

NAPIM

State of the industry
2013

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As presented at the 2013 Convention April 7, 2013



Management Information Committee

- **Rick Gray**
Color Resolutions International
- **Alan Kalmikoff**
Keim-Additec Surface USA
- **John Jilek Jr**
Ink Solutions
- **Tony Laurino**
Sun Chemical Corp
- **Rick Krause**
BASF Corporation
- **James Leitch**
Braden Sutphin Ink Co.
- **Joe LeVine**
Resinall Corporation
- **Kim Stone**
Flint Group

Source Data for Report

- **Quarterly Sales Report**
 - **Collected Quarterly from members**
- **Outlook Survey**
 - **Collected once a year in January from members**
- **Operating Ratio Survey**
 - **Collected once a year in January from members**
- **U.S. Commerce Dept., Bureau of Labor Statistics, OSHA**



- ❖ **Certified Public Accountants and Consultants are located in Washington, DC and Chicago. They specialize in exclusive service to the nonprofit associations.**
- ❖ **Among their numerous clients are Flexible Packaging Association, American Plastics Council, National Wholesale Druggists' Association and Paperboard Packaging Council.**

Report Elements

- **Global and Industry Issues**
- **Revenue and Growth**
- **Profit**
- **End Use Markets**
- **Foreign Trade**
- **Safety, Health and Environmental**
- **Questions and Comments**

Global and Industry Issues

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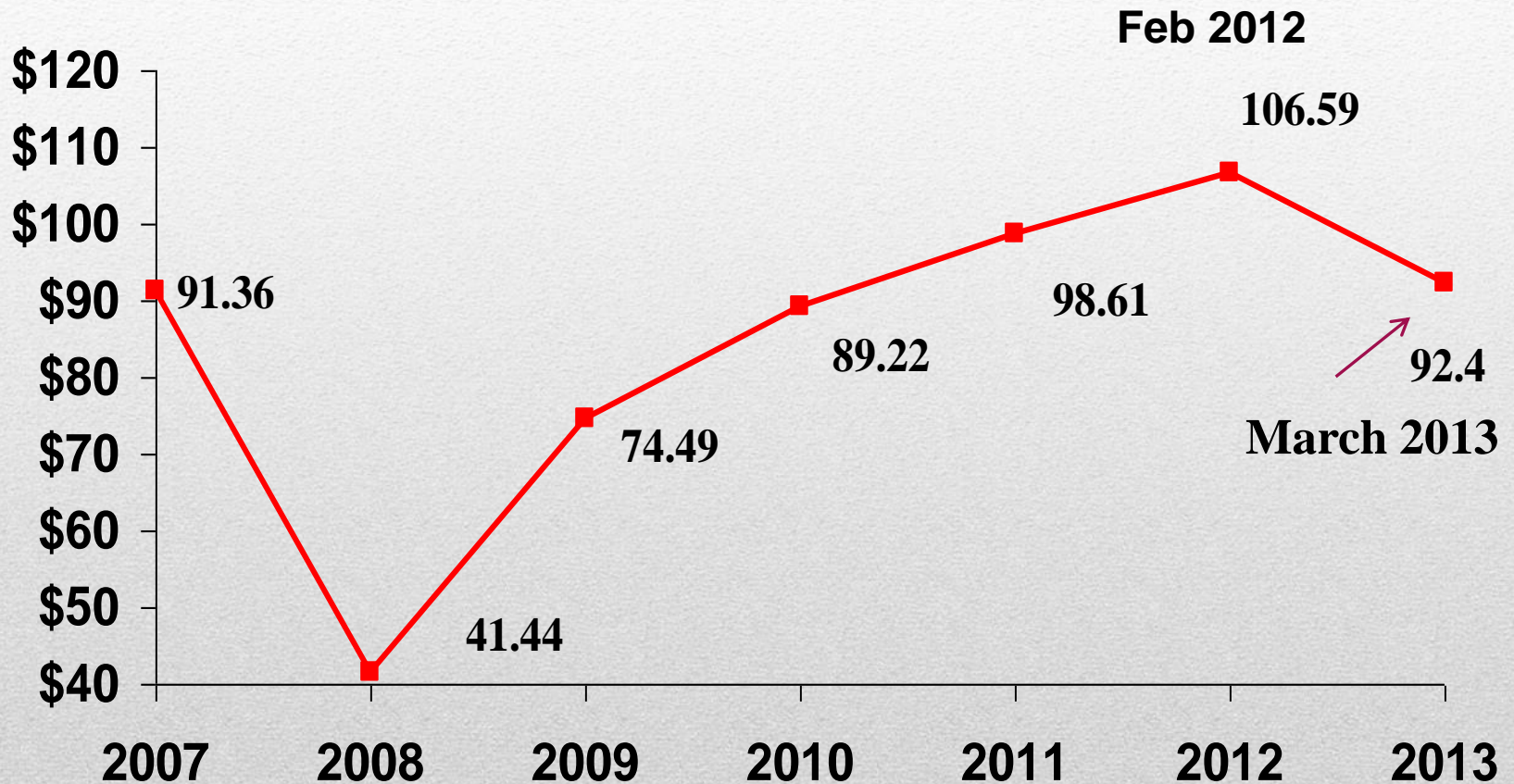


Top Current Concerns

<u>Overall</u>	<u>Market</u>	<u>Internal</u>
1. Economic Activity (1)	1. Raw Material Costs (1)	1. Healthcare Costs (3)
2. Consolidations/Closings (2)	2. Market Competition (2)	2. Workers Comp Costs (4)
3. Imports (3)	3. Raw Material Availability (3)	3. Qualified Workers (1)
		4. Wage Rate Structure (5)
<u>Ink Companies Say Printers Value</u>	<u>Suppliers Say Ink Companies Value</u>	
1. Price (2)	1. Price (2)	
2 Consistent Product Quality (1)	2 Consistant Quality (3)	
3. Technical Support (3)	3. Technical Support (1)	

Source: Outlook Survey

Crude Oil Prices



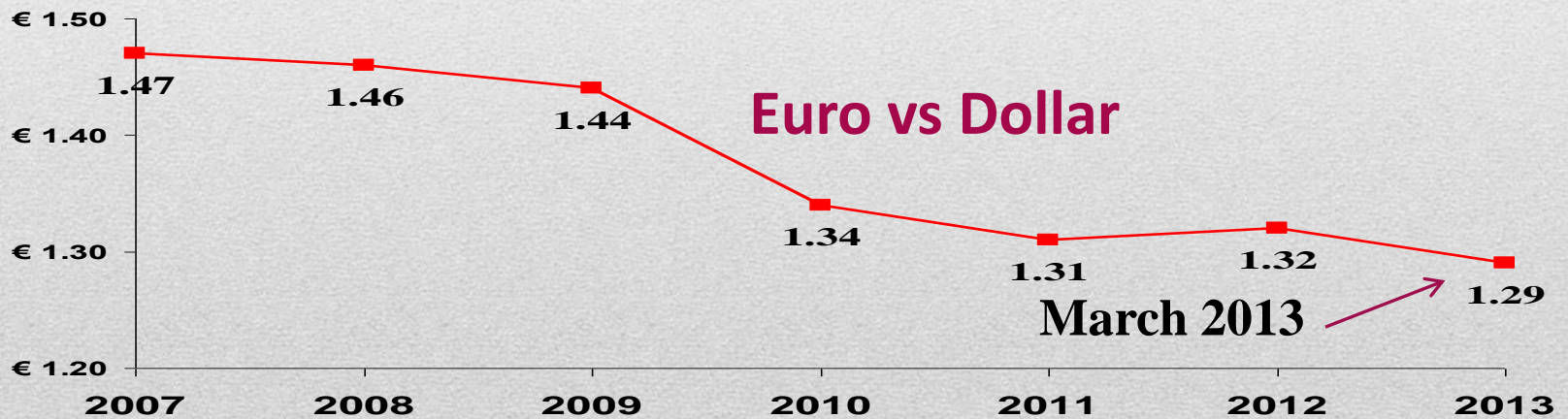
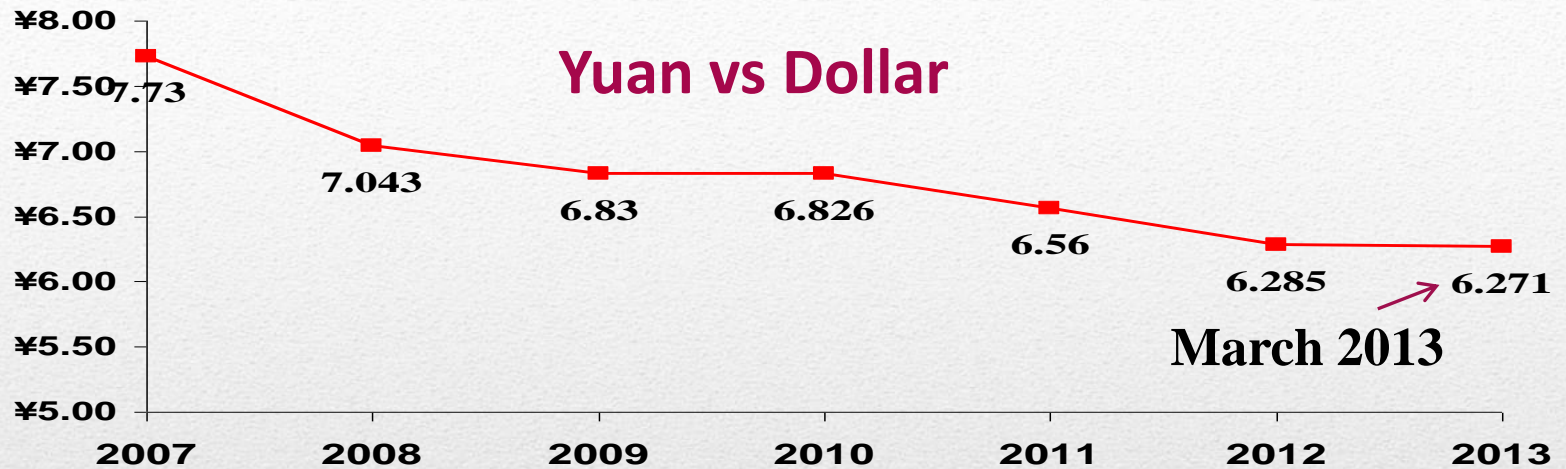
Source: U.S. Energy Information Administration

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Currencies



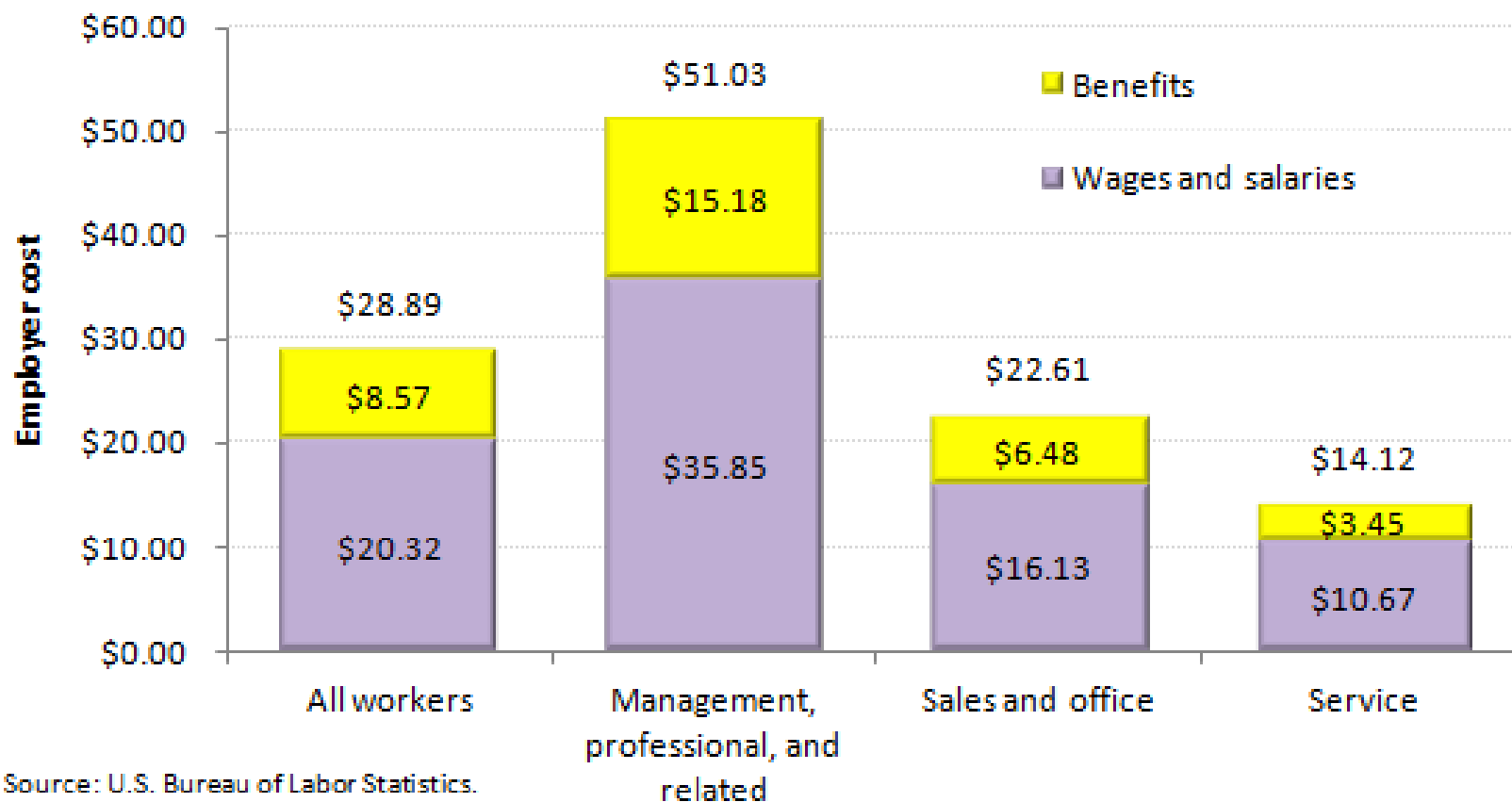
Source: GO Currency Converter

2012 GDP

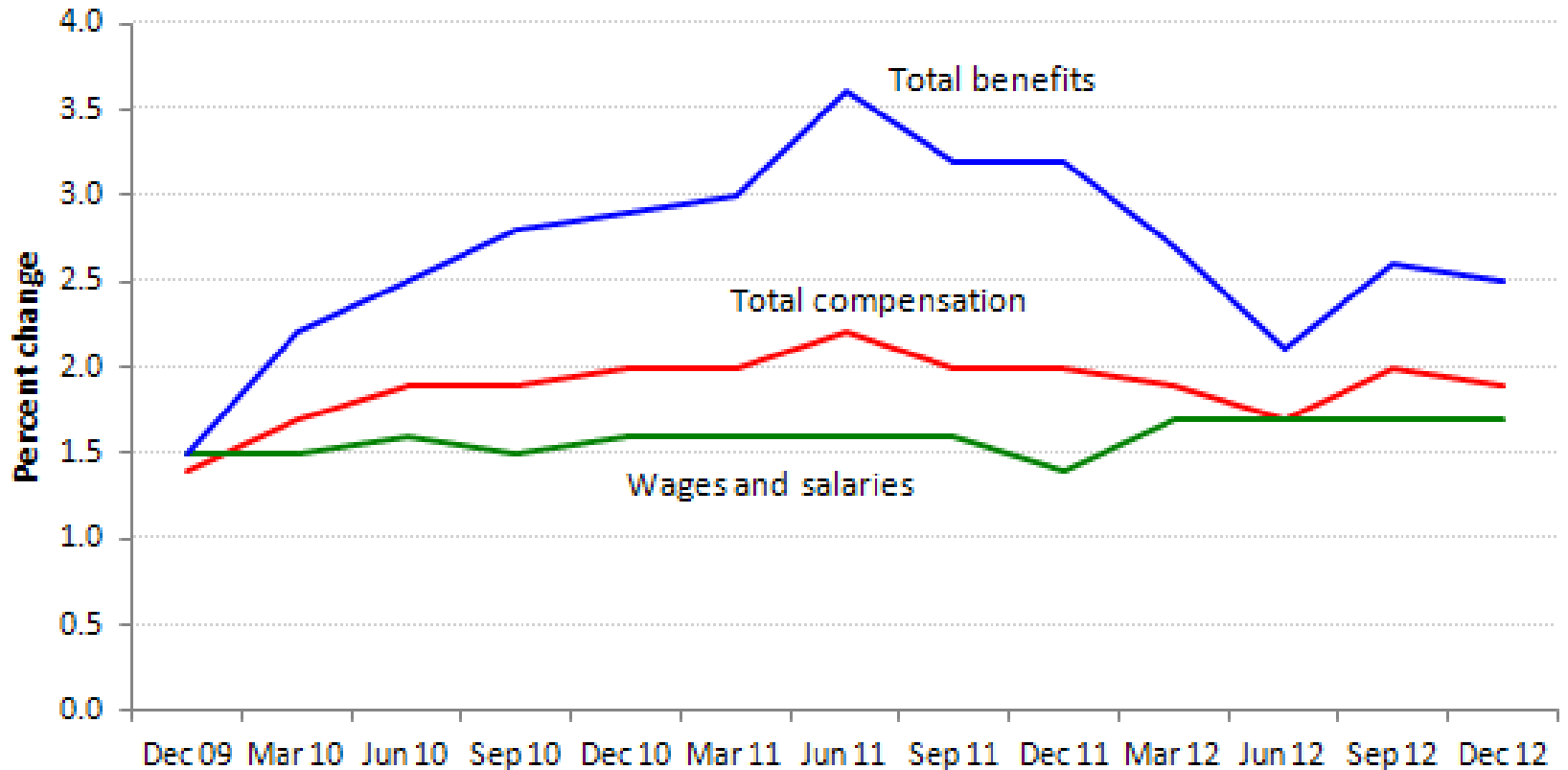
- **2012 Real GDP increased 2.2 percent** compared with an increase of 1.8 percent in 2011.
- The increase in real GDP in 2012 primarily reflected **positive contributions from personal consumption expenditures, nonresidential fixed investment, exports, residential fixed investment, and private inventory investment** that were partly offset by negative contributions from **federal government spending and from state and local government spending**. Imports, which are a subtraction in the calculation of GDP, decreased.
- The **price index for gross domestic purchases increased 1.7 percent**, compared with an increase of 2.5 percent in 2011.
- **Current-dollar GDP increased 4.0 percent, or \$605.8 billion**, to a level of \$15,681.5 billion, compared with an increase of 4.0 percent, or \$576.8 billion, in 2011.

Source: U.S. Bureau of Labor Statistics

Employer cost per hour worked for employee compensation, private industry workers, selected occupational groups, December 2012

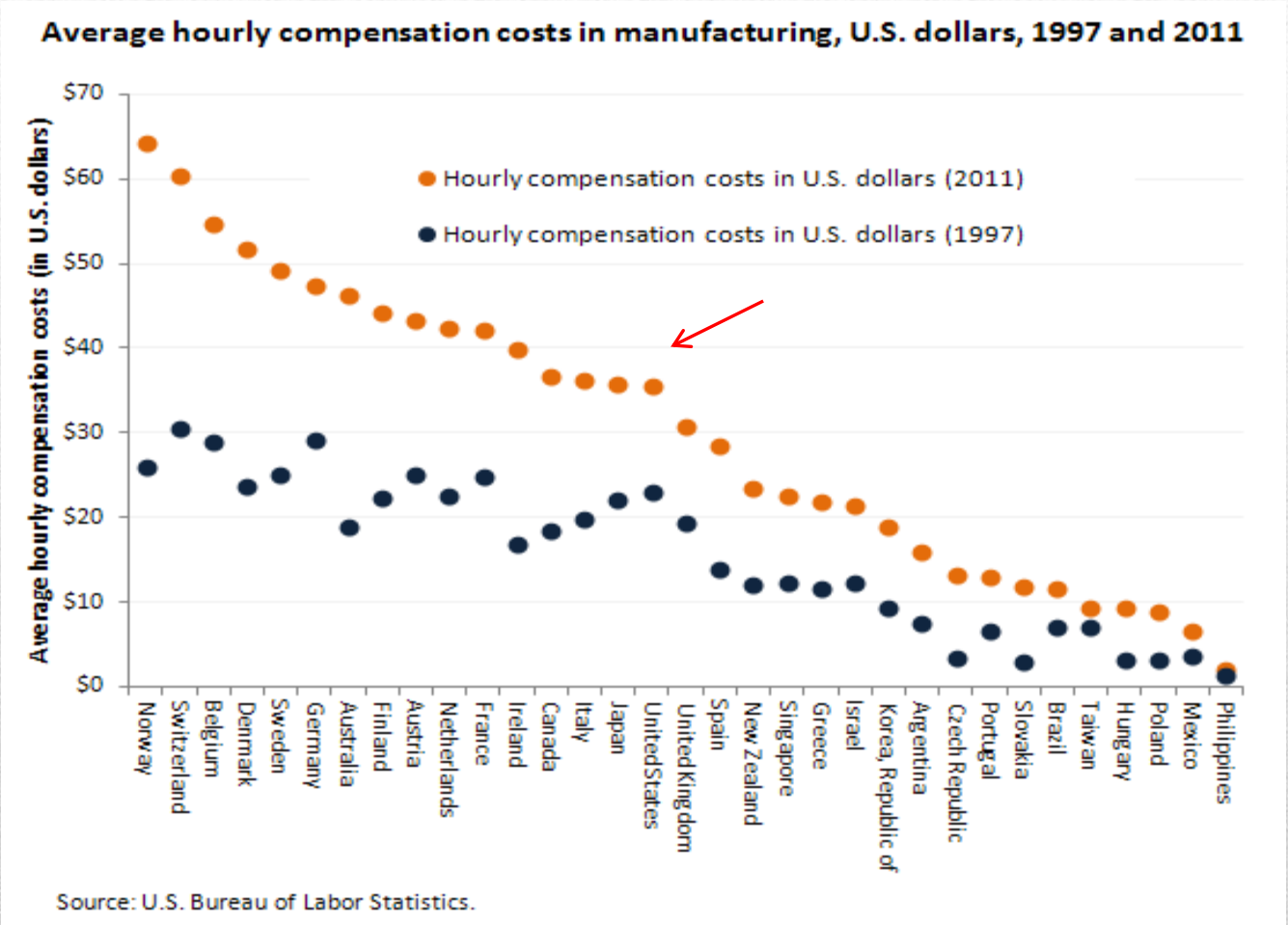


Employment Cost Index, 12-month percent change, not seasonally adjusted, civilian workers, December 2009–December 2012



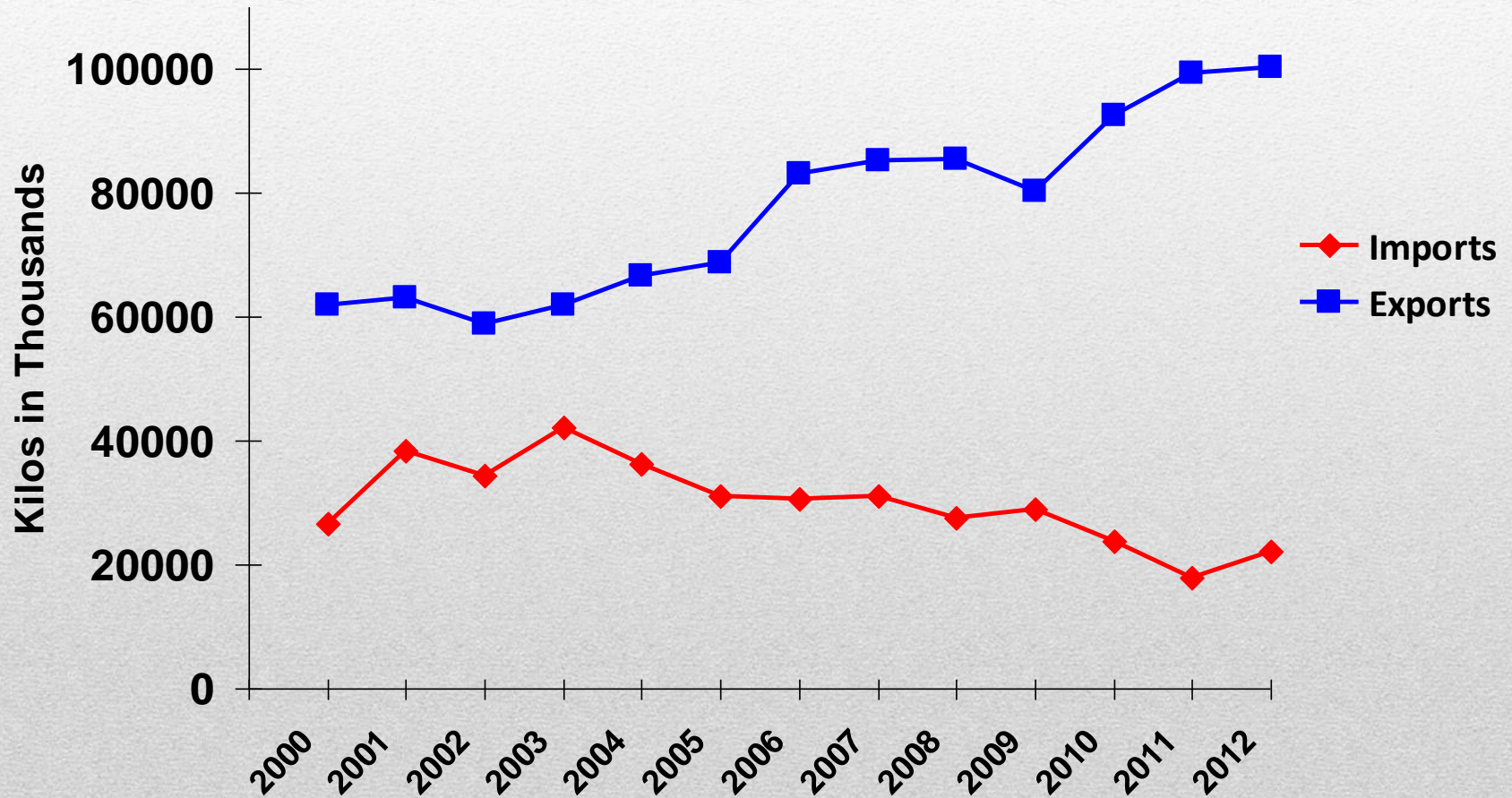
Source: U.S. Bureau of Labor Statistics.

Average hourly compensation costs in manufacturing, U.S. dollars, 1997 and 2011



Foreign Trade

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* Source – U.S. Census Bureau

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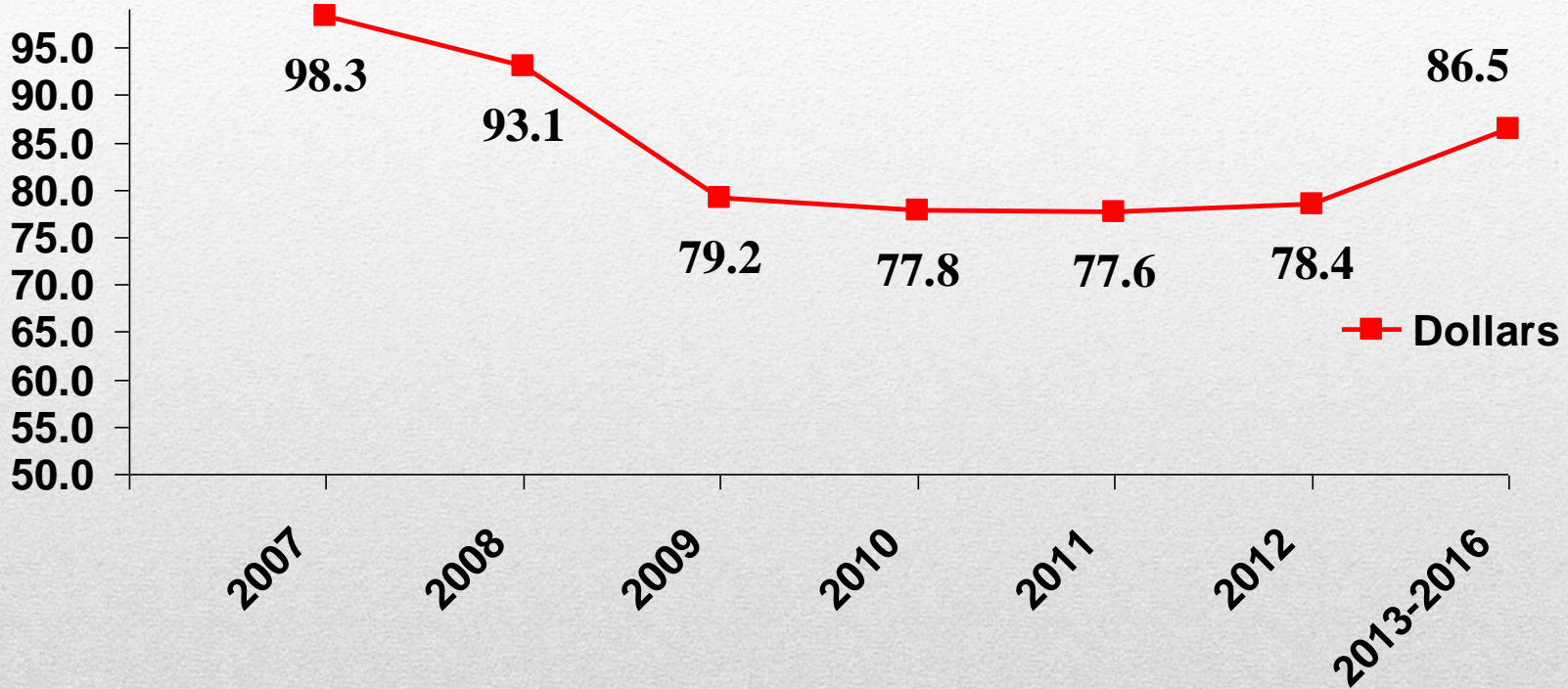
Revenue and Growth

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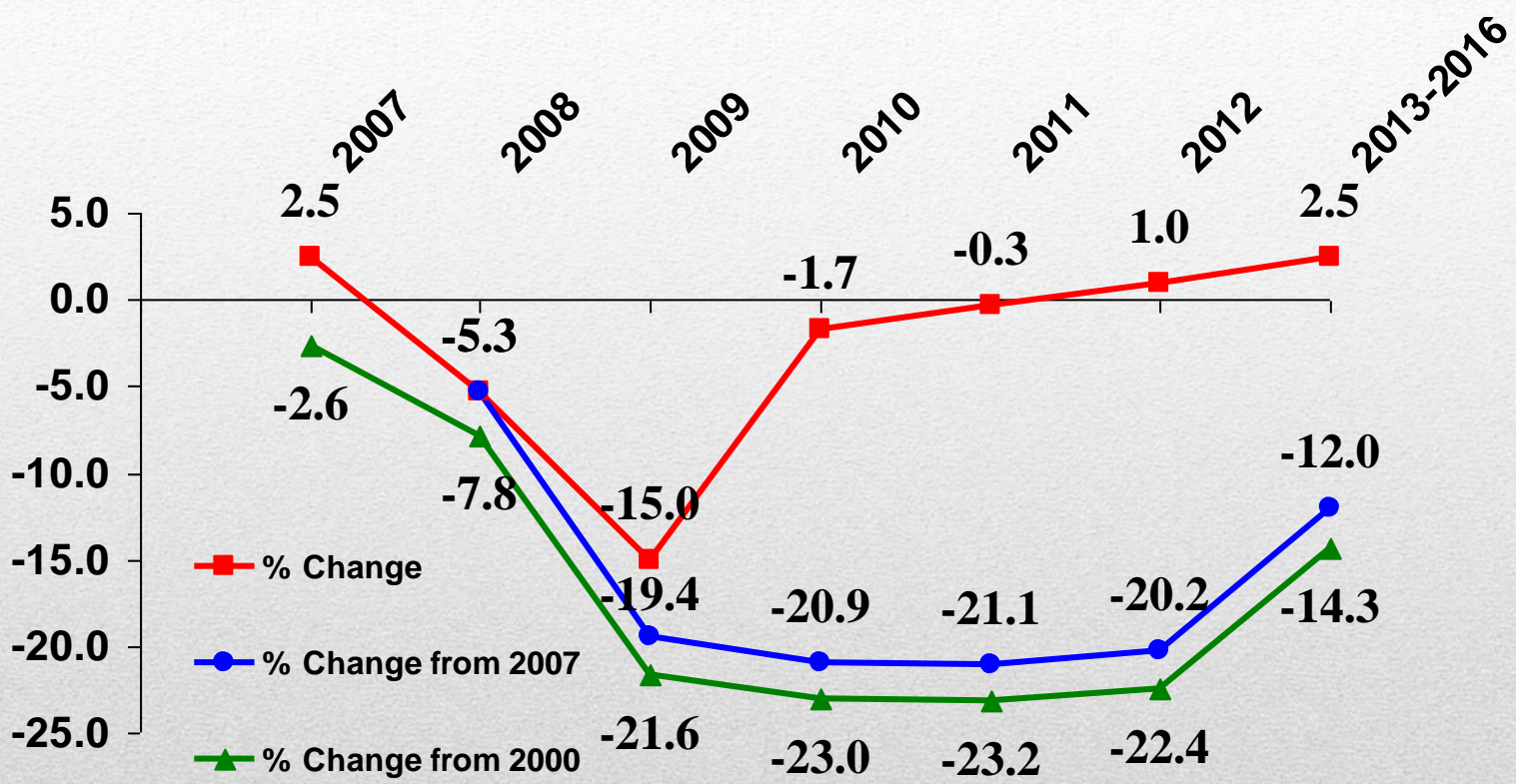


U.S. Print Sales*



* Source – NAPL Commercial Printing Industry Sales

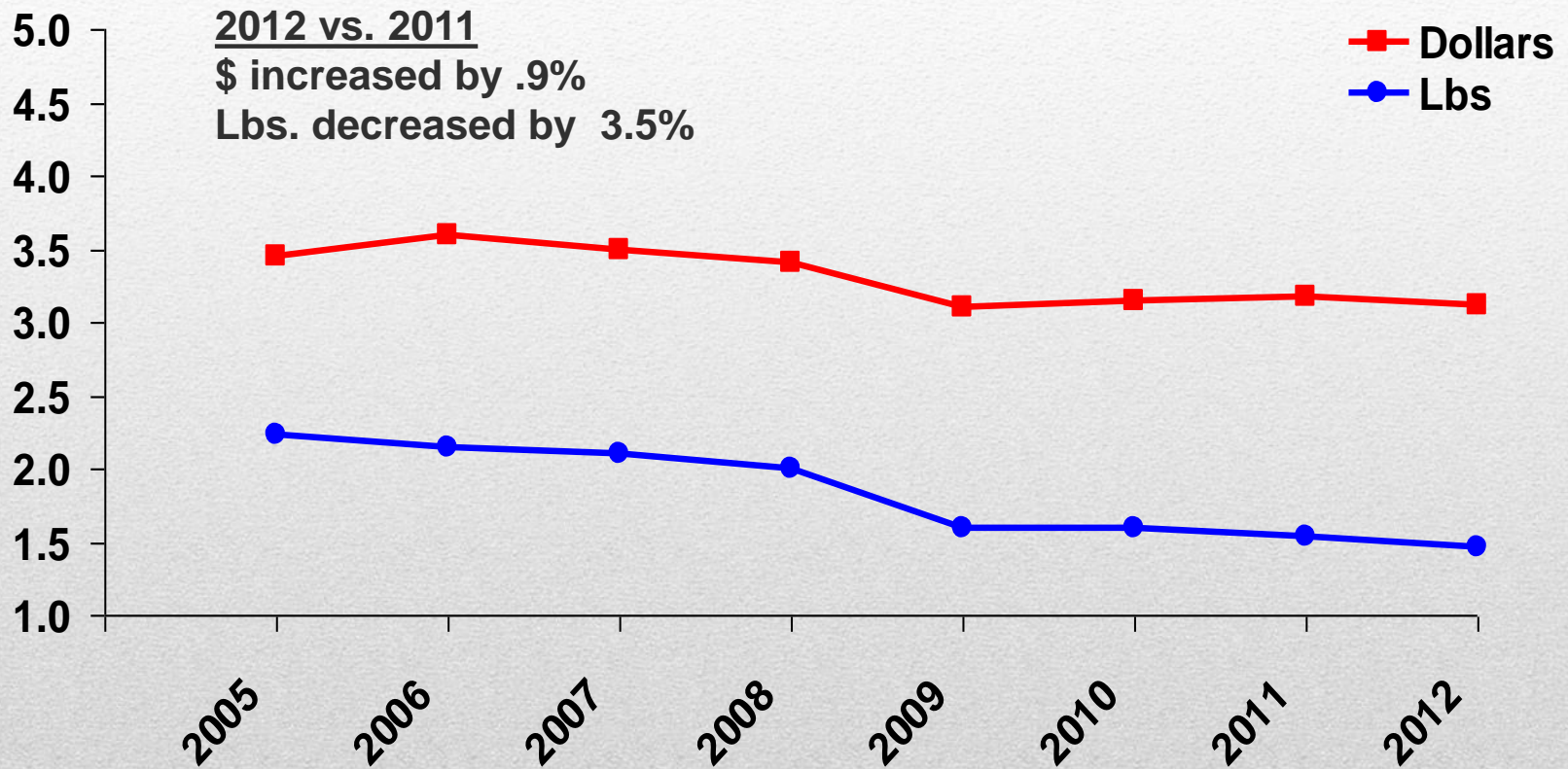
U.S. Print Sales (%)*



* Source – NAPL Commercial Printing Industry Sales



U.S. Printing Ink Sales*

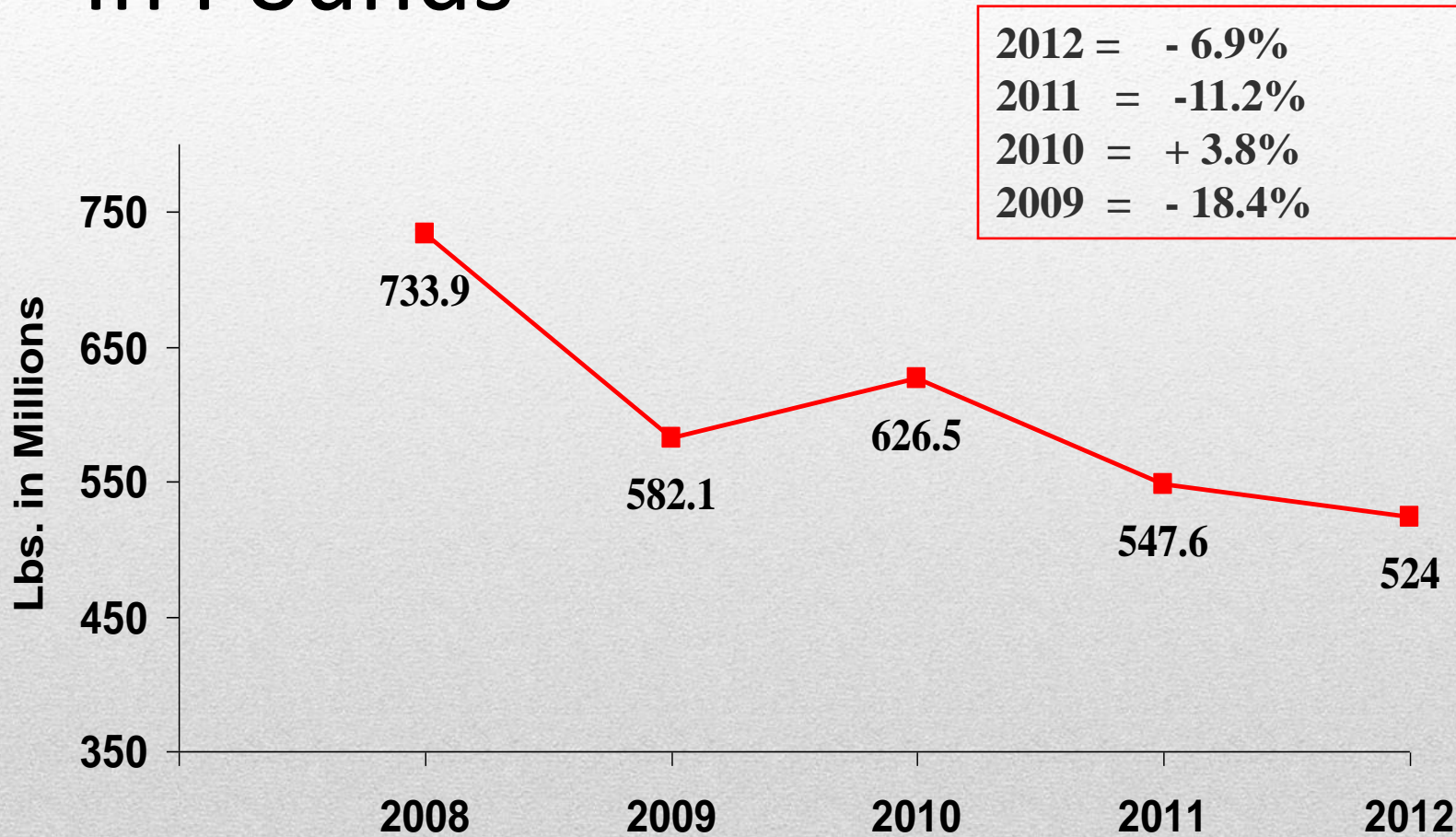


* Excludes screen, textile, digital, & non impact inks

Source - NAPIM QSR; Extrapolated to represent the US Printing Ink Market

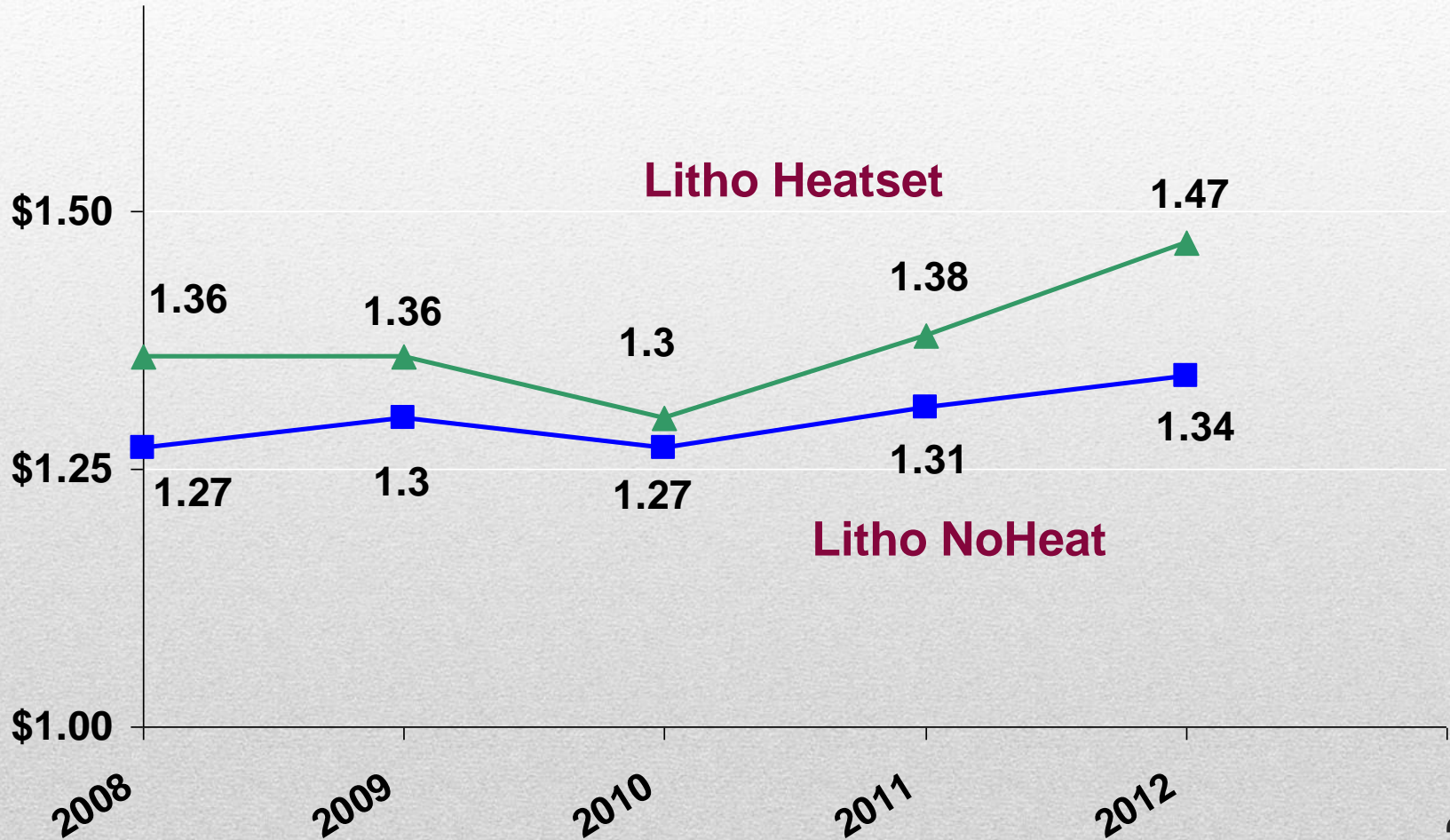
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LITHO INK In Pounds



Average Selling Prices

Litho Heatset and NoHeat



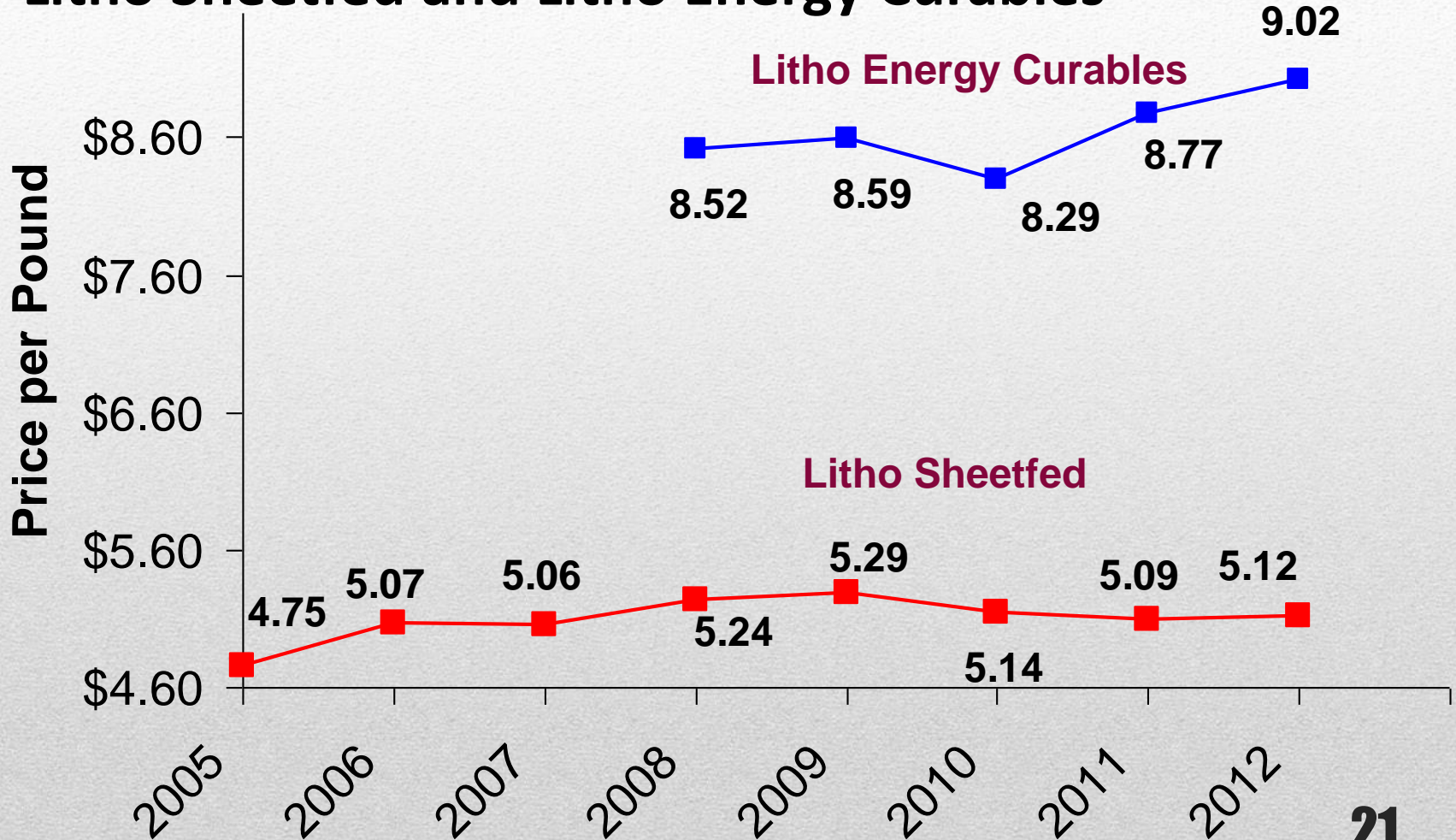
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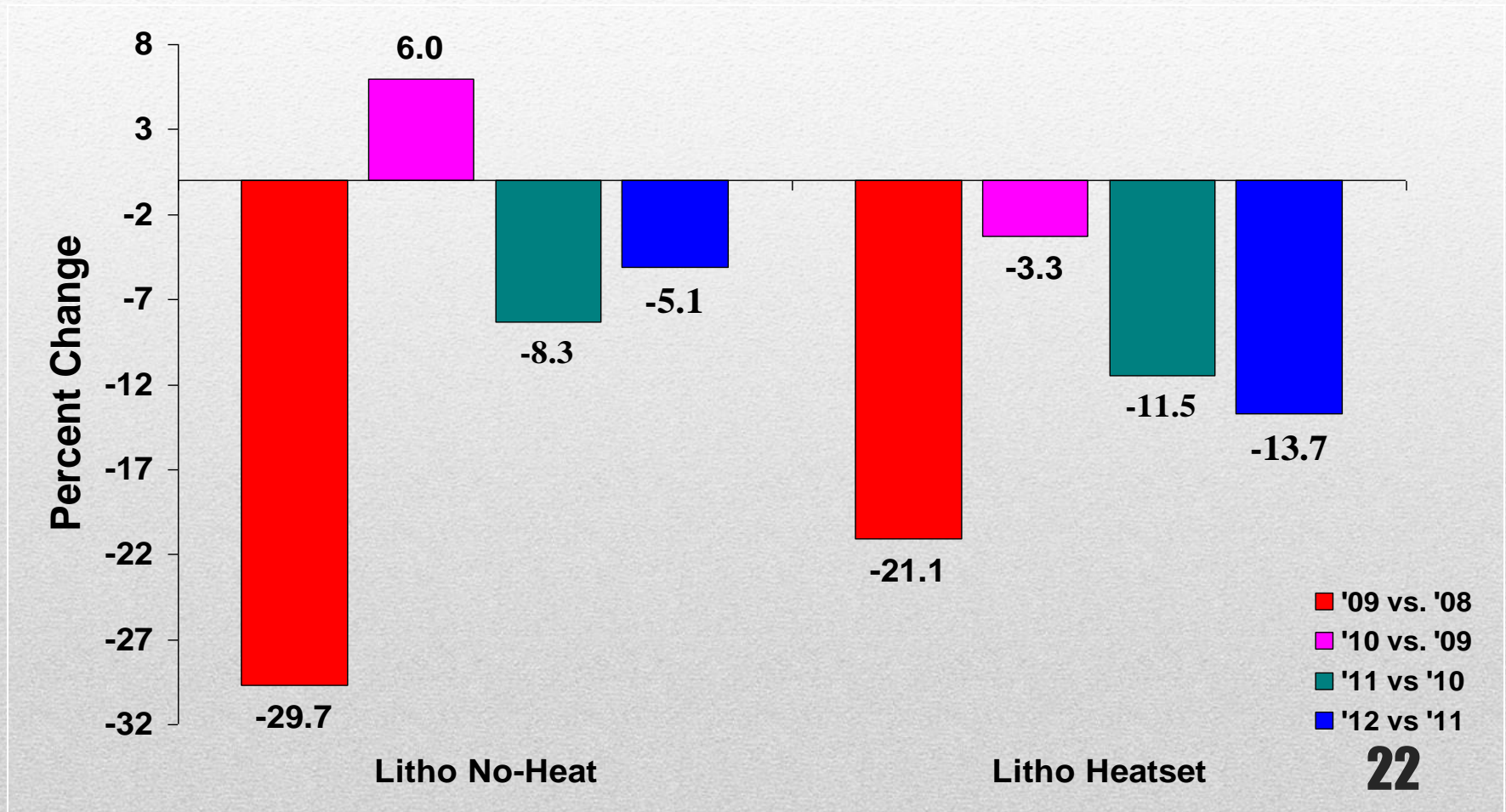
Average Selling Prices

Litho Sheetfed and Litho Energy Curables



Litho Ink Segments

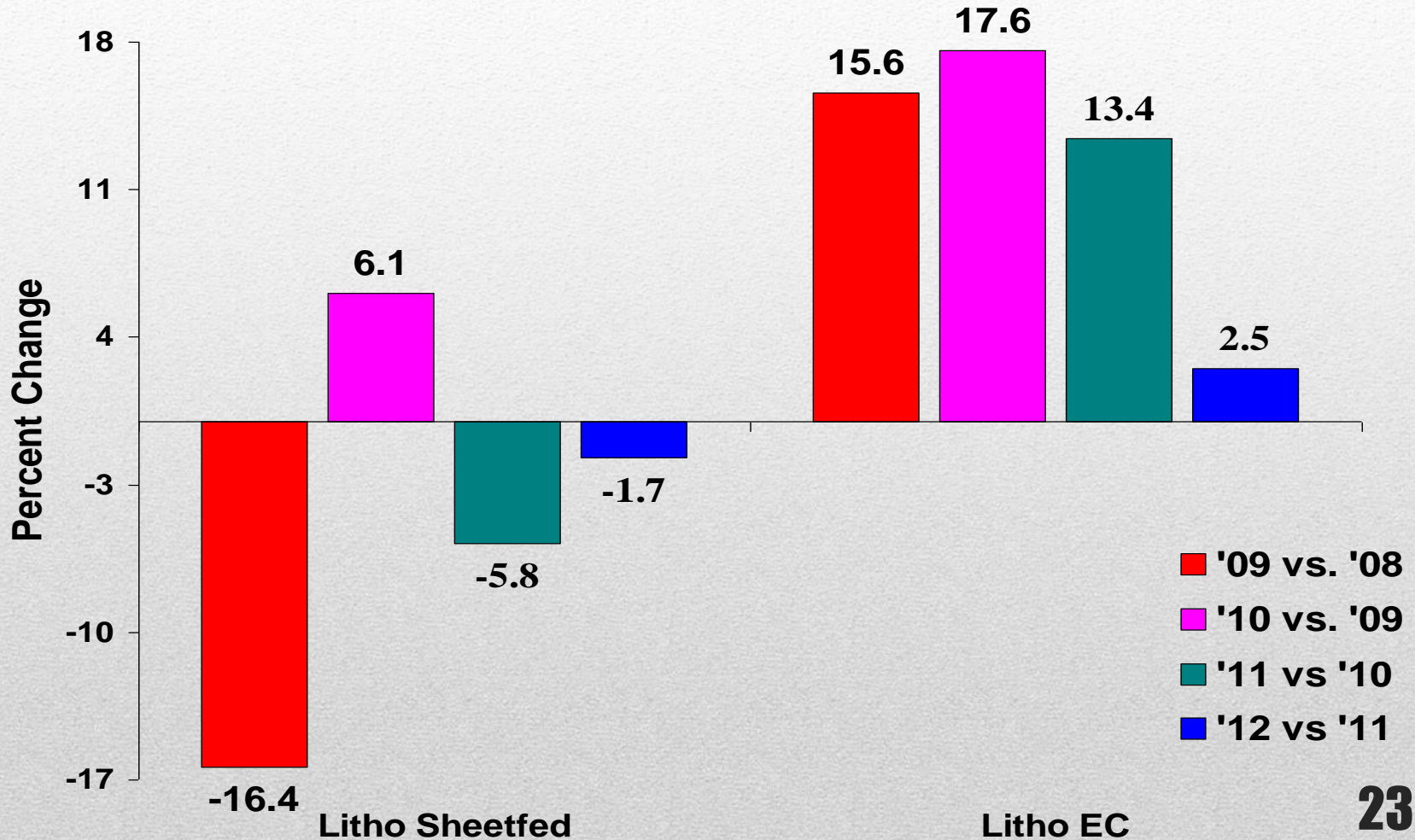
Printing Ink - Based on Lbs.



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Source - NAPIM QSR

Litho Ink Segments Based on Lbs.

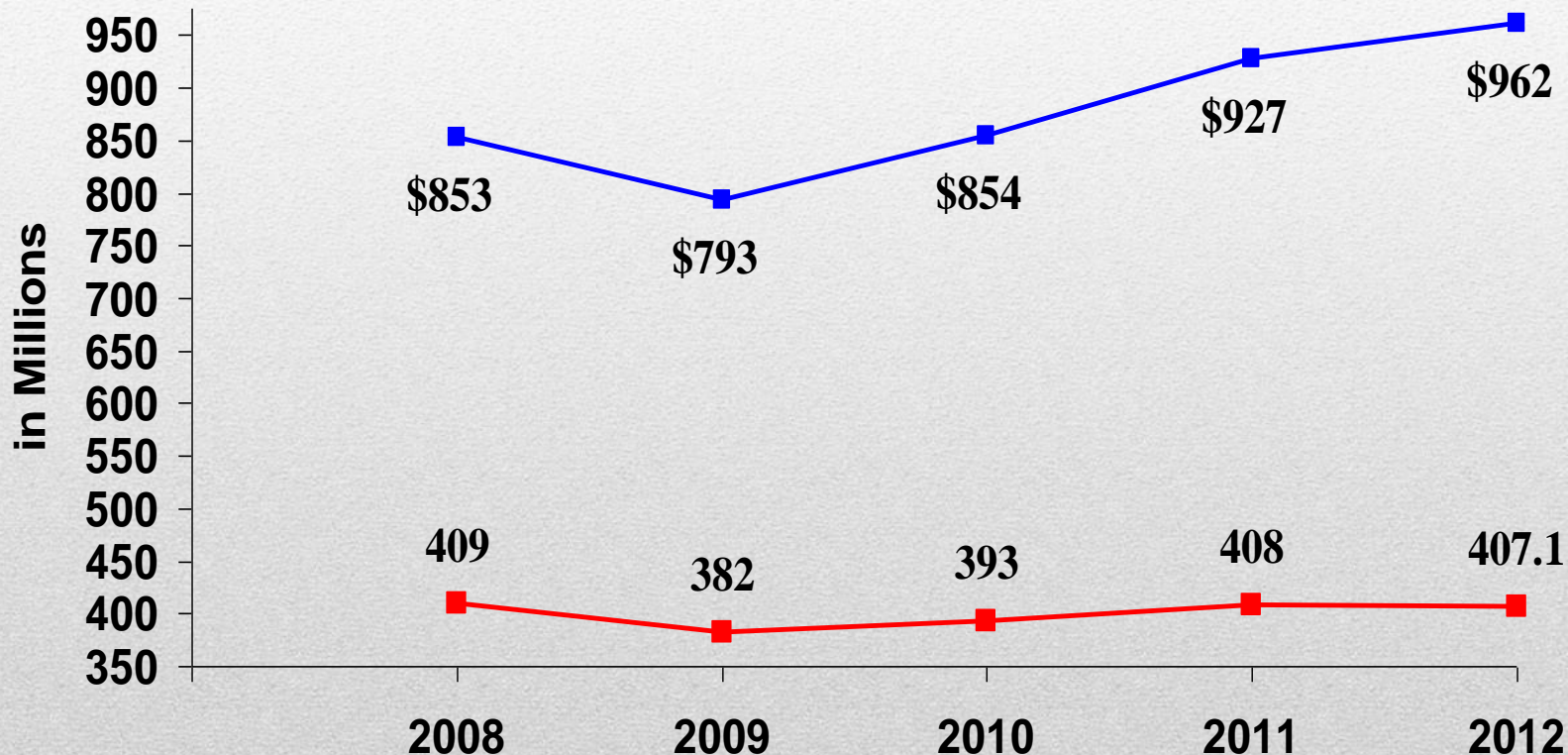


As presented at the 2013 Convention April 7, 2013

Source - NAPIM QSR



Packaging INK (Flexo & Gravure) In Pounds & Dollars



24

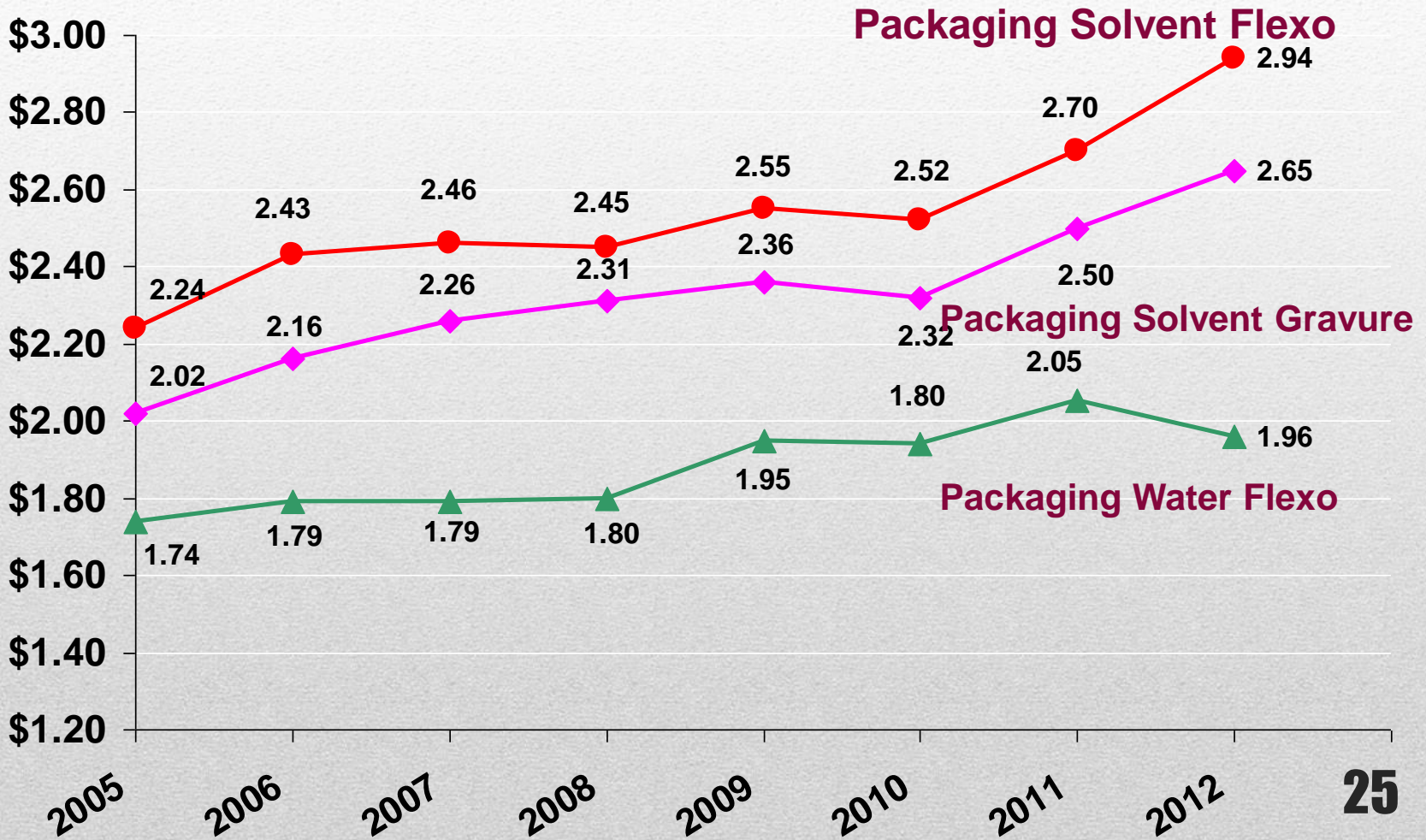
As presented at the 2013 Convention April 7, 2013

Source - NAPIM QSR



Average Selling Prices

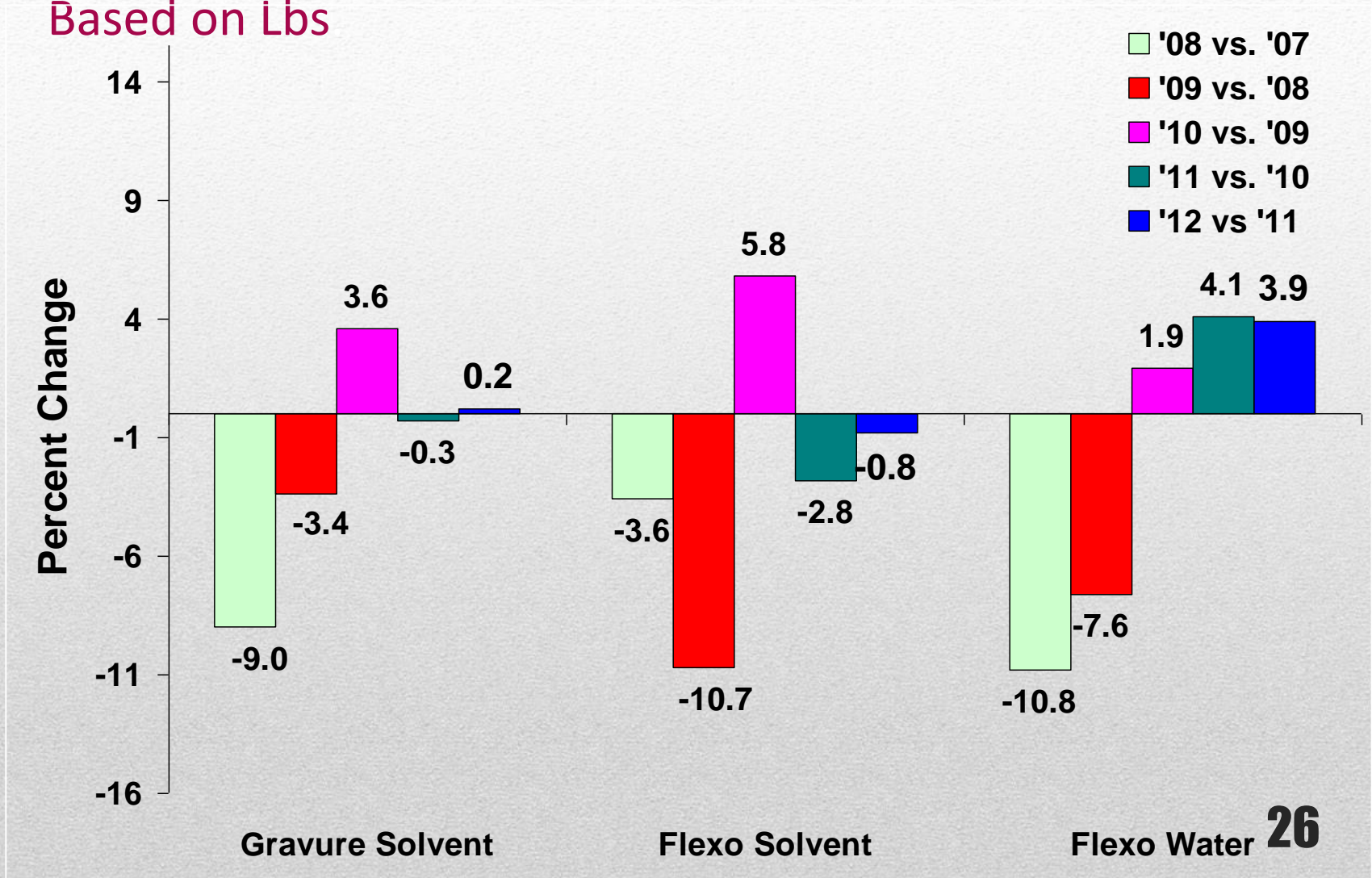
Packaging Gravure & Flexo



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Packaging Ink Segments

Based on Lbs



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Source - NAPIM QSR

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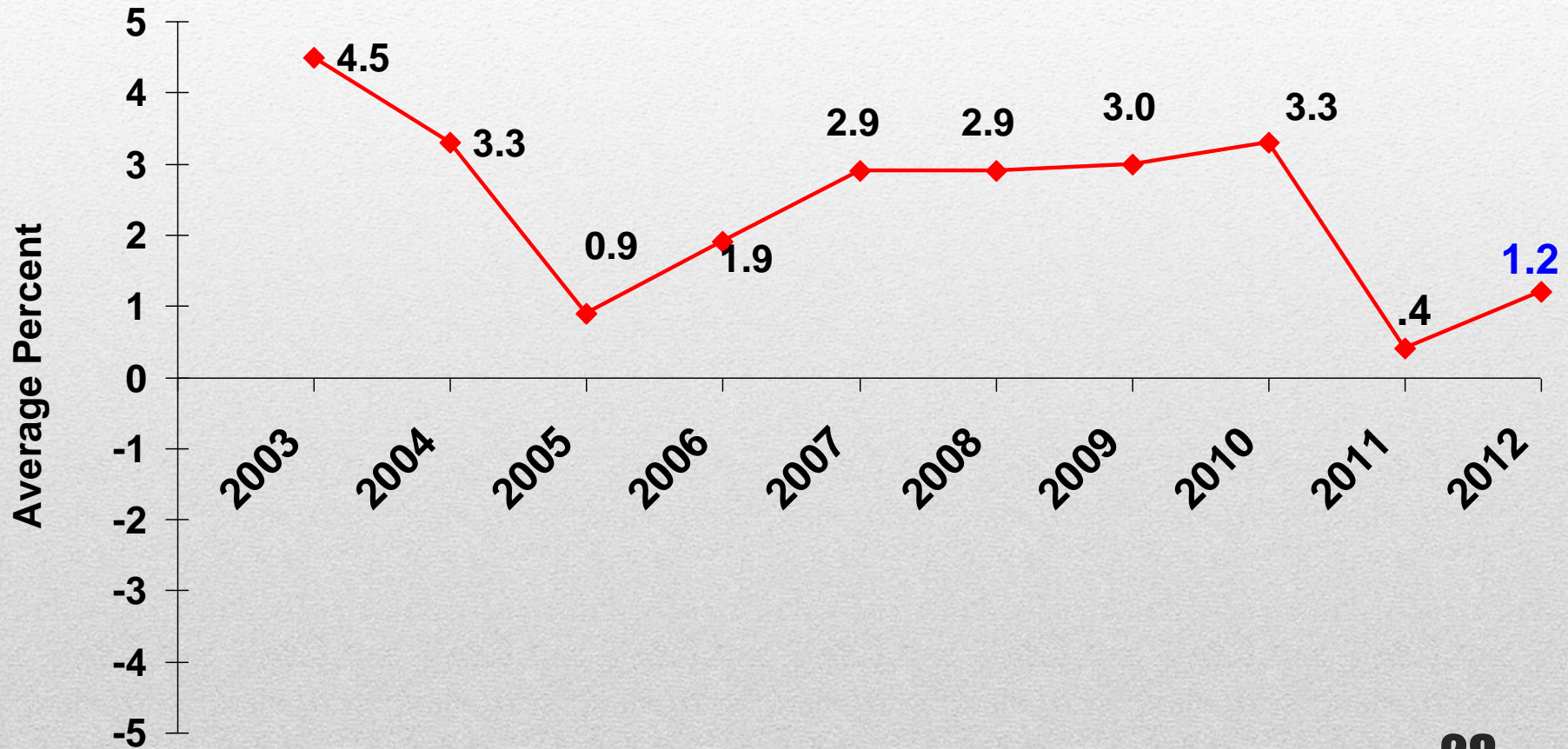
Profitability

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Ink Companies' Historical Earnings Before Interest & Taxes



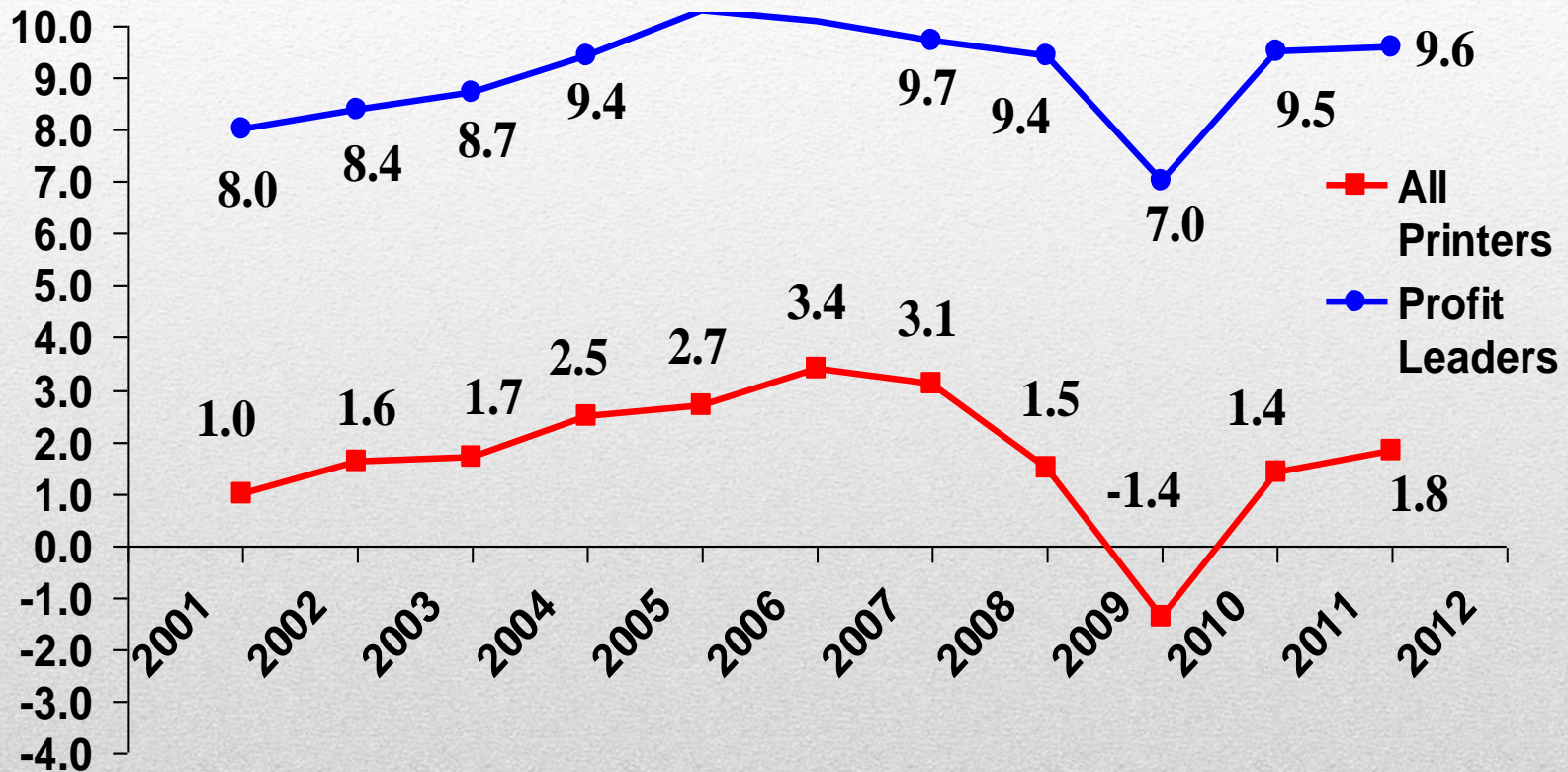
28

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Source - NAPIM Operating Ratio Report

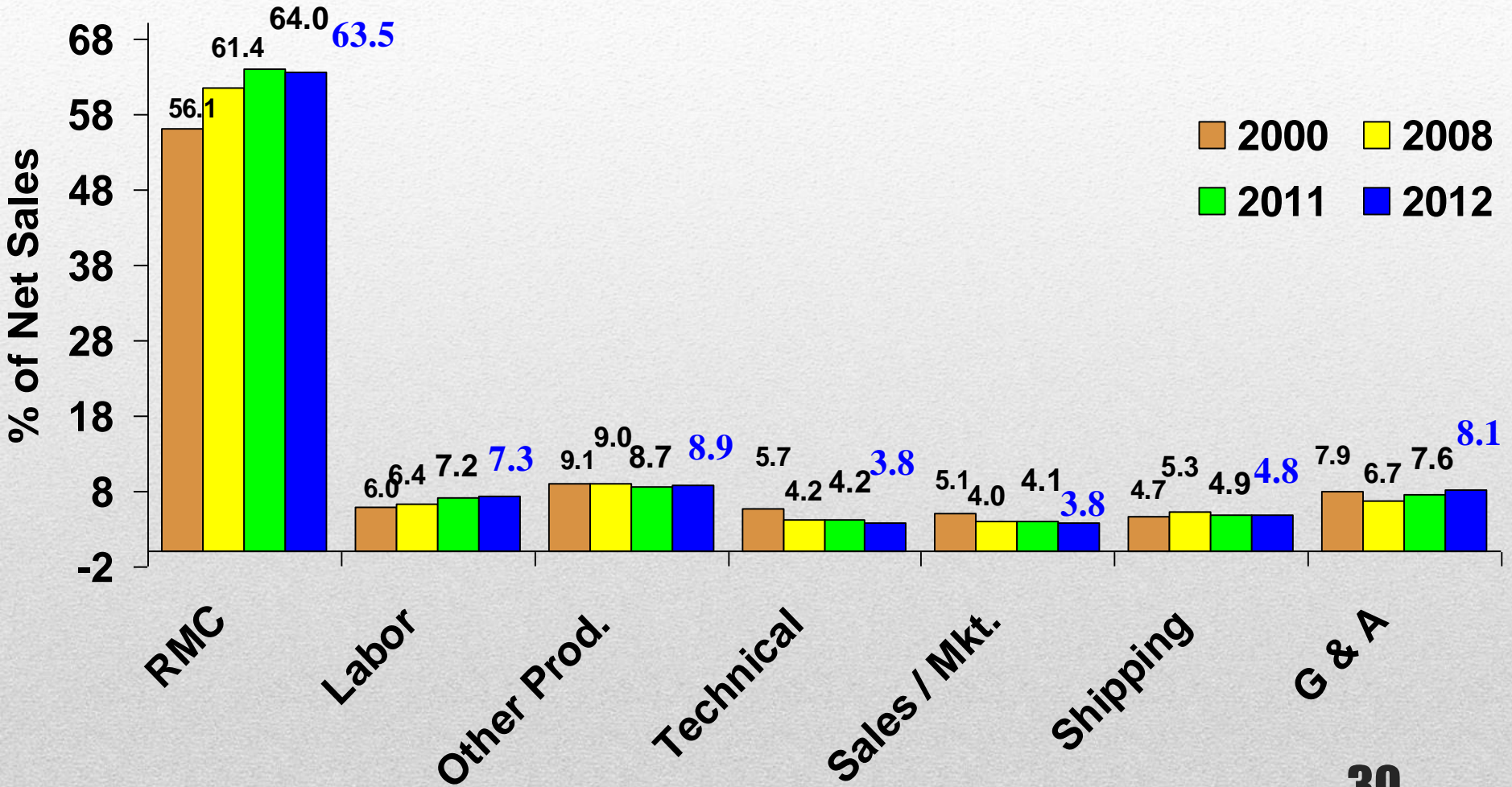


Profit Trends (%) – Printers with PIA



* Source – Printing Industries of America

Average Oper. Cost 2012 ALL Ink



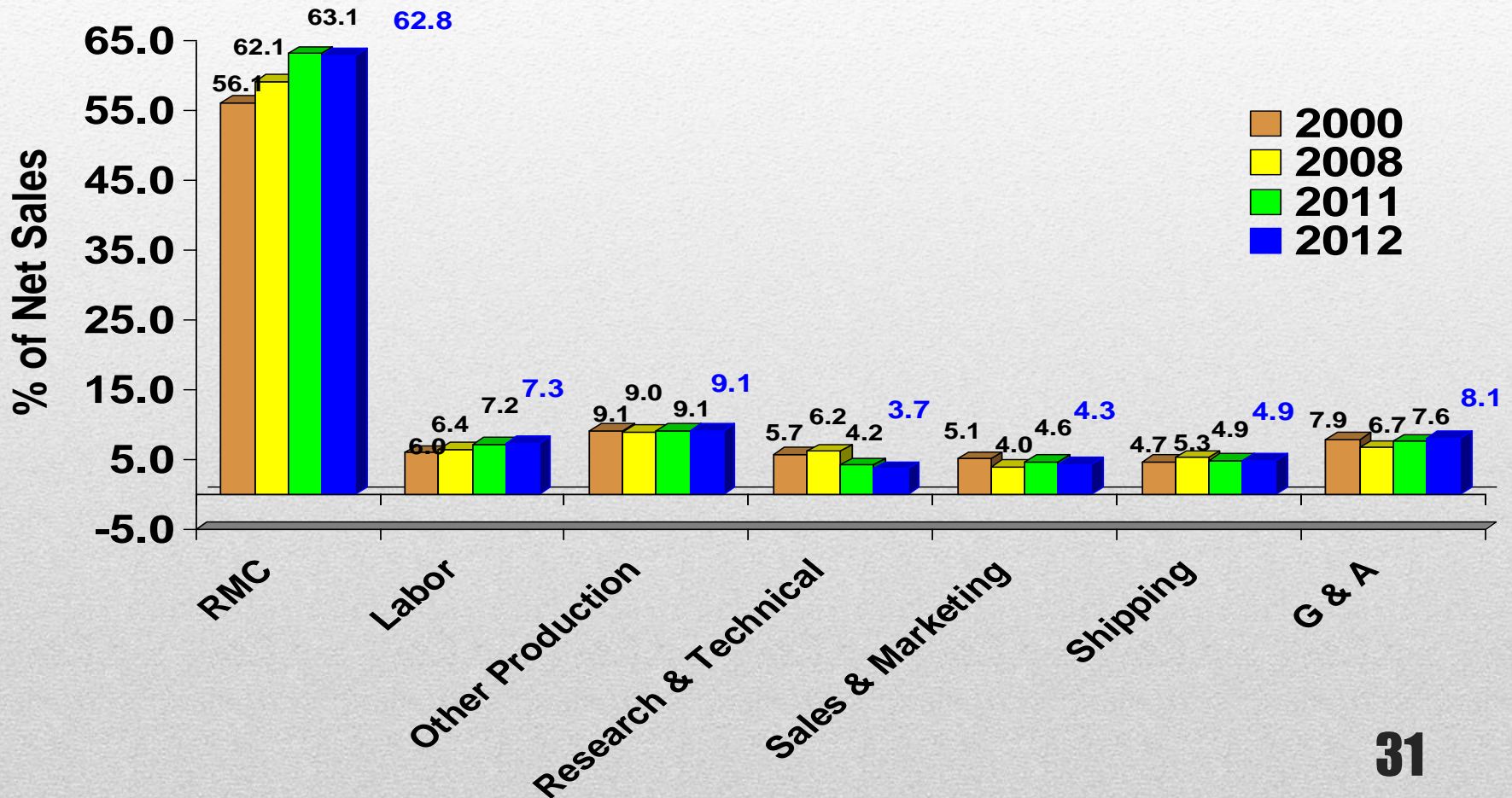
30

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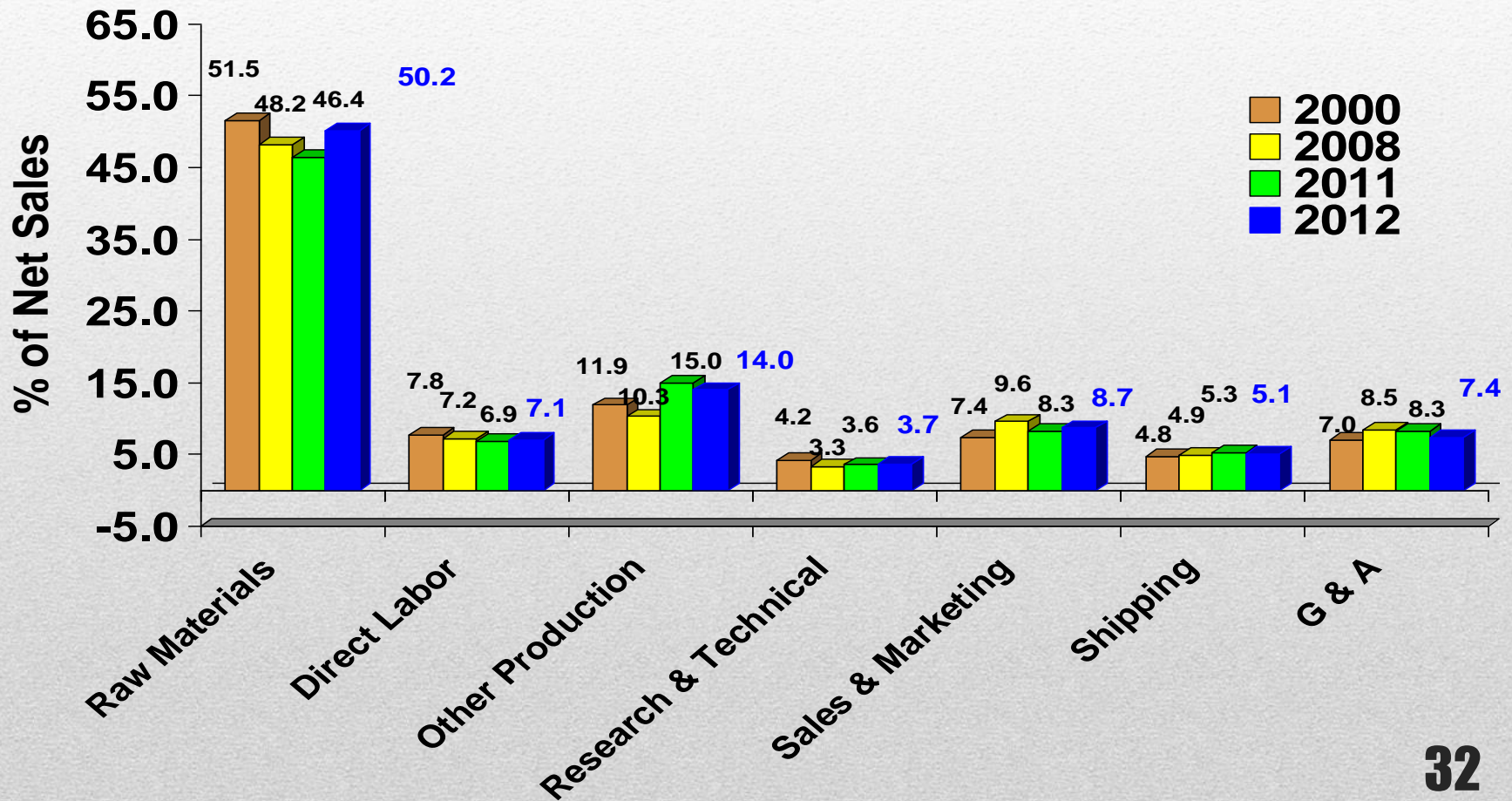
Source - NAPIM Operating Ratio Report



Average Oper. Cost 2012 > \$50m



Average Oper. Cost 2012 < \$50m



Return on Net Assets: Based on EBIT



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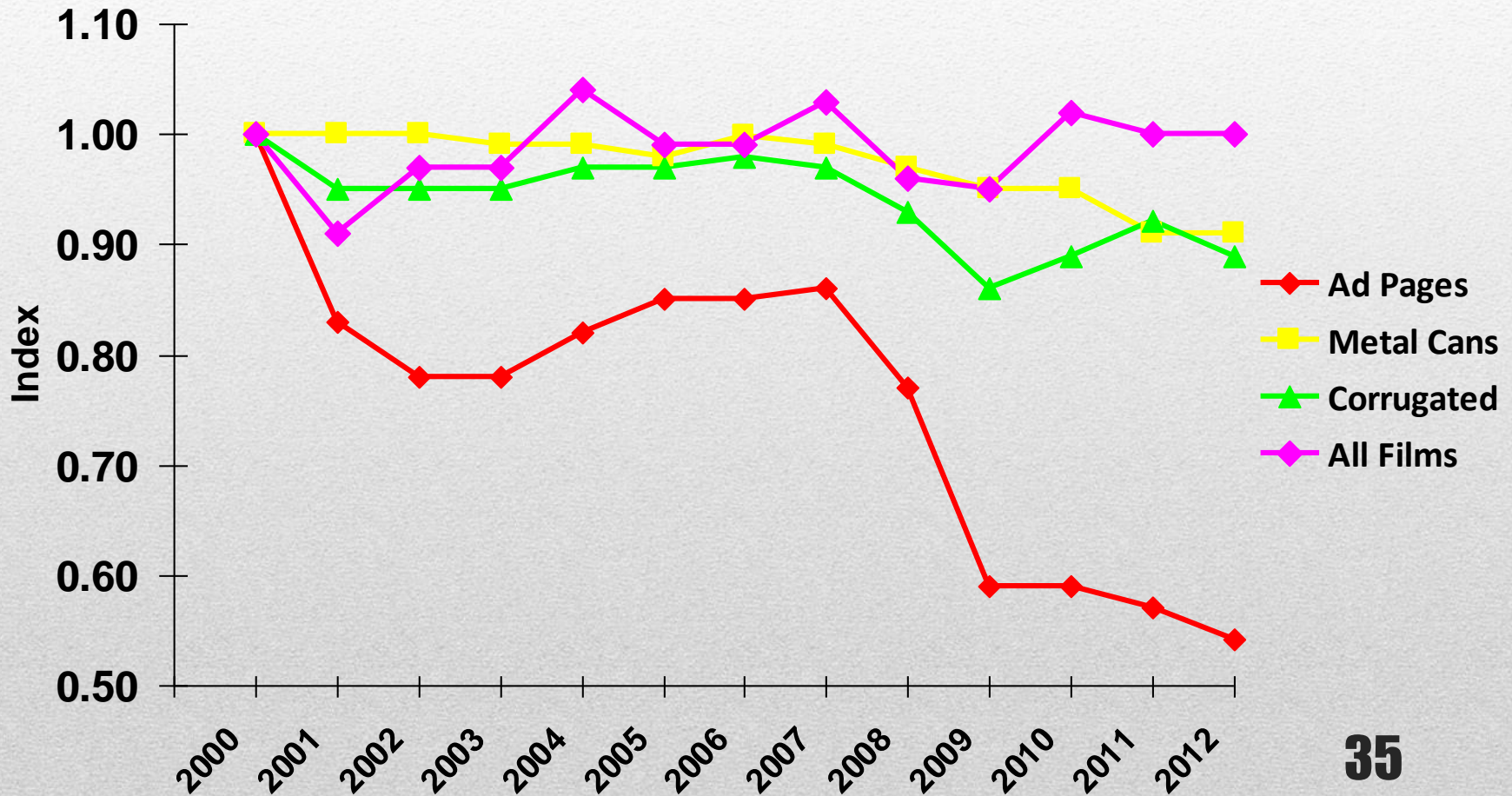
End Use Markets

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End Use Market Indicators



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Foreign Trade

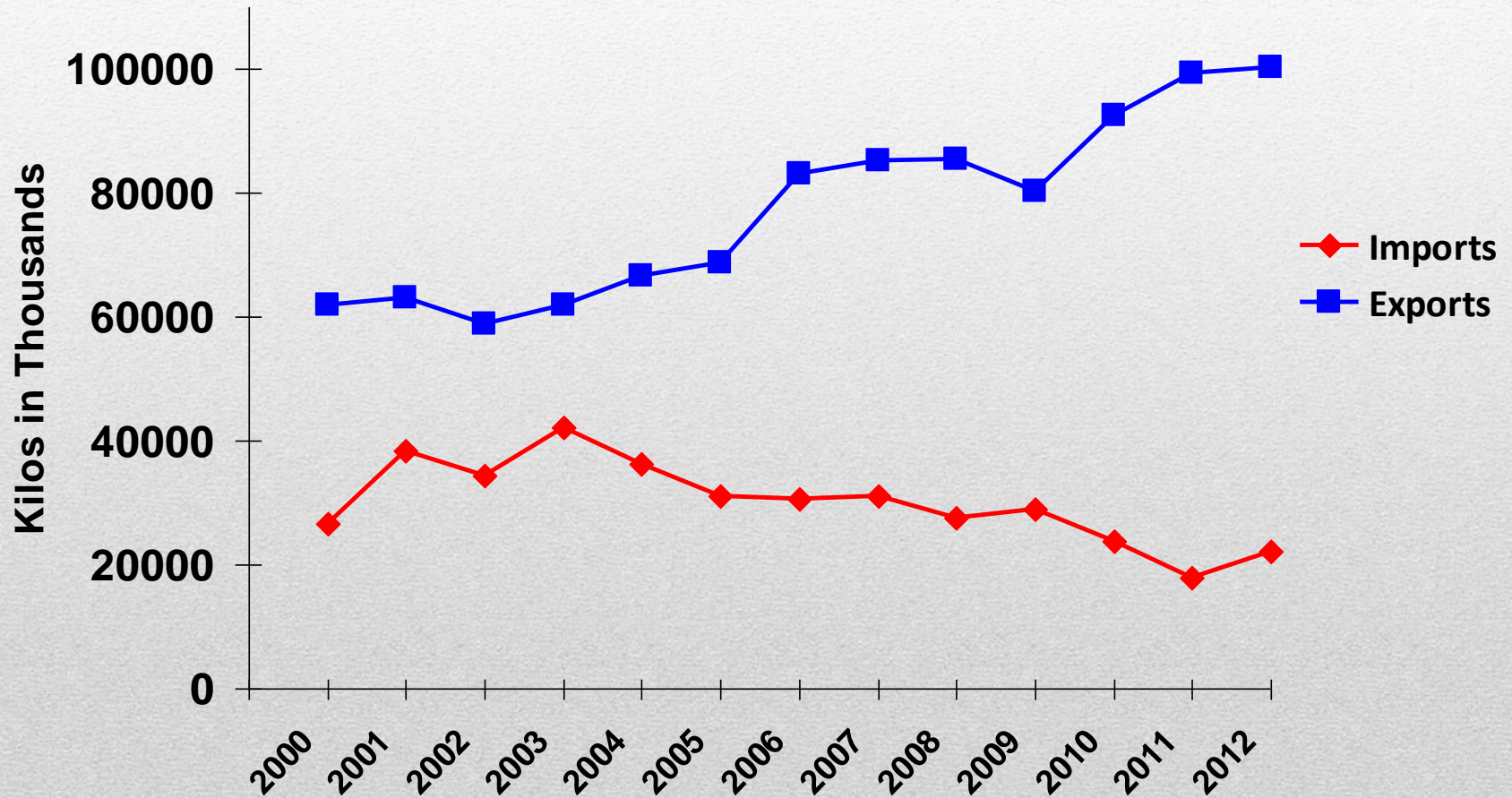
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Foreign Trade

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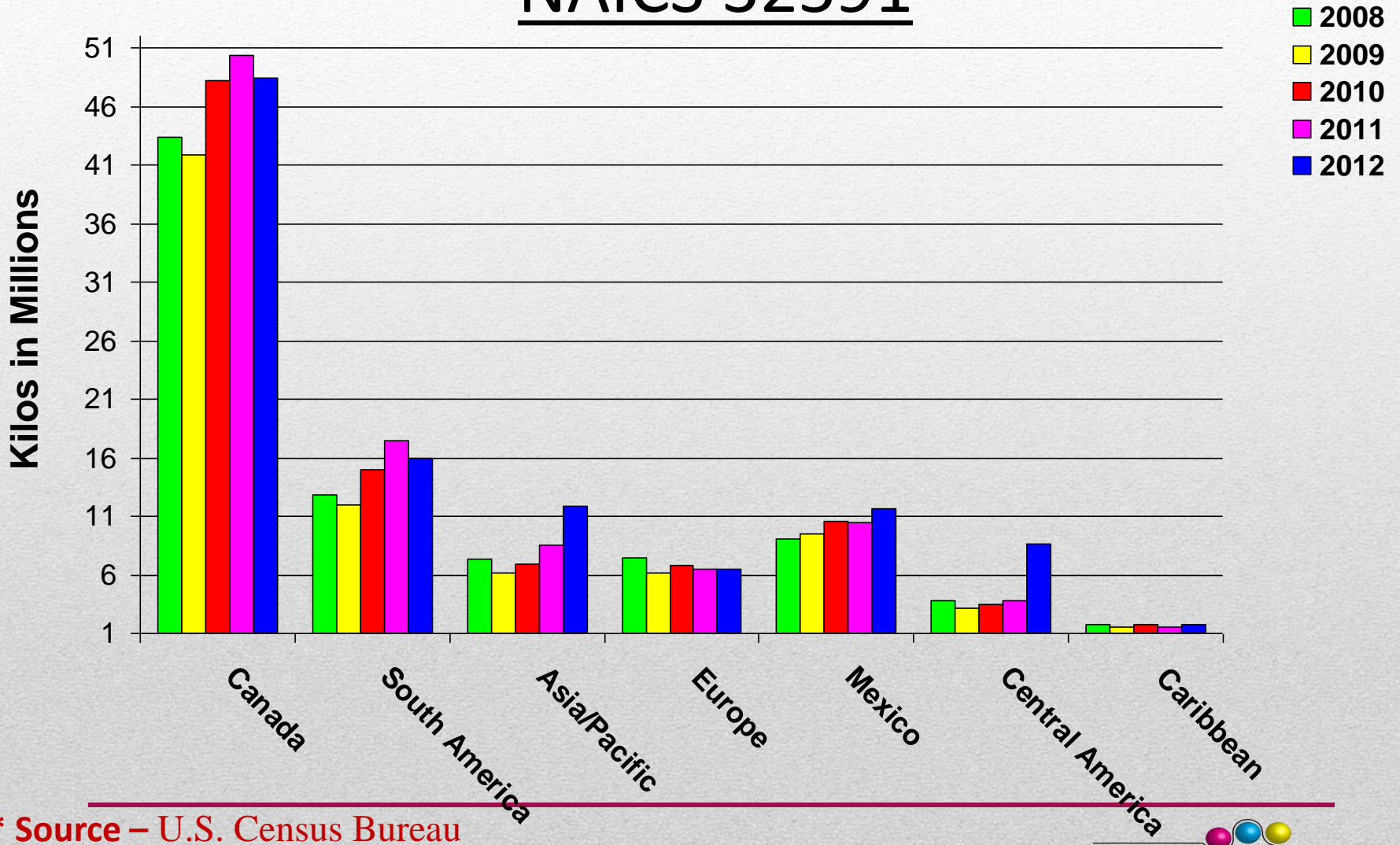
* Source – U.S. Census Bureau

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Major Ink Exports

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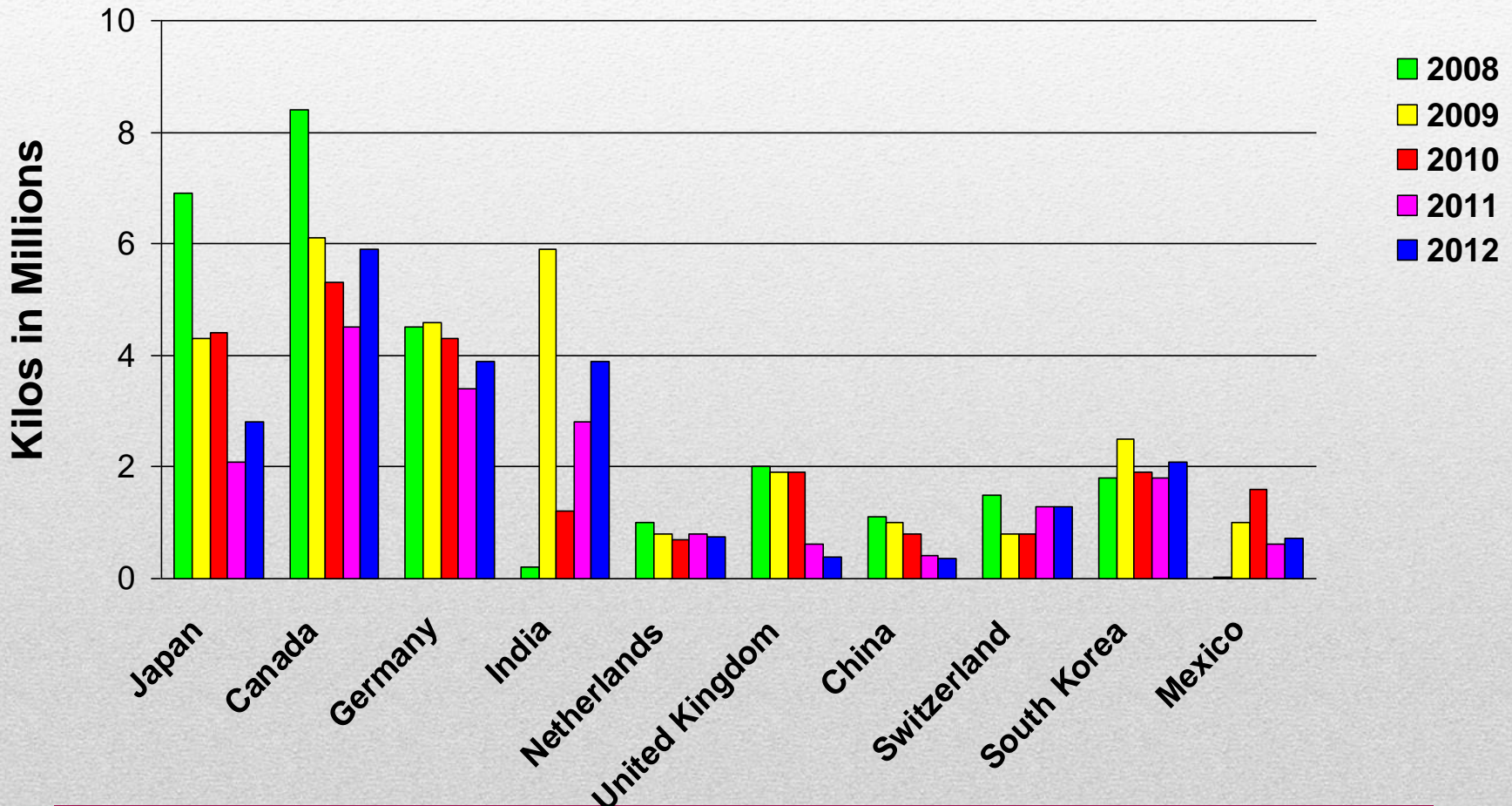
* Source – U.S. Census Bureau

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Major Ink Imports

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* Source – U.S. Census Bureau

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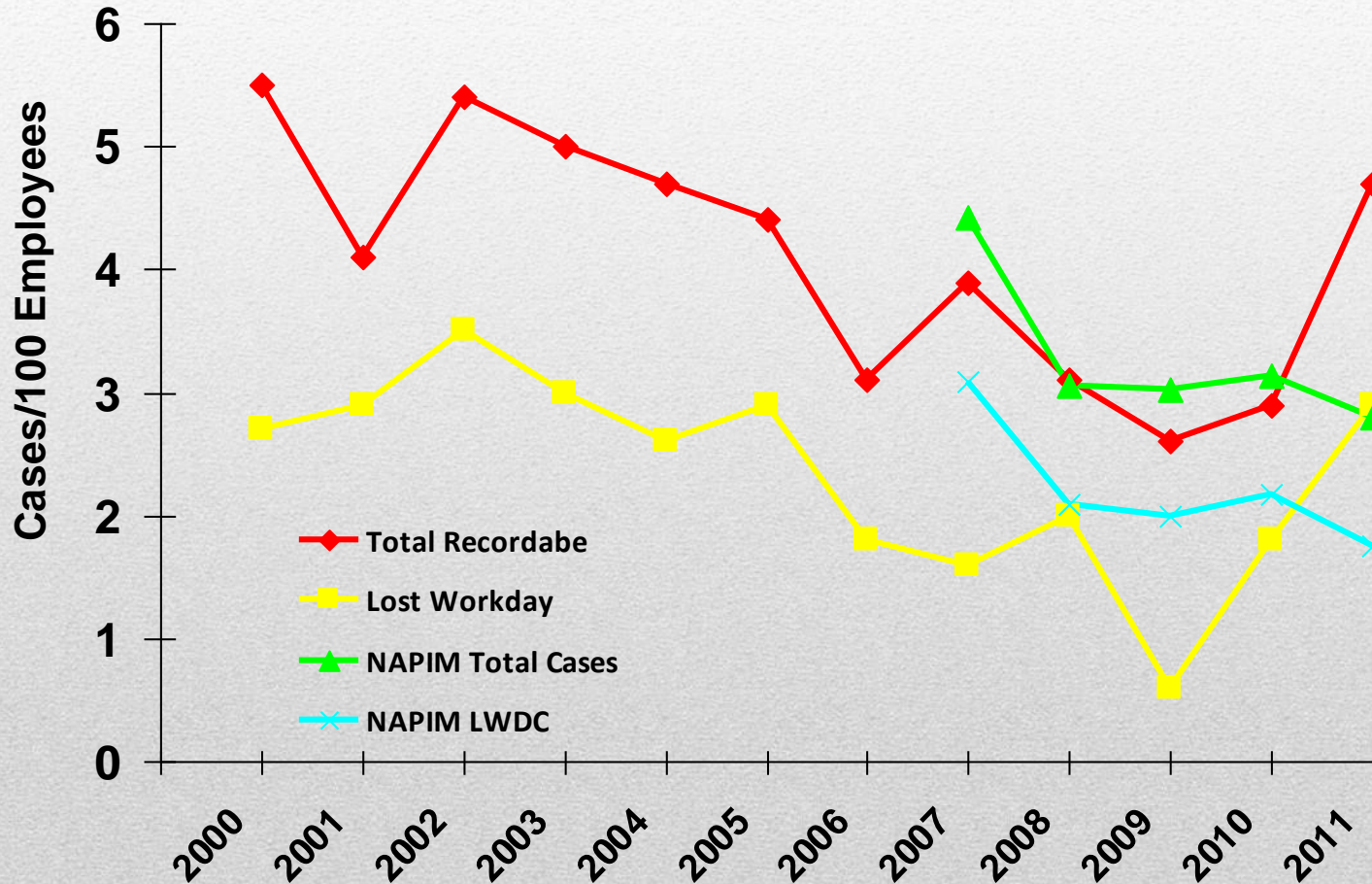
Safety, Health and Environmental

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Ink Industry Illness/Injury Annual Rate



EHS Issues

- OSHA
 - GHS - Status/Impact
- CPSIA
 - Status
- Food Packaging Committee
 - Mineral Oil/Recycled Packaging
 - Food Packaging Webinar
- Environmental Issues
 - TSCA Modernization

Questions or Comments?

Thank you