

Future profits wiped out

By Alex Grant

Future Network, the computer magazine publisher that closed several titles and cut 350 jobs last month, has gone into the red after a big fall in readers and advertisers.

Future has made a loss of £2.49m in the year to January 31, against a profit of £20.24m the year before.

Although sales grew from £197.47m to £253.99m, these were offset by the costs of 34 launches, the sudden decline in sales in the last part of 2000, and latterly the costs of magazine

closures and job losses.

Another factor was the delayed launch of PlayStation 2 in the UK, for which Future published the official magazine.

Its French subsidiary had also overestimated newsstand revenues, immediately blowing a £2.3m hole in profits when the error was uncovered last October.

However, the publisher still has faith in ink-on-paper, with its Business 2.0 title going from strength to strength. Underlying profits from its printed

magazines have actually risen 6.8% to £33.2m.

Internet operations, meanwhile, saw losses widen from £3.6m to £10.4m, with online investment due to fall by 50% next year.

Future's share price has fallen from 973p to just 97.5p in the last 12 months, and last week fell even further to 93p.

Future has appointed a new chief operating officer, Colin Morrison, and Roger Parry as deputy chairman.

Finance director Ian Linkins is stepping down, to be

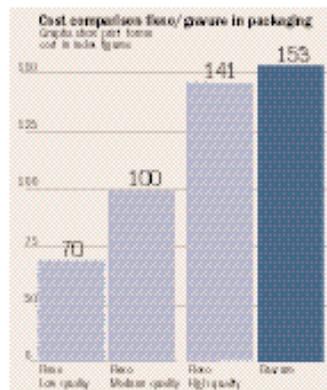
Gravure fights back

Gravure printing costs no more than flexo for long run, high quality work, a study for the European Rotogravure Association has shown.

The study, which involved all 130 ERA members, found that for low-quality packaging, flexo can cost half as much as gravure. But for high-quality work gravure only costs about 5% more than flexo, putting pay to the myth that flexo is always cheaper.

"With higher run lengths, gravure even has a cost advantage," says ERA secretary general James Siever. "And only this process brings excellent image reproduction with high colour saturation and repeatability over the entire production run."

The study also found that on average, gravure presses cost 30% less than flexo machines, and run on the same staffing levels – normally two people per press. Repro charges are also broadly similar between the two processes.



But it is changeover times that mean that gravure can give flexo a run for its money. Because of frequent design changes in packaging, packaging printers now need to be more flexible and responsive than ever before.

Yet while a ten-colour, central impression flexo press can take up to three hours to change between jobs, a ten-colour gravure press with modern cartridges takes only about an hour and a half. For some jobs, this means that flexo will cost 25% more than gravure in total.

Printware improves

By Fiona Fraser

US prepress manufacturer Printware has announced improved fourth quarter and year-end results. The company saw net sales increase by 12.8% to \$5.1m for the year ended December 31.

However, the company reported a net loss for 2000 of \$534,000 versus profits of \$275,000 in the previous year.

For the fourth quarter, revenues were up 19.8% to \$1,270,000, compared with \$1,060,000 in 1999.

Printware president and chief executive officer Stanley Goldberg, says: "Revenue growth in 2000 was primarily driven by a fourth quarter increase in equipment sales coupled with a 39% increase in SilverStream consumables sales for the year."

Under the new president and a restructured sales team, revenue for the first quarter 2001 is tracking

Mail issues warning

Just as *Daily Express* publisher Richard Desmond unveiled plans for 145 job cuts, its arch rival the *Daily Mail* has told departments that they must cut spending by up to 10%, putting jobs in doubt. *Daily Mail & General Trust* says a "health check" is needed because of rising newsprint costs, and fears that advertising income could fall later this year.

Fleet St final

Fleet Street's last remaining link with the Press could shortly be severed. Reuters is considering leaving its historic headquarters at 85 Fleet Street, having already relocated its New York operations. Reuters is currently scattered across several London sites and would prefer to have all staff sited in a larger, more modern building.

Presses safe

The MAN Group plans to streamline itself but will continue to build presses as well as trucks, chief executive Rudolf Rupperecht has told German paper *Handelsblatt*. Mr Rupperecht was responding to long-running speculation that MAN might sell off MAN Roland. He said that in future MAN will focus on presses, commercial vehicles, diesel engines and plant building.

Adobe caution

By Alex Grant

Adobe made increased profits in the three months to March 2, but has warned that it is cutting its sales growth forecast for 2001 by 15%, "due to the challenging and uncertain economic environment."

Profits have grown year-on-year from \$64.5m to \$69.8m, but the US slowdown has seriously dented confidence. "Although we do not currently see a major slowdown in our business in Europe and Japan, the potential for a global slowdown causes us to defer providing updated second-half targets until we have better visibility," says chief executive officer Bruce Chizen.

At the same time, Charles Warnock, 60, is retiring from Adobe following the retirement of his co-founder Charles Geschke last year. Both will continue as co-chairmen, however (see Digital, page 22).

Moore pay controversy

Moore Corporation, the giant Canadian forms and labels printer, has caused a stir in North America with news of a \$26.5m severance package given to former chief executive officer Ed Tyler.

The company's annual meeting next month is expected to see heated debate over so large a payoff at a company so badly hit by falling profit margins.

During Mr Tyler's two-year tenure, Moore's profits plummeted. The Ontario company announced a loss of \$548m in 1998, a small profit in 1999 and a loss of \$66m last year.

The company lost \$1.2bn of its market value while Mr Tyler was in charge, and his



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

CORPORATE ALLIANCES

My company has many clients who are asking us to produce work beyond our current facilities. If I invested in every area I would be bankrupt, but I feel that there are opportunities missed. What are my choices?

This is a common dilemma. You are rightly listening to your clients and responding to their needs but from your letter I know that you have invested heavily in pre-press and printing machinery and do not wish to over-extend yourself. Here are a few things to think about.

Consider your strategic position by undertaking a business review. The opportunities facing you can be ranked by attractiveness. If you consider that the opportunities are compelling, consider a Strategic Alliance or Joint Venture against other options (organic growth or acquisition).

Alliances are formed to:-

- Reduce risks (less risky than acquisition)
- Aid innovation and learning
- Take advantage of complementary strengths (2+2=5)
- Overcome constraints and scarce resources
- Leverage core competencies
- Develop and share technology
- Penetrate new markets
- Lead to possible acquisition later
- Increase profitability, economies of scale, amortising of costs, utilisation of assets
- Avoid investment
- Confront competitive pressure
- Speed to market

A definition of a **strategic alliance** is:-
"A durable long-term relationship between two or more independent firms involving the sharing or pooling of resources to create a mechanism or venture (corporate or otherwise) for undertaking a business activity or activities of strategic importance to the partners in order to achieve their respective strategic objectives."

The **joint venture** option is usually an alliance where an entity is formed by the partners.

The strategic alliance option is worth considering. If you are interested and would like to know more ask a firm of business advisors with relevant experience to help you. There are hidden risks and the same rigour should be applied as if you were buying a business (due diligence).

We hope this throws some light on this issue.

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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Fast fall for Fulmar

By Alex Grant

Fulmar is the latest print group to suffer a fall in profits because of a sudden drop in orders in the last few months of 2000.

Fulmar's profits have dropped from £4.56m in 1999 to £3.97m last year, although turnover rose 5.2% to £40.5m. Gross margins have fallen from 40.4% to 39%.

As well as the recent slowdown, general over-capacity and the £6.9m start-up costs of Bookmarque, Fulmar's new bookprinting operation, are also blamed. After two years of heavy spending

Fulmar plans no major press installations this year.

"While March has so far seen the usual seasonal upturn in business, it is too early to know whether this will be sustained," says chairman David O'Shaughnessy. "Accordingly, we remain cautious about the outlook for 2001."

Commercial and report and accounts printing operation - including Printing World award winner Royle Corporate Print, which Fulmar took over in 1997 - saw a 5% increase in turnover, partly because of the arrival of a new eight-

colour Heidelberg 102 a year ago, and 24-hour working at Fulmar Colour.

But Royle Financial Print saw a standstill in profits, after a big one-off contract in 1999 was not repeated in 2000, as did the Box Room packaging prepress operation.

However, Bookmarque is seen as a cause for optimism, reducing Fulmar's exposure to the vagaries of corporate and financial print. The paperback works only opened last August and is meeting targets. It already accounts for 15% of group turnover, and has helped book jacket printer White Quill raise turnover

Legal notices

Appointment of liquidators

● Easy Ad Creative Services Ltd

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

● The Woodcote Press Ltd

Printer. Liquidators: SA Maund and A White, BDO Stoy Hayward, Nile House, PO Box 1034, Nile Street, Brighton, East Sussex BN1 1JB

● Decor Profiles (Exhibitions)

Printer. Liquidator: AG Haden, Haden Insolvency, Haden House, 485 Birmingham Road, Bromsgrove, Worcestershire

● Clampward Ltd Trading name: Prontaprint Printers.

Liquidator: PH Allen HLB Kidsons, Bank House, 8 Cherry Street, Birmingham B2 5AD

● The Hanover Publishing Company Ltd Publisher.

Liquidator: N Koumettou, Alexander Lawson & Co, 641 Green Lanes, London N8 0RE

● Packmaster Ltd Commercial printers.

Liquidator: RM Young, Poppleton & Appleby, 141 Great Charles Street,

Birmingham B3 3LG

● The Gothard House Group of Companies Ltd Publication retailer. Liquidator: JA Kirkpatrick, Bridgers, 47 London Street, Reading RG1 4PS

Meetings of creditors

● Media Web Offset Ltd at Radfords, 43 Pall Mall, London SW1 on March 23

● Travel in Print Ltd at 141 Great Charles Street, Birmingham

B3 3LG on March 20

● The Print Company Ltd at Enterprise House, 115 Edmund Street, Birmingham B3 2HJ on

March 27 at 10.30am

● Al-Haq Printers Ltd at 12 St Pauls Square, Birmingham on March 30 at 11am

● Carmont Press Ltd at Wesley House, Huddersfield Road, Birstall, Batley, West

Yorkshire WF17 9EJ on March 28 at 11.15am

Notices to creditors

● Opus Graphics Ltd Creditors to send claims to Tony Freeman, 12 Barnhill Road, Prestwich, Manchester

M25 9NH by April 10

Final meetings

● R'N'B Graphics Ltd at Radfords, 12 Portland Street, Southampton SO14 7EB on April 19 at 10.30am

● Dieppe Publishing Ltd at Charlotte House, 19B Market Place, Bingham, Nottingham on April 6 at 10am for members and at 10.30am for creditors

● Printed Images (UK) Ltd at PricewaterhouseCoopers, Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT on May 8 at 10am for members and at 10.15am for creditors

● Walker Print Ltd at Harris Lipman, 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London N20 0YZ on April 12 at 10am for members and at 10.15am for creditors

● Blue Chip Printing Centre Ltd at AH Tomlinson & Co, St John's Court, 72 Gartside Street, Manchester M3 3EL on April 10 at 9.30am for members and at 10am for creditors

● White Square Press Ltd at Gerald Edelman Corporate Recovery & Insolvency Services,

BUSINESSADVICE

