

# Executive Summary

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SGIA's 2019 second quarter Financial Benchmarking Industry Survey examined trends in printing industry sales, profitability and accounts receivable. The survey also covered key financial ratios such as gross profit as a percent of sales, payroll as a percent of sales and value added per employee. The 443 participants included graphic and sign producers, apparel decorators, functional printers, packaging printers/converters and commercial printers, along with manufacturers, distributors and suppliers to the specialty graphics industry.

This report summarizes results for the 84 participants whose primary business is commercial printing. The group's annual sales range from less than \$500,000 to nearly \$150 million, with median sales of \$4.9 million.

The vast majority are based in the U.S. (91.7%) and have been in business more than 20 years (79.8%). Of the respondents, 79% operate both digital and analog technology, 41.9% are entirely or predominantly digital, and 24.8% are entirely or predominantly analog. Regarding markets served, 56.0% work in at least one segment in addition to commercial printing, with penetration deepest in graphic and sign printing (50.0%).

Sales results and expectations are generally positive. Sales had increased for 59.5% of the commercial printers surveyed, 26.2% saw no changes and 14.3% indicated a decline. The average change in sales was 3.8%.

This year, 62.7% expect sales growth, 24.0% expect no change and 13.3% expect a decline. The average expected change is 5.4%. A favorable economy/business climate (52.0%) and marketing more effectively/more marketing resources (52.0%) were the most frequently cited reasons for growth in 2019.

Results and expectations for profitability are not as positive. Just 36.5% of respondents report profitability increased in 2018, while 64.5% report no change (43.2%) or decline (20.3%). This year, 45.9% expect an increase in margins, 43.2% expect no change and 10.9% expect a decline. Of the 20 obstacles to increasing profitability that respondents identified, the most frequently cited were a lack of sales/difficulty growing sales (56.5%), rising costs of health care benefits (47.8%) and rising wages (43.5%).

Accounts receivable balances averaged 36.5 days for the first three months of 2019. Nearly 55.0% report that 10% or less of 2018 receivables were past due as of April 1, 2019. More than 67.0% report balances are not changing significantly.

Gross profit averaged 29.6% of sales, payroll 29.1% of sales, and value added \$145,432 per employee last year for the most profitable commercial printers surveyed.