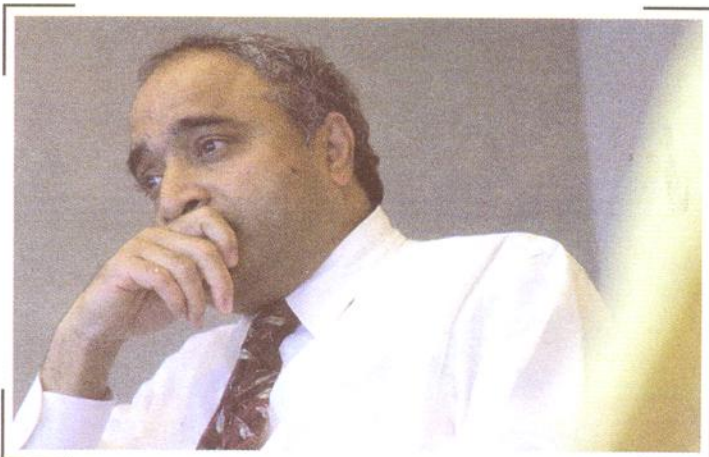


# WINNER

## Planar Systems

Excerpt from "2003  
Technology Yearbook"

[ Publicly Traded Company of the Year Less Than \$250 Million ]



Balaji Krishnamurthy, President & CEO, Planar Systems Inc.

By BILL STEWART

*Leave it to Wall Street to put the kibosh on a really good party.*

*Late last month, Planar Systems Inc. had just announced a record-setting annual profit of \$15.2 million and record quarterly sales of \$72 million. The outlook seemed equally rosy, at least for the near future. There was plenty of reason to celebrate at the company's Beaverton headquarters.*

But not so fast! Even before the corks on the bubbly were popped, investors were hammering away at the company's stock. As it turns out, earnings projections for the next quarter—October through December—were lowered two cents per share. That sent the company's stock (Nasdaq: PLNR) on a slide of more than 10 percent.

It hardly seemed fair. After all, guidance for the fiscal year 2004 remained in line with projections.

Planar executives were left scratching their heads after that whirlwind week in late October. But they all know how fickle Wall Street can be.

"Yes, we set new records, but that's all history now," company spokesman Stewart Clark said two hours after the latest earnings were announced. "Investors only care about the future." For that, Clark was quick to point out that Planar "has a very good story to tell."

He noted that Planar has experienced steady growth and profitability throughout the current economic downturn. The Beaverton-based company has been the metro area's top tech company for three years running for public firms under \$250 million annual revenue.

A big part of that success story has been the leadership of Balaji Krishnamurthy, the company's chairman, president and CEO since the fall of 1999. The only downturn during that four-year period came last year when the company took some substantial charge-offs for the closure of two display plants—in Oregon and Wisconsin—and the decision to end its photonics project. That turned what would have been an 84-cent-per-share profit into a 24-cent loss.

When you add last year's pre-charge profit to the 2001 mark of \$1.13 and this year's \$1.04 figure, it's been a pretty good run.

"That's an incredible record for the economic period we went through," said Clark, who is the company's director of investor relations.

Part of the reason for that success has been Planar's ability to tap into new markets. Long gone are the days when the company depended solely on the industrial market for its EL displays.

The company still derives about 30 percent of its business from that segment, which includes everything from ATM screens to displays for gas station fuel pumps. But Planar also has

managed to carve a niche for itself in the medical and commercial markets.

The medical field, where you'll find Planar screens on everything from hand-held devices to larger, stationary units, has provided a good deal of profit in recent years. Then there's the commercial desktop monitor market, which Planar got into after Krishnamurthy arrived.

At the time, it seemed like an extremely ambitious move since many of the big names in technology are players in the desktop market. But Planar is on course to register \$100 million in annual sales in that segment, Clark said.

They're doing it with a mix of flat-panel desktop monitors, plasma screens and small liquid crystal display (LCD) televisions. Many of Planar's products in that segment have won awards, and more could be waiting in the wings if Planar starts producing large LCD televisions.

For now they're concentrating only on 15-inch and 17-inch units. The smaller version, which sells for about \$600, would more likely be found on the corner of someone's desk than the middle of their home entertainment center. It's little more than a novelty item.

But just wait until the price for the big-screen LCD televisions becomes more affordable. Of course, everyone will have to own one. When that happens, Planar will eagerly jump into the market and is poised

the televisions itself. It will be acquiring the components from suppliers and having them built in Asia—the same way the desktop monitors are produced.

Ideally, the big LCD televisions could be just the beginning of a wave of new products from Planar. If it happens, much of the credit will probably go to Planar's quantum projects team, which is comprised of a group of entrepreneurial spirits whose only job is dreaming up new products or looking for new markets to tap into. In fact, Planar's commercial desktop unit was started by a group of people who took it to the quantum projects team.

"It was sort of an audacious idea to take on all those big guys in the commercial market," Clark said. So far, it seems to be working even though desktop monitors do not yield high margins like some of Planar's other products, like its medical imaging equipment.

While Planar has been a fairly successful company, very few consumers outside the Northwest knew anything about it until a few years ago. That's because the Planar name rarely appeared on any of the company's products, even as recently as five years ago. Now, about two-thirds of Planar's products bear the company name. "That's a phenomenal change," Clark said.

And now, just when people were beginning to recognize the Planar

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to be one of the major players.

Until then, Planar has decided to take the low-keyed approach to its potential TV business to avoid getting investors too hyped up. But once the prices become more attractive, Planar should be able to act fairly quickly. That's because no new research or development will be needed to build the televisions. In fact, Planar won't even be building

name, the company has decided to introduce a new logo. It's the first logo change in the company's 20-year history.

Krishnamurthy said the new brand campaign will be a central part of the company's growth strategy. It would be hard to argue with him. Everything else that he and his management team have done so to have worked out well. ☺