AkzoNobel
Tomorrow's Answers Today

February 16, 2012

Investor update Q4 2011 results

Agenda

- 2011 highlights
- 2011 operational and financial review
- Performance improvement program

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Highlights

- 2011 revenue up 7 percent driven by pricing actions to offset raw material cost inflation
- Weaker end markets and cost inflation impacted results
- 2011 EBITDA 9 percent lower at €1,796 million (2010: €1,964 million)
- Net income from continuing operations €469 million (2010: €664 million)
- Adjusted EPS €2.91 (2010: €3.71)
- Total dividend for 2011 €1.45 proposed (2010: €1.40), a 4% increase
- Operating return on capital 22.3% (2010: 27.7%)
- Performance improvement program on track
- The economic environment and certain raw materials remain our principal sensitivities in 2012

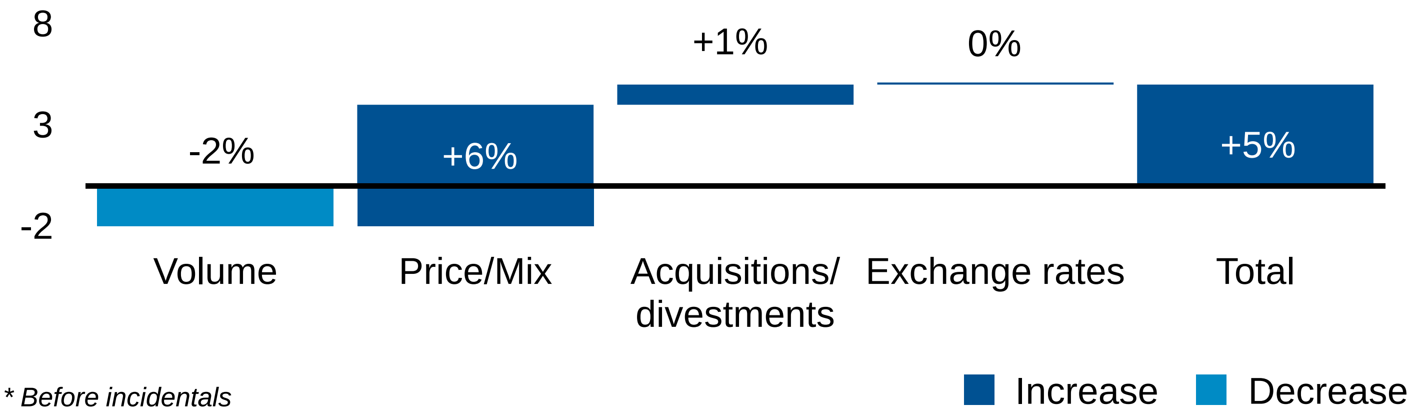
** Before incidentals*

Q4 2011 revenue and EBITDA

€ million	Q4 2011	Δ%
Revenue	3,787	5
EBITDA*	301	(20)

Ratio, %	Q4 2011	Q4 2010
EBITDA* margin	7.9	10.4

Revenue development Q4 2011 vs. Q4 2010



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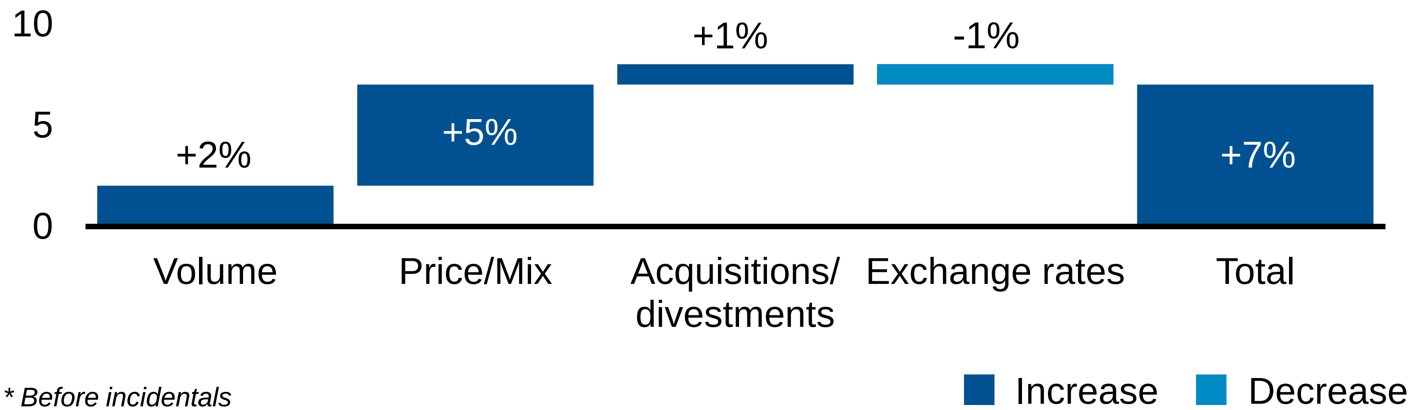
FY 2011 revenue and EBITDA

€ million	FY 2011	Δ%
Revenue	15,697	7
EBITDA*	1,796	(9)

Ratio, %	FY 2011	FY 2010
EBITDA* margin	11.4	13.4

Revenue development FY 2011 vs. FY 2010



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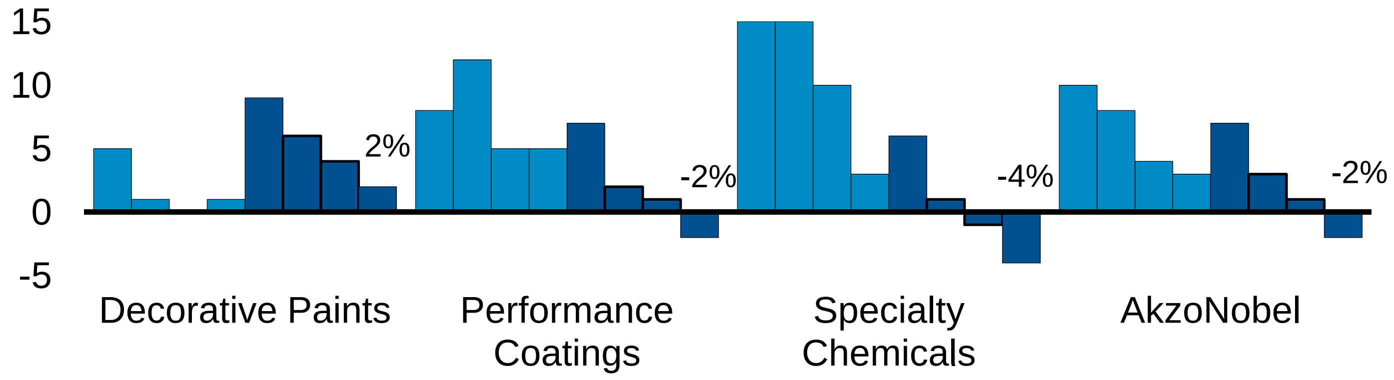
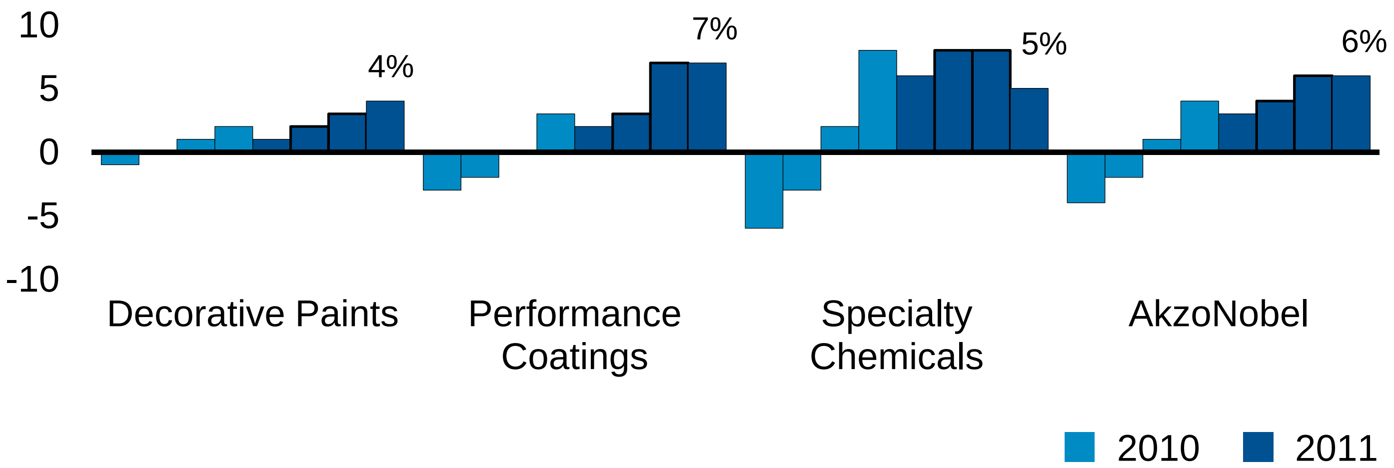
Price increases coming through

Quarterly volume development in % year-on-year



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



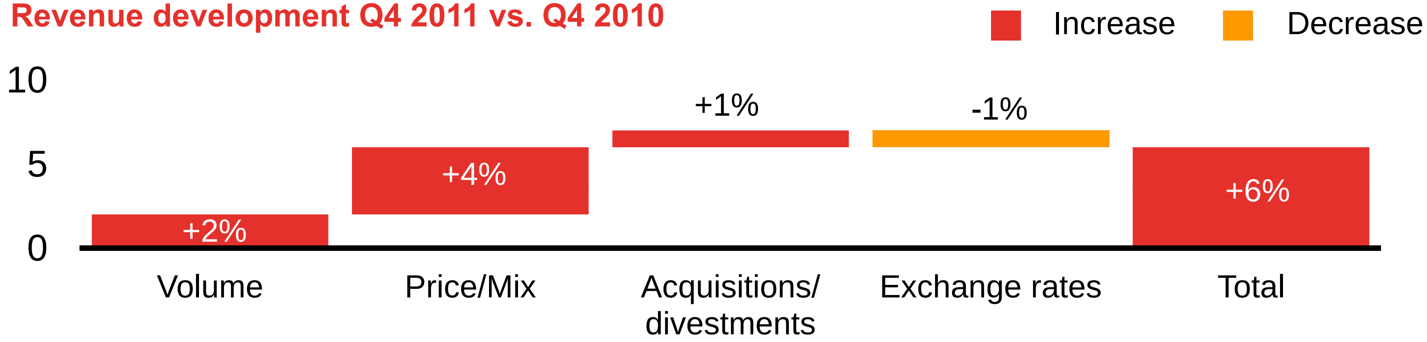
2011 operational and financial review

Decorative Paints Q4 2011 highlights

€ million	Q4 2011	Δ%
Revenue	1,204	6
EBITDA*	11	(83)

Ratio, %	Q4 2011	Q4 2010
EBITDA* margin	0.9	5.5

Revenue development Q4 2011 vs. Q4 2010



- Weaker demand, unfavorable product mix and higher raw material costs, particularly in Europe and North America negatively impacted EBITDA
- Stock write-off of €17 million impacted Q4 2011 EBITDA negatively
- Further price increases are being implemented

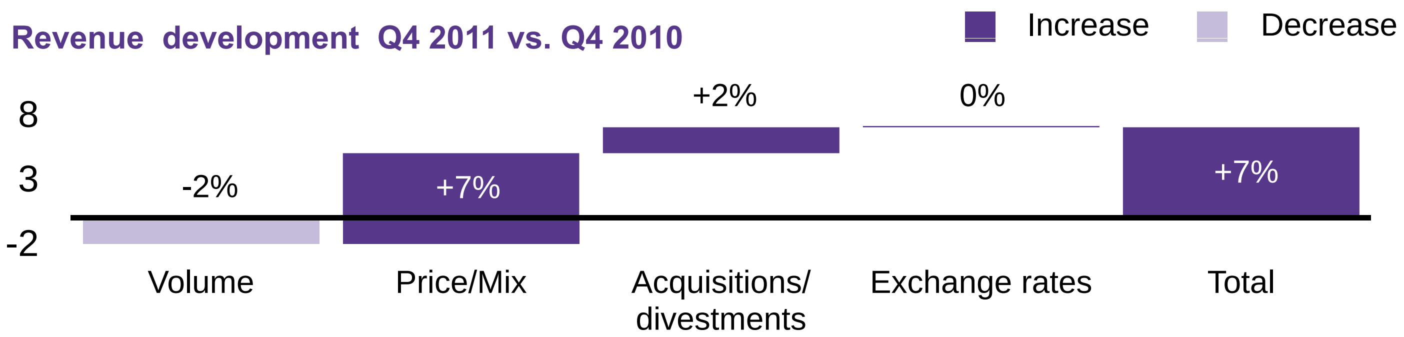
** Before incidentals*

Performance Coatings Q4 2011 highlights

€ million	Q4 2011	Δ%
Revenue	1,326	7
EBITDA*	141	(4)

Ratio, %	Q4 2011	Q4 2010
EBITDA* margin	10.6	11.9

Revenue development Q4 2011 vs. Q4 2010



- Higher revenue primarily driven by pricing
- Margins impacted by higher raw material cost
- Integration of acquired activities offset volume decline in Q4

** Before incidentals*

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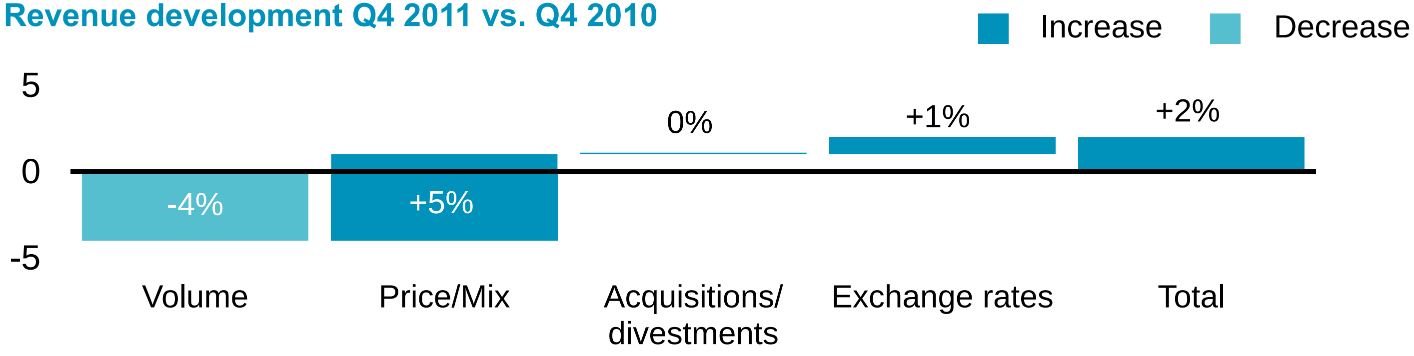
Specialty Chemicals Q4 2011 highlights

€ million	Q4 2011	Δ%
Revenue	1,285	2
EBITDA*	207	(6)

Ratio, %	Q4 2011	Q4 2010
EBITDA* margin	16.1	17.6

Revenue development Q4 2011 vs. Q4 2010



- Higher revenue primarily driven by pricing
- Q4 showed lower volumes in most segments, due to lower demand and customer stock control

** Before incidentals*

Summary – Q4 2011 results

€ million	Q4 2011	Q4 2010
EBITDA*	301	377
Amortization and depreciation	(168)	(155)
Incidentals	(97)	(63)
Net financing expense	(141)	(56)
Minorities and associates	(9)	(13)
Income tax	52	40
Discontinued operations	(6)	32
Net income total operations	**(68)**	**162**
Net cash from operating activities	270	275

Ratio	Q4 2011	Q4 2010
EBITDA* margin (%)	7.9	10.4
Adjusted earnings per share (in €)	0.17	0.82

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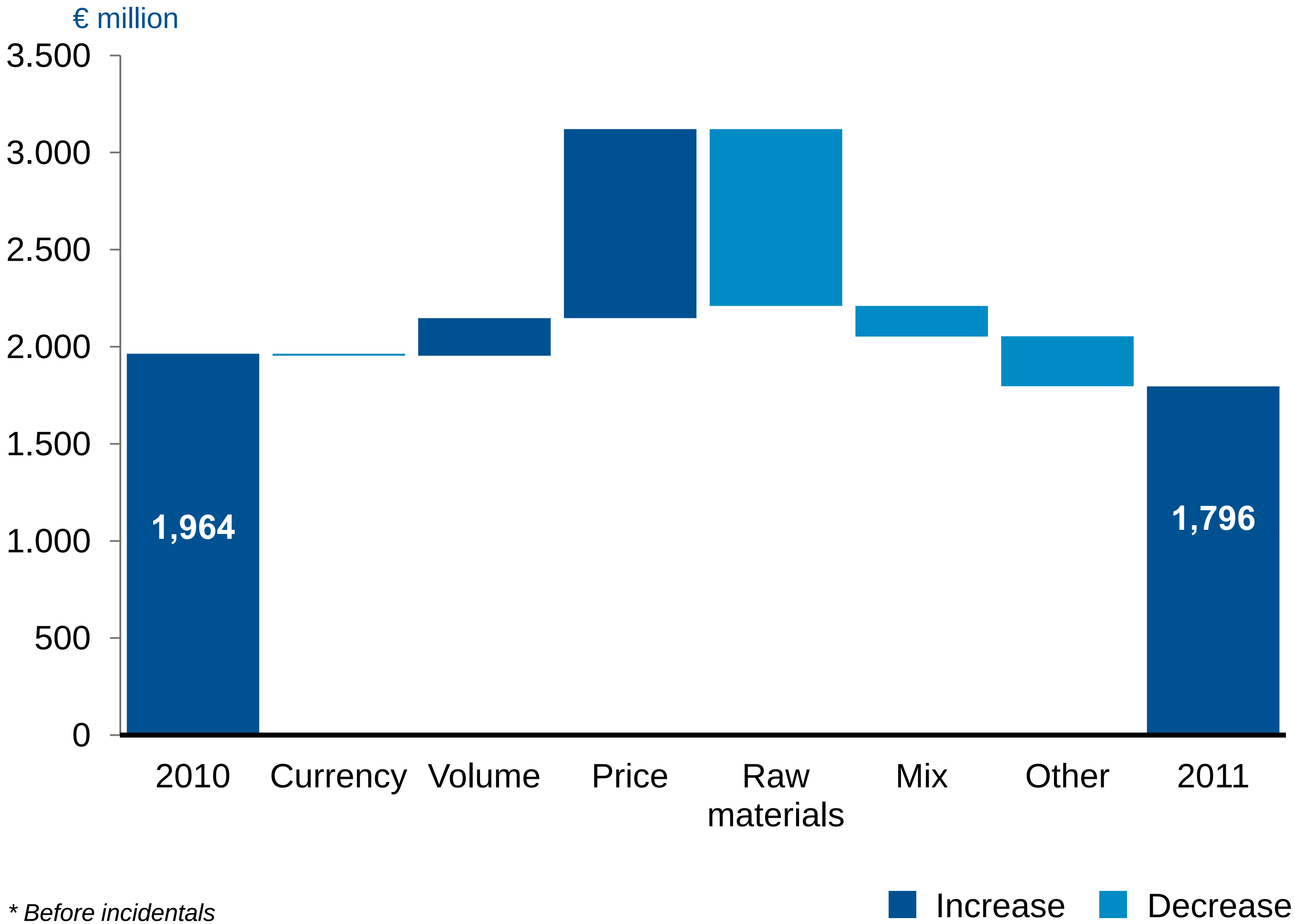
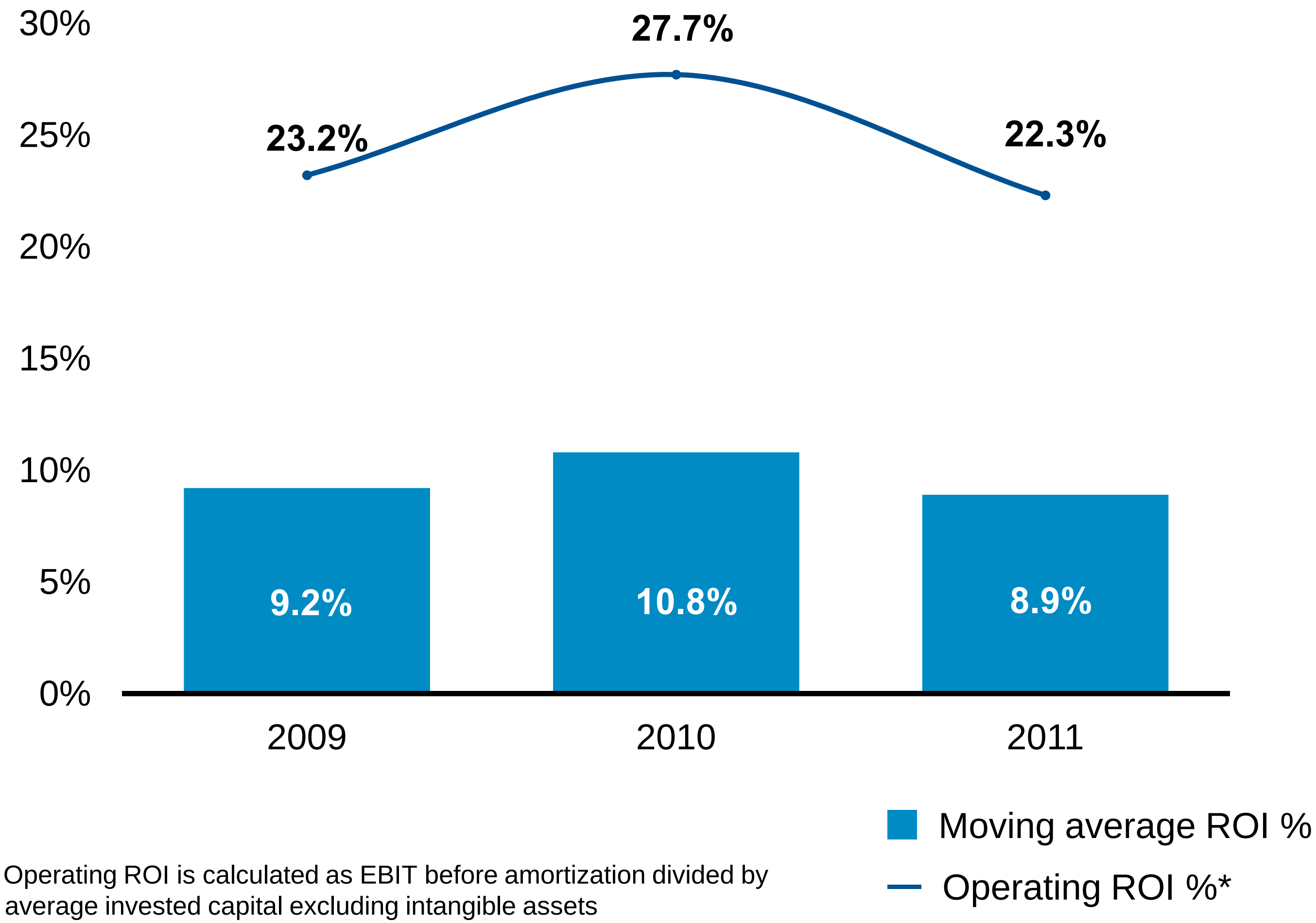
Achieved price increases have caught up with most raw material price inflation

EBITDA* bridge FY 2010 – FY 2011



** Before incidentals*

Strong operating returns on invested capital



* Operating ROI is calculated as EBIT before amortization divided by average invested capital excluding intangible assets

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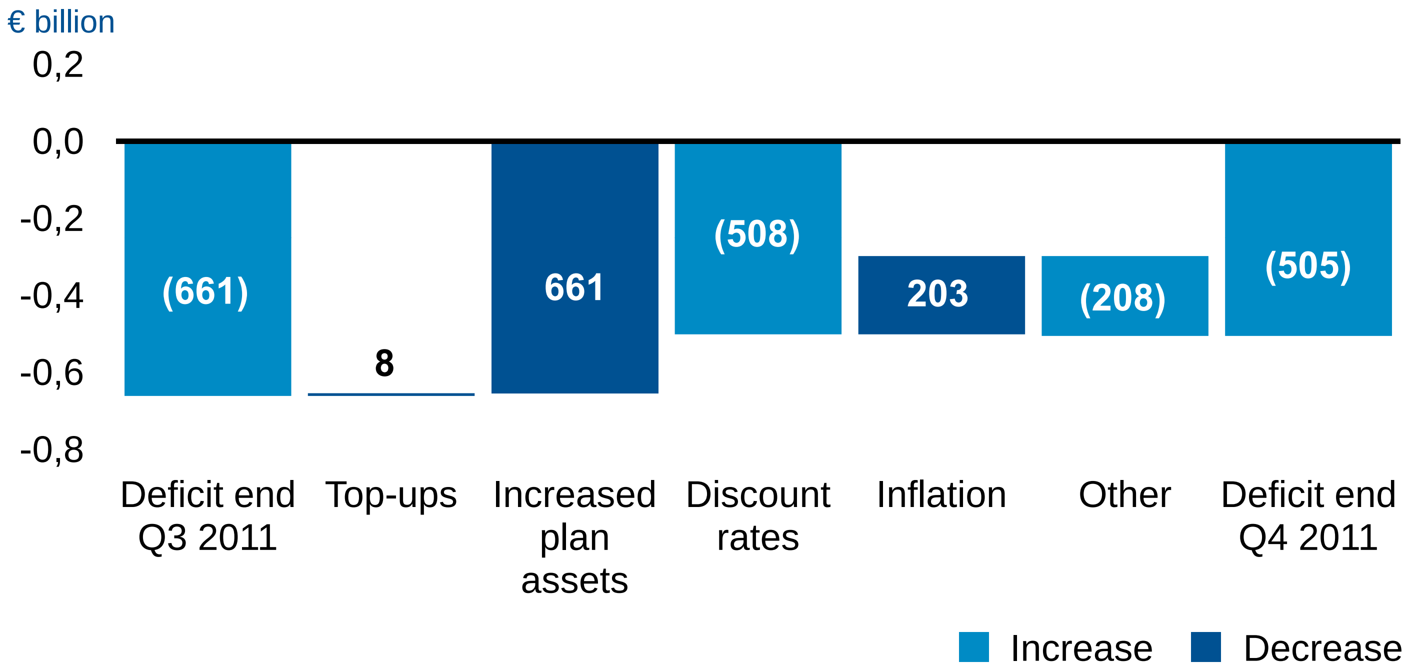
Cash flows 2011

€ million		**2011**		**2010**
Profit for the period		533		747
Amortization and depreciation		633		640
Change working capital		(344)		(124)
- Pension provisions	(410)		(434)	
- Restructuring	(4)		(101)	
- Other provisions	(84)		(116)	
Change provisions		(498)		(651)
Other operating cash flows		1		(93)
Operating cash flows		**325**		**519**
Capex		(708)		(534)
Changes from borrowings		(470)		(33)
Dividends		(362)		(403)
Discontinued operations		11		1,095
Other changes		(133)		10
Total cash flows		**(1,337)**		**654**

Pension deficit decreases to €0.5 billion

Key pension metrics	Q4 2011	Q3 2011
Discount rate	4.6%	5.0%
Inflation assumptions	2.5%	2.7%

Pension deficit development during Q4 2011



Triennial actuarial valuation of the ICI Pension Fund completed in January 2012

- Funding deficit has reduced reflecting trustees' liability driven investment strategy and cash top-ups paid
- Compared to the current, 6 year deficit recovery plan:
  - Top-up contributions over the remaining 6 years of the recovery plan are expected to be £198.5 million lower in total
  - Phased recovery plan savings: £62.5 million p.a. in 2012 and 2013, £19 million p.a. in 2014 to 2016 and £16.5m in 2017
- £250 million contingent asset structure on our balance sheet terminated and £200 million (€239m) of assets transferred to the Fund in 2012 to accelerate de-risking per pension strategy

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Pension cash contributions expected to reduce in 2012

€ million	2010	2011	2012 E
Regular	149	148	126
Top-up	375	354	358
Total	**524**	**502**	**484**

- The one-off cash costs related to the termination of the contingent asset is expected to be €239 million in 2012
- The non-cash IAS 19 corridor method of pension accounting impact in 2011 was €92 million, of which €59 million is on the interest line and €33 million in EBITDA
- The expected non-cash IAS 19 corridor method of pension accounting impact in 2012 is €100 million, of which €63 million is on the interest line and €37 million in EBITDA

Performance improvement program

The performance improvement program is on track to deliver €500 million EBITDA in 2014

- Development of 2012 overall plan on track
- €28 million of restructuring provisions taken in Q4 2011 with around €200 million expected in 2012
- Further restructuring underway within Decorative Paints Europe
- Additional actions announced in Decorative Paints North America
- Close to 800 employees have been made redundant
- Confidence in delivery of €200 million EBITDA in 2012

Medium-term strategic ambitions unchanged

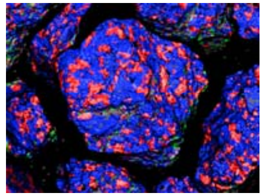
- 2011 was a challenging year due to the inflation of raw material prices and the continuing economic headwinds
- Delivering on price increases
- Implementing our performance improvement program will bring significant benefits in 2012 and beyond
- The uncertain economic environment, and certain raw materials, remain the key sensitivities in 2012

Appendix

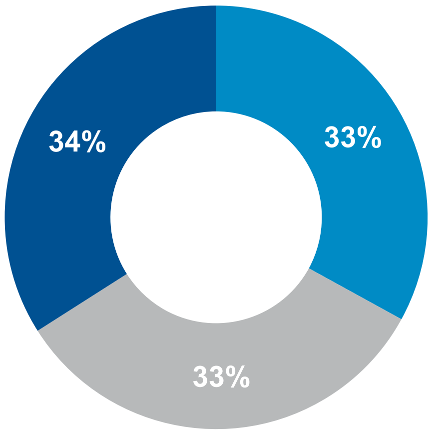
AkzoNobel key facts

2011

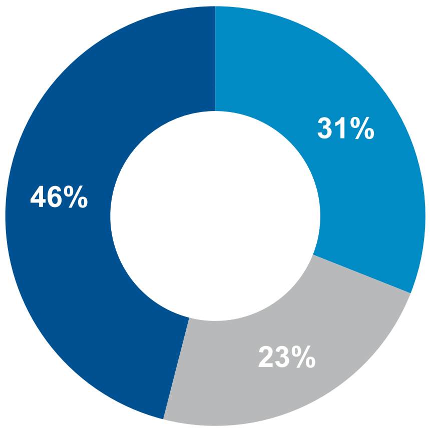
- Revenue €15.7 billion
- 57,240 employees
- EBITDA: €1.8 billion*
- Net income: €0.5 billion
- 40 percent of revenue from high growth markets
- A leader in sustainability



Revenue by business area



EBITDA* by business area



- Performance Coatings
- Decorative Paints
- Specialty Chemicals

Before incidentals

Decorative Paints key facts

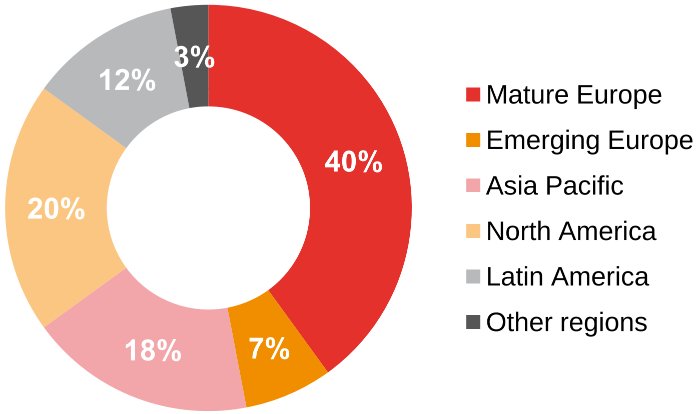
2011

- Revenue €5.3 billion
- 22,340 employees
- EBITDA: €440 million*
- 40 percent of revenue from high growth markets
- Largest global supplier of decorative paints
- Many leading positions, strong brands

Some of our strong brands

Dulux
Flexa
Coral
Marshall
Levis
Sadolin
sikkens
Glidden

Revenue by geography



Before incidentals

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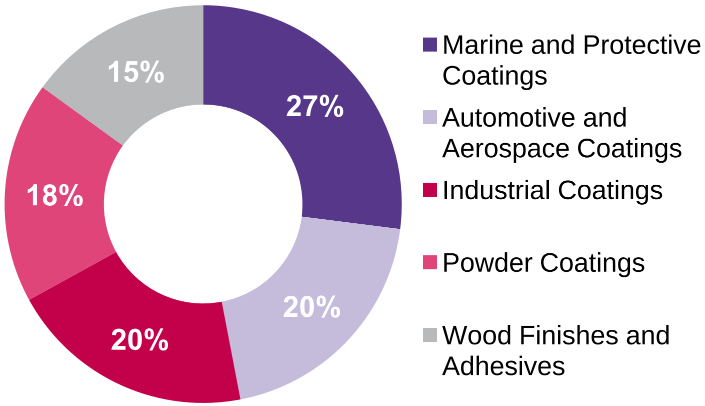
Performance Coatings key facts

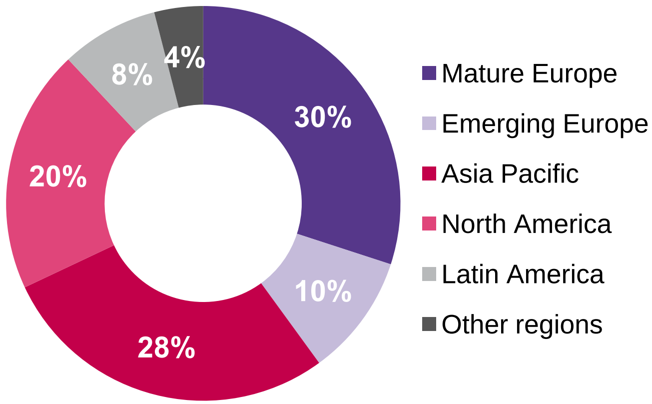
2011

- Revenue €5.2 billion
- 21,960 employees
- EBITDA: €611 million*
- 47 percent of revenue from high growth markets
- Leading positions in performance coatings industry
- Innovative technologies, strong brands

Revenue by business unit



Revenue by geography

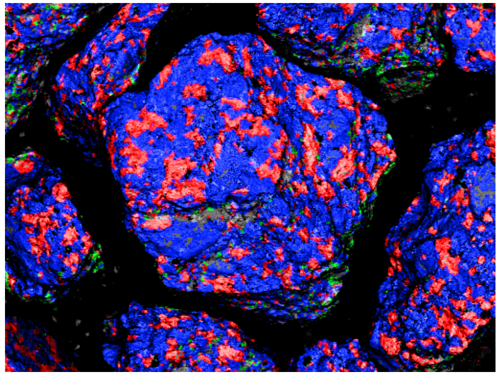


** Before incidentals*

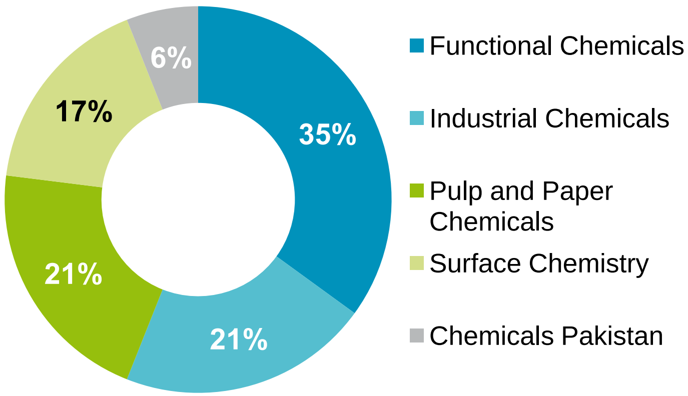
Specialty Chemicals key facts

2011

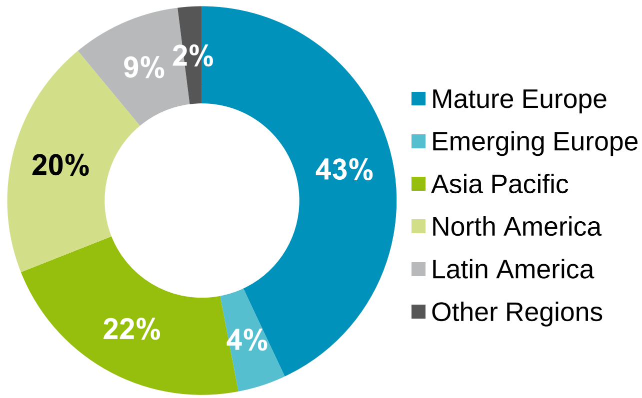
- Revenue €5.3 billion
- 11,510 employees
- EBITDA: €906 million*
- 33 percent of revenue from high growth markets
- Major producer of specialty chemicals
- Leadership positions in many markets



Revenue by business unit



Revenue by geography



** Before incidentals*

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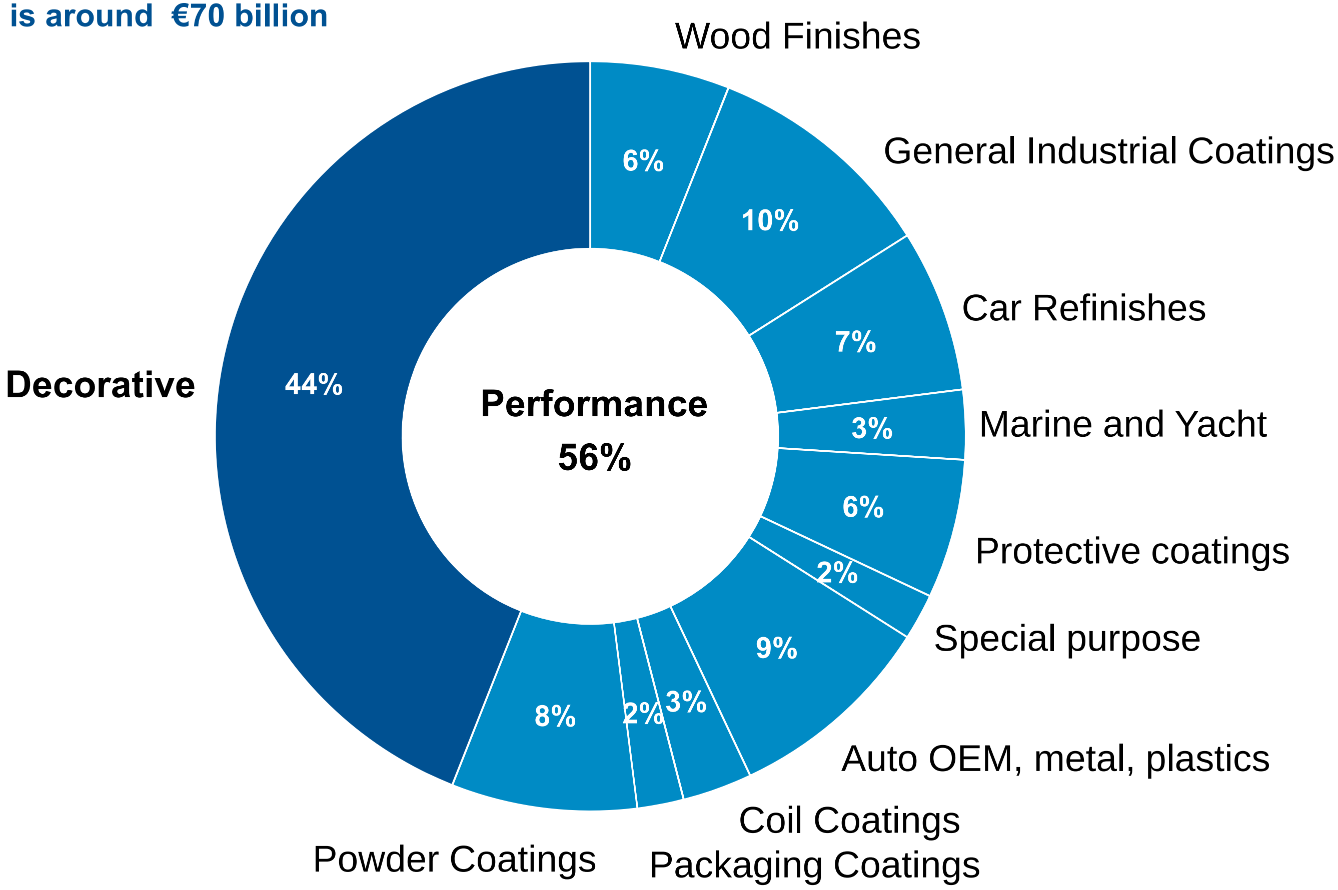
The global paints and coatings market is around €70 billion

% of market
100% is around €70 billion



Source: Company Reports

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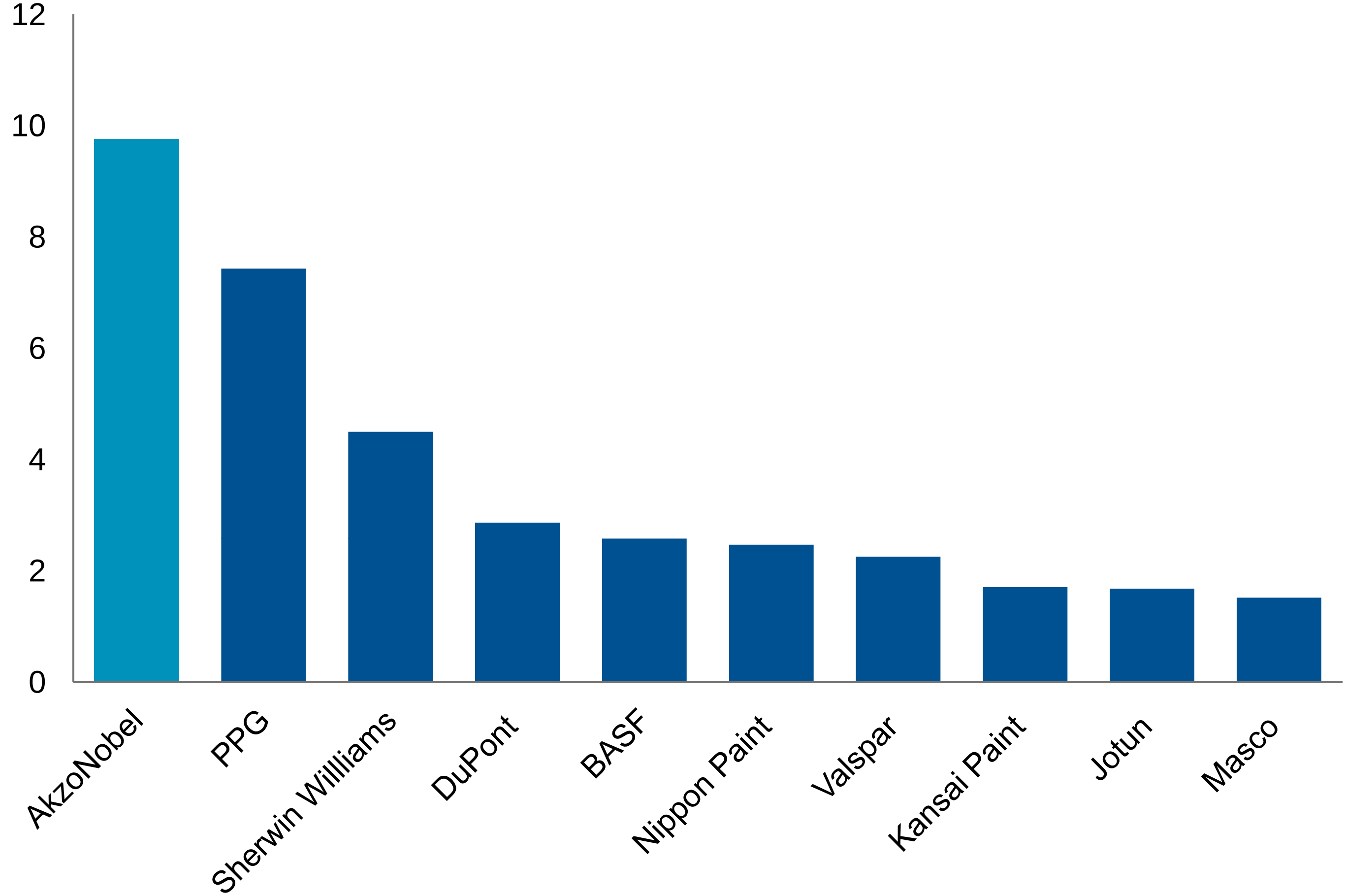
AkzoNobel is the world's largest coatings supplier

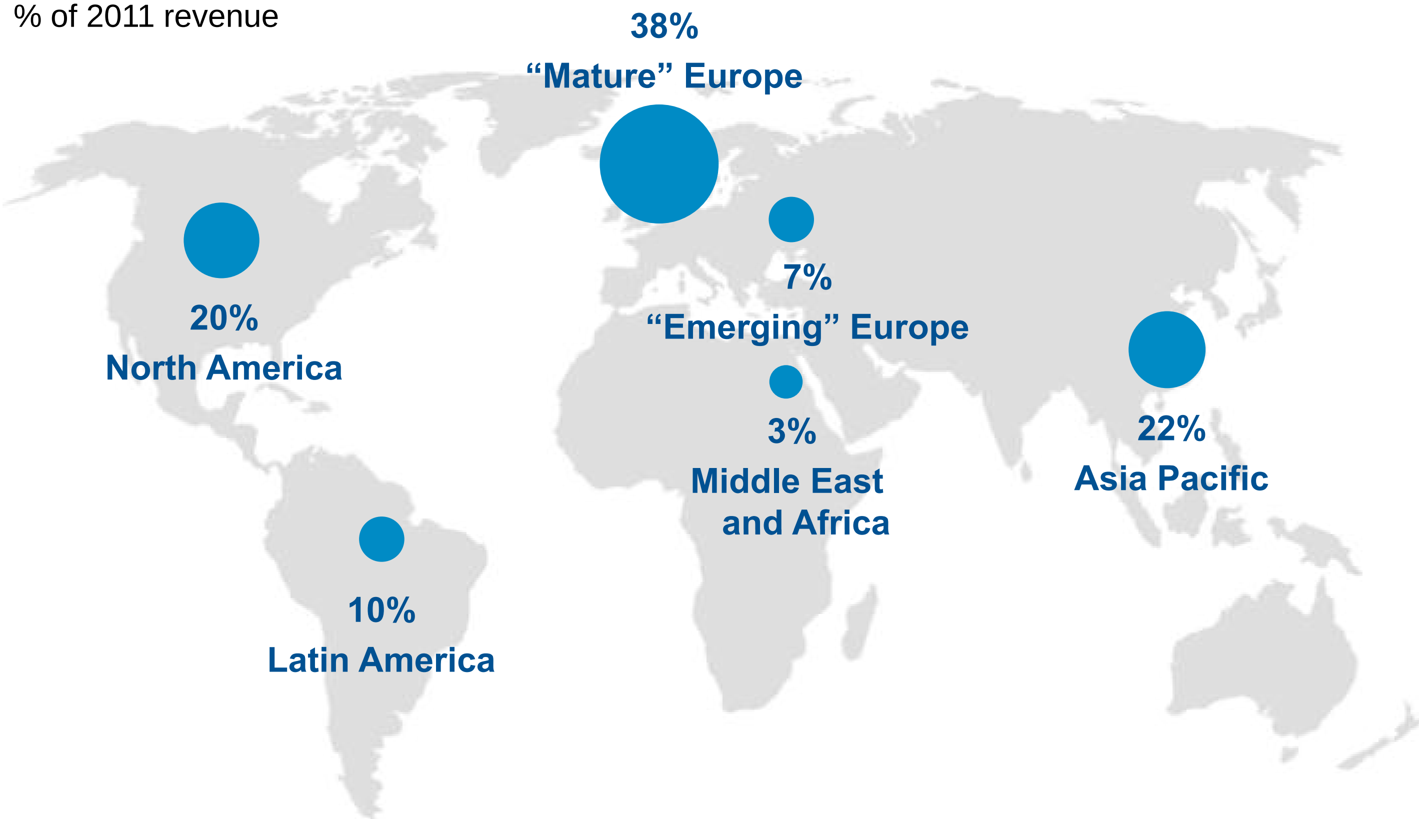
2010 revenue in € billion



Excellent geographic spread of both revenue and profits

High growth markets are important (40% of revenue)

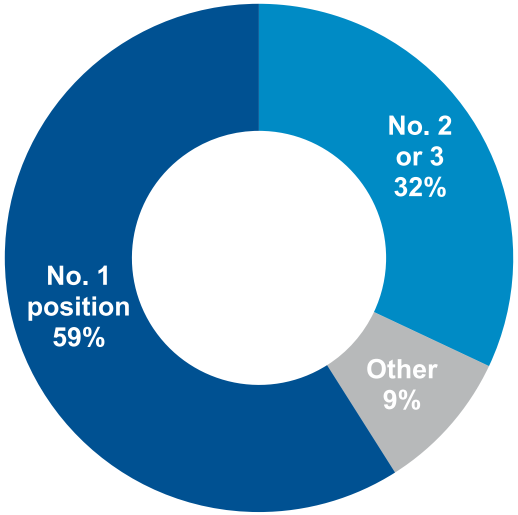
% of 2011 revenue



High growth markets’ profitability is above average

Leading positions and strong brands

2010 Revenue by market position



Some of our strong brands

Dulux

Decorative Paints

International

Performance Coatings

eka

Specialty Chemicals

Our strategic ambition

The world's leading
coatings and specialty chemicals company

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Our medium term strategic goals

Values
Sustainable growth

- Top quartile safety performance
- Top 3 position in sustainability
- Top quartile performance in diversity, employee engagement, and talent development
- Top quartile eco-efficiency improvement rate

Value
Accelerated growth

- Grow to €20 billion revenues
- Increase EBITDA each year, maintaining 13-15 percent margin
- Reduce OWC/revenues by 0.5 p.a. towards a 12 percent level
- Pay a stable to rising dividend

How we will expand in both mature and high growth markets

Organic growth

- Expand focus from high to mid-market segments
- Fueling growth in high growth markets

Innovation pipeline

- Spend of around 2.5 percent of revenue makes us the clear leader of our peers in absolute spend
- Emphasis on bolder, focused, sustainable innovation

Acquisitions

- Wide range of opportunities
- All business areas qualify
- Value created in less than three years

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Aspirations for high growth markets
(currently around 40 percent of our revenue)

Double revenues in China

- Grow from $1.5 to $3 billion of revenues
- Already the biggest paint, coatings and specialty chemicals company in China

Create significant footprint in India

- Grow from €0.25 to €1 billion in revenue
- Increasing footprint for all business areas

Outgrow the competition in Brazil

- Grow from €0.75 to €1.5 billion in revenue
- Become clear market leader in all our activities

Expand in the Middle East

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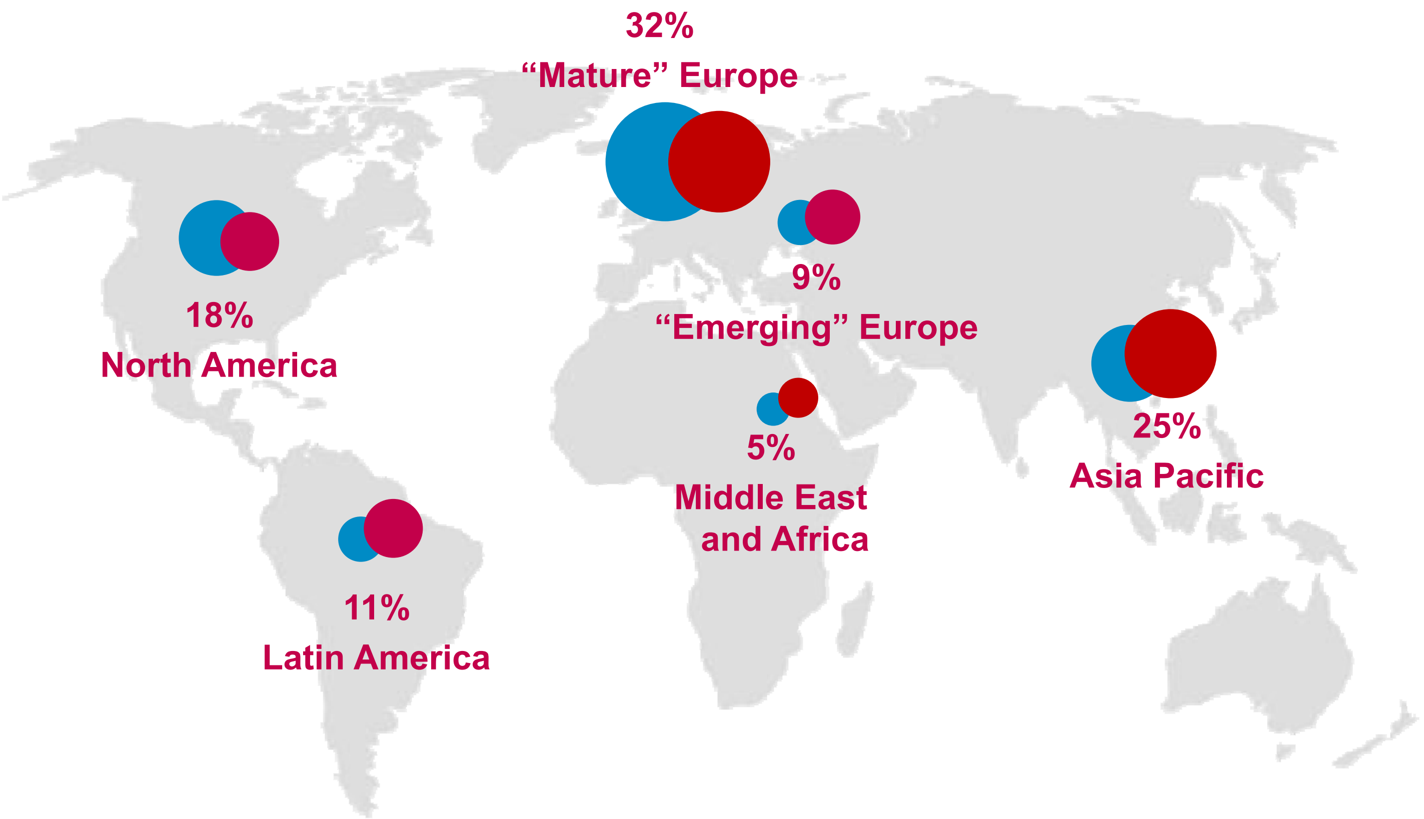
High growth markets will become significantly more important

% of revenue, indicative



High growth markets will be around 50% of revenue in this decade

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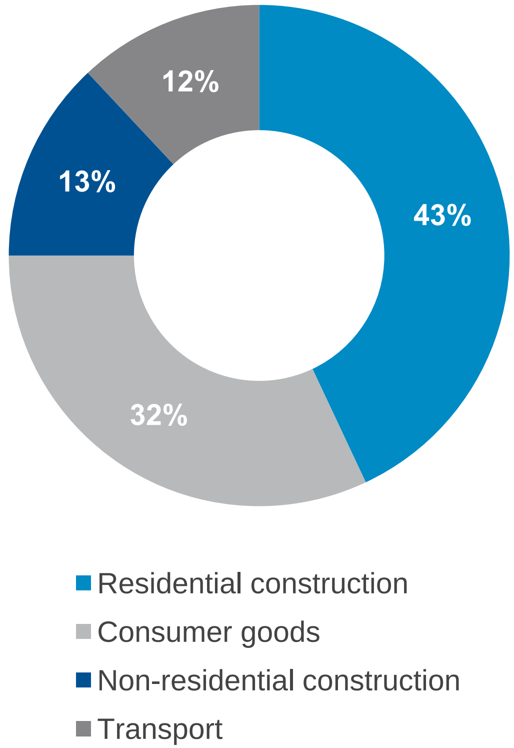
Exciting RD&I pipeline with innovative solutions for key market segments

How innovation will support our growth agenda:

- Functional solutions in key market segments
- Increase spend in big R&D
- >15 percent of revenue from "breakthrough" innovations*
- >30 percent of revenue from eco-premium solutions**

Revenue by key market segment



* *Major innovations that result in a significant competitive advantage*
** *Higher eco-efficiency than competing comparable product*

Clear sustainability focus

Accelerated sustainability strategy will deliver:

- Safety at 2.0 injuries per million hours
- 30 percent of revenue from eco-premium solutions
- Sustainable fresh water management
- 30 percent eco-efficiency improvement
- 10 percent carbon footprint reduction (20-25 percent by 2020)
- 20 percent of executives will come from high growth economies
- Key supplier partnerships will deliver footprint reduction

Embed safety and sustainability in everything we do

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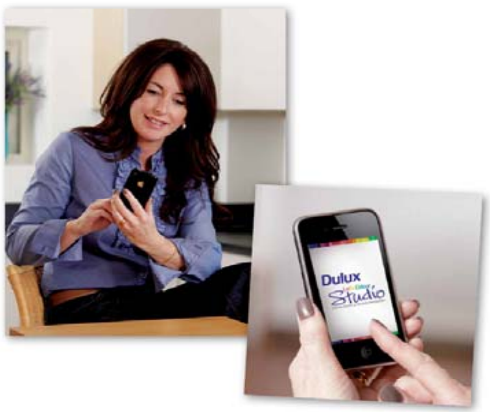
Pipeline 2012
Decorative Paints – End-user Smartphone Apps

Key Features
- Browse colors
- Pick colors from photos
- Access product information
- Create shopping list
- Find their nearest store

Customer Benefits
- Helps customers picking colors and products
- Up-to-date product information for professional painters
- Available 24/7, anywhere



Growth potential
- Successfully launched in UK, US, Brazil, China and India
- Further roll-outs planned through 2012

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Pipeline 2012
Aerospace Coatings - Aerobase CoatingSystem

Key features

- A high quality 'wet look' exterior coating for commercial aircraft
- More durable, with greater protection
- Lower emissions & less waste

Customers benefits

- Significantly reduced down-time of aircraft
- Reduced cost of painting
- Extended in-service life

Growth potential

- In use by Airbus in Q1 2012
- 6500 aircrafts expected in next 5 years
- 5% increase in narrow body production at Airbus will bring higher paint volume sales
- To be rolled out to the Maintenance, Repair and Overhaul market in Q3 2012

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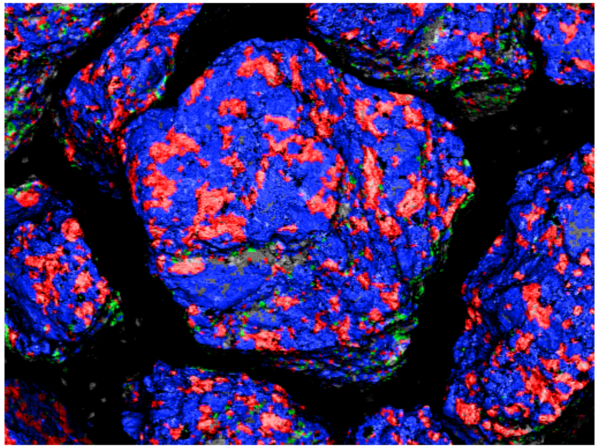
Pipeline 2012
Functional Chemicals – Suprasel Loso™ OneGrain™

Key Features
- An innovative salt for food
- Up to 50% reduced sodium content and no loss of taste
- Every salt grain can contain a full customized recipe

Customer Benefits
- Addresses concerns about sodium consumption levels



Growth potential
- A solution for low-salt snacks, meats, cheese and bread
- EU is targeting 4% sodium reduction annually over 4 years
- Worldwide market anticipated as global food companies adopt the product

Variable costs represent 54.3% of revenue

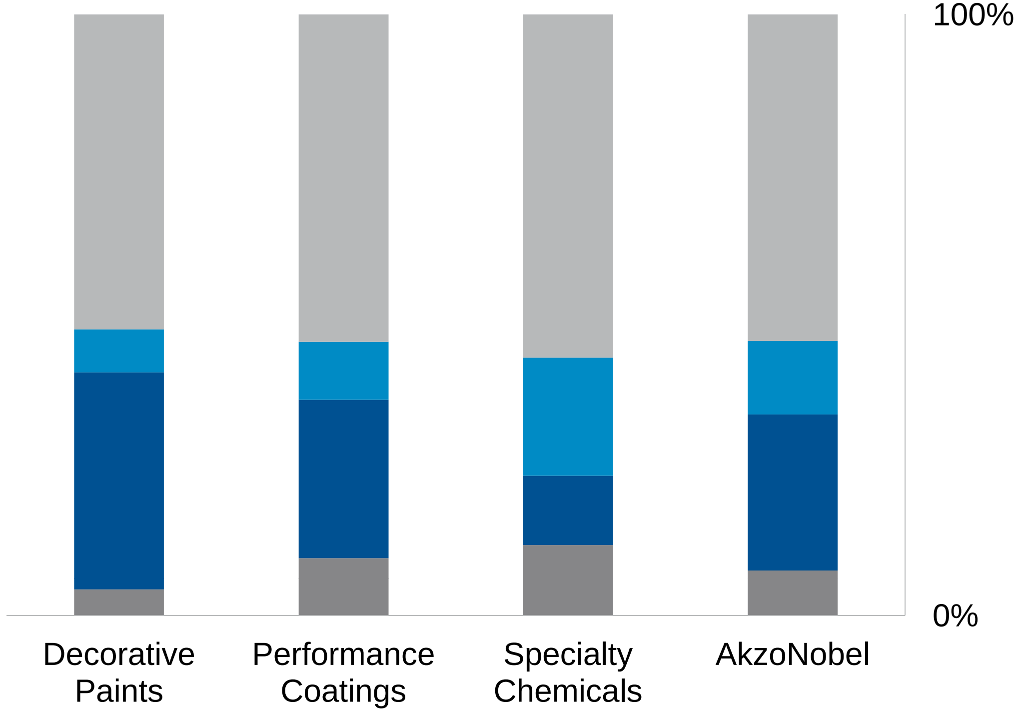
% of 2011 annual revenue*

Raw materials, energy, and other variable costs

Fixed production costs

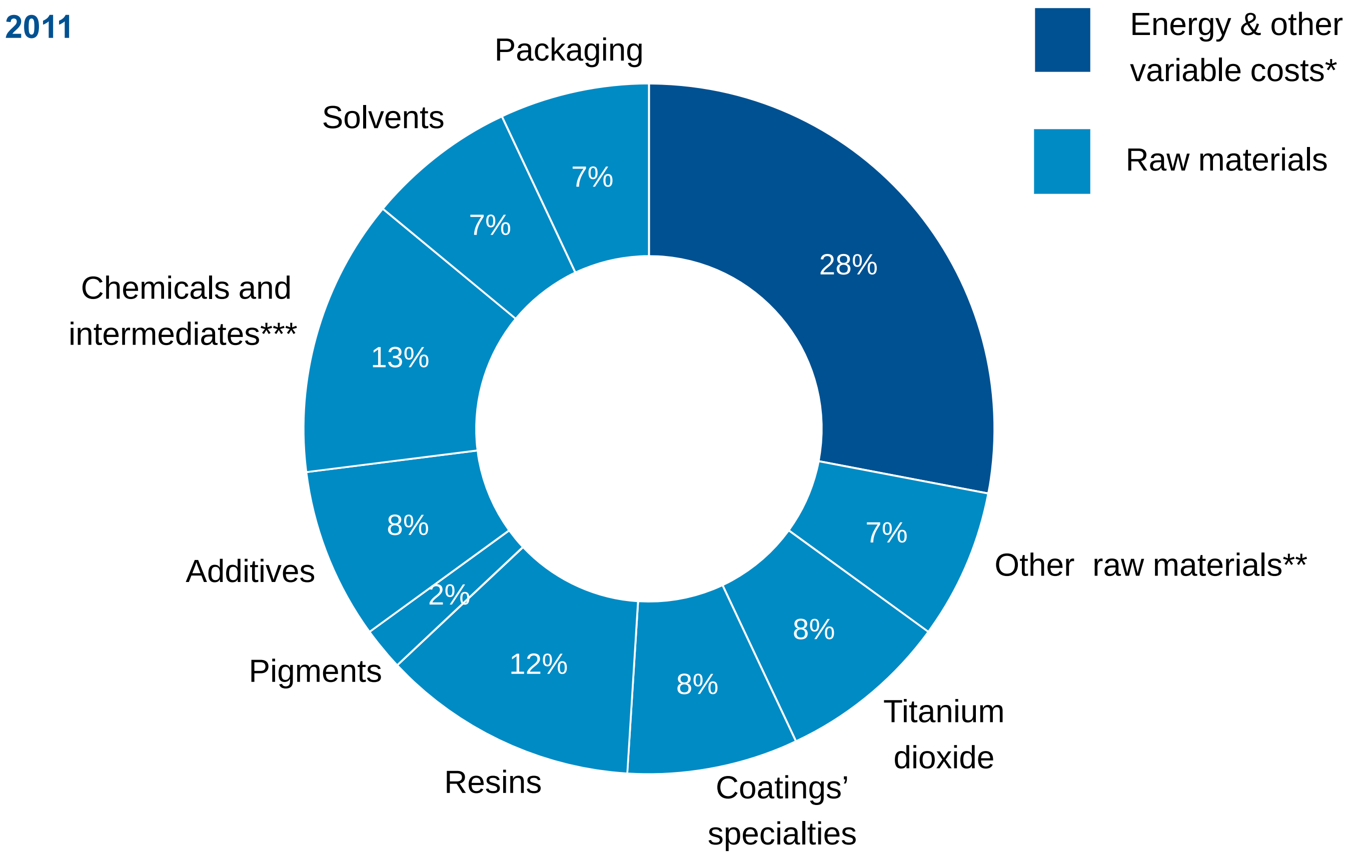
Selling, advertising, administration, R&D costs

EBIT margin



** Rounded percentages, all data excluding incidentals*

Variable costs analysis

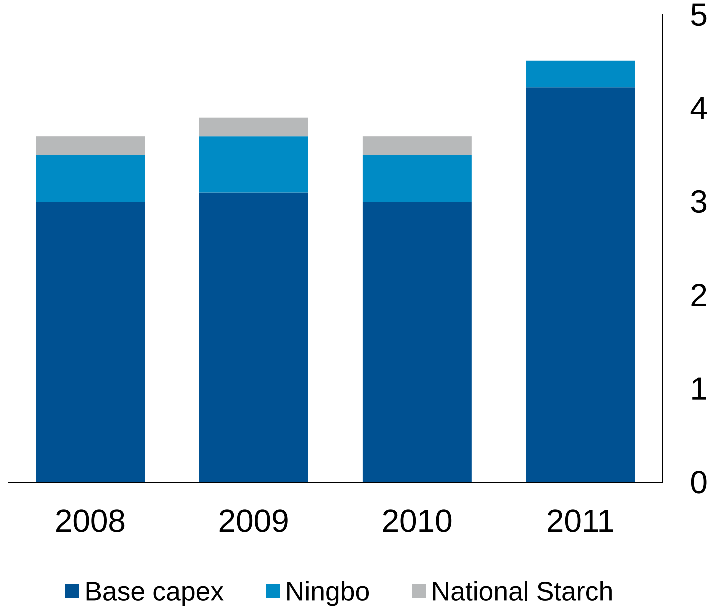


** Other variable costs include variable selling costs (e.g. freight) and products for resale*
*** Other raw materials include cardolite, hylar etc.*
**** Chemicals and intermediates include caustic soda, acetic acid, tallow, ethylene, ethylene oxide, sulfur, amines etc.*

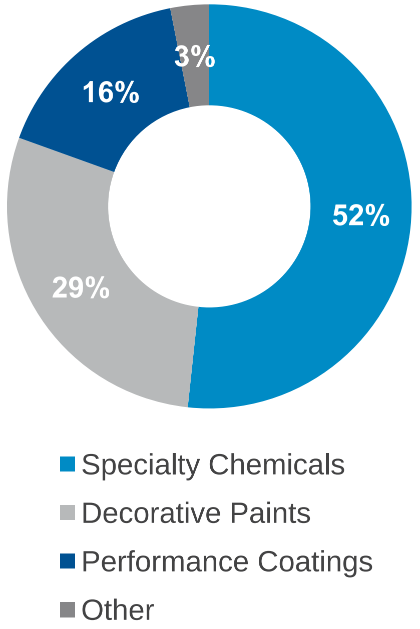
Capital expenditure prioritization for growth

- Capex 2011 was €708 million (including Ningbo €45)
- Medium term: Capex level to be at least 4 percent of revenues

Capex as a % of revenue

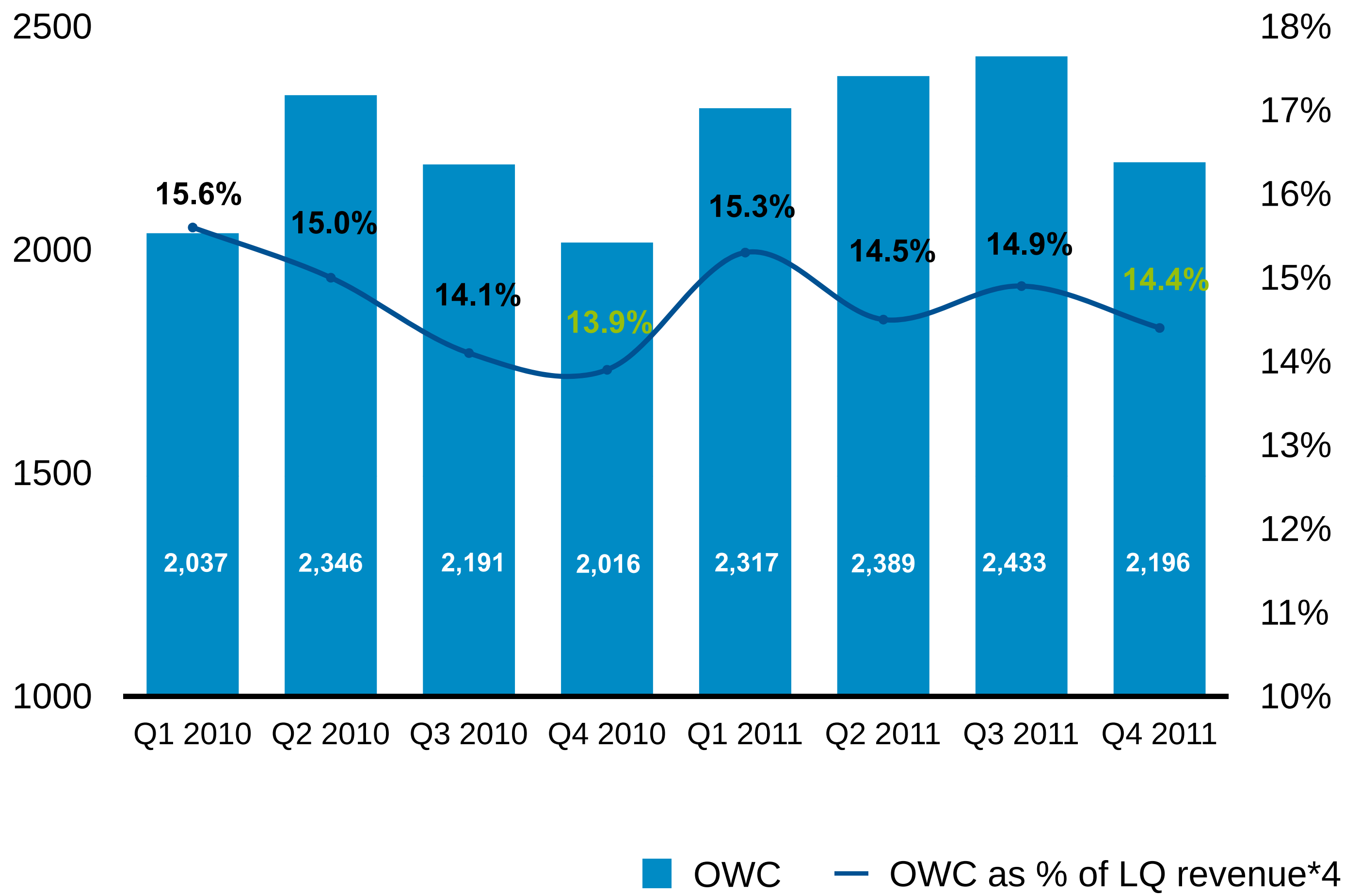


2011 Capex split



Year-on-year Operating Working Capital % of revenue to be reduced towards 12%

OWC
€ million



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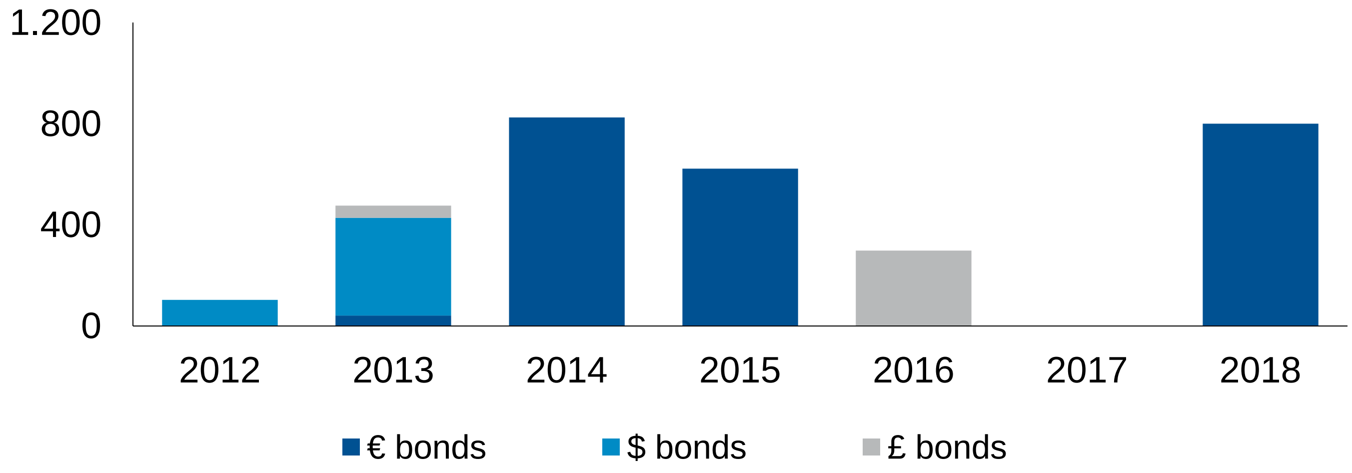
Debt duration lengthened to 3.6 years and no refinancing needed in 2012

Debt maturities*

€ million (nominal amounts)



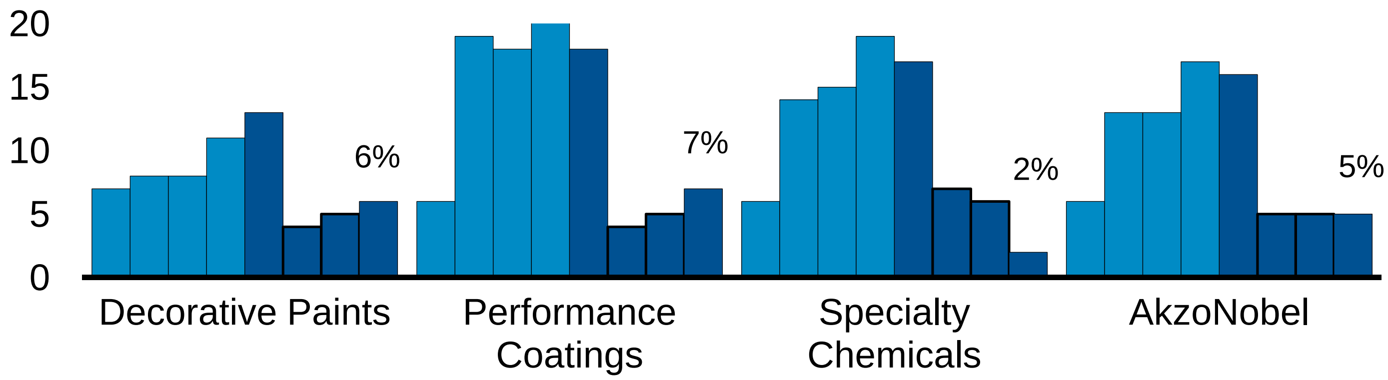
Strong liquidity position to support growth

- Undrawn revolving credit facility of €1.8 billion (2016) or €1.5 and $3 billion commercial paper programs available
- Net cash and cash equivalents €1.3 billion*

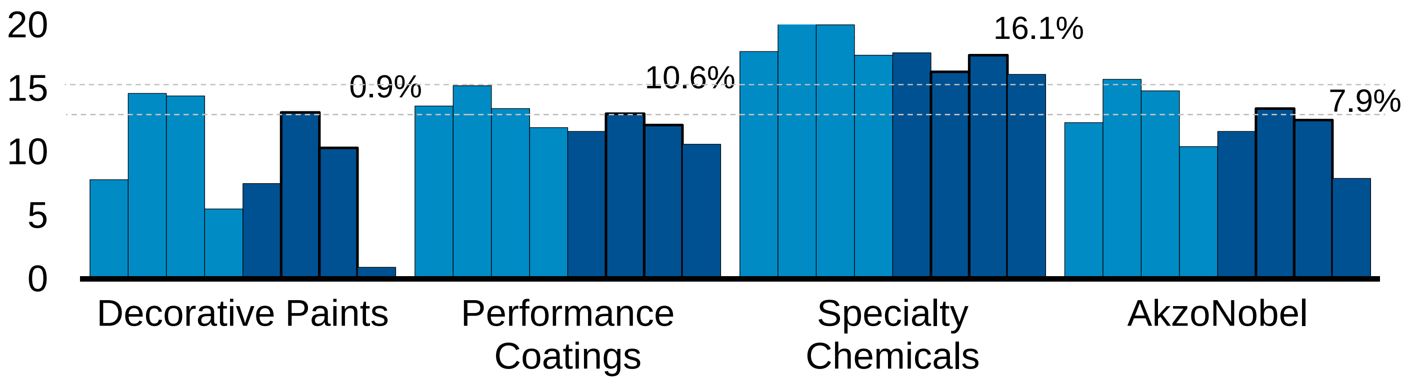
** At the end of 2011*

Revenue growth and EBITDA margin performance 2010-11

Reported quarterly revenue growth in % year-on-year



Quarterly EBITDA* margin in %



** Before incidentals*

Unchanged ambition to maintain strong balance sheet

€ million	Dec 31, 2011	Dec 31, 2010
Total equity	9,743	9,509
Net debt*	1,895	936

- Credit ratings unchanged at BBB+/Baa1, outlook stable
- Net debt increased mainly due to capital expenditures of €708 million, dividend payments of €362 million, operating cash inflow of €321 million and net cash outflow for acquisitions of €138 million
- In September 2011, we renewed our five year multi-currency syndicated revolving credit facility for €1.8 billion (previously €1.5 billion)

* Before net pension deficit of €0.5 billion December 31, 2011 (December 31, 2010 €1.0 billion)

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Q4 2011 incidentals

€ million	Q4 2011	Q4 2010
Restructuring costs	(55)	(29)
Results related to major legal, anti-trust and environmental cases	(33)	(48)
Results of acquisitions and divestments	(11)	16
Other incidental results	2	(2)
Total	**(97)**	**(63)**

- The increase in restructuring costs is related to €28 million provisions that have been taken in relation to the performance improvement program
- 2012 full year performance improvement program provisions expected to be around €200 million

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Q4 EBITDA – Cash bridge

€ million	Q4 2011	Q4 2010
EBITDA before incidentals	**301**	**377**
Incidentals (cash)	(38)	(43)
Change working capital	209	58
Change provisions	(43)	(20)
Interest paid	(48)	(36)
Income tax paid	(111)	(61)
Net cash from operating activities	**270**	**275**

- Higher payments for income tax
- Higher cash flows from operating working capital

2011 EBITDA – Cash bridge

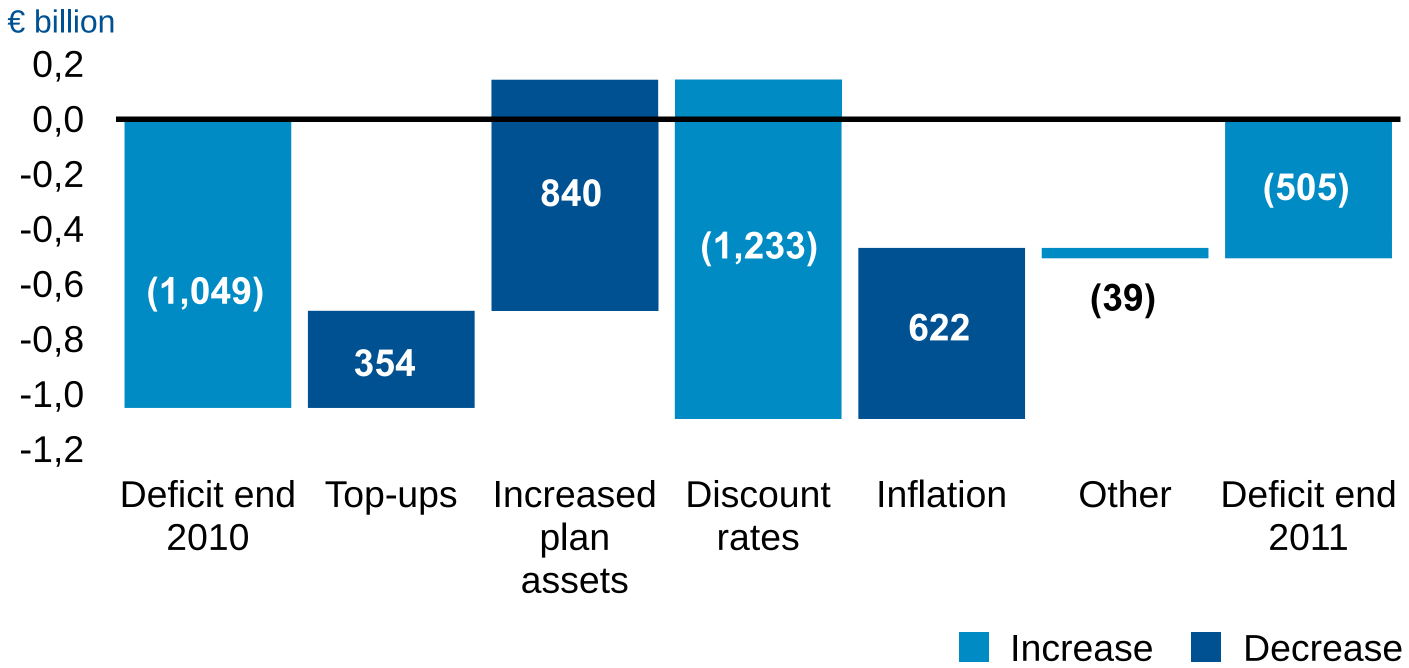
€ million	2011	2010
EBITDA before incidentals	**1,796**	**1,964**
Incidentals (cash)	(120)	(128)
Change working capital	(344)	(124)
Change provisions	(498)	(651)
Interest paid	(282)	(265)
Income tax paid	(227)	(277)
Net cash from operating activities	**325**	**519**

- Lower profit from continuing operations
- Fair value changes and cash settlements for foreign currency hedging activities
- Lower payments related to provisions
- Lower payments for tax and interest

Pension deficit decreases to €0.5 billion

Key pension metrics	Q4 2011	Q4 2010
Discount rate	4.6%	5.4%
Inflation assumptions	2.5%	3.0%

Pension deficit development during 2011



AkzoNobel
Tomorrow's Answers Today

Performance improvement program: stepping up operational and functional excellence

Underpin our growth and margin objectives

- Enhance our ability to grow
- Expected to bring us at or above the mid-point of our 13-15 percent EBITDA margin guidance.

Deliver structural competitive advantage

- Leveraging scale, simplify support structures, reduce cost base
- Transfer best practices, standardize key processes
- Restructuring of underperforming parts of the portfolio

Full EBITDA impact of €500 million in 2014

- Expected total incidental costs €425 million
- 2012: €200 million EBITDA, incidental costs of €200 million
- Reporting on program deliverables every six months

A comprehensive program

- **Comprehensive – all functions, all businesses**
  - Margin management, R&D and restructuring (~50%)
  - Supply Chain and Sourcing projects (~40%)

- **Improvements implemented over three years (2012 to 2014)**

- **All business areas contribute to delivering the €500 million**
  - >40 percent Decorative Paints
  - >30 percent Performance Coatings
  - Close to 25 percent Specialty Chemicals

	Decorative Paints	Perf. Coatings	Specialty Chemicals
Finance			
Information Management			
Research, Dev't & Innov.			
Human Resources			
Integrated Supply Chain			
Margin Management			
Academy			

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.