

# AKZO NOBEL

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Hans Wijers, CEO

*Delivering on growth*

# Delivering on growth

- Strategic progress
- Revenues up
- Net income up
- Strong financial position

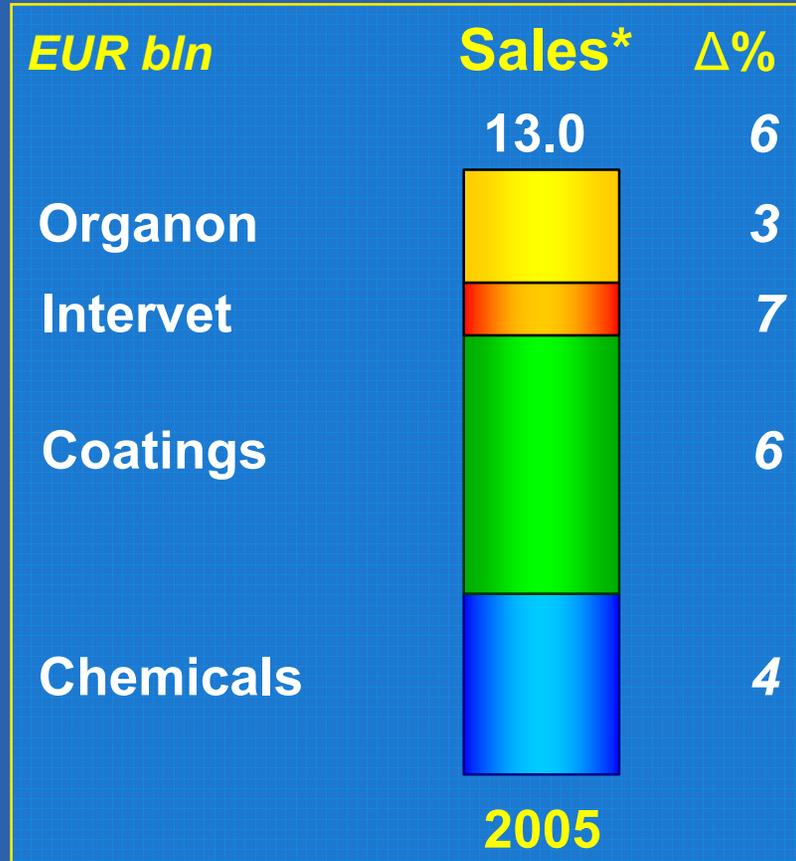
# Revenues growth; net income up

- Revenues from present operations up 6%
- EBIT down 3%
- EBIT excluding incidentals 6% lower
- Incidentals positive EUR 334 million
- Net income up at EUR 961 million

# Net income up

<i>EUR mln or %</i>	<b>2005</b>	<b>2004</b>	<b>Δ%</b>
Revenues*	13,000	12,251	6
EBIT	1,486	1,527	(3)
EBIT excl. incidentals	1,152	1,223	(6)
Net income	961	945	2
EBIT margin, %*	11.4	7.5	
EPS, <i>EUR</i>	3.36	3.31	
Number of employees	61,340	61,450	

# Autonomous growth 4%



## Drivers

Volume/prices	+4%
Currencies	+1%
Acquisitions	+1%
Divestments	-5%

# Operational EBIT – down 6%

## Drivers

Revenues growth

Higher R&D/S&D spend

Improved supply chain

Impacted raw materials/weak EU markets

Restructuring offset higher energy costs

All units

Organon

Intervet

Coatings

Chemicals

# Organon - Birth control & Innovation



# Organon – returning to growth

- Revenues – up 3%; strong finish
- Infertility products – excellent growth
- NuvaRing<sup>®</sup> – sales and market share up
- Lower EBIT – increased marketing and R&D spend
- Positive incidentals of EUR 145 million

# Organon – returning to growth

<i>EUR mln</i>	<b>2005</b>	<b>2004</b>	<b>Δ%</b>
Revenues	2,425	2,344	3
EBIT	415	275	51
EBIT excl. incidentals	270	326	(17)
<b>Ratios</b>			
EBIT margin	17.1	11.7	
S&D % revenues	32.9	32.8	
R&D % revenues	17.9	16.9	

## Intervet - # 3 worldwide in animal health



## Intervet – excellent growth

- Revenues – 7% growth
- EBIT margin of 21.8%
- Benefiting from supply chain improvements
- Feed additives divested
- Acquisition AgVax
- Nobilon – future growth platform

## Intervet – strong year

<i>EUR mln</i>	<b>2005</b>	<b>2004</b>	<b>Δ%</b>
Revenues	1,094	1,027	7
EBIT	238	184	29
EBIT excl. incidentals	209	173	21

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<b>Ratios</b>			
EBIT margin	21.8	17.9	
R&D % revenues	10.3	11.5	

# Coatings – innovative solutions for performance and environmental benefit



## Coatings – tough start, strong finish

- Revenue growth 6%
- Lower EBIT – raw material prices and weaker EU economies
- Strong recovery in H2 led by Industrial and Marine & Protective Coatings
- Decorative Coatings – management reorganization to meet global challenge
- Ongoing acquisitions and investments in emerging markets

## Coatings – H1 raw material pressure, picked up in H2

<i>EUR mln</i>	<b>2005</b>	<b>2004</b>	<b>Δ%</b>
Revenues	5,555	5,237	6
EBIT	384	406	(5)
EBIT excl. incidentals	423	467	(9)
<b>Ratio</b>			
EBIT margin	6.9	7.8	

# Chemicals – leadership in selected market segments



## Chemicals – successful realignment

- Growth of 4%
- Efficiency measures offset high energy prices
- Successful portfolio realignment; present operations record ROI
- Base and Functional Chemicals – strong performance
- Surfactants – clear improvement
- Divestment program – progressing well

## Chemicals – strong performance

<i>EUR mln</i>	2005	2004	$\Delta\%$
Revenues	3,890	3,735	4
EBIT	312	265	18
EBIT excl. incidentals	351	349	1

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<b>Ratio</b>			
EBIT margin	8.0	7.1	

# Incidentals - on balance EUR 334 million

+

	EUR mln
• Pension/ Healthcare	283
• Risperdal/Barr	258
• Divestments	44

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	EUR mln
• Impairments/ restructurings	169
• Remeron anti- trust	64

# Cash flow impacted by pension accounting

<i>Dec '05/Dec '04 ; EUR bln</i>	<b>2005</b>	<b>2004</b>
Cash generated by operations	1.4	2.0
Net change in cash	(0.4)	1.1
<b>Incidentals</b>		
- Dutch pensions deal	0.3	
- Redemption bond	0.2	
- Proceeds divestments Chemicals		1.0

# Strong financial position, dividend maintained

<i>Dec '05/Jan '05 ; EUR bln</i>	<b>2005</b>	<b>2004</b>
Equity	3.6	2.7
Net borrowings	1.6	1.4
Gearing (ratio)	0.44	0.52
<i>YTD ratios</i>		
Interest coverage	9.5	10.6
Dividend <i>in EUR</i>	1.20	1.20

## Agenda 2006 – continue to enhance shareholder value

- Accelerate growth across portfolio
  - investments
  - acquisitions
- Further unlock value pipeline Organon
- Adjust cost structure in mature markets
- New structure Deco businesses
- Conclude chemicals divestment program

# Akzo Nobel – delivering on growth



## Safe harbor statement\*

These sheets contain 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 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, progress of drug development, clinical testing and regulatory approval, 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 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 corporate website [www.akzonobel.com](http://www.akzonobel.com). The 2005 Annual Report on Form 20-F will be available in the second quarter of 2006.



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