Heidelberg web losses deepen

By Alex Grant

Heidelberg's sales rose 8% to €1.1bn and profits rose 22% to €45m in the first quarter of its financial year. But orders received have fallen by nearly 30% because of the post-Drupa effect, and the web division made a loss.

Orders received between April and June amounted to €1.3bn, well below last year's level of €1.8bn but above the €1bn received in the same quarter in 1999, a non-Drupa year.

However, progress was very uneven, with success in sheetfed clouded by deepening losses in the web and digital divisions. Heidelberg is aiming for 30% of its sales to come from consultancy

Heidelberg's web division made a loss

work within a few years as equipment sales fluctuate wildly.

Sheetfed press sales rose 17% to €730m and profits by 46%. But the web division's sales were down 15% and losses have deepened from €24m last year to €36m, though incoming orders are up slightly. In finishing, sales were down 31% to €96m and profits fell 40% to €3m despite repeated promises of growth.

"Web sales are always low in the first quarter and are also very dependent on the state of the US market, so the fall in sales came as no surprise," explains Heidelberg spokesman Thomas Fichtl. "But we expect a much better result in web for the second quarter." The first Mainstream 80 newspaper press sale, to the Roanoke Times in Virginia, will only show up in the second quarter figures.

Another fly in the ointment was in the Digital division, where despite a 5% rise in sales to €161m losses mounted from €24m to €39m, mainly because of the cost of getting the NexPress

Xaar shrugs off sale

Xaar has been quick to refute press rumours that it has lost the confidence of its own technical director after he sold 50,000 of his own shares in the Cambridge inkjet company.

Stephen Temple sold 50,000 shares for 120p each – a six-month share price low – to help finance the restoration of a windmill he owns.

But Mr Temple still owns another 485,000 shares. "Like many people, Stephen decided he needed to sell some of his shares for personal reasons," says finance director Gordon MacLeod.

"But it was only a small fraction of his shareholding."

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RIM reduces losses

Regional Independent Media, the publisher of the Yorkshire Post, managed to cut its losses from £2.3m to £621,000 in the first half despite a growing newsprint bill and a fall in advertising revenues in some areas.

Without interest and taxation, the company made an operating profit of £21.8m, up 13.7% on last year.

Another hurdle was the loss of a print contract with Express Newspapers, which has taken its titles away from RIM's presses and is now printing them at its own plant, Broughton Printers in Preston. This has cut RIM's profits from contract printing.

RIM managed to improve thanks to aggressive selling of ad space across different media and a further £1.5m round of cuts, on top of a similar exercise last year. This meant that even with the higher price of newsprint, total costs were down 0.7% by the second quarter.

RIM had also been hit by the Foot & Mouth epidemic which has reduced ad spend for its local papers in rural areas, and its outdoor sports magazines. But its websites are making a "marginal" profit, and a new service called Letterbox Direct, which offers advertisers the chance to put Post-it notes on RIM publications, has opened a new revenue stream.

Having seen off a takeover approach from Gannett, Guardian Media Group and

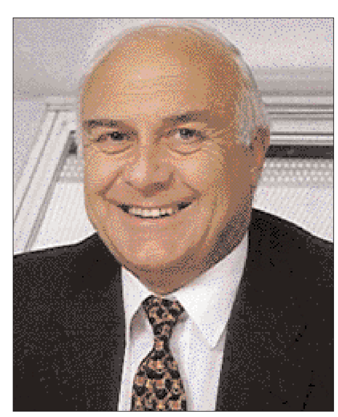
Forum fronts up to Photobition

Leaders of the Photobition Forum – a group of disgruntled shareholders – have met face to face with the very managers they hold responsible for the company "losing its credibility" in the City.

The Forum, headed by Photobition's co-founder Bob Bushby, met with chairman Eddie Marchbanks (who is planning an mbo with finance director Steven Smith) and other directors last week, just after director Peter Reed resigned, allegedly because of the pressure the company is under.

Although details of the meeting are not being disclosed, Mr Bushby says that "our comments were received and understood".

Meanwhile, Photobition is said to have banned staff



Bob Bushby: 'received and understood'

and directors from contacting the Photobition Forum on pain of instant dismissal. There are unconfirmed rumours that one senior manager has already been dismissed for contacting the Forum, and staff have been asked to sign an undertaking that they will not sell their shares until further

Symphony in plastic

Symphony Plastics Technology, a maker of biodegradable plastic substrate for shopping bags, is to float on the Alternative investment market to raise £5.5m.

Macfarlane disposal

Macfarlane, the packaging group which tried and failed to take over British Polythene Industries last year, has sold the last of its shares in BPI. Macfarlane's 2.8 million shares, amounting to 11% of BPI, have been sold for £6.5m which will be put towards reducing borrowings.

BASF's sales fall

BASF has increased its UK sales from £465m to £473m in the first half of this year, although across Europe as a whole sales fell 7.1% to €8.3bn. Although the colorants and finishing products sector, which includes printing inks, suffered a 1% fall in UK sales to £124m this was mainly due to lower demand for performance chemicals as ink sales grew.

Buhrmann's bad times

Buhrmann, the paper and office supplies company, has made a €39m loss for the second quarter, contrasting sharply with the €69m profit it made a year ago. Buhrmann says it sees 'no positive development' in the rest of the year, and that declines in spending in the US has spread to European customers and Buhrmann's Graphic Systems Division. Shares sank to an all-time low of €8.68 before rallying to €9.40.

Indigo improves with HP

Indigo appears to have turned the corner since Hewlett Packard took a $100m stake in the company, increasing sales by 18% to $48.1m and reducing losses from over $6m a year ago to less than $2m in the three months to June 30.

Shipments were also up, by 29%, and gross R&D spending was up 10% in the second quarter. Indigo says it is still on course to break into profit by the end of 2001.

"Evidence mounts of the printing industry's shift to digital printing, despite weak economic conditions in many sectors, and customer demand continues across our product lines," says chairman and chief executive officer Benny Landa.

"We're especially pleased with the monthly print volume of the UltraStream 2000, and our newest product offering, the Platinum."

The Platinum was launched last month as a baby version of the UltraStream and will be the centrepiece at Indigo's stand at Print 01 in Chicago next month. A printer in the south east of England is believed to be one

Travel reference sold by Reed Elsevier

The travel agent's reference bible, Official Airline Guide, has been sold by Reed Elsevier to an mbo team headed by ex-HarperCollins bosses Eddie Bell and Les Higgins.

Reed bought OAG from Robert Maxwell in 1993 for £300m but Reed is rumoured to have sold it on for as little as £1m. OAG has been hit lately by the airlines' own online timetables and a range of other, nimbler rivals, and is thought to be barely profitable, even though most of the other websites are based on OAG data.

Official Airline Guide's printers – Benhams, St Ives Roche and WM Clowes – must now await the outcome of a thorough "strategic review of the business" by its new owners to see if the volume of the print runs go up or down.

"It's really too early to say," says Charles St John of Electra Partners Europe, who backed the buyout team.

● VNU, the Dutch media group, has sold off EIG, its educational division, to a management buyout team for €195m.

legal notices

Appointment of liquidators

● **Wilkinson Design and Print Ltd** Manufacture of paper stationery. Liquidator: DK Ray, DK Ray & Co, Suite 1, 1 Soho Studios, Town Lane, Wooburn Green, Bucks HP10 0PF

● **Graveson Ltd** Graphic designers. Liquidators: JW Powell and CI Vickers, Levy Gee, 4th Floor, Southfield House, 11 Liverpool Gardens, Worthing BN11 1RY

● **Imediacopy Ltd** Printers and photocopying services. Liquidator: D Wald, 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH

● **Paper & Board Trading Ltd** Paper converters. Liquidators: DP Hudson and NP Ailyan, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex

● **Chameleon Search and Selection Ltd** Recruitment of print industry staff. Liquidator: R Valentine, Valentine & Co, 4 Duncastle Court, 14 Arcadia Road, London N3 2HS

Appointment of receivers

● **Hackney Print Finishers Ltd** Print finishing.

● **Clarkes New Press Ltd** Printers.

● **Force Three Ltd** Printers.

● **MCH Printing Group** Printers. Joint receivers: DR Smith and SP Bower, RSM Robson Rhodes, 186 City Road, London EC1V 2NU

Meetings of creditors

● **Marlin Stationery Supplies Ltd** at Fergusson House, 124-128 City Road, London EC1V 2NJ on August 24 at 2.30pm

● **Highlight Repro Ltd** at Acre House, 11-15 William Road, London NW1 3ER on August 3

● **Tristar Litho Ltd** at 4 Charterhouse Square, London EC1M 6EN on August 22 at noon

● **Anchor Lithographics Ltd** at Menzies Corporate Restructuring, 17-19 Foley Street, London W1W 6DW on August 20 at 10.30am

● **PSP Publications Ltd** at 49a Allerton Road, Allerton, Liverpool L18 2DA on August 30 at 11am

Notices to creditors

● **Colophon Design & Print Ltd** Creditors to send claims to SM Katz, Acre House, 11-15 William Road, London NW1 3ER by August 31

● **Toyo Ink Europe Ltd** Creditors to send claims to JRD Smith, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR by August 31

Final meetings

● **London Media Print Ltd** at KS Tan & Co, 10-12 New College Parade, Finchley

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

JOINT VENTURES

We have identified a potential new business opportunity which fits well with our existing print services. Our experience is, however, limited at present and we feel we need a "partner" with whom we can work to develop this new service. Should we form an alliance or joint venture and is this more risky than acquiring a business?

There are, in essence, four growth strategies. They are:-
- **Merger**
- **Acquisition**
- **Organic Growth**
- **Joint Venture/Strategic Alliance**

Making the right choice is **vital** and depends on the individual circumstances. Answering your specific questions we offer the following:-

Strategic alliances are the most simple and are usually characterised by:-
- Strong operating links such as cross-training and new product development
- Mutual vested interest in each other's future
- Long term strategic orientation
- Top level support; frequency of contact at top and middle levels
- Reciprocal relationships sharing strengths, information and mutual advantages
- Collaborative not combative management style

Joint ventures are a more formal type of strategic alliance uniting two or more organisations resulting in:-
- The creation of a new business entity with equity arrangements
- The allocation of ownership, financial risks and rewards
- Staffing by a separate management team

Forming an alliance or joint venture to learn a new core competence is one of the main reasons for creating such a venture and they can be very successful. However you must beware the following points:-
- Strategic 'mismatch'. Understand the strategy of your partner and how it fits in with your own
- Corporate culture problems. Get to know your opposite number and his/her values
- Understand what you are giving up and the risks
- Reaching agreement can be problematical, be patient
- Do not rush in
- Treat the alliance with the same importance as you would a merger or acquisition

Interestingly research by leading practitioners suggests that alliances can be less risky than acquisitions. This is usually because:-
- Costs and risks are shared
- Return on investment (ROI) is greater
- Exit is less costly

This is a big and complex subject and you would be well advised to take professional advice. Remember that forming an alliance or joint venture is like getting married! You should do some dating first, perhaps an engagement and then consider the full marriage.

However, you should plan for divorce because alliances do not last forever!

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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