

KBA profits hit by visit from the taxman

By Alex Grant

KBA has met its target of reaching €1bn in sales – but will suffer a slight decrease in profits because of a visit from the German taxman.

Sales reached €1bn in 2000, an increase of 14%. But while pretax profits also rose 18% from what the company made in 1999, the profit after tax will be lower, though “not significantly” according to KBA spokesman Klaus Schmidt. Detailed figures will be issued on April 10.

KBA had an excellent



74 Karat not included in KBA results

Drupa and unlike Heidelberg managed to increase its interim profits in 2000. A backlog of newspaper presses on order lasts well

into 2002, and KBA's factory is already booked out until the third quarter of this year with press orders. Overall, new orders have leapt 31.8% year-on-year and the order backlog is now 29.9% longer.

However, KBA has been hit by a multi-million euro tax bill because its former subsidiary KBA Planeta entered profit sooner than expected, meaning that depreciation is now calculated differently.

The back tax that KBA has

paid covers the years 1995–1997, shortly after KBA increased its stake in Planeta from 75% to 100%.

The loss-making Karat Digital Press joint venture, which KBA's partner Scitex is leaving, is not included in KBA's results. However, it probably will be included in the 2001 figures once KBA has taken over Scitex's share and owns Karat outright. Negotiations with Scitex over the terms of the sale are expected to be concluded in the next few weeks.

Willamette row

By Fiona Fraser

Another round in the grueling US takeover battle between Weyerhaeuser and Willamette has been signalled with Weyerhaeuser extending its \$48 per share cash tender offer until May 18.

There are also accusations that Weyerhaeuser is trying to install its own representatives on the Willamette board to support the takeover. As of noon on March 12, Willamette shareholders had tendered about 31.4 million shares to the offer.

Chairman, president, and chief executive officer Steven Rogel says: “We are very pleased with the ongoing support we are receiving from the Willamette shareholders during this tender offer process, and now with the announcement of Willamette's long-delayed annual meeting, we are turning our focus to the election of directors.”

“Finally, the shareholders will have the

opportunity to show their strong support for our proposed transaction.”

Willamette last week sent a letter to its shareholders urging them to re-elect its board nominees at the annual meeting on June 7.

The company claims that rival Weyerhaeuser “has chosen to use Willamette's 2001 annual meeting to attempt to install its own slate of partisan, paid nominees onto your board. Weyerhaeuser is doing this as part of a hostile campaign to acquire your company at a price that your board believes dramatically undervalues Willamette”.

Willamette believes that under its nominees, chief executive officer Duane McDougall and directors Kenneth Hergenhan and Robert Smelick, the future of the company will be protected.

Willamette claims that Weyerhaeuser's nominees are being paid \$25,000 by Weyerhaeuser to run for election to the board and that they cannot act inde-

Asia Pulp & Paper sued as creditors' patience runs out

Dutch banking group ABN-Amro Bank is suing Asia Pulp & Paper and three of its Indonesian subsidiaries for the recovery of \$31m.

The legal action suggests that creditors are losing their patience with the debt-ridden company. ABN-Amro has filed summons against PT Indah Kiat Pulp & Paper, PT Pabrik Kertas Tjiwi Kimia, and PT Pindo Deli Pulp & Paper Mills.

ABN-Amro joins a growing list of creditors resorting to the Singapore courts. Since the start of this year, Credit Lyonnais, Union de Banques Arabes et Francaises and Bank of East Asia, all claim that APP owes them money.

Fiber Source International, a pulp trading company, has filed a writ of summons against APP claiming \$1.53m for contracts, credit facilities, overdrafts and guarantees.

Credit Lyonnais filed a writ against APP for \$2.2m for money owed on a swap

agreement and foreign exchange agreement. The hearing involving AP&P and French banking group Credit Lyonnais was adjourned until March 26.

Asia Pulp & Paper recently appointed Credit Suisse First Boston to assist the restructuring of its \$12bn debt.

JP Morgan has been retained to advise the company on non-core asset divestments, including the sale of its Indian paper facility.

Analysts have downgraded the company's rating as it is thought that restructuring will increase the threat of an imminent default.

APP's chief financial officer Hendrik Tee said in a statement that the restructuring would not be a simple job with the “substantial decreases in paper prices in recent months” coupled with the related pressure on working capital at Pabrik Kertas Tjiwi Kimia and

Gloom on Wall Street

The US economic slowdown has finally hit the highly profitable *Wall Street Journal*. Its parent company Dow Jones has warned that first quarter profits will be well down after a 32% fall in advertising volume.

Bowater downturn

US newsprint manufacturer Bowater has announced that it will curtail 60,000 tonnes of newsprint production in May to correct anticipated domestic orderbook imbalances. The company is now shipping newsprint production at higher pricing levels following its March 1 price increase.

Boots boost

Boots is increasing the print run of its customer magazine *Health & Beauty* from 2 million to 3 million a month – but Polestar could yet lose the print contract. The magazine is printed at Polestar Watmoughs with Chantry producing the covers, but could now be transferred elsewhere. “We're looking at various scenarios,” says a source at Redwood, the contact publisher.

Litho Supplies holds up well
Page 10



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

TQM

One of my biggest competitors embarked on a 'TQM Programme' about 3 years ago. They seem to have done really well since and have many quality clients who seem to be loyal. Similarly their staff are hard to poach! What is TQM and how does it help towards success?

Over the last 30 years organisations have increasingly highlighted quality as a fundamental issue. The reason is that it increases the value added of the **whole organisation**. It is good hard nosed business sense which provides sustainable competitive advantage that competitors, like yourself, have real difficulty in matching.

Total Quality Management (TQM) is a framework for putting emphasis on the role of quality in meeting the needs and expectations of customers. It is NOT quality control or ISO 9000, though ISO 9000 can be used as part of a TQM programme.

TQM is **strategic** for three reasons:-

1. The emphasis is on the **whole** organisation
2. TQM **must** be backed by top management
3. TQM provides significant contributions to **competitive advantage**

TQM lays the emphasis on all personnel for quality rather than using a quality department or relying on supervision and 'control' alone. It aims to, "get things right first time" rather than have defects which are corrected later (spoilage or reprints).

A key feature of TQM is the philosophy of 'continuous improvement' as a part of company culture. Blame is replaced by a desire to do better next time by investigating the reasons for a problem and re-defining the processes or laying on extra training. Many quality gurus claim that 85% of all quality problems are PROCESS problems not PEOPLE problems.

In a highly competitive industry like printing, it is essential to reduce waste and spoilage as tight margins do not allow room for error. Relationships with clients can be damaged and the self confidence of the workforce reduced.

Another point worth remembering is that the working culture of TQM firms is more favourable to both deeper long-term relationships with key clients and the employees. This explains why your competitor is doing well. Co-operation rather than confrontation is the style of TQM firms.

For best results we recommend a 'people development' programme, such as "Investors in People," sits alongside quality in order to underpin continuous improvement through training and skill development.

Quality counts!

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.

Tel: 0207 636 5491

Facsimile: 0207 436 8954

Email: info@richmondcapitalpartners.com

Web: www.richmondcapitalpartners.com

Canadian paper goes underground

By Alex Grant

A row has broken out in Canada between Quebecor and Groupe Transcontinental, a rival print group, over who gets to distribute free newspapers on the Montreal subway.

Transcontinental has just signed a ten-year exclusiv-

ity deal with the Montreal Transit Corporation, meaning that only its paper, Montreal Metro, can be distributed in subway stations.

But Quebecor subsidiary Sun Media Corporation is challenging this in the courts, saying there should be open competition

between Metro and its own title, Le Journal de Montreal.

Transcontinental, the second largest printer in Canada after Quebecor itself, has just recorded a 13% rise in sales to C\$469.3m, and an increase in profits from C\$11.8m to

legal notices

Compulsory winding up

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

● **Media Print Services (UK) Ltd**
283 Green Lane, Palmers Green, London N13 4XS on March 21 at 10.30am.
Petition by Inland Revenue

Appointment of liquidators

● **Lynx Packaging Ltd**
Manufacture of corrugated paper and containers.
Liquidator: A Simon, Langley

& Partners, Langley House, Park Road, East Finchley, London N2 8EX

● **Archvale Ltd** Trading name: **Priory Graphics** Design and print. Liquidator: DEM Mond, Hodgsons, George House,

48 George Street, Manchester M1 4HF

● **UK Black Links Ltd** Publisher. Liquidator: N Koumettou, Alexander Lawson & Co, 641 Green Lanes, London N8 0RE

● **Midas Colour Print Ltd**
Previous company name: **Mersey Graphics & Print Ltd**
Printer. Liquidator: RM Rutherford, 44 Old Hall Street, Liverpool L3 9EB

● **Claire Graphics Ltd**
Liquidator: KD Goodman, Leonard Curtis, 1 Great Cumberland Place, London W1H 7LW

● **Whitstable Printers Ltd**
Printer. Liquidator: M Freeman, Griffins, 33 St George's Drive, London SW1V 4DG

● **Right Image Graphics Co Ltd**
Previous company names: **Microtype Ltd** and **Margin Proper Ltd** Provider of typesetting, editorial and general media services. Liquidator: EVL Blackwell, BDO Stoy Hayward, Bowman House, 2-10 Bridge Street, Reading, Berkshire RG1 2LU

● **McKenzie Campbell Ltd**
Printing. Liquidators: C Burke and GJ Corbett, Milner Boardman & Partners, Century House, Ashley Road, Hale, Cheshire

● **Broadgate Print Group Ltd**
Previous company name **Cape Hill Press Ltd** Commercial printer. Liquidators: DA Taylor, Mazars Neville Russell, Lancaster House, 67 Newhall Street, Birmingham B3 1NG and RE Speight, Beaufort House, 94-96 Newhall Street, Birmingham B3 1PB

● **Brackmills Print & Design Ltd**
Printer. Liquidator: KA Stevens, Wilkins Kennedy, BRB House, 180 High Street, Egham, Surrey TW20 9DN

Appointment of receivers

● **Cheshire Trade Printers Ltd**
Printing. Receivers: D Oakley and A Redmond, Lathams, Arkwright House, Parsonage Gardens, Manchester M3 2LF

● **Impetus Direct Ltd** Printer. Receivers: CWA Escott and K Hinds, RSM Robson Rhodes, St George House, 40 George Great Street, Leeds LS1 3DQ

Meetings of creditors

● **Graphtek Ltd** at Bridgers, 47 London Street, Reading RG1 4PS on March 21 at noon

● **CSBS Publications Ltd** at 41 Castle Way, Southampton SO14 2BW on March 15

● **Brookland Litho Services Ltd** at 25 Harley Street, London W1G 9BR on March 27 at noon

● **Print Pacific (Europe) Ltd** at 8 Baltic Street East, London EC1Y 0UP on March 16

● **Pauton Press Ltd** at The Talbot Hotel, High Street, Ripley, Surrey on March 23 at 10.15am

● **Light on Ltd** (t/a **Lightening Graphics Ltd**) at The Bonnington Hotel, 92 Southampton Row, London WC1B 4BH on March 27 at 11.15am

● **The Woodcote Press Ltd** at Nile House, Nile Street, Brighton, East Sussex BN1 1JB on March 8

Notices to creditors

● **Quay Magazine Publishing Ltd**
Creditors to send claims to TCH Ball, Mazars Neville Russell, 8 New Fields, 2 Stinsford Road, Nuffield, Poole, Dorset by March 30

● **Spectrum Savage Design & Print Ltd** (formerly **Spectrum Design & Print Ltd**) Creditors to send claims to LA Manning, 84 Grosvenor Street, London W1K 3LN by May 12

Final meetings

Printing World | March 19 2001 | 15

BUSINESSADVICE