WORLDWIDE LITHOGRAPHIC PLATE MANUFACTURE & SUPPLY 2000 - 2005

PROSPECTUS

for a

Worldwide Multi-client Report

to be published

by

Vantage Strategic Marketing

For

Litho Plate Manufacturers
Aluminium Suppliers
Plate Distributors
Litho line manufacturers and suppliers
Litho plate manufacturing chemical suppliers

VSM Research & Information
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WORLDWIDE LITHOGRAPHIC PLATE MANUFACTURE & SUPPLY 2000 - 2005

A Prospectus for an Important Research Study to be published in mid-'01

Introduction

The following pages set out a proposed VSM research study due to be published in May-'01, under the headings of -

- Background to the Report
- Why the Report will be Important
- The Objectives and Scope of the Research
- The Research Methodology to be Employed
- Proposed Table of Contents
- Timing and Cost
- About VSM

Background to the Report

During the course of our regular research of the international litho print market, it has become apparent that the dynamics of plate supply is undergoing a fundamental change.

The Role of Exports

Historically, lithographic plate supply has evolved from a mixture of local entrepreneurial manufacturers, together with some subsequent involvement from film and chemical corporations.
Although these organisations were supplying their regional/national markets, overseas export business was largely considered as secondary.
Only if there was excess production would possible export opportunities be exploited. Conversely, if there was a shortage of capacity, export sales would be cut back to accommodate domestic demand.

The emerging global economy and a realisation that ***opportunistic*** export sales could only be achieved at a cost of low pricing and poor profit margins has gradually changed attitudes.

An economic recession in Japan during the latter part of the '90s only served to make the domestic industry more outward looking, while the conglomeration of North American and European film and chemical corporations has brought a new international outlook to plate supply.

Thus we have seen the likes of Fuji and even Mitsubishi Chemical and Mitsubishi Paper view plate export as an integral part of their overall business, while the amalgamation of Kodak with Polychrome, and Agfa's acquisition of Hoechst and DuPont's Howson-Algraphy facility has brought a truly international aspect to marketing litho plates.

More recently, the likes of Lastra and IBF are stretching outwards to expand their presence in other continents.

New Capacities

While 'first tier' players jostle for market position among the highly developed plate markets of North America, Europe and Japan, new lines are springing up in regions where production costs are low and, in an effort to gain hard currency, plate manufacture and export is being subsidised by national governments.
We are aware of at least 20 new litho plate lines being installed throughout the world in this year alone.

What will this mean to the worldwide litho plate supply industry?

We think it to be vitally important that all players in this increasingly international market be aware of the worldwide developments that are taking place, and will effect their future business, whether they be international or regional manufacturers, dealers, or ancillary suppliers to litho plate manufacture.

The proposed VSM market study will set out to provide an independent objective assessment of these changes.

Why the Study is Important

Historically, demand for aluminium litho plates has been growing at 2-4% p.a. over the past five years and in 2000 is estimated to have totaled a little over 400 million square meters (m^2), or 4,305 million square feet (ft^2).

Conventional Plates

Conventional PreSentised plates have become a commodity product for most manufacturers, selling at commodity prices and yielding very low margins.

In an overcrowded market, the questions being asked are

- With the growth in e-commerce and alternative publication media, can historical demand for litho printing, and therefor plates, be expected to be maintained?
- With adoption rates for alternative publication media varying from geographical region to region, which markets will show above-average growth in litho plate demand, and which below?
- How will these markets be supplied – from domestic suppliers, or from imports?
- Are the individual geographical markets large enough to support the increasing number of 'new' suppliers?
- With new plate production coming out of low-cost sectors, such as S E Asia and Eastern Europe, how much of a threat or opportunity will this be to the established plate manufacturers?

CtP Plates

The main ray of hope to emerge from the lacklustre PreSen plate business scenario has been the introduction and development of computer-to-plate (CtP) products for which a premium can been charged.
Introduced in force at Drupa 1995, the CtP sector now accounts for some 10% of all PS plate business throughout the world.

The questions being asked about this sector are

- How rapidly will CtP be adopted in future, to what extent and in which regions?
- Which types of CtP plate, e.g. thermal or visible, will predominate? In which markets?
- Who will supply these plates – the established manufacturers, or 'new' suppliers?
- Have the 'new' suppliers the necessary expertise to manufacture CtP plates consistently, and at a high enough quality level, to be acceptable to the developed markets of North America, Europe and Japan?
- Will CtP plates continue to be able to command a premium, or will they inevitably also become commodity products with prices to match?

Sales & Distribution

Elsewhere, fundamental changes have been taking place in the distribution of plates and the role of the dealers, who have had to move from being simple trans-shipment warehouses to providing total systems integration packages.

The questions here are

- How will new suppliers get their products to market?
- Who have the resources to fulfil this total supplies role?

Forward Integration

Finally, the supply of plate quality aluminium remains the most lucrative for aluminium manufacturers / converters / suppliers.

The question is

- Will these suppliers want to integrate downstream and become litho plate manufacturers in their own right?
- If so, what will this mean to established plate manufacturers?

The proposed Report will set out to answer these and many other questions that need to be addressed if individual companies are going to profit from the changes taking place in the plate supply industry.

The Objectives & Scope of the Report

The main objective of the Report will be to set out an assessment of the likely changes to be expected in worldwide litho plate market from 2000-2005, in terms of

Overall Plate Demand

- 5 year forecasts of demand for litho plates in each major geographical region – expressed in M2 million

- the anticipated split between conventional PreSen and CtP plates over the forecast period, by main geographical region

- the anticipated split between CtP address technologies – e.g. visible / thermal – in each geographical region.

Plate Supply

The Report will set out to answer the following questions for plate manufacturers

Strategic

- With the anticipated expansion in demand for CtP plates, do we have sufficient lines and overall capacity to meet such demand, at the same time as satisfying the 85%+ conventional customer base?
- What are the notional industry capacities in the key markets, and how quickly are such markets developing and why?
- Plate lines have a finite life and require regular up-rating and maintenance and where do I put my next line?
- Would it be more cost effective to OEM some of my products to one of the emerging local/regional suppliers in low cost manufacturing countries? If so do they have the technical support expertise and skills to produce regular and consistent quality plates?
- Alternatively, would it be better to establish a raw material purchasing grouping with like minded competitors, even on a global basis?
- Are the aluminium companies likely to become suppliers of grained and anodised coils, leaving the relatively low technology coating and finishing to local companies? If so is there the possibility of a joint venture?

Production Options

- As presensited litho plates have become mature products, the production emphasis changes to concentrate on cost of manufacture, whilst maintaining quality. Capital barriers will be reduced but will all manufacturers be able to satisfy the technical needs of the market?

- Will plant improvements come from equipment suppliers, applying developments from other similar metal processing industries?

The present production processes, from aluminium production through to the printer will be reviewed, with an emphasis on the areas of high cost, output limitations and the requirements for special skills and technologies.

The current practices, conventionally considered as exclusive to PS plate manufacture, usually associated with one site, will be examined in some detail to identify those areas with definitive plate manufacturing skills.

Such an approach will allow alternative production scenarios to be defined and evaluated, by examining labour and capital costs together with the demands of various market segments.

Pricing

For as many years as can be recalled, certainly from the early 80's, lithographic plate manufacturers have been complaining about the gradual erosion of margins.
With the rapidly developing global economy, we are seeing the emergence of new low cost producers, with conventional plates at least a match in terms of quality from the first tier suppliers, often in countries with weak currencies,

- What are the trends that will drive the choice of the printer between the plates from first tier international suppliers and regional suppliers?

The report will set out the possible outcomes to these questions and will consider amongst other things, a subjective evaluation of the quality of the products on offer, and the average m^2 price structure in key markets,

- Will CTP prove the lifeline for established plate manufacturers, or will competitive pressures prevail and the downward spiral seen in conventional plates prove the longer term outcome?

Distribution

- The distribution networks in many countries have been changing, and with the announcement by Heidelberg for example, that they intend to be a major consumables supplier, what will this mean on the ground?

- What other GA supplier companies are likely to become plate distributors – e.g. paper mills and merchants, and who may be their plate supply partners?

We believe it is important for suppliers to this market to clearly understand the distribution infrastructure of the pre-press and digital print product market.
In addition, it is necessary to have an appreciation of the expertise of the various distribution outlets in existence, their product portfolios, technical support capability, geographical coverage, market sectors targeted and service provision.

Geographical Regions

The Report will look at the US, W Europe, Japan, Latin America and China.

WHO SHOULD SUBSCRIBE?

The Report will be of importance to

Litho Plate Manufacturers
To ascertain their own position in the global market, where capacity changes are expected to take place, who are their main competitors and what are the current levels being obtained for plates.

Aluminium Suppliers
To identify their market and explore opportunities to integrate into litho plate production.

Plate Distributors
To identify possible new sources of supply.

Litho line manufacturers and suppliers
To identify new business opportunities

Litho plate manufacturing chemical suppliers

Methodology

From our extensive international experience and expertise we shall conduct research for this study on the following basis:

SUPPLIER COMPANY RESEARCH

Detailed in-depth personal interviews with personnel from all aspects of each company – not just sales and marketing, but also R&D – in order to ascertain the reality of product innovation and development.

The interview programme with suppliers will fall into two separate categories of

Manufacturers

Who are responsible for the development, manufacture and implementation of the conventional and new technologies, and who, through strategic planning and integration, dictate the future structure of the total industry.

To ascertain the rate of introduction of the new computer related technologies and the impact on conventional products we propose interviews to cover equipment suppliers of the new platesetter products and existing film imagesetters, together with plate and film consumable suppliers, together with litho plant design and construction and engineering companies.

Geographical coverage will centre on the US and Europe, although with the increasing development of plate manufacturing in regional locations around the world, contact will be established with Pacific Rim, South African and South American suppliers.

Distributors

Who, with the amalgamation of the major manufacturers, are taking on an increasingly significant role as sales outlets for non-aligned manufacturers and those companies who cannot afford, or who haven't built-up a direct presence in certain markets.
These are the companies with "street" knowledge, who have to deal with the day-to-day practicalities of selling-in and implementing the new technologies.

It is also understood that several of the largest US/European dealers have in the past considered their own OEM brand, many medium size dealers already market such products, and the research will ascertain whether this could provide an opportunity for potential clients.

END – USER RESEARCH

The interview programme among manufacturers and suppliers will be supplemented by our ‘direct-to’ technologies research programme which examines end-user attitudes to new print technologies such as CtP, purchasing intentions, and requirements for both conventional and CTP plate products as well as their opinions of supplier product offering

DESK RESEARCH

In addition to the fieldwork programme outlined above, we are constantly monitoring developments within the worldwide GA industry through published and semi-published sources, including national industry statistics, technical and market articles, and other research reports.
Over the past eight years, we have built up a totally unique databank on the global GA industry which is constantly being added to and modified with each research programme, of which we will make full use in coming to our conclusions for this project.

Proposed Table of Contents

Conventional/Computer-to-Metal Plate

1. Market Demand 2000

The GA Industry

The structure of the GA industry in North America, Western Europe, Japan and Latin America, by number and size of print establishment
Average plate throughput by size of printer
2000 Total conventional v CtP plate demand by key regional markets
Conventional positive v negative plate demand by region
Visible v Thermal CtP plate demand by region

2. Forecast Market Demand 2005

Projected changes in the structure of the GA industry
Anticipated effects on overall plate demand within each geographical region
2005 Total conventional v CtP plate demand by key regional markets
Conventional positive v negative plate demand by region
Visible v Thermal CtP plate demand by region

3. Litho Plate Capacities

This will examine

The rated capacities of litho plate manufacture in each region
The actual output in 1999/2000, compared with regional demand,

in order to

Ascertain surplus or shortfall in plate supply
The notional import / export equation for each region

Litho Plate Manufacture Maintenance Criteria

Listed and ranked plate line maintenance criteria

Production Options

This will set out typical cost models of building a plate line highlighting different production scenarios.

First Tier v Regional Suppliers Cost Comparison

This will provide a comparison of average manufacturing costs of first tier v regional local suppliers

4. Pricing Structures of Conventional v CtP Plates in Key Markets

This will provide a regional analysis of actual (Q2 '01) 'street' prices being obtained for conventional and CtP plates in key European, Latin American, Japan and North American markets

5. Distribution Structures and Dealership Profiles

- This will review distribution patterns by individual geographical markets and profile the leading dealers/distributors and their business

Timing & Cost

The total cost of this international study will be £12,500, or dollar equivalent. 50% to be paid upon confirmation of subscription, and 50% upon receipt of Report, scheduled for publication mid ’01.

Should subscribers wish a personal presentation of the findings we will be pleased to accommodate at our daily rate of £500/per participant plus direct expenses, wherever, on a global basis.
Alternatively we will be pleased to quote for any bespoke research project relating to any aspect of the international graphics industry.

It is expected that the project will take 4 months from commission, Feb ‘01, with publication end May ’01 and we would request an early decision to enable us to schedule within our worldwide commitments.

About Vantage Strategic Marketing

Vantage Strategic Marketing, formed in 1993, specialises in research and information on worldwide printing industry developments.
In May '94 we published the first of a regular monitoring service analysing developments in new computer generated technologies under the title *"Future Strategic Developments in Computer-To-Plate Applications and Technologies"*, which achieved extensive international recognition and sponsorship in Europe, Japan and the US.
This Report is now published annually, and has been progressively expanded to cover all "direct-to" technologies, the latest being *"Developing Market Opportunities for Direct-To Technologies 1999-2004"*

VSM is the only company monitoring the industry on a worldwide basis with associates in UK, Japan, Spain, South America, and Far East and all associates have in excess of 17 years experience in the graphic arts industry.

The company is headed up by Barry Happé, Derek Wyse and Peter Bowden, all of whom have had extensive practical experience in the international print, paper and publishing sectors, including sales and business development, before setting up their own consultancies.

This project will be under the direct control of Derek Wyse who, for the past 18 years, has been directly involved in the international GA industry, specifically in the litho plate market, formerly as Group Marketing Manager with Howson Algraphy (now Agfa), then for 3 years as European Marketing Director for Polychrome, (now Kodak Polychrome Graphics)
A graduate in Business Studies with a Diploma in Marketing, he has also presented a number of papers at recent industry conferences and seminars.

Further information about VSM services and reports can be obtained from our website at www.vsm.uk.com or from :-

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