

3 EMAP PLC

Summary 3.1. EMAP PLC is a holding company for trading subsidiaries operating in four main areas. These are consumer magazines, business magazines, newspaper publishing and printing, and exhibitions. A complete list of titles and exhibitions is at Appendix 3. In the year to 5 April 1986 EMAP made a profit before tax on ordinary activities of £10.2 million on a turnover of £101.4 million.

History 3.2. In 1947 four companies publishing newspapers in Peterborough, Kettering, King's Lynn, Bury St Edmunds and Market Harborough merged to form East Midland Allied Press Ltd, the precursor of EMAP. By 1950 control of two independent publishers, in Wisbech and Spalding, had been acquired on the retirement of their proprietors. In 1951 the Stamford Mercury was purchased from the Westminster Group and in 1955 the Newmarket Journal was acquired. In the late 1950s the group entered the magazine market by launching Angling Times, Trout and Salmon and Gardening News, and by acquiring Motorcycle News.

3.3. During the 1960s and early 1970s the group invested in a new generation of newspaper and magazine offset printing presses. Other developments in this period included the launch of the Peterborough Evening Telegraph, the diversification into travel agency and newsagent businesses in the East Midlands, and the establishment of a contract newspaper and magazine printing company.

3.4. Between 1974 and 1983 the group grew significantly, largely due to the expansion of its magazine divisions. In particular EMAP entered the youth magazine market, and established new magazine divisions through the launch or acquisition of magazines dealing with micro-computers and transport management. In this period the group also acquired newspapers circulating in Haverhill, Grantham and Melton Mowbray.

Strategy and recent developments 3.5. The strategy of the directors is to develop or acquire positions in publishing markets where the group can profitably supply information to particular interest groups. The method of publishing depends upon what is suitable for a given market. At present it takes the form of newspapers, magazines, exhibitions and electronic publishing.

3.6. EMAP has sought to pursue this strategy by the launch of new titles as well as by both acquisition and divestment. Since October 1984 it has acquired the magazine publisher MacLarens; Scarborough and District Newspapers Ltd; and Bedford County Press. Recent launches include 'Just Seventeen' and 'Looks'. Divestments include, in September 1985, the sale of Readwell, a chain of confectionery, tobacconist and newsagent shops, and the sale in January 1986 of its holding of shares in Reuters. In March 1986 EMAP withdrew from magazine printing. Its own magazines are now printed under contract.

Management policy 3.7. Under its Chairman, a former Managing Director of the Daily Mirror and International Publishing Corporation (IPC), EMAP promotes a management policy of operating through numerous small units, each with its own Board of directors responsible for strategy and budget. EMAP has told us that it believes in delegating responsibility to the lowest management levels possible so as to ensure the best development and performance of staff.

- Principal activities** 3.8. The group's activities are organised in four main areas. These are consumer magazines, business magazines, newspaper publishing and printing, and exhibitions. A breakdown of turnover and trading profits is included at Appendix 4.
- Consumer magazines** 3.9. EMAP publishes five weekly, two fortnightly and 31 monthly or other magazines which are addressed to three main markets. These are the youth market, enthusiasts for certain specific hobbies, primarily motorcycling, gardening and photography, and followers of traditional outdoor pursuits such as riding, shooting, fishing and ornithology.
- Business magazines** 3.10. Six weekly and 47 monthly business magazines are published. These cater for specialist sectors of general business markets such as vehicle and plant management, baking and the computer market.
- Newspaper publishing and printing** 3.11. EMAP publishes three evening, one twice-weekly and 31 weekly newspapers, of which 17 are paid-for and 14 are free. Geographically these are circulated in the East Midlands, East Anglia and East Yorkshire. The EMAP subsidiaries involved are based in Peterborough, Bedford, Diss, Grantham, St Neots, Kettering, Scarborough, Stamford, King's Lynn and Bury St Edmunds.
- 3.12. Total average circulation of EMAP's newspapers in December 1986 was some 1,045,000 (up from 524,000 in December 1984). Of these totals, circulation of the traditional base of paid-for newspapers had increased from 274,000 to 404,000. (See Chapter 2 for a summary of the market and concentration in the market.)
- 3.13. EMAP has told us that it is the group's policy to give editors a free hand in their respective areas. The only common policies are the avoidance of the obscene and vulgar, and that there should be religious and political balance. EMAP says that its editors are given the authority and responsibility for newspaper editorial without interference from the company or its senior management. The group's view is that it is most important for its newspapers to stay in tune with readers' needs, in order to maintain circulation; editors are best placed to ensure this happens.
- 3.14. EMAP prints most of its own newspaper titles and sells spare print capacity to other publishers. It has been most successful in this at Peterborough where titles printed include The Independent and New Musical Express.
- Exhibitions** 3.15. The group currently organises 21 exhibitions and conferences. These are in general all related to magazines that EMAP publishes: it is this link which has led to the development of the business.
- Other activities** 3.16. EMAP has a 40 per cent interest in Telemap, the Micronet 800 system which enables users of home computers to access a central database via Prestel.
- Other interests** 3.17. EMAP owns about 2.66 per cent of Lincolnshire Standard Group PLC which publishes newspapers in Lincolnshire (Courier owns a further 9.62 per cent). The group also owns 20.8 per cent of Home Counties Newspapers PLC, a publisher of newspapers in North and East London and the Home Counties. It also owns 7.3 per cent and 10 per cent respectively of Hereward Radio preference and ordinary shares; Courier owns a further 4 per cent of Hereward Radio ordinary shares.
- Financial results** 3.18. EMAP's turnover has risen from £55.7 million in the year to 3 April 1982 to £101.4 million in the year to 5 April 1986. Profit before tax rose over the same period from £4.0 million to £10.2 million. Summarised profit and loss accounts for

those years are at Appendix 4. The development of the group is also reflected in the consolidated balance sheet which is shown in Table 3.1. In the four years to 5 April 1986 shareholders' funds grew by 68.1 per cent from £18.5 million to £31.1 million. EMAP has told us that if Courier's shareholders chose to take EMAP's cash offer it would be financed by cash and existing borrowing facilities.

TABLE 3.1 EMAP's consolidated balance sheet over the last five years

	£'000				
	<i>Year ending</i>				
	3.4.82	2.4.83	31.3.84	30.3.85	5.4.86
Publishing rights and titles*	875	932	2,092	2,697	5,473
Fixed assets	15,244	18,200	18,920	20,538	15,509
Investments	315	248	326	6,383	214
Liabilities less stocks and debtors	(552)	(1)	(821)	(371)	(1,789)
Capital employed	15,882	19,379	20,517	29,247	19,407
Cash less borrowings	2,933	1,806	2,715	1,854	13,642
Net assets	18,815	21,185	23,232	31,101	33,049
Share capital and reserves	18,550	20,969	22,337	26,051	31,081
Minority interest	1	(30)	1	—	208
Deferred tax liability	264	246	894	5,050	1,760
	18,815	21,185	23,232	31,101	33,049

Source: MMC from EMAP data.

* These are acquired publishing rights and titles.

Employment

3.19. Between 1981 and 1985 employment in the group increased from 2,015 to 2,672. Of those now employed more than 1,600 have become shareholders in the company through a number of company schemes. This represents 80 per cent of staff who are eligible. EMAP told us that all its production centres were effectively 'closed shops' with 100 per cent union membership and that a high proportion of its journalists were union members.