



News release

AkzoNobel
Tomorrow's Answers Today

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AkzoNobel realigns MCA supply chain

In order to meet the current market expectations for monochloroacetic acid (MCA) world wide, AkzoNobel has taken the decision to realign its MCA supply chain. In the second quarter of 2010, AkzoNobel will consolidate European production of MCA at its Delfzijl facility in the Netherlands and cease operations at its facility in Skoghall, Sweden. Simultaneously, it will accelerate the expansion of the Taixing plant in the People's Republic of China.

"Recent economic developments have accelerated our decision to further improve our global production footprint", says Lars Andersson, General Manager of AkzoNobel's MCA business. He added: "In order to best serve our customers it is essential for AkzoNobel to maintain an efficient global supply network and best in class cost positions. The consolidation of our European production base into a single world scale entity in Delfzijl is consistent with this strategy." With the cessation of Swedish MCA production, local chlor-alkali production, as well as that of downstream ferric chloride, will no longer be viable and will also be discontinued. As a consequence the complete Skoghall site will be closed. Says Andersson: "Closing the Swedish Skoghall operations is of course painful, but necessary. Regrettably, we will lose 153 colleagues who have performed very well."

Knut Schwalenberg, General Manager of AkzoNobel's Chlor-Alkali business, commented: "The chlorine production in Skoghall is dedicated to the MCA production, consequently, the chlor-alkali plant has to be closed in parallel. As a major European caustic supplier we will however continue to supply the Nordic countries with caustic from the other six AkzoNobel chlor-alkali sites."

AkzoNobel continues to develop its position as the global leader in MCA with interregional supply capabilities. The state-of-the-art world scale plant in Delfzijl, the Netherlands was commissioned in 2006 and forms the backbone for its European supply. The plant began with a capacity of 70,000 Mt/year and is continuously being expanded in order to meet customer demand. The design allows for cost effective expansion to a level beyond 100,000 Mt/year and additional investments are being made to ensure the continuation of high supply reliability.

In 2008, AkzoNobel announced that it would increase its Chinese production facility to 60,000 Mt/year, the largest plant of its kind within the People's Republic of China. This additional capacity comes on stream in October this year and will be used to serve the rapid growth of its customer base in China and beyond. The Lemoyne plant (USA) will continue to serve customers in the Americas and AkzoNobel's global MCA network is completed by Denak, a 50/50 joint venture between AkzoNobel and Denki Kagaku Kogyo K.K., with a plant in Ohmi (Japan).

Employee unions have been informed about the decision. Negotiations regarding the social plan for the employees will be started as soon as possible.
