

Performance Coatings

Full-year:

- Revenue up 7 percent due to favorable price/mix and currencies offsetting lower volumes
- Volumes down 2 percent, impacted by market developments in Brazil and China and ongoing spending declines in the global oil and gas industry
- Operating income up 45 percent to €792 million (2014: €545 million) due to performance improvement initiatives, management delayering, lower costs, reduced restructuring expenses and currencies
- ROS increased to 13.3 percent (2014: 9.8 percent); ROI increased to 29.4 percent (2014: 22.0 percent)

Full-year revenue was up 7 percent, driven by favorable price/mix and currencies offsetting lower volumes. Volumes were down 2 percent across the segments impacted by lower demand in Brazil and ongoing spending declines in the global oil and gas industry. Market developments in China weakened but differed per segment and therefore had a varied impact on the business segments.

Operating income increased 45 percent due to performance improvement initiatives, management delayering, lower costs, reduced restructuring expenses and currencies.

Performance Coatings implemented a simplified, delayered organization in 2015 to drive organic growth and improve operational efficiency. The program delivered significant improvements, including reduced organizational complexity and manufacturing footprint, as well as increasing the speed of decision making and customer proximity.

In Q4, revenue was up 5 percent, benefiting from favorable price/mix and positive currencies. Volumes were flat, with project strength in our Marine and Protective Coatings businesses offset by lower demand in other segments. Operating income increased 81 percent, driven by lower restructuring costs, favorable price/mix, cost control measures and currencies.

Revenue *

Fourth quarter				January-December		
2014	2015	Δ%	in € millions	2014	2015	Δ%
369	402	9	Marine and Protective Coatings	1,414	1,572	11
375	390	4	Automotive and Specialty Coatings	1,440	1,545	7
680	698	3	Industrial and Powder Coatings	2,769	2,867	4
(8)	(8)		Other/intragroup eliminations	(34)	(29)	
1,416	1,482	5	Total	5,589	5,955	7
106	192	81	Operating income	545	792	45
7.5	13.0		ROS%	9.8	13.3	
			Average invested capital	2,480	2,692	
			Moving average ROI (in %)	22.0	29.4	
142	229	61	EBITDA	687	938	37
49	47		Capital expenditures	143	147	
			Number of employees	20,500	19,300	

* Segment reporting following change in business structure.
For more details, please see the Investor update presentation on www.akzonobel.com



Our Performance Coatings business has launched an ultra-reflective powder coating which can increase the effective output of commercial lighting fixtures by up to 30 percent. Interpon ReFlex delivers outstanding levels of light reflectance, making it highly cost-effective. The product is solvent-free, like all powder coatings, and has a lower environmental impact than competing materials used in the lighting market.

Marine and Protective Coatings

Full-year revenue was up 11 percent, mainly due to favorable price/mix, currencies and increased volume for Marine Coatings. Demand in Protective Coatings was impacted by lower capital spending and delayed projects in the global oil and gas industries.

In Q4, revenue was up 9 percent, driven by volume growth, favorable price/mix and currencies. Marine new construction activity improved due to projects in Korea, as well as increased dry docking activity. Protective volumes to the offshore oil and gas market improved due to timing of specific projects.

Automotive and Specialty Coatings

Full-year revenue improved 7 percent, with favorable price/mix and currencies offsetting lower volumes. Lower demand in Brazil and Russia was offset by strong volume development in the aerospace, automotive interior and consumer electronics segments.

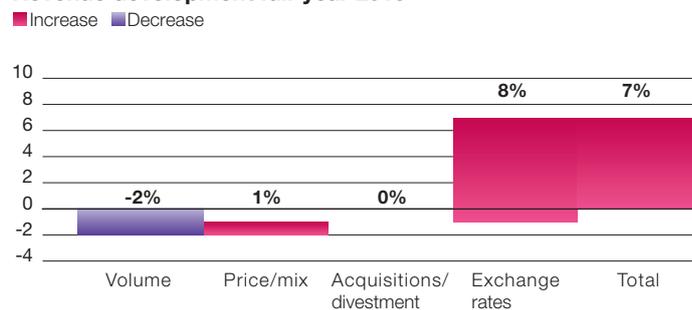
In Q4, revenue was up 4 percent due to favorable price/mix and currencies, partially offset by lower volumes. Demand for vehicle refinishes in North Asia and South Europe increased while demand in commercial vehicle and consumer electronics was lower.

Industrial and Powder Coatings

Full-year revenue increased 4 percent due to favorable currencies and price/mix offsetting adverse volumes. Demand was impacted by construction industry weakness in China and Brazil. North America continued to grow, benefiting from strength in both the US construction and automotive industries.

In Q4, revenue was up 3 percent due to favorable currencies and price/mix offset by lower volumes in some segments in China and Brazil. In Europe, Packaging Coatings development was positive. North Asian volumes were strong across a number of segments, including automotive, coil, and general industrial. Volumes in North America continued to benefit from strength in the US economy.

Revenue development full-year 2015



Revenue development Q4 2015

