

Akzo Nobel to rationalize and improve packaged salt business

Amersfoort, the Netherlands, July 10 2001 – Akzo Nobel's business unit Salt intends to replace part of the production of packaged salt in the Netherlands with bulk salt for the chemical industry. This is dictated by a combination of overcapacity and weak prices for packaged salt. Production in this segment will be concentrated on existing production and packaging locations in Germany, Denmark and the Netherlands (Kloek Salt, Dordrecht), while in Hengelo (Overijssel, the Netherlands) 200 jobs will be affected. Proposals have been presented to the Akzo Nobel's Chemicals Group Works Council.

In the coming years, the bulk salt market is expected to grow modestly. According to Floris A. Bierman business unit manager Salt, Akzo Nobel has a solid position in this segment. However, there is significant overcapacity in the packaged salt segment pushing prices down to unsustainable levels. In addition, rock and solar salt have entered the Northwest European Market. In some specific segments, the application of vacuum evaporated salt has suffered considerably.

In recent years, investments in modern packaging equipment and several reorganizations in order to reduce cost, were not enough to see the specialty business through into a secure future given the developments in the market. These factors have led Akzo Nobel Salt to the conclusion that a gradual close down of packaging lines in Hengelo is necessary and that some 200 jobs will become redundant. According to the proposed plan, the packaging department will be fully closed end 2002. How to best handle the consequences for the employees concerned will be discussed with the Unions. The free salt production capacity will be used to produce bulk salt for the chemical industry. The Hengelo location excels in the production of bulk salt.

By concentrating packaging activities in the existing production locations in Germany, Denmark and the Netherlands, Akzo Nobel Salt will increase its competitive strength in this segment as well.

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Note for the editor:

Akzo Nobel Salt bv, an Akzo Nobel business unit, is a market leader in the Netherlands and Germany, producing five million tons of top quality vacuum evaporated salt. This is used in bulk, mainly by the chemical industry, and for de-icing of roads. Some one million tons of salt, both bulk and packaged is produced for use by consumers, food processing, retail, agriculture, water softening, pharmaceuticals and other industrial markets.

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Akzo Nobel Salt employs 860 people and realized net sales of EUR 235 mln in the year 2000. The company is headquartered in Amersfoort, the Netherlands. Production sites for vacuum evaporated salt are located in Delfzijl (bulk), Hengelo (bulk and packed products) and Dordrecht (packed products only) in the Netherlands, Stade, Germany (packed products only) and Mariager, Denmark (bulk and packed products) and for solar salt in Onslow, Australia (bulk). Total annual production capacity is 7,5 mln tons.

Akzo Nobel Salt has dedicated sales offices in Amersfoort (the Netherlands), Stade (Germany) Brussels (Belgium), Gothenburg (Sweden), Mariager (Denmark) and Perth, (Western Australia) and carries out world wide sales via Akzo Nobel sales offices.

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings and chemicals. Consolidated sales for 2000 totaled EUR 14 billion (USD 13 billion, GBP 8.5 billion). The Company currently employs 68,800 people in more than 75 countries. Financial results for the second quarter of 2001 will be published on July 25, 2001.

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