

DEVELOPMENT IN 2006/07

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2006/07 was a challenging year for Glunz & Jensen. As expected, sales within the largest product area, CtP processors, saw a decline. This is attributable to a fall in demand resulting from the increasing use of new technologies, including the process-less plate technology. The development within the CtP area has affected both revenue and earnings negatively, for which reason focus has been on the continued restructuring of production and on creating opportunities for generating revenue and earnings within new areas.

The restructuring of production has taken place over the past couple of years. Since the establishment of Glunz & Jensen's factory in Slovakia in 2005, an increasing share of production has been relocated from Denmark to Slovakia, and in 2006 production in England was closed down and relocated to Slovakia as well. The relocation of production has been a success and has resulted in the expected cost cuts, but these have not yet been sufficient to generate satisfactory earnings. This is, among other things, due to losses from the two new product areas, iCtP and "punch & bend".

Within iCtP, 2006/07 saw efforts going into establishing a stable and cost-effective supply chain, and progress continues to be made in this area. We therefore expect to be able to step up our marketing activities in 2007/08.

Glunz & Jensen K&F in the USA, which was acquired in January 2006, is primarily engaged in the production of "punch & bend" equipment which is used by newspaper printing offices and large commercial printing houses

for processing printing plates before they are used on the printing press. In 2006/07, a new management was appointed in Glunz & Jensen K&F in the USA, and new products were developed. More active sales efforts and an expansion of the product range are expected to create growth and improve earnings within this area in 2007/08.

The establishment of these two areas is also expected to affect earnings negatively in 2007/08 – but to a significantly lesser degree than in 2006/07.

FINANCIAL DEVELOPMENT
In 2006/07, revenue totalled DKK 449.8 million against DKK 484.4 million in 2005/06. The fall in revenue is primarily attributable to decreasing sales of CtP processors and conventional processors.

Revenue is divided into four groups: CtP processors, other prepress equipment, conventional processors and spare parts etc.

Revenue from CtP processors totalled DKK 251.4 million against DKK 277.8 million in 2005/06, down 9%. The fall in revenue from CtP processors reflects increased revenue and an increased market share in the high-end segment, which is, however, more than offset by lower revenue from the medium segment, where a transition to process-less technologies is to some extent taking place.

Revenue from other prepress equipment, including, among other things, equipment for the transport and stacking of plates, ovens for the processing of plates, "punch & bend" equipment and iCtP products, amounted to DKK 72.9 million against DKK 63.0 million in 2005/06, up 15%. The develop-

ment in revenue reflects increased revenue from "punch & bend" products resulting from the full-year effect of the acquisition of K&F and revenue from iCtP products as well as an expected decline in revenue from plateline equipment resulting from intensifying competition within stackers and a reduced market for ovens.

In 2006/07, revenue from conventional processors (film and conventional plate processors) was DKK 24.7 million, down 34% compared to 2005/06. This development reflects the continued shift in technology from the conventional film-based prepress method to CtP technology.

Revenue from spare parts etc. totalled DKK 101.5 million against DKK 106.0 million in 2005/06, down 4%. This development primarily reflects decreasing sales of accessories for CtP processors.

The operating profit before special items (EBITA) totalled DKK minus 3.2 million against DKK 32.8 million the year before.

Net profit for the year was DKK 2.8 million against DKK 8.2 million the year before. The net profit includes special items of DKK 5.1 million, which primarily comprise proceeds from the sale of the production building in Thetford, England and costs for employee redundancy payments and other costs incidental to the closing-down of Glunz & Jensen's production in England.

FOCUS ON INNOVATION AND EFFICIENCY

Prepress and the graphics arts industry is currently undergoing dramatic changes.

New technologies are being introduced, new markets are emerging, and the industry is generally consolidating. It takes innovation and efficiency to be one of the companies setting the agenda.

Glunz & Jensen enjoys a strong market position within its product areas – and we are defending this position by always meeting customer requirements and by monitoring and adapting to important market trends.

The CtP technology is the dominant technology at the moment, and Glunz & Jensen has achieved a leading position within CtP plate processors. We endeavour to always be at the leading edge of technological developments within CtP plates and to supply equipment that meets market demands, within traditional CtP plate processors as well as processor solutions for chemical-free plates.

Based on our considerable know-how within CtP, the technology is undergoing further development, while also being using as a springboard for developing new technologies, including the inkjet CtP technology.

Given the high market share which we enjoy within our core activities and the gradual increase in the use of process-less printing plates, we need to continue to seize new business opportunities and build a broader product portfolio that covers more steps in the prepress process.

The aim is to ensure participation in new business areas in which Glunz & Jensen can establish a foundation for long-term growth and earnings based on its existing business and competences. This process is well under

way, and the development of the inkjet CtP technology and the acquisition of K&F International Inc. in the USA in 2006 have been important steps in this direction. K&F's main product is automatic "punch & bend" equipment, which is used by newspaper printing houses and large commercial printing houses, to process plates prior to mounting on the printing press.

Today, our product programme comprises virtually all the equipment used in the prepress process – from the handling of untreated printing plates to the mounting of the plates on the printing press.

FOCUS ON INNOVATION AND EFFICIENCY

ONGOING OPTIMISATION

Cost structure optimisation is a precondition for being a successful supplier of prepress equipment for the graphic arts market. In this market, purchasing power is concentrated on very few but large global players, and competition from local players and players based in low-cost countries is intense. The establishment of our own factory in Slovakia and the closing-down of production in England have been important steps in optimising our business for strengthening our competitive edge. Today, approx. 60% of all products are manufactured at the factory in Slovakia.



OFFICE IN CHINA

Glunz & Jensen's main markets are Europe and the USA, but the growth potential is becoming ever more attractive in Asia due to the high economic growth in this region and the continued maturing of the graphic arts industry. We have therefore decided to establish an office in China in autumn 2007 with a view to capitalising on this growth, thereby increasing our activities in this region.



NEW TECHNOLOGIES MARCHING AHEAD

Continuous efforts are going into developing new and more efficient technologies for the graphics industry. The use of chemical-free CtP systems is currently penetrating the medium segment to an ever-increasing degree. The technology is becoming ever more streamlined and tested, and the demand for chemical-free CtP technology is increasing. A couple of years ago, Glunz & Jensen and one of its major customers developed a chemical-free plate processor, which has enjoyed considerable success.

The development of plates that do not require processing (the so-called process-less technology) is also gaining momentum, and this technology is now being offered by the large plate manufacturers. Furthermore, a number of suppliers to the graphic arts industry are working on the development of alternative solutions based on the inkjet technology, among others.



INKJET CTP TECHNOLOGY

With the development of the inkjet CtP technology, Glunz & Jensen is moving into a new business area. The new process-less technology makes it possible to create text and images directly on aluminium printing plates without subsequent processing. The market for iCtP primarily consists of smaller printing houses.

With inkjet CtP, the use of chemicals for the conventional processing of printing plates is avoided altogether. At the same time, the technology often leads to a noticeable reduction in costs for the individual printing houses.



BROADER PRODUCT PORTFOLIO

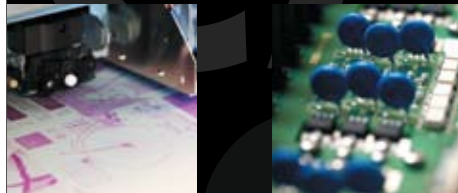
Glunz & Jensen has in recent years built up an ever broader product portfolio, spanning more and more steps in the prepress process. The expansion of the product portfolio has, among other things, taken place through the acquisition of the US-based company K&F in 2006 and through the development of a number of new products, including a fully automatic plate-feeding system. Thanks to its broad product range, Glunz & Jensen can increasingly offer one-stop-shopping solutions to its customers, while at the same time creating a more solid foundation for the business in future.



DEVELOPING INTEGRATED SOLUTIONS

An important part of Glunz & Jensen's product strategy is to be able to offer integrated solutions to customers. We integrate products in intelligent solutions, ensuring the reliable and simple implementation, replacement and management of the entire production line. Most recently we have developed a new software product, Platelink, which integrates the monitoring and control of all prepress line hardware – both Glunz & Jensen products and products from other suppliers.

The software product is expected to be introduced in the 2007/08 financial year.



FINANCIAL HIGHLIGHTS

Financial highlights DKKm	2002/03	2003/04	2004/05	2005/06	2006/07	Mio. EUR 2006/07
Income statement						
Revenue	683.5	616.6	505.7	484.4	449.8	60.4
Gross profit	223.8	200.3	122.1	118.9	94.9	12.7
Operating profit/(loss) before special items (EBITA)	43.0	37.0	35.0	32.8	(3.2)	(0.4)
Special items	-	-	-	(17.9)	5.1	0.7
Amortisation of goodwill	(12.5)	(8.7)	-	-	-	-
Impairment of goodwill	(92.1)	-	(16.7)	-	-	-
Operating profit/(loss) (EBIT)	(61.7)	28.3	18.3	14.9	1.9	0.3
Net financials	(12.2)	(10.0)	(1.7)	(2.3)	(0.4)	(0.1)
Net profit/(loss) for the year from continuing activities	(79.8)	10.6	9.0	8.2	2.8	0.4
Net profit/(loss) for the year from discontinued activities	-	-	(4.8)	-	-	-
Net profit/(loss) for the year	(79.8)	10.6	4.2	8.2	2.8	0.4
Balance sheet						
Assets						
Goodwill	97.0	89.8	25.7	41.7	41.1	5.5
Other non-current assets	138.9	124.0	113.1	111.0	107.8	14.4
Current assets	229.4	191.4	147.7	180.5	158.8	21.4
Total assets	465.3	405.2	286.5	333.2	307.7	41.3
Equity and liabilities						
Equity	140.8	154.7	157.0	160.5	158.9	21.3
Provisions	7.2	5.5	-	-	-	-
Long-term liabilities	12.6	12.2	13.7	12.8	11.0	1.5
Short-term liabilities	304.7	232.8	115.8	159.9	137.8	18.5
Total equity and liabilities	465.3	405.2	286.5	333.2	307.7	41.3
Cash flow						
Cash flow from operating activities	75.1	58.0	29.1	23.8	(10.8)	(1.5)
Cash flow from investing activities ²⁾	(58.0)	(13.5)	67.1	(21.7)	10.9	1.5
Cash flow from financing activities	7.4	(64.9)	(100.3)	5.6	(7.0)	(0.9)
Changes in cash and cash equivalents	24.5	(20.4)	(4.1)	7.7	(6.9)	(0.9)
²⁾ of which net investment in property, plant and equipment	(3.8)	(0.6)	(19.9)	(7.3)	18.8	2.5
Ratios (%)						
Operating margin (EBITA)	6.3	6.0	6.9	6.8	(0.7)	(0.7)
Return on assets	8.7	9.0	10.4	10.9	(0.7)	(0.7)
Return on equity after tax	(40.3)	7.2	2.7	5.2	1.2	1.2
Equity interest	30.3	38.2	54.8	48.2	51.6	51.6
Other information						
Net interest-bearing debt	192.5	146.9	49.1	64.5	68.1	9.1
Interest cover (EBITA)	4.4	5.1	9.2	10.9	(0.6)	(0.1)
Earnings per share (EPS)	(36.8)	5.1	2.0	3.9	1.3	0.2
Earnings per share, diluted (EPS-D)	-	-	2.0	3.8	1.3	0.2
Cash flow per share (CFPS)	34.6	27.7	13.9	11.4	(5.1)	(0.7)
Book value per share (BVPS)	67.3	74.0	75.0	76.7	75.9	10.2
Market price per share	75	39	83	85	59	8
Average number of shares (1,000 shares)	2.168	2.093	2.093	2.093	2.093	2.093
Dividend per share	0.0	0.0	2.0	2.0	0.0	0.0
Average number of employees	405	371	291	333	362	362

The full Annual Report for 2006/07 can be found on the company website, www.glunz-jensen.com, and is also available from the company.

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GLUNZ & JENSEN
THINK NEW · GO FURTHER



GLUNZ & JENSEN IN BRIEF

Glunz & Jensen develops, manufactures and markets equipment for the prepress industry.

Glunz & Jensen's product range covers almost all equipment used in prepress for offset printing in modern printing houses. The largest product area is CtP plate processors, but Glunz & Jensen also supplies plate depositories, CtP setter equipment, prebake and postbake ovens, "punch & bend" equipment, conveyors and stackers as well as software for monitoring and managing the complete prepress processes. Glunz & Jensen has achieved a leading position and a high market share within its core areas, and Glunz & Jensen's products are known for setting the technological standard on the global market.

Glunz & Jensen markets its products through an extensive network of distributors and dealers, and a large part of the distribution also takes place through the so-called OEM customers which include Agfa, Fuji, Heidelberg and Kodak.

Glunz & Jensen enjoys close partnerships with several of its OEM customers – partnerships which also include developing new and innovative solutions for the prepress industry.

At the end of May 2007, Glunz & Jensen had 340 employees. 141 of these are employed in Denmark, while the remaining employees work at subsidiaries in Slovakia and the USA.

Glunz & Jensen A/S is listed on the OMX Nordic Exchange Copenhagen A/S and is included in the SmallCap+ index.

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