



**AKZO NOBEL**

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**Fit for the Future**

**Hans Wijers, CEO**

**2006 Results**

**Amsterdam, February 15, 2007**

- ✓ IPO project
- ✓ 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

## IPO Imminent

- Preparations for IPO in final stages
- On track for listing 'by early 2007'
- Internal disentanglement completed
- Supervisory Board members identified

- Organon accelerated healthy growth in 2006
- Intervet outperforming market growth
- Coatings consolidated world leading position
- Chemicals concluded significant turnaround

# 2006 OPERATIONAL PERFORMANCE

## Record year: Net income EUR 1.15 billion

- Revenues up 6%
- Growth driven by Organon and Coatings
- Operational results up 14%
- Incidentals positive EUR 152 million
- Record net income - up 20%

## Strong operational performance

- Organon – 8% revenues growth; EBIT up 34%
- Intervet – autonomous growth of 6%
- Coatings – strong revenues growth of 12%; EBIT up 22%
- Chemicals – autonomous growth of 5%; steady EBIT at high performance level

## Record net income

<i>EUR mln</i>	2006	Δ%
Revenues	13,737	6
EBIT before incidentals	1,310	14
Net income	1,153	20

<i>Ratios</i>	2006	2005
EBIT margin, %	9.5	8.9
EPS, <i>EUR</i>	4.02	3.36
Number of employees	61,880	61,340



# Organon – state of the art robotic systems



## Organon – revenues up 8%; EBIT up 34%

- Revenues – up 8% to EUR 2.6 billion
- EBIT up 34% despite higher marketing and R&D spend
- Fertility products Puregon<sup>®</sup> / Follistim<sup>®</sup> – record year
- NuvaRing<sup>®</sup> – sales and market share increase continues
- Asenapine – Organon continues with development

Autonomous growth	Full year 2006	% growth on 2005
Contraceptives	669	18
– of which NuvaRing®	213	67
Puregon®/Follistim®	384	8
Remeron®	253	(11)
Anesthesia	242	28
Livial®	151	(2)

## Organon – turnaround takes hold

<i>EUR mln</i>	2006	Δ%
Revenues	2,611	8
EBIT before incidentals	362	34

<i>Ratios</i>	2006	2005
EBIT margin, %	13.9	11.1
S&D % revenues	32.2	32.9
R&D % revenues	18.6	17.9



- Revenues – 6% autonomous growth
- North American revenues – sharp increase of 12%
- EBIT margin of 18.9%
- Approvals received for Zilmax<sup>®</sup> and PreveNile<sup>®</sup>
- Continued focus on companion animal platform

<i>EUR mln</i>	2006	Δ%
Revenues	1,125	6 <sup>1</sup>
EBIT before incidentals	213	2

<i>Ratios</i>	2006	2005
EBIT margin, %	18.9	19.1
S&D % revenues	24.8	24.2
R&D % revenues	9.7	10.3

1) autonomous growth







## Coatings – strong 12% revenues growth

- Revenues growth of 12%
- 4% of revenues growth driven by acquisitions
- EBIT before incidentals up 22%
- Ramping up savings from restructuring in mature markets
- Ongoing acquisitions and investments

## Coatings – strong 12% revenues growth

- Industrials activities and Marine & Protective Coatings – strong performance
- Car Refinishes – back on track after successful turnaround
- Decorative Coatings – refocused business to drive performance improvement

## Coatings– consolidating world leader position

<i>EUR mln</i>	2006	Δ%
Revenues	6,209	12
EBIT before incidentals	518	22
EBITDA	658	18

<i>Ratios</i>	2006	2005
EBIT margin, %	8.3	7.6
EBITDA margin, %	10.6	10.0



## Chemicals – Focus on Pulp & Paper



## Chemicals – 5% autonomous growth, steady EBIT

- Revenues of ongoing operations up 5%
- Operating income on par with 2005
- Performance impacted by start-up production issues at Functional Chemicals, being addressed
- EBIT margin up to 9.2%

## Chemicals – 5% autonomous growth, steady EBIT

- Polymer, Base and Pulp & Paper Chemicals – strong performance
- Surfactants – raw materials impact margins, restructuring on track
- Functional Chemicals – start up issues being addressed



## Chemicals– steady EBIT at high performance level

<i>EUR mln</i>	2006	Δ%
Revenues ongoing operations	3.502	5
EBIT before incidentals	351	-
EBITDA	572	(3)

<i>Ratios</i>	2006	2005
EBIT margin, %	9.2	9.0
EBITDA margin, %	15.0	15.2



# 2006 FINANCIAL PERFORMANCE



## Strong cash flow – cash from operations up EUR 0.5 billion

<i>Year end; EUR bln</i>	<b>2006</b>	<b>2005</b>
Cash generated from operations	1.9	1.4
Net change in cash	0.4	(0.4)
Equity	4.3	3.6
Net debt	1.1	1.6
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Dividend, <i>in EUR</i>	1.20	1.20

# Q4 2006 PERFORMANCE

## Autonomous growth of 4%

- Revenues flat – autonomous growth of 4%, currencies (3%)
- Operational results up 11% - led by Organon and Coatings
- Functional Chemicals – start up issues; being addressed
- Incidentals – EUR 25 million
- Net income EUR 230 mln, down 27%

## Autonomous growth of 4%

<i>EUR mln</i>	Q4 2006	Δ%
Revenues	3.322	-
EBIT before incidentals	249	11
Net income	230	(27)

<i>Ratios</i>	2006	2005
EBIT margin, %	7.5	6.8

# AGENDA 2007

## Agenda 2007

- Execution of IPO
- Accelerate organic growth across portfolio
- Active consolidator in a financially disciplined manner
- Improve margins in mature markets
- Build one Akzo Nobel

## Positive for 2007

- Well positioned for profitable growth
- Outgrow our markets and further improve financial returns in Coatings and Chemicals





## 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 2006 Annual Report on Form 20-F will be available in the second quarter of 2007.

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



# **Fit for the Future 2006 Results Q&A**

February 15, 2007