

## Press release

February 6, 2014

### AkzoNobel publishes Q4 and full-year 2013 results

- Q4 volume development positive in all three Business Areas and ROS% excluding restructuring costs and incidentals increased, continuing the trend from Q3
- Revenue for both Q4 and full year down 5 percent, due to adverse currency effects and divestments
- 2013 operating income at €958 million (excluding €61 million incidentals: €897 million; 2012: €908 million excluding impairment)
- Net income attributable to shareholders €724 million (2012: €386 million excluding impairment) and adjusted EPS at €2.62 (2012: €2.55)
- Net debt down €769 million at €1,529 million (2012: €2,298 million)
- Total dividend for 2013 proposed at €1.45 (2012: €1.45)
- Performance improvement program completed one year ahead of schedule; target exceeded with €545 million total savings achieved
- On track to deliver 2015 targets despite expected continued fragile economic environment and volatile foreign currencies in 2014

#### Q4 2013 in € million\*

	Q4 2012	Q4 2013	Δ%
Revenue	3,673	<b>3,482</b>	(5)
Operating income	36	<b>116</b>	
Return on Sales (ROS) %	1.0	<b>3.3</b>	
EBITDA	205	<b>208</b>	1
Net income attributable to shareholders	(27)	<b>51</b>	

#### Full-year 2013 in € million\*

	FY 2012	FY 2013	Δ%
Revenue	15,390	<b>14,590</b>	(5)
Operating income	908	<b>958</b>	6
- excluding 2013 incidentals		<b>897</b>	(1)
Return on Sales (ROS) %	5.9	<b>6.6</b>	
EBITDA	1,597	<b>1,513</b>	(5)
Net income attributable to shareholders	386	<b>724</b>	88

Akzo Nobel N.V. (AkzoNobel) today announced its Q4 and full-year 2013 results. Revenue for the year totaled €14,590 million, down 5 percent on 2012 as a consequence of adverse currency effects and divestments. 2013 operating income excluding incidentals came in at €897 million (2012: €908 million excluding impairment). Net income attributable to shareholders reached €724 million, up from €386 million in 2012. Net debt came down by a third to €1,529 million at the end of 2013. The company has successfully completed its multi-year performance improvement program a year ahead of schedule, exceeding its targets in doing so. In 2014, AkzoNobel will continue to significantly restructure to reduce costs further and anticipates related restructuring charges of at least €250 million.

#### CEO Ton Büchner

"We indicated at the start of 2013 that trading conditions would continue to be challenging and that has proven to be the case. In response we accelerated our company-wide improvement actions and have brought our performance improvement program to a successful conclusion a year ahead of schedule and above target. While the first half of 2013 was impacted by weaker trading conditions and specific one-off events in Specialty Chemicals, the second half has shown early

signs of stabilization in several end markets. In combination with our restructuring actions this positive effect has been evident in our improving return on sales in the third and fourth quarters, despite foreign currency headwinds. In 2014, we will continue to improve our ability to leverage our strong brands and leading market positions. We will further restructure our business, reduce our costs and drive organic growth. I am confident that we are on track to deliver on our 2015 strategic goals.”

## **Business performance**

**Decorative Paints** full-year revenue was down 3 percent as a result of adverse currency effects and divestments. Global volumes for the year were up 3 percent, with increases in all regions except Europe, which remained flat in a reflection of difficult trading conditions. The pick-up in overall volumes was particularly noticeable in the second half of the year; Q3 and Q4 volumes were each up 5 percent compared with the prior year. Margins improved as a result of strong margin management and lower raw material prices. Performance improvement and restructuring measures led to a lower cost base, which, combined with lower restructuring charges, drove operating income above the previous year, before the divestment gain on Building Adhesives.

Full-year revenue at **Performance Coatings** declined 2 percent on flat volumes as adverse currency effects outweighed a positive price/mix development. Volumes gradually improved throughout the year to be flat overall, and up 2 percent in Q4. Margins were maintained despite higher restructuring costs. Operating income for the year as a whole was down 3 percent, with underlying improvements offset by higher restructuring charges as well as adverse currencies. Restructuring activities were accelerated in the fourth quarter, with the intended closure of seven sites world-wide being communicated.

**Specialty Chemicals** annual revenues not only reflected a year of continued soft demand, but also included a significant divestment effect from the sale in 2012 of Chemicals Pakistan. Full-year revenues were down 11 percent, with 6 percent attributable to divestments and 2 percent a consequence of adverse currency effects. Lower volumes accounted for a further 2 percent revenue decline, although they did stabilize in the second half of the year and volumes in Q4 were up 3 percent versus Q4 2012. Full-year operating income was impacted by increased restructuring costs versus the previous year, with a comprehensive performance improvement program implemented at Functional Chemicals in the second half of the year. The divestments of both the Primary Amides and Purate businesses were completed in Q4.

## **Performance improvement program**

The performance improvement program (PIP) announced in October 2011 has exceeded the anticipated cumulative amount of €500 million in EBITDA for the period through 2013. The program has delivered a total of €545 million in benefits a year earlier than originally planned and has now been completed. Further efficiency and cost reduction measures have been identified as part of continuous improvement initiatives which are integrated in the regular business activities. Total restructuring costs for 2013 amounted to €348 million (2012: €292 million), of which €204 million in Q4. AkzoNobel anticipates 2014 restructuring charges of at least €250 million.

## **Raw materials**

Full-year average raw material costs stabilized during the year and were down versus 2012.

### Proposed dividend

Our dividend policy is to pay a stable to rising dividend. We will propose a 2013 final dividend of €1.12 per share, which would make a total 2013 dividend of €1.45 per share. This is stable versus the total dividend per share paid out in 2012 of €1.45.

### Sustainability and innovation

AkzoNobel's drive for operational excellence and performance improvement is supported by its 'Planet Possible' sustainability strategy focused at creating more value from fewer resources. Building on its number one position in the Materials industry group on the Dow Jones Sustainability Indices (DJSI), AkzoNobel keeps intensifying its activities to implement the strategy which includes the following targets:

- In 2020, AkzoNobel's eco-premium products with a downstream benefit will account for 20 percent of revenue. In 2013 this was 18%
- Carbon emissions will be reduced by 25 to 30 percent per ton of product by 2020 (base 2012).
- Improve resource efficiency across the full value chain

### Outlook

Although we have seen early signs of stabilization in the second half of 2013 in some of our businesses, the economic environment remains fragile and foreign currencies volatile. We will continue to significantly restructure our businesses in 2014 to reduce our cost base further to offset the expected continued soft demand. AkzoNobel is on track to deliver on its 2015 targets of ROS at 9.0 percent and ROI at 14.0 percent with a net debt/EBITDA ratio lower than 2.0.

### Capital Markets Day

AkzoNobel will hold a Capital Markets Day in London on March 11, 2014.

### Business Area highlights\*

Decorative Paints						
Q4 2012	Q4 2013	Δ%		2012	2013	Δ%
995	<b>934</b>	(6)	Revenue	4,297	<b>4,174</b>	(3)
(91)	<b>146</b>		Operating Income	94	<b>398</b>	
(9.1)	<b>15.6</b>		ROS %	2.2	<b>9.5</b>	
(0.8)	<b>6.2</b>		ROS % (excluding incidentals & PIP costs)	5.8	<b>7.3</b>	
(36)	<b>(13)</b>		EBITDA	284	<b>362</b>	27
Performance Coatings						
Q4 2012	Q4 2013	Δ%		2012	2013	Δ%
1,394	<b>1,367</b>	(2)	Revenue	5,702	<b>5,571</b>	(2)
114	<b>73</b>	(36)	Operating Income	542	<b>525</b>	(3)
8.2	<b>5.3</b>		ROS %	9.5	<b>9.4</b>	
11.1	<b>11.0</b>		ROS % (excluding incidentals & PIP costs)	11.1	<b>11.2</b>	
147	<b>110</b>	(25)	EBITDA	673	<b>663</b>	(1)

Specialty Chemicals						
Q4 2012	Q4 2013	Δ%		2012	2013	Δ%
1,320	1,200	(9)	Revenue	5,543	4,949	(11)
73	(30)		Operating Income	500	297	(41)
5.5	(2.5)		ROS %	9.0	6.0	
6.3	9.9		ROS % (excluding incidentals & PIP costs)	10.2	10.0	
152	169	(11)	EBITDA	830	726	(13)

\* The 2012 figures stated in this press release exclude the €2.1 billion impairment at Decorative Paints enabling a like-for-like comparison.

The financial outcomes in this report are preliminary and unaudited.

The report for the full year and Q4 2013 can be downloaded via the AkzoNobel Report iPad app <http://bit.ly/obljrf> or read online at [www.akzonobel.com/quarterlyresults](http://www.akzonobel.com/quarterlyresults).

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AkzoNobel is a leading global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 50,000 people around the world are committed to delivering leading products and technologies to meet the growing demands of our fast-changing world.

**Not for publication – for more information**

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**Safe Harbor Statement**

This press release contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline, and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business please see our latest Annual Report, a copy of which can be found on the company's corporate website [www.akzonobel.com](http://www.akzonobel.com).