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Xerium will cut 230 jobs

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Xerium Technologies, a manufacturer of equipment used in paper production, said today it plans to cut 230 jobs company-wide by the end of March.

The layoffs announced by the Youngsville company, which come on top of the elimination of nearly 100 jobs last year, are part of a cost-cutting effort designed to boost cash flow and reduce debt despite the recession. Xerium employs about 3,700 people worldwide, including about 60 in Youngsville.

"During 2009 we have implemented or announced the implementation of frozen wages, frozen U.S. pensions, eliminated the company's 401K matching program, eliminated retiree medical programs, curtailed spending, closed plants ... and changed many of our historical suppliers to more competitive ones," CEO Stephen R. Light said in a letter to shareholders that was released today. "Clearly we do not shy away from making tough decisions."

Light noted that the paper industry is facing "unprecedented economic times" which is depressing demand for the company's products. Consequently, he expects the company will generate less revenue this year than in 2008 but didn't provide a figure.

Xerium won't release its year-end results until mid-March, but Light reported that the company should report revenue of between \$620 million and \$640 million for all of 2008. That would fall short of analysts' estimates of \$653 million, according to Thomson Reuters.

Meanwhile, one way of measuring the company's EBITDA -- or earnings before interest, taxes, depreciation and amortization -- will be up more than 12 percent in 2008, Light wrote.

Still, Light said the company expects to be in compliance with all its loans throughout the year. Last summer, Xerium skirted bankruptcy by restructuring \$660 million in debt.

"If our 2008 performance is indicative of our ability to conquer challenges, 2009 will be difficult, but we will finish the year in better shape than we entered," Light said.

Investors apparently were encouraged by the company's announcements. Xerium shares, which closed at 50 cents on Monday, were trading this morning at 64 cents. Shares fetched more than \$5 a year ago.

The company previously announced that its shares face delisting by the New York Stock Exchange because its average share price was less than \$1 for 30 consecutive trading days and because its market capitalization, or total value of its outstanding stock, is less than \$75 million.

Light said in his letter that a significant factor in the decline of the company's share price was his focus, after he joined the company 12 months ago, of improving business operations rather than communicating with Wall Street.

"Now that we have solid evidence of improvement, and as an element of our plan to regain NYSE listing standard compliance, we will actively engage the investment community and share with them the results of our first turnaround year," he wrote.

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