

Battered Wyndeham poised for the upturn

By Alex Grant

Wyndeham Press Group's profits have slumped 60% from £17.2m to £6.4m in the year to March 1, prompting the group to change emphasis away from magazine printing and towards more direct mail and commercial work.

At 3.3p, earnings per share are well below analysts' original estimates of between 20p and 25p. Sales fell this year from £127.7m to £125.5m, although volumes had already started falling before September 11 as a reaction to the overall market.

Analysts have had doubts about the installation of a 64pp Lithoman press, the UK's first, at ET Heron and the effect this new capacity would have on prices. These fears appear to have been fulfilled, though Wyndeham says the press is now about 85% full.

The group says its rationalisation programme, which has seen five site closures and a 10% cut in staffing, has progressed "extremely well".

It leaves the group with a lower cost base and "in a unique position to take full advantage of every step of the industry's recovery", according to chief executive Bryan Bedson.

Restructuring costs reached £1.2m last year, meaning that profit after exceptionals is down to £4.2m from £15.7m last year. But Mr Bedson says "we have started to see signs of recovery in our business" in the first two months of 2002-03, and next year's results should be better.

The main reason for Wyndeham's fall in turnover was the fall in magazine advertising pagination. As a result, Wyndeham has

had to fill presses with "ad hoc" work and says it will "reduce its exposure" to magazine printing and seek more commercial work instead.

Commercial printing has now been largely concentrated in Luton following factory closures. Wyndeham specialises in work for the Government and rail and bus companies.

Some £16.5m was spent on new equipment last year so major spending is unlikely in 2002, as volumes are not expected to grow significantly. "We're fully invested at the moment," says Mr Bedson.

● Wyndeham's group sales director Mike Verga, 64, is to step down from the board with immediate effect, although he will stay on as sales director of Grange Press.

He will be replaced by Gary

Lasham, 43, managing director of Print Direct in Stockport, which Wyndeham acquired in 2000 and which is now the fastest-growing part of the group.

Mr Lasham had led the management buy-in at Print Direct in 2000 and had previously worked at Rexam and Low & Bonar. Alan Hodgson has been promoted to managing director of Print Direct in place of Mr Lasham.

WRGs non-executive chairman John Jackson, 73, is also to retire later this year after 12 years in the role. With Mr Bedson close to retirement age, this is likely to lead to a wider change at the top of Wyndeham.

agrant@cmpinformation.com

In brief

- Wyndeham sees 60% profits fall
- Recovery signs sighted
- Change of emphasis forecast

Pearson hopeful

Pearson, publisher of the *Financial Times*, says it has yet to see any improvement in ad revenues but is still hopeful it will come in the second half. New figures show Pearson is not alone, as total ad spending is estimated to have fallen 6% in the first quarter of 2002. Pearson has yet to find a buyer for its *FT Business* magazine titles.

Unhappy Reflec

Reflec, the maker of reflective inks, has reported miserable results showing losses of £6.8m on sales of £3.4m. Reflec Evolution, which makes fine powders for printing inks, has already been restructured and will operate either as a joint venture or as a supply agreement, now that Reflec has concluded it is unlikely ever to reach its profit margin target of 25%. The company says that it can achieve a return for shareholders by linking with partners, but with many new entrants to its markets, it must act quickly.

StoraEnso sale

StoraEnso has sold its 29.5% stake in Billerud, the maker of pulp and packaging paper, for €182m. StoraEnso will make a capital gain of €77m this quarter as a result.

American bid for Jefferson Smurfit
Page 19

Domino defies the rising tide

Domino, the Cambridge-based inkjet manufacturer, has defied the economic trend with a 2% rise in profits despite a 2% fall in sales in the last six months.

Half-year results show that the A-Series printers have sold well, sales of new equipment for commercial printers have fallen by 18%. A new product line, the S-Series, was launched in April.

While European sales are stagnant, there has been growth in Asia and a 5% rise in orders in the US, even though sales remain below historic levels. Costs of new business were offset by savings in Domino's operations, helping the company to achieve an increase in profits from £6.44m to £6.55m. Sales were down from £76.5m to £75.3m.

agrant@cmpinformation.com

In brief

- Domino does well despite economy
- Sees 2% rise in profits
- However, sales drop by 2%

Yell float cash diminished

Yell has been forced to cut estimates of the amount of money it will raise by floating on the stock market next month.

The directory publisher will be valued at around £2bn, with shares priced at between 270p and 345p. Fifty-one percent of the company's equity, worth around £1bn, is being sold by venture capital houses Apex Partners and Hicks, Muse, Tate and Furst, which will keep a 44% stake between them.

Although market analysts have expected the company to raise more, the proposed flotation (expected on or about July 3) will still be the UK's largest so far in 2002, and will be the first flotation of a largely ink-on-paper business for some time.

Analysts are talking up the prospects for growth in the directories advertising, partly because colour advertising throughout directories has recently become possible thanks to new presses at

RR Donnelley's Flaxby Moor site, where *Yellow Pages* is printed.

Yell still has an 87% market share in the UK business directories business, way ahead of its nearest rival Thomson, but BT (which sold Yell last year) has hinted it might want to re-enter the business directories marketplace.

agrant@cmpinformation.com

In brief

- Yell float price query
- Estimates of cash cut
- Company valued at £2bn

Httprint gets its \$12m injection

Httprint, the print management and print procurement software supplier, has secured \$12m of new investment from Bertelsmann and Investcorp, parent company of Polestar, as forecast in *Printing World* last week.

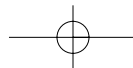
Investcorp was already the main investor and will remain so, with Bertelsmann's venture capital arm taking a smaller stake. The

deal is not a takeover and some 40% of the company will remain in the hands of four smaller investors, says Httprint, describing Bertelsmann's stake as "sizeable but not over-significant".

As part of the deal, Httprint has acquired Publishers' Market, a Munich software firm that specialises in advertising workflow system, supplying the AdSpectra

system. Httprint will now have a greater presence in Europe as a result and a Paris sales office could follow. A new sales office in Amsterdam opened recently, but marketing manager Tim Smith says that Httprint is not opening offices speculatively but only in response to customers that have already been signed up.

agrant@cmpinformation.com



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

Cropper fights back with 'sharp recovery'

James Cropper, the Kendal paper company that has also diversified into fuel cells and technical fibres, has seen a "sharp recovery" in the first three months of 2002, bringing it an annual pre-

tax profit of £1.5m against a loss of £800,000 last year. The turnaround is mainly due to a sharp fall in pulp prices, with softwood pulp down from \$710 to \$460 a tonne between February and August of

last year, although prices may have been edging upwards since.

Its papermaking division made a profit of £1m in the year to March 31 after a loss of £1.7m a year before.

Legal notices

Appointment of liquidators

● **Dowling Envelopes Ltd** Envelope manufacturer and stockist.

Liquidator: RJ Elwell, Elwell Watchorn & Saxton, 109 Swan Street, Sileby, Leicestershire LE12 7NN

● **Emerald Print Finishers Ltd** Print finisher. Liquidator: MC Bowker, Jacksons Jolliffe Cork, 33 George Street, Wakefield WF1 1LX

● **Parker (UK) Ltd** Manufacturer of printing equipment.

Liquidator: NC Patel, Kranefields, Trinity House, Heather Park Drive, Wembley, Middlesex HA0 1SU

● **Pentagon Printing Co Ltd** (previous company name, **Pyramid Printing Co and Hedgegild Ltd**) Printer. Liquidators:

D Moore and G Huntington, Begbies Traynor, 1 Old Hall Street, Liverpool L3 9HF

● **Indigo Advertising & Marketing Ltd** (previous name of company, **The Indigo Performance Partnership Ltd**) Advertising. Liquidator: D Rubin, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **Mail Brokers International Ltd** (previous name of company **Dancerange Ltd**) Mailing and data capture. Liquidators: J Berman, Berley, 76 New Cavendish Street, London and A Stanway, Plumtree Court, London EC4A 4HT

● **Adhoc Publishing Ltd** Internet content and publishing. Liquidators: MJ Orton and AW Graham, 31 Fishpool Street, St Albans, Hertfordshire AL3 4RF

● **PMC Printers (London) Ltd** Printer. Liquidator: CM Iacovides, Jeffreys Henry Jacobs, Fergusson House, 124-128 City Road, London EC1V 2NJ

● **Protech Print Management** Print broking. Liquidator: MC Armstrong, Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA

● **Anthony Grant Litho Ltd** Printing

company. Liquidators: PR Boyle and JC Sallabank, Harrison, 4 St Giles Court, Southampton Street, Reading, Berkshire RG1 2QL

● **Paintbox Colour Reproductions Ltd** (previous name of company) **Worldwide UK Trading Ltd** Printing. Liquidator: JS French, Redhead French, 43-45 Butts Green Road, Hornchurch, Essex RM11 2JX

● **Printhouse Graphics Ltd** (previous name of company **Basehatch Ltd**) Printer. Liquidator: DP Hudson, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG

● **The Codicote Press Ltd** Digital printer. Liquidators: THE Dolder and NR Hood, Begbies Traynor, 1-2 Raymond Buildings, Gray's Inn, London WC1R 5NR

Appointment of receivers

● **Kent Litho Ltd** (trading name **KL Group**) Printer Receiver: B Hoffman and I Yerrill, Gerald Edelman, 25 Harley Street, London W1G 9BR

Meetings of creditors

● **Hesketh Creative Design & Print Ltd** at Royal Clifton Hotel, Promenade, Southport PR8 1RB on June 26 at 10.30am

● **Javelin Colour Printers Ltd** at 4 Charterhouse Square, London EC1M 6EN on July 11 at noon

● **Bentley Advertising & Design Ltd** at the Freemasons Hall, 36 Bridge Street, Manchester M3 3BT at noon

● **Plumb Publications Co Ltd** at 31 Southampton Row, London WC1B 5HT on June 28 at 11am

● **Tasman Marketing** (t/a **Footloose Magazine**) 47-49 Green Lane, Northwood, Middlesex HA6 AE on June 21

● **Winceworks Ltd** (formerly **The Richline Press Ltd**) at Clareville House, 26-27 Oxendon Street,

London SW1 4EP on June 20

● **AW Publishing Ltd** (t/a **The Property Page**) at Walletts Insolvency Services, Adventure Place, Hanley, Stoke on Trent ST1 3AF on June 24 at 10.30am

● **Finishing Touch (London) Ltd, CSM Sheet-Fed Ltd** at The Barbican Centre, Silk Street, London EC2Y 8DS on June 20

● **City Communications (UK) Ltd** at 105-111 Euston Street, London NW1 2EW on June 28 at 2.30pm

● **Kempres Aztec Ltd** at BKR Haines Watts, 7-11 Station Road, Reading, Berkshire RG1 on June 19

● **Madeleine Press** at Middleton Partners, 6B Middleton Street, London W1W 7AY on June 18

● **Amica Fine Art Print** at Mark Jones & Co, 114 Gaskarth Road, London SW12 9NW on July 15 at 10am

● **Far Hill Publishing Ltd** at Jacksons Insolvency Practitioners, Clive House, Clive Street, Bolton BL1 1ET on July 26 at 11am

● **Samedia Ltd** at Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA on July 10 at 11am

Clarification

Reel to Reel International, Cawood House, Asquith Industrial Estate, Gargrave, Skipton, North Yorkshire BD23 3SF wishes to make known that the liquidation of **Reel to Reel UK Ltd** (*Printing World*, last week) has no bearing on Reel to Reel International which has been for many years, and is still trading successfully in the supply of new and used machinery and services to the label and packaging industries. *Printing World* understands that Reel to Reel UK has been dormant for many years.

A 'FRIENDLY' SALE

I run a small printing business as a sole trader and now wish to retire. The business has been valued at around £200,000.

My sales manager is keen to buy the business but does not have the money. I would like to give her a small share of the business every year, which she can pay for via the banks. The deal would be conditional on her meeting the sales targets. I would continue to take my share of the profits until she has paid for the whole business.

I have been told that I will have to pay Capital Gains Tax. Is that right? Do you have a better idea?

Your plan is a good one. It makes the business affordable to your sales manager but keeps the business trading profitably in the meantime.

And you don't necessarily have to pay CGT on the whole business if you transfer it from a sole trader to a partnership. Once you start the transfer you will be taxed every year on the goodwill element (the difference between the value of the assets and the price paid) of the amount you receive in that year from your sales manager. However you will be able to offset some deductions which should reduce the bill.

You are lucky to have found a 'friendly' buyer rather than having to go to the open market, but you should still take time to think about what could go wrong and protect yourself. Also beware 'rogue' valuations - did you check the credentials of the valuer and do they have printing industry expertise?

It would be sensible to have a legal agreement that sets out the terms of the transfer.

Ensure that the agreement is conditional, or refers to options to transfer after the first year, to avoid being taxed on the whole of the goodwill at the outset.

Well done!

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*.

BUSINESSADVICE

RICHMOND
CAPITAL PARTNERS LTD

Creating Real Wealth

MERGERS • ACQUISITIONS • DISPOSALS • JOINT VENTURES

Tel: 0207 636 5491

Facsimile: 0207 436 8954

Email: info@richmondcapitalpartners.com

Web: www.richmondcapitalpartners.com

