

Investor Update

Full-Year 2013 & Q4 results

Ton Büchner & Keith Nichols
February 6, 2014



Agenda

1. **2013 highlights**
2. **Operational review**
3. **Financial review**
4. **Performance improvement program**
5. **Conclusion**
6. **Questions**

2013 highlights & operational review
Ton Büchner

2013 has been a year of establishing a different way forward

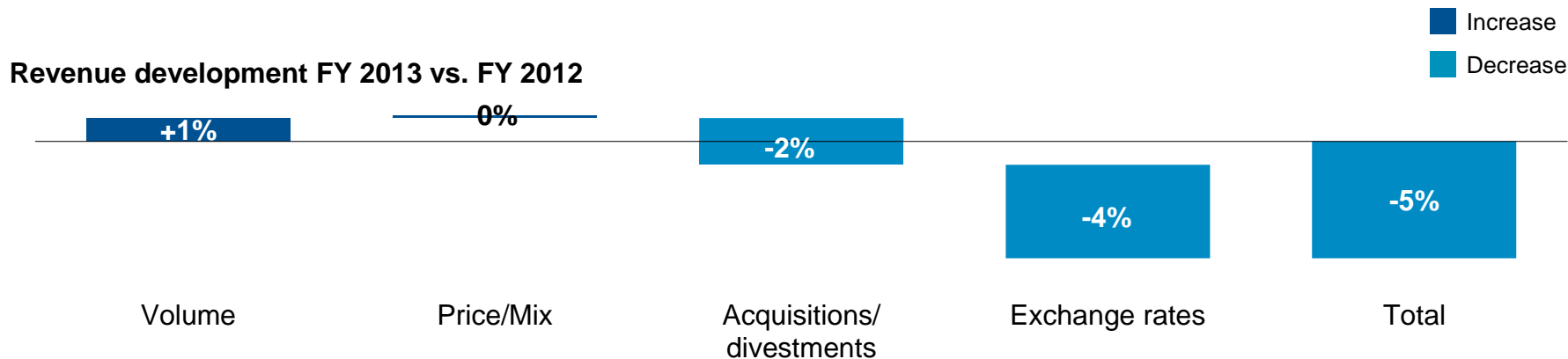
- New strategy, targets, team, remuneration and company values
- Clear signs of making progress with our strategy:
 - underlying ROS and ROI improving
 - Net debt significantly reduced
 - Performance Improvement Program finalized early
- This has been done by:
 - Divesting non-strategic and weaker market positions
 - Continued factory consolidation
 - Significant product complexity reduction
 - Acceleration of ERP reductions
 - Standardizing processes (HR, Finance, ISC, IM, etc.)
 - Start of delayering the organization
 - Adaptation of distribution where appropriate
 - Further organic growth in China and Latin America
- All actions done in difficult market conditions with currency headwinds



FY 2013 revenue and operating income

€ million	FY 2013	Δ%
Revenue	14,590	-5
Operating income	958	6

Ratio, %	FY 2013	FY 2012*
Return on sales	6.6	5.9
Return on sales (excluding incidentals and PIP costs)	8.5	8.2
Moving average return on investment	9.6	8.9



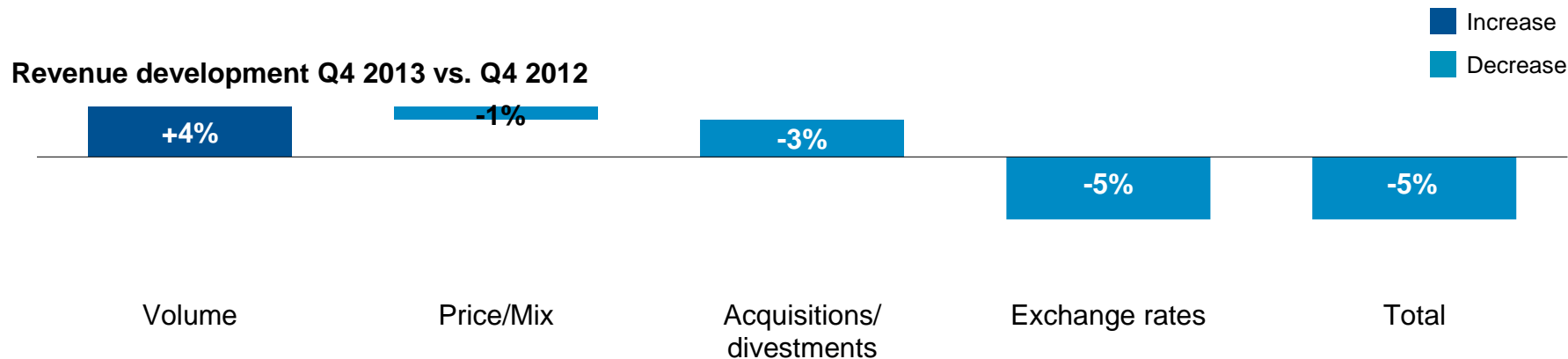
2013 highlights

- Q4 volume development positive in all three business areas and ROS% excluding restructuring costs and incidentals increased, continuing the trend from Q3
- Revenue for both Q4 and the full year down 5 percent, due to adverse currency effects and divestments
- 2013 operating income at €958 million (excluding €61 million incidentals: €897 million; 2012: €908 million excluding impairment)
- Net income attributable to shareholders €724 million (2012: €386 million excluding impairment) and adjusted EPS at €2.62 (2012: €2.55)
- Net debt down €769 million at €1,529 million (2012: €2,298 million)
- Total dividend for 2013 proposed at €1.45 (2012: €1.45)
- Performance improvement program completed one year ahead of schedule; target exceeded with €545 million total savings achieved
- On track to deliver 2015 targets despite expected continued fragile economic environment and volatile foreign currencies in 2014

Q4 2013 revenue and operating income

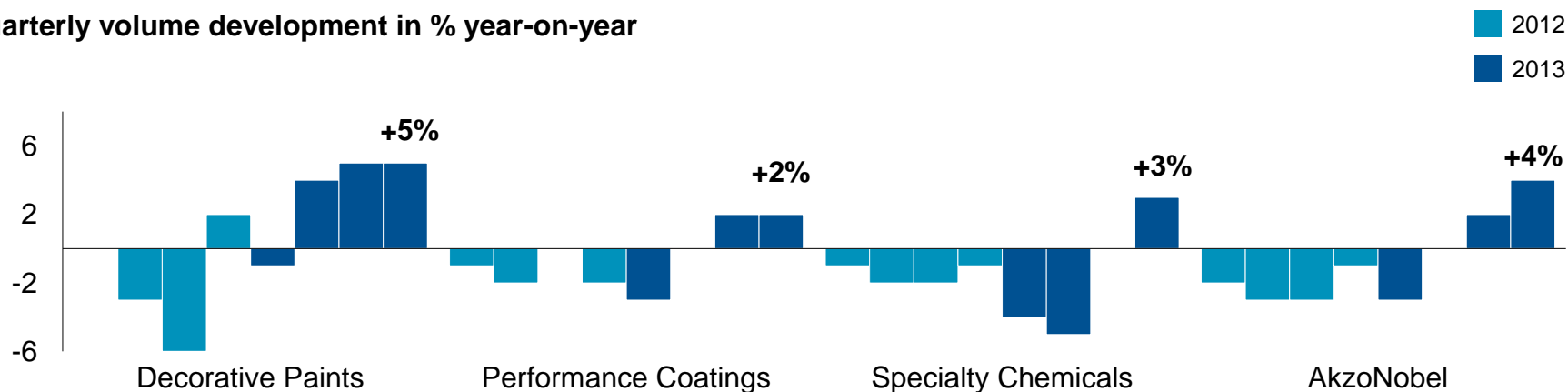
€ million	Q4 2013	Δ%
Revenue	3,482	-5
Operating income	116	222

Ratio, %	Q4 2013	Q4 2012
Return on sales	3.3	1.0
Return on sales (excluding incidentals and PIP costs)	7.4	4.3
Moving average return on investment	9.6	8.9

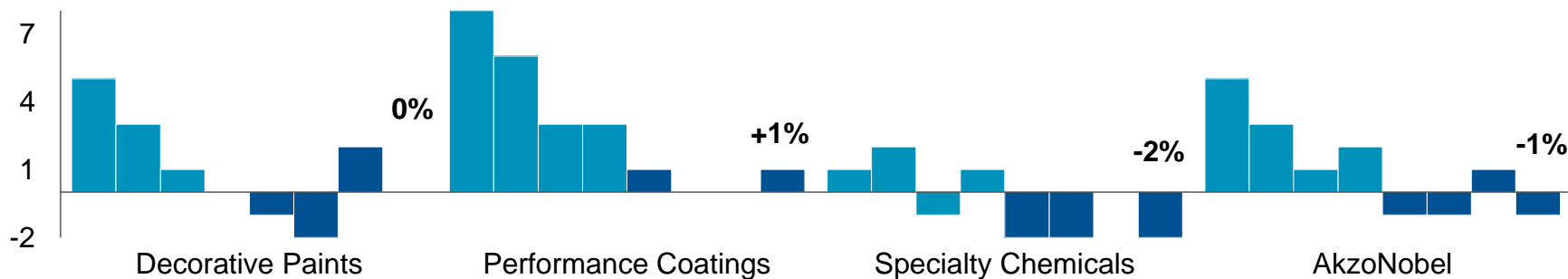


Market conditions remain challenging but volumes improved in all business areas

Quarterly volume development in % year-on-year

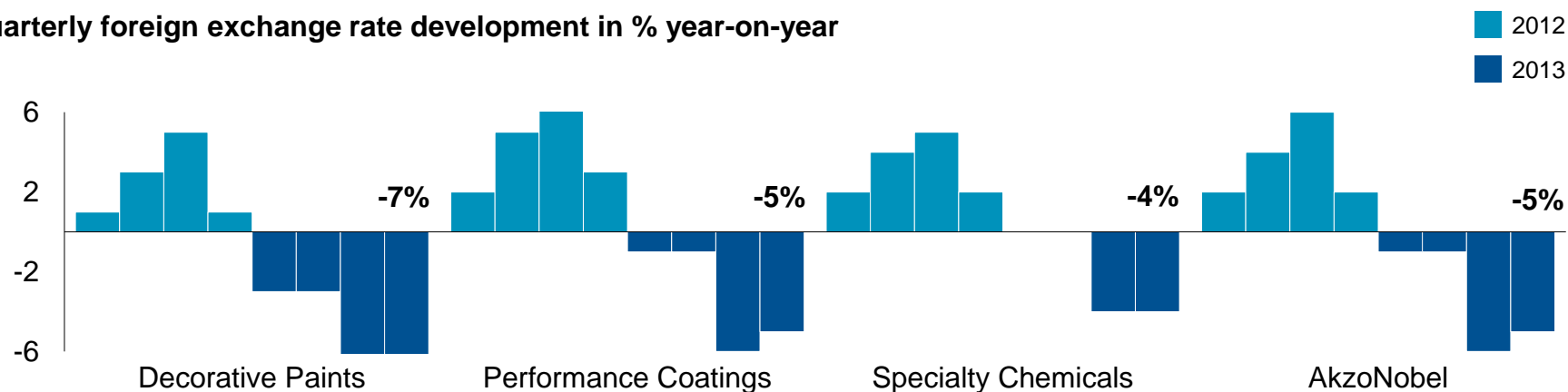


Quarterly price/mix development in % year-on-year



Foreign exchange rates and divestments negatively impacted our Q4 revenues

Quarterly foreign exchange rate development in % year-on-year



- The 5 percent decrease in revenues in Q4 was mainly driven by adverse currency effects, which were visible in all business areas and largely driven by our exposure to high growth markets
- The divestments of Building Adhesives and Chemicals Pakistan also impacted Q4 revenues in Decorative Paints (-4%) and Specialty Chemicals (-6%)

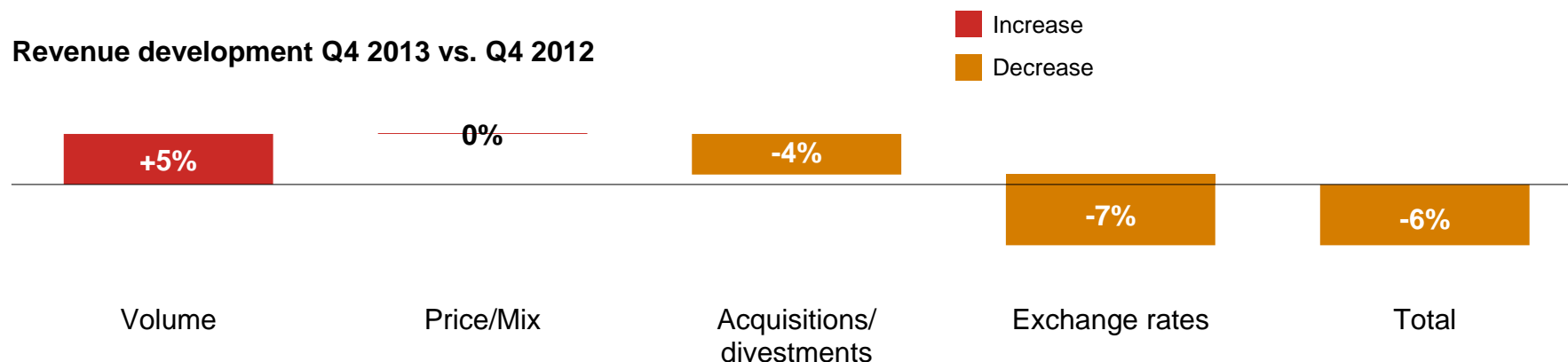
Decorative Paints Q4 2013 highlights

€ million	Q4 2013	Δ%
Revenue	934	-6
Operating income	146	260

Ratio, %	Q4 2013	Q4 2012
Return on sales	15.6	-9.1
Return on sales (excluding incidentals and PIP costs)	1.4	-0.8

- Revenues down 6% due to adverse currency effects and divestments
- Volumes up in all regions, against a low base in 2012
- Operating income includes a €198 million gain on the sale of Building Adhesives
- Performance improvement programs and restructuring measures have lowered the cost base by more than 3 percent

Revenue development Q4 2013 vs. Q4 2012



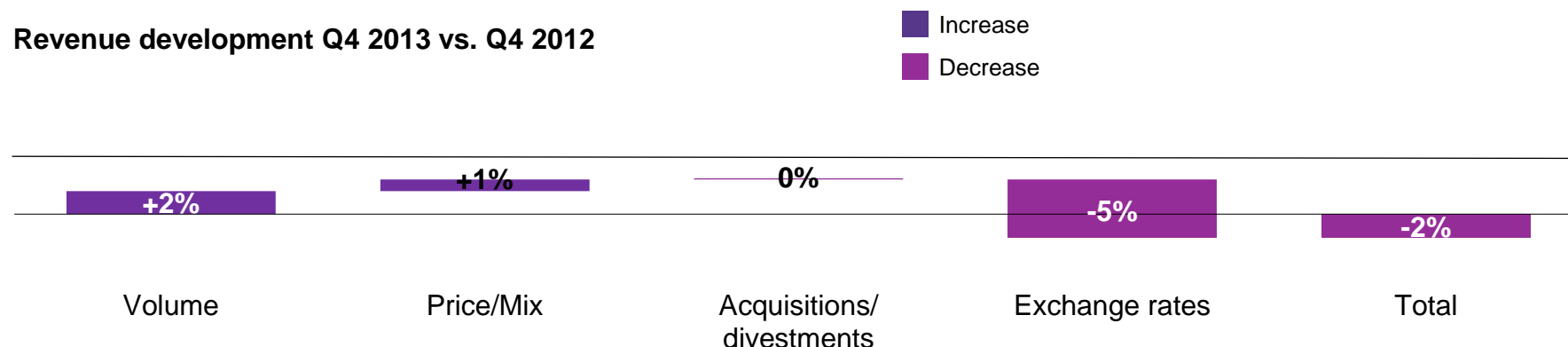
Performance Coatings Q4 2013 highlights

€ million	Q4 2013	Δ%
Revenue	1,367	-2
Operating income	73	-36

Ratio, %	Q4 2013	Q4 2012
Return on sales	5.3	8.2
Return on sales (excluding incidentals and PIP costs)	11.0	11.1

- Revenues down 2 percent, due to adverse currency effects
- Volumes up 2% in Q4, with positive developments in all businesses
- Operating income down on last year due to adverse currencies and an acceleration in restructuring activities in Q4 offsetting underlying improvements
- Operational efficiency improvements contributed in all businesses

Revenue development Q4 2013 vs. Q4 2012



Specialty Chemicals

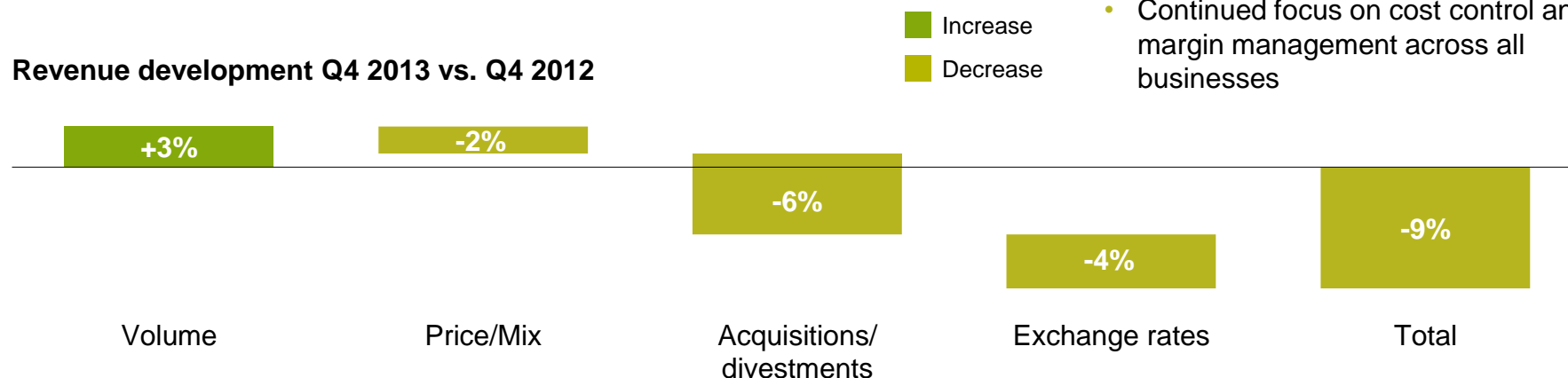
Q4 2013 highlights

€ million	Q4 2013	Δ%
Revenue	1,200	-9
Operating income	-30	-141

Ratio, %	Q4 2013	Q4 2012
Return on sales	-2.5	5.5
Return on sales (excluding incidentals and PIP costs)	9.9	6.3

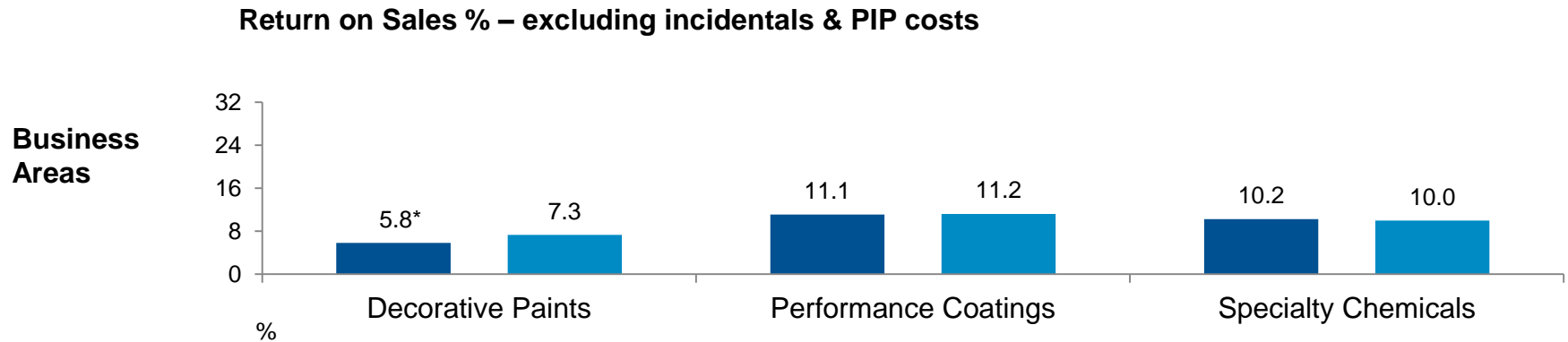
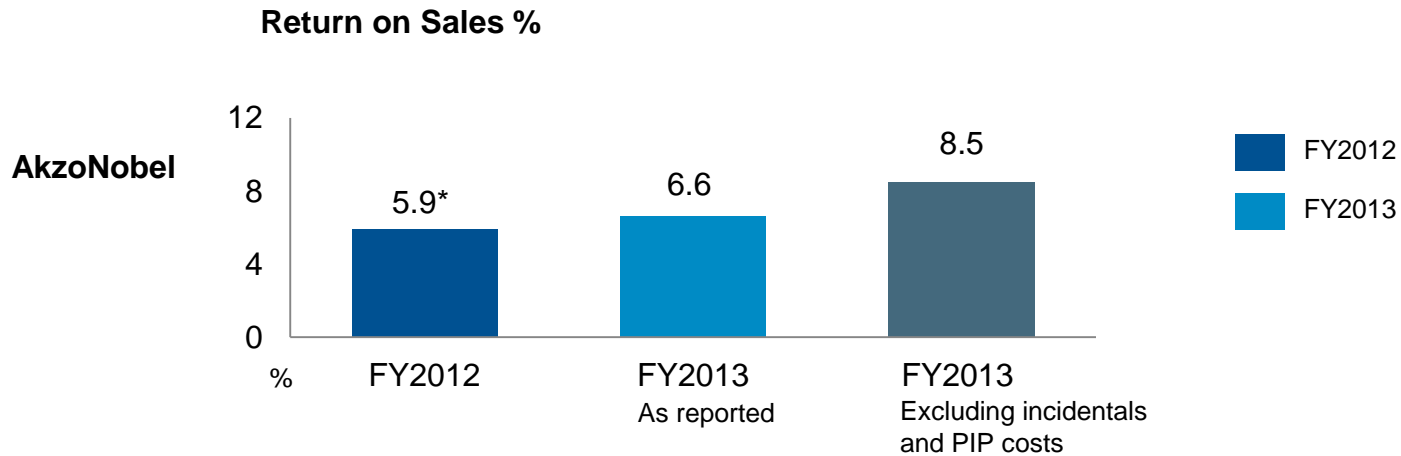
- Revenues down 9 percent due to Chemicals Pakistan divestment and adverse currency effects
- Volumes during the quarter were up 3% compared to the previous year with higher volumes in most businesses
- Operating income down on last year, largely due to a non-cash impairment charge of €139 million on a business held for sale
- Continued focus on cost control and margin management across all businesses

Revenue development Q4 2013 vs. Q4 2012



FY 2013 Return on sales improvement – underlying excluding incidentals and PIP costs

AkzoNobel



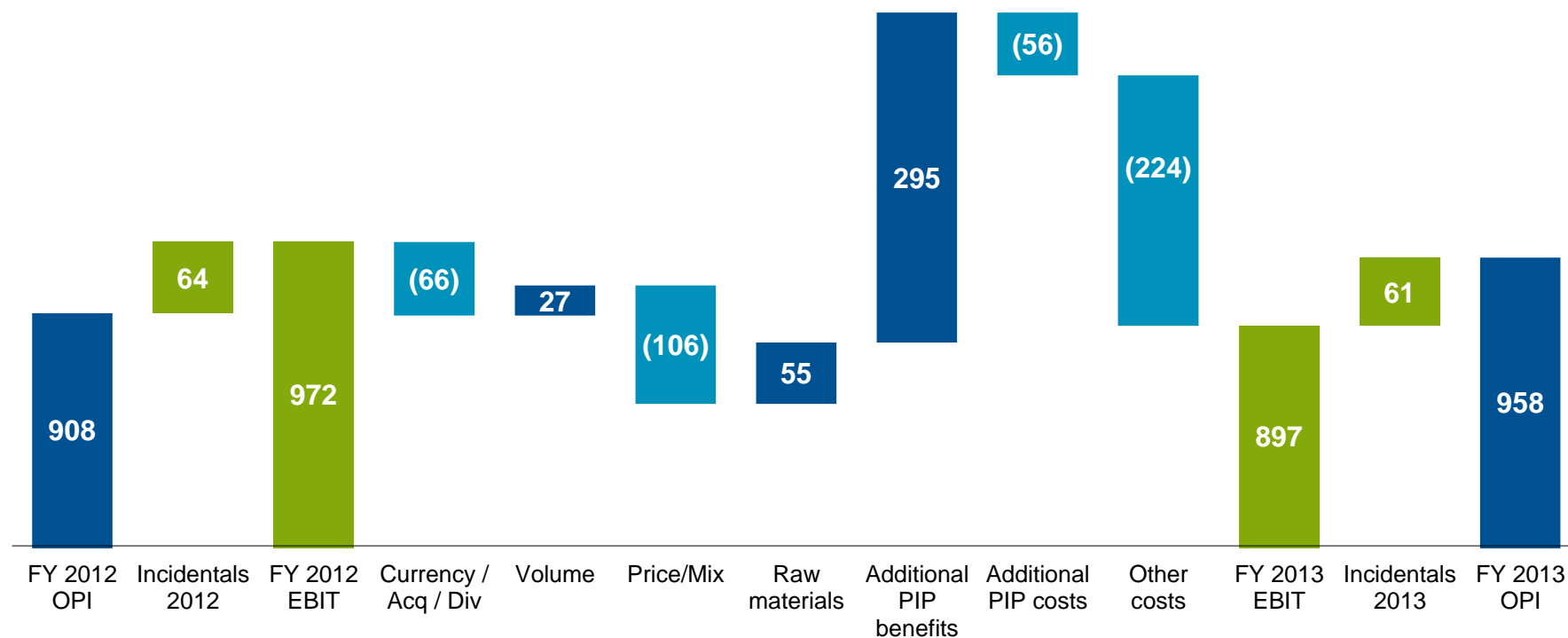
* 2012 excluding impairment (€2.1 billion)

FY2013 Operating Income bridge

Operating Income bridge FY2012 – FY2013

€ million

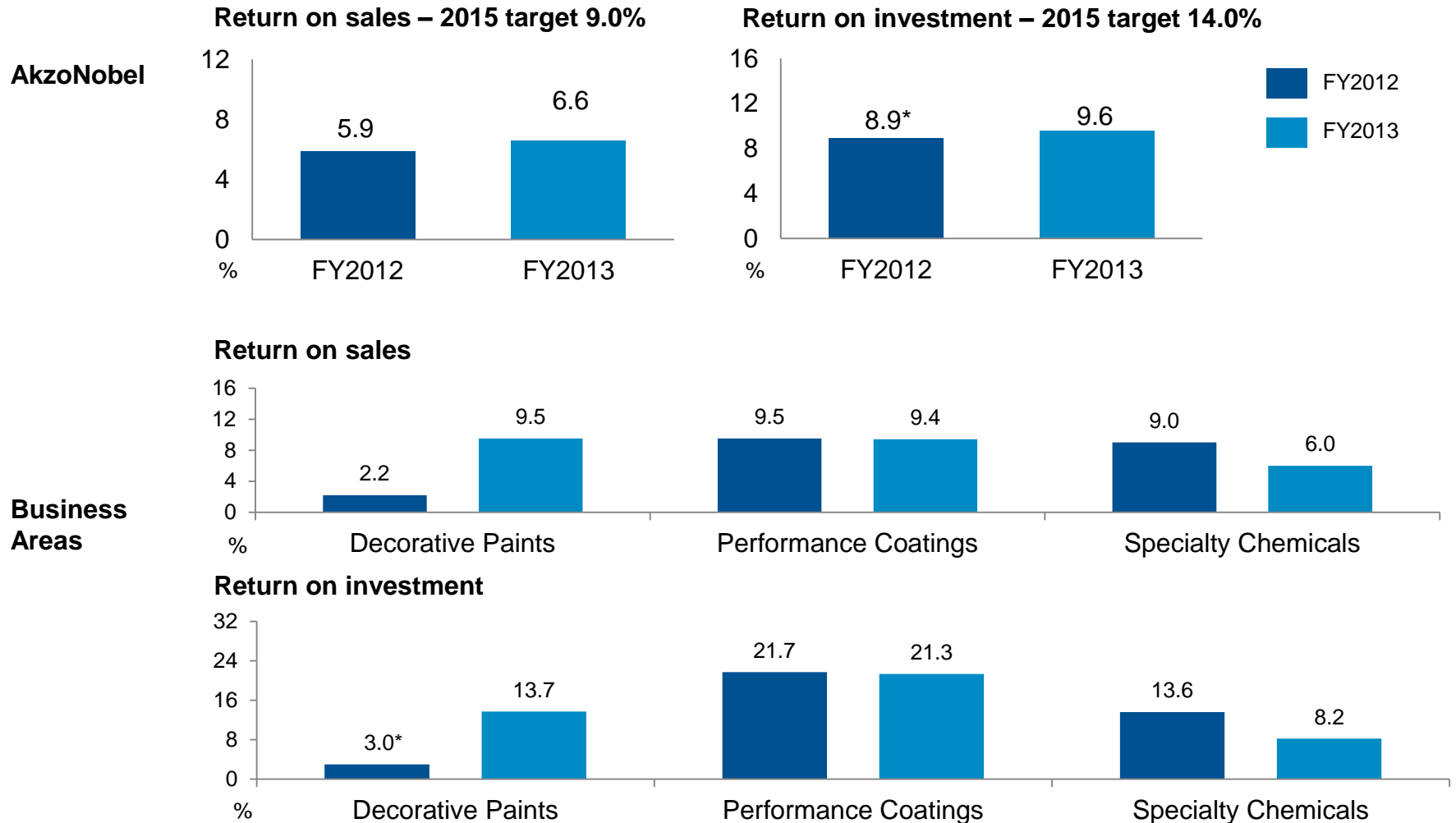
■ Increase
■ Decrease



* Other costs includes wage inflation, one-off's, and depreciation and amortization

Financial targets – progress made to date

Decorative Paints and Specialty Chemicals affected by incidentals



* 2012 excluding impairment (€2.1 billion)

Financial review
Keith Nichols

2013 financial highlights

- Adverse currency movements impacted our results, especially during the second half of the year, but still delivering on mid-year guidance with Operating Income before incidental items coming in at €897 million
- Operating working capital reduced to 9.9% at year end
- Capex was €666 million (4.6% of 2013 revenue) compared to €826 million last year (5.4% of 2012 revenue) reducing towards 4% of revenues
- During 2013 we completed the sale of Decorative Paints North America, which resulted in a cash inflow of €779 million and a net profit of €141 million. In Q4 we completed the sale of Building Adhesives, resulting in a cash inflow of €247 million and a net profit of €198 million
- Net debt down from €2,298 million last year to €1,529 million at the end of Q4
- De-risking of US pension obligations by c. \$655 million, requiring a \$170 million contribution

Summary – Q4 2013 results

<i>€ million</i>	Q4 2013	Q4 2012*
EBITDA	208	205
Amortization and depreciation	(153)	(161)
Incidentals	61	(8)
Operating income	116	36
Net financing expenses	(48)	(38)
Minorities and associates	(12)	(19)
Income tax	(21)	16
Discontinued operations	16	(22)
Net income attributable to shareholders	51	(27)

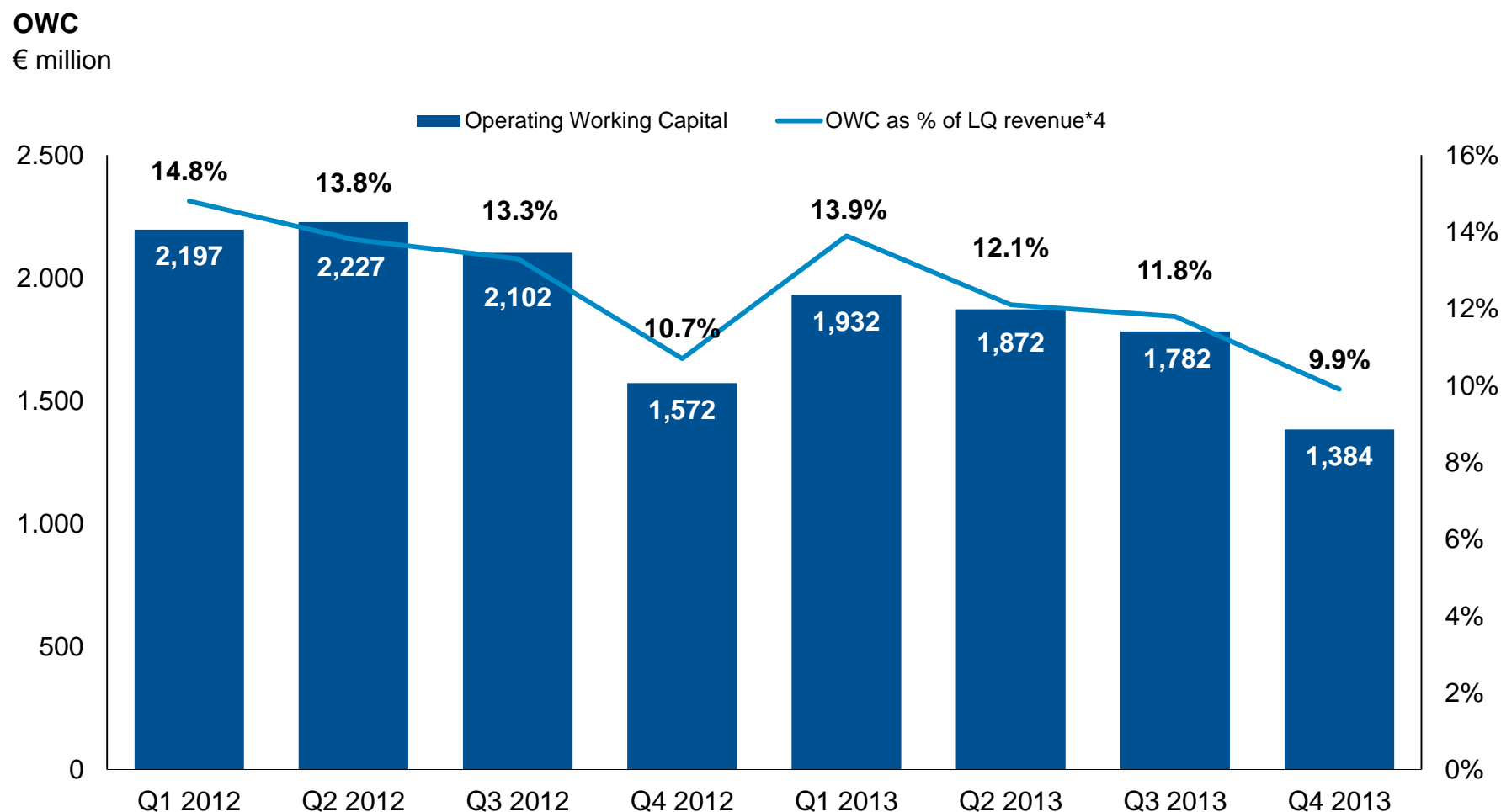
<i>Ratio</i>	Q4 2013	Q4 2012
Adjusted earnings per share (in €)	(0.01)	0.10

Cash flows Q4 2013

€ million	Q4 2013	Q4 2012*
Profit for the period from continuing operations	48	13
Amortization and depreciation	153	161
Change working capital	277	469
• Pension provisions	(133)	8
• Restructuring	79	(8)
• Other provisions	13	8
Change provisions	(41)	8
Other changes	(128)	(21)
Net cash from operating activities	309	630
Capital expenditures	(234)	(330)
Acquisitions and divestments net of cash acquired	309	132
Changes from borrowings	(362)	(12)
Dividends	(70)	(67)
Other changes	(4)	(36)
Cash flows from discontinued operations	(17)	(38)
Total cash flows	(69)	279

*2012 excluding impairment (€2.1 billion)

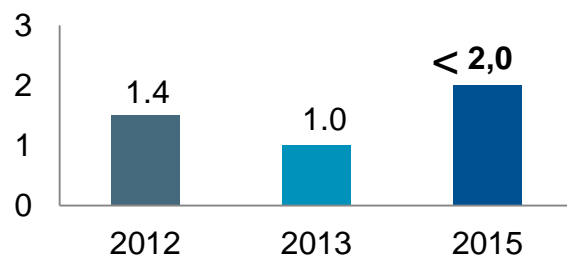
Operating Working Capital % of revenue reduced due to working capital management



Net debt down to €1.5 billion

€ million	Q4 2013	Q4 2012
Net debt	1,817	2,597
Net cash from operating activities	(309)	(630)
Capex	234	330
Acquisitions & Divestments	(309)	(132)
Dividends	70	67
Other	26	66
Net debt at end of period	1,529	2,298

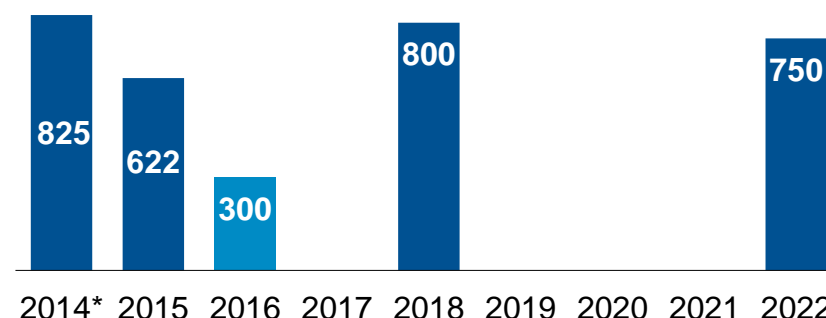
Net debt/EBITDA



Debt maturities

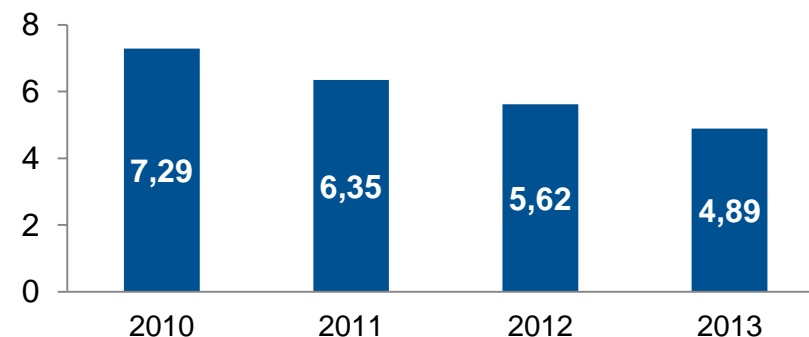
billion

■ € bonds ■ £ bonds



Average cost of long term bonds

%



* €825 million bond (7.75% coupon) was repaid in full on January 30th 2014

Pension deficit decreases to €0.6 billion

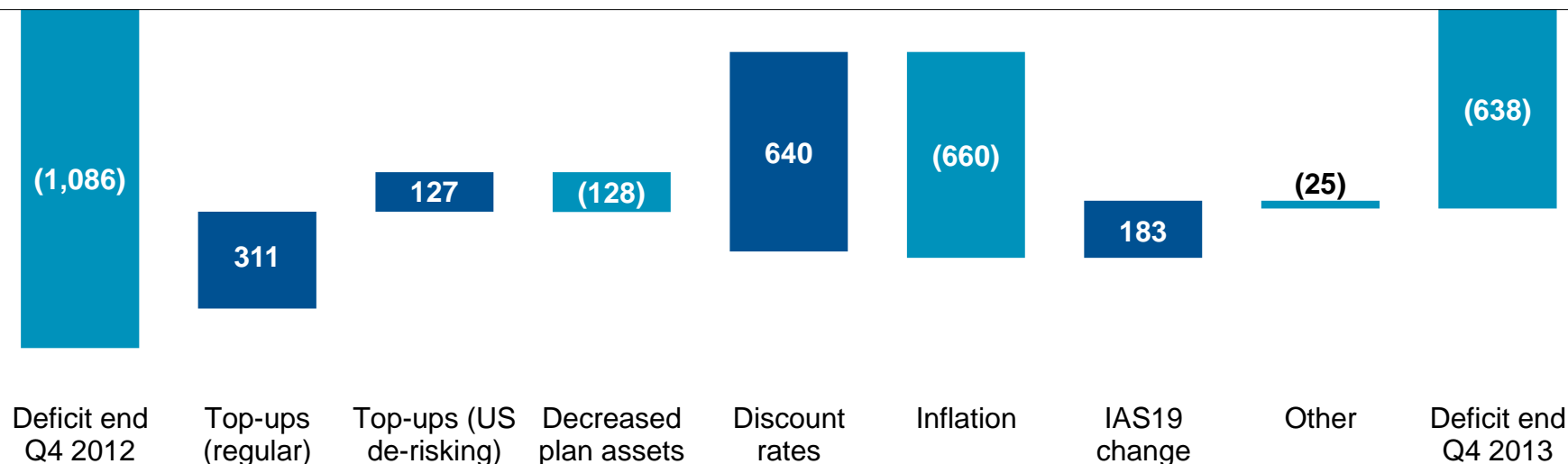
<i>Key pension metrics</i>	Q4 2013	Q4 2012
Discount rate	4.2%	3.9%
Inflation assumptions	3.2%	2.4%

Pension deficit development during 2013

€ million

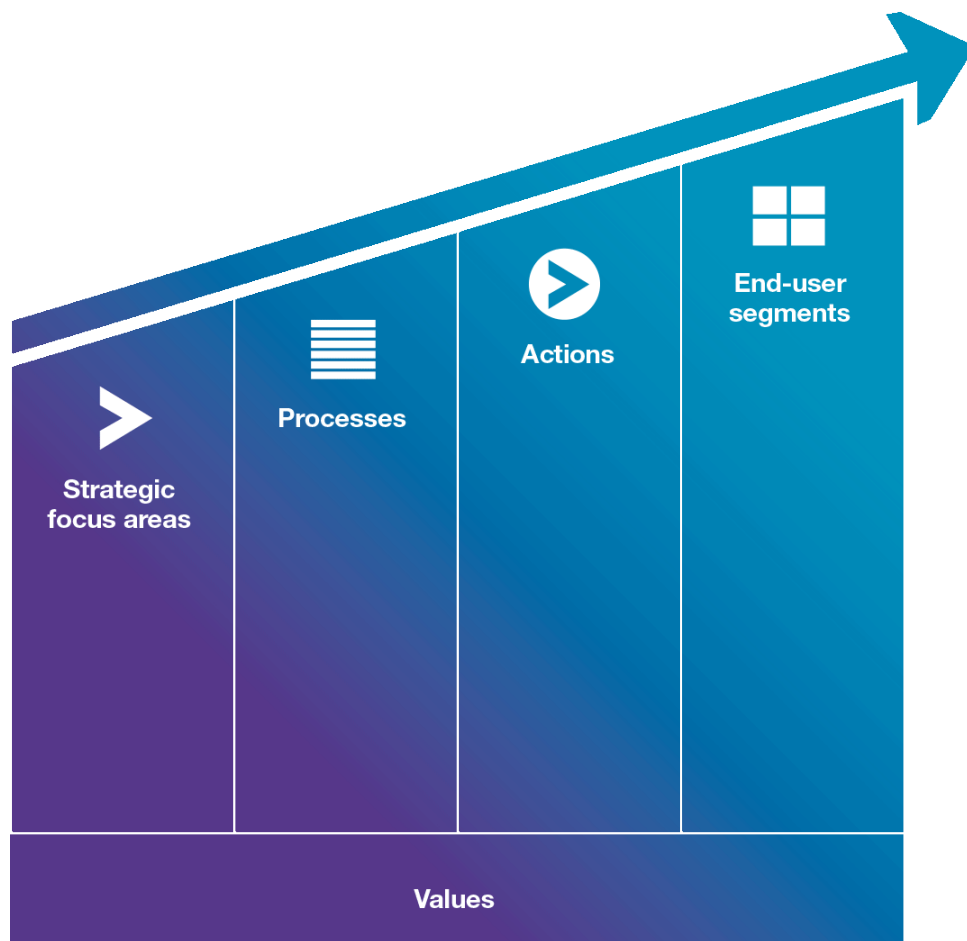
■ Decrease

■ Increase



Performance Improvement Program
Ton Büchner

AkzoNobel strategy



Vision:

**Leading
market positions
delivering
leading performance**

Performance Improvement Program completed and delivering over €500 million EBITDA savings

AkzoNobel

Performance Improvement Program

Operational
Excellence

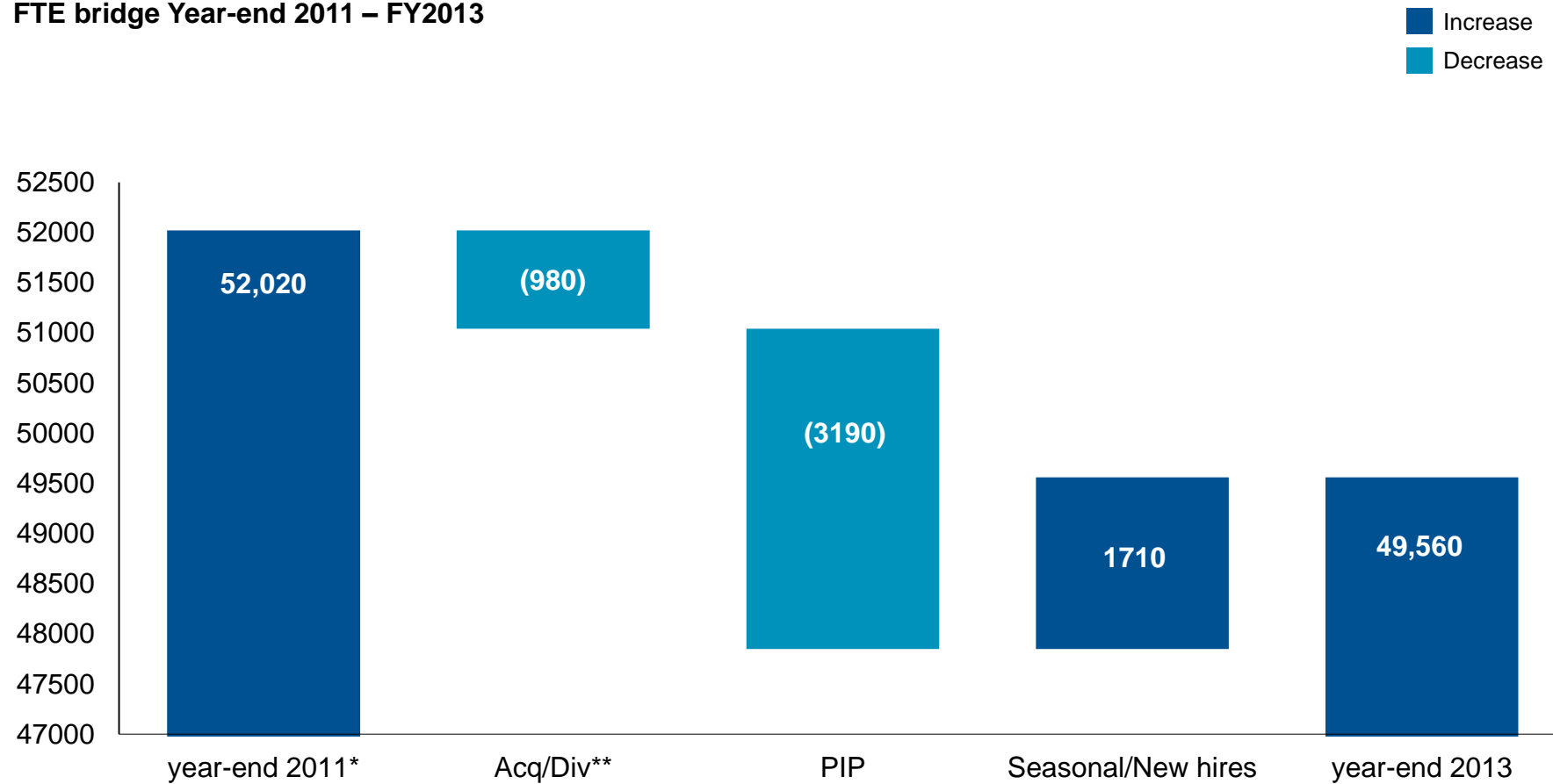
Functional
Excellence

Business Unit
Adaptations

- Performance Improvement Program has been completed one year ahead of the original schedule and delivered €545 million in total EBITDA savings
- Various actions taken address product complexity reduction, sourcing optimization, manufacturing and distribution excellence, and margin management across the entire organization
- We are embedding continuous improvement in our businesses, moving from project based to continuous improvement at the core of the changes in our organization

Significant FTE reductions as a result of the Performance Improvement Program

FTE bridge Year-end 2011 – FY2013



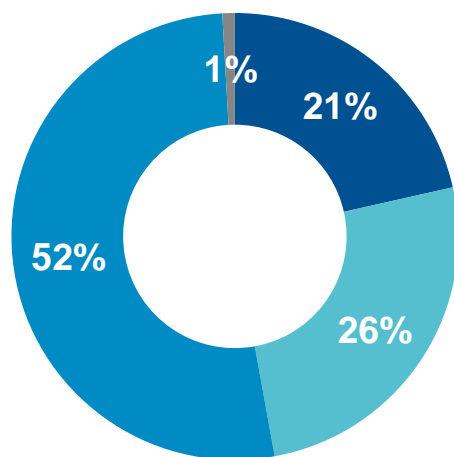
* Restated for 5,220 employees of Decorative Paints North America at year -end 2011

** The net decrease mainly results from the Boxing acquisition, the divestment of Chemicals Pakistan and the divestment of Building Adhesives

Capex reduced to 4.6% of revenue

Capital expenditure

2013, 100% = €666 million (4.6% of revenue)



■ Performance Coatings
 ■ Decorative Paints
■ Specialty Chemicals
 ■ Other

- Significant reduction from last year (2012: €826 million, 5.4% of revenues)
- Capital expenditure will be around 4% of revenues going forward



Decorative Paints

Manufacturing improvements

- Further reduction of inventory based on SKU reduction program and introduction of Integrated Business Planning Process for Europe
- 5 manufacturing site closures in 2012 and 2013, moving towards mega plant concept in Europe

ISC function improvements

- Restructuring of regional planning to central planning
- Warehouse reduction and distribution optimization
- OWC reduced by €125 million in 2013

Sales and marketing

- Optimizing distribution channel in Germany through divestment of own paint stores
- Integration of Nordic country structure into regional structure for Sales and Marketing
- Restructuring of Sales and Marketing function in Switzerland and Austria completed

Supporting function improvements

- Streamlining EMEA support functions and right sizing of organization
- Reduced number of ERP systems to one single system for all Business Units

Cumulative savings (FY2011-FY2013) from Performance Improvement Program of €208 million

Performance Coatings

Manufacturing improvements

- Site optimization processes continued with knowledge transfer of best practices, resulting in FTE reductions, capacity increases, and reduced operating costs
- 7 additional manufacturing site closures were communicated in Q4 2013

ISC function improvements

- Product portfolio analysis, driving actions resulting in decreased days inventory outstanding, while at the same time improving on-time delivery metrics
- OWC reduced by €49 million in 2013

Sales and marketing

- Continued focus on product and margin management

Supporting function improvements

- Delivery on reduction of organizational layers, duplications, and reduced back office functions to drive a stronger, lower cost organization
- Continued reduction of ERP systems

Cumulative savings (FY2011-FY2013) from Performance Improvement Program of €197 million

Specialty Chemicals

Manufacturing improvements

- Conducted over 70 site improvement projects
- Announced closure of Organic Peroxides manufacturing facility in Deventer

ISC function improvements

- Merged the engineering organizations and established the Engineering Excellence Center
- Established the lean six sigma platform

Sales and marketing

- Standardized customer needs-based segmentation
- Product and service portfolio management process based on cost-to-serve

Supporting function improvements

- Reduced ERP systems to 3 by end 2013
- Moved from 4 Business Unit Information Management departments into one central department

Cumulative savings (FY2011-FY2013) from Performance Improvement Program of €142 million

Drive towards continuous improvement and commercial excellence

- Restructuring activities to continue into 2014, moving into continuous improvement which will enable us to achieve the 2015 targets
 - 2014 restructuring charges expected to total at least €250 million
 - more normalized levels of restructuring costs anticipated thereafter, in line with historical numbers
- Ongoing initiatives in 2014:

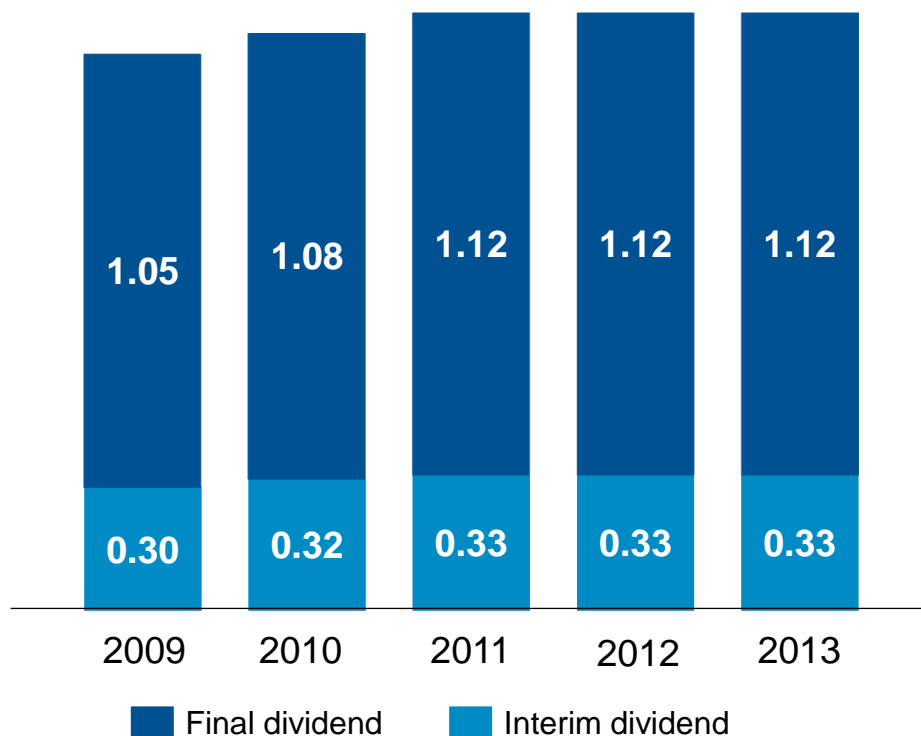
Decorative Paints	<ul style="list-style-type: none"> • Implementing central operating model • Further rationalization of manufacturing footprint
Performance Coatings	<ul style="list-style-type: none"> • Reducing external spend by further complexity reduction • Improve operational productivity through footprint optimization • Driving commercial excellence to increase sales effectiveness
Specialty Chemicals	<ul style="list-style-type: none"> • Continued restructuring activities in Functional Chemicals • Drive operational excellence through improved raw material cost position and footprint optimization
Other (Corporate)	<ul style="list-style-type: none"> • Streamlining corporate functions (Finance, HR, IM) by introducing a new Global Business Services function responsible for introducing and implementing standardized core functional processes throughout the organization

AkzoNobel values

Core principles: Safety, Integrity, Sustainability	Customer Focused	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

Dividends and governance

Dividends



- Our dividend policy is to pay a stable to rising dividend each year
- An interim and final dividend will be paid in cash unless shareholders elect to receive a stock dividend

Governance

Supervisory Board succession announced today

Conclusion
Ton Büchner

Conclusion

- Early signs of stabilization in the second half of 2013, economic environment remains fragile and foreign currencies volatile
- Performance Improvement Program successfully completed, moving towards continuous improvement
- We will continue to significantly restructure our businesses in 2014, reducing costs and driving organic growth
- We remain on track to deliver our 2015 targets

Vision:

**Leading
market positions
delivering
leading performance**

Questions

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.

Appendices

Performance Improvement Program – Benefits by quarter

€ million	FY 2011	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	Q3	Q4	FY 2013
Decorative Paints	12	9	15	24	37	85	23	27	29	32	111
Performance Coatings	-	3	11	40	46	100	25	25	21	26	97
Specialty Chemicals	-	7	11	19	16	53	16	17	28	28	89
Other	-	-	-	-	-	-	-	-	-2	-	-2
Total	12	19	37	83	99	238	64	69	76	86	295

Performance Improvement Program – Restructuring charges by quarter

€ million	Q1	Q2	Q3	Q4	FY 2012	Q1	Q2	Q3	Q4	FY 2013
Decorative Paints	23	8	35	74	140	7	24	8	66	105
Performance Coatings	4	9	36	41	90	11	5	9	77	102
Specialty Chemicals	0	15	17	10	42	1	0	46	27	74
Other	7	10	13	-10	20	10	11	12	34	67
Total	34	42	101	115	292	29	40	75	204	348

Q4 2013 Operating income – Cash bridge

<i>€ million</i>	Q4 2013	Q4 2012
Operating Income	116	36
Incidentals	(61)	8
Depreciation & amortization	153	161
EBITDA before incidentals	208	205
Other	21	41
Change working capital	277	469
Change provisions	(41)	8
Interest paid	(62)	(62)
Income tax paid	(94)	(31)
Net cash from operating activities	309	630

Cash flows FY2013

€ million	FY 2013	FY 2012*
Profit for the period from continuing operations	661	513
Amortization and depreciation	616	625
Change working capital	(13)	251
• Pension provisions	(417)	(593)
• Restructuring	55	9
• Other provisions	(33)	(119)
Change provisions	(395)	(703)
Other changes	(153)	51
Net cash from operating activities	716	737
Capital expenditures	(666)	(826)
Acquisitions and divestments net of cash acquired	313	122
Changes from borrowings	(253)	570
Dividends	(286)	(256)
Other changes	37	(65)
Cash flows from discontinued operations	675	(53)
Total cash flows	536	229

*2012 excluding impairment (€2.1 billion)

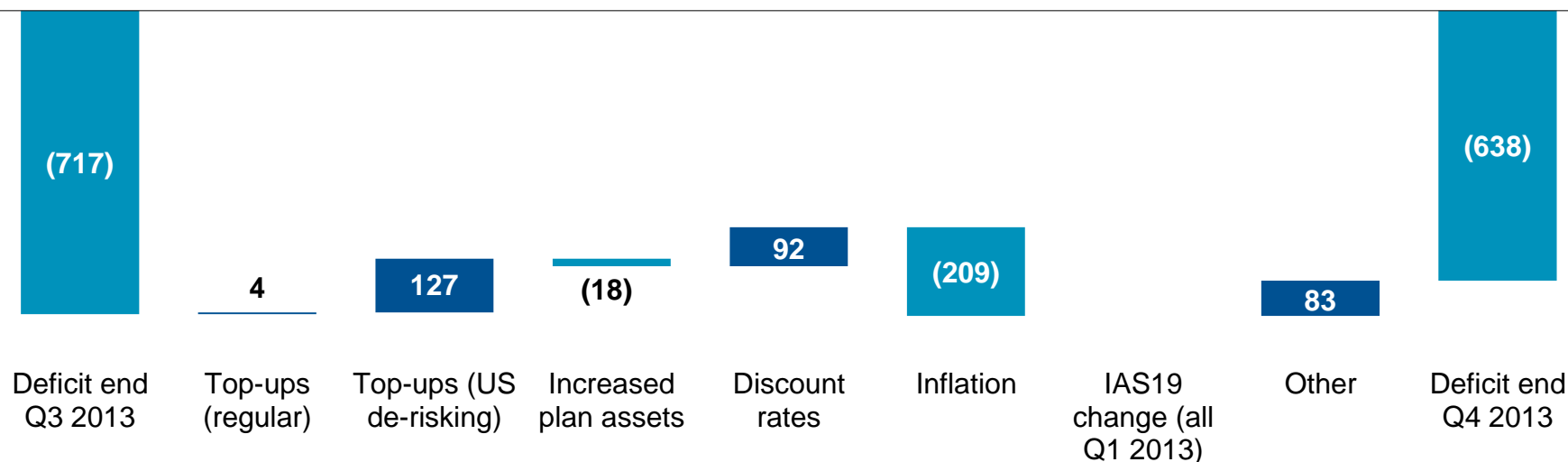
Pension deficit decreases to €0.6 billion

<i>Key pension metrics</i>	Q4 2013	Q3 2013
Discount rate	4.2%	4.2%
Inflation assumptions	3.2%	2.9%

Pension deficit development during Q4 2013

€ million

- Decrease
- Increase

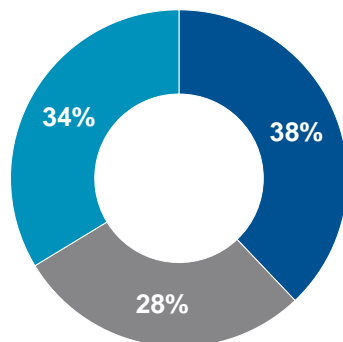


AkzoNobel today

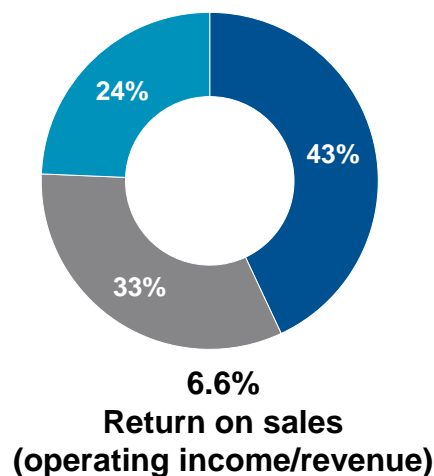
- Revenue €14.6 billion
- 49,560 employees
- 44% of revenue from high growth markets
- Major producer of Paints, Coatings and Specialty Chemicals
- Leadership positions in many markets



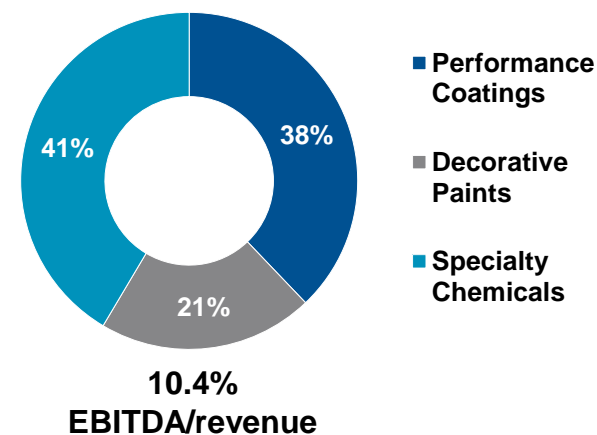
Revenue by Business Area



Operating income by Business Area



EBITDA by Business Area



- Performance Coatings
- Decorative Paints
- Specialty Chemicals

Leading market positions delivering leading performance

AkzoNobel has gone through a significant amount of strategic change over the past five years

Today, the company has

- Excellent portfolio of businesses
- Good long term growth potential on the basis of end-user segment growth
- Strong positions in high growth markets (44% of revenue)
- Leadership positions in many markets
- Clear leader in sustainability
- Track record of delivering sustainable innovations and products
- Strong brands, both in consumer and industrial markets

Clear focus to deliver on our significant potential

- Improved returns and cash flow
- Leveraging scale
- Simplification and standardization
- Continued innovation



Buildings and Infrastructure

~44% of revenues

New Build Projects
Maintenance, Renovation & Repair
Building Products & Components

Transportation

~16% of revenues

Automotive OEM, Parts and Assembly
Automotive Repair
Marine and Air Transport

~16% of revenues

Consumer Durables
Consumer Packaged Goods

Consumer Goods

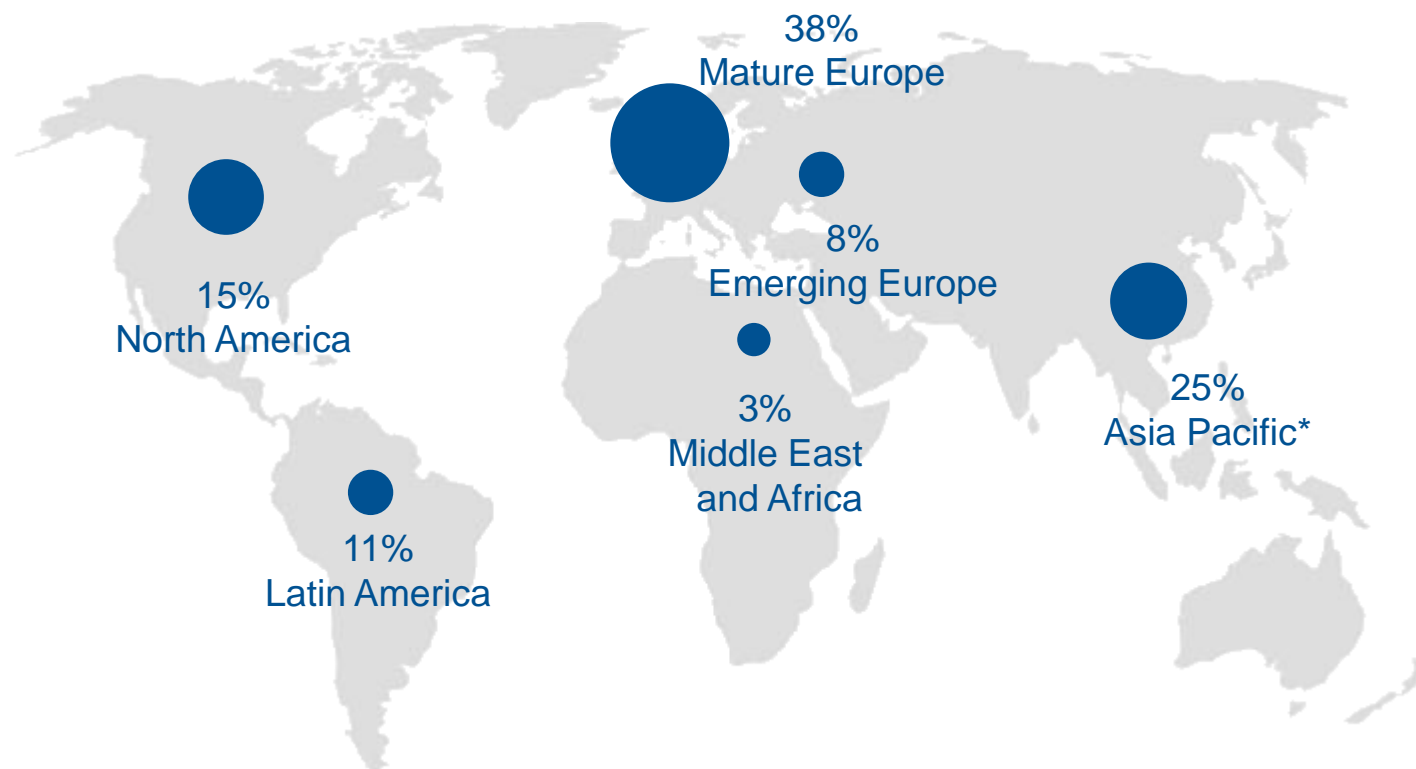
~24% of revenues

Natural Resource and Energy Industries
Process Industries

Industrial

High growth markets are 44% of revenue and their importance will increase

% of 2013 revenue, excluding Decorative Paints North America

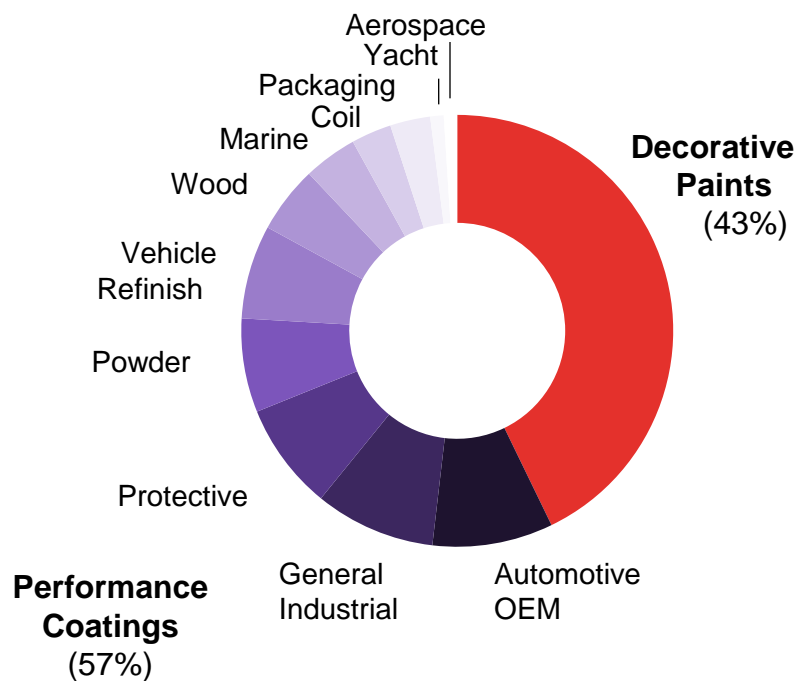


Our goal: Greater than 50% of revenues from high growth markets

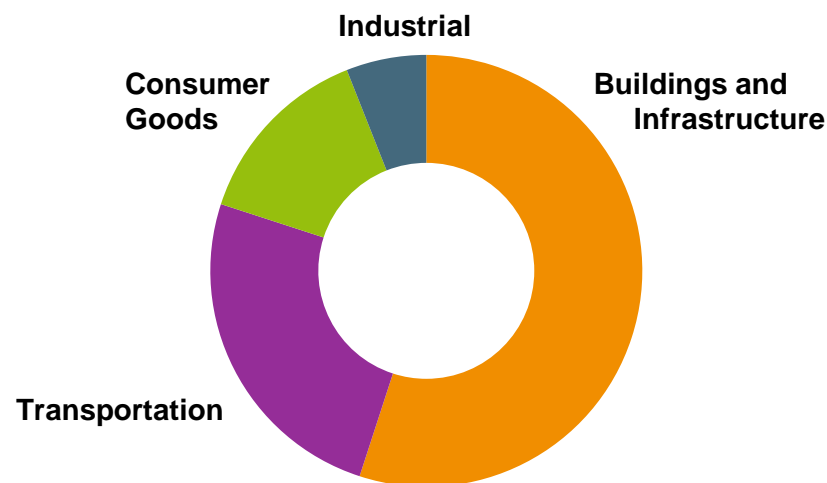
* Relative growth offset by the sale of Chemicals Pakistan and adverse currency movements

The global paints and coatings market is around €75 billion







By market sector
2011, 100% = €75 billion



By end-user segment
2011, 100% = €75 billion

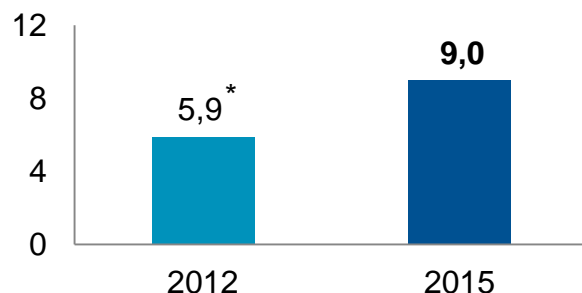


AkzoNobel has many leading market positions

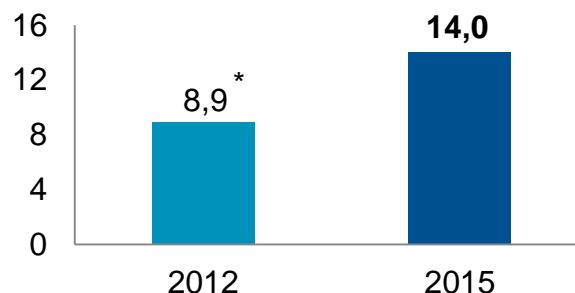
		No.1 Position	Other key players
Decorative	Multiple regions outside North America		PPG, regional players
	North America*	Sherwin-Williams	PPG, regional players
Protective			Sherwin-Williams, Jotun
Powder			Axalta, Jotun, regional players
Auto refinish		Axalta	PPG, AkzoNobel
Wood			Sherwin-Williams, Valspar
Marine			Jotun, Chugoku
Coil			PPG, Beckers

New and realistic 2015 financial targets focused on quality of earnings and value creation

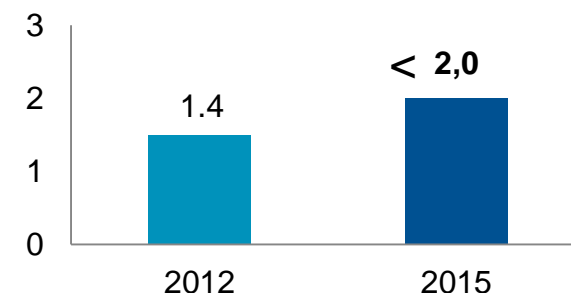
Return on sales
(Operating income/revenue)
%



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

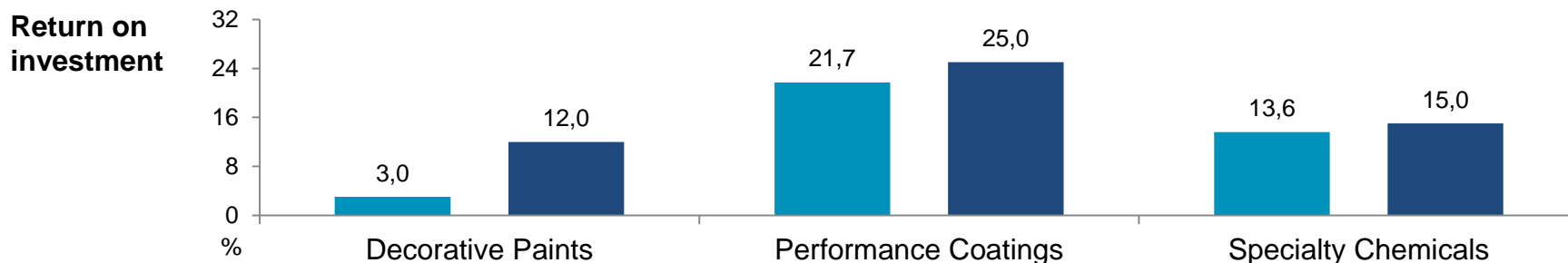
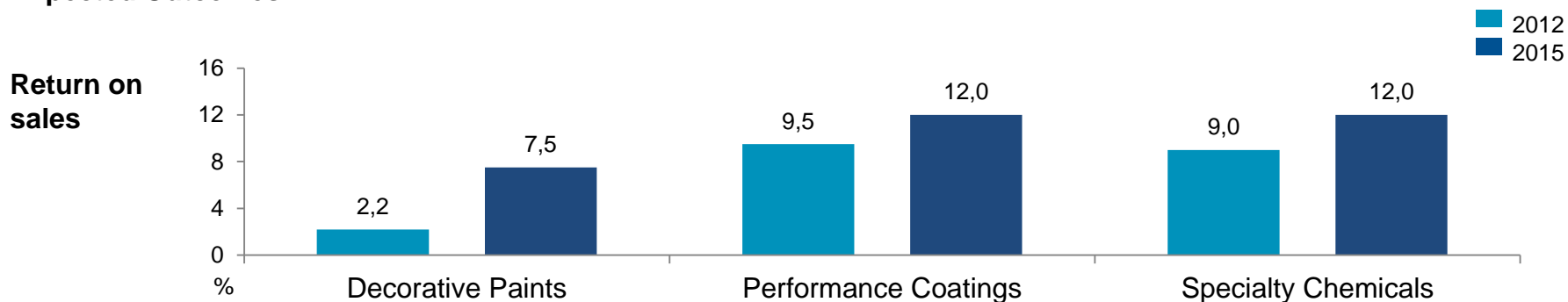


Net debt/EBITDA
x



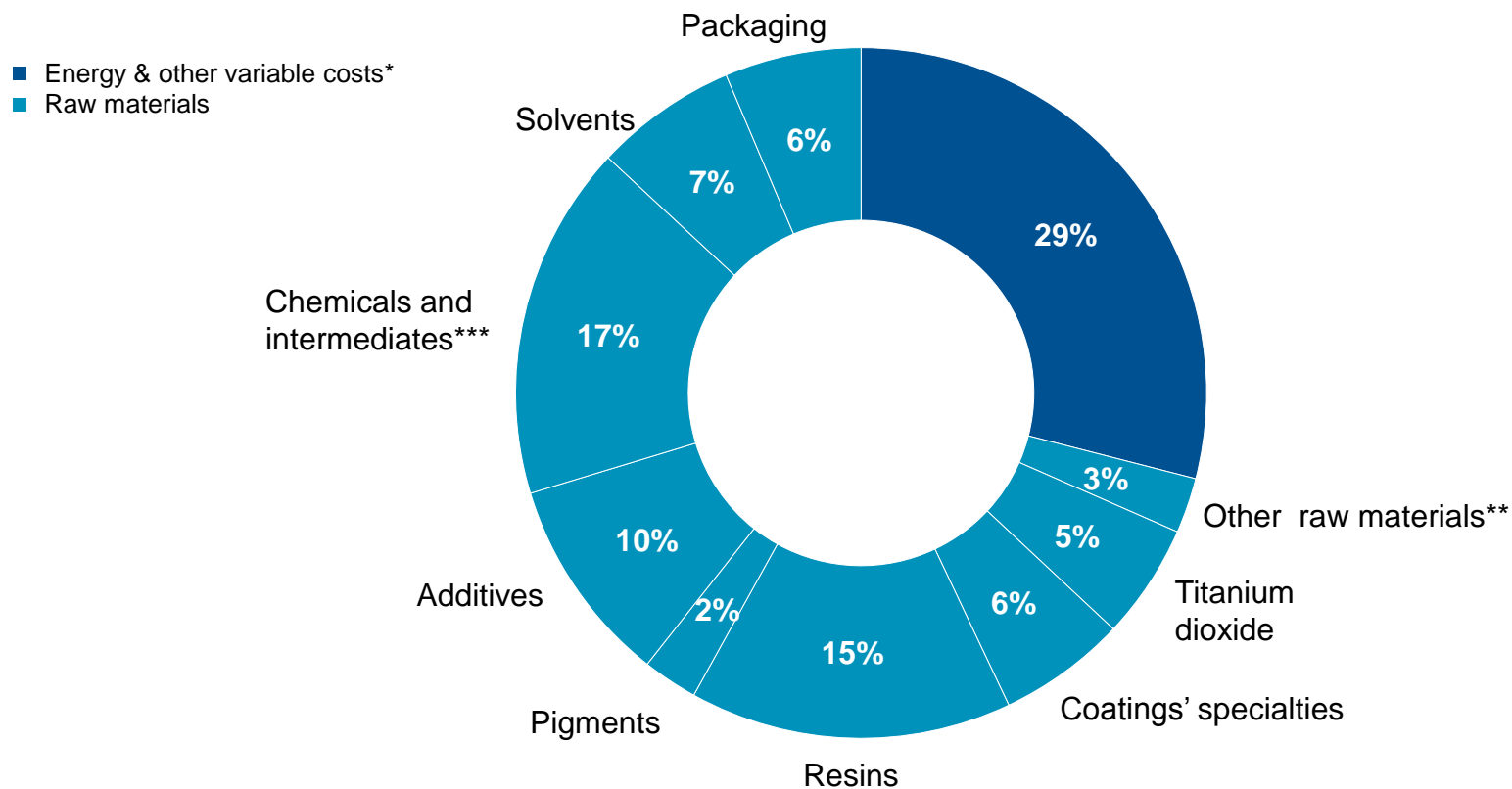
Realistic expected 2015 outcomes

Expected Outcomes



Variable costs analysis

2013 (excluding Decorative Paints North America)



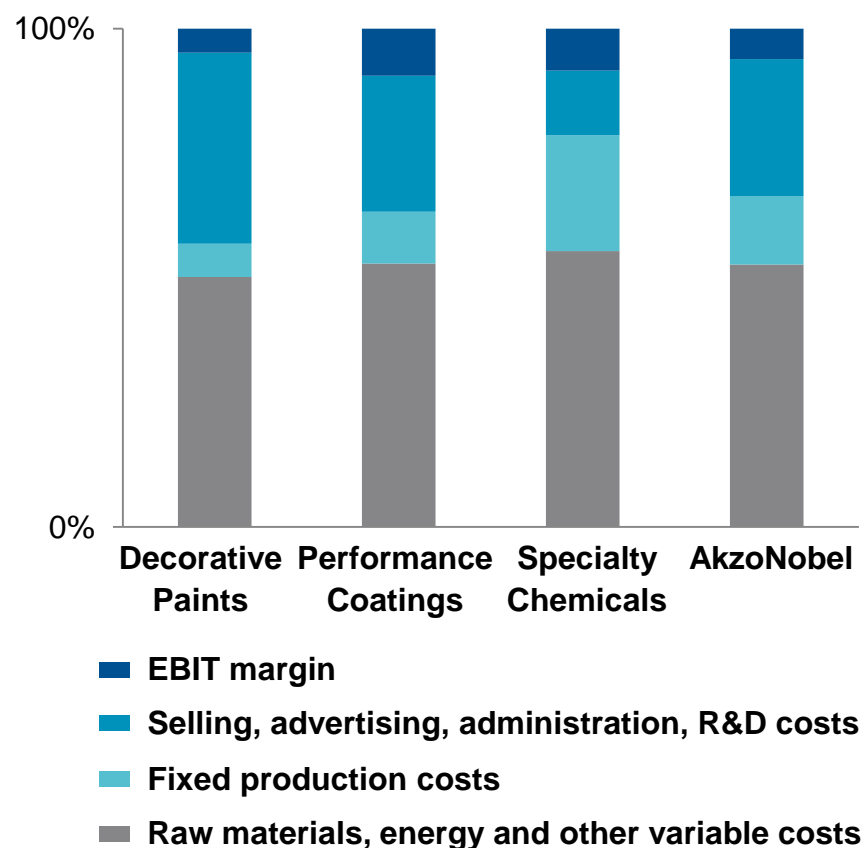
* Other variable costs include variable selling costs (e.g. freight) and products for resale ** Other raw materials include cardolite, hylar etc.

*** Chemicals and intermediates include caustic soda, acetic acid, tallow, ethylene, ethylene oxide, sulfur, amines etc.

Variable costs represent 53% of revenue

Profit and loss breakdown*

% of total

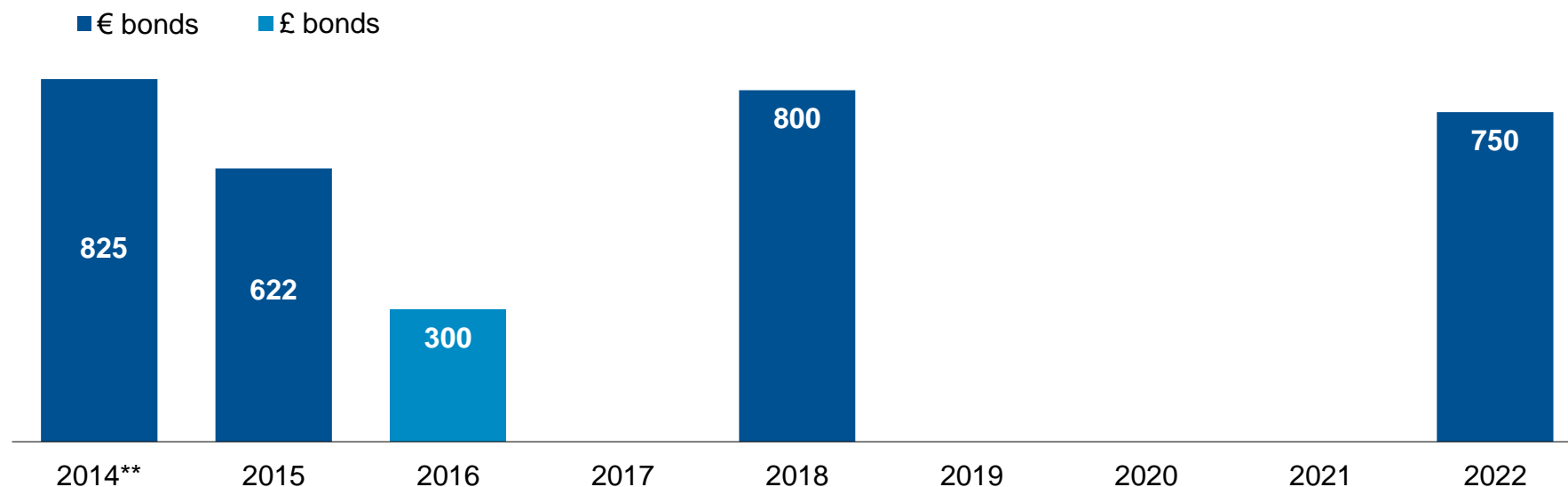


- Decorative Paints is more driven by personnel costs in the distribution network, while Specialty Chemicals has more production costs
- Operating expense growth is primarily due to wage inflation

2014 gross debt will be reduced by a €825 million bond repayment

Debt maturities*

€ million (nominal amounts)



Strong liquidity position

- Undrawn revolving credit facility of €1.8 billion (2018)
- €1.5 and \$3 billion commercial paper programs, backed by the revolving credit facility
- Net cash and cash equivalents €2.0 billion*

* At the end of Q4 2013

** €825 million bond (7.75% coupon) was repaid in full on January 30th 2014

Pension cash flow guidance

Defined benefit pension cash top-ups

€ million

2011 actual	353
2012 actual*	355
2013 actual**	311
2014 -17 estimated	~330/year
2018 estimated	~100

Regular contributions

€ million 2013

Defined benefit	103
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- Top-ups relate mainly to the UK
- Top-ups are based on prudent actuarial valuation of liabilities, which differs from accounting liability
- Actuarial pension deficit of the 2 main UK plans is estimated at €1.5 – 2 billion
- Recent actuarial funding reviews on ICI and CPS pension funds in the UK have resulted in reduced top-ups by €485 million over the next six years
- The next triennial reviews will be completed in 2015

* Excludes one-off cash transfer of €239 million to ICI Pension Fund in the UK being termination of a contingent asset structure

** Excludes one-off top up of € 127 million related to US pension de-risking

Both short & long term incentives have been aligned with our priorities

Executive short term incentive 2013

STI Element	Metric
20%	Return on investment
20%	Operating income
30%	Operating cash flow
30%	Personal targets – related to performance improvement plan

Executive long term incentive 2013

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

- More than 600 executives are affected by this change
- Alignment of priorities

Innovation Pipeline Q4 2013

Decorative Paints – Coral Coralit Zero

Key Features

- Premium waterborne with excellent finish
- Very fast drying – 2 hours between coats
- High blocking resistance “same day” concept
- Low VOC emission - >60% less than previous formulation



Customer Benefits

- Odorless, quick drying and non-yellowing
- Improved open time – better spreading and levelling
- Easier cleaning of application tools (brush, roller & spray-gun)
- An affordable enamel – great value for money

Growth potential

- Launched in Brazil and extended into Argentine market – reduced marketing complexity in LATAM
- Scope for introducing quality improvements and cost savings into the European and Asian markets
- Potential to deliver sustainability targets of VOC emissions and eco-premium sales

New waterborne enamel with superior performance for the LATAM decorative market

Innovation Pipeline Q4 2013

Wood Finishes – Duritan[®] fire retarding, high-gloss system

Key Features

- High-gloss wood coating for luxury interiors based on proprietary technology (joint Lufthansa Technik/AkzoNobel patent)
- Unsurpassed aesthetics originating from smooth, high-clarity, high-gloss finish
- Compliant with fire retardancy requirements for aircraft and the International Maritime Organization



Customer Benefits

- Market-leading finish setting the industry benchmark
- Exclusivity to Lufthansa Technik for use in the VIP jet market
- Easy and secure application
- Reduced refit time for VIP jets

Growth Potential

- Exclusive to Lufthansa Technik for the VIP jet market
- Significant growth opportunities identified for the luxury yacht market (launch in 2014)

A fire retarding, high-gloss coating system for wooden interiors of luxury jets and yachts

Innovation Pipeline Q4 2013

Industrial Chemicals – Ecosel[®]

AsphaltProtection

Key Features

- Additive to de-icing brine in small amounts
- Prevents formation of hard ice inside asphalt pores
- Reduces frost damage to roads substantially
- Harmless to people and nature
- Eco-premium product



Customer Benefits

- Up to 50% less winter damage to road surface
- Substantial savings on road maintenance and repair
- Asphalt lifetime extended
- Contribution to traffic safety

Growth Potential

- Product to be launched in Q1-2014
- Global potential: all roads subject to wintry conditions

Reducing frost damage to roads