

# Bankers poised for return of mbo activity

By Alex Grant

The number of management buyouts has fallen to its lowest level in seven years, new figures from KPMG Private Equity show.

Mbo deals in the UK were down 31% in the first quarter of 2002, with just 25 being signed. The total value of them was down 44% at £3.1bn.

In the first quarter of 2001, 36 deals, worth a total of £5.6bn, were signed, although none of the big mbos in the first quarter of 2002 involved printers.

However, Charles Milner, KPMG's head of private equity, says that the market is "ripe for an upturn", possibly as soon as this autumn. "Historically, investments made at this stage in the economic cycle have yielded good returns for private equity investors," says Mr Milner.

Just like mbos, stock market flotations are also down on last year, with a total value of

£3.444bn in the first half of 2002, compared to 5.099bn last year.

However, omitting the £4bn IPO of Orange last year, the first half of 2002 shows a recovery in the IPO market, despite the cancellation of recent floats including Yell. And London seems to be faring much better than other European markets,

taking 70% of all IPOs in Europe in the second quarter.

Most recent IPOs have been from established "old economy" companies, not new high-tech or dotcom start-ups.

The support services sector has been the darling of the stock market in the past few years, with many printing and packaging companies reclassifying them-

selves as support services companies. But the sector has fallen further than the rest of the FTSE all-share index so far in 2002, 20.4%, compared to 11.3% for the stock market overall.

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#### In brief

- Mbos out of fashion
- KPMG survey results
- At seven year low

## Industry profitability surprise

Although profitability for UK companies continued to fall in the first half of 2002, there was a slight recovery in margins for companies in the print, paper and packaging sector.

Experian's latest Corporate Health Check shows that return on capital employed in the print sector was 7.89% in the first quarter, up from 7.78% in the fourth

quarter of 2001 and 7.61% in the third. But profitability was higher this time last year at 8.86%.

And the average return across all industries is still above the level for the print sector, at 8.37%, down from 9.05% in the preceding quarter, reflecting the fact that unlike print, most other sectors saw a fall in margins.

The longer term picture for

print, paper and packaging sector is still looking gloomy. New figures on paper and board manufacturers from the Prospect Shop show that sales growth between 1998 and 2001 averaged only 3%, and that profitability has fallen by a third. Average pretax profits margins have fallen from an average of 1.8% to just 0.7%.

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## Loss-makers sell off in Germany

Two giant German media groups proposed to sell off loss-making divisions last week.

Axel Springer's new chief executive Mathias Döpfner has said it will sell off its book publishing unit if a restructuring does not prove successful, and says that he does not expect to see recovery in advertising revenues for Axel Springer's other media products until 2003.

WPP's chief executive Sir Martin Sorrell now says he does not expect a "pronounced recovery" before 2004. Meanwhile, Gruner & Jahr has said it will sell off its regional newspapers to focus on magazines.

Local papers in Berlin have already been sold to Georg von Holtzbrinck and its Dresden titles are also being sold, but not the *Financial Times Deutschland*.  
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## Ups and downs for Océ

Océ has seen pretax earnings increase by 3% to €105m in the second quarter despite a 14% fall in machine sales.

However, this was offset by an increase in income from software and services, and was partly due to the phasing out of some analogue models.

Facility Services, which covers Océ's inplant operations, saw sales rise by 19% in real terms,

even before its takeover of Practical Print Solutions, a Surrey print management operation, last year.

The fall in machine sales was worse in the higher end production printing systems division, which saw a fall of 17%, and wide-format where sales are down 18%. Océ is blaming the postponement of investment decisions by its customers, not loss of its market share.

And because of reduced costs, Océ is still expecting 2002 end-year results to be ahead of 2001. Océ is halfway through a restructuring, which has already seen it shed 341 jobs and will see another 700 go by the end of 2003.

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#### In brief

- Pretax earnings increase 3%
- Machinery sales fall 14%
- Restructuring continues

## Reed Elsevier faces 'Enron' accusation

Reed Elsevier, the magazine and technical journal publisher, is the latest company to suffer the "Enron effect" as shareholders examine company reports for any sign of creative accountancy.

In Reed's case SOBI, a Dutch organisation which campaigns for openness in corporate affairs, is taking the Anglo-Dutch com-

pany to a court in Amsterdam. It is accusing the publisher of inflating its earnings by overstating figures for goodwill, which is now amortised over 40 years, not 20, since Reed's takeover of the American publisher Harcourt.

SOBI is the owner of five Reed Elsevier shares, and is demanding that the publisher resubmits

its 2001 accounts with the anomaly sorted out.

Reed rejects the claims and is sticking to its 2002 forecasts. Shares fell 5% at news of the legal action but quickly regained their value, suggesting that Reed will escape the jitters that have struck several US companies accused of rigging their figures.

## Dotcom failures

It is official: the downturn in the dotcom world cannot get any worse. A survey by Webmergers.com, of the US, shows that the number of dotcom bankruptcies in the first quarter of 2002 is down 73% on the year before. In the first three months of 2002, 54 dotcoms shut down, compared to 164 in 2001. Webmergers' figures show that the worse month for Internet shutdowns was May 2001, which saw 64 casualties.

## Printworks query

A question mark hangs over the future of the Leek printworks of Hill Brothers which is selling several local newspapers to Northcliffe Newspapers. The £350,000 deal requires the green light from the DTI. The *Post & Times* series in Cheadle, Leek and Uttoxeter is produced on a 20-year-old Goss two-colour press. Northcliffe has modern factories in nearby Derby and Stoke.

## Is it in the post?

Consignia is about to start making changes to mail delivery patterns, including the abolition of the second post and a longer time scale for the first. Businesses will still receive mail between 7am and 9am but domestic addresses will get mail anytime between 9am and noon.

## Vivendi fortunes

Jean-René Fortou has taken over from Jean-Marie Messier as head of the troubled media group Vivendi Universal. Amid reports of liquidity problems, Vivendi is expected to start selling off assets soon.



## Business GROW-HOW



From Paul Holohan & the team at  
Richmond Capital Partners Limited

### REMOVING A DIRECTOR FROM THE BOARD

**I own 20% of the shares of a small printing company. Four other directors each hold a further 20% of the shares. Three of them are planning to vote me and another director from the board. As I understand it, all they will need to do is gain a simple majority of shareholder support at a special meeting. Is this right? And how can I protect my shareholding once I am no longer a director?**

You can be voted off the board through what is known as an 'ordinary resolution' at a shareholders' meeting. Ordinary resolutions have a set procedure. First, the directors have to give a formal notice of the resolution at the company's registered office at least 28 days before the meeting.

The company must tell you as soon as the directors have registered their intention and you have the right to speak at the meeting. A majority of the shareholders will be enough to vote you off the board.

As far as your shares are concerned there are things you can do to protect your investment. You have the right to receive a copy of the annual accounts, you must be informed of any shareholder meetings and you will still be able to vote at these meetings. You also have the right to call an extraordinary meeting.

If you think the directors are carrying out business that is outside the company's normal activities, you can ask a court to restrain the company from those activities.

You can also apply to the courts if you believe that the directors (or shareholders) are damaging the value of your shares.

You should read the company's articles of association and the shareholders' agreement as these may give you even more rights.

If you think that the directors are not acting in your interests as a shareholder, take advice straightaway.

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

## Haynes adds to assets

By Alex Grant

Haynes Publishing, the company behind the eponymous motor manuals, has increased its presence in Australia with the purchase of Gregory Automotive Publications for £2.1m cash.

The conditional agreement was reached on June 25 with the current proprietor, Universal Press, Sydney, and will depend on clearance

from the Australian Competition & Consumer Commission. Last year Gregory sold some 112,000 manuals and had turnover of about A\$2.2m. Haynes Publishing already has an Australian division, Haynes Manuals.

Haynes has shifted production of most of its motor manuals from Sparkford in Somerset to the US, but retains a printworks in Somer-

set for the books published by subsidiary Sutton Publishing. Books for the Australian market will be printed at both locations and shipped to Australia rather than printed locally.

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#### In brief

- Australian purchase
- Haynes boosts interests
- Buys car books company

## Welsh worries for International Greetings

International Greetings has suffered a 15% fall in profits because of ongoing "problems" at its UK giftwrap business. The fall in profits comes despite a 16% rise in sales to £111m for the year to

March 31. Chief executive Nick Fisher says that IG's US divisions made "excellent progress" last year, partly because of a contract with Warner Bros to produce Harry Potter stationery.

But despite restructuring, the results were still hit by poor performance at the giftwrap division, which opened a 500,000 sq ft new centre in Hirwaun, South Wales, in March.

## Legal notices

### Compulsory winding up

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

- **Grosvenor Print Ltd** Laurus Bank House, Ashley Road, Southport, Merseyside on July 29 at 10am. Petition by Customs & Excise

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

- **Omnibus Publishing Ltd** 3A Clifton Square, Lytham St Annes, Lancashire FY8 5JP on July 25 at 10.30am. Petition by Customs & Excise

### Appointment of liquidators

- **Vulcan Print Ltd** Previous company name: **Photoasset Ltd** Printing. Liquidators: GM Weisgard and JP Oddie, Mitchell Charlesworth, Brazennose House West, Brazennose Street, Manchester M2 5FE
- **CSM Digital Ltd, Finishing Touch (London) Ltd** Printer. Liquidators: SP Bower and DRW Smith, RSM Robson Rhodes, 186 City Road, London EC1V 2NU
- **CPD Digital Ltd** Printing contractor. Liquidator: DR Beat,

Tenon Recovery, Salisbury House, 31 Finsbury Circus, London EC2M 5SQ

- **USM Distribution Ltd** Magazine distributor. Liquidator: SG Taylor, 4 Charterhouse Square, London EC1M 6EN

- **QRS (UK) Ltd** Services to printing. Liquidators: RH Toone and PM Davis, Begbies Traynor, 1-2 Raymond Buildings, Gray's Inn, London WC1R 5NR

- **Prime Time (Bristol) Ltd** Print finisher. Liquidators: PW Harding and PM Boydon, PricewaterhouseCoopers, 31 Great George Street, Bristol BS1 5QD

- **Marshal Print Services Ltd** Previous company name: **Borderforce Ltd** Printer. Liquidator: SL Conn, Stephen Conn & Co, 17 St Ann's Square, Manchester M2 7PW

- **Kempres Aztec Ltd** Printer. Liquidator: DM Clements, BKR Haines Watts, 6 St Stephen's Court, 15-17 Stephens Road, Bournemouth BH2 6LA

- **Hesketh Creative Design & Print Ltd** Designer and printer. Liquidator: MC Bowker, Jacksons Joliffe Cork, 33 George Street, Wakefield WF1 1LX

- **Studio 82 Ltd** Printer. Liquidator: AJ Nichols, Redman Nichols, Maclaren House, Skerne Road, Driffield, East Yorkshire YO25 6PN

### Meetings of creditors

- **F Higginbottom & Son Ltd** at Simmonds & Co, Crown House, 217 Higher Hillgate, Stockport, Cheshire SK1 3RB on July 5

### Notices to creditors

- **AW Publishing Ltd (t/a The Property Page)** Creditors to send claims to MF McCarthy, Wallets Insolvency Services, 2-6 Adventure Place, Hanley, Stoke-on-Trent, ST1 3AF by November 30

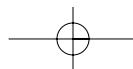
- **Brandtjen & Kluge Europe Ltd** Creditors to send claims to PJ Gorman, Hazelwoods, Windsor House, Barnett Way, Barnwood, Gloucester GL4 3RT by August 31

### Final meetings

- **SOS Paper Ltd** at Begbies Traynor, 17 Paradise Square, Sheffield S1 2DE on July 31 at 10.30am for members and at 10.45am for creditors

### Disclaimer

- **Javelin Press Ltd** Unit C, Lea Industrial Estate, Lower Luton Road, Harpenden, Hertfordshire AL5 5EQ wishes to make it known that it has no connection with Javelin Colour Printers as mentioned in Legals of June 24



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