

AkzoNobel Q1 2016 Analyst Factsheet

19 April 2016

- Volumes up for all Business Areas and up 2 percent overall
- Revenue down 4 percent; higher volumes offset by adverse currency effects, price/mix and divestments
- EBIT (operating income excluding incidental items) up 9 percent at €334 million (2015: €306 million), reflecting continuous improvement initiatives and lower costs, partly offset by adverse currency effects.
- Operating income up 17 percent at €357 million (2015: €306 million), positively impacted by an incidental gain on sale of assets of €23 million
- ROS* improved to 9.7 percent (2015: 8.5 percent); ROI* improved to 14.5 percent (2015: 11.5 percent)
- Adjusted EPS up 28 percent at €0.97 (2015: €0.76)
- Net income attributable to shareholders up 50 percent at €240 million (2015: €160 million)
- Net cash outflow from operating activities improved to €336 million (2015: €622 million)
- Intended acquisition of BASF's Industrial Coatings business announced
- Launched €500 million 10 year bond at a coupon of 1.125 percent in April 2016

Outlook:

- The market environment remains uncertain with challenging conditions in several countries and segments. Deflationary pressures and currency headwinds are expected to continue

€ million unless stated otherwise	Q1	Q2	2015 Q3	Q4	FY	2016 Q1
Decorative Paints	890	1,134	1,052	931	4,007	861
Performance Coatings	1,430	1,550	1,493	1,482	5,955	1,388
Specialty Chemicals	1,296	1,290	1,235	1,167	4,988	1,206
Other	(25)	(25)	(20)	(21)	(91)	(25)
Group Revenue	3,591	3,949	3,760	3,559	14,859	3,430
EBITDA	462	610	590	426	2,088	487
D&A	(156)	(158)	(154)	(158)	(626)	(153)
EBIT (Operating income excl. incidentals)	306	452	436	268	1,462	334
Incidentals	-	34	-	77	111	23
Decorative Paints	50	128	121	46	345	52
Performance Coatings	170	220	210	192	792	186
Specialty Chemicals	163	192	163	91	609	164
Other	(77)	(54)	(58)	16	(173)	(45)
Operating Income	306	486	436	345	1,573	357
Finance Income/expenses	(41)	(27)	(28)	(18)	(114)	(27)
Associates	(2)	8	6	5	17	20
PBT	263	467	414	332	1,476	350
Tax Charge	(82)	(108)	(114)	(112)	(416)	(86)
Non-controlling interests	(18)	(27)	(16)	(26)	(87)	(23)
Discontinued operations	(3)	(1)	1	9	6	(1)
Net Income attributable to shareholders	160	331	285	203	979	240
<i>Tax Rate</i>	<i>31%</i>	<i>23%</i>	<i>28%</i>	<i>34%</i>	<i>28%</i>	<i>25%</i>

* ROS% = EBIT/Revenue. Moving average ROI (in %) = EBIT/ 12 months average invested capital

Q1 2016 highlights

- Revenue in Decorative Paints was down 3 percent. Volumes increased 6 percent, offset by negative currency effects, particularly in Latin America, as well as adverse price/mix. Volumes increased in Asia and Europe, while continued to be down in Latin America. EBIT and operating income increased 4 percent due to positive volumes and lower costs, partly offset by unfavorable currency developments.
- Revenue in Performance Coatings was down 3 percent, due to higher volumes offset by adverse currencies and unfavorable price/mix. Demand trends differed per region. Volumes were up, mainly driven by Marine and Protective Coatings. EBIT and operating income increased 9 percent, due to higher volumes, management delayering, continuous improvement initiatives and lower costs. In Q1 2016, the intended acquisition of BASF's Industrial Coatings business was announced. The planned transaction is expected to be completed in the later part of the second half of 2016.
- Revenue in Specialty Chemicals was down 7 percent due to the divestment of the Paper Chemicals business, price deflation in several segments and adverse currency effects. Volumes were up 1 percent with positive developments in some segments partly offset by lower demand in oil related segments. EBIT and operating income increased 1 percent due to operational efficiencies and lower costs offsetting the effects of price deflation and adverse currencies.
- In other activities, EBIT improved due to lower costs, in particular insurance related costs, and operating income was positively impacted by an incidental gain on sale of assets of €23 million.
- Pension top-up payments in the quarter of €277 million were predominantly into certain UK pension plans.
- The triennial review of the AkzoNobel (CPS) Pension Scheme was completed by March 2016 and a new valuation and payment schedule was agreed with the Trustees, which resulted in a lower annual top-up contribution.

Revenue development Q1 2016

	Volume	Price/mix	Divestments	FX rates	Total
Decorative Paints	6	(2)	-	(7)	(3)
Performance Coatings	2	(1)	-	(4)	(3)
Specialty Chemicals	1	(4)	(2)	(2)	(7)
Total	2	(2)	(1)	(3)	(4)