40-41 Finance 27/2/02 3:42 pm Page 40

Gloomy outlook

Advertising group WPP is predicting a slow, "saucer-shaped" economic recovery, with a flat 2002 followed by a slight revival in 2003. WPP's profits fell by 3% in 2001. In the US, some publishers say that ad spend is still dropping: the *New York Times* saying ad revenues were 14% down in January.

Feeling hopeful

Moore Corporation, the Canadian labels and forms maker, is predicting a return to profitability in 2002 after its loss of $358m last year. Costs have been cut by $100m and 3,000 of the company's workforce of 16,000 have been laid off.

Turning the corner

Akzo Nobel, the chemicals company, seems to have turned the corner – thanks to its disposal of printing inks, whose sales fell from €190m to €161m last year. Although 2001 profits of €938m are down 1% on 2000, Q4 saw profits up 3% year-on-year. Restructuring in the coatings group, which included printing ink, has seen 2,000 jobs go in the US and Europe. Akzo Nobel is now predicting 2002 profits higher than 2000.

US Goss rescued

Goss International Corporation has completed its purchase of the assets of Goss Graphic Systems, rescuing the US arm of the company from Chapter 11 *(Printing World, February 11)*. Investors include CSFB Global Opportunities Partners, JP Morgan Chase Bank and LBI Group.

New De La Rue md looks to increase euro

By Alex Grant

De La Rue Tapes & Holographics' new managing director Julie Furber says she is hoping for a threefold increase in orders for holograms for euro banknotes this year, as competitor Applied Optical Technologies warned that its profits would be hit by the lack of euro orders.

"Euro holograms aren't a vast proportion of our volumes," says Ms Furber. "But banknotes are still a growth market for us."

By contrast, AOT's works near Newcastle has suffered technical problems which cost it the chance of any euro work last year, despite £500,000 being spent on new security precautions.

It has finally won European Central Bank approval and has had a few small orders but, unlike De La Rue, has no contracts with papermills or printworks producing the euro. Last autumn, AOT announced a first half loss of £1.3m and cut 25 jobs in the UK.



Julie Furber: 'Growth market'

"De La Rue and Kurz have stolen a march on everybody," says AOT finance director Mike Angus. "We have the technology right but need to convince people we can do it. We don't need to be a major supplier for the euro to have a significant effect on us."

These orders are now not expected before April at the earliest, and analysts fear that profits in the year to March 31 could be down from £1m to under £300,000, or even as low as £100,000 before exceptionals.

De La Rue's real competition comes not from AOT but from German suppliers: Kurz, which has 90% of the Euro market, and Giesecke & Devrient subsidiary Papierfabrik Louisenthal.

De La Rue is making security tapes for low denomination notes and patches for higher ones at its Holographics site in Basingstoke for three unnamed euro zone countries, roughly 10% of the total. De La Rue also supplies some of the paper for euro notes and is doing some overflow printing at its Gateshead factory.

The new, merged tapes and holographics division is more likely to win more euro work, says De La Rue. The tapes factory in Bolton has been relocated to better premises and several new managers brought in.

Ms Furber, 33, was appointed as managing director last October to succeed Humphrey Miller and is now the most senior woman employee after company secretary Louise Fluker.

After a spell at Portals in Bathford, she has worked in Washington DC, as general manager of Security Print in Dunstable and then managing director of Interclear, a digital security subsidiary.

She denies that De La Rue is still a male-dominated, old school tie sort of company. "There's a fair mix of youth and energy in De La Rue nowadays," she says. "The culture has changed."

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In brief

- Julie Furber plans euro push
- Threefold increase sought
- De La Rue aims high

RIM sees rise in sales and profits

Regional Independent Media, publisher of the *Yorkshire Post*, increased sales by 3.5% to £175m in 2001 and upped its profits from £41m to £44m, although after exceptional costs losses actually worsened from £3.5m to £6.7m. There is also no firm date for RIM's floatation.

RIM says that because it had already begun to cut costs in advance of a "less helpful economy in 2002" it was less affected than other publishers by the events of September 11 and the reduction in advertising.

Its newspapers in rural areas had already been hit by the foot and mouth crisis earlier in the year in any case, meaning that profits rose more quickly in the second half, not more slowly. All job cuts were in production rather than sales or editorial.

Ctp materials are also being trialled at various RIM factories, but no firm decision on a supplier has yet been reached.

"We believe that regional newspapers are in embarrassingly robust health for those experts and analysts who have consistently written down the sector," says chief executive Chris Oakley.

However, while contract printing still accounts for 4.3% of turnover, it fell by 19% to £1.8m in the fourth quarter, thanks in part to the loss of work from Express Newspapers and *Metro North West*, which is now no longer printed at RIM's Sheffield plant. Other customers include the *Financial Times* and the *Observer*.

In brief

- RIM fires on all cylinders
- Increased sales in 2001
- Shrugs off September 11

OS hit by writ for aerial view

Ordnance Survey, the Government-owned map printer, is facing a High Court injunction from Getmapping.com, which accuses the OS of breaching competition law.

Founded in 1998 (when it was called the Millennium Mapping Company), Getmapping.com is producing a pay per view aerial photograph of the UK, the Millennium Map.

In September, 2000, the Ordnance Survey started reselling the Millennium Map, and apparently assured Getmapping that it had no plans to introduce its own aerial photograph product.

However, Getmapping claims that the OS's plans for its own "imagery layer" product amount to unfair, state-subsidised competition with Getmapping, and runs against the OS's own charter which commits it to co-operate with all owners of geographical information. Getmapping also says it did not have enough warning, and that the rival product is deliberately priced to undercut its own.

The Ordnance Survey says it had told Getmapping of its plans in May, 2001, and that it tendered fairly for a partner. Papers were lodged with the High Court on February 26. The OS has 28 days to respond to the charge before a judgement is given.

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In brief

- Ordnance Survey injunction
- Getmapping.com row
- Papers lodged at High Court

40-41 Finance 27/2/02 3:42 pm Page 41

Printing.com sells shares

By Alex Grant

Printing.com, the quick printer chain, has offered another 3.75 million shares priced at 20p each to fund more store openings. This will increase the number of floated shares by about 10% and could bring in £750,000.

Printing.com recently signed up 12 franchisees, six of them Color Company outlets, which are largely self-financing. Printing.com currently has 14 of its own copyshops and wants to increase the total number to 175 by September, 2005.

The high street chain is trying to attract investors by pointing out that its store opening costs are less than half those of bigger chains like Kall Kwik and Prontaprint – £50,000 rather than £134,000.

This is because most printing is carried out off-site at a centralised factory. Sales in January-February were £492,000, slightly below November and December levels and Printing.com made a loss of £398,000 in the six months to 14 October 2001.

But it is now almost in profit, the company claims.

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In brief

- Printing.com offers more shares
- Plans increased store openings
- Wants 175 by 2005

Reed Elsevier profits up by 43% in 2001

Reed Elsevier has increased its 2001 profits by 43% and is now selling 27% of its publications via the Internet. Legal information in particular migrated online last year, the company says.

This trend could accelerate if Reed Elsevier is successful in its bid to get electronic information to be zero-rated for VAT, as with books and magazines.

At the moment, online information is liable for full VAT at 17.5%, which Reed Elsevier says is delaying the growth of electronic media in the UK compared to overseas.

Reed Elsevier's first half results for 2002 could be "a little lower" because of a continued slowdown in its business magazines.

● FT Group chief executive Stephen Hill has stepped down to lead a buyout bid for the *Financial Times*' magazines arm, called FT Business.

FT Business, valued at about £70m but likely to fetch less, publishes *Investors Chronicle*, *The Banker*, *Money Management* and *Financial Adviser*, which have all seen circulation and ad revenues fall recently.

Other publishers are likely to look at FT Business.

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legal notices

Appointment of liquidators

● **Woodfield & Stanley Ltd** Booksellers. Liquidator: ME Cork, Moore Stephens Corporate recovery, The Old Court House, 18-22 St Peter's Church Yard, Derby DE1 1NN

● **The Design & Print Corporation Ltd** Previous company name: **Marcus-Jack Ltd** Graphic designer and printer. Liquidator: JP McLean, Grant Thornton, Higham House, Higham Place, Newcastle NE1 8EE

● **Inner Vision (Creative Presentations) Ltd** Trading name: **ABC Graphic Design** Previous company name: **Pactfull Ltd** Computer graphics, desktop publishing. Liquidator: SL Smith, Mercer & Hole, 76 Shoe Lane, London EC4A 3JB

● **Antenna Trading Ltd** Previous company name: **CTA Professional Publishing Ltd** Publishing of financial periodicals. Liquidator: T Papanicola, Langley & Partners, Langley House, Park Road, East Finchley, London N2 8EX

● **Excel Digital Repro Ltd** Printer. Liquidator: R Valentine, Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS

● **Holywells Packaging Ltd** Packaging and printing services. Liquidator: MC Armstrong, Turpin Barker Armstrong, Leen House, 1 Westmead Road, Sutton, Surrey SM1 4LA

● **Firebrand Digital Ltd** Digital printing. Liquidators: NH Geddes and SG Clancy, Levy Gee, South Central, 11 Peter Street, Manchester M2 5LG

● **HJM Graphics Ltd** Graphic services. Liquidator: KS Tan, 10-12 New College Parade, Finchley Road, London NW3 5EP

Meetings of creditors

● **The Tudor Press (Redditch) Ltd** at KJ Watkin & Co, Emerald House, 20-22 Anchor Road, Aldridge, Walsall, West Midlands WS9 8PH on February 25

● **Central Media Group Ltd**, Lasergraphics Europe Ltd at Baker Tilly, Carlton House, Bradford BD1 4NS on March 4 at 10.15am and 11.15am respectively

● **BG Direct Mail** Print Finishers Ltd at the Marriott Hotel, 1 The Broadway, Bexleyheath, DA6 7JZ on February 27

Notices to creditors

● **Andromeda Book Co** creditors to send claims to KJ Watkin & Co, Emerald House, 20-22 Anchor Road, Aldridge, Walsall by March 27

● **Newsprint Management & Supply Services Ltd** Creditors to send claims to RVY Setchim, PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT by March 26

Final meetings

● **Burnedge Press Ltd** at Stephen Conn & Co, 17 St Ann's Square, Manchester M2 7PW on March 21 at 10am for members and at 10.15am for creditors

● **Artworks Publishing Co** at Chamberlain & Co, Aireside, 24-26 Aire Street, Leeds LS1 4HT on March 20 at 10.30am for members and at 11am for creditors

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

BUSINESS ADVICE

TAX RATE GOES DOWN!

On 6th April, 2002 Capital Gains Tax (CGT) for most entrepreneurs selling a printing business will fall to its lowest rate ever – just 10%!

Not surprisingly many owners are now seriously considering their future and key strategic issues such as:-
- Succession
- Further Investment
- Technology Levels
- Exit Planning

Some opportunistic acquirers are seeing this movement as an opportunity to grow their businesses through acquisition or merger.

For the sellers they are now far more encouraged to move towards exit. It is a good time to do so, but there are some risks.

If selling, it is vital to consider your options, as other methods of disposal may realise better results. Always take professional advice.

Ask yourself, "Am I prepared to sell?" This has two connotations. First – are you really serious? Selling your business is one of the biggest decisions in your life so consider it carefully. The second is – "Are you ready?" Like everything in life the best results come from a well-planned campaign. So you must plan your exit and take professional advice on tax issues and valuation.

A well-designed 'grooming' process can really add value to the business and make a sale more likely and profitable. Often the issues are clearer to the 'outsider' who sees things that may perhaps be missed by management. An adviser with industry specific experience can add real value in grooming for disposal.

Remember the golden rules:
- Consider your options
- Only sell when you are ready and when you don't need to
- Groom for disposal
- Check your tax position
- Plan the exit
- Take professional advice

It isn't often tax falls to an all time low so your net consideration from the sale will be higher.

Perhaps it's a dream!

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.

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