

Océ sees income drop by one third in 2001

By Tony Brown

Troubled copier manufacturer Océ has revealed a net income for 2001 that was 31% lower than the previous year.

The Dutch company, which late last year announced a rationalisation programme resulting in the loss of 1,000 jobs, said net income was €105m in 2001 compared to €151m in the previous year.

Total revenues were almost equal at €3.23m for the two years.

Managers are negotiating at a local level as to the extent of job losses, although UK managing director Mike Cornish says it is too early to say how many jobs will be cut in the UK.

The economic downturn was also blamed for the loss of sales volumes.

The company expects the first half of this year to be slow, leading to a pick up in trading in the second half.

The company says: "The year

2001 was not an easy year for the entire document management market as a result of the global slowdown in economic growth.

"Seen against this background, the result achieved in 2001 gives confidence in the future."

Océ has not manufactured analogue printing units for the past two years but continues to service its old machines. It has spent that time reinventing itself as a totally

digital copier provider. As part of the recently announced restructuring process, the Strategic Production Units, the Document Printing Systems, and the Production Printing Systems units will be merged as one entity.

Certain segments of the office markets unit will also be restructured in the coming years.

The only bright spark in an otherwise bleak results statement

came from the Facility Services sector, which saw an income growth of 25%.

Océ bought Practical Print Solutions in the UK in November last year in an effort to support growth in this sector.

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In brief

- Océ reports a lower income
- Last year's figures down by 31%
- Job losses still being negotiated

Wide format revenues rise

Total revenues for 2001 in Wide Format Printing Systems rose during the year by 1% to €912m. Machine sales dropped 13% however, as a result of a postponement of investment decisions.

Document Printing Systems sales were down slightly to €1.53m but sales were down 17%. During the year the 100ppm Océ

DPS400 black and white printer and the colour printer, the DPS700 were introduced, although sales were limited due to the production start up.

The company says it is selling DPS700 machines as fast as it can make them, but the numbers delivered remains "commercially sensitive information".

Revenues in Production Printing Systems were up 3% to €793m although revenues from machines were 15% lower than in 2000.

There are indications that the decline in the order book position has come to a halt, says the company.

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Newsprint prices under pressure from publishers

By Alex Grant

UPM-Kymmene looks set to back down and cut newsprint prices in the face of pressure from newspaper publishers, and has postponed the retirement date of its top UK manager until the negotiations are over.

Media reports late last year suggested that publishers including Trinity Mirror, Daily Mail & General Trust and News International would cut newsprint orders unless prices were reduced by 10%-12%.

With newsprint volumes down because of the reduction in advertising sales, the publishers are reported to see prices as over-inflated following an average 12% rise in prices in 2001.

When UPM-Kymmene, which has a 40% share of the British newsprint market, took over the German Haindl last year, there were concerns about the effect of

reducing five main paper groups to four.

UPM Kymmene's profits fell by about 15% to €858m last year, so it is reluctant to cut prices too steeply. However, there are concerns that its giant mill in Shotton could be in jeopardy if UK publishers cut newsprint orders.

Printers are also under financial pressure because of the advertising downturn, with 100 job cuts under discussion at West Ferry.

As a result, the annual negotiations between paper suppliers and publishers have rumbled on into January, though they are now said to be "coming to an end".

"We're definitely lowering prices for 2002," says Norman Davenport, managing director of UPM-Kymmene's UK sales division, who has deferred his Christmas retirement date to lead on the negotiations in the role of acting managing director.

Hewlett Packard aims high for 2005

Hewlett Packard aims to increase its revenues in the commercial printing market from zero today to more than £1bn by 2005.

The key is the liquid toner and digital printing technology provided by Indigo, in which the company sought to take a controlling stake last year.

Speaking to the *Financial Times*, printing and imaging business president Vyomesh Joshi says the division is HP's "crown jewel" that will help the ailing computer company.

Although HP has been eclipsed by the highly publicised takeover battle for control of Compaq, Mr Joshi says personal computer sales have actually become a drag on the \$20bn printing unit.

HP has a multi-pronged strategy in printer sales, including the low-end printer market, the

printer supplies and consumables business, and photo imaging.

According to analyst Gartner Dataquest, HP has a 41% worldwide market share in low-end printer sales, with rivals such as Canon and Xerox only claiming 8% each. HP added the high-end strategy last year when it sought to take full control of Indigo, a deal which is close to fruition.

Mr Joshi says the 400,000 print shops worldwide account for 96% of the thousands of billions of pages printed annually.

"It's a very fragmented market and very inefficient. We want to focus on the 10% that want to transfer to digital technology," he told the *Financial Times*.

In brief

- HP aims at £1bn in revenues by 2005
- Indigo technology seen as the key
- Digital the route to the future

SEC queries Xerox

The US Securities & Exchanges Commission says that Xerox may have broken rules on equipment leases in its financial results. Xerox disagrees and says that even if it followed the SEC's preferred methodology there would be little change to its annual figures.

Miles ahead

Miles 33, the supplier of computer systems to printers and publishers, has increased its profits for the year to September 30, 2001, which are up 25% to £2.5m. Last year it sold the UK's largest single advertising systems, installed at seven Newsquest sites in southern England.

Photobition fades out

The Photobition name looks set to disappear after new owner Service Graphics decided the brand name is too damaged. Directors Charlie Reed, Ben Moss and Paul Green, formerly of Photobition UK, have opted to rename the 13 businesses they bought from the receivers under their subsidiary names, such as Scanachrome or Jupiter Display, or simply Service Graphics.

Shares rise and fall

Advertising agencies saw a big rise in their share prices last week, as hopes swelled that they will finally benefit from an upturn in business in 2002, although the rises proved short-lived. WPP rose 28p to 797p before falling back to 757p, Havas rose from \$7.22 to \$8.28 but then fell back to \$7.90, and Publicis rose from \$26.78 to \$28.65 but then dropped to \$27.55.



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

Arjo to fight carbonless fine

Arjo Wiggins Appleton, part of Worms & Cie, will appeal against the €184.3m (£110m) fine it has received for being a ringleader in a price-fixing cartel in the carbonless paper sector (*Printing World*, last week).

The fine was imposed by the

European Commission after a five-year inquiry into the cartel, which allegedly involved ten companies across Europe, including Carrs Paper in the Midlands. The fines total €313m (£195m).

"This penalty is completely

unconnected to the reality of the carbonless paper market," says a Worms & Cie spokesman. "We are waiting for official notification of the fine before we decide whether to appeal, although this is probable."

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legal notices

Compulsory winding up

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

● **Iznik Publishing International Plc** Dilke House, 1 Malet Street, London WC1E 7JN on January 23 at 10.30am. Petition by Impact Litho Ltd

The following case is due to be heard at Liverpool District Registry, Queen Elizabeth II Law Courts, Derby Square, Liverpool

● **Colour Split Reprographics Ltd** Unit 9 Dongan Road, Warwick, Warwickshire on January 14 at 11am. Petition by Customs & Excise

Appointment of liquidators

● **Art Sauce Ltd** Trading name: **Ditto Digital Imaging** Computer aided designer and lithographic artist. Liquidator: CA Britten, 4 Riverview, Walnut Tree Close, Guildford, Surrey GU1 4UX

● **Rockchalk Ltd** Previous company name: **Cheshire Folding Cartons Ltd** Packaging. Liquidator: A Redmond, Tenon Lathams, Arkwright House, Parsonage Gardens, Manchester M3 2LF

● **02 Design Ltd** Graphic designer. Liquidator: WA Batty, Antony Batty & Co, New House, Suite 24, 67-68 Hatton Garden, London EC1N 8JY

● **Mayspark Printers Ltd** Trading name: **A&A Printing Co** Printer. Liquidator: J Kelmanson, The Kelmanson Partnership, Avco House, 6 Albert Road, Barnet, Hertfordshire EN4 9SH

● **R&M Litho Ltd** Liquidators: ME Cork, Moore Stephens Corporate Recovery, 1-2 Little King Street, Bristol BS1 4HW and SA Clark, 57 Victoria Square, Bolton, Lancashire

● **Renaissance Publishing & Distribution Ltd** Publishing and distribution. Liquidator: MT Coyne, Poppleton & Appleby, 141 Great Charles Street, Birmingham B3 3LG

● **Paxar Graphics Ltd** Printing. Liquidator: DJ Power, BDO Stoy Hayward Business Recovery, Commercial Buildings, 11-15 Cross Street, Manchester M2 1BD

● **Schoolheifer Seal Ltd** Graphic design. Liquidator: MC Armstrong, Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA

● **RM Sudbury Ltd** Print and artwork supplier. Liquidator: R Cooksey, Bridgestones, Oldham Business Centre, Cromwell Street, Oldham OL1 1BB

Meetings of creditors

● **Overthorpe Printing Co Ltd** at Rye Hill Golf Course, Milcombe, Banbury, Oxfordshire OX15 4RU on January 15 at 2.30pm

● **LPC Publications Ltd** (t/a **London Postcard Co**) at 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH on January 18 at 2pm

● **Ambassador House Publications Plc** at The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG on January 25 at 10.30am

● **Interact Design & Print Ltd** at 19 Silent Street, Ipswich IP1 1TF on January 8

● **SPL Print Ltd** at The Beeches Hotel, Wilford Lane, West Bridgeford, Nottingham on January 11

● **Printaplas Ltd** at The Grand Hotel, Colmore Row, Birmingham B3 2DA on January 7

● **Documedia Birmingham Ltd, Documedia Bury Ltd, Documedia**

Cheltenham Ltd, Documedia Holdings Ltd, Documedia London Ltd, Documedia Ltd, Royle Stationery Ltd at KPMG, 2 Cornwall Street, Birmingham B3 2DL on January 15 at 11.30am

● **Anglia Graphics Ltd** at 60-62 High Street, Harpenden, Hertfordshire AL5 2SP on January 15 at noon

Notices to creditors

● **Brier Imaging Ltd** and **Brier Press Ltd** Creditors to send claims to SM Draine, Moore Stephens Corporate Recovery, 3-5 Rickmansworth Road, Watford, Hertfordshire WD18 0GX by January 28

● **Dee Webb Ltd** Creditors to send claims to AK Bhardwaj, 47-49 Green Lane, Northwood, Middlesex HA6 3AE by February 8

● **Canwell Offset Ltd** Creditors to send claims to KJ Watkin, KJ Watkin & Co, Emerald House, 20-22 Anchor Road, Aldridge, Walsall by January 30

Final meetings

● **WH Print Services Ltd** at Shaw & Company, 195 Banbury Road, Oxford OX2 7AR on January 25 at 10am for members and at 10.15am for creditors

● **Thatcher Ltd** formerly **Tellfull Printers Ltd** at Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG on January 18 at 10am for members and at 10.15am for creditors

● **Optimus Print & Design Ltd** at Mazars Neville Russell, 1 Telford Way, Luton, Bedfordshire LU1 1HT on February 6 at 10.30am for members and at 11am for creditors

● **Authorgraphics Ltd** at Prospect House, 2 Antenaem Road, London N20 9NU on February 5 at 10.30am

BUSINESS REVIEWS

My accountant has suggested that I undertake a 'Business Review'. Until the last two years the printing business I own has been doing pretty well but now I am uncertain about the future. What is a Business Review and how will it help me?

Many printing business owners are at a crossroads but sometimes they are a little too close to the day to day activity to see the whole picture.

There are often issues in the business that an outsider with industry experience can see straightaway. A thorough Business Review will give an objective perspective on the issues facing the business and offer a range of possible solutions to problems – and to seize opportunities.

Typically a good Business Review should cover the following issues.

- Competitive position
- Strategic Options
- Competitor Analysis
- Review of business functions:-
 - Finance
 - Marketing
 - Operations
 - People issues
 - Purchasing
- Risk Assessment
- Opportunities for growth/profits
- Projections of likely scenarios to judge attractiveness

A use of benchmarking methods ensures that your business is judged against best practice throughout the industry.

A list of actions would usually be developed which would be detailed and timetabled for best results. These would be 'SMART', an acronym for:-

- Specific
- Measurable
- Achievable
- Realistic
- Timebound

In my experience it is unheard of for a Business Review not to uncover issues that have not been seen or actioned by management.

A good Business Review is therefore an excellent tool to kick start a better future for the business and to galvanise the team into action.

Best results will come from choosing an advisor with industry experience and who you can trust with sensitive information. Ethics are important.

Take references to reduce risks and ask the advisor to describe similar projects undertaken and results achieved.

An in-depth Business Review, carried out with industry insight, could well be the making of your business again and would be money very well spent indeed.

Your accountant has advised you well.

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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