

Quarterly U.S. Commercial Printing Profits 1995 to Q2-2010

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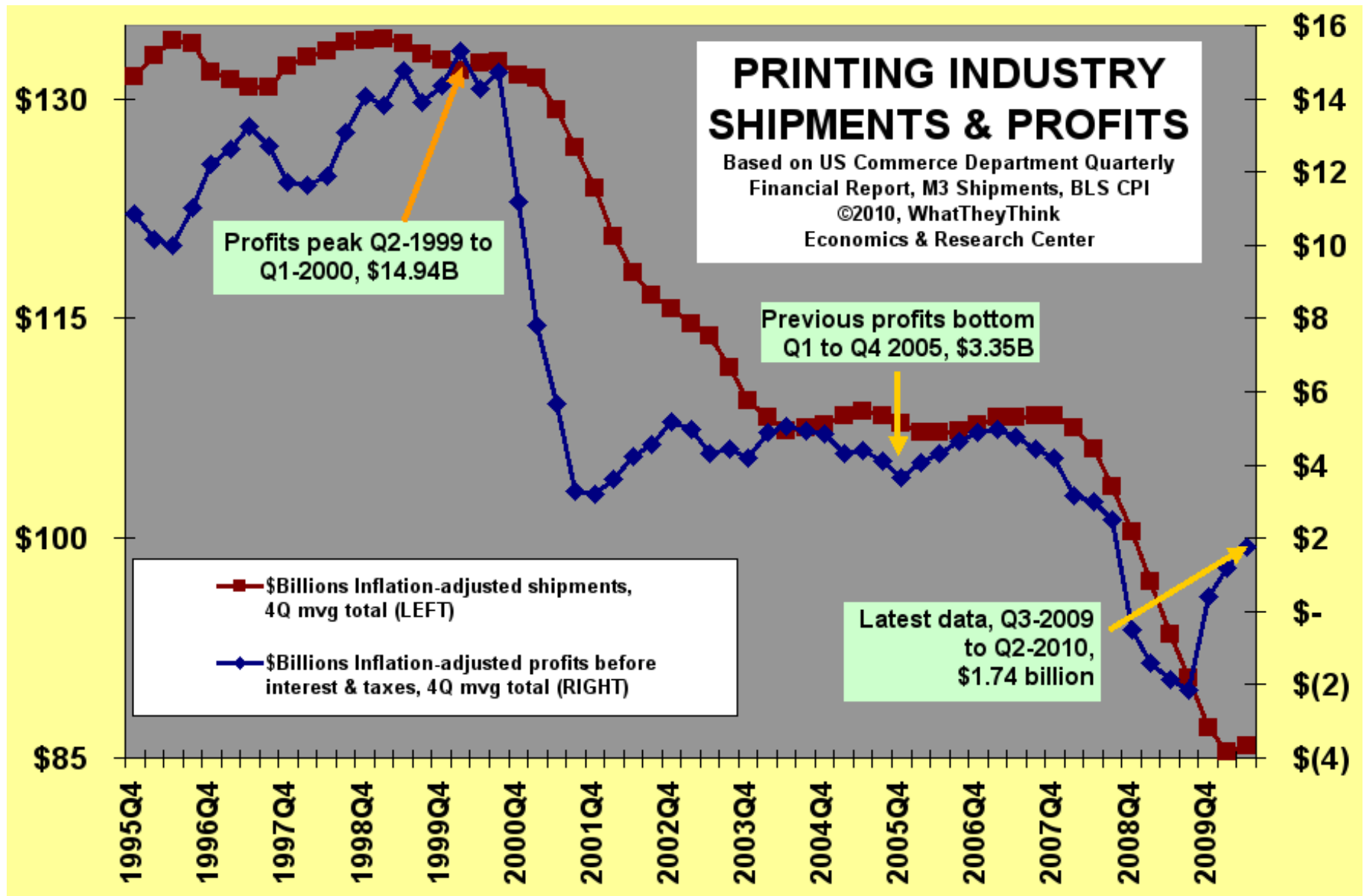
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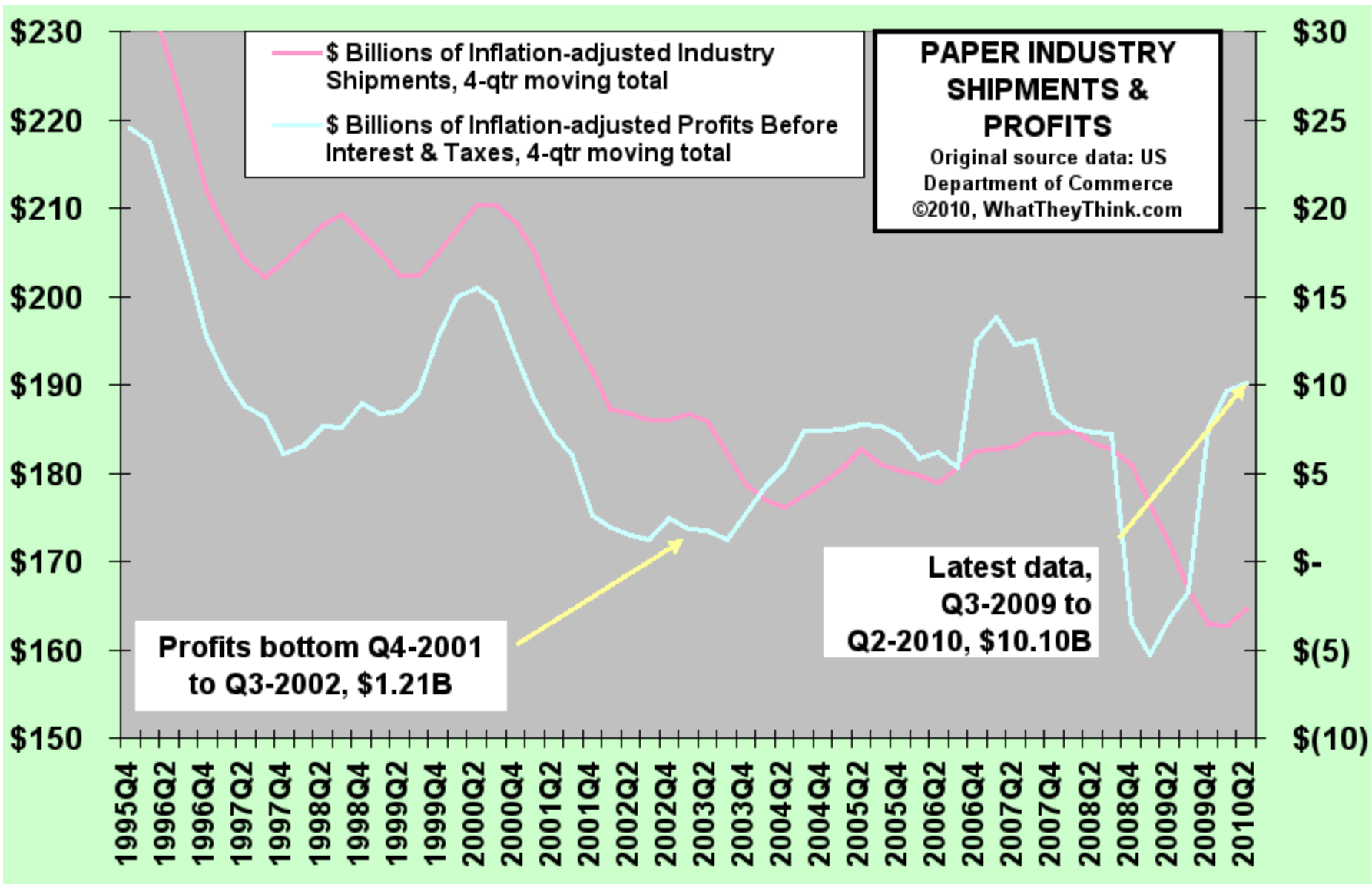
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Executive Summary

- Q2-2010 profits before interest and taxes reported as \$1.1B (5% of sales)
- Q1-2010 inflation-adjusted profits were revised down from \$370MM to \$330MM, ending up +\$790MM vs. Q1-09
- Each time 2009 profits have been revised, they have been revised down, from \$700MM to \$520MM to \$390MM
- 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
 - Forces that encourage consolidation still very strong
 - Shipments have recently flattened, but we continue to expect declines are still ahead after adjustment for inflation
 - The media shift is still in favor of the Internet and social media; more than 1 million iPads being sold per month; Twitter and Facebook still growing
 - Postal trends are still negative, and will remain so; rate case will result in increases, but not as much as USPS has requested
 - Recession is over, but print is negatively correlated with economy, and investment in print avoidance technologies still very strong

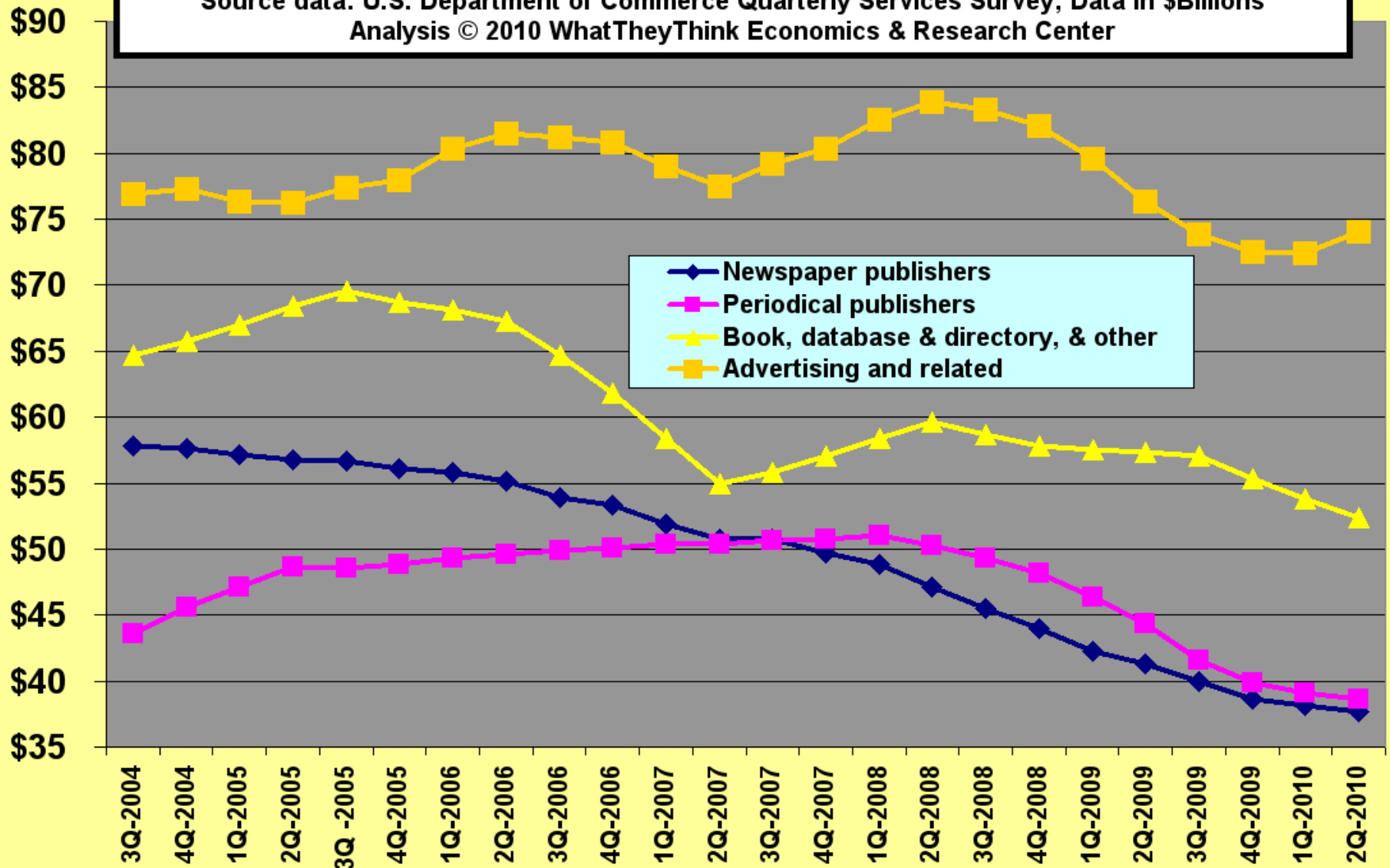




Inflation-adjusted and Annualized Publishing and Advertising Revenues

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

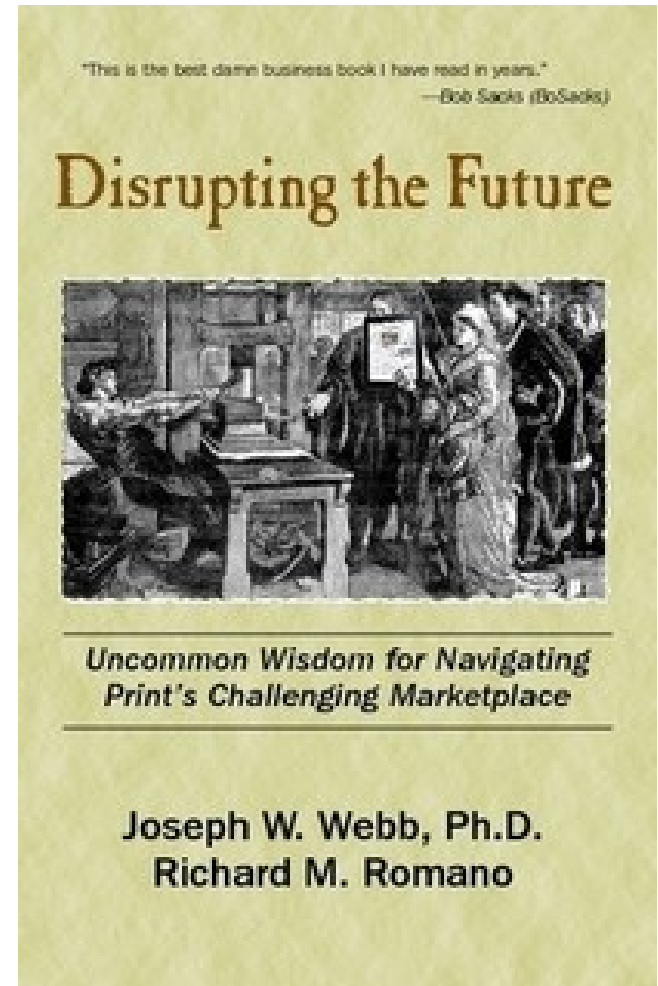
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<http://tinyurl.com/disruptingresources>

- 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.