

Persbericht

21 oktober 2013

Resultaten AkzoNobel derde kwartaal 2013

- Omzet daalde 5 procent, voornamelijk als gevolg van negatieve valuta-effecten en desinvesteringen
 - Bedrijfsresultaat €303 miljoen (2012: €248 miljoen), voornamelijk door lagere herstructureringskosten en hogere volumes
 - Nettoresultaat voor aandeelhouders €155 miljoen (2012: €110 miljoen)
 - Aangepaste winst per aandeel stabiel op €0,74
 - Interimdividend vastgesteld op €0,33
 - AkzoNobel behoudt eerste plaats in Dow Jones Sustainability Index in branchegroep Materials
 - Verkoop van Building Adhesives afgerond op 1 oktober
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- Prestatieverbeterprogramma op koers, naar schatting €160 miljoen aan herstructureringskosten in het vierde kwartaal
 - Hoger geraamde herstructureringskosten en aanhoudend zwakke markten betekenen dat het bedrijfsresultaat vóór incidentele posten over heel 2013 waarschijnlijk niet hoger uitvalt dan €908 miljoen

Derde kwartaal 2013 in € miljoen

	3 ^e kw 2012	3 ^e kw 2013	Δ %
Omzet	3.966	3.778	(5)
Bedrijfsresultaat	248	303	22
Rendement op verkopen (ROS) %	6,3	8,0	
EBITDA	428	456	7
Nettoresultaat voor aandeelhouders	110	155	41

Januari – september 2013 cumulatief in € miljoen

	cumulatief 2012	cumulatief 2013	Δ%
Omzet	11.717	11.108	(5)
Bedrijfsresultaat	872	842	(3)
Rendement op verkopen (ROS) %	7,4	7,6	
EBITDA	1.392	1.305	(6)
Nettoresultaat voor aandeelhouders	413	673	63

Akzo Nobel N.V. (AkzoNobel) rapporteerde vandaag een omzet van €3.778 miljoen in het derde kwartaal, 5 procent lager vergeleken met dezelfde periode vorig jaar. De daling was het gevolg van negatieve valuta-effecten en desinvesteringen. Lagere herstructureringskosten en hogere volumes droegen bij aan een stijging van het bedrijfsresultaat in het derde kwartaal met 22 procent tot €303 miljoen.

In het derde kwartaal verkocht AkzoNobel het bedrijfsonderdeel Building Adhesives (afgerond op 1 oktober) en maakte plannen bekend voor verdere efficiency- en prestatieverbeteringen binnen Functional Chemicals en in Duitsland. Bovendien wordt de managementstructuur bij Decorative Paints gestroomlijnd om het concurrentievermogen te verbeteren. Daarnaast werden details bekendgemaakt van investeringen van in totaal ruim €50 miljoen in twee nieuwe productiefaciliteiten om te voldoen aan de groeiende vraag in het westen van China. AkzoNobel behield bovendien de eerste plaats in de Dow Jones Sustainability Index in de branchegroep Materials.

De omzet van €1.136 miljoen in Decorative Paints in het derde kwartaal was stabiel ten opzichte van vorig jaar, waarbij hogere volumes werden tenietgedaan door negatieve valuta-effecten. Hoewel de omstandigheden in Europa in het algemeen uitdagend bleven, waren de wereldwijde volumes hoger dan in hetzelfde kwartaal vorig jaar. Lagere kosten en lagere herstructureringskosten droegen bij aan een hoger bedrijfsresultaat in het derde kwartaal van 2013 van €107 miljoen – een ruime verdubbeling ten opzichte van vorig jaar.

De kwartaalomzet bij Performance Coatings daalde met 4 procent tot €1.415 miljoen vergeleken met vorig jaar, waarbij de daling te wijten was aan negatieve valuta-effecten. Hoewel de algehele volumes met 2 procent stegen, bleef de zwakke vraag in Europa een negatieve invloed hebben op alle bedrijfsonderdelen. De herstructureringskosten in het derde kwartaal van 2013 waren lager dan een jaar geleden. Ten gevolge daarvan verbeterde het bedrijfsresultaat met 23 procent tot €160 miljoen.

De omzet bij Specialty Chemicals viel 10 procent lager uit op €1.252 miljoen, voornamelijk als gevolg van de verkoop van Chemicals Pakistan en negatieve valuta-effecten. Totale volumes waren vlak vergeleken met een jaar eerder. Het bedrijfsresultaat daalde met 20 procent tot €107 miljoen, voornamelijk als gevolg van eenmalige herstructureringskosten, voortvloeiend uit het prestatieverbeterprogramma in de Business Unit Functional Chemicals.

CFO Keith Nichols

“Het handelsklimaat achter deze resultaten is niet veranderd, in die zin dat de vraag achterblijft en het feit dat het derde kwartaal van vorig jaar uitzonderlijk zwak was. Niettemin beginnen we een positief effect te zien van onze verbeteracties. Bij alle drie de bedrijfsonderdelen is het rendement op verkopen vóór herstructureringskosten verbeterd, grotendeels als gevolg van onze acties voor prestatieverbetering”.

Prestatieverbeterprogramma

Het in oktober 2011 aangekondigde prestatieverbeterprogramma ligt op koers om aan het eind van dit jaar, een jaar eerder dan gepland, in totaal €500 miljoen aan EBITDA op te leveren. Ook zijn in het kader van opgevoerde herstructureringsactiviteiten verdere maatregelen voor efficiency en kostenverlagingen vastgesteld waarvan de voordelen in 2014 en daarna worden gerealiseerd. Zoals eerder aangegeven zal het grootste deel van de herstructureringskosten voor de tweede helft van 2013 worden geboekt in het vierde kwartaal. Tot op heden heeft AkzoNobel dit jaar €144 miljoen van een verwacht jaartotaal van circa €300 miljoen aan herstructureringskosten geboekt, waarvan €75 miljoen in het derde kwartaal.

AkzoNobel blijft zich voortdurend richten op het implementeren van nieuwe manieren om processen en prestaties te optimaliseren. De onderneming is bezig met de omslag naar een cultuur van continue operationele kwaliteitsverbetering.

Vooruitzichten

De economische omstandigheden blijven uitdagend en AkzoNobel verwacht geen spoedige verbetering in de trends in zijn eindgebruikersegmenten. De versnelde uitvoering van het prestatieverbeterprogramma en de strategische prioriteiten zoals aangekondigd in februari zijn de juiste focus bij de huidige marktomstandigheden. AkzoNobel verwacht circa €160 miljoen aan herstructureringskosten in het vierde kwartaal. Het bedrijfsresultaat vóór incidentele posten over heel 2013 zal daardoor waarschijnlijk niet hoger uitvallen dan €908 miljoen.

Hoofdpunten per bedrijfs onderdeel

Decorative Paints						
3 ^e kw 2012	3 ^e kw 2013	Δ%		cumulatief 2012	cumulatief 2013	Δ%
1.141	1.136	-	Omzet	3.302	3.240	(2)
48	107	123	Bedrijfsresultaat	185	252	36
4,2	9,4		ROS %	5,6	7,8	
97	146	51	EBITDA	320	375	17

Performance Coatings						
3 ^e kw 2012	3 ^e kw 2013	Δ%		cumulatief 2012	cumulatief 2013	Δ%
1.467	1.415	(4)	Omzet	4.308	4.204	(2)
130	160	23	Bedrijfsresultaat	428	452	6
8,9	11,3		ROS %	9,9	10,8	
163	193	18	EBITDA	526	553	5

Specialty Chemicals						
3 ^e kw 2012	3 ^e kw 2013	Δ%		cumulatief 2012	cumulatief 2013	Δ%
1.393	1.252	(10)	Omzet	4.223	3.749	(11)
133	107	(20)	Bedrijfsresultaat	427	327	(23)
9,5	8,5		ROS %	10,1	8,7	
208	185	(11)	EBITDA	678	557	(18)

Om vergelijking mogelijk te maken zijn de in dit persbericht vermelde cijfers over 2012 exclusief de afschrijving vorig jaar bij Decorative Paints ter waarde van € 2,1 miljard.

Het verslag van het derde kwartaal 2013 kan worden gedownload via de AkzoNobel Report iPad app <http://bit.ly/jobljrf> of online worden gelezen op www.akzonobel.com/quarterlyresults.

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AkzoNobel is een internationaal vooraanstaande verf- en coatingsonderneming en een belangrijk producent van specialistische chemicaliën. Wij voorzien industrie en consumenten wereldwijd van innovatieve producten en werken met passie aan de ontwikkeling van duurzame oplossingen voor onze klanten. Tot onze merken behoren bekende namen als Dulux, Sikkens, International en Eka. Ons hoofdkantoor staat in Amsterdam, en we hebben een leiderschapspositie op het gebied van duurzaamheid. Met activiteiten in meer dan 80 landen zetten onze circa 50.000 medewerkers zich in voor het leveren van topproducten en -technologieën voor de groeiende behoeften van onze snel veranderende wereld.

Niet voor publicatie – voor meer informatie

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Voorbehoud

Dit persbericht bevat informatie met betrekking tot belangrijke onderwerpen zoals AkzoNobels groeistrategie, toekomstige financiële resultaten, marktposities, productontwikkeling, producten in de pijplijn en productgoedkeuringen. Dergelijke informatie dient met het nodige voorbehoud te worden beschouwd, waarbij men zich moet realiseren dat vele factoren de geprojecteerde en werkelijke resultaten kunnen doen afwijken. Zulke factoren zijn onder meer prijsfluctuaties, valutakoersschommelingen, ontwikkelingen in grondstofprijzen en personeelskosten, pensioenen, fysieke en milieurisico's, juridische aangelegenheden en wettelijke, fiscale en andere overheidsmaatregelen. Vermelde marktposities zijn gebaseerd op schattingen van het management en informatie afkomstig van externe specialisten. Een uitgebreidere toelichting op de risicofactoren met betrekking tot onze activiteiten vindt u in ons meest recente jaarverslag, dat u kunt vinden op onze website www.akzonobel.com.

Report for the third quarter

2013

AkzoNobel 



3rd quarter			January - September			
2012	2013	Δ%	in € millions	2012	2013	Δ%
3,966	3,778	(5)	Revenue	11,717	11,108	(5)
248	303	22	Operating income (excluding impairment)	872	842	(3)
6.3	8.0		ROS% (excluding impairment)	7.4	7.6	
			Invested capital	10,414	9,842	
			Moving average ROI (in %)	8.0	8.6	
428	456	7	EBITDA	1,392	1,305	(6)
195	133		Capital expenditures	496	432	
460	552		Net cash from operating activities	107	407	
			Net debt	2,597	1,817	
130	154	18	Net income from continuing operations (excluding impairment)	455	558	23
(20)	1		Net income from discontinued operations (excluding impairment)	(42)	115	
110	155	41	Net income attributable to shareholders (excluding impairment)	413	673	63
(2,368)	155		Net income attributable to shareholders (including impairment)	(2,065)	673	
(9.94)	0.64		Earnings per share from total operations (in €)	(8.66)	2.79	
0.74	0.74		Adjusted earnings per share (in €)	2.45	2.63	
			Number of employees	52,310	50,420	

Financial highlights

Revenue was down 5 percent, mainly due to adverse currency effects and divestments. Operating income was significantly higher than the previous year at €303 million, mainly driven by lower restructuring charges and higher volumes. The performance improvement program is on track with estimated €160 million restructuring charges in Q4. Cash from operating activities was €552 million (2012: €460 million), mainly due to higher operating income and lower payments from provisions.

Revenue

- Q3 revenue in Decorative Paints was flat. Volumes in Q3 were higher in all our markets, offset by 7 percent adverse currency effects
- Q3 revenue in Performance Coatings declined 4 percent compared with the previous year, due to adverse currency effects which more than offset positive volume development. Weak demand in Europe continues to impact all businesses
- Q3 revenue in Specialty Chemicals declined due to divestments and adverse currency effects. Volumes were stable overall but lower in the construction and agriculture segments

Investments and divestments

- Our Powder Coatings and Decorative Paints businesses are investing a total of more than €50 million in western China to build two new manufacturing facilities to meet growing demand
- The divestment of Building Adhesives was completed on October 1, 2013. The result of that transaction as well as the cash inflows will be recorded in Q4
- The divestment of Chemicals Pakistan in 2012 accounts for the divestment impact in revenue

Revenue

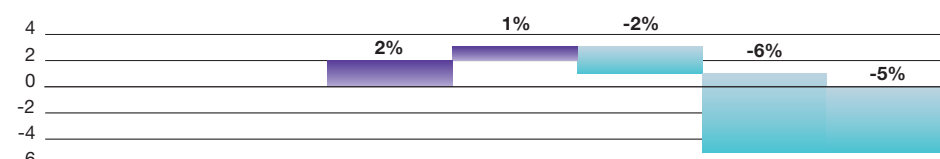
3rd quarter

January - September

	2012	2013	Δ%	in € millions	2012	2013	Δ%
	1,141	1,136	–	Decorative Paints	3,302	3,240	(2)
	1,467	1,415	(4)	Performance Coatings	4,308	4,204	(2)
	1,393	1,252	(10)	Specialty Chemicals	4,223	3,749	(11)
	(35)	(25)		Other activities/eliminations	(116)	(85)	
	3,966	3,778	(5)	Total	11,717	11,108	(5)

Revenue development Q3 2013

■ Increase ■ Decrease



in % versus Q3 2012	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	5	2	–	(7)	–
Performance Coatings	2	–	–	(6)	(4)
Specialty Chemicals	–	–	(6)	(4)	(10)
Total	2	1	(2)	(6)	(5)

Volume development per quarter (year-on-year)

	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Decorative Paints	(6)	2	(1)	4	5
Performance Coatings	–	(2)	(3)	–	2
Specialty Chemicals	(2)	(1)	(4)	(5)	–
Total	(3)	(1)	(3)	–	2

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

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

Operating income

In Q3 2012, the ongoing businesses of Decorative Paints recorded a goodwill impairment of €2,106 million. An amount of €372 million was recorded for the Decorative Paints business in North America in results from discontinued operations. In this report, impairments from the 2012 numbers are excluded from operating income to present comparable financial outcomes.

- In Decorative Paints, restructuring costs were below the previous year, resulting in operating income of €107 million, more than double Q3 2012 (€48 million excluding impairment)
- In Performance Coatings, operating income improved due to lower restructuring costs in 2013 compared with the previous year
- In Specialty Chemicals, operating income in the quarter was lower mainly due to restructuring costs in Functional Chemicals

Average raw material costs are expected to be stable in the remainder of the year.

Performance improvement program

The performance improvement program announced in October 2011 is on track to deliver the full €500 million in EBITDA at the end of the year. Further efficiency and cost reduction measures have also been identified as restructuring activities are stepped up, the benefits of which will be realized in 2014 and beyond. As previously indicated, the majority of the restructuring charges for the second half of 2013 will be taken in the fourth quarter. Year-to-date restructuring costs are €144 million of an expected full-year total of around €300 million (2012: €292 million). In Q3, restructuring costs amounted to €75 million (2012: €101 million). The return on sales in the quarter, before restructuring charges, has improved in all three business areas.

Operating income in Other activities

Operating income in Other activities in the quarter was lower than the previous year, mainly due to incremental project-related costs.

Net financing expenses

Net financing expenses increased by €6 million to €56 million, mainly due to lower discount rates for pensions.

Operating income (excluding impairment)

3rd quarter			January - September		
2012	2013	Δ%	2012	2013	Δ%
in € millions					
48	107	123	185	252	36
130	160	23	428	452	6
133	107	(20)	427	327	(23)
(63)	(71)		(168)	(189)	
248	303	22	872	842	(3)

Operating income in Other activities

3rd quarter			January - September	
2012	2013	in € millions	2012	2013
(28)	(40)	Corporate costs	(90)	(101)
2	(2)	Pensions	16	(7)
5	1	Insurances	(6)	4
(42)	(30)	Other	(88)	(85)
(63)	(71)	Operating income in Other activities	(168)	(189)

Operating income to net income

3rd quarter			January - September	
2012	2013	in € millions	2012	2013
248	303	Operating income (excluding impairment)	872	842
(2,106)	–	Impairment	(2,106)	–
(1,858)	303	Operating income (including impairment)	(1,234)	842
(50)	(56)	Net financing expenses	(167)	(152)
5	4	Results from associates and joint ventures	14	13
(1,903)	251	Profit/(loss) before tax	(1,387)	703
(64)	(83)	Income tax	(219)	(90)
(1,967)	168	Profit/(loss) from continuing operations	(1,606)	613
(392)	1	Profit/(loss) from discontinued operations	(414)	115
(2,359)	169	Profit/(loss) for the period	(2,020)	728
(9)	(14)	Non-controlling interests	(45)	(55)
(2,368)	155	Net income	(2,065)	673

Tax

The Q3 effective tax rate is 33 percent (2012: 34 percent excluding the impact of the impairment in the Decorative Paint business). Excluding one-off and non-deductible costs, the tax rate is 29 percent.

Decorative Paints

- Revenues stable, with adverse currency effects (7 percent) compensated by higher volume
- Positive volume development in Asia and Latin America, offsetting the adverse currency effects
- Operating income above the previous year, due to lower costs and lower restructuring charges
- Streamlining management structure to increase competitiveness

Q3 revenue in Decorative Paints was flat. Volumes in Q3 were higher in all our markets, with no significant mix effect, however offset by 7 percent adverse currency effects. Costs and restructuring charges were below the previous year, resulting in operating income of €107 million, more than double Q3 2012.

Europe

Revenue in Europe was up 1 percent. Volumes were stronger in the southern region (Greece, Spain and Italy), but most countries continued to be affected by weak European demand. We continued to grow in countries such as the UK, Russia and Turkey. Restructuring measures and various operational efficiency improvement programs led to a lower cost base. As a result, operating income was higher than the previous year.

Latin America

Revenue decreased 3 percent, with strong volume development offset by an adverse currency impact in Brazil. Margins improved due to lower material costs and improved formulations. Costs increased due to additional manpower to support growth.

Asia

Revenue was up 2 percent, with strong volumes offset by an adverse currency impact in the region. China saw healthy growth in all segments. Profitability increased in the region due to lower costs.

Revenue

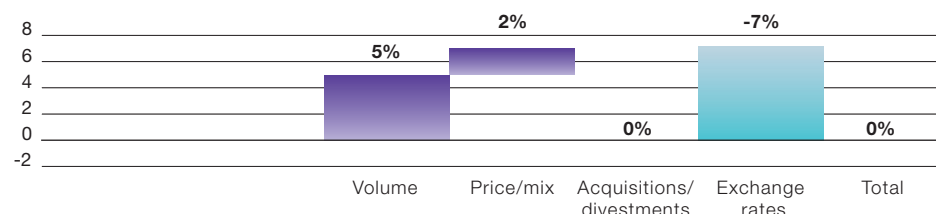
3rd quarter

January - September

2012	2013	Δ%	in € millions	2012	2013	Δ%
698	705	1	Decorative Paints Europe	2,096	2,019	(4)
160	155	(3)	Decorative Paints Latin America	429	429	–
271	276	2	Decorative Paints Asia	769	792	3
12	–	–	Other/intragroup eliminations	8	–	–
1,141	1,136	–	Total	3,302	3,240	(2)
48	107	123	Operating income (excluding impairment)	185	252	36
4.2	9.4		ROS% (excluding impairment)	5.6	7.8	
			Invested capital	3,270	2,799	
			Moving average ROI (in %)	3.0	5.4	
97	146	51	EBITDA	320	375	17
44	39		Capital expenditures	114	106	
			Number of employees	17,220	16,860	

Revenue development Q3 2013

■ Increase ■ Decrease



Performance Coatings

- Revenue down 4 percent, due to adverse currency effects (6 percent)
- Volume increased 2 percent compared with the previous year
- Operating income up 23 percent due to lower restructuring costs
- Continued focus on cost control and operational efficiencies

Revenue declined 4 percent compared with the previous year, due to adverse currency effects which more than offset positive volume development. Weak demand in Europe continued to impact all businesses. Operating income improved due to lower restructuring costs in 2013 compared with the previous year.

Marine and Protective Coatings

Revenue dropped 8 percent due to currency and price/mix. In Marine, the new construction segment continued to decline, but growth was sustained in the Protective Coatings oil and gas sector.

Automotive and Aerospace Coatings

Revenue was up 1 percent, supported by price/mix and volumes, although currencies had an adverse impact. In Vehicle Refinish, volumes in Europe showed mixed results. Growth was achieved in Eastern Europe, but conditions were challenging in Northern and Southern Europe. It was a similarly varied picture elsewhere, with growth in the US and Latin America, while Asia produced mixed results. Our Aerospace and Specialty Finishes activities both achieved volume growth. Initiatives to control costs continued during the quarter.

Powder Coatings

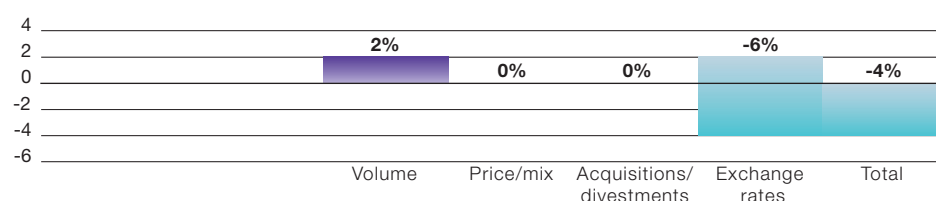
Revenue was in line with the previous year, with the adverse currency impact being offset by favorable volume. Volumes were up in Europe, Asia and the Americas, with growth in the automotive and architectural segments. The appliance sector was more challenging, with volumes declining. Initiatives launched in 2012 helped to control costs during the quarter. We also announced the expansion of manufacturing facilities in western China.

Revenue

3rd quarter				January - September		
2012	2013	Δ%	in € millions	2012	2013	Δ%
405	373	(8)	Marine and Protective Coatings	1,185	1,124	(5)
330	332	1	Automotive and Aerospace Coatings	969	989	2
253	254	-	Powder Coatings	752	736	(2)
485	461	(5)	Industrial Coatings	1,420	1,375	(3)
(6)	(5)		Other/intragroup eliminations	(18)	(20)	
1,467	1,415	(4)	Total	4,308	4,204	(2)
130	160	23	Operating income	428	452	6
8.9	11.3		ROS%	9.9	10.8	
			Invested capital	2,559	2,439	
			Moving average ROI (in %)	20.6	22.6	
163	193	18	EBITDA	526	553	5
23	26		Capital expenditures	66	78	
			Number of employees	21,650	21,440	

Revenue development Q3 2013

■ Increase ■ Decrease



Industrial Coatings

Revenue declined 5 percent due to currencies, partially offset by favorable price/mix. Europe continued to face challenging economic conditions, while the Asia Pacific region continued to grow. Conditions remained challenging in the packaging segment, however Coil posted improved results, particularly in Asia Pacific. Wood Finishes remained at 2012 levels.

Specialty Chemicals

- Revenue down 10 percent, due to Chemicals Pakistan divestment (6 percent) and adverse currency effects (4 percent)
- Total volumes during the quarter were flat with the previous year
- Operating income down 20 percent to €107 million, mainly due to restructuring costs
- Performance improvement measures continue to be carried out in all businesses

Revenue declined compared with the previous year due to divestments and adverse currency developments. Volumes were stable overall but lower in the construction and agriculture segments. Operating income was lower than in 2012, mainly due to restructuring costs in Functional Chemicals.

Functional Chemicals

Revenues were down, mainly due to an adverse currency impact. Some recovery in volumes is visible together with initial signs of stabilization in ethylene amines. Overall market conditions remained challenging in Europe for the construction market and general manufacturing.

During the quarter, plans were announced to phase out the production of organic peroxides at the Deventer site, Netherlands, and consolidate this at other facilities. Meanwhile, our new Performance Additives plant in Ningbo, China, started commercial production, which will substantially enhance our regional position.

Industrial Chemicals

Revenues were up, partly based on increased exports to the US and higher volumes for MCA. Margins, however, remain under pressure in all segments.

Surface Chemistry

Revenues were down, due mainly to lower sales in the agriculture and water treatment segments and the previously announced exit from the merchant fatty acids business in China. This was partly offset by growth in the personal care segment.

Pulp and Performance Chemicals

Revenues were down, mainly due to adverse currency effects and lower volumes resulting from exited paper activities. Volumes from bleaching chemicals increased due to investments in our Chemical Islands in Brazil, which partly compensated for weaker demand in Europe and the US.

Revenue

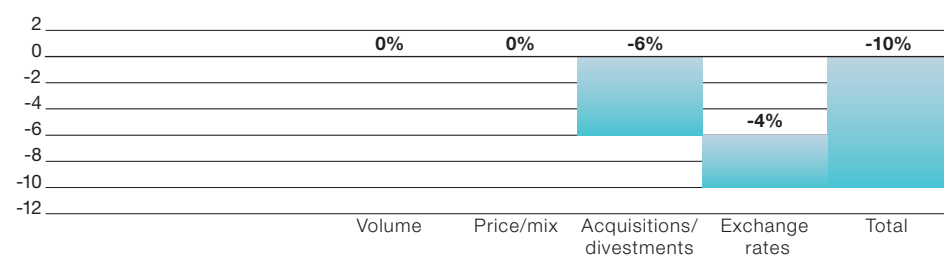
3rd quarter

January - September

2012	2013	Δ%	in € millions	2012	2013	Δ%
489	470	(4)	Functional Chemicals	1,506	1,425	(5)
298	303	(2)	Industrial Chemicals	892	873	(2)
279	256	(8)	Surface Chemistry	856	778	(9)
287	257	(10)	Pulp and Performance Chemicals	858	777	(9)
74	–	(100)	Chemicals Pakistan	215	–	(100)
(34)	(34)		Other/intragroup eliminations	(104)	(104)	
1,393	1,252	(10)	Total	4,223	3,749	(11)
133	107	(20)	Operating income	427	327	(23)
9.5	8.5		ROS%	10.1	8.7	
			Invested capital	3,702	3,617	
			Moving average ROI (in %)	15.5	11.0	
208	185	(11)	EBITDA	678	557	(18)
125	66		Capital expenditures	307	244	
			Number of employees	11,950	10,580	

Revenue development Q3 2013

■ Increase ■ Decrease



Condensed financial statements

Consolidated statement of income

3rd quarter				January - September	
2012	2013	in € millions		2012	2013
Continuing operations					
3,966	3,778	Revenue		11,717	11,108
(2,447)	(2,296)	Cost of sales		(7,233)	(6,753)
1,519	1,482	Gross profit		4,484	4,355
(2,106)	–	– Impairment		(2,106)	–
(829)	(763)	Selling expenses		(2,373)	(2,256)
(313)	(311)	General and administrative expenses		(917)	(965)
(98)	(92)	Research and development expenses		(285)	(276)
(31)	(13)	Other operating income/(expenses)		(37)	(16)
(1,858)	303	Operating income		(1,234)	842
(50)	(56)	Net financing expenses		(167)	(152)
5	4	Results from associates and joint ventures		14	13
(1,903)	251	Profit before tax		(1,387)	703
(64)	(83)	Income tax		(219)	(90)
(1,967)	168	Profit for the period from continuing operations		(1,606)	613
Discontinued operations					
(392)	1	Profit for the period from discontinued operations		(414)	115
(2,359)	169	Profit for the period		(2,020)	728
Attributable to					
(2,368)	155	Shareholders of the company		(2,065)	673
9	14	Non-controlling interests		45	55
(2,359)	169	Profit for the period		(2,020)	728

Consolidated statement of comprehensive income

3rd quarter				January - September	
2012	2013	in € millions		2012	2013
(2,359)	169	Profit for the period		(2,020)	728
Other comprehensive income					
3	(164)	Exchange differences arising on translation of foreign operations		150	(368)
7	18	Cash flow hedges		(6)	2
(299)	(383)	Post-retirement benefits		(1,024)	(146)
74	(16)	Tax relating to components of other comprehensive income		250	(50)
(215)	(545)	Other comprehensive income for the period (net of tax)		(630)	(562)
(2,574)	(376)	Comprehensive income for the period		(2,650)	166
Comprehensive income for the period attributable to					
(2,579)	(366)	Shareholders of the company		(2,693)	142
5	(10)	Non-controlling interests		43	24
(2,574)	(376)	Comprehensive income for the period		(2,650)	166

Condensed consolidated balance sheet *

in € millions	December 31, 2012	September 30, 2013
Assets		
Non-current assets		
Intangible assets	4,454	4,237
Property, plant and equipment	3,739	3,636
Other financial non-current assets	2,628	2,499
Total non-current assets	10,821	10,372
Current assets		
Inventories	1,545	1,483
Trade and other receivables	2,698	2,831
Cash and cash equivalents	1,752	2,236
Other current assets	91	86
Assets held for sale	921	112
Total current assets	7,007	6,748
Total assets	17,828	17,120
Equity and liabilities		
Total equity	6,228	6,223
Non-current liabilities		
Provisions and deferred tax liabilities	3,111	2,792
Long-term borrowings	3,388	2,684
Total non-current liabilities	6,499	5,476
Current liabilities		
Short-term borrowings	662	1,369
Trade and other payables	3,242	3,233
Other short-term liabilities	845	772
Liabilities held for sale	352	47
Total current liabilities	5,101	5,421
Total equity and liabilities	17,828	17,120

Shareholders' equity

Shareholders' equity was unchanged compared to year-end 2012 at €5.8 billion, mainly due to the effect of:

- Net income of €673 million

Offset by:

- Decrease in cumulative translation reserves of €285 million due to the stronger euro
- IAS19 actuarial loss (net of tax) of €183 million
- Dividend payments of €158 million

Dividend

An interim dividend of €0.33 per share (2012: €0.33) will be paid out, with the option to elect stock dividend. Please refer to the last page of this report for dividend payment dates.

* 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-controlling interests	Total equity
Balance at January 1, 2012	469	47	(9)	4	8,520	9,031	529	9,560
Profit for the period	–	–	–	–	(2,065)	(2,065)	45	(2,020)
Other comprehensive income	–	–	(6)	153	(775)	(628)	(2)	(630)
Comprehensive income for the period	–	–	(6)	153	(2,840)	(2,693)	43	(2,650)
Dividend paid	5	90	–	–	(263)	(168)	(28)	(196)
Equity-settled transactions	–	–	–	–	30	30	–	30
Issue of common shares	2	4	–	–	–	6	–	6
Acquisitions and divestments	–	–	–	–	(14)	(14)	(39)	(53)
Balance at September 30, 2012	476	141	(15)	157	5,433	6,192	505	6,697
Balance at January 1, 2013	478	174	(17)	59	5,070	5,764	464	6,228
Profit for the period	–	–	–	–	673	673	55	728
Other comprehensive income	–	–	1	(349)	(183)	(531)	(31)	(562)
Comprehensive income for the period	–	–	1	(349)	490	142	24	166
Dividend paid	4	106	–	–	(268)	(158)	(59)	(217)
Equity-settled transactions	–	–	–	–	33	33	–	33
Issue of common shares	2	11	–	–	–	13	–	13
Acquisitions and divestments	–	–	–	–	1	1	(1)	–
Balance at September 30, 2013	484	291	(16)	(290)	5,326	5,795	428	6,223

Invested capital

Invested capital at the end of Q3 2013 totaled €9.8 billion, €0.2 billion lower than at year-end 2012. Invested capital was mainly impacted by the net effect of:

- An increase of operating working capital of €0.2 billion mainly due to seasonality. Expressed as a percentage of revenue, operating working capital was 11.8 percent (Q3 2012: 13.3 percent; year-end 2012: 10.7 percent)
- A decrease of €0.3 billion due to foreign currency translation, caused by the stronger euro

Pensions

The funded status of the pension plans at the end of Q3 2013 was a deficit of €0.7 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 January 1, 2013) by €183 million
- Top-up payments of €307 million into certain pension plans
- Higher discount rates in all key countries

Offset by:

- Higher inflation
- Lower asset returns

Workforce

At September 30, 2013, we employed 50,420 staff (year-end 2012: 50,610 employees). The net decrease was due to:

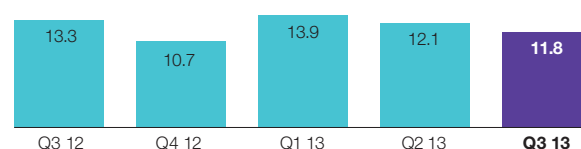
- A decrease of 1,050 employees due to ongoing restructuring
- An increase of 860 employees due to new hires and seasonal activity. New hires were mainly in high growth markets

Invested capital

in € millions	September 30, 2012	December 31, 2012	September 30, 2013
Trade receivables	2,432	2,174	2,374
Inventories	1,718	1,545	1,483
Trade payables	(2,048)	(2,147)	(2,074)
Operating working capital	2,102	1,572	1,783
Other working capital items	(914)	(870)	(982)
Non-current assets	10,867	10,821	10,372
Less investments in associates and joint ventures	(192)	(185)	(188)
Less pension assets	(967)	(842)	(723)
Deferred tax liabilities	(482)	(434)	(420)
Invested capital	10,414	10,062	9,842

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	September 30, 2012		December 31, 2012		September 30, 2013	
Decorative Paints	587	12.9	353	8.9	424	9.3
Performance Coatings	857	14.6	742	13.3	840	14.8
Specialty Chemicals	734	13.2	564	10.7	641	12.8
Other activities	(76)		(87)		(122)	
Total	2,102	13.3	1,572	10.7	1,783	11.8

Condensed consolidated statement of cash flows

3rd quarter				January - September	
2012	2013	in € millions		2012	2013
993	1,727	Cash and cash equivalents at beginning of period		1,335	1,558
		Adjustments to reconcile earnings to cash generated from operating activities			
(1,967)	168	Profit for the period from continuing operations		(1,606)	613
156	153	Amortization and depreciation		464	463
246	183	Changes in working capital		(218)	(290)
(134)	(37)	Changes in provisions		(711)	(354)
2,159	85	Other changes		2,178	(25)
460	552	Net cash from operating activities		107	407
(195)	(133)	Capital expenditures		(496)	(432)
3	10	Acquisitions and divestments net of cash acquired		(10)	4
5	7	Other changes		18	29
(187)	(116)	Net cash from investing activities		(488)	(399)
70	5	Changes from borrowings		582	109
(8)	(30)	Dividends		(189)	(216)
(38)	–	Other changes		(47)	12
24	(25)	Net cash from financing activities		346	(95)
297	411	Net cash used for continuing operations		(35)	(87)
12	–	Cash flows from discontinued operations		(15)	692
309	411	Net change in cash and cash equivalents of total operations		(50)	605
5	(31)	Effect of exchange rate changes on cash and cash equivalents		22	(56)
1,307	2,107	Cash and cash equivalents at September 30		1,307	2,107

Cash flows and net debt

Operating activities in Q3 2013 resulted in a cash inflow of €552 million (Q3 2012: €460 million). The change is the net impact of higher operating income (excluding impairment) and lower cash outflow from provisions partly offset by lower inflow from working capital. The movement in other changes relates to the non-cash impairment, that was included in profit from continuing operations in 2012.

Net debt decreased from €2,197 million in Q2 2013 to €1,817 million in Q3 2013 as a consequence of the net impact of:

- Cash inflow from operating activities of €552 million
- Capital expenditures of €133 million
- Dividend payments of €30 million

Outlook and 2015 targets

The economic environment remains challenging and we do not expect an early improvement in the trends faced in our end-user market segments. Restructuring charges in the fourth quarter are estimated at around €160 million. This means that full-year operating income before incidental items is unlikely to exceed €908 million. The acceleration of the 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 percent 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

**Amsterdam, October 21, 2013
The Board of Management**

Quarterly statistics

					2012					2013
	Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Year-to-date
Revenue										
	974	1,187	1,141	995	4,297	Decorative Paints	925	1,179	1,136	3,240
	1,369	1,472	1,467	1,394	5,702	Performance Coatings	1,331	1,458	1,415	4,204
	1,399	1,431	1,393	1,320	5,543	Specialty Chemicals	1,244	1,253	1,252	3,749
	(35)	(46)	(35)	(36)	(152)	Other activities/eliminations	(35)	(25)	(25)	(85)
	3,707	4,044	3,966	3,673	15,390	Total	3,465	3,865	3,778	11,108
EBITDA										
	68	155	97	(36)	284	Decorative Paints	88	141	146	375
	159	204	163	147	673	Performance Coatings	163	197	193	553
	235	235	208	152	830	Specialty Chemicals	174	198	185	557
	(52)	(40)	(40)	(58)	(190)	Other activities/eliminations	(50)	(62)	(68)	(180)
	410	554	428	205	1,597	Total	375	474	456	1,305
	11.1	13.7	10.8	5.6	10.4	EBITDA margin (in %)	10.8	12.3	12.1	11.7
Depreciation										
	(27)	(26)	(26)	(27)	(106)	Decorative Paints	(28)	(28)	(24)	(80)
	(23)	(25)	(23)	(24)	(95)	Performance Coatings	(25)	(25)	(24)	(74)
	(61)	(63)	(62)	(65)	(251)	Specialty Chemicals	(62)	(64)	(66)	(192)
	(3)	(1)	(4)	(3)	(11)	Other activities/eliminations	(4)	(2)	(3)	(9)
	(114)	(115)	(115)	(119)	(463)	Total	(119)	(119)	(117)	(355)
Amortization										
	(16)	(17)	(18)	(19)	(70)	Decorative Paints	(17)	(11)	(15)	(43)
	(9)	(8)	(10)	(9)	(36)	Performance Coatings	(9)	(9)	(9)	(27)
	(13)	(15)	(13)	(14)	(55)	Specialty Chemicals	(13)	(13)	(12)	(38)
	(1)	–	–	–	(1)	Other activities/eliminations	–	–	–	–
	(39)	(40)	(41)	(42)	(162)	Total	(39)	(33)	(36)	(108)
EBIT										
	25	112	53	(82)	108	Decorative Paints	43	102	107	252
	127	171	130	114	542	Performance Coatings	129	163	160	452
	161	157	133	73	524	Specialty Chemicals	99	121	107	327
	(56)	(41)	(44)	(61)	(202)	Other activities/eliminations	(54)	(64)	(71)	(189)
	257	399	272	44	972	Total	217	322	303	842
	6.9	9.9	6.9	1.2	6.3	EBIT margin (in %)	6.3	8.3	8.0	7.6
Operating income										
	25	112	(2,058)	(91)	(2,012)	Decorative Paints	43	102	107	252
	127	171	130	114	542	Performance Coatings	129	163	160	452
	140	154	133	73	500	Specialty Chemicals	99	121	107	327
	(56)	(49)	(63)	(60)	(228)	Other activities/eliminations	(54)	(64)	(71)	(189)
	236	388	(1,858)	36	(1,198)	Total	217	322	303	842
	6.4	9.6	6.3	1.0	5.9	ROS% before impairment	6.3	8.3	8.0	7.6

Quarterly statistics

					2012					2013
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Year-to-date	
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	8	6	23	
(57)	(65)	(58)	(59)	(239)	Financing expenses	(56)	(57)	(54)	(167)	
(42)	(48)	(42)	(48)	(180)	Net interest on net debt	(47)	(49)	(48)	(144)	
Other interest movements										
(1)	(1)	–	(1)	(3)	Financing expenses related to pensions	(5)	(5)	(5)	(15)	
(3)	(18)	(9)	1	(29)	Interest on provisions	(12)	15	(8)	(5)	
(4)	–	1	10	7	Other items	1	6	5	12	
(8)	(19)	(8)	10	(25)	Net other financing charges	(16)	16	(8)	(8)	
(50)	(67)	(50)	(38)	(205)	Net financing expenses	(63)	(33)	(56)	(152)	
Quarterly net income analysis										
4	5	5	(1)	13	Results from associates and joint ventures	3	6	4	13	
(14)	(22)	(9)	(18)	(63)	Profit attributable to non-controlling interests	(16)	(25)	(14)	(55)	
190	326	(1,903)	(3)	(1,390)	Profit before tax	157	295	251	703	
(66)	(89)	(64)	16	(203)	Income tax	(45)	38	(83)	(90)	
124	237	(1,967)	13	(1,593)	Profit for the period from continuing operations	112	333	168	613	
35	27	(3)	533	(15)	Effective tax rate (in %)	29	(13)	33	13	

Quarterly statistics

Q1	Q2	Q3	Q4	2012 year		Q1	Q2	Q3	2013 Year-to-date
Earnings per share from continuing operations (in €)									
0.47	0.90	(8.29)	(0.02)	(6.98)	Basic	0.40	1.28	0.64	2.31
0.46	0.90	(8.29)	(0.02)	(6.98)	Diluted	0.40	1.27	0.64	2.30
Earnings per share from discontinued operations (in €)									
(0.11)	0.02	(1.65)	(0.09)	(1.84)	Basic	(0.03)	0.50	-	0.48
(0.11)	0.02	(1.65)	(0.09)	(1.84)	Diluted	(0.03)	0.50	-	0.47
Earnings per share from total operations (in €)									
0.36	0.92	(9.94)	(0.11)	(8.82)	Basic	0.37	1.78	0.64	2.79
0.35	0.92	(9.94)	(0.11)	(8.82)	Diluted	0.37	1.77	0.64	2.77
Number of shares (in millions)									
235.1	236.9	238.2	238.6	237.2	Weighted average number of shares	239.4	241.0	242.1	240.8
235.6	238.2	238.2	239.0	239.0	Number of shares at end of quarter	239.8	242.1	242.1	242.1
Adjusted earnings (in € millions)									
190	326	(1,903)	(3)	(1,390)	Profit before tax from continuing operations	157	295	251	703
21	11	2,130	8	2,170	Incidentals reported in operating income	-	-	-	-
39	40	41	42	162	Amortization of intangible assets	39	33	36	108
(84)	(103)	(82)	(5)	(274)	Adjusted income tax	(57)	28	(93)	(122)
(14)	(22)	(9)	(18)	(63)	Non-controlling interests	(16)	(25)	(14)	(55)
152	252	177	24	605	Adjusted net income for continuing operations	123	331	180	634
0.65	1.06	0.74	0.10	2.55	Adjusted earnings per share (in €)	0.51	1.37	0.74	2.63

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. For this calculation operating income has been adjusted for the Q3 2012 impairment of the Decorative Paints business of €2,106 million.

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

Ex-dividend date of 2013 interim dividend	October 23, 2013
Record date of 2013 interim dividend	October 25, 2013
Election period cash or stock interim dividend	October 28, 2013 - November 19, 2013
Payment date of cash dividend and delivery of new shares	November 26
Report for the year 2013 and the 4 th quarter	February 6, 2014
Report for the 1 st quarter 2014	April 17, 2014
Annual General Meeting of shareholders	April 29, 2014
Report for the 2 nd quarter 2014	July 23, 2014
Report for the 3 rd quarter 2014	October 21, 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 delivering leading products and technologies to meet the growing demands of our fast-changing world.