



# REPORT & ANALYSIS: THE EUROPEAN NARROW WEB MARKET

Dear Reader,

You are about to download or have already downloaded the second edition of the FINAT RADAR, our association's new half-yearly monitor of trends and developments in European label making.

The first, kick-off edition of the RADAR was released just before the FINAT Congress in Monaco last June. Meanwhile it has been downloaded from the FINAT Members' Area numerous times. I would like to encourage those members who missed the previous edition, to log in and take advantage of this unique, 360 degree overview of the latest developments in their relevant market domain.

After all, one of the primary benefits of being a member of the European trade association for the labels and narrow-web industry is to develop and have access to a valuable resource or contacts, knowledge, best practices, standards and data relevant to the future success of label businesses operating in the European geographic area. The FINAT RADAR is based on first-hand, up to date market data collected from 5 parallel surveys, that are held on a 6-monthly basis from various stakeholders in the labeling value chain.

Starting point of the report is the input from label converters from around Europe via a survey that was circulated in 5 different business languages at the beginning of October. For this edition, input was received from a large number of label converters throughout the different European regions. The second major source of information was the series of one-on-one interviews with a panel of more than 50 major brand owners in key markets. Thirdly and fourthly, the report contains consumables and investment data obtained from the leading materials and (conventional) equipment suppliers. And finally, having just completed Labelexpo India, the special interest section of this report contains a comparative overview of the main characteristics of the Indian label market.

Now that many of you are already getting ready for pole position for 2015, it is time to make a quick pit stop and check your industry dashboard, the FINAT RADAR. After all, the availability of solid and representative data is an essential condition for a winning race.

I wish you all fruitful reading and a successful 2015 and look forward to seeing you at our European Label Forum in Amsterdam from 11-13 June, at which occasion we will be presenting the third edition of this report.

Best regards,  
Kurt Walker  
FINAT President

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## SCOPE OF THE REPORT

For the compilation of this second edition of the FINAT RADAR, two extensive surveys were again sent to converters and brand owners/packaging buyers across every major European region. The response rates for both surveys were high and the FINAT Secretariat and industry market research firm LPC, Inc. would once again like to thank all of the member companies that filled out the RADAR Converter Survey.

Like in the RADAR's debut first edition, the Converter Survey for this edition of the report asked label converters to share their growth rates per end-use category, average run lengths and what types of capital equipment their companies will be purchasing over the next six months. As an addendum to this report, companies that stated they would be purchasing a digital label press over the next six months were also asked to specify what type of digital press technology they would be buying (electrophotography, inkjet, etc.) Each Converter Survey moving forward will continue to ask this question so that we can report on digital press installation trends per technology; an important metric as digital inkjet technology continues to evolve.

Another area that the FINAT RADAR will explore moving forward is the entry of converters into new market segments including in-mould labeling, flexible packaging, shrink sleeves, folding cartons and extended text/extended content applications. As the technological barriers between packaging sectors increasingly diminish, label converters are converting non-label applications on their narrow web presses at higher rates and the FINAT RADAR will gauge and report on these application migrations.

In the most recent RADAR Brand Owner Survey, participants were asked to clarify what their job functions were. This offers us a clear view of the types of personnel that participate in our surveys and what the breakdown is between sourcing and procurement, package engineering, and research and development. The Brand Owner Survey also sought to narrow in on an important question: What factors drive brand owners and packaging buyers to look for new label suppliers? We asked this question of survey participants and the answers offer an interesting perspective on the issues that drive these companies to look for new vendors.

The most recent RADAR Brand Owner Survey also asked participants about how loyal they will be to their label suppliers over the next 1-2 years. This is another metric that will continue to be reported on in order to track the shift in brand owner loyalty across the European label converting marketplace.

Lastly, this issue of the FINAT RADAR includes a special report on India. To research and compile this section, a brief survey was sent to Indian label converters asking them to share their companies' current and projected growth rates, in addition to growth rates per label material type. To enhance this section of the report, some of Europe's largest capital equipment suppliers were asked to comment on their company's successes in the Indian market, and their perceptions of the market in general.

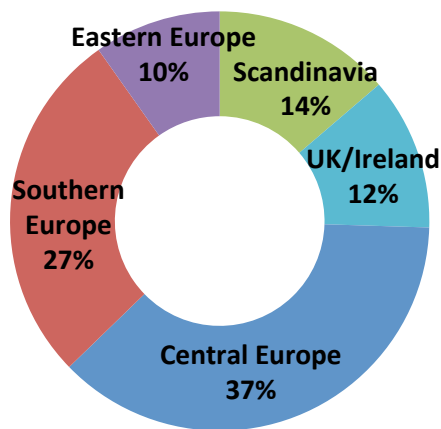
## FINAT CONVERTER VIEWPOINT

### Growth, Challenges and Opportunities

Once again, FINAT member converter companies in every major European region filled out detailed surveys for the compilation of this second edition of RADAR. Total annual revenues for all respondents in 2013 was more than € 1.3 billion, representing more than 10% of the total EU label market. A number of the questions in the most recent RADAR Converter Survey were similar to those asked in the first edition. Repeating certain questions enables us to track specific data and to compare and contrast this data to past surveys so that we may gain an understanding of growth and/or contraction rates in the European narrow web marketplace.

Each participant was asked to indicate the region in which their factory is located. If a participant's company headquarters was in another region, the participant was asked to answer the questions in the survey as only applicable to the factory in which they work. This ensures the data obtained is relevant to a specific European region, rather than being applied across all of Europe. The graph below indicates a geographic breakdown for all FINAT Converter Survey Respondents.

#### RADAR Survey Participation by Region

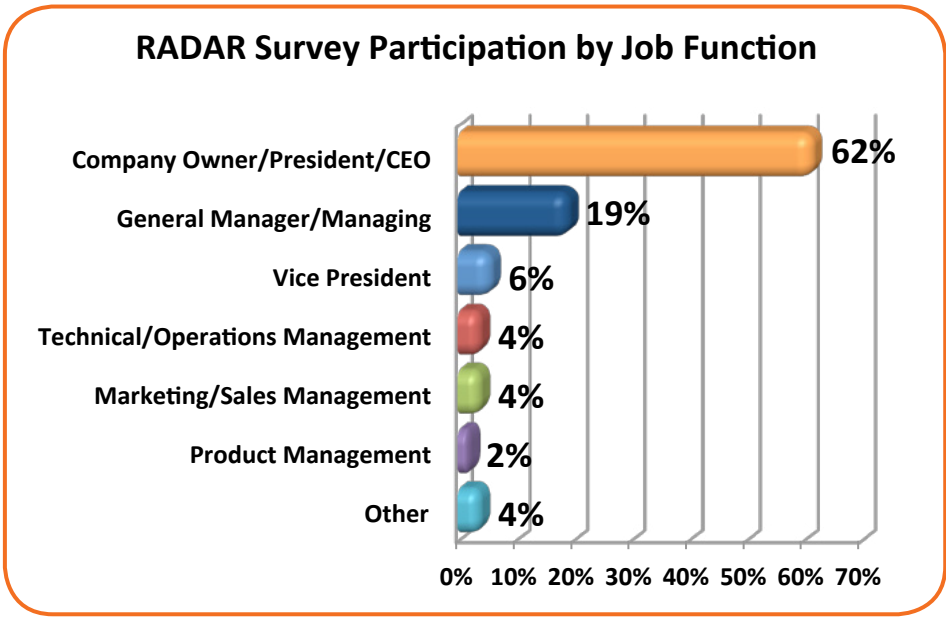
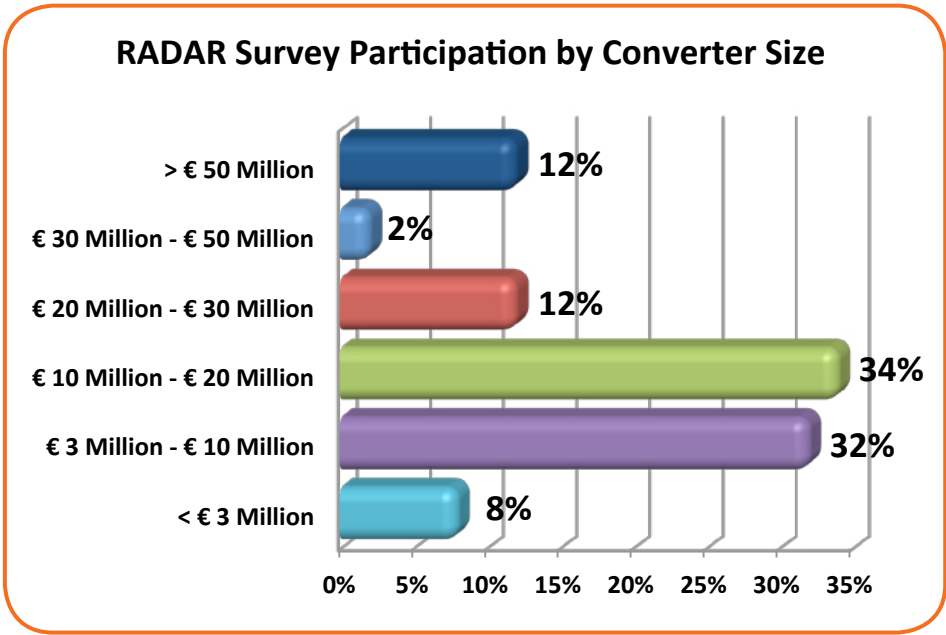


Survey participants indicated their location as per the following regional definitions:

- Scandinavia: Sweden, Norway, Denmark, Finland and Iceland
- UK/Ireland: England, North Ireland, Scotland, Wales and Ireland
- Central Europe: Germany, Austria, Switzerland, Netherlands, Belgium and Luxembourg
- Southern Europe: France, Italy, Spain, Portugal, Greece, Turkey and Cyprus
- Eastern Europe: Russia, Poland, Czech Republic, Slovakia, Bulgaria, Hungary, Romania, Ukraine, Belarus, Moldova, Estonia, Latvia, Lithuania, Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia

## Survey Respondent Company Size and Job Function

Participating converters were also asked to indicate their company's annual revenues, and each respondent was asked to indicate their job function. More than 60% of surveyed companies have annual revenues of €3-20 million and more than 10% of participating companies have annual revenues of more than €50 million.



## Converter Revenue Growth per End-Use Category Q1 & Q2 2014

The RADAR Converter Survey asked companies to indicate revenue growth, or contraction, for the five primary end-use sectors each company serves. 'Primary' was defined as the end-use sectors companies sell the highest production volumes of labels to. Obtaining the data in this manner enables an analysis based upon market information that is reflective of real growth and/or contraction rates in each category.

The table below shows average converter growth per end-use sector for the first and second quarters of 2014. Also shown are the growth and/or contraction rates converters had projected for 2014 at the beginning of the year. *Note: more than 75% of converters that filled out surveys for the first and second editions of the RADAR were the same companies.*

Average FINAT Converter Growth Rates per End-Use Category: Actual Growth for Q1 and Q2 2014 vs. Converters' Projections		
End-Use Category	Actual Average Converter Growth Rates for Q1 & Q2 2014	What Converters Projected Growth Rates Would Be
Food	2.97%	4.88%
Beverage	5.18%	4.17%
Personal Care/Cosmetics	5.15%	4.06%
Pharmaceuticals	3.25%	3.39%
Household Chemicals	3.84%	2.75%
Industrial Chemicals	3.75%	3.08%
Retail	3.71%	3.76%
Automotive	2.19%	1.13%
Consumer Durables (includes electronics)	1.53%	2.21%
Office Products	0.71%	-0.10%
Transport/Logistics	0.56%	2.21%

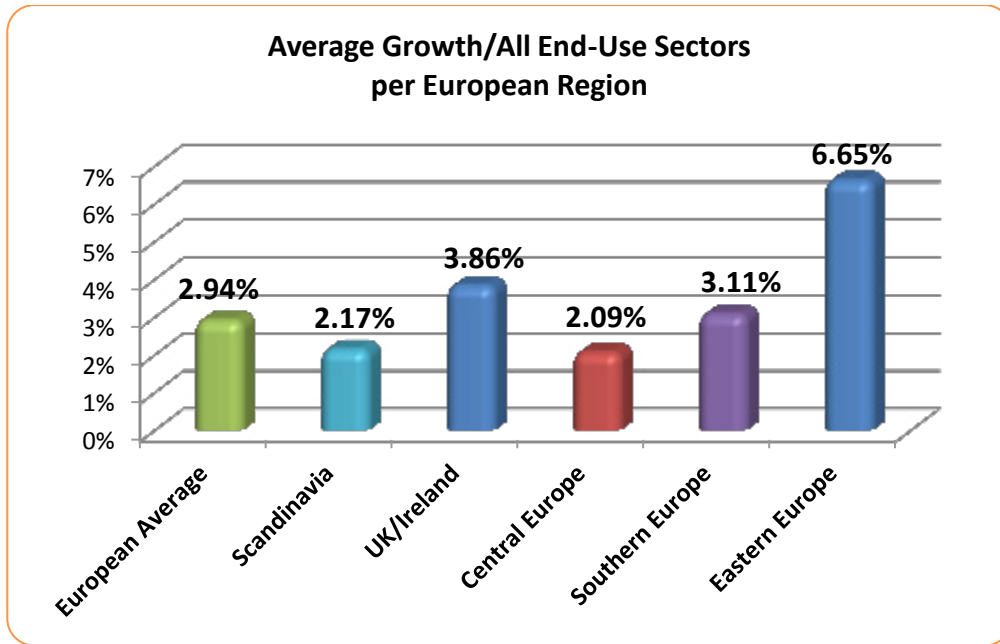
Source: LPC, Inc. FINAT RADAR  
*\*Data taken from FINAT converters located in every major European region*

Overall, converters' actual growth rates are very close to what they had projected their growth and/or contraction rates would be per sector. For the majority of end-use categories, actual growth is within 1% of what converters projected growth would be for the category. The food sector has one of the greatest discrepancies between projected and actual growth with growth almost 2% lower than what converters anticipated at the beginning of 2014.

# SECTION 1

Sluggish growth is projected to continue for the European food packaging sector as supplies across the region reach a saturation point. Average growth rates in the food sector were highest in Eastern Europe and lowest in Central Europe and the British Isles.

The graph below shows average end-use sector growth for all categories per European region.



Average growth rates for all end-use categories in the regions of Eastern Europe, Southern Europe and the UK/Ireland performed above the European average of 2.94%.

Averages for Scandinavia and Central Europe fell below the continent's overall aggregated average.

## Converter Run Sizes per End-Use Sector

The FINAT RADAR will continue to track run sizes across end-use sectors as run lengths continue to decline in every end-use category. In order to effectively gauge run size values however, year over year values will be compared and contrasted. This issue of the RADAR will report on current values indicated by converters and a year-over-year comparison will be published in the next edition of the report in mid-2015.

In the RADAR Converter Survey companies were asked to break down their average run sizes within each major end-use category they serve. 'Run length' was defined as the size, in linear meters, of a finished order that a company sends to their customer after the subtraction of production waste. The table below aggregates respondents' feedback and shows current average European run sizes per end-use sector.

Average FINAT Converter Run Lengths per End-Use Category: Q3 2014	
End-Use Category	Average Run Length in Linear Meters
Food	8.043 l/m
Beverage	13.048 l/m
Personal Care/Cosmetics	6.940 l/m
Pharmaceuticals	2.253 l/m
Household Chemicals	7.529 l/m
Industrial Chemicals	5.650 l/m
Retail	5.858 l/m
Automotive	2.919 l/m
Consumer Durables (includes electronics)	2.968 l/m
Office Products	2.550 l/m
Transport/Logistics	6.033 l/m
Source: LPC, Inc. FINAT RADAR	
<i>*Data taken from FINAT converters located in every major European region</i>	

For the third quarter of 2014 converters reported highest run lengths in the food, beverage and household chemicals sector. The data confirms that micro-runs (run lengths of less than 2,000 linear meters) are increasing in the pharmaceutical, automotive, consumer durables and office products sectors.

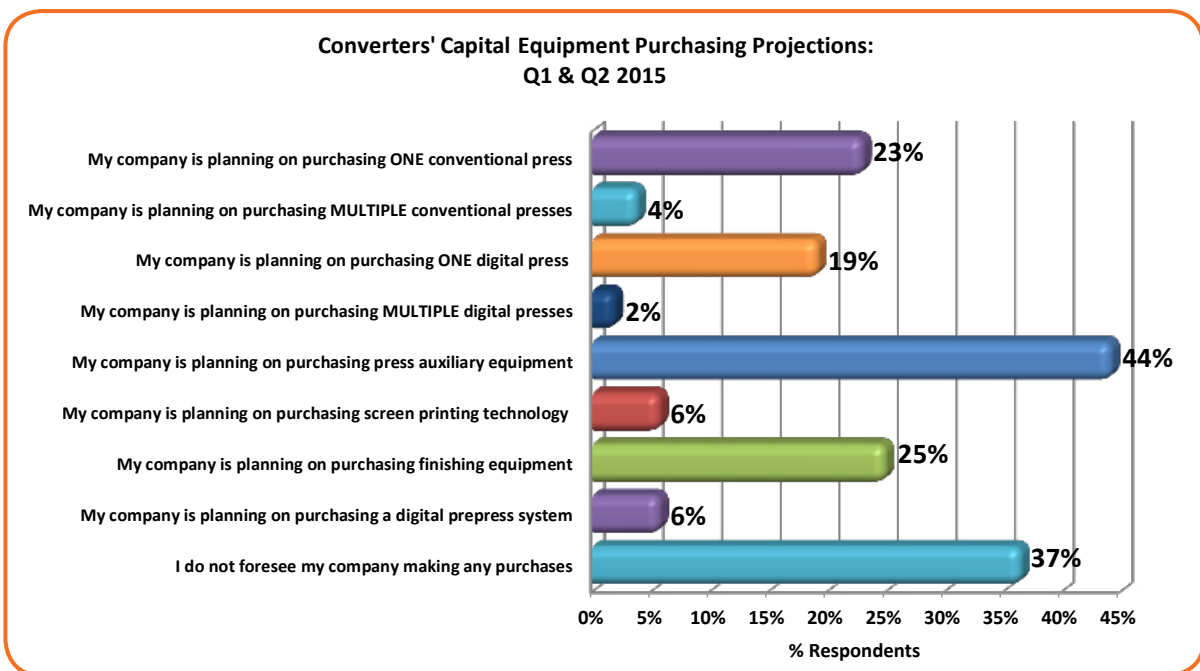
## Converters' Capital Procurement Projections: Q1 & Q2 2015

The Converter Survey asked FINAT European converters to indicate what types of capital equipment investments their companies are planning on making over the course of the next six months. Companies were given the following options to choose from and directed to select all those that apply:

- My company is planning on purchasing ONE conventional (non-digital) printing press within the next 6 months
- My company is planning on purchasing MULTIPLE conventional (non-digital) printing presses within the next 6 months
- My company is planning on purchasing ONE digital press system within the next 6 months
- My company is planning on purchasing MULTIPLE digital press systems within the next 6 months
- My company is planning on purchasing press auxiliary equipment within the next 6 months (turret rewinder, butt splicer, video inspection system, etc.)
- My company is planning on purchasing screen printing technology (retrofitting onto an existing press) within the next 6 months
- My company is planning on purchasing finishing equipment within the next 6 months
- My company is planning on purchasing a digital prepress system within the next six months
- I do not foresee my company making any major capital equipment purchases within the next 6 months

The goal in asking this question is to be able to define clear capital equipment purchasing patterns and trends in the marketplace, in addition to benchmarking current capital procurement trends against historical data.

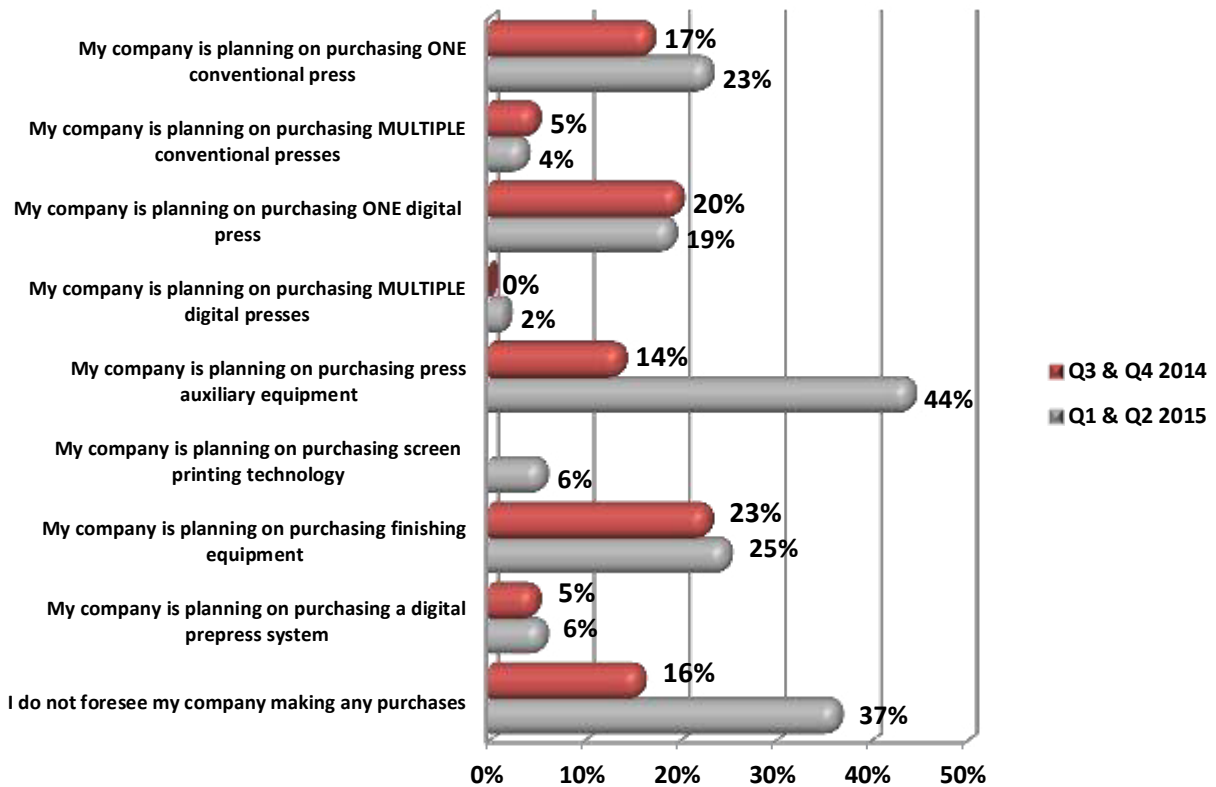
The chart below shows the procurement projections of FINAT European converters over the next six months:





Capital equipment procurement projections were also featured in the first edition of FINAT RADAR. The graph below indicates projections for the first two quarters of 2015 against converters' predictions from the year's earlier RADAR Converter Survey for which converters were asked procurement projections for the last two quarters of 2014.

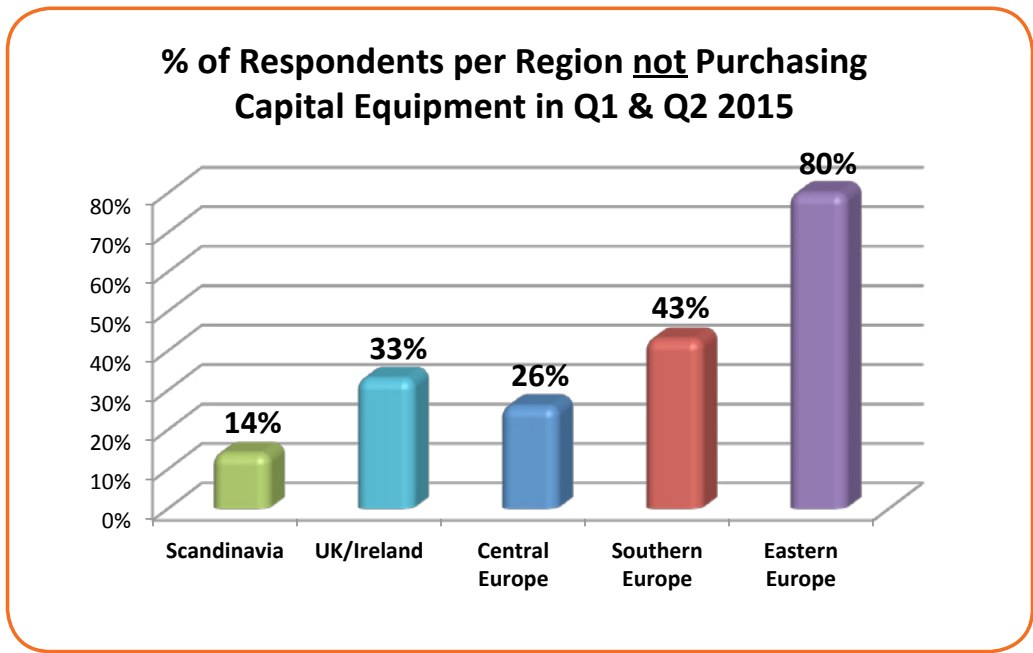
**Converters' Capital Equipment Purchasing Projections:  
Q1 & Q2 2015 vs. Q3 & Q4 2014**



Note: Screen printing technology is a new addition to the procurement survey question and appears for the first time in this edition of RADAR.

There are two noticeable contrasts when comparing procurement data for the last two quarters of 2014 against the first two quarters of 2015. More companies project purchasing press auxiliary equipment over the next six months with a 30% increase compared to projections for the last two quarters of 2014. Additionally, only 16% of respondents projected their companies would not be purchasing any capital equipment for the third and fourth quarter of 2014. However, more than a third of the respondent group in the most recent converter survey predicts their companies will not be making any major capital equipment purchases over the next six months.

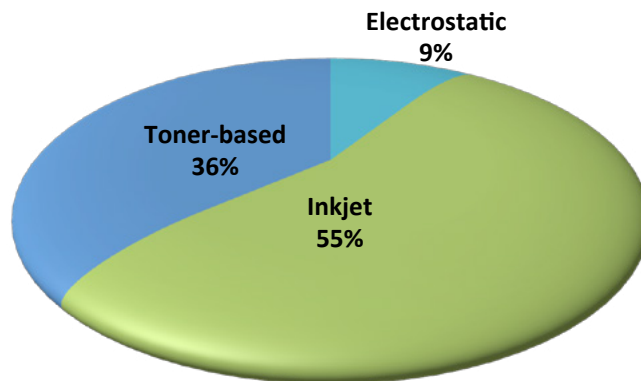
Interestingly, the companies indicating they would not be purchasing any capital equipment over the course of the next six months represent a wide range of annual revenues. In other words, there was no concentration of companies projecting they wouldn't be buying equipment in one specific scale range. However, there are vast differences between regions. As the graph below shows, only 14% of Scandinavian respondents indicated they would not be purchasing any capital equipment in the first two quarters of 2015 whereas the majority of Eastern European respondents indicated the same.



Companies that indicated they would be purchasing a digital press over the next six months were asked to specify the type of press(es) they would be purchasing by technology type.

The graph below breaks down projected digital press procurement by technology.

### What types of digital presses will converters be buying?



More than half of companies responding their companies would be investing in a digital press over the next six months indicated they would be purchasing an inkjet system while just over one-third of those respondents indicated they would be purchasing a toner-based system (HP or Xeikon).

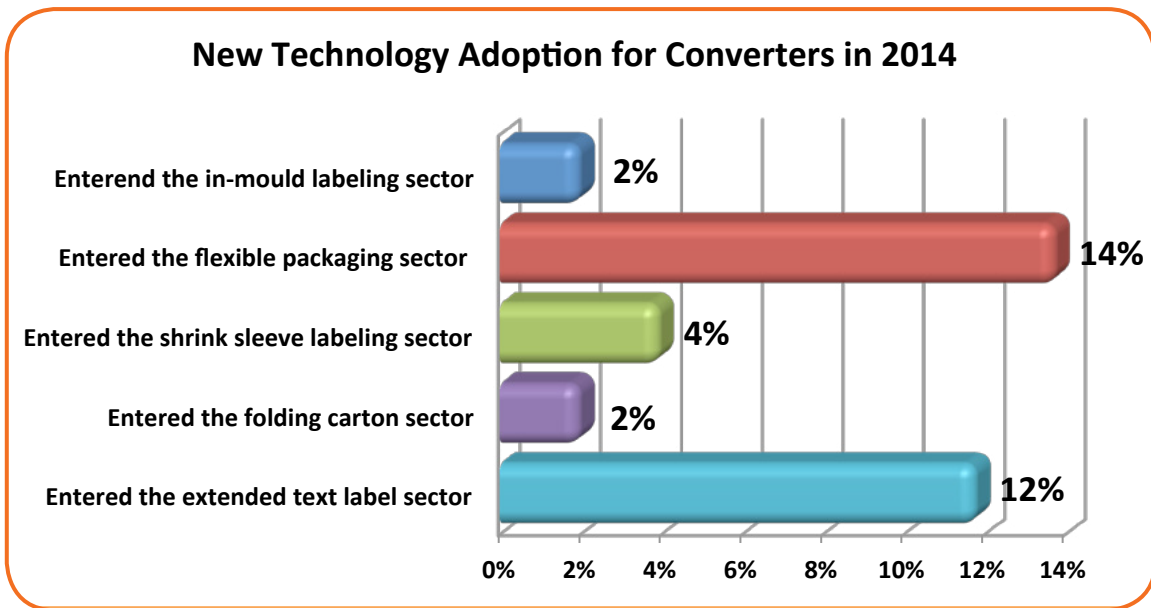
## New Application Areas, Material Consumption By Type and Environmental Certification

Another trend FINAT RADAR will be reporting on is the rate at which converters are entering new application areas. For this issue of the report, converters were asked to indicate the new application areas their companies entered into over the past six months. The specific application areas and the way each option was framed were as follows:

- My company entered the in-mould label sector in the past 6 months
- My company entered the flexible packaging sector (excluding shrink sleeves) in the past 6 months
- My company entered the shrink sleeve sector in the past 6 months
- My company entered the folding carton sector in the past 6 months
- My company entered the extended text/extended content label sector in the past 6 months

*Note: Extended text labels, also referred to as extended content labels, are labels that use multiple layers of material to provide more space for graphics and/or copy.*

The graph below breaks down the percentage of surveyed companies that entered into each new area within the past six months.

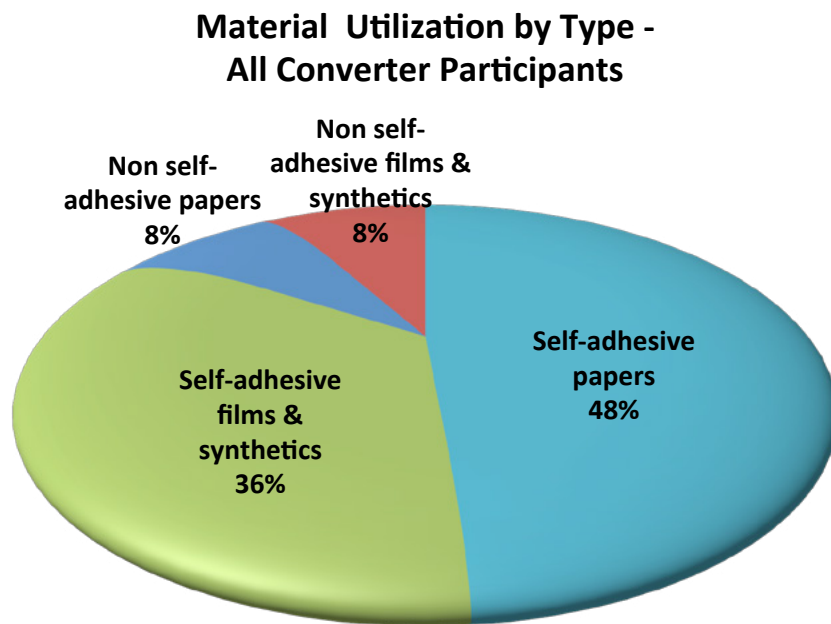


More companies entered the flexible packaging sector (excluding shrink labels) than any other in 2014. The area with the next highest entry rate was the extended text/extended content labeling space with 12% of all respondents entering this area for the first time in 2014.

In an effort to present an overall view of the types of materials converters currently utilize, respondents were asked to break down their company's total usage of materials by indicating the percentage that each type makes up of their total production volume. Specific types were listed as follows:

- Self-adhesive papers
- Self-adhesive films & synthetics
- Non self-adhesive papers (including in-mould papers and paper constructions for flexible packaging applications)
- Non self-adhesive films & synthetics (including films for wraparound labels, sleeves and constructions for flexible packaging)

To formulate material utilization for each type overall, each respondent's consumption was calculated individually. Aggregated volumes for each type are represented in the graph below.

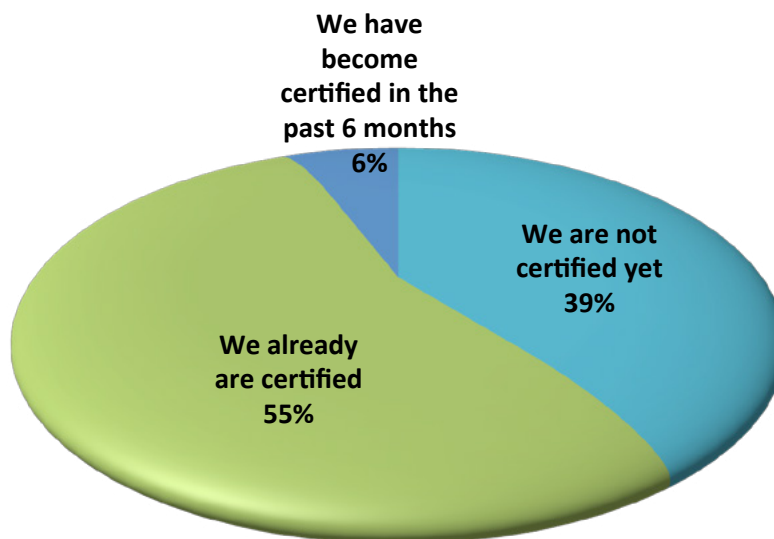


The final question in the RADAR Converter Survey asked companies to indicate if they have received some type of environmental certification within the past six months. The options respondents had to choose from included:

- Yes, we have achieved some type of environmental certification over the past 6 months
- We already are environmentally certified
- We are not environmentally certified yet

The graph below shows current environmental certification status for the respondent group.

### Environmental Certification of Respondents



More than 50% of survey respondents are already environmentally certified and 6% of the survey group has achieved some type of certification in 2014. The RADAR will continue to gauge environmental certification in order to analyze and report on certification adoption rates throughout the region.

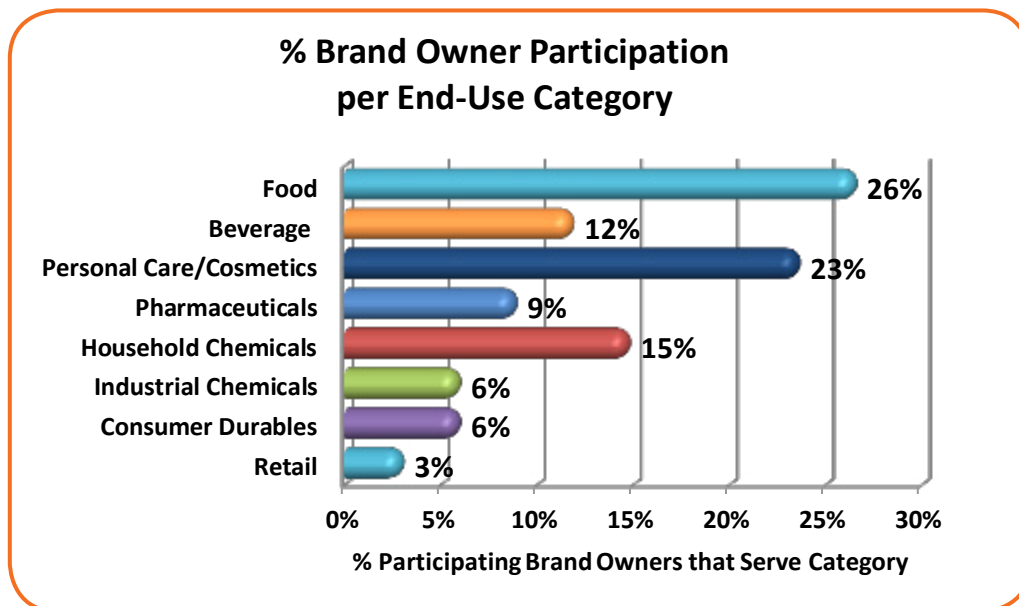
## BRAND OWNER VIEWPOINT

### What Drives Companies to Change Label Vendors, Vendor Loyalty, Vendor Size Preferences and Technical Proficiency Rates among Brand Owners

More than 50 brand owners and packaging buyers participated in the RADAR Brand Owner Survey for the second edition of the report. Respondents either directly source labels, or they influence the label procurement process in some way. Participating companies include some of the largest consumer packaged goods manufacturers in the European market, in addition to smaller and mid-sized firms that require the application of printed labels on their products.

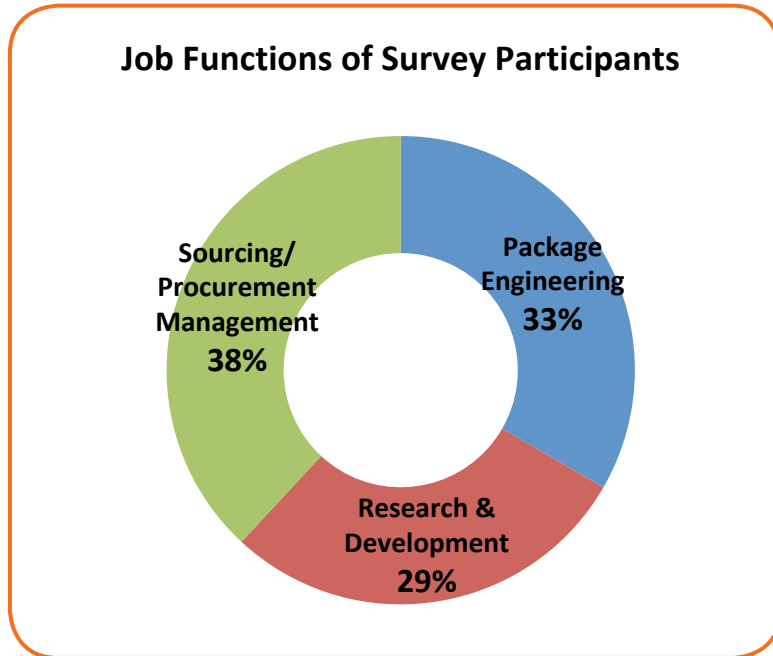
A primary objective in surveying brand owners for the compilation of the FINAT RADAR is to establish a set of metrics that future surveys can be measured against; thereby creating a range of published indices that will show label procurement growth rates, label procurement and technology trends, and sourcing shifts.

The graph below indicates a breakdown of brand owner participation per end-use sector.



As with the first edition of RADAR, highest participation came from companies in the food sector followed by personal care and cosmetics. Once again, brand owners in the office products and automotive sectors declined to participate in the survey.

In addition to asking surveyed brand owners and packaging buyers to indicate the end-use sectors they serve, individual respondents were also asked to tell us what their job function was within their company.



One of the most important questions in the RADAR Brand Owner Survey probed the significance of different criteria that would drive a company to seek new label suppliers. Respondents were given a defined set of criteria and were asked to rank them from most to least important. (Price was deliberately left out of the list of criteria respondents were given because we wanted to explore change agents beyond price.) The set of criteria companies were asked to rank included the following:

- Quality with current vendor (color drift, inconsistent quality from run to run)
- Capabilities (current label vendor does not have digital printing capabilities)
- Responsiveness (occasional issues with label vendor's customer service)
- Delivery (labels are not always delivered on time)

# SECTION 2

The table below shows how label buyers rank each one of these criteria from most to least important.

<b>Why do Brand Owners/Packaging Buyers Seek New Label Vendors?</b>	
<b>Ranking (from most to least significant)</b>	
<b>#1</b>	Quality with current vendor
<b>#2</b>	Delivery
<b>#3</b>	Responsiveness
<b>#4</b>	Capabilities

Unsurprisingly, quality was rated first and foremost amongst the criteria given that would justify seeking a new label vendor. More than 70% of surveyed brand owners and packaging buyers indicated that the most significant catalyst in seeking out new suppliers would be quality issues with their existing supplier(s).

The second most significant criteria in changing label buyers were delivery issues with 14% of surveyed companies indicating that label delivery problems would be the most significant issue in forcing them to seek new label suppliers. Interestingly, every company that listed delivery as the number one force that drive them to seek new label vendors predominantly serve the personal care/cosmetics sector suggesting that lead times are a critical vendor loyalty builder in this space.

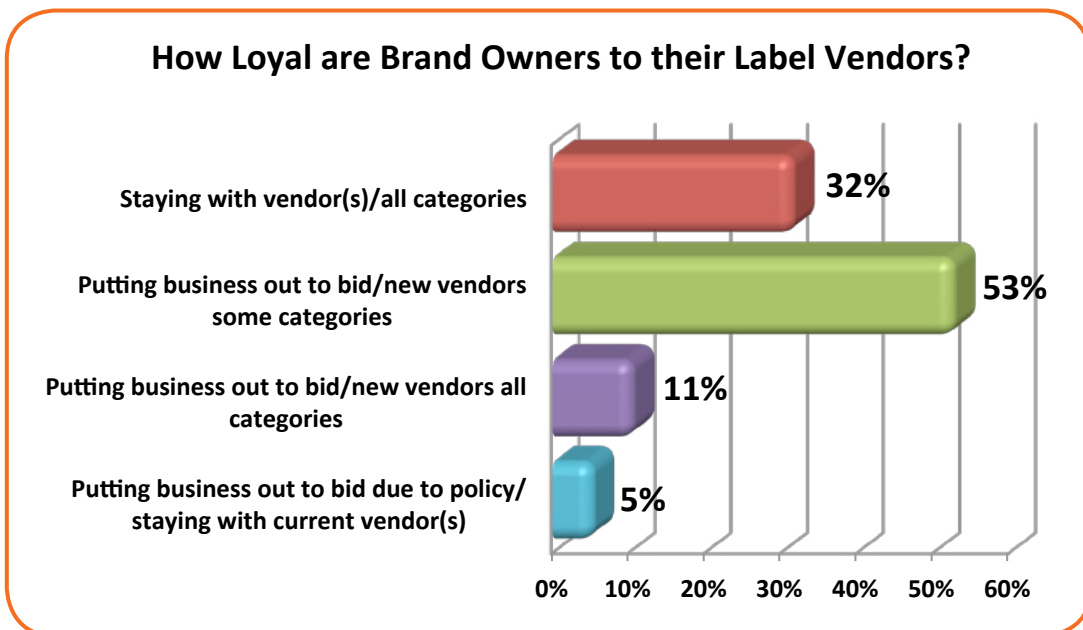


# SECTION 2

In addition to asking about the criteria that would drive companies to seek new label suppliers, the RADAR Brand Owner Survey sought to gauge current loyalty levels between the buyers of labels and their label-manufacturing vendors. Survey participants were asked if they anticipated staying with their current label vendor(s), or if it was likely they would put some or all of their label business out to bid within the next 1-2 years. Respondents were asked to select the answer that best applies from the following options:

- I foresee my company staying with its current label vendor(s) for all categories
- I foresee my company putting our label business out to bid and possibly securing a new label vendor for some categories
- I foresee my company putting our label business out to bid and possibly securing a new label vendor for all categories
- I foresee my company putting our label business out to bid due to company policy; however I predict we will stay with our current label vendor(s)

The graph below breaks down the responses of brand owners and packaging buyers.



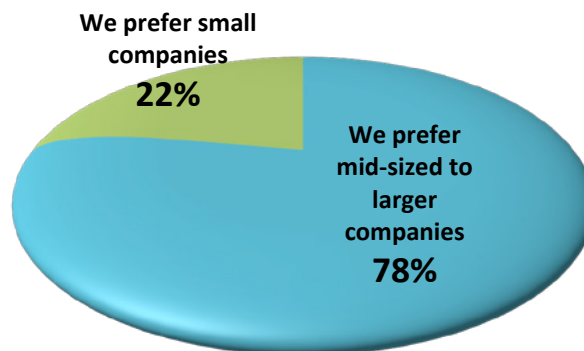
Nearly one-third of all companies surveyed report that they will stay with their current label vendor(s) for the foreseeable future, however more than 50% of respondents cite they will be putting their label business out to bid and predict that they will secure a new label vendor, or multiple label vendors, for some categories. Just over 10% of participating companies predict they will be putting their label business out to bid and securing new suppliers for all end-use categories. Interestingly, every company that indicated they would be putting their business out to bid and possibly securing new label vendor(s) for all categories serve the food sector suggesting lower loyalty rates in this category compared to other end-use sectors.

In an effort to dig deeper about brand owner and packaging buyer preferences, we wanted to gauge what types of preferences consumer packaged goods companies and other types of packaging buyers have when it comes to the labels that they source. The survey asked companies to make the choice from the following two options that best applies to their sourcing preference regarding label vendor company size:

- We prefer mid-sized to larger sized label supplier companies because we prefer vendors with multiple facilities so that supply channels are minimized
- We prefer smaller sized label suppliers because we feel that they may offer us a more flexible and personalized approach

The graph below shows a breakdown of how label buyers responded to this question:

### Does it Matter to Brand Owners what Size their Label Suppliers are?



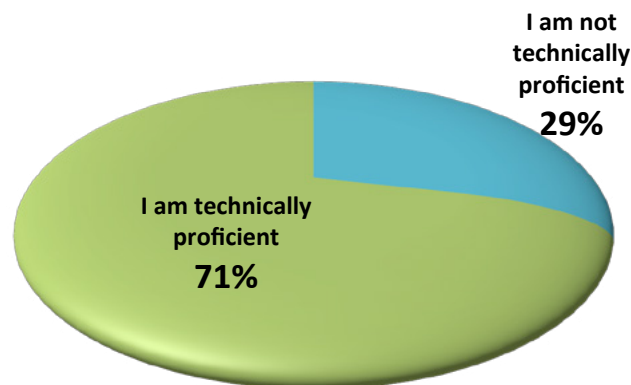
As this graph indicates, the majority of companies responded that they prefer mid-sized to larger companies for their label supply channels. The FINAT RADAR will continue to gauge some of these preferences in an effort to examine any change in these important factors that can have a direct influence on industry sourcing shifts and the business strategies of label converters throughout the EU.

The final question in the FINAT Brand Owner Survey sought to define the technical proficiency of the people who buy labels, or have direct influence in regards to the label procurement process, when it comes to the different types of print process technologies. Companies were asked to choose the answer that best applies to their own situation:

- I am technically proficient. I understand the differences between the capabilities of flexo, gravure, litho/offset and digital electrophotography in the printing of labels and I know which technology is best suited to our specific applications.
- I am not technically proficient; I rely on my label vendors to educate me and to know which printing technology will best suit my needs.

The graph below breaks down participants' responses:

### How Technical are Label Buyers about Print Processes?



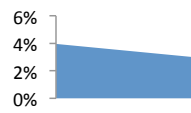
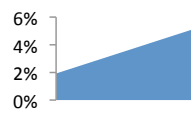
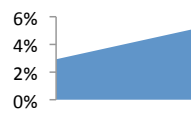
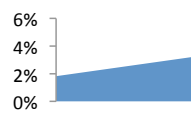
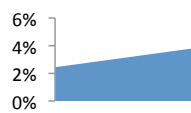
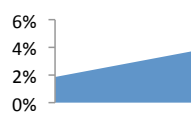
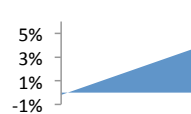
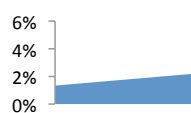
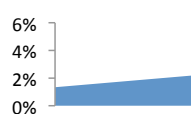
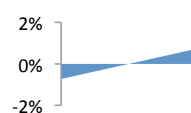
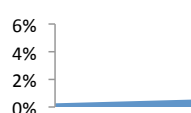
A high number of surveyed brand owners and packaging buyers regard themselves as technically proficient about print processes and the inherent strengths and weaknesses of each process. However, 29% of participating companies were forthright in declaring they are not proficient when it comes to print processes and that they rely on their label vendors to make the best decisions regarding the print process types that are best suited to their products. Regarding technical proficiency and how brand owners want increased levels of assistance from their label suppliers, one company went so far as to state the following:

"I need more help in understanding which print technology is best suited for each job. Depending on the size of a country, a label print run for the same brand can either have millions of units or a few thousand units. However, we are still using the exact same print process for all of these labels. I could imagine that it would be better for labels going to smaller countries, like Finland or Croatia, to be digitally printed."

## European Labeling Market Trends per End-Use Sector:

The table at right breaks down each European end-use sector and indicates average converter growth rates for the second and third quarters of 2014 (with converters' 2013 and first quarter 2014 growth as a starting point for each category.) The table also lists average label run sizes from the most recent RADAR Converter Survey, and the specific regions with the highest average growth rates.

*Note: Actual Growth/Decline data is the cumulative rate taken from the converter surveys for the first and second editions of the report.*

End-Use Category Trends for Q2 & Q3 2014: Growth, Run Sizes and Highest Growth Regions per Category			
End-Use Category	Actual Growth/Decline: Q2 & Q3 2014	Average Run Size (in Linear Meters)	Region with Highest Growth Rate in Category
Food		8.043 l/m	Eastern Europe
Beverage		13.048 l/m	Eastern Europe
Personal Care/Cosmetics		6.940 l/m	UK/Ireland
Pharmaceuticals		2.253 l/m	UK/Ireland
Household Chemicals		7.529 l/m	Eastern Europe
Industrial Chemicals		5.650 l/m	Southern Europe
Retail		5.858 l/m	Central Europe
Automotive		2.919 l/m	Central Europe
Consumer Durables (includes electronics)		2.968 l/m	Scandinavia
Office Products		2.550 l/m	Southern Europe
Transport/Logistics		6.033 l/m	Scandinavia

Source: LPC, Inc. FINAT RADAR  
 \*Data taken from FINAT converters located in every major European region

## Key Findings from Surveying FINAT Converters and Brand Owners/Packaging Buyers

The table below offers a synopsis of the key findings extracted from polling and interviewing FINAT converter members and brand owners/packaging buyers in every major European region.

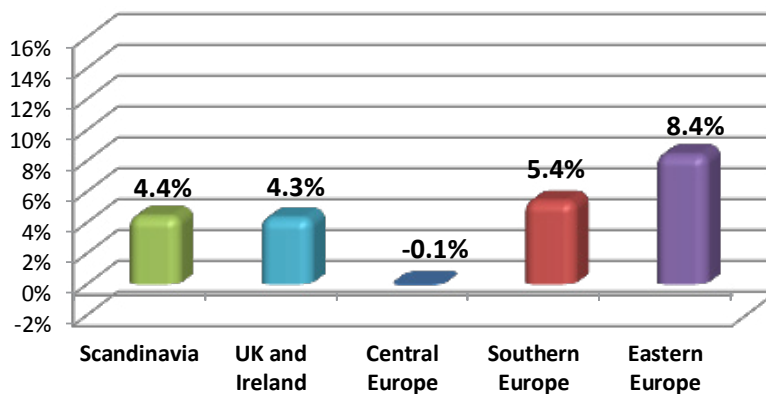
KEY FINDINGS	
<p><b>21%</b> <i>Will buy digital presses.</i></p>	Percentage of surveyed FINAT converter members that will buy digital label presses over the course of the next 6 months.
<p><b>55%</b> <i>Will buy digital inkjet.</i></p>	Percentage of companies that will purchase an inkjet label press (out of all the companies citing they will purchase a digital press over the next 6 months).
<p><b>14%</b> <i>Started producing flexible packaging applications.</i></p>	Percentage of surveyed converters that started producing flexible packaging applications (excluding sleeves) on their narrow web presses within the past 6 months.
<p><b>70%</b> <i>Say quality is #1 issue to look for new label vendors.</i></p>	Percentage of surveyed brand owners & packaging buyers citing that the number one reason (excluding price) they would look for new label vendors would be due to quality issues (color drift, consistency, etc.) with their existing label vendor(s).
<p><b>64%</b> <i>Putting label business out to bid</i></p>	Percentage of brand owners & packaging buyers that are putting all or some of their label business out to bid over the next 1-2 years.
<p><b>11.24%</b> <i>Annual growth rates for India</i></p>	Average annual growth rate for Indian label converters over the next 5 years as predicted by survey participants in India.
Source: LPC, Inc. FINAT RADAR	

## LABELSTOCK GROWTH PER EUROPEAN REGION

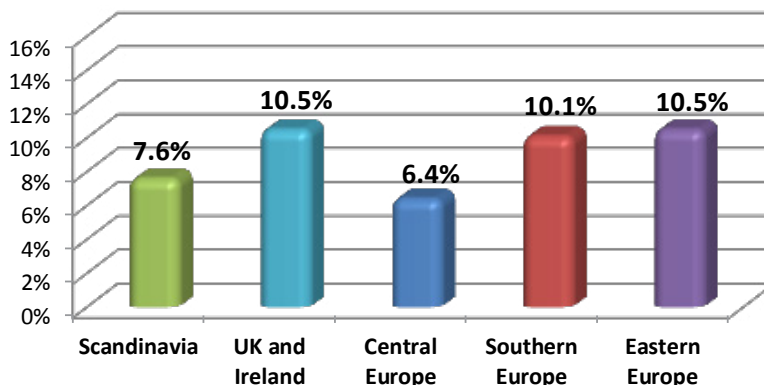
### Cumulative Growth Rates for Paper and Film Roll Labelstocks (Q1-Q3 2013 to Q1-Q3 2014)

In each issue of the FINAT RADAR one of the final sections in the report will highlight material growth on a cumulative basis, derived from aggregated data extracted from the quarterly FINAT Labelstock Statistics report. Europe's largest and most prominent labelstock manufacturers participate in the quarterly survey, ensuring that the analysis is as true-to-market and comprehensive as possible. Cumulative growth for Q1-Q3 2013 versus Q1-Q3 2014 European paper labelstock sales was 4.4%; while growth for European film labelstock sales was 8.9%. The graphs below break down cumulative growth for each labelstock type per European region.

**Cumulative Total Growth (Q1-Q3 2013 - Q1-Q3 2014):  
Roll Paper Labelstocks - All Grades**



**Cumulative Total Growth (Q1-Q3 2013 - Q1-Q3 2014):  
Roll Film Labelstocks - All Grades**

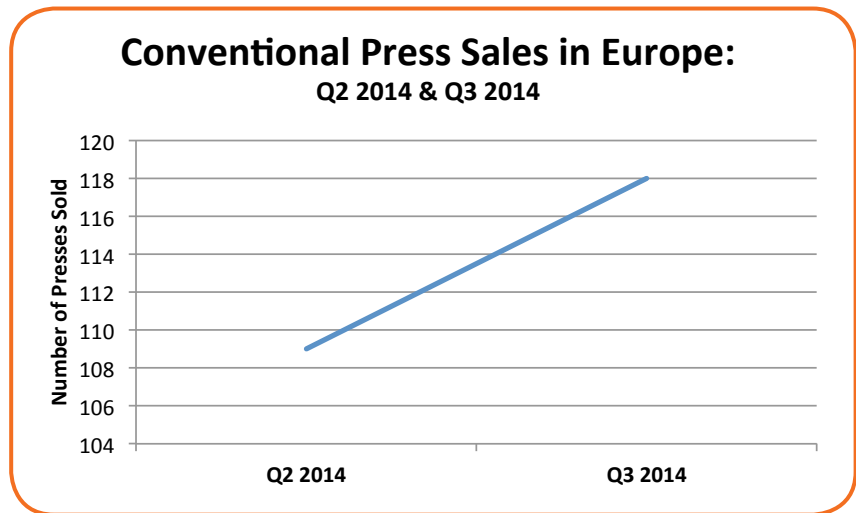


## EUROPEAN CONVENTIONAL PRESS SALES

### Quarter-over-Quarter Volume Sales for Conventional Presses: Q2 2014 & Q3 2014

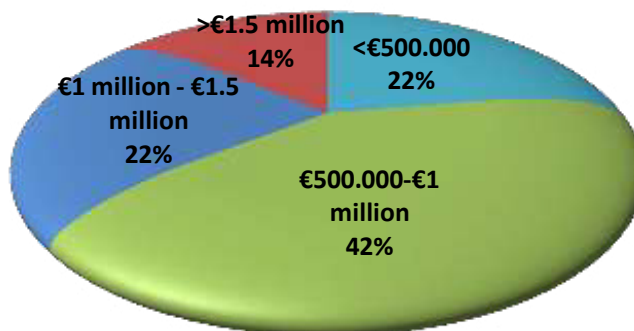
Like with the rollstock data, each issue of the FINAT RADAR has a section that presents press sales data in order to develop an index that reflects quarterly fluctuations in total press sales for Europe. The largest press manufacturers have participated in the conventional press index, representing more than an estimated 90% of the market. The chart below shows conventional press sales in Europe for the second and third quarters of 2014.

As this graph shows, there was a marked increase in quarter-over-quarter press sales. Conventional press sales rose by 8% in the third quarter of 2014, compared to sales for the previous quarter. Approximately 227 conventional presses were sold into the European marketplace in both quarters



The graph below indicates a breakdown of presses sold for both quarters, by cost range.

### Breakdown of Values of Conventional Presses Sold in EU Q2 2014 & Q3 2014



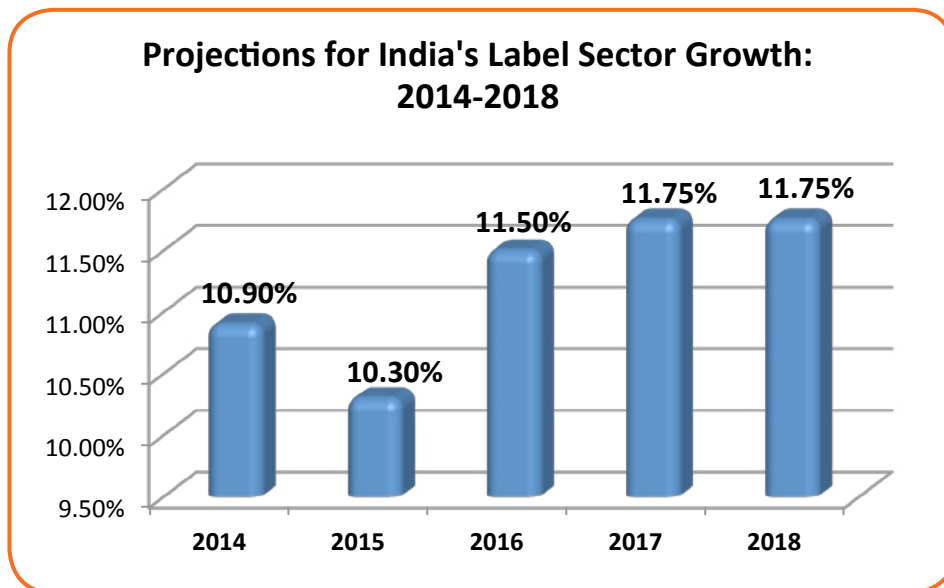
The highest volume of presses sold in Europe for these two quarters fell within a price range of €500.000 - €1 Million per press. Of all presses sold in the two quarters, 82% were for label applications, 17% for flexible packaging applications and 1% for folding carton applications.

## INDUSTRY SNAPSHOT - THE LABEL MARKET IN INDIA

### Market Sizing by Label Format, Growth Rates and Trends for Industry Suppliers

The world watches India. Over the past two decades, the label market in India has been on a rapid growth trajectory as the largest multinational suppliers have established a secure foothold in the country alongside the rapid expansion of organized retail and the domestic consumption of packaged goods. This issue of the FINAT RADAR offers a special report on India's label sector. FINAT members in India, in addition to nonmembers in the country, were sent brief surveys in an effort to analyze industry growth rates and market trends.

Label converters in India were asked to predict what their annual growth rates would be over the course of the next five years. The graph below presents averages of their responses.

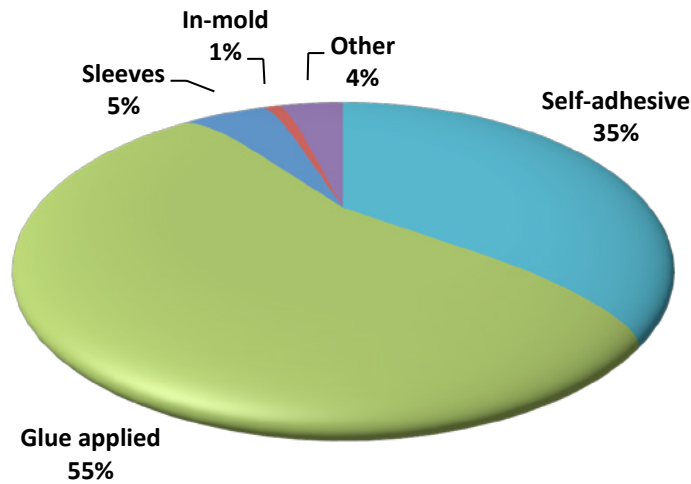


Converters in India project double-digit growth rates to continue, however companies stressed the landscape for label printers in India is quickly becoming more and more competitive as the world's largest label converting conglomerates acquire domestic producers and capacity is added at a rapid pace.

Like the world's other largest developing markets, the label printing sector in India is still dominated by glue applied labels, however the self-adhesive sector is growing at nearly twice the rate as glue applied. India's total consumption of labels (all formats) is estimated to be nearly 1.5 billion square meters and the chart on the following page breaks down the country's label consumption by major format type.

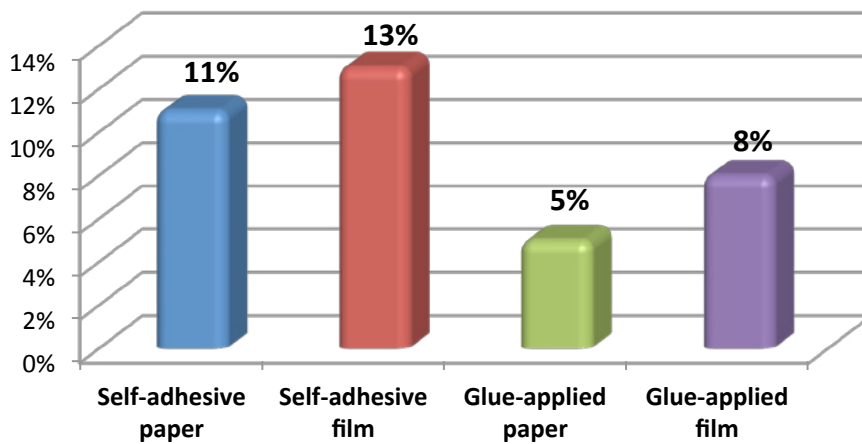


### India's Label Market by Format (m<sup>2</sup>)



In addition to annual growth projections, the FINAT RADAR India Survey asked converters to project growth for the major labelstock types their companies currently utilize. The graph below indicates survey results.

### Average Annual Growth Projections for Major Labelstock Types in India 2014-2018



As the graph above illustrates, label printers in India predict self-adhesive paper and film growth will be more than two times the anticipated growth for traditional glue-applied paper labelstocks. Wraparound beverage labels were classified as glue-applied films in this survey, and these applications will drive up growth rates in the glue-applied film sector.

\*Both FINAT and LPC, Inc. would like to express gratitude to Harveer Sahni, Managing Director of Weldon Celloplast Ltd. Mr. Sahni participated in in-depth interviews for the compilation of this section of the report.