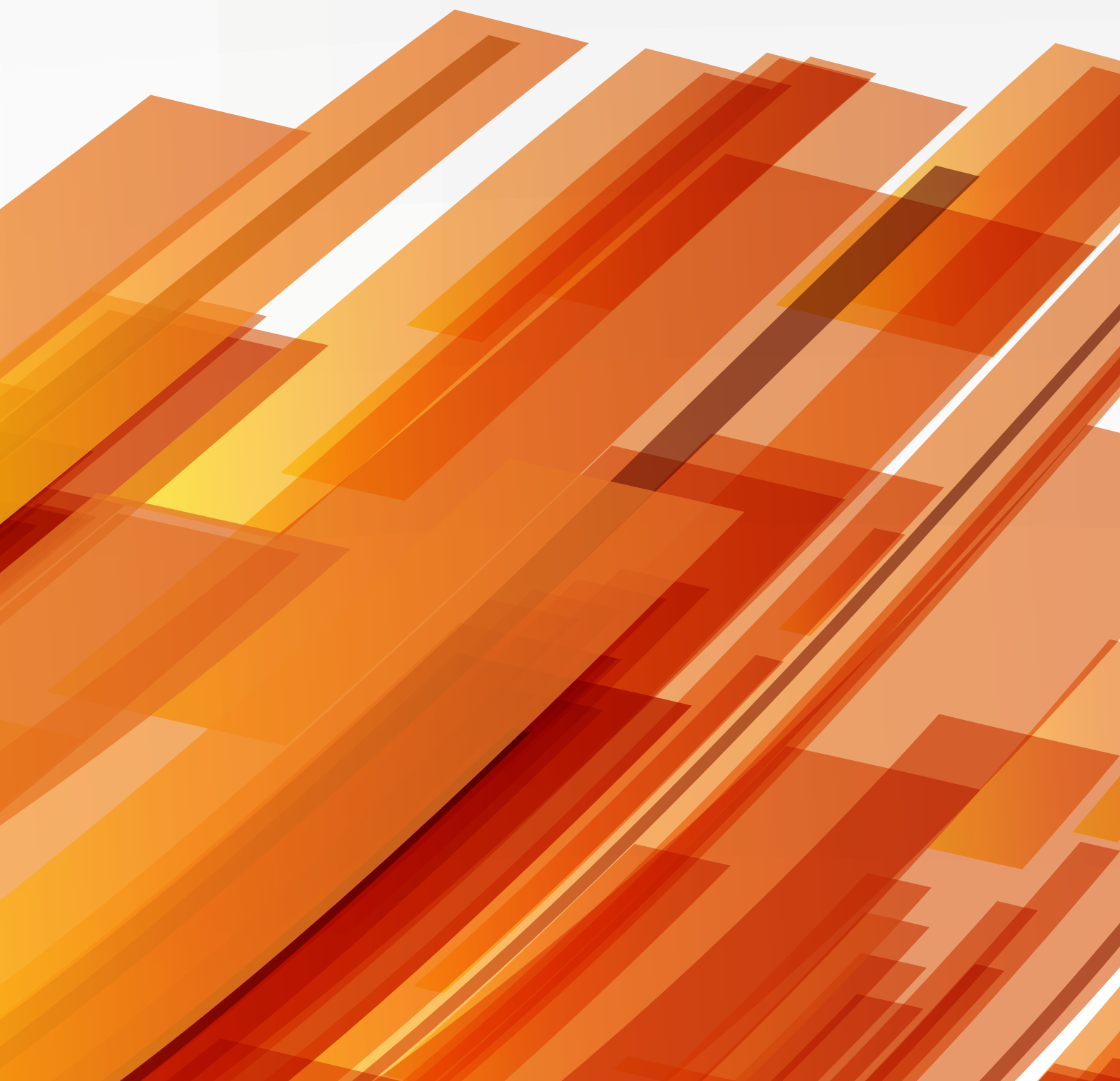


Report for the third quarter

2014

AkzoNobel



Financial highlights

Revenue for Q3 was down 2 percent, with volume up 1 percent more than offset by adverse currency and price/mix effects and divestments. Operating income of €335 million reflects the benefits from improvement actions and includes lower restructuring charges. Return on sales (ROS) improved from 8.0 percent to 9.1 percent. Excluding restructuring costs of €55 million, ROS was 10.6 percent (2013: 10.0 percent). Cash from operating activities was €489 million (2013: €552 million).

Revenue

- Volumes in Q3 in Decorative Paints were flat compared with 2013. Market conditions in Europe remained challenging, while volumes were higher in Asia. Compared with last year, revenue was down 8 percent due to the divestment of Building Adhesives and the adverse price/mix effect driven by the sale of the German stores
- Volumes in Q3 in Performance Coatings were up. Revenue was flat compared with the previous year as price/mix and adverse currencies offset higher volumes
- Volumes in Q3 in Specialty Chemicals were in line with 2013, with growth being offset by some planned outages in the chain, as well as an industrial action in Rotterdam. Revenue declined, due to adverse currency developments and price pressure in some segments, such as caustic

Investments and divestments

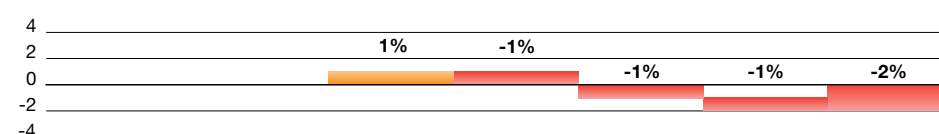
- On October 1, 2013, the divestment of Building Adhesives was completed. Together with the divestment of the German stores in Q1 2014, this accounts for the divestment impact in Decorative Paints
- The divestment of the Primary Amides and Purate businesses was completed in Q4 2013, and accounts for 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 Q1 2015, subject to regular consultation with employee representatives and satisfaction of closing conditions such as receipt of required regulatory clearance

Revenue

3rd quarter			January - September			
2013	2014	Δ%	in € millions	2013	2014	Δ%
1,136	1,050	(8)	Decorative Paints	3,240	2,989	(8)
1,415	1,420	-	Performance Coatings	4,204	4,173	(1)
1,252	1,239	(1)	Specialty Chemicals	3,749	3,689	(2)
(25)	(23)		Other activities/eliminations	(85)	(72)	
3,778	3,686	(2)	Total	11,108	10,779	(3)

Revenue development Q3 2014

■ Increase ■ Decrease



in % versus Q3 2013	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	-	(3)	(4)	(1)	(8)
Performance Coatings	2	(1)	-	(1)	-
Specialty Chemicals	-	1	(1)	(1)	(1)
Total	1	(1)	(1)	(1)	(2)

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

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

Operating income

- In Decorative Paints, Q3 operating income was higher than the previous year, mainly due to lower restructuring expenses. Restructuring programs will continue for the remainder of 2014
- In Performance Coatings, the new organizational structure reduces the number of management layers, resulting in higher restructuring costs in the quarter which more than offset operating income improvement
- In Specialty Chemicals, despite the economic slowdown, profitability increased due to benefits from restructuring programs and cost savings, as well as lower restructuring costs

Average raw material costs were 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 9.1 percent (2013: 8.0 percent). Excluding restructuring charges of €55 million (2013: €75 million), ROS was 10.6 percent (2013: 10.0 percent). The majority of the restructuring charges related to Performance Coatings.

Operating income in other activities

Operating income in other activities was better than the prior year mainly due to lower corporate costs which are continuing to decline as a result of cost control. Year-to-date pension costs are higher compared with 2013 due to de-risking of pension liabilities in the UK in Q1 2014. Other costs are higher because of a benefit in legacy costs in the previous year.

Net financing expenses

Net financing expenses decreased by €18 million to €38 million, mainly due to lower interest expenses on net debt.

Tax

The year-to-date effective tax rate is 27 percent. Excluding the positive adjustment to previous years recorded in Q1 2014, the effective tax rate is 28 percent (2013: 30 percent excluding a deferred tax gain).

Operating income

3rd quarter				January - September		
2013	2014	Δ%	in € millions	2013	2014	Δ%
107	113	6	Decorative Paints	252	232	(8)
160	135	(16)	Performance Coatings	452	439	(3)
107	156	46	Specialty Chemicals	327	415	27
(71)	(69)		Other activities/eliminations	(189)	(182)	
303	335	11	Total	842	904	7

Operating income in other activities

3rd quarter			January - September	
2013	2014	in € millions	2013	2014
(58)	(53)	Corporate costs	(145)	(138)
(2)	(3)	Pensions	(7)	(12)
1	4	Insurances	4	12
(12)	(17)	Other	(41)	(44)
(71)	(69)	Operating income in other activities	(189)	(182)

Operating income to net income

3rd quarter			January - September	
2013	2014	in € millions	2013	2014
303	335	Operating income	842	904
(56)	(38)	Net financing expenses	(152)	(115)
4	6	Results from associates and joint ventures	13	18
251	303	Profit before tax	703	807
(83)	(84)	Income tax	(90)	(216)
168	219	Profit from continuing operations	613	591
1	2	Profit from discontinued operations	115	4
169	221	Profit for the period	728	595
(14)	(16)	Non-controlling interests	(55)	(56)
155	205	Net income	673	539

Decorative Paints

- Volumes flat compared with the previous year
- Revenue down 8 percent due to divestments, adverse currency effects and an adverse price/mix effect, largely driven by the sale of the German stores
- Effects of restructuring programs in Europe contributing to results
- Operating income up 6 percent, ROS at 10.8 percent (2013: 9.4 percent)

Volumes in Decorative Paints were flat compared with 2013. Market conditions in Europe remained challenging, while volumes were higher in Asia. Compared with last year, revenue was down 8 percent due to the divestment of Building Adhesives and the adverse price/mix effect driven by the sale of our German stores. Operating income was higher than 2013, mainly due to lower restructuring expenses.

Europe, Middle East and Africa

In Europe, volumes fell slightly, while revenue was lower due to the divestment of Building Adhesives and the sale of the German stores. Markets in continental and Eastern Europe were challenging. Restructuring charges for the quarter were lower than the previous year, but restructuring programs will continue for the remainder of 2014.

Asia

Volumes were higher, mainly driven by China and Vietnam. Revenue was up, despite an adverse impact of currency and price/mix in the region. Strict cost control and continuous improvement programs contributed to the results.

Latin America

Despite challenging market circumstances, active pricing actions have led to higher revenue in the region. Margins were impacted by adverse cost developments of raw materials, while restructuring activities contributed to the results.

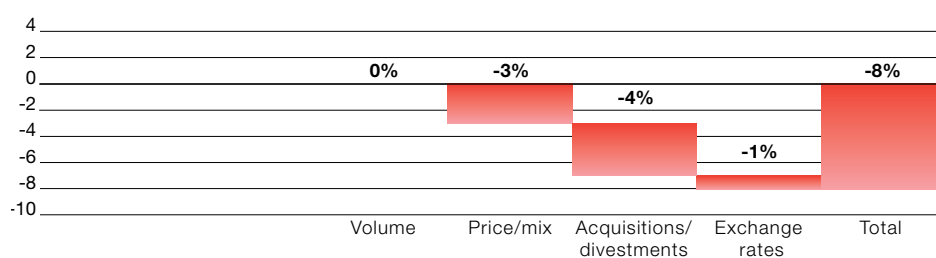
Revenue

3rd quarter				January - September		
2013	2014	Δ%	in € millions	2013	2014	Δ%
705	616	(13)	Deco Europe, Middle East and Africa	2,019	1,810	(10)
155	157	1	Decorative Paints Latin America	429	397	(7)
276	278	1	Decorative Paints Asia	792	783	(1)
-	(1)		Other/intragroup eliminations	-	(1)	
1,136	1,050	(8)	Total	3,240	2,989	(8)
107	113	6	Operating income	252	232	(8)
9.4	10.8		ROS%	7.8	7.8	
			Average invested capital	3,005	2,779	
			Moving average ROI (in %) *	5.3	13.6	
146	150	3	EBITDA	375	347	(7)
39	41		Capital expenditures	106	107	
			Number of employees	16,860	15,500	

* On a comparable basis: 2013: 4.9 percent and 2014: 6.5 percent.

Revenue development Q3 2014

■ Increase ■ Decrease



Performance Coatings

- Volumes up 2 percent
- Revenue flat compared with the previous year
- Operating income down 16 percent as higher restructuring costs more than offset operating income improvement
- A new organizational structure is being implemented in order to drive leading performance

Volumes were up, driven by Marine and Protective Coatings and Powder Coatings, partially offset by lower volumes at Automotive and Aerospace Coatings. Revenue was flat compared with the previous year as price/mix and adverse currencies offset higher volumes. Cost control measures continued in all businesses. The new organizational structure reduces the number of management layers, resulting in higher restructuring costs in the quarter.

Marine and Protective Coatings

Volumes were up on 2013 due to both Marine and Protective Coatings. Marine delivered growth in new construction and deep sea maintenance, while growth at Protective was in heavy industry and the oil and gas sectors. Revenue was 2 percent higher, with adverse price/mix partially offsetting the higher volumes.

Automotive and Aerospace Coatings

Volumes were down on the previous year. In Vehicle Refinishes, volumes increased in China and North America, but declined in South America and Europe. Specialty Finishes showed strong growth in Asia, offset by slowness in other regions. Volumes in Aerospace grew. Revenue was 1 percent higher, due to price/mix offsetting lower volumes.

Powder Coatings

Volumes were up in European markets and the Americas, while there was a slowdown in activity in China. Growth varied by segment, with automotive and functional being strong, while construction was softer. Revenue was 2 percent higher, due to volumes and price/mix.

Industrial Coatings

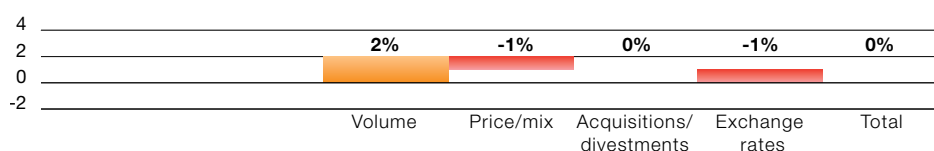
Volumes remained flat, with growth in Packaging and declines in Wood and Coil. Regionally, volumes grew in Asia, declined in Europe and remained flat in the Americas. Revenue

Revenue

3rd quarter			January - September			
2013	2014	Δ%	in € millions	2013	2014	Δ%
373	379	2	Marine and Protective Coatings	1,124	1,129	-
332	336	1	Automotive and Aerospace Coatings	989	977	(1)
254	260	2	Powder Coatings	736	762	4
461	454	(2)	Industrial Coatings	1,375	1,327	(3)
(5)	(9)		Other/intragroup eliminations	(20)	(22)	
1,415	1,420	-	Total	4,204	4,173	(1)
160	135	(16)	Operating income	452	439	(3)
11.3	9.5		ROS%	10.8	10.5	
			Average invested capital	2,500	2,452	
			Moving average ROI (in %)	22.6	20.9	
193	170	(12)	EBITDA	553	545	(1)
26	31		Capital expenditures	78	94	
			Number of employees	21,440	20,890	

Revenue development Q3 2014

■ Increase ■ Decrease



was down 2 percent due to adverse currency and price/mix.

Specialty Chemicals

- Volumes in line with the previous year
- Revenue down 1 percent, mainly due to adverse currency effects and divestments
- Operating income up due to lower restructuring costs and operational efficiencies
- Continuous improvement measures in all businesses

Volumes were in line with 2013, with growth being offset by some planned outages in the chain, as well as an industrial action in Rotterdam. On a year-to-date basis, volumes are 2 percent higher. Revenue declined due to adverse currency developments and price pressure in some segments, such as caustic. In general, the market conditions in Europe have slowed after a promising start to the year. The US gained further momentum after a slow start to the year. The Asia/Pacific business also improved during Q3, with weaknesses in some segments. Despite the economic slowdown, profitability increased due to benefits from restructuring activities and cost savings, as well as lower restructuring costs.

Functional Chemicals

Volume increased significantly during the quarter, with all regions showing growth and certain segments showing recovery. Revenue increased 1 percent, mainly due to volumes, but was impacted by adverse currency effects and the divestment of the Primary Amides business. The benefits of the restructuring program that was announced in 2013 are coming through.

Industrial Chemicals

Volume decreased during the quarter as chlorine and caustic were impacted by an industrial action in Rotterdam, partly compensated by higher volumes of MCA in China. Revenue declined as a result, with margins continuing to be impacted by low caustic prices.

Surface Chemistry

Revenue was in line with the previous year, with increased volumes in some targeted segments, such as Oilfield and Agro. Markets in Asia were challenging.

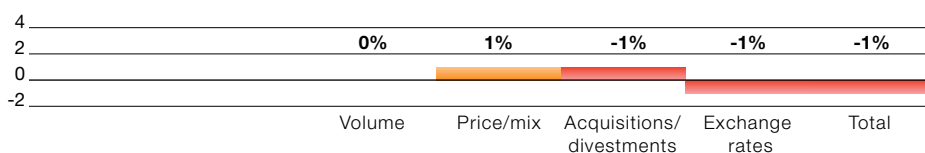
Revenue

3rd quarter			January - September			
2013	2014	Δ%	in € millions	2013	2014	Δ%
470	477	1	Functional Chemicals	1,425	1,429	-
303	279	(8)	Industrial Chemicals	873	848	(3)
256	257	-	Surface Chemistry	778	763	(2)
257	258	-	Pulp and Performance Chemicals	777	751	(3)
(34)	(32)		Other/intragroup eliminations	(104)	(102)	
1,252	1,239	(1)	Total	3,749	3,689	(2)
107	156	46	Operating income	327	415	27
8.5	12.6		ROS%	8.7	11.2	
			Average invested capital	3,651	3,451	
			Moving average ROI (in %) *	11.0	11.1	
185	232	25	EBITDA	557	640	15
66	65		Capital expenditures	244	198	
			Number of employees	10,580	9,920	

* On a comparable basis: 2014: 15.1 percent.

Revenue development Q3 2014

■ Increase ■ Decrease



Pulp and Performance Chemicals

Volumes from bleaching chemicals were strong. Growth areas performed well, while benefits from recent investments and restructuring measures were realized. Revenue was in line with 2013, mainly due to currency effects and the divestment of the Purate business, offset by a favorable price/mix effect.

Condensed financial statements

Consolidated statement of income

3rd quarter		in € millions		January-September	
2013	2014		2013	2014	
Continuing operations					
3,778	3,686	Revenue	11,108	10,779	
(2,296)	(2,212)	Cost of sales	(6,753)	(6,516)	
1,482	1,474	Gross profit	4,355	4,263	
(1,166)	(1,158)	SG&A costs	(3,497)	(3,381)	
(13)	19	Other operating income/(expenses)	(16)	22	
303	335	Operating income	842	904	
(56)	(38)	Net financing expenses	(152)	(115)	
4	6	Results from associates and joint ventures	13	18	
251	303	Profit before tax	703	807	
(83)	(84)	Income tax	(90)	(216)	
168	219	Profit for the period from continuing operations	613	591	
Discontinued operations					
1	2	Profit for the period from discontinued operations	115	4	
169	221	Profit for the period	728	595	
Attributable to					
155	205	Shareholders of the company	673	539	
14	16	Non-controlling interests	55	56	
169	221	Profit for the period	728	595	

Consolidated statement of comprehensive income

3rd quarter		in € millions		January-September	
2013	2014		2013	2014	
169	221	Profit for the period	728	595	
Other comprehensive income					
(164)	294	Exchange differences arising on translation of foreign operations	(368)	377	
18	20	Cash flow hedges	2	12	
(383)	(29)	Post-retirement benefits	(146)	(880)	
(16)	11	Tax relating to components of other comprehensive income	(50)	39	
(545)	296	Other comprehensive income for the period (net of tax)	(562)	(452)	
(376)	517	Comprehensive income for the period	166	143	
Comprehensive income for the period attributable to					
(366)	472	Shareholders of the company	142	54	
(10)	45	Non-controlling interests	24	89	
(376)	517	Comprehensive income for the period	166	143	

Condensed consolidated balance sheet

in € millions	December 31, 2013	September 30, 2014
Assets		
Non-current assets		
Intangible assets	3,906	4,113
Property, plant and equipment	3,589	3,793
Other financial non-current assets	2,219	1,780
Total non-current assets	9,714	9,686
Current assets		
Inventories	1,426	1,579
Trade and other receivables	2,536	2,963
Cash and cash equivalents	2,098	1,115
Other current assets	86	63
Assets held for sale	203	80
Total current assets	6,349	5,800
Total assets	16,063	15,486
Equity and liabilities		
Total equity	6,021	6,004
Non-current liabilities		
Provisions and deferred tax liabilities	2,327	2,425
Long-term borrowings	2,666	2,038
Total non-current liabilities	4,993	4,463
Current liabilities		
Short-term borrowings	961	878
Trade and other payables	3,218	3,357
Other short-term liabilities	821	767
Liabilities held for sale	49	17
Total current liabilities	5,049	5,019
Total equity and liabilities	16,063	15,486

Shareholders' equity

Shareholders' equity decreased from €5.6 billion at year-end 2013 to €5.5 billion at the end of September 2014, mainly due to the net effect of:

- Net income of €539 million
- Positive foreign currency effects of €334 million
- The de-risking of the pension liabilities in the UK, which had an effect on shareholders' equity of €0.8 billion
- Dividend payments of €163 million

Interim dividend

An interim dividend of €0.33 per share (2013: €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.

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, 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
Balance at January 1, 2014	485	319	(19)	(417)	5,226	5,594	427	6,021
Profit for the period	–	–	–	–	539	539	56	595
Other comprehensive income	–	–	9	334	(828)	(485)	33	(452)
Comprehensive income for the period	–	–	9	334	(289)	54	89	143
Dividend paid	4	106	–	–	(273)	(163)	(36)	(199)
Equity-settled transactions	–	–	–	–	27	27	–	27
Issue of common shares	2	7	–	–	–	9	3	12
Acquisitions and divestments	–	–	–	–	–	–	–	–
Balance at September 30, 2014	491	432	(10)	(83)	4,691	5,521	483	6,004

Invested capital

Invested capital at the end of Q3 2014 totaled €10.1 billion, up €0.8 billion on year-end 2013. Invested capital was primarily impacted by the seasonal increase of operating working capital of €0.4 billion and by foreign currency effects due to the weaker euro.

Pensions

The funded status of the pension plans at the end of Q3 2014 was a deficit of €1.1 billion (year-end 2013: €0.6 billion).

The movement compared with year-end 2013 is primarily due to:

- De-risking the pension liabilities in the UK, giving rise to a loss of €0.8 billion which is recorded in other comprehensive income. More details of this transaction are provided in the press release of March 26, 2014, on our website
- Lower discount rates in all key countries

Offset by:

- Top-up payments of €299 million into certain UK defined benefit pension plans
- Asset returns above credits taken to the statement of income
- Lower inflation in the UK

Workforce

At September 30, 2014, we employed 48,010 staff (year-end 2013: 49,560 employees). The net decrease was mainly due to:

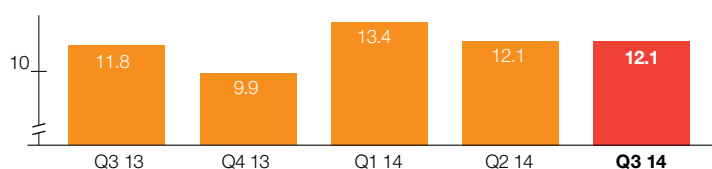
- A decrease of 430 employees due to divestments
- A decrease of 1,480 employees due to ongoing restructuring
- An increase of 360 employees, mainly due to seasonal activity

Invested capital

in € millions	September 30, 2013	December 31, 2013	September 30, 2014
Trade receivables	2,374	2,087	2,500
Inventories	1,483	1,426	1,579
Trade payables	(2,074)	(2,129)	(2,294)
Operating working capital	1,783	1,384	1,785
Other working capital items	(982)	(774)	(717)
Non-current assets	10,372	9,714	9,686
Less investments in associates and joint ventures	(188)	(183)	(185)
Less pension assets	(723)	(471)	(76)
Deferred tax liabilities	(420)	(389)	(405)
Invested capital	9,842	9,281	10,088

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	September 30, 2013	December 31, 2013	September 30, 2014
Decorative Paints	424 9.3	228 6.1	341 8.1
Performance Coatings	840 14.8	693 12.7	842 14.8
Specialty Chemicals	641 12.8	553 11.5	669 13.5
Other activities	(122)	(90)	(67)
Total	1,783 11.8	1,384 9.9	1,785 12.1

Condensed consolidated statement of cash flows

3rd quarter		in € millions		January-September	
2013	2014		2013	2014	
1,727	926	Cash and cash equivalents at beginning of period	1,558	2,020	
Adjustments to reconcile earnings to cash generated from operating activities					
168	219	Profit for the period from continuing operations	613	591	
153	152	Amortization and depreciation	463	456	
183	137	Changes in working capital	(290)	(336)	
(37)	(48)	Changes in provisions	(354)	(402)	
85	29	Other changes	(25)	21	
552	489	Net cash from operating activities	407	330	
(133)	(137)	Capital expenditures	(432)	(402)	
10	6	Acquisitions and divestments net of cash acquired	4	6	
7	2	Other changes	29	23	
(116)	(129)	Net cash from investing activities	(399)	(373)	
5	(277)	Changes from borrowings	109	(791)	
(30)	(19)	Dividends	(216)	(196)	
-	-	Other changes	12	9	
(25)	(296)	Net cash from financing activities	(95)	(978)	
411	64	Net cash from continuing operations	(87)	(1,021)	
-	(11)	Cash flows from discontinued operations	692	(25)	
411	53	Net change in cash and cash equivalents of total operations	605	(1,046)	
(31)	49	Effect of exchange rate changes on cash and cash equivalents	(56)	54	
2,107	1,028	Cash and cash equivalents at September 30	2,107	1,028	

Cash flows and net debt

Operating activities in Q3 resulted in a cash inflow of €489 million (2013: €552 million). The change is mainly due to the net effect of:

- Higher profit for the period
- Lower cash inflows from working capital
- Lower non-cash interest charges and higher taxes paid

Net cash from continuing operations for the quarter was €64 million positive. Net debt in Q3 decreased to €1,801 million (Q2 2014: €2,129 million), mainly due to net cash from operating activities.

Outlook and 2015 targets

We are on track to deliver the 2015 targets, despite the expected continued fragile economic environment. Please refer to our website for more information on our ambitions and the strategic focus areas.

Amsterdam, October 21, 2014
The Board of Management

Quarterly statistics

					2013					2014
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	year-to-date	
Revenue										
925	1,179	1,136	934	4,174	Decorative Paints	865	1,074	1,050	2,989	
1,331	1,458	1,415	1,367	5,571	Performance Coatings	1,319	1,434	1,420	4,173	
1,244	1,253	1,252	1,200	4,949	Specialty Chemicals	1,222	1,228	1,239	3,689	
(35)	(25)	(25)	(19)	(104)	Other activities/eliminations	(23)	(26)	(23)	(72)	
3,465	3,865	3,778	3,482	14,590	Total	3,383	3,710	3,686	10,779	
EBITDA										
88	141	146	(13)	362	Decorative Paints	56	141	150	347	
163	197	193	110	663	Performance Coatings	163	212	170	545	
174	198	185	169	726	Specialty Chemicals	204	204	232	640	
(50)	(62)	(68)	(58)	(238)	Other activities/eliminations	(59)	(48)	(65)	(172)	
375	474	456	208	1,513	Total	364	509	487	1,360	
10.8	12.3	12.1	6.0	10.4	EBITDA margin (in %)	10.8	13.7	13.2	12.6	
Depreciation										
(28)	(28)	(24)	(26)	(106)	Decorative Paints	(27)	(26)	(27)	(80)	
(25)	(25)	(24)	(28)	(102)	Performance Coatings	(27)	(24)	(25)	(76)	
(62)	(64)	(66)	(65)	(257)	Specialty Chemicals	(60)	(64)	(64)	(188)	
(4)	(2)	(3)	2	(7)	Other activities/eliminations	(3)	(3)	(3)	(9)	
(119)	(119)	(117)	(117)	(472)	Total	(117)	(117)	(119)	(353)	
Amortization										
(17)	(11)	(15)	(13)	(56)	Decorative Paints	(12)	(13)	(10)	(35)	
(9)	(9)	(9)	(9)	(36)	Performance Coatings	(10)	(10)	(10)	(30)	
(13)	(13)	(12)	(13)	(51)	Specialty Chemicals	(9)	(16)	(12)	(37)	
-	-	(1)	-	(1)	Other activities/eliminations	-	-	(1)	(1)	
(39)	(33)	(37)	(35)	(144)	Total	(31)	(39)	(33)	(103)	
EBIT										
43	102	107	(52)	200	Decorative Paints	17	102	113	232	
129	163	160	73	525	Performance Coatings	126	178	135	439	
99	121	107	91	418	Specialty Chemicals	135	124	156	415	
(54)	(64)	(71)	(57)	(246)	Other activities/eliminations	(62)	(51)	(69)	(182)	
217	322	303	55	897	Total	216	353	335	904	
6.3	8.3	8.0	1.6	6.1	EBIT margin (in %)	6.4	9.5	9.1	8.4	
Operating income										
43	102	107	146	398	Decorative Paints	17	102	113	232	
129	163	160	73	525	Performance Coatings	126	178	135	439	
99	121	107	(30)	297	Specialty Chemicals	135	124	156	415	
(54)	(64)	(71)	(73)	(262)	Other activities/eliminations	(62)	(51)	(69)	(182)	
217	322	303	116	958	Total	216	353	335	904	
6.3	8.3	8.0	3.3	6.6	ROS%	6.4	9.5	9.1	8.4	

Quarterly statistics

					2013					2014
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	year-to-date	
Incidentals per Business Area										
-	-	-	198	198	Decorative Paints	-	-	-	-	
-	-	-	-	-	Performance Coatings	-	-	-	-	
-	-	-	(121)	(121)	Specialty Chemicals	-	-	-	-	
-	-	-	(16)	(16)	Other activities/eliminations	-	-	-	-	
-	-	-	61	61	Total	-	-	-	-	
Incidentals included in operating income										
-	-	-	-	-	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	-	-	-	-	
-	-	-	61	61	Total	-	-	-	-	
Reconciliation net financing expense										
9	8	6	9	32	Financing income	12	9	9	30	
(56)	(57)	(54)	(54)	(221)	Financing expenses	(44)	(37)	(36)	(117)	
(47)	(49)	(48)	(45)	(189)	Net interest on net debt	(32)	(28)	(27)	(87)	
Other interest movements										
(5)	(5)	(5)	(6)	(21)	Financing expenses related to pensions	(5)	(4)	(4)	(13)	
(12)	15	(8)	(3)	(8)	Interest on provisions	(4)	(11)	(8)	(23)	
1	6	5	6	18	Other items	4	3	1	8	
(16)	16	(8)	(3)	(11)	Net other financing charges	(5)	(12)	(11)	(28)	
(63)	(33)	(56)	(48)	(200)	Net financing expenses	(37)	(40)	(38)	(115)	
Quarterly net income analysis										
3	6	4	1	14	Results from associates and joint ventures	6	6	6	18	
(16)	(25)	(14)	(13)	(68)	Profit attributable to non-controlling interests	(16)	(24)	(16)	(56)	
157	295	251	69	772	Profit before tax	185	319	303	807	
(45)	38	(83)	(21)	(111)	Income tax	(43)	(89)	(84)	(216)	
112	333	168	48	661	Profit for the period from continuing operations	142	230	219	591	
29	(13)	33	30	14	Effective tax rate (in %)	23	28	28	27	

Quarterly statistics

				2013						2014	
Q1	Q2	Q3	Q4	year		Q1	Q2	Q3	year-to-date		
Earnings per share from continuing operations (in €)											
0.40	1.28	0.64	0.14	2.46	Basic	0.52	0.84	0.83	2.19		
0.40	1.27	0.64	0.14	2.44	Diluted	0.52	0.83	0.82	2.17		
Earnings per share from discontinued operations (in €)											
(0.03)	0.50	–	0.07	0.54	Basic	0.01	–	0.01	0.02		
(0.03)	0.50	–	0.07	0.54	Diluted	0.01	–	0.01	0.02		
Earnings per share from total operations (in €)											
0.37	1.78	0.64	0.21	3.00	Basic	0.53	0.84	0.84	2.21		
0.37	1.77	0.64	0.21	2.98	Diluted	0.53	0.83	0.83	2.19		
Number of shares (in millions)											
239.4	241.0	242.1	242.4	241.2	Weighted average number of shares	243.0	244.4	245.4	244.3		
239.8	242.1	242.1	242.6	242.6	Number of shares at end of quarter	243.4	245.4	245.4	245.4		
Adjusted earnings (in € millions)											
157	295	251	69	772	Profit before tax from continuing operations	185	319	303	807		
–	–	–	(61)	(61)	Incidentals reported in operating income	–	–	–	–		
39	33	36	36	144	Amortization of intangible assets	31	39	33	103		
(57)	28	(93)	(34)	(156)	Adjusted income tax	(52)	(101)	(94)	(247)		
(16)	(25)	(14)	(13)	(68)	Non-controlling interests	(16)	(24)	(16)	(56)		
123	331	180	(3)	631	Adjusted net income for continuing operations	148	233	226	607		
0.51	1.37	0.74	(0.01)	2.62	Adjusted earnings per share (in €)	0.61	0.95	0.92	2.48		

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, 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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Financial calendar

Ex-dividend date of 2014 interim dividend	October 23, 2014
Record date of 2014 interim dividend	October 24, 2014
Election period cash or stock interim dividend	October 27, 2014 - November 18, 2014
Payment date of cash dividend and delivery of new shares	November 25, 2014
Report for the year 2014 and the 4 th quarter	February 12, 2015
Report for the 1 st quarter 2015	April 21, 2015
Annual General Meeting of shareholders	April 22, 2015
Report for the 2 nd quarter 2015	July 21, 2015
Report for the 3 rd quarter 2015	October 22, 2015



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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.