AkzoNobel
Tomorrow's Answers Today

Amsterdam March 25, 2010
ING Benelux SRI Conference

Sustainability at AkzoNobel

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Agenda

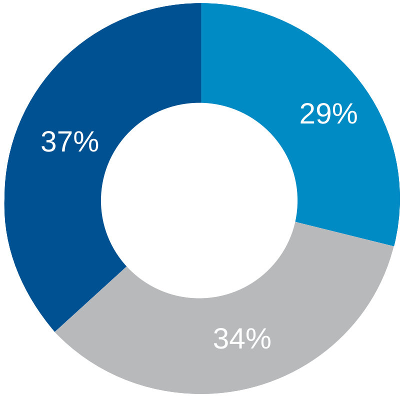
- AkzoNobel at a glance – Huib Wurfbain
- Sustainability review – André Veneman

AkzoNobel key facts

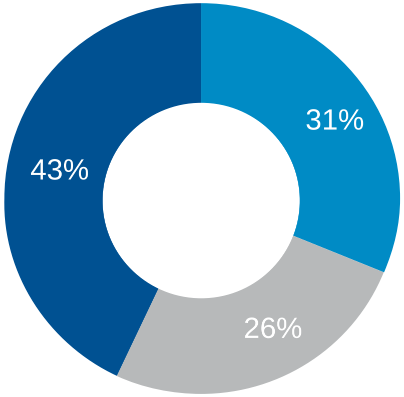
2009

- Revenue €13.9 billion
- 57,060 employees
- EBITDA: €1.8 billion*
- EBIT: €1.2 billion*
- Net income: €285 million
- Credit ratings: BBB+ (S&P) and Baa1 (Moody's)

Revenue by business area



EBITDA* by business area



🟦 Performance Coatings
⬜ Decorative Paints
🟦 Specialty Chemicals

* *Before incidentals*

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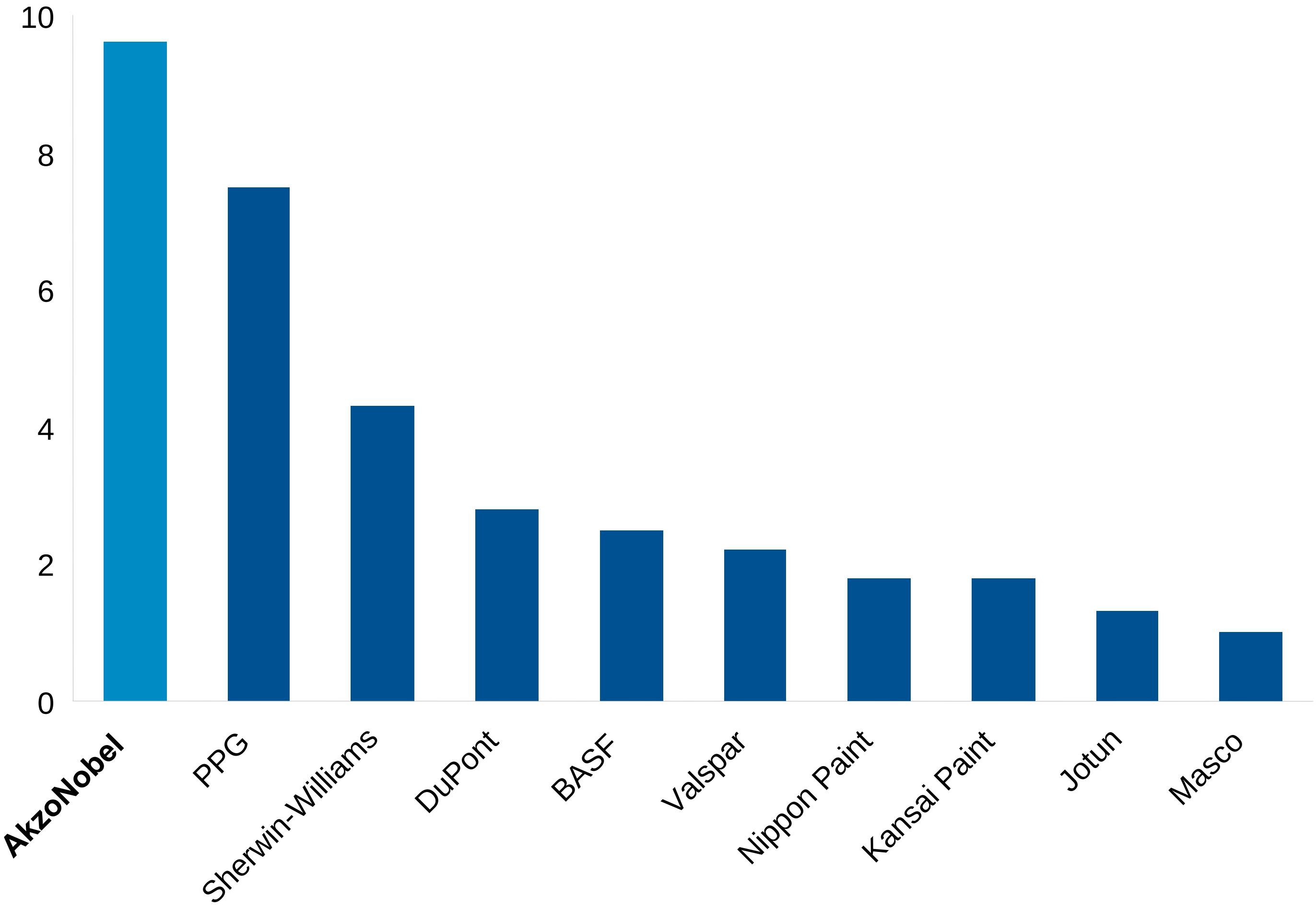
AkzoNobel is the world's largest Coatings supplier

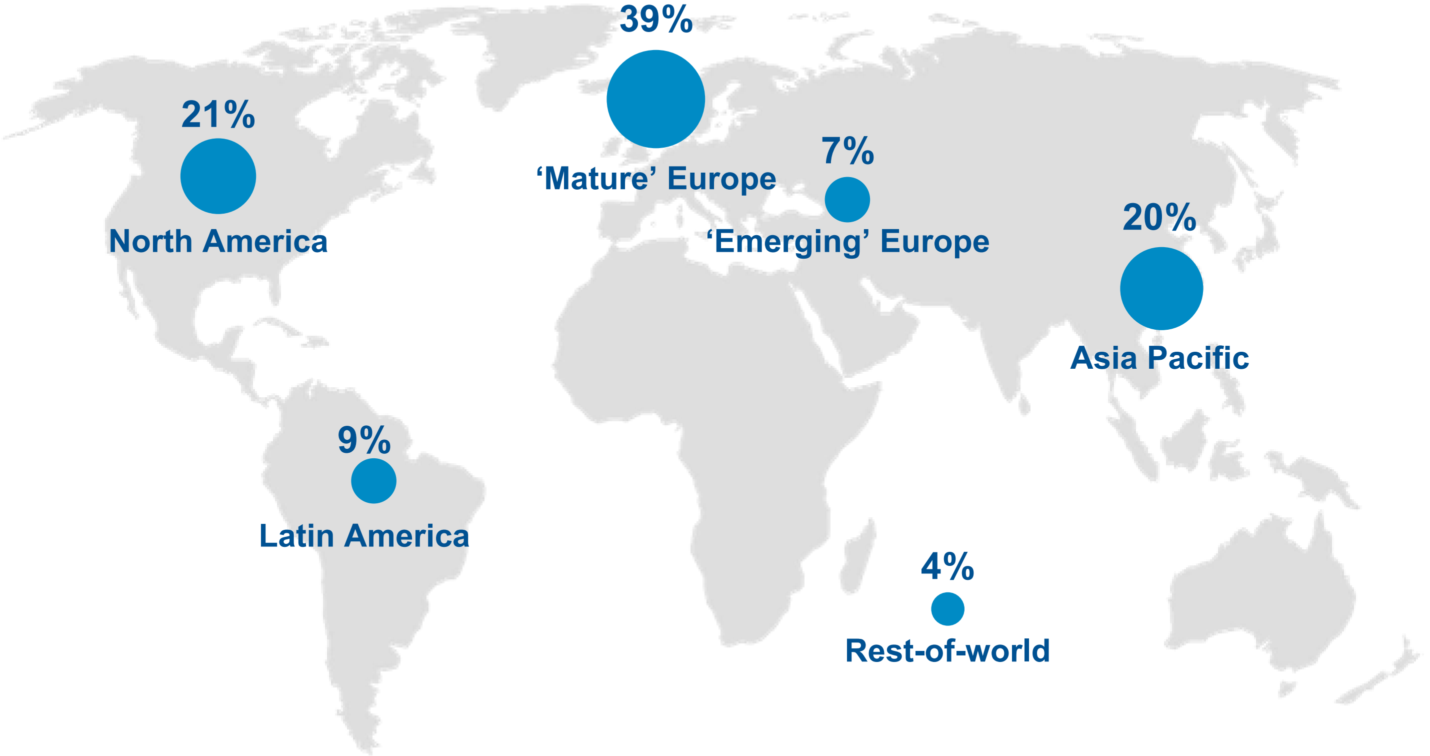
2008 revenue in € billion



Excellent geographic spread of both revenue and profits

High-growth markets are important (37% of revenue)

% of 2009 revenue



High-growth markets profitability is above average

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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* to 2
- Step change in people development

Tied to incentives, both for value creation and sustainability

Dow Jones Sustainability Indexes

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* *Total recordable injury rate refers to amount of incidents per million hours worked*

Sustainability review

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Sustainability is the essential element in the period of new growth

Population growth is a strong driver for demand in high-growth markets

Quality of life will improve for a growing number of people

Climate change will force a price on green house gas emissions and will increase the need for renewable energy

Scarcity of natural resources will increase the need of sustainable freshwater use and new raw materials

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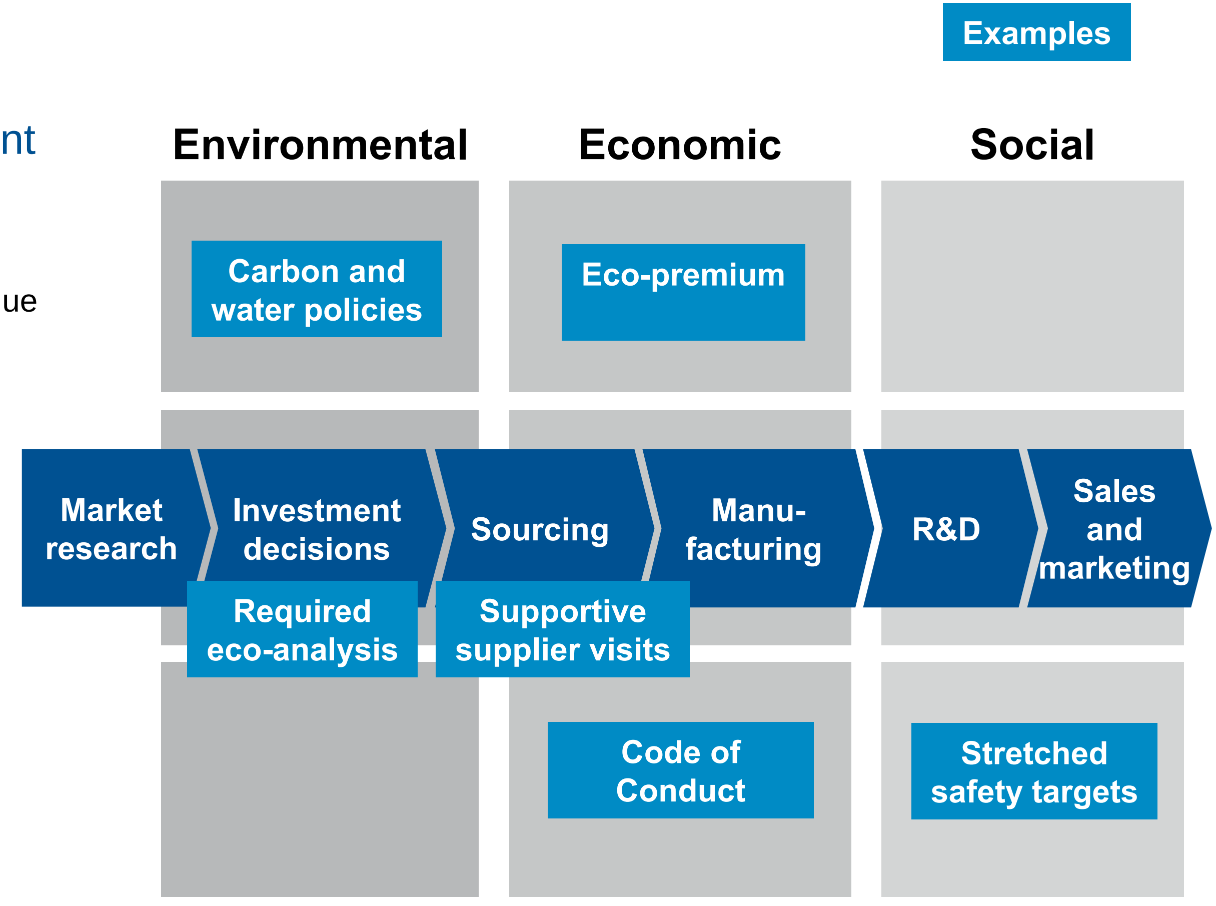
We see sustainability as a business opportunity



Examples

Level of development	Environmental	Economic	Social
Invent Integrate sustainable value propositions	Carbon and water policies	Eco-premium	
Manage Include sustainability in all aspects of the value chain	Required eco-analysis	Supportive supplier visits	
Improve Continue to comply and ensure a license to operate		Code of Conduct	Stretched safety targets

Aspect of sustainability (linked to DJSI)

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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)

Dow Jones
Sustainability Indexes

** Higher eco-efficiency than main competitive product*

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

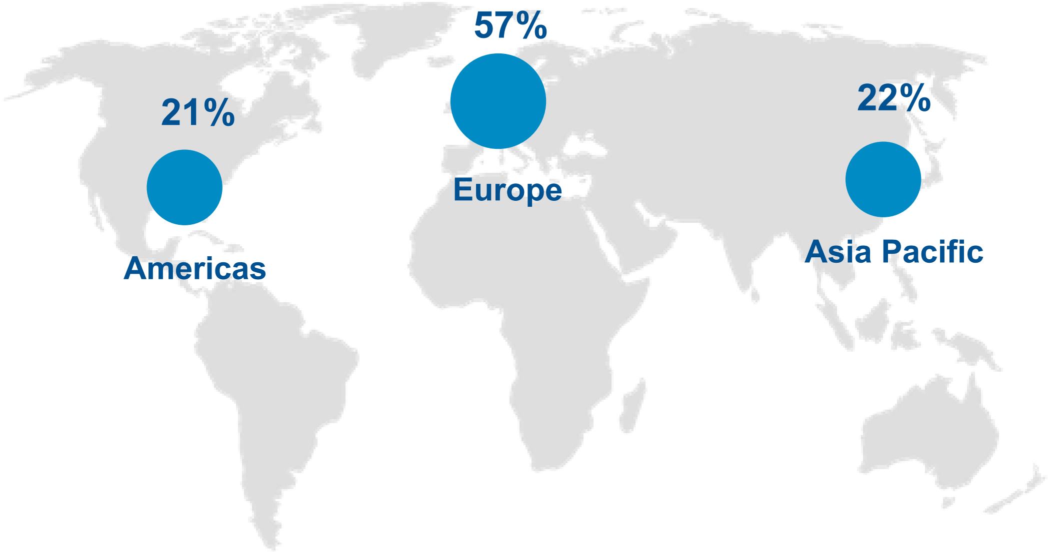
Our Research Development & Innovation has a significant sustainability focus

4,000 people employed globally

Over 60 percent of projects sustainability driven

2009: 2.4 percent of revenue spent (> €300 million) on RD&I

Geographic spread of RD&I



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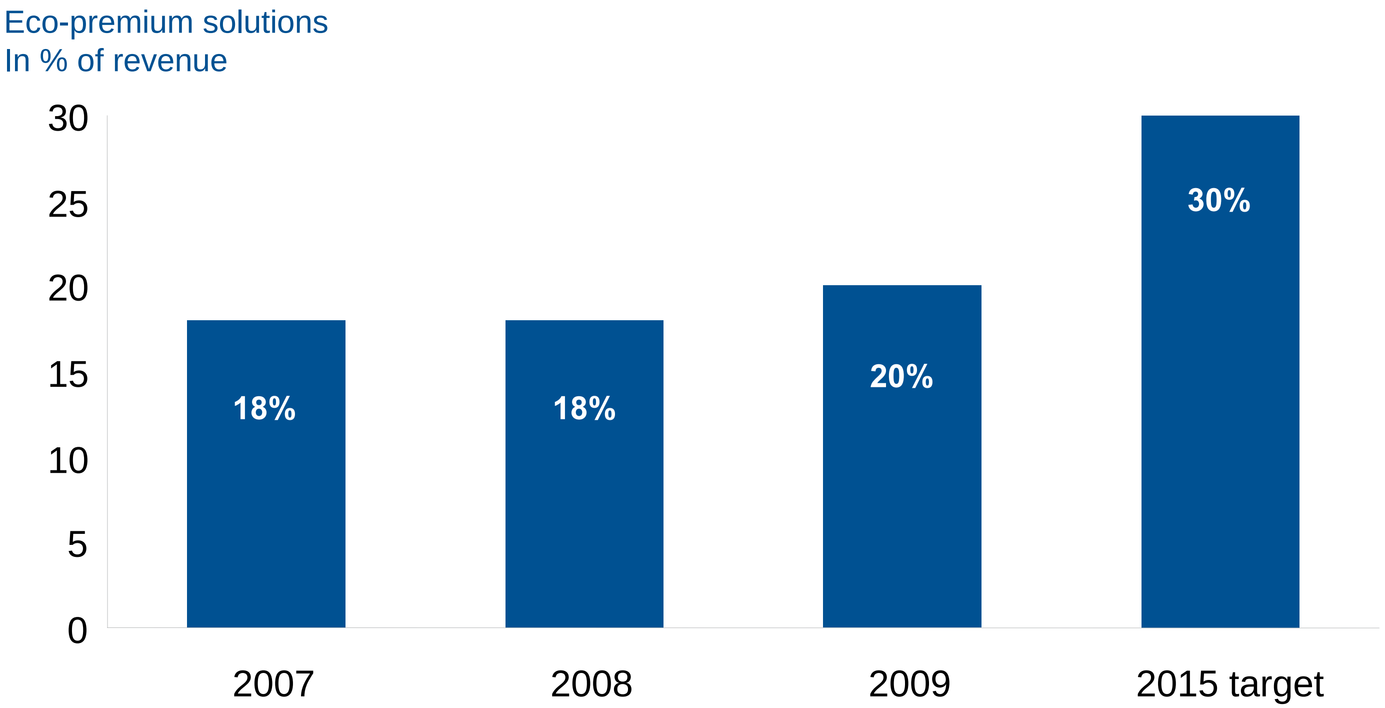
Eco-premium solutions are gaining momentum



Eco-premium products have a significantly higher eco-efficiency than the mainstream product available

Our products make a positive contribution

The chemical industry saves 2.7 tons carbon for each ton emitted*

*Source: McKinsey

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Our sustainability commitment has been recognized externally

Dow Jones
Sustainability Indexes

2004	No ranking
2005	Top 10%
2006	2nd Place
2007	Super sector leader
2008	Joint 2nd place
2009	2nd place

Sustainability and long-term shareholder value go hand in hand

FIGURE 3: SUSTAINABILITY CAN OUTPERFORM
(Cumulative Log Outperformance in %)
Source: SAM

- Portfolio 1 – Sustainability Leaders (Top 20%)
- Portfolio 5 – Sustainability Laggards (Bottom 20%)

Benchmark: Companies rated on the basis of the SAM's Corporate Sustainability Assessments

Metric: Total sustainability score (economic, environmental, and social criteria)

Past performance is no indication of future results.

The graph does not represent returns

Source: SAM (Sustainability Asset Management)

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.

Appendix slides

- AkzoNobel general information
- Strategic ambitions and action plans
- 2009 highlights and operational review
- Financial review
- Outlook and medium-term targets

We have strong brands across the full spectrum of our business

Biggest brands, per business area

% of 2009 revenue

Dulux	25% of Decorative Paints
International	23% of Performance Coatings
eka	18% of Specialty Chemicals

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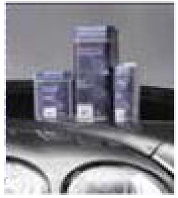
Successful customer focus

Sikkens Autoclear® LV Exclusive – Self-healing clearcoat

A high gloss clearcoat that is not only highly resistant to scratches and easy to apply, but also features self-healing properties when exposed to heat.



Ecosense – better for *your world* and *the world*

To be launched in March, the Ecosense paint line offers no added solvents making it virtually odor free. It also has an improved ecological footprint reducing waste, water and CO_2 with up to 50%.

Compozil® Fx – Better performance. Exceptional results

A wet end management system for the largest and fastest paper machines helping to deliver top quality paper faster with higher productivity, better economy and reduced environmental impact.

Stickerfix™ Easier than easy!

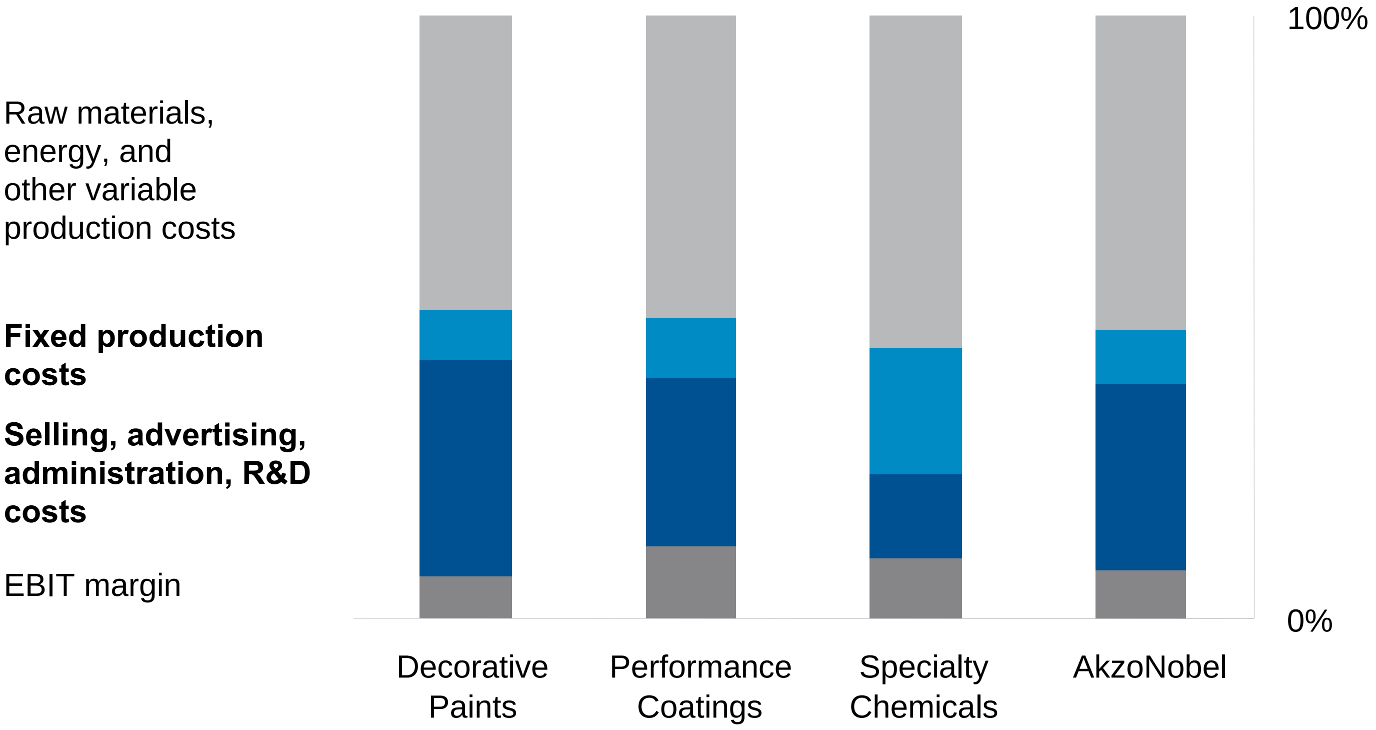
You can repair and protect your car using a unique easy to apply and remove vinyl technology. It's coated with professional car maker approved repair systems of **Sikkens, Lesonal** and **Dynacoat.**

Dulux® Ecosure™ Matt Light & Space™

Uses revolutionary LumiTec technology to reflect up to twice as much light around the room making even the smallest of rooms look and feel more spacious compared to our conventional emulsion paints.

Low fixed costs as a percentage of revenue

% of 2009 annual revenue*



** Rounded percentages, all data excluding incidentals*

Strategic ambitions and action plans

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AkzoNobel strategic ambitions

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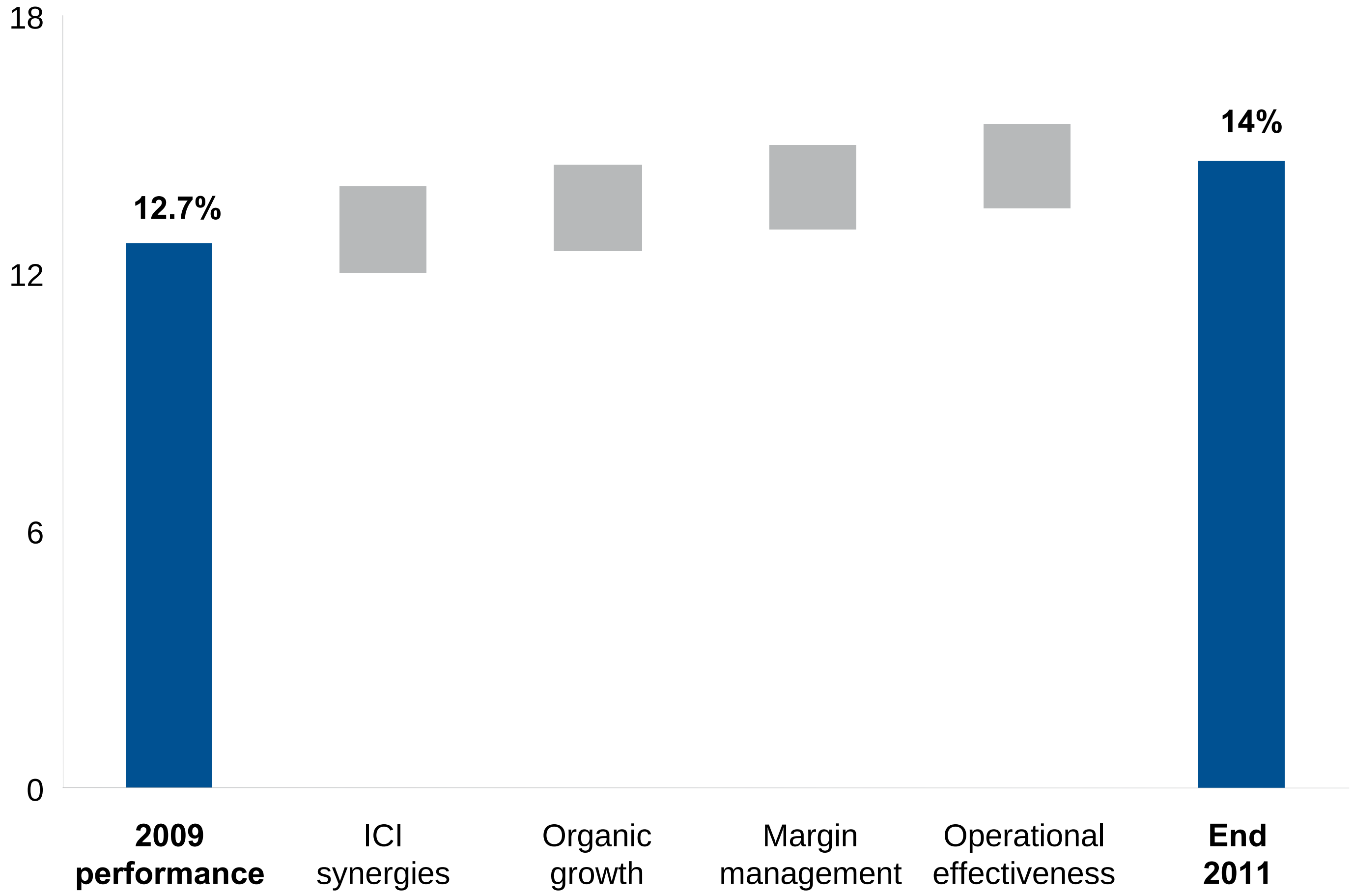
Tied to incentives, both for value creation and sustainability

Dow Jones Sustainability Indexes

** Total recordable injury rate refers to amount of incidents per million hours worked*

Delivering the EBITDA margin ambition

EBITDA* margin, indicative



** Before incidentals*

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

2009 highlights and operational review

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2009 achievements

- ✓ Continued company-wide focus on customers, costs and cash
- ✓ Restructuring and synergies ahead of schedule
- ✓ Operating working capital reduced
- ✓ Debt maturities lengthened
- ✓ Investments in strategic growth opportunities
- ✓ On-track to achieve 2011 EBITDA margin target

Financial overview full year and Q4 2009

- Revenue in 2009 declined by 10 percent
- 2009 EBITDA* 8 percent lower at €1,768 million, margin at 12.7 percent (2008: 12.5 percent)
- Operating working capital reduction released €533 million cash (from 16.5 percent of revenue at year-end 2008 to 13.7 percent at year-end 2009)
- Net cash from operating activities €1,240 million (2008: €91 million)
- Restructuring and synergies: ahead of schedule
- Net income: €285 million
- Weak demand in mature economies; stronger in high-growth markets
- Investments in strategic growth opportunities
- Total dividend of €1.35 proposed; pay-out ratio for total dividend for 2009 at 57 percent

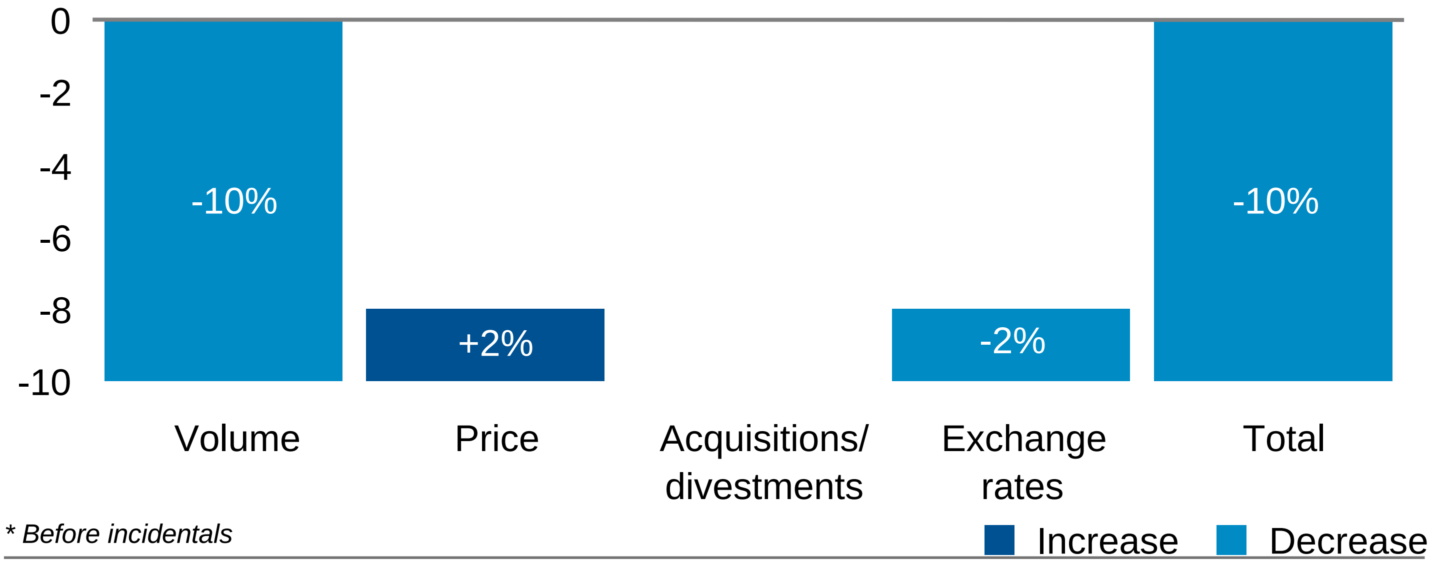
** Before incidentals*

Full year 2009 revenue and EBITDA

€ million	2009	Δ%
Revenue	13,893	(10)
EBITDA*	1,768	(8)

Ratio, %	2009	2008
EBITDA* margin	12.7	12.5

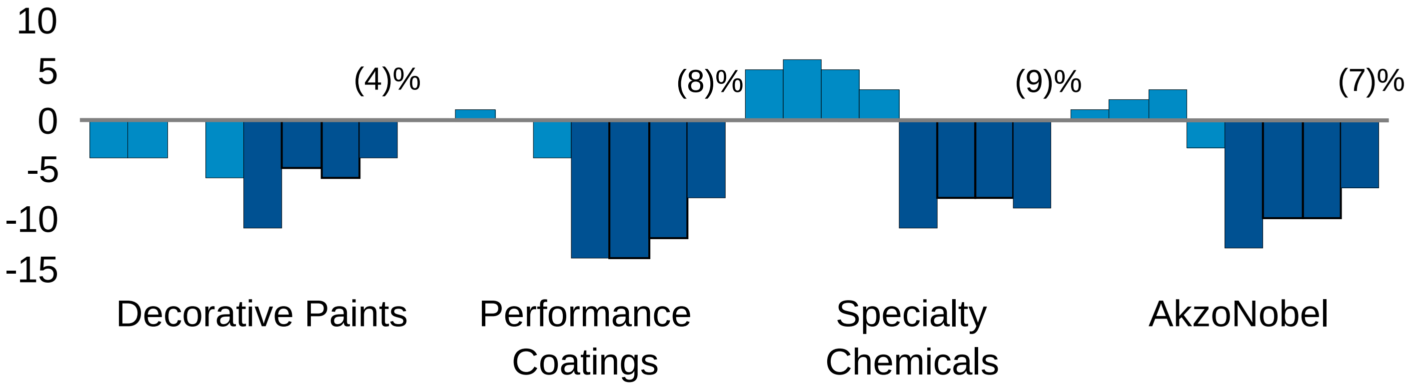
Revenue development 2009 vs. 2008



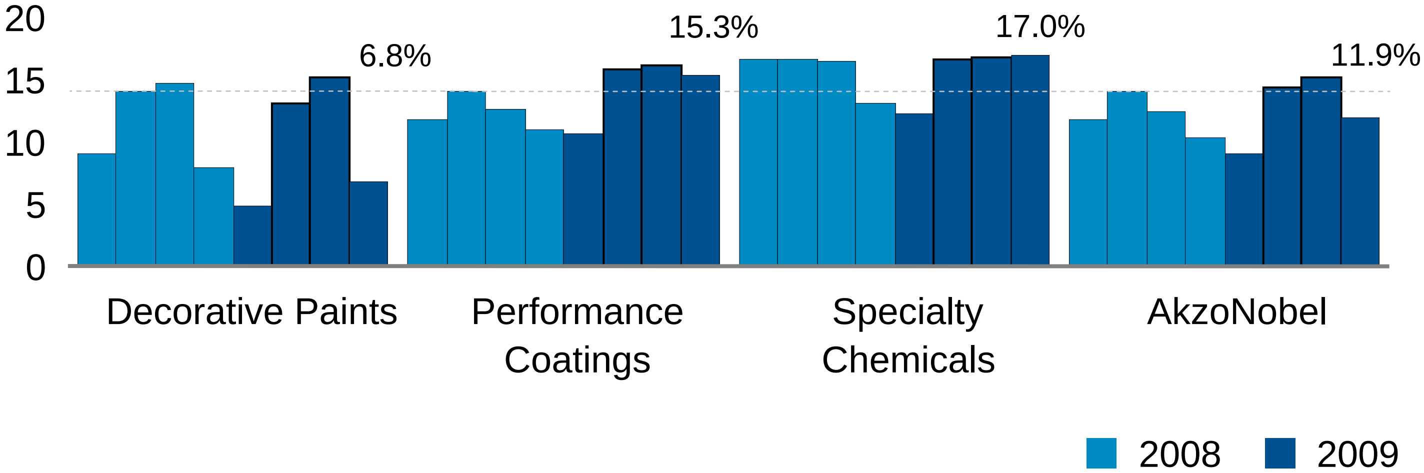
** Before incidentals*

Revenue growth and margin development per quarter to Q4 2009

Reported revenue in % year-on-year



EBITDA margin in %



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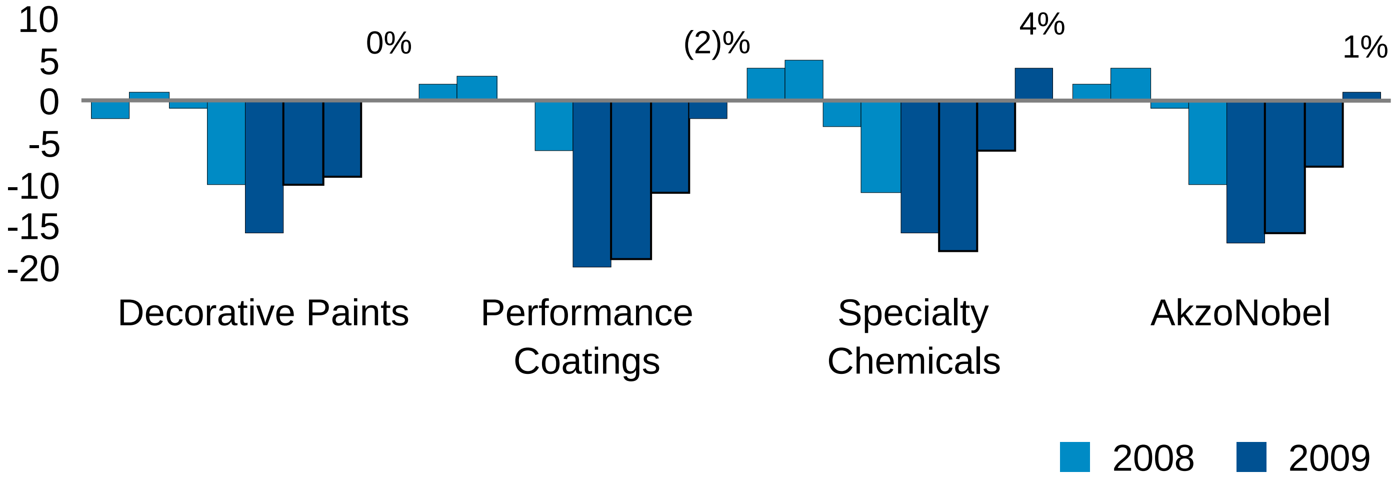
Volume development per quarter 2008 and 2009

Volume development in % year-on-year



Volumes have stabilized during 2009

Full year 2009 results

€ million	2009	2008
EBITDA	1,768	1,927
Amortization and depreciation	(617)	(612)
Incidentals	(281)	(1,892)
Financial income & expense	(409)	(232)
Minorities and associates	(55)	(40)
Income tax	(128)	(260)
Discontinued operations	7	23
Net income total operations	**285**	**(1,086)**
Net cash from operating activities	1,240	91

Ratio	2009	2008
EBITDA margin (%)	12.7	12.5
Earnings per share (in €)	1.23	(4.38)

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2009 incidentals

€ million	2009	2008
Restructuring costs	(353)	(275)
Transformation costs	(14)	(190)
Charges related to major legal, antitrust & environmental cases	(38)	(32)
Results on acquisitions & divestments	48	(23)
Impairment of ICI Intangibles	-	(1,275)
Other incidental results	18	(5)
Cost of pensions and post retirements	58	(38)
Total	(**281**)	(**1.892**)

- Significant amount of restructuring costs
- Transformation costs in relation to ICI integration significantly down
- Divestments: release provisions re previous divestments by ICI and divestment Pakistan PTA Ltd.

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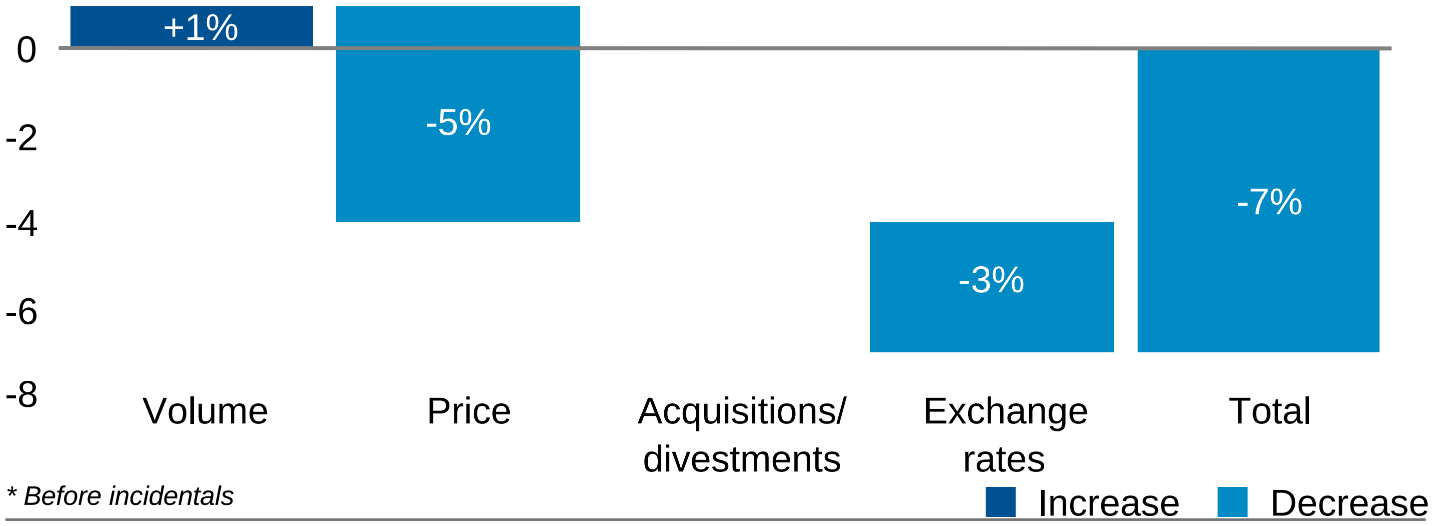
Q4 2009 revenue and EBITDA

€ million	Q4 2009	Δ%
Revenue	3,314	(7)
EBITDA*	396	4

Ratio, %	Q4 2009	Q4 2008
EBITDA* margin	11.9	10.7

Revenue development Q4 2009 vs. Q4 2008



** Before incidentals*

Q4 2009 results

€ million	**Q4 2009**	**Q4 2008**
EBITDA	396	381
Amortization and depreciation	(148)	(149)
Incidentals	(147)	(1,562)
Financial income & expense	(119)	(97)
Minorities and associates	(11)	-
Income tax	(27)	(59)
Discontinued operations	(4)	(36)
Net income total operations	**(60)**	**(1,522)**
Net cash from operating activities	417	61

Ratio	**Q4 2009**	**Q4 2008**
EBITDA margin (%)	11.9	10.7
Earnings per share (in €)	(0.26)	(6.57)

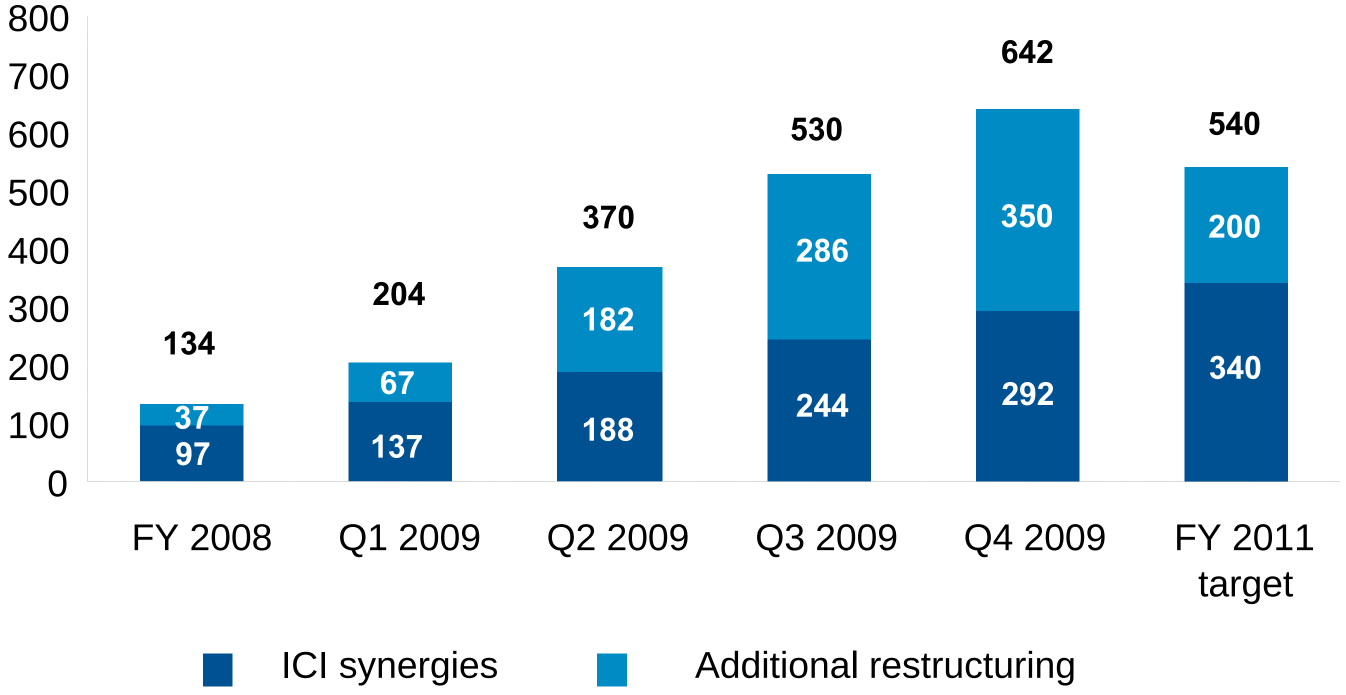
Q4 2009 incidentals

€ million	Q4 2009	Q4 2008
Restructuring costs	(119)	(205)
Transformation costs	(1)	(25)
Charges related to major legal, antitrust & environmental cases	(49)	(25)
Results on acquisitions & divestments	17	(8)
Impairment of ICI Intangibles	-	(1,275)
Other incidental results	5	(24)
Total	**(147)**	**(1,562)**

- Significant amount of restructuring costs
- Transformation costs in relation to ICI integration significantly down
- Antitrust: mainly Heat Stabilizers case
- Divestments: release provisions re previous divestments by ICI and divestment Pakistan PTA Ltd.

We are delivering on synergies and cost reduction

Cumulative annualized savings
€ million



Combined synergy & cost saving target achieved

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ICI synergies and additional restructuring delivered

2008 and 2009	ICI synergies	Additional restructuring	Total
Net FTE reductions*	2,017	2,625	4,642
Cash costs (€ million)	174	195	369
Annualized savings (€ million)	292	350	642

Cost reduction continues as day to day business

** The gross number was offset by new hires, acquisitions and seasonal staff*

Decorative Paints

Our employees working for our Coral brand in Brazil, volunteered their time and donated products to help revitalize a neighborhood in São Paulo. It proved so successful that another three neighborhoods have also been lined up for a colorful facelift.

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Decorative Paints key facts

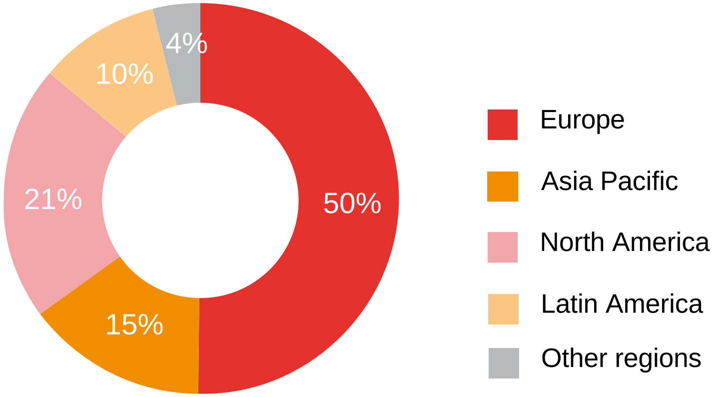
2009

- Revenue €4.7 billion
- 22,210 employees
- EBITDA: €492 million*
- 36 percent of revenue from high-growth 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

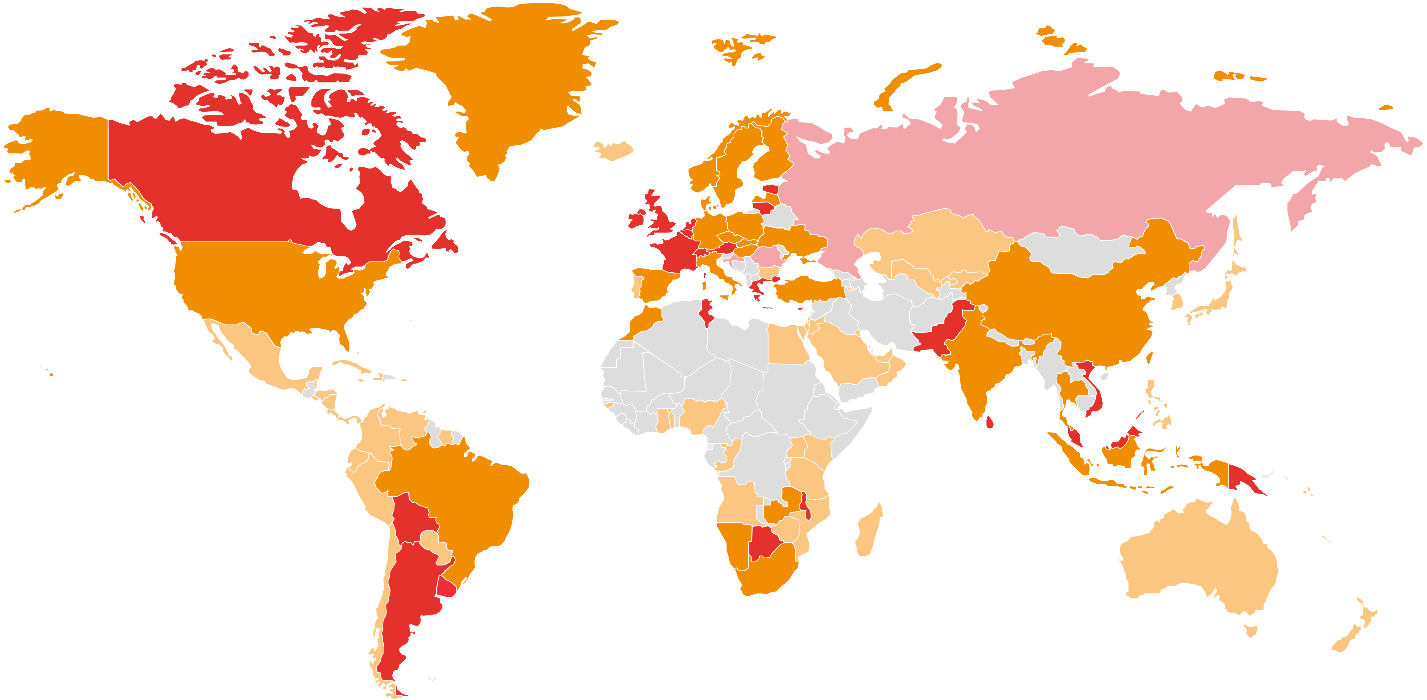
Revenue by geography



** Before incidentals*

Leading Deco positions in all regions with strong brands

AkzoNobel market positions by value

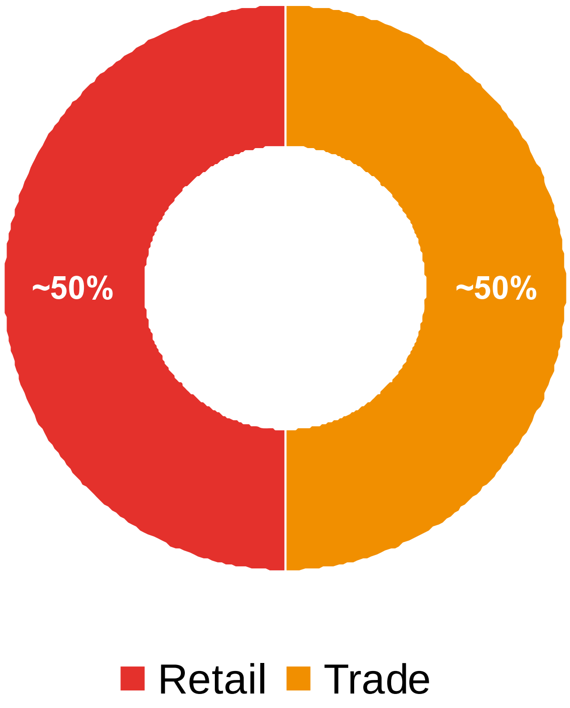


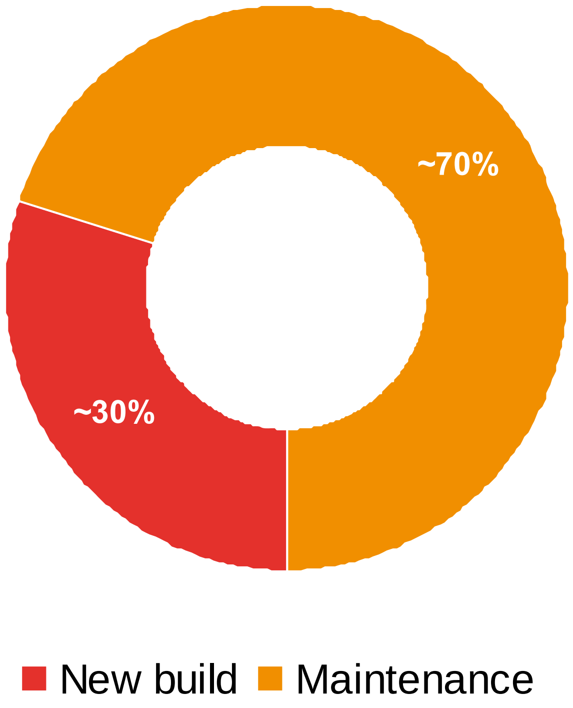
🟥 1 🟧 2/3 🟥 >3 🟧 Export countries

Source: Euromonitor basis; AkzoNobel analysis 2009

Combination of channel and application mix creates a relatively stable market

% of total Decorative market 2009


Market breakdown by channel


Market breakdown by application

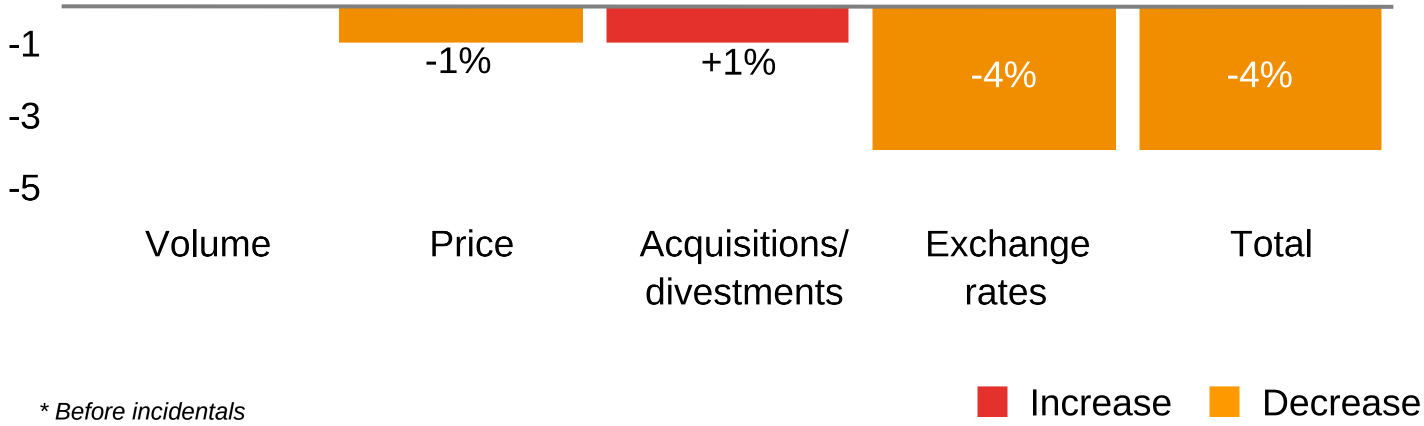
Source: Euromonitor basis; AkzoNobel analysis

Decorative Paints Q4 2009

€ million	Q4 2009	Δ%
Revenue	1,043	(4)
EBITDA*	71	(24)

Ratio, %	Q4 2009	Q4 2008
EBITDA* margin	6.8	8.5

Revenue development Q4 2009 vs. Q4 2008



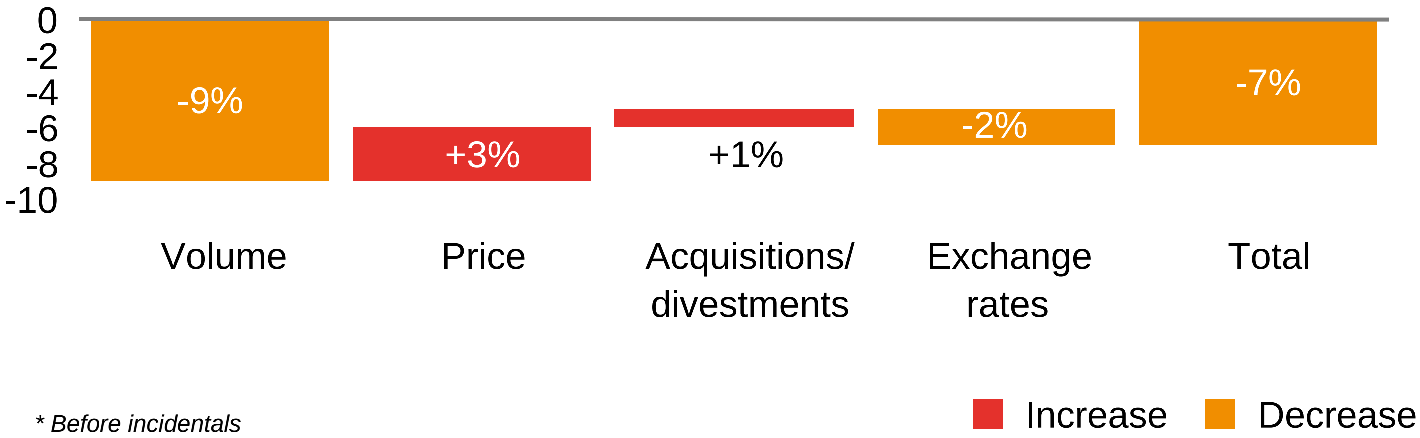
** Before incidentals*

Decorative Paints full year 2009

€ million	2009	Δ%
Revenue	4,677	(7)
EBITDA*	492	(18)

Ratio, %	2009	2008
EBITDA* margin	10.5	11.9

Revenue development 2009 vs. 2008



** Before incidentals*

Multi-year restructuring program on track

- ✓ Leveraging global scale through increased standardization
- ✓ Reduced supply chain complexity already resulted in closure of 29 sites (13 in Europe)
- ✓ Number of US stores reduced by 77
- ✓ FTE reduction since start integration: 3,405 employees
- ✓ Number of European packaging types decreased with 30 percent, raw material types with 10 percent
- ✓ Investing in advertisement and promotion to further strengthen market positions
- ✓ Fewer and bigger brands

Performance Coatings

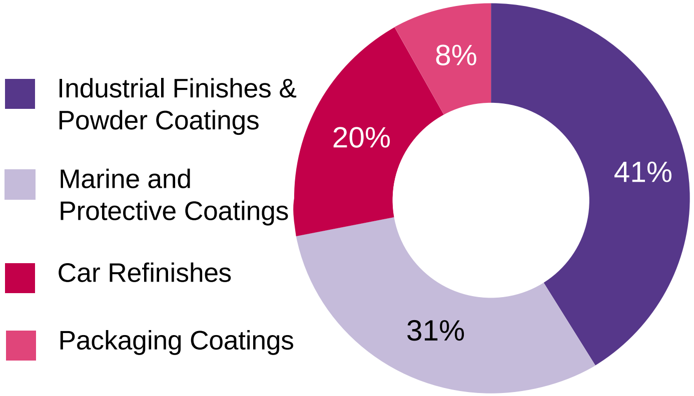
AkzoNobel provided powder coatings for the 1,223-kilometer long Nord Stream gas pipeline. Due to be operational in 2012, the pipes have been coated with a Resicoat primer for a three-layer system. In total, 1,500 tons of coatings were delivered for the project.

Performance Coatings key facts

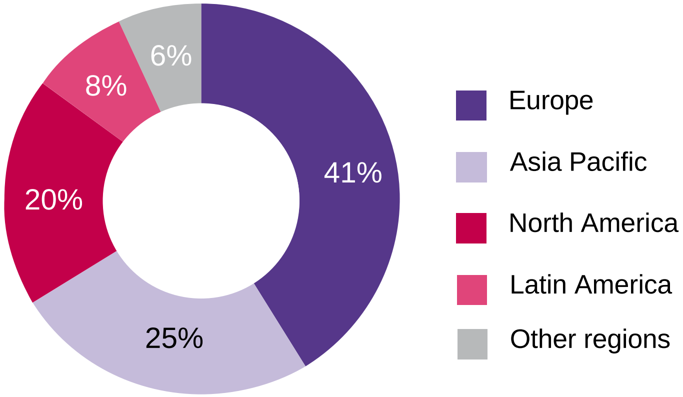
2009

- Revenue €4.0 billion
- 19,880 employees
- EBITDA: €587 million*
- 45 percent of revenue from high-growth markets
- Leading positions in performance coatings
- Innovative technologies, strong brands

Revenue by business unit



Revenue by geography



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Many market leadership positions

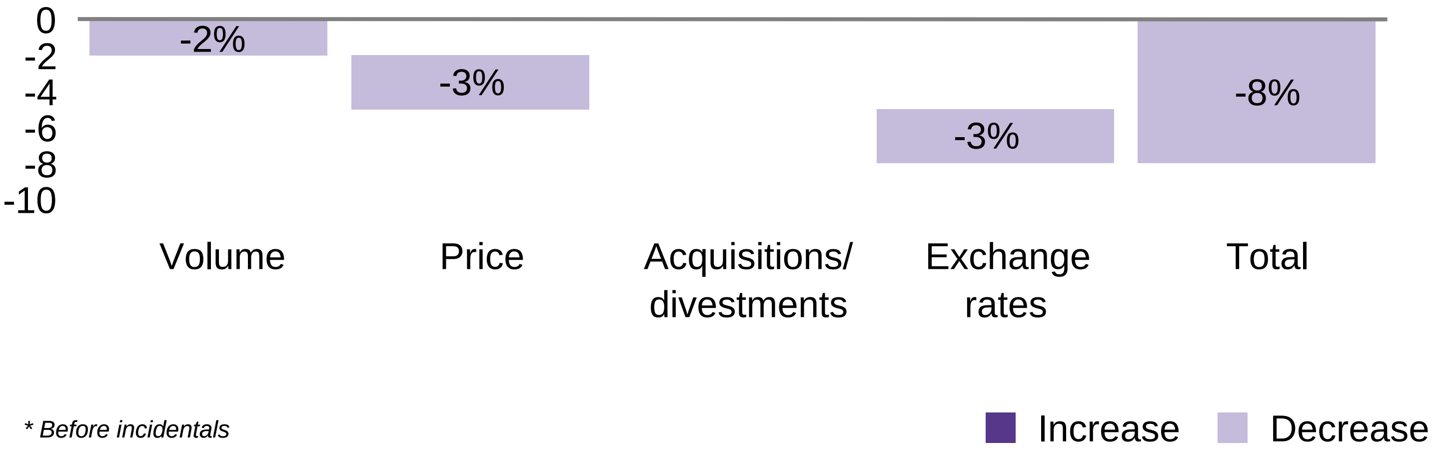
Industrial Finishes	1	Wood Coil Adhesives Specialty Plastics		
Powder Coatings	1	Powder		
Marine and Protective	1	Marine Protective Yacht	2	Aerospace
Car Refinishes	3	Refinish OEM commercial	5	Automotive plastic coatings
Packaging Coatings	1	Beer & beverage	2	Food cans other

Performance Coatings Q4 2009

€ million	Q4 2009	Δ%
Revenue	999	(8)
EBITDA*	153	30

Ratio, %	Q4 2009	Q4 2008
EBITDA* margin	15.3	10.9

Revenue development Q4 2009 vs. Q4 2008



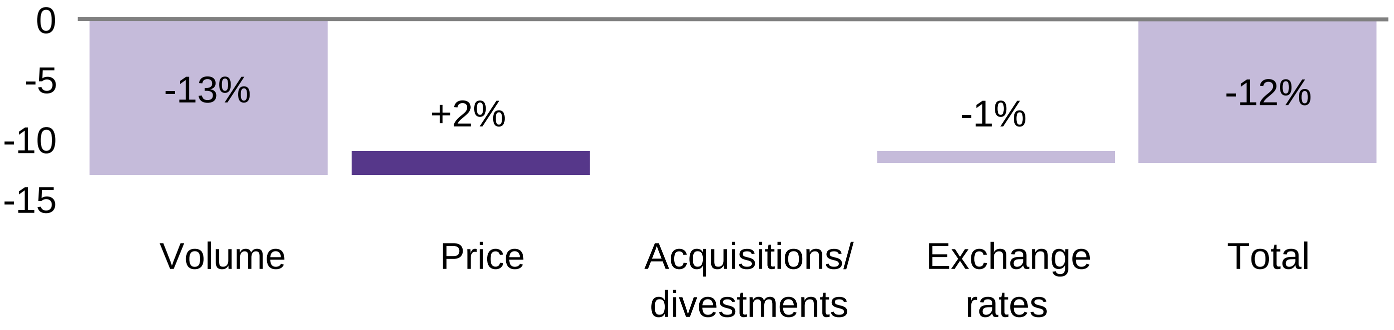
** Before incidentals*

Performance Coatings full year 2009

€ million	2009	Δ%
Revenue	4,038	(12)
EBITDA*	587	4

Ratio, %	2009	2008
EBITDA* margin	14.5	12.4

Revenue development 2009 vs. 2008



** Before incidentals*

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2009 operational achievements

- ✓ Industrial Activities closed six sites
- ✓ Powder Coatings to acquire The Dow Chemical Company's powder coatings operation
- ✓ Realigned Business Units as of January 1, 2010
- ✓ New product launches continued
- ✓ FTE reductions of 1,480 employees
- ✓ Operating working capital ratio further improved

Specialty Chemicals

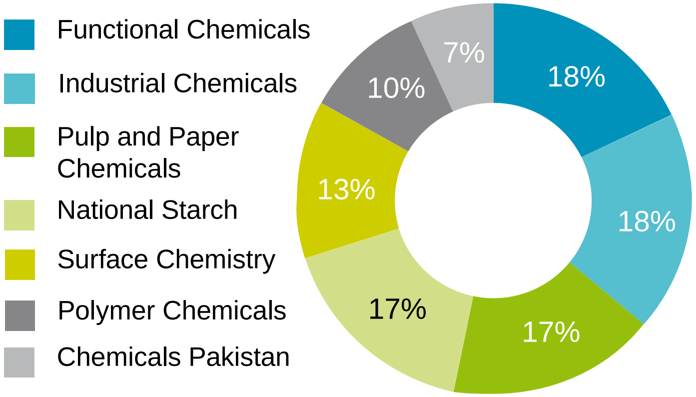
Berol ENV226, supplied by our Surface Chemistry business, is our new generation of readily biodegradable materials used as the key cleaning component in powerful, water-based degreasers/cleaners, commonly used in products including vehicle cleaners.

Specialty Chemicals key facts

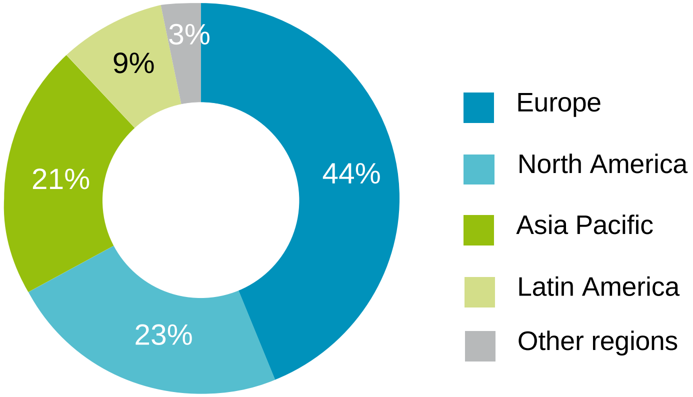
2009

- Revenue €5.2 billion
- 13,250 employees
- EBITDA: €814 million*
- 32 percent of revenue from high-growth markets
- Major producer of specialty chemicals
- Leadership positions in many markets

Revenue by business unit



Revenue by geography



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Many market leadership positions

Pulp and Paper	1 Bleaching chemicals	2 Retention and sizing chemicals (globally)		
Industrial Chemicals	1 Monochloro-acetic acid (MCA)	1 Chlorine Merchant & salt (Europe)	2 Caustic merchant (Europe)	
Functional Chemicals	1 Chelates & micronutrients, sulfur products & polysulfides	2 Ethylene amines	3 Salt specialties (Europe)	5 Cellulosic specialties
Surface Chemistry	1 Industrial Agricultural		3 Household & institutional cleaning	
Polymer Chemicals	1 High Polymer Specialties	1 X-Linking, Thermosets and Polymer Additives	2 OrganoMetallic Specialties	

National Starch is global leader in food and holds strong positions in papermaking
Chemicals Pakistan holds strong positions in various markets in Pakistan

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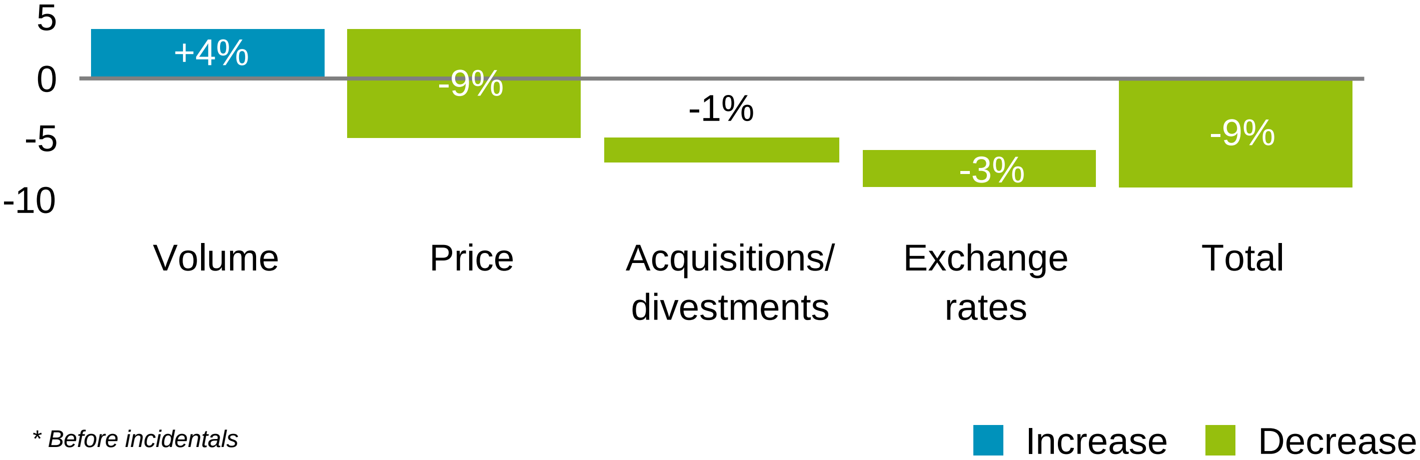
Specialty Chemicals Q4 2009

€ million	Q4 2009	Δ%
Revenue	1,279	(9)
EBITDA*	217	16

Ratio, %	Q4 2009	Q4 2008
EBITDA* margin	17.0	13.4

Revenue development Q4 2009 vs. Q4 2008



** Before incidentals*

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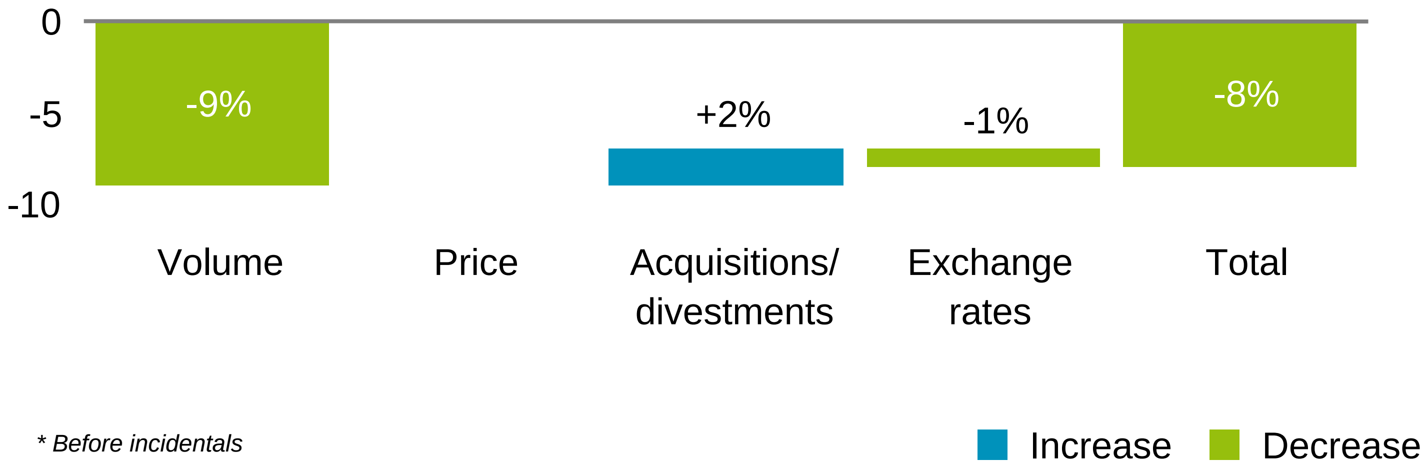
Specialty Chemicals full year 2009

€ million	2009	Δ%
Revenue	5,209	(8)
EBITDA*	814	(10)

Ratio, %	2009	2008
EBITDA* margin	15.6	16.0

Revenue development 2009 vs. 2008



** Before incidentals*

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2009 operational achievements

- ✓ Restructuring resulted in closure of 4 factories
- ✓ Capacity optimization continues
- ✓ Start of chelates production in Ningbo, China
- ✓ Sold stake in PTA Pakistan
- ✓ Acquired LII Europe

Financial review

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Cash management discipline

Focus on cash

- OWC reduction
- Capex prioritization
- Bolt-on acquisitions
- Dividend policy unchanged

- OWC reduced to 13.7% of revenue (year-end 2008: 16.5%), releasing €533 million
- 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

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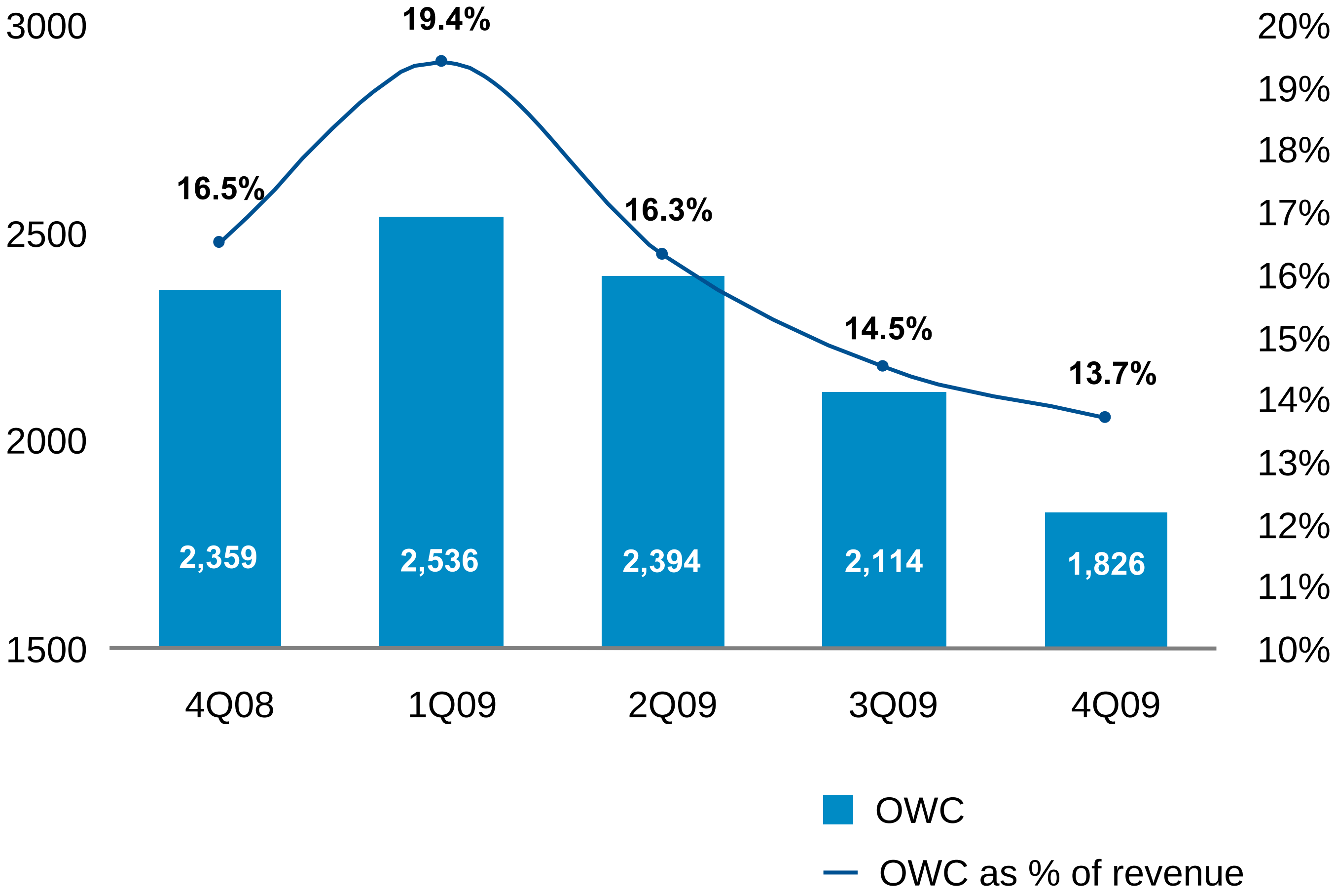
Continued focus on Operating Working Capital is delivering results

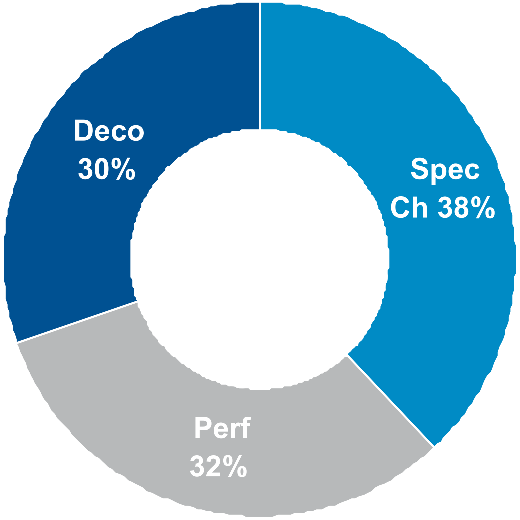
OWC
€ million



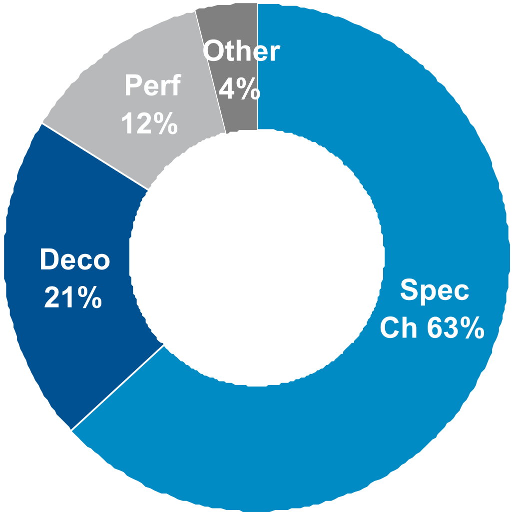
Capital expenditures remain disciplined

- Capex 2009 actual spend was €534 million, unchanged from 2008
- 2009 equally split between “growth” and “maintenance” Capex
- Capex 2010 expected to approach €600 million (incl. Ningbo €100 million)

OWC split at year-end 2009



2009 Capex split



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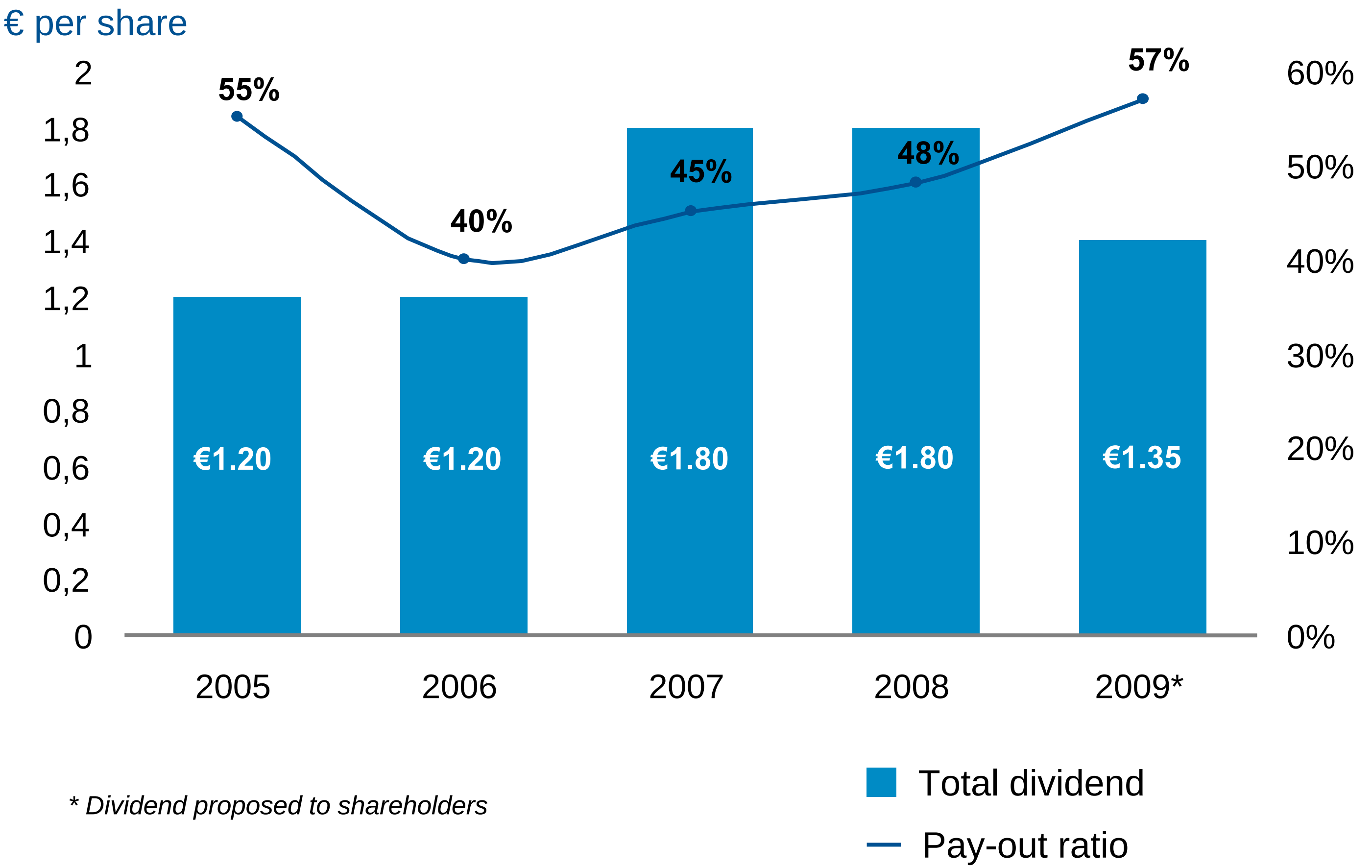
Dividend policy unchanged – €1.05 final dividend proposed (2008: €1.40)

Dividend policy remains at least 45 percent of net income before incidentals and fair value adjustments related to the ICI acquisition



2005	€1.20	55%
2006	€1.20	40%
2007	€1.80	45%
2008	€1.80	48%
2009*	€1.35	57%

** Dividend proposed to shareholders*

EBITDA – Cash bridge full year 2009

€ million	*2009*	*2008*
EBITDA before incidentals	**1,768**	**1,927**
Incidentals (cash)	(267)	(385)
Change working capital	639	(356)
Change provisions	(497)	(560)
Interest paid	(172)	(218)
Income tax paid	(231)	(317)
Net cash from operating activities	**1,240**	**91**

- Working capital improvements underpin operating cash generation

EBITDA – Cash bridge Q4 2009

€ million	*Q4 2009*	*Q4 2008*
EBITDA before incidentals	**396**	**381**
Incidentals (cash)	(150)	(192)
Change working capital	354	74
Change provisions	(100)	(11)
Interest paid	(34)	(76)
Income tax paid	(49)	(115)
Net cash from operating activities	**417**	**61**

- Working capital improvements underpin operating cash generation

Ambition to maintain strong credit rating unchanged

€ million	Dec 31, 2009	Dec 31, 2008
Equity	8,245	7,913
Net debt	1,744	2,084

€ million	2009	2008
Net cash from operating activities	1,240	91

- Equity positively impacted by currency translation and net profit
- Net debt decreased due to results and operating working capital management
- Pension deficit estimated at €1.9 billion (year-end 2008: €1.0 billion; Q3 2009: €1.6 billion)

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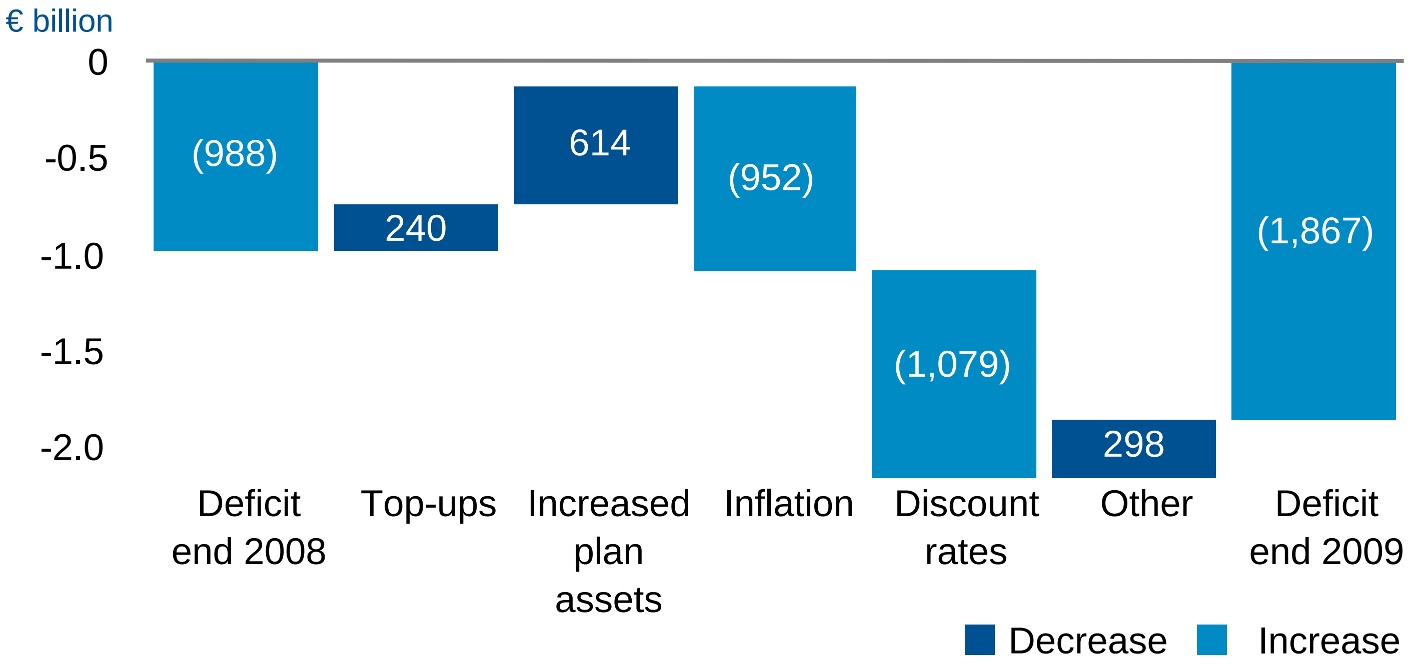
Pension deficit impacted by unfavourable discount rate and inflation assumptions

Key pension metrics	2009	2008
Discount rate	5.6%	6.3%
Inflation assumptions	3.2%	2.1%

Pension deficit development during 2009



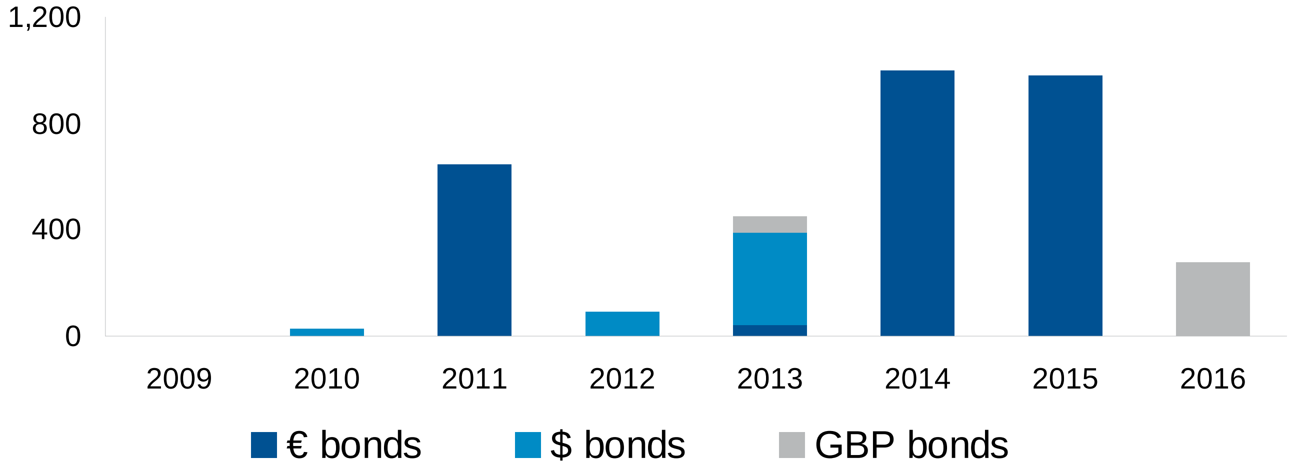
Pro-active pension risk management

- 2004 pro forma (including ICI) pension under funding was around €4 billion
- Defined Benefits closed to new entrants, major plans closed in 2001 (ICI) and 2004 (Akzo Nobel)
- Committed to further de-risk over time
- Total defined benefit pension plans cash contribution expected to reach €490 million in 2010 (2009: €414 million), which includes an increase of €115 million in additional “top-up” payments (2010 €355 million; 2009 €240 million)
- Non-cash IAS19 financing expenses related to pensions expected to be €105 million in 2010 (2009: €174 million)

Debt maturities lenghtened

No major bonds maturing before 2011

Debt maturity, € million



Significant liquidity headroom

- Undrawn revolving credit facility of €1.5 billion available (2013)*
- €1.5 & $1 billion commercial paper programs undrawn*
- Cash and cash equivalents €2.1 billion*

** At the end of 2009*

Credit ratings

AkzoNobel is committed to maintaining a strong investment grade rating

Standard & Poor's: BBB+ (negative outlook)

- Rating affirmed on August 25, 2009, unchanged since February 25, 2009
- AkzoNobel continues to benefit from its business position

Moody's: Baa1 (negative outlook)

- Rating affirmed on March 16, 2009
- Downgrade reflects changed growth assumptions
- The rating continues to reflect the company's global reach and leadership positions

Please note that the Fitch rating is unsolicited

Outlook and medium-term targets

Well positioned to meet current challenges

Sound fundamentals

- Strong market positions and brands
- Diverse geographic spread in highly attractive sectors
- Low cyclicality due to resilient portfolio
- Sustainability is integrated in everything we do

Strong track record

- Operational excellence
- Strong operating cash flow
- Strong balance sheet
- Ability to adapt quickly to changing markets

Outlook and medium-term targets

- Economic recovery remains uncertain, particularly in mature markets
- Investments to capture growth will remain a priority, particularly in high-growth markets
- Focus on customers, cost reduction and cash generation continues
- On-track to achieving our strategic ambitions, including an EBITDA margin of 14 percent by the end of 2011