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## New Kodak earns \$19 million in Third Quarter



### **FULL STORY**

- Net earnings totaled \$19 million; Operational EBITDA was \$89 million, up from \$42 million in the previous-year quarter.
- Sales totalled \$564 million, an increase of \$1 million from the third quarter in 2013.
- Year-to-date Operational EBITDA was \$119 million; YTD net loss was \$77 million.
- Company expects to meet projections for 2014

of revenue between \$2.1 and \$2.3 billion and Operational EBITDA between \$145 and \$165 million.

- Strong sales growth achieved for key strategic technology products.

**Jeff Clarke, Kodak's chief executive officer**

Driven by strong sales increases for key strategic technology products and intellectual property licensing payments, Eastman Kodak Company has reported net earnings of \$19 million for the third quarter of 2014. Net earnings in the third quarter of 2013 were \$1.99 billion as a result of

a \$2.21 billion reorganisation item gain in that quarter. Operational EBITDA increased to \$89 million in the third quarter from \$42 million in the previous-year quarter.

Sales in the quarter were \$564 million, up \$1 million from the previous-year quarter, despite declines totalling \$43 million in the Consumer Inkjet and Entertainment Imaging films mature businesses.

‘Our first profitable quarter since our emergence is a milestone,’ said Jeff Clarke, chief executive officer. ‘Strategic technology product areas, especially in our graphics business, are showing momentum, and we continue to invest significantly in our technology and to build our installed base.

‘However, Kodak continues to operate too closely to our breakeven point. While our costs are down, we will continue to reengineer processes, streamline our organisation, and improve execution and accountability to accelerate and broaden our momentum.

‘Our digital plates and CTP platesetter product lines delivered solid growth, with continuing robust growth in sales of Kodak Sonora Process Free Plates. Customers worldwide recognise the cost, workflow and environmental advantages offered by this product line, which eliminates use of water, chemistry and energy associated with processing of plates without sacrificing quality. We also showed strong growth for our unique packaging solution, the Kodak Flexcel NX System. Our Kodak Prosper Systems had growth of more than 50 per cent in pages printed.’

Chief financial officer John McMullen said, ‘Kodak is on track to meet guidance for 2014 revenue of \$2.1 to \$2.3 billion and Operational EBITDA of \$145 to \$165 million. Liquidity remains strong, with a cash balance of \$744 million.’

**Graphics, Entertainment & Commercial Films (GECF):** The GECF segment consists of the Graphics and Entertainment & Commercial Films groups, as well as Kodak's intellectual property and brand licensing activities.

GECF segment sales were \$400 million in the third quarter of 2014, an increase of 13 per cent from the \$353 million of the previous-year quarter.

A significant decline in motion picture film was more than offset by \$51 million in non-recurring intellectual property licensing revenue. Unit volume in the digital plates business was up for the second quarter in a row, led by Kodak Sonora Process Free Plates. Combined with solid growth in computer-to-plate (CTP) platesetter sales, unit volume growth more than offset price erosion and resulted in a modest increase in revenue for the Pre-Press Solutions business.

Operational EBITDA for GECF improved in the quarter by \$53 million to \$89 million. The improvement in gross profit percent was driven by the gain in intellectual property and brand licensing, as well as manufacturing cost reductions in Graphics, primarily from positive comparisons as a result of fresh start accounting and lower material costs.

**Digital Printing and Enterprise (DP&E):** The DP&E Segment consists of Digital Printing, Packaging and Functional Printing, Enterprise Services & Solutions, and Consumer Inkjet Systems businesses.

DP&E had sales of \$164 million in the third quarter of 2014, a decline of 17 per cent from the \$198 million of the previous-year quarter, driven primarily by the decline in the Consumer Inkjet business.

Sales of Kodak Flexcel NX Products for package printing continued to enjoy strong growth in the quarter, on track with expectations, with revenue from Flexcel NX Plates up by 34 per cent.

Operational EBITDA for the DP&E Segment declined from \$6 million in the 2013 third quarter to zero in the 2014 quarter, largely as a result of the decrease in consumer inkjet ink sales. Gross profit percent remained essentially flat, with positive impacts from inventory revaluation as a result of fresh start accounting being offset by consumer inkjet ink sales constituting a lower percentage of the segment's gross profit dollars, as well as lower sales of consumables in the digital printing business.

Full announcement with Tables: To view this announcement with its 3 Tables which show Q3 2014 compared to Q3 2013 and 9 months 2014 compared to 9 months 2013, for Kodak's Earnings Summary; GECF Segment Financial Overview; and DP&E Segment Financial overview, please [Click on this link to take you to it on the Kodak Website](#). Unfortunately we cannot display multiple Tables and Charts in our news columns.

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