Packaging for the Future: Vision 2025
Today’s Agenda

- **State of the Industry** as it relates to packaging
- **Trends** impacting the packaging industry
- **Packaging Machinery** and market growth
- **Industry Sectors** and the demand forecast
- **Vision 2025** and the future of the packaging market
Value of the Packaging Market (2015)

- Europe: 34%
- Asia, Oceania, Africa, & ME: 34%
- North America: 27%
- South & Central America: 5%

$234B

- Food: 51%
- Beverages: 18%
- Healthcare: 6%
- Cosmetics: 5%
- Other consumer: 20%

$119B

Source: Smithers Pira
The Four Phases of a Business Cycle

Rate of Change - Rising

- Data trend is slowing in its rate of decline
- Data trend usually reaches a low and begins to rise before the end of this phase
- Data trends is experiencing the strongest part of the business cycle rise

Rate of Change - Declining

- Data trend becomes progressively milder in the business cycle rise
- Data trend usually reaches a peak and begins to decline before the end of this phase
- Data trend is experiencing the steepest part of the business cycle decline

Source: ITR Economics
Strength of the U.S. Market

- Slower growth; **no recession**
- Recent events
  - Weak demand/pricing for commodities
  - Strong dollar hurting exports
  - Falling oil and stock prices
  - China’s economy

Source: ITR Economics
Strength of the Canadian Market

- Slower growth; **no recession**
- 5th consecutive month of deceleration
- Major producers leaving for U.S. and Mexico

Source: ITR Economics
Trends Affecting the Packaging Industry
Standardization

- Economies of scale
- Purchasing rationalization
- Ease of MRO
- Adherence to global standards
Modularity

- Upgrade / replace a machine – not an entire line
- Minimizes downtime
- Optimizes lines for performance

Source: IHS
Flexible Packaging

- Less material = less cost
- Labels printed direct on package
- Machinery to handle new, different materials
Traceability and Serialization

- Real-time data and recordkeeping
- Growth in labelling and coding machinery
- Increased investment in automation

Source: IHS
Machinery Flexibility

- Smart manufacturing
- Mass customization
- Accommodates product change-overs

Source: Coca-Cola
Incorporation of Robotics

- Higher throughput
- Precision and consistency
- Minimize scrap / waste as well as product loss

Source: IFR
Machinery Segmentation

- **Bottling Line Machinery**
  - Accumulating / Collating Machines
  - Cleaning, Sterilizing, Cooling and Drying Machines
  - Feeding Machines
  - Orienting and Unscrambling Machines

- **Cartoning Machinery**
  - Cartoning Machines

- **Case / Tray Handling Machinery**
  - Case / Tray Sealing Machines
  - Case / Tray Loading / Unloading Machines
  - Case Erecting / Tray Forming Machines
  - Case Group / Load and Close / Seal Machines

- **Closing Machinery**
  - Capping, Overcapping and Lidding Machines
  - Closing, Seaming and Sealing Machines

- **Filling and Dosing Machinery**
  - Filling and Closing Machines
  - Filling – Dry / Powder / Solid Product Machines
  - Filling – Liquid / Gas / Viscous Product Machines

- **Form / Fill / Seal Machinery**
  - Form / Fill / Seal – Horizontal Machines
  - Form / Fill / Seal – Vertical Machines

- **Labelling, Decorating and Coding Machinery**
  - Coding, Dating, Printing, Marking, Stamping and Imprinting Machines
  - Labelling Machines (Product Identification, Decorating)

- **Palletizing Machinery**
  - Pallet Uniting Machines
  - Palletizing – Ancillary Machines
  - Palletizing – Depalletizing Machines

- **Wrapping and Bundling Machinery**
  - Wrapping / Banding / Bundling Machines

- **Other Machinery**
  - Blister Skin / Vacuum Packaging Machines
  - Conveying Machines
  - Inspecting, Detecting and Checkweighing Machines
  - Converting Machines
  - Specialty Machines
  - Other Machines

Source: IHS
Bottling Line Machinery

9% Market Share
Case / Tray Handling Machinery

14% Market Share
Form/Fill/Seal Machinery

7% Market Share

FAST GROWING
Labelling/Decorating/Coding Machinery

14%
Market Share

FAST GROWING
Palletizing Machinery

4% Market Share

Source: IHS
Growth Forecast per Industry Sector

- **Pharmaceuticals:** Fastest Growth
- **Personal Care:** Smallest Revenue Growth
- **Food/Beverage:** Largest Revenue Growth

Source: IHS
Food Industry

TRENDS
✓ Healthy, convenience food
✓ Private-labelling
✓ Sustainable packaging
✓ Legislation
✓ High frequency of changes to packaging

Source: IHS
Beverage Industry

TRENDS

✓ Portion size
✓ Legislation
✓ Single-serve
✓ High frequency of changes to packaging

Source: IHS
Personal Care Industry

TRENDS

✓ Packaging acts as a differentiator
✓ Opportunities in exports to emerging markets
✓ Smaller size, same content volume
✓ Mass customization

Source: IHS
Pharmaceutical Industry

TRENDS
- Growth driven by affordability
- Outsource production to emerging markets
- Packaging is more functional
- Patents / legislation
- Cabinet-less machinery

Source: IHS
An Analysis of Market Opportunities in the World in 2025
## Value of the Packaging Market (2025)

- **2015 value = $867B**
  - U.S. $234M
  - Canada $21M
- **2025 value = $1.3T**
  - U.S. $315B
  - Canada $31B

### Market Share

<table>
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<tr>
<th>Region</th>
<th>2015 Value</th>
<th>2015 CAGR</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<td>U.S.</td>
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<td>Canada</td>
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<td>$29,986,475,595</td>
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<td>Global</td>
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</tbody>
</table>

Source: Smithers Pira
U.S. Packaging Market Outlook

- 2015 consumers provided horsepower for growth
  - Personal disposable income is positive
  - Savings are strong / debt is low
- U.S. and Europe critical to market growth
- Legislation will help drive growth
  - FSMA – estimated cost per line in excess of $300,000
Canadian Packaging Market Outlook

✓ 2015 brought challenges
  ✓ Decline in oil prices
  ✓ Falling Canadian dollar against the U.S. dollar
✓ Rapid response to changes in the global economy
✓ **Canadian government instituted economic programs to boost investment**
  ✓ 10-year tax incentive that stretches through to 2025
Industry Sector Outlook

- **Food Outlook**
- **Beverages Outlook**
- **Personal Care Outlook**
- **Chemicals Outlook**
- **Pharmaceutical Outlook**
Thank You!

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