

Report of the Month

ReportWatch e.com

April 2009

Océ

Venlo, The Netherlands

Océ Annual Report 2008



Report Facts

Company name: OCE N.V.
Fiscal year end: June 30, 2008
Report title: *Documents on Demand*
Executive Board Chairman: Rokus van Iperen
Supervisory Board Chairman: Peter Elverding
Number of books: 1
Report length: 184 pages
Auditors: Pricewaterhouse Coopers Accountants
Design: Carmen Arends - Geert Setola (cover)
E-mail: investor@oce.com

Report Rating: ★★★(★)

(Rating scale below)

Profile-Products

(Excerpts, as from the report)

Océ enables its customers to manage their documents efficiently and effectively by offering innovative print and document management products and services for professional environments. Océ is the only European producer of printing systems and a leading supplier of these systems worldwide. Océ is commercially active in around 100 countries... has 23,000 employees.

(Annual Report p 3, p 6) (Italics are own company's words)

Key Figures

Revenues: EUR 2,909 million

EBIT: EUR 46 million

Net income: EUR 3.8 million

Free cash flow: EUR 18.8 million

Earnings per share: EUR (0.01)

Dividend per share: EUR 0.15

Solvency ratio: 26.7%

Return on capital employed: 3.0%

(Source: 2008 figures sourced from the annual report)

Major Competitors

- Canon
- HP (Hewlett-Packard)
- Ricoh
- Xerox
- Konica Minolta
- Lexmark

Report Rating: ★★★(★)

Triple A

- > Enlightening thematic section on *Document-on-demand*.
- > Highly substantial review of business areas, year facts, market trends, divisional strategies, backed with a few “case studies” and animated with pictorials.
- > Internal control system clearly described. *Major risks, control measures and actions* put in plain language.
- > Explanatory notes on *Goodwill allocation to cash-generating units* (including *key assumptions used*).
- > Three facilitators for readers: the “pointing” *Contents*, a rich glossary, a good use of page footer.

Double A

- > Come good or bad, *Key figures* are thorough, do not conceal the numerous negative (changes in) figures, and include a number of significant ratios and percentages (e.g. gross margin, EBIT, return on sales, solvency...).
- > Ambitions and strategy clearly set out.
- > Tables make up a bit for the lacks in financial review (see Selected Page below).
- > Good five-year review of historical data, not lacking in ratios.

Simple A

- > Some might view the back cover as a less puzzling front cover.
- > Chairman’s report not evasive about the difficulties. Is it fully convincing about the course –and changes?
- > Illustration system and visual thread -is it a real one?- from story-telling (a plus) to underplayed or halfway...

B sides

- > Sustainability underdeveloped.
- > Document management not fully optimized: 184 pages, numerous blanks and empty spaces, underused covers and flaps, same fonts all across. The report could be managed under 160 pages.
- > Executive Board’s report is referred to as a *Financial review* (in *Contents* on p 5) but certainly doesn’t deliver up to demanding expectations: less than four (real) pages, very short commentary on most aspects.

Rating Scale

★★★★: First-rate ★★★(★): Excellent ★★★★: Very good ★★★(★): Sound ★★: Average

★★(★): Uneven ★★: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel’s judgment. It may therefore differ from ratings (to be) published in the *Annual Report on Annual Reports*.

*How does the company report in key areas? What are the main report pluses and minuses?
The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

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Table 4

	Revenues by geographical area			
	2008		2007	
	x € million	as %	x € million	as %
United States*	1,066	36	1,221	40
Germany	312	11	320	10
The Netherlands	310	11	305	10
France	201	7	190	6
United Kingdom**	192	7	227	7
Rest of Europe	579	19	596	19
Countries outside Europe and the United States	249	9	239	8
Total	2,909	100	3,098	100

* Average exchange rate US dollar: 2008: € 1 = \$ 1.47; 2007: € 1 = \$ 1.36.

** Average exchange rate Pound sterling: 2008 : € 1 = £ 0.78; 2007: € 1 = £ 0.68.

Table 5

x € million	Statement of cash flow*	
	2008	2007
Cash flow from operating activities	122	268
Cash flow from investment activities	- 103	- 77
Free cash flow (before financing activities)	19	191
Cash flow from financing activities	- 95	- 104
Exchange rate effects	- 12	- 5
Change in cash and cash equivalents	- 88	82

* For details see pages 98 and 99.

Table 6

	Ratios	
	2008	2007
Equity/Interest-bearing debts	1.1	1.2
Equity/Total equity and liabilities	0.27	0.29
Inventories as % of total revenues	12.1	10.6
Trade receivables as % of total revenues	16.5	16.1
Trade liabilities as % of total revenues	9.5	8.2
Net debt/EBITDA*	2.5	1.4
EBITDA/Interest (net)*	5.4	8.5

* According to loan covenant definitions.

