



# Persbericht

18 april 2013

## AkzoNobel publiceert resultaten eerste kwartaal 2013

- Omzet 7 procent lager door zwakke vraag in Europa en desinvesteringen
- Bedrijfsresultaat €217 miljoen (2012: €236 miljoen): zwakkere eindmarkten en productieonderbrekingen in de Specialty Chemicals waardeketen hebben de resultaten beïnvloed
- Cash uit operationele activiteiten €298 miljoen, verbeterd door lagere pensioenbetalingen
- Nettoresultaat toegekend aan aandeelhouders €89 miljoen (2012: €84 miljoen)
- Aangepaste EPS €0,51 (2012: €0,65)
- Desinvestering van Decorative Paints Noord-Amerika voltooid op 1 april 2013
- Strategische focus, aangekondigd in februari, richt zich op de noodzaak tot prestatieverbetering in uitdagende marktomstandigheden

### Eerste kwartaal 2013 in € miljoen

	1 <sup>e</sup> kw 2012	1 <sup>e</sup> kw 2013	Δ%
Omzet	3.707	<b>3.465</b>	(7)
Bedrijfsinkomsten	236	<b>217</b>	(8)
Return on sales (ROS) %	6,4	<b>6,3</b>	
EBITDA	410	<b>375</b>	(9)
Nettoresultaat uit doorlopende activiteiten	110	<b>96</b>	(13)

Akzo Nobel N.V. (AkzoNobel) publiceerde vandaag een 7 procent lagere omzet in het eerste kwartaal vergeleken met dezelfde periode vorig jaar. Dit was het gevolg van een zwakke vraag in Europese markten en desinvesteringen. Het bedrijfsresultaat voor het eerste kwartaal was 8 procent lager (€217 miljoen). De versnelde uitvoering van AkzoNobel's prestatieverbeterprogramma is op weg om de volledige realisatie van het EBITDA-voordeel van €500 miljoen een jaar eerder te behalen, zoals aangekondigd in de strategie-update van februari 2013.

De omzet van Decorative Paints daalde 5 procent, voornamelijk als gevolg van lagere volumes in Europa, prijs-/mixeffecten en valuta-effecten. Door lagere herstructureringskosten en lagere kosten in volwassen markten was het bedrijfsresultaat €43 miljoen hoger dan in 2012.

De omzet van Performance Coatings daalde 3 procent vergeleken met vorig jaar. De verslechterde economische omstandigheden in Europa hebben alle activiteiten beïnvloed. Het bedrijfsresultaat was 2 procent hoger en er was sprake van betere marges door een combinatie van margemanagement activiteiten en doorlopende kostenbeheersing.

De omzet van Specialty Chemicals was 11 procent lager door desinvesteringen en lagere volumes, voornamelijk in bouwgerelateerde producten en pulpbleek- en kunststofactiviteiten. Het koude weer had een negatieve invloed op seizoengerelateerde segmenten zoals de landbouw, terwijl ook de afstoting van de handelsactiviteiten in vetzuren in China bijdroeg aan het lagere volume. De winstgevendheid werd beïnvloed door lagere volumes en productieonderbrekingen.

## Desinvesteringen

In december 2012 voltooide AkzoNobel de desinvestering van Chemicals Pakistan dat de invloed van desinvesteringen op de omzet verklaart.

De desinvestering van Decorative Paints Noord-Amerika werd in april 2013 voltooid en wordt verantwoord onder beëindigde bedrijfsactiviteiten. De kasinstroom en het resultaat van de transactie zullen in het tweede kwartaal worden gerapporteerd.

## CFO Keith Nichols

“De economische omgeving blijft uitdagend en wij verwachten geen spoedige verbetering in de trends die we in onze activiteiten waarnemen. De versnelde uitvoering van ons prestatieverbeterprogramma en de in februari aangekondigde strategische prioriteiten zijn onder de huidige marktomstandigheden de juiste aanpak”.

## Hoofdpunten per bedrijfssector

Decorative Paints			
	1 <sup>e</sup> kwartaal		
	2012	2013	Δ%
Omzet	974	925	(5)
Bedrijfsinkomsten	25	43	72
Return on sales (ROS) %	2,6	4,6	
EBITDA	68	88	29

Performance Coatings			
	1 <sup>e</sup> kwartaal		
	2012	2013	Δ%
Omzet	1.369	1.331	(3)
Bedrijfsinkomsten	127	129	2
Return on sales (ROS) %	9,3	9,7	
EBITDA	159	163	3

Specialty Chemicals			
	1 <sup>e</sup> kwartaal		
	2012	2013	Δ%
Omzet	1.399	1.244	(11)
Bedrijfsinkomsten	140	99	(29)
Return on sales (ROS) %	10,0	8,0	
EBITDA	235	174	(26)

Het verslag van het eerste kwartaal 2013 kan worden gedownload via de AkzoNobel Report iPad app <http://bit.ly/obljrf> of online worden gelezen op [www.akzonobel.com/quarterlyresults](http://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 topkwaliteit en het realiseren van "Tomorrow's Answers Today™".

**Niet voor publicatie – voor meer informatie**

Corporate Media Relations, tel. 020 502 7833  
Contactpersonen: Paul Thomas, Jeroen Pul

Corporate Investor Relations, tel. 020 502 7854  
Contactpersonen: Jonathan Attack, Sheryl Stokes

**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](http://www.akzonobel.com). *De Engelstalige versie van dit persbericht is leidend.*

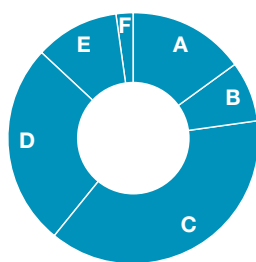
# Report for the first quarter

2013



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

	%
<b>A</b> North America	20
<b>B</b> Emerging Europe	7
<b>C</b> Mature Europe	38
<b>D</b> Asia Pacific	22
<b>E</b> Latin America	10
<b>F</b> Other regions	3
	100

*(Based on the full year 2012)*

# Our results

## at a glance

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

**Summary of financial outcomes**

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

# Financial highlights

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

## Revenue

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

## Acquisitions and divestments

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

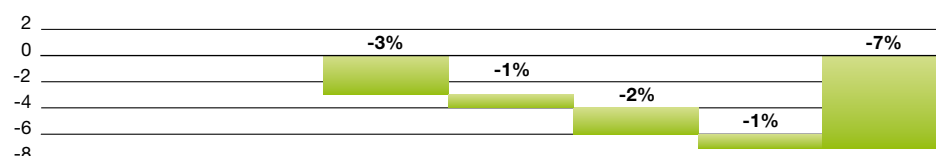
## Revenue

1st quarter

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

## Revenue development Q1 2013

■ Increase ■ Decrease



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

Volume development per quarter (year-on-year)

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

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

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13
Decorative Paints	5	3	1	–	(1)
Performance Coatings	8	6	3	3	1
Specialty Chemicals	1	2	(1)	1	(2)
<b>Total</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>(1)</b>

### Operating income

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

### Operating income in "Other activities"

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

### Net financing expenses

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

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

### Tax

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

### Operating income

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

### Operating income in Other activities

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

### Operating income to net income

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

### Restatements in 2013

- The revised IAS 19 on pensions has given rise to the need to restate operating income for 2012 by €46 million from €862 million to €908 million (before the Q3 2012 impairment).
- As of 2013, we apply stricter rules to qualify items as incidental items.

- In addition, invested capital was redefined to exclude the receivable from pension funds in an asset position. Comparative numbers for 2012 have been restated accordingly. Please refer to our website for the details as issued at the time of our Strategy update on February 20, 2013.

# Decorative Paints

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

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

## Europe

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

## Latin America

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

## Asia

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

## Revenue

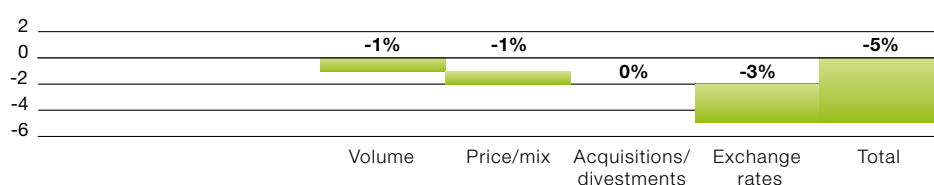
1st quarter

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

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

## Revenue development Q1 2013

■ Increase ■ Decrease





# Performance Coatings

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

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

## Marine and Protective Coatings

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

## Automotive and Aerospace Coatings

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

## Powder Coatings

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

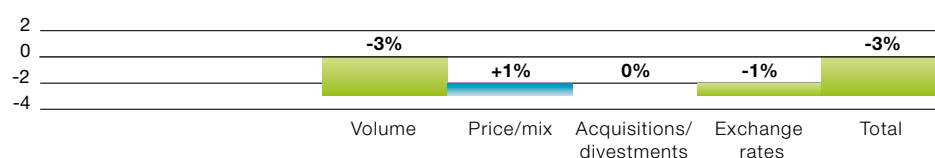
## Revenue

1st quarter

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

## Revenue development Q1 2013

■ Increase ■ Decrease



## Industrial Coatings

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

# Specialty Chemicals

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

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

## Functional Chemicals

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

## Industrial Chemicals

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

## Surface Chemistry

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

## Pulp and Performance Chemicals

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

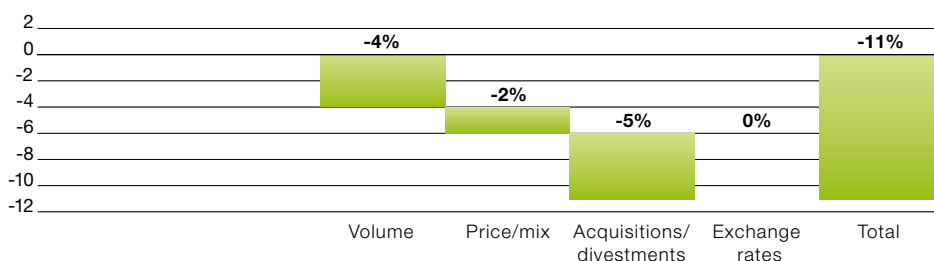
## Revenue

1st quarter

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

## Revenue development Q1 2013

■ Increase ■ Decrease



# Condensed financial statements

## Consolidated statement of income

1st quarter

in € millions

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

## Consolidated statement of comprehensive income

1st quarter

in € millions

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

**Condensed consolidated balance sheet \***

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

**Shareholders' equity**

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

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

\* Restated for the revised IAS 19

**Changes in equity \***

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

### Invested capital

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

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

### Pensions

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

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

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

Offset by:

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

### Workforce

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

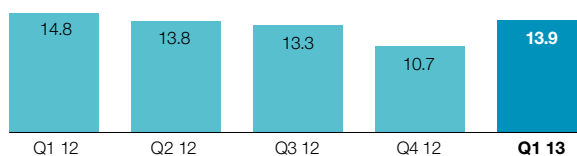
- A decrease of 480 employees due to ongoing restructuring.
- An increase of 190 employees, mainly due to seasonal activity.

### Invested capital

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

### Operating working capital

In % of revenue



### Operating working capital

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

**Condensed consolidated statement of cash flows**

1st quarter

in € millions

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

**Cash flows and net debt**

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

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

**Outlook and 2015 targets**

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

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

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

**Amsterdam, April 18, 2013**  
**The Board of Management**

## Quarterly statistics

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

## Quarterly statistics

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



## Quarterly statistics

	Q1	Q2	Q3	Q4	2012 year		2013 Q1
<b>Earnings per share from continuing operations (in €)</b>							
	0.47	0.90	(8.29)	(0.02)	(6.98)	Basic	0.40
	0.46	0.90	(8.29)	(0.02)	(6.98)	Diluted	0.40
<b>Earnings per share from discontinued operations (in €)</b>							
	(0.11)	0.02	(1.65)	(0.09)	(1.84)	Basic	(0.03)
	(0.11)	0.02	(1.65)	(0.09)	(1.84)	Diluted	(0.03)
<b>Earnings per share from total operations (in €)</b>							
	0.36	0.92	(9.94)	(0.11)	(8.82)	Basic	0.37
	0.35	0.92	(9.94)	(0.11)	(8.82)	Diluted	0.37
<b>Number of shares (in millions)</b>							
	235.1	236.9	238.2	238.6	237.2	Weighted average number of shares	239.4
	235.6	238.2	238.2	239.0	239.0	Number of shares at end of quarter	239.8
<b>Adjusted earnings (in € millions)</b>							
	190	326	(1,903)	(3)	(1,390)	Profit before tax from continuing operations	157
	21	11	2,130	8	2,170	Incidentals reported in operating income	–
	39	40	41	42	162	Amortization of intangible assets	39
	(84)	(103)	(82)	(5)	(274)	Adjusted income tax	(57)
	(14)	(22)	(9)	(18)	(63)	Non-controlling interests	(16)
	152	252	177	24	605	Adjusted net income for continuing operations	123
	0.65	1.06	0.74	0.10	2.55	<b>Adjusted earnings per share (in €)</b>	<b>0.51</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. Except for the implementation of the revised IAS 19 "Employee Benefits", the accounting principles are as applied in the 2012 financial statements.

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

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

## Seasonality

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

## The "other" category

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

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

## Glossary

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

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

**EBIT** is operating income before incidentals.

**EBIT margin** is EBIT as percentage of revenue.

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

**EBITDA margin** is EBITDA as percentage of revenue.

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

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

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

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

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

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

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

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

**ROS%** is operating income as percentage of revenue.

## Safe Harbor Statement

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest Annual Report.

## Brands and trademarks

In this report, reference is made to brands and trademarks owned by, or licensed to, AkzoNobel. Unauthorized use of these is strictly prohibited.

**Akzo Nobel N.V.**

Strawinskylaan 2555  
P.O. Box 75730  
1070 AS Amsterdam, the Netherlands  
Tel: +31 20 502 7555  
Fax: +31 20 502 7666  
Internet: [www.akzonobel.com](http://www.akzonobel.com)

For more information:

The explanatory sheets used during the press conference can be viewed on AkzoNobel's corporate website [www.akzonobel.com](http://www.akzonobel.com)

AkzoNobel Corporate Communications  
Tel: +31 20 502 7833  
Fax: +31 20 502 7604  
E-mail: [info@akzonobel.com](mailto:info@akzonobel.com)

AkzoNobel Investor Relations  
Tel: +31 20 502 7854  
Fax: +31 20 502 7605  
E-mail: [investor.relations@akzonobel.com](mailto:investor.relations@akzonobel.com)

**Financial calendar**

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



[www.akzonobel.com](http://www.akzonobel.com)

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