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Resources, Inc.





LPC HAS BEEN WORKING IN THE LABEL, FLEXIBLE PACKAGING, FOLDING CARTON AND CORRUGATED INDUSTRIES FOR MORE THAN 20 YEARS

Clients include converters, brand owners, suppliers, and industry associations



*All shapes
and sizes*

Safety in Food Packaging
The end-



Techn

Your growth and
company's ability
how do you convi
walk into your bo
sit down with you
pitch? *Especially*
noise makes it ha
heard?



David Walsh

★ Blog, Get the right things done

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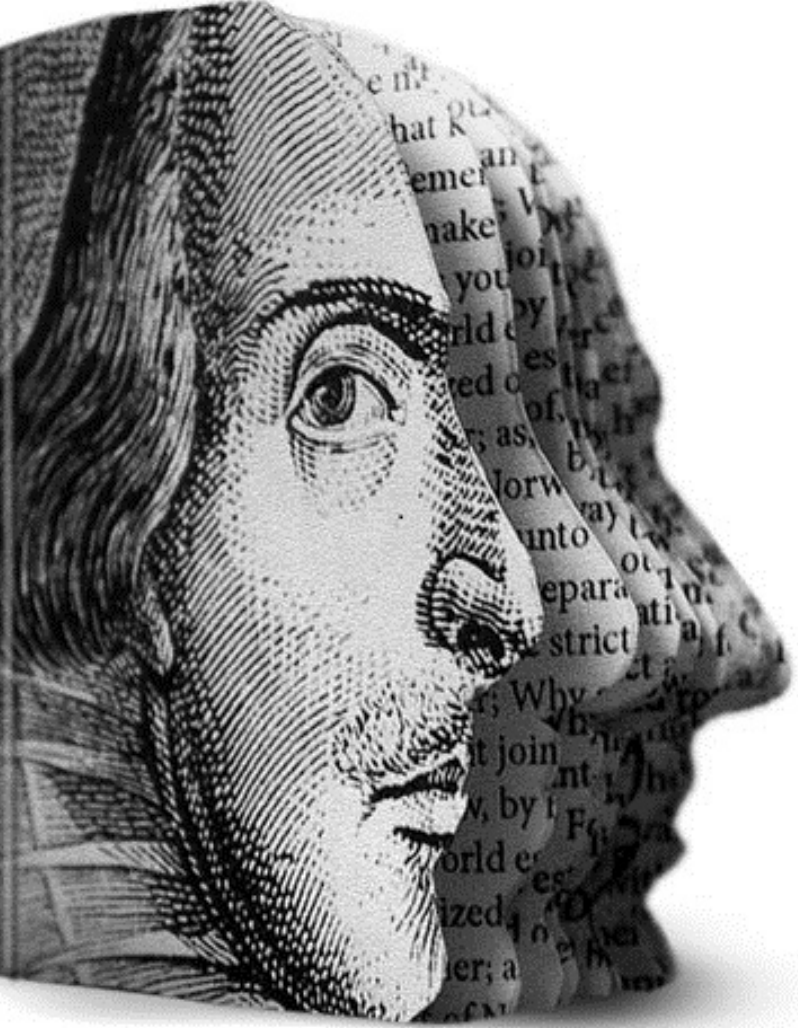
Gaius Group
Glatfelter
Hewlett-Packard



Then. Now. Next.

The narrow web flexible packaging industry

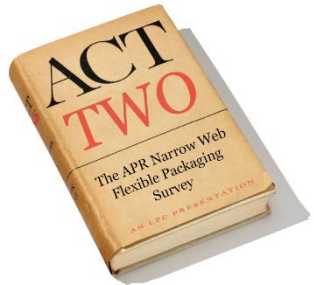
Jennifer Dochstader & David Walsh - LPC Inc.



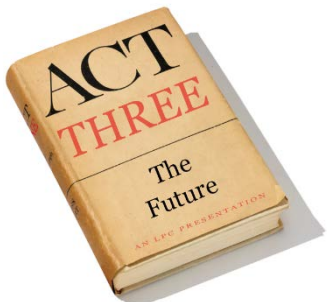
A play in three acts.



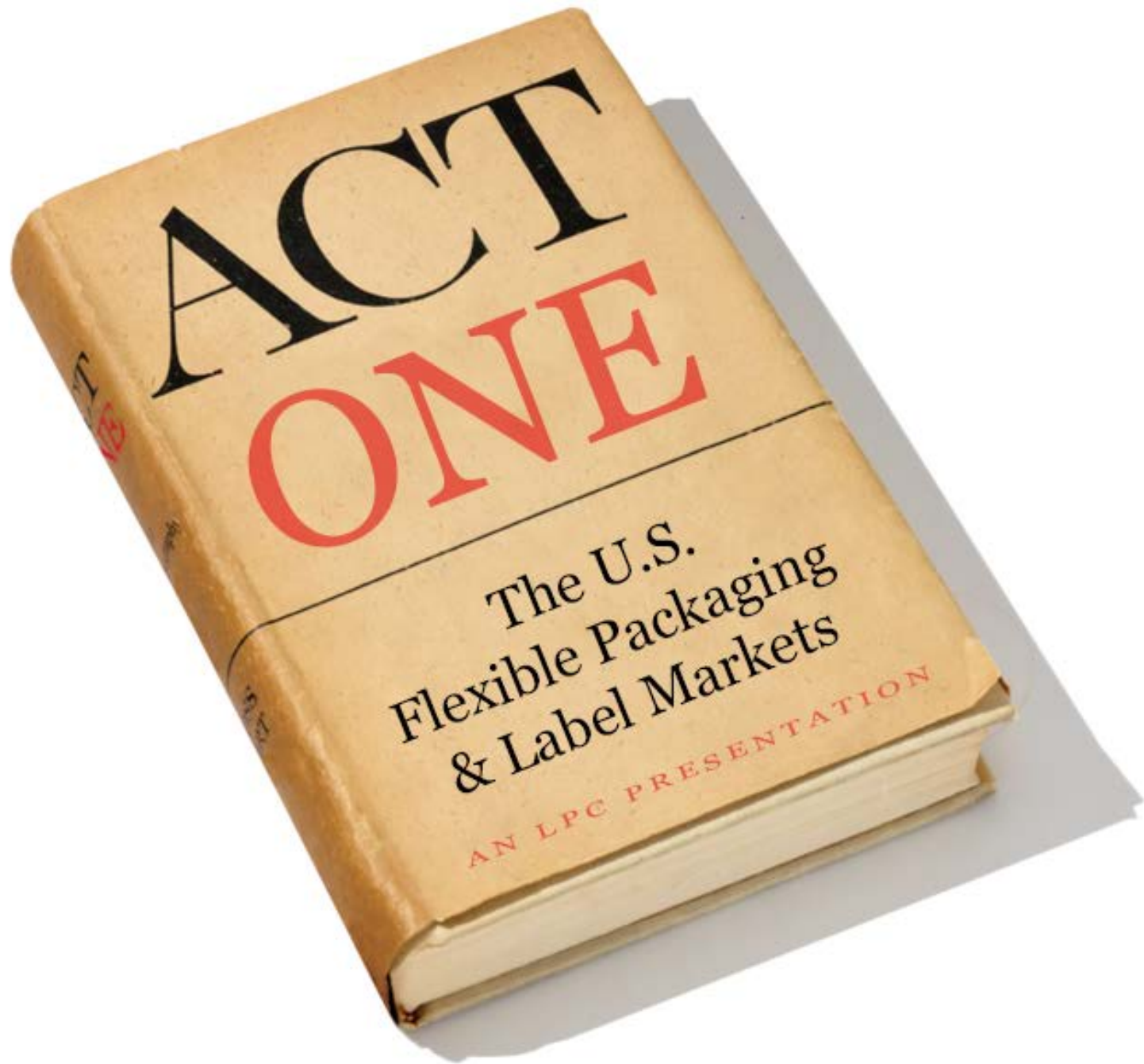
U.S. flexible packaging and label market: *The lowdown*



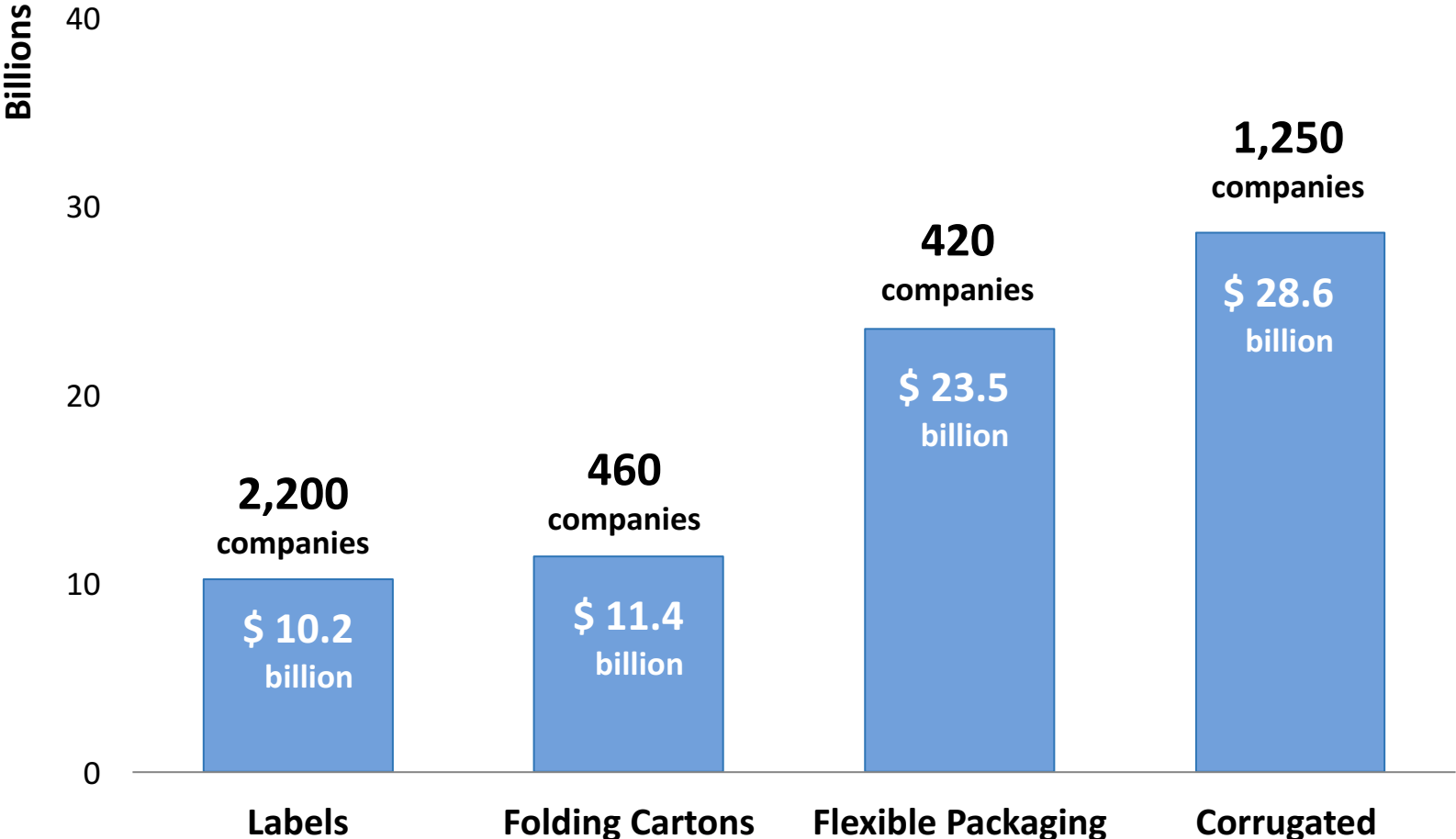
The APR Narrow Web Flexible Packaging Survey: *What converters are saying*



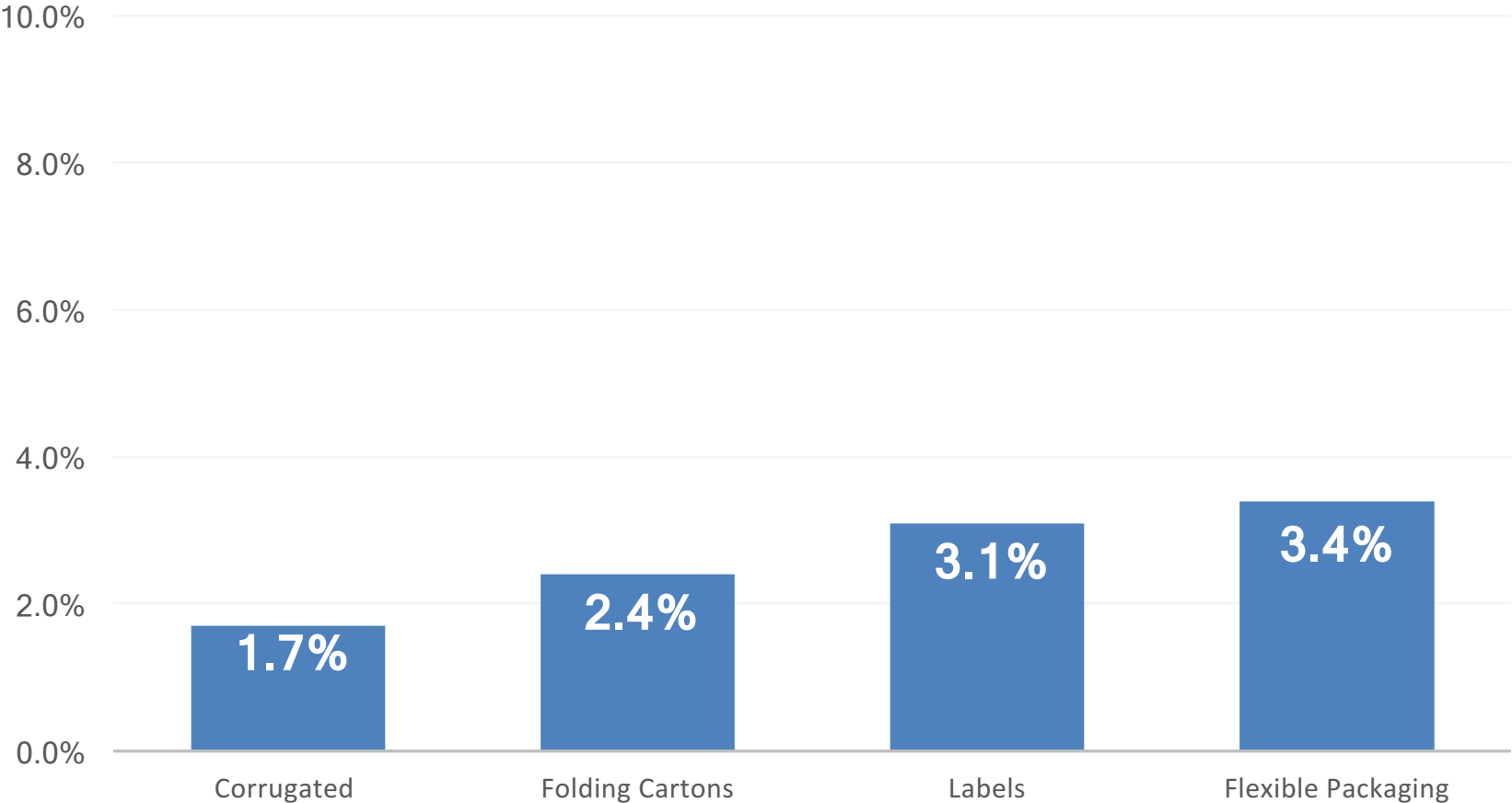
The Future: *Where's it all going?*



U.S. Printed Packaging Market by Segment in 2016



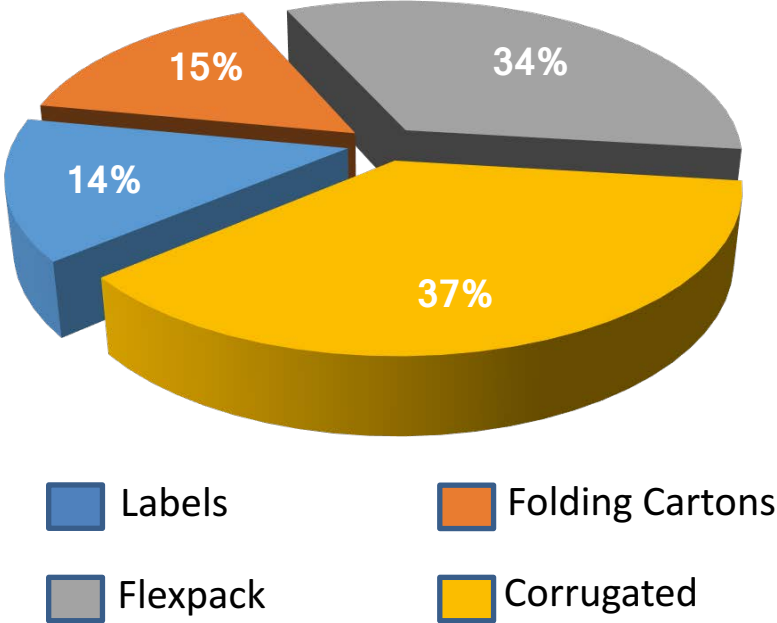
Avg. Annual Segment Growth in U.S. to 2022



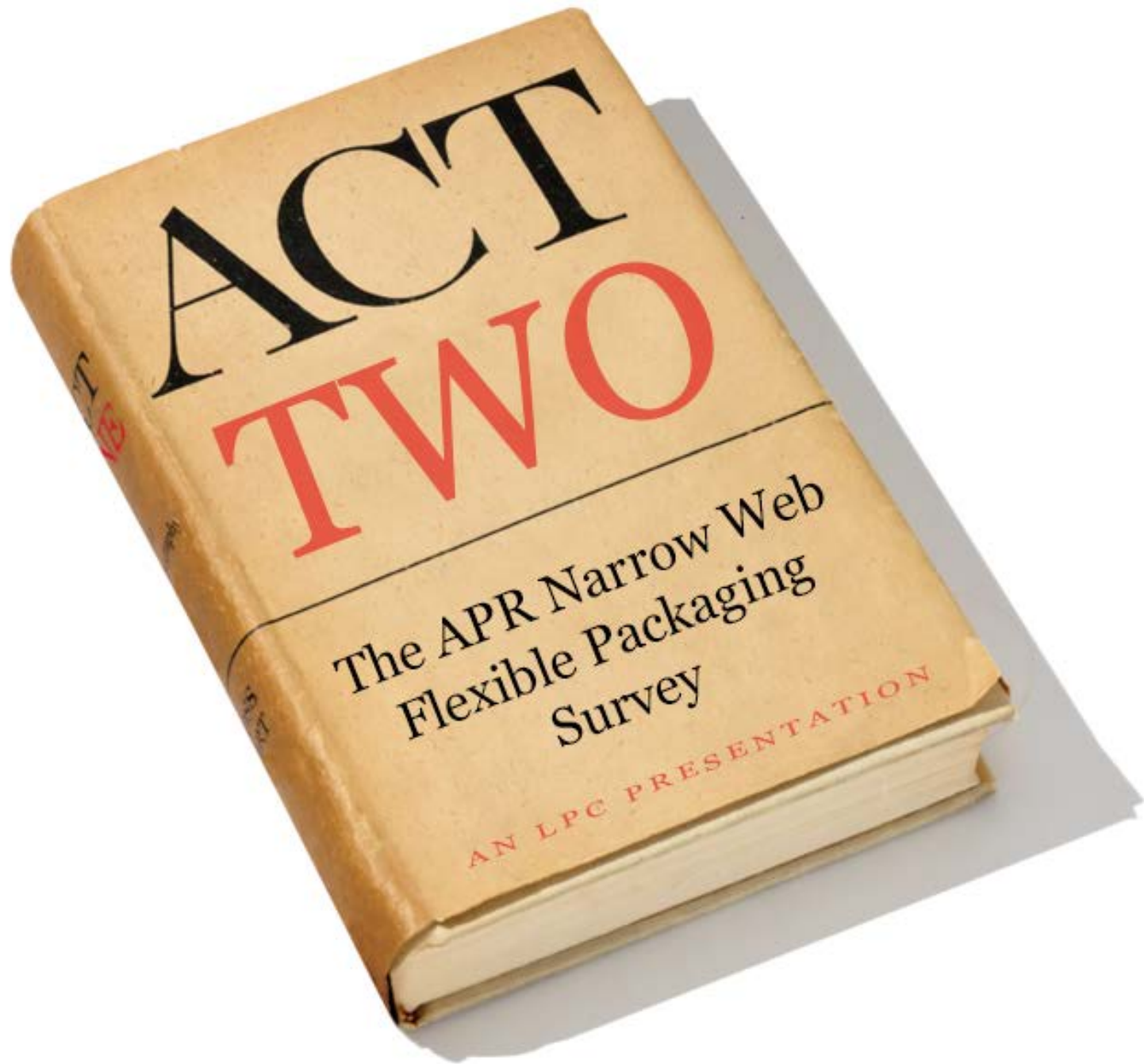
U.S. Total Printed Packaging Market in 2022: \$85.6 Billion

- Runs sizes across printed packaging segments contracting year-over-year
- Craft/cottage industry becoming increasingly significant force
- Flexible packaging growth driven by expanding volumes of applications and label & folding carton losses in some sectors are flexible packaging gains

U.S. Printed Packaging Segments Market Share in 2022



- Consolidation across printed packaging sectors will continue with **consolidation rates in flexible packaging and the label industry being highest**
- Consumer sustainability preferences **continue to drive** recycling and green standards, light-weighting/down-gauging of materials continuing across printed packaging sectors
- Regulatory demands will **continue to drive** converters to position their companies as compliance experts (Example: low migration inks for food packaging)





What keeps
Label
converters up
at night?



INCREASING
commoditization...




INCREASED
CONVENTIONAL CAPACITY
in the label sector...



HOW growth
RATES CAN
be sustained OVER
the next 5 YEARS...

FLEXIBLE packaging



**The APR
Narrow Web
Flexpack
SURVEY**

Survey Objectives

November 2017

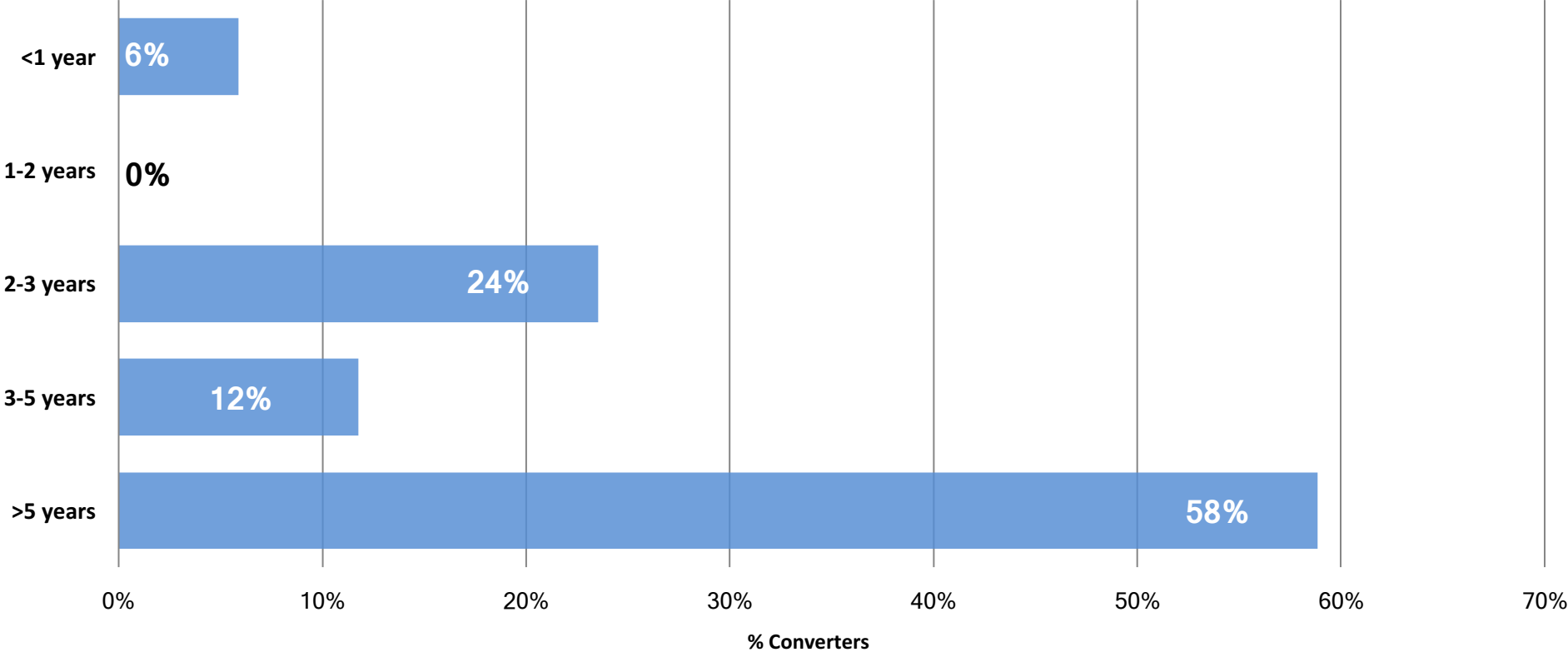
- To conduct technical research among companies printing/converting flexible packaging applications on narrow web presses
- To identify some of the production parameters around narrow web flexible packaging (ink utilization, web widths, etc.)

- To identify primary day-to-day 'pain points' for those companies printing/converting narrow web flexible packaging applications
- To gauge average annual growth for the narrow web flexible packaging sector in North America

More than 40 label converters in the U.S. completed the survey

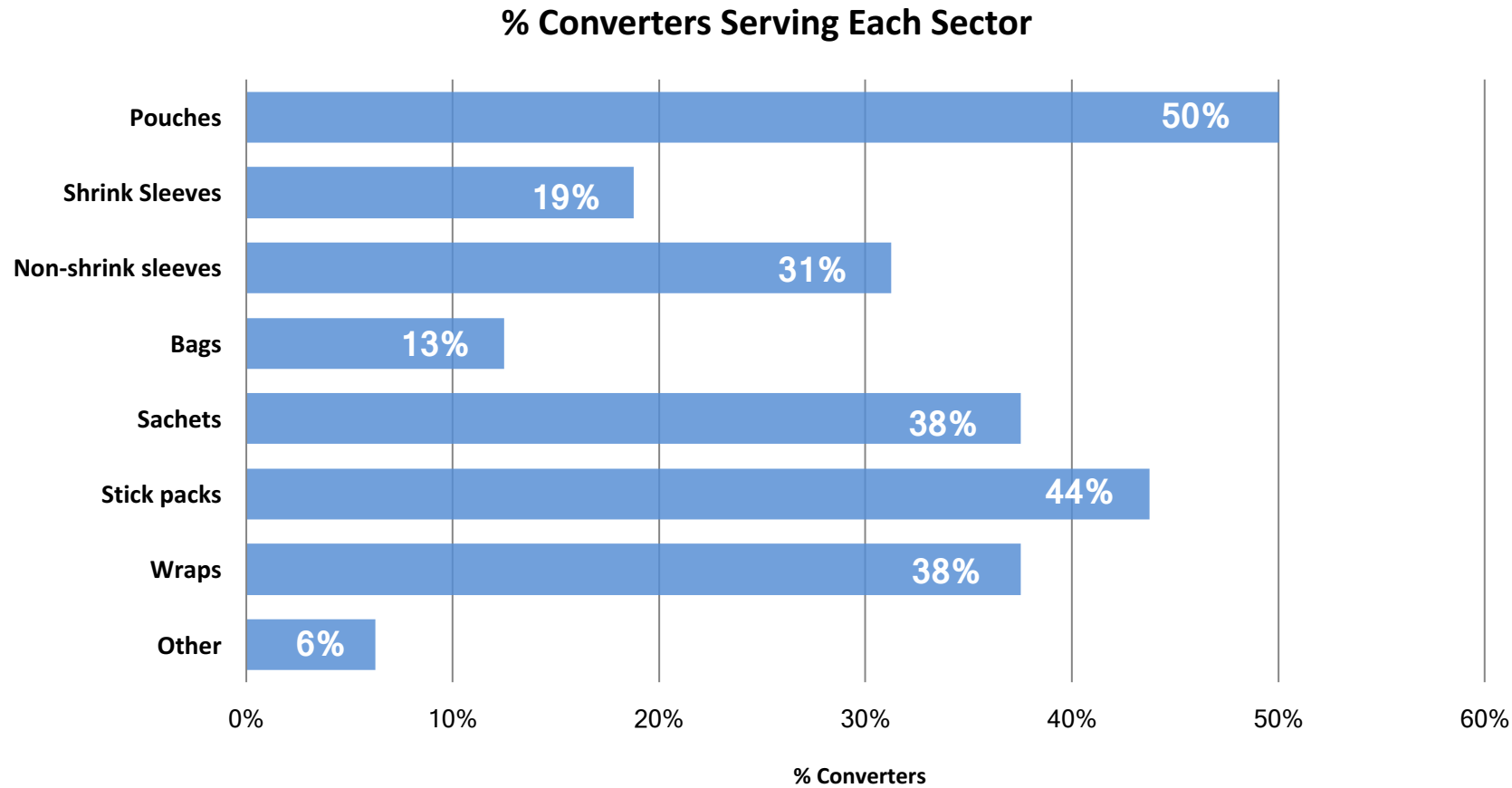
How long have respondents been printing/converting narrow web flexible packaging applications?

Length of Time Participants have been Printing Narrow Web FlexPack Applications



Note: Majority of respondents active in narrow web flexible packaging for more than five years.

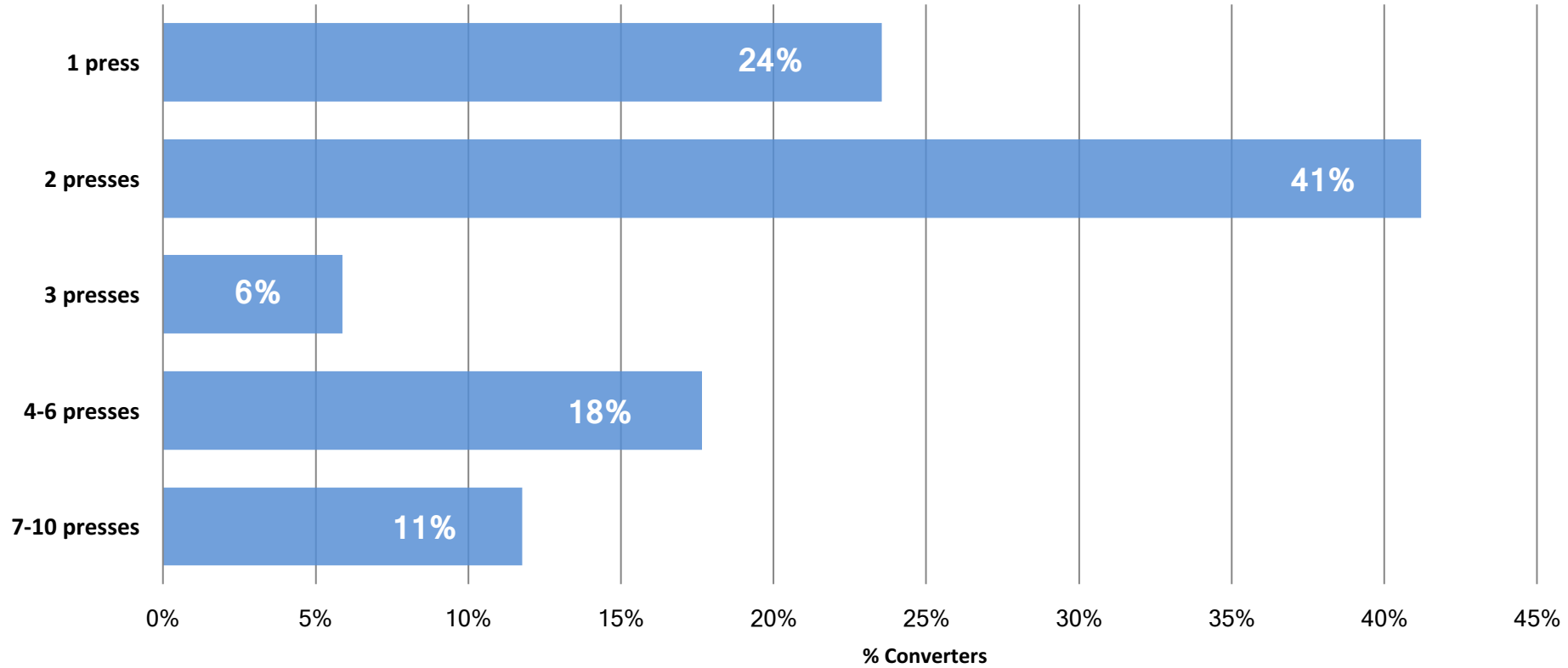
Breakdown of flexible packaging applications served by survey respondents:



Note: Half of respondents print/convert pouch applications while the lowest percentage of respondents print/convert bag applications

The number of narrow web presses at respondent plants active in flexible packaging production:

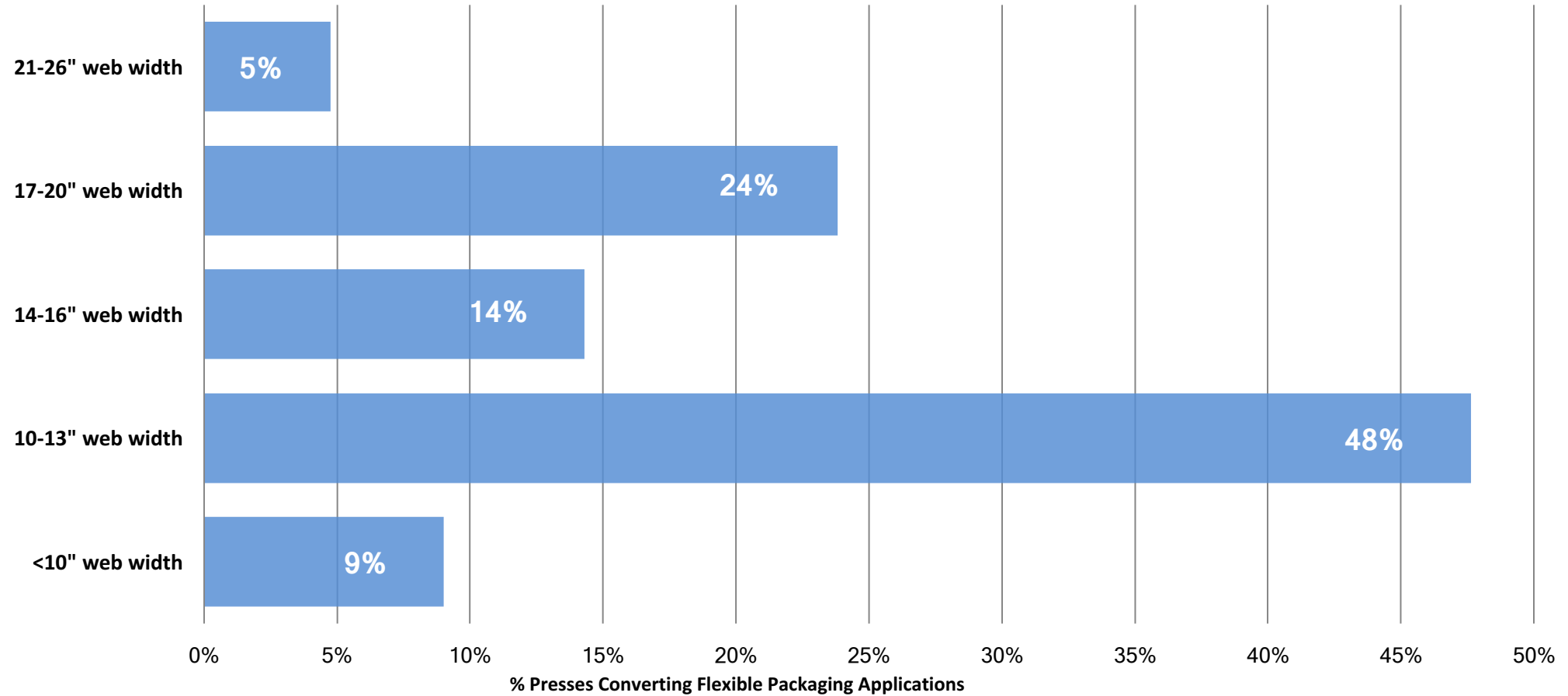
#Narrow Web Presses Converters are Printing FlexPack Applications On



Note: 41% of respondents are producing flexible packaging applications on 2 presses, while nearly one-fourth of the participant group are producing flexible packaging applications on just one press.

Narrow web flexible packaging press widths:

Breakdown of Press Widths Used for Narrow Web Flexible Packaging Applications



The APR Narrow Web Flexible Packaging Survey



Most challenging aspects of producing flexible packaging applications on narrow web presses

- **#1:** Registration issues on press
- **#2:** Ink adhesion
- **#3:** Finishing (slitting, laminating, etc.)
- **#4:** Obtaining materials slit to required specifications
- **#5:** Prepress/plate issues
- **#6:** Color control/maintaining job-to-job consistency
- **#7:** Controlling web temperature

Note: Tension control/registration issues repeatedly mentioned in follow-up calls with converters as the most pressing pain point in converting flexible packaging applications on narrow web (in-line) presses. Another issue that was frequently mentioned and not among the listed criteria respondents were asked to rank, was the general lack of flexible packaging materials and constructions compatible with narrow web presses.

The APR Narrow Web Flexible Packaging Survey



Growth

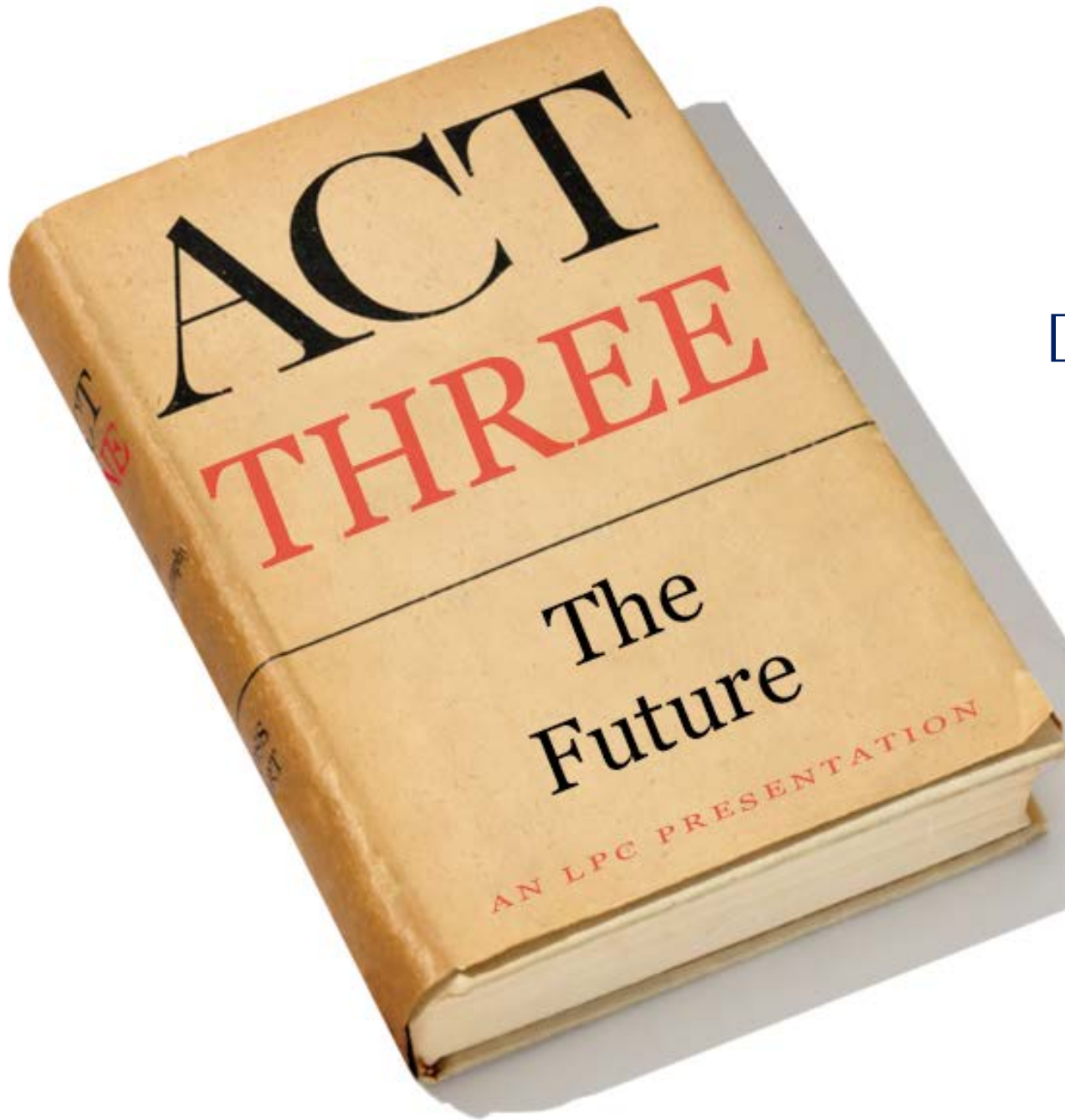
Year-over-year growth rates for converters' flexible packaging applications:



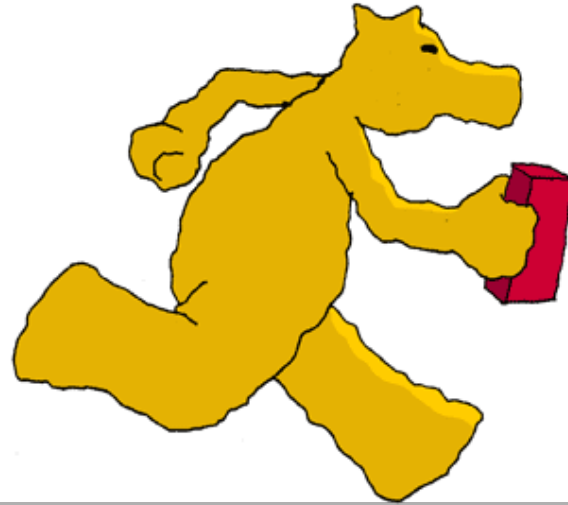
9.73%

*Year-over-year growth average
for narrow web flexible packaging
applications for all converter*

**1 in 4 surveyed label
converters growing
more than 15% per
year in this space**

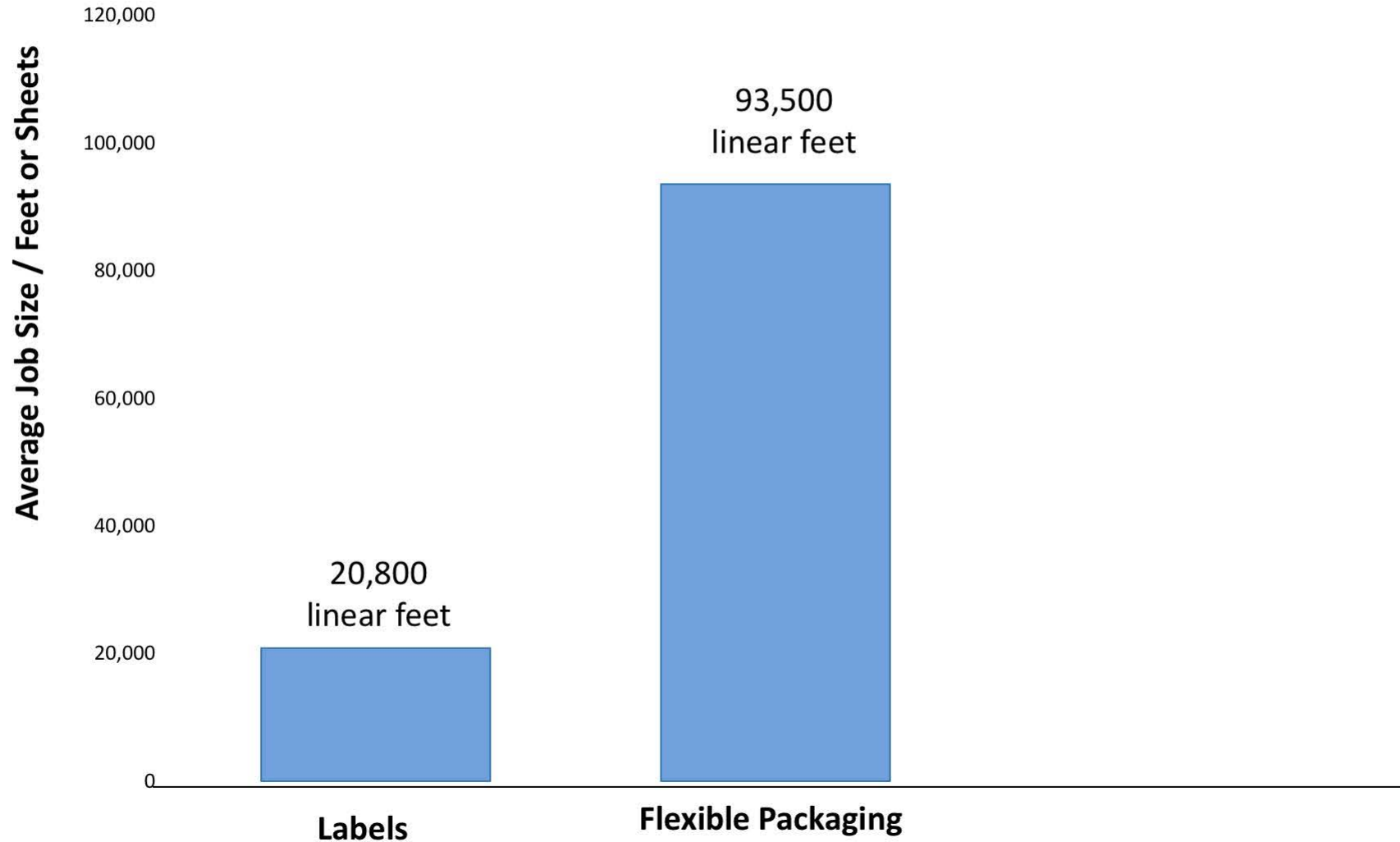


[Where's it all going?]



Let's talk run sizes

Average Conventional Job Size per Segment - U.S.



Average job size contraction rates from highest to lowest:

- 1. Flexible packaging sector**
- 2. Label sector**
- 3. Folding carton sector**
- 4. Corrugated sector**

Where are Shortest FlexPack Job Sizes?

- Polyethylene prepared meal and entrée bags
- Deli pouches
- Produce pouches
- Pet food pouches
- Specialty teas and coffee pouches
- Re-sealable bakery bags
- Pet food pouches
(pet treats and nutritional supplements)
- Single-serve and one-dose cosmetics and pharmaceutical packs and sachets



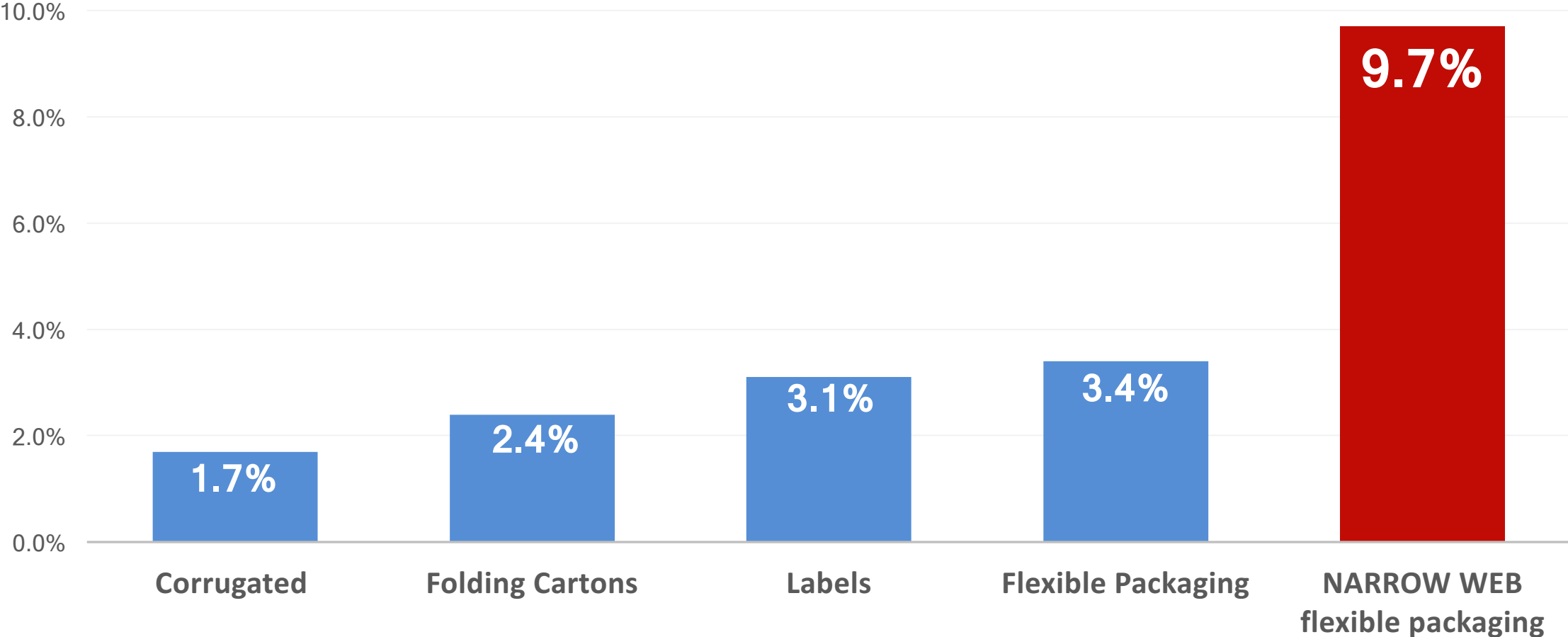
**KEEP
CALM**

**ONLY ONE
MORE SLIDE!**

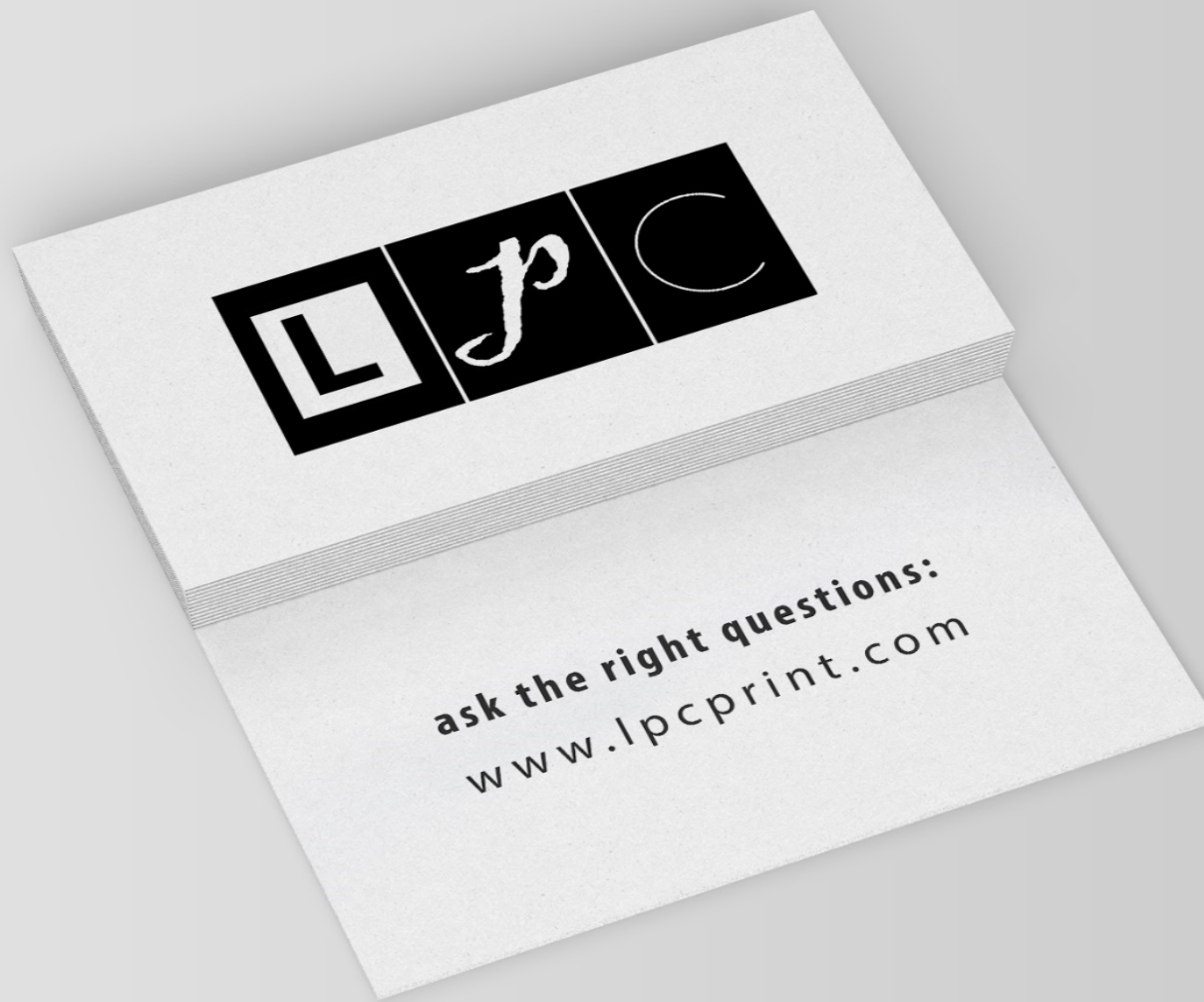
Let's look at the
next five years
one more time...

U.S. Printed Packaging Market

Avg. Annual Segment Growth in U.S. to 2022







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