

Specialty Chemicals

- Full-year revenue down 1 percent due to better volumes and price/mix more than offset by divestments and adverse currency effects
- Q4 volumes were affected by interruptions in the manufacturing and supply chain in Rotterdam
- Full-year operating income was up 22 percent (excluding the incidental items of €121 million in 2013). Full-year ROS was 10.4 percent
- Lower restructuring costs and the results of operational excellence programs, as well as previous restructuring measures, increased profitability for the business

Specialty Chemicals increased profitability in 2014, with improved volumes and significant savings from restructuring programs. This was despite price pressure in caustic, unfavorable currency developments (especially during the first half of the year) and interruptions in the manufacturing and supply chain in Rotterdam during Q4. The year started strongly in Europe but slowed down in Q3, with economic uncertainty and political situations tempering consumer confidence. The US gained momentum during the year after a slow start. China presented a mixed and volatile picture, with reduced growth rates in the second half.

Q4 revenue was in line with the previous year, with the adverse impact of volumes and divestments being offset by a favorable currency effect due to the strengthening of the US dollar. The adverse volume impact was caused by the Rotterdam interruptions and market reactions following the large oil price reduction, leading to destocking.

Functional Chemicals

Functional Chemicals strongly recovered compared with the previous year. Revenue increased 1 percent, with volumes up 5 percent, driven by China and the Americas. This was partly offset by adverse currency effects and the divestment of Primary Amides at the end of the previous year. The year began strongly in Europe, driven by the early start of the construction season, continued strength in Germany and a recovery in Southern Europe. Demand was slower in the second part of the year. Most of the product lines showed significant volume growth. The comprehensive restructuring program launched in 2013 contributed significantly to the result in 2014.

Revenue

Fourth quarter			January - December			
2013	2014	Δ%	in € millions	2013	2014	Δ%
447	456	2	Functional Chemicals	1,872	1,885	1
300	266	(11)	Industrial Chemicals	1,173	1,114	(5)
234	247	6	Surface Chemistry	1,012	1,010	-
259	258	-	Pulp and Performance Chemicals	1,036	1,009	(3)
(40)	(33)		Other/intragroup eliminations	(144)	(135)	
1,200	1,194	(1)	Total	4,949	4,883	(1)
(30)	93		Operating income *	297	508	71
(2.5)	7.8		ROS (in %)	6.0	10.4	
			Average invested capital	3,609	3,442	
			Moving average ROI (in %)	8.2	14.8	
169	175	4	EBITDA	726	815	12
102	99		Capital expenditures	346	297	
			Number of employees	10,400	9,800	(6)

* 2013 was affected by €121 million incidental charges. This had an impact on 2013 ROS of 2.4 percentage points.

Q4 revenue was up 2 percent compared with the previous year, due to favorable currencies and better volumes. The trend of a weakening and declining Europe, regaining of strength in the Americas and a growth slowdown in China continued.

Industrial Chemicals

Industrial Chemicals' revenue was adversely impacted by caustic price pressure and lower volumes. Lower volumes were caused by interruptions in the manufacturing and supply chain in Rotterdam during Q4. MCA continued to perform at the strong levels of 2013, showing robust growth in China. Full-year revenue was down by 5 percent, with volumes down 2 percent and prices 3 percent.

Revenue in Q4 was 11 percent lower compared with the previous year, primarily due to the Rotterdam interruptions.

Surface Chemistry

The year started for Surface Chemistry with an extremely cold winter in the US, which impacted the logistics chain. In the second half of the year, demand in the Americas and EMEA regions improved, while Asia remained weak. Full-year revenue was in line with 2013, with adverse currencies and volumes being offset by improved price/mix as we focused on more value added segments. Restructuring programs contributed positively to the results.

Q4 revenue was up 6 percent, due to the strengthening of the US dollar and improved volumes in the Americas and EMEA.

Pulp and Performance Chemicals

Volumes from bleaching chemicals in Asia Pacific and South America were strong, while North America remained weaker. Growth areas performed well. Full-year revenue declined by 3 percent, mainly due to adverse currencies and the divestment of the Purate business in 2013. Margin management contributed to the results of the business.

Q4 revenue was flat on the previous year.

Revenue development 2014



Revenue development Q4 2014

