

## Media release

October 23, 2019

### AkzoNobel's Q3 results show continued progress, with adjusted operating income up 23%

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

- Adjusted operating income<sup>1</sup> up 23% at €300 million (2018: €243 million)
- Return on Sales (ROS), excluding unallocated costs<sup>2</sup>, increased to 13.8% (2018: 12.3%)
- Transformation on track and delivered €19 million cost savings
- Adjusted Earnings per Share (EPS) from continuing operations up 62% at €0.97 (2018: €0.60)
- New share buyback announced, €500 million to be completed in the first half of 2020

#### Q3 2019:

- Revenue up 3% and 2% higher in constant currencies, with positive price/mix of 4% and acquisitions contributing 1%, offset by 4% lower volumes
- Adjusted operating income up 23% at €300 million (2018: €243 million) driven by ongoing pricing initiatives and cost-saving programs; ROS increased to 12.5% (2018: 10.4%)
- Operating income at €247 million includes €53 million negative impact from identified items, related to transformation costs and non-cash impairments; 2018 operating income of €237 million included €6 million negative identified items
- Decorative Paints ROS up at 13.8% (2018: 12.1%); Performance Coatings ROS up at 13.7% (2018: 12.2%)
- Net income from total operations at €162 million, including no net income from discontinued operations (2018: €301 million, including €152 million from discontinued operations)
- Adjusted EPS from continuing operations up 62% at €0.97 (2018: €0.60); EPS from total operations at €0.79 (2018: €1.18)
- €2.2 billion of the €2.5 billion share buyback program completed
- Interim dividend of €0.41 per share

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

"We're making good progress towards our goal for 2020, with business return on sales of 13.8%, representing a year-on-year increase for the fifth quarter in a row. Our profit improvement of 23% in the third quarter was strong, even though we had to deal with softer end market demand.

"The advances we made during Q3 were largely due to our ongoing pricing initiatives and cost-saving programs. Our focus on value over volume continued to deliver results.

"The results are a testament to the great work of the entire organization. We continue to focus on our plans for the future to keep the company on its improvement trajectory and remain the reference in the paints and coatings industry."

AkzoNobel in € millions	Q3 2018	Q3 2019	Δ%	Δ% CC <sup>3</sup>
Revenue	2,326	2,398	3%	2%
Adjusted operating income <sup>1</sup>	243	300	23%	
ROS	10.4%	12.5%		
ROS, excluding unallocated costs <sup>2</sup>	12.3%	13.8%		
Operating income	237	247	4%	

## Recent highlights: our focus on innovation and sustainability

### New dawn rises with 2020 Color of the Year

Our Color of the Year for 2020 is Tranquil Dawn, which also features in all four ColourFutures 2020 color palettes. They're designed to empower and inspire customers and make the task of choosing color easier.

### Recycled paint launched to help close loop on waste

AkzoNobel has become the first major manufacturer to launch recycled paint, thanks to a groundbreaking partnership in the UK with resource management experts Veolia. The revolutionary Evolve matt white emulsion contains 35% recycled paint and has been re-engineered and tested to meet the same high standards expected from Dulux Trade.

### Single-stage topcoat makes life a breeze for yacht owners

Yacht care and maintenance just got easier following the launch of Awlgrip HDT (High Definition Technology), a new single-stage repairable topcoat from AkzoNobel. Creating a new standard in topcoat appearance and durability, Awlgrip HDT is a high performance, mirror-like coating which allows owners to protect their boat with a stunning, long-lasting finish, without sacrificing convenience.

### Gaining color confidence from four new digital color tools

We recently introduced four new digital tools to make precise color-matching easier for our customers. Three of them serve our industrial customers and work with the Salcomix system, an on-site facility which enables paint to be mixed on demand with superior color accuracy. They include Salcomix PaintFinder Cloud (with access to more than 600,000 color formulations); the high-end Automatchic Vision measuring device; and the ColorFinder, which works via a dedicated app. The fourth tool, the digital Color Sensor, helps professional painters who use our decorative paints to match their clients' color choices in seconds. The small portable device scans the color on any object and links to the Color Sensor app to provide an exact paint match.

#### 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 have a favorable effect on the remainder of 2019. Continued pricing initiatives and cost-saving programs are in place to address the current challenges.

We continue executing our transformation to deliver the previously announced €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 third quarter 2019 can be viewed and downloaded at

<https://akzo.no/Q32019Report>

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**

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## **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. 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).