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October 27, 2009

Q3 2009 results – Investor update

Agenda

- AkzoNobel at a glance
- Strategic ambitions and action plans
- Q3 Highlights and operational review
- Financial review
- Outlook and medium-term targets

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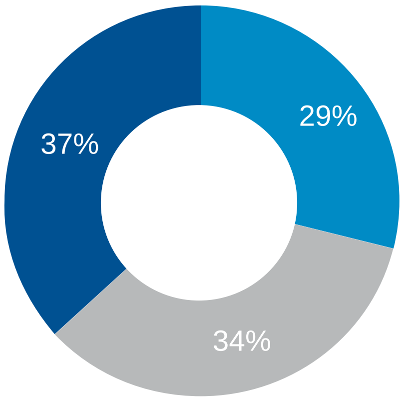
AkzoNobel key facts

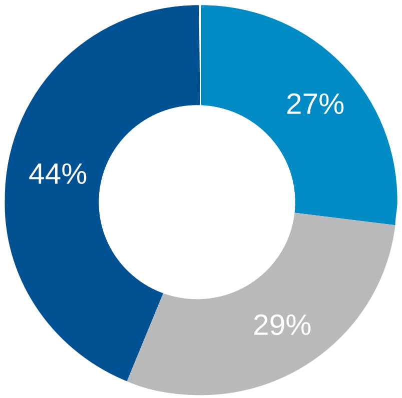
2008

- Revenue €15.4 billion
- 61,300 employees
- EBITDA: €1.9 billion*
- EBIT: €1.4 billion*
- Credit ratings: BBB+ (S&P) and Baa1 (Moody's)

Revenue by business area



EBITDA[1] by business area

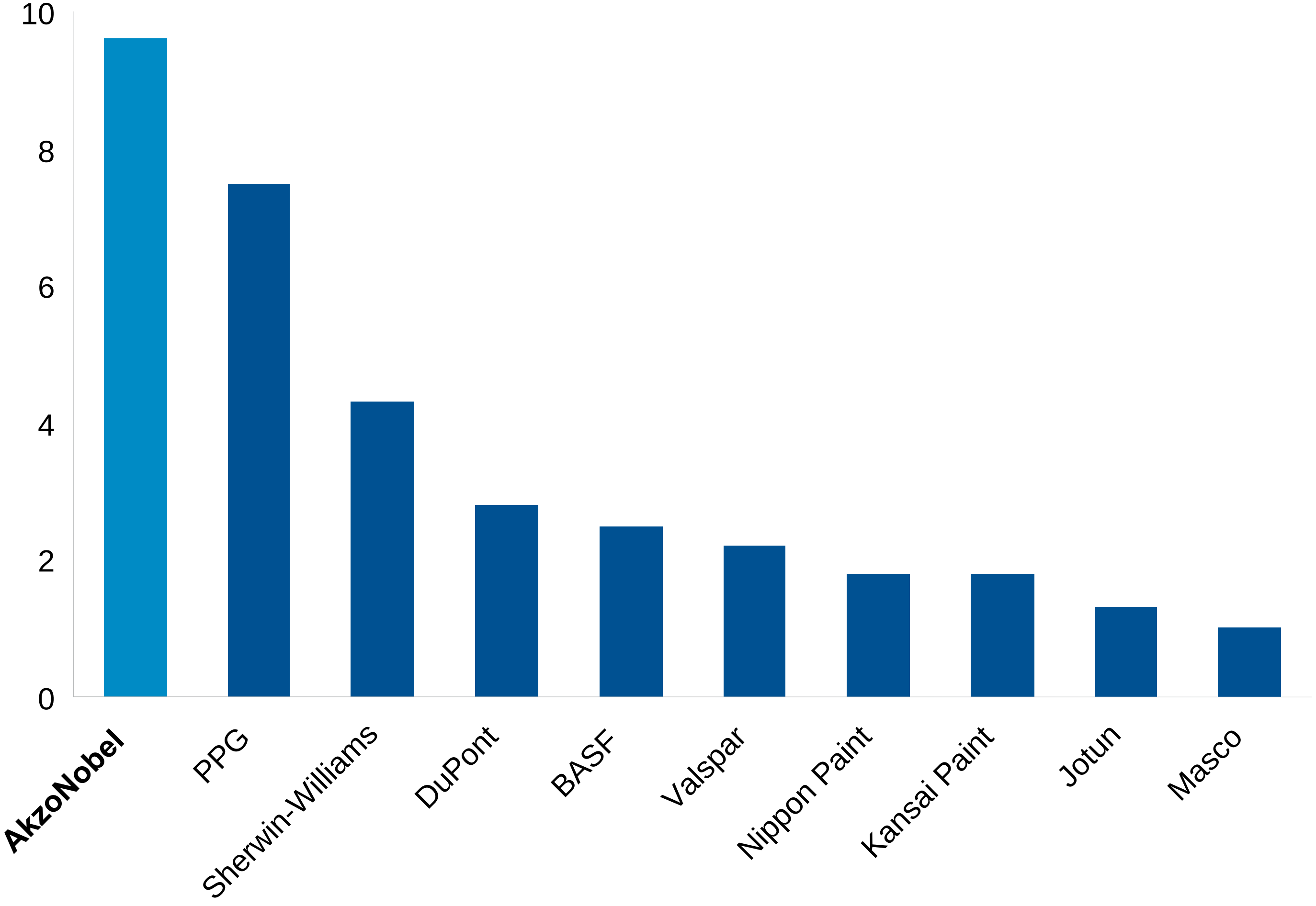


Performance Coatings
Decorative Paints
Specialty Chemicals

** Before incidentals*

AkzoNobel is the world's largest Coatings supplier

2008 revenue in € billion



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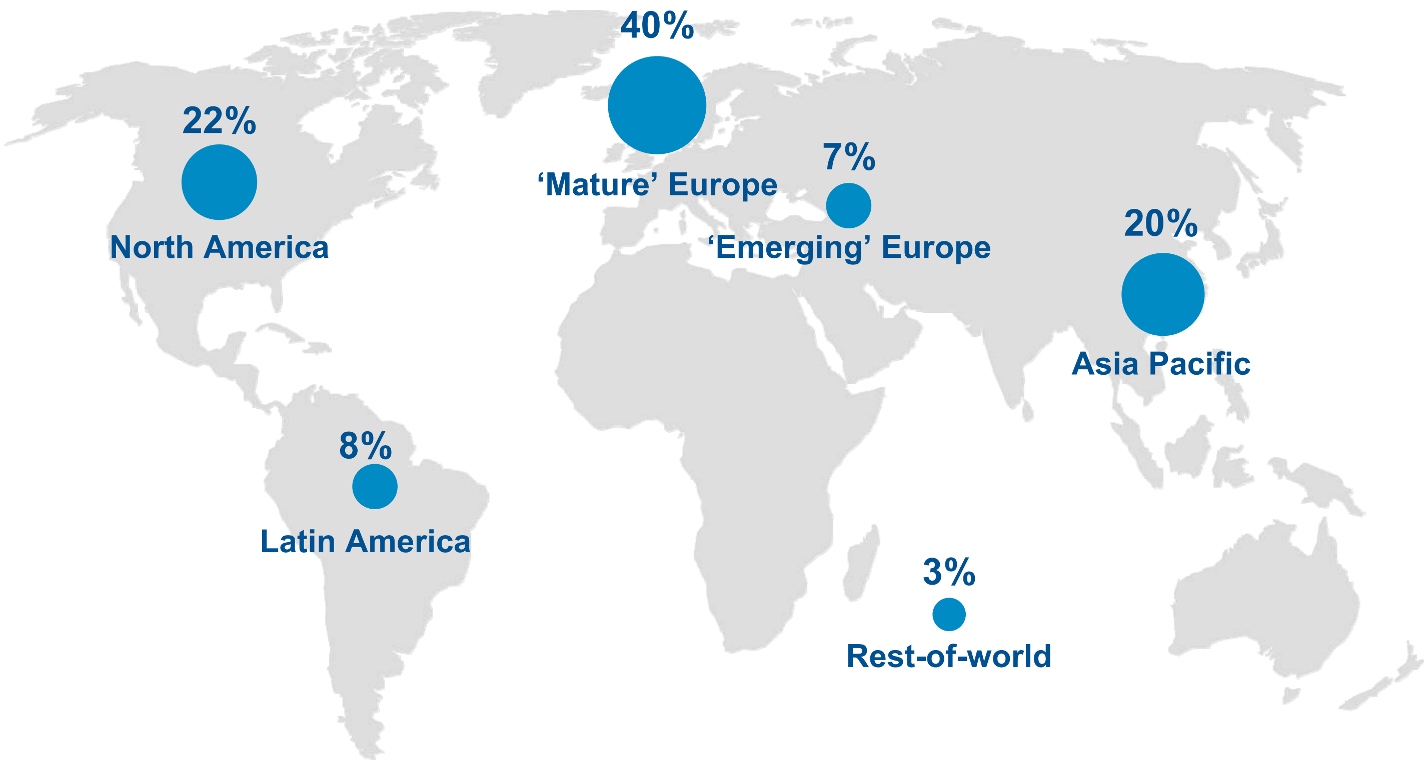
Excellent geographic spread of both revenue and profits

Emerging markets are important (36% of revenue)

% of 2008 revenue



Emerging markets profitability is strong (45% of EBIT)

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We have strong brands across the full spectrum of our business

Biggest brands, per business area

% of 2008 revenue

Dulux	25% of Decorative Paints
International	23% of Performance Coatings
eka	18% of Specialty Chemicals

Strong emerging markets growth potential

	Mature Per Capita	Emerging Per Capita
Architectural Paint	8 liters	< 2 liters
Industrial and Special Purpose Coatings	13 liters	< 6 liters
Plastics	~100 kg	~20 kg
Paper	~170 kg	~25 kg

Source: Food & Agriculture Organization of the UN, 2005 data for paper and paperboard; Plastic Europe Market Research Group (PEMRG) 2005 plastics data; Euromonitor 2007 coatings data; WorldBank population data

We continue to successfully innovate

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Weathershield BackPack Roller System®

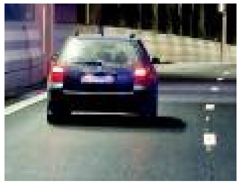
- Complete painting system, combines the power of a pump to dispense and control paint from specially designed packs.

UV LED spray gun for Autoclear® UV

- Automotive spray gun introduced in May which paints and cures at the same time. No warm up time, up to 25 percent less energy used during total repair.

Aqualure™ 915

- One of our newest packaging coatings, an ultra-pliable lacquer which flexes with the new lightweight beverage cans while maintaining a perfect barrier to protect the liquid inside.

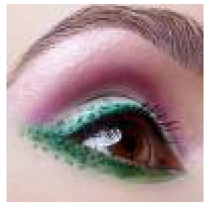


Rediset™ asphalt additive

- Significantly reduces the mixing and paving temperatures, creating fuel savings and reducing operational costs. Results in lower asphalt fumes, providing better working conditions for the paving crew.

Dissolvine® GL

- Leading the next generation of products in cosmetics and personal care. It's free from genetically modified raw materials, not irritating to skin or eyes and readily biodegradable.



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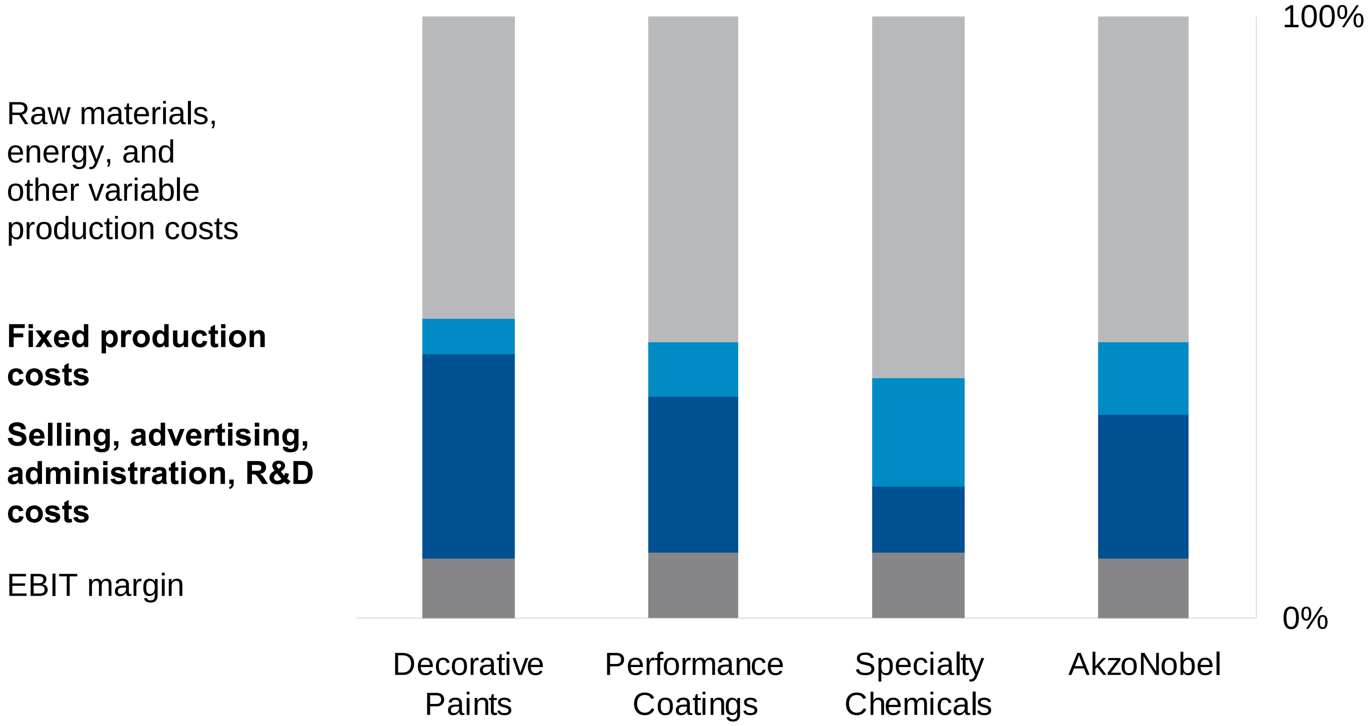
Low fixed costs as a percentage of revenue

% of annual revenue, indicative



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Sustainability is integrated in everything we do

We have set ambitious sustainability targets:

- Remain in the top three in the Dow Jones Sustainability Indexes
- Reduce our total recordable injury rate
- Deliver a step change in people development

We focus on long-term performance. By 2015 our ambition is:

- That Eco-premium* products will make up 30 percent of sales
- To reduce our cradle-to-gate carbon footprint with 10 percent
- To achieve sustainable fresh water use on all our sites

We have linked remuneration to these targets and ambitions:

- Our executive bonuses are linked to performance in the leading sustainability index (DJSI)

Dow Jones Sustainability Indexes

** Higher eco-efficiency than main competitive product*

Strategic ambitions and action plans

AkzoNobel strategic ambitions

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Leading in value creation

- Outgrow our markets
- EBITDA margin > 14 percent by end 2011
- 0.5 percent improvement in operating working capital (OWC) level, p.a.

Leading in sustainability

- Top 3 Dow Jones Sustainability index
- Reduction in total recordable injury rate
- Step change in people development

Tied to incentives, both for value creation and sustainability

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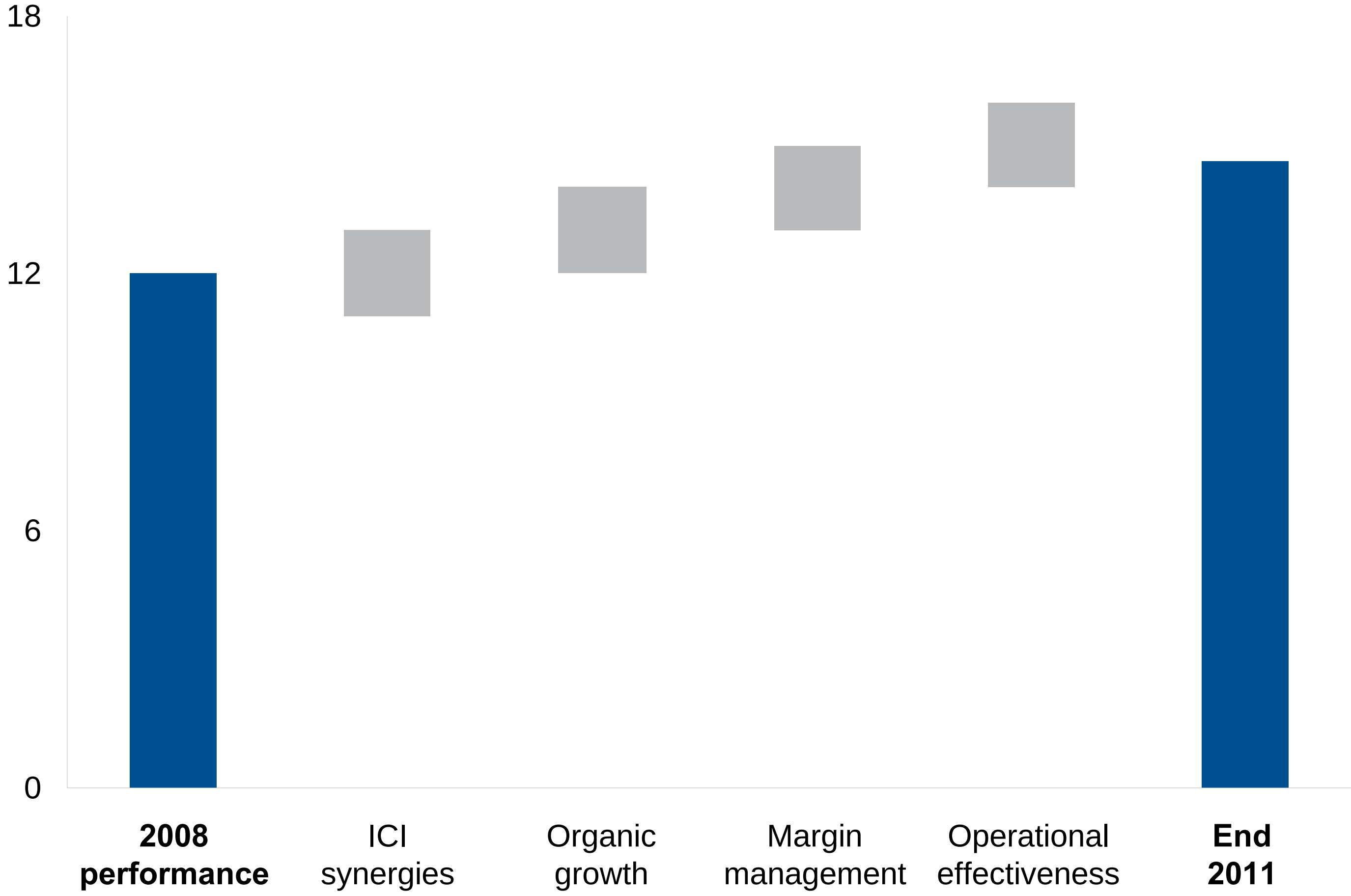
Delivering the EBITDA margin ambition

EBITDA margin, indicative



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Key components of the strategic action plan

ICI synergies

- €340 million structural cost savings
- Delivered more rapidly than originally planned

Organic growth

- Leveraging our strong emerging markets positions for growth
- Emphasis on focused, bigger, bolder innovation

Margin management

- Centralized procurement
- Systematic approach to managing the value chain

Operational effectiveness

- Additional restructuring beyond the ICI synergies
- Leaner, more efficient organisation at all levels

Q3 Highlights and operational review

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Q3 Highlights

- Ongoing volume pressure
- Strong company-wide focus on customers, costs and cash
- Margin management and cost restructuring delivering results
- Operating working capital reduced
- Recovery remains fragile

Financial overview Q3 2009

- Revenue declined 10 percent to €3,639 million
- EBITDA* of €549 million, EBITDA* margin at 15.1 percent
- Restructuring continues
- Net income: €197 million (2008: €152 million)
- Operating working capital reduced to 14.5 percent of revenue (2008: 17.4 percent)
- Interim dividend of €0.30 per share announced
- Recovery remains fragile

** Before incidentals*

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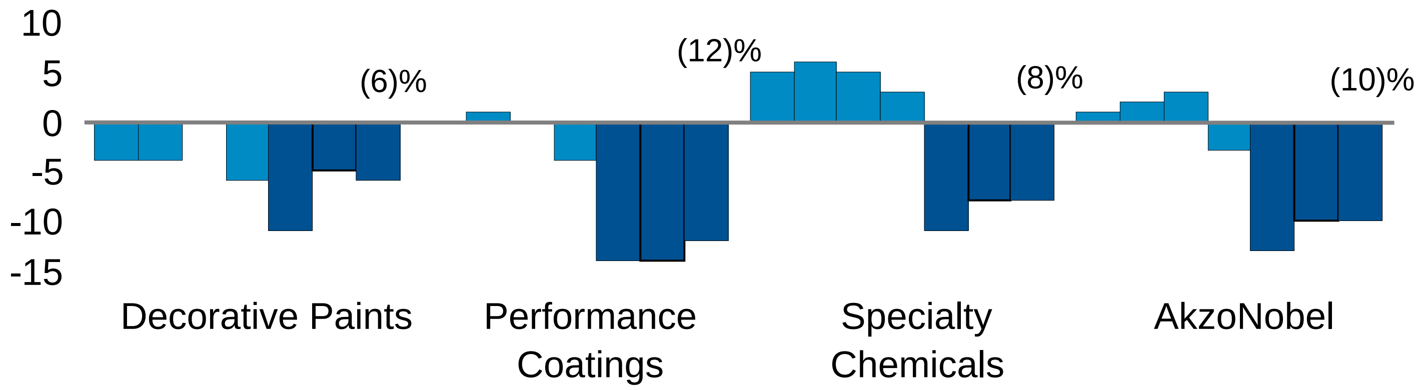
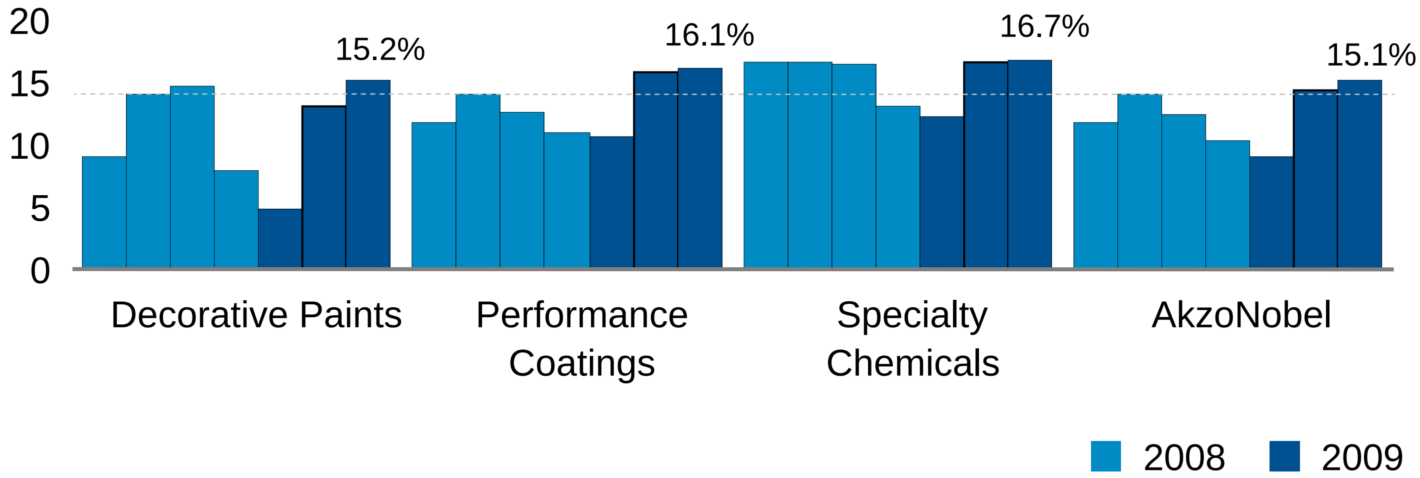
Revenue growth and margin development per quarter to Q3 2009

Reported revenue in % year-on-year



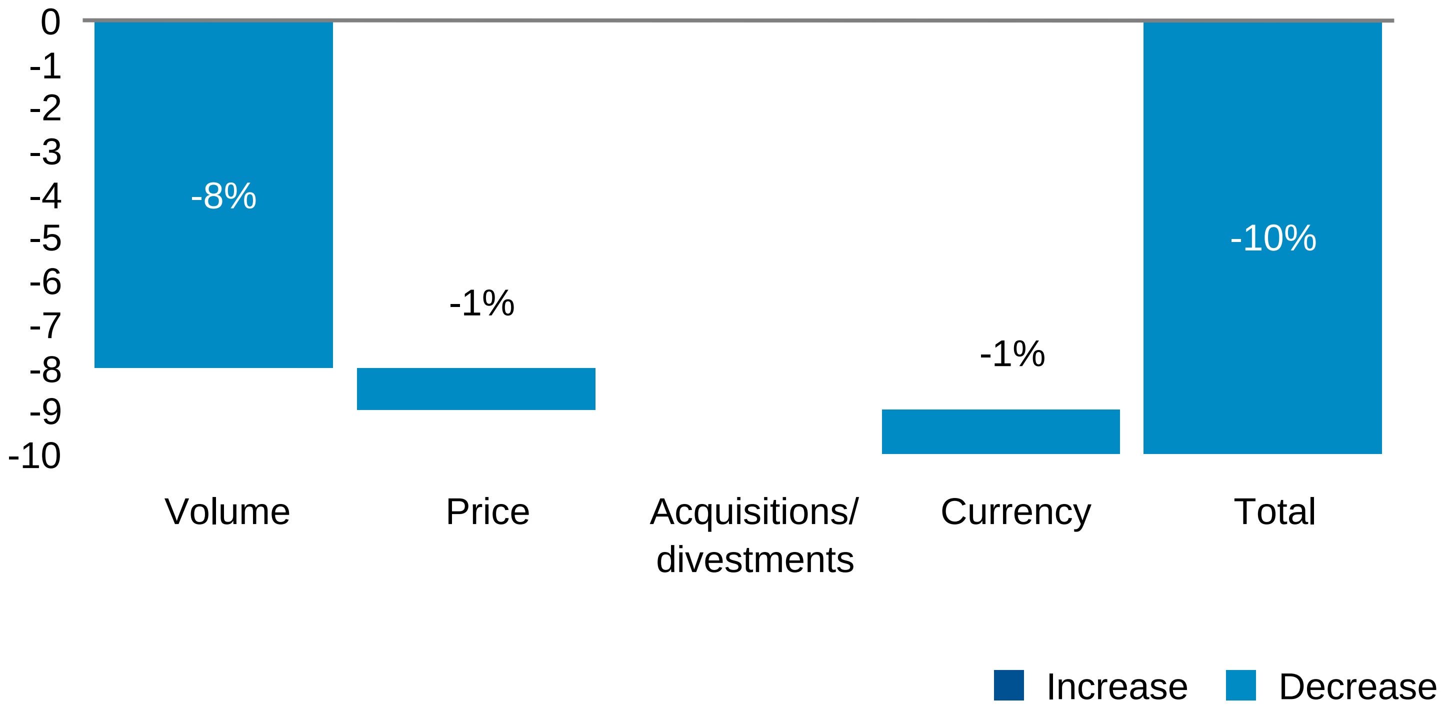
EBITDA margin in %



Q3 2009 revenue

€ million	Q3 2009	Δ%
Revenue	3,639	(10)

Revenue development Q3 2009 vs. Q3 2008



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Summary – Q3 2009

€ million	Q3 2009	Q3 2008
Revenue	3,639	4,049
EBITDA*	549	527
Amortization and depreciation	(158)	(152)
Incidentals	(39)	(79)
Financial income & expense	(98)	(44)
Minorities and associates	(16)	(13)
Income tax	(30)	(94)
Net income continuing operations	**208**	**145**
Discontinued operations	(11)	7
Net income	**197**	**152**

€ million	Q3 2009	Q3 2008
Net cash from operating activities	828	244

* *Before incidentals*

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Incidentals

€ million	Q3 2009	Q3 2008
Restructuring costs	(116)	(28)
Post-retirement benefits	58	
Transformation costs	(1)	(9)
Charges related to major legal, antitrust & environmental cases	(2)	(4)
Results on acquisitions & divestments	19	(19)
Other incidental results	3	(19)
Total	**(39)**	**(79)**

- Significant amount of restructuring costs
- Post-retirement benefits relate to adjustment to US plans
- Transformation costs in relation to ICI integration significantly down
- Results on acquisitions & divestments – mainly divestment of PTA Pakistan

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EBITDA – Cash bridge

€ million	*Q3 2009*	*Q3 2008*
EBITDA before incidentals	**549**	**527**
Incidentals (cash)	(21)	(58)
Change working capital	414	56
Change provisions	(77)	(214)
Interest paid	(16)	(14)
Income tax paid	(21)	(53)
Net cash from operating activities	**828**	**244**

- Working capital improvements underpin operating cash generation

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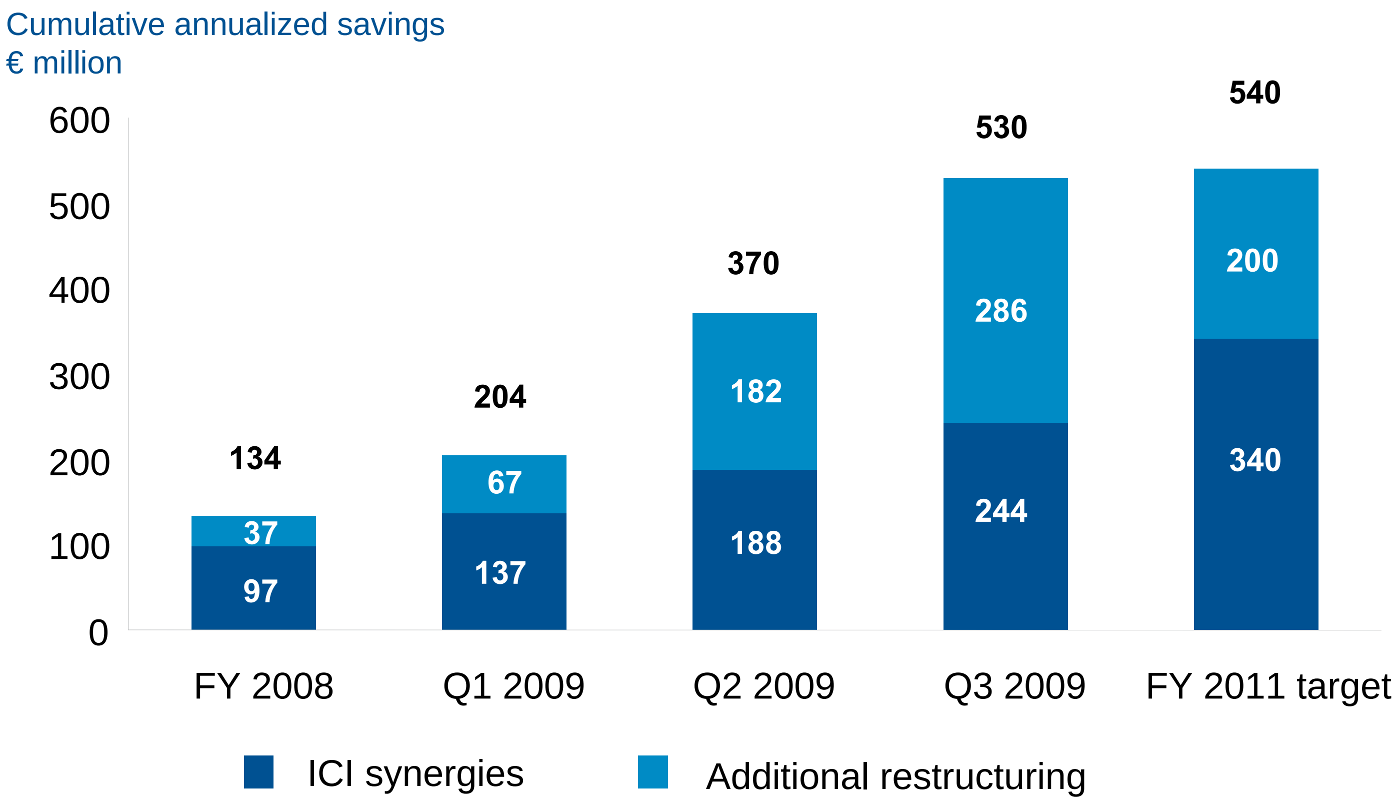
We are delivering on synergies and cost reduction



Total cost savings targeted of at least €540 million by 2011

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ICI synergies and additional restructuring on track

2008 & YTD 2009	ICI synergies	Additional restructuring	Total
Net FTE reductions*	1,742	2,240	3,982
Cash costs (€ million)	142	167	309
Annualized savings (€ million)	244	286	530

We will continue to pursue efficiency improvements:

- Alignment of manufacturing and distribution footprint to meet lower demand
- Intended 20 percent FTE reduction at HQ work in progress
- Further reduction of overhead cost and third party spend
- 2009 salary freeze for more than 500 executives, including Board of Management, and where possible for most other employees.

** The gross number was offset by new hires, acquisitions and seasonal staff*

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Operational review Decorative Paints

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Decorative Paints key facts

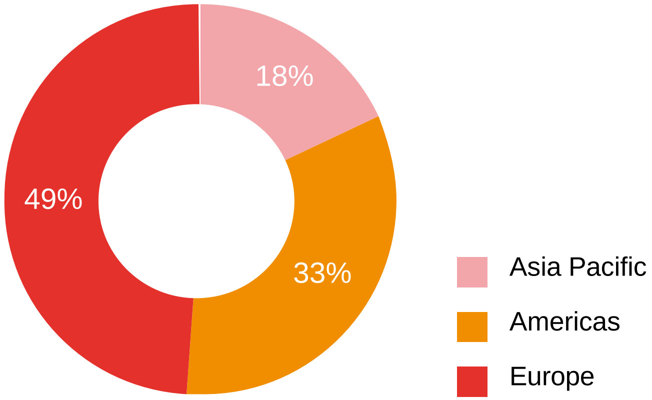
2008

- Revenue €5.0 billion
- 24,000 employees
- EBITDA: €598 million*
- 32 percent of revenue from emerging markets
- Largest global supplier of decorative paints
- Many leading positions, strong brands

Some of our strong brands

Dulux, sikkens, Glidden, levis, SICO, SCHÖNOX, Coral, FLEXA

Revenue by geography



** Before incidentals*

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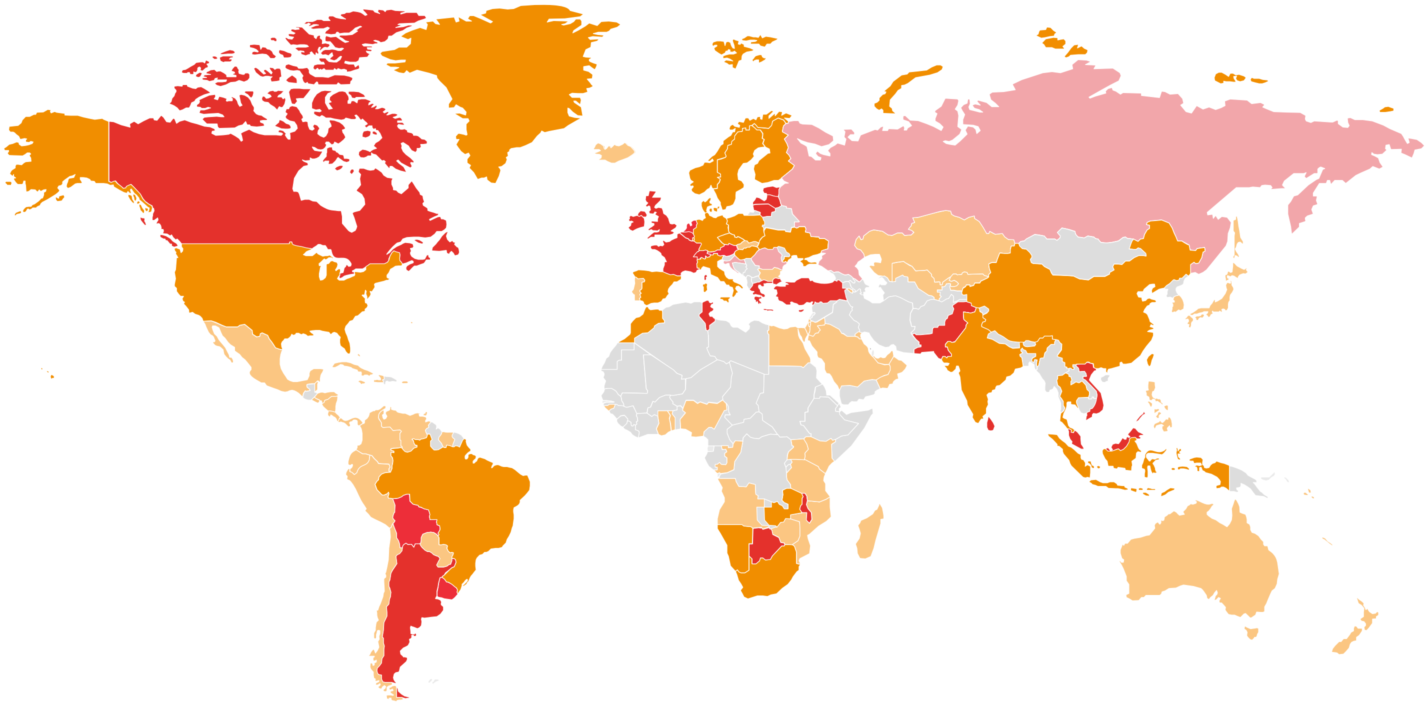
Leading Deco positions in all regions with strong brands

AkzoNobel market positions



1 | 2/3 | >3 | Export countries

Source: Euromonitor basis; AkzoNobel analysis 2008

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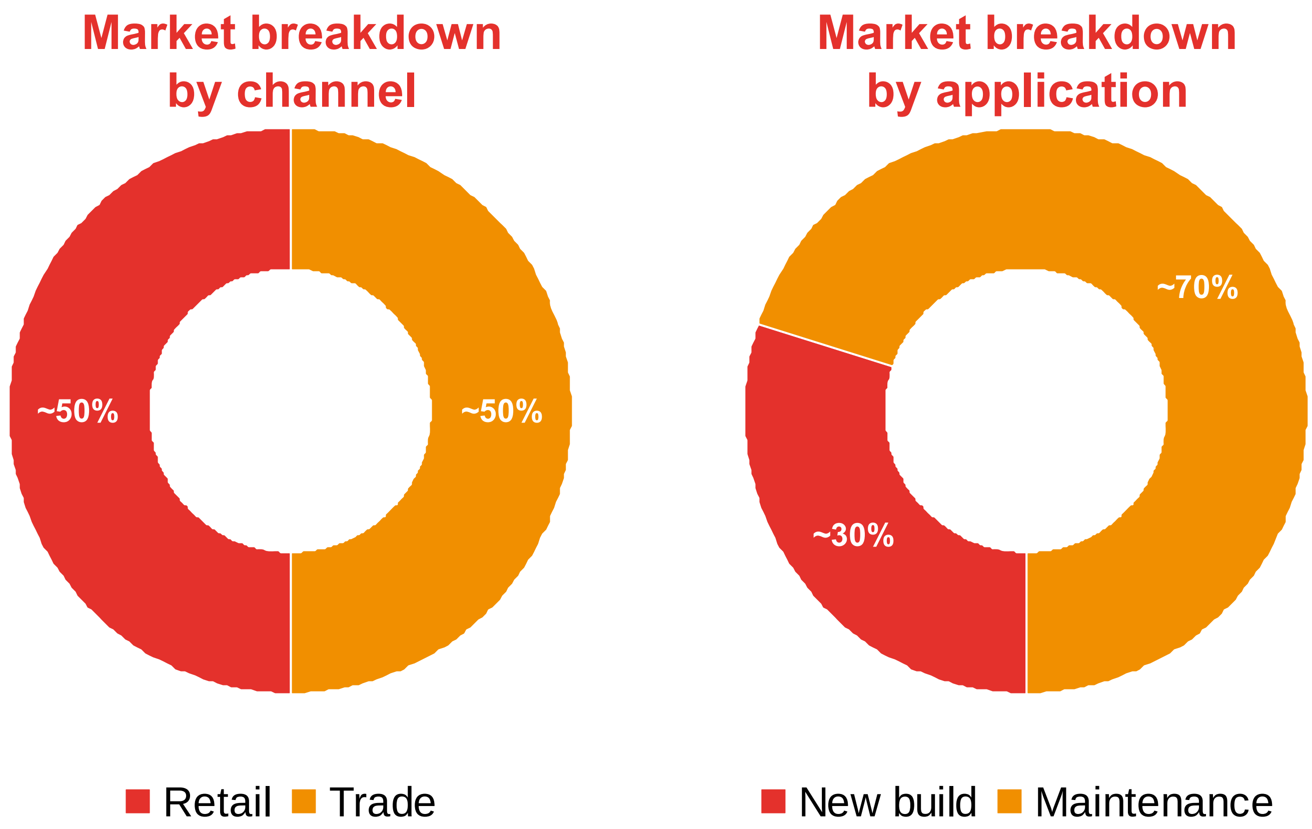
Combination of channel and application mix creates a relatively stable market

% of total Decorative market 2008



Source: Euromonitor basis; AkzoNobel analysis

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Decorative Paints highlights Q3 2009

- Revenue down 6 percent (Q2, 2009: 5 percent)
- Volume decline of 9 percent (Q2, 2009: 10 percent)
- EBITDA at €198 million (2008: €207 million)
- Improved EBITDA margin at 15.2 percent (2008: 15.0 percent)
- Trade market remains weak
- Margins positively impacted by continued restructuring, mix improvements and new product launches
- US market still depressed
- Strong performance in Europe on the back of mix and restructuring initiatives

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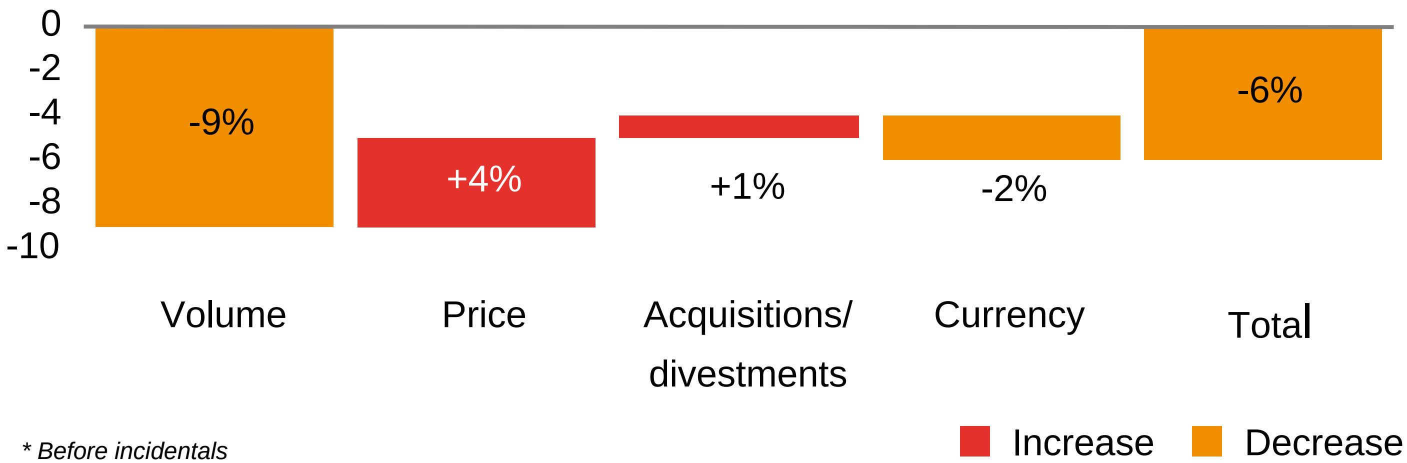
Decorative Paints Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,299	(6)
EBITDA*	198	(4)

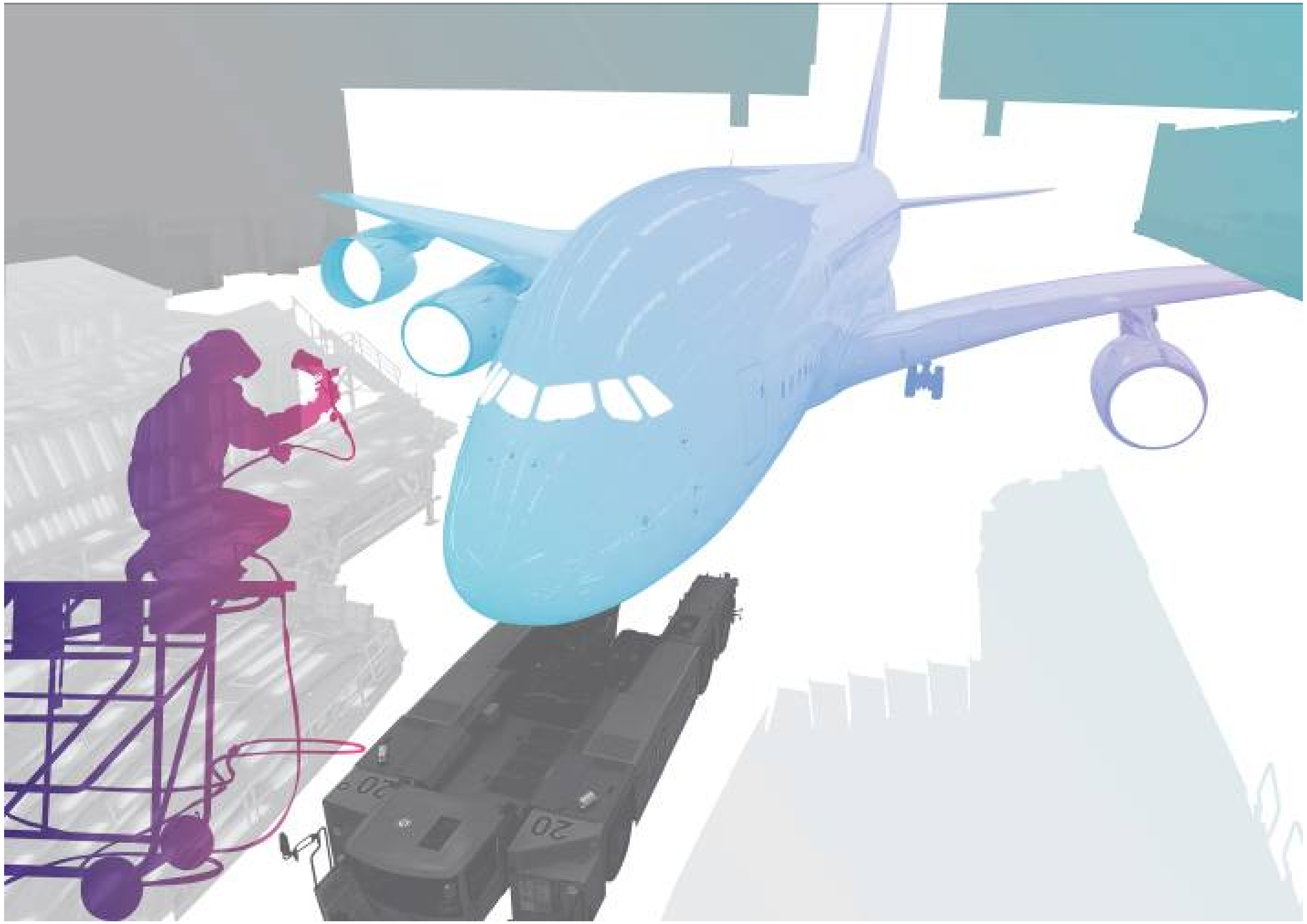
Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	15.2	15.0

Revenue development Q3 2009 vs. Q3 2008



** Before incidentals*

Operational review Performance Coatings

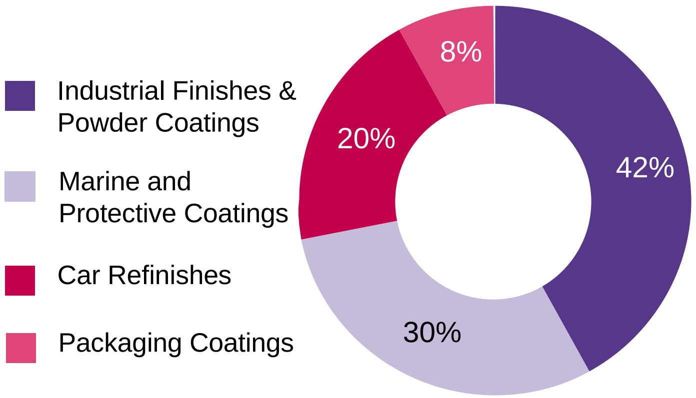


Performance Coatings key facts

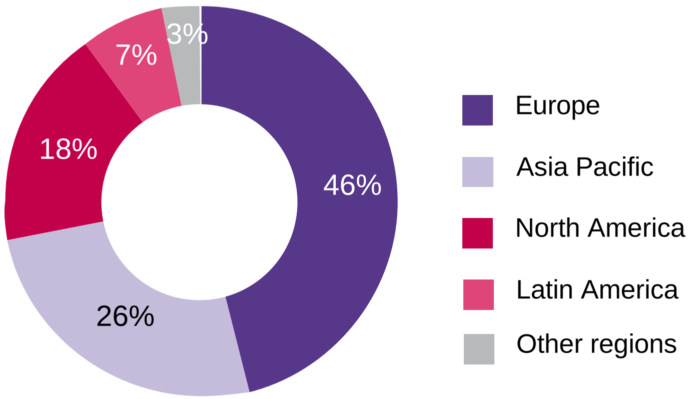
2008

- Revenue €4.6 billion
- 21,000 employees
- EBITDA: €566 million*
- 42 percent of revenue from emerging markets
- Leading positions in performance coatings
- Innovative technologies, strong brands

Revenue by business unit



Revenue by geography



** Before incidentals*

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Many market leadership positions

Industrial Finishes	1	Wood Coil Adhesives Specialty Plastics
Powder Coatings	1	Powder
Marine and Protective	1	Marine Protective Yacht
	2	Aerospace
Car Refinishes	3	Refinish OEM commercial
	5	Automotive plastic coatings
Packaging Coatings	1	Beer & beverage
	2	Food cans other

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Performance Coatings highlights Q3 2009

- Revenue decreased by 12 percent
- Volumes down 11 percent (Q2, 2009: 19 percent down)
- EBITDA up 12 percent at €166 million (2008: €148 million); EBITDA margin at 16.1 percent
- Cost levels decrease as restructuring programs continue
- Improving performance in Industrial Activities

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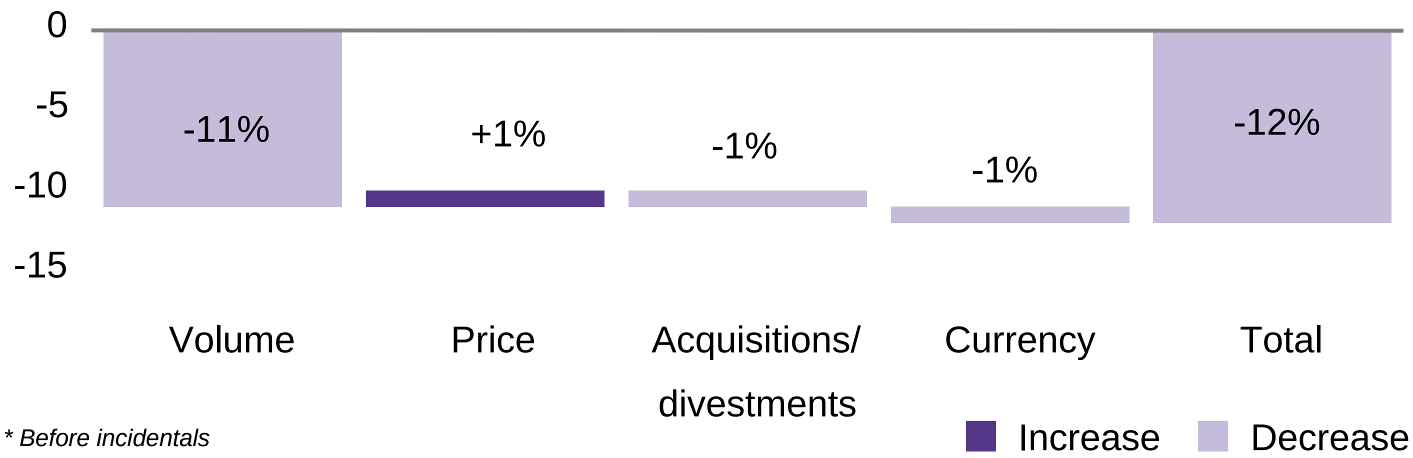
Performance Coatings Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,030	(12)
EBITDA*	166	12

Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	16.1	12.7

Revenue development Q3 2009 vs. Q3 2008



** Before incidentals*

Operational review Specialty Chemicals

Specialty Chemicals key facts

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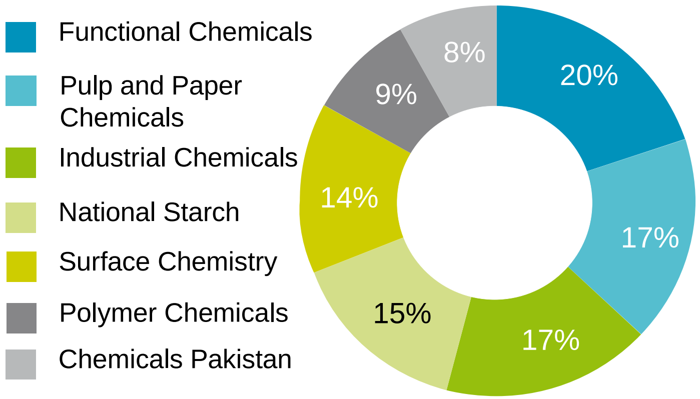
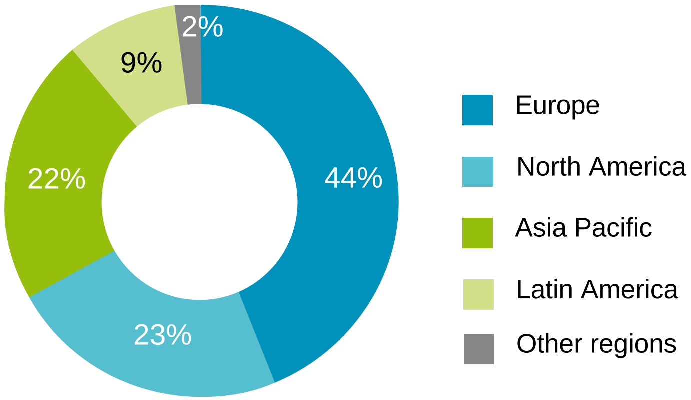
2008

- Revenue €5.7 billion
- 13,300 employees
- EBITDA: €909 million*
- 35 percent of revenue from emerging markets
- Major producer of specialty chemicals
- Leadership positions in many markets

Revenue by business unit



Revenue by geography



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Many market leadership positions

Pulp and Paper	1 Bleaching chemicals	2 Retention and sizing chemicals (globally)		
Industrial Chemicals	1 Monochloro-acetic acid (MCA)	1 Chlorine Merchant & salt (Europe)	2 Caustic merchant (Europe)	
Functional Chemicals	1 Chelates & micronutrients, sulfur products & polysulfides	2 Ethylene amines	3 Salt specialties (Europe)	5 Cellulosic specialties
Surface Chemistry	1 Industrial	2 Agricultural	3 Household & institutional cleaning	4 Petroleum
Polymer Chemicals	1 High Polymer Specialties	1 X-Linking, Thermosets and Polymer Additives	2 OrganoMetallic Specialties	

National Starch is global leader in food and holds strong positions in papermaking
Chemicals Pakistan holds strong positions in various markets in Pakistan

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Specialty Chemicals highlights Q3 2009

- Revenue decreased by 8 percent
- Volumes down 6 percent (Q2 2009: 18 percent)
- Cost and cash savings initiatives gathered momentum, with programs in all businesses
- EBITDA at €220 million (2008: €242 million) with margin at 16.7 percent (2008: 16.8 percent)
- Resilient performance at Functional Chemicals, Surface Chemistry and Pulp and Paper Chemicals
- Industrial Chemicals results under pressure

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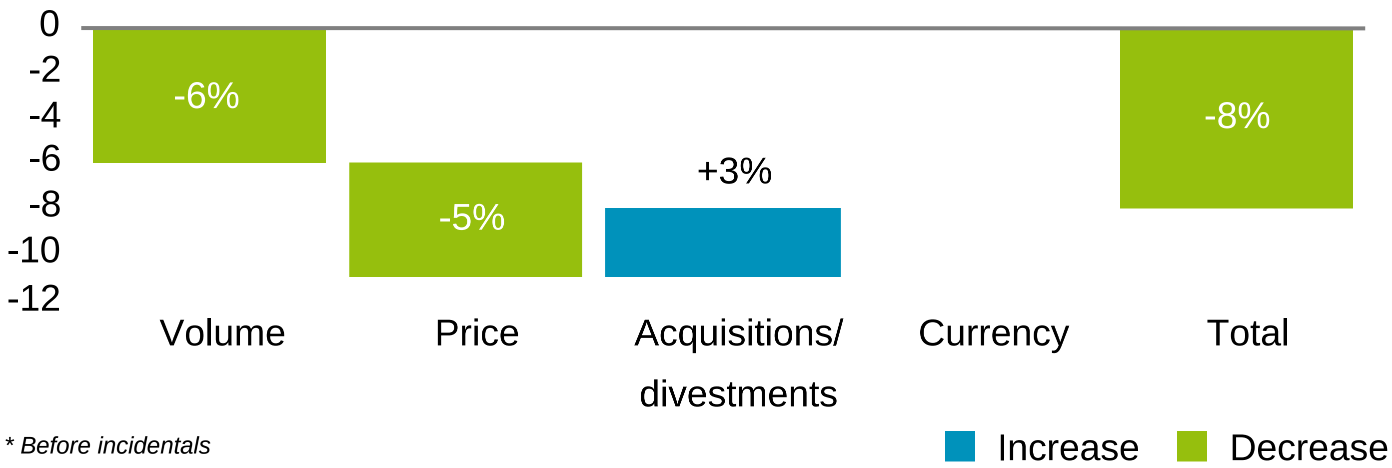
Specialty Chemicals Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,319	(8)
EBITDA*	220	(9)

Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	16.7	16.8

Revenue development Q3 2009 vs. Q3 2008



** Before incidentals*

Financial review

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Cash management discipline

Focus on cash

- OWC reduction
- Capex prioritization
- R&D stable
- Only bolt-on acquisitions
- Dividend policy unchanged

- OWC reduced to 14.5% of revenue (Q3 2008: 17.4%)
- Careful prioritization of Capex
- We continue to look for attractive bolt-on acquisitions
- Dividend policy remains at least 45 percent of net income before incidentals and fair value adjustments related to the ICI acquisition

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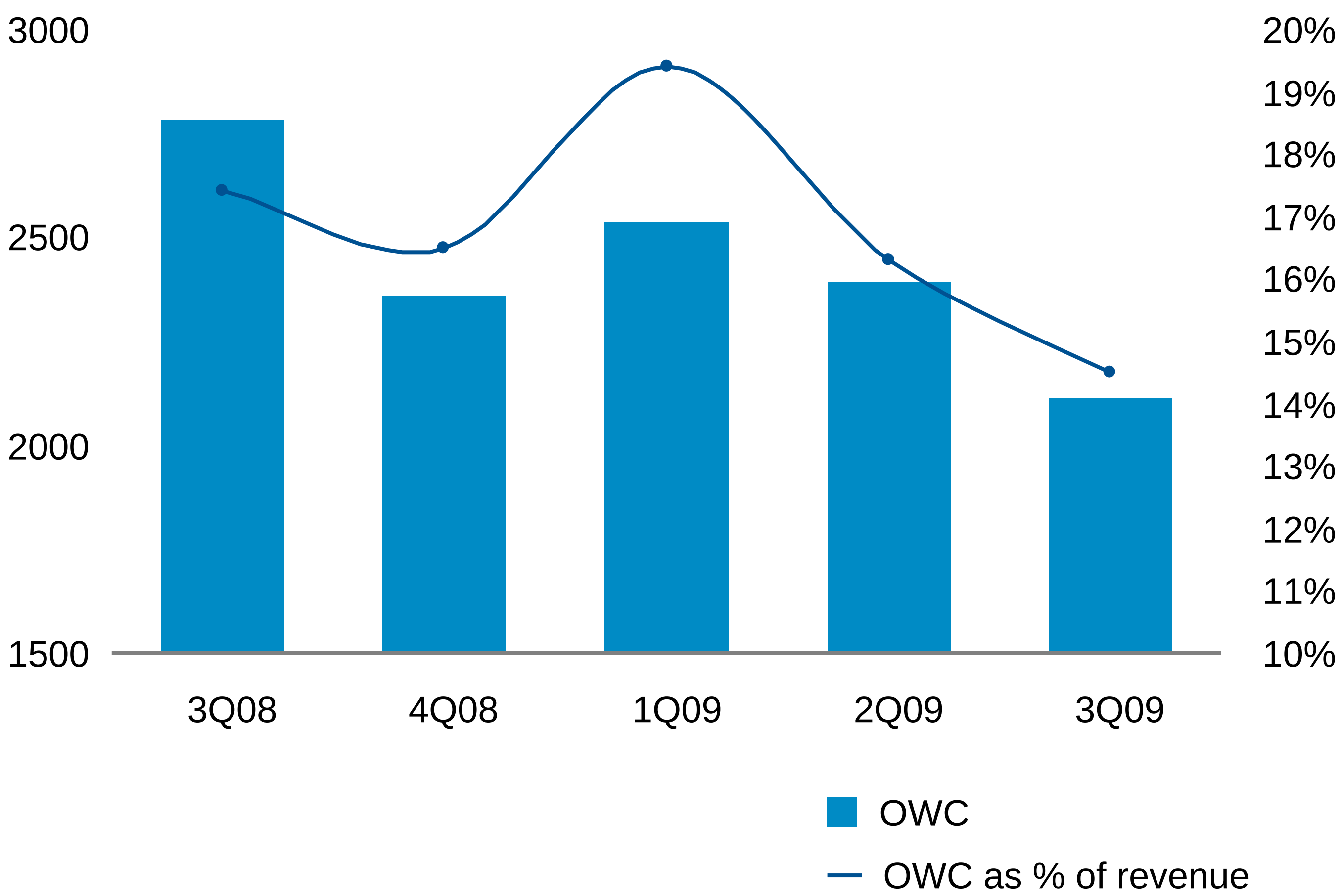
Continued focus on Operating Working Capital is delivering results

OWC
€ million



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Ambition to maintain strong credit rating unchanged

€ million	Sept 30, 2009	Dec 31, 2008
Equity	8,223	7,913
Net debt	1,966	2,084

€ million	Q3 2009	Q3 2008
Net cash from operating activities	828	244

- Equity positively impacted by currency translation and net profit
- Net debt decreased due to results and operating working capital management
- Pension deficit estimated at €1.6 billion (year-end 2008: €1.0 billion; Q2, 2009: €1.5 billion)

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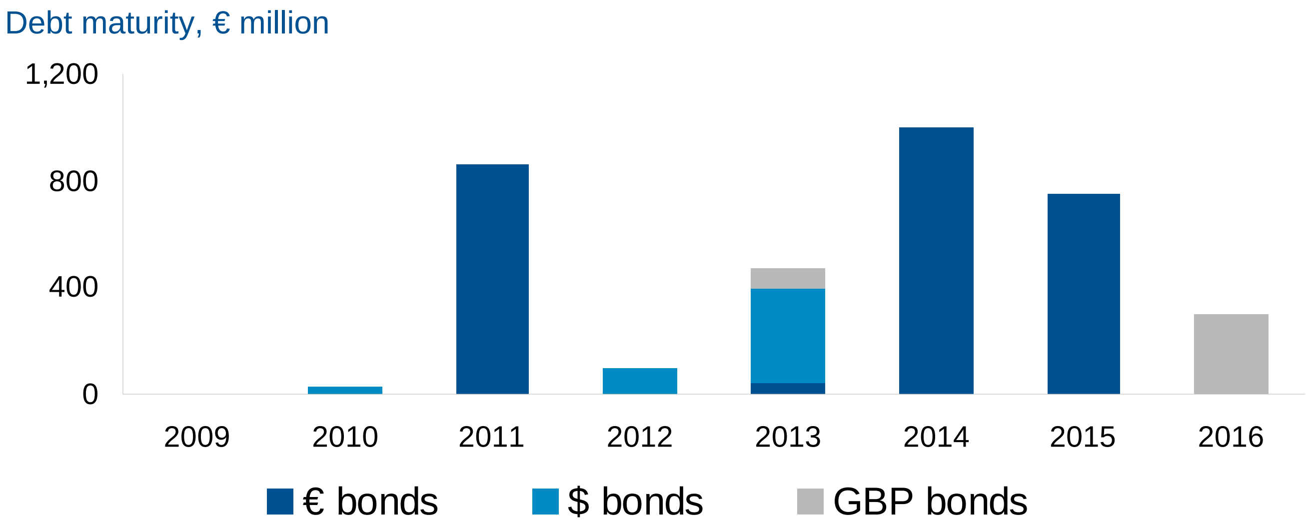
Pension deficit development

First nine months of 2009	*€ million*
Pension funding deficit year-end 2008	**(988)**
Top-ups into UK funds	250
Pension costs net of regular contributions	(87)
Net Balance sheet provision end Q3 2009	**(825)**
Plan asset returns exceeding expectation	640
Increased DBO due to higher inflation	(170)
Increased DBO due to lower discount rates	(1,295)
Other	20
Pension funding deficit end Q3 2009	**(1,630)**

- Pension deficit volatile due to changes in asset value, discount rates and inflation assumptions

Debt maturities lengthened

No major bonds maturing before 2011



Significant liquidity headroom

- Undrawn revolving credit facility of €1.5 billion available (2013)*
- €1.5 & $1 billion commercial paper programs undrawn*
- Cash and cash equivalents €1.9 billion*

** At the end of Q3 2009*

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Credit ratings

AkzoNobel is committed to maintaining a strong investment grade rating

Standard & Poor's: BBB+ (negative outlook)

- Rating affirmed on August 25, 2009, unchanged since February 25, 2009
- AkzoNobel continues to benefit from its business position

Moody's: Baa1 (negative outlook)

- Rating affirmed on March 16, 2009
- Downgrade reflects changed growth assumptions
- The rating continues to reflect the company's global reach and leadership positions

Please note that the Fitch rating is unsolicited

Medium-term targets

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Well positioned to meet current challenges

Sound fundamentals

- Strong market positions and brands
- Diverse geographic spread in highly attractive sectors
- Strong operating cash flow

Actions

- Continued focus on customers
- Rigorous cost restructuring
- Cash protection
- Prudent capital allocation without jeopardizing growth

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Outlook and medium-term targets

Focus continues to be given to customers, cost reduction and cash generating actions so that the company is well positioned to meet the current challenges and, as a result, will be in good shape to take advantage of the recovery when it comes. However, the economic recovery remains fragile and it continues to be difficult to predict customer demand.

The company remains committed to:

- improving operational efficiency through further restructuring and cost control;
- achieving its medium-term target of an EBITDA margin of 14 percent by the end of 2011.

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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.