

Report for the first quarter

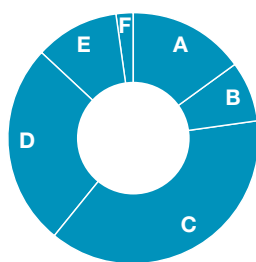
2013

AkzoNobel 



AkzoNobel around the world**Revenue by destination***(44 percent in high growth markets)*

	%
A North America	15
B Emerging Europe	8
C Mature Europe	38
D Asia Pacific	26
E Latin America	11
F Other regions	2
	100

*(Based on the full year 2012)*

Our results

at a glance

- Revenue down 7 percent due to weak demand in Europe and divestments
- Operating income at €217 million (2012: €236 million) as weaker end markets and production issues in the Specialty Chemicals value chain impacted results
- Cash from operating activities improved €298 million, mainly due to lower pension payments
- Net income attributable to shareholders €89 million (2012: €84 million)
- Adjusted EPS €0.51 (2012: €0.65)
- Divestment of Decorative Paints North America completed on April 1, 2013
- Strategic focus announced in February addresses the need for performance improvement in challenging market conditions

Summary of financial outcomes

1st quarter in € millions	2012	2013	Δ%
Revenue	3,707	3,465	(7)
Operating income	236	217	(8)
ROS%	6.4	6.3	
Invested capital	12,519	10,484	
Moving average ROI (in %)	9.4	7.8	
EBITDA	410	375	(9)
Capital expenditures	135	131	
Net cash from operating activities	(704)	(406)	
Net debt	2,860	2,888	
Net income from continuing operations	110	96	(13)
Net income from discontinued operations	(26)	(7)	
Net income attributable to shareholders	84	89	6
Earnings per share from continuing operations (in €)	0.47	0.40	
Earnings per share from total operations (in €)	0.36	0.37	
Adjusted earnings per share (in €)	0.65	0.51	
Number of employees	52,550	50,320	

Financial highlights

Revenue was down 7 percent, mainly due to lower volumes and divestments. Weaker European end markets and production issues in the Specialty Chemicals value chain adversely impacted our results, with operating income 8 percent lower at €217 million. Cash from operating activities improved €298 million, mainly due to lower pension payments.

Revenue

- Revenue in Decorative Paints declined 5 percent, mainly due to lower volumes in Europe, price/mix and currencies. Volumes were lower in Europe and South East Asia, but higher in Latin America and China.
- Revenue in Performance Coatings declined 3 percent compared with the previous year. The slowdown in Europe impacted all businesses.
- Revenue in Specialty Chemicals was 11 percent lower due to divestments and lower volumes, mainly in construction related products and the pulp bleaching and plastics industries.

Acquisitions and divestments

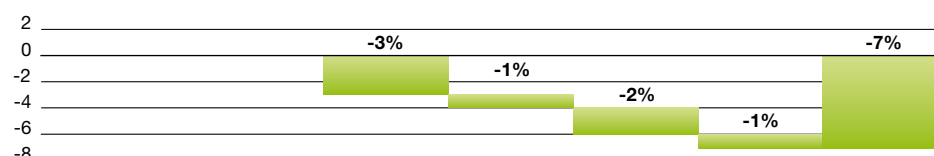
- On December 28, 2012, we completed the divestment of Chemicals Pakistan, which accounts for the divestment impact in revenue.
- Decorative Paints North America is reported in discontinued operations. The divestment was completed on April 1, 2013; the cash inflows and the deal result will be reported in Q2.

Revenue

1st quarter			
in € millions	2012	2013	Δ%
Decorative Paints	974	925	(5)
Performance Coatings	1,369	1,331	(3)
Specialty Chemicals	1,399	1,244	(11)
Other activities/eliminations	(35)	(35)	
Total	3,707	3,465	(7)

Revenue development Q1 2013

■ Increase ■ Decrease



in % versus Q1 2012	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	(1)	(1)	-	(3)	(5)
Performance Coatings	(3)	1	-	(1)	(3)
Specialty Chemicals	(4)	(2)	(5)	-	(11)
Total	(3)	(1)	(2)	(1)	(7)

Volume development per quarter (year-on-year)

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13
Decorative Paints	-	(3)	(6)	2	(1)
Performance Coatings	(1)	(2)	-	(2)	(3)
Specialty Chemicals	(1)	(2)	(2)	(1)	(4)
Total	(2)	(3)	(3)	(1)	(3)

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

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13
Decorative Paints	5	3	1	-	(1)
Performance Coatings	8	6	3	3	1
Specialty Chemicals	1	2	(1)	1	(2)
Total	5	3	1	2	(1)

Operating income

- In Decorative Paints, operating income and ROS% were higher than in 2012, mainly reflecting lower costs in Europe and lower restructuring charges during the quarter.
- In Performance Coatings, ROS% improved due to a combination of margin management activities, ongoing cost control and restructuring.
- In Specialty Chemicals, the operational performance weakened. Margins were impacted by production stops and reductions in volume.
- On average, raw material costs were stable compared with the previous year.
- Total restructuring charges (previously reported within incidental costs) were in line with the previous year. The prior year total restated incidental impact was €31 million, of which €33 million was related to restructuring charges. Decorative Paints had a higher proportion of the restructuring charges in the prior year compared with this quarter.

Operating income in "Other activities"

Operating income in other activities was in line with previous year. The "Other" costs were higher due to legacy items and one-offs. The results for pensions for 2012 have been restated for the revised IAS 19.

Net financing expenses

Net financing expenses increased by €13 million to €63 million. This was driven by:

- Higher net interest (€5 million) on net debt mainly driven by a lower financing income.
- Higher financing expenses related to pensions (€4 million) due to lower discount rates used to calculate asset returns.
- Lower discount rates on provisions.

Tax

The Q1 effective tax rate is 29 percent (2012: 35 percent).

Operating income

1st quarter			
in € millions	2012	2013	Δ%
Decorative Paints	25	43	72
Performance Coatings	127	129	2
Specialty Chemicals	140	99	(29)
Other activities/eliminations	(56)	(54)	
Total	236	217	(8)

Operating income in Other activities

1st quarter		
in € millions	2012	2013
Corporate costs	(36)	(30)
Pensions	3	(3)
Insurances	(2)	6
Other	(21)	(27)
Operating income in "other"	(56)	(54)

Operating income to net income

1st quarter		
in € millions	2012	2013
Operating income	236	217
Net financing expenses	(50)	(63)
Results from associates and joint ventures	4	3
Profit before tax	190	157
Income tax	(66)	(45)
Profit from continuing operations	124	112
Profit/(loss) from discontinued operations	(26)	(7)
Profit for the period	98	105
Non-controlling interests	(14)	(16)
Net income attributable to shareholders	84	89

Restatements in 2013

- The revised IAS 19 on pensions has given rise to the need to restate operating income for 2012 by €46 million from €862 million to €908 million (before the Q3 2012 impairment).
- As of 2013, we apply stricter rules to qualify items as incidental items.
- In addition, invested capital was redefined to exclude the receivable from pension funds in an asset position. Comparative numbers for 2012 have been restated accordingly. Please refer to our website for the details as issued at the time of our Strategy update on February 20, 2013.

Decorative Paints

- Revenue 5 percent down impacted by currencies, lower volumes and price/mix
- Challenging market conditions in Europe negatively impacting price/mix and volumes
- Operating income above the previous year, benefiting from lower cost and lower restructuring charges, but impacted by weak volume development in Europe

Revenue declined 5 percent, mainly due to lower volumes in Europe, price/mix and currencies. Volumes were lower in Europe and South East Asia, but higher in Latin America and China. Costs were lower mainly in Europe, while operating income for the quarter, at €43 million, was higher than in 2012, reflecting lower costs in Europe and lower restructuring charges during the quarter.

Europe

Revenue was down 6 percent. All regions experienced substantial volume declines, with the Southern region (France, Greece, Spain and Italy) being most impacted. However, growth was achieved in some emerging countries. The implemented restructuring measures and various operational efficiency improvement programs led to lower costs than the previous year.

Latin America

Revenue was flat due to an unfavorable currency impact, while volumes and prices improved, but at lower margins. Additional manpower to support growth increased our costs.

Asia

Revenue was down 4 percent due to lower volumes in South East Asia and an unfavorable currency effect in India. In China, we continued to grow volume and revenues in double digit percentages.

Revenue

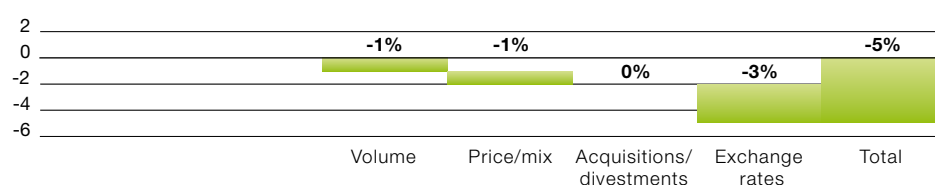
1st quarter

in € millions	2012	2013	Δ%
Decorative Paints Europe	618	578	(6)
Decorative Paints Latin America	134	134	-
Decorative Paints Asia	222	213	(4)
Other/intragroup eliminations	-	-	
Total	974	925	(5)

Operating income	25	43	72
ROS%	2.6	4.6	
Invested capital	5,476	3,175	
Moving average ROI (in %)	4.4	2.7	
EBITDA	68	88	29
Capital expenditures	29	27	
Number of employees	17,320	16,960	

Revenue development Q1 2013

■ Increase ■ Decrease



Performance Coatings

- Revenue down 3 percent, primarily due to volume decline in certain markets
- Operating income up 2 percent, return on sales at 9.7 percent (2012: 9.3 percent)
- Ongoing focus on cost control and operational efficiencies

Revenue declined 3 percent compared with the previous year. The slowdown in Europe impacted all businesses. ROS% improved due to a combination of margin management activities, ongoing cost control and restructuring.

Marine and Protective Coatings

Revenue declined 5 percent due to volumes and currency. In Marine Coatings, the global decline in new build activity accounts for the year-on-year volume reduction. In Protective Coatings, high activity levels continued in oil and gas, while volumes at Yacht were lower than last year. The closure of a site in Australia as part of the announced performance improvement program, was initiated during the quarter.

Automotive and Aerospace Coatings

Revenue was up 3 percent supported by price/mix and volumes, while currency had an adverse impact. In Vehicle Refinish, volumes in Europe remained weak. There were mixed results in Asia, while in North America developments were positive. Customer demand picked up in specialty finishes and aerospace. Cost reduction initiatives are ongoing throughout the business.

Powder Coatings

Revenue declined 6 percent due to volumes and currency. Markets in Europe continued to be weak, resulting in lower volumes. However, growth in Asian markets partially offset the decline in Europe. On a segment level, volumes declined across the board. In particular, domestic appliance continued to suffer from the weaker economic situation. Margin management, coupled with effective cost control, offset the revenue decline.

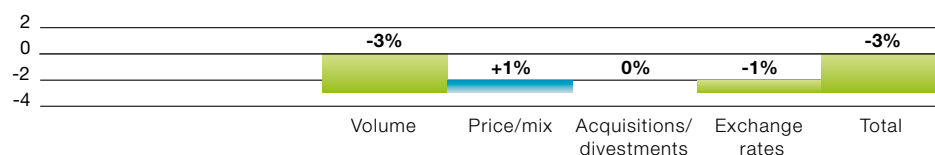
Revenue

1st quarter

in € millions	2012	2013	Δ%
Marine and Protective Coatings	369	351	(5)
Automotive and Aerospace Coatings	310	318	3
Powder Coatings	244	230	(6)
Industrial Coatings	452	440	(3)
Other/intragroup eliminations	(6)	(8)	
Total	1,369	1,331	(3)
Operating income	127	129	2
ROS%	9.3	9.7	
Invested capital	2,438	2,607	
Moving average ROI (in %)	20.4	21.3	
EBITDA	159	163	3
Capital expenditures	18	26	
Number of employees	21,910	21,220	

Revenue development Q1 2013

■ Increase ■ Decrease



Industrial Coatings

Revenue was 3 percent below 2012 due to volumes, although this was partly offset by price/mix. Growth in Asia partially offset the decline in Europe. The Wood Finishes and Packaging Coatings businesses declined in Europe. At Coil Coatings, the results from construction related activities were flat on the previous year. Costs remained under control.

Specialty Chemicals

- Revenue down 11 percent, due to lower volumes and the Chemicals Pakistan divestment
- Operating income down 29 percent to €99 million, due to unfavorable market conditions and production issues in the value chain
- Surface Chemistry exited the merchant fatty acids business in China
- Performance improvement programs accelerated in all businesses

Revenue in Specialty Chemicals was 11 percent lower due to divestments and lower volumes, mainly in construction related products and the pulp bleaching and plastics industries. The slow start to the year for the seasonal segments such as agriculture, due to the cold weather, and the exit from the merchant fatty acids business in Boxing, China, also contributed to the volume decline. Profitability was impacted by production stops and reductions in volume.

Functional Chemicals

Market conditions remained difficult, with volumes under pressure in construction related products (performance additives, polysulfides) and polymer initiators. Ethylene Amines margins remained under pressure due to the continued imbalance in supply/demand. A fire at our Battleground site in the US interrupted production. Our focus remains on performance improvement projects.

Industrial Chemicals

Volumes and margins were impacted by low caustic inventories due to an on-going large planned maintenance stop in Rotterdam.

Surface Chemistry

Volumes were down, mainly due to the announced exit from the merchant fatty acids business in China. Agriculture and asphalt applications were affected by cooler weather in North America.

Pulp and Performance Chemicals

It was a weak quarter with lower volumes than last year, mainly due to divestments. The business was impacted by the devaluation of the Venezuelan currency. During Q1, our Chemical Island in Jupia, Brazil, started production, as previously announced.

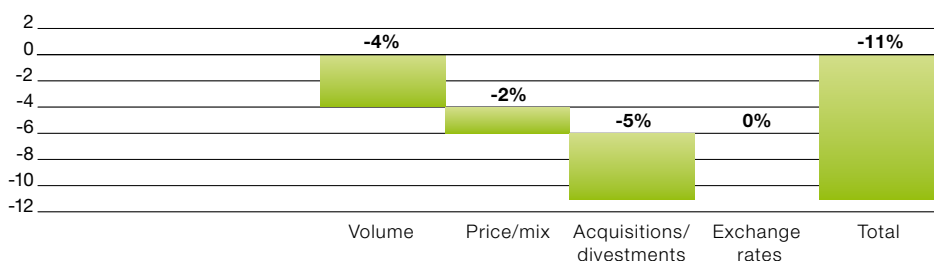
Revenue

1st quarter

in € millions	2012	2013	Δ%
Functional Chemicals	499	467	(6)
Industrial Chemicals	301	291	(3)
Surface Chemistry	284	258	(9)
Pulp and Performance Chemicals	282	262	(7)
Chemicals Pakistan	69	-	
Other/intragroup eliminations	(36)	(34)	
Total	1,399	1,244	(11)
Operating income	140	99	(29)
ROS%	10.0	8.0	
Invested capital	3,658	3,751	
Moving average ROI (in %)	16.9	12.4	
EBITDA	235	174	(26)
Capital expenditures	87	78	
Number of employees	11,860	10,680	

Revenue development Q1 2013

■ Increase ■ Decrease



Condensed financial statements

Consolidated statement of income

1st quarter

in € millions

	2012	2013
Continuing operations		
Revenue	3,707	3,465
Cost of sales	(2,316)	(2,125)
Gross profit	1,391	1,340
Selling expenses	(743)	(715)
General and administrative expenses	(312)	(318)
Research and development expenses	(91)	(90)
Other operating income/(expenses)	(9)	-
Operating income	236	217
Net financing expenses	(50)	(63)
Results from associates and joint ventures	4	3
Profit before tax	190	157
Income tax	(66)	(45)
Profit for the period from continuing operations	124	112
Discontinued operations		
Profit for the period from discontinued operations	(26)	(7)
Profit for the period	98	105
Attributable to		
Shareholders of the company	84	89
Non-controlling interests	14	16
Profit for the period	98	105

Consolidated statement of comprehensive income

1st quarter

in € millions

	2012	2013
Profit for the period	98	105
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(69)	91
Cash flow hedges	(15)	3
Post-retirement benefits	(449)	(6)
Tax relating to components of other comprehensive income	113	(20)
Other comprehensive income for the period (net of tax)	(420)	68
Comprehensive income for the period	(322)	173
Comprehensive income for the period attributable to		
Shareholders of the company	(325)	148
Non-controlling interests	3	25
Comprehensive income for the period	(322)	173

Condensed consolidated balance sheet *

in € millions	December 31, 2012	March 31, 2013
Assets		
Non-current assets		
Intangible assets	4,454	4,450
Property, plant and equipment	3,739	3,799
Other financial non-current assets	2,628	2,717
Total non-current assets	10,821	10,966
Current assets		
Inventories	1,545	1,633
Trade and other receivables	2,698	3,014
Cash and cash equivalents	1,752	1,309
Other current assets	91	99
Assets held for sale	921	987
Total current assets	7,007	7,042
Total assets	17,828	18,008
Equity and liabilities		
Total equity		
	6,228	6,416
Non-current liabilities		
Provisions and deferred tax liabilities	3,111	3,040
Long-term borrowings	3,388	2,701
Total non-current liabilities	6,499	5,741
Current liabilities		
Short-term borrowings	662	1,495
Trade and other payables	3,242	3,233
Other short-term liabilities	845	803
Liabilities held for sale	352	320
Total current liabilities	5,101	5,851
Total equity and liabilities	17,828	18,008

Shareholders' equity

Shareholders' equity increased from €5.8 billion at year-end 2012 to €5.9 billion, mainly due to the net effect of:

- Net income of €89 million.
- Increased cumulative translation reserves (€79 million) due to the weakening euro.

* Restated for the revised IAS 19

Changes in equity *

in € millions	Subscribed share capital	Additional paid-in capital	Cashflow hedge reserve	Cumulative translation reserves	Other reserves	Shareholders' equity	Non-control- ling interests	Total equity
Balance at January 1, 2012	469	47	(9)	4	8,520	9,031	529	9,560
Profit for the period	–	–	–	–	84	84	14	98
Other comprehensive income	–	–	(13)	(53)	(343)	(409)	(11)	(420)
Comprehensive income for the period	–	–	(13)	(53)	(259)	(325)	3	(322)
Dividend paid	–	–	–	–	–	–	(3)	(3)
Equity-settled transactions	–	–	–	–	9	9	–	9
Issue of common shares	2	3	–	–	–	5	–	5
Acquisitions and divestments	–	–	–	–	(7)	(7)	(9)	(16)
Balance at March 31, 2012	471	50	(22)	(49)	8,263	8,713	520	9,233
Balance at January 1, 2013	478	174	(17)	59	5,070	5,764	464	6,228
Profit for the period	–	–	–	–	89	89	16	105
Other comprehensive income	–	–	2	79	(22)	59	9	68
Comprehensive income for the period	–	–	2	79	67	148	25	173
Dividend paid	–	–	–	–	–	–	(8)	(8)
Equity-settled transactions	–	–	–	–	13	13	–	13
Issue of common shares	2	8	–	–	–	10	–	10
Acquisitions and divestments	–	–	–	–	1	1	(1)	–
Balance at March 31, 2013	480	182	(15)	138	5,151	5,936	480	6,416

Invested capital

Invested capital at the end of Q1 2013 totaled €10.5 billion, €0.4 billion higher than at year-end 2012. Invested capital was impacted by the net effect of:

- An increase of operating working capital of €0.4 billion mainly due to seasonality. Expressed as a percentage of revenue, operating working capital was 13.9 percent (Q1 2012: 14.8 percent; year-end 2012: 10.7 percent).
- An increase of €0.1 billion due to foreign currency translation, due to the weaker euro.

Pensions

The funded status of the pension plans at the end of Q1 2013 was a deficit of €0.6 billion (year-end 2012: €1.1 billion as reported, €0.9 billion on restated basis).

The movement compared with year-end 2012 is primarily due to:

- Changes in accounting standard IAS 19 (effective 1 January 2013) by €183 million.
- Top-up payments of €287 million into certain UK, US and Canadian defined benefit pension plans.
- Asset returns exceeding expected credits taken to the statement of income, increasing the pension plan assets and decreasing the deficit.

Offset by:

- Higher inflation in the UK, increasing the pension obligation and deficit.

Workforce

At March 31, 2013, we employed 50,320 staff (year-end 2012: 50,610 employees). The net decrease was due to:

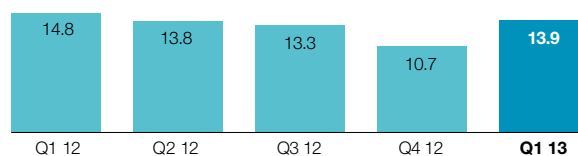
- A decrease of 480 employees due to ongoing restructuring.
- An increase of 190 employees, mainly due to seasonal activity.

Invested capital

in € millions	March 31, 2012	December 31, 2012	March 31, 2013
Trade receivables	2,462	2,174	2,468
Inventories	1,832	1,545	1,633
Trade payables	(2,097)	(2,147)	(2,169)
Operating working capital	2,197	1,572	1,932
Other working capital items	(813)	(870)	(809)
Non-current assets	12,988	10,821	10,966
Less investments in associates and joint ventures	(195)	(185)	(186)
Less pension assets	(1,158)	(842)	(1,006)
Deferred tax liabilities	(500)	(434)	(413)
Invested capital	12,519	10,062	10,484

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	March 31, 2012	December 31, 2012	March 31, 2013
Decorative Paints	654 16.8	353 8.9	537 14.5
Performance Coatings	852 15.6	742 13.3	879 16.5
Specialty Chemicals	754 13.5	564 10.7	647 13.0
Other activities	(63)	(87)	(131)
Total	2,197 14.8	1,572 10.7	1,932 13.9

Condensed consolidated statement of cash flows

1st quarter in € millions	2012	2013
Cash and cash equivalents at beginning of period	1,335	1,558
Adjustments to reconcile earnings to cash generated from operating activities		
Profit for the period from continuing operations	124	112
Amortization and depreciation	153	158
Changes in working capital	(384)	(350)
Changes in provisions	(548)	(279)
Other changes	(49)	(47)
Net cash from operating activities	(704)	(406)
Capital expenditures	(135)	(131)
Acquisitions and divestments net of cash acquired	1	(13)
Other changes	11	13
Net cash from investing activities	(123)	(131)
Changes from borrowings	490	163
Dividends	(3)	(8)
Other changes	(10)	10
Net cash from financing activities	477	165
Net cash used for continuing operations	(350)	(372)
Cash flows from discontinued operations	(71)	(87)
Net change in cash and cash equivalents of total operations	(421)	(459)
Effect of exchange rate changes on cash and cash equivalents	(9)	13
Cash and cash equivalents at March 31	905	1,112

Cash flows and net debt

Operating activities in Q1 2013 resulted in a cash outflow of €406 million (2012: €704 million). The change is mainly due to lower payments related to pension provisions.

As a consequence of this cash outflow from operating activities, capital expenditures of €131 million and a cash outflow from discontinued operations of €87 million, net debt increased from €2,298 million at year-end 2012 to €2,882 million at the end of Q1 2013.

Outlook and 2015 targets

The economic environment remains challenging and we do not expect an early improvement in the trends that we see in our businesses. The acceleration of our performance improvement program and the strategic priorities announced in February are the right focus to have in these markets:

- Achieve ROI% at 14.0 percent by 2015.
- Achieve ROS% at 9.0% by 2015.
- Maintain net debt/EBITDA lower than 2.0 by 2015.
- Increase revenue from downstream eco-premium solutions to 20 percent of our revenues in 2020.
- Reduce our carbon emissions through the value chain by 25 to 30 percent per ton by 2020 (base 2012).
- Improve resource efficiency across the full value chain.

Please refer to our website for more information on our ambitions and the strategic focus areas.

Amsterdam, April 18, 2013
The Board of Management

Quarterly statistics

	Q1	Q2	Q3	Q4	2012 year	in € millions	2013 Q1
Revenue							
	974	1,187	1,141	995	4,297	Decorative Paints	925
	1,369	1,472	1,467	1,394	5,702	Performance Coatings	1,331
	1,399	1,431	1,393	1,320	5,543	Specialty Chemicals	1,244
	(35)	(46)	(35)	(36)	(152)	Other activities/eliminations	(35)
	3,707	4,044	3,966	3,673	15,390	Total	3,465
EBITDA							
	68	155	97	(36)	284	Decorative Paints	88
	159	204	163	147	673	Performance Coatings	163
	235	235	208	152	830	Specialty Chemicals	174
	(52)	(40)	(40)	(58)	(190)	Other activities/eliminations	(50)
	410	554	428	205	1,597	Total	375
	11.1	13.7	10.8	5.6	10.4	EBITDA margin (in %)	10.8
Depreciation							
	(27)	(26)	(26)	(27)	(106)	Decorative Paints	(28)
	(23)	(25)	(23)	(24)	(95)	Performance Coatings	(25)
	(61)	(63)	(62)	(65)	(251)	Specialty Chemicals	(62)
	(3)	(1)	(4)	(3)	(11)	Other activities/eliminations	(4)
	(114)	(115)	(115)	(119)	(463)	Total	(119)
Amortization							
	(16)	(17)	(18)	(19)	(70)	Decorative Paints	(17)
	(9)	(8)	(10)	(9)	(36)	Performance Coatings	(9)
	(13)	(15)	(13)	(14)	(55)	Specialty Chemicals	(13)
	(1)	-	-	-	(1)	Other activities/eliminations	-
	(39)	(40)	(41)	(42)	(162)	Total	(39)
EBIT							
	25	112	53	(82)	108	Decorative Paints	43
	127	171	130	114	542	Performance Coatings	129
	161	157	133	73	524	Specialty Chemicals	99
	(56)	(41)	(44)	(61)	(202)	Other activities/eliminations	(54)
	257	399	272	44	972	Total	217
	6.9	9.9	6.9	1.2	6.3	EBIT margin (in %)	6.3
Operating income							
	25	112	(2,058)	(91)	(2,012)	Decorative Paints	43
	127	171	130	114	542	Performance Coatings	129
	140	154	133	73	500	Specialty Chemicals	99
	(56)	(49)	(63)	(60)	(228)	Other activities/eliminations	(54)
	236	388	(1,858)	36	(1,198)	Total	217
	6.4	9.6	6.3	1.0	5.9	ROS% before impairment	6.3

Quarterly statistics

	Q1	Q2	Q3	Q4	2012 year	in € millions	2013 Q1
Incidentals per Business Area							
	–	–	(2,111)	(9)	(2,120)	Decorative Paints	–
	–	–	–	–	–	Performance Coatings	–
	(21)	(3)	–	–	(24)	Specialty Chemicals	–
	–	(8)	(19)	1	(26)	Other activities/eliminations	–
	(21)	(11)	(2,130)	(8)	(2,170)	Total	–
Incidentals included in operating income							
	–	–	–	–	–	Restructuring costs	–
	–	–	(2,106)	–	(2,106)	Impairment	–
	(21)	2	(1)	–	(20)	Results related to major legal and environmental cases	–
	–	–	(5)	(25)	(30)	Results on acquisitions and divestments	–
	–	(13)	(18)	17	(14)	Other incidental results	–
	(21)	(11)	(2,130)	(8)	(2,170)	Total	–
Reconciliation net financing expense							
	15	17	16	11	59	Financing income	9
	(57)	(65)	(58)	(59)	(239)	Financing expenses	(56)
	(42)	(48)	(42)	(48)	(180)	Net interest on net debt	(47)
Other interest movements							
	(1)	(1)	–	(1)	(3)	Financing expenses related to pensions	(5)
	(3)	(18)	(9)	1	(29)	Interest on provisions	(12)
	(4)	–	1	10	7	Other items	1
	(8)	(19)	(8)	10	(25)	Net other financing charges	(16)
	(50)	(67)	(50)	(38)	(205)	Net financing expenses	(63)
Quarterly net income analysis							
	4	5	5	(1)	13	Results from associates and joint ventures	3
	(14)	(22)	(9)	(18)	(63)	Profit attributable to non-controlling interests	(16)
	190	326	(1,903)	(3)	(1,390)	Profit before tax	157
	(66)	(89)	(64)	16	(203)	Income tax	(45)
	124	237	(1,967)	13	(1,593)	Profit for the period from continuing operations	112
	35	27	(3)	533	(15)	Effective tax rate (in %)	29

Quarterly statistics

	Q1	Q2	Q3	Q4	2012 year		2013 Q1
Earnings per share from continuing operations (in €)							
	0.47	0.90	(8.29)	(0.02)	(6.98)	Basic	0.40
	0.46	0.90	(8.29)	(0.02)	(6.98)	Diluted	0.40
Earnings per share from discontinued operations (in €)							
	(0.11)	0.02	(1.65)	(0.09)	(1.84)	Basic	(0.03)
	(0.11)	0.02	(1.65)	(0.09)	(1.84)	Diluted	(0.03)
Earnings per share from total operations (in €)							
	0.36	0.92	(9.94)	(0.11)	(8.82)	Basic	0.37
	0.35	0.92	(9.94)	(0.11)	(8.82)	Diluted	0.37
Number of shares (in millions)							
	235.1	236.9	238.2	238.6	237.2	Weighted average number of shares	239.4
	235.6	238.2	238.2	239.0	239.0	Number of shares at end of quarter	239.8
Adjusted earnings (in € millions)							
	190	326	(1,903)	(3)	(1,390)	Profit before tax from continuing operations	157
	21	11	2,130	8	2,170	Incidentals reported in operating income	-
	39	40	41	42	162	Amortization of intangible assets	39
	(84)	(103)	(82)	(5)	(274)	Adjusted income tax	(57)
	(14)	(22)	(9)	(18)	(63)	Non-controlling interests	(16)
	152	252	177	24	605	Adjusted net income for continuing operations	123
	0.65	1.06	0.74	0.10	2.55	Adjusted earnings per share (in €)	0.51

Notes to the condensed financial statements

Accounting policies and restatements

This interim financial report is in compliance with IAS 34 "Interim Financial Reporting". This report is unaudited. Except for the implementation of the revised IAS 19 "Employee Benefits", the accounting principles are as applied in the 2012 financial statements.

As of 2013, we apply stricter rules to qualify items as incidental items and have restated the relevant performance measures. In addition, invested capital was restated to exclude the receivable from pension funds in an asset position. Further, moving average ROI is now to be calculated with use of last twelve months operating income instead of, the so far used, EBIT. Operating working capital now comprises the total company and therefore includes, besides the inventories, trade receivables and trade payables in the Business Areas, the same items for the other activities.

Comparative numbers for 2012 have been restated accordingly. Please refer to our website for the details of these restatements, as issued at the time of our Strategy update on February 20, 2013.

Seasonality

Revenue and results in Decorative Paints are impacted by seasonal influences. Revenue and profitability tend to be higher in the second and third quarter of the year as weather conditions determine whether paints and coatings can be applied. In Performance Coatings, revenue and profitability vary with building patterns from original equipment manufacturers. In Specialty Chemicals, the Functional Chemicals and the Surface Chemistry businesses experience seasonal influences. Revenue and profitability are affected by developments in the agricultural season and tend to be higher in the first half of the year.

The "other" category

In the category "other" we report activities which are not allocated to a particular business area. Corporate costs are the unallocated costs of our head office and shared services center in the Netherlands. Pensions reflects pension costs after the elimination of interest cost (reported as financing expenses). Insurances are the results from our captive insurance

companies. Other includes the cost of share-based compensation and company projects, the results of treasury and legacy operations as well as the unallocated cost of some country organizations.

Glossary

Adjusted earnings per share are the basic earnings per share from continuing operations excluding incidentals in operating income, amortization of intangible assets and tax on these adjustments.

Comprehensive income is the change in equity during a period resulting from transactions and other events other than those changes resulting from transactions with shareholders in their capacity as shareholders.

EBIT is operating income before incidentals.

EBIT margin is EBIT as percentage of revenue.

EBITDA is EBIT before depreciation and amortization and refers to EBITDA before incidentals.

EBITDA margin is EBITDA as percentage of revenue.

Emerging Europe: Central and Eastern Europe (excluding Austria), Baltic States and Turkey.

Incidentals are special charges and benefits, results on acquisitions and divestments, restructuring and impairment charges, and charges related to major legal, anti-trust, and environmental cases. As of 2013, we apply stricter rules to qualify items as incidental.

Invested capital is total assets (excluding cash and cash equivalents, investments in associates, the receivable from pension funds in an asset position, assets/liabilities held for sale) less current income tax payable, deferred tax liabilities and trade and other payables.

Mature markets comprise of Western Europe, the US, Canada, Japan and Oceania.

Moving average ROI is calculated as operating income of the last twelve months divided by average invested capital.

Net debt is defined as long-term borrowings plus short-term borrowings less cash and cash equivalents.

Operating income is defined in accordance with IFRS and includes the relevant incidental results.

Operating working capital is defined as the sum of inventories, trade receivables and trade payables of the total company. When expressed as a ratio, operating working capital is measured against four times last quarter revenue.

ROS% is operating income as percentage of revenue.

Safe Harbor Statement

This report contains statements which address such key issues 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 forecast 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.

Brands and trademarks

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Financial calendar

Annual General Meeting	April 26, 2013
Ex-dividend date of 2012 final dividend	April 30, 2013
Record date of 2012 final dividend	May 3, 2013
Election period cash or stock final dividend	May 6, 2013 – May 23, 2013
	May 24, 2013
Determination of exchange ratio	
Payment date cash dividend and delivery of new shares	May 29, 2013
Report for the 2 nd quarter 2013	July 18, 2013
Report for the 3 rd quarter 2013	October 21, 2013
Report for the year 2013 and the 4 th quarter	February 6, 2014



www.akzonobel.com

AkzoNobel is a leading global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 50,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.