

AkzoNobel Analyst Factsheet Q3 2013

21 October 2013

- Revenue down 5 percent mainly due to adverse currency effects and divestments
- Operating income at €303 million (2012: €248 million excluding impairment), mainly driven by lower restructuring costs and higher volumes
- Net income attributable to shareholders €155 million (2012: €110 million excluding impairment)
- Adjusted EPS stable at €0.74
- Interim dividend of €0.33 declared
- Akzo Nobel ranked first in the Dow Jones Sustainability Index in the Materials industry group
- Divestment of Building Adhesives completed on October 1
- Performance improvement program on track with estimated €160 million restructuring charges in Q4
- Expected higher restructuring charges, and continued weak markets, mean that full-year operating income before incidentals is unlikely to exceed €908 million

Figure 1: key Q3 metrics

€ million unless stated otherwise	2012		2013		
	Q3 *	Q4	Q1	Q2	Q3
Decorative Paints	1,141	995	925	1,179	1,136
Performance Coatings	1,467	1,394	1,331	1,458	1,415
Specialty Chemicals	1,393	1,320	1,244	1,253	1,252
Other	-35	-36	-35	-25	-25
Group Revenue	3,966	3,673	3,465	3,865	3,778
EBITDA	428	205	375	474	456
D&A	-156	-161	-158	-152	-153
EBIT	272	44	217	322	303
Incidentals	-24	-8	-	-	-
Decorative Paints	48	-91	43	102	107
Performance Coatings	130	114	129	163	160
Specialty Chemicals	133	73	99	121	107
Other	-63	-60	-54	-64	-71
Operating Income	248	36	217	322	303
Finance Income/expenses	-50	-38	-63	-33	-56
Associates	5	-1	3	6	4
PBT	203	-3	157	295	251
Tax Charge	-64	16	-45	38	-83
Non-controlling interests	-9	-18	-16	-25	-14
Discontinued operations	-20	-22	-7	121	1
Net Income attributable to shareholders	110	-27	89	429	155
<i>Tax Rate</i>	<i>32%</i>	<i>533%</i>	<i>29%</i>	<i>-13%</i>	<i>33%</i>

*2012 excluding impairment (€2.1 billion)

Q3 2013 highlights

- In Decorative Paints revenues were stable. Volumes in Q3 were higher in all markets, offset by 7% adverse currency effects. No significant mix effect was seen in Europe during the quarter. Costs and restructuring charges were below the previous year, resulting in operating income of €107 million, more than double Q3 2012
- In Performance Coatings, revenue declined 4 percent compared with the previous year, due to adverse currency effects which more than offset positive volume development. Weak demand in Europe continued to impact all businesses. Operating income improved due to lower restructuring costs in 2013 compared with the previous year
- In Specialty Chemicals, revenue declined compared to the previous year due to divestments and adverse currency developments. Volumes were stable overall but lower in the construction and agriculture segments. Operating income was lower than in 2012, mainly due to restructuring costs in Functional Chemicals
- Return on sales, before restructuring charges, improved in all three business areas during the quarter
- During the quarter we recorded restructuring charges of €75 million, of which €46 million were in Specialty Chemicals. Details on the restructuring charges by quarter can be found in the appendix of the Q3 analyst presentation. The full year estimate for restructuring charges is reduced to around €300 million from the previous estimate of €325 million due to the latest view on the timing of recognition
- Net financing expenses increased by €6 million to €56 million, mainly due to lower discount rates for pensions
- We are investing over €50 million in western China to build two new manufacturing facilities for our Powder Coatings and Decorative Paints businesses to meet growing demand
- Net debt decreased from €2,197 million in Q2 2013 to €1,817 million in Q3 2013 as a consequence of the net impact of cash inflow from operating activities of €552 million, capital expenditures of €133 million and dividend payments of €30 million
- In Q3, we continued to see lower average input prices. Through the rest of the year, we expect overall raw material costs to be stable and marginally down versus the prior year

Figure 2: details of Q3 revenue development in % versus Q3 2012

	Volume Q3	Price/mix Q3	Divestments Q3	Exchange rates Q3	Total Q3
Decorative Paints	5	2	-	(7)	-
Performance Coatings	2	-	-	(6)	(4)
Specialty Chemicals	-	-	(6)	(4)	(10)
Average development	2	1	(2)	(6)	(5)