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Tomorrow's Answers Today

February 24, 2009

Full year 2008 and Q4 results

Agenda

1. 2008 review- Hans Wijers
2. Financial review - Keith Nichols
3. Outlook and medium term targets - Hans Wijers
4. Questions and answers session

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Full year 2008 and Q4 highlights

- Full year revenues above last year
- Full year EBITDA before incidentals and National Starch, in constant currencies, in-line with guidance
- Significant slowdown in most markets towards year-end
- Effective margin management offset raw material price increases
- ICI integration remains ahead of schedule
- Market conditions caused impairment charge
- Additional restructuring in progress
- Dividend maintained
- Share Buy Back program not completed

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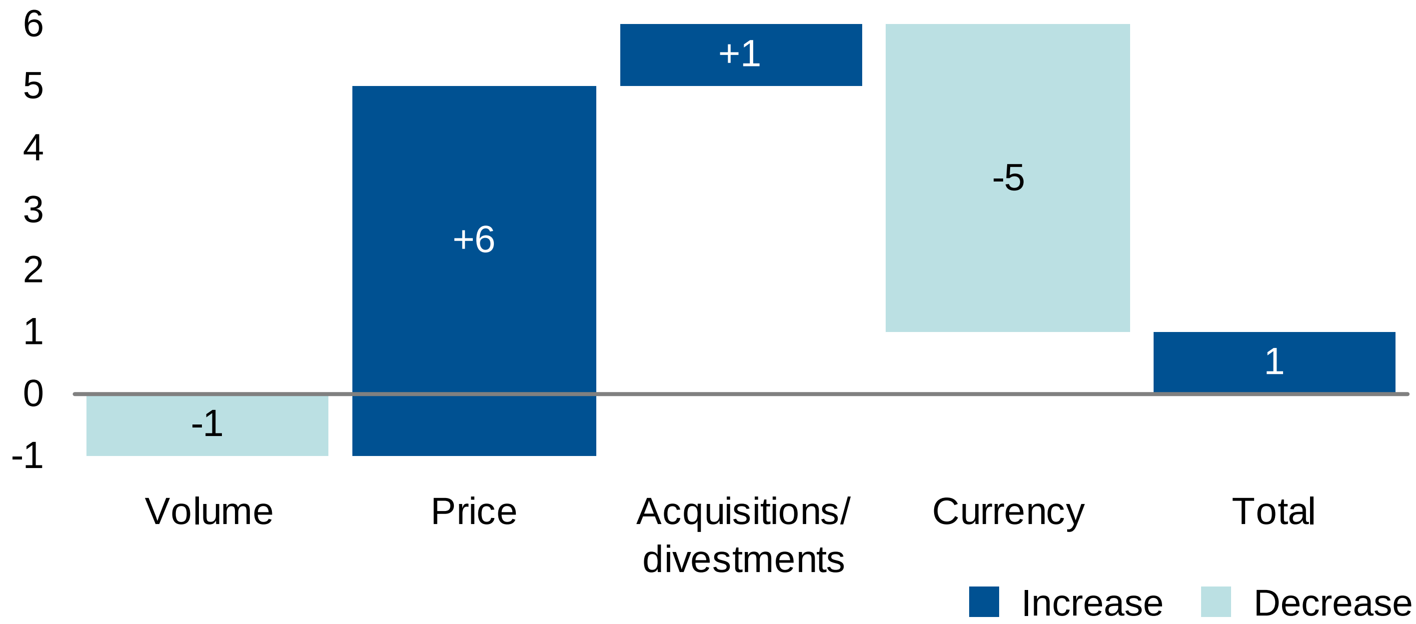
Full year 2008 revenue: Effective margin management offset currency impact

€ mln	2008	Δ%
Revenue constant currencies	16,202	6
Revenue reported	15,415	1

Total revenue growth 2008 vs. 2007 pro forma



Full year 2008 results: resilient performance

€ mln	2008	Δ%
EBITDA constant currencies (excl National Starch)*	1,841	(2)
EBITDA constant currencies*	1,987	(1)
EBITDA reported*	1,878	(7)
Net income from continuing operations*	742	(14)
Net income/(loss) from total operations after incidentals	(1,086)	

Ratio	2008	2007
EBITDA margin reported (%)*	12.2	13.2
Earnings per share (in €)*	3.00	3.11

**Continuing operations before incidentals; 2007 pro forma*

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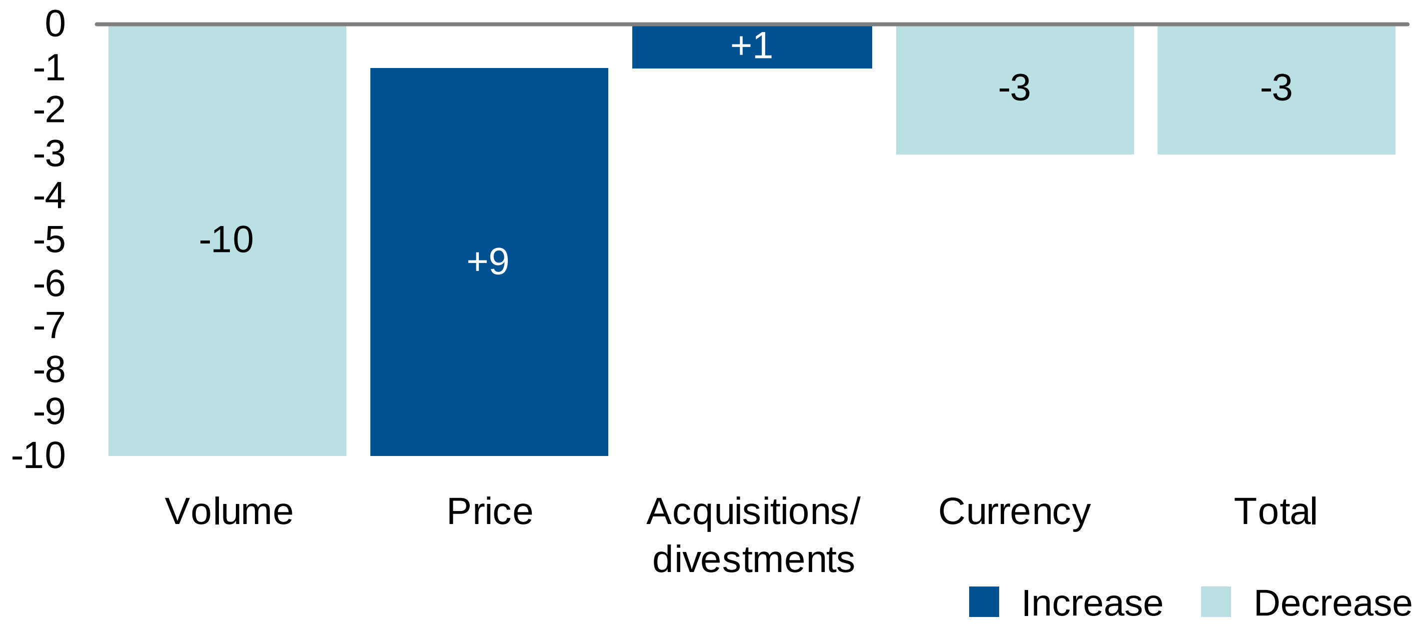
Q4 revenue: Effective margin management offset by volume decline

€ mln	2008	Δ%
Revenue constant currencies	3,669	-
Revenue reported	3,561	(3)

Total revenue growth Q4 2008 vs. Q4 2007 pro forma



Q4 results: slowdown evident

€ mln	2008	Δ%
EBITDA constant currencies (excl National Starch)*	356	(13)
EBITDA constant currencies*	391	(12)
EBITDA reported*	368	(17)
Net income from continuing operations*	121	(38)
Net income/(loss) from total operations after incidentals	(1,486)	

Ratio	2008	2007
EBITDA margin reported (%)*	10.3	12.1
Earnings per share (in €)*	0.52	0.75

**Continuing operations before incidentals; 2007 pro forma*

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Q4 other costs and incidental charges

Other costs in EBITDA of €19 million (2007: €33 million),

mainly corporate and technology costs

Incidental charges of €1,562 million (2007: €192 million)

include:

- €1,275 million impairment charges
- €205 million restructuring costs
- €25 million transformation costs related to the ICI integration

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Restructuring and ICI integration at an advanced stage

Full year 2008	ICI integration	Additional restructuring	Total
Net FTE reductions*	566	1,094	1,660
Cash Costs (€ million)	77	79	156
Annualized savings (€ million)	97	37	134

We will continue to pursue efficiency improvements:

- Site rationalization and in-plant productivity improvement
- Further reduction of overhead cost and third party spend
- 2009 salary freeze for the Board of Management, more than 500 executives, and where possible for most other employees.

** The gross number of 2657 was offset by new hires of 997, mainly in emerging markets*

Operational review Decorative Paints

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Decorative Paints: Margin management compensated for volume decline

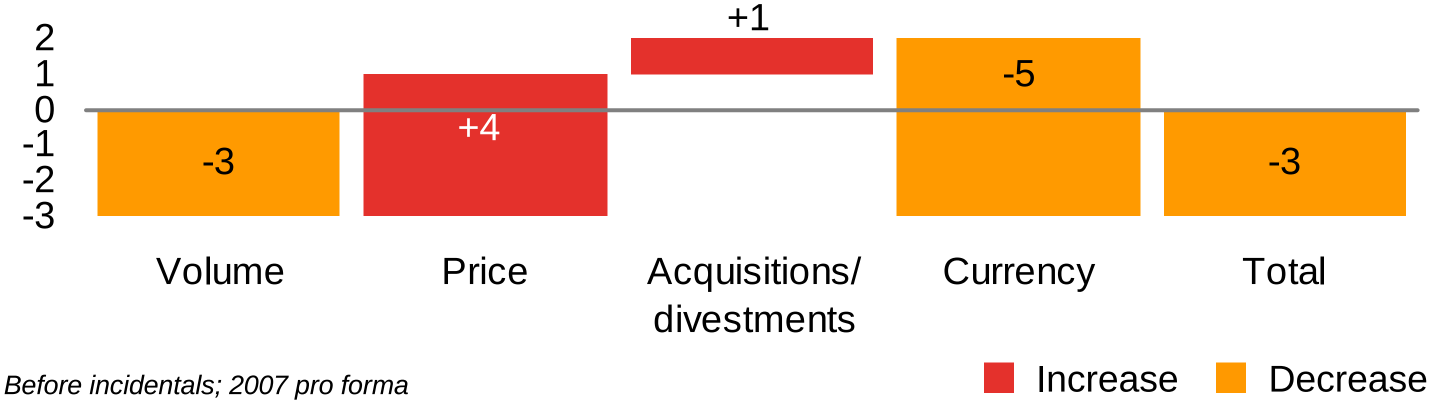
- Revenue in Europe in 2008, in constant currencies, stable
- Significant cost reduction in Europe
- UK market share holding up
- US revenue declined by 9 percent due to recessionary market conditions
- Asia delivered double-digit constant currency revenue growth in 2008; in Q4 volumes declined, compensated by margin management
- A year marked with restructuring, integration and margin management

Decorative Paints full year 2008: resilient performance

€ mln	2008	Δ%
Revenue constant currencies	5,385	2
Revenue reported	5,118	(3)
EBITDA constant currencies	628	–
EBITDA reported	593	(6)

Ratio, %	2008	2007
EBITDA margin reported	11.6	11.9

Total revenue growth 2008 vs. 2007 pro forma



Before incidentals; 2007 pro forma

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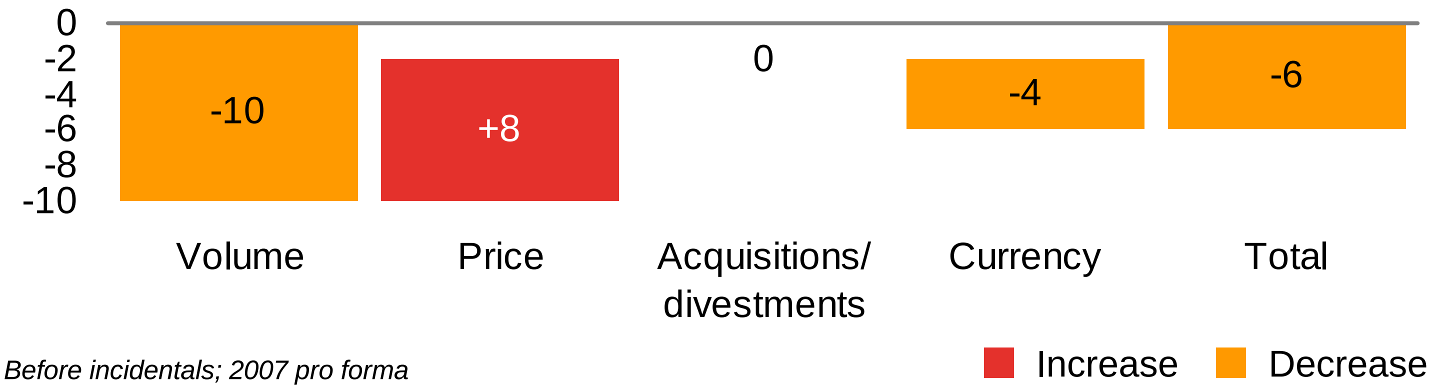
Decorative Paints Q4: lower volumes impact profitability

€ mln	Q4 2008	Δ%
Revenue constant currencies	1,179	(2)
Revenue reported	1,128	(6)
EBITDA constant currencies	101	(20)
EBITDA reported	89	(29)

Ratio, %	Q4 2008	Q4 2007
EBITDA margin reported	7.9	10.5

Total revenue growth Q4 2008 vs. Q4 2007 pro forma



Before incidentals; 2007 pro forma

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Operational review Performance Coatings

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Performance Coatings: a mixed year

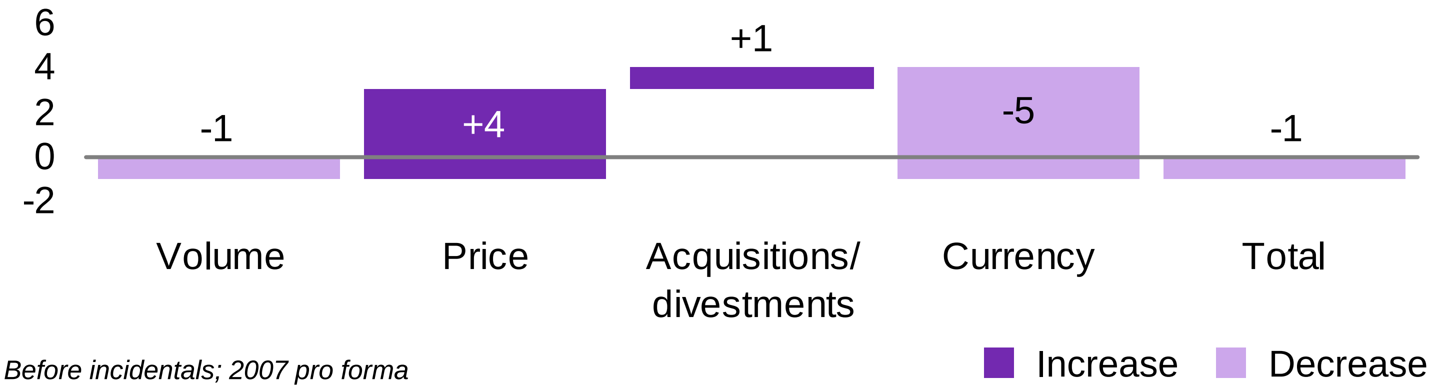
- Full year and Q4: continued strong performance at Marine & Protective Coatings
- Global economic downturn had greater impact on trading levels in Industrial Activities as the year developed
- Volumes at Car Refinishes close to 2007
- Stable year for Packaging Coatings
- Multiple cost saving projects are aligning our cost structure to the changed market environment

Performance Coatings full year 2008: stable results

€ mln	2008	Δ%
Revenue constant currencies	4,691	4
Revenue reported	4,463	(1)
EBITDA constant currencies	566	–
EBITDA reported	546	(4)

Ratio, %	2008	2007
EBITDA margin reported	12.2	12.6

Total revenue growth 2008 vs. 2007 pro forma



Before incidentals; 2007 pro forma

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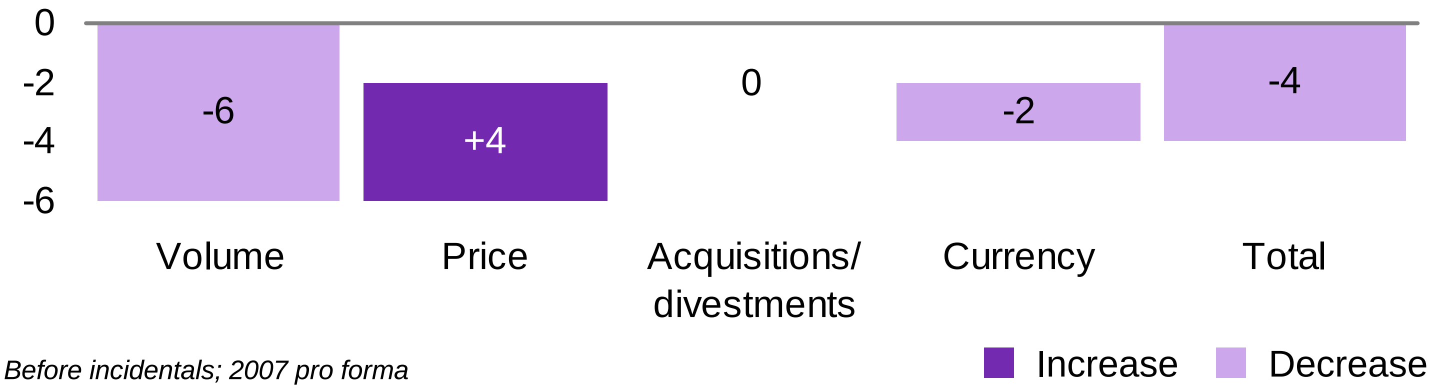
Performance Coatings Q4: weaker

€ mln	Q4 2008	Δ%
Revenue constant currencies	1,077	(2)
Revenue reported	1,054	(4)
EBITDA constant currencies	116	(15)
EBITDA reported	115	(16)

Ratio, %	Q4 2008	Q4 2007
EBITDA margin reported	10.9	12.5

Total revenue growth Q4 2008 vs. Q4 2007 pro forma



Before incidentals; 2007 pro forma

Operational review Specialty Chemicals

Specialty Chemicals: solid performance, but volume declined in Q4

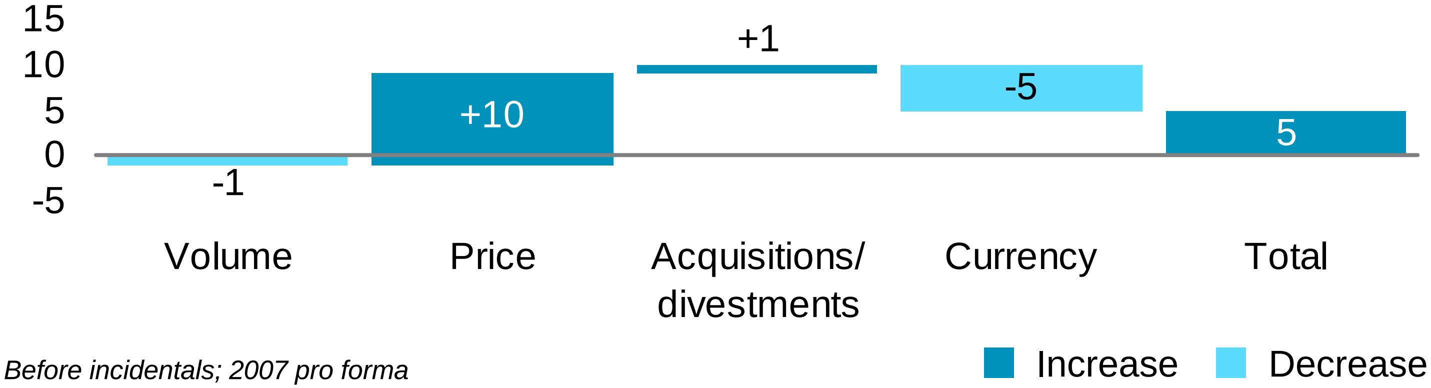
- Solid performance for 2008, volume declined in Q4
- Demand weakness in Polymer Chemicals and a significant decline in results for the Pakistan PTA business
- Functional Chemicals finished behind 2007 as demand softened in Q4 and sulfur prices declined sharply
- Industrial Chemicals and National Starch repeated their strong performance of 2007
- Diverse markets and effective margin management led to improved performance at Surface Chemistry

Specialty Chemicals full year 2008: solid performance but volume declined

€ mln	2008	Δ%
Revenue constant currencies	5,964	10
Revenue reported	5,687	5
EBITDA constant currencies	951	3
EBITDA reported	891	(4)

Ratio, %	2008	2007
EBITDA margin reported	15.7	17.2

Total revenue growth 2008 vs. 2007 pro forma



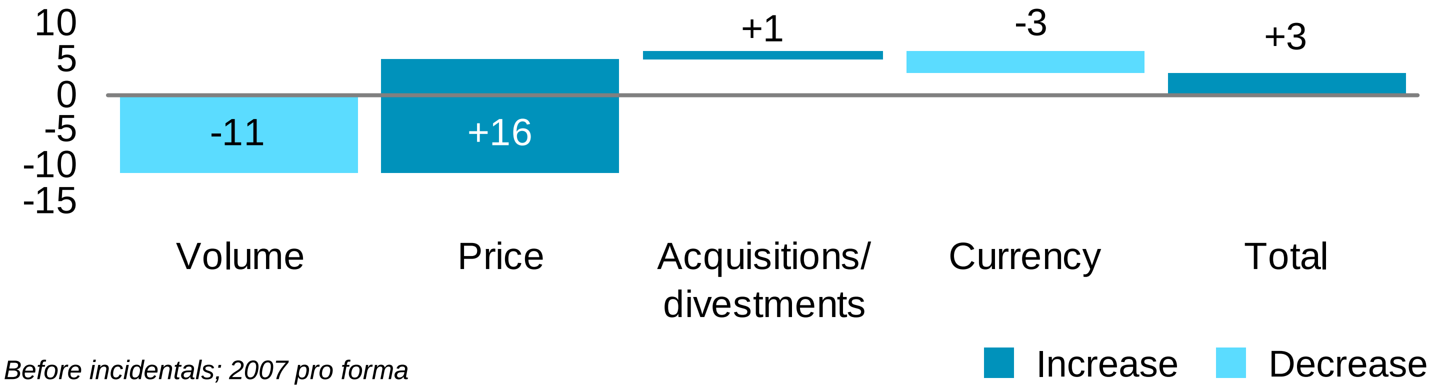
Before incidentals; 2007 pro forma

Specialty Chemicals Q4: volume down

€ mln	Q4 2008	Δ%
Revenue constant currencies	1,438	6
Revenue reported	1,399	3
EBITDA constant currencies	195	(9)
EBITDA reported	183	(14)

Ratio, %	Q4 2008	Q4 2007
EBITDA margin reported	13.1	15.8

Total revenue growth Q4 2008 vs. Q4 2007 pro forma



Before incidentals; 2007 pro forma

To sum things up

Hans Wijers

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We continue to successfully innovate

Intersleek® 900

• Ship number 100 coated during 2008. Reduces fuel consumption with up to 6 percent.

Autoclear® UV

• Clearcoat which cures by UV light, saving energy and increases body shop productivity.

The Freshaire Choice™

• Zero VOC paint & colorant system launched in USA in 2008. Delivered in recyclable cans.

Compozil Fx

• System for the largest and fastest paper machines, reduces both raw material costs and energy usage because of faster drying

Dissolvine® MP

• Recently endorsed by the Eastman Kodak Company. Used to process worldwide prints of Oscar winner Slumdog Millionaire

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Actions underway to deliver future strength

Sound fundamentals

- Strong positions in diverse, highly attractive sectors
- Wide geographic spread
- Strong balance sheet

Actions

- Significant level of additional restructuring
- Rigorous cost management
- Prudent capital allocation without jeopardizing growth

Financial review

Keith Nichols

Strong balance sheet maintained after share buy back and impairment

€ million	Dec 31, 2008	Dec 31, 2007[1]
Equity	7,913	12,091
Net debt	2,084	2,910
Pension deficit	988	1,510

€ million	2008	2007
Net cash from operating activities	91	643

- Equity impacted by share buyback, impairments and currency translation
- Net debt and pension deficit reduced
- Net cash impacted by pension top-ups and expenditures for working capital

[1] *Pro forma*

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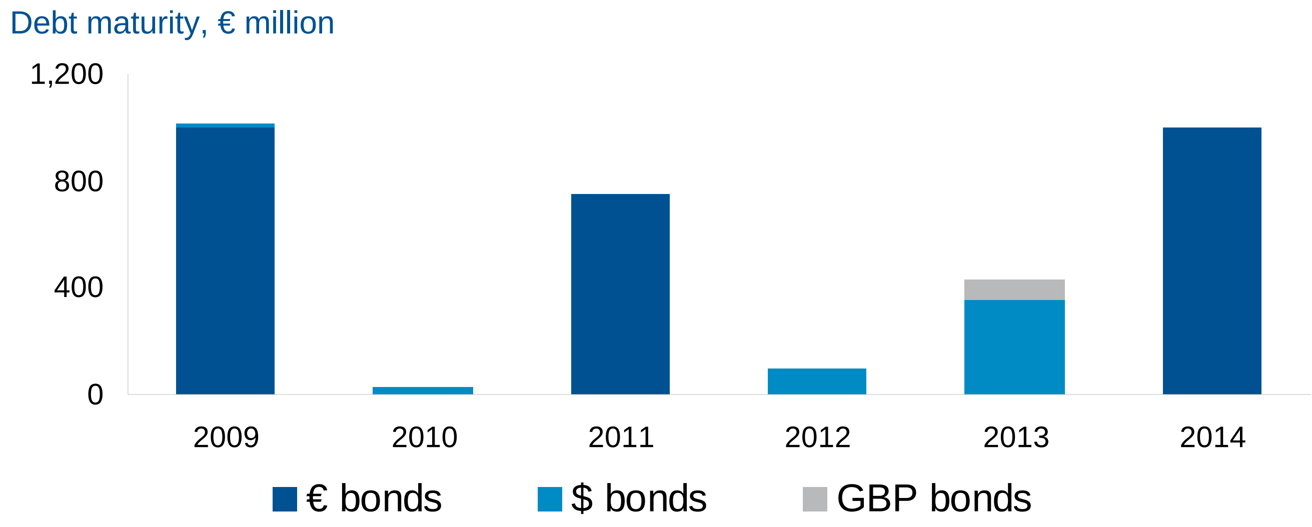
Pro-active pension risk management

- 2004 pro forma (including ICI) pension under funding was around €4 billion
- End-2008 pension under funding €988 million
- Committed to further de-risk over time
- Defined Benefits closed to new entrants, major plans closed in 2001 (ICI) and 2004 (Akzo Nobel)
- ICI top-ups expected to continue at current level
- €115 million higher non-cash P&L charge in 2009 - due to decrease in plan assets value

Strong liquidity headroom

€1.0 billion debt maturing in May 2009



Objective is to lengthen the duration of the debt book

- Undrawn revolving credit facility of €1.5 billion available (2013)
- Undrawn commercial paper program

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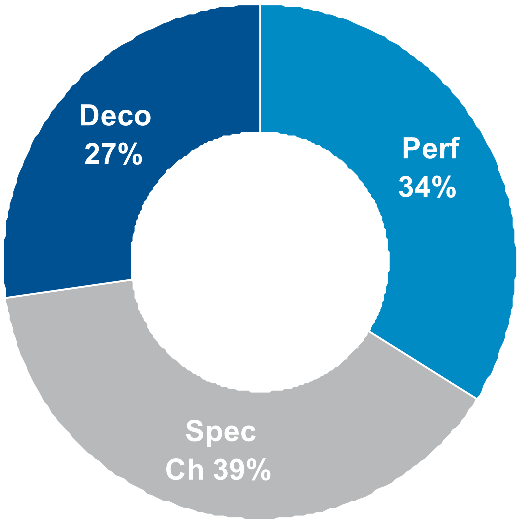
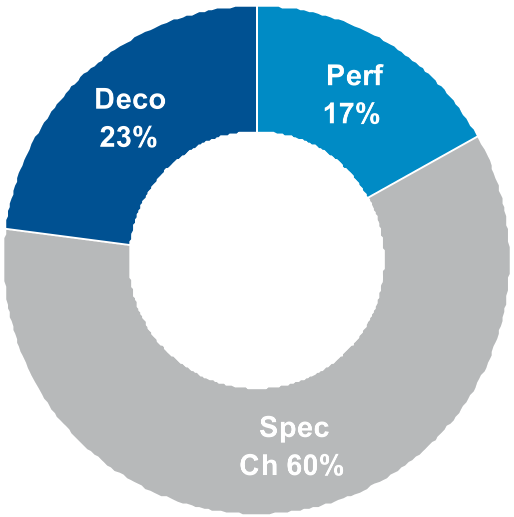
Increased focus on capital efficiency

- Capex 2008 was expected to be €550 - 600 million (incl. Ningbo €95 million), actual spend €534 million
- 2008 equally split between "growth" and "maintenance" Capex
- Capex 2009 expected to be around €475 million (incl. Ningbo €125 million)
- Working capital improvement targets and incentives in place

OWC split at year-end 2008



2008 Capex split



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Managing Corporate and financial costs

- **Tax rate** expected to be around 27 - 28% through 2011
- Besides corporate costs, the **"other" line** includes pensions, IAS 39 fair value adjustments, captive insurance costs, corporate technology and costs of country offices.
- 2009 reporting will **improve transparency** on the "other" line
- **Corporate cost** reduction targets in place

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Dividend maintained, share buy back not completed

Dividend 2008

- Proposed dividend 2008 is €1.80 per share – payout ratio of 48%
- Interim dividend of €0.40 and final dividend of €1.40

Dividend policy

- Pay-out ratio remains minimum of 45% of net income from total operations before incidentals and fair value adjustments related to the ICI acquisition

Share Buy Back

- 2008 €1.4 billion or 12% of outstanding shares cancelled
- Share buy back not completed - prudent liquidity management
- Outstanding number of common shares per year- end 2008: 231.7 million

Outlook and medium-term targets

Hans Wijers

Outlook and medium term targets

- Global market conditions and lack of visibility do not allow certainty. We expect **2009** to be very challenging.

Nevertheless, we remain focused on:

- working towards our medium-term target of an **EBITDA margin of 14 percent** by the end of 2011
- delivering the €340 million **ICI synergies** faster
- driving **margin management** programs across the company
- rigorous **cost** management
- remaining a leader in **sustainability** (top 3 DJSI)

Actions underway to deliver future strength

Sound fundamentals

- Strong positions in diverse, highly attractive sectors
- Wide geographic spread
- Strong balance sheet

Actions

- Significant level of additional restructuring
- Rigorous cost management
- Prudent capital allocation without jeopardizing growth

Questions and answers

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