

Quarterly U.S. Commercial Printing Profits 1995 to Q3-2010

Issued December 14, 2010

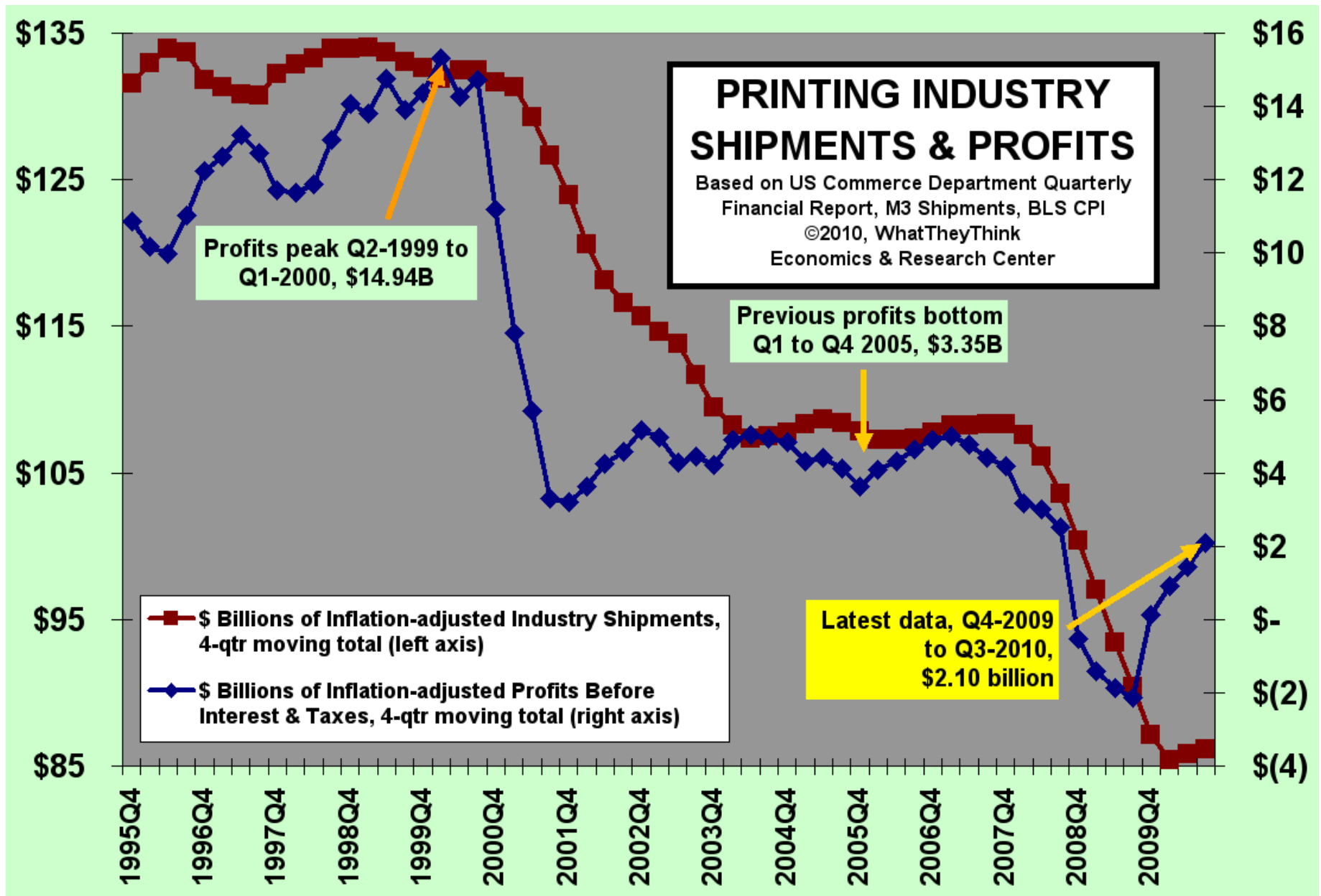
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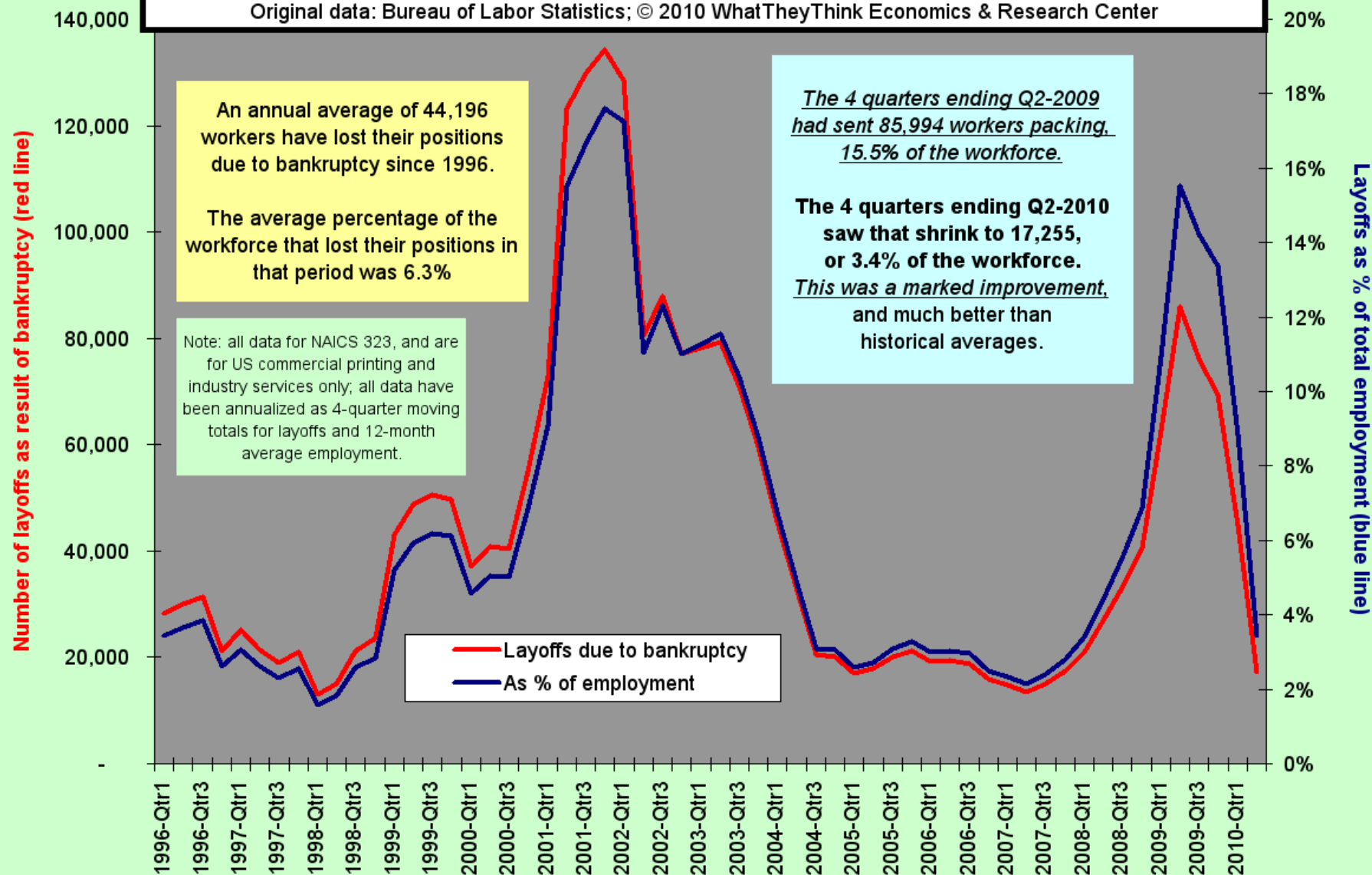
Executive Summary

- Q3-2010 profits before interest and taxes reported as \$1.1B (~5% of sales)
- Q4-09 to Q3-10 inflation adjusted profits totalled \$2.1B
- 2009 profits continue to be revised, they have been revised down from a first report of \$700MM to \$520MM to \$390MM, and now to \$130MM
- Profit levels are increasing, not because of higher market prices, but because of continuing downsizing, and the departure of weakest printers
- Our WTT Economics and Research Center forecasting models continue to indicate profit levels will remain under serious pressure and will be relieved only by the continuing and aggressive restructuring of the industry
 - Forces that encourage consolidation still very strong
 - Shipments have improved lately, but that is in comparison to a very bad 2009
 - We expect moderate declines to resume now that election “bump” has passed
 - The media shift is still in favor of the Internet and social media, now has some new accelerants: TabletPCs like the iPad (and many competitors in 2011) and smartphones that have been built with Internet access in mind
 - Postal trends are still negative, may get worse in 2011
 - Recession is over, and recovery is nearly complete; print is negatively correlated with economy, and investment in print avoidance technologies still very strong



Sharp Decrease in Layoffs Due to Bankruptcy Reflect Industry Improvement

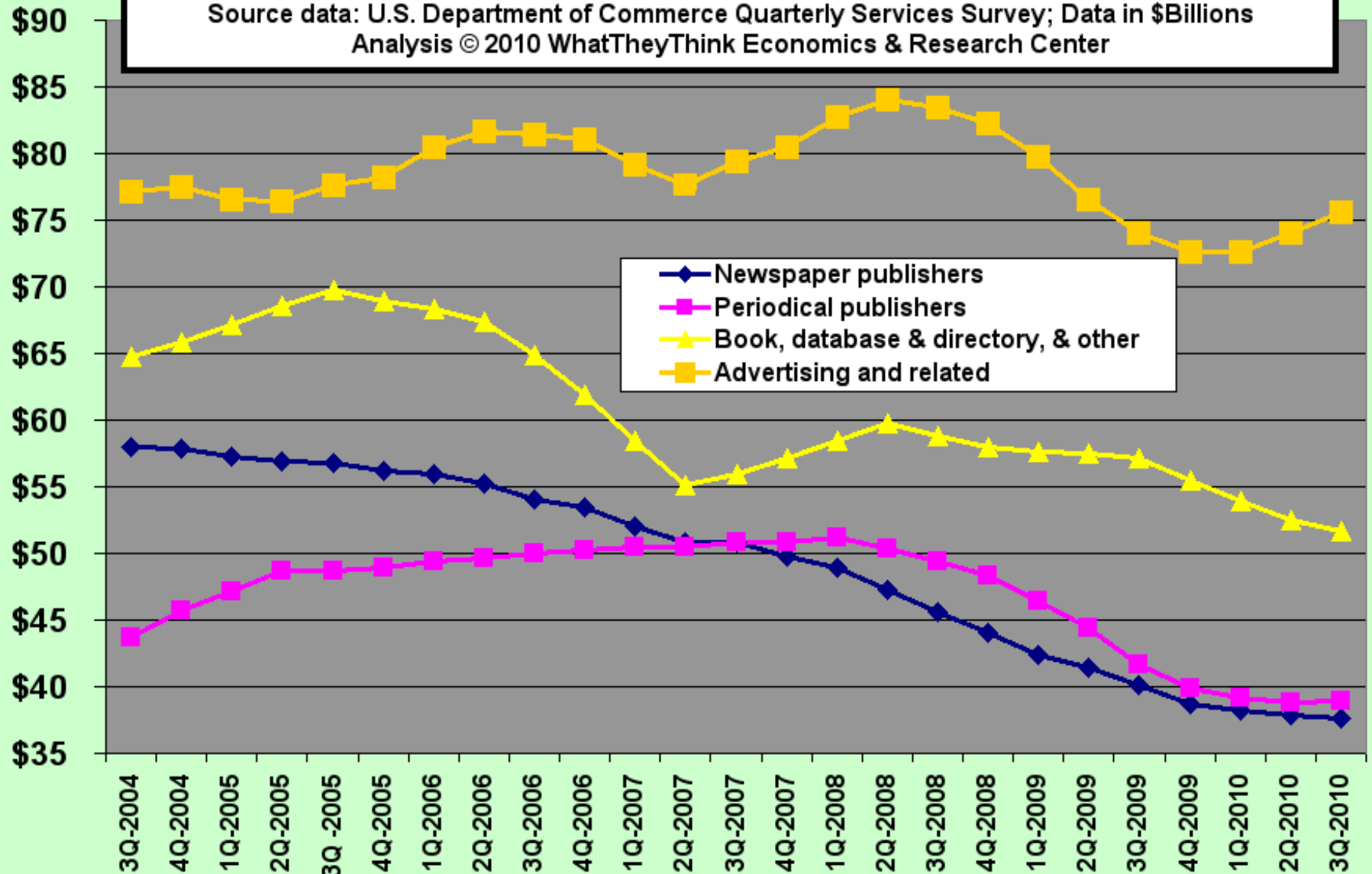
Original data: Bureau of Labor Statistics; © 2010 WhatTheyThink Economics & Research Center



Inflation-adjusted and Annualized Publishing and Advertising Revenues

Source data: U.S. Department of Commerce Quarterly Services Survey; Data in \$Billions

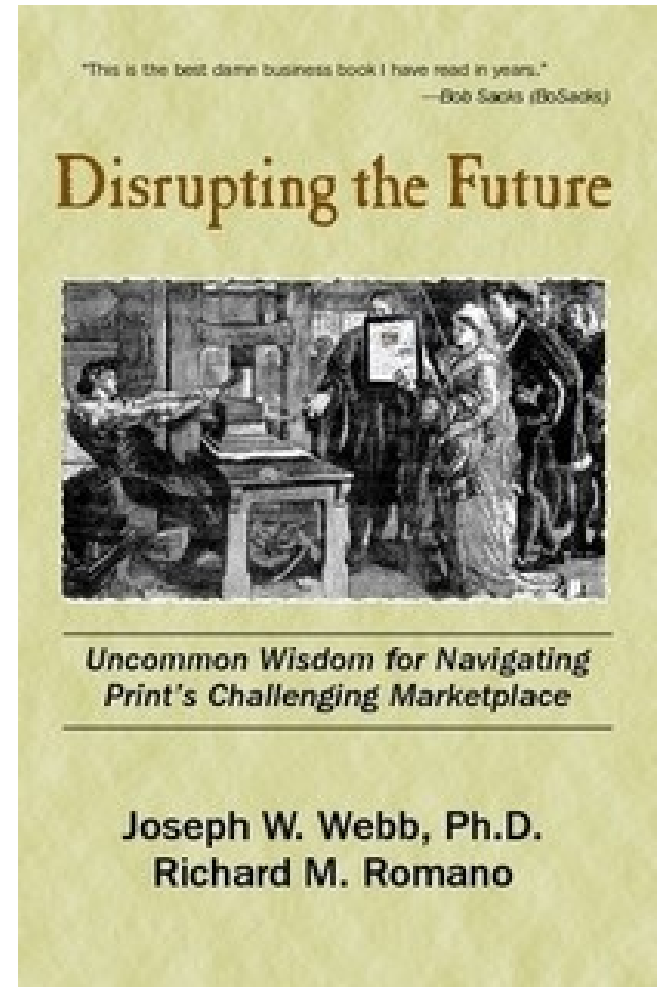
Analysis © 2010 WhatTheyThink Economics & Research Center



<http://tinyurl.com/disruptingresources>

- Download the PDF with live hyperlinks
- Download “Renewing the Printing Industry”
- Download PDFs and Powerpoint files used in “Disrupting”

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Notes about this data series

- Original data series is published by the U.S. Commerce Department and can be found at <http://www.census.gov/indicator/www/m3/>
- Profits data are adapted from the Quarterly Financial Report of the Commerce Department <http://www.census.gov/csd/qfr/>
- CPI adjustment is based on data supplied by the U.S. Bureau of Labor Statistics www.bls.gov .
- Data series are for “Printing” and include all segments in NAICS 323; the data series includes commercial printing and trade services such as prepress and postpress.
- The data series does not include inplant printing, printing of newspapers in captive plants owned by newspapers, or packaging.
- This report is updated quarterly; subscriptions are available.

About the WhatTheyThink.com Economics & Research Center

- The Economics & Research Center (ERC) is an expanded service of WhatTheyThink and features access to a wide range of industry data through text, audio, and video.
- The Center also produces a quarterly economic webinar where we review general economic, industry trends, and key issues that affect the demand for print and printing technologies
- Be sure to visit our [web site](#) for more information.