

Akzo Nobel to close Salt plant in Stade, Germany

Decisive step towards healthy future for salt business unit

Arnhem, the Netherlands, July 5, 2002 – Akzo Nobel's Salt business unit intends to close its Stade, Germany, salt plant in July 2003. Closure of the plant is a necessary further measure in improving the profitability of the packaged salt (Specialties) segment, which started with efficiency improvements in Hengelo, the Netherlands, earlier this year. Negotiations with employees in Stade will start today, with the priority on assisting some 175 employees, via a social plan, in finding new jobs.

"In recent years the north-west European market for packaged salt (Specialties) has seen increasing competition, overcapacity and, as a result, structurally low prices. Akzo Nobel does not expect this situation to change in the near future," said Floris Bierman, General Manager of the business unit Salt. "In order to maintain the necessary structural profitability, the Specialties segment needs to be further restructured with a focus on high quality salt markets, and a reduction from three to two production locations."

In terms of the market for bulk salt, Akzo Nobel foresees modest growth and plans to carry out capacity de-bottlenecking of this segment in the near future.

Akzo Nobel Salt currently produces Specialties in three locations: Hengelo (the Netherlands), Mariager (Denmark) and Stade (Germany). Considerations for the Stade closure included the energy situation in place – energy is a key raw material in Akzo Nobel's salt production – and the fact that most savings can be achieved by closing this site.

The closure of the plant affects approximately 175 employees. Today, Akzo Nobel Salt will start negotiations with the intention of agreeing a social plan. This entails facilitation from job to job and, where necessary, the creation of individual solutions.

In Mid-2003 salt packaging in Stade will stop. The Akzo Nobel German sales office for Salt will continue to serve customers. In the coming year, parts of the production will be relocated to the Dutch and Danish plants.

"The continuity of supply to Akzo Nobel customers and the quality of our products will be unaffected," added Bierman. "This is a logical next step in the restructuring of the Specialties segment, which started with an efficiency operation in Hengelo this year. Coupled with the plans for Stade announced today, this is a significant move towards securing a healthy future for the entire Akzo Nobel Salt business."

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Note for the editor

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings and chemicals. Consolidated sales for 2001 totaled EUR 14 billion. The Company currently employs over 66,000 people in 80 countries. Financial results for the second quarter will be published on July 24, 2002.

Akzo Nobel Salt is one of the world's leading salt specialists, supplying high-quality products for all markets and applications. You will find our salt used in food processing, retail, agriculture, water softening, pharmaceuticals, electrolysis, de-icing and other industries. As a business unit of Akzo Nobel, Akzo Nobel Salt, with more than a century of experience in the salt business, is headquartered in Amersfoort, the Netherlands.

Our worldwide distribution network and 'just-in-time' logistics, made possible by widespread production sites, ensures all our customers of a steady and dependable supply on which they can build their business.

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