

Media Briefing 2013 Full-Year Results

CEO Ton Büchner & CFO Keith Nichols
February 6, 2014

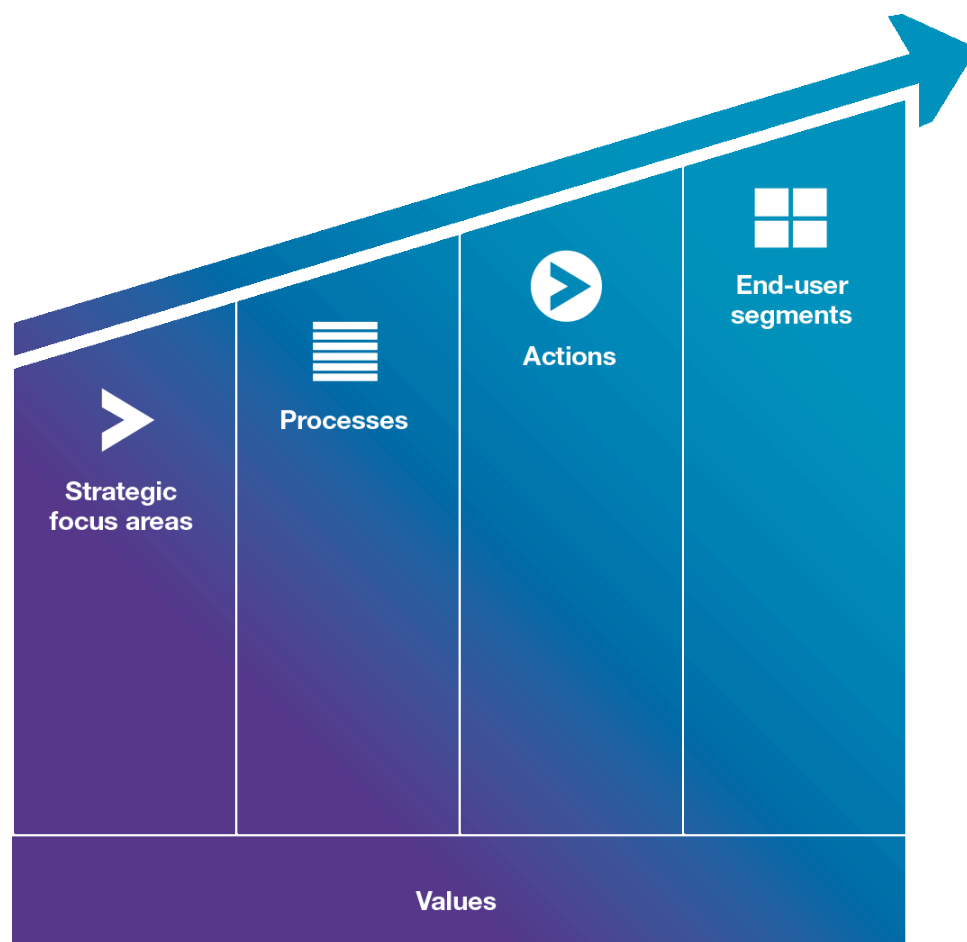


2013 has been a year of establishing a different way forward

- 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



February: set out clear AkzoNobel vision & strategy 2013–2015



Vision:

**Leading
market positions
delivering
leading performance**

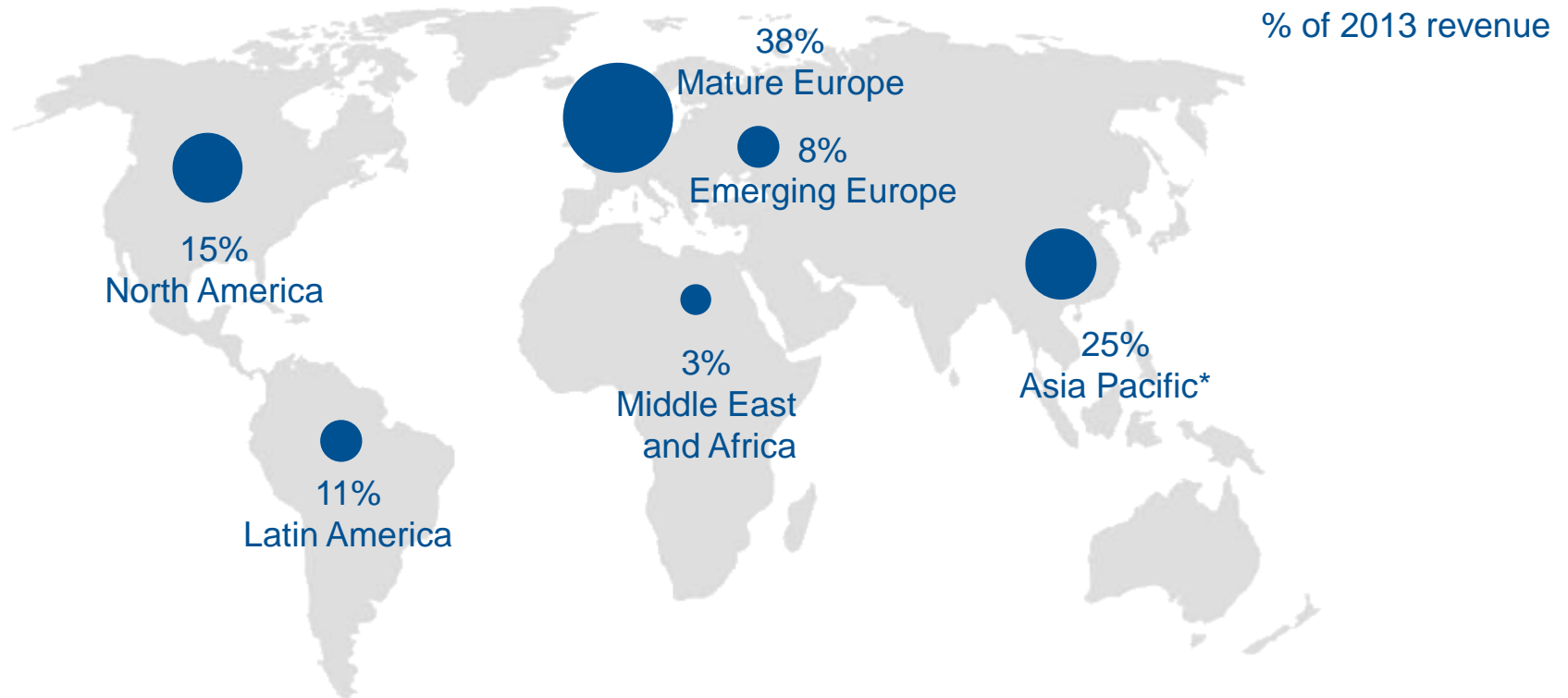
2015 targets:

ROS 9.0%

ROI 14.0%

**Net debt/
EBITDA <2x**

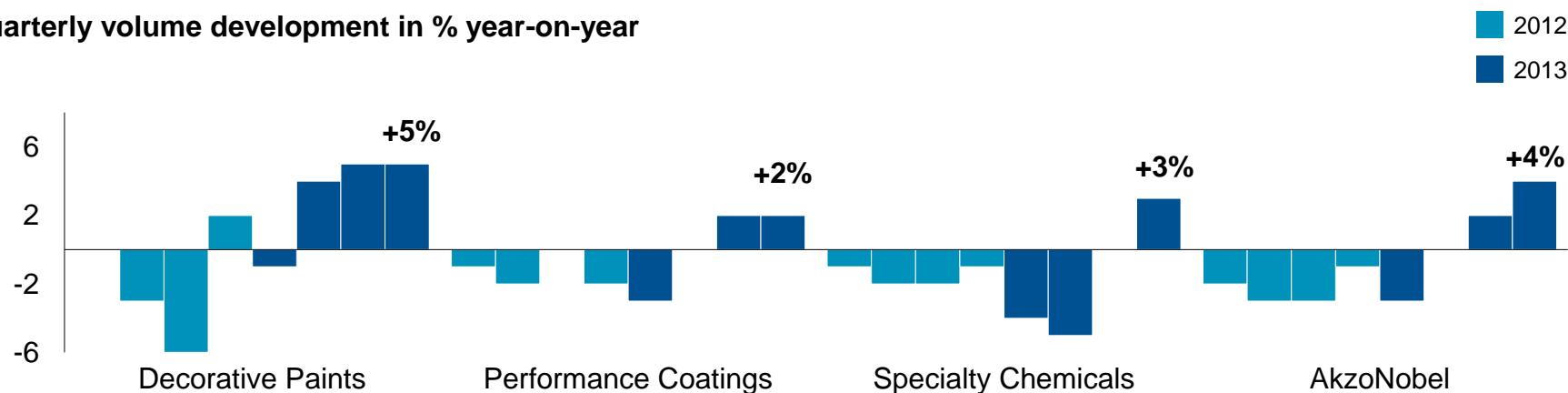
H1 2013: environment remained turbulent, improvement actions accelerated



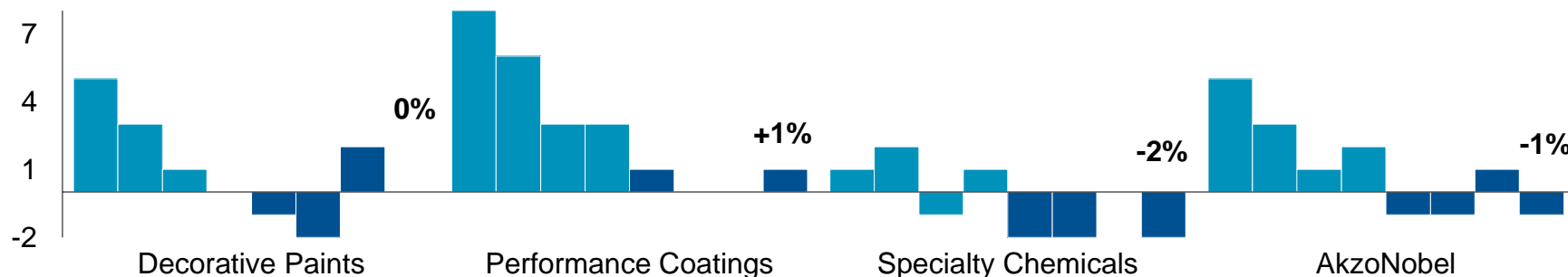
- Markets remained challenging, especially in Chemicals
- High-growth markets slowing (but still higher-growth)
- Currencies volatile

H2 2013: early signs of stabilization, market conditions remain challenging

Quarterly volume development in % year-on-year

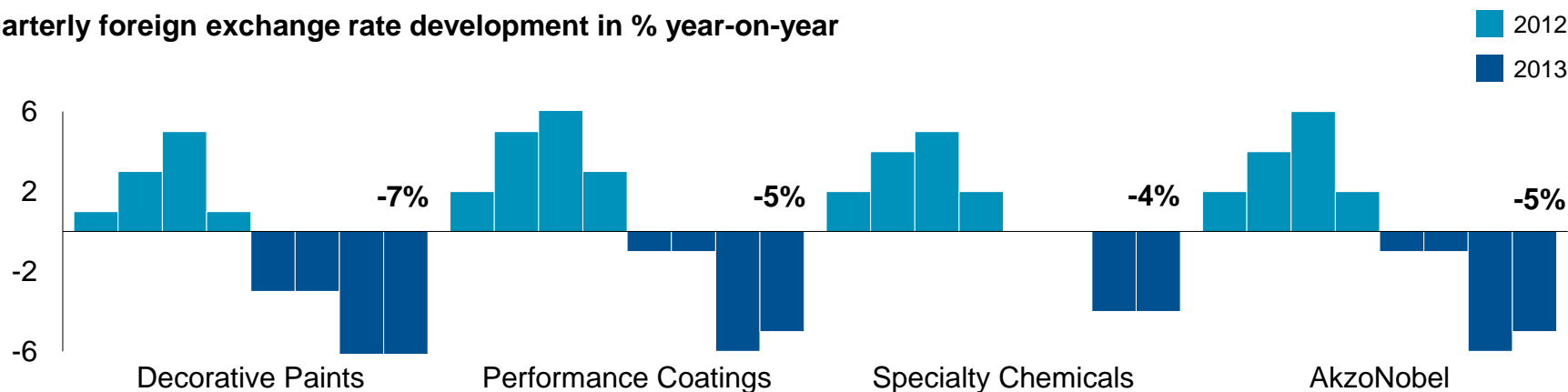


Quarterly price/mix development in % year-on-year



Foreign exchange headwind particularly visible in Q3 & Q4

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

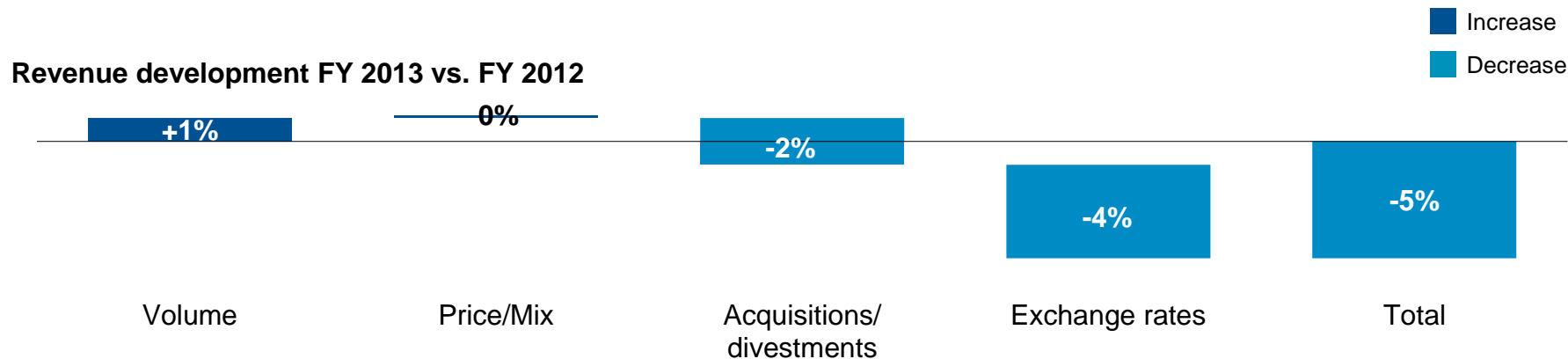


- The 5 percent decrease in revenues in Q4 was mainly driven by adverse currency effects, which were visible in all business areas and largely driven by our exposure to high growth markets
- The divestments of Building Adhesives and Chemicals Pakistan also impacted Q4 revenues in Decorative Paints (-4%)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

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



Decorative Paints

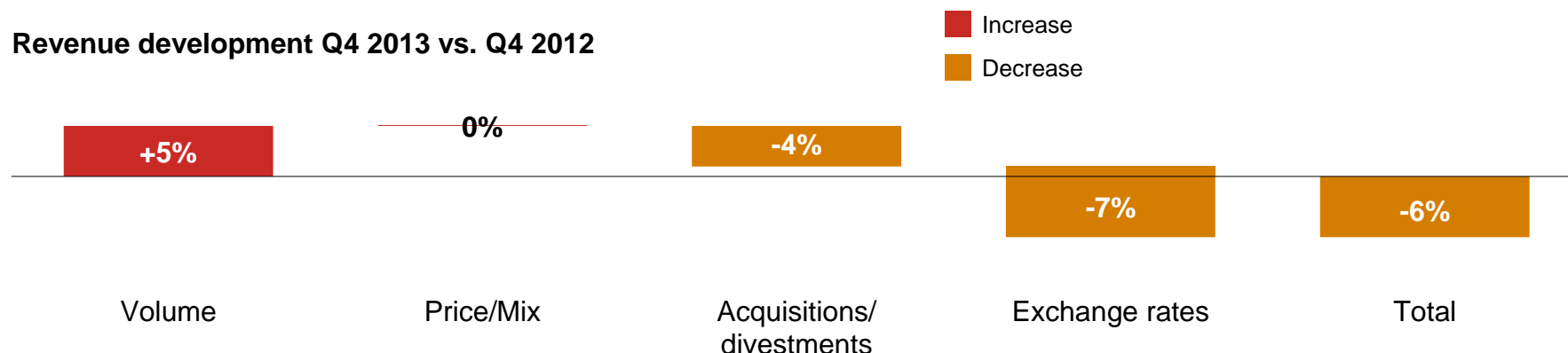
Q4 2013 highlights

€ 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

- FY revenues down 3% due to adverse currency effects and divestments
- FY volumes flat in Europe, all other regions positive
- 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

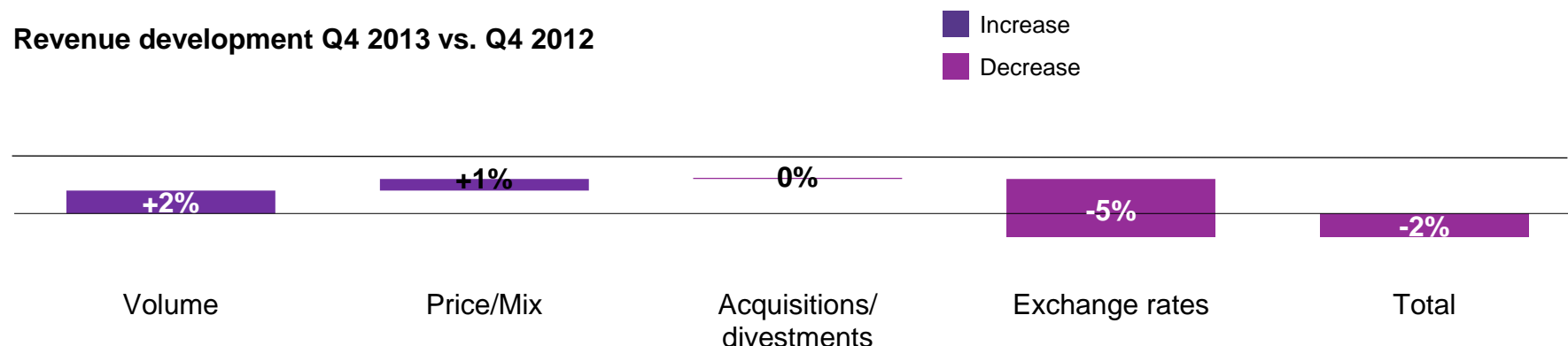
Q4 2013 highlights

€ 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

- FY revenues down 2 percent, due to adverse currency effects
- FY volumes flat, up 2% in Q4, with positive developments in all businesses
- FY operating income down 3% 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

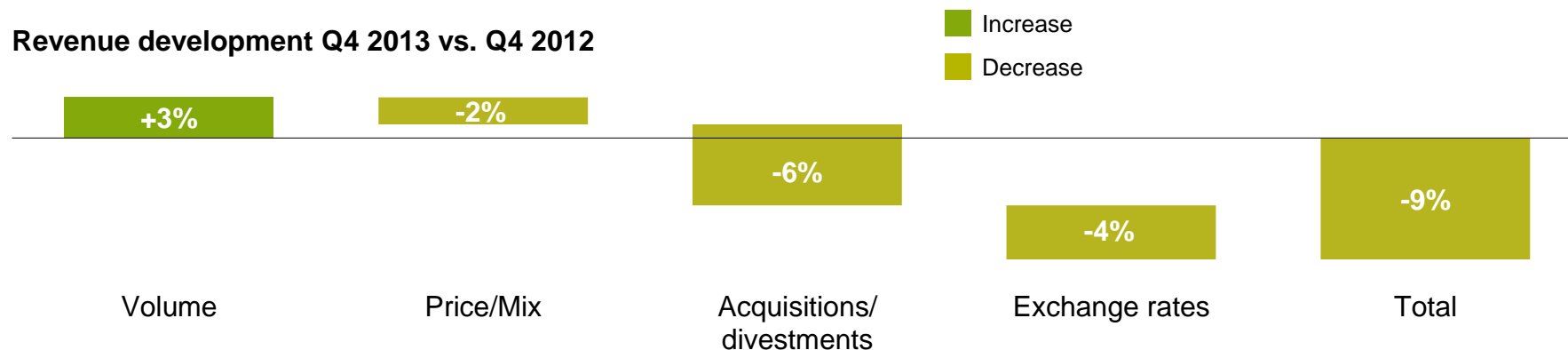
Q4 2013 highlights

€ 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

- FY revenues down 11% due to divestments, adverse currency effects & weaker end markets
- FY volumes down 2%, up 3% in Q4 compared to the previous year with higher volumes in most businesses
- FY operating income down on last year, largely due to restructuring costs & an asset impairment
- Continued focus on cost control and margin management across all businesses

Revenue development Q4 2013 vs. Q4 2012



Performance Improvement Program completed ahead of schedule & above target



- 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

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

Continual product innovation



- 2013: ~€375 million invested in RD&I, ~2.5% of annual revenues
- Wide range of new products & technologies brought to market
- End-user segment trends, combined with sustainability, direct our innovation spend
- ~60% of innovation spend on sustainable innovation



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Intersleek 1100SR



Dry Flo® TS Starch

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business, more value from fewer resources**

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Our commitment to doing more with less

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Possible™

Financial review
CFO 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 – FY 2013 results

<i>€ million</i>	FY 2013	FY 2012*
EBITDA	1,513	1,597
Amortization and depreciation	(616)	(625)
Incidentals	61	(64)
Operating income	958	908
Net financing expenses	(200)	(205)
Minorities and associates	(54)	(50)
Income tax	(111)	(203)
Discontinued operations	131	(64)
Net income attributable to shareholders	724	386

<i>Ratio</i>	FY 2013	FY 2012
Adjusted earnings per share (in €)	2.62	2.55

Cash flows FY 2013

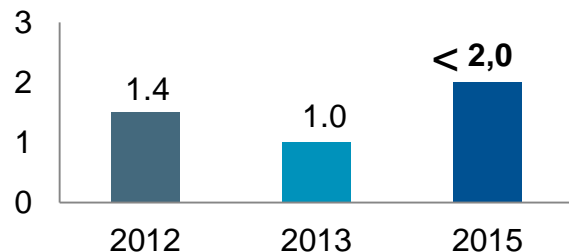
€ million	FY 2013	FY 2012*
Profit for the period from continuing operations	661	513
Amortization and depreciation	616	625
Change working capital	(13)	251
• Pension provisions	(417)	(593)
• Restructuring	55	9
• Other provisions	(33)	(119)
Change provisions	(395)	(703)
Other changes	(153)	51
Net cash from 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)

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

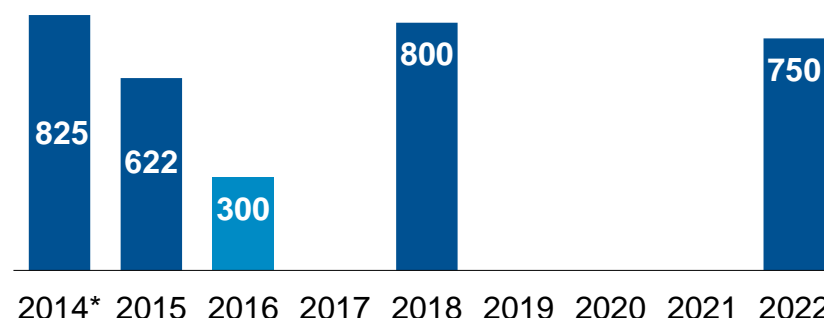
Net debt/EBITDA



Debt maturities

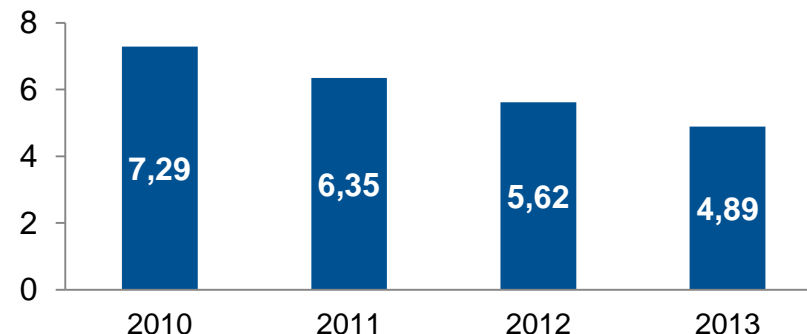
billion

■ € 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

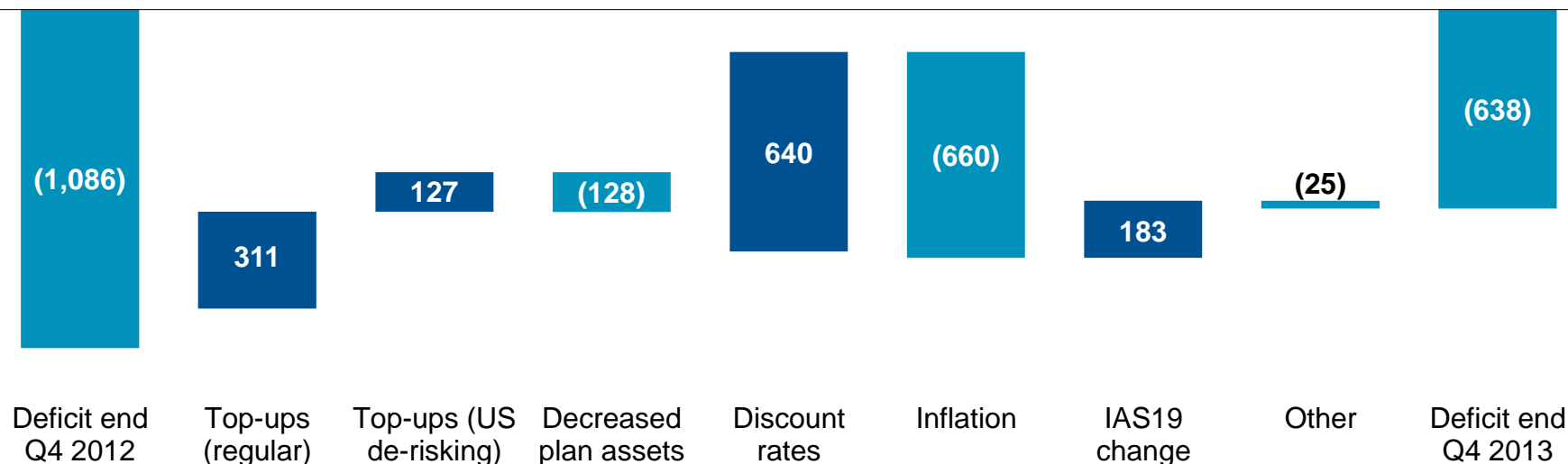
Key pension metrics	Q4 2013	Q4 2012
Discount rate	4.2%	3.9%
Inflation assumptions	3.2%	2.4%

Pension deficit development during 2013

€ million

■ Decrease

■ Increase



Conclusion
CEO 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

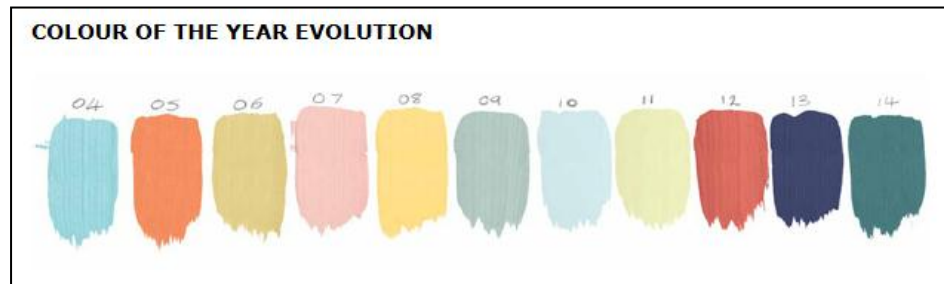
Safe Harbor Statement

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.

Appendix

Decorative Paints Selected highlights

- Iconic **Rijksmuseum** in Amsterdam re-opened after 10-year renovation project, Sikkens chosen to provide paints and expertise to recreate authentic interior
- Paint your own home in style: Rijks colour palette available in stores October 2013
- New eco-efficient **factory opened in Gwalior**, India, October 2013. AkzoNobel's 6th factory in India has a 55 million liter annual capacity
- **Colour Futures 2014**: this year's colour is teal



Selected Q4 innovations

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

Performance Coatings Selected highlights

- AkzoNobel chosen to coat and protect **Shell's Prelude FLNG** facility, largest floating offshore facility in the world
- Built – and coated - to last; due to stay in place for 20 – 25 years 475 km off W. Australian coast
- AkzoNobel wins contract to repaint entire **American Airlines** fleet in major branding exercise
- More than beauty, *performance* counts; innovative super-thin, super-smooth, one-application coating specially developed



Selected Q4 innovations

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

Specialty Chemicals Selected highlights

- **Jupia Chemical island opened** in Brazil in March
- Supplying chemicals on-site to Eldorado pulp mill, major facility capable of producing 1.5 million tons of cellulose pulp per year
- September: **new Bermocoll facility** opened on AkzoNobel's Ningbo multi-site
- Producing cellulose derivatives for use in paint and building additives
- Sustainable innovation, based on natural polymer
- More than €400 million invested in Ningbo multi-site since 2010



Selected Q4 innovations

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