

Cash systems boost De La Rue

By Alex Grant

De La Rue has increased its profits by £11.2m to £66.4m in the year to March 31, with most of the increase coming from its non-print cash systems division which is set to have a bumper year as shops and banks upgrade their equipment for the euro.

And De La Rue has £200m to spend on acquisitions, probably outside the UK to extend coverage in southern and eastern Europe.

But security paper and print saw a fall in sales from £214m to £212.8m, though profits rose from £45.7m to £50.4m. The Harrison factory at High Wycombe performed "below expectations," however. Because of heavy investment, De La Rue's new global services division made a loss of £800,000 despite a huge

influx of euro work at De La Rue Holographics in Basingstoke.

De La Rue chief executive Ian Much says that he is now on the lookout for acquisitions in the payment and brand protection field, after a string of sell-offs including its cards division, which was sold to Oberthur of France. De La Rue shares reached 464p on the results, their highest level since 1998.

Just days before its annual results were announced, KBA said it was buying the remaining 50% of De La Rue Giori, the maker of banknote printing presses, for an estimated CHF50m (£20m).

The German manufacturer already owned half of Giori, which is based in Lausanne, Switzerland. Giori presses print an estimated 90% of all banknotes around the world.

KBA will be uniting its own security printing operations with Giori within a newly-named subsidiary, with cost savings.

"The acquisition will enable us to maintain our pole position in the long term," says KBA president Reinhart Siewart.

The sell-off concludes almost two years of arbitration between Giori and De La Rue, which was accused of not sharing technical secrets with the Swiss affiliate. Giori is believed to have wanted to claim £125m from De La Rue, which now claims it has managed to settle for only 5% of that amount.

Under an agreement dating back to Giori's founding in 1965, KBA makes the presses and De La Rue provides technical back-up. De La Rue's latest sell-off

MAN Roland orders rise

New orders are up 14% to €827m and sales have grown 4% in the first four months of 2001, says MAN Roland, and sales and profits are expected to continue growing this year.

Demand is particularly strong for web presses, with order books full until 2002. Web machines now account for 52% of new orders, up from 44% a year ago.

But sheetfed sales have actually fallen slightly, from €233m to €214m, for the four-year period.

MAN Roland's new digital unit, selling the Dicoweb, is expected to reach sales of €100m next year and see growth of more than 10% after that.

The mini, four-month results statement results

How the figures compare



MAN Roland has issued figures from January to April 2001

from a change in accounting procedures that has moved the end of MAN Roland's financial year from July to December.

However, parent company the MAN Group has said that "economic weakness" may mean that it will not meet its profit targets

Dotcom acquisition

Printnation.com, the US website selling consumables, has been bought by supplier Pitman. PrintRepublic.com, a similar website in the UK, has adjusted its business model and is still dependent on face-to-face sales methods as much as online.

A dead cert?

The share certificate, a staple for many security printers, could face an uncertain future. The Association of Private Client Investment Managers is considering proposals to allow shareholdings to be registered on the Internet, with no printed certificates needed.

Appleton buyout

Appleton Papers says the employee buyout of the company is "on schedule" and could be completed by July. "It's a very complex transaction," says spokesman Bill Van Den Brandt. Appleton Papers announced in February its plans to use an employee stock ownership plan to buy the company from its UK parent Arjo Wiggins Appleton for a sum that has yet to be determined.

Mexican sale

Kimberly-Clark of Mexico is said to be in discussions to sell its office paper unit, which has been hit by the strong peso, high inventories and an increase in European imports. Analysts estimate the unit is worth £600m. Kimberley-Clark Mexico's net sales for the period ended March 31 fell to 3.75bn pesos from 3.91bn pesos, the total for a year ago.

Heidelberg share sale on course

Heidelberg is selling 6.15% of its shares to institutional investors, bringing parent company RWE's stake down to just 50% and taking Heidelberg a step closer to a listing on the German Stock Exchange.

Twenty percent of Heidelberg is now floating free on the stock market, although Heidelberg has promised not to sell any more shares in the next six months.

RWE, which needs to sell off Heidelberg shares to help fund a string of utilities acquisitions, says it will remain the largest shareholder for the foreseeable future.

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In brief

Water works for KPG

Kodak Polychrome Graphics has managed to reduce water costs by £50,000 at its Leeds works through a collaboration with Yorkshire Water.

Last year the water company set up a project team to review water usage, which has already identified additional potential savings of £150,000.

Production manager Billy Screen says: "I am very pleased with the technical

Telmex calls for Quebecor

Quebecor World has won a multimillion-dollar contract to print directories for Telmex, Mexico's main telephone company.

The three-year deal will mean a new factory is built near Mexico City to print some 14 billion directory pages every year. Quebecor



API bites bullet

API Group, the packaging and labels company, is closing down two factories in the wake of a loss of £25.2m in the six months to March 31. The losses followed a profit of £5.5m in the same period a year before, although sales have risen slightly from £87m to £91.3m.

In January, API announced a 37% fall in pre-tax profits and announced that its Lyme Green site, near Macclesfield, would be closing in June and that hot stamping foil production would be transferred from Salford to Livingston. A total of 80 job losses were announced.

The latest restructuring, designed to save £6m a year, goes further. A met-



Moger Woolley sees margins under pressure

allised laminates site in Rochdale is to close in the next few days, as hot foil stamping is concentrated in Scotland, holographics in Salford, and metallised papermaking moves to Poynton.

Chairman Moger Woolley says that with a strong pound affecting the 30% of API's sales that go abroad,

SEC 'to probe Xerox'

The American Security & Exchange Commission could be about to launch a probe into share deals between Xerox and Citibank, according to press reports.

There is speculation that some of the transactions may have been designed to falsely boost Xerox's sales and profits figures.

A former Xerox executive, James Bingham, claims that sales may have been improperly boosted by \$140m, and profits by \$80m, in this way. But Xerox says his claims are "untrue and without merit". Last year, Xerox dismissed several managers and accountants after "accounting irregularities" were found at its Mexican

legal notices

Compulsory winding up

The following case is due to be heard at Leeds District Registry, The Courthouse, Oxford Row, Leeds LS1

● **Plan-it Press Ltd** Fiscal House, 367 London Road, Camberley, Surrey GU15 3HQ on June 7 at 10.30am. Petition by Rocom Group Ltd

Appointment of liquidators

- **Premier Press Ltd** Previous company name: **Omepa Ltd** Printing. Liquidator: DEM Mond, Hodgsons, George House, 48 George Street, Manchester M1 4HF
- **Focus Graphics Ltd** Package printing. Liquidator: P O'Hara, O'Hara & Co, Wesley House, Huddersfield Road, Birstall, Batley, West Yorkshire WF17 9EJ
- **Bradnorth Print Finishers Ltd** Print finisher. Liquidator: M Chamberlain, Aireside House, 14-26 Aire Street, Leeds LS1 4HT

Meetings of creditors

- **Slogans Printing & Embroidery Ltd** at The Gonville Hotel, Gonville Place, Cambridge on May 31 at 10.15am
- **Lakeland Press Ltd** at Clarke Bell, Regency Court, 62-66 Deansgate, Manchester M3 2EN on May 25
- **Opus Printing Ltd** at The Clock House, 140 London Road, Guildford, Surrey GU1 1UW on June 27 at 10.30am
- **Aspen Graphics Ltd** at 47-49 Green Lane, Northwood, Middlesex HA6 3AE on May 31 at 3pm
- **ID Overprinters Ltd** (formerly **Impetus Direct Ltd**) at Robson Rhodes, St George House, 40 Great George Street, Leeds LS1 3DQ on June 5 at 10.30am

Notices to creditors

- **Triangle Publishing Services Ltd** Creditors to send claims to AW Thompson, The Old Halsall Arms, 2 Summerwood Lane, Halsall L39 8RJ by May 31
- **ABC Mail Order Ltd** Creditors to send claims to JNR Pitts, Wilson Pitts, Devonshire House, 38 York Place, Leeds

LS1 2ED by May 26

- **Major Print & Design Ltd** Creditors to send claims to JD Newell, 52 Mount Pleasant, Liverpool L3 5UN by August 31
- **Indigocolours Ltd** Creditors to send claims to JNR Pitts, Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED by June 8
- **People in Print Group Ltd** Creditors to send claims to MC Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey by June 18

Final meetings

- **Truproof Fine Art Printers Ltd** at Rutland House, 44 Masons Hill, Bromley BR2 9EQ on June 12 at 10.45am for members and at 11am for creditors
- **Shearwater Press Ltd** at Moore Stephens, 1-2 Little King Street, Bristol BS1 4HW on June 20 at 10.30am for members and at 11am for creditors
- **MAS Print & Design Ltd** at HKM Harlow Khandhia Mistry, The Old Mill, 9 Soar Lane, Leicester LE3 5DE on June 29 at 10am for members

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

SURVIVING A CRISIS

I am increasingly concerned that margins, bad debts and cost increases, amongst other things, are damaging my well established business. To be honest I am now even talking about our very survival. Have you any quick-fire solutions?

The honest answer is there are no instant fixes. The first and most urgent task is to ensure that you are not trading illegally and that there is sufficient finance available in the short-term to enable the company to survive. Assuming this is the case, the next step is to draw up an action plan to halt the decline and this can be brought into effect quickly. It should cover about 10 topics or issues and here are a few examples:-

- Manage cash flow closely
- Talk to your bankers – be honest
- Talk to key suppliers – again be honest
- Review all overheads
- Control all expenditure personally
- Prompt all debtors for payment
- Focus the company on sales activity – enquiry generation and efficient quoting. Make sure all quotes are followed up
- Ring or visit major customers with your Sales Manager. Beware of 'buying' turnover – you will end up on a downward spiral
- Cancel bonus payments and pay rises where appropriate
- Freeze recruitment – consider job cuts
- Convert stock into sales. Produce a stock list and ensure all staff attempt to use it up

Whilst these considerations can vary depending on your specific situation, the above should give you a few ideas. Don't try to do too much at once though – work your way through calmly and objectively, assessing progress and savings effected regularly.

You may well feel the need for both moral and practical support from outside the company. If so, seek advice from consultants with industry knowledge who have experienced 'turnaround' situations. They will be able to help you to stabilise the situation effectively.

Once stabilised, consider your future strategies. Remember your business is an important asset and even underperforming businesses have their value to interested parties. You could consider, for example, the following actions:-

- Disposal of the business usually preceded by a grooming process
- Sale of some assets
- Merger
- Acquisition

Good luck – many of today's very successful companies have been through tough times before getting to where they are now. Take heart – you can 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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