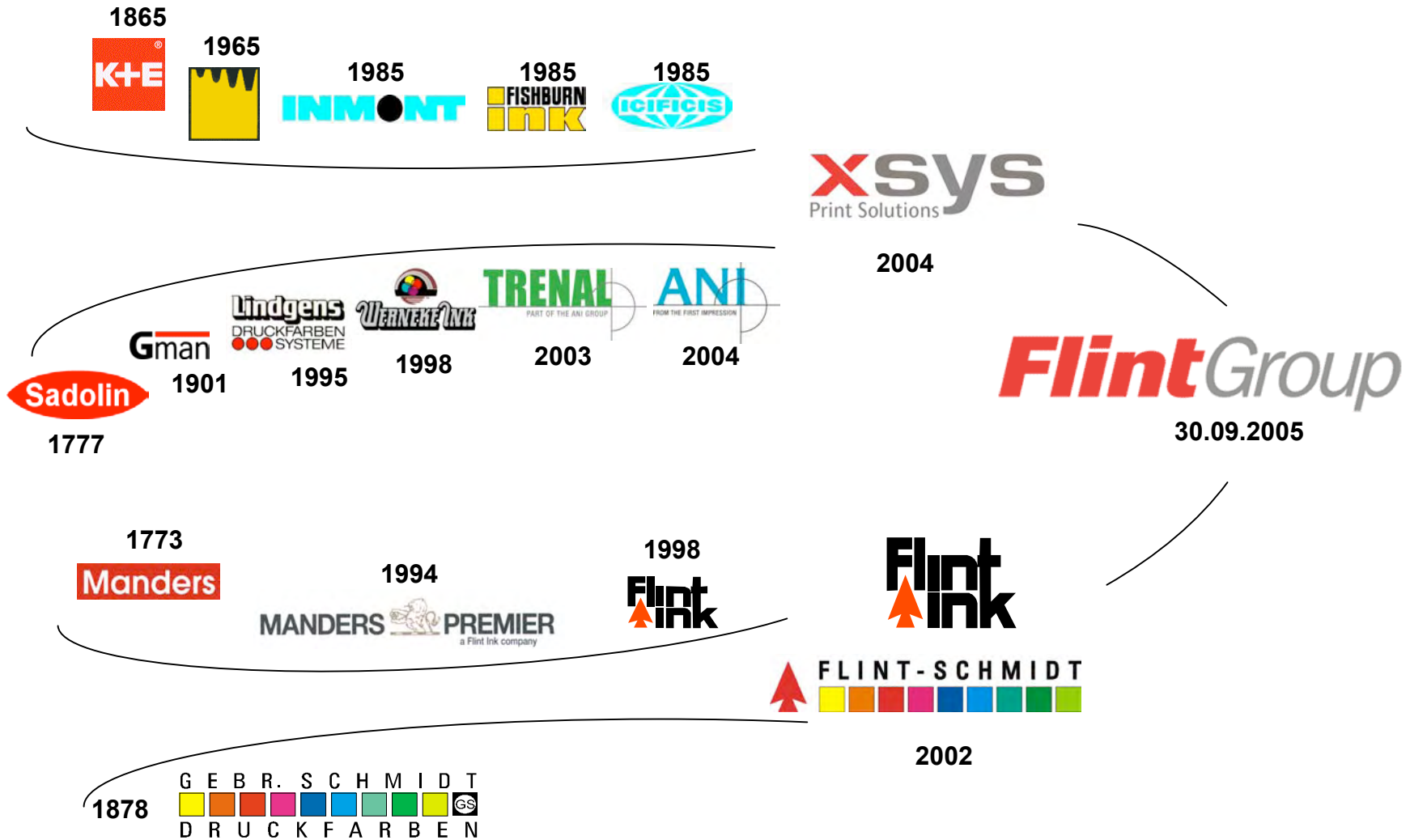


Meeting 29.11.06
R. Janssens



FlintGroup

FlintGroup



Flint Group at a Glance

- 2005 Net Sales: 2.2 billion EUR (\$2.7 billion USD)
- No. of employees: 7 000
- >140 company sites in over 40 countries
- Global network of partners and distributors

Flint Group Company Structure

- Conventional Inks: Flint Group
 - Liquid Inks
 - News Inks
 - Publication Inks
 - Sheetfed Inks
- Narrow Web Inks: XSYS Print Solutions
- Printing Plates: Flint Group Printing Plates
- Raw Materials: Flint Group Pigments & Resins

Wolverhampton

- Offset & Flexo

Cologne

- Offset

Lessines

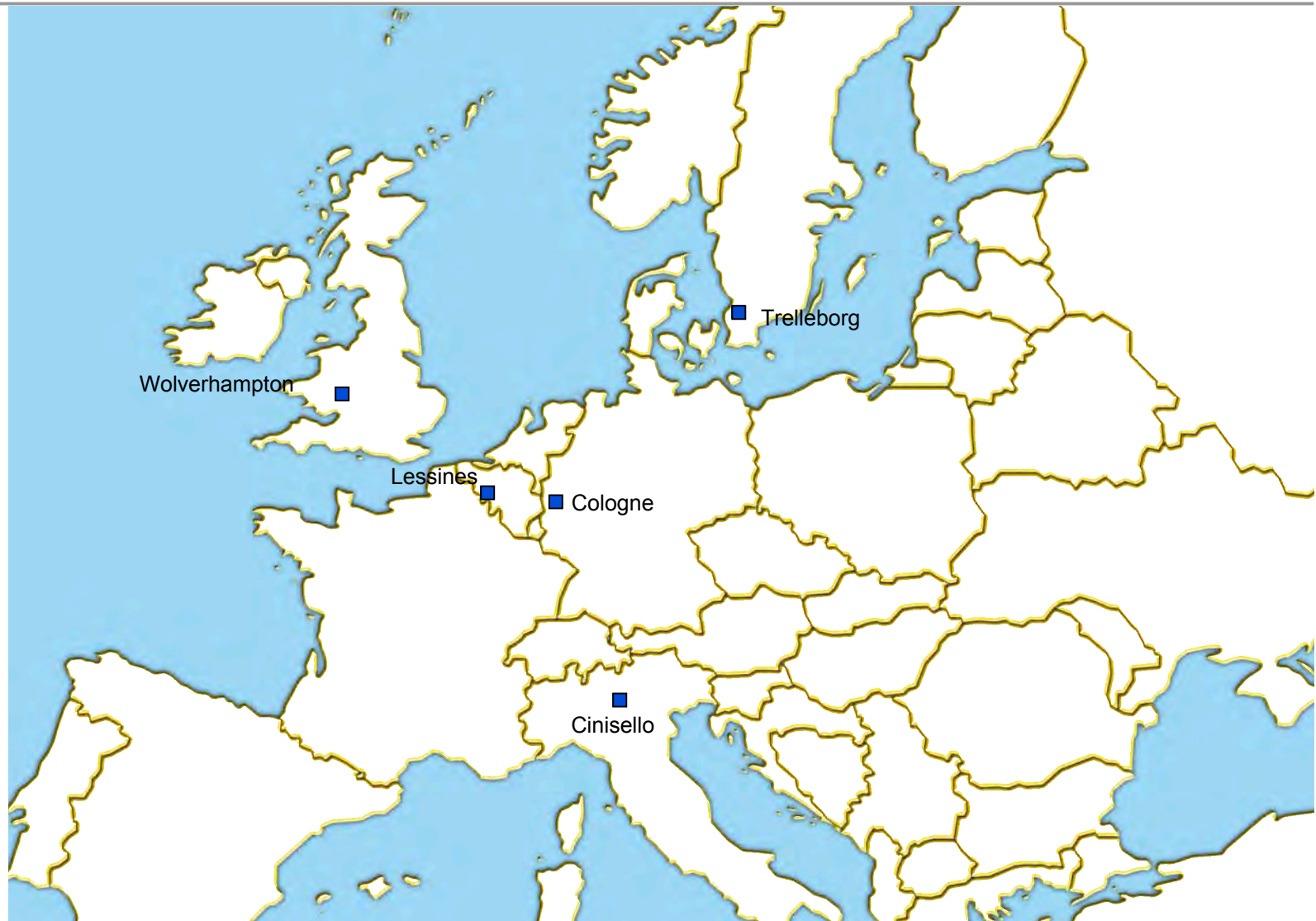
- Offset

Trelleborg

- Offset

Cinisello

- Flexo



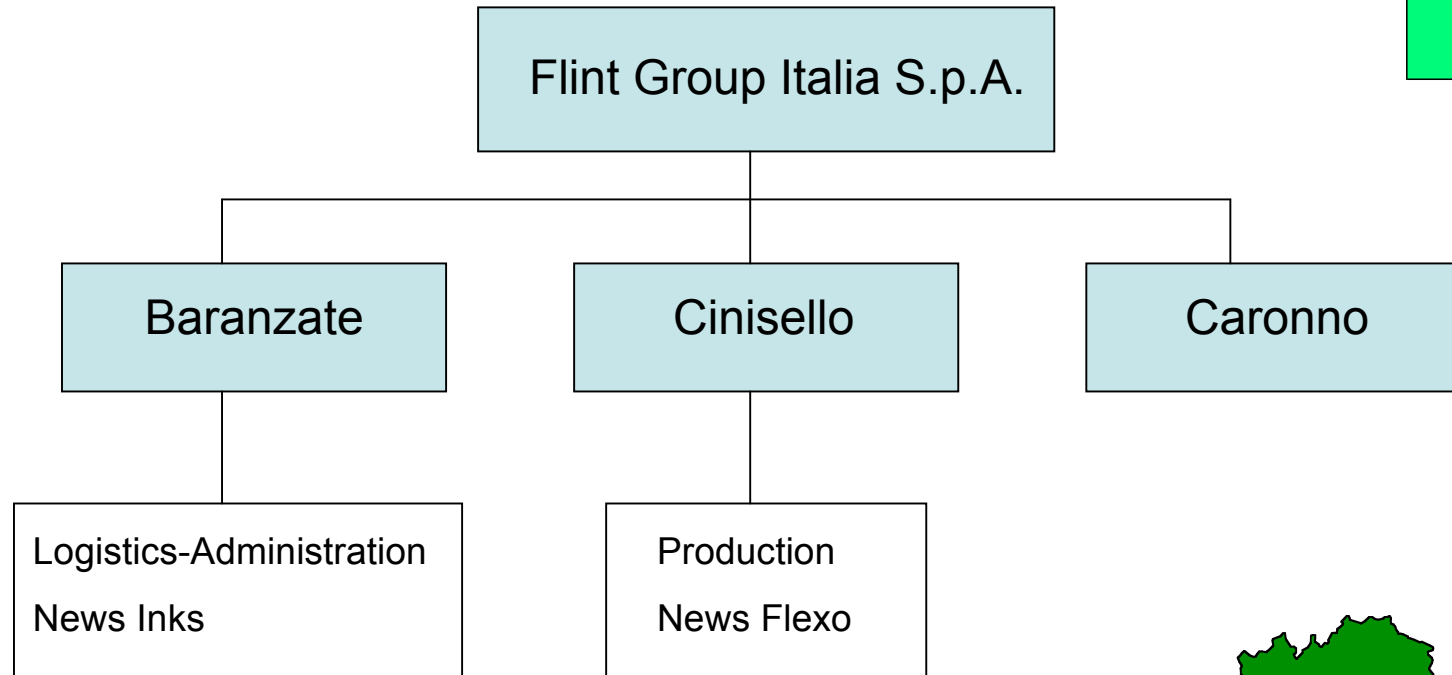
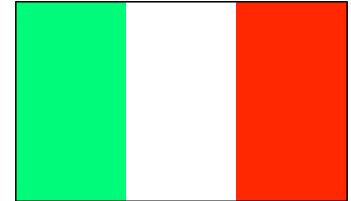
European Market 2005 – EUPIA Figures

- News Inks turnover: 406.000.000 EURO – 180.000 Tonnes
Flint Group N.1

Italian Market 2005 – EUPIA Figures

- Coldset: 10.000 Tonnes
- Flexo : 3.500 Tonnes

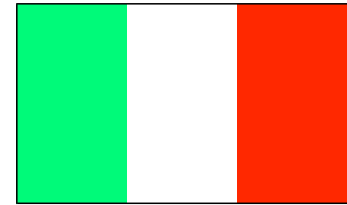
Italian Organisation



Commercial & Technical Organisation

- M. Bussola
- A. Ferrari
- B. Truffi
- + tech. team Europeo

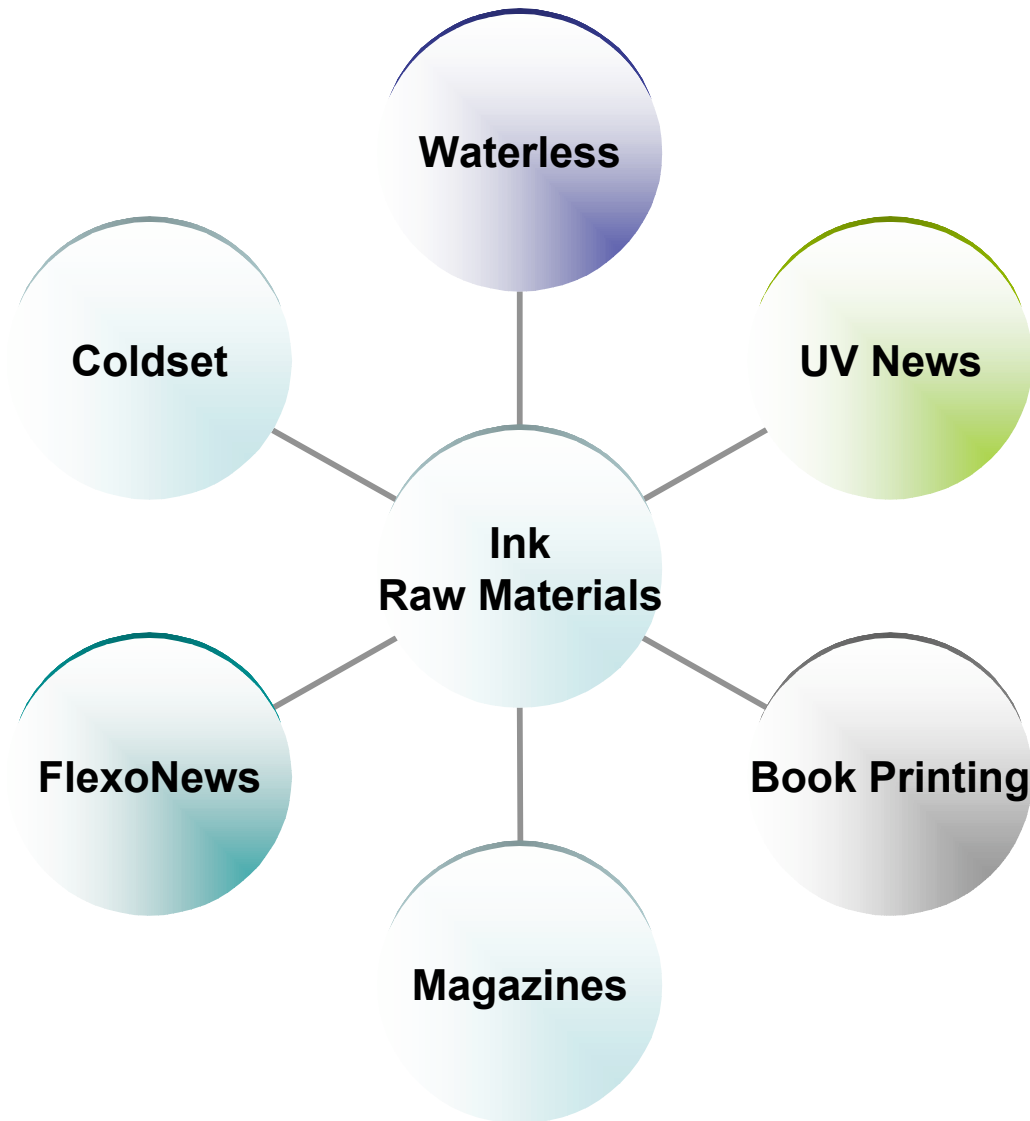
Agenti



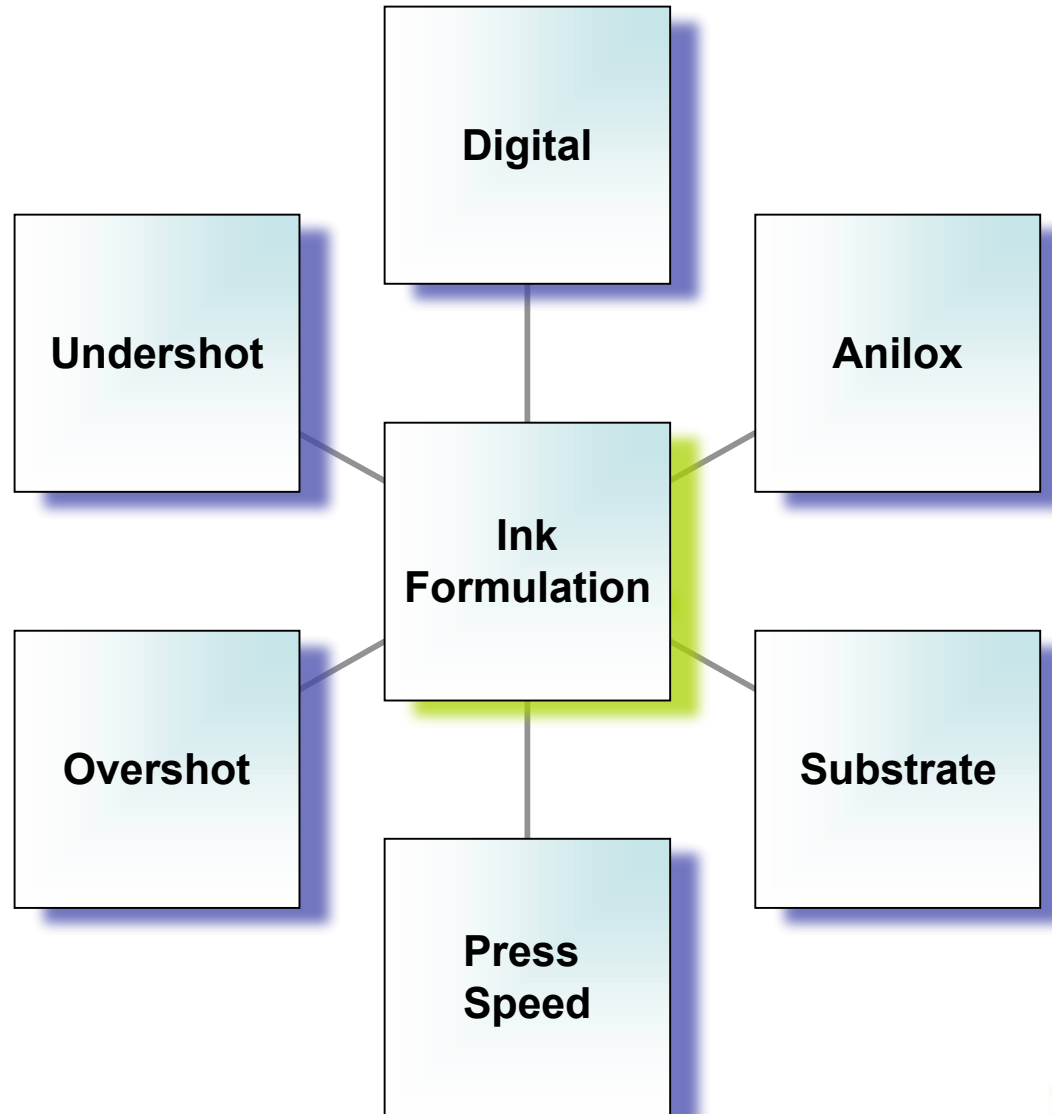
2. Choice of Ink Technology

- Determined by application and Pressroom demand
- Raw Material choice and Availability

Raw Material Selection : Application Demand



Formulation Selection : Press-room Demand



Key Raw Materials : Offset

Formulatory Drivers :

- Colorants
- Resins
- Diluents
- Additives

Raw Materials and Composition : Offset

Ink Constituent	% Composition	% of Total Cost
<u>Pigment</u> (Colour and Hue)	16 – 22 %	50 – 76 %
<u>Resin</u> (Technological Foundation)	24 – 30 %	12 – 26 %
Diluent (Petroleum/ Vegetable Oils) (used to dissolve the resin)	25 -35 %	8 -12 %
<u>Additives (extenders)</u> (Adjust print performance)	5 – 15 %	4 – 8 %
<u>Additives</u> (Rheological / Lithographic Control)	2 – 6 %	6 – 12 %

Primary Raw Material Sourcing : Offset

- *Petroleum Derivatives*

Pigments, Resins, Diluents

- *Renewable Resource*

Diluents

Raw Materials and Composition : FlexoNews

Ink Constituent	% Composition	% of Total Cost
Pigment (Colour and Hue)	15-20	55-65
Resin (Technical foundation)	20-30	30-40
Additives (bacterial, foam and pH control)	3-6	3-6
Diluents (used to dissolve resin and control viscosity)	48-58	2-4
Total	100	100

Raw Materials : FlexoNews

- Acrylates

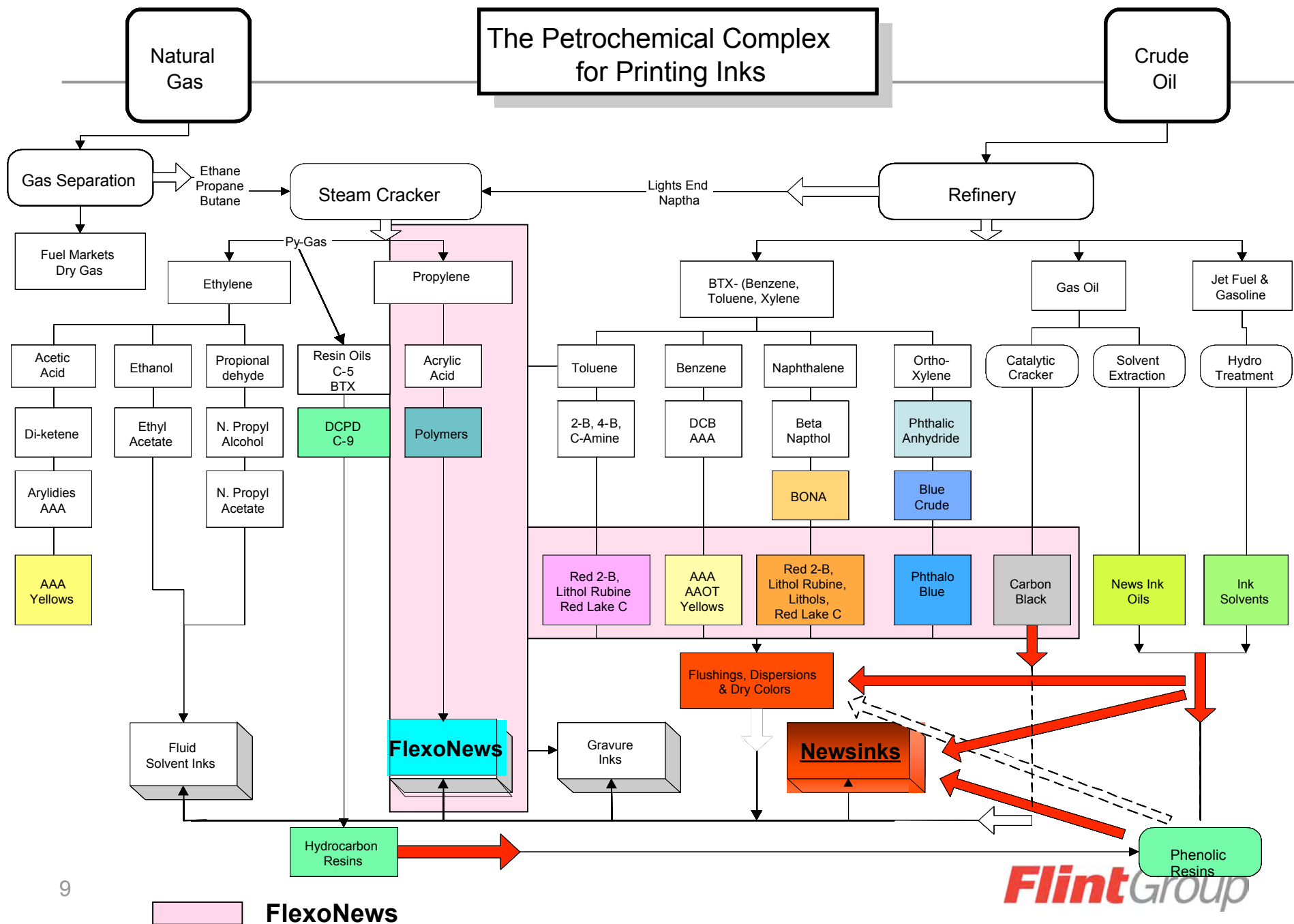
Derived from crude oil derivatives

- Pigments

Derived from crude oil derivatives

- Additives

Synthesised from petroleum raw materials



Renewable Resource :

- Colourants : NO vegetable based pigments currently available to meet the market requirement.
- Vegetable based resin : Direct alternative to current high-tech petroleum derived resins is not available.
- Vegetable Oils : Offers the only real opportunity to mitigate against price and availability pressures on petroleum alternatives
- FlexoNews : All materials based on synthesised source

Offset Raw Materials – Health and Safety

- All materials unlabelled and comply with all EU regulations
- All process pigments compliant for heavy metal content
- Representation in industrial forums to anticipate and manage legislative changes.

FlexoNews : Health and Safety

- Potential legislative pressure on Pigment Fanal Red 169, R41 labelling. Italian government driving removal of Fanal Pigment from ink formulation.
- Representation in industrial forums to anticipate and manage legislative changes.

3. Future Developments :

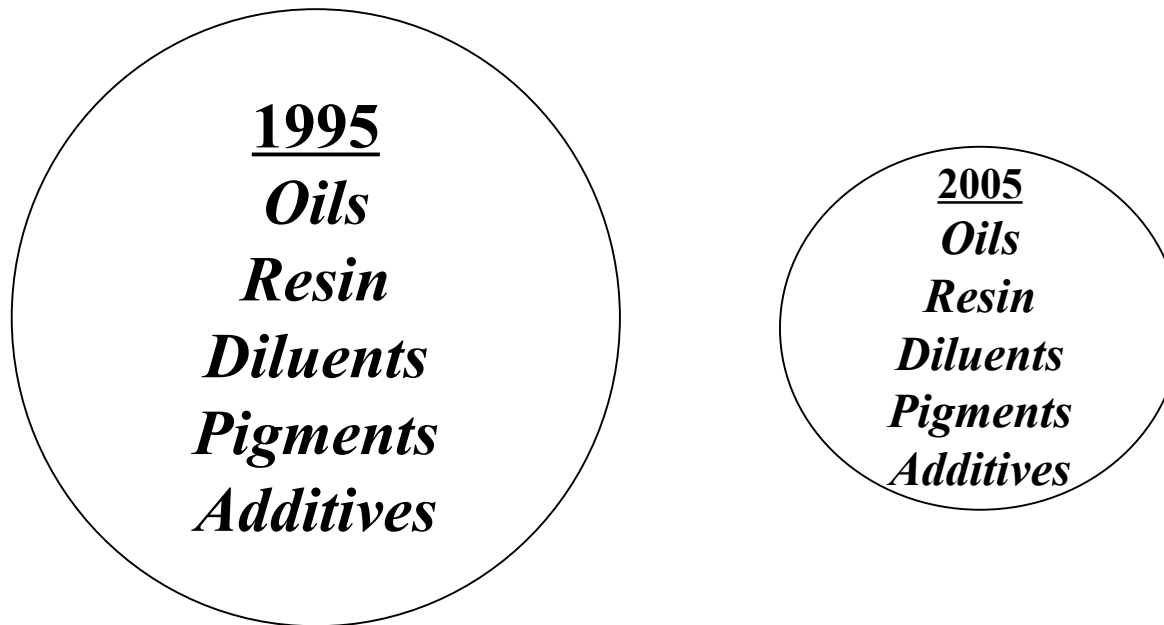
- Technology
- Raw Materials and Pricing

New Developments : Technology

- Deinkability : Ongoing development at CTP, Grenoble and HQP, UK
- Waterless Application :
Project ongoing at various sites in De and BeNeLux
- UV/EB News :
Successful utilisation in North America at over 20 customers using Flint Arrowlith UV/EB News Technology
- MAN XXL :
Project ongoing for product enhancement
- Low-Grammage Newsprint :
Development of inks to minimise strike-through for the 42GSM sheets.

Raw Material Choice and Availability

- Consolidation coupled with unprecedented Asian demand
- Capacity realignment and product elimination
- Relocation of manufacturing base, reduction in competitive dynamics



Raw Material Availability :

Force Majeure

1. Hydrocarbon resin – due to plant shutdown
2. Phthalic Anhydride – due to global demand

Shortages

1. Copper – Demand from new world economies
2. Carbon Blacks – Capacity fully committed to competitive industries
3. Petroleum Distillate – Refinery capacity constraints coupled with competitive industry demand due to legislative demand.
4. Petroleum Base Oil: Suppliers opting to supply to other more profitable outlets for their materials.
5. BON Acid : dramatic price impact due to supply limitation on Rubine pigment

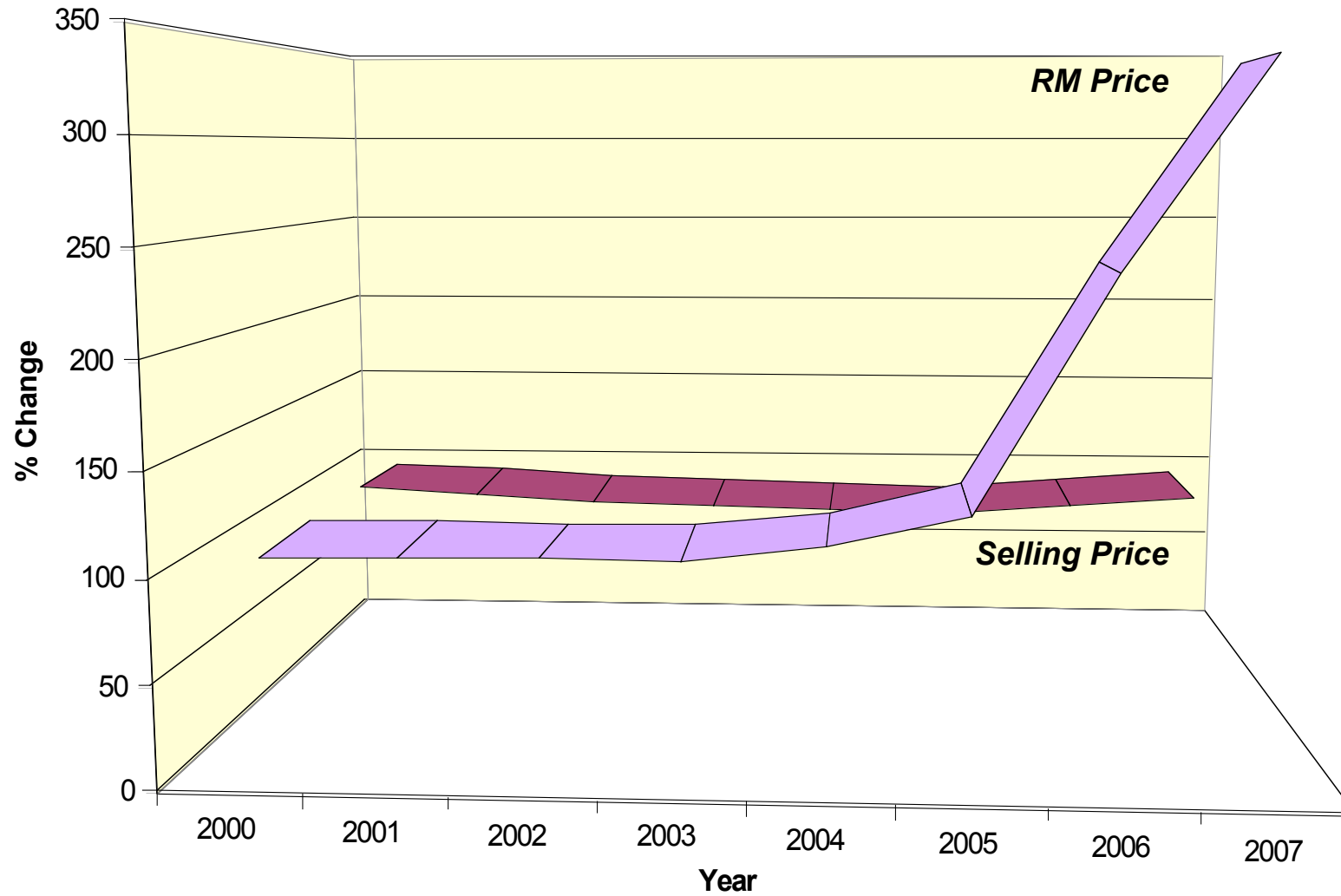
Crude Oil - Fundamental Raw Material



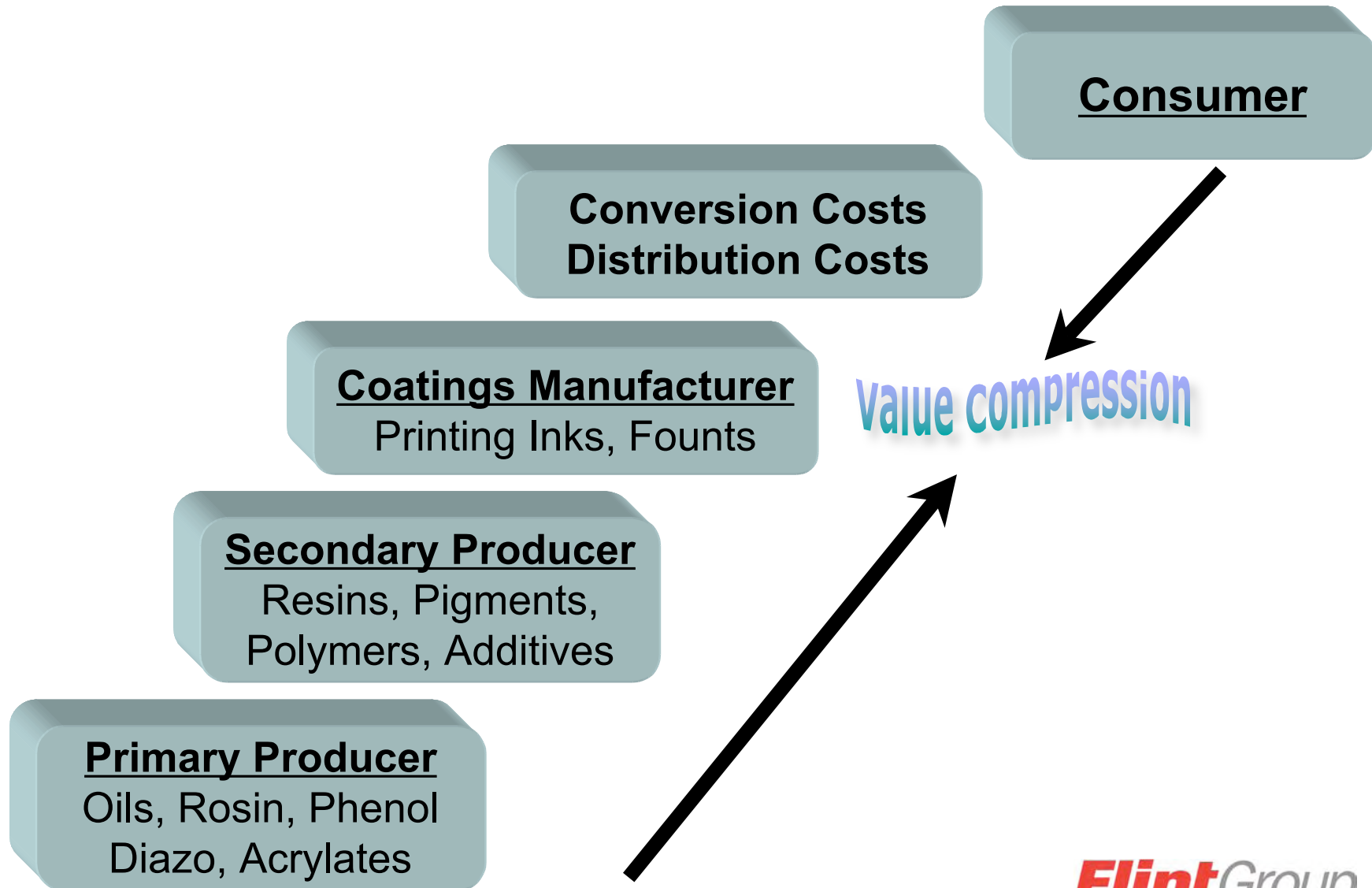
103% increase since 2004

35% increase since 2005

Raw Material Price Escalation



Material Value Chain Analysis



Opportunities to Mitigate

- Sourcing of primary raw materials

Access to upstream intermediates enabling security of supply and price control

- Increased use of sustainable resource

Limit our reliance on petroleum diluents by use of vegetable oils. Holistic approach with other Print Industry consumable suppliers to develop a reduced-petroleum platform to ensure surety of supply at a tolerable price.