



**Océ**  
Quarterly  
report 2009/2

# Results second quarter 2009



**Océ N.V.**

March 2009 – May 2009

Océ N.V.

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**Printing for  
Professionals**

### Océ reports loss but cash flow and net debt improved

#### Highlights second quarter:

- Total revenues declined 4.1% to € 676 million
- Normalized operating income - € 15 million
- Net income - € 14 million
- Free cash flow improved to € 16 million
- Net debt € 87 million lower
- Acceleration cost cutting measures

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

*'Normalized operating income over the second quarter of 2009 was disappointing due to even more challenging market conditions than in the first quarter. Earnings were impacted by the under-utilization of our supply centers. On the other hand our Sales and Service organizations maintained their gross margins.'*

*In the second quarter, revenues in the Construction and Manufacturing sectors continued to decline. Revenues in Government, Health Care, Education and the Utilities sectors weakened. Both developments resulted in lower equipment sales and lower print volumes.*

*Revenues in document management services and wide format graphics developed positively. Based on our expanding color portfolio, color sales as a percentage of revenues increased to 30%.*

*Amidst today's economic turbulence, we believe we have improved our position as our revenue development outperformed the industry average. We have achieved positive cash flow reflecting the focused actions to reduce our balance sheet. Our net debt is € 87 million lower mainly as a result of exchange rate effects.*

*At the end of the second quarter we had reduced our headcount by some 1,500 FTEs. In view of market developments, we accelerate cost cutting measures. Our 2008-2010 headcount reduction target has been increased from 1,250 to 2,350 FTEs. Our 2009 cost reduction target has been increased from € 80 million to € 124 million.'*

## Summary second quarter 2009\*

Key figures <i>In million € / as %</i>	Second quarter			Six months		
	2009	2008	Δ	2009	2008	Δ
Total revenues	676	705	-4.1%	1,334	1,407	-5.2%
<b>Normalized operating income**</b>	<b>-15.3</b>	<b>20.2</b>	-	<b>7.5</b>	<b>37.7</b>	<b>-80%</b>
Normalization items	2.8	-11.0	-	9.6	3.6	265%
Operating income (EBIT)	-12.5	9.2	-	17.1	41.3	-59%
Net income	-14.3	5.5	-	1.0	26.8	-96%
Free cash flow	16.5	2.4	580%	-47.6	-106.2	55%

\* The figures in this report are unaudited.

\*\* Adjusted for normalization items, representing continuing business.

## Highlights

### Printing industry

The economy in the second quarter was even more challenging than in the first quarter of 2009. This was reflected in a strong decline across a broad range of market sectors. The Construction and Manufacturing sectors in particular showed a dramatic decline whilst the previously relatively resilient Government, Health Care, Education and Utilities sectors weakened.

As in the first quarter the continued decline of key market sectors affected the digital printing industry and its performance. The industry showed a strong contraction reflected in lower equipment sales, lower print volumes and continued inventories reduction of supplies by customers. The strongly reduced market demand led to increased competition. Document management services continued to grow, driven by customers looking to outsource non-core activities.

### Disappointing operating income

The strong demand decline resulted in significant underutilization in our supply centers, which negatively impacted operating income. This was only partly offset by our efforts to reduce costs and improve cost flexibility in the supply centers. Compared to the second quarter of 2008, operating income was also negatively

affected by € 14 million cost variances from hedge results and share-based compensation.

### Encouraging developments

Amidst the market turbulence, Océ realized also a number of encouraging developments. First, Océ believes it improved its position in key markets as our revenue development outperforms the industry average whilst, second, the Sales and Service organizations have successfully maintained their gross margin. This gross margin was maintained through service force reduction. Third, net debt<sup>1</sup> was € 584 million (2009 first quarter: € 671 million). The decrease was mainly a result of exchange rate effects. And finally, Océ achieved a positive free cash flow of € 16.5 million (2008 second quarter: € 2.4 million).

### Actions

First, in order to mitigate the market deterioration Océ has accelerated its cost cutting measures by increasing the targeted FTE reduction by 1,100 of which 800 FTEs were announced May 13 and 300 FTEs are announced today. The total anticipated FTE reduction for 2008-2010 currently amounts to 2,350, of which some 1,500 FTEs have been realized.

<sup>1</sup> According to financial loan covenants.

Following the acceleration of the FTE reduction, the total target for cost reduction for full year 2009 was increased by € 44 million from € 80 million to € 124 million. The total cost reduction achieved year to date amounts to € 72 million.

Océ also realized year to date € 112 million balance sheet reductions (target full year 2009: € 100 million). Excluding the effect of the lower business activity levels, these reductions amounted to € 46 million.

Second, Océ remains focused on further reinforcing its competitive position by strengthening its distribution power and enhancing the competitiveness of its product portfolio.

### Océ Group results second quarter 2009

#### Revenues

Total revenues in the second quarter amounted to € 676 million, a decrease of 4.1%. The organic decrease was 8.1% compared to the second quarter of 2008.

Our share of color continues to grow and now accounts for 30% of revenues, up from 25% in the same period last year.

Non-recurring revenues amounted to € 185 million, a decrease of 11.9%. The organic decline amounted to 14.5%.

Recurring revenues amounted to € 491 million, a decrease of 0.8%. The organic decrease was 5.3%.

#### Operational Excellence

One of the three pillars in Océ's strategy is a continuous improvement of business processes under the Operational Excellence program.

The execution of our restructuring effort went according to plan. In 2009 to date headcount was reduced by 662 FTEs (second quarter 2009: 249 FTEs). The headcount reduction impacts all operating companies and supply centers worldwide.

The total cost reductions achieved in 2009 amounted to € 72 million (second quarter € 38 million). All savings referred to above are exclusive of volume effects, inflation and restructuring costs. The total related restructuring costs are expected to amount to € 45 million in 2009.

Cost saving actions implemented are worldwide salary and hire freezes, stringent control on out of pocket expenses, delayed investments in IT as well as in property, plant and equipment, temporary shut-down of some manufacturing lines and continued short time working.

In the second quarter additional actions were executed such as salary cuts in several countries to further control personnel costs.

#### Overview normalization items

In million €	Second quarter	
	2009	2008
Operating income	-12.5	9.2
Divestment ODT	-	-1.0
Restructuring costs	3.4	12.0
Capitalized R&D	-6.2	-
Normalized operating income	-15.3	20.2
Total capitalized R&D costs (net)	15.5	6.9
Charge for share-based compensation	1.8	-3.2

In the second quarter of 2008 Océ realized a gain of € 1.0 million related to the divestment of Océ Document Technologies (ODT).

As part of the aforementioned Operational Excellence program Océ incurred some € 3.4 million in restructuring costs in the second quarter.

As announced in the first quarter report, as of 2009, capitalization of R&D costs is aligned with the start of investments in product industrialization, which is earlier in the R&D process than before. This resulted in € 6.2 million less costs in the quarter.

In total, the impact of normalization amounted to net - € 2.8 million gains of which € 0.8 million

relate to gross margin and – € 3.6 million relate to operating expenses.

### Gross margin and operating income

In the second quarter of 2009 normalized *gross margin*, excluding normalization items, was 35.5% (2008: 40.2%). The decline was the result of several factors. Compared to the second quarter of 2008, the changes in currency exchange rates caused a negative hedge variance of € 8.6 million, leading to a gross margin decline of 1.2% point. The growth of OBS resulted in a negative mix effect on gross margin of 0.8% point (OBS is a services business with a different margin profile). The gross margin decline for DDS and WFPS in total amounted to 2.7% points. The decline was mainly due to the impact of market circumstances. The lower equipment sales and print volume resulted in underutilization of the supply centers in Venlo and Poing, which was partly offset by the Operational Excellence program. The Sales and Service organizations maintained their margin by service force reductions.

Normalized *operating expenses* amounted to 37.8% (2008: 37.4%), due to the lower revenues. In constant currencies operating expenses declined by € 16 million. Compared to the second quarter of 2008, this includes € 5 million more cost from share-based compensation.

On balance, normalized *operating income* amounted to – € 15.3 million (2008: € 20.2 million). Operating income amounted to – € 12.5 million (2008: € 9.2 million).

### Finance expenses and net income

*Finance expenses (net)* amounted to € 6.7 million (2008: € 9.2 million, including a € 1.8 million charge from the change in the option value of the financing preference shares).

On balance, *net income* was – € 14.3 million (2008: € 5.5 million).

Earnings per ordinary share for net income attributable to shareholders was – € 0.18 (2008: € 0.05).

### Balance sheet and RoCE

The balance sheet total was € 2,465 million, compared to € 2,414 million at the end of the second quarter of 2008. The year-on-year increase was mainly attributable to currency exchange rate effects and an increase in cash and cash equivalents. *Net Capital Employed* was € 1,218 million, compared to € 1,244 million at the end of the second quarter of 2008. In relation to normalized operating income, RoCE amounted to 3.3% (2008: 6.8%).

### Free cash flow and loan covenants

*Free cash flow* in the second quarter increased to € 16.5 million (2008: € 2.4 million), due to improvements in inventories and trade and other receivables. Cash flow from operating activities improved to € 43 million (2008: € 35 million). This includes cash inflows related to the divestment of certain rental equipment as well as the amendment of the financial covenants recognized under interest paid. The latter cash out flow is capitalized and will be amortized over the remainder of the maturity of the loans. The cash flow from investing activities was – € 27 million. Excluding the aforementioned gain of € 6.2 million related to R&D, the cash flow from investing activities decreased to – € 21 million (2008: – € 32 million) due to lower capital expenditures and € 7 million proceeds from the sale of finance lease portfolio.

Financial covenants have been amended in order to facilitate the acceleration of our cost reduction program and to act prudently in view of the deterioration of market sectors. The amendment reflected changes in the definition of EBITDA as well as the required covenant hurdle rates.

Under the previous financial covenants, the net debt/EBITDA ratio<sup>2</sup> amounted to 2.8 (loan covenants maximum of 3.0) and EBITDA/ interest (net) ratio amounted to 4.9 (loan covenants minimum of 4.0).

Under the amended financial covenants, the net debt/EBITDA ratio amounted to 2.4 (loan covenants maximum of 3.25) and EBITDA/ interest (net) ratio amounted to 5.7 (loan covenants minimum of 3.5).

Océ stayed within all (previous and amended) financial covenant ratios.

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<sup>2</sup> In the financial covenants net debt is defined as borrowing less cash and cash equivalents plus derivative financial instruments plus corrections and amounted to € 584 million. EBITDA is defined as EBITDA less corrections and amounted under the previous financial covenants to € 207 million and under the amended financial covenants to € 241 million.

Interest (net) is defined as finance expenses plus interest income, plus corrections and amounted to € 42 million. EBITDA and interest (net) are calculated on a last twelve months basis.

## Key figures per Strategic Business Unit second quarter 2009

<i>In million € / as %</i>	DDS	WFPS	OBS	Total
Revenues	379	179	118	676
<i>Organic development in revenues</i>	-7.4%	-17.2%	8.0%	-8.1%
Non-recurring revenues	125	60	-	185
<i>Organic development in non-recurring revenues</i>	-10.9%	-20.9%	-	-14.5%
Recurring revenues	254	119	118	491
<i>Organic development in recurring revenues</i>	-5.6%	-15.1%	8.0%	-5.3%
<b>Normalized operating income*</b>	<b>-20.2</b>	<b>1.1</b>	<b>3.8</b>	<b>-15.3</b>
Normalization items	1.9	0.9	-	2.8
Operating income	-18.3	2.0	3.8	-12.5

\* Adjusted for normalization items, representing continuing business. Normalization items comprise divestments, restructuring costs and R&D capitalization.

### SBUs results second quarter

#### Digital Document Systems (DDS)

*Revenues* in DDS amounted to € 379 million. Organically, revenues declined by 7.4%. The share of color increased to 25% of revenues (2008: 22%).

*Non-recurring revenues* amounted to € 125 million. Organically, revenues declined by 10.9%.

As a result of the decline in multiple market sectors equipment sales in Office, Printroom as well as black & white continuous feed systems decreased strongly compared to the second quarter of 2008.

DDS improved its position in TransPromo and Graphic Arts through the Océ JetStream and Océ ColorStream continuous feed color printers despite the increased financing difficulties for customers.

*Recurring revenues* amounted to € 254 million. Organically, revenues declined by 5.6%. The market deterioration resulted in lower print volumes and subsequently lower revenues in Office and black & white continuous feed. DDS grew its revenues in production cutsheet and continuous feed color.

Normalized *operating income* amounted to - € 20.2 million (2008: € 0.4 million). EBIT was strongly

impacted by the market development and the resulting underutilization in the Venlo and Poing supply centers. The EBIT decline includes € 10 million impact of hedge results and share-based compensation.

#### Wide Format Printing Systems (WFPS)

*Revenues* in WFPS amounted to € 179 million. Organically, revenues declined by 17.2%. The share of color increased to 45% (2008: 32%).

The revenue development of Technical Document Systems and Imaging Supplies on the one hand and Display Graphics on the other hand was completely different. Following the dramatic slowdown in the Construction as well as the Manufacturing sector, especially in the United States, Technical Document Systems revenues declined significantly.

Imaging Supplies revenues declined organically by 27%; approximately half of this decline was due to the divestment of Arkwright and the other half was due to inventory reduction by customers and lower print volumes.

Despite the deteriorating Advertising market Display Graphics grew as WFPS helps customers to make the transition from analog to digital printing.

*Non-recurring revenues* amounted to € 60 million. Organically, revenues declined by 20.9% due to significantly lower equipment sales in Technical Document Systems especially in the United States. Display Graphics grew its equipment sales despite the increased financing difficulties for customers.

In the second quarter, WFPS launched the Océ PlotWave 300, a new black & white single footprint system for customers with lower print volumes and the same quality demand as the traditional mid and high volume Océ systems. WFPS also introduced the Océ Arizona 300 GT. This new model is eminently suitable for customers with lower print volumes who still want the same quality as the successful Océ Arizona 350 GT.

*Recurring revenues* amounted to € 119 million. Organically, recurring revenues declined by 15.1%. The main driver was the aforementioned decline of Imaging Supplies revenues.

Normalized *operating income* was € 1.1 million (2008: € 17.2 million) and was impacted by the strong decline in market demand for Technical Document Systems equipment and print volumes and the resulting underutilization of the Venlo supply center. The EBIT decline includes € 4 million impact of hedge results and share-based compensation.

### **Océ Business Services (OBS)**

The document outsourcing market encounters two distinct drivers. On the one hand, customers showed declining activity levels amongst others in the Construction, Manufacturing and Financial Services markets. On the other hand, organizations show an increasing willingness to outsource document related processes and activities.

*Revenues* in OBS amounted to € 118 million. Organically, revenues increased by 8.0%. Revenue growth in Europe continued to be strong, despite the

economic slowdown. New installs are expected to generate more revenue growth in the United States in the second half of 2009.

Normalized *operating income* amounted to € 3.8 million (2008: € 2.6 million). The improvement in operating income is the result of a stable gross margin and good operational expense management.

### **Océ interim financial report 2009**

On July 9, 2009 Océ will publish its interim financial report 2009, covering December 2008 to May 2009. This report is in accordance with the requirements of the EU Transparency Directive and will include a directors' interim report, a directors' responsibility statement and consolidated interim financial statements in accordance with IAS 34, the applicable international guidelines regarding interim financial reports. The EU Transparency Directive is applicable for all listed companies as of fiscal year 2009.

The interim financial report 2009 will be available via the investor relations website and will also be distributed via the e-mail procedure applicable for quarterly report releases.

### **Outlook**

We do not anticipate an improvement of relevant markets for the second half of 2009.

Amidst the current economic climate, we continue to cut cost aggressively, reflected in the increased 2008-2010 headcount reduction target of 2,350 and the increased 2009 cost reduction target of € 124 million. We will continue actions to improve cash flow via balance sheet reductions. In addition, we will further improve our competitive position by strengthening our distribution power and increasing the competitiveness of our product portfolio.

Board of Executive Directors Océ N.V.  
July 2, 2009



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**Keys to terminology:**

*Non-recurring revenues:* revenues from the sale of machines, software and professional services.

*Organic growth:* the development of the results after adjustment for exchange rate effects and the impact of substantial acquisitions or disposals.

*Recurring revenues:* revenues from services, inks, toners, media, rentals, interest and business services.

*RoCE: Return on Capital Employed:* operating income on an annual basis after normalized taxes (20%) as a percentage of average Net Capital Employed (total assets excluding cash and cash equivalents, less non-interest bearing liabilities adjusted for derivatives).

*Wide Format printing:* wide format printing (bigger than A3).

## Quarterly report 2009/2

### Consolidated Income Statement

<i>In million €</i>	Second quarter		First half year	
	2009	2008	2009	2008
<b>Total revenues</b>	<b>675.7</b>	<b>704.7</b>	<b>1,333.7</b>	<b>1,406.9</b>
Cost of sales	-436.7	-429.5	-837.2	-857.1
<b>Gross margin</b>	<b>239.0</b>	<b>275.2</b>	<b>496.5</b>	<b>549.8</b>
Selling and marketing expenses	-153.5	-161.6	-301.6	-319.3
Research and development expenses	-39.3	-56.1	-83.4	-110.4
General and administrative expenses	-58.7	-49.3	-96.1	-99.5
Other income	-	1.0	1.7	20.7
Operating expenses	-251.5	-266.0	-479.4	-508.5
<b>Operating income</b>	<b>-12.5</b>	<b>9.2</b>	<b>17.1</b>	<b>41.3</b>
Finance income	3.8	4.4	5.7	8.2
Finance expenses	-10.4	-13.6	-25.0	-26.0
Share in income of associates	-	-	2.0	0.2
<b>Income before income taxes</b>	<b>-19.1</b>	<b>-</b>	<b>-0.2</b>	<b>23.7</b>
Income taxes	4.8	5.5	1.2	3.1
<b>Net income</b>	<b>-14.3</b>	<b>5.5</b>	<b>1.0</b>	<b>26.8</b>
<b>Net income attributable to</b>				
Shareholders	-14.8	5.1	0.1	25.9
Minority interest	0.5	0.4	0.9	0.9
	<b>-14.3</b>	<b>5.5</b>	<b>1.0</b>	<b>26.8</b>
Dividend preference shares	0.6	0.6	1.3	1.3
<b>Free cash flow</b>	<b>16.5</b>	<b>2.4</b>	<b>-47.6</b>	<b>-106.2</b>
Average number of ordinary shares outstanding (x 1,000)	84,866	84,774	84,844	84,758
<b>Earnings per ordinary share for net income attributable to shareholders in €</b>				
Basic	-0.18	0.05	-0.01	0.29

## Quarterly report 2009/2

### Consolidated Balance Sheet

In million €

		First half year 2009	End of financial year 2008
<b>Assets</b>			
<b>Non-current assets</b>	Intangible assets	577	593
	Property, plant and equipment	331	354
	Rental equipment	94	110
	Associates	4	2
	Derivative financial instruments	1	1
	Trade and other receivables	204	217
	Deferred income tax assets	93	106
	Available-for-sale financial assets	8	9
		<b>1,312</b>	<b>1,392</b>
<b>Current assets</b>	Inventories	317	353
	Derivative financial instruments	19	22
	Trade and other receivables	588	681
	Current income tax receivables	20	19
	Cash and cash equivalents	203	79
		<b>1,147</b>	<b>1,154</b>
	Non-current assets held for sale	6	3
<b>Total</b>		<b>2,465</b>	<b>2,549</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>	Share capital	54	54
	Share premium	512	512
	Other reserves	-91	-92
	Retained earnings	145	170
	Net income attributable to shareholders	-	2
	Equity attributable to shareholders	620	646
	Minority interest	34	35
		<b>654</b>	<b>681</b>
<b>Non-current liabilities</b>	Borrowings	701	574
	Derivative financial instruments	25	28
	Retirement benefit obligations	388	389
	Trade and other liabilities	6	5
	Deferred income tax liabilities	20	25
	Provisions for other liabilities and charges	39	42
		<b>1,179</b>	<b>1,063</b>
<b>Current liabilities</b>	Borrowings	54	37
	Derivative financial instruments	7	25
	Trade and other liabilities	546	696
	Current income tax liabilities	10	25
	Provisions for other liabilities and charges	15	22
		<b>632</b>	<b>805</b>
<b>Total</b>		<b>2,465</b>	<b>2,549</b>

## Quarterly report 2009/2

### *Consolidated Statement of Changes in Equity attributable to shareholders*

*In million €*

	First half year 2009	Financial year 2008
<b>Balance at December 1, 2008 / 2007</b>	<b>646</b>	<b>677</b>
Net income	-	2
Dividend	-1	-57
Share-based compensation	1	2
Purchase of treasury shares	-	-
Cash flow hedges	7	-15
Currency translation differences	-33	37
<b>Balance at May 31, 2009 / November 30, 2008</b>	<b>620</b>	<b>646</b>

### *Organic growth in revenues*

*As percentage*

	Second quarter 2009	First half year 2009
<b>Non-recurring revenues</b>		
Digital Document Systems	-10.9%	-12.8%
Océ Business Services	-	-
Wide Format Printing Systems	-20.9%	-19.3%
<b>Total</b>	<b>-14.5%</b>	<b>-15.2%</b>
<b>Recurring revenues</b>		
Digital Document Systems	-5.6%	-5.7%
Océ Business Services	8.0%	7.2%
Wide Format Printing Systems	-15.1%	-14.3%
<b>Total</b>	<b>-5.3%</b>	<b>-5.3%</b>
<b>Total revenues</b>		
Digital Document Systems	-7.4%	-8.0%
Océ Business Services	8.0%	7.2%
Wide Format Printing Systems	-17.2%	-16.1%
<b>Total</b>	<b>-8.1%</b>	<b>-8.1%</b>

## Consolidated Cash Flow Statement

<i>In million €</i>	First half year 2009	First half year 2008
<b>Operating income</b>	<b>17</b>	<b>41</b>
<i>Adjustments for:</i>		
Depreciation, amortization and impairment	93	91
Share-based compensation	2	-3
Result on divestments, disposals	-2	-21
Unrealized gains/losses on financial instruments	-3	-1
<i>Changes in:</i>		
Retirement benefit obligations	1	-3
Provision for other liabilities and charges	-10	-3
Rental equipment	-20	-29
Inventories	26	-52
Trade and other receivables	76	15
Trade and other liabilities	-128	-63
<i>Operating cash flows:</i>		
Interest received	5	10
Interest paid	-40	-27
Income taxes	-12	-5
<b>Cash flow from operating activities</b>	<b>5</b>	<b>-50</b>
Investment in intangible assets	-43	-33
Investment in property, plant and equipment	-20	-35
Divestment of intangible assets	-	-
Divestment of property, plant and equipment	2	5
Payments/receipts regarding other non-current assets	-2	-
Capital increase/decrease in associates	-	-
Dividend from associates	-	-
Sale of finance lease portfolio	7	2
Sale of subsidiaries (net of cash)	3	8
Acquisitions (net of cash)	-	-3
<b>Cash flow from investing activities</b>	<b>-53</b>	<b>-56</b>
<b>Free cash flow</b>	<b>-48</b>	<b>-106</b>
Proceeds from borrowings	217	100
Repayments of borrowings	-37	-6
Dividend paid to shareholders	-2	-44
Repurchase of/proceeds from treasury shares	1	1
Capital decrease/dividend paid to minority interest	-2	-2
<b>Cash flow from financing activities</b>	<b>177</b>	<b>49</b>
Currency translation differences	-5	-8
<b>Changes in cash and cash equivalents</b>	<b>124</b>	<b>-65</b>
<b>Cash and cash equivalents at start of financial year</b>	<b>79</b>	<b>167</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>203</b>	<b>102</b>

### Profile

**Océ innovative by nature** Océ develops and supplies digital printing systems, software and services for the production, reproduction, distribution and management of documents, in color and black & white, in small format and in wide format, for professional users in offices, educational institutions, industry, construction, architectural firms, advertising and the graphic arts market. Océ is the only European producer of printing systems and a leading supplier of these systems worldwide.

The product offerings comprise printers, copiers, scanners, software, services, imaging supplies, services for systems integration and outsourcing of document management activities and leasing of printing systems. The broad and very complete product portfolio consists of products developed by the company itself for wide format and for the (very) high volume segments of small format, supplemented by selected machines from Original Equipment Manufacturers (OEMs). Océ supplies its equipment as part of total solutions, ranging from the provision of initial advice through to the maintenance of the systems.

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 100 countries; in more than 30 of these it has its own sales and service organization. In Europe, the United States, Canada and Singapore Océ has research and manufacturing facilities.

In 2008 Océ, which had over 23,000 employees, achieved revenues of € 2.9 billion.

#### **Business model**

Océ is active in the entire value chain of printing systems: from development via manufacturing, sales, services and maintenance to the provision of business services and financing.

The commercial organization is coordinated by three Strategic Business Units: Digital Documents Systems (small format), Wide Format Printing Systems (wide format) and Océ Business Services.

In a number of countries and market segments in which Océ itself does not have a sufficiently large market presence, part of the product range

is made available via specialized distributors.

Through its own Research & Development (R&D) Océ itself develops its basic technologies and the majority of its product concepts. The direct feedback of customer experiences serves as an important source of inspiration for new products.

In the Océ business model cooperation with partners plays a major role in all sorts of fields. These partnerships cover such areas as R&D, manufacturing, sales (OEM), distribution and financing.

Sustainability is a constantly present factor in the conduct of the Océ business.

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 referred in article 5:59 jo. 5:53 of the Dutch Financial Supervision Act (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 differ significantly from the results expressed in or implied by these forward-looking statements due to possible risks and uncertainties and other important factors which are neither manageable nor foreseeable by Océ and some of which are beyond Océ's control.

When considering these forward-looking statements, you should bear in mind these risks, uncertainties and other important factors described in this report or in Océ's other annual or periodic filings.

For a non-limitative discussion of the risks, uncertainties and other factors that may affect Océ's actual results, performance or achievements, we refer you to the annual report and any other publications issued by Océ.

In view of these uncertainties no certainty can be given about Océ's future results or financial position. We advise you to treat Océ's forward-looking statements with caution, as they 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) legislation.

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