

Fulmar battles 'worst market conditions'

By Alex Grant

Fulmar says market conditions are "the worst we have known for decades", but has still managed to make interim profits at the same level as last year.

Turnover was down slightly in the six months to June 30, from £20.98m to £20.55m, and underlying pretax profits have dipped slightly from £1.85m to £1.81m, just £870,000 after exceptional costs.

Fulmar says that were it not for the £2m takeover of Quadra-colour in Sydenham, south London, last February, sales would have fallen 17.6%. Its Royle Financial Print arm has seen sales fall 12%.

However, this has been cancelled out by an 84% increase in sales at Bookmarque, the paper-back printer Fulmar started two



Mike Taylor: downbeat on economy

years ago. And the group's printer of book covers and jackets, White Quill Press, has seen turnover go up 6%.

This is partly due to the collapse of Omnia Books in Glasgow but Fulmar says its book work was already growing fast before Omnia closed.

Fulmar has also carried on

investing in new equipment, buying two new 12-colour Speedmaster 102s, replacing two 74s and two 102s, two of them four-colour and two six-colour. The first 102 was commissioned in August and the second will arrive in the first week of January.

Fulmar has relocated WE Baxter from Lewes to new leased premises in Mitcham, near the main Fulmar factory at the Orion Centre in Croydon. Fulmar chief executive Mike Taylor says the move, and the savings that will result from integrating prepress and finishing with the rest of the group, mean that Fulmar is "well-placed to withstand these very tough conditions", although Baxter will keep its name.

Commercial printing "tends to be early into and out of recession," says Mr Taylor. But

although the past three to four weeks have seen an upturn in work, Mr Taylor says this is seasonal and the commercial printing market will remain tough for at least another 12 months.

"Fulmar has been through three recessions since we started in 1972," he says. "But I've never known prices to be so low and there to be so much overcapacity. I think we could even be barely halfway through a three- or four-year downturn." He says this could be even worse than the 1991 recession, which saw 3,000-4,000 printers close down.

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In brief

- Fulmar fights hard
- Very tough marketplace
- Mike Taylor's bleak outlook

Sticking with adhesives

By Alex Grant

Self-adhesive labels have now comfortably overtaken wet-glue labels, with 54% of the market compared to just 34% for wet-glue, according to Avery Dennison. However, shrink-sleeve labelling is also seeing strong growth of about 20% a year, because they can easily cover a jar or bottle 360° around.

Another trend is to reduce the weight of packaging because of the European packaging directive, and the increasing need for security features on packaging.

The labelling market is still growing at 7% a year, most of it driven by film coatings for plastic containers. But even old-style wet-glue labels are still seeing some growth. Even British postage stamps are now largely self-adhesive.

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In brief

- Self-adhesive labels on march
- Overtaking wet glue
- Expanding market

New probe into Xerox's accounting

By Alex Grant

Having announced in July that it has put financial scandals behind it, Xerox's accounting is back in the spotlight and subject to a new inquiry by US federal prosecutors. Xerox had already paid a \$10m fine and settled another charge by

restating its sales for 1997-2001 but without admitting liability. However, Xerox effectively admitted that it has overstated its sales by \$1.9bn by charging lease rental income to its sales account.

Having escaped legal action for the accounting errors earlier this

year Xerox could now face criminal prosecution. Xerox shares fell 11% to \$5.94 at the news.

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In brief

- Xerox accounts highlighted
- Further US inquiry
- Federal investigators' probe

US directories sell off

By Alex Grant

Yet another troubled telecoms company has been forced to sell off its directories arm: this time Sprint, a US telecoms group that has sold its directories to marketing company RH Donnelley for \$2.23bn.

The deal will help Sprint tackle its \$20bn debts but will also mean that Sprint loses out on \$560m of annual revenue. Sprint publishes 260 directories in 18 states, both yellow and white pages, with a total annual circulation of 18 million.

Ironically, although such old

economy products as directories are much more profitable than telecoms services themselves, their owners have had little option to sell to get some liquidity into their businesses.

Sprint's decision to sell comes a month after Qwest Communications sold its directories to two finance houses for more than \$7bn. KPN in The Netherlands is in talks with three potential buyers of its yellow-pages directories operations, which could fetch an estimated €600m.

Sprint's directories are published from Overland Park,

Kansas, which will now be run by RH Donnelley, and printed at Sprint's own works which will also be transferred to Donnelley.

Reports say the purchase price has been boosted by the fact that these facilities are not heavily unionised, although Sprint declined to comment.

RH Donnelley has no connection with RR Donnelley, the print group.

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In brief

- US company's sell off
- Directories arm goes
- \$2.23bn sale paying off debt

€905 bond issue

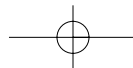
Jefferson Smurfit's new owner, Madison Dearborn, has successfully raised €905m (£570m) through a bond issue to help pay for the acquisition.

Carry on talking

Taylor & Francis is still in talks with Blackwell about a takeover of the publisher. Taylor & Francis has posted a 61% rise in interim pretax profits to £13.3m. It made an offer said to be worth £275m for Blackwell in February, but this is still being considered by the Blackwell family which is known to be undecided about whether to sell or not.

Adobe falters

Adobe's third quarter sales have fallen to \$284.9m from \$317m in the preceding quarter, and \$292m a year ago. Profits are down year-on-year from \$96.4m to \$73m. The figures were within revised targets, however, and president Bruce Chizen is predicting growth in the fourth quarter. Sales targets for the fourth quarter are being raised from \$285m to \$300m.



TM chief sets next summer for time to leave his job

By Gareth Ward

Philip Graf, chief executive of Trinity Mirror has announced he will step down next summer prompting speculation that he is paying the price for failing to bring the same level of profits to the national titles as to the regionals.

However, he is insisting that after ten years' heading Trinity International and then Trinity Mirror it is time to move on saying: "There are other things I want to do."

The local papers have per-

formed well with significant investment now underway to introduce additional colour facilities and so meet advertiser demand.

However the national titles, *Daily* and *Sunday Mirrors* and *The People* have failed to respond to treatment, with the latter under threat from the Sunday edition of *The Star*.

Institutions have also criticised a strategy of price cutting to take on *The Sun* while the *Mirror's* aggressively independent editor-

ial has provoked complaint from at least one US shareholder.

The *Mirror* is also due to look at investment in new printing equipment, something that will require a huge input. Chairman Sir Victor Blank will head a committee to appoint a new chief executive, with plenty of time to arrange a smooth hand-over.

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In brief

- Philip Graf to step down at TM
- Disparity in levels of profits
- Kit investment in the frame

legal notices

Appointment of liquidators

● **The Bar Code Catalogue Co Ltd**

Bar code equipment supplies. Liquidator: DA Field, Wilson Field, 289 Abbeydale Road South, Sheffield S17 3LB

● **Doyle Quays Ltd** Previous company name: **Superproud Ltd** Printing. Liquidator: M Bowker, Clive House, Clive Street, Bolton BL1 1ET

● **DN Print Ltd** trading name **Matrix Printer**. Liquidator: W Paxton, Robson Laidler, 6 Market Street Newcastle upon Tyne NE1 6JF

● **Lightworks Digital Ltd** New media, website and CD Rom design. Liquidator: GD Sharma and K Mistry, HKM Harlow Khandhia Mistry, Aspect Court, 4 Temple Row, Birmingham B2 5HG

● **Premier Design Publications** Advertising. Liquidator: A Dick, Begbies Traynor, 1 Winckley Court, Chapel Street, Preston, Lancashire PR1 8BU

● **PaceDouble Ltd** Supplier of printed stationery. Liquidator: G Stones, Stones & Co, 63 Walter Road, Swansea SA1 4PT

● **Bree Design Ltd** Cad operator. Liquidator: A Appleyard, BKR Haines Wallts, Canterbury House, 85 Newhall Street, Birmingham B3 1LH

● **Ringpress Books** Publisher. Liquidator: AK Bhardwaj, 47-49 Green Lane, Northwood, Middlesex HA6 3AE

● **Adera (UK) Ltd** Advertising.

Liquidators: DP Hudson and NP Ailyan, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG

Meetings of creditors

● **Meto Print Ltd** at Avco House, 6 Albert Road, Barnet, Hertfordshire EN4 9SH on October 3 at 10.30am

● **Marathon Press Ltd** at The Freemasons Hall, 36 Bridge Street, Manchester M3 3BT on October 1 at 11am

● **Lightning Ltd (t/a Quayside Print & Office Ltd)** at The Freemasons Hall, 36 Bridge Street, Manchester M3 3BT on October 1 at 10.30am

● **City & Financial Printing Services Ltd (t/a Abbey Print & Mail)** at A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, London E4 8LP on September 27

● **DDP Imaging Ltd** at 641 Green Lanes, London N8 0RE on September 26

● **DN Print (t/a Matrix Print)** at 6 Market Street Newcastle upon Tyne NE1 6JF on September 20 at 11am

● **Sovereign Press (Berkshire) Ltd** at Insole House, 39 Station Road, Lutterworth, Leicestershire LE17 4AP on October 8 at 11.30am

Final meetings

● **Creative Advertising Services Ltd**

at Casson Beckman Partners, Devlin House, St George Street, Mayfair W1R 9FA on October 23 at 11am

● **Giri Design & Developments Ltd** at Radfords, 12 Portland Street, Southampton SO14 7EB on October 23 at 10am

● **Prosigns Designs Ltd** at Crawfords, Stanton House, 41 Blackfriars Road, Salford, Manchester M3 7DB on October 11 at 10.30am

● **Process Design & Management** at C12 Marquis Court, Marquis Way, Team Valley, Gateshead NE11 0RU on October 17 at 10.30am

● **Opium Print Service Ltd** at Insole House, 39 Station Road, Lutterworth, Leicestershire LE17 4AP on October 22 at 10am

Disclaimer

In a letter to creditors dated September 11, Kroll Buchler Philips, liquidator of **DPM Realisations Ltd** (formerly **Dornier Printing Machinery Ltd**) has caused confusion because many people shorten the name of Direct Press Marketing Ltd, Westerham, to **DPM**. **Direct Press Marketing Ltd** wishes to make known it is in no way connected to **Dornier Printing Machinery Ltd** which went into administrative receivership in 1998, and the letter refers to the surplus passed to the liquidator by the administrative receivers.

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

GROOMING THE BUSINESS FOR SALE

We are considering selling the business in about two year's time. We have been told we should start preparing for this already. Is this true?

Very definitely so.

The first important step is to consider the alternatives. Never see just one way as the only route to exit and maximising your wealth. Take advice and consider your options carefully.

If you do decide to sell, remember that there are three clearly defined stages of every sale:-

- Preparatory stage
- Marketing stage
- Deal management stage

By 'grooming' a company, the vendor can significantly improve the likelihood of the sale and the total consideration achieved. Your time horizons will determine how much can be realistically achieved but in two years you should be able to make some key improvements to offer a more attractive, and therefore more rewarding proposition. Vendors looking to sell in a few months are unlikely to be able to deliver fundamental improvements.

Here is a grooming checklist:-

- Establish credible budgets and develop within a Business Plan which is 'owned' by the management team and features a Marketing Plan within it. This is crucial.
- Manage for earnings. Reduce costs sensibly, grow the top line through better marketing and customer retention.
- Establish a sound management team and demonstrate that you are not personally critical to the business.
- Ensure that the company's statutory and tax affairs are in order.
- Consider outcome related completion bonuses with staff to ensure commitment to the day of sale itself.
- Review accounting policies carefully. Are they geared to tax mitigation or do they seek to maximise reported profit?
- Procure valuations of all major fixed assets.
- Highlight non-recurring and 'lifestyle' expenditure. This will demonstrate the underlying profits of the business.
- Keep a record of major developments in the company's history. Buyers like an interesting storyline.
- Ensure that all major documents are filed safely and efficiently.
- Presentation of the business is vital. Remember first impressions are difficult to change. Make the effort and get off to a good start.
- Focus on the quality and sustainability of your client base. Keep records of your key customers by turnover and percentage of total sales. And credit check them. Reduce over-reliance on one or two customers.

No two companies are the same and most owners find the process of sale daunting and stressful.

Seek the advice of those who have 'been there' and benefit from their experience in the industry. You are not alone.

Like most things in life, planning is key and the earlier you start the process the better.

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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