Consumables suppliers predict better times

By Alex Grant

This year is turning out to be a year of revival for the major consumables manufacturers, but one in which they continue to tighten their belts.

Agfa's pretax profits are up from €33m to €58m in the first quarter of 2002, thanks to the effects of its cost-cutting Horizon Plan.

Even though sales in Graphic Systems were down 2.5% on a year ago to €459m, the segment's profits were up 78% to €36m, accounting for most of the company's profit.

Although print still saw "subdued market conditions" the switch from computer to film to computer to plate continued unabated, says Agfa.

BASF says there are signs of a "moderate upturn" in 2002. Although total sales in the first quarter of 2002 were 8% down on a year ago, the company says there was a clear upturn in March.

Having made €250m of savings in 2001, another €1bn is being sought this year.

Ink supplier Akzo Nobel, meanwhile, reports "slight improvement" in its coatings division in the first quarter. The printing ink resins division had been growing at 12.5% a year until recently but now has to restructure, to "help us to again outgrow the market in the years to come," says Resins general manager Jo Lennartz.

But Akzo Nobel is increasing its market share in pulp and paper chemicals, increasing its sales and cutting costs by €20m in 2001.

But the news is not so good for AM Graphidec, a Belgian consumables supplier mainly owned by Litho Supplies, which has just applied for a moratorium (similar to a creditors' voluntary agreement) from the Belgian courts.

"AM Graphidec has been trading profitably, but had to carry the costs of making 27% of its staff redundant late last year," says Mike Hammond, chief executive of Litho Supplies.

The moratorium lasts six months, but could be extended if necessary because of traditionally slow summer trading.

Although Mr Hammond says that trading conditions in Belgium are similar to the UK, he says Litho Supplies is not in the same plight, as AM Graphidec was much more of a supplier of equipment rather than consumables, which has made its sales patterns more cyclical.

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In brief
- Agfa profits up
- BASF sees signs of upturn
- Litho Supplies' Belgian troubles

Europe boosts AVT sales

By Sasa Jankovic

Advanced Vision Technology increased its sales by 6% to $2.5m during the first quarter of 2002 compared to the same period of financial year 2001, mainly thanks to strong European sales. Shlomo Amir, president and chief executive of the Israeli company, says he is "cautiously optimistic regarding the second quarter 2002".

AVT's operating loss fell from $1.75m during the first quarter of 2001 to $1.12m. Earnings were better than expected as order intake continued to develop, showing a 12% increase to $3.5m over the same period last year.

The European market was especially strong, being the source of 48% of first quarter 2002 sales. The North American market accounted for 37% of sales, with a further 5% each coming from South America and sales in the rest of the world. Customer support activities contributed the final 5% to the sales total.

Earnings also developed positively. Compared to the same period last year, the operating loss was reduced from $1.75m to $1.12m. The net loss improved from $1.27m during the first quarter 2001 to $0.83m.

"AVT has continued the strategy adopted at the end of November 2000, focusing its efforts on the core markets of packaging printing and label printing," says Mr Amir.

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In brief
- AVT sees 6% sales rise in Q1
- Voices optimism for Q2
- Europe a strong area

Hythe Offset is Oakhill's bright spot

Oakhill Group, the Irish parent company of Bell & Bain, Hythe Offset and Speedprint, has seen losses deepen from €4.8m to €13.8m in 2001.

But operating profits for the first quarter of 2002 are ahead of last year's level, thanks to more efficient commercial printing at a single factory near Colchester.

The company's performance in 2001 was hit by the move of all its commercial printing in the UK to a single site, which has cost £11.9m in exceptional costs.

Speedprint in Leeds has had its presses moved into Hythe Offset's factory near Colchester, although Bell & Bain is staying put in Glasgow and Oakhill is retaining a sales operation in Leeds.

Thirty jobs were lost through the centralisation of printing in Colchester.

Finance director Alan Jordan says that Oakhill lost two five-colour presses, a B1 and a B2, with the Speedprint move and is now wanting to move more into print management, either organically or through acquisition.

"Commercial printing in the US is tougher, but the market is still soft in the UK and we would have done worse were it not for the action we have taken," says Mr Jordan.

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Xerox hit by rating downgrade

Despite an upbeat Ipex, shares in Xerox have taken a dive after US credit agency Moody's unexpectedly cut the corporation's rating from B1 to Ba1, citing concerns about its level of "free cashflow".

Xerox's share price fell by 12% to $7.99 at the news. Although Xerox was recently relieved to have settled a dispute with the Securities & Exchange Commission out of court, it is still renegotiating a $7bn revolving credit facility, which needs to be renewed by October.

The merger of Hewlett Packard and Compaq went official last week, with the suspension of Compaq shares on the New York Stock Exchange and the redesignation of HP under a new symbol, HPQ.

However, the merger is still being investigated by the SEC and State of New York over alleged voter irregularities.

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In brief
- Xerox shares downgraded
- Price falls 12% on news
- Moody's rating now Ba1

Prices recover

Newsprint prices should start rising this summer, according to the world's largest newsprint maker Abitibi Consolidated. It says that as ad revenues recover, publishers will be willing to pay more for paper. Newsprint sales fell throughout 2001, faster than other types of paper, and in 2002 the North American market is expected to recover faster than Europe. Low paper prices have just forced MeadWestvaco, into the red for Q1 of 2002, recording a net loss of $63m.

Beiren moves up

Beiren Printing Machinery, the Chinese press manufacturer, increased its profits from 11.4m Yuan to 28.4m Yuan in 2001, thanks to the growing Chinese economy. It cites orders for banknote presses for the People's Bank of China and two joint ventures established in Beijing and Shanghai.

Ancillaries setback

Technotrans, the press ancillaries manufacturer, has been badly hit by the recent fall in sheetfed press sales. First quarter sales are down 12.4% to €28.6m, with the company's print segment showing a greater fall from €25.2m to €20.9m. Profits are down from €1.67m to €587,000 and staffing has been cut by 68 to 657.

Emap confident

Emap has put aside £22m for new magazine launches this year, in another sign that the advertising market is beginning to recover. Last year's new product development budget was £13m.

TripleArc upbeat in face of losses

By Sasa Jankovic

TripleArc, UK provider of web-based print procurement solutions, has announced its preliminary results for the year ended December 31 2001 with a pretax loss of £1.6m, compared with £600,000 in the previous year. Revenue for the year was £1.44m, compared with nil the previous year.

TripleArc listed on the Alternative Investment Market in December via a placing of £3.1m. It recorded gross profit of £250,000 (2000 £0), which it says is mainly attributable to its acquisition of Gl2 in October. Gross margin for the year was 17%.

Conor O'Brien, chief executive, says: "Last year was a period of significant development for the group culminating in our launch on AIM in December when we raised £3.1m to accelerate our expansion.

"We are looking to continue our dynamic drive into the print industry based on the strength of our technology solutions which we believe are leading the way as the printing sector rapidly moves to adopt JDF as the industry standard.

"Opportunities to license the technology and develop franchising agreements overseas are already being examined and we are looking to enhance our potential for organic growth through strategic acquisitions.

"We have got off to a good start in 2002 and are confident of reporting further progress."

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Johnston loses in Midlands

Johnston Press has been rebuffed in its attempt to buy eight weekly newspapers from Trinity Mirror in the Midlands (*Printing World, January 7*), leading to Trinity Mirror deciding to retain the titles.

The Competition Commission ruled that the acquisition of the titles in Northamptonshire would give Johnston a near 100% monopoly in the area, and would allow only four titles to change hands: *Brackley & Towcester Post*, *Derby Trader*, *Harborough Herald & Post* and *The Trader*.

These, along with the east Northamptonshire, Northampton, Peterborough and Stanford editions of the *Herald & Post* series will now remain in Trinity Mirror's hands.

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legal notices

Appointment of liquidators

● **Binary Media Ltd** Multimedia. Liquidator: JA Heggarty, Smith & Williamson, Old Library Chambers, 21 Chipper Lane, Salisbury, Wiltshire SP1 1BG

● **Conquest Publishing & Print Ltd** Printing. Liquidator: AD Kent, 60-62 High Street, Harpenden, Hertfordshire AL5 2SP

● **IGC Publishing** Previous name of company: **Projectcruise Ltd** Publisher. Liquidators: JAG Alexander and FC Satow, PKF, New Garden House, 78 Hatton Garden, London EC1N 8JA

● **Power Display Signs Ltd** Design and supply of point of sale display equipment. Liquidators: MJ Moore and NA Brackenbury, Kroll Buchler Phillips, Airedale House, 77 Albion Street, Leeds, LS1 5AP

● **Westside Digital Media Ltd** Previous names of company: **Latent Image West Ltd** and **Graintrue Ltd** Prepress printing. Liquidator: S Gilmore, Lawrence Grant Gilmore, 9 High Street, Elstree, Hertfordshire WD6 3BY

● **Design & Meaning Ltd** Creative graphic design. Liquidator: S Cohen, Pitman Cohen, Great Central House, Great Central Avenue, South Ruislip, Middlesex HA4 6TS

● **Henderson Tsolkas Communications Ltd** Marketing agency. Liquidator: MSE Solomons, Sorskeys, Gable House, 239 Regents Park Road, London N3 3LF

● **Out of the Blue Design Ltd** Previous company name: **Dialmode (106) Ltd** Creative graphic design. Liquidator: S Cohen, Pitman Cohen, Great Central House, Great Central Avenue, South Ruislip, Middlesex HA4 6TS

● **Raw Media Services Ltd** Media business/Publishing. Liquidators: CI Vickers, Numerica, Southfield House, 11 Liverpool Gardens, Worthing, West Sussex BN11 1RY and C Herron, Wettern House, 56 Dingwall Road, Croydon, Surrey CR0 0XH

● **Resolution Design Associates Ltd** Graphic design consultant. Liquidator: DN Kaye, Crawfords, 41 Blackfriars Road, Salford, Manchester M3 7DB

● **The Quay Printing Works Ltd** Previous company names: **Adson Engineering Ltd**, **Creative Solutions Ltd** Printer. Liquidator: D Wald, 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH

● **Acer Presse Ltd** Printing and graphics. Liquidator: ETF Sale, Sale Smith & Co, Carmella House, 3-4 Grove Terrace, Walsall, West Midlands WS1 2NE

● **Central Print Finishers Ltd** Previous company name: **Panelbatch Ltd** (changed August 6, 1992). Print finisher. Liquidators: MG Tailby, CBA, Lichfield Place, 435 Lichfield Road, Aston, Birmingham B6 7SS and NC Money, CBA, 39 Castle Street, Leicester LE1 5WN

● **Cavalier Options Ltd** Publish journals and periodicals. Liquidators: J Russell and AP Wood, Poppleton & Appleby, 93 Queen Street, Sheffield, S1 1WF

Final meetings

● **CID Publishing** at Langley House, Park Road, East Finchley, London N2 8EX on May 30 at 11am for members and 11.30am for creditors

● **Carmont Press Ltd** at Wesley House, Huddersfield Road, Birstall, Batley, West Yorkshire WF17 9EJ on June 27 at 10am

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

RETIREMENT & PROPERTY

My wife and I are directors and shareholders of a print broking business which trades as a limited company. Since 1996 the company's only asset has been a small freehold premises. We charge rent and take the income out of the company as salary. We would like to retire next year, wind up the company and transfer the building into our own names. Would we qualify for capital gains retirement relief? Are there any other ways of keeping the tax bill down? What would happen if one or both of us died with the situation as it stands?

First of all, you are not legally required to wind down the company if you retire. You can keep it 'alive'.

One good reason for doing this is the potential capital gains tax (CGT) bill on the company's building. If you transfer the building into your own names you will have to pay CGT on its market value.

But that's not all. If you close down the company as well, you and your wife will probably have to pay CGT on the money you receive for your shares.

You can reduce this second amount if the company pays out a dividend but whether you will be better off will depend upon your personal tax position.

You cannot claim capital gains retirement relief because the company stopped trading more than 12 months ago.

There are many things to take into account so take professional tax advice.

If you decided to continue with the company your share in it would form part of your estate so should be dealt with in your will. If either or both of you die the CGT liability on the shares is wiped out. However, CGT would be payable on the building that is owned.

Our advice is to seek professional tax advice and to discuss your will with your solicitor.

However, you have not considered **all** the options open to you. This is a common error but it is well worth doing as you could be worse off through ignoring, or not being aware of, other options.

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.