

# Economy blamed as Heidelberg sales drop

By Alex Grant

Sales at Heidelberg, which has just been hit by the one-day metalworkers' strike in Germany, are showing a 5% fall for the year to March 31, from €5.3bn to €5bn, while profits have fallen 30% from €283m to just €201m.

Three months ago, Heidelberg announced results for the first nine months of the financial year that were down by 50%.

Operating profit had fallen 47% to €161m, even though sales had edged up 0.8% to €3.6bn. New orders are 19% down.

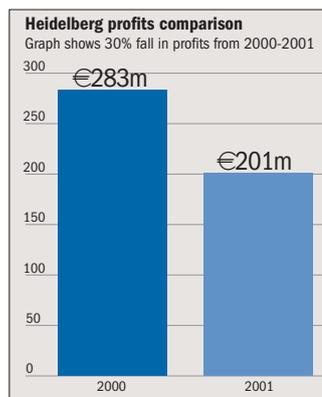
The latest results show this trend continued and the growth of sales was reversed, and although disappointing, are in line with an October profits warn-

ing. "The drop in sales and profits has been shaped by the world economic slowdown," says chief executive Bernhard Schreier.

Orders received for the year as a whole were €4.6bn (down from €5.5bn the year before), a fall of nearly 20%, although Heidelberg says that orders stabilised in the fourth quarter.

Digital and prepress sales fell 15%, web sales by 14%, but sheetfed sales held steady. Finishing sales were down from €408m to €378m. Geographically, the Nafta region fared worst with an 18% fall in sales, while there was growth of 17% in Asia-Pacific.

Ipx orders in April reached €260m, which chief financial officer Herbert Mayer describes



Heidelberg profits took a dip in 2001

as a "good start" to this financial year. But on top of the lacklustre results, Heidelberg has been hit by strike action by the IG Metall Union, which has closed down three of its factories in Germany.

Both last Monday and the Monday before, production was halted at the three press production factories and a separate, smaller finishing operation, which all lie in Baden-Wuttemberg.

Carmakers and engineers in Berlin-Brandenburg have also been hit, although strikes there may not last as long because of higher unemployment levels in the former East Germany than in the West.

IG Metall is demanding a 4% annual pay rise for all its 2.7m members. Employers have so far only offered 3.3% over 15 months. [agrant@cmpinformation.com](mailto:agrant@cmpinformation.com)

#### In brief

- Heidelberg hit by union action
- Economy shapes profits fall
- Ipx orders reach €260m

## Daily Mirror bullish despite tough advertising markets

The *Daily Mirror's* relaunch and 50% price cut, estimated to be costing £1m a week, comes at the same time as Trinity Mirror chairman Victor Blank warns that the advertising market in the first four months of the year continued to be tough.

The price cutting campaign, met head to head by News International, seems to run counter to the aim of moving the *Daily Mirror* upmarket and away from the red top tabloids.

In an annual meeting statement Mr Blank says: "Although at an early stage of development, the feedback relating to the national titles is positive." Display advertising in the nationals is down 12.7% against last year.

However he adds that "the strategic development of our national newspaper portfolio is less advanced" than in the regional titles where "further opportunities for improved performance have been identified". This may indicate that the future of *The People*, the group's second Sunday title, is unclear within the group.

In geographical terms, there is a clear split in advertising with the south-east hit badly in both total advertising and recruitment advertising while the rest of the regional operations are seeing some growth in recruitment and total advertising.

As part of the relaunch of *Mirror* titles, the group has changed its Sunday colour supplement to *M Celebrities*, shifting production to Roto Smeets in Holland.

The *Daily Mirror's* Saturday magazine *M* is printed each Friday at Polestar Purnell in Somerset, although other magazines are already printed at Roto Smeets.

Trinity Mirror declined to comment on the reasons for the production shift, although Roto Smeets is known to be cheaper for long lead-time magazines while Polestar has long pointed out that the pound/euro exchange rate makes printing on mainland Europe attractive in price terms.

#### In brief

- *Daily Mirror* circulation battle
- TM sees UK ads split
- Roto Smeets wins print deal

## Global Graphics rescales Heights

Global Graphics has completed the sale of its hardware division to its management team, led by former chief operating officer Gary Jones. Global Graphics' debt will be reduced by about €7m, less than the €9m originally planned.

The hardware division, which has been up for sale since February because of a sharp drop in sales, will now revert to the name Heights in the UK, while the flexo business in France will be known as Photomeca.

The Global Graphics name was not part of the deal and will now only refer to the software side of the business, including Harlequin and Jaws PDF and Rip technologies. The decision to sell was made three months ago with sales of processors and other equipment falling fast.

Global Graphics' chairman and chief executive Johan Volckaerts says: "We will be focusing on software solutions to our existing graphic arts customer base whilst meeting the

increasing demand we are experiencing for our technology and expertise in fast growing segments such as the corporate office and print on demand."

Global Graphics took over three UK hardware businesses – Heights, ICG in Cheltenham, and Technograph in Thetford – in the latter 1990s and consolidated all three businesses on the Heights site in Halifax.

"I helped to start Heights back in 1980," says Mr Jones. "The market has changed a lot since then, but I am sure that by looking at production costs we can bring the company back into profit within 12-18 months."

Although Mr Jones says that "order books are quite healthy, and there are no formal plans for any redundancies," he does promise a full review of the business over the next four weeks

#### In brief

- Global Graphics sells off division
- Mbo for hardware unit
- Low sales instigates move

## Trade mags are best

Business-to-business magazines still have the edge over the Internet and other media, research by the Periodical Publishers' Association has shown. The survey found that 64% of business people found trade magazines to be the best source of information, compared to 8% who preferred general business magazines and another 8% who prefer the Internet. Some 79% of those responding said they preferred to read print on paper to a computer screen.

## Yell may float

Yell, the publisher of *Yellow Pages* which was sold off by BT last year, could be looking to float. Its private equity owners have appointed Merrill Lynch, Goldman Sachs and JP Morgan to look at taking it public. The firm is worth about \$4bn.

## Hollow ring

*Metal Bulletin*, the specialist publisher, has issued its first profits warning in ten years, predicting that profits will be 5% down this year. The reasons are poor trading conditions in heavy industry and consolidation and belt tightening by advertisers. *Metal Bulletin* itself, a twice-weekly, is printed by the Magazine Printing Company in Enfield, and other titles are produced at Garnett Dickinson and the Friary Press.

**Global Graphics to supply HP Indigo Page 17**



## Business GROW-HOW



From Paul Holohan & the team at  
Richmond Capital Partners Limited

### ACQUISITION STRATEGY - GETTING IT RIGHT!

Many acquisitions fail to deliver the expected results. Under performance is just as prevalent amongst major corporates as it is among the owner-managed firms of the country.

As many owners of printing businesses consider growth through merger or acquisition, considering the key risk factors can enhance your chances of success and allow you to approach an acquisition, and growth, with confidence.

#### Hard Issues

During the acquisition process much energy and attention is focused on the hard issues. What is the business worth? How much am I paying? How am I funding it? These issues can create 'deal fever' which tends to dominate the proceedings. In these circumstances so-called 'soft issues' take a back seat and this can be dangerous!

#### Soft Issues

Why am I doing it? What are my other options? Am I on a personal 'fix'? Such questions challenge whether your move is in the best interests of the business. Any acquisition should be part of a planned strategy and fit well within it.

What am I buying? Are you sure that you really understand what the acquisition target does? Be clear on the key issues. Customers, relationships, people for example.

#### Culture

If the cultures of the two businesses are not compatible they will struggle to integrate. This can be judged using proven tools. Take professional advice. In our experience far too little emphasis is placed on this issue by financiers and management. Beware!

#### Time

Do you have the time and resource to do the job properly? If you don't, be prepared to have problems. Due diligence for example is a key area often mistakenly seen as just a 'box ticking' exercise. But it is your last opportunity to be confident that the deal will work.

Get good advice early on. Consider all options. Target a number of suitable businesses, never just one which appears from nowhere! Get support for the acquisition process, including due diligence, culture check etc... And ensure that you are clear on post-acquisition actions which should be clearly defined and timetabled. Take advice!

By following these simple rules you should reduce your risks **and** gain all the benefits of a successful acquisition.

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

## Print salaries on the rise

Salaries in the industry grew by 5.27% last year, a BPIF and SPEF study has found, and the gap between smaller and larger companies appears to be widening.

Average basic salaries in the industry rose from £28,141 to £29,684, well above inflation. The average in smaller companies was £26,263, in medium firms

£32,642, and in larger companies £36,515. However, comparison between last year's wage inflation and previous years' is tricky because of changes in the way that the survey was conducted.

The figures only cover salaried employees at a sample of 329 printers in England and Scotland. Results of a separate survey of

manual grades will be out soon. The report, priced £250 for BPIF members and £500 for non-members, can be obtained from the BPIF on 020 7915 8317.

agrant@cmpinformation.com

#### In brief

- Print keeps high pay reputation
- Basic salary up to £29,684
- BPIF/SPEF check on 329 firms

## John Murray relinquishes independence

By Alex Grant

John Murray, the 234-year-old publisher, is finally giving up its independence by agreeing to a takeover by Hodder Headline, part of WH Smith Group.

John Murray currently prints

most of its books in the UK at Butler & Tanner, Alden Press, Athenaeum Press in Gateshead, St Edmundsbury Press, White Quill Press and Selwood Printing.

However, these printers are under review and a Murray spokes-

woman says there was "no firm information at the moment" on future production arrangements.

#### In brief

- Headline news at John Murray
- Joins the WH Smith Group
- Book printers under review

## legal notices

### Compulsory winding up

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

#### ● Ima Publications Ltd

316 Blackpool Road, Fulwood, Preston PR2 3AE on May 23 at 10.30am. Petition by Customs & Excise

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

#### ● Maddox Publishing Ltd

15 Maddox Street, London W15 2QQ on May 29 at 10.30am. Petition by Roger Kaye

The following case is due to be heard at Medway County Court

#### ● SLS Graphic Supplies Ltd

Moore Stephens Corporate Recovery, Victory House, Admiralty Place, Chatham Maritime, Chatham, Kent ME4 4QU on May 28 at 10am. Petition by S Paterson and DR Elliott of Moore Stephens Corporate Recovery

### Appointment of liquidators

● **Mall Printers Ltd** Previous company name: **RPM Offset** Printer. Liquidator: M Freeman, Griffins, Russell Square House,

10-12 Russell Square, London WC1B 5EH

#### ● G-Tek Graphic Systems Ltd

Prepress systems specialist. Liquidator: K Goldfarb, Griffins, Russell Square House, 10-12 Russell Square, London WC1B 5EH

#### ● Perfectmatch Ltd

Reprographic printers. Liquidator: S Saud, Saud & Co, 105-111 Euston Street, London NW1 2EW

#### ● Landgate Finishers Ltd

Decorative print finisher. Liquidator: RH Purnell, St Marks House, 3 Gold Tops, Newport, South Wales NP20 4PG

#### ● Gilsan Ltd

Previous company name: **JSP Design & Print Ltd** Printers. Liquidator: DT Greensil, Mayfields, Church Steps House, Queensway, Halesowen, West Midlands B63 4AB

### Appointment of receivers

#### ● Trade Print & Stationery Co Ltd

Paper, printing and publishing. Receiver: A Fender, Sanderlings, Sanderling House, Springbrook Lane, Earlswood, Solihull B94 5SG

### Meetings of creditors

● **3D 4D Holographics Ltd** at 1-2 Raymond Buildings, Gray's Inn, London WC1R 5NR on May 22 at 11am

● **Chapel Repro Ltd** at The Coniston Hotel, 70 London Road, Sittingbourne, Kent ME10 1NT on May 17

● **Priori Publishing Ltd** at Hacker Young & Partners, St Alphege House, 2 Fore Street, London EC2 5DH on May 16

● **Salezone Publishing Ltd** at Hacker Young & Partners, St Alphege House, 2 Fore Street, London EC2 5DH on May 16

### Notices to creditors

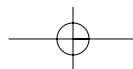
● **Print in Ink Ltd** Creditors to send claims to DT Greensil, Mayfields, Church Steps House, Queensway, Halesowen, West Midlands B63 4AB by May 23

### Final meetings

● **Contralum Print Services Ltd** at Charlotte House, 19B Market Place, Bingham, Nottingham on June 7 at 10am for members and at 10.30am for creditors

● **Books by Post Ltd** at 30 Reading Road South, Fleet, Hampshire GU52 7QL on June 28 at 10am for members and at 10.15am for creditors

● **Perry Print (Envelopes) Ltd** at Baker Tilly, Peel House, Barttelot Road, Horsham, West Sussex RH12 1BW on June 14 at 11.30 for members and at 11.45am for creditors



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