
THE WALL STREET TRANSCRIPT

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TWST: What is Objectif Lune?

Mr. Gombert: Basically, it's a company that started about 12 years ago and specialized in what is now called variable data printing. It's the printing of documents that are redundant, but with information that changes slightly on a page-per-page basis. It could be a simple mailing, a letter with an address that changes on the top. Most of the letter is the same, but it's sent to thousands of people. It could be invoices, billing, packing slips, or labels in the sense of a bar code. So we specialize in this type of printing. The difference here is that because there are a lot of things that are repeating every time on each page, there are gains to be made by optimizing the output by not repeating the constant part on every page, but just supplying the

variable part. So it's a very niche market, but everyone is using it. If you think of it, everyone prints an invoice.

Now, when to use PlanetPress Objectif Lune software is when you reach a certain volume and you are required to print a lot of those per day, per hour, per minute, or whatever your window is. If you are printing three or four invoices a month where you wait 1 minute for each invoice, it doesn't make much of a change, but if you print 10,000 in a space of three hours, then there are gains to be made. There is ease of producing it. There is also economy of scales by having streamline processes, archiving, sending by email, sending by fax, and things like that. There are all sorts of services that we supply around that. So our specialty is truly printing repetitive documents with some changes on them. We are not into printing books; we are not in printing posters. We are really printing corporate transactional documents and promotional documents, a letter or personalized brochure.

It's a business that started about 12 years ago and has grown from three guys into a business that is now about 140 people. We have offices in multiple places. The head office is in Montreal. We have a satellite sales operation in Toronto. Our largest sales office outside of the head office is in the US, just outside of New York. We have offices in the UK, in France, in Germany, in The Netherlands, in Japan, and in Australia. And in all of those, we cater, again, in the same niche market of

printing variable data documents, and we usually sell through partners, distributors or printer manufacturers.

Our strategy was to help a partner to sell more hardware. So since the beginning, we've helped Canon, IBM, HP, Lexmark and all of those printer manufacturers to sell more printers to their customers by making the transition from an impact printer because usually invoices and things like that are printed on an impact printer to a laser printer. We help these people sell more hardware by simplifying the process solution. We we bring solutions that help integrate this box into the business process of the customers.

TWST: Who do you consider to be your customer? What's your go-to market, your sales strategy?

Mr. Gombert: We are two pronged there. The first one is the transactional piece. So it's mostly utilities manufacturing, people who print a lot of transactional documents either because they shift the manufacturer and it requires a document that is attached to that or there is a lot of transaction that needs to be recorded like a mutual fund or things like that. So that's one prong.

And the other is the printer pay people, the people who actually make a business of printing. These people cater to their customers by sending mass mailing pieces to everyone. You receive loads of it with messages like, "You've won \$1 million if you answer this question" or "Here is your next dream car." So those

are the two target audiences that we have – Corporate America, if you prefer, and print-per-pay market segment.

TWST: What's the agenda? What are your priorities at this point? What would make the next 12 to 24 months a successful Objectif Lune?

Mr. Gombert: We originally worked in North America, and the core of our business, in excess of 60% or 70%, is still in North America. We have, over the year, developed a good UK office, but in the last two or three years, we started to open operations in Japan, Australia, France, Germany, and The Netherlands. The strategy here is to grow our presence for Objectif Lune PlanetPress, our core business, into those markets. International growth is our biggest plan. It has a lot of advantages.

Geographical growth is probably our next biggest growth path. In the US, we are well known, but there are still loads of market opportunity. There are still loads of people printing on impact preprinted carbon copy types of documents that are from the previous century. But in other countries, there are fewer people targeting these customers.

The other thing also is that we've made two acquisitions in the last 12 months, and these acquisitions are more specialized into the print-per-pay markets or the promotional side. The concern is to have a good integration. So we've started a slow process of integration between the company that we acquired and ours. So we are looking at how to get synergies with partners and synergy with local offices around the world. Those are the

strategies we need to consolidate our base to make every step(?) a success. That will be the stepping stone for the next growth phase.

TWST: Please introduce us to two or three of your key top-level management team, including yourself.

Mr. Gombert: We have a gentleman who has been there since the inception of the company. His name is Etienne Leveau, and Etienne has always been in charge of the sales for Objectif Lune. He is a gentleman who over the 12 years has the most experience in selling the product, demonstrating the value proposition. Right now, he is dedicated to starting up the French operation. We were challenged in finding a local guy who would bring us the growth that we were expecting from the French territory. Etienne speaks French and is actually from French descent, was capable of going there with the most knowledge in the company of how to sell the product and create a team and develop this market.

I am an engineer by trade. I'm an electronic engineer, and I have worked in the past for a laser printer manufacturer. It was there that I believed that there was an opportunity in doing variable data printing software. There was a lot of knowledge on how to use a printer, set paper tray, and things like that, but not on actually printing efficiency at high speed. The printer would be printing faster and faster, yet the actual print job was not running at full speed. I realized that there was an opportunity there and wrote the original software of PlanetPress, and now I am the CEO. I am running the operation here.

I have very good people in each of the countries. Howard Silverstein in the US organization is a gentleman who has been involved in selling printers, laser printers and impact printers for the last 15 years. He's someone who understands this market, and he is running this operation as well. In the UK, Colin Casey has worked for another printer manufacturer for many years, so he has lots of experience in the issues of printing.

In Japan, Jay Kawai was the president of a laser printer manufacturing in Japan. In Australia, Stuart Drysdale is General Manager of Konica Minolta in Southeast Asia. And also on the board, we have Peter Van Gucht, who was the owner of a laser printer company a few years back. So we have lots of knowledge in laser printing, and as you can see, our background is more from the laser printing side.

TWST: What has been the funding history, the investor history with the company? Has it all been bootstrapping from original or the same inside group of investors involved?

Mr. Gombert: It's been, most of the time, self funded, and then we had some funding from the shareholders reinvesting some money to help it throughout the inception. But it's mostly been self-funded. We have actually no round of investment. We didn't look for external investors.

TWST: Do you feel at some point in the near future you might require outside investors?

Mr. Gombert: It is obvious that at the beginning, it was easier to be on a growth path of 25% a year, which is pretty much

what we've maintained – 25% to 30% a year. But it becomes more and more difficult to do that and it's been challenging. I must admit that it's possible in the mid-term that we may be interested in some private round of investment and look to do more acquisitions, which might steer the requirement of a large amount of cash. But for running the operation on a day-to-day basis, I don't think that that's an issue. The credit line that we have should be sufficient.

TWST: What are the M&A dynamics around you? Is that a valid strategy for growth?

Mr. Gombert: Yes. I heard someone mentioning that there are about 60 players around the world in the printing arena where we are. I believe that we are now in the top 10 as far as size, and I think that 60 is too many players. There are a lot of people offering pretty much the same solution. I don't think that there is space for the same solution. You need to have a differentiator, and those have chances to survive. But there has been a wave of some consolidation or acquisitions. We ourselves have acquired two smaller companies. But recently, one of the big players in the industry called PrintSoft has been acquired by the Australian Post, which is a good strategy for a post office because now they are able to offer to their customers the ability to print their customer information. So there is some consolidation that is happening, and there will be more of that. I assume that people will make offers and some will happen.

TWST: If you were starting fresh in the space today, would you consider it a viable investment area? Is the value proposition that you saw for Objectif Lune the same today as it was three to five years ago?

Mr. Gombert: Strangely enough, when we started, I said that we had a five- to seven-year window, and every year, I am still saying that. So I assume that that window was much longer than I expected. Our business is a business that is based on fundamentals. It's printing; it's paper. I know that people are talking about the paperless office and everything going electronic, but look at people's reaction. People have been with paper for the last 3,000 years. You receive something by email, and what do you do? You print it, you get a copy, you go away with it. You go to your partner with a piece of paper. The paradigm of paper versus screen is not going to disappear.

I know people think that the post office is a dead thing. I don't think so. People are still relating to something that is physically printed. Now, there are other types of printing. There is electronic type of printing. There are PDF documents, but it's still printing, just on different medium. My belief is that it's a sound market; it's a sound place for investment. There is a huge need. There are, like I said earlier, people still using impact printer with carbon paper in between the two copies. I believe that there are much more efficient ways to do that. Keeping a second copy in a printed fashion could be an archive process or document management software or sending a copy by

email. There are a lot of things that could be added on top of this process.

So I believe that there is still a lot of resistance to change old software, and people are not going there. But if they knew how to do it, they would go there. I feel that there is a huge opportunity, and to tell you the truth, we are not meeting too much competition. Our biggest challenge is the fact that we are not known by the end-user community. We are known by our industry and by the printer manufacturer, the printer reseller. We are well known there. But by the end-user community, our name is not known. A solution like ours is not known. We are going to those very niche printer shows. So there is still a lot of opportunity. If you look at what you receive by mail, you'll notice that there is a lot of improvement that could be made.

For example, when you receive your American Express invoice bills or your statement at the end of the month, you may also see in the future that some of that space on the piece of paper will be for advertisement. They'll notice that you usually purchase a diamond for your wife every three months, and then they notice that it's been four months and you haven't bought a diamond. So they'll place an ad for you with special, targeted marketing. This is going to happen more and more, and I think that there is space to grow and do things like that.

So yes, I am still very pleased. There are more opportunities in this space compared to the Internet. Everyone knows how to do a Web page, but not everyone knows how to print.

So there is opportunity to make a good living and good margin, which is a bit more difficult. In the Internet, you need to have this revolutionary idea. It's not yet another portal. You need to have something very wise. There are ways to be very innovative and do a lot of things.

TWST: As far as your footprint, you said US and Canada at this point. Are there opportunities or are there needs to go beyond?

Mr. Gombert: Definitely, and that's what we are doing. Australia and Japan and Europe – we need to go there. There is a huge need and probably even more than in US and Canada. There are a lot of places in South America, in South Africa, in the Arabic countries, and Eastern Europe. These people are a few years behind us in technology. They are not using the latest technology. So these people have not adapted to the latest things, and I think that laser printing is something that is taking off quite well in those places compared to the old impact printers, and those are obviously an opportunity for us. Usually when you reach a certain level, doubling it is more difficult than starting from ground zero. You could grow very quickly, and that's why I believe that international growth is something very important. If you want to be a player, you need to be able to be an international player.

And in printing, we are very pleased to say now that we are capable of delivering a solution that prints in every language of the world – Chinese, Japanese, Korean, Thai, Arabic, Hebraic,

Russian, Swedish, French, Spanish, and Italian. All these things require accents. Some languages write from right to left, others from top to bottom, and they are doubled by some languages that have more than 90,000 characters. All of these are very difficult challenges. If you want to be a player in the world, you need to be able to address all of those because a large company requires printing everywhere.

So my belief is yes, international is big time. There are a lot my competitors that are targeting a roman character set, more of a US mindset where the accent is not considered. But when you go to China, you have to consider simplified Chinese or traditional Chinese and even flavors of different Chinese or a new standard like TB 18 or 30 in China or Tibet. Those are difficult things, but it also creates opportunity when you understand them and you master them.

TWST: Thank you. (DWA)