
April 23, 2009

Q1 2009 results



Agenda

1. **Highlights and operational review**
 2. **Financial review**
 3. **Outlook and medium term targets**
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Highlights and operational review Q1 2009

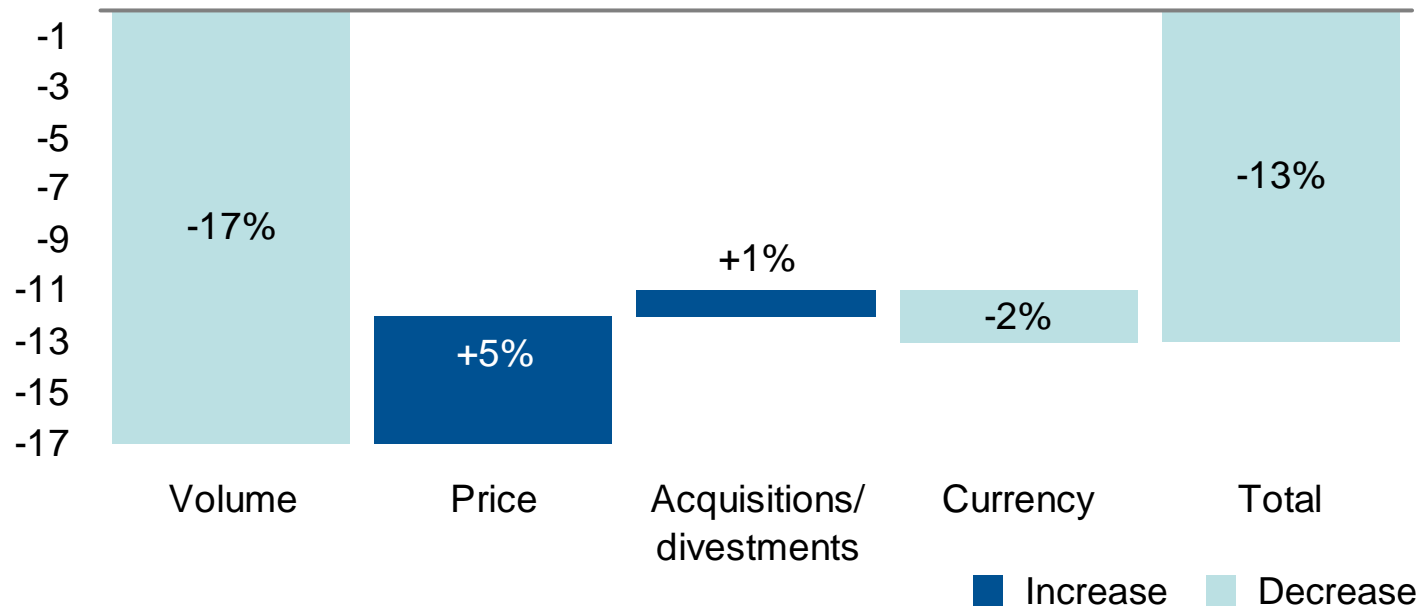
- Revenue declined 13 percent to €3,272 million
- Volume decline evident in all three business areas, in all geographies
- Some stabilization seen in trading conditions in March
- EBITDA margin at 9.0 percent, EBITDA 33 percent lower at €296 million
- Net loss of €7 million
- Refinancing completed – €750 million bond issue in March and £250 million in April – robust balance sheet
- Ongoing management action with focus on customers, cost and cash
- Restructuring and synergy realization programs on track



Q1 2009 revenue

€ mln	Q1 2009	Δ%
Revenue constant currencies	3,334	(11)
Revenue reported	3,272	(13)

Revenue development Q1 2009 vs. Q1 2008



Q1 2009 results

<i>€ mln</i>	Q1 2009	Δ%
EBITDA* constant currencies	304	(31)
EBITDA* reported	296	(33)
Net income before FVA**	28	
Net income total operations	(7)	

<i>Ratio</i>	Q1 2009	2008
EBITDA* margin reported (%)	9.0	11.7
EPS (in €)	(0.03)	0.40

* Before incidentals

** Net income from continuing operations before incidentals and fair value adjustments is the basis for the dividend pay-out



Incidentals

<i>€ mln</i>	Q1 2009	Q1 2008
Restructuring charges	(47)	(30)
Transformation costs	(8)	(84)
Charges related to major legal, Antitrust & environmental cases	6	(1)
Results on acquisitions & divestments	9	5
Fair value adjustments on inventories	–	(54)
Total	(40)	(164)

- Legal and other cases – Mainly currency gain on provision
- Fair value adjustments in 2008 – Inventory step-up to sales value per date of purchase ICI



Restructuring and ICI integration at an advanced stage

<i>2008 and Q1, 2009</i>	ICI integration	Additional restructuring	Total
Net FTE reductions*	750	1,300	2,050
Cash costs (€ million)	96	103	199
Annualized savings (€ million)	137	67	204

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 3,805 was offset by new hires, acquisitions and seasonal staff



Operational review Decorative Paints



Decorative Paints highlights

- Global economic downturn continued to impact decorative paint market
- Volumes were down by 16 percent, partly compensated by margin management
- ICI integration savings continue ahead of plan
- European volumes were down substantially
- UK retail market showed resilience
- US housing market and decorative paint market remain weak
- Asia – some stabilization seen in China

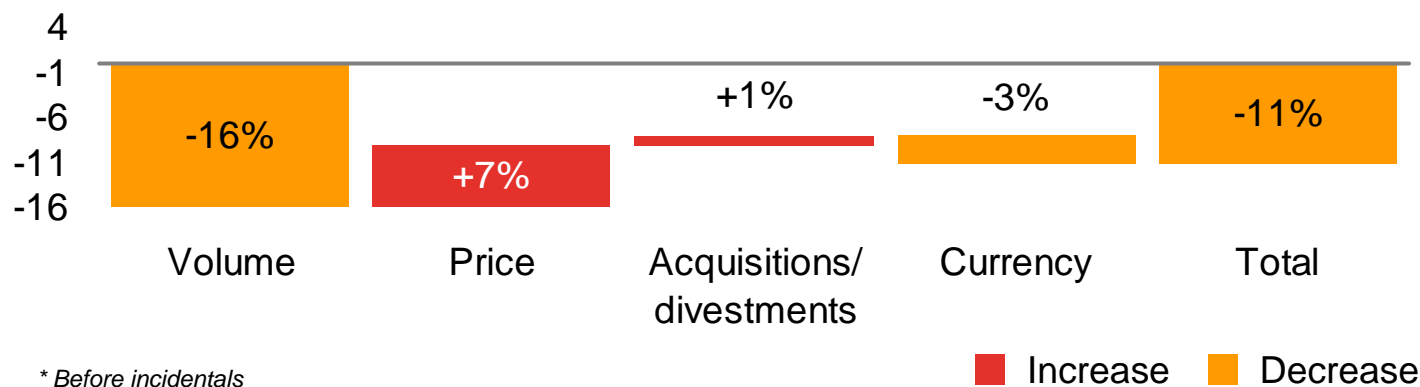


Decorative Paints Q1 2009

€ mln	Q1 2009	Δ%
Revenue constant currencies	1,044	(8)
Revenue reported	1,015	(11)
EBITDA* constant currencies	61	(41)
EBITDA* reported	50	(51)

Ratio, %	Q1 2009	Q1 2008
EBITDA* margin reported	4.9	9.1

Revenue development Q1 2009 vs. Q1 2008



Operational review Performance Coatings



Performance Coatings highlights

- Revenue decreased by 14 percent
- EBITDA margin was 10.7 percent
- Marine & Protective Coatings continued to show solid performance
- The industrial activities experienced the full effect of the economic downturn
- Margin management partly compensated for volume decline
- Cost saving initiatives delivered value in Q1
- Strong focus on managing working capital and capital expenditures

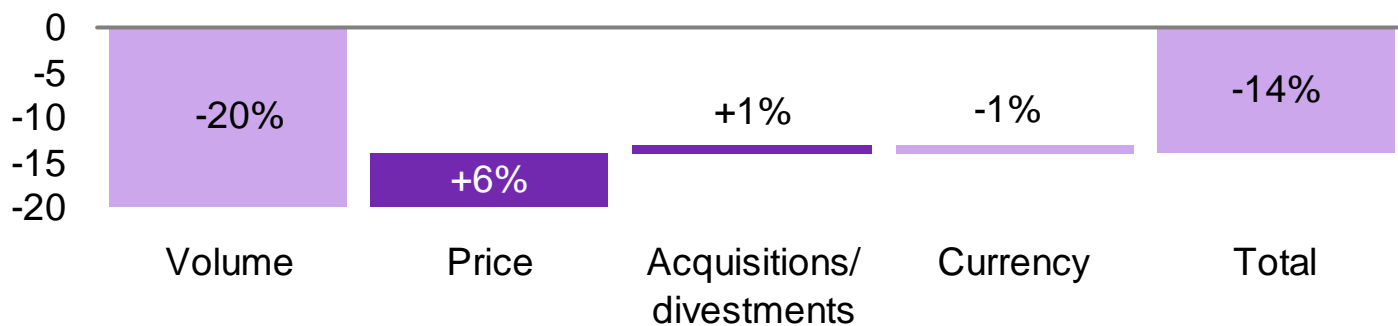


Performance Coatings Q1 2009

€ mln	Q1 2009	Δ%
Revenue constant currencies	977	(13)
Revenue reported	968	(14)
EBITDA* constant currencies	102	(23)
EBITDA* reported	104	(21)

Ratio, %	Q1 2009	Q1 2008
EBITDA* margin reported	10.7	11.8

Revenue development Q1 2009 vs. Q1 2008

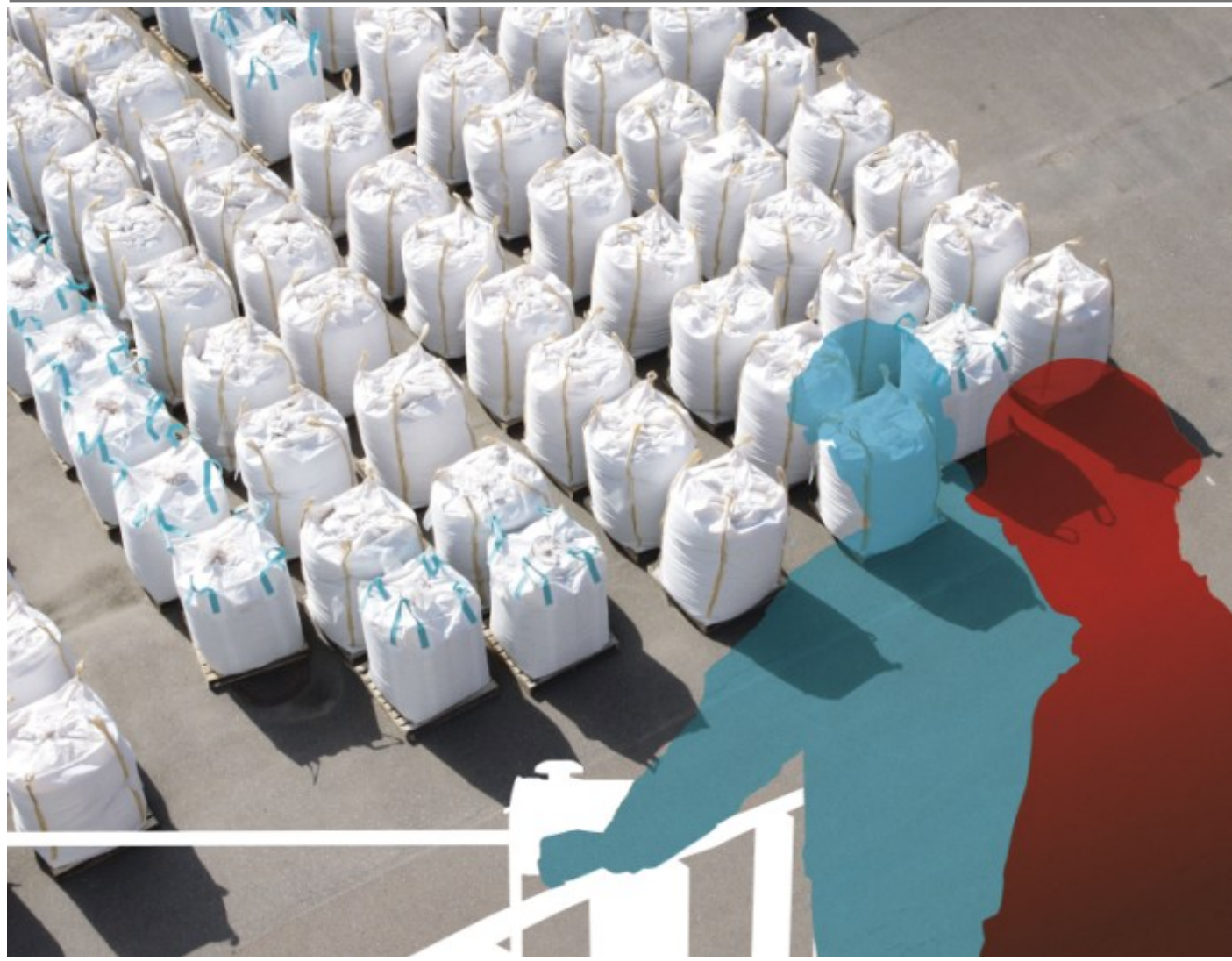


* Before incidentals

■ Increase ■ Decrease



Operational review Specialty Chemicals



Specialty Chemicals highlights

- Revenue decreased 11 percent, with volumes down 16 percent
- Volume declines across all businesses, but most prominent in Surface Chemistry and Polymer Chemicals
- Acquisitions contributed 4 percent to revenue
- EBITDA margin was 12.2%
- National Starch results were under pressure due to weak demand and high net corn costs
- Improved results in Chemicals Pakistan

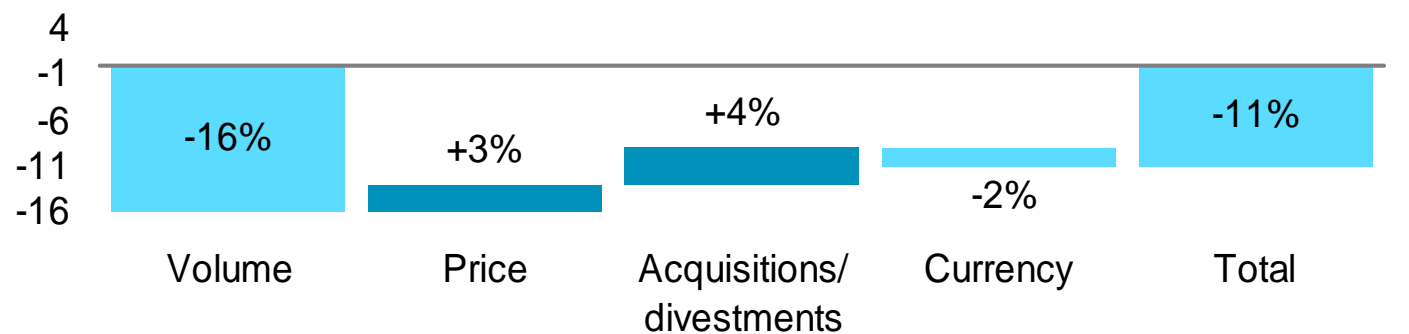


Specialty Chemicals Q1 2009

€ mln	Q1 2009	Δ%
Revenue constant currencies	1,317	(9)
Revenue reported	1,293	(11)
EBITDA* constant currencies	157	(35)
EBITDA* reported	158	(35)

Ratio, %	Q1 2009	Q1 2008
EBITDA* margin reported	12.2	16.6

Revenue development Q1 2009 vs. Q1 2008



* Before incidentals

■ Increase ■ Decrease



Financial review

Strong balance sheet maintained

<i>€ mln</i>	Mar 31, 2009	Dec 31, 2008
Equity	8,215	7,913
Net debt	2,508	2,084

<i>€ mln</i>	Q1 2009	Q1 2008
Net cash from operating activities	(316)	(292)

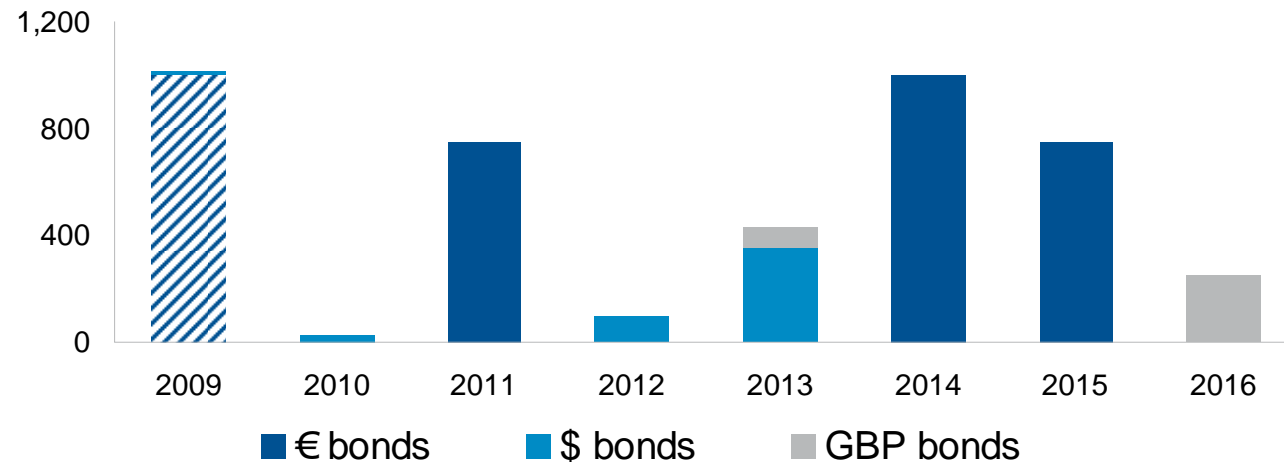
- Equity impacted by currency translation (US \$, £)
- Net debt increased due to increased working capital
- Net cash from operating activities impacted by pension top-up payments and working capital increase
- Pension deficit estimated at €1.4 billion (below pro forma 2007 of €1.5 billion)



Strong liquidity headroom

€1.0 billion bond maturing in May 2009 already refinanced

Debt maturity, € million



Maturity profile of debt book lengthened

- Undrawn revolving credit facility of €1.5 billion available (2013)
- Undrawn commercial paper program
- Cash and cash equivalents €2.0 billion at end of Q1



Medium-term targets

Well positioned to meet current challenges

Sound fundamentals

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

Actions

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



Outlook and medium term targets

- Global market conditions and lack of visibility do not allow certainty.

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)



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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.

