

## Quarterly statistics

	Q1	Q2	Q3	Q4	2013 year	in € millions	2014 Q1
<b>Revenue</b>							
	925	1,179	1,136	934	4,174	Decorative Paints	865
	1,331	1,458	1,415	1,367	5,571	Performance Coatings	1,319
	1,244	1,253	1,252	1,200	4,949	Specialty Chemicals	1,222
	(35)	(25)	(25)	(19)	(104)	Other activities/eliminations	(23)
	<b>3,465</b>	<b>3,865</b>	<b>3,778</b>	<b>3,482</b>	<b>14,590</b>	<b>Total</b>	<b>3,383</b>
<b>EBITDA</b>							
	88	141	146	(13)	362	Decorative Paints	56
	163	197	193	110	663	Performance Coatings	163
	174	198	185	169	726	Specialty Chemicals	204
	(50)	(62)	(68)	(58)	(238)	Other activities/eliminations	(59)
	<b>375</b>	<b>474</b>	<b>456</b>	<b>208</b>	<b>1,513</b>	<b>Total</b>	<b>364</b>
	<b>10.8</b>	<b>12.3</b>	<b>12.1</b>	<b>6.0</b>	<b>10.4</b>	<b>EBITDA margin (in %)</b>	<b>10.8</b>
<b>Depreciation</b>							
	(28)	(28)	(24)	(26)	(106)	Decorative Paints	(27)
	(25)	(25)	(24)	(28)	(102)	Performance Coatings	(27)
	(62)	(64)	(66)	(65)	(257)	Specialty Chemicals	(60)
	(4)	(2)	(3)	2	(7)	Other activities/eliminations	(3)
	<b>(119)</b>	<b>(119)</b>	<b>(117)</b>	<b>(117)</b>	<b>(472)</b>	<b>Total</b>	<b>(117)</b>
<b>Amortization</b>							
	(17)	(11)	(15)	(13)	(56)	Decorative Paints	(12)
	(9)	(9)	(9)	(9)	(36)	Performance Coatings	(10)
	(13)	(13)	(12)	(13)	(51)	Specialty Chemicals	(9)
	-	-	(1)	-	(1)	Other activities/eliminations	-
	<b>(39)</b>	<b>(33)</b>	<b>(37)</b>	<b>(35)</b>	<b>(144)</b>	<b>Total</b>	<b>(31)</b>
<b>EBIT</b>							
	43	102	107	(52)	200	Decorative Paints	17
	129	163	160	73	525	Performance Coatings	126
	99	121	107	91	418	Specialty Chemicals	135
	(54)	(64)	(71)	(57)	(246)	Other activities/eliminations	(62)
	<b>217</b>	<b>322</b>	<b>303</b>	<b>55</b>	<b>897</b>	<b>Total</b>	<b>216</b>
	<b>6.3</b>	<b>8.3</b>	<b>8.0</b>	<b>1.6</b>	<b>6.1</b>	<b>EBIT margin (in %)</b>	<b>6.4</b>
<b>Operating income</b>							
	43	102	107	146	398	Decorative Paints	17
	129	163	160	73	525	Performance Coatings	126
	99	121	107	(30)	297	Specialty Chemicals	135
	(54)	(64)	(71)	(73)	(262)	Other activities/eliminations	(62)
	<b>217</b>	<b>322</b>	<b>303</b>	<b>116</b>	<b>958</b>	<b>Total</b>	<b>216</b>
	<b>6.3</b>	<b>8.3</b>	<b>8.0</b>	<b>3.3</b>	<b>6.6</b>	<b>ROS% before impairment</b>	<b>6.4</b>

## Quarterly statistics

	Q1	Q2	Q3	Q4	2013 year	in € millions	2014 Q1
<b>Incidentals per Business Area</b>							
	-	-	-	198	198	Decorative Paints	-
	-	-	-	-	-	Performance Coatings	-
	-	-	-	(121)	(121)	Specialty Chemicals	-
	-	-	-	(16)	(16)	Other activities/eliminations	-
	-	-	-	<b>61</b>	<b>61</b>	<b>Total</b>	<b>-</b>
<b>Incidentals included in operating income</b>							
	-	-	-	-	-	Restructuring costs	-
	-	-	-	(139)	(139)	Impairment	-
	-	-	-	-	-	Results related to major legal and environmental cases	-
	-	-	-	216	216	Results on acquisitions and divestments	-
	-	-	-	(16)	(16)	Other incidental results	-
	-	-	-	<b>61</b>	<b>61</b>	<b>Total</b>	<b>-</b>
<b>Reconciliation net financing expense</b>							
	9	8	6	9	32	Financing income	12
	(56)	(57)	(54)	(54)	(221)	Financing expenses	(44)
	<b>(47)</b>	<b>(49)</b>	<b>(48)</b>	<b>(45)</b>	<b>(189)</b>	<b>Net interest on net debt</b>	<b>(32)</b>
<b>Other interest movements</b>							
	(5)	(5)	(5)	(6)	(21)	Financing expenses related to pensions	(5)
	(12)	15	(8)	(3)	(8)	Interest on provisions	(4)
	1	6	5	6	18	Other items	4
	<b>(16)</b>	<b>16</b>	<b>(8)</b>	<b>(3)</b>	<b>(11)</b>	<b>Net other financing charges</b>	<b>(5)</b>
	<b>(63)</b>	<b>(33)</b>	<b>(56)</b>	<b>(48)</b>	<b>(200)</b>	<b>Net financing expenses</b>	<b>(37)</b>
<b>Quarterly net income analysis</b>							
	3	6	4	1	14	Results from associates and joint ventures	6
	(16)	(25)	(14)	(13)	(68)	Profit attributable to non-controlling interests	(16)
	157	295	251	69	772	Profit before tax	185
	(45)	38	(83)	(21)	(111)	Income tax	(43)
	112	333	168	48	661	Profit for the period from continuing operations	142
	29	(13)	33	30	14	Effective tax rate (in %)	23

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**Quarterly statistics**

	Q1	Q2	Q3	Q4	2013 year		2014 Q1
<b>Earnings per share from continuing operations (in €)</b>							
	0.40	1.28	0.64	0.14	2.46	Basic	0.52
	0.40	1.27	0.64	0.14	2.44	Diluted	0.52
<b>Earnings per share from discontinued operations (in €)</b>							
	(0.03)	0.50	–	0.07	0.54	Basic	0.01
	(0.03)	0.50	–	0.07	0.54	Diluted	0.01
<b>Earnings per share from total operations (in €)</b>							
	0.37	1.78	0.64	0.21	3.00	Basic	0.53
	0.37	1.77	0.64	0.21	2.98	Diluted	0.53
<b>Number of shares (in millions)</b>							
	239.4	241.0	242.1	242.4	241.2	Weighted average number of shares	243.0
	239.8	242.1	242.1	242.6	242.6	Number of shares at end of quarter	243.4
<b>Adjusted earnings (in € millions)</b>							
	157	295	251	69	772	Profit before tax from continuing operations	185
	–	–	–	(61)	(61)	Incidentals reported in operating income	–
	39	33	36	36	144	Amortization of intangible assets	31
	(57)	28	(93)	(34)	(156)	Adjusted income tax	(52)
	(16)	(25)	(14)	(13)	(68)	Non-controlling interests	(16)
	123	331	180	(3)	631	Adjusted net income for continuing operations	148
	<b>0.51</b>	<b>1.37</b>	<b>0.74</b>	<b>(0.01)</b>	<b>2.62</b>	<b>Adjusted earnings per share (in €)</b>	<b>0.61</b>

# 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. As of January 2014, IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" have been implemented, which had no impact on our consolidated financial statements. Otherwise the accounting principles are as applied in the 2013 financial statements.

## 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.

## Other activities

In other activities, 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.

**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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