Investor Update
Full-Year 2014 and Q4 results

Ton Büchner & Maëlys Castella
February 12, 2015

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Agenda

1. 2014 highlights and operational review
2. Financial review
3. Conclusion
4. Questions

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2014 highlights and operational review

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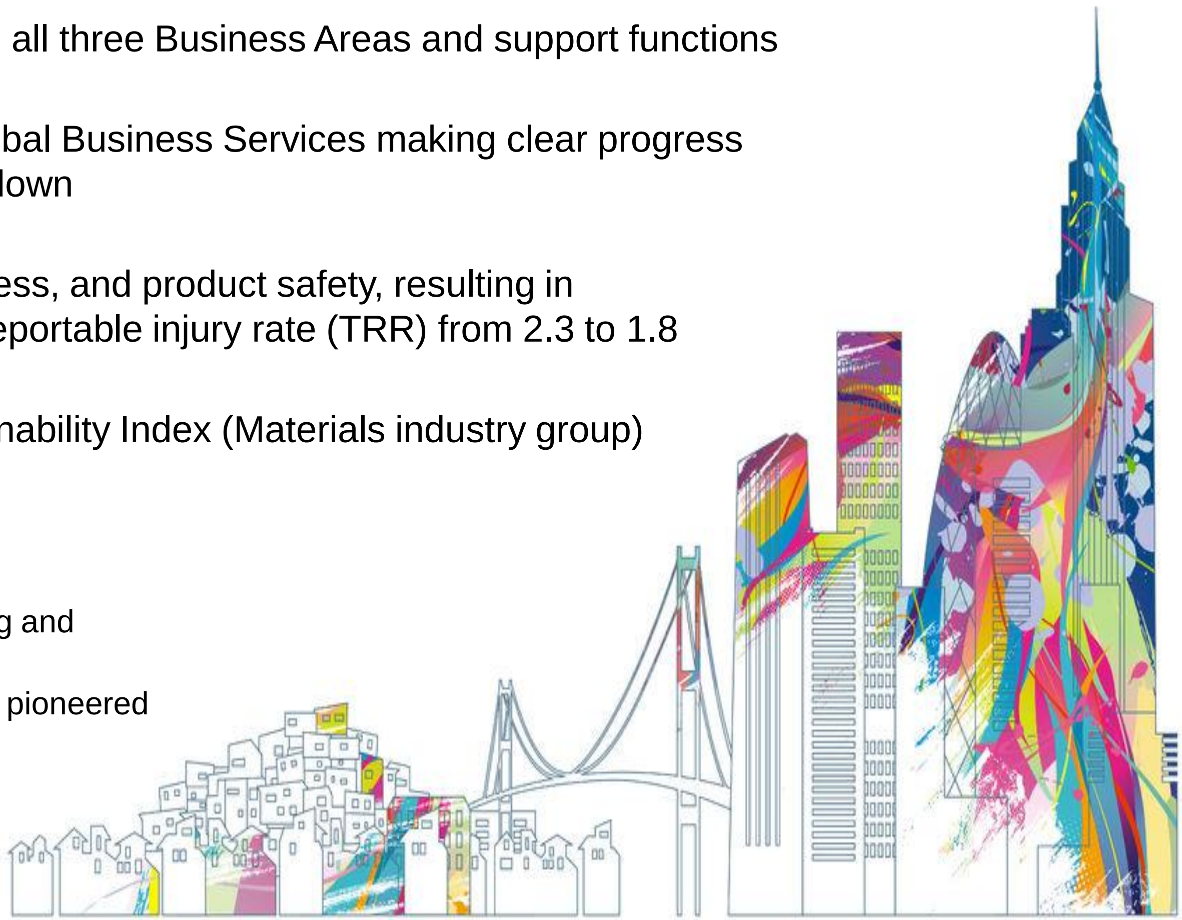
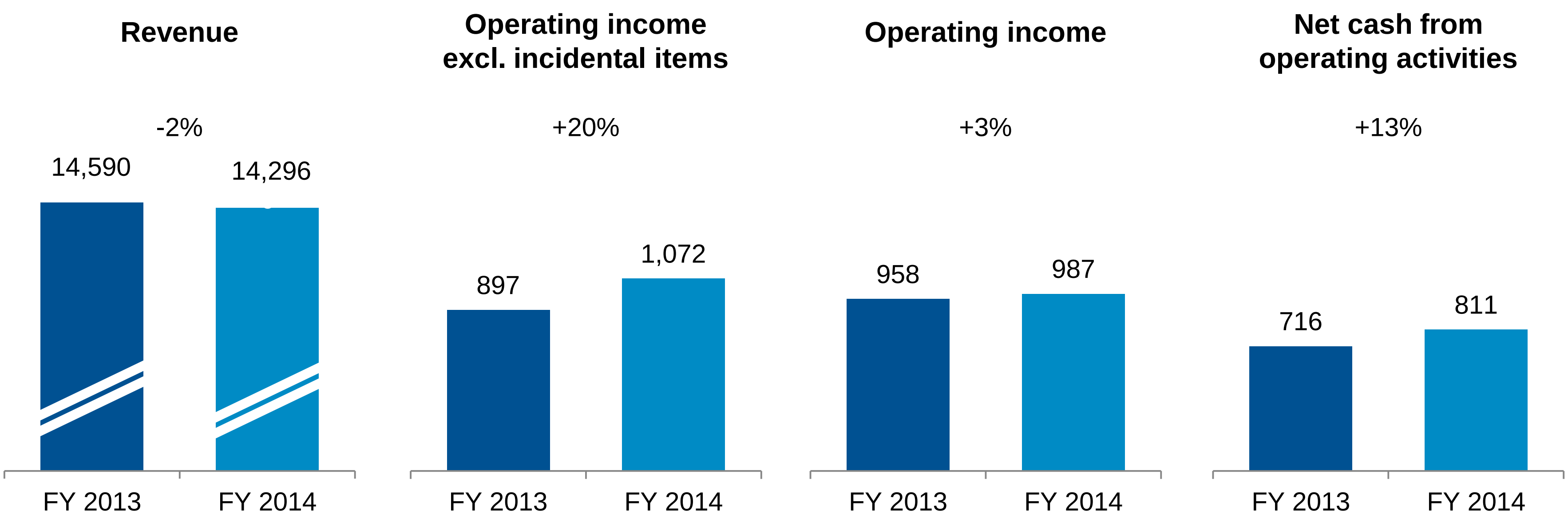
Key achievements during 2014

- Clear operational improvements visible in the results, despite challenging market conditions
- Major transformation programs in all three Business Areas and support functions
- Functional alignment through Global Business Services making clear progress and corporate costs are coming down
- Steady progress on people, process, and product safety, resulting in significant improvement in total reportable injury rate (TRR) from 2.3 to 1.8
- Ranked #1 on Dow Jones Sustainability Index (Materials industry group) for third year in a row
- Human Cities initiative launched:
  - commitment to improving, energizing and regenerating urban communities
  - partnership with 100 Resilient Cities pioneered by The Rockefeller Foundation
- On track to deliver 2015 targets



Financial highlights of 2014



- Revenue down 2 percent, with positive volumes more than offset by currency effects and divestments
- Operating income up 3 percent, due to higher operating results and lower restructuring charges, partially offset by adverse incidental items
- Net cash inflow from operating activities up 13 percent

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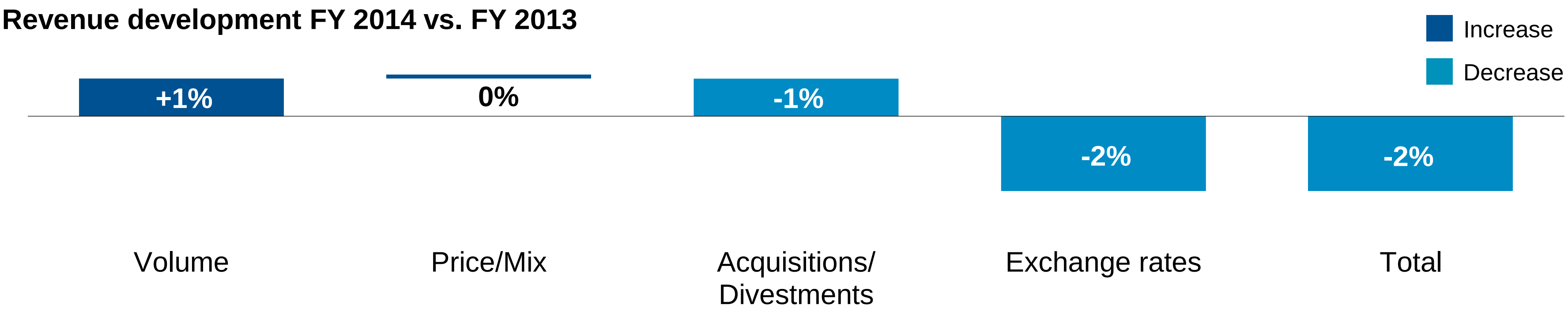
FY 2014 revenue and operating income – underlying margins continue to improve

€ million	FY 2013	FY 2014	*Δ%*
Revenue	14,590	14,296	*-2*
Operating income excluding incidentals	897	1,072	*20*
Operating income	958	987	*3*

Ratio, %	FY 2013	FY 2014
Return on sales	**6.6**	**6.9**
Return on sales (excluding incidentals)	6.1	7.5
Return on sales (excluding incidentals & restructuring costs)	8.5	9.3
Moving average return on investment	9.6	10.0

Revenue development FY 2014 vs. FY 2013



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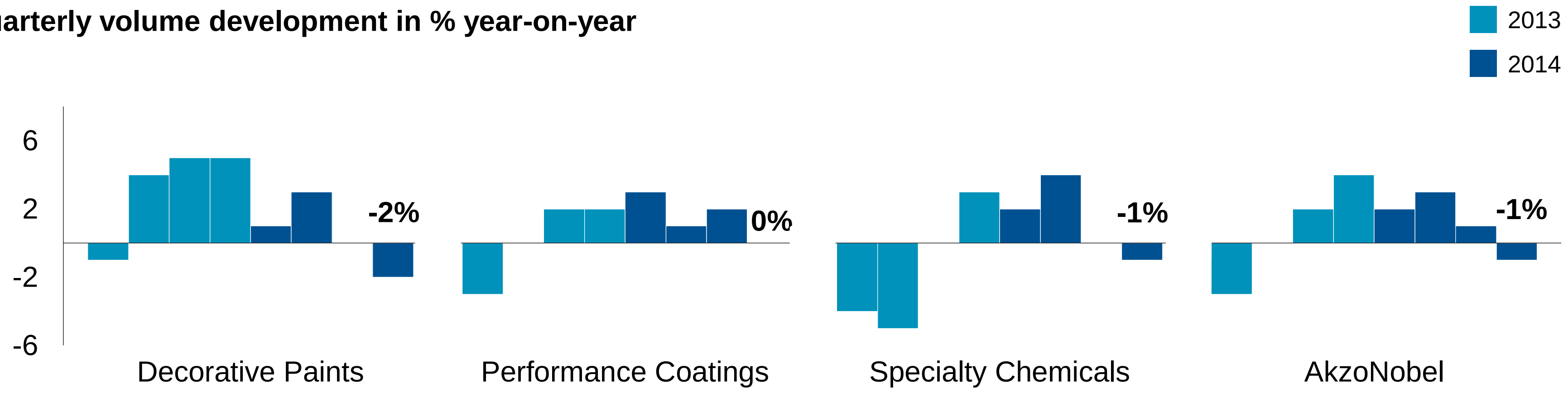
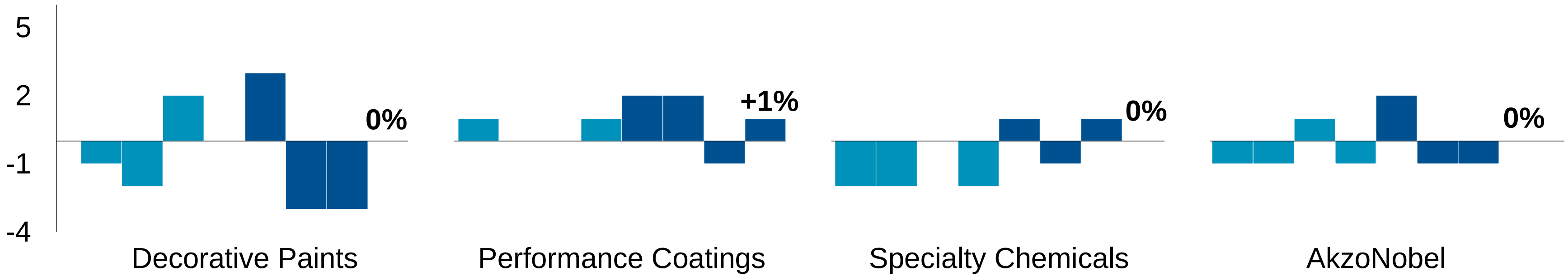
Fragile economic environment impacting all Business Areas

Quarterly volume development in % year-on-year



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



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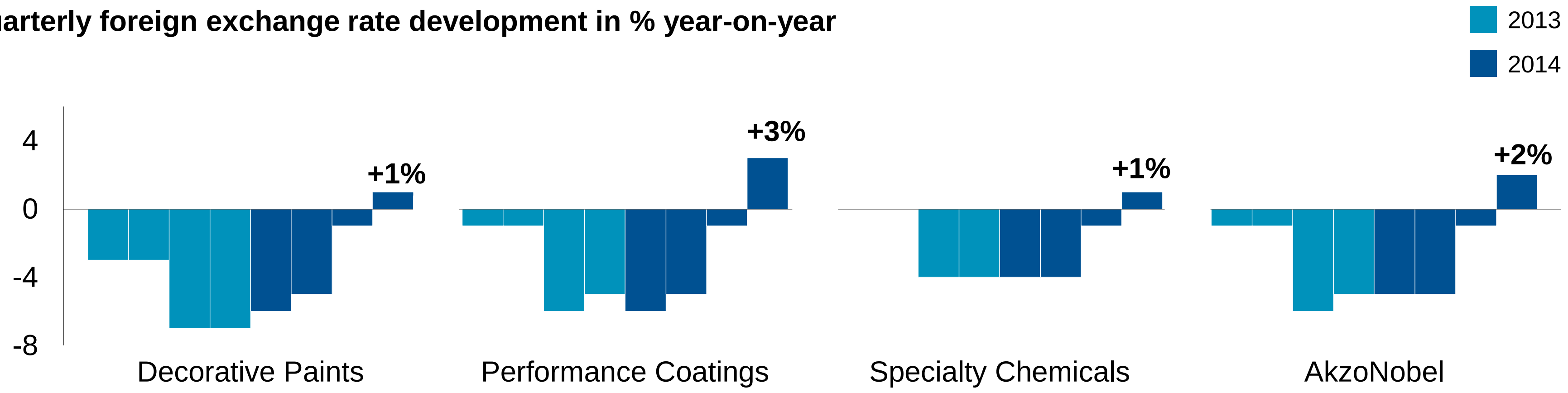
Foreign exchange rates were no longer a headwind in Q4, but impacted full-year results

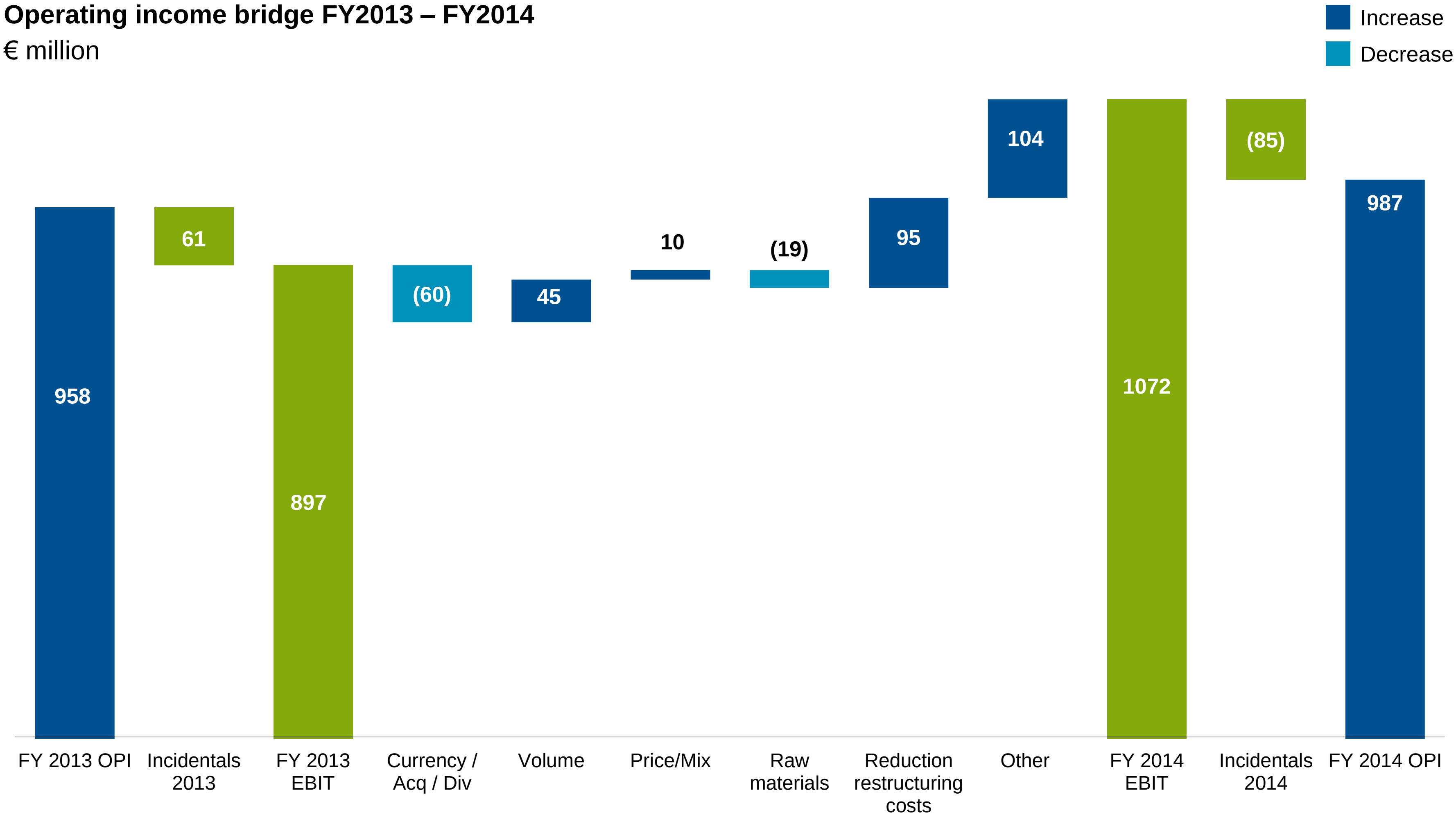
Quarterly foreign exchange rate development in % year-on-year



- Adverse currency effects, impacting first nine months 2014, were visible in all Business Areas and any lost income related to this will not come back in our results
- Negative currency effects disappeared in Q4

FY 2014 operating income bridge

Operating income bridge FY2013 – FY2014
€ million



* Other includes additional benefits from restructuring, wage inflation, one-off's, and depreciation and amortization

Financial targets – progress made to date

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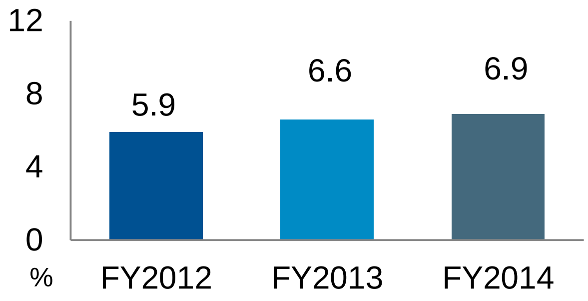
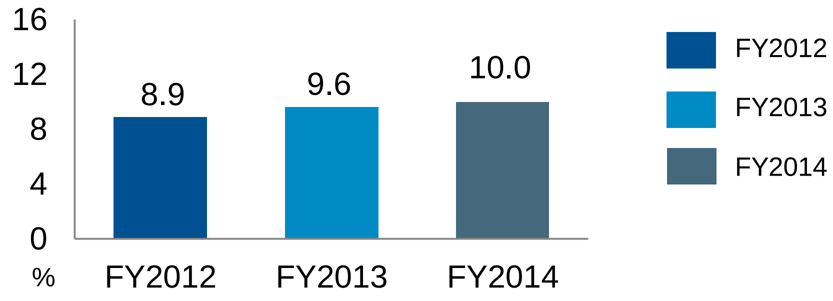
Return on sales – 2015 target 9.0%*

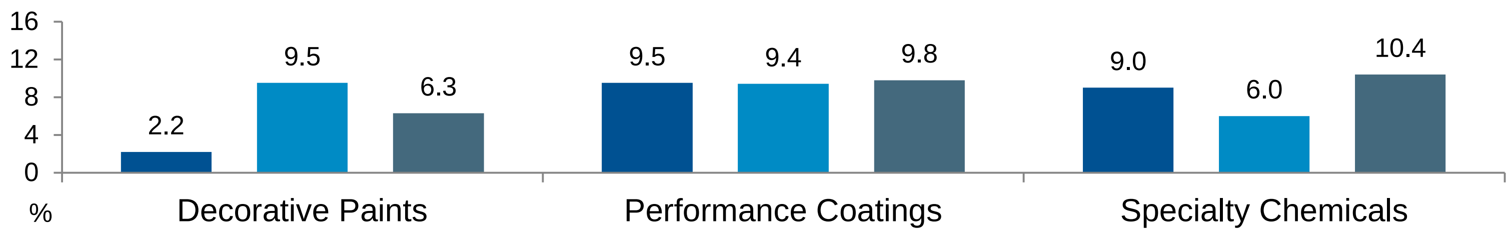


Return on investment – 2015 target 14.0%*

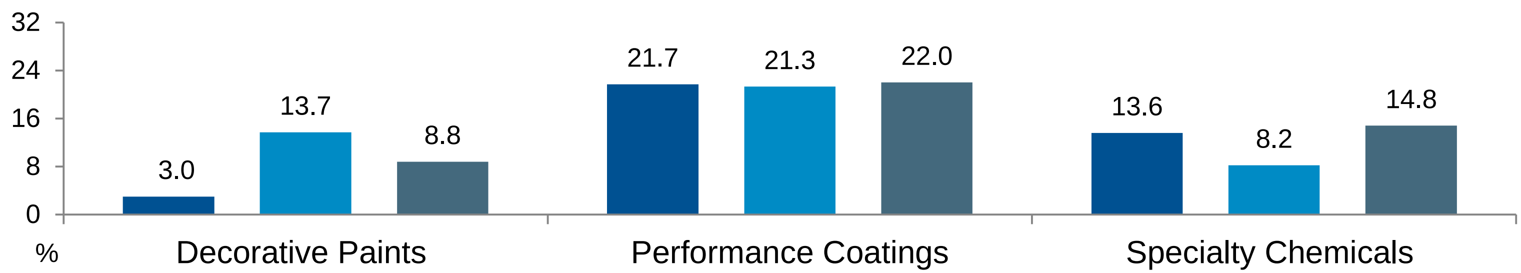


Business Areas

Return on sales



Return on investment



* Adjusted for 2012 impairment charge (€2.1 billion)

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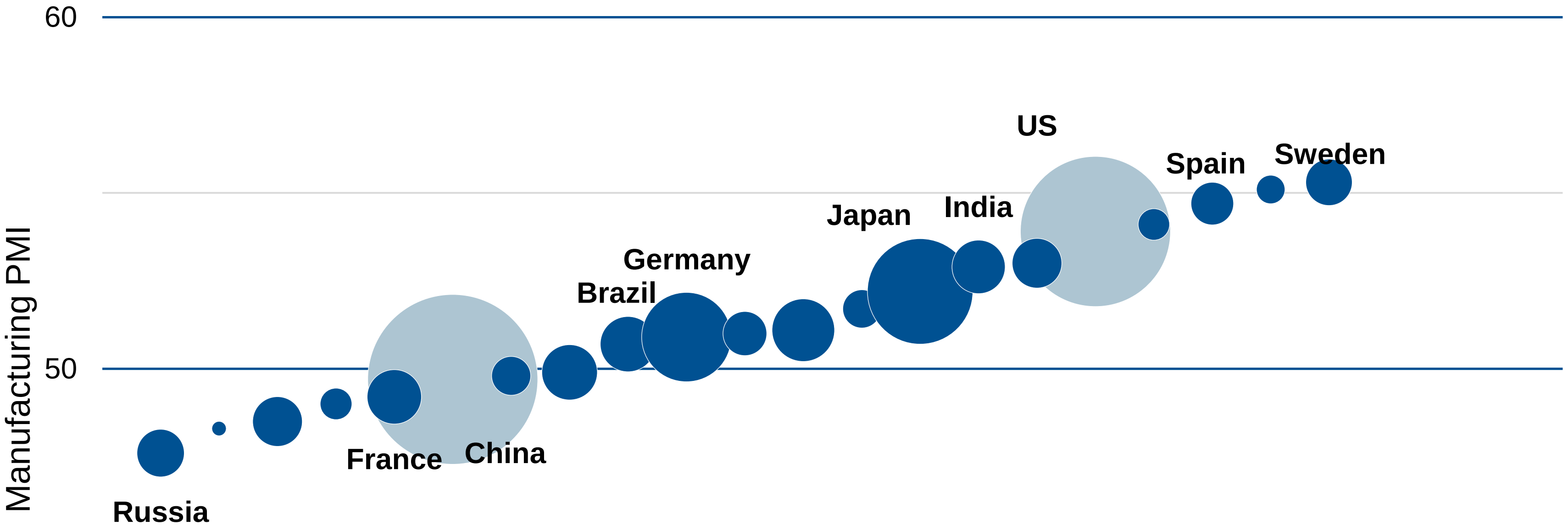
The majority of global manufacturing output is still anticipating expansion

Purchase Managers' Index (PMI)*
January 2015



*Bubble size=manufacturing output, 2015e (US$bn: 2010 prices)
Sources: Oxford Economics, HSBC [China], Markit [US], Swedbank (Sweden)

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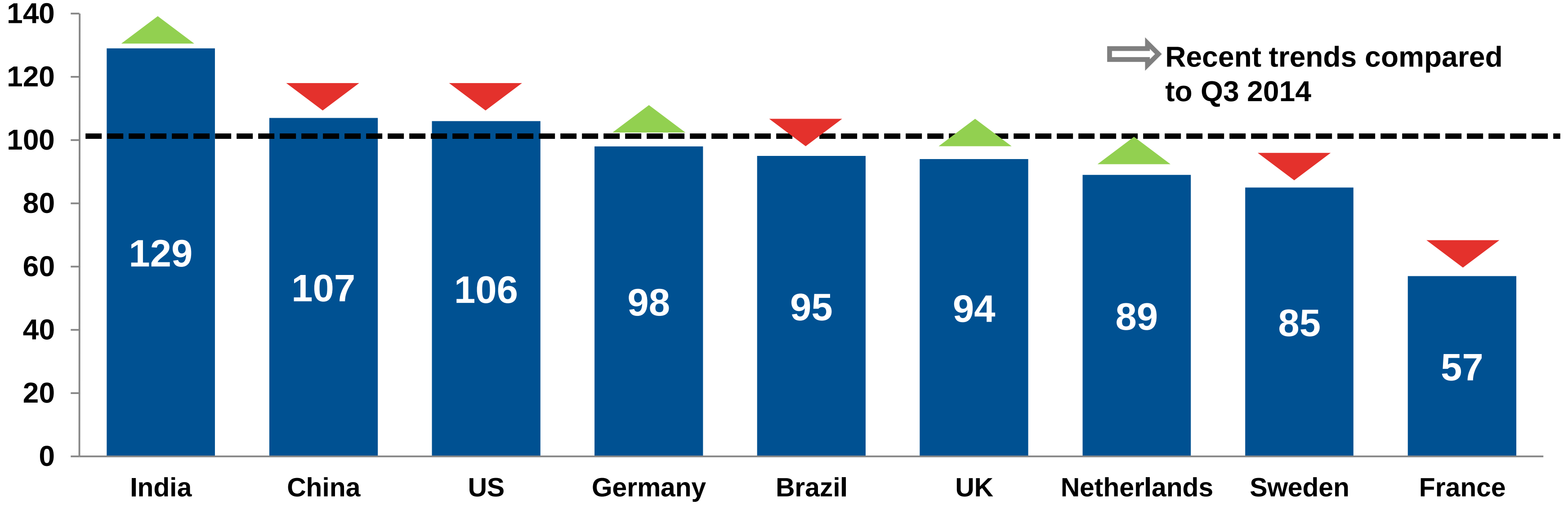
Overall consumer confidence levels went down for many countries

Consumer confidence, Q4 2014
Figures below 100 indicate some degree of pessimism



Source: Nielsen

Buildings and Infrastructure

~42% 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

~17% of revenues

Consumer Durables
Consumer Packaged Goods

Consumer Goods

~25% of revenues

Natural Resource and Energy Industries
Process Industries

Industrial

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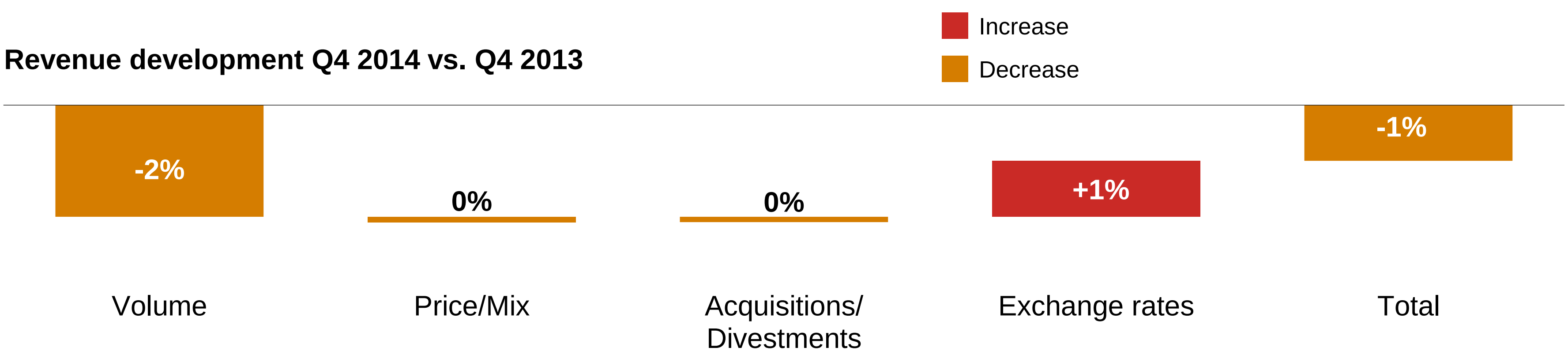
Decorative Paints
Q4 2014 highlights

€ million	Q4 2013	Q4 2014	Δ%
Revenue	934	920	-1
Operating income excluding incidentals	-52	16	131
Operating income	146	16	-89

Ratio, %	Q4 2013	Q4 2014
Return on sales	**15.6**	**1.7**
Return on sales (excl. incidentals)	-5.7	1.7
Return on sales (excl. inc. & restr. costs)	1.4	5.4

- Volumes down in Q4, mainly driven by weak demand in all regions
- Price/mix flat as the effect from the sale of the German stores was offset by positive price/mix effects in regions outside of Europe
- Operating income (excluding incidentals) up as a result of benefits from restructuring activities lowering the cost base, and lower restructuring charges

Revenue development Q4 2014 vs. Q4 2013

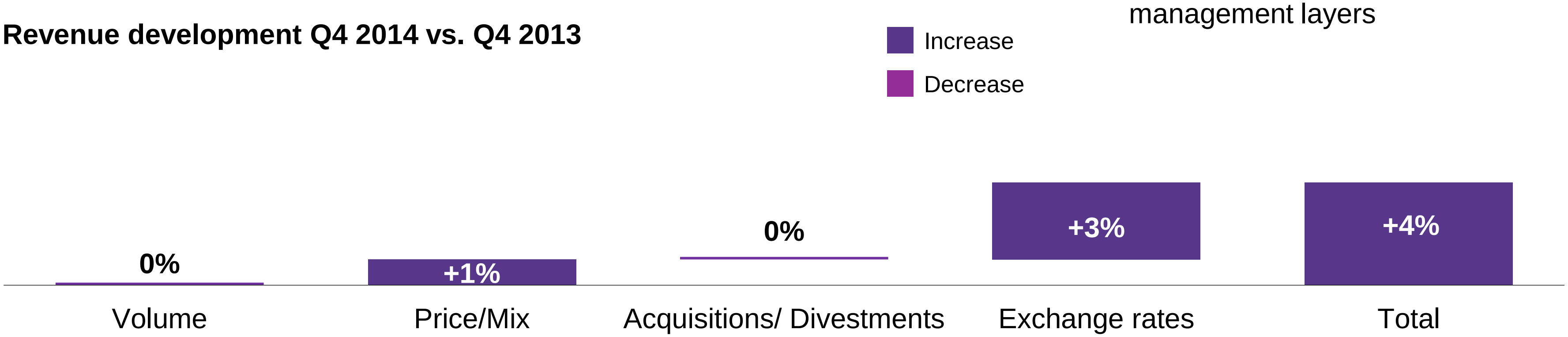


Performance Coatings Q4 2014 highlights

€ million	Q4 2013	Q4 2014	Δ%
Revenue	1,367	1,416	4
Operating income excluding incidentals	73	106	45
Operating income	73	106	45

Ratio, %	Q4 2013	Q4 2014
Return on sales	**5.3**	**7.5**
Return on sales (excl. incidentals)	5.3	7.5
Return on sales (excl. inc. & restr. costs)	11.0	12.8

Revenue development Q4 2014 vs. Q4 2013



- Q4 revenue was up 4 percent due to favorable currencies and price/mix
- Overall volumes flat with growth in Marine & Protective Coatings offset by other businesses
- Restructuring costs in line with 2013, while currencies and margin improvements drove ROS up to 7.5 percent
- A new organizational structure was introduced in Q4 with fewer management layers

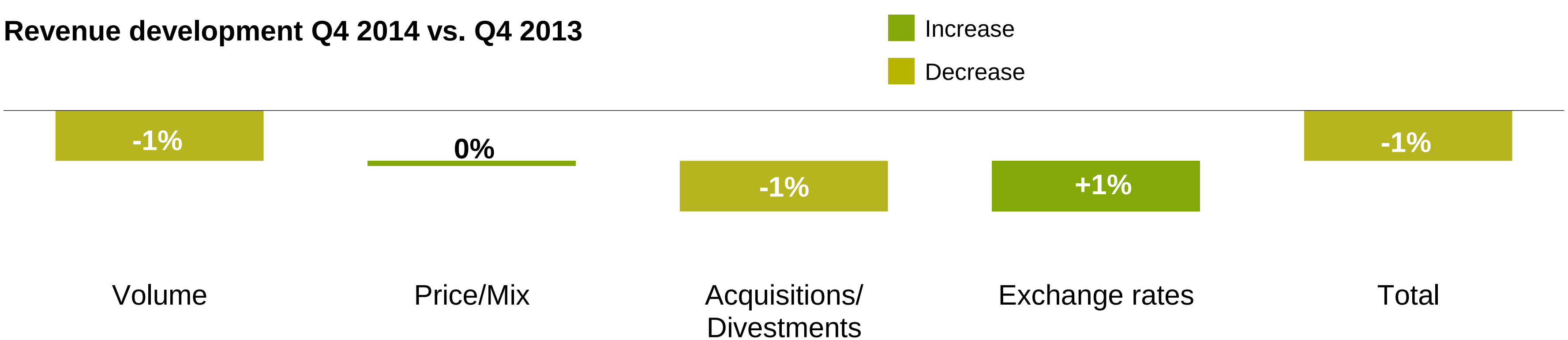
Specialty Chemicals
Q4 2014 highlights

€ million	Q4 2013	Q4 2014	Δ%
Revenue	1,200	1,194	-1
Operating income excluding incidentals	91	93	2
Operating income	-30	93	410

Ratio, %	Q4 2013	Q4 2014
Return on sales	**-2.5**	**7.8**
Return on sales (excl. incidentals)	7.6	7.8
Return on sales (excl. inc. & restr. costs)	9.9	7.9

- Q4 revenue in line with previous year, with adverse impact of volumes and divestments offset by favorable currency effects
- Adverse volume impact caused by interruptions in the manufacturing and supply chain and market reactions following the large oil price reduction, leading to destocking
- Lower restructuring costs and results from operational excellence programs, increased profitability

Revenue development Q4 2014 vs. Q4 2013



All three Business Areas are transforming and delayering in a significant way

Decorative Paints	• New operating model in Europe • Take advantage of our scale in back office functions, combined on a global and European level • More focused country Sales and Marketing organization
Specialty Chemicals	• Restructuring of Functional Chemicals • Aligned organization with our strategy to focus on five main chemical platforms • Factory consolidation and relocation of business headquarters to adapt to market conditions
Performance Coatings	• Footprint reductions announced in 2013, resulted in the closure of eight sites • New organization structure with fewer management layers and clearer accountability • Seven customer centric Strategic Market Units

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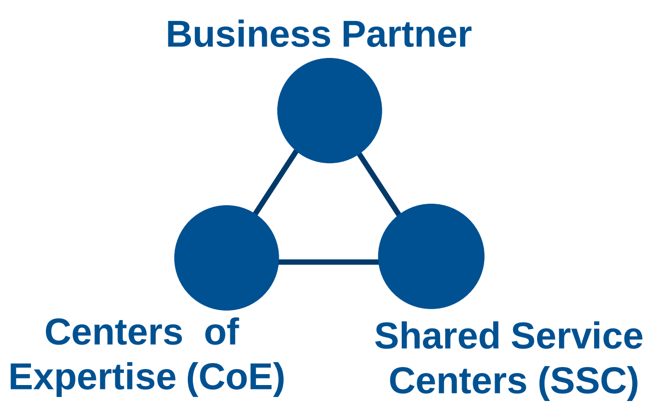
Global Business Services is making clear progress

Functional support activities:

Human Resources
Finance
Information Management
HSE
NPR Procurement

Global Business Services



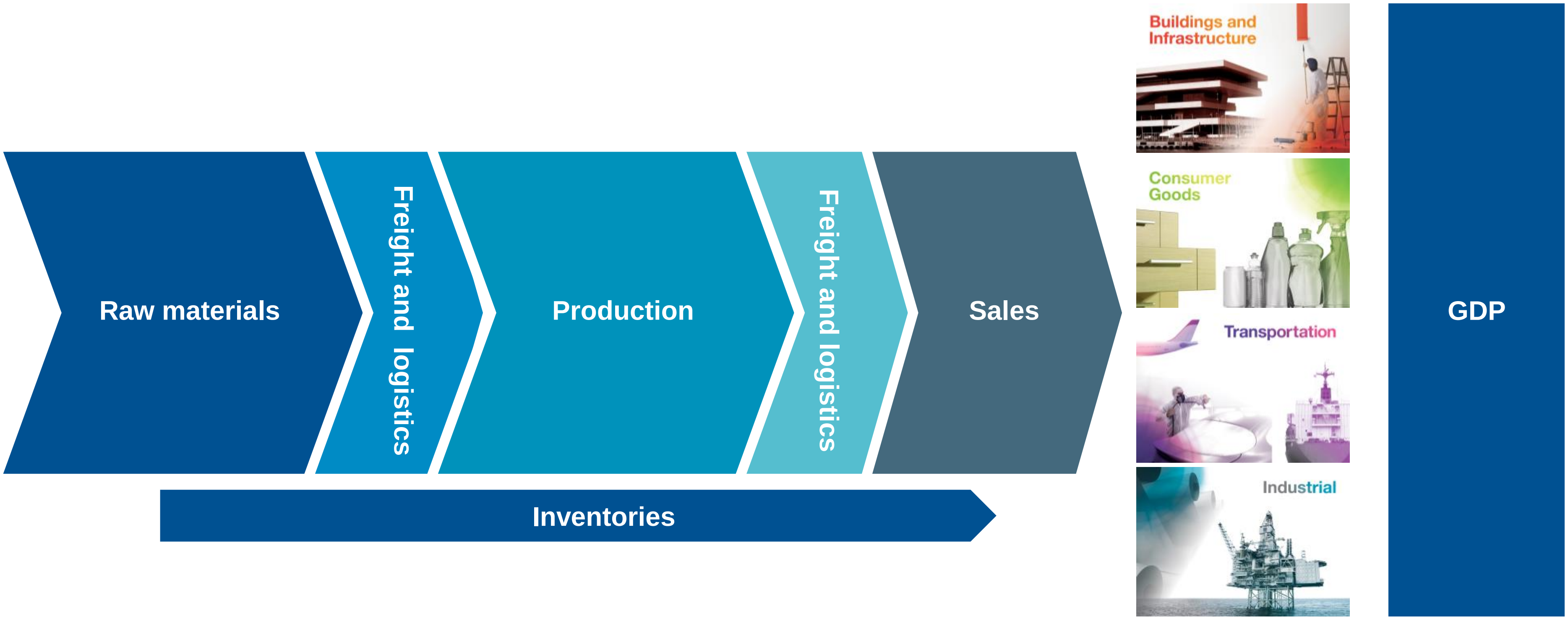
Decorative Paints

Specialty Chemicals

Performance Coatings

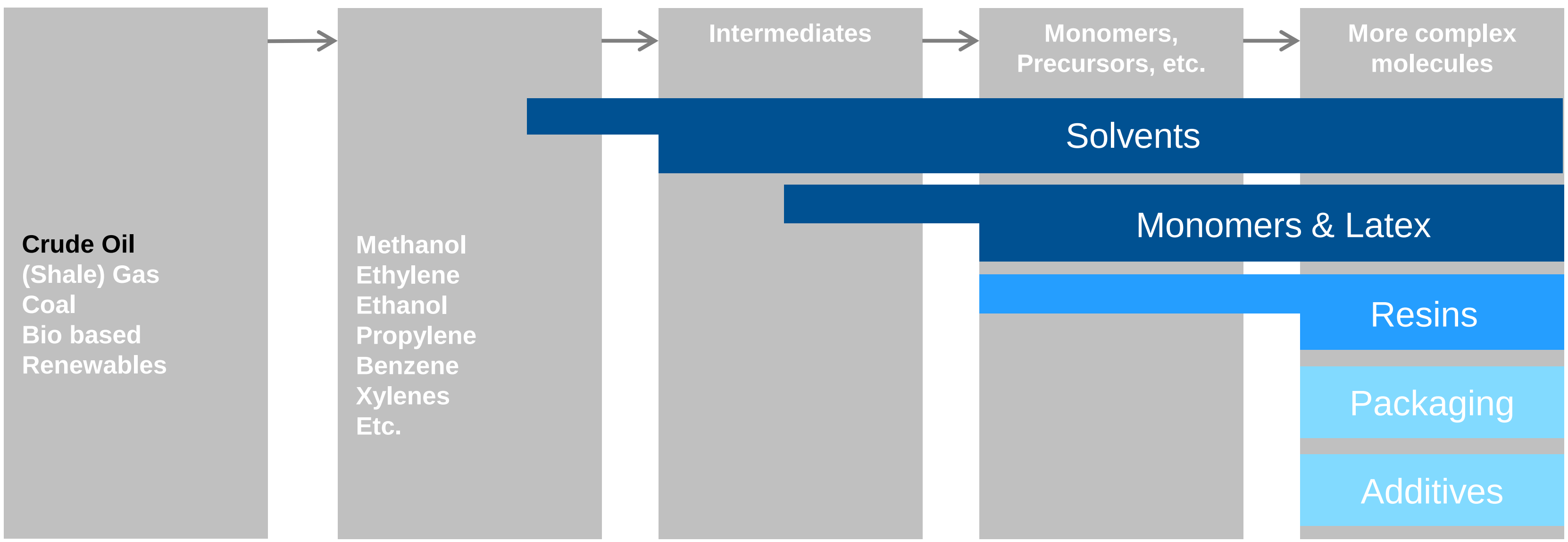
Customers

The net impact of a sustained lower oil price can have a positive impact in 2015



Downstream oil related products have clearly different dynamics

Feedstocks | **Base (petro)chemicals** | **Intermediates and more complex molecules**



Financial review
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FY 2014 - strong underlying performance

Operational improvement

- ROS 6.9%; +30bp
- ROS 7.5%; +140bp excluding incidentals
- ROI 10%; +40bp
- ROI 10.9%; +190bp excluding incidentals

Cash discipline

- Capex €588 million
- OWC as a percentage of revenue 10.1%
- Ratings confirmed:

  S&P - BBB+/Stable
  Moodys - Baa1/Stable

Cash flow and EPS

- Net cash from operating activities €811 million
- Adjusted EPS €2.81

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Summary – FY 2014 results

€ million	FY 2013	FY 2014	Δ%
EBITDA	**1,513**	**1,690**	**+*12%***
Amortization and depreciation	(616)	(618)	
Operating income before incidentals	**897**	**1072**	**+*20%***
Incidentals	61	(85)	
Operating income	**958**	**987**	**+*3%***
Net financing expenses	(200)	(156)	
Minorities and associates	(54)	(51)	
Income tax	(111)	(252)	
Discontinued operations	131	18	
Net income attributable to shareholders	**724**	**546**	***-25%***

Ratio	FY 2013	FY 2014
Earnings per share from total operations (in €)	3.00	2.23
Adjusted earnings per share (in €)	2.62	2.81

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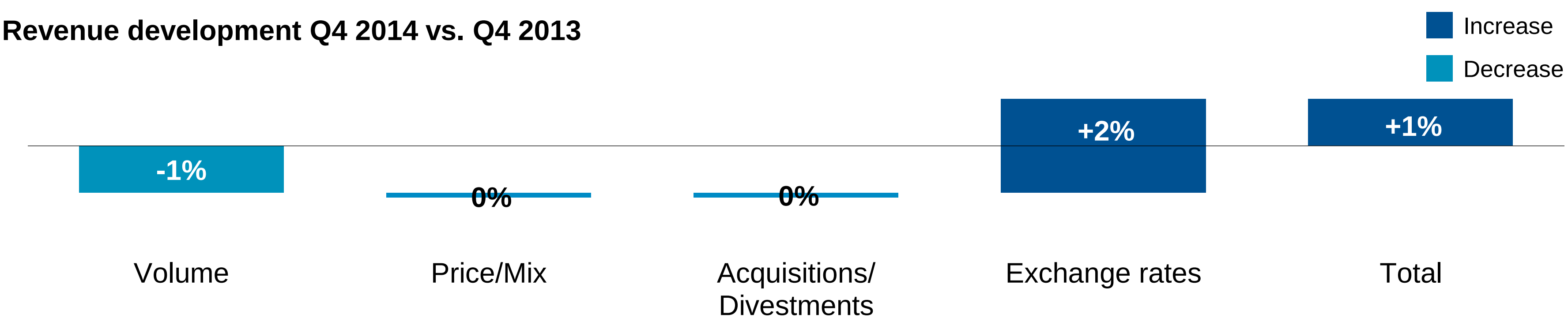
Q4 operating income strongly affected by incidental items

€ million	Q4 2013	Q4 2014	*Δ%*
Revenue	3,482	3,517	*1*
Operating income excluding incidentals	55	169	*207*
Operating income	116	83	*-28*

Ratio, %	Q4 2013	Q4 2014
Return on sales	**3.3**	**2.4**
Return on sales (excluding incidentals)	1.6	4.8
Return on sales (excluding incidentals & restructuring costs)	7.4	7.9
Moving average return on investment	9.6	10.0

Revenue development Q4 2014 vs. Q4 2013



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Summary – Q4 2014 results – significant operational improvements offset by incidentals

€ million	Q4 2013	Q4 2014	Δ%
EBITDA	**208**	**330**	***+59%***
Amortization and depreciation	(153)	(162)	
Operating income before incidentals	**55**	**168**	***+205%***
Incidentals	61	(85)	
Operating income	**116**	**83**	***-28%***
Net financing expenses	(48)	(41)	
Minorities and associates	(12)	(13)	
Income tax	(21)	(36)	
Discontinued operations	16	14	
Net income attributable to shareholders	**51**	**7**	***-86%***

Ratio	Q4 2013	Q4 2014
Earnings per share from total operations (in €)	0.21	0.03
Adjusted earnings per share (in €)	(0.01)	0.33

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Incidental and other items relevant for Q4 and full-year results

FY 2013	FY 2014
Incidentals – Positive P&L impact €61 million	**Incidentals – Negative P&L impact €85 million**
Divestment Building Adhesives (Decorative Paints) and Primary Amides (Specialty Chemicals)	Fraud incident at our Chicago offices
Non-cash impairment charge (Specialty Chemicals)	Provisions for legacy items and project costs related to a divestment
Other exceptional items	**Other exceptional items**
Divestment of Decorative Paints North America (€141 million gain in profit from discontinued operations and €779 million cash inflow)	Mainly related to a settlement of a case following the divestment of Organon BioSciences in 2007 (€ 88 million cash outflow)

- Adverse incidental items impacted our FY 2014 results; FY 2013 incidental items were favorable
- All incidental items are non-recurring

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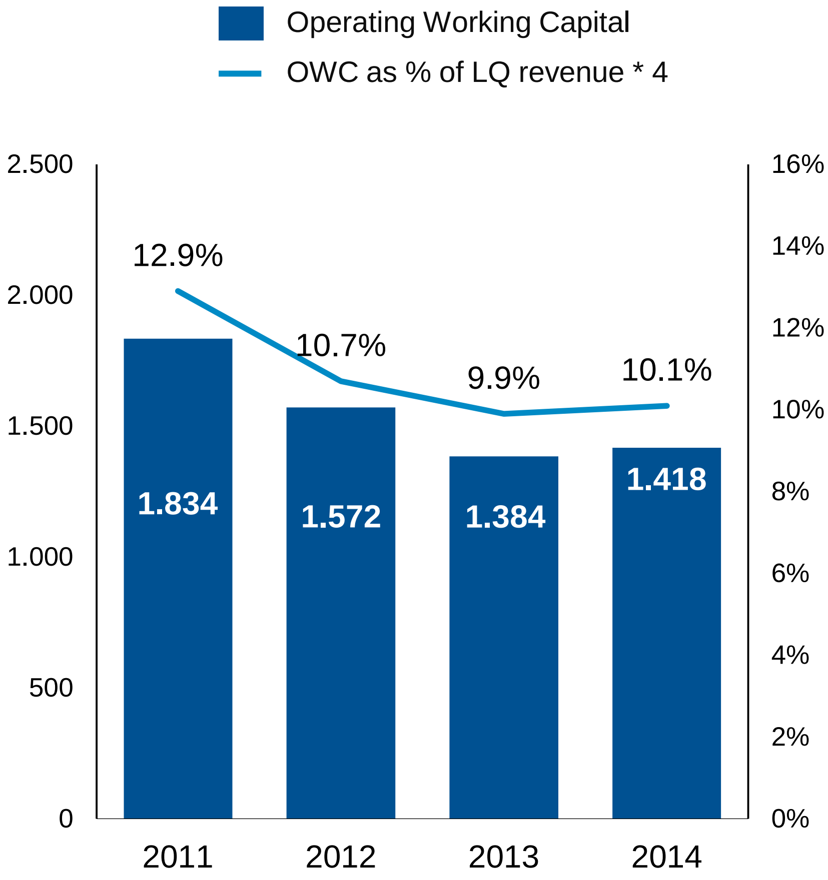
Cash flows – Increased cash from operating activities and lower Capex

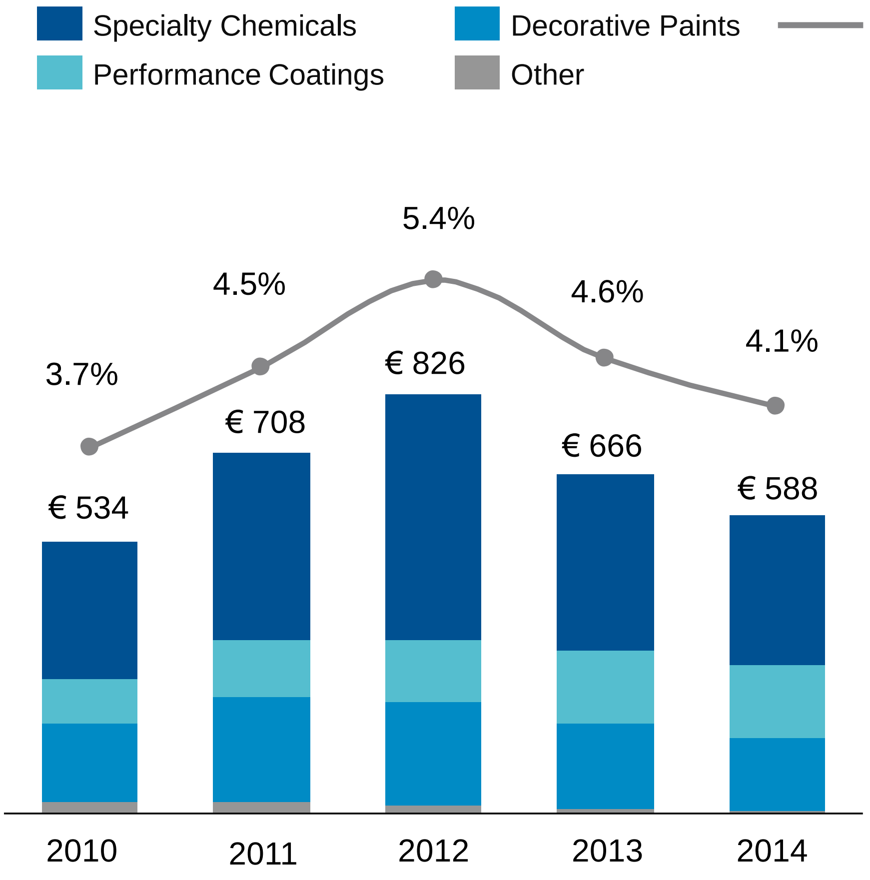
€ million	Q4 2013	Q4 2014	Δ%	FY 2013	FY 2014	Δ%
Profit for the period from continuing operations	48	9		661	600	
Amortization and depreciation	152	162		616	618	
Change working capital	277	364		(13)	28	
Change provisions	(41)	(4)		(395)	(406)	
Other changes	(127)	(50)		(153)	(29)	
Net cash from operating activities	**309**	**481**	***+ 56%***	**716**	**811**	***+ 13%***
Capital expenditures	(234)	(186)	*-21%*	(666)	(588)	*-12%*
Acquisitions and divestments net of cash acquired	309	32		313	38	
Changes from borrowings	(362)	424		(253)	(367)	
Dividends	(70)	(84)		(286)	(280)	
Other changes	(4)	1		37	33	
Cash flows before discontinued operations	**(52)**	**668**		**(139)**	**(353)**	
Cash flows from discontinued operations	(17)	(63)		675	(88)	
Net change in cash and cash equivalents of total operations	**(69)**	**605**		**536**	**(441)**	

Disciplined cash management

Operating Working Capital
€ million



Capital Expenditures
€ million



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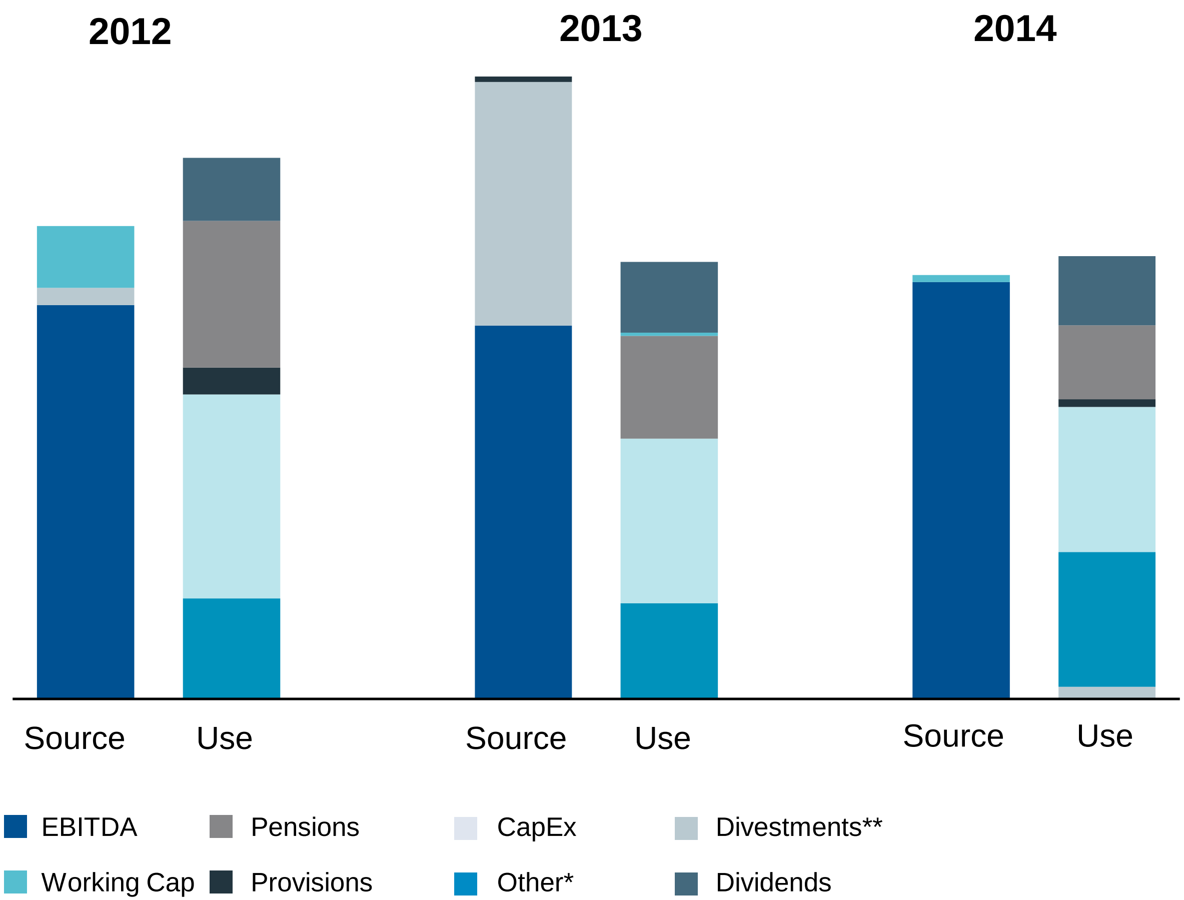
Operational cash inflow close to covering uses of cash

Cash flow sources and uses

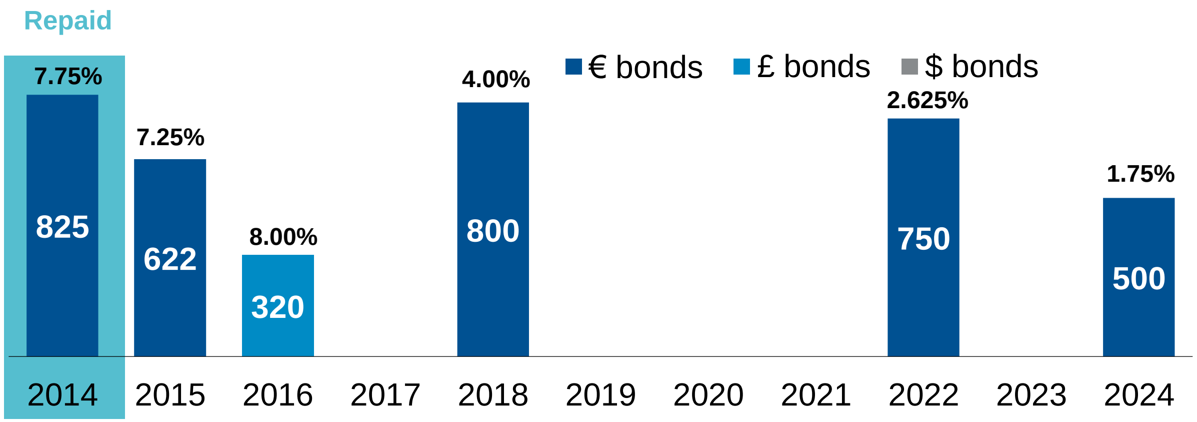


- Restructuring and pension top-ups consume a significant proportion of cash
- Performance improvement focus starts to address cash challenge
- Remuneration metrics include cash generation
- Positive cash in 2013 driven by divestments of Decorative Paints North-America and Building Adhesives
- 2014 cash flow impacted by incidentals and other exceptional items

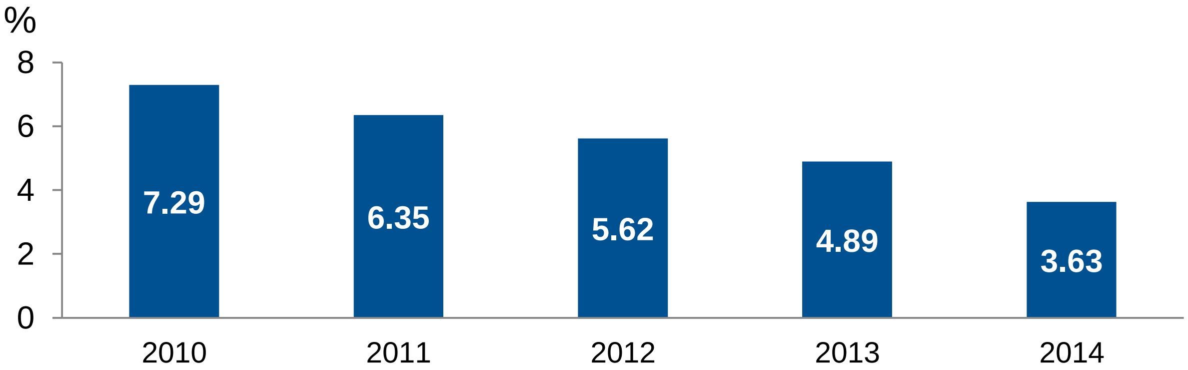
* Including interest and tax ** Including acquisitions, divestments and discontinued operations

Continuously reducing costs of long term bonds

Debt maturities
€ million



Average cost of long term bonds

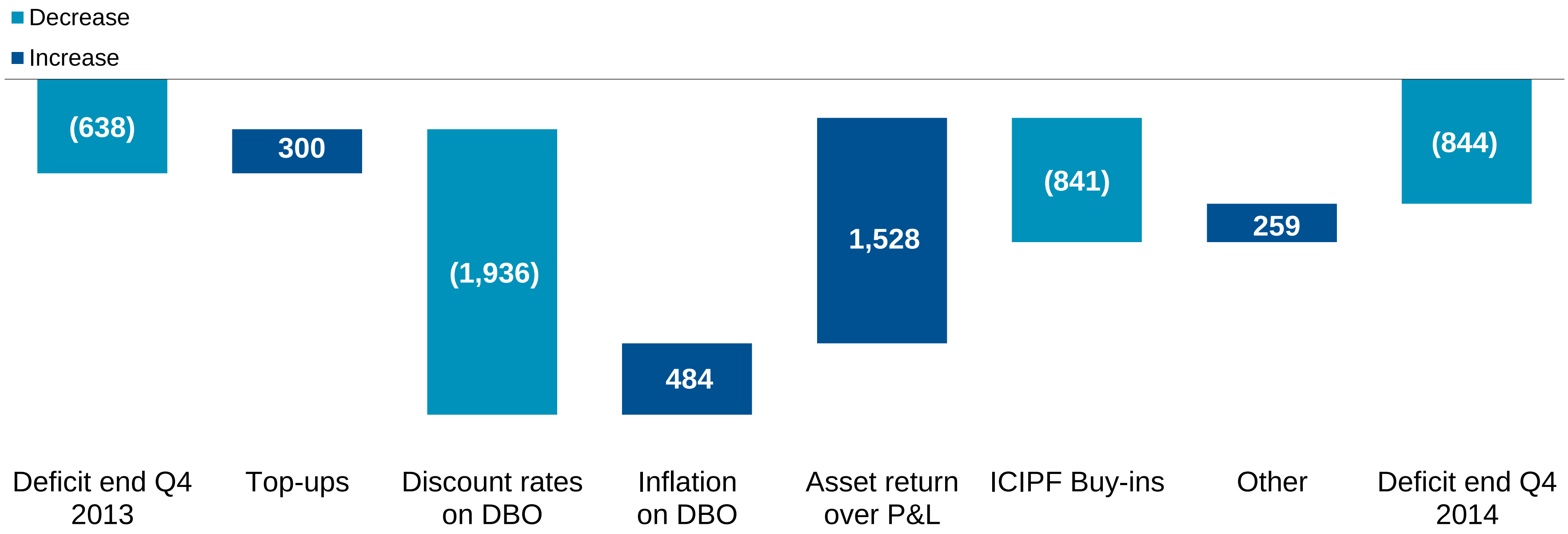


- Debt duration 4.8 years
- Net interest expense down by €74 million compared to 2013

IAS 19 pension deficit increases to €0.8 billion in 2014 due to de-risking

Key pension assumptions metrics	Q4 2013	Q4 2014
Discount rate	4.2%	3.4%
Inflation rate	3.2%	2.8%

Pension deficit development during 2014
€ million



Conclusion
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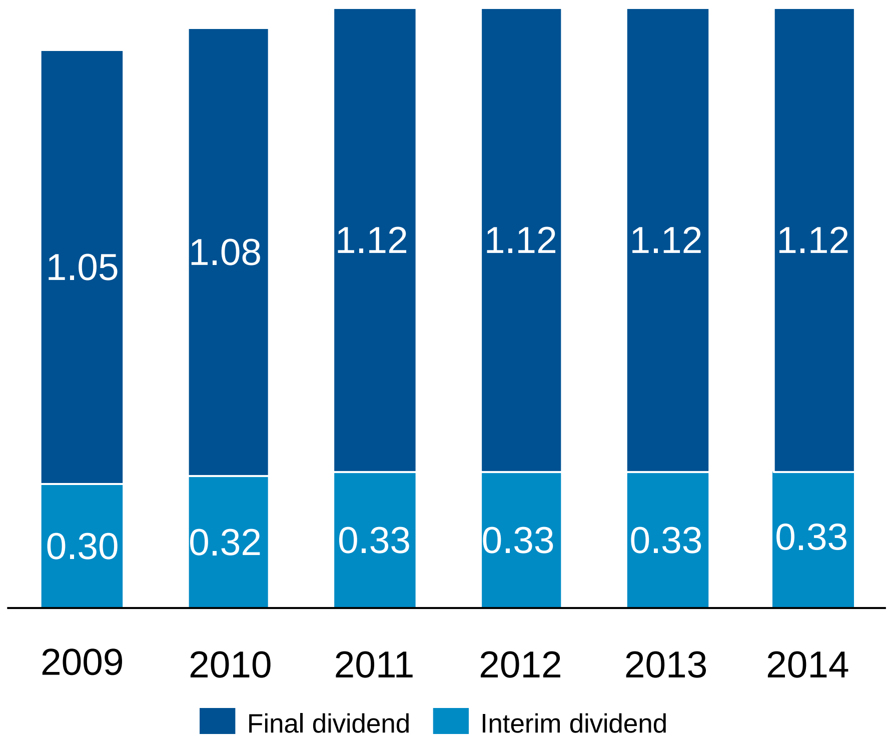
Dividend policy unchanged – stable to rising dividend

Dividends paid (€)



- 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

Conclusion

- Improved underlying performance as efficiency programs take effect
- Higher return on sales and return on investment, despite the volatile economic environment
- Developing from transformation towards continuous improvement
- Markets, raw materials and exchange rates expected to remain volatile
- We are on track to deliver the 2015 targets
- Capital Markets Day in London on Tuesday 27 October

Vision:
Leading market positions delivering leading performance

Questions

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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.

Appendices

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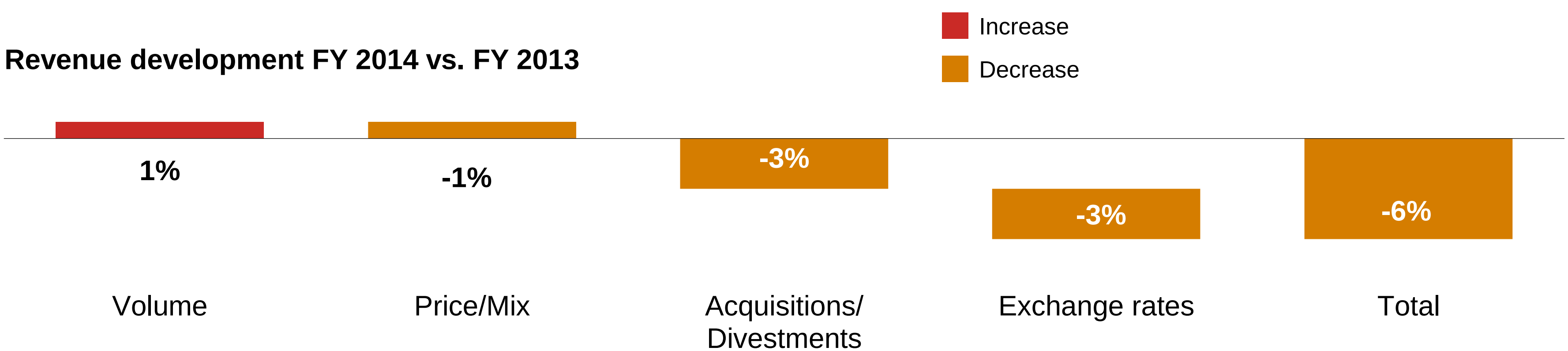
Decorative Paints
FY 2014 highlights

€ million	FY 2013	FY 2014	Δ%
Revenue	4,174	3,909	-6
Operating income excluding incidentals	200	248	24
Operating income	398	248	-38

Ratio, %	FY 2013	FY 2014
Return on sales	**9.5**	**6.3**
Return on sales (excl. incidentals)	4.8	6.3
Return on sales (excl. inc. & restr. costs)	7.3	8.4

- Volumes up 1 percent, with increases in Asia offset by lower volumes in Latin America, reflecting difficult trading conditions. Flat volumes in EMEA
- Revenue declined 6 percent due to divestments, adverse currency effects and adverse price/ mix. The latter was mainly driven by the sale of the German stores
- Costs down following the implementation of restructuring programs and strict cost control

Revenue development FY 2014 vs. FY 2013



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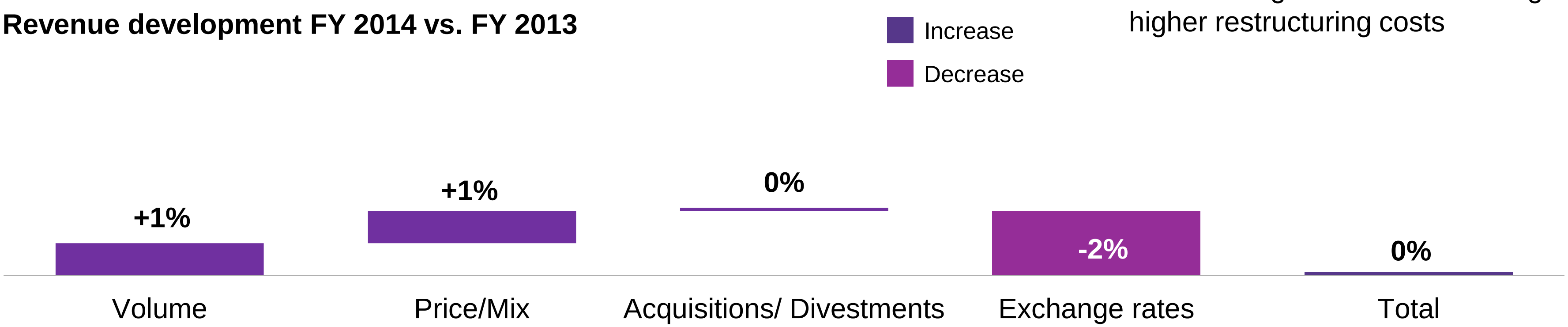
Performance Coatings FY 2014 highlights

€ million	FY 2013	FY 2014	Δ%
Revenue	5,571	5,589	0
Operating income excluding incidentals	525	545	4
Operating income	525	545	4

Ratio, %	FY 2013	FY 2014
Return on sales	**9.4**	**9.8**
Return on sales (excluding incidentals)	9.4	9.8
Return on sales (excl. inc. & restr. costs)	11.2	12.4

Revenue development FY 2014 vs. FY 2013



- Volumes up 1 percent, mainly from growth in Marine and Protective Coatings and Powder Coatings
- Full-year revenue flat due to adverse currencies
- Restructuring activity continued, including implementation of new BA organizational structure with fewer management layers and clearer accountability
- Operating income increased 4 percent with benefits from restructuring more than offsetting higher restructuring costs

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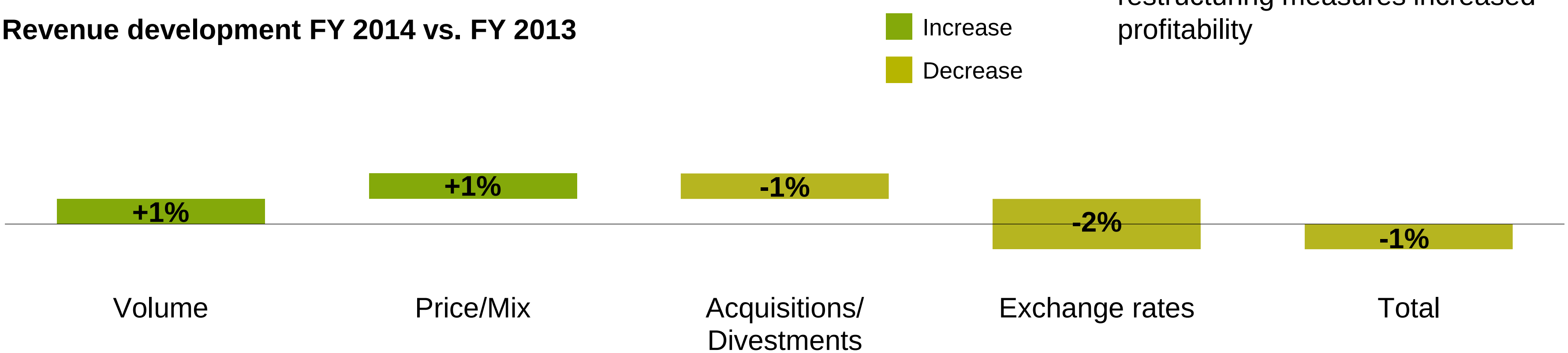
Specialty Chemicals
FY 2014 highlights

€ million	FY 2013	FY 2014	Δ%
Revenue	4,949	4,883	-1
Operating income excluding incidentals	418	508	22
Operating income	297	508	71

Ratio, %	FY 2013	FY 2014
Return on sales	**6.0**	**10.4**
Return on sales (excluding incidentals)	8.5	10.4
Return on sales (excl. inc. & restr. costs)	10.0	10.7

Revenue development FY 2014 vs. FY 2013



- Revenue down 1 percent due to better volumes and price/mix more than offset by divestments and adverse currency
- Price pressure in caustic, unfavorable currency developments, and production interruptions in the manufacturing and supply chain in Rotterdam impacted results
- Lower restructuring costs, results from operational excellence programs, and previous restructuring measures increased profitability

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Q4 2014 Operating income – Cash bridge

€ million	Q4 2013	Q4 2014
Operating Income	**116**	**83**
Incidentals	(61)	85
Depreciation & amortization	153	162
EBITDA before incidentals	**208**	**330**
Other	20	(54)
Change working capital	277	364
Change provisions	(41)	8
Interest paid	(61)	(49)
Income tax paid	(94)	(118)
Net cash from operating activities	**309**	**481**

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Restructuring charges by quarter*

€ million	Q1	Q2	Q3	Q4	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Decorative Paints	7	24	8	66	105	22	23	1	34	80
Performance Coatings	11	5	9	77	102	15	17	41	75	148
Specialty Chemicals	1	0	46	27	74	7	2	6	2	17
Other	10	11	12	34	67	0	3	7	-2	8
Total	**29**	**40**	**75**	**204**	**348**	**44**	**45**	**55**	**109**	**253**

* 2013 charges related to Performance Improvement Program

AkzoNobel

Effects from Building Adhesives on FY 2013 results

€ million	Q1	Q2	Q3	Q4	FY 2013
Revenue	45	49	47	-	141
Operating Income	4	5	3	-	12

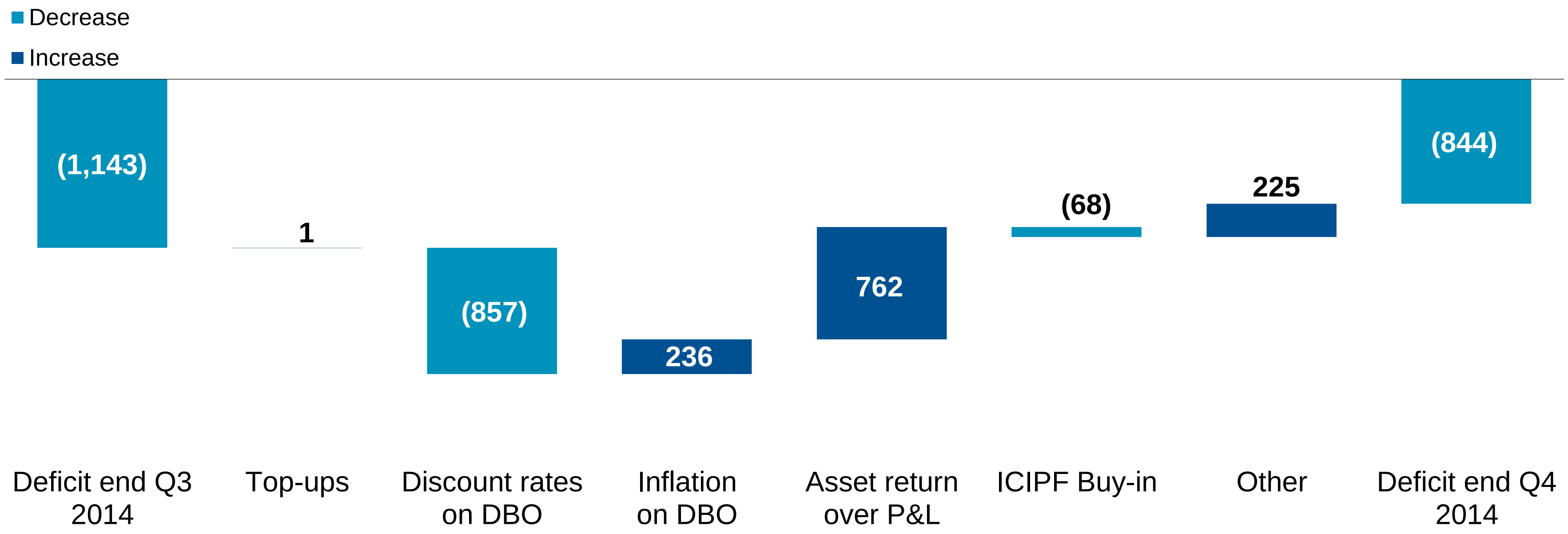
- Divestment completed on October 1st, 2013
- Results still included in 2013 financials, impact on 2014 revenue development visible through acquisitions/divestments

AkzoNobel

IAS 19 pension deficit reduces to €0.8 billion in Q4 2014

Key pension assumptions metrics	Q3 2014	Q4 2014
Discount rate	3.7%	3.4%
Inflation rate	3.0%	2.8%

Pension deficit development during Q4 2014
€ million



Innovation Pipeline Q4 2014

AkzoNobel

Decorative Paints – Dulux stain removal Non-additive interior paint

Key Features

- Nano shell binder technology
- Premium stain removal performance
- Eco-sense technology
- Good durability

Customer Benefits

- Good dirt resistance
- Easy clean
- Well-being indoor environment
- Long life wall protection

Growth Potential

- Launched in Dec 2014
- Keeping leading position in market with premium classification in Chinese new stain removal standard

A super-premium eco-sense interior paint with good stain removal and other performance

AkzoNobel

Innovation Pipeline Q4 2014
Specialty Coatings - Leather Touch Clearcoat

Key Features

- A soft-feel, clear coat for plastic coated electronic devices
- Excellent fat-edge control and slippery touch, that in conjunction with the substrate, mimics the touch of leather
- Imparts a *s*oft feeling that can be tuned on demand

Customer Benefits

- Compatible with current standard plastic substrates and basecoats, providing a wide range of colors
- Durable and scratch resistant
- Engenders a ‘sense of sophistication’ for users
- Higher productivity due to fast painting process and less scrap

Growth Potential

- Good growth envisaged, driven by the increasing market for mobile, wireless devices and Chinese OEMs shifting to premium product markets

A soft-feel clear coat that mimics the feeling of leather in mobile electronics

Innovation Pipeline Q4 2014

Industrial Chemicals – Steam savings in chlorine production

Key Features

- Reduction in the consumption of process steam in chlorine production by recovery of excess heat from 4 stage evaporation

Innovation

- Innovative use of advanced modelling and process engineering to reduce ‘fresh’ steam demand

Benefits

- Significant savings on steam use
- CO_2 footprint reduced by 4,400 ton/year
- 80% of steam generated from a waste incineration unit and only 20% of steam cost dependent on natural gas price
- Supports certification by the German Eco-Management Audit Scheme (EMAS)

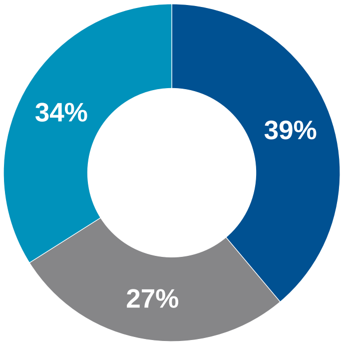
Minimizing steam consumption in chlorine production at Bitterfeld, Germany

Reference

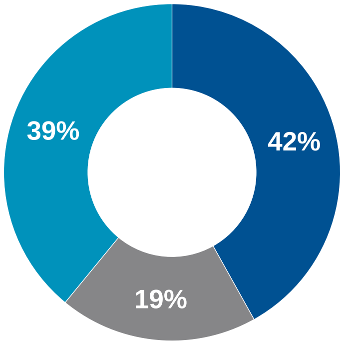
AkzoNobel today

- Revenue €14.3 billion
- 47,210 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

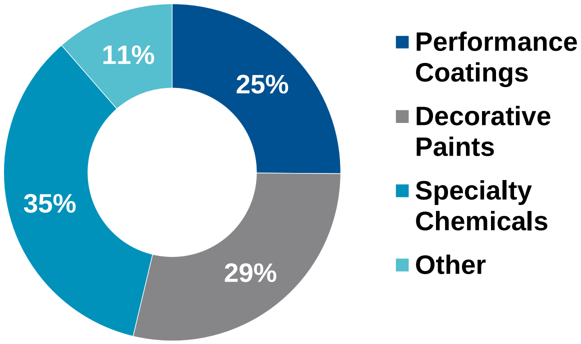


Operating income by Business Area



6.9%
Return on sales
(operating income/revenue)

Invested capital by Business Area

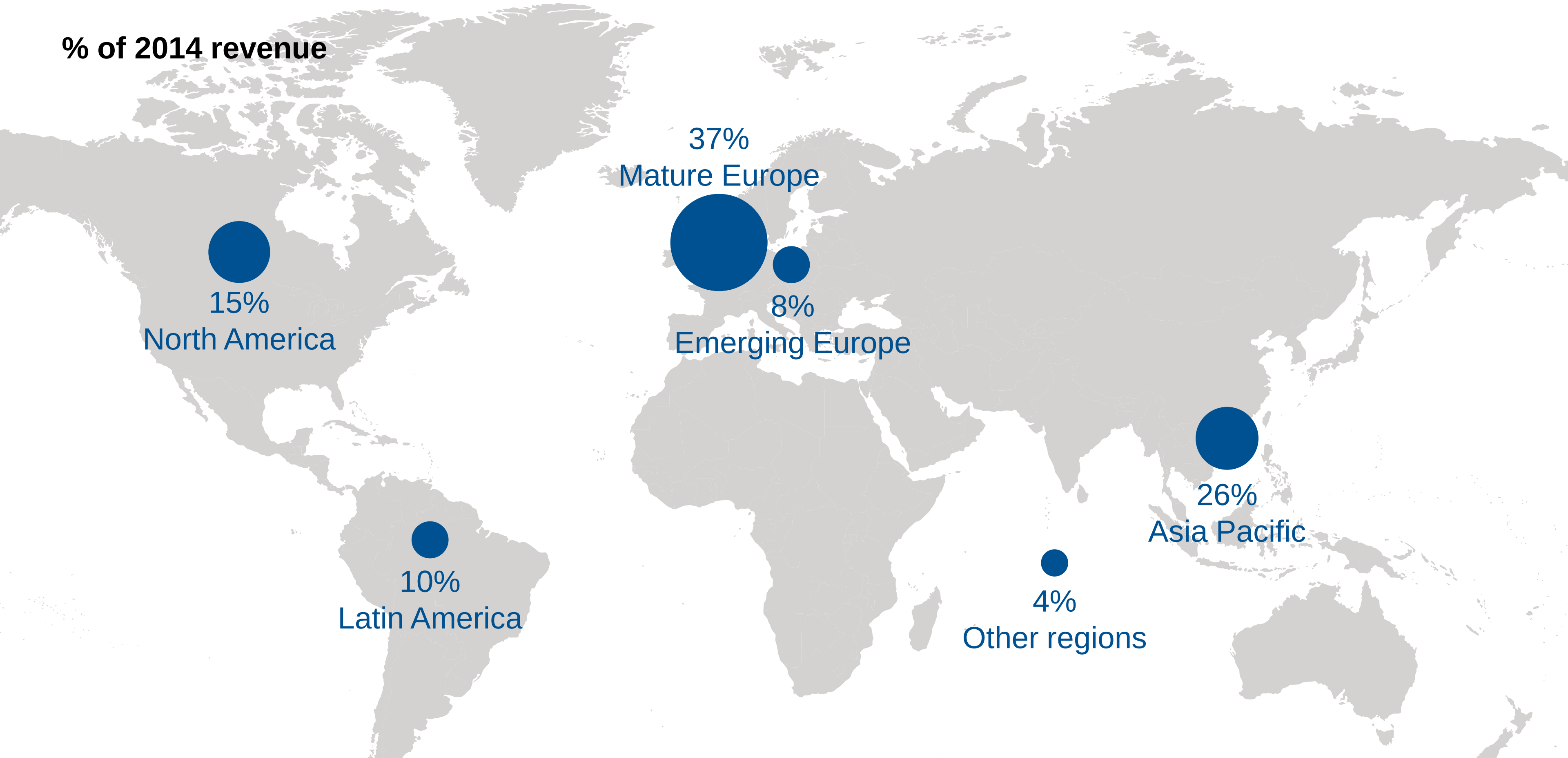


10.0%
Return on investment
(Operating income/average 12 months invested capital)

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

AkzoNobel

% of 2014 revenue



Share of revenues from high growth markets will increase over time

AkzoNobel

Our proposition: 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

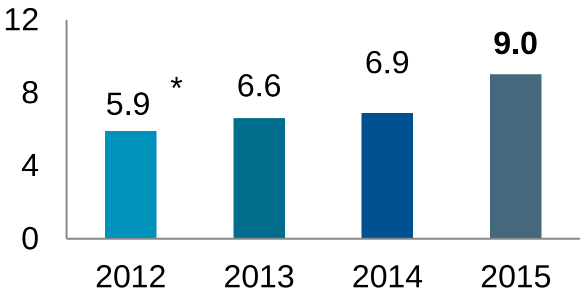
Clear focus to deliver on our significant potential

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

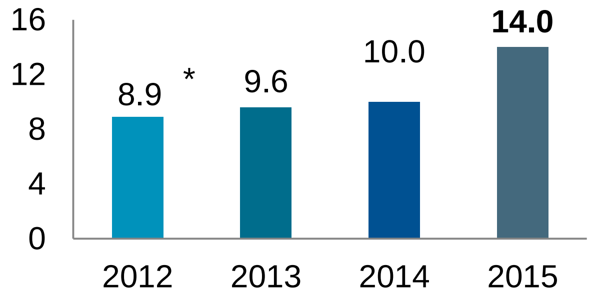
AkzoNobel

2015 financial targets focused on quality of earnings and value creation

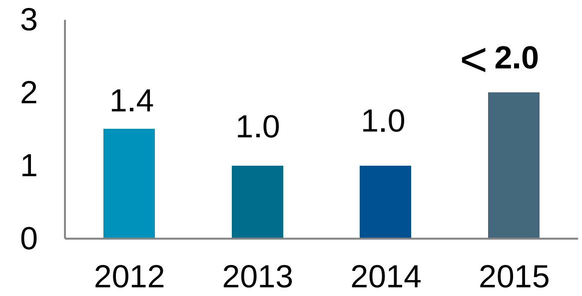
Return on sales
(Operating income/revenue)
%



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



Net debt/EBITDA
x



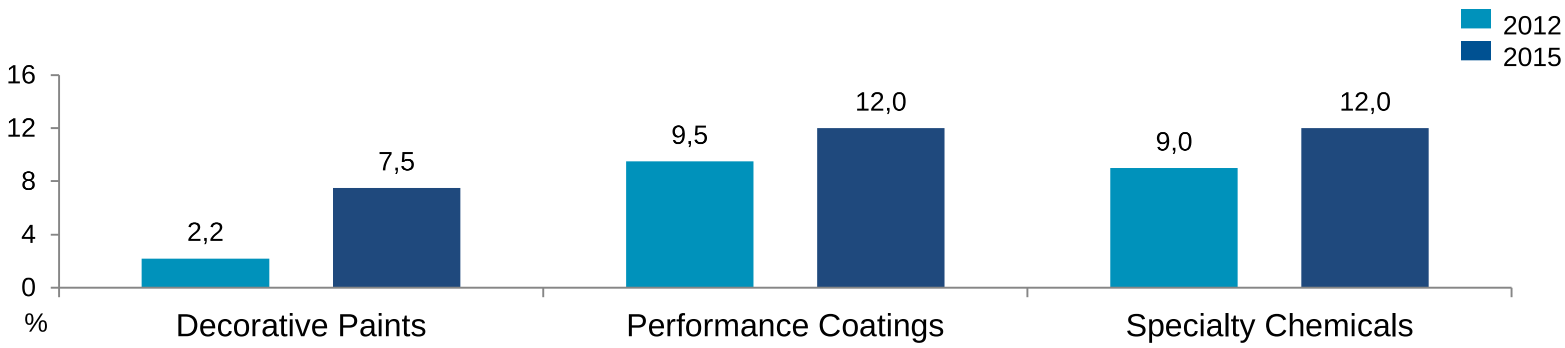
On track to achieve 2015 targets

* 2012 excluding impairment (€2.1 billion) and after IAS19

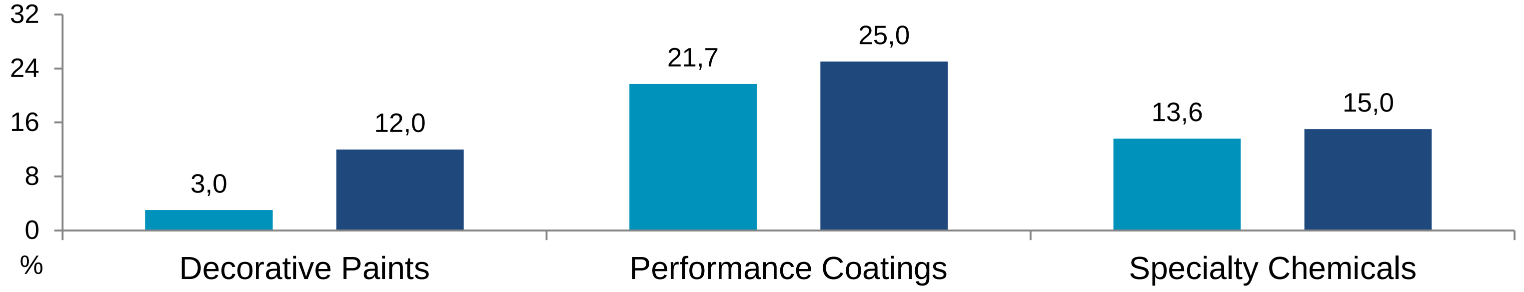
Realistic expected 2015 outcomes

Expected Outcomes

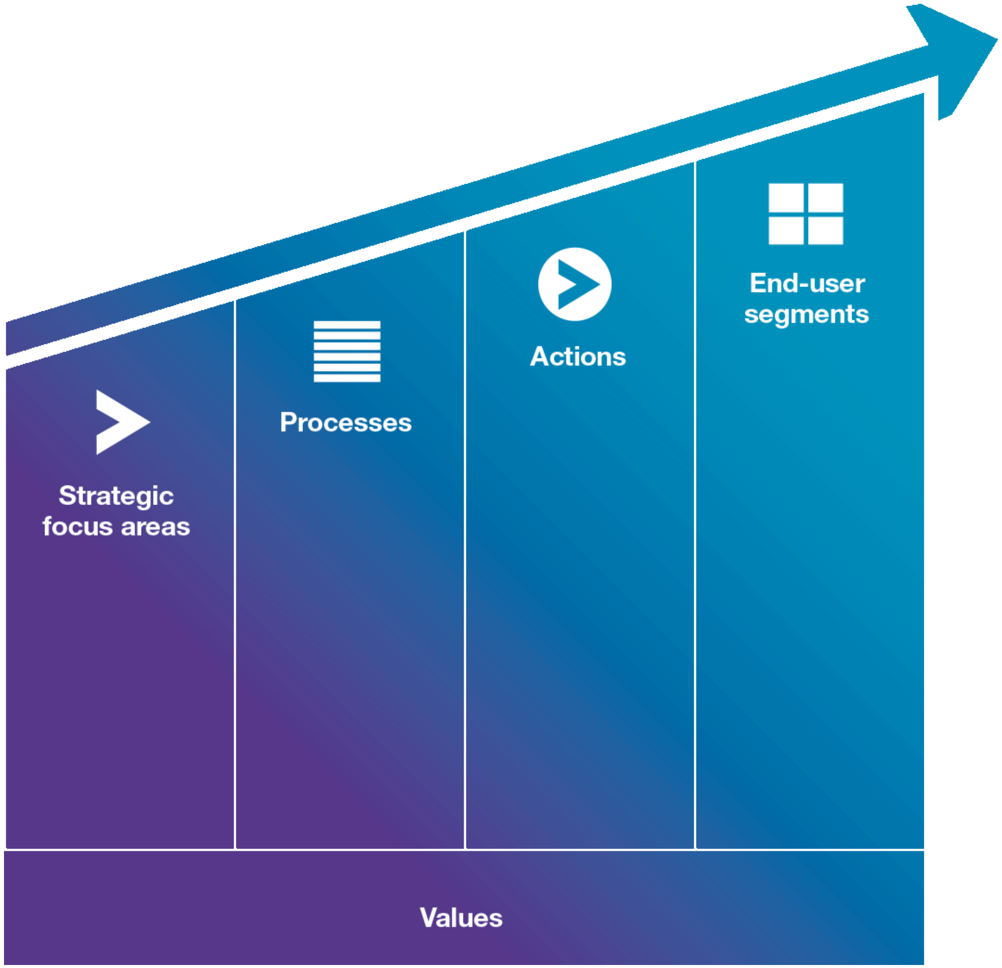
Return on sales



Return on investment



AkzoNobel strategy introduced in 2013

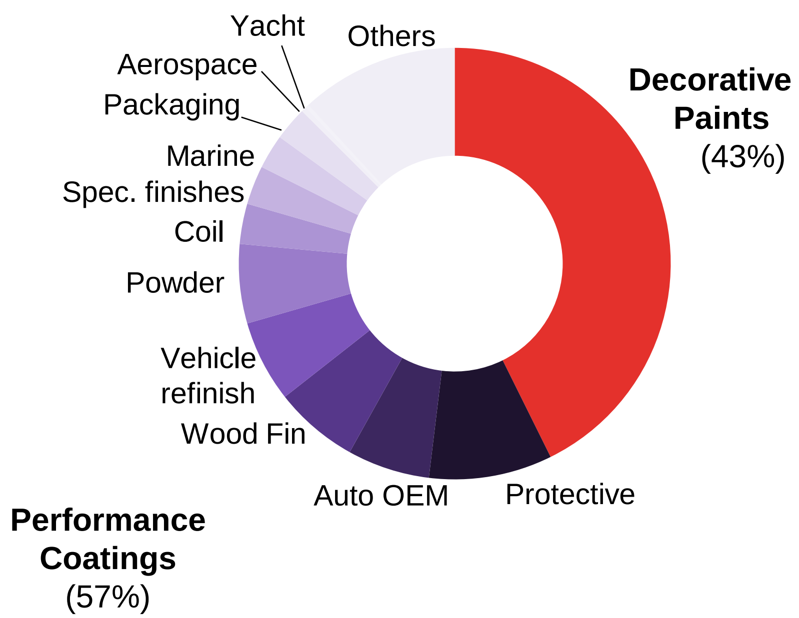


Vision:
Leading market positions delivering leading performance

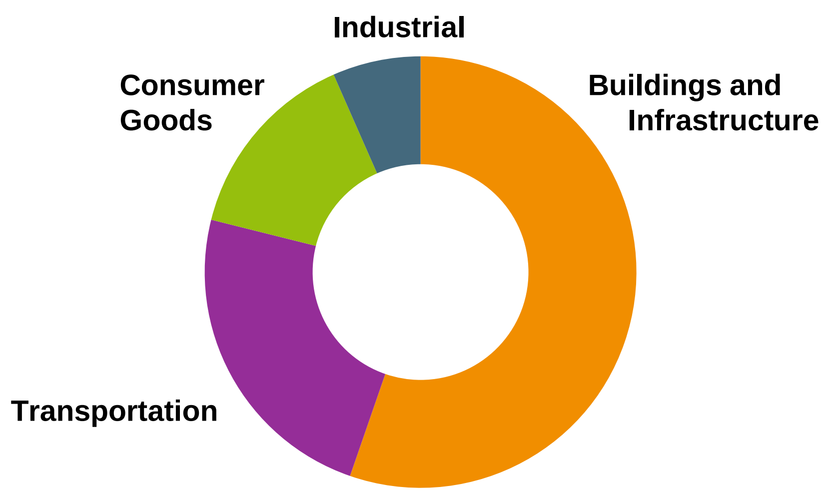
- Organic growth
- Operational excellence

The global paints and coatings market is around €100 billion

By market sector
2014, 100% = ~ €100 billion



By end-user segment
2014, 100% = ~ €100 billion



Source: Orr & Boss; management analysis

AkzoNobel has many leading market positions

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

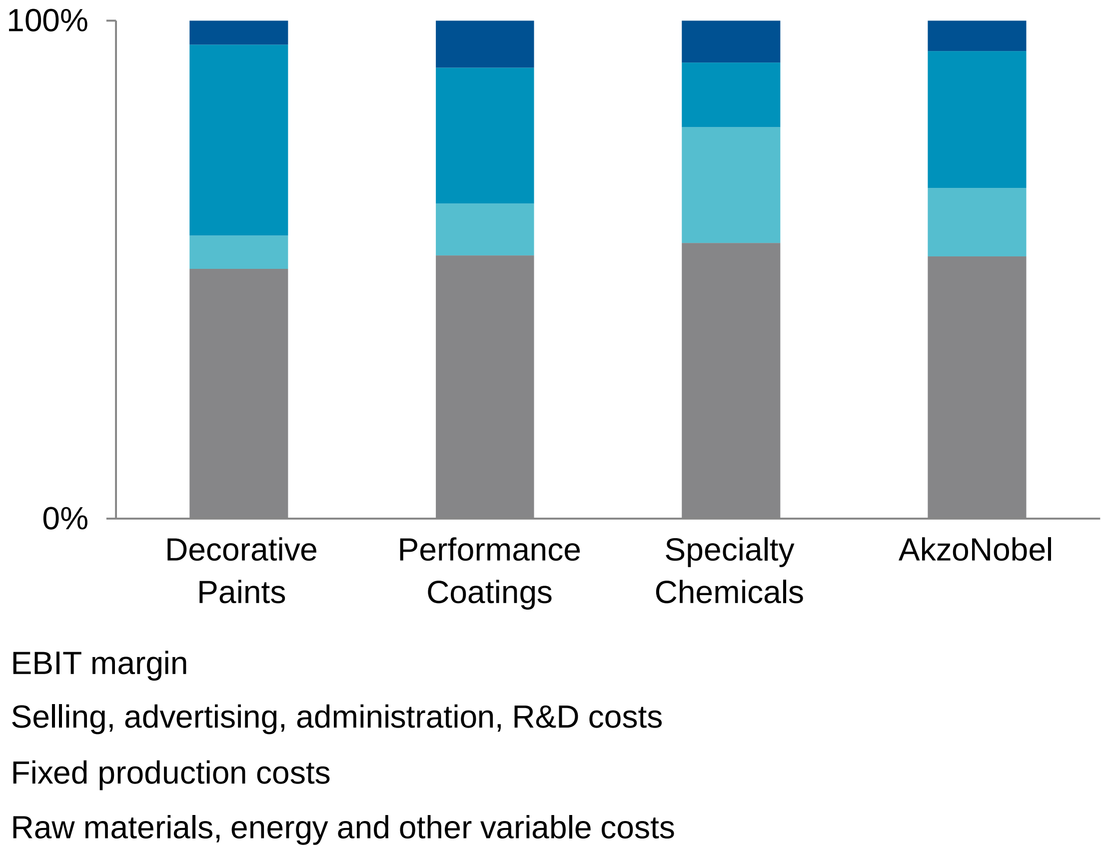
* AkzoNobel not present with North America divestment to PPG

AkzoNobel

In aggregate variable costs represent 53% of revenue

Profit and loss breakdown*

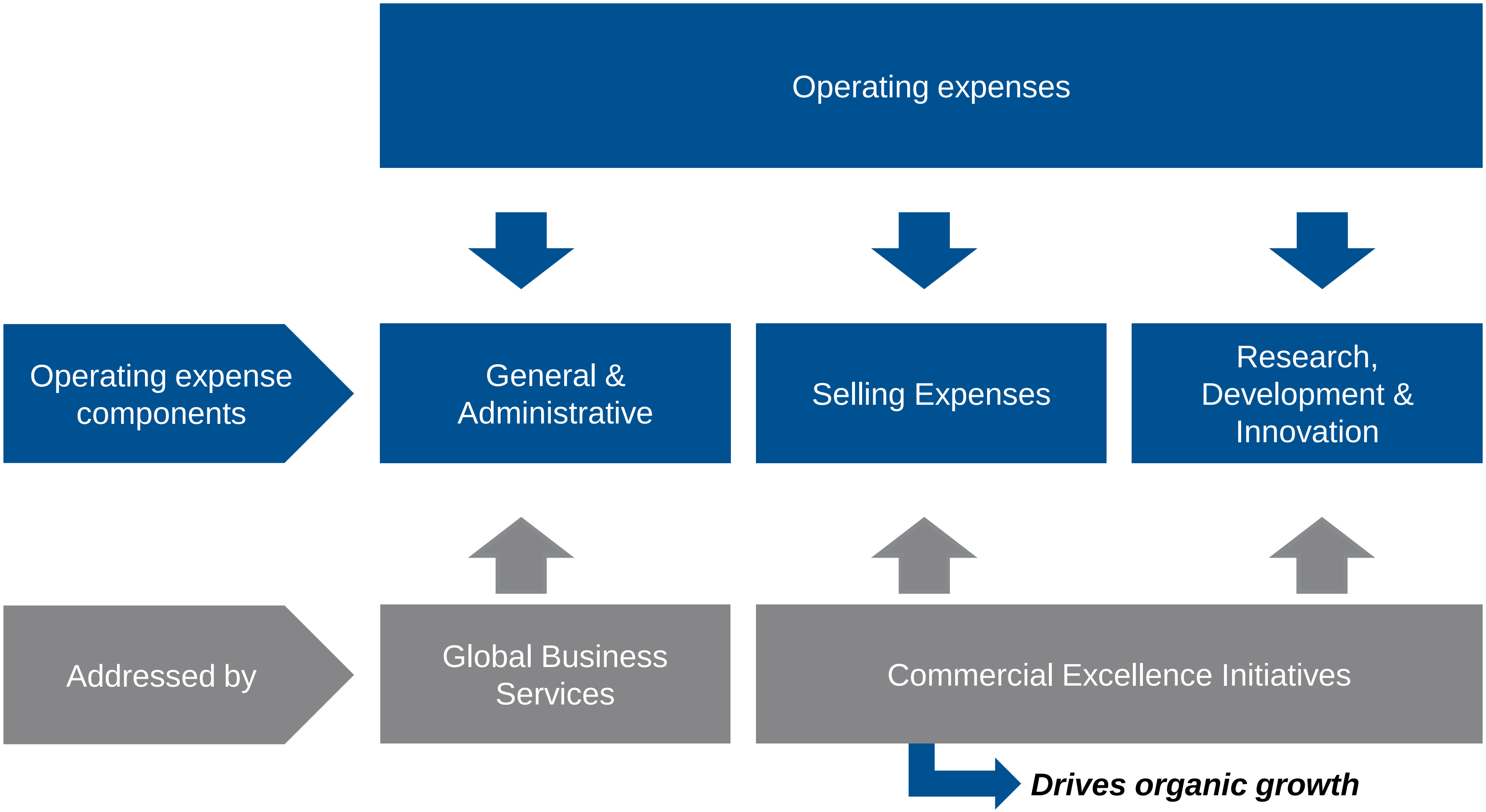
% of total



- AkzoNobel is well positioned for economic recovery
- Variable costs represent 53% of revenue
- Decorative Paints is more driven by personnel costs in the distribution network, while Specialty Chemicals has more production costs

* Rounded percentages

We are actively addressing all components of operating expenses



* All costs in € billion for 2013

AkzoNobel

Drive towards continuous improvement and commercial excellence

- We are moving into continuous improvement which will enable us to achieve the 2015 targets
  - 2014 restructuring charges amounted to €253 million
  - From 2015 onwards, more normalized levels of restructuring costs, around 1% of revenues

Ongoing initiatives in 2015 and beyond:

Commercial Excellence	• Delivering quality products and innovations to our customers at a lower cost to serve – Improve customer satisfaction – Drive organic growth – Improve margin management – Sales and marketing productivity
Global Business Services	• Streamlining corporate functions (Finance, HR, IM et cetera) by introducing a new Global Business Services function responsible for implementing standardized core functional processes throughout the organization • Centers of Excellence, Shared Service Centers, Business Partnering

Sustainability is business; business is sustainability

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 profit divided by cradle-to-grave carbon footprint)

Planet Possible™

AkzoNobel ranked #1 again in the Dow Jones Sustainability Index for the Materials Industry group

AkzoNobel values drive cultural change

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

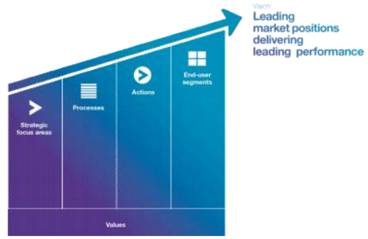
Leading performance; gaining momentum

Historical issues

- ROS below peers
- Not earning our cost of capital
- Inadequate free cash flow
- Operating expenses too high
- Not leveraging scale

Vision & Strategy

- Organic growth
- Operational excellence



2015 Targets & Incentives

- ROS 9%
- ROI 14%
- Operating income - not adjusted EBITDA
- CO_2 & Eco-premium products
- Cash flow
- Incentives aligned

Culture & Values

- Customer Focused
- Deliver on Commitments
- Passion for Excellence
- Winning Together

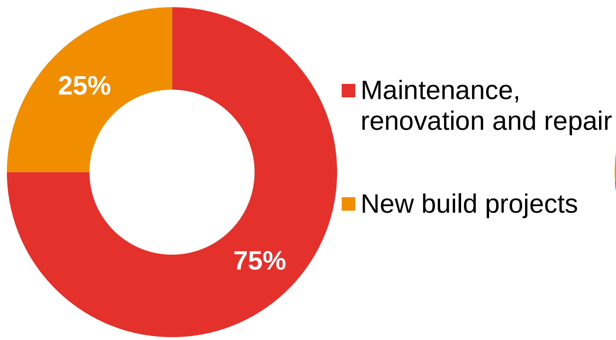
Business Area Strategies

Business Area Expected Outcomes

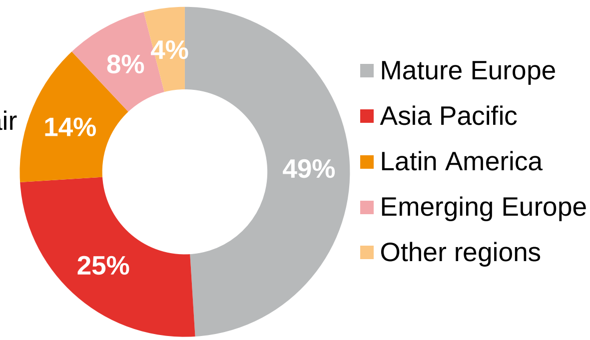
	DP	PC	SC
ROS	7.5%	12%	12%
ROI	12%	25%	15%

Decorative Paints business at a glance

Revenue by end-user sub-segment



Revenue by geographic spread*



Decorative Paints key figures

€ million	2014
Revenue	3,909
EBITDA	405
Operating income	248
Return on sales	6.3%
Return on investment	8.8%
Employees	15,200

Key messages

- We are the global leader in size in the attractive global Decorative Paints market
- We are pursuing a vision of becoming the leading global Decorative Paints company in size and performance
- Strategic priorities:
  - Fix Europe
  - Grow profitably in high-growth markets

* 2013

AkzoNobel

In Decorative Paints we hold strong market positions across all regions

Geographic area	Geographic size (€ billion)	AkzoNobel position
Europe*	12.2	1
South East Asia and Pacific	1.7	1
China and North Asia	6.4	2
Latin America	2.5	2
India and South Asia	2.8	3

* Europe includes Africa and Middle East

We have very strong brands linked by a global approach to branding

- Our well-known brands are one of our key competitive advantages
- We have a number of powerful, relevant brands occupying a number of positions across different markets (consumer, professional, and other such as woodcare)
- Where possible, we have leveraged our scale and created a single global identity
- We have rationalized our brand portfolio – concentrating our investment behind fewer, bigger, better brands

Consumer

Dulux, Coral, Inca, Flexa, Marshall, Levis, Astral, Alba, Dulux

Professional

Trimetal, Dulux Trade, Herbol (schnell • sicher • produktiv), Sikkens, procolor, astral Peintures Bâtiment

Other

Hammerite (The Metal Paint Specialist), Polyfilla, Sadolin

AkzoNobel

Fix Europe

Objectives:

- Improve performance by driving organic growth and operational excellence and changing the operating model in Europe

Actions:

- Implement a central operating model and simplify our organizational structure
- Consolidate our manufacturing and distribution footprint
- Develop and implement standardized and efficient marketing and sales platforms
- Redesign back office processes to support back office consolidation and restructuring
- Maintain a strong focus on customers and markets through the transition period

AkzoNobel

Changing our operating model in Europe

Action	2012	2013	2014	2015
Integrate relevant European activities and management				
Rationalize product portfolio and raw materials				
Rationalize manufacturing footprint				
Fully implement sales excellence				
Outsource certain finance businesses				
Implement central operating model				
Leverage repeatable models globally				

Grow profitably in high-growth markets

Objectives:

- Outgrow the market
- Ensure that we leverage our (global) scale to ensure that we improve relative profitability while we grow

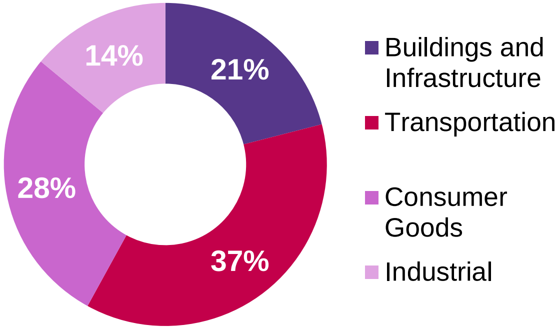
Actions:

- Develop profitable mid-market business model(s)
- Build and implement a robust distribution strategy framework
- Leverage global marketing and innovation scale to win locally
- Leverage our strong brands
- Create and implement a digital marketing strategy

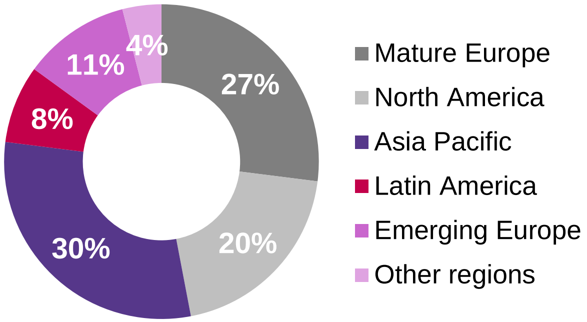
AkzoNobel

Performance Coatings business at a glance

Revenue by end-user segment



Revenue by geographic spread*



Performance Coatings key figures

€ million	2014
Revenue	5,589
EBITDA	687
Operating income	545
Return on sales	9.8%
Return on investment	22.0%
Employees	20,500

Key messages

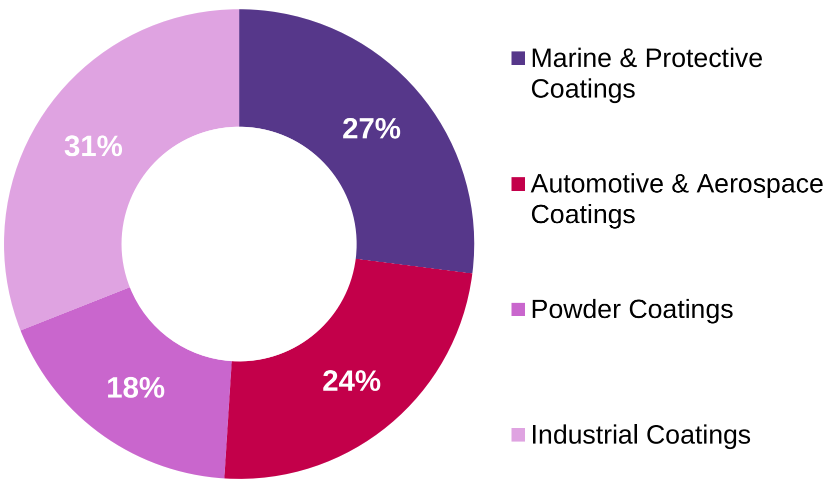
- We have leading market positions
- Strategic priorities include:
  - Performance improvement initiatives
  - Differentiated growth strategies

* 2013

AkzoNobel

We are organized in four Business Units

2014 revenue by Business Unit



Marine & Protective Coatings
- Protective
- Marine
- Yacht

Automotive & Aerospace Coatings
- Vehicle Refinishes
- Specialty Finishes
- Aerospace

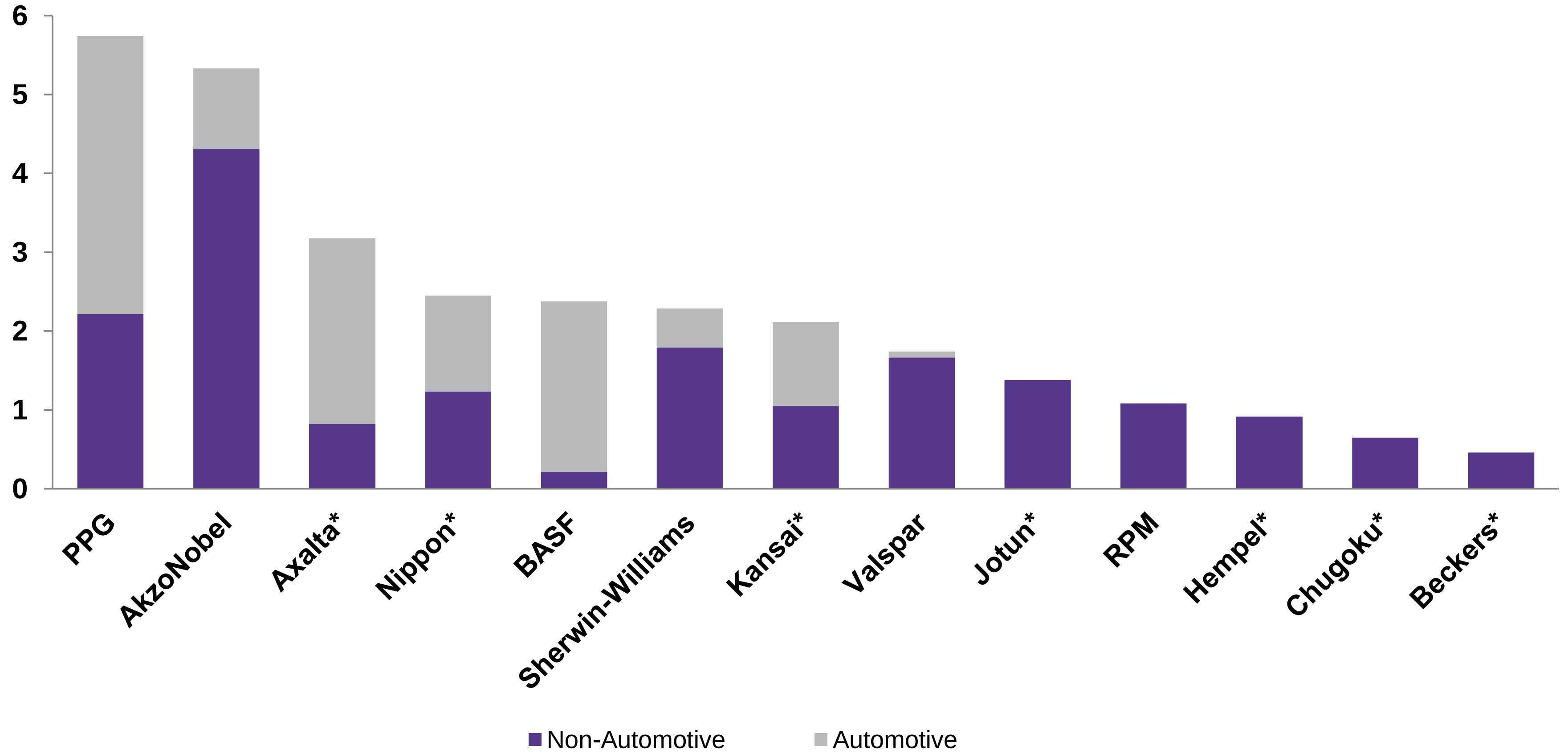
Industrial Coatings
- Wood
- Coil
- Packaging

Powder Coatings
- Powder

AkzoNobel is the global market leader in Performance Coatings, excluding Automotive

AkzoNobel

Performance Coatings revenue
€ billion, 2013 unless noted

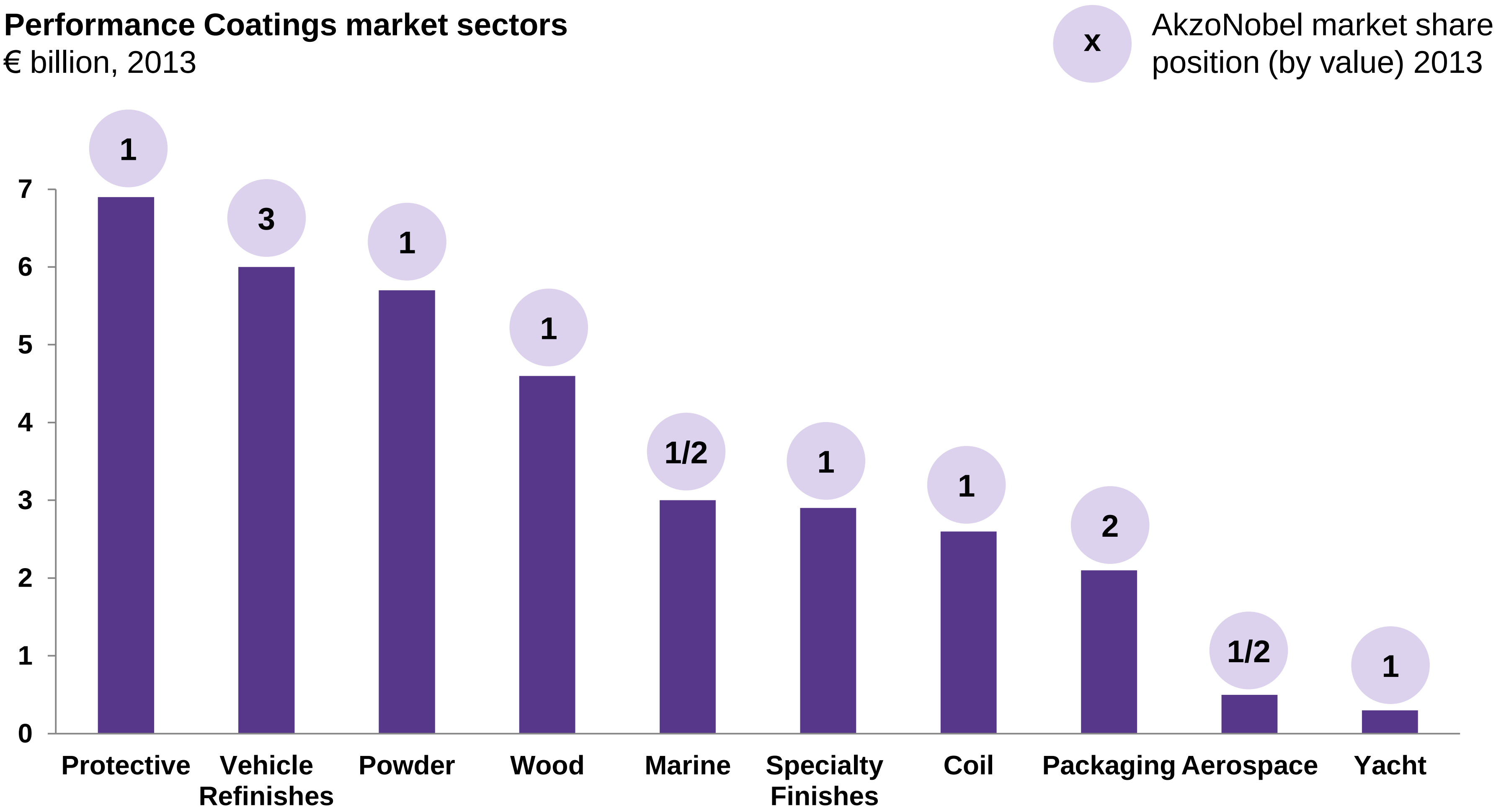


* 2012 data
Source: Annual Reports; AkzoNobel analysis

AkzoNobel

AkzoNobel has many leading market sector positions in Performance Coatings

Performance Coatings market sectors
€ billion, 2013



Source: Orr & Boss 2012 for base data on market sectors; AkzoNobel analysis

AkzoNobel

Pursue differentiated growth strategies

Outgrow the market organically
- Marine
- Protective
- Powder
- Specialty Finishes

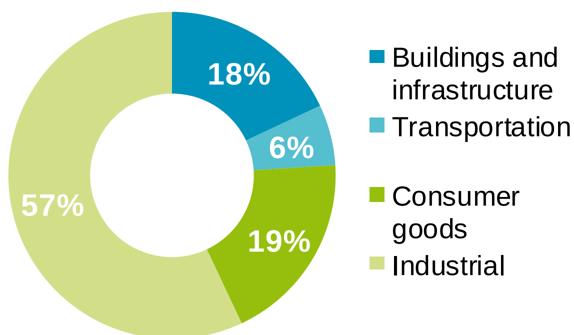
Expected outcomes
- Improved market share
- Costs don't grow as fast as revenue
- Improved return on sales in percentage terms

Improve performance by driving operational excellence
- Industrial (Wood, Coil, Packaging)
- Vehicle Refinishes
- Yacht
- Aerospace

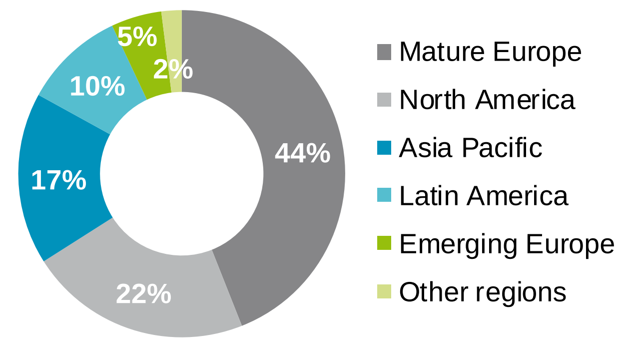
Expected outcomes
- Growth with the market
- Reduced absolute operating expenditure
- Improved return on sales based on cost reduction

Business at a glance

Revenue by end user segment



Revenue by geographic spread*



Specialty Chemicals key figures

€ million	2014
Revenue	4,883
EBITDA	815
Operating income	508
Return on sales	**10.4%**
Return on investment	**14.8%**
Employees	9,800

Key messages

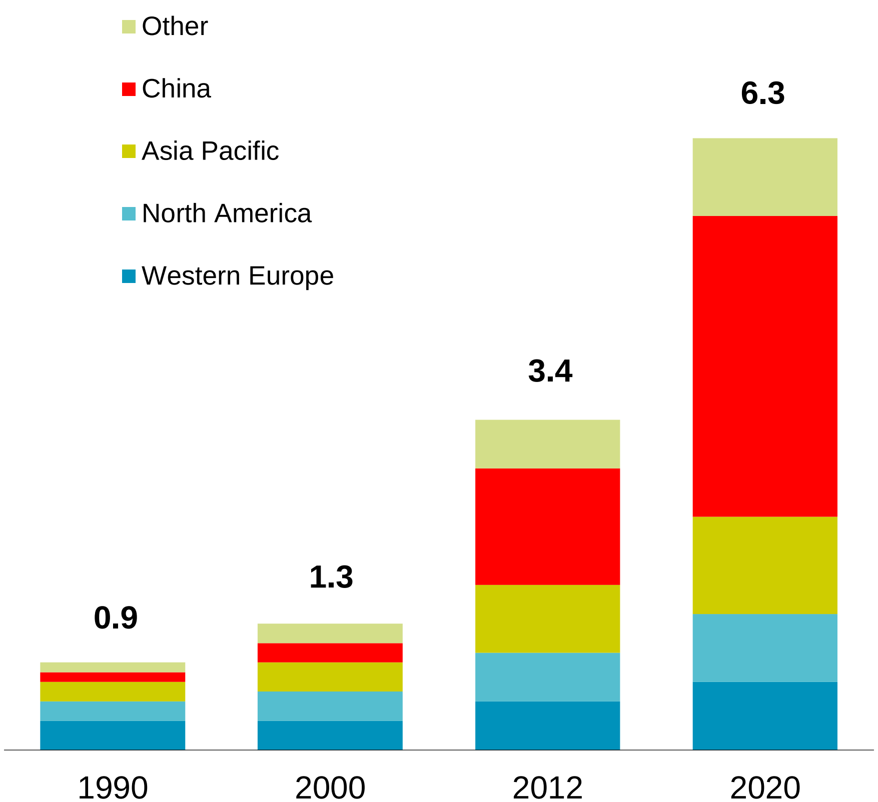
- Serving attractive markets, growing over the cycle
- Leading positions in five main platforms
- 56% of revenues generated outside of mature Europe
- Significant expansion investments now operational
- Driving functional excellence

* 2013

AkzoNobel

The chemical industry is large and growing

Chemicals industry over time, by geography
$ trillion



CAGR (nominal) **6.6%** **7.4%** **6.8%**

- $3.5 trillion market
- Solution provider for society
  - manufacturing
  - food production
  - climate change
- Continuous growth
- Strong growth in China

Source: McKinsey

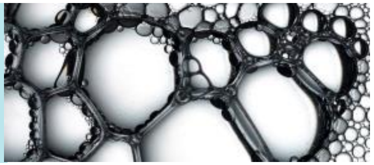
AkzoNobel

Five well positioned platforms in their industries

Our Business Units	Our Platforms
Pulp & Performance chemicals	Bleaching Chemicals 60% of Pulp & Performance chemicals
Industrial Chemicals	Salt-chlorine chain 100% of Industrial Chemicals
Functional Chemicals	Polymer Catalysts 40% of Functional Chemicals
	Ethylene Oxide Network 40% of Functional Chemicals
Surface Chemistry	Surfactants 85% of Surface Chemistry

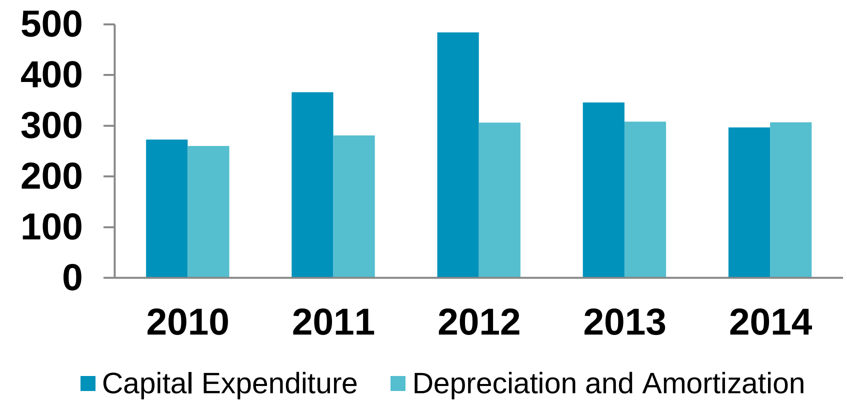
AkzoNobel

Platforms operate world scale plants based on advanced technologies

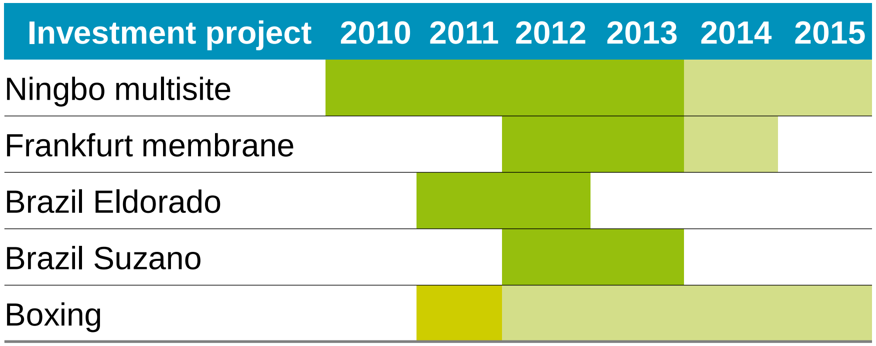
Our main chemical platforms	Key products	
Bleaching chemicals	• Sodium chlorate • Hydrogen peroxide	
Salt-chlorine chain	• Energy/Salt • Chlorine • Monochloroacetic acid • Chloromethanes	
Polymer catalysts	• Organic peroxides • Metal alkyls	
Ethylene oxide network	• Ethylene oxide • Ethylene amines • Cellulosics • Chelates • Micronutrients	
Surfactants	• Ethyoxylates • Natural oil and fat based nitrogen surfactants	

We have invested in the recent past and are well-prepared for future growth

BA Specialty Chemicals capital expenditure
€ million



Major projects and timing of spend



- Capital expenditure peaked at 8.7% of revenue in 2012
- Infrastructure is now in place and ready to take on additional demand

AkzoNobel

Four operational improvement initiatives

Improve productivity of supply chain and operations

- Asset optimization
- Production system roll out
- Lean six sigma
- Industrial IT platform
- Yield, waste and quality focus

Strengthen commercial excellence

- Customer value creation
- Organic growth
- Margin management
- Sales force productivity

Reduce organizational costs

- Restructuring
- Organization delayering
- Restricted recruitment

Enhance product and process innovation

- New applications and products
- Variable cost reduction
- Process intensification
- Standard processes

AkzoNobel

Differentiated strategies per platform

Outgrow the market organically
~ 50% of portfolio

Main platforms
- Bleaching chemicals
- Surfactants

Actions
- Capitalize on investments
- Grow by successfully commercializing products for attractive applications

Improve performance by driving operational excellence
~50% of portfolio

Main platforms
- Salt-chlorine chain
- Polymer catalysts
- Ethylene oxide network

Actions
- Reduce costs and further improve productivity in operations
- Improve raw material (cost) position

AkzoNobel

Salt-Chlorine chain:
Right at the heart of the customer base

Steam cracker

Olefin consumer

Pipelines*

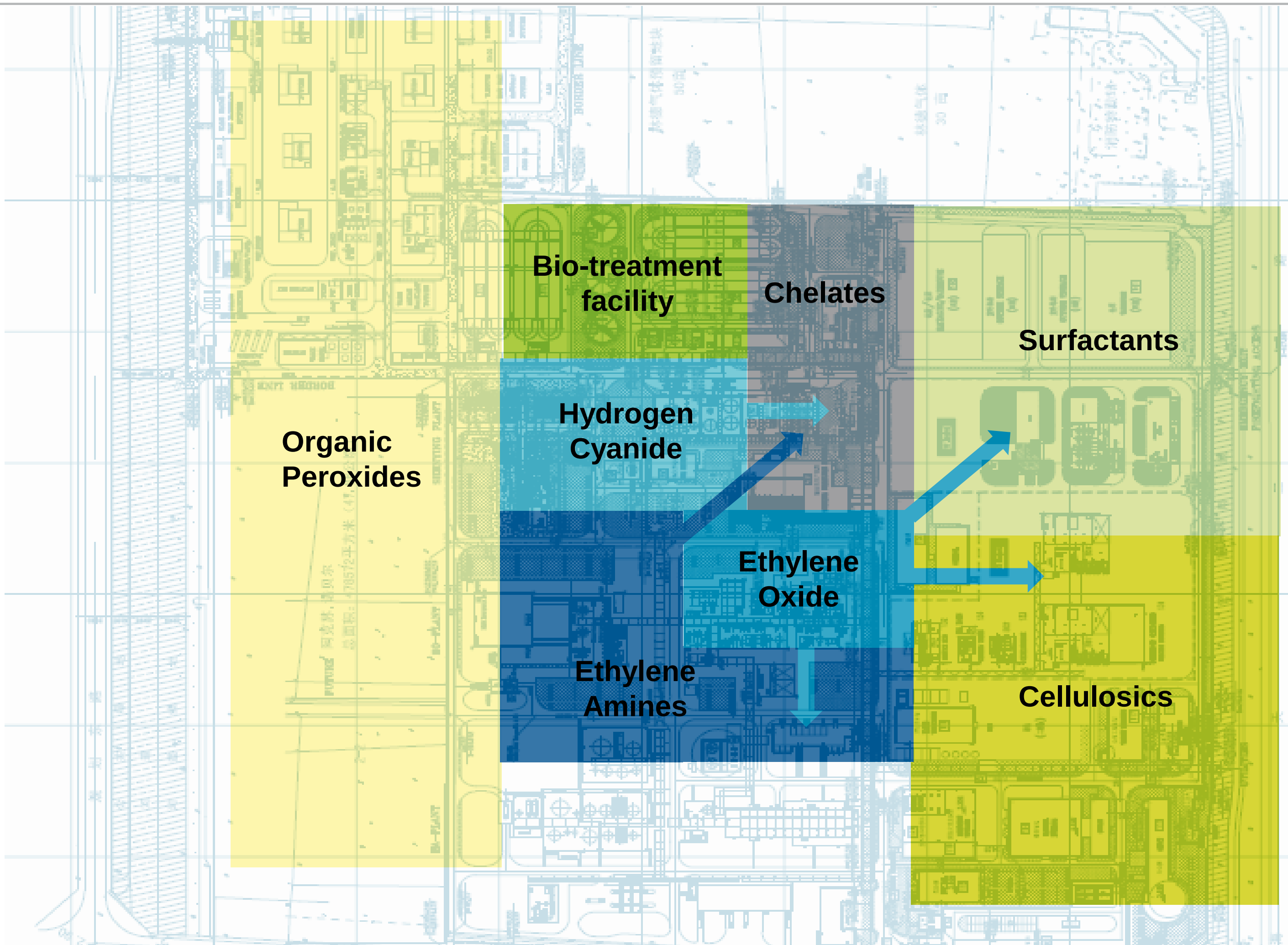
Refinery

Refinery & olefin producer

* Pipelines transporting crude oil (RAPL), nafta (PALL), industrial gasses, ethylene and propylene

AkzoNobel

Ethylene oxide network: Capitalizing on China investments

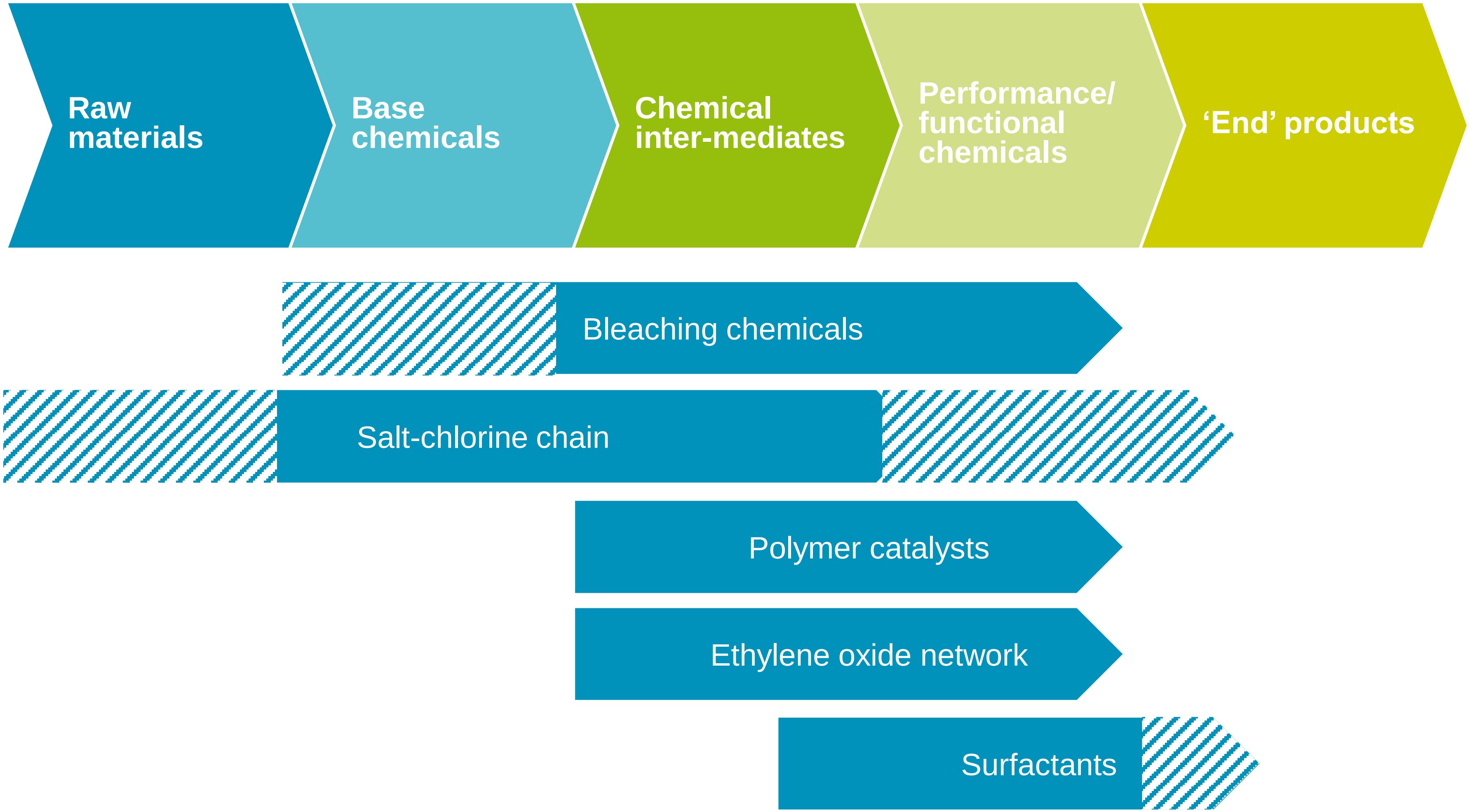


Site plan

Surfactants:
Growing with attractive end markets

AkzoNobel

Our platforms build on value chains



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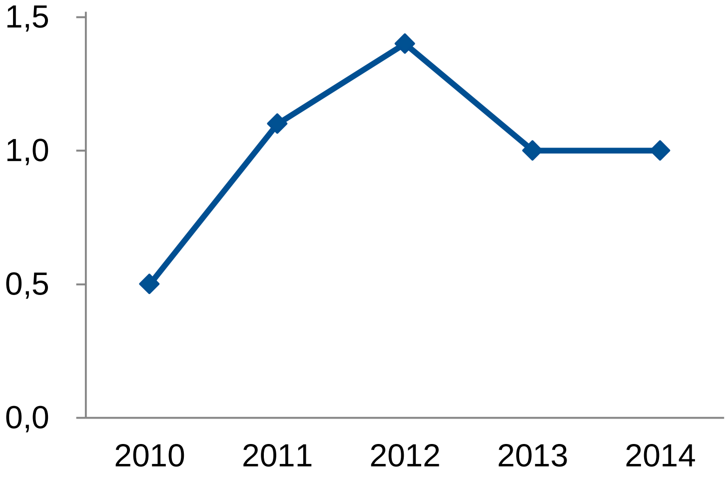
2015 target: net debt to EBITDA ratio of less than two

Net debt/EBITDA

x



- We have a **strong liquidity** position to support business needs: net cash and cash equivalents €1.7 billion*
- Undrawn revolving credit facility of €1.8 billion (2018) €1.5 and $3 billion commercial paper programs, backed by revolving credit facility
- 2013 improvement in Net Debt / EBITDA , which was retained in 2014
- Maintain **investment grade rating** of BBB+

* At the end of Q4 2014

Proactively managing or removing pension liabilities

Retain and Manage Risk	Interest rate / Inflation hedging	• Active management of interest rate and inflation exposure, with around 70% of overall defined benefit obligation (DBO) risks hedged
	Longevity hedging	• Courtaulds (CPS) longevity swap with Swiss Re in 2012 (€1.75billion)
	Buy-in	• **UK ICIPF's annuity buy-in's with Legal & General and Prudential in 2014, covering ~ €4.7 billion pensioner liabilities**
Remove Risk	Divestments	• Sale of Decorative Paints Canada in 2013 (DBO reduced by €301 million) • Sale of National Starch in 2011 resulted in substantial DBO reduction
	Cash out / Sleeper management	• US plan deferred members offered a cash out in 2013 (red. €85 million) • UK CPS cash out in 2013 (DBO reduced by €39 million)
	Buy-out	• USA buy-out with MetLife in 2013 (DBO reduced by €493 million)

Pension cash flow guidance

Defined benefit pension cash top-ups

[Status February 2013]

€ million

2014 actual	300
2015 -17 est.*	~330/year
2018 est.*	~100

Regular contributions

€ million 2015 estimated

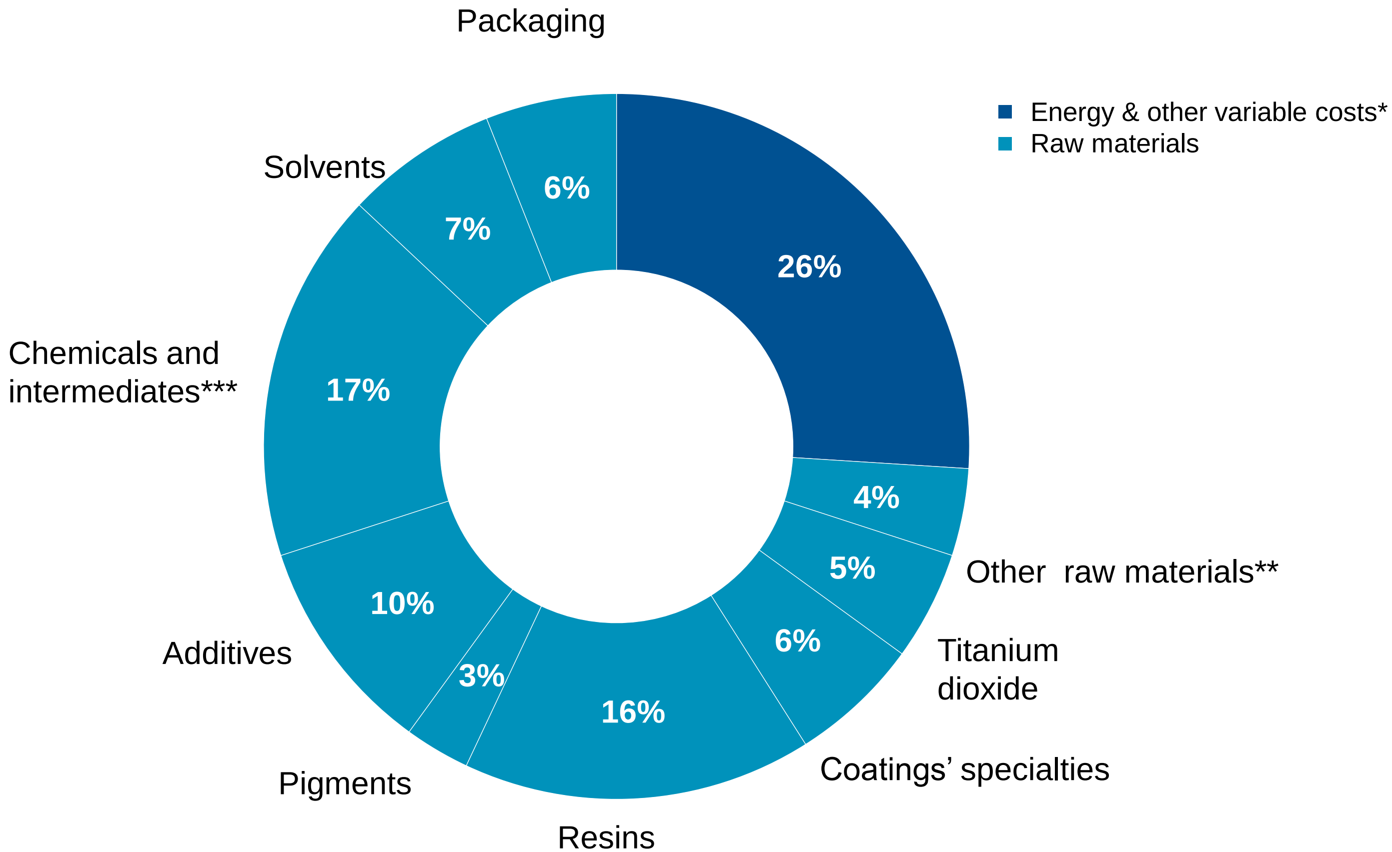
Defined benefit	100
Defined contribution	140

- Top-ups relate mainly to the 2 big UK plans, the ICI Pension Fund and the CPS Pension Scheme
- Top-ups are based on prudent actuarial valuation of liabilities, which differs from accounting liability
- Actuarial pension deficit of the 2 big UK plans is estimated at €1.5-2 billion
- The next triennial funding review for the ICI Pension Fund is expected to be completed in 2015 and in 2016 for the CPS Scheme
- The forward looking estimates make no allowance for changes in the funded status at future actuarial valuations or for additional contributions to de-risking such as the 2013 MetLife transaction in the US
- **As a result of the 2014 buy-in transactions an additional one-off payment of £125 million (€160 million) will likely be added at the end of the top-up schedule as part of the next valuation**

* Based upon currently agreed deficit contribution schedules for the UK plans

Variable costs analysis

2014



* 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.

AkzoNobel

Both short & long term incentives are aligned with our priorities

Executive short term incentive 2014

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 2014

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

- Covers more than 600 executives
- Priorities are aligned with strategy and 2015 targets