



Press release

October 18, 2012

AkzoNobel publishes Q3 2012 results

- Revenue up 6 percent to €4.28 billion, mainly driven by currencies and pricing actions
- Volumes declined 3 percent, primarily due to economic slowdown in Europe
- EBITDA up 7 percent at €540 million (2011: €507 million)
- Impairment of €2.5 billion in Decorative Paints, resulting in a net loss of €2.4 billion
- Adjusted EPS €1.01 (2011: €0.91)
- Interim dividend of €0.33 per share declared
- Performance improvement program is on track
- Economic environment remains our principal sensitivity

Q3 2012 in € million

	Q3 2011	Q3 2012	Δ%
Revenue	4,051	4,280	6
EBITDA	507	540	7
EBITDA margin (in %)	12.5	12.6	
Net income continuing operations	148	(2,360)	

January – September 2012 in € million

	Jan. – Sep. 2011	Jan. – Sep. 2012	Δ%
Revenue	11,910	12,658	6
EBITDA	1,495	1,556	4
EBITDA margin (in %)	12.6	12.3	
Net income continuing operations	531	(2,093)	

Akzo Nobel N.V. (AkzoNobel) today reported a 6 percent increase in third quarter revenue compared with the same period last year. This was due to favorable currency effects and pricing actions. EBITDA for Q3 was 7 percent higher at €540 million.

AkzoNobel has undertaken a prudent review, excluding restructuring benefits, of the balance sheet, taking into account lower expected market growth rates. This has resulted in a non-cash impairment charge against the Decorative Paints businesses' assets, primarily in Europe.

Decorative Paints generated revenue of €1.46 billion, broadly unchanged on the comparative period. The difficult market conditions in Europe and Latin America were largely offset by strong revenue and volume growth in China and Northern Asia. Despite the volume decline AkzoNobel has been able to maintain or increase its relative market share in most of its markets. EBITDA of €147 million was down 1 percent on 2011.

In Performance Coatings, revenue increased 13 percent to €1.47 billion, driven by acquisitions in Industrial Coatings and strong demand in Protective Coatings. Volumes were flat with continued variability between markets. EBITDA increased 29 percent to €202 million as a result of margin growth from all business areas.

Specialty Chemicals revenue increased 3 percent to €1.39 billion. EBITDA fell 5 percent to €227 million impacted by lower volumes and margin weakness in Functional Chemicals. Surface Chemistry and Pulp and Performance Chemicals delivered the strongest EBITDA growth during the quarter.

Raw materials

The cost of AkzoNobel's raw materials in Q3 was slightly above last year, but has leveled off versus Q2. The price of TiO₂ has reduced, but is still higher than the previous year and there has been some volatility from oil-related feedstock. The company expects average raw material costs for the year slightly up due to the oil price increase in Q2.

Performance improvement program

Announced in October 2011, AkzoNobel's performance improvement program is focused on three main building blocks: operational professionalization, functional standardization and business unit specific adaptations. The program is on track to achieve the previously announced €200 million EBITDA by the end of 2012.

CFO Keith Nichols

"Despite the unavoidable impact of the economic slowdown, the business portfolio of AkzoNobel remains resilient, and we have reported solid operational results for the quarter. Many of our business units are performing well, maintaining high margins and market share. The impact of the slowdown is primarily being felt in the more consumer facing businesses. Looking forward, the principal concern remains the decorative paint markets in Europe. The impairment taken in this quarter is a reflection of these concerns and our realistic assessment of the markets going forward. As we cannot expect quick recovery of the economy, we also will continue to implement our ongoing improvement agenda in order to increase our profitability."

Outlook

During the year, the economic slowdown, particularly in Europe, is having an adverse impact on AkzoNobel's volumes. Additional restructuring activities are therefore being initiated to further reduce costs in the businesses that are most affected. In addition, the company's performance improvement program is on track.

AkzoNobel has a strong portfolio of complementary businesses with many leading market positions and exposure to growth markets. The company is confident with regard to the long-term growth of its business, but remains cautious over the shorter term development of its markets.

Business area highlights

Decorative Paints						
3 rd Quarter			January-September			
2011	2012	Δ%		2011	2012	Δ%
1,435	1,456	1	Revenue	4,092	4,249	4
148	147	(1)	EBITDA	429	398	(7)
10.3	10.1		EBITDA margin (in %)	10.5	9.4	

Performance Coatings						
3 rd Quarter			January-September			
2011	2012	Δ%		2011	2012	Δ%
1,295	1,467	13	Revenue	3,844	4,308	12
157	202	29	EBITDA	470	579	23
12.1	13.8		EBITDA margin (in %)	12.2	13.4	

Specialty Chemicals						
3 rd Quarter			January-September			
2011	2012	Δ%		2011	2012	Δ%
1,349	1,393	3	Revenue	4,050	4,223	4
238	227	(5)	EBITDA	699	717	3
17.6	16.3		EBITDA margin (in %)	17.3	17.0	

The 2012 Q3 report can be downloaded via the AkzoNobel Report iPad app <http://bit.ly/obljrf> or read online at www.akzonobel.com/quarterlyresults.

AkzoNobel is the largest global paint 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 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

Not for publication – for more information

Corporate Media Relations, tel. +31 20 502 7833
Contact: Tim van der Zanden

Corporate Investor Relations, tel. +31 20 502 7854
Contact: Jonathan Atack

Safe Harbor Statement

This press release 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 forecasted 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, a copy of which can be found on the company's corporate website www.akzonobel.com.