

When a newspaper web press has an “exotic” format

AN EXPERT REPORTS FROM THE COAL FACE. In part 5 of our series on the work of an expert, we look at the valuation of a newspaper press and its associated mailroom system. Since the report was drawn up with a view to sale, it covers the technical condition of the press, its anticipated residual lifespan and a realistic market price.

The Wifag OF7 press was commissioned in 1993 and until a few months ago was producing up to 400,000 newspapers per day, six days a week, with varying amounts of colour. The press has now been replaced by a new one from the same manufacturer.

The aim of the report is provide potential buyers with details of the technical condition of the press, the anticipated residual lifespan and a realistic market price. In the case of buyers from the economically weak countries of Central and South America, a detailed valuation report is required in order to obtain a “Hermes Guarantee” for export.

THE VALUATION REPORT. Unlike the ty-

latter has been appointed by the Federal Government to oversee the issue of “Hermes Guarantees” and, since Central and South American countries are amongst the potential markets for this press, a “Hermes Guarantee” makes sense to the vendor.

“**HERMES GUARANTEES**” are German government export credit guarantees and they play an important role in Germany’s export promotion policy, protecting German companies from losses in the event of their foreign business partners failing to pay. If the foreign partner does not pay, the German state steps in.



Wifag OF7 newspaper web offset press

pes of report previously covered in this series:

- Arbitration report (Part 1, DD4)
- Private report (Part 2, DD6)
- Insurance report (Part 3, DD8)
- Court Report (Part 4, DD10)

this article deals with a valuation report jointly commissioned by the vendor and the Euler Hermes Kreditversicherungs AG. The

INSPECTION. As with other kinds of report, an on site inspection of the press and mailroom system is essential and legislation also requires this, provided that it is possible, economically sensible and reasonable.

The report described in part 4 of this series (DD10) on a digital press that had already been sold and shipped to Africa is an example of when such an inspection is not economically sensible or reasonable. In the case of

that report, the expenses and fees for the expert (travel, expenses, time) and the parties involved were out of all proportion to the expected economic result of the report.

In the present instance, the expert and the customers (vendor and Hermes representative) carried out an extensive investigation of the newspaper press and the Müller Martini mailroom system.

The first step on site was to check that the components of the press matched the written specifications. The press comprises:

- 4 printing units
- 16 blanket wash-up systems
- 16 damping units
- 1 folder
- 2 reel changers
- 2 turner bar structures
- 4 main motors
- 1 electrical system
- Various control cabinets
- 4 colour matching desks
- 1 damping solution preparation system
- 1 dust removal unit
- 1 blower for compressed air
- 1 plate punch
- 1 plate bender

The technical data for the press were also confirmed by the expert from the specification plates, press records and on site measurements.

Up to the date of the inspection, the operating hours were as follows:

- Printing unit 1: 37,939 hours
- Printing unit 2: 16,226 hours
- Printing unit 3: 12,123 hours
- Printing unit 4: 8,581 hours

TECHNICAL CONDITION OF THE PRESS.

The key components of the press such as the cylinders, bearer rings and cylinder coatings show no sign of corrosion.

The components of the folder, the formers and the former noses display a normal amount of wear for the age of the press and the number of operating hours, and this wear lies within the allowable range of tolerance. All the cylinder bearings are very well cared for and no play can be detected. The continuous-flow oil lubrication is in very good condition.

In the light of the current age of the press (13 years) and assuming future production of around 1,000,000 copies per week, it could continue to offer trouble-free operation for around a further twelve years before the first large scale overhaul and change of bearings.

The role of the expert in the industry

DD series ■ Dr Colin Sailer, a publicly appointed sworn expert for presses, offset and gravure, reports from real life, having opened his engineering and expert investigation practice in Munich in 2005 (Tel. +49 (0)89/69 38 85 94).



Dr. Colin Sailer

- Part 4 ▶ Leasing agreement-dispute over digital press DD 10
 Part 5 ▶ Filtration cannot prevent algal build-up on web press DD 12
 Folge 6 ▶ Hermes cover for a newspaper press DD 14

This time frame could of course be extended through regular maintenance and it is therefore quite possible that it could operate for a further 15 to 20 years before major changes of bearings became necessary.

CURRENT VALUE OF THE PRESS. Given all the existing parameters and the “very good” technical condition of the press the expert values it at Euro 871,000 for the report, not including dismantling, removal, delivery, installation and commissioning. To a large extent, the latter costs depend upon where the buyer is located and did not form part of the remit.

CONDITION OF THE MAILROOM SYSTEM. The Müller Martini mailroom system consists of the following main components:

- 1 shingle stream system from the folder
- 2 Biliner 308s, each with six inserting stations
- 2 CS20 compensating stackers
- 2 bottom sheet feeds
- 2 cross-strapping systems
- 1 conveyor system
- 1 packaging line with film wrapping and packing

The operating hours are as follows:

- Biliner 1: 42,188 hours
- Biliner 2: 46,892 hours

The technical condition of the entire mailroom system is “outstanding”.

The residual life of the 13-year old mailroom system is in the region of 15 years provided that regular servicing and maintenance continues to be carried out.

VALUE OF THE MAILROOM SYSTEM. Given all the existing parameters of the mail-

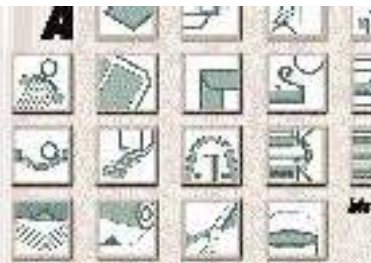
room system and its “outstanding” technical condition the expert values it at Euro 273,600 for the report.

Here too, dismantling, removal, delivery, installation and commissioning are not included since, as with the press, these costs are largely dependent on where the buyer is located and were not a part of the remit.

JOINT SALE. The 340 x 480 mm format of the Wifag OF 7 press is configured for the European newspaper market and, globally, there is a relatively small pool of potential buyers.

The valuations given in the report for the press and mailroom system are based on the assumption that the two systems can be sold together.

Due to the “exotic” newspaper format of the press it could only be sold on its own at a heavily discounted price. In such a situation the price for the press on its own would be well below 50% of the current value given in the report.



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