

Decorative Paints

- Full-year revenue down 6 percent due to divestments, adverse currency and price/mix effects
- Positive full-year volume development in Asia, while in Europe, volume development was flat
- Successful completion of new operating model in Europe
- Full-year operating income up 24 percent (excluding an incidental gain from a divestment in 2013); ROS at 6.3 percent (2013: 4.8 percent)

Full-year volume in Decorative Paints was up 1 percent. Revenue declined 6 percent compared with 2013 due to divestments, adverse currency and price/mix effects. The latter was mainly driven by the sale of the German stores. Volumes were up 1 percent for the year, with an increase in Asia being partly offset by lower volumes in Latin America, reflecting the difficult trading conditions in the region. Volumes in EMEA were flat compared with 2013. Costs were down following the implementation of restructuring programs and strict cost control.

The decline in revenue in Q4 was mainly driven by weak demand following declining growth rates in all regions and the sale of the German stores, offset by positive price/mix effects in the regions outside Europe.

Europe

Full-year revenue in Europe was down 10 percent. The divestment of Building Adhesives and the sale of the German stores had an impact of 8 percent. Volumes were stronger in Eastern Europe and the UK, but demand in continental Europe remained weak.

In Q4, revenue was down 6 percent due to the sale of the German stores and weak demand in continental Europe. The consequences of the weakening currency in Russia are becoming visible in the revenue development, despite significant price increases. A two-year restructuring program to increase operational efficiency in Europe was successfully concluded. This has led to a structurally lower cost base.

Revenue

Fourth quarter			January - December		
2013	2014	Δ%	2013	2014	Δ%
in € millions					
489	459	(6)	2,508	2,269	(10)
162	171	6	591	568	(4)
283	291	3	1,075	1,074	–
–	(1)		–	(2)	
934	920	(1)	4,174	3,909	(6)
146	16	(89)	398	248	(38)
15.6	1.7		9.5	6.3	
			2,897	2,824	
			13.7	8.8	
(13)	58		362	405	12
65	36		171	143	
			16,200	15,200	(6)

¹ Operating income in 2013 was affected by a €198 million gain from divestments. This had an impact on 2013 ROS of 4.7 percentage points.

Latin America

Full-year revenue decreased 4 percent due to adverse currency impacts in Brazil and Argentina. Due to our strong brand strength we were able to offset the adverse currency impact on the cost of raw materials. Restructuring measures and strict cost control has led to a structurally lower cost base.

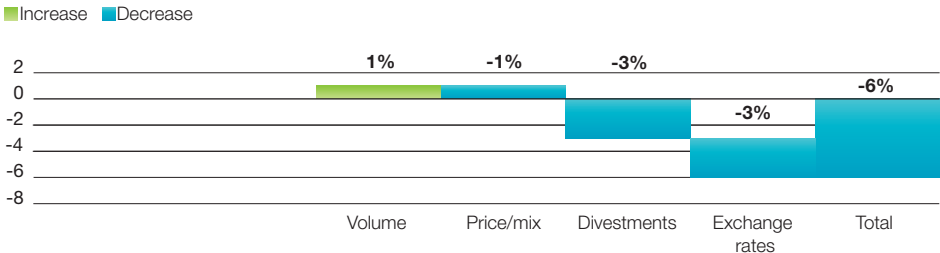
In Q4, revenue was up 6 percent on 2013 following the implementation of price increases due to the adverse currency impact on raw materials.

Asia

Full-year revenue was flat compared with 2013 as the positive volume effects were offset by an adverse impact of currency and price/mix in the region. Full-year volumes were higher in China, India and Vietnam compared with 2013, while the growth rates reduced in Q4. Restructuring programs and strict cost control have resulted in a lower cost base.

In Q4, revenue was up 3 percent due to a positive currency impact.

Revenue development 2014



Revenue development Q4 2014

