

All in the family

By Alex Grant

DC Thomson, one of the last UK publisher-printers and the only Scottish newspaper publisher purely in Scottish hands, is staying in the founding family following the death of managing director and deputy chairman Derek Thomson aged 79 last January.

Although there had been rumours the family might sell up, it appears that £3.5m has been left to his sons Brian and Christopher on the proviso they do not sell company shares to outsiders.

The secretive Dundee company publishes regional newspapers, the *Beano* and other comics and runs its own gravure presses.

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In brief

- DC Thomson on course
- Family stays in control
- Sons at the helm

Dawson stays in printing's orbit

By Alex Grant

Dawson, the newspaper and magazine distribution group previously called Surridge Dawson, says it is happy to keep a toe in printing after failing in its bid to sell off printing elements. This was after the Office of Fair Trading ruled that the deal would create a virtual 100% monopoly of travel brochure distribution.

Dawson Holdings had been planning to sell Dawson Marketing Services to its competitor Orbital Marketing Services.

Dawson made a profit of £6m in the year to September 28, against a £700,000 loss last time. Its main business is distribution, but it also has a marketing services division that packs holiday brochures and prints

point-of-sale material, without which it would have been much more profitable this year.

Brochures were an already declining market before the September 11 attacks cut last year's volumes by 36%.

Early in 2002 Dawson decided to sell the holiday brochure packing, call centre operation and printing elements of this business.

This included a small Heidelberg-equipped factory in Abingdon that prints letterheads, although Dawson planned to keep its point-of-sale printer Bridge Marketing Direct in Maidenhead, which has stayed profitable despite being badly hit by the demise of ITV Digital, a major customer.

But the sale, described as a done deal with contracts exchanged when Dawson's interim results came out in May, was blocked by the OFT.

Dawson has in effect chosen not to appeal against the OFT's ruling by withdrawing the proposal before a Competition Commission inquiry begins. "Neither side wanted to go through the expense of a Competition Commission inquiry and we have decided we're happy taking the business forward," says managing director David Blundell.

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In brief

- Dawson keeps a toe in print
- Bows to OFT ruling
- As you were with brochures

Three way split

Moore Corporation, the labels and forms printing group, has lost its chairman and chief executive Robert Burton who has stepped down after two years. Mr Burton had joined Moore after the merger of World Color and Quebecor in 2000 and will stay on as an advisor. His old job is being split three ways: Moore's new chairman is non-executive Alfred Eckert; Mark Angelson, Moore's non-executive chairman, becomes the chief executive officer; and Thomas Oliva, is promoted to become president and chief operating officer.

Gardner booster

Gardner, the book distribution and print-on-demand company in Eastbourne, increased its sales by 16% to £130m last year. Staffing rose by 200 to 967 at the warehouse, where the GPMU has been trying to organise without success. The digital book unit within Gardner's building is owned and run by Antony Rowe.

Lowered sights

Hewlett Packard has cut expectations of profit growth in 2003 from 4-6% to just 2-4%, chief executive officer Carly Fiorina has told analysts in the US. But the imaging and printing division will improve its market-leading position, she adds. After reporting slightly higher-than-expected Q3 sales of \$18bn, HP says it should make cost savings of \$3bn by the end of 2003, higher than the \$2.5bn it had been expecting.

API profits bid is foiled

API made a loss in 2001-2002, despite predicting six months ago that it would be back in the black.

The group, which manufactures foils and other finishing materials, made a loss of £1.4m in the year to September 30, although this is well down on the £4.5m loss it made the year before.

Sales are also down slightly from £183.4m to £180.6m. API

says that its main foils and laminates business has improved, with profits up 96% despite a fall in sales.

However, the converted products division, which makes flexible packaging, labels and bags, has been a "major disappointment".

Losses at bagmaker Learoyd Group have risen from £1.2m to £2.3m.

Wilmington's warning

By Alex Grant

Wilmington, the B2B magazine publisher, has warned that "difficult trading conditions" have already hit its performance in the year to June 2003.

Although Wilmington's business information services are doing well, magazine publishing is not, and a "portfolio review" of the design titles is underway following Wilmington's decision to focus more on legal and professional markets.

The impact of cost-cutting in the magazine field will not be wit-

nessed until the 2003-2004 financial year, Wilmington warns.

Shares fell 26% to 21.5p on December 9 and have been stuck there ever since. Chairman Brian Gilbert, who led Wilmington to float in 1995, is also stepping down to be succeeded by Bernard Jolles who joined the board only 18 months ago.

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In brief

- Warning from Wilmington
- Magazines could do better
- Refocusing of markets

Buhrmann names where jobs will go

By Alex Grant

Paper group Buhrmann, which owns Robert Horne and Howard Smith in the UK, is cutting 1,100 jobs after a 20% fall in sales in the third quarter.

But Buhrmann's UK president Stephen Mason says the UK will barely be affected.

Sixty percent of the job cuts are in the US, says Buhrmann spokesman Ewold de Bruijne. "We cannot confirm numbers as we are still consulting with staff and representatives," he adds.

Buhrmann had warned in October that "additional new restructuring projects" would be necessary. It has now confirmed that it will save €30m in 2003 and €60m a year after that.

The upfront cost is an €85m extraordinary charge this quarter, extra of it in the write-off of e-business applications now that Buhrmann has gone to a single system, called Bite.

Buhrmann has also re-financed, and says any dividend

for 2002 will be paid in shares, not cash, next February when its full year results will be out.

At the same time, Buhrmann has extended its contract to be Heidelberg's distributor in Benelux, Spain, Italy and Greece for five years from July 2003.

● Papermaker DS Smith increased sales by 4% to £741m in the six months to October 31, and raised profit by 25% to £44.8m. Despite falling demand for corrugated DS Smith's packaging plants in the UK managed to increase their market share.

St Regis Paper saw sales and profits fall, though not as far as expected. In the John Dickinson envelopes subsidiary, sales fell because of an exit from low-margin products but profits increased.

● See Paper on page 20
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In brief

- Buhrmann to cut 1,100 jobs
- UK will be affected
- Follows October warning



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

GET IN SHAPE!

At 54 years of age I am now considering the sale of my printing business in 2 to 3 years time. How should I prepare?

Early 'grooming' makes the sale process easier and gets the business into the best possible shape for attracting buyers and achieving the best possible price.

Management is a key issue, as buyers want to be convinced that the departure of the boss will not change the business.

In some cases the management team will receive a healthy bonus should they stay for, say, 2 years after completion.

In accounting terms, unnecessary items in the books should be removed or highlighted in notes to the accounts. These items include non-business expenses, litigation and bad debts.

Raising the profile of your business can also support the sale process – even better if you can demonstrate any key strengths of the business.

Make sure that you produce a Business Plan for the next 3 years highlighting the opportunities for the business and keep this updated. This should benefit the grooming process and the ultimate sale. The Business Plan should be professionally produced so it may be good to get external support. Your accountants are probably not the best choice here, as future strategy will need to be included, and industry knowledge is therefore key.

Here are our top 10 tips for selling your printing business:-

- Ensure that you have a sound management team in place.
- Use incentives to encourage management to help you with the sale. Consider a 'loyalty' bonus should they continue after the sale.
- Get your PR right – building interest will support the sales process.
- Produce a good Business Plan. Take advice early. Use this to 'groom' the business for sale.
- Prepare for the due diligence process by ensuring that key information is available. A due diligence checklist is a good idea.
- Check your tax position to make sure that you will qualify for the 10% Capital Gains Tax rate.
- Clear up bad debts and outstanding litigation.
- Ensure that legal affairs, documents and contracts are in order and filed away in a safe place.
- Continue to invest in the business as if you were going to keep running it. But do consider alternative methods of finance for major assets.
- Stay in contact and have confidence in the business and yourself.

Good luck!

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

Advertising recovery still in a see-saw situation

By Alex Grant

Recruitment advertising in national papers may have just sunk to an eight-year low, with a 20% fall in October alone, but things are expected to improve in the next year.

However, a new report says that the slump in magazine and newspaper paginations could last for another three or four years, at least in the UK.

The report by ZenithOptimedia says that overall worldwide advertising volumes rose by only 0.2% in 2002. Growth is expected to be 2.9% in

2003, but no real growth in print advertising is expected in the UK before 2006, the report says.

However, individual publishers are reporting signs of an upturn.

Future Network, the high-tech magazine publisher which had to make big cuts last year, says turnover rose 18% in the four months to end-October and profits for the year will now exceed expectations. Circulations have risen but advertising revenues will be about the same as 2001.

Johnston Press, the regional newspaper publisher, says it is

performing "satisfactorily" in the second half with continued modest growth in ad revenues.

Leaving out the recently acquired Regional Independent Media titles, Johnston's ad revenue growth in the last five months has been 2.8%, compared to 1.2% in the first half. The closure of RIM's Harrogate printworks will cost Johnston £3.7m in the first half of 2003.

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In brief

- Ad volumes may be growing
- US report looks at the world
- Some UK publishers happier

legal notices

Compulsory winding up

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

● **Glenlake Publishing Co Ltd** c/o Philip Allan Publishers Ltd, Market Place, Deddington, Banbury, Oxfordshire OX15 0SE on January 15 at 10.30am. Petition by Philip Allan

Appointment of liquidators

● **Printchannel.com Europe Ltd** Computer based printer.

Liquidator: P Appleton, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **Flemish Label Agency Ltd** Supplier of labels. Liquidator: D Rubin, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **Euro Screen & Litho Ltd** Previous company name: **Orosis Ltd** Design and screen process printing and litho graphics. Liquidator: P Appleton, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **Hartlepool Instant Print Ltd** (t/a **Prontaprint**) Liquidator: JH Madden, Taylor Rowlands, 8 High Street, Yarm TS15 9AE

● **2H Screenprint Ltd** Screenprinter. Liquidator: A

Turpin, Poppleton & Appleby, 141 Great Charles Street, Birmingham B3 3LG

Appointment of receivers

● **Pacedene Ltd** Printing and reprographics. Receivers: S Morris and M Ellis, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

Meetings of creditors

● **Graphic Ideas Typesetters Ltd** at Langley House, Park Road, East Finchley, London N2 8EX on December 17 at 11.30am

● **Aylward Publishing Ltd** at Griffins, Russell Square House, 10-12 Russell Square, London WC1B 5EH on December 23 at 10.45am

● **Printworks Europe Ltd** at Elwell Watchorn & Saxton, 109 Swan Street, Sileby, Leicestershire LE12 7NN on December 17 at 11am

Notices to creditors

● **Cobra Wetsuits & Promotions Ltd** (t/a **Imprint Printing & Promotions**) Creditors to send claims to R Neville of Neville Hatton, 10-11 Lynher Building, Queen Anne's Battery, Plymouth PL4 0LP by January 3

Final meetings

● **PrintTech (London) Ltd** at D Wald & Co, 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH on January 10 at 10.15am for members and at 10.30am for creditors

● **MCS Digital Reprographics Ltd** at Begbies Traynor, Elliot House, 151 Deansgate, Manchester M3 3BP on January 10 at 10.30am for members and at 10.45am for creditors

● **Actcrown Ltd** (t/a **BA Print**) at Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED on January 7 at 10am for members and at 10.15am for creditors

● **Vision Magazines Ltd** at Hamiltons Insolvency Practitioners Ltd, Omega Court, 368 Cemetery Road, Sheffield S11 8FT on January 8 at 11.30am

● **Colour-Tech Graphics Ltd** at Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on January 3 at 10am for members and at 10.15am for creditors

● **The Digital Production House Ltd** at Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED on January 15 at 10am for members and at 10.15am for creditors

● **Printek Screen Process Ltd** at Baker Tilly, Elgar House, Holmer Road, Hereford HR4 9SF on January 16 at 10am for members and at 10.15am for creditors

