
27 & 28 november 2009
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Investor Relations



Agenda

- **AkzoNobel at a glance**
 - **Strategic ambitions and action plans**
 - **Operational and financial review**
 - **Outlook and medium-term targets**
 - **Questions**
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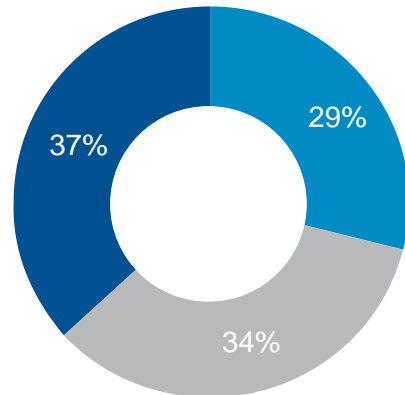
AkzoNobel key facts

2008

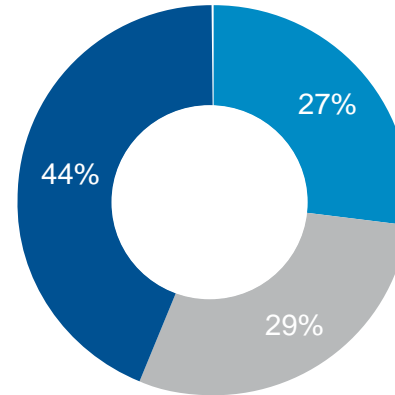
- Revenue €15.4 billion
- 61,300 employees
- EBITDA: €1.9 billion*
- EBIT: €1.4 billion*
- Credit ratings: BBB+ (S&P) and Baa1 (Moody's)



Revenue by business area



EBITDA¹ by business area



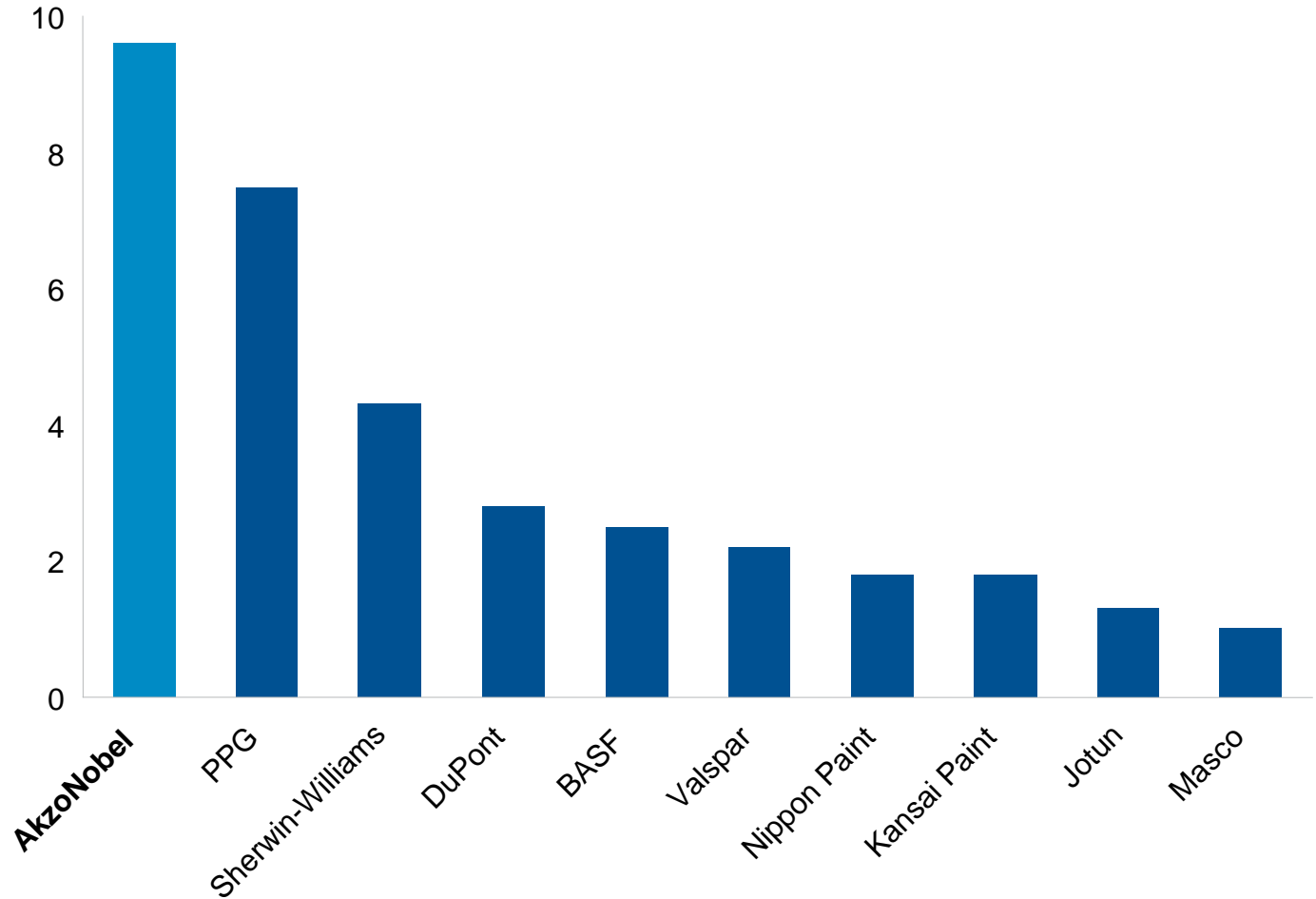
- Performance Coatings
- Decorative Paints
- Specialty Chemicals

* Before incidentals



AkzoNobel is the world's largest Coatings supplier

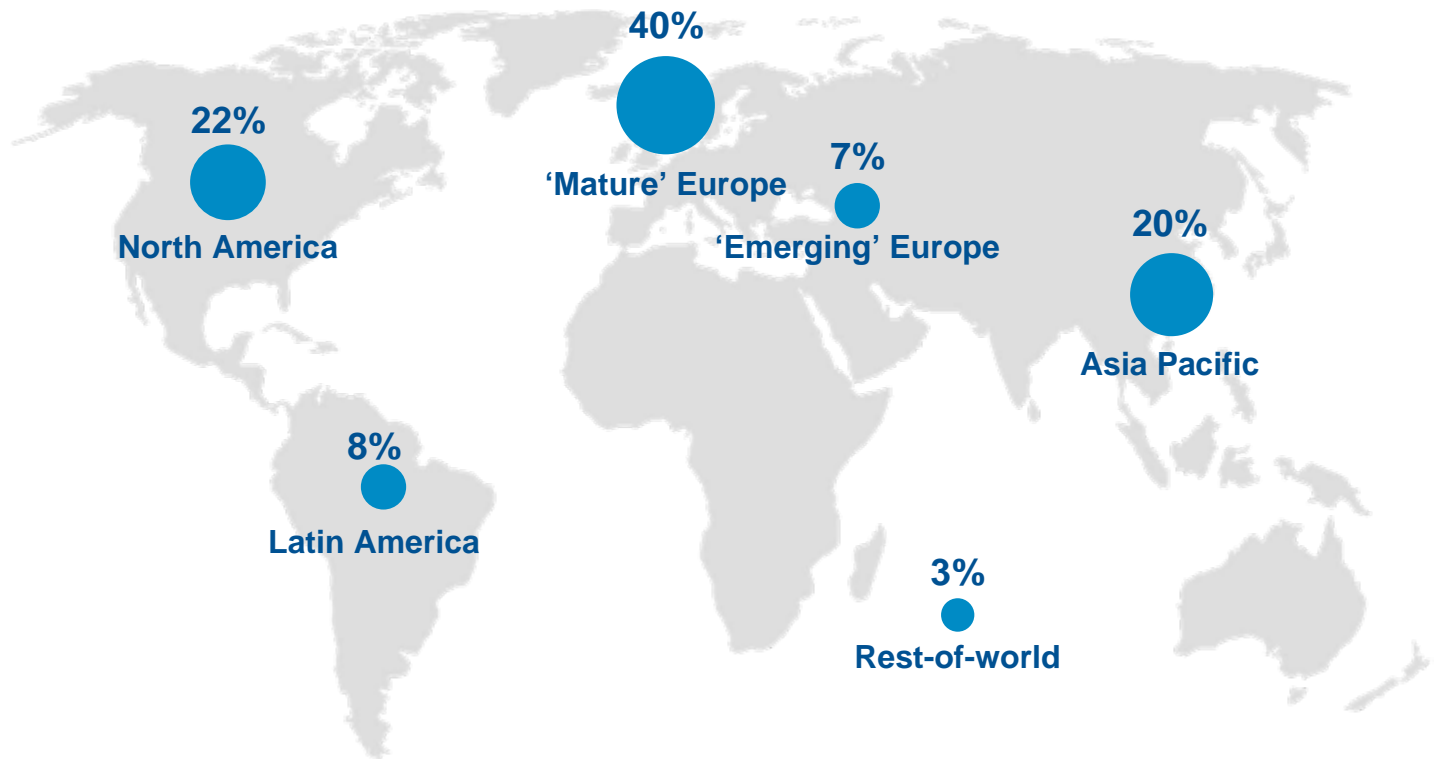
2008 revenue in € billion



Excellent geographic spread of both revenue and profits

Emerging markets are important (36% of revenue)

% of 2008 revenue



Emerging markets profitability is strong (45% of EBIT)



We have strong brands across the full spectrum of our business

Biggest brands, per business area % of 2008 revenue







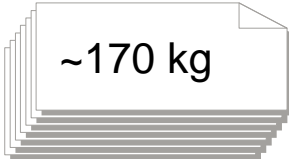
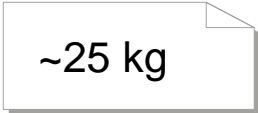
Dulux 25% of Decorative Paints

International 23% of Performance Coatings

eka 18% of Specialty Chemicals



Strong emerging markets growth potential

	Mature Per Capita	Emerging Per Capita
Architectural Paint	 8 liters	 < 2 liters
Industrial and Special Purpose Coatings	 13 liters	 < 6 liters
Plastics	 ~100 kg	 ~20 kg
Paper	 ~170 kg	 ~25 kg

Source: Food & Agriculture Organization of the UN, 2005 data for paper and paperboard; Plastic Europe Market Research Group (PEMRG) 2005 plastics data; Euromonitor 2007 coatings data; WorldBank population data



We continue to successfully innovate

Weathershield BackPack Roller System®

- Complete painting system, combines the power of a pump to dispense and control paint from specially designed packs.



UV LED spray gun for Autoclear® UV

- Automotive spray gun introduced in May which paints and cures at the same time. No warm up time, up to 25 percent less energy used during total repair.

Aqualure™ 915

- One of our newest packaging coatings, an ultra-pliable lacquer which flexes with the new lightweight beverage cans while maintaining a perfect barrier to protect the liquid inside.



Rediset™ asphalt additive

- Significantly reduces the mixing and paving temperatures, creating fuel savings and reducing operational costs. Results in lower asphalt fumes, providing better working conditions for the paving crew.

Dissolvine® GL

- Leading the next generation of products in cosmetics and personal care. It's free from genetically modified raw materials, not irritating to skin or eyes and readily biodegradable.



Sustainability is integrated in everything we do

We have set ambitious sustainability targets:

- Remain in the top three in the Dow Jones Sustainability Indexes
- Reduce our total recordable injury rate
- Deliver a step change in people development

We focus on long-term performance. By 2015 our ambition is:

- That Eco-premium* products will make up 30 percent of sales
- To reduce our cradle-to-gate carbon footprint with 10 percent
- To achieve sustainable fresh water use on all our sites

We have linked remuneration to these targets and ambitions:

- Our executive bonuses are linked to performance in the leading sustainability index (DJSI)



** Higher eco-efficiency than main competitive product*



Strategic ambitions and action plans

AkzoNobel strategic ambitions

Leading in value creation

- Outgrow our markets
- EBITDA margin > 14 percent by end 2011
- 0.5 percent improvement in operating working capital (OWC) level, p.a.

Leading in sustainability

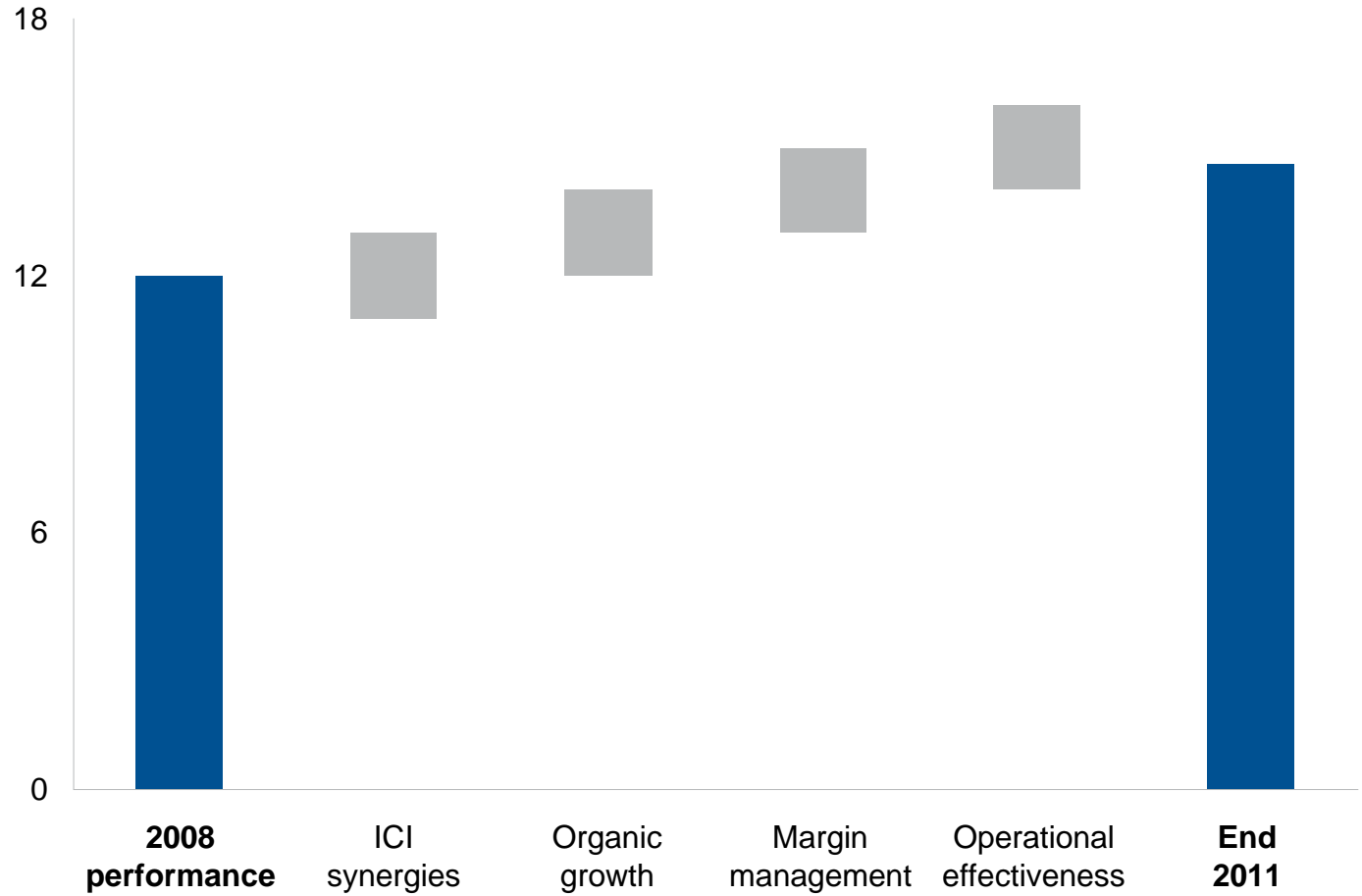
- Top 3 Dow Jones Sustainability index
- Reduction in total recordable injury rate
- Step change in people development

**Tied to incentives,
both for value
creation and
sustainability**



Delivering the EBITDA margin ambition

EBITDA margin, indicative



Key components of the strategic action plan

ICI synergies

- €340 million structural cost savings
- Delivered more rapidly than originally planned

Organic growth

- Leveraging our strong emerging markets positions for growth
- Emphasis on focused, bigger, bolder innovation

Margin management

- Centralized procurement
- Systematic approach to managing the value chain

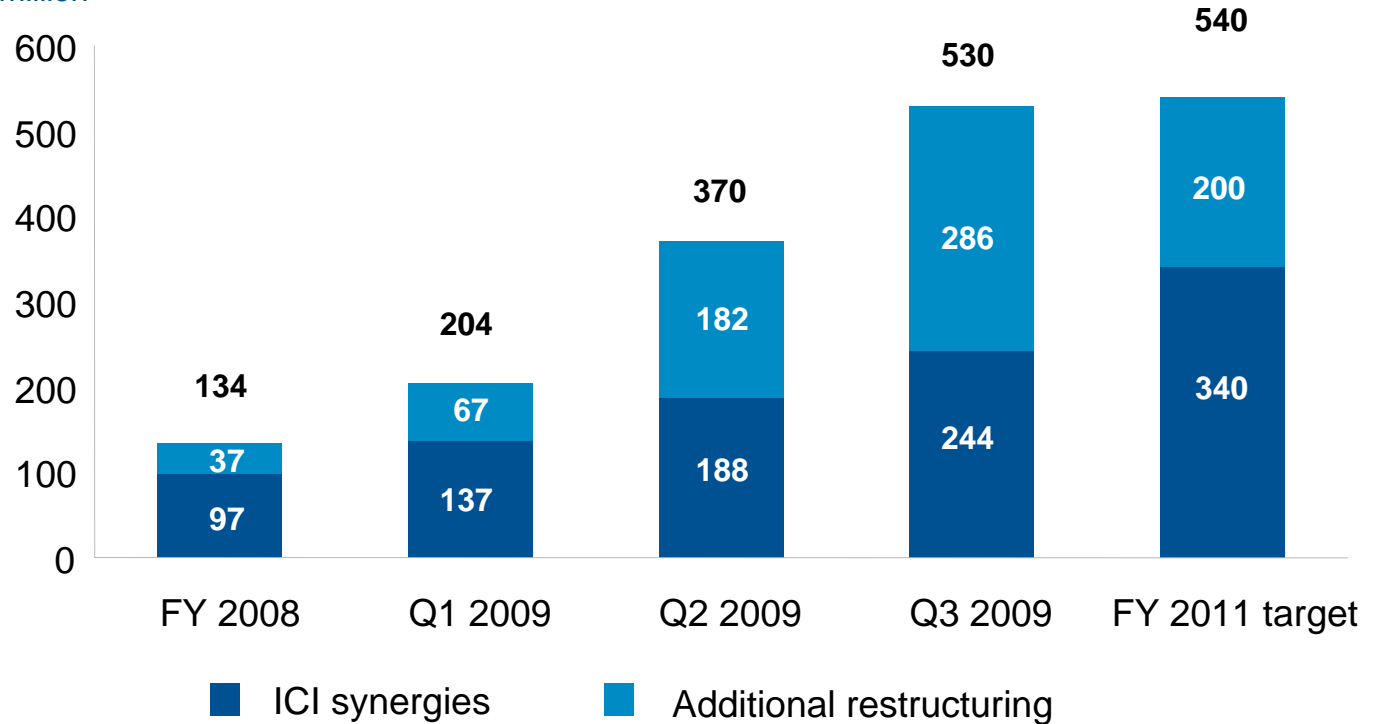
Operational effectiveness

- Additional restructuring beyond the ICI synergies
- Leaner, more efficient organisation at all levels



We are delivering on synergies and cost reduction

Cumulative annualized savings
€ million



Total cost savings targeted of at least €540 million by 2011



Operational and financial review

Decorative Paints key facts

2008

- Revenue €5.0 billion
- 24,000 employees
- EBITDA: €598 million*
- 32 percent of revenue from emerging markets
- Largest global supplier of decorative paints
- Many leading positions, strong brands



Some of our strong brands

Dulux

sikkens

Glidden

levis

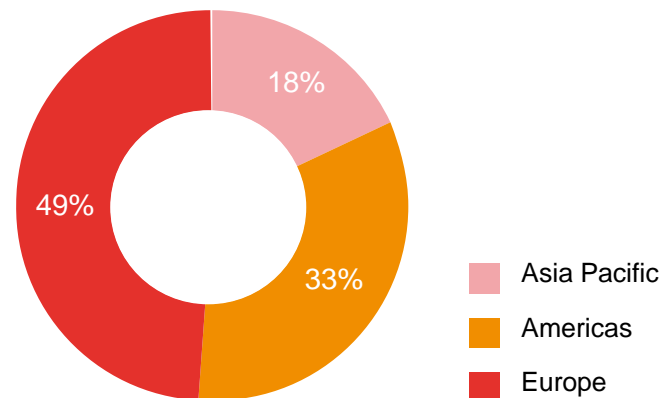
SICO

SCHÖNOX

Coral

FLEXA

Revenue by geography



* Before incidentals



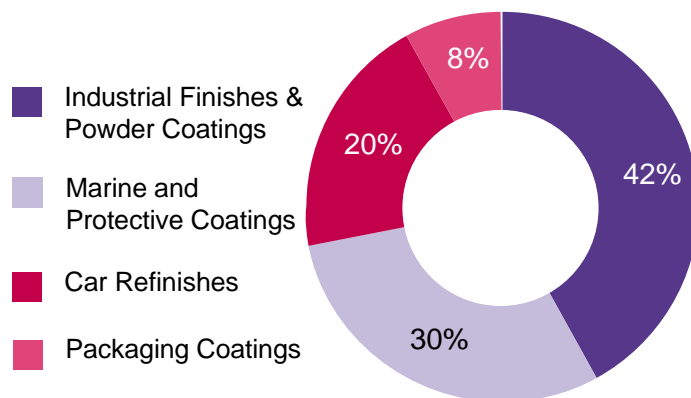
Performance Coatings key facts

2008

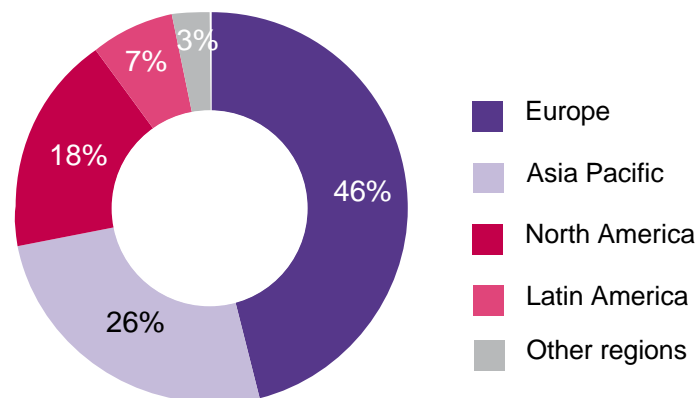
- Revenue €4.6 billion
- 21,000 employees
- EBITDA: €566 million*
- 42 percent of revenue from emerging markets
- Leading positions in performance coatings
- Innovative technologies, strong brands



Revenue by business unit



Revenue by geography



* Before incidentals



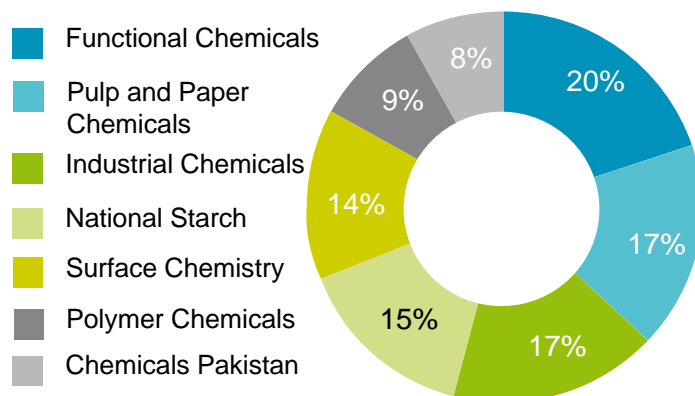
Specialty Chemicals key facts

2008

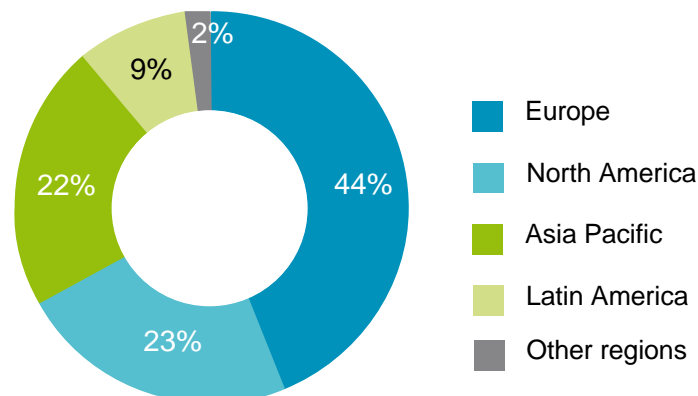
- Revenue €5.7 billion
- 13,300 employees
- EBITDA: €909 million*
- 35 percent of revenue from emerging markets
- Major producer of specialty chemicals
- Leadership positions in many markets



Revenue by business unit



Revenue by geography

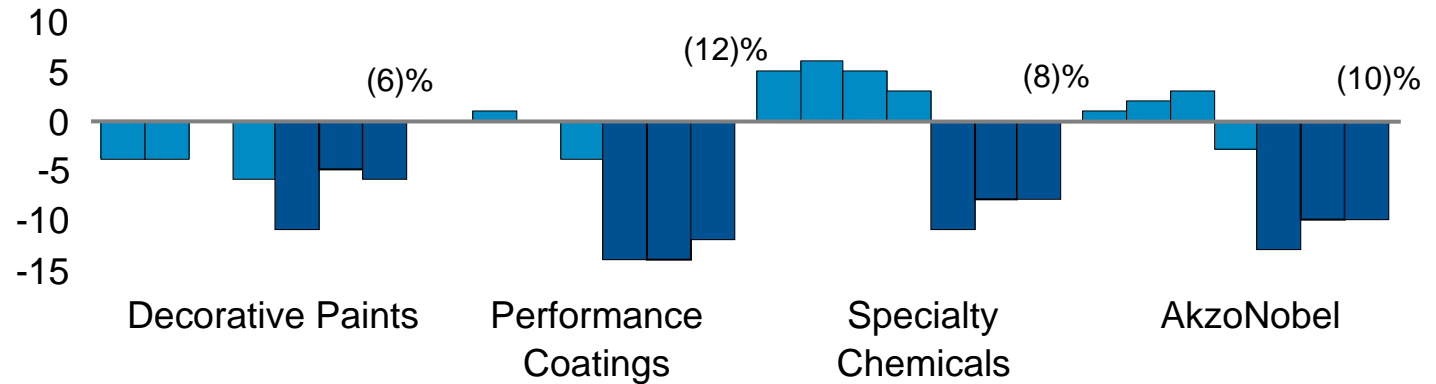


* Before incidentals

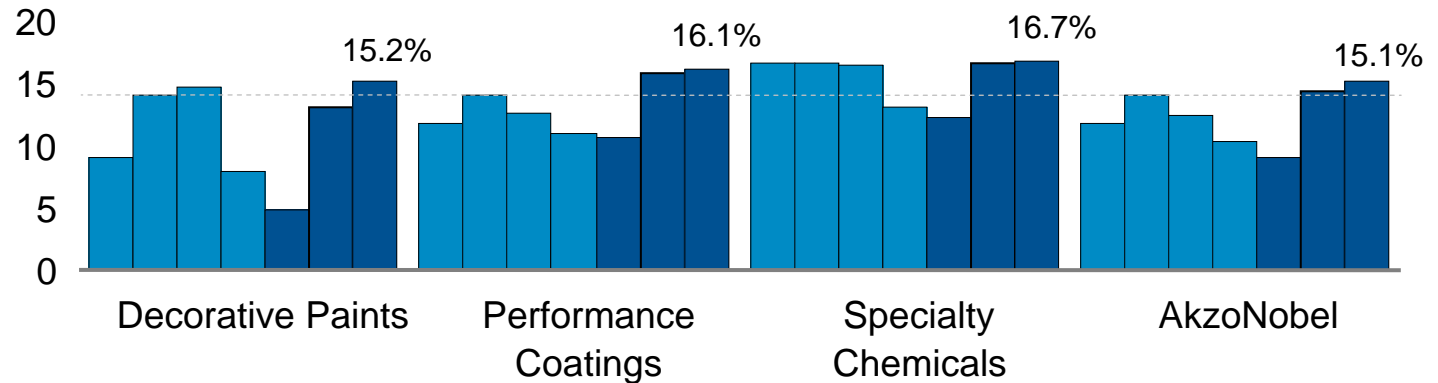


Revenue growth and margin development per quarter to Q3 2009

Reported revenue in % year-on-year



EBITDA margin in %



■ 2008 ■ 2009



Cash management discipline

Focus on cash

- OWC reduction
- Capex prioritization
- R&D stable
- Only bolt-on acquisitions
- Dividend policy unchanged

- OWC reduced to 14.5% of revenue (Q3 2008: 17.4%)
- Careful prioritization of Capex
- We continue to look for attractive bolt-on acquisitions
- Dividend policy remains at least 45 percent of net income before incidentals and fair value adjustments related to the ICI acquisition



Medium-term targets

Outlook and medium-term targets

Focus continues to be given to customers, cost reduction and cash generating actions so that the company is well positioned to meet the current challenges and, as a result, will be in good shape to take advantage of the recovery when it comes. However, the economic recovery remains fragile and it continues to be difficult to predict customer demand.

The company remains committed to:

- improving operational efficiency through further restructuring and cost control;
- achieving its medium-term target of an EBITDA margin of 14 percent by the end of 2011.



Well positioned to meet current challenges

Sound fundamentals

- Strong market positions and brands
- Diverse geographic spread in highly attractive sectors
- Strong operating cash flow

Actions

- Continued focus on customers
- Rigorous cost restructuring
- Cash protection
- Prudent capital allocation without jeopardizing growth



Questions

Safe Harbor Statement

This presentation 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.

