

Xaar feels the pinch as customers back off

By Alex Grant

Xaar increased its sales in 2001 but saw profits fall to less than a fifth of 2000 levels because of the costs of moving all its inkjet production from Cambridge to Sweden by April, and the lack of new licensees being signed up in the last six months.

The results show that graphic arts suppliers are reluctant to commit to big new deals with partners like Xaar, especially in the economic uncertainty since September 11.

Despite hopes of deals in the US or Far East, none at all were signed in the second half. Licence income in 2001 was down from

£6m to £2m. And as more and more inkjet machines are being installed at inplants rather than commercial printers, sales channels could be changed.

Although total sales were up slightly from £22.7m to £24m, pretax profits fell from £2.7m to £1.6m.

After £1m in exceptional costs associated with the move, profits were just £600,000.

The only bright signs were that XaarJet income was up 24% (most of the increase in China) and royalties from old licence agreements were up from £800,000 to £1.3m and expected to rise further in 2002.

"Our firm belief is that the fundamentals of the business remain strong," says chairman Arie Rosenfeld.

Unlike Dyson, the reason for Xaar's production being moved abroad is neither the euro (of which Sweden is not a member) nor labour costs (which are probably higher in Sweden than in the UK). Xaar paid £400,000 to the Swedish taxman in 2001.

Xaar's mind was made up by production problems with its new XaarJet 500 printhead, mainly around the ceramic material supplied by CTS, and that it could easily expand its factory in Sweden and save

money in the longer term. There have also been complaints about banding on the wide-format PWA printheads.

"Banding is an issue with all inkjet presses," says sales director Hugh Baker-Smith. "It's not limited to Xaar."

Other directors are changing, with finance director Gordon MacLeod returning home to New Zealand later this year, and a new operations director, Ian Dinwoodie, recently appointed.

agrant@cmpinformation.com

In brief

- Recession hits Xaar
- Pretax profits are slashed
- China provides a bright spot

Considering outsourcing?

More than half – 52% – of large British companies have yet to consider outsourcing their print buying, according to a survey by Normanton FM company Alis-tair Macintosh.

The survey, called *Bringing Print Outsourcing into View* and subtitled as a White Paper, covered senior executives in companies with turnover of £300m or more.

The minority of those who had outsourced print buying say they are happy with the result, as it had previously been very difficult to recruit and retain good print buyers.

"We became extremely disheartened after training the [print buying] staff to our standard and then losing them to other firms. There was little opportunity for them to be promoted and grow within the company," says one interviewee. Another company, a big finance house, says that print buying had been seen as a "career advancement stumbling block".

agrant@cmpinformation.com

In brief

- Outsourcing print survey
- Majority happy with the result
- Print buying role yo-yo

Xeikon staff lob a spanner

Question marks have emerged over MAN Roland's bid to buy the colour press assets of Xeikon, which are up for sale after the firm failed to attract new finance.

Although MAN Roland is far bigger than the other bidder Yam International, it faces opposition from the 900-strong Xeikon workforce.

Under Belgian law, the court-appointed administrator of a company like Xeikon must take the views of the workforce into account when deciding to whom the assets should be sold.

The workforce is believed to have favoured Yam International, Xeikon's Russian distributor

which is backed by Israeli money. There are fears that MAN Roland might relocate operations alongside its own factories in Germany and make staff redundant.

Openshaw, Xeikon's British distributor for the last four years, would also face an uncertain future. However, Openshaw's Tony Halker says: "We are happy to work with whoever the new owner of Xeikon is," and denies that MAN Roland's UK arm Pershke Price Service would succeed it as Xeikon's UK distributor.

PPS distributes the MAN badged versions of the Xeikon.

In the UK, there are about 100 Xeikons, 30 Xeikon engines

branded as Xerox, about 50 Xeikons branded as Agfa Chromapress, and only about five or six branded as MAN Roland, for which Xeikon is already an Oem supplier.

"I doubt that MAN Roland would have the ability or the expertise to be Xeikon's UK agent," says a source. "PPS was Xeikon's distributor until 1997 and didn't then have the culture or skills to be able to sell many £100,000 digital machines."

agrant@cmpinformation.com

In brief

- Will MAN fall at the final hurdle?
- Russians could pip it at post
- Verdict coming soon

Baldwin Technology creeps out of the red

Baldwin Technology, US supplier of press ancillary equipment, has notched up a profit after three successive quarters in the red.

Company president and chief executive John Heald says that while sales activity remains slow, "we are beginning to see some very early signs of a pick-up in our quote activity, which has historically been a leading indicator of

future orders". Sales for the last three months of 2001 were \$36.2m (\$45.8m) which resulted in pretax income of \$296,000 (compared to a profit of \$2.1m in the same period of 2000), so the signs of recovery are tentative to say the least.

In the meantime, Baldwin's restructuring, which has already seen the sale of its roll-handling

business to Megtec, continues. Baldwin is a supplier of parts and technology to all major press manufacturers so is a weather-vane for the industry.

One of its main customers, Goss, started to emerge from Chapter 11 last week when a consortium of venture capitalists and banks tabled a \$40m bid.

agrant@cmpinformation.com

US inquiry closes

Pitney Bowes, the manufacturer of mailing equipment, has escaped an anti-trust action, after the US authorities closed its inquiry into a patent dispute with E-Stamps and Stamps.com. The two firms and Pitney Bowes itself had all accused each other of infringing patents on technology allowing inkjet or laser printing of stamps directly onto envelopes by end users. Some lawsuits against Stamps.com are still outstanding.

Blackwell offer

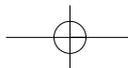
Publisher Taylor & Francis has offered up to £275m for its troubled rival Blackwell. But the Blackwell family is still divided between those who want it to stay independent and Toby Blackwell, uncle of the chairman Nigel Blackwell, who is hoping for a trade sale.

Website awards

Any remaining online print websites are invited to enter the annual E-Commerce Awards, which could give a winning dotcom a badly-needed £40,000 in prize money. More information on the awards, for which entries close on May 17, is available at www.ecommerce-awards.co.uk.

Downturn blasts M-real profits

Page 21



legal notices

Compulsory winding up

The following case is due to be heard at Leeds District Registry, The Courthouse, Oxford Row, Leeds LS1 1BG

● **Harrogate Paper Supplies Ltd** 27 Beech Avenue, Harrogate, North Yorkshire HG2 8DS on February 21 at 10.30am. Petition by Customs & Excise

Appointment of liquidators

● **Racing Graphix International Ltd** Graphic design. Liquidator: AH Tomlinson, Tomlinsons, 2 AC Court, High Street, Thames Ditton, Surrey KT7 0SR

● **Postmark Publishing Ltd** Publisher. Liquidators: A Murphy and RWL Horton, Smith & Williamson, Onslow Bridge Chambers, Bridge Street, Guildford GU1 4RA

● **Netco Trading Ltd** Trading name: **Priory Media** Design and print. Liquidator: LI Freedman, Hodgsons, George House, 48 George Street, Manchester M1 4HF

● **Sprintacall Ltd** Trading name: **Paragon (Print Finishers)** Print finisher. Liquidator: RA Segal, A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, Chingford, London E4 8LP

● **Comet Paper Ltd** Previous company names: **Precis (865) Ltd** c/n May 2, 1989. **Meteor Paper Ltd** c/n October 9, 1989 and **Meteor Trading Ltd** c/n November 7, 1991. Suppliers of paper to Africa and other countries. Liquidator: S Rishi, 314 Regents Park Road, Finchley, London N3 2JX

● **Collingwoods Ltd** Previous company name: **Issueday Ltd** Printer and supplier of stationery. Liquidators: IW Kings, Tenon Recovery, 19 Borough Road, Sunderland SR1 1LA and ME Cork, Moore Stephens, Old Court House, 18-22 St Peters Church Yard, Derby DE1 1NN

● **The Restock Group Ltd** Commercial stationer. Liquidator: HJ Sorsky, Sorskys, Gable House, 239 Regents Park Road, London N3 3LF

● **Mark O Tapes Ltd** Printer. Liquidators: KA Murphy and WJ Turner, RZQ LLP, 42 New Oxford Street, London WC1A 1EP

● **Infosis Group Ltd** Electronic web publishing. Liquidators: NE Reed and GI Rankin, 9 Bond Court, Leeds LS1 2SN

● **Gray Design Associates Ltd** Graphic design company. Liquidator: M Chamberlain, Chamberlain & Co, Aireside House, 24-26 Aire Street, Leeds LS1 4HT

● **Studio Reproductions (Leicester) Ltd** Printer. Liquidators: RP Rendle and GEB Mander, Baker Tilly, City Plaza, Temple Row, Birmingham B2 5AF

● **Port Ltd** Stationery supplier. Liquidators: G Robbins and NC Money, CBA, Lichfield Place, Lichfield Road, Aston, Birmingham B6 7SS

● **Inline Publishing Ltd** Printer and publisher. Liquidators: PR Boyle, Harrisons, 4 St Giles Court, Southampton Street, Reading, Berkshire RG1 2QL and JC Sallabank, 35 Waters Edge Business Park, Modwen Road, Manchester M5 3EZ

● **Silver Line Graphics Ltd** Digital printer. Receivers: MW Young and NJ Hamilton-Smith, Morton Thornton & Co, Torrington House, 47 Holywell Hill St Albans AL1 1HD

● **Pressdata Repro Ltd** Prepress bureau. Receivers: MW Young and NJ Hamilton-Smith, Morton Thornton & Co, Torrington House, 47 Holywell Hill, St Albans AL1 1HD

● **Innervision (Creative Presentations) Ltd** (t/a **ABC Graphic Design**) at Mercer & Hole, 76 Shoe Lane, London EC4A 3JB on February 14 at 11am

● **Andromeda Book Co Ltd** at KJ Watkin & Co, Emerald House, 20-22 Anchor Road, Aldridge, Walsall, West Midlands WS9 8PH on February 13 at 11am

● **M&M Paper Converters Ltd** at 27 The Downs, Altrincham, Cheshire WA14 2QD on February 21 at 2.30pm

● **Consul Printing & Packaging Ltd** at 1 Great Cumberland Place, London W1H 7LW on February 28 at noon

● **HJM Graphics Ltd** at 10-12 New College Parade, Finchley Road, London NW3 5EP on February 20 at noon

● **Sea Horse Press Ltd** at Avco House, 6 Albert Road, Barnet, Hertfordshire EN4 9SH on February 21 at 11am

● **Global Power Press Ltd** at St Andrews House Hotel, Worcester Road, Droitwich, Worcestershire on February 26 at 10.30am

● **Waterlyne Print Ltd**, CRL Digital Ltd, CRL Holdings Ltd at Comfort Hotel, George Street, Nottingham NG1 3BP on February 26 at 10.30am, 11.45am and 2.30pm respectively

● **Red Winklepicker Press Ltd** at 3-5 Rickmansworth Road, Watford, Hertfordshire WD18 0GX on February 20 at 2.30pm

● **Owen Guinness Publishing Services Ltd** (t/a **Cathedral Antiques** formerly t/a **Country & Equestrian Books & Gifts**). Creditors to send claims to SAJ Ramsbottom, 19 Portland Square, Bristol BS2 8SJ by March 6

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and at 10.15am for creditors

● **Inter Innovation Ltd, Platoon Two Ltd, MB Clarke Ltd, De La Rue Identity Systems Ltd, De La Rue Holographics Ltd, De La Rue Systems Ltd, De La Rue Card Technology Ltd, Bradbury Wilkinson Trustee Company Ltd** at PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT on March 5 at 10.30am

● **Foremost Publishing Ltd** at Moriston House, 75 Springfield Road, Chelmsford, Essex CM2 6JB on March 11 at 11am

● **Citron Press Publishing Ltd** at ThorntonRones, 418-420 Cranbrook Road, Gants Hill, Ilford, Essex IG2 6HW on March 8 at 10am for members and at 10.30am for creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

● **SHS Publishing Ltd** at Begbies Traynor (Incorporating Taylor Gotham & Fry), The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG on March 19 at 10am for members and creditors

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

BUSINESS ANGELS

I have some money to invest in a business and a lot of experience. My accountant told me about 'business angels' but I still do not understand this concept. Please explain.

Becoming a 'Business Angel' means that you will probably use both of your assets – cash and experience – in order to support an entrepreneur in the industry requiring support.

Many successful businesses of today had to beg, steal or borrow support to get their business going. James Dyson of Dyson Vacuum Cleaner fame had to get his support from the Far East! 'Business Angels' aim to ease some of the problems of finding support and to keep good ideas in this country.

Banks like as much certainty as possible before lending and funding for entrepreneurs is often very difficult to obtain – but not impossible.

As a Business Angel you should have a genuine interest in people and just as great a desire to succeed as the entrepreneur.

The primary reason for entrepreneurial failure is that they place rewards before results. You will need to recognise this when selecting whom to support.

Take your time – everyone is short of time until something goes wrong!

Get to know the entrepreneur personally and his/her partner.

It is worth remembering that our industry often gets a bad press. But remember that the "everybody's making a fortune" sector has people in it who are losing money following the herd. Very often opportunities exist in the "I wouldn't go into that" sector if the idea is sound.

Have a plan, decide when and how much you want to invest and commit this to writing for future reference. Don't get dragged in over your head! Feed the money in as it is needed, rather than in one large lump.

The rewards can be high but even experienced venture capitalists get it wrong sometimes. Safeguard yourself – ask yourself a few basic questions such as:-

- Would I buy the product or service?
- Why hasn't someone thought of this before? (Many investors believe that there are another four people or teams working on the same idea at the same time).

In fact, most projects fail because they cannot find a market – not because the service or goods were not perfect.

As business guru Peter Drucker says, "the purpose of a business is to create a customer – it has no other purpose". Later, on reflection, he added, "and get paid." Reflect on this.

Here are three 'don'ts':-

- Don't expect the entrepreneur to be super-human
- Don't play the game unless you can afford to lose both financially and psychologically
- Don't expect your partner to be a genius. We all have strengths and weaknesses

And one key 'do':-

- Do take professional advice before investing and get to know the sector and its business environment.

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

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

