

Investor Update

Q3 2013 results

Keith Nichols
October 21, 2013



Agenda

1. **Q3 2013 highlights**
2. **Operational and financial review**
3. **Conclusion**
4. **Questions**

Q3 highlights
Keith Nichols

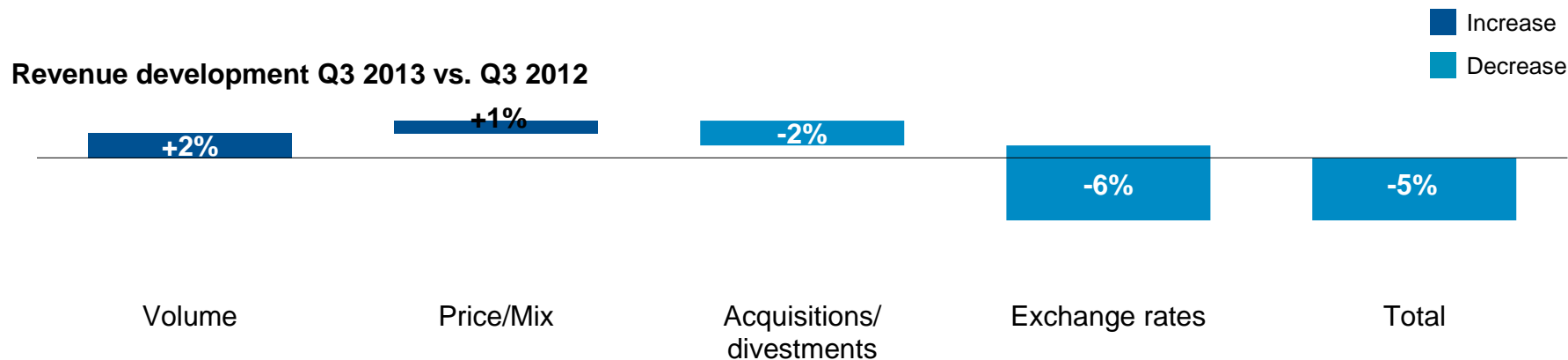
Q3 2013 highlights

- Revenue down 5 percent, mainly due to adverse currency effects and divestments
- Operating income at €303 million (2012: €248 million excluding impairment), mainly driven by lower restructuring costs and higher volumes
- Net income attributable to shareholders €155 million (2012: €110 million excluding impairment)
- Adjusted EPS stable at €0.74
- Interim dividend of €0.33 declared
- AkzoNobel ranked first in the Dow Jones Sustainability Index in the Materials industry group
- Divestment of Building Adhesives completed on October 1
- Performance improvement program on track with estimated €160 million restructuring charges in Q4
- Expected higher restructuring charges, and continued weak markets, mean that full-year operating income before incidental items is unlikely to exceed €908 million

Q3 2013 revenue and operating income: End markets remain fragile

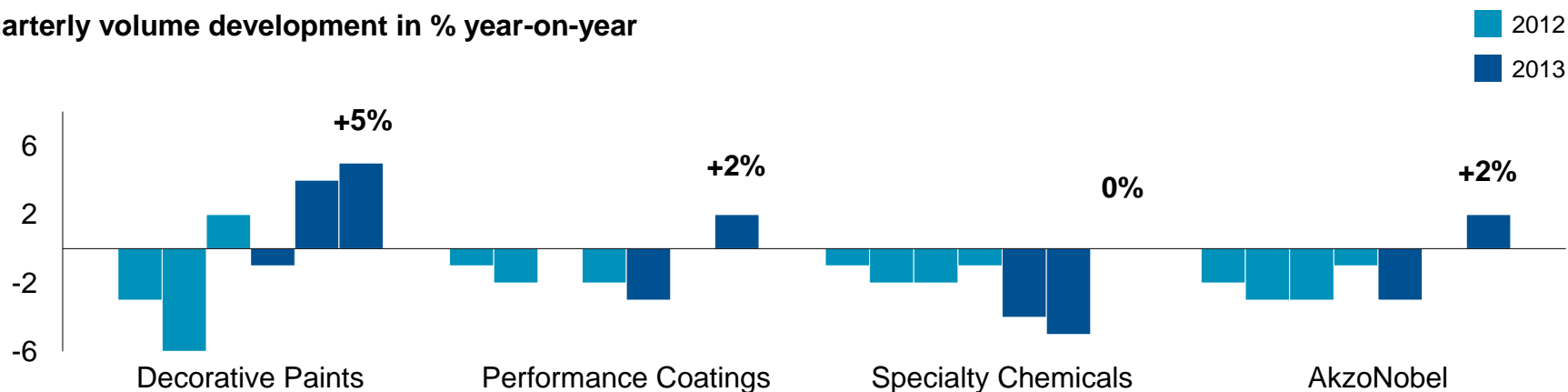
€ million	Q3 2013	Δ%
Revenue	3,778	-5
Operating income	303	22*

Ratio, %	Q3 2013	Q3 2012*
Return on sales	8.0	6.3
Return on sales (excluding PIP costs)	10.0	8.8
Moving average return on investment	8.6	8.0

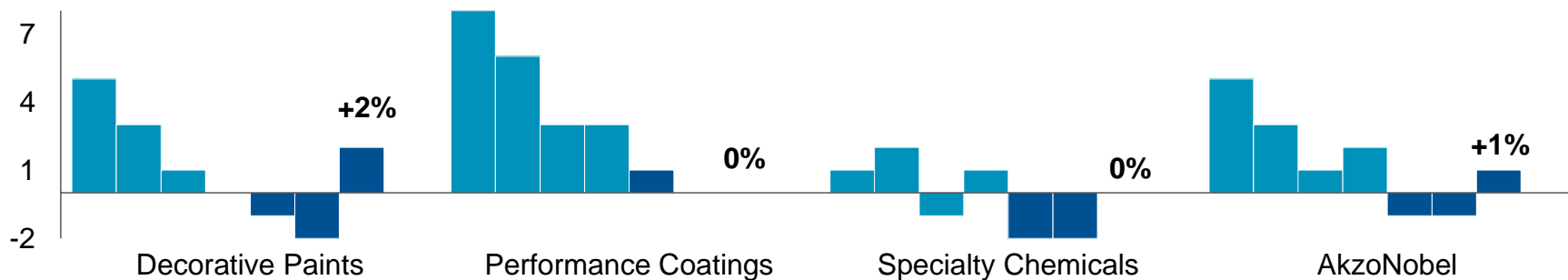


Market conditions remain challenging but volumes are stabilizing

Quarterly volume development in % year-on-year

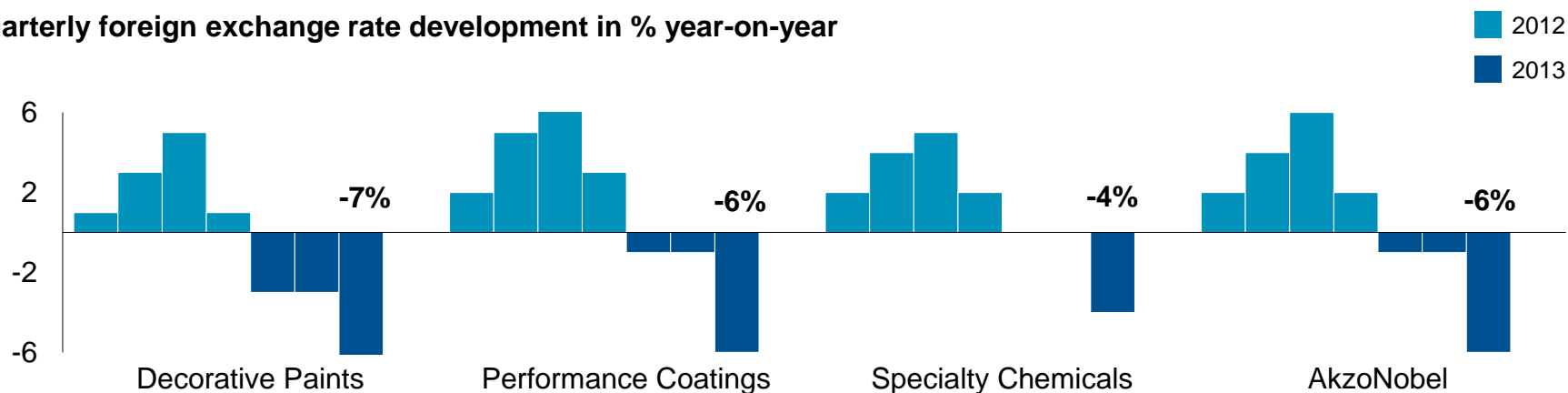


Quarterly price/mix development in % year-on-year



Foreign exchange rates negatively impacted our Q3 revenues

Quarterly foreign exchange rate development in % year-on-year



- The 5 percent decrease in revenues in Q3 was mainly driven by adverse currency effects

Operational and financial review
Keith Nichols

Decorative Paints

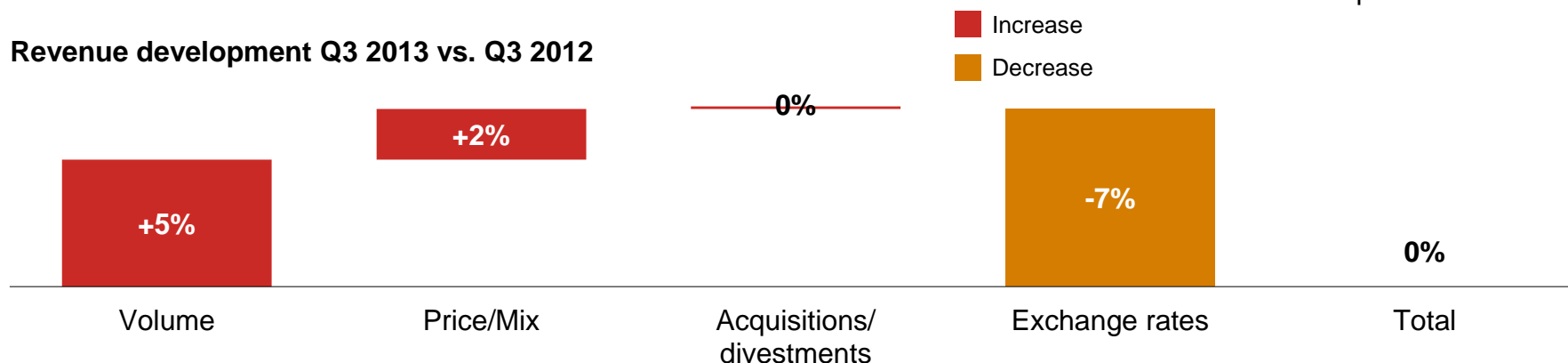
Q3 2013 highlights

€ million	Q3 2013	Δ%
Revenue	1,136	-
Operating income	107	123

Ratio, %	Q3 2013	Q3 2012*
Return on sales	9.4	4.2
Return on sales (excluding PIP costs)	10.1	7.2

- Revenues stable with adverse currency effects compensated by higher volume
- Operating income more than doubled compared to the previous year, due to lower costs and lower restructuring charges
- Positive volume development in Asia and Latin America, offsetting the adverse currency effects
- Streamlining management structure to increase competitiveness

Revenue development Q3 2013 vs. Q3 2012



Performance Coatings

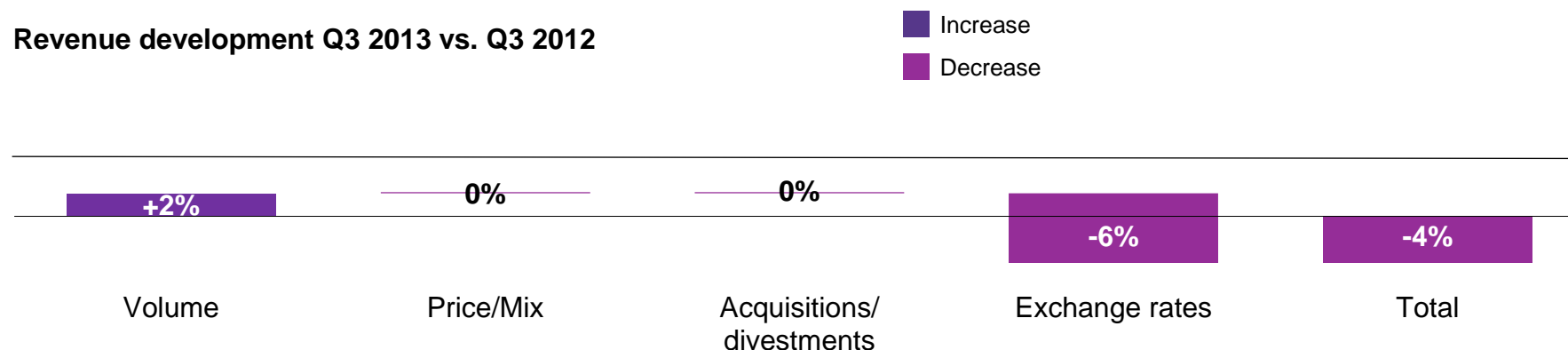
Q3 2013 highlights

€ million	Q3 2013	Δ%
Revenue	1,415	-4
Operating income	160	23

Ratio, %	Q3 2013	Q3 2012
Return on sales	11.3	8.9
Return on sales (excluding PIP costs)	11.9	11.3

- Revenue down 4 percent, due to adverse currency effects
- Slowdown in Europe continued to impact all businesses
- Operating income up 23 percent due to lower restructuring costs
- Continued focus on cost control and operational efficiencies

Revenue development Q3 2013 vs. Q3 2012

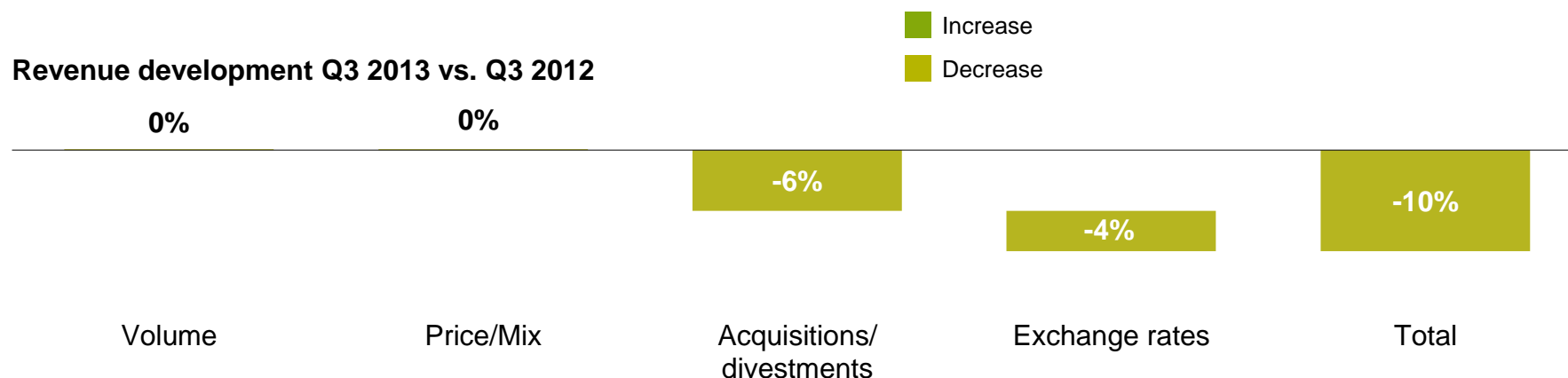


Specialty Chemicals Q3 2013 highlights

€ million	Q3 2013	Δ%
Revenue	1,252	-10
Operating income	107	-20

Ratio, %	Q3 2013	Q3 2012
Return on sales	8.5	9.5
Return on sales (excluding PIP costs)	12.2	10.8

- Revenues down 10 percent due to Chemicals Pakistan divestment and adverse currency effects
- Volumes during the quarter were stable compared to the previous year
- Operating income down 20 percent, mainly due to restructuring costs
- Performance improvement measures continue to be carried out in all businesses



Summary – Q3 2013 results

<i>€ million</i>	Q3 2013	Q3 2012*
EBITDA	456	428
Amortization and depreciation	(153)	(156)
Incidentals	-	(24)
Operating income	303	248
Net financing expenses	(56)	(50)
Minorities and associates	(10)	(4)
Income tax	(83)	(64)
Discontinued operations	1	(20)
Net income attributable to shareholders	155	110
Net cash from operating activities	552	460

<i>Ratio</i>	Q3 2013	Q3 2012
Adjusted earnings per share (in €)	0.74	0.74

Cash flows Q3 2013 improved on last year due to positive one-offs

€ million	Q3 2013	Q3 2012*
Profit for the period from continuing operations	168	139
Amortization and depreciation	153	156
Change working capital	183	246
• Pension provisions	(29)	(25)
• Restructuring	13	9
• Other provisions	(21)	(118)
Change provisions	(37)	(134)
Other changes	85	53
Net cash from operating activities	552	460
Capital expenditures	(133)	(195)
Acquisitions and divestments net of cash acquired	10	3
Changes from borrowings	5	70
Dividends	(30)	(8)
Other changes	7	(33)
Cash flows from discontinued operations	-	12
Total cash flows	411	309

*2012 excluding impairment (€2.1 billion)

Conclusion
Keith Nichols

Conclusion

- Foreign exchange rates were a major headwind in Q3
- Demand remains soft, however Performance Improvement actions are contributing to improved return on sales before restructuring charges in all Businesses Areas
- Performance Improvement Program is on track, with estimated €160 million restructuring charges in Q4 and delivering the full €500 million EBITDA benefits by year end 2013
- Expected higher restructuring charges, and continued weak markets mean that full year 2013 operating income before incidental items is unlikely to exceed €908 million
- We remain confident in the delivery of our 2015 targets

Vision:

**Leading
market positions
delivering
leading performance**

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.

Appendices

Performance Improvement Program – Restructuring charges per quarter

€ million	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	Q3	FY 2013
Decorative Paints	23	8	35	74	140	7	24	8	
Performance Coatings	4	9	36	41	90	11	5	9	
Specialty Chemicals	0	15	17	10	42	1	0	46	
Other	7	10	13	-10	20	10	11	12	
Total	34	42	101	115	292	29	40	75	Around 300

- FY 2013 estimate for restructuring charges reduced to around €300 million from the previous estimate of €325 million due to the latest view on timing of recognition
- Estimated €160 million of restructuring charges in Q4
- Costs related to the program are no longer classified as Incidentals but are now included in EBITDA

Q3 2013 Operating income – Cash bridge

<i>€ million</i>	Q3 2013	Q3 2012*
Operating Income	303	248
Incidentals	-	24
Depreciation & amortization	153	156
EBITDA before incidentals	456	428
Other	26	7
Change working capital	183	246
Change provisions	(37)	(134)
Interest paid	(25)	(10)
Income tax paid	(51)	(77)
Net cash from operating activities	552	460

Pension deficit increases to €0.7 billion

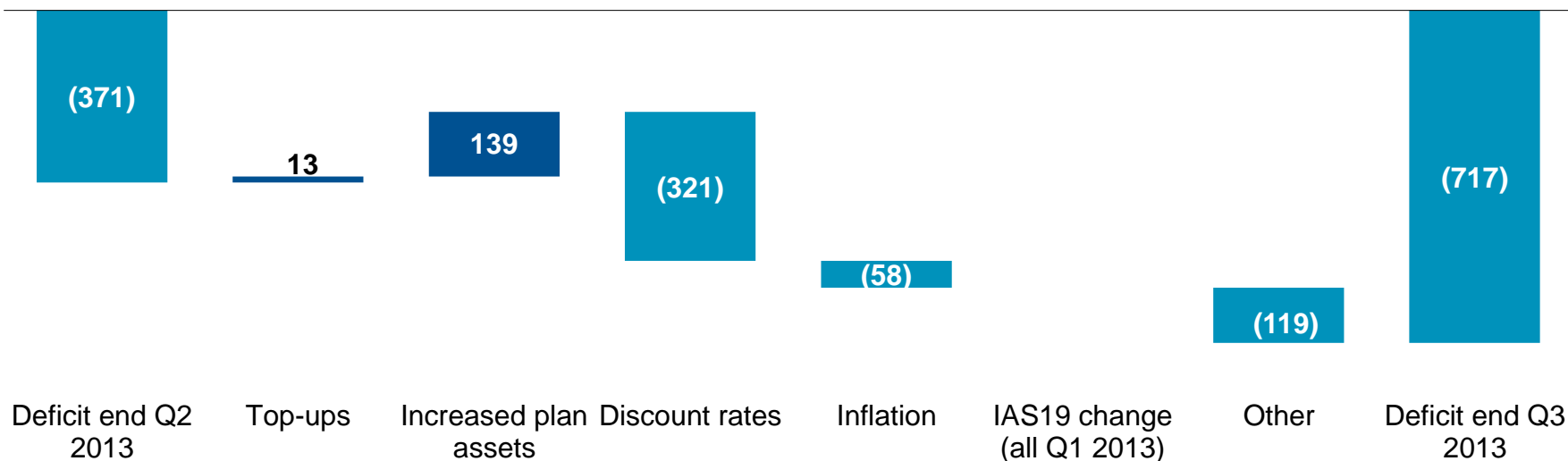
<i>Key pension metrics</i>	Q3 2013	Q2 2013
Discount rate	4.2%	4.4%
Inflation assumptions	2.9%	2.8%

Pension deficit development during Q3 2013

€ million

■ Decrease

■ Increase



Performance Improvement Program delivers €131 million benefits in 1H2013

€ million	FY 2011	1H 2012	FY 2012	1H 2013	2013 Target
Decorative Paints	12	24	85	49	
Performance Coatings	-	14	100	50	
Specialty Chemicals	-	18	53	33	
Other	-	-	-	-	
Total Incremental	12	56	238	131	250
Total Cumulative	12		250		500

- Performance Improvement Program is on track to deliver full €500 in EBITDA by the end of the year
- Various actions taken address product complexity reduction, sourcing optimization, manufacturing and distribution excellence, and margin management across the entire organization
- We are embedding continuous improvement in our businesses, moving from project based to continuous improvement at the core of the changes in our organization

Operational efficiency progress across all Business Areas

Business Area	Business Units	Actions taken to date
Decorative Paints	<ul style="list-style-type: none"> • Europe • Latin America • Asia 	<ul style="list-style-type: none"> • Divestment of stores in Germany • Reduction of overhead • Continued SKU reduction • RD&I lab consolidation
Performance Coatings	<ul style="list-style-type: none"> • Marine and Protective Coatings • Automotive and Aerospace Coatings • Powder Coatings • Industrial Coatings 	<ul style="list-style-type: none"> • Ongoing restructuring activities in Wood Finishes, A&AC and Marine & Protective Coatings • Continued complexity reduction • Consolidation of RD&I labs
Specialty Chemicals	<ul style="list-style-type: none"> • Functional Chemicals • Industrial Chemicals • Surface Chemistry • Pulp and Performance Chemicals 	<ul style="list-style-type: none"> • Functional Chemicals restructuring initiated • Lean & lean six sigma implementations on various sites • Reduction and centralization of ERP • Portfolio rationalization Pulp & Performance

We will continue to implement additional opportunities to embed continuous improvement

Continuous Improvement

Functional Initiatives Enablers

- ERP reduction
- Finance Shared Services
- OneHR services
- Academy

Operational Excellence

Business Unit Adaptations

Functional Excellence

Operational Initiatives Performers

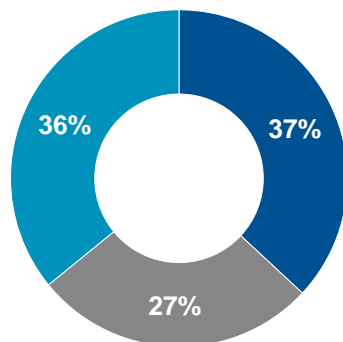
- SKU reduction
- Margin improvement programs
- Site improvement
- Warehousing footprint optimization
- Raw material alignment & clustering
- Continuous improvement

AkzoNobel today

- Revenue €15.4 billion
- 50,610 employees
- 44% of revenue from high growth markets
- Major producer of Paints, Coatings and Specialty Chemicals
- Leadership positions in many markets

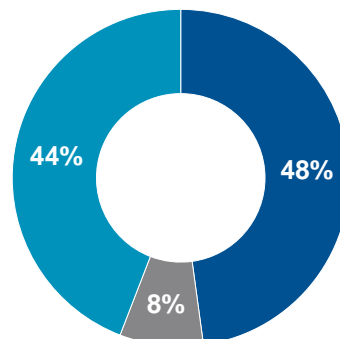


Revenue by Business Area



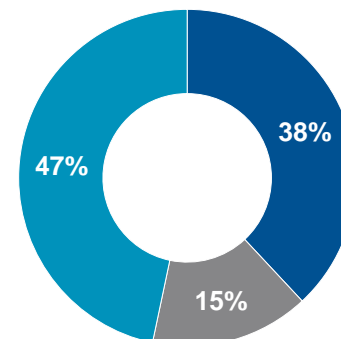
**5.4%
Growth
2012 vs. 2011**

Operating income* by Business Area



**5.9%
Return on sales
(operating income/revenue)**

EBITDA by Business Area**



**10.4%
EBITDA/revenue**

- Performance Coatings
- Decorative Paints
- Specialty Chemicals

Leading market positions delivering leading performance

AkzoNobel has gone through a significant amount of strategic change over the past five years

Today, the company has

- Excellent portfolio of businesses
- Good long term growth potential on the basis of end-user segment growth
- Strong positions in high growth markets (44% of revenue)
- Leadership positions in many markets
- Clear leader in sustainability
- Track record of delivering sustainable innovations and products
- Strong brands, both in consumer and industrial markets

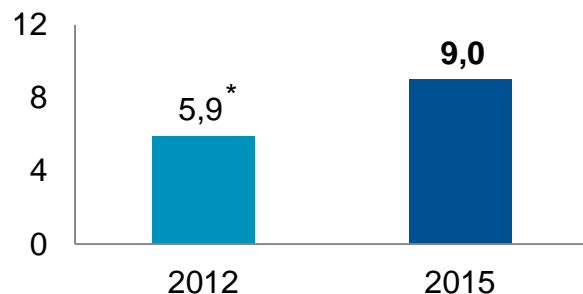
Clear focus to deliver on our significant potential

- Improved returns and cash flow
- Leveraging scale
- Simplification and standardization
- Continued innovation

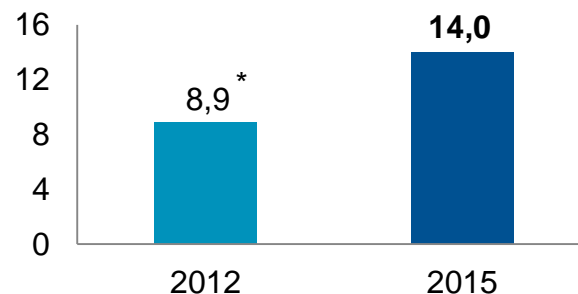


New and realistic 2015 financial targets focused on quality of earnings and value creation

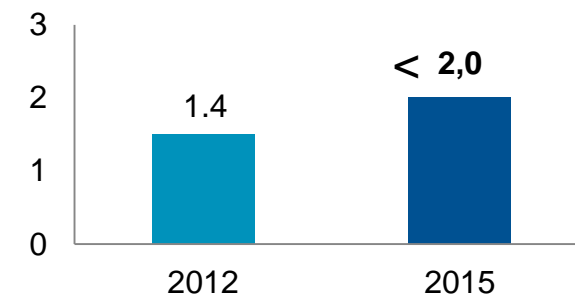
Return on sales
(Operating income/revenue)
%



Return on investment
(Operating income/average
12 months invested capital)
%



Net debt/EBITDA
x



Assumes sales growth (CAGR) for the period of 4%

Strategy on a page



Strategic focus areas

- Care for the customer
- Reduction of product and process complexity
- Cash and return on investment
- Embedded safety and sustainability
- Diverse and inclusive talent development



Processes

- People, process and product safety
- Operational control cycle
- Continuous improvement
- Innovation
- Procurement
- Talent management



Actions

- Deliver dependably
- Grow organically
- Innovate
- Simplify
- Standardize
- Continuously improve



End-user segmentation

- Buildings and Infrastructure
- Transportation
- Consumer Goods
- Industrial

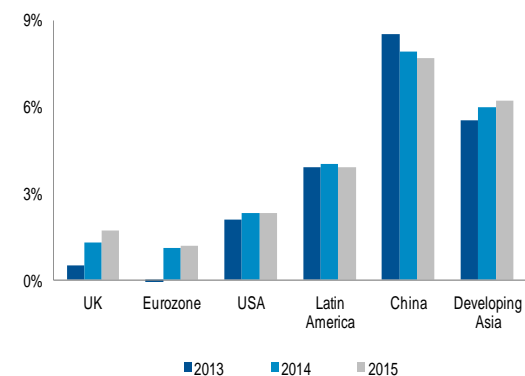


High growth markets are 44% of revenue and their importance will increase

% of 2012 revenue, excluding Decorative Paints North America



Three year GDP growth*

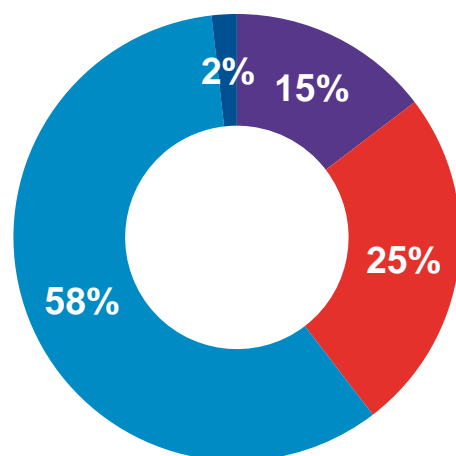


Our goal: Greater than 50% of revenues from high growth markets

Capital allocation policy is focused on high growth markets and efficiency

Capital expenditure

2012, 100% = €826 million (5.4% of revenue)



■ Performance Coatings
 ■ Decorative Paints
■ Specialty Chemicals
 ■ Other

- Capital expenditure will be around 4% of revenues going forward
- 40-50% growth related

Major projects underway and timing of spend

Business Area	Investment project	2012	2013	2014	2015
Performance Coatings	China expansion	█			
Decorative Paints	UK megaplant	█			
Decorative Paints	China expansion		█		
Specialty Chemicals	Ningbo multisite	█			
Specialty Chemicals	Frankfurt membrane	█			
Specialty Chemicals	Brazil Eldorado		█		
Specialty Chemicals	Brazil Suzano		█		

Sustainability is business; Business is sustainability



- **‘Downstream eco-premium solutions’:**
20% of our revenues by 2020

We will increase the revenue from solutions that generate direct resource and energy benefits for our customers, consumers and users



- **Reduction of carbon emissions**
25-30% reduction per ton by 2020 (2012 base)

We will reduce our carbon emissions through the value chain



- **Resource efficiency**

As of 2014 AkzoNobel will report on an innovative new index measuring how we improve resource efficiency across the full value chain - compared to the value we generate

End-user segment trends, combined with sustainability, direct our innovation spend

End-user segments



Sustainability

Sustainability = Business
Business = Sustainability



Direction of innovation spend

(2.5% of 2012 revenue)

Innovation Pipeline Q3 2013

Decorative Paints - Woodcare Floor Lacquer

Key Features

- Water-based lacquer using a proprietary AkzoNobel binder
- Excellent scratch resistance
- Quick drying times
- Compliant with strictest regulations

Customer Benefits

- Highly durable performance coating
- Fresh and healthy, no smell
- Perfect appearance
- Easy and quick application
- Transparent in can-look
- Available in modern colors



Growth Potential

- Launched in Netherlands, Belgium & Spain in July 2012. Well received.
- Further roll-out into Latin America planned

A high performance sustainable floor lacquer for parquets and stairs

Innovation Pipeline Q3 2013

Decorative Paints Specialties - Hammerite DualTech

Key Features

- Direct-to-rust metal paint
- Trusted Hammerite anti-corrosion technology
- Enhanced water repellency



Customer Benefits

- Convenience and ease of use for DIY painters
- Offers two-way metal protection by stopping rust and providing water repellency
- Ultra-tough
- Provides up to 8 years protection

Growth Potential

- Launched in over 30 countries in 2013 & launch scheduled in Brazil
- Global potential
- Reinforcement of leading position in segment

An anti-corrosive paint with water repellent technology

Innovation Pipeline Q3 2013 Powder Coatings – Interpon Align™

Key Features

- Dual layer-powder and topcoat-application requiring single cure step
- Provides outstanding edge coverage and corrosion resistance
- Class A appearance that meets the requirements of the most demanding transportation and general industrial customers



Customer Benefits

- Increased productivity
- Reduced cost, energy consumption & carbon footprint
- Primer curing oven (10 minutes at 200°C) is eliminated
- Reduced complexity and footprint and lower capital investment required for new application lines

Growth Potential

- Successful commercial trialing by global agricultural and construction equipment and component manufacturers in the UK and Poland in Q1 2013
- Full launch in Q3 2013, branded as Interpon Align™
- Sales expected to quadruple between 2014 and 2017 with wide market acceptance
- Wide market potential in several market segments

Two-coat powder application process saving cost, time, and energy

Innovation Pipeline Q3 2013

Commercial Vehicles – LV 251 Primer UHS

Key Features

- Two pack, Ultra-High Solids primer – solids content >80% w/w
- Designed for commercial vehicles and industrial equipment
- Excellent high pressure application properties
- Rapid film build
- Superb adhesion and corrosion protection



Customer Benefits

- Ready for use – easy & secure application
- Increased process efficiency due to less need for re-work & faster film building
- Reduced paint consumption and VOC emission
- Reduced number of stock items

Growth Potential

- Product launched in EMEA in Q3 2013
- Potential to expand business into building and heavy equipment supplier market segments
- Predicted volumes to be achieved in 2 years after launch

Ultra-High Solids primer with excellent application characteristics

Innovation Pipeline Q3 2013

Surface Chemistry – Berol[®] ECO/AMC-1

Key Features

- Concentrated surfactant blends that can be easily formulated in water-based degreasers
- High grease removal without the need for using solvents
- Approved by the United States Environmental Protection Agency's Design for the Environment program
- Based on unique surfactant combinations providing high oil removal properties



Customer Benefits

- Simple to formulate
- High cleaning performance without solvents
- Provides “touchless cleaning”
- Attractive cost-in-use

Growth Potential

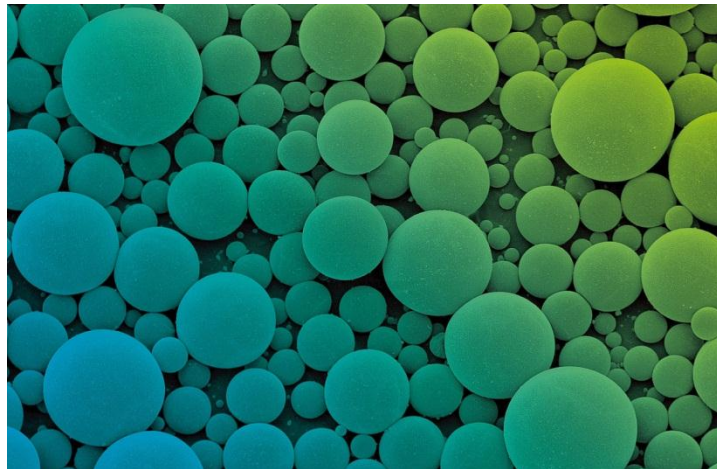
- Launched in Asia and North America in 2013
- The solvent-free cleaning market is increasing substantially due to customer preferences and regulations

High cleaning performance without solvents

Innovation Pipeline Q3 2013 Pulp and Performance Chemicals – LaDox

Key Features

- An NPE*-free initiator and substitute for Laurox W40 peroxide initiators for emulsion explosives used in the mining industry worldwide
- Environmentally-friendly production process avoids nitrogenous wastes & disposal issues



Benefits

- Avoidance of a chemical of environmental concern in the production process
- Avoidance of an effluent stream that is toxic to marine life

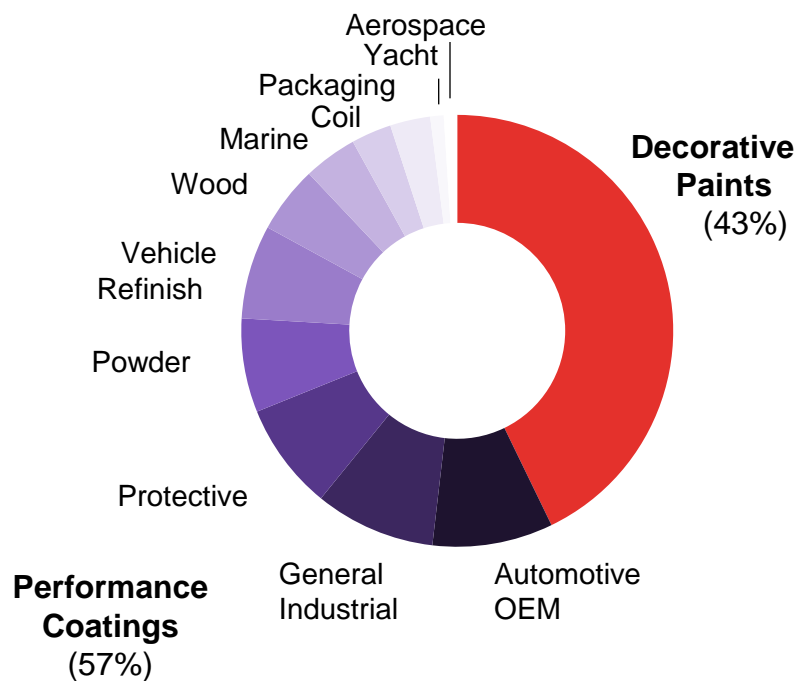
Growth Potential

- As regulations restricting the use of NPE-based initiators come into force, the sustainability credentials of the LaDox initiator product portfolio will lead to significant growth

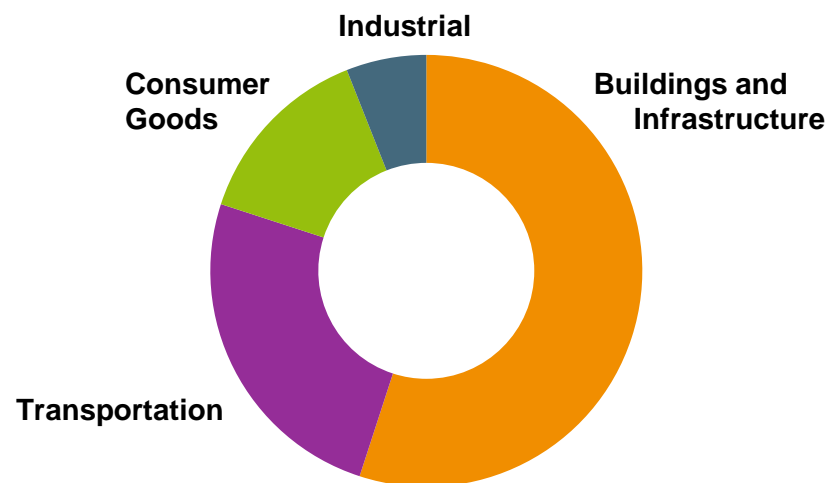
A more environmentally-friendly peroxide initiator

The global paints and coatings market is around €75 billion




By market sector
2011, 100% = €75 billion



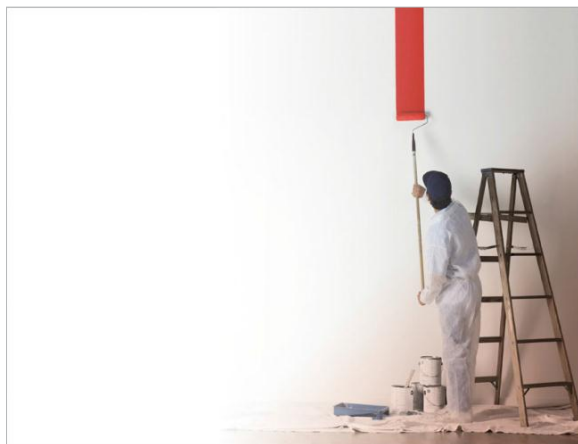
By end-user segment
2011, 100% = €75 billion



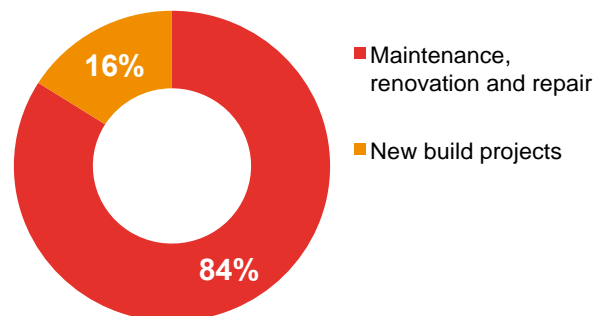
AkzoNobel has many leading market positions

		No.1 Position	Other key players
Decorative	Multiple regions outside North America		PPG, regional players
	North America*	Sherwin-Williams	PPG, regional players
Protective			Sherwin-Williams, Jotun
Powder			Axalta, Jotun, regional players
Auto refinish		Axalta	PPG, AkzoNobel
Wood			Sherwin-Williams, Valspar
Marine			Jotun, Chugoku
Coil			PPG, Beckers

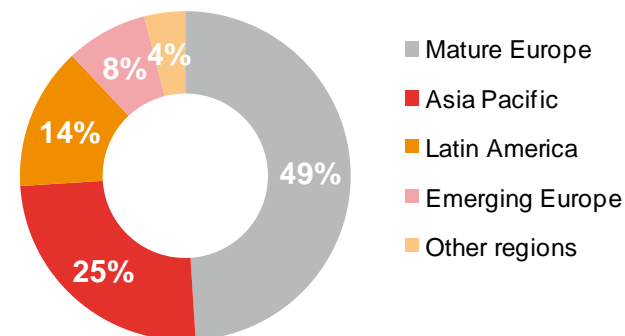
Decorative Paints overview



Revenue by end-user sub-segment



Revenue by geographic region



Decorative Paints key figures

(new definition)

€ million	2012*
Revenue	4,297
EBITDA	284
Operating income	94
Return on sales	2.2%
Return on investment	3.0%
# Employees	17,020

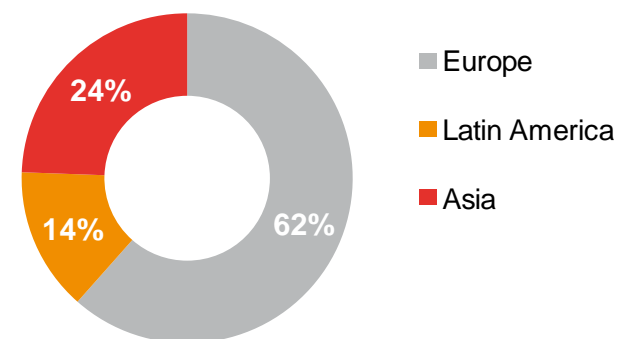
BA-level core processes and capabilities

- Branding
- Distributor, wholesaler, retail management
- Understanding and serving professional painters
- Consumer inspiration
- Quality management, including product portfolio management

Decorative Paints sees limited overall market sector growth in the near future

End-user sub-segment	Geographic region	Forward looking trends
New build projects	Europe	➔
	North America	➔
	Asia	➔
	Latin America	➔
Maintenance, renovation and repair	Europe	➔
	North America	➔
	Asia	➔
	Latin America	➔

Revenue by Business Unit



Expected market growth for the market sectors relevant to AkzoNobel: 3-4%



After the divestment of North America, our focus is on adapting Europe, and investing in high growth markets

Europe

- European organization **de-layered**
- Better **proximity to customers**
- Implemented standard processes and merged ERP system to one
- Implementing a single business entity
- Restructuring cost and benefits for 2013 included in Performance Improvement Program
- Additional costs are expected in 2014; total recurring operational **benefits of €100 million** will be realized by end of 2014

High growth markets

- Additional **investment** in China
- Continuously **expanding the franchise network** in China, India, and South East Asia
- Stronger **focus** on Eastern Europe, Middle East and Africa
- **Expansion** of activities in Latin America



Decorative Paints strategic direction

Noteworthy events 2012

- Launched “Let’s Color” brand and campaign globally
- Global campaigns to inspire customers
- Expanded store network in China and India
- Announcement divestment of Decorative Paints North America
- Realigning and restructuring European business

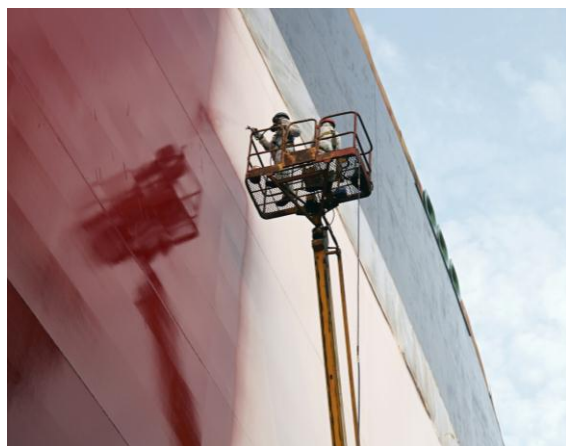
Actions going forward

- Expand manufacturing capacity in China and India
- Expand market presence in emerging Europe and the Middle East
- Complete the divestment of North America
- Launch new products for the high growth markets
- Deliver on the realignment of the European organization

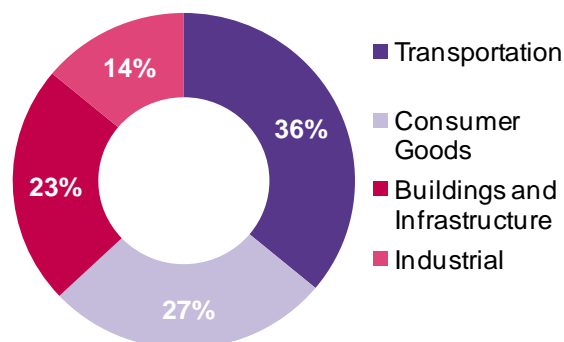
Expected 2015 financial outcomes

- Organic revenue growth: 5%
- Return on sales: 7.5%
- Return on investment : 12%

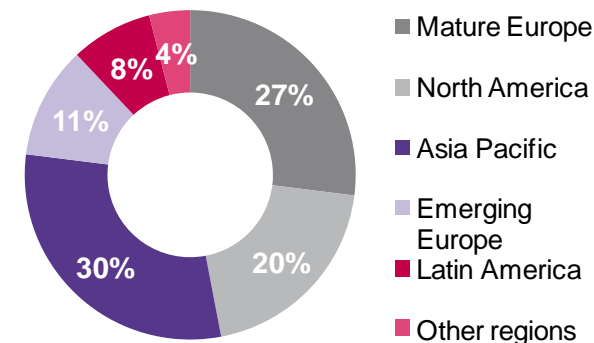
Performance Coatings overview



Revenue by end-user segment



Revenue by geographic region



Performance Coatings key figures (new definition)

€ million	2012
Revenue	5,702
EBITDA	673
Operating income	542
Return on sales	9.5%
Return on investment	21.7%
# Employees	21,310

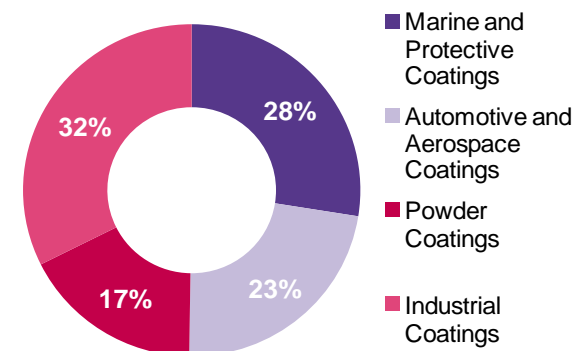
BA-level core processes and capabilities

- Industrial key account management
- Technical support and service
- Design, color and color matching
- Continuous innovation in functionality and ease-of-use
- Sustainable, safe solutions

Performance Coatings sees growth in several key market sectors

End-user segment	Performance Coatings market sectors serving the segment	Forward looking trends
Transportation	Automotive and air Marine transport	↗ →
Consumer Goods	Powder and packaging coatings, wood and specialty plastic finishes	↗
Buildings and Infrastructure	Protective, coil and powder coatings, wood finishes	↗
Industrial	Protective and powder coatings	↗

Revenue by Business Unit



Expected market growth for the market sectors relevant to AkzoNobel: 4%

Performance Coatings strategic direction

Noteworthy events 2012

- Schramm acquisition integration on track
- Opened a new manufacturing facility in Vietnam
- Multiple sport stadium contracts for London Olympics and Brazil's future events
- McLaren partnership expanded
- Realigned organization to four Business Units (from five)
- Reorganized Europe for multiple Business Units (Wood, Marine, Automotive)

Actions going forward

- Complete manufacturing expansion for automotive refinish in China
- Complete Schramm integration
- Product and margin management
- Continue product line rationalization
- Continue ERP consolidation



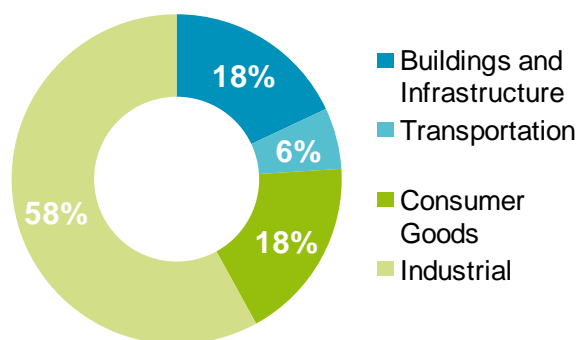
Expected 2015 financial outcomes

- Organic revenue growth: 5%
- Return on sales: 12%
- Return on investment: 25%

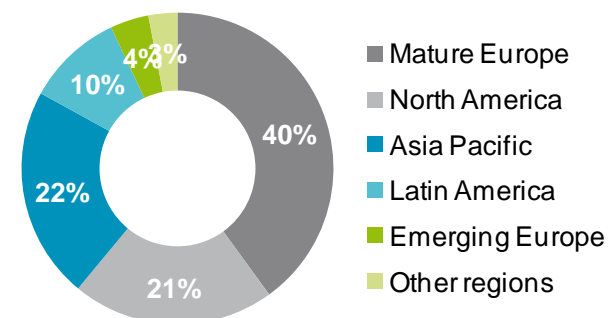
Specialty Chemicals overview



Revenue by end-user segment



Revenue by geographic spread



Specialty Chemicals key figures (new definition)

€ million	2012
Revenue	5,543
EBITDA	830
Operating income	500
Return on sales	9.0%
Return on investment	13.6%
# Employees	10,750

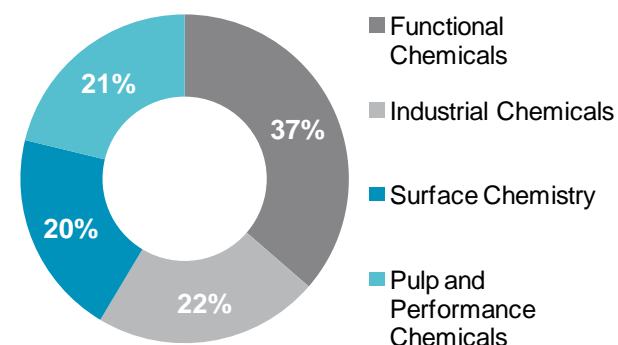
BA-level core processes and capabilities

- Management of integrated value chains
- Continuous technological advancement
- Engineering and project management
- Process safety
- Product and margin management
- Managing capital intensive businesses and expansions

Specialty Chemicals sees limited growth in its key market sector positions

End -user segment	Specialty Chemical market sectors serving the segment	Forward looking trends
Industrial	Surface Chemistry, Industrial Chemicals, Functional Chemicals, Pulp and Performance	➔
Consumer Goods	Surfactants, polymers, chelates, ethylene amines, silica products	➔
Buildings and Infrastructure	Redispersable powders, cellulosic derivatives, chlorine, surfactants	➔
Transportation	Chlor-alkali, organic peroxides, metal alkyls	➔

Revenue by Business Unit



Expected market growth for the market sectors relevant to AkzoNobel: 3%

- Key challenges due to capacity surplus in ethylene amines
- Significant energy cost differentiation among regions

Specialty Chemicals strategic direction

Noteworthy events 2012

- Acquired Boxing Oleochemicals, China
- Further expansion in Ningbo, China multisite
- MCA expansion in Taixing, China
- Opened bleaching chemical Island in Brazil and further investment in another site
- Demerger and sales of Chemicals Pakistan

Actions going forward

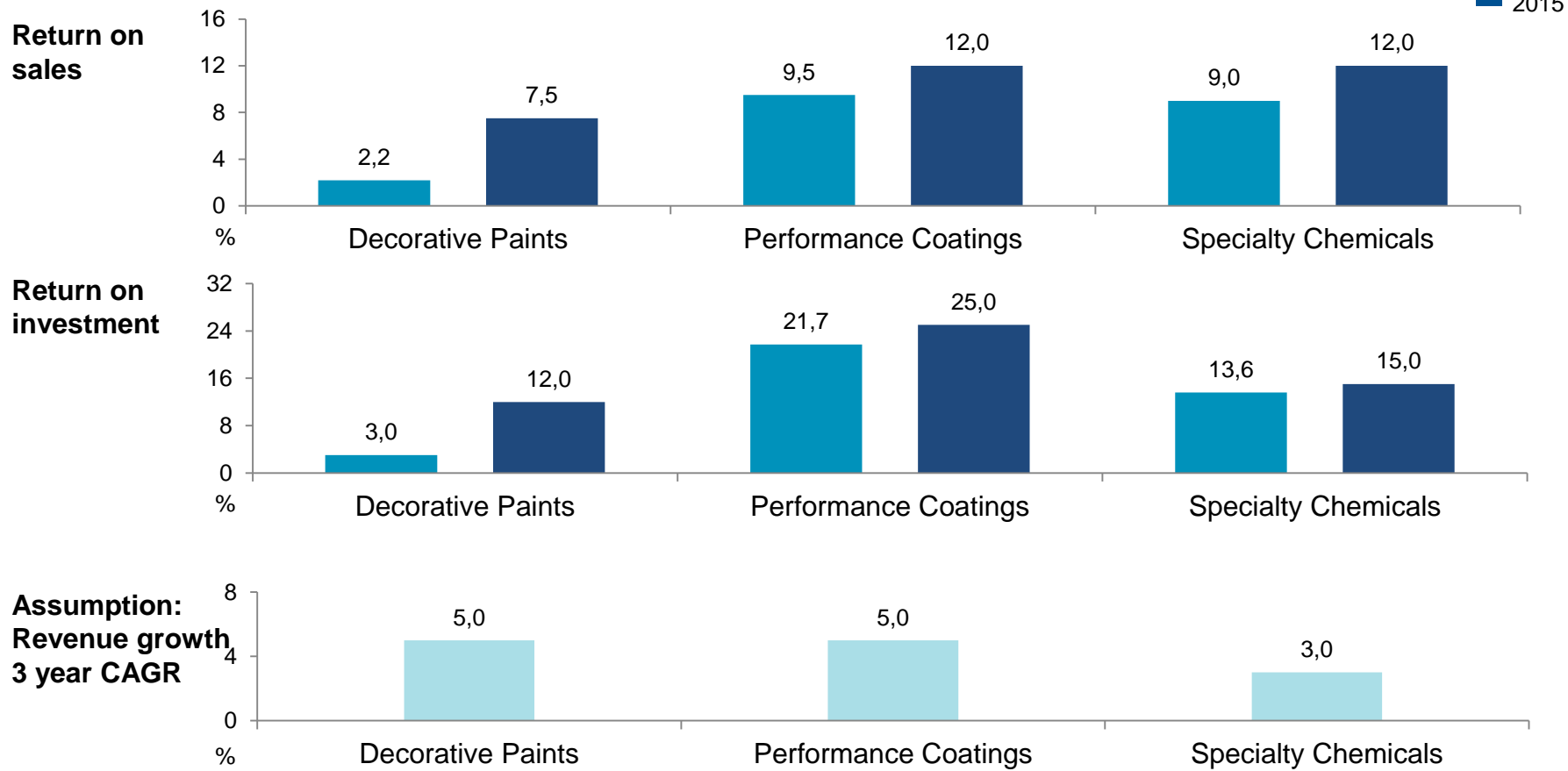
- Further integrate and grow Boxing
- Benefit from capacity expansions in Taixing, Brazil and Germany
- Generate growth from new products
- Further rationalize and consolidate ERP systems

Expected 2015 financial outcomes

- Organic revenue growth: 3%
- Return on sales: 12%
- Return on investment: 15%

Realistic expected 2015 outcomes

Expected Outcomes



Incidentals now included in EBITDA* as part of ongoing business

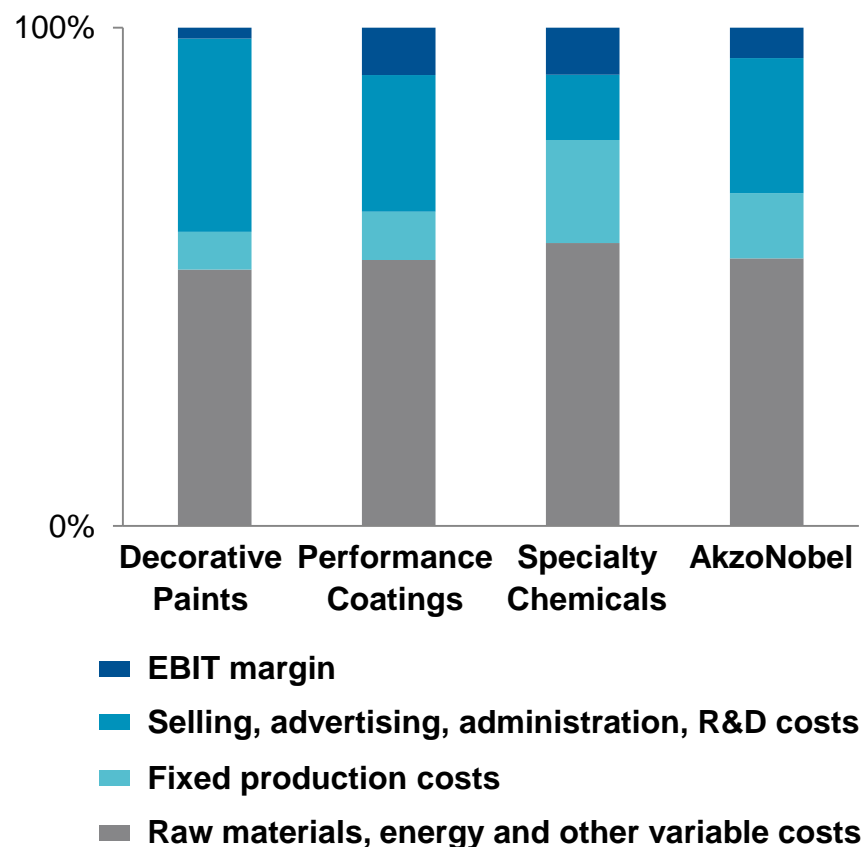
€ million	2010	2011	2012
Restructuring costs	(104)	(129)	(324)
Impairment Deco	-	-	(2,106)
Results related to major legal, anti-trust and environmental cases	(49)	(9)	(36)
Results of acquisitions and divestments	33	10	(45)
Other incidental results	(19)	2	(9)
Total Incidentals as reported	(139)	(126)	(2,520)
Restructuring costs	-	-	-
Impairment Deco	-	-	(2,106)
Results related to major legal, anti-trust and environmental cases	(49)	(9)	(20)
Results of acquisitions and divestments	33	10	(30)
Other incidental results	(16)	2	(14)
Total Restated Incidentals (incl IAS 19 impact)	(32)	3	(2,170)
Total difference	(107)	(129)	(350)
Of which IAS 19 impact on incidentals	-	-	6
Remaining difference due to definition change)	(107)	(129)	(344)
EBITDA as reported	2,009	1,834	1,901
EBITDA adjustment due to new definitions	(107)	(129)	(344)
EBITDA adjustment due to IAS 19 impact	13	12	40
Restated EBITDA (IAS 19 impact included)	1,915	1,717	1,597

* Restated for IAS19 adjustments which impact the other line

Variable costs represent 54% of revenue

Profit and loss breakdown*

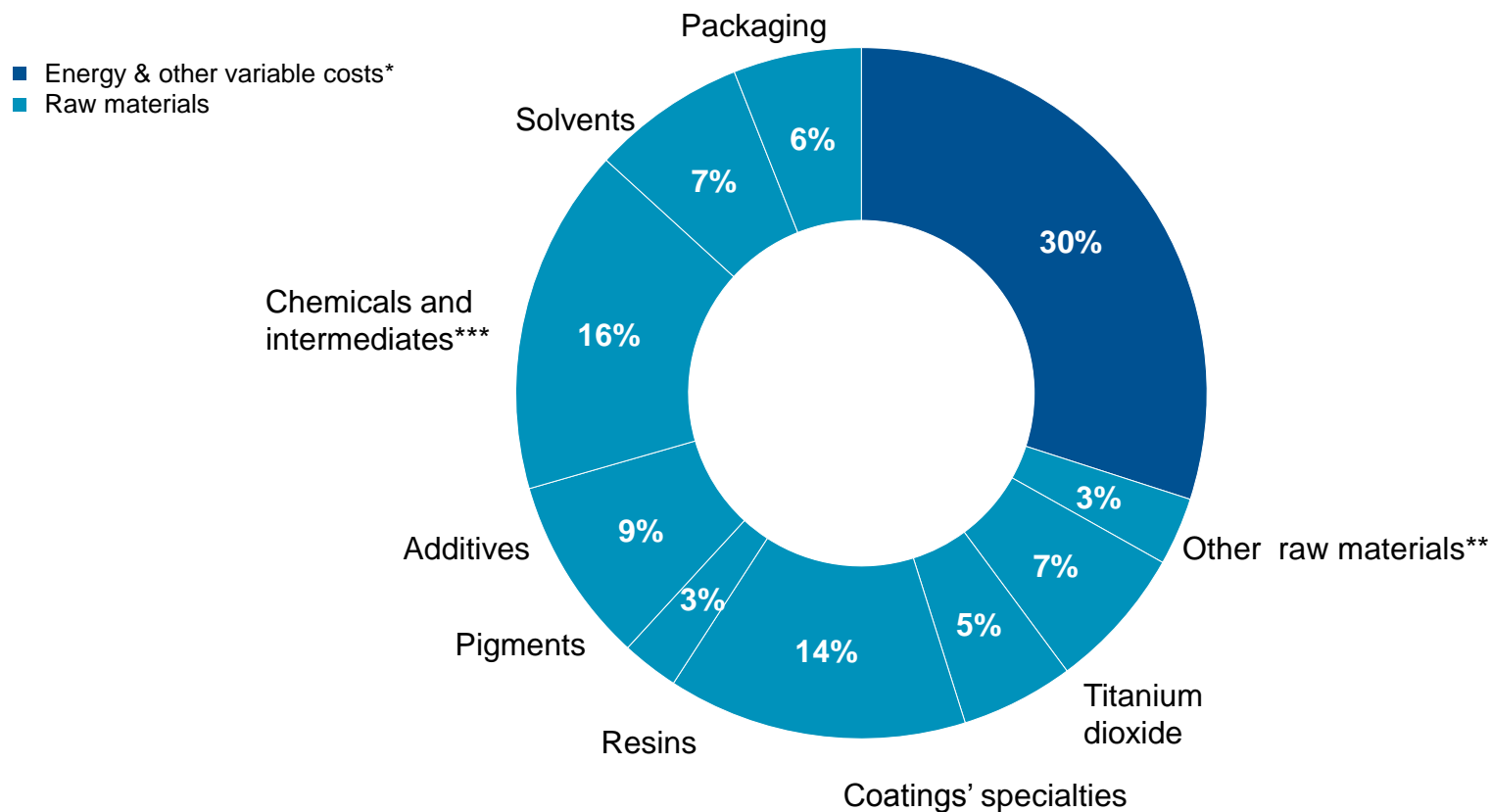
% of total



- Decorative Paints is more driven by personnel costs in the distribution network, while Specialty Chemicals has more production costs
- Operating expense growth is primarily due to wage inflation
- The performance improvement program benefits are equally split between fixed and variable costs

Variable costs analysis

2012 (excluding Decorative North America)



* Other variable costs include variable selling costs (e.g. freight) and products for resale ** Other raw materials include cardolite, hylar etc.

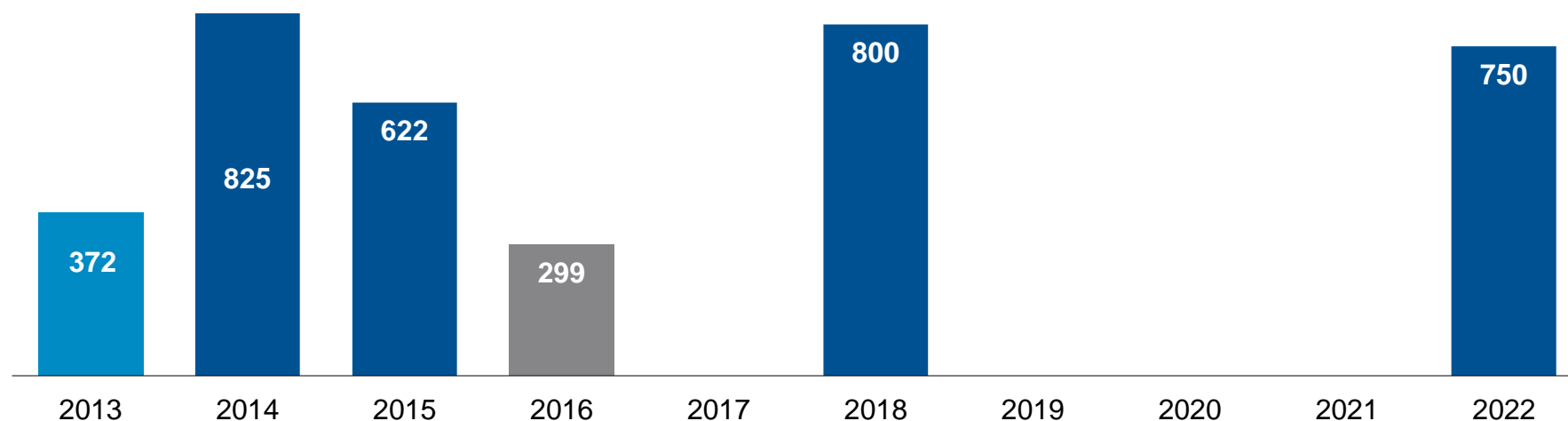
*** Chemicals and intermediates include caustic soda, acetic acid, tallow, ethylene, ethylene oxide, sulfur, amines etc.

Debt duration 3.5 years and no refinancing currently required

Debt maturities*

€ million (nominal amounts)

■ € bonds ■ \$ bonds ■ £ bonds



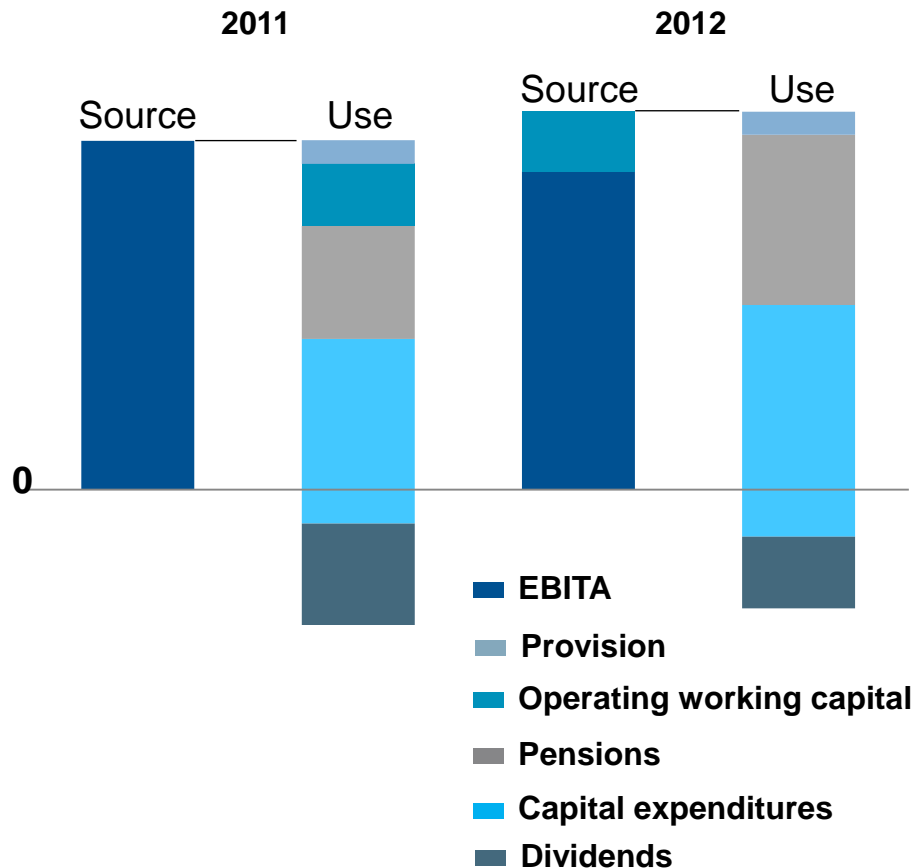
Strong liquidity position to support growth

- Undrawn revolving credit facility of €1.8 billion (2018)
- €1.5 and \$3 billion commercial paper programs, backed by the revolving credit facility
- Net cash and cash equivalents €2.1 billion*

* At the end of Q3 2013

AkzoNobel sources and uses of cash remains a key challenge we are addressing

Cash flow sources and uses € million



- We are not generating enough cash from operations to adequately meet our needs
- Restructuring and pension top-ups consume a significant proportion of cash
- We have been borrowing to pay dividends
- Need to generate more cash from better performance
- Remuneration metrics have been adjusted to include cash generation

Pension cash flow guidance

Defined benefit pension cash top-ups

€ million

2011 actual	353
2012 actual*	355
2013 estimated	~300
2014 -17 estimated	~330/year
2018 estimated	~100

Regular contributions

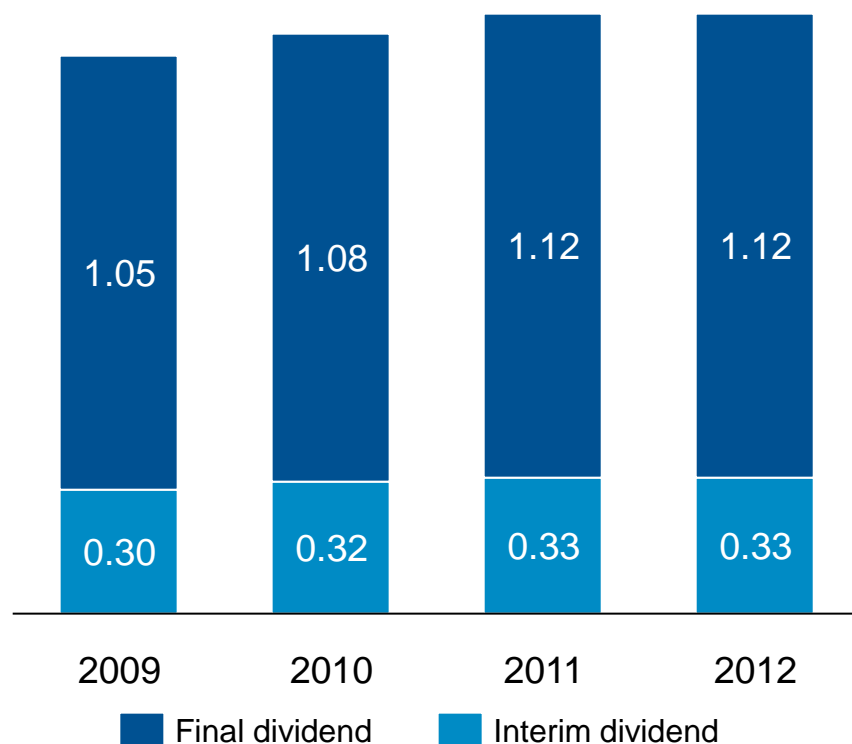
€ million 2013 estimated

Defined benefit	110
Defined contribution	180

- Top-ups relate mainly to the UK
- Top-ups are based on prudent actuarial valuation of liabilities, which differs from accounting liability
- Actuarial pension deficit of the 2 main UK plans is estimated at €1.5 – 2 billion
- Recent actuarial funding reviews on ICI and CPS pension funds in the UK have resulted in reduced top-ups by €485 million over the next six years
- The next triennial reviews will be completed in 2015

* Excludes one-off cash transfer of €239 million to ICI Pension Fund in the UK being termination of a contingent asset structure.

Dividends



- Our dividend policy is to pay a stable to rising dividend each year
- An interim and final dividend will be paid in cash unless shareholders elect to receive a stock dividend

Both short & long term incentives have been aligned with our priorities

Executive short term incentive 2013

STI Element	Metric
20%	Return on investment
20%	Operating income
30%	Operating cash flow
30%	Personal targets – related to performance improvement plan

Executive long term incentive 2013

LTI Element	Metric
35%	Return on investment
35%	Total Shareholder Return
30%	Sustainability / SAM - DJSI

- More than 600 executives are affected by this change
- Alignment of priorities