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Third Quarter and **Nine Months 2007** **Results**

1 November 2007



Agenda

Alan Brown, Chief Financial Officer

- Highlights
- Operating and financial review
- Summary and outlook
- Q&A



Third Quarter Group Highlights

- 5% comparable¹ sales growth
- 12% comparable¹ growth in trading profit
- 13.3% trading margin (2006 Q3: 12.4%)
- 18% growth in Group adjusted PBT to £177m
- 24% growth in Group adjusted net profit to £138m
- Acquisitions
 - Dulux from AECI in Southern Africa
 - Advance Applied Adhesives for Electronic Materials

Strong third quarter : sales, profit and margin all ahead

¹ "Comparable" excludes effects of currency translation and impact of acquisitions and divestments. At Group level, refers to continuing operations only.



Highlights – Nine Months

- Group adjusted profit before tax £432m, 15% ahead of 2006
- Net profit after special items¹ £1,145m including £912m profit on sale of Quest
- Adjusted earnings per share 28.4p up 22%
- Net cash £243m (2006: Net debt £481m)

Good progress in first nine months of 2007

¹ Attributable to ICI equity holders



Trading Environment

Mixed trading environment

- Asia and Latin America remained strong
- European markets were varied
- North America remained challenging

Mixed trends in raw material pricing

- High inflation for acrylates used in Adhesives and Paints
- Corn and tapioca cost inflation for Specialty Starches
- TiO₂ prices have been benign but outlook more negative
- Price increases where necessary to mitigate cost inflation



Group Results: Sales

	Q3 2007	Growth %	9M 2007	Growth %
Comparable¹ Group Sales²		5%		5%
Foreign exchange translation effects		(3)%		(6)%
Business acquisitions and divestments		<(1)%		<(1)%
Reported Sales²	£1.3bn	2%	£3.7bn	(1)%

1 "Comparable" excludes the effects of currency translation and the impact of acquisitions and divestments

2 Continuing operations only



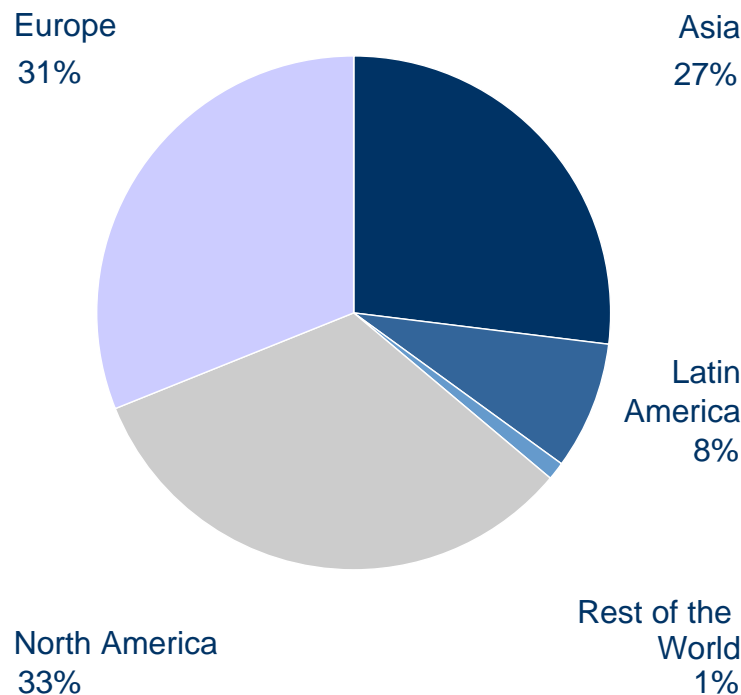
Group Results: Sales by Region

Continuing Group

Comparable growth¹

	Q3	9M
Asia	10%	10%
- Decorative Paint	21%	20%
- National Starch ²	10%	11%
Latin America	11%	12%
North America	(1)%	(2)%
- Decorative Paint	(5)%	(6)%
- National Starch	5%	4%
Europe	5%	6%
- Decorative Paint	-	4%
- National Starch	12%	11%

9M 2007 Sales by customer location



¹ "Comparable" excludes effects of currency translation and impact of acquisitions and divestments

² Excludes Japan and Australasia



Paints

	Q3 2007	9M 2007	Comparable		% of 9M 07 continuing reporting segment	
			Q3	9M		
Sales:	£640m	£1,826m	3%	3%	 Sales 50%	 Trading Profit 50%
Trading profit ¹ :	£98m	£225m	10%	10%		
Trading margins:	15.3%	12.3%				

- Decorative UK and Republic of Ireland (22% of Paints²):** Sales were in line with the prior year. Growth in UK Trade and Ireland was offset by weaker demand in UK Retail. Gross margin percentages improved and trading profit was slightly ahead of a good Q3 2006.
- Decorative Continental Europe (11% of Paints²):** Sales ahead 3% with growth the Benelux region and Eastern Europe partly offset by weakness in Germany. Gross margin percentages were lower, but good control of costs below gross margin contributed to increase in trading profit.



1 Before special items
2 % of 9M 07 sales of ICI Paints



Paints continued

	Q3 2007	9M 2007	Comparable		% of 9M 07 continuing reporting segment	
			Q3	9M		
Sales:	£640m	£1,826m	3%	3%		Sales 50%
Trading profit ¹ :	£98m	£225m	10%	10%		Trading Profit 50%
Trading margins:	15.3%	12.3%				

- Decorative North America (34% of Paints²):** Sales 5% lower, volume demand for US Retail and US Trade depressed by continued weakness in the US housing market. Gross margin percentages up helped by improved product mix in US Trade and Canada. With good cost control, trading profit was ahead.
- Decorative Asia (15% of Paints²):** Sales up 21% with double digit growth in key developing markets in China, India, Indonesia and Pakistan. Growth in China was over 30% reflecting further regional expansion. Gross margin percentages in Asia were up and trading profit was significantly ahead.



1 Before special items
2 % of 9M 07 sales of ICI Paints



Paints continued

	Q3 2007	9M 2007	Comparable		% of 9M 07 continuing reporting segment	
			Q3	9M		
Sales:	£640m	£1,826m	3%	3%		Sales 50%
Trading profit ¹ :	£98m	£225m	10%	10%		Trading Profit 50%
Trading margins:	15.3%	12.3%				

- Decorative Latin America (8% of Paints²):** Sales grew 12% with increased volume demand in all countries. Gross margin percentages were broadly in line with the prior year. Costs below gross margin were higher, but with stronger top line performance, trading profit was ahead.
- Packaging Coatings (10% of Paints²):** Sales up 4% reflecting improved selling prices. Gross margin percentages were lower due to adverse mix effects and continued raw material cost pressure. With good cost control due to the benefits of restructuring, trading profit was ahead.



1 Before special items
 2 % of 9M 07 sales of ICI Paints



National Starch: Adhesives

	Q3 2007	9M 2007	Comparable		% of 9M 07 continuing reporting segment	
			Q3	9M		
Sales:	£264m	£791m	4%	5%		Sales 21%
Trading profit ¹ :	£23m	£67m	31%	11%		Trading Profit 15%
Trading margins:	8.7%	8.4%				

- Sales up 4%; growth across all regions.
- Strong sales growth in China, India and Vietnam was partly offset by weakness in Japan and South Korea. Good growth in Europe and Latin America in part from increased demand from non woven applications. Sales in North America were ahead due to pricing and some new account wins.
- Strong operating performance; Gross margin percentages were up, despite selective raw material cost inflation, reflecting some price increases and reduced supply chain costs in part due to non-recurring charges in Q3 2006.
- With good control of costs below gross margin, trading profit was 31% ahead.



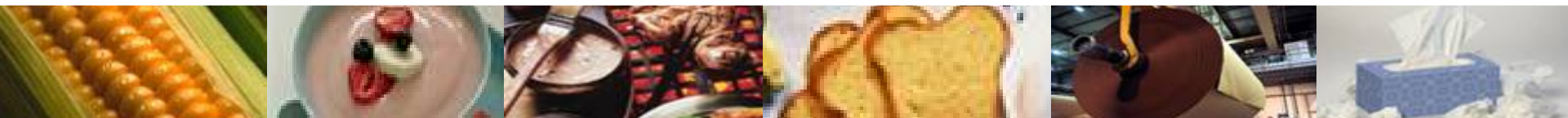


National Starch: Specialty Starches

Comparable

	Q3 2007	9M 2007	Q3	9M	% of 9M 07 continuing reporting segment	
Sales:	£139m	£402m	16%	13%	<p>Sales 11%</p>	<p>Trading Profit 12%</p>
Trading profit ¹ :	£20m	£53m	11%	27%		
Trading margins:	14.0%	13.1%				

- Sales up 16%; good growth in all regions and double digit growth for industrial and food starches due to volume demand and some price increases.
- Strong food sales in Europe, helped by significant growth of wholesome Novation® starches. Latin America food sales growth driven by higher demand in Mexico. Good progress on potato starch alliance with AVEBE in North America.
- Gross margin percentages impacted by higher corn and tapioca costs.
- Costs below gross margin were lower and strong underlying trading performance was held back due to impact of a one off cost saving made in Q3 2006.
- Trading profit was up 11%.



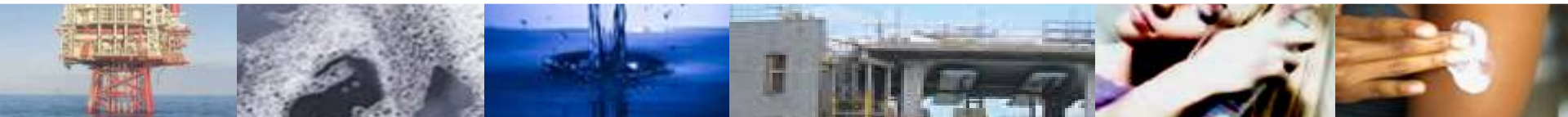


National Starch: Specialty Polymers

Comparable

	Q3 2007	9M 2007	Q3	9M	% of 9M 07 continuing reporting segment	
Sales:	£74m	£213m	15%	14%		Sales 6%
Trading profit ¹ :	£15m	£44m	29%	31%		Trading Profit 10%
Trading margins:	20.9%	20.7%				

- Sales up 15%; led by overall strong double digit growth in Europe and Asia.
- Elotex achieved another quarter of exceptional sales growth for its construction materials polymers in Europe and Asia.
- Personal Care delivered strong sales growth due to higher demand for sunscreen and hair care polymers notably in Europe and North America.
- Alco sales were up with strong growth in Europe offset by lower Asian sales.
- Gross margin percentages were ahead and trading profit was up 29%.





National Starch: Electronic Materials

Comparable

	Q3 2007	9M 2007	Q3	9M	% of 9M 07 continuing reporting segment	
Sales:	£49m	£145m	4%	3%		
Trading profit ¹ :	£12m	£35m	7%	(1)%		
Trading margins:	24.2%	24.0%				

- Sales up 4%; reflecting improved demand in consumer electronics.
- Ablestik sales were ahead with growth in most segments. Emerson & Cuming sales were up due to higher demand for digital displays and LED lighting. Acheson Electronic Material sales were broadly unchanged.
- Gross margin percentages were lower due to sustained high silver costs and less favourable profit mix. Costs below gross margin were lower reflecting benefits from restructuring and trading profit was up 7%.





Regional and Industrial

	Q3 2007	9M 2007	Comparable		% of 9M 07 continuing reporting segments	
			Q3	9M		
Sales:	£105m	£301m	5%	2%		Sales 8%
Trading profit ¹ :	£11m	£24m	1%	(7)%		Trading Profit 5%
Trading margins:	10.8%	8.1%				

- Sales ahead of prior year; good sales growth in ICI Pakistan partly offset by lower sales in Pakistan PTA and ICI Argentina.
- Pakistan PTA gross margin percentages were lower than last year reflecting the lower margin over paraxylene. The PTA cycle is not expected to turn until well into 2008.
- Overall, gross margin percentages were higher than last year due to improvements in the remaining activities. Costs below gross margin were slightly higher and trading profit was 1% ahead.





Trading Profit to Net Profit

	Q3 2007	9M 2007	As reported growth	
			Q3 2007	9M 2007
Trading profit¹	£168m	£421m	9%	7%
Discontinued operations	-	£12m		
Income from associates²	-	£3m		
Net finance income (expense)³	£9m	£(4)m		
Adjusted profit before tax³	£177m	£432m	18%	15%
Tax	£(31)m	£(74)m		
Special items after tax	£(48)m	£816m		
Minorities	£(8)m	£(29)m		
Net profit	£90m	£1,145m		

1 Continuing operations before special items

2 Net of interest and tax

3 Total Group before special items



Group Cash Flow

- Stable working capital to sales of 7.3%
- Acquisition spend £78m to date
- Cash outflow before acquisitions and divestments of £239m (2006 9M: £105m)
- Net cash £243m (2006: net debt £481m)



Conclusions

- Third quarter continued good progress in H1 2007
- Strong underlying performance from most businesses
 - good cost control
 - benefit of selective price increases
- Overall trading conditions were mixed
 - strong growth in particular in emerging markets
 - North American markets again challenging
- Focus on improved operational effectiveness has led to further trading margin improvement



Outlook

- Expected out-turn for the year as a whole has improved
 - Asia and Latin America remaining buoyant
 - Further operational efficiency improvements expected
- Results for the fourth quarter and the year are forecast to be ahead of our previous expectations



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Questions & Answers



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Third Quarter 2007

Supplementary Information



Foreign Exchange Translation

- Main impact from USD depreciation
- £20m adverse profit impact on translation in 9M
- 1 cent movement ~ £1.6m full year trading profit impact
- Indicative figures only, based on 9M profit mix and average Oct 2007 rates

GBP/USD	Q1	Q2	Q3	Q4	FY
2007	1.95	1.99	2.02	2.04*	2.00*
2006	1.75	1.83	1.87	1.92	1.84
Trading profit impact	(£7m)	(£7m)	(£6m)	(£5m)*	(£25m)*

Assumptions:
 9M 07 trading profit mix remains unchanged
 Average £/\$ rate of 2.04 for Oct 2007 continues to end of year

* Indicative estimates only

Cash flow before acquisitions and divestments



	9M 2007 £m	9M 2006 £m
EBITDA – continuing operations	512	488
EBITDA – discontinued operations	12	87
Total Group EBITDA	524	575
Working capital movements	(212)	(173)
Post-retirement benefit charges in EBITDA	29	36
Post retirement benefit payments	(234)	(208)
Purchase / sale of fixed assets	(105)	(79)
Cash flows from special items	(70)	(43)
Interest and tax	(71)	(128)
ESOP financing costs	(24)	-
Dividends paid	(71)	(60)
Legacy and other items	(5)	(25)
Cash flow before acquisitions and divestments	(239)	(105)

Cash flow from acquisitions, divestments and other activities



	9M 2007 £m	9M 2006 £m
Cash flow before acquisitions and divestments	(239)	(105)
Net disposal proceeds	1,194	358
Post retirement benefit payments – disposal related	(226)	-
Tax in relation to disposals	(11)	(1)
Acquisitions	(78)	(19)
ESOP share purchase / options exercised	(70)	(12)
Other	2	61
Total movement in net cash / (debt)	572	282
Net Debt Opening Balance	(329)	(763)
Net Cash / (Debt) Closing Balance	243	(481)



Forward looking statements

This document contains statements concerning the Group's business, financial condition, results of operations and certain of the Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items. These statements are intended as forward-looking statements.

The Company cautions that any forward-looking statements in this document may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this document, including, without limitation, changes in the Group's business or acquisition or divestment strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

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