

# Kodak film business up for sale as Kodak Alaris sheds photo units

Sarah Taddeo, Rochester Democrat and Chronicle Published 11:43 a.m. ET Feb. 5, 2019 | Updated 9:09 p.m. ET Feb. 5, 2019

The future of Kodak-branded Ektachrome film and other photography products is uncertain as Kodak Alaris plans to sell its photochemical and film unit, and may eventually sell all of its assets, according to recent company filings.

Kodak Alaris was carved out of Eastman Kodak in 2013 after Kodak bankruptcy proceedings and markets Kodak-brand business, film and photography products.

In its most recent annual report and financial statements, (<https://beta.companieshouse.gov.uk/company/08550309/filing-history>) which covers a 15-month period between January 2017 and March 2018, the company noted that its board approved a sale of its PPF business (paper, photochemicals and film) and all of its assets, and is "actively planning" for such an event, including engaging in discussions with a unnamed bidder.

The PPF business is currently classified in financial documents as "held for sale."

"The transaction is expected to deliver a net cash benefit to (Kodak Alaris) in 2019," according to a statement from Kodak Alaris Board Chairman Mark Elliott, which was included in the paperwork.

Kodak Alaris trustees asked the company to "explore potential opportunities to sell some or all of our businesses if an attractive arrangement can be made," according to a Kodak Alaris statement Tuesday. "This process is longer-term and doesn't change our current business operations or mission."

## The return of Kodak Ektachrome



Kodak Alaris announced in 2017 that it was bringing back Kodak Professional Ektachrome Film. (Photo: Provided by Kodak Alaris)

Kodak Ektachrome, a color slide film known for its vibrant color palette, was originally introduced by Kodak in 1946 and relaunched last year, to great fanfare across the Rochester area. [Residents took to social media with rabid excitement](https://www.10wta.com/story/news/2018/09/25/kodak-announces-return-ektachrome-roc/1419604002/), ([eager to get their hands on the retro product](https://www.10wta.com/story/news/2018/09/25/kodak-announces-return-ektachrome-roc/1419604002/)).

**More:** [Kodak: Ektachrome is back](https://www.10wta.com/story/news/2018/09/25/kodak-announces-return-ektachrome-roc/1419604002/) ([/story/news/2018/09/25/kodak-announces-return-ektachrome-roc/1419604002/](https://www.10wta.com/story/news/2018/09/25/kodak-announces-return-ektachrome-roc/1419604002/))

**More:** [Kodak Alaris to leave Eastman Business Park for Rochester Tech Park in 2018](https://www.10wta.com/story/money/2017/07/26/kodak-alaris-leave-eastman-business-park-gates-tech-park-18/512716001/) ([/story/money/2017/07/26/kodak-alaris-leave-eastman-business-park-gates-tech-park-18/512716001/](https://www.10wta.com/story/money/2017/07/26/kodak-alaris-leave-eastman-business-park-gates-tech-park-18/512716001/))

The relaunch was based on the “resurgence in the popularity of analog photography and motion picture film,” Kodak said at the time.

The Kodak Alaris report noted that the Ektachrome reintroduction was “successful,” as well as the resurgence in traditional photography.

What Kodak-branded film might look like in the coming years is unknown — another company could potentially keep the brands alive by buying the related rights and assets. However, if a buyer doesn't come through, the company's film unit could end up under the umbrella of a UK Pension Protection Fund.

## **Kodak pension hits roadblocks**

Kodak Alaris' sole shareholder is a UK pension fund called the Kodak Pension Plan, which has struggled under a large funding deficit after its sponsorship by Kodak, which filed for Chapter 11 bankruptcy in 2012.

A review of the fund last year showed that it was unlikely to meet its financial obligations, said Elliott.

That sent the fund into discussions about the “potential movement of the fund and all its assets” into direct ownership of the Pension Protection Fund, a UK corporation that steps in when a company can't pay its promised pension to its employees.

As a result, Kodak Alaris was directed to explore “an orderly disposal of the group and its component businesses” within the company's portfolio. This process could take considerable time, Elliott noted, and will be “determined by the nature of potential buyers and which assets are ultimately disposed.”

Whatever is left of the business after the search for buyers will be owned by the Pension Protection Fund, [according to a report from technology publication Inside Imaging that detailed the sale.](https://www.insideimaging.com.au/2019/exclusive-kodak-up-for-sale/) (https://www.insideimaging.com.au/2019/exclusive-kodak-up-for-sale/)

The action indicates the long-term challenges of the Kodak Pension Plan, but doesn't reflect that Kodak Alaris itself is performing poorly, he said.

## **Who would buy Kodak film?**

Anyone with a long-term eye on the film business would see that selling off the film business now makes sense, said George Conboy of Brighton Securities.

Film photography is now an “fine art niche,” rather than a mainstream habit, and Hollywood use of film for movie capture won't continue forever. Out of the four businesses managed by Kodak Alaris, this one was likely perceived to have the shortest lifespan and is therefore first up for sale, he said.

But the question of who might be interested in buying the business is a tougher one. A company like Fujifilm would have the institutional knowledge and the equipment to continue the enterprise, but manufacturing film is complicated and highly specialized, and isn't worth it without substantial sales volume, said Conboy.

Regardless of who snaps up the unit, the Kodak brand will likely hang around, he said — photographers and filmmakers buying this film are doing so because of “what they perceive as the look or the quality that they get,” he said.

At the end of the day, the UK pension fund never intended to run operating businesses — it has an obligation to pay retirees what they're owed, said George Conboy of Brighton Securities.

“Kodak Alaris had to stabilize the businesses, evaluate what they had, and then look for a way to extricate itself, and this is part of that process,” he said.

All three core businesses under Kodak Alaris' umbrella — Imaging, PPF and Alaris, or information management (a fourth, a business services unit called AI Foundry, was added in 2016) — are operating in “mature” markets that are under heavy transformation, said Kodak Alaris' Elliott.

“This has been a testing period for our businesses and our people, to whom I, and the board, send our deepest gratitude for the significant efforts and contribution to the progress and achievements delivered over the last 15 months,” said Elliott.

*STADDEO@Gannett.com*

Read or Share this story: <https://www.democratandchronicle.com/story/money/business/2019/02/05/kodak-film-business-sale-kodak-alaris-plans-shed-ektachrome-photo-assets/2776110002/>