



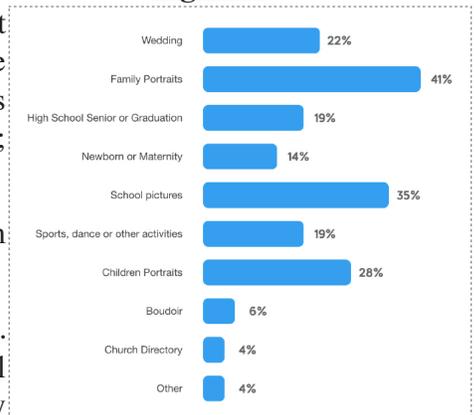
SPAC 2021

This year’s SPAC (School & Sports Photographers of California) (<https://www.spac-usa.org>) annual conference was held virtually January 27-30. Over the four days there were 51 presentations, time for virtual tradeshow each day, and “socials” every day. SPAC now has more than 3000 members worldwide and hosts a weekly broadcast “SPAC Chat LIVE Roundtable” on its Facebook page, Tuesdays at 2pm (Pacific Time) to discuss current industry topics, interview essential industry partners and share new tips and ideas.

Ed Monahan, sponsored by White House Custom Colour (www.whcc.com) spoke about **The Importance of Family and Photos Due to COVID**. He conducted a survey of 1,439 adults who answered yes to the question: Have you purchased photos from a professional photographer (for example wedding, family, children, school, sports, events) in the last 24 months? Of these participants: Children - 53% had their youngest child living in the home 0-12 years old and 19% did not have children; Age - 47% age 30-45 years old and 36% age 46-60 years old; Gender - 52% Male, 48% Female; Income - 78% had household income \$50,000-\$124,999.

Figure 1 shows the responses to the question: Have you purchased any of the following types of professional photos in the last 24 months? (Select all that apply). **Conclusions:** Children drive the portrait market; Volume indexes to historical trends; Family indexes a bit higher; Demonstrates demand for a professional across special occasions and life stages/events; The overall participation is good news.

Figure 1



Source: *Ed Monahan*

Other relevant autumn 2020 data and statistics obtained separate from the survey are:

Schools in session – 70% of Public Schools, 90% of Private/Parochial. Most follow A/B schedules. Distance/virtual learning schools – school picture day booked for Q1 2021. For most the fall School Picture Day took place – some shoots delayed to Oct/Nov.

Buy rates for schools that were photographed: Largely flat compared to 2019, although some reported being up. Geographically sensitive, Public vs. Private/Parochial variances, urban/suburban nuances.

Average Order Value: Again, largely flat, although several reported increased spending. Reports of consumers buying up, shifting to premium products, and purchasing more stuff.

Driving forces: Many missed spring 2020 photos due to COVID. Photos embody stability and some semblance of normalcy. Photographers offered higher priced products. Consumers bought up – preference for premium,

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as COVID restrictions made more discretionary funds available.

Summarizing: Spring 2020 season was decimated (schools, sports, event) and graduations cancelled. Summer youth sports programs were largely cancelled. Even during the Fall upswing when schools in session, many sports seasons cancelled or deferred. Fall shoots were rescheduled to Dec./Q1 for schools following virtual learning. There are high hopes for the remainder of 2021 (Q1 deferrals, normal spring, strong fall).

Overall, this is good news. COVID has created new norms – we’ll all need to adjust. COVID has created concerns and caution – but not complete withdrawal. Portrait actives are photo actives – engage with photo projects and products (affinity for photography in general). Portrait actives understand and want the value of a professional – sell that value. Portrait actives are an identifiable and addressable audience – driven across the important life stages. Consumers have choices, and use them – but they want physical products. But, you have to work to earn the prize.

Portrait Actives The survey results are consistent with historical data and show that portrait active consumers differ from the consumer population at large. They are more inclined to spend more on family photos. They are more inclined to use a pro to update their photos. They are more inclined to use a pro going forward. They are more inclined to go to a studio as soon as it opens (and just as inclined to wait for the right precautions and protocols to be in place).

In summary, the results show that those who engage in purchasing photos from a pro identify the value a pro brings to capturing life’s special moments and the COVID experience revealed their want/willingness to invest time in photo activity and some stirring of sentiment towards family photos, spend and using a pro to update.

Figure 2 shows the responses to the question: What new norms do you think will effect you the most post-COVID? (Select up to 3).

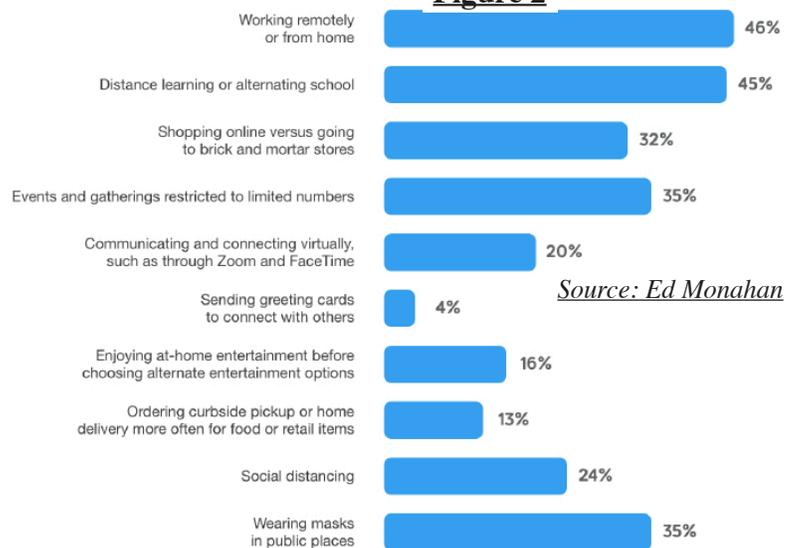
Implications: Remote selling and ordering (IPS by way of Zoom). Increased use of Online Galleries. Increased use of e-commerce solutions. Ship direct to end user. Smaller Weddings and Events. Seek simple/easy (Amazon-like).

Post-COVID – New Norms A new norm is forming as technology adjusts to restrictions and protocols imposed as safeguards. Virtual and remote communications are served by Zoom while online shopping overcomes brick and mortar closures leading to new behaviors and practices. Intended as workarounds during stay at home restrictions and infrastructure shut down, these solutions have proved to offer greater convenience and efficiency and show staying power beyond COVID.

Photographer selling processes, methods and tools will need to adapt to e-commerce, online galleries, and remote communications. An online presence has become more critical than ever. Total experience – engage across the shopper journey.

Figure 3 shows the responses to the question: Has COVID changed the way you would spend money on family photos?

Figure 2



Source: Ed Monahan

Figure 3



Source: Ed Monahan

Figure 4 represents the responses

to the question: During your time at home, which of the following photo projects have you created or worked on? (Select all that apply).

Photo Actives = Portrait Actives

Portrait active consumers have an affinity for photo overall. They tend to be photo active, spanning the multiplicity of projects, and, as many indicated, they wanted to work on photo projects but didn't have time. As indicated in Figure 4, they are characterized by a diverse set of projects and products. Only 14% indicated they had no interest. They demonstrate higher interest and investment in photo all together. They engage with photography on the whole – higher awareness and appreciation.

Photo actives tend to suggest they would spend more on family photos than the general population (see Figure 3), although the number of respondents who indicated they will spend more was matched by the number who indicated they will spend less. The hypothesis tested with this question involved a belief that COVID (a national crisis) would spark and stimulate sentiment (and therefore spend) towards family photos. However, volume photography serves 30-35% of US households, which bodes well that 27% of respondents indicated a higher spend on family photos.

Ed commented that, in a world ravished economically by COVID, the expectation to spend the same is a good thing. He suggested a conservative, if not cautious, outlook on macro spend, noting that, like the general population, they would mainly print their pro content at retailers, online sites, or at home, and lesser so through the pro who originally took their photos.

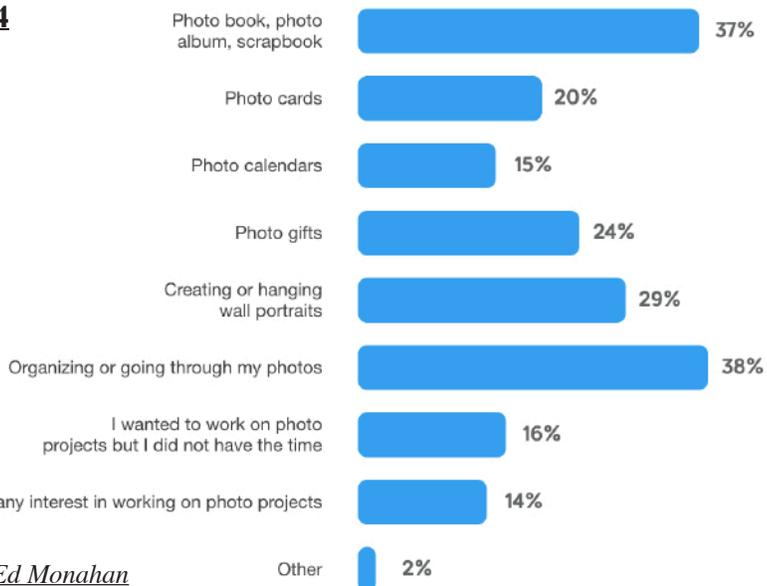
Figure 5 indicates the responses to the question: Would you go to a professional photographer to get your photos updated?

As with most portrait active consumers the sweet spot is a household with a child 0-12 years old, parents age 30-44 (though 45-60 showed to be a favorable demographic), and income >\$50k.

They are more likely to use a pro to update family photos and indicate favorability towards continued use, rekindled use, and even to start using a pro.

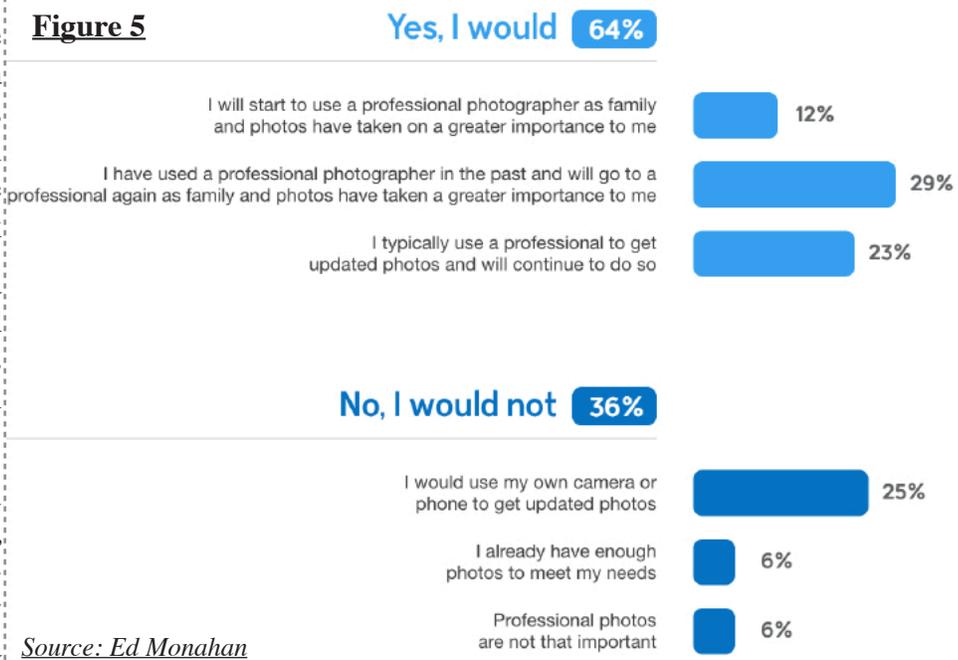
This group demonstrates a level of loyalty and repeat purchase, and indicates some level of activation as well. iPhoneography by family and friends remains a

Figure 4



Source: Ed Monahan

Figure 5



Source: Ed Monahan

major barrier. Still, only 6% indicate that **Figure 5** pro photos are not important.

The responses to the question: Going forward, would you use a professional photographer and why? (Select up to 3) are shown in Figure 6. Those answering yes recognize that pros provide: Quality and Creativity; Unique/Differentiated Products; High Quality Products; Peace of Mind; and Quality Digital Files.

This audience is exclusively portrait active, so the answers are favorably biased with all the “yes” responses showing a higher response than the “no” responses.

It is noteworthy that “Too Expensive” cited by <20% (typically 30+% of general population and 50+% of non-actives Having a bad experience is not an issue..

The respondents clearly value pro quality and craftsmanship while disregarding the DIY/Good Enough mentality shown by others.

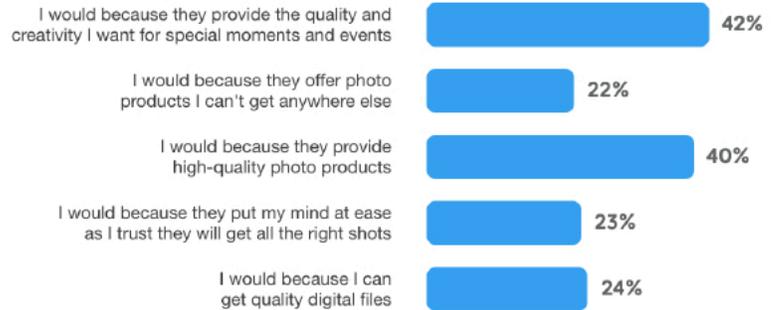
Those that use a pro: are more inclined to return to the studio as soon as it opens and less inclined to wait until they have been vaccinated; Like the general population, they expect the core protocols to be in place –social distancing, wearing a mask, sanitizing the environment, etc.; They tend to show much greater participation in Family Portraits, School, Children’s Portraits, Wedding, Sports/Dance/Event, HS seniors, and Newborn/ Maternity – more typical of the cross section of portrait activity by segment we have seen historically.

Looking back at Figure 1, Family, Children and Weddings index higher than historical levels, which bodes well for those serving higher end segments. Other includes Cruise, Pet, Engagement and Headshots. We can conclude that life holds many precious moments and special occasions, all of which deserve the capability and creativity of a pro.

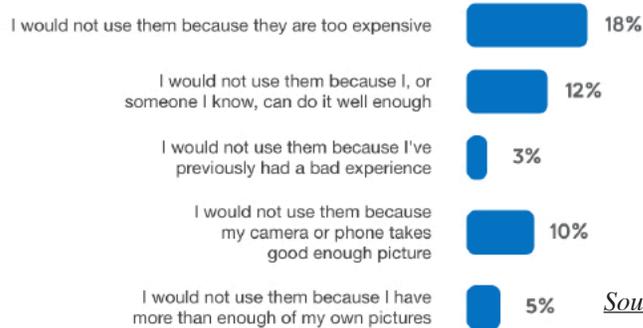
Interpretations and Observations

- Schools and leagues and events need to be in session. There is a new appreciation for the venues as hosts to make kids available. While independents innovated “Porch Portraits,” the volume segment had no alternative to cancellations.
- Absence makes the heart grow fonder. The Buy rate and Average Order Value have risen, as we often want and value what we can’t have.
- Crisis exposes vulnerability which drives sentiments that photo satisfies. Family is important – heightened awareness and appreciation under COVID lockdowns. COVID fatigue drives people to a greater want of control, stability, and certainty. YOLO (You Only Live Once), FOMO, (Fear Of Missing Out), etc. dominate the emotional space. Photos provide a respite – give continuity to better times
- Photos are important – and pro’s matter. Photos bring relief. Pro photos are understood and appreciated for their quality. Life moments deserve a pro. New norms are and have formed.

Yes, I would 76%



No, I would not 24%



Source: Ed Monahan

- Accelerated trends are already underway and new trends have been introduced. Convenience is still important. Virtual is here to stay where it works - and is evolving. Precautions & protocols always just around the corner.

How should pros respond?

- Virtual learning is proving to be ineffective and schools offer a safer environment. Venues are re-opening, bringing kids “to the camera.” Plan for a surge – deferrals on top of scheduled contracts.

- Bounce. Missed seasons heighten appreciation – and demand. Configure packages to promote premium products. Introduce new products. Upsell and cross-sell – feature add-ons. Opportunity for price increase?

- E-commerce and home delivery. Online engagement and experience - from browsing to buying. Drop ship to customers rather than bulk ship to schools/organizations.

- Greater discretionary spend. COVID lockdowns reduced expenditures for entertainment/travel. Consumers hold greater purchasing power in 2021.

- People want to use a pro – identify yourself as a pro. Sell your brand, promote your quality, leverage your differentiation.

The Current State of the Industry was presented by *Benedikt Greifenhof* from GotPhoto (www.gotphoto.com). He opened saying he wants to look into the future after COVID. Internal 2020 data for US schools, preschools and sports that actually had photography services indicate: Order Rate - 19% (20% fewer people bought pictures than were photographed), Order Value +5% (those who purchased spent 5% more, confirming that people experiencing this crisis tend to spend more), and these factors equate to a -15% decrease in revenue per head photographed. In Europe (GotPhoto operates in the EU as well), the equivalent results were Order Rate +15% and Order Value +1%, equating to a 16% increase in revenue per head. These numbers reflect a regional decline in sales due to closings, businesses closing their doors, leading to quick adjustments, and higher numbers in re-marketing.

Against this background, GotPhoto considered the Outlook: What happens after COVID-19?, referencing various sources, including Deloitte, McKinsey & Co., Forbes, Brookings and Accenture. First, consider consumer behavior. How will parent’s buying decisions change in the future?

A rise in conscious consumption leading to a downside in trading with larger baskets, which means that people buy less but think more about what they will buy. Buy if they make a buying decision, they tend to spend more. How can we, as an industry, benefit from this? How can we make school pictures a product that people consciously want to buy, and not just buy because of tradition?

GotPhoto asked its end-customers, consumers/parents, how they actually use school pictures (multiple answers permitted. The three top answers were: Display in home - 72%; Make gifts for family - 86%; Just storing them - 29% (only buying school pictures to have them); and also 25% made a photobook. The challenge is: How can we raise the value of school pictures? Although we spend only a few seconds for efficiency taking the pictures, we need to think how could get more creative in the work we do to give customers a reason to buy add-on products.

Also consider providing addition services to the school. We do the school data and student data exports, yearbooks, special occasion and events photography, but what else is there? Merchandising, design elements and other services so that we become more relevant to the school and to the parents.

When people make a buying decision, they mostly interact with the product they are buying. If parents can interact with their school pictures they will buy and spend more. Personalization and customization makes these picture “their own” product, not just a picture they are buying.

To Be Continued

Brief News of the Photofinishing Industry

- **Iford Imaging Europe** (not Harman Technology) **introduced the Ifocolor Rapid Retro Edition Single Use Camera** with color negative film. Other recent color film cameras include: Fujifilm Quicksnap Waterproof 800 one-time-use and Harman EZ-35 reusable camera. (<http://ow.ly/UeIn30rCZTC>)

- Kosmo Foto reveals that **Fujifilm raised its UK dealer film prices on April 1, 2021**, which signals a global increase. Price of Fujicolor C200 up by 43% and Superia X-Tra 400 up 17%, although professional film prices only rise by 2%. (<http://ow.ly/WmUy30rDaaG>)

- **ADOX Fotowerke is discontinuing its Silvermax high-contrast black-and-white film.** The ISO100 fine-grained ortho-panchromatic film has higher-than-usual silver content which adds greater contrast, leading to deep blacks and crisp whites. (<http://ow.ly/RaGS30rDaonN>)

The current rights to the ADOX name were obtained in 2003 by Fotoimpex of Berlin, Germany, a company founded in 1992 to import photographic films and papers from former eastern Europe. Fotoimpex established the ADOX Fotowerke GmbH film factory in Bad Sarrow outside Berlin to convert and package their films, papers and chemicals using machinery acquired from the closed AGFA (Leverkusen, Germany) and Forte Photochemical Industry (Hungary) photographic plants.

In February 2015 they purchased/obtained a long lease on the former Iford Imaging, Switzerland (Ciba Geigy) machine E, medium scale coating line at Marly, Switzerland to coat photographic film and paper. Trial coating for ADOX CHS (II) was undertaken at Marly prior to its re-introduction in 2018. [4] [5] [6] The plant has also been used for testing the proposed revival of Polywarmtone Paper last produced by Forte in Hungary.[7]

ADOX also (doubled the size of the film factory in Bad Sarrow, Germany to add a small coating line using a former AGFA machine as well as space for small scale chemical production and film materials storage.

- **IFA Berlin (3-7 Sept.) has an exclusive partnership with Berlin Photo Week (26 Aug. -3 Sept.)**. The collaboration has now been joined by Photo Industry Association PIV, which represents leading global brands from across the imaging industry. (<http://ow.ly/TTtn30rDaH9>)

- Fujifilm's brand license contract with Xerox since 1962 has ended and **Fuji Xerox has now been renamed Fujifilm Business Innovation**. Separately, Fujifilm Holdings named Teiichi Goto as president/CEO, Kenji Sukeno as Chairman and Shigetaka Komori Advisor. (<http://ow.ly/GOAV30rDgHr>)

- **Nations Photo Lab integrated Perfectly Clear QuickServer from EyeQ into its DP2 workflow** and reduced photo editing time by 98%. With QuickServer, they removed several manual steps, opening the ability to have multiple people work on the orders for a client (<http://ow.ly/xveK30rDmpc>)

- **Adverttek Inc. is offering custom printed photo blankets to wholesale clients.** These custom-printed blankets, which can be personalized with photos, text and graphics, come in two options: mink touch or sherpa styles. Adverttek guarantees a full coverage edge to edge imprint area. (<http://ow.ly/u6Mj30rDmrB>)

- **Vivid-Pix Education for families and family historians is designed to harness photography's impact on family history.** In this six-part series, author/storyteller and genealogist *Laura Hedgecock* demonstrates how to share stories in bite-sized videos. (<http://ow.ly/Jktg30rDmZn>)

- **Autopilot Print announced the launch of Photo Prints+ in Canada**, which provides easy ordering of locally manufactured photo products for home delivery in Canada, including photo prints, canvas prints, framed prints, photo posters and photo magnets. (<http://ow.ly/ZgQ830rDJKI>).

Separately, the new **Autopilot Print photo printing apps**, including Photo Prints+, Photo Prints Now and Pricicular, **designed for Apple's new Apple Silicon M1 Mac desktop computers**, provide the same experience of an app for iPad or iPhoto for more than 25,000 stores. (<http://ow.ly/MhFE30rFjv5>)

- **Michaels Camera Video and Digital**, ‘the largest single camera store in the Southern Hemisphere, **closed on 8 January after 38 years**. (<http://ow.ly/Knim30rF4Mt>). In an article in the *Melbourne Age*, Managing Director *Peter Michael* said customer numbers were 80 per cent down on pre-lockdown levels and the pause placed on the return of office workers to the Central Business District in January week showed the end of social restrictions was uncertain. The film processing operation at Michaels closed late last year. Several years ago, Photo Imaging News spent several hours touring the facility, which is owned by the family and will house other businesses in the future. It’s hoped the Michaels Camera Museum, the largest collection of classic cameras in Australia and one of the great world collections, will find a home in the Melbourne Museum.
- **The new Duraluxe eco-friendly dye-sublimation Bendable Photo Panel line** allows signs and photo panels to be bent after sublimation to provide unique ways to create an endless assortment of photo-gift products with a new two-sided glossy finish option. (<http://ow.ly/AgGO30rExXH>)
- **After installing Perfectly Clear, Norwegian Cruise Line sells 12% more photos**. Before Perfectly Clear, the cruise line photographers had no retouching or automated image enhancement workflow - now can easily whiten teeth, brighten eyes, slim faces, etc. (<http://ow.ly/9Dvj30rEAoq>)
- **Mitsubishi Electric confirms that it will discontinue manufacturing dye-sub printers** for the photo and medical markets. It will satisfy existing orders, with final shipments expected to be sent out by March 31, 2022 “at the latest.” (<http://ow.ly/dEVI30rESgs>)
- **Content syndication dramatically increased shopper engagement through immersive web content**, and retailers see the value of good content on sales conversion. Create a process to obtain consistent content and review it regularly advises *Darin Pepple*. (<http://ow.ly/OiIF30rFnHY>)
- **f:mp. and drupa offer hybrid solutions for business restart on October 20 and 21, 2021** - presenting solutions for combining classic print communication with the means of state-of-the-art digital and online strategies in practical applications. The event is organized as a hybrid format, so the platform offers the right access for everyone, including digital. (<http://ow.ly/8MXS30rFoZc>)
- Leaders from the **US school photography and yearbook industry voted on new guidelines and standards for industry-standard formatting** created by the School Photographers of America (SPOA) for the 2021-2022 academic year. New copyright protections were added. (<http://ow.ly/NEMs30rFvg3>)
- **New COVID-19 lockdowns imposed in Germany have forced cancellation of two photography festivals:** horizonte zingst (planned May 28 - June 6, rescheduled May 20-29, 2022) and Photo + Adventure (planned June 12-13, rescheduled June 11-12 2022). (<http://ow.ly/fn7Q30rFxNI>) (<https://photoadventure.eu>)
- **Global silver prices expected to rise substantially in 2021**, putting pressure on photographic film and traditional paper manufacturers to control costs. Prices ended last year at \$20.55/ounce, up 27% from 2019, the highest average silver price since 2013. (<http://ow.ly/Co1e30rFCQ1>)
- **Visual 1st 2021, October 19-20, will be a morning (Pacific Time) / early evening (Western Europe) live-streamed interactive conference**. A new virtual DIY Video Ecosystem summit is planned for Oct. 21, and a “live” Meet & Greet networking event in San Francisco Oct. 28. (<http://ow.ly/US7U30rG3hT>)
- **In China, virtual influencer characters are entering mainstream media roles**. They’re becoming increasingly interactive and humanlike, thanks to improvements in technologies such as AI, motion capture, and virtual reality (VR). Recent advancements in augmented reality (AR), in particular, have enabled virtual avatars to step out of social media and make live appearances alongside flesh-and-blood celebrities. According to a September 2020 study by GlobalWebIndex, 66% of livestream viewers in China ages 16 and older said they were either likely or extremely likely to buy products recommended by influencers they followed. According to the International Data Corporation (IDC), China accounted for 54.7% of commercial and consumer spending on AR and VR worldwide in 2020, projected to rise to 56.0% in 2021. (<http://ow.ly/huQi30rG4QH>)

Upcoming Conventions/Meetings

May 4-6	Pro Imaging CONNECT	Pro Imaging CONNECT (https://graphics-pro-expo.com)	VIRTUAL
May 13-15	NBM/Graphix/Pro/Expo +1-800-560-9941 Fax: +1-303-465-3424	GPX Irving (https://graphics-pro-expo.com)	Irving Convention Center Irving, TX
May 16-18	Dscoop +1-312-527-6707 Live and Online	Dscoop EDGE Fusion 2021 (http://dscoop.org)	St. Louis America's Center St. Louis, MO
May 17-19	ASI +1-800-546-3300	ASI Show Fort Worth (www.asishow.com)	Fort Worth Convention Center Ft. Worth, TX
May 19	IMI +1-207-235-2225 Fax: +1-207-235-2226	Inkjet Age of Materials Conference (http://imiconf.com)	ONLINE Session 4
May 28 - June 6	Zingst CANCELLED +49 (0) 3 82 32 - 8-15-21	Horizonte Zingst - Umweltfotofestival (www.zingst.de/fotofestival-horizonte)	Max Hüntten Haus Ostheilbad Zingst, Germany
June 8-14	AVXIA +1-703-273-7200 Now September 23-29	infocomm 2021 (www.infocommshow.org)	Orange County Exhibition Center Orlando, FL
June 12-13	P+A Photo Adventure info@photoadventure.eu CANCELLED	Photo + Adventure (https://photoadventure.eu)	Landschaftspark Duisburg Duisburg, Germany
June 15-16	Promedia +81-3-3549-1231	PhotoNEXT 2021 (www.photonext.jp)	Pacifico Yokohama AB Yokohama, Japan
June 15-17	NBM/Graphix/Pro/Expo +1-800-560-9941 Fax: +1-303-465-3424	GPX Indianapolis (https://graphics-pro-expo.com/)	Indianapolis Convention Center Indianapolis, IN
June 17-20	Messe ESANG +82-2-6000-1109 Fax: +82-2-6944-8308	Photo & Imaging 2021 (photoshow.co.kr/korean/?page_id=2120/)	Coex Hall A Seoul, Korea
June 28-July 1	GSMA	Mobile World Congress Connected Impact (www.mwcbarcelona.com/)	Fira Gran Via Barcelona, Spain
July 5-16	IMI Europe +44 1223 236920	Inkjet Summer School 2021 (https://imieurope.com)	ONLINE
July 13-15	ASI +1-800-546-3300	ASI Show Chicago (www.asishow.com)	McCormick Place Chicago, IL
July 15-16	NBM/Graphix/Pro/Expo +1-800-560-9941 Fax: +1-303-465-3424	GPX Meadowlands (https://graphics-pro-expo.com/)	Meadowlands Convention Center Secaucus, NJ
July 21	IMI +1-207-235-2225 Fax: +1-207-235-2226	Inkjet Age of Materials Conference (http://imiconf.com)	ONLINE Session 5
July 21-24	APPOExpo +86-21-6328-8899 Fax: +86-21-6374-9188	28th Shanghai Int'l Advertising & Sign Tech (www.appexpo.com)	NECC Shanghai, China
July 21-24	APPOExpo +86-21-6328-8899 Fax: +86-21-6374-9188	Shanghai Int'l Digital Textile Printing (www.appexpo.com)	NECC Shanghai, China
July 21-24	APPOExpo +86-21-6328-8899 Fax: +86-21-6374-9188	Shanghai Int'l Lighting (www.appexpo.com)	NECC Shanghai, China
Aug. 12-14	NBM/Graphix/Pro/Expo +1-800-560-9941 Fax: +1-303-465-3424	GPX Long Beach (https://graphics-pro-expo.com/)	Long Beach Convention Center Long Beach, CA
Aug. 15-19	Emerald X +1-310-451-0090 Fax: +1-310-846-5995	WPPI 2021 (www.wppionline.com)	Mirage Convention Center Las Vegas, NV
Aug. 26-Sep. 3		Berlin Photo Week (www.berlinphotoweek.com)	ARENA Berlin Berlin, Germany
Sep. 1	IMI Europe +44 1223 236920	Inkjet Technology for Décor Printing (https://imieurope.com)	Munich Marriott Hotel Munich, Germany
Sep. 3-7	Messe Berlin +49 30 3038 2180 Fax: +49 30 3038 2172	IFA 2021 (https://b2b.ifa-berlin.com/en/)	Messe Berlin Berlin, Germany
Sep. 23-25	FESPA +44 1737 240788 Fax: +44 1737 233734	FESPA Mexico (www.fespa.com)	Centro Citibanamex Mexico City, Mexico
Sep. 23-26	Messe Hamburg ++49 40 3569-2826	Photopia Hamburg (www.photopia-hamburg.com)	Messe Hamburg Hamburg, Germany
Sep. 24-25	NBM/Graphix/Pro/Expo +1-800-560-9941 Fax: +1-303-465-3424	GPX Pittsburgh (https://graphics-pro-expo.com/)	David L Lawrence Conv. Center Pittsburgh, PA
Sep. 28-30	Rapid News +44 (0) 1244 952 379	TCT 3Sixty (www.tct3sixty.com)	NEC Birmingham, UK

Business News

CEWE Group, Oldenburg, Germany (<http://company.cewe.de/en/home.html>)...

... reported 4Q 2020 (Dec. 31) **sales of €34.0 million** (2019 - €293.2 million), with a **gross profit of €261.0 million** (2019- €237.5 million), **earnings before interest, taxes, depreciation and amortization (EBITDA) of €94.8 million** (2019 - €75.9 million), **earnings before interest and taxes (EBIT) of €80.3 million** (2019 - €58.8 million), **earnings before taxes (EBT) of €77.9 million** (2019 - €56.0 million) and a **net income of €52.1 million** (2019 - €32.9 million).

For the year, **sales of €727.3 million** (2019 - €720.4 million) brought a **gross profit of €581.1 million** (2019- €561.4 million), **earnings before interest, taxes, depreciation and amortization (EBITDA) of €135.1 million** (2019 - €113.9 million), **earnings before interest and taxes (EBIT) of €79.7 million** (2019 - €56.8 million), **earnings before taxes (EBT) of €76.4 million** (2019 - €53.3 million) and a **net income of €51.9 million** (2019 - €31.7 million), or diluted **€7.15/share** (2019 - €4.36/share).

For **Q4, 2020 the total number of prints dipped to 890.7 million** (2019 - 892.2 million), representing 38.1% of the annual total (2019 - 37.2%). For the year, **the total number of prints dipped to 2,339 million** (2019 - 2,401 million). The Photofinishing core business unit initially benefitted from the first lockdown in April and May 2020. While instant printing at the POS due to reduced footfall, in the company's online photofinishing business the "stay at home" effect resulted in a positive incoming order situation and an increase in the volume of photos. Since people found themselves spending so much time at home, many of them dedicated this extra time to photo memories. Many CEWE customers have used their time at home to order photo products - with a higher volume of older photos from previous years than usual. In Q3 the COVID related changes in holiday travel and photography behavior were the dominant factors and meant fewer photo orders and thus fewer photos in CEWE products. Although the Q4 volume almost reached the previous year's level, it was unable to make up the cumulative decline as of the end of Q3.

Digital prints, including those produced as part of CEWE Photobooks and gift item prints, were down slightly to **2,313.4 million** (2019 - 2,363.7 million) with **the number of prints from film dropping to 27.4 million** (2019 - 37.5 million).

The ratio of digital photos ordered via the Internet was 77.2% (1,805,000) photos) during the year (2019 - 70.9%). Of the photos ordered over the Internet, 40.1% (2019 - 43.4%) were collected as finished products from the retail outlets supplied by CEWE. 59.9% (2019 - 56.6%) chose home delivery by post. Customers thus collected a total of 49.9% (2019- 59.9%) of all photos (both analog and digital, ordered via the Internet and over-the-counter, including the photos printed out at CEWE Photostations in retail stores) at retail outlets of CEWE's trading partners. This confirms the strength of CEWE's "click and bricks" positioning, a strategic combination of physical outlets and the Internet: CEWE products can be purchased in retail stores, while in the case of online purchasing, photos can be sent to customers by post or else collected from stores.

The **number of photobooks** made in **Q4** was **2.60 million** (2019 - 2.65 million) and **for the year** reached **6.521 million** (2019 - 6.624 million).

Photofinishing segment external revenue in Q4 2020 increased to €283.0 million (2019 - €251.1 million). Operating earnings were €80.7 million (2019 - €64.3 million), as the cost reduction program initiated at the onset of the pandemic in March 2020 had a positive effect on CEWE's earning power with a 4Q revenue per photo of 31.78 eurocents (2019 - 228.14 eurocents).

For the year, external revenues were €618.8 million (2019 - €568.0 million). Full year revenue per photo increased to €26.45 eurocents (2019 - 23.65 eurocents). Operating earnings were €88.6 million (2019 - €66.9 million). For the FY, one-off factors accounted for -€5.0 million (2019 -€3.6 million)], due to amortization on the purchase price allocation for DeinDesign [€ -0.2 million (2019 -€0.4 million)], Cheerz [€ -2.0 million

(2019 -€1.9 million)] and WhiteWall [-€2.1 million (2019 -€1.2 million)]. For 2018, in addition to amortization on purchase price allocations (DeinDesign -€0.4 million) and Cheerz -€1.8 million). Adjusted for these one-off factors, the adjusted EBIT for 2019 was €93.6 million (2019 - €70.5 million).

CeWe Retail. CEWE operated 147 omnichannel retail outlets and online shops in Poland, the Czech Republic, Slovakia, Norway and Sweden. In 2020, Retail business suffered due to COVID-related store closures during lockdowns, realizing total revenue of only €34.1 million (2019 - €43.7 million), although adjusted for currency fluctuations the revenue would have been €36.1 million. Revenue in the Retail business has been intentionally decreased for a number of years through the deliberate abandonment of low-margin business. The active decline in the revenue prior to the onset of lockdowns was still around -10% - in line with the company's strategy. Even in Q4, with revenues of €10.1 million, CEWE Retail remained 18.8% short of the 2019 Q4 revenue (€12.4 million)

The adjusted positive earnings figure of €230,000 was an improvement over 2019 (€35,000). Coming out of the COVID crisis stronger, CEWE is closing more than 40 branches in all the countries in which the company conducts retail business, with restructuring costs of €1.7 million and inventory evaluation adjustments of €1.5 million. Despite 4Q EBIT before restructuring accruals, of €800,000, the full year **EBIT was -€4.2 million** (2019 €31,000).

The **Commercial Online Printing unit**, through its brands CeWe-Print, Saxoprint, viaprinto and Laserline, is active in 10 countries, as well as online shops in Germany, the United Kingdom, France, Spain, Italy, Switzerland and Austria. It also markets business stationary in the Netherlands, Belgium and Poland. Within the scope of the CEWE's intensification of its target group-focused marketing and acquisition of new customers. During the FY CEWE forged ahead with its development of reseller online stores under the "SAXOPRINT.pro" branding in several European countries.

The lockdowns caused by the COVID pandemic significantly reduced the volume of business and thus advertising in many countries in Europe. In particular, online printing struggled due to significant revenue fluctuations on account of the weakness of the event, tourism and travel industries in 2020. CEWE thus accelerated the process of accentuating the focus of its Commercial Online Printing (COP) brands, while at the same time intensifying its target group-focused marketing and acquisition of new customers. With CEWE-PRINT.de, in Germany CEWE is now exclusively focusing on one printing service including an editor function. In 2020, CEWE concentrated the production of business stationary at SAXOPRINT in Dresden for all its COP brands.

For the year, sales fell to €67.8 million (2019 - €103.2 million) as all COP businesses suffered a decline in demand. Although in late February prior to the lockdown, CEWE had registered slight single digit growth in its business stationary segment. Stringent cost management improved the EBIT to **-€3.7 million** (2019 **-€7.7 million**). Adjusted for one-off factors, the operating EBIT figure at **-€4.6 million** for 2020 was only around €2.4 million lower than in 2019 (-€2.2 million).

Other Activities business unit covers real estate holdings and equity investments, as well as the Group company Futalis which produces and markets highly personalized pet food which is tailored to each animal's specific veterinary requirements. For the year, revenue of €6.6 million (2019 - €5.5 million) produced an **EBIT loss of €1.1 million** (2019 - **loss of €2.4 million**). Futalis continues to grow most positively, with earnings moving towards the break-even level.

The average number of employees through the year was 4,106 [Domestic plants - 2,652, Foreign plants - 1,364 Photofinishing - 2,833, Retail - 520, Commercial Online Printing - 610, Other Activities - 53]; 2019 - 4,105 [Domestic plants - 2,749, Foreign plants - 1,357, Photofinishing - 2,677, Retail - 509, Commercial Online Printing - 692, Other Activities - 59].

Eastman Kodak Co., Rochester, NY (www.kodak.com) ...

... reported FY 2020 (31 Dec.) **net revenues of \$1,242 million** [Sales - \$806 million, Services - \$223 million] (2019 - \$1,242 million [Sales - \$979 million, Services - \$263 million), **with a gross profit of \$135 million** (2019 - \$182 million), **an operating loss from continuing operations of \$74 million** (2019 - loss of \$102 million), **loss from continuing operations before income taxes of \$376 million** (2019 - loss of \$60 million), **loss from continuing operations of \$544 million** (2019 - loss of \$91 million), **earnings from discontinued operations of \$3 million** (2019 - \$207 million) and a **net loss of \$541 million** (2019 - \$116 million), or **-\$9.97/share** (2019 - +\$2.23/share). **Comprehensive loss was \$570 million** (2019 - income of \$110 million).

Traditional Printing (*Comprised of Prepress Solutions*) **FY revenues were \$592 million** (2019 - \$727 million), **with an operational EBITDA of \$21 million** (2019 - \$48 million). Traditional Printing's revenues accounted for 58% of Kodak's total revenues in 2020. The decrease in revenues primarily reflected volume and pricing declines (\$97 million and \$16 million, respectively) in Prepress Solutions consumables and volume declines in Prepress Solutions service (\$6 million) and equipment (\$10 million) offset by favorable pricing and product mix (\$2 million) in Prepress equipment and favorable foreign currency (\$6 million). The 2019 revenue included \$13 million of intellectual property licensing revenue associated with the strategic relationship established with HuaGuang in September 2019. Excluding the \$13 million of licensing revenue, 2020 revenues declined \$122 million. The volume declines were primarily driven by COVID-19 pandemic related declines in customers.

None of the Traditional Printing segment's manufacturing facilities were ordered to close by governmental authorities. Many of the segment's customers around the globe continued to operate, but at decreased volumes. Therefore, demand for the segment's products declined. The Traditional Printing segment may also be impacted by supply chain disruptions and travel restrictions. With the decline in customer demand, manufacturing volumes were reduced. The duration and extent of demand declines and recovery is unclear. Manufacturing employees were temporarily furloughed, as necessary, under reduced production plans. The segment utilized furloughs and pay-cuts for non-manufacturing employees in a way which allowed continued operation and product development.

EBITDA declined approximately \$27 million primarily due to volume and pricing declines (\$11 million and \$16 million, respectively) in Prepress Solutions consumables, volume declines in Prepress service (\$3 million) and higher manufacturing costs driven by unfavorable cost absorption from the volume declines (\$10 million) partially offset by lower SG&A expenses (\$22 million) driven by headcount reductions, temporary furloughs and pay cuts as well as lower aluminum costs in the current year (\$8 million). In addition, the prior year period included \$13 million of intellectual property licensing revenue associated with the HuaGuang relationship and \$2 million of cost reductions due to retroactive exemptions from U.S. tariffs imposed on aluminum purchases in 2018. The U.S. tariffs were imposed on aluminum purchases in 2018 and were included as part of the cost of plates sold in 2018.

Digital Printing (*Comprised of four lines of business: the Electrophotographic Printing Solutions business, the Prosper business, the Versamark business and the Software business*). **FY revenue of \$241 million** (2019 - \$293 million) resulted in an **operational EBITDA loss of \$10 million** (2019 - loss of \$9 million). The decrease in revenues of approximately \$52 million primarily reflected volume declines in Electrophotographic Printing Solutions consumables and service (\$27 million), Electrophotographic Printing Solutions equipment (\$14 million), PROSPER consumables and service (\$5 million), PROSPER systems (\$3 million) and Software (\$4 million) as well as product mix in PROSPER systems (\$3 million), all of which were driven by the decline in customer demand due to the COVID-19 pandemic.

There were also volume declines in VERSAMARK service and consumables (\$10 million) due to both declines in the installed base of VERSAMARK systems and the COVID 19 pandemic. The declines were partially offset by improved volume and favorable product mix in PROSPER components (\$5 million and

\$3 million, respectively) and favorable product mix in Electrophotographic Printing Solutions equipment (\$2 million) and well as favorable foreign currency (\$2 million).

The decrease in EBITDA of \$1 million was driven by higher manufacturing costs in Electrophotographic Printing Solutions (\$14 million), primarily due to unfavorable cost absorption from the volume declines in Electrophotographic Printing Solutions consumables and service (\$4 million). There were also volume declines in Software (\$4 million), VERSAMARK service and consumables (\$3 million) and PROSPER consumables and service (\$2 million) partially offset by improved volume and favorable product mix in PROSPER components (\$3 million and \$2 million, respectively), volume changes in Electrophotographic Printing Solutions equipment (\$3 million), favorable costs in Software (\$3 million), favorable product mix in VERSAMARK equipment (\$2 million) and lower SG&A costs (\$11 million) driven by headcount reductions, temporary furloughs and pay cuts.

Brand, Film and Imaging (Contains the brand licensing business). **FY revenues were \$13 million** (2019 - \$12 million), with an **operational EBITDA of \$11 million** (2019 - \$8 million).

Advanced Materials and Chemicals (Comprised of five lines of business: Industrial Film and Chemicals, Motion Picture, Advanced Materials and Functional Printing Technology and Kodak Services for Business). **Revenues were \$172 million** (2019 - \$200 million), with an **operational EBITDA loss of \$23 million** (2019 - **loss of \$34 million**). The decrease in revenues of approximately \$28 million is the result of volume declines in Motion Picture (\$16 million) driven by productions halted as a result of the pandemic, Industrial Film and Chemicals (\$11 million) primarily due to the COVID-19 pandemic's impacts on its customers, and Consumer Inkjet Solutions (\$7 million) driven by lower sales of ink to the existing installed base of printers. Additionally, current year revenues for KSB declined (\$5 million) primarily due to operations in Asia being impacted by the COVID-19 pandemic, and the prior year period included revenues from Kodakit (\$4 million) which ceased operations in January 2020. Partially offsetting these impacts was improved pricing in Industrial Film and Chemicals (\$13 million) driven by higher pricing in professional and consumer still photographic film and solvents.

EBITDA improved approximately 11 million primarily due to favorable pricing (\$13 million) in Industrial Film and Chemicals. Also contributing to the improvement were lower selling and administrative expenses (\$14 million) driven by headcount reductions, temporary furloughs and pay cuts as well as lower R&D costs (\$5 million). Partially offsetting were volume declines in Motion Picture (\$5 million) and Consumer Inkjet Solutions (\$4 million) as well as unfavorable cost impacts in Industrial Film and Chemicals (\$8 million) and Motion Picture (\$3 million) driven by unfavorable cost absorption.

Other (Comprised of the operations of the Eastman Business Park). Revenues were \$11 million (2019 - \$10 million), with an operational EBITDA of \$1 million (2019 - **loss of \$1 million**).

Restructuring actions taken in 2020 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales and other administrative functions. As a result of these actions, for the year ended December 31, 2020 Kodak recorded \$17 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

Kodak made cash payments related to restructuring of approximately \$15 million for the year ended December 31, 2020. The restructuring actions implemented in 2020 are expected to generate future annual cash savings of approximately \$24 million. These savings are expected to reduce future annual Cost of revenues and SG&A expenses by \$9 million and \$15 million, respectively. Kodak expects the majority of the annual savings to be in effect by the end of 2021 as actions are completed.

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