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Q3 2005 Results

October 19, 2005

Q3 2005 Results Press Conference

- Topline up across the board; revenue EUR 3.3 bln, up 6%
 - Emerging markets strong
 - Mature markets under pressure
- Basic EBIT EUR 315 mln, down 7%
 - R&D ramping up at Organon – investing in the future
 - Impact energy and raw material prices
- Net income excluding one-offs down 2%
- Further cost saving measures to be expected

Q-3, EUR mln	2005	Δ%
Revenues*	3,299	6
Basic EBIT*	315	(7)
Net income	175	(66)
Net income* excluding one-offs	200	(2)
	2005	2004
Basic EBIT margin, %*	9.5	10.9
EPS, EUR	0.61	1.78

* Present operations

- Basic EBIT decreased 7% to EUR 315 mln

- **Topline growth all groups**

- **Growth emerging markets**

- **Intervet performance**

- **Higher R&D spend Organon**

- **Energy/raw materials**

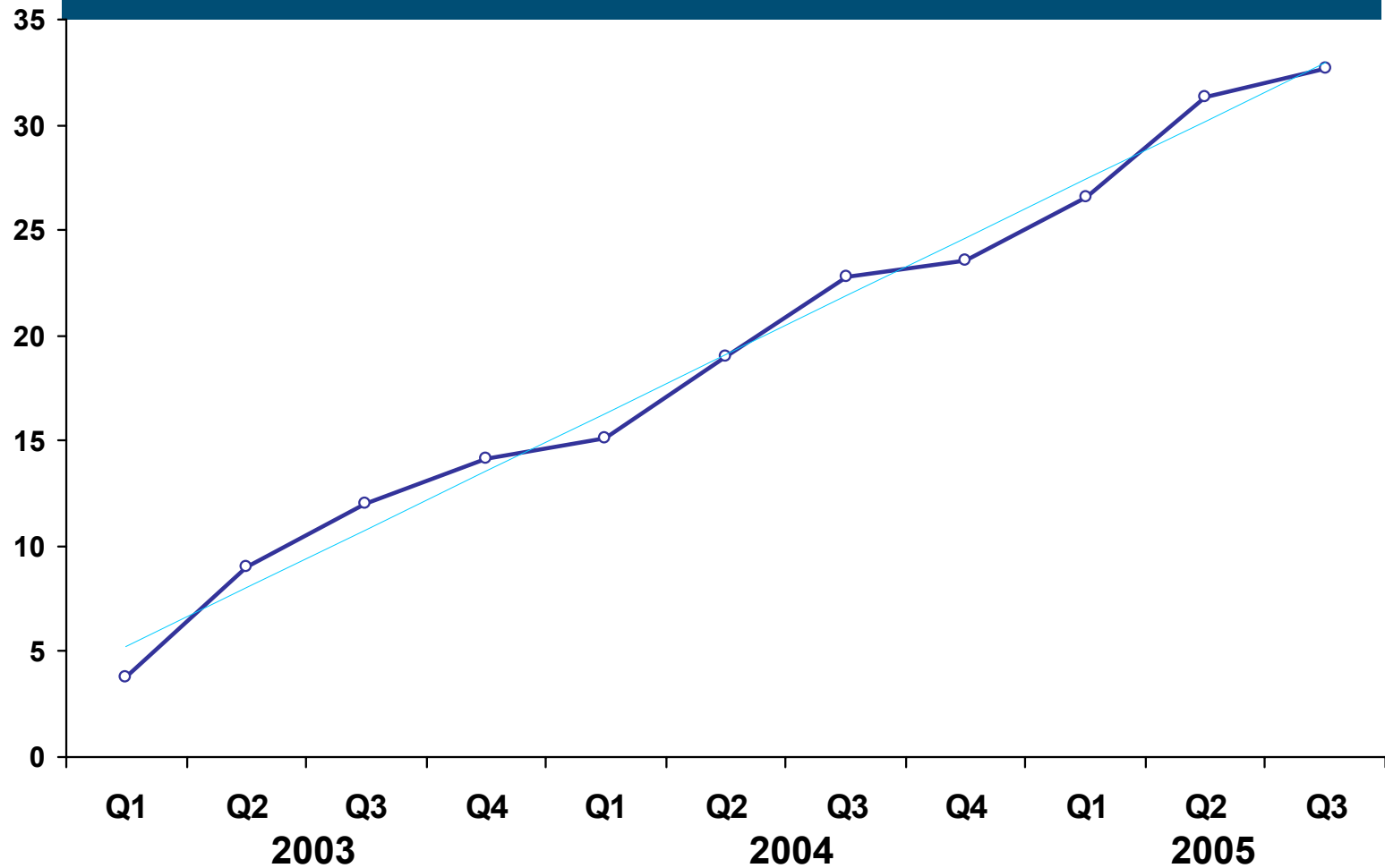
- **Subdued mature markets**



NuvaRing® – direct marketing campaign in US



EUR mln NuvaRing® Quarterly Sales 2003 – YTD



Q-3 2005 highlights

- **Topline continues to grow**
- **NuvaRing[®] up**
- **Puregon[®] up**
- **R&D ramping up**
- **Pharmaceutical ingredients continue to suffer**

Key priorities

- **Topline growth**
- **Pipeline progress**
- **Pharmaceutical ingredients**

Autonomous growth, %	on Q-3 2004	on Q-2 2005
Contraceptives	9	1
– of which NuvaRing [®]	43	5
Puregon [®] /Follistim [®]	28	(6)
Remeron [®] outside U.S.	(18)	(8)
Livial [®]	(2)	(4)
Pharmaceutical ingredients	(9)	(4)

<i>Q-3, EUR mln</i>	2005	Δ%
Revenues	590	2
Basic EBIT	68	(17)

<i>Ratios</i>	2005	2004
Basic EBIT margin	11.5	14.2
S&D as % of revenues	31.0	32.1
R&D as % of revenues	18.3	16.9



Intervet – solution & capacity for avian influenza H5N1



Intervet – excellent quarter; strong autonomous growth as strategy delivers

Q-3 2005 highlights

- **Topline clearly up, 9% autonomous growth**
- **All regions and virtually all products up**
- **Efficiency improvements**
- **EBIT up more than 20%**
- **Most of feed additives divested**

Key priorities

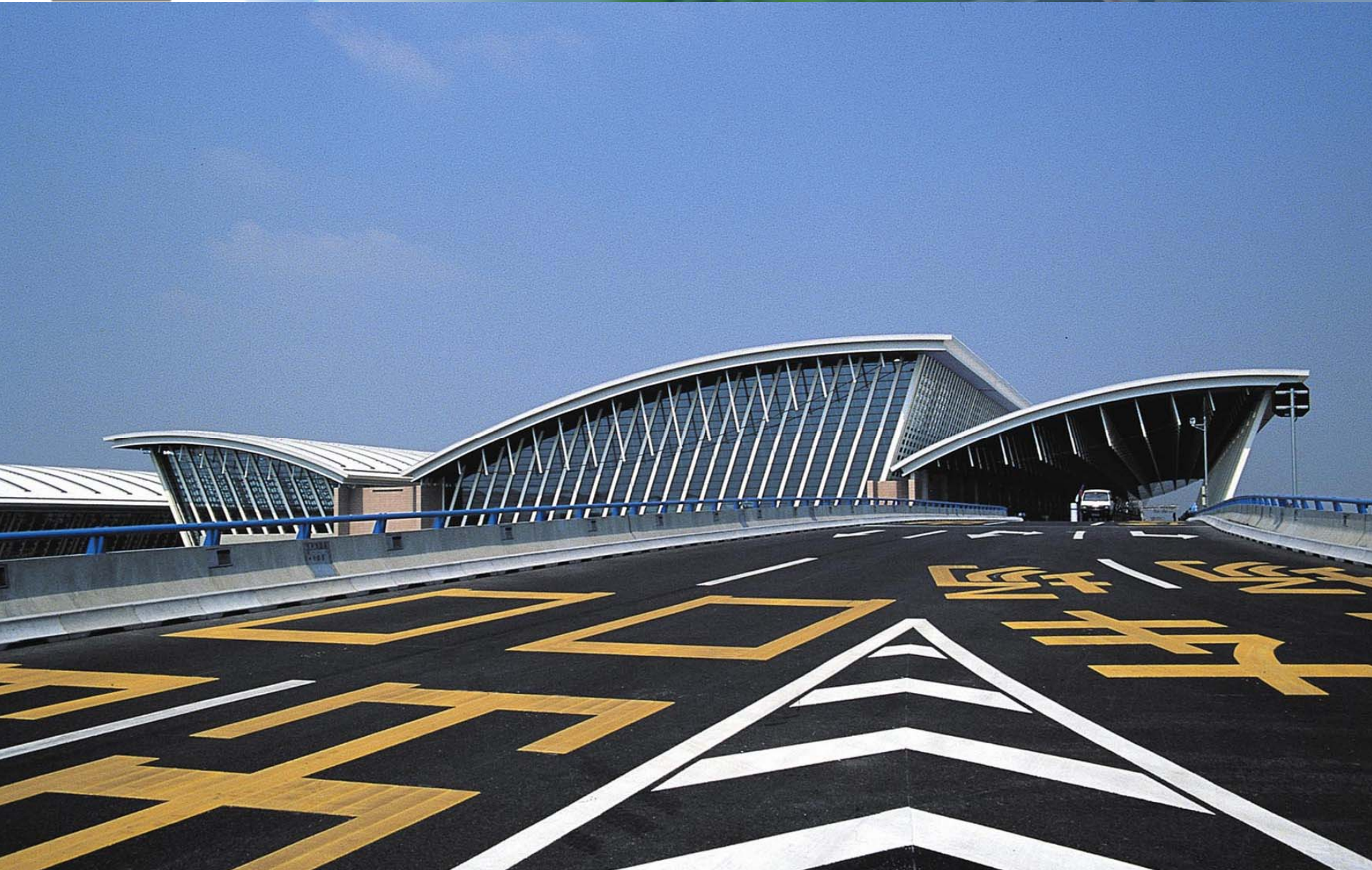
- **Innovation and new product launches → growth**
- **Complete roadmap execution**
- **Maintain performance**

Q-3, EUR mln	2005	Δ%
Revenues	277	10
Basic EBIT	56	24

Ratios	2005	2004
Basic EBIT margin	20.2	17.9
S&D as % of revenues	24.2	24.6
R&D as % of revenues	9.7	11.1



Coatings – powder and protective coat Pudong terminal



Coatings in China

- Total China revenues some USD 650 mln; 2010 Target USD 1 bln
- Some USD 500 mln from Coatings
- Ambition:
No 1 Coatings Company in China
- 13 sites; 2,650 employees

Positions/potential

- Among top 5 producers in Asia
- Leading positions China/Asia:
 - Marine & Protective Coatings
 - Powder Coatings
 - Wood Coatings
- High potential:
 - **Decorative Coatings** – world's No 2 market; *distribution key* – Toide acquisition delivered 200 outlets
 - **Car Refinishes** – 60 mln cars!

Q-3 2005 Highlights

- **Topline up, volumes steady**
- **Emerging markets strong, China above average**
- **Industrial activities regaining strength**
- **Car Refinishes getting back on track**
- **Decorative under pressure in mature markets**
- **Raw materials y-o-y up 9%**

Key priorities

- **Step up growth in emerging markets**
- **Restore margins**
- **Focus on cost savings in mature markets**
- **Continue price increases**

<i>Q-3, EUR mln</i>	2005	Δ%
Revenues	1,457	5
Basic EBIT	142	(6)

<i>Ratio</i>	2005	2004
Basic EBIT margin	9.7	10.9



Chemicals in emerging markets – major plant opened in Brazil



Chemicals – steady despite energy costs; all growth platforms contributing

Q-3 2005 highlights

- **Topline improved**
- **Performance stable despite headwinds energy and raw material prices**
- **Pulp & Paper Chemicals – recovery from Q2**
- **Base Chemicals – strong performance**
- **Divestment program – progressing well, interest high**

Key priorities

- **Grow five core platforms**
- **Grow in emerging markets**
- **Execute performance roadmaps**
- **Complete divestments**

Chemicals – Autonomous growth 3%

<i>Q-3, EUR mln</i>	2005	Δ%
Revenues	966	4
Basic EBIT	83	(1)

<i>Ratio</i>	2005	2004
Basic EBIT margin	8.6	9.1

Present operations

Strong financial position



<i>Sept. '05 / Dec. '04; EUR bln</i>	2005	2004
Equity	3.4	2.8
Net borrowings	1.8	1.4
Gearing (ratio)	0.53	0.51
<i>YTD ratios</i>	2005	2004
Interest coverage	9.4	11.2
EBITDA coverage	13.2	15.2
<i>EUR</i>	2005	2004
Interim dividend	0.30	0.30

<i>YTD, EUR mln</i>	2005	Δ%
Revenues *	9,694	5
Basic EBIT *	901	(5)
Net income	644	(19)

	2005	2004
Basic EBIT margin, % *	9.3	10.3
EPS, <i>EUR</i>	2.25	2.77
Number of employees	61,420	62,990

* Present operations



Steady pace of execution on our priorities

	2005 DELIVERY	PRIORITIES
ORGANON	Return to topline growth; R&D ramp-up	Topline growth; R&D Pipeline; Pharmaceutical ingredients being addressed
INTERVET	Strong sales & EBIT growth; Execution roadmap; New products	Execute remainder of roadmap
COATINGS	Topline growth; Price increases	Acquisitions; Grow emerging markets; Address mature market cost base; Continued price increases
CHEMICALS	Improved performance despite energy and raw material prices; All units contributing to growth	Grow emerging markets; Performance roadmaps; Divestment program

Net income*
around EUR 800 mln

**This excludes restructuring and impairment charges, charges related to major legal, antitrust and environmental cases, results on divestments, the impact of the new pension scheme in the Netherlands, and the intended deal with Barr to settle their infringement of Organon's Mircette® patent.*



Safe harbor statement*

This report 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, including but not limited to the "Outlook for 2005", 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 complete 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 website www.akzonobel.com.

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



Creating a platform for growth