



21 April 2011

- Stronger volumes (+7%) and pricing (+4%) drive revenue growth of 16 percent to €3.8 billion
- EBITDA before incidentals increased 10 percent to €437 million
- Raw material cost increases being compensated
- Total net income increased to €128 million from €81 million in Q1 2010
- Adjusted EPS rose 38 percent to €0.72 per share
- Pension deficit reduced to €0.7 billion due to higher discount rates and top-up payments
- Outlook reiterated: aiming for more than 5 percent revenue and EBITDA growth in 2011 – in line with strategic ambitions

Figure 1: key Q1 metrics

€ million unless stated otherwise	2010				2011
	Q1	Q2	Q3	Q4	Q1
Decorative Paints	1,056	1,401	1,372	1,139	1,196
Performance Coatings	1,049	1,260	1,239	1,238	1,237
Specialty Chemicals	1,154	1,258	1,272	1,259	1,351
Other	-13	-12	-16	-16	-22
Group Revenue	3,246	3,907	3,867	3,620	3,762
Decorative Paints	82	205	198	63	90
Performance Coatings	143	191	166	147	143
Specialty Chemicals	207	257	254	221	241
Other	-33	-39	-44	-54	-37
EBITDA	399	614	574	377	437
D&A	-141	-148	-146	-155	-148
Incidentals	-34	-11	-47	-63	-12
Operating Income	224	455	381	159	277
Finance Income/expenses	-88	-113	-70	-56	-63
Associates	5	7	9	4	7
PBT	141	349	320	107	221
Tax Charge	-53	-76	-81	40	-73
Minorities	-18	-26	-22	-17	-16
Net Income	70	247	217	130	132
<i>Tax Rate</i>	<i>37.6%</i>	<i>21.8%</i>	<i>25.3%</i>	<i>n/a</i>	<i>33.0%</i>

- Double-digit revenue growth was achieved in all three Business Areas, driven by the company's continued strength in high growth markets and demand recovery in mature economies
- Raw material prices have continued to rise and are now close to 15 percent higher than a year ago, driven by basic feed-stocks such as metals, TiO₂ and oil related raw materials
- Pricing and cost reduction actions are on-going and we remain confident that we will be able to compensate for these increases
- In Decorative Paints, the 3% adverse mix-effect was the result of our planned growth in the mid-tier segment in the high growth markets
- Raw material costs represent around 30% of reported revenues. Total variable costs represent about 50 percent of reported revenues
- Decorative Paints products rolled out to 3,500 Walmart stores plus continued strong growth in Asia and Latin America underpinned the Decorative Paints performance
- Performance Coatings achieved considerable growth in high growth markets and benefitted from the acquisitions made last year
- Specialty Chemicals continues to experience strong demand and both revenue and EBITDA grew strongly
- The pension deficit, on an IAS 19 basis, is estimated to be €0.7 billion compared to €1.0 billion at the end of 2010 due to higher discount rates and top-up payments

Figure 2: volume & price/mix in % versus Q1 2010

	Volume	Price/mix	Acquisitions/ Divestments	Exchange rates	Total
Decorative Paints	9%	1%	-	3%	13%
Performance Coatings	7%	2%	6%	3%	18%
Specialty Chemicals	6%	6%	-	5%	17%
Average development	7%	3%	2%	4%	16%

Outlook and guidance

- Outlook: aiming for more than 5 percent revenue and EBITDA growth in 2011, in line with strategic ambitions.
- CAPEX 2011 to be around 4% of revenues
- In 2011, we estimate that the total non cash IAS 19 impact will be €40 million lower at €98 million, of which €64 million will be on the interest line spread evenly over the quarters.
- 2011 top-up payments and service costs combined are expected to be lower year on year. (€500 million versus €524 million). Top-ups will represent €365 million (was €390 million)
- Our guidance towards an full year effective tax rate of 28 percent remains unchanged.