

Investor Update Q1 2015 results

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April 21, 2015



Agenda

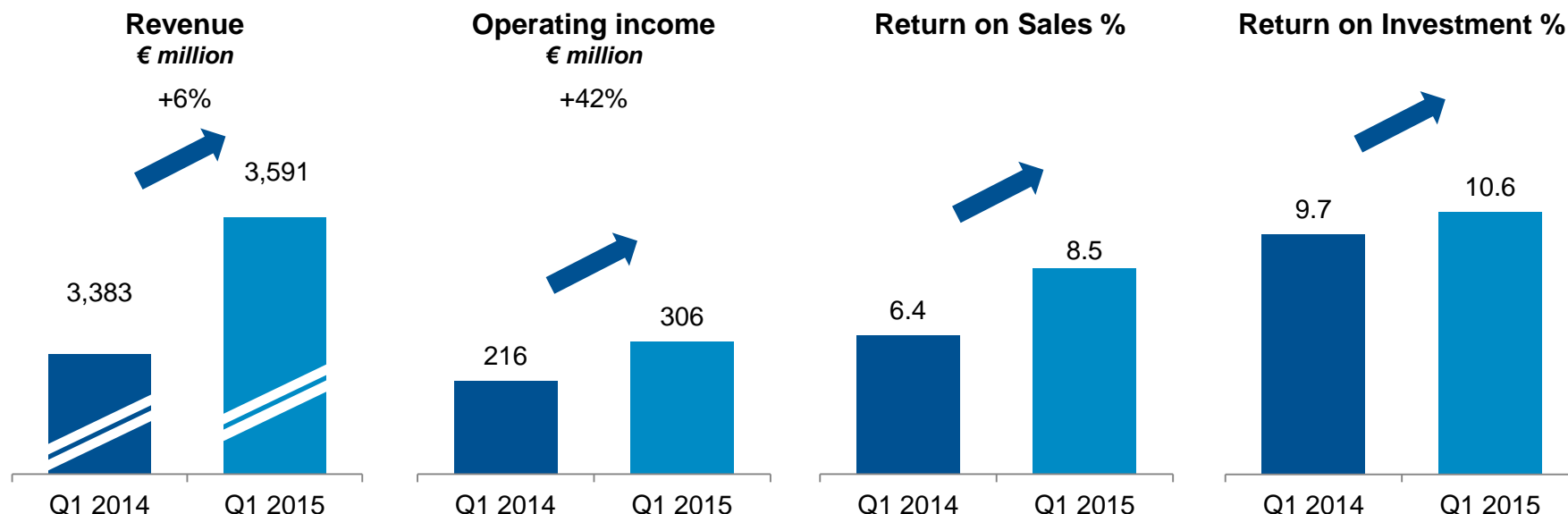
Highlights

Operational and financial review

Conclusion

Questions

Financial results Q1 2015 – improved performance in a challenging environment



- Performance improvement reflecting the positive effect of process optimization efforts, reduced restructuring expenses, lower costs and favorable currency developments
- Net income attributable to shareholders up 24 percent at €160 million
- Adjusted EPS up 25 percent at €0.76 (2014: €0.61)
- Net cash outflow from operating activities was €622 million (2014: €552 million)

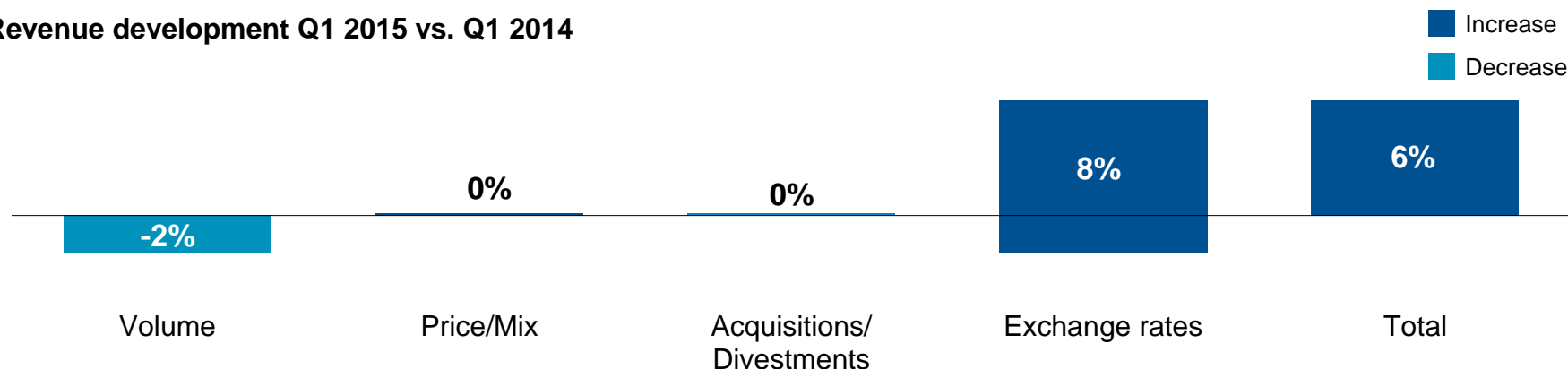
Operational and financial review

Q1 2015 revenue and operating income – continuing to deliver improved performance

€ million	Q1 2014	Q1 2015	Δ%
Revenue	3,383	3,591	6
Operating income	216	306	42

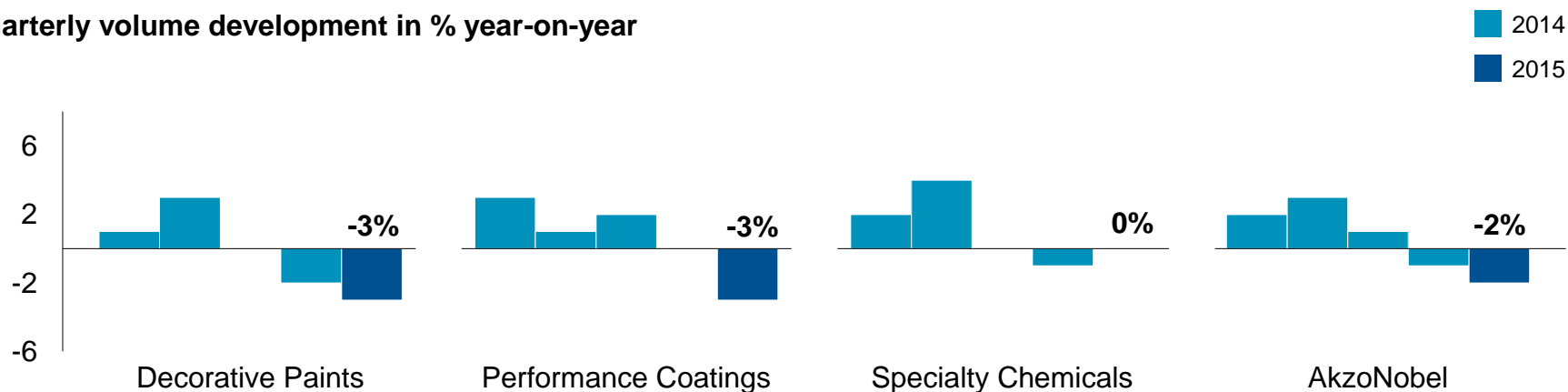
Ratio, %	Q1 2014	Q1 2015
Return on sales	6.4	8.5
Return on sales (excluding restructuring costs)	7.7	8.8
Moving average return on investment	9.7	10.6

Revenue development Q1 2015 vs. Q1 2014

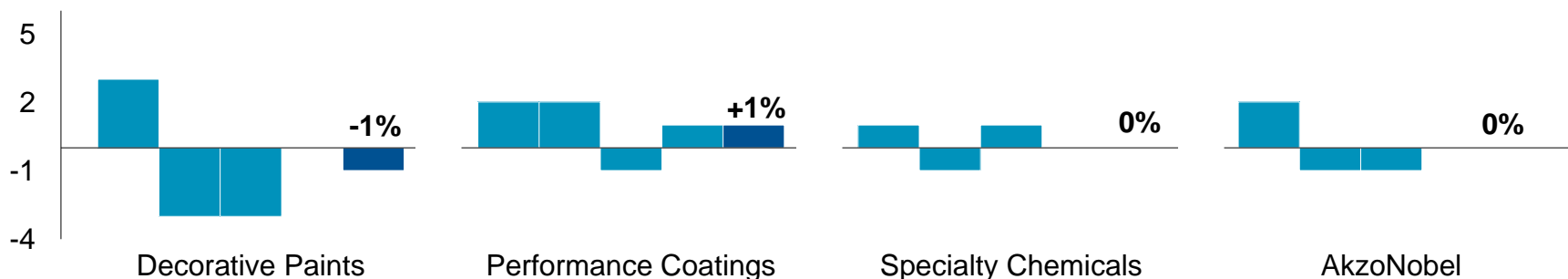


Challenging economic environment continues to impact all Business Areas

Quarterly volume development in % year-on-year



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



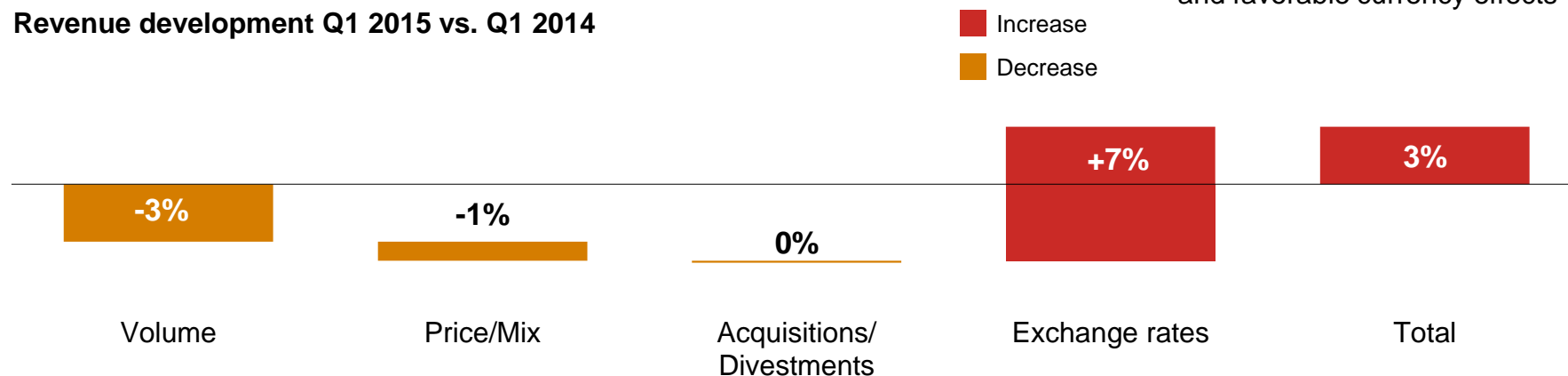
Decorative Paints Q1 2015 highlights

€ million	Q1 2014	Q1 2015	Δ%
Revenue	865	890	3
Operating income	17	50	194

Ratio, %	Q1 2014	Q1 2015
Return on sales	2.0	5.6
Return on sales (excl. restr. costs)	4.5	6.2

- Revenues up, due to favorable currency effects. Volume growth in Latin America more than offset by soft demand in Europe and Asia
- Price/mix down largely due to impact from the sale of the German stores in Q1 2014
- Operating income up due to benefits from new operating model, lower restructuring charges, strict cost containment and favorable currency effects

Revenue development Q1 2015 vs. Q1 2014



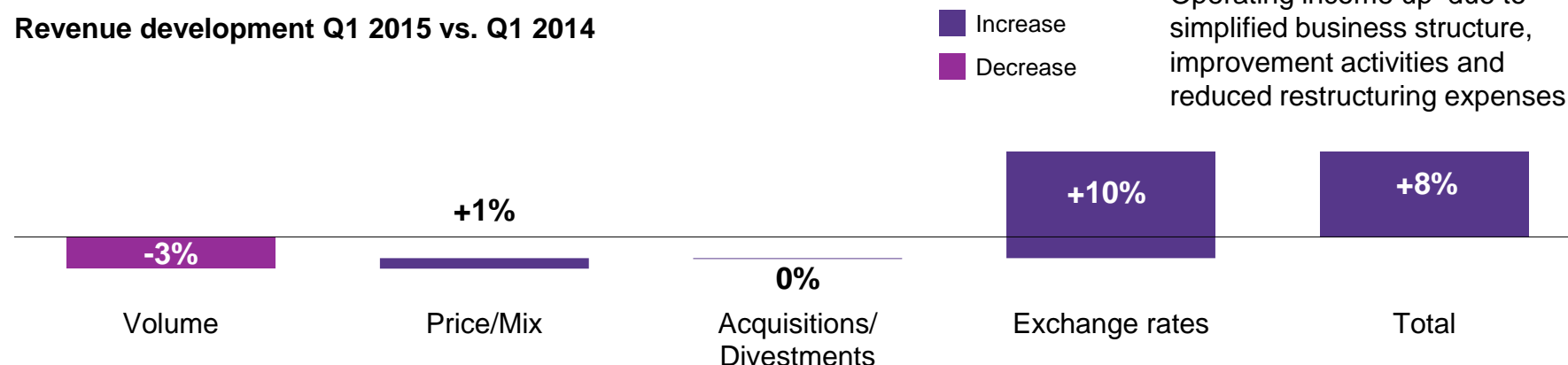
Performance Coatings Q1 2015 highlights

€ million	Q1 2014	Q1 2015	Δ%
Revenue	1,319	1,430	8
Operating income	126	170	35

Ratio, %	Q1 2014	Q1 2015
Return on sales	9.6	11.9
Return on sales (excl. restr. costs)	10.7	12.3

- Revenue higher in all businesses; favorable currencies and price/mix offset lower volumes
- Volumes up in Automotive and Specialty Coatings although down in other businesses. Regionally, volumes up in North America and lower in other regions, with performance across segments mixed regionally
- Operating income up due to simplified business structure, improvement activities and reduced restructuring expenses

Revenue development Q1 2015 vs. Q1 2014



Updated to segment reporting for Performance Coatings

Old reporting



New reporting – aligned with Strategic Market Units



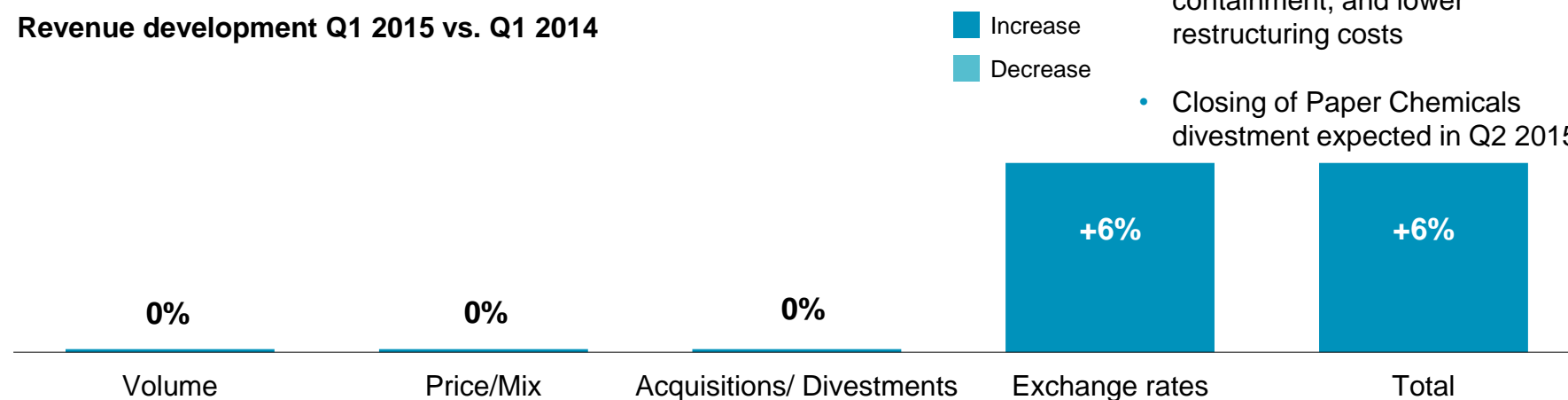
Specialty Chemicals

Q1 2015 highlights

€ million	Q1 2014	Q1 2015	Δ%
Revenue	1,222	1,296	6
Operating income	135	163	21

Ratio, %	Q1 2014	Q1 2015
Return on sales	11.0	12.6
Return on sales (excl. restr. costs)	11.6	12.6

Revenue development Q1 2015 vs. Q1 2014



- Revenue up, mainly due to favorable currency effects ; volumes and price/mix were flat
- Developments in bleaching and chelates segments positive while volumes in oil drilling were lower. US continued to show good developments; China and regions such as Russia and Middle East were challenging
- Operating income up due to improvement actions, cost containment, and lower restructuring costs
- Closing of Paper Chemicals divestment expected in Q2 2015

Income – adjusted earnings per share up 25% to €0.76

<i>€ million</i>	Q1 2014	Q1 2015	$\Delta\%$
EBITDA	364	462	+27%
Amortization and depreciation	(148)	(156)	
Operating income before incidentals	216	306	+42%
Incidentals	-	-	
Operating income	216	306	+42%
Net financing expenses	(37)	(41)	
Minorities and associates	(10)	(20)	
Income tax	(43)	(82)	
Discontinued operations	3	(3)	
Net income attributable to shareholders	129	160	+24%
<i>Ratio</i>	Q1 2014	Q1 2015	
Earnings per share from total operations (in €)	0.53	0.65	+23%
Adjusted earnings per share (in €)	0.61	0.76	+25%

Cash flows – impacted by currencies, seasonal working capital and pension top-ups

<i>€ million</i>	Q1 2014	Q1 2015	Δ%
Profit for the period from continuing operations	142	181	
Amortization and depreciation	148	156	
Change working capital	(471)	(576)	
Change provisions	(294)	(410)	
Other changes	(77)	27	
Net cash from operating activities	(552)	(622)	-19%
Capital expenditures	(115)	(123)	
Acquisitions and divestments net of cash acquired	-	(2)	
Changes from borrowings	(492)	(14)	
Dividends	(2)	(21)	
Other changes	(3)	(6)	
Cash flows before discontinued operations	(1,134)	(788)	
Cash flows from discontinued operations	(3)	(1)	
Net change in cash and cash equivalents of total operations	(1,137)	(789)	+31%

IAS19 pension deficit remains at €0.8 billion, including ICI PF buy-in during Q1 2015

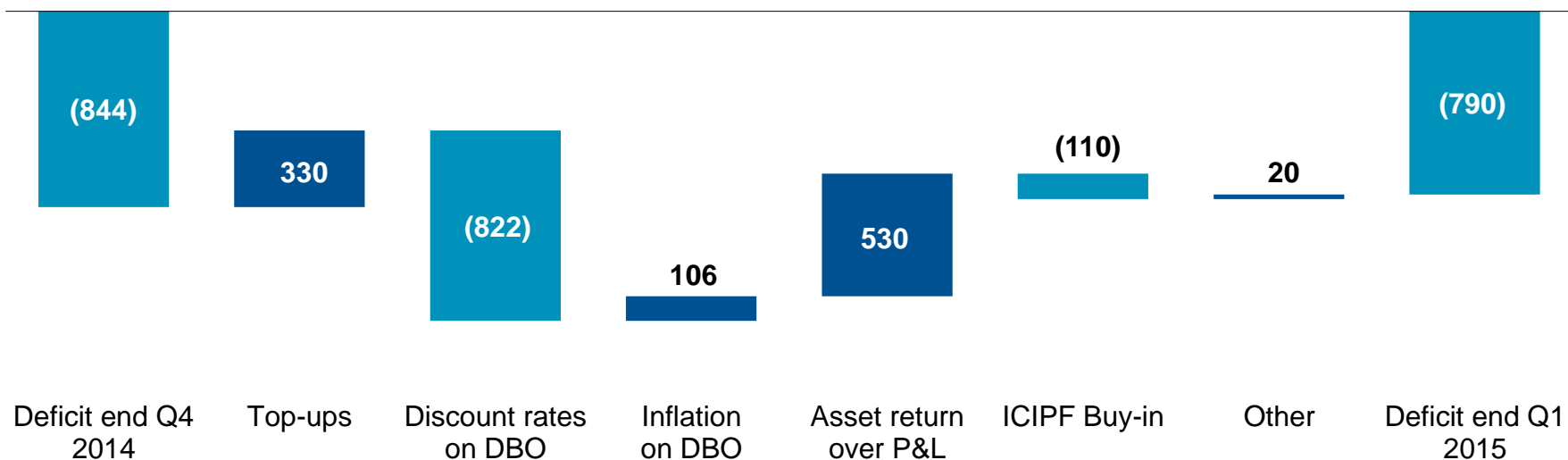
<i>Key pension assumptions metrics</i>	Q1 2015	Q4 2014
Discount rate	3.1%	3.4%
Inflation rate	2.8%	2.9%

Pension deficit development during Q1 2015

€ million

■ Decrease

■ Increase



Conclusion

Conclusion

- Improved performance reflects benefits from improvement programs, reduced restructuring expenses, lower costs and favorable currency effects
- Higher return on sales and return on investment, despite challenging market conditions in many regions
- Exchange rate movements and lower growth rates in high growth economies, will principally determine dynamics of 2015
- Preparations made in 2013 and 2014 form a sound basis for improved performance
- We are on track to deliver the 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

Q1 2015 Operating income – Cash bridge

<i>€ million</i>	Q1 2014	Q1 2015
Operating Income	216	306
Incidentals	-	-
Depreciation & amortization	148	156
EBITDA before incidentals	364	462
Other	10	(6)
Change working capital	(471)	(576)
Change provisions	(294)	(410)
Interest paid	(116)	(48)
Income tax paid	(45)	(44)
Net cash from operating activities	(552)	(622)

Restructuring charges by quarter

€ million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015
Decorative Paints	22	23	1	34	80	5
Performance Coatings	15	17	41	75	148	6
Specialty Chemicals	7	2	6	2	17	0
Other	0	3	7	-2	8	0
Total	44	45	55	109	253	11

Revenue for Performance Coatings – Updated following change in business structure

€ million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Marine & Protective Coatings	323	362	360	369	1,414
Automotive & Specialty Coatings	343	365	357	375	1,440
Industrial & Powder Coatings	660	715	714	680	2,769
Other/intragroup eliminations	-7	-8	-12	-7	-34
Total	1,319	1,434	1,419	1,417	5,589

Revenue for Specialty Chemicals – Financial reporting aligned with chemical platforms

€ million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Functional Chemicals	440	447	446	423	1,756
Industrial Chemicals	322	305	308	295	1,230
Surface Chemistry	250	256	257	247	1,010
Pulp and Performance Chemicals	243	250	258	258	1,009
Other/ intragroup eliminations	-33	-30	-30	-29	-122
Total	1,222	1,228	1,239	1,194	4,883

Human Cities in action

A new report developed by the Economist Intelligence Unit and AkzoNobel is now available which explores **how cities create optimal environments for citizens.**

Called **Tomorrow's cities**, we worked together to collect opinions from leading city experts and executives, who share their views on a number of important themes and topics.

To download the report visit:
www.akzonobel.com/humancities

The
Economist

Intelligence
Unit



Business highlights Q1 2015

Decorative Paints

Up to **10%**
annual energy
savings



Doing more with less

We supplied a low carbon construction project in eastern China with solar-reflecting paint to coat more than 260,000 square meters of exterior walls.

Performance Coatings

**Major
automotive
agreement
signed**



Driving innovation

We extended our official supplier partnership with McLaren Racing and will continue learning from Formula 1 to drive innovations in other industries.

Specialty Chemicals

Ningbo
investment passes
€400million



Organic growth

We broke ground on a new alkoxylation facility at our Ningbo multi-site, strengthening our position as one of the leading surfactant producers in China.

Innovation Pipeline Q1 2015

Decorative Paints – Visualizer App

Key Features

- A world first consumer application of augmented reality technology for visualizing decorated backgrounds
- Developed in collaboration with String, Tessella and Webcredible
- Winner of 2014 UK Innovative Mobile App of the Year Award

Customer Benefits

- Enables users to see in real-time what a room would look like in a wide range of colors – without the use of paint
- Easy to use and visualizations can be saved
- Compatible with iOS and Android devices

Growth Potential

- Downloaded ~1.3 million times in 125+ countries since its launch Q2 2014
- Marketed through the company's leading decorative paints brands: Dulux, Coral, Flexa, Sikkens



Preview your room transformed before painting

Innovation Pipeline Q1 2015

Ethylene and Sulfur Derivatives – Process Improvement

Key Features

- Significant efficiency improvements of our ethylene amine production processes
- Incremental technological changes driven by best practices such as Lean Six Sigma for the identification, evaluation and ranking of improvement opportunities

Customer Benefits

- Reduced steam consumption and glycol byproduct formation resulting in a more effective use of energy and raw materials
- Improved environmental profile of our products and manufacturing processes
- Incremental changes with limited capital requirement delivering substantial savings

Growth Potential

- Delivering structural annual savings and a substantial Carbon Footprint reduction
- Improvements were applied to our two plants in Stenungsund and Ningbo

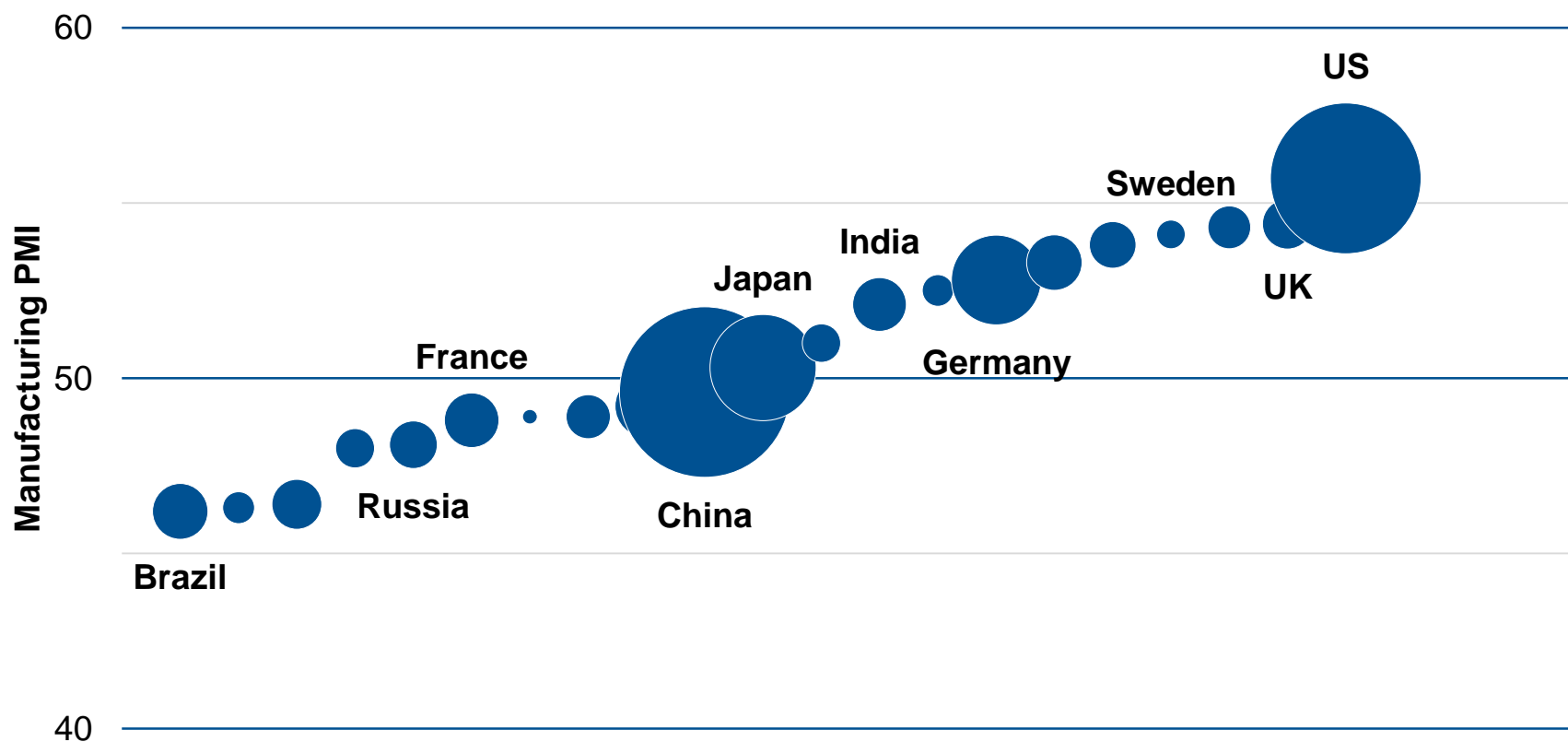


Improved ethylene amines manufacturing processes in Ningbo and Stenungsund

Overall market conditions remain challenging in many countries

Purchase Managers' Index (PMI)*

March 2015



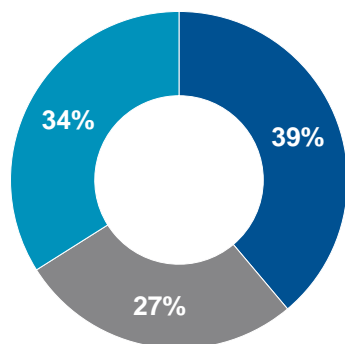
Reference

AkzoNobel today

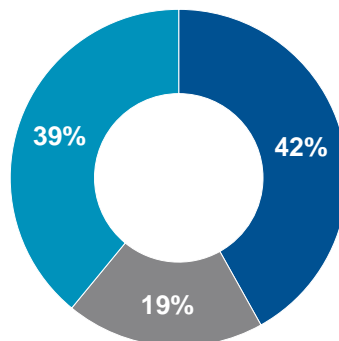
- Revenue €14.3 billion
- 47,210 employees
- 44% of revenue from high growth markets
- Major producer of Paints, Coatings and Specialty Chemicals
- Leadership positions in many markets



Revenue by Business Area

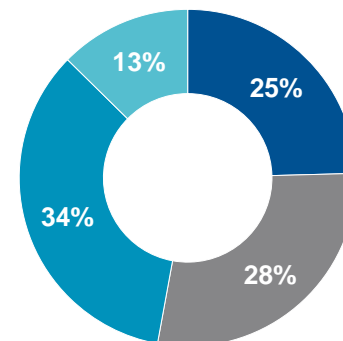


Operating income by Business Area



6.9%
Return on sales
(operating income/revenue)

Invested capital by Business Area

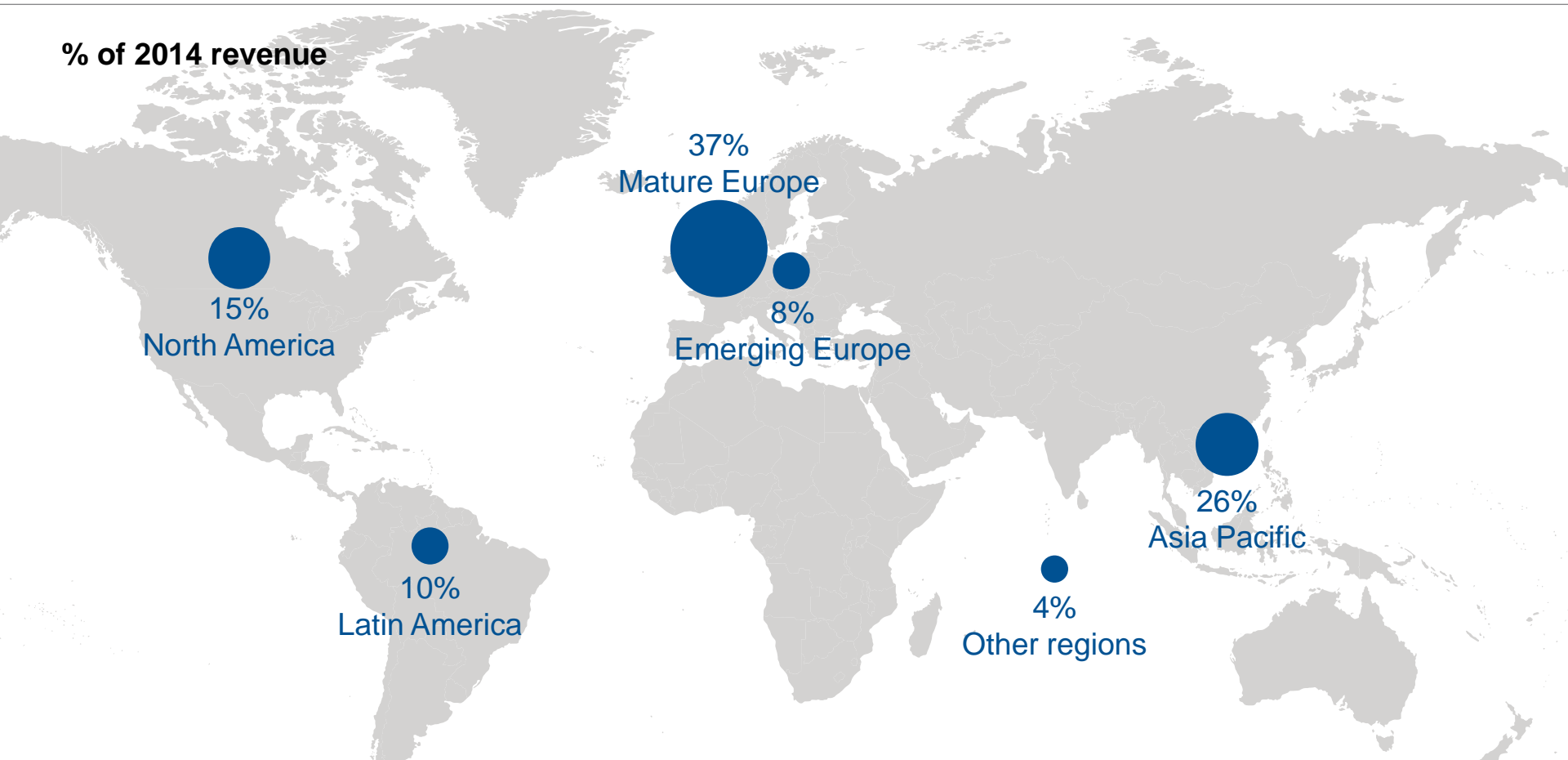


10.0%
Return on investment
(Operating income/average
12 months invested capital)



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

% of 2014 revenue



Share of revenues from high growth markets will increase over time

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



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

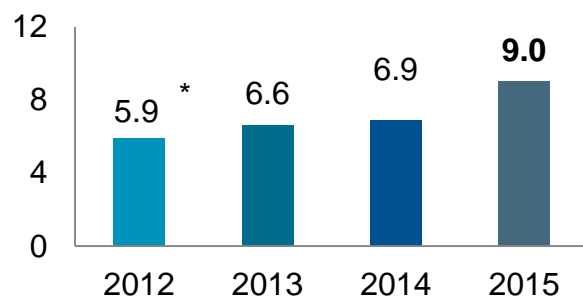
~25% of revenues

Natural Resource and Energy Industries
Process Industries

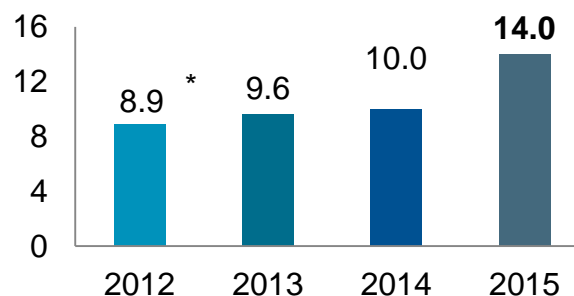
Industrial

2015 financial targets focused on quality of earnings and value creation

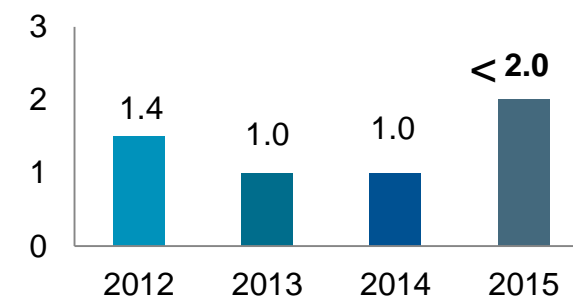
Return on sales
(Operating income/revenue)
%



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



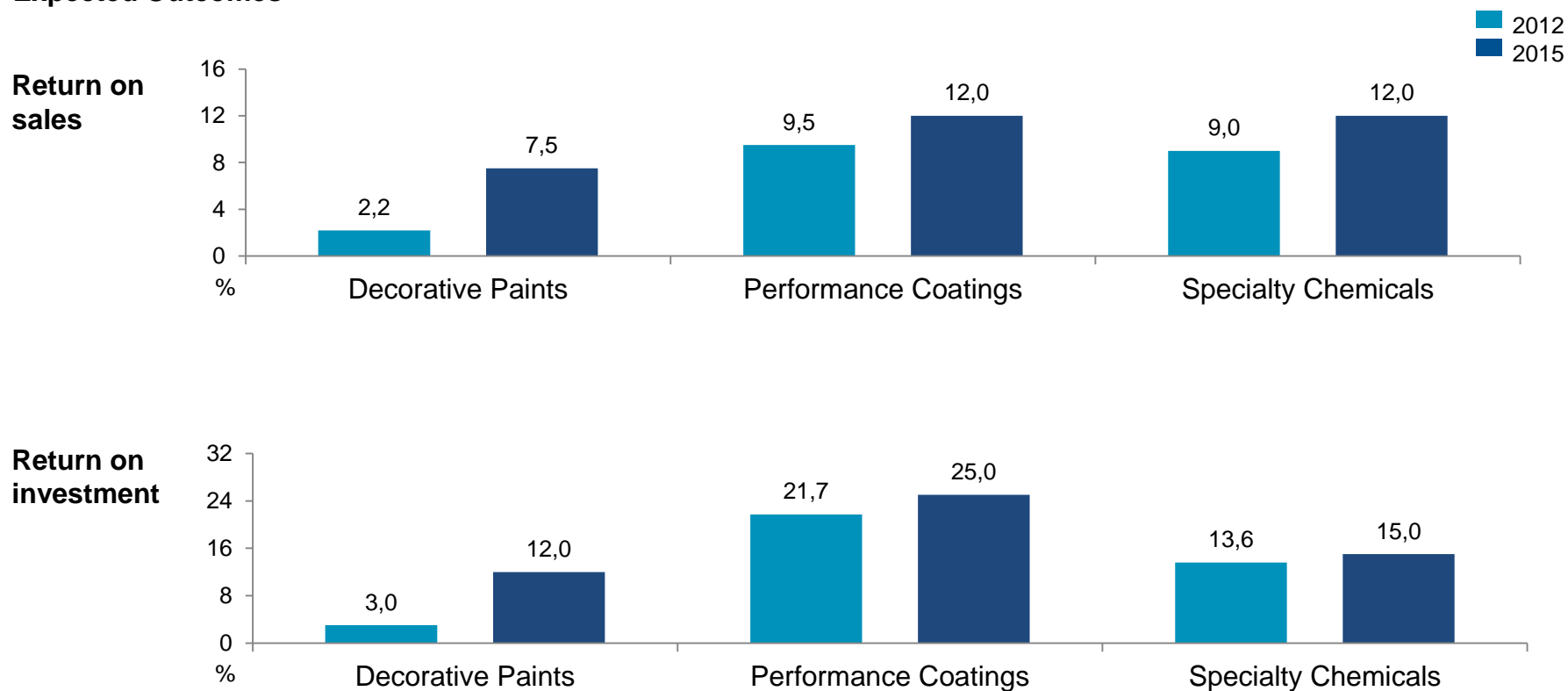
Net debt/EBITDA
x



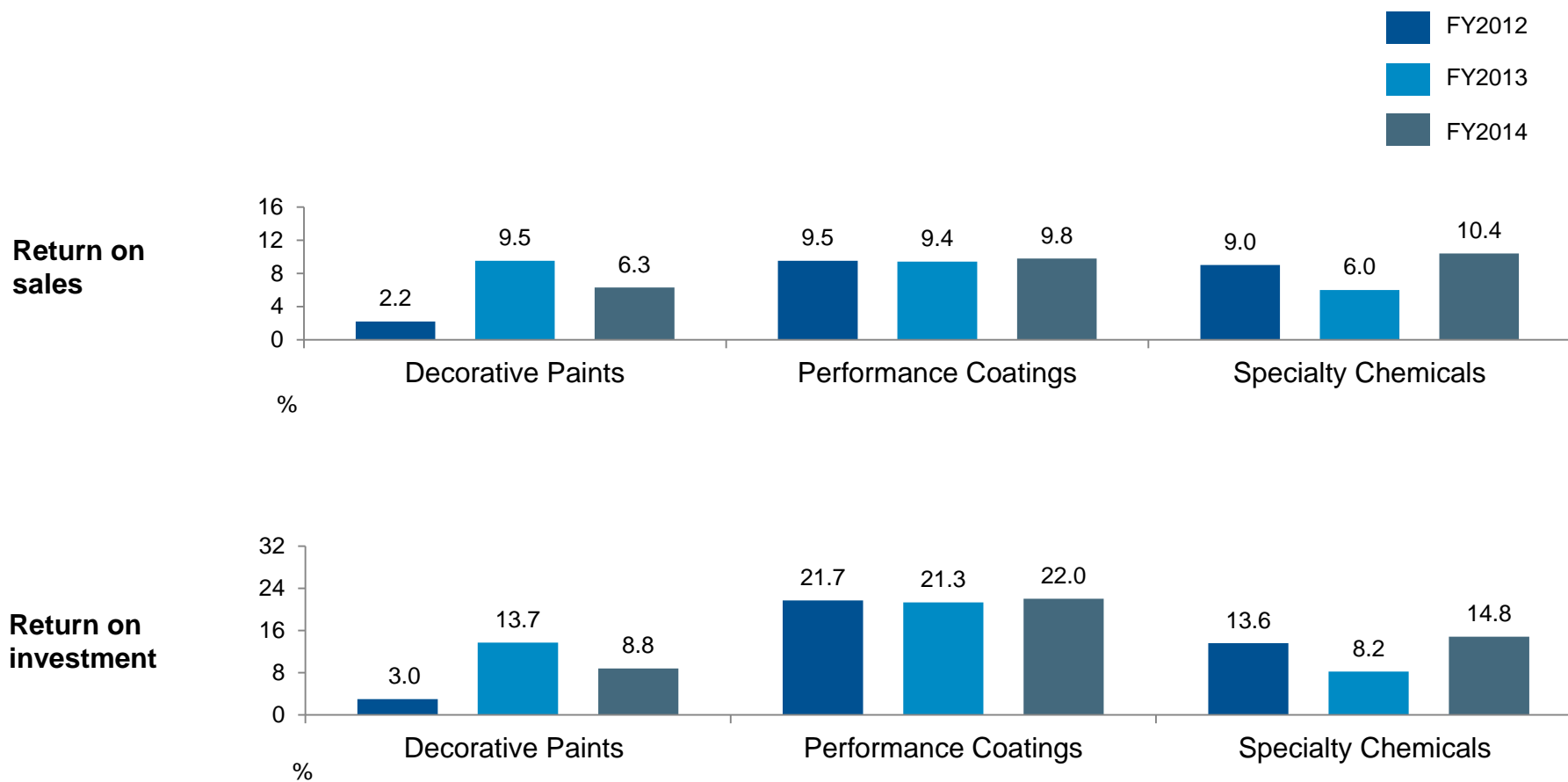
On track to achieve 2015 targets

Realistic expected 2015 outcomes

Expected Outcomes

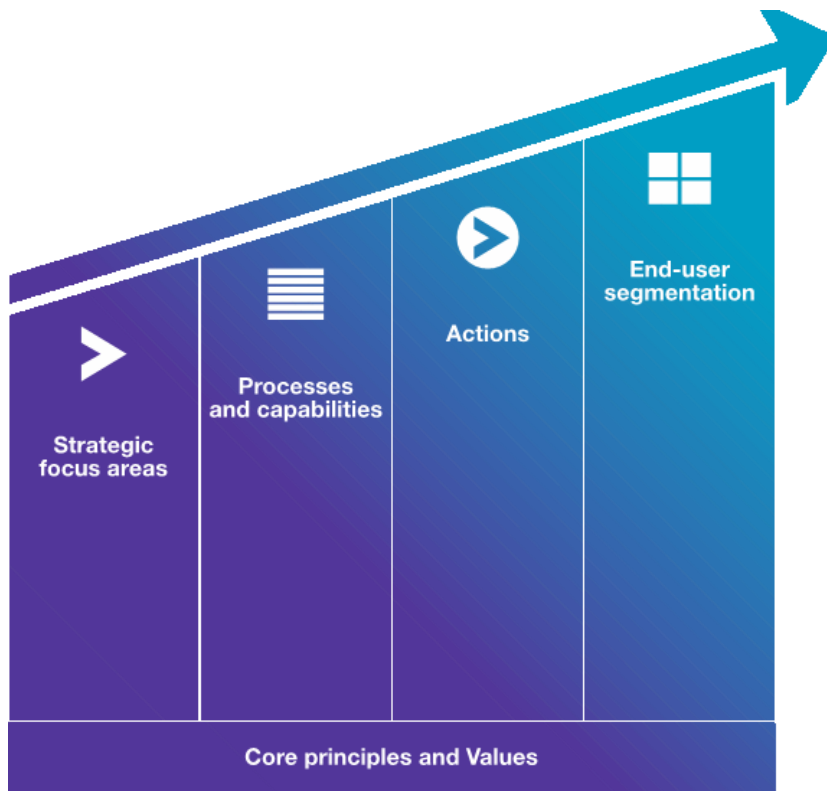


Progress made to date



* Adjusted for 2012 impairment charge (€2.1 billion)

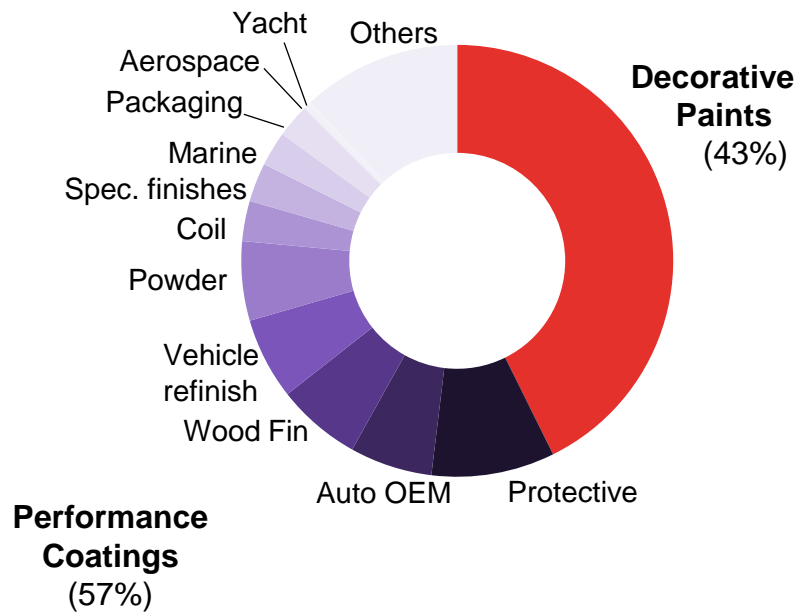
AkzoNobel strategy introduced in 2013



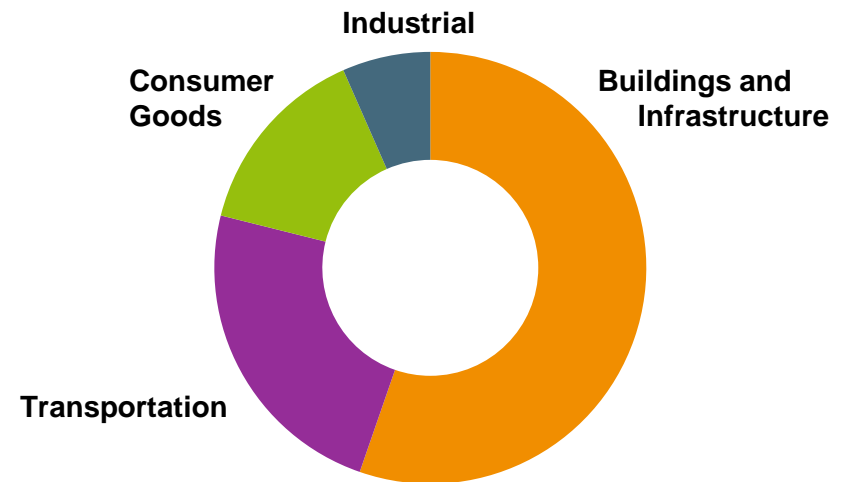
- Organic growth
- Operational excellence

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



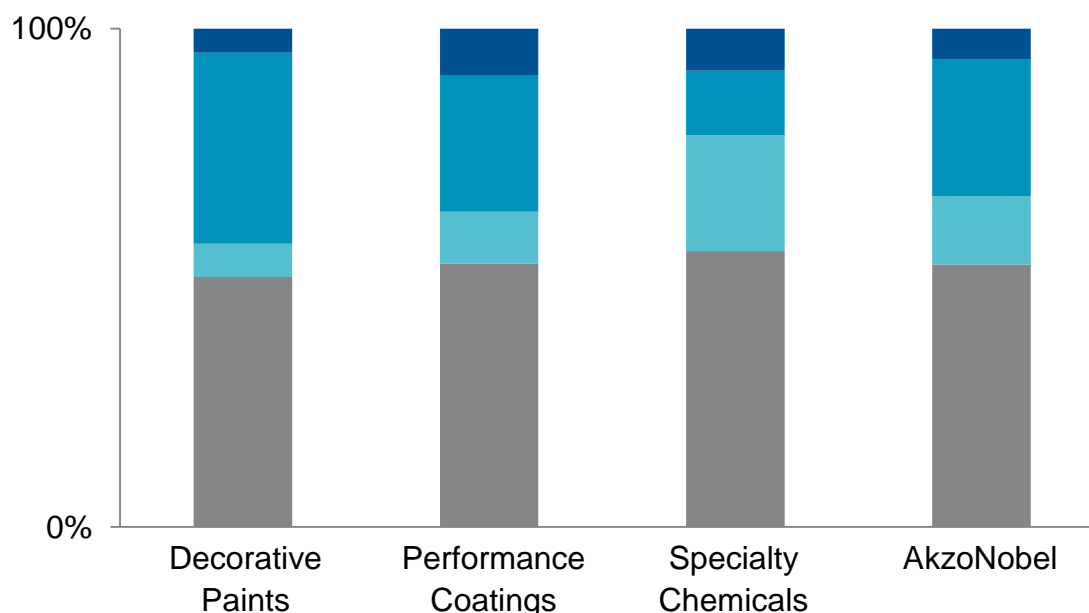
AkzoNobel has many leading market positions

		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

In aggregate variable costs represent 53% of revenue

Profit and loss breakdown*

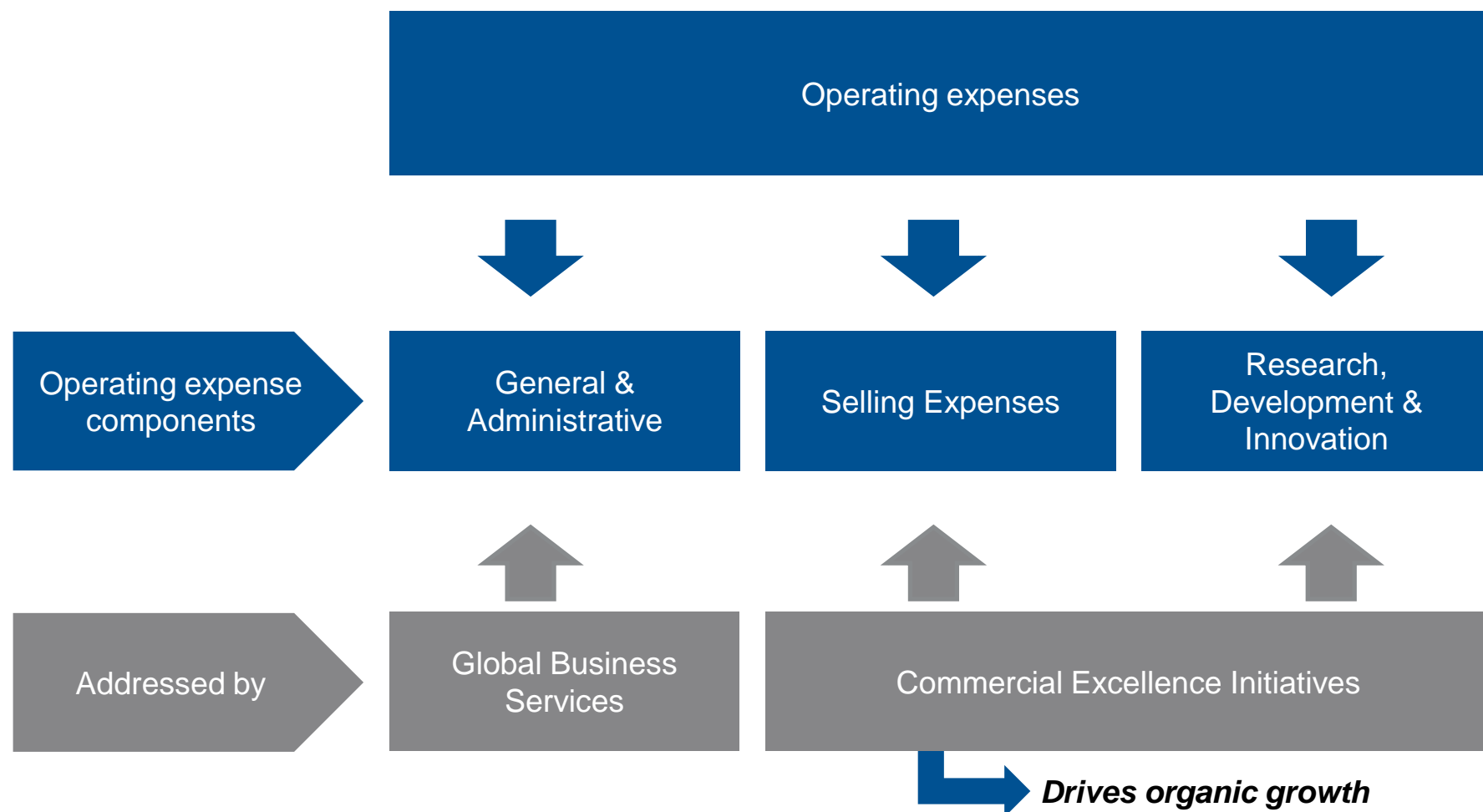
% of total



- EBIT margin
- Selling, advertising, administration, R&D costs
- Fixed production costs
- Raw materials, energy and other variable costs

- 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

We are actively addressing all components of operating expenses



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	<ul style="list-style-type: none"> • Delivering quality products and innovations to our customers at a lower cost to serve <ul style="list-style-type: none"> – Improve customer satisfaction – Drive organic growth – Improve margin management – Sales and marketing productivity
Global Business Services	<ul style="list-style-type: none"> • 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)



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

Human Cities

- By 2050, more than 75 percent of the world's population will live in cities. 60 percent of our products are in the Buildings & Infrastructure and Transportation
- In 2014, we launched our Human Cities initiative, which is designed to engage with the challenges and opportunities of the 21st century city via color, heritage, transport, education, sport & leisure, and sustainability
- We made a commitment to the Clinton Global Initiative by establishing a partnership with The Rockefeller Foundation through its 100 Resilient Cities program



PIONEERED BY THE
ROCKEFELLER FOUNDATION

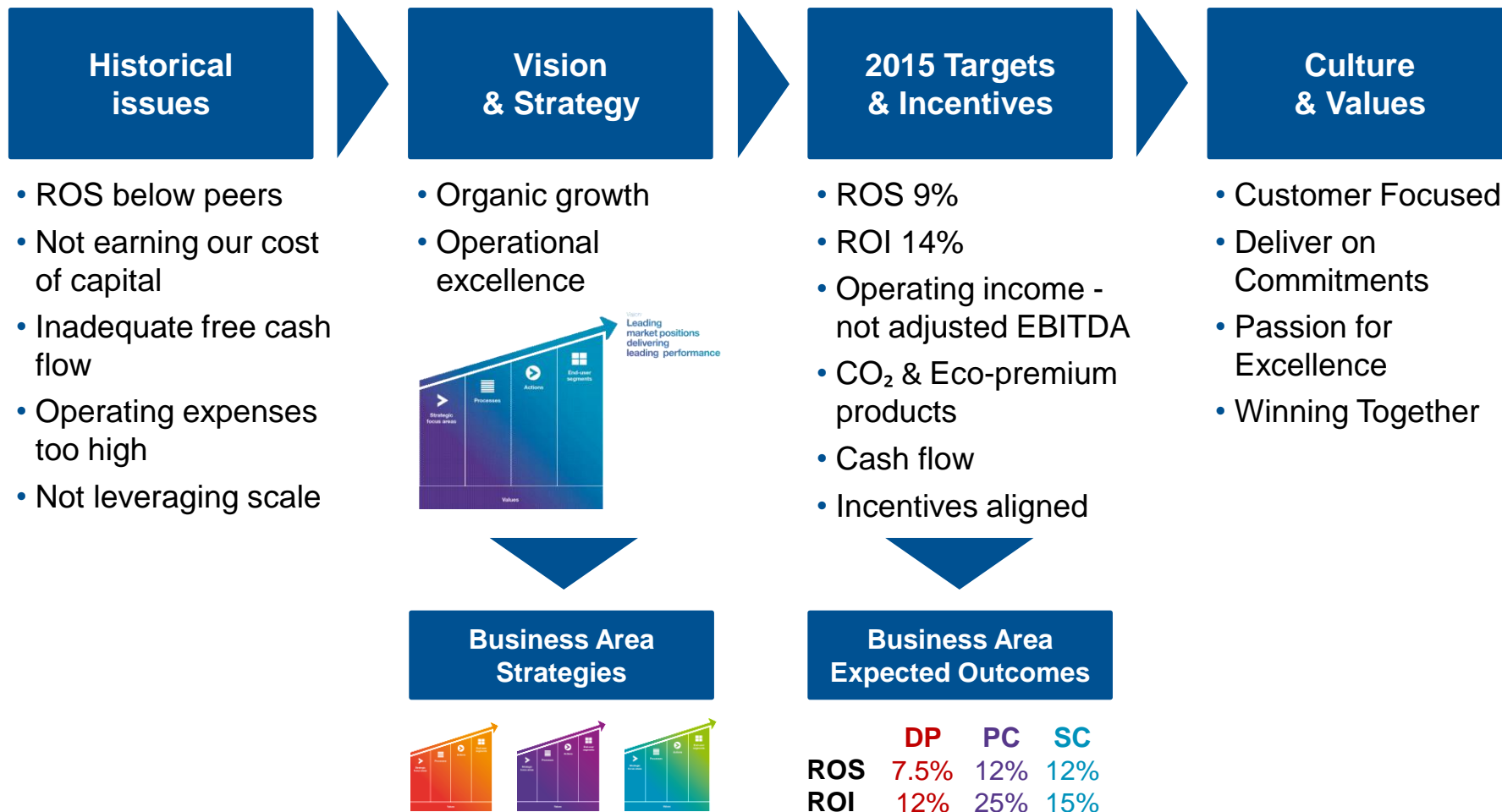
100 RESILIENT CITIES



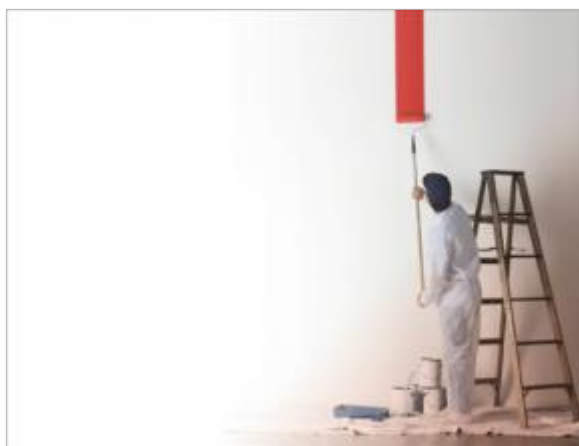
AkzoNobel values drive cultural change



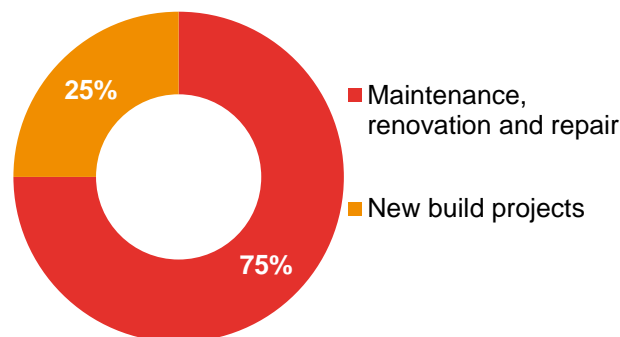
Leading performance; gaining momentum



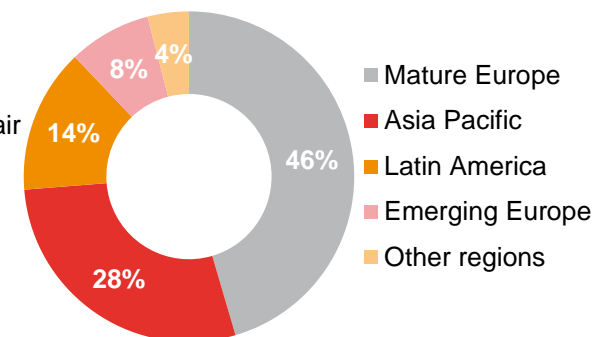
Decorative Paints business at a glance



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

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



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



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:

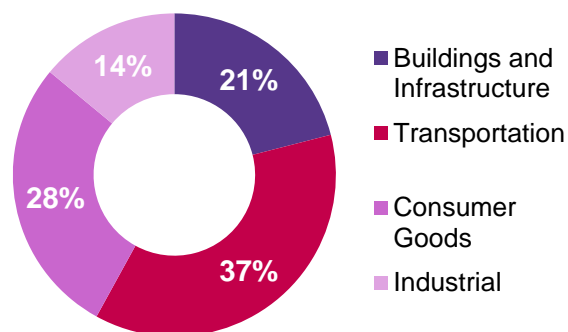
- Develop profitable mid-market business model(s)
- Build and implement a robust distribution strategy framework
- Leverage global marketing and innovation scale to win locally
- Leverage our strong brands
- Create and implement a digital marketing strategy



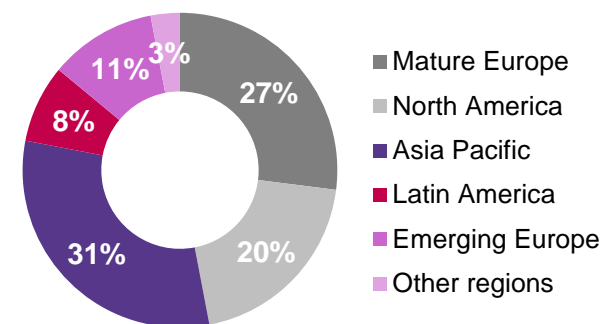
Performance Coatings business at a glance



Revenue by end-user segment



Revenue by geographic spread



Performance Coatings key figures

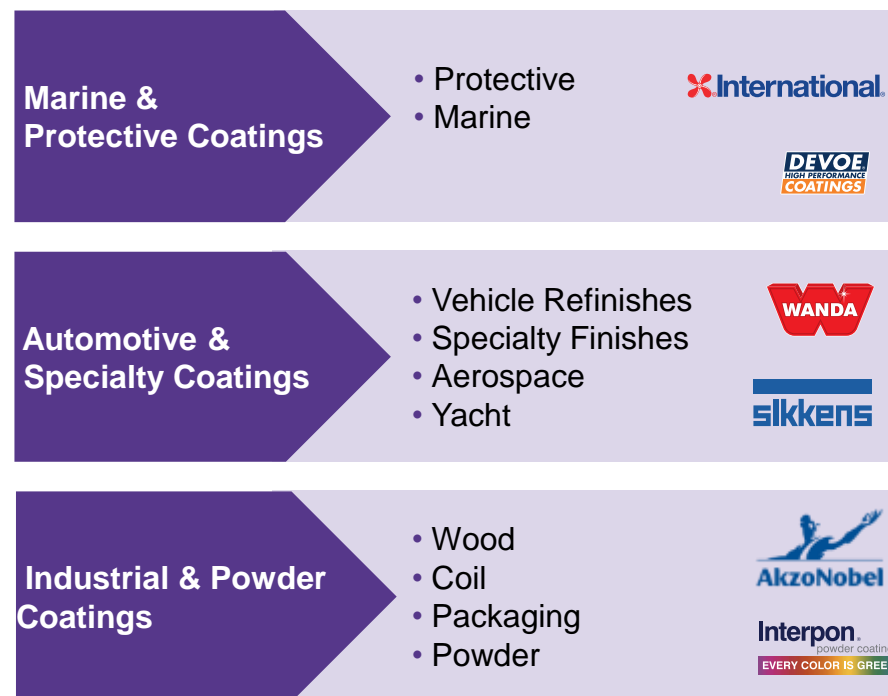
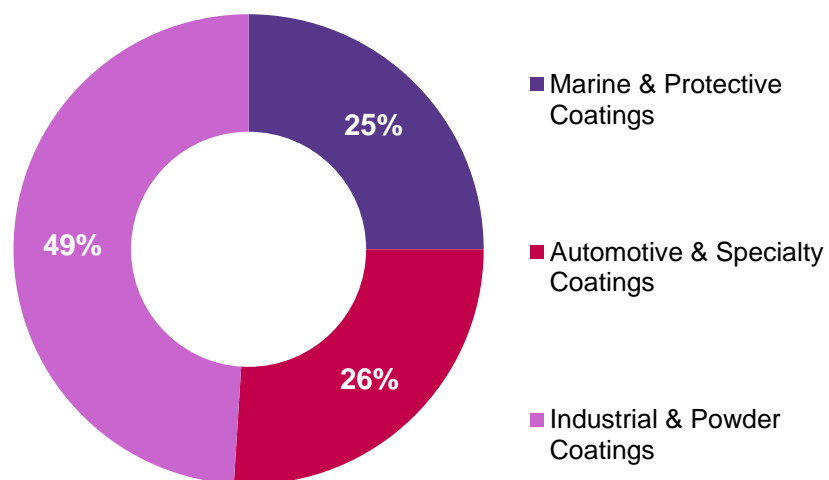
€ million	2014
Revenue	5,589
EBITDA	687
Operating income	545
Return on sales	9.8%
Return on investment	22.0%
Employees	20,500

Key messages

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

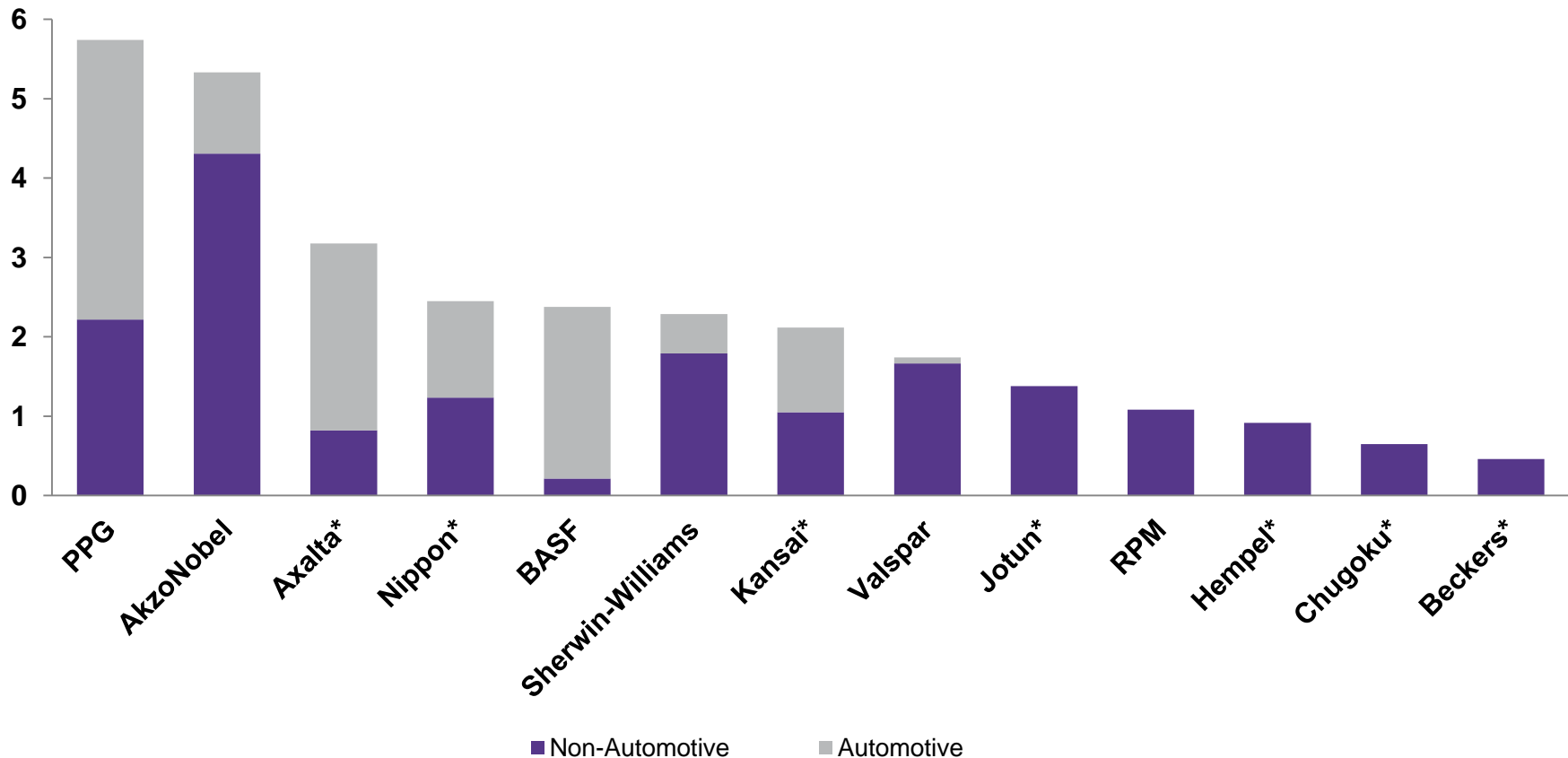
We cover a uniquely broad set of markets with leading global brands

2014 revenue by Reporting Unit



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

Performance Coatings revenue
 € billion, 2013 unless noted

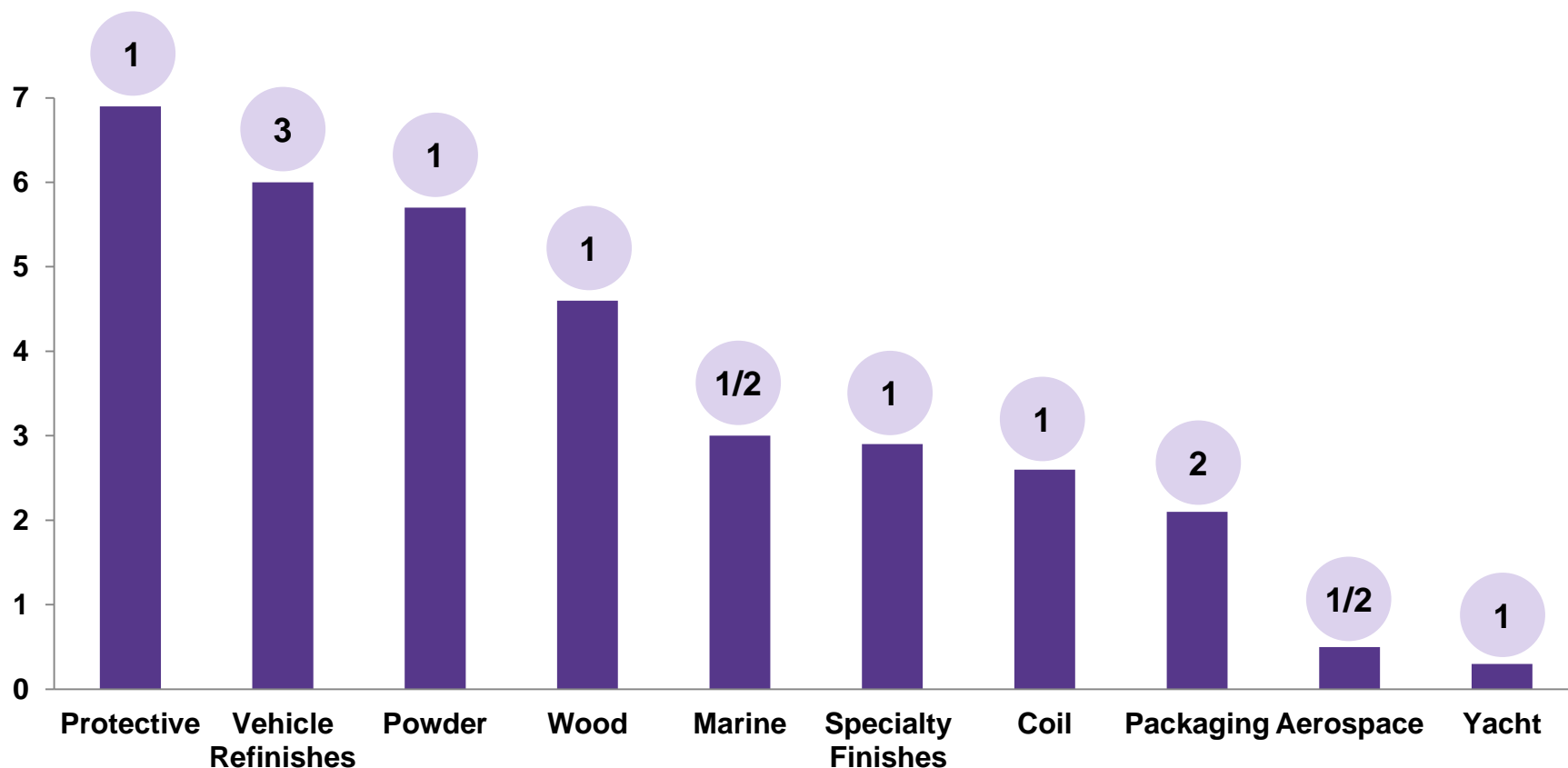


* 2012 data
 Source: Annual Reports; AkzoNobel analysis

AkzoNobel has many leading market sector positions in Performance Coatings

Performance Coatings market sectors
€ billion, 2013

x AkzoNobel market share position (by value) 2013



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



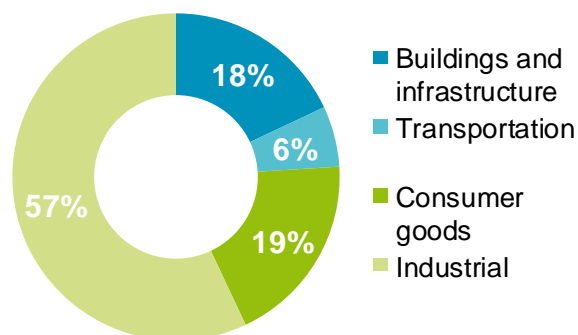
Expected outcomes

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

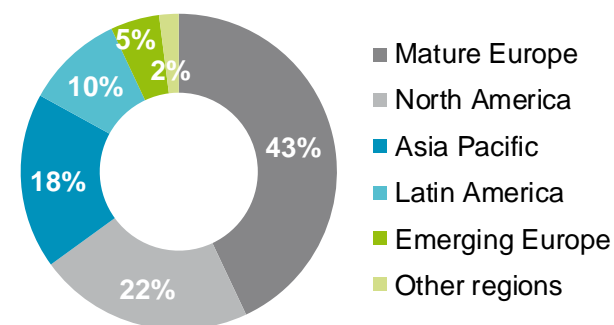
Business at a glance



Revenue by end user segment



Revenue by geographic spread



Specialty Chemicals key figures

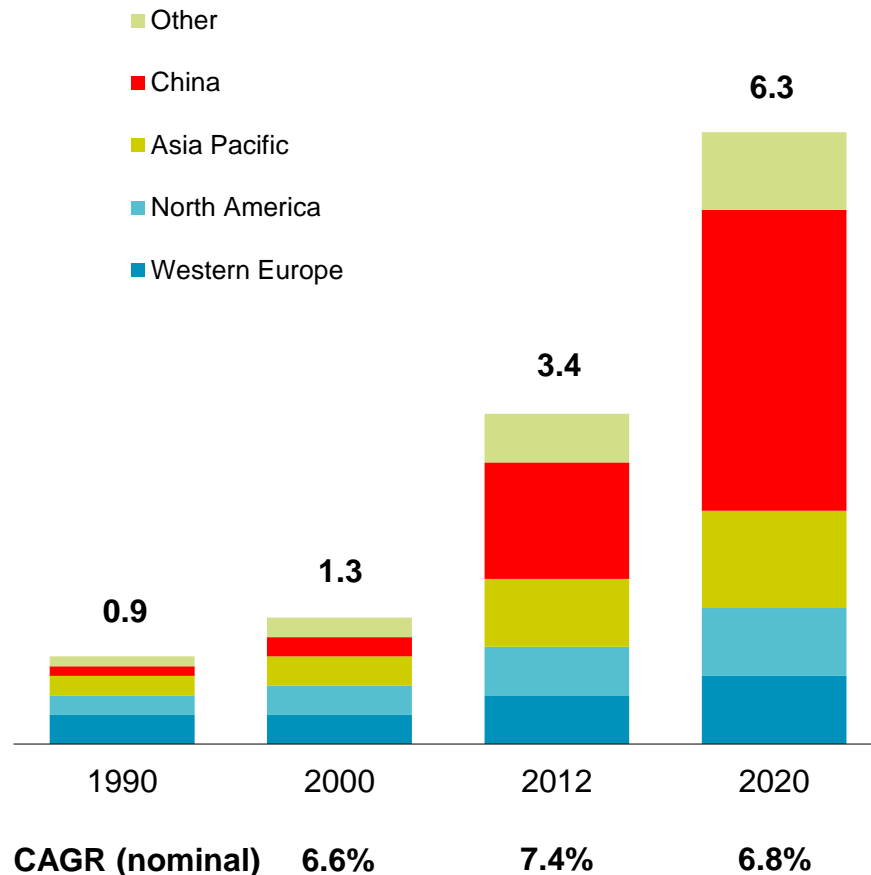
€ million	2014
Revenue	4,883
EBITDA	815
Operating income	508
Return on sales	10.4%
Return on investment	14.8%
Employees	9,800

Key messages

- Serving attractive markets, growing over the cycle
- Leading positions in five main platforms
- 57% of revenues generated outside of mature Europe
- Significant expansion investments now operational
- Driving functional excellence

The chemical industry is large and growing

Chemicals industry over time, by geography
\$ trillion

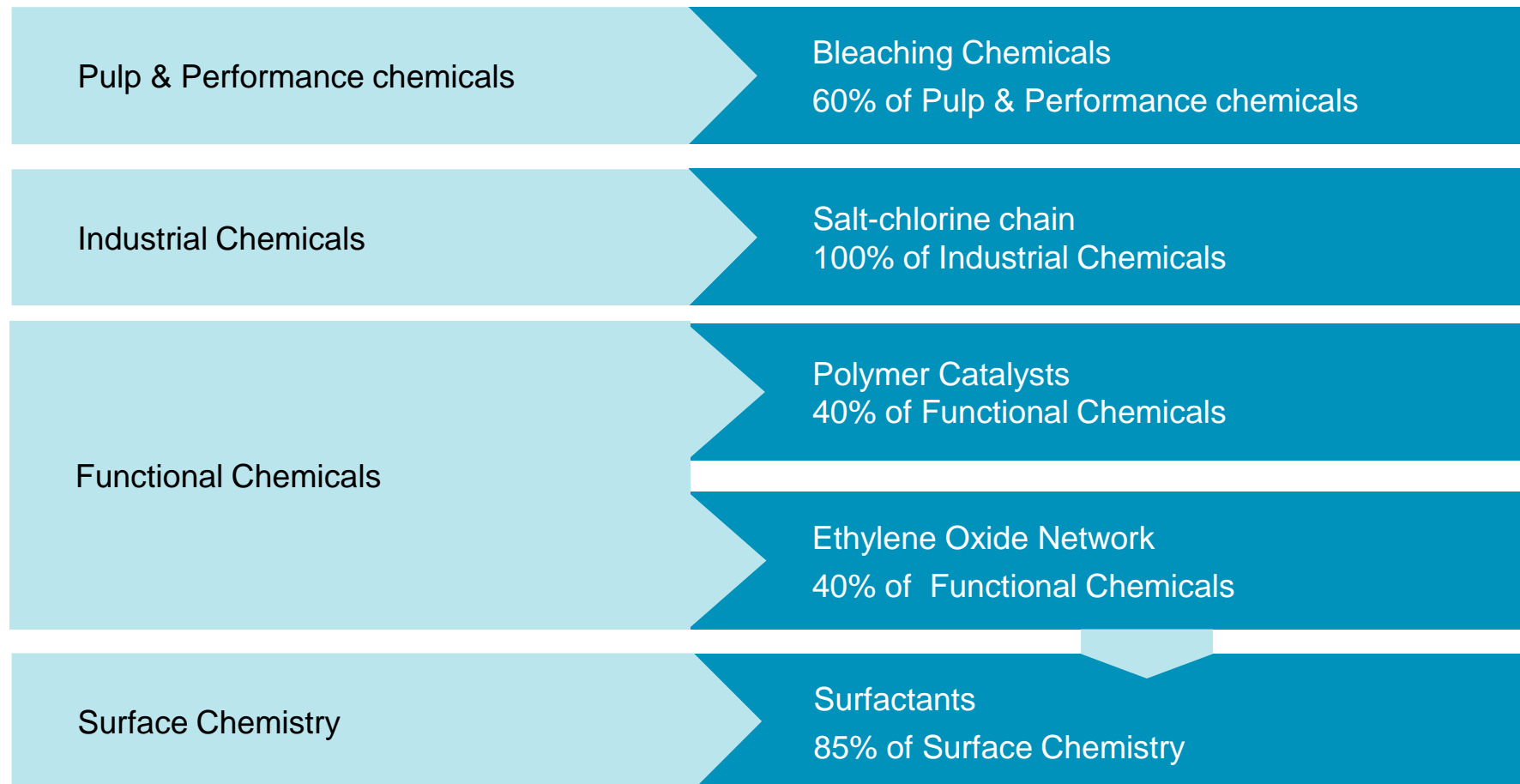


- \$3.5 trillion market
- Solution provider for society
 - manufacturing
 - food production
 - climate change
- Continuous growth
- Strong growth in China

Five well positioned platforms in their industries

Our Business Units

Our Platforms



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



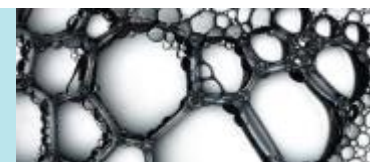
Ethylene oxide network

- Ethylene oxide
- Ethylene amines
- Cellulosics
- Chelates
- Micronutrients



Surfactants

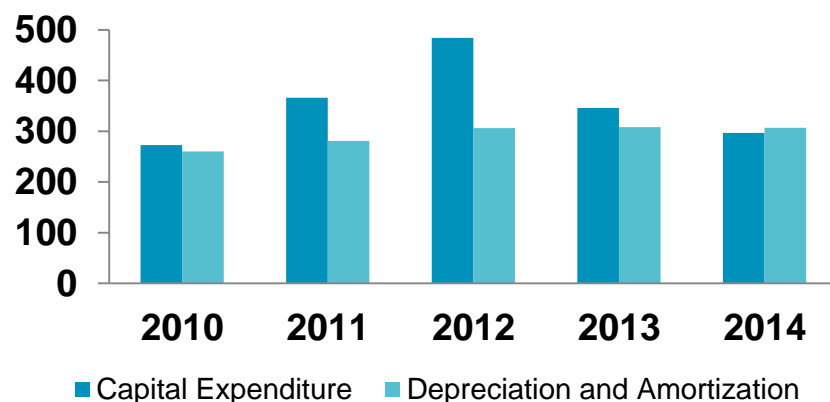
- Ethoxylates
- Natural oil and fat based nitrogen surfactants



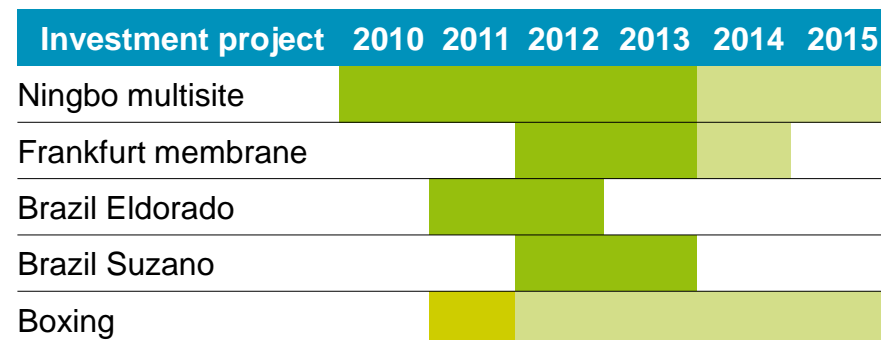
We have invested in the recent past and are well-prepared for future growth

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

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

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

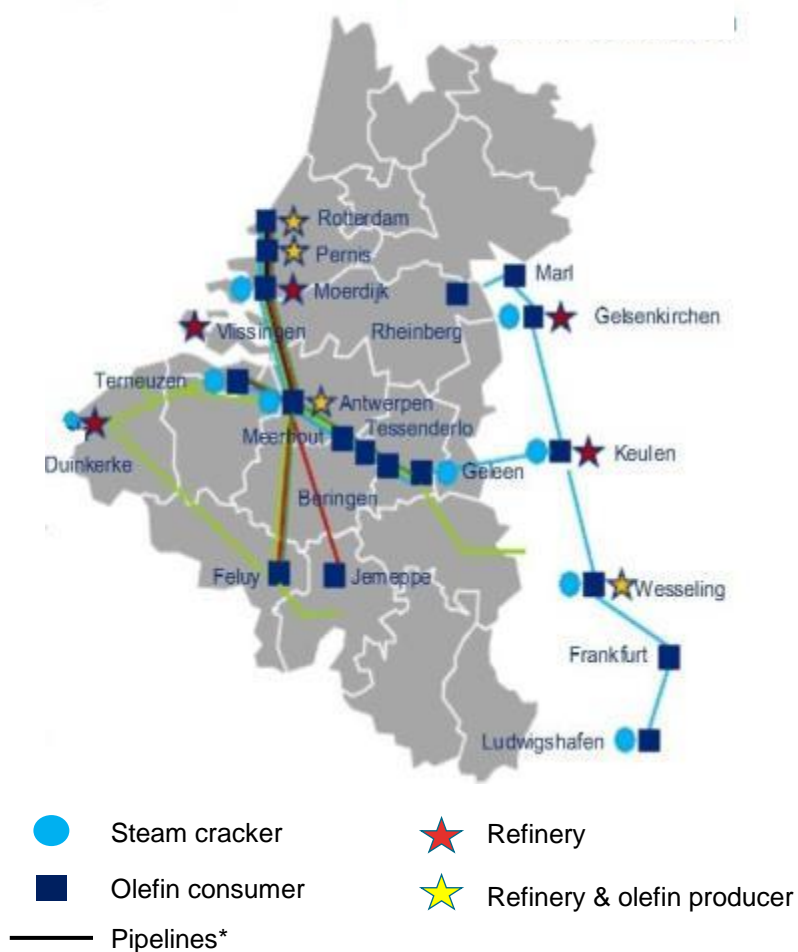
- Salt-chlorine chain
- Polymer catalysts
- Ethylene oxide network



Actions

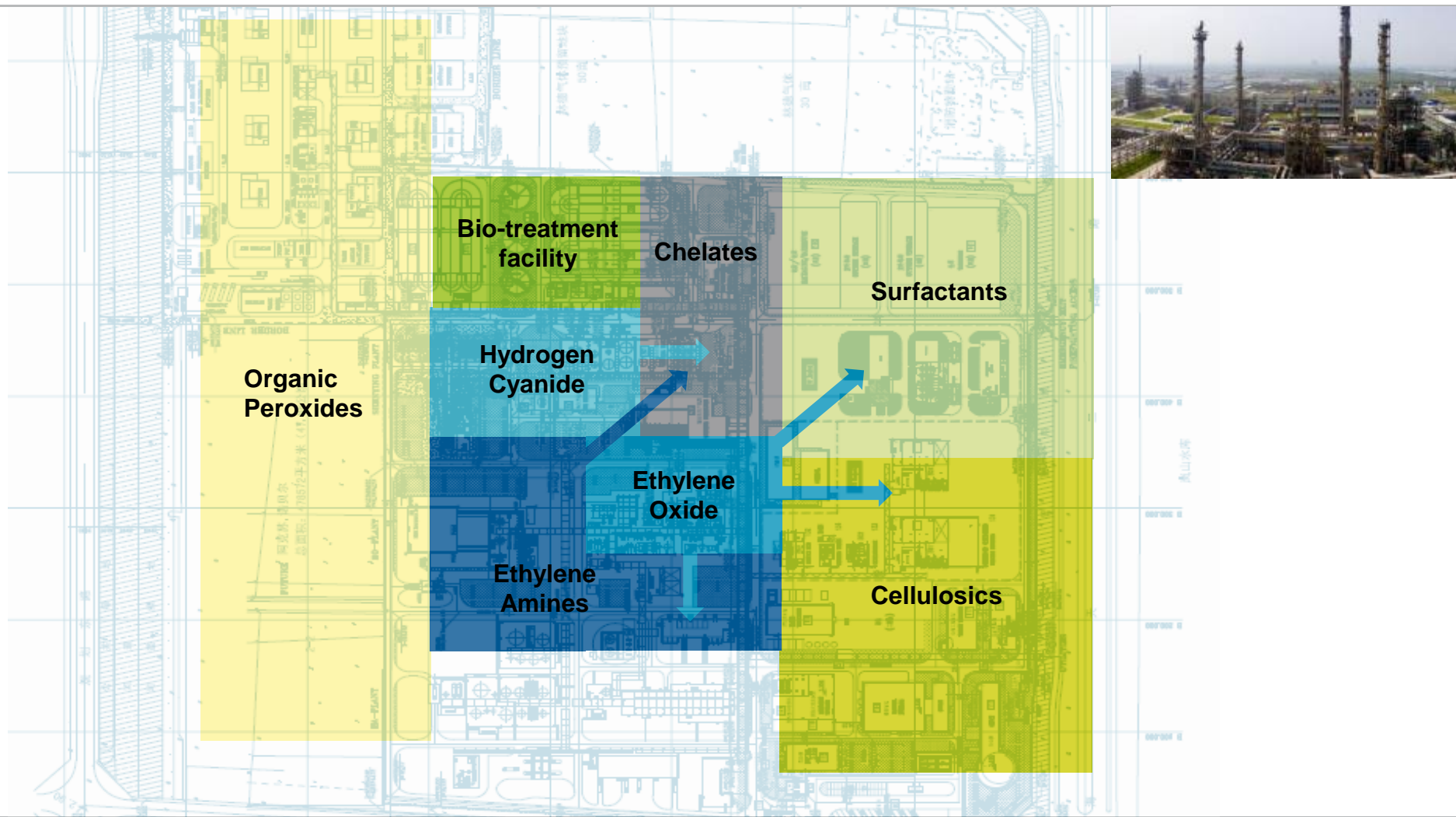
- Reduce costs and further improve productivity in operations
- Improve raw material (cost) position

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



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

Ethylene oxide network: Capitalizing on China investments



Surfactants: Growing with attractive end markets

Oilfield



Lubricants



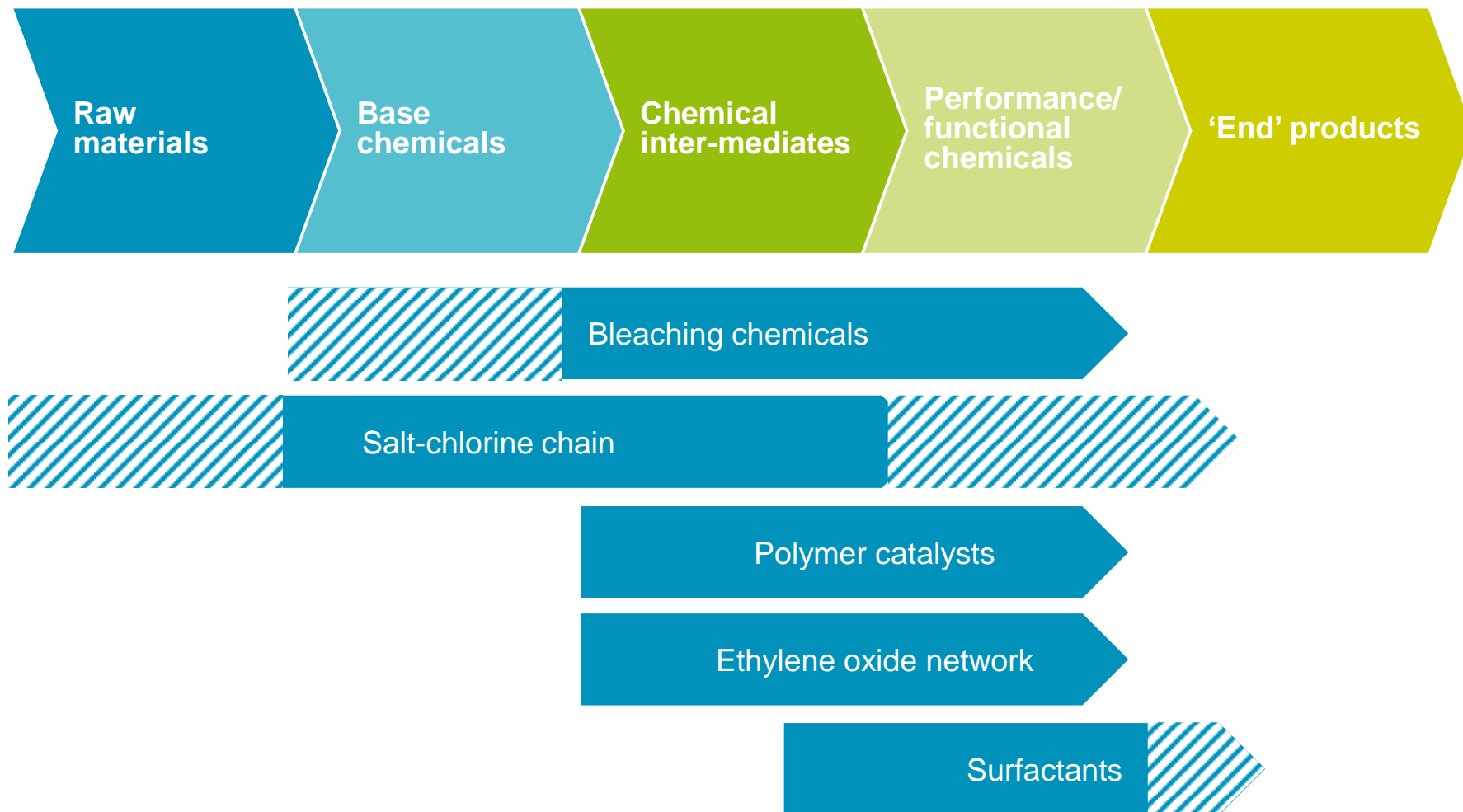
Mining



Agriculture



Our platforms build on value chains

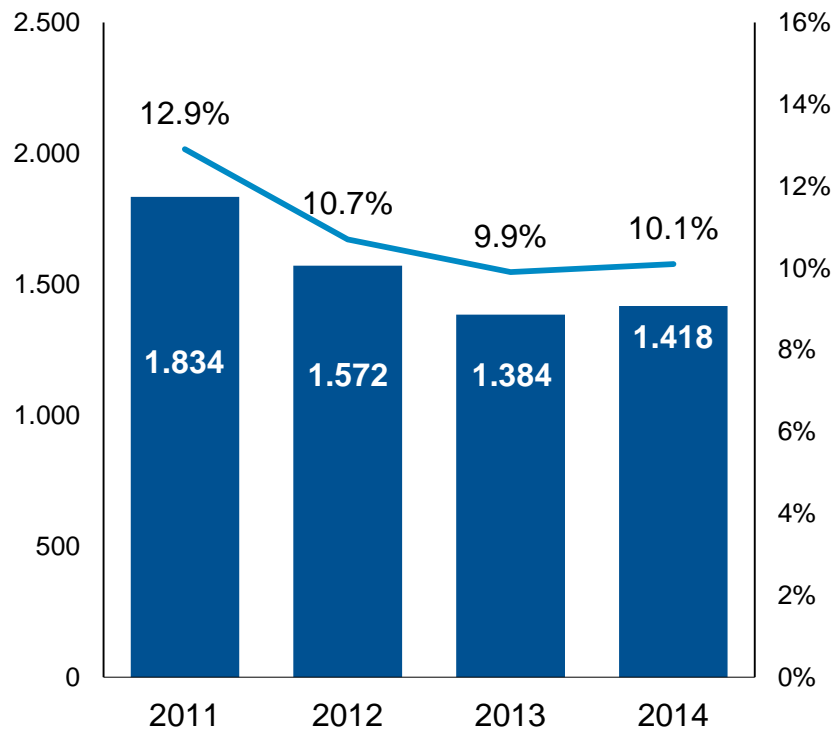


Disciplined cash management

Operating Working Capital

€ million

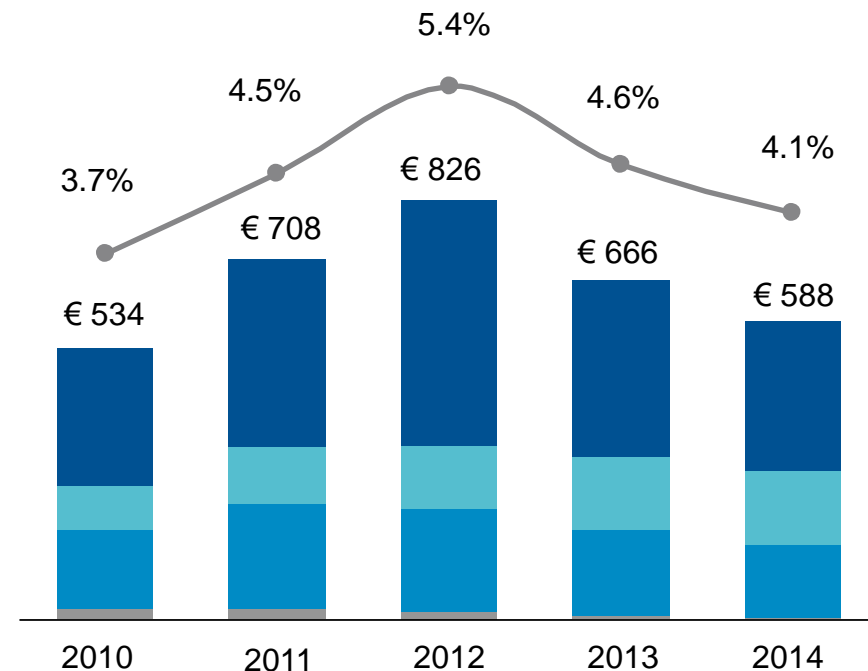
- Operating Working Capital
- OWC as % of LQ revenue * 4



Capital Expenditures

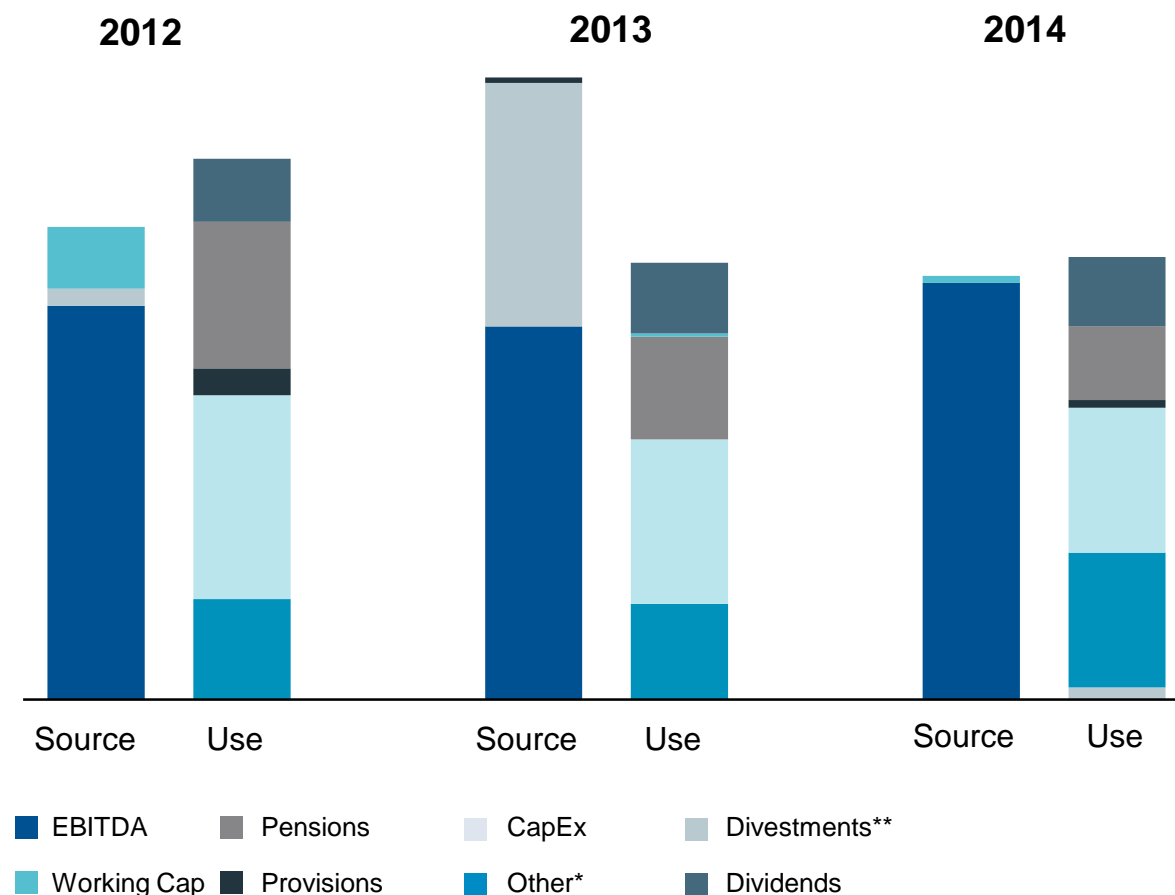
€ million

- Specialty Chemicals
- Performance Coatings
- Decorative Paints
- Other



Operational cash inflow close to covering uses of cash

Cash flow sources and uses

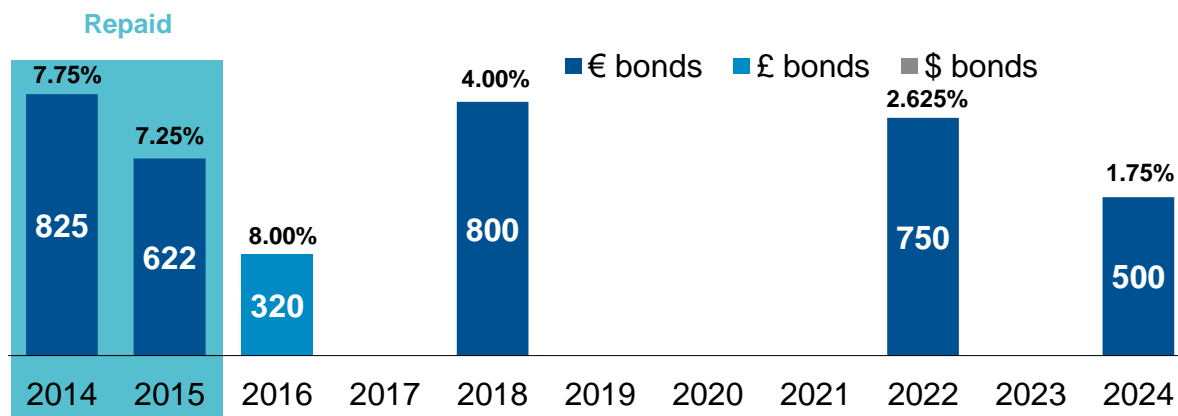


- Restructuring and pension top-ups consume a significant proportion of cash
- Performance improvement focus starts to address cash challenge
- Remuneration metrics include cash generation
- Positive cash in 2013 driven by divestments of Decorative Paints North-America and Building Adhesives
- 2014 cash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

Continuously reducing costs of long term bonds

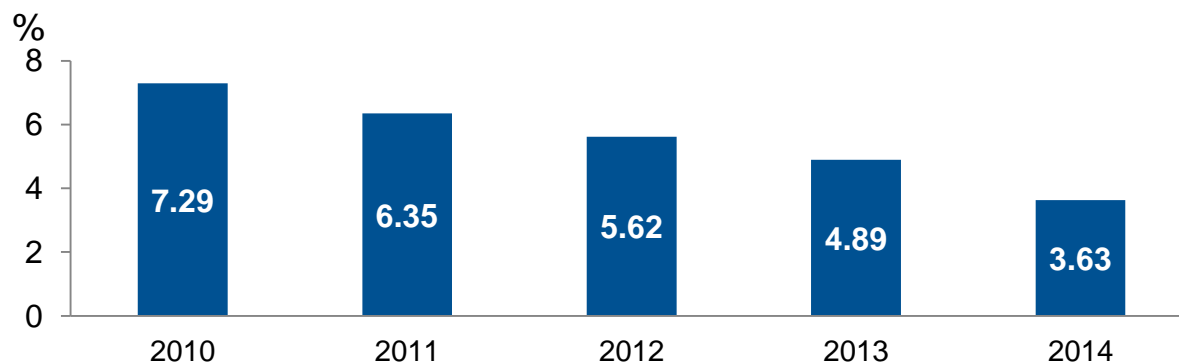
Debt maturities

€ million



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

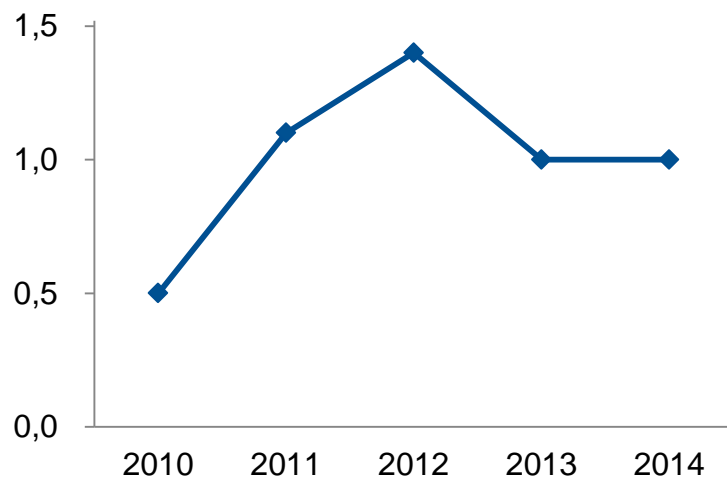
Average cost of long term bonds



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

Net debt/EBITDA

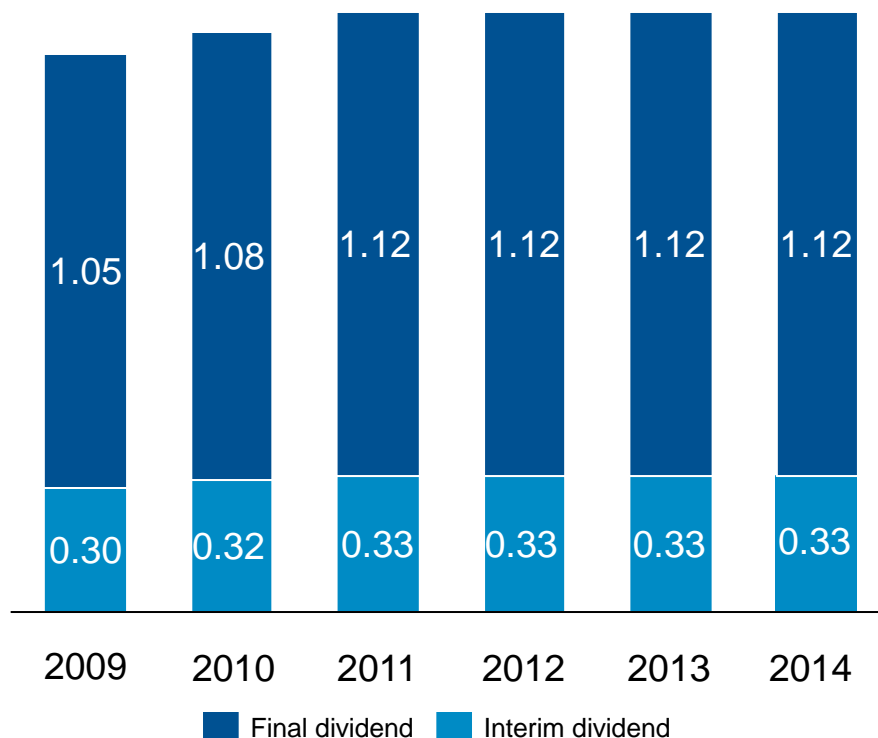
x



- 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+

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

Proactively managing or removing pension liabilities

Retain and Manage Risk	Interest rate / Inflation hedging	<ul style="list-style-type: none"> Active management of interest rate and inflation exposure, with around 70% of overall defined benefit obligation (DBO) risks hedged
	Longevity hedging	<ul style="list-style-type: none"> Courtaulds (CPS) longevity swap with Swiss Re in 2012 (€1.75billion)
	Buy-in	<ul style="list-style-type: none"> UK ICIPF's annuity buy-in's with Legal & General and Prudential in 2014 and 2015, covers GBP 4.4 billion (around €6 billion) pension liabilities
Remove Risk	Divestments	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 additional one-off payments of £125 million (€160 million), as well as costs related to the Q1 2015 buy-in, will be included in the revised recovery plan agreed as part of the triennial review**

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

Both short & long term incentives are aligned with our priorities

Executive short term incentive 2015

STI Element	Metric
20%	Return on investment
20%	Operating income
30%	Operating cash flow
30%	Personal targets

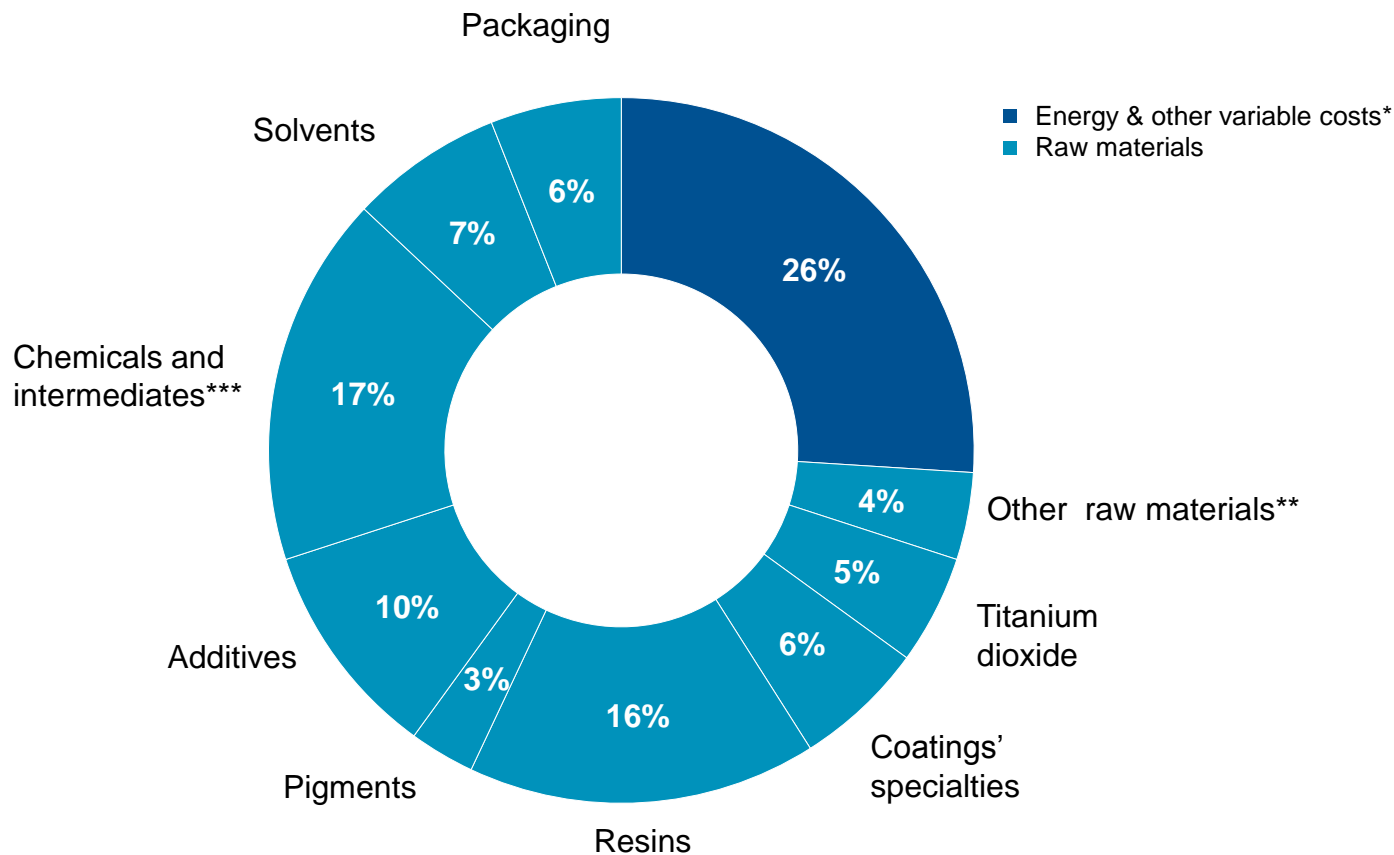
Executive long term incentive 2015

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

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

Variable costs analysis

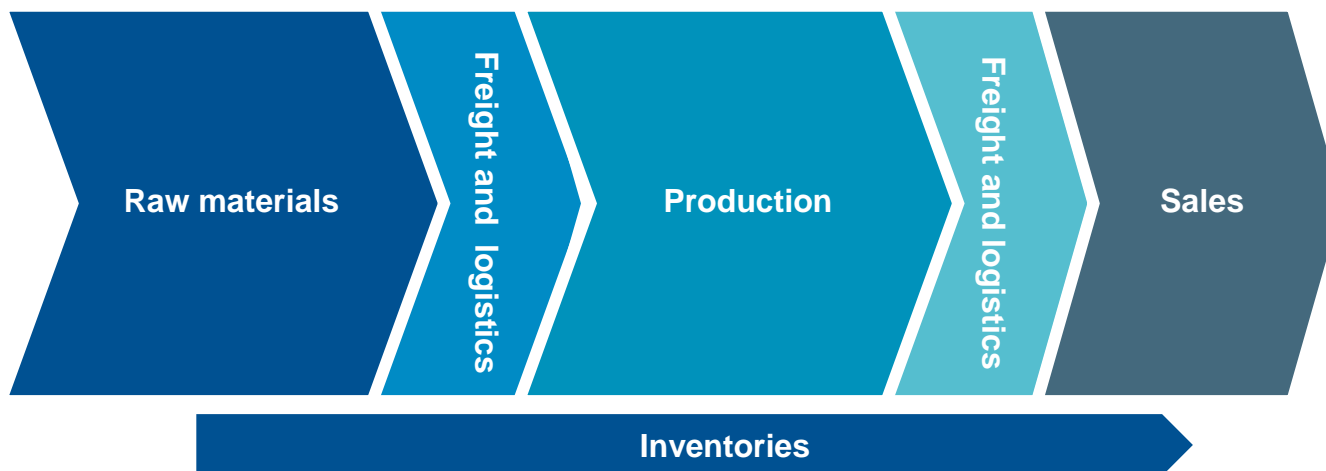
2014



* 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.

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



Downstream oil related products have clearly different dynamics

