

Potts' profits hit by slowdown

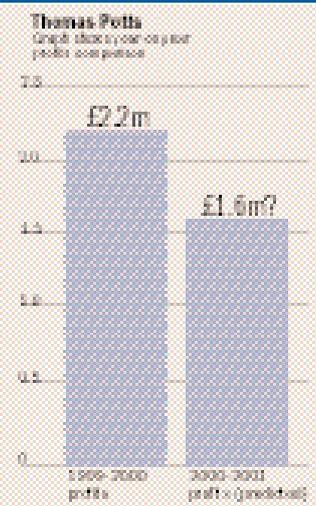
By Alex Grant

Thomas Potts, the printing group that includes Premier Metropolis, BP Cook, Serigraphic and G&E 2000, has warned of lower profits because of a "general slowdown" in print demand last autumn and the cost of taking over CCS, the loss-making print management company, in January.

As well as particularly low prepress volumes at G&E 2000, there have also been losses at Potts' Press4Print online subsidiary, although neither this nor any other part of the group is up for sale.

Thomas Potts, listed on the AIM since 1996, says that the last six months have still been profitable and that an increased dividend will be issued as a "sign of confidence in the future".

Potts' slowdown



Thomas Potts predicts profits loss

Chairman Stephen Hargrave has also bought another 100,000 shares, taking his share to 16.1%, and its largest shareholder Nigel Wray has increased

his stake to 20.5%. The share price, which reached 37p a year ago, remains down at 6.5p.

In 1999-2000, Thomas Potts made a pretax profit of £2.2m, and the company now expects profits in the 12 months to March 31 this year to be about 25% lower than this. It made profits of £1.003m in the six months to September 30 last year.

But 2001 is said to have begun much better and the company remains as confident as ever about its long-term prospects.

New group managing director Alan Barnett, who joined Thomas Potts from Prontaprint in January, has said he expects the company to go from £20m to £100m turnover within only two years – always an ambitious target but still achievable, the company

Acquisitive Access Plus

By Alex Grant

Not having any presses of your own can bring dividends, quite literally: print management group Access Plus saw 25% growth in profits in 2000, up from £3.77m to £4.71m.

Sales are also up by about 20%, to reach £25.27m. Unusually for a print-related stock, Access Plus won the AIM company of the year award last October, shortly after expanding into the Midlands by taking over Software Stationery Holdings in Hinckley.

Access Plus also has a site in Leeds, thanks to the takeover of West Riding Print Management in 1997, and a sales office in Slough as well as its original base in Bristol.

It could expand into other

areas, including north-east England, through mini-acquisitions later this year, but will wait to prove to the market that the SSH takeover was a success before attempting another large takeover. Sales at SSH have already risen by 30% in the last six months.

In the meantime, it could also expand in Europe with an acquisition, although chairman and chief executive Tim Brettell says plans are still tentative at this stage.

Access Plus has certainly ruled out ever buying its own print capacity, and is unconcerned by consolidation of other print management players, such as Astron and Tactica Solutions.

"We won't ever get our own print capacity as there

is already quite enough out there," says Mr Brettell. "This is a growing market as more and more large companies want to outsource their print-buying."

Access Plus has always been very coy about its customer base, known to include a major supermarket chain, software supplier and insurance house, as well as the Royal Household (the company has a warrant from the Queen to prove it).

The top half-dozen customers are all multinationals which could give Access Plus more work if it expands into Europe. Already, 25% of Access Plus' work is outsourced to Europe, most of it long-run gravure work.

General print manage-

Westvaco's US slide

Westvaco, the US paper and print company which owns the Impac Group, has suffered a 34% fall in first-quarter profits to \$33.3m because of a decline in demand for coated paper and packaging. Sales, however, were up 13% from £799.6m to \$926.1m.

Lasering boost

Despite the growth of inkjet, laser electrophotography is not declining yet. According to a new forecast by IT Strategies, laser should grow from \$22bn in 2000 to \$74bn in 2005 – a growth rate of 27% a year. Most of the growth is expected outside the office in packaging, label and point-of-sale printing.

Buhrmann buys again

Dutch office products supplier Buhrmann is taking over its bankrupt US rival Office Products for \$250m. Office Products will be merged with Corporate Express, the US company that Buhrmann bought for \$2.3bn in 1999, and annual savings of €80m should follow. But Buhrmann will chalk up a loss to begin with – reorganisation costs are expected to reach \$400m.

No regrets at Linx

Linx Printing Technologies, the maker of inkjet printers and laser coders, has no regrets about its takeover of Xymark last year, and the decision to move much of its production to China. Sales are up 56% to £24m, while profits have risen 36% to £2.7m. However, a softer market is already in evidence in the US.

Pacified RIM cuts losses

By Alex Grant

Regional Independent Media, the Yorkshire Post publisher seeking to float on the Stock Exchange, has recorded a further fall in its losses, and an 8% increase in sales.

Having rejected a takeover from a Gannett consortium that included Johnston Press and the Guardian Media Group, Regional Independent Media plans to float by the end of 2002 if possible.

But to do this it says it needs to expand further and cut overheads by £3m this year, with the spotlight firmly on print facilities. Newsprint costs are expected to rise and many fear the advertising market will soften.

The company's losses have fallen from £8.67m to £6.65m year-on-year.

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Global expansion

Global Graphics, parent company of Harlequin and ICG, has seen sales rise 52% to €93.3m and profits double to reach €14m in the last year, outstripping expectations.

Global Graphics has been helped by the launch of many new products since Drupa, including new CreoScitex and KPG plate processors

Petersen poser

Enap is about to sell its Petersen subsidiary in the US at a loss, according to press reports, following pressure on chief executive Kevin Hand from other board members.

Petersen was bought in 1999 for £720m, but its automotive, sports and hunting magazines have not



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

NON-EXECUTIVE DIRECTORS

I own and run a medium sized packaging company. We are knowledgeable in our field but lack formal business skills. With all the changes going on in the industry we are aware we need new thinking. It has been suggested that we recruit a non-executive director. Please explain this for me. How would this help us?

Small and medium enterprises (SME's) can benefit from the services of a non-executive director because he or she can bring value to a company through their vast experience and can act as a catalyst for change.

Most business people are necessarily involved in many aspects of management and detailed operational processes, particularly during the early stages of building a business. The appointment of the right non-executive director can provide the entrepreneur with a sounding board for new ideas and the impetus for other board members to develop their knowledge and skills.

A non-executive director's fee need not be a barrier as it may only equate to around half the annual salary for a good secretary, for significant and valuable input at board level on strategic matters.

They often suggest different ideas and an alternate point of view.

The formalisation of board procedures and regular minuted meetings not only helps to demonstrate that directors are fulfilling their responsibilities under the Companies Act, but also sets aside time for consideration of matters of strategy and direction.

An away-day for the board, led by a non-executive director, can tease out all the issues as he/she may well ask 'naive' questions which others may be reluctant to voice. On more than one occasion I have had an executive board member whisper "I'm glad you asked that question. I felt I should have known the answer already."

The need for such appointments tends to arise at a time of change in the life of a company whether it is:-

- Growth
- Restructuring
- Grooming for Sale
- Acquisition
- Investment in new business ventures, markets

To have a non-executive director on board during this process will provide a calmer and more focused approach to problem areas and less last minute panics.

Banks and other lenders often view a company with a larger board including non-executive directors, as a more mature business and a lower risk because strategic decisions are more fully considered.

Important elements of the role of the non-executive director:-

- Advising on developing the company strategy.
- Contributing to the strategic planning process.
- Advice on implementing the strategy.
- Reviewing financial information and statements.
- Assessing the effectiveness of executive directors and managers. Support and development of second-tier management.
- Reviewing the effectiveness of the board as a whole.
- Evaluation of opportunities, investments and risk.
- Sounding board and mentor for Managing Director – vital for such a key but often isolated role.

Research clearly indicates that companies which appoint one or more executive directors subsequently report an improvement in stability and results.

Ask yourself if you can afford not to do it!

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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BUSINESSADVICE

Communis is forging ahead

By Alex Grant

A determined sell-off campaign has paid off for Communis, the print group that bought up Waddington and Rexam's printing divisions last year.

Following a £2.7m loss in 1999 (when it was still John Mansfield, a timber company), Communis made a profit of £8.8m in 2000 and increased turnover twofold in the last six months.

Since buying up Rexam's printing divisions and Waddington and renaming itself Communis last June, the company has sold off Waddington's food and pharmaceutical divisions for £60m, Rexam Envelopes to Bong for £7.5m, and sold Howitts to

a management buyout team for £5m.

The last timber interests have also been sold, severing all links with the old John Mansfield, and the new Communis shares reclassified under support services.

An alliance with IBM has also been forged, called Communis CRM, to develop customer relationship management software.

Overall margins now stand at 9.3%, slightly higher than the first six months of 2000 and close to the 10% target that Communis is aiming for, and net debt stands at just £7m.

But no dividend is being paid out, to "conserve resources for future devel-

opment". More acquisitions in the US or UK could follow, and a 2001 dividend is promised.

Shares, which stood at 160p last autumn, edged up a penny to 201.5p at the news.

The company firmly expects growth to come in personalised, digital print and CRM for big customers like British Airways, which already bring the greatest returns. "It's the way the market is going," says chief executive David Jones.

Margins in Color Solutions, which includes Waddington Labels, stand at 10.2%, compared to 11% in security products, 10.8% in direct marketing (Chorleys and Broadprint), and a

De La Rue diversifies into cash handling

By Alex Grant

De La Rue has bought two cash-handling operations as it continues to diversify away from its origins in banknote and security printing.

Last week, De la Rue

bought the cash handling division of Swiss telecoms group Ascom for £8.5m. With profits of £2.8m last year Ascom is a high-margin business and all 142 staff in Bern are being kept on by De La Rue.

Just a few days earlier, De La Rue had also bought ATS Money Systems, a US supplier of cash handling systems and software, for \$14m, subject to shareholder approval.

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legal notices

Compulsory winding up

The following cases are due to be heard at the Royal Courts of Justice, Strand, London WC2A 2LL

● **Lambeth Publishing House Ltd**

Palladium House, 1-4 Argyll Street, London W1V 2LD on March 21 at 10.30am. Petition by Customs & Excise

● **Blueprint Ltd** Unit 6, First

Floor, Shenval House, South Road, Harlow, Essex CM20 2BD on March 21 at 10.30am. Petition by Customs & Excise

Appointment of liquidators

● **Mollin Publishing Ltd** Publisher of journals and periodicals.

Liquidators: CR Hammond and HI Mirza, Pridie Brewster, 29-31 Greville Street, London EC1N 8RB

● **Media Ventures Group plc**

Magazine publisher. Liquidator: A Simon, Langley & Partners, Langley House, Park Road, London N2 8EX

● **Peak Group Ltd** Lithographic

plate maker. Liquidator: DW Darrell, Sochalls Insolvency Services, 9 Wimpole Street, London W1M 8LB

● **Drawmead Ltd** Trading

name: Castle Graphics Digital reprographics. Liquidators: GD Randall and EF Hunt, HLB Kidsons, Southey House, 33 Wine Street, Bristol BS1 2BQ

Meetings of

creditors

● **The Hanover Publishing Co Ltd** at

Gerald Edelman Business Recovery, 25 Harley Street, London W1G 9BR on March 8

Final meetings

● **Book Bros Ltd** (t/a **Words Worth**

Book Sellers) at Casson Beckman & Partners, 3 Dyers Buildings, London EC1N 2JT on March 30 at 11am

● **Impact Posters Ltd** at Casson

Beckmann & Partners, 3 Dyers Buildings, London EC1N 2JT on March 30 at 11am

● **Precise Print Ltd** at Mazars

Neville Russell, 1 Telford Way, Luton, Bedfordshire LU1 1HT on April 5 at 10.30am for members and at 11am for creditors

