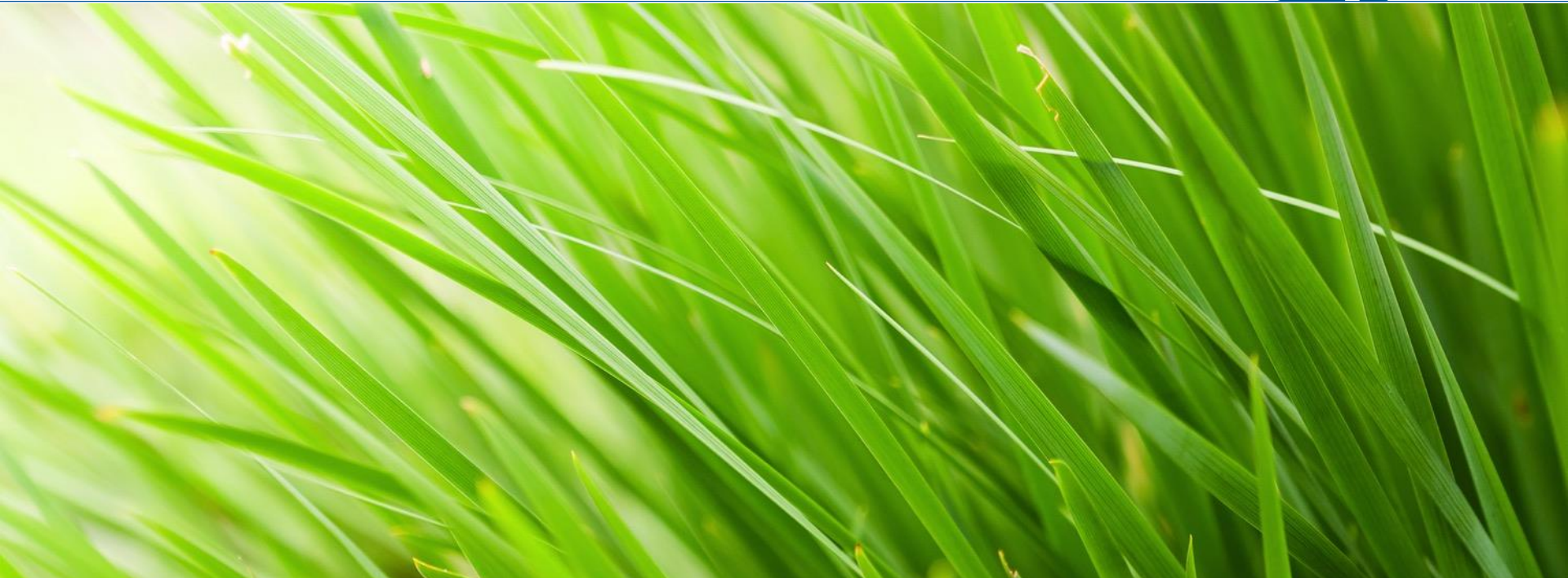


Investor Update Paris

March 16, 2016



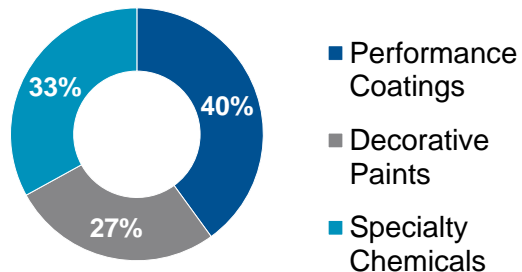
Global paints, coatings and specialty chemicals company

AkzoNobel

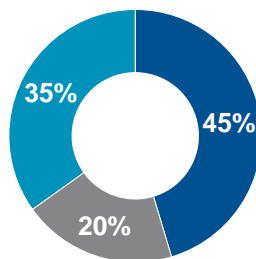
- ↗ €14.9 billion revenue (2015)
- ↗ €2.1 billion EBITDA (2015)
- ↗ 80+ countries
- ↗ 45,600 employees (2015)
- ↗ Leadership positions in many markets



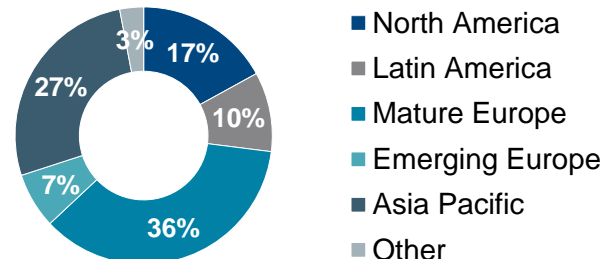
Revenue by Business Area



Operating income by Business Area



Revenue by geographic region



Global trends impacting our key market segments by 2050

AkzoNobel

- ↗ Population growth
- ↗ Urbanization
- ↗ Climate Change
- ↗ Natural resource constraints



Building and Infrastructure

New build projects

Maintenance, renovation and repair

Building products and components

43%

Transportation

Automotive OEM, parts and assembly

Automotive repair

Marine and air transport

17%

18%

Consumer durables

Consumer packaged goods

Consumer Goods

22%

Natural resource and energy industries

Process industries

Industrial



% based on 2015 revenue

Investor Update Paris

Focus will shift towards continuous improvement and organic growth

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Hardwire
new
organization
model

Deliver
continuous
improvement
culture

Build further
operational
excellence

Drive organic
growth and
innovation

Pursue value
generating
bolt-on
acquisitions

Next steps

Culture

- Core principles and values
- Sustainability – Planet Possible
- Human Cities - Society



The next phase of our strategy development includes (but is not limited to) financial guidance

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Financial Guidance

9-11%

of return on sales
(EBIT/revenue) 2016-2018

13-16.5%

of return on investment
(EBIT/average 12 months
invested capital) 2016-2018



Sustainability Targets

20%

of revenue by 2020 from products that are more sustainable for our customers than the products of our competitors

25-30%

more efficient resource and energy use across the entire value chain by 2020 (measured by carbon footprint reduction)

REI (Resource Efficiency Index)

A new indicator measuring how efficiently we generate value (expressed as gross margin divided by cradle-to-grave carbon footprint)



Sustainability : Embedded into the company mindset

AkzoNobel

Core principles:

**Safety
Integrity
Sustainability**

Customer Focus

We build successful partnerships with our customers

Deliver on Commitments

We do what we say we will do

Passion for Excellence

We strive to be the best in everything we do, every day

Winning Together

We develop, share and use our personal strengths to win as a team

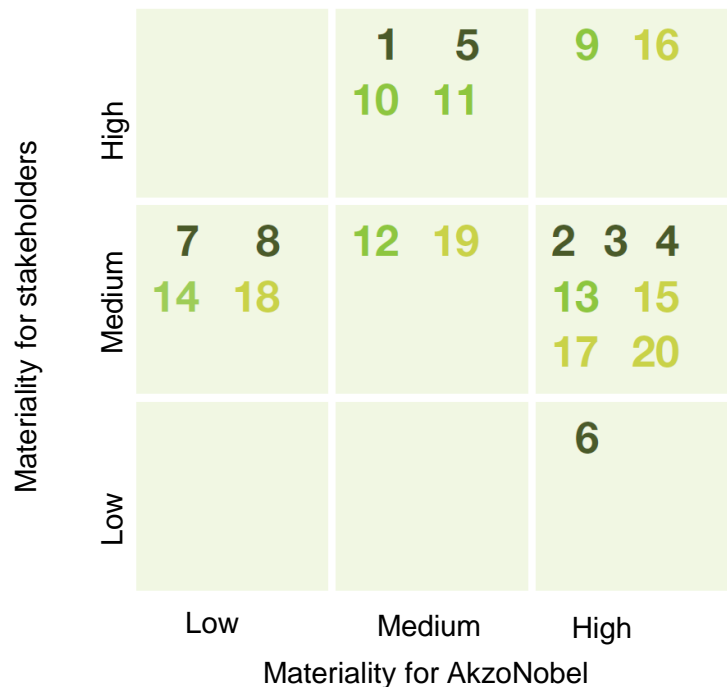
STI Element	Metric
20%	Return on investment
20%	Operating income
30%	Operating cash flow
30%	Personal targets – partly related to strategic targets

LTI Element	Metric
35%	Return on investment
35%	Total Shareholder Return
30%	Sustainability / RobecoSAM - DJSI



Principle of materiality used to assess the topics to include in Report 2015

AkzoNobel



- We have updated the materiality to assess the topics to include in the AkzoNobel Report 2015, which are current and important for the company and key stakeholders.
- A list of more than 200 topics was reduced by reviewing the dominance of the topics, before being clustered into 20 final topics which are plotted in the matrix to the left.
- The most important topics are energy, resource use, carbon emissions throughout the value chain (9) and people and process safety (16).
- Most material issues are included in our corporate strategy and/or sustainability KPIs.

■ Economic ■ Environmental ■ Social

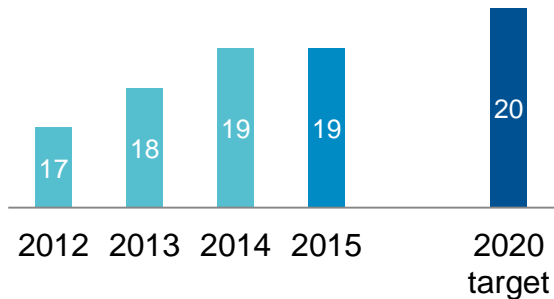


Additional effort needed to make progress towards the 2020 sustainability targets

AkzoNobel

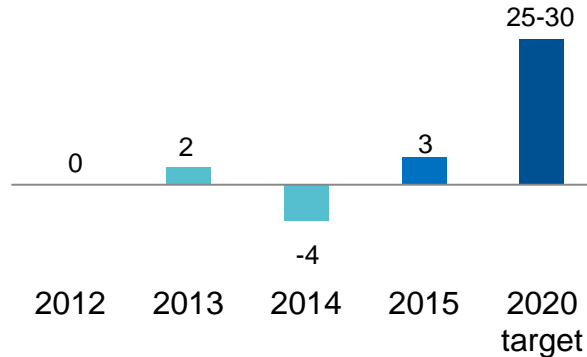
Eco-premium solutions with customer benefits

In % of revenue



Cradle-to-Grave Carbon Footprint

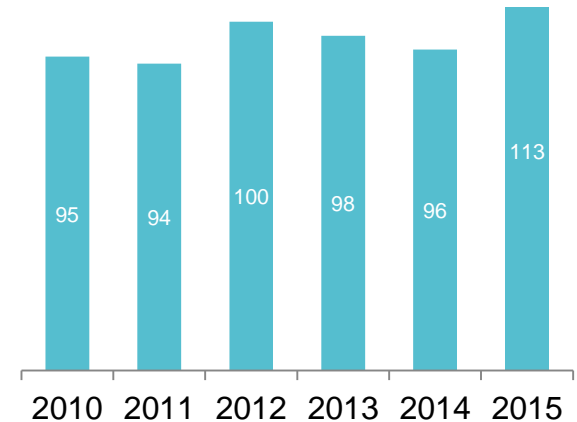
% reduction CO₂(e)
per ton of sales from 2012



REI

Resource Efficiency Index

Gross margin/CO₂(e) indexed



Eco-premium solutions - Definition

A product qualifying for the list of AkzoNobel Eco-premium solutions must meet the following criteria when assessed against the competing mainstream products/solutions:

1. It provides the same or better functionality for the customer application.
 2. When assessed along the full value chain against the following criteria:
 - Energy efficiency (consumption)
 - Use of natural resources/raw materials
 - Emissions and waste
 - Toxicity
 - Risks (for accidents during production, transportation etc.)
 - Land use
 - Health/wellbeing
- a. It is significantly better in at least one aspect (mind set 10% difference across the value chain).
 - b. There are no significant measurable or perceived adverse effects in any other of the criteria.



Resource Efficiency Index

The objective of our new strategy is to create more value from fewer resources – right across the value chain.

- **The Resource Efficiency Index** is defined as gross margin divided by cradle-to-grave carbon footprint – reported as an index. Our aim is to use this metric to drive further improvements in resource efficiency across the value chain.
- **Gross margin:** we selected gross margin as an indicator of added value - it is comparatively stable and captures the effects of efficiency improvements
 - **Carbon footprint:** we use cradle-to-grave carbon footprint as a proxy for how efficiently we are using raw materials and energy in our products.

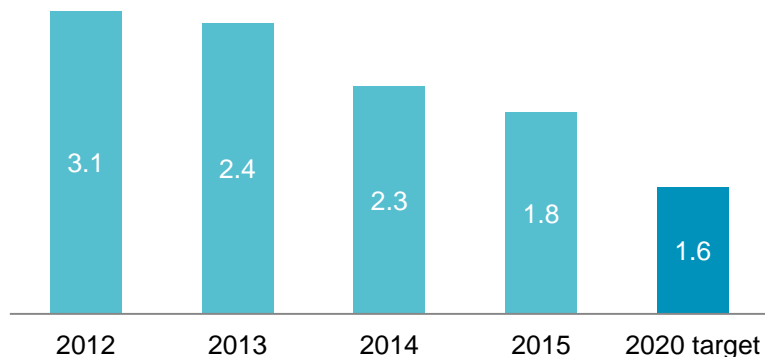
Our Carbon Policy and cradle-to-gate carbon footprint intensity targets have been in place since 2009. We moved to cradle-to grave intensity targets in the strategy we launched in 2013



The three key elements to safety - update

People

- A common approach to behavior-based safety has been implemented at all our manufacturing sites in recent years.
- In 2014, we already reached the 2015 target (<2) in total reportable injury rate and will continue focusing on continuous improvement to achieve the target of <1 by 2020



Product

- Committed to reducing the use of substances in our products that may pose a significant risk to long-term health or the environment
- Identify and review hazardous substances which are then scored. Higher score substances are designated as priority
- Reviewed and risk managed 100% priority substances
- Of the priority substances reviewed, 56 have been phased out and 148 restricted in use.

Process

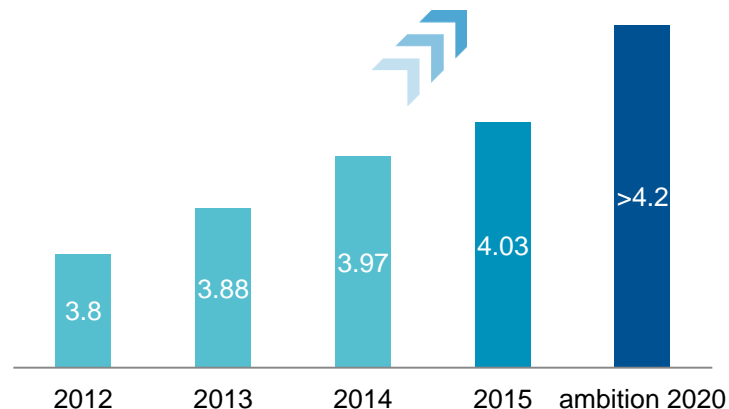
- Process safety management (PSM) framework sets out minimum process safety management standards at all sites.
- Implementation of the framework is phased.
- In 2015, Phase A (most safety critical) sites (46) implemented part of their improvement plans according to schedule
- Phase B sites (82) started the program in 2015.
- The remaining 72 sites (Phase C) will carry out the PSM gap analysis in 2016.

Engagement increased during ongoing change

AkzoNobel

- Our people are the key to our success
- We aim for a high performance culture of engagement, feedback and trust
- Employee engagement is measured through our ViewPoint engagement survey

**ViewPoint score employee engagement
(1 to 5 scale)**



Leadership changes providing clear direction and driving culture change

AkzoNobel

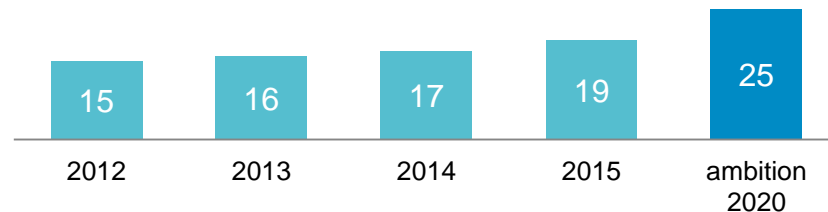
Significant changes at the top

- Majority of Executive Committee in last few years
- 50% of senior executives in 2014
- ~ 80:20 of internal promotion and external hires

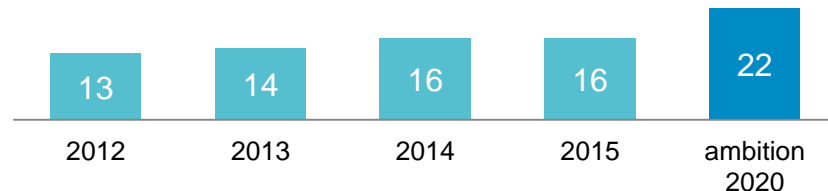
Diversity is an important factor

- Reflects the societies where we do business
- Better insights into our customer and employee base
- Objective is to create a high performing culture where employees can contribute to the best of their ability

% of female executives



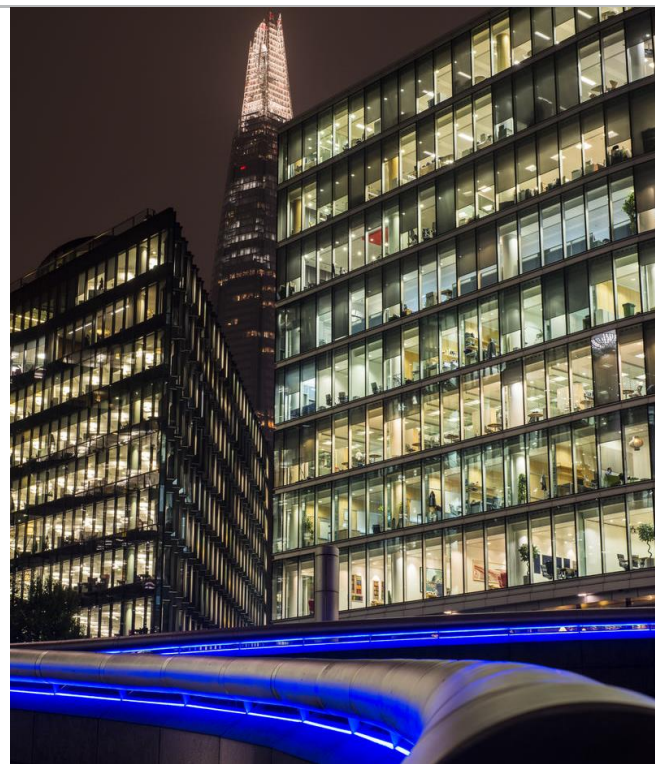
% of executives from Asia Pacific, Latin America and emerging Europe*



* Previously referred to as "high growth markets"

Conclusion

- Sustainability fully integrated into our processes and mindset
- We have the right strategy in place and progress is being made
- Our people are the key to our success as an organization. We need to ensure that we have a performance-driven culture
- Continue to improve in people, process and product safety
- Targets are embedded in remuneration
- Well positioned to benefit from end-market trends
- The Planet Possible concept creates uniform communication within the organization and our suppliers
- Our Human Cities initiatives helps us identify business opportunities, connect with customers and influencers higher up the value chain and increase our potential impact



Appendix



Strategy delivering results and building foundation for continuous improvement

AkzoNobel

Achievements



↗ Transformation | New operating models for all Business Areas

↗ Realignment of the functions

↗ Operational optimization; reduction in:
– Factory footprint
– Enterprise Resource Planning systems
– SKUs

↗ Portfolio optimization with selected divestments

↗ Proactive management of pension liabilities

↗ Continued focus on sustainability; #1 in Dow Jones Sustainability Index*

↗ Core principles and values | Human Cities

Vision confirmed; financial guidance 2016-2018

AkzoNobel



Vision:
**Leading market positions
delivering leading performance**

Guidance 2016-2018:

- Return on sales: 9-11%
- Return on investment: 13-16.5%
- Clear aim to build on the foundation we have created and grow in line or faster than our relevant market segments

Key assumptions:

Currencies versus €: \$1.1, £0.71, ¥7.1

Oil price ~\$60/bbl; no significant market disruption

Visions confirmed; performance ranges 2016-2018

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Specialty Chemicals

Vision:

**Delivering leading performance
based on sustainable chemical
platforms**

**driving profitable growth in
selected markets**

Performance range 2016-2018:

- Return on sales: 11.5-13%
- Return on investment: >16%

Performance Coatings

Vision:

**Leading market positions
delivering leading performance**

Performance range 2016-2018:

- Return on sales: 12-14%
- Return on investment >25%

Decorative Paints

Vision:

**The leading global Decorative
Paints company
in size and performance**

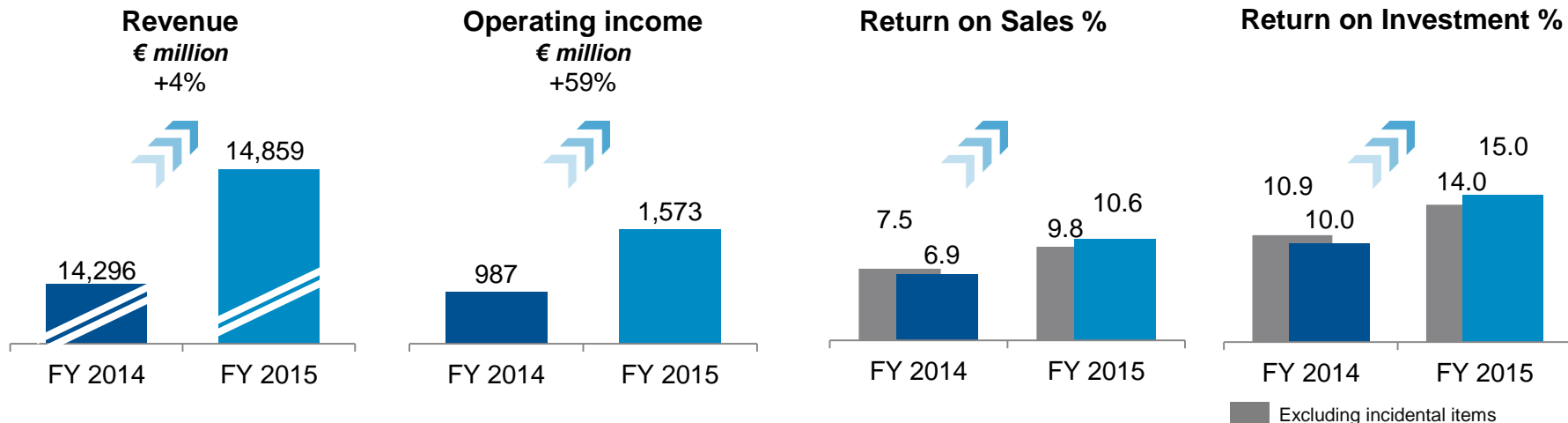
Performance range 2016-2018:

- Return on sales: 8-10%
- Return on investment: >11.5%

- Clear aim to build on the foundation we have created and grow in line or faster than our relevant market segments

Full-year 2015 represents another year of improved financial performance

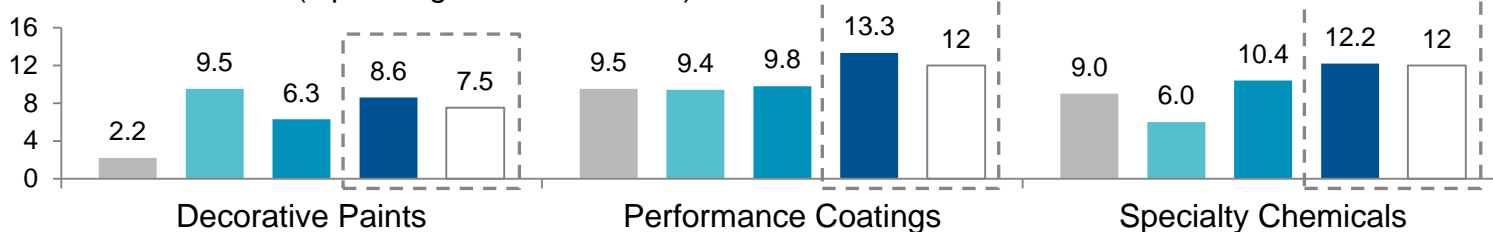
AkzoNobel



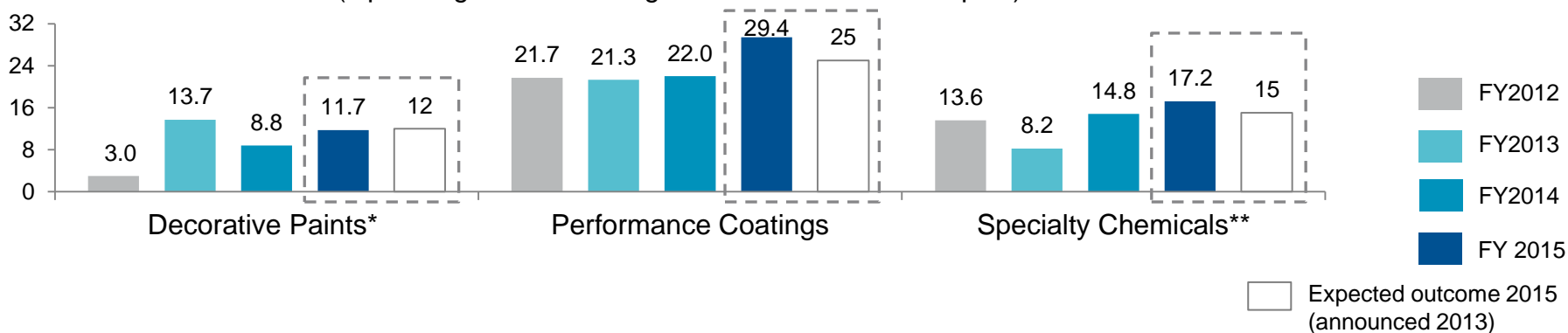
- Net income attributable to shareholders up 79 percent at €979 million (2014: €546 million)
- Adjusted EPS up 43 percent at €4.02 (2014: €2.81)
- Net cash inflow from operating activities up 40 percent to €1,136 million (2014: €811 million)

Performance improved in all businesses

Return on sales % (Operating income/revenue)



Return on investment % (Operating income/average 12 months invested capital)



* Adjusted for 2012 impairment charge (€2.1 billion); includes sale of Building Adhesives in 2013 (€198 million)

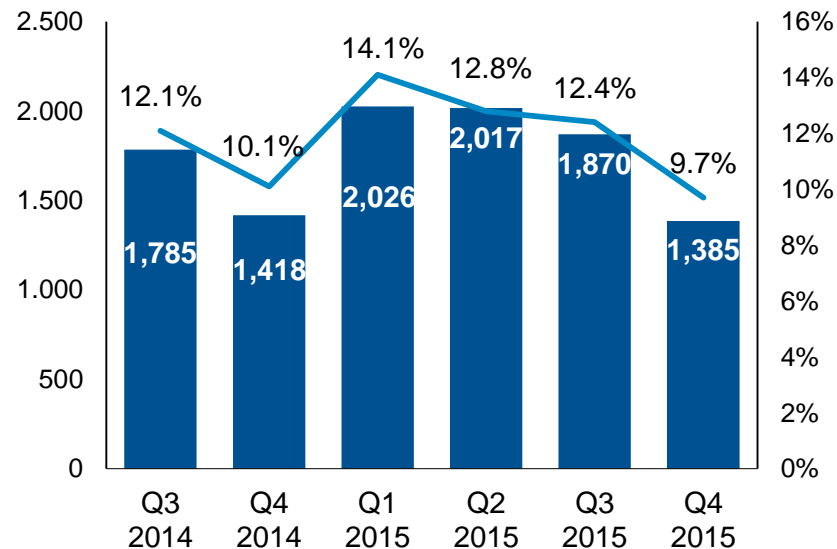
**Includes 2013 impairment charge (€139 million)

Cash management discipline continues

Operating Working Capital

€ million

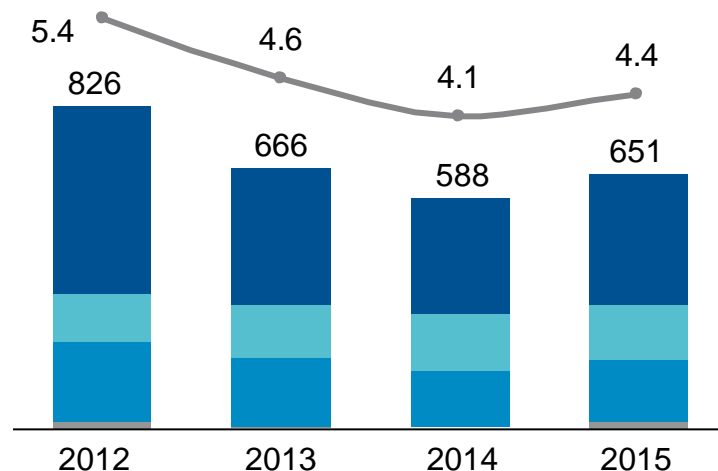
- Operating Working Capital
- OWC as % of LQ revenue * 4



Capital Expenditures

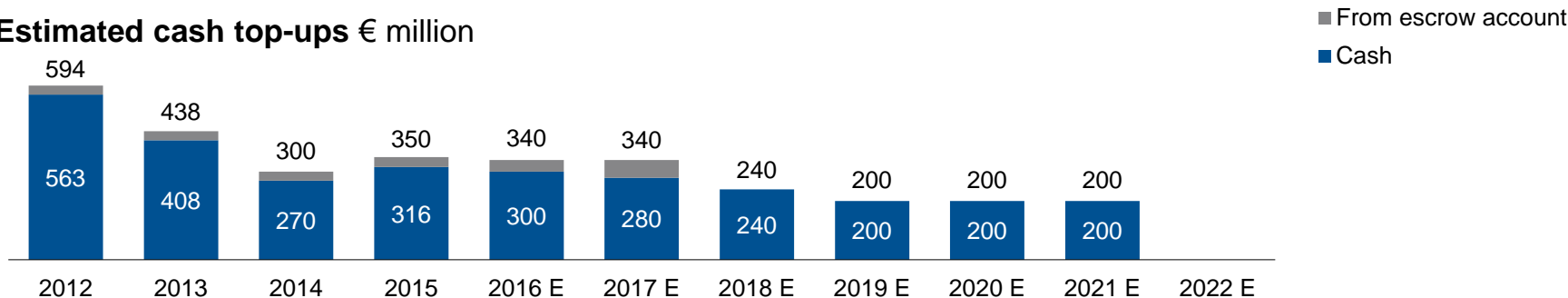
€ million

- Specialty Chemicals
- Performance Coatings
- Decorative Paints
- Other
- Capex as % of revenue



Pension top-up payments projected to reduce in future years

Estimated cash top-ups € million

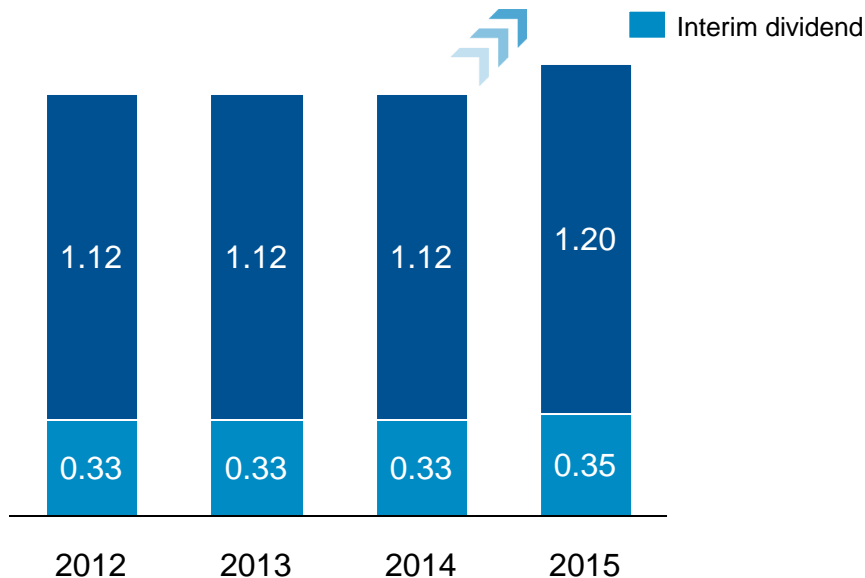


- Relate mainly to the two UK plans: ICI Pension Fund and the Courtaulds Pension Scheme (actuarial deficit £1.1/ €1.5 billion)
- Regular defined benefit contributions €125 million per year
- Prudent actuarial valuation of liabilities and low risk investment strategies
- Extensive de-risking of liabilities
- Lower payments in the medium term and recovery plan extended until 2021
- Reduced volatility and more certainty regarding future cash flows

Increase in dividends a clear sign we are more confident about cash flow generation

AkzoNobel

Dividends € per share

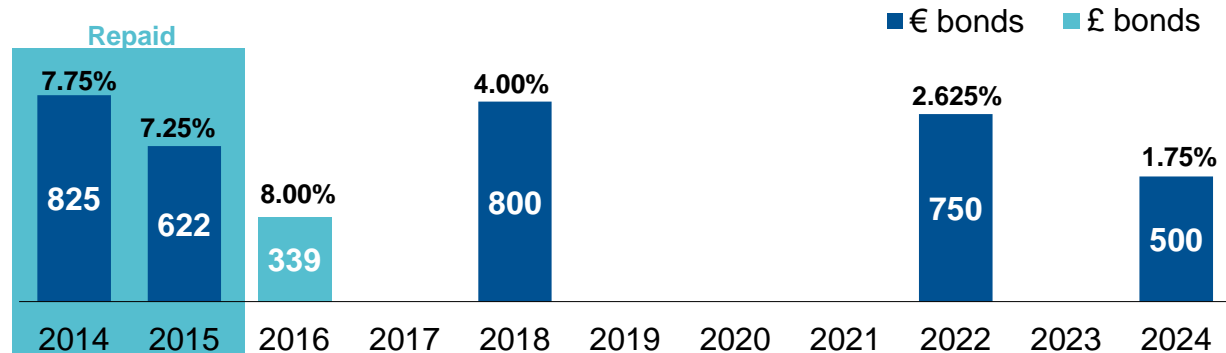


- Dividend policy is to pay a “stable to rising” dividend each year
- Interim and final dividend paid in cash, unless shareholders elect to receive a stock dividend (normal uptake 35-40 percent)
- Interim dividend up 6 percent
- Proposed final dividend €1.20 per share (paid May 19, 2016)
- Total dividend up 7 percent to €1.55 per share**

Repayment of high interest debt resulted in lower interest charges

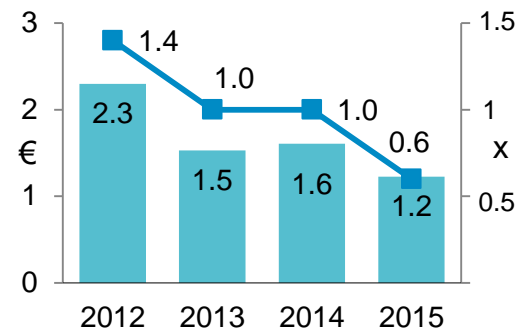
- Maintain investment grade rating of BBB+
- Net debt reduced to 0.6 x EBITDA
- Undrawn revolving credit facility and commercial paper programs
- Average interest rate reduced further with repayment of high interest debt
- Renewal of €1.8 billion undrawn credit facility

Debt maturities € million (average debt duration 4 years 10 months)

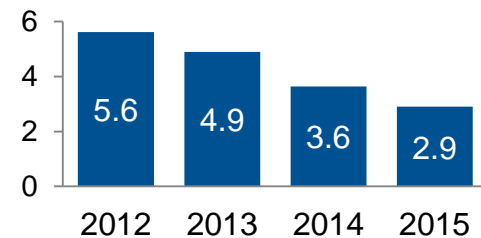


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Net debt (€ billion)/EBITDA



Average cost of long-term bonds %



Eco-premium solution example : Powder Coating – Interpon A5000 for Auto Truck

AkzoNobel

Key features

- The first powder coating application line in China for Auto Truck industry
- Interpon A5000 provides an effective solution to replace liquid coating on load bed
- High flow and gloss (based on proprietary resin) equivalent to existing liquid aesthetics
- Improved abrasion resistance compared to existing liquid whilst meeting all other performance attributes

Customer benefits

- Zero VOC
- Reduced waste water
- Improved application efficiency resulting in less overspray waste
- Smaller physical footprint

Financial benefits

- Avoidance of China VOC Tax
- Reduced cost of the treatment of waste
- Reduced capital investment to set up the new application line



Powder coating with super flow & high-durability on Auto Truck

Eco-premium solution example : Vehicle Refinishes - Sikkens Autoclear UV

AkzoNobel

Key features

- Fast drying (12 minutes), outside the spraybooth/in a stationary or rapid repair booth, using low energy UV LED technology
- HSE friendly drying using UV-A radiation only
- A long pot-life limiting the need to mix and reducing the amount of waste in the body shop
- Application properties and appearance one expects from a regular clearcoat

Customer benefits

- Improved body shop efficiency, by being able to run a separate process in the body shop, using a full UV system
- Improved productivity by shorter drying times compared to ambient products
- Lower energy cost and footprint
- Improved painter productivity and less waste

Financial benefits

- Presence in an increasing market (expectation is up to 30% of premium clearcoat sales in North West Europe in the next 10 years)
- A full premium UV system able to deal with the majority of smaller repairs Europe wide
- A door opener to full system sales



A new UV clearcoat to meet the needs of fast track/stationary repair trend