Battling Océ fights on

By Alex Grant

Océ has managed to keep profits at 2002 levels despite a big drop in sales in the third quarter, as high as 25% for the top end printers.

Pretax profits for the three months to August 31 are steady at £96.6m, exactly the same as for the same period last year. However, third-quarter sales have fallen by 6% to £740.1m.

Across all regions, machine sales were down by 17% for the first three quarters of 2002. Software and services sales were up slightly, compensating "largely but not entirely" for the fall in machine sales.

Document Printing Systems' sales were down by 13%, and the higher end Production Printing Systems machine sales were down by 25%. Wide format inkjet sales are up, but only by 2%.

But thanks to cost cutting, which will save a total of €35m in 2002 and will see 596 jobs eliminated and several hundred more go next year, gross margins edged up from 39.5% to 41.5%.

More savings will be achieved by outsourcing Océ's leasing operations, with an agreement in principle reached recently and an announcement due soon. Océ is following the example set by many other manufacturers.

Although UK sales are not separated from other countries, spokeswoman Tessa Singleton says that the UK is "broadly in line" with Holland and Germany and that Océ UK is "still making its contribution".

Océ is also planning to move its headquarters from Loughton, Essex, to a new building in nearby Brentwood in the first quarter of 2003. About 300 to 350 staff will relocate and no redundancies are planned.

Océ had already closed down its manufacturing operation in Brentwood so only office functions are moving.

agrant@cmpinformation.com

In brief

- Océ fights the recession
- Holding the line on profits
- Further savings and cost cutting

Buhrmann warns of bleak future

By Alex Grant

Buhrmann, the Dutch office supplies and paper group that owns Howard Smith and Robert Horne in the UK, has warned it needs to make further restructuring because of a fall in sales.

Following several profit warnings, Buhrmann has abandoned all previous forecasts for the fourth quarter of this year, and announced that in the third quarter sales fell from €113m to €92m.

Shares suddenly fell by 44%, from €5.02 to €2.95 at the news.

Having already cut 5,000 jobs since last year, Buhrmann now says that "additional new restructuring projects will be identified in the coming months."

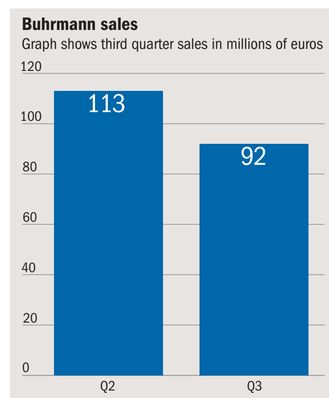
However, Karen Smillie, head of marketing at Howard Smith, says that as an autonomous company Howard Smith will reach its own view and will not have to implement any cuts on orders from Buhrmann's headquarters in The Netherlands.

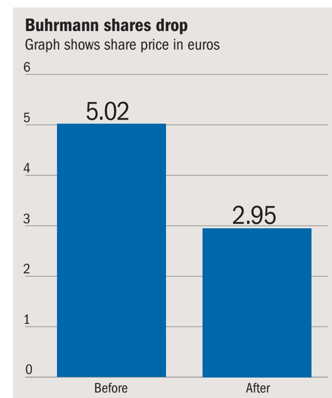
Although Buhrmann's paper merchanting has experienced slightly lower sales in August and September, office products sales have been hit worse than printing papers sales, because of Buhrmann customers' own cutbacks of staffing and reduced discretionary expenditure. The downturn is worst in the US while European margins are steady, Buhrmann adds.

● Bobst, the manufacturer of printing and finishing equipment, has also warned that 2002 profits will be even lower than last year.

Although Bobst's sales were up 0.8% in the first six months of 2002 and profits were up 1.2%, full-year profits are expecting to be below last year because of depreciation and interest charges.

Bobst says that there is no recovery in North America, signs of a further downturn in Europe but that it is enjoying strong sales in China.





agrant@cmpinformation.com

In brief

- More Buhrmann restructuring
- All forecasts abandoned
- US market hits Bobst

Waiting game at JCM Media

By Alex Grant

JCM Media, the Liverpool printer owned by Littlewoods, could face more upheaval now that the mail order department and store chain has been bought by the Barclay brothers for £750m, to be shared out among the founding Moores family.

JCM Media moved to new premises in north Liverpool only three months ago. Although the new 25,000 sq ft premises are much smaller than the 100,000 sq ft building the company previously occupied, new investment has been promised. Mailing has stayed at the old site in Edge Hill. The print operation shed 85 jobs in May and now has just 60 staff.

The Barclay brothers have started a new company for the deal, called LW Investments, which is promising to retain the Littlewoods name on its 120 stores and keep the headquarters in Liverpool after they officially take over next month.

However, the 25-page Final Offer Announcement makes no mention of JCM Media at all, and JCM media director Steven Hearty says he has "no idea" what the new owners' intentions are.

Incongruously, Littlewoods now finds itself in the same ownership as the Ritz Hotel and *The Scotsman* and *Sunday Business*, both of which are published by another of the Barclay brothers' companies. Whether they will want to retain a commercial printer of direct mail and pools coupons remains to be seen.

"It's business as usual," says Littlewoods' spokeswoman Sam Rushton. "The new owners haven't directly spoken about JCM Media at all, so we assume that they have no plans to dispose of it. But it's early days."

Although Littlewoods sold off its football pools arm two years ago, JCM Media has recently renewed its contract to print its pools coupons and direct mail.

Founded in 1923, Littlewoods has 22,000 staff in total, half of them in the north-west of England. It had been rumoured to want to sell off its high street stores separately from its catalogue arm, but the Barclay brothers have bought both.

agrant@cmpinformation.com

In brief

- Barclays buy Littlewoods
- JCM Media part of deal
- 'Business as usual' claim

Market closes

Neuer Markt, the German small-cap market that counts Scitex Vision among its stocks, is to close in the spring of next year. The value of the high-tech listing had fallen by 95% in the last two and a half years.

Print's prospects

The prospects for printed advertising are not as bad as for other formats, new research by Trendwatch Graphic Arts in the US has found. 'Collateral print projects' are still the fastest-selling advertising medium according to 61% of agencies. Meanwhile WPP, the troubled advertising group that has had to lay off 5,000 workers in the last two years, has been lent a lifeline by a new $600m contract with Gillette, the US consumer products firm.

Paper into extra time

The Sunday paper about minor football teams, *The Non-League Paper*, is being bought by Chris Ingram, founder of advertising group Tempus, who has set up a new venture capital company called Genesis Investments. Printed at West Ferry, Staverton near Gloucester and the *Hull Daily Mail, The Non-League Paper* has a run of about 80,000 and had been in administration since June, when £272,000 was found to be missing from its accounts. Production editor John Cleall says that print runs should now increase and more regional editions be introduced.

Mirror group 'should split'

By Alex Grant

Trinity Mirror should demerge and separate its national and regional newspapers, a major shareholder has argued.

Tweedy Browne, a company which owns 5.6% of the the newspaper publisher, has called for Trinity Mirror's national papers, which are still less profitable than the former Trinity International group's local newspapers, to be sold off.

The poor performance of the *Daily Mirror*, despite its recent relaunch as a more serious title and selective price-cutting, is said to be a factor behind the sudden announcement that chief executive Philip Graf is to retire.

The *Daily Mirror* saw sales in August fall by 4% year-on-year and venture capital firms are said to hoping to acquire the national titles at a bargain price.

And in a high profile personnel move, Trinity Mirror recently fired its finance director, Ric Piper, before he had even arrived at his desk.

Mr Piper's job offer was withdrawn following a profits warning from his previous employer, WS Atkins, which fears that earnings may only reach £15m rather than an anticipated £40m.

TM chairman Victor Blank promptly decided that Mr Piper's appointment might damage the company's reputation and was too great a risk to take.

Neither Trinity Mirror nor Tweedy Browne managing director Tom Shrager would comment.

agrant@cmpinformation.com

In brief

- *Daily Mirror* sell-off call
- Shareholder wants action
- Finance directorship debacle

legal notices

Compulsory winding up

The following case is due to be heard at The Court House, 1 Oxford Row, Leeds LS1 3BG

● **Regency Media Services Ltd** 97 Church Street, Brighton, East Sussex BN1 1UJ on November 19 at 10.30am. Petition by Lex Vehicle Partners Ltd

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

● **Metro Paper (UK) Ltd** Metro House, 9 Edison Road, Watermill Business Centre, Enfield, Middlesex EN3 7XF on October 16 at 10.30am. Petition by Canon (UK) Ltd

Appointment of liquidators

● **DDP Imaging Ltd** Previous company name: **Speed 8389 Ltd** Printer. Liquidator: N Koumettou, Alexander Lawson & Co, 641 Green Lanes, London N8 0RE

● **Parprint Ltd** Printer. Liquidator: JS French, Redhead French, 43-45 Butts Green Road, Hornchurch, Essex RM11 2JX

● **Graphix International Ltd** Graphics design company. Liquidators: JJ Windatt and GS Pettit, BRI Business Recovery & Insolvency, 102-104 St James Road, Northampton NN5 5LF

● **The Riverhead Group Ltd** Trading names: **Amega Graphics**, **Horley Press**, **Riverhead Press** and **Finmere Press** Printing. Liquidators: GL Carton-Kelly and LM Brittain, Baker Tilly, The Clock House, 140 London Road, Guildford, Surrey GU1 1UW

● **Lexicon Editorial Services Ltd** Publisher. Liquidator: SK Singla, Singla & Co, 227-228 Strand, London WC2R 1BE

● **The Wickford Press Ltd** Printing. Liquidator: DP Hudson, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG

● **City & Financial Printing Services Ltd** Trading name: **Abbey Print & Mail** Printers. Liquidator: RA Segal, A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, Chingford, London E4 8LP

● **DGW Print Services Ltd** Print finishers. Liquidator: DL Platt, Sorskys, Gable House, 239 Regents Park Road, London N3 3LF

Meetings of creditors

● **Angel Crystal Publishing Ltd** at Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS on October 10

● **Print & Design Ltd** at Baker Tilly, Carlton House, Grammar School Street, Bradford BD1 4NS on October 16 at 10.15am

● **Datchet Press & Publishing Ltd** at Warlies Park House, Horseshoe Hill, Upshire, Essex EN9 3SL on October 11

● **Multiplex Techniques (UK) Ltd** at Radisson Edwardian Kenilworth Hotel, 97 Great Russell Street, London WC1B 3LB on October 11

● **Holloway Design & Print Ltd** at KJ Watkin & Co, Emerald House, 20-22 Anchor Road, Aldridge, Walsall, West Midlands WS9 8PH on October 9

Notices to creditors

● **Keldia Printing Co Ltd** Creditors to send claims to A Andronikou, Hacker Young & Partners, St Alphage House, 2 Fore Street, London EC2Y 5DH by November 26

Final meetings

● **Take Three Printers Ltd** at Sorskys, Gable House, 239 Regents Park Road, London N3 3LF on October 31 at 10am for members and at 10.30am for creditors

● **Melford Graphics Ltd** at Redman Nichols, Maclaren House, Skerne Road, Driffield, East Yorkshire YO25 6PN on November 6 at 11.20am for members and at 11.25am for creditors

● **Chameleon Print & Design Ltd** at 15A Hallgate, Doncaster, South Yorkshire DN1 3NA on November 15 at 10am

● **Grangeco 1 Ltd** (formerly **DW Staplers Ltd**) at CLB, 14 Wood Street, Bolton BL1 1DZ on October 31 at 10am

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

MAKING AN EXIT

Most shareholders have but few opportunities to achieve a successful sale of their business.

Planning ahead is vital to achieve the best possible deal.

'Grooming' the business for your eventual exit is a key element of this planning process.

A well structured grooming process featuring shareholders, management and advisors is the best option and really does add value.

Step 1: Shareholder Vision

The shareholders firstly agree to a long term (2/3 years) plan designed to:-

- Define the business and its future prospects
- Identify priorities, goals and timescales of the shareholders
- Impartially evaluate the potential exit routes and tax implications
- Select exit route and timing
- Agree optimum results possible for the business in the timescale available
- Identify any obstacles which could frustrate the exit

Step 2: Action Plan

A detailed action plan based on achievable results should be created.

Business changes and improvements should be based on 'shareholder value' and the timescale already defined.

Investment must be carefully considered and evaluated. Decisions should reflect the direction agreed and major items should be discussed with your advisor.

By prioritising realistic actions the shareholder can ensure that focus is placed where rewards are greatest.

Using an advisor with industry experience can galvanise these efforts and keep the focus.

Next week we will consider the next steps to "Making an Exit".