

Gravure Partnership



Altria
Altria Client Services

Philip Morris USA - Cigarettes



- 6.8 BN Packs
 - Hard pack Boxes
 - 16 Structures
 - Soft Pack Labels
- 680 MM Cartons
- Promotional Film
- Metallized Film
- Other Promotional Material
- Corrugated Cases

Primarily Gravure but seeing more movement to Flexography



USSTC – Smokeless Tobacco Products



- 730 MM lids
- Labels
- Shrink Film
- Various Promotional Materials
- Corrugated Cases

Primarily Gravure and Offset but seeing more movement to Flexography



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Approximate 2011 Volumes

Altria Client Services | Senior Manager Procurement | Discussion Purposes

John Middleton - Cigars

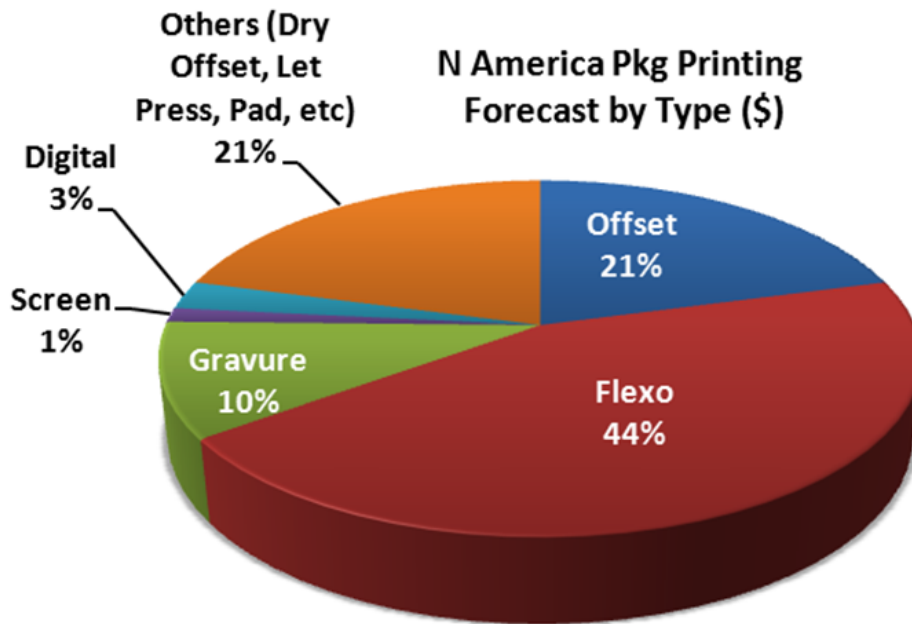


- Sleeves, Trays and Displays
- Labels
- Printed Film
- Metallized film
- Metallized Pouches
- Corrugated Cases

Primarily Offset and Flexography but seeing some movement to Gravure



Landscape of Printing – Folding Carton



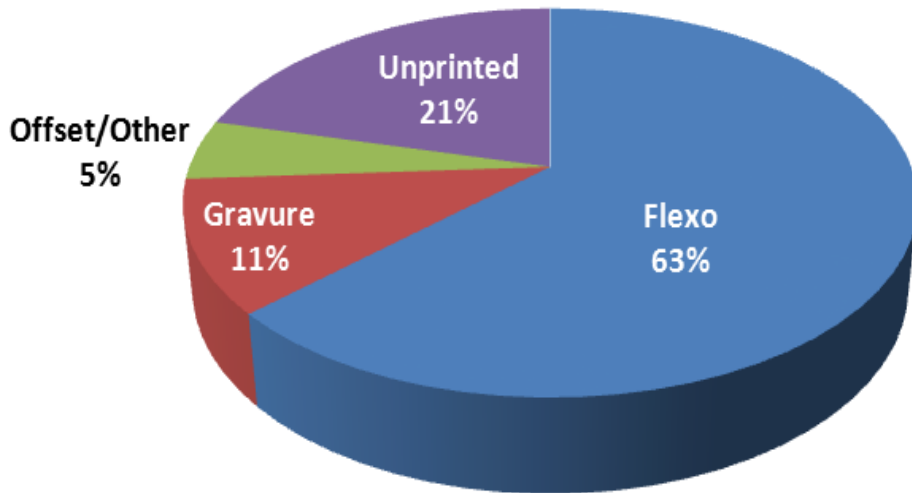
North America total packaging market at \$170B, estimated to reach \$175B by 2014

Fldg Ctn 5Yr Growth	% Change
Hardware	-6.0
Tobacco	-4.1
Meat Prods	-1.8
Converted Paper	-1.0
Cereals & Crackers	-0.7
Confectionary	-0.3
Recreational	-0.3
Baked Goods	0.5
Soap/Househld Clnrs	0.7
Dairy	0.7
Carry out	0.9
Personal Care	1.0
Misc. Goods	1.8
Beverage	2.5
Frozen	2.8
Dry Foods	3.0
Pharma	3.2



Landscape of Printing – Flexible Packaging

FPA Flexible Packaging
by Print Type



North America total packaging market at \$170B, estimated to reach \$175B by 2014

Flexible 5yr Growth	% Change
Fruit & Veg	3.0
Meat & Fish	2.5
Frozen Food	1.0
Refrig Food	2.5
Ready Meals	2.5
Dried Food	0.5
Salty Snacks	1.0
Confectionary	1.0
Baked Goods	1.7
Dairy	2.5
Coffee & Tea	2.5
Other Food	2.0
Beverage	2.0
Pet Food	3.0
Personal Care	3.0
Pharma	3.2
Tobacco	-2.0
Other Non food	1.5



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Source: Sun Chemical

Altria Client Services | Senior Manager Procurement | Discussion Purposes

Changing Customer Needs

- How will a convertor support increased speed to market expectations?
- How will a convertor support “radical” proposals that challenge gravure printing norms?
- Collaboration and Innovation
 - For US focused companies, what are the trends in the global markets?
 - What can the convertor do to support manufacturing processes?
 - Does the supplier understand the end product expectations?
 - When should a supplier be engaged during ideation?
 - Does the supplier thoroughly understand manufacturing capabilities / limitations?



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Production Rhythm

- Building a supply base to support the demand
 - Factory
 - Convertor
 - Engraver
- How do we adjust to changing Brand / Sales demands flowing through to factory needs?

Expectations

- Supply Security and Contingency Planning
- Quality
- Service and Delivery
- Cost Containment
- Innovation

Conveying “Premiumness”

What does Gravure have to offer?

