

Catalis SE
Company Presentation
December 2009

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Catalis SE is a leading, global outsourcing service provider for the digital media and entertainment industry

Business Divisions

Quality Assurance (QA)



Development and Production Services



Digital Content Related Services

Core Markets



Films



Games



eLearning



Interactive Software

Key Market Drivers

Volume and complexity of content
Cross fertilization of media and device
Technological change and development

1. Overview - Key Data

Share Price (27.11.2009):	0.21 €
Shares:	37,878,999
Ø Daily Trading Volume:	30,449 shares (1year)
Stock Exchanges:	XETRA, Frankfurt, Stuttgart, Munich, Düsseldorf and Berlin
Listing Segment:	General Standard
Shareholders:	Institutional Investors: 24.7 % Free Float: 75.3 %
Designated Sponsor:	M.M. Warburg & Co.

Stock Chart since 27.11.2008



Founding Year:	2000
Board:	Jeremy Lewis (Executive Officer) Dr. Jens Bodenkamp (Non-Executive Chairman) Dr. Michael Hasenstab (Non-Executive Director) Robert Käß (Non-Executive Director) Klaus Nordhoff (Non-Executive Director) Dominic Wheatley (Non-Executive Director)
Employees:	409 permanent (30.9.2009)

1. Overview - Financials

Contract delays at Kuju, lower Testronic disc volumes, affect 2009

€m	Budget 2010	Guidance for 2009	Actual 9 months to 30 September 2009	Actual 2008
TESTRONIC				
Revenues	15.0	12.3	10.1	15.0
Operating EBIT	2.0	0.9	0.9	1.9
Operating EBIT Margin %	13.3%	7.3%	8.9%	12.7%
KUJU				
Revenues	19.0	19.7	15.2	23.1
Operating EBIT	1.5	0.7	1.0	1.9
Operating EBIT Margin %	7.8%	3.6%	6.6%	8.2%
DIVISION				
Revenues	34.0	32.0	25.5	38.1
Operating EBIT	3.5	1.6	1.9	3.8
Operating EBIT Margin %	10.3%	5.0%	7.5%	10.0%
CATALIS GROUP				
Operating Costs	0.7	0.9	0.7	0.9
IFRS adjustments	0.3	0.3	0.2	0.0
Group Operating EBIT	2.5	0.4	1.0	2.9
Non-recurring costs	0.0	-1.4	-1.4	0.0
Group EBIT	2.5	-1.0	-0.4	2.9
Group EBITDA	4.0	0.5	0.7	4.2
EPS €	0.06	-0.03	-0.02	0.06

2. Testronic Laboratories - Introduction

Testronic Laboratories is a leading provider of QA services world-wide



The graphic is divided into five service categories: Film Entertainment, Games Testing, Software Testing, Hardware Testing, and Certification. Below these are three columns illustrating the scope of testing: 'We test your content' (showing a person at a computer, movie covers for Harry Potter and Spider-Man, and musical notes), 'on all mediums' (showing a website screenshot, a CD, a USB drive, and a SanDisk 256MB SD card), and 'for all devices' (showing a handheld game console, a PC tower, a laptop, a desktop monitor, a DVD player, and a smartphone). At the bottom is the Testronic Laboratories logo and tagline 'Leading the way in multimedia quality assurance', along with three checkmarks indicating 'Any Content', 'Any Medium', and 'Any Device'.

Film Entertainment Games Testing Software Testing Hardware Testing Certification

We test your content *on all mediums* *for all devices*

TESTRONIC
laboratories

Any Content Any Medium Any Device

Leading the way in multimedia quality assurance

Testronic Laboratories is one of the only QA houses in the world that is active right across the digital media value chain

Experience	<ul style="list-style-type: none">▪ 10+ years experience of the QA markets▪ Strong customer relationships with major media houses▪ Adaptable and flexible in meeting client demands
Expertise	<ul style="list-style-type: none">▪ Covers functionality through integration to security to user acceptance▪ Highly trained staff and consultants▪ Cutting edge technology for debug, process control▪ Leading localisation capabilities
Strategy & Potential	<ul style="list-style-type: none">▪ Focus on fast growing digital media sector in Europe and US▪ Investment in highly secure and client approved test facilities▪ Combination of high skills sets and low cost plants such as Poland

2. Testronic Laboratories - Customers

Film & Entertainment



Games Testing



Digital TV / Interactive



Software & Hardware Testing / Certification



Kuju is a leading independent multi-studio video game developer

Experience

- 20 years of experience, delivered 50 titles with retail sales of \$550m
- Safe pair of hands: on time and on budget
- Multi studio concept to maintain „games culture”

Comprehensive Service Portfolio

- Platforms covered: Wii, PS2/3, XBOX 360, PC, PSP, DS and downloadable
- Diverse genres include casual, children's games, action, tactical, music/party

Strategy & Potential

- Large publishers to mitigate credit risk
- Work for hire , little IP risk, purely service business
- Upside royalty income possible but not assumed
- Diverse client, base includes most major world publishers



Zoë Mode

Award winning world -leading independent developer of music, party and social games

All gaming platforms



Headstrong

Character and license action titles on the Wii™

Wealth of experience gained by working on Nintendo titles



Vatra

1st and 3rd person action games

For Xbox 360, PS3 and PC built on Epic's Unreal Engine



doublesix

Award winning “pick-up and play” games

Across all downloadable formats: XBLA, PSN, Wii-Ware, PC, PSP, iPhone/iTouch



Kuju Manila

Cost effective resourcing for all Kuju studios worldwide

3. Kuju - Customers

SONY.



Nintendo[®]



SEGA[®]

KONAMI

ACTIVISION



vivendi

Microsoft



4. Cost Structure and Control

Costs reduced, cash tight but adequate, possible single covenant breach end 2009

€m	2010F	2009F	2008	2007
Revenues	34.0	32.0	38.1	34.7
Gross Profit	28.9	27.2	34.4	29.5
Personnel Costs	18.7	19.7	22.6	20.5
Depreciation/ Amortisation	1.5	1.5	1.3	1.0
General & Administration	6.2	5.6	7.6	5.3
Operating EBIT	2.5	0.4	2.9	2.7
Non-recurring costs	0.0	1.4	0.0	0.0
EBIT	2.5	-1.0	2.9	2.7

Comments

- Large scale studio restructuring in January 2009 proves timely
- 2009 revenues 16% lower than 2008 but total costs €4.7m or 15% lower
- Permanent headcount already reduced by 26% from 550 June 2008 to 441 June 2009 to 409 in September 2009
- Personnel costs were 62% of revenues in 2009 and will be 55% in 2010
- Cost control in 2009 reduces G& A , likely run-rate for 2010 is €6.2m
- Current cash headroom €1.2m, expected low €0.7m of headroom in January 2010
- Covenants to be performed on audited 2009 results (in March 2010)
- Solvency ratio will be met
- Leverage ratio may be breached

5. Objectives, Actions and Status

	Objectives	Actions	Status
	Kuju		
1.	Increase Revenues Deepen Sales Pipeline	<ul style="list-style-type: none"> • Map all existing customer relationships • Pool all Kuju contacts in CRM • Increase studio head marketing time in US • Timeshare with TL's LA based salesman • Install full time biz dev manager in US 	<ul style="list-style-type: none"> • On-going • On-going • On-going • Commenced • Under review
2.	Maintain Quality Control	<ul style="list-style-type: none"> • Ensure involvement from CTO alongside CEO • Close regular scrutiny of project progress • Poor-performing studios closed (Nik Nak, Chemistry, Kuju US) 	<ul style="list-style-type: none"> • On-going • On-going • Completed
3.	Match Costs to Revenues Protect Margins	<ul style="list-style-type: none"> • Kuju headcount down 25% from 259 to 195 in last 9 months • Monitor headcount build up for new contracts • Monitor terms of new contract signings • Update/reinforce detail of reporting, recruit financial resource 	<ul style="list-style-type: none"> • Completed • On-going • On-going • Resource hired

5. Objectives, Actions and Status

	Objectives	Actions	Status
	Testronic		
4.	Grow Non-Disc Revenues	<ul style="list-style-type: none"> • Call campaign to existing 3,000+ customers • Initiate regular email shot to existing /potential customers • Train “benched” workers to make sales approaches • Launch new targeted product offerings (e.g. Website testing) • Increase front line sales force in Europe, US and Japan • Use all Group contacts to access customers at Board level 	<ul style="list-style-type: none"> • On-going since Q1 • Commenced • Completed • On-going since Q2 • Completed • On-going
5.	Drive/protect Disc Volumes and Margins	<ul style="list-style-type: none"> • Continue regular dialogue with key accounts • Push back on pricing pressure without triggering RFPs • Identify/close deals with new customers • Take out T3 costs to match volumes 	<ul style="list-style-type: none"> • On-going • On-going • On-going • On-going
6.	Reduce Structural Costs	<ul style="list-style-type: none"> • Switch work to Poland from UK and US when ever possible • Reduce headcounts in high cost centres • Service new Japanese customers through Manila if possible 	<ul style="list-style-type: none"> • Commenced Q1 • Done • Under review

5. Objectives, Actions and Status

	Objectives	Actions	Status
	Group/ General		
7.	Set 2010 Budget	<ul style="list-style-type: none"> • Top down target revenues €34.0m • Target EBIT €2.5m 	<ul style="list-style-type: none"> • Completed
8.	Maintain Positive Cash Position	<ul style="list-style-type: none"> • Drive revenues and reduce costs as above • Incentivise CFOs on cash collection • Monthly divisional review of debtor days • Scrutinise capital expenditure 	<ul style="list-style-type: none"> • On-going • Completed • On-going • On-going
9.	Improve Investor Awareness	<ul style="list-style-type: none"> • Ensure regular and open dialogue with analysts • Attend conferences (KKK March, E&GSK May) • Get coverage from GBC • Target road show in Q1 2010 • Attend MKK December • Liaise with Ascendo IR team • Publish regular press releases • Ensure market guidance is timely/complete/comprehensive 	<ul style="list-style-type: none"> • On-going • Completed • Completed • On-going • On-going • On-going • On-going • On-going

- Catalis benefitting from early restructuring
- Kuju focussed on three major studios, including new Czech studio Vatra
- Testronic has maintained market leading role in disc QA
- Games testing business continues to grow
- Testronic launching new website testing product
- New Testronic sales resources in Japan, US and Europe sourcing deals
- Testronic winning business from less strong rivals
- €4.7m reduction in total costs in 2009 compared to 2008
- Headcount reduced from 550 to 409 in 18 months to 30 September 2009

- Catalis is a **leading, international** digital media service group
- It addresses the **\$100+bn and growing** home entertainment market
- It has 400+ **skilled staff** in 10 locations in 6 countries world-wide
- Catalis is the world **market leader** in several key market segments
- It serves the **world's largest** entertainment and media companies
- It has **grown revenues and profits** every year to 2009
- Despite restructuring and cost cutting, it made an **operating profit** in 2009
- **Key growth drivers** are:
 - Increasing digitisation of all media forms
 - Rapid expansion in number of delivery platforms
 - Increasing complexity of underlying technology
- Markets likely to remain **challenging** for the next 12 months
- Catalis focussed on new **revenue generation** and continued **cost control**
- Business model is **volume driven** and **costs lowered** in 2009
- Group **well positioned for recovery** in the general economic environment

Thank you for your attention

Catalis SE

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Catalis SE

Headquarter:

Geldropseweg 26-28
5611 SJ Eindhoven
The Netherlands

T: +31 40 2135930

F: +31 40 2135604

E-Mail: info@catalisgroup.com

Internet: www.catalisgroup.com

