

Media release

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AkzoNobel publishes Q1 2016 results

Growth in volumes and profitability despite challenging markets

Akzo Nobel N.V. (AKZA.AS; AKZOY)

- **Growth in volumes and profitability** in all Business Areas despite challenging markets
- **Volumes** up for all Business Areas and up 2 percent overall
- **Operating income** up 17 percent at €357 million (2015: €306 million)
- **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
- **Revenue** down 4 percent due to adverse currency effects, price/mix and divestments
- **Return on sales*** improved to 9.7 percent (2015: 8.5 percent) and **return on investment*** improved to 14.5 percent (2015: 11.5 percent)
- **Adjusted earnings per share** 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 ten-year bond** at a coupon of 1.125 percent in April 2016
- The market environment remains uncertain with challenging conditions

AkzoNobel today reported its first quarter 2016 results with positive volume developments in all three Business Areas despite a challenging market environment. Operating income increased 17 percent to €357 million and EBIT increased 9 percent to €334 million, reflecting continuous improvement initiatives and lower costs, partly offset by adverse currency effects. Revenue was down 4 percent compared with the same period last year as positive volume development was more than offset by adverse currency effects, price/mix and divestments. Profitability improved, with return on sales at 9.7 percent compared with 8.5 percent last year.

CFO Maëlys Castella:

“During the first quarter we grew volumes in all Business Areas and continued to improve profitability despite a challenging market environment and negative currency effects. Net income improved by 50 percent and we continue to further strengthen our businesses by delivering on our strategy of continuous improvement, organic growth and innovation. During the period we agreed an offer for the acquisition of BASF's Industrial Coatings division which fits well with our existing business, adding to our offering of essential solutions for our customers.”

Q1 2016 in € million

	Q1 2015	Q1 2016	Δ %
Revenue	3,591	3,430	(4)
Operating income	306	357	17
EBIT (operating income excl. incidentals)	306	334	9
Return on sales (ROS) %*	8.5	9.7	
Net income attributable to shareholders	160	240	50

* ROS% is EBIT divided by revenue

Moving average ROI% is EBIT divided by 12 months average invested capital

Decorative Paints: Operating income increased 4 percent, mainly due to higher volumes and lower costs, partly offset by unfavorable currency developments. Volumes increased 6 percent due to positive developments in Asia and Europe, offset by Latin America. Revenue was down 3 percent, mainly due to unfavorable currency effects and adverse price/mix.

Performance Coatings: Operating income increased 9 percent, due to higher volumes, management delayering, continuous improvement initiatives and lower costs. Volumes were up 2 percent mainly driven by Marine and Protective Coatings. Revenue was down 3 percent, with positive volume development being more than offset by adverse currencies and unfavorable price/mix. The intended acquisition of BASF's Industrial Coatings business was announced, which will strengthen our position.

Specialty Chemicals: Operating income increased 1 percent, due to operational efficiencies and lower costs offsetting the effects of price deflation and adverse currencies. Volumes were up 1 percent, with positive developments – mainly in Industrial Chemicals – being partly offset by lower demand in oil related segments. Revenue was down 7 percent due to the divestment of the Paper Chemicals business, price deflation and adverse currency effects.

Business Area highlights in € million

Decorative Paints

	Q1 2015	Q1 2016	Δ%
Revenue	890	861	(3)
Operating income	50	52	4
EBIT (operating income excl. incidentals)	50	52	4
ROS %*	5.6	6.0	

Performance Coatings

	Q1 2015	Q1 2016	Δ%
Revenue	1,430	1,388	(3)
Operating income	170	186	9
EBIT (operating income excl. incidentals)	170	186	9
ROS %*	11.9	13.4	

Specialty Chemicals

	Q1 2015	Q1 2016	Δ%
Revenue	1,296	1,206	(7)
Operating income	163	164	1
EBIT (operating income excl. incidentals)	163	164	1
ROS %*	12.6	13.6	

Outlook

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

The Q1 2016 report can be downloaded via the AkzoNobel Report iPad app <http://bit.ly/obljrf> or read online at www.akzonobel.com/quarterlyresults.

* ROS% is EBIT divided by revenue

Moving average ROI% is EBIT divided by 12 months average invested capital

AkzoNobel creates everyday essentials to make people's lives more liveable and inspiring. As a leading global paints and coatings company and a major producer of specialty chemicals, we supply essential ingredients, essential protection and essential color to industries and consumers worldwide. Backed by a pioneering heritage, our innovative products and sustainable technologies are designed to meet the growing demands of our fast-changing planet, while making life easier. Headquartered in Amsterdam, the Netherlands, we have approximately 45,000 people in around 80 countries, while our portfolio includes well-known brands such as Dulux, Sikkens, International, Interpon and Eka. Consistently ranked as a leader in sustainability, we are dedicated to energizing cities and communities while creating a protected, colorful world where life is improved by what we do.

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Safe Harbor Statement

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