



# Imaging and Printing Group

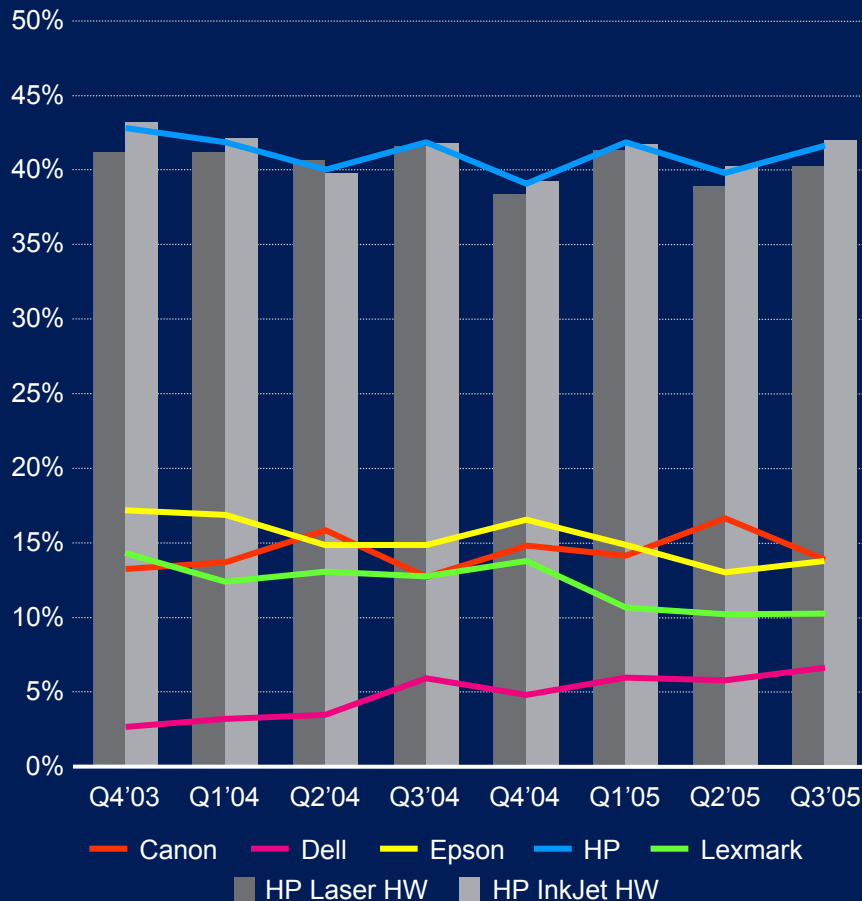
Vyomesh Joshi  
Executive Vice President  
December 13, 2005

© 2005 Hewlett-Packard Development Company, L.P.  
The information contained herein is subject to change without notice

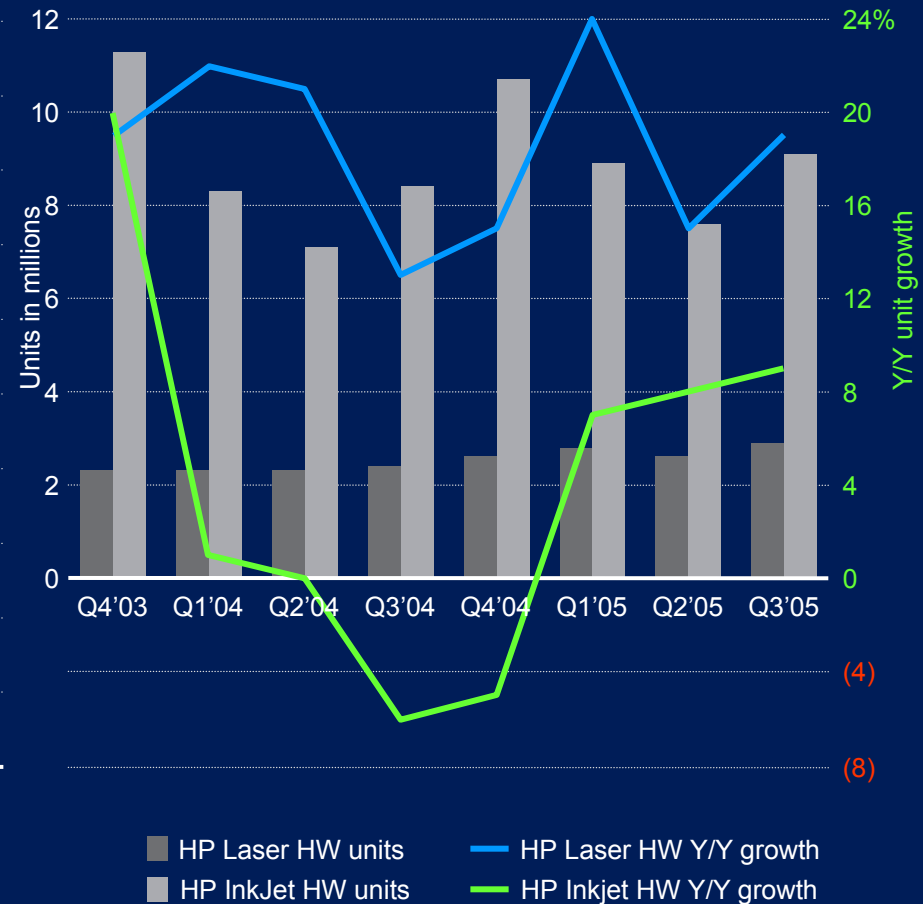


# IPG progress report

## Worldwide total HW printer market share



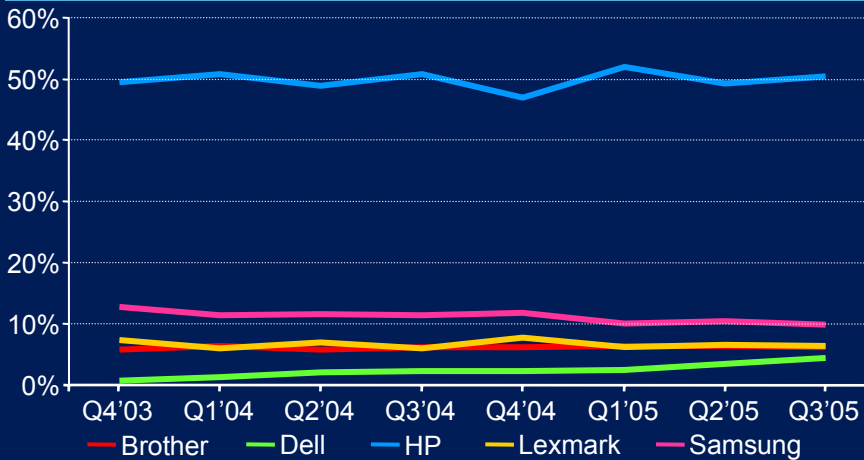
## IPG units and growth



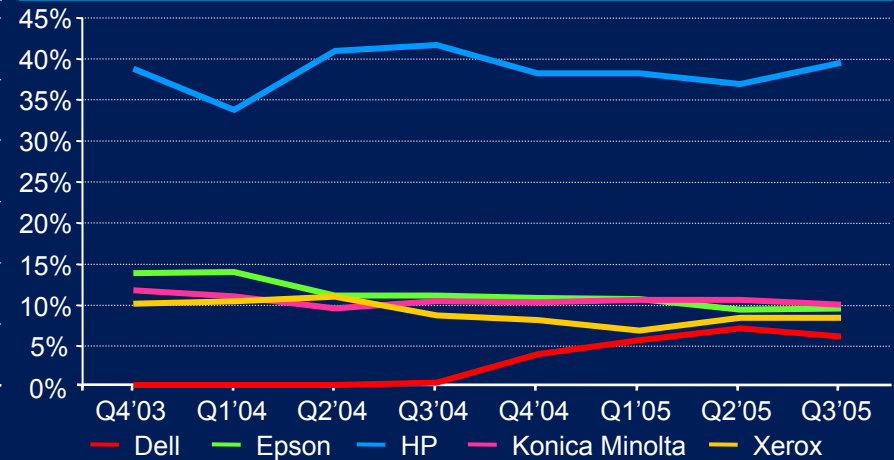
Source: IDC WW Quarterly Hardcopy Peripherals Tracker, Q3/05

# IPG progress report (continued)

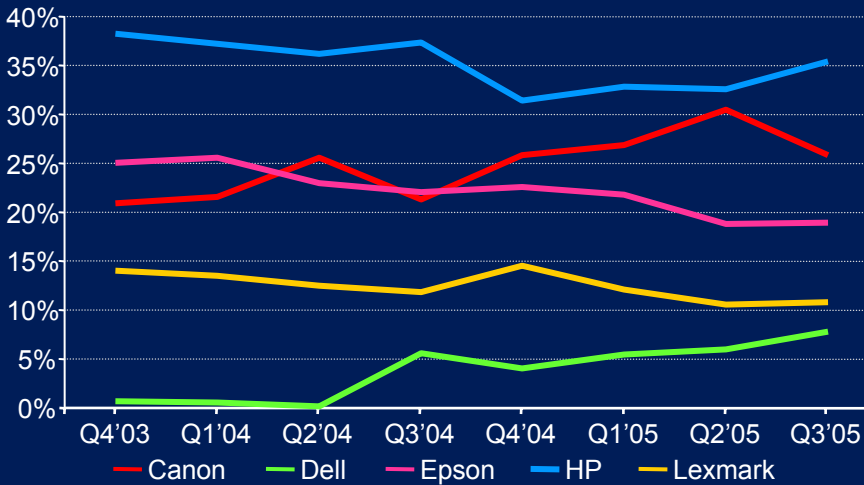
## WW mono laser unit market share



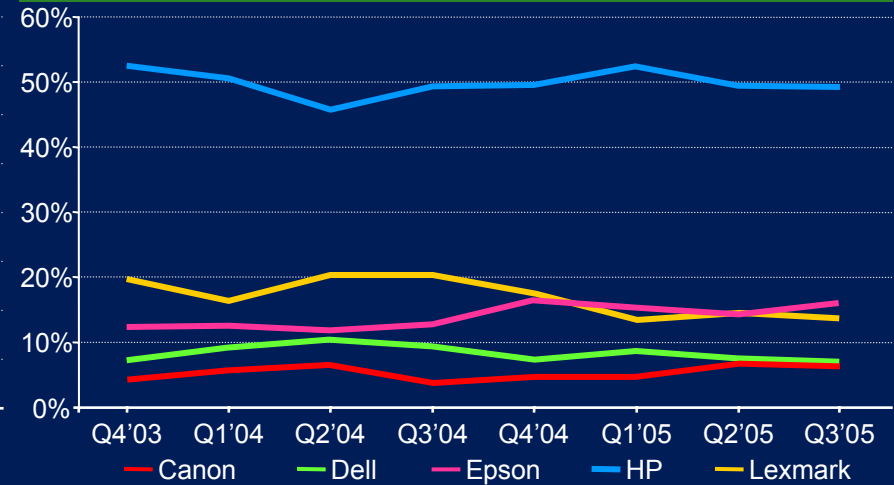
## WW color laser unit market share



## WW SF Inkjet unit market share



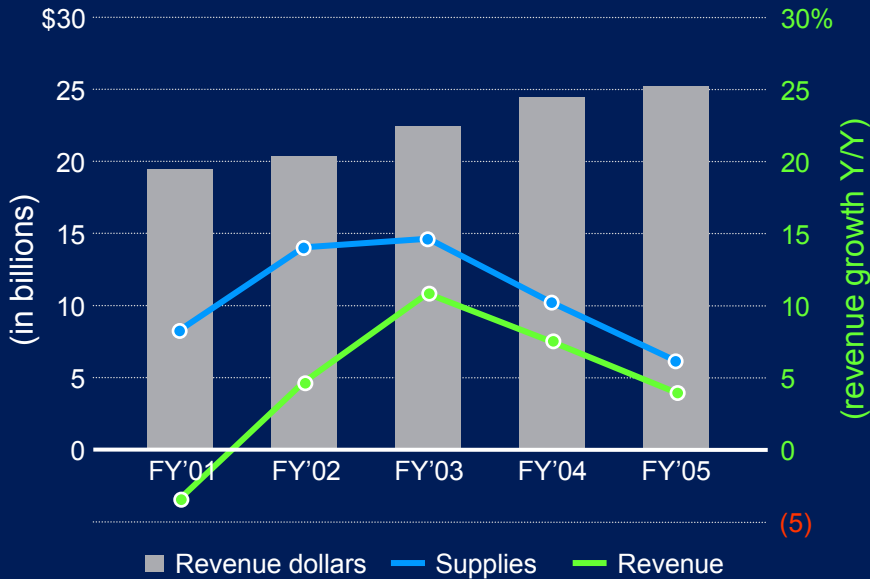
## WW AiO Inkjet unit market share



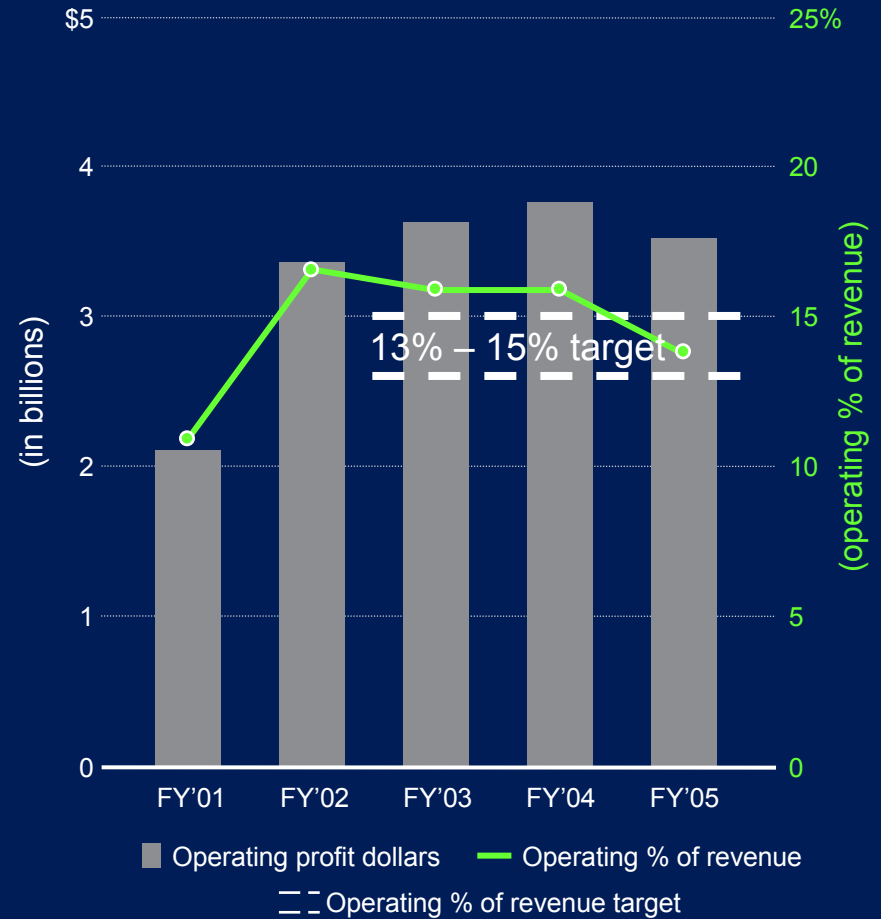
Source: IDC WW Quarterly Hardcopy Peripherals Tracker, Q3/05

# IPG overview

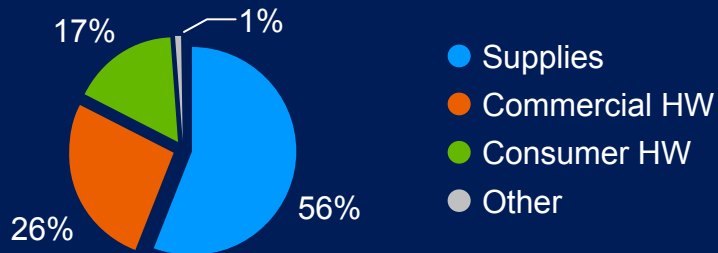
## Revenue



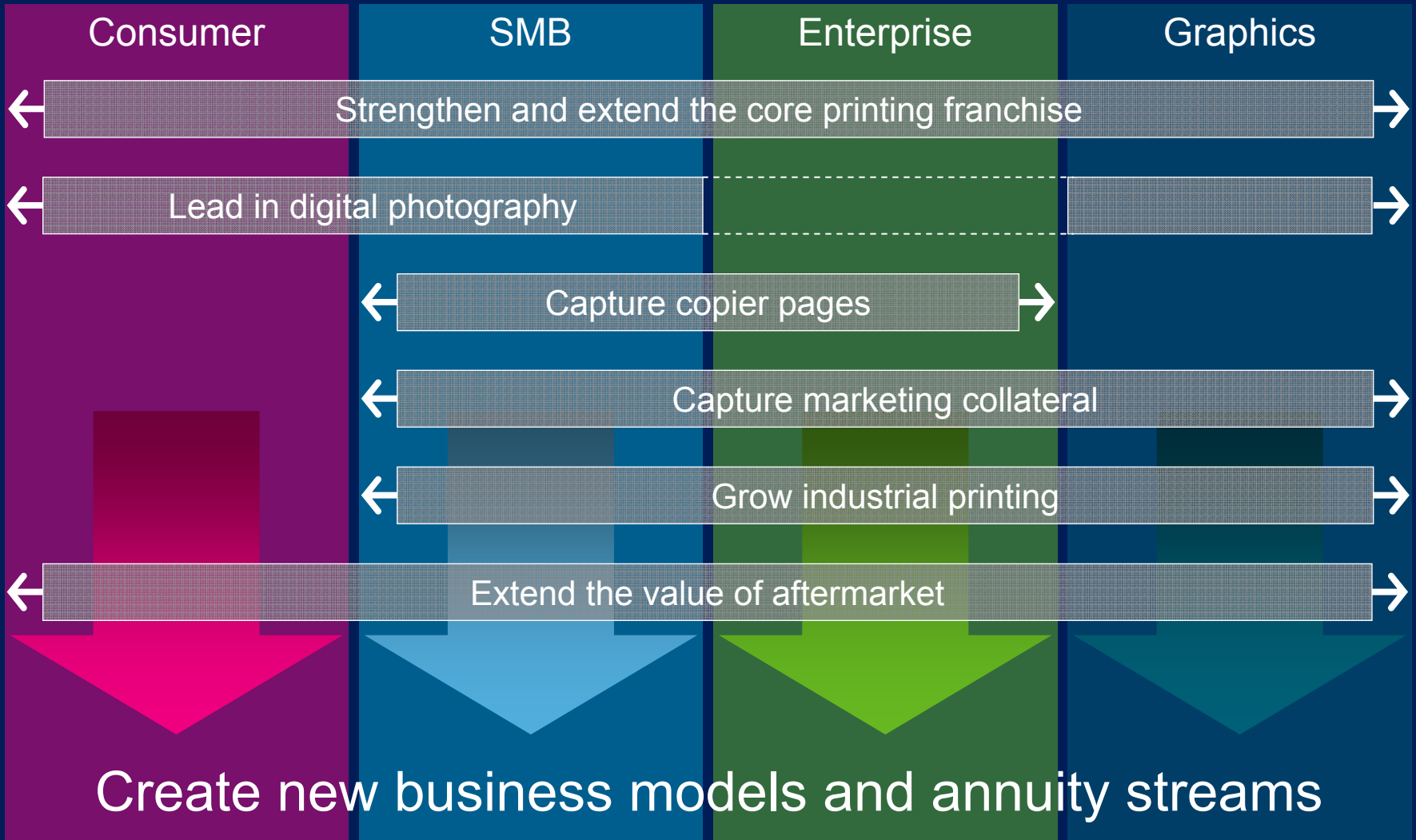
## Operating profit



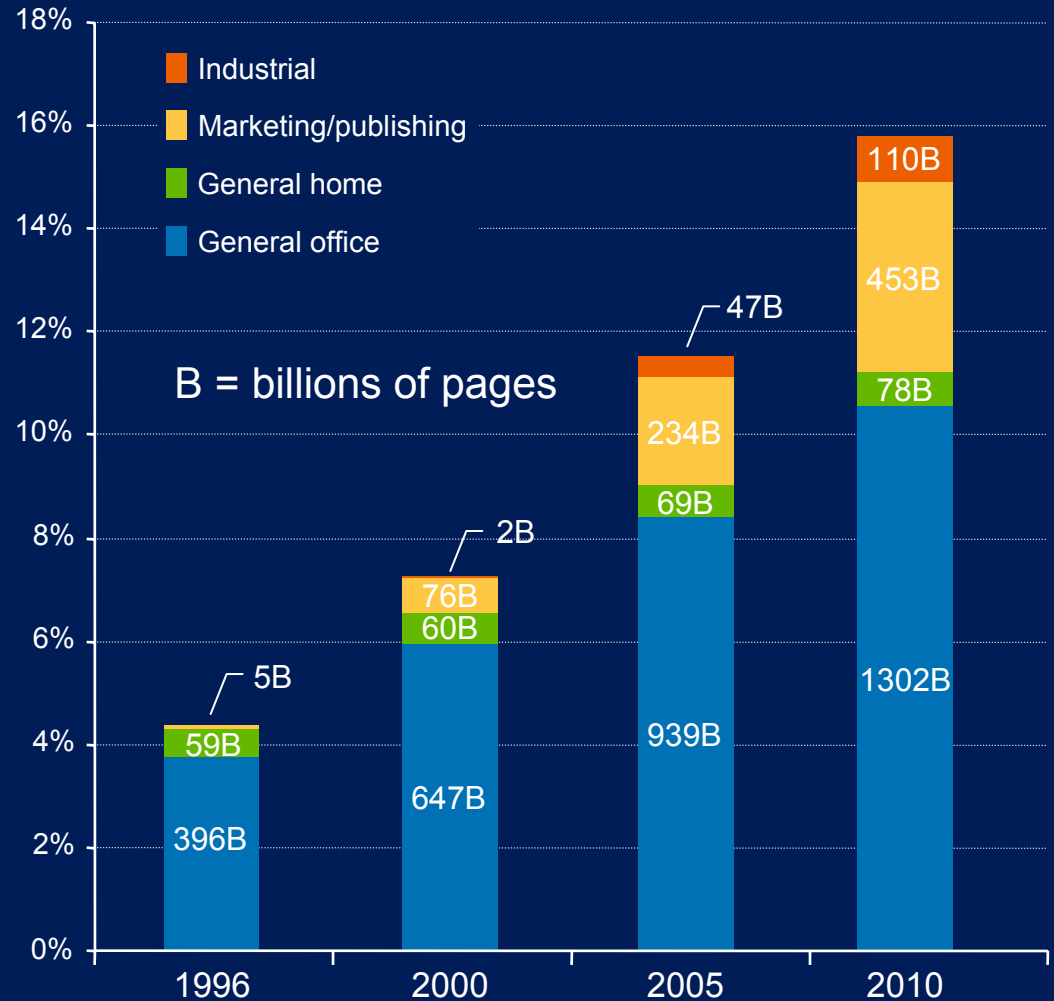
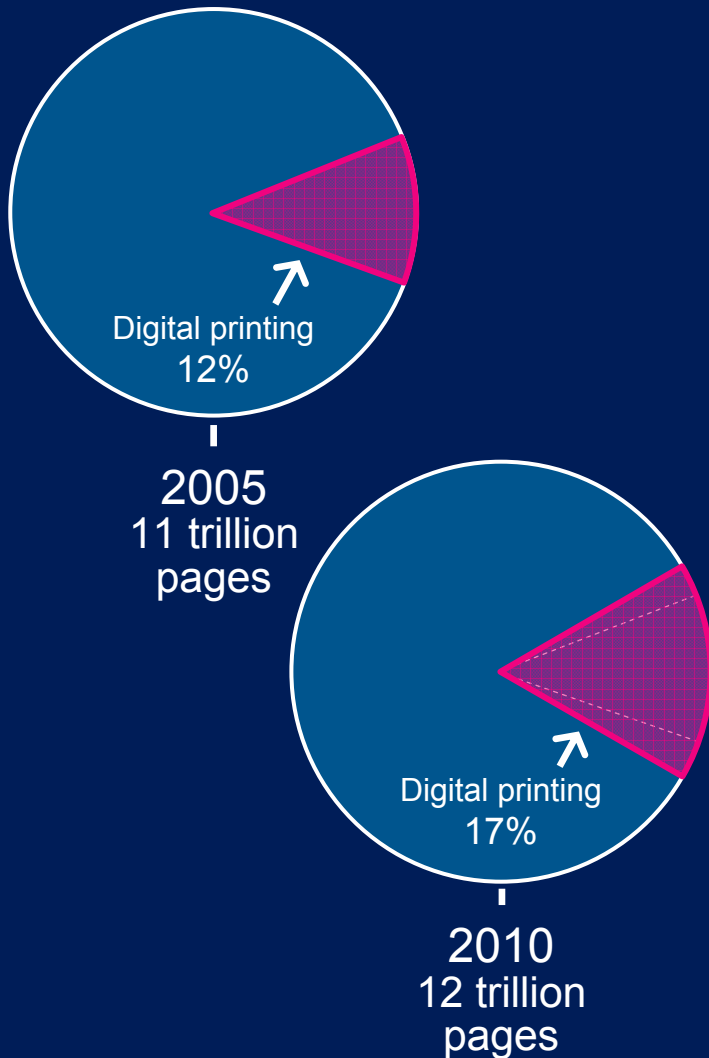
## FY05 revenue by GBU



# IPG growth strategies

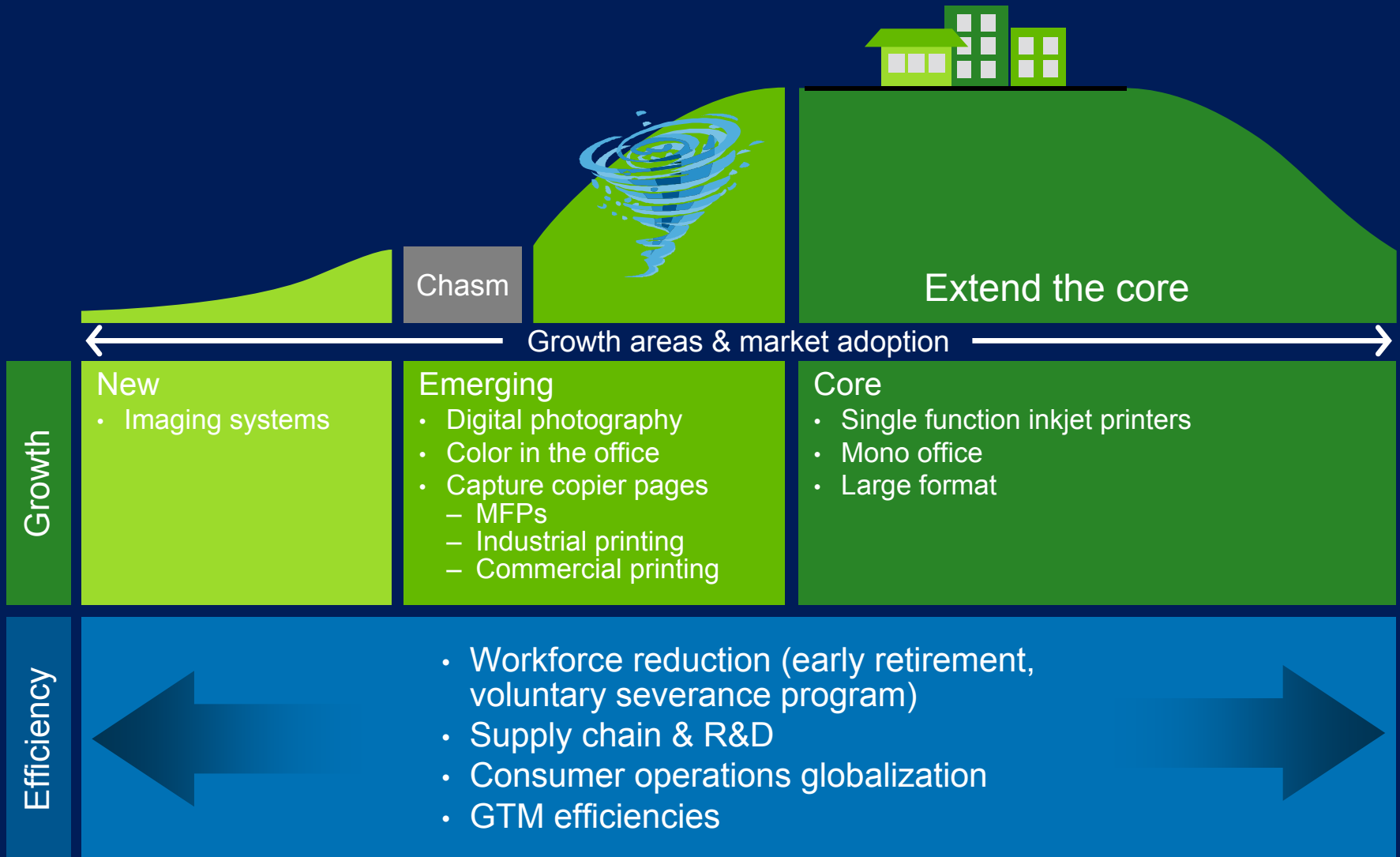


# Transforming analog to digital opportunities



Source: HP Internal Research North America Only

# Optimizing growth areas





# HP's comprehensive digital portfolio

| IPG business                              | Core technologies                     |
|---|---------------------------------------|
| Ink systems and scalable printing systems | Thermal inkjet                        |
| LaserJet and MFPs                         | Dry EP                                |
| Designjet large format                    | Thermal inkjet<br>Piezo inkjet (SIIT) |
| Indigo digital press                      | Liquid EP                             |
| Scitex Vision (ultra-wide format)         | Piezo inkjet                          |



# Innovating and leveraging to win

From home to industrial printing

Home  
photo  
printing

SMB

Enterprise

Retail  
application

Graphics

Industrial  
printing



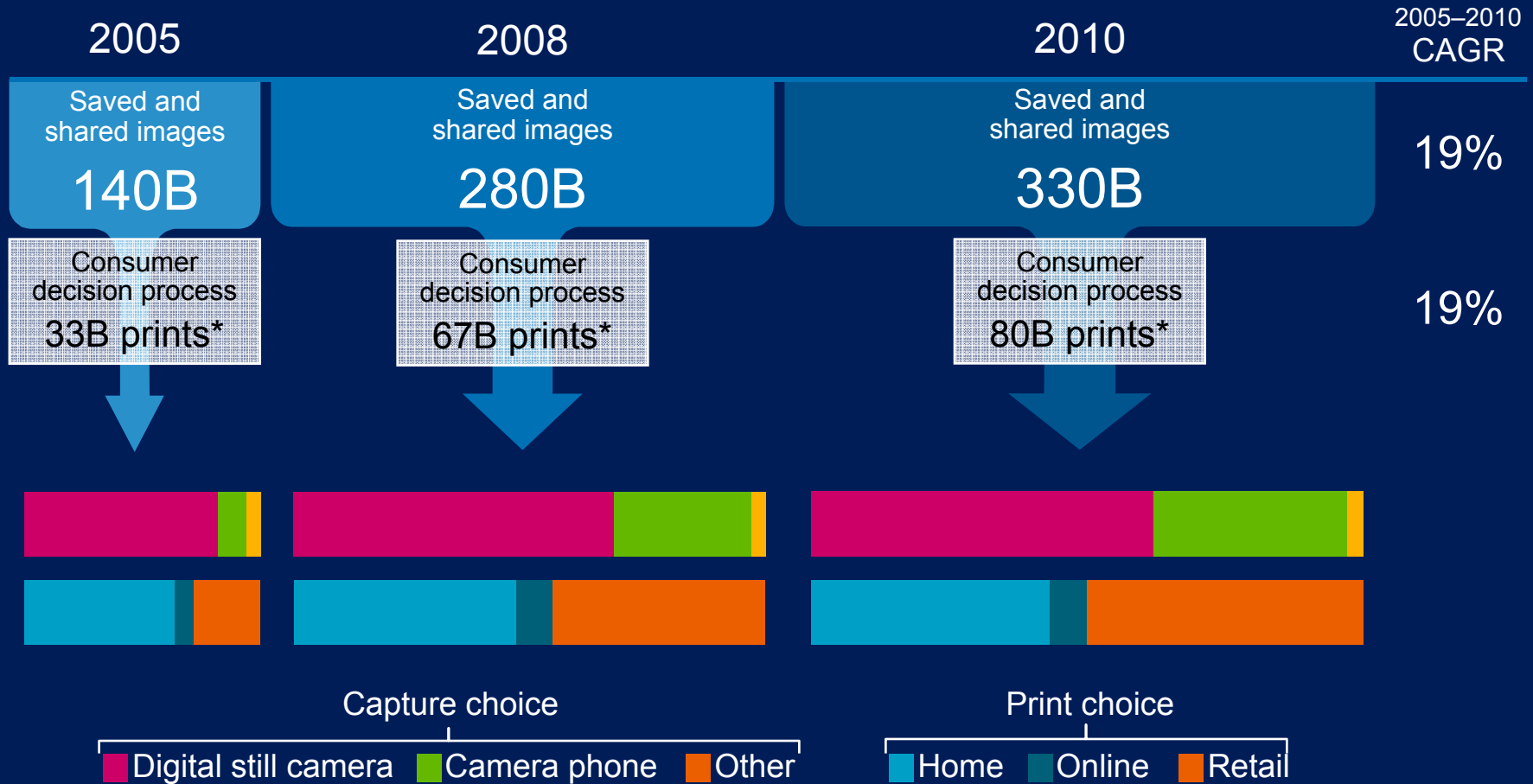
Scalable printing technology



# SPT innovation

## –video

# Lead in digital photography



Source: HP Digital Prints Market Analysis, 09/05

\*Note: Data in calendar years. Home prints are on photo paper and non-photo paper

# Digital photography experience



Anytime, anywhere...easily

## In the home

Convenient printing at home



## Through the home

Easy photo sharing



Access and share your memories; unleash your creativity anytime, anywhere!



Printing at retail  
Outside the home



Online storage, sharing, fulfillment  
From the home

# Digital photography experience



Anytime, anywhere...easily

## In the home

Convenient printing at home



## Through the home

Easy photo sharing



**snapfish**

Access and share your memories; unleash your creativity anytime, anywhere!

**pixaco**



Printing at retail  
Outside the home



Online storage, sharing, fulfillment  
From the home

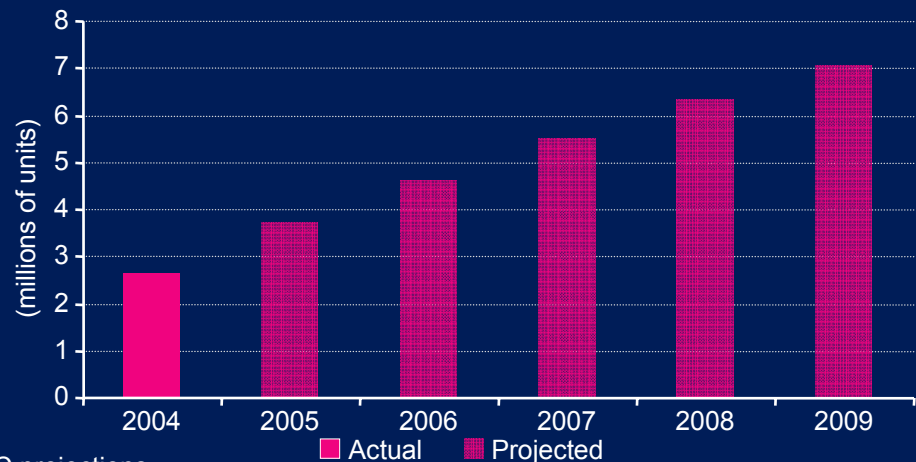
# Color in the office

## Why HP will win

- Breakthrough price performance
- Breadth of color printing solutions and color innovations
- Ease of use, manageability, functionality, reliability
- Print quality and permanence
- Color laser from 11% to 22% of total laser market by 2009

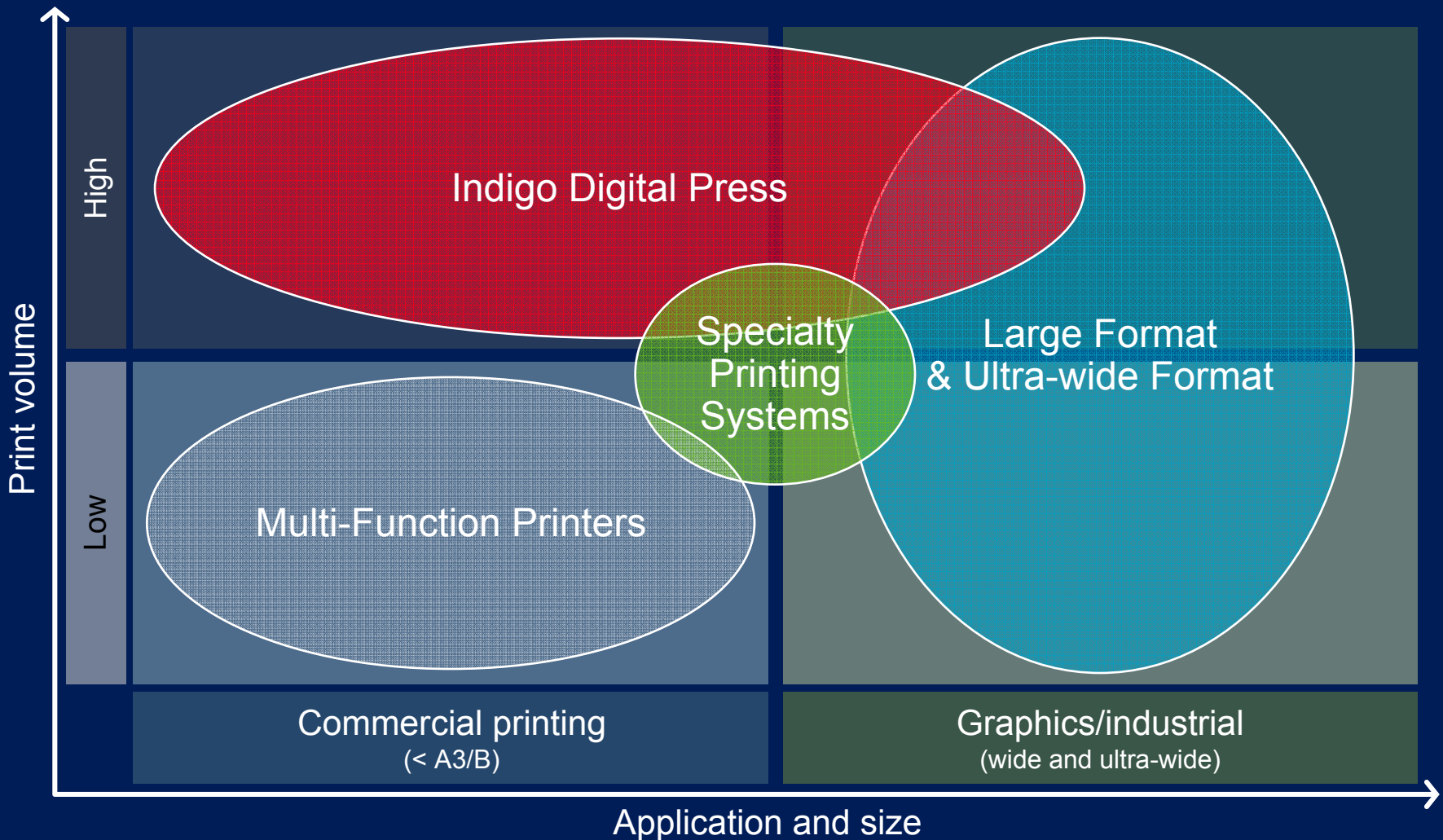


WW SF and MFP color laser growth<sup>(1)</sup>



1. WW IDC 2004 (per IDC printer and peripheral tracker); 2005-2009 IDC projections

# High-end printing portfolio

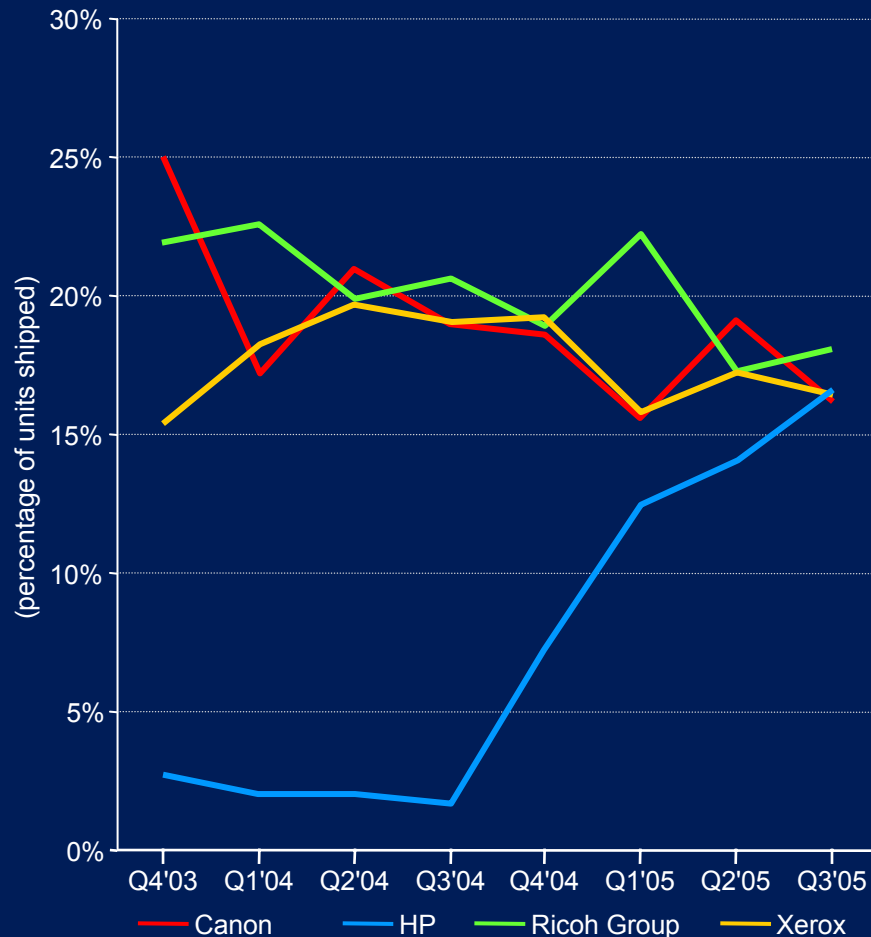


# Printer-based multi-function printers (MFPs)



- \$24B hardware market in 2005<sup>1</sup>
- Q3'05 segment 4 (S4) market share of 17%<sup>2</sup>
- On track to achieve 10% S2-S4 share goal by 2007 (excluding Japan)
- Estimated 30% increase in printed pages over single function devices
- Market trends include
  - Imaging & printing optimization in the office with ~30% TCO reduction
  - Adoption of distributed MFPs
  - Mono to color transition

WW laser MFP mono and color S4<sup>(2)</sup>



<sup>1</sup>HP Internal, <sup>2</sup>IDC WW Quarterly Hardcopy Peripherals Tracker Q3/05 (all laser MFPs)



# Total print management

Ensuring security, manageability, workflow and extensibility

## Intelligent devices



## Management software

- HP Web Jetadmin
- Universal Print Driver for Windows
- HP Output Server 3.5



## Services

- Scalable offerings
- Flexible financing
- Portfolio leverage with HPS



# 3M – outcome

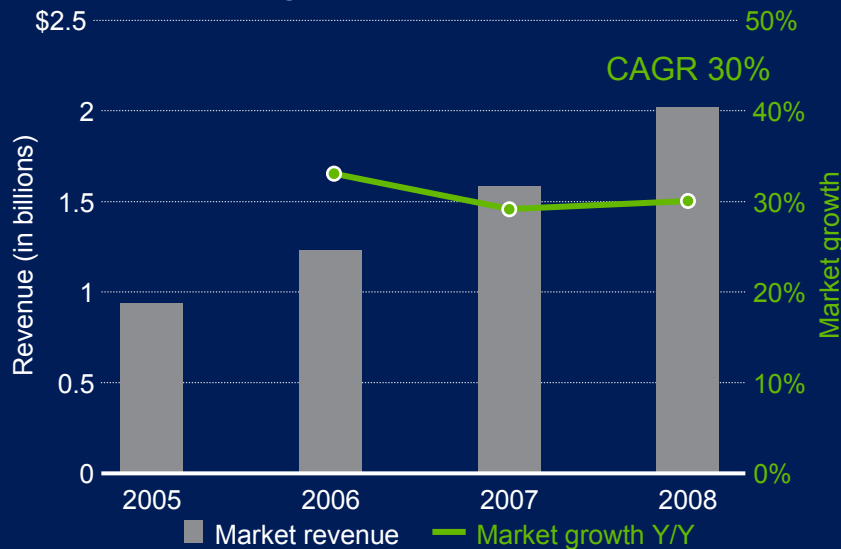
After HP Total Print Management implementation

| From  | To   | Outcome   |
|---|--|---|
| 101 models of output devices  | → 4 models   | <ul style="list-style-type: none"><li>• Centrally managed fleet<ul style="list-style-type: none"><li>– Faster output</li><li>– Higher print quality</li><li>– More flexibility</li><li>– 25% reduced cost</li></ul></li><li>• Significant savings over 5 years</li><li>• From skeptical to “thanks”</li></ul> |
| 1.36 people per device  | → 15 people per device   |   |
| 5 year old technology at 15-30 pages per minute                     | → All new technology at 50-65 pages per minute, higher quality                         |   |
| Printers only locally managed by 3M IT, others by local departments | → Centrally operated by partner (HP); equipment, services, supplies (managed services) |   |

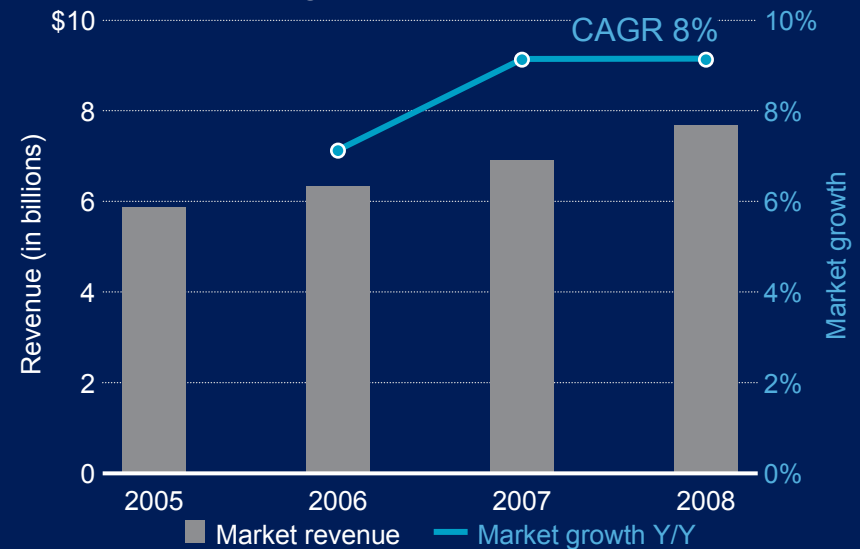
# Graphics market

\$10B page value opportunity by 2008

Digital Press market



Large Format market



Indigo digital presses



Large format



Source: HP Internal

# Supplies leadership

## Innovations



## Best value

Toner cartridges A,X  
low/high fill



Low print  
volume  
customer

High print  
volume  
customer

## Environmentally sound printing supplies



- Remans "reuse" has significant impact on environment
- HP Planet Partners program still growing strong

## Protect Intellectual Property in ink technology



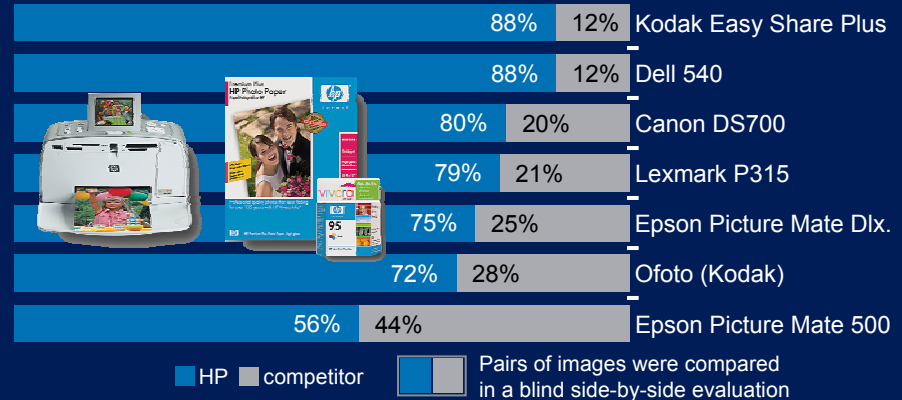
- Rhinotek Computer Products
- CartridgeWorld
- InkCycle

# Quality and reliability counts



- 80% of remanufactured color toner cartridges tested have reliability problems compared to 2% for HP, on average
- 70% of remanufactured ink cartridges tested have reliability problems compared to 2% for HP, on average

Based on recent 2005 testing conducted by QualityLogic, Inc.



- Photos printed on HP printers are among the highest-quality photos available
- Both consumers and professional photographers chose photos printed on the HP PhotoSmart 385 as having the best quality in its class

Based upon photo image testing conducted by the SpencerLab Digital Color Laboratory, August 2005

# Market drivers growing a healthy supplies aftermarket



Everyday office printing going to color

WW color laser pages are increasing at 24% CAGR 2004 – 2009<sup>1</sup>



Photos are going digital

Growth rate of photo prints is projected to be 19% CAGR through 2010<sup>3</sup>



Aggressive more visible aftermarket programs



Marketing pages moving in-house

Opportunity of 384B marketing and office documents to be produced in-house<sup>2</sup>



Multi-function printing

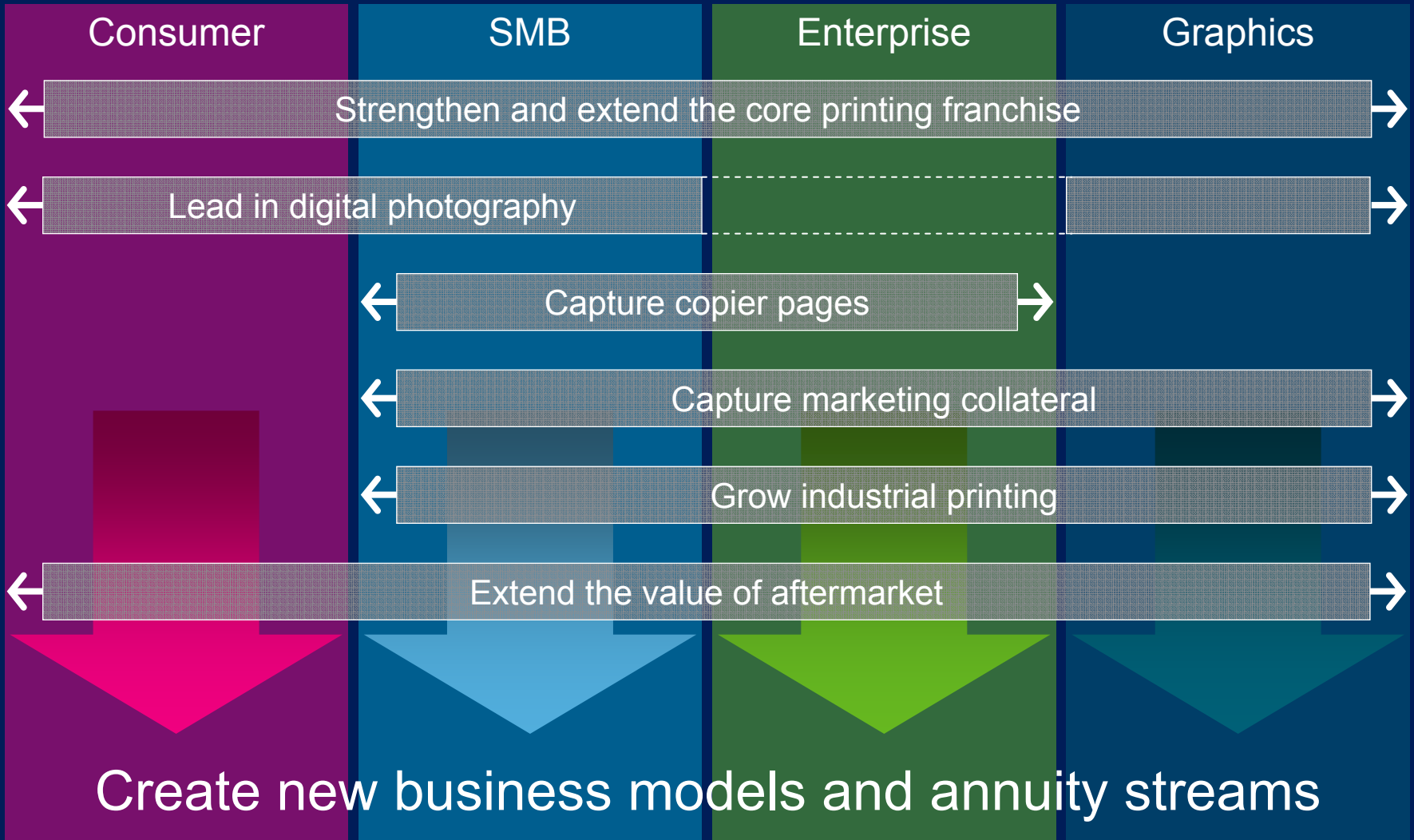
Pages shifting from copiers to printers and printer-based MFPs

Source: <sup>1</sup> HP internal research

<sup>2</sup> InfoTrends/Cap Ventures Outsource Page Sizing, June 2005

<sup>3</sup> HP Digital Prints Market Analysis

# IPG growth strategies



# Conclusion

- IPG continues to grow and deliver best-in-class operating profit of 13-15%
- Regaining unit growth momentum based on direction set in FY05
- Continued leadership in innovation and customer focus





i n v e n t