



Océ

Quarterly
report 2008/4

Results fourth quarter 2008



Océ N.V.

September 2008 – November 2008

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**Printing for
Professionals**

Rapidly deteriorating economic conditions affect Océ results; normalized operating income Q4: € 27.8 million

Highlights fourth quarter:

- Unprecedented economic downturn affected the printing industry strongly
- Total revenues € 802.0 million (-5.5% organically, excluding fax)
- Normalized operating income € 27.8 million (2007: € 50.1 million)
- Free cash flow of € 142 million (2007: € 208 million)
- Cost reduction program 2008 delivers targeted € 80 million savings
- Proposed total dividend for 2008 € 0.15 per ordinary share (2007: €0.64) already fully paid as interim dividend

Comments by Rokus van Iperen, Chairman of the Board of Executive Directors:

'The acceleration of the unprecedented economic downturn has impacted the printing industry since October and as a consequence has also severely affected Océ's financial performance. Amidst this turbulence, we have maintained our competitive position, thanks to our innovative products and strong sales and service organization. Our business model, with approximately 70 % recurring revenues, and continued vigorous cost reductions reduced the impact of the economic downturn.'

For 2009, we anticipate continuing challenging market conditions. Within our strategy we are executing actions to support our 2009 profitability. We will expand our cost savings initiative from € 50 million to € 80 million in 2009 and generate additional cash flow of € 100 million from balance sheet reductions in the area of real estate, inventories, finance lease debtors and accounts receivable.

We will pursue our strategy including exploring of opportunities to enter into new partnerships, enabling us to sell continuous feed and wide format printers through third parties. With these actions we will maintain our competitive position within the current economic downturn.

The continuing deterioration of the economy has impacted the time frame for achievement of our financial objectives. We remain committed to these objectives and will set a new timeframe as soon as the predictability of the economic developments improves.'

Summary provisional results 2008*

Key figures <i>In million € / as %</i>	Fourth quarter			Twelve months		
	2008	2007	Δ	2008	2007	Δ
Total revenues	802.0	838.4	-4.3%	2,909.0	3,098.2	-6.1%
Normalized operating income**	27.8	50.1	-44.4%	82.3	122.2	-32.6%
One-off items	-11.9	-0.3	-	-36.3	-1.0	-
Operating income (EBIT)	15.9	49.8	-68.0%	46.0	121.2	-62.0%
Normalized net income**	7.5	36.1	-79.2%	28.1	79.6	-64.7%
Net income	0.7	35.8	-98.0%	3.8	78.9	-95.2%
Free cash flow	142	208	-31.7%	19	191	-90.1%

* The figures in this report are unaudited.

** Adjusted for one-off items, representing continuing business.

Printing industry

The economy declined at an unprecedented pace especially since October 2008. This resulted in a strong deterioration in, for example, the Manufacturing and Advertising sector and continued weak Financial Services and Construction sector. Some other market sectors, mainly Government and Education, showed a more stable development.

The speedy and deep deterioration in the market sectors affected almost all segments of the digital printing industry. The demand for general copiers/printers slowed down and replacement investments in very high volume equipment continued to be postponed. Also investments to enter into new applications, which transfer print volume from analog presses to digital printers, reduced in pace. Print volumes were under pressure in all segments except for the new applications. The outsourcing of Document Management Services continued to grow.

The financial performance of Océ in the fourth quarter was strongly affected by the economic decline and the subsequent deterioration in the market sectors. Océ maintained its competitive position through execution of its strategy. In addition Océ's business model reduced the impact of the deteriorating market sectors, for example through our recurring revenue stream (representing some 70% of total revenues and reflecting our long

term customer relations) and in addition through our well spread customer base covering various markets and geographies.

Océ Group provisional results fourth quarter 2008

Revenues

Total revenues in the fourth quarter amounted to € 802.0 million, a decrease of 4.3% compared to the fourth quarter of 2007.

Excluding exchange rate effects and the non-core fax business, total revenues decreased organically by 5.5%.

Our share of color continues to grow and now accounts for 28% of revenues, up from 23% in the same period last year. The full color Océ JetStream series and Océ ColorStream 10000 continuous feed printers and in wide format the Océ ColorWave 600, Océ Arizona 200 GT and the new Océ Arizona 350 GT continued to sell well as they provide our customers access to new applications adding economic value to their business. The related recurring revenue stream also increased. Océ expects that color will continue to grow at a rapid pace and will continue to become a much larger part of the revenue stream going forward.

Non-recurring revenues amounted to € 274.3 million, decreasing by 10.9%. The adverse conditions in the printing market impacted

equipment sales resulting in an organic revenue decrease of 11.2% compared to the very strong fourth quarter of 2007 (in which non-recurring revenues rose 14.2%).

Recurring revenues amounted to € 527.7 million, decreasing by 0.5%. Excluding fax, organic recurring revenues decreased 2.1%, due to lower print volumes.

One-off items due to restructuring, impairment and divestments of Arkwright and ODT

In 2008, in response to the economic downturn, Océ accelerated the cost savings program in order to support profitability. The 2008 operational excellence objective was to reduce expenses by € 80 million. Actually, € 80 million savings and 840 job reductions have been realized. In the fourth quarter some € 21 million savings and 280 job reductions were realized whilst € 17.6 million in restructuring expenses were incurred.

In the fourth quarter Océ realized a one-off gain of € 2.2 million relating to the Océ Document Technologies (ODT) business which was divested in the first quarter.

In the fourth quarter Océ impaired certain internally developed software for the amount of € 2.9 million and realized a one-off gain of € 6.4 million related to the sale of the US coating related activities of Arkwright, divested in the third quarter.

In total, one-off items amounted to € 11.9 million of which € 6.3 million impacted gross margin and € 5.6 million impacted operating expenses.

Gross margin and operating income

Normalized *gross margin*, excluding one-off items, was 35.6% (2007: 39.6%¹). The decline was the result of several factors. The changes in foreign currency exchange rates caused a negative impact of € 2.9 million leading to a decline of 0.4% point. The growth of OBS resulted in a negative mix effect

1) In 2008 and in the comparative figures for 2007 the transportation costs from distribution center to customer are fully included in the gross margin.

of 0.3% point (OBS operating income is not driven by a high relative gross margin). The sale of ODT and Arkwright accounted for a decline of 0.1% point. The remainder gross margin decline was the result of several effects approximately evenly spread across DDS and WFPS. In DDS the decline was caused by lower market demand mainly resulting in under utilization of the factories and some price pressure. In WFPS the decline was mainly caused by incidental effects following a very large customer order, with lower margin, which was delivered completely in the fourth quarter as well as price actions on the Océ Arizona 250 GT inventory before introduction of the new Océ Arizona 350 GT.

Normalized *operating expenses* amounted to 32.1% (2007: 33.6%). This decrease was realized by execution of the operational excellence program. Net capitalized R&D costs amounted to € 6.3 million (2007: € 9.6 million). Share based payments contributed for € 1.1 million to the profit & loss account (2007: € 1.7 million).

On balance, normalized *operating income* amounted to € 27.8 million (2007: € 50.1 million). The changes in foreign exchange rates caused a negative impact of € 6.9 million. Operating income amounted to € 15.9 million (2007: € 49.8 million).

Financial expenses and net income

Financial expenses (net) amounted to € 18.8 million (2007: € 11.5 million).

On balance, normalized *net income* was € 7.5 million (2007: € 36.1 million).

Free cash flow in the fourth quarter was € 142 million (2007: € 208 million, including € 39 million one-off proceeds from the sale of office buildings). Cash flow from operating activities, was € 165 million, mainly due to € 131 million reduction of working capital, especially inventories and accounts payable. The cash flow from investing activities, – € 23 million, was lower than average in 2008 due to reduced capital expenditures as a result of the operational excellence program.

Océ Group provisional results 2008

Total revenues decreased by 6.1%. Excluding exchange rate effects and the non-core fax business, revenues decreased organically by 1.9%.

Non-recurring revenues decreased organically by 4.3%. *Recurring revenues* decreased organically, and excluding the non-core fax business by 0.7%.

The normalized *gross margin* was 38.2% (2007: 39.6%). Including one-off items the gross margin decreased to 37.5% (2007: 39.3%).

Normalized *operating expenses* as a percentage of revenues amounted to 35.4% (2007: 35.7%). Including one-off items relative operating expenses increased to 35.9% (2007: 35.4%).

Normalized *operating income* amounted to € 82.3 million (2007: € 122.2 million). Including one-off items operating income amounted to € 46.0 million (2007: € 121.2 million).

Normalized *net income* amounted to € 28.1 million (2007: € 79.6 million). Including one-off items net income amounted to € 3.8 million (2007: € 78.9 million).

Balance sheet, RoCE and cash flow

The balance sheet total was € 2,549 million, compared to € 2,491 million at the end of the fourth quarter of 2007. The year-on-year increase was mainly attributable to exchange rate effects.

Lower sales, following the market deterioration, lead to an increase in certain inventories compared to the third quarter of 2008. Manufacturing of these products has been stopped temporarily.

The net debt/EBITDA ratio* amounted to 2.5 which is below the maximum of 3.0 in the loan covenants. The EBITDA/net interest ratio* amounted to 5.4 (minimum 4). Net debt amounted to € 562 million of which € 491 million is to be redeemed in 2011.

* According to loan covenant definition.

The pension liability in the balance sheet amounted to € 389 million (2007: € 414 million). Pension expenses according to IFRS for defined benefit schemes amounted to € 27.3 million and will increase to € 36.8 million in 2009. Cash contributions for defined benefit pension schemes amounted to € 43 million, of which € 28.4 million in the Netherlands. The cash contribution in the Netherlands is expected to increase by approximately € 3 million in 2009 due to the increase of the employers contribution.

Net Capital Employed was € 1,243 million, compared to € 1,145 million at the end of the fourth quarter of 2007. The year-on-year increase was mainly attributable to exchange rate effects. In relation to normalized operating income, RoCE amounted to 5.3% (2007: 7.3%).

Free cash flow in 2008 was € 19 million (2007: € 191 million). Cash flow from operating activities amounted to € 122 million. The cash flow from investing activities amounted to – € 103 million.

Key figures per Strategic Business Unit fourth quarter 2008

<i>In million € / as %</i>	DDS	WFPS	OBS	Total
Revenues	453.9	231.9	116.2	802.0
<i>Organic growth in revenues, excl. fax</i>	-7.0%	-6.8%	4.1%	-5.5%
Non-recurring revenues	181.8	92.5	-	274.3
<i>Organic growth in non-recurring revenues</i>	-13.7%	-6.1%	-	-11.2%
Recurring revenues	272.1	139.4	116.2	527.7
<i>Organic growth in recurring revenues, excl. fax</i>	-1.8%	-7.4%	4.1%	-2.1%
Normalized operating income*	1.2	20.9	5.7	27.8
One-off items	-11.5	-0.2	-0.2	-11.9
Operating income	-10.3	20.7	5.5	15.9

* Adjusted for one-off items, representing continuing business. One-off items comprise restructuring charges, impairment and effects the divestments of ODT and Arkwright earlier 2008.

SBU's provisional results fourth quarter

Digital Document Systems (DDS)

Revenues in DDS amounted to € 453.9 million. Organically and excluding fax, revenues decreased by 7.0%. The share of color increased to 23% of revenues (2007: 19%).

Non-recurring revenues amounted to € 181.8 million and decreased organically by 13.7%. As a result of the decline in the worldwide market for transaction printing the sales of black and white continuous feed systems decreased very strongly compared to the fourth quarter of 2007. DDS made a promising entrance in TransPromo and Graphic Arts by selling multiple Océ JetStream and Océ ColorStream continuous feed color printers.

In the fourth quarter the demand for general printers/copiers slowed down which resulted in lower sales of Office as well as production cutsheet equipment. The alliance with Konica Minolta continued to be successful. Sales of Océ equipment by Konica Minolta also made a promising start.

Recurring revenues amounted to € 272.1 million. In the fourth quarter organic recurring revenues, excluding fax, decreased by 1.8%. The market sector development resulted in lower print volumes except for TransPromo and Graphic Arts. Recurring revenues from continuous feed systems decreased due to lower transaction printing levels.

Normalized operating income amounted to € 1.2 million (2007: € 16.9 million). The decline was the result of lower equipment sales especially in black and white continuous feed resulting in the earlier mentioned gross margin effect due to under utilization of the factory.

Wide Format Printing Systems (WFPS)

Revenues in WFPS amounted to € 231.9 million. On an organic basis the revenue decline was 6.8%. The share of color increased to 41% (2007: 33%).

Non-recurring revenues amounted to € 92.5 million. The organic decrease was 6.1%. Excluding the acquisition of Intersoft the decline was 6.5% compared to the very strong fourth quarter of 2007 (in which non-recurring revenues rose 22.8%). This decline was caused by lower black and white

equipment sales in Technical Document Systems following the slow down in the Construction as well as the Manufacturing sector. WFPS continued to ramp up the production of the new, much demanded, Océ ColorWave 600. As announced earlier the Océ ColorWave 600 contribution to 2008 revenues was limited.

The deteriorating Advertising market caused a slow down of the pace of equipment sales in the Display Graphics market. In the fourth quarter WFPS introduced the Océ Arizona 350 GT. This new model is 40% faster than the successful Océ Arizona 250 GT and has the ability to print white ink. The Océ Arizona 350 GT will enable customers to address a larger part of the Display Graphics market currently printed on analog presses.

Recurring revenues amounted to € 139.4 million. The organic decrease was 7.4%. Excluding the acquisition of Intersoft and the divestment of Arkwright the decline was 5.8%, caused mainly by lower print volumes in the Construction and the Manufacturing sector. WFPS grew its recurring revenues in the Display Graphics segment.

Normalized *operating income* was € 20.9 million (2007: € 27.1 million). Normalized EBIT was impacted by the earlier mentioned gross margin effects, postponed replacement of Technical Document Systems (TDS) equipment, reduced black and white print volumes and start-up costs of the Océ ColorWave 600.

Océ Business Services (OBS)

Revenues in OBS amounted to € 116.2 million. Organic growth was 4.1%. OBS shows consistent growth as the trend to outsource document management activities continues. Revenue growth in Europe was strong despite the economic slow down whilst the revenues in the United States continued to be under pressure due to the slow down in Financial Services sector and litigation services.

Normalized *operating income* amounted to € 5.7 million (2007: € 6.1 million). The operating income was impacted by start-up costs of large new contracts.

Strategic Plan and actions

Financial objectives

The continuing deterioration of the global economy developments has impacted the time frame of achievement of the financial objectives.

Consequently the targeted RoCE of > 13% will not be realized in 2010 because of lower than anticipated revenue growth and pressure on the relative gross margins. Océ remains committed to its financial objectives and will set a new time frame as soon as the predictability of the economic developments improves.

Operational excellence

For 2009 Océ puts in place additional actions in operational excellence, one of three main pillars of Océ's strategy. The cost savings objective of € 50 million is increased to € 80 million. The related reduction of positions in 2009 amounts to 360. The total reduction of positions for 2008 and 2009 will increase from 950 to 1,200 positions. In addition € 100 million cash will be generated by Balance Sheet reductions in the area of real estate, inventories, finance lease debtors and accounts receivable. The proceeds from these actions will be used to reduce the net debt. The above mentioned savings exclude volume effects and inflation.

Océ has two actions to support the gross margin. Firstly € 40 million savings in the cost of goods sold, which are included in aforementioned € 80 million savings target for 2009. Secondly Océ will further enhance manufacturing cost flexibility. To realize this in the Venlo supply center, the transformation from manufacturing to a configuration and supply chain organization as well as the outsourcing of the manufacturing of new developed products will be continued. To increase cost flexibility the Poing supply center will substantially reduce fixed assets and increase the level of outsourcing.

In 2009 the Strategic Business Units will again be taking further major steps in the other two main pillars of Océ's strategy: distribution power and competitive products.

Digital Document Systems

DDS will strengthen its distribution power by shifting sales resources to capture opportunities in TransPromo and Graphic Arts, increasing sales of Océ VarioPrint 6000 through Konica Minolta and exploring new partnerships in continuous feed.

The competitive strength of the DDS product portfolio continues to be based on a balanced mix of the company's own products and OEM products. DDS is further strengthening its product range by continuing the joint development of high volume/very high volume production cutsheet systems for both Océ and Konica Minolta. DDS will increase the Océ ColorStream 10000 and Océ JetStream deliveries to capture growth opportunities and expand the continuous feed color portfolio based on own as well as partner technology.

Wide Format Printing Systems

WFPS will enhance its distribution power by shifting sales resources from Technical Document Systems (TDS) to Display Graphics Systems (DGS) to capture growth opportunities, increasing sales of the Océ Arizona range through Fujifilm and exploring new partnerships in WFPS.

To increase the competitive strength of its portfolio, WFPS will continue to increase the Océ ColorWave 600 deliveries to meet strong demand and in addition create new TDS and DGS printers based on the revolutionary Océ CrystalPoint technology. WFPS will further strengthen the strong DGS product portfolio with own Arizona developments, additional OEM products and media.

Océ Business Services

Starting in 2008 Océ converted OBS into a separate Strategic Business Unit to serve the market for document outsourcing with even greater focus and energy.

OBS will improve the profitability by optimal use of synergies through delivering multiple services to existing customers and leverage existing services to new customers.

To increase the competitiveness of its services portfolio OBS will continue to concentrate on the shift toward high value productized services.

Proposed dividend for 2008: € 0.15 per ordinary share (2007: € 0.64)

Océ proposes to shareholders that the dividend for 2008 will be € 0.15 per ordinary share. If this proposal is accepted, the total dividend will be equal to the already fully paid interim dividend for 2008 of € 0.15 per ordinary share.

April 23, 2009: General Meeting of Shareholders

The Annual General Meeting of Shareholders will be held on April 23, 2009 in Venlo. The agenda for the meeting will be published on March 23, 2009. The annual report will be available on-line on February 4, 2009 on our website www.investor.oce.com

Outlook

Given the economic downturn the market circumstances will remain extremely challenging in 2009.

The strategic plan and tangible actions enable Océ to maintain or improve its competitive position. In 2009 Océ will execute its accelerated operational excellence program, delivering € 80 million in cost savings as well as € 100 million in cash from balance sheet reductions. In addition Océ will explore the development of partnerships in continuous feed and WFPS and further increase the flexibility of its manufacturing costs.

Board of Executive Directors Océ N.V.

January 12, 2009

Quarterly report 2008/4

Consolidated Income Statement

<i>In million €</i>	Fourth quarter		Twelve months	
	2008	2007	2008	2007
Total revenues	802.0	838.4	2,909.0	3,098.2
Cost of sales	-523.1	-517.6	-1,818.0	-1,881.7
Gross margin	278.9	320.8	1,091.0	1,216.5
Selling and marketing expenses	-166.0	-160.8	-638.4	-667.1
Research and development expenses	-63.9	-54.4	-228.9	-230.1
General and administrative expenses	-41.7	-55.8	-189.2	-198.1
Other income (net)	8.6	-	11.5	-
Operating expenses	-263.0	-271.0	-1,045.0	-1,095.3
Operating income	15.9	49.8	46.0	121.2
Financial income	-3.8	2.6	5.6	17.3
Financial expenses	-15.0	-14.1	-53.5	-57.6
Share in income of associates	0.4	-	0.6	0.4
Income before income taxes	-2.5	38.3	-1.3	81.3
Income taxes	3.2	-2.5	5.1	-2.4
Net income	0.7	35.8	3.8	78.9
Net income attributable to				
Shareholders	0.3	35.3	2.0	77.1
Minority interest	0.4	0.5	1.8	1.8
	0.7	35.8	3.8	78.9
Free cash flow	142.1	208.2	18.8	190.9
Average number of ordinary shares outstanding (x 1,000)	84,813	84,710	84,786	84,315
Earnings per ordinary share for net income attributable to shareholders in €				
Basic	-	0.41	-0.01	0.88

Consolidated Balance Sheet

In million €

		End of financial year 2008	End of financial year 2007
Assets			
Non-current assets	Intangible assets	593	512
	Property, plant and equipment	354	374
	Rental equipment	110	108
	Associates	2	2
	Derivative financial instruments	1	5
	Trade and other receivables	217	184
	Deferred income tax assets	96	87
	Available-for-sale financial assets	9	9
		1,382	1,281
Current assets	Inventories	353	328
	Derivative financial instruments	22	12
	Trade and other receivables	681	684
	Current income tax receivables	29	8
	Cash and cash equivalents	79	167
		1,164	1,199
	Non-current assets held for sale	3	11
Total		2,549	2,491
Equity and Liabilities			
Equity	Share capital	54	54
	Share premium	512	512
	Other reserves	-92	-147
	Retained earnings	170	181
	Net income attributable to shareholders	2	77
	Equity attributable to shareholders	646	677
	Minority interest	35	36
		681	713
Non-current liabilities	Borrowings	575	536
	Derivative financial instruments	28	15
	Retirement benefit obligations	389	414
	Trade and other liabilities	5	12
	Deferred income tax liabilities	25	15
	Provisions for other liabilities and charges	42	49
		1,064	1,041
Current liabilities	Borrowings	36	64
	Derivative financial instruments	25	1
	Trade and other liabilities	696	632
	Current income tax liabilities	25	24
	Provisions for other liabilities and charges	22	16
		804	737
Total		2,549	2,491

Consolidated Statement of Changes in Equity attributable to shareholders

In million €

	Financial year 2008	Financial year 2007
Balance at December 1, 2007 / 2006	677	684
Net income attributable to shareholders	2	77
Dividend	-57	-52
Share-based compensation	2	13
Purchase of treasury shares	-	-
Repurchased shares	-	-
Cash flow hedges	-15	-3
Currency translation differences	37	-42
Balance at November 30, 2008 / 2007	646	677

Organic growth in revenues

As percentage

	Fourth quarter 2008		Twelve months 2008	
	excluding fax	including fax	excluding fax	including fax
Non-recurring revenues				
Digital Document Systems	-13.7	-13.7	-6.4	-6.4
Océ Business Services	-	-	-	-
Wide Format Printing Systems	-6.1	-6.1	-	-
Total	-11.2	-11.2	-4.3	-4.3
Recurring revenues				
Digital Document Systems	-1.8	-2.9	-1.5	-2.7
Océ Business Services	4.1	4.1	5.4	5.4
Wide Format Printing Systems	-7.4	-7.4	-3.8	-3.8
Total	-2.1	-2.7	-0.7	-1.4
Total revenues				
Digital Document Systems	-7.0	-7.6	-3.3	-4.1
Océ Business Services	4.1	4.1	5.4	5.4
Wide Format Printing Systems	-6.8	-6.8	-2.4	-2.4
Total	-5.5	-5.8	-1.9	-2.3

Consolidated Cash Flow Statement

<i>In million €</i>	Twelve months 2008	Twelve months 2007
Operating income	46	121
<i>Adjustments for:</i>		
Depreciation, amortization and impairment	189	209
Share-based compensation	-8	3
Result on divestments, disposals	-13	-16
Other	6	1
<i>Changes in:</i>		
Retirement benefit obligations	-9	-4
Provision for other liabilities and charges	1	-19
Rental equipment	-60	-71
Inventories	-22	1
Trade and other receivables	-15	7
Trade and other liabilities	59	69
<i>Operating cash flows:</i>		
Interest received	17	30
Interest paid	-57	-71
Income taxes	-12	8
Cash flow from operating activities	122	268
Expenditure in intangible assets	-64	-49
Expenditure in property, plant and equipment	-76	-87
Divestment of intangible assets	-	-
Divestment of property, plant and equipment	12	49
Change in other non-current assets	-	-4
Capital increase/decrease in associates	-	-
Dividend from associates	-	-
Sale finance lease portfolio	11	16
Sale/acquisitions (net of cash)	14	-2
Cash flow from investing activities	-103	-77
Free cash flow	19	191
Proceeds from borrowings	30	84
Repayments of borrowings	-67	-145
Dividend	-57	-51
Change in equity related to shares	1	11
Change in minority interest	-2	-3
Cash flow from financing activities	-95	-104
Translation differences	-12	-5
Changes in cash and cash equivalents	-88	82
Cash and cash equivalents at start of financial year	167	85
Cash and cash equivalents at end of financial year	79	167

Profile

Océ innovative by nature Océ is a leading worldwide supplier of professional printing and document management systems. A business that is innovative by nature, both commercially and technologically. Océ develops and manufactures systems for the production, distribution and management of documents, in color and black and white, in small format and in wide format, for users in offices, education, industry and the graphic arts market. The product offerings comprise printers, scanners, peripheral equipment and printing media but also document management software and innovative products in the areas of system integration, the outsourcing of document management activities and the leasing of printing systems. Océ's core product range, developed and manufactured by the company itself, focuses on the small format and wide format and, within the small format, on the (very) high volume segments. To supplement this, Océ offers its customers selected systems sourced from Original Equipment Manufacturers (OEMs), often as part of total solutions.

Océ's reputation is founded on productivity and reliability, ease of use and a favorable 'total cost of ownership'.

Océ is commercially active in over 90 countries; in more than 30 of these it has its own sales and service organization. In Europe, North America and Asia, Océ also operates 9 own research and manufacturing facilities. In 2008 Océ, which had over 23,000 employees, achieved revenues of € 2.9 billion.

Business model Océ is one of the few suppliers that is active in the entire value chain of printing systems: from development via manufacturing, sales and financing to service. Thanks to constant feedback within the chain Océ is able to anticipate and respond alertly to changing market requirements and new market opportunities. Océ's policy is steered in the various sub-markets by three Strategic Business Units: Digital Document Systems (DDS) for the small format, Océ Business Services (OBS) for document-related services and Wide Format Printing Systems (WFPS) for the wide format, in close co-operation with Research & Development on the one hand, and Marketing & Sales on the other.

DDS serves the market via Document Printing

and Production Printing. OBS serves the market geographically in Europe and the United States. WFPS via the Technical Document Systems, Display Graphics Systems and Imaging Supplies business groups.

A separate activity, Software & Professional Services, concentrates on development and implementation of software in printing systems and therefore supports all business groups.

In a number of countries in which Océ itself is not represented the business offers part of the product range via specialized distributors.

Via its own Research & Development Océ itself develops its basic technologies and the majority of its product concepts. The direct feedback of customer experience serves here as an important source of inspiration for concrete, current and future solutions. Océ also broadens and strengthens its innovative capacity via alliances with strategic partners and co-operation with co-developers and with OEMs for printing systems in the high, medium and low volume segments.

The publicly listed holding company of the Group is Océ N.V. The issued share capital amounts to around € 53.7 million, divided into € 43.7 million ordinary shares and € 10 million financing preference shares with a nominal value of € 0.50 each.

The ordinary shares of Océ are listed on the stock exchange in Amsterdam (NYSE Euronext). Options to Océ shares are traded on the Euronext Options Exchange.

Forward-looking statements

This report contains information as meant in article 5:59 jo. 5:53 of the Dutch “Law on financial supervision” (Wet op het financieel toezicht).

Forward-looking statements, which can form a part of this report refer to future events and may be expressed in a variety of ways, such as 'expects', 'projects', 'anticipates', 'intends' or other similar words ('Forward-looking statements').

Océ N.V. (“Océ”) has based these forward-looking statements on its current expectations and projections about future events. Océ’s expectations and projections may change and Océ’s actual results, performance or achievements could be significantly different from the results expressed in or implied by these forward-looking statements based on various important factors, risks and uncertainties which are neither manageable nor foreseeable by Océ and some of which are beyond Océ’s control.

When considering these forward-looking statements, one should keep in mind these risks, uncertainties and other cautionary statements made in this report or in Océ’s other annual or periodic filings.

For a more detailed discussion of these not limited factors, risks and uncertainties that may affect Océ’s actual results, performance or achievements, reference is made to the annual report and any other publications made by Océ.

Given these uncertainties no certainty can be given about Océ’s future results or financial position. We advise you to be careful with Océ’s forward-looking statements, which speak only as of the date on which the statements are made. Océ is under no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required under applicable (securities) laws.

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