AkzoNobel
Tomorrow's Answers Today

July 19, 2012

Investor update Q2 2012 results

Agenda

- Highlights
- Operational and financial review
- Performance improvement program
- Conclusion

Highlights

Ton Büchner

Our strong businesses

Decorative Paints

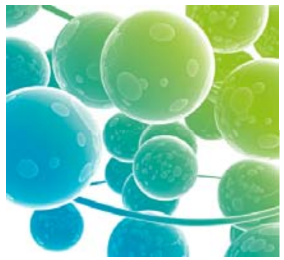
- H1 2012 Revenue €2.8 billion
- H1 2012 EBITDA: €251 million*

Performance Coatings

- H1 2012 revenue €2.8 billion
- H1 2012 EBITDA: €377 million*

Specialty Chemicals

- H1 2012 revenue €2.8 billion
- H1 2012 EBITDA: €490 million*



** Before incidentals*

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Solid performance in Q2

- Revenue up 8 percent, mainly driven by pricing actions and currencies
- Volumes declined 2 percent, primarily due to the economic slowdown in Europe
- EBITDA* margin 13.5 percent (2011: 13.4 percent)
- Net income from continuing operations €197 million (2011: €251 million), primarily due to higher incidental charges
- Adjusted EPS €1.12 (2011: €1.09)
- Performance improvement program on track
- The economic environment remains our principal sensitivity in 2012

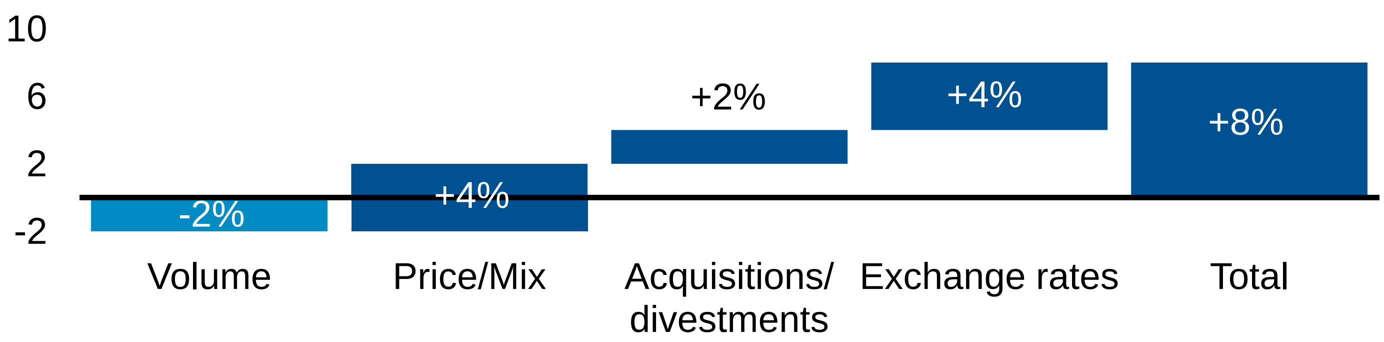
** Before incidentals*

In Q2 2012 both revenue and EBITDA increased by 8 percent

€ million	Q2 2012	Δ%
Revenue	4,406	8
EBITDA*	593	8

Ratio, %	Q2 2012	Q2 2011
EBITDA* margin	13.5	13.4

Revenue development Q2 2012 vs. Q2 2011

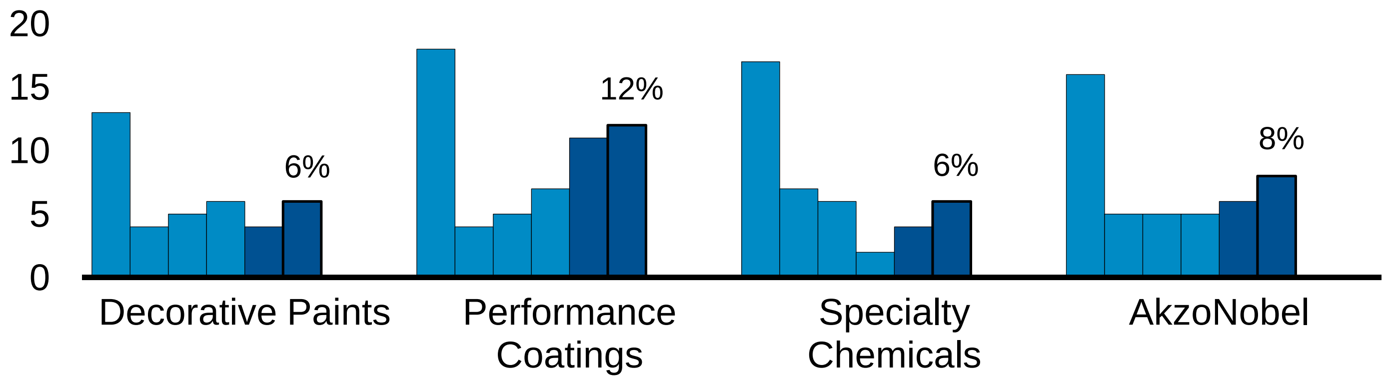


Increase Decrease

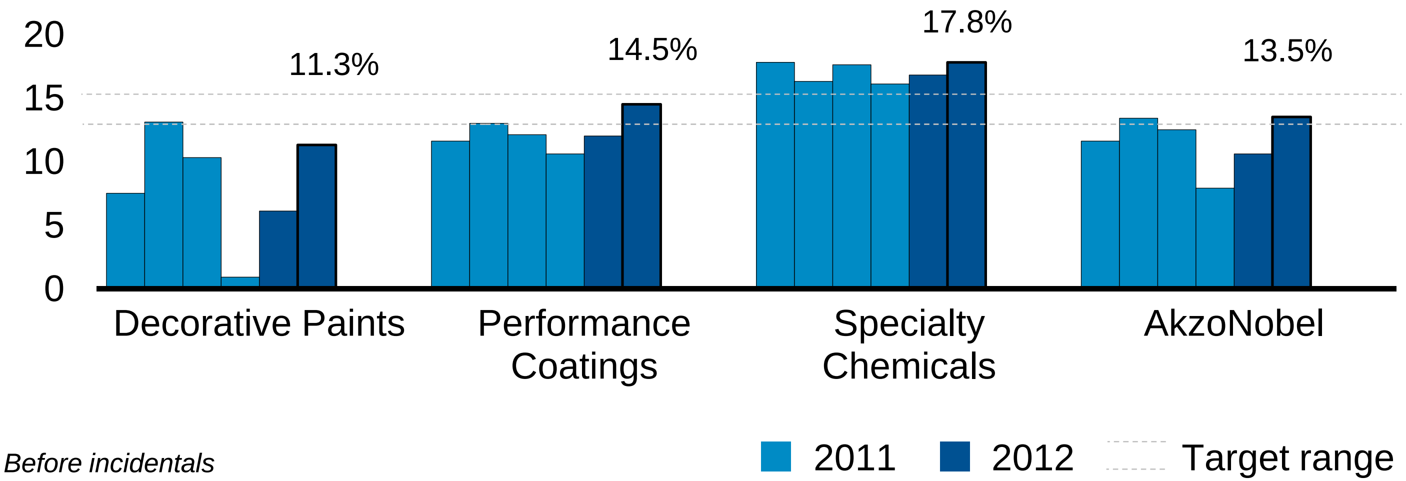
** Before incidentals*

Revenue growth leads EBITDA margin improvements

Reported quarterly revenue growth in % year-on-year



Quarterly EBITDA* margin in %



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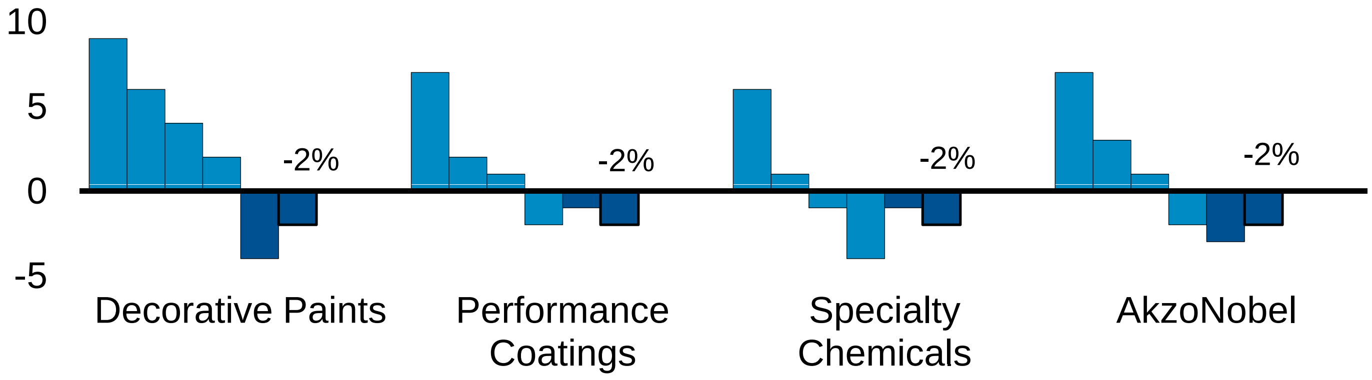
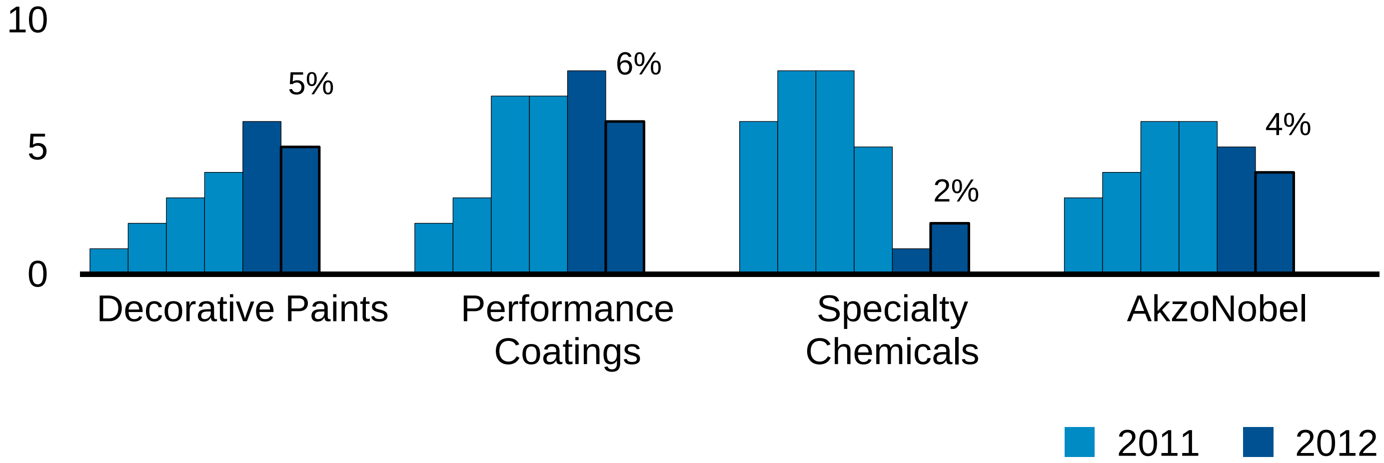
Price increases coming through, volumes remain soft

Quarterly volume development in % year-on-year



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



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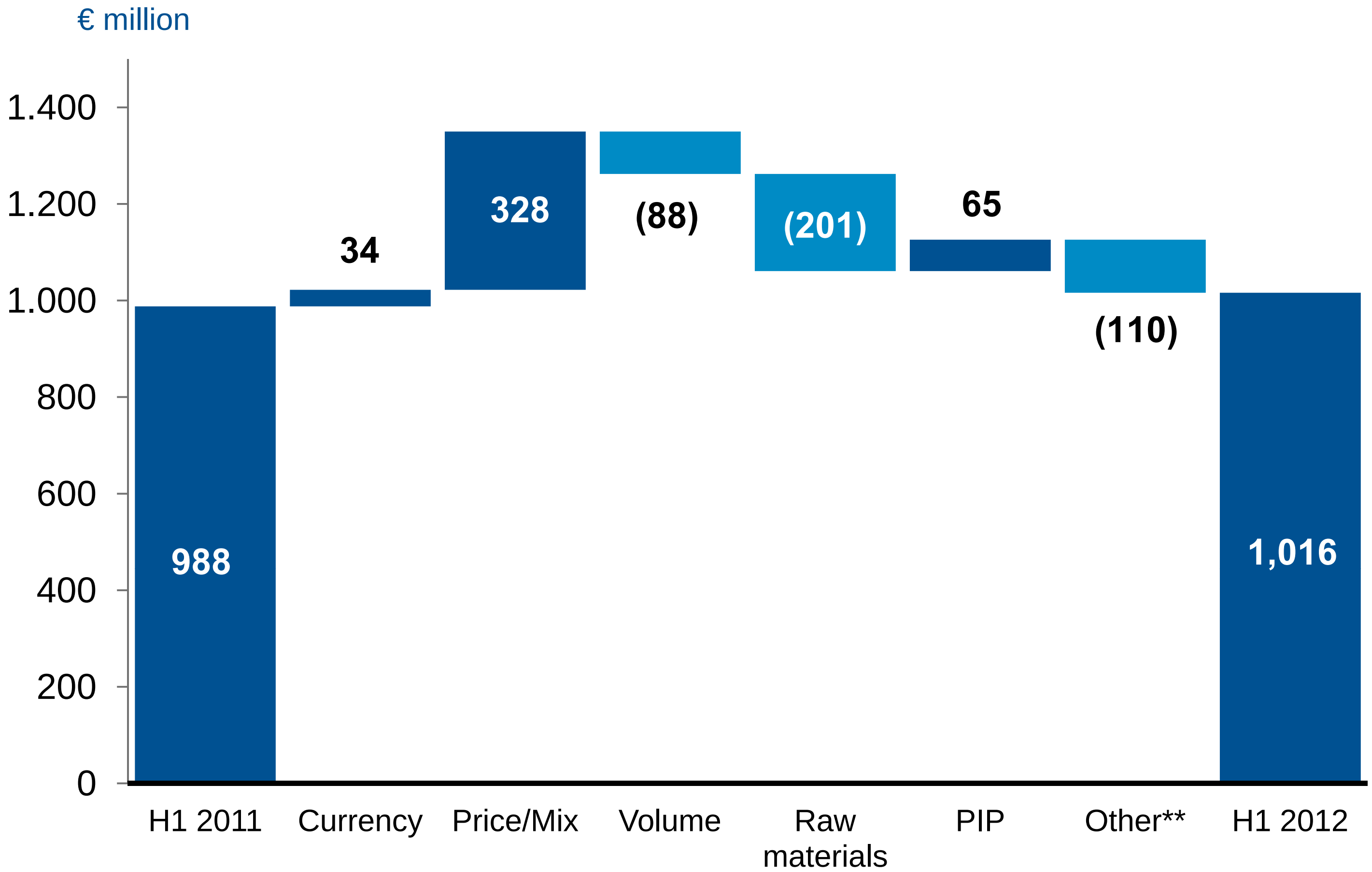
Performance improvement program is on track to support EBITDA

EBITDA* bridge H1 2011 – H1 2012



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*** Other includes wage inflation, acquisition impact and higher insurance claims*

Operational and financial review

Keith Nichols

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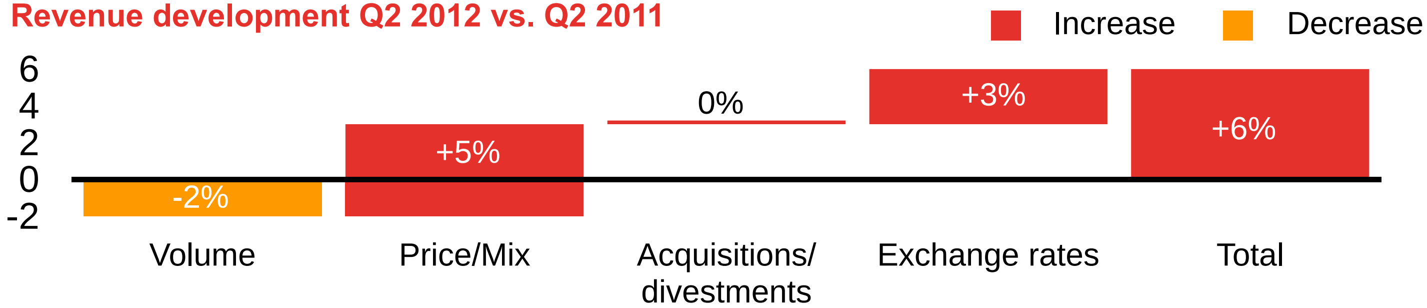
Decorative Paints Q2 2012 highlights

€ million	Q2 2012	Δ%
Revenue	1,551	6
EBITDA*	175	(8)

Ratio, %	Q2 2012	Q2 2011
EBITDA* margin	11.3	13.1

Revenue development Q2 2012 vs. Q2 2011



- Revenue up 6 percent on 2011, driven by favorable price/mix
- Weaker demand in mature and South East Asian markets negatively impacted volumes
- EBITDA* down 8 percent, mainly driven by weaker performance in Europe, reflecting challenging market circumstances
- Improved results in North America due to a combination of strong margin management and restructuring
- Restructuring continues in mature markets, particularly in Europe

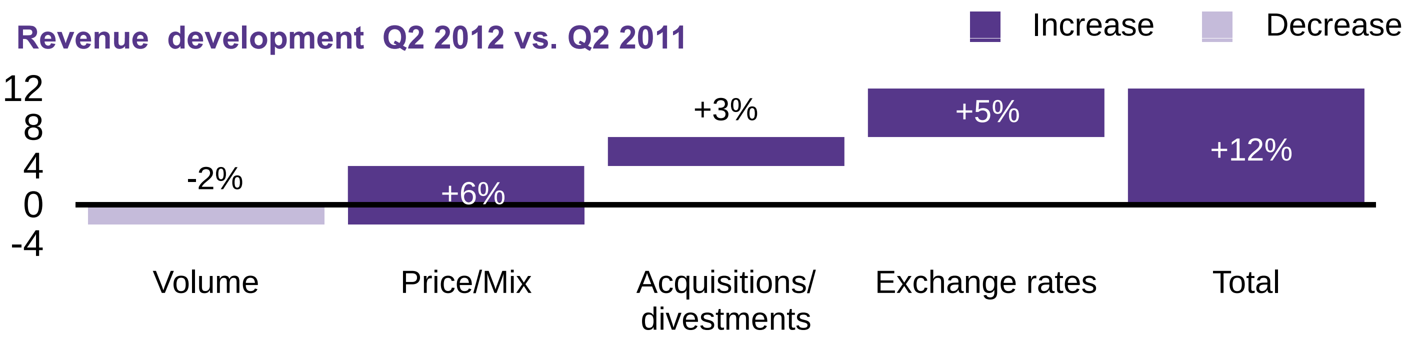
** Before incidentals*

Performance Coatings Q2 2012 highlights

€ million	Q2 2012	Δ%
Revenue	1,472	12
EBITDA*	213	25

Ratio, %	Q2 2012	Q2 2011
EBITDA* margin	14.5	13.0

Revenue development Q2 2012 vs. Q2 2011



- Revenue up 12 percent, supported by margin management, acquisitions and currency effects
- Underlying volume declined by 2 percent, with significant variability between individual markets
- EBITDA* margin at 14.5 percent (2011: 13.0 percent) driven by margin management and operational efficiency
- Integration of acquired activities supporting results
- Protective Coatings and Industrial Coatings were the strongest growth contributors

** Before incidentals*

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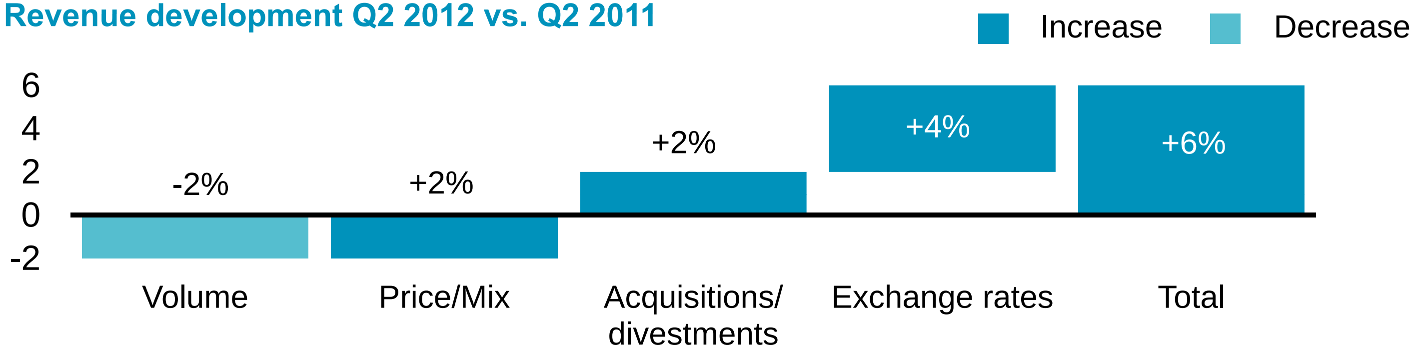
Specialty Chemicals Q2 2012 highlights

€ million	Q2 2012	Δ%
Revenue	1,431	6
EBITDA*	255	16

Ratio, %	Q2 2012	Q2 2011
EBITDA* margin	17.8	16.3

Revenue development Q2 2012 vs. Q2 2011



- Revenue increased 6 percent, due to margin management, the Boxing Oleochemicals acquisition and currency effects
- Volumes in most businesses slowed down during the quarter and customer ordering patterns became more cautious
- EBITDA margin improved to 17.8 percent (2011: 16.3 percent), based on improved margins and continued cost restructuring

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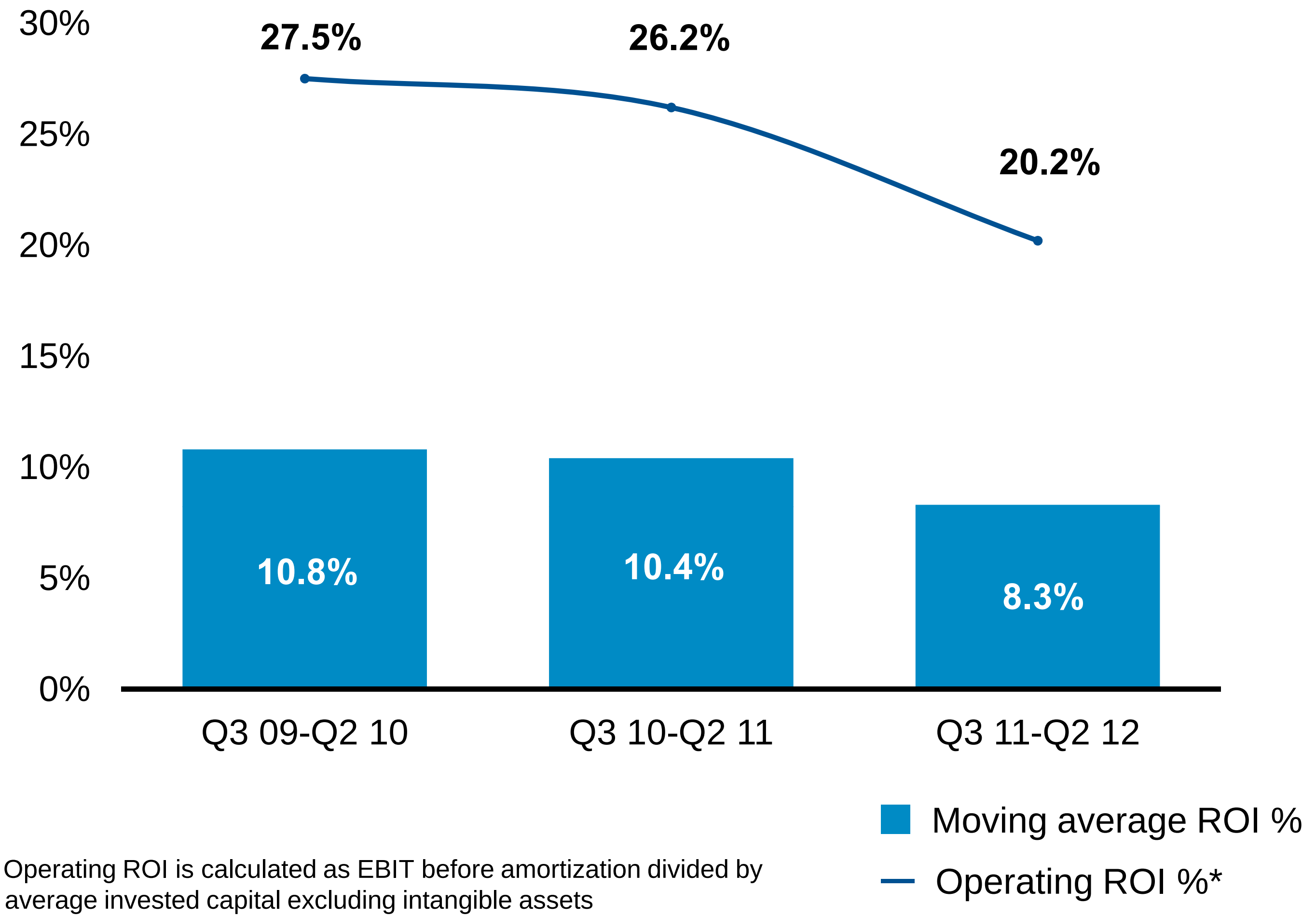
Summary – Q2 2012 results

€ million	Q2 2012	Q2 2011
EBITDA*	593	551
Amortization and depreciation	(170)	(150)
Incidentals	(49)	27
Net financing expenses	(82)	(64)
Minorities and associates	(16)	(14)
Income tax	(80)	(99)
Discontinued operations	4	17
Net income total operations	**201**	**268**
Net cash from operating activities	401	165

Ratio	Q2 2012	Q2 2011
EBITDA* margin (%)	13.5	13.4
Adjusted earnings per share (in €)	1.12	1.09

** 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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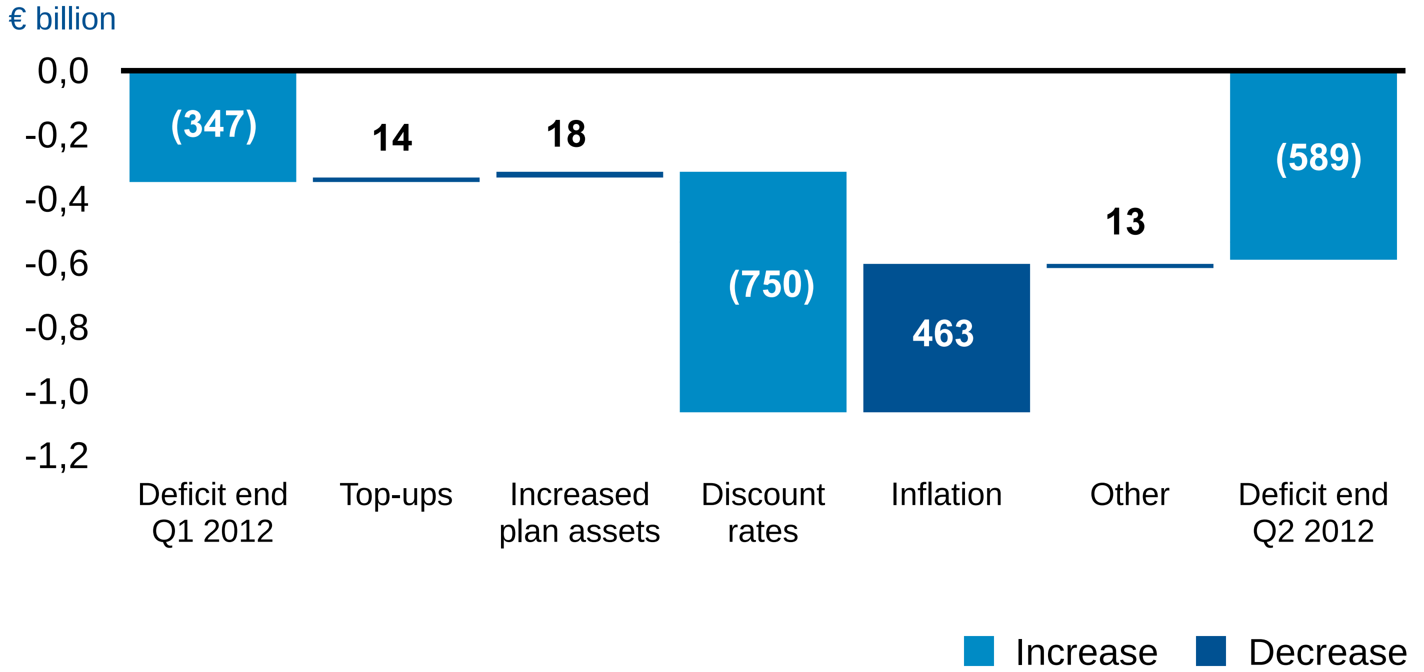
Cash flows Q2 2012

€ million		Q2 2012		Q2 2011
Profit for the period from continuing operations		218		273
Amortization, depreciation and impairments		186		153
Change working capital		(38)		(204)
- Pension provisions	(21)		22	
- Restructuring	(4)		(34)	
- Other provisions	(5)		(58)	
Change provisions		(30)		(70)
Other operating cash flows		65		13
Net cash from operating activities		**401**		**165**
Capex		(173)		(164)
Changes from borrowings		22		(538)
Dividends		(178)		(271)
Discontinued operations		-		11
Other changes		3		6
Total cash flows		**62**		**(775)**

Pension deficit increases to €0.6 billion

Key pension metrics	Q2 2012	Q1 2012
Discount rate	4.2%	4.5%
Inflation assumptions	2.3%	2.7%

Pension deficit development during Q2 2012



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Pension cash contributions unrelated to positive IAS 19 accounting change impact

€ million	*Q2 2012*	*Q1 2012*
Top-up payments	14	322

- The majority of the pension top-up payments have been made in Q1 2012
- Latest estimate is for additional top-up payment of approximately €30 million in H2 2012

€ million	*2012E*	*2011*
IAS 19 charges in EBITDA	35	33
IAS 19 charges in interest costs	64	59
Total non-cash IAS 19 charges	**99**	**92**

- Due to changes in IAS 19 from 2013, the majority of the above charges will no longer be charged in the P&L

Performance improvement program

Ton Büchner

In October 2011 we committed to a €500 million performance improvement program

Operational Professionalization

- Complexity Reduction
- RD&I focus
- Manufacturing excellence
- Procurement effectiveness
- Margin Management

Functional Excellence

- Finance
- Human Resources
- Information Management
- AN – Academy

Business Unit Adaptations

- Various BUs

Examples of projects that are now running

Operational Professionalization

- Site optimizations at ~50 manufacturing sites (€30 million in 2012)
- RD&I: technology which enables using less titanium dioxide
- Product and margin management in Powder Coatings and Functional Chemicals (~€15 million)

Functional Excellence

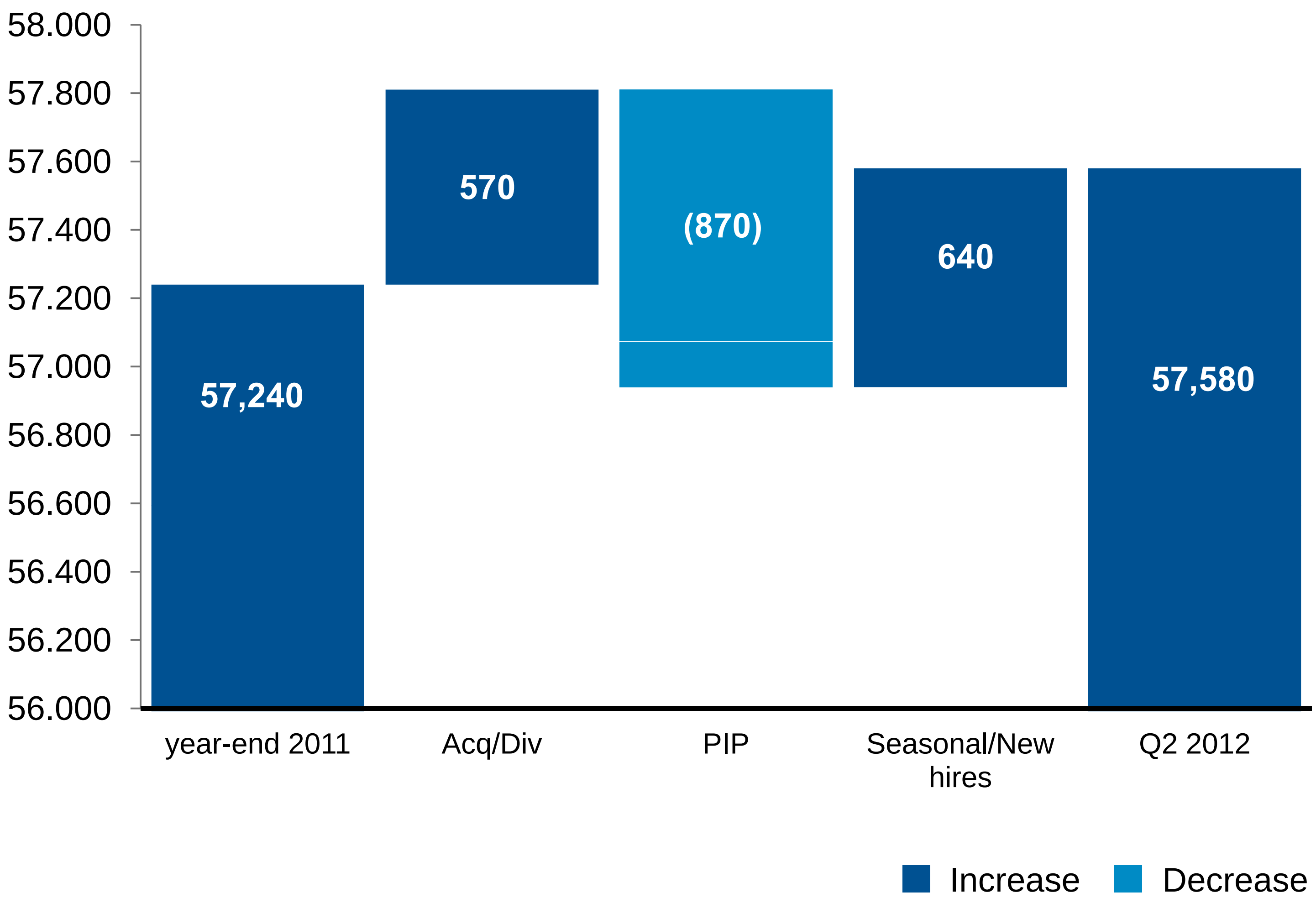
- Reducing the number of ERP-systems in use, to less then 10 in medium-term
- Standardize purchase-2-pay process (~€15 million)
- Academy: hardwiring our learning's

Business Unit Adaptations

- Decorative Paints North America restructuring (~300 FTE)
- Decorative Paints Europe organizational redesign (~500 FTEs)
- Performance Coatings & Specialty Chemicals BUs all have significant restructuring projects

Significant FTE reductions as a result of the performance improvement program

FTE bridge Q4 2011 – Q2 2012



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Performance improvement program delivers €65 million benefits in H1 2012

€ million	H1 2012 Reported EBITDA	H1 2012 Amount due to PIP	2012 target
Decorative Paints	251	37	
Performance Coatings	377	13	
Specialty Chemicals	490	15	
Other	(102)	-	
Total	**1,016**	**65**	**200**

€ million	Q1 2012	Q2 2012	H1 2012	2012 target
PIP costs	46	44	90	200

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Performance improvement program on track

- Benefits: €65 million EBITDA improvement YTD
- Total costs: €90 million YTD, included in incidentals
- Program on track to deliver €200 million EBITDA benefits in 2012
    - Business unit adaptations and operational professionalization are expected to contribute around 90% of the expected 2012 EBITDA improvement
- 3-year program 2012-2014
    - To deliver €500 million EBITDA in 2014
    - At a total cost of €425 million

Conclusion

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Conclusion

- A solid second quarter
- Implementation of our performance improvement program on track
- The major uncertainty remains the global economic environment
- We have a strong portfolio of complementary businesses, with many leading market positions and exposure to growth markets
- Focus on customer satisfaction, return on capital, cash generation and organic growth
- We will be providing an update on strategy on October 18 & 22nd.

Appendix

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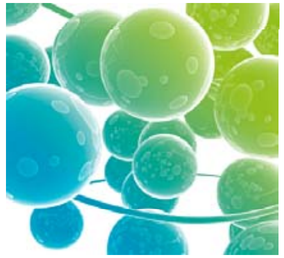
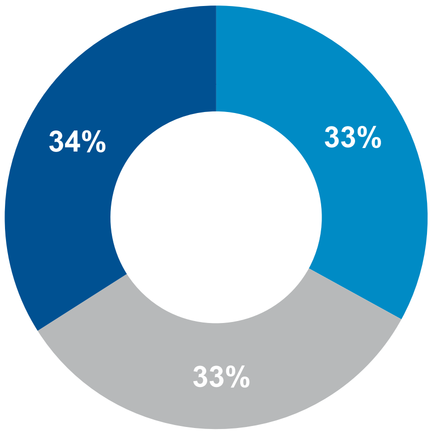
AkzoNobel key facts



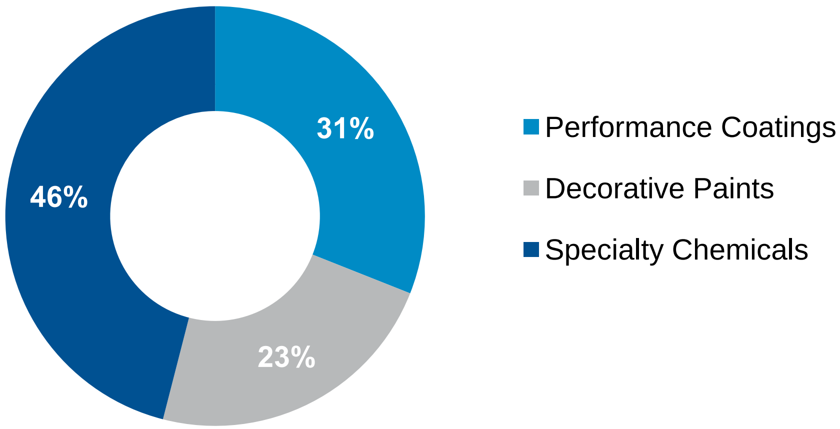
2011

- 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



** Before incidentals*

Decorative Paints key facts

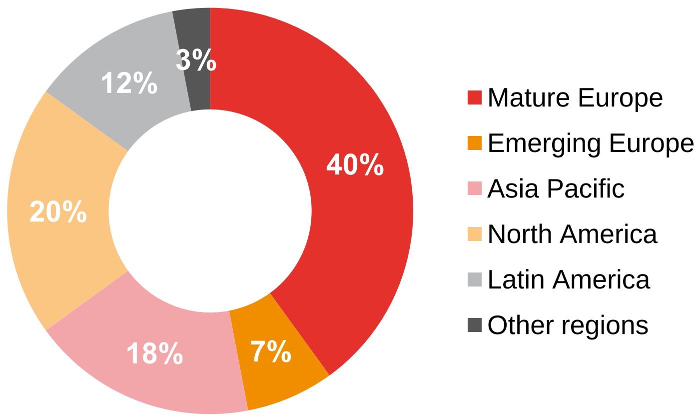
2011

- 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

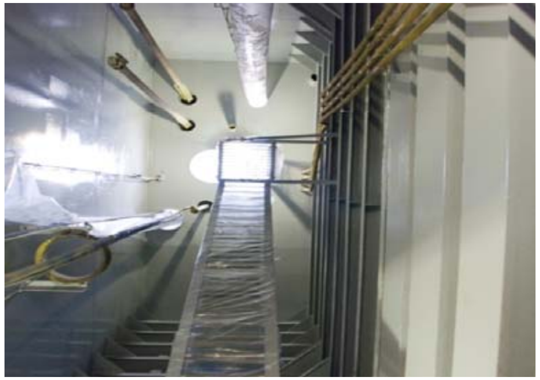


** Before incidentals*

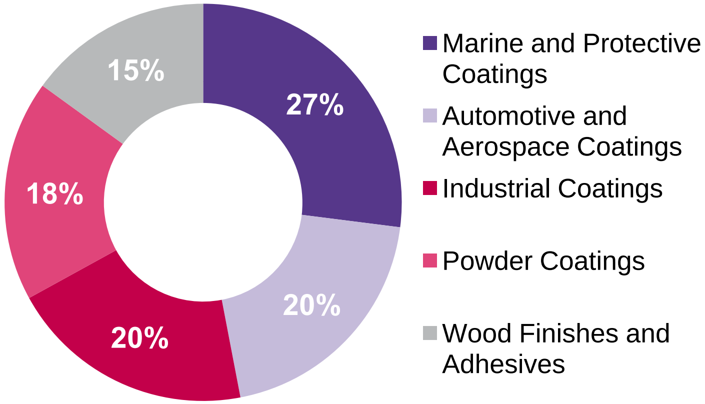
Performance Coatings key facts

2011

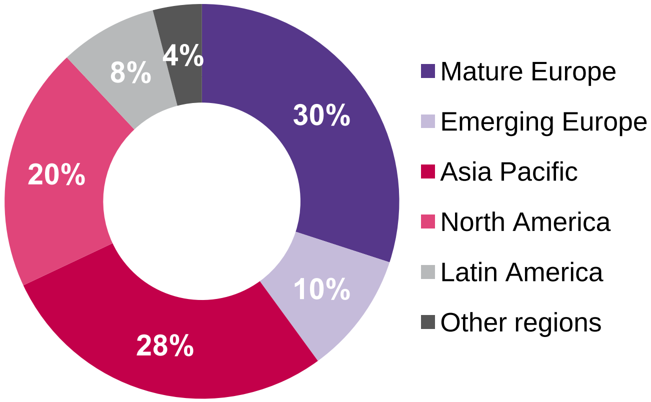
- Revenue €5.2 billion
- 21,960 employees
- EBITDA: €611 million*
- 47 percent of revenue from high growth markets
- Leading positions in performance coatings industry
- Innovative technologies, strong brands



Revenue by business unit



Revenue by geography

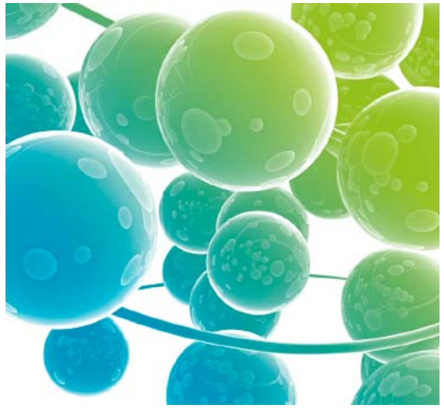


** Before incidentals*

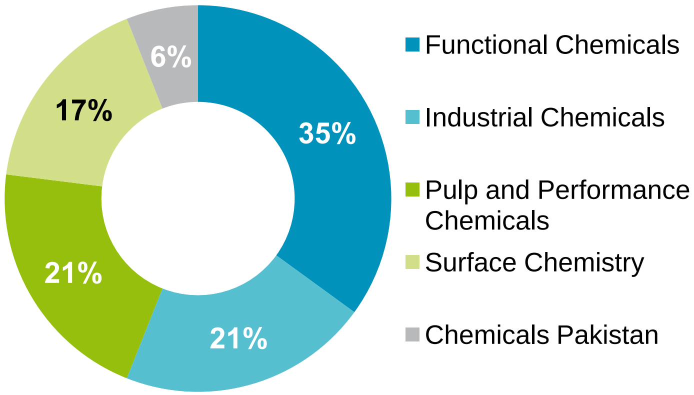
Specialty Chemicals key facts

2011

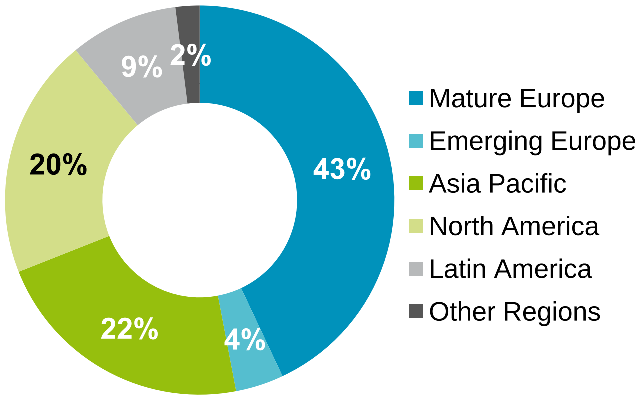
- Revenue €5.3 billion
- 11,510 employees
- EBITDA: €906 million*
- 33 percent of revenue from high growth markets
- Major producer of specialty chemicals
- Leadership positions in many markets



Revenue by business unit



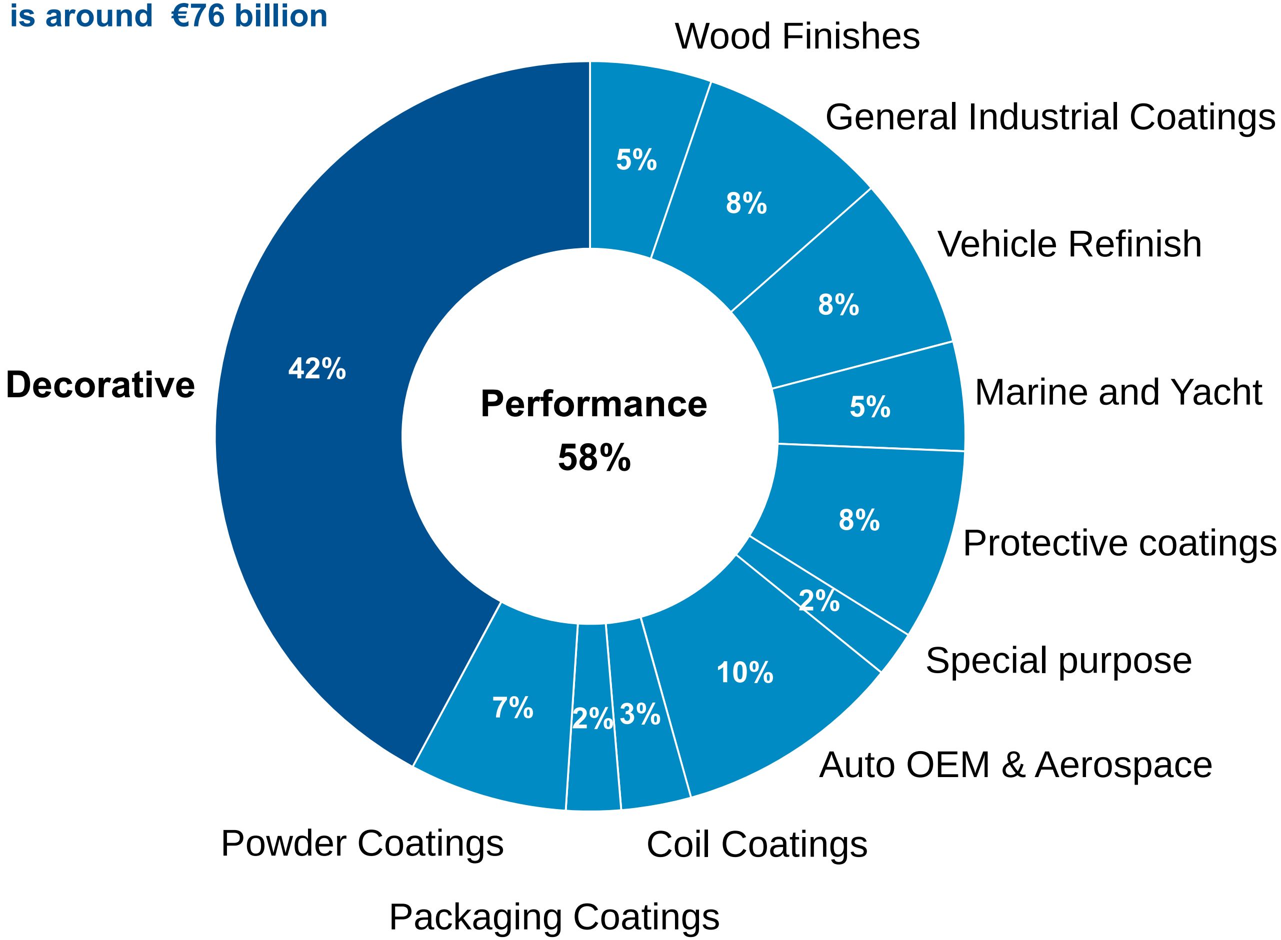
Revenue by geography



** Before incidentals*

The global paints and coatings market is around €76 billion

% of 2011 market
100% is around €76 billion



Source: Company Reports

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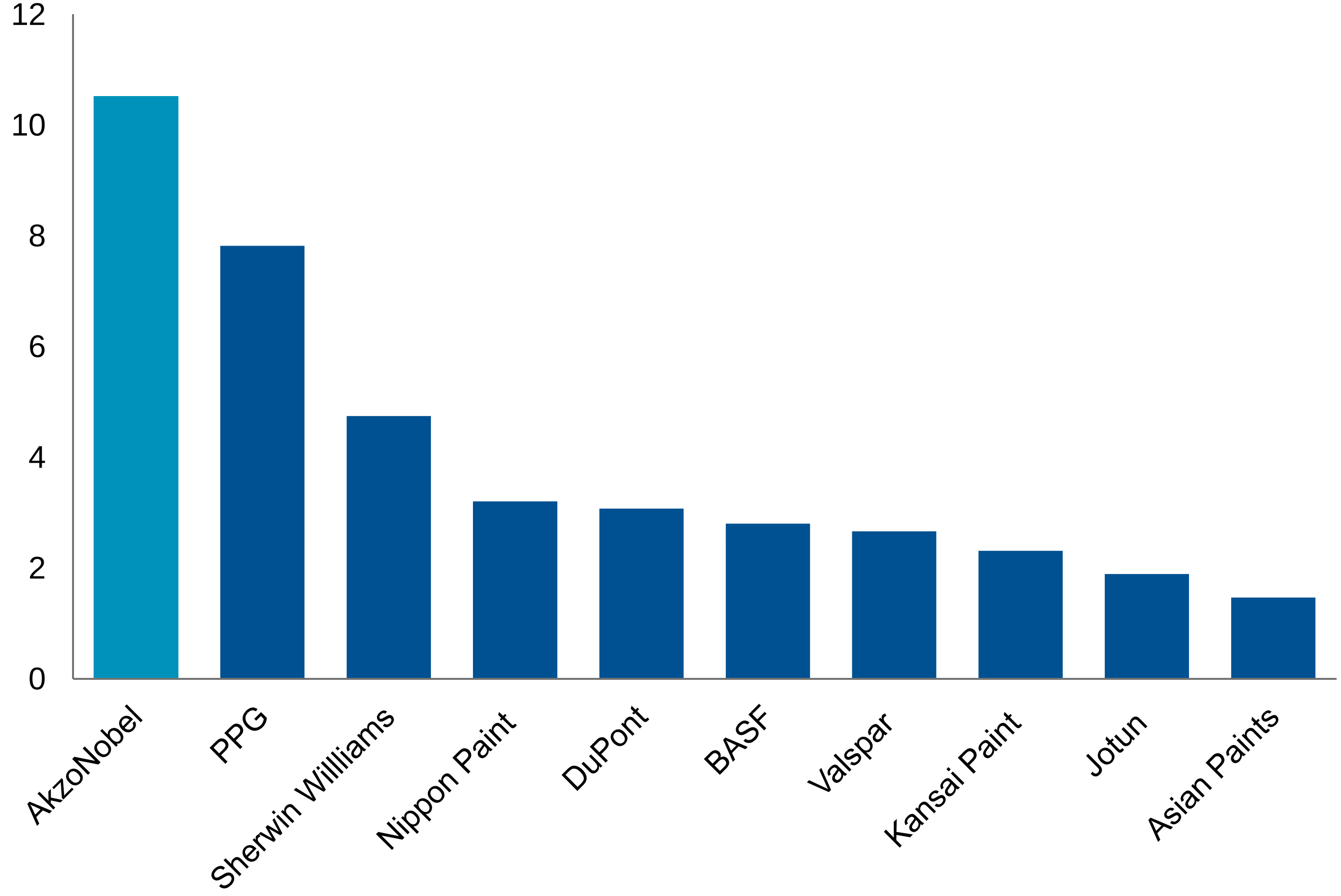
AkzoNobel is the world's largest coatings supplier

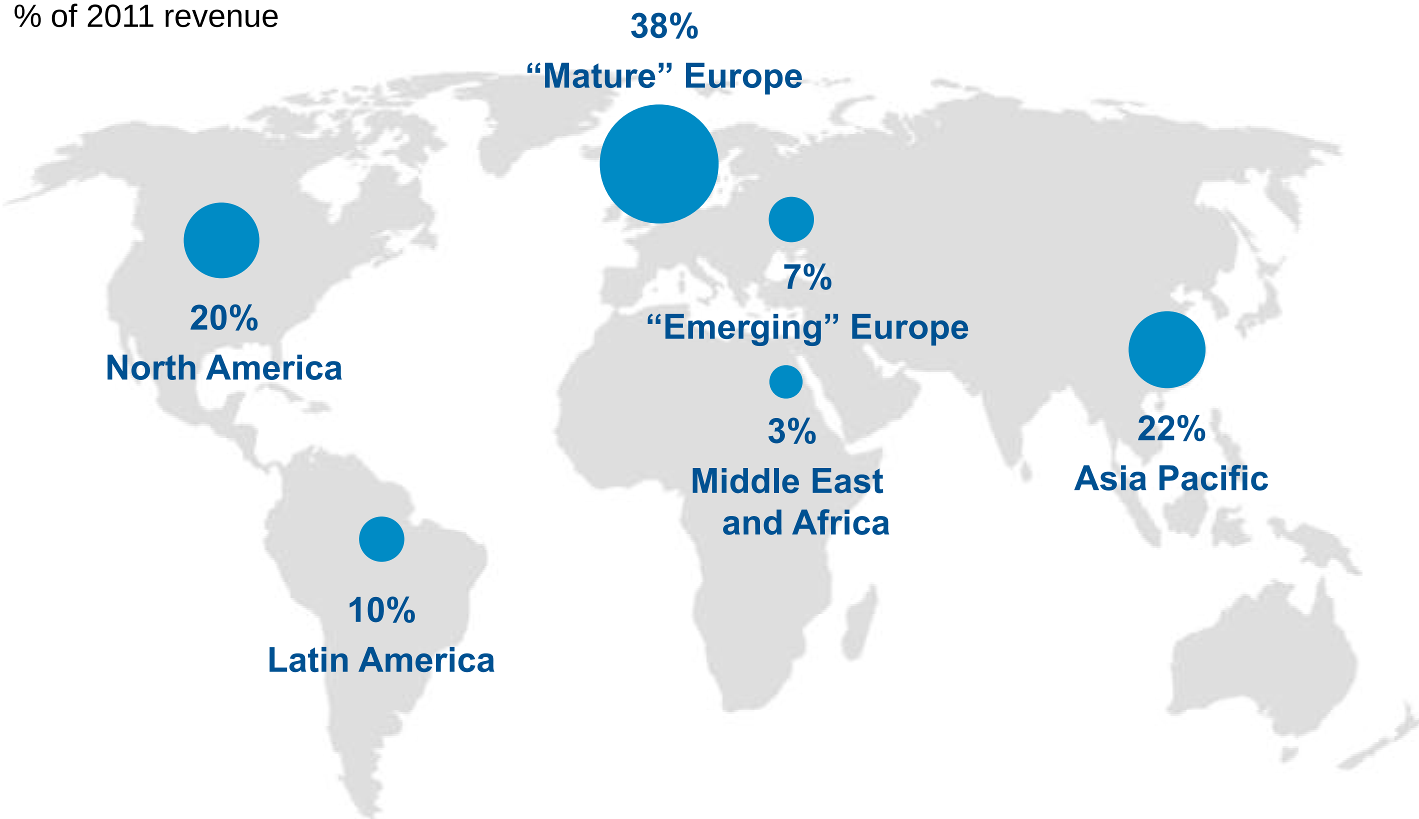
2011 revenue in € billion



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

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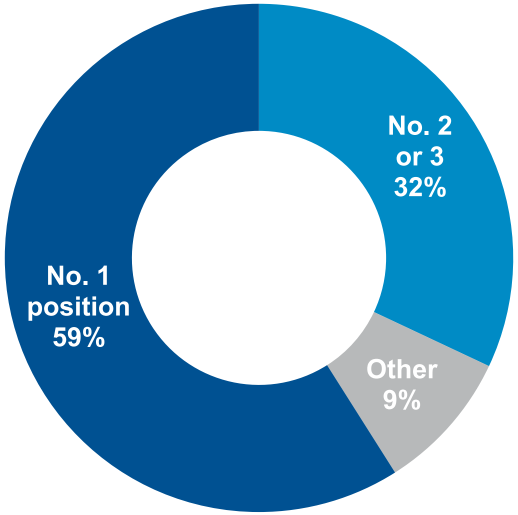
Leading positions and strong brands

2011 Revenue by market position



Some of our strong brands

Dulux
Decorative Paints

International
Performance Coatings

eka
Specialty Chemicals

- **Our leading market positions provide us with scale benefits**
- **Strong brands ensure customer loyalty**
- **Established relationships with key specifiers and regulatory approvals lead to significant barriers to entry**

Our strategic ambition

The world's leading
coatings and specialty chemicals company

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Our medium term strategic goals

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

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

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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

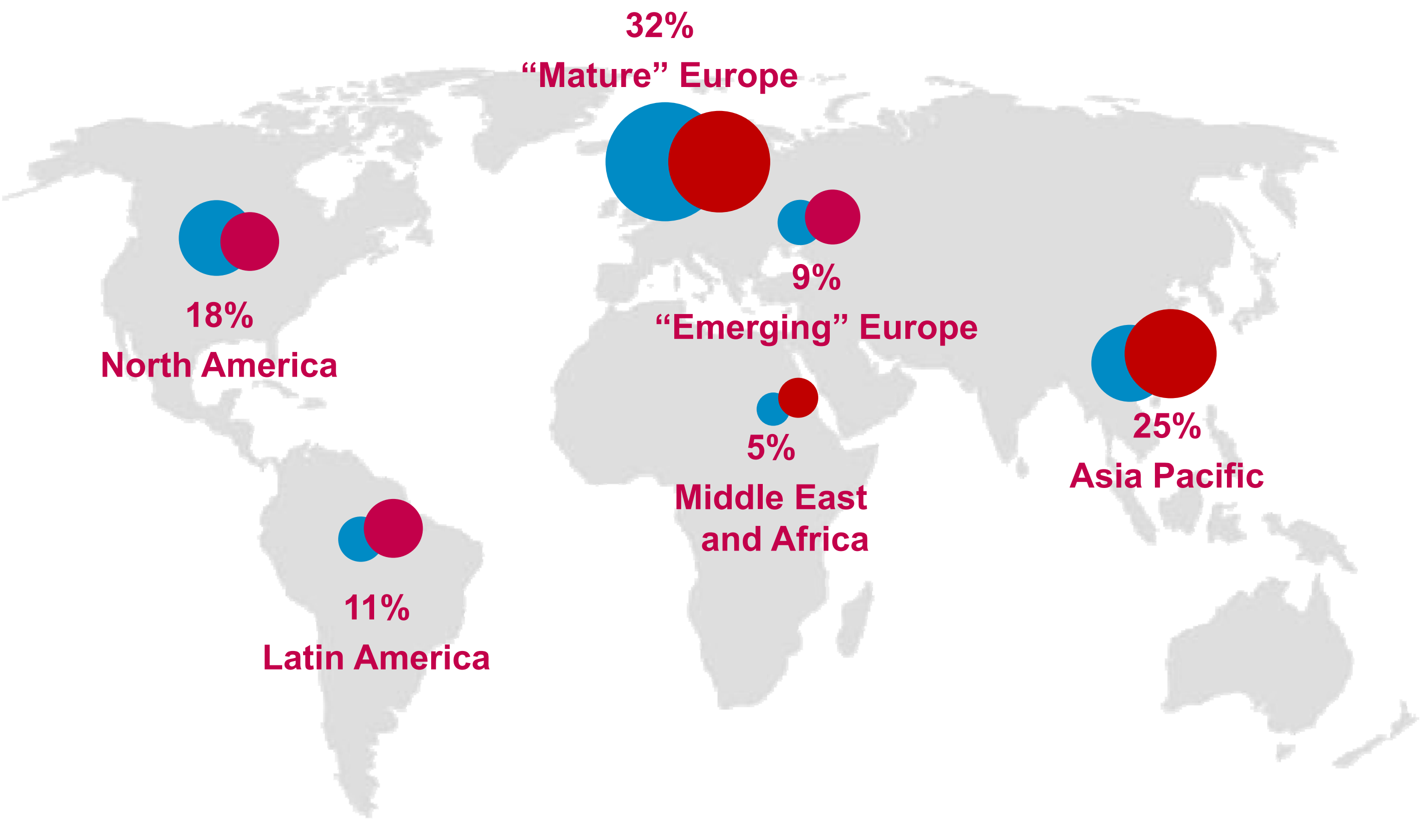
Outgrow the competition in Brazil

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

Expand in the Middle East

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

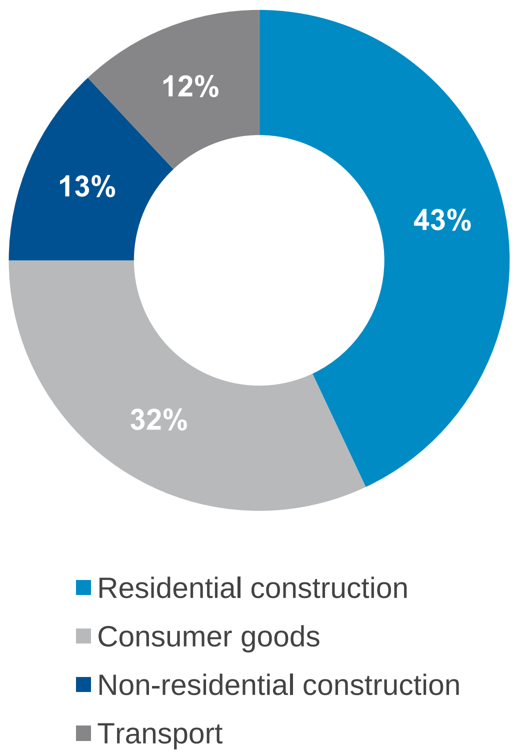
How innovation will support our growth agenda:

- 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**

Our more centrally led RD&I efforts aim at delivering solutions for the future needs of our end markets

Our scale leads to superior absolute spend versus our peers

Revenue by key market segment



* *Major innovations that result in a significant competitive advantage*

** *Higher eco-efficiency than competing comparable product*

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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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Innovation in Decorative Paints
Coral Rende Muito

Value for money paint, without compromising quality of finish

Key Features

- A concentrated paint emulsion
- Paint can be diluted by up to 80%
- More coverage per liter paint with same quality finish

Customer Benefits

- Higher value for money for our customers
- Best-in-class spreading rate
- Lower transport costs for better sustainability performance

Growth potential

- Six-fold increase in product line sales since it was launched
- High expectations for global mid-tier markets

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Innovation in Performance Coatings
Marine Coatings - Interline® 9001

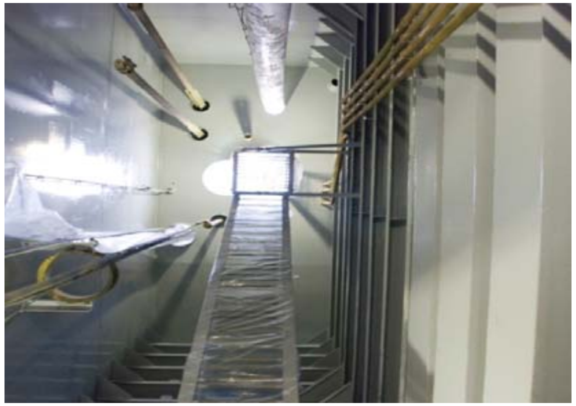
Next generation low absorption, easy-to-clean lining for chemical cargo tanks

Key features

- New coating for chemical cargo tanks
- Low chemical absorption enables reduction in cleaning time and materials

Customers benefits

- Greater efficiency and flexibility in operation of chemical tankers
- Increased vessel earning potential due to extended coating lifetime
- Reduced risk of contamination between (high purity) cargoes



Growth potential

- Launched globally in 2011 with high expectations
- Potential penetration into high purity chemical tanker trade
- Potential extension into other protective coatings markets where chemical resistance is required

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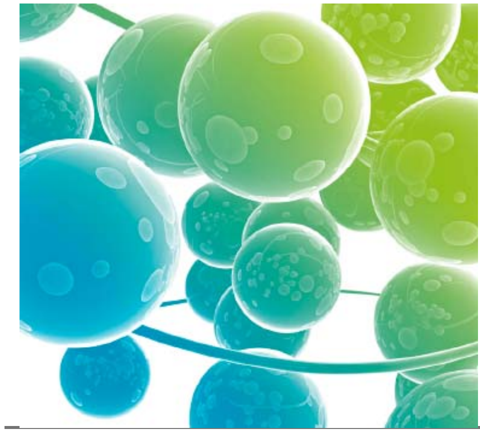
Innovation in Specialty Chemicals
Pulp and Performance Chemicals – Bindzil CC

Improving the quality of waterborne coatings

Key Features

- Solves stability and compatibility issues in waterborne coatings
- Reduces dirt pick-up in waterborne deco paints
- Improves weather resistance in silicate paints
- Complies with eco-labeling regulations



Customer Benefits

- Enables paint and lacquer producers to up-grade their products in a cost-effective and more sustainable way
- Better ease of application for users
- Approved in Europe for direct food contact applications

Growth potential

- Market expected to exceed 1000 tons in 2012
- New applications in concrete floor polishing and non-stick coatings for cookware under development
- Longer term potential for application in laminate floorings and kitchen work-tops

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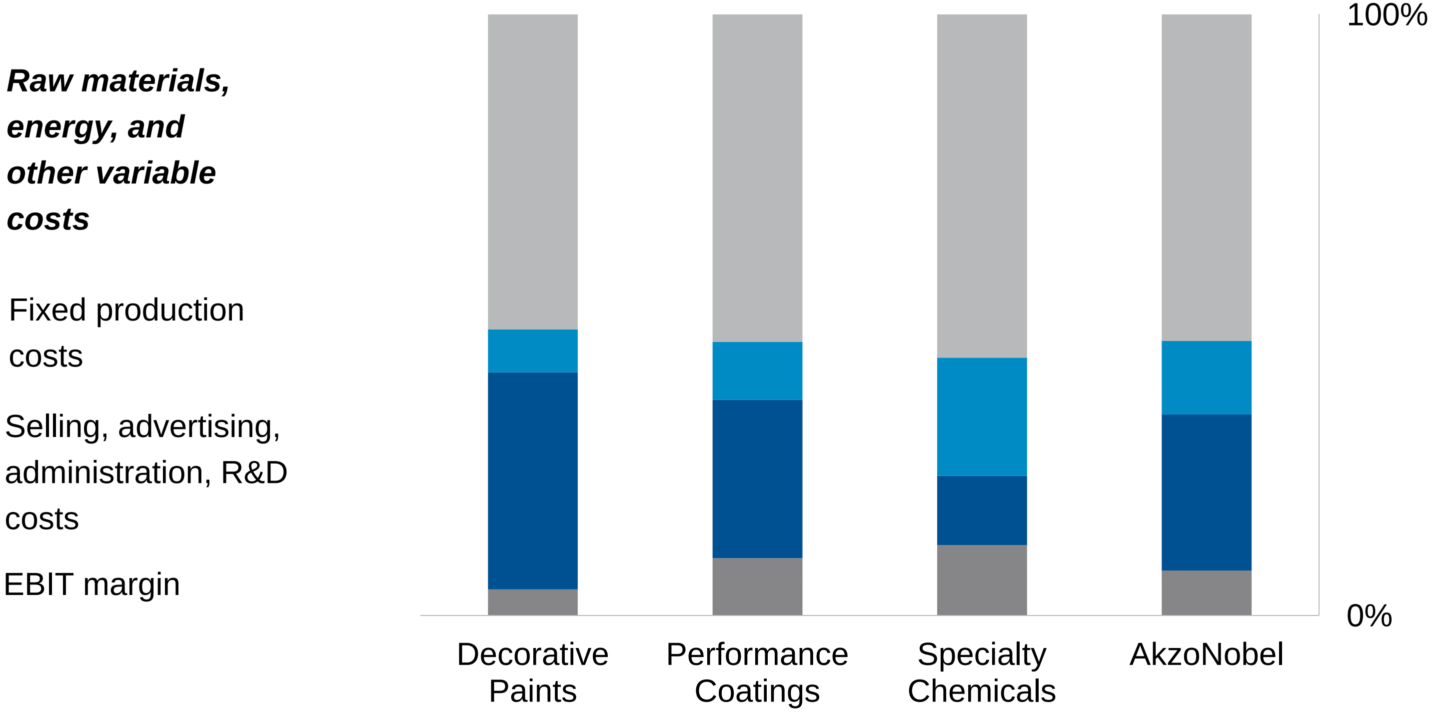
Variable costs represent 54.3% of revenue

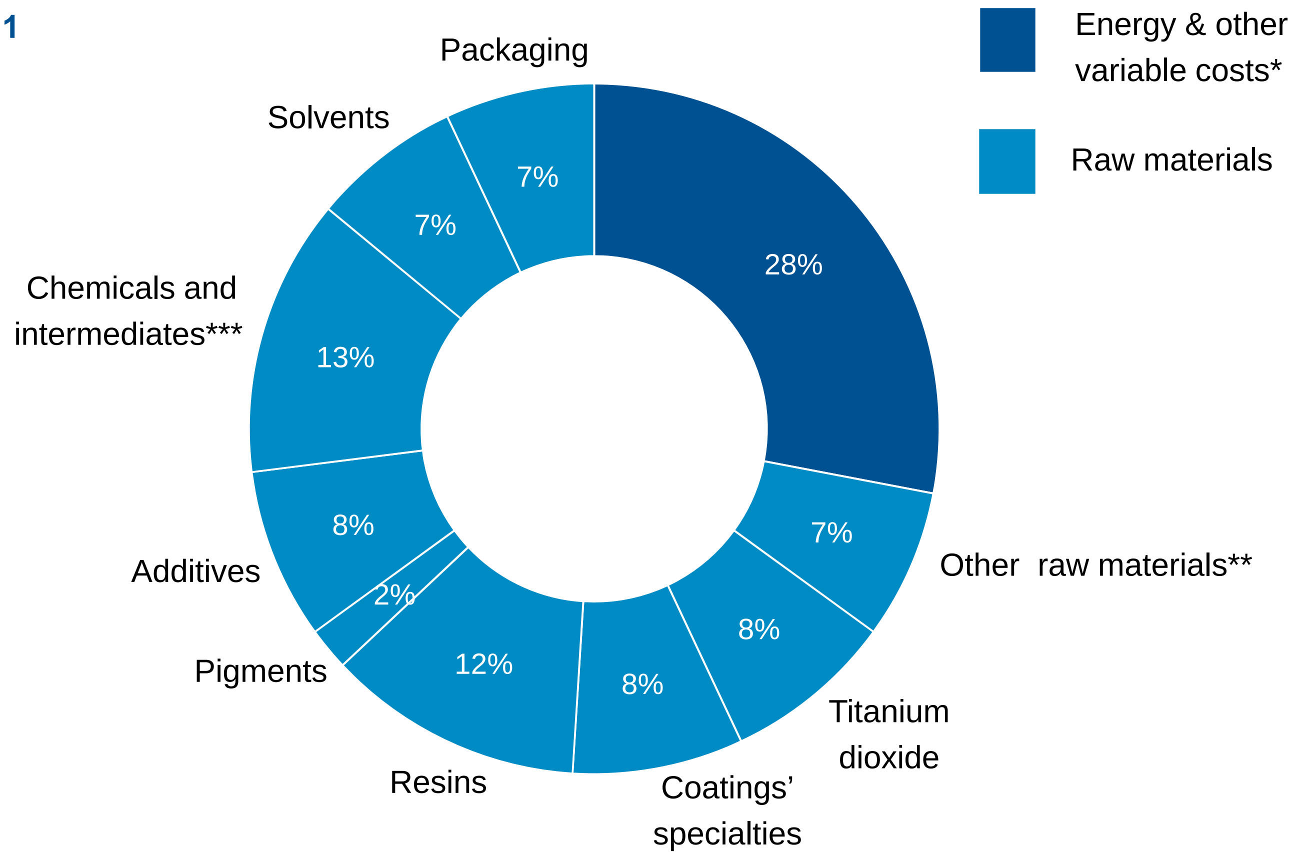
% of 2011 annual revenue*



** Rounded percentages, all data excluding incidentals*

Variable costs analysis

2011



** 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.*

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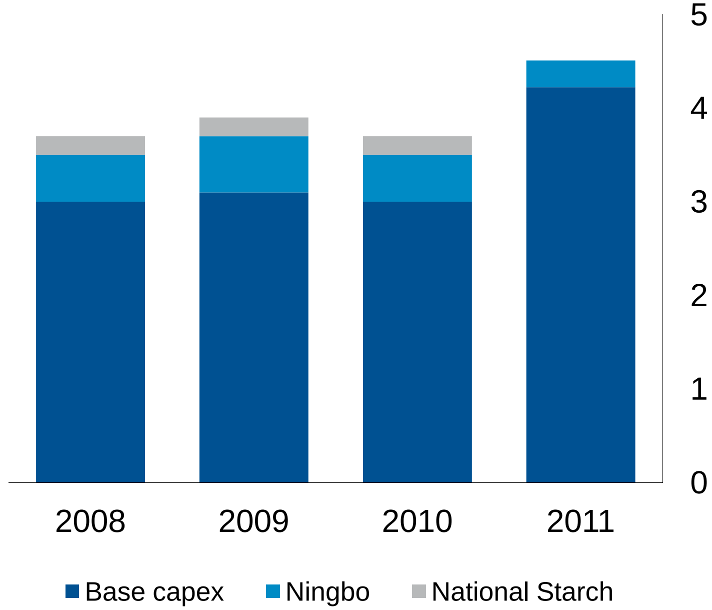
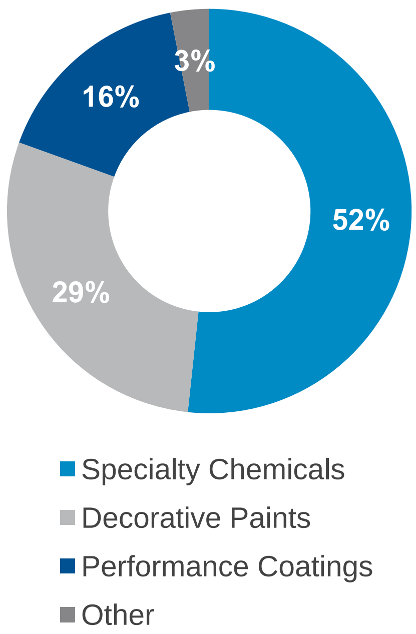
Capital expenditure prioritization for growth

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

Capex as a % of revenue



2011 Capex split



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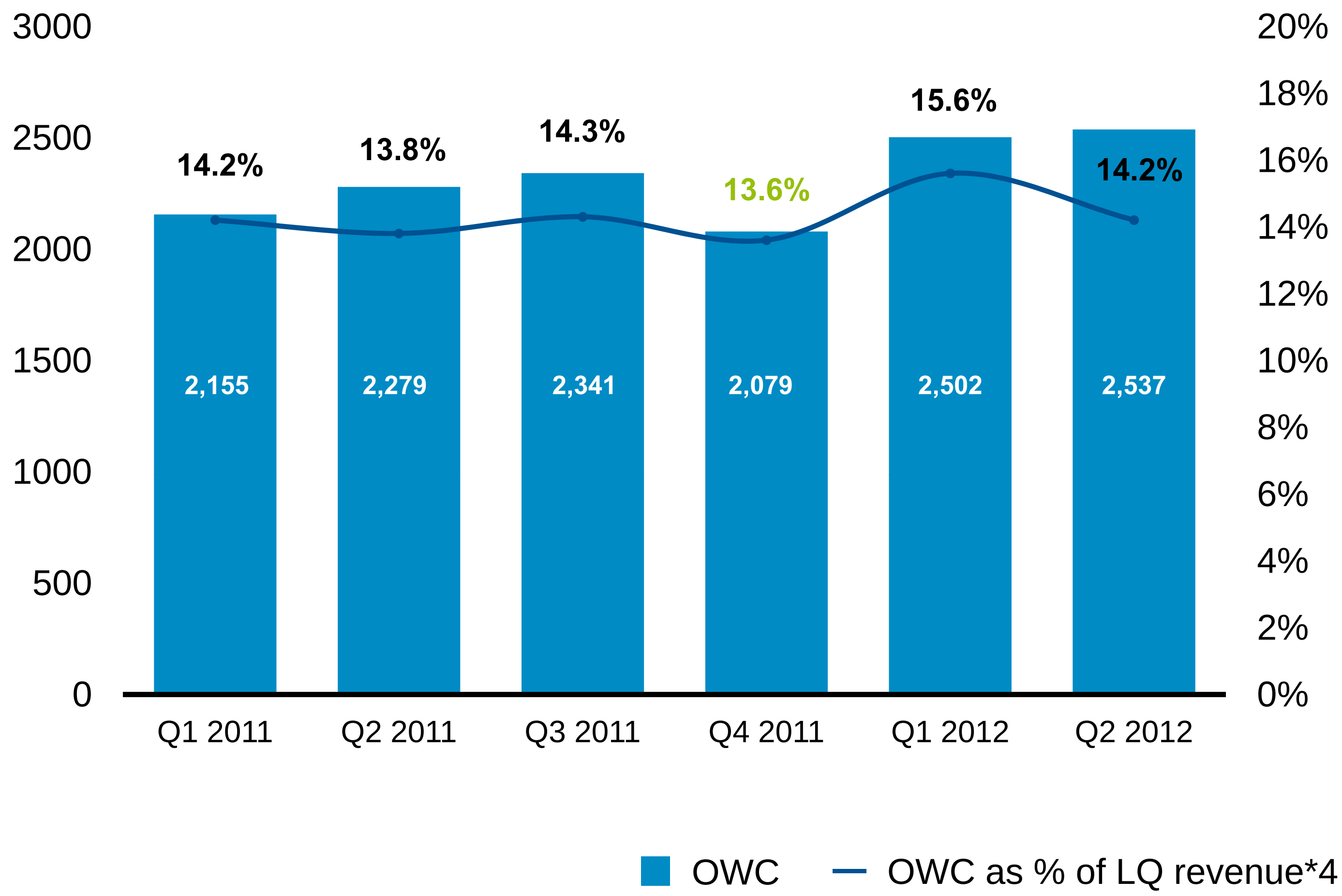
Year-on-year Operating Working Capital % of revenue to be reduced towards 12%

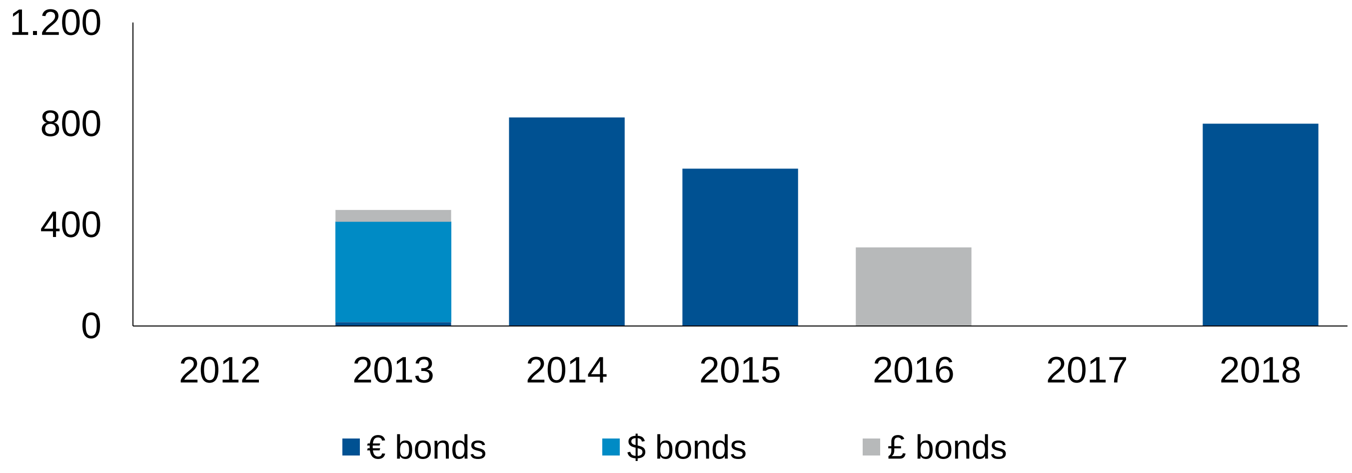
OWC
€ million



Debt duration 3.3 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
- Net cash and cash equivalents €1.0 billion*

** At the end of Q2 2012*

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Unchanged ambition to maintain strong balance sheet

€ million	Jun 30, 2012	Jun 30, 2011
Total equity	9,995	9,314
Net debt*	2,844	1,808

- Credit ratings unchanged at BBB+/Baa1, outlook stable
- Net debt increased due to pension top-ups and an additional pension payment in Q1, as well as higher operating working capital
- 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 €0.6 billion June 30, 2012 (June 30, 2011 €0.4 billion)

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Q2 2012 incidentals

€ million	Q2 2012	Q2 2011
Restructuring costs	(44)	(20)
Results related to major legal, anti-trust and environmental cases	3	21
Results of acquisitions and divestments	-	26
Other incidental results	(7)	-
Total	**(48)**	**27**

- Increase in restructuring costs due to provisions in relation to the performance improvement program
- Restructuring costs mainly related to Decorative Paints in North America and Europe

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Q2 2012 EBITDA – Cash bridge

€ million	Q2 2012	Q2 2011
EBITDA before incidentals	**593**	**551**
Incidentals (cash)	(28)	8
Change working capital	(38)	(204)
Change provisions	(30)	(70)
Interest paid	(42)	(58)
Income tax paid	(54)	(62)
Net cash from operating activities	**401**	**165**

- Lower cash outflows from working capital mainly due to a lower autonomous increase in operating working capital
- Together with an improved EBITDA performance, there is a significant improvement in net cash from operating activities

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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.