

Sappi profits fall causes closure

By Alex Grant

Sappi has suffered a 27% real-terms fall in profits and is pulling out of uncoated papers in the US, closing a mill in Alabama and laying off 480 staff.

Operating profits in the second quarter were \$121m, down from \$165m last year, mainly because of the tough American market. Sales were down 4% but Sappi says that in a contracting market, market share actually rose in most countries.

European paper prices rose by 9% following production cutbacks, but this was cancelled out by a continued fall in American prices.

Uncoated fine paper made a loss of \$10m, spelling the end of Sappi's Mobile mill, formerly owned by SD Warren. Had the mill closed last Christmas, Sappi says profits in North America would have risen by 75%.

The closure means that Sappi will now concentrate on coated fine paper and timber, and will no longer make uncoated papers for the packaging market.

Sappi says that third quarter profits will probably be no better than the second.

"Overall the pulp and paper market is facing some very tough macro conditions," says chairman Eugene Van As.

"If the difficult market and currency conditions persist, group earnings for the second half are likely to be as modest as those for the first."

Since the start of Sappi's share buyback last year, about 61% of Sappi's shares are now held outside South Africa, close to the company's target of 65%.

● Weyerhaeuser has upped its offer for rival Willamette from \$48 to \$50 a share, but warned Willamette shareholders that they risk losing future returns if the takeover is delayed further.

The latest \$7.3bn offer represents a 44% premium on Willamette's share price

Expresso offered partner

The imminent arrival of Expresso, the paper companies' own e-commerce portal (Printing World, last week), does not appear to worry PaperExchange.com, one of the few surviving dotcoms in the area.

Expresso, a codename for a joint venture between nine big paper companies, only has interim chief executive officer Robert Kathro

in post and will not be launching until spring 2002. However, its backers claim it could one day account for 50% of the €23bn European fine and publication paper market.

"We would like to partner with Expresso in some way," says PaperExchange.com's managing director Colin Carroll.

"Anything that accelerates e-commerce in the paper business is good news for us."

Although one of its backers, International Paper, is also backing Expresso, Mr Carroll does not expect IP to step away from PaperExchange. "We know how hard these are to set up, and we think there is room for several e-commerce ven-

Domino stakes a claim in Sator

Domino Printing Sciences, the Cambridge inkjet manufacturer, is back on the acquisition trail. It is taking a 51% stake in Sator Laser, a German company that makes laser-marking products to put bar-codes and graphics on to packaging.

Domino says that Sator's more sophisticated "scribing" laser technology is a step ahead of the dot matrix

laser print heads it currently manufactures in Anaheim, California. A scribing laser moves around at high speed, rather liked joined-up handwriting, offering both higher speed and higher print quality, says group finance director Andrew Herbert.

"Sator will stay in Hamburg where it has a good customer base, but some

manufacturing could be transferred to the UK or Far East in the longer term," he says.

To begin with, Domino is buying 26% of Sator, which made a loss of £138,000 last year, for £1.9m. A further 25% will be bought for £2.8m next year, plus a further amount related to Sator's sales levels, and Domino has an option on the

Print group on track

Communis, the print group including the former Waddington and Rexam's printing operations, has told shareholders that the first four months of 2001 have been "on track". £5m is being invested in the group's "e-coms" operations in Leeds and Brussels this year.

B&H sell off

Bell & Howell in the US is selling a majority stake in its mail and messaging unit to Pitney-Bowes for \$51m, completing its transformation into an "e-learning and e-publishing" company. Managing director Mike Muller and other managers are staying with the business, which B&H says needed a strategic buyer to remain competitive internationally. The B&H name will remain and the German factory will remain open, says the company.

Digital record

IBM says its digital printing systems enjoyed record revenue growth in the first quarter of 2001, despite the fact its print and PC division lost \$58m in the quarter (Printing World, April 30). The company blames the dip purely on poor sales of personal computers and adds its print activities are in good health.

Read all about it

WH Smith's newspaper and magazine distribution arm, which is up for sale, is due to receive offers this week. Bidders are thought to include Hays and CVC.

Jefferson Smurfit row

Jefferson Smurfit shareholders have given a roasting to chairman and chief executive Michael Smurfit at the Irish packaging company's annual meeting, tabling two motions protesting against his "excessive" £4.1m pay packet.

Although Mr Smurfit managed to sway proxy votes to see himself and his brothers Alan and Dermot reappointed to the board, and his remuneration survive intact, the company has been wrong-footed by the fact that two institutional shareholders, Irish Life and Aberdeen Asset Management, joined the protest votes.

The company concedes that Mr Smurfit's pay is "towards the top end of the peer group" but says it is justified. But the other two Smurfit brothers earn more than chief operating officer Gary McGann, to whom they

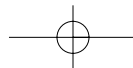
Creo Products sales surge

Creo Products, the Canadian parent company of CreoScitex, has announced a threefold increase in sales to \$173m since its merger with Scitex's prepress division a year ago, and profits are up 80% at \$12.8m.

Creo expects sales to remain between \$170m and \$173m in the third quarter, and profits to be between \$11m and \$13m.

These modest targets belie the fact that several new products have been launched in the last quarter and the Lotem 800 Quantum ctp device is said to be selling well, indicating caution over the longer-term outlook.

"Creo has showed improved financial performance in a challenging economic environment," says chief financial officer



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

GOING IT ALONE

My employer is in financial difficulty and the receivers have been brought in. I have to look at my options and I am seriously considering going it alone, either through a new start up or acquisition of an existing business. Could you explain some of the issues?

A total of 478,000 businesses were started in Britain last year – the highest figure in a decade. Regrettably, however, statistics show that many will not last long. Two thirds are likely to cease trading within three years and 80% within six years. So what goes wrong?

Many founders stop trading simply because of the hard work and long hours of business start ups. Many opt to return to the security of a job. The root of the problem is often a lack of realism. So before embarking on this venture, ask yourself the following questions:-

- Am I prepared to work 60 hours a week to get the business started?
- Do I have the full support of my partner and family?
- Do I have a clear vision of where I plan to take the business in the next 5-7 years?
- Can I survive the first year on reduced earnings to support the business in its critical stage?

Other issues to consider:-

- You are strongly advised to produce a solid Business Plan with the help of an adviser. This will help you to obtain a Business Account and/or financial support from your bankers.
- Businesses are likely to fail through lack of cash, even if they are trading profitably.
- Over optimism is a key reason for failure - balance this with pragmatic business advice.
- Learn how to recruit good people and see yourself as Managing Director with an organisation structure around you. It is important to 'think big' whilst 'acting small' to start with.

Your obvious experience leads me to believe that you could lead an acquisition or management buy-in (mbi). The same thought process still applies to these options but if you acquire a good business at a fair price you will arguably have less risk than with a new start up.

Join an mbi register if you fancy this option. If you can't locate your nearest one, contact this office for details.

The Government is looking to support entrepreneurs like yourself and there are grants available to help you.

Whatever you decide, good luck!

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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MERGERS • ACQUISITIONS • DISPOSALS • JOINT VENTURES

Södra sees slight profits fall

By Fiona Fraser

Forest group Södra has reported a first quarter profit of Skr365m, down slightly from Skr382m for the same quarter in 2000.

However, net sales increased to Skr2.8bn from Skr2.6bn. This was attributed to the acquisition of Norwegian papermills in

July last year.

According to Södra, the pulp market peaked in autumn 2000, but subsequently weakened due to a run-down of stocks by customers.

To balance the market, the company cut production by more than 35,000 tonnes during the period.

Prices for bleached sulphate pulp fell from a high of \$710 a tonne at the turn of the year to \$650 a tonne at the quarter end. President and chief executive officer Anders Wahrolén, says: "Our profit for the first quarter, Skr 365m, is at a reasonable level. Consumption of pulp and paper has

AVT sales dive

Advanced Vision Technology's first quarter sales were 25% lower than the corresponding period of 2000 at \$2.3m, and losses have shot up from \$153,000 to \$1.267m.

However, the Israeli company says that European sales have risen from less than 30% to around 50% of the total, and says it is about to launch an optical inspection product for the labelling industry in the

summer of 2002, following its entrance into the commercial printing sector last year. Prior to that, AVT's products were only aimed at flexible packaging printers.

"In the long-term, it will open up new avenues of opportunity, both in current and new market segments, and will strengthen our leadership position," says president and chief executive officer Shlomo Amir.

Record profit for Quebecor

Quebecor-World is in talks with magazine publisher Hachette-Filipacchi about taking over some of its inhouse printing facilities in Canada, the company has confirmed, in the latest of a string of acquisitions.

Quebecor announced a record 13% rise in first-quarter profits to \$42.5m last month. Quebecor has also announced it has won an enormous printing contract

legal notices

Compulsory winding up

The following case is due to be heard at Leeds District Registry, The Courthouse, Oxford Row, Leeds LS1 3BE

- **Skoob Books Ltd** 8 0 5 Salisbury House, 31 Finsbury Circus, London EC2M 5SQ on May 10. Petition by Holborn Link Ltd

Appointment of liquidators

- **Sunray Promotions Ltd** Publishing. Liquidator: I Franses, Ian Franses Associates, 24 Conduit Place, London W2 1EP
- **Ring Sign & Display Co Ltd** Screenprinter. Liquidator: TF Sale, Sale Smith & Co, Carmella House, 3&4 Grove Terrace, Walsall, West Midlands WS1 2NE
- **HWF Digital Media Ltd** Graphic design company. Liquidators: PJR Souster

and BA Mackay, Baker Tilly, 2 Bloomsbury Street, London WC1B 3ST

- **Equestrian Publishing Ltd** Equestrian magazine publisher. Liquidator: SJ Wainwright, Poppleton & Appleby, 32 High Street, Manchester M4 1QD
- **Artfolio Ltd** Previous company names: **Philip Wilson Publishers Ltd** and **Zwemmer Publishers Ltd** Publisher. Liquidator: I Franses, Ian Franses Associates, 24 Conduit Place, London W2 1EP
- **Progressive Media Print Ltd** Previous names of company: **Dockway Ltd**, **Progressive Data Ltd** and **Progressive Data Print Ltd** Liquidator: AJ Clark, Carter Clark, Meridian House, 62 Station Road, North Chingford, London E4 7BA

Meetings of creditors

- **Hot Press International Ltd** Creditors to send claims to MR Fry, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG by June 8
- **Bradnorth Print Finishers Ltd** at Chamberlain & Co, Airside House, 24-26 Aire Street, Leeds LS1 4HT on May 11
- **Good Press Ltd** Meeting scheduled for May 4 was withdrawn and did not take place

Notices to creditors

- **Your Best Local Guides Ltd** Creditors to send in claims to AW Thompson, The Old Halsall Arms, 2 Summerwood Lane, Halsall L39 8RJ by May 31

Final meetings

- **Georgian House Publishing Ltd** at 314 Regents Park Road, Finchley, London N3 2JK on

