

AkzoNobel Full-Year 2014 and Q4 Analyst Factsheet

12 February 2015

Full-year:

- Revenue down 2 percent: Volume 1 percent up in all Business Areas, more than offset by currency effects and divestments
- Operating income excluding incidental items was €1,072 million (2013: €897 million), up 20 percent
- Operating income of €987 million up 3 percent, due to higher operating results and lower restructuring charges, offset by adverse incidental items
- ROS was 6.9 percent (2013: 6.6 percent); excluding incidental items, ROS was 7.5 percent (2013: 6.1 percent)
- Adjusted EPS at €2.81 (2013: €2.62)
- Net income attributable to shareholders €546 million (2013: €724 million)
- Total dividend for 2014 proposed at €1.45 (2013: €1.45)
- Net cash inflow from operating activities €811 million (2013: €716 million)

For Q4:

- Revenue up 1 percent, with 2 percent favorable currency effects offset by 1 percent lower volumes
- Operating income excluding incidentals was €169 million (2013: €55 million) up 207 percent due to improved operational performance and lower restructuring charges
- Adjusted EPS at €0.33 (2013: (€0.01))

Outlook:

- Markets, raw materials and exchange rates expected to remain volatile
- On track to deliver 2015 targets

€ million unless stated otherwise	2013		2014				
	Q4	FY	Q1	Q2	Q3	Q4	FY
Decorative Paints	934	4,174	865	1,074	1,050	920	3,909
Performance Coatings	1,367	5,571	1,319	1,434	1,420	1,416	5,589
Specialty Chemicals	1,200	4,949	1,222	1,228	1,239	1,194	4,883
Other	(19)	(104)	(23)	(26)	(23)	(13)	(85)
Group Revenue	3,482	14,590	3,383	3,710	3,686	3,517	14,296
EBITDA	208	1,513	364	509	487	330	1,690
D&A	(153)	(616)	(148)	(156)	(152)	(162)	(618)
Operating income excl. inc.	55	897	216	353	335	168	1,072
Incidentals	61	61	-	-	-	(85)	(85)
Decorative Paints	146	398	17	102	113	16	248
Performance Coatings	73	525	126	178	135	106	545
Specialty Chemicals	(30)	297	135	124	156	93	508
Other	(73)	(262)	(62)	(51)	(69)	(132)	(314)
Operating Income	116	958	216	353	335	83	987
Finance Income/expenses	(48)	(200)	(37)	(40)	(38)	(41)	(156)
Associates	1	14	6	6	6	3	21
PBT	69	772	185	319	303	45	852
Tax Charge	(21)	(111)	(43)	(89)	(84)	(36)	(252)
Non-controlling interests	(13)	(68)	(16)	(24)	(16)	(16)	(72)
Discontinued operations	16	131	3	(1)	2	14	18
Net Income attributable to shareholders	51	724	129	205	205	7	546
<i>Tax Rate</i>	<i>30%</i>	<i>14%</i>	<i>23%</i>	<i>28%</i>	<i>28%</i>	<i>80%</i>	<i>30%</i>

Full-Year and Q4 2014 highlights

- In Decorative Paints, revenue was down 1 percent in Q4, mainly driven by weak demand in all regions and the sale of the German stores, offset by positive price/mix effects in the regions outside Europe. Full-year volumes were up 1 percent, although revenue declined 6 percent due to divestments, adverse currency effects and an adverse price/mix, largely driven by the sale of the German stores.
- In Performance Coatings, volume in Q4 was flat, while revenue was up 4 percent due to favorable currencies and price/mix. Full-year volumes were up 1 percent, mainly from growth in Marine and Protective Coatings and Powder Coatings. Revenue was flat due to adverse currencies.
- Restructuring costs relating to the new organizational structure continued in Q4, resulting in Performance Coatings having the highest amount.
- In Specialty Chemicals, volume was 1 percent down in Q4, due to some interruptions in the manufacturing and supply chain as well as market reactions following the large oil price reduction, leading to destocking. Revenue was in line with the previous year, with the adverse impact of volumes and divestments being offset by favorable currencies. Full-year volumes were up 1 percent, although revenue was 1 percent lower due to price pressure in caustic and unfavorable currency developments H1 2014.
- Corporate costs for the full-year 2014 were down by €25 million, due to cost saving measures. The amount of €129 million on the line Other included €85 million for incidental charges. These related to an external fraud suffered by one of our subsidiaries in the US, provisions for legacy items and project costs related to a divestment.
- Average raw material costs were stable compared with 2013 exit prices. In some high growth markets, currency affected imported raw materials.
- Net debt decreased to €1,606 million at Q4 2014 compared with €1,801 million at Q3 2014, mainly due to lower operating working capital; slightly up on 2013 (€1,529 million)
- In Q1 an €825 million bond was repaid from existing resources. In November 2014, a €500 million bond was issued at a coupon of 1.75 percent, maturing in 2024.
- Cash outflows for discontinued operations of €88 million mainly related to a settlement of a case following the divestment of Organon BioSciences in 2007.

Restructuring charges by quarter

	2013					2014				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Decorative Paints	7	24	8	66	105	22	23	1	34	80
Performance Coatings	11	5	9	77	102	15	17	41	75	148
Specialty Chemicals	1	0	46	27	74	7	2	6	2	17
Other	10	11	12	34	67	0	3	7	(2)	8
Total	29	40	75	204	348	44	45	55	109	253

Q4 revenue development in % versus Q4 2013

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

Full year revenue development in % versus 2013

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