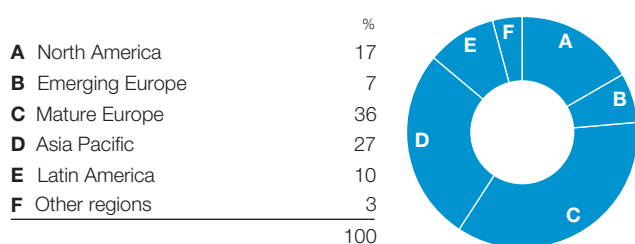


## AkzoNobel around the world Revenue by destination



(Based on the full-year 2015)

# We delivered our 2015 targets

## Our results at a glance

### Full-year:

- We delivered our 2015 targets: ROS 10.6 percent (2014: 6.9 percent); ROI 15.0 percent (2014: 10.0 percent); Net debt/EBITDA 0.6 (2014: 1.0)
- Revenue up 4 percent, due to 6 percent favorable currency effects, partly offset by divestments and lower volumes
- Operating income up 59 percent at €1,573 million, as a result of process optimization, lower costs, reduced restructuring expenses, favorable currency development and incidental items
- Operating income excluding incidental items up 36 percent at €1,462 million (2014: €1,072 million)
- Adjusted EPS up 43 percent at €4.02 (2014: €2.81)
- Net income attributable to shareholders €979 million (2014: €546 million)
- Total dividend proposed for 2015 up 7 percent to €1.55 (2014: €1.45)
- Net cash inflow from operating activities up 40 percent at €1,136 million (2014: €811 million)
- Number one ranking on the Dow Jones Sustainability Index (DJSI), in the Materials industry group, for the fourth consecutive year

### For Q4:

- Revenue up 1 percent, with 3 percent favorable currency effects offset by the impact of divestments and adverse price/mix. Volumes were flat
- Operating income at €345 million (2014: €83 million) reflecting the impact of incidental items, process optimization, lower costs and reduced restructuring expenses
- Adjusted EPS €0.72 (2014: €0.33)

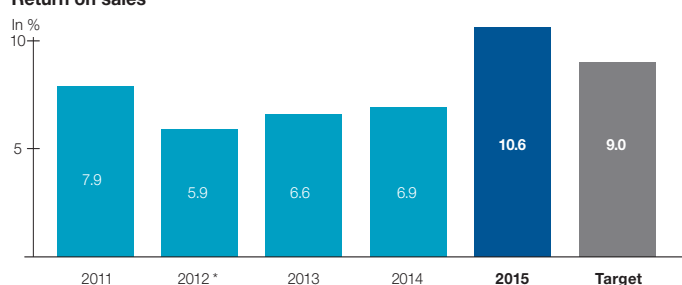
### Outlook:

- We expect 2016 to be a challenging year. Difficult market conditions continue in Brazil, China and Russia. No significant improvement is anticipated in Europe, particularly in the Buildings and Infrastructure segment. Deflationary pressures continue and currency tailwinds are moderating

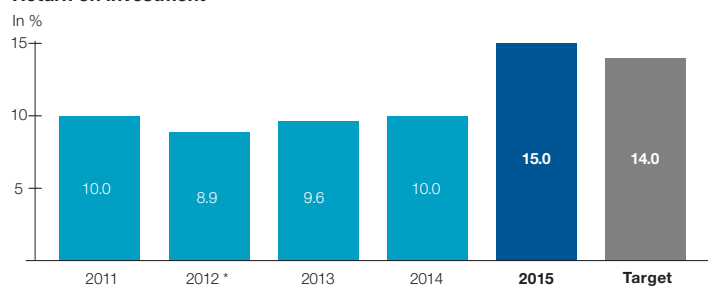
# Financial highlights

- Record ROS and ROI for AkzoNobel
- Performance continued to improve, we delivered on our 2015 targets
- Free cash flow positive after dividend

### Return on sales



### Return on investment



\* Return on sales and Return on investment in 2012 were adjusted for goodwill impairment on the Decorative Paints business.

## Summary of financial outcomes

Fourth quarter			January-December		
2014	2015	Δ%	2014	2015	Δ%
3,517	3,559	1	14,296	14,859	4
83	345	316	987	1,573	59
168	268	60	1,072	1,462	36
2.4	9.7		6.9	10.6	
4.8	7.5		7.5	9.8	
			9,871	10,475	
			10.0	15.0	
			10.9	14.0	
330	426	29	1,690	2,088	24
186	228		588	651	
481	768		811	1,136	40
			1,606	1,226	
(7)	194		528	973	84
14	9		18	6	
7	203		546	979	79
0.03	0.82		2.23	3.95	
0.33	0.72	27	2.81	4.02	43
			47,200	45,600	

## Financial performance against 2015 targets

	Target	2015	2015 (excl. incidental items)
ROS%	9.0%	10.6%	9.8%
ROI%	14.0%	15.0%	14.0%
Net debt/EBITDA	<2.0	0.6	0.6

# Financial highlights

We delivered our 2015 targets. 2015 revenue was up 4 percent, due to 6 percent favorable currency effects, partly offset by divestments and lower volumes. Operating income was up 59 percent at €1,573 million, reflecting the positive effects of process optimization, lower costs, reduced restructuring expenses, favorable currency developments and the impact of incidental items. ROS increased to 10.6 percent (2014: 6.9 percent). ROI increased to 15.0 percent (2014: 10.0 percent)

## Revenue

- Full-year revenue in Decorative Paints was up 3 percent. Revenue was up in Asia, flat in Europe and down in Latin America. Volumes were down 1 percent overall for the full-year, with positive developments in Asia. In Q4, revenue was up 1 percent, due to positive volume developments in Europe and Asia
- Full-year revenue in Performance Coatings was up 7 percent, driven by favorable price/mix and currencies. Volumes were down 2 percent across the segments, impacted by market developments in Brazil and ongoing spending declines in the global oil and gas industry. In Q4, revenue was up 5 percent, benefiting from favorable price/mix and positive currencies. Volumes were flat, with project strength in Marine and Protective Coatings businesses offset by lower demand in other segments
- Full-year revenue in Specialty Chemicals was up 2 percent due to favorable currency effects, partly offset by divestments and adverse price effects. Overall volumes were flat. Growth in some segments compensated for lower demand in oil drilling segments, impacting Surface Chemistry and Functional Chemicals. In Q4, revenue was down 2 percent. Volumes were affected by interruptions in the manufacturing and supply chain. Favorable currency effects were offset by divestments and increased price pressure

## Acquisitions and divestments

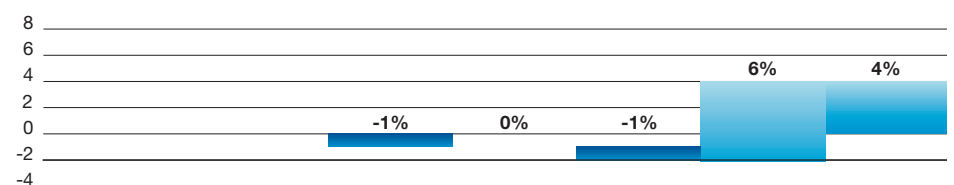
- The divestment of the Paper Chemicals business was completed in Q2 2015, and accounts for the divestment impact in Specialty Chemicals

## Revenue

Fourth quarter			January-December			
2014	2015	Δ%	in € millions	2014	2015	Δ%
920	931	1	Decorative Paints	3,909	4,007	3
1,416	1,482	5	Performance Coatings	5,589	5,955	7
1,194	1,167	(2)	Specialty Chemicals	4,883	4,988	2
(13)	(21)		Other activities/eliminations	(85)	(91)	
<b>3,517</b>	<b>3,559</b>	<b>1</b>	<b>Total</b>	<b>14,296</b>	<b>14,859</b>	<b>4</b>

## Revenue development full-year 2015

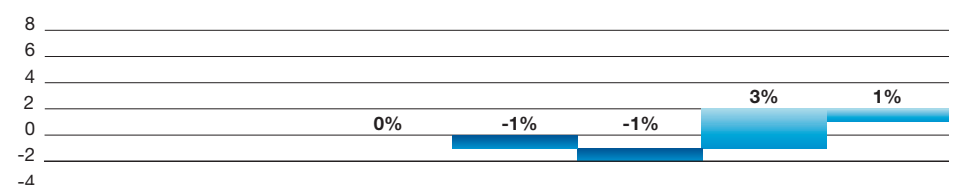
■ Increase ■ Decrease



in % versus 2014	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	(1)	-	-	4	3
Performance Coatings	(2)	1	-	8	7
Specialty Chemicals	-	(1)	(2)	5	2
<b>Total</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>6</b>	<b>4</b>

## Revenue development Q4 2015

■ Increase ■ Decrease



in % versus Q4 2014	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	1	-	-	-	1
Performance Coatings	-	1	-	4	5
Specialty Chemicals	-	(2)	(3)	3	(2)
<b>Total</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>3</b>	<b>1</b>

## Operating income

Operating income increased 59 percent to €1,573 million, reflecting the positive effects of process optimization, lower costs, favorable currency developments and the impact of incidental items.

- In Decorative Paints, operating income increased 39 percent as a result of the new operating model and lower costs
- In Performance Coatings, operating income increased 45 percent due to performance improvement initiatives, including management delayering and currencies
- In Specialty Chemicals, operating income increased 20 percent, with significant savings from continuous improvement programs and incidental items

Total restructuring charges in 2015 amounted to €74 million (2014: €253 million). Restructuring expenses were lower for all businesses.

Raw material prices were lower, although in certain regions foreign currency effects adversely impacted raw material costs in local currencies.

## Operating income in other activities

For the full-year, apart from incidental items, operating income was adversely impacted by insurance costs and higher pension costs, due to changes in discount rates and de-risking of pension liabilities. Corporate costs were higher due to planned functional transformation projects and favorable items in 2014 related to the sale of assets.

## Incidental items

For the full-year operating income was positively impacted by incidental items. The divestment of the Paper Chemicals business in Q2 resulted in a book profit net of related costs of €31 million, reported in Specialty Chemicals.

In Q4, operating income in other activities was impacted by incidental items, including a recovery related to the 2014 fraud case and several adjustments to provisions, mainly for legacy items and post-retirement benefits.

## Net financing expenses

Net financing expenses decreased for both the full-year and Q4, mainly due to lower interest expenses on net debt as a result of repayment of high interest bonds and lower interest on provisions.

## Tax

The full-year effective tax rate was 28 percent (2014: 30 percent). The tax rate was lower as a result of non-taxable income such as the gain on the divestment of the Paper Chemicals business and prior year adjustments.

Volume development per quarter (year-on-year)

	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
Decorative Paints	(2)	(3)	(1)	–	1
Performance Coatings	–	(3)	(3)	(2)	–
Specialty Chemicals	(1)	–	–	–	–
<b>Total</b>	<b>(1)</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>	<b>–</b>

Price/mix development per quarter (year-on-year)

	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
Decorative Paints	–	(1)	–	(2)	–
Performance Coatings	1	1	–	2	1
Specialty Chemicals	–	–	(1)	(2)	(2)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>

## Operating income

Fourth quarter			January-December			
2014	2015	Δ%	in € millions	2014	2015	Δ%
16	46	188	Decorative Paints	248	345	39
106	192	81	Performance Coatings	545	792	45
93	91	(2)	Specialty Chemicals	508	609	20
(132)	16		Other activities/eliminations	(314)	(173)	
<b>83</b>	<b>345</b>	<b>316</b>	<b>Total</b>	<b>987</b>	<b>1,573</b>	<b>59</b>

## Operating income in other activities

Fourth quarter			January-December		
2014	2015	in € millions	2014	2015	
(44)	(53)	Corporate costs	(182)	(195)	
(1)	(4)	Pensions	(13)	(24)	
(2)	(6)	Insurances	10	(1)	
(85)	79	Other	(129)	47	
<b>(132)</b>	<b>16</b>	<b>Operating income in other activities</b>	<b>(314)</b>	<b>(173)</b>	

## Operating income to net income

Fourth quarter			January-December		
2014	2015	in € millions	2014	2015	
<b>83</b>	<b>345</b>	<b>Operating income</b>	<b>987</b>	<b>1,573</b>	
(41)	(18)	Net financing expenses	(156)	(114)	
3	5	Results from associates and joint ventures	21	17	
<b>45</b>	<b>332</b>	<b>Profit before tax</b>	<b>852</b>	<b>1,476</b>	
(36)	(112)	Income tax	(252)	(416)	
<b>9</b>	<b>220</b>	<b>Profit from continuing operations</b>	<b>600</b>	<b>1,060</b>	
14	9	Profit from discontinued operations	18	6	
<b>23</b>	<b>229</b>	<b>Profit for the period</b>	<b>618</b>	<b>1,066</b>	
(16)	(26)	Non-controlling interests	(72)	(87)	
<b>7</b>	<b>203</b>	<b>Net income</b>	<b>546</b>	<b>979</b>	