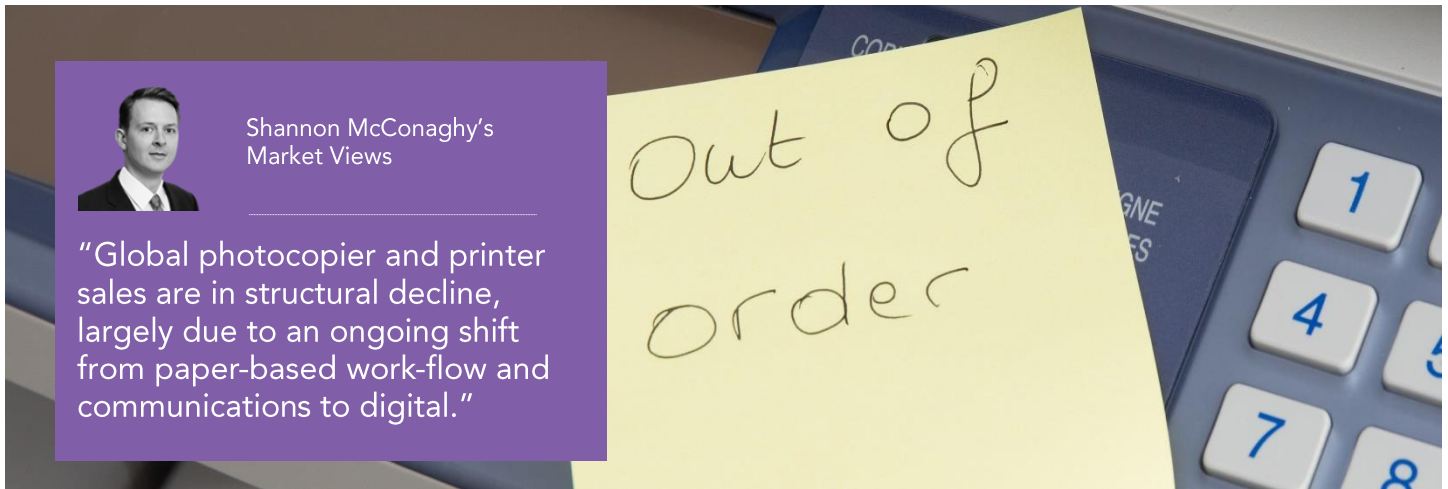


COPY PRINT DECLINE



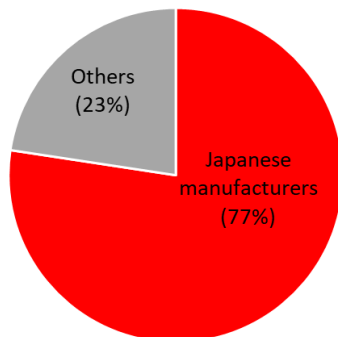
Shannon McConaghy's  
Market Views

"Global photocopier and printer sales are in structural decline, largely due to an ongoing shift from paper-based work-flow and communications to digital."

Out of order

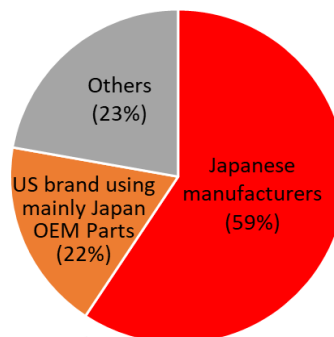
The global photocopier and printer market is disproportionately skewed towards Japanese manufacturers.

Global Photocopier Market Share  
(Hardware Value basis, Q1 2019, A3 size)



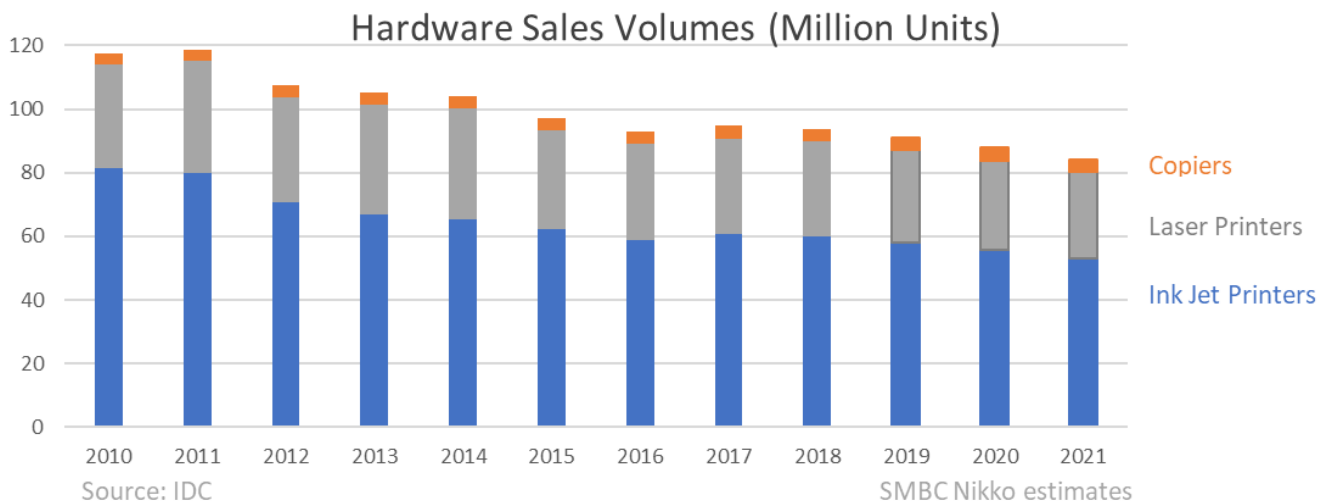
Source: IDC

Global Printer Market Share  
(Hardware Value basis, H1 2018)

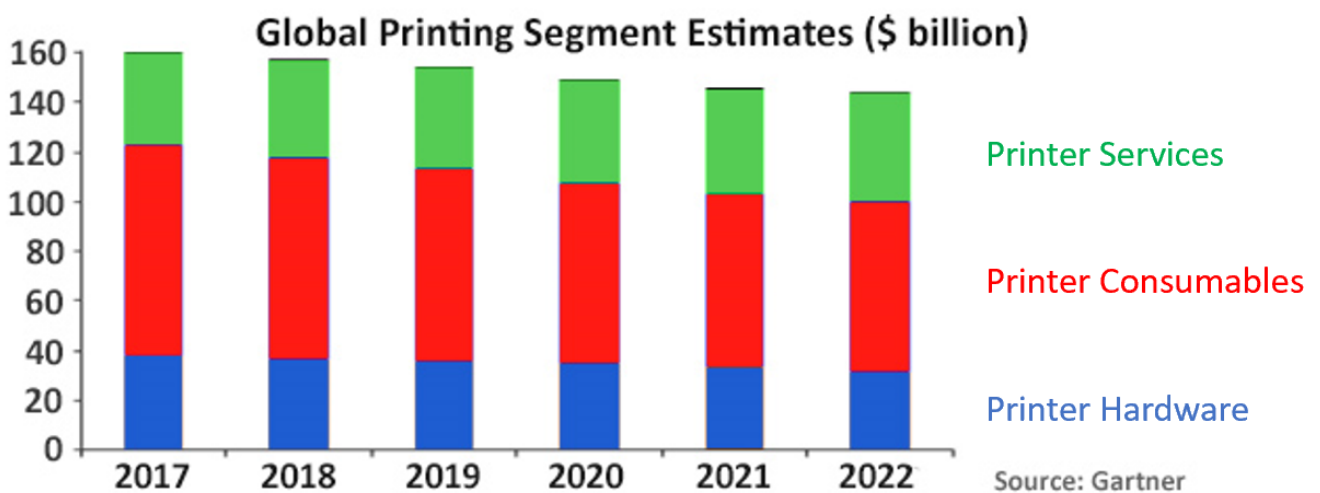


Source: Statista

Global photocopier and printer hardware sales are in structural decline, largely due to an ongoing shift from paper based work-flow and communications to digital. This trend is likely to continue as older generations who tend to have a higher preference for paper based work-flow and communication retire while the younger generations who replace them are more accustomed to working in a digital age using less paper.

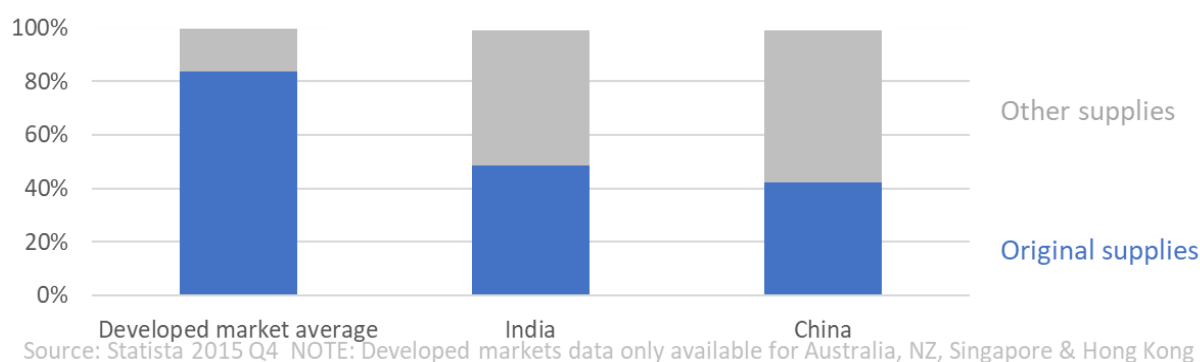


Printer consumables sales, largely ink and toner, are a critical revenue source for the hardware manufacturers. Consumables sales are also in structural decline due to the shift from paper to digital.

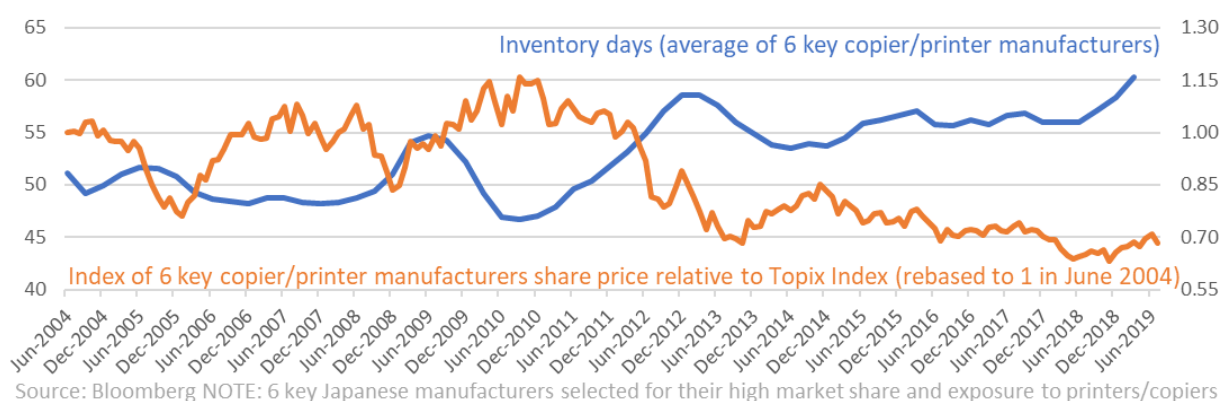


Hardware makers are seeing an even more rapid decline in their consumables sales than the global aggregate decline would suggest. This is because developed markets, that tend to use more original brand consumables, are seeing a more rapid decline in consumables sales than emerging markets, which tend to see a higher ratio of cheaper third party and counterfeit consumables usage. As such, hardware makers suffer not only as the global aggregate consumable market shrinks, but also as it shifts from developed to emerging markets.

## Printer Supplies Market Share 2015



The share prices of Japanese copier/printer companies have been relatively weak over the last decade but there has been particular periods when the relative weakness, or opportunity to generate short alpha, has been pronounced. We can see below, periods in with the largest relative share price decline have tended to occur during, or soon after, periods in which inventory levels rose amongst key players. Inventory build-out indicates that supply/demand imbalance is particularly poor. Inventory levels, when measured in turnover days, have recently risen to record levels. A period of particular weakness in copier/printer shares is likely.



## INFORMATION

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