

Kodak's Back, but Still Out of Focus

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After 20 months under bankruptcy court protection, Eastman Kodak emerged yesterday a new company, free from the shackles of oversight, legacy costs, and debt. Yet having shed most of its assets, businesses, and patents that defined what had once been a venerable film and camera operation, today Kodak is neither fish nor fowl and there's a lot of doubt about what the future holds.

Having rid itself of the worst of its costly expenses (and some of the [best of its portfolio](#)), Kodak is ready to restart as a narrowly focused commercial printer and imaging specialist, but on ground already paved by the likes of **Hewlett-Packard** and **Xerox**. It sold its personalized and document-imaging businesses to its U.K. pension plan for \$650 million, just a fraction of the \$2.8 billion in claims the retirement fund had sought, leaving Kodak with none of its consumer-oriented products and services. Instead, it will be a commercial enterprise-facing business.

The stock that had been trading on the over-the-counter pink sheets is now no more. They have been retired and Kodak says that in the coming days it will be working on a new IPO, with its stock traded on one of the major exchanges, but under a new symbol.

Aside from the doubts about Kodak's ability to navigate the smaller pond it chose to swim in, regardless of whether its a publicly traded company or not, even it recognizes that part of its operations are still in decline.

In an investor presentation to its creditors a few months ago, Kodak highlighted that revenue from its graphics, entertainment, and commercial films business was expected to decline from \$1.7 billion in 2012 to \$1.4 billion in 2017, a 3.3% compounded rate of contract. It's hoping that its digital printing and enterprise business will more than make up for the shortfall by growing from less than a billion dollars last year to \$1.7 billion, or a near 23% CAGR.

While HP and Xerox are bulwarks of the business, the space is highly competitive and they're even facing difficulties as pricing and margins are pressed. HP's earnings report last month indicated how difficult a road Kodak has in front of it. Despite selling 12% more commercial hardware units in its printing business, revenue in the segment declined 4% and its enterprise business didn't look much better, with a 9% drop in revenue. Helpfully it remains profitable.

Xerox is also focusing more fully on business services, having reduced copiers and printing to little more than 40% of its revenue from nearly half two years ago. It was able to notch a 5% increase in revenue in the services space, but overall total revenue fell 3%, and analysts don't foresee it recording much more than a 1% gain next year.

With both **Canon** and **Sony** also leaving their mark in the space, it's a tight niche Kodak is trying fit into, and one that doesn't necessarily guarantee success. That's how investors should view its touchscreen sensor business that it's breaking into. Earlier this year, it entered into a [manufacturing and supply chain agreement](#) with **Uni-Pixel**. While the industry is expected to double over the next five years, it's another one crowded with contenders.

Kodak believes the patents it has remaining and the technology it owns will be enough to carry it forward. Although it has a newly reconstituted board of directors, management from old Kodak -- individuals who seemingly didn't make the best choices for it considering where it ended up -- are still in place.

If and when this stock returns to the public sphere, I expect it will make a successful debut, if for no other reason than excitement at this storied name's return. Yet because this won't be your father's Eastman Kodak, I have a much more dour view of its long-term future. It's pursuing a carbon copy of what others are trying to do and are having difficulty succeeding. This is probably as close to a "Kodak moment" as investors are likely to get.

Kodak has traded its old tech image for a new one, but there's an even bigger tech revolution on the horizon. To make sense of this trend and pick out a winner, The Motley Fool has compiled a new report called "[The Only Stock You Need to Profit From the NEW Technology Revolution](#)." The report highlights a company that has gained 300% since first recommended by Fool analysts but still has plenty of room left to run. To get instant access to the name of this company transforming the IT industry, [click here -- it's free](#).

The article [Kodak's Back, but Still Out of Focus](#) originally appeared on Fool.com.

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