switzerland (1926-2004)*, January 2005

<sup>7</sup> Source: Pictet & Cie, *The Performance of Shares and Bonds in Switzerland (1926-2004)*, January 2005



## Cost of Debt Capital

We assume that Amazys, having a gearing of 0.54, will pay approximately 100 basis points over and above the risk-free interest rate. Its cost of debt capital before tax thus amounts to 5 %.

## Total Cost of Capital

Based on the information given above, the total cost of capital is calculated as follows:

(some figures rounded)	Amazys	Source:
Risk free rate	4.0%	Yield to maturity of Swiss government bonds incl. reinvestment assumption
Market risk premium	5.0%	Bloomberg; (=return on equity - risk free rate)
Unlevered beta	1.13	Peer group analysis (source: Bloomberg)
Relevered beta	<u>1.57</u>	= Unlevered Beta * (1+(1-t) * Gearing)
<b>Cost of equity</b>	11.9%	= Risk free rate + (market risk premium * relevered Beta)
Risk free rate	4.00%	Yield to maturity of Swiss government bonds incl. reinvestment assumption
Risk premium	<u>1.00%</u>	Based on projected future capital structure / market conditions (Bloomberg)
<b>Cost of debt</b>	5.00%	
Cost of debt (tax adjusted)	3.60%	= Cost of debt * (1-t)
Gearing (net debt / equity*)	0.54	Long-term projected future capital structure
Proportion of debt	35%	
Proportion of equity	65%	
Tax Rate (t)	<u>28.0%</u>	Marginal tax rate
<b>WACC (tax adjusted)</b>	<u>9.0%</u>	Weighted Average Cost of Capital (tax adjusted)

\* market value

## Special Considerations

Non-operating assets or special liabilities do not have a material impact on the result of the valuation.

In calculating the number of outstanding shares it was assumed that "in-the-money" options would be exercised upon expiry. Treasury shares were deducted.

## Result of the DCF Valuation

The DCF valuation indicated a value in the range of **CHF 89.0** to CHF **98.0** per registered share of Amazys.

Sensitivity analyses showed that aside from the assumptions used for WACC and Exit Multiple, the assumptions used for the sales growth rate, the gross margin, the EBITA margin and capital expenditure (incl. net current assets) can have a significant impact on the result of the valuation. *The result of the sensitivity analyses is set out in Appendix 7.*



## 5.5. Valuation Based on Comparable Listed Companies

### Significance of Method

This method is particularly preferred by investment and financial analysts because capital market participants usually do not have access to the detailed financial budgets and forecasts drawn up by the companies they cover. Since Sarasin was able to review the financial forecasts made by Amazys and discuss these with Amazys management, and also test them for plausibility using additional documents provided by the company, we consider the DCF valuation the most meaningful valuation method.

The comparable company valuation thus serves primarily to check the plausibility of the results of the DCF valuation method.

### Basic Method

Dividing the enterprise value (current market capitalization plus net debt, minorities) of comparable listed companies by the current financial surpluses (usually sales, EBITDA or EBITA) for the last twelve months or the expected financial surpluses for the present and coming business years produces corresponding multiples and an average can then be derived (see Appendix 8.1.). Applying these average multiples to the financial figures for Amazys (sales, EBITDA, and EBITA) delivers a valuation result with respect to each of the average multiples calculated.

The following two factors have a significant impact on the outcome of the valuation:

- the resulting multiple, and
- the financial surplus on which the multiple is applied.

The resulting multiple is ultimately dependent on the given selection of comparable companies. A meaningful multiple will be produced only if there are companies that are essentially comparable to the company whose value is being assessed.

Since it is based on the latest results (past twelve months) or the estimated results in the near term (2005 and 2006), the outcome of this method tends to reflect a short-term perspective. Realizable potential of growth and margin expansion in the medium term will usually be identified only if the comparable companies have similar growth and margin expansion potential.

### Selection of Comparable Companies for Amazys

Selecting comparable companies for Amazys proved to be extremely difficult. There are only two somewhat directly comparable companies that are active in the same or similar markets and that have similar products, namely X-Rite and Datacolor. Of these two, only X-Rite is listed on the stock exchange – Datacolor is a subsidiary of the listed Eichhof Brewery. Since the sales generated by Datacolor only correspond to about one-third of Eichhof Brewery's total sales, we do not believe it is appropriate to include Eichhof in this comparative analysis.

Amazys offers primarily industrial customers hardware and software solutions for measuring and managing color in industrial production processes, in printing applications and in the field of digital photo processing. The hardware essentially consists of sensors that can measure

color (properties) as a stand-alone product or embedded in other products (e.g. in a printing press); examples of the software are applications that ensure color accuracy from the design stage to serial production. Amazys' major customers are OEM companies, but "professional users" will be increasingly targeted in the medium term. Future sales growth is estimated to be around 8 % with an expected EBITA margin of 13 % to 14 %. Amazys has a leading position in a market distinguished by intense competitive pressure and it has a relatively small market capitalization compared to other listed companies. Cost drivers are not so much capex outlays as research and development and sales and marketing expenditure.

Against this background comparable companies were identified that adequately managed to meet the following profile:

- Manufacturer of technologically sophisticated measurement devices for color management purposes or whose customer groups are in similar areas (auto, textile, printing & graphics) and of software applications connected with these measurement devices
- On the customer side, the company products or solutions are primarily offered to OEMs and not the retail market
- Growth and profitability expectations are comparable
- Leading position in the respective market, high degree of competitive pressure
- Relatively low capex intensity
- Small to mid cap stock

Based on these criteria, the following group of comparable companies was established:

- Cyberoptics
- EFI (Electronics for Imaging)
- Hexagon
- Konica-Minolta
- Mettler-Toledo
- Thermo Electron
- X-Rite

Of these companies, only X-Rite is a comparable company in the true sense of the word. The other companies may have several key characteristics in common with Amazys but they differ in many ways as well. Besides X-Rite, we consider Cyberoptics, EFI, Mettler-Toledo and Thermo Electron as the next most comparable companies ("International Selected Peers"). Please refer to Appendix 8.2. in this regard.

In addition, a selection of Swiss industrial companies was drawn up which, although not directly comparable in terms of business activities, nevertheless provide some indications of relevance to the market valuation of Swiss industrial companies. The following companies were selected for this group:

- Belimo
- Feintool
- Georg Fischer
- Kaba
- Komax



- Saurer
- Schindler
- Sulzer

Of these companies we consider Belimo, Kaba and Komax – despite the limitations – as the most comparable companies, mainly with regard to profitability, market capitalization and growth expectations (“Swiss Selected Peers”). Please refer to Appendix 8.2. in this regard.

## **Results of the Valuation Based on Comparable Listed Companies**

The valuation based on comparable listed companies produced the following ranges:

X-Rite:	<b>CHF 76.0 to CHF 93.0</b> per registered share
Selected International Peers: (Cyberoptics, EFI, Mettler-Toledo, Thermo Electron, X-Rite)	<b>CHF 88.0 to CHF 104.0</b> per registered share <sup>8</sup>
Selected Swiss Peers: (Belimo, Kaba, Komax)	<b>CHF 79.0 to CHF 88.0</b> per registered share

All things considered, Sarasin is of the opinion that the result of the comparison with X-Rite and the Selected Swiss Peers is more meaningful than the comparison with the Selected International Peers because the majority of the latter companies are in a different league as far as market capitalization and sales volumes are concerned.

## **5.6. Valuation Based on Comparable Transactions**

### **Significance of Method**

If a strategic buyer and a seller want to agree on a price with regard to a takeover, both parties will have to consider the resulting synergy potential in their valuation calculations. In order for the bid to be accepted by the seller, the buyer can agree to share some of the synergy potential by factoring these gains into its offered takeover price, which normally results in a premium versus the market price. An analysis of comparable transactions can shed light on the multiples paid in takeover situations. It has to be pointed out, however, that it is very difficult to find comparable transactions that closed in the not too distant past. The transactions must not go back too far in time as the multiples paid can vary significantly over time – just like the market valuation.

### **Basic Method**

Dividing the enterprise value of a company paid during the course of a takeover by the financial surplus of the target company (sales, EBITDA, EBITA) produces the takeover multiple. The average multiple of the various comparable transactions is calculated, and is then multiplied by the corresponding financial surplus of the target company to receive the enterprise value of the target company.

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<sup>8</sup> In order to take due account of the fact that the comparable companies have significantly higher sales and a much larger market capitalization, a discount of 10% was factored into the multiples.





## Selection of Comparable Transactions

The most important criteria we applied when selecting the comparable transactions were:

- Transaction size: Smaller than USD 500 million and larger than USD 50 million
- Comparable industrial activity, in the field of measurement technology, sensorics and monitoring, or developers of software for these activities
- Transaction closed less than 2 years ago
- Takeover of a majority stake
- Multiples have been disclosed or can otherwise be calculated

## Results of the Valuation Based on Comparable Transactions

Appendix 8.3. lists the multiples paid in the corresponding transactions. The analysis reveals that the required data is seldom available, especially for the more meaningful EBITA or EBITDA multiple, and that the resulting ratios (especially the sales-based multiples) are scattered across a very wide range.

Sarasin's viewpoint is that the informative value of this analysis is quite limited because little meaningful input data is available and outsiders cannot determine to what extent these transactions are actually comparable with the transaction at hand.

The valuation based on comparable transactions produced a valuation result of **CHF 111.0** per registered share within a given range of **CHF 100.0** to **CHF 121.0**.

## 5.7. Analysis of Premiums Paid in the Swiss Capital Market

One can also, as an additional form of analysis, assess to what extent the premium of 39 % (if compared to the share price development of Amazys during the last 30 trading days) offered in the transaction at hand as indicated in the starting situation 39 % as of Jan. 26 2006, is comparable to the premiums paid in similar stock-market transactions.

The criteria applied in the selection of these comparable transactions are given below:

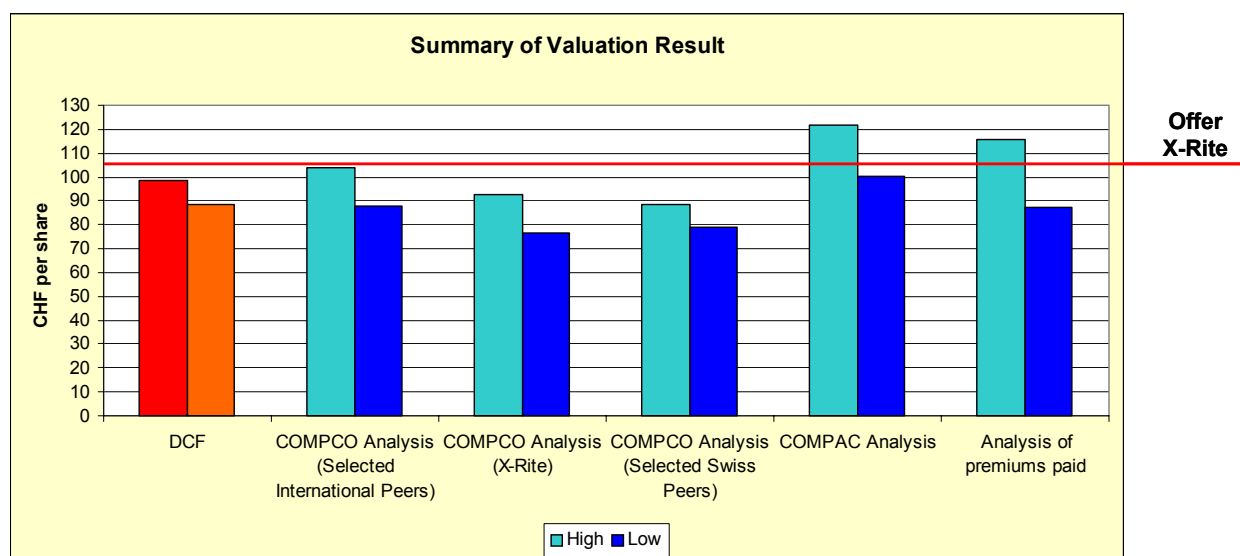
- Transaction size: Larger than CHF 40 million
- Company with industrial activities
- Transaction closed less than 2 years ago
- Target company is listed on the SWX Swiss Exchange

The specific overall setting framing a public takeover bid has a significant influence on the premium. For example, higher premiums were paid in contested takeovers with competing bidders (e.g. Leica or Saia-Burgess) compared to takeovers where there were no competing bids (e.g. Sarna). The kind of consideration offered also plays a role. The premiums paid in all-share offers are usually lower compared to predominately cash-based bids. Based on the highest and lowest paid premiums and the market prices of Amazys shares during the past 30 trading sessions (opening prices) up to January 26, 2006, we calculated a range from **CHF 87.0 to CHF 116.0** with an average price of **CHF 102.0** per registered share.





## 5.8. Summary of the Result of the Valuation



The DCF valuation produced a value in the range of **CHF 89.0** to **CHF 98.0** per registered share of Amazys.

The result of the DCF valuation has been corroborated and validated, in particular by the COMPCO analysis.

The DCF valuation on a stand-alone basis does not, by its very nature, take full account of the control premiums attainable in takeover transactions.

The COMPAC analysis and the analysis of premiums paid in comparable transactions give an idea of the average level of attainable control premiums. Any conclusions drawn from this for a specific transaction, in this case with regard to X-Rite's tender offer, are of only limited use, however, because the circumstances surrounding each specific transaction are generally quite dissimilar. Nevertheless, one can say that X-Rite's tender offer lies within the range of results produced by the various valuation analyses.

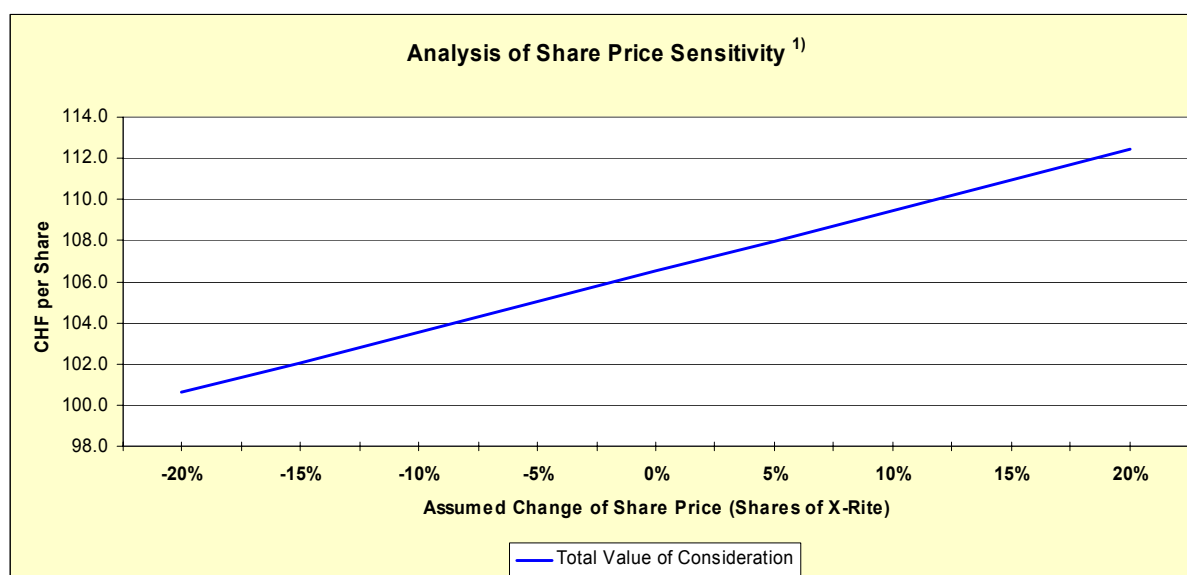
Therefore, the overall valuation of Amazys should primarily be based upon the result of the DCF valuation.



## 6. Assessment of the Consideration Offered

X-Rite is offering Amazys shareholders a total consideration of CHF 106.50 per registered share. This consideration consists of a cash component of CHF 77.0 and a share component of CHF 29.50. The number of shares offered will be determined based on the average price of X-Rite shares during a specified period prior to the transaction.

Given the high share of the cash component (72 % of the total consideration of CHF 106.50), any fluctuations in the price of X-Rite shares will have an only limited impact on the total consideration.



<sup>1)</sup> Assumption: Stable USD/CHF exchange rate

## **7. Result of the Fairness Opinion**

Based on the underlying valuation analyses and considerations in this fairness opinion we consider X-Rite's tender offer a fair offer from the viewpoint of the Board of Directors and the shareholders of Amazys. This finding is based primarily on the result of the DCF valuation. The result of the DCF analysis has been supplemented and confirmed by the additional analyses mentioned above.

Zurich, January 30<sup>th</sup>, 2006

**Bank Sarasin & Co. Ltd**

Alexander Cassani

Matthias Spiess



## 8. Appendices

### 8.1. Appendix 1: Multiples of Comparable Listed Companies

#### International Peer Group

Company	Country	Market Cap.	Sales Multiples				EBITDA Multiples				EBITA Multiples		
		(Local currency)	LTM	2005 E	2006 E		LTM	2005 E	2006 E		LTM	2005 E	2006 E
X-Rite	US	234	1.7x	1.6x	1.5x		10.0x	NA	NA		13.8x	15.2x	10.6x
EFI	US	1'214	3.1x	2.3x	1.9x		26.3x	14.2x	10.6x		37.0x	17.2x	11.0x
Thermo Electron	US	5'345	2.5x	2.2x	2.0x		19.3x	13.3x	11.7x		22.5x	16.9x	14.4x
Mettler-Toledo	US (Swiss)	2'564	1.9x	1.8x	1.7x		13.1x	12.0x	11.2x		15.1x	14.6x	13.4x
Cyberoptics	US	133	1.8x	2.4x	1.8x		7.1x	NA	NA		7.7x	32.0x	10.9x
Konica Minolta	Japan	709'240	0.8x	0.9x	0.9x		29.7x	6.4x	5.8x		20.2x	11.8x	10.3x
Hexagon	Sweden	4'214	0.8x	0.7x	0.5x		7.4x	5.3x	3.2x		9.9x	7.4x	4.1x
AVERAGE (all peers)			1.8x	1.7x	1.5x		16.1x	10.3x	8.5x		18.0x	16.4x	10.7x
AVERAGE (peer selection)			2.2x	2.1x	1.8x		15.2x	13.2x	11.2x		19.2x	19.2x	12.0x

Source: Bloomberg (I/B/E/S)

**Swiss Peer Group**

Company	Market Cap.	Sales Multiples			EBITDA Multiples			EBITA Multiples		
	(CHFm)	LTM	2005 E	2006 E	LTM	2005 E	2006 E	LTM	2005 E	2006 E
Komax	370	1.8x	1.5x	1.3x	10.6x	11.4x	9.0x	14.0x	14.9x	11.4x
Belimo	510	2.0x	1.8x	1.7x	11.5x	10.7x	9.5x	13.9x	13.1x	11.5x
Kaba	1'142	1.5x	1.4x	1.3x	9.5x	9.1x	8.6x	11.5x	11.3x	10.5x
Saurer	1'316	0.5x	0.5x	0.5x	4.0x	4.8x	4.3x	6.7x	8.7x	7.3x
Georg Fischer	1'571	0.5x	0.5x	0.5x	4.9x	4.7x	4.4x	8.5x	7.7x	6.7x
Feintool	190	0.7x	0.7x	0.6x	7.8x	6.5x	6.2x	15.4x	10.7x	10.0x
Sulzer	2'834	2.5x	2.1x	1.9x	22.2x	20.9x	16.6x	45.6x	32.8x	23.0x
Schindler	7'045	1.8x	1.8x	1.7x	20.4x	21.0x	18.5x	26.6x	24.8x	21.4x
AVERAGE (all peers)		1.4x	1.3x	1.2x	11.4x	11.1x	9.6x	17.8x	15.5x	12.7x
<b>AVERAGE (peer selection)</b>		<b>1.8x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>10.5x</b>	<b>10.4x</b>	<b>9.0x</b>	<b>13.1x</b>	<b>13.1x</b>	<b>11.2x</b>

Source: Bloomberg (I/B/E/S)

8.2. Appendix 2: Selection of „Selected Peers“<sup>9</sup>

## International Peer Group

Company	CAGR Sales 2004 - 2006 E	EBITA Margin 2005 E	EBITA Margin 2006 E	RANKING
X-Rite	7.8%	10.8%	14.0%	1
EFI	22.6%	13.3%	17.0%	2
Thermo Electron	14.1%	13.2%	14.3%	3
Mettler-Toledo	5.3%	12.5%	13.0%	3
Cyberoptics	4.2%	7.6%	16.4%	3
Konica Minolta	-3.0%	7.4%	8.7%	6
Hexagon	27.5%	9.8%	12.6%	7
<b>AMAZYS (I B E S)</b>	8.1%	16.7%	16.7%	

Source: Bloomberg (I B E S Forecast)

## Swiss Peer Group

Company	CAGR Sales 2004 - 2006 E	EBITA Margin 2005 E	EBITA Margin 2006 E	RANKING
Belimo	9.2%	14.1%	14.7%	1
Kaba	4.9%	12.4%	12.8%	2
Komax	16.0%	10.1%	11.7%	3
Georg Fischer	4.0%	6.5%	7.1%	4
Sulzer	12.3%	6.3%	8.5%	4
Schindler	1.8%	7.2%	8.0%	4
Feintool	4.9%	6.1%	6.3%	7
Saurer	-0.5%	5.7%	6.6%	8
<b>AMAZYS (I B E S)</b>	8.1%	16.7%	16.7%	

Source: Bloomberg (I B E S Forecast)

<sup>9</sup> The ranking indicates each company's position in comparison with Amazys' profitability and sales growth

### 8.3. Appendix 3: Multiples of Comparable Transactions

#### International Acquisitions

Year	Target	Acquiror	Enterprise Value (US\$m)	EV/LTM Sales	EV /LTM EBITDA
2005	Solartron Analytical	AMETEK Inc	75.8	2.8x	17.9x
2005	BEI Technologies Inc	Schneider Electric SA	531.19	1.8x	16.8x
2005	Spectro Beteiligungs GmbH	AMETEK Inc	96.9	0.8x	NA
2005	VUTEk Inc	Electronics for Imaging	281.0	2.2x	NA
2005	CORECO iMaging	DALSA Corp	57.8	2.2x	NA
2004	Novar Plc	Honeywell International Inc	1828.31	0.7x	6.8x
2004	Linx Printing Technologies PLC	DANAHER Corp	148.7	2.9x	22.2x
2004	Computer Access Technology Corp	LeCroy Corp	118.0	6.7x	NM
2004	Taylor Hobson Ltd	AMETEK Inc	93.4	2.3x	17.6x
2004	Ocean Optics Inc	HALMA PLC	50.0	2.0x	NA
2004	Spectra-Physics Inc	Newport Corp	300.0	1.5x	NA
2004	ISCO Inc	Teledyne Technologies Inc	96.0	1.4x	21.0x
2004	Kavlico Inc	Schneider Electric SA	195.0	1.2x	NA
Sources: Bloomberg, Factsheet, Company Info			<b>Mean</b>	<b>2.2x</b>	<b>17.1x</b>
			<b>Median</b>	<b>2.0x</b>	<b>17.8x</b>

## 8.4. Appendix 4: Premium Analysis

### Swiss Takeovers

Date Of An- nouncement <sup>2)</sup>	Target	Acquiror <sup>1)</sup>	Transaction Value Equity <sup>1)</sup> (in CHFm)	Cash Consideration in % of total	Minimum Ac- ceptance Level <sup>1)</sup>	Premium paid based on 1 Month Average <sup>3)</sup>	Target Industry Segment
31.01.2006	Amazys	X-Rite	365.3	72%	70%	39.6%	Electronic Measur. Instr.
01.12.2005	Berna Biotech	Crucell NV	590	0%	67.0%	18.9%	Health Care
12.09.2005	Sarna Kunstoff	Sika	399	100%	66.7%	14.4%	Bldg & Construction Prod-Misc
30.06.2005	Saia-Burgess	Gatebrook (Johnson)	696	100%	50.0%	41.3%	Electric Products - Misc.
13.06.2005	Leica Geosystems Holding AG	Hexagon AB	1463	80%	50.1%	51.7%	Electronic Measur. Instr.
11.03.2005	Büro-Fürer AG	Holding Lyreco Internationale S.A.S.	46	100%	none	34.3%	Office Supplies & Forms
2004	none						
						<b>Mean</b>	<b>33%</b>
Source: Bloomberg; Company Info						<b>Median</b>	<b>37%</b>

1) Of the successful acquiror, if competing offers were launched

2) Announcement date of first offer if competing offers were launched and successfull

3) Opening prices for the previous 30 trading days, for Amazys until January 26, 2006



## 8.5. Appendix 5: Betas of Comparable Listed Companies

Company	Beta Index	Adjusted Beta <sup>1)</sup>	Net Debt / Market Cap	Unlevering Factor <sup>2)</sup>	Unlevered Beta <sup>3)</sup>
X-Rite	SPX	1.40	-7.0%	1.05	1.47
Amazys	SMI	0.56	-13.0%	1.10	0.62
Konica Minolta	TPX	1.21	26.1%	0.85	1.03
Electronics for Imaging Inc	SPX	1.13	-34.1%	1.30	1.47
Cyberoptics Corp	SPX	1.53	-23.7%	1.19	1.82
Thermo Electron Corp	SPX	1.18	0.8%	0.99	1.17
Mettler-Toledo Int.	SPX	0.98	59.6%	0.70	0.68
Hexagon	OMX	0.84	5.4%	0.96	0.81
<b>MEAN</b>					<b>1.13</b>

<sup>1)</sup> Source: Bloomberg, weekly data since Jan. 23, 2004; performance compared with respective local index

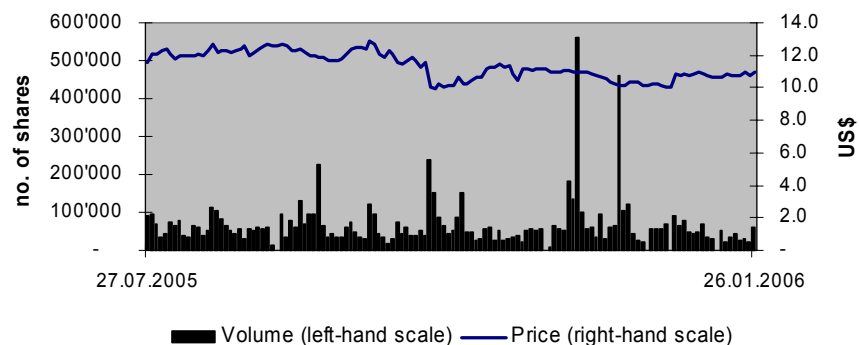
<sup>2)</sup> Unlevering Factor =  $1 / (1 + (1 - \text{tax rate}) * (\text{net debt}/\text{equity}))$

<sup>3)</sup> Unlevered Beta = Adjusted Beta \* Unlevering Factor

## 8.6. Appendix 6: Analysis of X-Rite's Share Price and Trading Volumes

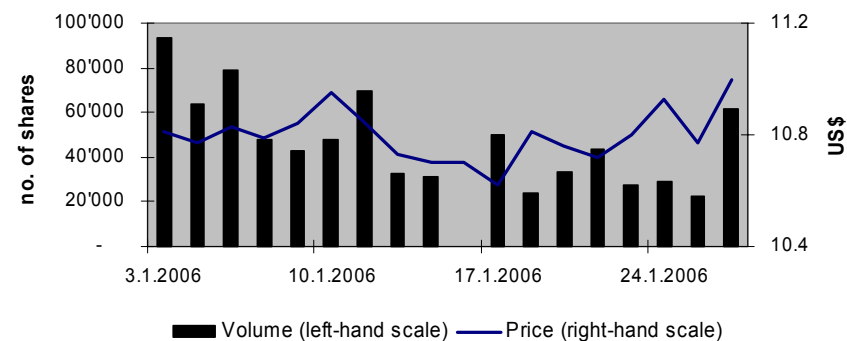
**Development of price and volume X-Rite shares**

(6 months)



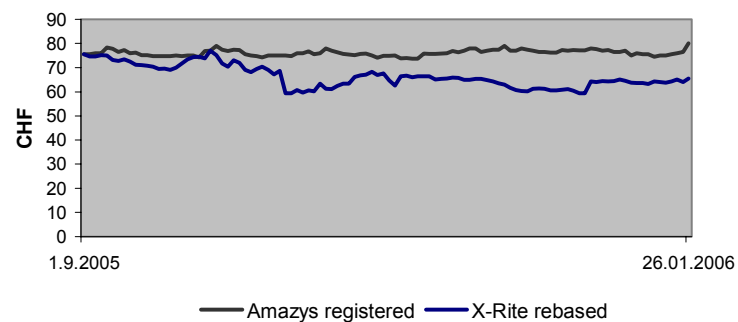
**Development of price and volume X-Rite shares**

(January 2006)



**Share price development Amazys and X-Rite (rebased)**

(since September 1, 2005)



**Closing prices X-Rite shares**

(in US\$)	2001	2002	2003	2004	2005
High	10.2	9.6	12.0	17.0	16.6
Low	6.9	6.5	7.1	11.5	10.0
Closing price on January 26, 2006: US\$ 11.0					

Source: Bloomberg

## 8.7. Sensitivity Analysis

### Sensitivity

At the request of the Takeover Board, the sensitivity of the valuation outcome in respect of the main value drivers of the business plan and the applied WAAC and exit multiples is shown in the following table. Sarasin notes that the given fluctuations in value are of little informative value because in each instance only one change in one value driver is simulated without exploring the reasons for such change and without analyzing and evaluating the interactive effects between these value drivers. A lower EBITA margin caused by higher expenditure on research and development, for example, will usually have a positive effect on future growth and future earnings power, whereas the present sensitivity analysis only shows the effect of a lower EBITA margin.

Value Driver	Assumed Change of Value Driver '06 - '10	Value Impact per share of Amazys
a) <b>WACC</b>	plus 1 percent (100 basispoint) minus 1 percent (100 basispoint)	-2.8% 3.0%
	plus 0.25 for Beta (relevered) minus 0.25 for Beta (relevered)	-2.3% 2.4%
b) <b>Terminal Value</b>	plus 0.5x for Exit Multiple (Terminal Value) minus 0.5x for Exit Multiple (Terminal Value)	3.8% -3.8%
c) <b>Growth Rate</b>	plus 1 percent (100 basispoint) average growth minus 1 percent (100 basispoint) average growth	2.9% -2.8%
d) <b>Gross Margin</b>	plus 1 percent (100 basispoint) average gross margin minus 1 percent (100 basispoint) average gross margin	5.6% -5.6%
e) <b>Marge EBITA</b>	plus 1 percent (100 basispoint) average EBITA margin minus 1 percent (100 basispoint) average EBITA margin	5.5% -5.5%
f) <b>CAPEX</b>	plus CHF 1 million p.a. minus CHF 1 million p.a.	-1.1% 1.1%
g) <b>Taxrate</b>	plus 1 percent (100 basispoint) minus 1 percent (100 basispoint)	-0.2% 0.2%



**8.8. Appendix 8: List of Abbreviations / Glossary**

Amazys	Amazys Holding AG, c/o Gretag-Macbeth AG, Althardstrasse 70, CH-8105 Regensdorf, Switzerland
Beta	Relative risk factor of equity
CAGR	Compound Annual Growth Rate, average annual growth rate over a time period (geometric mean)
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBITDA Exit Multiple	Ratio of residual value and EBITDA in the final planning period
Enterprise value	Value of a company before subtracting fixed interest paying debt (adjusted by excess liquidity if necessary)
Equity value	Value of a company after subtracting fixed interest paying debt
FCF	Free Cash Flow (before interest on debt); were used as financial surpluses in the DCF valuation
Free float	Publically held shares
"in-the-money" option	Right to purchase a share at a price below the current market price of the share
LTM	Last twelve months
OEM	Original Equipment Manufacturer
Residual value	Enterprise value at the end of the planning period
Target company	Company being the target of a take-over bid from a buyer
Value Driver	Valuation parameter which has a significant influence on the result of the DCF valuation
WACC	Weighted Average Cost of Capital
X-Rite	X-Rite Inc., 3100 44th Street S.W., Grandville, MI-49418, USA