

PRESS RELEASE

CORPORATE PRESS RELATIONS

Direct line
+31 26 366 43 43

Akzo Nobel – 1999: Consolidation for the New Century

Arnhem, the Netherlands, January 7, 1999. - Following a year of large-scale planned strategic acquisitions Akzo Nobel will, in 1999, consolidate the major changes which transpired in 1998 and demerge its Fiber operations.

“ We had a year of unusual change where we targeted dynamic growth as the watchwords for 1998. Grown we have and dynamic it was,” said Cees J.A. van Lede, Chairman of the Board of Management, at the Akzo Nobel internal New Year’s Conference for senior management.

“ While final audited figures are not available, we can state that sales of the company grew by approximately fifteen percent, mostly through acquisitions, but this was not to the exclusion of organic growth. Pharma sales, where acquisition activity was low, grew in excess of ten percent, well ahead of the industry average,” he said.

“Undoubtedly, the most significant event in 1998 was the acquisition of Courtaulds. This served a dual purpose, it propelled us into a real leadership position in Coatings and the combined Fibers operations form a solid basis for an independent Fibers company. As a result, in the course of 1999, we have to complete the integration of our Coatings businesses, and at the same time create a sound, stand alone fibers company – Acordis – ready for demerger,” he stated.

“Looking ahead, almost on the threshold of the next century, the message for 1999 is crystal clear: we must absorb all these changes and make sure they are properly implemented. It is only natural in the life of an organization as much as in the life of a human being, that one must pause, rest and strengthen after such an extraordinary spurt of growth before making another jump,” he said.

Mr. Van Lede reminded the audience that “we should not forget how successful we were in 1995/1996 as a result of concentrating on internal growth immediately following the Nobel merger. We strengthened our organization substantially and increased our equity. This allowed Akzo Nobel, in the ensuing years, to become active on the acquisition front.”

Mr. Van Lede stated that, following the dynamic growth of 1998 and the inevitable turbulence it entails, coupled with a global economic outlook that he described as “uncertain at best” the watchword at Akzo Nobel for 1999 would be consolidation.

Akzo Nobel nv
Velperweg 76
P.O. Box 9300
6800 SB Arnhem
The Netherlands
Fax +31 26 366 49 40

This would involve streamlining the organization in preparation for the next century and focus on strengthening the balance sheet.

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings, chemicals and fibers. The Fibers businesses, now known as Acordis, will be demerged in the course of the second half of 1999. The company currently employs some 87,500 people in more than 60 countries. Consolidated sales for 1997 totaled NLG 24.1 billion (USD 12 billion / GBP 7.5 billion / EUR 10.8 billion). Financial results for 1998 will be announced February 22, 1999.

- - -

Internet: <http://www.akzonobel.com>

Note for the editor / not for publication

For more information please contact:

Akzo Nobel N.V.

John C.S. Jennings, tel. +31 26 366 4343