

Our business model

CREATING VALUE FOR ALL STAKEHOLDERS

Our business model

Xaar sells its technology in component form (the printhead) to OEMs who produce and sell the complete digital printing solutions to the end market. Our full range of printheads are used in delivering solutions for numerous applications. We also actively partner and co-develop with fluid suppliers, hardware and software integrators, and substrate suppliers to deliver a robust and attractive total solution to the end user. In addition, for some applications – 3D Printing and Product Printing – we design and develop complete industrial printing machines which we sell to end users.

Our mission

Leading the digital inkjet revolution



Our vision

£220 million of annual sales by 2020



Xaar sells

Xaar sells direct to OEMs around the world through its global sales team. In some more mature Ceramics markets we also sell to regional distributors. Xaar's highly skilled application engineers offer the highest level of technical support to assist OEMs in the successful design, build, commissioning, and ongoing maintenance of printing systems. Europe, Asia and North America are the primary locations of our current OEM partners.

Xaar also sells product printing equipment, services and consumables via EPS, and Xaar's 3D Centre in Nottingham is responsible for selling Industrial 3D printers to OEMs and end users.

Xaar markets

Xaar offers a wide range of industrial inkjet printheads and printhead systems which are designed and produced to meet the customer-driven requirements of a range of manufacturing applications. Primary markets include Graphic Arts, Textiles, Ceramics, Labels, Packaging, Coding and Marking, Product Printing, 3D Printing, Advanced Manufacturing and Decor.

Xaar designs

Xaar invests a substantial proportion of sales (18% in 2017) in Research and Development (R&D) to remain a world leader in inkjet technology. Xaar has more than 317 patents and patent applications and continues to add to its Intellectual Property (IP) portfolio. At 31 December 2017 R&D staff totalled 113 representing 19% of the total workforce. We have R&D facilities in Cambridge and Nottingham, UK and also Copenhagen, Denmark, Stockholm, Sweden and Vermont, USA. We also work with strategic partners to jointly develop some products.

Xaar manufactures

Xaar manufactures its printheads in Huntingdon, UK. Xaar's manufacturing is capital intensive; the Group has invested over £70 million (2016: £68 million) in assets and production facilities in Huntingdon since the plant opened in 2007. We export over 97% of our printheads to customers around the world.

EPS, a Xaar company, manufactures customised and bespoke printing solutions in Vermont, US.

Xaar's 3D Centre in Nottingham is responsible for manufacturing its industrial 3D printers.



Our strategic pillars

In 2016 we defined four strategic pillars which support our 2020 vision to grow annual sales to £220 million:



Ceramics



Product Printing & Packaging



Thin Film



Acquisitions & Partnerships

The value we create

We create value for all our stakeholders.

Customers (OEMs) and end users (our customers' customers)

With Xaar technology, our customers and their customers are able to innovate in their manufacturing methods and their products as well as benefit from a shorter distribution chain; they can implement more precise and efficient processes, easily produce short batches, take products to market more quickly, improve productivity, reduce waste and unlock creativity.

Shareholders

A key goal at Xaar is to maximise the long term growth in value delivered to shareholders via sustained, long term growth in earnings per share. This is delivered through continued investment in R&D and producing a pipeline of new products which deliver a sustained return on capital employed. In 2017 we enhanced our commercial focus through investment in our Go-To-Market capabilities, specifically aimed at revenue growth. Shareholder value is also underpinned by a progressive dividend growth policy, which has seen the dividend paid to shareholders rise from 4 pence per share in 2012 to a total dividend of 10.2 pence for 2017 (including the proposed final dividend for 2017).

Employees

Our success depends on the capability of our people. We want bright and driven people who share our values and passion for developing and manufacturing world leading technology. We aim to build long term relationships with all our employees by helping them grow and develop and by making Xaar a great place to work and a great company to be involved with. In order to continue to transform the Company, and to encourage our employees to transform their careers at Xaar, in 2017 we launched XCEL. This is a comprehensive collection of new and existing employee development modules and opportunities such as GATE, our three year programme for individuals identified by Talent Management for accelerated learning.

Environment

Digital print methods are inherently more environmentally friendly than the analogue techniques we seek to replace. Research shows that, compared to analogue alternatives, digital has a huge impact in reducing energy consumption (by as much as 55%), water consumption (by up to 60%) and CO₂ emissions (by up to 95%), but also in reducing pollution and waste materials. Xaar is committed to reducing its impact on the environment wherever possible. Our actuator technology consumes less energy than competitor alternatives and our industrial printheads can remain in use for many years. In addition, we use a continuous improvement methodology and we have adopted a manufacturing ethos of "reduce, reuse and recycle". We are committed to adopting advanced manufacturing techniques in our own cleanrooms wherever possible. Some of these techniques reduce manufacturing waste and eliminate the need for tooling and parts.