



REPORT & ANALYSIS: THE EUROPEAN NARROW WEB MARKET

Dear FINAT Member,

As your incoming FINAT President, it is my privilege to present to you the 3rd edition of the FINAT RADAR.

The FINAT RADAR is one of the cornerstones of FINAT's strategy to offer a unique source of strategic business knowledge and intelligence that is key to business success for label companies operating in an international context.

The first two editions that appeared in June and December last year were already downloaded about 240 and 310 times respectively and I trust that, now the RADAR is well on its way to earn its place as leading label industry benchmark for Europe, this edition will find its way into even more members' desks, desktops and tablets.

Having evaluated the 2014 editions, the Industry Trends Subcommittee, that is driving this project together with LPC, have decided to slightly modify the format of this 360° report. The 2015 spring edition will therefore feature the outcome of an online industry survey held among the converter members of FINAT (and via national label associations also among local association members) during the period of April – May.

The second half year edition will then focus on the brand-owner and retailer perspective. Both the spring and autumn edition will finally also contain a summary of the on-going FINAT labelstock consumption statistics, as well as the label press sales statistics.

At the recently held launch edition of the European Label Forum (yet another cornerstone in our strategy!) our Managing Director already presented some highlights of the report that now lies in front of you. Apart from the annual sales and profit benchmarks, the survey digs deeper into business aspects like vertical market segment performance; run lengths per segment (for conventional as well as digital presses); penetration of digital printing in company portfolios; investment perspectives; penetration of adjacent narrow web decoration solutions (such as sleeves, pouches, in-mould, flexibles, cartons); waste levels; order lead times; industry consolidation perspectives etc.

Response rates for this edition were significantly higher than previous RADAR reports and more representative of the different regions across Europe. I encourage more of you to take part in the survey next year to make the FINAT RADAR the indispensable label and narrow web industry benchmark for Europe!

I wish you good reading and a wonderful summer!

Thomas Hagmaier
FINAT President

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Researched and compiled by LPC, Inc.



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SCOPE OF THE REPORT

2015 brings a new structure for the FINAT RADAR. Each edition of the report will have its own select focus and the focus of this issue is on the voice of the European label converter. The later edition of the report in 2015 will focus on the voice of the European brand owner/packaging buyer.

As with the past two editions of the report, FINAT member converters were once again surveyed. However, the breadth and reach of the most recent FINAT RADAR Converter Survey was an extensive one. While the survey contained some of the same questions converters were asked one year ago to allow for the compilation of sales and profit growth comparisons; companies were also asked about their interest in entering application areas beyond self-adhesive labels in addition to some key production benchmarks that included running waste percentages, labour and material costs and lead times.

One of the goals of the FINAT RADAR is to offer the association's converters a valuable benchmarking tool. Why is such a tool important in today's marketplace? Europe's label manufacturing sector is facing unprecedented economic and competitive challenges.

The rise of industrializing economies such as Eastern Europe, China and India have opened up new business opportunities for European converters however has also led to intensifying competitive pressures in both domestic and international markets. The rapid pace of technological change we have witnessed in our industry and the increased demands from brand owners and packaging buyers put a premium on the ability of converters across Europe to be able to respond quickly to changing conditions and to innovate in order to customize the services and products they offer. Measurement is a requirement of any quality improvement process and the FINAT RADAR gives converters, and industry suppliers, an understanding of productivity trends and the way these trends are changing to better accommodate the needs of a more fluid marketplace.

The FINAT RADAR Converter Surveys are the first of their kind in Europe and by partnering with industry research firm LPC, the association is continuing to develop and fine tune an accessible and effective tool for FINAT's members throughout the region.

FINAT CONVERTER VIEWPOINT

The 2015 FINAT Converter Survey

This year's Converter Survey was an extensive one. Like past RADAR surveys, companies were asked to submit their annual sales and profit data and to indicate annual growth or contraction rates for the end-use markets they serve. However this most recent survey went a step further. For the first time FINAT converter members were asked to indicate average run sizes for both their conventional and digital applications.

Companies were also asked to indicate their involvement, or interest, in application sectors outside of self-adhesive including pouches, sleeves, in-mould, flexible packaging and folding cartons. The survey additionally asked participants to tell us their average rate of running waste and lead times in an effort to provide readers with values they can benchmark their own production against. We want to thank the many companies who participated in the survey and we remain committed to exclusively delivering FINAT members the most relevant and useful information possible.

The graph below indicates a geographic breakdown for all FINAT Converter Survey respondents.

Scandinavia: Sweden, Norway, Denmark, Finland and Iceland

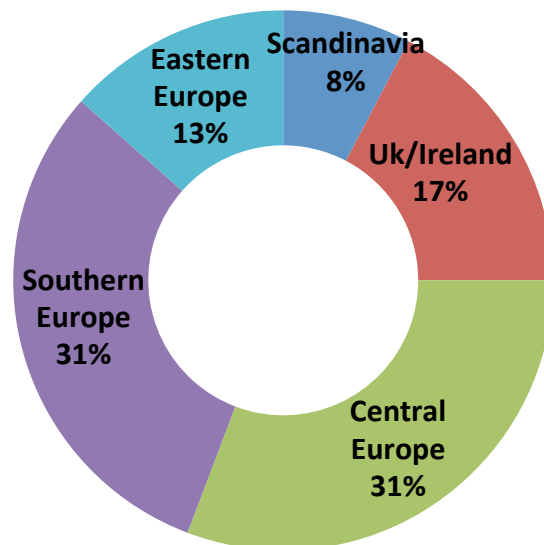
UK/Ireland: England, North Ireland, Scotland, Wales and Ireland

Central Europe: Germany, Austria, Switzerland, Netherlands, Belgium and Luxembourg

Southern Europe: France, Italy, Spain, Portugal, Greece, Turkey and Cyprus

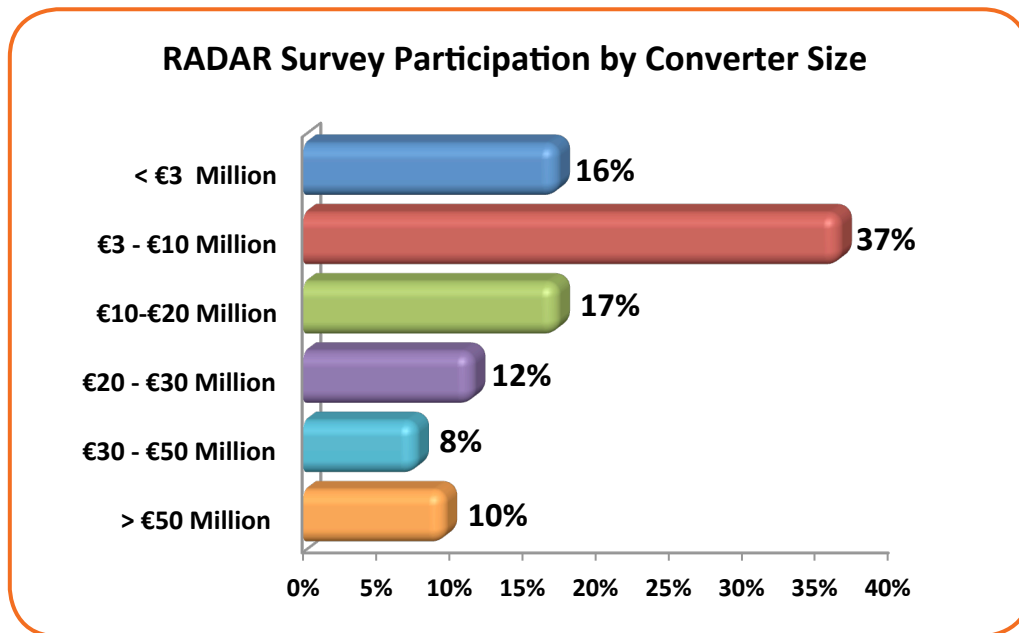
Eastern Europe: Russia, Poland, Czech Republic, Slovakia, Bulgaria, Hungary, Romania, Ukraine, Belarus, Moldova, Estonia, Latvia, Lithuania, Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia

RADAR Survey Participation by Region

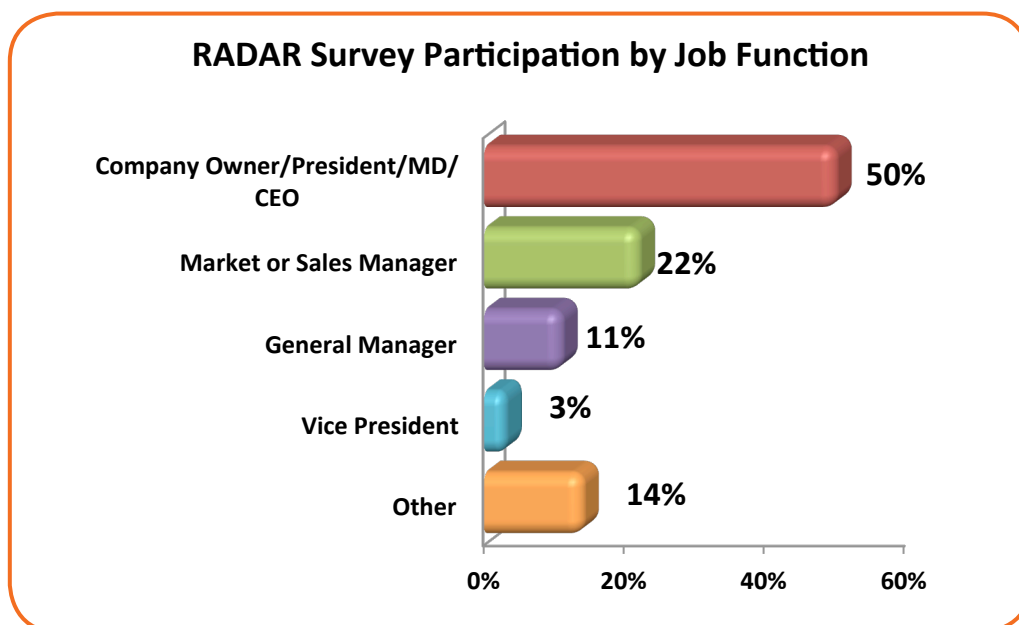


Survey Respondent Company Size and Job Function

Participating converters were asked to indicate their company's annual revenues, and each respondent was asked to indicate their job function. Fifty-four percent 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.

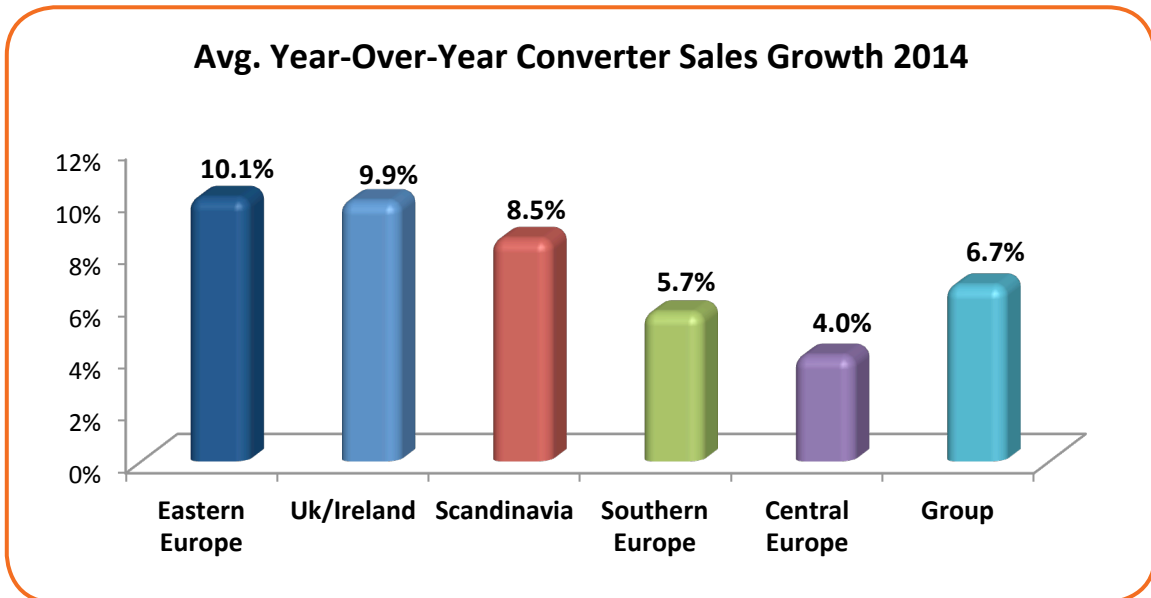


Half of survey respondents were company owners, presidents, managing directors or CEOs. The chart below breaks down the range of job functions for the total survey respondent group.

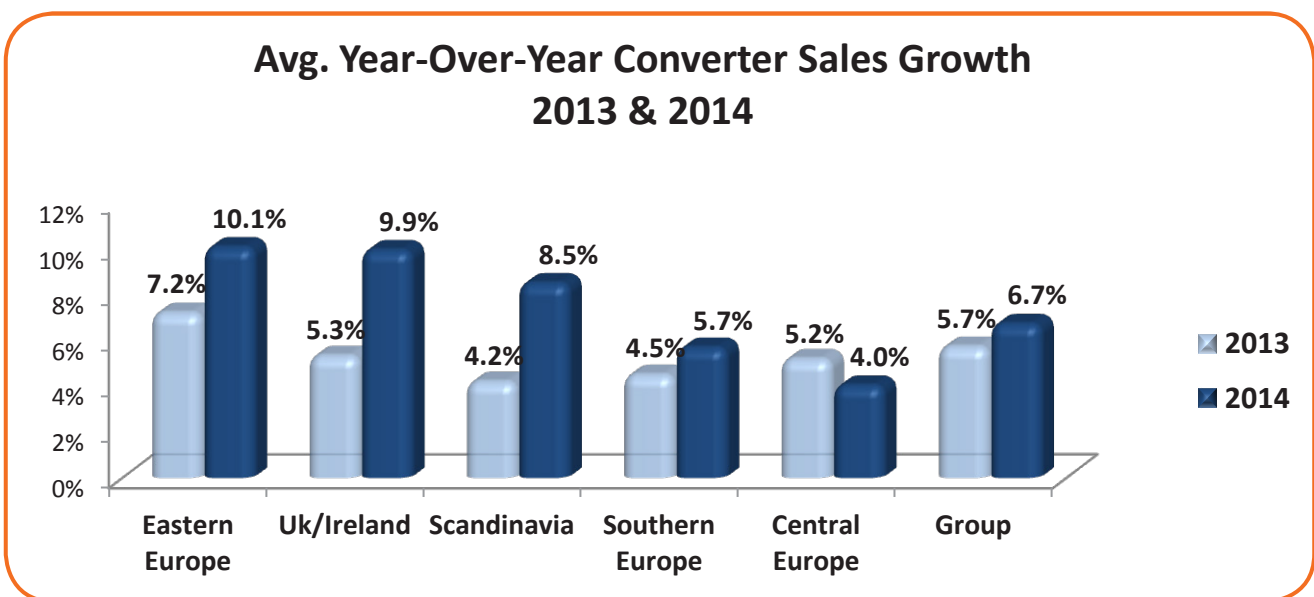


Year-Over-Year Sales and Profit Growth: 2013-2015

In order to gauge converter growth in 2014, survey respondents were asked to report on their companies' year-over-year sales and year-over-year profitability growth and/or contraction rates. The chart below shows average 2014 sales revenue growth per region.

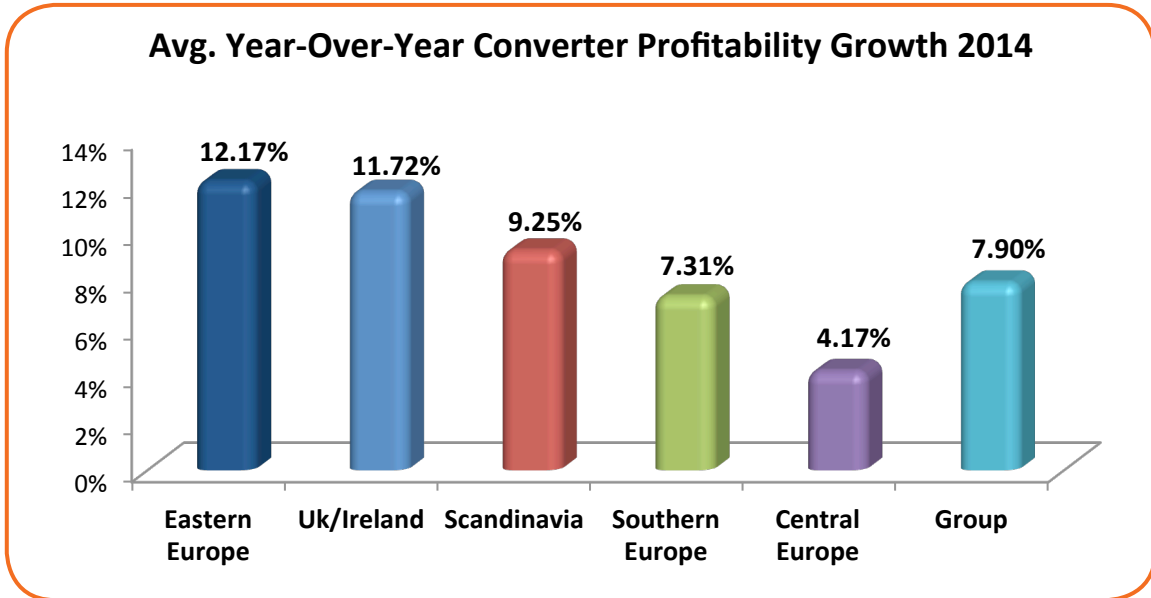


For most converters, 2014 was a good year. Compared to 2013, sales revenues increased on average for every region except Central Europe, where the average year-over-year revenues decreased 1.2%. Year-over-year performance was highest in Eastern Europe, Great Britain/Ireland and Scandinavia with Scandinavia witnessing the highest increase with converters' revenues in 2014 increasing more than 5% compared to 2013.

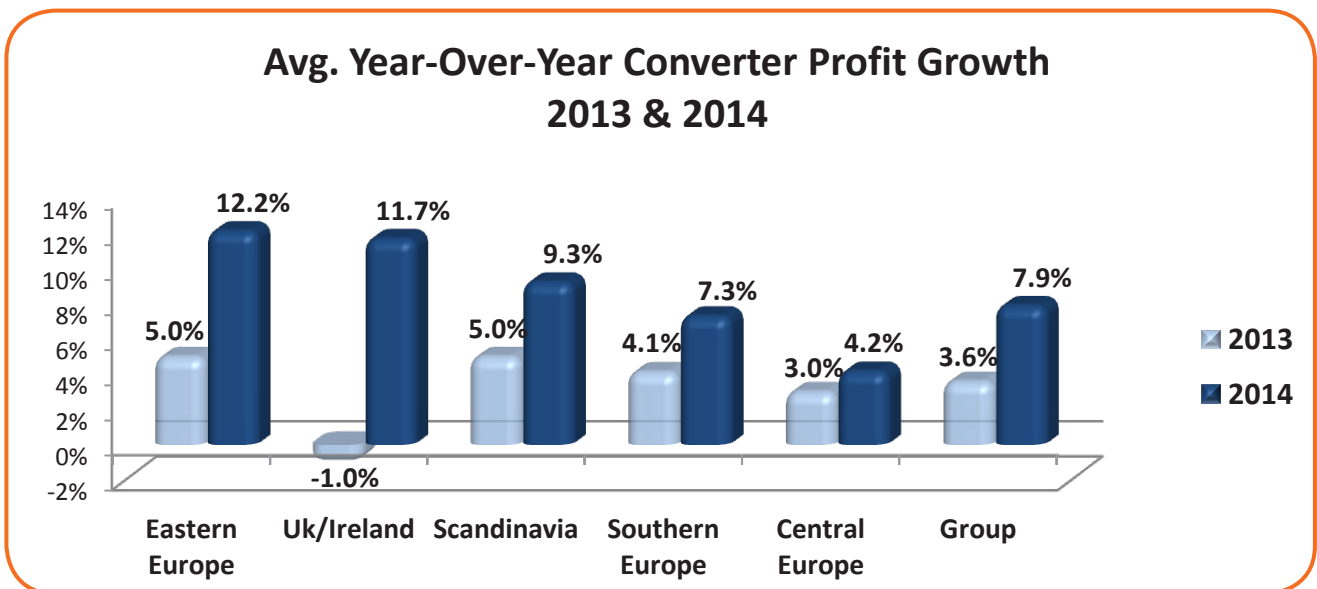


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In addition to asking participants to indicate sales revenue growth, the 2015 RADAR Converter Survey also asked companies to indicate their year-over-year increases in profitability levels. The chart below shows average 2014 profit growth per region.



What were the primary drivers of increased profitability levels for 2014? Survey results point to material cost stabilization as one factor. In the survey, 46% of companies indicated that their material costs in 2014 had decreased, while 43% indicated their material costs had stayed the same. The chart below indicates average year-over-year profitability rates for 2014 compared to 2013.

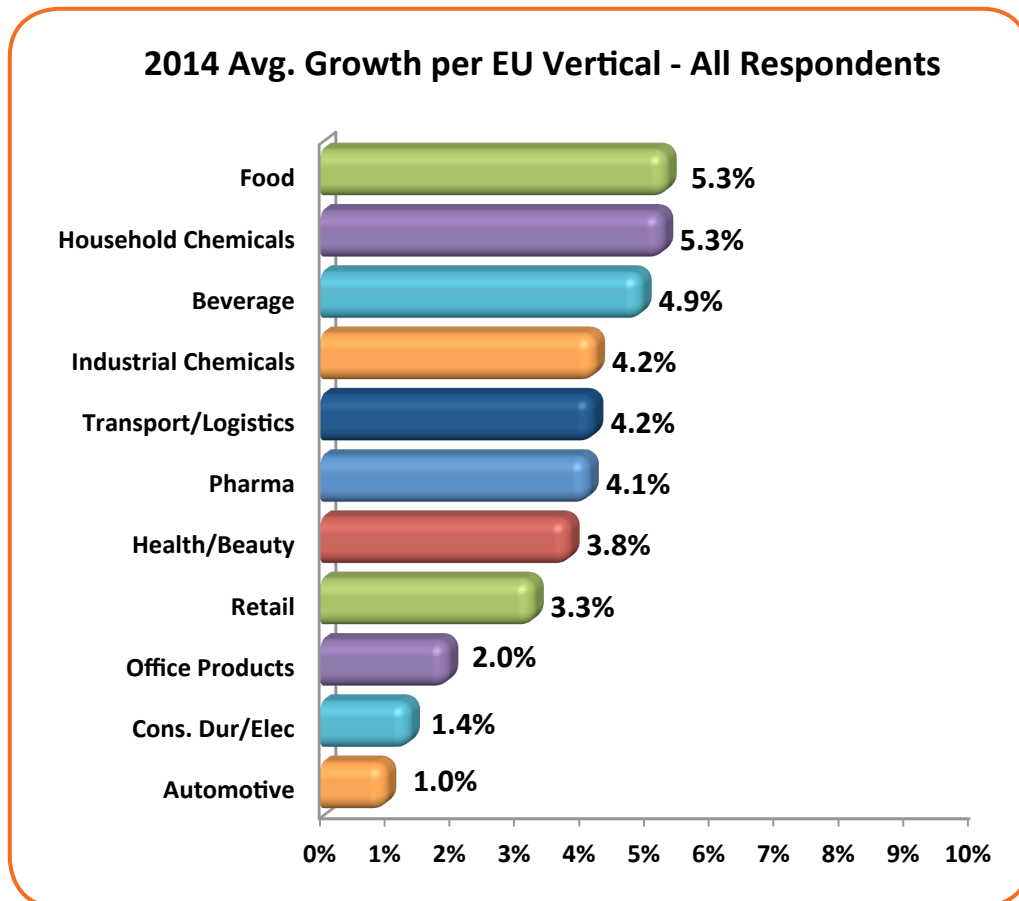


Profitability levels have witnessed even sharper increases than sales revenues. For all participating converters, profit levels in 2014 were up more than 4%. For participating converters in the UK and Ireland, profit levels increased more than 12%. Eastern Europe witnessed the next highest increase with average profit levels up more than 7% compared to 2013. Central Europe had the narrowest profit level spread with the average level in 2014 1.2% higher than in 2013.

Growth per End-Use Category

As in previous converter surveys, the 2015 survey asked participating companies to indicate revenue growth, or contraction rates, for the top five end-use sectors each company serves. It's important to note that 'Top 5' is defined as the sectors companies sell the most products to, (not necessarily their most profitable markets).

The graph below shows average converter growth per end-use category for 2014.



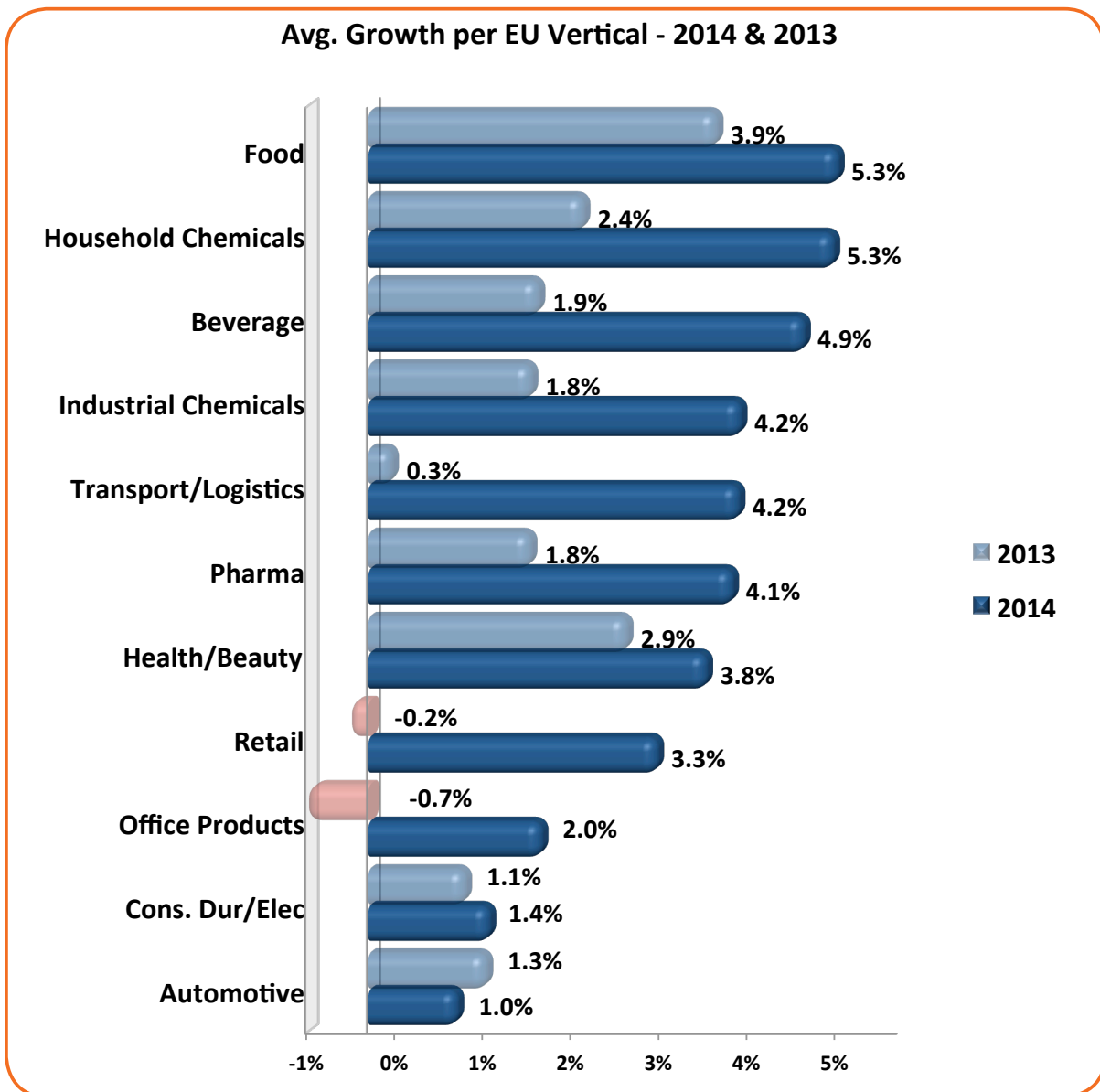
As in 2013, converters once again reported highest growth rates in the food sector for 2014. Converters in Germany, France, UK/Ireland, Eastern Europe and Turkey reported highest growth rates in the food category, the drivers for food packaging growth in each of these regions varies. In Germany the food packaging market is a mature and saturated one and growth was primarily a result of the country's favourable economic climate in 2014 including high employment and consumer confidence levels. The private food label sector in Germany continues to thrive and is projected to continue to grow at high rates over the next three years. The private food label market in the UK and Ireland also continues to witness substantial growth while convenience and value-added products are the fastest growing categories.

SECTION 1

Even though the French economy continues to stagnate with unemployment levels increasing, the packaged food sector still performed well in 2014. Low inflation rates continue to support growth in this sector while French consumers shifting their eating preference from restaurant-to-home in an attempt to tighten their belts, means more French consumers purchasing off-the-shelf retail food products as opposed to ordering meals from a restaurant or bistro menu. The home dining trend is projected to increase well into 2016.

In Poland, consumer confidence levels are increasing and this is exemplified by the increase in premium packaged food sales in 2014. Private food label growth is on the rise, slowing actual growth in value sales however increasing the demand for labeled food product units overall. In Turkey, decreasing inflation and unemployment rates are yielding packaged food sales above what was projected for 2014 and Turkish food conglomerates continue to roll out higher numbers of new product developments and brand line extensions.

The chart below shows average growth rates per end-use vertical for 2014 compared to converters' rates of growth in 2013.



Year-over-year growth rates increased in every end-use vertical with the exception of the automotive space. The sharpest increase was in the transport/logistics sector, followed closely by the retail, beverage and household chemicals markets. Other than the automotive sector's contraction, growth rates were lowest in the consumer durables sector. This market continues to struggle in Europe. Over the past five years the world's fastest growing consumer durables companies are based in the following geographies: Two in the U.S., four in Asia and the remaining two in Turkey. The continued absence of European companies reflects the region's economic challenges and the challenge large producers have in remaining competitive.¹

¹Consumer Durables Report: *Emerging Stronger from the Downturn*, Boston Consulting Group 29 December 2014

Converter Run Sizes per End-Use Sector: Conventional and Digital

A trend that continues to have a major impact on the global labeling sector is the steady decline in average run sizes. Converters that serve every end-use category report that average run size/job size lengths are still in decline and that this is a persistent reality on their production floors.

The 2015 survey asked converters to break down their average run sizes by 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. This most recent converter survey took this subject a step further. Respondents were asked to break down run sizes per end-use vertical for both their conventional jobs, in addition to their digital jobs (for companies that had digital presses). The table below indicates average conventional and digital run sizes per end-use sector.

Average FINAT Converter Run Lengths: Conventional and Digital		
End-Use Category	Average CONVENTIONAL Run Length in Linear Meters	Average DIGITAL Run Length in Linear Meters
Food	10,637 l/m	2,040 l/m
Beverage	13,725 l/m	1,886 l/m
Personal Care/Cosmetics	7,870 l/m	615 l/m
Pharmaceuticals	2,517 l/m	480 l/m
Household Chemicals	8,289 l/m	432 l/m
Industrial Chemicals	4,545 l/m	769 l/m
Retail	6,450 l/m	1,036 l/m
Automotive	4,709 l/m	267 l/m
Consumer Durables (includes electronics)	3,307 l/m	266 l/m
Office Products	4,030 l/m	395 l/m
Transport/Logistics	6,500 l/m	1,270 l/m
All Categories	6,598 l/m	860 l/m
Source: LPC, Inc. FINAT RADAR		
*Data taken from FINAT converters located in every major European region		

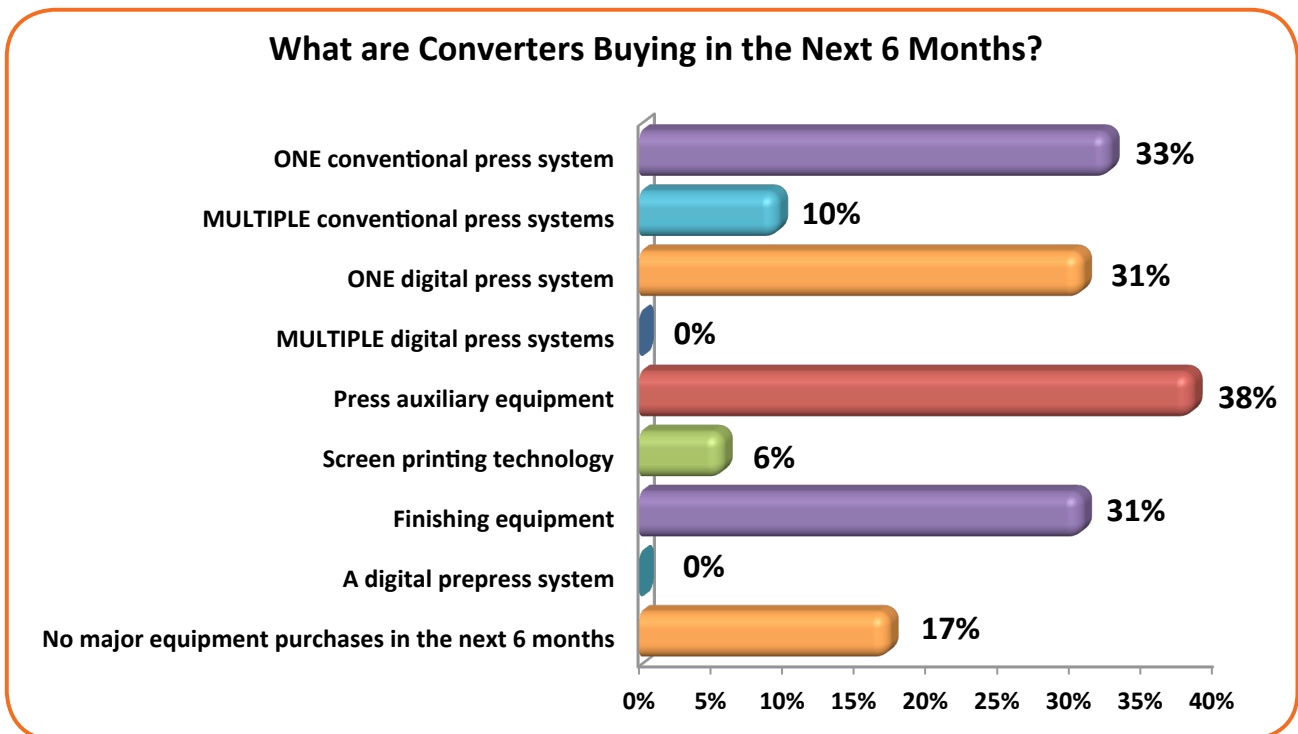
Unsurprisingly, conventional run sizes are highest in the food and beverage sectors. However in examining digital run sizes closely, it is interesting to note that digital run sizes for eight out of 11 sectors fall within a range of 266 – 769 linear meters per job.

European Converters' Capital Procurement Projections: Q3 & 4 2015

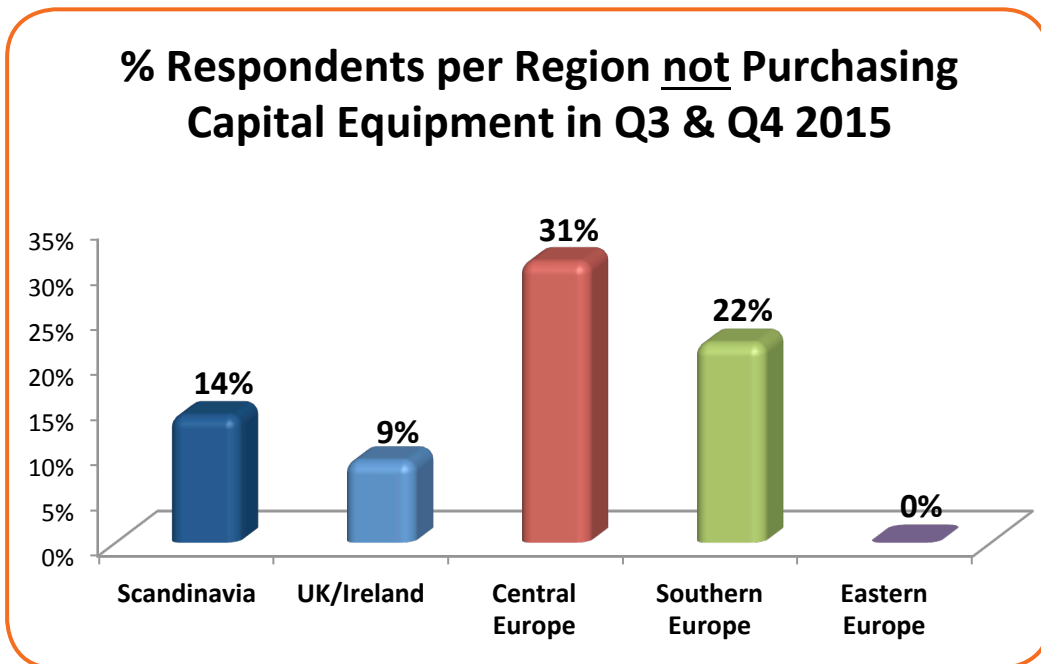
The next question in the Converter Survey asked FINAT European converters to indicate what types of capital equipment investments their companies are planning on making over the course of the next six months. Companies were given the following options to choose from and directed to select all those that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

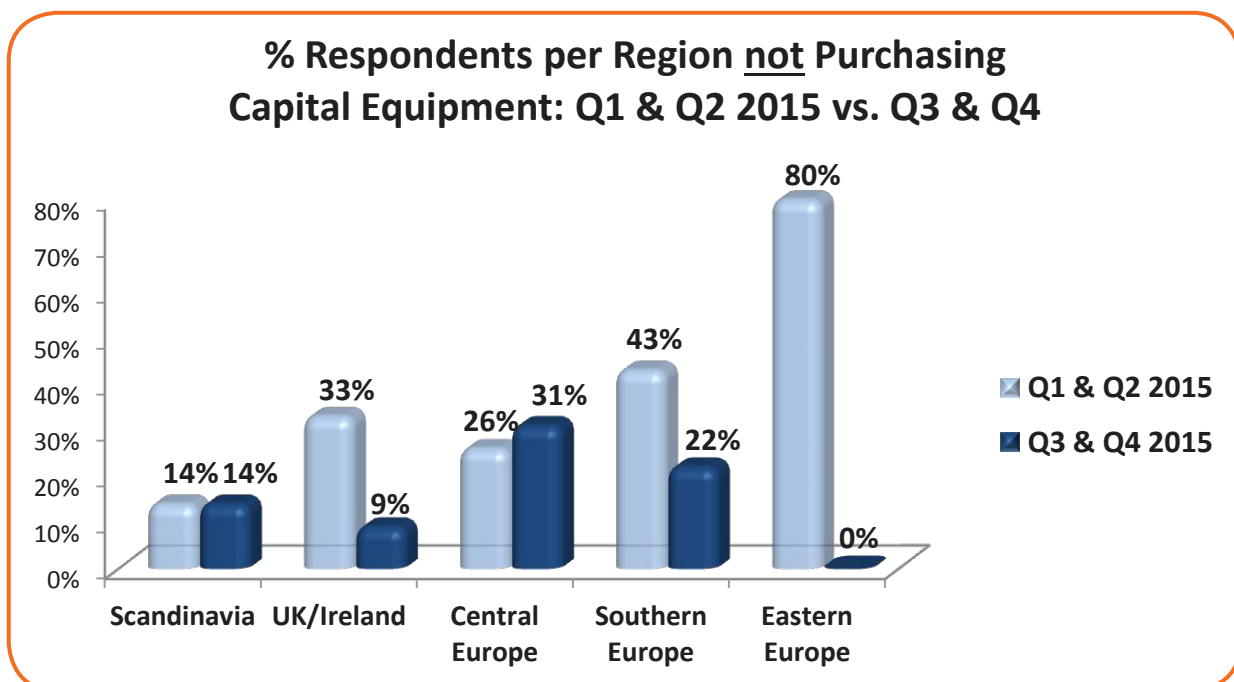
The chart below shows the procurement projections of FINAT European converters over the next six months:



What a difference six months can bring, particularly in a Labelexpo Europe year. Less than 20% of all respondents indicated their companies would not be making a major capital equipment purchase over the course of the next six months compared to 37% of respondents indicating the same from the last RADAR converter survey. The chart below shows the percentage of respondents indicating their companies would not be purchasing a major piece of capital equipment per region.



The differences in the results from this most recent survey compared to the last survey carried out at the end of 2014 are significant. The chart below compares this data set for both surveys.

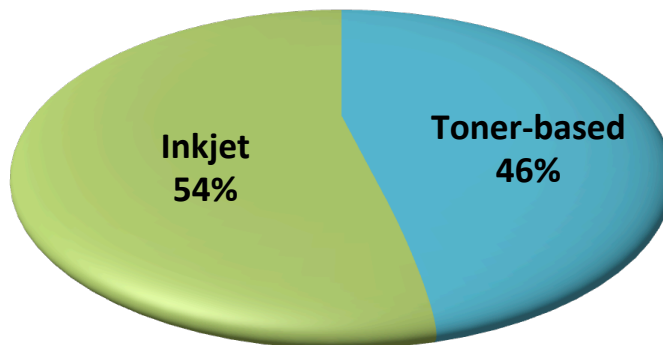


The most striking difference in the bottom chart on the proceeding page is the projections of Eastern European participants. In the November 2014 survey, 80% of Eastern European respondents indicated they would not be purchasing a major piece of capital equipment within the first two quarters of 2015. In this most recent survey, not one Eastern European company responded that their companies would not be making a major capital equipment purchase over the next six months. UK/Ireland and Southern Europe also witnessed sharp declines in the number of respondents indicating their companies wouldn't be making any CAPEX purchases over the next six months. The upcoming Labelexpo show no doubt is having a major impact on company's procurement decisions for the remainder of 2015 and it will be interesting to see how these numbers are tracking in 2016.

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.

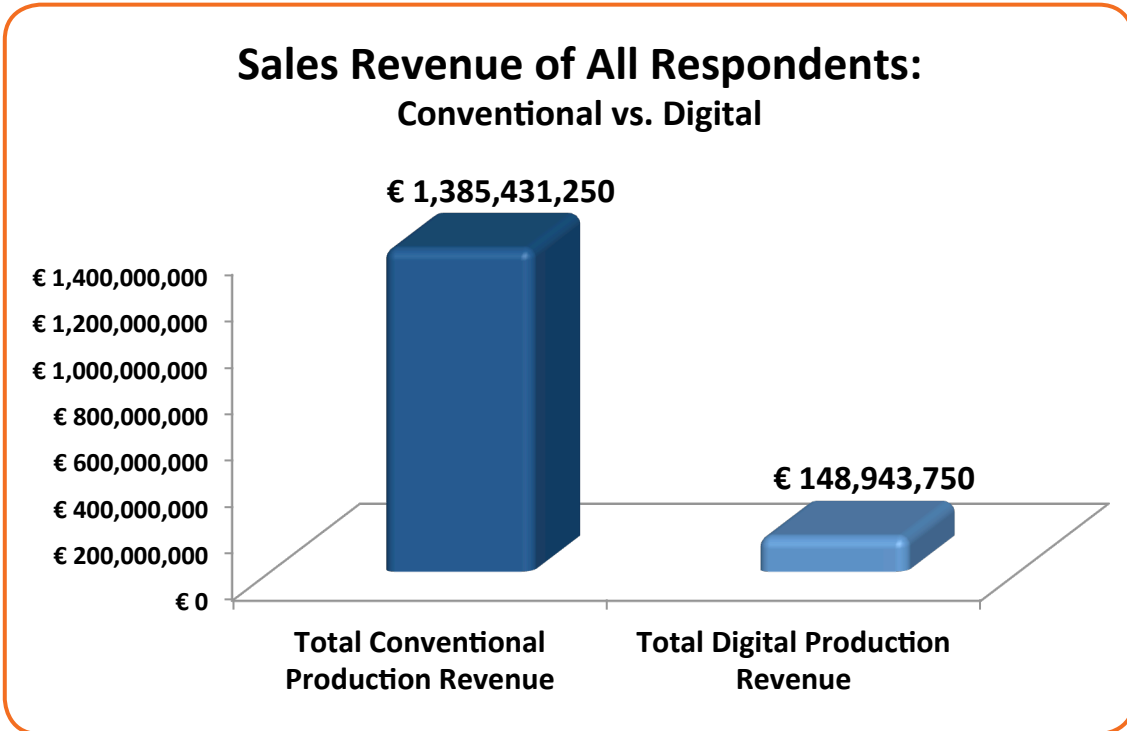
The graph below breaks down projected digital press procurement by technology

What types of digital presses will converters be buying?



Once again, more than half of participants that responded their companies would be investing in a digital press over the next six months indicated that they would be purchasing an inkjet system while 46% of participants indicated they would be purchasing a toner-based system (HP or Xeikon). In this most recent survey, no companies indicated they would be purchasing an electrostatic press system.

In addition to asking companies about the type of digital presses they predicted their companies would purchase, all respondents were also asked to indicate the percentage of their total sales volume in 2014 that was comprised of digitally printed products. The chart below breaks down conventional versus digital production for all survey participants.



Digital production represented 10.7% of total aggregated sales revenues of all participants. This number is just slightly higher (1.5-2%) than the conventional/digital breakdown of the region overall. Digital sales revenues averaged 17.7% for the entire respondent group that indicated they have digital presses.

One of the most significant pain points for converters with digital presses is the necessity to finish digital production offline (including diecutting). Companies that have digital presses were asked to indicate, on average, what percentage of their total digital production requires more than one pass to convert. (That is, it requires additional passes through a conventional press to complete, including diecutting and finishing.) **For the total respondent group with digital presses, an average of 66% of their total production requires more than one pass to convert.**

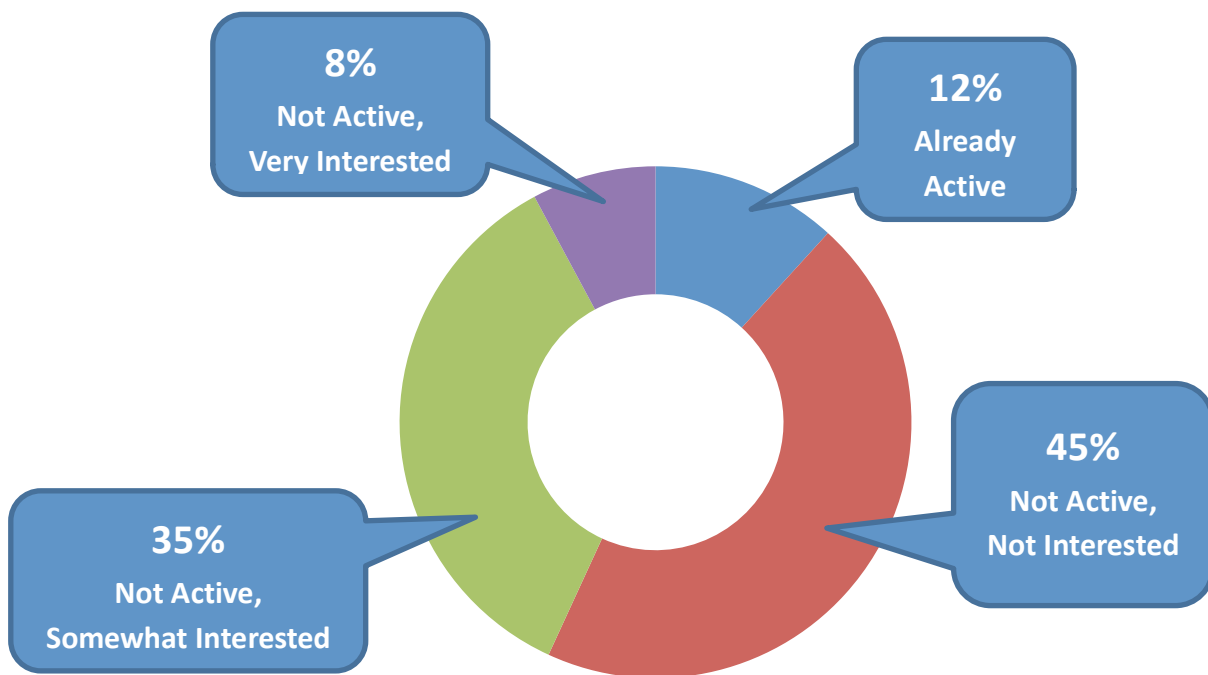
Beyond Self-Adhesive: In what other Markets are Converters Currently Active and what is their Interest for the Future?

For this edition of the FINAT RADAR, we wanted to gauge the interest that converters have in pursuing markets outside of self-adhesive, in addition to the markets they were the most interested in for the future. In the survey, participants were asked to mark their status within each alternate market from the following options:

- Already Active
- Not Active, Not Interested
- Not Active, Somewhat Interested
- Not Active, Very Interested

The first market that was explored in this way was the pouch sector and the graph below indicates converters' responses to this market.

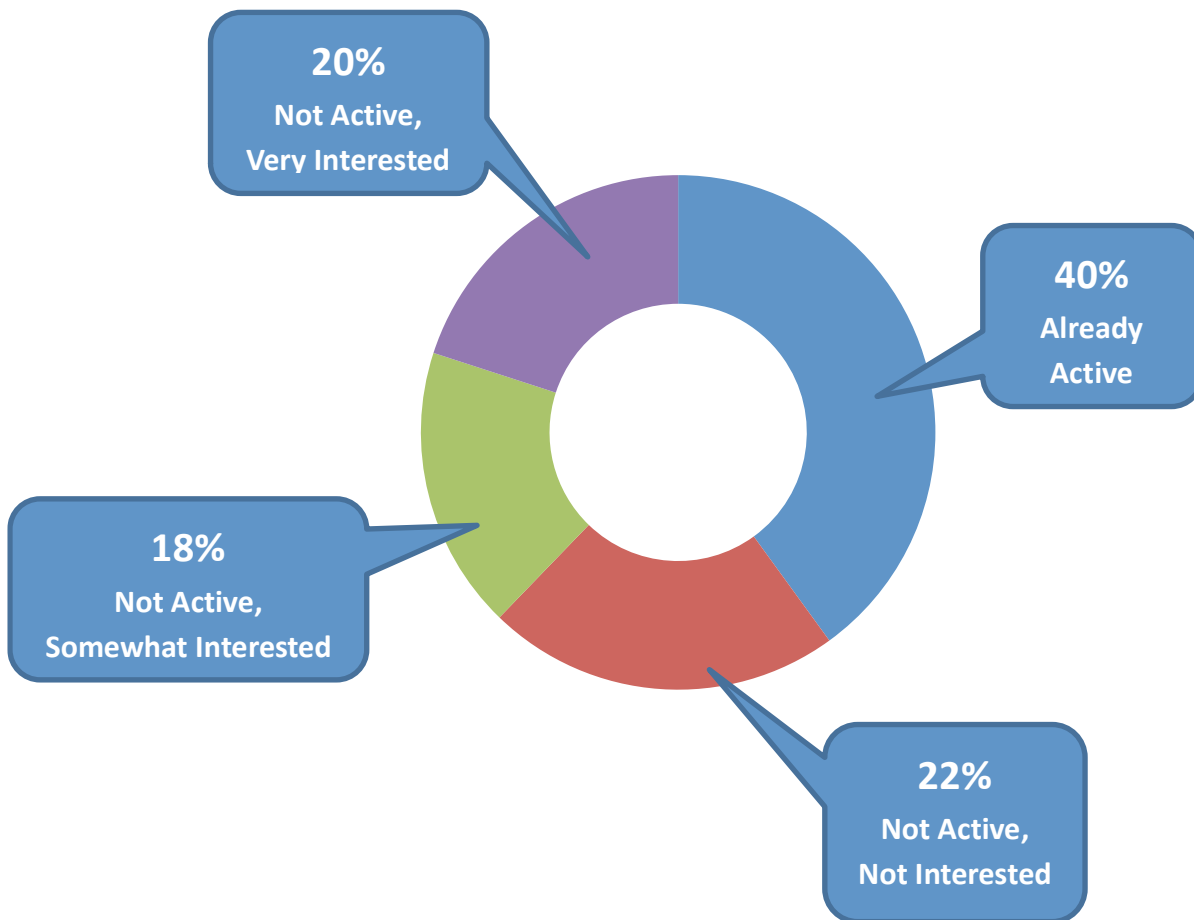
Beyond Self-Adhesive: Converting Pouches



Only 12% of participating converters are active in the printing of pouches and another 8% expressed being 'very interested' in entering the market. Nearly half of all respondents indicated that their companies are not currently active in the printing of pouch applications, nor do they have any interest in pursuing the market in the future.

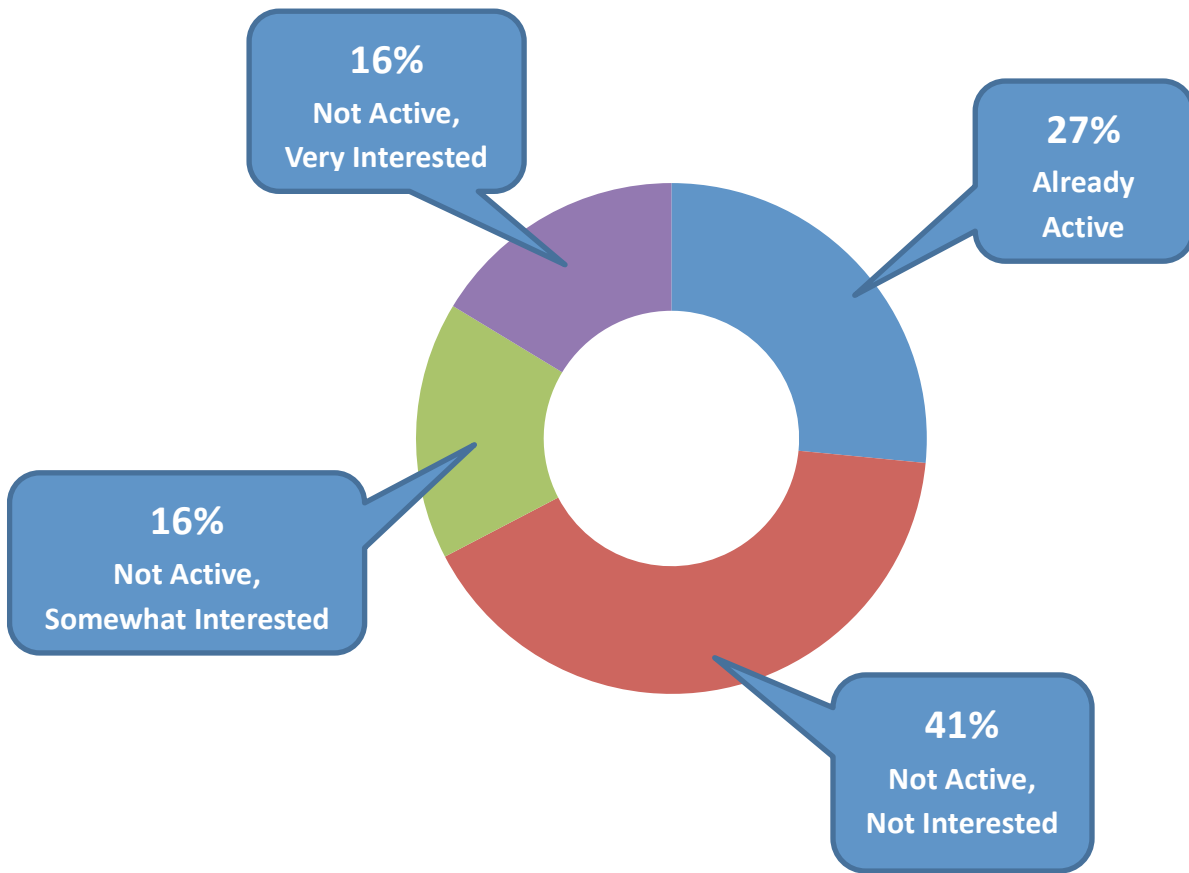
The European stand-up pouch market is forecasted to grow at 5.5-6.5% per annum over the next five years, more than twice what projected volume growth is in the region's flexible packaging sector as a whole. Stand-up pouch growth continues to be driven by consumer preferences for stand-up pouches over traditional rigid packaging. The lighter weights, reduced material utilization and lower shipping costs of stand-up pouches continues to drive adoption rates among consumer packaged goods companies.

Beyond Self-Adhesive: Converting Sleeves



Out of all the non-self-adhesive markets, adoption rates among European converters remain highest in the sleeve sector. Forty percent of surveyed companies are already active in sleeve printing while an additional 20% indicated their companies are not currently active but 'very interested' in entering the market. Western Europe is the globe's second largest consumer of sleeve labels after Asia and the region's projected growth rates over the next five years for sleeves is estimated at 2-3% per annum.

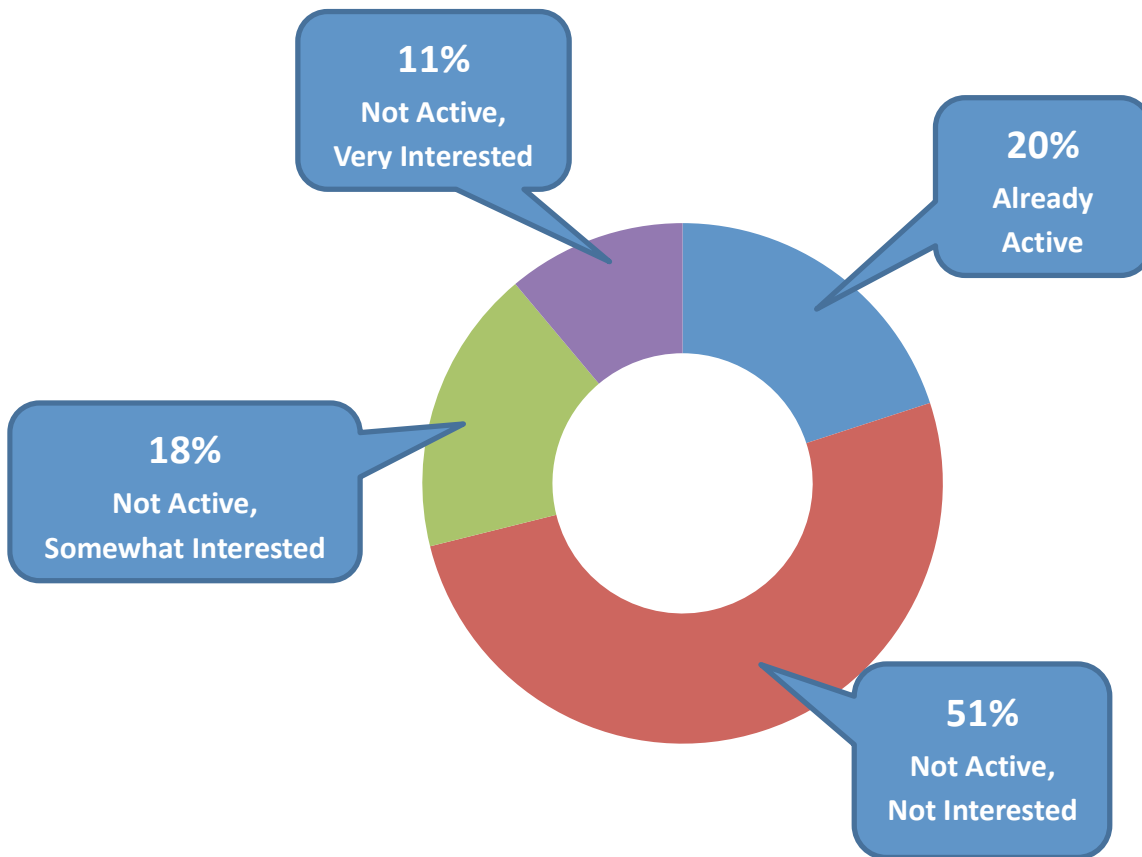
Beyond Self-Adhesive: Converting Flexible Packaging Applications (Other than Pouches and Sleeves)



Out of all the printed packaging sectors, LPC estimates that the flexible packaging industry is more impacted by run size contractions than any other. European brand owners in the food industry are reporting job sizes have gone from millions of units to hundreds of thousands of units over the past five years and continue to go down (a 'unit' equals one pouch, bag, wrap, sachet, etc.).

As flexible packaging run sizes decrease, opportunities open up for label converters with narrow web presses. Twenty-seven percent of polled converters are already active in the printing of traditional flexible packaging applications. An additional 16% that are not presently active indicated they are very interested in exploring potential opportunities in this market.

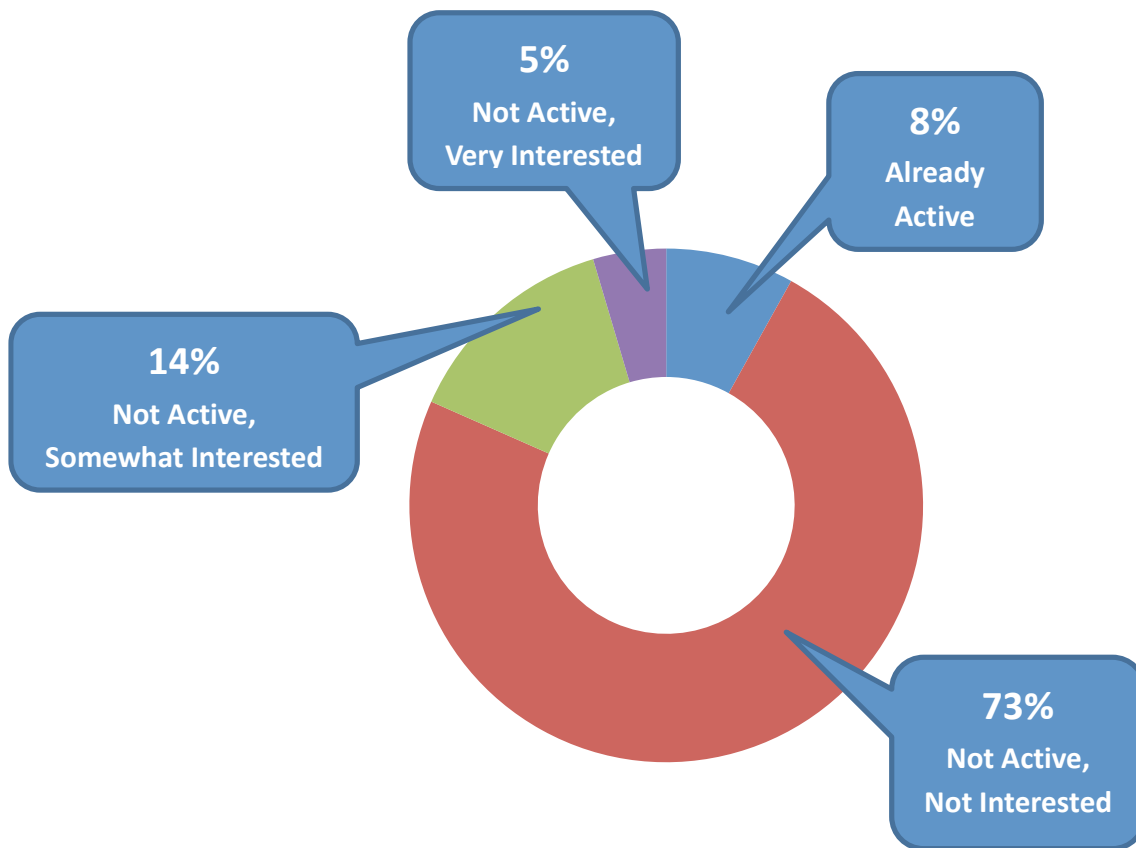
Beyond Self-Adhesive: Converting In-Mould Applications



One out of five surveyed converters are already active in the printing of in-mould labels. While the technology only has an estimated 2% share of the labeling market worldwide, in-mould continues to be a technology that is growing as new application opportunities open up in the food, beverage, personal care and nutraceutical sectors. The European in-mould market is projected to grow an estimated 2-3% annually over the next five years.

More than half of all survey respondents indicated they are not currently active in the in-mould space, and that they have no interest in pursuing the printing and converting of in-mould label applications in the future.

Beyond Self-Adhesive: Converting Folding Carton Applications



The number of label printers that have successfully penetrated the folding carton market is small. Less than 10% of surveyed FINAT converter members are active in the folding carton sector and 73% of polled companies indicated they are not currently active and are not interested in entering the folding carton market.

While there are success stories of traditional label houses successfully entering and profiting from the converting of folding carton applications, many converters view the entry into this market as one that would demand considerable press augmentation costs and/or the purchase of a new carton-compatible press system altogether. Narrow web printers that have entered the folding carton space cite that to print folding cartons on a traditional label press, in order to accommodate the thickness of carton board presses must have specialized and more robust diecutting and finishing stations, a compatible tension control system, larger diameter idler rolls and an augmented inline drying system. Most traditional label converters view these requirements as barriers to market entry that remain too high. Five percent of survey participants that are not active in the folding carton market indicated they are 'very interested' in entering it and 14% indicated they are 'somewhat interested' in the possible integration of folding carton production.

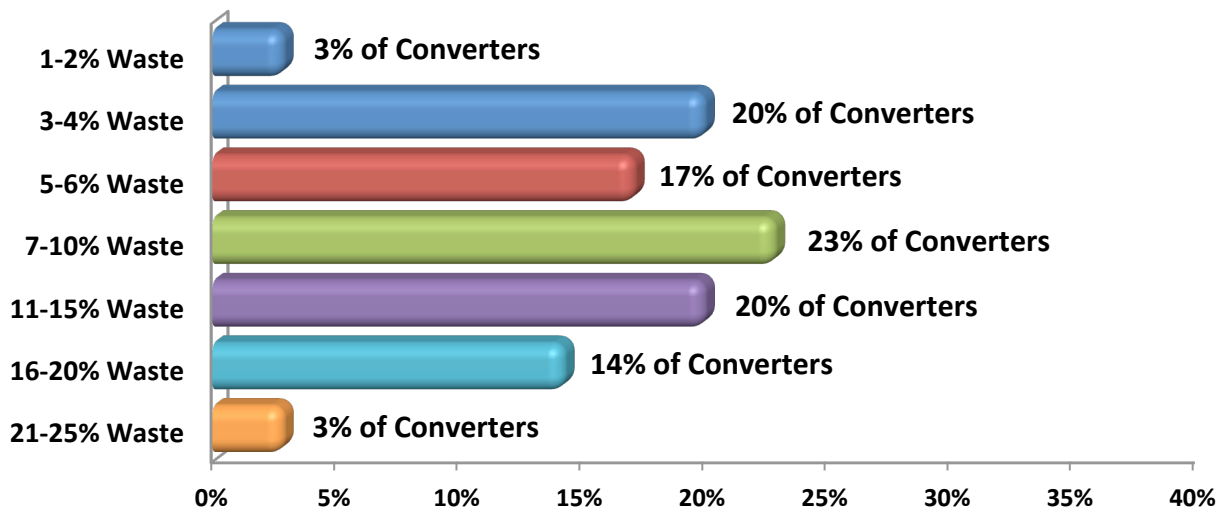
BENCHMARKING METRICS

A Look at Converters' Current Production and Operational Trends

Beginning with this issue of the FINAT RADAR, the first edition of the year will have a special section that reports on specific questions and analysis derived from the annual converter survey. For this report, converters were asked to indicate some key production metrics in addition to market forces that have a direct impact on their day-to-day operations.

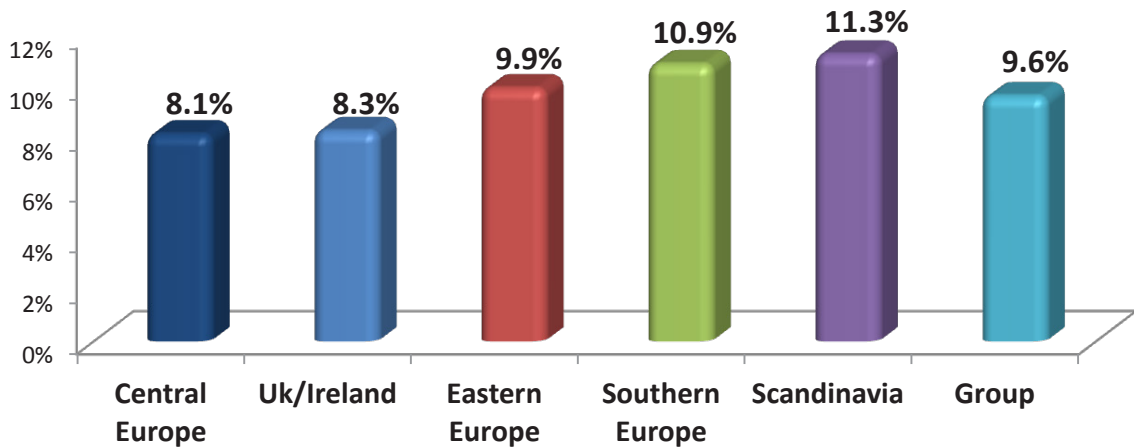
The first of these questions asked converters to indicate their companies' average running waste as a percentage. 'Running waste' was defined as the waste created during the set-up of a job, minus the matrix removal. Converters were asked to select their companies' waste average from a range of values that were given and the chart below breaks down the percentage of converters that fall into each value range.

Average Running Waste for Converters



The average running waste for all respondents was 9.6%. Thirty-seven percent of surveyed companies average more than 10% of running waste and 63% average less than 10%. The chart on the following page shows average converter running waste per region.

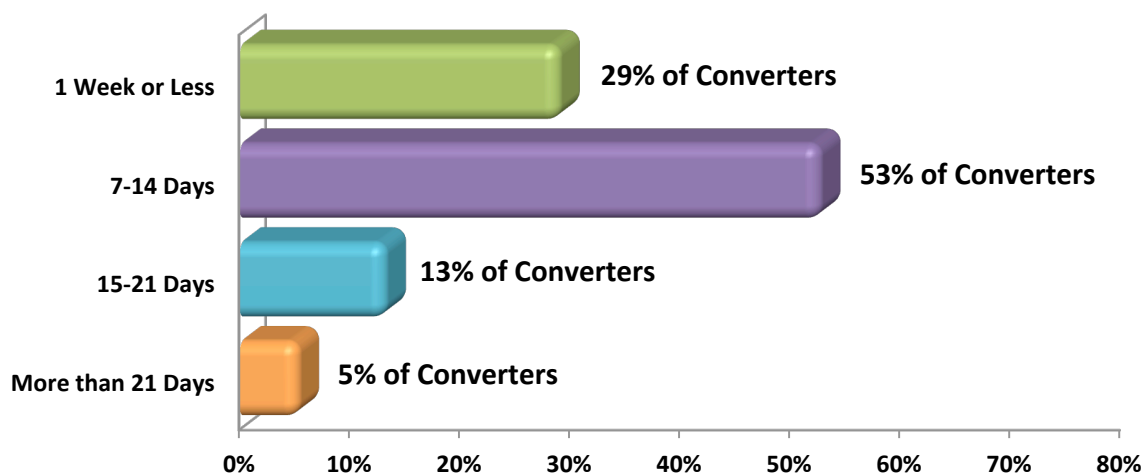
Average Converter Running Waste per Region



Scandinavian converters' running waste had the highest average at 11.3% while Central Europe averaged the lowest at 8.1%. The two regions averaging lower than the group total average were Central Europe and the UK/Ireland.

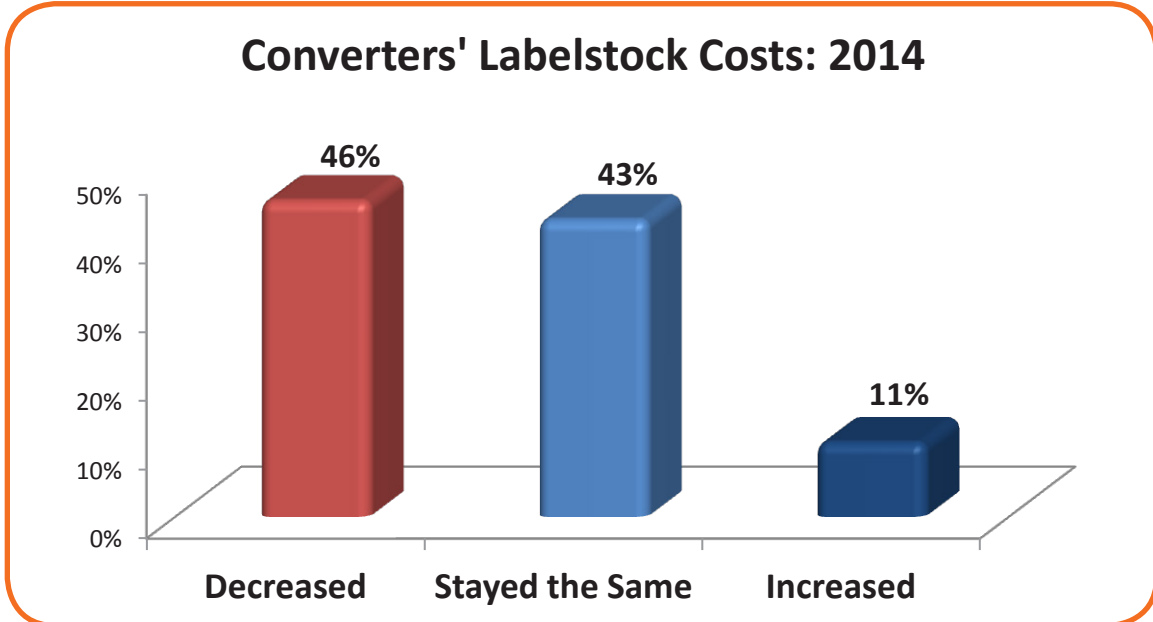
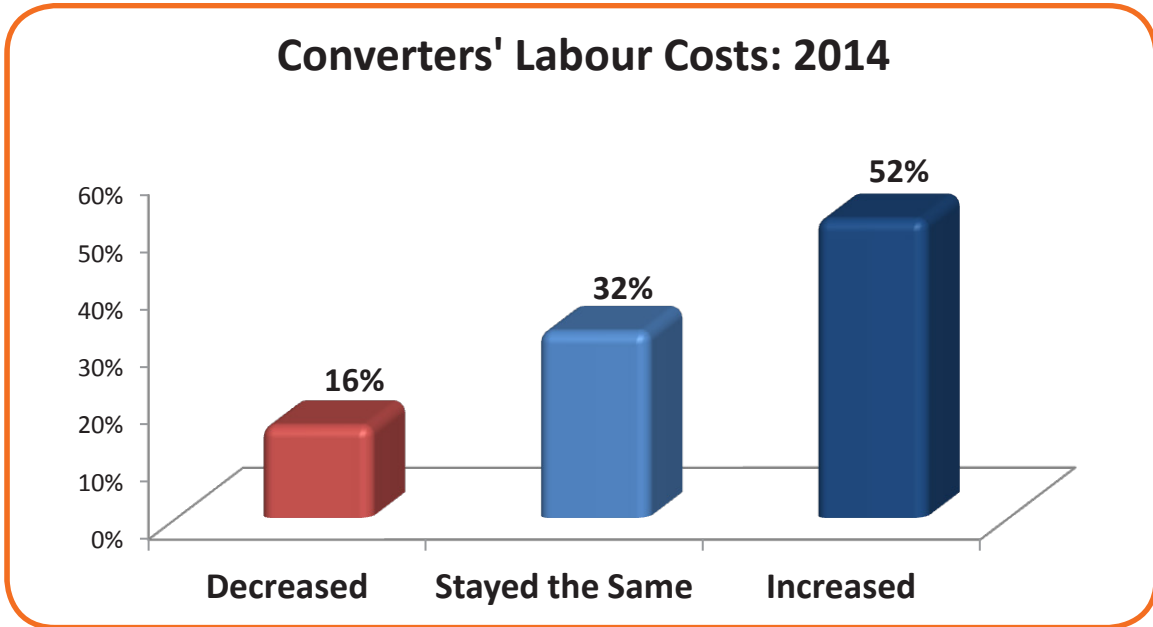
The next question in the survey probed converters' lead times. Companies were asked to indicate what their current requested lead times were and lead times were defined as the time in which their customers are requesting an order once the final artwork had been received. Once again, converters were given a range of lead times to choose from and the chart below breaks down the percentage of respondents that fall into each category. The average lead time for all respondents was 10 days.

Average Lead Times for Converters



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In addition to running waste and lead times, converters were asked to indicate whether their labour and material costs had decreased, remained stable, or increased in 2014. The charts below show the percentage of polled converters that indicated each.



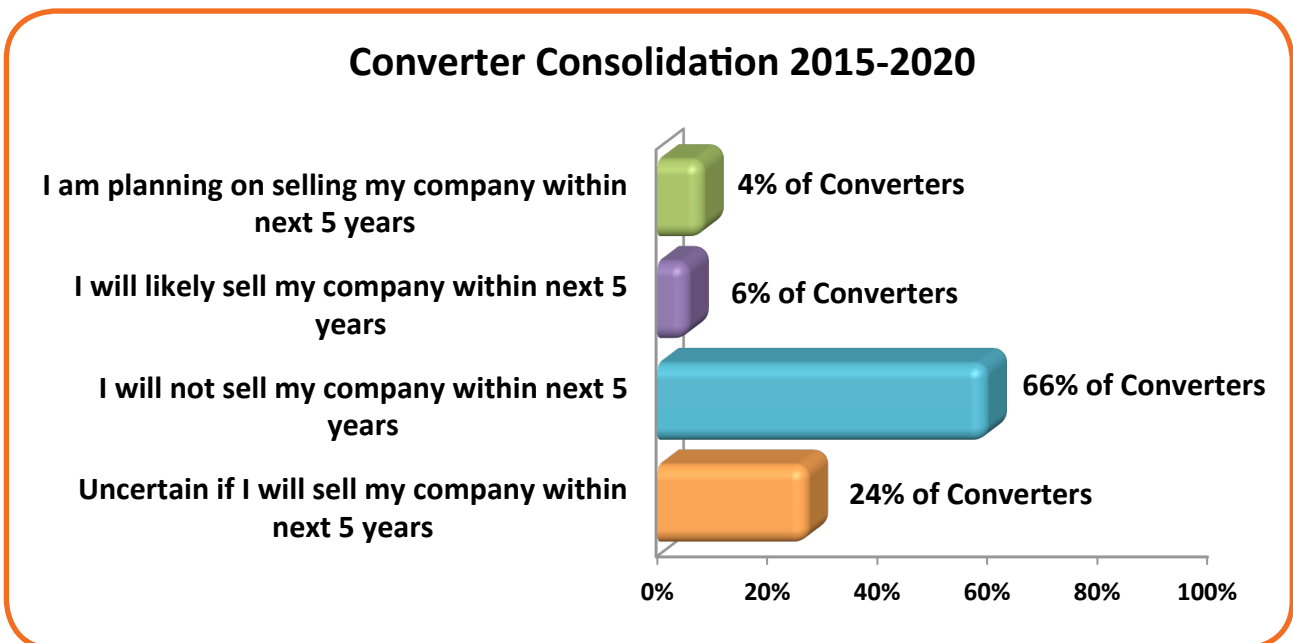
Labour and material costs paint two very different pictures. More than half of participating converters indicated their labour costs had increased while just 11% indicated a rise in labelstock prices. For 75% of converters, labour and material costs remained the same in 2014.

SECTION 2

One of the most significant trends currently impacting the European narrow web converting industry is the pace at which consolidation is occurring. Merger and acquisition activity is on the rise and this is impacting converting companies of every size and in every region. To gauge just where the region is regarding consolidation and what the future holds, all surveyed converters were asked to select one answer from the following:

- I am planning on selling my company within the next 5 years
- I will likely sell my company within the next 5 years
- I will not sell my company within the next 5 years
- I am uncertain if I will sell my company within the next 5 years

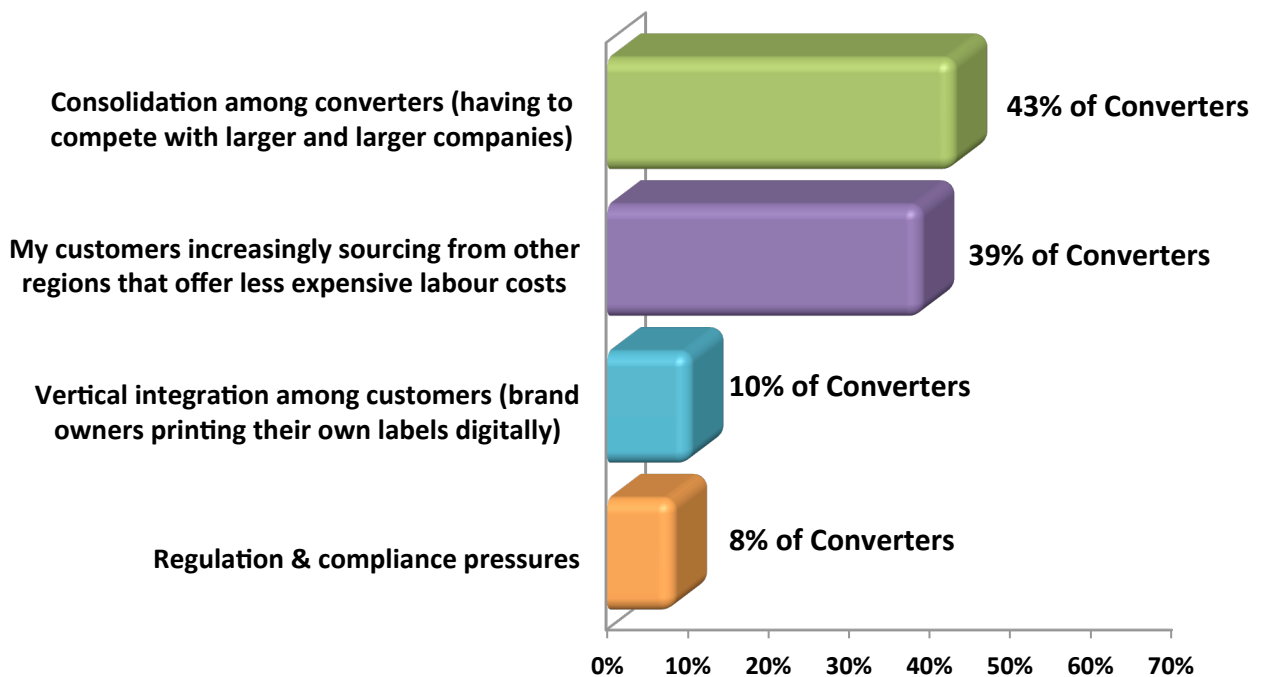
The chart below breaks down converters' responses.



While 4% of converters stated that they are planning on selling their companies at some point over the next half decade, nearly one out of four companies indicated that they were uncertain if their companies would be sold. Sixty-six percent of converters responded that they would not be selling their companies within five years' time.

The final question in the special section of the FINAT RADAR Converter Survey was a critical one. In order to gauge the market forces that converters are presently feeling the most impacted by, companies were asked to indicate what they perceived as the single greatest competitive threat to their business over the next five years. The chart below shows a breakdown of their responses.

What do Converters Perceive to be the #1 Most Competitive Threat to their Businesses?



As we discussed on the previous page, industry consolidation and increased M&A activity throughout the region is having a profound impact on the day-to-day realities of label converters. As converting companies in our industry grow larger and larger, these companies are able to combine resources and to have a stronger position of leverage with their raw material suppliers. As growing companies in acquisition mode continue to seek scale and competitive advantages, industry consolidation will continue have an impact across the supply chain.

The other market force that converters across Europe view as a significant competitive threat is the sourcing of labels from other regions that offer less expensive labour costs. Converters in Central Europe reported this as their number one threat more than in any other region while converters in Eastern Europe almost unanimously reported that their single greatest threat was consolidation.

Key Findings from Surveying FINAT Converters

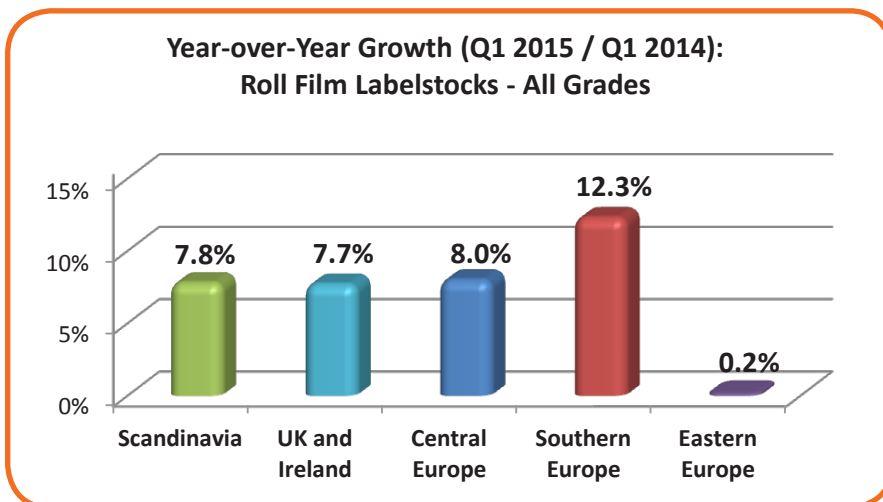
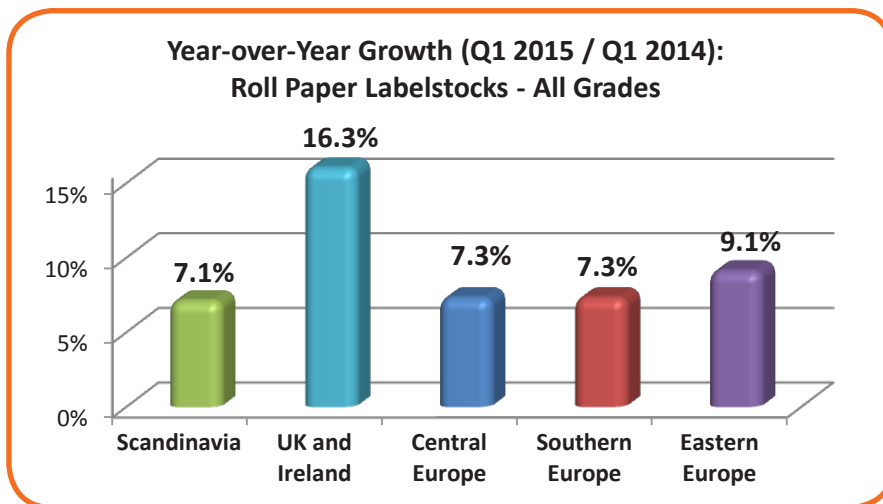
The table below offers a synopsis of the key findings extracted from polling and interviewing FINAT converter members for this issue of the RADAR.

KEY FINDINGS	
<p>6.7% <i>Average 2014 sales growth for polled converters.</i></p>	<p>For the majority of FINAT converters, 2014 was a good year. Sales revenues increased on average for every region except Central Europe, where average year-over-year revenues decreased 1.2%.</p>
<p>31% <i>Will buy a digital press.</i></p>	<p>Percentage of surveyed FINAT converter members that will buy a digital label press over the course of the next 6 months.</p>
<p>54% <i>Will buy digital inkjet.</i></p>	<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>
<p>9.6% <i>Average running waste for polled converters.</i></p>	<p>The average running waste for all participants in the 2015 FINAT RADAR Converter Survey was 9.6%. Thirty-seven percent of companies average more than 10% running waste and 63% average less than 10% running waste.</p>
<p>10 days <i>Average lead time for polled converters.</i></p>	<p>Companies were asked to indicate what their current lead time requirements were for their products and the average lead time for the total participant group was 10 days.</p>
<p>43% <i>Of polled converters consider consolidation to be #1 competitive threat.</i></p>	<p>The final question in the Converter Survey asked companies to identify what they view as their single greatest competitive threat and 43% of respondents cited that consolidation among converters (having to compete with larger and larger converters) is the #1 threat to their businesses today.</p>
<p>Source: LPC, Inc. FINAT RADAR</p>	

LABELSTOCK GROWTH PER EUROPEAN REGION

Year-over-Year Growth Rates for Paper and Film Roll Labelstocks (Q1 2015 / Q1 2014)

In each issue of the FINAT RADAR we highlight material growth on a quarterly 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. Average year-over-year growth (Q1 2015 vs. Q1 2014) for European paper labelstock sales was **8.8%**; average year-over-year growth for European film labelstock sales was **7.8%**. The graphs below break down year-over-year growth for each labelstock type per European region.



EUROPEAN CONVENTIONAL PRESS SALES

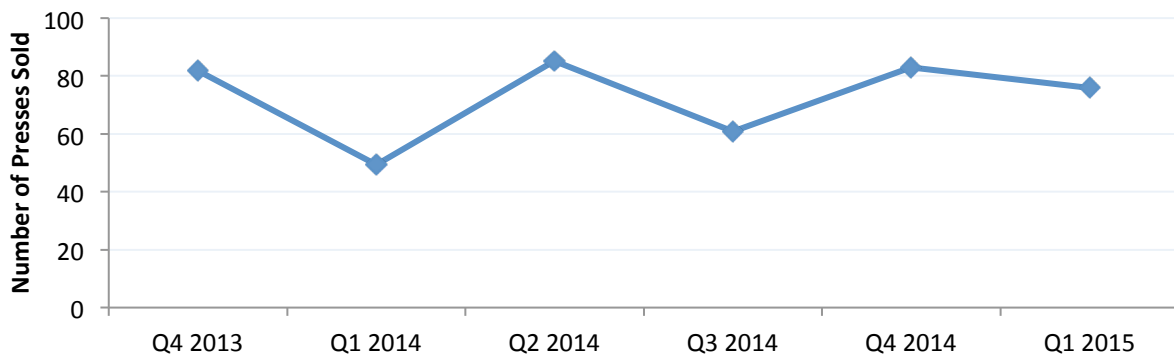
Quarter-over-Quarter Volume Sales for Conventional Presses: Q4 2013 & Q1 2015

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 participate in the conventional press index, representing more than an estimated 90% of the market.

Important reader note: Like with any new market index that requires the participation of multiple manufacturers, there has been a learning curve in formulating the RADAR Conventional Press Index. This index is the first time FINAT's quantitative data collection partner in the Netherlands, Panteia, has collected data in the press manufacturing industry, and creating a structure that best represents true market numbers has taken time. In this issue of the RADAR you will notice variations in data compared to the conventional data of past reports, however we are confident that the data presented here accurately represents the European conventional press manufacturing sector.

The graph below shows conventional press sales in Europe from the fourth quarter of 2013 to the first quarter of 2015.

**Conventional Press Sales in Europe:
Q4 2013 - Q1 2015**

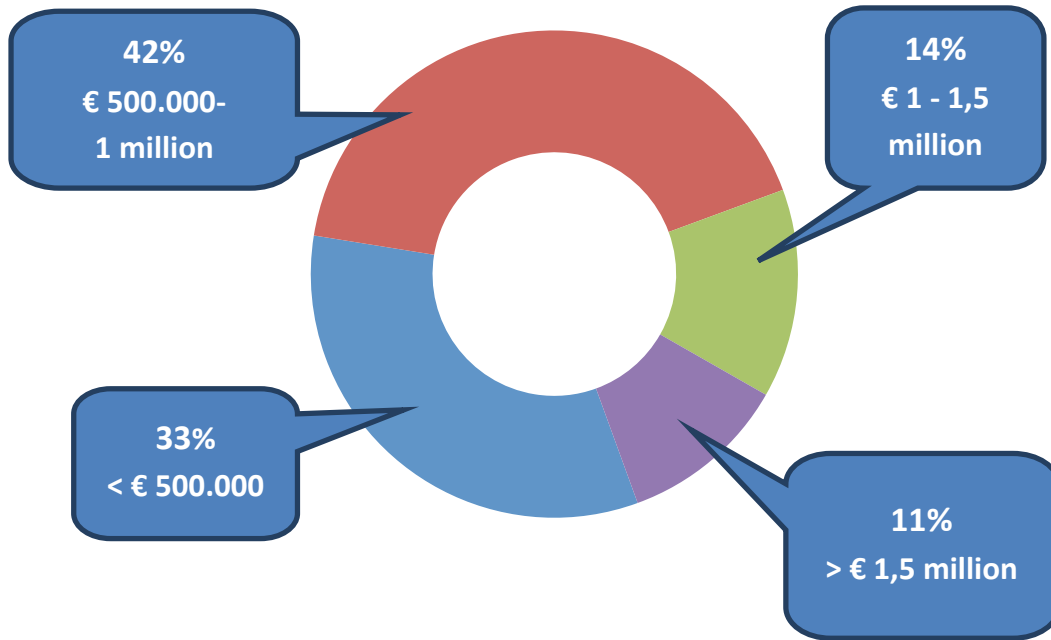


As this graph shows, there was a marked increase in press sales in the second quarter of 2014, and again in the fourth quarter. Since the inception of the index, quarterly press sales were lowest in the first quarter of 2014. Press manufacturers report that this kind of marked decline is typical in a quarter that follows a Labelexpo show in Europe.

SECTION 4

In addition to new press sales, conventional press manufacturers are also asked to indicate the number of machine sales that fall within four specified cost ranges. The graph below breaks down press sales from the fourth quarter of 2014 to the first quarter of 2015 by machine price range.

**Breakdown Values of Conventional Presses Sold
in EU Q4 2013 - Q1 2015**



Seventy-five percent of all presses sold cost €1 million or less while 11% of all presses sold were priced at more than €1,5 million.