

Sainsbury's printers wait for the squeeze

By Alex Grant

Printers may be expected to reduce their prices by 5% or more for Sainsbury, as the super-market group struggles to regain the top spot in food retailing.

Although its interim profits rose 11% to £354m, the firm has lagged behind Tesco and Asda and wants to fight back by cutting costs by £700m, £200m of it this year. Forty per cent of all its lines have been reviewed to see if they can be sourced more cheaply.

Centurion Press renewed its non-packaging print management contract with the food giant only last week and will now manage twice as much as before:

£40m-worth in the next two-and-a-half years.

"It is a prerequisite of such contracts that we buy print more economically, but I cannot comment on 5%," says Centurion account director Alex Brame. Communisis, parent company of Centurion, has already warned that price deflation is hitting sales this year.

Eighteen months ago a new code of practice for supermarkets and packaging printers was launched, outlawing third party rebates which some say amount to backhanders. But the code was slammed as "ineffectual" by the BPIF for ignoring the fact that

most printers do work for food suppliers or print management companies, not the supermarkets themselves.

Although a favoured few suppliers were warned of the 5% target by Sainsbury chairman Peter Davis at a charity ball earlier this month, printers seem unaware of the further pressure on their already tight margins.

According to Interactive Labels, a west London company that bought the assets of Consul Print & Packaging, the relentless cost-cutting by the likes of Sainsbury was a major reason why Consul was liquidated last year.

Another Sainsbury's supplier,

Benson Box in Coalville, says a 5% cut in prices would have a "significant impact". "We're continually printing more for less," says managing director Mark Kerridge.

Robor Cartons in Littlehampton, which prints paperboard packaging for Sainsbury and other retailers, says it has not yet been warned of any demands for a price cut. Robor has already seen prices for food packaging fall by 20% in the last two years.

agrant@cmpinformation.com

In brief

- Sainsbury's printers await fate
- Food giant puts on the squeeze
- Plans to cut costs by £700m

News Corp Q1 profits up

News Corporation has seen net profits double in the first quarter from \$73m to \$162m, thanks to better ad revenue from its US TV stations. But profits from UK papers were halved by an ongoing price war.

Ad revenue at *The Sun*, *News of the World*, *Times* and *Sunday Times* fell 12% last year and has now recovered in the three months to September 30.

But this has been offset by depressed circulation revenues at the papers. Newspaper profits are down 50% year-on-year in the UK, but 11% up in Australia.

NUR's sales tumble

By Alex Grant

NUR Macroprinters has continued its fall in sales and profit, which are both down 50% on the third quarter of 2001. The Israeli company has been badly hit by the downturn in advertising.

Sales for the three months to September 30 stood at \$20.9m, compared to \$30.1m during the third quarter of 2001. The net loss for the third quarter of 2002 was \$1.2m, or \$0.07 per share, as compared to a net profit of \$83,000 last year. Chief executive Erez Shachar says: "Although we faced a decrease in our revenues this quarter, we managed to improve

our gross margin, resulting in a higher gross profit compared to the second quarter of this year.

"Another encouraging figure is the decline in quarterly operating loss compared to second quarter 2002 results; this, we believe, reflects the company's ability to manage our resources and expenses during tough times."

NUR recently launched the Tempo, a flatbed digital inkjet press that will print on a wide variety of both rigid and flexible materials, and the NUR Ultima HiQ, a new family of lower cost printers to complement the top-of-the-line NUR Fresco series.

agrant@cmpinformation.com

VAW is sold by Alcan

Alcan, the aluminium group that owns Lawson Mardon, has bought flexible packaging printer VAW Packaging from Norsk Hydro for €345m.

VAW has premises in Epsom, Leeds and Tunbridge Wells in the UK, although production is overseas in 14 countries around the world. Alcan was attracted to VAW because of its presence in emerging markets like Turkey, China and eastern Europe.

VAW's sales in 2001 reached €637m and the group has 5,400 employees.

agrant@cmpinformation.com

Mbos in printing still growing

By Alex Grant

The number of management buyouts in printing and packaging is still growing, says Paul Holohan of Richmond Capital Partners.

However, this is not necessarily a sign of a healthy industry, he adds, and is mostly due to the lack of successors in family businesses and the need for the

industry to consolidate. "The number of deals we are helping with is up 20% on a year ago," says Mr Holohan. "But in value terms the increase is 50%."

This means that buyers are concentrating more on larger companies, especially packaging printers which are increasingly being sold off by larger groups.

Commercial printers are still

popular for mbos, but only if there is little debt in the business. Banks are often more wary about supporting management buy-ins, Mr Holohan says.

He adds that many of the companies being bought by managers are family-owned where an owner wishes to retire but has no son or daughter willing to take over, he adds.

Across the British economy as a whole the total value of management buyouts reached £5.6bn in the third quarter of this year, up by £2bn against the second quarter.

agrant@cmpinformation.com

In brief

- Mbos on the increase
- Paul Holohan's pronouncement
- Packaging printers in spotlight

New share issue

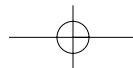
Quebecor is issuing another \$306m-worth of shares on the Toronto Stock Exchange to raise more money to pay off debt. Eight million new shares in its printing subsidiary Quebecor World, which saw sales and profits edge downwards last quarter, are to be offered at a price of \$38.25 each. Quebecor has also signed a new \$240m magazine printing contract with Rogers Communications.

BASF perks up

BASF has increased its Q3 pretax profits by 80% before special items, and is now promising full-year profits 15% above 2001 levels. However, the company adds that it is 'concerned that sales prices are increasingly coming under pressure. Higher volumes are compensating for the decline in prices only to a certain extent'.

T/R moves market

T/R Systems, the loss-making manufacturer of cluster printers, has moved from the Nasdaq national market to the Small Cap one. But T/R Systems still does not comply with Small Cap requirements that its shares should have a minimum bid price of \$1. The company has until February 10 2003 to increase its share price to \$1 from the current 44 cents. The shares sold at over \$2 as recently as April 2002.



Non-printers sought by Polestar to lift quality

Polestar is looking for "Kaizen managers", the new name for its manufacturing improvement managers, and is now deliberately looking for people without prior printing experience.

Its adverts in the *Daily Telegraph* say: "We're looking for passionate Kaizen professionals capable of championing the principles of best practice, working with plant managers identify improvements, inspiring line managers to think Kaizen."

But Ian Pavey, HR director on Polestar's news and consumer division, says that this is to supplement internal expertise and not replace it. "It's not that existing managers can't improve, just that Kaizen is a specific skill," he says. The Japanese philosophy is not linked to any other restructuring plans the group has, he says.

The group started recruiting manufacturing improvement managers last year, to work on

various projects across the group. But about five vacancies have arisen and Polestar has changed the job title. A management technique pioneered by Toyota in Japan during its economic recovery after WWII, Kaizen is Japanese for "continuous improvement".

agrant@cmpinformation.com

In brief

- Polestar goes headhunting
- Japanese technique for factories
- Non-printers being sought

legal notices

Compulsory winding up

The following cases are due to be heard at Leeds District Registry, The Courthouse, 1 Oxford Row, Leeds LS1 3BG

- **Intervale Publishing Ltd** Suite 1, 19a Sunrise Business Park, Higher Shaftesbury Road, Blandford Forum, Dorset DT11 8ST on December 3 at 10.30am. Petition by Wiltshire (Bristol) Ltd
- **Ambassador Printing Ltd** 48 Portland Place, London W1N 4AJ on December 3 at 10.30am. Petition by Howard Smith Paper Ltd

Appointment of liquidators

- **Streamline Publishing Ltd** Publisher of *Swimmer* magazine. Liquidator: W Paxton, Robson Laidler, 2nd Floor, 6 Market Street, Newcastle upon Tyne NE1 6JF
- **PW Print Ltd** Printing. Liquidators: CS Jackson and MRE Matthews, Tenon Recovery, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire SO53 3TZ
- **Millennium Litho Ltd** Printer. Liquidator: S Godeski, Geoffrey Martin & Co, 8-12 Brook Street, London W1K 5BU
- **Chromocraft Ltd** Lithographic colour printing. Liquidators: AG Stoneman and JJ Godefroy, Menzies Corporate Restructuring, 17-19 Foley Street, London W1W 6DW
- **CD Graphics Ltd** Supplier of

printing plates. Liquidator: LG Factor, 37-41 Castle Street, Hertford, Hertfordshire SG14 1HH

- **Hartlepool Instant Print Ltd** Printer. Liquidator: JH Madden, Taylor Rowlands, 8 High Street, Yarm, Stockton on Tees TS15 9AE
- **Fieldfare Publications Ltd** Printer. Liquidator: MW Young, Vantis Business Recovery, Torrington House, 47 Holywell Hill, St Albans, Hertfordshire AL1 1HD
- **Beaumont Publishing (Hove) Ltd Publishing**. Liquidator: J Taylor, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG
- **MJS (London) Ltd** Printer. Liquidator: M Reynolds, Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS
- **Deadline Digital Pre-Press Ltd** Prepress reprographic services. Liquidator: F Connor, B&C Associates, Trafalgar House, Grenville Place, Mill Hill, London NW7 3SA

Meetings of creditors

- **Euro Screen & Litho Ltd** at David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London N12 8LY on November 27
- **Computer & Printer Systems International Ltd** at Holly Lodge Hotel, 70 London Road, Holmes Chapel, Cheshire CW4 7AS on

November 28

- **LHM Print Ltd** at 102 Friar Gate, Derby DE1 1FH on December 2 at 10.30am
- **Welfast Media & Publications Ltd** (t/a **Copyplus of Monmouth**) at Hazlewoods, Windsor House, Barnett Way, Barnwood, Gloucestershire GL4 3RT on December 6 at 11am
- **Studio Repro Ltd** at Southfield House, 11 Liverpool Gardens, Worthing, West Sussex BN11 1RY on December 4 at 11.15am

Notices to creditors

- **Print Management Holdings Ltd** Creditors to send claims to AG Stoneman and JJ Godefroy, Menzies Corporate Restructuring, 17-19 Foley Street, London W1W 6DW

Final meetings

- **Ravelle Printers Ltd** at BDO Stoy Hayward, Commercial Building, 11-15 Cross Street, Manchester M2 1BE on December 18 at 1pm for members and at 1.15pm for creditors
- **Tellprint Ltd** at Tenon Recovery, 19 Borough Road, Sunderland SR1 1LA on December 20 at 3pm for members and at 3.15pm for creditors
- **Scott Burnie Colourprint Ltd** at Elliot, Woolfe & Rose, Premier House, 112 Station Road, Edgware, Middlesex HA8 7TT on December 20 at 11am for members and at 11.15am for creditors

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

YOU ARE NOT ALONE

The last year has been the worst that I can remember. My B2 litho printing business will be in difficulty if this continues. My accountancy firm don't seem to be able to offer the help I need. What do you advise?

This is a common situation so you are not alone.

The causes for businesses getting into difficulty are many and varied – so too are the options available for survival.

The best thing to remember is that getting help **early** is key. Don't wait until things get too serious as your options become fewer.

There are a number of signals which can indicate that a business is in, or heading for, difficulty. Some common issues include:-

- No clear strategy to take the business forward
- A reluctance to change
- A lack of understanding of financial issues
- Poor awareness of where the company sits in the marketplace
- An unwillingness to look at and seize market opportunities
- Lack of competitor awareness
- Lack of awareness of how to change in response to customer needs

By recognising and acting on these warning signs, printing businesses can not only survive but also build a better future.

Many others will fail to survive because they do not respond early enough.

Plan for survival and success by remembering the following:-

- Act early
- Plan for growth and believe in a better future
- Organise the team and re-focus
- Take responsibility
- Know what's going on by getting timely, accurate information
- Cash is King – manage it carefully!
- Maintain constant communication with stakeholders
- Reduce costs
- Focus on core products and services
- Look at your asset base and dispose of non-essential assets
- Consider sale and lease back of fixed assets

If you need support contact an advisor with turnaround and print industry experience.

You are not alone!

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.

BUSINESSADVICE

RICHMOND
CAPITAL PARTNERS LTD
Creating Real Wealth

Tel: 0207 636 5491
Facsimile: 0207 436 8954
Email: info@richmondcapitalpartners.com
Web: www.richmondcapitalpartners.com

MERGERS • ACQUISITIONS • DISPOSALS • JOINT VENTURES

