

## Media release

February 12, 2020

### **AkzoNobel's Q4 and full-year 2019 results show transformation on track, with further step up in profitability, despite softer end market demand**

**Akzo Nobel N.V. (AKZA; AKZOY) publishes results for fourth quarter and full-year 2019**

#### **Highlights Q4 2019:**

- **Adjusted operating income<sup>1</sup> up 23% at €223 million (2018: €181 million), despite softer end market demand**
- **ROS, excluding unallocated costs<sup>2</sup>, increased to 11.0% (2018: 9.0%)**
- **Operating income at €173 million (2018: €68 million); OPI margin improved to 7.7% (2018: 2.9%)**
- **Progress towards delivering cost savings; delivered €10 million cost savings in this quarter**
- Revenue 3% lower and 4% lower in constant currencies<sup>3</sup>, with positive price/mix of 1% more than offset by 4% lower volumes
- Adjusted operating income up 23% at €223 million (2018: €181 million) driven by ongoing pricing initiatives, margin management and cost-saving programs; ROS increased to 9.9% (2018: 7.8%)
- Operating income at €173 million includes €50 million negative impact from identified items, related to transformation costs and non-cash impairments (2018: €68 million including €113 million negative identified items); OPI margin improved to 7.7% (2018: 2.9%)

#### **Full-year 2019:**

- Revenue was flat, with positive price/mix of 4% and acquisitions contributing 1%, offset by 5% lower volumes due to our value over volume strategy
- Adjusted operating income up 24% at €991 million (2018: €798 million) driven by pricing initiatives and cost savings; ROS up at 10.7% (2018: 8.6%); ROS excluding unallocated costs up at 12.0% (2018:10.6%)
- Operating income up 39% at €841 million, including €150 million negative impact from identified items, mainly related to transformation costs and non-cash impairments, partly offset by a gain on disposal following asset network optimization (2018: €605 million including €193 million negative impact from identified items, mainly related to €130 million transformation costs and €57 million one-off non-cash pension costs); OPI margin improved at 9.1% (2018: 6.5%)
- Net income from total operations at €539 million, including €22 million discontinued operations (2018: €6,674 million, including €6,264 million from discontinued operations)
- Final dividend proposed of €1.49 per share

#### **AkzoNobel CEO, Thierry Vanlancker, commented:**

“Our 2019 results show we are on track with our transformation. We made good progress, despite higher raw material costs and softer end market demand. Our performance improvement accelerated during the second half of 2019, resulting in business return on sales up by almost 200 basis points to 12.5%.

“We delivered on our commitment and returned €6.5 billion to shareholders, following the sale of Specialty Chemicals. At the same time, we continued to invest in our future. We kickstarted a €50 million investment in our US wood coatings business, completed the acquisition of Mapaero to strengthen our global position in aerospace coatings and expanded our Paint the Future innovation ecosystem.

“The real driving force behind AkzoNobel's achievements has been our dedicated and diverse colleagues around the world. Together, we remain fully focused on delivering our Winning together: 15 by 20 strategy during the year ahead.”

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AkzoNobel in € millions	Q4 2018	Q4 2019	Δ%	Δ% CC <sup>3</sup>
Revenue	2,308	2,242	(3%)	(4%)
Adjusted operating income <sup>1</sup>	181	223	23%	
ROS	7.8%	9.9%		
ROS, excluding unallocated costs <sup>2</sup>	9.0%	11.0%		
Operating income	68	173	154%	

## Recent highlights

### Powder coatings take landmark building to another level

Europe will soon have a new tallest building – and it's being protected from the ravages of the Warsaw weather by a high class powder coatings system supplied by AkzoNobel. Standing 310 meters tall, the Varso Tower – developed by international workspace provider HB Reavis – will dominate the skyline of the Polish capital. It features a sleek black exterior which has been created by using the company's Interpon D2525 super-durable topcoat on the cladding and profiles in a striking Noir Sablé shade. Meanwhile, Interpon's Redox Plus primer provides a super tough core.

### Dulux Ambiance range launched in India

Dulux has introduced six special effects paints onto the Indian market. Part of the Ambiance range, the new Marble, Metallic, Linen, Silk, ColourMotion and Desert paints enable consumers to create entirely new designs and patterns. In addition, Dulux has also launched Dulux Ambiance Velvet Touch Elastoglo. Powered by cutting-edge elastomeric properties, the product provides a three-fold increase in the elasticity of the paint film, when compared with other premium interior paints. It means it can cover hairline cracks and protect walls, as well as providing a beautiful finish.

### Yacht market primed for revolutionary spray filler

Superyacht builders and applicators can now benefit from revolutionary spray filler technology which is all set to make waves in the industry. Part of our Awlgrip range, Awlfair SF is a high-performance filler which can be applied by pressurized airless spray, rather than by hand. The breakthrough innovation not only allows for wet-on-wet application, it also means up to two coats per day can be applied, without the need for sanding in-between.

### Investing in people earns AkzoNobel five "Top Employer" titles

The Top Employers Institute has recognized AkzoNobel's excellence in creating the best conditions for employees. China received certification in December 2019, followed by certificates in the other key markets of Brazil, the UK, the Netherlands and the US. Building on a strong track record of people-driven initiatives, the company adds its first "Top Employer" certifications in the Netherlands and the US to the certifications already held in the UK for eight consecutive years, seven in China and four in Brazil.

#### Outlook:

We are delivering towards our Winning together: 15 by 20 strategy and continue creating a fit-for-purpose organization for a focused paints and coatings company, contributing to the achievement of our 2020 ambition. Demand trends differ per region and segment in an uncertain macro-economic environment. Raw material costs are expected to have a moderately favorable impact for the first half of 2020. Continued margin management and cost-saving programs are in place to address the current challenges. We continue executing our transformation, incurring one-off costs, to deliver the previously announced €200 million cost savings. We target a leverage ratio of 1.0-2.0 times net debt/EBITDA by the end of 2020 and commit to retain a strong investment grade credit rating.

The report for the full-year and fourth quarter 2019 can be viewed and downloaded at <http://akzo.no/Q42019>

- 1 Adjusted operating income = operating income excluding identified items (previously called EBIT)
- 2 ROS excluding unallocated costs is adjusted operating income as a percentage of revenue excluding unallocated corporate center costs
- 3 Constant Currencies calculations exclude the impact of changes in foreign exchange rates

*This is a public announcement by Akzo Nobel N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014).*

**About AkzoNobel**

AkzoNobel has a passion for paint. We're experts in the proud craft of making paints and coatings, setting the standard in color and protection since 1792. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Headquartered in the Netherlands, we are active in over 150 countries and employ around 34,000 talented people who are passionate about delivering the high-performance products and services our customers expect.

**Not for publication – for more information**

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**Safe Harbor Statement**

This press release contains statements which address such key issues such as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business please see our *latest* annual report, a copy of which can be found on our website: [www.akzonobel.com](http://www.akzonobel.com).