

SGS REPORTS RECORD Q1 REVENUE, UP 10.7% VERSUS 2005

SGS International, Inc., a provider of design-to-print graphic services to the consumer products packaging market, announces that sales in the first quarter of 2006 increased by 10.7% versus the same period in 2005. Sales for the first quarter increased 10.7% to \$72.7 million from \$65.7 million in the prior year's quarter. The increase in sales was principally due to acquisitions completed in 2005, and the revenues at a production facility we established in North Carolina in the second quarter of 2005.

Net income for the first quarter decreased 81.7% from \$4.2 million last year to \$0.8 million in the current quarter. The decline was entirely due to an increase of \$7.3 million in interest expense associated with debt incurred in the acquisition of the business from its former owner.

EDITDA in the first quarter increased 10.1% from \$12.5 million in 2005 to \$13.8 million in the current year. Included in the first quarter EBITDA are restructuring charges of \$0.5 million. The reconciliation of this non-GAAP measure to a GAAP measure is as follows:

	Quarter Ended 03/31/06 (in millions)	Quarter Ended 03/31/05 (in millions)
Net income	\$ 0.8	\$ 4.2
Add:		
Depreciation and amortization	3.9	4.1
Interest expense	8.7	1.4
Income tax expense	0.4	2.7
EBITDA	<u>\$ 13.8</u>	<u>\$ 12.5</u>

Hank Baughman, CEO of SGS, said "Southern Graphic Systems experienced record sales for the first quarter of 2006. We also established ourselves as a stand-alone business, and are pleased that we were able to continue and improve the quality of our products and services during this transition period."

SGS International, Inc. is the parent company of Southern Graphic Systems, Inc., a global leader in the digital imaging and communications industry offering design-to-print graphic services to the international consumer products packaging market.

Conference Call Notification

SGS international, Inc., will hold a teleconference at 11:00 AM EST on May 16, 2006. Please dial (1-800-374-0624) in the USA or (1-7066347233) internationally to access the call. The conference ID number is 9424602.

This press release contains forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors outside of management's control that could cause actual results to differ materially from those described in the forward looking statements.

Please contact Jim Dahmus, CFO of SGS, at 502-634-5295 if you have any questions about this release.