

NAPIM

Management Information Committee

- **John Jilek Jr**
Ink Solutions
- **Tony Laurino**
Sun Chemical Corp
- **Kim Stone**
Flint Group
- **Jane Krasner**
Toyo Ink
- **Bryce Kristo**
INX
- **James Leitch**
Braden Sutphin Ink Co.
- **John Sergeant**
Modern Color
- **Bill McDermott**
Mead Westvaco
- **Dave Grabacki**
Keim-Additec

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**
- **NAPL State of the Industry Report**
- **NPES**
- **Markit**
- **Printing Industries of America Economic and Market Research Department**



- ❖ **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.**

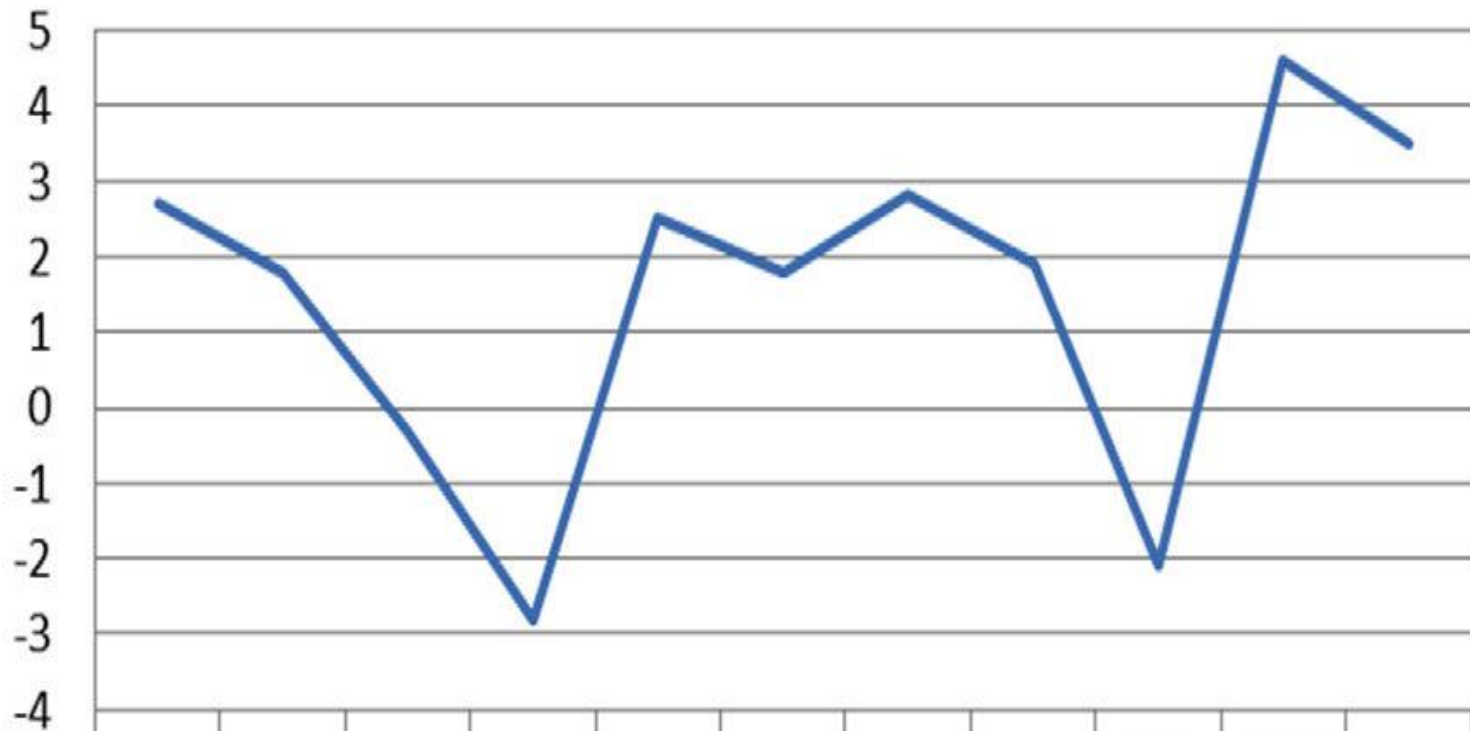
Report Elements

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

Global and Industry Issues



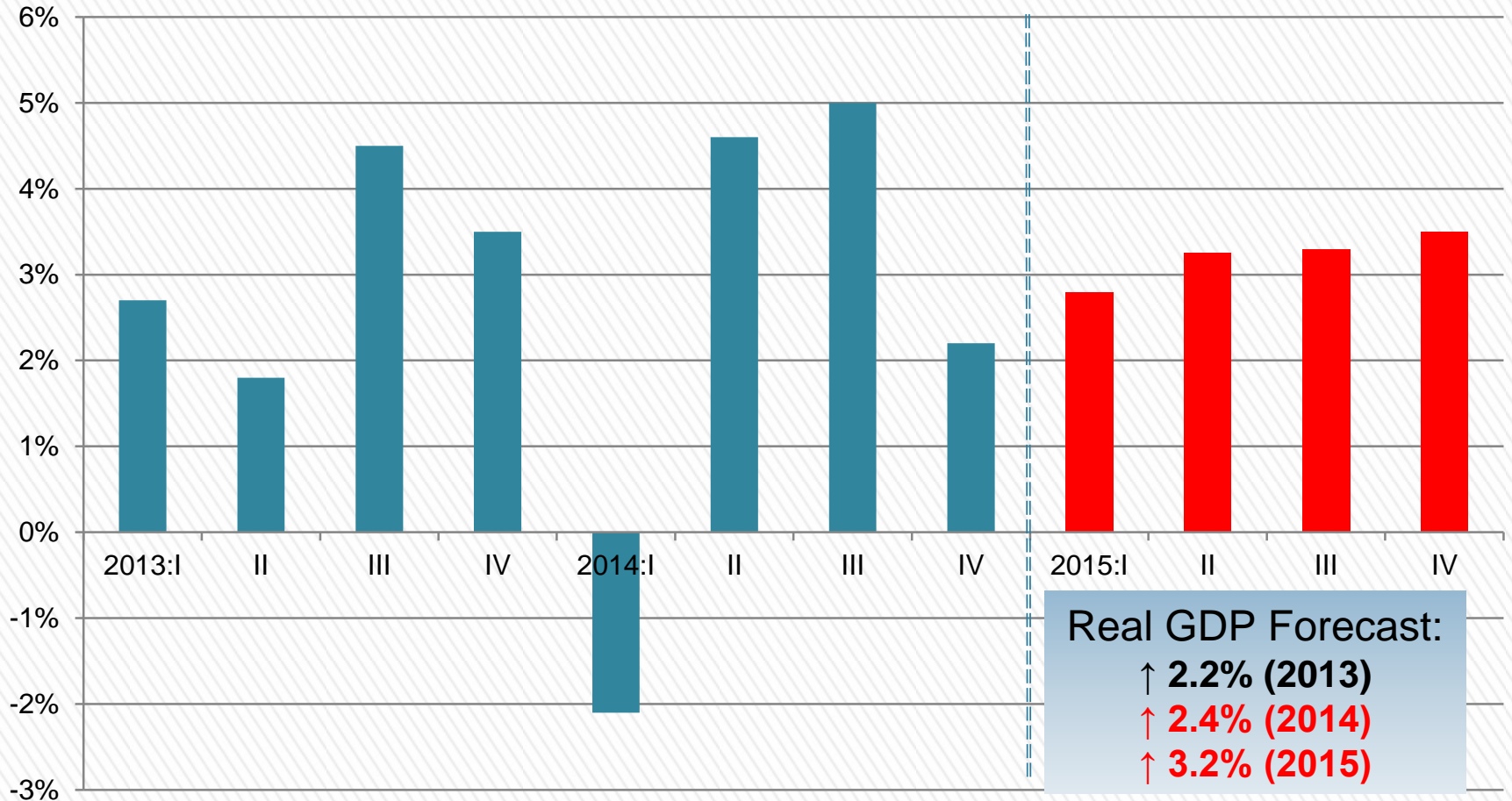
Economic Trends 2006-2014



	2006	2007	2008	2009	2010	2011	2012	2013	1st qtr 2014	2nd qtr 2014	3rd qtr 2014
— GDP	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.9	-2.1	4.6	3.5

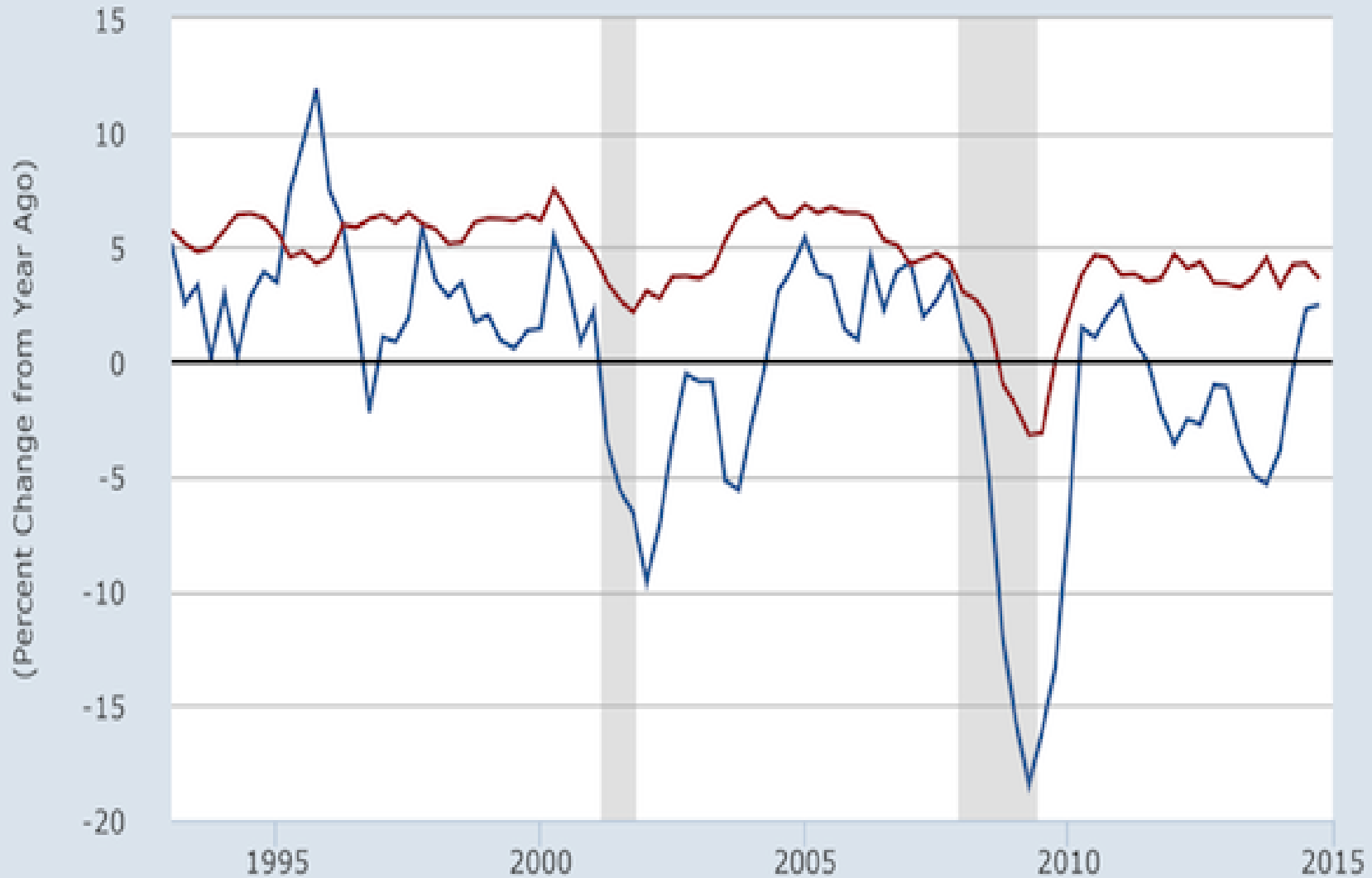
Real Gross Domestic Product

(Chained 2005 Dollars)



Source: Bureau of Economic Analysis, NAM calculations using Moody's Analytics simulation model

— Value of Manufacturers' Shipments for Nondurable Goods
 Industries: Printing
 — Gross Domestic Product



Shaded areas indicate US recessions - 2015 research.stlouisfed.org

Crude Oil Price

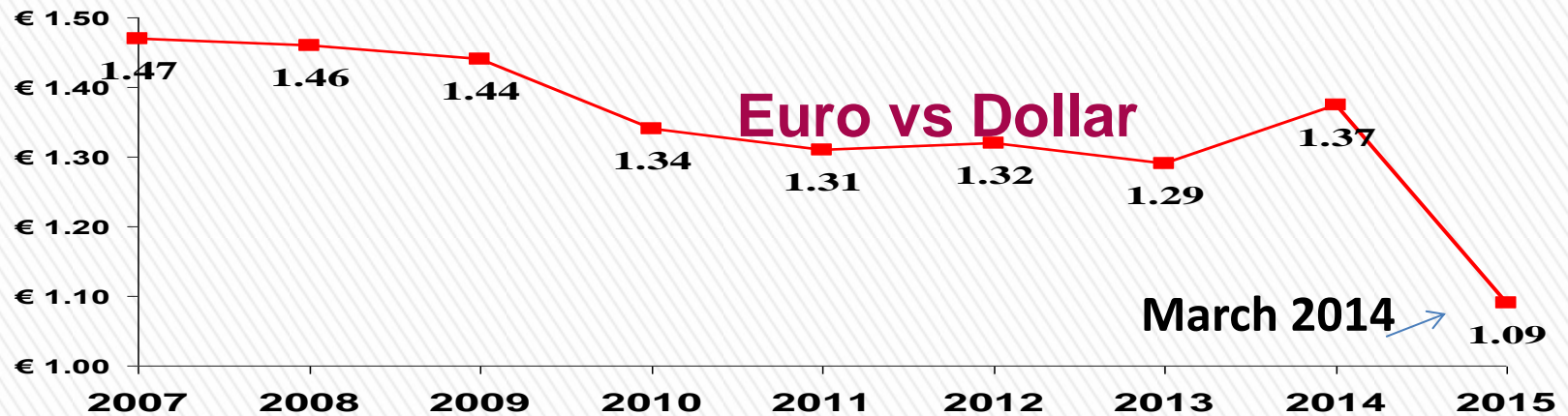
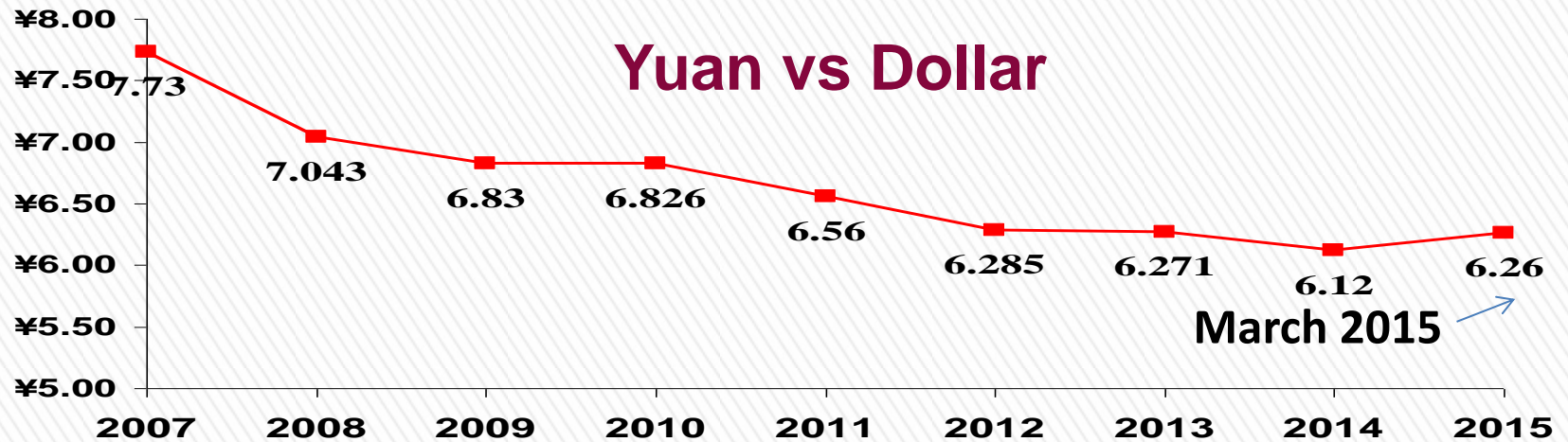
60.57 USD/bbl

6 Mar '15



InfoMine.com

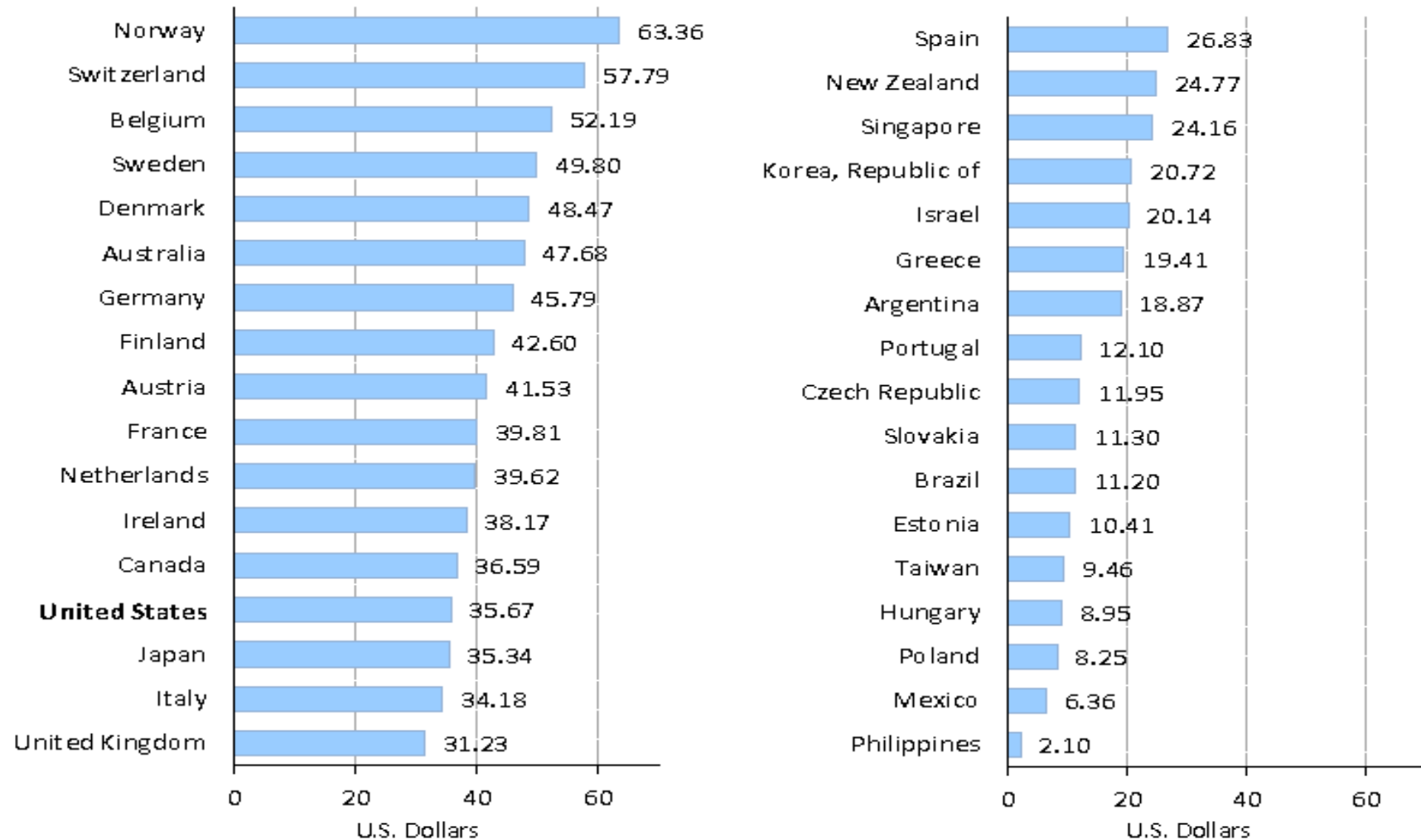
Currencies



Source: GO Currency Converter

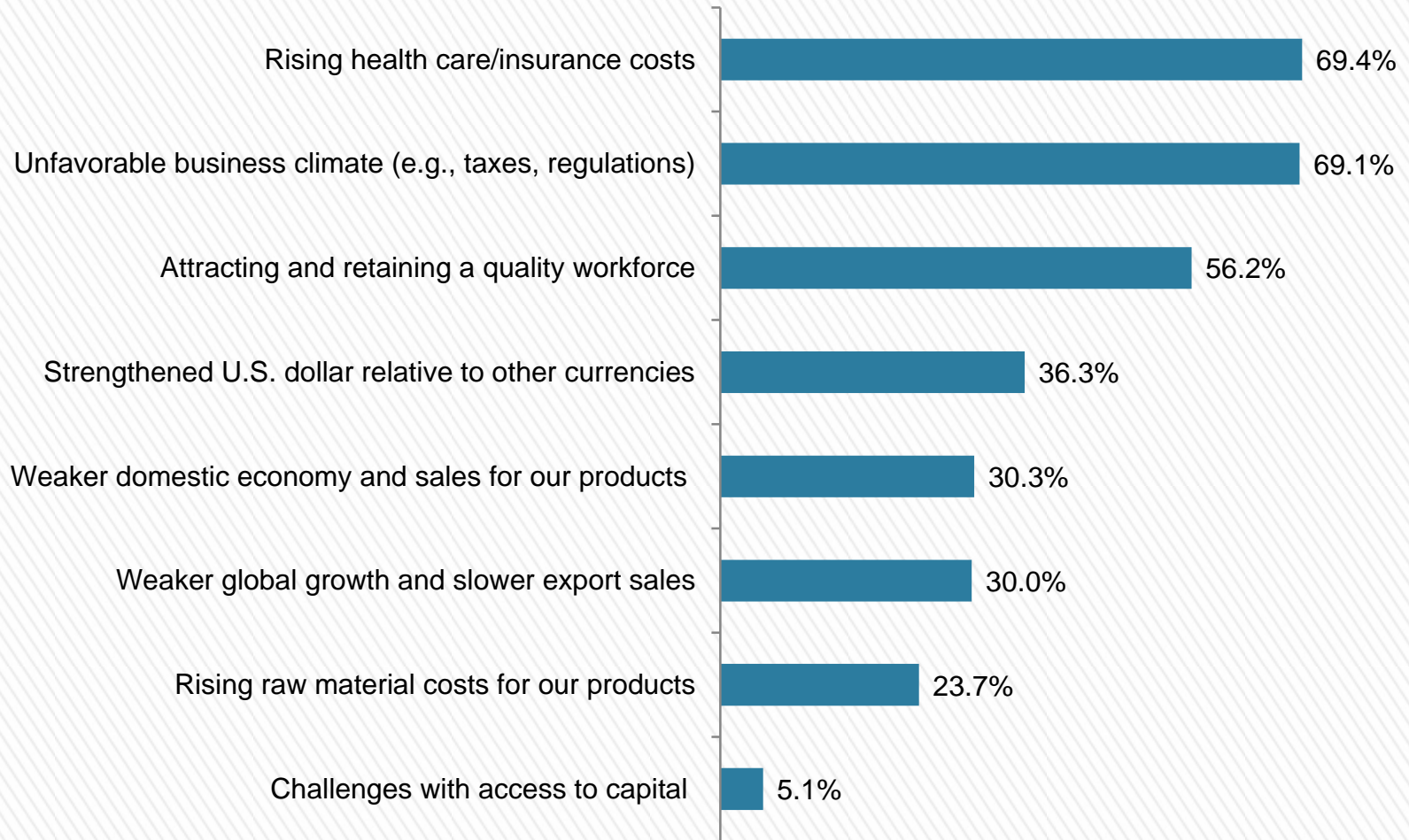
Average hourly compensation costs in manufacturing, U.S. dollars, 1997 and 2011

Chart 1. Hourly compensation costs in manufacturing, U.S. dollars, 2012



Source: U.S. Bureau of Labor Statistics, International Labor Comparisons, August 2013

Primary Current Business Challenges, *First Quarter 2015*



Source: NAM/Industry Week Survey of Manufacturers

Note: Respondents were able to check all that apply. Therefore, responses exceed 100 percent.

Top Current Concerns

- Ink Companies concerns heading into 2015:

Overall	2014
1. Overall Economic Activity	1
2. Customer Consolidations/Closings	2
3. Imports	5

Market	2014
1. Market Competition	5
2. Raw Material Costs	1
3. New Print Technologies	3

Internal	2014
1. Healthcare Costs	2
2. Qualified Worker	1
3. Wage Rates	6

From: Outlook Survey



Top Current Concerns

- TAM Companies concerns heading into 2015:

Overall	2014
1. Overall Economic Activity	1
2. Imports	3
3. Customer Consolidations/Closings	2

Market	2014
1. Raw Material Costs	1
2. Government Regulations	2
3. New Print Technologies	3

Internal	2014
1. Qualified Workers	1
2. Healthcare Costs	2
3. Workers Compensation Costs	6

From: Outlook Survey



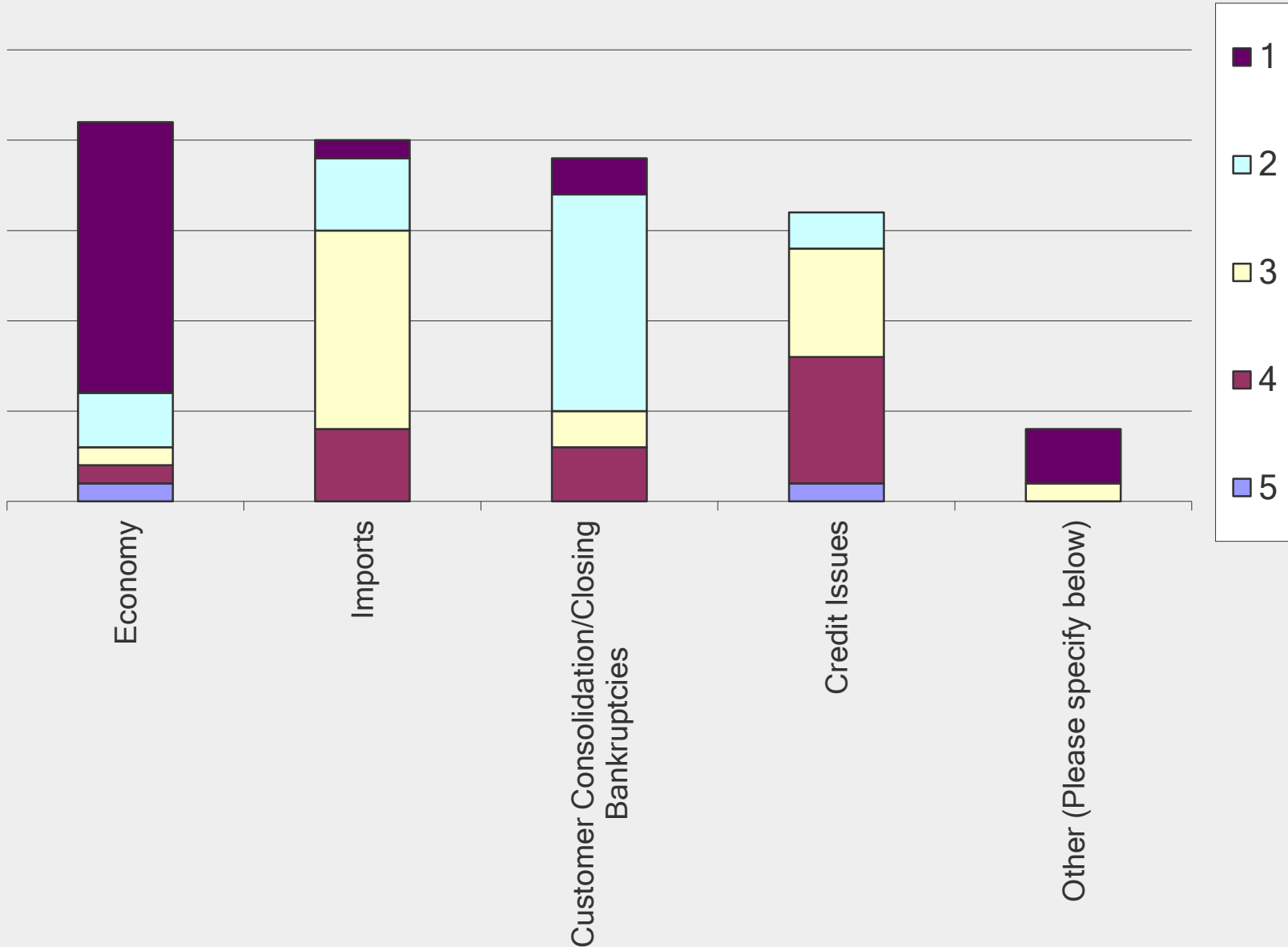
Ink Companies say Printers Value

2014	
1. Consistent Product Quality	1
2. Price	2
3. Quick Deliveries	4

TAM Companies say Ink Companies Value

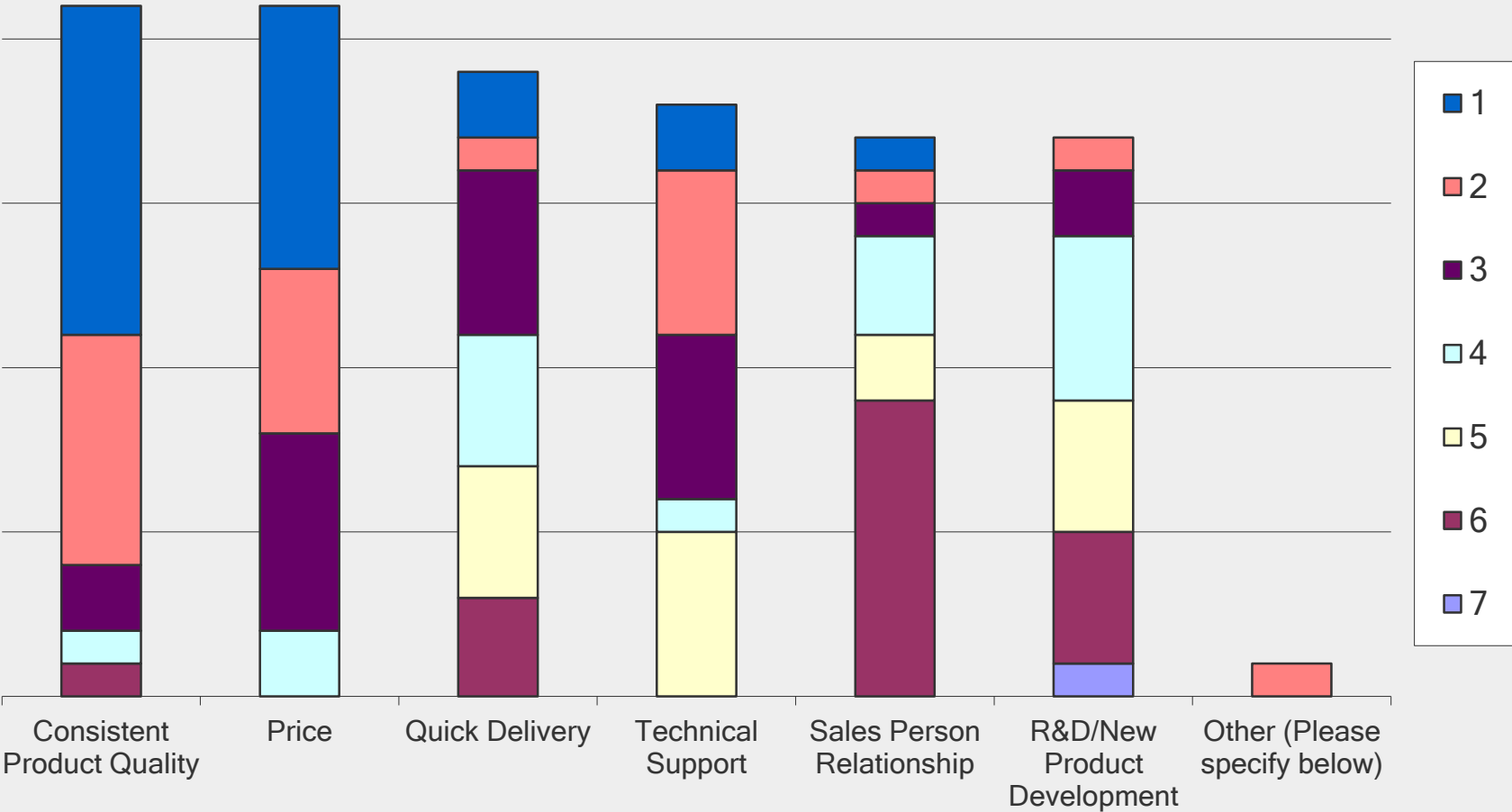
2014	
1. Consistent Product Quality	1
2. Price	2
3. Technical Support	3

General Economy (Please rank in order of importance to your business) 1 Being the Most Important

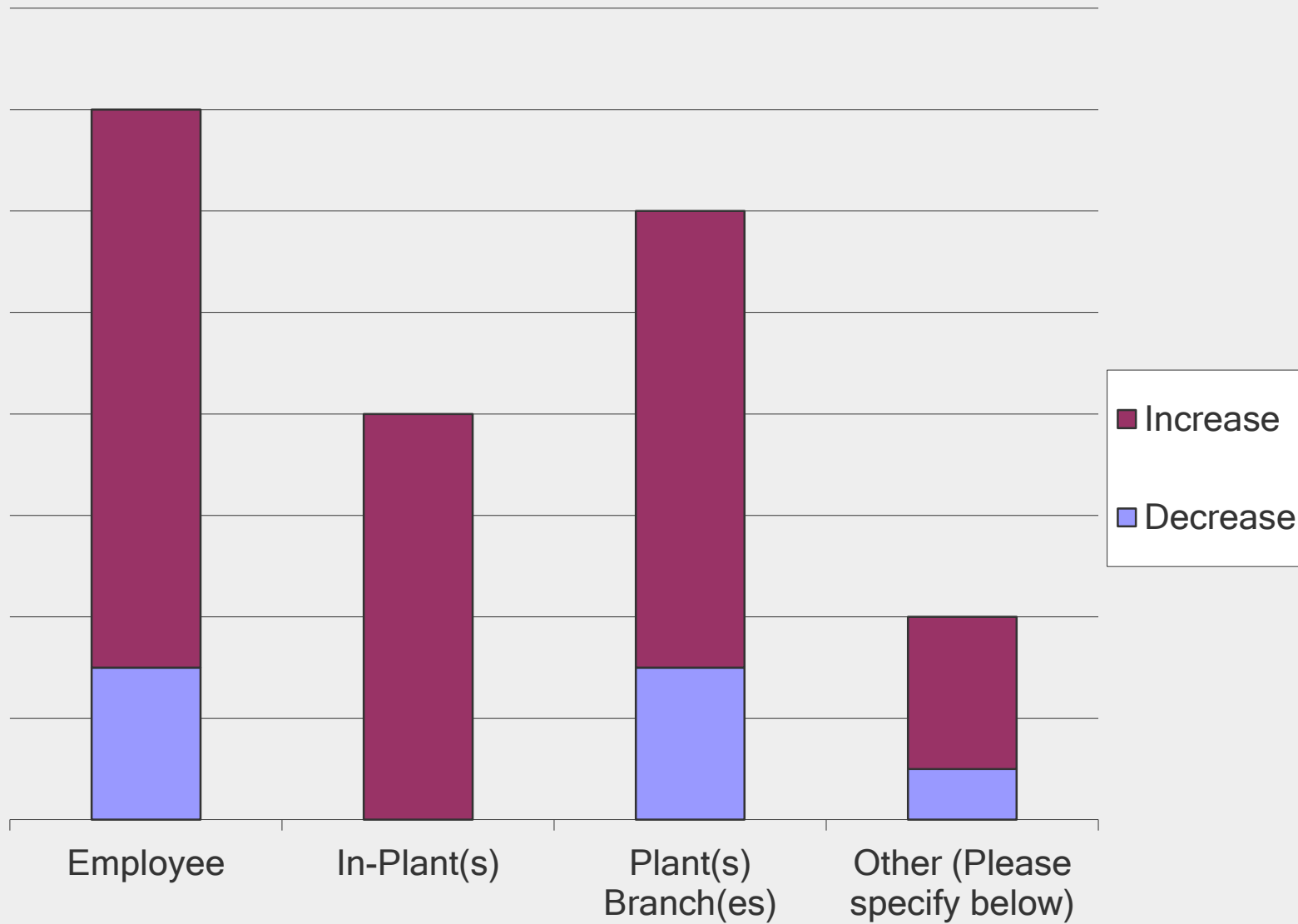


What does your customer value?

1 Being the Most Important



Is your company planning to change its current capacity in 2015?



NAPIM Industry Outlook Survey 2015

What additional value can NAPIM supply to the industry or its members, either ink or supplier?

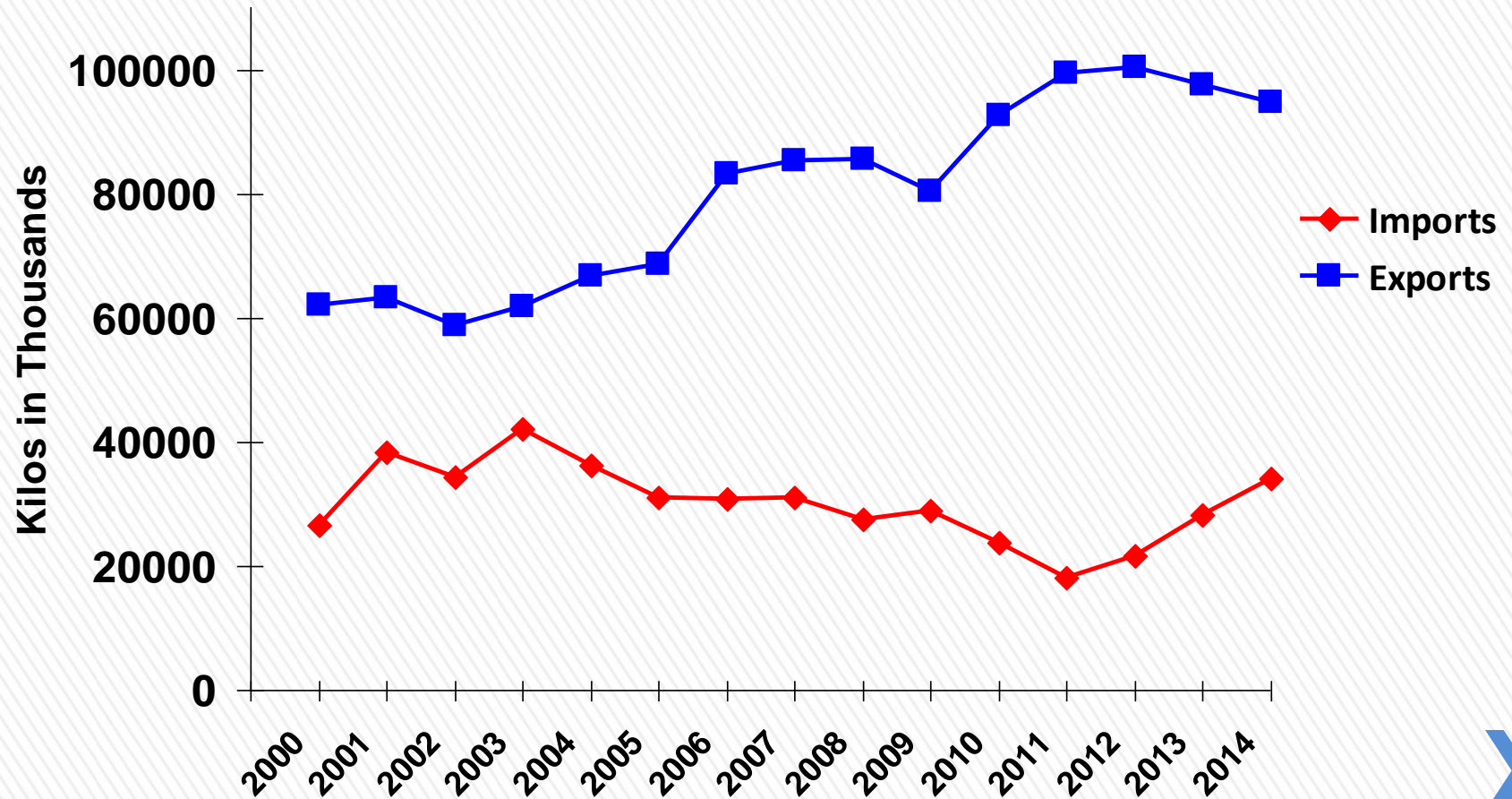
- **Continued education and focus on low migration and Nestle standards**
- **Continue lobbying for industry, very important to have a voice.**
- **Continued guidance through gov't regulation changes; Perhaps partner with PRIMIR/NPES re: market reports esp.**
- **Better quarterly industry statistics**
- **Improve what we are trying to do on the environmental help and statistics. Try to get the value of NAPIM out to the ink suppliers customer base so it is a value our customers see and want from their ink supplier.**
- **Whitepapers on all subjects is excellent, print statistics, more regular import/export data**
- **Industry surveys among brand owners to determine trends going forward**
- **Happy with what we have**
- **Needs to immediately shift from a primarily Print Media focused organization to one that is driven by Packaging, label and emerging technologies, It's mission statement must change to reflect this.**
- **More comparative market data to Europe**

Please list any legislative initiatives that are pertinent or relevant to your operation/company for example: Healthcare Reform, Environmental Regulation, and Immigration Reform:

- **Environmental Regulations**
- **Healthcare reform, Environmental Regulation (GHS, California Laws)**
- **Environmental Regulation**
- **The complete impact of Healthcare Reform has not yet been felt. Coordination of Global Environmental Regulations just might be a benefit for companies that Import or Export.**
- **Affordable care act/ GHS labeling/ OSHA reporting 300/ nothing from immigration**
- **TSCA reform, proposed USEPA PCB regulation changes, CA regulatory changes**
- **Healthcare/taxes**
- **We are very interested in FAP's sustainability efforts and also global brand owners adopting the Swiss Ordinance.**
- **Healthcare Reform, Environmental Regulation, and Immigration Reform.**
- **Environmental Reform**

Foreign Trade

NAICS 32591



* Source – U.S. Census Bureau

Revenue and Growth

Inform & Communicate

Magazines & Periodicals

Newspaper Printing

Book Printing

Financial & Legal Printing

Business Forms Printing

Greeting Card Printing

Product Logistics

Converters, Label, & Wrapper Printing

Package Printing

Market & Promote

General Commercial Printing

Quick Printer

Direct Mail Printer

Signs & Signage

Hot Markets

Signs and Signage

Direct Mail

Package Manufacturing

Point of Purchase Displays

Posters

Speciality Printing

Food, Beverage, and Related Labels

Warm Markets

Quick Printing

Business Cards

Pharmaceutical and Cosmetic Labels

Inserts

Brochures

Private Label Converting

Graphic Finishing

Household Labels

Pamphlets

Personal Care Labels

Book Printing

Cold Markets

Catalogs & Directories

Circulars

Trade Binding

Greeting Cards

Magazines & Periodicals

Loose-Leaf Manufacturing

Financial & Legal Printing

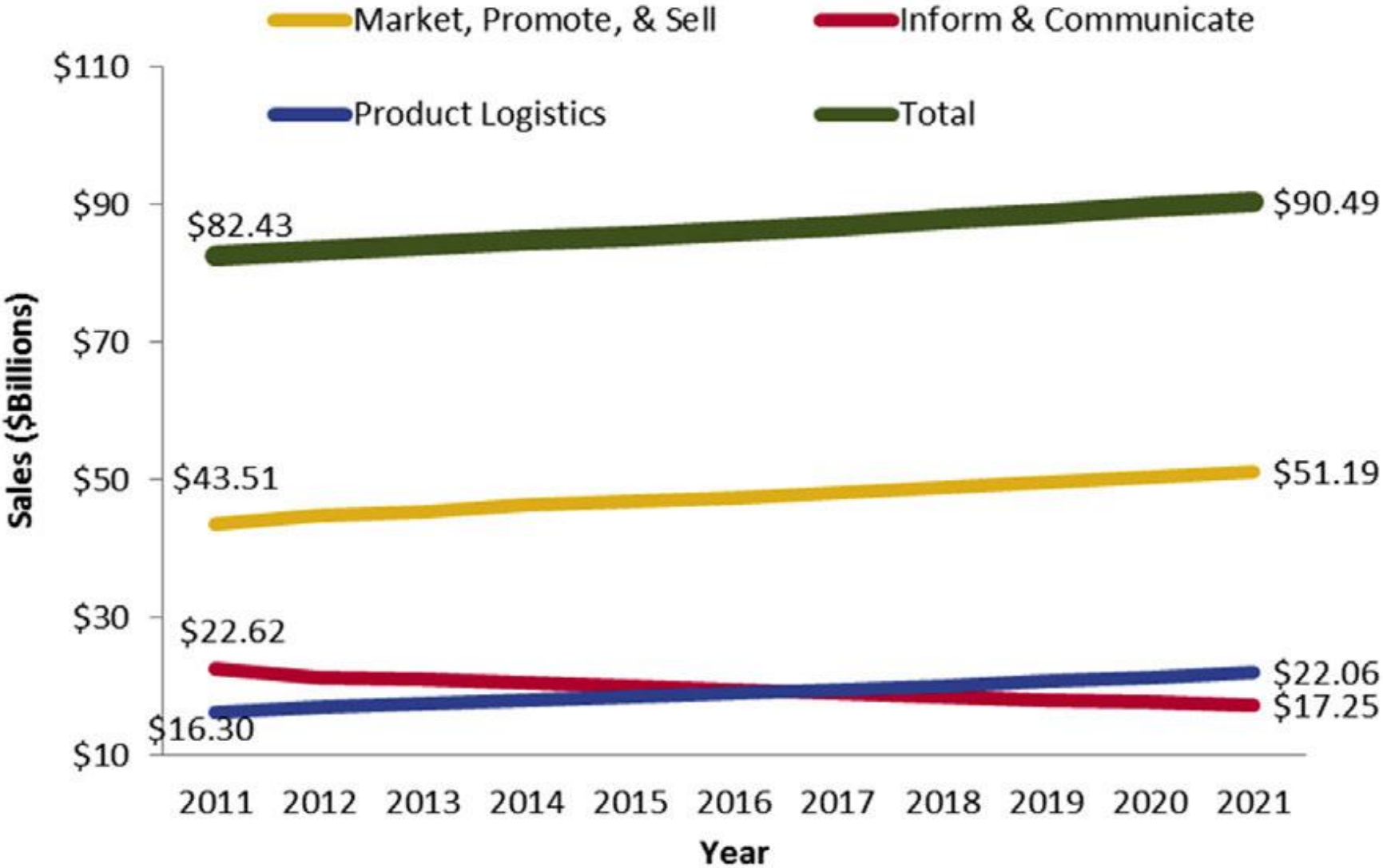
Stationery

Newspaper Printing

Business Forms Printing

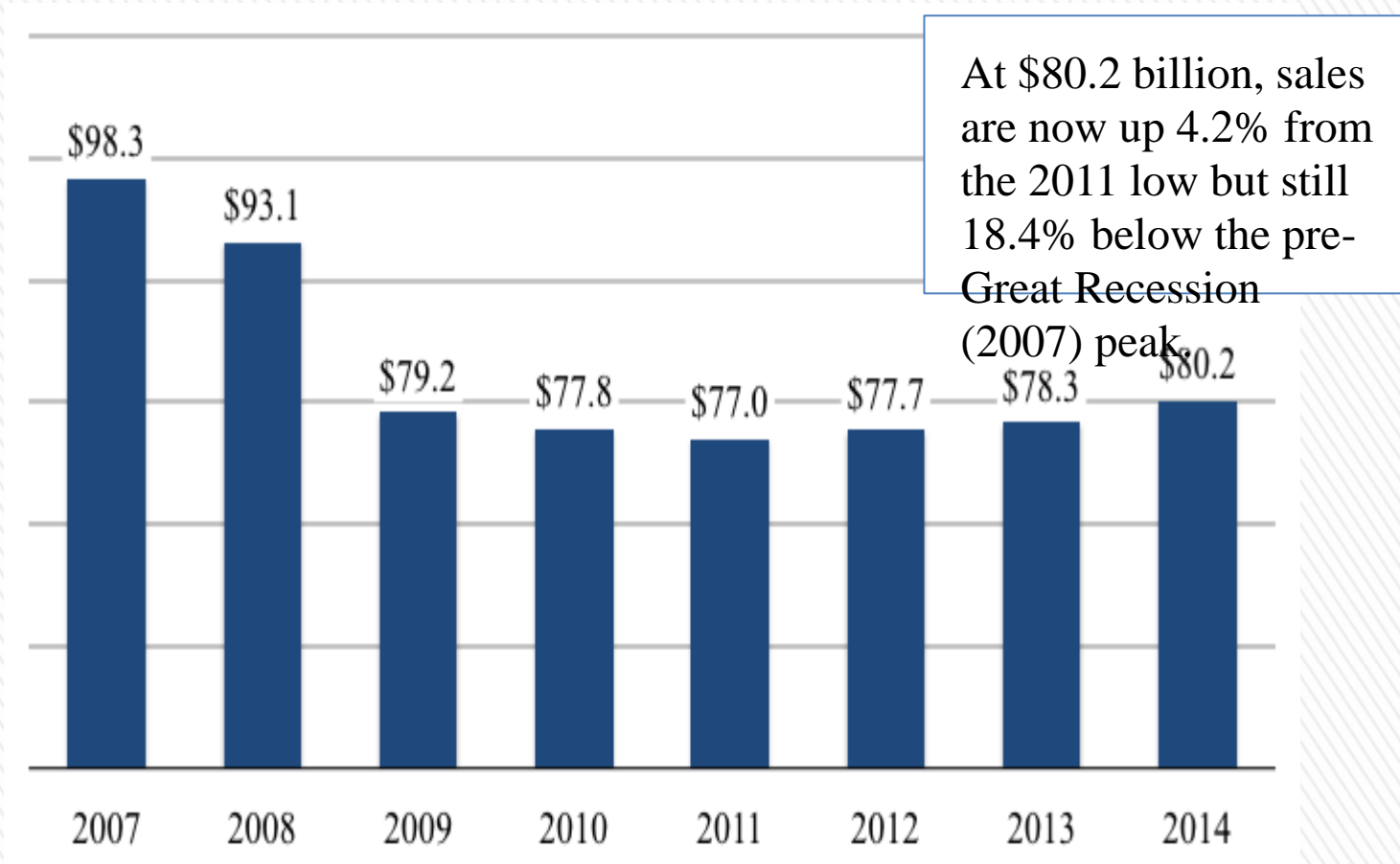
Printing Industries of America's Long-term Print Forecast

Commercial Printing & Related Support Activities (NAICS Code 323)

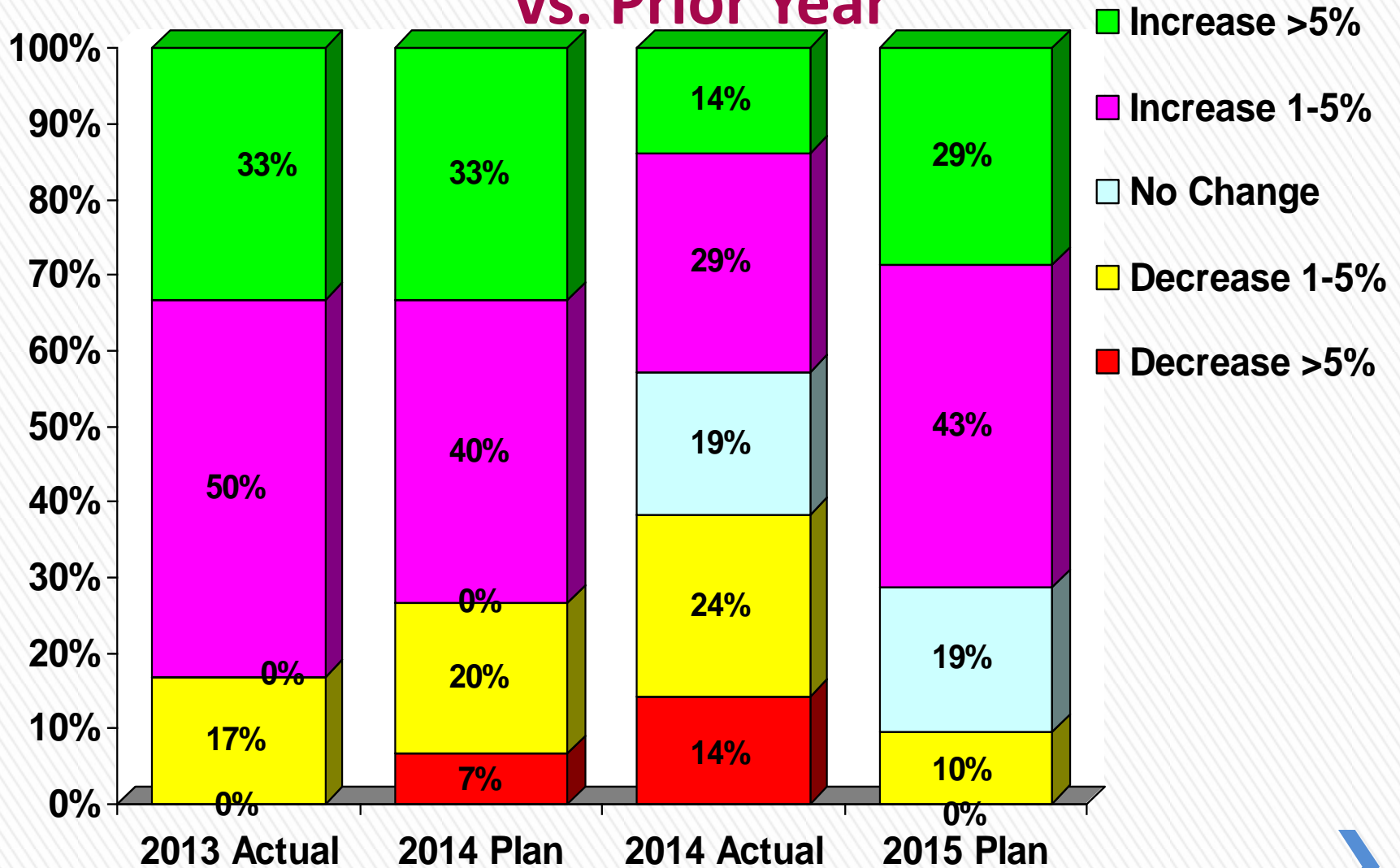


Keeping Things in Perspective

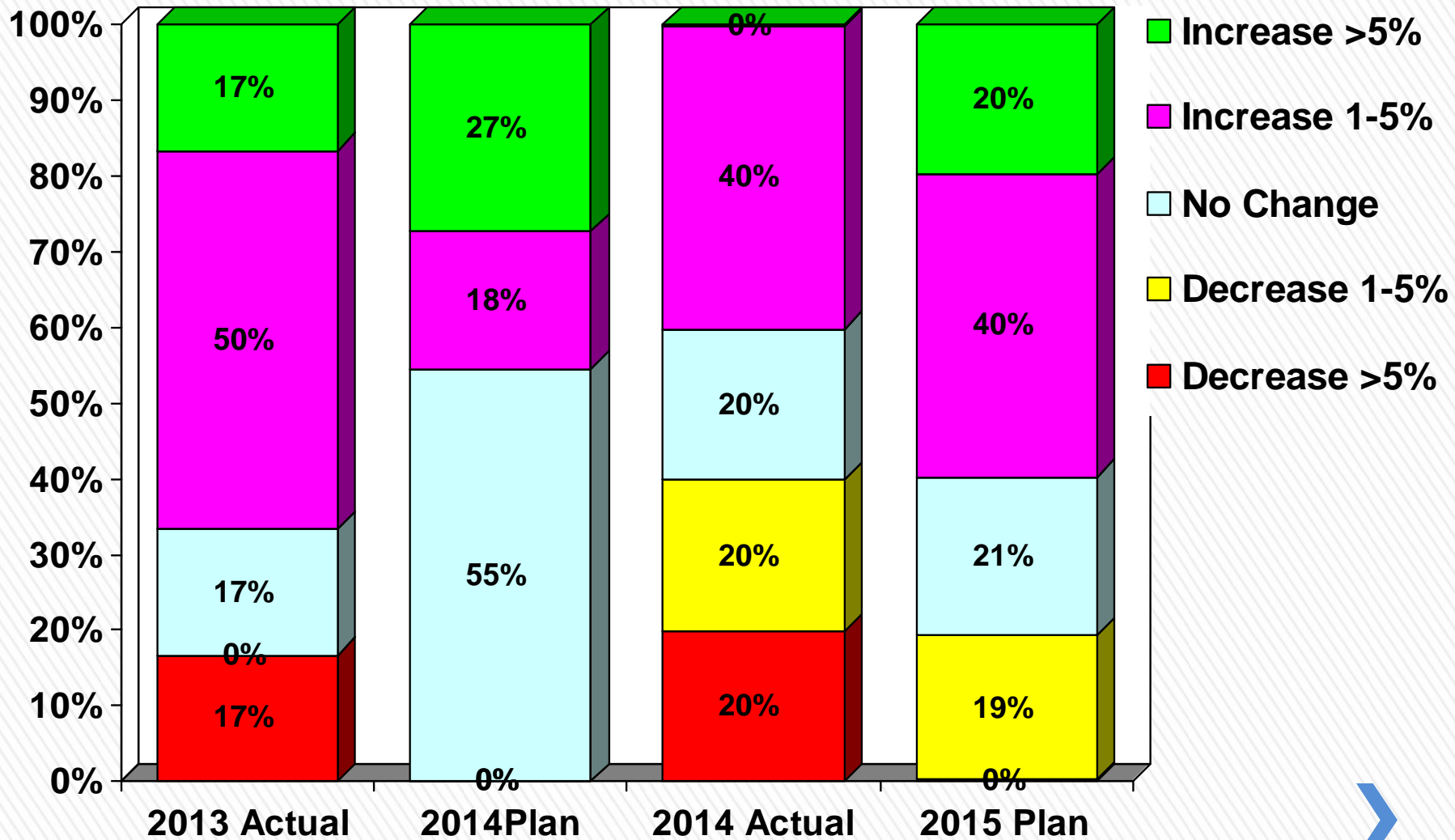
Value of commercial printing industry sales (all sources) by year in billions. Epicomm estimates.



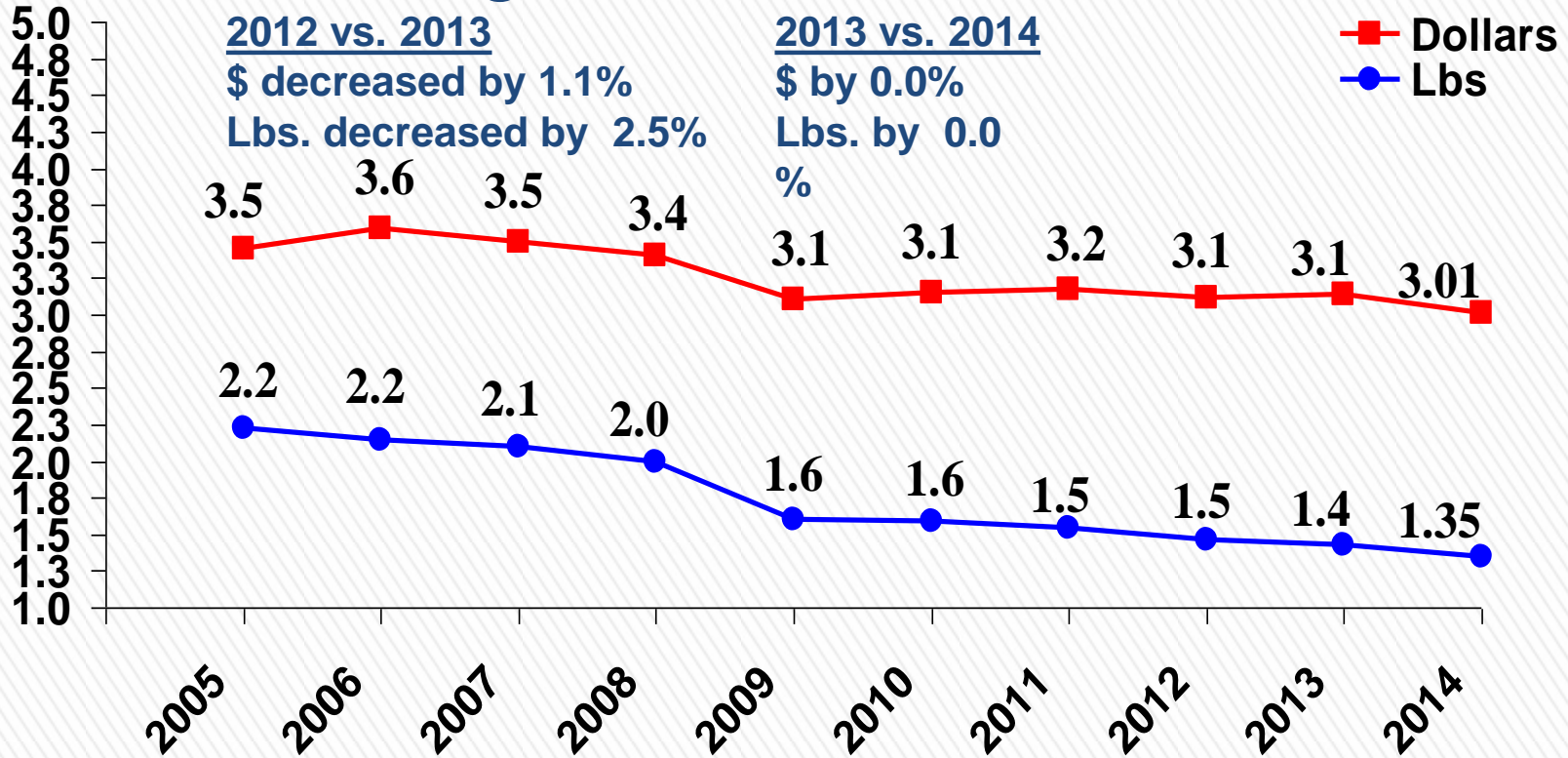
Ink Companies' Sales Change vs. Prior Year



Suppliers' Sales Change vs. Prior Year



U.S. Printing Ink Sales*

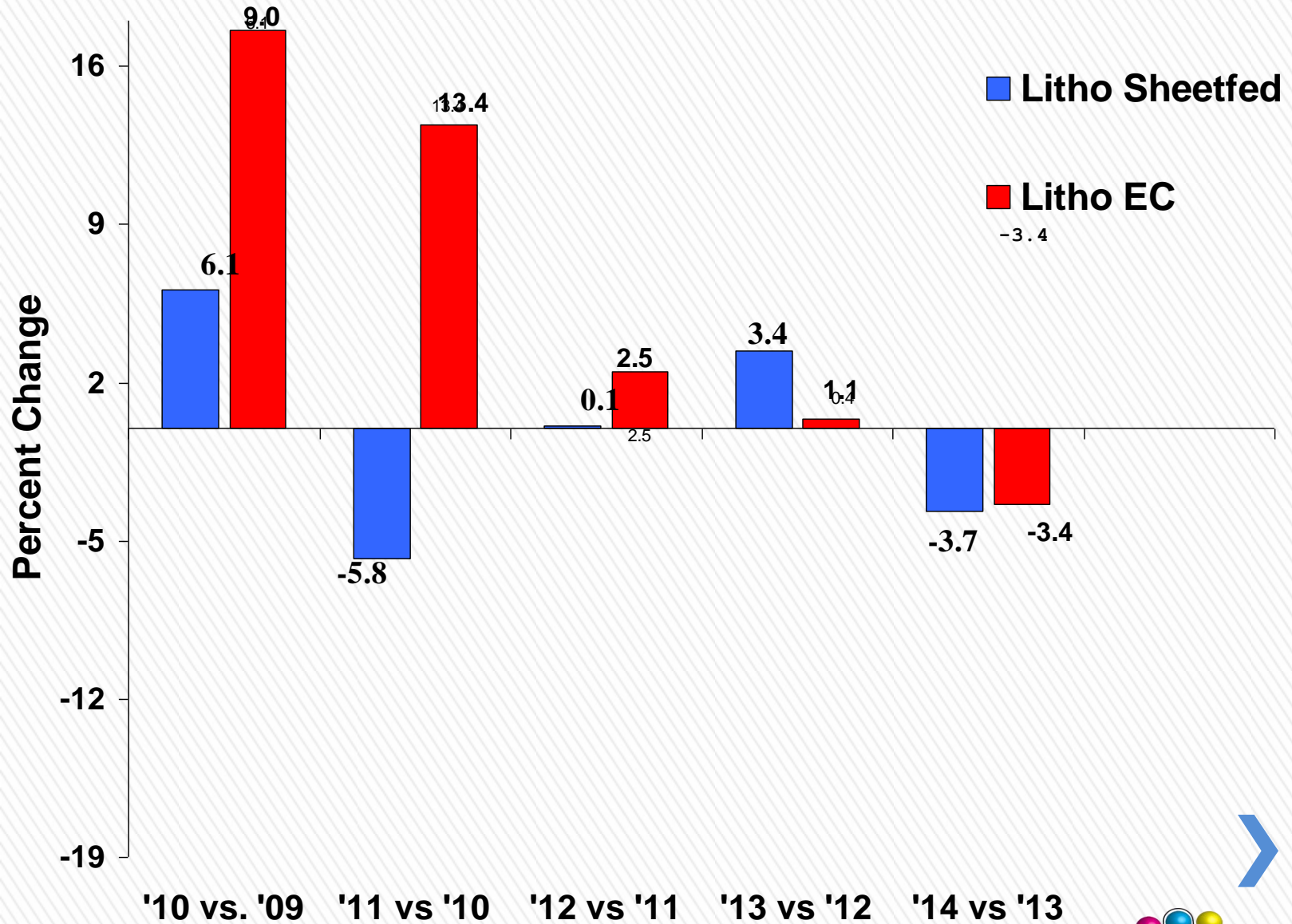


* Excludes screen, textile, digital, & non impact inks

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



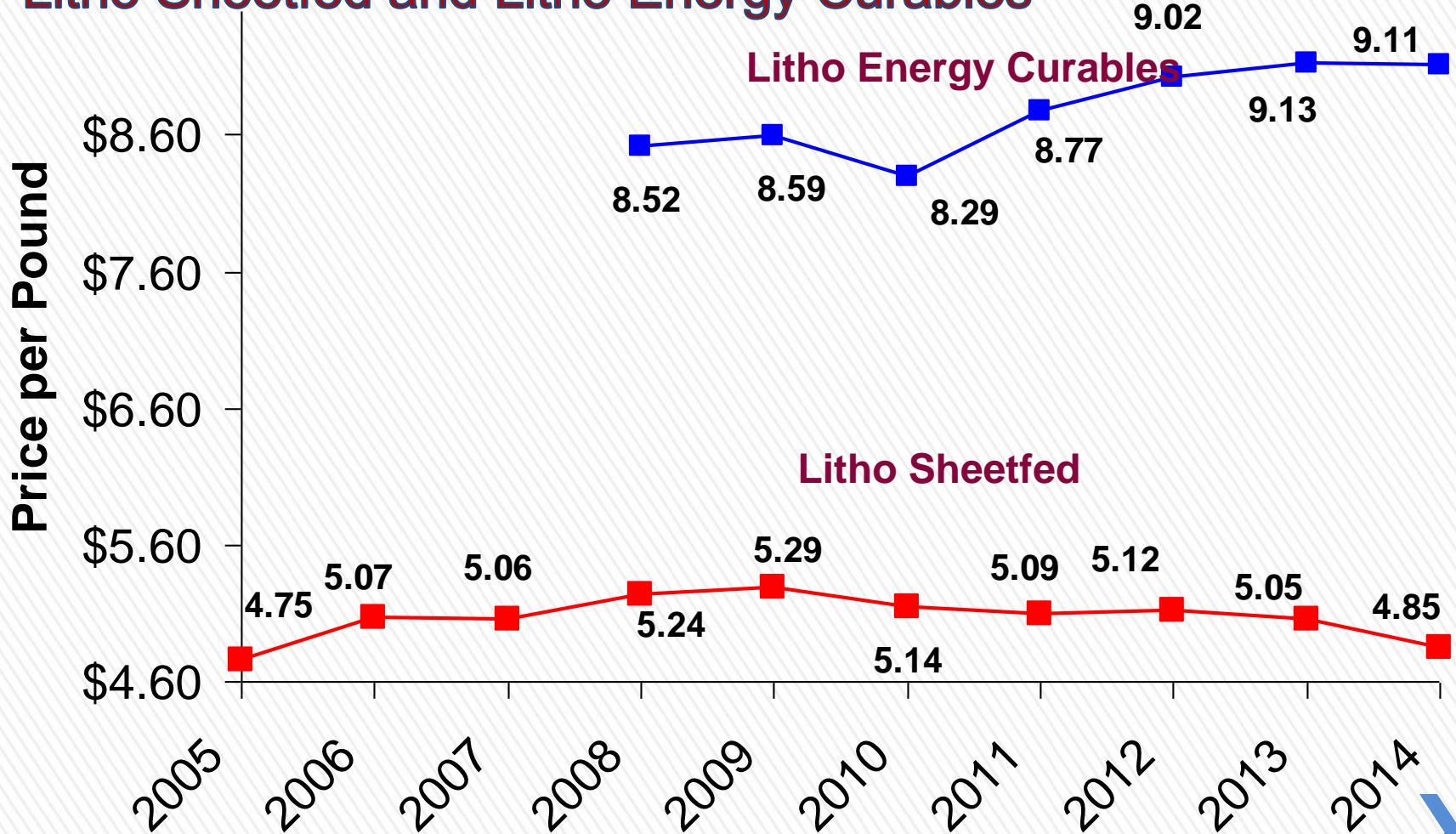
Litho Ink Segments Based on Lbs.



Source - NAPIM QSR; Publ HS and News not reported

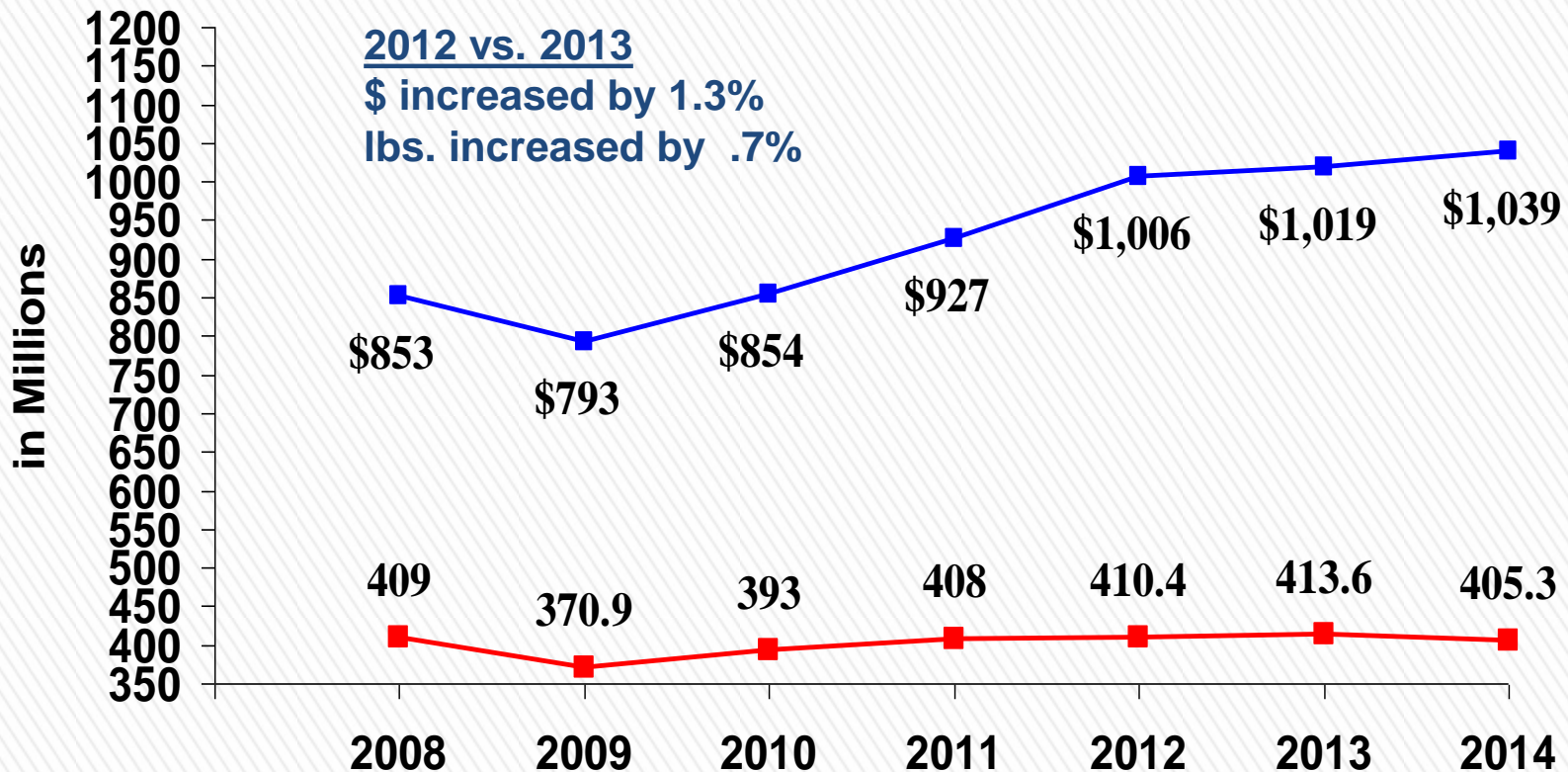
Average Selling Prices

Litho Sheetfed and Litho Energy Curables

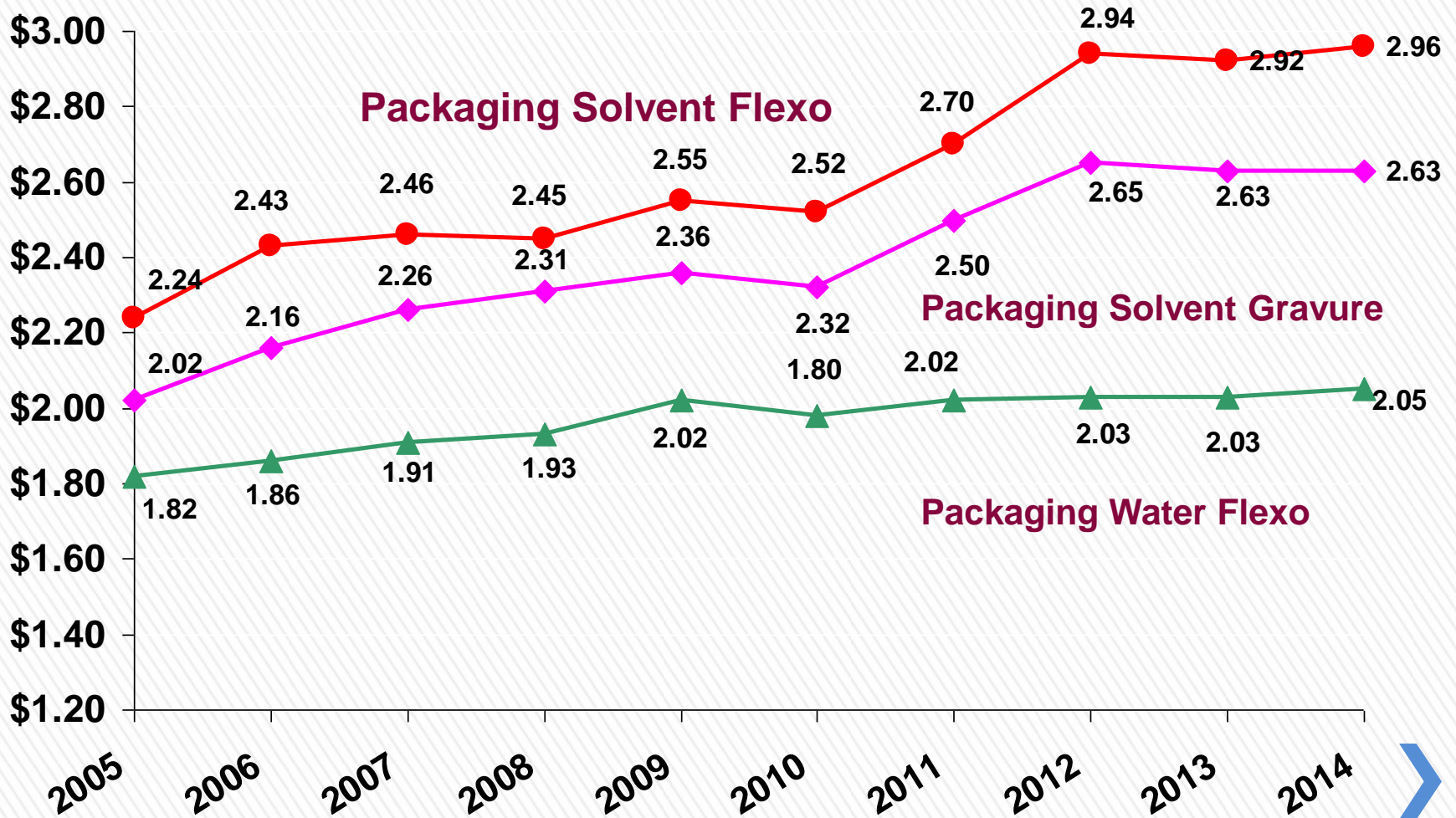


*Based on NAPIM QSR Sample.

Packaging INK (Flexo & Gravure) In Pounds & Dollars

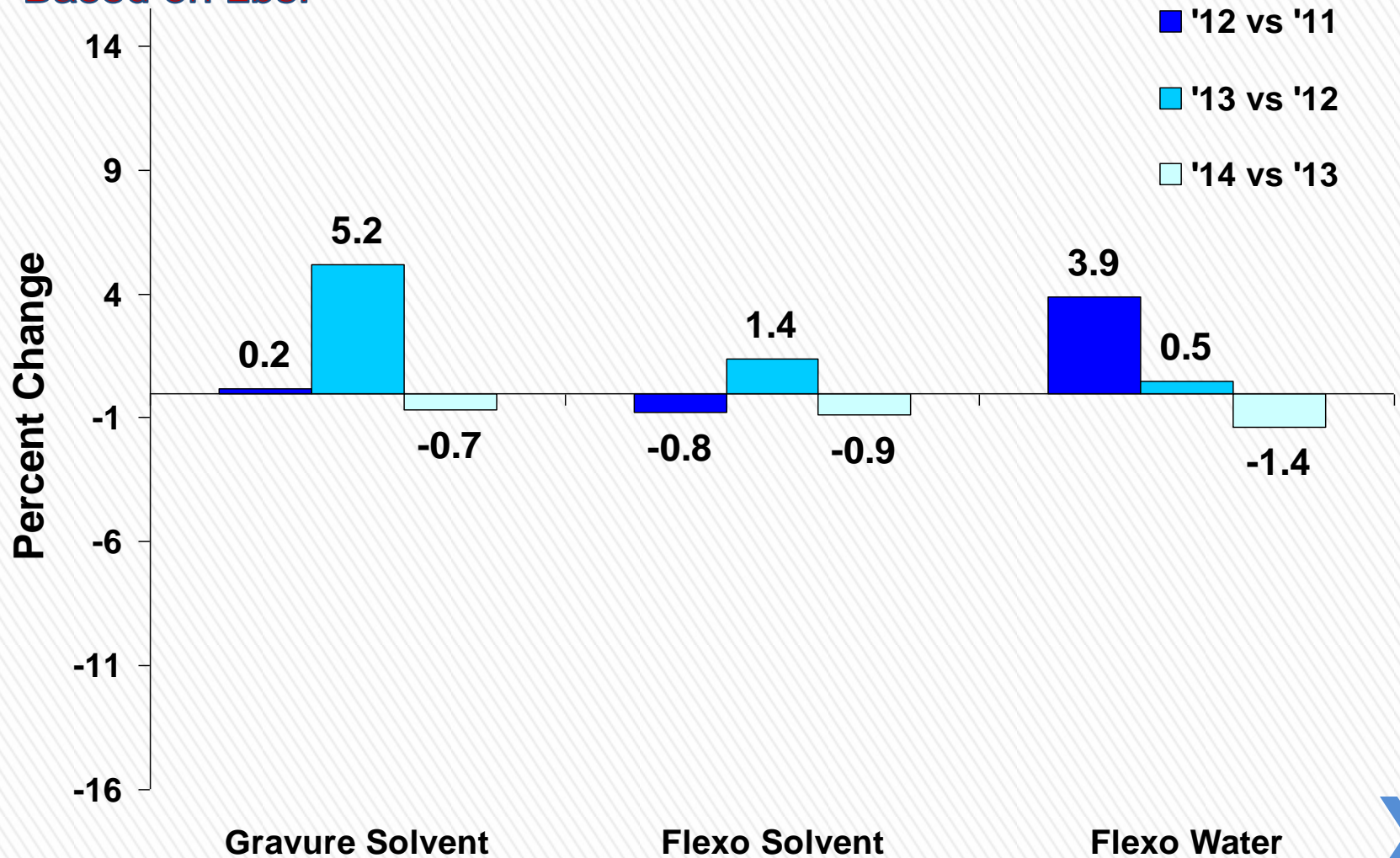


Average Selling Prices Packaging Gravure & Flexo



Packaging Ink Segments

Based on Lbs.



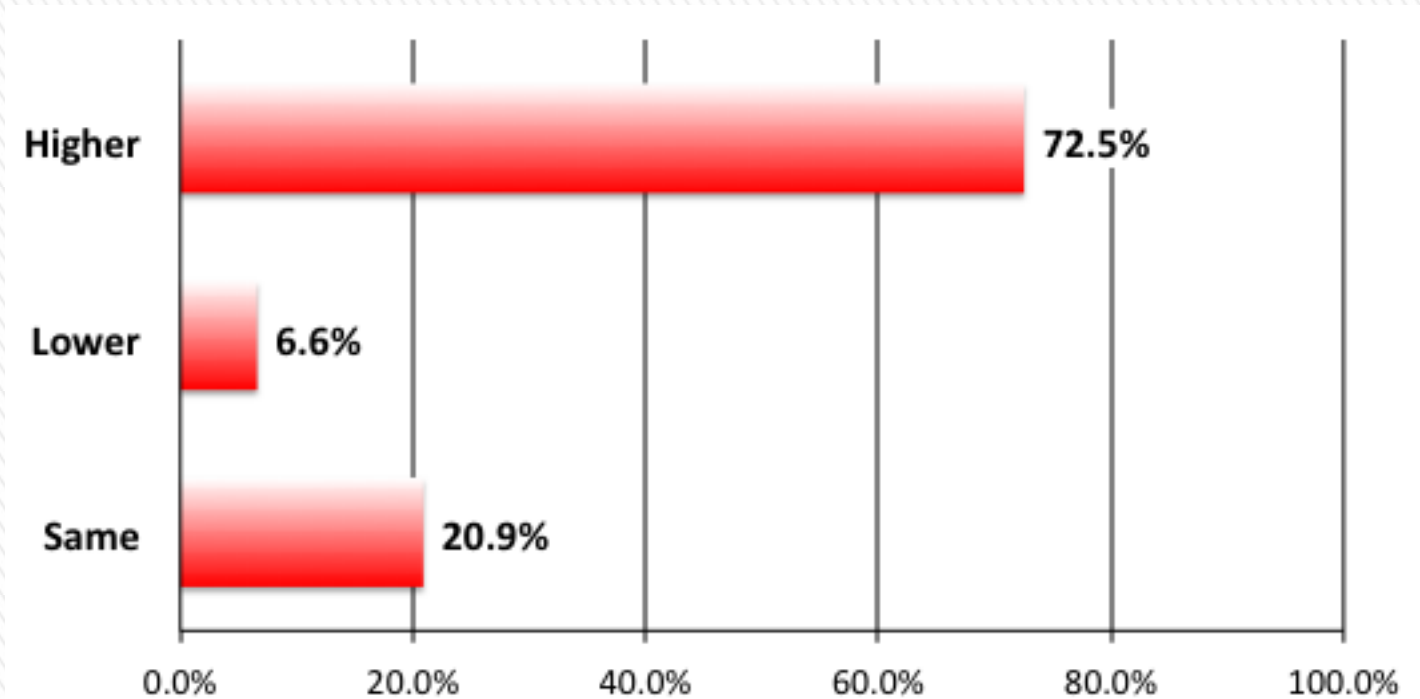
Source - NAPIM QSR



Profitability

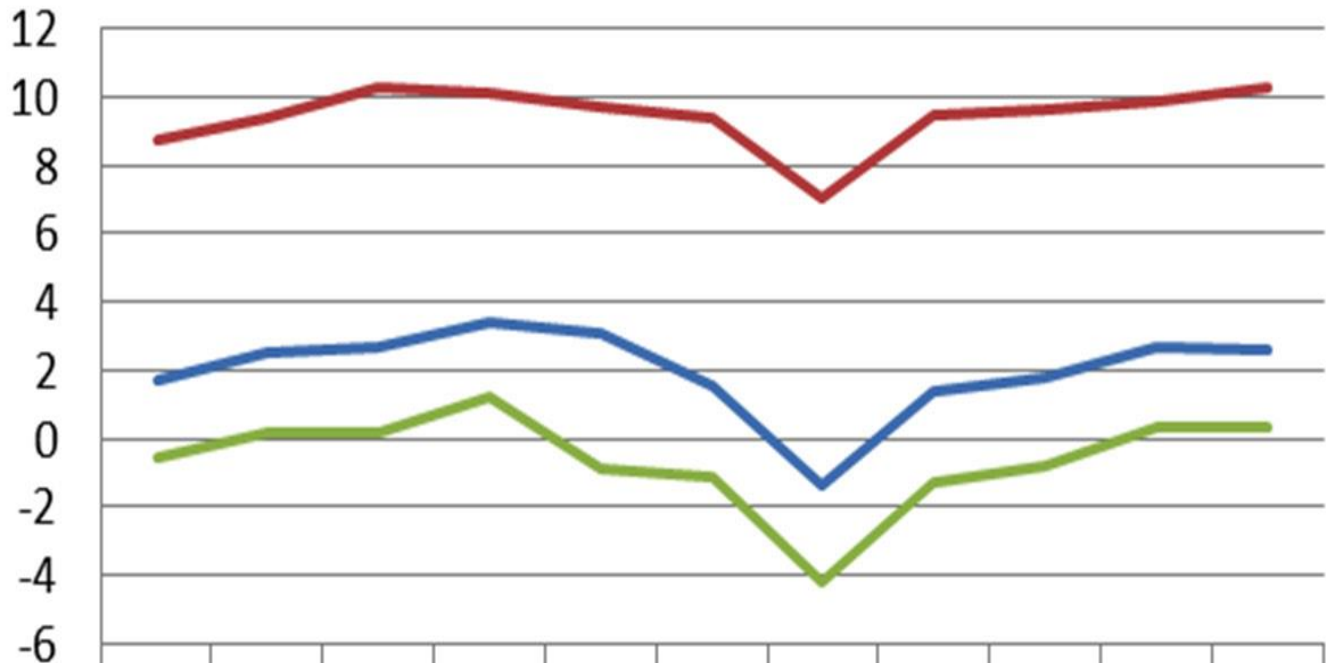
Printer Profitability

- Over 72.0% of companies surveyed expect to increase profitability this year.
- How do you expect your 2014 pre-tax profitability to compare to your 2013 pre-tax profitability?



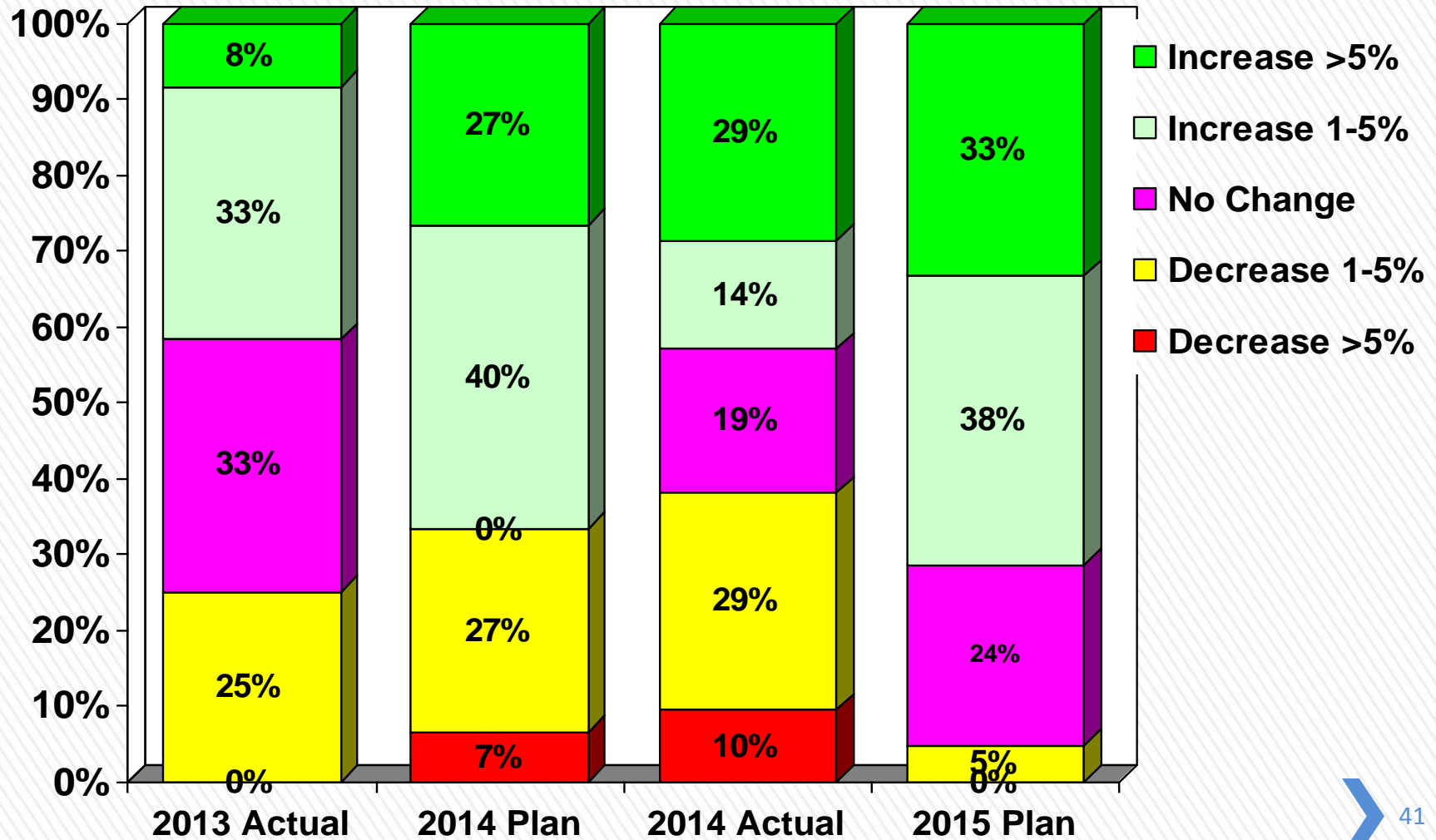
From: NAPL State of Industry Report

Profit as a % of Sales 2004-2014

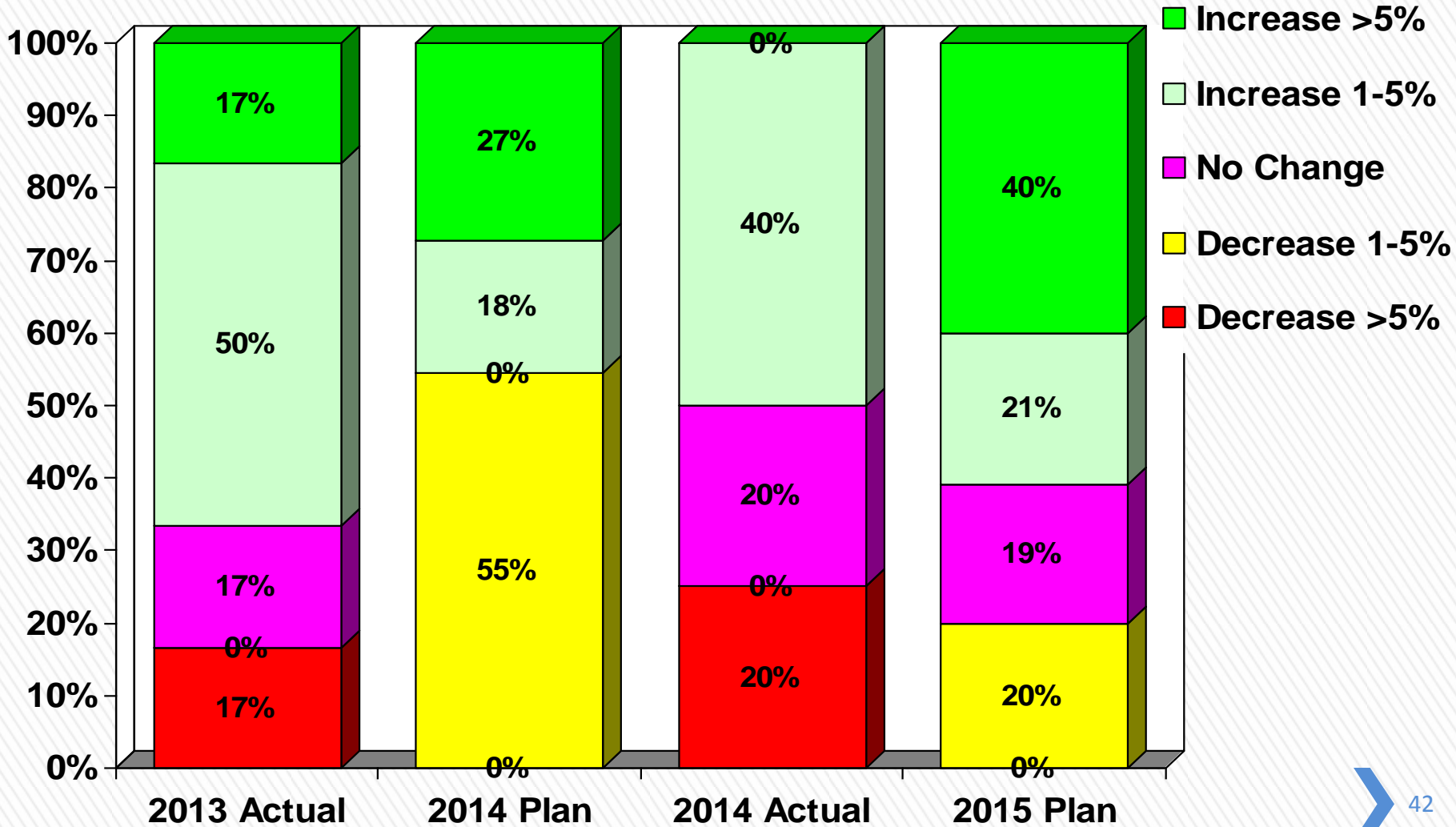


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
— All Printers	1.7	2.5	2.7	3.4	3.1	1.5	-1.4	1.4	1.8	2.7	2.6
— Leaders	8.7	9.4	10.3	10.1	9.7	9.4	7	9.5	9.6	9.9	10.3
— Challengers	-0.6	0.2	0.2	1.2	-0.9	-1.1	-4.2	-1.3	-0.8	0.3	0.3

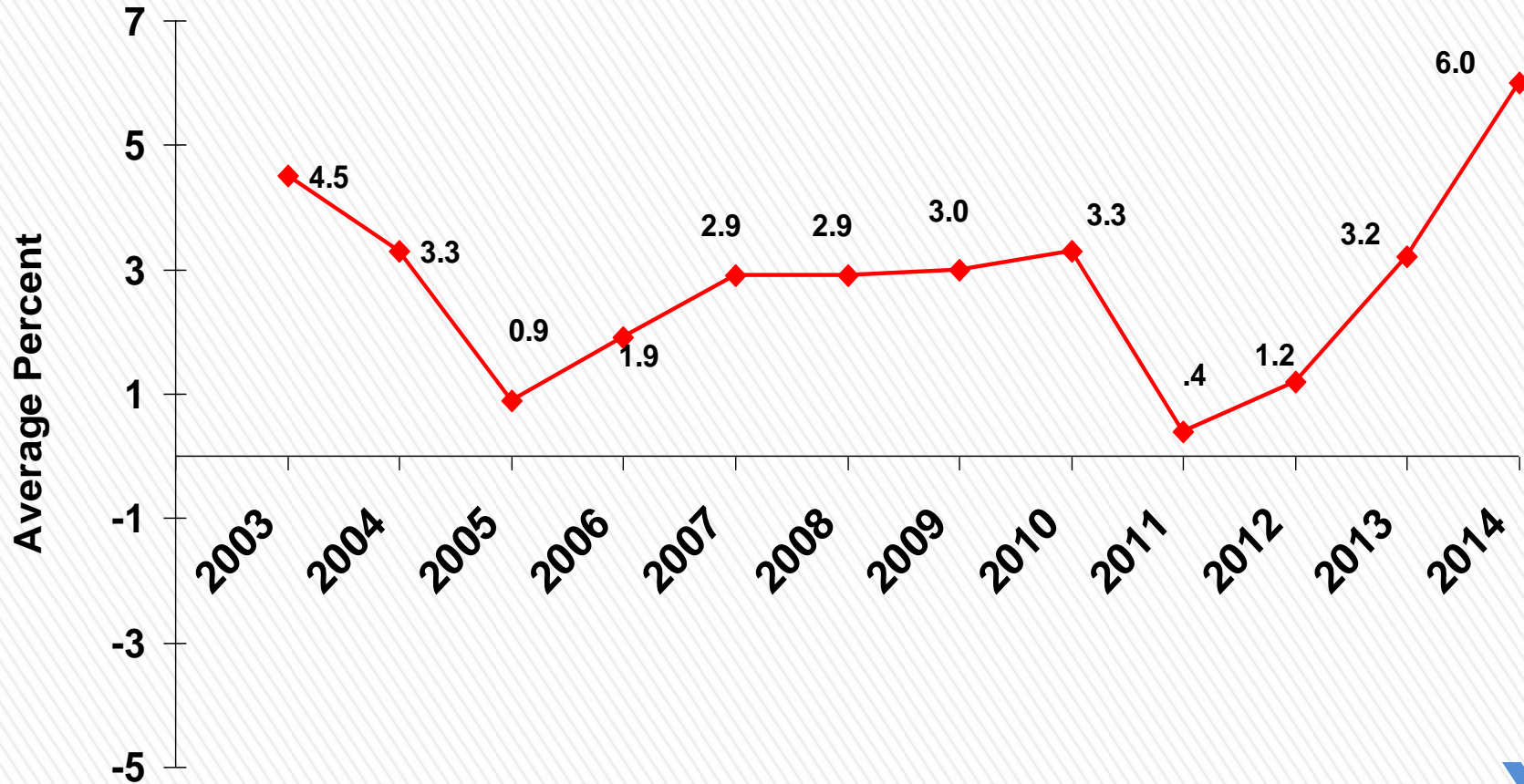
Ink Companies' Profit Change vs. Prior Year



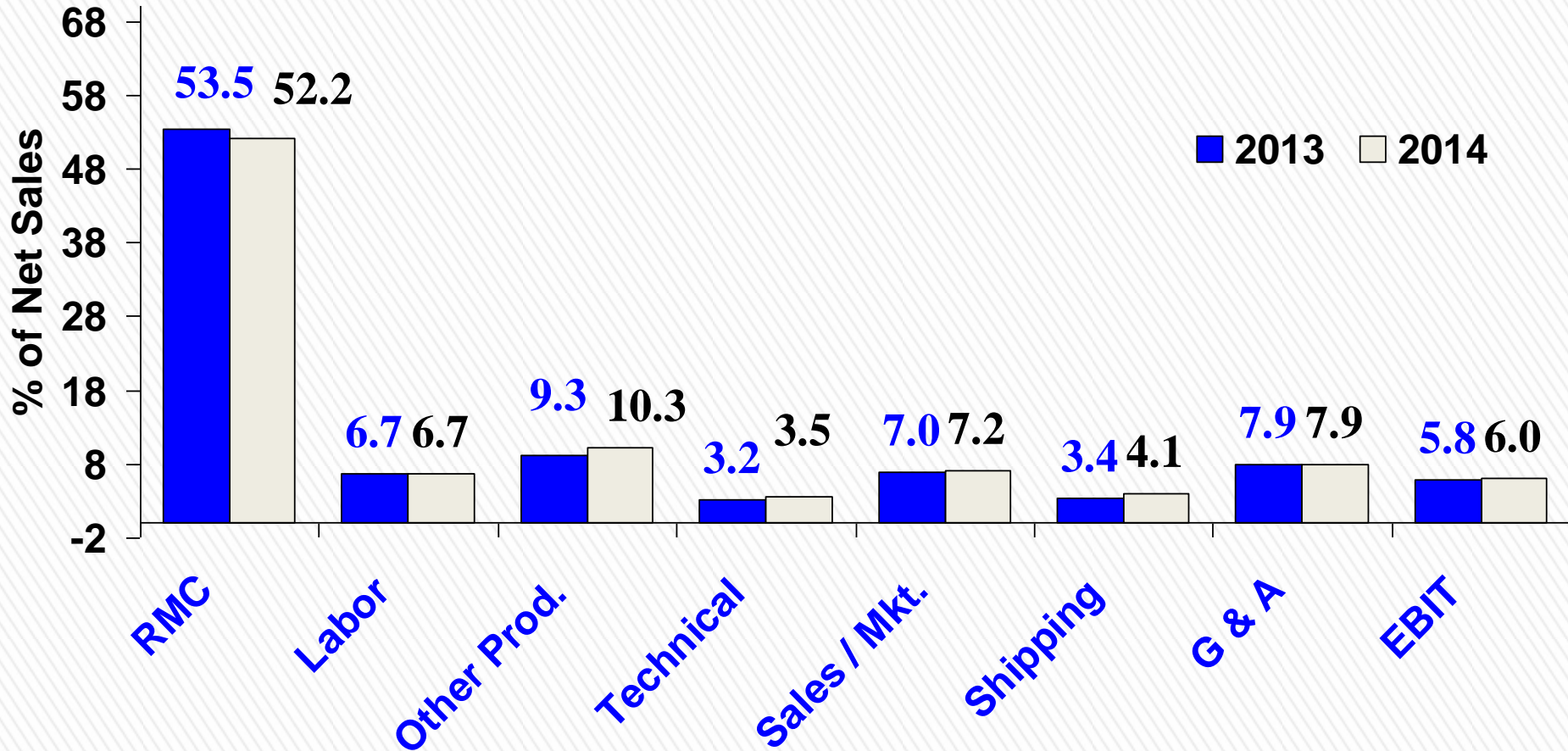
Suppliers' Profit Change vs. Prior Year



Ink Companies' Historical Earnings Before Interest & Taxes - ALL Ink



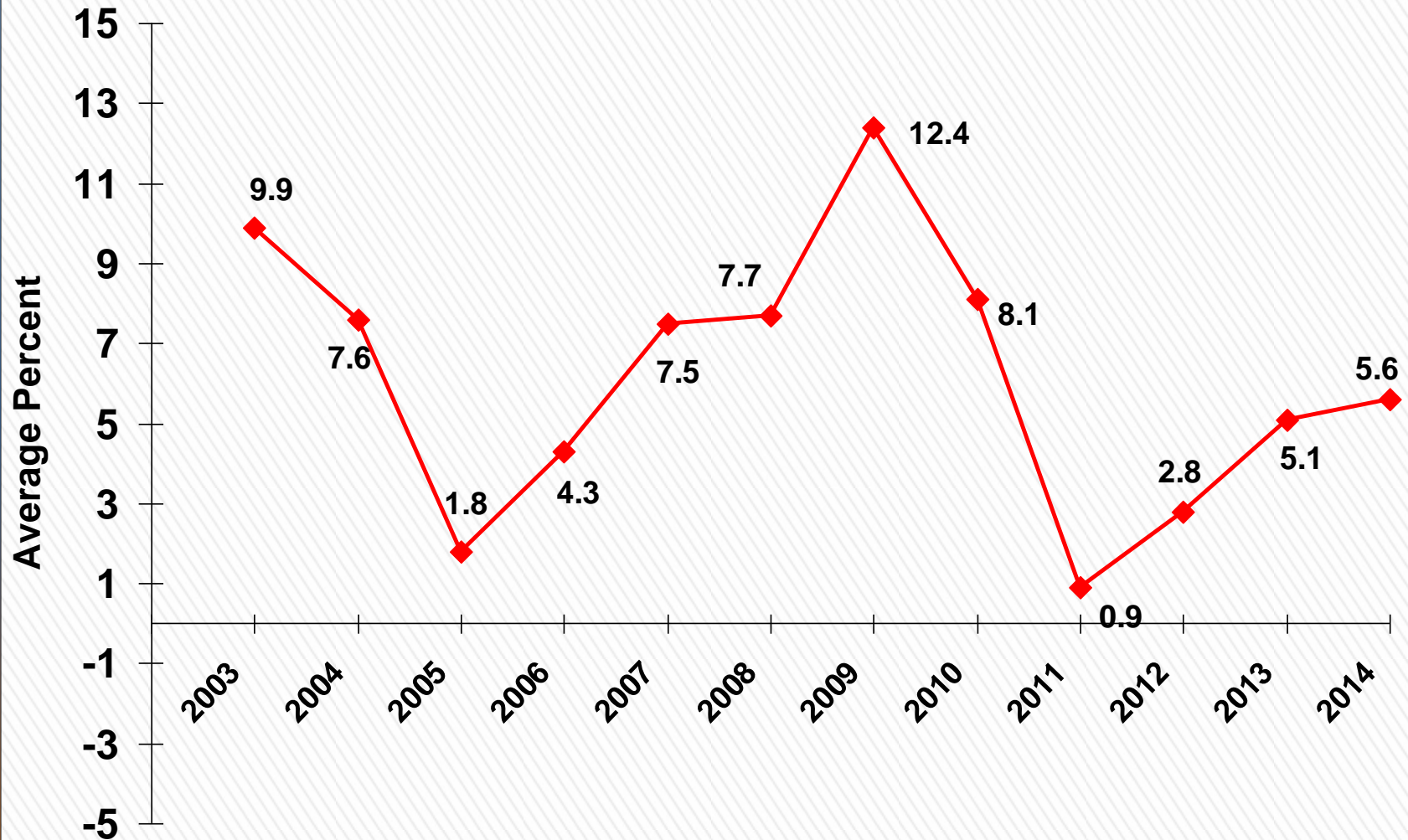
Average Oper. Cost 2014 ALL Ink



BENCHMARKING INFORMATION

	2014	2013	2012	2005	2000
Sales Dollars per Employeee (\$)			424,875	331,749	297,342
under 50			293,933	232,053	207,818
over 50			435,545	353,779	308,553
Sales Dollars per Salesmen (\$)			5,009,111	3,152,408	2,988,585
under 50			2,094,270	2,063,059	1,660,781
over 50			5,424,281	3,413,666	3,204,697
Accounts Receivable (days)			52.50	52.3	49.0
under 50			46.40	53.6	45.4
over 50			57.70	49.5	52.5
Accounts Payable (days)			57.80	48.4	51.2
under 50			47.00	52.0	50.7
over 50			68.60	40.5	51.6
Average Inventory on Hand (days)			92.00	84.8	76.0
under 50			135.10	107.2	84.1
over 50			90.10	82.1	75.4

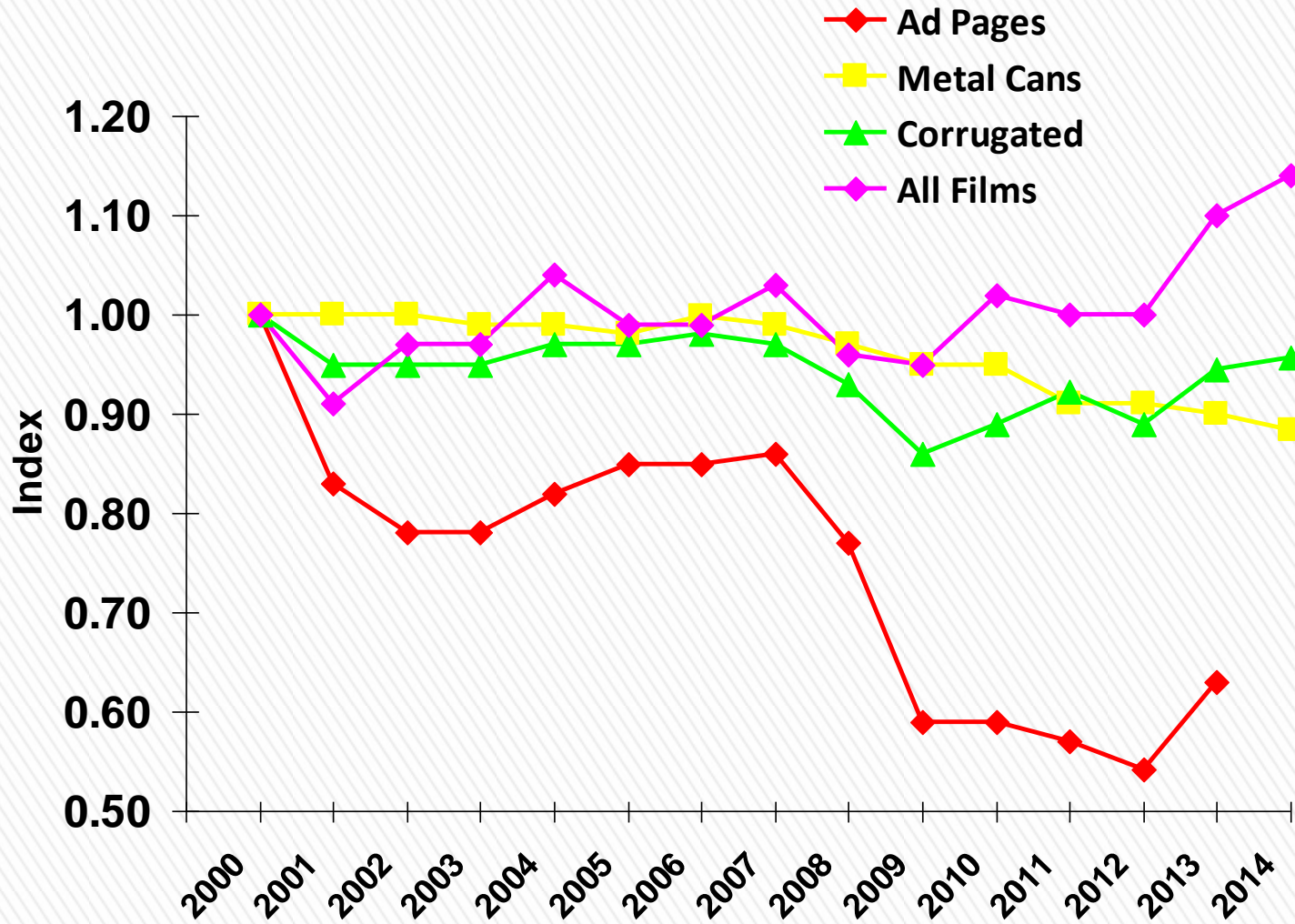
Return on Net Assets: Based on EBIT



Source - NAPIM Operating Ratio Report

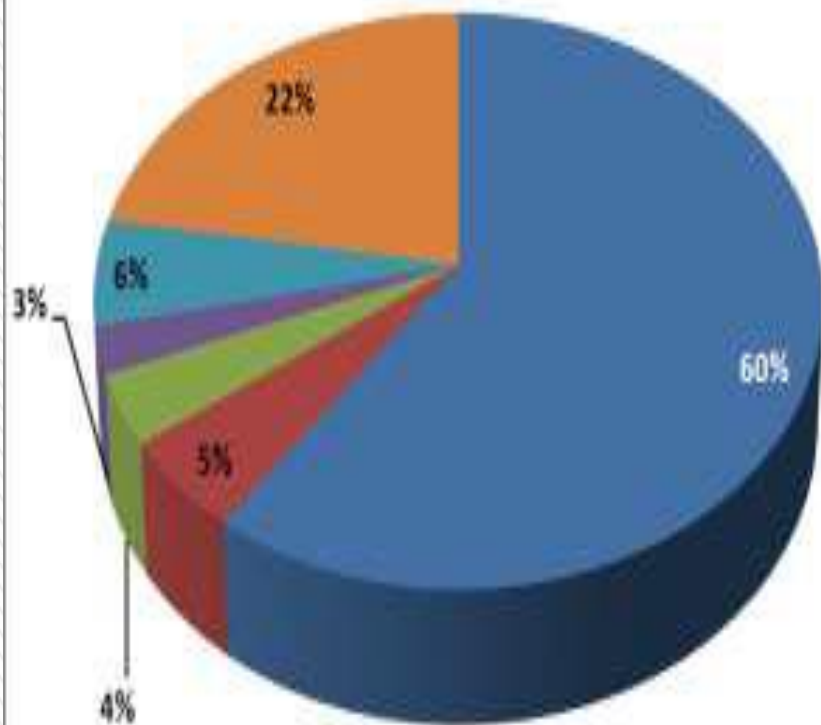
End Use Markets

End Use Market Indicators

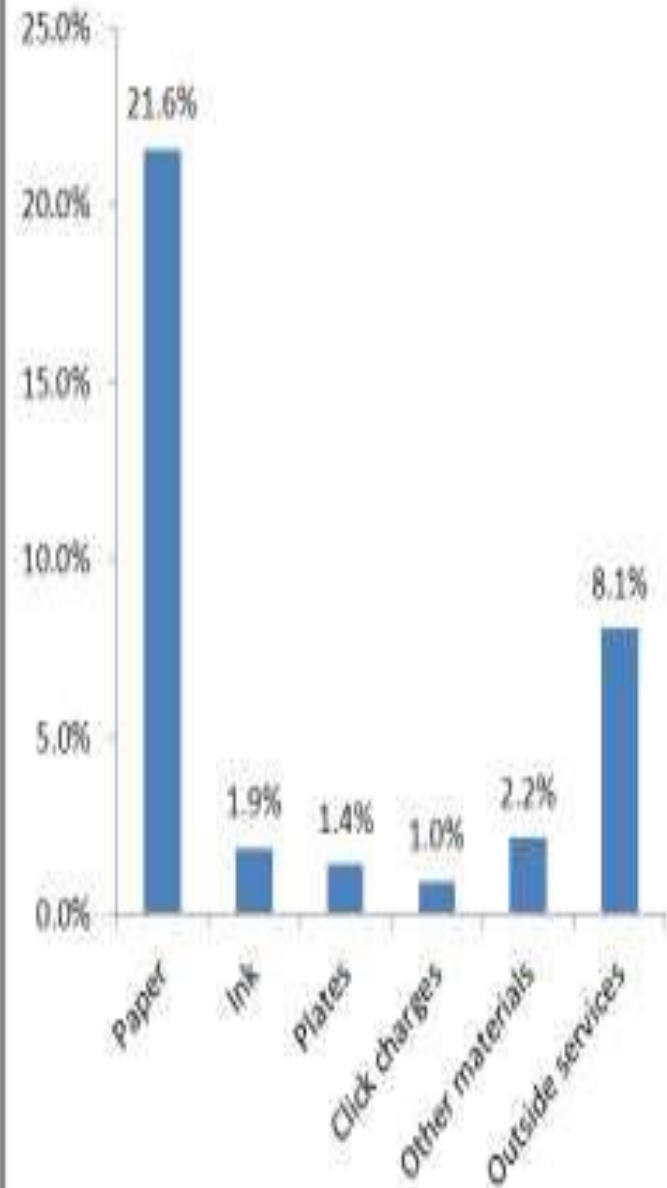


Composition of Materials Costs

- Paper
- Ink
- Plates
- Click charges
- Other materials
- Outside services

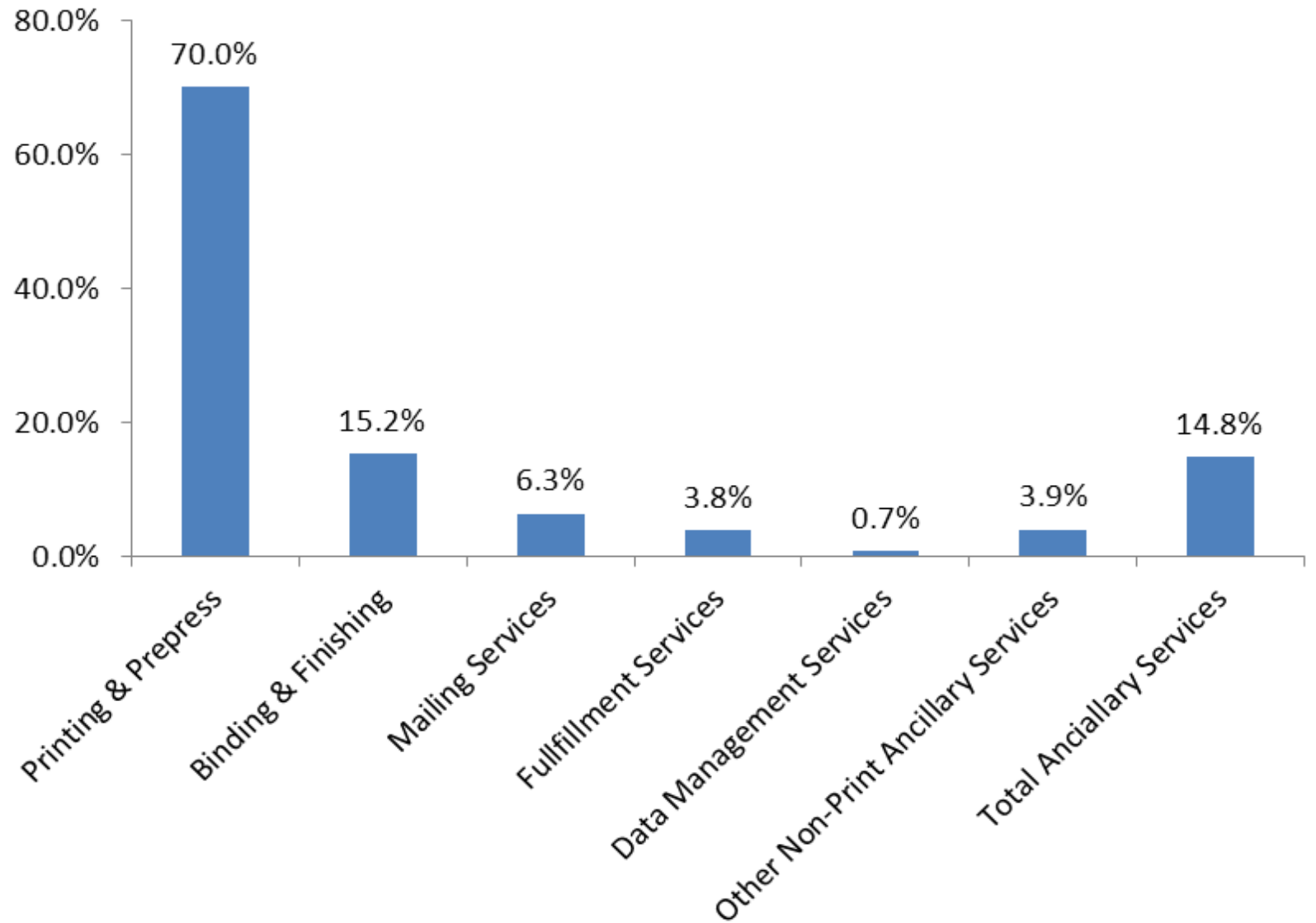


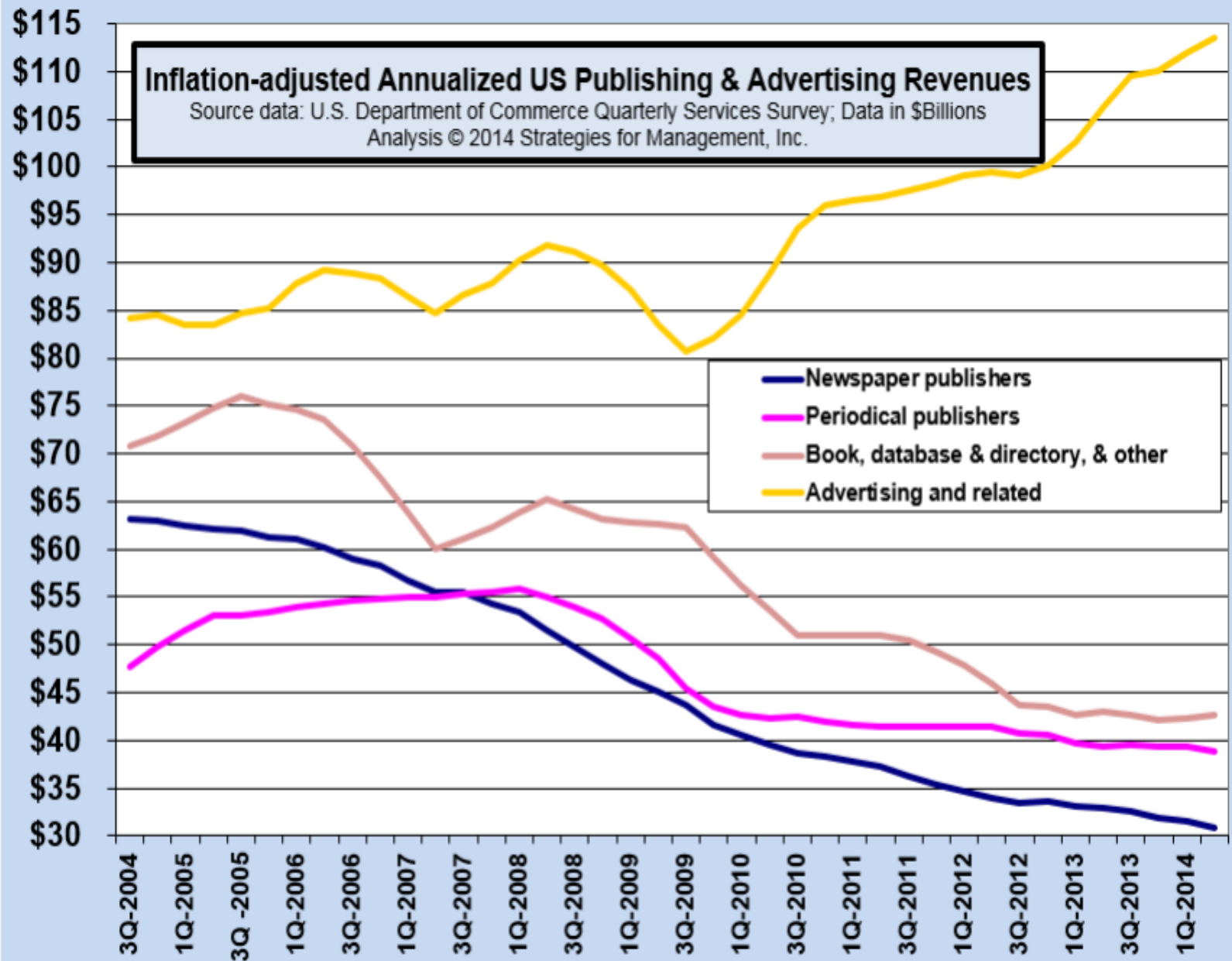
Materials Cost as a Percent of Sales



Sales Breakdown From Services

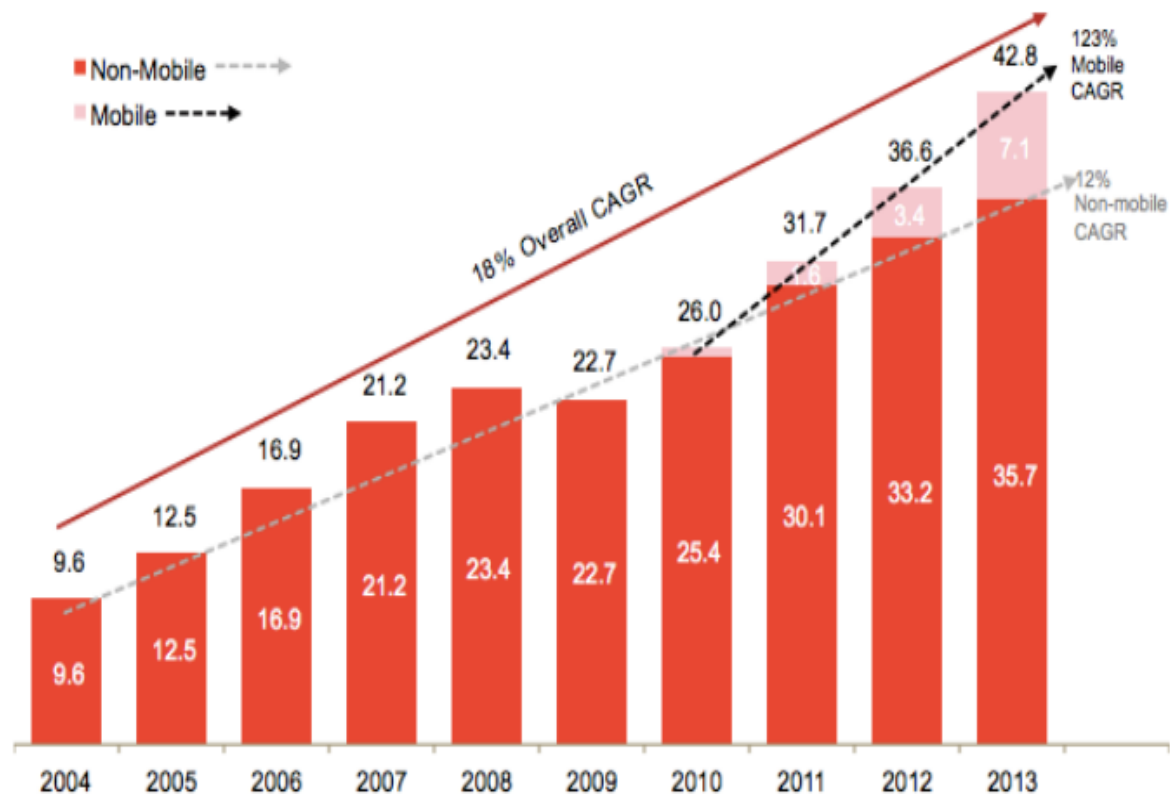
Percent of Sales Revenue





Internet Advertising Bureau (US): 18% compound annual growth

Annual revenue 2004-2013 (\$ billions)

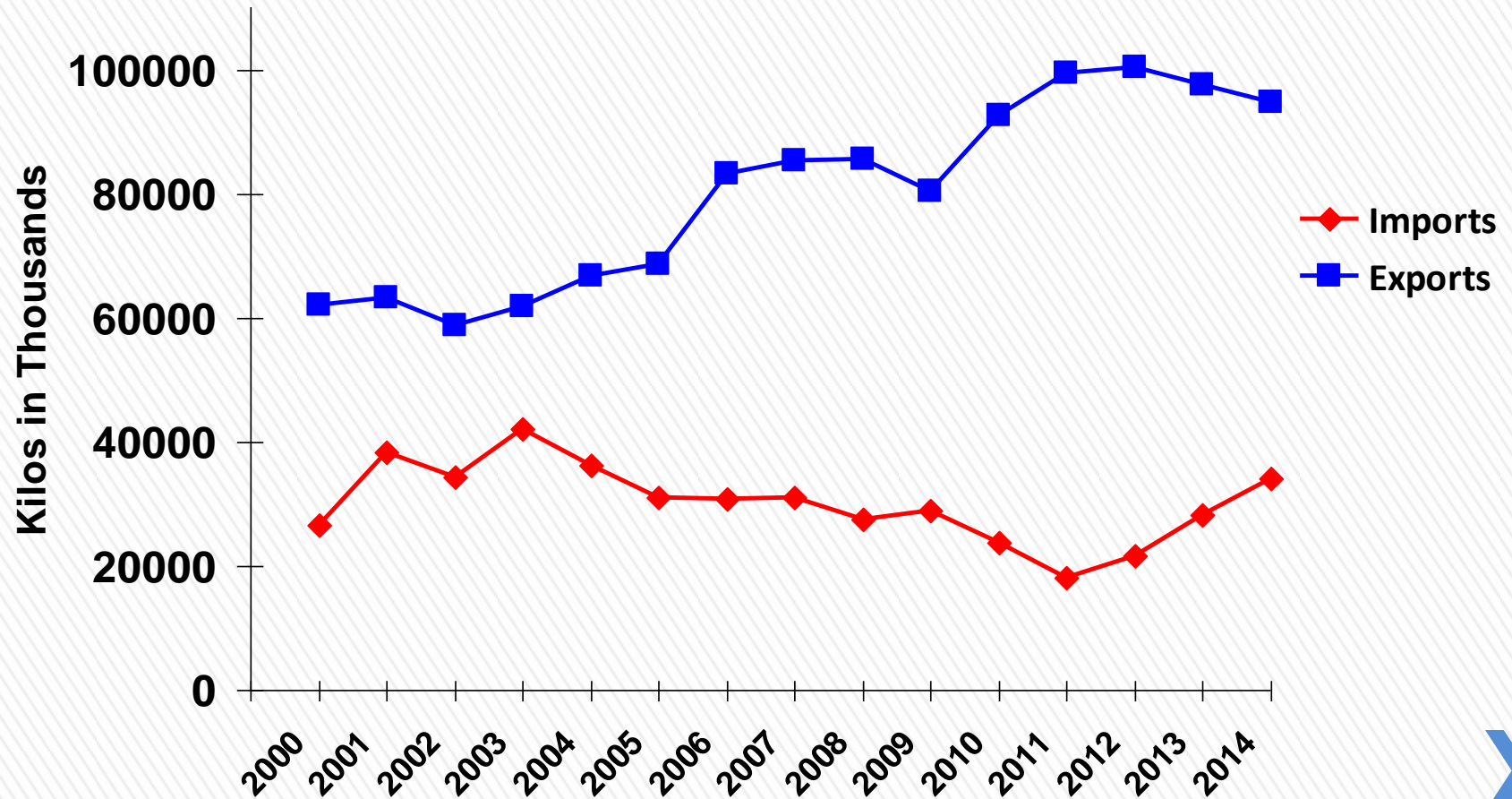


Source: IAB/PwC Internet Ad Revenue Report, 2013

Foreign Trade

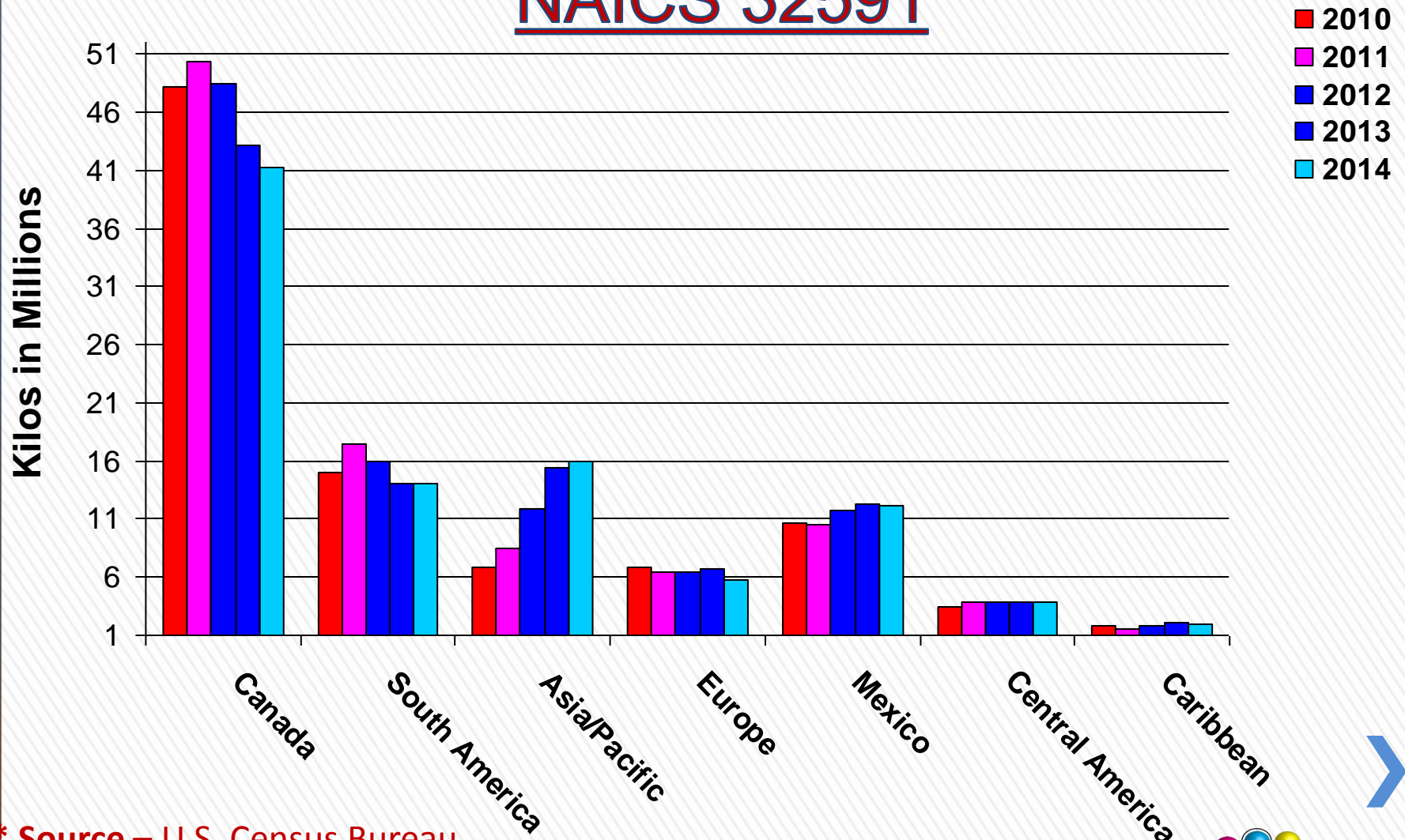
Foreign Trade

NAICS 32591



* Source – U.S. Census Bureau

Major Ink Exports NAICS 32591

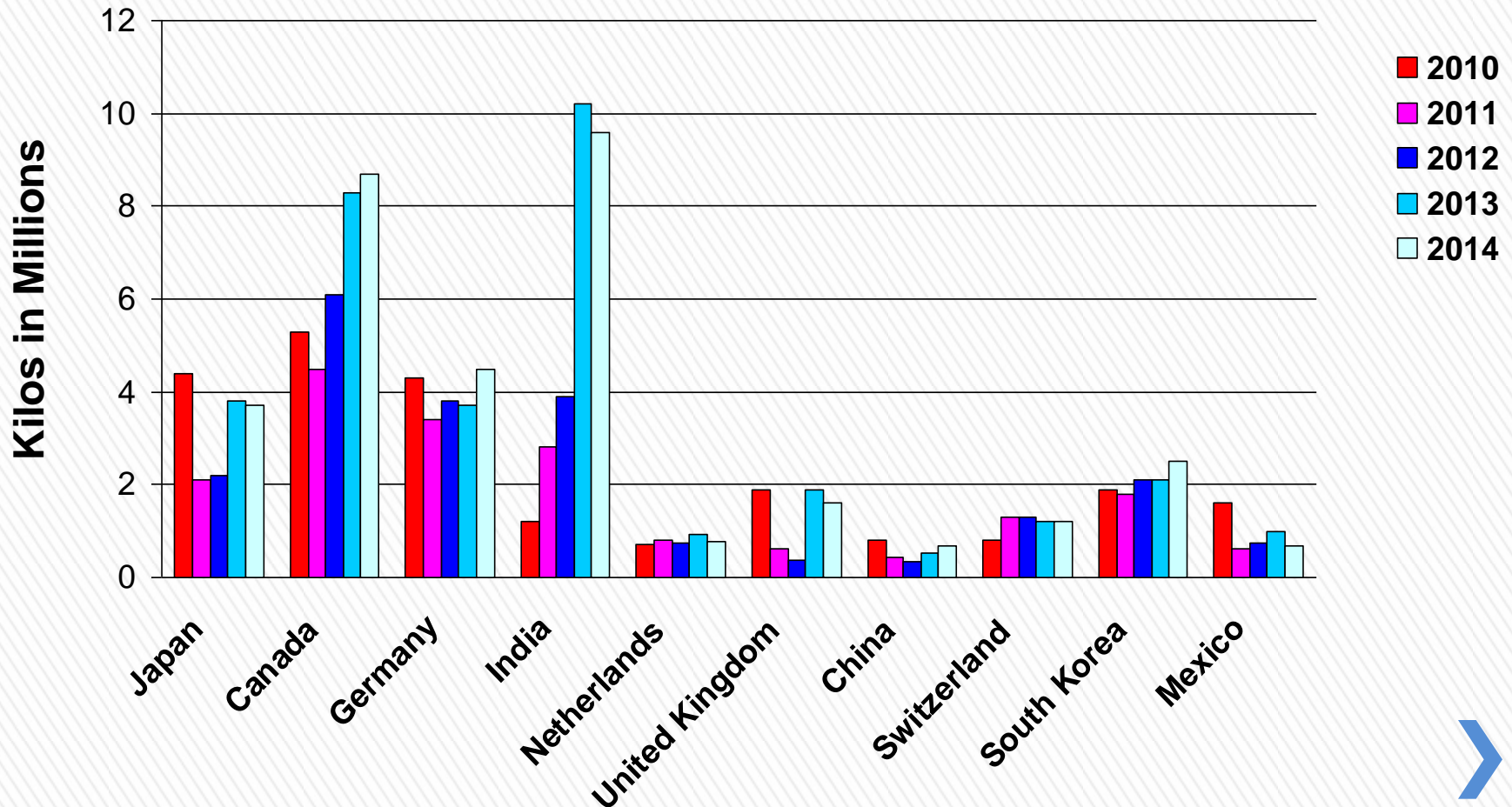


* Source – U.S. Census Bureau

As presented at the 2013 Convention April 7, 2013



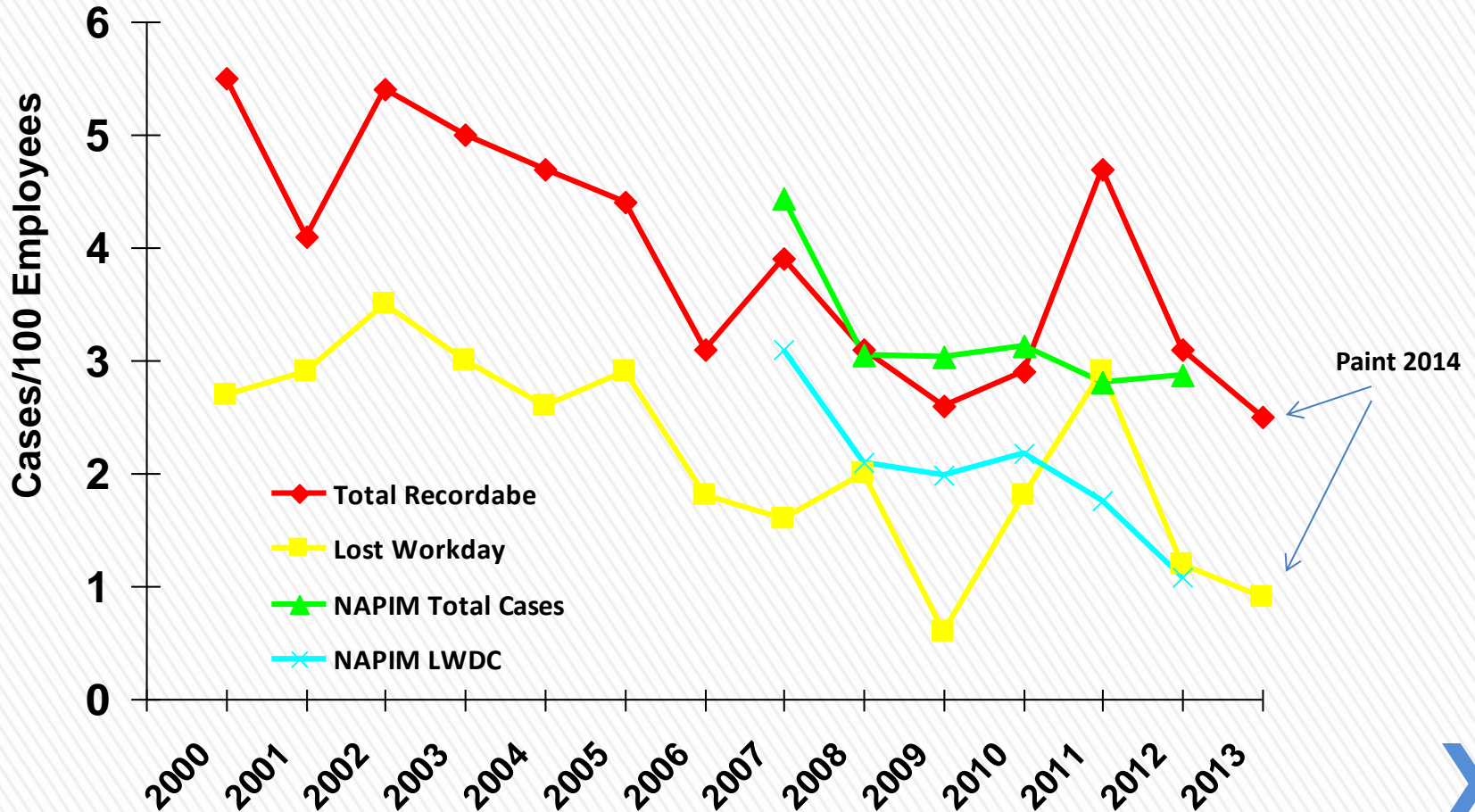
Major Ink Imports NAICS 32591



* Source – U.S. Census Bureau

Safety, Health and Environmental

Ink Industry Illness/Injury Annual Rate



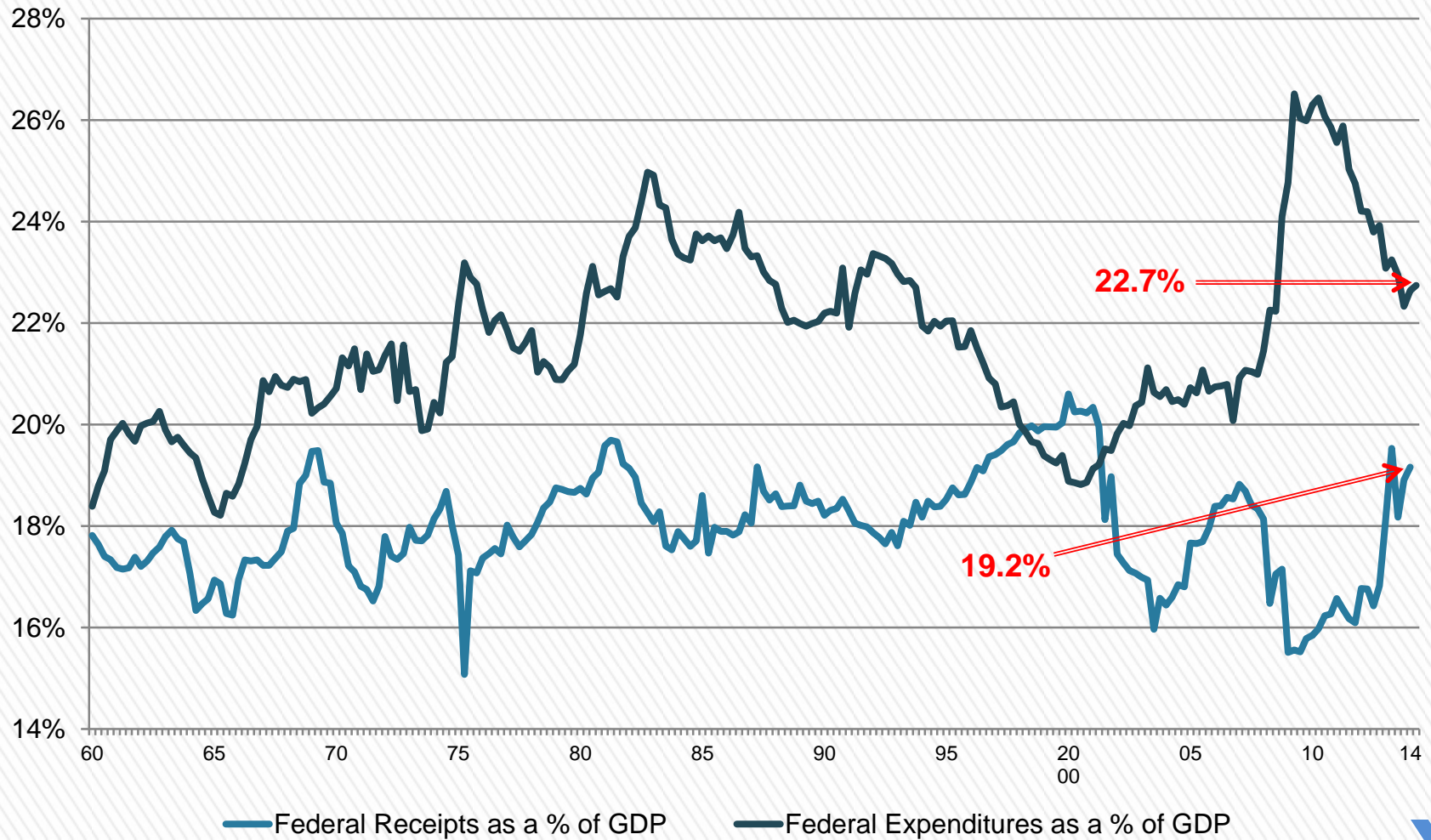
EHS Issues

- **OSHA**
 - **GHS - Status/Impact**
- **Safety – Combustible Dust**
 - **Nat'l Emphasis Program**
 - **Safety First Program**
- **Food Packaging Committee**
 - **2014 Technical Conference**
 - **Food Packaging Guidance Document**
- **Environmental Issues**
 - **TSCA Modernization**

Questions or
Comments?

Thank you

Federal Government Receipts & Expenditures as a % of Gross Domestic Product, 1960 to Present



Source: Bureau of Economic Analysis

Trade-Weighted U.S. Dollar Index Against Major Currencies

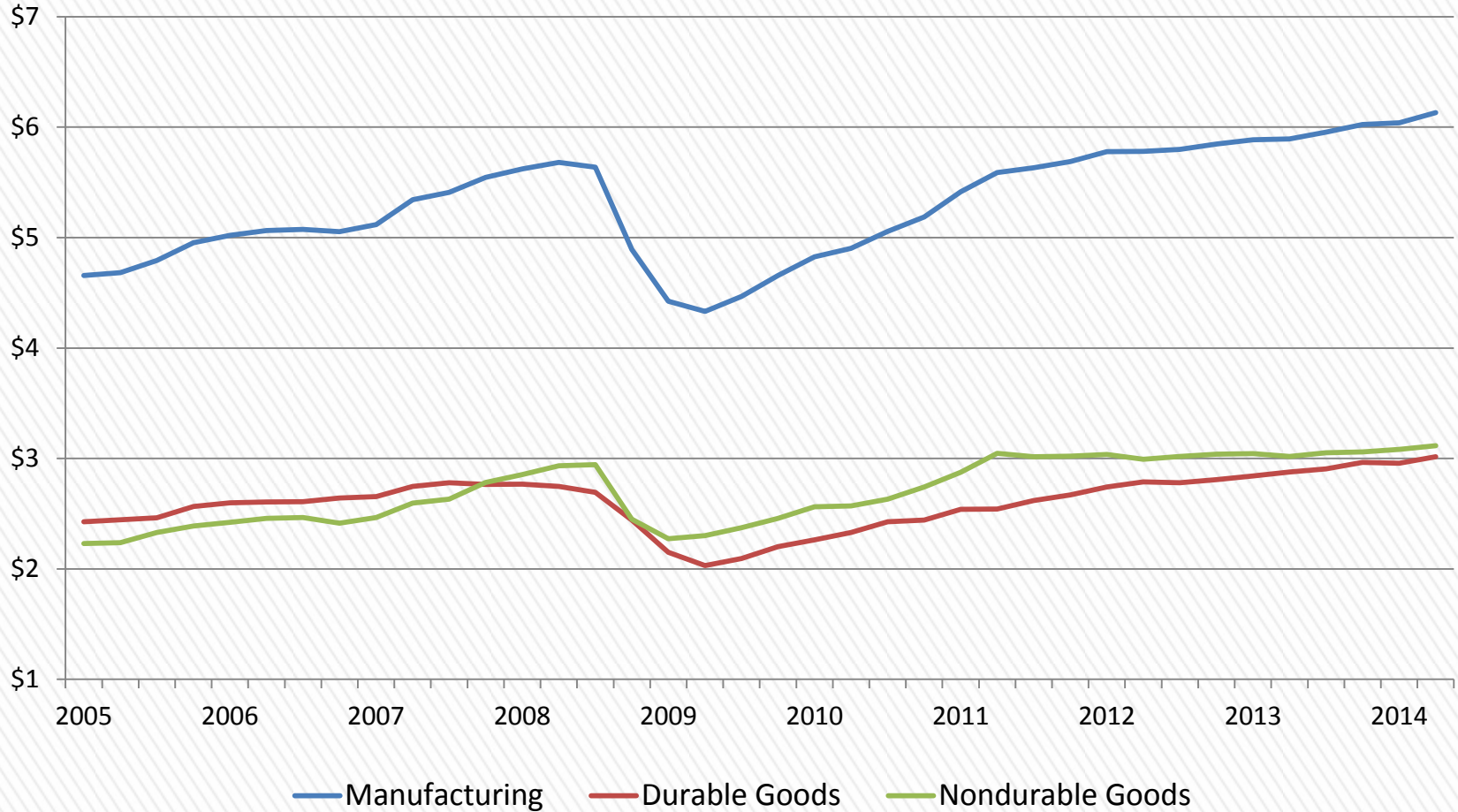
Index
(1973=100)

(Currency Units per U.S. Dollar)



Source: Federal Reserve Board

Manufacturing's Gross Output Contributions to the U.S. Economy, in Trillions of Dollars

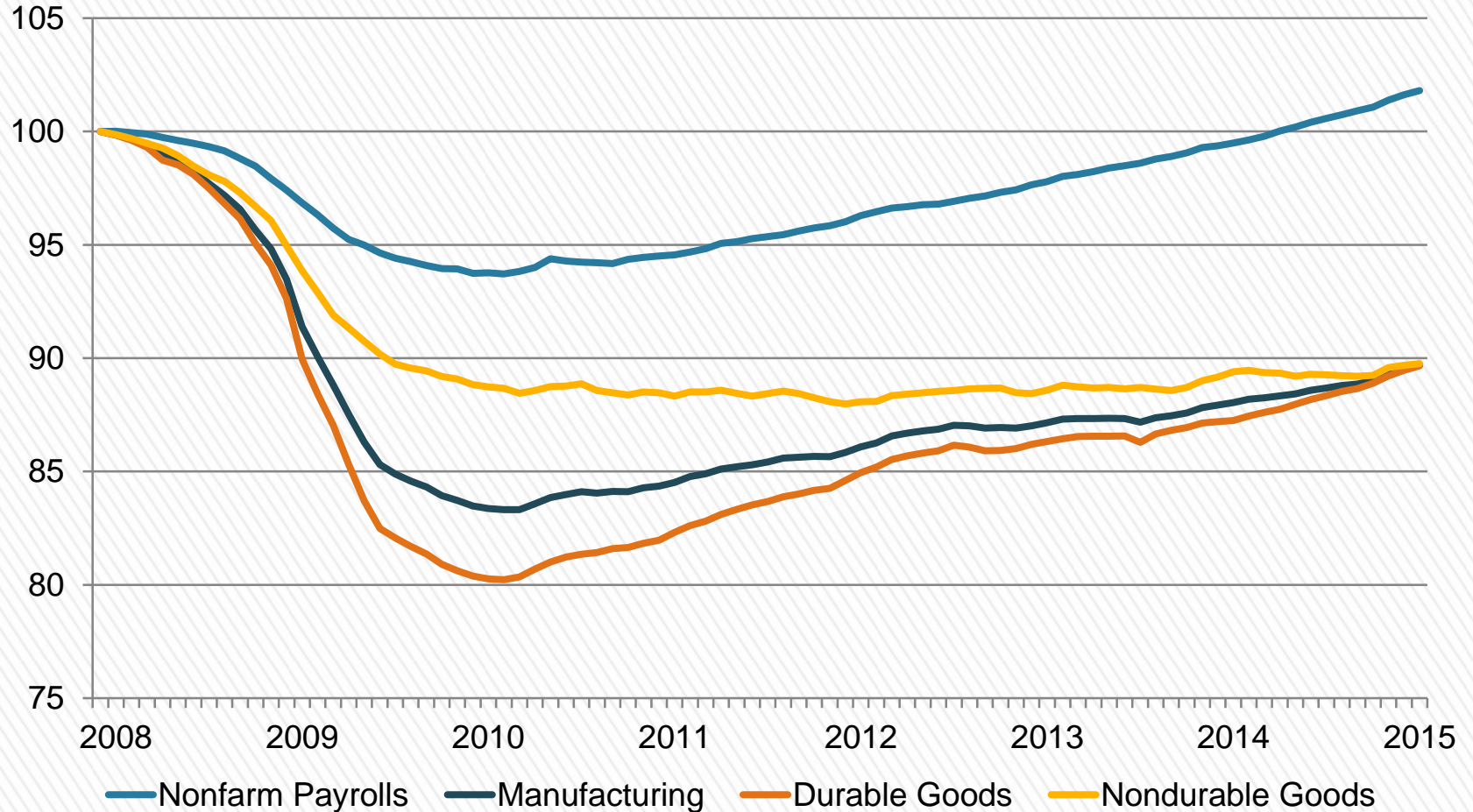


Source: Bureau of Economic Analysis



Manufacturing Employment Growth

(December 2007 = 100)



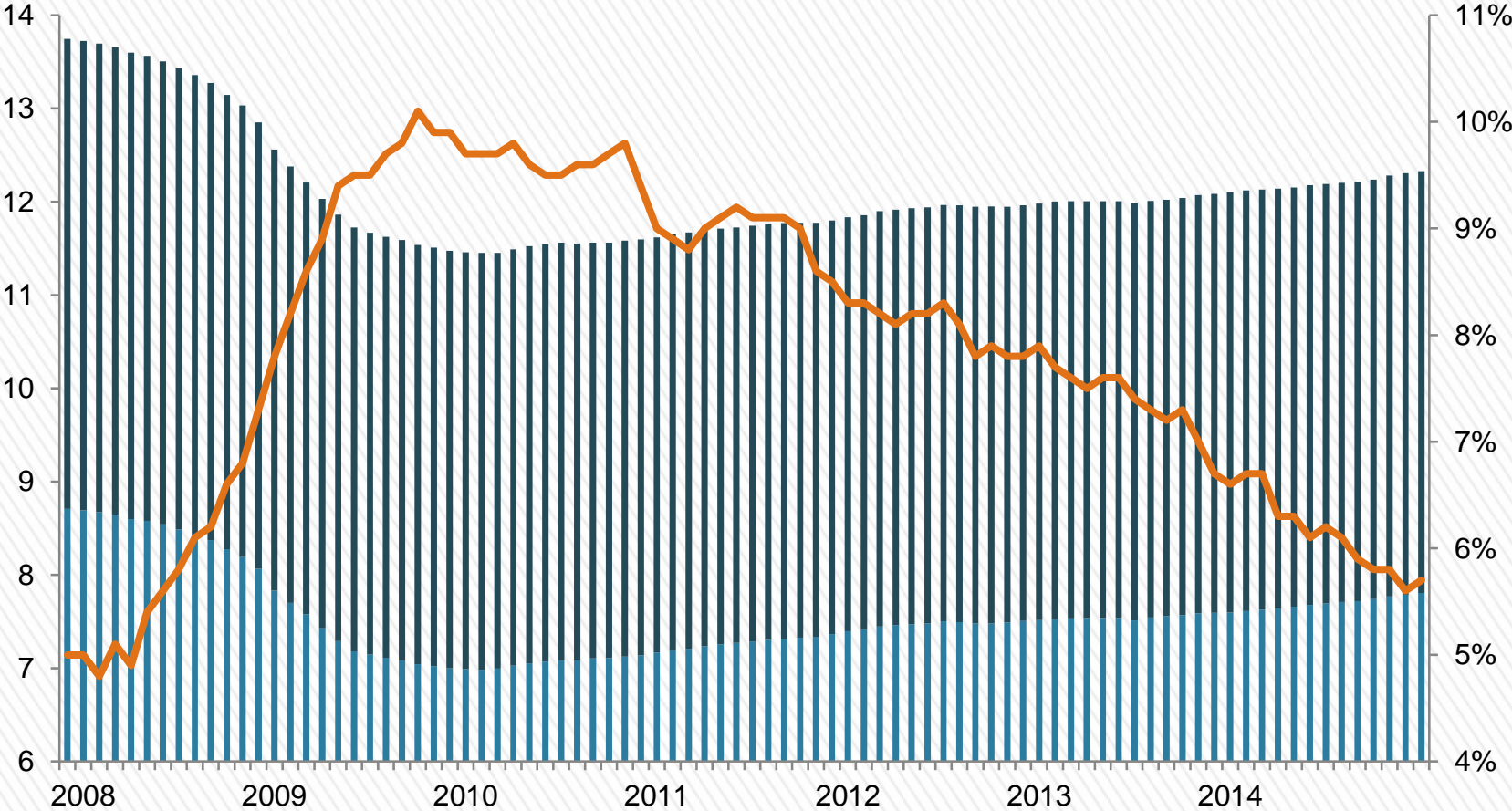
Source: Bureau of Labor Statistics



Employment Situation

Millions of Workers

Unemployment Rate



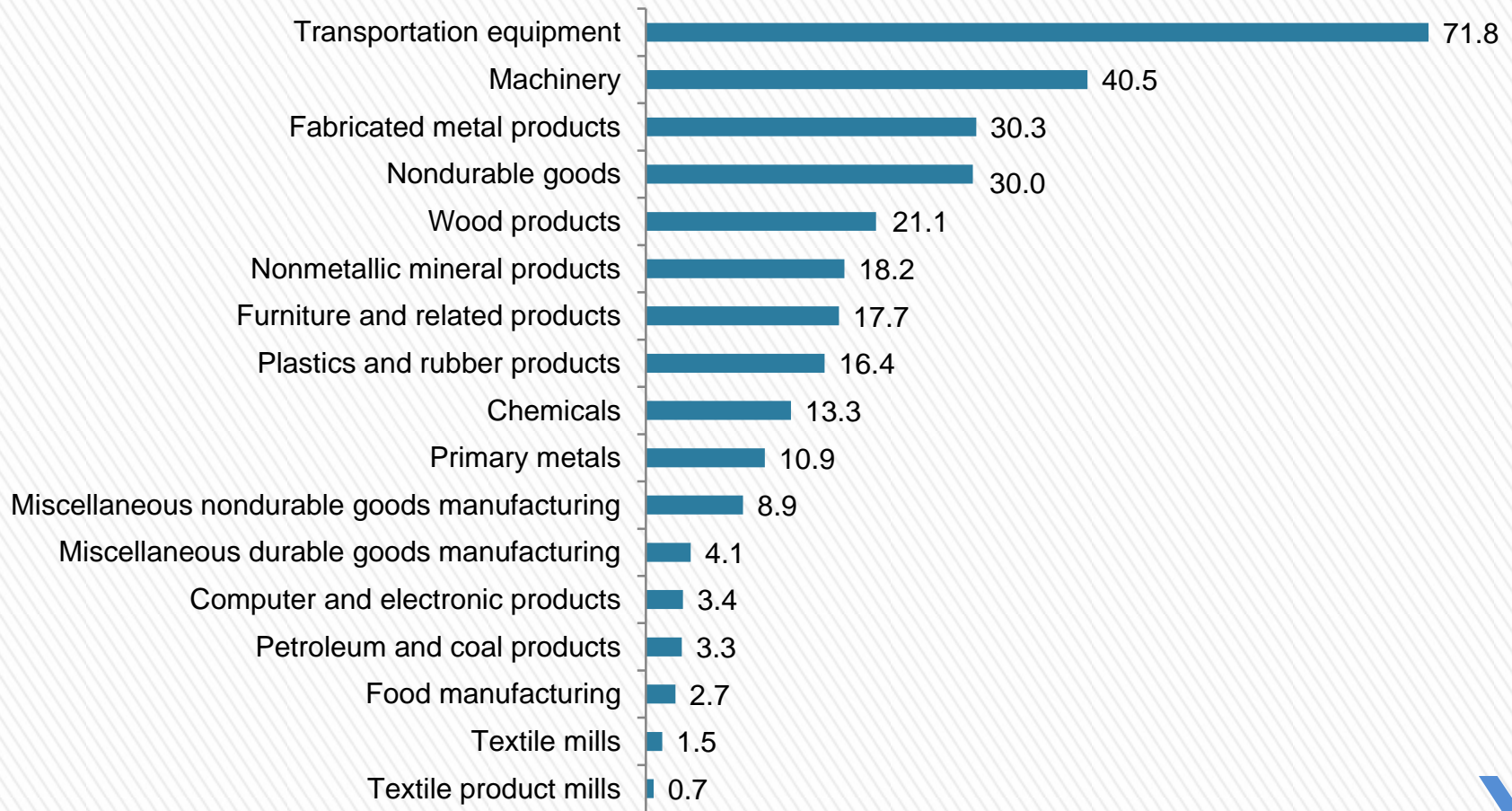
■ Durable Goods
 ■ Nondurable Goods
 — Unemployment Rate



Source: Bureau of Labor Statistics

Manufacturing Sectors with the Largest Net Employment Gains Year-Over-Year

(December 2013 to January 2015, in thousands of employees)



Source: Bureau of Labor Statistics

