SIEGWERK

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Resins, pigments, additives and solvents – the costs of some raw materials and components used for the printing ink industry have started to rise

For the print media business, prices for gum rosin and derivatives have gone up dramatically in the past weeks and continue to rise steeply. Price levels of over 2,500 USD/t for gum rosin have been achieved and most market partners expect continuous increases. So far, this represents a rise of more than 40 percent in the past weeks. While this trend is driven by Chinese producers, it has been mirrored in the other major supply markets Brazil and Indonesia, significantly increasing the cost in Siegwerk's portfolio of publication gravure, heatset and coldset inks.



Higher environmental standards and regulation of supplier operations in developing AND developed countries have also led to higher operating and purchasing costs, which the industry downstream has been forced to absorb. In particular, prices for key intermediates for the pigment industry, of which many are produced in China and India, rose significantly in cost due to the above reasons. Finally, several supplier-related shortages ("force majeure") during the course of the year have exerted additional upwards pressure on cost. These are

just two of many developments pointing to raw material cost pressure in Q4 of 2013 and the beginning of 2014 for Siegwerk’s print media division.

Siegwerk continues to counter cost increases with several internal measures while working on joint product optimization and performance improvement projects with its customers and suppliers to keep cost in check. However, these efficiency improvements have only partially closed the gaps which had opened over the last years. Also, implemented price increases at our customers only partially managed to offset these cost increases.

For the packaging business the expectations for the same time frame remain rather mixed, from stable prices to upward cost pressure for defined raw materials. Overall, material prices remain stubbornly over 2010 levels, therefore Siegwerk's Packaging division continues to work on mitigation of these cost developments.

Regardless of the further cost development, product performance, consistent quality, product safety, technical guidance and support will continue to be guaranteed and remain focus points of Siegwerk’s value strategy towards its customers.

Siegwerk will continue to keep its customers informed about all further raw material cost developments.

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