

## Media release

April 24, 2019

### AkzoNobel's Q1 results show progress towards 15 by 20 strategy, despite headwinds from higher raw material costs and macro-economic uncertainty

#### Akzo Nobel N.V. (AKZA; AKZOY) publishes results for first quarter 2019

- Adjusted operating income<sup>1</sup> 9% higher at €163 million
  - Raw material inflation continued; variable costs €77 million higher
  - Ongoing pricing initiatives resulted in price/mix up 6%
  - Cost-saving programs delivered €38 million
  - Volumes lower due to value over volume strategy
- ROS<sup>2</sup>, excluding unallocated costs, increased to 9.1% (2018: 8.7%)
  - Decorative Paints continued good momentum in seasonally low quarter
  - Automotive and Specialty Coatings impacted by order pattern
- On track to return a total of €6.5 billion to shareholders
- €639 million cash payments to main UK pension plans

#### AkzoNobel CEO, Thierry Vanlancker, commented:

"We're encouraged by the underlying business performance during this seasonally low quarter. Our pricing initiatives and cost-saving programs resulted in 9% higher profit and return on sales up at 9.1%.

"Decorative Paints demonstrated good momentum and all Performance Coatings businesses increased profitability, apart from Automotive and Specialty Coatings which was impacted by order pattern.

"Our transformation plans for creating a more fit-for-purpose organization are on track and delivered savings of €38 million during the quarter. We're maintaining our focus as we continue to deliver towards our Winning together: 15 by 20 strategy."

AkzoNobel in € millions	Q1 2018	Q1 2019	Δ%	Δ% CC <sup>3</sup>
Revenue	2,176	<b>2,185</b>	-%	1%
Adjusted operating income <sup>1</sup>	149	<b>163</b>	9%	
ROS excluding unallocated costs <sup>2</sup>	8.7%	<b>9.1%</b>		

#### Recent highlights

##### Turkish town transformed with rainbow of color

We have transformed the lives of hundreds of people in a town on Turkey's Aegean coast through a major "Let's Colour" project as part of AkzoNobel Cares. More than 50,000 liters of our Marshall paint brand has been used to revitalize over 400 homes in the hilltop neighborhood of Tepe in Kusadasi. It's the latest example of how our passion for paint can help to make a difference.

##### New season sparks into life for McLaren Formula 1 team

Our latest color technology is helping the McLaren Formula 1 team make an impact as the 2019 season gets into gear. The new car livery for the dazzling MCL34 features a fresh twist on the Papaya Spark design which debuted last year. Developed by our Sikkens brand, the coatings system offers numerous performance and sustainability benefits, all with significantly reduced emissions.

### **Unique Dulux concept store debuts in Shanghai**

A new Dulux concept store has opened in Shanghai, China, offering customers a fully interactive experience. Using digital technology and personalized services, it's designed to help make painting less complicated and more fun. The first of its kind in China, the store showcases Dulux's color expertise and sustainable product features. Experts are also on hand to offer advice and real-time demonstrations of customized designs and colors.

### **AkzoNobel opens ground-breaking R&D innovation campus**

A trailblazing lab complex which can test new products in conditions that mimic the world's most extreme environments has been officially opened by AkzoNobel in the UK. Located in Felling, the €12.6 million R&D innovation campus fuses the site's 115-year history of product development with state-of-the-art facilities designed to keep AkzoNobel at the forefront of the coatings industry.

#### **Outlook:**

We are delivering towards our Winning together: 15 by 20 strategy and continue creating a fit-for-purpose organization for a focused paints and coatings company, contributing to the achievement of our 2020 guidance.

Demand trends differ per region and segment in an uncertain macro-economic environment. Raw material inflation is expected to continue during the first half of 2019, although at a lower rate than 2018.

Robust pricing initiatives and cost-saving programs are in place to address the current challenges. We continue executing our transformation to deliver the next €200 million cost savings by 2020, incurring one-off costs in 2019 and 2020.

We target a leverage ratio of between 1.0-2.0 times net debt/EBITDA by the end of 2020 and commit to retain a strong investment grade credit rating.

### **The report for the first quarter 2019 can be viewed and downloaded at**

<http://akzo.no/Q12019Report>

1 Adjusted operating income = operating income excluding identified items (previously called EBIT)

2 ROS excluding unallocated costs is adjusted operating income as a percentage of revenue excluding unallocated corporate center costs

3 Constant Currencies calculations exclude the impact of changes in foreign exchange rates

*This is a public announcement by Akzo Nobel N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014).*

#### **About AkzoNobel**

AkzoNobel has a passion for paint. We're experts in the proud craft of making paints and coatings, setting the standard in color and protection since 1792. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Headquartered in the Netherlands, we are active in over 150 countries and employ around 34,500 talented people who are passionate about delivering the high-performance products and services our customers expect.

#### **Not for publication – for more information**

Media Relations  
T +31 (0)88 – 969 7833  
Contact: Joost Ruempol  
[Media.relations@akzonobel.com](mailto:Media.relations@akzonobel.com)

Investor Relations  
T +31 (0)88 – 969 7856  
Contact: Lloyd Midwinter  
[Investor.relations@akzonobel.com](mailto:Investor.relations@akzonobel.com)

#### **Safe Harbor Statement**

This press release contains statements which address such key issues such 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, as well as the sale of Specialty Chemicals. 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 our website: [www.akzonobel.com](http://www.akzonobel.com).