



FINAT

Linking the Label Community

REPORT & ANALYSIS:

THE EUROPEAN NARROW WEB MARKET

FINAT RADAR 8

2ND SEMESTER 2017

REPORT & ANALYSIS: THE EUROPEAN NARROW WEB MARKET

Dear Reader,

I am proud to introduce already the 8th edition of our FINAT RADAR, the 6-monthly label market monitor. As in previous years, the autumn of our report is dedicated to the market review and outlook of our brand-owner customer base.

Since LPC started preparing these reports on behalf of FINAT back in 2013, they have built up and expanded a representative panel of labels and packaging specifiers and decision makers from different backgrounds in terms of size, vertical markets and European geography. Since we now have a 4-year history, it is interesting to see patterns and trends developing.

Combined with the label converter-oriented spring reports released in the first semester of each year, the FINAT RADAR report series alone are worth the effort of becoming and remaining a FINAT member. In 2017, as a pre-Labelexpo Europe bonus to our members, there was even a third report outlining the state of play in digital label printing in Europe. In my view, reports like these provide an authoritative source of background data that every self-respecting decision maker in our industry needs to make informed decisions about things like marketing, innovation and staff development.

For FINAT itself for example, the fact that the recruitment and retention of competent staff members in our production is now a top 3 challenge among our converter members has prompted FINAT and the national associations to launch an initiative in this regards as major feature in our upcoming 60th anniversary year.

At this point I would like to thank our Marketing Committee Industry Trends Subcommittee chaired by Ferdi Rüesch for their continuous efforts to keep this flow of relevant market reports going.

Chris Ellison
FINAT President

Researched and compiled by LPC, Inc.



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SCOPE OF THE REPORT

Over the past four years, LPC, Inc. has had the opportunity to conduct technical surveys and one-on-one interviews with brands across Europe for the compilation of the FINAT RADAR. This work gives us a unique perspective on the European labelling sector, and on the trends and forces that are driving brands to adopt and implement specific labelling technologies and decoration formats. Throughout these years of extensive research and data collection, two trends dominate: **Prime labels are becoming increasingly complex, and non-prime labels are becoming increasingly functional.**

While the Eurozone economy continues to perform robustly and a recovering labour market and healthy external demand continue to support ongoing label sector growth, brands are persistently seeking ways to connect with their customers. One of the primary methods that enable them to do this is through the types of package decoration they conceptualize and push through the supply chain.

As in past editions, this issue of the RADAR reports on a series of key indices including label volume purchasing projections, brand owner loyalty to their label suppliers, off-shore sourcing, migration away from self-adhesive technology and the sourcing of digital labels. This edition of the RADAR also contains a new section that highlights and examines trending in areas that include product personalisation, single-serve packaging, rigid container-to-pouch migration and 'peel & read' (multi-layer hinge label) applications.

More and more, we are seeing labels become a way for brands to achieve a market-specific approach late in the supply chain. This means shorter runs as SKUs proliferate, and the ability for a label converter to turn around a job quickly given late-stage new design and/or label functionality requirements. This remains one of the forces driving digital press adoption and influences the ways marketing and R&D departments create campaigns and strategise ways to speak to, and captivate, consumers.

The future remains bright for labels. When asked which printed packaging sector delivers the most innovation, again and again brands claim their label suppliers offer more innovation and agility over their flexible packaging, carton and corrugated suppliers. Ours is an industry of change. And to effectively report pertinent market shifts and directional trending, the FINAT RADAR will continue to closely monitor technology preferences and application requirements at the brand level.

Sincerely,
LPC, Inc.

Section 1

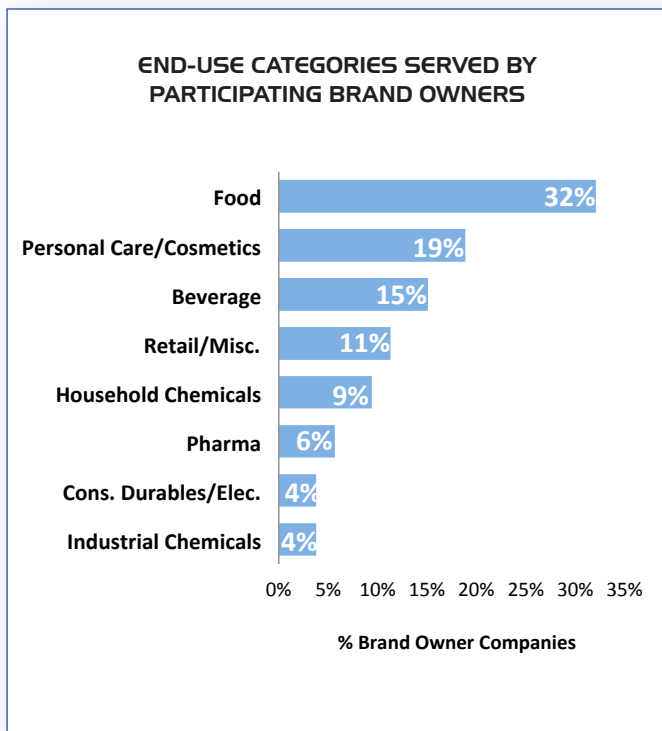
BRAND OWNER VIEWPOINT: THE RADAR BRAND OWNER SURVEY

Label purchasing volume growth projections, label vendor loyalty, off-shore sourcing and the regions brand owners project they will be buying labels from. Migration from self-adhesive to other label formats, personalisation, security labelling and 'peel & read' label applications.

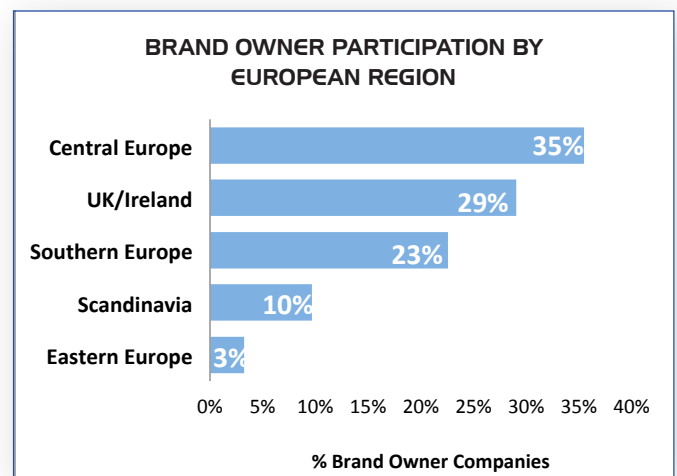
Fifty-six brand owners and packaging buyers participated in the 2017 Brand Owner Survey for this edition of the RADAR and an additional 11 companies agreed to extensive one-on-one interviews. Survey participants either directly source labels, or influence the label procurement, design, print production or package engineering process.

It is important to note that brand owners from every major European region participate in the brand owner surveys and follow up qualitative interviews. To ensure the RADAR indices reflect the true movements of the market, on average 65-75% of the same brand owners participate year after year. In this most recent survey, among first-time respondents were one of Europe's largest private labelling houses, Mars, ALDI brands, a craft brewery in Southern Spain and a multinational French food conglomerate.

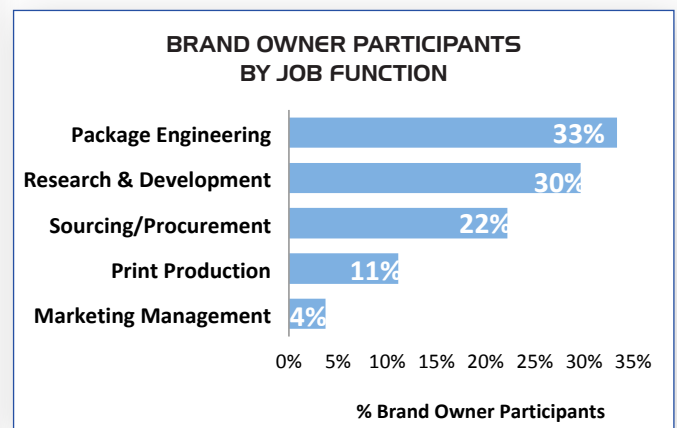
The central objective in surveying brand owners is that companies of every size – from multinational conglomerates to smaller, regional brands – participate and that the majority of end-use labelling categories are represented. The graph below indicates a breakdown of brand owner participation per end-use sector.



At the request of the FINAT Board, in the FINAT RADAR moving forward we will also specify the percentage of brands that participate by European region. The graph below breaks down brand owner participation by where their facility is located.



When asking participants to qualify themselves, it is also important that we understand not only the end-use categories they serve but also their specific job functions. The RADAR Brand Owner Survey is completed by personnel that are either directly involved in the sourcing and procurement of labels, or that have an influence over labelling design and/or label functionality. The following chart shows participation by specific job function. *(Note: The Brand Owner Survey for this RADAR addressed some very specific technical areas, therefore Marketing Managers who usually participate passed the surveys onto their Package Engineering and R&D departments to complete.)*

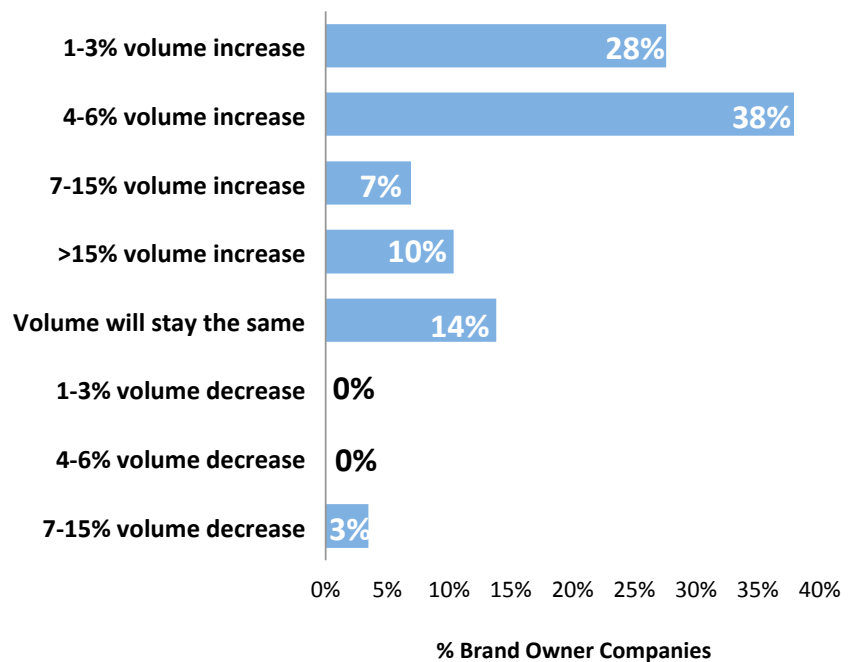


Once again, the largest group of survey participants includes managers within print and package engineering departments. These respondents are directly involved in analysing labelling performance in existing production lines and the impact of label constructions on the application process. The package engineers that participate in the RADAR are also active members of label sourcing teams, constantly managing the development and implementation of continuous improvement programs for the label applications their companies purchase.

WILL BRAND OWNERS BE BUYING MORE LABELS? PROJECTION VOLUMES FOR 2018

One of the first things the RADAR Brand Owner Survey asks participants to do is to indicate the rate at which their purchased label volumes will increase, or decrease, over the course of the next 12 months. Respondents are given a range of values to choose from (1-3%, 4-6%, etc.) and the chart on the right indicates a breakdown of label volume growth predictions for 2018.

BRAND OWNERS' LABEL VOLUME PURCHASING PROJECTIONS FOR 2018



Only **two** companies project that their label purchasing volumes will decrease in the coming year, compared to 24% of participants predicting the same for 2017 in the RADAR Brand Owner Survey from one year ago. One in ten participating companies indicated their label procurement volumes would increase more than 15% in 2018 while 38% indicated label purchasing volumes would increase between 4-6% in the coming year.

Important note: As stated in previous editions of the report, the majority of brands participating in the RADAR survey are the same companies that have participated in both the 2014 and 2015 and 2016 surveys. This ensures that label sourcing projections are a true gauge of the directions of the general market.

Overall, packaging buyers are extremely optimistic about 2018 and predict label

utilisation will only grow for their products in the end-use categories they serve. Fourteen percent of participating brands stated their label purchasing volumes would stay the same, compared to 21% indicating purchasing volumes would remain the same one year ago.

The table below compares label volume sourcing projections for 2016 and 2017.

Label Volume Growth – All of Europe				
Average Label Procurement Volume Projected Increase for 2017* (from last year's survey results)	Average Label Procurement Volume Projected Increase for 2018*	% Brand Owners Indicating Label Procurement will Increase in 2018	% Brand Owners Indicating Label Procurement will Stay the Same	% Brand Owners Indicating Label Procurement will Decrease
3.43%	4.79%	83%	14%	3%

*For both years label procurement volume shifts were/are projections, not actual historical data. This allows us to gauge and to report on brand owner confidence and optimism for the coming year. 2017 projections were from the RADAR 2016 Brand Owner Survey.

BRAND OWNERS' LOYALTY TO THEIR LABEL VENDORS

Once again the FINAT RADAR researched and is reporting on 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 that they would put some, or all, of their label business out to bid within the next 12 months. Respondents were asked to select the answer that best applies from the following options:

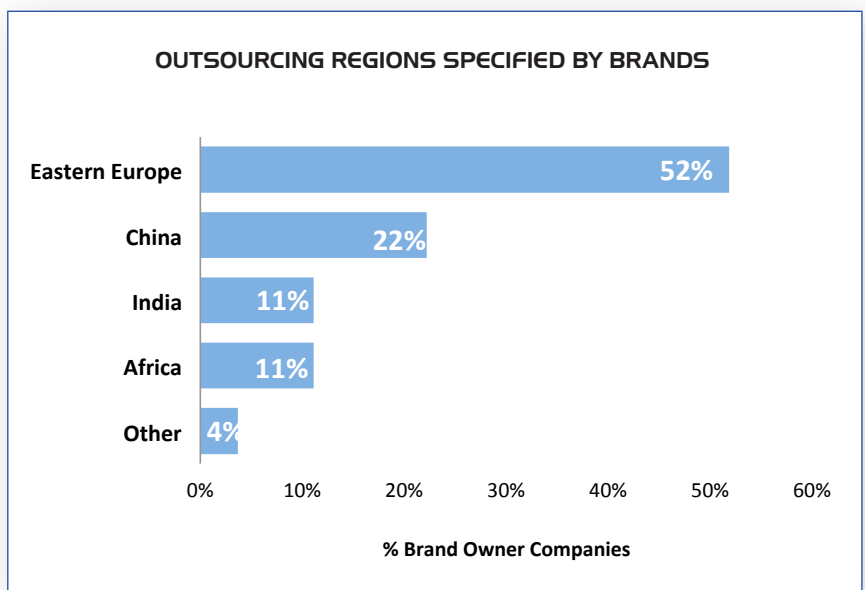
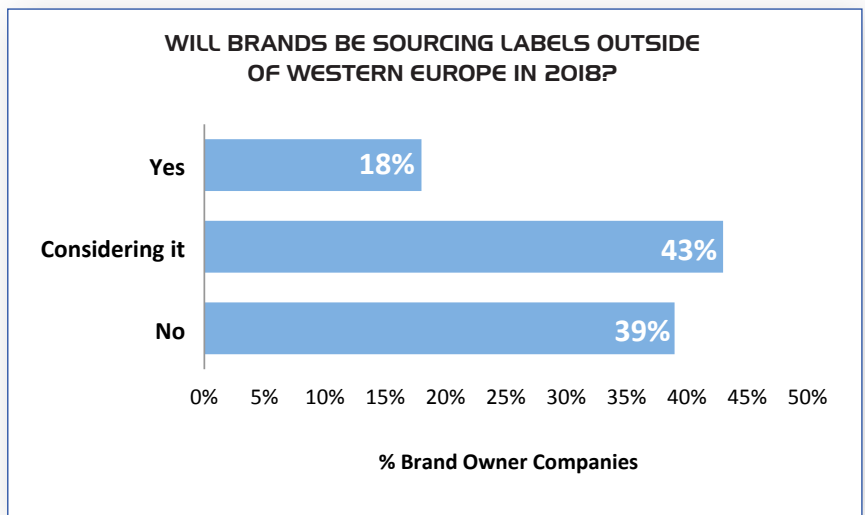
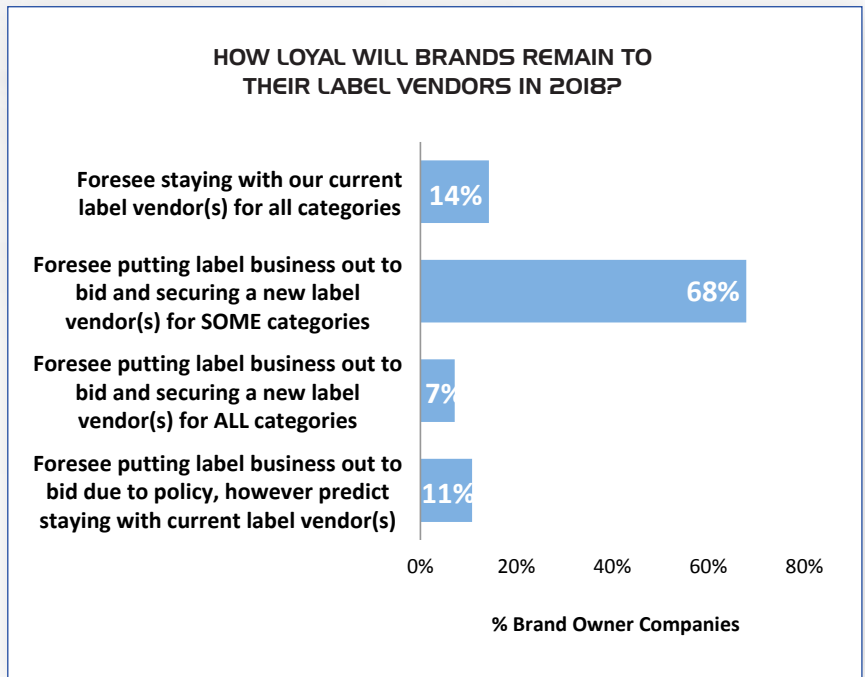
- I foresee my company staying with its current label vendor(s) for all categories
- I foresee my company putting our label business out to bid and possibly securing a new label vendor for **some** categories
- I foresee my company putting our label business out to bid and possibly securing a new label 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 on the top right breaks down the responses of brand owners and packaging buyer respondents.

While optimism for 2018 is extremely high and label volume increases projected to occur at a greater rate compared to last year's RADAR results, brand owner loyalty paints a much different picture. Only 14% of participating brands foresee staying with their current label vendors for all categories. **This data very much indicates where we are in the two-year bidding cycles for many of the brands that participate in RADAR research and surveys.** Sixty-eight percent of companies indicated they would be putting their label business out to bid and securing new label vendor(s) for some categories compared to 44% of companies indicating the same one year ago.

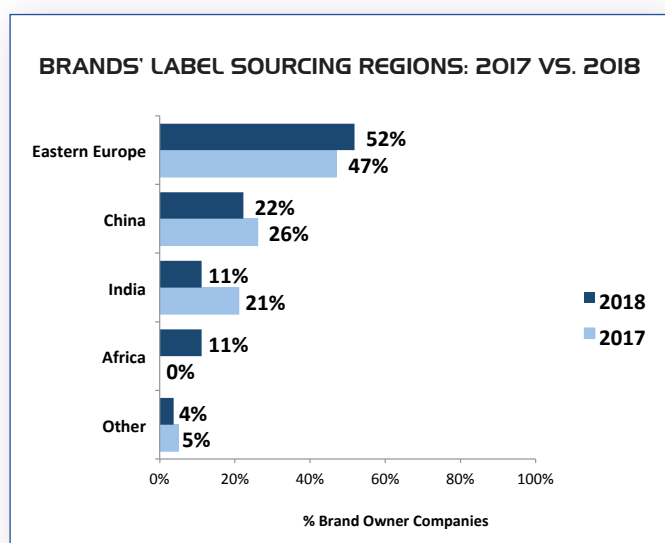
OFF-SHORE LABEL SOURCING PROJECTIONS

Survey participants were asked if their companies are considering sourcing some, or all, of the labels they currently source within Western Europe from countries outside of Western Europe. The companies that indicated they were considering sourcing from regions outside of Western Europe were then asked to specify future sourcing regions. The second & third chart on the right break down brand owners' responses.



Similar to last year's research feedback, around half of all respondents citing that their companies would be sourcing labels from outside of Western Europe in 2018 indicated that they were looking at label sourcing channels in Eastern Europe (see page 7). Thirty-three percent of respondents indicated they were seeking channels in either China or India, a drop of 17% compared to last year's survey results. The percentage of brands indicating they would seek sourcing channels in China also dropped, however interest in Africa as a potential label sourcing region rose considerably. 'Other' regions include Bangladesh and Sri Lanka.

Respondents were asked about their sourcing region preferences (outside of Western Europe) in the 2015 Brand Owner Survey as well and the graph below compares the results of the survey from Q4 2015 with the results of the most recent survey.



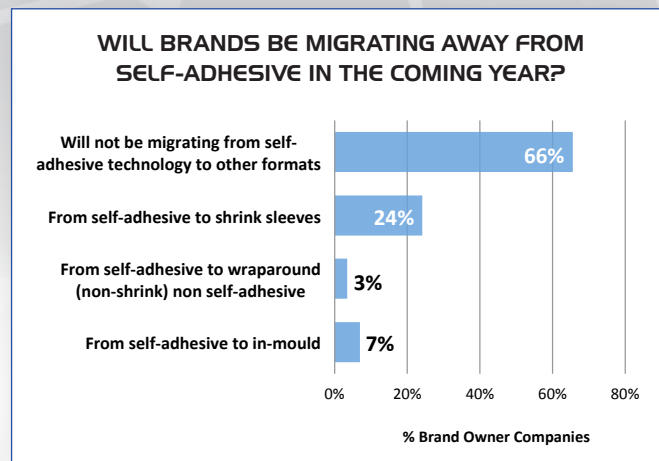
In comparing the results of the most recent brand owner survey with last year's research, the sharpest contrast is in brands citing China and India as potential printed label sourcing channels. The other stark contrast between the two year's projections is the rise in Africa as a viable label sourcing off-shore player. It will be interesting to see what difference a year makes, and how brand project their off-shore label sourcing strategies will change in 2019 compared to the coming year.

Year-over-year interest in sourcing labels from Eastern Europe continues to climb. According to a number of brands interviewed, the region's cost advantages due to lower labor costs, strategic geography adjacent to Western European markets and skilled educated workforces continue to place the region high on brands 'ease of doing business' rankings.

MIGRATION AWAY FROM SELF-ADHESIVE TO OTHER LABELLING FORMATS

The FINAT RADAR has been closely tracking the migration away from self-adhesive labelling formats to other decoration technologies including shrink sleeves, in-mould, and wraparound/non-shrink labels. Each year the Brand Owner Survey asks participants if their company would migrate a portion of their self-adhesive business to another labelling format within the

coming year and if so, to indicate what that projected format would be. The graph below breaks down participants' responses.



Note: Respondents were allowed to choose more than one category.

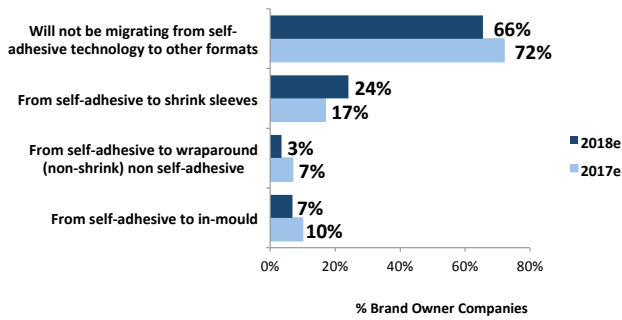
More than 60% of all surveyed companies indicated that they will not be migrating away from self-adhesive to other decoration methods for any of their products in 2018, a slight drop compared to brands' projections one year ago. Twenty-four percent of respondents indicated that they would be migrating from self-adhesive labelling to shrink sleeves for some applications while 7% of respondents indicated they would be migrating to in-mould. The brand owners indicating migration from self-adhesive to shrink serve the following end-use categories:

- Food (**highest** rate of self-adhesive to shrink migration)
- Household chemicals (**second highest** rate of self-adhesive to shrink migration)
- HABA/personal care (**third highest** rate of self-adhesive to shrink migration)

In the 2017 Brand Owner edition of the RADAR, there was a noticeable drop in the number of companies indicating they were going to migrate from self-adhesive to shrink sleeves for some of their labelling applications. This year paints a slightly different picture with 7% more brands indicating they would be migrating from self-adhesive labels to shrink sleeves in 2018. In last year's issue of the RADAR, researchers theorised that brand owner interest in shrink sleeve decoration was declining, based on the results of last year's RADAR Shrink Sleeve Index. However given the slight increase in this year's data, it will be interesting to gauge what the coming years bring in terms of shrink sleeve utilisation and which direction the technology is truly going. The graph on the following page compares brands' projected label decoration migrations for this year and last year.

This graph shows brand owners' allegiance to self-adhesive decoration technology as only slightly diminished, however the only decoration technology that shows an increased interest year-over-year is shrink sleeves. Projected migration to both non-shrink (non self-adhesive) wraparound labels and in-mould labels both declined compared to last year's projections for 2017.

DECORATION MIGRATION PROJECTIONS 2017 (ESTIMATED IN 2016) VS. 2018

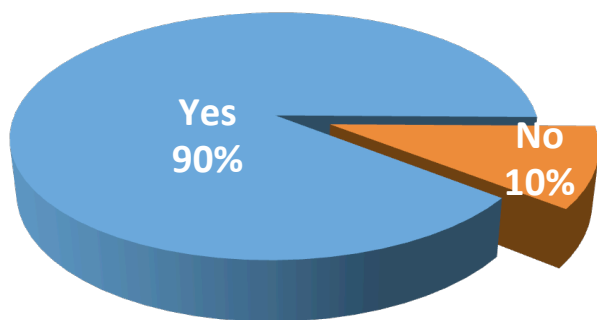


BRAND OWNERS AND THE PROCUREMENT OF DIGITALLY PRINTED LABELS

A market force the RADAR examines closely every year is how much brand owners are actively mandating the supply of digitally printed labels from their printed packaging vendors. While SKU proliferation, decreasing run sizes and the ability to personalise continue to drive digital press adoption rates, some brands are still hesitant about moving some of their applications to digital due to colour matching uncertainty and the inevitable changes in supply logistics that sourcing digitally printed smaller job sizes brings.

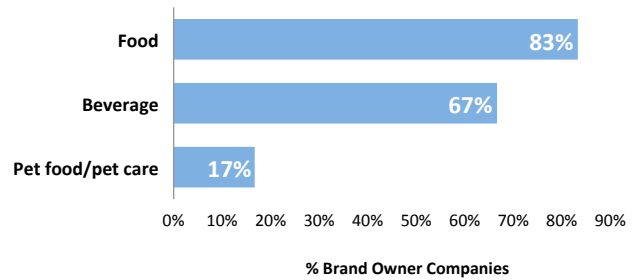
The FINAT RADAR asked surveyed companies if they currently source digitally printed labels and the graph below shows brand owners' responses.

ARE SURVEYED BRANDS SOURCING DIGITALLY PRINTED LABELS?



The vast majority of our survey respondents are currently sourcing digitally printed labels. In analysing the data further, we looked for possible tie-ins with specific end-use categories. In other words, were the non-digital brand owners primarily grouped in specific end-use sectors? The graph below shows a breakdown by category of surveyed companies that do not purchase digitally printed labels. **(Note, the graph on the right does not add up to 100% due to some companies serving multiple end-use categories.)**

COMPANIES NOT SOURCING DIGITAL LABELS BY END-USE CATEGORY



Once again, the majority of brands that do not currently source digitally printed labels serve the food and beverage industries. Larger run sizes still dominate food and beverage and while digital growth rates are strong in these categories, flexography's domination is predicted to continue in the years to come. However, **each company serving the food category currently not sourcing digitally printed labels was interviewed and every one of these companies stated that they are keeping a close eye on digital, and that the technology is a high priority for their sourcing and procurement teams in 2018.**

In last year's issue of the RADAR, a number of HABA/personal care companies indicated they were not yet sourcing digitally labels. Each of these companies participated in this year's Brand Owner Survey and have since indicated that they are now sourcing some digitally printed label applications.

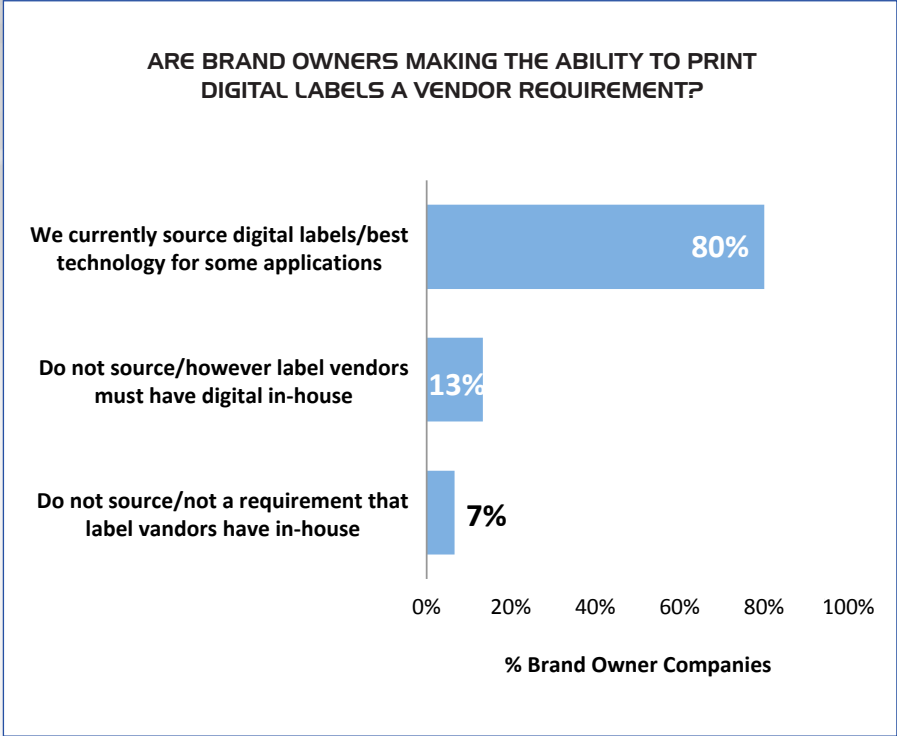
For the few participating companies who are still not sourcing digital labels, the majority indicate that laying out some kind of digital procurement strategy is high on their to-do lists for 2018. A UK-based packaging director in the drinks division of one of the world's largest food and beverage conglomerates stated the following:

"We have not done anything digitally yet, however it is my number one priority for 2018: to build a digital strategy for print. Right now we are deciding if that will be pure digital, or if it will be late-stage customisation like the Share-a-Coke campaign that was so popular. Some people within my company feel digital is prohibitive because of the higher per-unit price points. However, I tell my procurement teams that you can't look at this in the traditional way. This is not a traditional print process and our cost structure is going to be different. Maybe at the beginning we won't make as much money on this business, however we will make a noise in the market with what digital printing will enable us to do. I believe you cannot look at digital printing from just a costing standpoint. You need to say, 'Okay, how much would it cost us to run an above the line campaign to raise awareness of a particular brand?', and then weigh that against the value you receive and I guarantee you will actually have made a substantial amount of money from your brand awareness being raised significantly."

**Packaging Director,
Global food and beverage conglomerate**

While a few participating consumer packaged goods companies are not currently sourcing digitally printed labels, how important is it that these companies' label vendors still have the ability to do so? Are brand owners making the ability to print digitally a vendor requirement, *even if they are not actively sourcing digitally printed labels?* The graph on the right shows brand owners' responses to this central question.

While the majority of brand participants are actively sourcing digital labels for some of their applications, the majority of those not sourcing digital labels are demanding their label vendors still have digital printing capabilities on their production floors. For the Packaging Director quoted earlier, even though his company has not yet sourced digitally printed labels, it is a requirement that his company's label vendors have the ability to print digital applications. During interviews he commented, *"I believe that digital is an important key to opening a bigger door of opportunities and innovation. This year was the first year we implemented the demand that our label vendors have some type of digital production capabilities in order to support us when we start sourcing digital products in the coming year. This will also soon become a requirement for our flexible packaging vendors. A market where digital technology isn't as prevalent, however we feel it is important our suppliers are able to meet our requirements quickly. Once we decide to go digital for an application, we don't want to have to wait for our label or flexible packaging vendors to have to catch-up."*



Thirteen percent of surveyed brand owners stated that even though they are not sourcing digitally printed labels currently, they still require their label vendors to have the technology in-house. We continue to witness a turning point in brand owner's perceptions of digital label technology. In both Europe and North America, **an increasing percentage of brands are demanding their label vendors have digital printing capabilities even if these brands are not currently sourcing digital labels.**

As indicated earlier, surveyed companies were asked to project what their overall label procurement growth would be in the

next 12 months. The companies that currently source **digital** labels were also asked to project what their company's overall digital label procurement growth would be. The table below compares and contrasts averages for both these metrics.

According to surveyed brand owners, average label procurement volume growth for digitally printed labels is projected to outpace general market growth by more than 2% in 2018. The FINAT RADAR will continue to track label growth so that projected growth rates for each technology can be compared and contrasted moving forward.

Label Volume Growth 2018: Total Label Procurement vs. Digital Labels	
Average Label Procurement Volume Projected Increase for 2018: All Label Applications	Average Label Procurement Volume Projected Increase for 2018: Digital Label Applications
4.79%	6.98%

Section 2

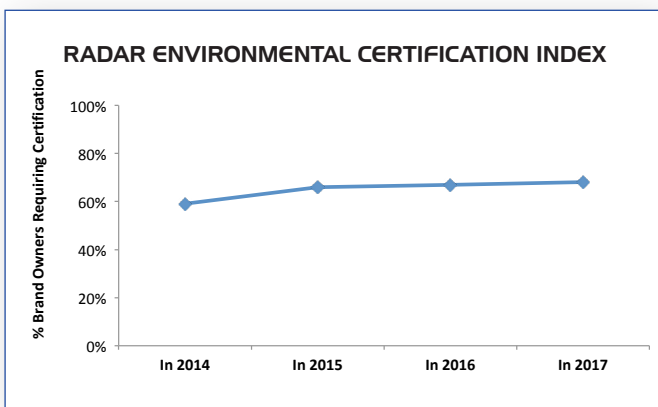
BRAND OWNER VIEWPOINT: SUSTAINABILITY AWARENESS AND NEW APPLICATION FRONTIERS

The enforcement of environmental certification onto label suppliers, the *RADAR Environmental Certification Index* and brand owners' perceptions and current activities in new labelling application areas.

In this section of the FINAT RADAR we focus on some current sustainability practices and new application areas at the brand owner level. While this is a research area FINAT is continually exploring and dedicating resources to, we want to offer a current perspective in this edition of the RADAR, highlighting real-time perspectives and actions of the companies that dictate and drive standards throughout the supply chain. The graph on the right shows the percentage of brand owners that require their label vendors to have environmental certification, and the percentage of companies that state it will become a requirement in the foreseeable future.

We see a slight increase in brand owner certification requirements over the past three years. While 3% fewer brand owners indicated in the most recent RADAR survey that some type of environmental certification is a requirement for their label vendors compared to last year's results, 5% more companies indicated that it will become a requirement in the foreseeable future.

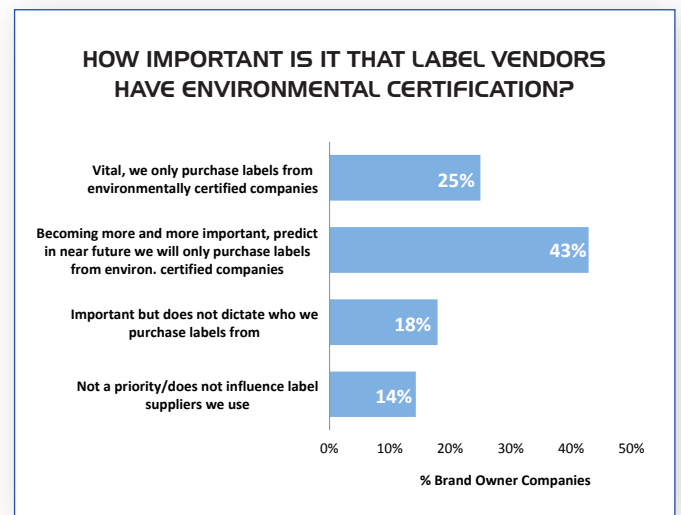
Brand owner certifications demands remain high. In 2016 and 2017, 66-68% of respondents stated that their companies either already demand that all of their label vendors require some type of certification, or that they will require it in the foreseeable future. However, we are seeing only a slight increase in these percentages year over year. The chart below indexes brand owner certification demands year over year for the past three years.



TECHNOLOGY FOCUS:

A CLOSE LOOK AT SPECIFIC LABELLING APPLICATIONS AND FORMATS FROM A BRAND PERSPECTIVE

New to the FINAT RADAR, this section explores specific technologies and format areas from a brand perspective. In



extensively interviewing brands over course of the past four years for the compilation of the RADAR, two brand owner-driven trends continue to surface again and again: **Prime labels are becoming increasingly complex and non-prime labels are becoming increasingly functional.**

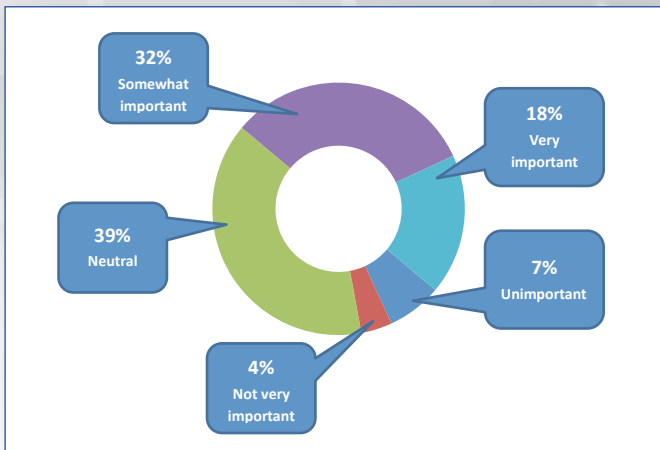
One of the underlying objectives in focusing on specific label-relevant technologies in the FINAT RADAR moving forward, is to assist the association's converter members in formulating their equipment investment strategies moving forward. Asking brands about security labelling, product personalisation and 'peel & read' (multi-layer hinge) labels will offer insight into the directions their companies are going and the types of labels brands' marketing, R&D and procurement departments are prioritising.

The first question in this section of the Brand Owner Survey asked companies to indicate how important a list of technologies currently is to their company. Participants were asked to indicate one of the following for each respective technology:

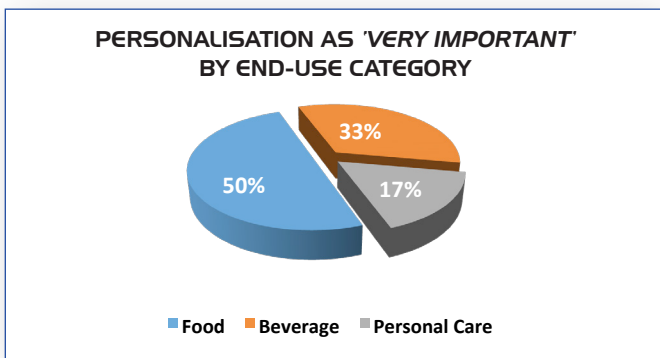
- The technology is unimportant to us
- The technology is not very important to us
- Neutral
- The technology is somewhat important to us
- The technology is very important to us

The technologies brands were asked to address included product personalisation, security features on labels and 'peel & read' labels (extended text/multi-layer labels).

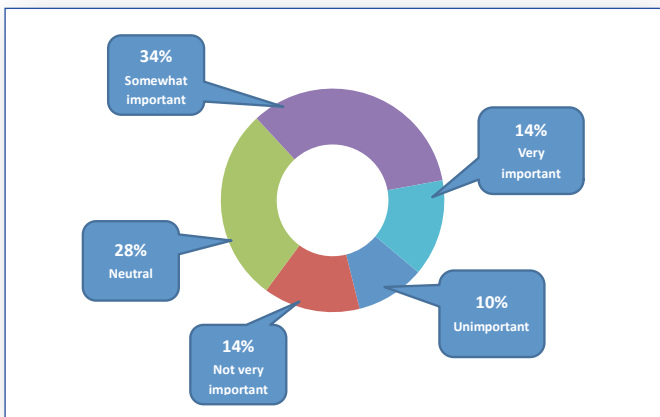
PRODUCT PERSONALISATION:



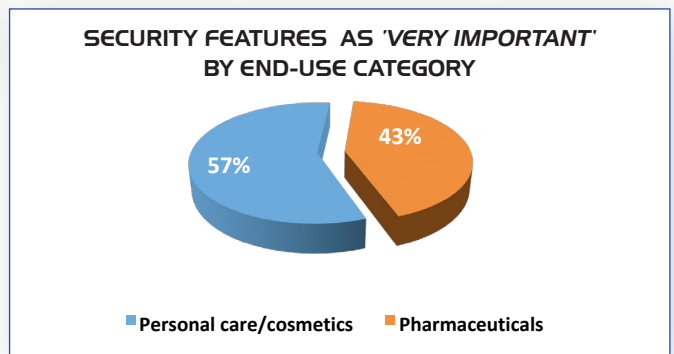
Eighteen percent of participating brands consider product personalisation as a 'very important' area for their companies. Half of these respondents serve the food sector. During interviews, companies in the food and beverage category mentioned the 2012-2015 Share-A -Coke campaign as the packaging industry's Gold Standard. Companies mentioned different types of personalisation campaigns that will potentially be implemented in 2018. These include differentiated per-bottle unique designs, multiple series of popular sayings or expressions, and creating ecommerce channels to allow consumers to create customised labels for their condiment products. The graph below breaks down the companies indicating personalisation is a 'very important' area by end-use category.



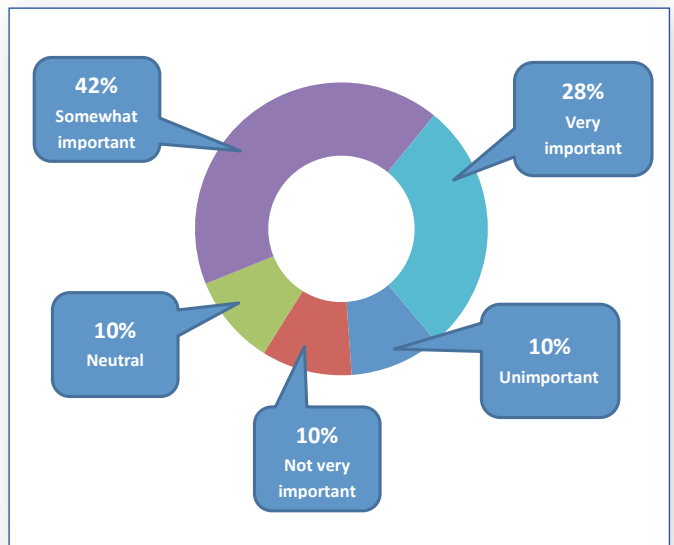
SECURITY FEATURES ON LABELS:



Fourteen percent of participating brands consider security features on labels as a 'very important' area for their companies. All respondents attaching a high importance to this area serve either the pharmaceutical or personal care/cosmetics sectors. A number of the pharmaceutical companies stressed the importance of the EU Falsified Medicines Directive and that their label vendors comply with this initiative. According to Europol, 8% of European sales of cosmetics and perfumes were counterfeited in 2015 and personal care/cosmetics companies indicated security features in their labelling applications remains a very high priority in 2018. The graph below breaks down the companies indicating that security features are a 'very important' area by end-use category.



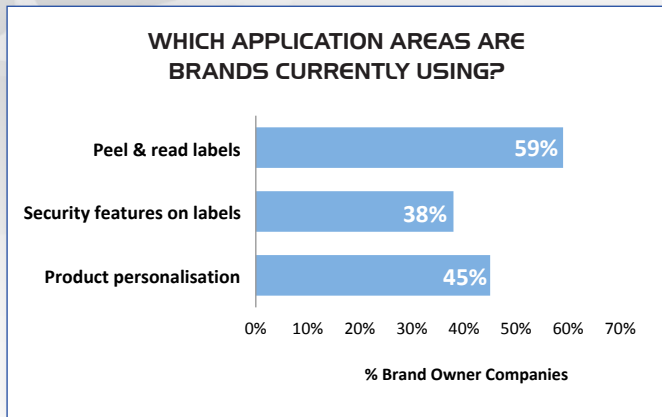
'PEEL & READ' LABELS (EXTENDED TEXT/MULTI-LAYER LABEL APPLICATIONS):



Twenty-eight percent of participating brands consider peel and read/multi-layer label applications as a 'very important' area – the highest percentage out of each area examined. Respondents attaching a high importance to peel and read labels represented a wide range of end-use categories including:

- Food
- Personal care/cosmetics
- Household chemicals
- Pharmaceuticals
- Beverage

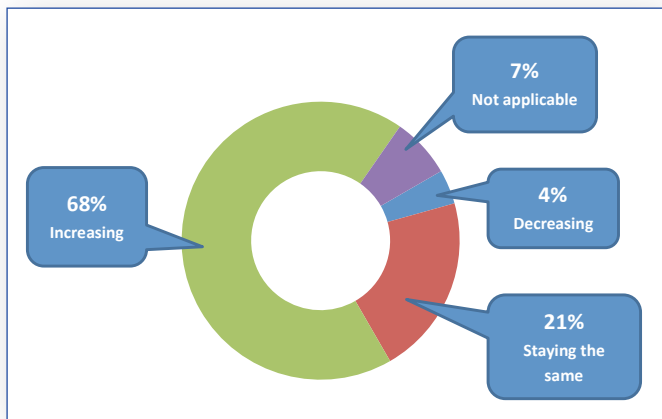
Surveyed participants were also asked to indicate the areas their companies are already active in, in order to gauge those application segments brands are already prioritising.



The majority of participating companies are already using peel and read labels for some of their products and companies indicate this will remain an area of high importance in 2018.

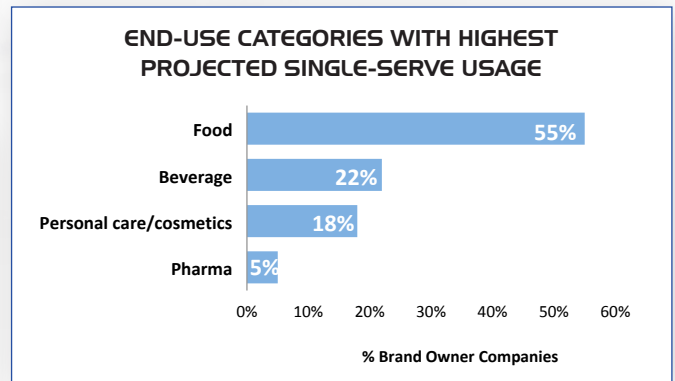
The final question in the FINAT RADAR Brand Owner Survey gave surveyed brands a set of application migrations and asked companies to indicate if the utilisation of these applications, or changes in container format, were increasing, decreasing or staying the same. The charts that follow show brands' responses.

SINGLE-SERVE PACKAGING:



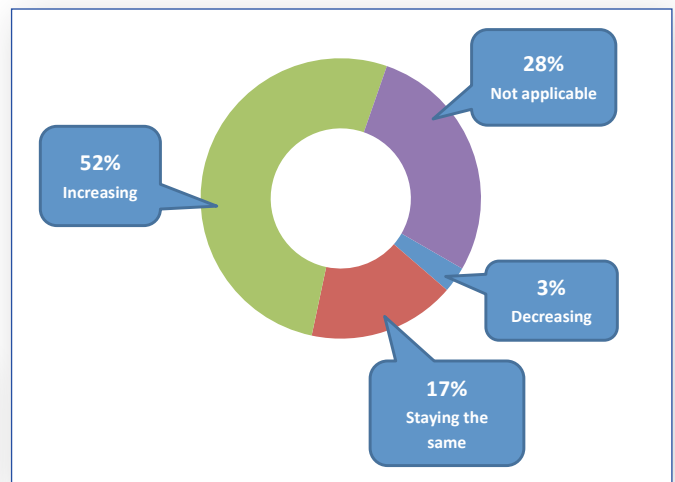
Sixty-eight percent of brands project their utilisation of single-serve packaging /single-dose packaging will increase in the coming year. These projections may have major implications on the narrow web flexible packaging market as a significant portion of these single-packs will be in the form of sachets and stick-packs. Brands claim that promotions and trial runs will be commonly used as single-serve products are introduced to new markets, and in new categories. This could open up many opportunities for label converters successfully producing flexible packaging applications on their narrow web presses.

Unsurprisingly, the end-use category with the most brands indicating an increase in single-serve utilisation was the food category. The graph on the top right shows the highest projected single-serve usage by end-use category.

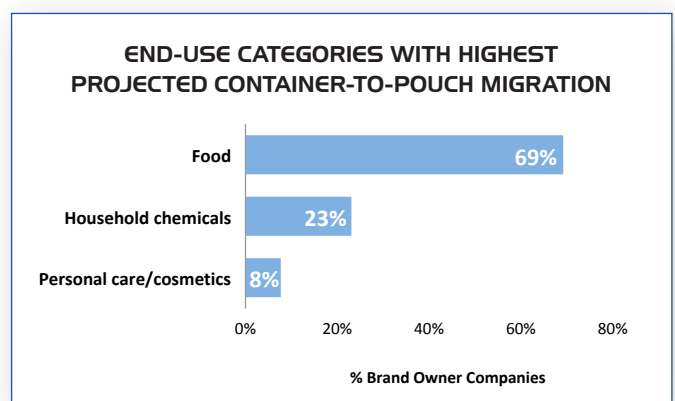


RIGID CONTAINER-TO-POUCH MIGRATION:

In addition to single-serve packaging, brands were asked to indicate if their companies would be migrating from the usage of rigid containers to pouches for some of their applications. The chart below indicates brands' responses.



More than half of all participating brands claim their rigid container-to-pouch migrations will increase in the coming year. Sixty-nine percent of these brands serve the food sector. Once again, this opens up opportunities for converters in the area of narrow web flexible packaging. Seventy-nine percent of participating companies indicated that their total numbers of SKUs would be increasing and that this factor was one of the primary drivers behind run size contraction rates for their printed packaging job sizes. The graph below shows the highest projected rigid container-to-pouch migration by end-use category.



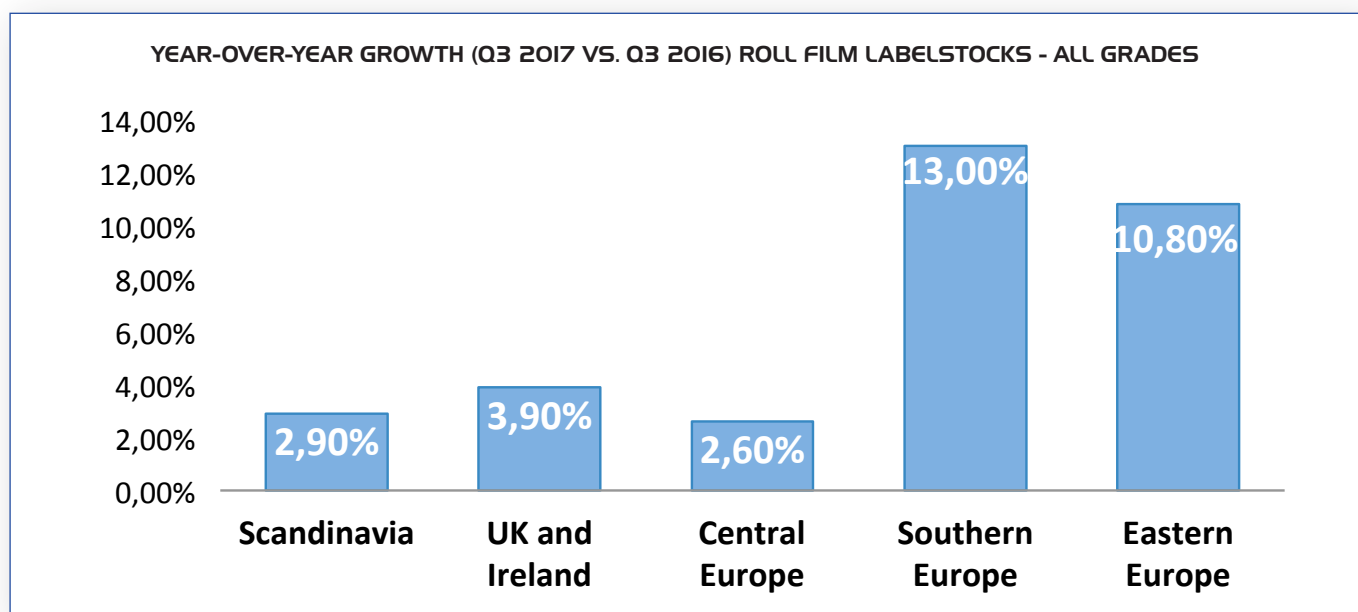
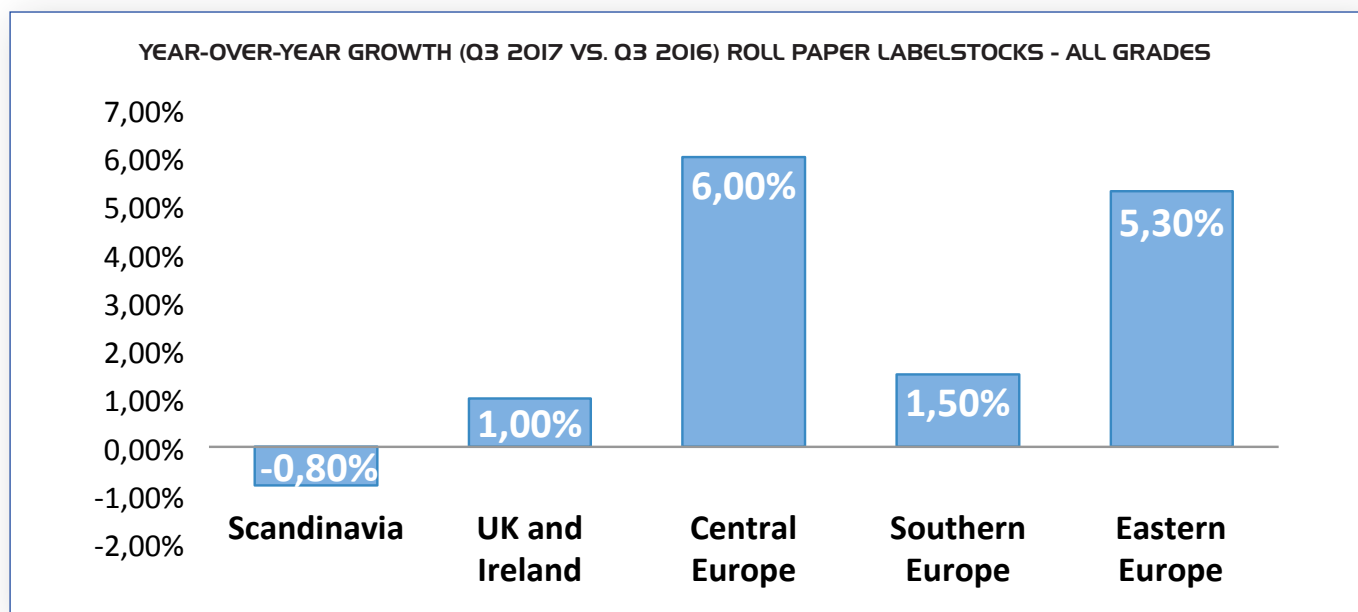
Section 3

LABELSTOCK GROWTH PER EUROPEAN REGION

YEAR-OVER-YEAR GROWTH RATES FOR PAPER AND FILM ROLL LABELSTOCKS: Q3 2017

In each issue of the FINAT RADAR we report on year-over-year material growth by comparing the volume sales of different types of roll labelstocks for one quarter, with the same quarter the previous year. This data is derived from aggregated input from the quarterly *FINAT Labelstock Statistics Report*. Average year-over-year growth (Q3 2017 compared to Q3 2016) for European paper labelstocks was 3.2%; while average growth for European film labelstocks volume sales was 9.3%.

Roll paper labelstock growth was once again driven by increased demand for direct thermal, up 8.6%. Roll film growth was driven by PP with growth up 10.8% while PE year-over-year growth for Q3 2017 compared to Q3 2016 was 2.1%. The graphs below break down year-over-year growth for each labelstock type per European region.



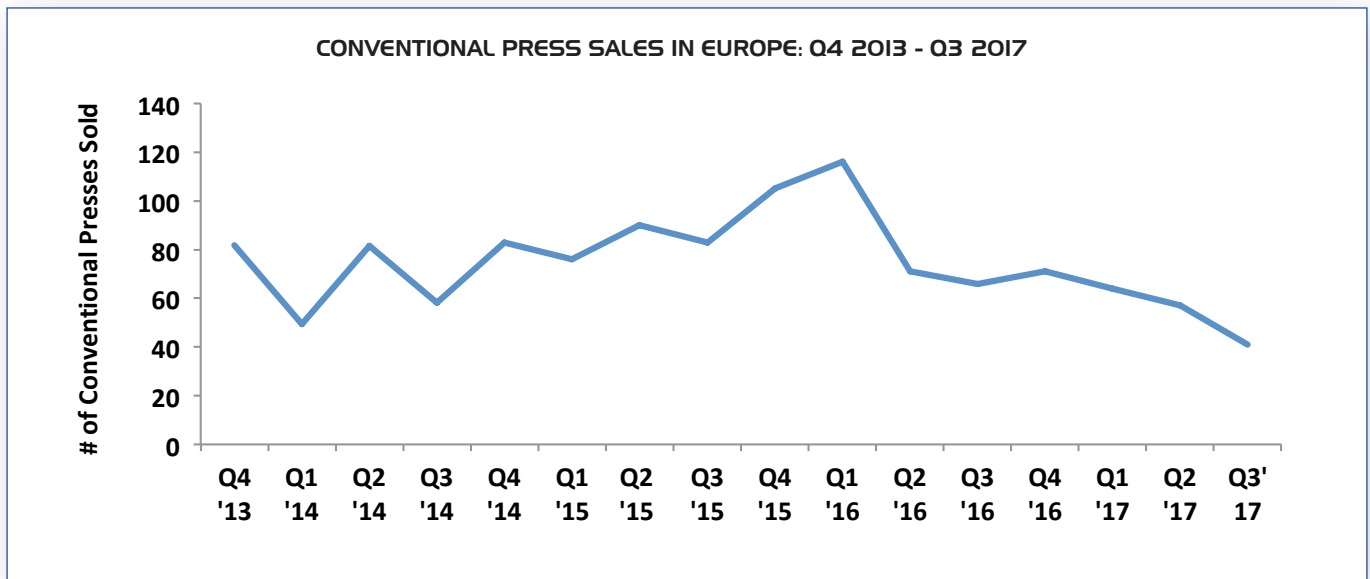
Section 4

EUROPEAN CONVENTIONAL PRESS SALES

QUARTER-OVER-QUARTER VOLUME SALES

FOR CONVENTIONAL PRESSES: Q2 & Q3 2017

Each issue of the FINAT RADAR has a section that presents conventional press sales data to allow for the development of an index that illustrates quarterly fluctuations in total press sales for Europe. The major press manufacturers participate in this index, representing more than an estimated 90% of the total market for conventional press sales and installations in the region.



European conventional press sales continue to witness a decline from their peak in Q1 2016. In the last issue of the RADAR we projected conventional press sales would be steady, or even increase for the second and third quarters of 2017 given the number of FINAT converter members indicating they would be purchasing a conventional press this year. However, the real data has proven these projections incorrect as conventional press sales in the third and fourth quarters of 2017 are down considerably. One possible explanation is that converters were waiting until around, or directly following, Labelexpo in Brussels to finalize investment decisions and therefore we will see a spike in conventional press sales for the fourth quarter of 2017 and the first quarter of 2018 in next summer's FINAT RADAR.

In addition to new press sales, conventional press manufacturers are also asked to indicate the number of machine sales that fall within specific price ranges. The graph on the right breaks down press sales for the third and fourth quarters of 2017 by price point range.

