

Bayer subsidiary to expand operations

H.C. Starck acquires U.S. group CSM

Forward integration boosts market prospects

Indispensable products for the booming microelectronics and telecommunications markets

Goslar/Leverkusen – Bayer subsidiary H.C. Starck GmbH & Co. KG of Goslar, Germany, has signed an agreement to acquire the U.S.-based CSM group, headquartered in Cleveland, Ohio. CSM is a manufacturer of molybdenum and tungsten mill products as well as machined components and fabrications made from alloys of other refractory metals. “In light of the continuing good prospects for further growth, we have decided to expand H.C. Starck, an important business of the Bayer Group. The acquisition of CSM will enhance the potential of that business to create value for Bayer,” commented Bayer Management Board Chairman Dr. Manfred Schneider. “Our subsidiary in Goslar already holds a very strong position in refractory metals, particularly tantalum powder,” he explained, “and so is benefiting substantially from the tremendous pace of innovation in microelectronics and telecommunications. The products of H.C. Starck are indispensable for these booming markets.”

H.C. Starck Executive Board Chairman Peter Kählert underlined his company’s growth ambitions. “This acquisition represents a strategic forward integration step that will enable us to further expand our activities. It will give us even better opportunities to participate in this highly promising business,” said Kählert.

The acquisition requires the approval of the U.S. antitrust authorities, which is expected during November 2000. Employing 500 people at sites in the United States and Europe, CSM has budgeted for global sales of about \$110 million in its current fiscal year.

Acquisition of CSM will add significantly to H.C. Starck's existing product lines and offers substantial synergy potential. H.C. Starck employs 2,600 people at manufacturing sites in Europe, the United States and Asia. The company produces metal and ceramic powders as well as wire and mill products for a broad range of uses, including the production of metalworking tools, electronic and electrical components, optical and medical equipment, plant equipment for the chemical industry, catalysts, thermal sprays, welding materials, engineering ceramics and batteries. H.C. Starck, which has been part of the Bayer Group since 1986, achieved worldwide sales of EUR 435 million in 1999.

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