
Bayer plans to sell Erdölchemie shareholding to Deutsche BP

Raw material supplies to be assured by contract

Leverkusen/Hamburg – Bayer AG, Leverkusen, intends to sell its 50 percent interest in EC Erdölchemie GmbH, Cologne, next year to Deutsche BP AG, Hamburg, the other partner in the petrochemicals joint venture. Agreement in principle has now been reached between the two companies. Prior to the final negotiations, Deutsche BP will carry out a due diligence investigation. The final agreement is expected to be completed early in 2001. The transaction requires the approval of the European Commission and the supervisory boards of Deutsche BP and Bayer.

Bayer's Management Board Chairman Dr. Manfred Schneider said the intended sale forms part of the Group's strategy of exploiting its growth potential to the full by consistently sharpening its focus on core activities. BP/Amoco plans expansions at EC that will make the site its main petrochemicals production location in continental Europe. "For Bayer, however, this is a non-core business, so it hasn't been in our interest to invest in EC's expansion in line with our equity interest in the company." He said it was therefore logical that BP had made a purchase offer for Bayer's shareholding, which Bayer intends to accept, leaving the way clear for the proposed expansions. "That is good news for the site and its employees," says Schneider, adding that the sale will release tied-up capital which Bayer can then invest in its growth businesses.

Supplies of raw materials from EC to Bayer will be contractually assured, as will EC's purchase of services from Bayer.

EC Erdölchemie GmbH, based in Cologne-Worringen, employs 2,200 people and had 1999 sales of more than EUR 1.3 billion. It is a major supplier of petrochemical feedstocks, especially to Bayer AG. Its annual output includes over 3.5 million tons of products manufactured from naphtha, which is obtained mainly from petroleum refining. These products are supplied to the chemical industry as building blocks for the manufacture of plastics, rubber

and fibers, for example. They are also contained in solvents, plasticizers, coatings, detergents, fertilizers and crop protection products. About one-third of EC's output is currently sold to Bayer.