

Catalis N.V.

-

On Track for Profitable Growth and Value Creation

Recent Developments and Strategy

August 2004

AGENDA



1. Catalis Introduction

a. History and Restructuring

b. Test Services – an Overview

2. Financials

3. Stock Split

4. Equity Story Catalis N.V.

5. Equity Story Navigator Equity Solutions N.V.

6. Summary

Situation Early 2002



- Historically the company was focused on providing test equipment for the optical media industry. Services were of minor importance
- Break-away of ~ €10 million of revenues through Toolex insolvency in 2001 led to massive losses
- Management at the time was planning to liquidate the company

- Inhomogenous corporate structure and management made situation even more complex
 - Non operational holding in Holland
 - Electrical test equipment site in Wales
 - Physical test inspection equipment site in Germany
 - Mixed Dutch, English, German management

Historical Financials			
<i>(in €million)</i>			
	2000	2001	2002
Revenues	17,9	7,8	6,4
<i>Test Equipment</i>	17,1	5,1	2,7
<i>Test Services</i>	0,8	2,6	3,7
Operating Profit	1,3	- 14,9	- 2,4
Net Income	0,8	- 14,7	- 2,4
Cash	9,5	3,0	1,7

The Restructuring - Overview



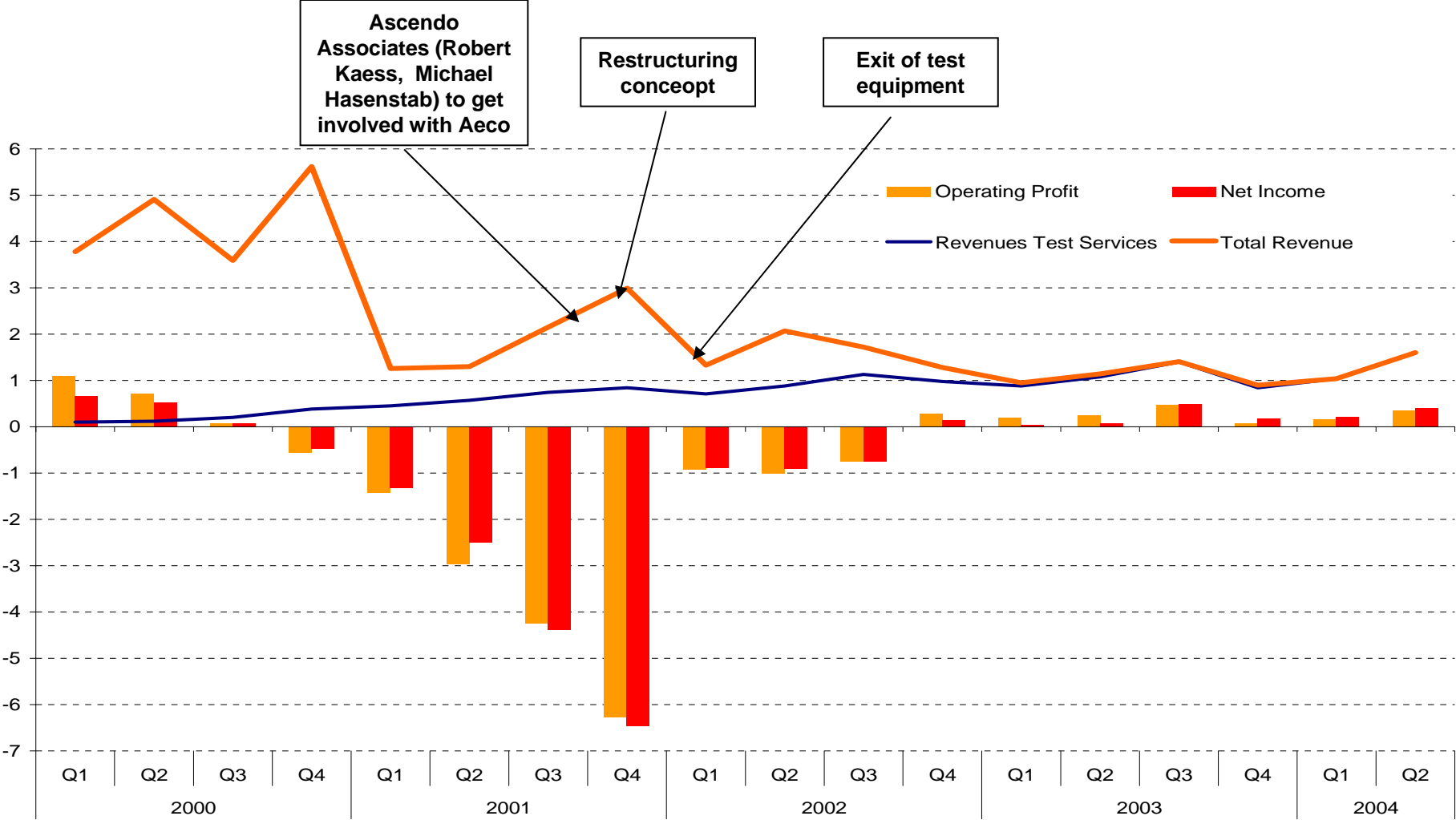
Key operating measures of the restructuring

- Re-hiring of former founder of test services business incl. team
- Funding of growth in test business through investment in equipment, sales and know-how
- Sale of electrical test equipment business in Wales
- Insolvency and later MBO of physical inspection equipment business in Germany)
- Significant reduction of staff

Results

- Reduction of revenues to € 4.4 million in 2003
- Return to profitability in quarter 4 of 2002
- Profitability and attractive margins in each of the last 6 quarters
- Stock price appreciation reflecting operating success

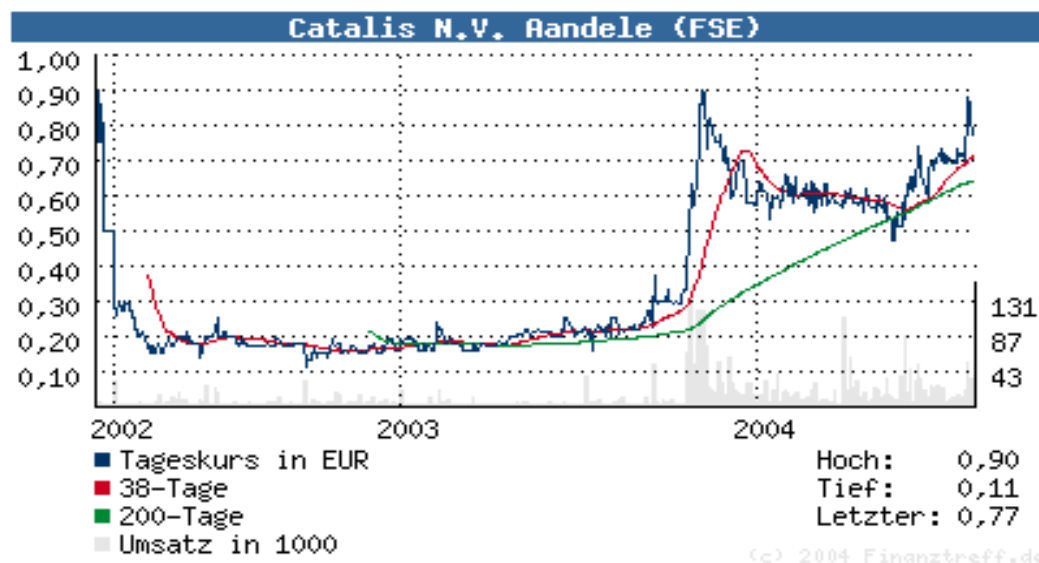
The Restructuring Process



Fundamental Value Creation



- Since 2002, fundamental value has consistently been created



Catalis consolidated (in € million)	Jun 30, 2004	Mar 31, 2004	Dec 31, 2003	Sep 30, 2003	Dec31, 2002	Sep30, 2002
Liquidity I (Cash)	4,01	3,04	3,21	2,53	1,73	1,53
Trade receivables	1,03	1,15	0,74	1,07	0,75	1,51
Trade liabilities	-0,88	-0,80	-0,69	-0,80	-1,09	-2,72
Liquidity II (Cash+receivables-liabilities)	4,17	3,39	3,27	2,81	1,39	0,31
Net Asset Value*	4,69	4,27	4,05	3,67	2,28	1,02

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Services Overview



- Catalis via its subsidiary 'Testronic' is the leader in test services in the DVD home entertainment industry
- Core services include:
 - Emulation
 - Linear Play
 - Navigation Check
 - Player Compatibility
 - Hardware Evaluation
 - Related Consulting Services
- Key customers include three out of five major film studios
- Furthermore Testronic serves another 30+ regular customers



Value Proposition



- Testronic serves as an outsourced quality control department for its clients
- Full services offering (incl. the entire testing value chain)
- Testronics is integral part of the production process of its clients
- „Implants“ support Testronics position delivering quality service and allowing for early information on clients needs
- Clients interest in long term contracts underline Testronics premier positioning
- High efficiency process
- Short turn-around cycles
- Independency
- High Quality Documentation and Reporting



Market Positioning



- Strong international presence (London and Los Angeles) close to the operating facilities of the clients supports continued strong growth in the test service business
 - No.1 in European Market (95% share in UK, 75% share in EU)
 - No.1/2 in US (40% share head on head with one competitor)
 - Only global supplier with exactly the same standards in US and Europe

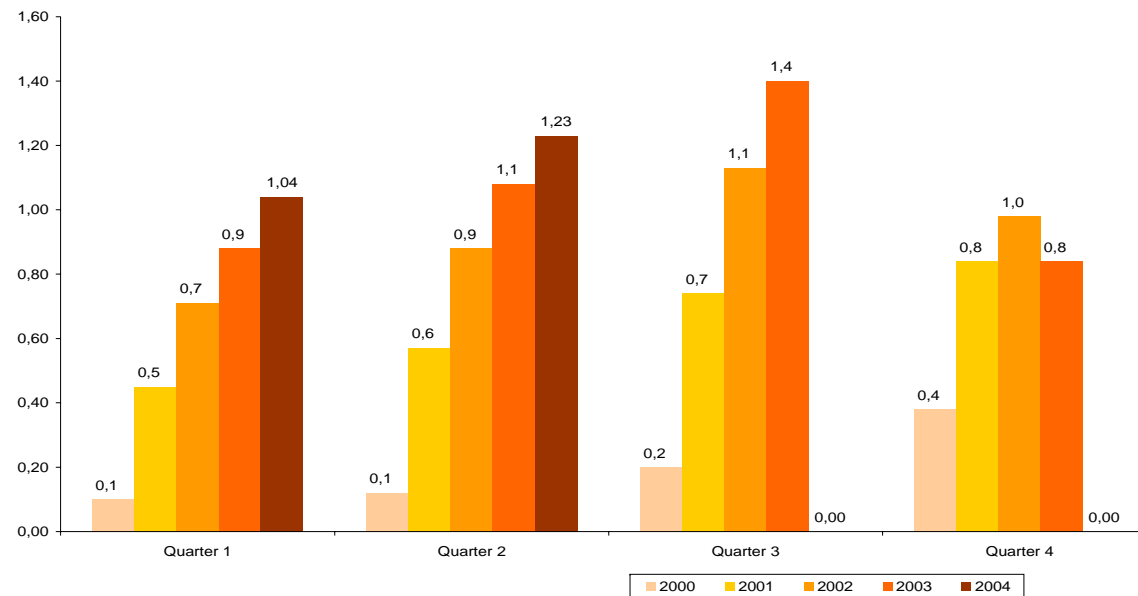
- Recent events:
 - Doubling of capacity in Los Angeles in order to meet increased demand
 - Long term contracts with 2 leading studios resulting in substantial increase in workload
 - Introduction of SAP increasing gap to competition further
 - Large contract for testing of Latin American content



Test Services Performance

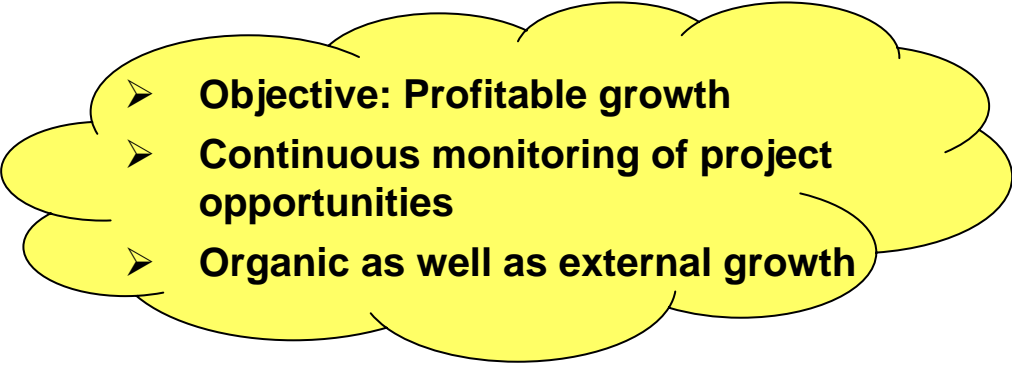


- The focus on test services has proven to be the right strategy
- Since the year 2000 the service business has grown significantly over previous year in almost every single quarter
- Thereby profitability has been maintained or increased
- The current state of the business shows significant strength





**The Leading
„Test Services Company“
for the Media Industry**

- 
- **Objective: Profitable growth**
 - **Continuous monitoring of project opportunities**
 - **Organic as well as external growth**

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Catalis N.V. 6 months 2004 – Profit and Loss Account



	1st. half 2004	1st. half 2003	change
Sales	2.293	2.079	~ + 10 %
EBIT	0.566	0.423	~ + 34 %
EBT	0.645	0.127	~ + 408 %
NET INCOME	1.645	0.127	~ + 1.395 %
EPS (excl. Tax effect)	5 Cent	1 Cent	~ + 408 %
EPS	12 Cent	1 Cent	~ + 1.195 %

Catalis N.V. 6 months 2004 – Balance Sheet

	1st. half 2004	1st. half 2003	change
Current Assets	5.442	4.516	~ + 20 %
Non Current Assets	763	356	~ + 114 %
Total Assets	7.205	4.872	~ + 48 %
Liabilities	791	610	~ + 30 %
Equity	5.830	4.187	~ + 39 %
Total Liabilities and Equity	7.205	4.872	~ + 48 %

Catalis N.V. 6 months 2004 – Cash Flow



	1st. half 2004	1st. half 2003
Operating Cash Flow	353	15
Cash flow from investing activities	-59	-51
Cash flow from financing activities	500	0
Net Increase in cash and cash equivalents	798	77
Cash and cash equivalents at end of period	4.010	1.803

Catalis N.V. Budget Data 2004e



	2004	2003	change
Sales	4.6 – 5.0	4.4	~ + 10 %
EBIT	1.1 – 1.3	1.0	~ + 20 %
EBT	1.2 – 1.4	0.8	~ + 50%
NET INCOME	1.8 – 2.0	0.8	~ + 120%
EPS (excl. Tax effect)	9 – 10 Cent	6 Cent	~ + 60%
EPS	13- 14 Cent	6 Cent	~ + 120%

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Operating Situation



- Successful and sustained turn-around achieved (restructuring job done!)
- ~ €4 million in cash and positive cash flows
- Currently the management of Catalis pursues a dual strategy:

Testronic Related Activities

- Mergers & Acquisitions
- Business development
- Support in related financing activities
- Human resources management
- Strategy

Catalis Holding Related Activities

- Identification of investment targets outside the Testronic world
- Interest in companies with restructuring character like AECO in 2002
- Capital markets activities

Capital Markets Situation



- From a capital markets points of view the situation currently looks as follows:

Valuation Overview

Share Data

Number of shares	14,2 Mio
Price per share	0,65 Euro
Equity Value	9,2 Mio Euro
Cash	4,0 Mio Euro
Bank Debt	0,0 Mio Euro
Enterprise Value (EV)	5,2 Mio Euro

Financial Data (€million)	2003	2004e
Net income	0,81	1,30
EBIT	0,96	1,20
EBITDA	1,08	1,30

Valuation Multiples	2003	2004e
Price / Earnings Ratio	11,4 x	7,1 x
EV/EBIT	5,4 x	4,4 x
EV/EBITDA	4,8 x	4,0 x

- Relatively low valuation based on P/E
- Capital markets value Catalis' cash almost at „nil“
- Equity story seems not sufficiently transparent
- Is the positioning as a service company with attractive margins and consistent double digit growth really well known among investors ?
- Examples: quarterly accounts and annual report follow a dual structure; how to account for investments at the moment?, etc.

Split



- Catalis' management believes that a stock split is the ideal solution for this dilemma for all parties involved

Catalis N.V.

- Legal Entity: Catalis N.V. as today
- Assets:
 - Testronic UK
 - Testronic US
 - Cash necessary for Testronic
- Positioning: *„Leader in test services for the media industry“*
- Objectives:
 - P/E: 8x – 10x
 - EV/EBIT: 6x – 8x
 - Market Cap: €8 – 12 million

Navigator Equity Solutions N.V.

- Legal Entity: New entity
„Navigator Equity Solutions N.V.“
- Assets:
 - Excess cash
 - Notes resulting from bond
- Positioning: *„Investment vehicle focused on special situations“*
- Objectives:
 - Net asset value based valuation
 - Market Cap: €3 – 5 million

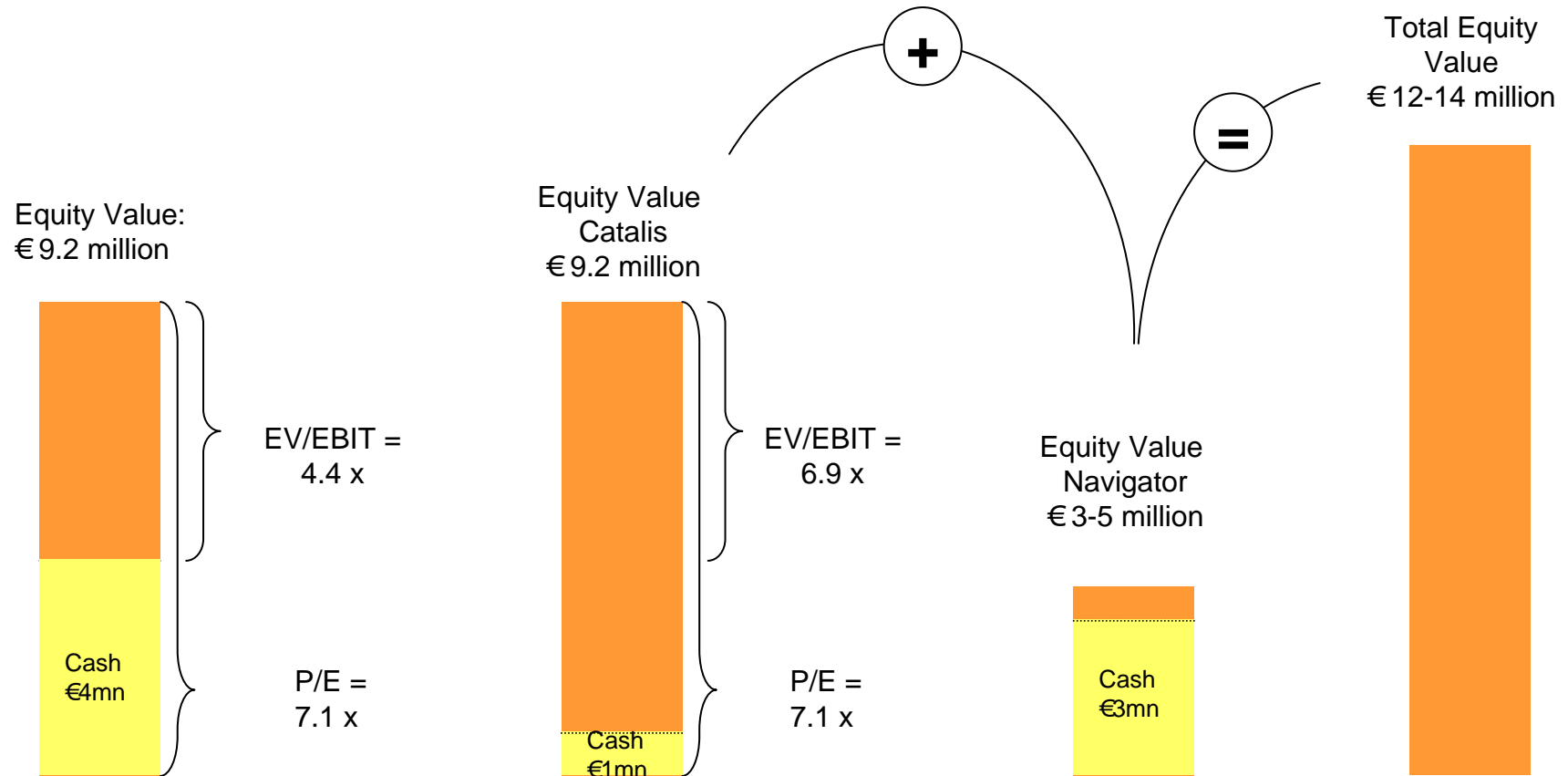
Value Creation for Investors



Status Quo

After Split

Assumption: Market cap for operating business stays the same



Pros and Cons



- ✓ Unlock Value (split could be viewed as a special dividend of approximately €0,28/share)
- ✓ Clearer positioning of both companies should increase transparency and result in higher multiples
- ✓ Different investor bases can be accessed
- ✓ Special situation investments will not jeopardise Testronic story
- ✓ Earning streams will remain predictable in Catalis N.V.
- ✓ Accounting issues can be resolved easily

- ✗ Costs (split + running costs)
- ✗ Two relatively small entities

Technicalities and Timing



- Each shareholder in Catalis N.V. will receive 1 share in Navigator Equity Solutions N.V. for each share in Catalis N.V. (issue ratio: 1:1)
- The pro forma value of Navigator Equity Solutions N.V. shares in the first logical second will be approximately €0,28/share (€4 million of assets divided by 14.3 million shares)
- The share price of Catalis N.V. will be set at „price at split minus €0,28/share“ in the first logical second of trading after the split
- No pre-emptive rights trading will be necessary
- New shares will be booked into shareholders accounts automatically
- Navigator Equity Solutions N.V. Shares will be introduced for trading to the „Geregelter Markt“ (regulated market)
- The two companies will be two entirely separated entities
- First day of trading: October 2004

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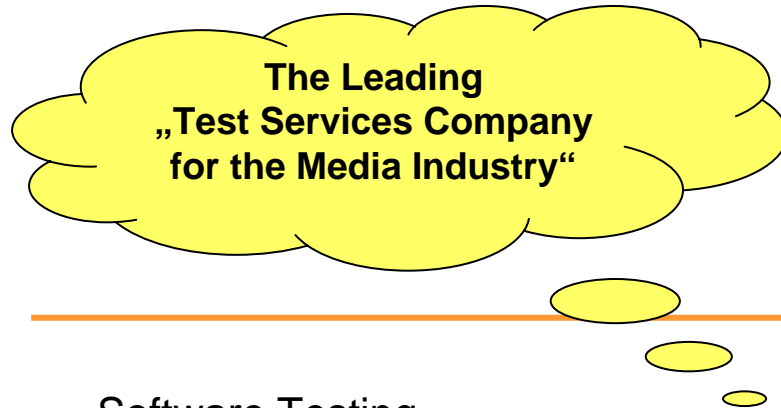
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Equity Story Catalis N.V.



- Highly flexible service organisation (e.g. 25% of labour costs = temps)
- Low capital expenditure
- Intense cost management at all times and therefore consistently high profitability and margin levels (EBIT margin $\geq 20\%$) at all times
- Organic growth at attractive double digit rates (10 – 25 % p.a.)
- External growth to leverage organic growth (1 acquisition per year targeted from 2005)
- Possibly dividends in future (e.g. from 2005)
- Capital for possible acquisitions to be raised as and when needed
- Maintain leadership in DVD home entertainment
- Profitable growth only

Paths of Growth for Catalis N.V.



Market
already
entered

Targets
under
evaluation

- Software Testing



- Games Testing



- CD/DVD Copyright Protection
Technologies Testing (



- Mobile Content Validation



- Anti-Virus Testing



- Test Software



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Equity Story Navigator Equity Solutions NV **catalis**

- Pure investment vehicle
- Focus on publicly quoted companies, limited proportion of private equity
- Leveraged investments
- Co-investments with other, similarly minded investors
- Focus on restructuring and special situations
- Possibly IPO vehicle
- Relative short investment horizons (e.g. 6 months to 3 years)
- Positioning within specific investor community
- Possibly increase in capital at later stage

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- Catalis via its subsidiary 'Testronic' is the leader in test services in the DVD home entertainment industry
- Catalis has been showing profitable growth for six consecutive quarters now
- Catalis is showing strong results in the first half 2004 and is targeting earnings per share of 10 Cent for 2004
- Catalis will grow organically at attractive double digit rates (10 – 25 % p.a.).
- Catalis will external growth to leverage organic growth
- The split offers shareholders a chance to significantly „Unlocked Value“ (split could be viewed as a special dividend of approximately €0,28/share)
- The split will not effect the operating business of Catalis
- The split offers to the shareholders the participation on attractive investments in turnaround situations