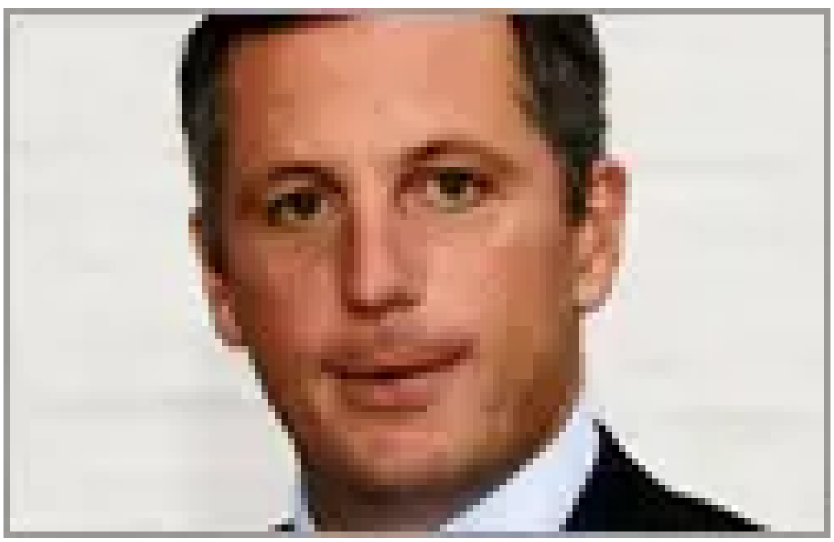
06/30/2010 Press release Pressemitteilungen Company

Siegwerk announces price increase for packaging inks

Siegwerk needs to respond in Europe to the rapidly increasing costs of raw materials, energy and transportation. After having communicated at the beginning of June about the critical supply situation and increased prices of raw materials for publication inks, the company is faced with a similar and aggravating situation for raw materials used for packaging inks.



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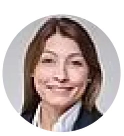
"Due to the speed and impact of the current changes on the supply side and our expectations for the future we see no other possibility than to review the prevailing market situation together with our customers in all packaging markets," says Hugo Noordhoek Hegt, President Packaging EMEA and member of the Board. "Our commercial teams will start approaching our customers with immediate effect in order to explain the need for an average price increase of 7 percent effective 1st August 2010."

The costs of basic raw materials used in the production of inks and varnishes have risen by more than 30 percent worldwide since early 2010. The slow demand in world markets in the second half of 2008 and 2009 has led to capacity reductions and shut downs for many feed stock producers. However, the surprisingly quick recovery of the economies especially in emerging markets since early this year has turned into severe shortages. In most cases the increased demand is driven by related industries other than the printing inks, but the supply shortages are equally impacting our business. "We have mobilized our technology and sourcing teams to improve recipes and to increase efficiencies," continues Noordhoek Hegt. "Productivity measures to offset increasing costs are under consideration as well."

Major worldwide chemical corporations and producers of pigments, intermediates, varnishes and solvents have repeatedly increased prices for their products with immediate effect and very little or no room for negotiation. Last but not least, the Euro has weakened, energy and transportation costs are on the rise, factors which are also contributing to an inflationary environment. "We decided to wait for some time to evaluate the situation, implement further cost reduction programs to mitigate the cost increase and to take measures to safeguard supply," explains Noordhoek Hegt. "The situation, however, has worsened rapidly and there are no signs at all of a softening market."

Media contact



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