



Hans Wijers, CEO

Q3 Results 2006

**“Profitable Growth”**

October 18, 2006

## Asenapine update

## Q3 2006 highlights – delivering on profitable growth

- Solid revenue growth continued: up 5% to EUR 3,449 mln
- Operating income up 14% to EUR 364 mln led by Organon and Coatings
- Net income (including incidentals) up 79%
- Industry leading DJSI position



- Rated on the index for the second successive year
- Akzo Nobel ranked among the chemicals industry leaders on DJSI
- Significantly improved average score

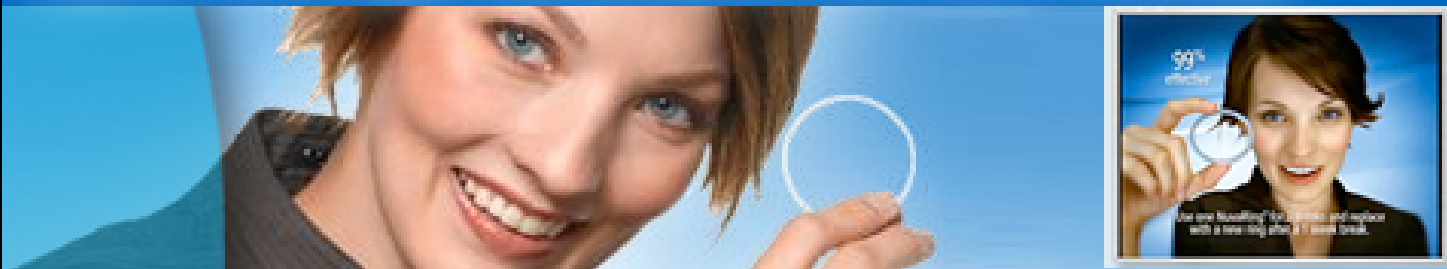
# Q3 OPERATIONAL PERFORMANCE

<i>EUR mln</i>	<b>Q3 2006</b>	<b>Δ%</b>
Revenues	3,449	5
EBIT*	364	14
Net income*	240	19

<i>Ratio</i>	<b>2006</b>	<b>2005</b>
EBIT margin*, %	10.6	9.7

\* *Excluding incidentals.*

Organon USA is again spreading the word about NuvaRing®



New DTC campaign starts

## Organon – strong operational quarter

- Sustained revenue growth – volume up 8%
- Improved operational performance
- Healthy revenues growth in key franchises
  - Revenues from NuvaRing up 66% driven by success in the US
  - Anesthesia revenues up 32%: Esmeron<sup>®</sup> and Anzemet<sup>®</sup>
- Avinza<sup>®</sup> co-promotion expired end of quarter as announced



## Organon – strong operational quarter

<i>EUR mln</i>	Q3- 2006	Δ%
Revenues	626	6
EBIT*	96	41

<i>Ratios</i>	2006	2005
EBIT margin*, %	15.3	11.5
S&D % revenues	31.5	31.0
R&D % revenues	17.6	18.3

\*Excluding incidentals.



# Intervet – growth in US companion animal market



## Intervet – substantial autonomous growth

- Substantial autonomous growth: volumes up 7%
- Strong revenue growth in North America
- Steady EBIT margin of 20%
- Important new product approvals: Zilmax<sup>®</sup> and West Nile vaccine

<i>EUR mln</i>	Q3 2006	Δ%
Revenues	276	-
EBIT*	54	(4)

<i>Ratios</i>	2006	2005
EBIT margin*, %	19.6	20.2
S&D % revenues	23.9	24.2
R&D % revenues	9.2	9.7

\*Excluding incidentals.



# Coatings – Interchar<sup>®</sup> for high value infrastructures





## Coatings – healthy growth, acquisitions contributing

- Healthy growth: revenues up 12%, autonomous growth 7%
- Acquisitions added 7% to revenues
- Double-digit EBIT improvement
- Ongoing pressure from raw material prices
- Acquisition of Flood completed – top 3 US Wood Finishes position

- Industrial activities – revenues up 11%, all regions showing strength
- Decorative Coatings
  - emerging markets acquisitions contributing
  - retail market in Europe remained weak
- Car Refinishes – turnaround showing results
- Marine & Protective Coatings
  - strong earnings growth despite raw material price pressure



## Coatings – healthy growth, acquisitions contributing

<b>EUR mln</b>	<b>Q3 2006</b>	<b>Δ%</b>
Revenues	1,638	12
EBIT*	161	13

<b>Ratio</b>	<b>2006</b>	<b>2005</b>
EBIT margin*, %	9.8	9.7

*\*Excluding incidentals.*



# Chemicals: Surfactants for cleaning jobs in all industries



- Solid performance – autonomous growth of 4%
- Improved EBIT margin: up 0.5% to 9.1%
- Continued pressure from energy and raw material cost

- Polymer Chemicals
  - continued strong demand for plastics
  - jump in performance
- Pulp & Paper Chemicals
  - higher revenues partly offset by increased energy costs
- Functional Chemicals
  - difficult quarter, start-up and maintenance costs

<i>EUR mln</i>	Q3 2006	$\Delta\%$
Revenues	912	(6)
EBIT*	83	-

<i>Ratio</i>	2006	2005
EBIT margin*, %	9.1	8.6

*\*Excluding incidentals.*

# Q3 FINANCIAL PERFORMANCE

<i>EUR mln</i>	Q3	Δ%	YTD	Δ%
Revenues	3,449	5	10,415	7
EBIT	461	65	1,188	14
Net income	313	79	923	43

	2006	2005	2006	2005
EBIT margin, %	13.4	8.5	11.4	10.7

## Positive contribution from incidentals

- EUR 97 mln gain (last year: EUR 39 mln loss)
  - Change in US benefit plans
  - Profit on divestments
    - Solar Salt activities
    - Office building in Stockholm

## Strong cash flow

<i>YTD, EUR mln</i>	2006	2005
EBITDA	1,604	1,466
Net cash from operations	768	(53)
Capital expenditures	339	342
Net change in cash	337	(357)



## Strong financial position

<i>Sept 30, EUR bln</i>	<b>2006</b>	<b>2005</b>
Equity	4,197	3,401
Net borrowings	1,228	1,814
Gearing (ratio)	0.29	0.53

<i>YTD ratios</i>	<b>2006</b>	<b>2005</b>
Interest coverage	12.1	9.4
EBITDA coverage	16.4	13.2

## Interim dividend

- Interim dividend of EUR 0.30 per share (2005: EUR 0.30)
  - ex-dividend date October 19, 2006
  - payment date October 26, 2006

# TRADING UPDATE 2006

- We look forward to a successful 2006
  
- We will deliver on our main operational objectives for this year:
  - revenue growth across the board
  
  - increased operational results at all segments



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Q&A

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## Safe harbor statement\*

This presentation contains statements which address such key issues as Akzo Nobel's growth strategy, future financial results, market positions, product development, pharmaceutical 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, progress of drug development, clinical testing and regulatory approval, 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 Annual Report on Form 20-F filed with the United States Securities and Exchange Commission, a copy of which can be found on the company's corporate website [www.akzonobel.com](http://www.akzonobel.com).

*\*Pursuant to the U.S. Private Securities Litigation Reform Act 1995.*