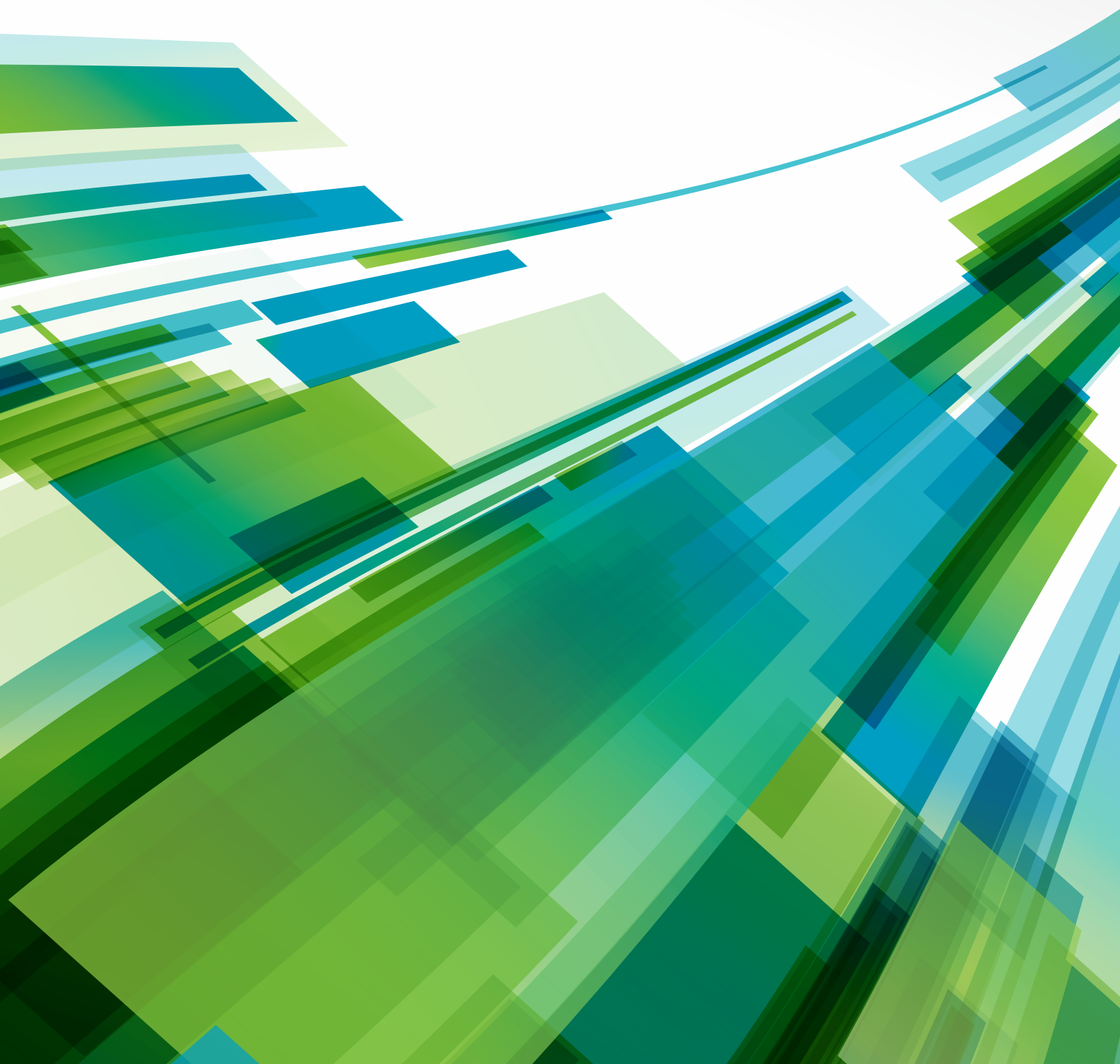


Report for the full-year 2014 and the fourth quarter

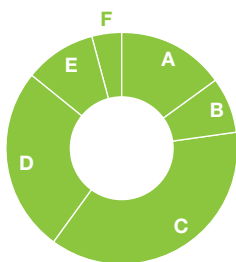
AkzoNobel



AkzoNobel around the world Revenue by destination

(44 percent in high growth markets)

	%
A North America	15
B Emerging Europe	8
C Mature Europe	37
D Asia Pacific	26
E Latin America	10
F Other regions	4
	100



(Based on the full-year 2014)

Our results at a glance

Full-year:

- Revenue down 2 percent: Volume 1 percent up in all Business Areas, more than offset by currency effects and divestments
- Operating income excluding incidental items was €1,072 million (2013: €897 million), up 20 percent
- Operating income of €987 million up 3 percent, due to higher operating results and lower restructuring charges, offset by adverse incidental items
- ROS was 6.9 percent (2013: 6.6 percent); excluding incidental items, ROS was 7.5 percent (2013: 6.1 percent)
- Adjusted EPS at €2.81 (2013: €2.62)
- Net income attributable to shareholders €546 million (2013: €724 million)
- Total dividend for 2014 proposed at €1.45 (2013: €1.45)
- Net cash inflow from operating activities €811 million (2013: €716 million)

For Q4:

- Revenue up 1 percent, with 2 percent favorable currency effects offset by 1 percent lower volumes
- Operating income excluding incidentals was €169 million (2013: €55 million) up 207 percent due to improved operational performance and lower restructuring charges
- Adjusted EPS at €0.33 (2013: (€0.01))

Outlook:

- Markets, raw materials and exchange rates expected to remain volatile
- On track to deliver 2015 targets

Financial highlights

Summary of financial outcomes

Fourth quarter			January-December			
2013	2014	Δ%	in € millions	2013	2014	Δ%
3,482	3,517	1	Revenue	14,590	14,296	(2)
116	83	(28)	Operating income	958	987	3
55	169	207	Operating income excl. incidental items	897	1,072	20
259	277	7	Operating income excl. incidental items and restructuring costs	1,245	1,325	6
3.3	2.4		ROS (in %)	6.6	6.9	
1.6	4.8		ROS excl. incidental items (in %)	6.1	7.5	
			Average invested capital	10,007	9,871	
			Moving average ROI (in %)	9.6	10.0	
208	330	59	EBITDA	1,513	1,690	12
234	186	(21)	Capital expenditures	666	588	(12)
309	481	56	Net cash from operating activities	716	811	13
			Net debt	1,529	1,606	
35	(7)		Net income from continuing operations	593	528	(11)
16	14		Net income from discontinued operations	131	18	
51	7		Net income attributable to shareholders	724	546	(25)
0.21	(0.03)		Earnings per share from total operations (in €)	3.00	2.23	
(0.01)	0.33		Adjusted earnings per share (in €)	2.62	2.81	
			Number of employees	49,600	47,200	(5)

Financial highlights

2014 revenue was down 2 percent, with volume up 1 percent in all Business Areas, more than offset by adverse currency effects and divestments. Operating income was up 3 percent at €987 million, due to higher operating results and lower restructuring charges, offset by higher incidental charges. Excluding incidental items, ROS was 7.5 percent (2013: 6.1 percent). ROI was 10.0 percent (2013: 9.6 percent). We are on track to deliver our 2015 targets.

Revenue

- Volumes in Decorative Paints for the full year were up 1 percent. Revenue declined 6 percent compared with 2013 due to divestments, adverse currency effects and an adverse price/mix effects. The latter was mainly driven by the sale of the German stores
Q4 volumes were down 2 percent, with revenue down 1 percent. The decline in revenue in Q4 was mainly driven by weak demand in all regions and the sale of the German stores, offset by positive price/mix effects in the regions outside Europe
- Volumes in Performance Coatings for the full year were up 1 percent, mainly from growth in Marine and Protective Coatings and Powder Coatings. Revenue was flat compared with the previous year due to adverse currencies
Q4 volume was flat, while revenue was up 4 percent on the previous year due to favorable currencies and price/mix
- Volumes in Specialty Chemicals for the full year were up 1 percent. Revenue was 1 percent lower due to price pressure in caustic and unfavorable currency developments during the first half of the year. There were some interruptions in the manufacturing and supply chain in Q4, as well as market reactions following the large oil price reduction, leading to destocking. As a consequence, Q4 volume was down 1 percent. Revenue was in line with the previous year, with the adverse impact of volumes and divestments being offset by a favorable currency effect

Divestments

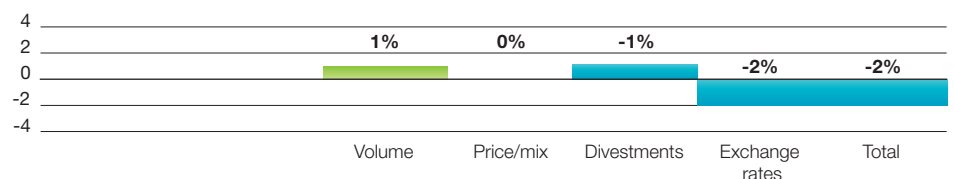
- On October 1, 2013, the divestment of Building Adhesives was completed, which accounts for the divestment impact in Decorative Paints. In addition, the sale of the German stores was concluded, which did not have a revenue impact in divestments but in price/mix
- The divestment of the Primary Amides 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

Revenue

Fourth quarter			January - December			
2013	2014	Δ%	in € millions	2013	2014	Δ%
934	920	(1)	Decorative Paints	4,174	3,909	(6)
1,367	1,416	4	Performance Coatings	5,571	5,589	-
1,200	1,194	(1)	Specialty Chemicals	4,949	4,883	(1)
(19)	(13)		Other activities/eliminations	(104)	(85)	
3,482	3,517	1	Total	14,590	14,296	(2)

Revenue development 2014

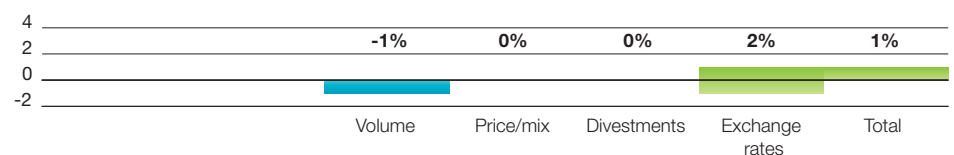
■ Increase ■ Decrease



in % versus 2013	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	1	(1)	(3)	(3)	(6)
Performance Coatings	1	1	-	(2)	-
Specialty Chemicals	1	1	(1)	(2)	(1)
Total	1	-	(1)	(2)	(2)

Revenue development Q4 2014

■ Increase ■ Decrease



in % versus Q4 2013	Volume	Price/mix	Divestments	Exchange rates	Total
Decorative Paints	(2)	-	-	1	(1)
Performance Coatings	-	1	-	3	4
Specialty Chemicals	(1)	-	(1)	1	(1)
Total	(1)	-	-	2	1

Chemicals. The transaction is expected to be completed in 2015, subject to regular consultation with employee representatives and satisfaction of closing conditions such as receipt of required regulatory clearances

Operating income

Operating income increased 3 percent to €987 million, due to higher operating results and lower restructuring charges, offset by higher incidental items (€85 million adverse items in 2014 and €61 million favorable items in 2013). In 2014, restructuring charges were €253 million (2013: 348 million). The majority of the restructuring charges related to Performance Coatings.

- In Decorative Paints, operating income in 2013 included the gain of €198 million from the divestment of Building Adhesives. Excluding this effect, operating income improved. Restructuring charges were lower than the previous year for both the full year and Q4. In addition, costs were down following the implementation of restructuring programs and strict cost control
- In Performance Coatings, operating income increased 4 percent compared with 2013. Improved operational effectiveness more than compensated for increased restructuring charges. A major restructuring activity was the implementation of a new organizational structure with fewer management layers and clearer accountability
- Specialty Chemicals increased profitability over the previous year, with significant savings from restructuring programs. Operating income in 2013 was affected by €121 million incidental charges

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.

Full-year ROS was 6.9 percent (2013: 6.6 percent). Excluding incidental items, ROS was 7.5 percent (2013: 6.1 percent).

For the quarter, ROS was 2.4 percent (2013: 3.3 percent). Excluding incidentals, ROS was 4.8 percent (2013: 1.6 percent).

Volume development per quarter (year-on-year)

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Decorative Paints	5	1	3	-	(2)
Performance Coatings	2	3	1	2	-
Specialty Chemicals	3	2	4	-	(1)
Total	4	2	3	1	(1)

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

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Decorative Paints	-	3	(3)	(3)	-
Performance Coatings	1	2	2	(1)	1
Specialty Chemicals	(2)	1	(1)	1	-
Total	(1)	2	(1)	(1)	-

Operating income

Fourth quarter			January - December			
2013	2014	Δ%	in € millions	2013	2014	Δ%
146	16	(89)	Decorative Paints	398	248	(38)
73	106	45	Performance Coatings	525	545	4
(30)	93		Specialty Chemicals	297	508	71
(73)	(132)		Other activities/eliminations	(262)	(314)	
116	83	(28)	Total	958	987	3

Operating income in other activities

Corporate costs for the full-year 2014 were down by €25 million, due to cost measures taken. The amount of €129 million on the line Other included €85 million for incidental charges. These related to an external fraud suffered by one of our subsidiaries in the US, provisions for legacy items and project costs related to a divestment.

Net financing expenses

Net financing expenses for both the full year and Q4 decreased, mainly due to lower interest expenses on net debt as a result of repayment of high interest bonds. This positive effect is partly offset by (non-cash) higher interest on provisions. For the full year, net financing expenses decreased by €44 million to €156 million.

Tax

The full-year effective tax rate was 30 percent (2013: 30 percent adjusted for an incidental non-cash tax gain of €124 million and several non-taxable items).

Operating income in other activities

Fourth quarter		January - December	
2013	2014	2013	2014
		in € millions	
(62)	(44)	(207)	(182)
(4)	(1)	(11)	(13)
(5)	(2)	(1)	10
(2)	(85)	(43)	(129)
(73)	(132)	(262)	(314)

Operating income to net income

Fourth quarter		January - December	
2013	2014	2013	2014
		in € millions	
116	83	958	987
(48)	(41)	(200)	(156)
1	3	14	21
69	45	772	852
(21)	(36)	(111)	(252)
48	9	661	600
16	14	131	18
64	23	792	618
(13)	(16)	(68)	(72)
51	7	724	546

Decorative Paints

- Full-year revenue down 6 percent due to divestments, adverse currency and price/mix effects
- Positive full-year volume development in Asia, while in Europe, volume development was flat
- Successful completion of new operating model in Europe
- Full-year operating income up 24 percent (excluding an incidental gain from a divestment in 2013); ROS at 6.3 percent (2013: 4.8 percent)

Full-year volume in Decorative Paints was up 1 percent. Revenue declined 6 percent compared with 2013 due to divestments, adverse currency and price/mix effects. The latter was mainly driven by the sale of the German stores. Volumes were up 1 percent for the year, with an increase in Asia being partly offset by lower volumes in Latin America, reflecting the difficult trading conditions in the region. Volumes in EMEA were flat compared with 2013. Costs were down following the implementation of restructuring programs and strict cost control.

The decline in revenue in Q4 was mainly driven by weak demand following declining growth rates in all regions and the sale of the German stores, offset by positive price/mix effects in the regions outside Europe.

Europe

Full-year revenue in Europe was down 10 percent. The divestment of Building Adhesives and the sale of the German stores had an impact of 8 percent. Volumes were stronger in Eastern Europe and the UK, but demand in continental Europe remained weak.

In Q4, revenue was down 6 percent due to the sale of the German stores and weak demand in continental Europe. The consequences of the weakening currency in Russia are becoming visible in the revenue development, despite significant price increases. A two-year restructuring program to increase operational efficiency in Europe was successfully concluded. This has led to a structurally lower cost base.

Revenue

Fourth quarter			January - December		
2013	2014	Δ%	2013	2014	Δ%
in € millions					
489	459	(6)	2,508	2,269	(10)
162	171	6	591	568	(4)
283	291	3	1,075	1,074	–
–	(1)		–	(2)	
934	920	(1)	4,174	3,909	(6)
146	16	(89)	398	248	(38)
15.6	1.7		9.5	6.3	
			2,897	2,824	
			13.7	8.8	
(13)	58		362	405	12
65	36		171	143	
			16,200	15,200	(6)

¹ Operating income in 2013 was affected by a €198 million gain from divestments. This had an impact on 2013 ROS of 4.7 percentage points.

Latin America

Full-year revenue decreased 4 percent due to adverse currency impacts in Brazil and Argentina. Due to our strong brand strength we were able to offset the adverse currency impact on the cost of raw materials. Restructuring measures and strict cost control has led to a structurally lower cost base.

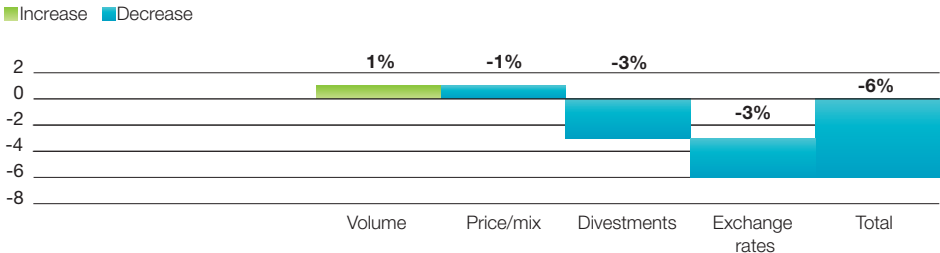
In Q4, revenue was up 6 percent on 2013 following the implementation of price increases due to the adverse currency impact on raw materials.

Asia

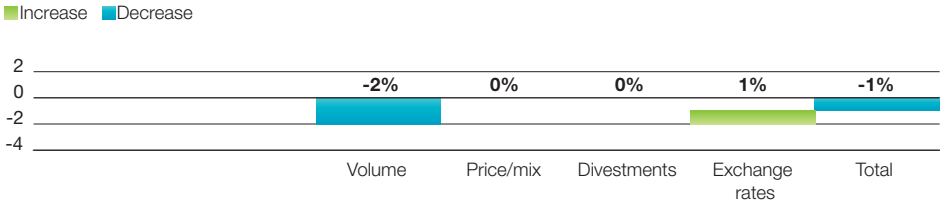
Full-year revenue was flat compared with 2013 as the positive volume effects were offset by an adverse impact of currency and price/mix in the region. Full-year volumes were higher in China, India and Vietnam compared with 2013, while the growth rates reduced in Q4. Restructuring programs and strict cost control have resulted in a lower cost base.

In Q4, revenue was up 3 percent due to a positive currency impact.

Revenue development 2014



Revenue development Q4 2014



Performance Coatings

- Full-year revenue was flat, with volumes and price up 1 percent, offset by adverse currencies
- Full-year operating income up 4 percent to €545 million (2013: €525 million), with operational improvements more than offsetting higher restructuring costs
- Full-year ROS increased to 9.8 percent (2013: 9.4 percent)
- A new organizational structure was introduced in Q4 with fewer management layers

Full-year revenue was flat compared with the previous year due to adverse currencies. Volumes were up 1 percent, mainly from growth in Marine and Protective Coatings and Powder Coatings. Restructuring activity continued throughout the year, including the implementation of a new Business Area organizational structure with fewer management layers and clearer accountability. The benefit of earlier restructuring and ongoing operational effectiveness more than offset the increase in restructuring costs. As a result, operating income increased 4 percent compared with 2013.

Q4 revenue was up 4 percent on the previous year due to favorable currencies and price/mix. Restructuring costs were in line with 2013, while currencies and margin improvements drove ROS up to 7.5 percent.

Marine and Protective Coatings

Full-year revenue was up 2 percent on the previous year, with volume growth offsetting adverse currencies. Our positions in marine deep sea improved on the back of successful new product introductions and global key account management. Volumes were also higher in protective coatings due to increases in the heavy industry segment across all regions – except Latin America – and some growth in oil and gas.

Revenue

Fourth quarter				January - December		
2013	2014	Δ%	in € millions	2013	2014	Δ%
371	399	8	Marine and Protective Coatings	1,495	1,528	2
332	343	3	Automotive and Aerospace Coatings	1,321	1,320	–
246	257	4	Powder Coatings	982	1,019	4
424	424	–	Industrial Coatings	1,799	1,751	(3)
(6)	(7)		Other/intragroup eliminations	(26)	(29)	
1,367	1,416	4	Total	5,571	5,589	–
73	106	45	Operating income	525	545	4
5.3	7.5		ROS (in %)	9.4	9.8	
			Average invested capital	2,463	2,480	
			Moving average ROI (in %)	21.3	22.0	
110	142	29	EBITDA	663	687	4
65	49		Capital expenditures	143	143	
			Number of employees	21,400	20,500	(4)

Fourth quarter revenue was up 8 percent on 2013 due to a pick-up in marine new build activity in China and South Korea, along with volume growth in protective coatings. Favorable currencies also contributed.

Automotive and Aerospace Coatings

Full-year revenue was flat on the previous year, due to price and mix, which offset adverse currencies and volume decline. Volume growth in China and North America in Vehicle Refinishes was balanced by declines in Latin America and Europe. Specialty Finishes volumes declined on the previous year due to weakness in Europe and Latin America, while volumes at Aerospace were up on 2013 in all regions.

Q4 revenue increased 3 percent due to favorable currencies and price/mix. Vehicle Refinishes had a strong Q4 in North America but lower volumes in Europe, while Specialty Finishes grew in Asia on the back of successes in the wireless and IT sector.

Powder Coatings

Full-year revenue was up 4 percent on the previous year, due to strong volumes offsetting adverse currencies, with all regions contributing. Volumes for the automotive industry grew, driven by high new vehicle production in Asia. Sales to architectural manufacturers faced softer market conditions, mostly in residential, as a result of slower markets in China.

Q4 revenue was up 4 percent on the previous year, due to price and mix and favorable currencies. Volumes were lower than the previous year in Asia and higher in North America.

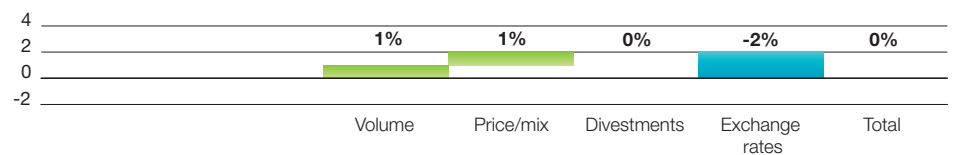
Industrial Coatings

Full-year revenue was down 3 percent on 2013, due to adverse currencies and volume. The Packaging business increased volumes in all regions, while Coil Coatings continued to grow in the APAC region – especially China – but declined in Europe. Wood volumes grew in Europe, but declined in APAC.

Q4 revenue was flat compared with the previous year, due to price/mix in Packaging and Coil Coatings and currencies offsetting lower volumes in all regions.

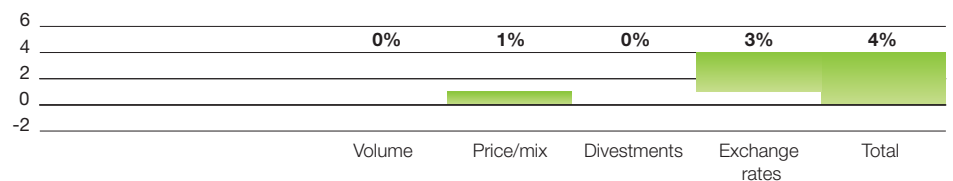
Revenue development 2014

■ Increase ■ Decrease



Revenue development Q4 2014

■ Increase ■ Decrease



Specialty Chemicals

- Full-year revenue down 1 percent due to better volumes and price/mix more than offset by divestments and adverse currency effects
- Q4 volumes were affected by interruptions in the manufacturing and supply chain in Rotterdam
- Full-year operating income was up 22 percent (excluding the incidental items of €121 million in 2013). Full-year ROS was 10.4 percent
- Lower restructuring costs and the results of operational excellence programs, as well as previous restructuring measures, increased profitability for the business

Specialty Chemicals increased profitability in 2014, with improved volumes and significant savings from restructuring programs. This was despite price pressure in caustic, unfavorable currency developments (especially during the first half of the year) and interruptions in the manufacturing and supply chain in Rotterdam during Q4. The year started strongly in Europe but slowed down in Q3, with economic uncertainty and political situations tempering consumer confidence. The US gained momentum during the year after a slow start. China presented a mixed and volatile picture, with reduced growth rates in the second half.

Q4 revenue was in line with the previous year, with the adverse impact of volumes and divestments being offset by a favorable currency effect due to the strengthening of the US dollar. The adverse volume impact was caused by the Rotterdam interruptions and market reactions following the large oil price reduction, leading to destocking.

Functional Chemicals

Functional Chemicals strongly recovered compared with the previous year. Revenue increased 1 percent, with volumes up 5 percent, driven by China and the Americas. This was partly offset by adverse currency effects and the divestment of Primary Amides at the end of the previous year. The year began strongly in Europe, driven by the early start of the construction season, continued strength in Germany and a recovery in Southern Europe. Demand was slower in the second part of the year. Most of the product lines showed significant volume growth. The comprehensive restructuring program launched in 2013 contributed significantly to the result in 2014.

Revenue

Fourth quarter			January - December			
2013	2014	Δ%	in € millions	2013	2014	Δ%
447	456	2	Functional Chemicals	1,872	1,885	1
300	266	(11)	Industrial Chemicals	1,173	1,114	(5)
234	247	6	Surface Chemistry	1,012	1,010	–
259	258	–	Pulp and Performance Chemicals	1,036	1,009	(3)
(40)	(33)		Other/intragroup eliminations	(144)	(135)	
1,200	1,194	(1)	Total	4,949	4,883	(1)
(30)	93		Operating income *	297	508	71
(2.5)	7.8		ROS (in %)	6.0	10.4	
			Average invested capital	3,609	3,442	
			Moving average ROI (in %)	8.2	14.8	
169	175	4	EBITDA	726	815	12
102	99		Capital expenditures	346	297	
			Number of employees	10,400	9,800	(6)

* 2013 was affected by €121 million incidental charges. This had an impact on 2013 ROS of 2.4 percentage points.

Q4 revenue was up 2 percent compared with the previous year, due to favorable currencies and better volumes. The trend of a weakening and declining Europe, regaining of strength in the Americas and a growth slowdown in China continued.

Industrial Chemicals

Industrial Chemicals' revenue was adversely impacted by caustic price pressure and lower volumes. Lower volumes were caused by interruptions in the manufacturing and supply chain in Rotterdam during Q4. MCA continued to perform at the strong levels of 2013, showing robust growth in China. Full-year revenue was down by 5 percent, with volumes down 2 percent and prices 3 percent.

Revenue in Q4 was 11 percent lower compared with the previous year, primarily due to the Rotterdam interruptions.

Surface Chemistry

The year started for Surface Chemistry with an extremely cold winter in the US, which impacted the logistics chain. In the second half of the year, demand in the Americas and EMEA regions improved, while Asia remained weak. Full-year revenue was in line with 2013, with adverse currencies and volumes being offset by improved price/mix as we focused on more value added segments. Restructuring programs contributed positively to the results.

Q4 revenue was up 6 percent, due to the strengthening of the US dollar and improved volumes in the Americas and EMEA.

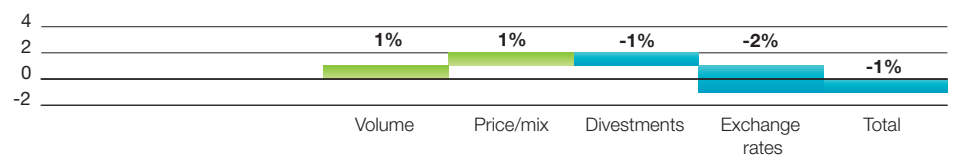
Pulp and Performance Chemicals

Volumes from bleaching chemicals in Asia Pacific and South America were strong, while North America remained weaker. Growth areas performed well. Full-year revenue declined by 3 percent, mainly due to adverse currencies and the divestment of the Purate business in 2013. Margin management contributed to the results of the business.

Q4 revenue was flat on the previous year.

Revenue development 2014

■ Increase ■ Decrease



Revenue development Q4 2014

■ Increase ■ Decrease



Condensed financial statements

Consolidated statement of income

Fourth quarter		January-December		
2013	2014	in € millions	2013	2014
Continuing operations				
3,482	3,517	Revenue	14,590	14,296
(2,198)	(2,160)	Cost of sales	(8,951)	(8,676)
1,284	1,357	Gross profit	5,639	5,620
(1,229)	(1,189)	SG&A costs	(4,742)	(4,548)
61	(85)	Other operating income/(expenses)	61	(85)
116	83	Operating income	958	987
(48)	(41)	Net financing expenses	(200)	(156)
1	3	Results from associates and joint ventures	14	21
69	45	Profit before tax	772	852
(21)	(36)	Income tax	(111)	(252)
48	9	Profit for the period from continuing operations	661	600
Discontinued operations				
16	14	Profit for the period from discontinued operations	131	18
64	23	Profit for the period	792	618
Attributable to				
51	7	Shareholders of the company	724	546
13	16	Non-controlling interests	68	72
64	23	Profit for the period	792	618

Consolidated statement of comprehensive income

Fourth quarter		January-December		
2013	2014	in € millions	2013	2014
64	23	Profit for the period	792	618
Other comprehensive income				
(142)	56	Exchange differences arising on translation of foreign operations	(510)	433
(4)	(12)	Cash flow hedges	(2)	-
(54)	291	Post-retirement benefits	(200)	(589)
(21)	(21)	Tax relating to components of other comprehensive income	(71)	18
(221)	314	Other comprehensive income for the period (net of tax)	(783)	(138)
(157)	337	Comprehensive income for the period	9	480
Comprehensive income for the period attributable to				
(162)	311	Shareholders of the company	(20)	365
5	26	Non-controlling interests	29	115
(157)	337	Comprehensive income for the period	9	480

Condensed consolidated balance sheet

in € millions	December 31, 2013	December 31, 2014
Assets		
Non-current assets		
Intangible assets	3,906	4,142
Property, plant and equipment	3,589	3,835
Other financial non-current assets	2,219	2,148
Total non-current assets	9,714	10,125
Current assets		
Inventories	1,426	1,545
Trade and other receivables	2,536	2,743
Cash and cash equivalents	2,098	1,732
Other current assets	86	88
Assets held for sale	203	66
Total current assets	6,349	6,174
Total assets	16,063	16,299
Equity and liabilities		
Group equity		
	6,021	6,267
Non-current liabilities		
Provisions and deferred tax liabilities	2,327	2,555
Long-term borrowings	2,666	2,527
Total non-current liabilities	4,993	5,082
Current liabilities		
Short-term borrowings	961	811
Trade and other payables	3,218	3,407
Other short-term liabilities	821	721
Liabilities held for sale	49	11
Total current liabilities	5,049	4,950
Total equity and liabilities	16,063	16,299

Shareholders' equity

Shareholders' equity was €5.8 billion at year-end. This increase of €0.2 billion is mainly due to the net effect of:

- Net income of €546 million
- Positive foreign currency effects of €374 million
- The de-risking of the pension liabilities in the UK of €841 million
- Actuarial gains of €286 million
- Dividend payments of €212 million

Dividend

Our dividend policy is to pay a stable to rising dividend. We will propose a 2014 final dividend of €1.12 per share, which would make a total 2014 dividend of €1.45 (2013: €1.45) per share. There will be a stock dividend option with cash dividend as default. 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	Cash flow hedge reserve	Cumulative translation reserve	Other reserves	Shareholders' equity	Non-controlling interests	Group equity
Balance at January 1, 2013	478	174	(17)	61	5,068	5,764	464	6,228
Profit for the period	–	–	–	–	724	724	68	792
Other comprehensive income	–	–	(2)	(478)	(264)	(744)	(39)	(783)
Comprehensive income for the period	–	–	(2)	(478)	460	(20)	29	9
Dividend paid	6	133	–	–	(349)	(210)	(76)	(286)
Equity-settled transactions	–	–	–	–	46	46	–	46
Issue of common shares	1	12	–	–	–	13	–	13
Acquisitions and divestments	–	–	–	–	1	1	10	11
Balance at December 31, 2013	485	319	(19)	(417)	5,226	5,594	427	6,021
Balance at January 1, 2014	485	319	(19)	(417)	5,226	5,594	427	6,021
Profit for the period	–	–	–	–	546	546	72	618
Other comprehensive income	–	–	–	374	(555)	(181)	43	(138)
Comprehensive income for the period	–	–	–	374	(9)	365	115	480
Dividend paid	5	137	–	–	(354)	(212)	(68)	(280)
Equity-settled transactions	–	–	–	–	34	34	–	34
Issue of common shares	2	7	–	–	–	9	3	12
Balance at December 31, 2014	492	463	(19)	(43)	4,897	5,790	477	6,267

Invested capital

Invested capital at year-end 2014 totaled €9.9 billion, up €0.6 billion on year-end 2013. Invested capital was primarily impacted by foreign currency effects of €0.4 billion due to the weaker euro. In 2014, we invested €588 million in plant, property and equipment. The largest ongoing investment, a new plant in the UK for Decorative Paints, is expected to start up towards the end of 2015.

Pensions

The funded status of the pension plans at year-end 2014 was a deficit of €0.8 billion (year-end 2013: €0.6 billion).

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

- De-risking €4.7 billion of pension liabilities in the ICI Pension Fund in the UK, with two non-cash buy-in transactions giving rise to a combined adverse impact of €841 million in other comprehensive income. More details of the larger 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 €300 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 year-end 2014, the workforce has contracted by 5 percent to 47,200 employees (year-end 2013: 49,600 employees). The decrease was mainly due to:

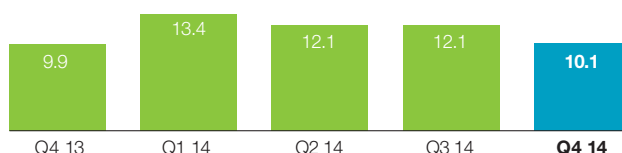
- A decrease of 400 employees due to divestments
- A decrease of 2,000 employees due to ongoing restructuring

Invested capital

in € millions	December 31, 2013	December 31, 2014
Trade receivables	2,086	2,246
Inventories	1,426	1,545
Trade payables	(2,128)	(2,373)
Operating working capital	1,384	1,418
Other working capital items	(774)	(676)
Non-current assets	9,714	10,125
Less investments in associates and joint ventures	(183)	(183)
Less pension assets	(471)	(409)
Deferred tax liabilities	(389)	(412)
Invested capital	9,281	9,863

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	December 31, 2013		December 31, 2014	
Decorative Paints	228	6.1	202	5.5
Performance Coatings	693	12.7	733	12.9
Specialty Chemicals	553	11.5	587	12.3
Other activities	(90)		(104)	
Total	1,384	9.9	1,418	10.1

Condensed consolidated statement of cash flows

Fourth quarter			January-December	
2013	2014	in € millions	2013	2014
2,107	1,028	Cash and cash equivalents at beginning of period	1,558	2,020
Adjustments to reconcile earnings to cash generated from operating activities				
48	9	Profit for the period from continuing operations	661	600
152	162	Amortization and depreciation	616	618
277	364	Changes in working capital	(13)	28
(41)	(4)	Changes in provisions	(395)	(406)
(127)	(50)	Other changes	(153)	(29)
309	481	Net cash from operating activities	716	811
(234)	(186)	Capital expenditures	(666)	(588)
309	32	Acquisitions and divestments net of cash acquired	313	38
(5)	(2)	Other changes	24	21
70	(156)	Net cash from investing activities	(329)	(529)
(362)	424	Changes from borrowings	(253)	(367)
(70)	(84)	Dividends	(286)	(280)
1	3	Other changes	13	12
(431)	343	Net cash from financing activities	(526)	(635)
(52)	668	Net cash used for continuing operations	(139)	(353)
(17)	(63)	Cash flows used for discontinued operations	675	(88)
(69)	605	Net change in cash and cash equivalents of total operations	536	(441)
(18)	16	Effect of exchange rate changes on cash and cash equivalents	(74)	70
2,020	1,649	Cash and cash equivalents at year-end	2,020	1,649

Cash flows and net debt

Operating activities in 2014 resulted in cash inflows of €811 million (2013: €716 million). Profit from continuing operations was lower in 2014, however, the comparative for 2013 included a non-cash gain from deferred tax of €124 million, which is reversed on the line Other changes. Cash outflows for discontinued operations of €88 million mainly related to a settlement of a case following the divestment of Organon BioSciences in 2007.

In Q1, a €825 million bond was repaid from existing resources. In November 2014, a €500 million bond was issued at a coupon of 1.75 percent, maturing in 2024.

Net debt at year-end 2014 was slightly up on 2013 (€1,529 million). During Q4 2014, net debt decreased to €1,606 million (Q3 2014: €1,801 million), mainly due to lower operating working capital.

Outlook and 2015 targets

We anticipate that significant developments in raw material prices, combined with relevant exchange rate movements and lower growth rates in high growth economies, will principally determine the dynamics of 2015. The preparations made in 2013 and 2014 will form a sound basis for further improvements in 2015. We remain on track to deliver our targets for 2015. Please refer to our website for more information on our ambitions and the strategic focus areas.

Amsterdam, February 11, 2015
The Board of Management

Quarterly statistics

					2013						2014
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Q4	year	
Revenue											
925	1,179	1,136	934	4,174	Decorative Paints	865	1,074	1,050	920	3,909	
1,331	1,458	1,415	1,367	5,571	Performance Coatings	1,319	1,434	1,420	1,416	5,589	
1,244	1,253	1,252	1,200	4,949	Specialty Chemicals	1,222	1,228	1,239	1,194	4,883	
(35)	(25)	(25)	(19)	(104)	Other activities/eliminations	(23)	(26)	(23)	(13)	(85)	
3,465	3,865	3,778	3,482	14,590	Total	3,383	3,710	3,686	3,517	14,296	
EBITDA											
88	141	146	(13)	362	Decorative Paints	56	141	150	58	405	
163	197	193	110	663	Performance Coatings	163	212	170	142	687	
174	198	185	169	726	Specialty Chemicals	204	204	232	175	815	
(50)	(62)	(68)	(58)	(238)	Other activities/eliminations	(59)	(48)	(65)	(45)	(217)	
375	474	456	208	1,513	Total	364	509	487	330	1,690	
10.8	12.3	12.1	6.0	10.4	EBITDA margin (in %)	10.8	13.7	13.2	9.4	11.8	
Depreciation											
(28)	(28)	(24)	(26)	(106)	Decorative Paints	(27)	(26)	(27)	(29)	(109)	
(25)	(25)	(24)	(28)	(102)	Performance Coatings	(27)	(24)	(25)	(25)	(101)	
(62)	(64)	(66)	(65)	(257)	Specialty Chemicals	(60)	(64)	(64)	(68)	(256)	
(4)	(2)	(3)	2	(7)	Other activities/eliminations	(3)	(3)	(3)	(2)	(11)	
(119)	(119)	(117)	(117)	(472)	Total	(117)	(117)	(119)	(124)	(477)	
Amortization											
(17)	(11)	(15)	(13)	(56)	Decorative Paints	(12)	(13)	(10)	(13)	(48)	
(9)	(9)	(9)	(9)	(36)	Performance Coatings	(10)	(10)	(10)	(11)	(41)	
(13)	(13)	(12)	(13)	(51)	Specialty Chemicals	(9)	(16)	(12)	(14)	(51)	
-	-	(1)	-	(1)	Other activities/eliminations	-	-	(1)	-	(1)	
(39)	(33)	(37)	(35)	(144)	Total	(31)	(39)	(33)	(38)	(141)	
Operating income excluding incidentals											
43	102	107	(52)	200	Decorative Paints	17	102	113	16	248	
129	163	160	73	525	Performance Coatings	126	178	135	106	545	
99	121	107	91	418	Specialty Chemicals	135	124	156	93	508	
(54)	(64)	(71)	(57)	(246)	Other activities/eliminations	(62)	(51)	(69)	(47)	(229)	
217	322	303	55	897	Total	216	353	335	168	1,072	
Operating income											
43	102	107	146	398	Decorative Paints	17	102	113	16	248	
129	163	160	73	525	Performance Coatings	126	178	135	106	545	
99	121	107	(30)	297	Specialty Chemicals	135	124	156	93	508	
(54)	(64)	(71)	(73)	(262)	Other activities/eliminations	(62)	(51)	(69)	(132)	(314)	
217	322	303	116	958	Total	216	353	335	83	987	
6.3	8.3	8.0	3.3	6.6	ROS (in %)	6.4	9.5	9.1	2.4	6.9	

Quarterly statistics

					2013						2014
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Q4	year	
Incidentals per Business Area											
-	-	-	198	198	Decorative Paints	-	-	-	-	-	
-	-	-	-	-	Performance Coatings	-	-	-	-	-	
-	-	-	(121)	(121)	Specialty Chemicals	-	-	-	-	-	
-	-	-	(16)	(16)	Other activities/eliminations	-	-	-	(85)	(85)	
-	-	-	61	61	Total	-	-	-	(85)	(85)	
Incidentals included in operating income											
-	-	-	-	-	Restructuring costs	-	-	-	-	-	
-	-	-	(139)	(139)	Impairment	-	-	-	-	-	
-	-	-	-	-	Provisions for legacy items and project costs	-	-	-	(34)	(34)	
-	-	-	216	216	Results on acquisitions and divestments	-	-	-	-	-	
-	-	-	(16)	(16)	Other incidental results	-	-	-	(51)	(51)	
-	-	-	61	61	Total	-	-	-	(85)	(85)	
Reconciliation net financing expense											
9	8	6	9	32	Financing income	12	9	9	12	42	
(56)	(57)	(54)	(54)	(221)	Financing expenses	(44)	(37)	(36)	(40)	(157)	
(47)	(49)	(48)	(45)	(189)	Net interest on net debt	(32)	(28)	(27)	(28)	(115)	
Other interest movements											
(5)	(5)	(5)	(6)	(21)	Financing expenses related to pensions	(5)	(4)	(4)	(5)	(18)	
(12)	15	(8)	(3)	(8)	Interest on provisions	(4)	(11)	(8)	(9)	(32)	
1	6	5	6	18	Other items	4	3	1	1	9	
(16)	16	(8)	(3)	(11)	Net other financing charges	(5)	(12)	(11)	(13)	(41)	
(63)	(33)	(56)	(48)	(200)	Net financing expenses	(37)	(40)	(38)	(41)	(156)	
Quarterly net income analysis											
3	6	4	1	14	Results from associates and joint ventures	6	6	6	3	21	
(16)	(25)	(14)	(13)	(68)	Profit attributable to non-controlling interests	(16)	(24)	(16)	(16)	(72)	
157	295	251	69	772	Profit before tax	185	319	303	45	852	
(45)	38	(83)	(21)	(111)	Income tax	(43)	(89)	(84)	(36)	(252)	
112	333	168	48	661	Profit for the period from continuing operations	142	230	219	9	600	
29	(13)	33	30	14	Effective tax rate (in %)	23	28	28	80	30	

Quarterly statistics

					2013				2014			
Q1	Q2	Q3	Q4	year		Q1	Q2	Q3	Q4	year		
Earnings per share from continuing operations (in €)												
0.40	1.28	0.64	0.14	2.46	Basic	0.52	0.84	0.83	(0.03)	2.16		
0.40	1.27	0.64	0.14	2.44	Diluted	0.52	0.83	0.82	(0.03)	2.15		
Earnings per share from discontinued operations (in €)												
(0.03)	0.50	–	0.07	0.54	Basic	0.01	–	0.01	0.06	0.07		
(0.03)	0.50	–	0.07	0.54	Diluted	0.01	–	0.01	0.06	0.07		
Earnings per share from total operations (in €)												
0.37	1.78	0.64	0.21	3.00	Basic	0.53	0.84	0.84	0.03	2.23		
0.37	1.77	0.64	0.21	2.98	Diluted	0.53	0.83	0.83	0.03	2.22		
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	245.7	244.7		
239.8	242.1	242.1	242.6	242.6	Number of shares at end of quarter	243.4	245.4	245.4	246.0	246.0		
Adjusted earnings (in € millions)												
157	295	251	69	772	Profit before tax from continuing operations	185	319	303	45	852		
–	–	–	(61)	(61)	Incidentals reported in operating income	–	–	–	85	85		
39	33	36	36	144	Amortization of intangible assets	31	39	33	38	141		
(57)	28	(93)	(34)	(156)	Adjusted income tax	(52)	(101)	(94)	(72)	(319)		
(16)	(25)	(14)	(13)	(68)	Non-controlling interests	(16)	(24)	(16)	(16)	(72)		
123	331	180	(3)	631	Adjusted net income for continuing operations	148	233	226	80	687		
0.51	1.37	0.74	(0.01)	2.62	Adjusted earnings per share (in €)	0.61	0.95	0.92	0.33	2.81		

Notes to the condensed financial statements

Accounting policies and restatements

The full-year 2014 numbers included in the primary statements are derived from the financial statements 2014. These financial statements have been authorized for issue. The financial statements have not yet been published by law and still have to be adopted by the general meeting of shareholders. In accordance with section 2:393 BW, KPMG Accountants N.V. has issued an unqualified auditor's opinion on these financial statements, which will be published on February 20, 2015. All quarterly figures are unaudited. In 2014, several new IFRS have been implemented, however, these have not had any 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.

EBITDA is operating income excluding incidental items, depreciation and amortization.

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 receivables from pension funds in an asset position, assets 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.

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Financial calendar

Annual report 2014	February 20, 2015
Report for Q1 2015	April 21, 2015
Annual General Meeting of shareholders	April 22, 2015
Ex-dividend date of 2014 final dividend	April 24, 2015
Record date of 2014 final dividend	April 27, 2015
Election period cash or stock interim dividend	April 28, 2015 - May 13, 2015
Determination of exchange ratio	May 15, 2015
Payment date of cash dividend and delivery of new shares	May 19, 2015
Report for Q2 2015	July 21, 2015
Report for Q3 2015	October 22, 2015
Report for the full-year 2015 and the fourth quarter	February 11, 2016



www.akzonobel.com

AkzoNobel is a leading global paints and coatings company and a major producer of specialty chemicals. Calling on centuries of expertise, we supply industries and consumers worldwide with innovative products and sustainable technologies designed to meet the growing demands of our fast-changing planet. Headquartered in Amsterdam, the Netherlands, we have approximately 47,000 people in around 80 countries, while our portfolio includes well-known brands such as Dulux, Sikkens, International, Interpon and Eka. Consistently ranked as one of the leaders in the area of sustainability, we are committed to making life more liveable and our cities more human.