

Kodak Is Dead (Again)

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February 28, 2018



First, the consumer camera products.

Kodak's Instant Camera is dead

Almost nobody bought one. Compare its Twitter follower numbers to the competition:

Tweets	Following	Followers	Likes
59	79	313	66

KodakPlus
@KodakPlus

Tweets **Tweets & replies** **M**

KodakPlus @KodakPlus · 5h
No days off #MotivationMonday



KodakPlus: 313 followers

Polaroid Originals: 106,000 followers

Fuji Instax: 10,200 followers

In consumer interest, the competition is orders of magnitude ahead, while Kodak's (NYSE:[KODK](#)) camera has fewer followers than a Russian bot.

Kodak Plus is actually a company named C+A Global that licenses the Kodak name to make a few products, including their instant cameras. Kodak's instant camera of 2017 is actually the Polaroid one from 2015, rebadged and simplified (and made by the same company). Unlike the Polaroid, the Kodak version is generating few sales. Polaroid's most popular instant camera has 1,087 reviews. Kodak's has 54.

Kodak's Action Camera is dead

Did you know they made a GoPro/360 degree camera competitor?



KODAK Action Cameras



← Hide Details



KODAK PIXPRO ORBIT360 4K VR
Camera



KODAK PIXPRO SP360 4K VR
Camera



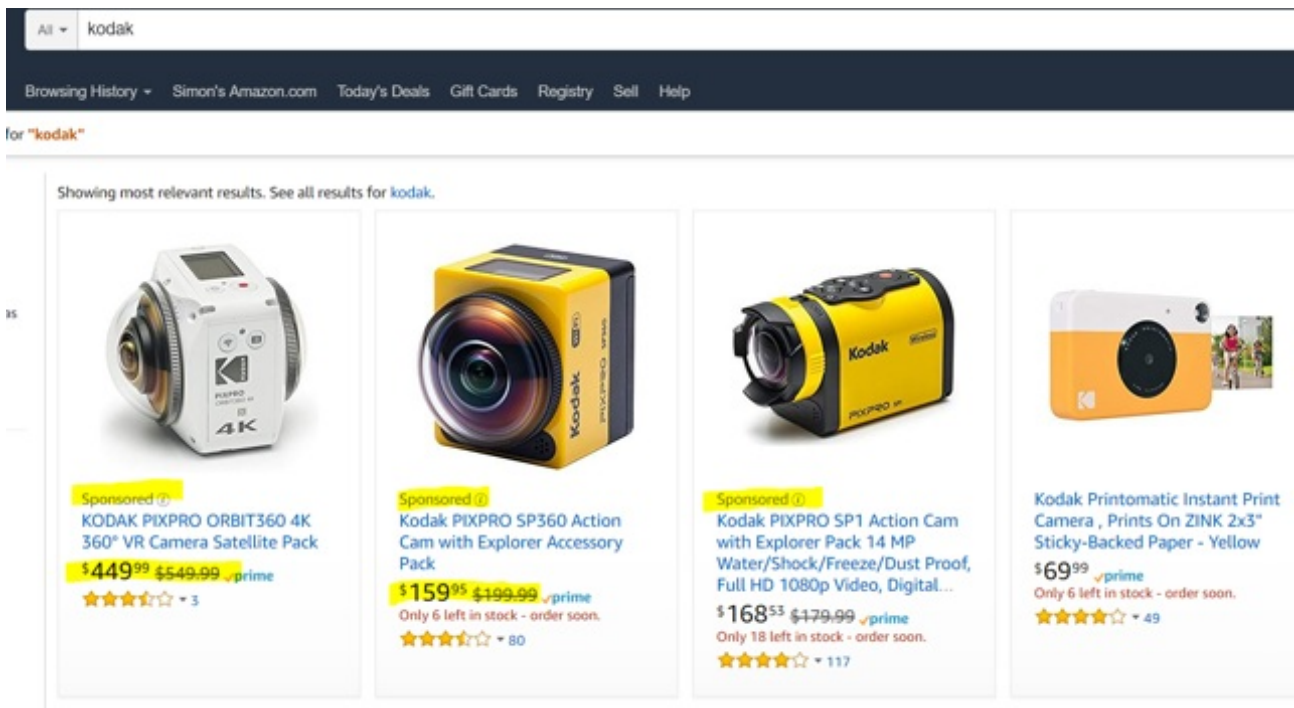
KODAK PIXPRO SP360 Action
Camera



KODAK PIXPRO SPZ1 Digital
Camcorder

Did you know they laid off their web designer?

The latest flagship was released in August 2017 and is already discounted, with only 3(!?) reviews on Amazon. Again, almost nobody bought them:



The two middle cameras in the search results, which KODAK is inexplicably sponsoring in Amazon search results, came out in 2014 (SP360) and 2013 (SP1).

The ORBIT360 is absent from many review sites comparing 360 degree cameras, and others don't have nice things to say. The Wirecutter:

The Kodak PixPro Orbit360 4K looks like a promising action 360 cam, but like the similar-looking Nikon, the reality is somewhat different. Negative reviews are a red flag, and even the main photo on Kodak's own webpage for the PixPro is exceptionally bad.

Like all the others, Kodak doesn't actually make the camera. A private company based out of LA called JK Imaging does. They probably hoped the label would carry some weight, but it's pointless if the products behind it cannot compete in a saturated market.

The Disappearing PIXPRO Astro Zoom

There's a few other cameras made by JK Imaging that Kodak does not advertise on their own website, despite being brand new. One is the Kodak Astro Zoom camera, which was apparently released this year. Weirdly, this camera:

- First appeared in early 2016 at a trade show, then a rumor site, then disappeared (someone on DP Review forums wondered if it was a hoax).
- *Seems* to have launched this year, some time after CES, except the only place it's for sale is the Pix Pro website itself. The only other place I can find it is BH Photo's website, where it is discounted \$50 off MSRP, out of stock, and with no reviews. It is not on Adorama or Amazon (the two other major online camera vendors).
- Seems to have no marketing materials aside from the Pix Pro website, even Kodak.com does not mention it. There is no preview or review of it on DP Review, which is surprising. They didn't seem to give any to photographers or drum up any interest.

Strange situation. I'm not sure if this camera is dead on arrival, or has even arrived at all. No cameras were sent to photographers to drum up interest, no reviews are on review sites, it's not available on Adorama or Amazon, and BH Photo lists it but out of stock. There's not even a press release. Something is **very** wrong with this product launch.

The Kodak EKTRA Smartphone

The phone with a point and shoot camera look. They spent money to market it to their credit, but did you hear about it?

Announced October 2016, released July 2017 for \$500. Immediately dropped to \$400 on bad preliminary reviews. Now sells for \$150 on their website or \$120 elsewhere.

The phone still runs Android 6.0, which was released in 2015. This mean's the phone's android version was out of date *when it was announced!* We are now on Android 8.0. Unless you bought this phone then you're stuck on 6.0. Good thing you didn't buy it. Bad thing for Kodak, almost no one did.

Okay so their current consumer products are dead. What do they have in the pipeline?

They're gonna bring back Super-8, the home video film of decades gone by. Actually they were going to do this in 2016, it's been delayed two years. But 2018's the year, they say:

"The Kodak Super 8 camera is expected to be available for sale in 2018, and we expect it to be an important contributor to CFD revenue and EBITDA." — Jeff Clarke (CEO) in the earnings call in August 2017. [Transcript here](#).

Emphasis mine.

To drum up interest they gathered quotes from famous directors who were Super 8 lovers in their youth, you can read them [here](#). But notice something about these quotes:

Super 8 taught me how to be a filmmaker. At the time, **it was all about expense**, meaning that I had to know what I wanted to shoot or at least edit in my head what I wanted to shoot before I shot it.

— Steve McQueen

My career began with Super 8 and that transferred into working with...

— Robert Richardson

The news that Kodak is enabling the next generation of filmmakers with access to an upgraded and enhanced version of the same analog technology that first made me fall in love with cinematic storytelling is unbelievably exciting

— Christopher Nolan

The feel of Super 8 film is really cool, especially for the home-movie look, but the crucial part to the aspiring art student was that it was *relatively inexpensive*. For a revived Super 8 to fulfill

that role today, it's going to have to be cheap enough to compete, and this time the competition is much more fierce than the 60s. Every aspiring filmmaker has a paid-for digital (phone) video camera already in their pocket. This presents a problem for Kodak, because they plan to sell the super 8 camcorder for **2,500 to 3,000 dollars**.

So Christopher Nolan's kids can afford the camera. But it's not going to make Kodak any money, because they forgot the whole reason Super 8 was popular in the 70s and 80s in the first place.

That's a pretty hefty price tag, because the company had originally planned to release a limited edition version in fall 2016 for between \$400 and \$750, with a less expensive model planned for sometime in 2017.

— [The Verge](#)

Optimistically, maybe it reaches novelty status, but I cast great suspicion on a 2-year late and 5-times-the-originally-planned price camcorder is going to do anything but hemorrhage more money from Kodak's coffers. I also doubt any institutions (like film schools) will make serious investments in the equipment that requires buying film from a close-to-bankrupt company. That the CEO thinks this will be an important contributor to revenue should shock everyone.

KodakCoin

The other latest news from Kodak:

KODAKCoin allows participating photographers to take part in a new economy for photography, receive payment for licensing their work immediately upon sale, and sell their work confidently on a secure blockchain platform

Whoever wrote this has never tried to sell a photo.

As a photographer, many of us are already used to people trying to buy our photos with the made up currency of "exposure." Selling photos and accepting money is not the hard part of the photography biz, the hard part is *getting customers to pay and not steal*. No photographer has a burning need to be paid in KodakCoins, real live Moneydollars already work pretty well. As [Matt Levine](#) at Bloomberg said:

Ohhhhh no. Look: Kodak wants to run a web crawler and a central database of photographs. You don't need to do that on the blockchain. It also wants to run a marketplace to match buyers and sellers of photographs. Again you don't need to do that on the blockchain. You certainly don't need your own currency to do that; lots of markets — the stock market, the supermarket, the existing market for photographic licensing — run on dollars, and what is convenient about dollars is that if you get dollars for licensing your photographs you can spend them at the supermarket.

Must be why Kodak is selling the coins for dollars, which it is going to desperately need.

Aside from the other obvious objection, that few photographers will want to associate their photography with a company that is no longer capable of making cameras, the worst news may be that it's looking like a poorly conceived gambit:

The chairman and founder of a key firm behind the ICO is a stock promoter who was previously banned from a Canadian stock exchange. KODAKOne's executive team is unknown within the blockchain developer community. KODAKCoin is not a serious attempt to apply new technology to a real problem — it's a last-ditch stock promotion gambit for a company hurtling towards bankruptcy.

— from the letter

Gee where else have we seen last-ditch cryptocurrency promotion while hurtling towards bankruptcy?



Oh, yeah.

Eastman Kodak announced an initial coin offering for KODAKCoin, intending to raise \$20 million, with the sale of the token scheduled from Jan. 31 to Feb. 28.

What would Kodak do with \$20 million? Probably down some of their \$400 (approx) million debt. At least that's what we can infer from the conference call back in November 2017:

Shannon Siemsen Cross — Cross Research LLC — Co-Founder, Principal and Analyst

Okay, and then just my last question is — and you might've provided a little bit, I got on a little bit late on the call, but the \$20 million that you had put in because you were in a licensing talk, or you were in a partnership talk, in that last quarter, and now you pulled it out. Is that not happening, or is it just because it's now delayed?

David E. Bullwinkle — Eastman Kodak Company — CFO and SVP

It's delayed. We continue to work on that transaction. It's delayed and, if we do receive those proceeds, it would be used to pay down debt under our debt structure. So we've removed it for clarity.

I'm guessing the "licensing talk" or "partnership talk" with \$20 million at stake is KodakCoin. At least that's the optimistic take, because if not, it means some other deal Kodak attempted fell through.

Cryptocoins will not save Kodak even if they were a good idea. For some real figures context, last quarter they reported:

GAAP net loss of \$46 million for the quarter ended September 30, 2017, compared with net earnings of \$12 million for the quarter ended September 30, 2016.

- The GAAP results include \$58 million, net of tax, of non-cash impairments related to the writeoff of goodwill in the Print Systems segment and assets for the previously announced exit from copper mesh touch screen products.
- Operational EBITDA for the quarter of \$15 million, compared with \$22 million for the third quarter of 2016.
- Revenues for the quarter of \$379 million compared with revenues of \$411 million for the third quarter of 2016, a decline of \$32 million or 8 percent. On a constant currency basis revenues were down \$35 million or 9 percent.
- The company ended the third quarter with a cash balance of \$342 million, a decrease in cash of \$28 million for the third quarter of 2017.

Under some scrutiny, Kodak has delayed the release of their coin. Originally meant to go on sale from Jan. 31 to Feb. 28, as of February 26, they haven't launched it.

Other than the crypto nonsense and Super 8, does Kodak have a plan?

They outlined a few strategic actions in their last conference call:

Strategic Actions Update

- Actively pursuing strategic divestitures and monetization opportunities
 - Multiple processes with strategic and financial buyers to achieve monetization
 - Advanced negotiations to complete technology and IP monetization

They also laid off the slide formatting guy

The bad part about these three bullet points is that they are all the same. Strategic divestiture means sale. Processes with strategic and financial buyers to achieve monetization means sale. IP monetization means sale.

When three bullet points say the same thing in business-speak, it's not a plan, it's a cry for help. The building is on fire, they are looking for an exit, and they cannot find one.

If they are not shopping the company itself around, selling off Intellectual Property is the typical last ditch effort before liquidation. Unfortunately for Kodak, the *last* time KODK filed for bankruptcy they already sold off half a billion dollars of IP, which was presumably almost everything worthwhile. Per [Wiki](#):

Kodak sold many of its patents for approximately \$525,000,000 to a group of companies (including Apple, Google, Facebook, Amazon, Microsoft, Samsung, Adobe Systems and HTC) under the names Intellectual Ventures and RPX Corporation. (wiki source: [cnet](#))

The value of historical Kodak is gone. The yard sale already happened, and the companies with money already picked over the corpse.

If you're interested in more, read the last conference call slides yourself ([here](#)) and read the transcript ([here](#)).

This article is not investment advice for KODK. But if you work there my advice is to find a new job sooner rather than later.

Disclosure: I am/we are short KODK.

I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.