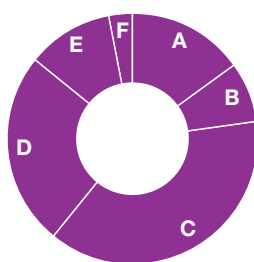


**AkzoNobel around the world****Revenue by destination***(44 percent in high growth markets)*

|                          | %   |
|--------------------------|-----|
| <b>A</b> North America   | 15  |
| <b>B</b> Emerging Europe | 8   |
| <b>C</b> Mature Europe   | 38  |
| <b>D</b> Asia Pacific    | 25  |
| <b>E</b> Latin America   | 11  |
| <b>F</b> Other regions   | 3   |
|                          | 100 |

*(Based on the full year 2013)*

# Our results at a glance

- In Q2, volumes were positive in all three Business Areas
- Revenue was down 4 percent, mainly due to 5 percent adverse currency effects
- Operating income €353 million (2013: €322 million) reflecting increased volumes and benefits from improvement actions
- Return on sales (ROS) improved from 8.3 percent to 9.5 percent. Restructuring costs were €45 million (2013: €40 million). Excluding these, ROS is 10.7 percent (2013: 9.3 percent)
- Net income attributable to shareholders was €205 million (2013: €184 million on a comparable basis), mainly due to higher operating income
- Adjusted EPS increased 23 percent to €0.95 (2013: €0.77 adjusted for an incidental tax gain)
- Net cash inflow from operating activities was €393 million (2013: €261 million)
- On track to deliver 2015 targets despite the strong euro and expected continued fragile economic environment

**Summary of financial outcomes**

| 2nd quarter |       |                  | January-June |        |      |
|-------------|-------|------------------|--------------|--------|------|
| 2013        | 2014  | Δ% in € millions | 2013         | 2014   | Δ%   |
| 3,865       | 3,710 | (4)              | 7,330        | 7,093  | (3)  |
| 322         | 353   | 10               | 539          | 569    | 6    |
| 8.3         | 9.5   |                  | 7.4          | 8.0    |      |
|             |       |                  |              |        |      |
|             |       |                  | 10,706       | 9,784  |      |
|             |       |                  | 7.7          | 10.1   |      |
|             |       |                  |              |        |      |
| 474         | 509   | 7                | 849          | 873    | 3    |
| 168         | 150   |                  | 299          | 265    |      |
| 261         | 393   |                  | (145)        | (159)  |      |
|             |       |                  | 2,197        | 2,129  |      |
|             |       |                  |              |        |      |
| 308         | 206   |                  | 404          | 332    | (18) |
| 121         | (1)   |                  | 114          | 2      |      |
| 429         | 205   |                  | 518          | 334    | (36) |
| 1.78        | 0.84  |                  | 2.15         | 1.37   |      |
| 1.37        | 0.95  |                  | 1.89         | 1.56   |      |
|             |       |                  | 50,500       | 48,440 |      |

\* on a comparable basis: 2013: 7.8 percent and 2014: 9.5 percent.

# Financial highlights

In Q2, volumes were positive in all three Business Areas. Revenue was down 4 percent, mainly due to 5 percent adverse currency effects. Operating income of €353 million was up 10 percent (2013: €322 million), reflecting increased volumes and improvement actions. Return on sales improved from 8.3 percent to 9.5 percent. Excluding restructuring costs, ROS was 10.7 percent (2013: 9.3 percent). Net cash inflow from operating activities was €393 million (2013: €261 million).

## Revenue

- In Decorative Paints, volumes for the quarter were up in Asia and most European countries. Revenue declined 9 percent compared with 2013 due to the divestment of Building Adhesives, and a 5 percent adverse currency effect
- Volume in Q2 in Performance Coatings progressed 1 percent compared with 2013. Revenue declined 2 percent, with improvements in volume and price/mix being offset by adverse currencies
- Volume in Specialty Chemicals for the quarter was higher compared with 2013 as a result of better market conditions in most businesses. Revenue declined, mainly due to adverse currency developments

## Acquisitions and divestments

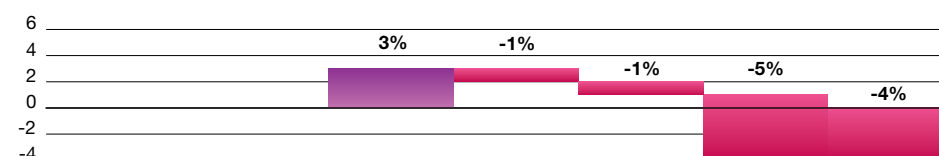
- On October 1, 2013, the divestment of Building Adhesives was completed. Together with the divestment of the German stores in Q1, this accounts for the divestment impact in Decorative Paints
- The divestment of the Primary Amides and Purate businesses was completed in Q4, 2013, and accounts for the divestment impact in Specialty Chemicals
- Specialty Chemicals announced the intended sale of its Paper Chemicals portfolio for €153 million. The business is currently part of Pulp and Performance Chemicals. The transaction is expected to be completed in approximately six months, subject to regular consultation with employee representatives and satisfaction of closing conditions such as receipt of required regulatory clearance

## Revenue

| 2nd quarter  |              |            | January - June                |              |              |            |
|--------------|--------------|------------|-------------------------------|--------------|--------------|------------|
| 2013         | 2014         | Δ%         | in € millions                 | 2013         | 2014         | Δ%         |
| 1,179        | 1,074        | (9)        | Decorative Paints             | 2,104        | 1,939        | (8)        |
| 1,458        | 1,434        | (2)        | Performance Coatings          | 2,789        | 2,753        | (1)        |
| 1,253        | 1,228        | (2)        | Specialty Chemicals           | 2,497        | 2,450        | (2)        |
| (25)         | (26)         |            | Other activities/eliminations | (60)         | (49)         |            |
| <b>3,865</b> | <b>3,710</b> | <b>(4)</b> | <b>Total</b>                  | <b>7,330</b> | <b>7,093</b> | <b>(3)</b> |

## Revenue development Q2 2014

■ Increase ■ Decrease



| in % versus Q2 2013  | Volume   | Price/mix  | Divestments | Exchange rates | Total      |
|----------------------|----------|------------|-------------|----------------|------------|
| Decorative Paints    | 3        | (3)        | (4)         | (5)            | (9)        |
| Performance Coatings | 1        | 2          | -           | (5)            | (2)        |
| Specialty Chemicals  | 4        | (1)        | (1)         | (4)            | (2)        |
| <b>Total</b>         | <b>3</b> | <b>(1)</b> | <b>(1)</b>  | <b>(5)</b>     | <b>(4)</b> |

| Volume development per quarter (year-on-year) | Q2 13    | Q3 13    | Q4 13    | Q1 14    | Q2 14    |
|---|----------|----------|----------|----------|----------|
| Decorative Paints                             | 4        | 5        | 5        | 1        | 3        |
| Performance Coatings                          | -        | 2        | 2        | 3        | 1        |
| Specialty Chemicals                           | (5)      | -        | 3        | 2        | 4        |
| <b>Total</b>                                  | <b>-</b> | <b>2</b> | <b>4</b> | <b>2</b> | <b>3</b> |

| Price/mix development per quarter (year-on-year) | Q2 13      | Q3 13    | Q4 13      | Q1 14    | Q2 14      |
|--|------------|----------|------------|----------|------------|
| Decorative Paints                                | (2)        | 2        | -          | 3        | (3)        |
| Performance Coatings                             | -          | -        | 1          | 2        | 2          |
| Specialty Chemicals                              | (2)        | -        | (2)        | 1        | (1)        |
| <b>Total</b>                                     | <b>(1)</b> | <b>1</b> | <b>(1)</b> | <b>2</b> | <b>(1)</b> |

### Operating income

- In Decorative Paints, operating income was at the same level as the previous year. Excluding the effect of divestments and adverse currency effects, operating income improved due to restructuring activities in Europe and improved margins
- In Performance Coatings, profitability improved due to operating effectiveness measures, which more than offset increased restructuring costs and adverse currency impact
- In Specialty Chemicals, profitability increased compared with 2013 due to benefits from restructuring activities and cost savings, supported by volume growth

Average raw material costs were slightly down on Q2 2013, and stable compared with 2013 exit prices. In some high growth markets, currency effects on imported raw materials have affected some businesses.

ROS for the quarter was 9.5 percent (2013: 8.3 percent). Excluding restructuring charges of €45 million (2013: €40 million), ROS was 10.7 percent (2013: 9.3 percent). The majority of the restructuring charges related to Decorative Paints in Europe and Performance Coatings.

### Operating income in other activities

Operating income in other activities was better than prior year, mainly coming from lower insurance claims. Corporate costs declined as a result of cost control.

### Net financing expenses

Net financing expenses increased €7 million to €40 million. While interest expenses on net debt were lower, the interest on provisions was a charge compared with a gain in 2013, due to a change of discount rates.

### Tax

The year-to-date effective tax rate is 26 percent. Excluding the positive adjustment to previous years recorded in Q1 2014, the effective tax rate is 28 percent (2013: 29 percent excluding a deferred tax gain).

### Operating income

| 2nd quarter |            |           | January - June                |            |            |          |
|-------------|------------|-----------|-------------------------------|------------|------------|----------|
| 2013        | 2014       | Δ%        | in € millions                 | 2013       | 2014       | Δ%       |
| 102         | 102        | –         | Decorative Paints             | 145        | 119        | (18)     |
| 163         | 178        | 9         | Performance Coatings          | 292        | 304        | 4        |
| 121         | 124        | 2         | Specialty Chemicals           | 220        | 259        | 18       |
| (64)        | (51)       |           | Other activities/eliminations | (118)      | (113)      |          |
| <b>322</b>  | <b>353</b> | <b>10</b> | <b>Total</b>                  | <b>539</b> | <b>569</b> | <b>6</b> |

### Operating income in other activities

| 2nd quarter |             |   | January - June |              |
|-------------|-------------|---|----------------|--------------|
| 2013        | 2014        | in € millions                               | 2013           | 2014         |
| (43)        | (41)        | Corporate costs                             | (88)           | (85)         |
| (2)         | (3)         | Pensions                                    | (5)            | (9)          |
| (3)         | 5           | Insurances                                  | 3              | 8            |
| (16)        | (12)        | Other                                       | (28)           | (27)         |
| <b>(64)</b> | <b>(51)</b> | <b>Operating income in other activities</b> | <b>(118)</b>   | <b>(113)</b> |

### Operating income to net income

| 2nd quarter |            |  | January - June |            |
|-------------|------------|--|----------------|------------|
| 2013        | 2014       | in € millions                              | 2013           | 2014       |
| <b>322</b>  | <b>353</b> | <b>Operating income</b>                    | <b>539</b>     | <b>569</b> |
| (33)        | (40)       | Net financing expenses                     | (96)           | (77)       |
| 6           | 6          | Results from associates and joint ventures | 9              | 12         |
| <b>295</b>  | <b>319</b> | <b>Profit before tax</b>                   | <b>452</b>     | <b>504</b> |
| 38          | (89)       | Income tax                                 | (7)            | (132)      |
| <b>333</b>  | <b>230</b> | <b>Profit from continuing operations</b>   | <b>445</b>     | <b>372</b> |
| 121         | (1)        | Profit from discontinued operations        | 114            | 2          |
| <b>454</b>  | <b>229</b> | <b>Profit for the period</b>               | <b>559</b>     | <b>374</b> |
| (25)        | (24)       | Non-controlling interests                  | (41)           | (40)       |
| <b>429</b>  | <b>205</b> | <b>Net income</b>                          | <b>518</b>     | <b>334</b> |